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February 23, 2001

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

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RE: Docket No. 001521-EU

Dear Ms. Bayó:

The following are the City of Tallahassee's ("City") comments to proposed amendments to Rule 25-6.035, F.A.C., "Adequacy of Resources" ("Rule").

The City is a member of the Florida Reliability Coordinating Council (FRCC), operates its own control area, and is a member of the FRCC's Operating Committee. The City's need to be involved in this docket comes as a result of our intervention in the formation of GridFlorida LLC (GridFlorida).

The City shares the same concerns expressed by JEA in Mr. Ted Hobson's letter to you dated February 21, 2001. Dependent on how "control area" is defined in GridFlorida's proposal to FERC, we agree that the potential exists for control areas that are not part of GridFlorida to be allocated a larger share of the operating reserves. As Mr. Hobson explained, this can occur because some of the larger generating units may be removed from the calculation. This would be the case if GridFlorida were to be considered a single control area and therefore designate a single largest unit to the operating reserve allocation. Under this interpretation, the City would concur with JEA that revisions would be required to the Rule to accomplish an appropriate and equitable allocation of operating reserves.

The City believes that JEA presents a compelling and defensible argument to eliminate the portion of the allocation based upon the largest unit. This would result in an allocation based solely upon the proportion of each control area's peak hour net energy for load to that of the FRCC region. Notable in JEA's argument is that other North American Electric Reliability Council (NERC) regions currently allocate operating reserves solely on the basis of peak load.

The City has evaluated alternatives to the current operating reserve allocation methodology and that proposed by JEA. Among these alternatives were changes to the current "50/50" method but short of JEA's proposed "0/100" method. Under the current methodology, some control area's reserve allocation is driven more by the 50% based on their largest unit than the 50% based on their peak hour net energy for load (NEL). The converse is true for other control areas. Acknowledging this fact it becomes easy to see that, regardless of how the percentages based on largest unit and peak hour NEL are changed, there will be "winners" and "losers" compared to the current method.

- APP 1
- CAF
- CMP
- COM
- CTR
- ECR
- LEG
- OPC
- PAI
- RGD
- REC 1
- ER
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DOCUMENT NUMBER-DATE

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The City has considered that other methodologies could be developed that would mitigate the shift in reserve obligations from the current allocation. However, from the City's perspective, the underlying questions are those of appropriateness and equity. Under the current method, the load-serving entity's (LSE) operating reserve obligations range from about 1.7% of their historical peak hour NEL (Florida Power and Light) to about 7.1% of their historical peak hour NEL (Gainesville Regional Utilities). If JEA's proposed changes were adopted, each LSE would be assigned an equal operating reserve obligation as compared to their respective historical peak hour NEL (about 2.4%). Therefore, we believe that each LSE's pro rata share of Florida's historical total peak hour NEL is appropriate and equitable as a sole determinant of operating reserve obligations and we support JEA's proposed amendment to the Rule as presented.

We are sending copies of these comments to the FRCC Operating Committee, and it is our intent to support JEA's proposed changes to the FRCC Procedures.

Respectively submitted,

A handwritten signature in black ink, appearing to read "Paul Clark". The signature is fluid and cursive, with a horizontal line extending to the right.

Paul Clark
Chief Planning Engineer
System Reliability & Transmission Services

cc: FRCC Operating Committee
Richard Bellak, Esq., FPSC Staff
Mr. Tom Ballinger, FPSC Staff