ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Generic Investigation Into The Aggregate Electric Utility Reserve Margins Planned For Peninsular Florida	) ( ) ( )	Docket 981890-EU October 4, 1999

PREHEARING STATEMENT BY THE FLORIDA MUNICIPAL POWER AGENCY

Pursuant to Order No. PSC-99-1274-PCO-EU, issued July 1, 1999, the Florida Municipal Power Agency ("FMPA") files its Prehearing Statement:

a. All Known Witnesses

FMPA does not have any witnesses at this time.

b. All Known Exhibits

FMPA does not have any exhibits at this time.

c. FMPA's Statement of Basic Position

Each utility should base its planning reserves on (a) its projected system peak load, including the effects that weather extremes may have on its load projection; (b) the amount of planned resources to serve the peak load; and (c) the needs of the utility's customers including load growth. This will enable each utility to serve its entire load for a majority of the time, with a remote chance that an extreme weather event or unusual operational abnormality might result in limited interruptions of service. The Commission can maintain its oversight authority by simply requesting each individual utility, and the FRCC for Peninsular Florida, to report to the Commission at the annual Ten Year Site Plan Workshop on their experience with actual historical reserves at the time of seasonal peak loads, and their planned reserve margins for the future periods covered by the Ten Year Site Plan.

d. FMPA's Position on the Issues

AFA 2
APP
CAF
CMU
CTR
EAG 1 Staff
LEG
MAS 5
OPC
PAI 2
SEC 1
WAW
OTH

ISSUE 1: What is the appropriate methodology, for planning purposes, for calculating reserve margins for individual utilities and for Peninsular Florida ?

For individual utilities:

Percent Planned Reserve Margin =

[Total Supply-side Capacity less (Total Firm Demand plus System Losses less Interruptible Load)]

[(Total Firm Demand plus System Losses less Interruptible Load) less (Partial Requirements Purchases/System Purchases w/ Reserves)]

X 100 - 100

For Peninsular Florida,

Percent Planned Reserve Margin =

[Total Supply-side Capacity less (Total Firm Demand plus System Losses less Interruptible Load)]

[(Total Firm Demand plus System Losses less Interruptible Load) less (Partial Requirements Purchases/System Purchases w/ Reserves from outside Peninsular Florida)]

X 100 - 100

Note: Each variable in the above Peninsular Florida formula should identify that particular quantity for the Peninsula by summing up the same quantity for each individual utility; for example, Total Supply-side Capacity for the Peninsula equals the sum of each individual utility's Total Supply-side Capacity.

ISSUE 2: What is the appropriate methodology, for planning purposes, for evaluating reserve margins for individual utilities and for Peninsular Florida ?

As long as a utility is routinely able to serve its seasonal peak firm demands over the years without having to institute extreme measures, i.e. rolling black-outs or system voltage reductions, then that utility should be considered to have planned adequate reserve margins. When an extreme weather event or extreme operational abnormality occurs such that a utility must implement extreme measures, as previously mentioned, that utility should not be considered to have planned inadequate reserves. Only when a utility frequently, from year to year, experiences the need to implement extreme measures should that utility come under closer scrutiny by appropriate peer organizations.

ISSUE 3: **How should the individual components of an individual or Peninsular Florida percent reserve margin planning criterion be defined ?**

A. Capacity available at time of peak (Ex. QF capacity, firm and non-firm purchases and non-committed capacity). Should equipment delays be taken into account ?

The likelihood of firm capacity being available at seasonal peaks should be considered when calculating reserves.

B. Seasonal firm peak demand. Over what period (hourly, 30 min., 15 min.) should the seasonal firm peak demand be determined ? What is the proper method of accounting for diversity of the individual utilities' seasonal firm peak demands and load uncertainty ? Is sufficient load uncertainty data available and being used ? How are interruptible, curtailable, load management and wholesale loads treated at the end of their tariff or contract termination period? How should demand and/or energy use reduction options be evaluated and included in planning and setting reserve margins ?

The seasonal firm peak demand should be determined based on hourly, coincident peak demands for each respective utility or for Peninsular Florida as a whole. FMPA is unable to address the sufficiency of load uncertainty data availability or use. For the two FMPA municipals that have load management on their systems, once a load management contract is terminated, that customer's load becomes part of the total aggregate load of that municipal, and that customer's contribution to the load reduction resulting from exercising load management is removed. Reductions in demand resulting from load management should be included in the reserve margin calculation as described in the response to Issue 1.

C. Should a percent reserve margin planning criterion be determined on an annual, seasonal, monthly, daily or hourly basis ?

A percent reserve margin planning criterion should be determined on a seasonal peak basis.

ISSUE 4: **How should generating units be rated (MW) for inclusion in a percent reserve margin planning criterion calculation ?**

Generating units should be rated on a seasonal basis, i.e. for each summer and winter peak season, for inclusion in a percent reserve margin planning criterion calculation.

ISSUE 5: How should individual utilities' reserve margins be integrated into the aggregated reserve margin for Peninsular Florida ?

Individual utilities' reserve margins should be integrated into the aggregated reserve margin for Peninsular Florida, and this is automatically accomplished by using the reserve margin calculation formula as described in the response to Issue 1 for Peninsular Florida.

ISSUE 6: Should there be a limit on the ratio of non-firm load to MW reserves ? If so, what should that ratio be ?

Yes, there should be a limit on the ratio of non-firm load to MW reserves, and that ratio should not exceed 100% of the total reserve margin or the total MW reserve quantity.

ISSUE 7: Should there be a minimum of supply-side resources when determining reserve margins ? If so, what is the appropriate minimum level ?

No, there should not be a required minimum of supply-side resources when determining reserve margins.

ISSUE 8: What, if any, planning criteria should be used to assess the generation adequacy of individual utilities ?

If planning criteria are to be used to assess the generation adequacy of individual utilities, they should be the individual utility's own planning criteria.

ISSUE 9: Should the import capability of Peninsular Florida be accounted for in measuring and evaluating reserve margins and other reliability criteria, both for individual utilities and for Peninsular Florida ?

Yes.

ISSUE 10: Do the following utilities appropriately account for historical winter and summer temperatures when forecasting seasonal peak loads for purposes of establishing a percent reserve margin planning criterion ?

FMPA does not have a position as to the utilities listed for letters A. thru F. and H. thru O. As for the Florida Municipal Power Agency, yes, FMPA appropriately accounts for historical winter and summer temperatures when forecasting seasonal peak loads for purposes of establishing a percent reserve margin planning criterion.

ISSUE 11: Has the Florida Reliability Coordinating Council's 15 percent reserve margin planning criterion, or any other proposed reserve margin criterion, been adequately tested to warrant using it as a planning criterion for the review of generation adequacy on a Peninsular Florida basis ? If the answer is no, what planning criterion should be used ?

Due to the extensive experience Peninsular Florida utilities have gained over the years with serving peak loads during excessive weather conditions and/or unusual extreme operational abnormalities, specific reserve margin criteria, whether 15% or other reserve margin levels, have already been tested on an actual basis and can be tested into the future by using historical data to check for adequacy of generation.

ISSUE 12: What percent reserve margin is currently planned for each of the following utilities, and is it sufficient to provide an adequate and reliable source of energy for operational and emergency purposes in Florida ?

FMPA does not have a position as to the utilities listed for letters A. thru F. and H. thru O. As for the Florida Municipal Power Agency, FMPA currently uses an 18% summer peak planning reserve margin and a 15% winter peak planning reserve margin, both of which are sufficient to provide an adequate and reliable source of energy for operational and emergency purposes.

ISSUE 13: How does the reliability criteria adopted by the FRCC compare to the reliability criteria adopted by other reliability councils ?

See FRCC response to issue 13.

ISSUE 14: Should the Commission adopt a reserve margin standard for individual utilities in Florida ? If so, what should be the appropriate reserve margin criteria for individual utilities in Florida ? Should there be a transition period for utilities to meet that standard ?

No, the Commission should not adopt a reserve margin standard for individual utilities in Florida.

ISSUE 15: Should the Commission adopt a reserve margin standard for Peninsular Florida ? If so, what should be the appropriate reserve margin criteria for Peninsular Florida ?

No, the Commission should not adopt a reserve margin standard for Peninsular Florida.

ISSUE 16: Should the Commission adopt a maximum reserve margin criterion or other reliability criterion for planning purposes; e.g., the level of reserves necessary to avoid interrupting firm load during weather conditions like those experienced on the following dates: 01/08/70, 01/17/77, 01/13/81, 01/18/81, 12/19/81, 12/25/83, 01/21/85, 01/21/86 and 12/23/89 ?

No, the Commission should not adopt a maximum reserve margin criterion or other reliability criterion for planning purposes to avoid interrupting firm load during weather conditions like those experienced on the above dates.

ISSUE 17: What percent reserve margin is currently planned for Peninsular Florida, and is it sufficient to provide an adequate and reliable source of energy for operational and emergency purposes in Peninsular Florida ?

According to the most recent detailed Peninsular Florida studies performed by the FRCC, the current 15% reserve margin standard adopted by the FRCC for Peninsular Florida is sufficient to provide an adequate and reliable source of energy for operational and emergency purposes in Peninsular Florida.

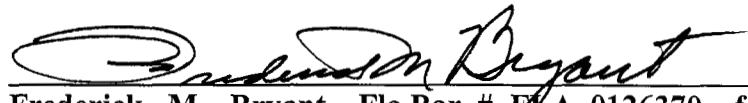
ISSUE 18: Can out-of-Peninsular Florida power sales interfere with the availability of Peninsular Florida reserve capacity to serve Peninsular Florida consumers during a capacity shortage ? If so, how should such sales be accounted for in establishing a reserve margin standard ?

Yes, out-of-Peninsular Florida power sales can interfere with the availability of Peninsular Florida reserve capacity to serve Peninsular Florida consumers during a capacity shortage, especially if those sales are firm (non-recallable) sales which are serving the native load of out-of-Peninsular Florida utilities.

ISSUE 19: Based on the resolution of Issues 1 through 18, what follow-up action, if any, should the Commission pursue ?

The Commission should maintain its oversight authority by requesting each Peninsular Florida utility, and the FRCC for Peninsular Florida, to report to the Commission at the annual Ten Year Site Plan on its historical experience with actual reserves, at the time of seasonal peak loads, and its planned reserve margins for the period covered by the Ten Year Site Plan.

RESPECTFULLY SUBMITTED on this 4th day of October, 1999.



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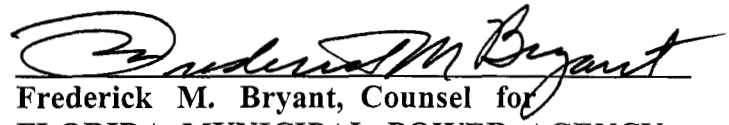
CERTIFICATE OF SERVICE

I CERTIFY that a copy of the foregoing Prehearing Statement by the Florida Municipal Power Agency was furnished by United States mail to all parties on the attached Service List on this 4th day of October, 1999.



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