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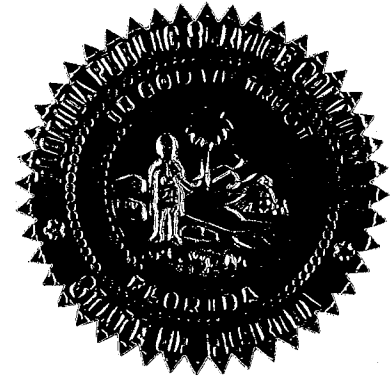
BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 060531-EU

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In the Matter of:  
  
REVIEW OF ALL ELECTRIC UTILITY  
WOODEN POLE INSPECTION PROGRAMS.

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PROCEEDINGS:                   AGENDA CONFERENCE  
  ITEM NO. 7

BEFORE:                           CHAIRMAN LISA POLAK EDGAR  
  COMMISSIONER ISILIO ARRIAGA  
  COMMISSIONER MATTHEW M. CARTER, II  
  COMMISSIONER KATRINA J. TEW  
  COMMISSIONER KENNETH W. LITTLEFIELD

DATE:                               Tuesday, January 9, 2007

PLACE:                             Betty Easley Conference Center  
  Room 148  
  4075 Esplanade Way  
  Tallahassee, Florida

REPORTED BY:                    JANE FAUROT, RPR  
  Official Commission Reporter  
  (850)413-6732

1 PARTICIPATING:

2                   RUSSELL BADDERS, ESQUIRE, representing Gulf Power  
3 Company.

4                   ROSANNE GERVASI, ESQUIRE, and BILL McNULTY,  
5 representing the Florida Public Service Commission Staff.

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CHAIRMAN EDGAR: We are on Item 7.

MR. McNULTY: Good afternoon, Commissioners. Item 7 addresses two issues pertaining to electric utility pole inspections. Issue 1 addresses whether each investor-owned electric utility has adequately addressed the deviations to the requirements identified in Order Number PSC-06-0144-PAA-EI. These deviations all had to do with whether utilities would excavate certain types of wood poles in their inspection process.

Staff recommends that each utility has adequately addressed the deviations at this time. However, staff further recommends that the Commission continue to monitor the utilities' annual reports to determine whether the methods the utilities are using to excavate are acceptable on a going-forward basis as more data becomes available. And that is Issue 1. We can address that now and go to Issue 2 or I can introduce Issue 2, if you like.

CHAIRMAN EDGAR: Go ahead and address Issue 2, please.

MR. McNULTY: Very good. Issue 2 addresses whether additional information should be collected from municipal electric utilities and cooperative electric utilities regarding pole inspection practices. Staff recommends that the Commission should continue to collect data pertaining to those

1 utilities which have inspection methods which deviate from  
2 those approved for the IOUs. Such data will be provided as a  
3 result of a new rule which has been adopted, Rule 25-6.0343,  
4 Subparagraph 4. The first annual reports are due March 1,  
5 2007, and staff recommends that such inspection practices be  
6 monitored in this annual review process.

7 Now, back on Issue 1, staff understands that Russell  
8 Badders with Gulf Power Company is here today to speak on that  
9 particular issue.

10 CHAIRMAN EDGAR: Thank you.

11 Mr. Badders.

12 MR. BADDERS: Thank you. Good afternoon. I am  
13 Russell Badders on behalf of Gulf Power. We just have one  
14 correction that we need to make in the staff recommendation at  
15 Page 7. At Page 7, Line 4 through Line 8, there is a  
16 discussion about legal liability for pole failure. This  
17 information is based on information provided by Gulf Power to  
18 the staff. Since the time the recommendation came out, we have  
19 discovered that there is an error in the information that we  
20 provided and that this section should probably just be removed.  
21 In our discussions with staff since that time, they told us  
22 this is not a key vital component to the recommendation. It  
23 was basically just further information. Given that, we fully  
24 support staff's position on this issue.

25 CHAIRMAN EDGAR: Thank you, Mr. Badders.

1 Mr. McNulty, any further comment in response?

2 MR. McNULTY: No further comment. I think that the  
3 main of staff's recommendation on this portion of the  
4 recommendation would be contained in the previous two  
5 paragraphs providing the justification for why we think that  
6 Gulf Power's plan for excavating seems reasonable to us at this  
7 time.

8 CHAIRMAN EDGAR: Thank you.

9 Commissioners, any questions for our staff or for Mr.  
10 Badders?

11 Commissioner Arriaga.

12 COMMISSIONER ARRIAGA: Staff, I understand you are  
13 approving your finding in compliance what the companies are  
14 indicating that their methodology will be about. What are you  
15 basing your analysis on to assure us that that is the proper  
16 way to go?

17 MR. McNULTY: Commissioner, are you speaking  
18 specifically of Gulf Power or of each of the utilities?

19 COMMISSIONER ARRIAGA: I think, in general, the four  
20 utilities.

21 MR. McNULTY: Well, one of the things that was a  
22 common theme throughout the excavation requirements response  
23 that we received from the utilities was that they were going to  
24 be looking statistically at -- for those utilities who decided  
25 not to do a full inspection or a full excavation, which some

1 decided to do the full excavation and some decided not to. For  
2 those who decided not to, they did say, basically, that they  
3 would be statistically sampling their population of the poles  
4 in question, whether it be, you know, CCA poles under 15 years  
5 or 20 years or what have you, and looking at those poles and  
6 providing that information and data to us so that we can know  
7 whether or not their claim, which is to say that these poles do  
8 not decay to the point of needing replacement, is valid or not.  
9 And so we will be looking at that and looking at that data that  
10 will be provided in March.

11 COMMISSIONER ARRIAGA: So technically you find that  
12 this procedure they are proposing is acceptable to staff and  
13 you are recommending that we adopt it?

14 MR. McNULTY: Yes.

15 COMMISSIONER ARRIAGA: Okay. Thanks.

16 CHAIRMAN EDGAR: Commissioners, further questions or  
17 comments? Seeing none.

18 COMMISSIONER CARTER: Move staff.

19 COMMISSIONER TEW: Second.

20 CHAIRMAN EDGAR: Okay. We have a motion and a second  
21 in favor of the staff recommendation. Any further discussion?

22 COMMISSIONER ARRIAGA: One question.

23 CHAIRMAN EDGAR: Commissioner Arriaga.

24 COMMISSIONER ARRIAGA: Issue 1 only or both issues?

25 CHAIRMAN EDGAR: My understanding was that the motion

1 included the entire item, which would be all of the issues  
2 before us. But if you have a question about either one, we can  
3 address that now.

4 COMMISSIONER ARRIAGA: Thank you. On Issue 2,  
5 please.

6 CHAIRMAN EDGAR: You may ask a question on Issue 2.

7 COMMISSIONER ARRIAGA: In your conclusions on Page  
8 12, first paragraph, how do you intend to monitor the progress  
9 made by the municipalities and co-ops in this process?

10 MR. McNULTY: Well, Commissioner, the rule, the new  
11 rule that was adopted last month, basically provides that the  
12 utilities will be providing a good bit of information about  
13 their wood pole inspections. And we will be looking at pole  
14 failures and such, and we feel as though it would be  
15 appropriate at this time for those utilities who have not come  
16 into what we would say -- not eliminate all such deviations  
17 that apply to the IOUs, for those who have not removed those  
18 deviations from their going-forward plans, we can analyze what  
19 the data is telling us there and what they are reporting and  
20 ask questions. I think the door is open there for us to ask  
21 questions of the municipal and the cooperative electric  
22 utilities to understand whether or not areas where they are  
23 having those deviations, whether or not that represents a  
24 concern in terms of reliability.

25 COMMISSIONER ARRIAGA: And at that time which I

1 believe is March this year.

2 MR. McNULTY: Yes.

3 COMMISSIONER ARRIAGA: At that time we will be able  
4 to look at some of the data?

5 MR. McNULTY: The staff will have that data, and it  
6 is my understanding that to the extent that there is something  
7 that comes out of that data that is of a concern, it will be  
8 staff's responsibility to bring that to you.

9 COMMISSIONER ARRIAGA: All right. Thank you so much.

10 CHAIRMAN EDGAR: Okay. There is a motion and a  
11 second. Is there further discussion? Seeing none, all in  
12 favor of the motion say aye.

13 (Unanimous affirmative vote.)

14 CHAIRMAN EDGAR: Opposed?

15 Show it adopted.

16 MS. GERVASI: Chairman, just to be sure, the  
17 recommendation was moved and that includes removing the  
18 language that Mr. Badders identified?

19 CHAIRMAN EDGAR: That is my understanding. And, yes,  
20 that is our understanding.

21 MS. GERVASI: Thank you.

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CERTIFICATE OF REPORTER

I, JANE FAUROT, RPR, Chief, Office of Hearing Reporter Services, FPSC Division of Commission Clerk and Administrative Services, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 16th DAY OF JANUARY, 2007.

  
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JANE FAUROT, RPR  
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FPSC Division of Commission Clerk and  
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