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September 27, 1999

VIA HAND DELIVERY

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-9850

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SEP 27 PM 4:07
RECORDS AND REPORTING

Re: Generic Investigation into the Aggregate Electric Utility Service
Margins Planned for Peninsular Florida
Docket No. 981890-EU

Dear Ms. Bayo:

Enclosed for filing in the above docket on behalf of Seminole Electric Cooperative, Inc. are the original and fifteen (15) copies of the Rebuttal Testimony of Garl S. Zimmerman and Notice of Filing and Service.

We request your acknowledge receipt and filing of the above by stamping the additional copy of this letter.

If you or your Staff have any questions regarding this filing, please contact me.

Sincerely yours,


Thomas J. Maida

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cc: Counsel of Record
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11658 SEP 27 99

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Generic investigation into the aggregate
electric utility reserve margins planned for
Peninsular Florida.

DOCKET NO. 981890-EU

September 27, 1999

**NOTICE OF SERVICE OF SEMINOLE ELECTRIC COOPERATIVE'S
REBUTTAL TESTIMONY OF GARL S. ZIMMERMAN**

I HEREBY CERTIFY that Seminole Electric Cooperative's Rebuttal Testimony of Garl S. Zimmerman has been furnished via U.S. Mail this 27th day of September, 1999, to all counsel of record as listed on the attached Certificate of Service.



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Attorneys for: Seminole Electric Cooperative

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Generic investigation into the aggregate
electric utility reserve margins planned for
Peninsular Florida.

DOCKET NO. 981890-EU

September 27, 1999

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that one true and correct copy of Seminole Electric Cooperative's Rebuttal Testimony of Garl S. Zimmerman has been furnished by hand delivery to Robert V. Elias, Florida Public Service Commission, Gerald L. Gunter Building, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399, and that one true and correct copy has been furnished by U.S. Mail this 27th day of September, 1999, to the following:

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1 for peninsular Florida is adequate. FPSC Witnesses Trapp and Ballinger both
2 disagree with assumptions used in the FRCC study. Seminole believes that, as
3 stated in its position on Issues 6 and 7, that there should be some minimum
4 standard for the amount of reserves that should be supply side resources, and that
5 such a limit would improve the quality of the state's reserves such that a 15%
6 reserve margin would pass all adequacy tests.

7 Seminole also believes that its own studies which analyze Expected
8 Unserved Energy with a 15% reserve margin substantiate its use of a 15% reserve
9 margin criterion, at least for the Seminole system. For the Commission to adopt a
10 20% reserve margin test and declare all Ten Year Site Plans with less than 20%
11 planned reserves as "unsuitable for planning purposes" would be finding the
12 accused guilty without benefit of a trial. The Ten Year Site Plans should not be
13 judged unsuitable without the utilities having the opportunity to present their
14 case(s) for a planned reserve margin of less than 20%.

15 Q. Witness Trapp stated that he has a concern that utilities are not giving enough
16 weight to the potential adverse affects of weather on their generation planning. Do
17 you have the same concern?

18 A. No. While I cannot respond for all utilities in peninsular Florida, I do believe that
19 Seminole has properly addressed the affects of extremes in both summer and
20 winter temperatures. Seminole's load forecasting model is very complex and uses
21 weather data from weather stations throughout the state in proximity to the
22 Seminole member service areas. Seminole produces severe weather forecast
23 scenarios in addition to base case forecasts. Generation expansion plans are

1 compared to the severe weather forecasts to insure that abnormal summer peaks
2 can be reliably served. However, Seminole does not believe that it is prudent or
3 fiscally responsible to plan resources to meet extreme winter weather conditions.
4 In some instances of extreme low temperatures even a 20% reserve margin might
5 not provide adequate resources to meet the total peak demand. In addition, a
6 factor which mitigates the severe weather affects on Seminole's service obligation
7 is that approximately 59% of Seminole's load is served under a partial
8 requirements contract where weather sensitivity is the responsibility of the partial
9 requirements supplier.

10 Q. Witness Trapp also states that "I would take into consideration the potential
11 contribution of non-committed capacity...". How would you account for non-
12 committed capacity?

13 A. Individual utilities will always have non-committed capacity in the out years of
14 their expansion plans, but normally will have a "backstop" plan to fill that need
15 (self-build, IPP, Purchase Power, Etc., with the final decision generally being
16 made after an all source bidding process). Utilities having such a backstop plan
17 should be able to include that capacity in their individual installed reserve margin
18 calculations. Witness Trapp also referred to non-committed merchant plant
19 facilities. While it may be appropriate to consider non-committed merchant plant
20 facilities in the aggregate peninsular Florida reserve margin analysis, especially as
21 a sensitivity, it is not appropriate for individual utilities to include non-committed
22 facilities of others in their own reserve margin calculations if they do not have a
23 firm contract for the capacity.

1 Q. Witness Trapp, in his discussion of Issue 3C, states that he agrees with Mr.
2 Ballinger that the FRCC reserve margin methodology should include evaluations
3 of adequacy during periods other than just summer and winter peak. Is there a
4 procedure in place to perform this analysis?

5 A. Yes. Reserve margin analysis is not normally considered for off peak
6 maintenance periods as part of reliability studies. However, in order to avoid
7 needing extra supply side capacity to have adequate reserves during maintenance
8 periods, the FRCC coordinates maintenance schedules of all member generating
9 entities and requests schedule adjustments when necessary to insure that adequate
10 capacity is available to meet the forecasted load.

11 Q. In his position on issue 12 witness Trapp recommends that all Ten Year Site Plans
12 not currently reflecting a 20% planned installed reserve margin be judged
13 unsuitable. What is Seminole's position on that proposal?

14 A, First, Seminole does not agree with the proposed 20% installed reserve margin
15 requirement. There can be a significant cost to the rate payers of Florida to
16 increase reserve levels, which may be justified if the increase is determined to
17 absolutely be required to maintain system reliability, but certainly should not be
18 imposed upon the utilities and ultimately the rate payers in times of an intensely
19 competitive environment without substantial justification. The cost to increase
20 Florida's reserves from 16% to 20% would be 1/2 to 1 Billion Dollars.

21 Q. Does this conclude your rebuttal testimony?

22 A. Yes, it does.