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**-M-E-M-O-R-A-N-D-U-M-**

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**DATE:** August 7, 2008

**TO:** Office of Commission Clerk (Cole)

**FROM:** Office of Strategic Analysis & Governmental Affairs (Graves, Lewis) *REY*  
Office of the General Counsel (Hartman) *VTB*

**RE:** Docket No. 080219-EI – Joint petition for authority to deviate from requirements of Order PSC-06-0144-PAA-EI regarding CCA wood pole inspections, by Progress Energy Florida, Inc., Florida Power & Light Company, and Tampa Electric Company.

**AGENDA:** 08/19/08 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Administrative

**CRITICAL DATES:** None

**SPECIAL INSTRUCTIONS:** None

**FILE NAME AND LOCATION:** S:\PSC\SGA\WP\080219.RCM.DOC

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### Case Background

On February 27, 2006, the Commission ordered each electric investor-owned utility (IOU) to implement an eight-year wood pole inspection cycle and submit annual reports.<sup>1</sup> The Commission found it appropriate to require each electric IOU to implement a pole inspection program utilizing the sound and bore technique for all wood poles and directed all utilities to

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<sup>1</sup> Order No. PSC-06-0144-PAA-EI issued in Docket No. 060078-EI, In Re: Proposal to Require Investor-Owned Electric Utilities to Implement a Ten-Year Wood Pole Inspection Program.

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excavate all Southern Pine poles and other pole types as appropriate per Rural Utilities Service (RUS) Bulletin 1730B-121.

On April 15, 2008, Progress Energy Florida, Inc. (PEF), Florida Power & Light Company (FPL), and Tampa Electric Company (TECO) (collectively "utilities") filed a joint petition seeking the Commission's approval to deviate from current inspection requirements by discontinuing sounding and boring and excavation of chromated copper arsenate (CCA) poles that are less than 16 years of age. The utilities propose to continue visual inspection as well as overload analysis on all CCA poles regardless of age. Each utility provided data showing that there is a significantly lower rejection rate for CCA poles that are less than 16 years of age when compared to the rejection rates of older CCA poles.

Staff initially filed a recommendation on July 17, 2008. On July 25, 2008, the recommendation was withdrawn and the initial request was amended. The utilities agreed to modify their request to be in accord with what was approved for Gulf in Order No. PSC-07-0078-PAA-EU. Such a deviation requires visual inspections and sounding on all poles and boring on poles suspected of internal decay as well as full excavation sampling on poles that are less than 16 years old.

The Commission has jurisdiction pursuant to Sections 366.04 and 366.05, Florida Statutes.

### Discussion of Issues

**Issue 1:** Should PEF, FPL, and TECO be granted authority to deviate from the sounding and boring and excavation requirements of Order No. PSC-06-0144-PAA-EI with regard to CCA wood poles less than 16 years old?

**Recommendation:** Yes. Consistent with the deviation granted to Gulf Power Company (Gulf) in Order No. PSC-07-0078-PAA-EU, PEF, FPL, and TECO should be required to sound and selectively bore all CCA poles under the age of 16 years, but not be required to perform full excavation on these poles. PEF, FPL, and TECO should also be required to perform full excavation sampling to validate their inspection method. The results of the utilities' sampling should be filed in their annual distribution reliability reports. (Graves)

**Staff Analysis:** On February 27, 2006, the Commission ordered each electric IOU to implement an eight-year wood pole inspection cycle and submit annual reports. Page 9, of Order No. PSC-06-0144-PAA-EI states:

We [the Commission] find it appropriate to require the wood pole inspections to be based on the sound and bore technique for all poles. This method produces information about remaining pole strength requirements as required by the NESC, whereas the visual and thermovision inspection methods cannot provide such information. The sound and bore technique shall include excavation for all Southern Pine poles and other pole types as appropriate, in accordance with the suggestions of the RUS.

In Order No. PSC-06-0778-PAA-EU, the Commission found that Gulf's inspection plan deviated from Order No. PSC-06-0144-PAA-EI, in that it did not include excavation of CCA poles under 15 years old. Gulf provided staff with data which indicated that the rejection rate of poles under 15 years of age was significantly lower than that of poles 16-20 years old. In Order No. PSC-07-0078-PAA-EU, the Commission determined that Gulf should not be required to excavate around CCA poles under 15 years of age as part of its wood pole inspection process. Gulf is still required to perform visual inspections as well as sounding on all poles and boring on poles suspected of internal decay. Gulf was also required to augment its inspection program to include full excavation sampling.

Data provided by PEF, FPL, and TECO, illustrated in Table 1 below, shows a similar trend to that shown by Gulf's data, in that the rejection rate for CCA poles that are under 16 years old is distinctly lower than the rejection rates of older CCA poles. The utilities initially requested to be exempt from not only full excavation but sound and bore for all CCA poles 16 years old and younger as well. Staff noted, however, that such an exemption was beyond what the Commission had previously approved for Gulf in Order No. PSC-07-0078-PAA-EU. In subsequent discussions between staff and the utilities, staff suggested that the requested deviations were not supported by the data provided by PEF, FPL, and TECO. The utilities agreed to modify their request to be in accord with what was approved for Gulf in Order No. PSC-07-0078-PAA-EU. Although the request by the utilities seeks a deviation for CCA poles less than 16 years old while the approved Gulf deviation was for CCA poles less than 15 years

old, staff believes that the data provided by the utilities supports the requested age threshold. Thus staff believes that an exemption, consistent with that which was granted to Gulf, which requires visual inspections and sounding on all poles and boring on poles suspected of internal decay as well as full excavation sampling on poles that are less than 16 years old, is reasonable at this time. Such a deviation will ensure adequate inspection standards while allowing for reduced annual expenditures. The utilities expect to realize between \$175,000-\$420,000 in annual cost savings as a result of discontinuing full excavation.

Table 1: Aggregate Summary of CCA Pole Inspection Data

Age	Poles Inspected	Pole Failures	Percent Failed
0-10	46213	35	0.08%
11-15	27539	36	0.13%
16-20	34907	92	0.26%

**Conclusion:**

Staff believes that granting the utilities a deviation similar that which was granted to Gulf is reasonable at this time. Therefore, the utilities should be required to sound and selectively bore all CCA poles under the age of 16 years, but not be required to perform full excavation on these poles. In order to ensure that more rigorous inspection requirements are not warranted, the utilities should also be required to augment their annual inspection program to include full excavation sampling of CCA poles that would not normally qualify for full excavation. The results of the utilities' sampling should be filed in their annual distribution reliability reports.

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**Issue 2:** Should this docket be closed?

**Recommendation:** If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order. (Hartman)

**Staff Analysis:** At the conclusion of the protest period, if no protest is filed this docket should be closed upon the issuance of a consummating order.