



May 29, 2008

VIA ELECTRONIC FILING

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

Re: *Petition to modify tariff sheet No. 4.010 regarding underground commercial and industrial services by Progress Energy Florida, Inc.*; Docket No. 080200-EI

Dear Ms. Cole:

Progress Energy Florida, Inc. ("PEF") filed its petition in the aforementioned docket on April 4, 2008. Please find attached an Appendix to accompany the petition.

Thank you for your assistance in this matter. Should you have any question, please call me at (727) 820-5184.

Sincerely,

A handwritten signature in blue ink that reads "John T. Burnett" followed by a stylized flourish. Below the signature, the name "John T. Burnett" is printed in a standard black font.

JTB/lms
Attachments

cc: Connie Kummer

Progress Energy Florida, Inc.
106 E. College Avenue
Suite 800
Tallahassee, FL 32301

Appendix to Docket No. 080200-EI

Petition to modify tariff sheet No. 4.010 regarding underground commercial and industrial services by Progress Energy Florida, Inc.

History

Prior to 1994, PEF (formerly Florida Power Corporation) installed and maintained underground services for commercial and industrial (C/I) customers. During that time, the language in PEF's Requirements for Electric Meter and Installations Handbook ("Handbook"), Section III (Commercial-Industrial Underground Services), subsection (d) stated:

"The designated Point of Delivery may be in a company owned distribution box or in a padmount transformer. The Customer shall leave a minimum of five (5) feet of the Service Entrance conductors in position for connection by the Company, unless a shorter length is approved for a specific installation. The conductors shall be marked for phase identification both at the end of the conductors and at a point one foot outside of the conduit."

For years, PEF maintained this policy because it provided both PEF and its customers flexibility in underground service installation practices. The flexibility in this policy allowed PEF to work with commercial and industrial customers to determine what, how, and if PEF installed underground services based on a particular customer's location, business type, specific property type, and other specific customer needs.

PEF Policy Change

As a result of the aforementioned policy, PEF began to experience various problems with the multiple types of commercial and industrial underground service applications that resulted throughout PEF's differing service regions. For example, PEF experienced issues such as load fluctuations, over or under sizing of equipment, irregular equipment replacement cycles, frequent requests for reconfiguration of commercial properties requiring extensive equipment replacement, problems determining outage causes and responsibility, and services regularly being cut by customers due to construction projects on the customer's property. Over time, PEF realized that these discrepancies were ineffective for both the Company and its customers due to these problems and issues. In analyzing these issues, PEF determined that from a company perspective, it was better for PEF to adhere to a standardized policy for underground service installation to provide consistency within PEF's service regions and to avoid the additional costs, time, and materials needed to address the aforementioned problems and issues. However, PEF also recognized that it still made sense for customers to maintain the flexibility to install underground services in the manner that best suited a customer's specific needs. To bring these two concepts together, PEF changed its C/I underground service installation policy and added the following language to the Handbook:

*“The designated Point of Delivery may be in a company owned distribution box or in a padmount transformer. The Customer shall leave a minimum of five (5) feet of the Service Entrance conductors in position for connection by the Company, unless a shorter length is approved for a specific installation. The conductors shall be marked for phase identification both at the end of the conductors and at a point one foot outside of the conduit. **The Company will no longer run underground services.**”*

By no longer installing underground commercial and industrial services, PEF obtained a uniform practice throughout its service regions and customers were able to retain the flexibility they needed for their various business applications. This policy change eliminated the problems and issues that PEF and its customers had encountered under the former policy.

2007 Addition to the Handbook

In the late 2006 timeframe, PEF began receiving multiple requests from C/I customers for PEF to repair and/or perform maintenance on customer-owned underground services. PEF informed those customers that PEF does not repair or maintain equipment that PEF does not own, and PEF initiated a change to the Handbook to make this point clear. Thus, in 2007, PEF amended the language in the Handbook which currently states:

*“The designated Point of Delivery may be in a company owned distribution box or in a padmount transformer. The Customer shall leave a minimum of five (5) feet of the Service Entrance conductors in position for connection by the Company, unless a shorter length is approved for a specific installation. The conductors shall be marked for phase identification both at the end of the conductors and at a point 12” outside of the conduit or 12” above pad/pedestal base. **The Company does not maintain existing, or run new underground commercial and industrial services.**”*

What PEF Does Now

FPSC Rule 25-6.037, F.A.C. requires PEF to install and maintain utility-owned equipment up to the customer’s point of delivery. That rule, of course, does not require PEF to install, repair, or maintain customer owned equipment. Accordingly, when a C/I customer requests a new installation, PEF, consistent with its policies, informs the C/I customer that the Company does not install underground commercial and industrial services and that the customer is responsible for installing such services. The customer then installs such services in a manner that best suits its needs, subject to applicable codes, and the customer is responsible for repairing and replacing those services when they fail.

In instances where a customer is served by an underground commercial or industrial service line that PEF installed prior to 1994, PEF does not replace those lines when they fail. Rather, when such a line fails, PEF temporarily restores service to a customer, if possible, and then informs the customer served by the failed line that the customer must install a new customer-owned service line just like any new customer taking service is

required to do. Practically speaking, there are very few repairs to underground services, and there is no industry accepted form of maintenance that can be performed on them. Generally, when there is a problem, the service is replaced. This, therefore, becomes a “new” installation of an underground service. As outlined in the 2007 “Requirements for Electric Service and Meter Installations Handbook,” PEF does not have the responsibility for maintaining or repairing underground commercial or industrial customer-owned equipment. This process is consistent with the one used in other similar situations such as in PSC Docket No. 961082-EI, Order No. PSC-96-1356-FOF-EI (approving a similar process for a change in service requirements regarding meter enclosures).

The Maximo Park Complaint

To the best of PEF’s knowledge, the PSC and PEF have only received one complaint regarding PEF’s C/I underground service policy (Maximo Park, City of St. Petersburg, Complaint #764779C). In that complaint, the City raised an issue regarding an underground commercial service that was installed in Maximo Park in 1982. Specifically, the City mistakenly believed that PEF had transferred ownership of that service to the City in 1994 when PEF changed its C/I underground service policy.

In response to that complaint, the PSC propounded several written questions to PEF, to which PEF responded. Those questions and PEF’s responses are attached hereto as Attachment A. In its responses, PEF made clear that since the mid-1990’s, PEF has not installed underground commercial service lines. Therefore, if an underground commercial service line was installed after that time, it was installed by the customer and is owned by the customer who installed it. If a service line was installed by PEF prior to that time, then PEF did not transfer ownership of that line to the customer that is served by that line. Rather, PEF maintains ownership of any such line until such time that the line fails. Once it fails, PEF informs the customer served by the failed line that the customer must install a new customer-owned service line just like any new customer taking service is required to do.

PEF went on to explain that the Maximo Park service was installed by PEF in 1982. Accordingly, PEF has maintained ownership of this line. At the time of a failure on this line, PEF follows the procedure outlined above: that is - PEF informs the customer of its obligation to install a new customer-owned service line just like any new customer taking service is required to do. Again, this process is consistent with the one used in other similar situations such as in PSC Docket No. 961082-EI, Order No. PSC-96-1356-FOF-EI (approving a similar process for a change in service requirements regarding meter enclosures).

Petition to Modify Tariff Sheet No. 4010

As a result of the Maximo Park complaint, PEF has filed the instant petition to modify Tariff Sheet No. 4.010 in order to more clearly conform the provisions of that tariff sheet to the language set forth in Section III(d) of PEF’s Requirements for Electric Service and

Meter Installations. Although the City of St. Petersburg has always had a copy of PEF's Requirements for Electric Service and Meter Installations and has even had a City representative on the advisory committee for that manual for several years, the requested modification to Tariff Sheet No. 4.010 will provide further clarity to all of PEF's customers regarding this issue.