

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of revised tariff sheets that contain updated Underground Residential Distribution (URD) charges based on differential between cost of overhead and underground facilities installed to provide residential service in typical low and high density subdivision layouts by Florida Power Corporation.

DOCKET NO. 010384-EI
ORDER NO. PSC-01-1489-TRF-EI
ISSUED: July 18, 2001

The following Commissioners participated in the disposition of this matter:

E. LEON JACOBS, JR., Chairman
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI

ORDER APPROVING REVISED CHARGES FOR
UNDERGROUND RESIDENTIAL DISTRIBUTION

BY THE COMMISSION:

Pursuant to Rule 25-6.078, Florida Administrative Code, Florida Power Corporation (FPC) filed on April 2, 2001, a Petition for approval of revised tariff sheets that contain updated underground residential distribution (URD) charges. Rule 25-6.078 requires utilities to file updated URD charges for Commission approval at least every three years, or sooner if a utility's underground cost differential for the standard low-density subdivision varies from the last approved differential by 10 percent or more. The URD charges represent the additional costs to provide underground service in place of overhead service.

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On May 4, 2001, FPC filed an amended petition which contains corrections and clarifications. FPC's petition was accompanied by work papers explaining the derivation of the proposed URD tariff. On May 8, 2001, FPC provided a waiver of the 60-day file and suspend period set forth in Section 366.06(3), Florida Statutes. The Commission has jurisdiction over the subject matter pursuant to sections 366.04, 366.05, and 366.06, Florida Statutes.

Costs for underground service have historically been higher than standard overhead construction. The additional cost to provide underground service is therefore recovered through the URD differential paid by the customer as a contribution in aid of construction.

The URD tariffs provide standard charges for certain types of underground service. FPC develops URD charges based on three model subdivisions: (1) 210-lot low density subdivision with a density of one or more but less than six dwelling units per acre; (2) 176-lot high density subdivision with a density of six or more dwelling units per acre; and (3) 176-lot high density subdivision with a density of six or more dwelling units per acre taking service at grouped meter pedestals. The same standardized model subdivision design is used by other investor-owned utilities to develop URD differential charges.

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

The following table shows FPC's present and proposed URD differentials:

Type of Subdivision	Current URD differential per lot	Proposed URD differential per lot	Percent Change
density of 1 or more but less than 6 dwelling units per acre (low density)	\$264	\$289	+9.47%
density of 6 or more dwelling units per acre (high density)	\$181	\$267	+47.51%
density of 6 or more dwelling units per acre taking service at grouped meter pedestals	\$65	\$117	+80%

FPC's current URD charges were approved in 1998. See Order No. PSC-98-0791-FOF-EI, issued June 8, 1998.

FPC asserts that the primary reason for the increase in their URD charges is the increase in the contract labor rate for the installation of Cable-In-Conduit (CIC). FPC switched from the direct burial design to the CIC design for service and secondary wires in 1998. CIC is a polyethylene duct that already has the cable installed inside. FPC states that CIC is more labor intensive to install than direct burial cable. CIC has a larger diameter than direct burial cable and requires more handling to get it from the reel into the ditch, which accounts for the increase in the per foot installation cost.

While the cable in conduit design increases the cost of an underground installation, it does provide increased reliability and better protection against accidental dig-ins and damage during construction. We note that Florida Power & Light Company, Tampa Electric Company, and Gulf Power Company have used the cable in conduit design for the past several years. In 1996, for example, we approved Gulf Power's design change from the direct burial system to the cable in conduit system, which resulted in a

substantial increase in the differential charge. See Order No. PSC-96-1516-FOF-EI.

FPC states that the cost estimate for CIC labor used in the 1998 URD filing was made prior to any experience with CIC by FPC or its contractor. In the 1998 URD tariff filing FPC used an estimated CIC labor rate of \$0.15 per foot, which was the same labor rate as for direct burial. The current rate for CIC labor, however, is \$0.54 per foot.

The increase in the labor cost affects all three subdivision models equally. However, FPC made a significant change to its low-density subdivision design which largely offsets the increase in labor costs. Specifically, FPC reduced the per-lot length of service wire to reflect a change in design. This design adjustment in the low-density subdivision results in savings in underground trenching costs.

FPC only slightly reduced the length of the service wire in its high-density subdivision design, which provides for minimal savings in the underground trenching costs. FPC made no similar design change in its grouped meter pedestal subdivision.

FPC provided information regarding the number of construction work orders completed in 2000 for each subdivision design. FPC completed 156 work orders for the low density subdivision design, 7 work orders for the high density subdivision design, and 3 work orders for the grouped meter pedestal subdivision design.

In addition to the proposed changes for the three subdivisions, FPC proposed minor changes to the credits they offer customers who chose to do their own trenching and other work. FPC also proposed revisions due to changing material and labor costs to the charges for other types of underground service, such as the undergrounding of primary feeder mains.

Upon review of the proposed charges and supporting information, we find that the proposed charges are reasonable, and are hereby approved. The appropriate effective date for FPC's updated tariff sheets and charges associated with the installation of underground electric distribution facilities is June 25, 2001, the date of our vote.

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Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Florida Power Corporation's Amended Petition for Approval of Revised Tariff Sheets that contain updated Underground Residential Distribution charges is approved. It is further

ORDERED that the tariff shall be effective on June 25, 2001. If a protest is filed within 21 days of the issuance of this Order the tariff shall remain in effect pending resolution of the protest, with any charges held subject to refund pending resolution of the protest. It is further

ORDERED that if no protest is filed, this docket shall be closed upon the issuance of a Consummating Order.

By ORDER of the Florida Public Service Commission this 18th day of July, 2001.



BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

(S E A L)

MKS

NOTICE OF FURTHER PROCEEDINGS

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.

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 proposed action files a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on August 8, 2001.

In the absence of such a petition, this Order shall become final and effective upon the issuance of a Consummating Order.

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.