

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-**

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**DATE:** January 16, 2008

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

**FROM:** Office of the General Counsel (Bellak)  
Division of Economic Regulation (Lewis)

**RE:** Docket No. 070642-EI – Proposed amendment of Rule 25-6.0183, F.A.C., Electric Utility Procedures for Generating Capacity Shortage Emergencies.

**AGENDA:** 01/29/08 – Regular Agenda – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** McMurrian

**RULE STATUS:** Rule Proposal may be deferred

**SPECIAL INSTRUCTIONS:** None

**FILE NAME AND LOCATION:** S:\PSC\GCL\WP\070642.RCM.DOC

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### Case Background

Rule 25-6.0183, Florida Administrative Code, entitled “Electric Utility Procedures for Generating Capacity Shortage Emergencies,” prescribes the Commission’s plan for addressing generating capacity shortage emergencies. The current rule adopts the August, 2002 version of the plan. The purpose of the recommended change to the rule is to adopt the recently revised plan. A notice of proposed rule development was published in the October 24, 2007, edition of the Florida Administrative Weekly. No workshop was requested.

### **Discussion of Issues**

**Issue 1:** Should the Commission propose amendments to Rule 25-6.0183, F.A.C., Electric Utility Procedures for Generating Capacity Shortage Emergencies?

**Recommendation:** Yes. The Commission should propose the amendments to Rule 25-6.0183, F.A.C., as set forth in Attachment A.

**Staff Analysis:** The Grid Bill provisions of Chapter 366, Florida Statutes, give the Commission jurisdiction over a coordinated electric grid. Section 366.04(2)(c), Florida Statutes, provides the Commission with the power “[t]o require electric power conservation and reliability within a coordinated grid, for operational as well as emergency purposes.” In addition, Section 366.04(5), Florida Statutes, states:

The commission shall further have jurisdiction over the planning, development, and maintenance of a coordinated electric power grid throughout Florida to assure an adequate and reliable source of energy for operational and emergency purposes in Florida and the avoidance of further uneconomic duplication of generation, transmission, and distribution facilities.

The Commission prescribes its emergency plan in Rule 25-6.0183 by adopting the Florida Reliability Coordinating Council’s (FRCC) Generating Capacity Shortage Plan dated August, 2002. A sub-region of the North American Electric Reliability Council (NERC), FRCC’s main function is to coordinate the reliability of peninsular Florida’s electric utilities. The FRCC revised the plan in July of 2007.

Based on past operating experience with hurricane impacts to Florida, the plan was revised to incorporate important lessons learned and to distinguish between generating capacity shortages caused by abnormally high system loads and unavailable generating facilities from those caused by short-term generating fuel availability constraints. A red-lined version of the revised plan is appended as Attachment C. Staff recommends that the Commission adopt the 2007 plan as its plan to address generating capacity shortages.

#### Statement of Estimated Regulatory Cost (SERC)

The SERC, Attachment B, noted that the incremental cost to the Commission would be the usual costs of promulgating a rule. Commission staff will benefit by having improved FRCC plan requirements available when an emergency outage occurs. Other state and local government entities should not be negatively impacted.

The five Investor-Owned Utilities, electric cooperatives and municipal electric companies are members of FRCC and comply with the rule. There should be no impact from the rule changes on ratepayers, small businesses, small cities, or small counties, or on businesses, cities, or counties.

The electric utilities would incur some minor costs to update their plans. Customers would benefit from receiving warnings and notifications concerning looming or occurring

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outages, but should incur no new costs. Outside businesses, small businesses and local governments would have the same benefits and costs as the other ratepayers in their rate class, but there should be no new costs.

Based on the foregoing, staff recommends that the Commission propose the amendment of Rule 25-6.0183, F.A.C., as set forth in Attachment A.

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**Issue 2:** If no requests for hearing or comments are filed, should the proposed rule be filed for adoption with the Secretary of State and the docket be closed?

**Recommendation:** Yes.

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

RCB

1 **25-6.0183 Electric Utility Procedures for Generating Capacity Shortage Emergencies.**

2 The Commission adopts the Florida Reliability Coordinating Council's Generating Capacity  
3 Shortage Plan, dated July 2007, ~~August 2002~~ as the Commission's plan to address generating  
4 capacity shortage emergencies within Florida. A copy of the Generating Capacity Shortage Plan  
5 may be obtained from the Director, Division of Economic Regulation, Florida Public Service  
6 Commission.

7 Specific Authority 350.127(2), 366.05 FS.

8 Law Implemented 366.04(2)(c), (f), (5) FS.

9 History—New 2-12-91, Amended 3-19-98, 4-27-03.

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