# SUZANNE BROWNLESS, P. A. ORIGINAL

ATTORNEY AT LAW 1975 Buford Boulevard Tallahassee, Florida 32308

ADMINISTRATIVE LAW GOVERNMENTAL LAW PUBLIC UTILITY LAW TELEPHONE (850) 877-5200 TELECOPIER (850) 878-0090

September 27, 2002

#### VIA HAND DELIVERY

Blanca S. Bayo, Director Division of Commission Clerk and Administrative Services Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0800

COMMISSION CLERK ... SEP 27 PH 3: 34

Re:

Docket No. 020233-EI - Review of GridFlorida Regional Transmission

Organization (RTO) Proposal.

Dear Ms. Bayo:

On behalf of JEA, please find enclosed an original and fifteen copies each of Randy J Boswell, Ted E. Hobson and John L. Seelke, Jr.'s testimony to be filed in the above-styled docket. Also attached is a copy of each to be stamped and returned to our office.

Should you have questions or need any additional information, please contact me.

Thank you for your assistance in this matter.

Very truly yours,

Suzame Brownless

Attorney for JEA

Se Che NI WHEN DI

CUMENT NI MACE

CAF
CMP T
COM S+Or Since
CTR SB:smh
ECR Bayo-ltr(h).wpd
GCL T
OPC

AUS

L RECEIVED & FILED

COCUMENT NI MRED

DOCUMENT NUMBER-DATE

LO396 SEP 27 8 | 0397 SEP 27 8 | SC-BUREAU OF RECORDS

FPSC-COMMISSION CLERKSC-COMMISSION CLERK

# DIRECT TESTIMONY OF RANDY J BOSWELL BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION ON BEHALF OF

JEA

DOCKET NO. 020233-EI

10396 SEP 27 % FPSC-COMMISSION CLERK

1	Q.	WHAT IS YOUR NAME AND BUSINESS ADDRESS?
2	A.	My name is Randy J Boswell and my business address is JEA, 21 West Church
3		Street, Jacksonville, Florida 32202-3139.
4	Q.	BY WHOM ARE YOU EMPLOYED AND WHAT IS YOUR POSITION?
5	A.	I am Vice President, Market Strategy for JEA.
6	Q.	WHAT ARE YOUR JOB DUTIES AS JEA'S VICE PRESIDENT,
7		MARKET STRATEGY ?
8	A.	My responsibilities include corporate planning, rates, product development, brand
9		management and corporate research. The planning aspects include generation,
10		transmission and distribution.
11	Q.	WOULD YOU PLEASE DESCRIBE YOUR EDUCATION AND
12		BACKGROUND?
13	A.	I received a Bachelor of Science degree in Electrical Engineering from Georgia
14		Institute of Technology. I am a registered Professional Engineer in the State of
15		Florida. I have worked in the electric utility industry for over 30 years.
16	Q.	WOULD YOU PLEASE PROVIDE A BRIEF HISTORY OF YOUR
17		TRAINING AND EXPERIENCE IN THE ELECTRIC UTILITY
18		INDUSTRY?
19	A.	I have over 30 years in numerous facets of the electric utility industry. I began
20		my career on the "trouble desk" of a utility while in college. I started at JEA in
21		1973 as an engineer in the planning department. I have held positions as engineer
22		in the Transmission Engineering department, and as a manager in the Operations

1		Department and Production Department. My resume is attached as Exhibit
2		(RJB-1).
3	Q.	ARE YOU A MEMBER OF ANY PROFESSIONAL ORGANIZATIONS?
4	A.	Yes. I am presently JEA's representative to the Florida Reliability Coordinating
5		Council (FRCC) Engineering Committee. I have served as chair of the Florida
6		Coordinating Group Operating Committee (the predecessor to the FRCC), chair
7		of the Southeastern Electric Reliability Council (SERC) Operating Committee
8		and as a SERC representative to the North American Electric Reliability Council
9		(NERC) Operating Committee. I am currently a director of The Energy Authority
10		(TEA), a wholesale power marketing organization created by three public power
11		utilities in the Southeast.
12	Q.	HAVE YOU PREVIOUSLY TESTIFIED AS AN EXPERT WITNESS
13		BEFORE REGULATORY AGENCIES AND IN JUDICIAL
14		PROCEEDINGS?
15	A.	Yes. I have previously testified as an expert before the Florida Public Service
16		Commission in Docket No. 001703-EM, In re: Petition for determination of need
17		for power plant in Duval County by JEA and Docket No. 981890-EQ, In re:
18		Generic investigation into the aggregate electric utility reserve margins planned
19		for Peninsular Florida. Further, for several years I have sponsored JEA's Ten
20		Year Site Plans at Commission planning workshops.

1	Q.	AT THIS TIME I WOULD TENDER MR. BOSWELL AS AN EXPERT IN
2		THE FIELD OF ELECTRIC UTILITY POWER SYSTEM PLANNING,
3		OPERATIONS, MAINTENANCE AND GENERATION.
4	Q.	WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS DOCKET?
5	A.	The purpose of my testimony today is to discuss the benefits and detriments to
6		JEA's ratepayers of joining GridFlorida as a Participating Owner (PO).
7	Q.	SINCE JEA IS A MUNICIPAL UTILITY EXEMPT FROM FERC
8		JURISDICTION AND DOES NOT HAVE TO JOIN AN RTO OR ITP AT
9		THIS TIME, WHY IS JEA INTERESTED IN JOINING SUCH AN
10		ORGANIZATION?
11	A.	JEA is an owner/operator of significant transmission assets and owns generating
12		assets external to its physical transmission grid. In addition, JEA purchases and
13		sells power at wholesale, both firm and non-firm, within and without Florida.
14		JEA, though not FERC jurisdictional, has met all the requirements of FERC
15		Orders 888 and 889, including offering open access tariff transmission service,
16		posting its available transmission capacity on an OASIS site, and meeting all the
17		scheduling requirements of NERC and FRCC.
18		In its Standard Electricity Market Design Notice of Proposed Rulemaking
19		issued on July 31, 2002, FERC has stated its intention to require all FERC
20		jurisdictional electric utilities to join a FERC approved RTO/ITP. These
21		RTO/ITPs are likely to have market designs that penalize utilities that do not join.

In the long run we believe that FERC, through a combination of carrots and sticks, will be successful in bringing most non-jurisdictional electric utilities into RTO/ITPs. Like many jurisdictional utilities and many state commissions, JEA has decided that it is better to be actively involved in the process than to sit back and just take whatever unfolds. JEA believes that if RTO/ITPs are formed, then it makes sense for JEA to belong to a RTO/ITP.

Today there are two proposed RTOs that JEA could join: GridFlorida and SeTrans. The proposed SeTrans RTO would cover most of the states of Georgia, South Carolina, Alabama, Mississippi, Louisiana, and Arkansas, and small portions of Texas and Florida. Since JEA is adjacent to both of these proposed RTOs, JEA could join either one.

JEA believes that it makes sense for Peninsular Florida to be a separate RTO and JEA is physically within Peninsular Florida. JEA has a long history of participation in FRCC and its predecessor organizations and is very comfortable with the expertise and working relationships among utilities in Florida. JEA is subject to the Florida Public Service Commission's jurisdiction with regard to the enforcement of electric safety standards, power plant and transmission line siting and management of a coordinated, adequate electric power grid throughout the state of Florida. [Sections 403.501-.518 and 403.519, Florida Statutes; Sections 403.52 -.5365, Florida Statutes; Sections 366.04(5) and 366.04(6), Florida

1		Statutes.] For these reasons, we believe it makes sense for JEA to belong to a
2		Florida RTO.
3	Q.	WHAT ARE THE BENEFITS TO JEA OF JOINING GRIDFLORIDA?
4	A.	Since JEA is PSC jurisdictional relative to power plant and transmission line
5		siting and certain other matters, there will likely be duplicative administrative
6		costs to JEA if it joins SeTrans. In some areas (such as generation adequacy
7		requirements, operating reserves, and security coordination) there are likely to be
8		mismatches between SeTrans and GridFlorida requirements that will result in cost
9		and operational complexity to JEA. In addition, the physics of the grid align
10		better with JEA being in GridFlorida rather than SeTrans.
11		And finally, and most importantly, the reliability of Peninsular Florida is
12		enhanced with JEA in GridFlorida.
13	Q.	WHAT ARE THE DETRIMENTS TO JEA OF JOINING GRIDFLORIDA
14		AS IT IS CURRENTLY PROPOSED?
15	A.	The detriments to JEA of joining GridFlorida are twofold: decreased reliability
16		and reduced revenues for JEA's owner/ratepayers. If the Commission does not
17		hold to its position on CBM, there will be a significant adverse reliability impact
18		on JEA, as testified to in greater detail by Mr. Hobson.
19		SeTrans proposes to use "through-and-out" revenues to fund lost short
20		term wheeling revenues through at least the year 2012. Due to the configuration

21

of the SeTrans RTO, it is expected that "through-and-out" revenues will be

1		adequate to cover JEA's lost het short term wheeling revenues. However, as
2		explained by Mr. Seelke, GridFlorida's "through-and-out" revenues are not
3		expected to generate enough money to make up JEA's lost net short term
4		wheeling revenues. Through the SeTrans mitigation mechanism, the rate impact
5		on JEA's ratepayers of joining a RTO will be lessened and rates stabilized. As
6		Mr. Seelke will testify, JEA ratepayers will lose \$50 million over 5 years in short
7		term revenues under the current GridFlorida proposal. In SeTrans, where JEA is
8		a sponsor, the adverse reliability and revenue impacts on JEA's ratepayers are
9		projected to be much less severe.
10	Q.	IF JEA IS NOT SUCCESSFUL IN SECURING ACCEPTABLE SHORT
11		TERM WHEELING REVENUE MITIGATION AND IN INCLUDING
12		CBM IN THE CALCULATION OF ATC, IS IT LIKELY TO JOIN
13		GRIDFLORIDA?
14	A.	No.
15	Q.	IF JEA DOES NOT JOIN GRIDFLORIDA, WHAT OPTIONS ARE
16		AVAILABLE TO IT?
17	A.	Join SeTrans or forego joining any RTO.
18	Q.	IF JEA DOES NOT JOIN GRIDFLORIDA WHAT WOULD THE IMPACT
19		BE ON JEA'S CUSTOMERS?
20	A.	The impact on JEA's customers will vary depending on whether JEA joins
21		SeTrans or opts not to join any RTO. As a sponsor of SeTrans, JEA has

participated in development of the documents establishing the SeTrans approach to the issues that JEA has raised in this docket. The SeTrans treatments of CBM and short term wheeling revenues meet JEA's requirements. Accordingly, if JEA were to join SeTrans the cost of RTO participation will be substantially lower than is the case should JEA join GridFlorida. The installed capacity requirements of SeTrans, coupled with the conversion of physical transmission rights to financial transmission rights, will ensure an adequate level of reserves for JEA's ratepayers. The administrative burden to JEA of establishing new security coordination within SeTrans and the coordination of Florida Public Service Commission jurisdictional issues and FRCC reliability issues are unlikely to significantly impact customer rates. Further, the SeTrans grid maintenance fee is expected to be substantially less than the grid maintenance fee expected for GridFlorida.

If JEA opts NOT to join any RTO in the near term there would be <u>no rate</u> <u>increase</u> to JEA's customers required to recover RTO fees or to mitigate the loss of short term wheeling revenues. However, in the longer term JEA could be subject to penalty rates for access to either the SeTrans or GridFlorida grids. We have not quantified this impact, but it could be substantial. Likewise, should JEA seek relief at FERC for any claims resulting from either SeTrans' or GridFlorida's treatment of JEA under either RTOs' tariffs, it is unlikely that JEA

would receive the same treatment as a participating owner. The outcome of such a situation is unclear.

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

17

There may also be a reduction in reliability of service to JEA's customers should JEA not join a RTO due to forces beyond JEA's control. Whether, and how, the plans of JEA would be integrated into the reliability plans of an adjacent RTO is also unclear. The effect of numerous implementation decisions by adjacent RTOs on JEA could easily be detrimental, as RTOs establish policies and practices affecting Reserve Sharing Pools, loop flows, allocation of the benefits of facility additions, outage scheduling of generation and transmission, and so forth. For all of these reasons, the option to forego joining any RTO may simply not be viable for JEA under developing FERC policy.

#### IF JEA DOES NOT JOIN GRIDFLORIDA WHAT WOULD THE IMPACT Q. BE ON THE STATE'S OTHER RATEPAYERS?

- Their rates will increase and the reliability of the Peninsular Florida grid will be A. diminished.
- 16 Q. IF JEA ELECTS TO JOIN SETRANS, WHAT TYPES OF OPERATIONAL CHANGES WOULD BE NECESSARY?
- JEA would probably initiate action to transfer the JEA Control Area from FRCC 18 A. to SERC. The security coordination function would have to be resolved across the 19 Florida/Georgia regional boundary. JEA's transmission data would be posted on 20 21 the SeTrans OASIS site.

1	Q.	IF JEA CHOOSES TO JOIN A RTO/ITP, DOES JEA HAVE A
2		PREFERENCE BETWEEN SETRANS AND GRIDFLORIDA?
3	A	Yes, all other things being equal, JEA would prefer to join GridFlorida and to
4		remain in the FRCC, continuing its long and successful working
5		relationship with its fellow Florida utilities and independent power producers.
6	Q.	WHEN DOES JEA EXPECT TO MAKE A FINAL DECISION
7		REGARDING JOINING ANY RTO/ITP?
8	A.	JEA will decide whether to become a participating transmission owner in
9		GridFlorida or SeTrans when final approval for these RTOs has been obtained.
10	Q.	JEA HAS STATED THAT IT WOULD LIKE TO BE A CO-APPLICANT
11		IN THE GRIDFLORIDA PROPOSAL. WHAT ARE THE ADVANTAGES
12		TO JEA OF BECOMING A CO-APPLICANT?
13		A. As a Co-Applicant, JEA would have the opportunity to have timely input
14		into the development of the details of GridFlorida's market design and other
15		procedural matters. JEA believes that its participation as a Co-Applicant in the
16		GridFlorida proposal would broaden the scope of the proposal by including the
17		perspective of a municipally owned utility with significant transmission assets
18		along with that of investor-owned utilities and thereby increase the likelihood of
19		the proposal's approval by FERC.

- 1 Q. DOES THIS CONCLUDE YOUR TESTIMONY?
- 2 A. Yes.
- 3 c: 3678/final

#### RANDY J. BOSWELL

### 21 W. Church St. Jacksonville, Florida 32202

#### **WORK HISTORY**

# JEA (FORMERLY JACKSONVILLE ELECTRIC AUTHORITY)

1973 - Present

#### Vice President - Market Strategy

2001 - Present

Responsible for Corporate Planning related to electric/water/wastewater including expansion of all physical facilities. Also responsible for firm power supply, wholesale and retail rates, corporate research and brand management.

#### Vice President - Production Services

1995 - 2001

Managed the generation expansion planning for JEA. Managed the wholesale full and partial requirements power supply contracts for JEA, including contract negotiations and contract administration.

Management of fuel procurement for 2700 MW system.

#### **Director System Operations**

1988 - 1995

In addition to the duties listed under Division Chief of Energy Dispatch, managed the maintenance activities of all JEA substations, and managed the emergency response crews for the distribution system. Further responsible for and coordination of the total company emergency response plans.

#### **Division Chief of Energy Dispatch**

1980 - 1988

Managed the 24-hour control center for JEA, with craft and engineering staff of approximately 40 personnel. Responsible for the monitoring and control of JEA's transmission and distribution system. Managed the economic dispatch function for JEA generation and first implemented a digital unit commitment program. Oversaw participation in the Florida Energy Broker, represented JEA to state and regional reliability counsels, administered inter-utility interchange agreements. Participated in contract negotiations, resulting in the jointly-owned 500 KV intertie between Florida and Georgia, the jointly-owned two-unit coal-fired St. Johns

Docket No. 020233-EI Exhibit \_\_\_\_\_ (RJB-1) Page 1 of 2 River Power Park, the JEA Coal-by-Wire purchases from Southern Companies and other contracts.

#### Engineer, P.E. - System Planning Division

1978 - 1980

Performed short-term operational planning studies in support of system operations

Developed reliability criteria and operating guides for operating personnel.

## Engineer - Transmission & Substation Engineering Division

1973 - 1978

Performed protective relay engineering and design

#### **GEORGIA POWER COMPANY**

1971 - 1973

Trouble Clerk

#### **EDUCATION**

Graduate Course Work – University of North Florida – 1997- 1999 Certified as a Registered Professional Engineer in the State of Florida - July 1978

Bachelor of Electrical Engineering Degree, Georgia Institute of Technology - August 1973

#### PERSONAL ACCOMPLISHMENTS

Board of Directors - The Energy Authority
Past Chairman Florida Coordinating Group - Operating Committee
Past Chairman Southeastern Electric Reliability Council - Operating Committee
Past SERC Representative to NERC Operating Committee
Current FRCC Engineering Committee representative

Docket No. 020233-EI Exhibit \_\_\_\_\_ (RJB-1) Page 2 of 2

#### CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by U.S. Mail to all parties listed below and also by (\*) Hand-Delivery, (\*\*) E-mail or (\*\*\*) Overnight courier as indicated on this 27 to day of Leptense., 2002.

(\*) Cochran Keating, Esq. Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850

(\*)Lee L. Willis, Esq. James D. Beasley, Esq. Ausley & McMullen Law Firm 227 South Calhoun Street Tallahassee, FL 32301

(\*)Kenneth Hoffman Rutledge Law Firm P. O. Box 551 Tallahassee, FL 32302

(\*\*\*)James A. McGee, Esq. Florida Power Corp. 100 Central Avenue St. Petersburg, FL 33701

Mark Sundback, Esq. Andrews & Kurth Law Firm 1701 Pennsylvania Ave., N.W. Suite 300 Washington, DC 20006

Calpine Corporation Thomas W. Kaslow The Pilot House, 2d Floor Lewis Wharf Boston, MA 02110

(\*\*\*)John W. McWhirter, Esq. McWhirter, Reeves Law Firm 400 North Tampa Street Suite 2450 Tampa, FL 33601-3350 Duke Energy North America Lee E. Barrett 5400 Westheimer Court Houston, TX 77056-5310

Michelle Hershel Florida Electric Coop. Association, Inc. 2916 Apalachee Parkway Tallahassee, FL 32301

Linda Quick South Florida Hospital and Healthcare 6363 Taft Street Hollywood, FL 33024

Ms. Angela Llewellyn TECO P. O. Box 111 Tampa, FL 33601

David L. Cruthrids, Esq. 1000 Louisiana Street Suite 5800 Houston, TX 77002-5050

(\*)Peter Antonacci, Esq. Gordon H. Harris, Esq. Gray, Harris Law Firm 301 South Bronough Street Tallahassee, FL 32302-3189

Bruce May, Esq. Holland & Knight Law Firm Bank of America 315 South Calhoun Street Tallahassee, FL 32302-0810 (\*)Frederick M. Bryant, Esq. FMPA 2061-2 Delta Way Tallahassee, FL 32303

(\*)Joseph A. McGlothlin, Esq. McWhirter, Reeves Law Firm 117 South Gadsden St. Tallahassee, FL 32301

R. Wade Litchfield, Esq. Office of General Counsel 700 Universe Blvd. Juno Beach, FL 33408-0420

Paul Lewis, Jr. Florida Power Corp. 106 East College Ave, Suite 900 Tallahassee, FL 32301-7740

(\*)Thomas J. Maida, Esq. Foley & Lardner Law Firm 106 East College Ave. Suite 900 Tallahassee, FL 32301

Michael Briggs Reliant Energy Power Generation, Inc. 801 Pennsylvania Ave. Suite 620 Washington, DC 20004

Timothy Woodbury SEC 16313 North Dale Mabry Highway Tampa, FL 33688-2000

John T. Butler, Esq. Steel Hector & Davis Suite 400 Miami, FL 33131-2398 David Owen, Esq. Assistant County Attorney Lee County P. O. Box 398 Ft. Myers, FL 33902

(\*)Michael B. Twomey 8903 Crawfordville Road Tallahassee, FL 32305

Mirant Corporation Beth Bradley 1155 Perimeter Center West Atlanta, GA 30338-5416

(\*)Jon C. Moyle, Jr., Esq. 118 North Gadsden Street Tallahassee, FL 32301

(\*)Jack Shreve, Public Counsel Office of Public Counsel c/o Florida Legislature 111 West Madison Street, #812 Tallahassee, FL 32399-1400 howe.roger@leg.state.fl.us

James P. Fama, Esq. LeBoeuf, Lamb Law Firm 1875 Connecticut Ave., N.W. Suite 1200 Washington, DC 20009

Matthew M. Childs, Esq. Steel Hector & Davis 215 South Monroe Street Suite 601 Tallahassee, FL 32301

Steven H. McElhaney 2448 Tommy's Turn Oviedo, FL 32766 John Attaway Public Supermarkets, Inc. P. O. Box 32105 Lakeland, FL 33802-2018

Marchis Robinson Manager, State Government Affairs Enron Corp. 1400 Smith Street Houston, TX 77002-7361

Florida Retail Federation 100 East Jefferson Street Tallahassee, FL 32301

(\*\*\*)Daniel Frank Sutherland Asbill & Brennan 1275 Pennsylvania Ave., N.W. Washington, DC 20004-2415

Kissimmee Utility Authority Mr. Robert Miller 1701 West Carroll Street Kissimmee, FL 32746

Paul Elwing Lakeland Electric 501 East Lemon Street Lakeland, FL 33801-5079

Trans-Elect, Inc. c/o Alan J. Statman, General Counsel 1200 G Street, N.W. Suite 600 Washington, DC 20005 (\*)Bill Bryant, Esq. Katz, Kutter Law firm 106 East College Ave. 12<sup>th</sup> Floor Tallahassee, FL 32301 natalief@katzlaw.com

Paul Clark City of Tallahassee 400 East VanBuren Street Fifth Floor Tallahassee, FL 32301

Ed Regan Gainesville Regional Utility Authority P. O. Box 147117, Station A136 Gainesville, FL 32614-7117

(\*\*\*)Douglas F. John Matthew T. Rick 1200 17<sup>th</sup> Street, N.W. Suite 600 Washington, DC 20036-3013

Reedy Creek Improvement District P. O. Box 10000 Lake Buena Vista, FL 32830

(\*)Leslie J. Paugh, Esq. 2473 Care Drive, Suite 3 Tallahassee, FL 32308

Bud Para, Director, Legislative Affairs JEA 21 West Church Street Jacksonville, FL 32202-3139 Dick Basford, President Basford and Associates, Inc. 5616 Fort Sumter Road Jacksonville, FL 32210

(\*)Roberta Bass Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850

(\*\*\*)Thomas A. Cloud, Esq. Gray, Harris & Robinson, P.A. 301 East Pine Street, Suite 1400 Orlando, Florida 32801

(\*\*\*)Richard A. Zambo, Esq. 598 SW Hidden River Avenue Palm City, FL 34990

(\*)Vicki Kaufman, Esq. McWhirter Reeves Law Firm 117 South Gadsden Street Tallahassee, FL 32301 Michael B. Wedner Assistant General Counsel 117 West Duval Street Suite 480 Jacksonville, FL 32202

(\*)Jennifer Brubaker Florida Public Service Comm. 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850

Thomas E. Washburn V.P., Transmission Business Unit OUC 500 South Orange Avenue Orlando, FL 32802

(\*\*\*)William T. Miller Miller, Balis & O'Neil 1140 Nineteenth Street, N.W. Suite 700 Washington, D.C. 20036-6600

Suzanne Brownless, Esq.