

**Florida  
Power**  
CORPORATION

**JEFFERY A. FROESCHLE**  
CORPORATE COUNSEL

June 14, 1996

Ms. Blanca S. Bayó, Director  
Division of Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, Florida 32399-0850

Re: Dkt. No. 960214-EU  
Adequacy of Supply

Dear Ms. Bayó:

Enclosed for filing in the subject docket are fifteen copies of Florida Power Corporation's Comments on Proposed Amendments to Rule 25-6.035 F.A.C.

Please acknowledge your receipt of the above filing on the enclosed copy of this letter and return to the undersigned. Also enclosed is a 3.5 inch diskette containing the above-referenced document in WordPerfect format. Thank you for your assistance in this matter.

ACK \_\_\_\_\_  
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CAF \_\_\_\_\_  
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SEC 1  
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Very truly yours,

Jeffery A. Froeschle

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A Florida Progress Company

DOCUMENT NUMBER-DATE

06458 JUN 14 1996

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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In re: Proposed Amendments to Rule  
25-6.035, F.A.C., Adequacy of Supply.

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Docket No. 960214-EU

Submitted for filing:  
June 14, 1996

**FLORIDA POWER CORPORATION'S COMMENTS ON  
PROPOSED AMENDMENTS TO RULE 25-6.035 F.A.C.**

Pursuant to Notice of Rulemaking issued May 9, 1996, Florida Power Corporation ("FPC") hereby provides the Florida Public Service Commission (the "PSC" or "Commission") with its comments concerning proposed amendments to Rule 25-6.035, F.A.C., Adequacy of Supply. FPC also attaches to these comments proposed alternative rule language (*see*, Attachment "A").

**SUMMARY**

FPC agrees with the purpose of these rule changes. However, because of the time elapsed since this matter was last addressed by the Commission in Docket No. 940345-EU, FPC believes that several refinements to the proposed rule are warranted. First, FPC believes that the rules need to address planned reserve margins for periods other than the expected annual peak load. Second, FPC believes these rules should address the increasing reliance on power purchase agreements as a resource which is also subject to failures of delivery. Third, FPC believes that interruptible reserves should be made available in a capacity emergency, but should not be utilized until other supply alternatives have been fully utilized.

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FPSC-RECORDS/REPORTING

## COMMENTS

In paragraph 1 of the proposed rule, the term "C" is defined as "the aggregate sum of the rated dependable peak-hour capabilities of the resources that are expected to be available at the time of the utility's annual peak." (Emphasis added.) This definition identifies the need to plan for reserves only during the annual peak. While the annual peak is important, it is also important to plan reserves for other periods.

FPC believes that the planning criteria should go beyond the annual peak for planned reserves and require prudence in planning for reserves during other periods. FPC proposes that the following sentence be added after the definition of the term "L" in paragraph 1: "Each Florida electric utility must plan reserves so that the supply will be sufficient to meet all of its reasonably expected firm load obligations." This change will further the goal of a stable and reliable statewide electrical system by requiring electric utilities and load serving entities to employ prudent planning and procurement procedures to maintain reasonable reserves throughout the year.

This suggested change also remedies another concern FPC has with the rule. The proposed rule makes specific reference to peninsular Florida utilities and consequently does not appear to apply to non-peninsular Florida utilities. FPC agrees that utilities operating in peninsular Florida have different requirements from non-peninsular utilities, but the lack of any reserve requirements for non-peninsular Florida utilities may not be prudent. The change suggested above makes clear that each Florida electric utility must plan reserves prudently.

FPC is also concerned that paragraph 1 of the proposed rule provides that the operating reserve requirements are based only on "the largest unit or ownership share of a joint unit." This approach does not address the increasingly important role of purchased power in this industry, and ignores the demands purchased power agreements may place on Florida's electrical system. These power resources are subject to failures as are all generating resources. As a matter of prudent planning, any entity that relies on purchased power resources needs to include those resources in calculating its reserves.

FPC proposes that the portion of paragraph 1 that defines operating reserve calculations be changed to read as follows:

The operating reserves shall be allocated among the utilities in proportion to each utility's maximum demand for the preceding year, and the greater of the summer gross Southeastern Electric Reliability Council (SERC) capability of its largest unit, largest ownership share of a joint unit, or the capacity commitment of its largest power purchase agreement. Fifty percent of the proration shall be allocated on the basis of demand and the remaining fifty percent on the basis of the summer gross SERC capability of the largest unit or largest power purchase agreement.

These changes incorporate purchased power as one of the resources which must be taken into account in calculating reserve requirements.

Paragraph 4 of the proposed rule provides that, when a utility relies on non-firm load when calculating its reserves, the utility must make its non-firm reserves available to other utilities whenever the other utility has a capacity shortage. The rule does not

prescribe any limits on when the non-firm reserves may be accessed by another utility. This may result in a utility's non-generating resources being overutilized by other interconnected utilities. The Rule as proposed might jeopardize participation in non-firm service for utilities with reasonable reserve planning by making this resource too easily available to other utilities.

FPC proposes that paragraph 4 be changed to add conditions to the access to the resources of another utility. Specifically, FPC proposes that the following language be added at the end of paragraph 4:

"[t]he utility shall be required to make such reserves available to maintain firm service to other utilities provided, however, that the utility declaring a capacity emergency is:

- a) fully implementing all of its demand-side management measures that allow it to interrupt or curtail load;
- b) fully interrupting all of its sales of capacity and energy to loads with a lower priority than its firm native load; and,
- c) using its best efforts to start and schedule its available operating reserves and other resources to enable it to serve its firm native load as soon as possible."

This proposed change is consistent with the language commonly used in interchange agreements. It allows a utility to draw on another utility's non-firm resources only after it has made reasonable efforts to utilize other available reserves and it has depleted its own interruptible resource capability.

Finally, FPC believes that this rule is intended to apply specifically to electric utilities as defined in §366.03, Florida Statutes, as opposed to public utilities in general. FPC therefore suggests that the rule be modified to consistently include the word "electric" in conjunction with the word utility to make this intent clear.

Respectfully submitted,

OFFICE OF THE GENERAL COUNSEL  
FLORIDA POWER CORPORATION

By 

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Attachment "A"

**FLORIDA POWER CORPORATION'S  
PROPOSED RULE REVISIONS**

25-6.035 Adequacy of Resources.

(1) Reserve Margins

(a) Planned Capacity Reserve Margins:

Each electric utility shall maintain sufficient generating capacity, ~~supplemented by regularly available~~ generating and non-generating resources, in order to meet all reasonable demands for service and provide a reasonable reserve for emergencies. Each utility shall also coordinate the sharing of energy reserves with other utilities in Peninsular Florida. To achieve an equitable sharing of energy reserves, Peninsular Florida utilities shall be required to maintain, at a minimum, a 15% planned reserve margin. The planned reserve margins for electric utility shall be calculated as follows:

$$RM = [(C - L) / L] * 100 \quad \text{where;}$$

- "RM" - Is defined as the utility's percent planned reserve margin;
- "C" - Is defined as the aggregate sum of the rated dependable peak-hour capabilities of the resources that are expected to be available at the time of the utility's annual peak; and
- "L" - Is defined as the expected firm peak load of the system for which reserves are required.

CODING: Words underlined are additions; words in struck through type are deletions from existing law.

Each Florida electric utility must plan reserves so that the supply will be sufficient to meet all of its reasonably expected firm load obligations.

**(b) Operating Reserves:**

The following shall be utilized as the operating reserve standard for Peninsular Florida's electric utilities: operating reserves shall be maintained by the combined Peninsular Florida system at a value equal to or greater than the loss of generation that would result from the most severe single contingency. The operating reserves shall be allocated among the utilities in proportion to each utility's maximum demand for the preceding year, and the greater of the summer gross Southeastern Electric Reliability Council (SERC) capability of its largest unit, or, largest ownership share of a joint unit, or the capacity commitment of its largest, whichever is greater power purchase agreement. Fifty percent of the proration shall be allocated on the basis of demand and the remaining fifty percent on the basis of the summer gross SERC capability of the largest unit or largest power purchase agreement. Operating reserves shall be fully available within ten minutes. At least 25% of the operating reserves shall be in the form of spinning reserves which are automatically responsive to a frequency deviation from normal.

(2) Treatment of Purchased Power. Only firm purchase power agreements may be included as a resource for purposes of calculating a planned or operating reserve margin. A utility may petition the Commission on a case-by-case basis for exceptions to this rule.

(3) Treatment of Shared Generating Units. Only the utility which has first call on the generating unit may count the unit towards its planned or operating reserve margin. A utility has first call on a unit if the unit is available and the utility has the contractual right to dispatch the unit to meet

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its native load and other firm contractual commitments before any other party to the unit's sharing arrangement. The Commission may consider other methods on a case by case basis.

(4) Treatment of Non-Firm Load. If non-firm load (i.e. customers receiving service under load management, interruptible, curtailable, or similar tariffs) is relied upon by a utility when calculating its planned or operating reserves, the utility shall be required to make such reserves available to maintain firm service to other utilities provided, however, that the utility declaring a capacity emergency is:

- a) fully implementing all of its demand side management measures that allow it to interrupt or curtail load;
- b) fully interrupting all of its sales of capacity and energy to loads with a lower priority than its firm native load; and
- c) using its best efforts to start and schedule its available operating reserves and other resources to enable it to serve its firm native load as soon as possible.

(5) Buy-through Power for Interruptible Customers. Interruption of service to non-firm customers is not an emergency. As such, a utility shall not be required to provide buy-through power for another utility's interruptible customers under obligatory emergency interchange schedules.

Specific Authority 366.05(1) FS.

Law Implemented 366.03 FS.

History--New 7-29-69, Formerly 25-6.35, Amended.

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**CERTIFICATE OF SERVICE**

**Docket No. 960214**

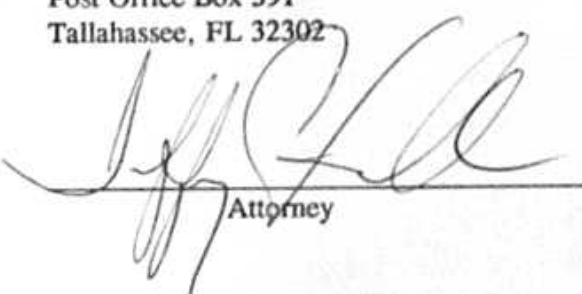
I HEREBY CERTIFY that a true and correct copy of FLORIDA POWER CORPORATION'S COMMENTS ON PROPOSED AMENDMENTS TO RULE 25-6.035 F.A.C. has been sent by regular U.S. mail to the following individuals this 14th day of June, 1996:

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