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

DATE: May 7, 2009

TO: Office of Commission Clerk (Cole)

FROM: Division of Economic Regulation (Roberts, Draper, Kummer) *AR FS*
Office of the General Counsel (Jaeger) *OK*
TSB

RE: Docket No. 090173-EI – Request to revise underground residential differential rates by Gulf Power Company.

AGENDA: 05/19/09 – Regular Agenda – Tariff Filing - Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 06/01/09 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\090173.RCM.DOC

Case Background

On April 1, 2009, Gulf Power Company (Gulf) filed a petition for Commission approval of revisions to its Underground Residential Distribution (URD) Tariff Sheet Nos. 4.25, 4.26, 4.26.1, and 4.26.2 and their associated charges. The URD tariffs apply to new residential developments and represent the additional costs Gulf incurs to provide underground distribution service in place of overhead service.

Rule 25-6.078(2), Florida Administrative Code, requires investor-owned electric (IOU) utilities to file updated URD charges for Commission approval at least every three years, or sooner if a utility's underground cost differential for the standard low-density subdivision varies from the last approved charge by 10 percent or more. The rule requires IOUs to file on or before October 15 of each year a schedule showing the increase or decrease in the differential for the

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standard low-density subdivision. On April 1, 2009, Gulf notified the Commission, pursuant to Rule 25-6.078(2), Florida Administrative Code, that its underground cost differential for the standard low-density subdivision varies from the last approved differential by -39 percent. Gulf's current URD charges were approved in 2007.¹ To comply with the 10 percent filing requirement of the rule, Gulf filed its petition.

The Commission has jurisdiction over this matter pursuant to Sections 366.03, 366.04, 366.05, and 366.06, Florida Statutes.

¹ See Order No. PSC-07-0836-TRF-EI, issued October 16, 2007, in Docket No. 070242-EI, In Re: Request for revisions to underground differential, by gulf Power Company.

Discussion of Issues

Issue 1: Should the Commission suspend Gulf's proposed tariff sheets Nos. 4.25, 4.26, 4.26.1, and 4.26.2 regarding construction of underground residential facilities?

Recommendation: Yes. (A. Roberts)

Staff Analysis: 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 with 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 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. This docket should remain open pending the Commission's final decision on the proposed tariff revision. (Jaeger)

Staff Analysis: This docket should remain open pending the Commission's final decision on the proposed tariff revision.