



Public Service Commission

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DATE: OCTOBER 22, 1998

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF APPEALS (BELLAK) *RCB DS*
 DIVISION OF ELECTRIC AND GAS (KUMMER) *RLT*
 DIVISION OF RESEARCH AND REGULATORY REVIEW (HEWITT) *CAH PD*

RE: DOCKET NO. 980570-EU - PROPOSED AMENDMENTS TO RULE 25-6.0185, F.A.C., ELECTRIC UTILITY PROCEDURES FOR LONG-TERM ENERGY EMERGENCIES

AGENDA: 11/3/98 - REGULAR AGENDA - RULE PROPOSAL - INTERESTED PERSONS MAY PARTICIPATE

RULE STATUS: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\APP\WP\980570.RCM

CASE BACKGROUND

As a result of an in-house review of Commission rules, Staff found several rules which needed minor administrative changes to correct references and clarify existing requirements. On April 22, 1998, staff filed a request for amendment of Rule 25-6.0185, Electric Utility Procedures for Long-Term Energy Emergencies with the Division of Appeals for such clarifications and corrections. The proposed changes simplify and clarify existing requirements and add a minor new reporting requirement which is not expected to have any significant cost impact on the affected utilities.

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FPSC-RECORDS/REPORTING

least every three years and report to the Commission on the continued viability of those plans. There is currently no requirement in the rule for any type of periodic review of these plans, and Staff found that many utilities had not reviewed their plans since the initial filing in 1982. Staff believes that, while changes may not be frequent, it is prudent to require a periodic review by the utilities to ensure that plans keep pace with changes in generation resources. If a utility performs the review and determines that the existing plan remains correct, it need only file a letter with the Commission stating that. Staff believes the three year review period will capture any significant changes in emergency fuel supply plans while imposing minimal costs on the utility.

The rule as amended will benefit utilities by providing clearer rule language concerning emergency plan applicability and development criteria. Periodic review will ensure that emergency plans remain adequate in changing conditions. Clearer rule language will also benefit staff in evaluating plans and monitoring compliance, while periodic review will ensure that the most current plans are available to both the Commission and state emergency management officials. The reduced likelihood of loss of electric power in a fuel supply emergency will benefit both ratepayers generally and small businesses.

ISSUE 2: If no requests for hearing or comments are filed, should the rule amendments as proposed 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

MEMORANDUM

July 17, 1998

TO: DIVISION OF APPEALS (HELTON)

FROM: DIVISION OF RESEARCH AND REGULATORY REVIEW (HEWITT) *CBH PA JKW*

SUBJECT: STATEMENT OF ESTIMATED REGULATORY COSTS FOR DOCKET NO. 980570-EU, PROPOSED REVISIONS TO RULE 25-6.0185, F.A.C., ELECTRIC UTILITY PROCEDURES FOR LONG-TERM ENERGY EMERGENCIES

Currently, Rule 25-6.0185, F.A.C., Electric Utility Procedures for Long-term Energy Emergencies, requires each electric utility in Florida to develop and submit a long-term plan for an energy emergency caused by a fuel supply shortage.

The proposed rule amendments would streamline, clarify, and correct references in the rule. The revision makes explicit that utilities which own or control generation facilities would be the ones required to file a fuel emergency plan. The scope of the emergency plan is clarified and an energy emergency is defined. Each utility would have to review its plan every three years, modify it if necessary, and submit the revision by letter to the Commission for approval or rejection. If no modification is necessary, a letter would be filed with the Commission stating that the review had been conducted and that the existing plan is adequate.

Although emergency plans are required now and should already be reviewed on an ongoing basis, some utilities may have to review their plans more often than they have in the past. Existing personnel should be able to perform the review and submit a letter with little additional cost.

The Administrative Procedures Act encourages an agency to prepare a Statement of Estimated Regulatory Costs (SERC). However, since there should be no significant additional costs or negative impacts on utilities, small businesses, small cities, or small counties, a SERC will not be prepared for the proposed rule change.

Please keep my name on the CASR.

CBH:tfe-lrfuel

1 25-6.0185 Electric Utility Procedures for Long-Term Energy
2 Emergencies.

3 ~~(1) The Commission has reviewed the Florida Electric Power~~
4 ~~Coordinating Group's Emergency Procedure for Long-Term Energy~~
5 ~~Emergencies, Fuel Supply Shortage Plan dated August 3, 1981 and~~
6 ~~adopts said plan, as amended below, as the Fuel Supply Shortage~~
7 ~~Element of the Florida Electrical Emergency Contingency Plan,~~
8 ~~under Section 377.703, Florida Statutes.~~

9 ~~(1)(2)(a)~~ By December 1, 1982, ~~e~~Each electric utility in
10 Florida that owns or controls electric generation facilities must
11 have on file with ~~shall develop and submit to~~ the Commission a
12 long-term energy emergency plan to establish a systematic and
13 effective means of anticipating, assessing, and responding to a
14 long-term emergency caused by a fuel supply shortage for fuel
15 shortages. An electric energy emergency exists when Florida has
16 inadequate energy generating capability by reason of a fuel
17 supply shortage and is thereby prevented from operating at
18 required levels to supply its energy obligations. An energy
19 emergency differs from a short-term capacity emergency in that
20 energy requirements cannot be met over an extended period. The
21 period of advance warning and expected duration of an energy
22 emergency is usually measured in terms of weeks or months, as
23 opposed to minutes or hours for a short-term capacity deficiency.
24 ~~Each utility's plan shall be consistent with the requirements of~~
25 ~~the Fuel Supply Shortage Element of the Florida Electrical~~

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~~struck-through~~ type are deletions from existing law.

1 ~~Emergency Contingency Plan. The plans shall also provide for the~~
2 ~~full reimbursement by an electric utility receiving energy or~~
3 ~~fuel during an energy emergency. Full reimbursement shall be all~~
4 ~~of the supplying utility's cost of replacing such energy or fuel~~
5 ~~with the same or alternate fuel or energy.~~

6
7 (2) Beginning on January 31, 1999, and every three calendar
8 years thereafter, each utility subject to this rule must notify
9 the Commission in writing that the utility has reviewed its fuel
10 emergency plan.

11 (a) If a utility determines that its existing plan requires
12 modification, a revised plan shall be submitted for Commission
13 approval with the notification of review.

14 (b) If a utility determines no changes are necessary, the
15 utility must file a letter stating that the required review has
16 been conducted and that the existing plan continues to be
17 adequate.

18 ~~(3)(b)~~ At the time the utility submits its revised plan to
19 the Commission, it shall also provide a copy of the plan to the
20 Florida Reliability Coordinating Council (FRCC) and ensure that
21 the utility's plan is compatible with the statewide energy
22 emergency contingency plan administered by the Department of
23 Community Affairs under Chapter 377.703(3)(a). ~~Electric Power~~
24 ~~Coordinating Group (FCG).~~ ~~The Florida Electric Power~~
25 ~~Coordinating Group will assess each utility's plan for~~

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1 ~~compatability with the Fuel Supply Shortage Element of the~~
2 ~~Florida Electrical Emergency Contingency Plan.~~

3 ~~(4)(e)1-~~ The Commission shall review and either may approve
4 or reject each utility's plan. ~~In so doing, the Commission may~~
5 ~~rely upon the FCG for technical advice and assistance in~~
6 ~~assessing the plan's compatibility with the Fuel Supply Shortage~~
7 ~~Element of the Florida Electrical Emergency Contingency Plan.~~

8 The Commission's ~~shall~~ review shall consider whether each
9 utility's plan ~~with regard to whether it~~ adequately:

10 (a)- Identifies specific actions to be taken by the utility
11 upon the Governor's declaration of a fuel supply emergency;

12 (b)- Addresses interchange of energy and the physical
13 sharing of fuel stocks or fuel deliveries or both;

14 (c)- Sets priorities for customer interruptions; and

15 (d)- Establishes objective criteria for notifying the
16 Chairman of the FRCC Reliability Assessment Group ~~FCG Technical~~
17 ~~Advisory Group~~ of the existence of a long-term energy emergency
18 on the system of the utility.

19 (5)2- In reviewing individual utility plans of electric
20 utilities serving areas west of the Apalachicola River, whose
21 electric facilities and emergency contingency plans are
22 coordinated with utilities outside of Florida, the Commission may
23 take into account such special considerations as may be just and
24 reasonable in light of such utilities' geographical location and
25 interconnections with utilities outside of Florida.

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1 ~~requirement cannot be met over an extended period.~~
2 ~~The period of advance warning and expected duration of~~
3 ~~an energy emergency is usually measured in terms of~~
4 ~~weeks or months, as opposed to minutes or hours for a~~
5 ~~short term capacity deficiency.~~

6 ~~(b) On page 4, the following paragraph is substituted for~~
7 ~~the last paragraph on page 4:~~

8 ~~_____ The Fuel Supply Shortage Plan is oriented toward~~
9 ~~energy emergencies caused by a fuel supply shortage.~~
10 ~~As such, the actions specified herein are primarily~~
11 ~~oriented toward those to be taken by the generating~~
12 ~~utilities in Peninsular Florida. Peninsular Florida is~~
13 ~~defined as the area east of the Apalachicola River.~~
14 ~~The emergency plans and procedures of utilities~~
15 ~~receiving partial or full requirements service are~~
16 ~~concomitant with those of their wholesale suppliers and~~
17 ~~shall be coordinated and be consistent with the~~
18 ~~suppliers' individual utility plans. The actions of~~
19 ~~other generating utilities outside of peninsular~~
20 ~~Florida, such as Gulf Power Company, will be~~
21 ~~coordinated through liaison with appropriate emergency~~
22 ~~personnel. Gulf Power Company, while operating under~~
23 ~~its own plan as a result of its geographical location~~
24 ~~in the State and its interconnections to the Southern~~
25 ~~Electric System, will coordinate its activities and~~

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1 ~~substituted for paragraphs 4, 5, and 6 of the plan.~~

2 ~~4. TAG will request that the data be collected and~~
3 ~~that the remaining days of fuel supply, expressed~~
4 ~~in terms of Days Burn, for Florida be calculated~~
5 ~~by the procedures detailed in Appendix C,~~
6 ~~"Determination of Remaining Fuel Supply."~~

7 ~~5. The FCG Staff will calculate and publish the Days~~
8 ~~Burn for Florida.~~

9 ~~6. TAG will advise the Executive Committee and the~~
10 ~~Commission regarding the status of the Florida~~
11 ~~fuel supply situation.~~

12 ~~(c) On page 9, the following paragraphs A, B and C are~~
13 ~~substituted for paragraphs A, B, and C of the Plan.~~

14 ~~A. DESIGNATION~~

15 ~~Following the designation of a Fuel Supply Alert,~~
16 ~~the remaining days of fuel supply (Days Burn) will be~~
17 ~~determined and the FCG Executive Committee, upon advice~~
18 ~~from TAG, may request that the Governor of the State of~~
19 ~~Florida declare a Fuel Supply Emergency in Florida~~
20 ~~pursuant to §377.703, F.S. or other appropriate~~
21 ~~statutory authority.~~

22 ~~B. RESPONSIBILITY~~

23 ~~Upon the declaration of a Fuel Supply Emergency by~~
24 ~~the Governor, the Technical Advisory Group will assume~~
25 ~~emergency responsibility for coordinating the~~

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1 ~~shall be approved, prior to issuance, by the Technical~~
2 ~~Advisory Group.~~

3 ~~(h) On page 19, the following paragraph is substituted for~~
4 ~~paragraph (a) under the heading "2. Fuel Supply Emergency~~
5 ~~Actions":~~

6 ~~(a) PIC shall transmit the previously approved~~
7 ~~notification, as expeditiously as possible, to the~~
8 ~~chief operating officer, energy emergency~~
9 ~~executive or the appropriate designee of each~~
10 ~~participating utility.~~

11 ~~(i) On page 20, the following paragraphs (c) and (c) are~~
12 ~~substituted for paragraphs (c) and (c) in the plan:~~

13 ~~(c) PIC will notify the Florida wire services as soon~~
14 ~~as possible after initiation of the emergency and~~
15 ~~shall prepare the appropriate press releases and~~
16 ~~status reports on the Florida situation throughout~~
17 ~~the duration of the emergency. PIC shall~~
18 ~~coordinate all appeals for reduction of~~
19 ~~consumption and conservation coinciding with the~~
20 ~~Fuel Supply Emergency actions contained in Section~~
21 ~~VI of this plan. Issuance of any information by~~
22 ~~PIC shall be at the direction of TAG and uniformly~~
23 ~~administered throughout Florida by the individual~~
24 ~~participants.~~

25 ~~(c) TAG will establish a liaison with the appropriate~~

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1 ~~emergency organization of other generating~~
2 ~~utilities contiguous to Florida.~~

3 ~~(j) On page 21, the following paragraph (c) is substituted~~
4 ~~for paragraph (c) in the plan.~~

5 ~~(c) The FCG staff will calculate the remaining days of~~
6 ~~fuel supply, expressed in terms of Days Burn, for~~
7 ~~Florida. The Days Burn for Florida shall be the~~
8 ~~weighted average, based on energy source~~
9 ~~requirement, of the individual participants' Days~~
10 ~~Burn.~~

11 ~~(k) On page 22, the following sentence is substituted for~~
12 ~~the first sentence under the heading "2. Fuel Supply Emergency~~
13 ~~Action" in the Plan.~~

14
15 ~~Upon the initiation of a Fuel Supply Emergency, the~~
16 ~~following actions shall be taken, at the direction of~~
17 ~~TAG.~~

18 ~~(l) On page 22, the following paragraph (d) is substituted~~
19 ~~for paragraph (d) in the Plan.~~

20 ~~(d) The FCG Staff, or in their absence the Energy~~
21 ~~Emergency Operation Task Force, will continue to~~
22 ~~calculate the Days Burn for Florida in the manner~~
23 ~~previously described. This information will be~~
24 ~~provided to TAG.~~

25 ~~(m) On page 26, the following paragraphs (d) and (e) are~~

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