

ORIGINAL



JAMES A. MCGEE
ASSOCIATE GENERAL COUNSEL
PROGRESS ENERGY SERVICE COMPANY, LLC

January 30, 2004

VIA HAND DELIVERY

040085

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

RECEIVED FPSC
04 JAN 30 PM 1:19
COMMISSION
CLERK


Re: Petition of Progress Energy Florida for approval of new
Curtable Service Rate Schedules CS-3 and CST-3.

Dear Ms. Bayó:


Enclosed for filing on behalf of Progress Energy Florida, Inc., are an original
and fifteen copies of the subject petition.

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

RECEIVED & FILED


FPSC-BUREAU OF RECORDS

Very truly yours,


James A. McGee

JAM/scc

Enclosures

DOCUMENT NUMBER-DATE

100 Central Avenue (33701) • Post Office Box 14042 (33733) • St. Petersburg, Florida 33713
Phone: 727.820.5184 • Fax: 727.820.5519 • Email: james.mcgee@pgnmail.com

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Progress Energy
Florida for approval of new
Curtailed Service Rate
Schedules CS-3 and CST-3.

Docket No. 040085-E1
Submitted for filing:
January 30, 2004

PETITION

Progress Energy Florida, Inc. (Progress Energy or the Company), hereby petitions the Florida Public Service Commission (the Commission) for approval of a new Curtailed Service Rate Schedule CS-3 and its optional Time Of Use counterpart, Rate Schedule CST-3, as set forth in Exhibit A hereto, which are designed for large General Service customers with a curtailable demand of at least 2,000 kW. In support of its petition, Progress Energy states as follows:

Introduction

1. Progress Energy is a public utility subject to the regulatory jurisdiction of the Commission pursuant to Chapter 366, Florida Statutes. The Company's principal place of business is located at 100 Central Avenue, St. Petersburg, Florida 33701.

2. All notices, pleadings and correspondence required to be served on the 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 carrier, the street address in paragraph 1 above should be used.

DOCUMENT NUMBER DATE
01395 JAN 30 04
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Discussion

3. Progress Energy's existing Curtailable Service Rate Schedules CS-2 and CST-2¹ require that customers establish a Non-Curtailable Demand of no more than 75% of their average monthly demand. Stated differently, at least 25% of a customer's average demand must be curtailable. During curtailment periods, the demand of these customers may not exceed their Non-Curtailable Demand. However, the actual amount of demand reduction that a customer must achieve to reach this pre-determined level will vary depending on its demand at the time curtailment is requested by the Company. For example, consider a customer with an average monthly demand of 1,000 kW and the maximum allowable Non-Curtailable Demand of 750 kW. If the customer's actual demand at the time of a curtailment request is 800 kW, the customer must only reduce load by 50 kW to satisfy its Non-Curtailable Demand.

4. In the case of large industrial customers with the ability to curtail significant load, a real possibility exists that such a customer's average demand is sufficiently large that the demand it is capable of curtailing does not meet the 25% threshold for eligibility to receive curtailable service. An actual example of this situation, and an impetus for developing the new curtailable rate schedules, is a Progress Energy customer with an average demand of well over 20 MWs who has on-site back-up generating capacity that could be readily use to curtail its demand by 4 MWs. Because this curtailable demand is less than 25% of the customer's average

¹ Progress Energy's Rate Schedules CS-1 and CST-1 are closed to new customers.

demand, the customer is ineligible for service under Rate Schedule CS-2 and Progress Energy is denied the availability of a significant demand reduction during system capacity shortages.

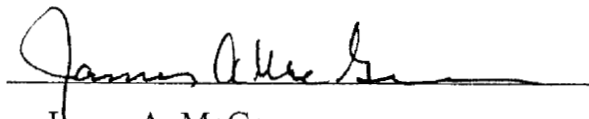
5. Rate Schedules CS-3 and CST-3 are intended to alleviate these shortcomings with the existing Rate Schedules CS-2 and CST-2 in two significant ways. First, the new rate schedules specify a minimum amount, rather than a percentage, of curtailable demand, *i.e.*, 2,000 kW. Capturing curtailable demand of this magnitude, irrespective of the percentage of a customer's average demand it may represent, is administratively efficient and supplementary to the existing curtailable rate schedules with respect to large customers.

6. Second, the new curtailable rate schedules require customers to curtail by a fixed, pre-determined amount of demand, instead of curtailing demand by whatever amount happens to be necessary to meet a fixed non-curtailable demand, as required by the existing rate schedules. In other words, under the new rate schedules a customer's curtailable demand is a fixed amount and its remaining non-curtailable demand varies as a function of its total demand prior to curtailment, while under the existing rate schedules a customer's non-curtailable demand is fixed, leaving the demand by which the customer must curtail variable. For this reason, the new curtailable rate schedules provide the added benefit of allowing Progress Energy to know with reasonable certainty the demand reduction it will receive when curtailment is requested.

7. In all other material respects, the rates, charges, terms and conditions of the new curtailable rate schedules are the same as the existing rate schedules. Progress Energy believes these two sets of curtailable rate schedules will effectively complement each other to the benefit of the Company and its customers. Specifically, approval of Rate Schedules CS-3 and CST-3 will benefit (a) Progress Energy by providing greater planning and operational certainty, (b) curtailable customers by providing additional curtailment options, and (c) customers in general by deferring the need for new generating capacity through the availability of additional cost-effective curtailable demand.

WHEREFORE, Progress Energy respectfully requests that the Commission grant this petition and approve the new Curtailable Service Rate Schedules CS-3 and CST-3, as set forth in Exhibit A hereto.

Respectfully submitted,



James A. McGee
Associate General Counsel
Progress Energy Service Company, LLC
Post Office Box 14042
St. Petersburg, FL 33733-4042
Telephone: (727) 820-5184
Facsimile: (727) 820-5519

Attorney for
PROGRESS ENERGY FLORIDA, INC.

EXHIBIT A

**PROPOSED NEW CURTAILABLE SERVICE
RATE SCHEDULES CS-3 and CST-3**

**RATE SCHEDULE CS-3
CURTAILABLE GENERAL SERVICE – FIXED CURTAILABLE DEMAND****Availability:**

Available throughout the entire territory served by the Company.

Applicable:

To any customer, other than residential, for light and power purposes where the billing demand is 2,000 kW or more (based on most recent twelve (12) months or, where not available, projected billing demand for twelve (12) months), and where the Customer agrees to curtail its demand by a fixed contractual amount of not less than 2,000 kW upon request of the Company in accordance with the provisions of this rate schedule.

Character of Service:

Alternating current, 60 cycle, single-phase or three-phase, at the Company's standard voltage available.

Limitation of Service:

Standby or resale service is not permitted hereunder. Service under this rate schedule is subject to curtailment during any time period that electric power and energy delivered hereunder from the Company's available generating resources is required to a) maintain service to the Company's firm power customers and firm power sales commitments, or b) supply emergency interchange service to another utility for its firm load obligations only. Service under this rate schedule is not subject to curtailment for economic reasons. The Company will not make off-system purchases during such curtailment periods to maintain service hereunder except as set forth in Special Provision No. 6 below.

Service under this rate is subject to the "General Rules and Regulations Governing Electric Service" contained in Section IV of the Company's currently effective and filed retail tariff.

Rate Per Month:**Customer Charge:**

Secondary Metering Voltage:	\$ 69.61
Primary Metering Voltage:	\$193.30
Transmission Metering Voltage:	\$721.46

Demand Charge: \$ 5.56 per kW of Billing Demand

Curtable Demand Credit: \$ 2.31 per kW of Load Factor-Adjusted Demand

Energy Charge:

Non-Fuel Energy Charge:	0.982¢ per kWh
plus Energy Conservation Cost Recovery Factor:	See Sheet No. 6.105
plus Capacity Cost Recovery Factor:	See Sheet No. 6.105
plus Environmental Cost Recovery Factor:	See Sheet No. 6.105

Determination of Billing Demand:

The billing demand shall be the maximum 30-minute kW demand established during the current billing period, but not less than 2,000 kW.

Determination of Load Factor-Adjusted Demand:

The Load Factor-Adjusted Demand shall be the Fixed Curtable Demand (kW,) as determined in accordance with Special Provision No. 2 of this rate, multiplied by the customer's billing load factor (ratio of billing kWh to maximum 30-minute kW demand, multiplied by the number of hours in the billing period).

Delivery Voltage Credit:

When a Customer takes service under this rate schedule at a delivery voltage above standard distribution secondary voltage, the Demand Charge hereunder shall be subject to the following credit:

For distribution primary delivery voltage:	\$ 0.27 per kW of billing demand
For transmission delivery voltage:	\$ 0.63 per kW of billing demand

(Continued on Page No. 2)

ISSUED BY: MARK A. MYERS, VICE PRESIDENT, FINANCE

EFFECTIVE:



**RATE SCHEDULE CS-3
CURTAILABLE GENERAL SERVICE – FIXED CURTAILABLE DEMAND**
(Continued from Page No. 1)

Metering Voltage Adjustment:

When metering voltage, as determined at the option of the Company, is higher than standard distribution secondary voltage, the Non-Fuel Energy Charge, Demand Charge, Curtailable Demand Credit, and Delivery Voltage Credit shall be adjusted by the following reduction factors:

<u>Metering Voltage</u>	<u>Reduction Factor</u>
Distribution primary	1.0%
Transmission	2.0%

Power Factor Adjustment:

The Demand Charge will be increased or decreased \$0.20 for each KVAR by which the Customer's reactive demand is, respectively, greater or less than 62% of the Customer's billing demand.

Premium Distribution Service Charge:

Where the Customer receives Premium Distribution Service, the Customer shall pay a monthly charge determined under Special Provision No. 8 of this rate schedule for the costs of all additional equipment, or the customer's allocated share thereof, installed to accomplish automatic delivery transfer, including all line costs necessary to connect to an alternate distribution circuit.

In addition, the Demand Charge included in the Rate per Month section of this rate schedule shall be increased by \$0.74 per kW for the cost of reserving capacity in the alternate distribution circuit.

Additional Charges:

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

Minimum Monthly Bill:

The minimum monthly bill shall be the Customer Charge and the Demand Charge for the current billing period. Where special equipment to serve the Customer is required, the Company may require a specified minimum charge.

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 rate schedule shall be for a minimum initial term of two (2) years from the commencement of service, and shall continue thereafter until terminated by either party by written notice sixty (60) days prior to termination.

Special Provisions:

1. As used in this rate schedule, the term "period of requested curtailment" shall mean a period for which the Company has requested curtailment and for which energy purchased from sources outside the Company's system, pursuant to Special Provision No. 6, is not available. If such energy can be purchased, the terms of Special Provision No. 6 will apply and a period of requested curtailment will not be deemed to exist while such energy remains available.
2. As a condition for service under this rate schedule, a Customer is required to enter into a contract with the Company on the Company's filed standard contract Form No. 2. An initial Fixed Curtailable Demand of at least 2,000 kW shall be specified in the contract, which may be re-established under the following conditions:
 - (a) If a change in the Customer's power requirements occurs, the Company and the Customer may establish a new Fixed Curtailable Demand.
 - (b) If the Customer fails to reduce load by the Fixed Curtailable Demand for the duration of any period of requested curtailment, the lowest measured load reduction achieved during such period shall become the Fixed Curtailable Demand effective with the next billing period following the period of requested curtailment. In addition, Special Provision No. 5 is applicable.

(Continued on Page No. 3)

ISSUED BY: MARK A. MYERS, VICE PRESIDENT, FINANCE

EFFECTIVE:



**RATE SCHEDULE CS-3
CURTAILABLE GENERAL SERVICE – FIXED CURTAILABLE DEMAND
(Continued from Page No. 2)**

- (c) If the Customer establishes a demand reduction larger than the Fixed Curtailable Demand for the duration of each period of requested curtailment occurring within a billing period, upon request by the Customer, the lowest of the demand reductions achieved during each such period shall become the Fixed Curtailable Demand effective with the next billing period.
3. As an essential requirement for receiving the Curtailable Demand Credit provided under this rate schedule, a Customer shall be strictly responsible for the curtailment of its load by at least the Fixed Curtailable Demand upon each curtailment request from the Company. Such requests will be made during those periods specified under Limitation of Service above. The Company shall also have the right to request at least one additional curtailment each calendar year irrespective of such limitations.
 4. A customer will be deemed to have complied with its curtailment responsibility if the maximum 30-minute kW demand established during each period of requested curtailment is lower than the Customer's maximum 30-minute kW demand established immediately prior to the requested curtailment by at least the Fixed Curtailable Demand defined in Special Provision No. 2.
 5. If a Customer has not complied with its curtailment responsibility during a period of requested curtailment, the Customer will be billed the following additional charge for all billing periods following the previous period of requested curtailment through the billing period in which such non-compliance occurred, not to exceed a total of twelve (12) billing periods:

125% of the difference in Demand and Energy Charges which would have resulted under Rate Schedule GSD-1 and those Demand and Energy Charges calculated under this rate schedule, plus the difference between ECCR, CCR and ECRC of this rate schedule and GSD-1. This calculation shall be exclusive of any additional charges rendered under Special Provision No. 6 of this rate schedule.
 6. To minimize the frequency and duration of curtailments requested under this rate schedule, the Company will attempt to purchase additional energy, if available, from sources outside the Company's system during periods for which curtailment would otherwise be requested. The Company will also attempt to notify any Customer, desirous of such notice, in advance when such purchases are imminent or as soon as practical thereafter where advance notice is not feasible. Similar notification will be provided upon termination of such purchases. Any energy associated with curtailable loads used during these periods will be subject to the additional charges set forth in the second paragraph of this provision. Customers may avoid these higher charges by curtailing their usage during such periods at least their Fixed Curtailable Demand pursuant to the third paragraph of these provisions.

In the event a Customer elects not to curtail, the Customer will be required to pay an additional charge, in lieu of the otherwise applicable energy charges (Non-Fuel Energy Charge, Capacity Cost Recovery Factor, and Fuel Cost Recovery Factor), provided hereunder, based on the Customer's proportionate share of the higher cost of such purchased energy, plus 3.0 mills per kWh, for all consumption above the Customer's Non-Curtailable Demand during the period for which curtailment would have otherwise been requested. The cost of such purchased energy shall be based on the average cost of all purchased power and energy provided under this rate schedule and under similar provisions in Rate Schedules IS-1, IST-1, CS-1, CST-1, IS-2, IST-2, CS-2, CST-2, CST-3, SS-2, and SS-3 during the corresponding calendar month. If, for any reason during such period, the Customer is notified that the energy purchased from outside sources is no longer available, the terms of this Special Provision will cease to apply and curtailments to at least the Customer's Fixed Curtailable Demand will be required for the remainder of such period.

In the event a Customer elects to curtail irrespective of the availability of additional energy purchased by the Company and curtails by at least its Fixed Curtailable Demand during the period for which curtailment would have otherwise been requested, the Customer will incur no responsibility for the payment of the additional cost of such energy.
 7. If the Customer increases its power requirements in any manner which requires the Company to install additional facilities for the specific use of the Customer, a new Term of Service may be required at the Company's option.
 8. The Company will furnish service under this rate at a single voltage. Any equipment to supply additional voltages or any additional facilities for the use of the Customer shall be furnished and maintained by the Customer. At its option, the Company may furnish, install and maintain such additional equipment upon request of the Customer, in which event an additional monthly charge will be made at the rate of 1.67% times the installed cost of such additional equipment.
 9. Customers taking non-firm service under this rate schedule who desire to transfer to a rate schedule providing firm service will be required to give the Company written notice at least thirty-six (36) months prior to such transfer. Such notice shall be irrevocable unless the Company and the Customer shall mutually agree to void the notice.
 10. Service under this rate is not available if all or a part of the customer's load serves a facility designated by an appropriate governmental agency for use at a public shelter during periods of emergency or natural disaster.

ISSUED BY: MARK A. MYERS, VICE PRESIDENT, FINANCE

EFFECTIVE:

**RATE SCHEDULE CST-3
CURTAILABLE GENERAL SERVICE – FIXED CURTAILABLE DEMAND
OPTIONAL TIME OF USE RATE****Availability:**

Available throughout the entire territory served by the Company.

Applicable:

To any customer otherwise eligible for service under Rate Schedule CS-3, provided that all of the electric load requirements on the Customer's premises are metered through one point of delivery.

Character of Service:

Alternating current, 60 cycle, single-phase or three-phase, at the Company's standard voltage available.

Limitation of Service:

Standby or resale service is not permitted hereunder. Service under this rate schedule is subject to curtailment during any time period that electric power and energy delivered hereunder from the Company's available generating resources is required to a) maintain service to the Company's firm power customers and firm power sales commitments, or b) supply emergency interchange service to another utility for its firm load obligations only. Service under this rate schedule is not subject to curtailment for economic reasons. The Company will not make off-system purchases during such curtailment periods to maintain service hereunder except as set forth in Special Provision No. 6 below.

Service under this rate is subject to the "General Rules and Regulations Governing Electric Service" contained in Section IV of the Company's currently effective and filed retail tariff.

Rate Per Month:**Customer Charge:**

Secondary Metering Voltage:	\$ 69.61
Primary Metering Voltage:	\$193.30
Transmission Metering Voltage:	\$721.46

Demand Charges:

Base Demand Charge:	\$ 0.83 per kW of Base Demand
On-Peak Demand Charge	\$ 4.68 per kW of On-Peak Demand

Curtable Demand Credit: \$ 2.31 per kW of Load Factor-Adjusted Demand

Energy Charge:

Non-Fuel Energy Charge:	1.828¢ per On-Peak kWh 0.526¢ per Off-Peak kWh
plus Energy Conservation Cost Recovery Factor:	See Sheet No. 6.105
plus Capacity Cost Recovery Factor:	See Sheet No. 6.105
plus Environmental Cost Recovery Factor:	See Sheet No. 6.105

The On-Peak rate shall apply to energy use during On-Peak Periods. The Off-Peak rate shall apply to all other energy use.

Rating Periods:

On-Peak Periods - The designated On-Peak Periods expressed in terms of prevailing clock time shall be as follows:

For the calendar months of November through March,
Monday through Friday*: _6:00 a.m. to 10:00 a.m. and 6:00 p.m. to 10:00 p.m.
For the calendar months of April through October,
Monday through Friday*: _12:00 Noon to 9:00 p.m.

* The following general holidays shall be excluded from the On-Peak Periods: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas. In the event the holiday occurs on a Saturday or Sunday, the following Monday shall be excluded from the On-Peak Periods.

Off-Peak Periods - The designated Off-Peak Periods shall be all periods other than the designated On-Peak Periods set forth in (a) above.

(Continued on Page No. 2)

ISSUED BY: MARK A. MYERS, VICE PRESIDENT, FINANCE

EFFECTIVE:



**RATE SCHEDULE CST-3
CURTAILABLE GENERAL SERVICE – FIXED CURTAILABLE DEMAND
OPTIONAL TIME OF USE RATE
(Continued from Page No. 1)**

Determination of Billing Demand:

The Base Demand for billing purposes shall be the maximum 30-minute kW demand established during the current billing period, but not less than 2,000 kW.

The On-Peak Demand for billing purposes shall be the maximum 30-minute kW demand established during designated On-Peak Periods during the current billing period.

Determination of Load Factor Adjusted Demand:

The Load Factor-Adjusted Demand shall be the Fixed Curtailable Demand (kW,) as determined in accordance with Special Provision No. 2 of this rate, multiplied by the customer's billing load factor (ratio of billing kWh to maximum 30-minute kW demand, multiplied by the number of hours in the billing period).

Delivery Voltage Credit:

When a Customer takes service under this rate schedule at a delivery voltage above standard distribution secondary voltage, the Base Demand Charge hereunder shall be subject to the following credit:

- For distribution primary delivery voltage: \$ 0.27 per kW of billing demand
- For transmission delivery voltage: \$ 0.63 per kW of billing demand

Metering Voltage Adjustment:

When metering voltage, as determined at the option of the Company, is higher than standard distribution secondary voltage, the Non-Fuel Energy Charge, Demand Charge, Curtailable Demand Credit, and Delivery Voltage Credit shall be adjusted by the following reduction factors:

<u>Metering Voltage</u>	<u>Reduction Factor</u>
Distribution primary	1.0%
Transmission	2.0%

Power Factor Adjustment:

The Base Demand Charge will be increased or decreased \$0.20 for each KVAR by which the Customer's reactive demand is, respectively, greater or less than 62% of the Customer's billing demand.

Premium Distribution Service Charge:

Where the Customer receives Premium Distribution Service, the Customer shall pay a monthly charge determined under Special Provision No. 8 of this rate schedule for the costs of all additional equipment, or the customer's allocated share thereof, installed to accomplish automatic delivery transfer including, all line costs necessary to connect to an alternate distribution circuit.

In addition, the Base Demand Charge included in the Rate per Month section of this rate schedule shall be increased by \$0.74 per kW for the cost of reserving capacity in the alternate distribution circuit.

Additional Charges:

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

Minimum Monthly Bill:

The minimum monthly bill shall be the Customer Charge and the Demand Charge for the current billing period. Where special equipment to serve the Customer is required, the Company may require a specified minimum charge.

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 rate schedule shall be for a minimum initial term of two (2) years from the commencement of service, and shall continue thereafter until terminated by either party by written notice sixty (60) days prior to termination.

(Continued on Page No. 3)

ISSUED BY: MARK A. MYERS, VICE PRESIDENT, FINANCE

EFFECTIVE:

**RATE SCHEDULE CST-3
CURTAILABLE GENERAL SERVICE – FIXED CURTAILABLE DEMAND
OPTIONAL TIME OF USE RATE
(Continued from Page No. 2)**

Special Provisions:

1. As used in this rate schedule, the term "period of requested curtailment" shall mean a period for which the Company has requested curtailment and for which energy purchased from sources outside the Company's system, pursuant to Special Provision No. 6, is not available. If such energy can be purchased, the terms of Special Provision No. 6 will apply and a period of requested curtailment will not be deemed to exist while such energy remains available.
2. As a condition for service under this rate schedule, a Customer is required to enter into a contract with the Company on the Company's filed standard contract Form No. 2. An initial Fixed Curtable Demand of at least 2,000 kW shall be specified in the contract, which may be re-established under the following conditions:
 - (a) If a change in the Customer's power requirements occurs, the Company and the Customer may establish a new Fixed Curtable Demand of at least 2,000 kW.
 - (b) If the Customer fails to reduce load by the Fixed Curtable Demand for the duration of any period of requested curtailment, the lowest measured load reduction achieved during such period, but not less than 2,000 kW, shall become the Fixed Curtable Demand effective with the next billing period following the period of requested curtailment. In addition, Special Provision No. 5 is applicable.
 - (c) If the Customer establishes a demand reduction larger than the Fixed Curtable Demand for the duration of each period of requested curtailment occurring within a billing period, upon request by the Customer, the lowest of the demand reductions achieved during each such period shall become the Fixed Curtable Demand effective with the next billing period.
3. As an essential requirement for receiving the Curtable Demand Credit provided under this rate schedule, a Customer shall be strictly responsible for the curtailment of its load by at least the Fixed Curtable Demand upon each curtailment request from the Company. Such requests will be made during those periods specified under Limitation of Service above. The Company shall also have the right to request at least one additional curtailment each calendar year irrespective of such limitations.
4. A customer will be deemed to have complied with its curtailment responsibility if the maximum 30-minute kW demand established during each period of requested curtailment is lower than the Customer's maximum 30-minute kW demand established immediately prior to the requested curtailment by at least the Fixed Curtable Demand defined in Special Provision No. 2.
5. If a Customer has not complied with its curtailment responsibility during a period of requested curtailment, the Customer will be billed the following additional charge for all billing periods following the previous period of requested curtailment through the billing period in which such non-compliance occurred, not to exceed a total of twelve (12) billing periods:

125% of the difference in Demand and Energy Charges which would have resulted under Rate Schedule GSDT-1 and those Demand and Energy Charges calculated under this rate schedule, plus the difference between ECCR, CCR and ECRC of this rate schedule and GSDT-1. This calculation shall be exclusive of any additional charges rendered under Special Provision No. 6 of this rate schedule.
6. To minimize the frequency and duration of curtailments requested under this rate schedule, the Company will attempt to purchase additional energy, if available, from sources outside the Company's system during periods for which curtailment would otherwise be requested. The Company will also attempt to notify any Customer, desirous of such notice, in advance when such purchases are imminent or as soon as practical thereafter where advance notice is not feasible. Similar notification will be provided upon termination of such purchases. Any energy associated with curtable loads used during these periods will be subject to the additional charges set forth in the second paragraph of this provision. Customers may avoid these higher charges by curtailing their usage during such periods at least their Fixed Curtable Demand pursuant to the third paragraph of these provisions.

In the event a Customer elects not to curtail, the Customer will be required to pay an additional charge, in lieu of the otherwise applicable energy charges (Non-Fuel Energy Charge, Capacity Cost Recovery Factor, and Fuel Cost Recovery Factor), provided hereunder, based on the Customer's proportionate share of the higher cost of such purchased energy, plus 3.0 mills per kWh, for all consumption above the Customer's Non-Curtable Demand during the period for which curtailment would have otherwise been requested. The cost of such purchased energy shall be based on the average cost of all purchased power and energy provided under this rate schedule and under similar provisions in Rate Schedules IS-1, IST-1, CS-1, CST-1, IS-2, IST-2, CS-2, CST-2, CST-3, SS-2, and SS-3 during the corresponding calendar month. If, for any reason during such period, the Customer is notified that the energy purchased from outside sources is no longer available, the terms of this Special Provision will cease to apply and curtailments to at least the Customer's Fixed Curtable Demand will be required for the remainder of such period.

In the event a Customer elects to curtail irrespective of the availability of additional energy purchased by the Company and curtails by at least its Fixed Curtable Demand during the period for which curtailment would have otherwise been requested, the Customer will incur no responsibility for the payment of the additional cost of such energy.

(Continued on Page No. 4)

ISSUED BY: MARK A. MYERS, VICE PRESIDENT, FINANCE

EFFECTIVE:

**RATE SCHEDULE CST-3
CURTAILABLE GENERAL SERVICE – FIXED CURTAILABLE DEMAND
OPTIONAL TIME OF USE RATE
(Continued from Page No. 3)**

7. If the Customer increases its power requirements in any manner which requires the Company to install additional facilities for the specific use of the Customer, a new Term of Service may be required at the Company's option.
8. The Company will furnish service under this rate at a single voltage. Any equipment to supply additional voltages or any additional facilities for the use of the Customer shall be furnished and maintained by the Customer. At its option, the Company may furnish, install and maintain such additional equipment upon request of the Customer, in which event an additional monthly charge will be made at the rate of 1.67% times the installed cost of such additional equipment.
9. Customers taking non-firm service under this rate schedule who desire to transfer to a rate schedule providing firm service will be required to give the Company written notice at least thirty-six (36) months prior to such transfer. Such notice shall be irrevocable unless the Company and the Customer shall mutually agree to void the notice.
10. Service under this rate is not available if all or a part of the customer's load serves a facility designated by an appropriate governmental agency for use at a public shelter during periods of emergency or natural disaster.

ISSUED BY: MARK A. MYERS, VICE PRESIDENT, FINANCE

EFFECTIVE: