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ORIGINAL  
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April 30, 1997

Ms. Blanca S. Bayo, Director  
Division of Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee FL 32399-0870

EAG

970517-EI

Dear Ms. Bayo:

In accordance with Order No. 8483 in Docket No. 770158-EU, Gulf Power Company is enclosing its 1997 Underground Distribution Differential Cost Report.

Also enclosed for official filing are the original and fifteen copies of Gulf Power Company's tariff sheets listed below. These sheets include the new cost differentials shown in the report and corrections to the Agreement for Underground Construction Standards. These corrections make no substantive change to the agreement. A coded copy of each tariff sheet has been provided to show the changes to the existing tariff sheet.

<u>Identification</u>	<u>New Sheet</u>	<u>Old Sheet</u>
Section IV -- Part VI - Underground Distribution Facilities	Sixth Rev. No. 4.25	Fifth Rev. No. 4.25
	Tenth Rev. No. 4.26	Ninth Rev. No. 4.26
	Fifth Rev. No. 4.27	Fourth Rev. No. 4.27
	Fifth Rev. No. 4.28	Fourth Rev. No. 4.28
	Fifth Rev. No. 4.28.1	Fourth Rev. No. 4.28.1
Section VII -- Contracts	Second Rev. No. 7.26	First Rev. No. 7.26
	First Rev. No. 7.26.1	Original No. 7.26.1
	First Rev. No. 7.26.2	Original No. 7.26.2

Upon approval, please return two copies of the approved tariff sheets to my attention.

Sincerely,

ACK \_\_\_\_\_  
AFA Linda G. Malone  
APP Linda G. Malone  
CAF Assistant Secretary and Assistant Treasurer

CMU lw

CTR \_\_\_\_\_  
EAG Enclosures

LEG | cc: Beggs and Lane  
Jeffrey A. Stone, Esquire  
LIN \_\_\_\_\_ Florida Public Service Commission  
Connie Kummer  
OPC \_\_\_\_\_ Gulf Power Company  
RCH \_\_\_\_\_ Susan D. Cranmer  
SEC \_\_\_\_\_  
WAS \_\_\_\_\_  
OTH \_\_\_\_\_

84395-91  
25/22/97

**Gulf Power Company**

**1997 Underground Distribution Differential Cost**

**Report to the**

**Florida Public Service Commission**

**Gulf Power Company**  
**1997 Underground Distribution Differential Cost**  
**Report to**  
**Florida Public Service Commission**

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Florida Public Service Commission

Order No. 8483

Docket No. 770158

Gulf Power Company

**Gulf Power Company Submits the  
Following Data On The 210 Lot  
Typical Subdivision For Information  
Purposes Only In Accordance With  
Commission Order No. 8453  
Docket No. 770158**

**Gulf Power Company  
Overhead VS Underground  
Summary Sheet  
Cost Per Lot  
210 Lot Single Family Residential  
1997**

<b>Item</b>	<b>Overhead</b>	<b>Underground</b>	<b>Differential</b>
Labor	370.03	775.71	405.68
Material	<u>393.08</u>	<u>595.75</u>	<u>202.67</u>
Total	763.11	1,371.46	608.35

**Gulf Power Company  
Cost Per Lot  
Overhead Material And Labor  
210 Lot Single Family Residential  
1997**

<b>Item</b>	<b>Material (1)</b>	<b>Labor (4)</b>	<b>Total</b>
Service (2)	61.58	36.94	98.52
Primary	16.98	17.88	34.84
Secondary	7.50	5.53	13.03
Initial Tree Trim		34.39	34.39
Poles	98.12	114.78	212.90
Transformers (3)	180.33	63.46	243.79
 Subtotal	 364.49	 272.98	 637.47
Stores Handling (5)	28.59		28.59
 Subtotal	 393.08	 272.98	 666.06
Engineering (6)		97.05	97.05
 Total	 393.08	 370.03	 763.11

(1) Includes Sales Tax

(2) Includes Meter

(3) Includes Ground Rods, Arresters and Cutouts

(4) Includes Administrative, General Expenses, and Transportation

(5) 14% of All Material (Less Meters and Transformers)

(6) 22.8% of All Material & Labor (Less Meters and Transformers)

**Gulf Power Company  
Cost Per Lot  
Underground Material And Labor  
210 Lot Single Family Residential  
1997**

<b>Item</b>	<b>Material (1)</b>	<b>Labor (4)</b>	<b>Total</b>
Service (2)	98.51	122.03	220.54
Primary	136.10	122.17	258.27
Secondary	82.07	93.90	175.97
Transformers (3)	233.80	18.17	251.97
Primary Trenching		81.00	81.00
Secondary Trenching		21.19	21.19
Service Trenching		132.01	132.01
Subtotal	550.48	590.47	1,140.95
Stores Handling (5)	45.27		45.27
Subtotal	595.75	590.47	1,186.22
Engineering (6)		185.24	185.24
<b>Total</b>	<b>595.75</b>	<b>775.71</b>	<b>1,371.46</b>

(1) Includes Sales Tax

(2) Includes Meter

(3) Includes Ground Rods, Arresters and Cutouts

(4) Includes Administrative, General Expenses, and Transportation

(5) 14% of All Material (Less Meters and Transformers)

(6) 22.8% of All Material & Labor (Less Meters and Transformers)

# 210 Lot Subdivision



**Gulf Power Company**  
**Overhead VS Underground**  
**Summary Sheet**  
**Cost Per Lot**  
**176 Lot Single Family Residential**  
**1997**

Item	Overhead	Underground	Differential
Labor	281.92	627.11	345.19
Material	<u>307.94</u>	<u>529.65</u>	<u>221.71</u>
Total	589.86	1,156.76	566.90

**Gulf Power Company**  
**Cost Per Lot**  
**Overhead Material And Labor**  
**176 Lot Single Family Residential**  
**1997**

Item	Material (1)	Labor (4)	Total
Service (2)	49.70	28.17	77.87
Primary	9.95	12.01	21.96
Secondary	8.34	6.16	14.50
Initial Tree Trim		20.52	20.52
Poles	81.15	86.02	167.17
Transformers (3)	136.14	54.58	190.72
 Subtotal	 285.28	 207.46	 492.74
Stores Handling (5)	22.66		22.66
 Subtotal	 307.94	 207.46	 515.40
Engineering (6)		74.46	74.46
 Total	 307.94	 281.92	 589.86

(1) Includes Sales Tax

(2) Includes Meter

(3) Includes Ground Rods, Arresters and Cutouts

(4) Includes Administrative, General Expenses, and Transportation

(5) 14% of All Material (Less Meters and Transformers)

(6) 22.8% of All Material & Labor (Less Meters and Transformers)

**Gulf Power Company**  
**Cost Per Lot**  
**Underground Material And Labor**  
**176 Lot Single Family Residential**  
**1997**

Item	Material (1)	Labor (4)	Total
Service (2)	78.56	93.33	171.89
Primary	100.81	86.90	187.71
Secondary	69.81	77.58	147.39
Transformers (3)	244.77	18.93	263.70
Primary Trenching		54.18	54.18
Secondary Trenching		15.85	15.85
Service Trenching		132.01	132.01
Subtotal	493.95	478.78	972.73
Stores Handling (5)	35.70		35.70
Subtotal	529.65	478.78	1,008.43
Engineering (6)		148.33	148.33
Total	529.65	627.11	1,156.76

(1) Includes Sales Tax

(2) Includes Meter

(3) Includes Ground Rods, Arresters and Cutouts

(4) Includes Administrative, General Expenses, and Transportation

(5) 14% of All Material (Less Meters and Transformers)

(6) 22.8% of All Material & Labor (Less Meters and Transformers)

# 176 Lot Subdivision

**GULF POWER COMPANY  
 1996 OVERHEAD VERSUS UNDERGROUND EXPENSES**

<b>ACCOUNT NUMBER</b>	<b>OPER. &amp; MAINT. EXPENSES</b>	<b>OVERHEAD</b>	<b>UNDERGROUND</b>
583 - 111, 112, 113	Install & Remove OH Transformers	\$558,837	
583 - 200	OH Transformers - First Cost	(\$261,578)	
593 - 900	OH Line - Operations	\$757,102	
584 - 111, 331, 332, 333	Install & Remove UG Transformers		\$296,669
584 - 400	UG Transformers - First Cost		(\$109,531)
584 - 900, 950, 951	UG Line - Operations		\$303,949
593 - 100	Tree Trim	\$2,771,714	
593 - 200, 201, 203, 205, 208, 209, 210, 211, 250, 251, 295, 400	OH Poles, Towers, Conductor	\$4,536,826	
594 - 100, 500, 503, 505, 511	UG Line - Maintenance		\$1,710,180
595 - 100	OH Transformers - Maintenance	\$858,561	
595 - 200, 300, 301	UG Transformers - Maintenance		\$17,033
	<b>TOTAL</b>	<b>\$9,221,262</b>	<b>\$2,218,300</b>

All Information From December, 1996 Budget Comparison

Florida Public Service Commission  
Order No. 8483  
Docket No. 770158  
Gulf Power Company

**GULF POWER COMPANY  
JOINT TRENCHING  
UG RESIDENTIAL DISTRIBUTION  
1996**

**NONE IN 1996**

GULF POWER COMPANY  
 YEAR - END CUSTOMERS  
 OVERHEAD VERSUS UNDERGROUND  
 1972-1996

YEAR	OVERHEAD	UNDERGROUND	TOTAL
1972	150,536	6,088	156,624
1973	158,548	7,260	165,808
1974	163,310	8,432	171,742
1975	165,857	9,281	175,138
1976	170,138	10,589	180,727
1977	173,308	13,041	186,349
1978	177,427	14,124	191,551
1979	181,130	15,605	196,735
1980 (1)	181,937	23,756	205,693
1981	187,221	26,405	213,626
1982	191,692	29,481	221,173
1983	197,457	34,293	231,750
1984	203,256	42,061	245,317
1985	208,594	49,099	257,693
1986	212,725	54,005	266,730
1987	217,208	56,336	273,544
1988	220,563	59,184	279,747
1989	223,631	61,695	285,326
1990	226,880	63,569	290,449
1991	230,755	65,476	296,231
1992	236,862	68,178	305,040
1993	242,534	71,273	313,807
1994	247,576	74,070	321,646
1995	249,649	75,465	325,114
1996	254,725	80,107	334,832

(1) The underground customers increased substantially due to an error in recording overhead and underground accounts. The problem was discovered and corrected in November, 1980.

# Tariff Sheets



# GULF POWER COMPANY

## 6.2.7 (continued)

Should paving, grass, landscaping, or sprinkler systems be installed prior to the construction of the underground distribution facilities, the Applicant shall pay the added costs of trenching, backfilling, and restoring the paving, grass, landscaping, and sprinkler systems to their original condition.

6.2.8 **DAMAGE TO COMPANY'S EQUIPMENT.** The Applicant shall be responsible to ensure that the Company's distribution facilities once installed, are not damaged, destroyed, or otherwise disturbed during the construction of the project. This responsibility shall extend not only to those in his employ, but also to his subcontractors. Should damage occur, the Applicant shall be responsible for the full cost of repairs.

6.2.9 **PAYMENT OF CHARGES.** The Company shall not be obligated to install any facilities until payment of applicable charges, if any, has been completed.

## 6.3 UNDERGROUND DISTRIBUTION FACILITIES FOR NEW RESIDENTIAL SUBDIVISIONS

6.3.1 **AVAILABILITY.** After receipt of proper application and compliance by the Applicant with applicable Company rules and procedures, the Company will install underground distribution facilities to provide single phase service to new residential subdivisions of five (5) or more building lots.

### 6.3.2 **CONTRIBUTION BY APPLICANT.**

(a) Prior to such installations, the Applicant and the Company will enter into an agreement outlining the terms and conditions of installation, and the Applicant will be required to pay the Company in advance the entire cost as described below:

<u>Option</u>	<u>Low Density Subdivision</u> (\$ per lot)	<u>High Density Subdivision</u> (\$ per lot)	<u>Three Phase Loads</u> <u>see 6.3.2(b)</u> (per foot)
1. Gulf supplies and installs all primary, secondary, and service trench, duct, and cable.	\$404	\$394	\$3.50
2. Gulf supplies and installs all primary and secondary trench, duct, and cable. Gulf installs service cable in duct supplied and installed by the Applicant.	\$221	\$229	\$3.37
3. Applicant installs primary and secondary trench and duct system. Gulf supplies primary and secondary duct and supplies and installs service duct. Gulf supplies and installs primary, secondary, and service cable.	\$218	\$270	\$2.17
4. Applicant supplies and installs primary and secondary trench and duct. Gulf supplies primary and secondary cable. Gulf supplies and installs service duct and cable.	\$175	\$240	\$1.74
5. Applicant installs primary and secondary trench and duct. Gulf supplies primary and secondary duct. Applicant supplies and installs service duct. Gulf supplies and installs primary, secondary, and service cable.	\$38	\$105	\$2.04

# GULF POWER COMPANY

Canceling Ninth Revised Sheet No. 4.26

## 6.3.2 (continued)

<u>Option</u>	<u>Low Density Subdivision</u> (\$ per lot)	<u>High Density Subdivision</u> (\$ per lot)	<u>Three Phase Loads</u> <u>see 6.3.2(b)</u> (per foot)
6. Applicant supplies and installs primary, secondary, and service trench and duct. Gulf supplies and installs primary, secondary, and service cable.	\$0	\$75	\$1.61

All construction done by the Applicant must meet the Company's specifications. All installations must be approved by the Company's authorized representative.

(b) The Applicant is required to pay a charge per foot (see "Three Phase Loads" column above) for three phase commercial loads requiring 120/240 volt service in new residential subdivisions (example: lift stations, etc.) for each three phase service. This average cost will be added to the advanced payment in 6.3.2(a) above.

(c) The Applicant is required to pay all additional costs required for a service lateral length in excess of the minimum which would have been needed to reach the Company's designated point of delivery.

(d) The above charges are based upon arrangement of distribution facilities that will permit serving the local single-phase underground distribution system within the subdivision from existing overhead feeder mains. If the feeder mains or other three-phase facilities within the subdivision are deemed necessary by the Company to provide and/or maintain adequate service and are required by the Applicant or governmental agency to be installed underground, the Applicant shall pay the Company the estimated cost differential between the underground feeder mains, or other three-phase facilities and the equivalent overhead facilities.

6.3.3 FACILITIES TO BE UNDERGROUND. All service laterals and secondary and single phase primary conductors shall be underground. Appurtenances such as transformers, pedestal-mounted terminals, switching equipment, and meter cabinets may be placed above ground. Feeder mains required within a subdivision may be overhead if the Applicant and the Company determine that the additional cost of underground is not justified for that particular location, unless otherwise required by governmental authority, in which case the differential cost will be borne by the Applicant or governmental authority.

6.3.4 POINT OF DELIVERY. The point of delivery to the building shall be determined by the Company and normally will be at the point of the building nearest the point at which the underground secondary system is available to the property to be served. If the point of delivery on any building is more than fifty (50) feet in length from the available secondary system: (sixty-five [65] feet for low density subdivisions), then the Applicant may be required to make additional payment for the excess length.

6.3.5 LOCATION OF METER AND SOCKET & SERVICE ENTRANCE FACILITIES. The Applicant shall install a meter socket and suitable service entrance facilities at the point designated by the Company in accordance with the Company's specifications. Service conductors shall be installed, where possible, in a direct line to the point of delivery.

6.3.6 DEVELOPMENT OF SUBDIVISIONS. The above charges are based on reasonably full and timely use of the land being developed. Where the Company is required to construct underground electric facilities through a section or sections of the subdivision or development where, in the opinion of the

# GULF POWER COMPANY

Canceling Fourth Revised Sheet No. 4.27

6.3.6 (continued)

Company, service will not be required for at least two years, the Company may require a deposit from the Applicant before construction is commenced. This deposit, to guarantee performance, will be based on the estimated total cost of such facilities rather than the differential cost. The amount of the deposit, without interest, in excess of any charges for underground service will be returned to the applicant on a pro-rata basis at quarterly intervals on the basis of installations to new customers. Any portion of such deposit remaining unrefunded, after five years from the date the Company is first ready to render service from the extension, will be retained by the Company.

## 6.4 UNDERGROUND DISTRIBUTION TO MULTIPLE-OCCUPANCY RESIDENTIAL BUILDINGS

6.4.1 AVAILABILITY. After receipt of proper application and compliance by the Applicant with applicable Company rules and procedures, the Company will install underground distribution facilities within that tract of land upon which multiple-occupancy residential buildings containing five (5) or more separate dwelling units will be constructed.

6.4.2 CONTRIBUTION BY APPLICANT. Service for new multiple-occupancy residential buildings will be constructed underground within the property to be served to the point of delivery at or near the building by the Company at not charge to the Applicant, provided the Company is free to construct its service extension or extensions in the most economical manner and reasonably full use is made of the tract of land upon which the multiple-occupancy buildings will be constructed.

6.4.3 METER SOCKETS AND SERVICE ENTRANCE FACILITIES. The Applicant shall install service entrance facilities including meter sockets or suitable facilities for installation of the Company's meters at a location suitable to the Company. Meter sockets or facilities for installation of the Company's meters shall be a type and manufacture approved by the Company.

## 6.5 OTHER UNDERGROUND DISTRIBUTION FACILITIES

6.5.1 APPLICABILITY. This subpart applies to requests for underground facilities addressing new construction or the conversion of existing overhead facilities except in cases involving underground facilities in new residential subdivisions. Requests for underground facilities in new residential subdivisions are controlled by subpart 6.3 of this tariff. In order for the Company to take action pursuant to a request for conversion:

- (1) the conversion area must be at least two contiguous city blocks or 1000 feet in length;
- (2) all electric services to the real property on both sides of the existing overhead primary lines must be part of the conversion; and
- (3) all other existing overhead utility facilities (e.g. telephone, CATV, etc.) must also be converted to underground facilities.

# GULF POWER COMPANY

Canceling Fourth Revised Sheet No. 4.28

6.5.2 **NON-BINDING COST ESTIMATES.** An Applicant may obtain a non-binding estimate of the charges the Applicant would be obligated to pay in order for the Company to provide underground distribution facilities. This non-binding estimate will be provided to the Applicant without any charge or fee upon completion of the Application for Underground Cost Estimate set forth in Section VII of this tariff, Standard Contract Forms, at Sheet No. 7.43.

6.5.3 **BINDING COST ESTIMATES.** An Applicant, upon payment of a non-refundable deposit and completion of the Application for Underground Cost Estimate set forth in Section VII of this tariff, Standard Contract Forms, at Sheet No. 7.43, may obtain an estimate of the charges for underground distribution facilities, which estimate the Company would be bound to honor as provided below. The deposit amount, which approximates the engineering costs for underground facilities associated with preparing the requested estimate, shall be calculated as follows:

New Construction

Urban Commercial	\$ 958.00 per trench mile
Urban Residential	\$ 719.00 per trench mile
Rural Residential	\$1,098.00 per trench mile

Conversion

Urban Commercial	\$1,959.00 per overhead primary mile
Urban Residential	\$3,189.00 per overhead primary mile
Rural Residential	\$2,588.00 per overhead primary mile
210 Lot Subdivision	\$2,455.00 per overhead primary mile
176 Lot Subdivision	\$4,292.00 per overhead primary mile

An Applicant desiring the Company to proceed with construction of the underground facilities described in a binding cost estimate may enter into a contract with the Company based on said estimate on or before the 180th day following Applicant's receipt of the estimate. So long as the contract is entered into by such date, the contract shall provide that the charges the Applicant is obligated to pay for installation of the underground facilities will be the actual costs incurred subject to the limitation that the charges to the Applicant will not exceed 110 percent of the amount set forth in the binding estimate. So long as said contract is entered into by the date specified above, it shall further provide that the total charges the Applicant is obligated to pay for installation of underground facilities determined as set forth in section 6.5.4 below shall be reduced by the amount of the posted deposit associated with the binding cost estimate.

6.5.4 **CONTRIBUTION BY APPLICANT.** Prior to the installation of underground facilities covered by this subpart, the Applicant and the Company must enter into a contractual agreement setting forth the terms and conditions of the installation. The charge to be paid by the Applicant for underground facilities pursuant to the contractual agreement shall be determined as follows:

# GULF POWER COMPANY

## 6.5.4 (continued)

The cost of construction of the underground distribution facilities including the construction cost of the underground service lateral(s) to the meter(s) of the customer(s);

plus (if applicable) the estimated remaining book value of any existing facilities to be removed as part of the conversion of existing overhead facilities to underground, less the estimated net salvage value of the facilities to be removed;

minus the estimated construction cost to build new overhead facilities, including the service drop(s) to the meter(s) of the customer(s).

If the installation of the underground facilities is made pursuant to a contractual agreement based on a binding cost estimate received by the Applicant no more than 180 days prior to the date of the contractual agreement, the provisions of section 6.5.3 shall limit and modify the contribution to be paid by the Applicant for underground facilities.

**6.5.5 METER SOCKETS AND SERVICE ENTRANCE FACILITIES.** The Applicant shall install service entrance facilities including meter sockets or suitable facilities for installation of the Company's meters at a location suitable to the Company. Meter sockets or facilities for installation of the Company's meters shall be of a type and manufacture approved by the Company.

**6.5.6 UNDERGROUND SECONDARY LATERAL SERVICE IN AN OVERHEAD RESIDENTIAL OR COMMERCIAL AREA.** When requested by a residential or commercial Applicant, the Company will install, own, and maintain a single phase underground secondary service lateral from its overhead facilities to the Applicant's point of delivery. The Applicant shall install a meter socket and suitable service entrance facilities at the point designated by the Company in accordance with the Company's specification. Prior to such installation, the Applicant and the Company will enter into an agreement outlining the terms and conditions of the installation, and the Applicant will be required to pay the Company in advance the following average differential cost between an overhead service and an underground service lateral for service laterals up to 200 feet:

### Single Phase Residential or Commercial Applications up to 400 amps Main.

#### Scenario:

1. Gulf Power Co. supplies all labor.
2. Customer digs and covers ditch.
3. Customer digs and covers ditch and installs duct.
4. Customer digs and covers ditch and installs duct and installs cable in duct.

#### Formula:

- \$494.78 + 0.8732 per foot  
\$366.19 - 0.1943 per foot  
\$287.44 - 0.1.8136 per foot (\$0 from 160' to 200')  
\$287.44 - \$3.3534 per foot (\$0 from 90' to 200')

### Three Phase Residential or Commercial Applications up to 400 amps Main.

#### Scenario:

1. Gulf Power Co. supplies all labor.
2. Customer digs and covers ditch.
3. Customer digs and covers ditch and installs duct.
4. Customer digs and covers ditch and installs duct and installs cable in duct.

#### Formula:

- \$544.37 - 0.8712 per foot  
\$390.95 - 1.5472 per foot  
\$337.03 - 3.6124 per foot (\$0 from 100'-200')  
\$337.03 - 4.9409 per foot (\$0 from 70'-200')

Scenario 4 is only available to qualified people.

Service laterals in excess of 200 feet shall be based upon a specific cost estimate.

NOW, THEREFORE, in consideration of the premises and of the mutual agreements hereinafter set forth, it is agreed by and between the parties as follows:

1. The Utility hereby agrees to permit the Applicant to construct and install all or a portion of the underground distribution facilities described herein below at the above location provided:

- a) such work meets the Utility's construction standards, as set forth below:
  - (1) Conduit to be placed in any Utility underground distribution system must meet the specifications set forth in Exhibit "D". Conduit shall be installed in the locations specified in Exhibit "C";
  - (2) Primary and secondary conduit must be buried at a minimum of 30 inches below final grade or at a depth that meets applicable codes and is satisfactory to the Utility and the Applicant;
  - (3) The connection between the meter enclosure and the underground service entrance shall be in accordance with Exhibit "B";
  - (4) Where the Applicant installs the conduit, the Applicant must install and label in the conduit a flat pulling tape as specified in Exhibit "E";
  - (5) When the Utility supplies the conduit to the Applicant, the Utility shall take ownership of that conduit at the time it is installed by the Applicant and all other provisions of this agreement have been satisfied. When the Applicant supplies and installs the conduit, the Utility shall take ownership of that conduit at the time the service cable has been installed in the conduit by the Utility and all other provisions of this agreement have been satisfied. Until such time that the Utility takes ownership of the conduit, the Applicant, or Contractor acting for the Applicant, shall be responsible for accessing and repairing the conduit;
  - (6) After which time the Utility takes ownership of the conduit, the Utility shall be responsible for accessing, in a reasonable manner, and repairing the conduit and cable, if needed, but the repair of any road service and associated costs shall be and will remain the responsibility of the Applicant, his successors and assigns. The Applicant's

aforementioned duty includes, but is not limited to, repairs necessitated by the Utility accessing and repairing conduit or cable and specifically includes all repairs made necessary as a result of placement of conduit beneath a roadway. The Applicant will have no right, title or interest in or to the completed distribution facilities;

(7) The Utility reserves the right to verify, prior to taking ownership of the conduit system, that the duct system is installed as specified in the plan provided by the Utility under section 4, below. The Utility may exercise, at any time, its right to inspect and verify any Applicant provided facility, and any such inspection or verification shall not be deemed an approval of any Applicant provided facility or a waiver by the Utility of any right to enforce strict compliance with the terms and conditions of this agreement;

(b) that in the Utility's sole discretion such Agreement is not expected to cause the general body of ratepayers to incur greater costs;

(c) the Applicant agrees to pay to the Utility the prevailing hourly rate for engineering personnel for time spent reviewing and inspecting the Applicant's work when such time is beyond that normally required of the Utility's engineering personnel to review and inspect underground construction of the type installed or constructed by the Applicant;

(d) the Applicant agrees to correct, to the satisfaction of the Utility, any deficiencies found by the Utility prior to the connection of any customers to the underground electric distribution system or the connection of the underground electric distribution facilities to Utility's distribution system. Deficiencies must be corrected in a timely manner or the Utility shall construct the system improvement using overhead facilities and the Applicant will have to pay the cost of such improvement and the cost of its removal before the corrected underground facilities will be connected;

2. Upon compliance by Applicant with all of the provisions of this Agreement in a manner acceptable to the Utility, the Utility shall own and maintain the necessary facilities for providing underground electric service to the property as shown on Exhibit "C" hereto. At no time shall the Utility be required by the Applicant, its successors or assigns to furnish other than single phase service through these facilities, except as otherwise shown on Exhibit "C". Three-phase service will be furnished only when specified on Exhibit "C" and paid for in advance by the Applicant. The Applicant agrees to reimburse the Utility for the costs of facilities found to be installed at the wrong location or grade due to Applicant requested changes in property lines, easement, grade, and/or errors in staking or trenching.

3. By this agreement, the Applicant agrees to adhere to and meet the provisions set forth in Gulf Power Company's Tariff for Retail Electric Service, Section 6.2.6, under Ownership of Underground Facilities. A copy of said tariff is attached hereto.

4. The Applicant agrees to follow the distribution plan prepared by the Utility, and attached hereto as Exhibit "C", showing the location of all facilities to be constructed or installed pursuant to this agreement, and agrees to cause all of its contractors and employees to follow such plan. Applicant agrees that any work performed by the Applicant or its contractor shall be in accordance with national and local building and safety codes. Applicant agrees that all persons performing work will be licensed by appropriate authorities and will obtain necessary permits.

5. Applicant hereby expressly agrees that the Utility shall in no way be liable or responsible for any accident or damage, to persons or property, which may occur as a result or in any way connected to the Applicant, its employees or contractors installing and constructing the facilities that are the subject of this agreement. The Applicant hereby agrees to indemnify and hold harmless the Utility against any and all liability, loss, cost, damage, or any expense connected therewith, including a reasonable attorney's fee incurred in the defense of any type of court action related thereto, which may accrue to the Utility by reason of negligence, default, misconduct or strict liability of the Applicant, its employees or contractors in the installation and construction of the facilities described in this agreement. Applicant is not a contractor, subcontractor or employee of the Utility, and performs the installation and construction of the facilities described herein as an entity completely separate and apart from the Utility.

6. The Applicant agrees to cause to be conveyed to the Utility, without cost, all easements, including rights of ingress and egress, necessary or convenient to the Utility or required by it for the purpose of operating, maintaining, and removing said underground electrical distribution lines and other necessary equipment.

7. Applicant agrees to include in all conveyances of the property described in Exhibit "A", or subdivision of that property, a covenant running with the property and inuring to the benefit of the Utility that requires all electric service to that property to be underground electric service, and that no electric service shall be overhead, except where the Utility determines it is necessary based on its sole discretion. This covenant shall bind the Applicant, its successors and assigns as set forth in paragraph 10. The Utility agrees to provide



# **Legislative Format**

**GULF POWER COMPANY**

## 6.2.7 (continued)

Should paving, grass, landscaping, or sprinkler systems be installed prior to the construction of the underground distribution facilities, the Applicant shall pay the added costs of trenching, backfilling, and restoring the paving, grass, landscaping, and sprinkler systems to their original condition.

6.2.8 **DAMAGE TO COMPANY'S EQUIPMENT.** The Applicant shall be responsible to ensure that the Company's distribution facilities once installed, are not damaged, destroyed, or otherwise disturbed during the construction of the project. This responsibility shall extend not only to those in his employ, but also to his subcontractors. Should damage occur, the Applicant shall be responsible for the full cost of repairs.

6.2.9 **PAYMENT OF CHARGES.** The Company shall not be obligated to install any facilities until payment of applicable charges, if any, has been completed.

**6.3 UNDERGROUND DISTRIBUTION FACILITIES FOR  
NEW RESIDENTIAL SUBDIVISIONS**

6.3.1 **AVAILABILITY.** After receipt of proper application and compliance by the Applicant with applicable Company rules and procedures, the Company will install underground distribution facilities to provide single phase service to new residential subdivisions of five (5) or more building lots.

6.3.2 **CONTRIBUTION BY APPLICANT.**

(a) Prior to such installations, the Applicant and the Company will enter into an agreement outlining the terms and conditions of installation, and the Applicant will be required to pay the Company in advance the entire cost as described below:

<u>Option</u>	<u>Low Density Subdivision (\$ per lot)</u>	<u>High Density Subdivision (\$ per lot)</u>	<u>Three Phase Loads see 6.3.2(b) (per foot)</u>
1. Gulf supplies and installs all primary, secondary, and service trench, duct, and cable.	<del>\$404</del> \$411	<del>\$394</del> \$420	<u>\$3.50</u>
2. Gulf supplies and installs all primary and secondary trench, duct, and cable. Gulf installs service cable in duct supplied and installed by the Applicant.	<del>\$221</del> \$222	<del>\$229</del> \$263	<u>\$3.37</u>
3. Applicant installs primary and secondary trench and duct system. Gulf supplies primary and secondary duct and supplies and installs service duct. Gulf supplies and installs primary, secondary, and service cable.	<del>\$218</del> \$224	<del>\$270</del> \$306	<u>\$2.17</u>
4. Applicant supplies and installs primary and secondary trench and duct. Gulf supplies primary and secondary cable. Gulf supplies and installs service duct and cable.	<del>\$175</del> \$174	<del>\$240</del> \$206	<u>\$1.74</u>
5. Applicant installs primary and secondary trench and duct. Gulf supplies primary and secondary duct. Applicant supplies and installs service duct. Gulf supplies and <del>installs</del> installs primary, secondary, and service cable.	\$36	<del>\$105</del> \$139	<u>\$2.04</u>

# GULF POWER COMPANY

6.2.7 (continued)

Should paving, grass, landscaping, or sprinkler systems be installed prior to the construction of the underground distribution facilities, the Applicant shall pay the added costs of trenching, backfilling, and restoring the paving, grass, landscaping, and sprinkler systems to their original condition.

6.2.8 **DAMAGE TO COMPANY'S EQUIPMENT.** The Applicant shall be responsible to ensure that the Company's distribution facilities once installed, are not damaged, destroyed, or otherwise disturbed during the construction of the project. This responsibility shall extend not only to those in his employ, but also to his subcontractors. Should damage occur, the Applicant shall be responsible for the full cost of repairs.

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### 6.3 UNDERGROUND DISTRIBUTION FACILITIES FOR NEW RESIDENTIAL SUBDIVISIONS

6.3.1 **AVAILABILITY.** After receipt of proper application and compliance by the Applicant with applicable Company rules and procedures, the Company will install underground distribution facilities to provide single phase service to new residential subdivisions of five (5) or more building lots.

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(a) Prior to such installations, the Applicant and the Company will enter into an agreement outlining the terms and conditions of installation, and the Applicant will be required to pay the Company in advance the entire cost as described below:

<u>Option</u>	<u>Low Density Subdivision (\$ per lot)</u>	<u>High Density Subdivision (\$ per lot)</u>	<u>Three Phase Loads see 6.3.2(b) (per foot)</u>
1. Gulf supplies and installs all primary, secondary, and service trench, duct, and cable.	<del>\$404</del> \$411	<del>\$394</del> \$420	<u>\$3.50</u>
2. Gulf supplies and installs all primary and secondary trench, duct, and cable. Gulf installs service cable in duct supplied and installed by the Applicant.	<del>\$221</del> \$222	<del>\$229</del> \$263	<u>\$3.37</u>
3. Applicant installs primary and secondary trench and duct system. Gulf supplies primary and secondary duct and supplies and installs service duct. Gulf supplies and installs primary, secondary, and service cable.	<del>\$218</del> \$224	<del>\$270</del> \$305	<u>\$2.17</u>
4. Applicant supplies and installs primary and secondary trench and duct. Gulf supplies primary and secondary cable. Gulf supplies and installs service duct and cable.	<del>\$175</del> \$174	<del>\$240</del> \$206	<u>\$1.74</u>
5. Applicant installs primary and secondary trench and duct. Gulf supplies primary and secondary duct. Applicant supplies and installs service duct. Gulf supplies and <del>installs</del> installs primary, secondary, and service cable.	\$36	<del>\$105</del> \$130	<u>\$2.04</u>

**GULF POWER COMPANY**

6.3.2 (continued)

<u>Option</u>	<u>Low Density Subdivision</u> (\$ per lot)	<u>High Density Subdivision</u> (\$ per lot)	<u>Three Phase Loads</u> <u>see 6.3.2(b)</u> <u>(per foot)</u>
6. Applicant supplies and installs primary, secondary, and service trench and duct. Gulf supplies and installs primary, secondary, and service cable.	\$0	\$75\$00	\$1.61

All construction done by the Applicant must meet the Company's specifications. All installations must be approved by the Company's authorized representative.

(b) The Applicant is required to pay a ~~charge~~\$4.87 per foot (see "Three Phase Loads" column above) for three phase commercial loads requiring 120/240 volt service in new residential subdivisions (example: lift stations, etc.) for each three phase service. This average cost will be added to the advanced payment in 6.3.2(a) above.

(c) The Applicant is required to pay all additional costs required for a service lateral length in excess of the minimum which would have been needed to reach the Company's designated point of delivery.

(d) The above charges are based upon arrangement of distribution facilities that will permit serving the local single-phase underground distribution system within the subdivision from existing overhead feeder mains. If the feeder mains or other three-phase facilities within the subdivision are deemed necessary by the Company to provide and/or maintain adequate service and are required by the Applicant or governmental agency to be installed underground, the Applicant shall pay the Company the estimated cost differential between the underground feeder mains, or other three-phase facilities and the equivalent overhead facilities.

6.3.3 FACILITIES TO BE UNDERGROUND. All service laterals and secondary and single phase primary conductors shall be underground. Appurtenances such as transformers, pedestal-mounted terminals, switching equipment, and meter cabinets may be placed above ground. Feeder mains required within a subdivision may be overhead if the Applicant and the Company determine that the additional cost of underground is not justified for that particular location, unless otherwise required by governmental authority, in which case the differential cost will be borne by the Applicant or governmental authority.

6.3.4 POINT OF DELIVERY. The point of delivery to the building shall be determined by the Company and normally will be at the point of the building nearest the point at which the underground secondary system is available to the property to be served. If the point of delivery on any building is more than fifty (50) feet in length from the available secondary system (sixty-five [65] feet for low density subdivisions), then the Applicant may be required to make additional payment for the excess length.

6.3.5 LOCATION OF METER AND SOCKET & SERVICE ENTRANCE FACILITIES. The Applicant shall install a meter socket and suitable service entrance facilities at the point designated by the Company in accordance with the Company's specifications. Service conductors shall be installed, where possible, in a direct line to the point of delivery.

6.3.6 DEVELOPMENT OF SUBDIVISIONS. The above charges are based on reasonably full and timely use of the land being developed. Where the Company is required to construct underground electric facilities through a section or sections of the subdivision or development where, in the opinion of the

## GULF POWER COMPANY

6.3.6 (continued)

Company, service will not be required for at least two years, the Company may require a deposit from the Applicant before construction is commenced. This deposit, to guarantee performance, will be based on the estimated total cost of such facilities rather than the differential cost. The amount of the deposit, without interest, in excess of any charges for underground service will be returned to the applicant on a pro-rata basis at quarterly intervals on the basis of installations to new customers. Any portion of such deposit remaining unrefunded, after five years from the date the Company is first ready to render service from the extension, will be retained by the Company.

### 6.4 UNDERGROUND DISTRIBUTION TO MULTIPLE-OCCUPANCY RESIDENTIAL BUILDINGS

6.4.1 AVAILABILITY. After receipt of proper application and compliance by the Applicant with applicable Company rules and procedures, the Company will install underground distribution facilities within that tract of land upon which multiple-occupancy residential buildings containing five (5) or more separate dwelling units will be constructed.

6.4.2 CONTRIBUTION BY APPLICANT. Service for new multiple-occupancy residential buildings will be constructed underground within the property to be served to the point of delivery at or near the building by the Company at not charge to the Applicant, provided the Company is free to construct its service extension or extensions in the most economical manner and reasonably full use is made of the tract of land upon which the multiple-occupancy buildings will be constructed.

6.4.3 METER SOCKETS AND SERVICE ENTRANCE FACILITIES. The Applicant shall install service entrance facilities including meter sockets or suitable facilities for installation of the Company's meters at a location suitable to the Company. Meter sockets or facilities for installation of the Company's meters shall be a type and manufacture approved by the Company.

### 6.5 OTHER UNDERGROUND DISTRIBUTION FACILITIES

6.5.1 APPLICABILITY. This subpart applies to requests for underground facilities addressing new construction or the conversion of existing overhead facilities except in cases involving underground facilities in new residential subdivisions. Requests for underground facilities in new residential subdivisions are controlled by subpart 6.3 of this tariff. In order for the Company to take action pursuant to a request for conversion:

- (1) the conversion area must be at least two contiguous city blocks or 1000 feet in length;
- (2) all electric services to the real property on both sides of the existing overhead primary lines must be part of the conversion; and
- (3) all other existing overhead utility facilities (e.g. telephone, CATV, etc.) must also be converted to underground facilities.

# GULF POWER COMPANY

6.5.2 **NON-BINDING COST ESTIMATES.** An Applicant may obtain a non-binding estimate of the charges the Applicant would be obligated to pay in order for the Company to provide underground distribution facilities. This non-binding estimate will be provided to the Applicant without any charge or fee upon completion of the Application for Underground Cost Estimate set forth in Section VII of this tariff, Standard Contract Forms, at Sheet No. 7.43.

6.5.3 **BINDING COST ESTIMATES.** An Applicant, upon payment of a non-refundable deposit and completion of the Application for Underground Cost Estimate set forth in Section VII of this tariff, Standard Contract Forms, at Sheet No. 7.43, may obtain an estimate of the charges for underground distribution facilities, which estimate the Company would be bound to honor as provided below. The deposit amount, which approximates the engineering costs for underground facilities associated with preparing the requested estimate, shall be calculated as follows:

New Construction

Urban Commercial	<del>\$ 958.00</del> \$-888.00 per trench mile
Urban Residential	<del>\$ 719.00</del> \$-668.00 per trench mile
Rural Residential	<del>\$1,098.00</del> \$1,017.00 per trench mile

Conversion

Urban Commercial	<del>\$1,959.00</del> \$1,815.00 per overhead primary mile
Urban Residential	<del>\$3,189.00</del> \$2,956.00 per overhead primary mile
Rural Residential	<del>\$2,588.00</del> \$2,398.00 per overhead primary mile
210 Lot Subdivision	<del>\$2,457.00</del> \$2,274.00 per overhead primary mile
176 Lot Subdivision	<del>\$4,292.00</del> \$3,977.00 per overhead primary mile

An Applicant desiring the Company to proceed with construction of the underground facilities described in a binding cost estimate may enter into a contract with the Company based on said estimate on or before the 180th day following Applicant's receipt of the estimate. So long as the contract is entered into by such date, the contract shall provide that the charges the Applicant is obligated to pay for installation of the underground facilities will be the actual costs incurred subject to the limitation that the charges to the Applicant will not exceed 110 percent of the amount set forth in the binding estimate. So long as said contract is entered into by the date specified above, it shall further provide that the total charges the Applicant is obligated to pay for installation of underground facilities determined as set forth in section 6.5.4 below shall be reduced by the amount of the posted deposit associated with the binding cost estimate.

6.5.4 **CONTRIBUTION BY APPLICANT.** Prior to the installation of underground facilities covered by this subpart, the Applicant and the Company must enter into a contractual agreement setting forth the terms and conditions of the installation. The charge to be paid by the Applicant for underground facilities pursuant to the contractual agreement shall be determined as follows:

## GULF POWER COMPANY

## 6.5.4 (continued)

The cost of construction of the underground distribution facilities including the construction cost of the underground service lateral(s) to the meter(s) of the customer(s);

plus (if applicable) the estimated remaining book value of any existing facilities to be removed as part of the conversion of existing overhead facilities to underground, less the estimated net salvage value of the facilities to be removed;

minus the estimated construction cost to build new overhead facilities, including the service drop(s) to the meter(s) of the customer(s).

If the installation of the underground facilities is made pursuant to a contractual agreement based on a binding cost estimate received by the Applicant no more than 180 days prior to the date of the contractual agreement, the provisions of section 6.5.3 shall limit and modify the contribution to be paid by the Applicant for underground facilities.

6.5.5 **METER SOCKETS AND SERVICE ENTRANCE FACILITIES.** The Applicant shall install service entrance facilities including meter sockets or suitable facilities for installation of the Company's meters at a location suitable to the Company. Meter sockets or facilities for installation of the Company's meters shall be of a type and manufacture approved by the Company.

6.5.6 **UNDERGROUND SECONDARY LATERAL SERVICE IN AN OVERHEAD RESIDENTIAL OR COMMERCIAL AREA.** When requested by a residential or commercial Applicant, the Company will install, own, and maintain a single phase underground secondary service lateral from its overhead facilities to the Applicant's point of delivery. The Applicant shall install a meter socket and suitable service entrance facilities at the point designated by the Company in accordance with the Company's specification. Prior to such installation, the Applicant and the Company will enter into an agreement outlining the terms and conditions of the installation, and the Applicant will be required to pay the Company in advance the following average differential cost between an overhead service and an underground service lateral for service laterals up to 200 feet:

Single Phase Residential or Commercial Applications up to 400 amps Main.

## Scenario:

1. Gulf Power Co. supplies all labor.
2. Customer digs and covers ditch.
3. Customer digs and covers ditch and installs duct.

## Formula:

$$\begin{aligned} & \$494.78 + 0.8732\$541.02 + \$0.6004 \text{ per foot} \\ & \$366.19 - 0.1943\$334.38 - \$0.3823 \text{ per foot} \\ & \$287.44 - 0.1813\$300.48 - \$1.419 \text{ per foot } (\$0 \text{ from} \end{aligned}$$

160' to 200')

4. Customer digs and covers ditch and installs duct and installs cable in duct.

$$\$287.44 - \$3.3534\$300.48 - \$2.61 \text{ per foot } (\$0 \text{ from}$$

90' 120' to 200')

Three Phase Residential or Commercial Applications up to 400 amps Main.

## Scenario:

1. Gulf Power Co. supplies all labor.
2. Customer digs and covers ditch.
3. Customer digs and covers ditch and installs duct.

## Formula:

$$\begin{aligned} & \$544.37 - 0.8712\$577.00 - \$0.8246 \text{ per foot} \\ & \$390.95 - 1.5472\$371.38 - \$1.8079 \text{ per foot} \\ & \$337.03 - 3.6124\$337.48 - \$2.8437 \text{ per foot } (\$0 \text{ from} \end{aligned}$$

100' 120' - 200')

4. Customer digs and covers ditch and installs duct and installs cable in duct.

$$\$337.03 - 4.9409\$337.48 - \$4.2661 \text{ per foot } (\$0 \text{ from}$$

70' 80' - 200')

Scenario 4 is only available to qualified people.

Service laterals in excess of 200 feet shall be based upon a specific cost estimate.

7.28

NOW, THEREFORE, in consideration of the premises and of the mutual agreements hereinafter set forth, it is agreed by and between the parties as follows:

1. The Utility hereby agrees to permit the Applicant to construct and install all or a portion of the underground distribution facilities described herein below at the above location provided:

- a) such work meets the Utility's construction standards, as set forth below:
  - (1) Conduit to be placed in any Utility underground distribution system must meet the specifications set forth in Exhibit "D". Conduit shall be installed in the locations specified in Exhibit "C";
  - (2) Primary and secondary conduit must be buried at a minimum of 3036 inches below final grade or at a depth that meets applicable codes and is satisfactory to the Utility and the Applicant;
  - (3) The connection between the meter enclosure and the underground service entrance shall be in accordance with Exhibit "B";
  - (4) Where the Applicant installs the conduit, the Applicant must install and label in the conduit a flat pulling tape as specified in Exhibit "E";
  - (5) When the Utility supplies the conduit to the Applicant, the Utility shall take ownership of that conduit at the time it is installed by the Applicant and all other provisions of this agreement have been satisfied. When the Applicant supplies and installs the conduit, the Utility shall take ownership of that conduit at the time the service cable has been installed in the conduit by the Utility and all other provisions of this agreement have been satisfied. Until such time that the Utility takes ownership of the conduit, the Applicant, or Contractor acting for the Applicant, shall be responsible for accessing and repairing the conduit;
  - (6) After which time the Utility takes ownership of the conduit, the Utility shall be responsible for accessing, in a reasonable manner, and repairing the conduit and cable, if needed, but the repair of any road service and associated costs shall be and will remain the responsibility of the Applicant, his successors and assigns. The Applicant's



aforementioned duty includes, but is not limited to, repairs necessitated by the Utility accessing and repairing conduit or cable and specifically includes all repairs made necessary as a result of placement of conduit beneath a roadway. The Applicant will have no right, title or interest in or to the completed distribution facilities;

(7) The Utility reserves the right to verify, prior to taking ownership of the conduit system, that the duct system is installed as specified in the plan provided by the Utility under section 4, below. The Utility may exercise, at any time, its right to inspect and verify any Applicant provided facility, and any such inspection or verification shall not be deemed an approval of any Applicant provided facility or a waiver by the Utility of any right to enforce strict compliance with the terms and conditions of this agreement;

(b) that in the Utility's sole discretion such Agreement is not expected to cause the general body of ratepayers to incur greater costs;

(c) the Applicant agrees to pay to the Utility the prevailing hourly rate for engineering personnel for time spent reviewing and inspecting the Applicant's work when such time is beyond that normally required of the Utility's engineering personnel to review and inspect underground construction of the type installed or constructed by the Applicant;

(d) the Applicant agrees to correct, to the satisfaction of the Utility, any deficiencies found by the Utility prior to the connection of any customers to the underground electric distribution system or the connection of the underground electric distribution facilities to Utility's distribution system. Deficiencies must be corrected in a timely manner or the Utility shall construct the system improvement using overhead facilities and the Applicant will have to pay the cost of such improvement and the cost of its removal before the corrected underground facilities will be connected;

2. Upon compliance by Applicant with all of the provisions of this Agreement in a manner acceptable to the Utility, the Utility shall own and maintain the necessary facilities for providing underground electric service to the property as shown on Exhibit "C" hereto. At no time shall the Utility be required by the Applicant, its successors or assigns to furnish other than single phase service through these facilities, except as otherwise shown on Exhibit "C". Three-phase service will be furnished only when specified on Exhibit "C" and paid for in advance by the Applicant. The Applicant agrees to reimburse the Utility for the costs of facilities found to be installed at the wrong location or grade due to Applicant requested changes in property lines, easement, grade, and/or errors in staking or trenching.

3. By this agreement, the Applicant agrees to adhere to and meet the provisions set forth in Gulf Power Company's Tariff for Retail Electric Service, Section 6.2.6, under Ownership of Underground Facilities. A copy of said tariff is attached hereto.

4. The Applicant agrees to follow the distribution plan prepared by the Utility, and attached hereto as Exhibit "C", showing the location of all facilities to be constructed or installed pursuant to this agreement, and agrees to cause all of its contractors and employees to follow such plan. Applicant agrees that any work performed by the Applicant or its contractor shall be in accordance with national and local building and safety codes. Applicant agrees that all persons performing work will be licensed by appropriate authorities and will obtain necessary permits.

5. Applicant hereby expressly agrees that the Utility shall in no way be liable or responsible for any accident or damage, to persons or property, which may occur as a result or in any way connected to the Applicant, its employees or contractors installing and constructing the facilities that are the subject of this agreement. The Applicant hereby agrees to indemnify and hold harmless the Utility against any and all liability, loss, cost, damage, or any expense connected therewith, including a reasonable attorney's fee incurred in the defense of any type of court action related thereto, which may accrue to the Utility by reason of negligence, default, misconduct or strict liability of the Applicant, its employees or contractors in the installation and construction of the facilities described in this agreement. Applicant is not a contractor, subcontractor or employee of the Utility, and performs the installation and construction of the facilities described herein as an entity completely separate and apart from the Utility.

6. The Applicant agrees to cause to be conveyed to the Utility, without cost, all easements, including rights of ingress and egress, necessary or convenient to the Utility or required by it for the purpose of operating, maintaining, and removing said underground electrical distribution lines and other necessary equipment.

7. Applicant agrees to include in all conveyances of the property described in Exhibit "A", or subdivision of that property, a covenant running with the property and inuring to the benefit of the Utility that requires all electric service to that property to be underground electric service, and that no electric service shall be overhead, except where the Utility determines it is necessary based on its sole discretion. This covenant shall bind the Applicant, its successors and assigns as set forth in paragraph 10. The Utility agrees to provide