ORIGINAL

State of Florida

Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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

DATE: December 4, 2006

TO: Blanca S. Bayó, Commission Clerk and Administrative Services Director

FROM: Lawrence D. Harris, Senior Attorney, Office of the General Counsel

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

Please file the attached correspondence in the above dockets.

LDH
Attachments

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SEC _1_
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PART III

GENERAL MANAGEMENT REQUIREMENTS

25-6.034 Standard of Construction.

(1) 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.

(2) Each utility shall, at a minimum, comply with the National Electrical Safety Code (ANSI C-2) [NESC], incorporated by reference in Rule 25-6.0345, F.A.C.

(a) For facilities constructed on or after February 1, 2007, the 2007 NESC shall apply. A copy of the 2007 NESC, ISBN number 0781-4893-8, may be obtained from the Institute of Electric and Electronic Engineers, Inc. (IEEE).

(b) Facilities constructed prior to February 1, 2007, shall be governed by the edition of the NESC specified by subsections 013.B.1, 013.B.2, and 013.B.3 of the 2007 NESC, incorporated by reference in Rule 25-6.0345, F.A.C..

~~(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.~~

Specific Authority 350.127(2), 366.05(1) FS.

Law Implemented 366.04(2)(c),(f),(5), 366.05(1) FS

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

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attachers and joint users.

(6) Any customer, applicant for service, or attaching entity may challenge a proposed expansion, rebuild or relocation. If the challenge is brought before the Commission pursuant to this subsection, the proposed expansion, rebuild or relocation project that is the subject of the challenge shall not commence until the challenge is resolved; provided, however, that if the project is expressly subject to time constraints specifically imposed by the Florida Department of Transportation relative to projects required by it, the project shall not be stayed pending resolution of the challenge. Further, any such challenge shall be resolved by the Commission on an expedited basis.

Specific Authority 350.127(2), 366.05(1) FS.

Law Implemented 366.04(2)©,(5),(6), 366.05(1) FS

History-New _____.

25-06.0342 Electric Infrastructure Storm Hardening.

(1) Application and Scope. This rule is intended to ensure the provision of safe, adequate, and reliable electric transmission and distribution service for operational as well as emergency purposes; require the cost-effective strengthening of critical electric infrastructure to increase the ability of transmission and distribution facilities to withstand extreme weather conditions; and reduce restoration costs and outage times to end-use customers associated with extreme weather conditions. This rule applies to all investor-owned electric utilities.

(2) Storm Hardening Plans. Each utility shall, no later than 180 days after the effective date of this rule, file with the Commission for its approval a detailed storm hardening plan. Each utility's plan shall be updated every 3 years, unless the Commission, on its own motion or on petition by a substantially affected person or utility, initiates a proceeding to

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Deleted: Any complaint brought before the Commission pursuant to this subsection will be granted or denied by final agency action within 120 days. or challenge related to the implementation of this rule by a customer, applicant for service, or attaching entity shall be resolved by the Commission.

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systematic approach the utility will follow to achieve the desired objectives of enhancing reliability and reducing restoration costs and outage times associated with extreme weather events. The utility's storm hardening plan shall provide a detailed description of its deployment strategy including, but not limited to the following:

(a) A description of the facilities affected; including technical design specifications, construction standards, and construction methodologies employed.

(b) The communities and areas within the utility's service area where the electric infrastructure improvements, including facilities identified by the utility as critical infrastructure and along major thoroughfares pursuant to subparagraph (3)(b)3. are to be made.

(c) The extent to which the electric infrastructure improvements involve joint use facilities on which third-party attachments exist.

(d) An estimate of the costs and benefits to the utility of making the electric infrastructure improvements, including the effect on reducing storm restoration costs and customer outages.

(e) An estimate of the costs and benefits, obtained pursuant to subsection (6) below, to third-party attachers affected by the electric infrastructure improvements, including the effect on reducing storm restoration costs and customer outages realized by the third-party attachers.

(5) Attachment Standards and Procedures: As part of its storm hardening plan, each utility shall maintain written safety, reliability, pole loading capacity, and engineering standards and procedures for attachments by others to the utility's electric transmission and distribution poles (Attachment Standards and Procedures). The Attachment Standards and Procedures shall meet or exceed the edition of the National Electrical Safety Code (ANSI C-2) that is applicable pursuant to Rule 25-6.034(2), F.A.C., so as to assure, as far as is reasonably

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History-New _____.

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

(1) The ~~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) [NESC], ~~published August 1, 2001,~~ as the applicable safety standards for transmission and distribution facilities subject to the Commission's safety jurisdiction. For electrical facilities constructed on or after February 1, 2007, the 2007 NESC shall apply. Electrical facilities constructed prior to February 1, 2007, shall be governed by the edition of the NESC specified by subsections 013.B.1, 013.B.2, and 013.B.3 of the 2007 NESC. Each investor-owned ~~public~~ electric utility, rural electric cooperative, and municipal electric system shall, at a minimum, 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.~~ A copy of the 2007 NESC, ISBN number 0781-4893-8, may be obtained from the Institute of Electric and Electronic Engineers, Inc. (IEEE).

(2) Each investor-owned ~~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 Regulatory Compliance and Consumer Assistance ~~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;

accident occurring in connection with any part of its transmission or distribution facilities which:

(a) – (b) No change.

(6) Each investor-owned electric ~~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) – (7) No change.

Specific Authority 350.127(2) FS.

Law Implemented 366.04(2)(f),(6) FS

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

PART IV

GENERAL SERVICE PROVISIONS

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

(1) Application and scope ~~Purpose~~. The purpose of this rule is to establish a uniform procedure by which investor-owned electric utilities ~~subject to this rule will~~ calculate amounts due as contributions-in-aid-of-construction (CIAC) from customers who request new facilities or upgraded facilities ~~require extensions of distribution facilities~~ in order to receive electric service, except as provided in Rule 25-6.078, F.A.C..

(2) ~~Applicability. This rule applies to all investor owned electric utilities in Florida as defined in Section 366.02, F.S.~~ Contributions-in-aid-of-construction for new or upgraded

~~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 shall be calculated as follows:~~

~~$CIAC_{oh}$ = (Actual or estimated job cost for new poles and conductors and appropriate fixtures required to provide service, excluding transformers, service drops, and meters) − (4 × nonfuel energy charge per KWH × 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:~~

~~$CIAC_{oh}$ = (Actual or estimated job cost for new poles and conductors and appropriate fixtures required to provide service, excluding transformers, service drops, and meters) − (4 × nonfuel energy charge per KWH × expected annual KWH sales over the new line) − (4 × expected 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~~

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~~transmission voltage level. This CIAC shall be based on the actual or estimated cost of providing the extension less an appropriate credit.~~

(6)~~(10)~~ All CIAC calculations under this rule shall be based on estimated work order job costs. In addition, each ~~The~~ utility shall use its best judgment in estimating the total amount of annual revenues ~~and sales~~ which the new or upgraded facilities are ~~each line extension is~~ expected to produce ~~in the near future~~.

(a) A customer may request a review of any CIAC charge within 12 months following the in-service date of the new or upgraded facilities. Upon request, the utility shall true-up the CIAC to reflect the actual costs of construction and actual base revenues received at the time the request is made.

(b) In cases where more customers than the initial applicant are expected to be served by the new or upgraded facilities, the utility shall prorate the total CIAC over the number of end-use customers 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 a payment equal to the full amount of the CIAC from the initial customer. For the 3-year period following the in-service date, the utility shall collect from those customers a prorated share of the original CIAC amount, and credit that to the initial customer who paid the CIAC. The utility shall file a tariff outlining its policy for the proration of CIAC.

(7)~~(11)~~ The utility may elect to waive all or any portion of the ~~line extension~~ CIAC for customers, even when a CIAC is found to be applicable ~~owing~~. If h~~H~~owever, ~~if~~ the utility waives a ~~the~~ CIAC, the utility shall reduce net plant in service as though the CIAC had been collected, unless the Commission determines that there is a quantifiable benefit to the general body of ratepayers commensurate with the waived CIAC. ~~Commission will reduce the utility's net plant in service by an equal amount for ratemaking purposes, as though the CIAC~~

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.

(2) For the purpose of calculating the Estimated Average Cost Differential, cost estimates shall reflect the requirements of Rule 25-6.0342, Electric Infrastructure Storm Hardening.

(3)~~(2)~~ On or before October 15~~th~~ 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~~3) and (5~~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 3 ~~three~~ years.

(4)~~(3)~~ Differences in Net Present Value of operational ~~operating and maintenance~~ costs, 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 to separately identify operational costs for underground and overhead facilities, including storm related costs.

(5)~~(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

differential, the utility shall reduce net plant in service as though the differential had been collected unless the Commission determines that there is a quantifiable benefit to the general body of ratepayers commensurate with the waived differential.

Specific Authority 350.127(2), ~~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, ___.

PART VII

UNDERGROUND ELECTRIC DISTRIBUTION FACILITY CHARGES

25-6.115 Facility Charges for Conversion of Existing Overhead ~~Providing Underground Facilities of Public~~ Investor-owned Distribution Facilities ~~Excluding New Residential Subdivisions.~~

(1) Each investor-owned ~~public~~ utility shall file a tariff showing the non-refundable deposit amounts for standard applications addressing ~~new construction and~~ the conversion of existing overhead electric distribution facilities to underground facilities ~~excluding new residential subdivisions~~. 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 ~~new construction or~~ convertingsion ~~of~~ existing overhead ~~electric~~ facilities to underground ~~electric~~ facilities. The non-refundable deposit amounts shall be calculated in the same manner as ~~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.

(2) For ~~the~~ purposes of this rule, the applicant is the person or entity requesting the conversion ~~seeking the undergrounding~~ of existing overhead electric distribution facilities to

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to pay an additional amount which exceeds 10 percent of the binding cost estimate.

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

(a) t~~T~~he estimated cost of construction of the underground distribution facilities based on the requirements of Rule 25-6.0342, Electric Infrastructure Storm Hardening, including the construction cost of the underground service lateral(s) to the meter(s) of the customer(s); and

(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). Estimated construction costs shall be based on the requirements of Rule 25-6.0342, Electric Infrastructure Storm Hardening.

(10) An applicant requesting ~~to a public utility for~~ construction of underground distribution facilities under this rule may ~~petition~~ challenge the utility's cost estimates ~~the Commission~~ pursuant to Rule 25-22.032, F.A.C.

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

(a) The utility shall include the Net Present Value of operational costs including the average historical storm restoration costs for comparable facilities over the expected life of the facilities.

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

(12) Nothing in this rule shall be construed to prevent any utility from waiving all or