

**Ruth Nettles**

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**Sent:** Tuesday, July 08, 2008 4:26 PM  
**To:** Filings@psc.state.fl.us  
**Cc:** John Baxter  
**Subject:** Docket 080200 E-filing: PEF Responses to Staff Data Request  
**Attachments:** PEF Responses to CI UG Data Request - 080200\_RandallComments32.pdf

<<PEF Responses to CI UG Data Request - 080200\_RandallComments32.pdf>>

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B. Docket No. 080200-EI

1. Progress Energy Florida's Responses to Staff Data Request [3 pages].

Thank you for your attention to this request.

**Connie Stehling**

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**Progress Energy Florida, Inc.'s Responses to Staff Data Request  
Docket No. 080200-EI**

1. PEF in its Appendix to Docket No. 080200-EI dated May 29, 2008 stated that it switched from installing and maintaining underground service for commercial and industrial customers (C/I) from PEF to the customer due to PEF's previous C/I installation policy incurring issues such as load fluctuations, over or under sizing of equipment, irregular equipment replacement cycles, frequent requests for reconfiguration of service, problems determining the causes and responsibility of outages, and services routinely being cut by customers due to other construction projects.
  - a. Please provide any documentation and records that PEF has of the problems with underground C/I services prior to 1994--for ease of retrieval, please provide documentation from the period of 1989-1994.

**Answer:**

*PEF does not have any such documents or records. Any such records would have consisted of documents such as work orders, field reports, troubleman tickets, and other similar documents. Such records would now be at least 14 years old, and pursuant to applicable document retention requirements, PEF does not retain these types of records for that long.*

- b. Many of the problems mentioned above appear to be operation design issues. What steps did PEF take to tighten the engineering and design requirements for underground C/I services to minimize or avoid the problems instead of transferring all the costs to the customer?

**Answer:**

*While PEF did experience some issues that could be characterized as operation design issues, the most frequent problems that PEF encountered were non-operation design issues such as frequent customer requests for reconfiguration of service, customers routinely cutting services causing PEF to have to repair or replace the service, and issues regarding causes and responsibilities for outages. To be resolved, all of these issues required PEF's time and resources which had to be diverted away from PEF's other duties and responsibilities to its customers.*

*With respect to operation design issues, PEF could have chosen to enact more strict design and operations requirements, but this would have taken away the customer's flexibility and optionality that PEF discusses in its Appendix to Docket No. 080200-EI dated May 29, 20. This fact, coupled with the other non-operation design issues discussed above, supports PEF's choice to change its policy in the manner described in PEF's petition and appendix.*

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*Additionally, PEF notes that its standard service design is overhead service and not underground. When a customer requests underground service, the customer pays the differential price between overhead and underground service. Thus, it is not entirely accurate to suggest that PEF "transfer[ed] all the costs to the customer," as stated in this question because in either scenario, the customer bears the incremental cost of its selection of underground service.*

- c. Once it made the decision to require commercial customers to install these services did PEF provide a list of approved engineering firms and entities that could design underground services to the Company's specifications?

**Answer:**

*PEF cannot say with certainty whether or not it provided a list of firms and entities to all its commercial customers when PEF enacted its policy change in 1994, but it would have been unlikely that PEF would have done so. PEF does not maintain lists of "approved firms and entities" that do work on customer-owned installations. Instead, customers choose whomever they see fit to do work on their behalf as they do with any other of the equipment and electrical applications that they own.*

- d. PEF asserts that it is better for the company to adhere to a standardized policy regarding underground C/I installations to provide consistency within PEF's service regions. How does transferring the installation and maintenance of the services from PEF to the customer accomplish that since it can result in a myriad of designs and standards.

**Answer:**

*PEF has standardized policies regarding minimum requirements for customer-owned services that will interconnect with PEF's equipment. Under PEF's current policy, it can enforce those standards consistently and uniformly throughout its service territory.*

*Additionally, customer-owned services are also governed by the National Electric Code as well as any other applicable local codes and ordinances of a given jurisdiction, and while designs will differ between customers, it is unlikely that there are a "myriad of designs and standards" with customer-owned services as this question suggests.*

- e. Please explain what effect shifting installation and maintenance costs from PEF to the customer will have on the Company's Customer Reliability Indices. Also, please detail and explain how transferring the underground C/I installations results in greater consistency across PEF's service regions.

**Answer:**

*PEF is not aware of any impact that its current policy has had or will have on any customer reliability indices. Please see PEF's response to Question 1(d) above. PEF now has standardized policies regarding minimum requirements for customer-owned services that will interconnect with PEF's equipment. Under PEF's current policy, it can enforce those standards consistently and uniformly throughout its service territory.*

2. Please breakout and specify the average operations and maintenance costs (o&m) costs PEF incurred for underground C/I installations prior to 1994 that it is no longer incurring due to requiring customers to install underground services.

**Answer:**

*Installation costs are capital costs. Any replacements under PEF's prior policy would have also been capital costs. As stated in PEF's petition and appendix, there is no industry accepted maintenance for underground commercial services, so there were no maintenance costs under PEF's prior policy. PEF did incur O&M costs for service line repairs (i.e. splicing cut lines under its prior policy) and assessing/responding to outage issues, however PEF does not distinguish O&M work for services as opposed to other line work in its accounting records.*

3. When PEF shifted the installation and maintenance of underground services to C/I customers, did PEF remove from the rates charged underground C/I customers the o&m costs the Company was no longer incurring?

**Answer:**

*Please see PEF's response to Question 2 above. Any such O&M costs would have been adjusted in applicable base rate charges in PEF's base rate proceeding that followed PEF's change in policy.*

4. Why does PEF specify the engineering requirements all the way to the weatherhead for overhead services, but stop at the transformer where the overhead distribution system connects with the underground line to a C/I customer's premises? What specific types of engineering, equipment and maintenance problems exist with underground C/I service beyond the point of delivery that do not exist with overhead service?

**Answer:**

*Please see PEF's petition, appendix to that petition, and PEF's answers herein for why PEF changed its policy and delivery point for these services. Overhead services are typically easier to install, have less optionality in equipment and design, are easier to move and reconfigure, are less likely to be inadvertently cut by the customer, and causes of outages can usually be more easily identified with overhead equipment. Additionally, overhead services can be located, replaced, and repaired more easily, and can be maintained.*