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Public Service Commission

COMMISSION
CLERK

December 22, 2006

Mr. Scott Boyd, Executive Director
Joint Administrative Procedures
Committee
Room 120 Holland Building
Tallahassee, FL 32399-1300

RE: Docket No. 060755-EU – Proposed Amendment of Rule 25-22.081, F.A.C.,
Contents of Petition.

Dear Mr. Boyd:

Enclosed are the following materials concerning the above referenced proposed rule:

- CMP _____ 1. A copy of the rule.
- COM _____ 2. A copy of the F.A.W. notice.
- CTR _____ 3. A statement of facts and circumstances justifying the proposed rule.
- ECR _____ 4. A federal standards statement.
- GCL _____
- OPC _____ 5. A statement of estimated regulatory costs.

RCA _____ If there are any questions with respect to this rule, please do not hesitate to call me.

- SCR _____
- SGA _____
- SEC 1
- OTH _____

Sincerely,

Christiana T. Moore
Associate General Counsel

060755 JAPC.ctm.doc

Enclosures

cc: Division of the Commission Clerk
and Administrative Services

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FPSC-COMMISSION CLERK

1 **25-22.081 Contents of Petition.**

2 (1) Petition for Fossil or Nuclear Fuel Electric Plants. Petitions submitted to
3 commence a proceeding to determine the need for a proposed fossil or nuclear fuel electrical
4 power plant or responses to the Commission's order commencing such a proceeding shall
5 comply with the other requirements of Chapter 25-22, F.A.C., as to form and style except that
6 a utility may, at its option, submit its petition in the same format and style as its application for
7 site certification pursuant to Sections 403.501 through 403.517, Florida Statutes, so long as the
8 informational requirements of this rule and Chapter 25-22, F.A.C., are satisfied. The petition,
9 to allow the Commission to take into account the need for electric system reliability and
10 integrity, the need for adequate reasonable cost electricity, the need for fuel diversity and
11 supply reliability, and the need to determine whether the proposed plant is the most cost
12 effective alternative available, shall contain the following information:

13 (a~~1~~) A general description of the utility or utilities primarily affected, including the
14 load and electrical characteristics, generating capability, and interconnections.

15 (b~~2~~) A general description of the proposed electrical power plant, including the size,
16 number of units, fuel type and supply modes, the approximate costs, and projected in-service
17 date or dates.

18 (c~~3~~) A statement of the specific conditions, contingencies or other factors which
19 indicate a need for the proposed electrical power plant including the general time within which
20 the generating units will be needed. Documentation shall include historical and forecasted
21 summer and winter peaks, number of customers, net energy for load, and load factors with a
22 discussion of the more critical operating conditions. Load forecasts shall identify the model or
23 models on which they were based and shall include sufficient detail to permit analysis of the
24 model or models. If a determination is sought on some basis in addition to or in lieu of
25 capacity needs, such as fuel diversity ~~oil blackout~~, then detailed analysis and supporting

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from existing law.

1 documentation of the projected costs and benefits is required. Where a determination is
2 sought for a nuclear power plant, the nonbinding estimate provided for in paragraph (2)(b)
3 below shall be considered to be sufficient for purposes of this paragraph.

4 (d4) A summary discussion of the major available generating alternatives which were
5 examined and evaluated in arriving at the decision to pursue the proposed generating unit. The
6 discussion shall include a general description of the generating unit alternatives, including
7 purchases where appropriate; and an evaluation of each alternative in terms of economics,
8 reliability, long-term flexibility and usefulness and any other relevant factors such as fuel
9 diversity and fuel supply reliability. These major generating technologies generally available
10 and potentially appropriate for the timing of the proposed plant and other conditions specific
11 to it shall be discussed. In addition, each investor-owned utility shall include a detailed
12 description of the selection process used and a detailed description of the generating unit
13 alternatives proposed by each finalist, if any, selected to participate in subsequent contract
14 negotiations pursuant to Rule 25-22.082, F.A.C. No provision of Rule 25-22.082, F.A.C.,
15 shall be applicable to a nuclear power plant sited after June 19, 2006.

16 (e5) A discussion of viable nongenerating alternatives including an evaluation of the
17 nature and extent of reductions in the growth rates of peak demand, KWH consumption and
18 oil consumption resulting from the goals and programs adopted pursuant to the Florida Energy
19 Efficiency and Conservation Act both historically and prospectively and the effects on the
20 timing and size of the proposed plant.

21 (f6) An evaluation of the adverse consequences which will result if the proposed
22 electrical power plant is not added in the approximate size sought or in the approximate time
23 sought.

24 (g7) If the generation addition is the result of a purchased power agreement between an
25 investor-owned utility and a nonutility generator, the petition shall include a discussion of the

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from existing law.

1 potential for increases or decreases in the utility's cost of capital, the effect of the seller's
2 financing arrangements on the utility's system reliability, any competitive advantage the
3 financing arrangements may give the seller and the seller's fuel supply adequacy.

4 (2) In addition to complying with (1)(a) through (g) above, a nuclear power plant
5 petition shall contain the following information:

6 (a) The description required by section 403.519(4)(a)2, F.S., including a discussion
7 about how the proposed nuclear power plant will enhance the electric supply reliability by
8 reducing the exposure to fossil fuel supply disruptions;

9 (b) A description of and a nonbinding estimate of the cost of the proposed nuclear
10 power plant, including associated transmission facilities;

11 (c) The annualized base revenue requirement for the first 12 months of operation of the
12 proposed nuclear power plant, based on the nonbinding estimate of the cost provided pursuant
13 to (2)(b) above; and

14 (d) A summary of any discussions with other electric utilities regarding ownership of
15 a portion of the plant by such electric utilities.

16 Specific Authority 350.127(2), 366.05(1) FS.

17 Law Implemented 403.519 FS.

18 History--New 12-22-81, Formerly 25-2.133, 25-22.81, Amended 1-10-94, _____.

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from existing law.

NOTICE OF PROPOSED RULEMAKING

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 060755-EU

RULE TITLE: RULE NO.:

Contents of Petition 25-22.081

PURPOSE AND EFFECT: The main purpose and effect of this proposed rule change is to make it consistent with Section 403.519(4), F.S., effective June 19, 2006.

SUMMARY: This rule governs the procedures for filing a petition with the Commission to determine the need for a proposed nuclear fuel electrical power plant.

SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COST: The additional costs to utilities should be minimal.

Any person who wishes to provide information regarding the statement of estimated regulatory costs, or to provide a proposal for a lower cost regulatory alternative must do so in writing within 21 days of this notice.

SPECIFIC AUTHORITY: 350.127(2), 366.05(1), FS

LAW IMPLEMENTED: 402.519, FS

WRITTEN COMMENTS OR SUGGESTIONS ON THE PROPOSED RULE MAY BE SUBMITTED TO THE FPSC, DIVISION OF THE COMMISSION CLERK AND ADMINISTRATIVE SERVICES, WITHIN 21 DAYS OF THE DATE OF THIS NOTICE FOR INCLUSION IN THE RECORD OF THE PROCEEDING.

IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE SCHEDULED AND ANNOUNCED IN THE FAW.

THE PERSON TO BE CONTACTED REGARDING THE THESE PROPOSED RULE IS:

Christiana T. Moore, Office of General Counsel, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, Florida 32399-0862, (850) 413-6098.

THE FULL TEXT OF THE PROPOSED RULE IS:

25-22.081 Contents of Petition.

(1) Petition for Fossil or Nuclear Fuel Electric Plants. Petitions submitted to commence a proceeding to determine the need for a proposed fossil or nuclear fuel electrical power plant or responses to the Commission's order commencing such a proceeding shall comply with the other requirements of Chapter 25-22, F.A.C., as to form and style except that a utility may, at its option, submit its petition in the same format and style as its application for site certification pursuant to Sections 403.501 through 403.517, Florida Statutes, so long as the informational requirements of this rule and Chapter 25-22, F.A.C., are satisfied. The petition, to allow the Commission to take into account the need for electric system reliability and integrity, the need for adequate reasonable cost electricity, the need for fuel diversity and supply reliability, and the need to determine whether the proposed plant is the most cost effective alternative available, shall contain the following information:

~~(a1)~~ Numbers (1) and (2) renumbered to (a) and (b). No Change.

~~(c3)~~ A statement of the specific conditions, contingencies or other factors which indicate a need for the proposed electrical power plant including the general time within which the generating units will be needed. Documentation shall include historical and forecasted summer and winter peaks, number of customers, net energy for load, and load factors with a discussion of the more critical operating conditions. Load forecasts shall identify the model or models on which they were based and shall include sufficient detail to permit analysis of the model or models. If a determination is sought on some basis in addition to or in lieu of capacity needs,

such as fuel diversity ~~oil-blackout~~, then detailed analysis and supporting documentation of the projected costs and benefits is required. Where a determination is sought for a nuclear power plant, the nonbinding estimate provided for in paragraph (2)(b) below shall be considered to be sufficient for purposes of this paragraph.

(d4) A summary discussion of the major available generating alternatives which were examined and evaluated in arriving at the decision to pursue the proposed generating unit. The discussion shall include a general description of the generating unit alternatives, including purchases where appropriate; and an evaluation of each alternative in terms of economics, reliability, long-term flexibility and usefulness and any other relevant factors such as fuel diversity and fuel supply reliability. These major generating technologies generally available and potentially appropriate for the timing of the proposed plant and other conditions specific to it shall be discussed. In addition, each investor-owned utility shall include a detailed description of the selection process used and a detailed description of the generating unit alternatives proposed by each finalist, if any, selected to participate in subsequent contract negotiations pursuant to Rule 25-22.082, F.A.C. No provision of Rule 25-22.082, F.A.C., shall be applicable to a nuclear power plant sited after June 19, 2006.

(e5) Numbers (5) – (7) renumbered to (e) – (g). No Change.

(2) In addition to complying with (1)(a) through (g) above, a nuclear power plant petition shall contain the following information:

(a) The description required by section 403.519(4)(a)2, F.S., including a discussion about how the proposed nuclear power plant will enhance the electric supply reliability by reducing the exposure to fossil fuel supply disruptions;

(b) A description of and a nonbinding estimate of the cost of the proposed nuclear power plant, including associated transmission facilities;

(c) The annualized base revenue requirement for the first 12 months of operation of the proposed nuclear power plant, based on the nonbinding estimate of the cost provided pursuant to (2)(b) above; and

(d) A summary of any discussions with other electric utilities regarding ownership of a portion of the plant by such electric utilities.

Specific Authority 350.127(2), 366.05(1) FS.

Law Implemented 403.519 FS.

History--New 12-22-81, Formerly 25-2.133, 25-22.81, Amended 1-10-94, _____.

NAME OF PERSON ORIGINATING PROPOSED RULE: James McRoy

NAME OF SUPERVISOR OR PERSONS WHO APPROVED THE PROPOSED RULE:

Florida Public Service Commission.

DATE PROPOSED RULE APPROVED: December 19, 2006

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAW: Volume 32, Number 39, September 29, 2006

If any person decides to appeal any decision of the Commission with respect to any matter considered at the rulemaking hearing, if held, a record of the hearing is necessary. The appellant must ensure that a verbatim record, including testimony and evidence forming the basis of the appeal is made. The Commission usually makes a verbatim record of rulemaking hearings.

Any person requiring some accommodation at this hearing because of a physical impairment should call the Division of the Commission Clerk and Administrative Services at (850) 413-6770 at least 48 hours prior to the hearing. Any person who is hearing or speech impaired should contact the Florida Public Service Commission by using the Florida Relay Service, which can be reached at: 1-800-955-8771 (TDD).

STATEMENT OF FACTS AND CIRCUMSTANCES
JUSTIFYING RULE

To implement Section 43, Chapter 2006-230, Laws of Florida, specifically addressing petitions to determine need for nuclear fueled electrical power plants.

STATEMENT ON FEDERAL STANDARDS

There is no federal standard on the same subject.



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: November 6, 2006
TO: Office of General Counsel (Moore)
FROM: Division of Economic Regulation (Hewitt) *PC* *CSA* *oo* *mw* *TS*
RE: Statement of Estimated Regulatory Costs for Proposed Amendments to Rule 25-22.081, F.A.C., Contents of Petition

SUMMARY OF THE RULES

Rule 25-22.081, F.A.C., Contents of Petition, contains the procedures for filing a petition with the Commission for a determination of need for a proposed electrical power plant or for responses to the Commission's order commencing such a proceeding.

The proposed rule amendments would make the rule consistent with Section 403.519(4), F. S., as revised by Senate Bill 888. The changes would explicitly require information concerning fuel diversity and fuel supply reliability. No nuclear power plant sited after June 19, 2006 would be subjected to any provision of Rule 25-22.082, F.A.C. (bid rule). However, more detailed information would explicitly be required in the petition for a nuclear power plant.

ESTIMATED NUMBER OF ENTITIES REQUIRED TO COMPLY AND GENERAL DESCRIPTION OF INDIVIDUALS AFFECTED

All five electric investor owned utilities (IOUs) would be affected by the proposed rule changes as well as the 34 municipal electric utilities and the 18 electric cooperatives.

RULE IMPLEMENTATION AND ENFORCEMENT COST AND IMPACT ON REVENUES FOR THE AGENCY AND OTHER STATE AND LOCAL GOVERNMENT ENTITIES

The Commission would benefit because there should be less time spent seeking additional information through the discovery process. There should be no impact on agency revenues. There should be no negative impact on other state and local government entities.

ESTIMATED TRANSACTIONAL COSTS TO INDIVIDUALS AND ENTITIES

Petitioners for new power plants currently develop information about the need for additional capacity as part of their annual ten year site plans. The avoided costs of the next unit are also regularly determined. Therefore, there should be minimal additional costs from the proposed rule changes to submit the information in the need petition. Avoiding some of the discovery process should benefit all parties.

IMPACT ON SMALL BUSINESSES, SMALL CITIES, OR SMALL COUNTIES

The rule applies to large utility businesses but could have an indirect benefit to the small businesses, small cities, and small counties that are customers of the petitioners if there are fewer discovery costs and more efficiency in the need determination process. There should be no negative impacts on small businesses, cities, or counties.

CH:kb

cc: Mary Andrews Bane

Chuck Hill

James McRoy

Hurd Reeves