

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Requests for approval of electric utilities' long-term energy emergency plans, filed pursuant to Rule 25-6.0185, F.A.C. | DOCKET NO. 060226-EU  
ORDER NO. PSC-06-0438-PAA-EU  
ISSUED: May 22, 2006

The following Commissioners participated in the disposition of this matter:

LISA POLAK EDGAR, Chairman  
J. TERRY DEASON  
ISILIO ARRIAGA  
MATTHEW M. CARTER II  
KATRINA J. TEW

NOTICE OF PROPOSED AGENCY ACTION  
ORDER APPROVING LONG-TERM ENERGY EMERGENCY PLANS

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

Rule 25-6.0185, Florida Administrative Code, requires electric utilities that own or control electric generation facilities to file a long-term energy emergency plan and periodic updates with the Commission and the Florida Reliability Coordinating Council (FRCC). In Order No. PSC-03-0770-PAA-EM issued June 27, 2003, in Docket No. 030400-EM, titled In re: Requests for Approval of Electric Utilities' Long-Term Emergency Plans Filed Pursuant To Rule 25-6.0185, F.A.C., the Commission approved the utilities' long-term energy emergency plans and ordered the utilities to file new plans, or a letter indicating no changes were made, every three years thereafter.

On January 15, 2006, a request was sent out to the utilities governed by this rule for current copies of their long-term energy emergency plans. The following utilities submitted plans: Florida Power & Light Company (FPL), Tampa Electric Company (TECO), Progress Energy Florida, Inc. (PEF), Gulf Power Company (Gulf), Utilities Commission of New Smyrna Beach, City of Lakeland (Lakeland), Seminole Electric Cooperative (Seminole), City of Tallahassee (City), Florida Municipal Power Agency (FMPA), Reedy Creek Improvement District (Reedy Creek), Homestead Energy Services (Homestead), Gainesville Regional Utilities (GRU), Orlando Utilities Commission (OUC), and Jacksonville Electric Authority (JEA). We have jurisdiction to address these plans pursuant to Sections 366.04 and 366.05, Florida Statutes.

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Each plan was reviewed for compliance with Rule 25-6.0185, Florida Administrative Code. Specifically, this rule requires all long-term emergency plans to contain: (1) a description of specific actions to be taken by the utility upon the Governor's declaration of a fuel supply emergency; (2) a description of the interchange of energy and the physical sharing of fuel stocks and/or fuel deliveries; (3) a description of priorities for customer interruptions; and (4) objective criteria for notifying the Chairman of the FRCC Reliability Assessment Group (RAG) of the existence of a long-term emergency. Below is a summary of how each rule requirement is addressed in the plans.

#### Identification of Specific Actions

Upon the declaration of a fuel emergency by the Governor, the general order of specific actions is as follows: (1) reduce power usage at utility-owned facilities, (2) public appeals to conserve energy, (3) optimization of fuels, (4) direct customer appeals, (5) voltage reductions to conserve fuels, (6) implement interruptible and load management programs, (7) relaxation of environmental constraints, and (8) implementing firm load curtailment procedures.

#### Interchange of Energy and the Sharing of Fuels

All utilities monitor and forecast energy supplies for generation as well as load reserves on a constant basis. The plans specify the actions to be taken when the energy supply falls below a specific threshold, or in the event of the Governor's declaration of an emergency. The utility plans generally address this requirement by taking the following actions (where applicable): ceasing exports, obtaining power from affiliates or other utilities, and purchasing fuel from other utilities.

#### Priorities for Customer Interruptions

The utility plans address priorities for customer interruptions by listing action levels, beginning with appeals for voluntary consumption reductions by both residential and commercial customers. Next, required outages are accomplished through load management and interruptible load-shedding procedures. Finally, if required, the utilities curtail firm load as necessary. These actions are described in the plans or the plans referenced procedures which contained details. At all stages provisions are made to insure customer notification. Special provisions are included to insure firm power to customers on life support and for essential services such as fire and police services, hospitals, national defense, water, sanitation and communication services, cold storage facilities, and public and commercial transportation.

### Notification of the FRCC

All utilities address the notification of the FRCC as a step in their plans, with some utilities listing the person assigned to this function.

### Summary of Emergency Plans

The rule requires any changes to be approved by this Commission. Listed below is a brief summary of the utilities proposed changes to their individual long-term energy emergency plans that were approved in Order No. PSC-03-0770-PAA-EM, issued on June 27, 2003. The majority of the changes to the plans consist of position name and duty changes as well as personnel name updates.

#### Florida Power & Light Company (FPL)

FPL revised several of its position names along with clarifying personnel responsibility dealing with its Fuel Emergency and Emergency Facilities & Equipment plans.

#### Progress Energy Florida, Inc. (PEF)

PEF revised some of its position names and added the Energy Control Center (ECC) in a flow chart of sections involved in this process. The ECC coordinates all the utility's activities associated with a fuel emergency. A Fuel Supply Committee was established and will consist of one representative from each of the following sections: Power Trading, Energy Control, Portfolio Management, Coal Procurement, Gas & Oil Trading, Regulatory Affairs and Corporate Communications. Other representatives may be identified by the Fuel Supply Committee. The Director of the ECC or designated representative will serve as Chairman of the Fuel Supply Committee.

PEF also revised its Alert condition and Fuel Emergency procedures. PEF's new policy states that an alert condition will exist when the inventory of fuel supply (on a system basis) reaches the following burn levels: Light Oil – 50 hours and Residual – 6 days. In PEF's prior plan an alert condition was triggered when the inventory of fuel for both Light Oil and Residual fell below a 10 day supply.

#### Tampa Electric Company (TECO)

TECO revised some of its position names along with clarifying personnel responsibility dealing with fuels.

#### City of New Smyrna Beach

The City of New Smyrna Beach made no changes to its plan.

City of Lakeland (Lakeland)

Lakeland removed language addressing load management since Lakeland no longer has a load management program.

Seminole Electric Cooperative, Inc. (Seminole)

Seminole revised some of its position names along with clarifying personnel responsibility dealing with Purchased Power and Critical Inventory Level.

City of Tallahassee (City)

The City updated its system description for generation, transmission and distribution systems. The City also updated its emergency Purchase Power Procedures. In the City's prior plan, the City did not anticipate any difficulties in securing sufficient gas at competitive market prices in the future. In its new plan the City acknowledged it could encounter difficulties in securing sufficient gas supply at competitive market prices in the future, as a result of catastrophic events.

Florida Municipal Power Agency (FMPA)

FMPA revised its plan in regard to Fuel Oil and Natural Gas Emergencies. In general, for generation that can utilize natural gas, enough fuel oil is on site to run a unit at 50% capacity factor for approximately 5 to 10 days. At Ft. Pierce, some of the units are not permitted (due to environment constraints) to use fuel oil unless natural gas is not available. As such, only enough fuel oil is on site at Ft. Pierce for the units to run at a 25% capacity factor for approximately 5 to 10 days. FMPA also revised its plan to indicate the retirement of specific units.

Reedy Creek Improvement District (REEDY CREEK)

Reedy Creek updated its system description for generation, transmission and distribution systems.

Homestead Energy Services (Homestead)

Homestead updated its system description for generation, transmission and distribution systems.

Gainesville Regional Utilities (GRU)

GRU made no changes to its plan.

Orlando Utilities Commission (OUC)

OUC updated its title page with the revision date of 6/10/04.

Jacksonville Electric Authority (JEA)

JEA updated its procedures for dealing with Emergency Fuel Supply and Fuel Procurement by adding additional criteria for defining a fuel emergency. No changes were made to its process or procedures.

Conclusion

The plans meet the established criteria for long-term energy emergency plans. The majority of the changes to the plans consist of position name and duty changes as well as personnel name updates. After a thorough review of the utilities' long-term energy emergency plans, we find that the plans meet the established requirements, set out in Rule 25-6.0185, Florida Administrative Code, and we hereby approve the long-term energy emergency plans.

Rule 25-6.185(2), Florida Administrative Code, requires each utility subject to the rule to notify the Commission in writing every three calendar years that the utility has reviewed its fuel emergency plan. As a result, each affected utility shall file the next compliance letter or plan update indicating any changes to the plan, no later than January 31, 2009, and every three calendar years thereafter. In addition, the utilities shall submit a type and strike version of its plan and clearly indicate any changes.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the long-term energy emergency plans are hereby approved as set forth in the body of this Order. It is further

ORDERED that each utility subject to Rule 25-6.0185, Florida Administrative Code, shall file the next compliance letter or plan update no later than January 31, 2009. It is further

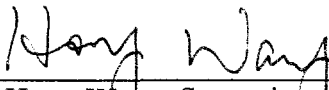
ORDERED that each utility subject to Rule 25-6.0185, Florida Administrative Code, shall submit a type and strike version of its plan and clearly indicate any changes. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that in the event this Order becomes final, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 22nd day of May, 2006.

BLANCA S. BAYÓ, Director  
Division of the Commission Clerk  
and Administrative Services

By:   
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Hong Wang, Supervisor  
Case Management Review Section

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on June 12, 2006.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.