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May 3, 2006

Blanca S. Bayo, Director
Division of the Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

RE: Post-workshop Comments in Docket Nos. 060173-EU & 060172-EU

Dear Ms. Bayo:

Please find attached for filing the Post-Workshop Comments of the Florida Electric Cooperatives Association, Inc. in the above-referenced dockets. Please call me if you have any questions. Thank you for your assistance in this matter.

Sincerely,

William B. Willingham, Esq.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposed amendments to rules regarding overhead electric facilities to allow more stringent construction standards than required by the NESC.	)))	Docket No. 060173-EU
In re: Proposed rules governing placement of new electric distribution facilities underground and conversion of existing overhead distribution facilities to underground facilities, to address effects of extreme weather events.	)))))	Docket No. 060172-EU Filed: May 3, 2006

POST-WORKSHOP COMMENTS OF THE FLORIDA ELECTRIC COOPERATIVES ASSOCIATION, INC.

The Florida Electric Cooperatives Association, Inc, ("FECA"), by and through its counsel, submit the following Post-Workshop Comments in the above-referenced dockets on behalf of its fifteen distribution and two generation and transmission member-cooperatives.[1]

GENERAL COMMENTS ON PROPOSED RULE 25-6.304, STANDARD OF CONSTRUCTION

FECA and its member-cooperatives share the Commission's desire to minimize the outages that will inevitably result from hurricanes, and we welcome the opportunity to work with staff to craft a rule that promotes improved system reliability. However, the rule must be crafted within the confines of the Commission's limited jurisdiction over cooperatives.

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[1] Alabama Electric Cooperative, Inc., Central Florida Electric Cooperative, Inc., CHELCO, Clay Electric Cooperative, Inc., Escambia River Electric Cooperative, Inc., Florida Keys Electric Cooperative Association, Inc., Glades Electric Cooperative, Inc., Gulf Coast Electric Cooperative, Inc., Okefenoke Rural Electric Membership Corporation, Peace River Electric Cooperative, Inc., Seminole Electric Cooperative, Inc., Sumter Electric Cooperative, Inc., Suwannee Valley Electric Cooperative, Inc., Talquin Electric Cooperative, Inc., Tri-County Electric Cooperative, Inc., West Florida Electric Cooperative, Inc., Withlacoochee River Electric Cooperative, Inc. Lee County Electric Cooperative is not represented by the undersigned counsel.

FECA's comments are directed only to the proposed amendments to Rule 25-6.034. As proposed, Sections 5 and 6 of amended Rule 25-6.034 would mandate that cooperatives expend tremendous amounts on new and modified overhead facilities, and either spend outrageous amounts on new and existing underground facilities or eliminate underground altogether in flood and surge prone areas. These increased costs for both underground and overhead construction will directly increase the rates that cooperatives must charge and will impact the cooperative's policies for Customer in Aid of Construction and Underground Differential charges. Regardless of any jurisdiction the Commission may or may not have under the Grid Bill, FECA believes the expenditures at issue are so significant that they would constitute ratemaking. Ratemaking falls exclusively within the discretion of each cooperative's governing board, and FECA believes the Commission should forgo exercising any jurisdiction that it may have over a cooperative's efforts to harden its facilities. Therefore, unless the proposed amendments to sections 5 and 6 are deleted or significantly modified, FECA recommends that cooperative utilities should continue to be excluded from Rule 25-6.034. This can be accomplished by deleting the following phrase from the end of proposed section 25-6.034(1): "including municipal electric utilities and rural electric cooperative utilities unless otherwise noted."

SPECIFIC COMMENTS TO PROPOSED RULE 25-6.034, STANDARD OF CONSTRUCTION

If cooperatives are not excluded from the Rule, FECA recommends the following changes to proposed Sections (1), (2), (5) and (6):

Section (1)

Construction specifications for the majority of Florida's cooperatives are defined by the Rural Utilities Service ("RUS"), which is the federal agency that has expertise in the area of designing rural electric facilities. RUS borrowers are required by their loan covenants to comply with the RUS construction specifications. RUS' specifications have been developed over the years based upon RUS' extensive history with nearly 1000 electric cooperatives in the United States, and by adopting national standards of groups such as the American National Standards Institute, American Wood Preservers Association, various national engineering societies and the National Electrical Safety Code ("NESC"). FECA is concerned about potential conflicts between whatever standards the PSC may adopt under this rule and the cooperative's loan covenants.

Recommendation - Either delete the first 3 lines of proposed Section 1 or clarify that cooperatives may utilize the RUS standards or other nationally recognized standards in lieu of any standards that the Commission adopts or defines.

Section (2)

The Commission clearly has authority to adopt the NESC for cooperatives as safety standards pursuant to Section 366.04(6), F.S., and in fact has adopted the NESC for all of the electric utilities in its Rule 25-6.0345. Adopting the NESC in Rule 25-6.034 would be redundant. In addition, adopting the NESC as a "construction standard" would be an inappropriate application of the NESC. The NESC expressly disclaims any use of the Code as a "design specification." Section 1.010 of the NESC states:

> The purpose of these rules is the practical safeguarding of persons during the installation, operation, or maintenance of electric supply and communication lines and associated equipment. These rules contain basic provisions that are considered necessary for the safety of employees and the public under the specified conditions. **This code is not intended as a design specification** or as an instruction manual. (Emphasis added)

Moreover, as set forth above, FECA is concerned that any standards that may be adopted by the Commission could conflict with the standards imposed by RUS upon cooperatives. FECA is not aware of any state or organization that utilizes the NESC as a construction standard, and we believe it should not be so adopted by this Commission.

> **Recommendation - Either delete this proposed Section or insert the following phrase prior to the word "minimum" on page page 3, line 12: "criteria to be incorporated into".**

Section (5)

In addition to the aforementioned jurisdictional issue, FECA questions whether it would be economically prudent to generically impose the extreme wind loading for poles and all other structures less than 60 feet for cooperatives or for any utility. For many electric cooperatives this would at least double[2] the cost per mile of line for new construction and would have a significant rate impact on our member-owners. Moreover, we believe that use of the extreme wind loading would do very little to prevent outages during hurricanes. During the 2004 and 2005 hurricane seasons, most of the poles owned by cooperatives that failed were the result of trees and flying debris hitting the poles or wires, not direct wind.

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[2] Withlachoochee River Electric Cooperative has estimated the cost of materials per mile of line for various applications of the 250B and 250C criteria in the NESC, which is attached as Exhibit A.

Many of the poles that failed due to wind were in fact built to meet the extreme wind loading, and we believe the extreme wind loading is not sufficient to protect a pole against all of the winds that a hurricane may generate. For most cooperatives, the number of poles that failed due to wind was so insignificant that the difference in the restoration time between the present criteria and the extreme wind criteria for distribution facilities would have been measured in hours, not days.

FECA believes that a more prudent approach to reducing interruptions is to allow utilities to selectively upgrade facilities that are critical for serving a large number of customers and, if prudent, to make some operational changes. Many cooperatives have become more aggressive with vegetation management[3] and most cooperatives are pursuing generator programs for large and critical loads. In many cases it is cheaper for the cooperative to provide a permanent or portable backup generator during restoration, either on the customer's site or at a substation, than it is to harden a system that may never experience hurricane force winds and may inevitably fail no matter how much you spend to reenforce it.

Cooperatives already have the discretion to build any facilities to meet or exceed the extreme wind criteria, and in some cases they have exercised this option on a targeted basis. At least one cooperative, the Florida Keys Electric Cooperative, has elected to build all of its facilities to meet the extreme wind standards. However, other cooperatives believe that

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[3] SB 980 passed out of the Legislature on May 3, 2006, and if it becomes law utilities will be empowered to better maintain vegetation around power lines.

the additional cost cannot be justified. FECA believes that cooperative Boards should be allowed to decide whether the extreme wind standard is justified for their particular circumstances and that proposed Section (5) should not apply to cooperatives.

Recommendation: Either delete proposed Section (5), or clarify that it does not apply to cooperatives.

Section (6)

In addition to the aforementioned jurisdictional issue, FECA believes that it is not possible for a cooperative to "assure" that underground facilities in potential surge and flood areas can be protected. FECA is not aware of any practicable construction standards for underground electric facilities that are designed to withstand the surge of a hurricane. In the event that such standards are available and utilities can "assure" that their underground facilities will be protected from both flooding and storm surges, the cost of doing so may be cost-prohibitive.

If cooperatives cannot "assure" the protection of these facilities as required by the proposed rule, they will be placed in a precarious situation when trying to serve those communities that have mandated underground facilities. FECA believes that our member-owners and electric cooperative governing boards should retain the discretion to determine how and where underground facilities may be provided, but we are open to any suggestions as to how the facilities can be protected in flood and surge prone areas.

Recommendation - If the Commission decides to pursue this provision, Section (6) should be amended to clarify that it does not apply to electric cooperatives. Alternatively, the words "assure", 'practicable", and "protected" in lines 15 and 16 on page 4 need to be substantially softened.

CONCLUSION

FECA thanks Staff for the opportunity to participate in the development of rules that give a utility the flexibility to enhance its electric facilities after careful cost/benefit analyses are considered and a determination is made by the utility that such enhancements are practical and cost-effective to all of the utility's customers. It is of utmost importance to each electric cooperative that its governing board of trustees and management retain discretion to make the necessary critical decisions to upgrade and bolster their facilities.

Respectfully submitted,

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EXTREME WIND LOADING COST COMPARISONS

Single Phase #2 AAAC		
NESC Code	250B	250C
Pole Type	40/5 Wood	40/3 Wood
Span Length (ft)	450	270
Cost per Mile	$ 36,694	$ 60,378

3 Phase 394 AAAC Single Circuit			
NESC Code	250B	250C	250C
Pole Type	50/3 Wood	50/2 Wood	50/H2 Steel
Span Length (ft)	375	170	240
Cost per Mile	$ 75,000	$ 150,624	$ 147,327

3 Phase 740 AAAC Single Circuit			
NESC Code	250B	250C	250C
Pole Type	50/3 Wood	50/2 Wood	50/H2 Steel
Span Length (ft)	300	140	200
Cost per Mile	$ 95,815	$ 185,494	$ 179,597

3 Phase 394 AAAC Double Circuit			
NESC Code	250B	250C	250C
Pole Type	50/2 Wood	50/2 Wood	55/H3 Steel
Span Length (ft)	325	110	220
Cost per Mile	$ 149,496	$ 387,690	$ 251,316

3 Phase 740 AAAC Double Circuit			
NESC Code	250B	250C	250C
Pole Type	50/2 Wood	50/2 Wood	55/H4 Steel
Span Length (ft)	250	90	200
Cost per Mile	$ 198,091	$ 479,739	$ 297,468

Exhibit A