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ORIGINAL

May 3, 2006

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RECEIVED SERVICE
FLORIDA PUBLIC SERVICE
COMMISSION
06 MAY -3 PM 4: 37
DIVISION OF
ECONOMIC REGULATION

Mr. Craig B. Hewitt
Division of Economic Regulation
Florida Public Service Commission
Room 105D - Gerald L. Gunter Building
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0872

RECEIVED-PPSC
06 MAY -4 PM 3: 19
COMMISSION
CLERK
060172
060173

Re: Data Request Concerning Proposed Rules 25-6.034 and 25-6.064, F.A.C.
Docket Nos. ~~010172-EU~~ and 060173-EU

Dear Craig:

060172 (14)

Enclosed are five copies of Tampa Electric Company's responses to Staff's Data Requests Nos. 1-3 in the above dockets.

Sincerely,

Lee L. Willis

- CMP _____
- COM _____ LLW/pp
- CTR _____ Enclosures
- ECR _____ cc: Brenda Irizarry (w/enc.)
- GCL _____
- OPC _____
- RCA _____
- SCR _____
- SGA _____
- SEC 1
- OTH _____

DOCUMENT NUMBER-DATE

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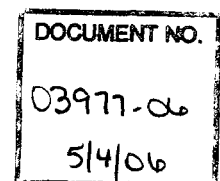
FPSC-COMMISSION CLERK

TAMPA ELECTRIC COMPANY
DOCKET NO. 060172-EU
DOCKET NO. 060173-EU
STAFF'S DATA REQUEST
DATA REQUEST NO. 1
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1. Please identify and estimate incremental costs to comply with each of the proposed rule requirements, including all potential transactional costs. For purposes of this question, "transactional costs" should include direct costs that are readily ascertainable based upon standard business practices. These costs may include filing fees, costs of obtaining a license, the cost of equipment required to be installed or used or procedures required to be employed in complying with the rule, additional operating costs incurred, and the costs of monitoring and reporting.
 - A. See attached pages 2 and 3 for the incremental cost impacts for proposed Rule 25-6.034 and attached page 4 for the incremental cost impact of proposed Rule 25-6.064. Rule 25-6.0345 has no proposed changes and therefore has no incremental costs. The proposed changes to Rule 25-6.078 and Rule 25-6.115 do not appear to impose a significant incremental cost on the company.

Based on the Staff's proposed rule changes, the annual incremental cost to Tampa Electric is estimated to be \$17 million.

As part of Tampa Electric's filed comments to the proposed rule changes, the company has submitted suggested language for Rule 25-6.034 that will not impact incremental costs as severely as indicated above. The annual incremental cost to the company's targeted approach is estimated to be \$5 to \$6 million.



Cost Impact to Tampa Electric of Proposed Changes to Rule 25-6.034 Standard of Construction

(5)(a) New underground 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
- 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 \$143,013 or \$7,527 per mile.

(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
- Two joint users
- Hardening pole replacements
 - 45H2 wood poles w/equipment
 - 45H1 wood poles w/o equipment
- Road Widening miles = 32¹

Impacts:

The incremental relocation cost of 3 phase wood pole line using a relocation of 32 miles per year is estimated to be \$234,400 or \$7325 per mile.

(c) Targeted critical infrastructure facilities and major thoroughfares²

Hillsborough Co	521 miles
Polk Co	127 miles
Pasco	<u>48 miles</u>
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 incremental relocation cost of 3 phase wood pole line using an annual average of 70 miles per year is estimated to be \$5,117,560 or \$73,108 per mile. The total targeted critical infrastructure facilities and major thoroughfares for the ten year plan is \$51,175,600 (not including inflation and the time value of money).

¹Based on 2006 capital forecast and 2005 blanket actuals

²From "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 Surge 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 minimum incremental new UG construction cost to annually build in Cat 3 Surge Zone is estimated to be \$2,280,564. 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 Surge Zone is unknown at this time.

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

Expansion, rebuild, relocation

Assumptions

- 10% of OH system is rear lot = 70 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 relocation cost of an overhead single phase wood pole line from a rear lot location to the front of property using an annual average of 70 miles per year is estimated to be \$5,019,840 or \$71,712 per mile. The total estimated (high level) cost to eliminate rear lot power lines is \$50,198,400 (not including inflation and the time value of money).

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:

Annual conversion cost is estimated to be approximately \$4 million. The total estimated (high level) cost to relocate and underground to the front of property is \$40 million (not including inflation and the time value of money).

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.

Cost Impact to Tampa Electric of Proposed Changes to Rule 25-6.064 Contribution in Aid of Construction: Installation of New or Upgraded Facilities

Initial Year of Implementation Expense:	FPSC Proposed Revisions	Tampa Electric's Alternative Proposal
1. Programming and administrative expense associated with tracking prorated CIAC payments received from future customers connecting to new facilities and, if applicable, refunds paid to existing customers connected to newly constructed facilities	\$200,000	\$200,000
2. Administrative research expense associated with determining total actual work request costs and collected revenue for CIAC "true-ups" in cases of disputed CIAC amounts.	\$1,750	\$1,750
Total Expense in Year of Implementation:	\$201,750	\$201,750

Assumptions:

1. Utilize GIS software to attach CIAC attribute to specific facilities and create separate database for tracking pro-rated CIAC collection status. Assumes one incremental resource per year to administer tracking, billing, and refund database and additional field engineering labor for procedural changes associated with pro-rating CIAC.
2. 5 disputes per year @ \$350 per dispute

On-going Annual Expense:	FPSC Proposed Revisions	Tampa Electric's Alternative Proposal
1. Administrative expense associated with on-going tracking of the status of prorated CIAC collections and refunds	\$100,000	\$100,000
2. Administrative research expense associated with determining total actual work request costs and collected revenue for CIAC "true-ups" in cases of disputed CIAC amounts.	\$1,750	\$1,750
Total Annual Expense	\$101,750	\$101,750

On-going Expense Assumptions:

1. Assumes one incremental resource per year to administer tracking, billing, and refund database and additional field engineering labor for procedure changes associated with attaching pro-rating CIAC.
2. 5 disputes per year @ \$350 per dispute

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2. Please identify and estimate additional benefits from the proposed rule.
 - A. Benefits associated with proposed Rule 25-6.034 may center around the reliability of the electrical system during severe storms. However, the severity and duration of any future storm will impact the extent of benefits derived from hardening the system and thus these benefits are not quantifiable at this time.

The proposed changes to Rule 25-6.064 do not appear to provide benefits to Tampa Electric. However, to implement the rule changes, the company will incur incremental costs identified in the response to Data Request No. 1.

There are no apparent benefits associated with the proposed changes to Rule 25-6.078 and Rule 25-6.115.

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3. Please provide additional comments or cost estimates that may be useful to the Commission or its staff in assessing the economic impacts of the proposed rule. Please include any company-recommended modifications and related expenses/savings if not covered above.
- A. Concerning proposed Rule 25-6.034, to the extent electrical service to customers' facilities is relocated to the front of the property, customers will likely incur costs to relocate or reconfigure the service entrance to their facilities. Residentially, estimates range from \$300 to as much as \$2,000. Estimated costs for commercial customers range much higher due to the size of the service.