

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

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

DATE: July 17, 2008

TO: Office of Commission Clerk (Cole)

FROM: Office of Strategic Analysis & Governmental Affairs (Graves, Lewis)
Office of the General Counsel (Hartman)

RE: Docket No. 080219-EI – Joint petition for authority to deviate from requirements of Order PSC-06-0144-PAA-EI regarding CCA wood pole inspections, by Progress Energy Florida, Inc., Florida Power & Light Company, and Tampa Electric Company.

AGENDA: 07/29/08 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\SGA\WP\080219.RCM.DOC

Case Background

On February 27, 2006, the Commission ordered each electric investor-owned utility (IOU) to implement an eight-year wood pole inspection cycle and submit annual reports.¹ The Commission found it appropriate to require each electric IOU to implement an eight-year wood pole inspection program utilizing the sound and bore technique for all wood poles and directed

¹ Order No. PSC-06-0144-PAA-EI issued in Docket No. 060078-EI, In Re: Proposal to Require Investor-Owned Electric Utilities to Implement a Ten-Year Wood Pole Inspection Program.

all utilities to excavate all Southern Pine poles and other pole types as appropriate per Rural Utilities Service (RUS) Bulletin 1730B-121.

On April 15, 2008, Progress Energy Florida, Inc. (PEF), Florida Power and Light Company (FPL), and Tampa Electric Company (TECO) (collectively “utilities”) filed a joint petition seeking the Commission’s approval to deviate from current inspection requirements by discontinuing sounding and boring and excavation of chromated copper arsenate (CCA) poles that are less than 16 years of age. The utilities propose to continue visual inspection as well as overload analysis on all CCA poles regardless of age. Each utility provided data showing that there is a significantly lower rejection rate for CCA poles that are less than 16 years of age when compared to the rejection rates of older CCA poles.

Currently Gulf Power Company (Gulf) is the only utility which has been permitted to deviate from the current CCA pole inspection requirements. In Order No. PSC-06-0778-PAA-EU,² the Commission found that Gulf should not be required to excavate around CCA poles under 15 years of age as part of its wood pole inspection process. Gulf is still required to perform visual inspections as well as sounding on all poles and boring on poles suspected of internal decay. Gulf is also required to augment its inspection program to include full excavation sampling of 1 percent of the CCA poles that would not normally qualify for full excavation.

The Commission has jurisdiction pursuant to Sections 366.04 and 366.05, Florida Statutes.

² Order No. PSC-06-0778-PAA-EU issued in Docket No. 060531-EU, In Re: Review of all Electric Utility Wooden Pole Inspection Programs.

Discussion of Issues

Issue 1: Should PEF, FPL, and TECO be granted authority to deviate from the sounding and boring and excavation requirements of Order No. PSC-06-0144-PAA-EI with regard to CCA wood poles less than 16 years old?

Recommendation: No. Staff does not believe that PEF, FPL, and TECO should be granted approval of the proposed deviation.

Staff recommends that TECO be extended a similar deviation to that which was granted to Gulf in Order No. PSC-06-0778-PAA-EU. Such a deviation will allow for TECO to discontinue full excavation of CCA poles with less than 16 years in service. Consistent with Order No. PSC-06-0778-PAA-EU, TECO should be required to sound and selectively bore CCA poles under the age of 16 years. In order to ensure that more rigorous inspection requirements are not warranted, TECO should also be required to augment its annual inspection program to include full excavation sampling of one percent of the CCA poles that would not normally qualify for full excavation. Data provided by TECO indicates that the aforementioned deviations will not adversely affect safety and reliability additionally TECO expects to realize \$176,000 in annual cost savings as a result of discontinuing excavation.

Staff recommends that PEF and FPL not be granted deviation from current inspection methods at this time. Examination of data provided by these utilities indicates that approval of the requested deviation could adversely affect safety and reliability by allowing defective poles to remain in service or go untreated. (Graves)

Staff Analysis: PEF, FPL, and TECO are requesting deviation from excavation as well as sound and bore for CCA poles 16 years old and younger. In the petition each utility provided data showing that there is a significantly lower rejection rate for CCA poles that are less than 16 years of age when compared to the rejection rates of older CCA poles.

In Order No. PSC-06-0778-PAA-EU, the Commission found that Gulf should not be required to excavate around CCA poles under 15 years of age as part of its wood pole inspection process. Gulf's data indicated that no CCA poles under 15 years of age required replacement, according to the NESC standard for replacement, due to decay. Gulf was still required to perform visual inspections as well as sounding on all poles and boring on poles suspected of internal decay. Gulf was also required to augment its inspection program to include full excavation sampling of one percent of the CCA poles that would not normally qualify for full excavation.

Staff requested additional data to determine if granting the utilities the requested deviations would result in the allowance of potentially defective poles to remain in service or go untreated.

TECO:

Sound and Bore:

Staff does not believe that TECO’s data, illustrated in Table 1 below, supports deviation from the sound and bore inspection method. TECO’s data shows that roughly 44 percent of the failing poles were detected by the sound and bore inspection method as requested in the utilities’ petition. Therefore staff recommends that TECO implement an inspection process similar to the one employed by Gulf which calls for sounding all poles and boring poles suspected of internal decay.

Excavation:

Staff believes that the data presented by TECO supports deviation from the excavation of CCA poles with less than 16 years in service. Staff notes that excavation did not identify any CCA pole failures; thus, staff believes at this time that discontinuing excavation of CCA poles would not allow potentially defective poles to remain in-service or go untreated. Staff also recommends that TECO, like Gulf, augment its inspection process to include full excavation on one percent of the CCA poles that would not normally qualify for full excavation under the proposed inspection method. Staff believes that such sampling is necessary in order to ensure that more rigorous inspection requirements are not warranted. Similar to the data presented by Gulf in Order No. PSC-06-0778-PAA-EU, TECO had no CCA poles less than 16 years old fail as a result of decay.

Table 1

TECO: 2007 Inspection results for CCA Poles Less Than 16 Years Old		
Inspection Technique	No. Failing Inspection	Percent Failed
Visual	9	0.08%
Sound and Bore	7	0.06%
Excavation	0	0.00%
Total	16	0.15%

Total Poles Inspected: 10,883

PEF:

Staff believes that PEF's data, illustrated in Table 2 below, indicates that the utility should continue sound and bore as well as full excavation of all CCA poles regardless of age. PEF's data shows that 90 percent of all failing CCA poles inspected by PEF were identified by either the sound and bore or excavation inspection method. Additionally, unlike Gulf and TECO's inspection results, excavation identified six poles which required replacement due to decay, according to the NESC standard for replacement. Although these failures represent a small portion of the CCA poles inspected in 2007, approval of the requested deviation may allow potentially defective poles to remain in service or go untreated. It is for this reason that staff suggests a conservative approach by recommending that PEF continue sound and bore as well as full excavation of all CCA poles regardless of age.

Table 2

PEF: 2007 Inspection results for CCA Poles Less Than 16 Years Old		
Inspection Technique	No. Failing Inspection	Percent Failed
Visual	1	<0.01%
Sound and Bore	1	<0.01%
Excavation	8	0.03%
Total	10	0.04%

Total Poles Inspected: 28,013

FPL:

Staff believes that FPL's data, illustrated in Table 3 below, indicates that the utility should continue sound and bore as well as full excavation of all CCA poles regardless of age. FPL's data shows that nearly 78 percent of failing CCA poles inspected by FPL were identified by either the sound and bore or excavation inspection method. Additionally unlike Gulf and TECO's inspection results, excavation identified two poles which required replacement due to decay, according to the NESC standard for replacement. Although these failures represent a small portion of the CCA poles inspected in 2007, approval of the requested deviation may allow potentially defective poles to remain in service or go untreated. It is for this reason that staff suggests a conservative approach by recommending that FPL continue sound and bore as well as full excavation of all CCA poles regardless of age.

Table 3

FPL: 2007 Inspection results for CCA Poles Less Than 16 Years Old		
Inspection Technique	No. Failing Inspection	Percent Failed
Visual	10	0.03%
Sound and Bore	7	0.02%
Excavation	28	0.08%
Total	45	0.13%

Total Poles Inspected: 34,856

Conclusion:

Based on the data presented by the utilities staff believes that granting TECO a deviation similar to that granted to Gulf in Order No. PSC-06-0778-PAA-EU would not have an adverse affect on safety and reliability. Staff believes that PEF's and FPL's data, at this time, indicates that those utilities should continue to sound and bore and excavate all CCA poles regardless of age.

RUS Bulletin 1730B-121 states that if the decay rate is low for a particular decay zone or area of the system, the pole-by-pole inspection can be adjusted accordingly. Therefore, staff believes that given the appropriate data, a deviation, similar to that granted to Gulf, may be granted to PEF and FPL for specific regions within their service territories.

Docket No. 080219-EI

Date: July 17, 2008

Issue 2: Should this docket be closed?

Recommendation: If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order. (Hartman)

Staff Analysis: At the conclusion of the protest period, if no protest is filed this docket should be closed upon the issuance of a consummating order.