

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition for approval of revisions to optional curtailable service program, by Florida Power & Light Company. | DOCKET NO. 060407-EI
ORDER NO. PSC-06-0660-TRF-EI
ISSUED: August 7, 2006

The following Commissioners participated in the disposition of this matter:

LISA POLAK EDGAR, Chairman
J. TERRY DEASON
ISILIO ARRIAGA
MATTHEW M. CARTER II
KATRINA J. TEW

ORDER APPROVING REVISIONS TO
OPTIONAL CURTAILABLE SERVICE PROGRAM

BY THE COMMISSION:

Background

On May 19, 2006, Florida Power & Light Company (FPL) filed a petition for approval of revisions to its optional curtailable service program. We have jurisdiction pursuant to Sections 366.05(1) and 366.06(1), Florida Statutes.

Curtilable Service Program

The curtilable service program is a load control program that is available to commercial/industrial customers with a minimum monthly demand of 500 kilowatts (kW). Customers who choose to take service under a curtilable rate agree to curtail at least 200 kW of their load when requested by FPL. FPL may request customers to curtail their load at times of capacity shortage during peak or emergency conditions. Customers receive advance notification by FPL of a curtailment period. FPL has proposed to revise the notice customers must give FPL to discontinue service under the curtilable service program and return to a firm rate schedule from one year to three years. FPL has not proposed to revise any of the charges or credits. FPL recovers the credits through base rates.

To receive curtilable service, the customer contracts for a firm demand level and any load above the firm level is subject to curtailment. In return, the customer receives a monthly demand credit of \$1.56 per kW which is applied to the customer's maximum monthly demand subject to curtailment. If a customer fails to comply with FPL's request to curtail and exceeds the contracted firm demand during a curtailment period, the customer is billed a penalty. Specifically, the customer is rebilled the \$1.56 per kW credit for the prior 12 months or the number of months since the prior curtailment period, whichever is less, and a penalty charge of

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\$3.36 per kW for the current month. The kW used for both the rebilling and the penalty charge is the difference between the maximum demand and the firm demand during the curtailment period. The rebilling is designed to recover the curtailment credits paid out in the months preceding the curtailment period in which the customer failed to curtail. The penalty charge constitutes a one-time charge. Under FPL's proposal for a three-year termination notice, the rebilling maximum period for non-compliance during a curtailment period will increase from 12 months to 36 months.

As of May 2006, 68 customers take service under FPL's curtailable rates. After 120 days from the effective date of the tariff revision, FPL proposes to either execute a revised agreement for curtailable service with the customers or the customers may elect to receive service under another existing tariff.

Currently FPL treats its curtailable load as firm load, i.e., FPL plans to serve this load and therefore the termination notice is not a factor for generation planning. However, based on our approval of FPL's proposed revision to the notice requirement, FPL states that it will treat the curtailable load as non-firm when planning for its generation needs. The purpose of the proposed three-year notice requirement is to allow FPL to plan to serve non-firm load that switches to firm load. The curtailable load is approximately 30 megawatts. FPL states that when submitting its next Ten-Year Site Plan to the Commission for review, the plan will include an additional 30 megawatts of non-firm load. The three years is based on the estimated time needed to permit and construct a combustion turbine.

Since FPL plans to treat the curtailable load as non-firm load for generation planning purposes, we believe that a three-year notice requirement to transfer to a firm rate schedule is appropriate, given the estimated construction lead times required of a combustion turbine. This Commission approved a similar three-year notice requirement for Progress Energy Florida's interruptible (IS-2) and curtailable (CS-2) rate schedules in Order No. PSC-96-0842-FOF-EI, issued July 1, 1996, in Docket No. 950645-EI, In Re: Determination of cost-effective level of DSM credit for interruptible and curtailable rate classes of Florida Power Corporation. Accordingly, based on the foregoing, FPL's revision to its curtailable service program is hereby approved.

Based on the foregoing, it is

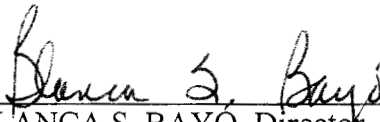
ORDERED by the Florida Public Service Commission that Florida Power & Light Company's revision to its optional curtailable service program is hereby approved as set forth in the body of this Order. It is further

ORDERED that this tariff is hereby approved effective July 18, 2006. It is further

ORDERED that if a timely protest is filed within 21 days of the issuance of this Order, the tariff shall remain in effect, with any revenues held subject to refund, pending resolution of the protest. It is further

ORDERED that if no timely protest is filed, this docket shall be closed upon the issuance of a Consummating Order.

By ORDER of the Florida Public Service Commission this 7th day of August, 2006.



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

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NOTICE OF FURTHER PROCEEDINGS

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

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

The Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the proposed action files a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on August 28, 2006.

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

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