

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: May 25, 2006

TO: Director, Division of the Commission Clerk & Administrative Services (Bayó)

FROM: Office of the General Counsel (Moore, Brown)
Division of Economic Regulation (Bremann, Hewitt, Jopling, Lee, Matlock,
McNulty, Swearingen)

RE: Docket No. 060243-EI – Proposed revisions to Rule 25-6.044, F.A.C., Continuity of Service, and Rule 25-6.0455, F.A.C., Annual Distribution Service Reliability Report.

AGENDA: 06/06/06 – Regular Agenda – Rule Proposal - Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Arriaga

RULE STATUS: Proposal May Be Deferred

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\GCL\WP\060243.RCM.DOC

Case Background

Rule 25-6.0455, Florida Administrative Code, requires investor-owned electric utilities to annually report certain information that is used to assess distribution service reliability and changes in quality of service. Rule 25-6.044, Florida Administrative Code, defines the terms used by the utilities in their records of service interruption causes and the reports required by Rule 25-6.0455. The rules implement sections 366.03, 366.04(2)(c) and (f), 366.04(5), and 366.05(1) and (7), Florida Statutes. Section 366.03 requires each public utility to furnish reasonably sufficient, adequate, and efficient service. The cited provisions of section 366.04 give the Commission power over electric utilities for the purpose of requiring electric power reliability and reports, and jurisdiction over the planning, development, and maintenance of a

coordinated electric power grid to assure an adequate and reliable source of energy. Subsection 366.05(1) authorizes the Commission to prescribe service rules and standards of quality and measurements to be observed by each public utility. Subsection 366.05(7) authorizes the Commission to require reports from all electric utilities to assure the development of adequate and reliable energy grids. Staff's recommended revisions to the rules are intended to clarify and improve the reporting requirements for investor-owned utilities' service interruptions.

Rule 25-6.0455 currently allows utilities to exclude from their distribution reliability reports service interruptions that are caused by certain outage events, typically those that are viewed as potentially outside the utility's ability to prevent. The rule lists these excludable events, such as storms named by the National Hurricane Center. The rule also requires the Commission to issue orders concerning certain adjustments not explicitly provided for in the rule. When this provision permitting a utility to petition the Commission to exclude an outage event that is not listed in the rule was established in 2002, it was represented that few such petitions would be filed and that using the statutory rule waiver process to adjust the reports requires a showing that would be too difficult to make. Between November 7, 2002, and May 18, 2005, the investor-owned electric utilities filed 11 petitions, including 3 rule waivers, for 14 Outage Events seeking adjustments to the Annual Distribution Reliability Report. In addition, the amount of 2004 hurricane outage data that has been excluded has been so great that it represents up to 98 percent of outage data. Reports excluding hurricane outage data offer little information about the level of reliability experienced by utility customers.

A Notice of Proposed Rule Development was issued on January 18, 2006, and was published in the Florida Administrative Weekly on January 27, 2006. Staff conducted a rule development workshop on February 22, 2006, that was attended by representatives of each investor-owned electric utility, Florida Electric Cooperatives Association, and the Office of Public Counsel.

Discussion of Issues

Issue 1: Should the Commission propose changes to Rules 25-6.044 and 25-6.0455, Florida Administrative Code, requiring investor-owned electric utilities to record and report distribution system reliability data?

Recommendation: Yes. (Breman, Hewitt, Jopling, Lee, Matlock, McNulty, Swearingen, Moore, Brown)

Staff Analysis: Staff's recommended rule changes and the forms incorporated by reference into the rules are attached. (Attachments A and B.) The following is a section-by-section summary of the rule changes recommended by staff:

25-6.044(1)(a): Subsection (1) provides definitions of service reliability terms used in Part IV of Chapter 25-6, Florida Administrative Code. The definition of "Area of Service", which is how the utilities report their data, is changed to clarify that it refers to the discrete management areas within the utility, including a subregion in which centralized distribution service functions are carried out.

25-6.044(1)(q): Defines "Planned Service Interruption" and includes the statement that customers are typically notified in advance of planned service interruptions. Staff recommends deleting this statement as unnecessary and potentially confusing because subsection (4) of this rule requires notice to affected customers whenever practicable.

25-6.044(2): Requires utilities to keep the data needed for their annual Distribution Service Reliability Report. Staff recommends adding a requirement that each utility keep the records and data supporting its annual report for a minimum of 10 years from the filing of each annual report. This retention period for reliability records is based upon the maximum distribution facility inspection cycle practiced by the investor-owned utilities. Changing the period to 10 years will ensure that the records of the previous inspection will be available.

25-6.0455(1)(a) – (d): Subsection (1) requires each utility to file the Distribution Service Reliability Report by March 1 of each year for the preceding calendar year. The rule is reorganized for clarity by moving paragraphs (a) through (d), which list the information required in the reports, from subsection (1) to subsection (3).

25-6.0455(2): The new language in this subsection provides that the distribution reliability report will not include service interruption data that are associated with generation and transmission disturbances. These data are already included in reports required by another rule, Rule 25-6.018, Florida Administrative Code.

25-6.0455(3): Rule 25-6.0455 currently requires utilities to report reliability data that they may adjust to exclude service interruptions caused by certain outage events, typically those that are viewed as outside the utility's ability to prevent. The rule lists these excludable events, such as storms named by the National Hurricane Center. In order to adequately review utility reliability data, however, staff often must obtain the actual data by sending data requests to the utilities.

Staff recommends amending subsection (3) to require each utility's annual distribution reliability report to include both actual and adjusted data. This will improve administrative efficiency and reduce review time. For adjusted data, the utility may exclude certain outages caused by events listed in subsection (4) of this rule, described below.

The language in paragraphs (3)(a) – (d), which was moved from subsection (1) of the existing rule, specifies the information that is required by the report and incorporates by reference the reporting forms. The exception to certain reporting requirements that is in the existing rule for a utility furnishing service to fewer than 50,000 retail customers is preserved in the revised rule recommended by staff. This exception was added to the rule in 2002 to address the concern that the reporting requirements would impose a significant economic impact on Florida Public Utilities Company (FPUC) because it did not have the data gathering ability to report two of the indices.

25-6.0455(4): This subsection is created to provide that the adjusted distribution reliability data may reflect outages caused by planned service interruptions and load management events, certain weather events, and an extreme fire event causing activation of the county emergency operation center. The amended rule deletes the provision in the existing rule that permitted utilities to petition the Commission to exclude other outages.

In their joint post workshop comments, the investor-owned electric utilities suggested expanding the types of outages they may exclude from their reports as follows:

A utility may exclude from the Annual Distribution Service Reliability Report the Outage Events directly caused by one or more of the following: planned interruptions *initiated by the utility to perform necessary activities for public safety reasons or for scheduled activities* such as maintenance, infrastructure improvements, and new construction due to growth, ...”

(Italics and emphasis added.) Although staff initially suggested adding "public safety reasons" to the definition of "Planned Service Interruption", staff does not believe that there is a need to separately state it. "Planned Service Interruption" is already defined in Rule 25-6.044(1)(q) as follows and is an excludable outage event in staff's recommended rule:

A Service Interruption initiated by the utility to perform necessary scheduled activities, such as maintenance, infrastructure improvements, and new construction due to customer growth.

The utilities' proposal would essentially expand the definition of "Planned Service Interruption" to include unscheduled activities related to public safety. The utilities state that the expanded definition they propose adds further clarity to the excluded events listed in the current subsection (2), however, in staff's view, planned interruptions are by their very nature scheduled and should be treated as such by the rule.

Staff also believes planned interruptions “initiated by the utility to perform necessary activities for public safety reasons” are captured in the terms “maintenance” and “infrastructure

improvements” in the existing and proposed definition of "Planned "Service Interruption" in Rule 25-6.044(1)(q). It is therefore unnecessary and repetitive to separately list such types of interruptions as proposed by the utilities. An example of such an interruption would be those associated with the replacement of a transformer. Such interruptions are planned prior to an outage occurring and the replacement activity may affect public safety. On the other hand, certain interruptions could be viewed as public safety related, such as interruptions precipitated by vehicles or excavations impacting utility facilities, but these interruptions are not excludable under the existing rule and should not be excludable under the new rule. For many such interruptions, the utility exercises a certain degree of control in minimizing the likelihood of such events occurring, such as in the placement of poles to minimize vehicle-caused outages. Thus, it is appropriate that these events not be excluded from the calculation of the reliability indices.

Statement of Estimated Regulatory Cost:

There should be no significant costs incurred by IOUs to comply with the recommended rule revisions. The Commission should benefit from the rule changes from reduced petition filings and rule waiver requests and customers should benefit from having more information about their service area reliability. A Statement of Estimated Regulatory Cost is attached. (Attachment C.)

Issue 2: Should this docket be closed?

Recommendation: Yes, if no requests for hearing or comments are filed, the rule amendments as proposed should be filed for adoption with the Secretary of State and the docket be closed. (Moore)

Staff Analysis: Unless comments or requests for hearing are filed, the rules as proposed may be filed with the Secretary of State without further Commission action. The docket may then be closed.