



Florida Municipal Power Agency

Jody Lamar Finklea  
Associate General Counsel

VIA HAND DELIVERY

August 22, 2005

Ms. Blanca S. Bayó, Director  
Commission Clerk and Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Betty Easley Conference Center, Room 10  
Tallahassee, Florida 32399-0850

RE: PSC Docket No. 020<sup>2</sup>~~3~~33-EI

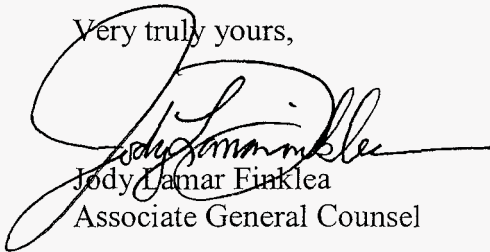
Dear Ms. Bayó:

Please find enclosed for filing in the above-referenced matter one (1) original and fifteen (15) copies of a joint letter and attached strawman proposal of Florida Municipal Power Agency, Seminole Electric Cooperative, Inc., Calpine and Northern Star Energy. Copies of the enclosed will be distributed to all stakeholders who signed up to be on the GridFlorida E-mail Exploder List.

Also enclosed is a copy of this transmittal letter. On that copy, please acknowledge receipt in the space indicated and return the acknowledged copy to my office.

If you have any questions or need clarification, please do not hesitate to contact me.

Very truly yours,

  
Jody Lamar Finklea  
Associate General Counsel

Cc: Parties of Record

DOCUMENT NUMBER - DATE  
08135 AUG 22 05  
FPSC-COMMISSION CLERK

August 22, 2005

VIA EMAIL (*GridFlorida@frec.com*)  
AND HAND DELIVERY

Katrina Tew  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Re: Review of GridFlorida Regional Transmission Organization Proposal, Docket No. 020233-EI

Dear Ms. Tew:

The undersigned organizations submit for consideration the attached straw-man proposal for a Non-RTO Alternative for Peninsular Florida: Florida Independent Transmission Provider (FITP).

This proposal includes the key elements required to secure for Florida the bulk of the benefits that could be obtained through a day-1 RTO without going the full distance of establishing an RTO that complies in all respects with FERC Order 2000. As shown in the attached, we have focused on areas where the Florida Public Service Commission expressly found, in its December 2001 Order, that an RTO would provide benefits to Florida, *e.g.*, the enhanced competition that comes with elimination of pancaked rates; the improved grid that results from integrated transmission planning, operations, and pricing. This proposal endeavors to achieve these benefits at a substantial cost savings from the GridFlorida structure analyzed by ICF, by utilizing existing infrastructure and systems to the greatest extent possible.

Our hope is that this proposal will provide a vehicle for the Commission and stakeholders to reinstate a stakeholder process directed at forming a structure short of an RTO that will provide benefits to all Florida customers. To facilitate this effort, we have adapted the Applicants' GridFlorida proposal to take into account changed circumstances.

We look forward to working with the Commission Staff, Applicants, and other stakeholders on this important effort. We would welcome the opportunity to commence discussions with interested parties and would request that the Commission Staff direct the Applicants to schedule a stakeholder meeting in the immediate future to facilitate such discussions.

Sincerely,

Florida Municipal Power Agency  
Seminole Electric Cooperative, Inc.  
Calpine  
Northern Star Energy

August 22, 2005

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cc: GridFlorida Applicants  
Jim Dean, PSC  
Parties of Record (via Exploder)

**A Non-RTO Alternative for Peninsular Florida  
Florida Independent Transmission Provider (FITP)**

- 1) Governance
  - a) Separate non-profit entity (herein FITP).
  - b) Hybrid board
    - i) Balanced stakeholder sector representation with the following votes: 3 IOUs; 3 generating non-IOU LSE utilities; 2 non-IOU wholesale utilities; 2 generators and power marketers; 1 non-generating LSE.
    - ii) 5 independents.
    - iii) Total of 16.
    - iv) Two thirds (2/3) vote requirement, which means that no two segments can pass an item and no one segment can veto, and leaves the entities that pay the bills with a strong vote.
  - c) No transfer of functional control; membership agreement that establishes rights and obligations of FITP and its members, designating FITP as their agent for providing reliability, granting transmission service and collecting and distributing revenues, plus planning. Transmission owners (TOs) to enter into agency arrangements to enable FITP to perform its tariff administration and planning functions.
  
- 2) Tariff administration
  - a) FITP regional tariff offering regional network and point-to-point service.
  - b) One-stop shopping for transmission and interconnection service, with FITP planning staff reviewing assessments by transmission owners and FRCC.
  - c) FITP evaluates and enters service agreements and study agreements.
  - d) FITP operates OASIS.
  - e) FITP oversees coordinated calculation of ATC/TTC.
  - f) Tariff delegates supply of ancillaries to TO/control areas under cost-based rates to the extent not self-supplied.
  - g) Congestion management through TLRs per NERC/FRCC TLR procedures.
  - h) FITP performs as Independent Security Coordinator (or retains a third party, such as a TO, to perform those duties).
  - i) Voluntary arrangements to address schedule/generator imbalances and/or ancillaries, such as a voluntary imbalance pool, are not foreclosed.
  
- 3) Planning and Expansion
  - a) Builds on FRCC planning process, with the following enhancements:
    - i) Single system planning approach;
    - ii) All resources identified in 10-year site plans are included in the annual plan;
    - iii) The final FITP plan shall be designed to meet the needs of the competitive bulk power market, including planned network resources, expanding trading opportunities, better integrate the grid, and alleviate congestion in an efficient manner.

- b) Relies on FRCC planning staff in coordination with FITP staff to oversee process, which builds from individual TO plans and develops a system-wide aggregate plan.
  - c) FITP has through its agency arrangement with the individual TOs the authority to commit/obligate the TOs to construct a transmission expansion if upgrade is included in the final annual plan and to determine cost allocation, consistent with the pricing standards.
  - d) System expansions to accommodate new transmission requests or interconnection requests occurring in between development of the annual plan will be handled through tariff procedure.
  - e) Resolution of planning and expansion disputes not otherwise governed by the Tariff will need to be addressed. (One possibility is referral to the FPSC for resolution.)
- 4) Pricing
- a) Pricing zones shall be initially established on an existing control area basis, subject to items (b) and (c) below.
  - b) Recovery of costs for existing facilities (those placed in service prior to 12/31/00) could be accomplished either through continued zonal rates or through a transition to a grid-wide rate.
  - c) The cost of new transmission facilities (*i.e.*, those placed into service on or after 12/31/00) that are not participant funded per item j, below, are recovered through a grid-wide charge.
  - d) No pancake rates for new transmission service (*i.e.*, service commencing after 12/15/00) within FITP.
  - e) Pancaked rates associated with existing transmission agreements (*i.e.*, those entered into prior through 12/15/2000) are phased out in years 1-5.
  - f) In years 1-5, phase in cost recovery of the revenue requirement for existing TDU facilities (*i.e.*, those in service prior to 12/31/00) utilizing a mutually acceptable mechanism, *e.g.*, a zonal TDU adder included in the applicable Grid Management Charge.
  - g) In years 1-5, phase out payments from FITP to TOs for lost short term firm and non-firm revenues.
  - h) Grid Management Charge for recovery of FITP costs.
  - i) IOUs subject to FITP tariff for all retail and wholesale service (although they do not pay the zonal charge for bundled retail load to maintain PSC jurisdiction).
  - j) Participant funding for transmission for export to non-FITP control areas and enhanced facilities (*e.g.*, specially shaped towers or underground cabling), consistent with Applicants' GridFlorida proposal.
  - k) All facilities 69 kV and above are included.