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Public Service Commission

July 31, 2008

Mr. John T. Butler, Esq.
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408

STAFF'S FIRST DATA REQUEST
FOR DOCKET NO. 080244-EI
and **SECOND DATA REQUEST**
FOR DOCKET NO. 070231-EI

Re: DOCKET NO. 080244-EI - Petition for approval of underground conversion tariff revisions, by Florida Power & Light Company.

and

Re: DOCKET NO. 070231-EI - Petition for approval of 2007 revisions to underground residential and commercial distribution tariff, by Florida Power & Light Company.

Dear Mr. Butler:

By this letter, the Commission staff requests that Florida Power & Light Company (FPL or utility) provide responses to the following data requests.

1. Please provide a general discussion as to why non-storm operational costs are higher for underground than overhead facilities (response will also apply to Docket No. 070231-EI)
2. The Phase 3 PURC Report which was presented to the Commission at the June 16, 2008 Internal Affairs, states on page 56 that an underground feasibility study shows that the O&M costs for overhead and direct buried underground systems are comparable. Please comment on this conclusion and discuss why FPL analysis in this docket and Docket No. 070231-EI shows a different result, i.e., operational costs are higher for underground than overhead. The report can be read at http://www.cba.ufl.edu/purc/docs/initiatives_UndergroundingAssessment3.pdf

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3. In Docket No. 060150-EI, FPL provided CIAC and GAF waiver examples (see Order No. PSC-07-0442-TRF-EI, Attachment C). Please provide the same example (using the same illustrative amounts where reasonable for purposes of this docket), for the following four scenarios:
 - a) Applicant qualifies for GAF waiver (converts 4 pole line miles)
 - b) Applicant qualifies for Tier 1 (but not GAF waiver, converts 4 pole line miles)
 - c) Applicant qualifies for Tier 2 (converts 2 pole line miles)
 - d) Applicant qualifies for Tier 3 (converts 0.5 pole line miles)
4. Please explain the difference in the calculation of the NPV of the non-storm operational costs between Docket No. 070231-EI and the instant docket (\$20,792 vs. \$10,400 per pole-line mile).
5. Please explain how GAF applicants are impacted by the proposed tariff revisions.
6. FPL states in its petition that the current underground conversion tariff does not accommodate taking the operational cost differential into account in the CIAC calculation. However, second revised Sheet No. 6.300, which was approved in Docket No. 060150, includes the Net Present Value (NPV) of the estimated operational costs of underground and overhead facilities in the CIAC formula. Would a more accurate assessment of FPL's proposal be that FPL is seeking Commission approval of a specific amount, i.e., \$10,400 per pole-line mile, to reflect the non-storm operational cost differential? Is FPL currently including a value for the NPV of non-storm operational costs in CIAC calculations?
7. How often does FPL propose to update the tariffed NPV of the operational cost differential?
8. This question refers to the second part of the GAF waiver calculation, the addition of the 75% times the avoided storm restoration costs (ASRC). The current CIAC formula includes the estimated average storm restoration costs, therefore the 75% adjustment is required to avoid double-counting the storm restoration costs. Please explain why the proposed GAF Waiver calculation continues to include the 75% adjustment when it appears that there are no ASRC embedded in the proposed otherwise applicable CIAC calculation (lines 1 through 6 of proposed CIAC formula).

The following questions refer to the work papers provided to staff titled *FAC 25-6.115 – Conversions – Underground v. Overhead Operational Cost Differential – Net Present Value (NPV)*.

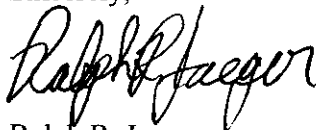
9. Please explain why FPL believes it is appropriate to include Lost Pole Rental Revenue in the calculation of the non-storm operational cost differential pursuant to Rule 25-6.115. Discuss what happens to the non-electric pole attachers' equipment in an underground conversion and whether FPL will receive any revenues from the pole attachers after the conversion.
10. Please calculate the non-storm 30-year differential NPV excluding the Lost Pole Rental Revenue for this docket and Docket No. 070231-EI.

11. Please explain the inclusion of Property Taxes and Insurance. Is that an increase to the underground operational costs?
12. The following questions refer to the Pole Inspection/Remediation costs shown in the work papers.
 - a) Are the costs shown based on the cost estimates discussed in Order No. PSC-06-0144-PAA-EI, in Docket No. 060078-EI? If not, please explain.
 - b) Is it correct that FPL inspects a certain number of poles annually (as opposed to inspecting all poles every 8 years)?
 - c) Would it be more accurate to include annual pole inspection costs in the calculation of the non-storm NPV as opposed to a lump-sum number every 8 years (as FPL has proposed)?
13. The following questions refer to the vegetation management costs shown in the work papers.
 - a) Are the costs shown based on the Commission's decision in Order No. PSC-07-0468-PAA-EI, in Docket No. 060198-EI? If not, please explain.
 - b) Is it correct that FPL trims lateral and feeders annually?
 - c) Would it be more accurate to include annual vegetation management costs in the calculation of the non-storm NPV as opposed to a number every 3 and 6 years (as FPL has proposed)?
14. Please recalculate the 30-year non-storm differential NPV with pole inspection and vegetation management costs occurring annually for this docket and Docket No. 070231-EI.
15. Please provide a discussion as to why litigations costs and what type of costs are included in the non-storm NPV calculation, and whether they increase or decrease the differential.
16. On page 6 of 17 of the work papers, FPL made adjustments to the total distribution O&M. Please state what type of costs FPL removed from the CIAC calculation.
17. Please refer to pages 8-9 of 17 of the work papers and provide a discussion how FPL determined which O&M costs are overhead vs. underground. Can all accounts be distinguished between overhead and underground work? Please explain the allocation developed on page 9 of 17.

Mr. John T. Butler, Esq.
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Please file the original and five copies of the requested information by Thursday, August 21, 2008, with Ms. Ann Cole, Commission Clerk, Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850. Please feel free to call me at (850) 413-6230 if you have any questions.

Sincerely,



Ralph R. Jaeger
Senior Attorney

RRJ:th

cc: Docket Nos. 080244-EI & 070231-EI - Parties
Office of Commission Clerk
Division of Economic Regulation