

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Proposed Revisions to) DOCKET NO. 960214-EU
Rule 25-6.035, F.A.C., Adequacy) ORDER NO. PSC-96-0628-NOR-EU
of Supply) ISSUED: May 9, 1996

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman
J. TERRY DEASON
JOE GARCIA
JULIA L. JOHNSON
DIANE K. KIESLING

NOTICE OF RULEMAKING

NOTICE is hereby given that the Florida Public Service Commission, pursuant to Section 120.54, Florida Statutes, has initiated rulemaking to amend Rule 25-6.035, Florida Administrative Code, relating to adequacy of supply.

The attached Notice of Rulemaking will appear in the May 17, 1996 edition of the Florida Administrative Weekly.

If timely requested, a hearing will be held at the following time and place:

Florida Public Service Commission
9:30 a.m., June 21, 1996
Betty Easley Conference Center
Room 152, 4075 Esplanade Way
Tallahassee, Florida

Written requests for hearing and written comments or suggestions on the rules must be received by the Director, Division of Records and Reporting, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, FL 32399-0862, no later than June 7, 1996.

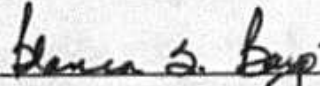
DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

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By ORDER of the Florida Public Service Commission, this 9th
day of May, 1996.



BLANCA S. BAYÓ, Director
Division of Records & Reporting

(S E A L)

RCB

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 960214-EU

RULE TITLE:

RULE NO.:

Adequacy of Resources Supply

25-6.035

PURPOSE AND EFFECT: The rule codifies reserve margin criteria and other policies concerning the planning practices and operating reserves of Peninsular Florida's generating electric utilities in Commission Order No. PSC-94-1256-FOF-EU.

SUMMARY: Rule 25-6.035 1) Each utility shall maintain sufficient operating capacity and reserves, coordinate reserves with other Peninsular Florida utilities and maintain a minimum 15% planned reserve margin.

Operating reserves shall be calculated based on the greater of the utility's maximum demand for the preceding year or summer gross Southeastern Reliability Council (SERC) capability of its larger unit. Fifty percent shall be allocated on the basis of demand and fifty percent shall be allocated on the basis of the summer gross SERC capability of the largest unit.

2) Only firm purchase power agreements may be used to calculate planned or operating reserve margin.

3) Only the utility which has first call on a shared generating unit may count it in its planned or operating reserve margin.

4) Of non-firm load is relied on when calculating a utility's planned or operating reserves, the reserves must be made available to maintain the firm service requirements of other utilities.

5) Interruption of service to non-firm customers is not an emergency and utilities are not required to provide buy-through power for another utility's interruptible customers.

RULEMAKING AUTHORITY: 366.05(1) FS.

LAW IMPLEMENTED: 366.05 FS.

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.

HEARING: IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE HELD AT THE DATE AND PLACE SHOWN BELOW:

TIME AND DATE: 9:30 A.M., June 21, 1996

PLACE: Room 152, Betty Easley Conference Center, 4075 Esplanade Way, Tallahassee, Florida.

THE PERSON TO BE CONTACTED REGARDING THIS RULE AND THE ECONOMIC IMPACT STATEMENT IS: Director of Appeals, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, Florida 32399.

THE FULL TEXT OF THE RULE IS:

25-6.035 Adequacy of Resources Supply. (1) Each utility shall maintain sufficient generating capacity, supplemented by regularly available generating and non-generating resources, in order to meet

all reasonable demands for service and provide a reasonable reserve for emergencies. Each utility shall also coordinate the sharing of energy reserves with other utilities in Peninsular Florida. To achieve an equitable sharing of energy reserves, Peninsular Florida utilities shall be required to maintain, at a minimum, a 15% planned reserve margin. The planned reserve margin for each utility shall be calculated as follows:

$$RM = [(C - L)/L]*100 \text{ where:}$$

- "RM" - Is defined as the utility's percent planned reserve margin;
- "C" - Is defined as the aggregate sum of the rated dependable peak-hour capabilities of the resources that are expected to be available at the time of the utility's annual peak; and
- "L" - Is defined as the expected firm peak load of the system for which reserves are required.

The following shall be utilized as the operating reserve standard for Peninsular Florida's utilities: operating reserves shall be maintained by the combined Peninsular Florida system at a value equal to or greater than the loss of generation that would result from the most severe single contingency. The operating reserves shall be allocated among the utilities in proportion to each utility's maximum demand for the preceding year, and the summer gross Southeastern Electric Reliability Council (SERC)

capability of its largest unit or ownership share of a joint unit, whichever is greater. Fifty percent shall be allocated on the basis of demand and fifty percent on the basis of the summer gross SERC capability of the largest unit. Operating reserves shall be fully available within ten minutes. At least 25% of the operating reserves shall be in the form of spinning reserves which are automatically responsive to a frequency deviation from normal.

(2) Treatment of Purchased Power. Only firm purchase power agreements may be included as a resource for purposes of calculating a planned or operating reserve margin. A utility may petition the Commission on a case-by case basis for exceptions to this rule.

(3) Treatment of Shared Generating Units. Only the utility which has first call on the generating unit may count the unit towards its planned or operating reserve margin. A utility has first call on a unit if the unit is available and the utility has the contractual right to dispatch the unit to meet its native load and other firm contractual commitments before any other party to the unit's sharing arrangement. The Commission may consider other methods on a case by case basis.

(4) Treatment of Non-Firm Load. If non-firm load (i.e. customers receiving service under load management, interruptible, curtailable, or similar tariffs) is relied upon by a utility when calculating its planned or operating reserves, the utility shall be

required to make such reserves available to maintain firm service to other utilities.

(5) Buy-through Power for Interruptible Customers.
Interruption of service to non-firm customers is not an emergency.
As such, a utility shall not be required to provide buy-through power for another utility's interruptible customers under obligatory emergency interchange schedules. ~~The generating capacity of the utility's plant, supplemented by the electric power regularly available from other sources, must be sufficiently large to meet all reasonable demands for service and provide a reasonable reserve for emergencies.~~

Specific Authority 366.05(1) FS.

Law Implemented 366.03 FS.

History--New 7-29-69, Formerly 25-6.35, Amended _____.

NAME OF PERSON ORIGINATING PROPOSED RULE: Tom Ballinger

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

DATE PROPOSED RULE APPROVED: April 16, 1996

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.

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Any person requiring some accommodation at this hearing because of a physical impairment should call the Division of Records and Reporting at (904) 413-6770 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).