

Florida Power & Light Company, 215 S. Monroe St., Suite 810, Tallahassee, FL 32301 Natalie F. Smith Principal Attorney Florida Power & Light Company 700 Universe Boulevard Juno Beach, FL 33408-0420 (561) 691-7207 (561) 691-7135 (Facsimile)

May 31, 2007

<u>VIA HAND DELIVERY</u> Ms. Ann Cole Office of Commission Clerk Florida Public Service Commission Betty Easley Conference Center 2540 Shumard Oak Boulevard, Room 110 Tallahassee, FL 32399-0850

Re: Docket No. <u>070350</u>-<u>FG</u> Petition of Florida Power & Light Company for Approval of Residential Load Control Program

Dear Ms. Cole:

Enclosed for filing are an original and seven (7) copies of the Petition of Florida Power & Light Company for Approval of the Residential Load Control Program together with a diskette containing the electronic version of same.

Please do not hesitate to contact me should you or your staff have any questions.

Sincerely,

And Natalie F. Smith

NFS:jp Enclosures

Original Tariff forwarded

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FPSC-COMMISSION CLERK

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Florida Power & Light Company for Approval of Residential Load Control Program

Docket No. 070350- EG

Filed: May 31, 2007

PETITION OF FLORIDA POWER & LIGHT COMPANY FOR APPROVAL OF RESIDENTIAL LOAD CONTROL PROGRAM

Florida Power & Light Company ("FPL"), pursuant to Sections 366.82(2), 366.05, and 366.06, Florida Statutes, and Order No. PSC-06-0408-PAA-EG, issued May 15, 2006 in Docket No. 060174-EG, petitions the Florida Public Service Commission ("Commission") to (a) approve FPL's Residential Load Control Pilot Project as a permanent demand side management ("DSM") program, (b) approve the revised tariff sheets for a permanent Residential Load Control Program contained in Appendix A and (c) allow FPL to recover reasonable and prudent expenditures for FPL's Residential Load Control Program through FPL's Energy Conservation Cost Recovery ("ECCR") Clause. Approval of the Residential Load Control Pilot Project as a permanent of FPL's DSM Plan will enable FPL to fulfill its integrated resource planning objectives as well as satisfy the reserve margin planning criterion approved by this Commission in Order No. PSC-99-2507-S-EU, issued December 22, 1999, in Docket No. 981890-EU.

Introduction

1. FPL is an investor-owned public utility regulated by the Commission pursuant to Chapter 366, Florida Statutes. FPL is subject to the Florida Energy Efficiency Conservation Act ("FEECA"), Sections 366.80-85, 403.519, Florida Statutes. Pursuant to FEECA the Commission has approved DSM goals for FPL, and FPL has a DSM Plan approved by the Commission DOCUMENT NUMPER-DATE

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designed to achieve its DSM goals. Part of FPL's approved DSM Plan is FPL's On-Call Program and its Residential Load Control Pilot Project. The Commission has previously approved cost recovery through its ECCR Clause for On-Call Program and Residential Load Control Pilot Project expenditures. FPL has a substantial interest in achieving its DSM goals, securing approval of its DSM Plan and receiving cost recovery through the ECCR Clause for the conservation programs and research efforts approved as part of FPL's DSM Plan.

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2. FPL's address is 9250 West Flagler Street, Miami, FL 33174. Correspondence, notices, orders and other documents concerning this Petition should be sent to:

Natalie F. Smith, Esquire	William G. Walker, III
Law Department	Vice President, Regulatory Affairs
Florida Power & Light Company	Florida Power & Light Company
700 Universe Boulevard	215 South Monroe Street, Suite 810
Juno Beach, FL 33408-0420	Tallahassee, FL 32301
(561) 304-5134 (Voice)	(850) 521-3910 (Voice)
(561) 691-7305 (Facsimile)	(850) 521-3939 (Facsimile)
Natalie_Smith@fpl.com	Bill_Walker@fpl.com

3. As part of its Commission-approved Demand-Side Management ("DSM") Plan, FPL offers a load management program known as the On-Call Program. Participants in the On-Call Program receive incentives, in the form of a monthly bill credit, for allowing FPL to interrupt electric service to specific appliances such as central heating and air conditioning, electric water heating, and swimming pool pumps. FPL has offered the On-Call Program since 1986.

4. On January 15, 2003 in Docket No. 030051-EG, FPL petitioned for approval of modifications to the On-Call Program. In its petition, FPL requested approval to close the On-Call Program, offered under Rate Schedule RSL, to new customers effective April 1, 2003. In its place, FPL proposed a new residential load management pilot project, the Residential Load Control Pilot Project, under Rate Schedule RLP for a three-year period.

5. On March 6, 2003, the Commission granted FPL's petition for modifications to the On-Call Program and for approval of the Residential Load Control Pilot Project, Order No. PSC-03-0322-TRF-EG, Docket No. 030051-EG. In that order, the Commission approved the closing of the existing On-Call Program to new customers effective April 1, 2003. In its place, FPL received approval to offer the Residential Load Control Pilot Project ("Pilot Project") under Rate Schedule RLP for a three-year period.

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6. As of April 1, 2003, all customers who sign up for the On-Call Program receive incentives based on Rate Schedule RLP. In addition, existing participants in the On-Call Program who make a change to the interruption schedule of their appliances or move to a different location in FPL's service territory must use Rate Schedule RLP if they wish to continue as load management participants. The existing On-Call Program and the Pilot Project are nearly identical except that Rate Schedule RLP has an approximate 50% reduction in the incentive paid to participating customers who have their electric water heater and central air-conditioning system under load control.

7. The original three-year approval for the Pilot Project was to expire April 1, 2006. At the end of the period authorized for the Pilot Project, FPL was to submit recommendations based on program results. In compliance with that requirement, FPL filed a petition on March 1, 2006 requesting continuation of the Pilot Project. On March 14, 2006, FPL filed a supplemental petition requesting that the program be allowed to continue, without interruption, until a full analysis of the program could be made. The request for continuation was granted by Order No. PSC-06-0334-PCO-EG, issued April 24, 2006 in Docket No. 060174-EG. By Order No. PSC-06-0408-PAA-EG, issued May 15, 2006 in Docket No. 060174-EG, the Commission approved FPL's petition for extension of the Pilot Project through August 31, 2007, with a requirement that FPL provide information and analysis of its experience and projections with respect to the Pilot Project no later than June 1, 2007. By this Petition, FPL provides the requested information.

Pilot Project Objectives

8. The objective of the approved Pilot Project was to determine if FPL could lower its On-Call Program incentives and still achieve its targeted levels of program participation without suffering significant customer attrition and a concurrent drop in system reliability. Based on customer turnover being experienced in the program at the time the Pilot Project was filed, the portion of customers participating in the Pilot Project was forecasted to be between 36% and 47% by 2006.

9. Implementation of the Pilot Project was expected to reduce the total cost of the On-Call Program, which would result in improved cost-effectiveness and a reduction in overall ECCR costs. This reduction in cost was expected as a result of participants being on a lower incentive rate schedule. FPL expected to acquire the participants by customers locating where load control equipment is already installed and by new customer registrations.

10. Reduced incentives are as follows

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Existing Rate schedule, RSL closed		<u>Rate schedule RLP - New</u>		
Water Heaters	\$3.50	Water Heaters	\$1.50	
Air Conditioning (cycle)	\$6.00	Air Conditioning (cycle)	\$3.00	

The following incentives remained the same

Air Conditioning (shed)	\$9.00	Air Conditioning (shed)	\$9.00
Central Heater (cycle)	\$2.00	Central Heater (cycle)	\$2.00
Central Heater (shed)	\$4.00	Central Heater (shed)	\$4.00
Pool Pumps	\$3.00	Pool Pumps	\$3.00

11. <u>Pilot Project Monitoring</u>. Through FPL's Customer Information Systems, FPL tracked all Pilot Project participation. Participation was tracked by appliances registered in the Pilot Project, as well as any changes in the customer's participation status. This allowed FPL to determine dropout rates as well as the reasons for dropouts. In addition, FPL was able to determine any variations between registration rates under the Pilot Project incentive levels versus the existing On-Call Program incentives.

12. <u>Pilot Project Results</u>.

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- Pilot Project participation as of June 1, 2007 is 41% (approximately 309,400 of the approximately 750,000 total participants in the On-Call Program). By 2007 year end, FPL projects that 45% of the On-Call population will be participating at the lower incentive rate schedule. As stated above, the expectation had been that between 36% and 47% of the total load control participants would have been on the Pilot Project, so the Pilot Project can be characterized as having achieved its objective.
- Total ECCR incentive savings as of June 1, 2007 is expected to be more than \$10.5 million, with more than \$11.5 million savings projected by year end 2007.
- Participants in the On-Call Program prior to April 1, 2003 continued receiving incentives per the rate schedule that was closed on April 1, 2003, unless they changed their appliance options.
- Based on its experience, FPL estimates that 40,000 to 47,000 customers per year will move into locations where load control equipment is already installed. Over time, FPL expects the number of On-Call participants

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receiving credits under the closed incentive schedule to continue to diminish.

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- FPL conducted a 400-point post participation survey in the fall of 2006 to assess customer reactions to the Pilot Project. Participating in the Pilot Project, like the original On-Call Program, has a positive effect on customer satisfaction with FPL. However, Pilot Project participants were, on average, slightly less satisfied with the incentive as compared to On-Call Program participants that are under the closed incentive schedule.
- Customer dropouts due to dissatisfaction remained constant at less than .5% for both the Pilot Project and the On-Call Program. However, research has indicated that applying lower incentives to all load control participants bears the risk of losing a minimum of 10% of the participants.

13. <u>Request</u>. FPL requests that the Commission approve the Residential Load Control Pilot Project as a permanent DSM program for the following reasons:

- By year end 2007, Pilot Project participants will represent approximately 45% of the On-Call population receiving lower incentives, which in at the upper end of FPL's previous projections.
- FPL can continue increasing the total number of On-Call participants that receive lower incentives with new registrations and through new customers moving into locations where load control equipment is already installed (40,000 to 47,000 customers per year).

• It is important to continue to acquire new, and retain existing, customers due to the contributions of the On-Call Program to FPL's DSM Plan in order to address capacity needs.

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• Due to the risk of increasing customer attrition and a corresponding decline in system reliability, FPL is not proposing to shift all participants to lower incentives. Rather, FPL would allow the normal customer attrition process to reduce the number of customers participating under the closed incentive rate schedule.

With future capacity requirements increasing, the continued growth and stability of a costeffective load management program plays a critical role in FPL's system reliability.

14. FPL requests permanent approval of the Residential Load Control Program ("Program") rate schedule, with the revisions reflected in Sheet Nos. 8.217 - 8.219 (contained in "Appendix A" in clean and legislative format) to reflect the change from a pilot project to a permanent program, for new Program participants as well as existing participants who change their appliance participation options.

15. The approval of the Pilot Project as a permanent DSM program will help achieve the goals of FEECA and Commission Rule 25-17.001, Florida Administrative Code. It should allow FPL to achieve its Commission-approved DSM goals at a lower cost to customers.

16. As set forth in paragraphs 11 and 12 of this Petition, the Program is directly monitorable and will yield measurable results.

17. FPL is not aware of any disputed issues of material fact. There has not been any prior agency action in this proceeding; therefore, FPL cannot allege "when and how the petitioner received notice of the agency decision." Since there is no agency action for which

FPL is seeking reversal or modification, there are no statutes or rules FPL contends require reversal or modification of Commission action.

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18. The request for permanent approval of the Program, along with the revised tariff sheets, should be approved. FPL should be authorized to recover through its ECCR clause its reasonable and prudent expenditures for the approved Program.

WHEREFORE, FPL respectfully petitions the Commission to (a) approve FPL's Residential Load Control Pilot Project as a permanent DSM program, (b) approve the revised tariff sheets contained in Appendix A and (c) allow FPL to recover its reasonable and prudent Residential Load Control Program expenditures through FPL's ECCR clause.

Respectfully submitted,

Natalie F. Smith, Esquire Law Department Florida Power & Light Company 700 Universe Boulevard Juno Beach, FL 33408-0420 Telephone: (561) 304-5134 Facsimile: (561) 691-7305

Natalie F. Smith Fla. Bar No. 0470200

CERTIFICATE OF SERVICE

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I HEREBY CERTIFY that a true and correct copy of the foregoing Petition of Florida Power & Light Company for Approval of Residential Load Control Program has been furnished by U.S. Mail on this 31st day of May, 2007, to the following:

Charles Beck, Esquire Office of Public Counsel c/o The Florida Legislature 111 W. Madison Street, Room 812 Tallahassee, FL 32399-1400

He Natalie F. Smith, Esquire Fla. Bar No. 0470200

RESIDENTIAL LOAD CONTROL PILOT PROJECT PROCRAM

RATE SCHEDULE: RLP

AVAILABLE:

Available only within the geographic areas served by the Company's Load Management System.

APPLICATION:

To Customer's premise: ("Pilot ProjectProgram")") on or after April 1, 2003 and who utilize at least one of the following installed electrical appliances at the Customer's premise:

- I. Conventional electric water heater
- 2. Central electric air conditioning
- 3. Swimming pool pump (including pool sweeps as appropriate)
- 4. Central electric space heating*

*Central electric space heating systems alone are ineligible for <u>Programpilot Project</u> participation. These systems are eligible for program participation. These systems are eligible program participation.

This Rate Schedule is not applicable for service to commonly-owned facilities of condominium, cooperative, or homeowners' associations.

SERVICE:

The same as specified in Rate Schedule RS-1.

LIMITATION OF SERVICE:

The same as specified in Rate Schedule RS-1. The specified electrical appliances shall be interrupted at the option of the Company by means of load management equipment installed at the Customer's premise.

WONTHLY CREDIT:

Customers receiving service under this Rate Schedule will receive a credit on the monthly bill as follows:

\$ \$'00	November-March	Central electric space heating (Option S)	.9
\$ 2.00	Иочетьет-Матсћ	Central electric space heating (Option C)	٠ç
00 [.] £ \$	Year-round	qmuq looq znimmiw2	
00.6 \$	April-October	Central electric air conditioning (Option S)	.б
00 [.] £ \$	April-October	Central electric air conditioning (Option C)	
05.1 \$	Year-round	Conventional electric water heater	
CKEDIL	APPLICABILITY	DEAICE (OLLION)	

Total monthly credit shall not exceed 40 percent of the Rate Schedule RS-1 "Base Energy Charge" actually incurred for the month (if the Budget Billing Plan is selected, actual energy charges will be utilized in the calculations, not the levelized charges) and no credit will be applied to reduce the Minimum bill specified on Rate Schedule RS-1.

Note: Option C or Option S (listed below) may be selected for either central air conditioning or heating systems. If both appliance types are participating in the Pilot Project Program, the same option must be selected.

(Continued on Sheet No. 8.218)

RESIDENTIAL LOAD CONTROL PROGRAM

RATE SCHEDULE: RLP

AVAILABLE:

Available only within the geographic areas served by the Company's Load Management System.

APPLICATION:

To Customers receiving service under Rate Schedule RS-1 who elect to participate in this Residential Load Control Program ("Program") on or after April 1, 2003 and who utilize at least one of the following installed electrical appliances at the Customer's premise:

- 1. Conventional electric water heater
- 2. Central electric air conditioning
- 3. Swimming pool pump (including pool sweeps as appropriate)
- 4. Central electric space heating*

*Central electric space heating systems alone are ineligible for Program participation. These systems are eligible for Program participation only when one (or more) of the other 3 appliances listed above is (are) signed up for participation.

This Rate Schedule is not applicable for service to commonly-owned facilities of condominium, cooperative, or homeowners' associations.

SERVICE:

The same as specified in Rate Schedule RS-1.

LIMITATION OF SERVICE:

The same as specified in Rate Schedule RS-1. The specified electrical appliances shall be interrupted at the option of the Company by means of load management equipment installed at the Customer's premise.

MONTHLY CREDIT:

Customers receiving service under this Rate Schedule will receive a credit on the monthly bill as follows:

DEVICE (OPTION)		APPLICABILITY	<u>CREDIT</u>
1.	Conventional electric water heater	Year-round	\$ 1.50
2.	Central electric air conditioning (Option C)	April-October	\$ 3.00
3.	Central electric air conditioning (Option S)	April-October	\$ 9.00
4.	Swimming pool pump	Year-round	\$ 3.00
5.	Central electric space heating (Option C)	November-March	\$ 2.00
6.	Central electric space heating (Option S)	November-March	\$ 4.00

Total monthly credit shall not exceed 40 percent of the Rate Schedule RS-1 "Base Energy Charge" actually incurred for the month (if the Budget Billing Plan is selected, actual energy charges will be utilized in the calculations, not the levelized charges) and no credit will be applied to reduce the Minimum bill specified on Rate Schedule RS-1.

Note: Option C or Option S (listed below) may be selected for either central air conditioning or heating systems. If both appliance types are participating in the Program, the same option must be selected.

(Continued on Sheet No. 8.218)

(Continued from Sheet No. 8.217)

INTERRUPTION SCHEDULES FOR ELECTRICAL APPLIANCES

The Customer's participating electrical appliances will be interrupted only during the following periods except as noted below:

April 1 through October 31:2 p.m. to 10 p.m.November 1 through March 31:5 a.m. to 11 a.m.4 p.m. to 10 p.m.

The interruption schedules available for each appliance are as follows:

- 1. Conventional electric water heating equipment may be interrupted up to, but not to exceed, 240 minutes per day.
- 2. <u>Central electric air conditioning equipment may be interrupted under one of the following options selected by the Customer:</u>

<u>Option C</u> equipment may be interrupted an accumulated total of 15 minutes during any 30 minute period with a cumulative interruption time of up to 180 minutes per day. If normal operation of the Program is not able to provide sufficient demand reduction to divert an emergency situation, central electric air conditioners may be interrupted for 17.5 minutes during any 30 minute period with a cumulative interruption time of up to 210 minutes per day.

Option S equipment may be interrupted up to, but not to exceed, 180 minutes per day.

- 3. <u>Swimming pool pump</u> equipment may be interrupted up to, but not to exceed, 240 minutes per day.
- 4. <u>Central electric space heating</u> equipment may be interrupted under one of the following options selected by the Customer:

<u>Option C</u> equipment may be interrupted an accumulated total of 15 minutes during any 30 minute period with a cumulative interruption time of up to 180 minutes per day.

Option S equipment may be interrupted up to, but not to exceed, 180 minutes per day.

The limitations on interruptions of electrical equipment shall not apply during emergencies on the Company's system or to interruptions caused by force majeure or other causes beyond the control of the Company.

TERM OF SERVICE:

During service under this Rate Schedule, a Customer may change interruption options or the selection of electrical appliances connected to the load management equipment or discontinue service under this Rate Schedule by giving the Company 7 days advance notice. If the Customer requests to have one or more appliances removed from participation in the <u>Pilot ProjectProgram</u>, the Customer will be ineligible to participate with such appliance(s) again in the <u>Pilot ProjectProgram</u> for one year (12 months) from the time participation ended.

SPECIAL PROVISIONS

- 1. The Company shall not be required to install load management equipment if the installation cannot be economically justified for reasons such as: excessive installation costs, oversized/undersized heating or cooling equipment or abnormal utilization of equipment, including vacation or other limited occupancy residences.
- 2. Billing under this Rate Schedule will commence upon the installation and completion of required inspections of the load management equipment.
- 3. Multiple units of any particular appliance type must all be connected with load management equipment to qualify for the credit attributable to that appliance type. In such circumstances, only a single credit for that appliance type will be applied. Pool sweeps, when coupled with pool pumps, are included in this category.

(Continued on Sheet No. 8.219)

(Continued from Sheet No. 8.217)

INTERRUPTION SCHEDULES FOR ELECTRICAL APPLIANCES

The Customer's participating electrical appliances will be interrupted only during the following periods except as noted below:

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Option C equipment may be interrupted an accumulated total of 15 minutes during any 30 minute period with a cumulative interruption time of up to 180 minutes per day.

Option S equipment may be interrupted up to, but not to exceed, 180 minutes per day.

The limitations on interruptions of electrical equipment shall not apply during emergencies on the Company's system or to interruptions caused by force majeure or other causes beyond the control of the Company.

TERM OF SERVICE:

During service under this Rate Schedule, a Customer may change interruption options or the selection of electrical appliances connected to the load management equipment or discontinue service under this Rate Schedule by giving the Company 7 days advance notice. If the Customer requests to have one or more appliances removed from participation in the Program, the Customer will be ineligible to participate with such appliance(s) again in the Program for one year (12 months) from the time participation ended.

SPECIAL PROVISIONS

- 1. The Company shall not be required to install load management equipment if the installation cannot be economically justified for reasons such as: excessive installation costs, oversized/undersized heating or cooling equipment or abnormal utilization of equipment, including vacation or other limited occupancy residences.
- 2. Billing under this Rate Schedule will commence upon the installation and completion of required inspections of the load management equipment.
- 3. Multiple units of any particular appliance type must all be connected with load management equipment to qualify for the credit attributable to that appliance type. In such circumstances, only a single credit for that appliance type will be applied. Pool sweeps, when coupled with pool pumps, are included in this category.

(Continued on Sheet No. 8.219)

(Continued from Sheet No. 8.218)

- 4. Installation of the load management equipment at the Customer's premise is to be the sole responsibility of a licensed, independent contractor. The Customer agrees that the Company shall not be liable for any damages or injuries that may occur as a result of the interruption or restoration of electric service pursuant to the terms of this Rate Schedule.
- 5. The following types of electric water heaters are ineligible for participation in the Pilot ProjectProgram: solar water heaters, heat recovery units and heat pump water heaters.
- 6. If the Company determines that the Customer no longer uses one or more of the appliances signed up for <u>Pilot ProjectProgram</u> participation, then the Company has the right to remove the appropriate load management equipment and to discontinue the appropriate credits.
- 7. The Customer shall give the Company and the licensed, independent contractor reasonable access for installing, maintaining, testing and removing the Company's load management equipment, and for verifying that the equipment effectively controls the Customer's appliances as intended by this Rate Schedule.
- 8. If the Company determines that the effect of equipment interruptions has been offset by the Customer's use of supplementary or alternative electrical equipment, then service under this Rate Schedule may be discontinued and the Customer billed for all prior Monthly Credits received under this Rate Schedule over a period not to exceed six (6) months.
- 9. If the Company determines that its load management equipment at the Customer's premise has been rendered ineffective by mechanical, electrical or other devices or actions ("tampering"), then the Company may discontinue the Customer's participation in the <u>Pilot_ProjectProgram</u> and bill for all expenses involved in removal of the load management equipment, plus applicable investigative charges. The Company may rebill all prior Monthly Credits received by the Customer from an established tampering date. If such a date cannot be established, then rebilling of the Monthly Credits shall be for the lesser of the number of months receiving service under this Rate Schedule or the previous twelve (12) months.

(Continued from Sheet No. 8.218)

- 4. Installation of the load management equipment at the Customer's premise is to be the sole responsibility of a licensed, independent contractor. The Customer agrees that the Company shall not be liable for any damages or injuries that may occur as a result of the interruption or restoration of electric service pursuant to the terms of this Rate Schedule.
- 5. The following types of electric water heaters are ineligible for participation in the Program: solar water heaters, heat recovery units and heat pump water heaters.
- 6. If the Company determines that the Customer no longer uses one or more of the appliances signed up for Program participation, then the Company has the right to remove the appropriate load management equipment and to discontinue the appropriate credits.
- 7. The Customer shall give the Company and the licensed, independent contractor reasonable access for installing, maintaining, testing and removing the Company's load management equipment, and for verifying that the equipment effectively controls the Customer's appliances as intended by this Rate Schedule.
- 8. If the Company determines that the effect of equipment interruptions has been offset by the Customer's use of supplementary or alternative electrical equipment, then service under this Rate Schedule may be discontinued and the Customer billed for all prior Monthly Credits received under this Rate Schedule over a period not to exceed six (6) months.
- 9. If the Company determines that its load management equipment at the Customer's premise has been rendered ineffective by mechanical, electrical or other devices or actions ("tampering"), then the Company may discontinue the Customer's participation in the Program and bill for all expenses involved in removal of the load management equipment, plus applicable investigative charges. The Company may rebill all prior Monthly Credits received by the Customer from an established tampering date. If such a date cannot be established, then rebilling of the Monthly Credits shall be for the lesser of the number of months receiving service under this Rate Schedule or the previous twelve (12) months.