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March 11, 2004

Via Overnight Delivery

Hon. Blanca S. Bayo, Director
Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: *Review of GridFlorida Regional Transmission Organization (RTO) Proposal,
Docket No. 020233-EI
Comments of Reedy Creek Improvement District*

Dear Ms. Bayo:

Please find enclosed for filing in the above-referenced matter an original and fifteen copies of the comments of Reedy Creek Improvement District on Pricing Issues. A copy of this filing is being distributed today to parties in this proceeding via the GridFlorida E-mail Exploder List.

An additional copy of this filing labeled "stamp and return" also is enclosed. Please stamp the date and time on that copy and return it to me in the enclosed self-addressed, stamped envelope.

Thank you for your attention to this matter. Please do not hesitate to contact me should there be any questions.

Respectfully submitted,

/s/ Daniel E. Frank

Daniel E. Frank
Counsel for
Reedy Creek Improvement District

Enclosures

cc: Parties (via E-mail)

Docket No. 020233-EI
Comments of RCID on
GridFlorida Applicants' Draft Positions on Pricing Issues
(March 11, 2004)

Reedy Creek Improvement District (RCID) hereby submits its comments on the draft positions offered by the GridFlorida Applicants on pricing issues. RCID provides comments on only certain items at this time. RCID reserves the right to supplement these comments, and to endorse or oppose the positions of other parties.

1. Issue No. 1 – Regional State Committee

RCID agrees that the Florida Public Service Commission (FPSC) should serve as the Regional State Committee (RSC) for GridFlorida, so long as GridFlorida is a single-state RTO. The structure and functions of the RSC may need to be revisited if a southeastern RTO develops and GridFlorida joins such an RTO.

RCID believes that the role of the FPSC as RSC needs greater clarification. RCID recommends that the FPSC have an *advisory role* with respect to GridFlorida. The Applicants' Draft Positions seem to suggest, however, that the FPSC would have *decisionmaking authority* over GridFlorida, subject to limited FERC review (FERC's review would be "limited" because of the Applicants' proposed "high standard for overruling an initial decision" of the FPSC). RCID questions whether it is appropriate to give the FPSC decisionmaking authority over FERC-jurisdictional facilities and services (such as those controlled and offered by GridFlorida). Providing the FPSC (as RSC) with an advisory function (rather than a decisionmaking function) would ensure that there is a formal mechanism for state regulators' concerns to be heard, but would also respect the jurisdictional boundaries between FERC and the FPSC.

2. Issue No. 2 – Jurisdictional Responsibilities (Pricing)

RCID opposes the proposed requirement that non-jurisdictional transmission owners submit their transmission revenue requirements to the FPSC for "review and initial decision." (Similarly, GridFlorida, a FERC-jurisdictional entity, should not be required to submit its revenue requirement to the FPSC for "review and initial decision." Requiring such an "initial decision" by the FPSC also seems to conflict with the reservation to transmission owners of the "exclusive, unilateral rights" to make filings with FERC to establish and recover their revenue requirements.) RCID would find acceptable, however, the voluntary submission by non-jurisdictional transmission owners of an *informational filing* with the FPSC concerning their revenue requirements.

3. Issue No. 3 – Participant Funding Concept for GridFlorida

The Applicants' Draft Position on "Enhanced Facility Upgrades" appears to be consistent with the GridFlorida Planning Protocol approach to such upgrades, which RCID supports. RCID believes that the proposal here should be modified to clarify that where network upgrades are "enhanced," only the differential in costs from the upgrades

approved by GridFlorida should be directly assigned to the participant (*i.e.*, only the costs to “enhance” a network upgrade meeting the GridFlorida standards are directly assigned; the costs for the standard upgrades are rolled in consistent with the “default cost allocation method”). Such a clarification is consistent with the Planning Protocol approach to enhanced facilities and upgrades.

Finally, RCID believes that it may be helpful to have the Applicants work through some examples of the implementation of their participant funding concept, as well as their proposed transmission rate design, at the March 17-18 Pricing Issues Workshop.

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