

State of Florida



# 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:** March 1, 2012

**TO:** Office of Commission Clerk (Cole)

**FROM:** Division of Regulatory Analysis (Brown)  
Office of the General Counsel (Harris)

*Handwritten initials and signatures:* EB, AS, J, RT, and other illegible marks.

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12 MAR - 1 AM 9:01  
COMMISSION  
CLERK

**RE:** Docket No. 110316-EM – Request for approval of electric utilities' long-term energy emergency plans, filed pursuant to Rule 25-6.0185, F.A.C.

**AGENDA:** 03/13/12 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Edgar

**CRITICAL DATES:** None

**SPECIAL INSTRUCTIONS:** None

**FILE NAME AND LOCATION:** S:\PSC\RAD\WP\110316.RCM.DOC

### Case Background

Pursuant to Rule 25-6.0185, Florida Administrative Code (F.A.C.), electric utilities that own or control electric generation facilities are required to file a long-term energy emergency plan and periodic updates with the Florida Public Service Commission (Commission) and the Florida Reliability Coordinating Council (FRCC). Fifteen utilities in Florida are required to comply within the rule: Florida Power & Light Company, Progress Energy Florida, Tampa Electric Company, Gulf Power Company, Orlando Utilities Commission, JEA, Utilities Commission of New Smyrna Beach, City of Lakeland, Seminole Electric Cooperative, City of Tallahassee, Florida Municipal Power Agency, Reedy Creek Improvement District, Homestead Energy Services, Gainesville Regional Utilities, and Florida Keys Electric Cooperative Association (the “affected utilities”). The affected utilities are required to review their plans

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every three calendar years and either submit a revised plan for Commission approval or provide a letter indicating the adequacy of the existing plans. The Commission last approved the plans of the affected utilities in Order No. PSC-09-023-PAA-EM, issued April 15, 2009, in Docket No. 090047-EM, titled In re: Requests for approval of electric utilities' long-term energy emergency plans, filed pursuant to Rule 25-6.0185, F.A.C. The Order also stated that the next set of plans be submitted to the Commission by January 31, 2012.

The Commission has jurisdiction to approve these plans pursuant to Sections 366.04 and 366.05, Florida Statutes (F.S.)

### **Discussion of Issues**

**Issue 1:** Should the proposed amendments to the affected utilities' long-term energy emergency plans be approved?

**Recommendation:** Yes. Each of the affected utilities' long-term energy emergency plans meet the requirements established in Rule 25-6.0185, F.A.C. Amendments to the plans primarily consist of position name and assignment changes, including personnel name updates, as well as some editorial changes. (Brown, Harris)

**Staff Analysis:** Pursuant to Commission Rule 25-6.0185(1), F.A.C., an electric utility that owns or controls electric generation facilities must have on file with the Commission a long-term energy emergency plan to establish a systematic and effective means of anticipating, accessing, and responding to a long-term emergency caused by a fuel shortage. The Rule further requires the affected utilities to file their long-term energy emergency plans as well as provide periodic updates with the Commission and FRCC. The affected utilities, by Rule, are required to review their plans every three calendar years and either submit a revised plan for Commission approval or provide a letter indicating the adequacy of the existing plan. Each affected utility filed a plan as required by the Rule. Staff reviewed the plans for compliance with the requirements of Rule 25-6.0185, F.A.C. The Rule specifically requires all plans contain the following elements: (1) a description of 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. The plans filed by the affected utilities meet the rule's criteria for long-term energy emergency plans. Changes to the plans primarily consist of position name and assignment changes including personnel name updates as well as some editorial changes. A summary of plan changes by each affected utility is presented in Attachment A. Below is a summary of how each section of the rule is addressed by the plans.

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

All affected 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 utilities' plans generally address these requirements by ceasing power exports, obtaining power from affiliates or other utilities, and purchasing fuel from other utilities or any available suppliers.

#### **Identification of Specific Actions during a Fuel Emergency**

Once a fuel emergency is declared by the Governor or the utility itself, the general order of specific actions follow: (1) reduce power usage at the utility-owned facilities, (2) public appeals to conserve energy, (3) optimization of fuels, (4) appeals to customers to conserve, (5) voltage reductions to conserve fuels, (6) implementation of interruptible and load management programs, (7) initiate a request for relaxation of environmental constraints, and (8) implementing firm load curtailment procedures.

Priorities for Customer Interruption

The affected utilities' plans address priorities for customer interruption as follows: (1) appeals for voluntary consumption reduction by both residential and commercial customers; (2) load management and interruptible load-shedding procedures; and (3) curtailment of firm load as necessary. These actions are described in detail in the plans or procedures referenced by the plans. Upon declaration of a fuel emergency, each fuel plan contains guidelines regarding customer notification at all stages of the event. 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

The affected utilities addressed the notification of the FRCC as a step in their plans with some utilities listing the person assigned to this function.

Conclusion

All affected utilities' plans meet the Rules' established criteria for long-term energy emergency plans. The majority of the changes to the plans consist of position name and assignment changes including personnel name updates as well as some editorial changes. After a thorough review of the affected utilities' long-term energy emergency plans, staff believes that the plans meet the established requirements specified in Rule 25-6.0185, F.A.C., and should be approved.

**Issue 2:** When should affected utilities file a revised compliance letter or plan update?

**Recommendation:** Each affected utility should file with the Commission Clerk the next plan update, or a letter indicating no changes, no later than January 31, 2015, and every three-calendar years thereafter. Each plan update should include a clean copy and a type-and-strike version which clearly indicates changes to the plan. (Brown)

**Staff Analysis:** Rule 25-6.0185(2), F.A.C., requires each affected utility subject to the rule to notify the Commission in writing every three calendar years that the utility has reviewed its fuel emergency plan. Each affected utility, therefore, should file the next plan update, or letter indicating no changes, with the Commission Clerk no later than January 31, 2015, and every three-calendar years thereafter.

To reduce review time, staff recommends that the utilities file a type-and-strike version of their plan which clearly indicates what changes were made as well as a clean copy of the plan.

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**Issue 3:** Should this docket be closed?

**Recommendation:** Yes. If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order. (Harris)

**Staff Analysis:** If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order.

### **Plan Summaries**

#### **FLORIDA POWER & LIGHT COMPANY**

- a) Non-substantive changes of formatting and organizational and title changes.
- b) Makes FPL's Vice President of Energy Marketing and Trading responsible for initiating a Fuel Supply Advisory, Alert or Emergency

#### **PROGRESS ENERGY FLORIDA**

- a) Title change from Senior Vice President, Power Operations to Executive Vice President, Energy Supply

#### **TAMPA ELECTRIC COMPANY**

- a) Updates section titles and page numbering in Table of Contents
- b) Revises authority and department responsibilities for specific actions
- c) Decreases one of the inventory fuel remaining days from 50 to 45 days
- d) Removes section titled Firm Load Curtailment Coordinator
- e) Changes the term "load control" to "demand side management"

#### **GULF POWER COMPANY**

- a) Change in position title
- b) Removal of repeated language

#### **ORLANDO UTILITIES COMMISSION**

- a) Adds the City of Vero Beach, Florida to the duties related to OUC's role in emergency fuel planning and dispatch under its Interlocal Agreement

#### **JEA**

- a) Provided a letter indicating that no changes were made to its existing plan

#### **UTILITIES COMMISSION, CITY OF NEW SMYRNA BEACH**

- a) Provided a letter indicating that no changes were made to its existing plan

#### **CITY OF LAKELAND**

- a) Restructured plan to include a general overview of responsibilities, and add appendixes of each individual groups' detailed Energy Emergency Plan
- b) Added declaration responsibility to include the Governor of Florida and the Lakeland Electric Fuel Manager
- c) Added contact responsibility for FRCC Director of Operations to the Energy Emergency Coordinator
- d) Identified Emergency Coordinator as the Manager of System Control
- e) Updated Energy Emergency contact list

#### **SEMINOLE ELECTRIC COOPERATIVE**

- a) Reflects changes in position titles due to internal restructuring
- b) Reflects changes in Seminole's Member's General Managers

**CITY OF TALLAHASSEE**

- a) Includes a statement regarding fuel reserve periods in which the company states that the city maintains an oil inventory sufficient to supply the City's operational needs under peak demands and constrained fuel supply scenarios

**FLORIDA MUNICIPAL POWER AGENCY**

- a) Updates contact information

**REEDY CREEK IMPROVEMENT DISTRICT**

- a) Names Progress Energy Florida as the recipient of Reedy Creek's Capacity Assessment information for inclusion into Progress' Capacity Assessment Report
- b) Includes the Balancing Area Operator as a party to all communications regarding real time system conditions

**HOMESTEAD ENERGY SERVICES**

- a) Reflects changes in position titles

**GAINESVILLE REGIONAL UTILITIES**

- a) Updates departmental responsibilities and operations

**FLORIDA KEYS ELECTRIC COOPERATIVE ASSOCIATION, INC.**

- a) No changes