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From: Rhonda Dulgar [rdulgar@yvlaw.net]
Sent: Wednesday, May 03, 2006 5:33 PM
To: Filings@psc.state.fl.us
Cc: Larry Harris
Subject: Electronic Filing * Dockets 060172-EU and 060173-EU

Attachments: Proposed UG-Infrastructure Rule Language.May03.doc

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Proposed
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a. Person responsible for this electronic filing:

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b. Docket Nos. 060172-EU and 060173-EU

In Re: Proposed Rules Governing the Placement of New Electric Distribution Facilities Underground, and the Conversion of Existing Overhead Distribution Facilities, to Address the Effects of Extreme Weather Events

and
In Re: Proposed Amendments to Rules Regarding Overhead Electric Facilities to Allow More Stringent Construction Standards Than Required by the National Electric Safety Code.

c. Document being filed on behalf of the Florida Retail Federation.

d. There are a total of 15 pages.

e. The document attached for electronic filing is Rule Language Proposed by the Town of Palm Beach and the Town of Jupiter Island Regarding Proposed Rules Relating to Undergrounding and Distribution Infrastructure Hardening.

(see attached file: Proposed UG-Infrastructure Rule Language.May03.doc)

Thank you for your attention and assistance in this matter.

Rhonda Dulgar
Secretary to Schef Wright
Phone: 850-222-7206
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DOCUMENT NUMBER-DATE

03963 MAY-4 8

FPSC-COMMISSION CLERK

RULE LANGUAGE PROPOSED BY THE TOWN OF PALM BEACH AND THE TOWN OF
JUPITER ISLAND REGARDING PROPOSED RULES RELATING TO
UNDERGROUNDING AND DISTRIBUTION INFRASTRUCTURE HARDENING

Rule 25-6.078, F.A.C.

Regarding Proposed Rule 25-6.078, F.A.C., Palm Beach and Jupiter Island have no suggested changes to the Staff's proposed revisions to Sections (1) through (3).

Palm Beach and Jupiter Island suggest the following changes to the remainder of Rule 25-6.078, F.A.C. The Towns' comments are highlighted in **bold** type to distinguish between the Staff's proposed changes and those suggested by the Towns.

(4) ~~(3)~~ Differences in operating and maintenance costs between underground and overhead systems, if any, shall ~~may~~ be taken into consideration in determining the overall Estimated Average Cost Differential. Such operating and maintenance costs shall include, without limitation, differences in vegetation management costs.

(5) Differences in storm restoration costs between underground and overhead systems, if any, shall be taken into consideration in determining the overall Estimated Average Cost Differential.
At a minimum, the utility shall evaluate and calculate the expected value of differential storm restoration costs assuming that a Category 3 or higher storm impacts the area subject to the Estimated Average Cost Differential at least once during the estimated useful life of the facilities to be installed.

Renumber remaining sections.

Rule 25-6.115, F.A.C.

Palm Beach and Jupiter Island suggest the following changes to Rule 25-6.115, F.A.C. The Towns' comments are highlighted in **bold** type to distinguish between the Staff's proposed changes and those suggested by the Towns.

**25-6.115 Facility Charges for Conversion of Existing Overhead
Providing Underground Facilities of Public Distribution
Facilities Excluding New residential Subdivisions.**

(1) Each ~~public~~ public investor-owned electric 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~~ public investor-owned electric utility and applicant may enter into a contract for the purpose of ~~new construction or~~ conversion of existing overhead electric facilities to underground electric facilities. The non-refundable deposit amounts shall ~~approximate~~ be consistent with 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 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 public investor-owned electric utility's construction standards;

(b) The public investor-owned electric 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 over the life of the facilities than they would be expected to incur if the utility installed overhead facilities constructed in compliance with the requirements of Rule 25-6.034, Standard of Construction. Such costs shall be measured, calculated, and evaluated on a full life-cycle cost basis and shall include full consideration of all construction, operating, and maintenance costs associated with the respective overhead and underground facilities, including, without limitation, the following:

(i) the overall cost of accidental electrocutions and temporary and permanent disabilities to both utility employees and others;

(ii) the overall cost of vehicular accidents involving distribution facilities;

(iii) ascertainable and measurable costs of adverse health effects;

(iv) the costs of associated insurance, attorney's fees, and legal settlements and costs;

(v) the costs associated with rights-of-way and easements;

(vi) the total operating and maintenance costs for both overhead and underground facilities, including, without limitation, costs of tree-trimming for overhead facilities; and

(vii) the total costs incurred by the utility as a result of storm damage, where storm damage includes named hurricanes and tropical storms, tornadoes, and other storm and wind events.

(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, ~~a public~~ an investor-owned electric utility shall provide a binding cost estimate for providing undergrounding 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 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 investor-owned electric utility within 180 days from the date the estimate is received by the applicant.

(7) In cases where the investor-owned electric utility performs the installation of the underground facilities itself, ~~t~~The charge paid by the applicant shall be the charge for the proposed underground facilities as indicated in subsection (~~108~~) minus the charge for overhead facilities as indicated in subsection (~~119~~) minus the non-refundable deposit amount, and also minus the net present value of the difference between all operating and maintenance costs associated with overhead and underground facilities as defined, without limitation, in subsection (3)(c) above. The applicant shall not be required to pay an additional amount which exceeds 10 percent of the binding cost estimate.

(8) For the purpose of this rule, in cases where the investor-owned electric utility performs the installation of the underground facilities itself, 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), including the normal corporate indirect and general costs and charges ("overheads" in the accounting sense) that would be booked to rate base for utility-performed construction work; and

(b) ~~For conversions, t~~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, where net salvage value is defined to include the value of any salvaged materials less the costs of removal, disposal, and handling necessary to render the materials usable.

(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), and including the normal corporate indirect and general costs and charges ("overheads" in the accounting sense) that would be booked to rate base for utility-performed construction work. Estimated construction costs shall be based on the requirements of Rule 25-6.034, Standards of Construction, or, where applicable, on the construction standards elected by the utility that exceed the minimum construction standards of the National Electrical Safety Code as permitted by Rule 25-6.078(4).

[ALL NEW] (10) In cases where the applicant constructs all or a portion of the underground facilities itself, either with the applicant's own employees or through the use of a contractor acceptable to the investor-owned electric utility, the investor-owned electric utility shall give to the applicant a credit for the work done by the applicant or its contractor, which credit will normally be in the form of a cash payment to the applicant,

or via another mutually agreeable form of credit against amounts owed by the applicant to the utility, that will be equal to:

(a) The estimated construction cost to build new overhead facilities, including the service drop(s) to the meter(s) of the customer(s), and including the normal corporate indirect and general costs and charges ("overheads" in the accounting sense) that would be booked to rate base for utility-performed construction work. Estimated construction costs shall be based on the requirements of Rule 25-6.034, Standard of Construction, or, where applicable, on the construction standards elected by the utility that exceed the minimum construction standards of the National Electrical Safety Code as permitted by Rule 25-6.078(4); plus

(b) the net present value of the estimated difference between (i) the operating and maintenance costs of the overhead system that would otherwise be installed in compliance with these rules and (ii) the operating and maintenance costs of the underground system actually installed, where all such operating and maintenance costs shall be measured, calculated, and evaluated on a full life-cycle basis and shall include all applicable operating and maintenance costs, without limitation, as defined in subsection (3)(c) above; minus

(c) 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, where net salvage value equals the salvage value of the facilities removed less the cost of removal.

The investor-owned electric utility shall not include as an offset to the credit any amount of corporate indirect and general costs ("overheads" in the accounting sense) included in the utility's estimate of the cost to do the underground installation work itself; provided, however, that the applicant shall be required to pay the utility's applicable hourly rate for engineering personnel to review and inspect the work done by the applicant or its contractor.

[ALL NEW] (11) An applicant may remove existing overhead facilities itself, either with its own employees or through a contractor acceptable to the utility, subject to any applicable laws, rules, regulations, or specific requirements of the utility. Any such specific requirements of the utility shall be set forth in the utility's tariff. Where the applicant removes existing overhead facilities, the applicant shall offer to sell such removed facilities to the utility at a reasonable price, but the utility shall be under no obligation to purchase the facilities. If the utility does not accept the applicant's offer, then the applicant may use, sell, or otherwise dispose of the removed/salvaged facilities for its own account.

(~~10~~12) An applicant to a ~~public~~ an investor-owned electric utility for construction of underground distribution facilities may petition the Commission pursuant to Rule 25-22.032, F.A.C., to resolve any dispute arising in connection with the applicant's application for such underground construction.

(~~11~~13) 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.

Proposed New Rule 25-6.116, F.A.C.

The Town of Palm Beach and the Town of Jupiter Island propose the following additional rule, which they suggest be codified as Rule 25-6.116, F.A.C.

25-6.116 Utility's Obligation to Provide Information Regarding Relocations, Replacements, and Rebuilding of Existing Facilities.

(1) The intent of this rule is to make the maximum amount of information regarding planned and potential future relocations, replacements, or rebuilding of overhead facilities available, as early as practicable and feasible, to applicants or potential applicants for an overhead-to-underground conversion project, so that such applicants and potential applicants can, to the maximum extent feasible, coordinate their conversion projects with the investor-owned electric utility's projects, in order to ensure efficiency, minimize cost, and maximum net benefits to all concerned.

(2) Each investor-owned electric utility shall maintain accurate information regarding any and all planned or contemplated relocations, replacements, or rebuilding of existing overhead facilities, to the best of the utility's ability using commercially reasonable efforts. For purposes of this rule, "planned or contemplated" is intended to be construed in the broadest sense, and is intended to include any potential projects that the utility may have begun to evaluate or

consider, even though such projects may not have been approved by the utility and may not be contemplated for actual construction until several years into the future. Such information shall include, at a minimum and without limitation,

(a) any correspondence or other information between or involving the utility and either the Florida Department of Transportation or any local transportation or road department, and

(b) any correspondence or other information between or involving the utility and any other utility (e.g., telecommunications, water, wastewater, or natural gas utilities) that may involve the relocation or replacement of overhead electric distribution facilities.

(3) Upon request of any applicant or potential applicant for an overhead-to-underground conversion project, each investor-owned electric utility shall furnish to the applicant or potential applicant a complete listing of any planned or contemplated relocations, replacements, or rebuilding projects that involve the utility's overhead facilities in any part of the applicant's affected area, e.g., within the city limits of an applicant city, within the geographic boundaries of an applicant county, or within the identified boundaries of a neighborhood or subdivision where the applicant is a neighborhood or homeowners association.

(4) The utility may require confidential treatment of information furnished pursuant to this rule, to the extent that the subject information constitutes proprietary, confidential business information within the meaning of Chapter 119 or Section 366.093, Florida Statutes.

Proposed New Rule 25-6.117, F.A.C.

The Town of Palm Beach and the Town of Jupiter Island propose the following additional rule, which they suggest be codified as Rule 25-6.117, F.A.C.

25-6.117 Utility's Obligation to Provide Information Regarding Comparative Reliability of Overhead and Underground Facilities.

Each investor-owned electric utility shall:

(1) to the maximum extent practicable, maintain adequate and accurate records and data regarding the relative reliability of overhead and underground facilities, including the number, frequency, and duration of all outages on the distribution system, and including whether each such outage was the result of an event directly affecting overhead or underground facilities;

(2) on January 1, 2008, and no less often than every two years thereafter, submit a comprehensive and detailed report to the Commission on the relative reliability of overhead and underground systems, including summaries of the number, frequency, and duration of all outages on the distribution system, and of the causes of such outages, including whether such outages resulted from events directly affecting overhead or underground facilities;

(3) provide the raw source data for the report described in subsection (2) above to any interested person;

(4) maintain accurate records regarding the costs of installing, maintaining, and operating overhead and underground systems and facilities, such that the original cost, approximate

depreciated value, and operating and maintenance costs of both underground and overhead facilities, and also the removal cost of overhead facilities, can be readily compiled and calculated separately and comparably for overhead and underground facilities;

(5) timely prepare and provide, at the request of any local government entity, a report on the relative reliability of the electric distribution systems providing service within such government entity's geographic jurisdiction, at no cost to the government entity;

(6) timely prepare and provide, at the request of any local government entity, a report showing in reasonable and understandable detail the estimated original cost, approximate depreciated value, and operating and maintenance costs of both underground and overhead facilities, and also the removal cost of overhead facilities, at no cost to the government entity; and

(7) by July 1, 2007, submit to the Commission a detailed report regarding (i) the damage to overhead and underground facilities on each investor-owned electric utility's distribution systems in the hurricanes that struck Florida in 2004 and 2005, such that the relative extent and cost of damage to overhead and underground facilities can be readily and fairly compared, and (ii) the outages sustained by each investor-owned electric utility's customers due to damage to the utility's distribution systems in the hurricanes that struck Florida in

2004 and 2005, such that the causes of the outages, the points on the distribution system at which the outages originated, and the duration of the outages can be readily and fairly compared as between overhead and underground facilities.