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July 26, 2006

BY HAND DELIVERY

Ms. Blanca Bayó, Director
Commission Clerk and Administrative Services
Room 110, Easley Building
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

Re: Docket No. 060198-EI

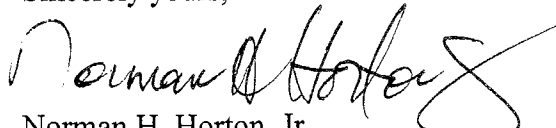
Dear Ms. Bayó:

Enclosed for filing on behalf of Florida Public Utilities Company are an original and fifteen copies of Florida Public Utilities Company's Response to Staff Request made at the July 14, 2006 workshop in the above referenced docket.

Please acknowledge receipt of these documents by stamping the extra copy of this letter "filed" and returning the same to me.

Thank you for your assistance with this filing.

Sincerely yours,


Norman H. Horton, Jr.

NHH/amb

Enclosure

cc: Parties of Record

DOCUMENT NUMBER DATE

06586 JUL 26 06

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that true and correct copies of the foregoing have been served by U. S. Mail this 26th day of July, 2006 upon the following:

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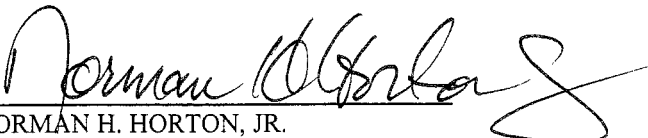
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NORMAN H. HORTON, JR.

Summary of Incremental Costs
Storm Docket #060198
Florida Public Utilities Company

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1. Vegetation Management	\$ 342,000	\$ 352,260	\$ 362,828	\$ 373,713	\$ 384,924	\$ 396,472	\$ 408,366	\$ 420,617	\$ 433,235	\$ 446,232
2. Audit of Joint Use Attachments	20,300	20,909	21,536	22,182	22,848	23,533	24,239	24,966	25,715	26,487
2A. Remaining Pole Inspection Cost	213,430	219,833	226,428	233,221	240,217	247,424	254,847	262,492	270,367	278,478
3. Transmission Structure Inspection	18,000	18,540	19,096	19,669	20,259	20,867	21,493	22,138	22,802	23,486
4. Hardening of Transmission System	-	-	-	-	-	-	-	-	-	-
5. Transmission and Distribution GIS (1)	190,000									
A) Depreciation Rate (@ 20% per year)		38,000	38,000	38,000	38,000	38,000				
Net Book Value of Trans & Distr. GIS	190,000	152,000	114,000	76,000	38,000	-				
B) Return on Capital Net Book Value (@ .0809)	15,371	12,297	9,223	6,148	3,074	-				
C) Maint. Of Capital (\$4,000 per year)		4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
6. Post Storm Data Collection/Forensic Review	27,000	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668
7. Collection of OH and UG Outage Data	-	-	-	-	-	-	-	-	-	-
8. Utility Coordination with Local Governments	9,700	9,991	10,291	10,599	10,917	11,245	11,582	11,930	12,288	12,656
9. Collaborative Research	25,000	25,750	26,523	27,318	28,138	28,982	29,851	30,747	31,669	32,619
10. Disaster Preparedness and Recovery Plan	-	-	-	-	-	-	-	-	-	-
Total Incremental Cost	\$ 670,801	\$ 711,580	\$ 728,224	\$ 745,460	\$ 763,305	\$ 781,778	\$ 765,971	\$ 788,830	\$ 812,375	\$ 836,626

Incremental Revenue (@ 1.60770) \$ 1,078,447 \$ 1,144,007 \$ 1,170,766 \$ 1,198,476 \$ 1,227,165 \$ 1,256,864 \$ 1,231,452 \$ 1,268,202 \$ 1,306,055 \$ 1,345,044

(1) Cost included for 2006 is a \$190,000 one time capital cost associated with the purchase and implementation of the GIS.

Summary of Incremental Revenue Requirements

Storm Docket #060198

Florida Public Utilities Company

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1. Vegetation Management	\$549,833	\$566,328	\$583,318	\$600,818	\$618,842	\$637,408	\$656,530	\$676,226	\$696,513	\$717,408
2. Audit of Joint Use Attachments	32,636	33,615	34,624	35,663	36,732	37,834	38,969	40,139	41,343	42,583
2A. Remaining Pole Inspection Cost	343,131	353,425	364,028	374,949	386,197	397,783	409,717	422,008	434,669	447,709
3. Transmission Structure Inspection	28,939	29,807	30,701	31,622	32,571	33,548	34,554	35,591	36,659	37,758
4. Hardening of Transmission System	-	-	-	-	-	-	-	-	-	-
5. Transmission and Distribution GIS	-	-	-	-	-	-	-	-	-	-
A) Depreciation @ 20% per year	-	61,093	61,093	61,093	61,093	61,093	-	-	-	-
Net Book Value of Trans & Distr. GIS	-	-	-	-	-	-	-	-	-	-
B) Return on Capital @ 8.09%	24,712	19,770	14,827	9,885	4,942	-	-	-	-	-
C) Maint. Of Capital @ \$4,000 per year	-	6,431	6,431	6,431	6,431	6,431	6,431	6,431	6,431	6,431
6. Post Storm Data Collection/Forensic Review	43,408	16,077	16,559	17,056	17,568	18,095	18,638	19,197	19,773	20,366
7. Collection of OH and UG Outage Data	-	-	-	-	-	-	-	-	-	-
8. Utility Coordination with Local Governments	15,595	16,063	16,544	17,041	17,552	18,079	18,621	19,180	19,755	20,348
9. Collaborative Research	40,193	41,398	42,640	43,919	45,237	46,594	47,992	49,432	50,915	52,442
10. Disaster Preparedness and Recovery Plan	-	-	-	-	-	-	-	-	-	-
Total Incremental Cost	\$1,078,447	\$1,144,007	\$1,170,766	\$1,198,476	\$1,227,165	\$1,256,864	\$1,231,452	\$1,268,202	\$1,306,055	\$1,345,044

STAFF QUESTIONS REGARDING STORM PLANS
AS FILED BY THE ELECTRIC IOUS

JULY 14, 2006 INFORMAL MEETING IN DOCKET NO. 060198-EI

All Initiatives (Staff: Jim Breman, Bill McNulty)

1. All IOUs: Incremental cost data does not appear to be consistently stated across all utilities and all initiatives. What is the incremental annual revenue requirement for each initiative where budget increases relative to 2005 are planned for the next 10 years?

Response: This information will be provided as an attachment. The "Summary of Incremental Cost" identifies the costs associated with each initiative. The "Summary of Incremental Revenue Requirements" identifies the incremental revenue requirement associated with each initiative.

2. All IOUs: The order is silent regarding electric IOU reporting of progress achieved on the required initiatives after the plans have been filed. Are the IOUs planning to provide annual status reports on or by March 1 of each year on Initiatives 1-9? If not, do the electric IOUs object to such a reporting requirement?

Response: This information can be provided annually by March 1st with the first report due on March 1st, 2008 for the calendar year 2007.

3. All IOUs: What changes, if any, does each utility propose to each of the initiatives in the event that changes to Commission rules approved in Docket No. 060173-EI and awaiting adoption are in fact adopted?

Response: At this time, FPUC does not see any major changes to the initiatives based on docket 060173-EI.

4. All IOUs: As part of Question 1, Staff requested that the incremental annual revenue requirement data for 2006 through 2015 provided in this response be calculated using base year actual 2005 revenue requirements, not budgeted 2005 revenue requirements.

Response: This information will be provided as an attachment.

Initiative 1: Three-year Vegetation Management Cycle for Distribution Circuits (Staff: Daniel Lee)

Previous Response: FPUC currently has two tree trimming crews in NE Florida (100 miles of overhead distribution and 21.5 miles of overhead transmission) and three tree trimming crews in NW Florida (850 miles of overhead distribution). Projections are that tree trimming crews can average 50 mile of lines trimmed per year for distribution and that one additional crew is needed to address danger trees that are identified that are not in the normal trim cycle. Based upon these averages, two tree trimming crews will be sufficient in NE FL for both distribution and transmission facilities. In NW Florida, it will take a minimum of six tree trimming crews to achieve the three year trim cycle but may need to be supplemented from the NE FL tree trimming crews. This will require an additional \$342,000 per year to achieve this level.

Should it be decided that only the main feeders need to be on the three year trim cycle and all others remain on a five year cycle (NW FL Only), the additional cost would be approximately \$228,000 per year for the initial five year period. This will allow the program to catch up and maintain this type trim cycle. At that time, the program will be reevaluated to determine if this level of additional expenditure is sufficient or could be reduced.

1. All IOUs Except TECO and (Possibly) FPUC: Each utility except TECO and possibly FPUC provided an alternative plan to 3 year vegetation trimming. For those utilities that provided an alternative plan, are the utilities' claims that the alternative plans are cost effective supported by cost and avoided storm outages data? If so, please provide that information. Compare 1. Alternative plan versus 2. FPSC 3-year cycle versus 3. Current plan practiced by the utility by providing both projected annual customer interruption data (CI) and projected average annual costs. In each utilities' cost analysis, please incorporate the anticipated offsetting storm restoration cost savings associated with the proposed expanded program on vegetation management, and explain the methodology and assumptions in full. For FPL, provide cost and avoided storm outage data on 4 and 5 year lateral trimming.

Response: See #2 below.

2. FPUC: Does FPUC intend to implement the requirement (3 year for all circuits) or an alternative? If FPUC plans an alternative, please complete above analysis.

Response: FPUC intends to implement the three year cycle for all circuits and laterals. However the alternative plan was offered based on increased cost for customers which have been a concern when similar plans were proposed during previous rate case proceedings. The alternative plan may be adopted if the cost of the preferred plan is still a concern with the commission.

3. All IOUs: What method will the electric IOUs use to assure that no feeder or lateral goes untrimmed (or at a minimum evaluated for trimming and determined to not require trimming), whether under cycle trimming or reliability trimming?

Response: FPUC will continue to use system maps to manually track the progress of tree trimming activities. The maps will be updated by the supervisors monitoring the activities so that progress is documented. The maps will be maintained and used to ensure all areas are trimmed on the tree year cycle as well as those areas that are trimmed due to reliability issues. The development of a system data base on this is not planned at this time but all necessary documentation will be available.

Initiative 2: Audit of Joint-Use Attachment Agreements (Staff: Tony Swearingen)

Previous Response: FPUC currently has identified a total of 4,449 (2950 – NW FL and 1599 – NE FL) telecommunication attachments and 8,949 (6343 – NW FL and 2606 – NE FL) CATV attachment within the distribution system. FPUC is also attached to 512 (102 – NW FL and 410 – NE FL) telephone company poles. Due to the number of attachments, this is not achievable over a short timeframe. We propose to include this in the eight year pole inspection cycle which will allow completion in eight years while not duplicating efforts. However, re-negotiation of contracts will have to be completed and an addition to the existing data base will be required to manage and update this information on an ongoing basis. The ongoing annual incremental cost for this will be approximately \$20,300 per year to manage this effort. There may be some incremental cost associated with the re-negotiation of the joint use contracts based on pending litigation but this number can not be determined at this time. The upgrade of the data base will be shown in item # 5.

Additional Response: Based on the magnitude of the overall distribution pole inspection, we are including the incremental costs to perform this task in addition to the joint use attachment inspection. The cost is an annual incremental amount of \$213,430 to perform the inspection in accordance with the previously filed pole inspection plans in Docket 060078.

1. All IOUs: In the utilities' plans, are all poles with attachments subject to stress calculations, or are stress calculations performed on only a subset of poles? Also, how is

the distinction made as to which poles get a numeric stress calculation, which poles' stress assessments are based on professional judgment by the inspection contractor, and which poles are not stress assessed at all?

Response: Current plans for the poles assessments have not been finalized. However, the intent is to ensure that all poles inspected meet the stress placed on the pole and consider pole size, age, deterioration and attachments. In certain situations, it may be possible to perform only one stress calculation on a section of poles that are of the same size, age, deterioration state, construction and number of attachments. Based on our current information, we can not make a determination of the number of times this will occur.

In our previous response, we did not include the incremental cost of inspections based upon the new pole inspection requirements. This will be included at this time in order to quantify the total incremental cost of all aspects of this program. The annual incremental cost is calculated on the inspection of 3,049 poles in the amount of \$213,430. Inspection, management and documentation cost of this task will be approximately \$70/pole at 2006 cost. Although the inspection process will not begin until 2007, the 2006 cost is provided to show the incremental cost above 2005.

2. All IOUs: How are third party pole attachments stress assessments being performed for non-wood poles? If not being performed, how is this consistent with the order requirements?

Response: All non-wood poles will be subject to stress calculations that consider all attachments. We currently have very few non-wood distribution poles installed. However, these will be visually inspected to insure there is no physical damage and the stress calculations made including all attachments.

3. All IOUs: What are the electric IOUs' plans for dealing with instances of unauthorized pole attachments once they are identified, especially when such attachments found on the basis of an audit creates a safety or reliability condition?

Response: Current joint use agreements address unauthorized attachments and have a mechanism for correcting any that are identified. Should this type attachment be found during the inspection process, the contract provisions allow for the situation to be corrected and billing be made to the attacher or the attachment will be removed.

Initiative 3: Six-year Transmission Structure Inspection Program (Staff: James McRoy, Jim Breman)

Previous Response: Transmission inspection procedures will be developed to include climbing patrols of the 138 KV and 69 KV transmission lines owned by FPUC. Arrangements will also be completed with industrial customers who own 69 KV transmission lines so that we can complete climbing inspections of those facilities since they can impact the reliability of the system. The total cost to inspect the 138 KV system (95 structures) and make the necessary repairs has an incremental cost of \$47,500 per cycle. The total cost to inspect the 69 KV system (202 structures) and make the necessary repairs has an incremental cost of \$60,600 per cycle. Industrial customers will be responsible for the cost of their facilities. The average annual cost of this will be \$18,000 per year based on the six year inspection cycle.

1. All IOUs: What is the timeframe for implementation of the six year transmission inspection program?

Response: Implementation of this program will begin in 2007. Due to the relatively small number of transmission poles, the number of poles inspected per year may vary to ensure efficiency in the inspection process.

2. All IOUs: What is the level of detail in the inspection records or database that will be maintained?

Response: All transmission poles inspected will be assigned a number to ensure information will be specific to each pole. As inspections occur, the poles condition will be noted and all hardware/connections will be checked for signs of wear and security. Should any problems be found during the inspection, this will be corrected and the problem and corrective activity will be noted on the inspection sheet.

3. FPUC: When will you finish developing procedures for climbing inspections of all utility owned 69 KV and 138 KV structures?

Response: The procedure for the climbing inspections will be completed by October 1, 2006 for implementation beginning in 2007. The procedure will address all the requirements stated in this docket.

4. FPUC: What are FPUC's plans with respect to inspections of the remaining support infrastructure included in question above?

Response: This matter will be included in overall procedure and will include checking all line and pole hardware for signs of deterioration and to ensure it is secure. Should any problems be found during the inspection, the problems will be corrected and the corrective activity will be noted on the inspection sheet

5. FPUC: Does FPUC currently own, operate or service any transmission substations? If so, what are FPUC's plans with respect to inspecting such transmission substations?

Response: FPUC operates one transmission substation. This substation was partially rebuilt in 2004 in accordance with NESC standards and is currently inspected weekly. The inspection includes checking all equipment for signs of operational problems and a detailed visual inspection of the buss for potential problems. The inspection is documented and any problems found are scheduled for repairs. During 2006, trees and vegetation growing near the west fence were removed as a precaution in preparation for storm season.

Initiative 4: Hardening of Existing Transmission Structures (Staff: James McRoy, Jim Breman)

Previous Response: Currently, the 138 KV system is constructed using concrete and steel poles or towers and meets the hardening requirements proposed. The 69 KV system consist of a total of 202 poles of which 22 are concrete poles. Plans are in place to replace the remainder of the 180 wood poles with concrete as necessary and economically possible, however, there is no time frame established due to the cost of the replacement. The total incremental cost to upgrade the 69 KV system will be approximately \$4,500,000 which is due in part to the urban environment and distribution under build on these poles. This work will have a significant impact on customer costs and particularly two industrial customers that are served from this system.

Approximately 33 poles of the above mentioned poles are in a 69 KV wood pole system that provides service to two industrial customers. Both industrial customer own and operate additional 69 KV wood poles systems to tie to their facilities. Replacement of FPU poles without cooperation of the industrial customers would result in an ineffective hardening solution on this system. Information has been conveyed to the industrial customers and plans will be developed to make the necessary upgrades to the total 69 KV system when economically practical.

1. All IOUs: Are the utilities' level of planned hardening as identified in their plans likely to change or remain the same assuming the current proposed rule revisions to Rule 25-6.034, etc. are adopted?

Response: No changes are anticipated.

2. All IOUs: For the substation hardening that is included in the plans, what are the wind speed standards of new distribution and transmission substations, including perimeter fencing and buffer landscaping as well as the assets within the fence?

Response: Hardening activities that take place in substations will include construction methods to the current NESC standards with respect to the extreme wind loading for the area in which the substation is being constructed. Perimeter fencing and buffer landscaping will be constructed in accordance with the NESC and local construction ordinances in order to minimize any impact on the substations.

3. FPUC: Regarding the planned replacement of 180 wood poles on 69KV line with concrete as necessary and when economically practical: What evaluation criteria do you have in place that could help you determine when these activities are "economically practical? Are these evaluation criteria something that has to be budgeted?

Response: The criteria that are currently used to determine whether replacement is economically practical are based on either deterioration of the pole or where development in the area requires that replacement occurs. When either of these situations occurs, standard practice is to use concrete poles for all future transmission construction. At such time in the future where an increased level of replacement is possible, funds will be budgeted to complete the replacement.

Initiative 5: Transmission and Distribution Geographic Information System (Staff: Sid Matlock)

Previous Response: The NW FL Division currently has in place a GIS system that is capable of collecting all the data requested above. Additional procedures will be developed to ensure all the necessary data is collected and maintained in a format in order to produce the necessary information requested. The NE FL Division has some limited GIS capabilities but does not have a system similar to the NW FL system. Incremental cost estimates to upgrade and develop the system for NE FL are approximately \$190,000 which will include mapping, GIS, data collection, and customer outage information.

Additional Response: Annual recurring incremental cost associated with the maintenance and upgrades associated with the GIS software is anticipated to be approximately \$4,000/year and has been included.

1. All IOUs: For recording information for forensic analysis of storm damaged distribution and transmission equipment following a hurricane, how extensively do electric IOUs plan to cover the total population of all damaged property? Cite publications or internal studies to support the plans.

Response: FPUC currently has no internal procedures covering the details of the forensics analysis. The intent is to develop a procedure to require that all damaged to poles be subjected to analysis to determine the mode and cause of failure. Outages resulting from trees or wind blown debris affecting only the conductors will be noted but will not be subject to a detailed analysis. Based on previous storms and the resulting damage, sampling of damaged facilities does not appear to be necessary at this time.

2. All IOUs: If the utility envisions using sampling data, what is the correlation between the sample size and the budget indicated for this initiative?

Response: N/A

3. All IOUs: For distribution and transmission assets, how do the electric IOUs plan to assess appropriate maintenance activities and to evaluate storm hardening options? If missing from the plans, should the plans be modified to include these items?

Response: FPUC currently has no internal procedures covering the details of the forensics analysis. When development is completed in the 2007 storm procedures, this will be incorporated into the procedure.

4. All IOUs: How will each electric IOU sample a geographic area for storm related data and what kind of data will be captured?

Response: N/A

Initiative 6: Post-Storm Data Collection and Forensic Analysis (Staff: Sid Matlock)

Previous Response: A procedure will be developed to better track all specific outages during a hurricane in order to properly identify the cause of each outage and the number of customers impacted. The system will also be detailed in order to identify root cause of the outage (i.e. did the pole break due to wind, did it break due to the tree that fell across the line, etc.). Each pole or equipment failure will be inspected and documented to provide information regarding the integrity, loading and cause at the time of failure. Incremental cost to develop this system will be \$17,000 and the annual incremental cost could be \$10,000 per storm event.

1. All IOUs: How does each electric IOU plan to capture and incorporate geographic-specific weather data into its forensic reviews (wind speed, surge, lightning, etc)? How does this effort to gain such data tie into Initiative 9? What are the cost estimates for such data gathering and forensic modeling?

Response: Currently, FPUC plans to only use general weather information that is available through local sources in the forensics reviews. As such, there is no significant cost involved with gathering this data. Based on the relatively small service area, there does not appear to be significant advantages to obtaining more detailed and costly weather data.

2. All IOUs: How does each electric IOU's plan allow the utility to improve its ability to evaluate storm hardening options?

Response: The review of all damages after storms will provide information on the number of equipment failures that will allow us to examine, and consider for replacement, other similar infrastructure on our system.

Initiative 7: Collection of Detailed Outage Data Differentiating Between the Reliability Performance of Overhead and Underground Systems (Staff: Sid Matlock)

Previous Response: FPUC currently has the ability to report this information and there will be no incremental cost associated with this item

Initiative 8: Increased Utility Coordination with Local Governments (Staff: David Jopling, Connie Kummer, Bill McNulty)

Previous Response: Both divisions actively participate with local governments in planning for emergency situations and necessary communications are established for these situations. However, due to the limited resources, it has not possible to have local FPU personnel at certain government locations at all times during an emergency situation. There have been no communication issues during previous events. If necessary, personnel can be utilized from unaffected areas of the company to have a presence at the local EOC after the storm has passed. The incremental cost to utilize additional personnel during these events would be approximately

\$9,700 per event. FPU will also continue to cooperate with local governments in actively discussing both under grounding and tree trimming issues as they arise. As an alternative, the company can put into place daily communication procedures with the local EOC and FPU to ensure necessary communications are in place after the storm rather than have the local FPU personnel at these locations at all times.

1. All IOUs: What are the incremental costs of each of the proposed programs for this initiative?

Response: FPUC activities with local governments have been effective in the past and information provided has been well accepted. Since there are no plans to make any changes for past practice, there are no incremental costs.

2. All IOUs: Are the cost proposals too low to effectively implement the programs described? Given the proposed incremental costs identified for Initiative No. 8, how can the proposed programs for local government coordination be funded sufficiently to address the new requirements of the many communities who may be seeking underground conversions, the need for increased tree trimming outside of right of ways, and the use of right of ways for initial installation and conversion of facilities as required in the Commission proposed rules?

Response: Occasionally communities in our service area have inquired about under grounding of facilities or tree trimming activities. Based on the inquiries, information was developed and provided to the communities as needed in the normal course of business. Based on the small size of most of the cities in our service area, it is anticipated that the inquiries will not increase above previous amounts at this time.

3. All IOUs except FPL: Please provide the following information: (a) The name of each local government that has contacted the utility in the past 24 months regarding the conversion of its facilities from overhead to underground; (b) the name of each local government that has requested and paid for a binding cost estimate in the past 24 months; (c) the status of the negotiations between the utility and each local government listed in (a) and (b); and (d) an estimate of the conversion costs for each local government listed in (a) and (b) (for example, see FPL's response to Staff's June 9 Data request in Docket No. 060150-EI).

Response:

- A. City of Fernandina Beach.
 - B. None
 - C. Information was provided and the City of Fernandina Beach was investigating funding sources. There have been no negotiations since a binding estimate has not been provided.
 - D. Non-binding estimate provided in the amount \$1.5M/mile of distribution and 2.5M/mile of transmission provided.
4. All IOUs: What are the timelines for implementation for the programs identified in Initiative No. 8?

Response: There are no significant changes from past activities.

5. All IOUs: What metrics can be provided to show activity levels today versus projected that would support the idea that increase coordination with local governments is planned (e.g. number of community meetings, number of contacts made, number and type of education seminars, number of outreach employees or FTEs, etc.).

Response: There are no significant changes from past activities.

6. All IOUs: Provide copies of presentations that the utility uses to explain to customers and to local government under grounding options available to government entities, qualifying groups, and developers?

Response: FPUC currently has no prepared presentations for use with groups concerning this issue. Due to the small service territory and small cities served, activities are based more on informal discussions and information is provided on a case by case basis.

7. All IOUs: What does the utility plan to do to coordinate community under grounding projects with other utilities such as communication providers, gas utilities, etc.?

Response: There have been no plans developed with other utilities to coordinate with communities regarding under grounding. When developed, these plans will have a foundation based on the coordination developed with them and the larger IOU's within the state. Modeling our plans after plans established by larger companies will provide continuity throughout the area.

Initiative 9: Collaborative Research on Effects of Hurricane Winds and Storm Surge (Bill McNulty)

Previous Response: FPU has committed to participate with other IOU's and PURC in order to perform beneficial research regarding hurricane winds and storm surge. This commitment is assuming that overall funding is based on a reasonable allocation of cost based on factors such as customer base, net load, etc. Expected incremental cost per year is approximately \$25,000.

1. All IOUs: What is the status of the Memorandum Of Understanding?

Response:

- The Memorandum of Understanding has been signed by all the project participants.
- Parties to the MOU include the University of Florida's Public Utility Research Center and seven project participants.
- The project participants include Florida Power and Light Company, Progress Energy Florida, Tampa Electric Company, Gulf Power Company, Florida Public Utilities Company, the Florida Municipal Electric Association and the Florida Electric Cooperatives Association
- A copy of the signed MOU has been provided.

2. All IOUs: What are the committee's research objectives?

Response:

- The MOU is a vehicle by which PURC will assist the project participants in coordinating research on hardening the electric infrastructure to better withstand and recover from hurricanes.
- Specific objectives outlined in Appendix A of the MOU are to: (1) increase awareness among the project sponsors of research being done at universities on the effects of hurricane winds and storm surge; (2) helping researchers become better aware of the research needs of the project sponsors; (3) develop a research agenda; and (4) coordinate the development and implementation of research projects as needed.

3. All IOUs: What are the research projects which have been identified, planned, and/or initiated by the committee or any individual member?

Response:

- No specific research activities beyond phase I of the project have been identified at this time.
- The MOU establishes a steering committee as a project management and oversight group comprised of one member designated by each of the project sponsors.

- The steering committee, with mutual consent of PURC, will determine the scope of the work to be done by PURC.

4. All IOUs: What is the timeline for implementation for committee tasks, committee projects, and individual projects?

Response:

- As stated above, no specific research activities beyond phase I of the project have been identified at this time; however, the steering committee has tentatively targeted August 21, 2006, as the date for its first meeting.
- The MOU is a three-year agreement with a project period beginning March 1, 2006 and ending May 31, 2009.
- The MOU specifies that PURC will commence the performance of the project promptly after the effective date of the MOU.
- Phase I of the agreement was a workshop held June 9, 2006 in Gainesville, the purpose of which was to provide a forum in which utility managers and hazard research professionals discussed means to prepare Florida's electric infrastructure to better withstand and recover from hurricanes.
- The steering committee will identify future phases of the project and provide PURC with feedback on PURC's work on this project.

5. All IOUs: The incremental costs associated with this initiative are either not identified or appear too low to support any significant research projects. Please explain the funding for this initiative, particularly in relation to the needs for research related to wind speed hardening and overhead/underground performance/cost. Does the implementation of the Commission's proposed rules in Docket No. 060173-EI change the plan funding amounts?

Response:

- The MOU provides that the PURC, in addition to coordinating research efforts, will perform the administrative functions for the project, including financial management, logistics, production and distribution of documents, and produce reports.
- Prior to the initiation of individual phases of the project, PURC will provide the steering committee with a proposed budget covering that work.
- The steering committee will decide the scope of the individual phases of work, with PURC's mutual consent, and must approve the budgets for and organize financing of the work.
- Each project sponsor will pay PURC its share of the project costs approved by the steering committee.
- The steering committee will meet in the near future to establish next steps for future phases of work.
- Budgets for future phases of the project will be developed at that time.
- It is not anticipated that Docket No. 060173-EI will have an impact on funding.

6. All IOUs: Part of Written Question No. 3. Staff distributed two proposals of research projects that could be considered as an initial starting point for the IOUs. Do these proposals represent a reasonable starting point? What specifics can be provided prior to mid-August 2006 regarding a proposed or Committee approved research project, including description of project, objectives, schedule, etc?

Response:

- It is the role of the steering committee to determine the scope of the project as outlined in the MOU with PURC.
 - The steering committee will begin meeting with the benefit of the dialogue from the June 9th hardening workshop held in Gainesville.
 - The two research project proposals forwarded by staff at the informal meeting on Friday, July 14th are among the several areas of interest for potential future research identified during the June 9th workshop.
 - The steering committee will consider the two proposals provided by staff when they meet.
 - A tentative date of August 21, 2006, has been set for the first steering committee meeting.
7. All IOUs: In the event any utility is planning to conduct individual research separate from the Committee, but perhaps in conjunction with local universities, what is the nature of the research, what overlap does it have with collaborative research, and what applicability or benefit does such research hold for other utilities in Florida, if any?

Response:

- Utilities may from time to time engage in individual research to further the development of storm resilient electric utility infrastructure and technologies that reduce storm restoration costs and outages to customers, particularly where the research is intended to address circumstances unique to the utility.
- The MOU with PURC provides a way for utilities to coordinate these efforts with other utilities to avoid duplication of efforts, to share information, and to share costs associated with research activities that are of broad interest to the industry.

Initiative 10: Natural Disaster Preparedness and Recovery Program (Tony Swearingen)

Previous Response: Attached are the Emergency Plans for both the NE FL and NW FL divisions for 2006.

1. All IOUs: When were the utilities' natural disaster and recovery plans last updated?
Response: The plan was updated in March 2006.
2. All IOUs: How often are these plans updated?
Response: The plan is updated on an annual basis and includes all the key components of the plan. All contact names at certain businesses or organizations contained in the plan are not updated on an annual basis but the contact phone numbers are verified.
3. All IOUs: What have been the major changes to these plans based on the increased hurricane impact concerns? Are more changes still needed?
Response: The major change to the plan will be the development of the forensics analysis plan that will be added during 2006. There will be very little change to the remainder of the plan based on the hurricane impact concerns.
4. FPUC: FPUC's natural disaster preparedness and recovery program does not specify plan for forensic data collection after a storm. Please provide.
Response: The forensic data collection plan has not been developed at this time. This plan will be developed and submitted during 2006.

5. All IOUs: Please provide Commission with the most up-to-date natural disaster preparedness and recovery program available in the event the utility has already done so.
Response: This plan was previously submitted.