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Matthew M. Childs, P.A.

December 15, 1999

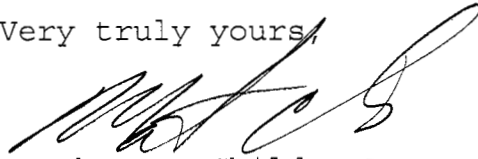
Blanca S. Bayó, Director
Division of Records and Reporting
Florida Public Service Commission
4750 Esplanade Way, Room 110
Tallahassee, FL 32399

RE: DOCKET NO. 981890-EI

Dear Ms. Bayó:

Enclosed for filing please find the original and fifteen
(15) copies of the Stipulation in the above-referenced docket.

Very truly yours,



Matthew M. Childs, P.A.

MMC:ml
Enclosure
cc: Parties of Record

AFA _____
APP _____
CAF _____
CMU _____
CTR _____
EAG 2 *Half*
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OTH _____

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FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Generic investigation into
the aggregate electric utility
reserve margins planned for
Peninsular Florida

Docket No. 981890-EU

STIPULATION

WHEREAS, the Florida Public Service Commission initiated this proceeding regarding reserve margins of Peninsular Florida utilities in December 1998; and

WHEREAS, subsequent to that date Staff and parties identified certain issues to be addressed and procedures to be followed; and

WHEREAS, Florida Power & Light Company (FPL), Florida Power Corporation (FPC), and Tampa Electric Company (TECO) (collectively, the IOUs) have asserted, and continue to assert, that the scope of the proceeding has been expanded beyond the intent of the Commission, and that the procedural posture of this proceeding is such that the Commission cannot lawfully take formal action that would affect their substantial interests at this time; and

WHEREAS, in Orders No. PSC-99-1274-PCO-EU and No. PSC-99-1716-PCO-EU the Commission overruled the IOUs' procedural objections, clarified the scope of the docket, identified specific issues to be addressed, and confirmed its intent to conduct a formal evidentiary proceeding in this docket and take the actions it deems appropriate; and

WHEREAS, Reliant Energy Power Generation, Inc (Reliant Energy), Florida Industrial Power Users Group (FIPUG), PG&E Generating Company (PG&E), the Legal Environmental Assistance Foundation, Inc. (LEAF), and Duke Energy North America, LLC, and Duke Energy New Smyrna Beach Power Company, Ltd., LLP (Duke Energy), (hereinafter referred to as Intervenors), filed Petitions to Intervene in which they alleged the actions contemplated by the Commission in this docket would affect their substantial interests; and

WHEREAS, the Commission granted Intervenors' petitions to intervene, and Intervenors have participated as full parties to the proceeding; and

WHEREAS, on October 29, 1999, FPC, acting on behalf of the IOUs, submitted to the Commission Staff a proposal for the resolution of the issues in this proceeding; and

WHEREAS, upon receipt of the proposal the Commission continued the hearing scheduled for November 2, 1999 and convened on that date a conference of all parties for the purpose of discussing the proposal of the IOUs; and

WHEREAS, upon consideration of the IOUs' proposal, without waiving their respective litigation positions and for the purposes of compromise and settlement, the undersigned, representing all of the parties to this proceeding that have been identified by the Commission or allowed by Commission to intervene, have decided to prepare this Stipulation, and present it to the Commission for the purpose of concluding this docket.

NOW, THEREFORE, the parties stipulate and agree as follows:

1. The IOUs will each voluntarily adopt a minimum reserve margin planning criterion of twenty percent (20%).
2. The twenty percent (20%) reserve margin planning criterion will be a minimum; no maximum or cap will be represented or implied by this criterion.
3. No utility other than the three IOUs identified hereinabove is agreeing to adopt a twenty percent (20%) reserve margin planning criterion by virtue of this Stipulation.
4. The IOUs will calculate the minimum twenty percent (20%) reserve margin by employing their current methodology; i.e., $\text{Reserve Margin (\%)} = [(\text{Total Firm Capacity} - \text{Peak Firm Demand}) / \text{Peak Firm Demand}] \times 100$, where Total Firm Capacity will be based on generating capacity owned by the IOUs or capacity for which there is a firm commitment to these IOUs and

where Peak Firm Demand means total demand reduced by demand side resources.

5. The IOUs will undertake to implement the twenty percent reserve margin criterion over a transition period of four years, meaning that they will plan to achieve a twenty percent (20%) reserve margin by the Summer of 2004.

6. The IOUs agree to adopt the twenty percent (20%) reserve margin planning criterion with the good faith intention of maintaining that planning criterion for the indefinite future, but each IOU must reserve the prerogative individually to modify its planning criteria to adapt to relevant circumstances. By the same token, it is understood that the Commission remains free to initiate an investigation or to take other appropriate action to review and to respond to any changes that the IOUs may make in the future regarding their planning criteria.

7. Should any IOU exercise its prerogative to change its twenty percent (20%) minimum reserve margin planning criterion discussed herein, such IOU will make a good faith effort to provide notice of the change to the Commission.

8. Neither the adoption by the IOUs of the minimum twenty percent (20%) planning criterion nor the approval of this Stipulation by the Commission shall be deemed to create any presumption that capacity additions must be through any particular mix of generation and/or demand-side resources. Nor shall said adoption or approval be deemed to create any presumption with respect to any proposals for adding generating capacity or create a presumption that a generating capacity addition proposed by any entity is not needed. All current and future proceedings under the Electrical Power Plant Siting Act, including those for the consideration of merchant plants, and all statutes, rules, regulations, and policies bearing on the Commission's determination of need for new generation (including the need determination criteria in § 403.519, Florida Statutes); the IOUs' obligation to solicit proposals for generating capacity; and the

obligations of the IOUs to otherwise prudently avail themselves of reasonably available conservation alternatives and cost-effective resource options; and the obligations of the IOUs to best serve their retail customers through their respective resource planning processes, are unaffected by this Stipulation and the approval thereof.

9. The parties acknowledge that for all regulatory purposes, the Commission shall retain the ability and discretion to consider all facts and circumstances applicable to a given utility and/or peninsular Florida. Further, with respect to the evaluation of the adequacy of reserves in peninsular Florida, the Commission may employ any methodology and may consider any facts and circumstances it deems appropriate, subject to applicable legal requirements.

10. The Commission is encouraged to take the following actions in conjunction with the approval of this Stipulation:

A. Convene a workshop, with the participation and the assistance of the Regulatory Assistance Project, to receive and consider information regarding how distributed resources, both demand and supply-side, may be used to meet Florida's energy service reliability needs, to be followed by any additional proceedings and/or actions relative to this matter that the Commission deems appropriate.

B. Convene a workshop for the consideration of the appropriate relationship between the non-firm load of an individual utility and the total reserves required to maintain the utility's appropriate minimum reserve margin, to be followed by any additional proceedings and/or actions relative to this matter that the Commission deems appropriate.


11. The parties enter into this Stipulation for the purpose of effecting a compromise and of achieving closure of this docket. By its participation in this Stipulation, no party expresses its endorsement of any individual provision included by any other party.

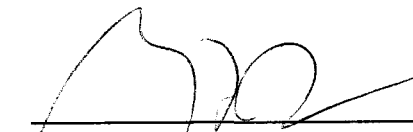
12. By entering this Stipulation, no party waives any position it has taken with respect to any aspect of this proceeding or any of the issues identified in this proceeding or any other proceeding. Further, no party waives the right and opportunity to petition the Commission to institute any action designed to provide any relief deemed appropriate or desirable by that party at any time.

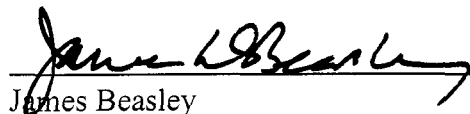
13. The parties to this Stipulation agree that, by approving this Stipulation, the Commission does not waive its right and ability, pursuant to governing law, to initiate any proceeding or take any action for which it has requisite jurisdiction and authority.

14. In the event the Commission declines to approve this Stipulation in its entirety, it shall become null and void.

AGREED this 14th day of December 1999.


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CERTIFICATE OF SERVICE
DOCKET NO. 981890-EU

I HEREBY CERTIFY that a true and correct copy of the Stipulation has been furnished by Hand Delivery*, U.S. Mail this 15th day of December, 1999 to the following:

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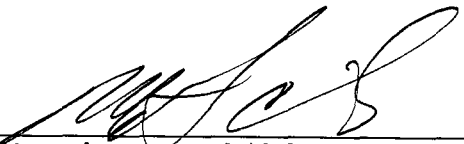
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By: 
Matthew M. Childs, P.A.

ORIGINAL

M E M O R A N D U M

JANUARY 6, 2000

TO: DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF LEGAL SERVICES (ELIAS, JAYE) *RVE*
 DIVISION OF ELECTRIC AND GAS (HAFF)

RE: DOCKET NO. 981890-EU - GENERIC INVESTIGATION INTO THE
 AGGREGATE ELECTRIC UTILITY RESERVE MARGINS PLANNED FOR
 PENINSULAR FLORIDA.

Florida Power Corporation filed for confidential classification of Document No. 09057-99 and the Florida Reliability Coordinating Council filed for confidential classification of Document No. 11680-99 in this docket. Because this docket was stipulated, staff did not enter either of these documents into the record, nor were these documents used as the basis for any staff recommendation or Commission decision. Document No 09057-99 and Document No. 11680-99, therefore, should be returned to their respective sources pursuant to Rule 25-22.006(9), Florida Administrative Code.

RVE/GAJ

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