

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Generic investigation ) DOCKET NO. 940345-EU  
into planning and operating ) ORDER NO. PSC-94-1531-FOF-EU  
reserve practices of peninsular ) ISSUED: December 12, 1994  
Florida generating electric )  
utilities. )  
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The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman  
SUSAN F. CLARK  
JULIA L. JOHNSON

ORDER DENYING CLARIFICATION OR  
RECONSIDERATION OF FINAL ORDER

BY THE COMMISSION:

CASE BACKGROUND

On March 19, 1993, Florida Power and Light Company (FPL) filed an extensive and comprehensive revision to its existing wholesale power, transmission and interchange service tariffs with the Federal Energy Regulatory Commission (FERC). Among the rate changes in Docket No. ER93-465-000, et. al., was FPL's proposal to determine the interchange service schedule under which emergency and short-term firm service would be available to other utilities, and to base that determination on the installed and operating reserve standards contained in the interchange schedules filed with the FERC.

We intervened in Docket No. ER93-465-000, et. al., and on September 13, 1993 filed our initial comments. We expressed our concern that FPL's proposed tariffs could interfere with our statutory authority and obligation to determine the appropriate level of reserves for utilities in the State of Florida, as well as our historic responsibility to protect retail ratepayers. We urged that the FERC defer to our determination on the adequacy of reserves.

Thereafter, we opened this docket to investigate the planning practices and operating reserves of peninsular Florida's generating electric utilities. An expedited hearing was held June 23, 24 and

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FPSC-RECORDS/REPORTING

July 6, 1994. Our Final Order, Order No. PSC-94-1256-FOF-EU, was issued on October 11, 1994. It has been filed for consideration by the Federal Energy Regulatory Commission in Docket Nos. ER93-465-000 et al. The FERC has also been notified that Tampa Electric Company (TECO) filed a Petition for Reconsideration and Clarification on October 26, 1994.

Florida Power and Light Company filed a response objecting to TECO's petition on November 7, 1994. This is our decision on TECO's petition.

#### DECISION

TECO's petition states that it fully supports and accepts all aspects of our decision on an appropriate reserve margin criteria and installed reserve test, with the single exception that we should clarify our Order by specifying that the reserve margin criteria and installed reserve test should apply to all utilities' summer peak loads. TECO quotes the alternative staff recommendation we adopted on Issue 2<sup>1</sup> as grounds to reconsider and clarify the order. That recommendation states that: "for installed reserves staff recommends the Commission adopt the 15% unadjusted installed reserve margin criteria as proposed by Florida Cities, Orlando Utilities Commission and TECO." TECO asserts that it explicitly asserted a 15% unadjusted summer reserve standard, and states that the other utilities implicitly supported a summer standard as well. TECO also states that FPL's own installed reserve proposal related only to the summer peak.

FPL responds that TECO's petition does not meet the proper standard for reconsideration and should be denied. FPL also states that TECO did not indicate in its petition that the evidence and testimony of FPL at the hearing was presented to support other proposals for a reserve margin criteria; specifically numerical adjustments for load forecast error and forced outage rate variance from the state average.

The purpose of a petition for reconsideration is to bring to our attention some material and relevant point of fact or law that we overlooked or failed to consider when we rendered the order in

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<sup>1</sup> Issue 2: If reserve margin criterion (criteria) is/are used to determine the applicable interchange schedule under which power could be purchased in order to avoid a capacity shortfall, what is/are the appropriate criterion (criteria) and how should it/they be calculated?

the first instance. See Diamond Cab Co. v. King, 146 So.2d 889 (Fla. 1962), and Pingree v. Quaintance, 394 So.2d 161 (Fla. 1981). A petition is not an appropriate avenue for rehashing matters that were already considered. We find that TECO's petition does not raise any material point that we failed to consider. While TECO's position mentioned that the reserve margin criteria should be based on the utilities' summer peak, the other utilities' positions that staff recommended adopting did not, and OUC's position specifically mentions that its proposal for a reserve margin "is measured at the time of the annual peak demand". The remainder of our staff's analysis on the issue indicates that the recommended reserve margin criteria is based on the individual utility's annual peak load. The analysis concluded at page 17 of the recommendation:

- Any questions regarding resources appropriate to include in the test should be decided by this Commission on a case-by-case basis.
- The appropriate system peak should be each utility's system peak.
- The appropriate minimum reserve standard should be the generally accepted industry standard of 15%.

(Emphasis supplied.)

We do not believe that the ambiguity Teco identifies is material to the basic conclusion of the recommendation that we adopted. More importantly, our Final Order does not contain the inconsistency TECO identifies in the staff recommendation. The order speaks clearly to the fact that the 15% reserve margin standard should be based on a utility's peak load. It does not adopt TECO's position, and it makes no reference to "summer peak". The Order says:

## II. Appropriate Reserve Margin Criteria

To facilitate fairness and ease of administration, the criteria must be as straight-forward and non-discriminatory as possible. We find that a minimum 15% base installed reserve margin criteria shall be utilized. The more sophisticated criteria as proposed by FPL and FPC, with adjustments for equivalent forced outage rates and forecast error, have the potential to disadvantage smaller utilities. The Florida Specific Procedure as administered by the Florida

Electric Power Coordinating Group (FCG) shall continue to be the standard for operating reserves unless and until modified by consensus of the FCG and the FPSC.

### III. Installed Reserve Test

The annual minimum threshold of 15% for installed reserves is established and shall be calculated as follows:

$$RM = \frac{C - L}{L} * 100$$

- "RM" - is defined as the utility's percent installed "Reserve Margin"
- "C" - is defined as the "Installed Capacity" of the utility, consisting of the aggregate sum of the rated, dependable peak-hour capabilities of the utility' resources (including most purchases) that are expected to be available at the time of the utility's peak load; and
- "L" = is defined as the expected maximum one-hour firm peak load of the utility for which reserves are required.

Order No. PSC-94-1256-FOF-EU, p.7. (Emphasis supplied).

We find no reason to reconsider and clarify the Order to specify that the reserve margin standard applies to a utility's summer peak load. The Order is not ambiguous on this point. In fact it clearly indicates that the 15% base installed reserve margin criteria applies to each utility's individual peak load, which would be a winter peak for winter-peaking utilities, and a summer peak for summer-peaking utilities. We hold that TECO has not presented any material point of fact or law that we failed to consider in this matter, and therefore the petition to clarify or reconsider the order will be denied.

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Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that the 15% base installed reserve margin criteria applies to each utility's individual peak load, which would be a winter peak for winter-peaking utilities, and a summer peak for summer-peaking utilities. It is further

ORDERED that this docket shall be closed.

By ORDER of the Florida Public Service Commission, this 12th day of December, 1994.

BLANCA S. BAYÓ, Director  
Division of Records and Reporting

by: Kay Jeyan  
Chief, Bureau of Records

( S E A L )

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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.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida

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Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/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 after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Civil Procedure. The notice of appeal must be in the form specified in Rule 9.900 (a), Florida Rules of Appellate Procedure.