May 24, 2001

Staff's Data Request

Re: Docket No. 010386-EI
Petition For Approval of Underground Residential Distribution Tariff Revisions by Florida Power & Light Company.

1. Please explain the increase in actual Engineering & Overhead (EO) from 15.69% (1998) to 18.73% (2001). Please list all costs that are included in EO.

2. Please provide an explanation as to why the labor rate for underground increased from $55.92 per manhour (1998) to $66.17 per manhour (2001). Please provide information as to what factors (e.g., number of available contractors, market conditions, etc.) determine the labor rate.

3. Please explain why the number of manhours for the underground low density subdivision increased from 1801 (1998) to 1826 (2001).

4. Please explain why the number of manhours for the underground ganged meter subdivision increased from 524 (1998) to 595 (2001).

5. Had FPL made any changes in the design of the three model subdivisions (low-density, high-density, meter pedestal) since its 1998 underground residential distribution tariff filing? If yes, please identify any changes and the associated increase/decrease in labor costs and material costs.

6. Please state for the latest-available 12-month period the number of requests by customers for residential underground service for the: (1) 210 low-density; (2) 176 high-density; and (3) ganged meters subdivisions.

Please respond by June 1, 2001. If you have any questions, please contact Elisabeth Draper at (850) 413-6706 or at edraper@psc.state.fl.us.

6/8/01

ECR / E. DRAPER

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1. **Please explain the increase in actual Engineering & Overhead (EO) from 15.69% (1998) to 18.73% (2001). Please list all costs that are included in EO.**

   The primary reason for the increase in the EO results from a change made in January 1999, whereby designers', their supervisors' and other associated field support employees' payroll and other expenses were allocated more to capital projects than they were in 1998 (85% vs.75%). This allocation was changed to reflect these employees' increased efforts associated with construction related activities – primarily reliability, new construction (customer growth) and system expansion projects. Another contributing factor was an increase in the staffing levels of these same people - necessary to support the increasing construction workload.

   Payroll related costs represent approximately 90% of the costs included in EO. Other expenses in EO include support costs for these people – computer systems enhancements and support, miscellaneous office equipment and supplies, travel costs, etc.

2. **Please provide an explanation as to why the labor rate for underground increased from $55.92 per manhour (1998) to $66.17 per manhour (2001). Please provide information as to what factors (e.g., number of available contractors, market conditions, etc.) determine the labor rate.**

   The labor rate is determined by dividing the actual 12 month Labor/Vehicle costs by the construction manhours for the same timeframe (stratified by type of work - overhead, underground, encased ductbank). CPI also increased by 7.87% during this timeframe. Vehicle costs have increased due to the increase in fuel costs and are included in the labor cost figures. A large demand in the utility industry for Linemen and Journeymen and a shortage of qualified workers exist at this time, thus, higher wages must be paid to secure a work force.

3. **Please explain why the number of manhours for the underground low density subdivision increased from 1801 (1998) to 1826 (2001).**

   The five fused cutouts serving the underground primary were mistakenly omitted from the 1998 estimate for the low density subdivision. These fused cutouts have been included in the 2001 estimate and account for 2.05 manhours (.41 manhours each). FPL will now provide and install the PVC bend at the base of the meter downpipe and these manhours have been included in the 2001 estimate. For purposes of the estimate FPL assumed one-half of the lots would use one 90 degree bend and one-half of the lots would use two 45 degree bends (to clear any extended building footers). The manhour rate per bend is .07 manhours, installation of 105 - 90 degree bends and 210 – 45 degree bends totals 22.05 manhours. The addition of the fused cutouts and the PVC bends adds 24.10 manhours to the estimate. The FPL estimating system rounds manhours up to the nearest manhour, thus resulting in an increase of 25 manhours.

4. **Please explain why the number of manhours for the underground ganged meter subdivision increased from 524 (1998) to 595 (2001).**

   Upon investigation of this question FPL has discovered an error in the estimate prepared for the underground portion of the ganged meter subdivision. This occurred when the existing estimate from the 1998 filing was converted from the old estimating system into the new estimating system. The error has been corrected and the manhours have decreased to 524 for this subdivision. This section of the tariff will be re-filed with corrected material and labor costs.

5. **Had FPL made any changes in the design of the three model subdivisions (low-density, high-density, meter pedestal) since its 1998 underground residential distribution tariff filing? If yes, please identify any changes and the associated increase/decrease in labor and material costs.**

   The physical design layout of the three model subdivisions has not changed since the 1998 filing, however, FPL will now provide and install the PVC bend at the base of the meter downpipe for the low-density and high-density subdivisions (the service in the meter pedestal subdivision is owned and installed by the customer, therefore FPL will not provide or install the bend here). This increases the per lot charge by $8.78 for material and $6.95 for labor.

6. **Please state for the latest available 12-month period the number of requests by customers for residential underground service for the: (1) 210 low-density; (2) 176 high-density; and (3) ganged meters subdivisions.**

   FPL does not break down underground subdivision requests by density or type, therefore this information is not available.