

FLORIDA PUBLIC SERVICE COMMISSION  
Capital Circle Office Center • 2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

M E M O R A N D U M

June 13, 1996

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF APPEALS (MOORE) *CTM*  
DIVISION OF ELECTRIC & GAS (WHEELER, GOAD, BREMAN) *RG JAB RL*

RE: DOCKET NO. 960623-EI - - PETITION TO INITIATE RULEMAKING TO AMEND RULE 25-6.078, F.A.C., SCHEDULE OF CHARGES, AND RULE 25-6.082, F.A.C., RECORDS AND REPORTS, BY FLORIDA POWER & LIGHT COMPANY, FLORIDA POWER CORPORATION, TAMPA ELECTRIC COMPANY, AND GULF POWER COMPANY

AGENDA: 6/25/96 - REGULAR AGENDA - RULE PROPOSAL - INTERESTED PERSONS MAY PARTICIPATE

RULE STATUS: PROPOSAL MAY NOT BE DEFERRED

SPECIAL INSTRUCTIONS: S:\PSC\APP\WP\960623EI.RCM

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission grant the petition to initiate rulemaking to amend Rules 25-6.078 and 25-6.082?

RECOMMENDATION: Yes, the Commission should grant the petition in part. A workshop should be held before the Commission decides whether to propose amendments to the rules to require updating the underground and overhead distribution system Estimated Average Cost Differential every third year rather than annually.

STAFF ANALYSIS: Rule 25-6.078, Florida Administrative Code, requires electric utilities to annually update and file an Estimated Average Cost Differential for underground and overhead distribution systems. The utilities must also file detailed supporting data and study results, based on the most recent 12 month period, used to determine the differential. Rule 25-6.082(1) refers to the annual reporting requirements of Rule 25-6.078. (Attachment 1)

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

DOCKET NO. 960623-EI  
DATE: June 13, 1996

Florida Power & Light Company, Florida Power Corporation, Tampa Electric Company, and Gulf Power Company filed a petition on May 17, 1996, asking the Commission to change the filing frequency to every three years. (Attachment 2) The petitioners assert that the annual filing is "not necessary given the relatively minor changes that occur in costs from year to year." They further assert that the rule change will result in reduced workload for the petitioner utilities and the Commission, thereby reducing customers' costs.

Staff has looked at the historical data on cost differentials and finds no clear pattern that would dictate changing to a three-year filing schedule. In the last several years, costs have changed due to technical innovations which make new construction practices feasible for both overhead and underground installations. The Commission also recently approved a change in the low density residential subdivision design used to derive the cost differentials for 1995. We do not have enough knowledge about the impact of potential changes in this area to determine if costs are sufficiently stable to merit a longer filing interval. Staff believes it is prudent to gather more information on trends in both equipment developments and engineering design criteria as well as labor cost projections.

Because staff has no data that clearly support changing the rule, or that clearly support leaving the rule as it is, staff recommends that it should hold a workshop to gather additional information from the utilities. Staff also intends to review all data required to support underground residential distribution (URD) differentials to ensure they are necessary, appropriate, and consistent across companies. Based on the information received at a workshop, staff will recommend whether to propose rule amendments.

**ISSUE 2:** Should this docket be closed?

**RECOMMENDATION:** No.

**STAFF ANALYSIS:** If the Commission approves staff's recommendation to initiate rulemaking, this docket should remain open.

CTM/

Attachments:  
Rules  
Petition

**25-6.078 Schedule of Charges.**

(1) Each utility shall file with the Commission within 60 days of the applicability of this rule a written policy that shall become a part of the utility's tariff rules and regulations. Such policy shall be subject to review and approval of the Commission and shall include an Estimated Average Cost Differential, if any, and shall indicate the basis upon which the utility will provide underground service and its method for recovering the difference in cost of an underground system and an equivalent overhead system from the applicant at the time service is extended. The charges to the applicant shall be not more than the estimated difference in cost of an underground system and an equivalent overhead system.

(2) Differences in operating and maintenance costs between underground and overhead systems, if any, may be taken into consideration in determining the overall Estimated Average Cost Differential.

(3) Detailed supporting data and study results used to determine the Estimated Average Cost Differential for underground and overhead distribution systems shall be concurrently filed by the utility with the Commission and shall be updated annually using cost data developed from the most recent 12 month period.

(4) Subject to the provisions of Rule 25-6.079(a), service for a new multiple-occupancy building shall be constructed underground within the property to be served to the point of delivery at or near the building by the utility at no charge to the applicant, provided the utility is free to construct its service extension or extensions in the most economical manner.

(5) The method of recovering the cost differential as filed by the utility and approved by the Commission may not be waived or refunded unless it is mutually agreed by the applicant and the utility that the applicant will do all of the trenching and backfilling, in which case the applicant shall receive a credit per trench foot for each foot of trenching and backfilling provided by him in accordance with provisions set forth in the utility's tariff rules and regulations, such credit to be no more in amount than the total charges applicable.

(6) The difference in cost as determined by the utility in accordance with its tariff shall be based on reasonably full use of the subdivision for building lots or multiple-occupancy buildings. If any given subdivision is designed to include large open areas, the utility or the applicant may refer the matter to the Commission for a special filing as provided under Rule 25-6.083.

(7) The utility shall not be obligated to install any facilities within a subdivision until satisfactory arrangements for the construction of facilities and payment of applicable charges, if any, have been completed between the applicant and the utility by written agreement. A standard agreement form shall be filed with the company's tariff.

(8) Nothing herein contained shall be construed to prevent any utility from assuming all cost differential of providing underground distribution systems, provided, however, that such assumed cost differential shall not be chargeable to the general body of rate payers, and any such policy adopted by a utility shall have uniform application throughout its service area.

Specific Authority: 366.05(1), F.S.  
Law Implemented: 366.03, F.S.

History: New 4/10/71, Amended 4/13/80, 2/12/84, formerly 25-6.78.

**25-6.082 Records and Reports.**

(1) To insure the development and availability of appropriate data necessary to satisfy the annual reporting requirements of Rule 25-6.078(2) herein, each utility will undertake to establish and maintain separate records or sub-accounts for underground distribution construction, operation and maintenance costs.

(2) Records shall also be maintained of experienced results obtained in the use of joint trenching, in such manner and detail as will afford an opportunity to evaluate the economies available using this practice.

Specific Authority: 366.05(1), F.S.  
Law Implemented: 366.03, F.S.

History: New 4/10/71, formerly 25-6.82.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition of Florida Power & Light Company, Florida Power Corporation, Tampa Electric Company, and Gulf Power Company to Initiate a Rulemaking to Amend Rule 25-6.078, Schedule of Charges and Rule 25-6.082, Records and Reports ) ) ) ) )

Docket No. 71062551

PETITION OF FLORIDA POWER & LIGHT COMPANY, FLORIDA POWER CORPORATION, TAMPA ELECTRIC COMPANY, and GULF POWER COMPANY TO INITIATE A RULEMAKING TO AMEND Rule 25-6.078, Schedule of Charges and Rule 25-6.082, Records and Reports

COMES NOW, Florida Power & Light Company ("FPL"), Florida Power Corporation ("FPC"), Tampa Electric Company ("TECO") and Gulf Power Company ("Gulf") (collectively referred to as "Petitioners") pursuant to Florida Public Service Commission (the "Commission") Rule 25-22.012, Petition to Initiate Rulemaking Proceedings, F.A.C., and hereby requests the Commission to initiate a rulemaking to amend Rule 25-6.078, Schedule of Charges, F.A.C. and Rule 25-6.082, Records and Reports, F.A.C. Petitioners further sets forth the following in support of their Petition:

- 1. The Petitioners are each public utilities subject to the jurisdiction of the Commission pursuant to Chapter 366, Florida Statutes. FPL's general offices are located at 9250 West Flagler Street, Miami, Florida 33174. FPC's general offices are located at 3201 34th Street South, St. Petersburg, Florida 33711. TECO's general offices are located at 702 North Franklin Street, Tampa, Florida 33602. Gulf's general offices are located at 500 Bayfront Parkway, Pensacola, Florida 32501.

Orders, notices, or other pleadings relevant hereto should be served on:

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DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

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2. The Petitioners request that the Commission initiate a rulemaking, pursuant to the Commission's authority under Sections 366.05(1) and 350.127(2), F.S., for the purpose of amending Rule 25-6.078(3), Schedule of Charges, F.A.C. and Rule 25-6.082(1) Records and Reports, F.A.C. Specifically, Petitioners seek to amend the rule to require the updating of the Estimated Average Cost Differential to be done every third year, rather than on the present annual basis.
3. Petitioners request that section (3) of Rule 25-6.078 be modified as follows:
- (3) Detailed supporting data and study results used to determine the Estimated Average Cost Differential for underground and overhead distribution systems shall be concurrently filed by the utility with the Commission and shall be updated annually every third year on the first day of April using cost data developed from the most recent 12 month period.
- Petitioners' changes to the rule are indicated by underlined and strike out.
4. Petitioners request that section (1) of Rule 25-6.082 be modified as follows:
- (1) To insure the development and availability of appropriate data necessary to satisfy the annual reporting requirements of Rule 25-6.078~~(2)~~(3) herein.

each utility will undertake to establish and maintain separate records or sub-accounts for underground distribution construction, operation and maintenance costs.

Petitioners' change to the rule is indicated by underline and strike out.

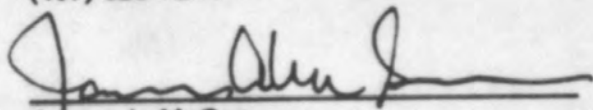
5. The Petitioners believe that changing the Estimated Average Cost Differential on an annual basis is not necessary given the relatively minor changes that occur in costs from year to year. The rule change will result in reduced workload for the Commission and for the Petitioners and thereby reduce costs to the Petitioners' customers. This reduced cost would occur without significantly impacting charges to applicants for underground service.

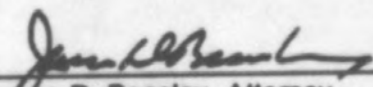
WHEREFORE, Petitioners request the Commission to initiate a rulemaking amending Rule 25-6.078, and Rule 6.082 F.A.C. as set forth herein.

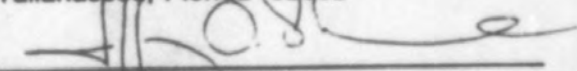
Date submitted:

Respectfully submitted,

  
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