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Public Service Commission

COMMISSION CLERK

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TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: June 5, 2008

TO: Office of Commission Clerk (Cole)

FROM: Division of Economic Regulation (Draper, Kummer)
Office of the General Counsel (Sayler, Jaeger)

EJD
SB
192

RE: Docket No. 080244-EI – Petition for approval of underground conversion tariff revisions, by Florida Power & Light Company.

AGENDA: 06/17/08 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: ~~Administrative~~ *Skorp (effective 6-15-08) - ac*

CRITICAL DATES: 06/29/08 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\080244.RCM.DOC

Case Background

On April 30, 2008, Florida Power & Light Company (FPL) filed a petition for approval of underground conversion tariff revisions. Customers who opt to convert their overhead electric distribution system to underground facilities are required to pay FPL a Contribution in Aid of Construction (CIAC), which represents the conversion costs incurred by FPL. The proposed tariff revisions are designed to implement the requirements of Rule 25-6.115(11)(a), Florida Administrative Code (F.A.C.), that FPL include the net present value of operations costs, including the average historical storm restoration costs, for comparable facilities over the expected life of the facilities in determining the CIAC paid by the customer. Rule 25-6.115, F.A.C., was amended in February 2007 to require that the calculation of CIAC paid by customers

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for underground conversions include the difference in the net present value of operational costs between underground and overhead systems.¹

The Commission has jurisdiction over this matter pursuant to Sections 366.03, 366.04, 366.05, and 366.06, Florida Statutes.

¹ See Order No. PSC-07-0043-FOF-EU, issued January 16, 2007, in Docket No. 060172-EU, In re: Proposed rules governing placement of new electric distribution facilities underground, and conversion of existing overhead distribution facilities to underground facilities, to address effects of extreme weather events.

Discussion of Issues

Issue 1: Should the Commission suspend Florida Power & Light Company's (FPL) revised underground conversion tariff (Tariff Sheet Nos. 6.300, 9.720, 9.721, and 9.722)?

Recommendation: Yes. (Draper)

Staff Analysis: On April 30, 2008, FPL filed a petition for Commission approval of revisions to its underground conversion tariff. Staff is recommending that the tariff be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission an informed recommendation on the tariff proposal.

Pursuant to Section 366.06(3), Florida Statutes, the Commission may withhold consent to the operation of all or any portion of a new rate schedule, delivering to the utility requesting such increase a reason or written statement of good cause for doing so within 60 days. Staff believes the reason stated above is good cause consistent with the requirement of Section 366.06(3), Florida Statutes.

Issue 2: Should this docket be closed?

Recommendation: No. (Sayler, Jaeger)

Staff Analysis: This docket should remain open pending the Commission vote on the proposed tariff revision.