

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

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Re: Review of GridFlorida RTO Proposal

Docket No. 020233-EI

Submitted for filing:  
May 8, 2002

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**PRE-WORKSHOP COMMENTS OF TRANS-ELECT**

Trans-Elect, Inc. ("Trans-Elect"), in accordance with Orders No. 02-0459 and 02-0548, submits its Pre-Workshop Comments.

1. Trans-Elect supports the Compliance Filing and it believes the Commission should determine the Filing complies with Order No. 01-2489. Trans-Elect supports maintaining the flexibility included in the GridFlorida formation documents to accommodate future revisions to the GridFlorida structure. More specifically, Trans-Elect aims to ensure the Commission does not preclude the possibility of independent ownership and operation of all or a portion of Peninsular Florida's transmission system.
2. Trans-Elect is an independent, for-profit transmission company that focuses on the acquisition of transmission systems with the goal of establishing a network of independent transmission companies. Trans-Elect recently finalized the purchase of Consumers Energy Company's transmission system in Michigan, known as the Michigan Electric Transmission Company. Trans-Elect is also a general partner in a consortium that formed AltaLink to acquire the transmission system of Trans-Alta in Calgary, Alberta. In addition, Trans-Elect has been selected to participate in the partnership along

DOCUMENT NUMBER - DATE

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FPSC-COMMISSION CLERK

with other public and private entities to build the expansion of the Path 15 transmission bottleneck in central California.

3. The Federal Energy Regulatory Commission (the "FERC") has expressed support for independent transmission ownership. For example, in one among a series of FERC orders issued during its approval of the transfer of transmission facilities from Consumers Energy to Trans-Elect, the FERC stated as follows with regard to independent transmission ownership:

[W]e recognize that, by creating an independent stand-alone transmission company from a vertically integrated utility, the proposed transaction furthers the Commission's open access and RTO initiatives, accelerates the transition to competitive regional bulk power markets, and will result in significant benefits to Michigan Transco, LLC's transmission customers.

*See Order on Rehearing and Compliance Filing*, 98 FERC ¶ 61,368, slip op. at 6 (issued March 29, 2002). In a separate concurrence to the above-referenced order, FERC Commissioner Nora Mead Brownell stated in part "I believe creating independent stand-alone transmission companies from vertically integrated utilities will accelerate the transition to truly competitive wholesale power markets bringing significant benefits to those who use electricity." *See* 99 FERC ¶ 61,063 (issued April 12, 2002). Further, in its *Order on Petition for Declaratory Order*, 99 FERC ¶ 61,105, establishing "an efficient and effective framework for hybrid RTO formation" the FERC stated in relevant part as follows with regard to independent transmission companies ("ITCs"):

[The hybrid framework] successfully captures the benefits associated with large, regional RTOs and simultaneously captures the significant benefits associated with the ITC business model. Under the hybrid RTO model approved today, ITCs will have the opportunity to profitably own and manage their independent transmission businesses through a combination of efficiency enhancements; operational, service and contractual innovations; and, in general, exploiting their significant experience and

insights into the efficient utilization and expansion of the nation's transmission infrastructure.

We have long recognized that the ITC business model can bring significant benefits to the industry. Their for-profit nature with a focus on the transmission business is ideally suited to bring about: (1) improved asset management including increased investment, (2) improved access to capital markets given a more focused business model than vertically-integrated utilities, (3) development of innovative services, and (4) additional independence from market participants.

*See* 99 FERC ¶ 61,105, slip op. at 4 (issued April 25, 2002). In a companion order to the one just referenced, FERC Commissioner Linda Breathitt authored a concurrence stating in part as follows:

I am pleased that we are voting out this order today because in doing so we are taking a necessary step forward in approving an Independent Transmission Company model and making an initial cut on the functions that an ITC under an RTO umbrella will be able to share with the RTO. It is important at this point to give certainty to these ITC entities that can bring significant benefits to the industry including improved asset management, development of innovative services, and improved access to capital in order to build the infrastructure we desperately need in many parts of the country.

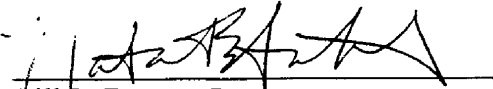
*See Order Authorizing Disposition of Jurisdictional Facilities and Participation in the Midwest ISO Regional Transmission Organization*, 99 FERC ¶ 61,106 (issued April 25, 2002).

4. If the Commission does not maintain the flexibility included in the GridFlorida formation documents to accommodate future revisions to the GridFlorida structure, it could prevent Trans-Elect from entering the Florida market. The Commission should not foreclose the possibility of Trans-Elect owning and operating all or a portion of Peninsular Florida's transmission system. Trans-Elect has not formally presented this idea to the GridFlorida Companies, nor have they agreed to this idea. Trans-Elect would like to preserve the option for future consideration.

5. The Commission should maintain the flexibility included in the GridFlorida formation documents to accommodate future revisions to the GridFlorida structure.

DATED this 8th day of May, 2002.

Respectfully submitted,



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**CERTIFICATE OF SERVICE**

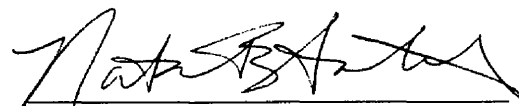
**I HEREBY CERTIFY** that a copy of the foregoing Pre-Workshop Comments of Trans-Elect, Inc., has been furnished by U.S. Mail to the following this 8th day of May, 2002.

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