



ORIGINAL

JAMES A. MCGEE
ASSOCIATE GENERAL COUNSEL
PROGRESS ENERGY SERVICE CO., LLC

March 10, 2003

VIA HAND DELIVERY

Ms. Blanca S. Bayó, Director
Division of the Commission Clerk
and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

RECEIVED - FPSC
03 MAR 10 PM 3:08
COMMISSION
CLERK

030241-ET

Re: Petition of Progress Energy Florida for approval of revised interruptible rate schedules limiting service to certain types of premises.

Dear Ms. Bayó:

Enclosed for filing on behalf of Progress Energy Florida, Inc., formerly Florida Power Corporation, are an original and fifteen copies of the subject petition.

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 petition in WordPerfect format and the exhibits in Word format. Thank you for your assistance in this matter.

Very truly yours,

James A. McGee

JAM/scc
Enclosure

RECEIVED & FILED
Mas
FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE
02386 MAR 10 8
FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Progress Energy
Florida for approval of revised
interruptible rate schedules limiting
service to certain types of premises.

Docket No. 030241-E1Submitted for filing:
March 10, 2003**P E T I T I O N**

Progress Energy Florida, Inc., formerly Florida Power Corporation, (Progress Energy or the Company) hereby petitions the Florida Public Service Commission (the Commission) for approval of revisions to the Company's Interruptible Service tariffs, Rate Schedules IS-2 and IST-2, that would prospectively limit the availability of service to premises at which an interruption of service will not significantly affect members of the general public, nor interfere with functions performed for the protection of public health or safety. Exhibit A hereto contains the revised rate schedule tariffs in final format; Exhibit B shows the revisions in legislative format. In support of its petition, Progress Energy states as follows:

Introduction

1. Petitioner, Progress Energy, is a public utility subject to the jurisdiction of the Commission pursuant to Chapter 366, Florida Statutes. Progress Energy's principal offices are located at 100 Central Avenue, St. Petersburg, Florida, 33701.
2. All notices, pleadings and other communications required to be served on petitioner should be directed to:

James A. McGee, Esquire
Post Office Box 14042
St. Petersburg, FL 33733-4042
Facsimile: (727) 820-5519

For express deliveries, please use the street address in paragraph 1 above.

DOCUMENT NUMBER-DATE

02386 MAR 10 8

Background

3. For more than half of a century, Progress Energy and many of its large, energy intensive industrial customers have enjoyed the substantial mutual benefits of interruptible service. By accepting a reduced quality of service and adapting their industrial processes accordingly, these customers have received a significant discount on the cost of electricity that constitutes a major portion of their total operating expenses. On the other hand, Progress Energy has been able to serve the load of these customers from generating reserves that would otherwise have been idle except during capacity emergencies, thus benefitting the Company and its firm customers through the contribution to fixed costs provided by interruptible revenues, while at the same time avoiding the need for costly capacity additions to serve this load. Progress Energy considers these traditional interruptible customers to be ideally suited for this service and does not intend its tariff revisions proposed herein to have any effect whatsoever on these valuable customers.

4. In more recent years, however, other customers without the same ability to adapt their operations to a reduced quality of service have nonetheless been attracted to interruptible service by the prospect of lower electric bills. This attraction has often been compounded by the mistaken belief of some customers that they will experience only a token reduction in quality of service, particularly when an extended period of infrequent interruptions has occurred, such as during the first few years following the addition of new generating capacity. When this belief yields to reality as the frequency of interruptions changes over time and it becomes apparent that the *quid pro quo* for their lower electric bill is, in fact, very real, these customers have typically become dissatisfied, in some cases quite vocally, with interruptible

service and particularly its notice requirement (five years for IS-1 and three years for IS-2) for transferring back to firm service.

5. Progress Energy has attempted to ensure that customers who express an interest in electing to receive interruptible service understand the potential long term consequences of that election, particularly customers whose suitability for interruptible service appear questionable. Beyond providing advice and consultation, the Company has held the belief that it is inappropriate for the utility to assume the role of protecting a customer from the consequences of its own decision, even if the Company is convinced the decision is a mistake. Recent experience, however, has led Progress Energy to conclude that an exception to the general rule of customer deference is warranted.

6. The decision to take interruptible service is essentially a balancing of the benefits from a discounted electric rate against the detriments from service interruptions. Where the customer will experience both the benefits and the detriments of a decision to take interruptible service, the decision, sound or not, should be the customer's alone. However, in a situation where the customer would receive the benefits of a lower electric bill but where all or a significant portion of the detrimental consequences from service interruptions would be borne by members of the public who had no part in the decision to take interruptible service, that decision should be made by an entity charged with protecting the public interest, *i.e.*, this Commission. This is the situation addressed by the tariff revisions for which Commission approval is now sought.

7. Members of the public can be detrimentally affected by a customer's decision to take interruptible service under either of two scenarios. The first is where the premises of a customer deciding to take interruptible service are open to members of the general public. This includes such premises as stores, shopping malls, hotels and convention centers. A subset of the problem posed to the general public by interruptible service concerns premises open to a particular segment of the public, such as schools and colleges. Progress Energy currently provides interruptible service to a number of such premises and has experienced a variety of problems because of interruptions that have detrimentally affected the members or segments of the public.

8. The other scenario in which members of the public can be detrimentally affected by a customer's decision to take interruptible service is where interruptions interfere with functions performed for the protection of public health or safety. The reasons for limiting the availability of interruptible service in these situations are fairly self-evident. Examples of premises where interruptible service could interfere with protecting public health or safety include hospitals and health care facilities, police and fire stations, and detention and correctional facilities. With one exception, Progress Energy does not currently provide interruptible service to these kinds of public health and safety facilities. The Company's proposed tariff revisions are intended to ensure that this remains the case in the future.

The Interruptible Tariff Revisions

9. The proposed revisions to the Applicability section of Rate Schedules IS-2 and IST-2 contained in Exhibit A, and shown in legislative format in Exhibit B, apply to new accounts established after the effective date of Commission approval, thus

grandfathering current non-conforming applications of interruptible service. The revisions describe in general terms the kind of premises at which interruptible service is, and is not, permitted based on the distinction discussed in paragraph 6 above between the situation where the customer will receive both the benefits and detriments of interruptible service, and the situation where the customer will receive the benefits but where members of the public will be substantially affected by the detriments, to wit:

“For customer accounts established under this rate schedule after _____, 2003, service is limited to premises at which an interruption of electric service will primarily affect only the customer, its employees, agents, lessees, tenants, or business guests, and will not significantly affect members of the general public, nor interfere with functions performed for the protection of public health or safety.”

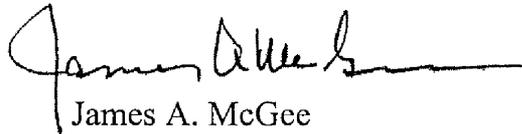
For additional clarity, the revisions also include a non-exhaustive list of specific premises at which interruptible service is not permitted, subject to an exception for premises with adequate on-site backup generation.

“Examples of premises at which service under this rate schedule may not be provided, unless adequate on-site backup generation is available, include, but are not limited to: retail businesses, offices, and governmental facilities open to members of the general public; stores; hotels; motels; convention centers; theme parks; schools; hospitals and health care facilities; designated public shelters; detention and correctional facilities; police and fire stations; and other similar facilities.”

10. Progress Energy believes, and therefore represents, these service limitations will substantially improve the conditions under which interruptible service is provided and thereby promote the public interest.

WHEREFORE, Progress Energy respectfully requests that the Commission grant this petition and approve the revisions to Rate Schedules IS-2 and IST-2 set forth in Exhibit A attached hereto.

Respectfully submitted,



James A. McGee
Associate General Counsel
Progress Energy Service Company, LLC
Post Office Box 14042
St. Petersburg, FL 33733-4042
Telephone: (727) 820-5184
Facsimile: (727) 820-5519

Attorney for
PROGRESS ENERGY FLORIDA, INC.

EXHIBIT A

**REVISED INTERRUPTIBLE RATE SCHEDULES
IS-2, PAGE 1 OF 3, AND IST-2, PAGE 1 OF 3.
(final format)**

**RATE SCHEDULE IS-2
INTERRUPTIBLE GENERAL SERVICE****Availability:**

Available throughout the entire territory served by the Company.

Applicability:

Applicable to customers, other than residential, for light and power purposes where the billing demand is 500 kW or more, and where service may be interrupted by the Company. For customer accounts established under this rate schedule after MMDD, 2003, service is limited to premises at which an interruption of electric service will primarily affect only the customer, its employees, agents, lessees, tenants, or business guests, and will not significantly affect members of the general public, nor interfere with functions performed for the protection of public health or safety. Examples of premises at which service under this rate schedule may not be provided, unless adequate on-site backup generation is available, include, but are not limited to: retail businesses, offices, and governmental facilities open to members of the general public; stores; hotels; motels; convention centers; theme parks; schools; hospitals and health care facilities; designated public shelters; detention and correctional facilities; police and fire stations; and other similar facilities.

Character of Service:

Alternating current, 60 cycle, single-phase or three-phase, at the Company's standard voltage available.

Limitation of Service:

Standby or resale service not permitted hereunder. Interruptible service under this rate schedule is not subject to interruption during any time period for economic reasons. Interruptible service under this rate schedule is subject to interruption during any time period that electric power and energy delivered hereunder from the Company's available generating resources is required to a) maintain service to the Company's firm power customers and firm power sales commitments or b) supply emergency Interchange service to another utility for its firm load obligations only. The Company will not make off-system purchases during such periods to maintain service to interruptible loads except under the conditions set forth in Special Provision No. 4 of this rate schedule.

Service under this rate is subject to the Company's currently effective and filed "General Rules and Regulations for Electric Service."

Rate per Month:**Customer Charge:**

Secondary Metering Voltage:	\$ 255.64
Primary Metering Voltage:	\$ 379.34
Transmission Metering Voltage:	\$ 907.50

Demand Charge: \$ 4.70 per kW of Billing Demand

Interruptible Demand Credit: \$ 3.08 per kW of Load Factor Adjusted Demand

Energy Charge:

Non-Fuel Energy Charge:	0.650¢ per kWh
plus Energy Conservation Cost Recovery Factor:	See Sheet No. 6.105
plus Capacity Cost Recovery Factor:	See Sheet No. 6.105
plus Environmental Cost Recovery Clause Factor:	See Sheet No. 6.105

Premium Distribution Service Charge:

Where Premium Distribution Service has been established after 12/15/98 in accordance with Subpart 2.05, General Rules and Regulations Governing Electric Service, the Customer shall pay a monthly charge determined under Special Provision No. 5 of this rate schedule for the costs of all additional equipment, or the customer's allocated share thereof, installed to accomplish automatic delivery transfer including all line costs necessary to connect to an alternate distribution circuit.

In addition, the Demand Charge included in the Rate per Month section of this rate schedule shall be increased by \$0.74 per kW for the cost of reserving capacity in the alternate distribution circuit.

Determination of Billing Demand:

The Billing Demand shall be the maximum 30-minute kW demand established during the billing period, but not less than 500 kW.

Determination of Load Factor Adjusted Demand:

The Load Factor Adjusted Demand shall be the product of the Customer's Billing Demand and the Customer's Billing Load Factor (ratio of kWh to billing kW times the number of hours in the billing period).

Delivery Voltage Credit:

When a customer takes service under this rate at a delivery voltage above standard distribution secondary voltage, the Demand charge hereunder shall be subject to the following credit:

For Distribution Primary Delivery Voltage:	\$0.27 per kW of Billing Demand
For Transmission Delivery Voltage:	\$0.63 per kW of Billing Demand

(Continued on Page No. 2)

**RATE SCHEDULE IST-2
INTERRUPTIBLE GENERAL SERVICE
OPTIONAL TIME OF USE RATE****Availability:**

Available throughout the entire territory served by the Company.

Applicability:

At the option of the Customer, applicable to customers otherwise eligible for service under Rate Schedule IS-2, provided that the total electric to requirements at each point of delivery are measure through one meter. For customer accounts established under this rate schedule after, MMDD, 2003, service is limited to premises at which an interruption of electric service will primarily affect only the customer, its employees, agents, lessees, tenants, or business guests, and will not significantly affect members of the general public, nor interfere with functions performed for the protection of public health or safety. Examples of premises at which service under this rate schedule may not be provided, unless adequate on-site backup generation is available, include, but are not limited to: retail businesses, offices, and governmental facilities open to members of the general public; stores; hotels; motels; convention centers; theme parks; schools; hospitals and health care facilities; designated public shelters; detention and correctional facilities; police and fire stations; and other similar facilities.

Character of Service:

Alternating current, 60 cycle, single-phase or three-phase, at the Company's standard voltage available.

Limitation of Service:

Standby or resale service not permitted hereunder. Interruptible service under this rate schedule is not subject to interruption during any time period for economic reasons. Interruptible service under this rate schedule is subject to interruption during any time period that electric power and energy delivered hereunder from the Company's available generating resources is required to a) maintain service to the Company's firm power customers and firm power sales commitments or b) supply emergency Interchange service to another utility for its firm load obligations only. The Company will not make off-system purchases during such periods to maintain service to interruptible loads except under the conditions set forth in Special Provision No. 4 of this rate schedule.

Service under this rate is subject to the Company's currently effective and filed "General Rules and Regulations for Electric Service."

Rate per Month:**Customer Charge:**

Secondary Metering Voltage: \$ 255.64
Primary Metering Voltage: \$ 379.34
Transmission Metering Voltage: \$ 907.50

Demand Charge:

Base Demand Charge: \$ 0.74 per kW of Base Demand
On-Peak Demand Charge: \$ 4.11 per kW of On-Peak Demand

Interruptible Demand Credit: \$ 3.08 per kW of Load Factor Adjusted Demand

Energy Charge:

Non-Fuel Energy Charge: 0.922¢ per On-Peak kWh
0.526¢ per Off-Peak kWh

plus Energy Conservation Cost Recovery Factor: See Sheet No. 6.105
plus Capacity Cost Recovery Factor: See Sheet No. 6.105
plus Environmental Cost Recovery Clause Factor: See Sheet No. 6.105

The On-Peak rate shall apply to energy used during designated On-Peak Periods. The Off-Peak rate shall apply to all other energy use.

Premium Distribution Service Charge:

Where Premium Distribution Service has been established after 12/15/98 in accordance with Subpart 2.05, General Rules and Regulations Governing Electric Service, the Customer shall pay a monthly charge determined under Special Provision No. 5 of this rate schedule for the costs of all additional equipment, or the customer's allocated share thereof, installed to accomplish automatic delivery transfer including all line costs necessary to connect to an alternate distribution circuit.

In addition, the Base Demand Charge included in the Rate per Month section of this rate schedule shall be increased by \$0.74 per kW for the cost of reserving capacity in the alternate distribution circuit.

Rating Periods:

(a) **On-Peak Periods** - The designated On-Peak Periods expressed in terms of prevailing clock time shall be as follows:

- (1) For the calendar months of November through March,
Monday through Friday*: 6:00 a.m. to 10:00 a.m., and 6:00 p.m. to 10:00 p.m.
- (2) For the calendar months of April through October,
Monday through Friday*: 12:00 Noon to 9:00 p.m.

* The following general holidays shall be excluded from the On-Peak Periods: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas. In the event the holiday occurs on a Saturday or Sunday, the adjacent weekday shall be excluded from the On-Peak Periods.

(Continued on Page No. 2)

EXHIBIT B

**REVISED INTERRUPTIBLE RATE SCHEDULES
IS-2, PAGE 1 OF 3, AND IST-2, PAGE 1 OF 3.
(legislative format)**

**RATE SCHEDULE IS-2
INTERRUPTIBLE GENERAL SERVICE****Availability:**

Available throughout the entire territory served by the Company.

Applicable Applicability:

Applicable To any customers, other than residential, for light and power purposes where the billing demand is 500 kW or more, and where service may be interrupted by the Company. For customer accounts established under this rate schedule after, MMDD, 2003, service is limited to premises at which an interruption of electric service will primarily affect only the customer, its employees, agents, lessees, tenants, or business guests, and will not significantly affect members of the general public, nor interfere with functions performed for the protection of public health or safety. Examples of premises at which service under this rate schedule may not be provided, unless adequate on-site backup generation is available, include, but are not limited to: retail businesses, office, and governmental facilities open to members of the general public; stores; hotels, motels; convention centers; theme parks; schools; hospitals and health care facilities; designated public shelters; detention and correctional facilities; police and fire stations; and other similar facilities.

Character of Service:

Alternating current, 60 cycle, single-phase or three-phase, at the Company's standard voltage available.

Limitation of Service:

Standby or resale service not permitted hereunder. Interruptible service under this rate schedule is not subject to interruption during any time period for economic reasons. Interruptible service under this rate schedule is subject to interruption during any time period that electric power and energy delivered hereunder from the Company's available generating resources is required to a) maintain service to the Company's firm power customers and firm power sales commitments or b) supply emergency Interchange service to another utility for its firm load obligations only. The Company will not make off-system purchases during such periods to maintain service to interruptible loads except under the conditions set forth in Special Provision No. 4 of this rate schedule.

Service under this rate is subject to the Company's currently effective and filed "General Rules and Regulations for Electric Service."

Rate per Month:**Customer Charge:**

Secondary Metering Voltage:	\$255.64
Primary Metering Voltage:	\$379.34
Transmission Metering Voltage:	\$907.50

Demand Charge:

\$4.70 per kW of Billing Demand

Interruptible Demand Credit:

\$3.08 per kW of Load Factor Adjusted Demand

Energy Charge:

Non-Fuel Energy Charge:	0.650¢ per kWh
plus Energy Conservation Cost Recovery Factor:	See Sheet No. 6.105
plus Capacity Cost Recovery Factor:	See Sheet No. 6.105
plus Environmental Cost Recovery Clause Factor:	See Sheet No. 6.105

Premium Distribution Service Charge:

Where Premium Distribution Service has been established after 12/15/98 in accordance with Subpart 2.05, General Rules and Regulations Governing Electric Service, the Customer shall pay a monthly charge determined under Special Provision No. 5 of this rate schedule for the costs of all additional equipment, or the customer's allocated share thereof, installed to accomplish automatic delivery transfer including all line costs necessary to connect to an alternate distribution circuit.

In addition, the Demand Charge included in the Rate per Month section of this rate schedule shall be increased by \$0.74 per kW for the cost of reserving capacity in the alternate distribution circuit.

Determination of Billing Demand:

The Billing Demand shall be the maximum 30-minute kW demand established during the billing period, but not less than 500 kW.

Determination of Load Factor Adjusted Demand:

The Load Factor Adjusted Demand shall be the product of the Customer's Billing Demand and the Customer's Billing Load Factor (ratio of kWh to billing kW times the number of hours in the billing period).

Delivery Voltage Credit:

When a customer takes service under this rate at a delivery voltage above standard distribution secondary voltage, the Demand charge hereunder shall be subject to the following credit:

For Distribution Primary Delivery Voltage:	\$0.27 per kW of Billing Demand
For Transmission Delivery Voltage:	\$0.63 per kW of Billing Demand

(Continued on Page No. 2)

**RATE SCHEDULE IST-2
INTERRUPTIBLE GENERAL SERVICE
OPTIONAL TIME OF USE RATE****Availability:**

Available throughout the entire territory served by the Company.

Applicable Applicability:

At the option of the Customer, applicable to customers otherwise eligible for service under Rate Schedule IS-2, provided that the total electric requirements at each point of delivery are measure through one meter. For customer accounts established under this rate schedule after MMDD, 2003, service is limited to premises at which an interruption of electric service will primarily affect only the customer, its employees, agents, lessees, tenants, or business guests, and will not significantly affect members of the general public, nor interfere with functions performed for the protection of public health or safety. Examples of premises at which service under this rate schedule may not be provided, unless adequate on-site backup generation is available, include, but are not limited to: retail businesses, offices, and governmental facilities open to members of the general public; stores; hotels; motels; convention centers; theme parks; schools; hospitals and health care facilities; designated public shelters; detention and correctional facilities; police and fire stations; and other similar facilities.

Character of Service:

Alternating current, 60 cycle, single-phase or three-phase, at the Company's standard voltage available.

Limitation of Service:

Standby or resale service not permitted hereunder. Interruptible service under this rate schedule is not subject to interruption during any time period for economic reasons. Interruptible service under this rate schedule is subject to interruption during any time period that electric power and energy delivered hereunder from the Company's available generating resources is required to a) maintain service to the Company's firm power customers and firm power sales commitments or b) supply emergency Interchange service to another utility for its firm load obligations only. The Company will not make off-system purchases during such periods to maintain service to interruptible loads except under the conditions set forth in Special Provision No. 4 of this rate schedule.

Service under this rate is subject to the Company's currently effective and filed "General Rules and Regulations for Electric Service."

Rate per Month:**Customer Charge:**

Secondary Metering Voltage:	\$ 255.64
Primary Metering Voltage:	\$ 379.34
Transmission Metering Voltage:	\$ 907.50

Demand Charge:

Base Demand Charge:	\$ 0.74 per kW of Base Demand
On-Peak Demand Charge:	\$ 4.11 per kW of On-Peak Demand

Interruptible Demand Credit: \$ 3.08 per kW of Load Factor Adjusted Demand

Energy Charge:

Non-Fuel Energy Charge:	0.922¢ per On-Peak kWh 0.526¢ per Off-Peak kWh
plus Energy Conservation Cost Recovery Factor:	See Sheet No. 6.105
plus Capacity Cost Recovery Factor:	See Sheet No. 6.105
plus Environmental Cost Recovery Clause Factor:	See Sheet No. 6.105

The On-Peak rate shall apply to energy used during designated On-Peak Periods. The Off-Peak rate shall apply to all other energy use.

Premium Distribution Service Charge:

Where Premium Distribution Service has been established after 12/15/98 in accordance with Subpart 2.05, General Rules and Regulations Governing Electric Service, the Customer shall pay a monthly charge determined under Special Provision No. 5 of this rate schedule for the costs of all additional equipment, or the customer's allocated share thereof, installed to accomplish automatic delivery transfer including all line costs necessary to connect to an alternate distribution circuit.

In addition, the Base Demand Charge included in the Rate per Month section of this rate schedule shall be increased by \$0.74 per kW for the cost of reserving capacity in the alternate distribution circuit.

Rating Periods:

(a) **On-Peak Periods** - The designated On-Peak Periods expressed in terms of prevailing clock time shall be as follows:

- (1) For the calendar months of November through March,
Monday through Friday*: 6:00 a.m. to 10:00 a.m., and 6:00 p.m. to 10:00 p.m.
- (2) For the calendar months of April through October,
Monday through Friday*: 12:00 Noon to 9:00 p.m.

* The following general holidays shall be excluded from the On-Peak Periods: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas. In the event the holiday occurs on a Saturday or Sunday, the adjacent weekday shall be excluded from the On-Peak Periods.

(Continued on Page No. 2)