State of Florida

Public Service Commission

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COMMISSION CLERK

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DATE: 1/22/04

TO: DIRECTOR, DIVISION OF THE COMMISSION CLERK & ADMINISTRATIVE SERVICES (BAYÓ)

FROM: DIVISION OF ECONOMIC REGULATION (WHEELER) DW
OFFICE OF THE GENERAL COUNSEL (K. FLEMING) KF

RE: DOCKET NO. 031107-EI - PETITION FOR APPROVAL OF REVISIONS TO SECTIONS 3.02 AND 3.05 OF PART III, NEW SERVICE EXTENSIONS, TARIFF RULES AND REGULATIONS, BY PROGRESS ENERGY FLORIDA, INC.

AGENDA: 02/03/04 - REGULAR AGENDA - TARIFF FILING - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: 60-DAY SUSPENSION DATE: FEBRUARY 16, 2004

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\ECR\WP\031107.RCM

CASE BACKGROUND

On December 18, 2003, Progress Energy Florida, Inc.(PEF) filed a petition for approval of revisions to Sections 3.02 and 3.05 of its tariff. The revisions affect the sections of PEF's tariff that set forth the requirements for customers who request new service extensions and for customers whose existing facilities must be relocated.

The Commission has jurisdiction over this matter pursuant to Sections 366.03, 366.04, and 366.06, Florida Statutes.

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission approve PEF's request to modify Section 3.02 of its tariff regarding the extension of distribution facilities for new overhead electric service?

RECOMMENDATION: Yes. (WHEELER)

STAFF ANALYSIS: PEF has proposed to modify Section 3.02 of its tariff, which addresses new electric service extensions. Specifically, the change states that the customer is responsible for clearing any trees, undergrowth or other obstructions on the customer's property that lie in the path of the line extension needed to provide overhead electric service to the customer.

Under the current PEF tariff, any necessary land clearing for a new overhead extension is done by PEF, and the cost is included in the contribution-in-aid-of-construction (CIAC) paid by the customer. A CIAC is required when PEF must extend its distribution system in order to serve the customer.

Under the revised tariff, the clearing costs will no longer be included in the CIAC. The customer will be responsible for arranging for the clearing, either by hiring a third party or arranging for PEF to do the work. If PEF does the work, PEF will bill the customer under a separate invoice.

The change will make the tariff consistent with PEF's existing provisions for extension of underground electric service, which already requires customers to clear their property. It is also consistent with the requirements of other Florida investor-owned utilities. The change will also allow the customer the option to have the work done by a third party at potentially a lower cost than that charged by the utility. For these reasons, staff recommends that the proposed tariff revision be approved.

ISSUE 2: Should the Commission approve PEF's request to modify Section 3.05 of its tariff regarding the relocation or modification of existing electric facilities?

RECOMMENDATION: Yes. (WHEELER)

STAFF ANALYSIS: Section 3.05 of PEF's tariff addresses situations where the existing electric facilities serving a customer require relocation or modification.

Currently, Section 3.05 specifies that if the facilities must be relocated or modified due to a customer request, the customer must pay the cost of such work. PEF proposes to modify the tariff to clarify that the customer is responsible for the relocation cost both when the customer *requests* relocation and when relocation is *required* due to a change in the layout or use of the customer's premises. For example, if the addition of a structure to the premises results in inadequate clearance from the electric lines, the cost incurred by PEF to relocate their facilities to meet the requirements of the National Electric Safety Code is the responsibility of the customer.

In Section 3.05, the cost of relocation paid by the customer is defined as the actual job cost of the relocation, less a credit equal four times the annual base rate revenues associated with any increase in a load that results after the relocation. An example cited by PEF occurs when PEF must relocate service to a home due to the installation of a swimming pool. Under the existing tariff, customers are required to pay an amount equal to the cost of relocation, less an amount equal to four times the annual base rate revenues associated with the increased load due to the addition of a pool pump. PEF has proposed to modify the tariff to eliminate the credit that is now given for the revenues attributable to any increased load.

Commission rules do not require that such a credit be given. A credit is required by rule only in instances where the customer has requested *new* service, and the utility must extend its distribution system to provide the service (See, Rule 25-6.064, Florida Administrative Code).

Staff believes that the proposed change is appropriate because it properly assigns the full cost of relocating facilities to the customer who has caused the cost to be incurred. None of the other Florida investor-owned electric utilities allow a credit to reflect an increase in load that results following a relocation of the customer's facilities. In each case, the customer is required to pay the full cost of relocation. Thus the proposed revision to PEF's tariff makes their policy consistent with that of the remaining investor-owned utilities. For these reasons, staff recommends that the proposed tariff revision be approved.

ISSUE 3: Should this docket be closed?

RECOMMENDATION: Yes. If Issues 1 and 2 are approved, this tariff should become effective on April 1, 2004. 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 upon the issuance of a consummating order. (K. FLEMING)

STAFF ANALYSIS: Yes. If Issues 1 and 2 are approved, this tariff should become effective on April 1, 2004. 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 upon the issuance of a consummating order.