

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of charges for)	DOCKET NO. 900176-EI
underground distribution facilities by Gulf)	
Power Company, Tampa Electric Company,)	ORDER NO. 22939
Florida Power & Light Company and Florida)	
Power Corporation.)	ISSUED: 5-14-90
)	

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman
 BETTY EASLEY
 GERALD L. GUNTER

ORDER APPROVING PETITIONS FOR APPROVAL OF CHARGES
FOR UNDERGROUND DISTRIBUTION FACILITIES

BY THE COMMISSION:

Pursuant to the provisions of Section 366.06(3), Florida Statutes, and Rules 25-6.033 and 25-6.078, Florida Administrative Code, FPL, FPC, TECO and Gulf have filed annual updates to their tariffs and charges associated with the installation of underground residential distribution service. These costs represent the additional costs to provide underground service in place of the standard overhead service. The cost of standard overhead service is recovered in the base rates paid by all customers. Proposed changes are accompanied by workpapers explaining the derivation of the charges.

Gulf filed their proposed tariffs on March 8, 1990, requiring action by May 7, 1990. TECO filed their proposed tariffs on March 12, 1990 requiring action by May 11, 1990. FPL filed their proposed tariffs on March 22, requiring action by May 21, 1990. FPC filed their original proposed tariffs on March 26, 1990 requiring action by May 25, 1990. FPC's tariffs were subsequently found to be in error and will be refiled. The utilities have been handled as a single docket in prior years to enable a comparison across utilities. Therefore, a decision to approve, deny or suspend is controlled by the date of the earliest filing, March 8, 1990.

The companies propose that the following per lot cost differentials be applied to residential subdivisions consisting of single family dwellings (226 lot low density subdivisions) and mobile home parks (176 lot high density subdivisions).

DOCUMENT NUMBER-DATE

04176 MAY 14 1990

FPC-RECORDS/REPORTING

ORDER NO. 22939
DOCKET NO. 900176-EI
PAGE 2

1990 OVERHEAD VS. UNDERGROUND
PER LOT COST DIFFERENTIALS

<u>Residential Subdivisions</u>	<u>\$ 1989 Existing</u>	<u>\$ 1990 Proposed</u>	<u>% Change</u>
A. Single Family Dwelling (Low Density)			
FPL	326.43	334.80	2.56
TECO	354.59	379.97	7.16
GULF	357.88	383.41	7.13
B. Mobile Home Park (High Density) - Individual Meters			
FPL	211.72	225.11	6.32
TECO	290.06	322.59	11.21
GULF (1)	-	306.25	-
C. Mobile Home Park (High Density) -Ganged Meters			
FPL	62.69	105.17	67.76

Note: (1) 1990 is the first year that Gulf has submitted standardized cost information for the high density 176 lot subdivision. Previously, the company estimated the overhead-underground cost differentials on a project-by-project basis.

Charges related to other underground services offered by FPL have also been modified by the company to reflect current costs.

We have reviewed the updated tariff sheets, charges and supporting data provided by the utilities. We find that, overall, the reductions/increases in the cost differentials in the various categories of service are reasonable.

Categories for most utilities show modest increases, or decreases. The increases shown for TECO in the labor category, however, are substantially larger than those for other utilities.

TECO explained that it has conducted a comprehensive review of the way in which underground and overhead costs are calculated. A more sophisticated computer program now tracks more closely overhead costs associated with labor

ORDER NO. 22939
DOCKET NO. 900176-EI
PAGE 3

and vehicles, and estimates engineering costs based on experience with similar design instead of using a flat percentage estimate. These two changes will more accurately reflect the actual cost incurred in the provision of these services.

In addition, general labor costs have risen due to two factors: decrease in use of contract labor; and the decline in hiring of new workers. Due to an overall decline in work load, TECO has reduced the number of outside contractors employed in installation of underground and overhead lines. TECO employees are now being utilized for some functions previously provided by outside contractors. Since this outside labor is generally less expensive than in-house labor, this results in an increase in the average labor cost per installation.

In addition, TECO's overall reduced workload has resulted in less hiring. TECO has an extensive training program for its linemen, which has several levels. As employees progress through the program, there are resulting pay increases. As fewer, lower wage employees are added, and the existing workforce progresses through the program, average labor costs increase. In addition, TECO has begun periodic updating of its labor costs on a more frequent basis. Previously such costs were updated annually in late January. Therefore the basis of comparison shown here is a result of a comparison of January 1988 data (possibly 1987 data, depending on the timing of the update) with more recent updates for 1989.

TECO represents that this was primarily a one time adjustment in order to refine their costing system. Better tracking of costs for 1989 should result in a less dramatic increase for 1990, other things being equal. Commission staff will review TECO's data for 1990 with this assurance in mind. We find that FPL's, TECO's, and Gulf's updated tariff sheets and charges associated with the installation of underground electric distribution facilities to serve residential customers should be approved.

Late in the analysis process, a significant error was discovered in FPC's basic data underlying its March 26, 1990 tariff filings. Staff and the company agreed that it would be preferable at this time to suspend the filed tariffs in order to give the company adequate time to prepare, and staff adequate time to review, corrected calculations and tariffs. The new filing will be brought before the Commission as soon as the corrections are available. We find that FPC's underground differential tariff filing should be suspended.

In consideration of the foregoing, it is

ORDERED by the Florida Public Service Commission that Florida Power &

DOCUMENT NUMBER-DATE

04176 MAY 14 1990

PSC-RECORDS/REPORTING

ORDER NO. 22939
DOCKET NO. 900176-EI
PAGE 4

Light's, Tampa Electric Company's, and Gulf Power Company's updated tariff sheets and charges associated with the installation of underground electric distribution facilities to serve residential customers should be approved. It is further

ORDERED that Florida Power Corporation's underground differential tariffs filed March 26, 1990, are suspended.

By ORDER of the Florida Public Service Commission, this 14th day of MAY, 1990.


STEVE TRIBBLE, Director
Division of Records & Reporting

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or sewer utility by

ORDER NO. 22939
DOCKET NO. 900176-EI
PAGE 5

filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.