

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

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

DATE: August 03, 2006

TO: Director, Division of the Commission Clerk & Administrative Services (Bayó)

FROM: Division of Economic Regulation (Baxter)
Office of the General Counsel (Keating)

RE: Docket No. 060480-EI – 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.

AGENDA: 08/15/06 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 08/27/06 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\060480.RCM.DOC

Case Background

On April 12, 2006, Progress Energy Florida (PEF) filed a petition for Commission approval of modifications and revisions to its Premier Power Service Rider (PPS-1) tariff.

The Premier Power Service is an optional pilot program currently being offered to PEF general service customers (GS-1, GST-1, GSD-1, GSDD-1, and GSLM-1) under which PEF owns, operates and maintains back-up generation with a minimum installed capacity of 200 kW on the customer's premise. The Rider is designed for customers, such as hospitals, municipal water and waste-water facilities, and financial institutions who require improved service reliability but wish to avoid ownership and maintenance of back-up generation. The Premier Power Service Rider was approved by the Commission in Order No. PSC-01-1648-TRF-EI,

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issued on August 13, 2001, in Docket No. 010373-EI, In Re: Petition for Approval to Provide Optional Premier Power Service Ricer, Rate Schedule PPS-1, for General Service Customers by Florida Power Corporation.

The Commission has jurisdiction over this matter pursuant to Chapter 366, Florida Statutes, including Sections 366.03, 366.04, 366.05, and 366.06.

Discussion of Issues

Issue 1: Should the Commission suspend Progress Energy Florida, Inc.'s petition for approval of modifications and revisions to its Premier Power Service Rider (PPS-1) tariff?

Recommendation: Yes. (Baxter, Keating)

Staff Analysis: On June 28, 2006, Progress Energy Florida, Inc. (PEF) filed a petition for Commission approval of modifications and revisions to its Premier Power Service Rider (PPS-1) tariff. In addition to lowering the kWh threshold of installed generation required to qualify for the rider, significant changes to the contract customers must sign to take service under the rate schedule have been proposed. Staff is recommending that the tariff be suspended to allow sufficient time to review the petition and gather all pertinent information so that the Commission can make an informed decision on the tariff proposal.

Pursuant to Section 366.06(3), Florida Statutes, the Commission 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. Staff believes that the reason stated above is good cause consistent with the requirement of Section 366.06(3), Florida Statutes.

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Issue 2 Should this docket be closed?

Recommendation: No. (Keating)

Staff Analysis: This docket should remain open pending the Commission vote on the proposed tariff revision.