



John T. Butler  
Senior Attorney  
Florida Power & Light Company  
700 Universe Boulevard  
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September 21, 2006

RECEIVED FPSC  
06 SEP 21 PM 3:58  
COMMISSION  
CLERK

- VIA HAND DELIVERY -

Ms. Blanca S. Bayó, Director  
Division of the Commission Clerk and  
Administrative Services  
Florida Public Service Commission  
Betty Easley Conference Center  
2540 Shumard Oak Boulevard, Room 110  
Tallahassee, FL 32399-0850

Re: Docket No. 060150-EI

Dear Ms. Bayó:

I am enclosing for filing in the above docket the original and fifteen (15) copies of Florida Power & Light Company's Amended Petition for Approval of Original Tariff Sheets 6.301 and 9.727 and revisions to First Revised Tariff Sheet 6.300, Second Revised Tariff Sheet 6.310, Second Revised Tariff Sheet 6.320, First Revised Tariff Sheet 6.330, Third Revised Tariff Sheet 9.725 and Fourth Revised Tariff Sheet 9.726 (Governmental Adjustment Factor), together with a diskette containing the electronic version of same. The enclosed diskette is HD density, the operating system is Windows XP, and the word processing software is Word 2003.

If there are any questions regarding this transmittal, please contact me at 561-304-5639.

Sincerely,

John T. Butler

MP \_\_\_\_\_  
DM \_\_\_\_\_  
TR \_\_\_\_\_  
OR \_\_\_\_\_  
CL \_\_\_\_\_  
PC \_\_\_\_\_  
SA \_\_\_\_\_  
IR \_\_\_\_\_  
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H \_\_\_\_\_

*Orig Tariff + DISKETTE*

Enclosure

Cc: Counsel for parties of record (w/encl.)

RECEIVED & FILED

FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

08751 SEP 21 06

FPSC-COMMISSION CLERK

**BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition for approval of            )  
revisions to contribution-in-aid-        )  
of-construction definition in            )  
Section 12.1 of First Revised            )  
Tariff Sheet No. 6.300, by                )  
Florida Power & Light Company.        )

Docket No. 060150-EI

Filed: September 21, 2006

**FLORIDA POWER & LIGHT COMPANY'S AMENDED PETITION  
FOR APPROVAL OF ORIGINAL TARIFF SHEETS 6.301 AND 9.727 AND  
REVISIONS TO FIRST REVISED TARIFF SHEET 6.300, SECOND REVISED TARIFF  
SHEET 6.310, SECOND REVISED TARIFF SHEET 6.320, FIRST REVISED TARIFF  
SHEET 6.330, THIRD REVISED TARIFF SHEET 9.725 AND FOURTH REVISED  
TARIFF SHEET 9.726 (GOVERNMENTAL ADJUSTMENT FACTOR)**

Florida Power & Light Company ("FPL") hereby requests approval for Original Tariff Sheets 6.301 and 9.727 and revisions to First Revised Tariff Sheet 6.300, Second Revised Tariff Sheet 6.310, Second Revised Tariff Sheet 6.320, First Revised Tariff Sheet 6.330, Third Revised Tariff Sheet 9.725 and Fourth Revised Tariff Sheet 9.726 in order to implement FPL's proposed Governmental Adjustment Factor ("GAF") for the calculation of contributions-in-aid-of-construction ("CIAC"). In support of this Amended Petition, FPL states as follows:

1. FPL is a public utility subject to the jurisdiction of the Florida Public Service Commission ("Commission") under Chapter 366, Florida Statutes. FPL's General Offices are located at 9250 West Flagler Street, Miami, FL 33174.

2. Any pleading, motion, notice, order or other document required to be served upon the petitioner or filed by any party to this proceeding should be served upon the following individuals:

John T. Butler, Esquire  
Senior Attorney  
Law Department  
Florida Power & Light Company  
700 Universe Boulevard  
Juno Beach, FL 33408-0420  
(561) 304-5639 (Voice)  
(561) 691-7305 (Facsimile)  
[John\\_Butler@fpl.com](mailto:John_Butler@fpl.com)

William G. Walker, III  
Vice President, Regulatory Affairs  
Florida Power & Light Company  
215 South Monroe Street, Suite 810  
Tallahassee, FL 32301  
(850) 521-3910 (Voice)  
(850) 521-3939 (Facsimile)  
[Bill\\_Walker@fpl.com](mailto:Bill_Walker@fpl.com)

3. On January 30, 2006, FPL filed with the Commission and published "STORM SECURE: FPL's Five Point Plan to Build a Stronger Grid for the Future." The Storm Secure Plan explains the steps that FPL proposes to take to substantially increase the resistance of its distribution, transmission and substation network to severe weather impacts. One component of the Storm Secure Plan is the promotion of underground conversions by local governments. FPL has offered, subject to Commission approval, to invest 25% of the cost of local government-sponsored conversion projects otherwise borne by the requesting locality, with the Commission recognizing such investment as new plant in service. FPL refers to the mechanism to effect this 25% investment as the GAF.

4. Two extraordinary hurricane seasons and the prospect of more active and intense storm seasons in the coming years have made it clear that significant changes are required in the way that Florida public utilities design, construct and operate their electrical systems. This is particularly true for FPL, whose service area has experienced the direct hit of five hurricanes as well as the impact of two others in 2004 and 2005. Standards that have worked well and provided customers with reliable service in the past will need to be enhanced going forward. Florida generally, and South Florida in particular, are much more heavily and densely populated than they were at the time of Hurricane Andrew; customers' expectations have changed; and

there is good evidence that we are in a more active part of a multi-decade hurricane cycle and can expect more frequent and intense storm events. Certainly, this is the belief of most Floridians as well as that of state and local government at all levels.

5. On February 20, 2006, FPL filed a petition for approval of revisions to the CIAC definition in section 12.1 of its first revised tariff Sheet No. 6.300, which was intended to implement the GAF (the "GAF Petition"). The GAF Petition was assigned to this docket. Simultaneously with the GAF Petition, FPL also filed a petition to initiate rulemaking that would revise Rule 25-6.115, F.A.C. in order to recognize GAF investments as plant in service (the "GAF Rulemaking Petition"). The GAF Petition's request for approval of tariff changes to implement the GAF was expressly conditioned upon the Commission's adoption of the rule change requested in the GAF Rulemaking Petition.

6. The Commission opened Docket No. 060149-EI to consider the GAF Rulemaking Petition, but then initiated its own storm-hardening rulemaking proceeding in Docket Nos. 060172-EU and 060173-EU on March 23, 2006 and denied FPL's rulemaking petition as moot. Order No. PSC-06-0273-FOF-EI, Docket No. 060149-EI, dated April 6, 2006.

7. On April 4, 2006, the Commission acted pursuant to Section 366.06(3) to suspend the GAF tariff proposal that accompanied the GAF Petition, pending further review of the proposal and the conclusion of rulemaking on Rule 25-6.115 in Docket Nos. 060172-EU and 060173-EU. Order No. PSC-06-0339-PCO-EIO, dated April 24, 2006. In suspending the GAF tariff proposal, the Commission expressed its wish that the suspension not "discourage cities or counties who are willing to pursue undergrounding of their existing facilities at this time" and therefore committed that "in the event a tariff revision is ultimately approved for FPL in this docket, FPL shall be permitted to apply any such later-approved discount to the cost of

undergrounding facilities for local governments that proceed with underground conversion projects prior to our final decision on the issue. Any such later-approved discount for local government-sponsored conversion projects shall apply to undergrounding contracts entered into with local governments on or after April 4, 2006.” *Id.* at pp. 2-3.

8. At its June 20, 2006 agenda conference, the Commission approved proposed revisions to Rule 25-6.115 in Docket Nos. 060172-EU and 060173-EU that would facilitate FPL’s recognition of GAF investments as plant in service and thus satisfy the condition upon which the GAF Petition was premised. Specifically, subsection (12) of the proposed rule provides that a utility may waive all or a portion of the otherwise applicable CIAC for an applicant without reducing net plant in service by the waived amount, if it demonstrates that there are quantifiable benefits to the general body of customers commensurate with the waived amount. Absent a challenge to those proposed revisions, they would have become final on July 28, 2006. The proposed rule revisions were challenged, however, and a rulemaking hearing was held on August 31, 2006 to address the challenges. FPL understands that the Commission presently intends to vote on adopting the proposed rule revisions as final at the October 24, 2006 agenda conference.

9. On June 9, 2006 and July 26, 2006, Staff served data requests on FPL in connection with the GAF tariff filing. FPL timely responded to those data requests on July 11 and August 16, 2006, respectively. One of the subjects of the data requests was FPL’s quantification of benefits to justify the GAF under proposed Rule 25-6.115(12). In the course of responding to Staff’s data requests, it became apparent to FPL that it should update and refine its GAF tariff proposal to include qualification criteria that reflect the assumptions of the economic justification for the GAF tariff that FPL provided to Staff, as well as to reflect changes to the

underground conversion CIAC formula that the Commission proposes to make in Rule 25-6.115. On August 18, 2006, FPL sent Staff for preliminary review the proposed tariff sheets that would implement FPL's updated and refined GAF tariff proposal. Staff has recently provided FPL input on those proposed tariff sheets.

10. Attached to this Amended Petition as Composite Exhibit 1 are legislative and final formats of FPL's Second Revised Tariff Sheet 6.300, Original Tariff Sheet 6.301, Third Revised Tariff Sheet 6.310, Third Revised Tariff Sheet 6.320, Second Revised Tariff Sheet 6.330, Fourth Revised Tariff Sheet 9.725, Fifth Revised Tariff Sheet 9.726 and Original Tariff Sheet 9.727. The attached proposed tariff sheets are similar to those that FPL sent Staff for preliminary review on August 18, revised to address the input FPL received from Staff.

11. Under the proposed tariff sheets, the GAF is expressed as a partial waiver of the CIAC that a local government applicant otherwise would pay (the "GAF Waiver"), as contemplated by proposed Rule 25-6.115(12). Consistent with the proposed rule, FPL asks that it not be required to reduce plant in service by the amount of the GAF Waiver, because there are quantifiable benefits to the general body of FPL's customers commensurate with the GAF Waiver.

12. Attached hereto as Exhibit 2 is FPL's quantification of benefits, which shows that there are substantial additional storm restoration cost savings associated with undergrounding projects meeting the GAF eligibility criteria and that these additional savings justify the 25% GAF investment in such projects. FPL's quantification is based on the average of actual storm restoration costs for overhead distribution facilities after the 2004 and 2005 hurricanes and an assumed storm frequency of one event every three years, reflecting the expected ongoing heightened incidence of storm activity and recent experience. As such, FPL is using the best

information currently available. FPL anticipates collecting additional information on storm restoration costs over the coming years and will continue to monitor and evaluate the quantification of benefits justifying the GAF Waiver. FPL will submit a report to the Commission no later than three years after the GAF tariff is approved, showing the impact of any new storm-restoration data on the quantification of benefits and proposing revisions to the tariff if warranted.

13. FPL asks that the Commission expedite its review and approval of the proposed tariff sheets, so that the GAF Waiver can be made available to local governments as quickly as possible. In that regard, while FPL acknowledges that the eight-month period provided by Section 366.06(3), Florida Statutes, for the Commission to make a decision on the proposed tariff sheets begins to run upon the filing of this Amended Petition, FPL asks that the Commission schedule its consideration of the proposed tariff sheets for the December 19, 2006 agenda conference. FPL understands that this schedule will provide Staff the time it needs to evaluate the proposed tariff sheets fully and make a timely recommendation concerning them to the Commission.

14. As was the case with FPL's original GAF Petition, this Amended Petition is conditioned upon the Commission's adoption of amendments to Rule 25-6.115 that will permit FPL to recognize the GAF Waiver as plant in service. FPL is optimistic that such amendments will be adopted well before the December 19 agenda conference. In an abundance of caution, however, FPL reiterates the request from its original GAF Petition that the proposed tariff sheets be approved no earlier than adoption by the Commission of the necessary amendments to Rule 25-6.115. Similarly, FPL asks that the proposed tariff sheets be approved only if the Commission determines, once proposed Rule 25-6.115(12) has been adopted, that the GAF

Waiver is reasonably projected to provide quantifiable benefits to the general body of FPL's customers commensurate with the GAF Waiver, such that FPL is not required to reduce plant in service when it provides GAF Waivers to local government applicants consistent with those tariff sheets.

15. Once approved, the proposed tariff sheets will constitute "a tariff revision ... ultimately approved for FPL in this docket." Therefore, consistent with Order No. PSC-06-0339-PCO-EI, they should apply to all undergrounding contracts entered into with local governments on or after April 4, 2006.

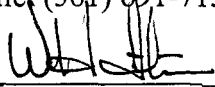
WHEREFORE, for the foregoing reasons, Florida Power & Light Company respectfully requests that the Commission grant this Amended Petition for Approval of Original Tariff Sheets 6.301 and 9.727 and revisions to First Revised Tariff Sheet 6.300, Second Revised Tariff Sheet 6.310, Second Revised Tariff Sheet 6.320, First Revised Tariff Sheet 6.330, Third Revised Tariff Sheet 9.725 and Fourth Revised Tariff Sheet 9.726, and that FPL's tariff be modified in accordance herewith to include Second Revised Tariff Sheet 6.300, Original Tariff Sheet 6.301, Third Revised Tariff Sheet 6.310, Third Revised Tariff Sheet 6.320, Second Revised Tariff Sheet 6.330, Fourth Revised Tariff Sheet 9.725, Fifth Revised Tariff Sheet 9.726 and Original Tariff Sheet 9.727 contained in Composite Exhibit 1, with the terms of such tariff sheets to be available for all undergrounding contracts entered into with local governments on or after April 4, 2006; and, as part of its approval of the foregoing tariff sheets, determine that the GAF Waiver is reasonably projected to provide quantifiable benefits to the general body of FPL's customers commensurate with the GAF Waiver, such that FPL is not required to reduce plant in service when it provides GAF Waivers to local government applicants consistent with said tariff sheets.



Respectfully submitted,

John T. Butler, Esquire  
Senior Attorney  
Florida Power & Light Company  
700 Universe Boulevard  
Juno Beach, FL 33408  
Telephone: (561) 304-5639  
Facsimile: (561) 691-7135

By:

  
\_\_\_\_\_  
John T. Butler

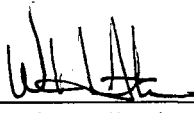
**CERTIFICATE OF SERVICE**  
**Docket No. 060150-EI**

**I HEREBY CERTIFY** that a true and correct copy of the foregoing has been furnished to the following by hand-delivery (\*) or U.S. Mail this 21<sup>st</sup> day of September, 2006:

Robert Scheffel Wright  
John T. LaVia, III  
Young van Assenderp, P.A.  
225 South Adams Street, Suite 200  
Tallahassee, Florida 32301

Roseanne Gervasi, Esq. \*  
Office of General Counsel  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Attorneys for the Town of Palm Beach,  
Florida

By:   
\_\_\_\_\_  
John T. Butler

**EXHIBIT 1**  
**REVISED TARIFF SHEETS**

## **INDEX OF TARIFF CHANGES**

### **Underground Agreement**

Sheet No. 9.725 Fourth Revised Sheet - replaces "Reserved for Future Use" sheet

Sheet No. 9.726 Fifth Revised Sheet - replaces "Reserved for Future Use" sheet

Sheet No 9.727 Original Sheet

### **GAF Tariff**

Sheet No. 6.300 Second Revised Sheet

- Replace "who" with "that" under "Applicant" paragraph
- CIAC Formula revised for rule change and the GAF Waiver
- Sections 12.2.1 and 12.2.2 moved from Sheet No. 6.300 to Sheet No. 6.301 due to space limitations.

### **Additional Tariff Sheets Needing Revisions**

Sheet No. 6.301 Original Sheet

- Sections 12.2.1 and 12.2.2 moved from Sheet No. 6.300 to Sheet No. 6.301 due to space limitations.
- Reference to the Underground Facilities Conversion Agreement – Governmental Adjustment Factor Waiver added where the current Underground Facilities Conversion Agreement is cited. No other changes to Sections 12.2.1 and 12.2.2.

Sheet No. 6.310 Third Revised Sheet

- Reference to the Underground Facilities Conversion Agreement – Governmental Adjustment Factor Waiver added wherever the current Underground Facilities Conversion Agreement is cited.
- Section 12.2.8 a) moved from Sheet No. 6.3010 to Sheet No. 6.320 due to space limitations. No changes to section.

Sheet No. 6.320 Third Revised Sheet

- Section 12.2.8 a) moved from Sheet No. 6.3010 to Sheet No. 6.320 due to space limitations. No changes to section.
- Reference to the Underground Facilities Conversion Agreement – Governmental Adjustment Factor Waiver added wherever the current Underground Facilities Conversion Agreement is cited.
- Section 12.2.10 moved from Sheet 6.320 to Sheet No. 6.330 due to space limitations. No changes to section.

Sheet No. 6.330 Second Revised Sheet

- Section 12.2.10 moved from Sheet 6.320 to Sheet No. 6.330 due to space limitations. No changes to section.
- Reference to the Underground Facilities Conversion Agreement – Governmental Adjustment Factor Waiver added to "Relocation" paragraph.

# **Underground Agreement**

**UNDERGROUND FACILITIES CONVERSION AGREEMENT –  
GOVERNMENTAL ADJUSTMENT FACTOR WAIVER**

This Agreement, made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between \_\_\_\_\_ (“Local Government Applicant”), a Florida municipal corporation or county with an address of \_\_\_\_\_ and FLORIDA POWER & LIGHT COMPANY (“FPL”), a Florida corporation with an address of P.O. Box 14000, 700 Universe Boulevard, Juno Beach, FL 33408-0429.

WHEREAS, the Local Government Applicant has requested that FPL convert certain overhead electric distribution facilities located within the following boundaries (the “Conversion”):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(collectively, the “Existing Overhead Facilities”) to underground facilities, including transformers, switch cabinets and other appurtenant facilities installed above ground as set forth in Attachment A hereof (collectively, the “Underground Facilities”).

NOW THEREFORE, in consideration of the foregoing premises and the covenants and agreements set forth herein, and other consideration the sufficiency of which is hereby acknowledged, the parties intending to be legally bound, hereby covenant and agree as follows:

1. **Governmental Adjustment Factor Waiver (“GAF Waiver”) Eligibility Criteria.** The Local Government Applicant represents and warrants that it meets the following eligibility criteria for the Conversion:
  - a. In order for the Conversion to incorporate a sufficient amount of overhead facilities to provide electrical continuity, the Conversion must include a minimum of approximately 3 pole line miles or approximately 200 detached dwelling units within contiguous or closely proximate geographic areas (the “Conversion Area”). The Conversion may be completed in mutually agreed upon phases, with the project size minimums applying to the aggregate project – provided that any necessary subsequent phase begins within a 1 year period from completion of the prior phase and the minimums are met within, at most, 3 phases; and
  - b. The Local Government Applicant must require all customers within the Conversion Area who currently have overhead service directly from the Existing Overhead Facilities to convert their service entrances to underground within 6 months of completion of the Underground Facilities installation or each phase thereof; and
  - c. The Local Government Applicant must be willing and able to execute a right of way (“ROW”) agreement with FPL if the Local Government Applicant requests that facilities be placed in the ROW; and
  - d. For any affected laterals, the complete lateral must be converted, including all stages of any multi-stage lateral; and
  - e. There are no state or federal funds available to the Local Government Applicant to cover any portion of the cost of the Conversion.

Special Circumstances. Conversions which do not meet the project size minimums described in section 1.a are eligible for the GAF Waiver in the following special circumstances:

  - i. 100% of the Existing Overhead Facilities within the Local Government Applicant’s corporate limits are to be converted, but are less than the pole line mileage or dwelling unit minimums; or
  - ii. A single lateral that serves at least one Critical Infrastructure Facility as determined by the appropriate local agency with the mutual agreement of FPL; or
  - iii. An island or peninsula where 100% of the Existing Overhead Facilities are to be converted.

(Continued on Sheet No. 9.726)

~~RESERVED FOR FUTURE USE~~  
UNDERGROUND FACILITIES CONVERSION AGREEMENT –  
GOVERNMENTAL ADJUSTMENT FACTOR WAIVER

This Agreement, made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between \_\_\_\_\_ (“Local Government Applicant”), a Florida municipal corporation or county with an address of \_\_\_\_\_ and FLORIDA POWER & LIGHT COMPANY (“FPL”), a Florida corporation with an address of P.O. Box 14000, 700 Universe Boulevard, Juno Beach, FL 33408-0429.

WHEREAS, the Local Government Applicant has requested that FPL convert certain overhead electric distribution facilities located within the following boundaries (the “Conversion”):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(collectively, the “Existing Overhead Facilities”) to underground facilities, including transformers, switch cabinets and other appurtenant facilities installed above ground as set forth in Attachment A hereof (collectively, the “Underground Facilities”).

NOW THEREFORE, in consideration of the foregoing premises and the covenants and agreements set forth herein, and other consideration the sufficiency of which is hereby acknowledged, the parties intending to be legally bound, hereby covenant and agree as follows:

1. **Governmental Adjustment Factor Waiver (“GAF Waiver”) Eligibility Criteria.** The Local Government Applicant represents and warrants that it meets the following eligibility criteria for the Conversion:
  - a. In order for the Conversion to incorporate a sufficient amount of overhead facilities to provide electrical continuity, the Conversion must include a minimum of approximately 3 pole line miles or approximately 200 detached dwelling units within contiguous or closely proximate geographic areas (the “Conversion Area”). The Conversion may be completed in mutually agreed upon phases, with the project size minimums applying to the aggregate project – provided that any necessary subsequent phase begins within a 1 year period from completion of the prior phase and the minimums are met within, at most, 3 phases; and
  - b. The Local Government Applicant must require all customers within the Conversion Area who currently have overhead service directly from the Existing Overhead Facilities to convert their service entrances to underground within 6 months of completion of the Underground Facilities installation or each phase thereof; and
  - c. The Local Government Applicant must be willing and able to execute a right of way (“ROW”) agreement with FPL if the Local Government Applicant requests that facilities be placed in the ROW; and
  - d. For any affected laterals, the complete lateral must be converted, including all stages of any multi-stage lateral; and
  - e. There are no state or federal funds available to the Local Government Applicant to cover any portion of the cost of the Conversion.

Special Circumstances. Conversions which do not meet the project size minimums described in section 1.a are eligible for the GAF Waiver in the following special circumstances:

  - i. 100% of the Existing Overhead Facilities within the Local Government Applicant’s corporate limits are to be converted, but are less than the pole line mileage or dwelling unit minimums; or
  - ii. A single lateral that serves at least one Critical Infrastructure Facility as determined by the appropriate local agency with the mutual agreement of FPL; or
  - iii. An island or peninsula where 100% of the Existing Overhead Facilities are to be converted.

(Continued on Sheet No. 9.726)

(Continued from Sheet No. 9.725)

2. **Contribution-in-Aid-of-Construction (CIAC).** The Local Government Applicant shall pay FPL a CIAC as required by FPL's Electric Tariff and Section 25-6.115 of the Florida Administrative Code with the Otherwise Applicable CIAC amount reduced by the GAF Waiver.

i. Otherwise Applicable CIAC	\$ _____
ii. GAF Waiver	- \$ _____
iii. CIAC Due	\$ <u>_____</u>

In the event the actual cost of the Conversion exceeds the estimate, the Otherwise Applicable CIAC shall be adjusted by the lesser of (a) the difference between the actual cost of the Conversion and the estimate, or (b) 10% of the Otherwise Applicable CIAC identified above. The GAF Waiver shall also be adjusted accordingly and the Local Government Applicant shall pay FPL the resulting difference in the amount of the CIAC Due.

3. **Applicant-Installed Facilities.** The Local Government Applicant may, upon entering into an applicant-installed facilities agreement satisfactory to FPL, construct and install all or a portion of the Underground Facilities. Such work must meet FPL's construction standards and FPL will own and maintain the completed facilities. The Local Government Applicant agrees to rectify any deficiencies, found by FPL, prior to the connection of any customers to the Underground Facilities and the removal of the Existing Overhead Facilities.
4. **Compliance with Tariff.** The Local Government Applicant agrees to comply with and abide by the requirements, terms, and conditions of FPL's Electric Tariff.
5. **Timing of Conversion.** Upon compliance by the Local Government Applicant with the requirements, terms, and conditions of FPL's Electric Tariff, this Agreement and any other applicable agreements, FPL will proceed in a timely manner with the Conversion in accordance with the construction drawings and specifications set forth in Attachment A hereof.
6. **Relocation.** In the event that the Underground Facilities are part of, or are for the purposes of, relocation, then this Agreement shall be an addendum to the relocation agreement between FPL and the Local Government Applicant. In the event of any conflict between the relocation agreement and this Agreement or the Electric Tariff, this Agreement and the Electric Tariff shall control.
7. **Term.** This Agreement shall remain in effect for as long as FPL or any successor or assign owns or operates the Underground Facilities.
8. **GAF Waiver Repayment.** If the Local Government Applicant does not satisfy the relevant eligibility criteria, the Local Government Applicant shall repay the GAF Waiver within 30 days of written notice from FPL of such failure. Additionally, if at any point within 30 years of completion of the Underground Facilities installation, the Local Government Applicant elects to have electric service within the Conversion Area supplied by a provider other than FPL, the Local Government Applicant shall repay FPL a pro-rata share of the GAF Waiver. The pro-rata share (which shall reflect partial years) shall be determined as follows:

$$\text{GAF Waiver} * [(30 - \text{years since the Underground Facilities completion date}) / 30]$$

(Continued on Sheet No. 9.727)



**RESERVED FOR FUTURE USE**

(Continued from Sheet No. 9.725)

2. **Contribution-in-Aid-of-Construction (CIAC).** The Local Government Applicant shall pay FPL a CIAC as required by FPL's Electric Tariff and Section 25-6.115 of the Florida Administrative Code with the Otherwise Applicable CIAC amount reduced by the GAF Waiver.
- |                                     |             |
|-------------------------------------|-------------|
| i. <u>Otherwise Applicable CIAC</u> | <u>\$</u>   |
| ii. <u>GAF Waiver</u>               | <u>- \$</u> |
| iii. <u>CIAC Due</u>                | <u>\$</u>   |

In the event the actual cost of the Conversion exceeds the estimate, the Otherwise Applicable CIAC shall be adjusted by the lesser of (a) the difference between the actual cost of the Conversion and the estimate, or (b) 10% of the Otherwise Applicable CIAC identified above. The GAF Waiver shall also be adjusted accordingly and the Local Government Applicant shall pay FPL the resulting difference in the amount of the CIAC Due.

3. **Applicant-Installed Facilities.** The Local Government Applicant may, upon entering into an applicant-installed facilities agreement satisfactory to FPL, construct and install all or a portion of the Underground Facilities. Such work must meet FPL's construction standards and FPL will own and maintain the completed facilities. The Local Government Applicant agrees to rectify any deficiencies, found by FPL, prior to the connection of any customers to the Underground Facilities and the removal of the Existing Overhead Facilities.
4. **Compliance with Tariff.** The Local Government Applicant agrees to comply with and abide by the requirements, terms, and conditions of FPL's Electric Tariff.
5. **Timing of Conversion.** Upon compliance by the Local Government Applicant with the requirements, terms, and conditions of FPL's Electric Tariff, this Agreement and any other applicable agreements, FPL will proceed in a timely manner with the Conversion in accordance with the construction drawings and specifications set forth in Attachment A hereof.
6. **Relocation.** In the event that the Underground Facilities are part of, or are for the purposes of, relocation, then this Agreement shall be an addendum to the relocation agreement between FPL and the Local Government Applicant. In the event of any conflict between the relocation agreement and this Agreement or the Electric Tariff, this Agreement and the Electric Tariff shall control.
7. **Term.** This Agreement shall remain in effect for as long as FPL or any successor or assign owns or operates the Underground Facilities.
8. **GAF Waiver Repayment.** If the Local Government Applicant does not satisfy the relevant eligibility criteria, the Local Government Applicant shall repay the GAF Waiver within 30 days of written notice from FPL of such failure. Additionally, if at any point within 30 years of completion of the Underground Facilities installation, the Local Government Applicant elects to have electric service within the Conversion Area supplied by a provider other than FPL, the Local Government Applicant shall repay FPL a pro-rata share of the GAF Waiver. The pro-rata share (which shall reflect partial years) shall be determined as follows:

$$\text{GAF Waiver} * [(30 - \text{years since the Underground Facilities completion date}) / 30]$$

(Continued on Sheet No. 9.727)

(Continued from Sheet No. 9.726)

- 9. **Termination Prior to the Conversion Completion.** Failure by the Local Government Applicant to comply with any of the requirements, terms, or conditions of this Agreement or FPL's Electric Tariff shall result in termination of this Agreement. The Local Government Applicant may terminate this Agreement at any time prior to the start of the Conversion and the CIAC paid by the Local Government Applicant will be refunded to the Local Government Applicant; provided however, that the refund of the CIAC shall be offset by any costs incurred by FPL in performing under the Agreement up to the date of termination.
- 10. **Assignment.** The Local Government Applicant shall not assign this Agreement without the written consent of FPL.
- 11. **Adoption and Recording.** This Agreement shall be adopted by the Local Government Applicant and maintained in the official records of the Local Government Applicant for the duration of the term of this Agreement. This Agreement also shall be recorded in the Official Records of the County in which the Underground Facilities are located, in the place and in the manner in which deeds are typically recorded.
- 12. **Conflict between Terms of Franchise Agreement.** In the event of a conflict between the terms of this Agreement and any permit or franchise agreement entered into by Local Government Applicant and FPL, the terms of this Agreement shall control.

IN WITNESS WHEREOF, FPL and the Local Government Applicant have executed this Agreement on the date first set forth above.

**LOCAL GOVERNMENT APPLICANT**

**FPL**

Signed \_\_\_\_\_

Signed \_\_\_\_\_

Name \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

Title \_\_\_\_\_

Signed \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

Approved as to Terms and Conditions

Signed \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

Approved as to Form and Legal Sufficiency

Signed \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

# **G.A.F. Tariff**

INSTALLATION OF UNDERGROUND ELECTRIC DISTRIBUTION FACILITIES  
 FOR THE CONVERSION OF OVERHEAD ELECTRIC DISTRIBUTION FACILITIES

SECTION 12.1 DEFINITIONS

APPLICANT - Any person, corporation, or entity capable of complying with the requirements of this tariff that has made a written request for underground electric distribution facilities in accordance with this tariff.

CONVERSION - Any installation of underground electric distribution facilities where the underground facilities will be substituted for existing overhead electric distribution facilities, including relocations.

CONTRIBUTION-IN-AID-OF-CONSTRUCTION (CIAC) - The CIAC to be paid by an Applicant under this tariff section shall be the result of the following formula:

CIAC =

- The estimated cost to install the requested underground facilities;
- + The estimated cost to remove the existing overhead facilities;
- + The net book value of the existing overhead facilities;
- + The net present value of the estimated operational costs of underground facilities over 30 years;
- + The net present value of the estimated average storm restoration costs of underground facilities over 30 years;
- The estimated cost that would be incurred to install new overhead facilities, in lieu of underground, to replace the existing overhead facilities (the "Hypothetical Overhead Facilities");
- The estimated salvage value of the existing overhead facilities to be removed;
- The net present value of the estimated operational costs of the overhead facilities over 30 years;
- The net present value of the estimated average storm restoration costs of overhead facilities over 30 years.

GAF Waiver

For Applicants entering into an Underground Facilities Conversion Agreement - Governmental Adjustment Factor Waiver with the Company, the otherwise applicable CIAC amount, as calculated above, shall be reduced by the GAF Waiver. The amount of the GAF Waiver shall be calculated as follows:

GAF Waiver =

- 25% x the otherwise applicable CIAC;
- + 75% x (the net present value of the estimated average storm restoration costs of underground facilities over 30 years less the net present value of the estimated average storm restoration costs of overhead facilities over 30 years).

Note: The final term avoids double-counting the estimated average storm restoration costs embedded in the otherwise applicable CIAC.

DISTRIBUTION SYSTEM - Electric service facilities consisting of primary and secondary conductors, service drops, service laterals, conduits, transformers and necessary accessories and appurtenances for the furnishing of electric power at utilization voltage.

SERVICE FACILITIES - The entire length of conductors between the distribution source, including any conduit and or risers at a pole or other structure or from transformers, from which only one point of service will result, and the first point of connection to the service entrance conductors at a weatherhead, in a terminal, or meter box outside the building wall; the terminal or meter box; and the meter.

(Continued on Sheet No. 6.301)

INSTALLATION OF UNDERGROUND ELECTRIC DISTRIBUTION FACILITIES  
 FOR THE CONVERSION OF OVERHEAD ELECTRIC DISTRIBUTION FACILITIES

SECTION 12.1 DEFINITIONS

APPLICANT - Any person, corporation, or entity capable of complying with the requirements of this tariff ~~whothat~~ has made a written request for underground electric distribution facilities in accordance with this tariff.

CONVERSION - Any installation of underground electric distribution facilities where the underground facilities will be substituted for existing overhead electric distribution facilities, including relocations.

CONTRIBUTION-IN-AID-OF-CONSTRUCTION (CIAC) -- The CIAC to be paid by an Applicant under this tariff section shall be ~~determined according to the result of the~~ following formula:

$$CIAC = (UG + NBV + R) - (OH + SV)$$

~~— where UG is the~~The estimated cost to install the requested underground electric distribution facilities requested, ~~OH is the estimated cost to install new overhead electric distribution facilities as if the present facilities were to be completely replaced, NBV is the net book value (book value less accumulated depreciation) of the existing overhead electric distribution facilities to be removed from service after the installation of the underground facilities, R is the cost to remove the overhead electric distribution facilities for which the underground facilities will be substituted, and SV is the salvage value of the removed materials which constituted the overhead electric distribution facilities;~~

- + The estimated cost to remove the existing overhead facilities;
- + The net book value of the existing overhead facilities;
- + The net present value of the estimated operational costs of underground facilities over 30 years;
- + The net present value of the estimated average storm restoration costs of underground facilities over 30 years;
- The estimated cost that would be incurred to install new overhead facilities, in lieu of underground, to replace the existing overhead facilities (the "Hypothetical Overhead Facilities");
- The estimated salvage value of the existing overhead facilities to be removed;
- The net present value of the estimated operational costs of the overhead facilities over 30 years;
- The net present value of the estimated average storm restoration costs of overhead facilities over 30 years.

GAF Waiver

For Applicants entering into an Underground Facilities Conversion Agreement – Governmental Adjustment Factor Waiver with the Company, the otherwise applicable CIAC amount, as calculated above, shall be reduced by the GAF Waiver. The amount of the GAF Waiver shall be calculated as follows:

GAF Waiver =

- 25% x the otherwise applicable CIAC;
- + 75% x (the net present value of the estimated average storm restoration costs of underground facilities over 30 years less the net present value of the estimated average storm restoration costs of overhead facilities over 30 years).

Note: The final term avoids double-counting the estimated average storm restoration costs embedded in the otherwise applicable CIAC.

DISTRIBUTION SYSTEM - Electric service facilities consisting of primary and secondary conductors, service drops, service laterals, conduits, transformers and necessary accessories and appurtenances for the furnishing of electric power at utilization voltage.

SERVICE FACILITIES - The entire length of conductors between the distribution source, including any conduit and or risers at a pole or other structure or from transformers, from which only one point of service will result, and the first point of connection to the service entrance conductors at a weatherhead, in a terminal, or meter box outside the building wall; the terminal or meter box; and the meter.

SECTION 12.2 GENERAL

12.2.1 Application

~~This tariff section applies to all requests for underground electric distribution facilities where the facilities requested will be substituted for existing overhead electric distribution facilities. Any person, corporation, or entity capable of complying with the~~

**FLORIDA POWER & LIGHT COMPANY**

~~Original~~First Revised Sheet No. 6.300

~~requirements of this tariff may submit a request as follows. Requests shall be in writing and must specify in detail the overhead electric distribution facilities to be converted or the area to be served by underground electric distribution facilities in lieu of presently existing overhead electric distribution facilities serving said area. Upon receipt of a written request, FPL will determine the feasibility of converting the existing facilities, any necessary revisions to this written request, and the non-refundable deposit amount necessary to secure a binding cost estimate and notify the applicant of said amount.~~

~~12.2.2 Contribution in Aid Of Construction (CIAC)~~

~~Upon the payment of a non-refundable deposit by an Applicant, FPL shall prepare a binding cost estimate specifying the contribution in aid of construction (CIAC) required for the installation of the requested underground distribution facilities, where the installation of such facilities is feasible, and provide said estimate to the Applicant upon completion of the estimate along with an Underground Facilities Conversion Agreement. The CIAC amount to be collected pursuant to a binding cost estimate from an Applicant shall not be increased by more than 10 percent of the binding cost estimate to account for actual costs incurred in excess of the binding cost estimate. However, the CIAC may be subject to increase or refund if the project scope is enlarged or reduced at the request of the Applicant, or the CIAC is found to have a material error prior to the commencement of construction. The binding cost estimate provided to an Applicant shall be considered expired if the Applicant does not enter into an Underground Facilities Conversion Agreement and pay the CIAC amount specified for the installation of the requested underground electric distribution facilities within 180 days of delivery of the binding cost estimate to the Applicant by FPL.~~

(Continued on Sheet No. 6.340)301)

**Additional Tariff Sheets  
Needing Revision**

## FLORIDA POWER &amp; LIGHT COMPANY

(Continued from Sheet No. 6.300)

## SECTION 12.2 GENERAL

12.2.1 Application

This tariff section applies to all requests for underground electric distribution facilities where the facilities requested will be substituted for existing overhead electric distribution facilities. Any person, corporation, or entity capable of complying with the requirements of this tariff may submit a request as follows. Requests shall be in writing and must specify in detail the overhead electric distribution facilities to be converted or the area to be served by underground electric distribution facilities in lieu of presently existing overhead electric distribution facilities serving said area. Upon receipt of a written request, FPL will determine the feasibility of converting the existing facilities, any necessary revisions to this written request, and the non-refundable deposit amount necessary to secure a binding cost estimate and notify the applicant of said amount.

12.2.2 Contribution-in-Aid-Of-Construction (CIAC)

Upon the payment of a non-refundable deposit by an Applicant, FPL shall prepare a binding cost estimate specifying the contribution in aid of construction (CIAC) required for the installation of the requested underground distribution facilities, where the installation of such facilities is feasible, and provide said estimate to the Applicant upon completion of the estimate along with either an Underground Facilities Conversion Agreement or an Underground Facilities Conversion Agreement - Governmental Adjustment Factor Waiver. The CIAC amount to be collected pursuant to a binding cost estimate from an Applicant shall not be increased by more than 10 percent of the binding cost estimate to account for actual costs incurred in excess of the binding cost estimate. However, the CIAC may be subject to increase or refund if the project scope is enlarged or reduced at the request of the Applicant, or the CIAC is found to have a material error prior to the commencement of construction. The binding cost estimate provided to an Applicant shall be considered expired if the Applicant does not enter into either an Underground Facilities Conversion Agreement or an Underground Facilities Conversion Agreement - Governmental Adjustment Factor Waiver and pay the CIAC amount specified for the installation of the requested underground electric distribution facilities within 180 days of delivery of the binding cost estimate to the Applicant by FPL.

(Continued on Sheet No. 6.310)



(Continued from Sheet No. 6.301)

**12.2.3 Non-Refundable Deposits**

The non-refundable deposit for a binding cost estimate for conversion to a direct buried cable in conduit underground electric distribution system shall be determined by multiplying the number of pole line feet of existing overhead electric distribution facilities to be converted by \$1.20. The deposit must be paid to FPL to initiate the estimating process. The deposit will not be refundable, however, it will be applied in the calculation of the CIAC required for the installation of underground distribution facilities. The deposit and the preparation of a binding cost estimate are a prerequisite to the execution of either an Underground Facilities Conversion Agreement or an Underground Facilities Conversion Agreement - Governmental Adjustment Factor Waiver. If the request for underground electric distribution facilities involves the conversion of less than 250 pole line feet of existing overhead facilities, then no deposit will be required for a binding cost estimate, provided, however, that all other requirements of this tariff shall still apply.

**12.2.4 Non-Binding Cost Estimates**

Any person, corporation, or entity may request a non-binding cost estimate free of charge. The non-binding cost estimate shall be an order of magnitude estimate to assist the requestor in determining whether to go forward with a binding cost estimate. Neither an Underground Facilities Conversion Agreement nor an Underground Facilities Conversion Agreement - Governmental Adjustment Factor Waiver may be executed on the basis of a non-binding cost estimate.

**12.2.5 Underground Facilities Conversion Agreement**

Any Applicant seeking the installation of underground distribution facilities pursuant to a written request hereunder shall execute either the Underground Facilities Conversion Agreement set forth in this tariff at Sheet No. 9.720 or, if applicable, the Underground Facilities Conversion Agreement - Governmental Adjustment Factor Waiver set forth in this tariff at Sheet No. 9.725. The applicable Agreement must be executed and the CIAC paid by the Applicant within 180 days of the delivery of the binding cost estimate to the Applicant. Failure to execute the applicable Agreement and pay the CIAC specified in the Agreement within the 180 day time limit, or termination of the Agreement, shall result in the expiration of the binding cost estimate. Any subsequent request for underground facilities will require the payment of a new deposit and the presentation of a new binding cost estimate. For good cause FPL may extend the 180 day time limit. Upon execution of either the Underground Facilities Conversion Agreement or the Underground Facilities Conversion Agreement - Governmental Adjustment Factor Waiver, payment in full of the CIAC specified in the binding cost estimate, and compliance with the requirements of this tariff, FPL shall proceed to convert the facilities identified in a timely manner. However, new service extensions, maintenance and reliability projects, and service restorations shall take precedence over facilities conversions.

**12.2.6 Simultaneous Conversion of Other Pole Licensees**

Before the initiation of any project to provide underground electric distribution facilities pursuant to either an Underground Facilities Conversion Agreement or an the Underground Facilities Conversion Agreement - Governmental Adjustment Factor Waiver the Applicant shall have executed agreements with all affected pole licensees (e.g. telephone, cable TV, etc.) for the simultaneous conversion of those pole licensees' facilities and provide FPL with an executed copy of the Agreement(s). Such agreements shall specifically acknowledge that the affected pole licensees will coordinate their conversion with FPL and other licensees in a timely manner so as to not create unnecessary delays. Failure to present FPL with executed copies of any necessary agreements with affected pole licensees within 180 days after delivery of the binding cost estimate to the Applicant shall result in the expiration of the binding cost estimate, the return of any CIAC paid, and the termination of any Underground Facilities Conversion Agreement or Underground Facilities Conversion Agreement - Governmental Adjustment Factor Waiver entered into between the Applicant and FPL.

**12.2.7 Easements**

Before the initiation of any project to provide underground electric distribution facilities pursuant to either an Underground Facilities Conversion Agreement or an Underground Facilities Conversion Agreement - Governmental Adjustment Factor Waiver, the Applicant shall provide FPL, at no cost to FPL, all easements, including legal descriptions of such easements and all survey work associated with producing legal descriptions of such easements, specified as necessary by FPL to accommodate the requested underground facilities along with an opinion of title that the easements are valid. Failure to provide the easements in the manner set forth above within 180 days after the delivery of the binding cost estimate to the Applicant shall result in the expiration of the binding cost estimate, the return of any CIAC paid, and the termination of any Underground Facilities Conversion Agreement or Underground Facilities Conversion Agreement - Governmental Adjustment Factor Waiver entered into between the Applicant and FPL.

(Continued on Sheet No. 6.320)

(Continued from Sheet No. 6.300)301)

**12.2.3 Non-Refundable Deposits**

The non-refundable deposit for a binding cost estimate for conversion to a direct buried cable in conduit underground electric distribution system shall be determined by multiplying the number of pole line feet of existing overhead electric distribution facilities to be converted by \$1.20. The deposit must be paid to FPL to initiate the estimating process. The deposit will not be refundable, however, it will be applied in the calculation of the CIAC required for the installation of underground distribution facilities. The deposit and the preparation of a binding cost estimate are a prerequisite to the execution of either an Underground Facilities Conversion Agreement or an Underground Facilities Conversion Agreement - Governmental Adjustment Factor Waiver. If the request for underground electric distribution facilities involves the conversion of less than 250 pole line feet of existing overhead facilities, then no deposit will be required for a binding cost estimate, provided, however, that all other requirements of this tariff shall still apply.

**12.2.4 Non-Binding Cost Estimates**

Any person, corporation, or entity may request a non-binding cost estimate free of charge. The non-binding cost estimate shall be an order of magnitude estimate to assist the requestor in determining whether to go forward with a binding cost estimate. ~~Neither an~~ Underground Facilities Conversion Agreement nor an Underground Facilities Conversion Agreement - Governmental Adjustment Factor Waiver may ~~not~~ be executed on the basis of a non-binding cost estimate.

**12.2.5 Underground Facilities Conversion Agreement**

Any Applicant seeking the installation of underground distribution facilities pursuant to a written request hereunder shall execute either the Underground Facilities Conversion Agreement set forth in this tariff at Sheet No. 9.720 or, if applicable, the Underground Facilities Conversion Agreement - Governmental Adjustment Factor Waiver set forth in this tariff at Sheet No. 9.725. The applicable Agreement must be executed and the CIAC paid by the Applicant within 180 days of the delivery of the binding cost estimate to the Applicant. Failure to execute the applicable Agreement and pay the CIAC specified in the agreement Agreement within the 180 day time limit, or termination of the Agreement, shall result in the expiration of the binding cost estimate. Any subsequent request for underground facilities will require the payment of a new deposit and the presentation of a new binding cost estimate. For good cause FPL may extend the 180 day time limit. Upon execution of either the Underground Facilities Conversion Agreement or the Underground Facilities Conversion Agreement - Governmental Adjustment Factor Waiver, payment in full of the CIAC specified in the binding cost estimate, and compliance with the requirements of this tariff, FPL shall proceed to convert the facilities identified in a timely manner. However, new service extensions, maintenance and reliability projects, and service restorations shall take precedence over facilities conversions.

**12.2.6 Simultaneous Conversion of Other Pole Licensees**

Before the initiation of any project to provide underground electric distribution facilities pursuant to either an Underground Facilities Conversion Agreement, or an the Underground Facilities Conversion Agreement - Governmental Adjustment Factor Waiver the Applicant shall have executed agreements with all affected pole licensees (e.g. telephone, cable TV, etc.) for the simultaneous conversion of those pole licensees' facilities and provide FPL with an executed copy of the Agreement(s). Such agreements shall specifically acknowledge that the affected pole licensees will coordinate their conversion with FPL and other licensees in a timely manner so as to not create unnecessary delays. Failure to present FPL with executed copies of any necessary agreements with affected pole licensees within 180 days after delivery of the binding cost estimate to the Applicant shall result in the expiration of the binding cost estimate, the return of any CIAC paid, and the termination of any Underground Facilities Conversion Agreement or Underground Facilities Conversion Agreement - Governmental Adjustment Factor Waiver entered into between the Applicant and FPL.

**12.2.7 Easements**

Before the initiation of any project to provide underground electric distribution facilities pursuant to either an Underground Facilities Conversion Agreement or an Underground Facilities Conversion Agreement - Governmental Adjustment Factor Waiver, the Applicant shall provide FPL, at no cost to FPL, all easements, including legal descriptions of such easements and all survey work associated with producing legal descriptions of such easements, specified as necessary by FPL to accommodate the requested underground facilities along with an opinion of title that the easements are valid. Failure to provide the easements in the manner set forth above within 180 days after the delivery of the binding cost estimate to the Applicant shall result in the expiration of the binding cost estimate, the return of any CIAC paid, and the termination of any Underground Facilities Conversion Agreement or Underground Facilities Conversion Agreement - Governmental Adjustment Factor Waiver entered into between the Applicant and FPL.

**12.2.8 Affected Customer Services**

- ~~The Applicant shall be responsible for the costs associated with any modifications to the service facilities of customers affected by the conversion of FPL distribution facilities which are made necessary as a result of the conversion. The Applicant shall be responsible for arranging the conversion of affected residential overhead customer service facilities by providing, at no cost to FPL:~~
- ~~a) any necessary rearranging of the customer's existing electric service entrance facilities to accommodate an underground service lateral through the use of a licensed electrical contractor, in accordance with all local ordinances, codes, and FPL specifications; and~~

(Continued on Sheet No. 6.320)

(Continued from Sheet No. 6.310)

**12.2.8 Affected Customer Services**

The Applicant shall be responsible for the costs associated with any modifications to the service facilities of customers affected by the conversion of FPL distribution facilities which are made necessary as a result of the conversion. The Applicant shall be responsible for arranging the conversion of affected residential overhead customer service facilities by providing, at no cost to FPL:

- a) any necessary rearranging of the customer's existing electric service entrance facilities to accommodate an underground service lateral through the use of a licensed electrical contractor, in accordance with all local ordinances, codes, and FPL specifications; and
- b) a suitable trench, install FPL provided conduit according to FPL specifications to a point designated by FPL, and perform the backfilling and any landscape, pavement or other similar repairs

FPL shall be responsible for the installation of the service lateral cable, the cost of which shall be included in the Applicant's binding cost estimate. In the event a customer does not allow the Applicant to convert the customer's affected overhead services, or the Applicant fails to comply with the above requirements in a timely manner consistent with FPL's conversion construction schedule, then the Applicant shall pay FPL, in addition to the CIAC specified in the binding cost estimate, the costs associated with maintaining service to said customer through an overhead service drop. The cost for maintaining an overhead service drop from an underground system shall be:

- a) the sum of \$789 for residential dwellings containing less than five individual units; or,
- b) the estimated cost to maintain service for residential dwellings containing five or more individual units.

For existing residential underground service laterals affected by a conversion the Applicant shall be responsible for the trenching, backfilling and any landscape, pavement or other similar repairs and installation of FPL provided conduit, according to FPL specifications, necessary to bring existing underground service laterals of affected customers to an FPL designated handhole or transformer. FPL will install the necessary cable, the cost of which shall be included in the binding cost estimate. However, in the event that a customer owned service lateral fails on connection to the underground distribution system the customer will be responsible for the replacement of their service lateral or compliance with section 10.5 of FPL's tariff.

The Applicant's responsibilities for modifications to the service facilities of non-residential customers affected by the conversion of FPL distribution facilities which are made necessary as a result of the conversion will be specified in an attachment to any Underground Facilities Conversion Agreement or Underground Facilities Conversion Agreement - Governmental Adjustment Factor Waiver.

**12.2.9 Other Terms and Conditions**

Through the execution of either the Underground Facilities Conversion Agreement set forth in this tariff at Sheet No. 9.720 or the Underground Facilities Conversion Agreement - Governmental Adjustment Factor Waiver set forth in this tariff at Sheet No. 9.725 the Applicant agrees to the following:

- a) The Applicant shall be responsible for all restoration of, repair of, or compensation for, property affected, damaged, or destroyed, to accommodate the installation of underground distribution facilities and the removal of FPL's overhead distribution facilities;
- b) subject to section 2.7 Indemnity to Company, or section 2.71 Indemnity to Company – Governmental, FPL's General Rules and Regulations, the Applicant shall indemnify FPL from any claim, suit, or other proceeding, which seeks the restoration of, or repair of, or compensation for, property affected, damaged, or destroyed, to remove existing facilities or to accommodate the installation of underground distribution facilities arising from or brought as a result of the installation of underground distribution facilities;
- c) the Applicant shall clear easements provided to FPL of trees, tree stumps and other obstructions that conflict with construction or installation of underground distribution facilities in a timely manner consistent with FPL's construction schedule.

(Continued on Sheet No. 6.330)

(Continued from Sheet No. 6.310)

12.2.8 Affected Customer Services

The Applicant shall be responsible for the costs associated with any modifications to the service facilities of customers affected by the conversion of FPL distribution facilities which are made necessary as a result of the conversion. The Applicant shall be responsible for arranging the conversion of affected residential overhead customer service facilities by providing, at no cost to FPL:

- a) any necessary rearranging of the customer's existing electric service entrance facilities to accommodate an underground service lateral through the use of a licensed electrical contractor, in accordance with all local ordinances, codes, and FPL specifications; and
- b) a suitable trench, install FPL provided conduit according to FPL specifications to a point designated by FPL, and perform the backfilling and any landscape, pavement or other similar repairs

FPL shall be responsible for the installation of the service lateral cable, the cost of which shall be included in the Applicant's binding cost estimate. In the event a customer does not allow the Applicant to convert the customer's affected overhead services, or the Applicant fails to comply with the above requirements in a timely manner consistent with FPL's conversion construction schedule, then the Applicant shall pay FPL, in addition to the CIAC specified in the binding cost estimate, the costs associated with maintaining service to said customer through an overhead service drop. The cost for maintaining an overhead service drop from an underground system shall be:

- a) the sum of \$789 for residential dwellings containing less than five individual units; or,
- b) the estimated cost to maintain service for residential dwellings containing five or more individual units.

For existing residential underground service laterals affected by a conversion the Applicant shall be responsible for the trenching, backfilling and any landscape, pavement or other similar repairs and installation of FPL provided conduit, according to FPL specifications, necessary to bring existing underground service laterals of affected customers to an FPL designated handhole or transformer. FPL will install the necessary cable, the cost of which shall be included in the binding cost estimate. However, in the event that a customer owned service lateral fails on connection to the underground distribution system the customer will be responsible for the replacement of their service lateral or compliance with section 10.5 of FPL's tariff.

The Applicant's responsibilities for modifications to the service facilities of non-residential customers affected by the conversion of FPL distribution facilities which are made necessary as a result of the conversion will be specified in an attachment to ~~the any~~ Underground Facilities Conversion Agreement or Underground Facilities Conversion Agreement - Governmental Adjustment Factor Waiver.

12.2.9 Other Terms and Conditions

Through the execution of either the Underground Facilities Conversion Agreement found at tariff set forth in this tariff at Sheet No. 9.720 or the Underground Facilities Conversion Agreement - Governmental Adjustment Factor Waiver set forth in this tariff at Sheet No. 9.725 the Applicant agrees to the following:

- a) The Applicant shall be responsible for all restoration of, repair of, or compensation for, property affected, damaged, or destroyed, to accommodate the installation of underground distribution facilities and the removal of FPL's overhead distribution facilities;
- b) subject to section 2.7 Indemnity to Company, or section 2.71 Indemnity to Company – Governmental, FPL's *General Rules and Regulations*, the Applicant shall indemnify FPL from any claim, suit, or other proceeding, which seeks the restoration of, or repair of, or compensation for, property affected, damaged, or destroyed, to remove existing facilities or to accommodate the installation of underground distribution facilities arising from or brought as a result of the installation of underground distribution facilities;
- c) the Applicant shall clear easements provided to FPL of trees, tree stumps and other obstructions that conflict with construction or installation of underground distribution facilities in a timely manner consistent with FPL's construction schedule.

~~12.2.10 Type of System Provided~~

FLORIDA POWER & LIGHT COMPANY

~~Second~~Third Revised Sheet No. 6.320  
Cancels ~~First~~Second Revised Sheet No. 6.320

~~An underground distribution system will be provided in accordance with FPL's current design and construction standards.~~

(Continued on Sheet No. 6.330)

(Continued from Sheet No. 6.320)

12.2.10 Type of System Provided

An underground distribution system will be provided in accordance with FPL's current design and construction standards.

12.2.11 Design and Ownership

FPL will design, install, own, and maintain the electric distribution facilities up to the designated point of delivery except as otherwise noted. The Applicant may, subject to a contractual agreement with FPL, construct and install all or a portion of the underground distribution facilities provided that:

- a) such work meets FPL's construction standards;
- b) FPL will own and maintain the completed distribution facilities;
- c) the construction and installation of underground distribution facilities by the Applicant is not expected to cause the general body of ratepayers to incur greater costs;
- d) the Applicant agrees to pay FPL's current applicable hourly rate for engineering personnel for all time spent reviewing and inspecting the Applicant's work done; and
- e) the Applicant agrees to rectify any deficiencies found by FPL prior to the connection of any Customers to the underground electric distribution system and the removal of the overhead electric distribution facilities.

12.2.12 Relocation

Where underground electric facilities are requested as part of, or for the purpose of, relocation, the requirements of this tariff shall apply. As applicable, the Underground Facilities Conversion Agreement or the Underground Facilities Conversion Agreement - Governmental Adjustment Factor Waiver shall be executed as an addendum to the relocation agreement between FPL and the Applicant. In the event of any conflict between the relocation agreement and this tariff, the tariff shall control. Furthermore, where the regulations of the Federal or State Department of Transportation (DOT) prevent pre-payment of deposits and other conversion costs, the Federal or State DOT may pay the CIAC after the work has been performed.

(Continued from Sheet No. 6.320)

12.2.10 Type of System Provided

An underground distribution system will be provided in accordance with FPL's current design and construction standards.

12.2.11 Design and Ownership

FPL will design, install, own, and maintain the electric distribution facilities up to the designated point of delivery except as otherwise noted. The Applicant may, subject to a contractual agreement with FPL, construct and install all or a portion of the underground distribution facilities provided that:

- a) such work meets FPL's construction standards;
- b) FPL will own and maintain the completed distribution facilities;
- c) the construction and installation of underground distribution facilities by the Applicant is not expected to cause the general body of ratepayers to incur greater costs;
- d) the Applicant agrees to pay FPL's current applicable hourly rate for engineering personnel for all time spent reviewing and inspecting the Applicant's work done; and
- e) the Applicant agrees to rectify any deficiencies found by FPL prior to the connection of any Customers to the underground electric distribution system and the removal of the overhead electric distribution facilities.

12.2.12 Relocation

Where underground electric facilities are requested as part of, or for the purpose of, relocation, the requirements of this tariff shall apply. As applicable, the The Underground Facilities Conversion Agreement or the Underground Facilities Conversion Agreement - Governmental Adjustment Factor Waiver shall be executed as an addendum to the relocation agreement between FPL and the Applicant. In the event of any conflict between the relocation agreement and this tariff, the tariff shall control. Furthermore, where the regulations of the Federal or State Department of Transportation (DOT) prevent pre-payment of deposits and other conversion costs, the Federal or State DOT may pay the CIAC after the work has been performed.



**EXHIBIT 2**

**QUANTIFICATION OF GAF BENEFITS**

## **FPL's Quantification of Benefits for the Governmental Adjustment Factor (GAF) Waiver**

Based on the fewer number of interruptions experienced by underground facilities than by overhead facilities during the 2004 and 2005 hurricanes, FPL expects that converting existing overhead facilities to underground will reduce the amount of infrastructure damage requiring repair and thereby restoration cost. Accordingly, FPL has proposed an investment for government-sponsored projects to encourage community-wide underground conversions that would otherwise not occur. The need for an incentive is based on input from community leaders, who indicated that cost is a major barrier to conversion. The need for an incentive is further supported by the fact that few conversions have been performed at customer request during the past few years. FPL concluded that 25% would provide a significant incentive to encourage conversions, and thus help reduce the potential impact to all customers from future storms. The general body of customers would benefit from these avoided cost savings through the reduction in aggregate storm restoration costs shared by all. This restoration benefit would only be produced by undergrounding generally contiguous facilities so that overhead restoration crews could be deployed elsewhere. If conversions in a given area are scattered, restoration savings would be much smaller.

FPL has performed a macro-level economic evaluation, which is described below. The approach taken is dictated by the significant limitations on the amount and granularity of data currently available to perform such an analysis. In the future, as more information is collected, FPL expects to be able to further hone its evaluations and will revise the results if warranted. While recognizing this inherent level of uncertainty, FPL believes that the analysis supports the 25% GAF Waiver, such that there is a reasonable expectation that sufficient storm restoration savings will accrue to the general body of customers to cover the GAF Waiver adjustments to rate base.

The Commission's standard Low Density Subdivision model of 210 homes was used as a basis for FPL's analysis. The average CIAC cost for converting the subdivision's overhead infrastructure was calculated. Two scenarios were created by varying the vintage of the existing overhead facilities being replaced – 10 and 20 years. This resulted in CIACs for the subdivision of approximately \$420,000 and \$320,000 respectively. The GAF Waiver is derived from avoided storm restoration cost savings to the general body of customers as a result of these facilities being placed underground. The cost basis used is the average of actuals from restoring the overhead distribution facilities after the 2004 and 2005 hurricanes (representing about 90% of the total distribution restoration costs). These costs were then unitized on a per affected customer basis and multiplied by 210 to match the subdivision size. The analysis used a 30-year forecast period for the avoided restoration costs. An assumed average storm frequency of one event every three years was used as the base case, reflecting the expected ongoing heightened incidence of storm activity and recent experience. A sensitivity case was also evaluated using the 100-year average storm frequency of about one event every five years. Base case results showed a savings range of approximately 30-40% of the CIAC amount. The range of savings for the 100-year average sensitivity case was 20-26%. These ranges bracket FPL's originally proposed GAF Waiver amount of 25% and thus demonstrate that there is reasonable assurance of a quantifiable benefit to the general body of customers.

**Exhibit 2 - Governmental Adjustment Factor Waiver v. Storm Restoration Costs**

**CIAC Scenarios**  
**20-Year OH    10-Year OH**  
**Vintage        Vintage**

**I. Low Density Subdivision (LDS):**

1	New Underground Facilities - Conversion	537,000	537,000
2	+ Existing Overhead Facilities Net Book Value	12,000	113,000
3	+ Overhead Removal Cost	104,000	104,000
5	- Overhead Salvage Value	-	-
4	- New Hypothetical Overhead Facilities	(334,000)	(334,000)
6	<b>CIAC</b>	<b>319,000</b>	<b>420,000</b>

**II. Avoided Storm Restoration Costs:**

		2004			2005				
		Base Case 2-Yr Total	Charley	Frances	Jeanne	Dennis	Katrina	Rita	Wilma
7	<b>Total Distribution Cost (000s)</b>	<b>1,448,308</b>	207,457	237,402	246,256	9,024	135,427	10,487	602,255
8	<b>Overhead Distribution Cost (000s)</b>	<b>1,303,477</b>	186,711	213,662	221,630	8,122	121,884	9,438	542,030
9	<b>Customers Affected</b>	<b>10,740,000</b>	874,000	2,786,000	1,737,000	509,000	1,453,000	140,000	3,241,000
10	<b>Average Cost / Customer</b>	<b>121</b>	<b>214</b>	<b>77</b>	<b>128</b>	<b>16</b>	<b>84</b>	<b>67</b>	<b>167</b>
11	<b>Average Cost / LDS</b>	<b>25,487</b>	<b>44,862</b>	<b>16,105</b>	<b>26,795</b>	<b>3,351</b>	<b>17,616</b>	<b>14,157</b>	<b>35,121</b>

**III. 30-Year NPV of LDS Costs (line 11):**

		Base Case 2-Yr Total
12	<b>Base Case - Average 1 Storm Every 3 Years</b>	<b>129,269</b>
13	<b>Sensitivity - 100-Year Average (1 Every 5 Yrs)</b>	<b>82,120</b>

**IV. NPV of LDS as Effective % of CIAC (line 6):**

		Base Case 2-Yr Total
14	<b>Base Case - Average 1 Storm Every 3 Years</b>	
15	20-Year Overhead Converted	<b>41%</b>
16	10-Year Overhead Converted	<b>31%</b>
17	<b>Sensitivity - 100-Year Average (1 Every 5 Yrs)</b>	
18	20-Year Overhead Converted	<b>26%</b>
19	10-Year Overhead Converted	<b>20%</b>