

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for approval of) DOCKET NO. 931009-EI
revised interruptibility terms) ORDER NO. PSC-94-0278-FOF-EI
for non-firm rate schedules by) ISSUED: March 10, 1994
Florida Power Corporation.)
_____)

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK
JULIA L. JOHNSON
LUIS J. LAUREDO

NON FINAL ORDER APPROVING
REVISED INTERRUPTIBILITY TERMS

BY THE COMMISSION:

On October 18, 1993, FPC filed a petition requesting approval of revisions to its non-firm (interruptible, curtailable and load management) rate schedules that would allow the utility to interrupt or curtail service to customers on these rate schedules when necessary to provide emergency power to other utilities. The Commission suspended the revised rate schedules at its December 7, 1993, agenda conference because subparagraph (4)(c) of Rule 25-6.0438, Florida Administrative Code, requires that when a utility proposes to make a change in any of its non-firm service offerings, it must provide written notice to each customer who may be affected by the proposal. FPC has now notified all customers on these rate schedules of the proposed changes. The company has also filed an amended petition to specify that interruptions to provide emergency power would be made to serve only firm load obligations of the purchasing utility. The company would interrupt and curtail nonfirm customers to provide emergency power only when it has insufficient generating capacity to provide emergency power. FPC has requested revision to the nonfirm rate schedules to ensure the continued availability of emergency interchange to the company.

FPC states that "emergency interchange agreements between utilities are based on an underlying concept of reciprocity: The commitment of one utility to make its reserves available for emergency interchange is dependant upon a reciprocal commitment from the other utility." If FPC cannot make reserves in dispatchable demand-side management (DSM) programs available for emergency interchange, FPC's capability to reciprocate in providing emergency power from its reserves is limited. FPC's nonfirm load (interruptible, curtailable, and load management) is 86 percent of FPC's reserve margin for the 1993/1994 winter peak according to FPC's 1993 Ten-Year Site Plan.

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FPC-REGULATORY REPORTING

FPC's dispatchable DSM consists of interruptible, curtailable and load management rate schedules. Customers on these rate schedules are provided a credit to the otherwise applicable firm service charges, based on avoided plant cost, for allowing their service to be interrupted or curtailed when FPC has insufficient capacity. According to FPC, "the programs are intended to operate as the functional equivalent of peaking generation and are included in determining the Company's reserves." Therefore, the credit paid to nonfirm rate schedule customers is based on the value of the peaking capacity that FPC would have installed in the absence of these programs. The company states that "in one important respect, however, the Company's dispatchable DSM programs do not function in a manner equivalent to the peaking generation that they avoided." The DSM capacity subject to interruption or curtailment cannot be "made available" for capacity shortfalls on the systems of other utilities because of limitations in the nonfirm rate schedules. However, if FPC had built the peaking capacity avoided by the dispatchable DSM programs, the capacity would be available to provide emergency power to other utilities.

We find that the proposed revisions to allow the company to interrupt or curtail service to nonfirm customers if necessary to provide emergency interchange to other utilities should be approved on a preliminary basis. FPC may have difficulty purchasing emergency power from FPL after February 25, 1994, if the revision is not approved because the present schedules preclude FPC from interrupting or curtailing interruptible and curtailable customers at all times, and load management customers except during designated peak periods, to sell emergency power. Since FPC's nonfirm load is a large percentage of FPC's winter reserve margin, FPC's capability to reciprocate with emergency power is limited if the tariff revisions are not approved. It is reasonable for FPC to design DSM to function in a manner equivalent to the peaking generation avoided. It appears unfair to require FPC's firm service customers to pay more for a different type of interchange during emergencies because FPC had opted, in lieu of building peaking capacity, to offer nonfirm service.

We therefore find that FPC's requested revisions to the interruptibility terms of its non-firm rate schedules should be approved on a preliminary basis, effective upon the date of the Commission vote, February 15, 1994.

Our decision to approve these tariff revisions is preliminary in nature. On our own motion we have scheduled a hearing to determine whether issuance of a final order approving the tariff revision is in the public interest. This docket should therefore remain open pending the outcome of the hearing.

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It is therefore

ORDERED that the request of Florida Power Corporation to revise its Interruptible (IS-1 and IST-1), Curtailable (CS-1 and CST-1), Interruptible (SS-2) and Curtailable (SS-3) Standby, and Residential (RSL-1) and General Service (GSLM-1) Load Management rated schedules, filed with the Commission on October 18, 1993, is hereby approved, on a preliminary basis, effective upon the date of the Commission vote, February 15, 1994. It is further

ORDERED that on the Commission's own motion, a hearing has been scheduled to determine whether issuance of a final order approving the tariff revisions requested by Florida Power Corporation is in the public interest. It is further

ORDERED that this docket shall remain open.

By ORDER of the Florida Public Service Commission, this 10th day of March, 1994.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)
MAP:bmi

by: Kay J. [Signature]
Chief, Bureau of Records

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

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The Commission's decision on this tariff is interim in nature. On the Commission's own motion, a hearing has been scheduled to determine whether issuance of a final order approving the tariff revisions is in the public interest.

If this Order becomes final after the hearing described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the date this Order becomes final, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.