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MAIL ROOM

**Florida Power**  
CORPORATION

**JAMES A. MCGEE**  
SENIOR COUNSEL

February 5, 1999

Ms. Blanca S. Bayó, Director  
Division of Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Re: Docket No. 981890-EU

Dear Ms. Bayó:

Enclosed for filing in the subject docket are an original and fifteen copies of Florida Power Corporation's Post-Workshop Comments.

Please acknowledge your receipt of the above filing on the enclosed copy of this letter and return to the undersigned. Also enclosed is a 3.5 inch diskette containing the above-referenced document in WordPerfect format. Thank you for your assistance in this matter.

- ACK \_\_\_\_\_
- AFA 1
- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMU \_\_\_\_\_
- CTR \_\_\_\_\_
- EAG Dudley JAM/kp
- LEG 2 Enclosure
- LIN 5 cc: Parties of record
- OPC \_\_\_\_\_
- RCH \_\_\_\_\_
- SEC 1
- WAS \_\_\_\_\_
- OTH \_\_\_\_\_

Very truly yours,  
  
James A. McGee

RECEIVED & FILED  
  
FPSC BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

01506 FEB-89

**CERTIFICATE OF SERVICE  
DOCKET NO. 981890-EU**

I HEREBY CERTIFY that a true and correct copy of Florida Power Corporation's Post-Workshop Comments has been furnished by U.S. Mail on this 8th day of February, 1999 to the following:

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ATTORNEY

**FLORIDA POWER CORPORATION  
DOCKET 981890-EU**

**RE: GENERIC INVESTIGATION INTO THE AGGREGATE ELECTRIC  
UTILITY RESERVE MARGINS PLANNED FOR PENINSULAR FLORIDA**

**POST-WORKSHOP COMMENTS**

Florida Power Corporation (FPC) offers its continuing support to the Florida Public Service Commission's investigation into the aggregate electric utility reserve margins planned for Peninsular Florida. In that regard, FPC offers these specific comments related to the Staff's proposed "Areas of Investigation":

**1. FRCC Reserve Margin Methodology**

FPC supports continued development and refinement of the FRCC's Reserve Margin Methodology and plans to continue its' participation in the FRCC's efforts.

**2. Cold Weather Extremes**

The FRCC's Resource Working Group (RWG) has agreed to continue investigating winter weather patterns and their effect on system loads. FPC supports the parties continuing to examine these issues.

**3. Non-Firm Load**

There is a long regulatory history of retail tariffs and Demand Side Management Goals that have encouraged utilities to incorporate non-firm load in their resource mix. There are currently no guidelines or other considerations in place which limit or cap the portion of non-firm load in a utility's system. FPC believes that the demand-side programs that are offered to customers in exchange for economic incentives are very specific to each particular utility's resource mix and the composition of the programs. Any changes to the current system should be considered only after careful analysis of the impacts to both the utilities and their participating customers.

DOCUMENT NUMBER-DATE

01586 FEB-88

FPSC-RECORDS/REPORTING

#### **4. Reserve Margin Standard**

FPC supports the Reserve Margin Methodology and Standard adopted by the FRCC in 1998 and supports a continuing review in 1999 that considers any potential changes which might enhance the methodology and improve system reliability. The current arrangement under which Florida utilities share reserves (operating and planning) has provided significant benefits to the electric customers of the state. FPC believes that a departure from this reserve sharing arrangement would increase costs and increase the possibility of customer service interruptions. Maintaining a method for fair and cooperative reserve sharing among all utilities in the state would continue to benefit the customers of the state.

With respect to utility-specific reserve margin criteria, the current reserve sharing arrangement requires all utilities to maintain 15% planning reserves to participate in this system. Representatives of the FRCC have already stated their intentions to examine the adequacy and reliability of the individual utilities' systems and to assist in identifying utilities that may not be carrying their fair share of the state reserve requirements (if the peninsular aggregate falls below 15%).

#### **5. Price Spikes**

In the 1998 reliability workshops, the utilities shared information with the Staff regarding the prices at which power was bought and sold during the extreme weather conditions in the Summer. Given the unique circumstances that a utility may find itself facing from day to day, and the myriad of different tariff requirements, FPC believes that buying and/or selling decisions should be left to the individual utility.

#### **Summary**

FPC supports the Florida Public Service Commission's investigation into Peninsular Florida reliability. Florida electric utilities, the FRCC and the Florida Public Service Commission Staff have been

working together to address these issues and FPC firmly believes that the most meaningful results will come from a continued commitment to continue in this cooperative manner. FPC supports commissioning the FRCC to aggregate state utility data and to provide comments and analysis on these state reliability issues. Working together to establish and/or confirm a statewide Reserve Margin Standard will help ensure that the customers of Florida are provided with an economic and adequate electric supply.