

FLORIDA PUBLIC SERVICE COMMISSION
Capital Circle Office Center, 2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

M E M O R A N D U M

NOVEMBER 14, 1996

TO : DIRECTOR OF RECORD AND REPORTING *DW*

FROM : DIVISION OF ELECTRIC AND GAS (WHEELER, BREMAN) *W B PT Rob*
DIVISION OF LEGAL SERVICES (WAGNER) *LW RVE*

RE : DOCKET NO. 960325-EI - REVISION OF TARIFFS ON UNDERGROUND
DISTRIBUTION DIFFERENTIAL COSTS FOR FLORIDA POWER AND
LIGHT COMPANY, FLORIDA POWER CORPORATION, GULF POWER
COMPANY AND TAMPA ELECTRIC COMPANY

AGENDA: NOVEMBER 26, 1996 - TARIFF FILING
INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: MARCH 2, 1997 - 8-MONTH EFFECTIVE DATE

SPECIAL INSTRUCTIONS: I:\PSC\EAG\WP\960325.RCM

CASE BACKGROUND

On May 7, 1996 the Commission voted to approve the underground residential distribution tariff updates submitted by Florida Power & Light Company, Florida Power Corporation, and Tampa Electric Company. These tariffs contain the charges residential customers pay for underground service in lieu of standard overhead service. At that same agenda conference, the Commission voted to deny Gulf Power Company's (Gulf's) filing because Gulf indicated that they were in the process of developing a new underground differential tariff which differed from the tariff originally filed. Gulf filed the revised tariff sheets on July 2, 1996, which were suspended by the Commission on August 13, 1996. This recommendation addresses the revised filing.

DOCUMENT NUMBER-DATE

12116 NOV 14 96

FPSC-RECORDS/REPORTING

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission approve Gulf Power Company's updated tariff sheets and charges associated with the installation of underground residential electric distribution facilities?

RECOMMENDATION: Yes, with the provision that the actual costs of underground installations are audited by staff to insure that they accurately reflect both the revised cable in conduit design, and the estimated costs upon which the calculated differential is based. (WHEELER, BREMAN)

STAFF ANALYSIS: The method used by Gulf to determine its underground residential distribution charges this year differs from that used in the past. Gulf is proposing a new underground design which reflects the use of cable in conduit for all primary, secondary and service conductors. The previous design utilized direct burial of conductors. In addition, Gulf is proposing to adjust the differential based on a present value analysis which seeks to account for the fact that under the new method, not all of the facilities are installed initially, but are added over time as the subdivision is constructed. Gulf is also adding new options which provide reductions to the differential if the customer provides some of the trenching, duct, or duct installation.

The company indicates that the new design allows Gulf to more closely match the installation of underground distribution equipment to when the equipment is needed. Under the current direct burial design, Gulf indicates that they install the entire system when the developer initially requests service to the subdivision and pays the differential. Gulf says that under an all cable in conduit design, they can phase in the installation of the facilities as they are needed. They also indicate that the use of conduit will reduce the number of times the cable is damaged during construction, and thus reduce operation and maintenance expenses.

Gulf produced an analysis which indicates that, on average, it takes about 10 years for a subdivision in their service area to be completed. Based on this information, Gulf submitted a 10-year discounted cash flow analysis intending to show that it is more cost effective to install a cable in conduit system over time in lieu of installing the entire direct burial system up front.

The analysis assumes that in the first year only 30% of the system will be installed, with lower percentages of completion for each of the remaining years, and 100% build-out occurring in year 10. Gulf increased the costs of construction by an inflation rate

November 14, 1996
Docket No. 960325-EI

of 3% over the ten-year period, and has discounted the cash flow using Gulf's after-tax weighted average cost of capital of 8.82%.

This calculation results in an underground cost of \$1,190.46 per lot for the high density subdivision and \$1,035.13 per lot for the low density subdivision. The use of these amounts for the underground cost per lot results in proposed tariffed differential costs as follows:

	<u>Low Density</u>	<u>High Density</u>
Underground Cost:	\$1,190.46	\$1,035.13
Less Overhead Cost:	<u>\$ 779.47</u>	<u>\$ 605.74</u>
Differential Charge:	\$ 411.00	\$ 429.00

Note that these differentials include the effects of the discounted cash flow analysis applied to the underground cost which is discussed above. Had the differentials not been adjusted to reflect cash flow using the new cable in conduit design, the low density differential would have been \$620 per lot, and the high density differential \$611 per lot.

Staff asked the company to provide information indicating what the updated differential costs would have been had Gulf not changed its design to a cable in conduit system. Had Gulf continued to utilize a direct burial system, the differentials would have been \$294 and \$315 for the low and high density designs, respectively. Thus the new method results in a higher differential cost paid by the customer than under the old direct burial design. The current differentials are \$359 and \$280 per lot. This information is summarized below:

	<u>Low Density</u>	<u>High Density</u>
Existing Tariff	\$359	\$280
Gulf Proposed Cable in Conduit	\$411	\$429
Updated Direct Burial Design	\$294	\$315

The use of the cable in conduit design results in a substantial increase in the differential charge for both subdivision types, both when compared to the existing rates and to the direct burial design using updated costs.

However, as discussed above, Gulf believes that the use of a cable in conduit system is the most cost-effective over the long term, despite its effect on the underground costs and the differential. Gulf cites as the main advantage the ability to

November 14, 1996
Docket No. 960325-EI

match construction with the need for facilities, and thus avoid situations in which distribution equipment is installed and remains unused for several years.

In addition, Gulf has indicated that there are advantages to a cable in conduit system with regard to damage to cables during construction, and associated O&M savings. They cited two reasons: (1) the duct provides physical protection for the cable, and (2) since the cable is not installed until it is needed there is a lower probability that the cable will be in place to be damaged. Gulf indicates that their linemen have uncovered "innumerable cases of primary, secondary and service cable damage that occurred during these early stages of construction." While Gulf has asserted that the change to cable in conduit will result in O&M savings, they were unable to provide staff with an estimate of the amount of these potential savings.

Staff is recommending approval of the proposed differential costs. However, in meetings with the staff, Gulf indicated that because the cable in conduit design has never been used by Gulf before, it is difficult to estimate with certainty what its costs will be. Because of this, the costs may decline as experience is gained with the new method. Due to this concern, and staff's concern with the high level of the cost estimates associated with the cable in conduit design, staff is recommending, subsequent to the effective date of the tariff, that the actual costs of installing the new cable in conduit design be audited to determine whether they are consistent with the estimates used to develop the differential charges. The audit is to include a review of the "as-built" drawings and work orders. Records of O&M expenses and their causes at all residential subdivisions must also be kept such that they can be audited.

November 14, 1996
Docket No. 960325-EI

ISSUE 2: What is the appropriate effective date for the proposed tariff revisions?

RECOMMENDATION: November 26, 1996.

STAFF ANALYSIS: If the Commission votes to approve the proposed tariff revisions, they should become effective November 26, 1996.

ISSUE 3: Should this docket be closed?

RECOMMENDATION: Yes, if Issue 1 is approved, this tariff should become effective on November 26, 1996. If a protest is filed within 21 days of the issuance of the Order, this tariff should remain in effect with any increase held subject to refund pending resolution of the protest. If no timely protest is filed, this docket should be closed.

STAFF ANALYSIS: At the conclusion of the protest period, if no protest is filed, this docket should be closed.

GULF POWER COMPANY

5.6 (Continued)

- (b) Within the 30-day extended period, the customer has made mutually-satisfactory arrangements to ensure payment of the past due amount and during this period the customer has agreed to continue to be responsible for payment of additional electric service consumed; and
- (c) if at the end of the 30-day extended period provided, the customer has not paid the past due amount nor made mutually-satisfactory arrangements to pay such amount and to be responsible for payment of additional service, then service may be discontinued without further notice; and
- (d) In the event that service is continued for an additional period of time as provided under this section, the customer shall remain solely responsible for compliance with these provisions, and the Company does not assume, and expressly disclaims, any obligation or duty: to monitor the health or condition of the person requiring medically essential service; to insure continuous service; to call, contact, or otherwise advise of service interruptions; or to take any other action (or refrain from any action) that differs from the normal operations of the Company.

PART VI UNDERGROUND DISTRIBUTION FACILITIES

6.1 DEFINITIONS. The following words and terms, when used in these Rules, shall have the meaning indicated:

APPLICANT - Any person, partnership, association, corporation, or governmental agency controlling or responsible for the development of a new subdivision and applying for the construction of underground electric distribution facilities.

BUILDING - Any structure, within a subdivision, designed for residential occupancy and containing less than five (5) individual dwelling units.

COMMISSION - The Florida Public Service Commission.

DIRECT BURIAL - A type of construction involving the placing of conductors in the ground without the benefit of conduit or ducts. Other facilities, such as transformers, may be above ground.

DISTRIBUTION FACILITIES - Electric service facilities consisting of primary and secondary conductors, service laterals, transformers, and necessary accessories and appurtenances for the furnishing of electric power at utilization voltage.

FEEDER MAIN - A three-phase primary installation which serves as a source for primary laterals and loops.

FULL DUCT SYSTEM - A type of construction involving the placing of conductors in conduit or duct. Other facilities, such as transformers, may be above ground.

HIGH DENSITY SUBDIVISION - A subdivision having a density of six (6) or more dwelling units per acre.

GULF POWER COMPANY

- 6.2.5 TYPE OF SYSTEM PROVIDED. Underground residential distribution facilities are of standard Company design, generally with all cable in duct or conduit and above-grade appurtenances. Unless otherwise stated, service provided will be 120/240 volt single phase. If other types of facilities are requested by the Applicant or required by governmental authority, the Applicant or governmental authority will pay the additional costs if any.
- 6.2.6 OWNERSHIP OF UNDERGROUND FACILITIES. The Company will install, own, and maintain the electric distribution facilities up to the designated point of delivery except as otherwise stated. Any payment made by the Applicant under the provisions of these Rules will not convey to the Applicant any rights of ownership. The Applicant may, subject to a contractual agreement with the Company, construct and install all or a portion of the underground distribution facilities provided:
- (a) Such work meets the Company's construction standards;
 - (b) the Company will own and maintain the completed distribution facilities;
 - (c) such agreement is not expected to cause the general body of ratepayers to incur greater costs;
 - (d) the Applicant agrees to pay Gulf Power Company's current applicable hourly rate for engineering personnel for all time spent reviewing and inspecting the Applicants work done; and
 - (e) the Applicant agrees to rectify any deficiencies found by Gulf Power Company prior to the connection of any customers to the underground electric distribution system or the connection of the underground electric distribution facilities to Gulf Power Company's distribution system. Furthermore, the deficiencies must be corrected in a timely manner or Gulf shall construct the system improvement using overhead facilities and the Applicant will have to pay the cost of such improvement and the cost of its removal before the corrected underground facilities will be connected.
- 6.2.7 RIGHTS OF WAY AND EASEMENTS.
- (a) General Requirements. The Company shall construct, own, operate, and maintain distribution facilities only along easements, public streets, roads, and highways which the Company has the legal right to occupy, and on public lands and private property across which rights of way and easements satisfactory to the Company may be obtained without condemnation or cost to the Company.
 - (b) Scheduling, Clearing, and Grading. Rights of way and easements suitable to the Company must be furnished by the Applicant in reasonable time to meet service requirements, and must be cleared of trees, tree stumps, paving and other obstructions, staked to show property lines and final grade, and must be graded to within six (6) inches of final grade by the Applicant before the Company will commence construction, all at no charge to the Company. Such clearing and grading must be maintained by the Applicant during construction by the Company. Grade stakes must be provided at transformer locations.

GULF POWER COMPANY

6.2.7 (continued)

Should paving, grass, landscaping, or sprinkler systems be installed prior to the construction of the underground distribution facilities, the Applicant shall pay the added costs of trenching, backfilling, and restoring the paving, grass, landscaping, and sprinkler systems to their original condition.

6.2.8 DAMAGE TO COMPANY'S EQUIPMENT. The Applicant shall be responsible to ensure that the Company's distribution facilities once installed, are not damaged, destroyed, or otherwise disturbed during the construction of the project. This responsibility shall extend not only to those in his employ, but also to his subcontractors. Should damage occur, the Applicant shall be responsible for the full cost of repairs.

6.2.9 PAYMENT OF CHARGES. The Company shall not be obligated to install any facilities until payment of applicable charges, if any, has been completed.

6.3 UNDERGROUND DISTRIBUTION FACILITIES FOR NEW RESIDENTIAL SUBDIVISIONS

6.3.1 AVAILABILITY. After receipt of proper application and compliance by the Applicant with applicable Company rules and procedures, the Company will install underground distribution facilities to provide single phase service to new residential subdivisions of five (5) or more building lots.

6.3.2 CONTRIBUTION BY APPLICANT.

(a) Prior to such installations, the Applicant and the Company will enter into an agreement outlining the terms and conditions of installation, and the Applicant will be required to pay the Company in advance the entire cost as described below:

<u>Option</u>	<u>Low Density Subdivision (\$ per lot)</u>	<u>High Density Subdivision (\$ per lot)</u>
1. Gulf supplies and installs all primary, secondary, and service trench, duct, and cable.	\$411	\$429
2. Gulf supplies and installs all primary and secondary trench, duct, and cable. Gulf installs service cable in duct supplied and installed by the Applicant.	\$222	\$263
3. Applicant installs primary and secondary trench and duct system. Gulf supplies primary and secondary duct and supplies and installs service duct. Gulf supplies and installs primary, secondary, and service cable.	\$224	\$305
4. Applicant supplies and installs primary and secondary trench and duct. Gulf supplies primary and secondary cable. Gulf supplies and installs service duct and cable.	\$171	\$266
5. Applicant installs primary and secondary trench and duct. Gulf supplies primary and secondary duct. Applicant supplies and installs service duct. Gulf supplies and installs primary, secondary, and service cable.	\$36	\$139

GULF POWER COMPANY

6.3.2 (continued)

<u>Option</u>	<u>Low Density Subdivision</u> (\$ per lot)	<u>High Density Subdivision</u> (\$ per lot)
6. Applicant supplies and installs primary, secondary, and service trench and duct. Gulf supplies and installs primary, secondary, and service cable.	\$0	\$99

All construction done by the Applicant must meet the Company's specifications. All installations must be approved by the Company's authorized representative.

(b) The Applicant is required to pay \$4.87 per foot for three phase commercial loads requiring 120/240 volt service in new residential subdivisions (example: lift stations, etc.) for each three phase service. This average cost will be added to the advanced payment in 6.3.2(a) above.

(c) The Applicant is required to pay all additional costs required for a service lateral length in excess of the minimum which would have been needed to reach the Company's designated point of delivery.

(d) The above charges are based upon arrangement of distribution facilities that will permit serving the local single-phase underground distribution system within the subdivision from existing overhead feeder mains. If the feeder mains or other three-phase facilities within the subdivision are deemed necessary by the Company to provide and/or maintain adequate service and are required by the Applicant or governmental agency to be installed underground, the Applicant shall pay the Company the estimated cost differential between the underground feeder mains, or other three-phase facilities and the equivalent overhead facilities.

6.3.3 FACILITIES TO BE UNDERGROUND. All service laterals and secondary and single phase primary conductors shall be underground. Appurtenances such as transformers, pedestal-mounted terminals, switching equipment, and meter cabinets may be placed above ground. Feeder mains required within a subdivision may be overhead if the Applicant and the Company determine that the additional cost of underground is not justified for that particular location, unless otherwise required by governmental authority, in which case the differential cost will be borne by the Applicant or governmental authority.

6.3.4 POINT OF DELIVERY. The point of delivery to the building shall be determined by the Company and normally will be at the point of the building nearest the point at which the underground secondary system is available to the property to be served. If the point of delivery on any building is more than fifty (50) feet in length from the available secondary system (sixty-five [65] feet for low density subdivisions), then the Applicant may be required to make additional payment for the excess length.

6.3.5 LOCATION OF METER AND SOCKET & SERVICE ENTRANCE FACILITIES. The Applicant shall install a meter socket and suitable service entrance facilities at the point designated by the Company in accordance with the Company's specifications. Service conductors shall be installed, where possible, in a direct line to the point of delivery.

6.3.6 DEVELOPMENT OF SUBDIVISIONS. The above charges are based on reasonably full and timely use of the land being developed. Where the Company is required to construct underground electric facilities through a section or sections of the subdivision or development where, in the opinion of the

GULF POWER COMPANY

Canceling Third Revised Sheet No. 4.28

6.5.2 NON-BINDING COST ESTIMATES. An Applicant may obtain a non-binding estimate of the charges the Applicant would be obligated to pay in order for the Company to provide underground distribution facilities. This non-binding estimate will be provided to the Applicant without any charge or fee upon completion of the Application for Underground Cost Estimate set forth in Section VII of this tariff, Standard Contract Forms, at Sheet No. 7.43.

6.5.3 BINDING COST ESTIMATES. An Applicant, upon payment of a non-refundable deposit and completion of the Application for Underground Cost Estimate set forth in Section VII of this tariff, Standard Contract Forms, at Sheet No. 7.43, may obtain an estimate of the charges for underground distribution facilities, which estimate the Company would be bound to honor as provided below. The deposit amount, which approximates the engineering costs for underground facilities associated with preparing the requested estimate, shall be calculated as follows:

New Construction

Urban Commercial	\$ 888.00 per trench mile
Urban Residential	\$ 666.00 per trench mile
Rural Residential	\$1,017.00 per trench mile

Conversion

Urban Commercial	\$1,815.00 per overhead primary mile
Urban Residential	\$2,955.00 per overhead primary mile
Rural Residential	\$2,398.00 per overhead primary mile
210 Lot Subdivision	\$2,274.00 per overhead primary mile
176 Lot Subdivision	\$3,977.00 per overhead primary mile

An Applicant desiring the Company to proceed with construction of the underground facilities described in a binding cost estimate may enter into a contract with the Company based on said estimate on or before the 180th day following Applicant's receipt of the estimate. So long as the contract is entered into by such date, the contract shall provide that the charges the Applicant is obligated to pay for installation of the underground facilities will be the actual costs incurred subject to the limitation that the charges to the Applicant will not exceed 110 percent of the amount set forth in the binding estimate. So long as said contract is entered into by the date specified above, it shall further provide that the total charges the Applicant is obligated to pay for installation of underground facilities determined as set forth in section 6.5.4 below shall be reduced by the amount of the posted deposit associated with the binding cost estimate.

6.5.4 CONTRIBUTION BY APPLICANT. Prior to the installation of underground facilities covered by this subpart, the Applicant and the Company must enter into a contractual agreement setting forth the terms and conditions of the installation. The charge to be paid by the Applicant for underground facilities pursuant to the contractual agreement shall be determined as follows:

GULF POWER COMPANY

AGREEMENT FOR UNDERGROUND CONSTRUCTION STANDARDS

This AGREEMENT made and entered into this _____ Day of _____, 19____,
by GULF POWER COMPANY, hereinafter called the Utility, and _____
_____, hereinafter called the Applicant, sets forth
the standards and conditions which will apply to the construction, installation, repair, and
ownership of the underground facilities to be located at _____

_____. Exhibit "A" hereto, contains a detailed description of the
property where the facilities will be constructed or installed by the applicant.

WITNESSETH THAT:

WHEREAS, the Utility owns and operates an electric distribution system in _____
County, Florida, in which the Applicant owns the real property described in Exhibit "A" on
some or all of which the Applicant has constructed or proposes to construct certain
improvements; and

WHEREAS, the Applicant wishes to have the electrical service supplying electricity to the
improvements on the above described property be installed underground; and

WHEREAS, the Applicant wishes to construct a portion of the underground electrical
distribution facilities for the purpose of supplying electric service to the improvements to be
located on the above described property in lieu of having the Utility construct all of the
underground distribution facilities on the above described property;

WHEREAS, the Utility would normally construct and install all of the underground electric
distribution facilities at the above described location, the Utility pursuant to this agreement
will take ownership of facilities constructed and installed by the Applicant pursuant to this
agreement, where those facilities comply with the provisions of the agreement reached
between the above named parties; and

NOW, THEREFORE, in consideration of the premises and of the mutual agreements hereinafter set forth, it is agreed by and between the parties as follows:

1. The Utility hereby agrees to permit the Applicant to construct and install all or a portion of the underground distribution facilities described herein below at the above location provided:

- a) such work meets the Utility's construction standards, as set forth below:
 - (1) Conduit to be placed in any Utility underground distribution system must meet the specifications set forth in exhibit "D". Conduit shall be installed in the locations specified in Exhibit "C";
 - (2) Primary and secondary conduit must be buried at a minimum of 36 inches below final grade or at a depth that meets applicable codes and is satisfactory to the Utility and the Applicant;
 - (3) The connection between the meter enclosure and the underground service entrance shall be in accordance with Exhibit "B".
 - (4) Where the Applicant installs the conduit, the Applicant must install and label in the conduit a flat pulling tape as specified in Exhibit E";
 - (5) When the Utility supplies the conduit to the Applicant, the Utility shall take ownership of that conduit at the time it is installed by the Applicant and all other provisions of this agreement have been satisfied. When the Applicant supplies and installs the conduit, the Utility shall take ownership of that conduit at the time the service cable has been installed in the conduit by the Utility and all other provisions of this agreement have been satisfied. Until such time that the Utility takes ownership of the conduit, the Applicant, or Contractor acting for the Applicant, shall be responsible for accessing and repairing the conduit;
 - (6) After which time the Utility takes ownership of the conduit, the Utility shall be responsible for accessing, in a reasonable manner, and repairing the conduit and cable, if needed, but the repair of any road service and associated costs shall be and will remain the responsibility of the Applicant, his successors and assigns. The Applicant's

aforementioned duty includes, but is not limited to, repairs necessitated by the Utility accessing and repairing conduit or cable and specifically includes all repairs made necessary as a result of placement of conduit beneath a roadway. The Applicant will have no right, title or interest in or to the completed distribution facilities.

(7) The utility reserves the right to verify, prior to taking ownership of the conduit system, that the duct system is installed as specified in the plan provided by the Utility under section 4, below. The Utility may exercise, at any time, its right to inspect and verify any Applicant provided facility, and any such inspection or verification shall not be deemed an approval of any Applicant provided facility or a waiver by the Utility of any right to enforce strict compliance with the terms and conditions of this agreement.

(b) that in the Utility's sole discretion such Agreement is not expected to cause the general body of ratepayers to incur greater costs;

(c) the Applicant agrees to pay to the Utility the prevailing hourly rate for engineering personnel for time spent reviewing and inspecting the Applicant's work when such time is beyond that normally required of the Utility's engineering personnel to review and inspect underground construction of the type installed or constructed by the Applicant.

(d) the Applicant agrees to correct, to the satisfaction of the Utility, any deficiencies found by the Utility prior to the connection of any customers to the underground electric distribution system or the connection of the underground electric distribution facilities to Utility's distribution system. Deficiencies must be corrected in a timely manner or the Utility shall construct the system improvement using overhead facilities and the Applicant will have to pay the cost of such improvement and the cost of its removal before the corrected underground facilities will be connected.

2. Upon compliance by Applicant with all of the provisions of this Agreement in a manner acceptable to the Utility, the Utility shall own and maintain the necessary facilities for providing underground electric service to the property as shown on Exhibit "C" hereto. At no time shall the Utility be required by the Applicant, its successors or assigns to furnish other than single phase service through these facilities, except as otherwise shown on Exhibit "C". Three-phase service will be furnished only when specified on Exhibit "C" and paid for in advance by the Applicant. The Applicant agrees to reimburse the Utility for the costs of facilities found to be installed at the wrong location or grade due to Applicant requested changes in property lines, easement, grade, and/or errors in staking or trenching.

3. By this agreement, the Applicant agrees to adhere to and meet the provisions set forth in Gulf Power Company's Tariff for Retail Electric Service, Section 6.2.6, under Ownership of Underground Facilities. A copy of said tariff is attached hereto.

4. The Applicant agrees to follow the distribution plan prepared by the Utility, and attached hereto as Exhibit "C", showing the location of all facilities to be constructed or installed pursuant to this agreement, and agrees to cause all of its contractors and employees to follow such plan. Applicant agrees that any work performed by the applicant or its contractor shall be in accordance with national and local building and safety codes. Applicant agrees that all persons performing work will be licensed by appropriate authorities and will obtain necessary permits.

5. Applicant hereby expressly agrees that the Utility shall in no way be liable or responsible for any accident or damage, to persons or property, which may occur as a result or in any way connected to the Applicant, its employees or contractors installing and constructing the facilities that are the subject of this agreement. The Applicant hereby agrees to indemnify and hold harmless the Utility against any and all liability, loss, cost, damage, or any expense connected therewith, including a reasonable attorney's fee incurred in the defense of any type of court action related thereto, which may accrue to the Utility by reason of negligence, default, misconduct or strict liability of the Applicant, its employees or contractors in the installation and construction of the facilities described in this agreement. Applicant is not a contractor, subcontractor or employee of the Utility, and performs the installation and construction of the facilities described herein as an entity completely separate and apart from the Utility.

6. The Applicant agrees to cause to be conveyed to the Utility, without cost, all easements, including rights of ingress and egress, necessary or convenient to the Utility or required by it for the purpose of operating, maintaining, and removing said underground electrical distribution lines and other necessary equipment.

7. Applicant agrees to include in all conveyances of the property described in Exhibit "A", or subdivision of that property, a covenant running with the property and inuring to the benefit of the Utility that requires all electric service to that property to be underground electric service, and that no electric service shall be overhead, except where the Utility determines it is necessary based on its sole discretion. This covenant shall bind the Applicant, its successors and assigns as set forth in paragraph 10. The Utility agrees to provide

12. Representatives from the Utility and the Applicant, through their signatures below, and in witness whereof, acknowledges this agreement for Underground Constructions Standards set forth above as properly executable.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be properly executed in four counterparts as of the day and year first above written.

APPLICANT:

By: _____
()

GULF POWER COMPANY:

By: _____
Vice President

ATTEST:

ATTEST:

Date: _____

Date: _____

Correspondence with the Applicant should be addressed to:

NAME: _____

FIRM: _____

ADDRESS: _____

CITY: _____ STATE: _____ ZIP CODE: _____