

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Proposed Amendment to)	DOCKET NO. 900739-EI
25-6.0438, F.A.C., on nonfirm)	
electric service.)	ORDER NO. 24924
_____)	ISSUED: 8/19/91

NOTICE OF ADOPTION OF RULE AMENDMENT

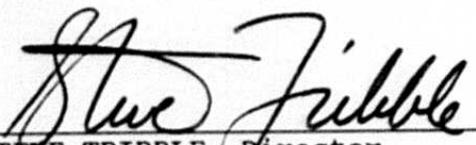
NOTICE is hereby given that the Commission, pursuant to section 120.54, Florida Statutes, has adopted the amendments to Rule 25-6.0438, F.A.C., relating to nonfirm electric service, with change(s).

The rule amendment was filed with the Department of State on August 14, 1991, and will become effective September 4, 1991. A copy of the relevant portions of the certification filed with the Department of State is attached to this Notice.

Concurrent with the adoption of the rule amendment, the Commission affirms its intent to address the criteria under C.F.R. 292.305(b)(2) regarding nonfirm service for standby and supplemental purposes in each utility's next rate case.

This docket is closed upon issuance of this notice.

By Direction of the Florida Public Service Commission, this
 19th day of AUGUST, 1991.


 STEVE TRIBBLE, Director
 Division of Records & Reporting

(S E A L)

CBM
 Attachments
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DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

ORDER NO. 24924
DOCKET NO. 900739-EI
PAGE 2

CERTIFICATION OF
PUBLIC SERVICE COMMISSION ADMINISTRATIVE RULES
FILED WITH THE
DEPARTMENT OF STATE

I do hereby certify:

(1) The time limitations prescribed by paragraph 120.54(11)(a), F.S., have been complied with; and

(2) There is no administrative determination under section 120.54(4), F.S., pending on any rule covered by this certification; and

(3) All rules covered by this certification are filed within the prescribed time limitations of paragraph 120.54(11)(b), F.S. They are filed not less than 28 days after the notice required by subsection 120.54(1), F.S., and;

(a) And are filed not more than 90 days after the notice; or

(b) Are filed not more than 90 days after the notice not including days an administrative determination was pending; or

(c) Are filed within 21 days after the adjournment of the final public hearing on the rule; or

(d) Are filed within 21 days after the date of receipt of all material authorized to be submitted at the hearing; or

(e) Are filed within 21 days after the date the transcript was received by this agency.

Attached are the original and two copies of each rule covered by this certification. The rules are hereby adopted by the undersigned agency by and upon their filing with the Department of

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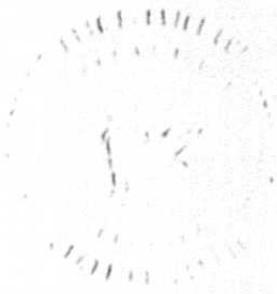
ORDER NO. 24924
DOCKET NO. 900739-EI
PAGE 3

State.

<u>Rule No.</u>	<u>Rulemaking Authority</u>	<u>Specific Law Being Implemented, Interpreted or Made Specific</u>
25-6.0438	350.127(2), 366.05(1), F.S.	366.03, 366.04, 366.041, 366.05, F.S.

Under the provision of paragraph 120.54(13)(a), F.S., the rules take effect 20 days from the date filed with the Department of State or a later date as set out below:

Effective: _____
(month) (day) (year)



Kay Steyn for
Steve Tribble

Director, Division of Records & Reporting
Title

Number of Pages Certified

(S E A L)

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ORDER NO. 24924
DOCKET NO. 900739-EI
PAGE 4

1 25-6.0438 Non-Firm Electric Service - Terms and Conditions.

2 (1) Applicability. This rule shall apply to all
3 investor-owned electric utilities.

4 (2) Purpose. The purposes of this rule are: to define the
5 character of non-firm electric service and various types thereof;
6 to require a procedure for determining a utility's maximum level of
7 non-firm load; and to establish other minimum terms and conditions
8 for the provision of non-firm electric service.

9 (3) Definitions.

10 (a) "Non-firm electric service" means electric service that,
11 in accordance with terms and conditions specified in the applicable
12 tariff, can be limited or interrupted. Non-firm service includes
13 interruptible, curtailable, load management, and other types of
14 non-firm electric service offered by the utilities pursuant to
15 tariffs approved by the Florida Public Service Commission.

16 (b) "Interruptible electric service" means electric service
17 that can be limited or interrupted, either automatically or
18 manually, solely at the option of the utility.

19 (c) "Cost effective" in the context of non-firm service shall
20 be based on avoided costs. It shall be defined as the net economic
21 deferral or avoidance of additional production plant construction
22 by the utility or in other measurable economic benefits in excess
23 of all relevant costs accruing to the utility's general body of
24 ratepayers.

25 ~~(d)~~(e) "Curtailable electric service" means electric service

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ORDER NO. 24924
DOCKET NO. 900739-EI
PAGE 5

1 that can be reduced or interrupted upon request of a utility but
2 solely at the discretion of the customer.

3 ~~(e)(d)~~ "Load management service" means electric service
4 provided under an applicable firm rate schedule whereby electric
5 service to specified components of the customer's electric load may
6 be interrupted at the discretion of the utility in accordance with
7 conditions specified in the utility's tariffs.

8 (4) Availability of Service.

9 (a) A utility may offer non-firm electric service to any
10 customer or class of customers pursuant to tariffs or contracts
11 approved by the Commission. Each utility that currently offers or
12 proposes to offer non-firm electric service shall demonstrate, no
13 later than its next rate case, that providing such service is
14 ~~likely to result in the cost effective deferral or avoidance of~~
15 ~~additional production plant construction by the utility or in other~~
16 ~~measurable economic benefits accruing to the utility's general body~~
17 ~~of ratepayers.~~

18 (b) Each utility shall state in its tariff the terms and
19 conditions under which non-firm electric service will be offered.
20 If a utility believes that providing interruptible service or
21 another type of non-firm service to a specific customer who
22 otherwise qualifies for such service under the utility's tariff
23 will not result in benefits accruing to its general body of
24 ratepayers, that utility shall apply to the Commission for
25 authorization to refuse non-firm service to that customer. The

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ORDER NO. 24924
DOCKET NO. 900739-EI
PAGE 6

1 provision of non-firm service for standby and supplemental purposes
2 shall be consistent with the Federal Energy Regulatory Commission
3 rule, 18 C.F.R. Sec. 292.305.

4 (c) When a utility proposes to make a change in any of its
5 non-firm electric service offerings, it must provide written notice
6 to each customer who may be affected by the proposal.

7 (5) Methods of for Determining Maximum Levels of Non-Firm
8 Load. Each utility offering non-firm electric service shall have
9 on file with the Commission a methodology approved by the
10 Commission for determining the cost effectiveness of non-firm load
11 over its generation planning horizon, pursuant to the definition of
12 "cost effective" in Paragraph (3)(c). Specific consideration must
13 be given to each type of non-firm electric service offered. A
14 utility may petition the Commission to revise their methodology at
15 any time.

16 ~~(a) Within six (6) months of the effective date of this Rule,~~
17 ~~each utility that currently offers non-firm electric service shall~~
18 ~~submit for the Commission's review and approval a proposed method~~
19 ~~for determining the utility's maximum level of cost effective~~
20 ~~non-firm load over its generation planning horizon and the~~
21 ~~utility's annual targets for achieving the total level of non-firm~~
22 ~~load in a cost-effective manner. Specific consideration must be~~
23 ~~given to each type of non-firm electric service offered.~~
24 ~~Subsequent to the effective date of this Rule, any utility electing~~
25 ~~to offer non-firm electric service under new tariffs shall, at the~~

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ORDER NO. 24924
DOCKET NO. 900739-EI
PAGE 7

1 ~~time of filing such tariffs, also submit to the Commission a~~
2 ~~proposed method for determining the utility's maximum level of~~
3 ~~cost-effective non-firm load over its generation planning horizon~~
4 ~~and the utility's annual target for achieving the total level of~~
5 ~~non-firm load in a cost-effective manner. Specific consideration~~
6 ~~must be given to each type of non-firm electric service offered.~~
7 ~~The method must provide for the established total and annual~~
8 ~~maximum levels to be reviewed and updated by the utility and filed~~
9 ~~for Commission approval no less often than every two years. In its~~
10 ~~tariff, each utility shall publish the maximum allowable level of~~
11 ~~cost-effective non-firm load for its system for each of the~~
12 ~~succeeding ten years. The utilities' tariffs may provide that new~~
13 ~~non-firm customers may receive priority in obtaining non-firm~~
14 ~~service over existing firm customers who wish to transfer to~~
15 ~~non-firm service.~~

16 (6) Maximum Levels of Allowable Non-Firm Load: Each utility
17 shall attempt to maintain its subscribed non-firm loads at or below
18 their maximum cost-effective levels, as determined by the utility's
19 approved methodology utilizing its most current system expansion
20 plans and approved rates. If, during a revenue or rate review, the
21 Commission finds that a utility's efforts to maintain its
22 subscribed non-firm loads at or below the maximum cost-effective
23 level have not been prudent, the Commission may impute revenues at
24 otherwise applicable rates for the amount of non-firm load in
25 excess of cost effective levels.

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ORDER NO. 24924
DOCKET NO. 900739-EI
PAGE 8

1 ~~During any calendar year, no utility shall subscribe~~
2 ~~additional non-firm electric customers when doing so causes the~~
3 ~~approved maximum level of non-firm load for that year, stated in~~
4 ~~the approved tariff, to be exceeded. Under circumstances where it~~
5 ~~may be desirable and advantageous to all parties concerned to allow~~
6 ~~the subscription of additional non-firm load above that indicated~~
7 ~~by the currently approved maximum level determination, the utility~~
8 ~~may apply to the Commission for a waiver of this provision of the~~
9 ~~rule.~~

10 (7) Reporting Requirements. Each utility offering non-firm
11 electric service shall submit to the Commission on January 1 and
12 July 1 of each year a report detailing the type of non-firm service
13 offered and showing the amount of non-firm load on the utility's
14 system as of the month ending one month prior to the reporting
15 date. In addition, the report shall state the cost-effective
16 levels of non-firm load determined by the utility's approved
17 methodology.

18 ~~(8)(7)~~ Minimum Notice to Transfer from Non-Firm to Firm
19 Service. Each utility that offers non-firm service shall include
20 a specific provision in its tariff that requires a customer to
21 provide the utility with at least five years advance written notice
22 in order for the customer to be eligible to transfer from
23 interruptible to firm service. A utility may apply to the
24 Commission for approval of a different minimum notice requirement
25 if it can demonstrate that a different notice requirement is

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ORDER NO. 24924
DOCKET NO. 900739-EI
PAGE 9

1 necessary or appropriate, either for all or any individual non-firm
2 service offerings.

3 ~~(9)(8)~~ The Commission may waive any provision of this rule if
4 it determines that such waiver is consistent with the purpose and
5 intent of this rule after notice to all affected customers.

6 Specific Authority: 350.127(2), 366.05(1), F.S.

7 Law Implemented: 366.03, 366.04, 366.041, 366.05, F.S.

8 History: New 8/21/86, Amended _____
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ORDER NO. 24924
 DOCKET NO. 900739-EI
 PAGE 10

Rule 25-6.0438
 Docket No. 900739-EI

SUMMARY OF RULE

The rule revisions place the definition of "cost effective" in the definition section. Modifications retain the requirements for utilities to file a methodology for determining cost effectiveness, but delete the requirement to file targets as tariffs. Instead, targets must be filed for informational purposes only. The burden of maintaining cost effective levels is placed on the utility. The Commission would retain oversight responsibility. A new reporting requirements section would require reports detailing the type and amount of non-firm service. Also, the report must state the annual targets determined by the utility's approved cost methodology.

SUMMARY OF HEARINGS ON THE RULE

A Section 120.54 rule hearing was held May 17, 1991. Staff discussed the policy of examining nonfirm service in terms of deferral or avoidance of generating plant. Utilities and large industrial customers participated in the hearing. They urged repeal of the rule. Some utilities suggested improved technical language for the rule, such as in the reporting requirements.

The final public meeting was held July 30. At that time, the Commission approved the adoption of the revisions.

FACTS AND CIRCUMSTANCES JUSTIFYING THE RULE

The current rule has not proven workable. The rule revision retains the Commission's ability to assess the cost-effectiveness of nonfirm load while revising the mechanism to do so.

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