

State of Florida



Public Service Commission

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

DATE: July 6, 2006

TO: Director, Division of the Commission Clerk & Administrative Services (Bayó)

FROM: Division of Competitive Markets & Enforcement (R. Moses, L. Harvey, C. Vinson)
Office of the General Counsel (A. Teitzman)

RE: Docket No. 060077 – Proposal to require local exchange telecommunications companies to implement ten-year wood pole inspection program.

AGENDA: 07/18/06 – Regular Agenda – Decision on Proposal Prior to Hearing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: i:\060077.rcm.doc

Case Background

On February 7, 2006, the Commission approved a staff recommendation in this docket requiring Florida's incumbent local exchange companies to implement wood pole inspection programs based upon an eight-year cycle and requiring the companies to provide annual reporting on pole inspection results. The Commission directed staff to conduct an informal meeting with the parties to discuss the order's requirements and possible alternatives. This meeting was held on February 21, 2006.

On March 1, 2006, the Commission issued Order No. PSC-06-0168-PAA-TL (PAA order.) The order required the companies to file plans for implementing their pole inspection programs. The order also specifically afforded a degree of flexibility in the manner the

companies would implement the order, directing staff to bring before the Commission any plans that materially deviate from its stated requirements.

On March 22, 2006, Verizon and Embarq (formerly Sprint) filed separate protests of the Commission's PAA order requesting formal hearings. The remaining Florida ILECs all filed proposals that complied with the order's requirements. Due to the PAA order's treatment of severability, the protests by Verizon and Embarq did not prevent the PAA from becoming final at the end of the protest period for the other parties.

However, in its protest, Verizon recognized pole inspection as a "worthy goal" and stated its interest in reaching an agreement on an inspection program that would allow the company to withdraw its protest. On April 3, 2006, Verizon filed a wood pole inspection program proposal. Subsequent discussions between staff and Verizon yielded a revised wood pole inspection program proposal. On June 23, 2006, Verizon filed clarifications to the April 3 inspection and maintenance plan. This recommendation proposes that the Commission accept that amended proposal.

Discussion of Issues

Issue 1: Should the Commission approve Verizon's revised wood pole inspection plan (Attachment A)?

Recommendation: Yes. (Moses, Harvey, Vinson)

Staff Analysis: Staff believes the Commission's approval of Verizon's revised wood pole inspection plan is necessary because the current plan differs from the specified requirements of the PAA order.

In its proposals and responses to the PAA, Verizon noted that many of the National Electric Safety Code (NESC) rules regarding pole strength and loadings (e.g. Sections 25 and 26) apply only to Grades B or C construction standards for poles bearing electric distribution and transmission conductors. Poles bearing only telephone facilities are generally subject to Grade N standards, and Verizon notes that NESC requirements "do not specify strength or load factors or limits on deterioration" for Grade N. Therefore, Verizon did not initially propose to conduct scheduled inspections of its Grade N poles on an eight-year cycle.

Joint-use electric and telephone poles are subject to the applicable higher standard, usually Grade B. The Grade B and C NESC requirements were a key basis for staff's original recommendation in favor of Commission-mandated wood pole inspections to determine loss of strength and overload conditions. Under its plan, Verizon proposes to inspect all its joint-use electric and telephone Grade B and C poles.

Variations from the Inspections Plans as Ordered by the Commission

First, rather than scheduled cyclical inspections, Verizon proposes to perform inspections in the course of other work tasks requiring climbing of Grade N poles (also called Business As Usual inspections.) Second, Verizon proposes an alternative to pole excavation during its inspections. The revised Verizon proposal is provided in Attachment A to this recommendation.

Through discussions between the company and staff, Verizon modified its inspection plan to gather data through its routine inspections of Grade N poles as they occur during normal operations. Verizon also enhanced the initial inspection criteria and guidelines used by its field technicians. Before climbing poles in the course of clearing troubles and completing work orders, Verizon technicians will sound and prod poles and, if necessary, refer them for further inspection by specialized personnel. Staff noted that some mid-span poles may not receive Business As Usual inspections. Therefore, in its June 23, 2006 clarifications, Verizon proposed to identify and test a limited sub-set of Grade N poles on an eight-year cycle.

Additionally, Verizon agreed to conduct inspections of separate statistically valid random samples of Grade N poles located in coastal and inland environments. This effort will also provide data for study.

Staff's intent is that the data collected by Verizon on Grade N poles from both the Business As Usual inspections and the statistical sample will provide an objective basis upon which to base a decision about ongoing inspections of Verizon's Grade N poles. Verizon's proposal indicates that the one-time random sampling data collection effort is not part of the ongoing eight-year cycle inspections ordered by the Commission. Staff anticipates that it may be necessary to revisit this issue once the data from these inspections has been collected and analyzed.

The second variation from the order's requirements is Verizon's proposed use of the Resistograph device (manufactured by IML, Inc.) for performing inspections instead of traditional sound and bore with excavation of poles. The order specified excavation of all Southern Pine poles as the means of determining the extent of insect damage, fungal damage or other below-ground deterioration. As a substitute for excavation, the Resistograph's fine-diameter drill bit penetrates all the way through the pole at a 45-degree angle, providing an indication of the pole's condition underground. Due to the small diameter of the drill bit involved with the Resistograph method, Verizon believes this device may be less intrusive and preferable to traditional sound and bore technique. Staff notes that the Resistograph represents new technology that has seen limited application. Still, staff believes the Resistograph to be a reasonable alternative, worthy of consideration for longer term use. As such, staff believes its use should be accepted on an experimental basis.

All other requirements of the PAA order have been met in staff's opinion within Verizon's revised pole inspection program plan. Verizon's pole inspection plan is included in Attachment A, which contains the original *Inspection and Reporting Plan* proposal dated April 3, 2006, and the *Clarification to Verizon's Pole Inspection and Maintenance Plan* dated June 23, 2006.

Staff recommends that Verizon's plan, as modified in Attachment A, should be approved by the Commission as an experimental plan.

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Issue 2: Should this docket be closed?

Recommendation: No. If the Commission accepts staff's recommendation, the docket should remain open pending the resolution Embarq's protest of the PAA order. If the Commission does not approve Issue 1, a hearing track should commence for Verizon. **(Teitzman)**