



Florida Power
A Progress Energy Company

JAMES A. MCGEE
ASSOCIATE GENERAL COUNSEL

March 29, 2001

Ms. Blanca S. Bayó, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

010373-ET

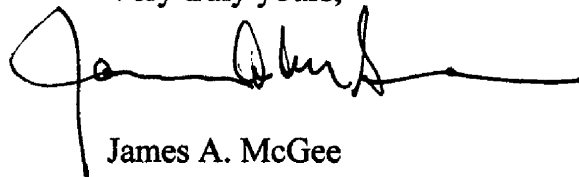
Re: Petition of Florida Power Corporation for approval of an experimental rider to provide optional Premier Power Service for general service customers.

Dear Ms. Bayó:

Enclosed for filing are an original and fifteen copies of Florida Power Corporation's petition in the subject matter.

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 document in WordPerfect format. Thank you for your assistance in this matter.

Very truly yours,



James A. McGee

JAM/scc
Enclosure

DOCUMENT NUMBER-DATE

03944 MAR 30 2001

FPSD-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Florida Power Corporation for approval of an experimental rider to provide optional Premier Power Service for general service customers.

Docket No. _____

Submitted for filing:
March 30, 2001

P E T I T I O N

Florida Power Corporation (Florida Power) hereby petitions the Commission for approval of an 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 Florida Power in the event their normal service is interrupted. In support of its petition, Florida Power states as follows:

1. Florida Power is a public utility subject to the jurisdiction of the Commission under Chapter 366, Florida Statutes. Florida Power's General Offices are located at One Progress Plaza, St. Petersburg, Florida, 33701.

2. All notices, pleadings and correspondence 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 by private courier, the address is:

One Progress Plaza
Suite 1500
St. Petersburg, FL 33701

3. Premier Power Service (PPS or the Service) is an optional pilot program available to eligible general service customers¹ under which Florida Power will own, operate and maintain generation with a minimum capacity of 200 kW installed on the customer's premises. The Service is offered to satisfy the needs of Florida Power customers who desire to improve the continuity of their service though the availability of an on-site source of generation,² 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 will be available to assist in meeting peak demands on the Florida Power system during periods of critical capacity conditions.

4. The PPS Rider includes a Monthly Service Payment provision which will determine a customer-specific charge that fully reflects the total cost incurred by Florida Power 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 will be insulated from such costs.

¹ The PPS program will be 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, Time-of-Use), GSD-1 (General Service - Demand), GSDT-1 (General Service - Demand, Time-of-Use), or GSLM-1 (General Service, Load Management).

² Florida Power currently offers its customers a complimentary program to improve continuity of their service through a back-up distribution circuit under the Company's optional Premium Distribution Service, which was approved by the Commission in Order No. PSC-99-0023-FOF-EI, issued January 4, 1999 in Docket No. 981396-EI.

5. The Rider also provides for the execution of a Premier Power Service Contract between Florida Power and the customer that will state 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), and other contractual terms and conditions pertinent to providing the Service. To facilitate the implementation of the PPS Rider, Florida Power also requests approval of a standard form Premier Power Service Contract required by the Rider. A copy of the Contract form is attached hereto as Exhibit B.

6. Florida Power asks that the PPS Rider be approved as an experimental rate for a period of 60 months from its effective date. This period will allow Florida Power to collect and analyze data needed to determine whether the estimates and assumptions used in developing the rider are reasonably accurate and warrant continuing the rider on a permanent basis. Beginning 12 months from the effective date of the PPS Rider, Florida Power 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, Florida Power will submit either a petition to the Commission requesting approval to extend or modify the Rider, or a report to Staff describing the basis for allowing the Rider to expire.

WHEREFORE, Florida Power Corporation respectfully requests that the Commission grant this petition and approve (1) the Premier Power Service Rider, Rate Schedule PPS-1, as set forth in Exhibit A hereto, as an experimental rate for period of 60 months from its effective date, and (2) the related standard form Premier Power Service Contract, as set forth in Exhibit B hereto.

Respectfully submitted,

FLORIDA POWER CORPORATION

By _____

James A. McGee
Post Office Box 14042
St. Petersburg, FL 33733-4042
Telephone: (727) 820-5184
Facsimile: (727) 820-5519

EXHIBIT A

**Experimental Commercial and Industrial
Premier Power Service Rider**

RATE SCHEDULE PPS-1



INDEX OF RATE SCHEDULES

FPSC UNIFORM RATE SCHEDULE DESIGNATION		BEGINS ON SHEET NO.
BA-1	Billing Adjustments	6.105
SC	Service Charges	6.110
RS-1	Residential Service	6.120
RSL-1	Residential - Load Management (Optional)	6.130
RSL-2	Residential - Load Management - Winter Only - (Optional)	6.135
RST-1	Residential Service (Optional Time of Use)	6.140
GS-1	General Service - Non-Demand	6.150
GST-1	General Service - Non-Demand (Optional Time of Use)	6.160
GS-2	General Service - Non-Demand (100% Load Factor Usage)	6.165
GSD-1	General Service - Demand	6.170
GSDT-1	General Service - Demand (Optional Time of Use)	6.180
GSLM-1	General Service - Load Management (Optional)	6.220
GSLM-2	General Service - Load Management - Standby Generation	6.225
CS-1	Curtailable General Service (Closed to New Customers as of 04/16/96)	6.230
CS-2	Curtailable General Service	6.235
CST-1	Curtailable General Service (Optional Time of Use) (Closed to New Customers as of 04/16/96)	6.240
CST-2	Curtailable General Service (Optional Time of Use)	6.245
IS-1	Interruptible General Service (Closed to New Customers as of 04/16/96)	6.250
IS-2	Interruptible General Service	6.255
IST-1	Interruptible General Service (Optional Time of Use) (Closed to New Customers as of 04/16/96)	6.260
IST-2	Interruptible General Service (Optional Time of Use)	6.265
LS-1	Lighting Service	6.280
SS-1	Firm Standby Service	6.310
SS-2	Interruptible Standby Service	6.315
SS-3	Curtailable Standby Service	6.320
TS-1	Temporary Service	6.330
SR-1	Sebring Rider	6.340
RSS-1	Residential Seasonal Service Rider	6.350
GSED-1	General Service – Economic Development Rider	6.360
PPS-1	General Service – Premier Power Service Rider	6.370

ISSUED BY: Mark A. Myers, Vice President, Finance
EFFECTIVE:



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PPS-1	General Service - Premier Power Service Rider	6.370



**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 MMDD,2006, 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 200 kW taking service under general service rate schedules GS-1, GST-1, GSD-1, GSDT-1, or GSLM-1 when the Customer contracts with 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 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 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.

(Continued on Page 2)



**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 200 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. 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 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

**Experimental Commercial and Industrial
Premier Power Service Rider**

STANDARD FORM PPS CONTRACT

PREMIER POWER SERVICE CONTRACT

The undersigned (hereinafter "the Customer") hereby applies to Florida Power Corporation, (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 Company for the purpose of continuing the supply of electricity to Customer's Facility in the event the Customer's normal electric supply is interrupted. Such backup services (hereinafter "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"), as approved or subsequently revised by the Florida Public Service Commission (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 _____, 200__, shall constitute the entire agreement between the Customer and the Company with respect to provision of the Services.

2. **Term of Contract**

The term of this contract is from _____, 20__, or from the date the Services are first taken hereunder and continuing until _____, 20__.

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. The Customer shall be liable to the Company for any attorney fees incurred in collection of this payment or any other amount due under this Contract.

4. **Provision of Services and Installation Schedule**

The Company shall furnish labor, supervision, equipment, materials and transportation. The Company shall be entitled to rely on the accuracy of any information provided by the Customer, which is warranted by the Customer to be accurate and correct. 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 Company for any costs or expenses incurred by Company, and the Monthly Service Payment, the Company's proposal letter, and Contract Term shall be equitably adjusted to compensate for any additional work the Company may be required to perform. The Company shall exercise 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 for any such unanticipated delays.

5. **Customer Responsibilities**

The Customer shall provide a location on premise for installation of the Company's facilities and any necessary access to the work site, as well as reasonable lay-down area to perform the Services. Any delays or additional cost incurred 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. In the event of damage to Company owned equipment that is caused by the Customer or the Customer's agents, the Customer agrees to pay all repair or replacement costs associated with the damage.

6. **Permits and Regulatory Requirements**

The Company 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 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. The Company reserves the right to exchange or upgrade equipment as necessary 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 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 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 reasonably 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 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.

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.

11. **Limitation of Liability**

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 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 pursuant to Section 3 above. The provisions of this Section 10 shall apply whether such liability arises in contract, tort (including negligence), strict liability or otherwise.

12. **Force Majeure**

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.

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.

Customer

Florida Power Corporation

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____