ORIGINAL

STATE OF FLORIDA
OFFICE OF THE PUBLIC COUNSEL

c/o The Florida Legislature
111 West Madison St.
Room 812
Tallahassee, Florida 32399-1400
850-488-9330

JACK SHREVE
PUBLIC COUNSEL

January 22, 2001

Blanca S. Bayo, Director
Division of the Commission Clerk
and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Docket No. 000824-EI

Dear Ms. Bayo:

Enclosed for filing in the above-referenced docket is the original and 15 copies of the Direct Testimony of R. Earl Poucher.

Please indicate the time and date of receipt on the enclosed duplicate of this letter.

Sincerely,

Charles J. Beck
Deputy Public Counsel

AUS
CAF ___ CJB:bsr
CMP
COM ___ Enclosure
CTR
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GCL
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MMS
SEC
OTH

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Review of Florida Power Corporation's earnings, including effects of proposed acquisition of Florida Power Corporation by Carolina Power & Light	)	Docket No. 000824-EI Filed: January 22, 2002

DIRECT TESTIMONY

OF

R. EARL POUCHER

On Behalf of the Citizens of the State of Florida

Jack Shreve
Public Counsel

Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street
Room 812
Tallahassee, FL 32399-1400

(850) 488-9330

Attorney for the Citizens
of the State of Florida

DIRECT TESTIMONY

R. EARL POUCHER

FOR

THE OFFICE OF PUBLIC COUNSEL

BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 00824-EI

Q. Please state your name, business address and title.

A. My name is R. Earl Poucher. My business address is 111 West Madison St., Room 812, Tallahassee, Florida 32399-1400. My title is Legislative Analyst.

Q. Please state your business experience.

A. I graduated from the University of Florida in 1956 and I was employed by Southern Bell in July 1956 as a supervisor-trainee. I retired in 1987 with 29 years of service. During my career with Southern Bell, I held positions as Forecaster, Gainesville; Business Office Manager, Orlando; District Commercial Manager, Atlanta; General Commercial-Marketing Supervisor, Georgia; Supervisor-Rates and Tariffs, Florida; District Manager-Rates and Tariffs, Georgia; General Rate Administrator, Headquarters; Division Staff Manager--Business Services, Georgia; Profitability Manager-Southeast Region, Business Services; Distribution Manager-Installation, Construction & Maintenance, West Florida and LATA Planning Manager-Florida. In addition, I was assigned to AT&T in 1968 where I worked for three years as Marketing Manager in the Market and Service Plans organization. I joined the Office of Public Counsel in October 1991 where I have performed analytical work and

presented testimony primarily in telephone matters. I am currently serving as a staff member for the Federal-State Board on Universal Service.

Q. Have you ever appeared before this Commission?

A. Yes I have. I testified on behalf of Public Counsel in United Telephone's Docket No. 910980-TL on rate case matters and Docket No. 910725-TL on depreciation matters, GTE Docket 920188-TL on Inside Wire, and in Southern Bell's depreciation Docket No. 920385-TL. I filed testimony in Southern Bell's Dockets 920260-TL, 900960-TL and 910163-TL, in the GTE Docket No. 950699-TL, in Docket No. 951123-TP dealing with Disconnect Authority, in Docket No. 9708820-TI dealing with slamming in Docket No. 970109-TL dealing with "I Don't Care, It Doesn't Matter" and during the past year I was the Public Counsel witness in the BellSouth service quality Docket No. 991378-TL. I also filed service quality testimony in Verizon Docket No. 991376-TL and in the Verizon slamming Docket No. 990362-TI. Both of these dockets were recently settled by stipulation. In addition, as an employee of Southern Bell I testified in rate case and anti-trust dockets before the Public Service Commissions in Georgia and North Carolina.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to present to the Commission the recommendations of the Office of Public Counsel regarding the appropriate measures the Commission should take due to the failure of Florida Power Corporation to provide satisfactory service to its customers.

Q. Please describe the complaints that have been received by the Florida Public Service Commission regarding Florida Power.

Florida Power's complaints to the Florida Public Service Commission, including warm-line transfers that are not included in the FPSC official reports increased, by

[BEGIN CONFIDENTIAL INFORMATION] XXXXX [END CONFIDENTIAL INFORMATION] in 2001 over year 2000 (REP-1). Included in these complaints are billing complaints, inquiries and service complaints that are the sources of many of the complaints that the Commission has heard during the service hearings in this docket. Because the company is now resolving many of its complaints through the warm-line transfer basis that began in June 2000, the PSC historical and current statistics are not comparable measures of customer dissatisfaction. Exhibit No. REP-2 is a listing of all of the FPSC logged customer complaints processed from November 1999 through November 2001. Exhibit No. REP-3 is a listing of all of the FPSC warm transfers processed between June 2000 and November 2001. PSC records show that 1271 FPC complaints and inquiries were received in 2001.

PSC complaints are one indicator of the level of customer dissatisfaction. The company was asked to produce all of its service and billing complaints, including tracking analysis and company reports in Public Counsel's Ninth POD. The company's complaint records are restricted to those complaints that have escalated to regulatory or executive levels. What's missing are the records and analysis of complaints that are received in the normal course of business that would provide excellent data to track the service quality performance of the company.

Q. How does Florida Power's service reliability performance compare to that of the state's other largest electric utilities?

A. Florida Power's service results fall well below those of Florida Power and Light, Tampa Electric and Gulf Power. One of the primary service measurements used by the PSC and the power companies is SAIDI, which the sum of all customer minutes interrupted divided by the total number of customers served. Florida Power's actual

performance in the year 2000 was 100.6 minutes. This means that the average Florida Power customer experienced 100.6 minutes of service outages during the year. Gulf Power customers experienced 96.9 minutes of service interruptions. Florida Power and Light customers experienced 70.3 minutes of interruptions and TECO customers experienced only 43.4 minutes of interruptions. (REP-4) The company performance in the frequency of customer interruptions (SAIFI) is also worse than Gulf, TECO and FP&L. Likewise, Florida Power customers are also much more likely to experience momentary outages than the other three large power companies in Florida. As this exhibit demonstrates, Florida Power customers experienced 16.5 momentary interruptions per year in 2000, while FP&L and Gulf customers experience between 10 and 11 momentary interruptions per year.

According to study data prepared by the FPSC Staff and presented to the PSC at Internal Affairs on June 6, 2001 (REP-5) Florida Power key service indicators have lagged behind the other three large Florida power companies for the 1997-2000 time period. Pages 8 and 9 of Appendix B shows that the FPC also had the worst SAIDI, SAIFI and MAIFI performance of Florida's largest power companies for the 1997-2000 time frame.

Q. Please describe the service complaints that have been received through normal channels by the company.

A. The company has produced none of these complaints or any analysis, despite a request that it do so. Significant numbers of customers who have complained to the PSC have reported that their initial contacts with Florida Power personnel were unsuccessful in resolving the customer's problem. Numbers of customers have told me that they were promised action by Florida Power and nothing was done.

However, after calling the PSC, in the majority of cases, the company resolves the customer complaints to the customer's satisfaction within the three day period. Customers should not be required to call the PSC in order to receive satisfactory service from Florida Power.

Q. Please describe the complaints that were registered against the company in its recent service hearings in Winter Park.

A. The Winter Park hearing was held on November 28, 2001, and every witness that appeared was critical of the service and operations of Florida Power. In total, sixteen witnesses appeared, and it is the most one-sided customer service hearing I have ever observed, except for some of the water cases that can often get very emotional.

Joseph Janosik testified about poor service response from the company until he suggested that he would attend the PSC hearings.

Laura Potts stated, "I'm angry, I'm mad and I'm irate," because of high bills and inadequate service.

Betty McLemore complained about power surges and frequent outages.

Diane Gaydos complained about her bill jumping from $42.89 to $423.72. Florida Power's solution was for her to pay the bill or they would terminate the service.

Robert Freeman testified about 50,000 outages in Pinellas County alone due to a little windstorm. He blamed FPC's poor tree trimming practices.

Stan Boyer complained about frequent power outages.

Edward Swietek complained about frequent outages, power surges, undervoltage and poor service.

Tony Giorgia, representing the medically-essential community testified that the service level is sickening, about rude service representatives and that the company is in violation of the law regarding service to the medically-essential community. He stated that FPC's service to the medically-essential community is deplorable and heinous, and he cited several graphic examples.

Mike Whiting testified that in Winter Park, Florida Power service is the butt of local jokes. He pointed out that the average FPC outage time in Winter Park was 150 minutes, while Orlando Utilities average outage was 33 minutes.

Charlie McAuliffe complained of multiple power outages and surges and the superior service of Orlando Utilities when compared to Florida Power.

Wayne Jones testified about a substation that was providing poor service, but the company refused the request of the City of Winter Park to replace it.

John Ramer testified about old infrastructure and fluctuating voltage.

David Johnston, a former mayor, testified about poor feeder cables in Winter Park, poor service reliability and the closing of company business offices.

James Oliphant, an electronics technician, complained of power outages and damage to his personal property due to voltage fluctuations.

Bruce Provonost, Mayor of Casselberry, testified that they had two of the worst feeder lines in the State of Florida.

Bruce Blackwell, a former Southern Bell and AT&T attorney, testified that Florida Power was providing very poor, antiquated service. He complained of the closing of the business office, about the disparity of service between Orlando Utilities and Florida Power and about Florida Power's failure to negotiate in good faith on their franchise agreements.

Finally, Steve Steward complained about poor service response from the company and he criticized its old facilities.

The transcript of that hearing is part of the record in this case, as are all of the public hearing transcripts. The Tallahassee hearing provided testimony from witnesses that praised the company's community service and economic development activities. Only minimal customer service testimony was received by the Commission, probably because the Tallahassee area is served predominantly by the City of Tallahassee and Talquin Electric.

Q. What about the customer input from Clearwater and St. Petersburg?

A. The Clearwater and St. Petersburg service hearings were scheduled following the date of filing for this testimony. However, interviews with some of the St. Petersburg and Clearwater customers reveals many of the problems that surfaced in Winter Park

in the customer hearings.

The most egregious complaint expressed by Pinellas County customers concerns last September's tropical storm. Many customers experienced outages of up to three days before power was restored. The outages were not universally experienced throughout the entire area. Many neighborhoods were subjected to partial outages and most of the county was not significantly affected by the storm. However, the most common complaint from customers was that they were promised restoral within a short time frame, usually two hours, not once, but many times. The company kept promising restoral within a close time frame, despite numerous repeat calls from many of its customers. Rather than taking steps to save their frozen foods and refrigerated items, many, many customers believed the unkept promises of the company and, therefore, lost substantial amounts of food due to extended outages. Of course, the company never agreed to compensate those customers who relied on the company's broken promises. The similarity of these complaints received from multiple customers lends credibility the customers' complaints, no matter what excuse the company may have provided to the Commission. None of these complaints were, apparently, deemed by Commission personnel to be a violation of PSC rules.

The most complaints received by the PSC from the Pinellas County area were due to the September 2001 storm. The PSC received over 300 complaints in September 2001, the most of any month during the past two years. Most of the complaints received were because of problems with Florida Power's handling of the storm. Following are some of those complaint summaries. Following each complaint is the

PSC complaint number.

Louis Averbeck complained that they had a storm in September. Service was out for 2 days. There was a live wire 2 houses down. The company promised to be there within the hour. He called 10-12 times and always got the same story. They lost all of their food. (405371)

Joseph Samarco called about street lights that were out a week before the storm. He called a half dozen times. The situation was very dangerous and the company's response was lackadaisical. It was fixed after the storm. (405369)

John Allen complained they were out of service for 3 days due to the storm. They lost all of their food and the whole block was out. (405471)

Elenora Sabin complained the power was out for 3 days and they kept getting a different answer every time they called. The company never kept its promise. (405481)

Jim Pelosi was unhappy. The fixed 80% of the homes in his neighborhood and left the other 20% out for 38-39 hours. He called 8 times. The company never kept its promise. He lost $150 of food. (405491)

Trudy Green complained she was out of service for three days. It was not a big storm, either. All of the repair people were at Denny's. She also complained about estimated meter readings. (405509)

Bob Gurton was out 2 and ½ days in September and he lost $350 in food. He called at least 5 times and they never gave an accurate estimate of the repair time. (405529)

Bill Zinzow is concerned that they needed the North Carolina crews for a minor storm and that even with the help, restoral would take so long. (405638)

Harry Ellis complains that he was given a 1 hour restoral. He kept telling them he was the only house on the block out of service. He had a freezer full of food, which he lost. They were arrogant in the way they handled the whole thing. (405758)

Mary Beth Schillo complains that the North Carolina crews were sitting in parking lots while people were out of service. She also complains about them taking away the meter readers and estimating the bills. (405762)

Penelope Anderson complains about the three day outage. She couldn't reach the company. She complains about the lack of tree trimming as a major problem. (405848)

Kevin Krauss has a business. He was out from Friday a.m. until Saturday 2 p.m. He never had this kind of a problem in the past. Would have been better off if they had advised them up front as to the amount of delay expected. They had an uncaring attitude. (405986)

James Janowski complains that every time they have the same problem. He was out 8-12 hours this time and 3-4 days last time. (406409)

Ebar McCabe says the storm put him out of service for 2 days and he kept getting the runaround from the company. (406444)

Leejoy Papitona lives on Cocina Key and the whole island was out. They, literally, had to drag people out the fix the lines. Out of service until Sunday night. (406529)

Melvin Fox complains that lines were brought down by the storm. The company came in the middle of the night and cut down the trees and left them in his back yard. (406621)

Carmen Griffin complains that the customer service group misled them and they lost $400 of freezer food. (406709)

Q. **Please summarize some of the other problems you discovered in Pinellas County that were reported to the PSC.**

A. Joseph Anthony complained because they asked him for a new deposit. He's had service for 27 years and after calling the PSC, the company backed down. (405503)

Brett Ciskoski complained of temporary outages. (405529)

William Munce complains that the company disconnected his service in error while he was out of town. (406792)

Thomas Bingle complains that his area has old wiring, that his problem is not resolved and his service is not o.k. The company doesn't spend enough money on

upkeep. (407353)

Ziad Bryant complains he lived in the same condo for 9 years. His bill went from $85 to $377 for 960 square feet. They changed the meter in October and the bill went down to $77. He was overbilled for 3 months and the company refused to do anything about it. They blamed him. (408933)

Ed Tomlinson says there was a limb on his line for 6 weeks. The company would not fix it. He called the PSC and they fixed it in one week. (410165)

William Nebinger complained his house burned on August 9 and he was billed for $61 for service after the house burned. An FPC supervisor was irate with him and insisted he pay the bill. The company adjusted the bill the day after he called the PSC. (411135)

Jeff Hardison has been a power user for 40 years in Florida. He was disappointed when he moved back because of poor service and outages. Florida Power just brushed him off. (414088)

Syltico Morand complained to the company about service problems numerous times and nothing was done. FPC came out two days after her call to the PSC and fixed the problem. (416196)

June VanBrunt was hooked up to the wrong meter and it took almost a year and, finally, a PSC complaint to get it fixed. (418080)

Richard Sendall complains the company cut off a tree limb and it landed on his shed. The company won't do anything about it. (418718)

Steve Smith, an electrician, complained the company improperly shut off their power the first time they were late and it almost burned down his house. He had to replace all of his fuses and lost two days of work. (418970)

True Talk Computers complains about disconnection of their business service by the company in error. (423611)

MK Enterprizes complains about tremendous problems with Florida Power. They were being billed for all of the power usage in their building. Florida Power people harassed them and MK Enterprizes is very unhappy. (423673)

Q. Is it true that none of these complaints were considered to be a rule violation by the FPSC staff?

A. I'm not aware of any of these complaints, many of which are serious, that have been classified as a rule violation. This is not to be considered as a criticism of the staff. We have adopted rules in Florida that encourage the companies to set up a warm transfer to special company personnel and if the problem is resolved in three days no rule violation will be applied. This is good for the customers, so that they can receive prompt resolution of their problems. The PSC doesn't have any rules about broken promises, or repeated outages or disconnections in error, or poor tree trimming, or mistreatment of customers, or slow response time. Recently, a newspaper report in the St. Petersburg Times reported a traffic fatality in Largo that took Florida Power

37 minutes to arrive on the scene to cut off power so that emergency workers could aid the victim. The victim died. There's no rule violation there, but a lot of customers are upset and irate about the poor service they are currently receiving from Florida Power.

Q. Is there any additional evidence in your possession concerning complaints about Florida Power service?

A. Public Counsel has obtained reports of over **[BEGIN CONFIDENTIAL] XXXX [END CONFIDENTIAL]** Executive complaints that the company has received over the past two years. Most of these documents are complaints that have been escalated to higher management from within the company. Some are not. The complaints follow the same pattern that has already been presented to the Commission in the form of PSC complaints and testimony you have received in Winter Park, Clearwater and St. Petersburg.

Q. Does Florida Power propose additional expenditures during the test year to deal with its current service problems?

A. Yes, it does. Company witness Habermeyer testifies that the company is increasing its investments in Energy Delivery and Energy Supply, and in the area of customer service by introducing up-to-date technology, and that they are increasing their generation reserves. (Pg. 2, L12-22) Mr. Habermeyer states his intent to increase investments and expense to improve customer service and he points to the need to upgrade performance of existing facilities, by deploying automation solutions and by increasing the preventive maintenance by replacing 500 rotted poles and by stepping up their efforts to clear rights-of-way to reduce outages from tree limbs. (Pg. 8, L 8-L20)

Company witnesses Myers and Sipes discuss the need for increased investment in reliability and increasing the self-correcting capabilities of the transmission and distribution system. (Sipes, Pg. 13, L13-22) The company needs to spend more to improve its outage response times and witness Sipes points out that employees from CP&L and Florida Power will integrate seamlessly to provide back-up.

Customer input, via service hearings, and complaints, strongly supports the need for the company to improve its service levels. Customers eloquently describe the problems they are receiving from power outages, power surges, fluctuating voltage, and slow response times. Witness Sipes says the company will provide seamless backup between the two companies, but that goal is stated in terms of the future. Customers in Pinellas County were extremely critical of the company during the September storm, when Carolina Power work crews arrived to help but were unable to communicate with the Florida Power dispatch system. The Carolina Power crews were parked in local shopping centers while local customers watched their food spoil while they waited for service. Florida Power customers in Pinellas County are fearful of what might happen should they experience a real hurricane after Florida Power failed them so badly last September.

Witness Sipes points out the need to spend $126.8 million in capital expenditures and $20.1 million in O&M expenses over the next three years (RAS-1) in order to increase safety, optimize reliability and improve system integrity. Florida Power's customers are wondering why has the company suddenly acquired this new commitment to service and why it wasn't done sooner.

In view of the detailed complaints received from Winter Park customers about frequent service outages, surges, fluctuating power and poor tree trimming, I would invite the Commission to closely examine the company's reliability initiatives that are attached to RAS-1. Many of the service improvement initiatives described by Mr. Sipes relate directly to the problems that were identified by customers in the Winter Park hearing.

Mr. Sipes states that the company's "aging underground cable that was installed on the Florida Power's system during the 1960's and 1970's" needs replacement at a cost of $8 million ($24 million over three years) Mr. Sipes' attachment describes the safety hazard created by deterioration of the concentric neutral in these cables over the past 30+ years. (Pg. 6) To quote his attachment, "In simple terms, someone could get shocked if they reached out and touched a metal object (such as a water faucet) that is grounded to the main electrical entrance of the residence or business" that is served by one of these cables.

Mr. Sipes attachment also shows that the company needs to spend another $4.5 million in capital and $1.5 million in O&M expense over the next three years to replace deteriorating pad-mounted transformers, 38% of which are over 20 years old (RAS-1, Pg. 6-7) The attachment states "The benefits of this initiative is the elimination of a potential injury to the public should someone come in contact with exposed terminations inside a transformer that has rusted out."

Page 7 of Mr. Sipes attachment describes the accelerated replacement of deteriorating poles found in previous inspections that were identified as being unsafe to climb.

The attachment states, "Should these poles fail, they could cause outages, but the most significant impact would be as a safety concern with the general public and especially with FPC employees."

Mr. Habermeyer also mentioned the need to accelerate pole replacements and the company has identified $6 million worth of deteriorating pole replacements that have already been identified as being unsafe to climb and in need of replacement.

FPC witness Rogers states on Pg. 5 of her testimony that "Florida Power's transmission system was installed in the 1950s, 1960s and 1970s, and it is now showing signs of age." She further states that the company is "committed to accomplish needed repairs and replacement of equipment over a three-year time horizon." She further states, "Stretching the process out over any longer period of time would expose our customers to risk of system failures, and invite complications if we experience severe storms in the interim." (Pg. 5, L16- Pg. 6-L14)

The needed transmission improvement initiatives identified by witness Rogers amount to $29 million in O&M expense and $38 million in capital expense over the three year period.

Florida Power's own testimony supports the position that much of its plant is antiquated, in need of repair and replacement, and that the failure of the company to keep up with the deterioration of its facilities in the past is the reason for much of the customer criticism that the company is experiencing today. Florida Power will gain **[BEGIN CONFIDENTIAL] XXXX [BEGIN CONFIDENTIAL]** in depreciation

cash flow for its existing transmission and distribution facilities in 2002, while it plans to spend **[BEGIN CONFIDENTIAL] XXXXX [END CONFIDENTIAL]** million for reliability initiatives and **[BEGIN CONFIDENTIAL] XXXXX [END CONFIDENTIAL]** million for replacement and refurbishment projects. The company's total capital program also includes **[BEGIN CONFIDENTIAL] XXXX [END CONFIDENTIAL]** million new revenue-generating construction projects involving growth. (REP-6) Florida Power customers should not be required to suddenly pick up the slack when the company has failed to upgrade its facilities during past years.

Q. What action do you recommend that the Commission take concerning the quality of service provided by Florida Power?

A. I recommend that in view of the customer complaints and the poor level of service provided by the company in comparison to the other electric utilities in Florida that the Commission set rates 25 basis points below the midpoint return on equity that the Commission would otherwise consider reasonable. I recommend that this apply for a period of three years, or until all of the transmission and distribution service initiatives described by company witnesses Habermeyer, Sipes and Rogers are complete.

Q. Are there precedents for this action?

A. Yes. The most recent example of such an action is contained in Commission Order No. 23573 in the Gulf Power 1990 rate case, Docket 891345-EI.. The Commission reduced the midpoint return on equity for the company by 50 basis points for a two year period due to mismanagement. The Florida Supreme Court upheld the Commission's actions in the Gulf Power case on April 8, 1992, Case No. 77,153.

A. Are there other actions the Commission should take?

A. Yes. The Commission has already approved the concept of automatic rebates to customers who receive less than standard service from telephone companies in the recent Sprint and BellSouth service quality dockets. The Commission staff has already recommended automatic customer rebates for customers in the Gulf Power docket and we support this proposal for Florida Power. The concept of sending automatic rebates to customers when a utility fails to provide adequate service is fair and equitable to ratepayers. It is a good tool to reward companies for providing excellent service, as well as to penalize those who do not.

Q. Does the Commission have the power to take the actions you have recommended?

A. I'm not an attorney, but the Florida Statutes are quite specific that "In fixing the just, reasonable, and compensatory rates,.....the commission is authorized to give consideration, among other things, to the efficiency, sufficiency, and adequacy of the facilities provided and the services rendered" (F.S. 366.041 Rate fixing; adequacy of facilities as criterion) (Exhibit REP-7)

Q. What additional measures should the Commission implement to ensure that Florida Power customers receive adequate service?

A. The Commission should require the company to report its service results and update its service improvement initiatives on a monthly basis until the penalty is removed. The Commission should also conduct an immediate investigation regarding the preparations that Florida Power has in place to assure that there is no repeat of the company's dismal performance from last September's tropical storm.

Q. Does this conclude your testimony?

A. Yes, it does.

INDEX OF EXHIBITS

DIRECT TESTIMONY--R.E. POUCHER

DOCKET NO. 000824-EI

EXHIBIT NAME	EXH. NO.	
PSC COMPLAINTS	REP-1	_____
PSC LOGGED CUSTOMER COMPLAINTS **This information claimed confidential by Florida Power Corporation**	REP-2	_____
WARM TRANSFERS **This information claimed confidential by Florida Power Corporation**	REP-3	_____
ELECTRIC SERVICE QUALITY ANALYSIS	REP-4	_____
SUMMARY OF ELECTRIC UTILITY INDICES	REP-5	_____
RELIABILITY, REPLACE, REFURBISH **This information claimed confidential by Florida Power Corporation**	REP-6	_____
FLORIDA STATUES - SERVICE	REP-7	_____

Exhibit REP-1
Docket 000824-EI

PSC COMPLAINTS

FPSC COMPLAINTS, INQUIRIES & WARM TRANSFERS

FLORIDA POWER

YEARS 2000 AND 2001

	YEAR 2000*	YEAR 2001*
DEC	98	58
JAN	112	95
FEB	66	48
MAR	70	55
APR	74	45
MAY	68	49
JUN	63	58
JUL	72	75
AUG	86	93
SEP	61	305
OCT	82	211
NOV	62	130
TOTAL	914	1,222

TOTAL INCREASE=308 PERCENT INCREASE=33.7%

*Year ending November 30

Exhibit REP-2
Docket 000824-EI

PSC LOGGED CUSTOMER COMPLAINTS

THIS INFORMATION CLAIMED CONFIDENTIAL
BY FLORIDA POWER CORPORATION

Exhibit REP-3
Docket 000824-EI

WARM TRANSFERS

THIS INFORMATION CLAIMED CONFIDENTIAL
BY FLORIDA POWER CORPORATION

Exhibit REP-4
Docket 000824-EI

ELECTRIC SERVICE QUALITY ANALYSIS

ELECTRIC SERVICE QUALITY ANALYSIS

YEAR 2000*

COMPANY	SAIDI	CAIDI	SAIFI	MAIFI
FPC	100.6	75.4	1.33	16.5
FP&L	70.3	58.3	1.21	10.8
GULF	96.85	80.56	1.2	10.05
TECO	43.4	51.65	0.84	12.67
AVERAGE	77.7875	66.4775	1.145	12.505

Source: Summary Report of the 1998 through 2000 Electric Utility Reliability Indices, FPSC

SAIDI=sum of all customer minutes interrupted/total number of customers served

CAIDI=sum of customer minutes interrupted/total number of customer interruptions

SAIFI=total number of customer interruptions/total number of customers served

MAIFI=sum of all cust. momentary interruption events/total number of custs. Served

Exhibit REP-5
Docket 000824-EI

SUMMARY OF ELECTRIC UTILITY INDICES

State of Florida

Public Service Commission

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

DATE: June 6, 2001
TO: William D. Talbott, Executive Director
FROM: Division of Safety and Electric Reliability (Breman, Lee, Matlock, McNulty)
Division of Policy Analysis and Intergovernmental Liaison (Groom)
RE: Summary Report of the 1998 through 2000 Electric Utility Reliability Indices
CRITICAL INFORMATION: ACTION IS NEEDED - Consideration is being requested for the June 11, 2001 Internal Affairs Meeting. Approval is sought to extend the trial annual reporting requirement for the Electric IOUs.

This report summarizes the results of a three year trial reporting period (1998 - 2000) of specified distribution reliability indices for Florida's electric investor owned electric utilities. The trial reporting period was established by the Commission in 1998 to evaluate the effectiveness of using several electric distribution service reliability indices in monitoring distribution service reliability. The indices, as defined by the Institute of Electrical and Electronics Engineers, Inc. (IEEE), are widely used by electric utilities throughout the country to gauge distribution service reliability. However, Florida electric utilities are not required by statute nor Commission rules to report them to the Commission. The utilities have filed the trial period annual reports on March 1 of each year of the trial period, covering the performance of the prior year, in conjunction with the Annual Distribution Reliability Reports required under existing Rule 25-6.0455. The trial period annual reports were requested by the Commission at the June 15, 1998 Internal Affairs meeting.

Staff recommends that the Commission direct Florida electric IOUs to continue its annual reporting of IEEE indices and data in the manner they have been reporting them during the trial period until such time that revisions to Rule 25-6.0455 are adopted. In the alternative, Staff recommends that the Commission direct the utilities to extend the trial reporting period at least through Calendar Year 2001.

The Commission initiated the trial reporting requirement in response to concerns highlighted in a December 1997 staff review of distribution reliability titled Electric Service Quality and Reliability, prepared by the Division of Regulatory Oversight. Staff conducted a review of distribution reliability and service quality in 1997 at Florida Power & Light Company (FP&L), Florida Power Corporation (FPC), Gulf Power Company (GPC) and Tampa Electric Company (TECO) due in part to increases in customer complaints. The study concluded that reductions in distribution service quality had occurred at both FP&L and FPC during the 1992 through 1997 time period. Service quality declines were evidenced by increases in both the frequency and duration of service interruptions. By late 1996 or early 1997, the two companies recognized the need for extensive efforts aimed at improvement, and they targeted resources accordingly. A November 2000 staff review titled *Electric Service Quality and Reliability at Florida Power and Light Company and Florida Power Corporation* gauged the effectiveness of the utilities' efforts during 1997 though 1999. The review concluded that the two companies experienced improvement in most facets of distribution reliability from 1997 through the end of 1999.

At the June 15, 1998 Internal Affairs meeting, the Commission also requested an annual staff update on the progress of the utilities in achieving consistency in developing and reporting the new data. Each year thereafter, staff met with the companies regarding the proposed trial indices and the data contained in their annual reports. Staff has updated the Commission after meeting with the companies and reviewing any additional information the utilities present each year. Appendix A to this memorandum is staff's review of the utilities' report of IEEE distribution service reliability indices and other distribution reliability data reported pursuant to Rule 25-6.0455 (Annual Distribution Service Reliability Report). Appendix A also discusses the current status of customer complaints related to distribution service. Appendix B shows a summary of the data submitted by the utilities in their annual reports, and it includes 1997 through 2000 results.

The three year trial use period for reliability indices that measure the frequency and duration of service interruptions (interruptions lasting more than one minute) and the frequency of momentary interruptions (interruptions less than one minute) confirmed that the indices are important indicators of changes in the quality of service provided. Sustained reliability and quality of service improvements relative to 1997 by Florida Power and Light Company and Florida Power Corporation were detected using these indices. Similar conclusions could not be readily made by relying solely on the reporting requirements that existed prior to 1998.

Staff believes that the reliability indices have significant value in assessing distribution reliability, but due to the expiration of the trial reporting period, the reporting of the indices will be discontinued without action by the Commission to extend the reporting requirement. Thus, Staff recommends that the Commission direct Florida electric IOUs to continue its annual reporting of IEEE indices and data in the manner they have been reporting them during the trial period until such time that revisions to Rule 25-6.0455 are adopted. Staff is currently drafting proposed rule revisions which would, if approved, codify the reporting requirement of the indices and information reported during the trial reporting period. In the alternative, Staff recommends that the Commission direct the utilities to extend the trial reporting period at least through Calendar Year 2001.

1. Summary of 1998-2000.

1.A. New Reliability Indices. Four new reliability indices were initially proposed for the trial period. These new indices were System Average Interruption Duration Index (SAIDI, Appendix B, Figure 1), System Average Interruption Frequency Index (SAIFI, Appendix B, Figure 2), Customer Average Interruption Duration Index (CAIDI, Appendix B, Figure 3) and Momentary Average Interruption Frequency Index (MAIFIe, Appendix B, Figure 4). Staff also tracked another index which is the percent of Customer Experiencing Multiple Interruptions (CEMI5, Appendix B, Figure 5). The 5 reliability indices are well known and understood by the electric industry due to efforts of the Institute of Electrical and Electronics Engineers, Inc. (IEEE) to standardize distribution reliability indices.

1.A.1. National Status of the IEEE Distribution Reliability Indices. The IEEE Working Group on System Design has the task of drafting and developing the necessary definitions and indices. Their draft work product, *IEEE P1366 - Trial Use Guide for Electric Power Distribution Reliability Indices*, contains 12 distribution reliability indices, definitions, and a categorized list of outage cause codes. This year, IEEE will consider submitting the trial use guide to the IEEE standardization process. The indices and definitions in the trial use guide have received a high level of state regulatory acceptance. Massachusetts, Oregon, New York, Ohio, and Texas are a few of the states using three or more of the trial use guide indices in their rules and reporting requirements.

Recent changes to the trial use guide were editorial revisions of certain definitions and outage cause codes. No material changes to the indices have been made in the past few years. However, there continues to be discussion within the IEEE Working Group on System Design regarding the types of outage events which qualify for exclusion from the calculation of the indices. Their goal is to establish a generic "bright line" methodology that identifies which types of outage events should be excluded from the distribution reliability indices. Copies of the minutes of the IEEE working group meetings and recent drafts of the P1366 Trial Use Guide are available at http://grouper.ieee.org/groups/td/dist/sd/.

1.A.2. Florida's trial use of IEEE Distribution Reliability Indices. The Florida utilities reported five specified IEEE indices on a trial use basis. The results are shown in Appendix B, Figures 1 through 5.

The trial use period began in 1997 with GPC, TECO, and Florida Public Utilities Company (FPUC) having less advanced reporting abilities compared to FP&L and FPC. Essentially, the utilities' 1997 reliability indices reflected not only differences in service quality but also differences in the capabilities of each utility's respective information systems. The information systems used by FP&L and FPC were highly computerized and able to provide detailed customer specific data. Computer information systems that integrate distribution schematic information, trouble call information, and customer specific information on a real time or near real time basis is called "connectivity." In 1997, FPUC, GPC, and TECO did not have fully developed connectivity information systems. At the time, GPC and TECO were considering connectivity technology upgrades and reviewing vendor options.

Meanwhile, FPUC maintained that fully developed connectivity technology is not appropriate because the expense for their small customer base is not justified. Also, much of the variability in reported indices for utilities such as FPUC may be a reflection of the utility's small

size rather than appreciable changes in reliability and quality of service. For example, one outage event on a primary feeder impacts index values more for FPUC than for the larger utilities. This can be easily demonstrated by using a 1,250 customer feeder outage example. For either of FPUC's divisions, a 1,250 customer outage means approximately 10% of its customer base is affected. However, 1,250 customers is less than 0.1% of FPC's customer base or about 0.03% of FP&L's customer base. Therefore, year-to-year variability in the distribution indices is expected to be higher for smaller utilities, like FPUC, than for larger utilities like FP&L and FPC.

In 1998, staff and the utilities agreed upon a variation of the IEEE index used for measuring the average number of momentary interruptions (MAIFIe). MAIFIe interruptions are the momentary events (less than one minute in duration) that frequently are responsible for resetting digital clocks. Florida utilities are reporting MAIFIe for primary feeders as recorded at the substation breakers only. The intent is to report significant events that tend to affect the average service. MAIFIe tends to be more sensitive to weather events than other indices. Consequently, the recent MAIFIe decline may be due, in part, to the recent dry weather cycle.

Another important multiple service interruption index is the percent of customers experiencing more than five interruptions (CEMI5). For purposes of the 2000 reports, staff asked GPC, TECO and FPUC to estimate CEMI5 if the recorded data did not provide the ability to calculate CEMI5. GPC's 2000 indices were calculated using its system upgrades. TECO provided estimates for CEMI5 for 1999 as well as 2000 because TECO performed audits specifically for their planned 2001 information system upgrades. FPUC was unable to report this index for the reasons noted above.

Normally, increases in reliability indices indicate a general reduction in reliability and quality of service. However, increases in reliability indices can also occur when the quality of the data improves. Based on their internal audits of their 2001 information system upgrades, TECO believes that some of its 2001 and 2002 indices may increase approximately 10%. GPC reported that improved data collection contributed to an approximate 40% increase in GPC's 2000 indices relative to prior years such as 1997 and 1998.

While the IEEE Working Group on System Design considers a "bright line" methodology for determining which types of outage events should be excluded from the distribution reliability indices, no such "bright line" exists today for Florida's utilities. Service interruptions caused by specific outage events such as hurricanes and tornadoes are excluded when calculating the reliability measures required by Rule 25-6.044(1)(a), because outage events of that nature would be too costly to prevent. Utilities would like to broaden the types of events that can be considered excludable in order to make their indices appear more favorable. Some of the events currently not excluded are outlier events, such as high wind and lightning events, unrelated to named storms but which may result in a greater number of outages than normal. One "bright line" methodology that would eliminate some of the ambiguity over events properly excluded may be the activation of county or state Emergency Operations Centers (EOC). However, utilities may want exclusions granted even in cases were the EOC is not activated such as a lighting storm which results in a higher than usual number of outages. From staff's perspective, it is unclear whether outlier events unrelated to a "bright line" methodology are proper for exclusion when at the same time vegetation contact with distribution lines can be found in utility service territories.

1.B. Distribution Reliability Data Reported Pursuant to Rule 25-6.0455 (Annual Distribution Service Reliability Report). The rule requires utilities to report three system statistics. These statistics are 1) total number of service interruptions, or "N", 2) average duration of an outage event, or "L-Bar", and 3) identification of the three percent of the utility's feeders with the highest number of feeder breaker lockouts, or "Three Percent Feeder Report".

Growth can have an apparent adverse effect on the total number of service interruptions and the number of feeders on the Three Percent Feeder Report. As growth occurs, more feeders and more customers are added. Therefore, more feeders appear on the Three Percent Feeder Report simply because the number of feeders in service has increased. Similarly, increases in the number of service interruptions can occur simply because there are more customers to serve. Consequently, other indices such as those discussed in the prior section need to be reviewed in addition to N, L-Bar, the Three Percent Feeder Report, as well as customer complaint logs, to determine whether service has declined or improved.

1.B.1 The Number of Service Interruptions (N). The annual number of outage events per 100 customers served from 1997 through 2000 appear in Appendix B, Figure 6. A slight downward trend is evident for TECO, FP&L and FPC while the opposite is true for GPC. FPUC's data is not shown prior to 1999 because staff's detailed data collection on FPUC began with the 1999 annual reports. Staff will continue to monitor these trends.

1.B.2 The Average Duration of an Outage Event (L-Bar). The average duration of an outage event for each utility appears in Appendix B, Figure 7. FP&L shows a downward trend in the duration of an outage event, while all other utilities show a moderate increase. Staff made inquiries regarding these trends; however, the utilities were unable to provide a primary reason for the increases. Staff will continue to monitor these trends.

1.B.3 The Three Percent Feeder Report. The percent of feeders appearing on the Three Percent Feeder report more than once during a three year period is shown in Appendix B, Figure 8 for FP&L, FPC, TECO, and GPC. FPUC is not included in Appendix B, Figure 8 because their data is not statistically meaningful. FPC, GPC, and FP&L have reduced the percent of repeat feeders over the 1998 through 2000 period. However, TECO continued to experience sustained increases over the same period. Staff will continue to monitor these trends.

1.B.4 Outage Causation: Appendix B, are shown in Figures 9 - 13. The causes of interruptions as a percentage of total interruptions in year 2000 for FP&L, FPC, TECO, GPC, and FPU. The largest outage cause category for 2000 is unknown (33.6%), followed by other (23.9%), and vegetation (14.3%) as shown in Appendix B, Figure 9. Appendix B, Figure 10 shows FPC's largest outage cause category for 2000 is other (35.6%), followed by vegetation (15.2%), and animal (14.4%). Appendix B, Figure 11 shows TECO's largest outage cause category for 2000 was lightning (25.4%) followed by other (21.7%), and animal (17.2%). Appendix B, Figure 12 shows GPC's largest outage cause category for 2000 is animal (34.8%), followed by other (21.7%), and lightning (18.1%). Finally, Appendix B, Figure 13 shows FPU's largest outage cause category for 2000 is lightning (25.1%), followed by vegetation (21.4%), and unknown (19.9%).

Currently, IEEE has a proposed standard on cause codes under development. We are monitoring this development and the trends.

1.C. Customer Complaints. Over the past five years, the Commission implemented new rules, and the Division of Consumer Affairs implemented several changes that facilitate prompt response to customers and detailed review of complaint trends. Prior to July 1, 1999, the FPSC classified consumer contacts as Inquiries, Letters, and Reference Cases. On July 1, 1999, the FPSC modified its Consumer Activity Tracking System (CATS) such that customer contacts are now classified as Complaints, Information Requests, or Docketed Correspondence. A Complaint is a substantially unresolved objection regarding a regulated utility, as it relates to charges, facility operations, or the quality of the services rendered. Disposition of a complaint requires an investigation and/or analysis by the FPSC staff. Also in 1999, expanded complaint reporting capabilities were added to CATS. The additional reports provide company specific details, such as the complaint types received by the Commission and the customer locations of the complainants. However, the detailed reporting abilities do not extend to periods prior to 1999. While the enhanced reports are beneficial in assessing company specific service quality complaint trends, insufficient data has been collected to date to make specific conclusions at this time.

A cautionary note regarding the use of customer complaint data may be in order. CATS complaint data can only be used as an indicator of possible deteriorating electric service quality because the majority of outage events are corrected by the utility without complaints being reported to the Commission. Commission complaints served as a useful indicator in 1997, but was followed by a thorough staff review of reliability measures.

1.D Conclusions. The three year trial use period for reliability indices SAIDI, SAIFI, CAIDI, MAIFIe, and CEMI5 confirmed that these indices are important indicators of changes in the quality of service provided. Sustained reliability and quality of service improvements relative to 1997 were achieved by FP&L and FPC. Similar conclusions could not be readily made by relying solely on the reporting requirements that existed prior to 1998. All utilities are using increasingly comparable data to calculate the service quality indices. Staff will continue to monitor the progress of the utilities through their working group reports, individual company reports, and meetings as necessary. The Commission's expressed desire to reduce customer complaints and improve service quality provided an incentive for the utilities to act.

2. Future Events

2.A. Continued Enhanced Reporting. Utilities should continue to report annually the reliability indices SAIDI, SAIFI, CAIDI, MAIFIe, and CEMI5 until such time as new rules are established. These indices facilitate review of a utility's over-all quality of service over time. Utilities should continue providing their distribution reliability reports with the same level of detail and format used in their March 1, 2001 reports.

2.B. Rule Changes. In June 2000, staff asked the utilities to draft a "strawman" proposal directed at potential rule changes. Staff asked that the "strawman" proposal define both reliable electric service (in terms of outage frequency and duration, number of momentary events, etc) as well as acceptable electric service (in terms of voltage/current standards, grounding standards, etc.). The utilities were also requested to identify in their "strawman" proposals the appropriate measurement tools which can be used to assess the reliability and acceptability of distribution service. The utilities provided a consensus "strawman" proposal on November 31, 2000. The utility consensus "strawman" proposal suggested improved definitions, annual reporting of specified IEEE indices, and reduced reporting requirements related to outage causation and other current reporting

requirements, such as N and L-Bar.

Staff believes rule changes may be appropriate at this time. Staff's initial draft rule incorporates improvements in definitions and reporting achieved in the past three years.

Figure 1

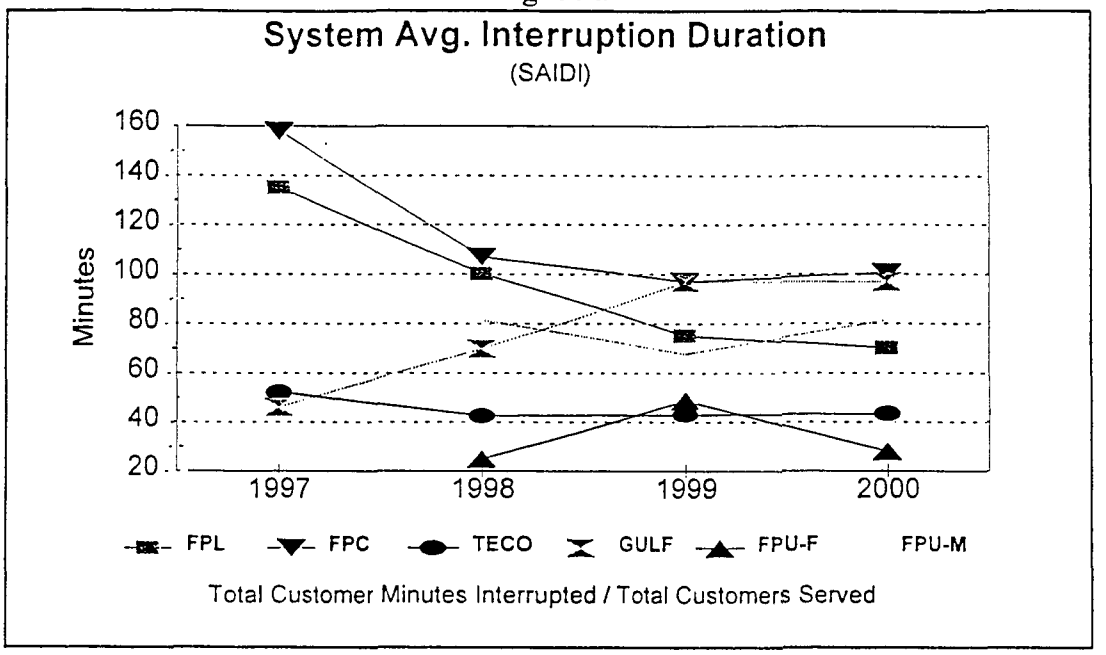

Figure 2

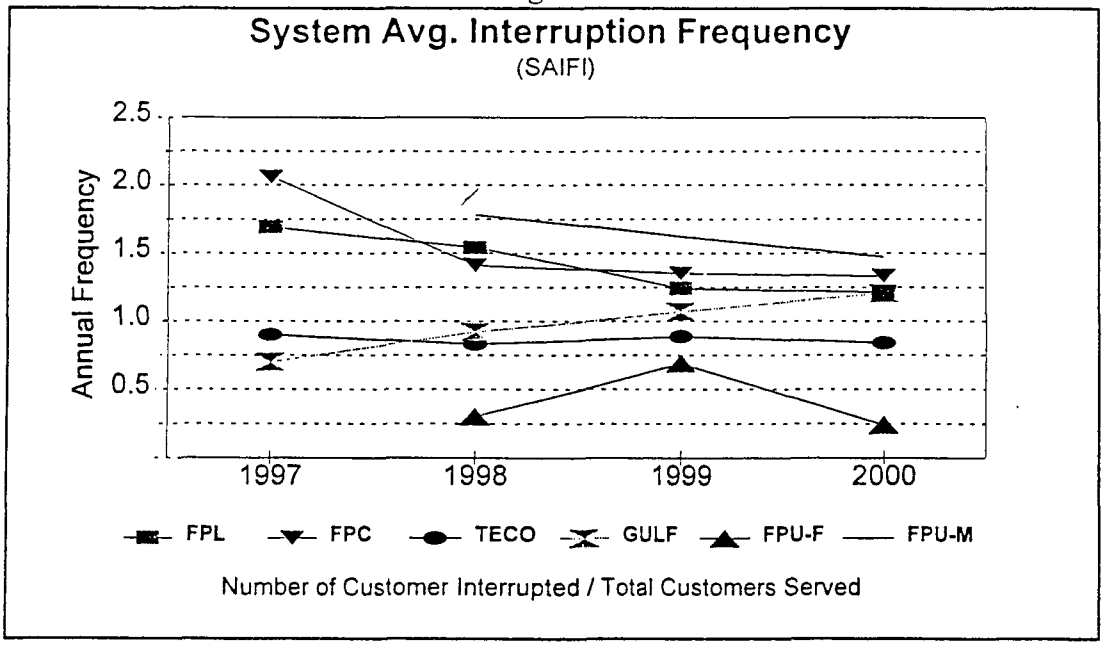

Figure 3

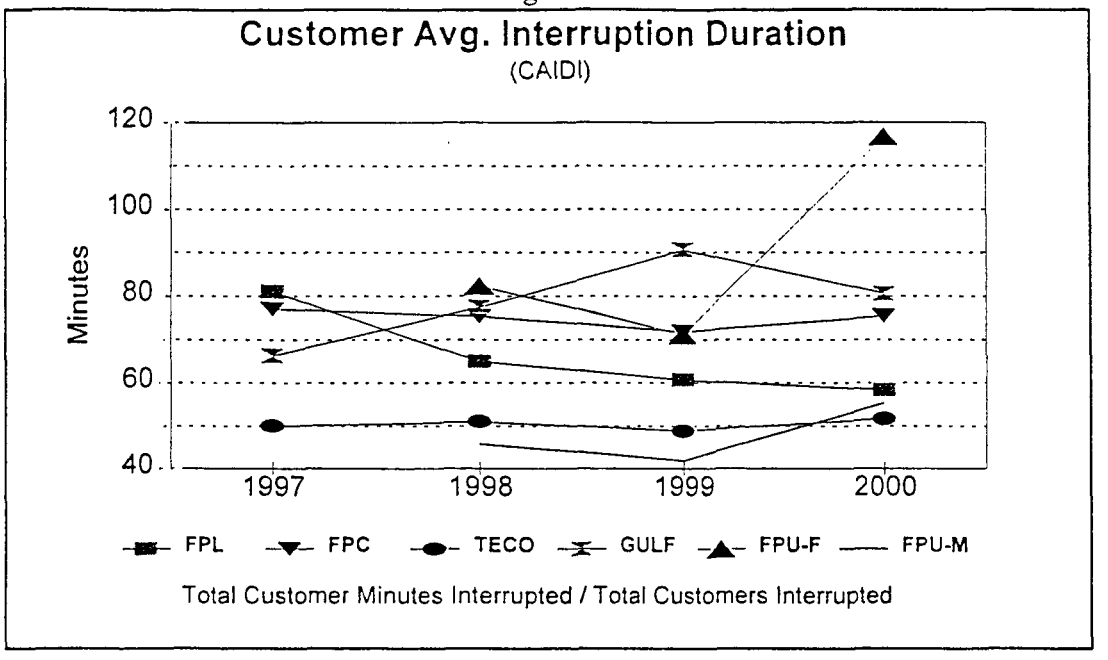

Figure 4

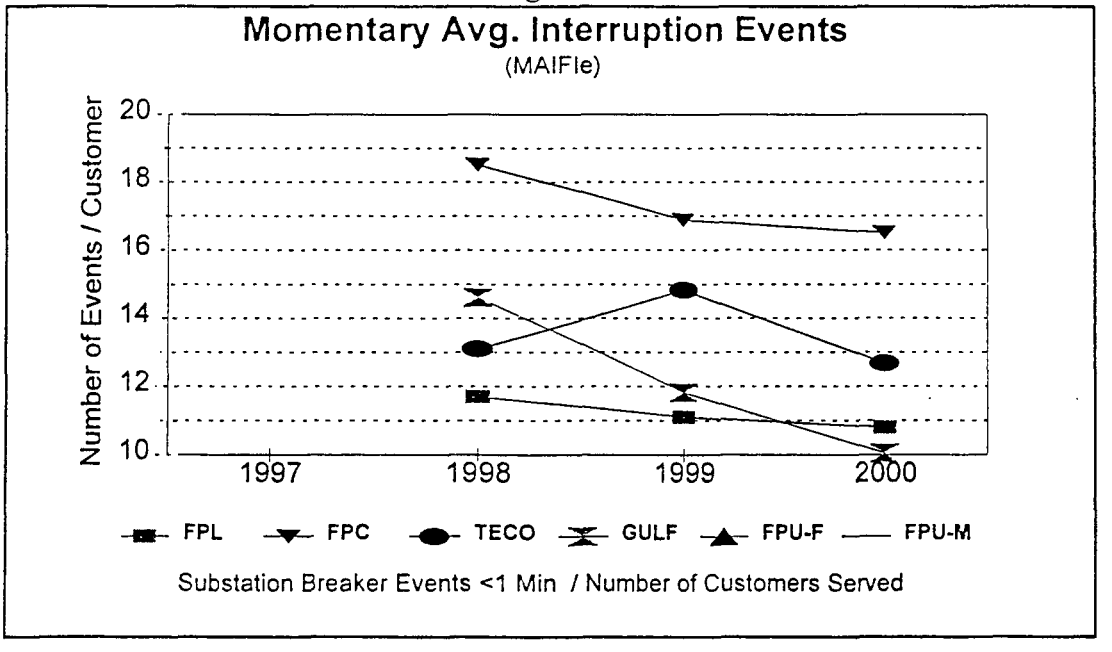

Figure 5

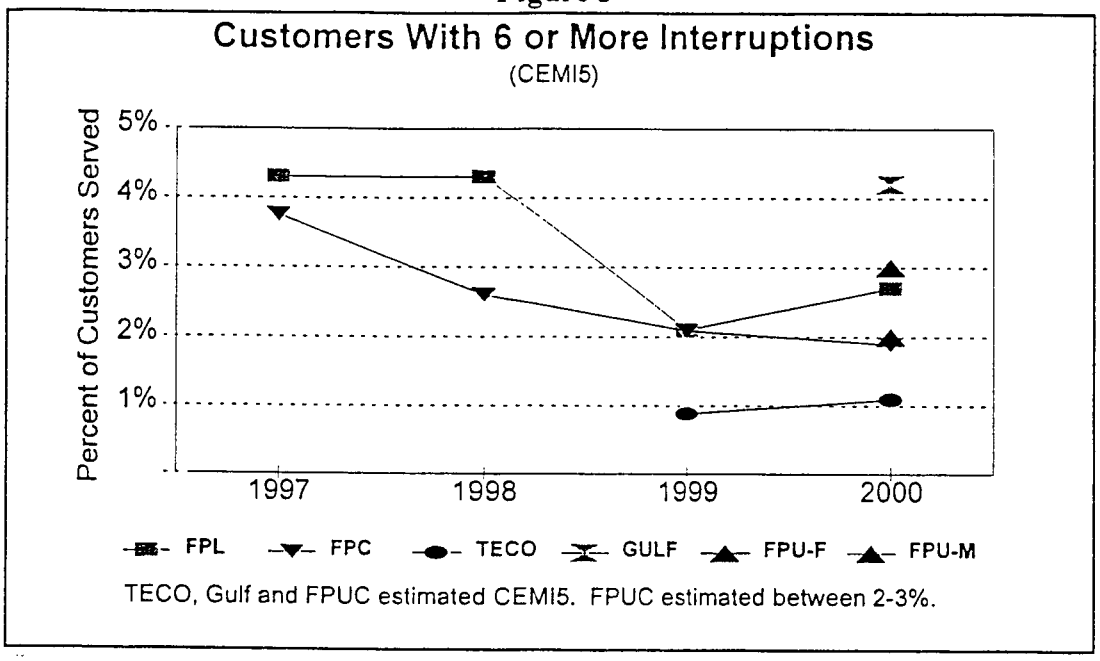

Figure 6

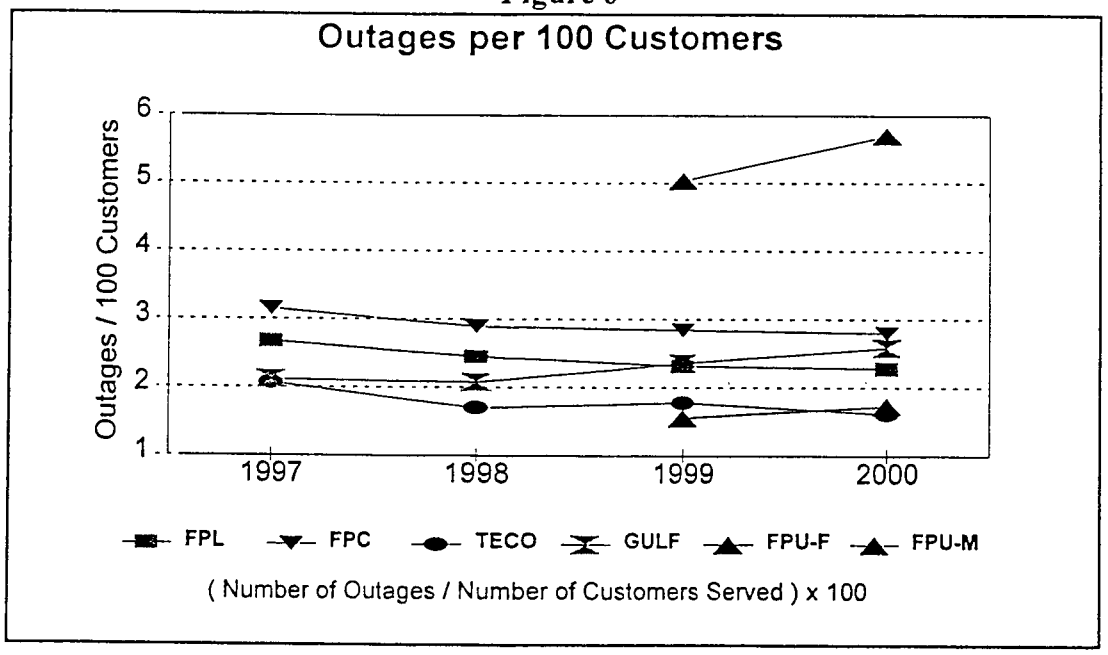

Figure 7

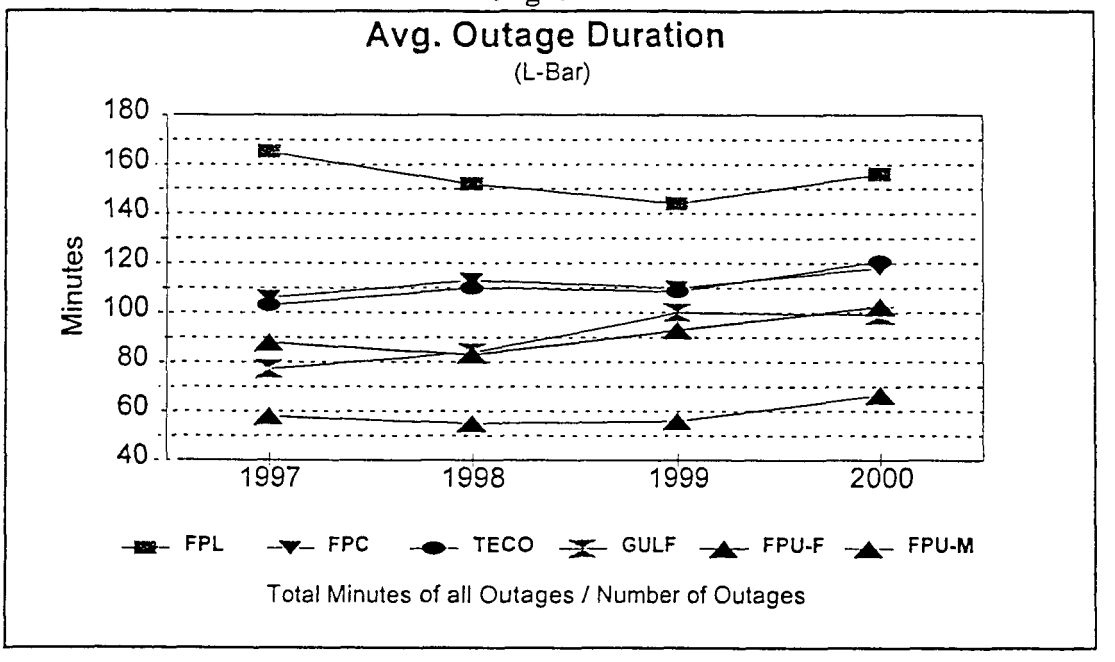

Figure 8

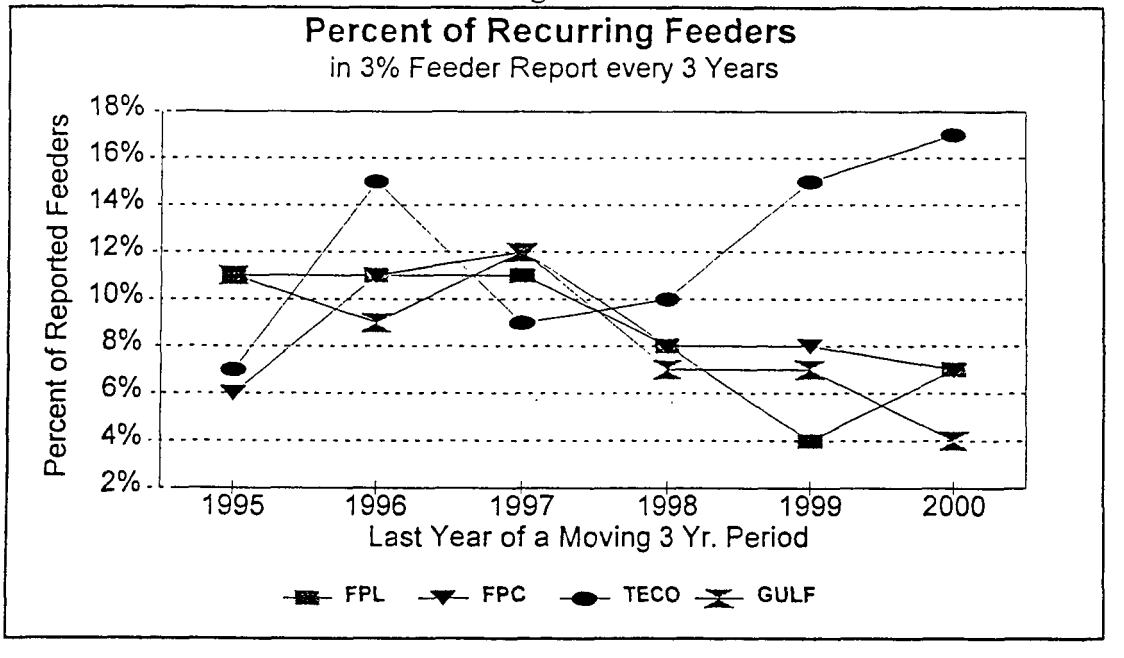

Figure 9

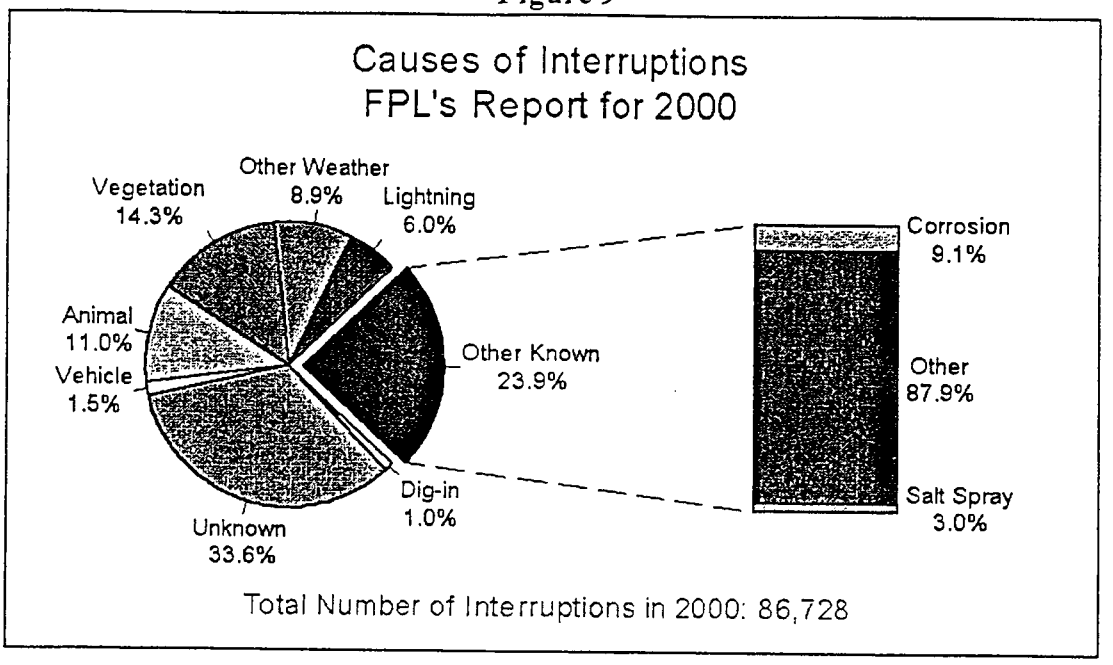

Figure 10

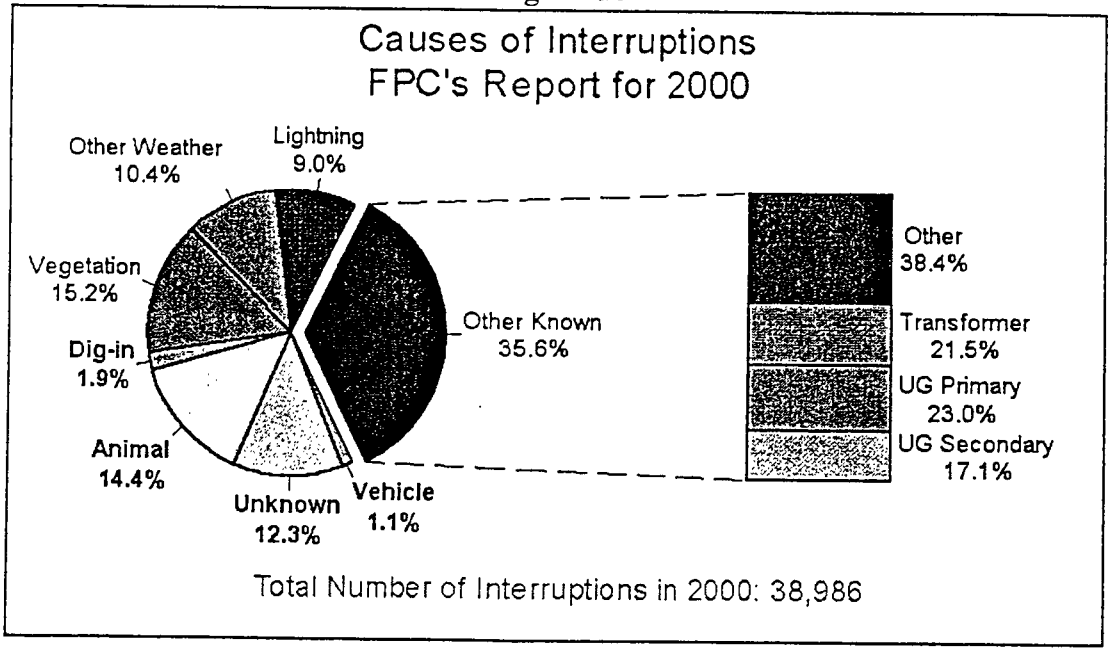

Figure 11

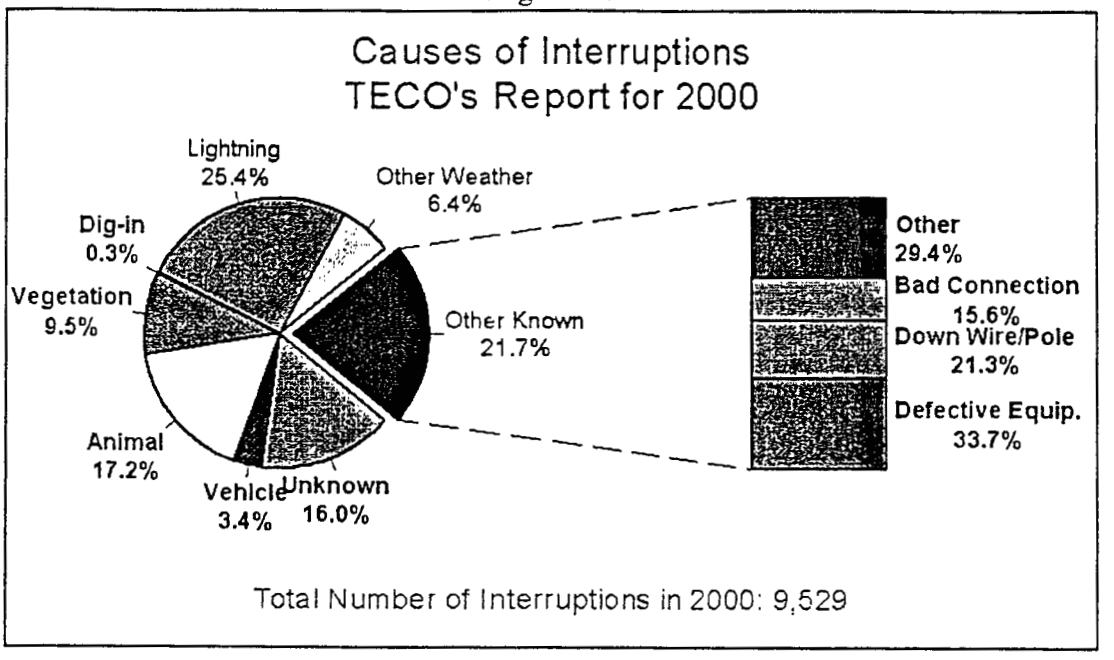

Figure 12

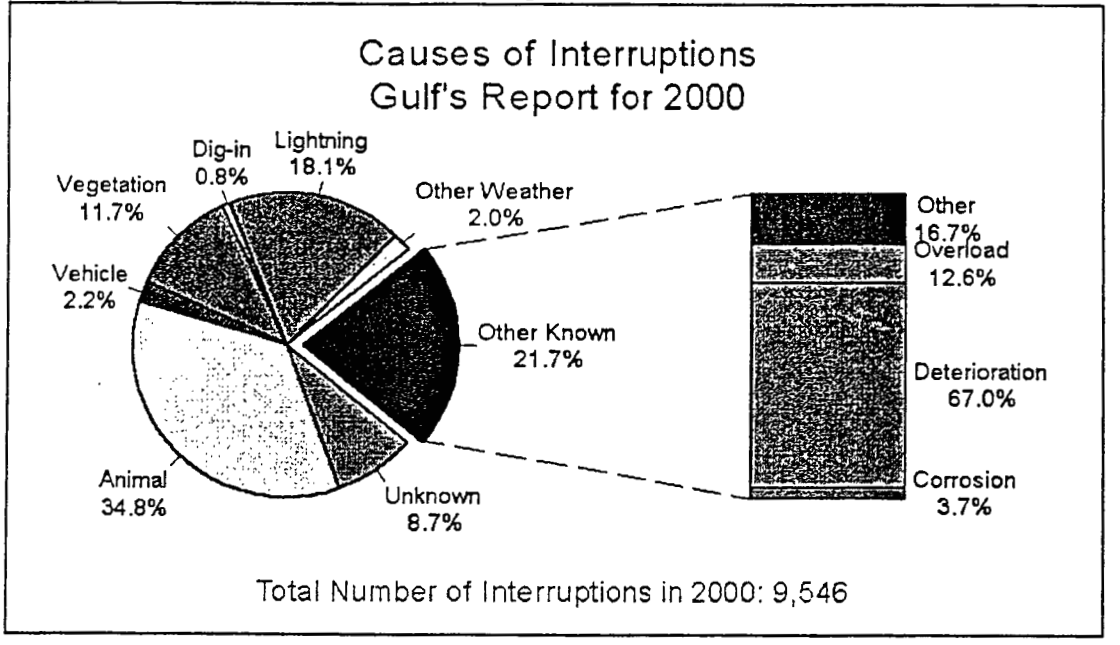

Figure 13

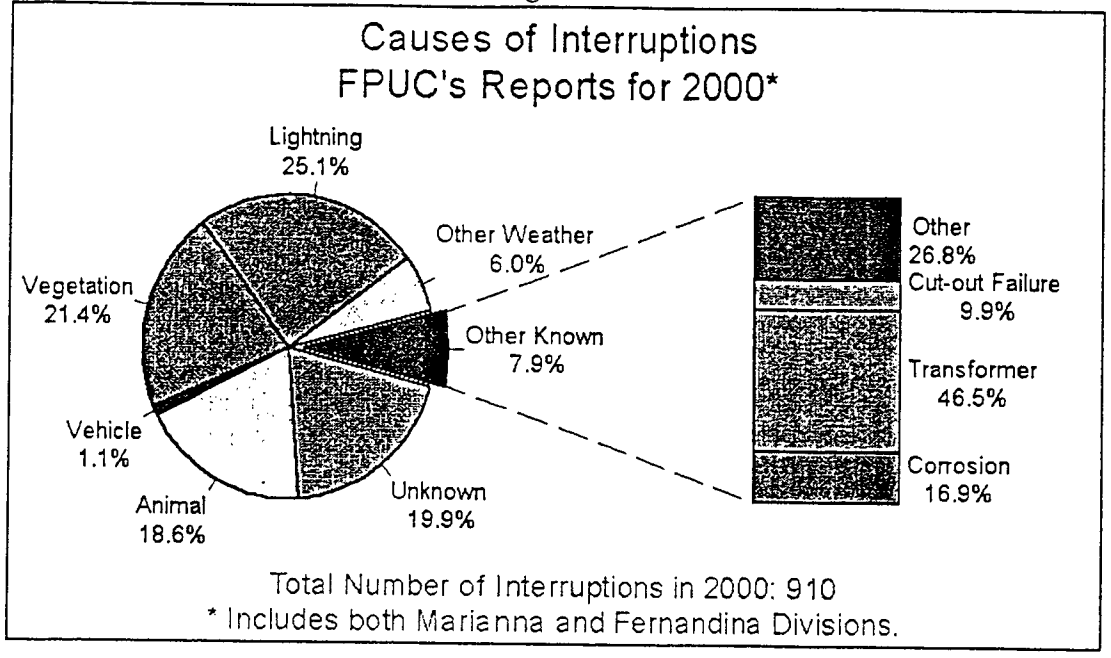
Causes of Interruptions
FPUC's Reports for 2000*
Lightning
25.1%
Other Weather
6.0%
Vegetation
21.4%
Other Known
7.9%
Vehicle
1.1%
Animal
18.6%
Unknown
19.9%
Other
26.8%
Cut-out Failure
9.9%
Transformer
46.5%
Corrosion
16.9%
Total Number of Interruptions in 2000: 910
* Includes both Marianna and Fernandina Divisions.

Exhibit REP-6
Docket 000824-EI

RELIABILITY, REPLACE, REFURBISH

THIS INFORMATION CLAIMED CONFIDENTIAL
BY FLORIDA POWER CORPORATION

Exhibit REP-7
Docket 000824-EI

FLORIDA STATUES - SERVICE

The 2001 Florida Statutes

Title XXVII Railroads And Other Regulated Utilities | **Chapter 366** Public Utilities | **View Entire Chapter**

366.041 Rate fixing; adequacy of facilities as criterion.--

(1) In fixing the just, reasonable, and compensatory rates, charges, fares, tolls, or rentals to be observed and charged for service within the state by any and all public utilities under its jurisdiction, the commission is authorized to give consideration, among other things, to the efficiency, sufficiency, and adequacy of the facilities provided and the services rendered; the cost of providing such service and the value of such service to the public; the ability of the utility to improve such service and facilities; and energy conservation and the efficient use of alternative energy resources; provided that no public utility shall be denied a reasonable rate of return upon its rate base in any order entered pursuant to such proceedings. In its consideration thereof, the commission shall have authority, and it shall be the commission's duty, to hear service complaints, if any, that may be presented by subscribers and the public during any proceedings involving such rates, charges, fares, tolls, or rentals; however, no service complaints shall be taken up or considered by the commission at any proceedings involving rates, charges, fares, tolls, or rentals unless the utility has been given at least 30 days' written notice thereof, and any proceeding may be extended, prior to final determination, for such period; further, no order hereunder shall be made effective until a reasonable time has been given the utility involved to correct the cause of service complaints, considering the factor of growth in the community and availability of necessary equipment.

(2) The power and authority herein conferred upon the commission shall not cancel or amend any existing punitive powers of the commission but shall be supplementary thereto and shall be construed liberally to further the legislative intent that adequate service be rendered by public utilities in the state in consideration for the rates, charges, fares, tolls, and rentals fixed by said commission and observed by said utilities under its jurisdiction.

(3) The term "public utility" as used herein means all persons or corporations which the commission has the authority, power, and duty to regulate for the purpose of fixing rates and charges for services rendered and requiring the rendition of adequate service.

(4) No electric utility may collect impact fees designed to recover capital costs in initiating new service unless the utility can demonstrate and the commission finds that such fees are fair, just, and reasonable and are collected from the ultimate utility customer of record at such time as or after permanent electric service is provided. This prohibition shall not apply to underground electric distribution lines or line extension charges collected pursuant to approved tariffs.

History.--ss. 1, 2, 3, 4, ch. 67-326; s. 3, ch. 76-168; s. 1, ch. 77-457; s. 53, ch. 78-95; ss. 4, 16, ch. 80-35; s. 2, ch. 81-318; ss. 3, 20, 22, ch. 89-292; s. 4, ch. 91-429.