

DIRECT TESTIMONY OF TED E. HOBSON
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
ON BEHALF OF
JEA
DOCKET NO. 020233-EI

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1 **Q. WHAT IS YOUR NAME AND BUSINESS ADDRESS?**

2 A. My name is Ted E. Hobson and my business address is JEA, 21 West Church,
3 Jacksonville, Florida 32202-3139.

4 **Q. BY WHOM ARE YOU EMPLOYED AND WHAT IS YOUR POSITION?**

5 A. I am the Director Electric Delivery for JEA.

6 **Q. WHAT ARE YOUR JOB DUTIES AS DIRECTOR OF ELECTRIC**
7 **DELIVERY?**

8 A. I manage the operation and maintenance of JEA bulk power system including
9 load forecasting, generation dispatch and unit commitment, transmission lines,
10 substations, distribution lines, customer service connections and interconnections
11 with other electric utilities. I am responsible for JEA's coordination with the
12 Florida Reliability Coordinating Council (FRCC) on operating issues and
13 coordination with The Energy Authority (TEA).

14 **Q. WOULD YOU PLEASE DESCRIBE YOUR EDUCATION AND**
15 **BACKGROUND?**

16 A. I have a Bachelor of Science in Electrical Engineering from the University of
17 Florida, and am a registered Professional Engineer in the state of Florida.

18 **Q. WOULD YOU PLEASE PROVIDE A BRIEF HISTORY OF YOUR**
19 **TRAINING AND EXPERIENCE IN THE ELECTRIC UTILITY**
20 **INDUSTRY?**

21 A. I have over 29 years in numerous facets of the electric utility industry. I began
22 my career as a distribution engineer with JEA. My resume is attached as Exhibit
23 _____ (TEH-1).

1 **Q. ARE YOU A MEMBER OF ANY PROFESSIONAL, AFFILIATE OR**
2 **ASSOCIATE ORGANIZATIONS?**

3 A. Yes. I am presently the Vice-Chair of the FRCC Operating Committee, and past
4 Chair of that committee. I am JEA's representative on the FRCC Market Interface
5 Committee (MIC) and the FRCC's representative on the North American Electric
6 Reliability Council (NERC) Market Interface Committee (MIC). I was JEA's
7 most recent representative on the Southeast Electric Reliability Council (SERC)
8 Operating Committee. I am currently a director of The Energy Authority (TEA),
9 a wholesale power marketing organization created by three public power utilities
10 in the Southeast.

11 **Q. AT THIS TIME I WOULD TENDER MR. HOBSON AS AN EXPERT IN**
12 **THE FIELD OF ELECTRIC UTILITY OPERATIONS.**

13 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS DOCKET?**

14 A. The purpose of my testimony today is to present JEA's position regarding the
15 inclusion of designated Capacity Benefit Margin (CBM) in the calculation of
16 Available Transfer Capability (ATC).

17 **Q. WHAT IS CAPACITY BENEFIT MARGIN (CBM)?**

18 A. The FRCC defines CBM as "[t]he amount of firm transmission transfer capability
19 preserved for Load Serving Entities (LSEs) on the host transmission system
20 where their load is located, to enable access to generation from interconnected

1 systems to meet generation reliability requirements.” [Section III.H., FRCC
2 ATC Calculation and Coordination Procedures, issued November 8, 2000.]

3 **Q. WHAT IS THE PURPOSE OF CBM?**

4 A. The FRCC characterizes the purpose of CBM in this manner: “[p]reservation of
5 CBM for a LSE allows that entity to reduce its installed generating capacity
6 below what may otherwise have been necessary without interconnections to meet
7 its generation reliability requirements.” [Section III.H., FRCC ATC Calculation
8 and Coordination Procedures, issued on November 8, 2000.] Basically, CBM
9 allows a utility, like JEA, which is a LSE and a transmission owner to use its
10 transmission interconnections to provide reliability reserves for its own load from
11 external resources.

12 **Q. WHAT IS AVAILABLE TRANSFER CAPABILITY (ATC)?**

13 A. The FRCC defines ATC as “the measure of the transfer capability remaining in
14 the physical transmission network for further commercial activity, over and above
15 already committed uses. [Section III, A., FRCC ATC Calculation and
16 Coordination Procedures , issued on November 8, 2000.] There are two kinds of
17 ATC: Non-Recallable (NRATC) and Recallable (RATC). FRCC also uses the
18 terms Firm ATC and Non-Firm ATC for these quantities respectively. Firm ATC
19 is equivalent in priority of service to the transmission provider’s (TP) native load.
20 Non-Firm ATC is lower in priority than the TP’s native load, and may be
21 curtailed prior to the curtailment of any firm transmission service.

1 **Q. PLEASE DESCRIBE JEA’S CURRENT METHOD OF CALCULATING**
2 **CBM AND ATC.**

3 A. For JEA’s SOCO-FPL (the JEA transmission path name for transmission service
4 from JEA’s interface with Southern Company to JEA’s FPL interface) and
5 JEA’s SOCO-SEC (the JEA transmission path name for transmission service
6 from JEA’s Southern Company interface to JEA’s Seminole Electric Company
7 interface) paths, as posted on the JEA OASIS, JEA starts with JEA’s allocated
8 share of the Florida Southern Total Transfer Capacity (TTC) as calculated by the
9 Florida-Southern Interface Committee and allocated in accordance with the
10 Florida-Southern Interface Allocation Agreement between JEA, Florida Power &
11 Light Company (FPL), Florida Power Corporation (FPC) and the City of
12 Tallahassee and the Joint Ownership Agreement, between JEA and FPL. JEA’s
13 Firm ATC is equal to this allocated TTC minus JEA’s firm contracts from sources
14 in Southern, minus a Transmission Reliability Margin (TRM) minus CBM minus
15 any previously committed Firm transmission service. The TRM for the Florida
16 –Southern interface, is set by the FRCC, in accordance with their procedures to
17 provide a reliability margin for all Florida transmission users and is allocated on a
18 pro-rata basis to FPL, JEA, FPC and the City of Tallahassee. [Section IV, A.5.,
19 FRCC ATC Calculation and Coordination Procedures, issued on November 8,
20 2000.] Non-Firm ATC starts with the same allocated TTC and subtracts JEA’s
21 Firm contracts from sources in Southern, minus Firm Transmission Service,

1 minus JEA's Non-Firm use, minus Non-Firm Transmission Service. To
2 calculate CBM for use in our Firm ATC posting, JEA starts with our total JEA
3 resources and subtracts forecasted peak load, the capacity of JEA's largest
4 available generating unit and JEA's Operating Reserve requirement, currently
5 approximately 86 MW. Any resulting negative number, indicating a deficiency in
6 covering the loss of the largest unit is deemed CBM. JEA's methodology for
7 calculating ATC and CBM is in accordance with FRCC requirements and has
8 been approved by both FRCC and NERC. [FRCC ATC Calculation and
9 Coordination Procedures, issued on November 8, 2000.]

10 **Q. HOW FREQUENTLY, AND UNDER WHAT CONDITIONS, DOES JEA**
11 **RESERVE CBM?**

12 A. JEA always reserves CBM in our Firm ATC posting. The amount reserved will
13 vary due to expected peak load and largest available unit.

14 **Q. DOES JEA'S USE OF CBM PROHIBIT IT FROM SELLING ANY FIRM**
15 **TRANSMISSION?**

16 A. No. Since the posting of ATC began on the OASIS in 1997, JEA has typically
17 made approximately 100-160 MW of firm transmission available on the
18 Southern-FPL and Southern-Seminole paths. JEA's records indicate that during
19 the 2001 calendar year, JEA sold approximately 68% (in MWh) of its Firm ATC
20 posted.

1 **Q. WHEN CBM IS RESERVED, HOW DOES JEA EXERCISE ITS OPTION**
2 **TO USE THE RESERVED TRANSMISSION ?**

3 A. Any time JEA is purchasing off-system capacity or energy to replace capacity
4 which is unavailable, we are using the CBM reservation. Much of the time this
5 use is transparent because there was enough Non-Firm ATC to support the
6 purchase without curtailing actual schedules. Occasionally, however, in
7 accordance with our tariff, it may be necessary to interrupt scheduled Non-Firm
8 transmission service to allow JEA to schedule transmission in order to serve our
9 native load.

10 **Q. DOES CBM BECOME AVAILABLE TO OTHERS AND, IF SO, UNDER**
11 **WHAT CONDITIONS?**

12 A. JEA's reservation of CBM only affects the availability of firm transmission
13 service. The amount of capacity reserved from the Firm ATC posting is always
14 available on a Non-Firm basis. Additionally, as the CBM value may decrease due
15 to variation in load forecasts or largest unit availability, the actual Firm ATC
16 postings will reflect the increased Firm ATC.

17 **Q. IF CBM WERE NOT AVAILABLE, HOW WOULD JEA MODIFY ITS**
18 **OPERATIONS ?**

19 A. JEA has made the strategic decision to operationally use the Florida-Southern
20 interface to provide emergency reserves. Additionally, for planning purposes,
21 JEA uses the interface to secure capacity as necessary to comply with our annual

1 planning and operating reserve requirements. The use of our transmission system
2 for these native load purposes is cost effective for JEA's rate payers, because it
3 allows these capacity decisions to be made on a relatively short
4 (weekly/monthly/annual) time frame, and with reliable access to a large market of
5 resources. If CBM were not available to JEA, allowing JEA to reserve the use of
6 our transmission system for these purposes, JEA would be required to either build
7 additional capacity on our system or purchase long-term capacity elsewhere at a
8 significant cost to our rate payers. If the latter option were chosen, JEA would
9 reserve firm transmission for use in accessing this capacity resulting, on average,
10 in an actual decrease in the amount of Non Firm ATC with no corresponding
11 increase in the availability of Firm ATC.

12 **Q. IS THE INCLUSION OF CBM IN THE CALCULATION OF ATC**
13 **CONSISTENT WITH THE GRIDFLORIDA PROPOSAL?**

14 A. Yes. Under the current proposal, GridFlorida will determine the Total Transfer
15 Capability (TCC) and ATC of all the state's transmission facilities pursuant to the
16 terms of Attachment C and O. [OATT, s. 15.2] GridFlorida is required to use
17 FRCC ATC Coordination Procedures and NERC standards to calculate the TTC
18 and ATC of each transmission facility. [OATT, Attachment O, s. II(1)] PTRs
19 across Flowgates (the 500 kV intertie is classified as a Flowgate at the
20 Georgia/Florida interface and JEA/FPL interface) must equal the NFC of the
21 Flowgate. [OATT, Attachment P, s. 3.2.3] The NFC is the "TTC of the Flowgate

1 minus the number of MW across the Flowgate made available due to
2 counterflows resulting from long-term transactions.” [OATT, Attachment P, s.
3 3.2.3.1] TTC is the “maximum amount of power that can be transferred across a
4 Flowgate in a reliable manner consistent with NERC and FRCC criteria.” The
5 definition of TTC found in the GridFlorida proposal is intended to track the
6 FRCC definition of TTC “total (first contingency) transfer capability between two
7 control areas or zones using the “control area to control area” method detailed in
8 NERC’s 1996 document.”

9 There is no definition of ATC in the GridFlorida documents. However,
10 the FRCC definition of ATC is “the measure of the transfer capability remaining
11 in the physical transmission network for further commercial activity, over and
12 above already committed uses.” The FRCC defines **non-recallable ATC**, also
13 referred to as NATC, as “TTC-TRM-EC-FRES-**CBM**”. (FRES is firm
14 reservations. ECs are existing commitments in the Planning Horizon that are long
15 term, firm transactions included in the FRCC 715 filing loadflow base cases or
16 data on the FRCC ftp site.) **Recallable ATC** also deducts CBM in order to reach
17 the recallable ATC (RATC). [FRCC ATC Calculation and Coordination
18 Procedures, approved November 8, 2000, at Section III.A., B., K. And L.; Section
19 IV.A.6, 7 and 8.]

20 Based on these definitions, it is clearly the intent of GridFlorida that
21 CBM be included in the calculation of ATC used by GridFlorida and used in

1 calculating the amount of capacity available for distribution to network
2 transmission customers.

3 **Q. IS THE INCLUSION OF CBM IN THE CALCULATION OF ATC**
4 **CONSISTENT WITH FERC ORDERS?**

5 A. Yes. FERC clarified the methodology for computing ATC, and the use of CBM
6 in its computation of ATC in an order issued in July 28, 1999. [Order Clarifying
7 Methodology For Computing Available Transmission Capability, 88 FERC ¶
8 61,099 (1999).]

9 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

10 A. Yes.

11

12

13c: 3677-final

Ted E. Hobson

Education 1968 Chamberlain High School Tampa, Fl.
High School Diploma

1970 St. Petersburg Junior College Clearwater, Fl.
Associate of Arts, Pre-Engineering (AA)

1973 University of Florida Gainesville, Florida
Bachelor of Science in Electrical Engineering (BSEE)

Certification 1977 State of Florida
Registered Professional Engineer, Electrical

Professional experience October, 2001-Present JEA Jacksonville, Florida
Director, Electric Delivery

- Report to Vice President of Operations and Maintenance
- Group size of approximately 300 employees including 8 direct report managers
- Responsible for Bulk Power Operations including Generation, Interchange Transmission and Substation dispatching activities
- Overhead and Underground Distribution Maintenance
- Substation Maintenance
- System Protection and Controls
- Transmission and Distribution Preventative Maintenance

1997 - 2001 JEA Jacksonville, Florida
Director, System Operations

- Report to Executive Vice President of Service Delivery
- Group size of approximately 100 employees including 5 direct report managers and 50 shift employees
- Responsible for all Generation, Interchange Transmission and Substation dispatching activities
- Responsible for buying/selling energy including accounting and billing, prior to initiation on The Energy Authority
- Responsible for procurement, installation operation and maintenance of electric and wastewater SCADA systems
- Responsible for procurement, installation and operations of extensive electric distribution automation system
- Implement FERC Orders 888/889 regarding transmission service
- Responsible for all distribution trouble dispatching activities for electric,

water and wastewater services

- Responsible for JEA Emergency Plan development and implementation
- JEA representative to Florida Reliability Coordinating Council (FRCC) Operating Committee
- Florida Representative to the North American Electric Reliability Council Market Interface Committee (NERC-MIC)
- JEA representative to Energy Broker Network (EBN)
- Member of Board of Directors for The Energy Authority, Inc.
- Member of JEA's Transmission and RTO strategy team
- Represent JEA to the Florida Public Service Commission in matter of bulk power and reliability

1988 – 1996 JEA

Division Chief of System Dispatch

- Reported to Director of System Operations
- Approximately 40 employees
- Two 24 hour shift operations
- Responsibilities included Generation and Interchange Dispatch, Substation and Transmission Dispatch and wholesale energy accounting and billing
- Responsible for System Operations Control Center (SOCC) facility and all dispatch and communications systems
- Division responsibilities included load forecasting, unit commitment and buying/selling energy.
- JEA representative to Florida Coordinating Council (FCG) Operating Committee

1981 – 1987 JEA

Supervisor of SCADA Systems

- Reported to Division Chief of Energy Dispatch
- Supervised software and hardware maintenance activities and personnel
- Supervised development of procurement specification for new EMS
- Project manager of Harris contract for new EMS
- Developed specification for new SOCC facility
- Project manager for new SOCC facility construction
- Supervised installation and commissioning of new EMS and SOCC facility

1975 – 1980 JEA

Project Engineer for new SCADA System

- Project Engineer for new Energy Management System (SCADA)
- Responsible for installation and startup for 21 station Microwave communications system
- Responsible for design and management of renovation of Randall Street control center to accept new SCADA and Microwave
- Responsible for installation and startup of EMS

- Implemented training for technicians and operators

1973 – 1974

JEA

Engineer, Distribution Engineering Division

- Designed Distribution Feeders
- Performed Fault Current Analysis
- Designed Feeder Coordination

References

Available on request

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 27th day of September, 2002.

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

Duke Energy North America
Lee E. Barrett
5400 Westheimer Court
Houston, TX 77056-5310

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

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

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

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

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

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

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

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

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

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

(***)John W. McWhirter, Esq.
McWhirter, Reeves Law Firm
400 North Tampa Street
Suite 2450
Tampa, FL 33601-3350

Bruce May, Esq.
Holland & Knight Law Firm
Bank of America
315 South Calhoun Street
Tallahassee, FL 32302-0810

(*)Frederick M. Bryant, Esq.
FMFA
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

(*)Bill Bryant, Esq.
Katz, Kutter Law firm
106 East College Ave.
12th Floor
Tallahassee, FL 32301
natalief@katzlaw.com

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

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

Florida Retail Federation
100 East Jefferson Street
Tallahassee, FL 32301

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

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

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

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

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

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

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

Trans-Elect, Inc.
c/o Alan J. Statman, General Counsel
1200 G Street, N.W.
Suite 600
Washington, DC 20005

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

Michael B. Wedner
Assistant General Counsel
117 West Duval Street
Suite 480
Jacksonville, FL 32202

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

(*)Jennifer Brubaker
Florida Public Service Comm.
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

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

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

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

(*)Vicki Kaufman, Esq.
McWhirter Reeves Law Firm
117 South Gadsden Street
Tallahassee, FL 32301



Suzanne Brownless, Esq.