

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Proposed Amendment of) DOCKET NO. 921288-EU
Rule 25-22.081, F.A.C., Contents) ORDER NO. PSC-93-1184-NOR-EU
of Petition; and Proposed New) ISSUED: August 12, 1993
Rule 25-22.082, F.A.C.,)
Selection of Generating)
Capacity.)
_____)

NOTICE OF RULEMAKING

NOTICE is hereby given that the Commission, pursuant to section 120.54, Florida Statutes, has initiated rulemaking to amend Rules 25-22.081, 25-22.082, F.A.C., relating to contents of petition and selection of generating capacity.

The attached Notice of Rulemaking will appear in the August 20, 1993, edition of the Florida Administrative Weekly. A hearing will be held at the following time and place:

9:30 a.m., Wednesday, Thursday, Friday
September 29, 30 & October 1, 1993
Room 106, Fletcher Building
101 East Gaines Street

Written comments or suggestions on the rules must be received by the Director, Division of Records and Reporting, Florida Public Service Commission, 101 East Gaines Street, Tallahassee, FL 32399, no later than September 10, 1993.

During the course of this hearing, interested persons should also comment on the standards outlined in Section 712 of the National Energy Policy Act. On May 10, 1993, the Commission issued Order No. PSC-93-0710-FOF-EU in Docket No. 930331-EU in which it found that the subject matter of this rulemaking docket was closely

DOCUMENT NUMBER-DATE

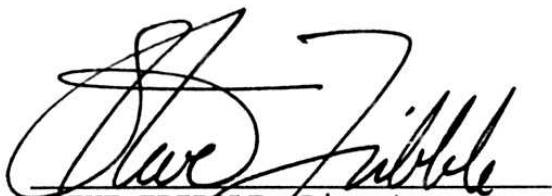
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related to the issues in Section 712 of the National Energy Policy Act requiring determinations by the Commission. The Commission ordered that these issues would be considered in this rulemaking docket.

By ORDER of the Florida Public Service Commission this 12th day of August, 1993.

A handwritten signature in black ink, appearing to read "Steve Tribble", written over a horizontal line.

STEVE TRIBBLE, Director
Division of Records & Reporting

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FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 921288-EU

RULE TITLE:	RULE NO.:
Contents of Petition	25-22.081
Selection of Generating Capacity	25-22.082

PURPOSE AND EFFECT: The purpose of the rule amendments is to ensure that the process used by electric utilities to evaluate and select proposed power projects facilitates the Commission's statutory responsibility to determine the most cost-effective generating unit under Section 403.519, Florida Statutes.

The amendment of Rule 25-22.081 will require electric utilities to include new information in a petition for a proceeding to determine the need for a proposed electrical power plant.

Rule 25-22.082 will require electric utilities to employ a selection process that provides a clear point of entry for nonutility generators and imposes specific procedural and substantive requirements on utilities to ensure that utilities fairly examine all generation alternatives.

SUMMARY: The amendment of Rule 25-22.081 will requires electric utilities to include in petitions to determine need for a proposed electrical power plant a complete description of the selection process used pursuant to Rule 25-22.082 in arriving at the decision to pursue the proposed generating unit. Additionally, whenever the

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generation addition is the result of a purchased power agreement between a utility and a non-utility generator, the need determination petition must include the following information, which is necessary to allow the Commission to evaluate the various considerations required by the National Energy Policy Act of 1992: a discussion of the potential for increases or decreases in the purchasing utility's cost of capital, the effect of the seller's financing arrangements on the purchasing utility's system reliability, any competitive advantage to the seller resulting from the seller's financing arrangements and the adequacy of the seller's fuel supply.

RULEMAKING AUTHORITY: 120.53(1)(c), 366.05(1), 366.051, F.S.

LAW IMPLEMENTED: 403.519, 366.051, F.S.

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

A HEARING WILL BE HELD AT THE DATE AND PLACE SHOWN BELOW:

TIME AND DATE: 9:30 A.M., SEPTEMBER 29 - OCTOBER 1, 1993

PLACE: Room 106, 101 East Gaines Street, Tallahassee, Florida.

THE PERSON TO BE CONTACTED REGARDING THESE RULES AND THE ECONOMIC IMPACT STATEMENT IS: Director of Appeals, Florida Public Service Commission, 101 East Gaines Street, Tallahassee, Florida 32399.

THE FULL TEXT OF THE RULES ARE:

25-22.081 Contents of Petition. Petitions submitted to commence a proceeding to determine the need for a proposed 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. ~~Chapter 25-2, 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, F.S., so long as the informational requirements of this rule and Chapter 25-22, F.A.C. ~~Chapter 25-2, 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, and the need to determine whether the proposed plant is the most cost effective alternative available, shall contain the following information:

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

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

(3) 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 oil backout, then detailed analysis and supporting documentation of the costs and benefits is required.

(4) A summary discussion of the major available generating alternatives which were examined and evaluated including a complete description of the selection process used pursuant to 25-22.082 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. Those major generating technologies generally available and potentially appropriate for the timing of

the proposed plan and other conditions specific to it shall be discussed.

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

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

(7) If the generation addition is the result of a purchased power agreement, the petition shall include a discussion of the potential for increases or decreases in the purchasing utility's cost of capital, the effect of the seller's financing arrangements on the purchasing utility's system reliability, any competitive advantage to the seller resulting from the seller's financing arrangements and the adequacy of the seller's fuel supply.

Specific Authority: 120.53(1)(c), 366.05(1), F.S.

Law Implemented: 403.519, F.S.

History New 12/2/80, Transferred 12/21/81, formerly 25-22.81,

Amended _____.

25-22.082 Selection of Generating Capacity

(1) After a utility identifies a need for additional generating capacity it shall select a provider of the generating capacity by employing a fair selection procedure. The selection process implemented shall contain, at a minimum, provisions which are sufficient to:

(a) provide a clear point of entry for nonutility generators within two years before the required construction start date of the generation addition, to allow for contract negotiations and plant certification, by notifying the nonutility generators on the mailing list kept pursuant to subsection (3), below of the need and procedures to follow to participate in the selection process;

(b) allow nonutility generators to participate in the selection process on a nondiscriminatory basis;

(c) ensure that projects proposed by nonutility generators are capable of providing reliable electric service over the life of the project; and

(d) ensure timely completion of any generating capacity addition in order to meet the demands of the utility's customers.

(2) Bidding is encouraged as a selection method. However, utilities may use any selection method that complies with the provisions of this rule.

(3) Each utility shall maintain a mailing list of nonutility generators that contact the utility regarding power sales.

(4) Within one year from the commencement of the selection process, the electric utility shall furnish the Commission with either a signed purchased power agreement or an explanation as to why no purchased power agreement was found to be beneficial to the utility's general body of ratepayers.

(5) The Commission shall not allow nonutility generators that did not participate in the selection process to contest the outcome of the selection process in a power plant siting proceeding.

(6) The Commission may waive the procedural requirements of this rule upon a showing by the utility that it will facilitate the selection process without impairing its fairness.

Specific Authority: 120.53(1)(c), 366.05(1), 366.051, F.S.

Law Implemented: 403.519, 366.051, F.S.

History: New _____.

NAME OF PERSON ORIGINATING PROPOSED RULES: Tom Ballinger, Division of Electric and Gas.

NAME OF SUPERVISOR OR PERSON(S) WHO APPROVED THE PROPOSED RULES: Florida Public Service Commission.

DATE PROPOSED RULES APPROVED: August 3, 1993

If any person decides to appeal any decision of the Commission with respect to any matter considered at the rulemaking hearing, if

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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 Records and Reporting at (904) 488-8371 at least five calendar days prior to the hearing. If you are hearing or speech impaired, please contact the Florida Public Service Commission using the Florida Relay Service, which can be reached at: 1-800-955-8771 (TDD).