State of 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-

DATE: June 8, 2006

TO: Director, Division of the Commission Clerk & Administrative Services (Bayó)

FROM: Office of the General Counsel (Harris, Gervasi, Helton, Moore)
Division of Economic Regulation (Breman, Daniel, Hewitt, Kummer, Trapp)
Division of Regulatory Compliance & Consumer Assistance (Woodall)

RE: Docket No. 060172-EU – 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. 060173-EU – Proposed amendments to rules regarding overhead electric facilities to allow more stringent construction standards than required by National Electric Safety Code.

AGENDA: 06/20/06 – Regular Agenda – Rule Proposal – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Arriaga

RULE STATUS: Proposal May Be Deferred

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\GCL\WP\060172.RCM.DOC

Case Background

On January 23, 2006, the Commission held a staff workshop to discuss the damage to electric utility facilities incurred as a result of recent hurricanes and to explore ways of minimizing future storm damage to electric infrastructure and resulting outages to customers. State and local government officials, independent technical experts, and Florida's electric

utilities participated in the workshop. On January 30, 2006, post-workshop comments were received from the participants. Based on the comments received at the January 23, 2006 workshop, at the February 27, 2006 Internal Affairs, the Commission approved a number of specific short-term and long-term actions to prepare Florida's electric infrastructure to better withstand severe storms in the future.

At the February 27, 2006, Internal Affairs meeting, the Commission directed staff to begin rulemaking proceedings to:

> (1) Address requiring distribution facility construction standards higher than the National Electrical Safety Code (NESC); and
>
> (2) Look at the cost and reliability of installing underground electric facilities, with specific emphasis on identifying areas and circumstances where underground facilities may be appropriate.

Docket Nos. 060173-EU and 060172-EU, respectively, were opened to initiate rulemaking in these two areas.

Staff's first draft of proposed rule changes was discussed at a staff rule development workshop held on April 17, 2006. Post-workshop comments were received on May 3, 2006 from Florida Power & Light (FPL), Progress Energy Florida, Inc. (PEF), Tampa Electric Company (TECO), Gulf Power Company (GULF), the Florida Electric Cooperatives Association, Inc. (FECA), the Florida Municipal Electric Association, Inc. (FMEA), the Town of Palm Beach and the Town of Jupiter Island (the Towns), Time Warner Telecom of Florida, L.P. (Time Warner), and H.M. Rollins Company, Inc. (Rollins). On May 15, 2006, staff circulated its revised draft of proposed rule changes. A second staff rule development workshop was held on May 19, 2006. Post-workshop comments were received on May 26, 2006, from FPL, PEF, TECO, GULF, FECA, FMEA, Lee County Electric Cooperative, Inc. (LCEC), the Towns, Florida Cable Telecommunications Association (FCTA), Time Warner, BellSouth Telecommunications, Inc. (BellSouth), Verizon Florida Inc. (Verizon), Embarq Corporation (Embarq), and TDS Telecom/Quincy (TDC). Electric utility cost data for the Statement of Estimated Regulatory Cost (SERC) was also provided on May 26, 2006.

Staff's second draft of the proposed changes to Rule 25-6.034, Florida Administrative Code, Standards of Construction, included sections addressing the preferred locations of electric distribution facilities and a requirement for electric utilities to codify and enforce third-party attachment standards and procedures for poles. In their May 26, 2006, post-workshop comments, BellSouth, Verizon, TDC, Embarq, FCTA, and Time Warner expressed concerns regarding cost-shifting that may occur as a result of these two sections of staff's second draft of Rule 25-6.034, F.A.C. In order to facilitate adoption of Rule 25-6.034, the two sections are now separately addressed. Issues 2 and 3 address new Rule 25-6.0341, Location of the Utility's Electric Distribution Facilities, and new Rule 25-6.0342, Third-Party Attachments and Procedures, respectively.

Also, Issue 4 addresses new Rule 25-6.0343, which would require municipal electric utilities and rural electric cooperatives to comply with Rules 25-6.034, 25-6.0341, and 25-6.0342.

Staff has also proposed changes to Rules 25-6.064, 35-6.078, and 25-6.115 pertaining to Contribution-In-Aid-of-Construction (CIAC) for new underground construction and conversion of existing overhead facilities to underground facilities.

The Commission has jurisdiction over this matter pursuant to Sections 366.03, 366.04, 366.05, and 366.06, Florida Statutes.

Discussion of Issues

Issue 1: Should the Commission propose changes to Rule 25-6.034, Florida Administrative Code, Standards of Construction, requiring investor-owned electric utilities to establish standards of construction for all overhead and underground electrical transmission and distribution facilities to ensure the provision of adequate and reliable electric service for operational as well as emergency purposes?

Recommendation: Yes. (Trapp, Breman, Harris)

Staff Analysis:

Rule Summary

Staff recommends certain changes to Rule 25-6.034, F.A.C., pertaining to standards of construction. The current rule broadly requires investor-owned utilities to construct, install, maintain, and operate their facilities in accordance with generally accepted engineering practices. Staff's proposed rule changes seek to add specificity to this broad policy statement, particularly with regard to impacts associated with extreme weather. (Attachment A, pp. 1-3)

25-6.034(1): Subsection (1) clarifies that the rule applies to all investor-owned electric utility transmission and distribution facilities.

25-6.034(2): Subsection (2) requires each investor-owned electric utility to establish construction standards for overhead and underground electrical transmission and distribution facilities within 180 days (6 months). Each utility would be required to maintain copies of its construction standards at its corporate headquarters and district offices. Any update or changes to a utility's construction standards would clearly show an effective date of such changes and identify what part of the standard was being changed. For regulatory purposes, Commission staff would have access to review any utility's construction standards either in the field at the utility's corporate or district offices, or, upon request, in Tallahassee. Any dispute or challenge to a utility's construction standards would be addressed using the Commission's existing procedures, including the right for an affected party to request a hearing.

25-6.034(3): Subsection (3) retains the existing broad requirement that utilities use generally accepted engineering practices and reasonable prudence in the design, construction, operation, and maintenance of their facilities.

25-6.034(4): Subsection (4) requires each utility's construction standards to comply, at a minimum, with the National Electrical Safety Code (NESC). The most current version of the code (the 2002 edition) is adopted. Existing facilities are grandfathered and must comply with the edition of the NESC in effect at the time of initial construction.

25-6.034(5): Subsection (5) requires that standards for the construction of overhead distribution facilities be guided by the NESC extreme wind loading standards. Each utility is required to establish guidelines and procedures for the application of the extreme wind loading

standards to (1) new construction, (2) major planned upgrades and relocation of existing facilities, and (3) targeted critical infrastructure and major thoroughfares.

25-6.034(6): Subsection (6) requires each utility to adopt guidelines and procedures for the construction of underground distribution facilities to deter damage resulting from flooding and storm surges.

Overhead and Underground Standards

At the first rulemaking workshop on April 17, 2006, staff initially proposed that utilities be required to construct all new and replacement overhead distribution facilities to meet the extreme wind loading standards of the National Electrical Safety Code (NESC). The initial draft rule also would have required that all new and replacement underground distribution facilities, including conversions from overhead to underground, be constructed to assure protection from flooding and storm surges in areas designated as Category 3 Surge Zones by the Department of Community Affairs, Division of Emergency Management.

The electric utility industry participants (i.e., investor-owned electric utilities, municipal electric utilities, rural electric cooperatives, and representatives from the wood pole industry) were unanimous in the opinion that such a mandatory approach to construction standards would be costly and may not achieve the desired goal of improved reliability, reduced outage times, and reduced storm restoration costs. Industry participants questioned whether universal application of the extreme wind standards to all poles and structures would actually accomplish an overall improvement to reliability. As noted by H.M. Rollins Company, Inc. (Rollins), representing the wood pole industry, "experience had shown that under extreme wind conditions most damage to shorter structures was caused by secondary effects such as wind-blown debris and fallen trees." According to Rollins, the reason the NESC extreme wind standards (which were added to the NESC in the 1970's) only apply to taller structures such as transmission lines is the belief among industry experts that the shorter structures would fail even if they had been designed to meet the extreme wind load criteria. Requiring application of NESC extreme wind criteria to the entire distribution system could have unexpected results. An example given is the case where a utility has to install three times as many poles per mile in order to meet the NESC extreme wind criteria. If, as has been reported within the industry, most pole failures occur as a result of collateral damage, then there may actually be more pole failures, not fewer, in a future severe storm. More pole failures will tend to increase storm restoration costs and increase service restoration time.

Electric utility participants also questioned limiting underground hardening to only those areas designated as Category 3 Surge Zones by the Department of Community Affairs, Division of Emergency Management. Progress Energy Florida (PEF) suggested deleting the Category 3 storm criteria. Tampa Electric Company (TECO) and Florida Power & Light Company (FPL) suggested striking the reference to the Department of Community Affairs designated flood zones entirely. FPL suggested that underground hardening decisions should be made on a case-by-case basis based on local flooding ordinances that take into consideration difference between the elevations and other construction requirements applicable to buildings and the electrical facilities serving them.

At the second workshop on May 19, 2006 staff proposed a modified rule that would allow utilities more discretion to target critical lines and system components for strengthening. Under this revised rule proposal, each utility would be required to establish and maintain, on an ongoing basis, construction standards that meet the following criteria:

A. First and foremost, each utility must, at a minimum, comply with the NESC.

B. For overhead distribution facilities, each utility will be required to establish guidelines and procedures for incorporating the NESC extreme wind loading standards into their construction standards. Each utility's standards must address (1) new facilities, (2) replacement facilities, and (3) targeted critical infrastructure.

C. For underground distribution facilities, each utility will be required to establish guidelines and procedures to deter damage resulting from flooding and storm surges.

In their comments following the May 19, 2006, workshop, the Town of Palm Beach and the Town of Jupiter Island (the Towns) suggested that any electric utility that proposes to adopt construction standards for anything less than Category 5 wind speeds should be required to provide specific justification based on an evaluation of both the reliability impacts and cost impacts of less stringent standards. The Towns reason that, in light of the significant impacts of Hurricane Wilma (by official accounts a Category 1 storm throughout much of south Florida), the Commission should come down on the side of applying more stringent reliability standards to more, rather than fewer, distribution facilities. The Towns also contend that the Commission should consider total economic cost and other impacts on the State as a whole. The Towns support a cost-benefit analysis that takes into consideration the value of un-served energy. Un-served energy means energy not delivered to customers because of service interruptions.. The post-workshop comments of the Towns are silent on the issue of what hardening standard, if any, should apply for underground facilities.

Staff does not agree with the rulemaking approach proposed by the Towns, which assumes building to a Category 5 standard is prudent and cost-effective unless the utility proves otherwise. Such an approach is unduly burdensome, could result in drawn out and expensive litigation, and is likely to result only in "paralysis by analysis." As stated by representatives from the wood pole industry, establishing worst-case construction standards is likely to have unintended consequences in terms of significantly increased cost both initially and also due to the need to restore more facilities damaged by storm debris. Under staff's proposed rule, each utility must evaluate its own system and identify areas and facilities most susceptible to storm damage. Each utility must take into consideration the effects of extreme winds, flooding, and storm surges on its transmission and distribution facilities. Each utility must then ultimately establish construction standards that best meet the differing geographic, demographic, population density, and infrastructure requirements that exist in its service territory. Staff believes that giving utilities the flexibility to target critical infrastructure for strengthening overhead and underground facilities is the best way to improve the overall performance of the electrical transmission and distribution systems in extreme weather events in a timely and cost-effective manner. Staff's recommended rule is in keeping with the Commission's longstanding practice of avoiding regulatory micro-management while holding utilities responsible for establishing prudent and cost-effective construction practices.

BellSouth Telecommunications, Inc. (BellSouth), Verizon Florida, Inc. (Verizon), TDS Telecomm/Quincy (TDC), and Embarq Corporation (Embarq), take the position that the proposed rule will erode uniform standards and result in cost shifting between industries. In its May 26, 2006, post-workshop comments, BellSouth states that in providing for company-by-company standards, the Commission eviscerates the NESC as the uniform national standard by which power and telephone companies operate. BellSouth contends that the proposed rules localize decision-making over the national telecommunications network. According to BellSouth, the fact that each electric utility may set differing standards will impact the design and construction processes of attaching entities. BellSouth concludes that this will likely translate into increased telecommunications costs and may impact service reliability.

Staff finds BellSouth's comments to be unpersuasive. Historically, the NESC has been the minimum starting point for prudent construction practices in both the telecommunications and electric utility industries. Both electric utilities and telecommunications companies have exceeded the requirements of the NESC when necessary to address reliability and quality of service concerns. The staff's proposed rule codifies compliance with the NESC, at a minimum, to ensure transmission and distribution reliability. The proposed rules go on to require that the effects of extreme wind, flooding, and tidal surges associated with hurricanes and other extreme weather conditions be considered in the construction standards developed by the electric utilities. The increased hurricane activity experienced in Florida during the 2004 and 2005 hurricane seasons, coupled with projections by meteorological experts of an increasing trend in severe storms, warrants such increased attention to the hardening of critical electric facilities. Both the electric utilities and the telecommunications companies will benefit from enhanced construction standards that strengthen poles that reduce storm damage and reduce outages to the services provided to their customers.

Location of Electric Distribution Facilities and Third-party Attachment Standards and Procedures

BellSouth, Verizon, TDC, Embarq, the Florida Cable Telecommunications Association (FCTA), and Time Warner Telecom (Time Warner) also expressed concerns regarding cost-shifting that may occur as a result of two sections of staff's proposed rule pertaining to the location of electric distribution facilities and Third-Party Attachment Standards and Procedures. While originally proposed as part of Rule 25-6.034, these two sections have now been assigned separate rule numbers, 25-6.0341 and 25-6.0342, and are addressed separately in Issues 2 and 3, respectively.

Filing Requirements

Staff's recommended rule requires each utility to establish its construction standards within 180 days (6 months). At the May 19, 2006 workshop, staff proposed a 90 day (3 month) time frame. However, the electric utilities estimated that 6 months would be the minimum time required for them to establish their policies, guidelines, and procedures for all aspects of transmission and distribution facility hardening.

Staff also initially proposed that each utility be required to file its construction standards with the Commission's Division of Economic Regulation. The electric utilities raised several

concerns regarding administrative complexity, effects on security, and the need for confidentiality. According to the electric utilities, each utility's construction standards are likely to be quite voluminous. In addition to policy considerations regarding the targeting of critical infrastructure, the construction standards will include numerous technical equipment specifications which may be subject to frequent change as new technologies emerge and are adopted by the industry. Utilities also expressed concerns about the need for confidential treatment of some of the standards for security. The administrative burden on both the utilities and the Commission associated with processing the initial filings and subsequent updates as confidential is likely to be substantial. Based on these comments, staff believes it sufficient to require each utility to maintain its construction standards in-house, subject to review by the Commission. For regulatory purposes, Commission staff will have access to review any utility's construction standards either in the field at the utility's corporate office and district offices, or in Tallahassee by request. Each utility will be responsible for establishing reasonable criteria for public access to its construction standards while protecting sensitive, confidential information. Any dispute or challenge regarding a utility's construction standards would be addressed using the Commission's existing procedures, including the right to petition the Commission for a hearing.

In its post-workshop comments, FCTA suggests that language be added to subsection (2) of the proposed rule requiring electric utilities to seek consensus agreement from third-party attachers prior to making any changes to their construction standards. If the utility and any third-party attacher are unable to agree on the construction standards and any modification thereof, either party may seek review by the Commission, with the right to petition for a hearing. Staff notes that FCTA's proposed modification would essentially grant third-party attachers the ability to veto an electric utility's construction standards. Staff believes that this is not in the public interest. Electric utilities provide services essential to the health and economic welfare of the citizens of Florida. In light of the devastation wrought during the 2004 and 2005 hurricane seasons and the potential for increased hurricane activity in the near future, electric utilities need to move forward with strengthening their transmission and distribution systems. Certainly, there should be coordination among electric utilities and telecommunications and cable companies where facilities are collocated. However, critical improvements to the electric infrastructure essential to the public interest should not be held hostage by the threat of litigation by third-party attachers.

Other Comments

In its post-workshop comments, FPL expressed concern about deleting the existing subsection (2) of the rule which contains references to a 1975 edition of ANSI C12 and ANSI C57. Staff recommends deleting this section of the rule because the language is unnecessary and obsolete.

In June 1995, FPL requested certain changes to Rules 25-6.052 through 25-6.058 to reflect current standards contained in the American National Standard for Electric Meters – Code for Electric Metering which is also referred to as ANSI C12.1. FPL's request was implemented by Order No. PSC-97-0501-FOF-EG, issued May 1, 1997, In re: Proposed Amendment of Rules 25-6.022, 25-6.052, 25-6.054, 25-6.055, 25-6.056, 25-6.058, and Repeal of Rules 25-6.053 and

25-6.057, F.A.C. Rule 25-6.053 required all current and potential transformers to be tested for accuracy in accordance with the procedures prescribed in American Standards Institute Code USAS – C57.13. The substance of Rule 25-6.053 was moved to Rule 25-6.052 because the language addressing instrument transformers is now in Rule 25-6.052 and Rule 25-6.052 incorporated the 1995 edition of the then current ANSI C12.1 standards inclusive of instrument transformers. Thus, references to an instrument transformer test code in Rule 25-6.034(2) should have been removed when Rule 25-6.053 was repealed but was not.

Rule 25-6.052 is being revised to reflect, among other things, a more current edition of ANSI C12.1 than the 1975 edition reference by 25-6.034(2). A notice of rulemaking was issued April 27, 2006, in Docket No. 060121-EI, In Re: Proposed amendment of Rules 25-6.022, 25-6.052, 25-6.056, 25-6.058, 25-6.059, 25-6.060, and 25-6.013, Florida Administrative Code. Thus, the language in existing subsection 25-6.034(2) is unnecessary because Rule 25.052 addresses metering equipment. Additionally, the language in existing subsection 25-6.034(2) is obsolete because it references out-of-date standards.

Cost Impacts of Proposed Changes

Only four utilities, FPL, PEF, TECO, and GULF, provided estimated costs to implement programs associated with the proposed rule changes. It is important to note that the cost estimates reflect preliminary views of storm hardening programs to be initiated in response to rule changes and include initiatives such as FPL's targeted hardening program. Table 1-1 is a summary of the various responses to staff's initial draft rule and staff's final draft rule. The project costs shown for the staff's final draft rule are the estimates for utility targeted hardening activities for both overhead and underground construction. The cost estimates are based on capital additions to pre-2006 capital budget levels and do not include estimates of operation and maintenance costs.

Table 1-1
Estimate of Annual Capital Additions (2006 Dollars in millions)

	Initial Draft Rule	Final Draft Rule
FPL	$50- $250	$35-165
PEF	$342	$2
TEC	$13	$9
GPC	$66	$17

Conclusion

Staff recommends the Commission propose changes to Rule 25-6.034. The recommended rule changes are needed to ensure the provision of adequate and reliable electric service for operational and emergency purposes in Florida. The requirement for utilities to adopt

construction standards that take into consideration the cost-effective targeting of essential overhead and underground distribution facilities for hardening will enhance the ability of utilities to reduce restoration costs and outage times resulting from extreme weather conditions. In order to separately address the concerns raised by BellSouth, Embarq, Verizon, TDC, FCTA, and Time Warner regarding sections (7) and (8) of staff's second draft of the proposed rule, the location of electric distribution facilities and Third-Party Attachment Standards and Procedures have now been removed from Rule 25-6.034 and are being addressed in Rules 25-6.0341 and 25-6.0342 (Issues 2 and 3). Also, the issue of whether the municipal electric utilities and rural electric cooperatives should be required to comply with Rule 25-6.034 is separately addressed in Issue 4. The remaining issues have been fully explored and discussed in staff workshops held on April 17, 2006, and May 19, 2006. The Commission should adopt the proposed revisions to Rule 25-6.034.

Issue 2: Should the Commission propose Rule 25-6.0341, Florida Administrative Code, Location of the Utility's Electric Distribution Facilities, to facilitate and encourage the placement of electric distribution facilities in readily accessible locations such as adjacent to public roads and along front edges of properties?

Recommendation: Yes. The Commission should propose Rule 25-6.0341, F.A.C., but schedule a staff workshop to allow the third-party attachers to present evidence of any cost impact on their companies. The Commission should also schedule a hearing to follow the staff workshop in Docket No. 060173-EU. (Trapp, Breman, Harris)

Staff Analysis:

Rule Summary

Rule 25-6.0341 encourages electric utilities, to the extent practical, feasible, and cost effective, to locate new and replacement electric distribution facilities in readily accessible locations such as adjacent to public roads and in front of the customer's premises. (Attachment A, p. 3)

25-6.0341(1): Subsection (1) requires electric utilities to use easements and rights-of-ways for new and replacement overhead facilities.

25-6.0341(2): Subsection (2) requires electric utilities to seek front lot placement of underground distribution facilities unless there are operational, economic or reliability benefits to use another location.

25-6.0341(3): Subsection (3) requires electric utilities to place underground distribution facilities in road rights-of-way in lieu of requiring easements when the project is a conversion from overhead to underground activity at the request of a local government and where the local government has provided the appropriate permits.

Location of Electric Infrastructure Facilities

Staff's initial draft of Rule 25-6.034 would have required investor-owned electric utilities to use easements, public rights-of-ways, etc., which facilitate storm restoration and that the utility has the legal right to occupy. Additionally, staff's initial draft of Rule 25-6.034 would have required utilities to place their new or relocated facilities at front-lot locations.

On May 3, 2006, PEF, TECO, and FPL filed post-workshop comments addressing these subsections. PEF's comments reflected a view that staff's language mandated relocating all back-lot overhead facilities to front-lot facilities or at a minimum prohibited future use of back-lot construction. PEF explained that back-lot construction was the preferred location in certain commercial and business locations where paved access was available but the initial draft appeared not to allow adequate flexibility to address such cases. PEF estimated relocating to front-lot would cost approximately $1.3 billion. Along similar reasoning, TECO provided an estimate of eliminating all rear-lot power lines of $50 million. FPL recommended alternative

language which staff substantially adopted in its second rule draft which removed the mandate for front lot construction for all new and replacement facilities.

At the May 19, 2006, workshop, FPL, TECO and GULF suggested that the rule only apply to electric distribution facilities. Staff agrees because the intent of the rule is to encourage utilities to locate distribution facilities where the facilities can be readily accessed. FPL questioned whether the phrasing of the proposed rule was intended to result in a relocation from back-lot to front-lot based on a single customer or whether a more cost-effective approach involving a continuous pole line relocation was envisioned. Staff's final draft rule language does not limit utility flexibility to prudently address pole line location on a case-by-case basis. Staff's final rule does require each utility to assess operational, economic, and reliably factors in the placement of its distribution facilities.

FPL proposed three changes that staff did not incorporate into the new rule. FPL suggested that distribution facilities be placed in "areas covered by franchise agreements and permits." Franchise agreements are negotiated agreements which expire and may or may not be replaced by another franchise agreement. Staff believes the placement of electric distribution facilities should not be subject to such negotiated agreements and the legal right to place electric distribution facilities should not be subject to the expiration of franchise agreements. Staff did not incorporate FPL's proposed additional language because reference to franchise agreements and permits does not add clarity or avoid disputes. FPL also proposed that "other locations where the utility has a legal right to place its facilities" be included in the rule. At the workshop, FPL was asked what other locations existed that were not already addressed by other portions of the rule. FPL did not provide any examples that would be precluded by staff's proposed language at the workshop or in its post-workshop comments. Therefore, staff is not persuaded that FPL's "other locations" language is necessary. Finally, FPL suggested that the rule should require that in all cases, the easements or locations of distribution facilities must be provided by the applicant in a reasonable time to meet construction requirements and to meet all requirements of Rule 25-6.076. Rule 25-6.076 pertains to rights-of-way and easements for residential electric underground extensions and is not applicable to all cases. Staff's recommended rule is not case specific but a policy statement of what an electric utility should consider when it locates its distribution overhead and underground facilities. Therefore, staff is not persuaded that a reference to Rule 25-6.076 is necessary or appropriate.

Governmental Conversion Projects

Staff's May 19, 2006, draft rule language stated that "the utility may" place facilities in road rights-of-way in lieu of requiring easements if the applicant for service is a local government that provides all necessary permits and meets the utility's legal, financial, and operational requirements. The Town of Palm Beach and the Town of Jupiter Island believe that the investor-owned electric utilities should be required to place facilities in road rights-of-ways when the local government provides all necessary permits and meets the utility's legal, financial, and operational requirements. Staff agrees and the change is reflected in staff's final draft rule that "the utility shall" place facilities in road rights-of-way in lieu of requiring easements if the applicant for service is a local government that provides all necessary permits and meets the utility's legal, financial, and operational requirements.

Limiting Electric Utility Options

Verizon, Embarq, and BellSouth assert that increased electric utility conversion projects resulting from the new rule may cause damage to telecommunications lines in areas where the telecommunications facilities are already located underground. In its May 26, 2006, post-workshop comments, BellSouth suggests that the rule should "at an absolute minimum, limit situations where both power and telecommunications are converting aerial facilities underground to allow for coordination of safe placement and mutually cost-efficient work efforts." FCTA's post-workshop comments assert that relocating from back-lot to front-lot would require twice as much plant to serve the same number of houses. FCTA suggests that the reference to rebuilding or relocating underground facilities be deleted from the rule.

FCTA and BellSouth did not explain how limiting electric utility management options is a reasonable means of reducing future storm restoration costs to electric customers and reducing electric customer outages. Staff believes the recommended new rule allows electric utility management to consider all locations for its distribution facilities where the facilities can legally be placed, and satisfy its operational, economic, and reliability requirements. Nevertheless, staff recommends that the telecommunications and cable industries be allowed to provide additional cost analysis in a staff workshop and subsequent Commission hearing.

Cost Impacts of the Recommended New Rule

The proposed rule does not impose new requirements on the electric utilities. Therefore, cost impacts to the electric utilities due to compliance with the proposed rule appear to be de minimus. Cost impacts to third-party attachers have been asserted, but not quantified. A staff workshop should be scheduled to allow the third-party attachers to present evidence of any cost impact on their companies. Additionally, a Commission hearing should be scheduled to address any cross-industry concerns raised at the staff workshop.

Conclusion

Staff recommends that the Commission propose new Rule 25-6.0341, Florida Administrative Code, Location of the Utility's Electric Distribution Facilities. The recommended new rule is needed to encourage electric utilities to economically locate distribution facilities in accordance with the provision of adequate and reliable electric service for operational and emergency purposes in Florida. Utilities will be encouraged to place their facilities in readily accessible locations which take into consideration the cost-effective targeting of essential overhead and underground distribution facilities for hardening to enhance the ability of utilities to reduce restoration costs and outage times resulting from extreme weather conditions.

Staff recommends that the Commission schedule a staff workshop to allow the third-party attachers to present evidence of any cost impact on their companies. The Commission should also schedule a hearing to follow the staff workshop in Docket No. 060173-EU.

Issue 3: Should the Commission propose Rule 25-6.0342, Florida Administrative Code, Third-Party Attachment Standards and Procedures, requiring investor-owned electric utilities to establish and maintain written safety, reliability, pole load capacity, and engineering standard and procedures for attachments by others to the utility's electric transmission and distribution poles?

Recommendation: Yes. The Commission should propose Rule 25-6.0342, F.A.C., but schedule a staff workshop to allow the third-party attachers to present evidence of any cost impact on their companies. The Commission should also schedule a hearing to follow the staff workshop in Docket No. 060173-EU. (Trapp, Breman, Harris)

Staff Analysis:

Rule Summary

Rule 25-6.0342 requires investor-owned electric utilities to establish and maintain standards and procedures for third-party attachments to transmission and distribution poles. (Attachment A, p. 4)

25-6.0342(1): Subsection (1) clarifies that third-party Attachment Standards and Procedures are part of a utility's construction standards. The Attachment Standards and Procedures must address safety, reliability, pole loading capacity, and engineering requirements for attachments by others to electric transmission and distribution facilities.

25-6.0342(2): Subsection (2) requires each utility's Attachment Standards and Procedures to meet or exceed the applicable edition of the NESC and other applicable standards imposed by state and federal laws. Each utility is to assure, as far as reasonably possible, that third-party facilities do not impair electric safety, adequacy, or reliability. Each utility is to assure that third-party facilities do not exceed pole loading capacity, and that the attachments are constructed, installed, maintained, and operated in accordance with generally acceptable engineering practices for the utility's service territory.

25-6.0342(3): Subsection (3) prohibits any third-party attachment to an electric facility unless the attachment conforms to the electric utility's Attachment Standards and Procedures.

Third-Party Attachment Standards and Procedures

At the April, 17, 2006, Rule Development Workshop, workshop participants brought up the issue of third-party pole attachments. Third-party attachments in this context mean attachments of telephone wires, cable wires, and wireless telecommunications equipment to electric utility transmission and distribution poles. TECO noted that pole attachment issues should be considered in any proceeding addressing the hardening of electric facilities, as in the instant rulemaking docket, and are consistent with review of overloading of electric facilities, as required by Order No. PSC-06-0144-PAA-EI[1] (Pole Inspection Order). TECO stated that types

[1] Issued February 27, 2006, in Docket No. 060078-EI, In re: Proposal to require investor-owned electric utilities to implement ten-year wood pole inspection program.

of pole attachment issues include safety, pole capacity, and engineering issues and the Commission has very ample jurisdiction over the matter. TECO requested that it be able to address these issues in written comments and further workshops. FPL echoed the comments of TECO. FPL mentioned that it has specific concerns with pole top attachments impacting wind load determinations, worker safety during normal conditions, and impacts to prompt storm restoration. FPL believed that additional rule language addressing these issues should be considered.

On May 3, 2006, joint supplemental comments by FPL, PEF, TECO and GULF (First Electric Joint Comments) included suggested rule language to be incorporated in staff's draft of Rule 25-6.034, Standards of Construction. The suggested rule language proposed (a) establishing Attachment Standards and Procedures, (b) prohibiting attachments in or above the communication worker safety zone, (c) filing and keeping current Attachment Standards and Procedures with the Commission, (d) prohibiting attachments not in compliance with Attachment Standards and Procedures, (e) Commission review of filed Attachment Standards and Procedures including investigation of attaching parties compliance, and (f) requiring utilities to make the Attachment Standards and Procedures available for public inspection. The First Electric Joint Comments state:

> The Commission has ample jurisdiction to address issues of safety and reliability of third-party pole attachments under its Grid Bill and safety jurisdiction set out in part in Subsection 366.04(5) and (6), 366.05(1) and (8). Further, this jurisdiction has not been preempted by federal law which defers matters of reliability and safety related to pole attachments to the state.
>
> The Federal Pole Attachment Act, which generally gives the Federal Communications Commission ("FCC") jurisdiction over pole attachments, specifically states that the FCC does not have jurisdiction over pole access issues, including safety and reliability, where such matters are regulated by a state. 47 USC §§ 224(c)(1) and (f)(2). The Commission's exercise of its jurisdiction over pole attachment safety and reliability does not require any kind of certification to the FCC. Certification is needed only for regulation of "rates, terms, and conditions," but not for "access" issues such as safety and reliability. 47 USC §§ 224(c)(1), (c)(2), and (f)(2).

The First Electric Joint Comments noted that the Commission has already found that pole attachments occur without full consideration of the requirements of NESC and pole overloading assessments in both the Pole Inspection Order and Order No. PSC-06-0351-PAA-EI[2] (Storm Plans Order). Consequently, it is appropriate to consider pole attachments as part of a utility's Standard of Construction and as a means of making electric facilities safer and less vulnerable to extreme weather.

Staff agrees with the general intent of the rule language contained in the First Electric Joint Comments. However, staff could not find one all-encompassing definition of

[2] Issued April 25, 2006, in Docket No. 060198-EI, In re: Requirement for investor-owned electric utilities to file ongoing storm preparedness plans and implementation cost estimates.

"communication worker safety zone" within the NESC because the definition appears to change based on the specific facilities installed on the pole under review. Staff also noted that at least one New York electric utility company, Long Island Power Authority, appears to allow attachments in or above the communications worker safety zone. Thus, pole attachment safety and reliability issues can be adequately addressed by the states as long as the electric utility and pole attacher implement appropriate standards and practices.

Consequently, staff's second draft of Rule 25-6.034 included a new subsection (8) which incorporated much of the rule language contained in First Electric Joint Comments and removed language that prohibited all types of third-party pole attachments in or above the communication worker safety zone.

At the May 19th workshop, Mr. Gross, representing FCTA, stated that the power companies have construction standards, procedures, and specifications for third-party attachments for the purpose of implementing the NESC. FCTA believes those existing standards, procedures and specifications are sufficient to determine whether a pole can accommodate another attachment. And if it cannot, under the FCC regime, there are provisions for make ready and/or modifying the pole, rearranging existing attachments, or even placement of a new pole. FCTA didn't have any objection to the status quo, or staff's draft rule, because FCTA believes it is consistent with existing law. If, however, staff's proposed rule on Attachment Standards and Procedures impacts third-party access, which is a right under the federal law jurisdiction, and if the rule impacts the make ready and pole change-out regime, then FCTA believes the Attachment Standards and Procedures violate federal law. Mr. Adams, representing Time Warner, indicated that Time Warner had no specific concern with staff's proposed language and agreed with Mr. Gross. The concern was whether the utility, in developing Attachment Standards and Procedures, would go too far.

TECO suggested that the draft rule language include "safety, reliability, capacity and engineering." as factors to consider in determining whether to allow pole attachments TECO clarified that pole capacity is intended to address the structural effect the attachment has on the pole, and answers the question of whether the attachment will cause the pole to fail. Mr. Gross noted that FCC is currently deciding what "capacity" means. It is his belief that the FCC's ultimate decision regarding "capacity" will be challenged regardless of the outcome. FCTA is also likely to challenge the Commission's proposed rule on Attachment Standards and Procedures, depending on how the term "capacity" is defined.

Mr. Langley, representing GULF, stated that the fact that the FCC is currently considering what it means to be at full capacity in no way limits what this Commission can and should do, because in essence, the FCC is attempting to decide this in a vacuum. GULF strongly believes that pole capacity, along with safety, reliability, and engineering, should be included in the draft rule as suggested by TECO. Mr. Langley opined that the principal argument advanced by the cable companies in the FCC case on the capacity issue was an economic one, not a safety, reliability, or an engineering argument. GULF believes that it is appropriate for the Florida Public Service Commission to include pole capacity in the rulemaking and to define that term. All investor-owned electric utilities supported staff's draft language and supported the addition of "safety, reliability, pole capacity and engineering" language to the draft rule.

Unilateral Electric Utility Authority to Deny Attachments

In its May 26, 2006, comments, the FCTA expressed concern that the rule will give or grant to the power companies unilateral and unfettered authority to deny third-party attachments. FCTA's comments did not demonstrate or explain how the rule would change existing electric utility authority. Similarly, BellSouth asserted that Commission action will result in each electric utility establishing standards that will be detrimental to current joint use and pole attachment agreements. Time Warner independently echoed the concerns expressed by FCTA and BellSouth. The post-workshop comments by FCTA, Time Warner, and BellSouth focus on the potential for electric utilities to establish Attachment Standards and Procedures that may harm their industry unless there is active participation in helping the electric utilities develop their respective Attachment Standards and Procedures.

FCTA, Time Warner, and BellSouth did not explain how their active participation in electric utility management would provide for reduced future storm restoration costs to electric customers and reduced electric customer outages for investor-owned electric utilities, municipal utilities, and cooperative electric utilities. Staff suggests that the telecommunications and cable industries be allowed to provide additional cost analysis on this matter in a staff workshop and subsequent Commission hearing.

Cost Shifting

In its May 26, 2006, comments BellSouth stated that if existing joint use or pole attachment agreements require attaching entities to contribute to such construction then there is a potential for electric utilities to attempt to use the proposed rules to shift all of the costs to others.

FCTA represented that sharing pole space reduces the cost of poles and spreads the costs over a large number of users. The mechanism that purportedly accomplishes the cost sharing is the pricing of pole attachments. It is possible that more poles will be placed into service as a result of storm hardening activities and therefore there is a potential cost impact to all pole attachers.

On May 26, 2006, joint comments filed by FPL, PEF, TECO and GULF (Second Electric Joint Comments) describe recent Commission actions directed at improving electric infrastructure and explain that pole attachments have emerged as a significant concern. It is simply not possible to address structural integrity without addressing the capacity of a pole to accept attachments. Photographic examples of how pole attachments can overload the capacity of a pole and cause it to fail, especially in extreme storm conditions, are included in the filing. The Pole Inspection Order found that attachments were not being made with full consideration of the NESC and that utilities must perform wood pole strength assessments that include the effects of pole attachment loading. The Storm Plan Order requires each utility to audit joint use attachment agreements and ensure that each joint-use pole is not overloaded or approaching overloading.

Staff agrees with the investor-owned electric utilities May 26, 2006, post-workshop comments and suggestions. FCTA and BellSouth did not provide estimates of the asserted cost shifting that may result from electric utilities establishing Attachment Standards and Procedures.

The telecommunication companies need to explain how their active participation in electric utility management would provide for reduced future storm restoration costs to electric customers and reduced electric customer outages. Staff suggests that the telecommunications and cable industries be allowed to provide additional cost analysis on this matter in a staff workshop and subsequent Commission hearing.

FCC Preemption

Title 47, United States Code, Section 224 mandates third-party access to the distribution poles of electric companies, and reserves to the Federal Government jurisdiction over "rates, terms, and conditions" regarding these attachments. "Third parties" specifically include cable and wireless telecommunications companies. Staff agrees that the FCC has preempted regulation over the rates, terms, and conditions of pole attachments. Staff does not agree, however, that this precludes the State of Florida from exercising its safety and reliability jurisdiction over the state's electric grid.

Staff believes that the Commission has the statutory duty to set safety and reliability standards for the state's electric infrastructure. Once those standards have been set, however, under 47 USC §224, the Commission loses authority to prohibit or regulate third-party attachments that conform with those standards. Pole owners and attachers are required to implement the states' safety and reliability standards, which are typically done through pole attachment agreements. If parties are unable to agree, then staff suggests that the FCC's exclusive jurisdiction over rates, terms and conditions would be invoked to provide the parties resolution.

Staff has considered the argument of FCTA, BellSouth and Time Warner. If a third-party seeks to make an attachment, and the facts indicate that such attachment will prevent the pole in question from meeting a safety standard set by the state, then the state has, to some extent, set a term or condition of the attachment. The weakness of this argument is, however, that the FCC should not be the agency that determines safety and reliability standards for electrical distribution equipment.

As discussed in Issue 1, the intent of staff's amendments to existing Rule 25-6.034 is to require higher construction standards in order to meet the increasing number of severe weather events the state is facing. It makes little sense for the state to mandate, for example, that poles be built to meet or exceed wind loading standards, and then the day after the pole is installed, to allow attachments to be made that would cause the pole to violate the standards, possibly resulting in pole failure during a storm and creating the very situation Rule 25-6.034 is designed to prevent. For the Commission to delegate its responsibility over this matter to a federal agency which has a very different set of skills and mandates is counterintuitive.

Staff therefore reasons that Congress could not have intended 47 USC §224 to preempt state jurisdiction over the safety and reliability of a state's electric grid. Staff's reasoning is supported by the language in 47 USC §224 subsection (5) which allows an electric company to deny pole attachments for reasons of safety and reliability. It makes no sense for the act to allow individual companies to deny pole attachments for safety purposes, but to deny the state the ability to enact and enforce safety standards.

Staff's conclusion is, therefore, that 47 USC §224, the Federal Pole Attachment Act, cannot reasonably be read to mean that federal preemption of rates, terms and conditions of pole attachments is intended to prevent a state from developing and mandating safety and reliability standards for its electric grid. Staff is not recommending that the Commission has jurisdiction over the rates, terms, and conditions of pole attachments. Staff recommends the Commission has jurisdiction to set safety and reliability standards that companies must use as a starting point in their own negotiations regarding pole attachments, and that this jurisdiction has not been preempted by the federal government.

Cost Impacts of the Recommended Rule

The investor-owned electric utilities did not report any cost impact of the rule. However, staff believes costs are likely to be incurred. Cost impacts to third-party attachers have been asserted, but not quantified. A staff workshop should be scheduled to allow the third-party attachers to present evidence of any cost impact on their companies. Additionally, a Commission hearing should be scheduled to address any cross-industry concerns raised at the staff workshop.

Conclusion

Staff recommends that the Commission propose new Rule 25-6.0342. The new rule is needed to encourage electric utilities to avoid premature pole failures due to pole attachments in accordance with the provision of adequate and reliable electric service for operational and emergency purposes in Florida. Utilities will be encouraged to pursue pole attachment agreements that enhance the ability of utilities to reduce restoration costs and outage times resulting from extreme weather conditions. Staff does not believe the Commission's authority over safety and reliability standards has been preempted by the federal government.

Staff recommends that the Commission schedule a staff workshop to allow the third-party attachers to present evidence of any cost impact on their companies. The Commission should also schedule a hearing to follow the staff workshop in Docket No. 060173-EU.

Issue 4: Should the Commission propose Rule 25-6.0343, Florida Administrative Code, Standards of Construction – Municipal Electric Utilities and Rural Electric Cooperatives, requiring municipal and cooperative electric utilities to establish standards of construction for all overhead and underground electrical transmission and distribution facilities to ensure the provision of adequate and reliable electric service for operational as well as emergency purposes?

Recommendation: Yes. (Trapp, Harris)

Staff Analysis: Given the Commission's jurisdiction over, and responsibility for, maintaining the safety and reliability of Florida's electric generation, transmission, and distribution systems, the Commission should require municipals and cooperatives to comply with Rules 25-6.034, 6.0341, and 6.0342, as amended. (Attachment A, p. 5)

As discussed in Issue 1, staff is recommending the Commission adopt amendments to Rule 25-6.034, Standards of Construction, that would require investor-owned electric companies to establish construction standards for electric facilities, which at a minimum comply with the National Electric Safety Code (NESC). The Rule would also require that, in certain instances, overhead facilities be built to NESC extreme wind loading standards, and underground facilities be built to resist flood and storm surge damage. In Issue 2, staff recommends the adoption of a new rule (25-6.0341) encouraging investor-owned electric utilities to locate the facilities in locations accessible for maintenance, and in Issue 3, staff recommends the adoption of a new rule (25-6.0342) governing third-party pole attachments. The purpose of new Rule 25-6.0343 is to make the provisions of Rules 25-6.034, 25-6.0341, and 25-6.0342 applicable to municipally-owned electrical utilities "Municipals" and rural electrical cooperatives "Cooperatives." Staff believes that requiring Municipals and Cooperatives to comply with Rules 25-6.034, 25-6.0341, and 25-6.0342 is in the public interest.

At both the April 17, 2006, and May 19, 2006, staff workshops, and in their written post-workshop comments, the Municipals and Cooperatives expressed their position that the Commission does not have statutory authority to require Municipals and Cooperatives to establish construction standards. The Municipals and Cooperatives believe that the lack of a specific statement of the Commission's authority over "construction standards," as opposed to "safety standards" in Section 366.04, Florida Statutes, expresses the Legislature's choice not to grant such authority. Further, the Municipals and Cooperatives assert that the Commission's historical choice not to require construction standards from them demonstrates the Commission's acknowledgement that it does not, in fact, have such statutory authority.

Historically, the Commission has not chosen to exert, to the full extent of its statutory authority, its statewide distribution reliability jurisdiction over Municipals and Cooperatives. Given the ever increasing interconnection between numerous separate electrical systems, and the increasing complexity of the statewide electric grid, staff does not believe continued exclusion of the Municipals and Cooperatives is in the best interest of the state's electric customers. Staff recommends that the Commission has two separate statutory bases of authority to require

Municipals and Cooperatives to establish construction standards: safety jurisdiction and reliability jurisdiction, both located in Section 366.04, Florida Statues. [3]

A. Safety Jurisdiction

Section 366.04(6), gives the Commission "exclusive jurisdiction to prescribe and enforce safety standards for transmission and distribution facilities of all public electric utilities, cooperatives organized under the Rural Electric Cooperative Law, and electric utilities owned and operated by municipalities." This subsection further requires the Commission to adopt the provisions of the National Electrical Safety Code (NESC) as initial safety standards, that "constitute acceptable and adequate requirements for the protection of the safety of the public, and compliance with the minimum requirements of that code shall constitute good engineering practice by the utilities."[4] The NESC contains detailed sections on the standards facilities must meet for safety and reliability purposes, including, for example, sections on pole strength and vegetation management.

In Issue 1, staff recommends that the Commission amend Rule 25-6.034 to require investor-owned electric utilities to establish certain construction standards in order to better withstand the extreme weather events experienced by the State of Florida. Damage to the State's electric grid, requiring weeks to repair, is a threat to the safety of the citizens of the state. The safety threats are direct such as falling equipment and energized lines on the ground and indirect (threats to health, sanitation, and medical equipment that fails to function without electricity). Staff believes that the loss of electricity, potentially for weeks following a severe weather event, is exactly the type of safety issue the Legislature intended the Commission to address through Section 366.04(6), explicitly authorizing the Commission to prescribe safety standards for all electric utilities: Cooperatives, Municipals, and IOUs.

B. Reliability Jurisdiction.

In addition to subsection 366.04(6), discussed above, Section 366.04 enumerates the Commission's jurisdiction over all electric utilities (IOUS, Municipals, and Cooperatives) in several additional subsections. Many of these sections were added in the 1974 "Grid Bill[5]," which the Legislature passed with the intention of expanding and clarifying the Commission's

[3] Chapter 366.02, Florida Statutes, defines two different terms: "Public Utilities" and "Electric Utilities". Section 366.02(1), Public Utilities, excludes rural electric cooperatives and municipally owned systems from the definition of public utilities, while §366.02(2), includes them in the definition of Electric Utilities, along with the IOUs. Section 366.04, distinguishes between the types of electric utilities, with some sections applying to "public utilities" (e.g. the IOUs only) while other sections apply to "electric utilities" (e.g. all utilities which supply electricity in the State of Florida).

[4] Senate Bill 888, enacted by the 2006 Legislature, amends Section 366.04(6) to allow the Commission to at a minimum adopt the 1984 edition of the NESC, and editions thereafter, as acceptable and adequate requirements As of June 8, 2006, the bill has not been sent to the Governor for signature. However, staff anticipates the Governor will sign the bill.

[5] Chapter 74-196, Laws of Florida.

jurisdiction over the State's integrated electric generation, transmission, and distribution facilities.[6]

Subsection 366.04(2) provides, in part:

> (2) In the exercise of its jurisdiction, the commission shall have power over electric utilities for the following purposes:
>
> (c) To require electric power conservation and reliability within a coordinated grid, for operational as well as emergency purposes.
>
> * * *
>
> (f) To prescribe and require the filing of periodic reports and other data as may be reasonably available and as necessary to exercise its jurisdiction hereunder.

Subsection 366.04(5) provides:

> (5) The commission shall further have 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 and the avoidance of further uneconomic duplication of generation, transmission, and distribution facilities.

Subsection 366.04(7) provides:

> (7) The commission shall have the power to require reports from all electric utilities to assure the development of adequate and reliable energy grids.

Subsection 366.04(8) provides:

> (8) If the commission determines that there is probable cause to believe that inadequacies exist with respect to the energy grids developed by the electric utility industry, it shall have the power, after proceedings as provided by law, and after a finding that mutual benefits will accrue to the electric utilities involved, to require installation or repair of necessary facilities, including generating plants and transmission facilities, with the costs to be distributed in proportion to the benefits received, and to take all necessary steps to ensure compliance . . ..

[6] The Grid Bill added the following Sections to Chapter 366, Florida Statutes: 366.04(2)(c), 366.04(2)(d), 366.04(2)(e), 366.04(2)(f), 366.04(5), 366.05(7), 366.05(8), 366.055(1), 366.05(2), and 366.0455(3).

These sections make clear that the Legislature intends for the Commission to exercise jurisdiction over all electrical utilities in the state to ensure the reliability of the state's electrical generation, transmission, and distribution grid. Staff's recommended amendments to Rule 25-6.034 are intended to increase the reliability of the electrical grid. Staff believes this increased reliability should be extended to Municipals and Cooperatives, as authorized by Florida Statutes.

Staff's proposed amendments to Rule 25-6.034(5) require utilities to construct and maintain facilities that are better able to withstand the effects of severe weather events; however, the Rule provides an exception to its mandatory application. The rule provides that:

> If the Commission finds that a municipal electric utility or rural electric cooperative utility has demonstrated that its standards of construction will not result in service to the utility's general body of ratepayers that is less reliable, the commission shall exempt the utility from compliance with the rule.

Staff intends this language to give the Municipals and Cooperatives a direct exemption from the application of Rule 25-6.034, if the Municipal or Cooperative can demonstrate to the commission that its standards result in service that is as reliable as the investor-owned utilities.

Additionally, Rule 25-6.034 only requires compliance "as far as reasonably possible" or "to the extent reasonably practical, feasible, and cost effective." By recommending such language, staff intends to allow utilities to make a showing that, in their particular situation, good reasons exist why higher construction standards should not be required. This would allow Municipals and Cooperatives to show, for example, that their current construction practices under the Rural Electric Standards are reasonable and adequate, or that for a given Municipal or Cooperative, the costs of complying with the standards would outweigh the safety and reliability impacts of failure during a severe weather event. As an example, the Municipals and Cooperatives have stated that their restoration times after previous years' storms were days, not weeks. Upon petition by a Cooperative or Municipal, the Commission could find this evidence satisfies the requirements of the Rule.

Further, due to the interconnection of Florida's electrical grid, establishing one set of standards for IOUs but not for Municipals and Cooperatives may not achieve the goals of increased statewide reliability. For some areas of the state, it may be possible to isolate a Municipal or Cooperative system, and allow the surrounding areas to be energized without any adverse impacts. For other areas of the state, however, there may be interconnections where such isolation is not possible. The Commission certainly has the responsibility to review the statewide grid, and determine where heightened construction standards make sense. If such standards make sense for a Municipal or Cooperative system, the Commission must be in a position to require implementation. Staff believes this was the intent of the Legislature, as expressed in Chapter 366.04, Florida Statutes, and provides additional justification for the application of Rule 25-6.034 to Municipals and Cooperatives. The post-workshop comments by the municipal and cooperative utilities addressed their views regarding Commission authority and jurisdiction.

Cost Impacts of Proposed Changes to Rule 25-6.034, F.A.C.

The municipal and cooperative utilities did not provide cost impacts of the proposed changes to Rule 25-6.034.

Conclusion

Staff recommends that the Commission has clear statutory authority, expressed in Chapter 366, Florida Statutes, to prescribe and enforce safety and reliability standards for all electric utilities in the state: Municipal, Cooperative and Investor-Owned. Not only does the Commission have this clear authority, but given recent storm concerns and the interconnected nature of Florida's grid, such authority should be exercised to require Municipals and Cooperatives to meet the increased reliability standards established for Investor-Owned Utilities, where cost-effective, practical and feasible.

Issue 5: Should the Commission propose changes to Rule 25-6.0345, Florida Administrative Code, adopting the 2002 edition of the National Electrical Safety Code as the minimum applicable safety standards for transmission and distribution facilities subject to the Commission's safety jurisdiction?

Recommendation: Yes. (Woodall, Trapp, Harris)

Staff Analysis:

Rule Summary

Rule 25-6.0345 sets the electric utility reporting requirements pursuant to the Commission's safety jurisdiction. Staff recommends the rule be changed to incorporate the words "at a minimum" consistent with 2006 legislative modification of Section 366.06, Florida Statutes. The modification of Section 366.06, Florida Statutes, is not yet in effect[7]. Staff recommends certain editorial changes to subsections (1), (2) and (3) of the rule. Subsection (5) and (6) are included in the analysis because post-workshop comments suggested changes to these sections were expected to increase costs to telecommunications companies. (Attachment A, pp. 5-8)

25-6.0345(1): Subsection (1) states that the Commission adopts and incorporates by reference the 2002 edition of the National Electrical Safety Code (NESC), published August 1, 2001, as the applicable safety standard for transmission and distribution facilities. The recommended rule change will clarify that electric utilities are allowed to exceed the minimum safety requirements of the NESC for transmission and distribution facilities subject to the Commission's safety jurisdiction.

25-6.0345(2): Subsection (2) requires all electric utilities subject to the Commission's safety jurisdiction to provide quarterly reports listing completed work orders.

25-6.0345(3): Subsection (3) establishes the content and format of the utility's quarterly reports that list completed work orders. Staff recommends elimination of the requirement for utilities to provide the Kv rating and contiguous characteristics associated with each work order because these data are not needed to select and perform safety inspections.

25-6.0345(5): Subsection (5) requires electric utilities to promptly report non-utility electrical contact accidents that occur in connection with any part of the transmission and distribution system which are of a significant safety concern.

25-6.0345(6): Subsection (6) requires electric utilities to report non-utility property damage incidents exceeding $5,000 that occur in connection with any part of the transmission and distribution system which are of a significant safety concern.

[7] Senate Bill 888, enacted by the 2006 Legislature, gives the Commission the explicit jurisdiction to require electric utilities to build facilities to higher safety standards than required by the NESC. As of June 8, 2006, the bill has not been sent to the Governor for signature. However, staff anticipates the Governor will sign the bill.

Utility Personnel Incidents and Utility Property Damage

The Towns believe the Commission should expand the scope of subsections (5) and (6) to include additional electrical contact events to utility personnel and utility property. The apparent interest in expanding the data reported by all electric utilities is associated with the Towns interest in collecting data with respect to overhead and underground facilities and their desire to include externalities in cost calculations.

Other docketed activities are related to capturing facility performance data. The investor-owned utilities, pursuant to Order No. PSC-06-0351-PAA-EI[8], filed plans on June 1, 2006, addressing the collection of detailed outage data differentiating between the reliability performance of overhead and underground systems. Review of such plans has not been completed and rules addressing reliability performance that differentiates between overhead and underground systems is premature.

Additionally, the Towns apparently fail to recognize that Rule 25-6.0345 is established pursuant to the Commission's authority and oversight of public safety due to electric transmission and distribution systems. Other agencies have jurisdiction over employee safety, such as the Occupational Safety and Health Administration. As such, the rule is deliberately limited to matters directly associated with monitoring public safety events and avoids problems associated with overlapping jurisdictions. Requiring utilities to report data regarding utility personnel safety and facility performance would unnecessarily expand the scope of the rule.

Company-by-Company Definition of Significant Safety Event

BellSouth's May 26, 2006 post-workshop comments expressed concern with subsections (5) and (6) that allow electric utilities to use their own judgment to determine what is significant in terms of damage and safety. BellSouth questions how an electric utility would determine that another's property was damaged in excess of $5,000. BellSouth claims that allowing each utility to set differing standards may impact claims and translate to increased costs and litigation.

Electric utilities have been filing reports pursuant to subsections (5) and (6) for years. If the language of these subsections has caused increased costs and increased litigation then staff believes it would have been helpful if BellSouth's comments had quantified the extent of such problems. Instead, BellSouth simply asserts that there may be increased costs and litigation. No electric utility has suggested this language needs changing. Staff consequently believes that BellSouth's concern regarding company-by-company definitions as unsupported.

Cost Impacts of Proposed Changes

The proposed changes are not substantive and have no material impact on electric utilities.

[8] Issued April 25, 2006, in Docket No. 060198- EI, In re: Requirement for investor-owned electric utilities to file ongoing storm preparedness plans and implementation cost estimates.

Conclusion

Staff recommends the Commission adopt the editorial amendments to the rule.

Issue 6: Should the Commission propose changes to Rule 25-6.064, Florida Administrative Code, Extension of Facilities, establishing a uniform procedure by which investor-owned electric utilities calculate amounts due as contributions-in-aid-of-construction from customers who require new facilities in order to receive electric service or for upgrades to existing facilities resulting from changes in the customer's demand on the system?

Recommendation: Yes. (Daniel, Kummer, Harris)

Staff Analysis:

Rule Summary

Rule 25-6.064 addresses the calculation of contributions-in-aid-of-construction (CIAC) for line extensions, excluding new subdivisions, which are covered in Rule 25-6.078, and conversions of existing overhead to underground facilities, which are covered in Rule 25-6.115. Staff's recommended changes to the rule include: (a) adding upgrades to existing facilities, (b) including transformer costs, (c) including system hardening costs, (d) requiring a true-up of the CIAC, and (e) requiring that the CIAC be prorated to future customers in certain cases. Staff also recommends clarification of the rule language addressing waiver of the CIAC and various other minor editorial rule changes intended to simplify and clarify the existing rule language. The substantive changes are discussed below. (Attachment A, pp. 8-13)

Rule 25-6.064(1): Subsection (1) expands the application of the rule to include upgrades to existing facilities as well as line extensions.

Rule 25-6.064(2) and (3): Subsections (2) and (3) contain the formulas for the calculation of CIAC for overhead and underground line extensions previously defined and included in subsections (3), (4), (5), and (6). Proposed changes include the cost of transformers in the cost element of the formula and clarify that revenues netted against the cost are intended to be base rate revenues. Other changes were made to simplify and clarify the existing rule language.

Rule 25-6.064(4): Subsection (4), which consolidates existing subsections (8) and (9), clarifies that the formulas apply to any voltage level. This is not a change in policy.

Rule 25-6.064(5): Subsection (5) requires that the costs included in the calculations of CIAC be based on the construction standards in Rule 25-6.034.

Rule 25-6.064(6): Subsection (6) requires all CIAC calculations to be based on estimated work order job costs. The utility is also required to (a) true-up the CIAC calculations, at a customer's request, to reflect the actual costs of construction and actual revenues, and (b) prorate CIAC when new or upgraded facilities are expected to serve more than the initial applicant.

Rule 25-6.064(7): Subsection (7) changes the existing language in subsection (11) to require the utility to reduce plant in service if CIAC is waived, rather than having the Commission make an adjustment in a rate proceeding. The proposed changes also clarify that a

utility must cost justify any CIAC it elects to waive in order to recover those costs from the general body of ratepayers.

The CIAC Formula

At both the April 17 and May 19 workshops, staff proposed a single formula for CIAC in an effort to simplify the rule language. However, concerns were expressed that staff's proposed language in those subsections would require convoluted definitions; significant costs to retrain, rewrite, publish, and program changes; and did not allow the utilities to recover the same level of costs as the current rule. Based on discussions at the May 19 workshop and review of the subsequent written comments, staff recommends the Commission maintain separate formulas for the calculation of CIAC for overhead and underground. Staff has, however, proposed some other changes to the formulas. Staff believes that, based on prior customer complaint issues and as a result of discussions at the workshops, there are several provisions of the rule that were vague or unnecessarily complicated, and new provisions are needed that are not currently addressed.

Upgrades to existing facilities. Currently there is no rule addressing CIAC for upgrades to existing facilities such as the installation of a larger transformer when a customer's load increases. It has been staff's experience that customers requesting an upgrade to existing facilities are not given a revenue credit against the cost of the upgrade when there is an increase in usage resulting from the upgrade. This is increasingly a customer complaint issue.

Subsection (1) is expanded to make it clear that the CIAC formulas also apply to upgraded facilities. The proposed change in subsection (2) would require the utility to reduce CIAC by the incremental increase in revenues expected as a result of the upgrade, which is consistent with the calculation of CIAC for new line extensions. In addition, the proposal clarifies that CIAC for upgrades includes the cost of removal of the existing facilities less any salvage value.

Inclusion of transformer costs in CIAC. The existing rule provides that CIAC for overhead installations includes the cost of the installation, excluding the transformer, service drop, and meter. Staff recommends a change to subsection (2) to include the cost of the transformer in CIAC. FPL pointed out that the service drop and meter are excluded from CIAC because those costs are recovered through the customer charge. However, because the cost of the transformer is recovered through base rates and the customer is given a credit of four years of base rates in the CIAC calculation, the cost of the transformer should be included in the CIAC calculation. Staff believes FPL's logic is sound and staff has included this minor change.

Inclusion of System Hardening Costs in CIAC

A new provision in subsection (5) requires the cost of construction used to calculate CIAC reflect system hardening requirements. This change is to ensure that CIAC includes any site-specific hardening requirements consistent with the changes proposed in Rule 25-6.034.

True-up for CIAC estimates

Under the current rule, CIAC is determined by the utility based on actual or estimated costs and projected revenues. Customers may ask the Commission to review the calculations, but there is no specific provision requiring the utility to compare its estimates to the actual cost of construction or revenues generated from those facilities. A new provision in subsection (6)(a) requires a true-up of CIAC, if requested by the customer, within 12 months following the in-service date of the new or upgraded facilities. Staff believes that a 12-months time frame will not create a significant administrative burden on the utility, but will give the customer an opportunity to request an adjustment to CIAC if the costs or revenues of the actual new or upgraded service differs significantly from the original estimate. The customer could receive a refund or be required to pay additional CIAC, depending on the outcome of the true-up. Subsection (9) allows either the customer or the utility to petition the Commission for review of the CIAC at any time.

Gulf suggested that this subsection only require the utility to use its best judgment in estimating revenues expected to be produced by the new or upgraded facilities without requiring a true-up. While the rule language proposed in this recommendation has been revised to take into account utility input from the workshop, staff believes that a true-up is a reasonable mechanism to facilitate resolution of customer complaints. FPL suggests a true-up at the end of four years, if requested by the customer, to avoid costly tracking of individual customers. Staff added the 12-month limitation and the need for a customer request to help address FPL's concerns.

Prorating of CIAC

Under existing rules, if a line extension is required to serve a customer, the first customer requesting the extension is responsible for the total cost of the extension pursuant to the formulas in subsections (2) and (3), even if other customers later connect to the line. Existing subsection (12) allows a utility to prorate the cost of any line extension over the expected number of customers to be served by the new facilities. Based on customer complaints, however, staff believes proration is rarely offered or even explored by the utility. Staff's proposed change to subsection (6)(b) would require a utility to prorate CIAC for facilities that may serve additional customers in a defined future time frame.

Under staff's proposal the utility would be required to prorate a CIAC if additional customers are likely to be served by the facilities within three years. This provision is not intended to require the utility to speculate as to future development, but instead requires the utility to identify areas in which additional customers are likely to connect within a relatively short period of time. In addition, the customer may also provide such information to the utility for consideration and any disputes concerning the likelihood of future growth may be brought to the Commission.

The initial customer will still be responsible for paying the full CIAC upfront in order to obtain service. However, as new customers connect to the line, the utility shall collect a share of the initial CIAC amount from each new customer and credit that amount to the original

customer. This process would continue for each new connection during a three year period from the in-service date of the facilities. At the end of that period, no further customers would be required to pay for the line extension and credits to the original customer would cease. The procedure for determining if proration is appropriate and how collection would be accomplished would be spelled out in a tariff.

This proration would only apply to a CIAC assessed to an end-use customer. Developers who do not actually take service at the location, other than temporary service for construction, are not eligible for this provision. Internally, staff discussed setting a threshold level at which the proration would be required, but was unable to justify any specific level and chose not to include one in the proposed rules. Despite several complaints on this issue, staff does not believe this proration will be a frequent situation and any additional costs are offset by equity concerns.

FPL objects to this proposed rule change because they believe it presents logistical challenges as well as requires significant computer system and process changes to ensure consistent application. FPL maintains that computation of the prorated amounts is complex and that customers would object to paying the prorated CIAC. They believe that agreement should be reached prior to construction. PEF also suggests that any prorating remain the discretion of the utility.

This issue has been the subject of a number of customer complaints. Staff believes that, while the proposal may result in some additional costs for the utility to administer the collections and refunds, three years will not create a significant administrative burden on the utility, but will result in a more equitable collection of CIAC from customers. Although the requirement to prorate could require record keeping for small amounts of CIAC, it is unlikely that a project requiring a relatively modest CIAC would serve more than the initial customer. Further, if the number of additional connections is known with certainty prior to construction, the CIAC can be allocated to those initial customers without the need for any future crediting mechanism. In addition, because this rule will not affect CIAC for new subdivisions, the impact will be limited to a relatively small number of retail customers. Further, prorating is a common practice in the water and wastewater industry. (See Rule 25-30.515(16), F.A.C. and Rule 25-30.530(3)(c), F.A.C.

Waiver of CIAC

Currently the utility books construction costs as they are incurred and reduces the plant in service balances as CIAC is collected. While the existing rule does not preclude the utility from waiving CIAC, it prescribes that the Commission will make the necessary adjustments to plant in service in a rate proceeding based on the utility's records. Staff's proposal requires the utility to record the amount of waived CIAC unless the Commission determines that there is a quantifiable benefit to the general body of ratepayers commensurate with the waived CIAC. This puts the burden on the utility to justify the benefits of waiving CIAC without a reduction in plant in service. Staff believes that the utility should be required to show that all customers, not just those directly benefiting from the construction, will realize benefits from the construction. Otherwise, the general body of ratepayers is simply subsidizing a very localized improvement.

Cost Impacts of Proposed Changes

Most of the recommended changes to the rule are for clarification and ease of application and do not represent changes in current policy. These changes should impose no additional costs on any party.

Some small additional costs will be realized by customers who request a line extension because of the inclusion of the transformer in the overall cost of the line extension. However, the cost of the transformer is generally a minimal part of a line extension project. Allowing a waiver of all or part of a CIAC when offset benefits can be shown should not result in additional net cost to the utility or the customers.

The greatest cost impacts cited by the utilities were due to the true-up and proration provisions of subsections (6)(a) and (6)(b). Most of the costs, however, involve a transfer between the utility and the customers, except for any additional cost to prepare or track the true-up or proration. FPL, PEF and Gulf discussed the difficulties in calculating true-ups and proration but provided no dollar estimates.

Conclusion

Staff recommends that the changes to Rule 25-6.064, F.A.C., be approved. The changes provide clarification and simplification to existing language and address inherent problems in the existing rule with respect to CIAC estimates, prorating, waivers, and customer recourse in CIAC disputes.

Issue 7: Should the Commission propose changes to Rule 25-6.078, Florida Administrative Code, Schedule of Charges, to clarify existing provisions that require investor-owned electric utilities to establish a written policy on the installation of underground electrical distribution facilities in new residential subdivisions; to incorporate the construction standards in Rule 25-6.034; and to require that storm restoration costs be included in the differential cost calculation?

Recommendation: Yes. (Kummer, Trapp, Breman, Harris)

Staff Analysis:

Rule Summary

Rule 25-6.078 sets forth the procedure for determining the Estimated Average Cost Differential, or per lot differential, charged to developers who plan to place electrical facilities underground in a new subdivision. Staff's recommended changes to the rule clarify existing language and make the rule consistent with the changes proposed in Rules 25-6.034, 25-6.064, and 25-6.115. The substantive amendments to the rule are in subsections (2), (4), and (10). (Attachment A, pp. 13-16)

Rule 25-6.078(2): Subsection (2) requires underground and overhead costs used to determine the per-lot cost differential to be estimated reflecting the hardening requirements of Rule 25-6.034, Standards of Construction.

Rule 25-6.078(4): Subsection (4) requires utilities to include net present value of life cycle operational costs, including average historical storm restoration costs, over the life of the facilities in the calculation of the Estimated Average Cost Differential for new subdivisions. Each utility is also required to establish record keeping measures to separately identify operating and maintenance costs for underground and overhead facilities.

Rule 25-6.078(10): Subsection (10) allows the waiver of all or a portion of the Estimated Average Cost Differential if the Commission determines that commensurate benefits accrue to the general body of ratepayers.

Inclusion of Operating Costs and Storm Restoration Costs

Current cost differentials are based on initial installation costs and generally indicate that underground construction is more expensive than comparable overhead facilities. However, utilities have indicated that, while underground installation may be more expensive initially, there may be savings in maintenance or storm restoration activities over time, compared to overhead installations. Staff recommends that the net present value of life cycle costs be included in any CIAC calculation to capture those longer term costs and benefits.

Today, utilities allege separate overhead and underground operational costs cannot be considered because they are not readily available. Staff's proposed language would require utilities to establish and maintain adequate record keeping and accounting measures so these costs can be tracked and quantified. Staff further recommends that the utilities work with staff and parties in establishing those procedures, which could later be codified in rules, if necessary.

Staff recommends that utilities be required to track, quantify and incorporate these costs in all CIAC calculations to gain a more accurate comparison between overhead and underground installations.

FPL suggests that the inclusion of any operational costs remain discretionary. Inclusion of non-storm related operations and maintenance costs has been optional for many years, and these costs still are not being routinely included in calculation of the differential under this rule. Voluntary inclusion simply has not worked. Staff believes that it is necessary for the Commission to require the development of the mechanisms to track such costs, if meaningful steps are to be taken by the utilities to identify and quantify these costs. Staff believes quantification of these costs and benefits is necessary to gain a more comprehensive picture of the merits of underground facilities compared to overhead facilities.

Additionally, FPL asserts that it is difficult to adequately identify these costs because similar activities are treated differently between overhead and underground activities for accounting purposes. They argue that the arbitrary inclusion of only expenses could distort any comparison. Staff agrees with FPL's proposed change in terminology (operational costs) as opposed to the current language which speaks to 'operations and maintenance costs.' The proposed language reflects this change on the grounds that the term 'operational costs' is more inclusive.

FPL also maintains that costs are interrelated and forecasting the value of a single element is difficult if not impossible to do with any accuracy. FPL argues that including these costs could potentially lower the differential between overhead and underground facilities. Lowering the differential could encourage undergrounding in new subdivisions where no compelling reason exists. FPL asserts that no such inducements are necessary since over three-quarters of new service accounts are going in underground without such incentives. Staff maintains that the argument should be about identifying the appropriate overall costs, not whether inducements are necessary. FPL also notes that new subdivisions represent current technologies and construction practices and that historical data on restoration or maintenance may not be applicable so the inclusion of estimates based on historical cost will distort, not enhance, the calculation.

FPL also proposed to allow any data collection to be on a sample basis rather than a universal basis. As discussed at the workshop, staff agrees that the type of analysis necessary to gain the appropriate level of data would likely be most available through a forensic analysis which is conducted on a sample basis. Staff would not oppose this approach but does not see the need for it to be in the rule itself.

PEF does not disagree with the inclusion of the net present value of life cycle costs, but suggests that the estimate of such costs be on a case-by-case basis. While staff recognizes that certain differences will arise among projects, staff believes utilities should be able to establish guidelines and practices for quantifying and recording such costs on a generic basis. Such standards are necessary to ensure that policies are applied in a non-discriminatory manner.

PEF also noted in its comments that there are several concerns that must be addressed in any standards for tracking cost differences between overhead and underground construction,

including differences in the life of equipment, different geographical conditions and the methodology to predict any future storms and storm damage. Staff agrees that it is a multi-faceted undertaking that will take serious consideration, but we do not believe it is an insurmountable task. The benefits of better understanding the costs and benefits of underground facilities compared to overhead facilities is a necessary part of determining the most cost-effective way to minimize outages and provide safe, reliable service to customers.

The Towns of Jupiter Island and Palm Beach offer significant expansion of this subsection to include explicit consideration of system capacity planning measures such as Expected Un-served Energy (EUE) and reliability analyses in any cost benefit analysis. EUE is a tool used by Florida utilities to estimate the probability of generation and transmission systems becoming unable to provide service due to known system constraints and equipment performance data. This would require investor-owned electric utilities to forecast an expected level of un-served energy specific to overhead and underground distribution facilities. There are several policy hurdles that must first be overcome involving assignment of outage events to overhead and underground failures and whether future outages will be forecasted. Additionally, there is the issue of undue discriminatory pricing of EUE. While the Towns cited several studies on the value some customers place on electricity, all customers may not value the loss of electricity at the same dollar level. This issue of value arose in the 1989 Christmas freeze. There were calls for more generation when outages occurred due to increased stress on the system, yet when the cost of building that additional generation was considered, other alternatives like conservation became more attractive. Consequently, the record of the staff workshops and post-workshop comments are not sufficient to conclude EUE should be included in the rule.

Furthermore, staff believes the proposed language is sufficiently broad to allow consideration of all relevant and generally acceptable methods used to quantify project costs. The rule does not prohibit the Towns from using EUE and pricing EUE in its decision making.

Waiver of CIAC

Currently, the utility books construction costs as they are incurred and reduces the plant in service balances as CIAC is collected. While the existing rule does not preclude the utility from waiving any or all of a CIAC, it prescribes that the full amount of the applicable CIAC will be used to offset the plant costs as if it had been collected from the customer. This places the entire cost of the construction on the customer unless the utility is willing to forego recovery of those costs.

Parties have made the argument both in the workshops and in written comments that some localized construction projects may provide benefits to the general body of ratepayers and that those benefits should be recognized. One method of doing that is to reduce the amount of an otherwise applicable CIAC to the applicant and still allow the utility to book the full cost as plant in service. This results in a sharing by the general body of ratepayers of the cost of the investment that would have been supported by the foregone CIAC.

On its face, this logic has some appeal. Based on other proposed rule changes, however, staff believes most, if not all, benefits to the general body of ratepayers are captured by including

all the operational costs in calculating the CIAC as proposed in Subsection (4). In that subsection, staff recommends including the net present value of all operational costs over the life of the facilities be factored into the determination of the overhead/underground CIAC. However, since this is a relatively new area, there may be some benefits not fully captured in that analysis. Therefore, staff's proposal requires the utility to record the full amount of applicable CIAC unless the Commission determines that there is a quantifiable benefit to the general body of ratepayers commensurate with the portion of CIAC waived. These benefits would have to exceed those captured by the change to subsection (4) to avoid double counting. Staff's proposed language puts the burden on the utility to justify the benefits of waiving CIAC without a reduction in plant in service. Otherwise, the general body of ratepayers is simply subsidizing a very localized improvement.

Cost Impacts of Proposed Changes

Subsection (4) is the only section that could have adverse cost impacts to the investor-owned electric utilities. FPL and PEF both discuss the difficulties in quantifying and tracking the unique operational costs for overhead and underground facilities. However, neither utility provided cost estimates.

Conclusion

The primary change proposed by staff concerns the identification and tracking of costs by overhead and underground installations. While staff recognized that there are costs associated with this endeavor, staff believes it is necessary to evaluate the relative merits of overhead and underground facilities in meeting the need for reliable, cost effective electric service. This may be an area where PURC or another research entity may be able to provide assistance. Staff recommends the Commission propose the rule as amended.

Issue 8: Should the Commission propose changes to Rule 25-6.115, Florida Administrative Code, to clarify existing provisions that require each investor-owned electric utility to file a tariff showing the terms under which the utility and applicant may enter into a contract for the purpose of converting existing overhead facilities to underground facilities; to incorporate the construction standards in Rule 25-6.034, and to require that storm restoration costs be included?

Recommendation: Yes. (Kummer, Trapp, Breman, Harris)

Staff Analysis:

Rule Summary

Rule 25-6.115 addresses conversion of existing overhead distribution facilities to underground facilities. This rule was originally adopted to codify what would be included in estimates for requested conversions. Staff recommends changes to the rule to clarify existing language and to make the rule consistent with the changes proposed in Rules 25-6.034, 25-6.064, and 25-6.078. (Attachment A, pp. 16-19)

Rule 25-6.115(1): Subsection (1) clarifies that the rule applies to investor-owned electric utilities and to distribution facilities.

Rule 25-6.115((2): Subsection (2) clarifies the definition of an applicant as the person or entity seeking the undergrounding of existing overhead electric distribution facilities.

Rule 25-6.115(3) and (5): Subsection (3) and (5) clarify that the rule applies to IOUs.

Rule 25-6.115(6): Subsection (6) allows parties to extend by mutual agreement the 180 days to enter into an agreement based on the binding cost estimates.

Rule 25-6.115(8): Subsection (8) removes the reference to conversions, since subsection (1) limits the rule to conversions.

Rule 25-6.115(9): Subsection (9) establishes that the charge for all estimated construction costs shall be based on the requirements of Rule 25-6.034, Construction Standards.

Rule 25-6.115(10): Subsection (10) clarifies the language that applicants may file complaints pursuant to Rule 25-22.032.

Rule 25-6.115(11): Subsection (11) requires investor-owned electric utilities to include the Net Present Value of operational costs and the average historical storm restoration costs in subsections (8) and (9). Also, section (11) makes clear that when an applicant elects to perform all or part of the construction, the utility recognizes the utility costs that are avoided in determining the charges to the applicant. However, at no time can the charge to the applicant be negative.

Rule 25-6.115(12): Subsection (12) provides for instances where an investor-owned electric utility may elect to waive all or a portion of the charges that would otherwise be due for providing underground facilities. In such cases, the utility is required to reduce net plant in

service as though the charge had been collected unless the Commission determines that there is a quantifiable benefit to the general body of ratepayers commensurate with the waived charges.

Addition of Life Cycle Costs to Subsection (3)

The Towns suggest adding language to subsection (3) to be consistent with the staff's proposed changes to subsection (11) concerning inclusion of the Net Present value of Operation and Maintenance cost, including storm restoration costs. Staff interprets subsection (3) to concern the relative merits of whether a utility or the customer performs a specific task. The goal is to ensure that, by allowing an applicant to perform a particular task, the utility does not incur additional costs above what it would have incurred had the utility performed the task. An example is where the applicant's construction causes the utility to incur additional costs to accommodate the applicant's construction that would not have been incurred had the utility performed the task. Staff does not see how life cycle costs affect this situation and declines to make the suggested changes.

Extension of the Deadline in Subsection (6)

The 180-day deadline to accept an original estimate was included in the rule because costs change over time, and the utility and its ratepayers should not be held to an estimate seriously out of date with current costs. However, the parties and the utilities agree that in some circumstances delays are unavoidable and should not require a new estimate or contract. Therefore, allowing the 180 days to be extended upon mutual agreement appears to be a reasonable change and has been included.

Costs to be Included in Estimates

The current rule language includes a description of the costs to be included in the estimate. Staff recommends some clarifications and additions to make this rule consistent with 25-6.064 and 25-6.078.

For the same reasons discussed in Issue 7 for new underground subdivision installations, staff recommends including life cycle costs and benefits for operational costs including storm restoration for conversions in subsection (11)(a) of this rule for consistency of treatment. Staff believes the inclusion better reflects the total costs of installing or converting overhead facilities to underground facilities. The arguments on the mechanics and difficulty of tracking these costs were discussed at length in Issue 7. Staff continues to believe that inclusion of storm restoration costs is an important element in determining the overall cost of underground versus overhead facilities.

Subsection (11)(b) recognizes that if a customer chooses to construct or install a portion of the requested facilities, the utility does not incur certain costs. Construction costs properly include a factor for general overhead to account for indirect supervision and administrative costs such as time keeping, payroll administration and general management. This overhead allocation should be applied on a task basis, not on the overall job cost, if the customer is afforded the opportunity to perform separate tasks. The customer should not have to pay general utility

overhead costs for tasks the utility did not perform. FPL noted that it did not object to the language and already treats such costs in this manner.

FPL suggested inclusion of specific language mirroring its request in Docket No. 060150-EI, for a Government Adjustment Factor (GAF). As proposed, the GAF allows a reduction in the CIAC charged to a governmental agency requesting conversion of facilities if the conversion reduces potential storm damage and other costs. The full cost of the conversion would be recorded as plant in service. This is a change from current policy which requires all applicable CIAC to be used to reduce the additional plant in service. FPL's proposal would shift a portion of the costs to the general body of ratepayers.

No other utility spoke in favor of FPL's proposal and staff does not believe it is appropriate or necessary to have such specific language in the rule. The language proposed by staff in subsection (12) would allow the Commission to approve FPL's approach, or any other discount or credit mechanism, to accommodate incentives for conversion of existing overhead facilities to underground. Rulemaking is a long and laborious process. The more general the rule language can be and still accomplish the intended purpose, the less likely it is that another rulemaking amendment or waiver will be required. Since FPL admitted that the applicability or scope of such a discount could change over time, staff believes the concept is better handled through a utility-specific tariff, than through a rule, if the Commission believes such an incentive is appropriate. With the additional language staff has proposed, we believe the Commission would have the authority to approved FPL's pending tariff on this matter (Docket No. 060150-EI) while allowing other utilities to choose other paths.

Waiver of CIAC in Subsection (12)

The proposed language in subsection (12) is identical to the language in subsection (7) of Rule 25-6.064 and subsection (10) of Rule 25-6.078, and allows the waiver of all or a portion of the CIAC if the Commission determines that commensurate benefits accrue to the general body of ratepayers. As noted in Issues 6 and 7, investment in facilities that are not paid for through a customer-specific CIAC become part of rate base. A higher rate base can result in higher rates to all customers. Unless it can be shown that all customers benefit from the construction, these costs should be recovered from the customer requesting the construction. This change allows the Commission to consider a discount or credit mechanism such as the change proposed by FPL in Docket No. 060150-EI, if it deems it appropriate. FPL included similar but more specific language in its suggested changes to subsection (11) discussed above.

Currently Available Options

One of the impediments to converting overhead facilities to underground facilities is the requirement to pay a substantial CIAC up front. No incentive approach other than FPL's 25% discount option (the GAF) was discussed at either of the workshops, or in comments. However, two investor-owned utilities currently have mechanisms in place to assist local governments with the costs of converting existing facilities to underground. These Undergrounding Fee options differ from FPL's suggested approach in that the total cost of conversion would be recovered from the customers directly benefiting from the conversion, but it allows the recovery of the costs from customers over a longer time frame.

PEF. Effective November 5, 2002, the Commission approved a Local Governmental Underground Cost Recovery tariff requested by PEF. This tariff allows local governments to pay for the conversion up front and then recoup their conversion costs from affected customers through a charge on those customers' electric bills. Under the tariff, the governmental entity may finance the cost of the conversion on its own, or it may request that PEF finance the project. Utility financing was seen as a less desirable option, since PEF's debt costs would likely be higher than that available to a government entity, but it afforded the opportunity for governments who may not wish to, or may be precluded from, floating additional debt.

Based on a formula stated in the tariff, PEF establishes an undergrounding fee which appears on the monthly bills of the customers in the designated area, to pay for the conversion over a period not to exceed 20 years. The fee is expressed as a percentage of the customer's bill. It is considered a charge for electricity just as the regular monthly rates are, and failure to pay the underground assessment may result in disconnection of service. To date, no governmental entity has applied for this option although PEF reports that one city is seriously considering it.

PEF had a similar option approved in 1994 after numerous requests by municipalities for alternatives to a one-time payment for conversion of overhead facilities. Under that tariff, PEF (then FPC) stated that it prepared 11 detailed cost estimates for cities. No city ever elected to take service under the tariff. In December 1997 the tariff was withdrawn. PEF cited three reasons for the closure of the offering: (1) lack of interest; (2) programming costs; and (3) the potential for retail wheeling. In renewing the offer in 2002, PEF cited increased interest by cities in the conversion of overhead facilities.

FPL. FPL instituted a tariff very similar to PEF's Local Governmental Underground Cost Recovery tariff in August 2003. FPL requires the governmental entity to finance the conversion and does not offer the option for the utility to finance the construction. Like PEF, FPL establishes a Governmental Undergrounding Fee pursuant to a formula, which is applied to the bills of customers residing in the designated area. FPL also has no customers currently taking service under this tariff.

Inclusion in rule. As discussed above, staff does not recommend placing any one approach to encouraging underground conversions in a rule. Rules are difficult and time consuming to change. Neither the existing tariffs nor FPL's 25% approach have been implemented. As FPL pointed out at the May 19, workshop, it is likely that any approach will need to be fine-tuned with experience. At this point, it is difficult to determine what impact a specific approach might have on other utilities and whether it would meet their needs. As discussed above, both PEF and FPL have options in their tariffs today under the existing rule. Also, FPL's GAF tariff has been suspended pending a Commission proceeding to determine whether the cost shifting is justified. FPL provided no cost-based justification at the workshop. The Towns indicated their study would not be completed until fall. Unless the Commission wishes to make a given option mandatory, staff believes the language staff has included in the proposed rule opens the door for a wide variety of approaches which each utility can tailor to its specific needs in a tariff.

If, however, the Commission chooses to include some specific rule language addressing the Underground Fee option, staff recommends that it be limited to basic concepts.

Possible rule language

Staff notes that the language below has not been discussed with any party and represents only staff's attempt to capture the concepts contained in PEF's and FPL's underground fee tariffs in a generalized form. The language, if appropriate, would be included in Rule 25-6.115, FAC.

Undergrounding Fee Option

(1) An Undergrounding Fee is defined as a mechanism for collection of the costs associated with the conversion of overhead electric distribution facilities to comparable underground facilities.

(2) Utilities shall offer through tariff the option for local governments, or other entities with legal authority to enforce assessments on current and future property or residents, to contract with the utility for the implementation of an Undergrounding Fee for a specified geographical area.

(3) The contracting authority would be responsible for the upfront payment of all costs incurred by the utility, as well as any additional cost associated with undergrounding of facilities.

(4) The costs to be recovered through the Undergrounding Fee shall be recovered through a charge on each current and future customer's bill who resides within the designated area for the life of the assessment. Such charge shall be considered a charge for electric service and non-payment may subject the customer to disconnection.

(5) The Undergrounding Fee tariff shall set forth all terms and conditions for exercising the Undergrounding Fee option.

Cost Impacts of Proposed Changes

The only proposed change that appears to have cost implications is the addition to subsection (11) requiring inclusion of life cycle operational costs separately for underground and overhead facilities. As noted in Rule 25-6.078, PEF and FPL listed a number of practical and philosophical hurdles to identifying and tracking these costs, but did not provide a dollar cost impact for compliance.

Conclusion

The proposed changes clarify existing language and make this rule consistent with Rules 25-6.064 and 25-6.078. Staff recommends that the Commission propose the rule amendments offered by staff. If the Commission chooses to go forward with more specific option language, the matter should be referred to a staff workshop for refinement of rule language.

Issue 9: Should the Commission propose a new rule on information sharing, as suggested by the Town of Jupiter and the Town of Palm Beach?

Recommendation: No. While the Towns raise some valid concerns about the need for utilities to share information to facilitate planning by local communities, the proposed rule language goes far beyond planning for construction and into system planning for capacity needs. The topic can be addressed in discussions on improvements in local liaison efforts directed by Order No. PSC-06-0351-PAA-EI.. (Kummer, Harris)

Staff Analysis:

Rule Summary

In their post-workshop comments, the Towns requested a new rule that would require the investor-owned utilities to significantly increase the amount of information regarding planned and potential future relocations, replacements or rebuilding of overhead facilities to make available to all local entities who may be interested in converting existing overhead facilities to underground installations. Based on the suggested language, the Towns intend the broadest interpretation of "planned or contemplated" is intended. The requested information includes all construction project related correspondence with road departments and agencies as well as all similar communications with other providers of public service.

Staff is not recommending that the Commission propose this rule language at this time. We have, however, included a discussion of the points raised by the Towns as an example of the types of information at least two governmental entities think are necessary to allow them to adequately coordinate underground construction.

Who Can Request Information

Pursuant to this rule, any entity that is, or may be, considering an undergrounding project at any time in the future may request the information specified. There is no requirement for the entity requesting the information to be vested or otherwise active in a project, just to be considering it at potential future date. The suggested rule appears to unnecessarily insert any entity that may be considering an undergrounding project, however casually, into every step of the utility's internal planning process throughout its territory. Staff believes this places an unreasonable burden on the utility to devote time and resources responding to potentially speculative requests for very detailed information. Responding to numerous entities in this level of detail could delay vital internal planning processes or require additional personnel to comply.

The Information Utilities Would Be Required to Make Available

Subsection (1) of the rule suggested by the Towns states that the intent of the rule is to "make the maximum amount of information" regarding any and all "planned and potential future relocations, replacements or rebuilding of overhead facilities available" to all local entities who may be interested in converting existing overhead facilities to underground installations. The argument is that early coordination lowers the cost to all parties.

The information required includes "any potential projects that the utility may have begun to evaluate" even if the projects have not been approved by management and/or will not begin construction for several years. The utility would be required to provide, without limitation, any correspondence or information the utility may have with the Department of Transportation or any other utilities on such projects. This system-wide information would be in addition to any location-specific information on projects within the requesting entity's immediate geographical area. Staff believes requiring this level of detail to be available to any one who asks, for every project that might be discussed throughout the utility's territory for an indefinite time frame, is simply impractical as well as unreasonable, from both a time and cost standpoint. In addition, utility initial construction plans often change and one change may have a ripple effect on several projects. Providing detailed information to cities or counties about potential projects at too early a stage could result in costly premature decisions at the local level when utility plans have to change for operational or reliability needs.

Utility Coordination With Local Governments

Staff agrees that the utilities should coordinate and share information that is reasonably expected to be accurate and final with local governments in a timely manner. The Towns' suggested language extends this dialog to any and all potential applicants for any and all potential underground conversion projects, anywhere in the utility's territory. Staff believes the requirements suggested by the Towns go far beyond providing adequate information for city or county planning purposes. However, staff believes there must be middle ground that is not unacceptably burdensome to the utility and still provides adequate information to serious applicants to facilitate timely planning.

Local governments can improve utility planning by coordinating the interests of the various subdivisions and homeowner associations located within their jurisdiction and presenting a comprehensive package to the utility for discussion. Utilities can step up their information coordination efforts with the local government liaisons. Staff recommends that discussions continue on the topic of information sharing outside of the proceedings designed to address hardening, since the availability of information is an ongoing issue. The Commission has already ordered the utilities to review and enhance their local governmental liaison efforts to assist in efficient storm planning and restoration in Docket No. 060198-EI[9]. The appropriate level of information best suited to each government's needs can be established in those discussions. Therefore, Staff recommends that the Towns' suggested new rule is not ripe for consideration because there is ongoing activity on the same subject in another forum.

Conclusion

The Towns presented no analysis that the suggested new rule will result in improved efficiency or better coordination. Staff believes the proposed new rule establishes an unreasonable definition of required planning information and the extent to which it must be available. The investor-owned electric utilities have been directed to establish plans to address improved coordination with local governments and staff believes information sharing is better

[9] Docket No. 060198-EI, In re: Requirement for investor-owned electric utilities to file ongoing storm preparedness plans and implementation cost estimates.

addressed in that forum. Therefore, the Commission should not propose the Towns' suggested new rule at this time.

Issue 10: Should Docket 060172-EU be closed?

Recommendation: Yes, if the Commission approves staff recommendation in Issues 6, 7, and 8, and if no requests for hearing or comments are filed, the amendments to Rules 25-6.064, 25-6.078, and 25-6.115, as proposed should be filed for adoption with the Secretary of State and the docket should be closed. (Harris)

Staff Analysis: Unless comments or request for hearing are filed, the rules as proposed may be filed with the Secretary of State without further Commission action. The docket may then be closed.

Issue 11: Should Docket 0601793-EU be closed?

Recommendation: No. If the Commission approves staff's recommended amendments to Rules 25-6.034, 25-6.0345, and 25-6.064, in Issues 1, 5, and 6 respectively, F.A.C., and no comments or requests for hearing are filed, those rules should be filed with the Secretary of State for adoption. However, the docket should remain open and a hearing should be held on Rules 25-6.0341, 25-6.0342, and 25-6.0343, F.A.C. (Harris)

Staff Analysis: If the Commission approves staff's recommendation to propose amendments to Rules 25-6.034, 25-6.0345, and 25-6.064, F.A.C., the rules may be filed for adoption with the Secretary of State without further Commission action if no affected party files comments or requests a hearing within 21 days following publication of the notice of rulemaking. Based upon the number and nature of the post-workshop comments that have been filed concerning the subjects addressed by the three new rules, Rule 25-6.0341, Location of Utility Facilities, Rule 25-6.0342, Third-Party Attachment Standards and Procedures, and Rule 25-6.0343, Standards of Construction – Municipal Electric Utilities and Rural Electric Cooperatives, if the Commission decides to propose these rules, staff recommends keeping the docket open and scheduling a hearing. A hearing will provide all interested persons the opportunity to present evidence and argument on the rules. At the conclusion of the hearing, the Commission may either adopt the new rules with or without changes or withdraw the proposed rules. The docket may then be closed.

PART III

GENERAL MANAGEMENT REQUIREMENTS

25-6.034 Standard of Construction.

(1) Application and Scope. This rule is intended to define construction standards for all overhead and underground electrical transmission and distribution facilities to ensure the provision of adequate and reliable electric service for operational as well as emergency purposes. This rule applies to all investor-owned electric utilities. ~~The facilities of the utility shall be constructed, installed, maintained and operated in accordance with generally accepted engineering practices to assure, as far as is reasonably possible, continuity of service and uniformity in the quality of service furnished.~~

(2) Each utility shall establish, no later than 180 days after the effective date of this rule, construction standards for overhead and underground electrical transmission and distribution facilities that conform to the provisions of this rule. Each utility shall maintain a copy of its construction standards at its main corporate headquarters and at each district office. Subsequent updates, changes, and modifications to the utility's construction standards shall be labeled to indicate the effective date of the new version and all revisions from the prior version shall be identified. Upon request, the utility shall provide access, within 2 working days, to a copy of its construction standards for review by Commission staff at the utility's offices in Tallahassee. Any dispute or challenge to a utility's construction standards by a customer, applicant for service, or attaching entity shall be resolved by the Commission. ~~The Commission has reviewed the American National Standard Code for Electricity Metering, 6th edition, ANSI C-12, 1975, and the American National Standard Requirements, Terminology and Test Code for Instrument Transformers, ANSI 57.13, and has found them to contain reasonable standards of good practice. A utility that is in compliance with the applicable provisions of these publications, and any variations approved by the Commission, shall be~~

~~deemed by the Commission to have facilities constructed and installed in accordance with generally accepted engineering practices.~~

(3) The facilities of each utility shall be constructed, installed, maintained and operated in accordance with generally accepted engineering practices to assure, as far as is reasonably possible, continuity of service and uniformity in the quality of service furnished.

(4) Each utility shall, at a minimum, comply with the applicable edition of the National Electrical Safety Code (ANSI C-2) [NESC].

(a) The Commission adopts and incorporates by reference the 2002 edition of the NESC, published August 1, 2001. A copy of the 2002 NESC, ISBN number 0-7381-2778-7, may be obtained from the Institute of Electric and Electronic Engineers, Inc. (IEEE).

(b) Electrical facilities constructed prior to the effective date of the 2002 edition of the NESC shall be governed by the applicable edition of the NESC in effect at the time of the initial construction.

(5) For the construction of distribution facilities, each utility shall, to the extent reasonably practical, feasible, and cost-effective, be guided by the extreme wind loading standards specified by Figure 250-2(d) of the 2002 edition of the NESC. As part of its construction standards, each utility shall establish guidelines and procedures governing the applicability and use of the extreme wind loading standards to enhance reliability and reduce restoration costs and outage times for each of the following types of construction:

(a) new construction;

(b) major planned work, including expansion, rebuild, or relocation of existing facilities, assigned on or after the effective date of this rule; and

(c) targeted critical infrastructure facilities and major thoroughfares taking into account political and geographical boundaries and other applicable operational considerations.

(6) For the construction of underground distribution facilities and their supporting overhead facilities, each utility shall, to the extent reasonably practical, feasible, and cost-effective, establish guidelines and procedures to deter damage resulting from flooding and storm surges.

Specific Authority 350.127(2), 366.05(1) FS.

Law Implemented 366.04(2)(c), (f), (5), 366.05(1) FS.

History–Amended 7-29-69, 12-20-82, Formerly 25-6.34, Amended _____.

25-6.0341 Location of the Utility's Electric Distribution Facilities. In order to facilitate safe and efficient access for installation and maintenance, to the extent practical, feasible, and cost-effective, electric distribution facilities shall be placed adjacent to a public road, normally in front of the customer's premises.

(1) For initial installation, expansion, rebuild, or relocation of overhead facilities, utilities shall use easements, public streets, roads and highways along which the utility has the legal right to occupy, and public lands and private property across which rights-of-way and easements have been provided by the applicant for service.

(2) For initial installation, expansion, rebuild, or relocation of underground facilities, the utility shall require the applicant for service to provide easements along the front edge of the property, unless the utility determines there is an operational, economic, or reliability benefit to use another location.

(3) For conversions of existing overhead facilities to underground facilities, the utility shall, if the applicant for service is a local government that provides all necessary permits and meets the utility's legal, financial, and operational requirements, place facilities in road rights-of-way in lieu of requiring easements.

Specific Authority 350.127(2), 366.05(1) FS.

Law Implemented 366.04(2)(c), (5), (6), 366.05(1) FS.

History– New.

25-6.0342 Third-Party Attachment Standards and Procedures.

(1) As part of its construction standards adopted pursuant to Rule 25-6.034, F.A.C., each utility shall establish and maintain written safety, reliability, pole loading capacity, and engineering standards and procedures for attachments by others to the utility's electric transmission and distribution poles (Attachment Standards and Procedures). The Attachment Standards and Procedures shall meet or exceed the applicable edition of the National Electrical Safety Code (ANSI C-2) pursuant to subsection 25-6.034(4) and other applicable standards imposed by state and federal law so as to assure, as far as is reasonably possible, that third-party facilities attached to electric transmission and distribution poles do not impair electric safety, adequacy, or reliability; do not exceed pole loading capacity; and are constructed, installed, maintained, and operated in accordance with generally accepted engineering practices for the utility's service territory.

(2) No attachment to a utility's electric transmission or distribution poles shall be made except in compliance with such utility's Attachment Standards and Procedures.

(3) Any dispute arising from the implementation of this rule shall be resolved by the Commission.

Specific Authority 350.127(2), 366.05(1) FS.

Law Implemented 366.04(2)(c), (5), (6), 366.05(1) FS.

History New _____.

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25-6.0343 Standards of Construction – Municipal Electric Utilities and Rural Electric Cooperatives.

The provisions of Rules 25-6.034, 25-6.0341, and 25-6.0342 shall apply to municipal electric utilities and rural electric cooperatives as defined in Section 366.02, Florida Statutes. If the Commission finds that a municipal electric utility or rural electric cooperative utility has demonstrated that its standards of construction will not result in service to the utility's general body of ratepayers that is less reliable, the Commission shall exempt the utility from compliance with the rule.

Specific Authority: 350.127, 366.04(5), F.S.

Law Implemented: 366.04(2)(c), (5), (6) F.S.

History New_____.

25-6.0345 Safety Standards for Construction of New Transmission and Distribution Facilities.

(1) In compliance with Section 366.04(6)(b), F.S., 1991, the Commission adopts and incorporates by reference the 2002 edition of the National Electrical Safety Code (ANSI C-2), published August 1, 2001, as the applicable safety standards for transmission and distribution facilities subject to the Commission's safety jurisdiction. Each investor-owned ~~public~~ electric utility, rural electric cooperative, and municipal electric system shall, at a minimum, comply with the standards in these provisions. Standards contained in the 2002 edition shall be applicable to new construction for which a work order number is assigned on or after the effective date of this rule.

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(2) Each investor-owned ~~public~~ electric utility, rural electric cooperative and municipal electric utility shall report all completed electric work orders, whether completed by the utility or one of its contractors, at the end of each quarter of the year. The report shall be filed with the Director of the Commission's Division of Regulatory Compliance and Consumer Assistance ~~Auditing and Safety~~ no later than the 30th working day after the last day of the reporting quarter, and shall contain, at a minimum, the following information for each work order:

(a) Work order number/project/job;

(b) Brief title outlining the general nature of the work; ~~and~~

(c) Estimated cost in dollars, rounded to nearest thousand and; ~~.~~

(d) Location of project.

(3) The quarterly report shall be filed in standard DBase or compatible format, DOS ASCII text, or hard copy, as follows:

(a) DBase Format

Field Name	Field Type	Digits
1. Work orders	Character	20
2. Brief title	Character	30
3. Cost	Numeric	8
4. Location	Character	50
~~5. Kv~~	~~Numeric~~	~~5~~
~~6. Contiguous~~	~~Character~~	~~1~~

(b) DOS ASCII Text.

1. Columns shall be the same type and in the same order as listed under Field Names above.

2. A comma (,) shall be placed between data fields.

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3. Character data fields shall be placed between quotation marks (". . .").

4. Numeric data fields shall be right justified.

5. Blank spaces shall be used to fill the data fields to the indicated number of digits.

(c) Hard Copy.

The following format is preferred, but not required:

Completed Electrical Work Orders For PSC Inspection

Work Order	Brief Title	Estimated Cost	Location	~~KV Rating~~	~~Contiguous (y/n)~~

(4) In its quarterly report, each utility shall identify all transmission and distribution facilities subject to the Commission's safety jurisdiction, and shall certify to the Commission that they meet or exceed the applicable standards. Compliance inspections by the Commission shall be made on a random basis or as appropriate.

(5) As soon as practicable, but by the end of the next business day after it learns of the occurrence, each investor-owned electric ~~public~~ utility, rural electric cooperative, and municipal electric utility shall (without admitting liability) report to the Commission any accident occurring in connection with any part of its transmission or distribution facilities which:

(a) Involves death or injury requiring hospitalization of nonutility persons; or

(b) Is significant from a safety standpoint in the judgment of the utility even though it is not required by paragraph (a).

(6) Each investor-owned electric ~~public~~ utility, rural electric cooperative, and municipal electric utility shall (without admitting liability) report each accident or malfunction, occurring in connection with any part of its transmission or distribution facilities,

to the Commission within 30 days after it learns of the occurrence, provided the accident or malfunction:

(a) Involves damage to the property of others in an amount in excess of $5000; or

(b) Causes significant damage in the judgment of the utility to the utility's facilities.

(7) Unless requested by the Commission, reports are not required with respect to personal injury, death, or property damage resulting from vehicles striking poles or other utility property.

Specific Authority 350.127(2) FS.

Law Implemented 366.04(2)(f), (6) FS.

History–New 8-13-87, Amended 2-18-90, 11-10-93, 8-17-97, 7-16-02,_____.

PART IV

GENERAL SERVICE PROVISIONS

25-6.064 ~~Extension of Facilities;~~ Contribution-in-Aid-of-Construction for Installation of New or Upgraded Facilities.

(1) Application and scope ~~Purpose~~. The purpose of this rule is to establish a uniform procedure by which investor-owned electric utilities ~~subject to this rule will~~ calculate amounts due as contributions-in-aid-of-construction (CIAC) from customers who request new facilities or upgraded facilities ~~require extensions of distribution facilities~~ in order to receive electric service, except as provided in Rule 25-6.078, F.A.C..

(2) ~~Applicability. This rule applies to all investor owned electric utilities in Florida as defined in Section 366.02, F.S.~~ Contributions-in-aid-of-construction for new or upgraded overhead facilities ($CIAC_{OH}$) shall be calculated as follows:

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$CIAC_{OH}$	±	Total estimated work order job cost of installing the facilities	-	Four years expected incremental base energy revenue	-	Four years expected incremental demand revenue, if applicable

(a) The cost of the service drop and meter shall be excluded from the total estimated work order job cost for new overhead facilities.

(b) The cost of removal net of the salvage value shall be included in the total estimated work order job cost for upgrades to existing facilities.

(c) The expected annual base energy and demand charge revenues shall be estimated for a period ending not more than 5 years after the new or upgraded facilities are placed in service.

(d) In no instance shall the $CIAC_{OH}$ be less than zero.

(3) Contributions-in-aid-of-construction for new or upgraded underground facilities ($CIAC_{UG}$) shall be calculated as follows:

$CIAC_{UG}$	=	$CIAC_{OH}$	±	Estimated difference between cost of providing the service underground and overhead

~~(3) Definitions. Actual or estimated job cost means the actual cost of providing the specified line extension facilities, calculated after the extension is completed, or the estimated cost of providing the specified facilities before the extension is completed.~~

~~(4) In developing the policy for extending overhead distribution facilities to customers, the following formulas shall be used to determine the contribution in aid of construction owed by the customer.~~

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~~(a) For customers in rate classes that pay only energy charges, i.e., those that do not pay demand charges, the CIAC shall be calculated as follows:~~

~~$CIAC_{oh}$ = (Actual or estimated job cost for new poles and conductors and appropriate fixtures required to provide service, excluding transformers, service drops, and meters) − (4 × nonfuel energy charge per KWH × expected annual KWH sales over the new line)~~

~~(b) For customers in rate classes that pay both energy charges and demand charges, the CIAC shall be calculated as follows:~~

~~$CIAC_{oh}$ = (Actual or estimated job cost for new poles and conductors and appropriate fixtures required to provide service, excluding transformers, service drops, and meters) − (4 × nonfuel energy charge per KWH × expected annual KWH sales over the new line) − (4 × expected annual demand charge revenues from sales over the new line)~~

~~(c) Expected demand charge revenues and energy sales shall be based on an annual period ending not more than five years after the extension is placed in service.~~

~~(5) In developing the policy for extending underground distribution facilities to customers, the following formula shall be used to determine the contribution in aid of construction.~~

~~$CIAC_{ug}$ = (Estimated difference between the cost of providing the + $CIAC_{oh}$ (as above)~~

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~~distribution line extension including not only the distribution line extension itself but also the transformer, the service drop, and other necessary fixtures, with underground facilities vs. the cost of providing service using overhead facilities)~~

~~(6) Nothing in this rule shall be construed as prohibiting a utility from collecting from a customer the total difference in cost for providing underground service instead of overhead service to that customer.~~

~~(7) In the event that amounts are collected for certain distribution facilities via the URD differential tariff as permitted by Rule 25-6.078, F.A.C., that would also be collected pursuant to this rule, the utility shall give an appropriate credit for such amounts collected via the URD differential tariff when calculating the line extension CIAC due pursuant to this rule.~~

(4)~~(8)~~ Each utility shall apply the ~~above~~ formulas in subsections (2) and (3) of this rule uniformly to residential, commercial and industrial customers requesting new or upgraded facilities at any voltage level. ~~requiring line extensions.~~

(5) The costs applied to the formula in subsections (2) and (3) shall be based on the requirements of Rule 25-6.034, Standards of Construction.

~~(9) Each utility shall calculate an appropriate CIAC for line extensions constructed to serve customers who receive service at the primary distribution voltage level and the transmission voltage level. This CIAC shall be based on the actual or estimated cost of providing the extension less an appropriate credit.~~

(6)~~(10)~~ All CIAC calculations under this rule shall be based on estimated work order

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job costs. In addition, each ~~The~~ utility shall use its best judgment in estimating the total amount of annual revenues ~~and sales~~ which the new or upgraded facilities are ~~each line extension is~~ expected to produce ~~in the near future~~.

(a) A customer may request a review of any CIAC charge within 12 months following the in-service date of the new or upgraded facilities. Upon request, the utility shall true-up the CIAC to reflect the actual costs of construction and actual base revenues received at the time the request is made.

(b) In cases where more customers than the initial applicant are expected to be served by the new or upgraded facilities, the utility shall prorate the total CIAC over the number of customers expected to be served by the new or upgraded facilities within a period not to exceed 3 years, commencing with the in-service date of the new or upgraded facilities. The utility may require a payment equal to the full amount of the CIAC from the initial customer. For the 3-year period following the in-service date, the utility shall collect from those customers a prorated share of the original CIAC amount, and credit that to the initial customer who paid the CIAC. The utility shall file a tariff outlining its policy for the proration of CIAC.

(7)~~(11)~~ The utility may elect to waive all or any portion of the ~~line extension~~ CIAC for customers, even when a CIAC is found to be applicable ~~owing~~. If h~~H~~owever, ~~if~~ the utility waives a ~~the~~ CIAC, the utility shall reduce net plant in service as though the CIAC had been collected, unless the Commission determines that there is a quantifiable benefit to the general body of ratepayers commensurate with the waived CIAC. ~~Commission will reduce the utility's net plant in service by an equal amount for ratemaking purposes, as though the CIAC had been collected, except when the company's annual revenues from a customer are sufficient to offset the unpaid line extension CIAC under subsection (4) or (5).~~ Each utility shall maintain records of amounts waived and any subsequent changes that served to offset the

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CIAC.

~~(12) In cases where larger developments are expected to be served by line extensions, the utility may elect to prorate the total line extension costs and CIAC's owed over the number of customers expected to connect to the new line.~~

(8)~~(13)~~ A detailed statement of its standard facilities extension upgrade policies~~y~~ shall be filed by each utility as part of its tariffs. The tariffs ~~This policy~~ shall have uniform application and shall be nondiscriminatory.

(9)~~(14)~~ If a utility and applicant are unable to agree on the CIAC amount, ~~in regard to an extension,~~ either party may appeal to the Commission for a review.

Specific Authority 366.05(1), 350.127(2) FS.

Law Implemented 366.03, 366.05(1), 366.06(1) FS.

History–New 7-29-69, Amended 7-2-85, Formerly 25-6.64, Amended ____.

PART V

RULES FOR RESIDENTIAL ELECTRIC UNDERGROUND EXTENSIONS

25-6.078 Schedule of Charges.

(1) Each utility shall file with the Commission a written policy that shall become a part of the utility's tariff rules and regulations on the installation of underground facilities in new subdivisions. Such policy shall be subject to review and approval of the Commission and shall include an Estimated Average Cost Differential, if any, and shall state the basis upon which the utility will provide underground service and its method for recovering the difference in cost of an underground system and an equivalent overhead system from the applicant at the time service is extended. The charges to the applicant shall not be more than the estimated

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difference in cost of an underground system and an equivalent overhead system.

(2) For the purpose of calculating the Estimated Average Cost Differential, cost estimates shall reflect the requirements of Rule 25-6.034, Standards of Construction.

(3)~~(2)~~ On or before October 15~~th~~ of each year each utility shall file with the Commission's Division of Economic Regulation Form PSC/ECR 13-E, Schedule 1, using current material and labor costs. If the cost differential as calculated in Schedule 1 varies from the Commission-approved differential by plus or minus 10 percent or more, the utility shall file a written policy and supporting data and analyses as prescribed in subsections (1), (4~~3~~) and (54) of this rule on or before April 1 of the following year; however, each utility shall file a written policy and supporting data and analyses at least once every 3 ~~three~~ years.

(4)~~(3)~~ Differences in Net Present Value of operational ~~operating and maintenance~~ costs, including average historical storm restoration costs over the life of the facilities, between underground and overhead systems, if any, shall ~~may~~ be taken into consideration in determining the overall Estimated Average Cost Differential. Each utility shall establish sufficient record keeping and accounting measures to separately identify operating and maintenance costs for underground and overhead facilities, including storm related costs.

(5)~~(4)~~ Detailed supporting data and analyses used to determine the Estimated Average Cost Differential for underground and overhead distribution systems shall be concurrently filed by the utility with the Commission and shall be updated using cost data developed from the most recent 12-month period. The utility shall record these data and analyses on Form PSC/ECR 13-E (10/97). Form PSC/ECR 13-E, entitled "Overhead/Underground Residential Differential Cost Data" is incorporated by reference into this rule and may be obtained from the Division of Economic Regulation, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, (850) 413-6900.

(6)~~(5)~~ Service for a new multiple-occupancy building shall be constructed

underground within the property to be served to the point of delivery at or near the building by the utility at no charge to the applicant, provided the utility is free to construct its service extension or extensions in the most economical manner.

(7)~~(6)~~ T he recovery of the cost differential as filed by the utility and approved by the Commission may not be waived or refunded unless it is mutually agreed by the applicant and the utility that the applicant will perform certain work as defined in the utility's tariff, in which case the applicant shall receive a credit. Provision for the credit shall be set forth in the utility's tariff rules and regulations, and shall be no more in amount than the total charges applicable.

(8)~~(7)~~ The difference in cost as determined by the utility in accordance with its tariff shall be based on full use of the subdivision for building lots or multiple-occupancy buildings. If any given subdivision is designed to include large open areas, the utility or the applicant may refer the matter to the Commission for a special ruling as provided under Rule 25-6.083, F.A.C.

(9)~~(8)~~ The utility shall not be obligated to install any facilities within a subdivision until satisfactory arrangements for the construction of facilities and payment of applicable charges, if any, have been completed between the applicant and the utility by written agreement. A standard agreement form shall be filed with the company's tariff.

(10)~~(9)~~ Nothing in this rule ~~herein contained~~ shall be construed to prevent any utility from waiving ~~assuming~~ all or any portion of a cost differential for ~~of~~ providing underground facilities. ~~distribution systems, provided, however, that such assumed cost differential shall not be chargeable to the general body of rate payers, and any such policy adopted by a utility shall have uniform application throughout its service area.~~ If, however, the utility waives the differential, the utility shall reduce net plant in service as though the differential had been collected unless the Commission determines that there is a quantifiable benefit to the general

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body of ratepayers commensurate with the waived differential.

Specific Authority 366.04(2)(f), 366.05(1) FS.

Law Implemented 366.03, 366.04(1), (4), 366.04(2)(f), 366.06(1) FS.

History–New 4-10-71, Amended 4-13-80, 2-12-84, Formerly 25-6.78, Amended 10-29-97, .

PART VII

UNDERGROUND ELECTRIC DISTRIBUTION FACILITY CHARGES

25-6.115 Facility Charges for Conversion of Existing Overhead ~~Providing Underground Facilities of Public~~ Investor-owned Distribution Facilities ~~Excluding New Residential Subdivisions.~~

(1) Each investor-owned ~~public~~ utility shall file a tariff showing the non-refundable deposit amounts for standard applications addressing ~~new construction and~~ the conversion of existing overhead electric distribution facilities to underground facilities ~~excluding new residential subdivisions~~. The tariff shall include the general provisions and terms under which the public utility and applicant may enter into a contract for the purpose of ~~new construction or~~ converting~~sion of~~ existing overhead ~~electric~~ facilities to underground ~~electric~~ facilities. The non-refundable deposit amounts shall be calculated in the same manner as ~~approximate~~ the engineering costs for underground facilities serving each of the following scenarios: urban commercial, urban residential, rural residential, existing low-density single family home subdivision and existing high-density single family home subdivision service areas.

(2) For ~~the~~ purposes of this rule, the applicant is the person or entity requesting the conversion ~~seeking the undergrounding~~ of existing overhead electric distribution facilities to underground facilities. In the instance where a local ordinance requires developers to install

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underground facilities, the developer who actually requests the construction for a specific location is ~~when a developer requests local government development approval, the local government shall not be~~ deemed the applicant for purposes of this rule.

(3) Nothing in the tariff shall prevent the applicant from constructing and installing all or a portion of the underground distribution facilities provided:

(a) s~~S~~uch work meets the investor-owned ~~public~~ utility's construction standards;

(b) t~~T~~he investor-owned ~~public~~ utility will own and maintain the completed distribution facilities; and

(c) s~~S~~uch agreement is not expected to cause the general body of ratepayers to incur additional ~~greater~~ costs.

(4) Nothing in the tariff shall prevent the applicant from requesting a non-binding cost estimate which shall be provided to the applicant free of any charge or fee.

(5) Upon an applicant's request and payment of the deposit amount, an investor-owned ~~public~~ utility shall provide a binding cost estimate for providing underground electric service.

(6) An applicant shall have at least 180 days from the date the estimate is received~~,~~ to enter into a contract with the public utility based on the binding cost estimate. The deposit amount shall be used to reduce the charge as indicated in subsection (7) only when the applicant enters into a contract with the public utility within 180 days from the date the estimate is received by the applicant, unless this period is extended by mutual agreement of the applicant and the utility.

(7) The charge paid by the applicant shall be the charge for the proposed underground facilities as indicated in subsection (8) minus the charge for overhead facilities as indicated in subsection (9) minus the non-refundable deposit amount. The applicant shall not be required to pay an additional amount which exceeds 10 percent of the binding cost estimate.

(8) For the purpose of this rule, the charge for the proposed underground facilities shall include:

(a) t~~T~~he estimated cost of construction of the underground distribution facilities based on the requirements of Rule 25-6.034, Standards of Construction, including the construction cost of the underground service lateral(s) to the meter(s) of the customer(s); and

(b) ~~For conversions,~~ the estimated remaining net book value of the existing facilities to be removed less the estimated net salvage value of the facilities to be removed.

(9) For the purpose of this rule, the charge for overhead facilities shall be the estimated construction cost to build new overhead facilities, including the service drop(s) to the meter(s) of the customer(s). Estimated construction costs shall be based on the requirements of Rule 25-6.034, Standards of Construction.

(10) An applicant requesting ~~to a public utility for~~ construction of underground distribution facilities under this rule may ~~petition~~ challenge the utility's cost estimates ~~the Commission~~ pursuant to Rule 25-22.032, F.A.C.

(11) For purposes of computing the charges required in subsections (8) and (9):

(a) The utility shall include the Net Present Value of operational costs including the average historical storm restoration costs for comparable facilities over the expected life of the facilities.

(b) If the applicant chooses to construct or install all or a part of the requested facilities, all utility costs, including overhead assignments, avoided by the utility due to the applicant assuming responsibility for construction shall be excluded from the costs charged to the customer, or if the full cost has already been paid, credited to the customer. At no time will the costs to the customer be less than zero.

(12) Nothing in this rule shall be construed to prevent any utility from waiving all or any portion of the cost for providing underground facilities. If, however, the utility waives

any charge, the utility shall reduce net plant in service as though those charges had been collected unless the Commission determines that there is quantifiable benefits to the general body of ratepayers commensurate with the waived charge.

(13~~1~~) Nothing in this rule shall be construed to grant any investor-owned electric utility any right, title or interest in real property owned by a local government.

Specific Authority 366.04, 366.05(1) FS.

Law Implemented 366.03, 366.04, 366.05 FS.

History–New 9-21-92, Amended ____.

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State of 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-

DATE: June 7, 2006

TO: Office of General Counsel (Moore)

FROM: Division of Economic Regulation (Hewitt)

RE: Statement of Estimated Regulatory Costs for Proposed Amendments to Rule 25-6.034, F.A.C., Standard of Construction; Rule 25-6.0345, F.A.C., Safety Standards for Construction of New Transmission and Distribution Facilities, Rule 25-6.064, F.A.C., Extension of Facilities; Contributions-in-Aid-of-Construction, Rule 25-6.078, F.A.C., Schedule of Charges, and proposed new Rule 25-6.0341, F.A.C., Location of Utility Facilities, Rule 25-6.0342, F.A.C., Third-Party Attachments Standards and Procedures, and Rule 25-6.0343, F.A.C., Standards of Construction – Municipal Electric Utilities and Rural Electric Cooperatives. Docket No. 060172-EU and 060173-EU

SUMMARY OF THE RULE

The above rules contain the requirements for all electric utilities to construct their electrical systems to a minimum standard which is installed, maintained, and operated in accordance with generally accepted engineering practices. The rules require that utilities must comply with applicable safety standards for transmission and distribution facilities of the National Electrical Safety Code (NESC). The rules also contain the procedures for the calculation of contributions-in-aid-of-construction (CIAC) by customers requesting extension of distribution facilities. The rules contain the schedule for charging a differential cost for providing underground service. Finally, the rules contain the requirement that investor-owned utilities (IOUs) file a tariff for deposit amounts for the conversion of overhead electric to underground facilities.

The proposed rule amendments would add specificity to the broad policy of construction standards and require each IOU to establish its own construction standard for overhead and underground electrical transmission and distribution facilities. Each IOU would also have to establish guidelines and procedures for the application of the extreme wind loading standards to (1) new construction, (2) major planned upgrades and relocation of existing facilities, and (3) targeted critical infrastructure and major thoroughfares. Also, the proposed changes would adopt the NESC as the minimum applicable safety standards for transmission and distribution facilities. Rule changes would establish a uniform procedure to calculate amounts due as CIAC. IOUs would also have to establish a written policy as part of their tariff on the installation of underground electrical distribution facilities in new residential subdivisions and file a tariff for converting overhead to underground facilities.

A new proposed rule would facilitate and encourage the placement of electric distribution facilities in readily accessible locations such as adjacent to public roads and along front edges of properties. Another proposed rule would require IOUs to establish written procedures for attachments by others to the utility's poles. An additional new proposed rule would require municipal and cooperative electric utilities to establish standards of construction for all overhead and underground electrical transmission and distribution facilities to ensure adequate, reliable, and safe electric service.

Other minor changes are also proposed to clarify CIAC calculations, expand the costs included in determining overhead/underground cost differences, and allow waiver of CIAC in certain circumstances.

ESTIMATED NUMBER OF ENTITIES REQUIRED TO COMPLY AND GENERAL DESCRIPTION OF INDIVIDUALS AFFECTED

The five investor owned electric utilities (IOUs), 18 electric cooperatives, and 35 municipally operated companies, would be affected by the proposed rule changes. The electric companies sell electricity to industrial, commercial, and residential customers throughout the state. In addition, cable television companies, incumbent local exchange telephone companies (LECs), as well as any other telecom carriers owning electric utility pole attached equipment, could be indirectly affected by some of the proposed rule changes. As of 2005 there were 10 ILECs, 415 competitive LECs, and 681 Interexchange Telephone Companies (IXCs), and an unknown number of non-PSC regulated telecommunications companies, many of which may have pole attachments.

RULE IMPLEMENTATION AND ENFORCEMENT COST AND IMPACT ON REVENUES FOR THE AGENCY AND OTHER STATE AND LOCAL GOVERNMENT ENTITIES

There would be some implementation and enforcement costs for the Commission as it monitors compliance with the proposed rule changes. The Commission would benefit by the proposed rule amendments from fewer petitions for storm damage relief. There should be no impact on agency revenues and the costs of administering the rules would be covered by existing staff.

There should be no negative impact on other state and local government entities. Those entities should benefit from the improved electrical transmission and distribution system.

ESTIMATED TRANSACTIONAL COSTS TO INDIVIDUALS AND ENTITIES

The IOUs would have significant transactional costs from the proposed rule changes. The four major IOUs reported estimated costs to implement storm hardening programs for their systems to range between $63 million and $193 million. The cost estimates are based on capital additions to pre-2006 capital budget levels and do not include ongoing operation and maintenance costs. However, the additional costs are minor compared to the hundreds of million dollars in damage caused by storms. Other rule changes would have additional costs but estimates are not available at this time.

Municipal and cooperative electrical utilities could also have significant costs but they have not submitted any estimates to the Commission.

Requiring the placement of IOU electric distribution facilities in readily accessible locations would impact non-electric companies that attach their equipment on utility poles. There have been no estimates submitted that would indicate the magnitude of the impact.

The IOUs and others would benefit from strengthening of their facilities if less damage is incurred and service interruptions are decreased thus lessening lost revenues.

Electric company customers would benefit significantly from the proposed rule changes because the electrical service system should better withstand storms and hurricanes, although the ratepayers may eventually pay for all or some of the additional costs for the upgrades.

IMPACT ON SMALL BUSINESSES, SMALL CITIES, OR SMALL COUNTIES

There should be a net positive impact on small businesses, cities, and counties with improved storm hardened electrical system facilities. The cost of the improvements may be born by ratepayers, stockholders, or some combination, depending on the funding means chosen but should be more than offset by the positive economic impact from fewer and less widespread outages.

CH:kb
cc: Mary Andrews Bane
Chuck Hill
Bob Trapp
Jim Bremen
Hurd Reeves