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Public Service Commission

January 13, 2012

VIA ELECTRONIC FILING

Ms. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

**Re: Docket No. AD12-1-000, Reliability Technical Conference and
Docket No. EL11-62-000, Public Service Commission of South Carolina and the
South Carolina Office of Regulatory Staff**

Dear Ms. Bose:

Forwarded herewith is the Notice of Intervention and Comments of the Florida Public Service Commission regarding the above-captioned proceedings.

Benjamin Crawford at (850) 413-6598 and Judy Harlow at (850) 413-6842 are the lead staff contacts.

Sincerely,

/ s /

Cindy B. Miller
Senior Attorney

CBM:tf

**UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION**

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| Public Service Commission of South Carolina and the South Carolina Office of Regulatory Staff |))) | Docket No. EL11-62-000 |
| Reliability Technical Conference |)) | Docket No. AD12-1-000 |

**THE FLORIDA PUBLIC SERVICE COMMISSION’S NOTICE OF INTERVENTION
AND COMMENTS**

Pursuant to Rule 214(a)(2) of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (FERC), the Florida Public Service Commission (FPSC) hereby files its Notice of Intervention and Comments in the above-captioned dockets.

I. INTERVENTION

The FPSC is a state commission with authority, pursuant to Section 366.04(5), Florida Statutes, over the planning, development, and maintenance of a coordinated electric power grid in Florida to assure an adequate and reliable source of energy for operational and emergency purposes. The FPSC has full regulatory authority pursuant to Chapter 366, Florida Statutes, over Florida’s five investor-owned electric utilities, including reliability and aspects of rates, operations, and safety. The statutes also provide the FPSC with limited authority over Florida’s 35 municipally-owned and 18 rural electric cooperatives, including authority over safety, rate structure, and operations and planning. Pursuant to Section 403.519, Florida Statutes, the FPSC is charged with determining need for all new steam electric generating facilities over 75 megawatts (MW).

Pursuant to Rule 214(a)(2), any state commission is a party to any proceeding upon filing a notice of intervention if the notice is filed within the period established under Rule 210(b). The FPSC hereby timely files its Notice of Intervention in the above-captioned dockets.

II. COMMUNICATIONS

Pursuant to Rule 203(b)(3) of the Rules of Practice and Procedure of the FERC, the following persons are designated to receive communications and service in this proceeding:

Benjamin Crawford
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III. COMMENTS

The FPSC commends the FERC for holding its recent technical conference, which provided a forum to discuss the potential reliability and cost impacts of environmental rules on electric utilities and customers. The FPSC expresses its support for the establishment of the FERC-NARUC Forum on Reliability and the Environment (the Forum). Furthermore, the FPSC suggests that the Forum focus on developing recommendations to the U.S. Environmental Protection Agency (EPA) regarding the reliability and rate implications of EPA rulemaking affecting electrical generation.

In any ongoing collaboration, the FPSC notes the importance of continuing to recognize the existing regional reliability entities, including those which have responsibility for electric reliability in Florida. These entities include the Florida Reliability Coordinating Council (FRCC), focusing on peninsular Florida, and the SERC Reliability Corporation (SERC), which includes the Florida Panhandle. The FPSC believes that Florida's unique characteristics in terms

of weather, customer base, generation fuel types, energy use, geography, and ability to import power mandate treating peninsular Florida separately from the Florida Panhandle and the rest of the Southeast region, as was recognized by the FERC in the establishment of reliability regions.¹

The FPSC has been monitoring the progress of the proposed EPA regulations relating to electrical power plants with increasing concern throughout the course of their development. On July 15, 2011, the FPSC filed comments with the EPA on the proposed Electric Utility Air Toxics Rule and Cooling Water Intake Structures Rule. In these comments, the FPSC stated that the proposed rules have the potential for significant rate and reliability impacts on Florida's energy consumers. The FPSC also commented that EPA's final rules should avoid compromising electric system reliability and allow the maximum compliance flexibility for electric utilities provided for under the law. Electric utilities should be given the flexibility to choose the most efficient, least-cost compliance option to meet public health and environmental goals. State environmental authorities are in the best position to review the compliance plans by electric utilities within their respective states, while public utility regulatory commissions will be responsible for reviewing implementation of these plans for reliability and cost impacts.

Florida has a total generating capacity of 58,420 MW (summer). Transmission capability to import energy into peninsular Florida from other states is approximately 3,600 MW. Given Florida's peninsular geography and this existing capacity of transmission interconnections to other states, the opportunity for Florida to import more cost-effective energy from generating units outside Florida for which compliance costs are low will be limited. Approximately 27 percent of Florida's electricity needs are currently met with coal- and oil-fired generation, the

¹ FRCC's bylaws, Section 1.1(b)(i), note that FRCC was designated by FERC as the Regional Entity on May 2, 2007, Chairman Wellinghoff, in his September 14, 2011, appearance before the U.S. House Energy and Power Subcommittee of the Energy and Commerce Committee, said that regional organizations could provide the best information on the reliability implications of the EPA rules.

generation resources most subject to the proposed Utility Air Toxics Rule.² Additionally, the EPA's proposed Cooling Water Intake Structures rule will affect all existing electric generators that use water for cooling with an intake velocity of at least two million gallons per day.³ Most power plants, including nuclear, coal, natural gas, and oil-fired generators, meet this intake threshold and will be required, at a minimum, to meet the proposed impingement standards.

The FPSC is concerned about the impact of the substantial compliance costs of EPA rules on Florida's consumers, particularly in this time of economic distress and high unemployment. Increases to the cost of electricity are of particular concern in Florida due to the state's unique weather, customer base, and high reliance on electricity for cooling and heating. Florida has the highest number of cooling degree days of any state in the continental U.S., indicating the greatest need for air conditioning in the summer months. Our state's high proportion of residential customers comprises almost 89 percent of Florida's electricity customers, and includes a large portion of senior citizens on fixed incomes. Compared to other states, Florida's customers rely heavily on electricity to meet their energy needs, rather than the direct use of natural gas or other fuels for cooling and heating. Approximately 85 percent of Florida's residential customers' energy needs are met with electricity. Due to these factors, Florida has unique reliability concerns.

As a result, the FPSC supports the establishment of the Forum whereby the FERC and affected state commissions can regularly discuss the effects of EPA rules on the reliability and affordability of electrical power. The FPSC requests that the Forum focus on developing recommendations to the EPA regarding the reliability and rate implications of EPA rulemaking

² Proposed Air Toxics rule (National Emission Standards for Hazardous Air Pollutants), published in the Federal Register May 3, 2011, 76 Federal Register 24,976.

³ Proposed Cooling Water Intake Structures at Existing Facilities and Phase 1 Facilities, published in the Federal Register April 20, 2011, 76 Federal Register 22,174.

affecting electrical generation. The establishment of the Forum will serve as an important tool to facilitate better federal-state understanding and cooperation on the proposed EPA rules.

IV. CONCLUSION

The FPSC hereby timely files its Notice of Intervention in the above-captioned dockets and commends the FERC in the establishment of the Forum. The FPSC is interested in participating in the Forum for the purposes of discussing the effects of the proposed EPA rules on the reliability and affordability of electrical power.

Respectfully submitted,

/s/

Cindy B. Miller
Office of the General Counsel

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list of AD12-1-000 and EL11-62-000 in the proceedings and in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure

Respectfully submitted,

/s/

Cindy B. Miller
Office of the General Counsel

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DATED: January 13, 2012