



ORIGINAL

June 28, 2006

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

RECEIVED-FPSC
06 JUN 28 PM 1:11
COMMISSION
CLERK

Re: *Petition for Approval of Modified Experimental Premier Power Service Rider;*
Docket No. 060480 - E1

Dear Ms. Bayó:

Please find enclosed for filing the original and fifteen (15) copies of the petition for approval of modified experimental premier power service rider, Rate Schedule PPS-1 filed on behalf of Progress Energy Florida, Inc.

Also, enclosed is a 3 ½ inch diskette containing the petition in Word format. Please acknowledge receipt of this filing by stamping the extra copy of this cover letter and returning to the undersigned.

Thank you for your assistance in this matter.

Sincerely,

John T. Burnett LMS
John T. Burnett

Original Tariffs forwarded to ECR

JTB/lms
Enclosures

Progress Energy Florida, Inc.
106 E. College Avenue
Suite 800
Tallahassee, FL 32301

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FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE
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FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Progress Energy
Florida, Inc. for Approval to extend
the Experimental Rider to Provide
Optional Premier Power Service for
General Service Customers

Docket No.:

Submitted for filing:
June ~~28~~, 2006

PETITION

Progress Energy Florida, Inc. ("PEF"), hereby petitions the Commission for approval of modified experimental Premier Power Service Rider, Rate Schedule PPS-1 (attached hereto as Exhibit A) under which general service customers will be offered the option to receive back-up electric service from on-site generation installed and owned by PEF in the event their normal service is interrupted. In support of its Petition, PEF states as follows:

1. PEF is a public utility subject to the jurisdiction of the Commission under Chapter 366, Florida Statutes. PEF General Offices are located at 100 Central Avenue, St. Petersburg, FL 33701.
2. All notices, pleadings and other communications required to be served on petitioner should be directed to:

John T. Burnett, Esquire
Post Office Box 14042
St. Petersburg, FL 33733-4042
Telephone: (727) 820-5184
Facsimile: (727) 820-5249

For express deliveries by private courier, the address is:

100 Central Avenue
Suite CX1D
St. Petersburg, FL 33701

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

3. Premier Power Service ("PPS" or the "Service") is an optional pilot program available to eligible general service customers* under which PEF owns, operates and maintains generation with a minimum capacity of 200 kW installed on the customer's premises. The Service is offered to satisfy the needs of PEF customers who desire to improve the continuity of their service through the availability of an on-site source of generation, but also desire to avoid the ownership responsibilities of such an emergency generating facility. In addition, those PPS generating facilities on which remote dispatching controls have been installed are available to assist PEF in meeting peak demands on its system during periods of critical capacity conditions.

4. The PPS Rider includes a Monthly Service Payment provision which determines a customer-specific charge that fully reflects the total cost incurred by PEF to provide the Service (excluding the incremental cost of generation to meet system demand). By ensuring that PPS customers are responsible for all costs of the Service, the general body of ratepayers are insulated from such costs.

5. The Rider also provides for the execution of a Premier Power Service Contract between PEF and the customer that states the amount of the customer's monthly PPS payment determined in accordance with the Monthly Rate provision of the Rider, the contract term (ten-year minimum),

* The PPS program is currently available to customers with a measured demand of at least 200 kW taking service under Rate Schedules GS-1 (General Service (non-demand)), GST-1 (General Service (non-demand), Time-of-Use), GSD-1 (General Service-Demand), GSDT-1 (General Service-Demand, Time-of-Use), or GSLM-1 (General Service (non-demand), Load Management).

and other contractual terms and conditions pertinent to providing the Service. The Commission has previously approved a standard form Premier Power Service Contract in Docket No. 010373. Proposed amendments have been made to that contract, as reflected in Exhibit B to this Petition, in order to, among other things, conform the contract to the modifications requested in this Petition.

6. PEF requests that the PPS Rider be modified and extended as an experimental rate for a period of 60 months from its effective date, consistent with the terms below. In its current form, the PPS Rider is only available to customers with a measured demand of at least 200 kW. While some customers have utilized the PPS tariff in its current form, PEF has received feedback from customers suggesting that a 50 kW demand level would encourage more participation in the tariff. Consistent with current annual reporting requirements, PEF will submit annual reports to the Commission Staff regarding participation levels and the amount of generation installed. At least 60 days prior to the expiration of the Rider, PEF will submit either a petition requesting to extend or modify the Rider, or a petition requesting that the Rider tariff be closed to new participants and terminated when existing contracts expire.

WHEREFORE, PEF respectfully requests that the Commission grant this petition and approve: (1) the Premier Power Service Rider, Rate Schedule PPS-1, as modified and set forth in Exhibit A hereto, as an

experimental rate for a period of 60 months from its effective date; and (2)
the revised Premier Power Service Contract as modified and set forth in
Exhibit B hereto.

Respectfully submitted,

PROGRESS ENERGY FLORIDA, INC.

s/


John T. Burnett

Fla. Bar No. 173304

Associate General Counsel

Progress Energy Service Company, LLC

Post Office Box 14042

St. Petersburg, FL 33733-4042

Telephone: (727) 820-5184

Facsimile: (727) 820-5249

Attorney for Progress Energy Florida, Inc.

Exhibit A

Rate Schedule PPS-1

Clean Version

**RATE SCHEDULE PPS-1
GENERAL SERVICE - PREMIER POWER SERVICE RIDER
(EXPERIMENTAL)**

Availability:

Available throughout the entire territory served by the Company.

Service under this experimental schedule must be requested before July 24, 2011, unless extended by order of the Florida Public Service Commission.

Applicable:

This Rider is applicable on a voluntary basis to a Customer with a minimum measured demand of 50 kW taking service under General Service Rate Schedules GS-1, GST-1, GSD-1, GSDDT-1, or GSLM-1 when the Customer contracts with the Company to own, install, operate and maintain generation on the Customer's premises for the primary purpose of providing a back-up supply of electric service in the event normal electric supply is interrupted. The applicable General Service Rate Schedule with which this Rider is used is modified only as required by the terms hereof.

Character of Service:

Continuous service, alternating current, 60 cycle, single-phase or three-phase, at the Company's standard distribution voltage available.

Limitation of Service:

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

Monthly Service Payment:

The Monthly Service Payment under this Rider is in addition to the monthly rate determined under the applicable General Service Rate Schedule and other riders, if applicable, and shall be calculated based on the following formula:

$$\text{Monthly Service Payment} = \text{Capital Cost} + \text{Expenses}$$

Where:

Capital Cost equals a carrying cost times the levelized plant investment based upon the estimated installed cost of facilities. The carrying cost includes the cost of capital, reflecting the Company's current capital structure and most recent approved return on common equity; income taxes; property taxes; general plant; administrative and general plant-related expenses; and intangible plant. Any replacement cost expected to be incurred during the Contract Period will also be included. Any special equipment installed by the Company that is not necessary to support back-up service to the Customer shall not be included in the Monthly Service Payment.

Expenses shall be levelized over the Contract Term and shall include: Company operations and maintenance (O&M) expenses times a carrying cost that is inclusive of administrative and general and labor expenses related to O&M and cash working capital; third-party expenses for operations and maintenance, warranties, or insurance; fuel expense, based upon an estimate of the cost of fuel consumed for normal back-up operation and testing, less a credit based upon the system average cost of fuel and purchased power included in retail tariffs; inventory cost associated with fuel, materials, and supplies times a carrying cost that recovers the cost of capital and income taxes; depreciation expense, adjusted for the estimated salvage value at the end of the Contract Term; deferred income taxes; and customer accounting, customer service and information, program administration, and sales expenses. Any expenses incurred in operating the on-site generation for other than normal back-up operation and testing shall not be included in the Monthly Service Payment.

Installation cost will be recovered over the initial Contract Term. Pricing of capital-related costs and expenses shall be based upon no shorter than 10 years from the equipment's original in-service date and the resulting Monthly Service Payment shall include an upward adjustment for Contract Terms that expire prior to 10 years from this in-service date.

**RATE SCHEDULE PPS-1
GENERAL SERVICE - PREMIER POWER SERVICE RIDER
(EXPERIMENTAL)**

(Continued from Page 1)

Definition of Services:

Services provided under the terms of this Rider shall be provided by an on-site generator supplied by the Company for the purpose of continuing the supply of electricity to the Customer's site in the event the normal electric supply is interrupted. In cases where the Customer's total electric requirement exceeds the generation capability, the Customer shall arrange its electrical requirements to ensure that the electrical requirement to be supplied when normal service is interrupted will not be greater than the generation capacity. The minimum generator capacity supplied by the Company under this Rider shall be not less than 50 kW.

The Company shall have the right to operate the on-site generator at all times it deems appropriate, including, but not limited to, for the purposes of testing of the generator to verify that it will operate within required parameters, and dispatching the generator to assist in meeting system demand or for other system benefits. The generator and appropriate transfer switching shall be electrically connected on the Company's side of the billing meter; therefore, billing for generation provided during normal back-up operation and testing shall continue to be billed under the applicable General Service Rate Schedule based solely upon consumption registered on the Company's billing meter.

Minimum Monthly Bill:

The minimum monthly bill shall be the Customer's minimum bill under the applicable General Service Rate Schedule, plus the Monthly Service Payment under this Rider.

Terms of Payment:

Bills rendered hereunder are payable within the time limit specified on the bill at Company-designated locations.

Term of Service:

Service under this Rider shall be for the term specified in the Premier Power Service Contract.

Service Contract:

The Company and the Customer shall execute a Premier Power Service Contract that will state the amount of the Customer's Monthly Service Payment determined in accordance with this Rider, the Contract Term, and other terms and conditions pertinent to providing Premier Power Service.

Exhibit A

Rate Schedule PPS-1

Legislative Format

**RATE SCHEDULE PPS-1
GENERAL SERVICE - PREMIER POWER SERVICE RIDER
(EXPERIMENTAL)**

Availability:

Available throughout the entire territory served by the Company.

Service under this experimental schedule must be requested before July 24, 200~~0~~11, unless extended by order of the Florida Public Service Commission.

Applicable:

This Rider is applicable on a voluntary basis to a Customer with a minimum measured demand of 50200 kW taking service under General Service Rate Schedules GS-1, GST-1, GSD-1, GSDT-1, or GSLM-1 when the Customer contracts with the Company to own, install, operate and maintain generation on the Customer's premises for the primary purpose of providing a back-up supply of electric service in the event normal electric supply is interrupted. The applicable General Service Rate Schedule with which this Rider is used is modified only as required by the terms hereof.

Character of Service:

Continuous service, alternating current, 60 cycle, single-phase or three-phase, at the Company's standard distribution voltage available.

Limitation of Service:

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

Monthly Service Payment:

The Monthly Service Payment under this Rider is in addition to the monthly rate determined under the applicable General Service Rate Schedule and other riders, if applicable, and shall be calculated based on the following formula:

$$\text{Monthly Service Payment} = \text{Capital Cost} + \text{Expenses}$$

Where:

Capital Cost equals a carrying cost times the levelized plant investment based upon the estimated installed cost of facilities. The carrying cost includes the cost of capital, reflecting the Company's current capital structure and most recent approved return on common equity; income taxes; property taxes; general plant; administrative and general plant-related expenses; and intangible plant. Any replacement cost expected to be incurred during the Contract Period will also be included. Any special equipment installed by the Company that is not necessary to support back-up service to the Customer shall not be included in the Monthly Service Payment.

Expenses shall be levelized over the Contract Term and shall include: Company operations and maintenance (O&M) expenses times a carrying cost that is inclusive of administrative and general and labor expenses related to O&M and cash working capital; third-party expenses for operations and maintenance, warranties, or insurance; fuel expense, based upon an estimate of the cost of fuel consumed for normal back-up operation and testing, less a credit based upon the system average cost of fuel and purchased power included in retail tariffs; inventory cost associated with fuel, materials, and supplies times a carrying cost that recovers the cost of capital and income taxes; depreciation expense, adjusted for the estimated salvage value at the end of the Contract Term; deferred income taxes; and customer accounting, customer service and information, program administration, and sales expenses. Any expenses incurred in operating the on-site generation for other than normal back-up operation and testing shall not be included in the Monthly Service Payment.

Installation cost will be recovered over the initial Contract Term. Pricing of capital-related costs and expenses shall be based upon no shorter than 10 years from the equipment's original in-service date and the resulting Monthly Service Payment shall include an upward adjustment for Contract Terms that expire prior to 10-years from this in-service date.

**RATE SCHEDULE PPS-1
GENERAL SERVICE - PREMIER POWER SERVICE RIDER
(EXPERIMENTAL)**

(Continued from Page 1)

Definition of Services:

Services provided under the terms of this Rider shall be provided by an on-site generator supplied by the Company for the purpose of continuing the supply of electricity to the Customer's site in the event the normal electric supply is interrupted. In cases where the Customer's total electric requirement exceeds the generation capability, the Customer shall arrange its electrical requirements to ensure that the electrical requirement to be supplied when normal service is interrupted will not be greater than the generation capacity. The minimum generator capacity supplied by the Company under this Rider shall be not less than 50290 kW.

The Company shall have the right to operate the on-site generator at all times it deems appropriate, including, but not limited to, for the purposes of testing of the generator to verify that it will operate within required parameters, and dispatching the generator to assist in meeting system demand or for other system benefits. The generator and appropriate transfer switching shall be electrically connected on the Company's side of the billing meter; therefore, billing for generation provided during normal back-up operation and testing shall continue to be billed under the applicable Ggeneral Sservice Rrate Sschedule based solely upon consumption registered on the Company's billing meter.

Minimum Monthly Bill:

The minimum monthly bill shall be the Customer's minimum bill under the applicable Ggeneral Sservice Rrate Sschedule, plus the Monthly Service Payment under this Rider.

Terms of Payment:

Bills rendered hereunder are payable within the time limit specified on the bill at Company-designated locations.

Term of Service:

Service under this Rider shall be for the term specified in the Premier Power Service Contract.

Service Contract:

The Company and the Customer shall execute a Premier Power Service Contract that will state the amount of the Customer's Monthly Service Payment determined in accordance with this Rider, the Contract Term, and other terms and conditions pertinent to providing Premier Power Service.

Exhibit B

Premier Power Service Contract

Clean Version

PREMIER POWER SERVICE CONTRACT

The undersigned (hereinafter "the Customer") hereby applies to Progress Energy Florida, Inc. (hereinafter "the Company") for backup electric services to the Customer's _____ (hereinafter "the Customer's Facility") located in _____ County, Florida, to be provided by an on-site generator installed, owned, operated and maintained by the Company for the purpose of continuing the supply of electricity to the Customer's Facility in the event the Customer's normal electric supply is interrupted and assisting the Company in meeting peak demands on the Company's system during periods of critical capacity conditions (hereinafter "the Services"). The Services shall be rendered in accordance with the terms of the Company's Premier Power Service Rider, Rate Schedule PPS-1 (hereinafter "the PPS Rider," which is hereby incorporated into this Contract by this reference), as approved or subsequently revised by the Florida Public Service Commission, which is hereby incorporated into this Contract by this reference (a copy of the currently effective PPS Rider is attached hereto), and the following terms and conditions:

1. Effective Date

This Contract shall become effective upon the acceptance hereof by the Company, evidenced by the signature of its authorized representative appearing below, which, in conjunction with the PPS Rider and, subject to the terms of this Contract, the technical specifications described in the Company's proposal letter dated _____, 20__, shall constitute the entire agreement between the Customer and the Company with respect to provision of the Services. In the event of any conflict between the Company's proposal letter and the PPS Rider, in conjunction with this Contract, the PPS Rider, in conjunction with this Contract shall prevail.

2. Term of Contract

The term of this Contract is from _____, 20__, or from the date the Services are first provided hereunder, whichever is later and continuing until _____, months after the date services are first provided.

3. Customer Payments

The Customer's Monthly Service Payment determined in accordance with the PPS Rider shall be \$_____, exclusive of present or future federal, state, municipal or other sales, use, gross receipts, or property tax, or similar charge with respect to the Services, which the Customer shall also pay. If the Customer fails to pay any amount owed the Company hereunder when due, such past due amounts shall accrue interest at the rate of 18% per annum or the maximum legal rate, whichever is lower. Further if the Customer fails to make any undisputed payment owed the Company hereunder within five (5) business days of receiving written notice from the Company that such payment is past due, the Company may suspend the Services to the Customer. In the event that the Customer fails to pay any past due amounts for a period of sixty (60) days, the Company shall have the right to access and remove the facilities at the Customer's expense. In such a circumstance, the Customer shall be responsible for paying a Termination Fee as more fully described in Section 8 below. Additionally, the Customer shall be liable to the Company for any attorney fees or other costs incurred in collection of this payment or any other amount due under this Contract. The Customer's obligations under this Section 3 shall survive the termination or cancellation of this Contract.

4. Provision of Services and Installation Schedule

The Company shall furnish labor, supervision, equipment, materials and transportation reasonably necessary to provide the Services. The Company shall be entitled to rely on the accuracy of any information provided by the Customer, which information is warranted by the Customer to be accurate and correct. Such information shall include, but is not limited to, the information the Customer is required to provide as described in Section 5 below. In the event of any unforeseen difficulties in performance of the Services due to conditions at the work site or due to the inaccuracy of any information relied upon by the Company, the Customer shall be liable and reimburse the Company for any increased costs or expenses incurred by the Company as a result of such difficulties, and the Monthly Service Payment, the Company's proposal letter, and Contract Term shall be equitably adjusted to compensate Company for any additional or increased work or time the Company may be required to incur. The Company shall exercise commercially reasonable efforts to commence the Services. The completion schedule for providing the Services shall be equitably adjusted to compensate the Company for any such unanticipated delays or delays to the installation or startup of the facilities for any reasons beyond the fault and neglect of the Company.

(Continued on Page 2)

5. Customer Responsibilities

The Customer shall provide a location on its premises for installation of the Company's facilities, any necessary access to the work site, as well as a reasonable lay-down area to perform the Services. Further, the Customer shall, so long as is necessary to provide the Services, provide access to the Company, upon reasonable notice to Customer (except in the case of an emergency, declared by the Company, in its sole discretion, in which case the Customer agrees that the Company has permission to access the Company's facilities without any prior notice to the Customer), for operation, maintenance and repair of the Company's facilities. Accordingly, the Customer shall be obligated, at its sole expense, to keep the premises on which the Company's facilities are located free and clear of anything that may impair the operation, maintenance and repair of such facilities or cause damage to the Company's facilities. In the event that the Customer fails to keep the premises on which the Company's facilities are located free and clear as described herein, the Company shall provide notice to the Customer of the Customer's failure to do so. If the Customer has not fully satisfied its obligation as described herein within five (5) business days of its receipt of such notice, the Company may either (i) suspend the Services to the Customer or (ii) clear the premises on which the Company's facilities are located on of anything that may impair the operation, maintenance and repair of such facilities. In the event that the Company chooses option (ii) above, the Customer shall be liable and reimburse the Company for all costs associated with the work performed.

Any delays or additional cost incurred by Company because of inadequate access to the work site shall be grounds for an equitable adjustment in the schedule and the Monthly Service Payment. The Company shall have the right to suspend the Services or adjust the schedule accordingly in the event that there is inadequate access to the work site, or if any required information is not promptly provided, or in the event that the safety of any person or property might be jeopardized by continuing with the Services. The Customer shall provide, at no cost to the Company, any plans, specifications, drawings or information that may be necessary or useful in the performance of the Services. The Customer will ensure that all Occupational Safety and Health Act requirements are adhered to for the area where any Company equipment in support of the Services is to be based. In the event of damage to Company owned equipment that is caused by the Customer or the Customer's agents, or any other cause not due to the fault or neglect of the Company the Customer agrees to pay all repair or replacement costs associated with the damage.

6. Permits and Regulatory Requirements

Other than acquiring its general business license, which the Company shall obtain and maintain, the Customer shall be responsible for obtaining any license or permit required of the Company in the Company's name to enable it to provide the Services. The Customer assumes the risk and responsibility for such compliance (including any changes to such requirements), and for securing such permits, licenses, and approvals from the proper authorities, and for paying any associated costs or fees should compliance with any laws, rules, regulations, or ordinances of any federal, state, or local authority, or of any agency thereof (including, but not limited to, certification to do business as a foreign corporation) require any changes in the Services; or should any permits, licenses, or approvals of plans and specifications for the Services or should any permits, licenses, or approvals for the installation or use thereof be required.

7. Installed Equipment

The Customer agrees that any equipment installed on the Customer's premises for the express purpose of providing the Services is and will remain the sole property of the Company until such time as the Customer may wish to exercise its purchase rights set forth in Section 9 below. The Company reserves the right to modify or upgrade equipment as the Company deems necessary, in its sole discretion, for the continued supply of these Services. If equipment modifications or upgrades are requested by the Customer, however, any such modifications or upgrades will be at the Customer's expense. Additionally, the Customer shall be liable and reimburse the Company for any costs incurred by the Company in repairing or replacing the facilities because of damage that is due to the fault or negligence of the Customer.

8. Early Termination of Contract

The Customer has the right to terminate this Contract before the entire Contract Term has expired, provided that the Customer a) notifies the Company in writing a minimum of 60 days prior to termination of the Services and b) pays a Termination Fee. The Termination Fee will be calculated by taking the sum of the Customer's payments remaining in the Contract Term, adding an estimated removal cost, and subtracting therefrom the sum of avoided costs, including but not limited to maintenance costs, if any, and the estimated salvage value as reasonably determined by the Company. In the event of any termination of this Contract before the end of the Contract Term, the Company shall also be compensated for all Services provided to Customer prior to the effective date of termination, and for all costs reasonable incurred by the Company in preparation for the providing of Services prior to the effective date of any termination of this Contract or any termination of Services being provided pursuant to this Contract.

9. End of Contract

At the end of the Contract Term the Customer shall have the option to a) renew the terms of this Contract for an agreed upon period at an agreed upon price between the Company and the Customer, b) purchase equipment, if any, that has been installed on Customer's premises at an agreed upon price, or c) terminate this Contract which will require removal of any equipment owned and installed by the Company for the purpose of providing the Services. If the Company does not receive Customer's written confirmation as to which option is being selected within 60 days prior to the end of the Contract Term or if options (a) or (b) are selected but the parties have failed to reach agreement upon the renewal term or the price to be paid, Customer will be deemed to have selected option (c) to terminate.

(Continued on Page 3)

10. Warranty

The Company warrants that Services shall be performed in accordance with generally accepted industry practices. THE WARRANTY SET FORTH ABOVE IS EXCLUSIVE, AND NO OTHER WARRANTY OR REMEDY OF ANY KIND, WHETHER STATUTORY, WRITTEN, ORAL, EXPRESS, OR IMPLIED, INCLUDING WITHOUT LIMITATION WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, OR WARRANTIES ARISING FROM COURSE OF DEALING OR USAGE OF TRADE, SHALL APPLY.

The Customer warrants that the premises on which the Company's facilities are to be located is suitable for the location of such facilities. The Customer further warrants that the placing of such facilities on such premises complies with all laws, rules, regulations, ordinances, zoning requirements or any other federal, state or local governmental requirements.

11. Limitation of Liability and Indemnification

Notwithstanding anything herein to the contrary, neither the Company nor its employees, its subcontractors or suppliers shall be liable for any direct, indirect, general, special, incidental, exemplary, or consequential loss or damage of any nature arising out of their performance or non-performance hereunder. Further, notwithstanding anything herein to the contrary, in no event shall the Company's liability arising out of or in connection with the performance or non-performance of the Services exceed the Customer's payments received by the Company pursuant to Section 3 above. The provisions of this Section 11 shall apply whether such liability arises in contract, tort (including negligence), strict liability or otherwise.

The Customer shall arrange its electrical requirements to ensure that the electrical requirement to be supplied when normal service is interrupted will not be greater than the generation capacity. Accordingly, in no event shall the Company be liable for any claims, damages, cost, expenses or causes of action arising out of the failure of the Customer to so arrange its electrical requirements. Further, the Customer shall indemnify, defend and hold harmless the Company from any claims, liabilities, obligations, damages, costs and expenses (including, but not limited to, reasonable attorney's fees) or causes of action of whatsoever kind or nature for injury or death to any person and for damage to or destruction of property, to the extent resulting from the failure of the Customer to so arrange its electrical requirements.

12. Force Majeure

Except for the Customer's obligation to pay the Company any sum of money owed the Company hereunder, neither party shall be liable for its failure to perform hereunder if such failure is due to any act or circumstance beyond the reasonable control, and not due to the fault or neglect of, of the party claiming the event of force majeure including, but not limited to the following acts or circumstances: (i) act(s) of God, (ii) war or wars, (iii) government regulation by a governmental authority having jurisdiction (including, but not limited to, any law, rule, order, proclamation, regulation, ordinance, demand, or requirement of any governmental agency), (iv) act(s) or threatened act(s) of terror, including, but not limited to any acts by organized groups of terrorists or any acts of a public enemy (v) disaster(s) (including, but not limited to, hurricane, tornado, tropical storm, earthquake, or major storm), (vi) any pandemic, epidemic, pestilence, plague, or outbreak, (vii) strike, lockout, or industrial disputes, (viii) civil disorder, riot, or disturbance of the peace, (ix) any third party act for which the party who fails to perform is not responsible, or (x) any other condition or circumstance, whether similar to or different from the foregoing (it being agreed that the foregoing enumeration shall not limit or be characteristic of such conditions or circumstances) beyond the reasonable control and fault of the party claiming the force majeure event.

In the event that either party is rendered unable, wholly or in part, by reason of an event of force majeure to perform any obligations set forth in the Contract, other than the Customer's obligation to pay a sum of money owed hereunder to the Company, then such party shall give the other party written notice and reasonably full particulars of such event as soon as practicable after the occurrence thereof, and thereafter, the obligations of both parties shall be suspended to the extent and for the period of such force majeure condition and such cause shall be remedied with all reasonable dispatch. Settlement of strikes and lockouts shall be entirely within the discretion of the party affected and the requirement that any event of force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of the parties directly or indirectly involved in such strikes or lockouts when such course is inadvisable in the discretion of the party having such difficulty.

To the extent the force majeure event causes a delay or an increase in costs or expenses to the Company, the Customer shall be liable to the Company for all increased costs and expenses incurred by the Company as a result of such force majeure event. In no event shall the Company be responsible for any damages arising out of any failure to perform or delay arising as a result of such force majeure event.

13. Non-Waiver

The failure of either party to insist upon the performance of any term or condition of this Contract or to exercise any right hereunder on one or more occasions shall not constitute a waiver or relinquishment of its right to demand future performance of such term or condition, or to exercise such right in the future.

14. Regulatory Authority and Governing Law

The Services provided under this Contract are subject to the regulatory authority of the Florida Public Service Commission (hereinafter "the FPSC"), and shall also be governed by the laws of the State of Florida. This Contract is subject to changes or substitutions, either in whole or in part, made from time to time by order of the FPSC, and each party to this Contract reserves the right to seek approval of such changes or substitutions, in accordance with law, from the FPSC. Unless specified otherwise, any such changes or substitutions shall become effective immediately and shall nullify all prior provisions in conflict therewith.

(Continued on Page 4)



15. Dispute Resolution

The Company and the Customer shall endeavor to resolve any claim or other matter in question between the parties to this Contract arising out of or related in any way to this Contract by negotiation or mutual agreement. A court of competent jurisdiction in the State of Florida only shall decide any unresolved claim or other matter in question between the parties to this Contract arising out of or related in any way to this Contract, such court having sole and exclusive jurisdiction over any such matters. In no event will any such claim be submitted to arbitration, or to a court in any other jurisdiction, without the express written consent of both Parties.

16. Entire Agreement

The Contract constitutes the entire understanding between the Company and the Customer relating to the subject matter hereof, superseding any prior or contemporaneous agreements or understanding between the parties. The parties shall not be bound by or be liable for any statement, prior negotiation, correspondence, representation, promise, draft agreements, inducement or understanding of any kind or nature not set forth or provided for herein. No prior course of dealing, usage of trade or course of performance shall be used to supplement or explain any term, condition, or instruction used in this Contract.

17. Modification

No statements or agreements, oral or written, made prior to the date hereof, shall vary or modify the written terms set forth herein and neither party shall claim any amendment, modification or release from any provision hereof by reason of a course of action or mutual agreement unless such agreement is in writing, signed by both parties and specifically states it is an amendment to this Contract.

18. Severability

In the event any provision, or any part or portion of any provision of this Contract shall be deemed or defined by any law or order any court or any governmental agency, or regulatory body having jurisdiction over either party, or held or declared by a court of competent jurisdiction to be unlawful, invalid, void or otherwise unenforceable, the rights and obligations of the parties shall be reduced or abated only to the extent required to remove or cure such illegal or unenforceable portion, so long as the Contract is not affected in a manner or to the extent which would render it economically, technically, materially, or commercially infeasible to either party.

IN WITNESS WHEREOF, the parties have duly executed this Contract.

Customer

Florida Power Corporation d/b/a
Progress Energy Florida, Inc.

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Exhibit B

Premier Power Service Contract

Legislative Format

PREMIER POWER SERVICE CONTRACT

The undersigned (hereinafter "the Customer") hereby applies to Progress Energy Florida, Inc. (hereinafter "the Company") for backup electric services to the Customer's _____ (hereinafter "the Customer's Facility") located in _____ County, Florida, to be provided by an on-site generator installed, owned, operated and maintained by the Company for the purpose of continuing the supply of electricity to the Customer's Facility in the event the Customer's normal electric supply is interrupted. ~~Such backup services and assisting the Company in meeting peak demands on the Company's system during periods of critical capacity conditions~~ (hereinafter "the Services"). The Services shall be rendered in accordance with the terms of the Company's Premier Power Service Rider, Rate Schedule PPS-1 (hereinafter "the PPS Rider," which is hereby incorporated into this Contract by this reference), as approved or subsequently revised by the Florida Public Service Commission, which is hereby incorporated into this Contract by this reference (a copy of the currently effective PPS Rider is attached hereto), and the following terms and conditions:

1. Effective Date

This Contract shall become effective upon the acceptance hereof by the Company, evidenced by the signature of its authorized representative appearing below, which, in conjunction with the PPS Rider and, subject to the terms of this Contract, the technical specifications described in the Company's proposal letter dated _____, 20__, shall constitute the entire agreement between the Customer and the Company with respect to provision of the Services. In the event of any conflict between the Company's proposal letter and the PPS Rider, in conjunction with this Contract, the PPS Rider, in conjunction with this Contract shall prevail.

2. Term of Contract

The term of this Contract is from _____, 20__, or from the date the Services are first taken ~~provided~~ hereunder, whichever is later and continuing until _____, 20__ ~~months after the date services are first provided.~~

3. Customer Payments

The Customer's Monthly Service Payment determined in accordance with the PPS Rider shall be \$ _____, exclusive of present or future federal, state, municipal or other sales, use, gross receipts, or property tax, or similar charge with respect to the Services, which the Customer shall also pay. Theif the Customer fails to pay any amount owed the Company hereunder when due, such past due amounts shall accrue interest at the rate of 18% per annum or the maximum legal rate, whichever is lower. Further if the Customer fails to make any undisputed payment owed the Company hereunder within five (5) business days of receiving written notice from the Company that such payment is past due, the Company may suspend the Services to the Customer. In the event that the Customer fails to pay any past due amounts for a period of sixty (60) days, the Company shall have the right to access and remove the facilities at the Customer's expense. In such a circumstance, the Customer shall be responsible for paying a Termination Fee as more fully described in Section 8 below. Additionally, the Customer shall be liable to the Company for any attorney fees or other costs incurred in collection of this payment or any other amount due under this Contract. The Customer's obligations under this Section 3 shall survive the termination or cancellation of this Contract.

4. Provision of Services and Installation Schedule

The Company shall furnish labor, supervision, equipment, materials and transportation reasonably necessary to provide the Services. The Company shall be entitled to rely on the accuracy of any information provided by the Customer, which information is warranted by the Customer to be accurate and correct. Such information shall include, but is not limited to, the information the Customer is required to provide as described in Section 5 below. In the event of any unforeseen difficulties in performance of the Services due to conditions at the work site or due to the inaccuracy of any information relied upon by the Company, the Customer shall indemnify, be liable and reimburse the Company for any increased costs or expenses incurred by the Company as a result of such difficulties, and the Monthly Service Payment, the Company's proposal letter, and Contract Term shall be equitably adjusted to compensate Company for any additional or increased work or time the Company may be required to perform incur. The Company shall exercise commercially reasonable efforts to commence the Services by the date specified in Section 2 above; however, ~~the Customer understands this date is based upon an initial estimate of the time needed to complete installation of the facilities required to provide the Services, and the Company's obligation to deliver the Services by this date is therefore contingent upon the Company receiving the necessary equipment in sufficient time to complete installation on or before that date.~~ The completion schedule for providing the Services shall be equitably adjusted to compensate the Company for any such unanticipated delays or delays to the installation or startup of the facilities for any reasons beyond the fault and neglect of the Company.

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5. Customer Responsibilities

The Customer shall provide a location on ~~premises~~ its premises for installation of the Company's facilities, any necessary access to the work site, as well as a reasonable lay-down area to perform the Services. Further, the Customer shall, so long as is necessary to provide the Services, provide access to the Company, upon reasonable notice to Customer (except in the case of an emergency, declared by the Company, in its sole discretion, in which case the Customer agrees that the Company has permission to access the Company's facilities without any prior notice to the Customer), for operation, maintenance and repair of the Company's facilities. Accordingly, the Customer shall be obligated, at its sole expense, to keep the premises on which the Company's facilities are located free and clear of anything that may impair the operation, maintenance and repair of such facilities or cause damage to the Company's facilities. In the event that the Customer fails to keep the premises on which the Company's facilities are located free and clear as described herein, the Company shall provide notice to the Customer of the Customer's failure to do so. If the Customer has not fully satisfied its obligation as described herein within five (5) business days of its receipt of such notice, the Company may either (i) suspend the Services to the Customer or (ii) clear the premises on which the Company's facilities are located on of anything that may impair the operation, maintenance and repair of such facilities. In the event that the Company chooses option (i) above, the Customer shall be liable and reimburse the Company for all costs associated with the work performed.

Any delays or additional cost incurred by Company because of inadequate access to the work site shall be grounds for an equitable adjustment in the schedule and the Monthly Service Payment. The Company shall have the right to suspend the Services or adjust the schedule accordingly in the event that there is inadequate access to the work site, or if any required information is not promptly provided, or in the event that the safety of any person or property might be jeopardized by continuing with the Services. The Customer shall provide, at no cost to the Company, any plans, specifications, drawings or information that may be necessary or useful in the performance of the Services. The Customer will ensure that all Occupational Safety and Health Act requirements are adhered to for the area where any Company equipment in support of the Services is to be stored based. In the event of damage to Company owned equipment that is caused by the Customer or the Customer's agents, or any other cause not due to the fault or neglect of the Company the Customer agrees to pay all repair or replacement costs associated with the damage.

6. Permits and Regulatory Requirements

The Company Other than acquiring its general business license, which the Company shall obtain and maintain, the Customer shall be responsible for obtaining any license or permit required of the Company in the Company's name to enable it to provide the Services. The Customer assumes the risk and responsibility for such compliance or change, or (including any changes to such requirements), and for securing such permits, licenses, and approvals from the proper authorities, and for paying any associated costs or fees should compliance with any laws, rules, regulations, or ordinances of any federal, state, or local authority, or of any agency thereof (including, but not limited to, certification to do business as a foreign corporation) require any changes in the Services; or should any permits, licenses, or approvals of plans and specifications for the Services or should any permits, licenses, or approvals for the installation or use thereof be required.

7. Installed Equipment

The Customer agrees that any equipment installed on the Customer's premises for the express purpose of providing the Services is and will remain the sole property of the Company until such time as the Customer may wish to exercise its purchase rights set forth in Section 8.—9 below. The Company reserves the right to exchange modify or upgrade equipment as the Company deems necessary, in its sole discretion, for the continued supply of these Services. Any such equipment exchange or upgrade will be at no additional cost to the Customer unless specifically requested by the equipment modifications or upgrades are requested by the Customer, however, any such modifications or upgrades will be at the Customer's expense. Additionally, the Customer shall be liable and reimburse the Company for any costs incurred by the Company in repairing or replacing the facilities because of damage that is due to the fault or negligence of the Customer.

8. Early Termination of Contract

The Customer has the right to terminate this Contract before the entire Contract Term has expired, provided that the Customer a) notifies the Company in writing a minimum of 60 days prior to termination of the Services and b) pays a Termination Fee. The Termination Fee will be calculated by taking the sum of the Customer's payments remaining in the Contract Term, adding an estimated removal cost, and subtracting therefrom the sum of avoided costs, including but not limited to maintenance costs, if any, and the estimated salvage value as mutually agreed upon reasonably determined by the Company and the Customer. In the event of any termination of this Contract before the end of the Contract Term, the Company shall also be compensated for all Services provided to Customer prior to the effective date of termination, and for all costs reasonable incurred by the Company in preparation for the providing of Services prior to the effective date of any termination of this Contract or any termination of Services being provided pursuant to this Contract.

9. End of Contract

At the end of the Contract Term the Customer shall have the option to a) renew the terms of this Contract for an agreed upon period at an agreed upon price between the Company and the Customer, b) purchase equipment, if any, that has been installed on Customer's premises at an agreed upon price, or c) terminate this Contract which will require removal of any equipment owned and installed by the Company for the purpose of providing the Services. If the Company does not receive Customer's written confirmation as to which option is being selected within 60 days prior to the end of the Contract Term or if options (a) or (b) are selected but the parties have failed to reach agreement upon the renewal term or the price to be paid, Customer will be deemed to have selected option (c) to terminate.

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10. Warranty

The Company warrants that Services shall be performed in accordance with generally accepted industry practices. The Company further warrants that the Services will perform as expressed in this Contract. THE WARRANTY SET FORTH ABOVE IS EXCLUSIVE, AND NO OTHER WARRANTY OR REMEDY OF ANY KIND, WHETHER STATUTORY, WRITTEN, ORAL, EXPRESS, OR IMPLIED, INCLUDING WITHOUT LIMITATION WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, OR WARRANTIES ARISING FROM COURSE OF DEALING OR USAGE OF TRADE, SHALL APPLY.

The Customer warrants that the premises on which the Company's facilities are to be located is suitable for the location of such facilities. The Customer further warrants that the placing of such facilities on such premises complies with all laws, rules, regulations, ordinances, zoning requirements or any other federal, state or local governmental requirements.

11. Limitation of Liability and Indemnification

Neither Notwithstanding anything herein to the contrary, neither the Company nor its employees, its subcontractors or suppliers shall be liable for any direct, indirect, general, special, incidental, exemplary, or consequential loss or damage of any nature arising out of their performance or non-performance hereunder: In Further, notwithstanding anything herein to the contrary, in no event shall the Company's liability arising out of or in connection with the performance or non-performance of the Services exceed the Customer's payments received by the Company pursuant to Section 3 above. The provisions of this Section 4011 shall apply whether such liability arises in contract, tort (including negligence), strict liability or otherwise.

The Customer shall arrange its electrical requirements to ensure that the electrical requirement to be supplied when normal service is interrupted will not be greater than the generation capacity. Accordingly, in no event shall the Company be liable for any claims, damages, cost, expenses or causes of action arising out of the failure of the Customer to so arrange its electrical requirements. Further, the Customer shall indemnify, defend and hold harmless the Company from any claims, liabilities, obligations, damages, costs and expenses (including, but not limited to, reasonable attorney's fees) or causes of action of whatsoever kind or nature for injury or death to any person and for damage to or destruction of property, to the extent resulting from the failure of the Customer to so arrange its electrical requirements.

12. Force Majeure

Except for the Customer's obligation to pay the Company any sum of money owed the Company hereunder, neither party shall be liable for its failure to perform hereunder if such failure is due to any act or circumstance beyond the reasonable control, and not due to the fault or neglect of, of the party claiming the event of force majeure including, but not limited to the following acts or circumstances: (i) act(s) of God, (ii) war or wars, (iii) government regulation by a governmental authority having jurisdiction (including, but not limited to, any law, rule, order, proclamation, regulation, ordinance, demand, or requirement of any governmental agency), (iv) act(s) or threatened act(s) of terror, including, but not limited to any acts by organized groups of terrorists or any acts of a public enemy (v) disaster(s) (including, but not limited to, hurricane, tornado, tropical storm, earthquake, or major storm), (vi) any pandemic, epidemic, pestilence, plague, or outbreak, (vii) strike, lockout, or industrial disputes, (viii) civil disorder, riot, or disturbance of the peace, (ix) any third party act for which the party who fails to perform is not responsible, or (x) any other condition or circumstance, whether similar to or different from the foregoing (it being agreed that the foregoing enumeration shall not limit or be characteristic of such conditions or circumstances) beyond the reasonable control and fault of the party claiming the force majeure event.

In the event that either party is rendered unable, wholly or in part, by reason of an event of force majeure to perform any obligations set forth in the Contract, other than the Customer's obligation to pay a sum of money owed hereunder to the Company, then such party shall give the other party written notice and reasonably full particulars of such event as soon as practicable after the occurrence thereof, and thereafter, the obligations of both parties shall be suspended to the extent and for the period of such force majeure condition and such cause shall be remedied with all reasonable dispatch. Settlement of strikes and lockouts shall be entirely within the discretion of the party affected and the requirement that any event of force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of the parties directly or indirectly involved in such strikes or lockouts when such course is inadvisable in the discretion of the party having such difficulty.

To the extent the force majeure event causes a delay or an increase in costs or expenses to the Company, the Customer shall be liable to the Company for all increased costs and expenses incurred by the Company as a result of such force majeure event. In no event shall the Company be responsible for any damages arising out of any failure to perform or delay due to any cause beyond the Company's reasonable control. In such event, the Company shall be entitled to an extension of time as necessary to overcome the cause of the failure to perform or delay arising as a result of such force majeure event.

13. Non-Waiver

The failure of either party to insist upon the performance of any term or condition of this Contract or to exercise any right hereunder on one or more occasions shall not constitute a waiver or relinquishment of its right to demand future performance of such term or condition, or to exercise such right in the future.

14. Regulatory Authority and Governing Law

The Services provided under this Contract are subject to the regulatory authority of the Florida Public Service Commission (hereinafter "the FPSC"), and shall also be governed by the laws of the State of Florida. This Contract is subject to changes or substitutions, either in whole or in part, made from time to time by order of the FPSC, and each party to this Contract reserves the right to seek approval of such changes or substitutions, in accordance with law, from the FPSC. Unless specified otherwise, any such changes or substitutions shall become effective immediately and shall nullify all prior provisions herein in conflict therewith.

HELD FOR FUTURE USE

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15. Dispute Resolution

The Company and the Customer shall endeavor to resolve any claim or other matter in question between the parties to this Contract arising out of or related in any way to this Contract by negotiation or mutual agreement. A court of competent jurisdiction in the State of Florida only shall decide any unresolved claim or other matter in question between the parties to this Contract arising out of or related in any way to this Contract, such court having sole and exclusive jurisdiction over any such matters. In no event will any such claim be submitted to arbitration or to a court in any other jurisdiction, without the express written consent of both Parties.

16. Entire Agreement

The Contract constitutes the entire understanding between the Company and the Customer relating to the subject matter hereof, superseding any prior or contemporaneous agreements or understanding between the parties. The parties shall not be bound by or be liable for any statement, prior negotiation, correspondence, representation, promise, draft agreements, inducement or understanding of any kind or nature not set forth or provided for herein. No prior course of dealing, usage of trade or course of performance shall be used to supplement or explain any term, condition, or instruction used in this Contract.

17. Modification

No statements or agreements, oral or written, made prior to the date hereof, shall vary or modify the written terms set forth herein and neither party shall claim any amendment, modification or release from any provision hereof by reason of a course of action or mutual agreement unless such agreement is in writing, signed by both parties and specifically states it is an amendment to this Contract.

18. Severability

In the event any provision, or any part or portion of any provision of this Contract shall be deemed or defined by any law or order any court or any governmental agency, or regulatory body having jurisdiction over either party, or held or declared by a court of competent jurisdiction to be unlawful, invalid, void or otherwise unenforceable, the rights and obligations of the parties shall be reduced or abated only to the extent required to remove or cure such illegal or unenforceable portion, so long as the Contract is not affected in a manner or to the extent which would render it economically, technically, materially, or commercially infeasible to either party.

IN WITNESS WHEREOF, the parties have duly executed this Contract.

Customer

Florida Power Corporation d/b/a
Progress Energy Florida, Inc.

By: _____

By: _____

Title: _____

Title: _____

Title: _____

Date: _____

Date: _____

Date: _____

Date: _____