State of Florida

Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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

DATE: September 4, 2008

TO: Office of Commission Clerk (Cole)

FROM: Office of Strategic Analysis and Governmental Affairs (Graves)
Office of the General Counsel (Young)

RE: Docket No. 080256-EI – Petition to modify wood pole inspection plan by Progress Energy Florida, Inc.

AGENDA: 09/16/08 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Argenziano

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\SGA\WP\080256.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] In that order the Commission required each electric IOU to implement an eight-year wood pole inspection program utilizing the sound and bore technique for all wood poles and directed all utilities to excavate all Southern Pine poles and other pole types as appropriate per Rural Utilities Service (RUS) Bulletin 1730B-121.

[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.

In Order No. PSC-07-0078-PAA-EU the Commission held that excavation is not practical in instances where poles are surrounded by concrete or pavement.[2] However the Commission found that some other kind of inspection methods should be used to ensure that those poles are still safe and reliable. In Order No. PSC-07-0078-PAA-EU, Progress Energy Florida, Inc. (PEF) proposed to implement the use a drilling resistance measuring device (RMD), instead of traditional sound and bore inspection methods, to assess pole integrity for concrete encased poles. The Commission found that this method reasonably addressed its concerns.

On May 7, 2008, PEF filed a petition requesting Commission approval to modify its wood pole inspection plan. PEF's proposed modifications include the traditional sound and bore inspection method as an option when inspecting concrete encased poles. Such a modification will allow PEF the flexibility to use either the traditional sound and bore inspection methods or the RMD on concrete encased poles. This recommendation addresses PEF's petition.

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

[2] Order No. PSC-07-0078-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 Progress Energy Florida, Inc. be granted approval to modify its wood pole inspection plan to allow the flexibility to use either the drilling resistance measuring device (RMD) or the more traditional sound and bore inspection methods on concrete encased poles?

Recommendation: Yes. PEF has demonstrated that the RMD inspection method and the more traditional sound and bore inspection methods provide similar inspection results. Additionally, the proposed modification may result in annual savings of more than $45,000. Therefore staff recommends that PEF be granted the proposed modifications. (Graves)

Staff Analysis: PEF is currently utilizing Osmose Utilities Services, Inc. (Osmose) to perform wood pole inspections. Osmose's inspection process, for concrete encased poles, utilizes traditional sound and bore inspection methods. PEF's current Wood Pole Inspection Plan, however, includes the use of a RMD, instead of the more traditional sound and bore inspection methods, for concrete encased poles.

PEF employed a pilot program to evaluate the effectiveness of the RMD when compared to the inspection process performed by Osmose. The pilot program, which was completed in 2008, sampled 345 poles from PEF's 2007 pole database. The results of PEF's pilot program, summarized in Table 1 below, indicate that the RMD produces similar results to those produced by Osmose's inspection process.

Table 1: Summary of Pole Failures Identified (345 Poles Sampled)

Osmose:	94
RMD:	92

PEF has estimated that, on a per pole basis, the RMD inspection method costs $17.00 more than the traditional sound and bore inspection methods employed by Osmose. PEF's wood pole inspection plan indicates that approximately 2,869 concrete encased poles are inspected each year. Therefore, allowing PEF the flexibility to use the traditional sound and bore inspection could result in an annual savings of more than $45,000.

Conclusion:

Based on the results of PEF's pilot program as well as potential cost savings, staff believes that the proposed modifications will allow PEF the flexibility to perform the least cost inspection without adversely effecting safety and reliability.

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. (Young)

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.