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December 19, 2008

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COMMISSION
CLERK

Ms. Ann Cole, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: *Petition to Modify Tariff Sheet Nos. 4.113 and 4.122 Regarding Conversion of
and Construction of Underground Residential Facilities; Docket No. 080719*

Dear Ms. Cole:

Please find enclosed for filing on behalf of Progress Energy Florida, Inc. the original and seven (7) copies of its petition to modify Tariff Sheet Nos. 4.113 and 4.122 regarding conversion of and construction of underground residential facilities.

Thank you for your assistance in this matter. Should have any questions, please feel free to contact me at (727) 820-5184.

Sincerely,

John T. Burnett lms
John T. Burnett

JTB/lms
Enclosures

COM	_____
ECR	_____ * Tariff forwarded
GCL	_____
OPC	_____
RCP	_____
SSC	_____
SGA	_____
ADM	_____
CLK	_____ Nonref

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition to Modify Tariff Sheet Nos.)
4.113 and 4.122 Regarding Conversion of)
and Construction of Underground Residential)
Facilities.)

Docket No. _____

Filed: December 19, 2008

PETITION TO MODIFY TARIFF SHEET NOS. 4.113 and 4.122

Progress Energy Florida, Inc. ("PEF") hereby petitions this Commission for approval of modifications to PEF's Tariff Sheet Nos. 4.113 and 4.122 regarding conversion of existing overhead facilities to underground and construction of new underground residential facilities. In support of this Petition, PEF states as follows:

1. PEF is a public utility subject to the jurisdiction of the Commission under Chapter 366, Florida Statutes. PEF's General Offices are located at 299 First Avenue North, St. Petersburg, FL 33701.

2. All notices, pleadings and other communications required to be served on petitioner should be directed to:

John T. Burnett, Esquire
Post Office Box 14042
St. Petersburg, FL 33733-4042
Telephone: (727) 820-5 184
Facsimile: (727) 820-5249

For express deliveries by private courier, the address is:

299 First Avenue North
Suite PEF-151
St. Petersburg, FL 33701

3. In Order No. PSC-08-0786-TRF-EI, dated December 2, 2008, the Commission directed PEF to refile its underground residential distribution ("URD") tariff

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

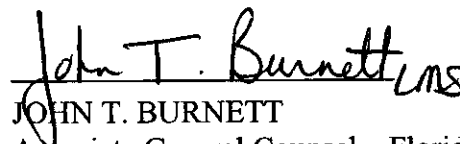
to include in its differentials lost pole attachment revenue. Lost pole attachment revenue refers to the revenue that PEF would receive from third-party attachments on facilities (poles) installed overhead. When facilities are installed underground, PEF does not receive revenues from third-party attachments. Accordingly, PEF has recalculated its URD differentials including consideration for lost pole attachment revenues and has revised its Tariff Sheet No. 4.113. Exhibit A and Exhibit B include the revised tariff sheets in legislative and clean formats, respectively.

4. In accordance with Commission Rule 25-6.115, F.A.C., titled "Conversion of Existing Overhead Investor-owned Distribution Facilities", PEF is required to include in its tariff for conversions, the net present value of the lifecycle operational costs including storm restoration ("NPV lifecycle costs"). In Docket No. 080186-EI, PEF filed revisions to its URD tariff which (along with current cost data) for the *first time* included the NPV lifecycle costs. In Order No. PSC-08-0786-TRF-EI, dated December 2, 2008, the Commission approved PEF's methodology for calculating the NPV lifecycle cost, with the exception of the change for inclusion of pole attachment revenues referred to in paragraph 3 above. Pursuant to the approval of the PEF's methodology with the one modification, PEF is requesting approval of revisions to Tariff Sheet No. 4.122 to include the NPV lifecycle costs for conversions of existing overhead facilities to underground. PEF has included the NPV lifecycle costs as modified by the Commission and filed for approval in this petition for the URD tariff. Exhibit A and Exhibit B include the revised tariff sheets in legislative and clean formats, respectively.

5. In this petition, PEF requests that Tariff Sheets No. 4.113 and 4.122 be approved as revised in the manner set forth in Exhibits A and B hereto.

WHEREFORE, PEF respectfully requests the Commission approve this Petition and the modifications to Tariff Sheet Nos. 4.113 and 4.122 as set forth in Exhibits A and B attached hereto.

Respectfully submitted,

ms

JOHN T. BURNETT
Associate General Counsel – Florida
PROGRESS ENERGY SERVICE COMPANY, LLC
299 First Avenue North
St. Petersburg, FL 33701

Attorney for
PROGRESS ENERGY FLORIDA, INC.

Composite Exhibit A

Revised Tariff Sheets 4.113 & 4.122

(Legislative version)

(2) Contribution by Applicant:

(a) Schedule of Charges:

Company standard design underground residential distribution 120/240 volt single-phase service (see also Part 11.03(7)):

To subdivisions with a density of 1.0 or more but less than six (6) dwelling units per acre \$648524.00 per dwelling unit

To subdivisions with a density of six (6) or more dwelling units per acre \$529465.00 per dwelling unit

To subdivisions with a density of six (6) or more dwelling units per acre taking service at ganged meter pedestals \$307245.00 per dwelling unit

To multi-occupancy buildings..... See Part 11.06(2)

(b) The above costs are based upon arrangements that will permit serving the local underground distribution system within the subdivision from overhead feeder mains. If feeder mains within the subdivision are deemed necessary by the Company to provide and/or maintain adequate service and are required by the Applicant or a governmental agency to be installed underground, the Applicant shall pay the Company the average differential cost between such underground feeder mains within the subdivision and equivalent overhead feeder mains as follows:

Three-phase primary main or feeder charge per trench-foot within subdivision:

(U.G. - Underground, O.H. - Overhead)

#1/0 AWG U.G. vs. #1/0 AWG O.H..... \$5.61 per foot

500 MCM U.G. vs. 336 MCM O.H..... \$10.15 per foot

1000 MCM U.G. vs. 795 MCM O.H..... \$14.40 per foot

The above costs are based on underground feeder construction using the direct burial method. If conduit is required, the following additional charge(s) will apply:

2 inch conduit	\$1.55 per foot
4 inch conduit	\$3.21 per foot
6 inch conduit	\$5.01 per foot
Cable pulling – single phase	\$1.83 per foot
Cable pulling – 3 phase small wire	\$1.98 per foot
Cable pulling – 3 phase feeder	\$2.56 per foot

The above costs do not require the use of pad-mounted switchgear(s), terminal pole(s), pull boxes or feeder splices. If such facilities are required, a differential cost for same will be determined by the Company on an individual basis and added to charges determined above.

(c) Credits (not to exceed the "average differential costs" stated above) will be allowed where, by mutual agreement, the Applicant provides trenching and backfilling for the use of the Company's facilities in lieu of a portion of the cash payment described above. These credits, based on the Company's design drawings, are:

Primary and/or Secondary Systems,
 for each Foot of Trench..... \$2.35

Service Laterals,
 for each Foot of Trench..... \$2.35

12.05 CONSTRUCTION CONTRACT:**(1) GENERAL:**

Upon acceptance by the Applicant of the binding cost estimate, the Applicant shall execute a contract with the Company to perform the construction of the underground distribution facilities. The contract shall specify the type and character of system to be provided; establish the Facility Charge to be paid by Applicant prior to commencement of construction; specify details of construction to be performed by Applicant, if any; and address any other pertinent terms and conditions including those described in Part (4) below.

(2) FACILITY CHARGE:

Charge = Remaining net book value of existing overhead facilities to be removed;

plus, removal cost of existing overhead facilities;

minus, salvage value of existing overhead facilities;

plus, estimated construction cost of underground facilities including underground service laterals to residential customers meters or point of delivery for general service customers;

minus, estimated construction cost of overhead facilities including overhead service drops to customers' meters;

minus, qualifying binding cost estimate fee.

Plus, \$13,106 per mile, (or \$2.48 per foot) of the existing overhead facilities. This represents the net present value of the lifecycle operational costs differential including storm restoration.

(3) CONSTRUCTION BY APPLICANT:

If agreed upon by both the Applicant and the Company, the Applicant may construct or install portions of the underground system as long as such work meets the Company's engineering and construction standards. The Company will own and maintain the completed distribution facilities upon accepting the system as operational. The type of system provided will be determined by the Company's standards.

Any facilities provided by the Applicant will be inspected by Company inspectors prior to acceptance. Any deficiencies discovered as a result of these inspections will be corrected by the Applicant at his sole expense, including the costs incurred by performing the inspections. Corrections must be made in a timely manner by the Applicant, otherwise the Company will undertake the correction and bill the Applicant for all costs of such correction. These costs shall be additional to the original binding estimate.

Composite Exhibit B

Revised Tariff Sheets 4.113 & 4.122

(Clean copy)

(2) Contribution by Applicant:

(a) Schedule of Charges:

Company standard design underground residential distribution 120/240 volt single-phase service (see also Part 11.03(7)):

To subdivisions with a density of 1.0 or more but less than six (6) dwelling units per acre \$648.00 per dwelling unit

To subdivisions with a density of six (6) or more dwelling units per acre \$529.00 per dwelling unit

To subdivisions with a density of six (6) or more dwelling units per acre taking service at ganged meter pedestals \$307.00 per dwelling unit

To multi-occupancy buildings..... See Part 11.06(2)

(b) The above costs are based upon arrangements that will permit serving the local underground distribution system within the subdivision from overhead feeder mains. If feeder mains within the subdivision are deemed necessary by the Company to provide and/or maintain adequate service and are required by the Applicant or a governmental agency to be installed underground, the Applicant shall pay the Company the average differential cost between such underground feeder mains within the subdivision and equivalent overhead feeder mains as follows:

Three-phase primary main or feeder charge per trench-foot within subdivision:

(U.G. - Underground, O.H. - Overhead)

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1000 MCM U.G. vs. 795 MCM O.H. \$14.40 per foot

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Cable pulling – 3 phase small wire	\$1.98 per foot
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(c) Credits (not to exceed the "average differential costs" stated above) will be allowed where, by mutual agreement, the Applicant provides trenching and backfilling for the use of the Company's facilities in lieu of a portion of the cash payment described above. These credits, based on the Company's design drawings, are:

Primary and/or Secondary Systems,
 for each Foot of Trench..... \$2.35

Service Laterals,
 for each Foot of Trench..... \$2.35

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Upon acceptance by the Applicant of the binding cost estimate, the Applicant shall execute a contract with the Company to perform the construction of the underground distribution facilities. The contract shall specify the type and character of system to be provided; establish the Facility Charge to be paid by Applicant prior to commencement of construction; specify details of construction to be performed by Applicant, if any; and address any other pertinent terms and conditions including those described in Part (4) below.

(2) FACILITY CHARGE:

Charge = Remaining net book value of existing overhead facilities to be removed;

 plus, removal cost of existing overhead facilities;

 minus, salvage value of existing overhead facilities;

 plus, estimated construction cost of underground facilities including underground service laterals to residential customers meters or point of delivery for general service customers;

 minus, estimated construction cost of overhead facilities including overhead service drops to customers' meters;

 minus, qualifying binding cost estimate fee.

 Plus, \$13,106 per mile, (or \$2.48 per foot) of the existing overhead facilities. This represents the net present value of the lifecycle operational costs differential including storm restoration.

(3) CONSTRUCTION BY APPLICANT:

If agreed upon by both the Applicant and the Company, the Applicant may construct or install portions of the underground system as long as such work meets the Company's engineering and construction standards. The Company will own and maintain the completed distribution facilities upon accepting the system as operational. The type of system provided will be determined by the Company's standards.

Any facilities provided by the Applicant will be inspected by Company inspectors prior to acceptance. Any deficiencies discovered as a result of these inspections will be corrected by the Applicant at his sole expense, including the costs incurred by performing the inspections. Corrections must be made in a timely manner by the Applicant, otherwise the Company will undertake the correction and bill the Applicant for all costs of such correction. These costs shall be additional to the original binding estimate.

Composite Exhibit C

Supporting Schedules

**PROGRESS ENERGY FLORIDA
OVERHEAD/UNDERGROUND RESIDENTIAL COST ESTIMATE**

OVERHEAD vs. UNDERGROUND SUMMARY SHEET

SCHEDULE NO. 1

**LOW DENSITY 210 LOT SUBDIVISION
COST PER SERVICE LATERALS**

Revised 12/19/2008

ITEM	OVERHEAD	UNDERGROUND	DIFFERENTIAL
Labor	359	692	333
Material	415	599	184
SUB TOTAL	774	1291	517
NPV of Life Cycle Operational Cost including Storm Restoration and Lost Pole Attachment Revenue			131
Total including NPV of Life Cycle Cost			648

**FLORIDA POWER CORPORATION
OVERHEAD/UNDERGROUND RESIDENTIAL COST ESTIMATE**

OVERHEAD vs. UNDERGROUND SUMMARY SHEET

SCHEDULE NO. 5

**HIGH DENSITY 176 LOT SUBDIVISION
COMPANY OWNED SERVICE LATERALS
COST PER SERVICE LATERAL**

Revised 12/19/2008

ITEM	OVERHEAD	UNDERGROUND	DIFFERENTIAL
Labor	257	524	267
Material	294	391	97
SUB TOTAL	551	915	364
NPV of Life Cycle Operational Cost including Storm Restoration and Lost Pole Attachment Revenue			165
Total including NPV of Life Cycle Cost			529

FLORIDA POWER CORPORATION
OVERHEAD/UNDERGROUND RESIDENTIAL COST ESTIMATE

OVERHEAD vs. UNDERGROUND SUMMARY SHEET

SCHEDULE NO. 8

*HIGH DENSITY 176 LOT SUBDIVISION
GANGED METERS
COST PER SERVICE*

Revised 12/19/2008

ITEM	OVERHEAD	UNDERGROUND	DIFFERENTIAL
Labor	170	249	79
Material	267	307	40
SUB TOTAL	437	556	119
NPV of Life Cycle Operational Cost including Storm Restoration and Lost Pole Attachment Revenue			188
Total including NPV of Life Cycle Cost			307

Progress Energy Florida
 Actuals for 5 Year Period of 2002-2006
 Summary of NPV Life Cycle Costs per mile for Overhead and Underground Distribution
 Revised 12/19/08 for Pole Attachment Revenues

	Including Storm	Excluding Storm	Storm
5 year average OH Unit Costs in 2007 Dollars - Annual	\$ 4,237	\$ 3,575	\$ 662
5 year average UG Unit Costs in 2007 Dollars - Annual	\$ 5,072	\$ 4,902	\$ 170
Differential in 2007 Dollars - OH more (less) than UG	\$ (835)	\$ (1,327)	\$ 492

NPV of 38 Year Life Cycle - Costs per mile

Overhead	\$ 66,510	\$56,119	\$10,390
Underground	\$ 79,616	\$76,946	\$2,670
Differential - OH more (less) than UG	\$ (13,106)	\$ (20,826)	\$ 7,720

ck (0)

NPV Life Cycle Costs - Per Lot Differentials

	OHD	UG			
Low Density					
Feet of Line	19,272	17,920			
Miles of Line	3.65	3.4			
Number of Lots	210	210			
Per Lot - OHD			\$ 1,156	\$ 975	\$ 181
Per Lot - UG			\$ 1,287	\$ 1,244	\$ 43
Per Lot - Differential			\$ 131	\$ 268	\$ (137)
High Density-IND					
Feet of Line	8,290	8,850			
Miles of Line	1.57	1.7			
Number of Lots	176	176			
Per Lot - OHD			\$ 593	\$ 501	\$ 93
Per Lot - UG			\$ 758	\$ 733	\$ 25
Per Lot - Differential			\$ 165	\$ 232	\$ (67)
High Density-GNG					
Feet of Line	7,973	8,850			
Miles of Line	1.51	1.7			
Number of Lots	176	176			
Per Lot - OHD			\$ 571	\$ 481	\$ 89
Per Lot - UG			\$ 758	\$ 733	\$ 25
Per Lot - Differential			\$ 188	\$ 251	\$ (64)