

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Request for Approval of) DOCKET NO. 940218-EI
annual underground residential) ORDER NO. PSC-94-0540-FOF-EI
distribution tariff revisions by) ISSUED: May 9, 1994
Gulf Power Company, Tampa)
Electric Company, Florida Power)
and Light Company, and Florida)
Power Corporation.)

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman
SUSAN F. CLARK
JULIA L. JOHNSON
DIANE K. KIESLING
LUIS J. LAUREDO

ORDER APPROVING TARIFF REVISIONS

BY THE COMMISSION:

Pursuant to Section 366.06(4), Florida Statutes, and Rules 25-6.033, and 25-6.078, Florida Administrative Code, Florida Power Corporation (FPC), Florida Power & Light Company (FPL), Gulf Power Company (GPC), and Tampa Electric Company (TECO) have filed their annual revised tariffs and charges associated with the installation of underground residential distribution service. These costs represent the additional costs to provide underground service in place of the standard overhead service. The cost of standard overhead service is recovered in the base rates paid by all customers. The proposed changes were accompanied by work papers which reasonably explained the derivation of the charges.

Based on the following analysis, we find that Florida Power & Light Company's, Tampa Electric Company's, Florida Power Corporation's, and Gulf Power Company's updated tariff sheets and charges associated with the installation of underground electric distribution facilities to serve new residential subdivision customers should be approved.

The updated tariff sheets include the following per lot differential costs as listed in Table 1. Detailed derivation of these costs are shown in the attached Schedules.

DOCUMENT NUMBER-DATE

04438 MAY-94

FPSC-RECORDS/REPORTING

TABLE 1

1994 UNDERGROUND PER LOT DIFFERENTIAL COSTS

RESIDENTIAL SUBDIVISIONS	FPC	FPL	TECO	GULF
Single Family	\$236	\$246	\$329	\$388
Mobile Home Park - Individual Meters	\$158	\$136	\$230	\$235
Mobile Home Park - Ganged Meters	\$30	\$0	N/A	N/A

We have included a summary of the following individual lot differential costs to be applied to residential subdivisions consisting of single family dwellings (226-lot, low density subdivisions) and mobile home parks (176-lot, high density subdivisions). The estimated lot cost differentials for the different types of subdivisions are listed in Tables 2 through 4.

TABLE 2

1994 OVERHEAD VS. UNDERGROUND PER LOT COST DIFFERENTIALS

Single Family Dwelling (Low Density)	1993 Existing	1994 Proposed	Percent (%) Change
FPC	\$286.41	\$235.66	(17.72)
FPL	\$260.77	\$246.32	(05.54)
TECO	\$396.31	\$329.40	(16.88)
GULF	\$319.71	\$388.10	21.39

TABLE 3

1994 OVERHEAD VS. UNDERGROUND PER LOT COST DIFFERENTIALS

Mobile Home Park (High Density) - Individual Meters	1993 Existing	1994 Proposed	Percent (%) Change
FPC	\$174.03	\$157.48	(9.51)
FPL	\$161.57	\$136.46	(15.54)
TECO	\$304.44	\$229.94	(24.47)
GULF	\$245.79	\$234.78	(04.48)

TABLE 4

1994 OVERHEAD VS. UNDERGROUND PER LOT COST DIFFERENTIALS

Mobile Home Park (High Density) - Ganged Meters	1993 Existing	1994 Proposed	Percent (%) Change
FPC	\$55.51	\$30.28	(45.45)
FPL	\$00.00	\$00.00	00.00

On attached Schedule 1, page one of three, Florida Power Corporation's (FPC's) material differential cost has decreased between overhead and underground since last year. This decrease was primarily due to lower priced equipment purchases and more efficient construction design for underground distribution.

While FPC's overhead labor costs are increasing and underground labor costs are decreasing in Schedule 1, page one of three, overall, the differential cost for labor has decreased from last year. The reason for the labor fluctuations in opposite directions appears to be due to design and construction changes for underground distribution. Due to technology changes in transformer designs, the company can now engineer a more efficient distribution system for underground construction. However, the company has not, as of this date, implemented any design changes in overhead

construction. FPC's management has stated that it intends to concentrate their engineering efforts in redesigning the underground distribution system for residential subdivisions, because most of FPC's new subdivision installations are underground and their cost reductions are maximized in redesigning underground construction.

As reflected on Schedule 1, page one of three, Florida Power & Light's (FPL's) material cost increased as their labor cost increased. FPL indicates that its labor cost increased because of increased man-hours allocated per lot, and the material cost increased because FPL's prices on its equipment purchases increased.

FPL has not experienced any labor cost reduction in their underground construction as compared to TECO and FPC. FPL indicates it FPL has encountered larger loads in new subdivisions which required an increased load criteria in their new subdivision design standards. This increase in new construction load, such as increased air conditioning tonnage in new construction homes, has offset the savings experienced by the technology changes for transformer loading.

On Schedule 1, page three of three, and as reflected on Table 4, Florida Power & Light's underground ganged meter installations are less expensive to construct than overhead installations, because the customer has to incur some expense when connecting to the company's transformer pad mount for underground construction and the company incurs all the expenses for transformer connections on overhead construction. As noted in the ganged meter installations, the net underground differential cost was really a credit amount for underground versus overhead; however, FPL has rounded the credit differential of the underground distribution to zero in order to reflect a non-differential charge to the customer for underground versus overhead construction in ganged meter installations.

On Schedule 1, page one of three, Tampa Electric Company's (TECO's) material differential cost have decreased between overhead and underground since last year. This decrease was primarily due to lower priced equipment purchases and more efficient construction design for both overhead and underground construction. TECO has also experienced contract labor negotiations and productivity improvements which resulted in a reduction in labor cost.

As seen in Schedule 1, page one of three and as reflected on Table 2, Gulf Power Company's (GPC's) material differential costs have increased between overhead and underground since last year; however, the total material and labor costs for overhead have

decreased. The total material and labor costs for underground construction have modestly increased. This cost fluctuation between the total overhead cost and total underground cost has resulted in an increase in the overall differential cost, but material costs are down for overhead and underground construction. We believe this is a good trend for this company. This material cost fluctuation is due to bulk material purchase savings by the Southern Company, and these cost savings were passed on from the Southern Company to Gulf Power Company.

Tampa Electric Company and Gulf Power Company did not submit ganged meter tariffs because there has not been enough demand in their service areas to install many ganged meters. These two companies merely charge their ganged meter customers the underground differential for high density subdivisions. Tampa Electric Company is presently negotiating some contract labor cost, and TECO may propose additional changes to their underground tariff charges later in this year.

Based on the foregoing, it is

ORDERED that Florida Power & Light Company's, Tampa Electric Company's, Florida Power Corporation's, and Gulf Power Company's revised tariff sheets and charges associated with the installation of underground electric distribution facilities to serve new residential subdivision customers are hereby approved. It is further

ORDERED that the revised tariffs shall be effective May 20, 1994. It is further

ORDERED that this docket should be automatically closed if no person whose substantial interests are affected by the action proposed files a timely petition for a formal proceeding. If a protest is timely filed the tariff shall remain in effect pending resolution of the protest.

By ORDER of the Florida Public Service Commission, this 9th day of May, 1994.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

by: Kay Flynn
Chief, Bureau of Records

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), 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 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.

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 at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on May 31, 1994.

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.

1993 AND 1994 PER LOT COSTS
 OVERHEAD, UNDERGROUND AND DIFFERENTIAL COSTS
 SINGLE FAMILY DWELLING (LOW DENSITY)

SCHEDULE 1
 Page 1 OF 3

	FPC(a)			FPL			TECO(a)			GULF(d)		
	1993	1994	% Increase	1993 (b)	1994 (c)	% Increase	1993	1994	% Increase	1993	1994	% Increase
OVERHEAD COST												
MATERIAL	\$326.88	\$322.79	-1.25%	\$382.58	\$421.04	7.25%	\$348.71	\$328.75	-5.98%	\$418.25	\$384.88	-12.57%
LABOR	\$186.92	\$186.01	-0.85%	\$371.32	\$415.95	12.02%	\$286.63	\$242.60	-9.01%	\$287.79	\$292.50	1.64%
TOTAL	\$513.78	\$518.80	0.98%	\$753.90	\$836.99	9.57%	\$635.34	\$571.35	-7.30%	\$706.04	\$677.38	-2.02%
UNDERGROUND												
MATERIAL	\$422.84	\$400.58	-5.28%	\$477.46	\$503.88	5.53%	\$464.30	\$429.59	-7.48%	\$482.31	\$478.93	-1.12%
LABOR	\$377.35	\$353.68	-6.22%	\$547.21	\$579.43	5.89%	\$548.35	\$471.18	-14.08%	\$544.44	\$568.55	4.43%
TOTAL	\$800.19	\$754.26	-5.71%	\$1,024.67	\$1,083.31	5.72%	\$1,012.65	\$900.75	-11.05%	\$1,026.75	\$1,047.48	1.82%
DIFFERENTIAL COST												
MATERIAL	\$95.98	\$77.79	-18.85%	\$84.88	\$82.84	-2.40%	\$114.59	\$100.84	-12.00%	\$83.08	\$112.05	77.88%
LABOR	\$180.43	\$157.87	-17.10%	\$175.89	\$163.48	-7.08%	\$281.72	\$228.58	-18.87%	\$256.65	\$278.05	7.58%
NET	\$276.41	\$235.66	-17.72%	\$260.77	\$246.32	-5.54%	\$396.31	\$329.40	-16.88%	\$339.73	\$390.10	21.38%

Notes:

- (a) To subdivisions with a density of 1.0 but less than 6 dwelling units per acre.
- (b) To subdivisions with a density of 0.5 to 6 units per acre (excludes multiple occupancy buildings).
- (c) To subdivisions with a density of 0.5 to 6 units per acre (excludes multiple occupancy buildings greater than 4 units per service lateral).
- (d) To subdivisions with a density of 1.5 to 6 dwelling units per acre.

1993 AND 1994 PER LOT COSTS
 OVERHEAD, UNDERGROUND AND DIFFERENTIAL COSTS
 MOBILE HOME PARK (HIGH DENSITY) - INDIVIDUAL METERS

SCHEDULE 1
 Page 2 OF 3

	FPC(a)			FPL(b)			TECO(a)			GULF(a)		
	1993	1994	% Increase	1993	1994	% Increase	1993	1994	% Increase	1993	1994	% Increase
OVERHEAD COST												
MATERIAL	\$285.44	\$248.49	-12.94%	\$324.77	\$325.80	0.26%	\$282.54	\$288.82	2.47%	\$360.98	\$317.87	-11.94%
LABOR	\$152.78	\$158.12	3.50%	\$291.58	\$329.32	12.94%	\$211.78	\$232.99	10.03%	\$230.22	\$234.89	2.07%
TOTAL	\$438.22	\$406.61	-7.21%	\$616.35	\$654.92	6.28%	\$494.30	\$522.51	5.71%	\$591.20	\$552.86	-6.49%
UNDERGROUND												
MATERIAL	\$338.38	\$283.05	-16.36%	\$400.48	\$398.08	-0.60%	\$372.82	\$357.50	-4.13%	\$441.20	\$383.10	-13.17%
LABOR	\$273.87	\$281.04	2.62%	\$377.45	\$383.30	1.53%	\$425.82	\$394.95	-7.25%	\$395.79	\$404.54	2.21%
TOTAL	\$612.25	\$564.09	-7.82%	\$777.93	\$781.38	0.44%	\$798.64	\$752.45	-5.80%	\$836.99	\$787.64	-5.80%
DIFFERENTIAL COST												
MATERIAL	\$52.94	\$34.58	-34.72%	\$75.71	\$72.48	-4.27%	\$80.38	\$67.98	-15.78%	\$80.22	\$65.23	-18.69%
LABOR	\$121.09	\$122.92	1.51%	\$85.88	\$83.99	-2.18%	\$214.08	\$181.98	-14.99%	\$185.57	\$189.55	2.16%
NET	\$174.03	\$157.48	-9.51%	\$161.57	\$156.48	-3.13%	\$304.44	\$249.94	-17.91%	\$265.79	\$254.78	-4.18%

Notes:

- (a) To subdivisions with a density of 6 or more dwelling units per acre.
 (b) To subdivisions with a density of 6 or more dwelling units per acre. (Excludes multiple occupancy buildings greater than 4 units per service lateral).

1993 AND 1994 PER LOT COSTS
 OVERHEAD, UNDERGROUND AND DIFFERENTIAL COSTS
 MOBILE HOME PARK (HIGH DENSITY) - GANGED METERS

SCHEDULE 1
 Page 3 OF 3

	FPC			FPL		
	<u>1993</u>	<u>1994</u>	<u>%</u>	<u>1993</u>	<u>1994</u>	<u>%</u>
	(a)	(b)	Increase	(a)	(c)	Increase
OVERHEAD COST						
MATERIAL	\$254.97	\$215.39	-15.52%	\$288.71	\$289.73	0.35%
LABOR	\$110.53	\$114.75	3.82%	\$236.13	\$239.17	13.03%
TOTAL	\$365.50	\$330.14	-9.67%	\$524.84	\$528.90	0.08%
UNDERGROUND						
MATERIAL	\$256.15	\$223.41	-12.78%	\$319.97	\$314.39	-1.74%
LABOR	\$184.86	\$137.01	-26.99%	\$207.63	\$213.78	2.95%
TOTAL	\$441.01	\$360.42	-18.39%	\$527.60	\$528.15	0.10%
DIFFERENTIAL COST						
MATERIAL	\$1.18	\$8.02	579.66%	\$31.26	\$24.86	-21.11%
LABOR	\$54.33	\$22.28	-59.03%	(\$30.50)	(\$55.41)	81.67%
NET	\$55.51	\$30.28	-45.45%	\$0.76	\$0.00	(d)

- (a) To subdivisions with a density of 8 or more dwelling units per acre taking service from a multi-unit meter center.
- (b) To subdivisions with a density of 8 or more dwelling units per acre taking service at grouped meter pedestals on serving property line.
- (c) To subdivisions with a density of 8 or more dwelling units per acre taking service from a multi-unit meter center installed adjacent to the primary trench route.
- (d) FPL's overhead has become more expensive than its underground. Therefore, the differential is set at zero, and the actual (\$30.75) differential is illustrating how more expensive overhead has become.