

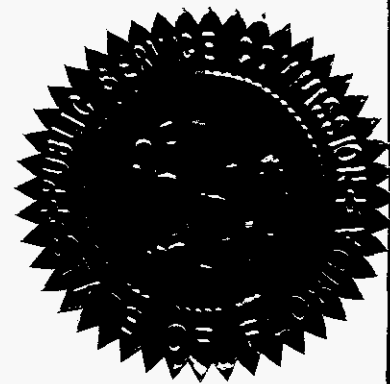
BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. UNDOCKETED

In the Matter of:

TEN-YEAR SITE PLANS
WORKSHOPS

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PROCEEDINGS: WORKSHOP

COMMISSIONERS
PARTICIPATING: CHAIRMAN MATTHEW M. CARTER, II
 COMMISSIONER LISA POLAK EDGAR
 COMMISSIONER KATRINA J. McMURRIAN
 COMMISSIONER NANCY ARGENZIANO
 COMMISSIONER NATHAN A. SKOP

DATE: Wednesday, August 19, 2009

TIME: Commenced at 9:35 a.m.
 Concluded at 10:10 a.m.

PLACE: Betty Easley Conference Center
 Room 148
 4075 Esplanade Way
 Tallahassee, Florida

REPORTED BY: LINDA BOLES, RPR, CRR
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DOCUMENT NUMBER-DATE
08972 AUG 31 8

FPSC-COMMISSION CLERK

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PARTICIPATING:
SARAH ROGERS
VINCE ORDAX
JENNIFER BRUBAKER
PHILLIP ELLIS

P R O C E E D I N G S

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CHAIRMAN CARTER: Good morning to one and all.

COMMISSIONER EDGAR: Good morning.

COMMISSIONER McMURRIAN: Good morning.

CHAIRMAN CARTER: Commissioner Argenziano, can you hear us okay?

COMMISSIONER ARGENZIANO: Yes, I can hear you. Can you hear me?

CHAIRMAN CARTER: Absolutely fine. Fantastic. Good morning to you.

COMMISSIONER ARGENZIANO: Good morning.

CHAIRMAN CARTER: I'd like to also say good morning to everyone here in the hearing room, and welcome to our workshop on the electric utilities' Ten-Year Site Plans.

Counsel, would you please read the notice?

MS. BRUBAKER: Certainly. Pursuant to notice, this time and place has been set aside for the purpose of conducting a Commission workshop in the undocketed review of Ten-Year Site Plans.

CHAIRMAN CARTER: Okay. Just, I want to just make a couple of statements. And I think I'm -- some people say brain dead. I think I've revived my brain slightly from yesterday. But we have a brief agenda for today's workshop. It was attached to the notice. I

1 think all parties received that.

2 And basically the Florida Reliability
3 Coordinating Council is here to summarize the 2009
4 regional load and resource plan, and to also give us an
5 update on the evaluation of interdependency of electric
6 generation and natural gas pipelines.

7 Commissioners and staff, you can ask
8 questions, if you wish. And rather than me belabor the
9 point, why don't we proceed. At this time I'd like to
10 turn the workshop over to staff.

11 Staff, you're recognized.

12 **MR. ELLIS:** Thank you, Mr. Chairman. Our
13 presenter today will be Ms. Sarah Rogers, who is
14 President and CEO of the FRCC.

15 **CHAIRMAN CARTER:** Good morning. Welcome back.

16 **MS. ROGERS:** Good morning, Chairman Carter and
17 Commissioners. Thank you for having us here today.

18 We don't have a lot of change from previous
19 Ten-Year Site Plans, so I'll go through it fairly
20 quickly. If you have any questions, please free to ask
21 as we go along.

22 I would like to recognize, however, John Odom,
23 who is our Vice President of Planning and Operations;
24 Vince Ordax, who is our Manager of Planning; and Scott
25 Beecher, who is a Planning Engineer who puts together

1 the presentation for me each year. So they, they do a
2 lot of work.

3 **CHAIRMAN CARTER:** So if anything goes wrong,
4 it's their fault; right?

5 **MS. ROGERS:** No. I didn't execute their plan
6 well is the way I would put it.

7 As you mentioned, we're going to go over the
8 load and resource plan, we're going to discuss fuel
9 reliability and we're going to review for you the
10 transmission planning process.

11 Just to remind you, the purpose of the Florida
12 Reliability Coordinating Council is to ensure and
13 enhance the reliability and the adequacy of the bulk
14 electric supply in the State of Florida now and into the
15 future. Just as a reminder, we're a not-for-profit
16 company. We don't own any generation, any transmission,
17 any distribution assets. We're simply here to ensure
18 the reliability and work together with the utilities to
19 coordinate their plans.

20 Let's get right into the load and resource
21 plan. The major change that you'll see is a significant
22 decrease in the load forecast, and there's several
23 reasons for that. There's the deterioration of the
24 economic conditions, lower customer growth. In fact,
25 for the first time in 63 years the population of Florida

1 has decreased as opposed to increased. And 63 years ago
2 was during World War I (sic.) when we had a lot of
3 military people leave the state. So this is very
4 unusual for us.

5 There's also reductions in per customer
6 consumption, mandated energy efficiency, voluntary
7 conservation. And in addition we've done some model
8 calibrations on the winter load that will be reflected
9 as well in the load forecast.

10 Our summer peak has decreased from last year's
11 projections by about 8.6 percent, and this chart is
12 after the activation and exercise of dispatchable load
13 management and interruptibles.

14 Something noteworthy on this next slide for
15 the winter is you'll see we've transitioned from being a
16 winter peaking state to a summer peaking state, with
17 revisions to the models and the forecasts for winter.
18 And there's an average decrease year, on year by
19 14 percent. So that's fairly significant. But the good
20 news is that helps us with our reserve margins.

21 And we'll get into the generation forecast.
22 What we've done here is we've stacked the capacity
23 increases so that you can sort of see what's in state
24 and what's out of state. So the first bars, the bottom
25 bars are in state, until you get up to the -- I don't

1 know what color you would call that. The smaller light
2 blue bars at the top. So Florida continues to be fairly
3 independent from the rest of the United States by having
4 most of the generation requirements within the state,
5 which I believe from a reliability standpoint is a good
6 thing.

7 **COMMISSIONER EDGAR:** Just -- because I'm, I'm
8 still trying to focus this morning. I apologize.

9 **MS. ROGERS:** I'm sorry, and I'm going quickly.

10 **COMMISSIONER EDGAR:** No. No. No. It's me,
11 not you. The green, where it says "cumulative
12 additions," what is, what does that categorize or what
13 is that categorizing?

14 **MS. ROGERS:** That's additions by the utilities
15 in the state for generation inside the state.

16 **COMMISSIONER EDGAR:** So on-site additional --
17 okay. All right. Thank you.

18 **MS. ROGERS:** You're welcome.

19 Well, now that we know what the load forecast
20 looks like and the generation forecast, let's look at
21 the reserve margins. The reserve margins look very
22 comfortable. I'll remind you that this is without load
23 management interruptibles. And the winter looks much
24 higher than the summer for two reasons. One was the
25 decrease in the load forecast, and also the generator

1 winter ratings are larger than in the summer. So a
2 generator can produce more megawatts in the wintertime
3 than it can in the summertime.

4 And if we look at this same chart without
5 invoking load management and interruptibles, you'll see
6 that we still are fairly comfortable on the winter side.
7 And there's, the reserve margin does fall short of the
8 15 percent, which means that there are occasions where
9 load management and interruptibles may be invoked in the
10 summertime.

11 This is an important slide to look at because
12 we want to make sure that the reserve margin is not made
13 up of solely load management and interruptibles, meaning
14 that any time a generator or generators were
15 unavailable, that we were invoking that. Because when
16 people have -- when the utilities have utilized load
17 management interruptibles significantly in the past, the
18 population sometimes or the general public sometimes
19 unsubscribes from those programs, and we like to see
20 that subscribership up. So this is a good sign as well.
21 On average it's around, the load management and
22 interruptibles are around 30 percent of the reserve
23 margin. So that's a good number.

24 Our assessment, we look to ensure that the
25 regional planning reserve margin meets the 15 percent,

1 and the planned reserve margin actually exceeds
2 20 percent for all peak periods in the next ten years.
3 And that's again with the availability of dispatchable
4 load management and interruptibles.

5 I showed you this slide last year to
6 demonstrate that Florida really leads the nation in load
7 management and interruptibles. If you look at the other
8 reliability areas, Florida is at 7 percent demand-side
9 management as a percentage of regional peak. And this
10 is very positive. It enables us to avoid building about
11 3,200 megawatts of generation. You know, they always
12 say the cheapest generation is the generation you don't
13 build. And this is a compliment to the working
14 relationship between the Public Service Commission and
15 the utilities to make these programs work and to
16 encourage our public to participate in these programs.
17 Last year we were at 6.2 percent, so it continues to
18 increase.

19 When we look at fuel diversity, there's a
20 little change here. As the load forecast goes down, the
21 energy from gas will go down slightly. And this slide
22 does include the addition of Levy 1 and 2 in 2016 and
23 2017. And as you're aware, there's been an announcement
24 of approximately a 20-month delay. So in the 2018 time
25 frame it probably would still look the same, assuming

1 that those two Levy units came in by 2018.

2 But we are still dependent on, highly
3 dependent upon natural gas relative to the rest of the
4 United States. The average in the United States is
5 about 20 percent. Again, if you look at it from a
6 capacity standpoint, again, the story is the same. And
7 this includes member-owned -- or the generation within
8 the FRCC region and purchases from nonutility generators
9 within the region. So it doesn't include any exports or
10 generation that's owned by the utilities outside of the
11 state.

12 **CHAIRMAN CARTER:** Do you mind going back one
13 slide, please? On the 2009, the renewables is less than
14 1 percent, and for 2018 is 1 percent. Is there any way
15 to determine how that, what that makeup will be?

16 **MS. ROGERS:** I have a slide coming up to show
17 you that.

18 **CHAIRMAN CARTER:** Oh, okay. Good. I spoke
19 too soon. Just ignore the man behind the screen.

20 **MS. ROGERS:** Well, no. You're setting me up
21 perfectly. In fact, if we -- I just talked about that
22 one.

23 All right. The renewable resource, again, the
24 majority of that is coming from municipal solid waste.
25 We've seen an increase in the biomass over the years.

1 And biomass, we include biomass solids like wood waste,
2 biomass liquids and biomass gases.

3 And if we look going forward, the additions,
4 you can see the additions are mainly on the biomass
5 side: A little bit of hydro, some solar, the Hutchinson
6 Island wind project. And about 56 percent of this new
7 capacity is under firm contract with the utilities right
8 now.

9 Does that answer the question that you're
10 looking for?

11 **CHAIRMAN CARTER:** Absolutely. Thank you.

12 **MS. ROGERS:** Good. Good.

13 Conservation also is very important in the
14 state. And this is really the energy efficiency
15 programs that the utilities have where they work with
16 residents, residential and commercial customers on HVAC,
17 duct repair, business lighting, commercial water heating
18 and refrigeration.

19 And the nice story here is that, you know, I
20 mentioned before we've avoided about 3,200 megawatts of
21 generation through demand-side management. In addition,
22 there's about 2,500 megawatts that have been avoided
23 through energy efficiency programs, and we project that
24 to continue to rise. And that's, I think that's very
25 positive for the state as well.

1 On the nuclear outlook, now this is the plans
2 that were submitted to us, so we do know that there has
3 been an announcement on the delay for Levy 1 and 2, but
4 we are seeing some significant additions to the system
5 from the nuclear side. We're essentially doubling the
6 amount of capacity in the state.

7 Energy production from natural gas. Last year
8 this chart was a little different. We've seen a
9 decrease in the energy production from natural gas, and
10 that's primarily related to the decrease in the load
11 forecasts. Because nuclear and coal are a first step in
12 the dispatch, generally changes in the load forecast are
13 going to impact the amount of natural gas consumed.

14 So our conclusion is the results of the
15 resource adequacy review indicate that the FRCC region
16 has planned adequate resources to remain reliable over
17 the next year, next ten years.

18 I'm going to switch gears now and talk to you
19 a little bit about fuel reliability. And there's three
20 subjects we're going to talk about: The fuel
21 reliability working group, natural gas storage and fuel
22 reliability coordination and some of the tools and plans
23 that we have in place.

24 A couple of years back FRCC started a
25 dedicated fuel reliability working group that reviews

1 the interdependencies of fuel availability and electric
2 reliability.

3 And, Chairman Carter, we've expanded that
4 beyond just natural gas to include all fuel types,
5 because you never know when one is going to cause us
6 impacts. So we look at all the fuels now. And we
7 coordinate regional responses to fuel issues in
8 emergencies. We have a gas study project that models
9 the natural gas system similarly to the way we model the
10 electric transmission system, where we can simulate
11 outages on the natural gas pipelines and see what
12 effects that would have on, on the generation within the
13 state. We also, this group provides realtime emergency
14 response for storms, and they develop regional fuel
15 reliability positions.

16 **CHAIRMAN CARTER:** In your simulations do
17 you -- the time for the outages, do you do that on a
18 normal worst-case scenario -- well, I shouldn't say
19 normal, but -- that would be a worst-case scenario -- an
20 interruption for a storm or natural event for a week or
21 two weeks or something like that?

22 **MS. ROGERS:** Yes. We can do that with the,
23 with the models. And what we've looked at -- we haven't
24 looked at every contingency the way we do on the
25 transmission system. And each year they identify what

1 contingencies to look at and then we evaluate those.
2 And what we've discovered so far with these models is
3 that the fact that the majority of the generation that's
4 dependent upon natural gas also has either an alternate
5 fuel source or alternate pipeline capability, we really
6 don't have a lot of vulnerability from interruptions of
7 gas supply.

8 **CHAIRMAN CARTER:** Thank you.

9 **MS. ROGERS:** This is also a good story to show
10 you the natural gas storage accessible to Florida.

11 The first line that says, is the Southeast
12 Supply Header, and that's really been a very positive
13 impact for Florida.

14 As you may recall, last year gas production in
15 the Gulf was interrupted for a fairly significant amount
16 of time. And when that happened in 2005, we did have
17 some generating capacity alerts and some concerns within
18 the state. But the Southeast Supply Header actually
19 connects the Florida system to onshore gas production.
20 So we're no longer solely dependent upon the Gulf
21 production. And then when you look at the increase in
22 the natural gas storage, that's also a very positive
23 sign for Florida and a very positive impact to
24 reliability for the state.

25 The tools and plans that we have in place,

1 last year we incorporated fuel shortages into our
2 generating capacity shortage plan. We incorporated it
3 into our hurricane manual. We have some communication
4 protocols between the Reliability Coordinator in the
5 state and the generator operators and the natural gas
6 transportation service providers. We've really had a
7 great relationship with the natural gas transmission
8 owners.

9 And as I mentioned before, the gas study
10 project. In 2010 we're going to look more deeply into
11 the fuel oil storage, exactly how much are the utilities
12 storing and what, how many days does that provide us.
13 We'll continue to look at loss of pipeline and loss of
14 natural gas supply to the region from the Gulf and
15 continue the modeling updates.

16 So in summary, the fuel reliability working
17 group which reports to the operating subcommittee and
18 our standing committee of the operating committee, they
19 promote fuel reliability awareness, they continue to
20 refine the processes for minimizing impacts on fuel
21 issues, we perform proactive fuel assessments and
22 studies, we look at the natural gas storage, and we've
23 seen that that's increasing. We've got supply diversity
24 increasing with the Cypress Pipeline and access to
25 liquid natural gas and, as I mentioned before, the

1 Southeast Supply Header. And we have good communication
2 protocols in place between the Reliability Coordinator,
3 the State Capacity Emergency Coordinator, and the
4 pipeline companies.

5 **CHAIRMAN CARTER:** Excuse me. Are they -- when
6 you say supply diversity increasing and you mentioned
7 Cypress, are they expanding that line or just still
8 going to be just coming in from north of Jacksonville,
9 that area?

10 **MS. ROGERS:** I don't believe that they've
11 expanded it, but that does provide us, you know, with
12 some diversity.

13 **CHAIRMAN CARTER:** Oh, okay. Thank you.

14 **MS. ROGERS:** And in conclusion, we do not
15 anticipate any fuel transportation issues affecting
16 resource capabilities during peak periods or extreme
17 weather based on the fuel studies that we've done, the
18 current fuel diversity and the alternate fuel
19 capability.

20 We're getting through this rather quickly. So
21 this is the last subject I'm going to talk to you about.

22 **CHAIRMAN CARTER:** You guys do a good job.

23 **MS. ROGERS:** The last subject I'm going to
24 talk to you about is just our transmission planning
25 process. When the Public Service Commission closed the

1 docket on GridFlorida, they had asked the utilities and
2 FRCC to look for ways to improve our regional planning
3 process and coordinate -- and coordination of the plans
4 amongst the utilities. And we developed the FRCC
5 planning process as a result of that, and it's governed
6 by our planning committee, which is a standing committee
7 of the board of directors. The planning committee
8 promotes the reliability of the bulk electric system.
9 They assess and encourage generation and transmission
10 adequacy. They provide a vehicle for ensuring that
11 transmission planning within the state will provide for
12 the development of a robust transmission network.

13 And within the planning committee there are
14 three working groups. We have a transmission working
15 group that assesses the long-term transmission plans of
16 the utilities; the stability working group, which
17 assesses the stability of the bulk electric system; and
18 we have the reliability working group that performs a
19 reliability assessment of the FRCC resource adequacy.

20 The types of studies that we do, we do a
21 summer seasonal assessment and a winter seasonal
22 assessment. We perform the ten-year transmission
23 reliability study, we look at inter-regional
24 transmission studies and we look at resource
25 deliverability. And I'll talk a little bit about those.

1 But first what we measure against are the NERC
2 transmission planning standards. And these standards
3 essentially require that if you lose a single element,
4 that minimal local loss of load occurs. That if you
5 lose multiple elements, that there's a controlled loss
6 of load. And in extreme outage events that there's no
7 wide area cascading loss of load like the Northeast
8 blackout in 2005. And then we also performed the 2009
9 to 2018 transmission plans to make sure that they
10 satisfy these tests.

11 **CHAIRMAN CARTER:** Commissioner Skop?

12 **COMMISSIONER SKOP:** Thank you, Mr. Chair.

13 Good morning, Ms. Rogers. With respect to the
14 reliability standards test, what lessons learned and
15 best practices has FRCC implemented as a result of last
16 year's outage?

17 **MS. ROGERS:** We performed an event analysis,
18 and the event analysis team identified, I believe it was
19 19 actions to take. And in the transmission planning
20 area, I'm going to have to ask Vince. Were there any
21 recommendations specifically?

22 **MR. ORDAX:** Just I guess to continue to review
23 the types of contingencies that we're evaluating and
24 make sure that we're capturing, basically meeting the
25 requirements of the standards. And we've been doing

1 that, except, you know, we need to make sure we update
2 those lists continuously.

3 **COMMISSIONER SKOP:** Thank you.

4 **MS. ROGERS:** And if you look at that outage,
5 there was the disabling of two levels of protection and
6 then a fault on the system. So that would be considered
7 a multiple element outage, and there was controlled loss
8 of load. So it did meet this measure.

9 When we look at the inter-regional
10 transmission study, what we essentially look at there is
11 the amount of reliable import and export capability on
12 the FRCC Southern transmission interface. And these are
13 the numbers. They're very similar to last year.
14 There's no change in the summer import or export.
15 There's a slight increase in the winter export of 100
16 megawatts and a slight decrease on the export in the
17 wintertime of 200 megawatts.

18 **CHAIRMAN CARTER:** One second.

19 Commissioner Skop.

20 **COMMISSIONER SKOP:** Thank you, Mr. Chair.

21 Just one more question with respect to the
22 Southern transmission interface. Is that, I guess as
23 Florida continues to grow and add additional baseload
24 generation, is that interface going to be adequate in
25 terms of being able to bring power in, importing power

1 into Florida, or are additional transmission upgrades
2 going to be necessary?

3 **MS. ROGERS:** We, that's one reason we evaluate
4 the import/export. And we have not had a lot of
5 transmission requests to import additional generation
6 that we are dependent upon without the in-state
7 generation. Is that making sense?

8 **COMMISSIONER SKOP:** It does.

9 **MS. ROGERS:** And, Vince, do you want to,
10 again --

11 **MR. ORDAX:** Yeah. Actually on one of the
12 slides that Sarah had up there earlier it shows that
13 we're bringing in, we're expected to bring in less power
14 from Southern into Florida. So the export -- the import
15 into Florida is decreasing, is expected to decrease over
16 time, so we'll be relying less on the interface. So I
17 wouldn't expect to see the interface needing to be
18 increased unless some resources are built and purchased
19 to bring power into Florida.

20 **COMMISSIONER SKOP:** Okay. And I guess just to
21 understand my, my concern would be, you know, just the
22 updating and replacement of aging infrastructure to make
23 sure that we have high reliability standards, so.

24 **MS. ROGERS:** Thank you. And the slide that
25 Vince was referencing is Slide 8. I assume you may have

1 the slide. I can try to --

2 **COMMISSIONER SKOP:** That's fine.

3 **MS. ROGERS:** Okay. My eyes are getting bad.

4 I can't read the page numbers from the podium.

5 We also look at resource deliverability, and I
6 think this is very important for the State of Florida.
7 And not all regions do this. But we evaluate the
8 transmission requests to ensure that transmission
9 service requests do not have negative impacts on
10 adjacent utilities' transmission systems. And we, since
11 we last met, we've completed five of those of
12 evaluations for a total of 632 megawatts.

13 We also, FRCC reviews the generation
14 interconnect service requests, again to make sure that
15 there are not unforeseen impacts on adjacent
16 transmission systems. And we've completed eight of
17 those for a total of 2,088 megawatts, and we've got
18 three evaluations currently under review.

19 So our conclusion on the transmission
20 reliability is that the results of the assessment
21 indicate that the planned transmission system within
22 FRCC is expected to remain reliable for the next ten
23 years. And so essentially our story here today, to sum
24 it up for you, is that we've reviewed the load forecast.
25 The load forecast has gone down. We've reviewed the

1 generation additions and they're adequate to meet the
2 needs, and the transmission system itself is adequate to
3 deliver that to the customers in the state.

4 And then I've got two slides that show some of
5 the significant transmission projects. And it's not my
6 intent go over those, but within the next ten years we
7 will, the utilities in the state will be building about
8 625 miles of transmission class projects, so.

9 And it's open for any further questions.

10 **CHAIRMAN CARTER:** Commissioner McMurrian.

11 **COMMISSIONER McMURRIAN:** Thank you.

12 Ms. Rogers, I was just looking at this list.
13 And for the ones that are identified with the Levy unit,
14 the transmission projects, would the, the in-service
15 dates on these remain the same or would they also be
16 subject to delay?

17 **MS. ROGERS:** I don't know the answer to that.

18 Is someone from Progress Energy here who could
19 answer that?

20 So the question is are the lines associated
21 with the Levy plant going, are the in-service dates
22 going to be delayed for, for example, the 20 months that
23 we expect the units to be delayed?

24 **CHAIRMAN CARTER:** Turn your microphone on.

25 Have a seat and turn your microphone on. There you go.

1 **UNIDENTIFIED SPEAKER:** I guess the short
2 answer would be yes. But, you know, with the
3 construction of the transmission, because it's such, you
4 know, a major transmission project, it'll probably be
5 sequenced in, you know, maybe a couple of years before
6 the actual units come online.

7 **COMMISSIONER McMURRIAN:** Okay. Thank you.

8 **CHAIRMAN CARTER:** Commissioner Edgar.

9 **COMMISSIONER EDGAR:** Two points or questions,
10 and the first is perhaps maybe completely unrelated. So
11 if, so I'll just --

12 **CHAIRMAN CARTER:** It's not like we haven't
13 asked that already.

14 **COMMISSIONER EDGAR:** I mean really probably
15 unrelated. But is the FRCC doing anything or are you
16 aware of, are utilities doing anything regarding line
17 loss or how to reduce line loss?

18 **MS. ROGERS:** The FRCC doesn't get directly
19 involved in that. The utilities provide us what their
20 line losses are for the models, but we don't do anything
21 to, to analyze that.

22 **COMMISSIONER EDGAR:** Which is actually a
23 question that I've been, an issue that I've been
24 interested in.

25 **MR. ORDAX:** Yeah. At the FRCC we don't --

1 **COMMISSIONER EDGAR:** It's not you.

2 **MR. ORDAX:** No. Right.

3 **COMMISSIONER EDGAR:** Okay. But it comes to
4 mind, obviously, looking at new transmission projects,
5 thinking about, you know, how we're continuing to
6 improve the efficiency of, of what we have that is
7 already sited and built and paid for. So that's kind of
8 what, where my thinking was then.

9 What I hope is a more related --

10 **CHAIRMAN CARTER:** Can I piggyback on your
11 first question?

12 **COMMISSIONER EDGAR:** I'm sorry?

13 **CHAIRMAN CARTER:** May I piggyback on your
14 first question?

15 **COMMISSIONER EDGAR:** Absolutely.

16 **CHAIRMAN CARTER:** Even though you guys don't
17 do that, do you, do you have knowledge of any companies
18 that are, in Florida that are currently dealing with
19 this issue, even from a study standpoint or a planning
20 standpoint or many even some pilot programs on the loss
21 of power during the lines?

22 **MR. ORDAX:** They might evaluate those. I'm
23 not aware of any that do it specifically. But when they
24 evaluate alternatives for a specific solution or a
25 project, they probably -- they may consider losses in

1 their analysis in order to select the preferred
2 alternative. That's at their, at their level of detail,
3 but -- and they may do it or may not do it. But all
4 those losses, like Sarah said, the models are very
5 detailed, so we would see that. And whenever you add
6 any new transmission, especially the magnitude that
7 Progress is going to do, I would expect the losses to go
8 down. Usually when you reduce the impedance on the
9 network that's what happens.

10 **CHAIRMAN CARTER:** Thank you, Commissioner.

11 **COMMISSIONER EDGAR:** Thank you.

12 And I'll just say, Tom, that may be something
13 I want to look into a little bit at some point.

14 What I hope will be perhaps a more related
15 question, I am looking back at Slide 10.

16 **MS. ROGERS:** Uh-huh.

17 **COMMISSIONER EDGAR:** And you did discuss this
18 particular slide in detail, but if you could do that for
19 me again because I do think this is an important one, as
20 you said. And, again, regarding the comment you made
21 earlier about Florida's peak time moving from winter to
22 summer and with the summer reserve margin without the
23 load management and interruptible not completely being
24 projected -- anyway, if you could just, just discuss
25 that point a little bit more and what that means.

1 **MS. ROGERS:** Certainly. The FRCC region has a
2 requirement to have a 15 percent reserve margin. And
3 that's really to take into account unexpected losses of
4 elements of generation and perhaps transmission. And
5 this slide shows that even in the summertime we exceed
6 that 15 percent without the utilization of load
7 management and interruptibles. And from a reliability
8 standpoint we view that as a positive because our
9 experience has been when the utilities utilize load
10 management and interruptibles on a regular basis, that
11 it's a voluntary program and people can unsubscribe to
12 it. So it's only -- when everyone wants electricity is
13 during the extreme weather, and so that is typically
14 when load management interruptibles are utilized when
15 people least want them to be utilized. And so people
16 are willing to put up with it upon occasion, but if it
17 were an everyday occurrence, sometimes you see people
18 unsubscribe to the system.

19 **COMMISSIONER EDGAR:** So another point from
20 this slide, do I have this right, is that in the summer
21 months without the interruptible and without the load
22 management we exceed the 15 percent reserve margin
23 projected out for the ten years and that the -- and
24 that's the good news -- and, and that in the winter
25 months even significantly above the 20 percent?

1 **MS. ROGERS:** Correct. That's correct.

2 **COMMISSIONER EDGAR:** Thank you.

3 **MS. ROGERS:** You're very welcome.

4 **CHAIRMAN CARTER:** Commissioners, anything
5 further from the bench?

6 Staff?

7 **MR. ELLIS:** Staff has no questions at this
8 time, although we'd like to note that the staff's review
9 of the 2009 Ten-Year Site Plans is tentatively scheduled
10 for Internal Affairs on October 5th.

11 **CHAIRMAN CARTER:** Okay. Good deal.

12 Commissioners, anything further?

13 Ms. Rogers, once again you have wowed us with
14 your whizbang presentation.

15 **MS. ROGERS:** I kept it short.

16 **CHAIRMAN CARTER:** And you guys did a pretty
17 good job with the slides. Thank you so very, very much.

18 **MS. ROGERS:** You're very welcome. Thank you.

19 **CHAIRMAN CARTER:** Staff, anything further?

20 **MR. ELLIS:** Nothing further.

21 **CHAIRMAN CARTER:** One second. Do we have
22 anyone from the audience that wants to give some public
23 input on the presentation today? Going once. All
24 right. Hearing none, we are adjourned.

25 (Workshop adjourned at 10:10 a.m.)

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STATE OF FLORIDA)
 :
COUNTY OF LEON)

CERTIFICATE OF REPORTER

I, LINDA BOLES, RPR, CRR, Official Commission Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorneys or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 31st day of August, 2009.

Linda Boles
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