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Public Service Commission

October 5, 2001

Mr. James A. McGee
One Progress Plaza
Suite 1500
Post Office Box 14042
St. Petersburg, Florida 33733-4042

Re: Docket No. 010876-EI

Dear Mr. McGee:

At the August 14, 2001, Agenda Conference, the Commission approved Florida Power Corporation's (FPC) proposed Commercial/Industrial Service Rider (CISR) tariff. In addition, the Commission required FPC to submit to the Commission staff procedures for evaluating applications for service under the CISR tariff from two customers competing in the same industry to ensure that the tariff does not result in undue discrimination. This requirement is contained in Commission Order No. PSC-01-1789-TRF-EI, issued September 4, 2001.

In response, on September 28, 2001, FPC provided to the Commission staff its proposed procedures for evaluating CISR applications. The staff has reviewed FPC's proposed procedures and believes that they are adequate to ensure that all applications for the CISR tariff are evaluated in a consistent manner.

Sincerely,

Elisabeth Draper
Economic Analyst
Division of Economic Regulation

- APP _____
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FPSC-COMMISSION CLERK



Florida Power

A Progress Energy Company

JAMES A. MCGEE
ASSOCIATE GENERAL COUNSEL

September 28, 2001

Ms. Connie Kummer, Chief
Bureau of Economics, Rates & Forecasting
Division of Economic Regulation
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 010876-EI

Dear Ms. Kummer:

As you know, by Order No. PSC-01-1789-TRF-EI issued in the subject docket, the Commission approved Florida Power's pilot Commercial/Industrial Service Rider (CISR). The order also directed Florida Power to submit a procedure for evaluating CISR applications from customers competing in the same industry to assure that undue discrimination does not occur. In accordance with this directive, I have enclosed Florida Power's evaluation procedure for your review and approval.

The evaluation procedure is intended and designed to comply with and go beyond the Commission's directive by assuring not only that CISR applicants in the same industry are evaluated in a non-discriminatory manner, but that all similarly situated applicants are evaluated in this manner, irrespective of their industry. As I'm sure you are aware from Florida Power's comments to the Commission at the time of their approval vote, a uniform, non-discriminatory evaluation of two applicants in the same industry does not necessarily mean each will receive the same CISR rate. This would occur if the uniform evaluation demonstrates that the two applicants are not, in fact, similarly situated with respect to the evaluation criteria.

I am advised by our Economic Development representatives that a highly attractive potential applicant is interested in Florida Power's CISR, but is also on a very short decision time line. Your help in providing an early response would therefore be greatly appreciated.

Please let me know if we can be of any assistance in facilitating your review of Florida Power's evaluation procedure.

Very truly yours,

James A. McGee

JAM/scc
Enclosure

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ECONOMIC REGULATION
COMMERCIAL/INDUSTRIAL SERVICE RIDER



STANDARDIZED PROCEDURES FOR THE EVALUATION OF COMMERCIAL AND INDUSTRIAL SERVICE RIDER ("CISR") APPLICATIONS

Florida Power ("the Company"), in order to ensure that all applications for the CISR are evaluated consistently and in a manner that does not result in undue discrimination, will use the following standard procedures:

1. Initial screening
2. Preliminary Affidavit
3. Confidentiality Agreement
4. Analysis & Scoring
5. Management Approval
6. Final Affidavit
7. CISR Execution

These procedures will be followed regardless of an applicant's industry. Each step is described in additional detail below:

1. Initial Screening:

The Company will send any existing or prospective customer expressing interest in the CISR a standard package of materials fully describing the CISR and eligibility requirements.

2. Preliminary Affidavit:

Any existing or prospective customer interested in applying for the CISR must complete a preliminary affidavit. The preliminary affidavit ensures that all applicants have a detailed understanding of the steps necessary to qualify for the CISR and requests a brief description of the viable alternative to taking electric service from the Company that has resulted in the applicant's "at risk" status.

3. Confidentiality Agreement:

After making an initial evaluation of eligibility based on the preliminary affidavit, the Company will work in good faith with the applicant to execute a confidentiality agreement. The confidentiality agreement will ensure that a mutual understanding exists as to the treatment of both the applicant's and the Company's confidential information, including the need to request protection from public disclosure in accordance with the rules of the Florida Public Service Commission for any such confidential information provided to the Commission or its staff.

4. Analysis & Scoring:

All applicants must complete a standard customer data request form and supply supporting documentation. This will enable the Company to evaluate the validity and cost of the applicant's alternative to taking electric service from the Company. It will also allow the Company to calculate the "price floor", comprised of the incremental costs to serve the applicant plus a contribution to fixed costs.

The Company will calculate a "maximum potential discount" equal to the difference between the standard rate under which the applicant would otherwise receive service and the greater of either the applicant's alternative rate or the price floor.

Finally, the Company will calculate the amount of the maximum potential discount determined above to offer the applicant. This calculation will be based on a standardized scoring matrix designed to evaluate the attractiveness of the applicant to the local economy and to the Company's operations. For each point scored in the matrix, up to a possible maximum of 100, the Company will offer one percent (1%) of the maximum potential discount. For example, an applicant scoring 50 points will receive a CISR discount equal to 50% of the difference between the otherwise applicable standard rate and the greater of the applicant's alternative rate or the price floor.

5. Management Approval:

All CISR discounts will be reviewed and approved by a committee of Florida Power officers.

6. Final Affidavit:

All applicants must complete a final affidavit. The final affidavit will require applicants to affirm that the subject load would not be served, or would no longer be served in the case of existing load, by the Company but for the CISR discount offered by the Company. In addition, applicants must affirm that all information provided to the Company is complete and accurate.

7. CISR Execution:

Based on satisfactory completion of all above steps, the Company will work in good faith to execute a CISR Contract Service Arrangement, which will include a discount calculated in accordance with these procedures.