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Timolyn Henry

From: McPike, Jessica L [EQ] [Jessica.L.Mcpike@Embarq.com]
Sent: Wednesday, May 30, 2007 4:40 PM
To: Filings@psc.state.fl.us
Cc: Susan Masterton; Sandy Khazraee
Subject: Docket No. 070301-EI Embarq's Preliminary Comments on Florida Power & Light's Infrastructure Storm Hardening Plan
Attachments: 070301 Preliminary Comments of Embarq 5.30.2007.doc

Filed on Behalf of: Susan S. Masterton

Counsel
Embarq Florida, Inc.
1313 Blair Stone Road
Tallahassee, FL 32301
Telephone: 850/599-1560
Email: susan.masterton@embarq.com

Docket No. 070301-EI

Title of filing: *Embarq Florida, Inc.'s Preliminary Comments on Florida Power & Light's Infrastructure Storm Hardening Plan*

Filed on behalf of: Susan Masterton

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Jessica L. McPike
Legal Specialist
Law & External Affairs-State External Affairs
EMBARQ Corporation
Voice: 850-599-1563 | Fax: 850-878-0777 | Email: jessica.l.mcpike@embarq.com
Voice | Data | Internet | Wireless | Entertainment

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EMBARQ

Embarq Corporation
Mailstop: FLTLHO0102
1313 Blair Stone Rd.
Tallahassee, FL 32301
EMBARQ.com

June 30, 2007

Ann Cole
Office of Commission Clerk
Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0870

Re: Docket No. 070301-EI; Embarq Florida, Inc.'s Preliminary Comments

Dear Ms. Cole:

Enclosed for filing on behalf of Embarq Florida Inc. are the Embarq's Preliminary Comments on Florida Power & Light's Infrastructure Storm Hardening Plan.

Copies are being served on the parties in this docket pursuant to the attached certificate of service.

If you have any questions regarding this electronic filing, please do not hesitate to call me at 850/599-1560.

Sincerely,

s/Susan S. Masterton
Susan S. Masterton

Enclosure

Susan S. Masterton
COUNSEL
LAW AND EXTERNAL AFFAIRS REGULATORY
Voice: (850) 599-1560
Fax: (850) 878-0777

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FPSC-COMMISSION CLERK

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 30th day of May, 2007, to the following:

Adam Teitzman (*)
H. Mann
Keino Young
Lorena Holley
Florida Public Service Commission
Division of Legal Services
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399

Bill Walker (*)
Florida Power & Light Company
215 South Monroe Street,
Suite 810
Tallahassee, Florida 32301-1850

John T. Butler (*)
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, Florida 33408-0420

s/ Susan S. Masterton
Susan S. Masterton

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Review of 2007 Electric Infrastructure)
Storm Hardening Plan filed pursuant to Rule) DOCKET NO. 070301-EI
25-6.0342, F.A.C., submitted by Florida Power) FILED: MAY 30, 2007
& Light Company)

PRELIMINARY COMMENTS OF EMBARQ – FLORIDA, INC.

Pursuant to the May 14, 2007 memorandum from the Commission's Staff Counsel, Embarq – Florida, Inc. (Embarq) submits these preliminary comments regarding Florida Power & Light Company's ("FP&L") "Electric Infrastructure Storm Hardening Plan" (the "Plan") dated and filed in this docket on May 7, 2007. By filing these comments, Embarq does not waive any objection it might otherwise have the right to make in any formal proceeding related to this docket or other legal or regulatory proceeding.

Embarq has reviewed the plans submitted by four of the five Investor Owned Utilities (IOUs) in this Electric Infrastructure Hardening initiative. The plans were submitted by Florida Power & Light, Progress Energy, Tampa Electric Company and Gulf Power Company. (Embarq contacted Florida Public Utilities Company (FPUC) for a copy of their draft plan but learned that FPUC has requested a rule variance from the Commission and does not yet have a plan to share with the attachers.) Although there are very limited details provided in the plans, Embarq has attempted to develop an anticipated impact based on the information provided. While impacts specific to each plan are provided in the individual comments filed within each IOU's docket, Embarq estimates the total impact to Embarq of these planned hardening initiatives throughout the

combined service territory of the aforementioned IOUs is ten to twenty million dollars during the first three years of the plans. The additional comments following are specific to the FP&L plan.

Embarq reviewed the draft hardening plan provided by FP&L dated March 22 and attended the April 12 meeting in Miami which FP&L held with the interested third party attachers to discuss the draft plans. Embarq requested at the meeting and received a copy of the diskette mailed out by FP&L on April 16. After reviewing the FP&L materials, Embarq provided comments on the plan to FP&L on May 2, 2007. Embarq reiterates and updates those comments below for filing with the Commission.

While FP&L's plan provided some specifics, e.g., the intent to harden the facilities serving Naples Community Hospital and Lee Memorial Hospital in 2007, most of the plan is non-specific. Therefore, in order to respond regarding the impact of this plan on Embarq, certain assumptions were made. If FP&L provides additional details regarding their plan, Embarq will review the revised plan and provide a more targeted estimation of the costs and benefits.

Based on the assumption that FP&L will harden approximately 20% of their poles in the first three years of the plan, Embarq applied that 20% factor times the 41,455 FP&L poles with Embarq attachments in order to arrive at an estimate of the direct and immediate costs to Embarq for hardening during the period 2007 - 2009. Embarq then computed the cost of hardening those approximately 8,300 affected poles based on the formula in the current Joint Use Agreement between FP&L and Embarq and the costs of transferring attachments as well as the costs of existing and new joint use poles. Thus, based on the assumptions Embarq made, the estimated cost to Embarq for hardening the

approximately 8,300 poles in years 2007 through 2009 is \$13,967,200. Furthermore, if 50% of the 41,455 FP&L poles to which Embarq is attached are hardened within the first ten years of the plan, the cost to Embarq would be almost \$35,000,000 for the ten years (2007-2016). These are “worst case” assumptions, provided in the absence of any more specific and definitive plans by FP&L for hardening. While the final plan which FP&L filed with the Commission did not have any additional specific details of work planned, it did indicate that FP&L believes Embarq substantially overestimated the number of poles likely to be hardened during the two time periods discussed. Therefore, Embarq has prepared a second estimated cost impact based on hardening 5% of the poles in the first three years (2007 – 2009) and 20% of the poles in the first ten years (2007 – 2016). Those costs would be \$3,900,000 and \$15,610,000 respectively and are based on hardening 2,054 FP&L poles with Embarq attachments in the first three years and 8,216 FP&L poles with Embarq attachments in the ten year planning horizon. Embarq’s engineers are currently determining the actual cost to Embarq of the hardening of the critical infrastructure to Naples Community Hospital and Lee Memorial Hospital, two specific 2007 hardening initiatives in Embarq’s service territory which FP&L has already completed.

Another concern to Embarq is regarding FP&L’s plans to recover their costs for the storm hardening efforts they are planning to undertake. If FP&L elected to recover a significant portion of the hardening costs through increases in pole attachment fees, the costs to Embarq would be excessive.

FP&L’s plan may benefit Embarq by reducing the amount of damage to our facilities, thereby reducing the number of outages and reducing the time to restore

service. The extent of those benefits will not be known until the next storm and they cannot be readily quantified in dollar savings; however, Embarq does not believe it is likely these benefits will outweigh the costs.

Embarq appreciates the opportunity to submit these comments for the Commission's consideration and looks forward to participating in these proceedings.

Respectfully submitted this 30th day of May, 2007.

S/Susan S. Masterton
Susan S. Masterton
1313 Blairstone Rd, MS: FLTLHO0201
Tallahassee, Florida 32301
(850) 599-1560 Telephone
(850) 878-0777 Facsimile