

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition for approval of new curtailable service rate Schedules CS-3 and CST-3 by Progress Energy Florida, Inc. | DOCKET NO. 040085-EI
ORDER NO. PSC-04-0678-TRF-EI
ISSUED: July 13, 2004

The following Commissioners participated in the disposition of this matter:

BRAULIO L. BAEZ, Chairman
J. TERRY DEASON
LILA A. JABER
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON

ORDER APPROVING TARIFFS

BY THE COMMISSION:

BACKGROUND

On January 30, 2004, Progress Energy Florida, Incorporated (PEF) filed a petition in this docket seeking Commission approval of two proposed new rate schedules: Curtailable General Service – Fixed Curtailable Demand Rate Schedule CS-3 and Curtailable General Service – Fixed Curtailable Demand Rate Schedule CST-3 - Optional Time of Use. At the March 30, 2004, Agenda Conference, we approved the proposed new rate schedules, which became effective on that date (See Order No. PSC-04-0399-TRF-EI issued on April 16, 2004). On May 19, 2004, PEF filed an amendment to its petition that proposes changes to the recently approved curtailable rate schedules to correct a problem with the method of calculating the credits due under the curtailable rates. We have jurisdiction over this matter pursuant to Sections 366.03, 366.04, and 366.06, Florida Statutes, and we approve the proposed changes as described below.

DECISION

Curtailable rates are optional non-firm rates under which all or a portion of the customer's electric load is subject to curtailment during periods when the utility needs the curtailed power to serve its firm customers or to supply emergency power to other utilities to serve their firm customers. Curtailable customers must reduce their electric load when

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requested, and if they fail to do so they pay a substantial penalty. In return for curtailment, customers receive a credit on their bills. Prior to the approval of the new CS-3 and CST-3 rate schedules, PEF offered and continues to offer curtailable service under its CS-2 and CST-2 rates.

When PEF proposed the two new curtailable rate schedules, it retained many of the terms and conditions that were a part of its existing CS-2 and CST-2 curtailable rate schedules. Among these was a provision that specified that the credit the customer is paid in return for curtailment will be adjusted based on the customer's billing load factor. The load factor is the relationship between the customer's maximum demand for the month in kilowatts (kW) and the customer's energy use in kilowatt-hours (kWh). PEF has proposed to eliminate this adjustment to the credit paid under the CST-3 rate schedules.

Under the CST-2 rates, credits are paid based on the difference between the customer's maximum kW demand for the month (whenever it occurs) and the customer's specified level of firm demand. CST-2 customers are deemed to have complied with their requirement to curtail if they reduce their demand to their specified level of firm demand. Because there is no assurance that the amount of demand reduction achieved will be equal to the demand upon which the credit is paid, the credit is adjusted based on the customer's load factor. The higher the customer load factor, the higher the likelihood the full level of demand reduction will be achieved, and thus the higher the credit the customer receives. The load factor adjustment thus insures that the credits paid more accurately reflect the achieved level of curtailment.

PEF believes that this adjustment is not appropriate under the CST-3 rates because of the difference in the way that the credits are determined under these schedules. Under the new rates, customers are paid a credit based on their specified level of curtailable demand. CS-3 and CST-3 customers are deemed to have complied with their requirement to curtail if their demand during the curtailment period is lower than that for the period immediately prior to the curtailment by at least the level of their specified level of curtailable demand. This method insures that the customer will provide the full amount of demand reduction for which they are receiving credit. PEF asserts, and we agree, that there is no need to adjust the credit based upon the customer's load factor in this case.

Based on the reasons explained above, it is therefore

ORDERED by the Florida Public Service Commission that Progress Energy Florida, Inc.'s Petition for approval of Curtailable General Service – Fixed Curtailable Demand Rate Schedule CS-3 and Curtailable General Service – Fixed Curtailable Demand Rate Schedule CST-3 - Optional Time of Use is approved. It is further

ORDERED that this order approving new curtailable service rates shall become final upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee,

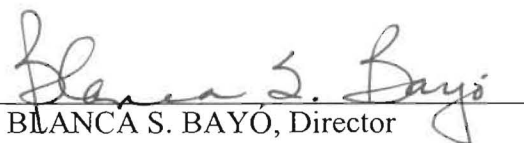
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Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that this tariff shall be effective as of June 29, 2004. If a protest is filed within 21 days of the issuance of this Order, the tariff shall remain in effect, with any revenues subject to refund, pending resolution of the protest. It is further

ORDERED that in the event this Order becomes final, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 13th day of July, 2004.


BLANCA S. BAYO, Director
Division of the Commission Clerk
and Administrative Services

(S E A L)

MCB

NOTICE OF FURTHER PROCEEDINGS

The Florida Public Service Commission is required by Section 120.569(1), 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.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the proposed action files a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of the Commission Clerk and Administrative

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Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on August 3, 2004.

In the absence of such a petition, this Order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.