



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: January 19, 1999

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (DAYO)

FROM: DIVISION OF APPEALS (BELLAK) *KCB DES*
 DIVISION OF ELECTRIC AND GAS (KUMMER) *CB*
 DIVISION OF RESEARCH AND REGULATORY REVIEW (HEWITT) *JTG*

RE: DOCKET NO. 980570-EU - PROPOSED AMENDMENTS TO RULE 25-6.0185, F.A.C., ELECTRIC UTILITY PROCEDURES FOR LONG-TERM ENERGY EMERGENCIES

AGENDA: 02/02/99 - REGULAR AGENDA - RULE PROPOSAL - INTERESTED PERSONS MAY PARTICIPATE

RULE STATUS: PROPOSAL MAY BE DEFERRED

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\APP\WP\980570#2.RCM

CASE BACKGROUND

At the November 3, 1998 agenda conference, the Commission proposed amendments to Rule 25-6.0185, F.A.C., Electric Utility Procedures for Long-Term Energy Emergencies. Since no requests for hearing or comments were filed, staff prepared to file the amended rule with the Secretary of State.

By letter dated January 11, 1999, and prior to the filing of the amended rule, an attorney for the Joint Administrative Procedures Committee (JAPC) raised an objection about subsection (5) of the rule, which was not the subject of any of the amendments proposed. JAPC complained, *inter alia*, that the language of subsection (5) violated Section 120.52(8)(d), F.S., by granting open-ended discretion to the Commission.

DOCUMENT NUMBER-DATE

00719 JAN 20 99

FPSC-RECORDS/REPORTING

DISCUSSION OF ISSUES

ISSUE 1: Should the language of subsection (5) of amended Rule 25-6.0185 be modified as previously stated?

RECOMMENDATION: Yes. The Commission should adopt the language of subsection (5) of Rule 25-6.0185 as stated above.

STAFF ANALYSIS: Staff believes that the suggested modification would not change the substance of the rule. At the same time, the suggested modification would eliminate the concerns raised by JAPC.

ALTERNATIVE RECOMMENDATION: No. Subsection (5) should be eliminated entirely.

STAFF ANALYSIS: If the suggested modification is not adopted, JAPC's objection would require elimination of subsection (5). Though staff believes it would be preferable to retain subsection (5) in modified form, eliminating the subsection entirely would not change the substance of the rule.

ISSUE 2: After publishing a notice of change reflecting either the primary recommendation or alternative recommendation, should the rule as modified be filed for adoption with the Secretary of State and the docket be closed?

RECOMMENDATION: Yes.

STAFF ANALYSIS: After publication of the notice of change, the rule as therein modified may be filed with the Secretary of State without further Commission action. The docket may then be closed.

Attachments:
Rule

RCB/

25-6.0185 Electric Utility Procedures for Long-Term Energy Emergencies.

~~(1) The Commission has reviewed the Florida Electric Power Coordinating Group's Emergency Procedure for Long-Term Energy Emergencies, Fuel Supply Shortage Plan dated August 3, 1981 and adopts said plan, as amended below, as the Fuel Supply Shortage Element of the Florida Electrical Emergency Contingency Plan, under Section 377.703, Florida Statutes:~~

~~(1)(2)(a) By December 1, 1982, e~~Each electric utility in Florida that owns or controls electric generation facilities must have on file with ~~shall develop and submit to the Commission a long-term energy emergency plan to establish a systematic and effective means of anticipating, assessing, and responding to a long-term emergency caused by a fuel supply shortage for fuel shortages. A long-term utility energy emergency exists when the fuel supplies of an individual utility are decreasing or are anticipated to decrease below a level adequate to provide continuous, uninterrupted service to its customers. Each utility's plan shall be consistent with the requirements of the Fuel Supply Shortage Element of the Florida Electrical Emergency Contingency Plan. The plans shall also provide for the full reimbursement by an electric utility receiving energy or fuel during an energy emergency. Full reimbursement shall be all of the supplying utility's cost of replacing such energy or fuel with the same or alternate fuel or energy.~~

(2) Beginning on January 31, 1999, and every three calendar years thereafter, each utility subject to this rule must notify the Commission in writing that the utility has reviewed its fuel emergency plan.

(a) If a utility determines that its existing plan requires modification, a revised plan shall be submitted for Commission approval with the notification of review.

(b) If a utility determines no changes are necessary, the utility must file a letter stating that the required review has been conducted and that the existing plan continues to be adequate.

~~(3)(b)~~ At the time the utility submits its revised plan to the Commission, it shall also provide a copy of the plan to the Florida Reliability Coordinating Council (FRCC), Electric Power Coordinating Group (EPG). ~~The Florida Electric Power Coordinating Group will assess each utility's plan for compatibility with the Fuel Supply Shortage Element of the Florida Electrical Emergency Contingency Plan.~~

~~(4)(e)1~~ The Commission shall review and either may approve or reject each utility's plan. ~~in so doing, the Commission may rely upon the EPG for technical advice and assistance in assessing the plan's compatibility with the Fuel Supply Shortage Element of the Florida Electrical Emergency Contingency Plan.~~ The Commission's ~~shall~~ review shall consider whether each utility's plan with regard to whether it adequately:

(2) Beginning on January 31, 1999, and every three calendar years thereafter, each utility subject to this rule must notify the Commission in writing that the utility has reviewed its fuel emergency plan.

(a) If a utility determines that its existing plan requires modification, a revised plan shall be submitted for Commission approval with the notification of review.

(b) If a utility determines no changes are necessary, the utility must file a letter stating that the required review has been conducted and that the existing plan continues to be adequate.

~~(3)(b)~~ At the time the utility submits its revised plan to the Commission, it shall also provide a copy of the plan to the Florida Reliability Coordinating Council (FRCC), ~~Electric Power Coordinating Group (EPCG)~~. ~~The Florida Electric Power Coordinating Group will assess each utility's plan for compatibility with the Fuel Supply Shortage Element of the Florida Electrical Emergency Contingency Plan.~~

~~(4)(e)++~~ The Commission shall review and either may approve or reject each utility's plan. ~~in so doing, the Commission may rely upon the EPCG for technical advice and assistance in assessing the plan's compatibility with the Fuel Supply Shortage Element of the Florida Electrical Emergency Contingency Plan.~~ The Commission's ~~shall~~ review shall consider whether each utility's plan ~~with regard to whether it~~ adequately:

~~(a)~~ Identifies specific actions to be taken by the utility upon the Governor's declaration of a fuel supply emergency;

~~(b)~~ Addresses interchange of energy and the physical sharing of fuel stocks or fuel deliveries or both;

~~(c)~~ Sets priorities for customer interruptions; and

~~(d)~~ Establishes objective criteria for notifying the Chairman of the FRCC Reliability Assessment Group (RAG) ~~FCG Technical Advisory Group~~ of the existence of a long-term energy emergency on the system of the utility.

~~(5)~~ In reviewing individual utility plans of electric utilities serving areas west of the Apalachicola River, whose electric facilities and emergency contingency plans are coordinated with utilities outside of Florida, the Commission ~~will~~ may take into account such ~~special considerations as may be just and reasonable in light of such~~ utilities' geographical location and interconnections with utilities outside of Florida.

~~(6)~~ Plans not approved by the Commission shall be ~~revised and re-submitted~~ to the Commission pursuant to Commission order and within the time specified in the order.

~~(d)~~ ~~Upon approval of an individual utility's plan, such plan shall be incorporated as a supplement to the Fuel Supply Shortage Element of the Florida Electrical Emergency Contingency Plan.~~

~~(3)~~ ~~Where the plan or this rule refers to the Florida Electric Power Coordinating Group (FCG), or any committee, group or~~

~~individual that is a part of FCG, the reference means FCG or part thereof, or any other entity which the utilities subject to the Commission's jurisdiction under 5377.703 F.S., agree to have perform the functions outlined in this rule or plan.~~

~~(4) The Florida Electric Power Coordinating Groups Emergency Procedure for Long Term Energy Emergencies, Fuel Supply Shortage Plan dated August 3, 1981 is amended as follows:~~

~~(a) On page 3, the following definition is substituted for the definition in the Plan:~~

~~II. DEFINITION~~

~~An electric energy emergency exists when Florida has inadequate energy generating capability by reason of a fuel supply shortage and is thereby prevented from operating at required levels to supply its energy obligations. An energy emergency differs from a short-term capacity emergency in that energy requirements cannot be met over an extended period. The period of advance warning and expected duration of an energy emergency is usually measured in terms of weeks or months, as opposed to minutes or hours for a short-term capacity deficiency.~~

~~(b) On page 4, the following paragraph is substituted for the last paragraph on page 4:~~

~~The Fuel Supply Shortage Plan is oriented toward energy emergencies caused by a fuel supply shortage. As such,~~

~~the actions specified herein are primarily oriented toward those to be taken by the generating utilities in Peninsular Florida. Peninsular Florida is defined as the area east of the Apalachicola River. The emergency plans and procedures of utilities receiving partial or full requirements service are concomitant with those of their wholesale suppliers and shall be coordinated and be consistent with the suppliers' individual utility plans. The actions of other generating utilities outside of peninsular Florida, such as Gulf Power Company, will be coordinated through liaison with appropriate emergency personnel. Gulf Power Company, while operating under its own plan as a result of its geographical location in the State and its interconnections to the Southern Electric System, will coordinate its activities and participate where feasible and practical with the Fuel Supply Shortage Plan.~~

~~(c) On page 7, the following paragraph A is substituted for paragraph A:~~

~~A. DESIGNATION~~

~~A long term utility energy emergency exists when the fuel supplies of an individual electric utility are decreasing or are anticipated to decrease below a level adequate to provide for continuous, uninterrupted service to its customers. If such a long term energy emergency exists~~

~~(c) On page 9, the following paragraphs A, B and C are substituted for paragraphs A, B, and C of the Plan:~~

~~A. DESIGNATION~~

~~Following the designation of a Fuel Supply Alert, the remaining days of fuel supply (Days Burn) will be determined and the FCG Executive Committee, upon advice from TAG, may request that the Governor of the State of Florida declare a Fuel Supply Emergency in Florida pursuant to §377.703, F.S. or other appropriate statutory authority.~~

~~B. RESPONSIBILITY~~

~~Upon the declaration of a Fuel Supply Emergency by the Governor, the Technical Advisory Group will assume emergency responsibility for coordinating the initiation and termination of all Fuel Supply Emergency actions, monitoring of the fuel supply situation and continuing appraisal of the appropriate governmental agencies (see Appendix D, "Energy Management and Allocation Procedures").~~

~~C. ACTIONS~~

~~Upon the declaration of a Fuel Supply Emergency by the Governor, all participating utilities shall take the actions indicated in the following steps as deemed to be appropriate by TAG:~~

~~(f) On page 10, the following paragraph 2 under Step A is substituted for paragraph 2 in the plan:~~

~~2. Implement energy source conservation measures throughout Florida so as to minimize the generation of electricity from the fuel in short supply considering economic constraints. Insofar as practical, optimum usage will be made of available purchased energy.~~

~~(g) On page 19, the following paragraph is substituted for the first paragraph under the heading "1. Fuel Supply Alert Actions":~~

~~Upon the initiation of a Fuel Supply Alert, the FGG Public Information Committee (PIC) shall prepare a uniform notification for use by all participating utilities. The form and content of the notification shall be approved, prior to issuance, by the Technical Advisory Group.~~

~~(h) On page 19, the following paragraph is substituted for paragraph (a) under the heading "2. Fuel Supply Emergency Actions":~~

~~(a) PIC shall transmit the previously approved notification, as expeditiously as possible, to the chief operating officer, energy emergency executive or the appropriate designee of each participating utility.~~

~~(i) On page 20, the following paragraphs (c) and (c) are substituted for paragraphs (c) and (c) in the plan:~~

~~(c) PIC will notify the Florida wire services as soon as possible after initiation of the emergency and shall prepare the appropriate press releases and status reports on the Florida situation throughout the duration of the emergency. PIC shall coordinate all appeals for reduction of consumption and conservation coinciding with the Fuel Supply Emergency actions contained in Section VI of this plan. Issuance of any information by PIC shall be at the direction of TAG and uniformly administered throughout Florida by the individual participants.~~

~~(c) TAG will establish a liaison with the appropriate emergency organization of other generating utilities contiguous to Florida.~~

~~(j) On page 21, the following paragraph (c) is substituted for paragraph (c) in the plan:~~

~~(c) The FGG staff will calculate the remaining days of fuel supply, expressed in terms of Days Burn, for Florida. The Days Burn for Florida shall be the weighted average, based on energy source requirement, of the individual participants' Days Burn.~~

~~(k) On page 22, the following sentence is substituted for the first sentence under the heading "2. Fuel Supply Emergency Action" in the Plan:~~

~~Upon the initiation of a Fuel Supply Emergency, the following actions shall be taken, at the direction of TAG:~~

~~(l) On page 22, the following paragraph (d) is substituted for paragraph (d) in the Plan:~~

~~(d) The FCG Staff, or in their absence the Energy Emergency Operation Task Force, will continue to calculate the Days Burn for Florida in the manner previously described. This information will be provided to TAG.~~

~~(m) On page 26, the following paragraphs (d) and (e) are substituted for paragraphs (d) and (e) in the Plan:~~

~~(d) Begin review of the daily reports to establish a trend of fuel usage to serve the Florida load.~~

~~(e) Recommended changes in generation and interchange as necessary to optimize fuel use with due consideration for the economical operation of Florida's generation resources.~~

~~(n) On page 27, the following paragraph (5) is substituted for paragraph (5) of the Plan:~~

~~(5) Utilize generation sources to minimize use of fuel in short supply with due consideration for the~~

DOCKET NO. 980570-EU
DATE: 01/19/99

~~economic operation of Florida's generation
resources.~~

Specific Authority: 350.127(2), 366.05(1), F.S.

Law Implemented: 366.04(~~5~~ 3), 366.05(7) ~~377.703~~, F.S.

History: New 6/28/82, formerly 25-6.185, Amended _____.

MEMORANDUM

July 17, 1998

98 JUL 17 1998

TO: DIVISION OF APPEALS (HELTON)

FROM: DIVISION OF RESEARCH AND REGULATORY REVIEW (HEWITT) *OK PR OK*

SUBJECT: STATEMENT OF ESTIMATED REGULATORY COSTS FOR DOCKET NO. 980570-EU, PROPOSED REVISIONS TO RULE 25-6.0185, F.A.C., ELECTRIC UTILITY PROCEDURES FOR LONG-TERM ENERGY EMERGENCIES

Currently, Rule 25-6.0185, F.A.C., Electric Utility Procedures for Long-term Energy Emergencies, requires each electric utility in Florida to develop and submit a long-term plan for an energy emergency caused by a fuel supply shortage.

The proposed rule amendments would streamline, clarify, and correct references in the rule. The revision makes explicit that utilities which own or control generation facilities would be the ones required to file a fuel emergency plan. The scope of the emergency plan is clarified and an energy emergency is defined. Each utility would have to review its plan every three years, modify it if necessary, and submit the revision by letter to the Commission for approval or rejection. If no modification is necessary, a letter would be filed with the Commission stating that the review had been conducted and that the existing plan is adequate.

Although emergency plans are required now and should already be reviewed on an ongoing basis, some utilities may have to review their plans more often than they have in the past. Existing personnel should be able to perform the review and submit a letter with little additional cost.

The Administrative Procedures Act encourages an agency to prepare a Statement of Estimated Regulatory Costs (SERC). However, since there should be no significant additional costs or negative impacts on utilities, small businesses, small cities, or small counties, a SERC will not be prepared for the proposed rule change.

Please keep my name on the CASR.

CBH:tfe-lrfuel