

State of Florida



Public Service Commission

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COMMISSION
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-M-E-M-O-R-A-N-D-U-M-

DATE: October 6, 2011

TO: Office of Commission Clerk (Cole)

FROM: Division of Economic Regulation (Draper)
Office of the General Counsel (Jaeger)

EJD
[Handwritten initials and signatures]

RE: Docket No. 110269-EI – Petition by Progress Energy Florida, Inc. for approval of modification to make the current experimental Premier Power Service Rider, Rate Schedule PPS-1 permanent.

AGENDA: 10/18/11 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 11/15/11 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\110269.RCM.DOC

Case Background

On September 16, 2011, Progress Energy Florida, Inc. (PEF), filed a petition for approval to make permanent the current experimental Premier Power Service Rider (rider), Rate Schedule PPS-1. The rider is available on a voluntary basis to commercial customers who require on-site generators to serve as a back-up electric supply. Pursuant to the rider, the customer contracts with PEF 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 rider is designed for customers that require improved service reliability but wish to avoid the ownership and maintenance responsibilities of back-up generation. Eligible customers requesting service under the rider are required to execute Premier

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Contract with PEF. The contract specifies the monthly charge, reflecting the cost incurred by PEF to provide the generator over the term of the contract.

The Commission first approved the rider for a 5-year experimental period in Order No. PSC-01-1648-TRF-EI.¹ In Order No. PSC-06-1037-TRF-EI, the Commission approved modifications and an additional 5-year extension of the rider.² The current rider tariff expired to new customers requesting service on July 24, 2011.

The Commission has jurisdiction pursuant to Sections 366.04, 366.05, and 366.06, Florida Statutes.

¹ Order No. PSC-01-1648-TRF-EI, issued August 13, 2001, in Docket No. 010373-EI, In re: Petition for approval to provide optional Premier Power Service Rider, Rate Schedule PPS-1, for general service customers by Florida Power Corporation.

² Order No. PSC-06-1037-TRF-EI, issued December 18, 2006, in Docket No. 060480-EI, In re: Petition by Progress Energy Florida, Inc. for approval of modification and extension of experimental Premier Power Service Rider, Rate Schedule PPS-1, and for approval of revised Premier Power Service Contract.

Discussion of Issues

Issue 1: Should the Commission approved PEF's petition to make permanent the current experimental Premier Power Service Rider, Rate Schedule PPS-1?

Recommendation: Yes. For administrative efficiency, PEF should no longer be required to file annual reports. (Draper)

Staff Analysis: The current PPS-1 tariff is experimental and includes a provision that service must be requested before July 24, 2011. PEF is now requesting that the tariff be made permanent. PEF is not proposing any other changes to the tariff.

PEF states in its petition that PEF currently has six generator installations at sites of four different customers. PEF explains that while this participation level appears low, the customers opting for this service are highly supportive of the program and some customers have either extended their contracts, or engaged in discussions to do so. PEF is also currently in discussions with other customers that could lead to more generator installations if the tariff is made permanent. Staff notes that a customer can also purchase, install, and operate backup generation on its own.

In Order Nos. PSC-01-1648-TRF-EI and PSC-06-1037-TRF-EI, the Commission required PEF to submit annual reports to the Commission regarding the level of customer participation and the amount of generation installed under the rider. However, if the Commission decides to make the rider a permanent tariff, staff believes that for administrative efficiency, PEF should no longer be required to file annual reports.

PEF's rider has been in effect on an experimental basis since August 13, 2001, and staff is not aware of any complaints or issues regarding the rider. The rider provides an optional service to commercial customers who request a higher degree of reliability. Because customers who request service under the rider are responsible for the cost of the back-up generation, the general body of ratepayers is protected. Accordingly, staff recommends approval of PEF's petition to make permanent the current experimental PPS-1 tariff.

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Issue 2: Should this docket be closed?

Recommendation: Yes, if Issue 1 is approved, the tariff should become effective on October 18, 2011. If a protest is filed within 21 days of the issuance of the docket, the tariffs should remain in effect, with any revenues held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order. (Draper, Jaeger)

Staff Analysis: If Issue 1 is approved, the tariff should become effective on October 18, 2011. If a protest is filed within 21 days of the issuance of the docket, the tariffs should remain in effect, with any revenues held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order.