



Florida Power
A Progress Energy Company

ORIGINAL

JAMES A. MCGEE
ASSOCIATE GENERAL COUNSEL

September 18, 2002

Ms. Blanca S. Bayó, Director
Division of the Commission Clerk
and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

020993-E1

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COMMISSION
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Re: Petition of Florida Power Corporation for approval of a
Local Governmental Underground Cost Recovery tariff.

Dear Ms. Bayó:

Enclosed for filing on behalf of Florida Power Corporation are an original and fifteen copies of the subject Petition.

Please acknowledge your receipt of the above filing on the enclosed copy of this letter and return to the undersigned. Also enclosed is a 3.5 inch diskette containing the above-referenced document in WordPerfect format. Thank you for your assistance in this matter.

Very truly yours,

James A. McGee

JAM/scc
Enclosure

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[Signature]
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DOCUMENT NUMBER - DATE
09929 SEP 18 02
FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Florida Power Corporation for approval of a Local Governmental Underground Cost Recovery tariff.

Docket No. 020993-ET

Submitted for filing:
September 18, 2002

P E T I T I O N

Florida Power Corporation (Florida Power, or the Company) hereby petitions the Florida Public Service Commission (the Commission) for approval of new Section 12.06 to the Company's tariff Rules and Regulations, and the related billing adjustment clause in Rate Schedule BA-1, as set forth in Exhibit A attached hereto. The new tariff, entitled Local Governmental Underground Cost Recovery, will provide an option for recovery of the costs incurred by local governments (municipalities and counties) within the Company's service area to convert electric distribution facilities from overhead to underground through a fee on the electric bills of those Florida Power customers on whose behalf the underground conversion was made. In support of its petition, Florida Power states as follows:

Introduction

Petitioner, Florida Power, is a public utility subject to the regulatory jurisdiction of the Commission under Chapter 366, Florida Statutes. Florida Power's General Offices are located at 100 Central Avenue, St. Petersburg, Florida, 33701.

All notices, pleadings and other communications required to be served on petitioner should be directed to:

James A. McGee, Esquire
Post Office Box 14042
St. Petersburg, FL 33733

For express deliveries by private courier, the General Offices address above should be used.

DOCUMENT NUMBER

09929 SEP 18 02

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Background

In 1992, the Commission concluded a statutorily mandated investigation into the cost effectiveness of undergrounding electric transmission and distribution facilities by adopting Rule 25-6.115, F.A.C. The rule requires each investor-owned electric utility to include in its tariff detailed procedures for determining the cost and the terms and conditions under which the utility will underground new distribution facilities or convert existing distribution facilities from overhead to underground. The procedures included in Florida Power's tariff pursuant to this rule have been in effect since 1993 and are contained in Part XII, consisting of Sections 12.01 through 12.05, of the Company's tariff Rules and Regulation Governing the Provision of Electric Service. A copy of Sections 12.01 through 12.05 is attached for ease of reference as Exhibit B.

In 1994, the Commission granted Florida Power's request to approve tariff Section 12.06, entitled "Municipal Underground Capital Cost Recovery", which provided an optional procedure for the recovery of a franchised municipality's underground conversion costs from Florida Power customers within the municipality. Unfortunately, the Company's experience with this tariff was disappointing, since the preliminary interest shown by a number of municipalities in such a tariff while under development did not materialize into the actual use of the tariff by any of these municipalities once it had been made available. After several years of disuse, the tariff was withdrawn.

Despite this lack of success nearly a decade ago, the 1994 tariff and the experience the Company gained from it serve as the forerunner and building block of the tariff for which Florida Power now seeks approval. Most of the basic components to the 1994 tariff were sound and workable, and provided a solid

foundation for development of the proposed tariff. In addition, two key lessons learned from the Company's prior experience were incorporated into the development of the new proposal.

The first lesson learned was to obtain greater input from potential governmental users and to obtain this input throughout the tariff's development. With the prior tariff, this input was obtained early in the development process but significant follow-up feedback on the specifics of the tariff was not received as it was developed. With the current tariff, input was obtained at different stages of development from potential governmental users, both individually and in group forums, from the major metropolitan areas in Florida Power's service area. Suggestions from these governmental representatives were also incorporated where feasible. For example, a provision was added that would allow local governments to internalize and recover the cost of converting customer equipment to receive underground service, which was considered by some government representative to be vital in gaining customer acceptance of a proposed undergrounding project.

The other lesson learned was to maximize the tariff's flexibility in order to accommodate differences in the needs and desires among various local governments and their constituents. As a result, the scope of tariff's eligibility was expanded to include county governments, as well as both franchised and non-franchised municipalities. Optional features were added that can be used at a local governments discretion, such as a Florida Power financing alternative; recovery of a local government's ancillary costs for such activities as right-of-way acquisition, preparation, and restoration; and, as mentioned above, recovery of the costs to convert customer service equipment.

With the benefit of the core provisions from the prior tariff that the Commission approved in 1994 and the lessons learned from the preparation and implementation of that tariff, Florida Power believes the new tariff will provide an effective tool to assist local governments in meeting their objectives for the undergrounding of distribution facilities. Although the ultimate success of this tariff will depend on a variety of factors that cannot be predicted with certainty, the Company has made a commitment to the local governments it serves to do its part to make this undergrounding tool available to them. To fulfill that commitment, Florida Power must of course receive the Commission's approval, which is the purpose of this petition.

The Proposed Tariff

The proposed underground cost recovery tariff is available to local governments, *i.e.*, municipalities (whether franchised or not) and counties, located within Florida Power's retail service area who have entered into a contract with the Company for the conversion of existing distribution facilities from overhead to underground. In addition to this contract for performing the actual underground conversion, which is currently available to local governments and other applicants under Florida Power's existing tariff Section 12.05 (see Exhibit B), a local government desiring to use new tariff Section 12.06 to obtain optional cost recovery for its underground conversion project must also enter into an Underground Cost Recovery contract establishing the specific terms and conditions for the local government's cost recovery.

The tariff's cost recovery procedure contains three main components; an Annual Recovery Amount, an Underground Assessment Area, and a Governmental Undergrounding Fee.

The Annual Recovery Amount establishes the maximum amount a local government may receive each year from Florida Power under the tariff. The maximum annual amount is calculated using a variation of a standard mortgage payment formula, with a term that may not exceed 20 years. In addition, the Annual Recovery Amount may not exceed the amount that would have been realized over the preceding 12 billing months at the maximum Governmental Undergrounding Fee.

The Underground Assessment Area is a geographic area established by a local government within its boundaries that is used to identify the electric customers who benefit sufficiently from the underground conversion project to warrant being charged a Governmental Undergrounding Fee to recover the cost of the underground project. Since this benefit determination is inherently a subjective, qualitative judgment, it is appropriate that this determination be made by the governmental body with the authority and responsibility to make decisions on behalf of its constituents. For example, a local government planning to underground distribution facilities along its main thoroughfare could determine that the project benefits are limited largely to businesses located on the thoroughfare and therefore establish an Underground Assessment Area that encompasses only these businesses. On the other hand, the local government could determine that the main thoroughfare undergrounding is an integral part of a major beautification project that benefits the community as a whole and therefore establish an Underground Assessment Area that encompasses the entire community, including areas that may not be in close proximity to the underground project itself.

The Governmental Undergrounding Fee is the charge billed by Florida Power to electric customers located in the Underground Assessment Area and remitted to the local government for the recovery of its underground conversion costs. The

Governmental Undergrounding Fee is a uniform percentage applied to customers' total electric charges which has been calculated to produce the Annual Recovery Amount, so long as the Fee does not exceed 15%. In addition, the Fee billed to customers may not exceed a maximum monthly amount of \$30 for residential customers, or \$50 for each 6,000 kilowatt-hour increment, or block, of consumption for commercial/industrial customers. (The use of consumption blocks is intended to account for the significant variation in usage among commercial/industrial customers and thus avoid the apparent inequity of, for example, a \$40,000 per month customer paying the same \$50 maximum as a \$400 per month customer.) In order for an individual local government to use a higher percentage or maximum monthly amount, the higher figure must be specifically approved by the Commission. The Governmental Undergrounding Fee's uniform percentage will be recalculated for each upcoming calendar year based on the Company's most current projections and a true-up adjustment for the prior calendar year.

In addition to these three main components of the cost recovery procedure, the proposed tariff, as mentioned above, provides the local government with an option to obtain financing for its underground project from Florida Power, subject to any limitation on the funds made available for this purpose by the Company at its discretion. The interest rate for this optional financing will be determined by Florida Power based on normal risk considerations. The tariff also imposes a customer notification requirement on local governments that is identical to the requirement contained in the 1994 tariff, which was added at the urging of Staff and approved by the Commission. Finally, as was also described earlier, the tariff requires the local government to enter into a contract with the Company establishing the specific terms and conditions for underground cost recovery. This contract will be submitted for

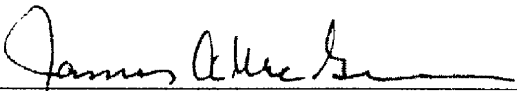
administrative approval by Staff upon Commission approval of the proposed cost recovery tariff.

Exhibit A also contains a related new clause addressing the Governmental Undergrounding Fee that Florida Power proposes to include in Rate Schedule BA-1, Billing Adjustments. The proposed clause, which describes the billing considerations associated with the Governmental Undergrounding Fee, is essentially a paraphrasing of the provisions regarding the Fee contained in Subsection 12.06(4) of the cost recovery tariff.

WHEREFORE, Florida Power Corporation respectfully requests that the Commission grant this petition and authorize the Company to offer its optional Local Governmental Underground Cost Recovery tariff by approving new Section 12.06 of the Company's tariff Rules and Regulations and the related billing adjustment clause in Rate Schedule BA-1, as set forth in Exhibit A hereto.

Respectfully submitted,

FLORIDA POWER CORPORATION

By 

James A. McGee
Post Office Box 14042
St. Petersburg, FL 33733-4042
Telephone: (727) 820-5184
Facsimile: (727) 820-5519



PART XII

UNDERGROUND ELECTRIC DISTRIBUTION FACILITY CHARGES

* * *

12.06 LOCAL GOVERNMENTAL UNDERGROUND COST RECOVERY

(1) Eligibility

Underground cost recovery in accordance with the provisions of this Section 12.06 is available at the option of those municipal and county governments (local governments) located within the Company's retail service area who have entered into a contract with the Company pursuant to Section 12.05 of this Part XII for the conversion of existing overhead distribution facilities to underground facilities.

(2) Annual Recovery Amount

(a) An eligible local government may receive an Annual Recovery Amount collected by the Company through a Governmental Undergrounding Fee added to the electric bills of the Company's customers located in an Underground Assessment Area within the boundaries of the local government. The local government's Annual Recovery Amount shall be calculated in accordance with the following formula:

$$\text{Annual Recovery Amount} = \frac{(\text{FC} + \text{GC}) \times i}{1 - \frac{1}{(1 + i)^n}}$$

Where:

FC = Facility Charge, as defined in Paragraph 12.05(2)(b) of this Part XII.

GC = Governmental Cost, which consists of the following costs incurred by the local government:

1. A surcharge based on the lesser of 10 percent of the Facility Charge or \$50,000, to reimburse the Company for a portion of its initial programming costs to implement the customer billing processes required by this Section 12.06.
2. Reimbursement of the Company for its additional programming costs required to bill customers in the local government's specific Underground Assessment Area.

ISSUED BY:

EFFECTIVE:



3. At the local government's option, its ancillary costs related to the undergrounding project, such as right-of-way acquisition, preparation and restoration costs, and financing costs.
4. At the local government's option, (i) the total cost charged by electrical contractor(s) selected and hired by the local government to convert customer facilities (such as service entrances and meter bases) to receive underground service for all residential customers requiring such conversion, or (ii) a portion of the total cost charged by such electrical contractor(s) (based on a minimum average charge per customer determined by the local government), to convert customer facilities to receive underground service for all commercial/industrial customers requiring such conversion, or both (i) and (ii).

n = The Number of years over which the Facility Charge and Governmental Cost is to be recovered by the local government, which shall not exceed a maximum of 20 years.

i = The Interest rate on the bonds or other financial instruments utilized by the local government to finance the Facility Charge and Governmental Cost, adjusted for financing costs.

- (b) In no event shall the Annual Recovery Amount exceed the amount that would have been recoverable over the most recent 12-month period for which actual customer billing data is available, using the maximum Governmental Undergrounding Fee permissible under Paragraph (3)(a) or (b) of this Section 12.06

(3) Underground Assessment Area

The local government shall establish the geographic boundaries of an Underground Assessment Area based on a determination, in its discretion, that the electric customers located within these boundaries benefit sufficiently from the underground conversion project in question to warrant the payment of a Governmental Undergrounding Fee to recover the costs of the conversion project. The Underground Assessment Area so established may consist of all or any contiguous portion of the area within the local government's corporate limits, and may overlap all or portions of other Underground Assessment Areas previously established by the local government.

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EFFECTIVE:



(4) Governmental Undergrounding Fee

- (a) The Company will bill a monthly Governmental Undergrounding Fee to electric customers located in the Underground Assessment Area established by the local government. The Governmental Undergrounding Fee shall be based on a uniform percentage of customers' total net charges for electric service calculated to produce the Annual Recovery Amount, net of regulatory assessment fees, if any. Except as provided in Paragraph 3(b) of this Section 12.05, the total Governmental Undergrounding Fee billed to a customer's account (irrespective of the number of Underground Assessment Areas in which the customer may be located) shall not exceed the lesser of (i) 15 percent of the customer's total net electric service charges, or (ii) a maximum monthly amount of \$30 for residential customers and \$50 for each 6,000 kilowatt-hour increment of consumption for commercial/industrial customers. The maximum monthly amount shall apply to each line of billing in the case of a customer receiving a single bill for multiple service points, and to each occupancy unit in the case of a master metered customer.
- (b) The application of a Governmental Undergrounding Fee for an individual local government which is based on either a higher percentage or a higher maximum monthly amount than specified in Paragraph 3(a) of this Section 12.05 shall require approval of the Florida Public Service Commission for each such local government.
- (c) The initial Governmental Undergrounding Fee shall be calculated for the remainder of the calendar year in which the Fee becomes effective and shall be recalculated for each succeeding calendar year or portion of a calendar year during its effectiveness. The calculation or recalculation shall be based on the Company's most current projections for the upcoming period, and each recalculation shall include a true-up adjustment based on the difference between projected and actual recovery for the prior calendar year.

(5) Optional Utility Financing

At the option of the local government, the Company will provide financing for the Facility Charge and Governmental Cost of the undergrounding project, subject to any limitation on the funds made available for such purpose by the Company at its discretion. Upon request, the Company will advise the local government at the time the binding cost estimate is presented pursuant to Paragraph 12.04(2) of this

ISSUED BY:

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Part XII whether sufficient funds are available at that time to finance the cost of the undergrounding project. The interest rate applicable to such optional financing will be determined by the Company commensurate with normal risk considerations such as the credit worthiness of the local government, the total cost subject to financing, the expected duration of the undergrounding project, and any other identifiable risks associated with financing the project.

(6) Customer Notification

At least 30 days prior to the execution of an Underground Capital Cost Recovery Contract pursuant to Subsection (7) of this Section 12.05, the local government shall mail a notice to each electric customer located within the proposed Underground Assessment Area stating its intention to recover the cost of the underground conversion project in question through a Governmental Undergrounding Fee on the customer's electric bill. The notice shall include, at a minimum, (i) a description of the underground conversion project, (ii) an estimate of the Governmental Undergrounding Fee (as a percentage of total net electric charges) and the maximum monthly amount, (iii) the month in which billing of the Fee is expected to commence, (iv) the number of years over which the Fee is to be imposed, and (v) a postage-prepaid form on which the customer may submit comments to the local government.

(7) Underground Cost Recovery Contract

The local government shall enter into a contract with the Company, the form of which has been approved by the Florida Public Service Commission or its staff, establishing the specific terms and conditions for underground cost recovery consistent with the provisions of this Section 12.06.

ISSUED BY:

EFFECTIVE:



RATE SCHEDULE BA-1
Billing Adjustments
(Continued from Page 1)

* * *

Governmental Undergrounding Fee:

Applicable to customers located in a designated Underground Assessment Area within a local government (a municipality or a county) that requires the Company to collect a Governmental Undergrounding Fee from such customers to recover the local government's costs of converting overhead electric distribution facilities to underground facilities. The Governmental Undergrounding Fee billed to a customer's account shall not exceed the lesser of (i) 15 percent of the customer's total net electric service charges, or (ii) a maximum monthly amount of \$30 for residential customers and \$50 for each 6,000 kilowatt-hour increment of consumption for commercial/industrial customers, unless the Commission approves a higher percentage or maximum monthly amount. The maximum monthly amount shall apply to each line of billing in the case of a customer receiving a single bill for multiple service points, and to each occupancy unit in the case of a master metered customer. The Governmental Undergrounding Fee shall be calculated on the customer's charges for electric service before the addition of any applicable taxes.

ISSUED BY:

EFFECTIVE:



PART XII

UNDERGROUND ELECTRIC DISTRIBUTION FACILITY CHARGES

12.01 DEFINITIONS:

The following words and terms used under this Part shall have the meaning indicated:

- (1) Applicant: The Applicant is the person or entity seeking the undergrounding of existing or newly planned electric distribution facilities by the Company. When a developer requests local government development approval, the local government shall not be deemed the Applicant for purposes of these rules.
- (2) Commission: Florida Public Service Commission.
- (3) Cost Estimate Fee: A fee charged an Applicant by the Company for the purpose of preparing a cost estimate of the amount required for the Company to construct or convert particular distribution facilities as underground.
- (4) Company: Florida Power Corporation.
- (5) Distribution Facilities: All electrical equipment of the Company required to deliver electricity to homes and businesses.
- (6) Facility Charge: That charge required to be paid by an Applicant for the Company to construct or convert particular distribution facilities as underground.
- (7) Overhead: Pertains to distribution facilities consisting of conductors, switches, transformers, etc. which are installed above ground on supporting poles.
- (8) Underground: Pertains to distribution facilities consisting of conductors, switches, transformers, etc. which are installed below ground or on the ground.

12.02 GENERAL:

(1) Application:

Underground electric distribution facilities are offered in lieu of overhead facilities in accordance with these rules.

(2) Applicant Request:

An Applicant shall submit a request in writing for the Company to develop a cost estimate to accomplish the undergrounding of particular electric facilities. The request shall be accompanied by an appropriate fee and shall specify the following information:

- (a) the area(s) being sought to be undergrounded
- (b) a list of all electric customers affected
- (c) an estimated time frame for undergrounding to be accomplished
- (d) details of any construction by the Applicant
- (e) any other pertinent information which the Applicant possesses that may aid the Company in preparing an appropriate cost estimate



12.03 INSTALLATIONS NOT COVERED:

The following types of electrical installations are not addressed in these rules:

- (A) Distribution lines, new or existing, in urban commercial area, urban residential area, rural residential area, or existing subdivisions will not be considered for undergrounding if sufficient permits or easements cannot be obtained. The request will not be considered unless all customers on both sides of the road or street who are served by the supply system to be undergrounded are included in the proposed conversion.
- (B) Distribution lines in new residential subdivisions. These installations are covered under "Rules of the Florida Public Service Commission", Chapter 25-6, Part V, "Rules for Residential Electric Underground Extensions", and the Company's "General Rules and Regulations Governing Electric Service", Part XI.
- (C) Individuals applying for undergrounding of service laterals from existing overhead lines. These applications will be covered by rules referenced in 12.03(b) above.
- (D) Electrical distribution circuits serving street or area lighting. Requests for undergrounding circuits of this category will be treated on an individual basis.

12.04 COST ESTIMATE FEES:

- (1) Non-Binding Cost Estimate Fee:

The Company will provide a non-binding cost estimate related to the request at no cost to the Applicant. Such estimate shall not have any guarantee as to its accuracy and shall not be binding upon the Company.

- (2) Binding Cost Estimate Fee:

The following schedule of fees shall apply to the Applicant for engineering design time to establish a binding cost estimate by the Company for the request. Such fee shall be recognized as a credit in the Facility Charge determination if the Applicant enters into a construction contract within 180 days from date of receipt of the binding cost estimate. At the discretion of the Company, the time from submittal of the cost estimate to entering a contract may be extended beyond 180 days. A major scope change by the Applicant may require a new fee amount.

SCHEDULE OF BINDING COST ESTIMATE FEES

I. NEW CONSTRUCTION (Excluding New Residential Subdivisions):

| <u>Facility Classification</u> | <u>Fee</u> |
|--------------------------------|------------------|
| Urban Commercial | \$2,975 per mile |
| Urban Residential | \$2,191 per mile |
| Rural Residential | \$1,659 per mile |

II. CONVERSIONS:

| <u>Facility Classification</u> | <u>Fee</u> |
|--------------------------------|------------------|
| Urban Commercial | \$4,234 per mile |
| Urban Residential | \$3,476 per mile |
| Rural Residential | \$2,549 per mile |
| Low Density Subdivision | \$15 per lot |
| High Density Subdivision | \$13 per lot |



12.05 CONSTRUCTION CONTRACT:

(1) GENERAL:

Upon acceptance by the Applicant of the binding cost estimate, the Applicant shall execute a contract with the Company to perform the construction of the underground distribution facilities. The contract shall specify the type and character of system to be provided; establish the Facility Charge to be paid by Applicant prior to commencement of construction; specify details of construction to be performed by Applicant, if any; and address any other pertinent terms and conditions including those described in Part (4) below.

(2) FACILITY CHARGE:

The charge shall be calculated in accordance with the appropriate formula described below:

(a) NEW CONSTRUCTION

Charge = Estimated construction cost of underground facilities including underground service laterals to customers' meters;

minus, estimated construction cost of overhead facilities including overhead service drops to customers' meters;

minus, qualifying binding cost estimate fee.

(b) CONVERSIONS

Charge = Remaining net book value of existing overhead facilities to be removed;

plus, removal cost of existing overhead facilities;

minus, salvage value of existing overhead facilities;

plus, estimated construction cost of underground facilities including underground service laterals to customers' meters;

minus, estimated construction cost of overhead facilities including overhead service drops to customers' meters;

minus, qualifying binding cost estimate fee.

(3) CONSTRUCTION BY APPLICANT:

If agreed upon by both the Applicant and the Company, the Applicant may construct or install portions of the underground system as long as such work meets the Company's engineering and construction standards. The Company will own and maintain the completed distribution facilities upon accepting the system as operational. The type of system provided will be determined by the Company's standards.

Any facilities provided by the Applicant will be inspected by Company inspectors prior to acceptance. Any deficiencies discovered as a result of these inspections will be corrected by the Applicant at his sole expense, including the costs incurred by performing the inspections. Corrections must be made in a timely manner by the Applicant, otherwise the Company will undertake the correction and bill the Applicant for all costs of such correction. These costs shall be additional to the original binding estimate.



(4) OTHER TERMS AND CONDITIONS

(a) Easements:

Required easements must be provided by the Applicant, at no cost to the Company, prior to commencement of construction. Easements are required where distribution facilities for serving more than one (1) customer are located on private property.

Easements are not required where facilities are located on private property wholly within an area covered by a recorded utility easement or where facilities are located in public rights-of-way. Easements are also not required where secondary distribution voltage facilities are located wholly within a customer's property for the purpose of providing electric service to the customer.

(b) Scheduling, Clearing, and Grading:

Rights-of-way and easements suitable to the Company must be furnished by the Applicant in a reasonable time to meet service requirements and must be cleared of trees, tree stumps, paving and other obstruction; staked to show property lines and final grade; and graded to within six (6) inches of final grade by the Applicant before the Company commences construction; all at no cost 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, pullbox, and switch locations.

(c) Restoration:

All removal and restoration of buildings, roads, driveways, sidewalks, patios, fences, ditches, landscaping, sprinkler systems, other utilities etc., shall be the full responsibility of the Applicant and shall cause no cost to the Company. Removal of all construction debris not belonging to the Company shall be the responsibility of the Applicant.

(d) Other Joint Users on the Company Poles:

Prior to construction, the Applicant must make arrangements with any other joint users of the Company's poles to remove their facilities at no cost to the Company. The Applicant shall produce, if requested by the Company, executed agreements with all joint users guaranteeing this requirement. During construction, the Company will undertake coordination efforts directly with the joint users where required for removal of their facilities.

(e) Affected Electric Customers:

Prior to construction, the Applicant must make arrangements with all affected Company customers to prepare their premises and service entrance in a timely manner for underground service. All customers affected by the undergrounding request must agree to accept underground service. These customers' conversions will be at no cost to the Company. During construction, the Company will undertake coordination efforts directly with affected customers for their transfer to underground service.

(f) Damage to the Company's Underground Facilities:

The Applicant shall be responsible to ensure the Company's distribution facilities are not damaged, destroyed, or otherwise disturbed during construction. This responsibility shall extend not only to those in his employ, but also to his subcontractors, and he shall be responsible for the full cost of repairing such damage.