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Sent: Wednesday, May 30, 2007 4:43 PM
To: Filings@psc.state.fl.us
Cc: Susan Masterton; Sandy Khazraee
Subject: Docket No. 070299 Embarq's Preliminary Comments on Gulf Power Company Infrastructure Storm Hardening Plan
Attachments: 070299 Preliminary Comments of Embarq 5 30 2007 (2).doc

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Filed on Behalf of: Susan S. Masterton

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Filed on behalf of: Susan Masterton

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May 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. 070299-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 Gulf Power Company 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
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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 30th day of May, 2007, to the following:

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s/ Susan S. Masterton
Susan S. Masterton

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Review of 2007 Electric Infrastructure)
Storm Hardening Plan pursuant to Rule) DOCKET NO. 070299-EI
25-6.0342, F.A.C., submitted by Gulf Power) FILED: MAY 30, 2007
Company _____)

PRELIMINARY COMMENTS OF EMBARQ – FLORIDA, INC.

Pursuant to the May 14, 2007 memorandum from the Commission's Staff Counsel, Embarq – Florida, Inc. (Embarq) hereby submits these preliminary comments regarding Gulf Power Company's ("Gulf") proposed Storm Hardening Plan (the "Plan") 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

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during the first three years of the plans. The additional comments following are specific to the Gulf plan.

Embarq reviewed the three draft Storm Hardening Plans provided by Gulf from March 29, 2007 to April 19, 2007 and used those plans as the basis for the comments Embarq provided to Gulf on May 2, 2007. Embarq has also briefly reviewed the version of this plan which Gulf filed with their Petition to the FPSC on May 7, 2007. As further versions of the plan become available with more detailed descriptions of the proposed hardening work, Embarq will review those as well for cost and benefit impact.

Embarq's service territory generally overlaps Gulf's service territory in Okaloosa, Walton, Holmes and Jackson counties. Although Gulf's plan did not include specific geographic / location information regarding the proposed hardening projects, the plan does indicate that in the first three years, 450 joint-use poles will be replaced due to proposed critical infrastructure hardening projects and another 1,500 joint-use poles will be replaced as part of the strength assessments planned. In Embarq's May 2, 2007 comments to Gulf, Embarq assumed that all 1,950 impacted poles would have Embarq attachments. Assuming a cost of \$200 per pole for transfer of attachments to the new poles, Embarq estimated its direct cost of the Gulf plan at \$390,000. In reviewing the "Gulf Power District Service Areas" Map in Appendix 1 of the current plan, Embarq now believes that a closer approximation might be that 50% of those 1,950 poles would have Embarq attachments. Therefore, the direct cost to Embarq to transfer attachments to the new poles for plan years 2007 – 2009 would be approximately \$195,000.

Embarq's initial comments also stated that it appeared Gulf desired to make changes to the pole attachment agreements as part of this process. Specifically, Embarq was concerned that Gulf desired to increase the amount of time taken to review requests by third party attachers from the current 10 days to 45 days. Such a change could cause delays in Embarq's provisioning of service to its customers and potentially increase Embarq's costs. In Section 11.0 of Gulf's plan, they indicated that several elements will be revised in Gulf's approach to attachments made to its poles in order to provide better storm hardening for the future. Embarq's concerns remain regarding what specific revisions Gulf has in mind. More specific information will be needed before Embarq is able to provide any impact analysis.

Finally, another potential cost to Embarq which may not be as immediate or as direct as that of the cost of transferring attachments would be increases in pole attachment fees charged by Gulf as a result of their hardening efforts. Embarq has not seen any discussion or quantification of that to date.

Gulf's Plan may benefit Embarq by reducing the amount of damage to our facilities, thereby reducing the number of customer outages and reducing the time to restore service. The extent of these benefits will not be known until the next storm and they cannot be readily quantified in dollar savings; however, Embarq does not believe that it is likely these benefits will outweigh the costs.

Embarq appreciates the opportunity to submit these preliminary comments and looks forward to participating in the Commission's proceedings on this important topic of electric hardening.

Respectfully submitted this 30th day of May, 2007.

S/Susan S. Masterton

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