

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petitions for approval of
Underground Residential
Distribution tariff revisions by
Florida Power & Light Company
and Florida Power Corporation.

DOCKET NO. 980436-EI
ORDER NO. PSC-98-0791-FOF-EI
ISSUED: June 8, 1998

The following Commissioners participated in the disposition of this matter:

JULIA L. JOHNSON, Chairman
J. TERRY DEASON
SUSAN F. CLARK
JOE GARCIA
E. LEON JACOBS, JR.

ORDER APPROVING UNDERGROUND RESIDENTIAL
DISTRIBUTION TARIFF REVISIONS

BY THE COMMISSION:

I. CASE BACKGROUND

Underground Residential Distribution (URD) tariffs provide customers with standard charges for certain types of underground service. Each electric utility develops the basic charges based on the same three model subdivisions: a 210-lot low-density single-family home subdivision; a 176-lot high density subdivision served by individual meters; and a 176-lot high density mobile home subdivision served by ganged meters.

The differential rates for these subdivisions are developed by estimating the cost per unit of both underground service and overhead service. The difference between these numbers is the per unit charge that customers must pay when they request underground service in lieu of standard overhead service. The estimates are based on each company's standard engineering and design practices, and incorporate company-wide material costs and labor rates.

Rule 25-6.078, Florida Administrative Code, requires electric utilities to file updated URD charges for approval by this Commission at least every three years or sooner if a utility's

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underground cost differential for the standard low-density subdivision varies from the last approved differential by 10 percent or more. To enable us to determine whether each utility is within the 10 percent threshold, each company is required to file overhead and underground costs for its low-density subdivision on Schedule 1, Form PSC/EAG 13 by October 15 of each year. If the cost differential between a utility's overhead and underground costs exceed the 10 percent threshold, the utility is required to submit a complete filing on or before April 1 of the following year.

Florida Power & Light Company (FPL), Florida Power Corporation (FPC), Gulf Power Company (Gulf), and Tampa Electric Company (TECO) each filed a Schedule 1 showing their individual, current URD low-density subdivision costs. Because FPL's low-density subdivision differential decreased by more than 10%, FPL submitted a complete filing on March 30, 1998. Gulf and TECO chose not to file updated URD charges for 1998 because both companies' low-density subdivision differential decreased only by approximately 2.0%. Although FPC's low-density subdivision cost differential increased by only 8.6%, FPC submitted a complete filing. FPC stated that it believes a filing is appropriate because URD cost differentials in two other categories increased by more than 10%, representing a change in FPC's design and construction standards. Both FPC and FPL's proposed tariff revisions were accompanied by work papers explaining their derivation.

II. ANALYSIS AND FINDINGS

Table 1 below shows the differentials proposed by FPL and FPC for 1998.

TABLE 1

1998 UNDERGROUND PER LOT DIFFERENTIAL COSTS

RESIDENTIAL SUBDIVISIONS	FPC	FPL
Low-density	\$264	\$268
High-Density Individual Meters	\$181	\$190
High-Density Ganged Meters	\$65	\$0

Tables 2, 3, and 4 show comparisons between the existing and proposed underground differentials for each subdivision type for both FPL and FPC.

TABLE 2

1998 OVERHEAD VS. UNDERGROUND PER LOT COST DIFFERENTIALS

210-Lot Low-Density Subdivision	1997 Existing	1998 Proposed	Percent (%) Change
FPC	\$243	\$264	8.64%
FPL	\$309	\$268	-13.27%

TABLE 3

1998 OVERHEAD VS. UNDERGROUND PER LOT COST DIFFERENTIALS

176-Lot High-Density Individual Meters	1997 Existing	1998 Proposed	Percent (%) Change
FPC	\$128	\$181	41.41%
FPL	\$224	\$190	-15.18%

TABLE 4

1998 OVERHEAD VS. UNDERGROUND PER LOT COST DIFFERENTIALS

176-Lot High-Density Ganged Meters	1997 Existing	1998 Proposed	Percent (%) Change
FPC	\$6	\$65	983.33%
FPL	\$22	\$0	-

A. Florida Power Corporation

Since its current URD tariff was approved, FPC's cost differentials have increased for all three types of subdivision. The increases are largely due to changes in FPC's design and construction standards.

FPC's 210-lot low-density subdivision cost differential increased primarily as a result of an increase in the assumed loading requirements that were revised to improve reliability. The change requires more transformers to serve both the underground and overhead subdivisions and a larger cable for the service laterals used in the underground subdivision. Because underground transformers are more expensive than overhead transformers, increasing the number of transformers used for both applications caused the cost differential between the overhead and underground subdivisions to increase. The additional cost of using larger cable for the underground service laterals also increased the cost differential between overhead and underground service. The net effect of these changes is an 8.6% increase in cost differential.

FPC also made changes to its 176-lot high-density individually metered and ganged metered underground subdivision designs in order to improve reliability. FPC increased the size of its secondary cable for underground applications to reduce "flicker" at the customer's home. "Flicker" occurs when a large electrical appliance, such as a central air conditioning unit, turns on, resulting in a voltage drop which slows or dims other electrical appliances. FPC indicated that larger air conditioners, specifically in the high-density subdivisions, are becoming more common and have caused a "flicker" problem in the underground application. Larger cable will reduce voltage loss on the secondary lines and reduce the "flicker" effect. The added expense for larger cable represents the major change in the cost differential between the overhead and underground applications, but appears necessary to provide adequate reliability. In addition to reliability improvements, FPC changed its underground 176-lot high-density individually metered subdivision design to reflect current installation practices. The new design provides for back-lot service laterals which require more service cable than used previously, thus increasing the cost differential between overhead and underground installation.

In addition to its proposed changes for the three subdivision types, FPC revised its lateral and feeder installation charges and

credits. These charges and credits were determined consistent with the above charges. Based on the foregoing and on our review of FPC's supporting work papers, we find that FPC's revised URD tariff and charges are reasonable and appropriate.

B. Florida Power & Light Company

FPL's cost differentials decreased uniformly for all three subdivisions. The decrease resulted from lower underground labor rates and lower engineering expense. Engineering expense is determined as a percentage of material and labor costs. The percentage used for both overhead and underground, decreased from 17.64% in 1997 to 15.69% in 1998. Since total underground costs are higher than overhead costs, the nominal engineering expense decreased more for the underground subdivision, causing the cost differential to decrease. We note that the actual cost differential for FPL's high-density ganged meter subdivision is \$4.22, but, because this amount is relatively small, FPL has proposed to waive the URD charge.

In addition to the proposed changes for the three subdivision types, FPL revised its lateral and feeder installation charges and credits. These charges and credits were determined consistent with the above charges. Based on the foregoing and on our review of FPL's supporting work papers, we find that FPL's revised URD tariff and charges are reasonable and appropriate.

III. CONCLUSION

FPC and FPL's revised URD tariffs and charges are reasonable and appropriate and, therefore, are approved. FPC's tariff shall be effective as of May 19, 1998, the date of our vote on this matter. At FPL's request, its tariff shall become effective 30 days after the date of our vote on this matter.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the revised underground residential distribution tariffs filed by Florida Power Corporation and Florida Power & Light Company are approved. It is further

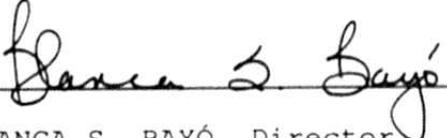
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ORDERED that Florida Power Corporation's revised underground residential distribution tariff shall be deemed effective as of the date of our vote to approve it, and Florida Power & Light Company's revised underground residential distribution tariff shall become effective 30 days after the date of our vote to approve it. It is further

ORDERED that if a protest is filed in accordance with the requirements set forth below in the Notice of Further Proceedings, the tariff shall remain in effect with any increase in revenues held subject to refund pending resolution of the protest. It is further

ORDERED that if no protest is filed in accordance with the requirements set forth below, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 8th day of June, 1998.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), 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.

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Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the action proposed files a petition for a formal proceeding, as provided by Rule 25-22.036(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a)(d) and (e), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on June 29, 1998.

In the absence of such a petition, this Order shall become final on the day subsequent to the above date.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this Order becomes final on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by 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 of the date this Order becomes final, 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.