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Sent: Friday, May 25, 2007 3:58 PM
To: Jeffrey Stone; Russell Badders; Adam Teitzman; Filings@psc.state.fl.us; H. Mann; Keino Young; Lorena Holley; Susan Ritenour; Schef Wright
Subject: Electronic Filing - Docket 070299-EI
Attachments: PCB.Comments on Gulf's Storm Hardening Plan.5-25-07.doc

a. Person responsible for this electronic filing:

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b. Docket No. 070299-EI

In Re: Petition for Approval of Gulf Power Company's Storm Hardening Plan Pursuant to Rule 25-6.0342, F.A.C.

c. Document being filed on behalf of the City of Panama City Beach, Florida and the Panama City Beach Community Redevelopment Agency.

d. There are a total of 7 pages.

e. The document attached for electronic filing is Preliminary Comments of the City of Panama City Beach, Florida and the Panama City Beach Community Redevelopment Agency.

(see attached file: PCB.Comments on Gulf's Storm Hardening Plan.5-25-07.doc)

Thank you for your attention and assistance in this matter.

Rhonda Dulgar
 Secretary to Schef Wright
 Phone: 850-222-7206
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FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for Approval of Gulf)
Power Company's Storm Hardening Plan) DOCKET NO. 070299-EI
Pursuant to Rule 25-6.0342, F.A.C.) FILED: MAY 25, 2007
_____)

PRELIMINARY COMMENTS OF THE CITY OF PANAMA CITY BEACH, FLORIDA
AND THE PANAMA CITY BEACH COMMUNITY REDEVELOPMENT AGENCY

Pursuant to the May 14, 2007 memorandum from the Commission's Staff Counsel and also pursuant to the case schedule established for this docket, the City of Panama City Beach, Florida and the Panama City Beach Community Redevelopment Agency hereby submit these preliminary comments regarding Gulf Power Company's ("Gulf") proposed Storm Hardening Plan (the "Plan") filed in this docket on May 7, 2007.

BACKGROUND

The City of Panama City Beach, Florida ("City" or "Panama City Beach") is a coastal city located in Bay County, Florida, with a permanent population of more than 7,000 persons and many visitors year-round. Panama City Beach owns and operates numerous municipal facilities and lighting equipment, for all of which the City purchases electric service from Gulf. The Panama City Beach Community Redevelopment Agency (the "CRA") is a public body corporate and politic under Chapter 163, Part III, Florida Statutes. Pursuant to the Front Beach Road Community Redevelopment Plan duly adopted pursuant to Chapter 163, Part III, Florida Statutes, the City and the CRA are considering

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numerous projects that will convert existing overhead ("OH") electric distribution facilities to underground ("UG") facilities. Accordingly, the City and the CRA have direct interests in Gulf's Storm Hardening Plan and in how Gulf's Plan will affect the calculation of Contributions in Aid of Construction ("CIACs") for UG conversion projects, such as those being considered by the City.

For many obvious reasons, the City is keenly interested in doing what it can to ensure optimum reliability of its electric and other utility services. In that regard, the City and the CRA are considering numerous projects that will convert existing overhead ("OH") electric distribution facilities to underground ("UG") facilities. Accordingly, the City and the CRA have direct interests in Gulf's Storm Hardening Plan and in how Gulf's Plan will affect the calculation of Contributions in Aid of Construction ("CIACs") for UG conversion projects, such as those being considered by the City.

COMMENTS

The following comments are, of course, preliminary, and the City and the CRA look forward to continuing their dialogue with Gulf on the issues discussed below. Bearing in mind the preliminary nature of these comments, the City and the CRA offer the following comments and questions.

1. Support for Certain Underground Storm Hardening Elements of Gulf's Plan. Generally, the City and CRA approve of several

aspects of Gulf's proposals relating to "Underground Storm Hardening." In particular, the City and CRA approve of Gulf's policy that underground facilities shall, where practical, be designed and built in the road right-of-way. This will make the installation of UG facilities easier and more cost-effective than installations in easements. In addition, the City and CRA support Gulf's policy of giving consideration to below-grade installation of UG facilities, especially where such installations are made using submersible equipment.

2. Extent of Hardening Contemplated by Gulf's Plan. The City and CRA have some concern that Gulf's Plan only includes hardening of specified targeted facilities, which appear to address a relatively small number of relatively short feeder segments involving a total of approximately 450 poles over the 3 years covered by Gulf's Plan.

3. Impact of Plan on Contributions in Aid of Construction for UG Installations and Conversion Projects. The City and CRA would like to obtain clarification of how Gulf's Storm Hardening Plan will impact the calculation of CIACs for UG conversion projects and possibly for new, greenfield UG installations. Generally, the City and CRA believe that UG facilities are highly desirable for many reasons, including specifically the dramatically greater resilience of UG facilities to high winds. Accordingly, the City and CRA believe that the CIACs for UG installations and conversions should reflect these benefits.

4. Gulf's Plan Should Emphasize Undergrounding as a Hardening Technology. As noted above, UG facilities are much more resilient to high winds than OH facilities, and as such, undergrounding represents a valuable hardening technology. The City and CRA believe that Gulf's Plan should place more emphasis on undergrounding, pursuant to the UG hardening elements of Gulf's Plan, as an overall reliability enhancement and storm hardening measure.

5. Coordinating With Local Governments to Promote Undergrounding. As local government bodies in Gulf's service area, the City and the CRA are prepared to answer one of the questions posed in Gulf's planned survey (Plan at 16-17), namely: "In what areas do you think Gulf Power can improve its coordination with local government?" The City's and CRA's answer is that Gulf can improve coordination by proactively and timely communicating with local governments regarding opportunities to place distribution facilities underground, either in new construction or in connection with road-widening, relocation, upgrade, and similar projects where OH facilities would be replaced anyway. In general, the City has had good relations with Gulf in coordinating undergrounding projects with road-widening projects; the City and CRA offer this comment as an enhancement to Gulf's Plan.

6. Measuring Cost-Effectiveness. The Commission's rules require a discussion of the costs and benefits of each utility's

deployment strategy. Gulf's Plan states that it can't estimate the benefits from its storm hardening initiatives. Plan at 28. The City believes that reasonable data likely exist, either for Gulf specifically or reasonably comparable data that could be applied from other utilities serving similar areas, that would enable Gulf to make reasonable estimates of the benefits of storm hardening measures, including undergrounding. Accordingly, the City and CRA believe that such data should be sought, developed, and used in refining Gulf's plan as soon as practicable, rather than waiting for future storms to produce additional data.

COMMENT REGARDING FUTURE PROCEEDINGS

The City and the CRA look forward to participating in the Commission's proceedings on Gulf's Storm Hardening Plan, and in any related proceedings that affect the City's and CRA's desire and plans to enhance the reliability of its electric system by undergrounding. The undersigned City's and CRA's counsel is given to understand from preliminary discussions with the Commission Staff that the action contemplated for the Commission's June 19 agenda conference is likely to be predominantly procedural in nature, and that it may involve establishing a workshop process in which the City, the CRA, other similarly situated municipalities, Gulf Power, and other affected entities will have the opportunity to discuss and negotiate toward resolution of issues. The City of Panama City

Beach and the Panama City Beach Community Redevelopment Agency would support such an approach and look forward to participating in the process.

CONCLUSION

The City of Panama City Beach and the Panama City Beach Community Redevelopment Agency sincerely appreciate the opportunity to submit these preliminary comments and looks forward to participating in the Commission's proceedings on the critical matter of ensuring optimal reliability for all of Gulf Power's electric customers.

Respectfully submitted this 25th day of May, 2007.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic Mail and U.S. Mail this 25th day of May, 2007, to the following:

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