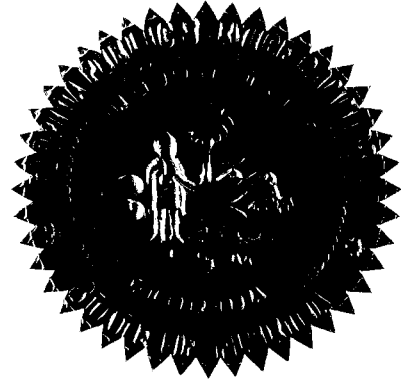


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 060531-EU

In the Matter of:

REVIEW OF ALL ELECTRIC UTILITY
WOODEN POLE INSPECTION PROGRAMS.



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PROCEEDINGS: AGENDA CONFERENCE
 ITEM NO. 8

BEFORE: CHAIRMAN LISA POLAK EDGAR
 COMMISSIONER J. TERRY DEASON
 COMMISSIONER ISILIO ARRIAGA
 COMMISSIONER MATTHEW M. CARTER, II
 COMMISSIONER KATRINA J. TEW

DATE: Tuesday, August 29, 2006

PLACE: Betty Easley Conference Center
 Room 148
 4075 Esplanade Way
 Tallahassee, Florida

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FPSC-COMMISSION CLERK

1 PARTICIPATING:

2 JOHN BUTLER, ESQUIRE, representing Florida Power &
3 Light Company.

4 MARK CUTSHAW, ESQUIRE, representing Florida Public
5 Utilities Company.

6 RUSSELL BADDERS, ESQUIRE, representing Gulf Power
7 Company.

8 JOHN T. BURNETT, ESQUIRE, representing Progress
9 Energy Florida, Inc.

10 LEE WILLIS, ESQUIRE, representing Tampa Electric
11 Company.

12 BILL WILLINGHAM, ESQUIRE, representing the Electric
13 Cooperatives Association.

14 ROSANNE GERVASI, ESQUIRE, BILL McNULTY, and TONY
15 SWEARINGEN, representing the Florida Public Service Commission
16 Staff.

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P R O C E E D I N G S

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2 CHAIRMAN EDGAR: And we will move right into Item 8,
3 once we have a chance to have our staff get situated.

4 MR. McNULTY: Yes, Commissioners. Chairman, I'd like
5 to -- and Commissioners -- I'd like to introduce a new staff
6 member with the Public Service Commission. His name is Tony
7 Swearingen. He's an engineer, and he will be working in our
8 reliability projects within the Division of Economic
9 Regulation. He started a few months ago, and this is his first
10 agenda appearance, so please go light on him.

11 CHAIRMAN EDGAR: Welcome.

12 MR. SWEARINGEN: Thank you. It's a pleasure to be
13 here.

14 CHAIRMAN EDGAR: Who is going to kick us off?

15 MR. SWEARINGEN: I will.

16 CHAIRMAN EDGAR: Okay.

17 MR. SWEARINGEN: Commissioners, Item 8 is staff's
18 recommendation addressing the electric utilities' plans to
19 implement an eight-year wood pole inspection program pursuant
20 to Order Number PSC-06-0144-PAA-EI. Before we get started with
21 that, staff has a couple of oral modifications to the filed
22 recommendation that I'd like to make.

23 On Page 9, under the recommendation section, strike
24 "by September 28th, 2006." The stricken language should be
25 replaced with the following, "Within 30 days after the final

1 order." And the entire sentence should now read, "The
2 Commission should direct staff to solicit a report from each
3 municipal and cooperative electric utility justifying apparent
4 deviations to the Commission within 30 days after the final
5 order."

6 Also, on Page 10, under the conclusion section,
7 strike "by September 28th, 2006," also. And the stricken
8 language should be replaced with the following, "Within 30 days
9 after the final order." And that entire sentence should also
10 read, "The Commission should direct staff to solicit a report
11 from each municipal and cooperative electric utility justifying
12 apparent deviations to the Commission within 30 days after the
13 final order."

14 And those are the only two oral modifications I have.

15 CHAIRMAN EDGAR: Thank you.

16 MR. SWEARINGEN: With that we can get started.

17 Issue 1 addresses the plans filed by the
18 investor-owned electric utilities. Each electric IOU has filed
19 eight-year wood pole inspection plans, which are substantially
20 compliant with the requirements of the order for most of its
21 wooden poles. However, each of the electric IOUs' proposed
22 plans include deviations from the requirement of the order to
23 excavate all of their wooden poles. Staff recommends that each
24 electric IOU submit additional data that supports their
25 deviations within 30 days after the final order.

1 And Issue 2, addresses the direction that was given
2 to staff by the Commissioners to pursue voluntary adoption of
3 the wood pole inspection requirements by the municipal and
4 cooperative electric utilities. Each of the municipal and
5 cooperative electric utilities provided information regarding
6 their plans, however, many of the municipal and cooperative
7 electric utilities plans appear to deviate from the inspection
8 requirements. Staff recommends that the Commission should
9 direct staff to solicit a report from each municipal and
10 cooperative electric utility that supports their deviations
11 within 30 days after the final order.

12 And with that, staff and the interested and affected
13 parties are here to answer any questions you may have.

14 CHAIRMAN EDGAR: Thank you.

15 MR. WILLINGHAM: Madam Chairman, if I may. I'm Bill
16 Willingham on behalf of the Electric Cooperatives Association.
17 My comments really are kind of geared toward Issues 1 and 2,
18 first of all. And I would like to just kind of go over what
19 appears to be the basis for the Commission's original order and
20 just some concerns that I have about that.

21 The RUS bulletin that was apparently relied upon by
22 the Commission to come up with the eight-year pole inspection
23 is -- I think there are a couple of points that need to be made
24 about it. I'm not an expert here. I am not here on behalf of
25 RUS. I'm certainly not a pole inspection expert, but there is

1 a couple of things about this that kind of trouble me and your
2 basis of using this.

3 First of all, I think there's two issues that derive
4 from when this was signed. It went into effect April 15th of
5 '96. And that's kind of significant for two reasons. Number
6 one, technically, this expired seven years after its date, so
7 it has been expired for three years. It is still on the RUS
8 website. It is the latest guideline from RUS, but it's not a
9 rule. It is just a guideline. It's advisory.

10 But the other -- really, the big issue about that
11 date that is significant, the cooperatives didn't start using
12 the CCA poles until -- for the most part, the late '80s, early
13 '90s. So when this was put out by RUS, they were relying on
14 data that was not based upon even a full inspection cycle for
15 most of these poles. And what we are finding now is that the
16 CCA poles are just a much, much better treated pole than the
17 old creosote and the penta poles. And for the most part when
18 we went through our first cycle, we didn't find any damage at
19 all, even with excavation. And we're now getting -- some of
20 them are getting through their second cycle, and they are still
21 finding no damage. So this whole eight-year cycle with CCA
22 poles may not -- this RUS bulletin may not be appropriate for
23 CCA poles.

24 We have asked our national association to get with
25 RUS and see what we can come up with. You know, I don't have

1 any idea what the right date would be. Maybe eight years is
2 the right date. But from our experience, we're seeing that
3 possibly you don't excavate until after the second inspection
4 or with the second inspection.

5 And the third point that I would like to point out is
6 that in Section 3.4 of this bulletin, it does say that you can
7 deviate three years, meaning that you can go out to 11 years
8 from the eight-year cycle, or from eight to 11. And a lot of
9 our co-ops are -- not a lot, but several are at the ten-year
10 level. And in our mind we're still in compliance with the RUS
11 bulletin, even though it's not a binding bulletin. But we
12 think ten years would still be in compliance. And we have been
13 there for a long time, and RUS has not had a problem with that.
14 And they would be the ones that allegedly are the experts about
15 this document.

16 Those are all the comments I have about this, but I
17 will be glad to try and answer any questions, if there are any.

18 CHAIRMAN EDGAR: Thank you.

19 Mr. Burnett.

20 MR. BURNETT: Thank you, Madam Chairman.

21 One brief question. With respect to the exceptions
22 list that are on Page 4 of the recommendation, it's noted that
23 all utilities did not have excavation of poles surrounded by
24 concrete or pavement. Just so we can base on our
25 justification, my question would be was it the intent of the

1 wood pole inspection order that all concrete or pavement be
2 busted, removed and then we do a ground line excavation
3 inspection and then replace the concrete? I'm just curious if
4 that is the base line we are working off of that was the
5 expectation to justify our exceptions to that?

6 CHAIRMAN EDGAR: Mr. Swearingen?

7 MR. SWEARINGEN: Commissioner, if I may. No, that
8 was not the intention of staff to expect the concrete to be
9 busted up and pavement. What staff's intention was, was the
10 order required all wood poles to be excavated. And there was
11 some flexibility there around inspections, but what staff
12 expects is if you cannot excavate, which we understand, we just
13 expect some kind of reasonable method to show that those poles
14 are safe and reliable. Some other alternative inspection
15 process, other than just saying we can't excavate because
16 they're in concrete, and going on to the next pole. That's all
17 we are saying. We just need some other kind of inspection
18 method to be presented that reasonably shows those poles are
19 still safe and reliable.

20 CHAIRMAN EDGAR: Thank you, Mr. Swearingen.

21 Mr. Burnett.

22 MR. BURNETT: Very helpful. Thank you very much.

23 CHAIRMAN EDGAR: Thank you.

24 Mr. Willis.

25 MR. WILLIS: With respect to the same issue, we

1 understand staff wants some additional data. In that respect,
2 Tampa Electric does have an alternative method of inspecting
3 poles that are surrounded in concrete, which we think is very
4 viable, and we will present data and information on that
5 process.

6 CHAIRMAN EDGAR: Thank you.

7 Mr. Cutshaw, do you have a -- I don't want to forget
8 you over here to my right.

9 MR. CUTSHAW: Thank you. I appreciate it.

10 We did have some minor deviations in our program
11 regarding excavation around certain poles. We can go back and
12 attempt to develop some data to justify this. As you've heard
13 many, many times in the past, being a smaller utility who
14 recently began collecting a lot of data, we do not have a lot
15 of background data to justify this. But I think most of the
16 people in the utility industry that have had experience with
17 this type CCA pole realize that they are excellent poles, the
18 deterioration is not there, and we can give you what we can.
19 Hopefully, some of the other utilities can provide additional
20 information to defer that excavation around utility poles.

21 A big point in that is cost. All the excavations,
22 the unnecessary excavations, will increase the cost associated
23 with the program and the associated revenue requirements that
24 will be placed on our customers. So it's something we are
25 looking at and concerned about that we don't go too far in

1 checking the poles and increasing the burden on our customers.

2 CHAIRMAN EDGAR: Thank you.

3 Commissioner Carter.

4 COMMISSIONER CARTER: Thank you, Madam Chairman.

5 I remember this dialogue like it was yesterday. In
6 fact, I even remember what I said about a pole is a pole is a
7 pole. It doesn't matter. And I think that in view of the
8 time, in view of the sequence, in view of the circumstances, I
9 think that this is a -- based upon what staff has found, is
10 commendable. You're right, we did allow flexibility where
11 appropriate to do that.

12 And I see that not only do we have our investor-owned
13 utilities that are working to comply with this order, and the
14 voluntary compliance of the municipals and the cooperatives.
15 And this to the Commission is a public safety issue. And that
16 is what we are trying to do. We are trying to ensure that all
17 Florida citizens are safe. That's what we -- all five of us --
18 that is why you heard so much from us. That's why we ask our
19 colleagues at the municipal and the cooperative. We didn't get
20 into a jurisdictional issue, we said, hey, safety. We're
21 talking safety.

22 And I think, Madam Chairman, I think that this has
23 been a herculean effort in view of the time that we have gone
24 through it. I like staff's recommendations, and I think that
25 it's a continuing process. And I think that, you know, the

1 amplification that you have given today on the order will allow
2 those with the concrete-laden poles to continue the inspection
3 regimen, but do it in another way, because it's public safety
4 that we're after.

5 And, Madam Chairman, I thank you for this
6 opportunity. I think that this is a good, good, good first
7 start. Thank you.

8 CHAIRMAN EDGAR: Thank you, Commissioner Carter.

9 And when you say public safety, I would throw in the
10 health and welfare along with it.

11 Mr. Butler, I can't see you, so I don't know if you
12 wanted to speak. Are you still with us, and do you want to
13 make a comment?

14 MR. BUTLER: I am still with you. And, no, I think
15 that FPL -- my understanding is we have already submitted our
16 explanation with respect to the distribution poles. We are
17 working on it with respect to transmission poles. We are
18 comfortable working within the framework that staff has set
19 forth for resolving the exceptions.

20 CHAIRMAN EDGAR: Thank you. Gulf.

21 MR. BADDERS: Thank you. Russell Badders for Gulf
22 Power. We also agree with staff's position on this as far as
23 they will work with us to get a little bit more information.
24 We have provided quite a bit of data, and they have some
25 questions on the methodology and we will get with them and try

1 to resolve that.

2 Thank you.

3 CHAIRMAN EDGAR: All right. Thank you.

4 Again, we are looking at an issue statewide. This is
5 another good example of that, and I appreciate, as I know my
6 colleagues do, the cooperation in particular of the municipals
7 and the co-ops, and, of course, the IOUs, too, for working with
8 us as we work through this item.

9 Commissioners, any questions? No?

10 COMMISSIONER CARTER: Move staff.

11 COMMISSIONER DEASON: Second.

12 CHAIRMAN EDGAR: Okay. We have a motion and we have
13 a second for the staff recommendation, that's Issues 1, 2 and 3
14 for Item 8. Any discussion? Seeing none, all in favor of the
15 motion say aye.

16 (Unanimous affirmative vote.)

17 CHAIRMAN EDGAR: Opposed? Show it adopted. Thank
18 you.

19 MR. BUTLER: Thank you, Madam Chairman.

20 This is John Butler. That was the last item I was
21 intending to speak to, so I will sign off. And I appreciate
22 you accommodating us today.

23 CHAIRMAN EDGAR: Thank you, Mr. Butler.

24 Okay. Commissioners, we have two items remaining, 9
25 and 10. How about we take -- I was going to say ten, but that

1 always turns into 15, so let's call it a 15-minute break. And
2 come back at ten after by the clock on the wall.

3 (Recess.)

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1 STATE OF FLORIDA)

2 : CERTIFICATE OF REPORTER

3 COUNTY OF LEON)

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5 I, JANE FAUROT, RPR, Chief, Hearing Reporter Services
6 Section, FPSC Division of Commission Clerk and Administrative
7 Services, do hereby certify that the foregoing proceeding was
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14 I FURTHER CERTIFY that I am not a relative, employee,
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19 DATED THIS 6th day of September, 2006.

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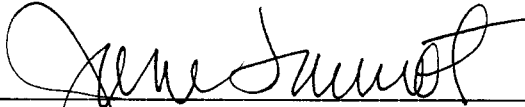
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