

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition for approval of new curtailable service rate Schedules CS-3 and CST-3 by Progress Energy Florida, Inc. | DOCKET NO. 040085-EI
| ORDER NO. PSC-04-0399-TRF-EI
| ISSUED: April 16, 2004

The following Commissioners participated in the disposition of this matter:

BRAULIO L. BAEZ, Chairman
J. TERRY DEASON
LILA A. JABER
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON

ORDER APPROVING NEW CURTAILABLE SERVICE RATES

BY THE COMMISSION:

On January 30, 2004, Progress Energy Florida, Incorporated (PEF) filed a petition seeking our approval of two proposed new rate schedules; Curtailable General Service – Fixed Curtailable Demand Rate Schedule CS-3, and Curtailable General Service – Fixed Curtailable Demand Rate Schedule CST-3 - Optional Time of Use. As we explain below we approve the new rate schedules. We have jurisdiction pursuant to Sections 366.03, 366.04, and 366.06, Florida Statutes.

Curtailable rates are optional non-firm offers of service under which all or a portion of the customer's electric load is subject to curtailment during periods when the utility requires the customer's power to serve its firm customers or to supply emergency power to other utilities to serve their firm load. Curtailable customers must reduce their electric load when requested to do so by the utility, and if they fail to do so they pay a substantial penalty.

PEF is requesting approval of two new curtailable rate schedules; Curtailable General Service - Fixed Curtailable Demand Rate Schedule CS-3 (CS-3) and Curtailable General Service - Fixed Curtailable Demand Rate Schedule CST-3 - Optional Time of Use (CST-3). The new rate schedules are optional. They are available to non-residential customers whose monthly demands are 2,000 kilowatts (kW) or higher and who agree to curtail at least 2,000 kW when requested.

Under PEF's existing available CS-2 and CST-2 curtailable rate schedules, customers must have a maximum monthly demand of at least 500 kW to qualify for service. Customers

DOCUMENT NUMBER-DATE

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must specify a level of non-curtable (i.e., firm) demand that cannot exceed 75% of their average maximum monthly demand. When PEF requests a curtailment, customers must reduce their demand to this level or face a penalty. For example, a customer whose monthly maximum demand is 1,000 kW must agree to reduce its demand during periods of curtailment to at least 750 kW, a 25% reduction in demand. Thus, under the existing curtable rates, customers must commit to a reduction of at least 25% of their maximum demand, regardless of the amount of load the customer can curtail.

The proposed new CS-3 and CST-3 rate schedules are available to customers whose maximum monthly demands exceed 2,000 kW. In addition, customers must agree to curtail at least 2,000 kW when requested to do so by the utility. This differs from the existing curtable rate schedules that require the customer to curtail at least 25% of their maximum demand. The new proposed rate schedule will thus allow customers who are able to curtail a significant level of load to qualify for curtable service, even though their curtable load is less than 25% of their total load. For example, a customer with an average monthly demand that exceeds 20,000 kW, who has on-site back-up generation that could be used to allow it to curtail its demand by 4,000 kW when necessary, would qualify for the new curtable rates. Because the amount of curtailed demand would represent only about 20% of the customer's average demand, the customer would not currently qualify for curtable service because the 25% threshold would not be met. By specifying a minimum amount of load that is curtailed, rather than a percentage, the new rates allow large customers who do not qualify under existing rates, but are able to provide significant levels of curtable load, to be eligible for curtable service.

There are two primary differences between the manner in which the existing and proposed curtable rates schedules are administered. First, under the proposed rates schedules, customers are paid a credit that is based on their specified level of curtable demand. This differs from the existing curtable rate schedules under which the credit is paid based on the difference between the customer's maximum kW for the month and the customer's specified level of firm demand. Second, the CS-3 and CST-3 customers will be deemed to have complied with their requirement to curtail if their demand during the curtailment period is lower than that for the period immediately prior to the curtailment by at least the level of their specified level of curtable demand. This differs from the existing curtable rates that require the customers to reduce demand to their specified level of firm demand. In all other material respects, the rates, charges, terms and conditions of the proposed CS-3 and CST-3 rates schedules are the same as the existing curtable rates.

PEF's proposed new curtable rates will allow customers who do not qualify under existing curtable rates to provide significant levels of curtable load to PEF's system which would not otherwise be available. This will provide benefits to all of PEF's ratepayers.

It is therefore

ORDER NO. PSC-04-0399-TRF-EI
DOCKET NO. 040085-EI
PAGE 3

ORDERED by the Florida Public Service Commission that the Petition of Progress Energy Florida, Inc. for approval of its new curtailable service rates is approved. It is further

ORDERED that this Order approving new curtailable service rates shall become final upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is 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 the date set forth in the "Notice of Further Proceedings" attached hereto.

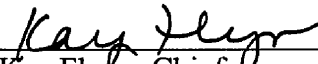
ORDERED that this tariff shall be effective as of March 30, 2004. If a protest is filed within 21 days of the issuance of this Order, the tariff shall remain in effect, with any revenues held subject to refund pending resolution of the protest. It is further

ORDERED that in the event this Order becomes final, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 16th day of April, 2004.

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

By:



Kay Flynn, Chief
Bureau of Records

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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 May 7, 2004.

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.