

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition for approval of revision to Sebring Rider, Rate Schedule SR-1, by Progress Energy Florida, Inc. | DOCKET NO. 060342-EI
ORDER NO. PSC-06-0526-PCO-EI
ISSUED: June 20, 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 SUSPENDING TARIFF

BY THE COMMISSION:

On April 12, 2006, Progress Energy Florida (PEF) filed a petition for Commission approval of revisions to its Sebring Rider (SR-1) tariff.

The Sebring Rider was approved by Commission Order No. PSC-92-1468-FOF-EU, issued on December 17, 1992, in Docket No. 920949-EU, In Re: Joint Petition of Florida Power Corporation and Sebring Utilities Commission for Approval of Certain Matters in Connection with the Sale of Assets by Sebring Utilities Commission to Florida Power Corporation. Prior to 1992, the City of Sebring operated a municipal utility under the Sebring Utility Commission. Faced with bankruptcy due to escalating debt obligations, the city decided to sell the utility and its assets. Tampa Electric purchased the generating assets, and Progress Energy (then Florida Power Corporation) agreed to purchase the utility assets and take over the remaining debt, making Sebring customers PEF's customers. Since the debt had been incurred by the City on behalf of the residents of the City, PEF argued that the cost of the purchase price above the net book value of the assets acquired, plus the 'going concern' value, should not be spread to the remainder of PEF's ratepayers. Instead, PEF petitioned for a special 15 year surcharge or rider that would recoup this debt from the residents of the City of Sebring. At the time, even with the Sebring Rider added to PEF's existing rates, residents of Sebring were paying less than they did under the City's management. The terms of the agreement required that all customers of Sebring as of the date of closing and all future customers in Sebring's service territory would be subject to the rider. The Sebring Rider is scheduled to terminate at the end of March 2008. As of February 2006, PEF had recovered some \$42.7 million out of \$50.5 million that was approved to be recovered through the rider.

The Commission recognized that the Sebring Rider might need to be adjusted over time to match the rider revenues to the debt service requirements as closely as possible. As such, the

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Commission retained jurisdiction over all aspects of the rider and directed PEF to review the rider on an annual basis and submit the results of the review to the Commission. In Order No. PSC-96-1194-FOF-EI, issued September 23, 1996, in Docket No. 960905-EI, In Re: Petition for approval to revise Sebring Rider, Rate Schedule SR-1, by Florida Power Corporation, the Commission ordered a change from the annual review of the Sebring Rider to a three year review cycle to allow identification of trends more representative of future performance and permit better calibration in setting the level of the rider. To comply with the revised 3-year filing requirement of the rider, PEF filed its petition.

We have jurisdiction over this matter pursuant to Sections 366.03, 366.04, 366.05, and 366.06, Florida Statutes. At this time we will suspend operation of the proposed tariff revision to allow additional time for review, so that we may make an informed decision on PEF's proposal. Section 366.06(3), Florida Statutes, provides that we may withhold consent to the operation of all or any portion of a new rate schedule, delivering to the utility requesting such increase a reason or written statement of good cause for doing so within 60 days. We believe that the reason stated above is good cause consistent with the requirement of Section 366.06(3), Florida Statutes.

Based on the foregoing, it is


ORDERED by the Florida Public Service Commission that Progress Energy Florida, Inc.'s revision to Sebring Rider, Rate Schedule SR-1, is suspended pending further review. It is further

ORDERED that this docket shall remain open pending a substantive decision on the proposed tariff revision.

By ORDER of the Florida Public Service Commission this 20th day of June, 2006.

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

By:



Kay Flynn, Chief
Bureau of Records

(SEAL)

MCB

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

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.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of the Commission Clerk and Administrative Services, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.