

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition to withdraw
optional municipal underground
capital cost recovery tariff by
Florida Power Corporation.

DOCKET NO. 971217-EI
ORDER NO. PSC-97-1625-FOF-EI
ISSUED: December 31, 1997

The following Commissioners participated in the disposition of
this matter:

JULIA L. JOHNSON, Chairman
J. TERRY DEASON
SUSAN F. CLARK
DIANE K. KIESLING
JOE GARCIA

ORDER APPROVING WITHDRAWAL OF TARIFFS

BY THE COMMISSION:

By Order No. PSC-94-0053-FOF-EI, issued January 14, 1994, we approved Florida Power Corporation's (FPC) petition for approval of Tariff Sheets Nos. 4.124 and 4.125, Municipal Underground Capital Cost Recovery, and Tariff Sheet No. 6.106, Municipal Underground Fee (Undergrounding Tariffs). These tariffs provide a mechanism for the recovery of costs incurred by franchised municipalities to convert electric distribution facilities from overhead to underground. Under the tariffs, municipalities contract with FPC to convert existing overhead distribution facilities to underground in a specific location, or Underground Assessment Area (UAA). The municipality is responsible for securing financing to pay FPC for the conversion costs and for securing the agreement of customers in the UAA to pay for the conversion. FPC then bills the electric customers in the UAA for the agreed upon conversion charge on their monthly electric bill and remits the dollars collected to the municipality.

FPC proposed these Undergrounding Tariffs in 1993 after receiving requests for cost estimates to convert overhead facilities to underground facilities from a number of municipalities. FPC indicates that the discussions focused on ways FPC might facilitate the cities' ability to finance the cost of providing underground service to its customers. While several options are available to municipalities to raise funds, such as increased local taxation, municipalities were reluctant to use

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FPC-RECORDS REPORTING

them. As a result of the discussions with the municipalities, FPC developed a method to recover the underground conversion costs. On September 17, 1997, however, FPC filed the instant petition to withdraw these tariffs.

FPC cites three reasons to withdraw its Undergrounding Tariffs. First, since the implementation of these tariffs on January 20, 1994, FPC has prepared 11 detailed underground cost recovery estimates for municipalities. The tariffs require the municipality to notify affected customers of a pending undergrounding project and to provide the customers with estimated charges and an opportunity to submit comments. None of the municipalities who requested estimates have implemented the conversion of their distribution system. FPC believes that this is due to the realization by customers of the high cost of converting facilities to underground. No additional requests for a cost estimate are currently pending.

Second, at the time the Undergrounding Tariffs were approved, FPC agreed to pay some of the programming cost out of operating expenses. The programming costs, estimated to be \$300,000, include FPC programming its Customer Service System to show a separate line item on a bill for a designated area only. These costs do not change whether one or several municipalities undertake undergrounding projects. FPC now believes that the Undergrounding Tariffs will be utilized, if at all, by only a few municipalities, which does not justify FPC and its ratepayers absorbing the programming costs.

Finally, FPC cites the uncertainty associated with possible retail wheeling in the future. If the customers in the affected UAA choose a different electric supplier, FPC believes it would lose the ability to collect the underground fee.

We find that FPC's petition should be approved, primarily because these are optional tariffs which have never been applied. FPC's expectations that numerous municipalities would utilize this tariff did not materialize. We note that municipalities have other options to finance undergrounding projects, such as special property assessments or local taxation. FPC's withdrawal of these tariffs does not prevent a municipality from converting overhead distribution facilities to underground.

ORDER NO. PSC-97-1625-FOF-EI
DOCKET NO. 971217-EI
PAGE 3

Based on the foregoing, it is

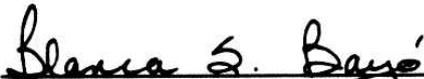
ORDERED by the Florida Public Service Commission that Florida Power Corporation's Petition to withdraw Tariff Sheets Nos. 4.124 and 4.125, Municipal Underground Capital Cost Recovery, and Tariff Sheet No. 6.106, Municipal Underground Fee, is granted. It is further

ORDERED that the tariffs shall be withdrawn effective December 16, 1997. It is further

ORDERED that if a protest is filed in accordance with the requirements set forth below, the tariffs shall remain in effect with any increase in revenues held subject to refund pending resolution of the protest. It is further

ORDERED that if no protest is filed in accordance with the requirements set forth below, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 31st day of December, 1997.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as

ORDER NO. PSC-97-1625-FOF-EI
DOCKET NO. 971217-EI
PAGE 4

well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the action proposed files a petition for a formal proceeding, as provided by Rule 25-22.036(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a)(d) and (e), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on January 21, 1998.

In the absence of such a petition, this Order shall become final on the day subsequent to the above date.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this Order becomes final on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the date this Order becomes final, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.