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June 23, 2017

**-VIA ELECTRONIC FILING-**

Ms. Carlotta S. Stauffer  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

**RE: Docket No.: \_\_\_\_\_  
Florida Power & Light Company's Petition for Determination under Rule 25-  
6.115, F.A.C. and Approval of Associated Revised Tariff Sheet 6.300**

Dear Ms. Stauffer:

Please find enclosed for electronic filing as a new docket, Florida Power & Light Company's Petition for Determination under Rule 25-6.115, F.A.C. and Approval of Associated Revised Tariff Sheet 6.300, along with Exhibits 1 and 2.

If there are any questions regarding this transmittal, please contact me at (561)304-5170.

Sincerely,

/s/ Kevin I.C. Donaldson  
Kevin I.C. Donaldson  
Fla. Bar No. 0833401

Enclosure

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Florida Power & Light Company's )  
Petition for Determination under )  
Rule 25-6.115, F.A.C. and Approval of )  
Associated Revised Tariff Sheet 6.300 )

Docket No. \_\_\_\_\_

Filed: June 23, 2017

**FLORIDA POWER & LIGHT COMPANY'S  
PETITION FOR DETERMINATION UNDER FLORIDA ADMINISTRATIVE CODE  
RULE 25-6.115 AND APPROVAL OF ASSOCIATED REVISED TARIFF SHEET 6.300**

Florida Power & Light Company ("FPL" or the "Company"), through undersigned counsel and pursuant to Sections 366.04, and 366.05, Florida Statutes,<sup>1</sup> and Rule 25-6.115, Florida Administrative Code ("F.A.C."), hereby petitions the Florida Public Service Commission ("FPSC" or the "Commission") for a determination under Rule 25-6.115(12) that FPL may, under defined circumstances, exclude from the calculation of an underground conversion applicant's contribution in aid of construction ("CIAC") the amount specified in Rule 25-6.115(8)(b) (i.e., the estimated remaining net book value of the existing overhead distribution feeder facilities to be removed less the estimated net salvage value of the existing facilities to be removed, hereinafter referred to as the "Existing Facilities Cost") and include the Existing Facilities Cost in net plant in service. FPL also petitions for approval of its Sixth Revised Sheet No. 6.300 in FPL's Electric Tariff, in order to implement this determination. In support of this Petition, FPL states as follows:

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<sup>1</sup> All Florida statutory references are to the 2016 Florida Statutes.

## I. PETITIONER AND JURISDICTION

1. FPL is an investor-owned utility with headquarters at 700 Universe Boulevard, Juno Beach, Florida 33408, operating under the jurisdiction of the Commission pursuant to the provisions of Chapter 366, Florida Statutes. FPL provides generation, transmission, and distribution service to more than 4.9 million retail customers. Its service area comprises approximately 27,650 square miles in 35 Florida counties which range from Nassau County in the north to Miami-Dade County in the south and from Manatee County to Collier County and Monroe County in the west and southwest.

2. The Commission has jurisdiction over this Petition pursuant to Sections 366.04 and 366.05, Florida Statutes.

3. Any pleading, motion, notice, order or other document required to be served upon FPL or filed by any party to this proceeding should be served upon the following individuals:

Kenneth A. Hoffman  
Vice President Regulatory Affairs  
Ken.Hoffman@fpl.com  
Florida Power & Light  
Company  
215 S. Monroe Street, Ste 810  
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4. This Petition is being filed consistent with Rule 28-106.201, Florida Administrative Code. The agency affected is the Florida Public Service Commission, located at 2540 Shumard Oak Blvd, Tallahassee, FL 32399. This case does not involve reversal or modification of an agency decision or an agency's proposed action. Therefore, paragraph (c) and portions of paragraphs (e), (f) and (g) of subsection (2) of such rule are not applicable to this Petition. In

compliance with paragraph (d), FPL states that it is not known which, if any, of the issues of material fact set forth in the body of this Petition may be disputed. All other requirements for petitions filed under Rule 28-106.201 are satisfied herein.

## **II. INTRODUCTION AND OVERVIEW**

5. FPL is strongly committed to delivering safe, reliable electricity to meet the energy needs of its more than 4.9 million customers in the state of Florida. FPL's transmission and distribution ("T&D") grid consists of nearly 75,000 miles of electrical lines comprised of approximately 42,000 miles of overhead distribution lines, approximately 26,000 miles of underground distribution lines, and 6,900 miles of high-voltage transmission lines. FPL's T&D grid is viewed as one of the most storm-resilient and reliable in the nation. This has been achieved through the development and implementation of forward-looking storm hardening and reliability initiatives, cutting edge technology and strong employee commitment.

6. In order to improve the storm resilience of its distribution system, FPL primarily relies upon hardening overhead facilities per its Storm Hardening Plan (the "Plan"), which is submitted to and approved by the Commission every three years. In addition, as provided in FPL's Plan, storm resilience also can be accomplished and improved by converting from overhead to underground facilities. Rule 25-6.115, F.A.C., and Section 12 of FPL's Electric Tariff -- General Rules and Regulations for Electric Service -- provide the terms under which applicants are to pay CIAC for overhead to underground conversions. The CIAC is intended to cover the added costs resulting from these conversions, over and above the cost of serving the conversion area with overhead facilities. One element of the CIAC charge is the Existing Facilities Cost, spelled out

in Rule 25-6.115(8)(b): “the estimated remaining net book value of the existing facilities to be removed less the estimated net salvage value of the facilities to be removed.”<sup>2</sup> This definition of CIAC also is reflected in Section 12.1 of FPL’s existing Fifth Revised Tariff Sheet No. 6.300.

7. FPL’s Fifth Revised Tariff Sheet No. 6.300 provides the formula for the calculation of CIAC and includes:

- (1) The estimated cost to install the requested underground facilities;
- + (2) The estimated cost to remove the existing overhead facilities;
- + (3) The net book value of the existing overhead facilities;
- (4) The estimated cost that would be incurred to install new overhead facilities in lieu of underground, to replace the existing overhead facilities (the “Hypothetical Overhead Facilities”);
- (5) The estimated salvage value of the existing overhead facilities to be removed;
- + or - (6) The 30-year net present value of the estimated non-storm underground vs. overhead operational costs differential (as applicable);
- (7) The 30-year net present value of the estimated average Avoided Storm Restoration Costs (“ASRC”) calculated as a percentage of the sum of lines 1 through 6.

An equivalent credit, the Governmental Adjustment Factor or “GAF” waiver, will apply in lieu of a Tier 1 ASRC for eligible conversions by local government applicants.

8. The purpose of collecting the Existing Facilities Cost is to ensure that the general body of customers does not bear any costs associated with the conversion, which costs are caused and should be borne by the conversion applicant.

### **III. NEED FOR DETERMINATION AND TARIFF REVISION**

9. In implementing the infrastructure storm hardening requirements of Rule 25-6.0432, F.A.C., FPL currently estimates it will complete the hardening of all of its remaining overhead distribution feeders over the next five to six years, which assumes approximately the same level

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<sup>2</sup> Per the Code of Federal Regulations 18 CFR Part 101, net salvage value is defined as the salvage value of property retired less the cost of removal

and pace of hardening contained in FPL's approved 2016-2018 Plan, recognizing that the specifics of FPL's future Plans will be submitted for the Commission's review and approval.<sup>3</sup>

10. FPL is currently aware of several municipalities that are considering or are actually moving forward with plans to convert existing non-hardened overhead feeder facilities to underground facilities, which existing facilities otherwise would be replaced with hardened overhead facilities over the next five to six years consistent with FPL's Plans. In such instances, the existing, non-hardened overhead feeder facilities will be removed as part of the storm hardening process without regard to whether the applicants proceed with their plans for underground conversions. Thus, prospective applicants face waiting for the feeders to be hardened during this five to six year period before they make their conversion requests, or they would have to pay a CIAC that covers the cost of removing facilities that are expected to be removed in the near term. To promote such conversions, and to eliminate the delays and debate that might otherwise occur with respect to how CIAC should be calculated in these circumstances, going forward, FPL asks that the Commission concur that the Existing Facilities Cost should not be included in the CIAC calculation for underground conversions of existing non-hardened overhead feeder facilities, because they otherwise will be removed and replaced with storm hardened feeder facilities. Simply put, the Existing Facilities Cost will be incurred anyway—with or without the undergrounding, and FPL accordingly asks the Commission to approve treating these costs as Net Plant in Service and thus recovered from all customers, just as they would be if FPL proceeded with overhead hardening of the subject feeder facilities.

11. Rule 25-6.115(12), F.A.C., provides as follows: "Nothing in this rule shall be construed to prevent any utility from waiving all or any portion of the cost for providing underground

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<sup>3</sup> FPL affirmatively states that this petition would apply only to the waiver of elements 2, 3, and 5 of the CIAC formula as it relates to the current infrastructure storm hardening of all its overhead feeder facilities.

facilities. If, however, the utility waives any charge, the utility shall reduce net plant in service as though those charges had been collected unless the Commission determines that there is quantifiable benefits to the general body of ratepayers commensurate with the waived charge.” Thus, if FPL excluded the Existing Facilities Cost from the CIAC it collects from an underground conversion applicant associated with a non-hardened feeder, it would be exposed to the risk of being precluded from including those costs in net plant in service unless the Commission made a determination that doing so results in quantifiable benefits to the general body of customers. FPL believes that excluding the Existing Facilities Cost from the calculation of CIAC for underground conversions of the existing non-hardened overhead feeder facilities that otherwise would be subject to overhead hardening is fair, reasonable, appropriate and provides benefits to the general body of customers, including:

a. Such underground conversions will not result in any additional costs for the general body of customers because the Existing Facilities Cost under these circumstances would be borne by the general body of customers anyway as a result of FPL’s planned implementation of infrastructure storm hardening under Rule 25-6.0432, F.A.C.;

b. In FPL’s experience, underground distribution facilities tend to be even more storm resilient than hardened overhead facilities, so the underground conversion will reduce or mitigate the need for storm restoration work in the converted area and thus make those resources available to help respond even more quickly to storm restoration in other portions of FPL’s system;

c. Day-to-day reliability will improve, as underground facilities have historically provided better overall day-to-day reliability than overhead facilities; and,

d. Excluding the Existing Facilities Cost from the CIAC to be collected for the conversion of existing non-hardened overhead feeder facilities to underground will reduce the cost of conversion thereby incentivizing more such conversions.

12. FPL requests that the Commission determine that there are “quantifiable benefits” that will accrue to FPL’s general body of customers by excluding the Existing Facilities Cost from the CIAC to be collected for the conversion of any existing non-hardened overhead feeder facilities to underground, rather than making separate determinations for each conversion project. FPL’s requested determination will promote underground conversions of facilities, provide the benefits to FPL’s general body of customers enumerated above, and allow applicants to make decisions on future conversion projects more quickly and with increased certainty, all while easing the administrative burden on the applicants, FPL, and the Commission.<sup>4</sup>

13. Consistent with Rule 25-6.115, FPL’s Fifth Revised Tariff Sheet No. 6.300 currently contemplates that the Existing Facilities Cost will be included in the calculation of CIAC for overhead to underground conversion projects. If the Commission makes the determination requested in this Petition, it would be appropriate to revise the tariff sheet to reflect that determination. Accordingly, FPL has prepared a proposed Sixth Revised Tariff No. 6.300 that provides for elements 2, 3 and 5 of the CIAC formula to be excluded from CIAC due from an applicant who intends to convert existing non-hardened overhead feeder facilities, as applied to the costs associated with such non-hardened feeder facilities only. Proposed Sixth Revised Tariff Sheet No. 6.300 is attached to this Petition in clean and legislative formats as Exhibits 1 and 2, respectively.

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<sup>4</sup> In Docket No. 060172-EU, the Commission noted that it may be appropriate to allow a utility to waive certain costs that are part of an applicant’s CIAC while keeping those costs in net plant in service if said costs provide commensurate benefits to the general body of ratepayers, thus approving FPL’s Governmental Adjustment Factor Tariff

WHEREFORE, Florida Power & Light Company respectfully requests that the Commission enter an order:

- A. Finding that there are quantifiable benefits to the general body of ratepayers arising from the waiver of the Existing Facilities Cost whenever an underground conversion application provides a binding notification, which would include the applicant's payment for the engineering estimate or "Binding Cost Estimate," to FPL of a proposal for an underground conversion project that involves conversion of existing non-hardened overhead feeder facilities;
- B. Finding that such generic determination of quantifiable benefits under such circumstances shall authorize FPL to include the waived Existing Facilities Cost in net plant in service; and
- C. Approving FPL's proposed Sixth Revised Sheet No. 6.300.

Respectfully submitted this 23<sup>rd</sup> day of June, 2017.

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Senior Attorney  
Attorneys for Florida Power & Light Company  
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(561) 304-5170  
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By: s/ Kevin I.C. Donaldson  
Kevin I.C. Donaldson  
Fla. Bar No. 0833401

**EXHIBIT 1**

**Current Sixth Revised Tariff Sheet No. 6.300 in Proposed Format**

**INSTALLATION OF UNDERGROUND ELECTRIC DISTRIBUTION FACILITIES  
 FOR THE CONVERSION OF OVERHEAD ELECTRIC DISTRIBUTION FACILITIES**

**SECTION 12.1 DEFINITIONS**

APPLICANT - Any person, corporation, or entity capable of complying with the requirements of this tariff that has made a written request for underground electric distribution facilities in accordance with this tariff.

CONVERSION - Any installation of underground electric distribution facilities where the underground facilities will be substituted for existing overhead electric distribution facilities, including relocations.

CONTRIBUTION-IN-AID-OF-CONSTRUCTION (CIAC) – The CIAC to be paid by an Applicant under this tariff section shall be the result of the following formula:

CIAC =

- 1) The estimated cost to install the requested underground facilities;
- + 2) The estimated cost to remove the existing overhead facilities;<sup>a</sup>
- + 3) The net book value of the existing overhead facilities;<sup>a</sup>
- 4) The estimated cost that would be incurred to install new overhead facilities, in lieu of underground, to replace the existing overhead facilities (the “Hypothetical Overhead Facilities”);
- 5) The estimated salvage value of the existing overhead facilities to be removed;<sup>a</sup>
- + 6) The 30-year net present value of the estimated non-storm underground v. overhead operational costs differential,
- 7) The 30-year net present value of the estimated average Avoided Storm Restoration Costs (“ASRC”) calculated as a percentage of the sum of lines 1) through 6). Simplified eligibility criteria for each ASRC Tier are summarized below. Applicants must enter into an Underground Facilities Conversion Agreement with the Company which provides full details on terms, conditions and compliance requirements.

<u>Tier</u>	<u>Percentage</u>	<u>Pole-Line Miles</u>	<u>Customer Conversions</u>	<u>Completion</u>
1 *	25%	3 or more	100%	3 phases
2	10%	1 to <3	100%	3 phases
3	5%	< 1	n/a	n/a

\* The GAF Waiver will apply in lieu of Tier 1 ASRC for eligible conversions by Local Government Applicants.

<sup>a</sup> In calculating the Applicant’s CIAC, elements 2, 3, and 5 of the CIAC formula above are to be excluded from CIAC due from an applicant who submits an application providing a binding notification that said applicant intends to convert existing non-hardened overhead feeder facilities to underground feeder facilities.

GAF Waiver

For Applicants entering into an Underground Facilities Conversion Agreement – Governmental Adjustment Factor Waiver with the Company, the otherwise applicable CIAC amount, as calculated above, shall be reduced by the GAF Waiver. The amount of the GAF Waiver shall be calculated as follows:

GAF Waiver =

- 25% x the otherwise applicable CIAC;
- + 75% x the ASRC (avoids double-counting the ASRC embedded in the otherwise applicable CIAC.)

If the Applicant elects to construct and install all or part of the underground facilities, then for purposes of calculating the ASRC or the GAF Waiver amount only, the otherwise applicable CIAC shall be adjusted to add FPL’s estimated cost for the Applicant-performed work. In addition, the Direct Engineering, Supervision, and Support (DESS) costs associated with this Applicant-performed work will be reduced by 20% from the amount that would have applied if FPL performed this work.

DISTRIBUTION SYSTEM - Electric service facilities consisting of primary and secondary conductors, service drops, service laterals, conduits, transformers and necessary accessories and appurtenances for the furnishing of electric power at utilization voltage.

SERVICE FACILITIES - The entire length of conductors between the distribution source, including any conduit and or risers at a pole or other structure or from transformers, from which only one point of service will result, and the first point of connection to the service entrance conductors at a weatherhead, in a terminal, or meter box outside the building wall; the terminal or meter box; and the meter.

(Continued on Sheet No. 6.301)

**EXHIBIT 2**

**Current Sixth Revised Tariff Sheet No. 6.300 in Legislative Format**

**INSTALLATION OF UNDERGROUND ELECTRIC DISTRIBUTION FACILITIES  
 FOR THE CONVERSION OF OVERHEAD ELECTRIC DISTRIBUTION FACILITIES**

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(Continued on Sheet No. 6.301)