

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Review of all electric utility wooden pole inspection programs.

DOCKET NO. 060531-EU
ORDER NO. PSC-06-0778-PAA-EU
ISSUED: September 18, 2006

The following Commissioners participated in the disposition of this matter:

LISA POLAK EDGAR, Chairman
J. TERRY DEASON
ISILIO ARRIAGA
MATTHEW M. CARTER II
KATRINA J. TEW

NOTICE OF PROPOSED AGENCY ACTION
ORDER ON INVESTOR-OWNED ELECTRIC UTILITY EIGHT-YEAR
WOOD POLE INSPECTION PROGRAMS AND DIRECTING STAFF TO SOLICIT
REPORTS FROM MUNICIPAL AND COOPERATIVE ELECTRIC UTILITIES

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

BACKGROUND

By Order No. PSC-06-0144-PAA-EI, issued February 27, 2006, in Docket No. 060078-EI,¹ we required each electric investor-owned utility (IOU) to implement an eight-year wood pole inspection cycle and submit annual reports. As noted in that Order, the impacts of the intense hurricane seasons of 2004-2005 on electric distribution facilities and the prediction of ongoing above-average storm activity compelled this Commission to assess the current wood pole inspection practices of the electric IOUs.

More specifically, in Order No. PSC-06-0144-PAA-EI, we found it appropriate to require each electric IOU to:

- 1) Implement an eight-year wood pole inspection program utilizing the sound and bore technique for all wood poles;

¹ In Re: Proposal to Require Investor-Owned Electric Utilities to Implement a Ten-Year Wood Pole Inspection Program.

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- 2) Include excavation of all Southern Pine poles and other pole types as appropriate per Rural Utilities Service (RUS) Bulletin 1730B-121;
- 3) Perform strength impact assessments on poles with additional third party attachments; and
- 4) File annual pole inspection reports with the Division of Economic Regulation by March 1 of each year.

In addition, we required each electric IOU to submit a comprehensive wood pole inspection plan to the Director of the Division of Economic Regulation by April 1, 2006. In its filings, each electric IOU was required to include its plan for pole specific data gathering, pole inspection program enforcement, and collocated poles inspections (how poles shared by two or more companies will be inspected). Each electric IOU was further required to identify any pole inspection standards utilized by the electric IOU that exceed the minimum requirements of the National Electrical Safety Code (NESC) and any other details necessary to understand its pole inspection program. We provided for utility specific flexibility. Order No. PSC-06-0144-PAA-EI states that "to the extent any IOU's plan deviates in any material respect from the requirements of this order, staff is directed to present its recommendation regarding the plan to the Commission for further consideration in light of the utility's specific circumstances."

On April 1, 2006, each electric IOU filed plans of their eight-year wood pole inspection program. Our staff reviewed the plans, developed a tabular summary of the plans, provided the summary to each electric IOU, and requested corrections by May 26, 2006. On June 27, 2006, our staff had a follow-up meeting with the electric IOUs to discuss portions of the plans that appeared to deviate from the Order's requirements. Staff presented an opportunity for the electric IOUs to clarify and support those portions of the plans that appeared to deviate from the requirements of the Order. The electric IOUs were given a response date of July 13, 2006 to submit data to support apparent non-compliance items and the utilities responded accordingly.

On August 3, 2006, the instant docket was opened to address material deviations from the requirements of Order No. PSC-06-0144-PAA-EI. We find that there are material deviations in each of the electric IOU's wood pole inspection plans. The purpose of this Order is to propose a regulatory response to those deviations.

By Order No. PSC-06-0168-PAA-TL, issued March 1, 2006, in Docket No. 060077-TL,² we also required each local exchange company to implement an eight-year wood pole inspection cycle and submit annual reports. As a result of a protest filed by Verizon, Order No. PSC-06-0677-FOF-TL was issued on August 7, 2006, which allowed a deviation to the requirements of Order PSC-06-0168-PAA-TL. The deviation allowed Verizon to use a new technology, Resistograph, on an experimental basis as a substitute for the wood boring method and the excavation method.

² In Re: Proposal to Require Local Exchange Telecommunications Companies to Implement a Ten-Year Wood Pole Inspection Program.

Moreover, at our February 7, 2006, agenda conference, we directed our staff to pursue discussions with the municipal electric utilities and the rural electric cooperative utilities about voluntary adoption of the inspection requirements which applied to the electric IOUs per Order No. PSC-06-0144-PAA-EI. Our staff conducted a meeting with the municipal electric utilities, represented by the Florida Municipal Electric Association (FMEA), and the electric cooperative utilities, represented by the Florida Electric Cooperatives Association (FECA) and including Lee County Electric Cooperative, on March 7, 2006. At the meeting, our staff requested each utility's voluntary compliance plan by May 1, 2006. The utilities provided such plans and staff corresponded with the utilities on May 11, 2006, to further clarify the plans that were submitted. The utilities responded accordingly with additional information, as requested.

Section 366.04(5), Florida Statutes, gives this Commission jurisdiction over the planning, development, and maintenance of a coordinated electric power grid throughout Florida to assure an adequate and reliable source of energy for operational and emergency purposes in Florida. In addition, this Commission has the power to require repairs and improvements to the plant and equipment of any public utility when reasonably necessary to promote the convenience and welfare of the public and secure adequate service or facilities for those reasonably entitled thereto. Section 366.05(1), Florida Statutes. This Commission has exclusive jurisdiction to prescribe and enforce safety standards for transmission and distribution facilities of all investor owned, cooperative, and municipal electric utilities, and adopts the NESC as its standards. Section 366.04(6), Florida Statutes, and Rule 25- 6.0345, Florida Administrative Code. We may require reports from all electric utilities to assure the development of adequate and reliable electric grids. Section 366.05(7), Florida Statutes.

ELECTRIC IOU'S EIGHT-YEAR WOOD POLE INSPECTION PROGRAM PLANS

Our review of each electric IOU's level of compliance with Order No. PSC-06-0144-PAA-EI is provided below. The focus of this compliance review is the following six requirements of that Order:

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|-----------------|--|
| Requirement (1) | Eight-year wood pole inspection program using the sound and bore technique; |
| Requirement (2) | Excavate all Southern Pine poles and other pole types as appropriate per RUS Bulletin 1730B-121; |
| Requirement (3) | Perform strength impact assessment on all wood poles with additional third party attachments; |
| Requirement (4) | A plan for inspection of poles with collocated facilities; |
| Requirement (5) | A plan for inspection program enforcement; and |
| Requirement (6) | A plan for gathering pole-specific data. |

We find that each electric IOU has filed plans that are compliant with Requirements 1, 3, 4, 5 and 6 of the Order, as listed above. However, we note the following deviations from Requirement 2 of the Order as follow:

- No excavation of poles surrounded by concrete or pavement (All)
- No excavation of transmission poles except when warranted by sounding (FPL)

- No excavation of CCA poles under 15 years old (Gulf)
- No excavation of CCA poles under 20 years old (TECO)
- No excavation of CCA poles under 11 years old (FPUC)

The following is our assessment of each electric IOU's plan to address the Order requirements listed above.

(1) Eight-Year Wood Pole Inspection Program Using the Sound and Bore Technique

Order Requirement

In Order No. PSC-06-0144-PAA-EI, we required that each electric IOU implement an inspection program of its transmission and distribution wood poles based on the requirements of the NESC and an eight-year inspection cycle for all wood poles. Furthermore, we required that all wood pole inspections be based on the sound and bore technique.

Compliance

Each electric IOU proposes an eight-year wood pole inspection program using the sound and bore technique for the inspection as outlined in RUS Bulletin 1730B-121 Section 4.2. This is consistent with the requirement of the Order.

(2) Excavate All Southern Pine and Other Pole Types as Appropriate per RUS Bulletin 1730B-121

Order Requirement

In Order No. PSC-06-0144-PAA-EI, we required the excavation for all Southern Pine poles and other pole types as appropriate, in accordance with the RUS for Florida's rural electric utilities. The RUS Bulletin 1730B-121 Section 4.3, states that "the effectiveness of the sound and bore inspection is greatly increased when excavation is added to the process. Excavation exposes the most susceptible section of the pole for inspection. For southern yellow pine this is particularly true, since decay begins externally and below ground." RUS Bulletin 1730B-121 also places the state of Florida in its highest decay severity zone.

Compliance

All of the electric IOUs plans deviate from the Order in that they do not include excavation of wood poles surrounded by concrete, pavement or obstructions. The utilities have not provided data supporting the exclusion of these poles from excavation nor provided alternative inspection methods that will reasonably ensure the safety and reliability of these poles.

Florida Power & Light Company's (FPL) plan deviates from the Order in that it does not include excavation of transmission poles except as warranted by sounding. FPL states that back-fill material and compaction are key components for transmission structural performance. FPL

limits the amount of locations where disturbance of existing soil compaction occurs by only requiring it if warranted by sounding. We are concerned that deterioration of transmission poles below ground line may go undetected.

Gulf Power Company's (Gulf) plan deviates from the Order in that it does not include excavation of CCA poles under 15 years old. Gulf provided summary data to support its proposal. We have reviewed the data and agree with Gulf that the initial data appears on its face to support alternative, less rigorous inspection methods for such poles for this utility. However, Gulf did not provide a comprehensive description of the data, methodology, and the results. Therefore, we find that a more thorough review is warranted. Gulf plans to continue to incorporate a sample of CCA poles under 15 years old in its proposed inspection plan for excavation to insure ongoing statistical validity of its data.

Tampa Electric Company's (TECO) plan deviates from the Order in that it does not include excavation of CCA poles under 20 years old. TECO provided data for 2004 and 2005 to support its proposal. However, TECO agrees that the data was not statistically conclusive for purposes of establishing this criteria. TECO has agreed to perform full inspections on all poles, including CCA poles under 20 years old, during the 2006 inspection cycle and to file this data with its annual inspection report due on March 1, 2007.

Florida Public Utilities Company's (FPUC) plan deviates from Order No. PSC-06-0144-PAA-EI in that it does not include excavation of CCA poles under 11 years old. FPUC did not submit any data to support the exclusion of CCA poles under 11 years old from excavation.

Alternative methods to excavation have been approved on an experimental basis by this Commission for telecommunication companies. In Order No. PSC-06-0168-PAA-TL, we required telecommunication companies to perform pole inspections using sound, bore, and excavation techniques in accordance with RUS guidelines. Excavation from the ground line to a depth of 18 inches is recommended by the RUS in order to detect excessive deterioration in that portion of the pole. Verizon protested the order, and submitted a proposal to use a new technology known as Resistograph in place of the traditional boring and excavation method. Verizon learned about the Resistograph technology from the Division of Competitive Markets and Enforcement staff and decided to propose it as an alternative to boring and excavation on an experimental basis. Verizon claimed the Resistograph was superior to traditional boring for various reasons, including reduced impact on the pole itself due to smaller boring diameter, as well as the ability to detect subsurface deterioration with low impact and low cost for poles which are not easily excavated, such as those surrounded by cement, pavement, or other obstructions. We approved the use of the Resistograph technology on an experimental basis in Order No. PSC-06-0677-FOF-TL, issued August 7, 2006. The Resistograph is an example of one alternative available to electric IOUs which may be proposed rather than simply choosing to not perform any type of subsurface inspection for certain types of poles such as CCA poles under a specified age, transmission poles, or poles surrounded by cement, pavement or other obstructions.

- (3) Perform strength impact assessment on all wood poles with additional third party attachments

Order Requirement

In Order No. PSC-06-0144-PAA-EI, we required that a strength impact assessment be performed on all wood poles with additional third party attachments to determine whether the IOUs have complied with the NESC requirements for pole strength.

Compliance

Each electric IOU's inspection plan requires that strength impact assessments be performed on all wood poles with additional third party attachments. The strength assessment is based on a comparison of the remaining strength versus the original strength of the pole to ensure the pole meets or exceeds NESC requirement. This is consistent with the requirement of the Order.

- (4) Plan for Inspection of Poles with Collocated Facilities

Order Requirement

In Order No. PSC-06-0144-PAA-EI, we required that each plan include a procedure to ensure the inspection of collocated poles.

Compliance

Each electric IOU has included in its plan a procedure to ensure the inspection of collocated poles. This is accomplished by performing their own inspection on the pole and sharing data with the pole owner or incorporating the inspection into the joint-use agreement with the third party pole owner. This is consistent with the requirement of the Order.

- (5) Plan for Inspection Program Enforcement

Order Requirement

In Order No. PSC-06-0144-PAA-EI, we required that each plan include a procedure to ensure program enforcement.

Compliance

Each electric IOU has included in its plan a procedure to ensure enforcement of the inspection program. This is accomplished through vendor audits and/or the utility's quality control programs. This is consistent with the requirement of the Order.

(6) Plan for Gathering Pole-Specific Data

Order Requirement

In Order No. PSC-06-0144-PAA-EI, we required that each plan include a procedure for pole-specific data gathering.

Compliance

Each electric IOU has included in its plan a procedure to gather pole-specific data through a Geographic Information System (GIS) or an information data base. This is consistent with the requirements of the Order.

Conclusion

We find that each electric IOU has filed wood pole inspection plans which comply with the requirements of Order No. PSC-06-0144-PAA-EI for most of its wooden poles owned by the utilities. However, each electric IOU's proposed wood pole inspection plan includes one or more deviations from the wood pole excavation requirements of the Order for some of their wood poles. Each electric IOU shall file in this docket additional data that supports their deviation(s) from Order No. PSC-06-0144-PAA-EI within 30 days after the Consummating Order making this order final and effective. Our staff will review the filings and will file a recommendation for a subsequent agenda conference addressing any unresolved compliance matters.

MUNICIPAL AND COOPERATIVE ELECTRIC UTILITIES'
WOOD POLE INSPECTION PROGRAM PLANS

Our assessment of the electric municipal utilities and the electric cooperative utilities' plans to adequately ensure the safety and reliability of its wood poles is summarized in Table 1 below.

Table 1 – Municipal and Cooperative Voluntary Compliance with the Order

Requirement Number	Requirement	Municipal Utilities (34 Total)		Cooperative Utilities (18 Total)	
		Compliant	Non-Compliant	Compliant	Non-Compliant
1	Sound and Bore, 8 Year Cycle, All Poles	5	29	6	12
2	Excavation of All Poles	6	28	10	8
3	All Poles With Attachments Assessed for Strength	2	32	11	7

4	Provide Plan re: How Shared Poles Will Be Inspected	17 *	5	7	11
5	Provide Plan re: How Inspection Plan Will Be Enforced	34	0	18	0
6	Provide Plan re: How Pole Specific Data Will Be Retained	34	0	16	2
* Note: Twelve municipals have no shared poles.					

Conclusion

Each municipal electric utility and each cooperative electric utility provided information regarding their respective wood pole inspection plans similar to the information required of the investor owned electric utilities' plans filed in response to Order No. PSC-PSC-06-0144-PAA-EI. We find that many of the municipal and cooperative electric utilities' plans appear to deviate from the inspection requirements imposed on the electric IOUs. We direct our staff to solicit a report from each municipal and cooperative electric utility justifying apparent deviations to this Commission within 30 days after the consummating order making this order final and effective is issued in this docket. These requirements include an eight-year cycle using the sound and bore technique, with excavation, and strength assessments for third party attachments. The justification should address the safety and reliability aspects of all wood poles owned by the utility for the purpose of reducing storm related customer service interruptions and restoration times. We also direct staff to incorporate an assessment of municipal and cooperative electric utilities' pole inspection practices in this Commission's review to the Governor, President of the Senate, and Speaker of the House of Representatives. This review, due July 1, 2007, pertains to reliability enhancements to Florida's transmission and distribution grids as required by Senate Bill 888 (enrolled).

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that each electric IOU shall file in this docket additional data that supports their deviation(s) from Order No. PSC-06-0144-PAA-EI within 30 days after the consummating order is issued in this docket. Our staff will review the filings and will file a recommendation for a subsequent agenda conference addressing any unresolved compliance matters. It is further

ORDERED that our staff is directed to solicit a report from each municipal and cooperative electric utility justifying apparent deviations from Order No. PSC-06-0144-PAA-EI within 30 days after the consummating order is issued in this docket. These requirements include an eight-year cycle using the sound and bore technique, with excavation, and strength assessments for third party attachments. The justification should address the safety and reliability aspects of all wood poles owned by the utility for the purpose of reducing storm related customer service interruptions and restoration times. It is further

ORDERED that our staff is directed to incorporate an assessment of municipal and cooperative electric utilities' pole inspection practices in this Commission's review to the Governor, President of the Senate, and Speaker of the House of Representatives as set forth in the body of this Order. It is further


ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is 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 the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that this docket shall remain open for the electric IOUs, municipals and cooperatives to submit additional data.

By ORDER of the Florida Public Service Commission this 18th day of September, 2006.

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

By:



Kay Flynn, Chief
Bureau of Records

(S E A L)

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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 that is available under Section 120.57, 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 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 action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file 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 .

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/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.