



JAMES A. MCGEE
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PROGRESS ENERGY SERVICE COMPANY, LLC

January 12, 2004

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

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Re: Docket No. 030999-EI

Dear Ms. Bayó:

Based on recent discussions with Staff, we have concluded that a clarification should be added to the proposed Residential Energy Management Program revisions contained in Exhibit A to the Petition of Progress Energy Florida, Inc., previously filed in the subject docket. The clarification concerns the conditions for interrupting customer heat pump systems described in Section 2.1, item 3, of the Program Participation Standards and in Note 3 to Rate Schedule RSL-2. Staff has suggested that the adding clarification to the legislative format version of these two documents contained in Exhibit B to the Petition is not necessary and may avoid potential confusion.

Accordingly, please find enclosed for filing an original and fifteen copies of the revised Residential Load Management Program Participation Standards and Rate Schedule RSL-2 described above.

Please acknowledge your receipt of the above filing on the enclosed copy of this letter and return to the undersigned. A 3½ inch diskette containing the above-referenced documents in Word format is also enclosed. Thank you for your assistance in this matter.

Very truly yours,

James A. McGee

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JAM/scc

Enclosures

cc: Mr. Michael Haff

*Orig Tariff sheets
+ Diskettes to
ECR/Haff*

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PROGRESS ENERGY FLORIDA, INC.**PROGRAM PARTICIPATION STANDARDS
RESIDENTIAL ENERGY MANAGEMENT
(RATE SCHEDULES RSL-1 AND RSL-2)****1. PROGRAM OVERVIEW**

The Residential Energy Management Program is a direct load control program that reduces Progress Energy Florida, Inc. (PEF)'s demand during peak or emergency conditions by temporarily interrupting customer equipment (electric central heating and water heater) for specified periods of time. Customers currently on Rate Schedule RSL-1 or RSL-2 may remain on RSL-1 or RSL-2 unless they choose to exit the program or make any equipment schedule changes. Any RSL-1 or RSL-2 customers who elect to exit the program will only be eligible for the RSL-2 rate schedule. New program participants (i.e., customers not currently on RSL-1 or RSL-2) will only be eligible for the RSL-2 rate schedule with heat pump option.

Service under the RSL-1 and RSL-2 rate schedules is subject to PEF's currently effective and filed "General Rules and Regulations for Electrical Service." Standby or resale is not permitted under either of these rate schedules.

2. ELIGIBILITY REQUIREMENTS

1. The residence must be in PEF's service area and be within the range of the Company's Energy Management system.
2. The customer must be eligible for residential service under Rate Schedule RSL-1 or RSL-2 (*see the RSL-1 and RSL-2 tariffs*).

2.1 PARTICIPATION REQUIREMENTS

1. Must utilize both electric water heating and centrally ducted electric heating system(s).
2. Participants on the RSL-2 rate schedule shall have a minimum average monthly usage of 600 kWh for the months of November through March (based on the most recent billing history or, where not available, a projection for those months).
3. For heat pump systems the Company may, at its option, interrupt the secondary resistance heating elements for the entire designated Peak Period when the Company's system-wide average temperature is below 45 degrees, in which case the primary heat pump system will not be subject to interruption.
4. All installations must be accessible for inspection by a PEF employee or representative.

5. A PEF-approved, licensed contractor must complete all work.
6. Any customer requesting removal from this program will be ineligible to participate for a period of twelve months.

2.2 EQUIPMENT AND INSTALLATION SPECIFICATIONS

1. All installations must comply with all provisions of the National Electric Code (NEC) and any code or requirement of other authorities having jurisdiction.
2. The contractor shall comply with all Residential Energy Management Program Standards as specified by PEF and stated in the most current copy of the Energy Management Operations Manual.

2.3 CONTRACTOR REQUIREMENTS

1. Contractors participating in the installation of Energy Management equipment must meet the financial criteria set forth in the PEF Purchasing Standards for contractors doing business with PEF.
2. PEF reserves the right to request background checks of contractors participating in the Residential Energy Management Program.
3. All contractors installing Energy Management devices within the confines of Pinellas County must hold an electrical contractor's license and be approved by the Pinellas County Construction Licensing Board to practice in Pinellas County. All contractor employees who are certified to install Energy Management must hold an electrical journeyman's card or greater. Those contractors outside of Pinellas County must comply with the licensing requirements of the area in which they are contracted to do installations.
4. The contractor must comply with all Federal, State and local licensing, codes and regulations.
5. Contractors are responsible for the work to be performed, the necessary tools and equipment, and the supervision of employees in order to meet the work specifications and the required completion date.
6. Contractors shall indemnify and hold PEF harmless against any and all injuries, damages; claims or cost, whatsoever caused by items furnished or services performed.
7. Contractors must be insured as per specifications in the bid agreement (Services and General Terms & Conditions form).

3. INCENTIVES

The various options and associated credits are shown in the RSL-1 and RSL-2 tariffs.

4. INCENTIVE PROCESSING

Customers on the RSL-2 rate schedule will be eligible to receive a monthly credit on their electric bill for the billing months of November through March only. Customers on the RSL-1 rate schedule will be eligible to receive a monthly credit during every month of the year.

5. REPORTING REQUIREMENTS

The reporting requirements for this program will follow Rule 25-17.0021 (5) of the Florida Administrative Code.

**RATE SCHEDULE RSL-2
RESIDENTIAL LOAD MANAGEMENT – WINTER ONLY**

Availability:

Available only within the range of the Company's load management system.

Applicable:

To Customers eligible for residential service under Rate Schedule RS-1 or RSS-1 having a minimum average monthly usage of 600 kWh for the months of November through March (based on the most recent billings or, where not available, a projection for those months), and utilizing **both** an electric water heater and an electric central heating system:

Character of Service:

Continuous service, alternating current, 60 cycle, single-phase, at the Company's standard distribution secondary voltage available. Three-phase service, if available, will be supplied only under the conditions set forth in the Company's booklet "Requirements for Electric Service and Meter Installations.

Limitation of Service:

Service to the electrical equipment specified above may be interrupted at the option of the Company by means of load management devices installed on the Customer's premises.

Standby or resale service not permitted hereunder. Service under this rate schedule is subject to the Company's currently effective and filed "General Rules and Regulations for Electric Service."

Rate Per Month:

Customer Charge:	\$ 8.03
Energy and Demand Charges:	
Non-Fuel Energy Charges:	
First 1,000 kWh	3.315¢ per kWh
All additional kWh	4.315¢ per kWh
plus an Energy Conservation Cost Recovery Factor:	See Sheet No. 6.105
plus a Capacity Cost Recovery Factor:	See Sheet No. 6.105
plus an Environmental Cost Recovery Clause Factor:	See Sheet No. 6.105

Additional Charges:

Fuel Cost Recovery Factor:	See Sheet No. 6.105
Gross Receipts Tax Factor:	See Sheet No. 6.106
Right-of-Way Utilization Fee:*	See Sheet No. 6.106
Municipal Tax:*	See Sheet No. 6.106
Sales Tax:*	See Sheet No. 6.106

* If applicable

Load Management Credit Amount:¹

<u>Interruptible Equipment</u>	<u>Monthly Credit²</u>
Water Heater and Central Heating System ³	\$11.50

- Notes: (1) Load management credits shall not exceed 40% of the Non-Fuel Charge associated with kWh consumption in excess of 600 kWh/month.
- (2) For billing months of November through March only.
- (3) For heat pump systems the Company may, at its option, interrupt the secondary resistance heating elements for the entire designated Peak Period when the Company's system-wide average temperature is below 45 degrees, in which case the primary heat pump system will not be subject to interruption.

Equipment Interruption Schedule:

Central Heating	Equipment interruptions will not exceed an accumulated total of 16.5 minutes during any 30 minute interval within the Company's designated Peak Periods, except as provided in Note (3) above.
Water Heater	Equipment may be interrupted continuously, not to exceed 300 minutes, during the Company's designated Peak Periods.

(Continued on Page No. 2)

**RATE SCHEDULE RSL-2
RESIDENTIAL LOAD MANAGEMENT – WINTER ONLY**
(Continued from Page No. 1)

Peak Periods:

The designated Peak Periods, expressed in terms of prevailing clock time and subject to *Special Provision 5* below, are as follows:

For the calendar months of November through March – All Days: 6:00 a.m. to 11:00 a.m., and
6:00 p.m. to 10:00 p.m.

Terms and Conditions:

All terms and conditions of Rate Schedule RS-1, Residential Service, including Fuel Charges and other Billing Adjustments, Minimum Monthly Bill, Terms of Payment, Term of Service, and Budget Billing Plan, shall apply to service under this rate schedule.

Special Provisions:

1. The Company shall be allowed reasonable access to the Customer's premises to install, maintain, inspect, test or remove the load management devices for the electrical equipment specified above.
2. Prior to the installation of load management devices, the Company may inspect the Customer's electrical equipment specified above to ensure good repair and working condition, but the Company shall not be responsible for the repair or maintenance of such equipment.
3. The Company shall not be required to install load management devices on electrical equipment which would not be economically justified for reasons, such as excessive installation costs, insufficient load, oversized heating equipment, or abnormal utilization of the electrical equipment, including but not limited to, seasonal or other limited occupancy residences or common use facilities.
4. Multiple units of any electrical equipment specified above must all be installed with load management devices to qualify for the load management credit under this rate schedule.
5. The limitations on equipment interruptions contained in this rate schedules shall not apply during critical capacity conditions on the Company's system; nor shall limitations apply at times the Company requires additional generating resources to maintain firm power sales commitments or supply emergency interchange service to another utility for its firm load obligations only. The Company may also exercise equipment interruptions at any time for the purpose of testing or evaluating the performance of its load management system.
6. If the Company determines that the load management devices installed on a Customer's premises have been tampered with, the Company may discontinue service under this rate schedule and bill for all prior load management credits received by the Customer, unless the tampering date can be established to the Company's satisfaction, plus applicable investigative charges.
7. Billing under this rate schedule will commence with the first complete billing period following installation of the load management devices. A Customer may transfer to another rate schedule by notifying the Company at least forty-five (45) days in advance, however the Customer will not be eligible service under this rate schedule for 12 months from the date of the transfer.
8. If the Company determines that the effect of equipment interruptions has been offset by the Customer's use of supplementary or alternative electrical equipment, or if access cannot be obtained by the Company to inspect, maintain, test or remove load management devices, service under this rate schedule may be discontinued and the Customer billed for all prior load management credits received over a period not in excess of six (6) months.