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-M-E-M-O-R-A-N-D-U-M-

DATE: May 8, 2008

TO: Office of Commission Clerk (Cole)

FROM: Division of Economic Regulation (Baxter, Ballinger, Garf)
Office of the General Counsel (Brybaker, Young) *SB KCF*

RE: Docket No. 080200-EI – Petition to modify tariff sheet No. 4.010 regarding underground commercial and industrial services by Progress Energy Florida, Inc.

AGENDA: 05/20/08 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Lisa Polak Edgar

CRITICAL DATES: 06/03/08 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\080200.RCM.DOC

Case Background

In December of 2007, staff received a complaint from the City of St. Petersburg, Complaint Number 764779C, that Progress Energy Florida, Inc. (PEF) would not replace a commercial underground secondary electric line that PEF had installed in Maximo Park, a park owned by the City of St. Petersburg.

On April 11, 2008, staff received a complaint from a Mr. Mike Handley, Complaint Number 774800C, representing himself and four customers who had spent sums of money to upgrade and repair underground electric services after PEF informed them that the repairs would not be performed by the Company.

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In discussions with the Company, PEF indicated that it had ceased installing underground electric lines for commercial and industrial customers in the mid 1990's. Commercial and industrial customers wishing to receive underground electric service would have to install their own lines and facilities, subject to PEF approval. Further discussions with the company revealed that this change was made through alterations to PEF's Requirements for Electric Service and Meter Installations handbook, which is a supplemental appendix to its tariff that was submitted by PEF but not formally reviewed by the Commission or Commission staff.

On July 13, 2007, PEF filed a new version of its Requirements for Electric Service and Meter Installations handbook which added language in Section III, Part D3, subpart d, stating that existing commercial and industrial underground electric services would not be maintained. PEF stated that this change was made to bring clarity to its previous statement that the Company would not install new commercial and industrial underground electric service.

On April 4, 2008, PEF, in response to staff requests, filed a revised tariff sheet to bring the Company's requirements for installation of commercial underground services into conformity with changes made to PEF's Requirements for Electric Service and Meter Installations handbook.

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 suspend Progress Energy Florida, Inc.'s (PEF) petition to modify tariff sheet No. 4.010 regarding underground commercial and industrial services?

Recommendation: Yes. (Baxter)

Staff Analysis: On April 4, 2008, Progress Energy Florida, Inc. (PEF) filed a petition for Commission approval of revisions to the installation of commercial and industrial underground services. Staff is recommending that the tariff be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission an informed recommendation on the tariff proposal.

Pursuant to section 366.06(3), Florida Statutes, the Commission may withhold consent to the operation of all or any portion of a new rate schedule, delivering to the utility requesting such increase a reason or written statement of good cause for doing so within 60 days. Staff believes that the reason stated above is good cause consistent with the requirement of Section 366.06(3), Florida Statutes.

Issue 2: Should this docket be closed?

Recommendation: No. (Brubaker, Young)

Staff Analysis: This docket should remain open pending the Commission vote on the proposed tariff revision.