

Commissioners:  
SUSAN F. CLARK, CHAIRMAN  
J. TERRY DEASON  
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DIANE K. KIESLING  
JOE GARCIA



DIVISION OF APPEALS  
DAVID E. SMITH  
DIRECTOR  
(904) 413-6245

# Public Service Commission

May 16, 1996

Mr. Carroll Webb  
Joint Administrative Procedures  
Committee  
120 Holland Building  
Tallahassee, Florida 32399

Re: Docket No. 960214-EU - Proposed Revision to Rule 25-6.035, Adequacy of Supply

Dear Mr. Webb:

Enclosed are an original and two copies of the following materials concerning the above referenced proposed rule:

1. A copy of the rule.
2. A copy of the F.A.W. notice.
3. A statement of facts and circumstances justifying the proposed rule.
4. A federal comparison statement.
5. A statement of the impact of the rule on small business.
6. An economic impact statement.
7. A statement that the agency has chosen the regulatory alternative that imposes the lowest net cost to society.

ACK \_\_\_\_\_  
 AFA \_\_\_\_\_  
 APP \_\_\_\_\_  
 CAF \_\_\_\_\_  
 CMU \_\_\_\_\_  
 CTR \_\_\_\_\_  
 EAG \_\_\_\_\_  
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 LIN \_\_\_\_\_  
 OPC \_\_\_\_\_  
 RCH \_\_\_\_\_  
 SEC 1  
 WAS \_\_\_\_\_  
 OTH \_\_\_\_\_

cc: Enclosures

cc: Division of Records & Reporting

Sincerely,

*Richard C. Bellak*  
 Richard C. Bellak  
 Associate General Counsel

DOCUMENT NUMBER-DATE

05513 MAY 17 96

1 25-6.035 Adequacy of Resources Supply. (1) Each utility shall  
2 maintain sufficient generating capacity, supplemented by regularly  
3 available generating and non-generating resources, in order to meet  
4 all reasonable demands for service and provide a reasonable reserve  
5 for emergencies. Each utility shall also coordinate the sharing of  
6 energy reserves with other utilities in Peninsular Florida. To  
7 achieve an equitable sharing of energy reserves, Peninsular Florida  
8 utilities shall be required to maintain, at a minimum, a 15%  
9 planned reserve margin. The planned reserve margin for each  
10 utility shall be calculated as follows:

11 
$$RM = [(C - L)/L]*100 \quad \text{where:}$$

12 "RM" - Is defined as the utility's percent planned reserve  
13 margin;

14 "C" - Is defined as the aggregate sum of the rated  
15 dependable peak-hour capabilities of the resources  
16 that are expected to be available at the time of  
17 the utility's annual peak; and

18 "L" - Is defined as the expected firm peak load of the  
19 system for which reserves are required.

20 The following shall be utilized as the operating reserve  
21 standard for Peninsular Florida's utilities: operating reserves  
22 shall be maintained by the combined Peninsular Florida system at a  
23 value equal to or greater than the loss of generation that would  
24 result from the most severe single contingency. The operating  
25 reserves shall be allocated among the utilities in proportion to

CODING: Words underlined are additions; words in  
~~struck-through~~ type are deletions from existing law.

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FPSC-RECORDS/REPORTING

1 each utility's maximum demand for the preceding year, and the  
2 summer gross Southeastern Electric Reliability Council (SERC)  
3 capability of its largest unit or ownership share of a joint unit,  
4 whichever is greater. Fifty percent shall be allocated on the  
5 basis of demand and fifty percent on the basis of the summer gross  
6 SERC capability of the largest unit. Operating reserves shall be  
7 fully available within ten minutes. At least 25% of the operating  
8 reserves shall be in the form of spinning reserves which are  
9 automatically responsive to a frequency deviation from normal.

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

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

23 (4) Treatment of Non-Firm Load. If non-firm load (i.e.  
24 customers receiving service under load management, interruptible,  
25 curtailable, or similar tariffs) is relied upon by a utility when

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1 calculating its planned or operating reserves, the utility shall be  
2 required to make such reserves available to maintain firm service  
3 to other utilities.

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

13 Specific Authority 366.05(1) FS.

14 Law Implemented 366.03 FS.

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

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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:

$RM = [(C - L)/L] * 100$  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.

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).

Rule 25-6.035  
Docket No. 960214-EU

**STATEMENT OF FACTS AND CIRCUMSTANCES  
JUSTIFYING RULE**

The Commission requested that its decisions concerning the planning practices and operating reserves of Peninsular Florida's generating electric utilities in Order No. PSC-94-1256-FOF-EU be codified in a rule.

**STATEMENT ON FEDERAL STANDARDS**

There is no federal standard on the same subject.

**STATEMENT OF IMPACT ON SMALL BUSINESS**

No direct impact on small businesses is foreseen.

**STATEMENT THAT THE AGENCY HAS CHOSEN THE REGULATORY ALTERNATIVE  
THAT IMPOSES THE LOWEST NET COST ALTERNATIVE TO SOCIETY**

The Commission has chosen the regulatory alternative that imposes the lowest net cost to society.