

Matilda Sanders

From: Smith, Debbie N. [ds3504@att.com]
Sent: Wednesday, May 30, 2007 3:19 PM
To: Filings@psc.state.fl.us
Cc: Meza, James; Kay, Jennifer; Woods, Vickie; Sims, Nancy H; Holland, Robyn P
Subject: Florida Docket No. 070301-EI
Importance: High
Attachments: comments.pdf

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B. Docket No. 070301-EI

Review of 2007 Electric Infrastructure Storm Hardening Plan filed pursuant to Rule 25-6.0342, F.A.C. submitted by Florida Power & Light Company

C. BellSouth Telecommunications, Inc.
 on behalf of Jennifer S. Kay

D. 11 pages total (includes letter, pleading and certificate of service)

E. BellSouth Telecommunications, Inc. d/b/a AT&T Florida's Comments on Petition of Florida Power & Light for Approval of Storm Hardening Plan

<<comments.pdf>>

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DOCUMENT NUMBER DATE
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5/30/2007

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ORIGINAL

May 30, 2007

Ann Cole
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: **Docket No.: 070301-EI**
Review of 2007 Electric Infrastructure Storm Hardening Plan
filed pursuant to Rule 25-6.0342, F.A.C. submitted by Florida
Power & Light Company

Dear Ms. Cole:

Enclosed is BellSouth Telecommunications, Inc. d/b/a AT&T Florida's
Comments on Petition of Florida Power & Light for Approval of Storm Hardening
Plan, which we ask that you file in the captioned docket.

Copies have been served to the parties shown on the attached Certificate
of Service.

Sincerely,

Jennifer S. Kay /d.s.
Jennifer S. Kay

cc: All Parties of Record
Jerry D. Hendrix
E. Earl Edenfield, Jr.
James Meza III

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CERTIFICATE OF SERVICE
Docket No. 070301-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing was served via

Electronic Mail and First Class U. S. Mail this 30th day of May, 2007 to the following:

Adam Teitzman
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Jennifer S. Kay

ORIGINAL

FLORIDA PUBLIC SERVICE COMMISSION

In re: Approval of Florida Power & Light) Docket No. 070301-EI
Company's Storm Hardening Plan)
Pursuant to Rule 25-6.0342, F.A.C.)
) Filed May 30, 2007
)

**AT&T FLORIDA'S COMMENTS TO PETITION OF
FLORIDA POWER & LIGHT COMPANY
FOR APPROVAL OF STORM HARDENING PLAN**

Pursuant to the Notice dated May 14, 2007, BellSouth Telecommunications, Inc. d/b/a AT&T Florida ("AT&T Florida") respectfully submits its Comments to the Petition of Florida Power & Light Company ("FPL") for Approval of Storm Hardening Plan filed on May 7, 2007 (the "Proposed Plan").

I. INTRODUCTION

Since the 2005 hurricane season, AT&T Florida and FPL have increased their collaboration on storm preparation activities by, among other things, coordinating pole inspection efforts and discussing proposed infrastructure hardening strategies. AT&T Florida looks forward to continuing a good working relationship with FPL on these issues so that the companies can better prepare their respective networks for severe weather events in a cost efficient manner.

Pursuant to its Proposed Plan, FPL intends to harden its infrastructure from 2007 through 2009 by three primary methods: building to Extreme Wind Loading criteria ("EWL"), engaging in "incremental hardening," and implementing new design guidelines and processes for new construction and major planned work. As a general matter, AT&T Florida does not object to the hardening

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methods chosen by FPL or to the initial physical sites chosen by FPL for hardening.

However, even though the parties have engaged in continuous meaningful dialogue regarding FPL's hardening efforts, AT&T Florida is not in a position at this time to make a final determination as to whether to object to the Proposed Plan. This is so because AT&T Florida is waiting for FPL to provide additional information that will allow AT&T Florida to complete the cost-benefit analysis required by Rules 25-6.0342(4)(e) and (6) of the Florida Administrative Code.¹ AT&T Florida has requested this additional information from FPL and believes that it will soon be provided. Nevertheless, until it is, AT&T Florida respectfully requests that the Florida Public Service Commission (the "Commission") defer its consideration of FPL's Proposed Plan. A deferral will (1) allow AT&T Florida and FPL to finalize their discussions; (2) allow AT&T Florida to ascertain the costs that may be imposed as a result of FPL's Proposed Plan; and (3) allow AT&T Florida to communicate its concerns, if any, to the Commission pursuant to Rule 25-6.0342.

II. PROCEDURAL BACKGROUND

On March 22, 2007, FPL forwarded a draft of its Proposed Plan to AT&T Florida, requesting attaching entities' comments by April 23, 2007. On April 12, 2007, FPL held an informational meeting wherein FPL delivered a summary

¹ Rule 25-6.0342(4)(e) requires each storm hardening plan to include "an estimate of the costs and benefits, obtained pursuant to subsection (6) below, to third-party attachers affected by the electric infrastructure improvements...." Rule 25-6.0342(6) requires the investor-owned utilities to "seek input from and attempt in good faith to accommodate concerns" raised by attaching entities.

presentation of its Proposed Plan and fielded questions from attaching entities. At this meeting, AT&T Florida and other attaching entities requested more specific details on FPL's 2007 deployment strategy so that the potential cost impact on attaching entities could be analyzed. The attaching entities also asked FPL for its specific position on whether and how the attaching entities would contribute to the costs associated with the hardening projects.² FPL indicated that it was still considering the issue of contribution. In a prompt fashion, on April 17, 2007, FPL provided AT&T Florida with more detailed information on many of FPL's plans to harden Critical Infrastructure Facilities ("CIF"). No information regarding the contribution issue was provided at that time.

On April 23, 2007, AT&T Florida submitted its initial comments on the draft of the Proposed Plan to FPL. Since submitting its initial comments to FPL, AT&T Florida has requested on numerous occasions that FPL address how it expects the attaching entities to share in the hardening costs so that AT&T Florida can properly analyze the impact of FPL's Proposed Plan on AT&T Florida from both a cost and operational perspective. While the parties have made progress on many issues relating to storm hardening activities, the parties have not yet had an opportunity to meaningfully discuss this significant cost issue.

² In its Proposed Plan, FPL states that Contribution In Aid of Construction ("CIAC") will be collected "for the increased size and strength required to accommodate the facilities of all parties requesting attachments" and that contribution will be charged in accordance with existing joint use agreements. (See page 47 of the *Addendum to FPL's Permit Application Process Manuals, Attachment Agreements and Joint Use Agreements* contained in the Proposed Plan.)

III. COMMENTS ON PROPOSED PLAN

AT&T Florida offers the following specific comments on FPL's Proposed Plan:

A. 2007 Deployment

1. EWL

In 2007, FPL plans to use EWL to harden twenty-eight (28) CIF which are served by thirty-four (34) primary circuits. The costs that AT&T Florida potentially faces in connection with this aspect of FPL's Hardening Plan can be broken down into the following major categories:

- Costs to transfer facilities from an existing pole to a replacement pole;
- Costs to replace cable in instances where FPL moves a pole line such that transfers of existing cable are not feasible;
- Contribution costs FPL may seek from AT&T Florida for the replacement poles; and
- Increased pole rental rates due to placement of newer taller or stronger poles.

With regard to the first two items, AT&T Florida estimates that the transfer of facilities and the replacement of cable owned by AT&T Florida in connection with FPL's proposed hardening of 28 CIFs in 2007 would cost a minimum of approximately \$4.3 million. In developing this rough estimate, AT&T Florida assumed that it would have aerial facilities on 18 of the 34 circuits to be hardened, translating into 3,600 spans of AT&T Florida aerial facilities. AT&T Florida further assumed that approximately 20% of the 3,600 spans (720 spans)

would involve replacing cable at an estimated cost of \$4,000 per span. AT&T Florida estimated that the remaining 80% (2,880 spans) would involve transfer work at an estimated cost of \$500 per span. Again, this rough estimate is based on certain assumptions made from the detailed plans that FPL has provided with regard to its 2007 deployment plans, and is subject to change as FPL continues to finalize the details of its remaining proposed hardening projects for 2007.

The key factor that remains uncertain, however, is FPL's intention as to how these costs will be allocated between the parties under their joint use agreement. Simply stated, it is unclear to AT&T Florida how much, if any, of the approximate \$4.3 million in hardening costs, FPL will contend AT&T Florida is responsible for under the parties' joint use agreement. Additionally, it is unclear whether FPL expects AT&T Florida to contribute to the yet-to-be determined cost of new taller and/or stronger replacement poles. FPL's position on these cost issues is critical to AT&T Florida's analysis of the cost impact of the Proposed Plan since, unlike FPL, AT&T Florida will not be able to recover hardening costs from its rate payers.³

Lastly, FPL's hardening of the electric infrastructure will likely result in increased pole rental rates due to the placement of new stronger and/or taller poles. AT&T Florida cannot estimate the potential cost impact of increased rates and whether and to what extent it may be bearing these costs both as an

³ The existing joint use agreement between FPL and AT&T Florida addresses the responsibility for pole replacement costs, as well as transfer costs. Throughout the electric rulemaking proceeding, AT&T Florida repeatedly expressed its concern of the potential for unjustified cost shifting under its existing joint use agreement with FPL. AT&T Florida continues to reject and specifically disagrees with any contention that the joint use agreement allows FPL to shift its hardening costs to AT&T Florida.

attacher and as a rate payer until rate negotiations are initiated. Consequently, AT&T Florida requests the right to supplement its response on this issue, if necessary, in the future.

2. Incremental Hardening

FPL proposes to address thirty-four (34) community projects, which FPL defines as feeders that serve community needs (e.g., grocery stores, gas stations), through incremental hardening. Assuming that it will have aerial facilities at ten (10) of these sites comprised of ten (10) poles per site, AT&T estimates an additional \$80,000 in cable replacement costs and \$40,000 in transfer costs in connection with FPL's proposed incremental hardening plans for 2007.⁴ While AT&T Florida is hopeful that FPL will advise how it contends these costs should be allocated, AT&T Florida requests that the Commission defer consideration of FPL's Proposed Plan until the information is provided and discussions between the parties are finalized.

3. New Design Guidelines

While it is AT&T Florida's position that the design criteria outlined in FPL's Proposed Plan applies only to poles owned by FPL, AT&T Florida has communicated to FPL that AT&T Florida will voluntarily increase the class size of wood poles in its distribution system under certain circumstances. AT&T Florida and FPL are currently reviewing their existing joint use agreement and will have further discussions regarding how the Proposed Plan will impact current joint use

⁴ Like the estimate for EWL-related work, this rough estimate is based on certain assumptions made from the detailed plans that FPL has provided with regard to its 2007 deployment plans, and is subject to change as FPL continues to finalize the details of its remaining proposed hardening projects for 2007.

operating procedures. While AT&T Florida is pleased with the progress of these negotiations, AT&T Florida requests the right to supplement its Comments regarding the impact of the Proposed Plan on joint use operating procedures until the parties have finalized discussions on this topic.

B. 2008 & 2009 Deployment

AT&T Florida has not been able to estimate the potential cost impact of FPL's Hardening Plan for 2008 and 2009. This is so because, as FPL indicated in its Petition, FPL has not yet developed a detailed description of its deployment strategy for 2008 and 2009. (See FPL's Petition at 2.) AT&T Florida has requested that FPL provide these detailed plans as soon as they are developed so that AT&T Florida can evaluate individual projects on a rolling basis and provide the input contemplated by Rule 25-6.0342(6). AT&T Florida requests the right to comment on the 2008 and 2009 plans as they are finalized.

C. Benefits of Hardening Plan

The most significant benefit AT&T Florida may recognize from implementation of the Proposed Plan would be from the potential reduction of commercial power outages following severe weather events. As a customer of FPL, AT&T Florida relies on electric service to power its remote terminals. AT&T Florida cannot quantify this potential benefit as it would be difficult to determine how many remote terminals are served by the circuits that will be hardened. Further, through AT&T Florida's placement of permanent generators at large remote terminal sites and the expansion of its portable generator inventory,

AT&T Florida has taken steps to minimize its reliance on commercial power following a storm.

IV. CONCLUSION

Pursuant to Rule 25-6.0342 (2), Florida Administrative Code, in a proceeding to review a utility's storm hardening plan, the Commission "shall consider whether the utility's plan meets the desired objectives of enhancing reliability and reducing restoration costs and outage times in a prudent, practical, and cost-effective manner to the affected parties." (Emphasis added.) While AT&T Florida and FPL have had many meaningful discussions relating to storm hardening activities, AT&T Florida is not in a position at this time to make a final determination as to whether to object to the Proposed Plan. This is so because AT&T Florida is waiting for FPL to provide additional information that will allow AT&T Florida to complete the cost-benefit analysis required by Rules 25-6.0342(4)(e) and (6) of the Florida Administrative Code. AT&T Florida has requested this additional information from FPL and believes that it will be provided soon. Nevertheless, until it is, AT&T Florida respectfully requests that the Commission defer its consideration of FPL's Proposed Plan. A deferral will (1) allow AT&T Florida and FPL to finalize their discussions; (2) allow AT&T Florida to ascertain the costs that may be imposed as a result of FPL's Proposed Plan; and (3) allow AT&T Florida to communicate its concerns, if any, to the Commission pursuant to Rule 2506.0342.

[Signature page follows.]

Respectfully submitted this 30th day of May, 2007.

BELLSOUTH TELECOMMUNICATIONS, INC.
d/b/a AT&T FLORIDA

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⁵ The undersigned is licensed in Louisiana only, is certified by the Florida Bar as Authorized House Counsel (No. 464260) per Rule 17 of the Rules Regulating the Florida Bar, and has been granted qualified representative status by the Commission in Order No. PSC-07-0211-FOF-OT.