BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposed Rules Governing Placement of New Electric Distribution Facilities Underground, and Conversion of Existing Overhead Distribution Facilities to Underground Facilities, to Address Effects of Extreme Weather Events.	)	DOCKET NO. 060172-EU
In re: Proposed amendments to rules regarding overhead electric facilities to allow more stringent construction standards than required by National Electrical Safety Code.	)	DOCKET NO. 060173-EU FILED: August 21, 2006

JOINT REPLY COMMENTS
ON PROPOSED RULES 25-6.034, 25-6.064, 25-6.078 AND 25-6.115

General

Florida Power & Light Company, Gulf Power Company and Tampa Electric Company (collectively, the "IOUs") support the Commission's Proposed Rules 25-6.034, 25-6.064, 25-6.078 and 25-6.115. The past two hurricane seasons have underscored the importance of taking prompt and decisive action to improve the resilience of Florida's electric distribution system in storm events. While there are no doubt details in the Proposed Rules that could be debated and perhaps refined, this can only be done at the considerable cost of lost time and opportunity. The old adage that "the perfect is the enemy of the good" certainly applies to improving storm resilience. The IOUs applaud the Commission and its Staff for approaching this issue with the alacrity and determination that it deserves. The Proposed Rules are a good example of the Commission's prompt action, and the IOUs are hopeful that they can be finalized without unnecessary delay.

The IOUs believe that Proposed Rule 25-6.034 properly promotes the hardening of electric distribution systems while preserving to individual utilities the flexibility to implement hardening in the most cost-effective and appropriate form for their individual systems. Proposed Rules 25-6.064, 25-6.078 and 25-6.115 revise the contribution-in-aid-of-construction ("CIAC") formulas to provide price signals to customers that reflect the potential difference in maintenance and storm-restoration costs between overhead and underground distribution service. The IOUs believe that these price signals, in turn, will help encourage undergrounding of distribution facilities where it is appropriate and beneficial to do so. The IOUs attach and incorporate by reference the post-workshop comments that they have previously submitted to the Commission Staff on May 1 and 26, 2006.

Proposed Rule 25-6.034

The IOUs' principal reason for submitting comments on Proposed Rule 25-6.034 is to respond to comments that have been submitted by various attaching entities (the "Attachers"). Those comments have criticized the requirement in Proposed Rule 25-6.034(5) for construction of distribution facilities to be guided by the extreme wind loading standards specified in Figure 250-2(d) of the 2002 edition of the National Electrical Safety Code ("NESC").

At the outset, the IOUs observe that the Attachers' criticisms of Proposed Rule 25-6.034(5) seem to overlook the fact that its requirements only apply "to the extent reasonably practical, feasible and cost-effective." In essence, the criticisms constitute a critique of whether hardening distribution facilities to the NESC extreme wind standards are realistic and cost-justified. But the rule already provides that utilities need not harden

to the NESC extreme wind standards if it is not "reasonably practical, feasible and cost-effective" to do so. Thus, Rule Proposed 25-6.034(5) effectively anticipates and addresses the criticisms that have been raised.

In any event, the IOUs do not believe that the criticisms of Proposed Rule 25-6.034(5) are warranted or valid. The IOUs address those criticisms below.

The FCTA asserts that there is no factual support for hardening distribution facilities to NESC extreme wind standards as being the most effective means of reducing storm damage and outages; rather, the FCTA contends that it would be more effective to devote additional resources to inspecting and maintaining transmission poles and substations. However, the IOUs' experience has been that a relatively small portion of the overall storm damage is to transmission lines and substations. The IOUs believe that one of the principal reasons why the transmission system has fared well in recent storm seasons is that it is already built to extreme wind standards. Of course, the IOUs' favorable experience with their transmission system therefore suggests strongly that hardening distribution facilities to extreme wind standards on a targeted basis would be likewise beneficial. The FCTA is misguided in suggesting that hardening resources should be diverted from the distribution system to the transmission system.

Finally, the FCTA suggests that resources should be focused on increased pole inspections and vegetation management rather than on hardening the distribution facilities to extreme wind standards. But this is a false dichotomy. In reality, the Commission should focus – and is focusing – on both. The Commission has already directed utilities to adopt aggressive pole inspection and vegetation management programs. Those programs are likely to result in fewer poles failing due to deterioration

and/or impacts from falling trees and other vegetation. Adopting extreme wind standards could help reduce those wind-only failures.

Verizon's Dr. Slavin suggests that, because the NESC Committee has recently rejected proposals to extend extreme wind loading standards to distribution poles in its new (2007) version of the NESC, this Commission should consider that issue resolved for now and defer rulemaking on extreme wind loading standards until the NESC Committee formally revisits the issue for the 2012 version of the NESC. Because Dr. Slavin's proposal entails such a lengthy delay, it is tantamount to abandoning the concept of hardening Florida's distribution facilities to extreme wind standards. The IOUs believe that this would be a poor course of action, because it would deprive Florida electric consumers of the potential benefits of hardening for at least five years and would do so not because anyone has shown that hardening is inappropriate for Florida.

In contrast to Dr. Slavin's proposal to use the NESC review cycle as the pretext for a half-decade delay, BellSouth offers a potentially useful comment on the impact of that review cycle. Proposed Rule 25-6.034(4) currently incorporates by reference the 2002 edition of the NESC, because that is the edition that is currently in effect. However, the 2007 edition has already been finalized and that new edition will become effective in February 2007. BellSouth suggests that Proposed Rule 25-6.034 be revised to incorporate by reference the new, 2007 NESC edition. The IOUs have no objection to this proposal, because it will help make the rule as current as possible, and realistically no construction standards are likely to be implemented under the new rule until February 2007 in any event.

Proposed Rules 25-6.064, 25-6.078 and 25-6.115

The FCTA, BellSouth and Verizon all make essentially the same comment on Proposed Rules 25-6.064, 25-6.078 and 25-6.115: that those rules would be invalid if the construction standard requirements of Proposed Rule 25-6.034 were ultimately determined to be invalid. The IOUs believe that this comment misunderstands the purpose and effect of the cross reference to Proposed Rule 25-6.034 that appears in Proposed Rules 25-6.064, 25-6.078 and 25-6.115.

All three of those rules deal with the computation of CIAC applicable to the installation of underground distribution facilities. They all contain essentially the same cross-reference to Proposed Rule 25-6.034: for the purpose of calculating the CIAC, the cost of the hypothetical overhead facilities that would be built if the customer had not elected underground facilities is to be based on the construction standards contained in Proposed Rule 25-6.034. None of these cross-references says what those construction standards are to be; they simply call for the CIAC calculation to rely upon whatever standards are contained in Proposed Rule 25-6.034. Therefore, even if the Attachers' comments successfully called into question the validity of the construction standards set forth in Proposed Rule 25-6.034 (which they do not), the IOUs fail to see how this would cast doubt on the validity of Proposed Rules 25-6.064, 25-6.078 and 25-6.115. Proposed Rule 25-6.034 dealt with construction standards well before the Commission proposed to revise it to address hardening. Even if the Commission ultimately determined not to amend Proposed Rule 25-6.034, it would still address construction standards and thus the

cross-references in Proposed Rules 25-6.064, 25-6.078 and 25-6.115 would be valid and appropriate.

The IOUs consider it unfortunate that the Attachers have chosen to protest Proposed Rules 25-6.064, 25-6.078 and 25-6.115. Independent of the debate over the appropriate role of hardened construction standards in helping to ensure the resilience of Florida's overhead electric distribution system to storm impacts, the IOUs believe that there is an important role for undergrounding in appropriate settings. Proposed Rules 25-6.064, 25-6.078 and 25-6.115 are the Commission's mechanism providing for undergrounding in appropriate settings , but their status has been thrown unnecessarily into doubt by the Attachers' unsupported assertions that their validity depends upon the validity of Proposed Rule 25-6.034. The IOUs urge the Attachers to withdraw their objections to Proposed Rules 25-6.064, 25-6.078 and 25-6.115 so that they can be put into effect as quickly as possible.

Finally, with respect to Proposed Rule 25-6.064, BellSouth asserts that it should receive a credit or reduction against the historical average pole cost used in calculating the joint use pole rental charge, to reflect the amount of CIAC contributions and payments by other attachers which the electric utility receives for the poles in question. This is simply not a relevant topic to the debate over Proposed Rule 25-6.064. Joint use agreements are negotiated contracts between electric and telephone companies. These agreements clearly identify how attachment rates are calculated and the components to be included in that calculation. Any changes to that calculation would need to be mutually agreed upon by the parties to the agreements. This Commission does not regulate the

terms and conditions of joint use agreements, so Proposed Rule 25-6.064 cannot properly be the vehicle for debating possible modifications to those agreements.

Respectfully submitted this 21st day of August, 2006.

R. Wade Litchfield, Esq.
John T. Butler, Esq.
Natalie F. Smith, Esq.
700 Universe Boulevard
Juno Beach, FL 33408-0420
Telephone: (561) 691-7101
Facsimile: (561) 691-7135

ON BEHALF OF FLORIDA POWER & LIGHT COMPANY

Jeffrey A. Stone
Russell A. Badders
Beggs & Lane
Post Office Box 12950
Pensacola, FL 32591-2950
Telephone: (850) 432-2451
Facsimile: (850) 469-3331

ON BEHALF OF GULF POWER COMPANY

Lee L. Willis
James D. Beasley
Ausley & McMullen
Post Office Box 391
Tallahassee, FL 32302
Telephone: (850) 224-9115
Facsimile: (850) 222-7952

ON BEHALF OF TAMPA ELECTRIC COMPANY

By: _____
John T. Butler

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Joint Reply Comments on Proposed Rules 25-6.034, 25-6.064, 25-6.078 and 25-6.115 have been furnished by Electronic Delivery (*) or U. S. Mail this 21st day of August, 2006 to the following:

Mr. Larry Harris *
Office of General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Alex Glenn and John Burnett
Progress Energy Florida, Inc.
Post Office Box 14042
St. Petersburg, FL 33733

Jeffrey A. Stone and Russell Badders
Beggs & Lane
Post Office Box 12950
Pensacola, FL 32576-2950

R. Wade Litchfield, Natalie F. Smith
and
John T. Butler
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408-0420

James Meza III and Earl Edenfield, Jr.
c/o Ms. Nancy H. Sims
BellSouth Telecommunications, Inc.
150 South Monroe Street
Tallahassee, FL 32301-1556

Charles J. Rehwinkel
Embarq
315 S. Calhoun Street, Suite 500
Tallahassee, FL 32301

Michael A. Gross
Florida Cable Telecommunications
Assoc.
246 E. 6th Avenue, Suite 100
Tallahassee, FL 32303

Howard E. Adams
Pennington Law Firm
Post office Box 10095
Tallahassee, FL 32302

Thomas M. McCabe
TDS Telecom
Post Office Box 189
Quincy, FL 32353-0189

Dulaney L. O'Roark III
Verizon Florida, Inc.
Six Concourse Parkway
Atlanta, GA 30328

R. Scheffel Wright
Young Law Firm
225 South Adams Street
Tallahassee, FL 32301

J. Russell Campbell
Eric B. Langley
Balch & Bingham LLP
1710 Sixth Avenue, N.
Birmingham, AL 35203

Lee Willis and James Beasley
Ausley Law Firm
P.O. box 391
Tallahassee, Florida 32302

Boca Woods Emergency Power Committee
Alan Platner
11379 Boca Woods Lane
Boca Raton, FL 33428

City of Fort Lauderdale (Lewis)
Linda C. Cox
c/o Lewis Law Firm
P.O. Box 10788
Tallahassee, FL 32302

Florida Electric Cooperatives Association, Inc.
Bill Willingham/Michelle Hershel
2916 Apalachee Parkway
Tallahassee, FL 32301

Florida Municipal Electric Association, Inc.
Frederick M. Bryant/Jody Lamar Finklea
Post Office Box 3209
Tallahassee, FL 32315-3209

H. M. Rollins Company, Inc.
H. M. Rollins
P.O. Box 3471
Gulfport, MS 39505

Lee County Electric Cooperative, Inc.
Donald Schleicher/William Hamilton
P. O. Box 3455
North Fort Myers, FL 33918-3455

North American Wood Pole Council
Dennis Hayward
7017 NE Highway 99, Suite 108
Vancouver, WA 98665

Southern Pressure Treaters Association
Carl Johnson
P.O. Box 3219
Pineville, LA 71360

Squire, Sanders & Dempsey, L.L.P.
Charles Guyton/Elizabeth Daley
215 South Monroe St., Suite 601
Tallahassee, FL 32301

Tampa City Council
Councilwoman Linda Saul-Sena
315 East Kennedy Boulevard, 3rd Floor
Tampa, FL 33602

Treated Wood Council
Jeff Miller
1111 19th Street, NW, Suite 800
Washington, DC 20036

Trevor G. Underwood
2425 Sunrise Key Blvd.
Fort Lauderdale, FL 33304-3827

Western Wood Preservers Institute
Todd Brown
7017 NE Highway 99, Suite 108
Vancouver, WA 98665

Attorney

ATTACHMENTS

PRIOR COMMENTS
SUBMITTED INDIVIDUALLY BY
FLORIDA POWER & LIGHT COMPANY,
GULF POWER COMPANY AND
TAMPA ELECTRIC COMPANY

Florida Power & Light Company, P.O. Box 029100, Miami, FL 33102-9100

John T. Butler
Senior Attorney
Florida Power & Light Company
9250 W. Flagler Street
Miami, FL 33174
(305) 552-3867
(305) 552-3865 (Facsimile)

May 3, 2006

- VIA ELECTRONIC DELIVERY –

Ms. Blanca S. Bayó, Director
Division of the Commission Clerk and
Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399

Re: Docket Nos. 060172-EU and 060173-EU

Dear Ms. Bayó:

At the April 17, 2006 rule development workshop in the above dockets, Staff requested comments on how Rules 25-6.034, 25-6.0345, 25-6.064, 25-6.078 and 25-6.115, F.A.C. should be amended to facilitate and encourage "storm hardening" of electric utility transmission and distribution facilities. Pursuant to that request, I am enclosing for filing in the above dockets the comments of Florida Power & Light Company, which are in the form of proposed rule amendments. For convenient reference, both redlined and clean versions of the proposed rule amendments are enclosed.

Please note that the redlined version shows proposed changes from the existing rules rather than from the preliminary rule amendment proposals that Staff circulated at the April 17 workshop. FPL's proposed amendments incorporate many of Staff's preliminary proposals, but also address the issues and concerns that FPL expressed at the workshop.

Proposed subsections (8) through (13) of Rule 25-6.034 address attachments by others to electric poles, which FPL briefly discussed at the workshop and which is the subject of FPL's petition for emergency rule or, alternatively, declaratory statement in Docket No. 060355-EI. These amendments are also addressed in separate supplemental rule comments being filed jointly by Tampa Electric Company, FPL, Gulf Power Company and Progress Energy Florida.

FPL looks forward to the opportunity to discuss its proposed rule amendments with Staff and interested persons at the May 19 rule development workshop.

Sincerely,

John T. Butler

Enclosure
Cc: Lawrence Harris, Esq. (w/encl.)
Interested persons (w/encl.)

FLORIDA ADMINISTRATIVE CODE

*** THIS DOCUMENT REFLECTS CHANGES RECEIVED THROUGH APRIL 7, 2006 ***

25-6.034 Standard of Construction.

(1) Application and Scope. This rule is intended to define construction standards for all overhead and underground electrical transmission and distribution facilities to ensure the provision of adequate and reliable electric service for operational, as well as, emergency purposes. The facilities of the utility shall be constructed, installed, maintained and operated in accordance with generally accepted engineering practices to assure, as far as is reasonably possible, continuity of service and uniformity in the quality of service furnished. This rule applies to all electric utilities, including municipal electric utilities and rural electric cooperative utilities unless otherwise noted.

(2) The Commission adopts and incorporates by reference the 2002 edition of the National Electrical Safety Code (NESC) (ANSI C-2), published August 1, 2001, as the basis for each utility developing minimum standards for safe construction of transmission and distribution facilities. Except as otherwise provided for in this rule, the standards shall be applicable, to the extent reasonably practical and feasible, to specific portions of the infrastructure for:

(a) New construction;

(b) Major planned work, including expansion, rebuild, or relocation of existing facilities, assigned on or after the effective date of this rule; and

(c) Targeted critical infrastructure facilities and major thoroughfares taking into account political and geographical boundaries and other applicable operational considerations.

A copy of the 2002 NESC, ISBN number 0-7381-2778-7, may be obtained from the Institute of Electric and Electronic Engineers, Inc. (IEEE). A utility may exceed the minimum standards of the NESC to enhance reliability and reduce restoration costs and outage times.

(3) Distribution and transmission facilities constructed prior to the effective date of this rule shall be governed by the applicable edition of the NESC in effect at the time of the initial construction.

(4) For distribution construction, a utility shall exceed the normal requirements of NESC by adopting the extreme wind loading standards, to the extent reasonably practical and feasible, for specific portions of the infrastructure for:

(a) New construction;

(b) Major planned work, including expansion, rebuild, or relocation of existing facilities, assigned on or after the effective date of this rule; and

(c) Targeted critical infrastructure facilities and major thoroughfares taking into account political and geographical boundaries and other applicable operational considerations.

(5) Each utility shall establish construction standards, to the extent reasonably practical and feasible, for underground electrical facilities to enhance reliability and reduce restoration costs and outage times associated with extreme weather events.

(6) Location for the utility's electric facilities shall be as follows:

(a) For initial installation, expansion, rebuild, or relocation of any overhead facilities, utilities may use easements, public streets, roads and highways which the utility has the legal right to occupy, and public lands and private property across which rights-of-way or easements have been provided by the applicant.

(b) For initial installation, expansion, rebuild, or relocation of any underground facilities, the applicant shall provide easements along the front edge of the property unless the utility determines that there is an operational or economic benefit to use another location.

Formatted: Indent: Left: 0.5", First line: 0"

Formatted: Indent: Left: 0.5", First line: 0"

Formatted: Indent: Left: 0.5", First line: 0"

(c) For conversions of existing overhead facilities to underground, the utility may, if the applicant is a local government who provides all necessary permits and meets the utility's legal, financial and operational requirements, place facilities in road rights-of-way in lieu of requiring easements.

In all cases, the locations must be provided by the applicant in a reasonable time to meet construction requirements, meet all requirements of Rule 25-6.076, be satisfactory to the utility, and comply with all applicable federal, state and local laws, regulations and ordinances.

(7) The Commission has reviewed the American National Standard Code for Electricity Metering, 6th edition, ANSI C-12, 1975, and the American National Standard Requirements, Terminology and Test Code for Instrument Transformers, ANSI-57.13, and has found them to contain reasonable standards of good practice. A utility that is in compliance with the applicable provisions of these publications, and any variations approved by the Commission, shall be deemed by the Commission to have facilities constructed and installed in accordance with generally accepted engineering practices.

(8) Each electric utility shall establish and maintain written safety, reliability, capacity, and engineering standards and procedures for attachments by others to the utility's electric distribution poles ("Attachment Standards and Procedures"). Such Attachment Standards and Procedures shall meet or exceed NESC and other applicable standards imposed by law so as to assure, as far as is reasonably practicable, that third-party facilities attached to electric distribution poles do not impair electric system safety or reliability, do not exceed pole capacity, and are constructed, installed, maintained, and operated in accordance with generally accepted engineering practices for the utility's service territory.

(9) Following the effective date of this rule, no non-electric utility attachment, unless necessary for the distribution and delivery of electric power, shall be made in or above the Communications Worker Safety Zone of a utility's distribution poles.

(10) No later than 30 days after the enactment of this rule, each utility shall file a copy of its Attachment Standards and Procedures with the Commission. In the event a utility modifies its Attachment Standards and Procedures, the utility shall file its new Attachment Standards and Procedures, appropriately labeled to indicate the effective date of the new version, together with an annotated copy of the previous version showing each modification.

(11) No attachment to an electric utility's distribution poles shall be made except in compliance with such utility's Attachment Standards and Procedures as filed with the Commission.

(12) The Commission shall review the Attachment Standards and Procedures filed by each utility and may at any time require a utility to demonstrate, through appropriate proceedings, that its Attachment Standards and Procedures comply with the requirements of Section (8). The Commission also may investigate each attaching party's compliance with the same.

(13) A copy of the utility's Attachment Standards and Procedures as filed with the Commission shall be made available by the utility for public inspection. Any person shall, upon request, be furnished a copy of the utility's Attachment Standards and Procedures in effect at the time.

AUTHORITY: Specific Authority 350.127(2), 366.05(1) FS.
Law Implemented 366.04(2)(c), (5), 366.05(1) FS.

HISTORY
Amended 7-29-69, 12-20-82, Formerly 25-6.34.

Formatted: Indent: First line: 0.25", Space Before: 6 pt

Formatted: Indent: First line: 0.25"

Formatted: Font: Times New Roman

Formatted: Font: Times New Roman

Formatted: Font: Times New Roman

Formatted: Font: Times New Roman

Formatted: Font: Times New Roman

Formatted: Indent: First line: 0.25"

FLORIDA ADMINISTRATIVE CODE

*** THIS DOCUMENT REFLECTS CHANGES RECEIVED THROUGH APRIL 7, 2006 ***

25-6.0345 Safety Standards for Construction of New Transmission and Distribution Facilities.

(1) In compliance with Section 366.04(6)(b), F.S., 1991, the Commission adopts and incorporates by reference the 2002 edition of the National Electrical Safety Code (ANSI C-2), published August 1, 2001, as the applicable safety standards for transmission and distribution facilities subject to the Commission's safety jurisdiction. Each public electric utility, rural electric cooperative, and municipal electric system shall comply with the standards in these provisions. Standards contained in the 2002 edition shall be applicable to new construction for which a work order number is assigned on or after the effective date of this rule.

(2) Nothing in this rule is intended to conflict with the provisions of Rule 25-6.034.

(3) Each public electric utility, rural electric cooperative and municipal electric utility shall report all completed electric work orders, whether completed by the utility or one of its contractors, at the end of each quarter of the year. The report shall be filed with the Director of the Commission's Division of Auditing and Safety no later than the 30th working day after the last day of the reporting quarter, and shall contain, at a minimum, the following information for each work order:

(a) Work order number/project/job;

(b) Brief title; and

(c) Estimated cost in dollars, rounded to nearest thousand.

(4) The quarterly report shall be filed in standard DBase or compatible format, DOS ASCII text, or hard copy, as follows:

Deleted: 3

(a) DBase Format

Field Name	Field Type	Digits
1. Work orders	Character	20
2. Brief title	Character	30
3. Cost	Numeric	8
4. Location	Character	50
5. Kv	Numeric	5
6. Contiguous	Character	1

(b) DOS ASCII Text.

1. Columns shall be the same type and in the same order as listed under Field Names above.

2. A comma (,) shall be placed between data fields.

3. Character data fields shall be placed between quotation marks (" . . ").

4. Numeric data fields shall be right justified.

5. Blank spaces shall be used to fill the data fields to the indicated number of digits.

(c) Hard Copy.

The following format is preferred, but not required: Completed Electrical Work Orders For PSC Inspection

Work Order	Brief Title	Estimated Cost	Location	Kv Rating	Contiguous (y/n)

(5) In its quarterly report, each utility shall identify all transmission and distribution facilities subject to the Commission's safety jurisdiction, and shall certify to the Commission that they meet or exceed the applicable standards. Compliance inspections by the Commission shall be made on a random basis or as appropriate.

Deleted: 4

(5) As soon as practicable, but by the end of the next business day after it learns of the occurrence, each public utility, rural electric cooperative, and municipal electric utility shall (without admitting liability) report to the Commission any accident occurring in connection with any part of its transmission or distribution facilities which:

(a) Involves death or injury requiring hospitalization of non-utility persons; or

(b) Is significant from a safety standpoint in the judgment of the utility even though it is not required by paragraph (a).

(7) Each public utility, rural electric cooperative, and municipal electric utility shall (without admitting liability) report each accident or malfunction, occurring in connection with any part of its transmission or distribution facilities, to the Commission within 30 days after it learns of the occurrence, provided the accident or malfunction:

(a) Involves damage to the property of others in an amount in excess of $ 5000; or

(b) Causes significant damage in the judgment of the utility to the utility's facilities.

(8) Unless requested by the Commission, reports are not required with respect to personal injury, death, or property damage resulting from vehicles striking poles or other utility property.

AUTHORITY: Specific Authority 350.127(2) FS.
Law Implemented 366.04(2)(f), (6) FS.

HISTORY
New 8-13-87, Amended 2-18-90, 11-10-93, 8-17-97, 7-16-02.

Deleted: 5

Deleted: 6

Deleted: 7

Deleted: 1
Section Break (Continuous)

25-6.064 Contribution-in-Aid-of-Construction for Installation of New or Upgraded Facilities.

(1) Purpose and Applicability: The purpose of this rule is to establish a uniform procedure by which investor-owned electric utilities will calculate amounts due as Contribution-in-Aid-of-Construction (CIAC) from customers who require new distribution facilities, in order to receive electric service, or for upgrades to existing facilities. This Rule is not applicable to any facilities otherwise covered in Rule 25-6.078.

(2) CIAC for overhead distribution facilities shall be calculated as set forth below:

$$CIAC_{OH} = \left\{ \begin{array}{l} \text{Estimated cost of overhead facilities (excluding service drops and meters)} \\ - \\ 4 \times \left\{ \begin{array}{l} \text{Base energy charge per kWh} \times \text{expected incremental annual kWh sales over the new facilities} \\ + \\ \text{If applicable, base demand charge per kW} \times \text{expected incremental average monthly kW over the new facilities} \times 12 \end{array} \right\} \end{array} \right.$$

(3) CIAC for underground distribution facilities shall be calculated as set forth be-

$$CIAC_{UG} = \left(\begin{array}{l} \text{Estimated Total Cost of Underground Facilities (including services and meters)} \\ - \\ \text{Estimated Total Cost of Overhead Facilities (including service drops and meters)} \end{array} \right) + CIAC_{OH}$$

low.

(4) Nothing in this rule shall be construed as prohibiting a utility from collecting from a customer the total difference in cost for providing underground service instead of overhead service to that customer.

(5) Each utility shall apply the above formulas uniformly to residential, commercial and industrial customers.

(6) Each utility shall calculate an appropriate CIAC for line extensions constructed to serve customers who receive service at the primary distribution voltage level and the transmission voltage level. This CIAC shall be based on the estimated cost of providing the extension less an appropriate credit.

(7) The utility shall use its best judgment in estimating the total amount of base revenues which the new or upgraded facilities are expected to produce in the near future.

Deleted: Extension of Facilities.
Deleted:
Deleted:
Deleted:
Deleted:
Deleted:
Deleted:
Deleted:
Deleted: utilities subject to this rule
Deleted: contributions
Deleted: aid
Deleted: construction
Deleted: extensions of
Deleted:
Formatted: Indent: First line: 0.13"
Deleted: Applicability. This rule applies to all investor owned electric utilities in Florida
Deleted: defined in Section 366.02, F.S.
Deleted: Definitions. Actual or estimated job cost means the actual cost of providing the specified line extension facilities, calculated after the extension is completed, or the estimated cost of providing the specified facilities before the extension is completed.¶
Deleted: (4) In developing the policy extending overhead
Formatted: Indent: Left: 0.19", First line: 0"
Deleted: to customers, the following formulas shall be used to determine the contribution in aid of construction owed by the customer.¶
(a) For customers in rate classes that pay only energy charges, i.e., those that do not pay demand charges, the CIAC
Deleted: follows:
Deleted: CIACoh [1]
Deleted: 6
Deleted: (7) In the event that amounts are collected for certain distribution [2]
Deleted: 8
Deleted: requiring line extensions.
Deleted: 9
Deleted: actual or
Deleted: 10
Deleted: and sales
Deleted: each line extension is

(8) The utility may elect to waive the customer's CIAC, even when CIAC is found to be applicable. However, if the utility waives the CIAC, the utility shall adjust net plant in service accordingly. Each utility shall maintain records of amounts waived and any subsequent adjustments.(9) In cases where, in the judgment of the utility, multiple customers could reasonably be expected to be served in the near term by the new or upgraded facilities, the utility may upon initial agreement from all affected customers, elect to prorate the total CIAC over these multiple customers.

(10) A detailed statement of its standard policies pursuant to this rule shall be filed by each utility as part of its tariffs. The tariffs shall have uniform application be nondiscriminatory.

(11) If a utility and applicant are unable to agree on the CIAC amount, either party may appeal to the Commission for a review.

(12) Nothing in this rule shall be construed to prevent the utility from collecting the full cost differential associated with providing a non-standard level of service vs. a standard level of service.

AUTHORITY: Specific Authority 366.05(1), 350.127(2) FS.
Law Implemented 366.03, 366.05(1), 366.06(1) FS.

HISTORY
New 7-29-69, Amended 7-2-85, Formerly 25-6.64.

Deleted: 11
Deleted: line extension
Deleted: for customers
Deleted: a
Deleted: owing
Deleted: the Commission will reduce
Deleted: 's
Deleted:
Deleted:
Deleted: by an equal amount for rate-making purposes, as though the CIAC had been collected, except when the company's annual revenues from a customer are sufficient to offset the unpaid line extension CIAC under subsection (4) or (5).
Deleted: changes that served to offset the CIAC.¶
Deleted: 12
Deleted: larger developments are
Deleted: by line extensions
Deleted: line extension costs and
Deleted: 's
Deleted: owed over the number of customers expected to connect to the new line.
Deleted: 13
Deleted: extension
Deleted: y
Deleted: is
Deleted: policy
Deleted: and shall
Deleted: 14
Deleted: in regard to an extension
Deleted: ¶
----- Section Break (Continuous) -----

25-6.078 Schedule of Charges.

(1) Each investor-owned electric utility shall file with the Commission a written policy that shall become a part of the utility's tariff rules and regulations for the installation of underground facilities in new subdivisions. Such policy shall be subject to review and approval of the Commission and shall include an Estimated Average Cost Differential, if any, and shall state the basis upon which the utility will provide underground service and its method for recovering the difference in cost of an underground system and an equivalent overhead system from the applicant at the time service is extended. The charges to the applicant shall not be more than the estimated difference in cost of an underground system and an equivalent overhead system and such costs shall reflect the requirements of Rule 25-6.034.

Formatted: Indent: First line: 0.13"

Deleted:

Deleted:

(2) On or before October 15th of each year each utility shall file with the Commission's Division of Economic Regulation Form PSC/ECR 13-E, Schedule 1, using current material and labor costs. If the cost differential as calculated in Schedule 1 varies from the Commission-approved differential by plus or minus 10 percent or more, the utility shall file a written policy and supporting data and analyses as prescribed in subsections (1), (3) and (4) of this rule on or before April 1 of the following year; however, each utility shall file a written policy and supporting data and analyses at least once every three years.

(3) Differences in operating and maintenance costs between underground and overhead systems, if any, may be taken into consideration in determining the overall Estimated Average Cost Differential.

(4) Detailed supporting data and analyses used to determine the Estimated Average Cost Differential for underground and overhead distribution systems shall be concurrently filed by the utility with the Commission and shall be updated using cost data developed from the most recent 12-month period. The utility shall record these data and analyses on Form PSC/ECR 13-E (10/97). Form PSC/ECR 13-E, entitled "Overhead/Underground Residential Differential Cost Data" is incorporated by reference into this rule and may be obtained from the Division of Economic Regulation, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, (850) 413-6900.

(5) Service for a new multiple-occupancy building shall be constructed underground within the property to be served to the point of delivery at or near the building by the utility at no charge to the applicant, provided the utility is free to construct its service extension or extensions in the most economical manner.

(6) The of recovery of the cost differential as filed by the utility and approved by the Commission may not be waived or refunded unless it is mutually agreed by the applicant and the utility that the applicant will perform certain work as defined in the utility's tariff, in which case the applicant shall receive a credit. Provision for the credit shall be set forth in the utility's tariff rules and regulations, and shall be no more in amount than the total charges applicable.

(7) The difference in cost as determined by the utility in accordance with its tariff shall be based on full use of the subdivision for building lots or multiple-occupancy buildings. If any given subdivision is designed to include large open areas, the utility or the applicant may refer the matter to the Commission for a special ruling as provided under Rule 25-6.083, F.A.C.

(8) The utility shall not be obligated to install any facilities within a subdivision until satisfactory arrangements for the construction of facilities and payment of applicable charges, if any, have been completed between the applicant and the utility by written agreement. A standard agreement form shall be filed with the company's tariff.

(9) Nothing herein contained shall be construed to prevent any utility from assuming all cost differential of providing underground distribution systems, provided, however, that such assumed cost differential shall not be chargeable to the general body of rate payers, and any such policy adopted by a utility shall have uniform application throughout its service area.

AUTHORITY: Specific Authority 366.04(2)(f), 366.05(1) FS.
Law Implemented 366.03, 366.04(1), (4), 366.04(2)(f), 366.06(1) FS.

HISTORY
New 4-10-71, Amended 4-13-80, 2-12-84, Formerly 25-6.78, Amended 10-29-97.

ANNOTATIONS

Damages

Doctrine of "supervening government activity" did not apply in breach of contract suit brought by subdivision developers against Florida Power Company; developers would be entitled to recover damages only as to underground service that Company should have installed prior to Public Service Commission's approval of its underground service charge, which was action power company claimed as "supervening governmental activity." Winter Springs Development Corporation v. Florida Power Corporation, App., (5th)402 So. 2d 1225 (1981).

Court reversed summary judgment for subdivision developers in breach of contract suit against Florida Power Corporation where genuine issues of fact existed, but held that power company could not assert defense of developers' failure to exhaust administrative remedies. Since Public Service Commission could not have awarded money damages, remedy would have been inadequate, and developers were not obliged to take controversy before Commission.Id.

Deleted: ¶
-----Section Break (Continuous)-----

25-6.115 Contribution-in-Aid-of Construction (CIAC) for Conversion of Existing Overhead Distribution Facilities to Underground.

(1) Each investor-owned electric utility shall file a tariff showing the non-refundable deposit amounts for standard applications addressing the conversion of existing overhead distribution facilities to underground (this Rule does not apply to those facilities otherwise covered by Rule 25-6.078). The tariff shall include the general provisions and terms under which the utility and applicant may enter into a contract for the purpose of conversion.

(2) For the purpose of this rule, the applicant is the person or entity seeking the undergrounding of existing overhead electric distribution facilities. In the instance when a developer requests local government development approval, the local government shall not be deemed the applicant for purposes of this rule.

(3) Nothing in the tariff shall prevent the applicant from constructing and installing all or a portion of the underground distribution facilities provided:

(a) Such work meets the utility's construction standards;

(b) The utility will own and maintain the completed distribution facilities; and

(c) Such agreement is not expected to cause the general body of ratepayers to incur greater costs.

(4) Nothing in the tariff shall prevent the applicant from requesting a non-binding cost estimate which shall be provided to the applicant free of any charge or fee.

(5) Upon an applicant's request and payment of the deposit amount, the utility shall provide a binding cost estimate for providing underground electric service.

(6) An applicant shall have at least 180 days from the date the estimate is received, to enter into a contract with the utility based on the binding cost estimate. The deposit amount shall be used to reduce the charge as indicated in subsection (7) only when the applicant enters into a contract with the utility within 180 days from the date the estimate is received by the applicant, unless this period is extended by mutual agreement of the applicant and the utility.

(7) The CIAC shall be calculated as set forth below minus the non-refundable deposit amount, if applicable. The applicant shall not be required to pay any additional amount which exceeds 10 percent of the binding cost estimate.

$$CIAC_{Cost} = \left\{ \left[\text{Cost of Underground Facilities} + \left(\text{Existing Overhead Facilities Net Book Value} + \text{Overhead Removal Cost} - \text{Overhead Salvage Value} \right) \right] - \text{Cost of New Overhead Facilities} \right\} \times \left(1 - \text{Government Adjustment Factor} \right)$$

(a) Costs of Underground and New Overhead Facilities shall include all distribution components (e.g., transformers, services, meters, and any other necessary facilities, etc.).

(b) Existing Overhead Facilities Net Book Value is plant-in-service less accumulated depreciation of the facilities to be removed.

(c) Cost of New Overhead Facilities shall be the estimated cost to install new overhead.

(d) Government Adjustment Factor (GAF) is applicable in those instances where the applicant is a local government subject to the utility's tariff and has met the utility's requirements as specified in the tariff. The GAF amount, based on the GAF specified in the utility's tariff, shall be added to the utility's plant-in-service. The applicant must include in the requested project all overhead facilities, up to and including all services, within

Deleted: 25-6.115 Facility Charges for Providing Underground Facilities of Public Distribution Facilities Excluding New Residential Subdivisions.¶
¶

Deleted: public

Deleted: new construction and

Deleted: facilities excluding new residential subdivisions.

Deleted: public

Deleted: new construction or

Deleted: of existing overhead electric facilities to underground electric facilities. The non-refundable deposit amounts shall approximate the engineering costs for underground facilities serving each of the following scenarios: urban commercial, urban residential, rural residential, existing low-density single family home subdivision and existing high-density single family home subdivision service areas.

Deleted: public

Deleted: public

Deleted: a public

Deleted: public

Deleted: public

Deleted: the charge for the proposed underground facilities

Deleted: indicated in subsection (3) minus the charge for overhead facilities as indicated in subsection (9)

Deleted:

Deleted: an

the area designated for conversion. The GAF shall not be applicable to any road construction or improvement projects for which state or federal funds are available.

(8) An applicant to a utility for construction of underground distribution facilities may petition the Commission pursuant to Rule 25-22.032.

(9) Nothing in this rule shall be construed to grant any electric utility any right, title or interest in real property owned by a local government.

AUTHORITY: Specific Authority 366.04, 366.05(1) FS.
Law Implemented 366.03, 366.04, 366.05 FS.

HISTORY
New 9-21-92.

Deleted: (8) For the purpose of this rule, the charge for the proposed underground facilities shall include:¶
(a) The estimated 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).¶
(b) For conversions, the estimated remaining net book value of the existing facilities to be removed less the estimated net salvage value of the facilities to be removed.¶
(9) For the purpose of this rule, the charge for overhead facilities shall be the estimated construction cost to build new overhead facilities, including the service drop(s) to the meter(s) of the customer(s).

Deleted: 10

Deleted: public

Deleted: , F.A.C.

Deleted: 11

Page 5: [1] Deleted FPL_User 5/2/2006 1:04 PM

CIACoh	= (Actual or estimated job cost for new poles and conductors and appropriate fixtures required to provide service, excluding transformers, service drops, and meters)	-- (4 X nonfuel energy charge per KWH x expected annual KWH sales over the new line)

(b) For customers in rate classes that pay both energy charges and demand charges, the CIAC shall be calculated as follows:

CIACoh	= Actual or estimated job cost for new poles and conductors and appropriate fixtures required to provide service, excluding transformers, service drops, and meters	-- (4 X nonfuel energy charge per KWH x expected annual KWH sales over the new line)	- (4 x expected annual demand charge revenues from sales over the new line)

(c) Expected demand charge revenues and energy sales shall be based on an annual period ending not more than five years after the extension is placed in service.

(5) In developing the policy for extending underground distribution facilities to customers, the following formula shall be used to determine the contribution in aid of construction.

CIACug	= (Estimated difference between the cost of providing the distribution line extension including not only the distribution line extension itself but also the transformer, the service drop, and other necessary fixtures, with underground facilities vs. the cost of providing service using overhead facilities)	+ CIACoh (as above)

Page 5: [2] Deleted FPL_User 5/2/2006 1:04 PM

(7) In the event that amounts are collected for certain distribution facilities via the URD differential tariff as permitted by Rule 25-6.078, F.A.C., that would also be collected pursuant to this rule, the utility shall give an appropriate credit for such amounts collected via the URD differential tariff when calculating the line extension CIAC due pursuant to this rule.

FLORIDA ADMINISTRATIVE CODE

*** THIS DOCUMENT REFLECTS CHANGES RECEIVED THROUGH APRIL 7, 2006 ***

25-6.034 Standard of Construction.

(1) Application and Scope. This rule is intended to define construction standards for all overhead and underground electrical transmission and distribution facilities to ensure the provision of adequate and reliable electric service for operational, as well as, emergency purposes. The facilities of the utility shall be constructed, installed, maintained and operated in accordance with generally accepted engineering practices to assure, as far as is reasonably possible, continuity of service and uniformity in the quality of service furnished. This rule applies to all electric utilities, including municipal electric utilities and rural electric cooperative utilities unless otherwise noted.

(2) The Commission adopts and incorporates by reference the 2002 edition of the National Electrical Safety Code (NESC) (ANSI C-2), published August 1, 2001, as the basis for each utility developing minimum standards for safe construction of transmission and distribution facilities. Except as otherwise provided for in this rule, the standards shall be applicable, to the extent reasonably practical and feasible, to specific portions of the infrastructure for:

(a) New construction;

(b) Major planned work, including expansion, rebuild, or relocation of existing facilities, assigned on or after the effective date of this rule; and

(c) Targeted critical infrastructure facilities and major thoroughfares taking into account political and geographical boundaries and other applicable operational considerations.

A copy of the 2002 NESC, ISBN number 0-7381-2778-7, may be obtained from the Institute of Electric and Electronic Engineers, Inc. (IEEE). A utility may exceed the minimum standards of the NESC to enhance reliability and reduce restoration costs and outage times.

(3) Distribution and transmission facilities constructed prior to the effective date of this rule shall be governed by the applicable edition of the NESC in effect at the time of the initial construction.

(4) For distribution construction, a utility shall exceed the normal requirements of NESC by adopting the extreme wind loading standards, to the extent reasonably practical and feasible, for specific portions of the infrastructure for:

(a) New construction;

(b) Major planned work, including expansion, rebuild, or relocation of existing facilities, assigned on or after the effective date of this rule; and

(c) Targeted critical infrastructure facilities and major thoroughfares taking into account political and geographical boundaries and other applicable operational considerations.

(5) Each utility shall establish construction standards, to the extent reasonably practical and feasible, for underground electrical facilities to enhance reliability and reduce restoration costs and outage times associated with extreme weather events.

(6) Location for the utility's electric facilities shall be as follows:

(a) For initial installation, expansion, rebuild, or relocation of any overhead facilities, utilities may use easements, public streets, roads and highways which the utility has the legal right to occupy, and public lands and private property across which rights-of-way or easements have been provided by the applicant.

(b) For initial installation, expansion, rebuild, or relocation of any underground facilities, the applicant shall provide easements along the front edge of the property unless the utility determines that there is an operational or economic benefit to use another location.

(c) For conversions of existing overhead facilities to underground, the utility may, if the applicant is a local government who provides all necessary permits and meets the utility's legal, financial and operational requirements, place facilities in road rights-of-way in lieu of requiring easements.

In all cases, the locations must be provided by the applicant in a reasonable time to meet construction requirements, meet all requirements of Rule 25-6.076, be satisfactory to the utility, and comply with all applicable federal, state and local laws, regulations and ordinances.

(~~7~~2) The Commission has reviewed the American National Standard Code for Electricity Metering, 6th edition, ANSI C-12, 1975, and the American National Standard Requirements, Terminology and Test Code for Instrument Transformers, ANSI-57.13, and has found them to contain reasonable standards of good practice. A utility that is in compliance with the applicable provisions of these publications, and any variations approved by the Commission, shall be deemed by the Commission to have facilities constructed and installed in accordance with generally accepted engineering practices.

(8) Each electric utility shall establish and maintain written safety, reliability, capacity, and engineering standards and procedures for attachments by others to the utility's electric distribution poles ("Attachment Standards and Procedures"). Such Attachment Standards and Procedures shall meet or exceed NESC and other applicable standards imposed by law so as to assure, as far as is reasonably practicable, that third-party facilities attached to electric distribution poles do not impair electric system safety or reliability, do not exceed pole capacity, and are constructed, installed, maintained, and operated in accordance with generally accepted engineering practices for the utility's service territory.

(9) Following the effective date of this rule, no non-electric utility attachment, unless necessary for the distribution and delivery of electric power, shall be made in or above the Communications Worker Safety Zone of a utility's distribution poles.

(10) No later than 30 days after the enactment of this rule, each utility shall file a copy of its Attachment Standards and Procedures with the Commission. In the event a utility modifies its Attachment Standards and Procedures, the utility shall file its new Attachment Standards and Procedures, appropriately labeled to indicate the effective date of the new version, together with an annotated copy of the previous version showing each modification.

(11) No attachment to an electric utility's distribution poles shall be made except in compliance with such utility's Attachment Standards and Procedures as filed with the Commission.

(12) The Commission shall review the Attachment Standards and Procedures filed by each utility and may at any time require a utility to demonstrate, through appropriate proceedings, that its Attachment Standards and Procedures comply with the requirements of Section (8). The Commission also may investigate each attaching party's compliance with the same.

(13) A copy of the utility's Attachment Standards and Procedures as filed with the Commission shall be made available by the utility for public inspection. Any person shall, upon request, be furnished a copy of the utility's Attachment Standards and Procedures in effect at the time.

AUTHORITY: Specific Authority 350.127(2), 366.05(1) FS.
Law Implemented 366.04(2)(c), (5), 366.05(1) FS.

HISTORY
Amended 7-29-69, 12-20-82, Formerly 25-6.34.

FLORIDA ADMINISTRATIVE CODE

*** THIS DOCUMENT REFLECTS CHANGES RECEIVED THROUGH APRIL 7, 2006 ***

25-6.0345 Safety Standards for Construction of New Transmission and Distribution Facilities.

(1) In compliance with Section 366.04(6)(b), F.S., 1991, the Commission adopts and incorporates by reference the 2002 edition of the National Electrical Safety Code (ANSI C-2), published August 1, 2001, as the applicable safety standards for transmission and distribution facilities subject to the Commission's safety jurisdiction. Each public electric utility, rural electric cooperative, and municipal electric system shall comply with the standards in these provisions. Standards contained in the 2002 edition shall be applicable to new construction for which a work order number is assigned on or after the effective date of this rule.

(2) Nothing in this rule is intended to conflict with the provisions of Rule 25-6.034.

(3) Each public electric utility, rural electric cooperative and municipal electric utility shall report all completed electric work orders, whether completed by the utility or one of its contractors, at the end of each quarter of the year. The report shall be filed with the Director of the Commission's Division of Auditing and Safety no later than the 30th working day after the last day of the reporting quarter, and shall contain, at a minimum, the following information for each work order:

(a) Work order number/project/job;

(b) Brief title; and

(c) Estimated cost in dollars, rounded to nearest thousand.

(4) The quarterly report shall be filed in standard DBase or compatible format, DOS ASCII text, or hard copy, as follows:

(a) DBase Format

Field Name	Field Type	Digits
1. Work orders	Character	20
2. Brief title	Character	30
3. Cost	Numeric	8
4. Location	Character	50
5. Kv	Numeric	5
6. Contiguous	Character	1

(b) DOS ASCII Text.

1. Columns shall be the same type and in the same order as listed under Field Names above.

2. A comma (,) shall be placed between data fields.

3. Character data fields shall be placed between quotation marks ("...").

4. Numeric data fields shall be right justified.

5. Blank spaces shall be used to fill the data fields to the indicated number of digits.

(c) Hard Copy.

The following format is preferred, but not required: Completed Electrical Work Orders For PSC Inspection

Work Order	Brief Title	Estimated Cost	Location	Kv Rating	Contiguous (y/n)

(5) In its quarterly report, each utility shall identify all transmission and distribution facilities subject to the Commission's safety jurisdiction, and shall certify to the Commission that they meet or exceed the applicable standards. Compliance inspections by the Commission shall be made on a random basis or as appropriate.

(6) As soon as practicable, but by the end of the next business day after it learns of the occurrence, each public utility, rural electric cooperative, and municipal electric utility shall (without admitting liability) report to the Commission any accident occurring in connection with any part of its transmission or distribution facilities which:

(a) Involves death or injury requiring hospitalization of non-utility persons; or

(b) Is significant from a safety standpoint in the judgment of the utility even though it is not required by paragraph (a).

(7) Each public utility, rural electric cooperative, and municipal electric utility shall (without admitting liability) report each accident or malfunction, occurring in connection with any part of its transmission or distribution facilities, to the Commission within 30 days after it learns of the occurrence, provided the accident or malfunction:

(a) Involves damage to the property of others in an amount in excess of $ 5000; or

(b) Causes significant damage in the judgment of the utility to the utility's facilities.

(8) Unless requested by the Commission, reports are not required with respect to personal injury, death, or property damage resulting from vehicles striking poles or other utility property.

AUTHORITY: Specific Authority 350.127(2) FS.
Law Implemented 366.04(2)(f), (6) FS.

HISTORY
New 8-13-87, Amended 2-18-90, 11-10-93, 8-17-97, 7-16-02.

25-6.064 Contribution-in-Aid-of-Construction for Installation of New or Upgraded Facilities.

(1) Purpose and Applicability: The purpose of this rule is to establish a uniform procedure by which investor-owned electric utilities will calculate amounts due as Contribution-in-Aid-of-Construction (CIAC) from customers who require new distribution facilities, in order to receive electric service, or for upgrades to existing facilities. This Rule is not applicable to any facilities otherwise covered in Rule 25-6.078.

(2) CIAC for overhead distribution facilities shall be calculated as set forth below:

$$\mathbf{CIAC_{OH}} = \left\{ \text{Estimated cost of overhead facilities (excluding service drops and meters)} - \left(4 \times \left[\begin{array}{l} \text{Base energy charge per kWh} \times \text{expected incremental annual kWh sales over the new facilities} \\ + \\ \text{If applicable, base demand charge per kW} \times \text{expected incremental average monthly kW over the new facilities} \times 12 \end{array} \right] \right) \right\}$$

(3) CIAC for underground distribution facilities shall be calculated as set forth below:

$$\mathbf{CIAC_{UG}} = \left(\text{Estimated Total Cost of Underground Facilities (including services and meters)} - \text{Estimated Total Cost of Overhead Facilities (including service drops and meters)} \right) + \mathbf{CIAC_{OH}}$$

(4) Nothing in this rule shall be construed as prohibiting a utility from collecting from a customer the total difference in cost for providing underground service instead of overhead service to that customer.

(5) Each utility shall apply the above formulas uniformly to residential, commercial and industrial customers.

(6) Each utility shall calculate an appropriate CIAC for line extensions constructed to serve customers who receive service at the primary distribution voltage level and the transmission voltage level. This CIAC shall be based on the estimated cost of providing the extension less an appropriate credit.

(7) The utility shall use its best judgment in estimating the total amount of base revenues which the new or upgraded facilities are expected to produce in the near future.

(8) The utility may elect to waive the customer's CIAC, even when CIAC is found to be applicable. However, if the utility waives the CIAC, the utility shall adjust net plant-in-service accordingly. Each utility shall maintain records of

amounts waived and any subsequent adjustments.(9) In cases where, in the judgment of the utility, multiple customers could reasonably be expected to be served in the near term by the new or upgraded facilities, the utility may upon mutual agreement from all affected customers, elect to prorate the total CIAC over those multiple customers.

(10) A detailed statement of its standard policies pursuant to this rule shall be filed by each utility as part of its tariffs. The tariffs shall have uniform application be nondiscriminatory.

(11) If a utility and applicant are unable to agree on the CIAC amount, either party may appeal to the Commission for a review.

(12) Nothing in this rule shall be construed to prevent the utility from collecting the full cost differential associated with providing a non-standard level of service vs. a standard level of service.

AUTHORITY: Specific Authority 366.05(1), 350.127(2) FS.
Law Implemented 366.03, 366.05(1), 366.06(1) FS.

HISTORY
New 7-29-69, Amended 7-2-85, Formerly 25-6.64.

FLORIDA ADMINISTRATIVE CODE

*** THIS DOCUMENT REFLECTS CHANGES RECEIVED THROUGH APRIL 7, 2006 ***

25-6.078 Schedule of Charges.

(1) Each investor-owned electric utility shall file with the Commission a written policy that shall become a part of the utility's tariff rules and regulations for the installation of underground facilities in new subdivisions. Such policy shall be subject to review and approval of the Commission and shall include an Estimated Average Cost Differential, if any, and shall state the basis upon which the utility will provide underground service and its method for recovering the difference in cost of an underground system and an equivalent overhead system from the applicant at the time service is extended. The charges to the applicant shall not be more than the estimated difference in cost of an underground system and an equivalent overhead system and such costs shall reflect the requirements of Rule 25-6.034.

(2) On or before October 15th of each year each utility shall file with the Commission's Division of Economic Regulation Form PSC/ECR 13-E, Schedule 1, using current material and labor costs. If the cost differential as calculated in Schedule 1 varies from the Commission-approved differential by plus or minus 10 percent or more, the utility shall file a written policy and supporting data and analyses as prescribed in subsections (1), (3) and (4) of this rule on or before April 1 of the following year; however, each utility shall file a written policy and supporting data and analyses at least once every three years.

(3) Differences in operating and maintenance costs between underground and overhead systems, if any, may be taken into consideration in determining the overall Estimated Average Cost Differential.

(4) Detailed supporting data and analyses used to determine the Estimated Average Cost Differential for underground and overhead distribution systems shall be concurrently filed by the utility with the Commission and shall be updated using cost data developed from the most recent 12-month period. The utility shall record these data and analyses on Form PSC/ECR 13-E (10/97). Form PSC/ECR 13-E, entitled "Overhead/Underground Residential Differential Cost Data" is incorporated by reference into this rule and may be obtained from the Division of Economic Regulation, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, (850) 413-6900.

(5) Service for a new multiple-occupancy building shall be constructed underground within the property to be served to the point of delivery at or near the building by the utility at no charge to the applicant, provided the utility is free to construct its service extension or extensions in the most economical manner.

(6) The of recovery of the cost differential as filed by the utility and approved by the Commission may not be waived or refunded unless it is mutually agreed by the applicant and the utility that the applicant will perform certain work as defined in the utility's tariff, in which case the applicant shall receive a credit. Provision for the credit shall be set forth in the utility's tariff rules and regulations, and shall be no more in amount than the total charges applicable.

(7) The difference in cost as determined by the utility in accordance with its tariff shall be based on full use of the subdivision for building lots or multiple-occupancy buildings. If any given subdivision is designed to include large open areas, the utility or the applicant may refer the matter to the Commission for a special ruling as provided under Rule 25-6.083, F.A.C.

(8) The utility shall not be obligated to install any facilities within a subdivision until satisfactory arrangements for the construction of facilities and payment of applicable charges, if any, have been completed between the applicant and the utility by written agreement. A standard agreement form shall be filed with the company's tariff.

(9) Nothing herein contained shall be construed to prevent any utility from assuming all cost differential of providing underground distribution systems, provided, however, that such assumed cost differential shall not be chargeable to the general body of rate payers, and any such policy adopted by a utility shall have uniform application throughout its service area.

AUTHORITY: Specific Authority 366.04(2)(f), 366.05(1) FS.
Law Implemented 366.03, 366.04(1), (4), 366.04(2)(f), 366.06(1) FS.

HISTORY
New 4-10-71, Amended 4-13-80, 2-12-84, Formerly 25-6.78, Amended 10-29-97.

ANNOTATIONS

Damages

Doctrine of "supervening government activity" did not apply in breach of contract suit brought by subdivision developers against Florida Power Company; developers would be entitled to recover damages only as to underground service that Company should have installed prior to Public Service Commission's approval of its underground service charge, which was action power company claimed as "supervening governmental activity. "Winter Springs Development Corporation v. Florida Power Corporation, App., (5th)402 So. 2d 1225 (1981).

Court reversed summary judgment for subdivision developers in breach of contract suit against Florida Power Corporation where genuine issues of fact existed, but held that power company could not assert defense of developers' failure to exhaust administrative remedies. Since Public Service Commission could not have awarded money damages, remedy would have been inadequate, and developers were not obliged to take controversy before Commission.Id.

25-6.115 Contribution-in-Aid-of Construction (CIAC) for Conversion of Existing Overhead Distribution Facilities to Underground.

(1) Each investor-owned electric utility shall file a tariff showing the non-refundable deposit amounts for standard applications addressing the conversion of existing overhead distribution facilities to underground (this Rule does not apply to those facilities otherwise covered by Rule 25-6.078). The tariff shall include the general provisions and terms under which the utility and applicant may enter into a contract for the purpose of conversion.

(2) For the purpose of this rule, the applicant is the person or entity seeking the undergrounding of existing overhead electric distribution facilities. In the instance when a developer requests local government development approval, the local government shall not be deemed the applicant for purposes of this rule.

(3) Nothing in the tariff shall prevent the applicant from constructing and installing all or a portion of the underground distribution facilities provided:

(a) Such work meets the utility's construction standards;

(b) The utility will own and maintain the completed distribution facilities; and

(c) Such agreement is not expected to cause the general body of ratepayers to incur greater costs.

(4) Nothing in the tariff shall prevent the applicant from requesting a non-binding cost estimate which shall be provided to the applicant free of any charge or fee.

(5) Upon an applicant's request and payment of the deposit amount, the utility shall provide a binding cost estimate for providing underground electric service.

(6) An applicant shall have at least 180 days from the date the estimate is received, to enter into a contract with the utility based on the binding cost estimate. The deposit amount shall be used to reduce the charge as indicated in subsection (7) only when the applicant enters into a contract with the utility within 180 days from the date the estimate is received by the applicant, unless this period is extended by mutual agreement of the applicant and the utility.

(7) The CIAC shall be calculated as set forth below minus the non-refundable deposit amount, if applicable. The applicant shall not be required to pay any additional amount which exceeds 10 percent of the binding cost estimate.

$$CIAC_{UGC} = \left\{ \left(\text{Cost of Underground Facilities} + \left(\text{Existing Overhead Facilities Net Book Value} + \text{Overhead Removal Cost} - \text{Overhead Salvage Value} \right) \right) - \text{Cost of New Overhead Facilities} \right\} \times \left(1 - \text{Government Adjustment Factor} \right)$$

(a) Costs of Underground and New Overhead Facilities shall include all distribution components (e.g., transformers, services, meters, and any other necessary facilities, etc.)

(b) Existing Overhead Facilities Net Book Value is plant-in-service less accumulated depreciation of the facilities to be removed.

(c) Cost of New Overhead Facilities shall be the estimated cost to install new overhead.

(d) Government Adjustment Factor (GAF) is applicable in those instances where the applicant is a local government subject to the utility's tariff and has met the utility's requirements as specified in the tariff. The GAF amount, based on the GAF specified in the utility's tariff, shall be added to the utility's plant-in-service. The applicant must include in the requested project all overhead facilities, up to and including all services, within

the area designated for conversion. The GAF shall not be applicable to any road construction or improvement projects for which state or federal funds are available.

(8) An applicant to a utility for construction of underground distribution facilities may petition the Commission pursuant to Rule 25-22.032.

(9) Nothing in this rule shall be construed to grant any electric utility any right, title or interest in real property owned by a local government.

AUTHORITY: Specific Authority 366.04, 366.05(1) FS.
Law Implemented 366.03, 366.04, 366.05 FS.

HISTORY
New 9-21-92.

Florida Power & Light Company, P.O. Box 029100, Miami, FL 33102-9100

John T. Butler
Senior Attorney
Florida Power & Light Company
9250 W. Flagler Street
Miami, FL 33174
(305) 552-3867
(305) 552-3865 (Facsimile)

May 3, 2006

- VIA ELECTRONIC DELIVERY –

Mr. Craig B. Hewitt
Division of Economic Regulation
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399

Re: Docket Nos. 060172-EU and 060173-EU

Dear Mr. Hewitt:

At the April 17, 2006 rule development workshop in the above dockets, Staff made three data requests to the investor-owned utilities concerning the economic impacts of "storm hardening" amendments to Rules 25-6.034, 25-6.0345, 25-6.064, 25-6.078 and 25-6.115, F.A.C. I am enclosing Florida Power & Light Company's response to those data requests, which specifically addresses the proposed amendments that FPL is submitting to Staff today under separate cover. Please note that FPL's proposed amendments incorporate many of Staff's preliminary proposals, but also address the issues and concerns that FPL expressed at the workshop.

FPL has quantified the costs and benefits of its proposed rule amendments to the extent presently possible. Considerable uncertainty remains as to many of the costs and benefits, however, so FPL has presented most of its estimates as ranges rather than single values. Moreover, because the construction standards contemplated by FPL's proposed rule amendments are currently under development, FPL simply does not have enough information available at this time to provide meaningful quantitative estimates of some of the costs and benefits. FPL is continuing to evaluate the economic impacts of infrastructure hardening and will provide Staff additional information on those impacts as it becomes available.

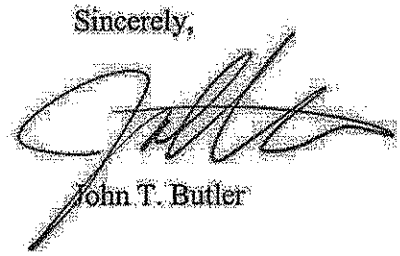
FPL's is proposing to add a subsection (7)(d) to Rule 25-6.115, which would provide for a Government Adjustment Factor ("GAF") to be applied in certain circumstances to the calculation of the Contribution In Aid of Construction ("CIAC") for conversion of existing overhead distribution facilities to underground. A utility would use the GAF when the applicant is a local government that is subject to the utility's tariff and meets applicability requirements specified in the utility's tariff. The GAF represents the percentage of an applicant's total CIAC that is to be invested by the utility and added to Plant In Service rather than collected from the applicant. FPL's proposal contemplates that each utility would specify the GAF percentage in its utility's tariff. Of course, this means that the cost, and hence the cost-effectiveness, of the GAF

proposal will vary among utilities depending upon the GAF percentage that each one specifies in its tariff.

FPL has previously filed a petition for approval of a 25% GAF, which is being considered in Docket No. 060150-EI. The Commission suspended FPL's tariff filing to allow for careful review and to coordinate with the Commission's consideration of amendments to Rule 25-6.115. If the Commission approves a GAF mechanism for this rule, FPL expects the Commission then to address FPL's 25% GAF tariff filing. FPL's experience in the 2004 and 2005 storm seasons was that underground facilities experienced fewer interruptions than overhead facilities and that, therefore, conversion to underground facilities can be an effective mitigation strategy for severe weather events. In spite of these benefits, FPL heard from community leaders that the up-front cost of conversion has been and remains a significant obstacle. These comments are corroborated by FPL's experience with a tariff provision filed in 2003 that facilitated a local government's collection of underground conversion costs from customers within its boundaries through the FPL electric bills; to date, not a single local government has availed itself of that tariff provision. The GAF is intended to reduce these obstacles for the type of contiguous areas where significant restoration cost savings can be expected. FPL believes that a 25% GAF will strike the right balance between providing a sufficient incentive to communities for underground conversion, while at the same time minimizing the potential impact to all customers from future storms. FPL's evaluation to date of the costs and benefits of implementing a 25% GAF suggests that it would be beneficial and cost-effective to the general body of customers under certain reasonable assumptions about future storm activity, the relative levels of storm damage to overhead and underground facilities, and the resulting differential in restoration costs.

FPL looks forward to the opportunity to discuss the economic impacts of its proposed rule amendments with Staff and interested persons at the May 19 rule development workshop.

Sincerely,



John T. Butler

Enclosure
Cc: Lawrence Harris, Esq. (w/encl.)
Interested persons (w/encl.)

Rules 25-6.034, 25-6.064, 25-6.078 and 25-6.115
Costs and Benefits

Rule 25-6.034 (4) - Standard of Construction (Overhead)

Consistent with FPL's Storm Secure proposal filed in January 30, 2006 with the FPSC, FPL proposes the following rule language:

"For distribution construction, a utility shall exceed the normal requirements of NESC by adopting the extreme wind loading standards, to the extent reasonably practical and feasible, for specific portions of the infrastructure for:

(a) New construction;

(b) Major planned work, including expansion, rebuild, or relocation of existing facilities, assigned on or after the effective date of this rule; and

(c) Targeted critical infrastructure facilities and major thoroughfares taking into account political and geo-graphical boundaries and other applicable operational considerations."

Assumptions:

FPL will harden the targeted distribution infrastructure according to the various wind-loading zones as defined in the NESC. Analysis is continuing, but is not yet finalized, as to how to adopt the NESC extreme wind criteria into FPL's construction and design practices taking into account standardization, operational and material considerations. Through this hardening effort, FPL is confident that new materials (e.g., stronger poles) will ultimately be introduced, which will allow different construction techniques to be used in the field. Although FPL has reached out to vendors for assistance in this area, it is still early in the alternative material evaluation process.

Another uncertainty is what the availability of personnel for engineering and construction, as well as the supply of materials needed for the hardening initiatives, will be as FPL ultimately implements its hardening plan. Lastly, to cost effectively implement the hardening plan, FPL is working aggressively at developing a detailed 10-year "hardening roadmap" that will provide the framework for determining what (and when) various parts of the overhead infrastructure will be made more resilient.

Costs:

Because of all of the outstanding issues and unknowns that still exist with the overhead hardening proposal; it is extremely difficult to estimate cost information

at this point. However, listed below are general ranges of estimated costs to provide an order of magnitude perspective on the costs involved.

New Construction

It is estimated that the approximate average incremental annual cost for new construction will range from $10,000,000-$60,000,000, factoring in all of the assumptions listed above.

Major Planned Work

It is estimated that the approximate average incremental annual cost of hardening the relocated infrastructure will range from $5,000,000-$25,000,000, factoring in all of the assumptions listed above.

Critical Infrastructure Facilities (CIF) and Major Thoroughfares

It is estimated that the approximate average incremental annual cost of hardening the CIF circuits will range from $35,000,000 - $165,000,000, factoring in all of the assumptions listed above. FPL's Storm Secure Proposal is, in the first five years, targeting circuits serving top CIF's and major thoroughfares.

Total Cost of Hardening

It is estimated that the approximate average incremental annual cost of hardening new construction, major planned work and targeted CIF circuits will range from $50,000,000 - $250,000,000, over the first five years and then is expected to decline once the initial hardening of CIF and major thoroughfares is completed.

Benefits:

FPL continues its analysis to quantify benefits associated with the overhead hardening proposal. Benefits are to be estimated by a simulation analysis based on the increased ability of more resilient construction to withstand winds associated with extreme weather events. FPL's analysis so far has shown that building distribution overhead facilities to the NESC extreme wind criteria will make a positive difference. This point is further supported by the following:

- KEMA's post-Hurricane Wilma study identified that 50% of FPL-owned pole failures were due to wind only. FPL is confident that pole breakage due to wind alone will not be as likely with a hardened overhead circuit.
- Currently, FPL's transmission system is built to the NESC extreme wind criteria and experienced extremely good performance with respect to wind

only failures during Hurricane Wilma. FPL believes a hardened distribution system will mirror this same higher performance.

- FPL's new overhead distribution feeders are currently being built to a higher standard than required by the NESC. Analyses conducted after both the 2004 and 2005 hurricane seasons have shown that these new circuits performed better than the older ones that were built before the current criteria were in effect. Increasing the construction criteria further to meet the NESC extreme wind requirement should yield additional resiliency improvements.

Therefore, hardening of FPL's distribution infrastructure to the extreme wind-loading criteria specified in the NESC is likely to help FPL achieve the following benefits:

- Increased ability to withstand damage caused by extreme wind events and the resulting mitigation of restoration time and cost.
- Assurance that CIF are more resilient to damage from extreme wind events and therefore able to provide service to the general public with minimal or no interruption.

Rule 25-6.034(5) - Standard of Construction (Underground)

FPL has proposed the following rule amendment concerning hardening underground construction: "Each utility shall establish construction standards, to the extent reasonably practical and feasible, for underground electrical facilities to enhance reliability and reduce restoration costs and outage times associated with extreme weather events."

Presently, underground pad mounted equipment is installed on a six inch thick pad within an easement that is required to be brought to within 6 inches of final grade by the developer of an underground subdivision. This final grade is usually determined by local building and zoning flooding ordinances as recommended in the Florida Building Code. These local building and zoning flooding ordinances are usually based on FEMA 100 year flood criteria.

Although FPL recognizes the need for any underground system to be resilient to extreme weather events, this has not been a significant issue in recent hurricane events that FPL has experienced. As a result, no analysis has been done to date by FPL regarding hardening of underground, and therefore, no estimate of costs or benefits is available at this time.

Rule No. 25-6.034(8)–(13) - Standard of Construction (Attachments by Others)

FPL proposes changes which would require establishing and maintaining safety, reliability, capacity and engineering standards and procedures for attachments by others to electric distribution poles.

Costs associated with these proposed changes would be minimal. For utilities, the costs would be primarily administrative in nature. Attaching parties will continue to have access to appropriate portions of poles to make reasonable attachments, so there should be only limited impact on their attachment costs. Benefits have not yet been quantified but could be substantial, as a result of avoided hardening requirements and/or improved overhead distribution system resilience.

Rules 25-6.064 and 25-6.115 – Impact of Hardened Overhead Construction Standard on CIAC Calculations

FPL does not foresee significant costs or benefits directly from its proposed revisions to these rules. However, if a new hardened overhead construction standard is established as FPL proposes in Rule 25-6.034, CIAC calculations for overhead versus underground service will be impacted in these rules. As stated previously, there are several unknowns related to adopting a new harden overhead standard at FPL, and therefore current cost estimates can only provide an order of magnitude.

The approximate impact to CIAC collected pursuant to Rules 25-6.064 and 25-6.115 is not yet determinable due the unique nature, wide variability in size of these projects, and the application of the proposed standards. For example, current construction standards may already be adequate to meet the NESC extreme wind criteria in the north part of FPL's service territory, and therefore the resulting CIAC would not change. As the analysis is finalized regarding the impact on FPL's system of adopting NESC extreme wind criteria, these differences in the CIAC calculations will be better understood.

Rule 25-6.078 – Impact of Hardened Overhead Construction Standard on CIAC Calculation in Schedule of URD Charges

FPL does not foresee significant costs or benefits directly from its proposed revisions to these rules. However, various "Estimated Average Cost Differential" figures in Rule 25-6.078 could be affected by the impact on CIAC calculations identified above if a new hardened overhead construction standard is established as FPL proposes in rule 25-6.034. As stated previously, there are several unknowns related to adopting a new hardened overhead standard at FPL, and therefore current cost estimates can only provide an order of magnitude.

The approximate reduction in funds collected based on the existing "Underground Distribution Facilities for Residential Subdivisions and

Developments" tariff could range from 0 – 10%. The reason for the range is that subdivisions built in different parts of FPL's service territory may have different overhead construction standards in effect today. For example, a new subdivision in the north part of FPL's service territory may already meet the NESC extreme wind criteria, and therefore the tariff values would not change. As stated above, as the analysis is finalized regarding how to adopt the NESC extreme wind criteria to FPL's system, these differences in the calculations will be better understood.

DOCKETS 060172-EU AND 060173-EU
INFRASTRUCTURE HARDENING RULEMAKING
COMPARISON OF FPL PROPOSAL TO STAFF'S MAY 19 PROPOSAL

25-6.034 Standard of Construction.

Subsection (1) *Application and Scope. This rule is intended to define construction standards for all overhead and underground electrical transmission and distribution facilities to ensure the provision of adequate and reliable electric service for operational as well as emergency purposes. This rule applies to all electric utilities, including municipal electric utilities and rural electric cooperative utilities, unless otherwise specified.*

FPL Comment: None

Subsection (2) *Each utility shall establish and maintain construction standards for overhead and underground electrical transmission and distribution facilities that conform to the provisions of this rule. No later than ~~90~~ 180 days after the effective date of this rule, each utility shall file five copies of its construction standards with the Director of Economic Regulation. This filing shall be deemed proprietary confidential business information pursuant to Section 366.093, Florida Statutes. In the event a utility subsequently modifies its construction standards, the utility shall file its revised standards, labeled to indicate the effective date of the new version and identifying all revisions from the prior version~~ ~~, together with a type-and-strike annotated copy of the previous version showing the modifications. A copy of the utility's construction standards as filed with the Commission, including Attachment Standards and Procedures pursuant to subsection 8 of this rule., shall be made available by the utility for public inspection. The utility shall, upon request, furnish a copy of its construction standards in effect at the time to any person requesting a copy.~~ *Any challenge by a customer, ~~or applicant~~ for service or attaching entity to the utility's filed construction standards shall be handled pursuant to Rule 25-22.032.*

FPL Comment: FPL will need at least 180 days from approval of new rules to develop and finalize its new construction standards. Providing public access to complete sets of FPL's transmission and distribution construction standards raises security and trade secret concerns. The standards should be protected as proprietary confidential business information and access provided only on a case-by-case, as-needed basis subject to appropriate protective orders. FPL will continue to provide open access (including on-line access) to those construction standards governing connections to customer premises. The nature of the standards does not lend itself to identifying changes in type-and-strike format, but a transmittal letter will be provided with the new versions outlining all changes from the previous version.

Subsection (3) *The facilities of each utility shall be constructed, installed, maintained and operated in accordance with generally accepted engineering practices to*

assure, as far as is reasonably possible, continuity of service and uniformity in the quality of service furnished.

FPL Comment: **None**

Subsection (4) *Each utility shall, at a minimum, comply with the applicable edition of the National Electrical Safety Code (ANSI C-2) [NESC].*

(a) The Commission adopts and incorporates by reference the 2002 edition of the NESC, published August 1, 2001. A copy of the 2002 NESC, ISBN number 0-7381-2778-7, may be obtained from the Institute of Electric and Electronic Engineers, Inc. (IEEE).

(b) Electrical facilities constructed prior to the effective date of the 2002 edition of the NESC shall be governed by the applicable edition of the NESC in effect at the time of the initial construction.

FPL Comment: **None**

Subsection (5) *For the construction of distribution facilities, each utility shall, to the extent reasonably practical, ~~and~~ feasible and cost-effective, adopt the extreme wind loading standards specified by Figure 250-2(d) of the 2002 edition of the NESC. As part of its construction standards, each utility shall establish guidelines and procedures governing the applicability and use of the extreme wind loading standards to enhance reliability and reduce restoration costs and outage times for each of the following types of construction:*

(a) new construction;
(b) major planned work, including expansion, rebuild, or relocation of existing facilities, assigned on or after the effective date of this rule; and
(c) targeted critical infrastructure facilities and major thoroughfares taking into account political and geographical boundaries and other applicable operational considerations.

FPL Comment: **Consistent with the discussion at the May 19 workshop, FPL has clarified that the extreme wind loading standards need not be applied to the construction of distribution facilities where it would not be practical, feasible or cost-effective to build to those standards.**

Subsection (6) *For the construction of underground facilities and their supporting overhead facilities, each utility shall, to the extent reasonably practical, ~~and~~ feasible and cost-effective, establish guidelines and procedures to deter damage resulting from flooding and storm surges. ~~in areas designated as Surge Zones by the Department of Community Affairs, Division of Emergency Management.~~*

FPL Comment: **Consistent with the discussion at the May 19 workshop, FPL has clarified that guidelines and procedures for deterring damage to underground facilities from flooding and storm surge should take into account the cost-effectiveness of the**

protective measures. In addition, FPL recommends striking references to DCA-designated flood zones and instead using local flooding ordinances as a basis in order to avoid discrepancies between the elevations and other construction requirements applicable to buildings and the electrical facilities serving them.

Subsection (7) *Location of the utility's electric distribution facilities.*

(a) For initial installation, expansion, rebuild, or relocation of overhead distribution facilities, utilities shall use easements, areas covered by franchise agreements and permits, public streets, roads and highways along which the utility has the legal right to occupy, and public lands and private property across which rights-of-way and easements have been provided by the applicant for service or such other locations where the utility has a legal right to place its facilities. To the extent practical, ~~and~~ feasible and cost-effective, facilities shall be placed in easements in front of the customer's premises adjacent to a public road for all new facilities and major upgrades or rebuilds affecting a ~~customer or~~ contiguous group of customers served by the same distribution line.

(b) For initial installation, expansion, rebuild, or relocation of underground facilities, the utility shall require the applicant for service to provide easements along the front edge of the property, unless the utility determines there is an operational, economic, or reliability benefit to use another location.

(c) For conversions of existing overhead facilities to underground facilities, the utility may, if the applicant for service is a local government that provides all necessary permits and meets the utility's legal, financial, and operational requirements, place facilities in road rights-of-way in lieu of requiring easements.

In all cases, the locations must be provided by the applicant in a reasonable time to meet construction requirements, meet all requirements of Rule 25-6.076, be satisfactory to the utility, and comply with all applicable federal, state and local laws, regulations and ordinances.

FPL Comment: **FPL recommends adding the word "distribution" to the title of this subsection, to clarify the type of facilities to which it applies. In view of Staff's stated preference to have Subsection (7)(a) be mandatory rather than permissive, FPL has added references to all types of locations where it may need to place its facilities. FPL has also added "cost-effective" to Subsection (7)(a) consistent with the language used in Subsections (5) and (6). FPL has added a paragraph at the end of Subsection (7) to clarify that applicants are to provide access promptly and in compliance with Rule 25-6.076 (Rights of Way and Easements) and all applicable legal requirements.**

Subsection (8) *As part of its construction standards, each utility shall establish and maintain written safety, reliability, capacity and engineering standards and procedures for attachments by others to the utility's electric transmission or distribution poles (Attachment Standards and Procedures). Such Attachment Standards and*

Procedures shall meet or exceed the NESC and other applicable standards imposed by law so as to assure, as far as is reasonably possible, that third-party facilities attached to electric transmission and distribution poles do not impair electric system safety, adequacy, or reliability; do not exceed pole loading capacity; and are constructed, installed, maintained, and operated in accordance with generally accepted engineering practices for the utility's service territory. No attachment to an electric utility's transmission or distribution poles shall be made except in compliance with such utility's Attachment Standards and Procedures as filed with the Commission.

FPL Comment: **FPL recommends wording as suggested and agreed upon in the May 19 workshop clarifying the nature of the written standards that each utility is to establish and maintain. Please see the joint comments of FPL, PEF, TECO and Gulf Power on pole attachment issues for a full discussion of this issue.**

Subsection (9) The Commission has reviewed the American National Standard Code for Electricity Metering, 6th edition, ANSI C-12, 1975, and the American National Standard Requirements, Terminology and Test Code for Instrument Transformers, ANSI-57.13, and has found them to contain reasonable standards of good practice. A utility that is in compliance with the applicable provisions of these publications, and any variations approved by the Commission, shall be deemed by the Commission to have facilities constructed and installed in accordance with generally accepted engineering practices.

FPL Comment: **FPL continues to recommend against deletion of existing Subsection (2). Clarification of the metering standards that constitute generally accepted engineering practice helps avoid customer misunderstandings or disputes over metering issues. FPL has not identified any other rule in Chapter 25 that is comparable to, or overlapping or inconsistent with, existing Subsection (2).**

25-6.0345 Safety Standards for Construction of New Transmission and Distribution Facilities

FPL has no comments or suggested revisions for Staff's proposed Rule 25-6.0345.

25-6.064 **Contribution-in-Aid-of-Construction: Installation of New or Upgraded Facilities**

Overall: **As an alternative to the proposed edits and comments that follow, leaving the rule "as is" would be acceptable. Changes to this rule are not required to enable the infrastructure "hardening" measures. In fact, Staff's proposed revisions raise a host of complicated issues that could delay the rule-making central to hardening. If it is deemed that revisions to this rule would still be desirable, then this could be considered in a future proceeding.**

Subsection (1) *Application and scope: The purpose of this rule is to establish a uniform procedure by which investor-owned electric utilities calculate amounts due as contribution-in-aid-of-construction (CIAC) from customers who require new facilities, ~~other than standard installations,~~ or for upgrades to existing facilities resulting from changes in the customer's demand on the system, in order to receive electric service, except as provided in Rule 25-6.078.*

FPL Comments: **FPL recommends deleting Staff's inserted clause "other than standard installations." The implication is that only atypical or non-standard installations should be subjected to the revenue test or other provisions of this rule. FPL does not currently apply this rule in a selective manner and does not believe the application should be narrowed going forward as this might shift costs onto the general body of customers.**

Subsection (2) Contribution-in-aid-of-construction shall be calculated as set forth below:

$$\mathbf{CIAC_{OH}} = \left\{ \text{Estimated cost of overhead facilities (excluding service drops and meters)} - \left(\mathbf{4\ x} \left[\begin{array}{l} \text{Base energy charge per kWh } \mathbf{x} \\ \text{expected incremental annual kWh} \\ \text{sales over the new facilities} \\ + \\ \text{If applicable, base demand charge per kW } \mathbf{x} \\ \text{expected incremental average monthly kW} \\ \text{over the new facilities } \mathbf{x}\ 12 \end{array} \right] \right) \right\}$$

Subsection (3) CIAC for underground distribution facilities shall be calculated as set forth below:

$$\mathbf{CIAC_{UG}} = \left(\text{Estimated Total Cost of Underground Facilities (including services and meters)} - \text{Estimated Total Cost of Overhead Facilities (including service drops and meters)} \right) + \mathbf{CIAC_{OH}}$$

~~*CIAC*~~	=	~~*Cost of installing the facilities*~~	-	~~*4 x nonfuel energy charge per kWh x expected incremental annual kWh sales over the new facilities*~~	-	~~*4 x expected annual demand charge revenues from incremental sales over the new facilities*~~

~~*For the purposes of the above formula, costs are defined as follows:*~~

~~*(a) The cost of all new overhead and underground line extensions shall be the total estimated work order job cost.*~~

~~*(b) There shall be no charge for the overhead transformer, service drop and meter for new standard overhead installations.*~~

~~*(c) The total cost of installing new underground service shall be reduced by the cost of a standard overhead service installation.*~~

~~*(d) The cost of upgrades to existing facilities shall be the estimated work order job cost including any costs of removal less any salvage.*~~

~~*(e) For customers in rate classes that pay only energy charges, demand charge revenues shall be zero.*~~

~~*(f) Expected demand charge revenues and energy sales shall be based on an annual period ending not more than 5 years after the extension is placed in service.*~~

FPL Comments: **Staff has attempted to combine the rule's current two formulas into one. The stated intent was to "simplify" the rule, not**

change its effect. Unfortunately, this has not been successful. Under the best of circumstances, a large number of convoluted "definitions" for each element in the formula would be required. Most importantly, the utilities' implementation costs appear certain to outweigh any possible benefits that could accrue. Some examples of these significant costs are: retraining of personnel (hundreds of personnel in FPL's case) on how to interpret the new language; rewriting, publishing and distributing designer's operational procedures, and; programming revisions to major computer systems. Therefore insufficient value is derived if the true bottom line effect on customer's CIAC is unchanged.

FPL has proposed two minor adjustments to the existing $CIAC_{OH}$ formula. The first, as agreed to during the May 19 workshop, is a clarification – changing the word "nonfuel" to "base." This properly labels the true charge all utilities use in practice. The types of costs being subjected to the CIAC "revenue test" are always recovered through base rates, not through other "nonfuel" rate structure components such as; conservation, environmental and capacity clauses. The second is removal of the exclusion for transformers from the estimated costs component. The cost of transformers is also recovered through base rates. This differs from the cost for services and meters which are recovered through a separate rate component – the customer charge – which is not included in the CIAC revenue test. As the revenue test stands, the revenues reflect the underlying transformer costs, but the estimated overhead facilities' cost does not. The effect of this inconsistency is an under-collection of CIAC which would be passed on to the general body of customers.

Subsection (4) Nothing in this rule shall be construed as prohibiting a utility from collecting from a customer the total difference in cost for providing underground service instead of overhead service or a non-standard vs. standard level of service to that customer.

FPL Comments: **Reinstitute subsection (6) from the existing rule. Staff struck it in their proposal. Also, added a clarifying clause for collection of above-standard service costs.**

Subsection (5~~3~~) Each utility shall apply the formulas~~-~~ in subsections (2) and (3) of this rule uniformly to residential, commercial and industrial customers requesting new or upgraded facilities at any voltage level.

FPL Comments: **Reflects FPL's recommended reinstatement of the two formulas instead of Staff's proposed single one.**

Subsection (64) *The costs applied to the formula in subsections (2) and (3) shall be based on the requirements of Rule 25-6.034, Standards of Construction.*

FPL Comments: **As in Subsection (6), reflects FPL's recommended reinstatement of the two formulas instead of Staff's proposed single one. Note that there is no subsection (5) in the numbering of Staff's proposal.**

Subsection (76) *Each utility shall use its best judgment in estimating the total amount of revenues and sales which new or upgraded facilities are expected to produce in a 4-year time frame commencing with the in-service date of the new or upgraded facilities. At the end of the 4-year period over which the revenues were estimated, a customer may request that the utility true-up the CIAC using actual revenues. Any resulting payments to the customer, or from the customer to the utility, shall not include interest. Any amount to be refunded to the customer shall not exceed the original CIAC.~~If the amount of the estimated credit to the CIAC is disputed, at the customer's request, the utility shall true-up the CIAC collected using actual revenues at the end of the 4-year period over which the CIAC was estimated.~~*

FPL Comment: **FPL's proposed alternative language preserves the customer's ability to request a true-up, but does not impose the administratively burdensome – and potentially logistically impossible – task of keeping track of individual customers. For example, under Staff's proposal, a customer could request a true-up on day 1 and FPL would be required to track the revenues and locate the customer once the 4 years had elapsed – even if they were no longer an FPL customer. It is FPL's understanding that this settlement process is not unilateral (i.e., whichever party is found to be owing is obligated to compensate the other in a timely manner).**

Subsection (87) *The utility may elect to waive all or any portion of the CIAC for customers, even when a CIAC is found to be applicable. However, if the utility waives the CIAC, the utility shall reduce net plant in service as though the CIAC had been collected. Each utility shall maintain records of amounts waived and any subsequent changes that served to offset the CIAC.*

FPL Comments: **None.**

Subsection (98) *In cases where more customers than the initial applicant are expected to be served in the near term by the new or upgraded facilities, the utility ~~shall~~ may, upon mutual agreement from all affected customers, elect to prorate the total CIACs~~,~~ over those multiple ~~the number of~~ customers at the time of initial connection.*

~~*expected to be served by the new or upgraded facilities within a period not to exceed 3 years commencing with the in-service date of the new or upgraded facilities. The utility may require an advance equal to the full amount of the CIAC from the initial customer. As additional customers connect to the facilities subject to the CIAC, the utility shall collect from those customers a pro-rated CIAC, and credit that amount to the initial customer who paid the CIAC. In the event the projected growth in customers or usage does not materialize by the end of the 3 year period, the remaining CIAC shall be retained by the utility to offset the cost of the construction. The utility shall file a tariff outlining its policy for the proration of CIAC.*~~

FPL Comments: **Staff's suggestion presents many logistical challenges. This would present the same initial-customer tracking problems described in the comments on subsection (7) plus the requirement to track as each new customer requests connection, which would at a minimum require some significant computer systems and process changes to try to ensure consistent execution. Additionally, the pro-ration itself is at best complex, if not impossible to execute. For example, if a single new customer is served off the facilities in each of the subsequent years, the pro-ration amounts required from each in order to connect would need to be recalculated & redistributed amongst those already connected. This scenario is illustrated below:**

		Pro-Rata Adjustments			
	Day 1	Year 1	Year 2	Year 3	Net
Initial Customer	$120	($60)	($20)	($10)	$30
Customer 2		$60	($20)	($10)	$30
Customer 3			$40	($10)	$30
Customer 4				$30	$30

Additionally, Staff puts the utility in the position of requiring additional payment from these customers for connection which is likely to generate customer complaints. This pro-ration calculations could be further complicated if any differences occur between the actual and initially estimated revenues.

FPL's proposal instead relies on establishing any possible CIAC sharing at the outset of construction when there's a higher degree of certainty, rather at some variable time in the future. Additionally, it benefits from the mutual agreement of customers. Finally, the requirement for filing a tariff outlining the pro-ration policy is covered in subsection (10).

Subsection (10) *A detailed statement of its policies pursuant to this rule ~~standard facilities extension and upgrade policies~~ shall be filed by each utility as part of its tariffs. The tariffs shall have uniform application and shall be nondiscriminatory.*

FPL Comments: **FPL's language simplifies and better reflects the revised titling of this rule**

Subsection (11~~0~~) *If a utility and applicant are unable to agree on the CIAC amount, either party may appeal to the Commission for a review.*

FPL Comments: **None.**

Rule 25-6.078 **Schedule of Charges.**

Overall: **As an alternative to the proposed edits and comments that follow, leaving the rule "as is" would be acceptable. Changes to this rule are not required to enable the infrastructure "hardening" measures. In fact, Staff's proposed revisions raise a host of complicated issues that could delay the rule-making central to hardening. If it is deemed that revisions to this rule would still be desirable, then this could be considered in a future proceeding.**

Subsection (1) *Each utility shall file with the Commission a written policy that shall become a part of the utility's tariff rules and regulations on the installation of underground facilities in new subdivisions. Such policy shall be subject to review and approval of the Commission and shall include an Estimated Average Cost Differential, if any, and shall state the basis upon which the utility will provide underground service and its method for recovering the difference in cost of an underground system and an equivalent overhead system from the applicant at the time service is extended. The charges to the applicant shall not be more than the estimated difference in cost of an underground system and an equivalent overhead system.*

FPL Comment: **None.**

Subsection (2) *For the purposes of calculating the Estimated Average Cost Differential, cost estimates shall reflect the requirements of Rule 25-6.034, Standards of Construction.*

FPL Comment: **None.**

Subsection (3) *On or before October 15 of each year each utility shall file with the Commission's Division of Economic Regulation Form PSC/ECR 13-E, Schedule 1, using current material and labor costs. If the cost differential as calculated in Schedule 1 varies from the Commission-approved differential by plus or minus 10 percent or more, the utility shall file a written policy and supporting data and analyses as prescribed in subsections (1), (4) and (5) of this rule on or before April 1 of the following year; however, each utility shall file a written policy and supporting data and analyses at least once every 3 years.*

FPL Comment: **None.**

Subsection (4) *Differences in operational ~~operating and maintenance~~ costs, which can include both expense and capital components, including ~~average historical~~ storm restoration costs over the life of the facilities, between underground and overhead systems, if any, ~~shall~~ may be taken into consideration in determining the overall Estimated Average Cost Differential. Each utility shall establish sufficient record keeping and accounting measures, which may be on a sampling basis, to separately identify storm related operational ~~operating and maintenance~~ costs for underground and overhead facilities.*

FPL Comment: **For the reasons discussed below, FPL does not support requiring differences in operational costs to be taken into account when calculating the Estimated Average Cost Differential.**

First, as discussed at the May 19 workshop, producing a reasonably accurate operational cost differential between overhead and underground facilities will be very difficult to accomplish. A likely outcome is that instead of "getting the pot right," the result – due to the various assumptions and/or simplifications – ends up distorting the true cost picture to the detriment of either the customers paying CIAC or the general body of customers. A couple examples of the challenges with developing such estimates are:

(i) Similar operational activities receive different accounting treatments (i.e., expensed v. capitalized) depending on whether they are performed for underground or overhead facilities making direct comparisons of their respective total costs difficult.

(ii) Each cost element cannot be appropriately forecasted as a single value. To do so would require oversimplifying what are inherently dynamic, complex and interdependent costs to basic average values. This clearly could introduce large errors and misleading results. To effectively portray the differential impacts, modeling – with probability distributions for each cost component that also reflect the relationships between them – would be required. It would take a substantial amount of time and resources to ensure reasonably accurate approximations – which are also likely different between the utilities.

(iii) Because these are new subdivisions, they are a product of today's overhead and underground technologies, as well as, current construction and operational work methods. As a result, historical costs – which reflect the existing infrastructure – are typically not good proxies for potential future costs.

(iv) External factors can cause operational costs to vary substantially from year to year.

Second, if one were to assume that one could quantify an operational cost differential between overhead and underground service, that the differential would favor underground service, and that adjusting CIAC to reflect this differential could provide an inducement for customers to take underground service, there is no compelling hardening-related reason to provide financial inducements for underground facilities in new subdivisions. Today, over ¾ of new service accounts in FPL's service territory are installed with

underground facilities, so there is little potential for influencing behavior by offering financial inducements to those developers to install underground facilities in lieu of overhead facilities.

FPL does not object, per se, to Staff's proposed requirement that utilities adopt recordkeeping and accounting measures to facilitate separately identifying storm-related operational costs for underground and overhead facilities – provided that this can be met with an appropriately designed sampling program. FPL understood that Staff, and other participants in the May 19 workshop, concurred with the use of sampling, which is likely to yield better and more consistent data while being less disruptive and more cost-effective than trying to collect data on 100% of the facilities. Such a "census" approach would be logistically impossible since the forensic determination of causes naturally proceeds at a slower pace than the actual restoration, or worse yet, could alternatively impede the restoration progress by burdening it with the data collection activities. Also, resources to perform this data collection (both internal and external) continue to be in short supply during storm restoration.

Subsection (5) *Detailed supporting data and analyses used to determine the Estimated Average Cost Differential for underground and overhead distribution systems shall be concurrently filed by the utility with the Commission and shall be updated using cost data developed from the most recent 12-month period. The utility shall record these data and analyses on Form PSC/ECR 13-E (10/97). Form PSC/ECR 13-E, entitled "Overhead/Underground Residential Differential Cost Data" is incorporated by reference into this rule and may be obtained from the Division of Economic Regulation, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, (850) 413-6900.*

FPL Comment: **None.**

Subsection (6) *Service for a new multiple-occupancy building shall be constructed underground within the property to be served to the point of delivery at or near the building by the utility at no charge to the applicant, provided the utility is free to construct its service extension or extensions in the most economical manner.*

FPL Comment: **None.**

Subsection (7) *The recovery of the cost differential as filed by the utility and approved by the Commission may not be waived or refunded unless it is mutually agreed by the applicant and the utility that the applicant will perform certain work as defined in the utility's tariff, in which case the applicant shall receive a credit. Provision for the credit shall be set forth in the utility's tariff rules and regulations, and shall be no more in amount than the total charges applicable.*

FPL Comment: **None.**

Subsection (8) *The difference in cost as determined by the utility in accordance with its tariff shall be based on full use of the subdivision for building lots or multiple-occupancy buildings. If any given subdivision is designed to include large open areas, the utility or the applicant may refer the matter to the Commission for a special ruling as provided under Rule 25-6.083, F.A.C.*

FPL Comment: **None.**

Subsection (9) *The utility shall not be obligated to install any facilities within a subdivision until satisfactory arrangements for the construction of facilities and payment of applicable charges, if any, have been completed between the applicant and the utility by written agreement. A standard agreement form shall be filed with the company's tariff.*

FPL Comment: **None.**

Subsection (10) *Nothing herein contained shall be construed to prevent any utility from absorbing all or any portion of the costs of providing underground distribution systems, provided, however, that such costs in excess of a comparable overhead system shall not be chargeable to the general body of ratepayers, and any such policy adopted by a utility shall have uniform application throughout its service area.*

FPL Comment: **None.**

25-6.115 Facility Charges for Conversion of Existing Overhead Investor-owned Distribution Facilities.

Subsection (1) *Each investor-owned utility shall file a tariff showing the non-refundable deposit amounts for standard applications addressing the conversion of existing overhead electric distribution facilities to underground facilities. The tariff shall include the general provisions and terms under which the public utility and applicant may enter into a contract for the purpose of converting existing overhead facilities to underground facilities. The non-refundable deposit amounts shall be calculated in the same manner as the engineering costs for underground facilities serving each of the following scenarios: urban commercial, urban residential, rural residential, existing low-density single family home subdivision and existing high-density single family home subdivision service areas.*

FPL Comment: None

Subsection (2) *For purposes of this rule, the applicant is the person or entity seeking the undergrounding of existing overhead electric distribution facilities. In the instance where a local ordinance requires developers to install underground facilities, the developer who actually requests the construction for a specific location is deemed the applicant for purposes of this rule.*

FPL Comment: None.

Subsection (3) *Nothing in the tariff shall prevent the applicant from constructing and installing all or a portion of the underground distribution facilities provided:*

(a) such work meets the investor-owned utility's construction standards;

(b) the investor-owned utility will own and maintain the completed distribution facilities; and

(c) such agreement is not expected to cause the general body of ratepayers to incur costs in excess of the costs the utility would incur for the installation.

FPL Comment: None.

Subsection (4) *Nothing in the tariff shall prevent the applicant from requesting a non-binding cost estimate which shall be provided to the applicant free of any charge or fee.*

FPL Comment: **None.**

Subsection (5) Upon an applicant's request and payment of the deposit amount, an investor-owned utility shall provide a binding cost estimate for providing underground electric service.

FPL Comment: **None.**

Subsection (6) An applicant shall have at least 180 days from the date the estimate is received, to enter into a contract with the public utility based on the binding cost estimate. The deposit amount shall be used to reduce the charge as indicated in subsection (7) only when the applicant enters into a contract with the public utility within 180 days from the date the estimate is received by the applicant, unless this period is extended by mutual agreement of the applicant and the utility.

FPL Comment: **None.**

Subsection (7) The charge paid by the applicant shall be the charge for the proposed underground facilities as indicated in subsection (8) minus the charge for overhead facilities as indicated in subsection (9) minus the non-refundable deposit amount. The applicant shall not be required to pay an additional amount which exceeds 10 percent of the binding cost estimate.

FPL Comment: **None.**

Subsection (8) For the purpose of this rule, the charge for the proposed underground facilities shall include:

(a) the estimated 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); and

(b) the estimated remaining net book value of the existing facilities to be removed less the estimated net salvage value of the facilities to be removed.

FPL Comment: **None.**

Subsection (9) For the purpose of this rule, the charge for overhead facilities shall be the estimated construction cost to build new overhead facilities, including the service drop(s) to the meter(s) of the customer(s). Estimated construction costs shall be based on the requirements of Rule 25-6.034, Standards of Construction.

FPL Comment: **None.**

Subsection (10) An applicant requesting construction of underground distribution

facilities under to this rule may challenge the utility's cost estimates pursuant to Rule 25-22.032, F.A.C.

FPL Comment: **None.**

Subsection (11) *For the purposes of the computing the charges required in subsections (8) and (9):*

(a) ~~The utility shall include the net present value of operating and maintenance costs and the average historical storm restoration costs for comparable facilities over the expected life of the facilities.~~ A utility may establish by tariff a Government Adjustment Factor (GAF) for the purpose of encouraging conversion of overhead facilities to underground in circumstances where such conversions are well suited to reducing potential storm restoration and other costs associated with the facilities. Specifically, the GAF will operate to reduce the charges required under subsections (8) and (9) in those instances where the applicant is a local government subject to the utility's tariff and has met the utility's requirements as specified in the tariff. The reduction in charges calculated on the basis of the GAF specified in a utility's tariff shall be added to the utility's plant in service. The applicant must include in any project qualifying for the GAF all overhead facilities, up to and including all services, within the area designated for conversion. The GAF shall not be applicable to any road construction or improvement projects for which state or federal funds are available.

FPL Comment: **FPL recommends revising Subsection (11)(a) as shown above, in order to target reductions in conversion charges to those circumstances where the conversions involve substantial, contiguous areas and are thus most likely to be beneficial to the general body of customers. Isolated conversions involving only one or a small number of customers would not meaningfully affect the level of restoration work after extreme weather in the area where the conversions are made, because overhead restoration crews would still have to investigate and repair overhead equipment for the interspersed customers who did not convert.**

FPL's GAF proposal is designed to focus on specifically the type of conversion "footprint" that most benefits the general body of customers. Those targeted conversions could then receive the full conversion benefits that they justify, without dilution by the averaging inherent in Staff's proposal. FPL's GAF proposal also requires that the applicant for qualifying conversion projects be a local government, or sponsored by a local government, because they are in the best position to deliver the sort of conversion projects that fit the desired profile. Moreover, local governments can ensure 100% participation by affected customers and eliminate the barriers (e.g., property access, permitting, coordination of road closures, etc.) that otherwise could interfere with implementation of conversion projects.

FPL's GAF proposal is also preferable to Staff's Subsection (11)(a) because it is tariff-based. Whereas Staff's proposal provides no guidance as to how overhead-to-underground cost differentials are to be determined and no mechanism for review and approval of those differentials, the GAF proposal requires a utility to file for Commission review and approval of both the level of the GAF percentage and the specific applicability terms that a conversion project would have to meet to qualify for the GAF reduction. This will facilitate Commission monitoring of the GAF both in its original form and as it may be modified from time to time based on accumulated information and experience. Another advantage of FPL's tariff-based approach is that it has flexibility to accommodate differences that may exist among utilities as to the applicability terms and GAF percentage that best suit their respective electric systems. In this regard, FPL notes that it is not necessary or appropriate to quantify as part of this rulemaking a size threshold for qualifying conversion projects or the appropriate level of the GAF percentage. Rather, those issues are properly the subject of utility-specific tariff filings.

Staff's subsection (11)(a) contemplates that, in addition to the storm recovery cost differential associated with conversion, utilities must take into account the net present value of the difference in operating and maintenance costs for underground and overhead facilities. FPL's GAF proposal would not either require or forbid utilities to take this difference into account. For the reasons discussed above, FPL believes that the GAF proposal is preferable to Staff's Subsection (11)(a) and should be substituted for it. If, however, Staff does not adopt the GAF proposal, FPL recommends that Subsection (11)(a) be revised so that utilities are not required to take the operating and maintenance cost differential into account. The problems and uncertainties involved in calculating such a differential are outlined in the comments on Rule 25-6.078 above and apply equally here.

(b) If the applicant chooses to construct or install all or a part of the requested facilities, all costs, including overhead assignments, avoided by utility due to the applicant assuming responsibility for construction shall be subtracted from the CIAC charged to the customer, or if the full CIAC has already been paid, credited to the customer. At no time will the CIAC be less than zero.

FPL Comment: **FPL has no objection in principle to Staff's proposed Subsection (11)(b) and proposes no changes to it at this time. However, FPL would like to clarify that, its calculations of credits to applicants that construct all of part of their own facilities are already done in accordance with the procedure**

described in Subsection (11)(b). This specifically includes any avoided overhead assignments.

Subsection (12) *Nothing herein contained shall be construed to prevent any utility from absorbing all or any portion of ~~the cost of providing underground distribution systems~~ an underground conversion charge calculated pursuant to Subsections (7) through (11) above; provided, however, that ~~such costs in excess of a comparable overhead system~~ the portion of an underground conversion charge that is absorbed by a utility shall not be chargeable to the general body of ratepayers, and any such policy adopted by a utility shall have uniform application throughout its service area.*

FPL Comment: **FPL's proposed revision is to clarify that Subsection (12) does not apply to a reduction in the underground conversion charge resulting from the application of FPL's proposed Subsection (11)(a).**

Subsection (13) *Nothing in this rule shall be construed to grant any investor-owned electric utility any right, title or interest in real property owned by a local government. Specific Authority 366.04, 366.05(1) FS.*

FPL Comment: **None.**

Gulf Power Company

Post-Workshop Comments to Staff's May 19, 2006 Rule Development Workshop on Electric Utility Transmission and Distribution Facility Storm-Hardening (Docket Nos. 060172-EU and 060173-EU)

May 26, 2006

Purpose of Memorandum

The purpose of this Memorandum is to summarize Gulf Power Company's comments to Staff's May 19, 2006 Rule Development Workshop (Docket Nos. 060172-EU and 060173-EU).

Section 25-6.034

Gulf Power Company agrees with Staff that each utility's construction standards for new Transmission facilities should conform to the requirements of the National Electrical Safety Code (NESC) and that existing T&D facilities are covered by the version of the NESC at the time of construction. Gulf also agrees with the concept of adopting extreme wind loading for Distribution facilities in specific areas determined by the utility that would enhance reliability and reduce outages. The Commission should have access to review those standards.

25-6.034(2) - Due to the proprietary nature of a utility's standards, Gulf proposes that each utility certify to the Commission annually that its standards are in compliance with this rule. Transmission standards are prepared by voltage class and are contained in many volumes. It would be less of an administrative burden on the utility and the Commission to certify annually and make available any or all parts upon request. Suggested rule changes in 25-6.034(2) to facilitate this proposal include:

- Page 1, Line 15 of the May 19th draft rule – Add the words, "and by January 1 each year thereafter," between the words "rule" and "each".
- Page 1, Line 15 of the May 19th draft rule – Add the words, "certify to the Director of Economic Regulation that its construction standards are in compliance with this rule" between the words "shall" and "file".
- Page 1, Line 15 of the May 19th draft rule – Delete all language starting with the word, "file" on Line 15 to the end of Section 25-6.034(2).

In the event the Commission desires to require the utilities to file their standards there are some concerns that need to be addressed. Transmission and Distribution standards are proprietary and must be kept confidential. Another area of concern is filing revisions as they occur. Standards by their nature are continually revised by page to incorporate code changes and improved construction techniques. Filing every change may become administratively burdensome to Staff and the utility. Gulf recommends that standards be re-filed in total on annual basis to eliminate this problem. Suggested rule changes in 25-6.034(2) to facilitate this proposal include:

- Page 1, Line 16 of the May 19th draft rule – Following the word, "Regulation.", add the words, "By January 15 each year, the utility shall file new copies of its construction standards with the Director of Economic Regulation together with a summary of all changes from the previous filing. All filings shall be considered proprietary and confidential and may only be reviewed at the Commission's offices".
- Page 1, Line 16 of the May 19th draft rule – Delete all language starting with the words, "In the event" to the end of Section 25-6.034(2).

Gulf also recommends that the requirement to provide copies to any person upon request and the ability to challenge the standards be removed.

25-6.034(7) - Add the word "distribution" between the words "utility's" and "electric" in the title on Line 9, Page 3 of the May 19th draft rule.

25-6.034(7)(a) - Facilitating the re-wiring of customers service entrance and the resulting costs has not been addressed by the rule. There are significant costs to the customer and how or who will be responsible for them should be determined.

25-6.034(7)(a) - Add the words, "or public right-of-ways" after the word "easements" in Line 14, Page 3 of the May 19th draft rule.

Cost Estimates – Transmission & Distribution
Gulf estimated that Staff's original proposal to replace all wood transmission poles with concrete or steel would take approximately $300 million in today's dollars. Assuming resources are available to complete the transmission upgrade work over a 10-year period, the annual incremental revenue requirement would be approximately $4 million for each of the 10 years. The requirement to upgrade the entire distribution system to extreme wind loading criteria was estimated to take approximately $487 million and a 30% increase in distribution capital budgets going forward. Assuming resources are available to complete the distribution upgrade work over a 10-year period, the annual incremental revenue requirement would be approximately $7 million for each of the 10 years. The impact on revenue requirements related to the 30% increase in distribution capital budgets going forward is approximately $2 million per year. Staff's current proposed rule would result in minimal cost increases to transmission. There will be increased distribution costs associated with the upgrade of targeted areas but at this time no estimates have been prepared. As stated before, in general there will be a 30% increase in distribution capital costs for those projects.

Section 25-6.0345

Gulf Power has no comments on the suggested changes in Section 25-6.0345 at this time.

Section 25-6.064

Gulf Power reiterates its comments provided on May 3rd, as well as those made at the May 19th workshop, that revisions to the CIAC rule (Rule 25-6.064) and underground differential rules (Rule 25-6.078 and Rule 25-6115) are not necessary parts of the proposed rule amendments. There is no specific relationship between proposed changes to the construction standards, placement of electric distribution facilities, safety standards, and third-party attachments rules (Rules 25-6.034 and 25-6.0345); and the CIAC/underground differential rules that result in the need to address the CIAC and underground differential rules at this time. The current CIAC and underground differential rules are not broken. Since

the FPSC Staff's stated objective with respect to CIAC and underground differential rules is merely to simplify (and not to change) those rules, there is no need to amend those rules at the same time that the "storm hardening" issues are addressed through this rulemaking process.

If it is determined that the CIAC rules and underground differential rules must be addressed now, then several specific modifications need to be made to the May 15th draft rule version which was the subject of the May 19th workshop. These include:

25-6.064(2) - The CIAC formula shown on page 8 of Attachment 1 handed out in the May 19th workshop, as modified by (2)(c) on page 9 and as explained in Attachment 2, leads to very different results than would the current rule. This is in conflict with the objective of "merely simplifying". This was discussed at length in the May 19th workshop, with "patches" suggested. Inconsistencies with the current rule center on (a) the "crediting" of revenues against underground costs, and (b) the exclusion of costs for transformer, service drop, and meter in determining cost of underground facilities.

25-6.064(2) - The revenue amounts used in the CIAC formula should describe base-rate revenue rather than "Non-fuel energy charge."

25-6.064(2)(a) - For (2) (a) on page 8 of the May 19th draft rule, the term "line extensions" should be replaced with the word "facilities." This change is consistent with changes proposed in paragraph (1) of that same draft version.

25-6.064(2)(b) - For (2) (b) on page 8 of the May 19th draft rule, change to "Costs for transformer, service drop and meter for new standard overhead installations shall be excluded."

25-6.064(2)(c) - For (2) (c) on page 9 of the May 19th draft rule, delete (c) entirely.

25-6.064(3) - For (3) on page 11 of the May 19th draft rule, retain the word "requiring" rather than change to "requesting" in order to be consistent with terminology used in (1) on page 8.

25-6.064(6) - For (6), on page 11 of the May 19th draft rule, end the first sentence with a period after the word "produce", and delete the remainder of the draft new language. The new proposed additions to this section are confusing since there is no relevant "4 year time frame" nor "estimated credit to the CIAC." Also, both utility and customer can appeal a disputed CIAC amount to the Commission under paragraph (10) on page 12.

Section 25-6.078

Gulf Power has no comments on the suggested changes in Section 25-6.078 at this time.

Section 25-6.115

25-6.115(11)(b) - For paragraph (11) (b) on page 18 of the May 19th draft rule, make the reference to the customer consistent using either the term "applicant" or "customer", but not both.

MAY 19, 2006 RULE DEVELOPMENT WORKSHOP
POST-WORKSHOP COMMENTS OF TAMPA ELECTRIC RELATED TO DRAFT RULES IN DOCKET NO. 060172-EU AND DOCKET NO. 060173-EU
DATED MAY 26, 2006

Tampa Electric submits the comments below for consideration in the development of Rules 25-6.034, 25-6.0345, 25-6.064, 25-6.078 and 25-6.115.

Rule 25-6.034

- Tampa Electric would strongly urge the deadline for submitting construction standards to the Director of Economic Regulation be 180 days. Also, security issues arise if these construction standards become public documents. Therefore, the company believes a process of confidentiality is necessary to assure that no part of the submitted construction standards become public information.
- Subsection (5), line 19; Subsection (6), line 5; and Subsection (7)(a), line 13 contain the phrase "reasonably practical and feasible." Tampa Electric would suggest "cost-effective" be inserted such that the phrase would state "reasonably practical, **cost-effective** and feasible."
- Subsection (6) should end with the word "surges" on line 6.
- Line 9 would be more descriptive by adding the word "distribution" such that it would read "Location of the utility's **distribution** facilities."
- Subsection (7)(a), line 14 should include the phrase "**or in rights-of-way**" after the word "easements." Likewise, Subsection (7)(b), line 18 should be stated "easements **or access to rights-of-way**."
- Tampa Electric's comments on Subsection (8) are expressed in the joint post-workshop comments submitted by the investor-owned utilities.

Rule 25-6-0345

- Tampa Electric has no comments on the proposed changes to this rule.

Rule 25-6.064

- Much discussion, confusion and misunderstanding has surrounded the proposed changes to this rule during the April 17, 2006 and the May 19, 2006 workshops. Tampa Electric would strongly urge the only change to Subsection (2) of the current rule be a simplification of the contribution-in-aid-of-construction (CIAC) calculation to two formulas – one for overhead facilities and one for underground facilities. The company provided a workable, easy to understand proposal in its comments submitted on May 3, 2006. That proposal could simplify the calculation to a certain extent and be adopted by field personnel with relative ease of understanding. By incorporating these proposed two formulas into the rule, the amount of CIAC currently being calculated for overhead or underground facilities will not change and therefore subsidies will not occur. In the alternative, if one CIAC formula must be a final result, Tampa Electric has developed a new proposal and would urge consideration of the formula found and explained on page 3 of these comments.

- Tampa Electric is supportive of the balance of proposed changes to this rule.

Rule 25-6.078

- Tampa Electric has no comments on the proposed changes to this rule.

Rule 25-6.115

- Tampa Electric has no comments on the proposed changes to this rule.

CIAC = A – B – C

A = Either:

For OH installations:
Total cost of the overhead facilities installation
including transformer, service and meter

For UG installations:
Total cost of underground installation
including transformer, service and meter

B = Lesser of:

4 x the annual demand and energy base revenue

or

Total cost of overhead installation
excluding transformer, service, and meter

C = Cost of OH transformer, service and meter

Cost Impact to Tampa Electric of Proposed Changes to Rule 25-6.034 Standard of Construction Revised May 26, 2006

(5)(a)New Overhead construction cost impact for a 120 mph wind zone

Assumptions:

- 50% of the poles have equipment (i.e., transformers, capacitors etc)
- 150 foot spans or 35 poles per mile (50% more poles)
- Two joint users
- Hardening pole replacements
  - 45H2 wood poles w/equipment
  - 45H1 wood poles w/o equipment

Impacts:

The incremental new 3 phase wood pole construction to annually build 19 miles to extreme wind-loading criteria is estimated to be $354,445.

(b) Expansion, rebuild, or relocation of existing facilities for a 120 mph wind zone

Assumptions:

- 75% of the poles have equipment (i.e., transformers, capacitors etc)
- 150 foot spans or 35 poles per mile (50% more poles)
- Two joint users
- Hardening pole replacements
  - 45H2 wood poles w/equipment
  - 45H1 wood poles w/o equipment
- Includes Additional poles + incremental stronger pole cost + road widening

Impacts:

Annual cost to build to extreme wind for expansion, rebuild and relocation including road widenings of 3 phase wood pole lines is estimated to be $5,334,313.

(c) Targeted critical infrastructure facilities and major thoroughfares[1]

Hillsborough Co	521 miles
Polk Co	127 miles
Pasco	48 miles
Total	696 miles

Assumptions:

- Assume a ten year hardening plan @ approximately 70 miles/year
- 75% of the poles have equipment (i.e., transformers, capacitors etc)
- 150 foot spans or 35 poles per mile
- Two joint users
- Hardening pole replacements
  - 45H2 wood poles w/equipment
  - 45H1 wood poles w/o equipment

Impacts:

The annual cost to build targeted critical infrastructure facilities and major thoroughfares to extreme wind is $6,396,950. A ten year plans is unrealistic but is used here for normalization and comparison purposes.

[1]From "FDOT's Public Road mileage and Miles Traveled, 2004" report using *Other Principle Arterials* and *Minor Arterials* Categories. Further assumptions were made pertaining to partial service territories in counties.

(6)(a)(b)&(c) New construction cost impact for Cat 3 Flood Zone

Assumption:

Based on 2005 UG New Construction	$ 30,407,527
25% of $ is in Cat 3 Surge Zone	$ 7,601,881
Annual 30% adder to harden the UG facilities[3]	$ 2,280,564

Impacts:
The annual minimum incremental new UG construction cost to build in Cat 3 Surge Zone is estimated to be $2,280,584. This high level estimate was based on dollars spent with an assumed hardening adder. The company is unable to provide an accurate estimate for parts b and c of the proposed rule. The extent and characteristics of facilities located in the Cat 3 Flood Zone is unknown at this time.

(8) Expansion, rebuild, relocation & OH to UG conversions to front edge of property

OH to OH conversions to front edge of property

Expansion, rebuild, relocation

Assumptions

- 10% of OH system is rear lot = 700 miles
- Single phase OH line
- 40% of the poles have equipment (i.e., transformers, capacitors, etc.)
- 150 foot spans or 35 poles per mile
- Two joint users
- Hardening pole replacements
  - 45H2 wood poles w/equipment
  - 45H1 wood poles w/o equipment
- 2.5 difficulty factor is included for rear lot work

Impacts:
The annual relocation cost of an overhead single phase wood pole line from a rear lot location to the front of property using 70 miles per year is estimated to be $6,274,800.

OH to UG conversions to front edge of property

Assumptions

- Davis Islands conversion cost was used in the cost per mile average of $571,428.
- 1% of the rear lot communities request underground facilities to be placed to the front of the property = 70 miles
- 10 year plan to complete = 7 miles per year

Impacts:
The annual relocation cost of an overhead single phase wood pole line from a rear lot location to relocate and underground to the front of property is $5,250,000.

Combined conversion annual cost is $11,524,800.

[3] Hardening of the Underground facilities consist of water proof switchgear (Vistagear), strand-filled cable and submersible secondary TX connectors). All equipment will be bolted to pad.