Progress Energy

March 3, 2008

The Honorable Charles Terreni
Chief Clerk and Administrator
Public Service Commission of South Carolina
Post Office Drawer 11649
Columbia, South Carolina 29211

RE: SCPSC Docket No. 2005-385-E

Dear Mr. Terreni:

As explained in my letter dated February 28, 2007, Progress Energy Carolinas, Inc. ("PEC") has developed a simplified, step-by-step explanation of its proposed net metering service offerings. Enclosed for the Commission's review is this explanation. A copy has been provided to Pamela Greenlaw and the ORS.

Yours very truly,

Len S. Anthony
Deputy General Counsel – Carolinas

LSA:mhm

cc: Mr. John Flitter
All Parties of Record

260794

Progress Energy Service Company, LLC
P.O. Box 1551
Raleigh, NC 27602

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2005-385-E

Petition of the Office of Regulatory Staff to Establish Dockets to Consider Implementing the Requirements of Section 1251 (Net Metering) of the Energy Policy Act of 2005	)))))	**PROGRESS ENERGY CAROLINAS, INC.'S EXPLANATION OF NET METERING RIDERS**

I, Marsha H. Manning, hereby certify that I have placed copies of PEC's letter to the Commission proposing to post its simplified step-by-step explanation of its net metering riders on its website upon the Commission's approval of the net metering riders in the U. S. Mail on this date, to the parties of record at the addresses shown below, with sufficient postage attached:

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This the 27th day of February, 2008.

Marsha H. Manning
Senior Legal Secretary to Len S. Anthony

STEPS FOR SELECTING A NET METERING OPTION

- PEC offers two net metering service options. Net Metering is a billing option available to customers that install generation, such as solar photo-voltaic systems, to reduce their monthly electrical usage. Net Metering allows customers to not only reduce their monthly purchases from PEC by generating a portion of their electrical needs but also to receive a credit for any generation that exceeds their usage during the month.

- The first option is called Net Metering for Renewable Energy Facilities Rider NM. The second option is called Net Metering for Renewable Energy Facilities Excess Energy Sales Rider NME. The following link will take you to these two service offerings. (*Links to be created on external website upon tariff approval.)*

- Rider NM ties both the rates PEC charges you for electricity and the rates PEC pays you for your electricity to PEC's time-of-use service offering. With this option the amount you pay and the amount you are paid vary based upon the time-of-day because PEC's costs to generate electricity vary throughout the day. The time of use rate that applies to electricity you buy from PEC includes a Basic Customer Charge, energy charges that vary by time of day, and a demand charge that applies during on-peak hours when the cost to produce electricity is the greatest. The maximum demand helps determine the equipment PEC must install to serve you during times when your generation isn't producing electricity.

- Rider NME allows you to choose from any of PEC's various service offerings to determine the rates you pay for the electricity you buy from PEC. You can choose a time-of-use offering the same as in option 1 or you can choose a service offering that has a rate that does not vary based on the time-of-day. Under the second option any generation that reduces your normal purchases from PEC is effectively credited at the retail energy rate from your selected schedule. The rate PEC pays you for any excess generation beyond what you consume is based on the actual energy cost PEC avoids by purchasing your electricity.

The following is a table providing the possible combinations of Rate Schedules and Net Metering Riders you may employ:

FOR RESIDENTIAL CUSTOMERS		
	NET METERING RIDER CHOICES FOR GENERATION	
	RIDER NM	RIDER NME
OPTIONAL RATE SCHEDULES FOR CONSUMPTION		
RES (Residential Service)	Not Available	Option 1
RTOUE (Residential All-Energy Time-Of-Use)	Not Available	Option 2
RTOU-D (Residential Service Time-Of-Use)	Required	Option 3
FOR NON-RESIDENTIAL CUSTOMERS		
	NET METERING RIDER CHOICES FOR GENERATION	
	RIDER NM	RIDER NME
OPTIONAL RATE SCHEDULES FOR CONSUMPTION		
SGS (Small General Service)	Not Available	Option 1
MGS (Medium General Service)	Not Available	Option 2
SGS-TOU (Small General Service Time-Of-Use)	Required	Option 3

The rates associated with these schedules do change over time. You can retrieve current rate schedules and other information at the Progress Energy Website:

http://www.progress-energy.com/aboutenergy/rates/

1. There are several factors to consider when determining which net metering arrangement is best for you. The following may help you in making your decision:

   Relationships Between Consumption and Generation:

   a. Your generator's output, like your electrical consumption, will likely vary throughout the year.
   b. Examine when you use electricity. If your electricity is used mainly during off-peak periods, you might be able to lower your bill irrespective of net metering under a TOU schedule. Try to examine at least an annual period. If you are an existing TOU customer, this information is provided on your monthly bills.
   c. Determine the running patterns of your generation to find out when and how much generation will be produced. Keep in mind the seasonal variations. Your vendor should be able to supply you with this information.
   d. Using the information from (b) and (c) above, estimate how much on and off-peak power you will receive from the grid for purchase and estimate how much on and off-peak power you will deliver to the grid for credit.

Rate Schedule Considerations:

a. TOU rates vary by time of day and day of week while non-TOU rates do not.
b. Customers employing Rider NM are billed using lower energy rates than those used under exclusive Rider NME based schedules. However, Rider NM based schedules incorporate demand charges which are based on the highest fifteen minute usage registered during on-peak periods.
c. The times and durations of on-peak and off-peak rate periods are defined on PEC's rate schedules.
d. Non-TOU rate based customers employing Rider NME will be billed an additional $3.10 monthly to offset additional metering costs.

Credits for Customer Generation:

a. Rider NM credits are greater than Rider NME credits
b. Under both riders, the value of credits for on-peak generation is greater than those for off-peak generation.
c. Under Rider NM, on-peak generation can be used to offset both on and off-peak purchases. However, off-peak generation can only offset off-peak purchases.
d. If your generated output is consistently greater than your consumption, a "sell-all" arrangement may be more viable than a net-metering option.

2. While net metering should lessen your bill, it will not eliminate it entirely. It is advisable to look into the ways and times that you are using electricity and compare this to your generator's output such to ensure your best rate option. This effort may also help you find additional ways to conserve energy.