

May 19, 2006
2nd Staff Rule
Development
Workshop

Docket No. 060172-EU

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Re: Proposed amendments to rules regarding overhead electric facilities to allow more stringent construction standards than required by National Electric Safety Code.

Docket No. 060172-EU

Re: Proposed rules governing placement of new electric distribution facilities underground and conversion of existing overhead distribution facilities to underground facilities, to address effects of extreme weather events.

At the February 27, 2006 Internal Affairs, the Commission directed staff to open rulemaking proceedings to:

- (1) Address requiring distribution facility standards higher than the National Electric Safety Code (NESC); and
- (2) Look at the cost and reliability of undergrounding electric facilities, with specific emphasis on identifying areas/circumstances where underground facilities may be appropriate.

Staff's first draft of proposed rule changes was discussed at the April 17, 2006 staff rule development workshop. On May 3, 2006, post-workshop comments were received. On May 15, 2006, Staff circulated its revised draft of proposed rule changes. A second staff rule development workshop is scheduled for May 19, 2006.

Participants should be prepared to address the following topics at the May 19, 2006 staff rule development workshop.

AGENDA

May 19, 2006

Staff Rule Development Workshop

- I. Opening Remarks by Staff
- II. Public Comments
- III. 25-6.034 Standard of Construction. (Attachment 1 pp. 1-4)
 - A. Overview and Discussion of Proposed Rule Revisions
 - B. Commission Jurisdiction Over Municipal Electric Utilities and Rural Electric

Cooperatives

C. Pole Attachment Standards and Procedures

D. Estimated Cost Impacts

IV. 25-6.0345 Safety Standard of Construction of New Transmission and Distribution Facilities. (Attachment 1 pp. 5-7)

V. 25-6.064 CIAC : Installation of New or Upgraded Facilities. (Attachment 1 pp. 8-12)

Overview and Discussion of the Contribution-in-Aid-of-Construction Formula.
(Attachment 2)

VI. 25-6.078 Schedule of Charges (for residential electric underground extensions). (Attachment 1 pp. 13-15)

25-6.115 Facility Charges for Conversion of Existing Overhead Investor-owned Distribution Facilities. (Attachment 1 pp. 16-19)

Treatment of Storm Restoration Costs in Overhead-Underground Cost Differentials

VII. Ongoing Scheduling and Procedural Matters

Post Workshop Comments – May 25, 2006

Utility Cost data for Statement of Estimated Regulatory Cost (SERC) – May 25, 2006

Staff Recommendation - June 8, 2006 for June 20, 2006 Agenda

1 PART III

2 GENERAL MANAGEMENT REQUIREMENTS

3

4 **25-6.034 Standard of Construction.**

5 (1) Application and Scope. This rule is intended to define construction standards for
6 all overhead and underground electrical transmission and distribution facilities to ensure the
7 provision of adequate and reliable electric service for operational as well as emergency
8 purposes. This rule applies to all electric utilities, including municipal electric utilities and
9 rural electric cooperative utilities, unless otherwise specified. ~~The facilities of the utility shall~~
10 ~~be constructed, installed, maintained and operated in accordance with generally accepted~~
11 ~~engineering practices to assure, as far as is reasonably possible, continuity of service and~~
12 ~~uniformity in the quality of service furnished.~~

13 (2) Each utility shall establish and maintain construction standards for overhead and
14 underground electrical transmission and distribution facilities that conform to the provisions of
15 this rule. No later than 90 days after the effective date of this rule, each utility shall file five
16 copies of its construction standards with the Director of Economic Regulation. In the event a
17 utility subsequently modifies its construction standards, the utility shall file its revised
18 standards, labeled to indicate the effective date of the new version, together with a type-and-
19 strike annotated copy of the previous version showing the modifications. A copy of the
20 utility's construction standards as filed with the Commission, including Attachment Standards
21 and Procedures pursuant to subsection 8 of this rule, shall be made available by the utility for
22 public inspection. The utility shall, upon request, furnish a copy of its construction standards
23 in effect at the time to any person requesting a copy. Any challenge by a customer or
24 applicant for service to the utility's filed construction standards shall be handled pursuant to
25 Rule 25-22.032. ~~The Commission has reviewed the American National Standard Code for~~

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1 ~~Electricity Metering, 6th edition, ANSI C-12, 1975, and the American National Standard~~
2 ~~Requirements, Terminology and Test Code for Instrument Transformers, ANSI 57.13, and has~~
3 ~~found them to contain reasonable standards of good practice. A utility that is in compliance~~
4 ~~with the applicable provisions of these publications, and any variations approved by the~~
5 ~~Commission, shall be deemed by the Commission to have facilities constructed and installed~~
6 ~~in accordance with generally accepted engineering practices.~~

7 (3) The facilities of each utility shall be constructed, installed, maintained and
8 operated in accordance with generally accepted engineering practices to assure, as far as is
9 reasonably possible, continuity of service and uniformity in the quality of service furnished.

10 (4) Each utility shall, at a minimum, comply with the applicable edition of the National
11 Electrical Safety Code (ANSI C-2) [NESC].

12 (a) The Commission adopts and incorporates by reference the 2002 edition of the
13 NESC, published August 1, 2001. A copy of the 2002 NESC, ISBN number 0-7381-2778-7,
14 may be obtained from the Institute of Electric and Electronic Engineers, Inc. (IEEE).

15 (b) Electrical facilities constructed prior to the effective date of the 2002 edition of the
16 NESC shall be governed by the applicable edition of the NESC in effect at the time of the
17 initial construction.

18 (5) For the construction of distribution facilities, each utility shall, to the extent
19 reasonably practical and feasible, adopt the extreme wind loading standards specified by
20 Figure 250-2(d) of the 2002 edition of the NESC. As part of its construction standards, each
21 utility shall establish guidelines and procedures governing the applicability and use of the
22 extreme wind loading standards to enhance reliability and reduce restoration costs and outage
23 times for each of the following types of construction:

24 (a) new construction;

25 (b) major planned work, including expansion, rebuild, or relocation of existing

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1 facilities, assigned on or after the effective date of this rule; and

2 (c) targeted critical infrastructure facilities and major thoroughfares taking into account
3 political and geographical boundaries and other applicable operational considerations.

4 (6) For the construction of underground facilities and their supporting overhead
5 facilities, each utility shall, to the extent reasonably practical and feasible, establish guidelines
6 and procedures to deter damage resulting from flooding and storm surges in areas designated
7 as Surge Zones by the Department of Community Affairs, Division of Emergency
8 Management.

9 (7) Location of the utility's electric facilities.

10 (a) For initial installation, expansion, rebuild, or relocation of overhead facilities,
11 utilities shall use easements, public streets, roads and highways along which the utility has the
12 legal right to occupy, and public lands and private property across which rights-of-way and
13 easements have been provided by the applicant for service. To the extent practical and
14 feasible, facilities shall be placed in easements in front of the customer's premises adjacent to
15 a public road for all new facilities and major upgrades or rebuilds affecting a customer or
16 contiguous group of customers served by the same distribution line.

17 (b) For initial installation, expansion, rebuild, or relocation of underground facilities,
18 the utility shall require the applicant for service to provide easements along the front edge of
19 the property, unless the utility determines there is an operational, economic, or reliability
20 benefit to use another location.

21 (c) For conversions of existing overhead facilities to underground facilities, the utility
22 may, if the applicant for service is a local government that provides all necessary permits and
23 meets the utility's legal, financial, and operational requirements, place facilities in road rights-
24 of-way in lieu of requiring easements.

25 (8) As part of its construction standards, each utility shall establish and maintain

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1 written standards and procedures for attachments by others to the utility's electric transmission
2 or distribution poles (Attachment Standards and Procedures). Such Attachment Standards and
3 Procedures shall meet or exceed the NESC and other applicable standards imposed by law so
4 as to assure, as far as is reasonably possible, that third-party facilities attached to electric
5 transmission and distribution poles do not impair electric system safety, adequacy, or
6 reliability; do not exceed pole loading capacity; and are constructed, installed, maintained, and
7 operated in accordance with generally accepted engineering practices for the utility's service
8 territory. No attachment to an electric utility's transmission or distribution poles shall be
9 made except in compliance with such utility's Attachment Standards and Procedures as filed
10 with the Commission.

11 Specific Authority 350.127(2), 366.05(1) FS.

12 Law Implemented 366.04(2)(c), (5), (6), 366.05(1) FS.

13 History—Amended 7-29-69, 12-20-82, Formerly 25-6.34, Amended _____..

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1 **25-6.0345 Safety Standards for Construction of New Transmission and Distribution**
 2 **Facilities.**

3 (1) In compliance with Section 366.04(6)(b), F.S., 1991, the Commission adopts and
 4 incorporates by reference the 2002 edition of the National Electrical Safety Code (ANSI C-2),
 5 published August 1, 2001, as the applicable safety standards for transmission and distribution
 6 facilities subject to the Commission's safety jurisdiction. Each investor-owned ~~public~~ electric
 7 utility, rural electric cooperative, and municipal electric system shall comply with the
 8 standards in these provisions. Standards contained in the 2002 edition shall be applicable to
 9 new construction for which a work order number is assigned on or after the effective date of
 10 this rule.

11 (2) Each investor-owned ~~public~~ electric utility, rural electric cooperative and municipal
 12 electric utility shall report all completed electric work orders, whether completed by the utility
 13 or one of its contractors, at the end of each quarter of the year. The report shall be filed with
 14 the Director of the Commission's Division of Regulatory Compliance and Consumer
 15 Assistance ~~Auditing and Safety~~ no later than the 30th working day after the last day of the
 16 reporting quarter, and shall contain, at a minimum, the following information for each work
 17 order:

- 18 (a) Work order number/project/job;
- 19 (b) Brief title; and
- 20 (c) Estimated cost in dollars, rounded to nearest thousand.

21 (3) The quarterly report shall be filed in standard DBase or compatible format, DOS
 22 ASCII text, or hard copy, as follows:

23 (a) DBase Format

Field Name	Field Type	Digits
1. Work orders	Character	20

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1	2.	Brief title	Character	30
2	3.	Cost	Numeric	8
3	4.	Location	Character	50
4	5.	Kv	Numeric	5
5	6.	Contiguous	Character	1

(b) DOS ASCII Text.

1. Columns shall be the same type and in the same order as listed under Field Names above.
2. A comma (,) shall be placed between data fields.
3. Character data fields shall be placed between quotation marks (“ . . ”).
4. Numeric data fields shall be right justified.
5. Blank spaces shall be used to fill the data fields to the indicated number of digits.

(c) Hard Copy.

The following format is preferred, but not required:

Completed Electrical Work Orders For PSC Inspection

Work Order	Brief Title	Estimated Cost	Location	Kv Rating	Contiguous (y/n)

(4) In its quarterly report, each utility shall identify all transmission and distribution facilities subject to the Commission’s safety jurisdiction, and shall certify to the Commission that they meet or exceed the applicable standards. Compliance inspections by the Commission shall be made on a random basis or as appropriate.

(5) As soon as practicable, but by the end of the next business day after it learns of the occurrence, each investor-owned electric ~~public~~ utility, rural electric cooperative, and

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1 municipal electric utility shall (without admitting liability) report to the Commission any
2 accident occurring in connection with any part of its transmission or distribution facilities
3 which:

- 4 (a) Involves death or injury requiring hospitalization of nonutility persons; or
- 5 (b) Is significant from a safety standpoint in the judgment of the utility even though it
6 is not required by paragraph (a).

7 (6) Each investor-owned electric ~~public~~ utility, rural electric cooperative, and
8 municipal electric utility shall (without admitting liability) report each accident or
9 malfunction, occurring in connection with any part of its transmission or distribution facilities,
10 to the Commission within 30 days after it learns of the occurrence, provided the accident or
11 malfunction:

- 12 (a) Involves damage to the property of others in an amount in excess of \$5000; or
- 13 (b) Causes significant damage in the judgment of the utility to the utility's facilities.

14 (7) Unless requested by the Commission, reports are not required with respect to
15 personal injury, death, or property damage resulting from vehicles striking poles or other
16 utility property.

17 Specific Authority 350.127(2) FS.

18 Law Implemented 366.04(2)(f), (6) FS.

19 History—New 8-13-87, Amended 2-18-90, 11-10-93, 8-17-97, 7-16-02, Amended.

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1 **PART IV**

2 **GENERAL SERVICE PROVISIONS**

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4 **25-6.064 ~~Extension of Facilities~~; Contribution in Aid of Construction: Installation of New**
 5 **or Upgraded Facilities**

6 (1) ~~Purpose.~~ Application and scope: The purpose of this rule is to establish a uniform
 7 procedure by which investor-owned electric utilities ~~subject to this rule will~~ calculate amounts
 8 due as ~~contributions in aid of construction~~ contribution-in-aid-of-construction (CIAC) from
 9 customers who require new facilities, other than standard installations, or for upgrades to
 10 existing facilities resulting from changes in the customer's demand on the system, extensions
 11 of distribution facilities in order to receive electric service, except as provided in Rule 25-
 12 6.078.

13 (2) ~~Applicability.~~ This rule applies to all investor owned electric utilities in Florida as
 14 defined in Section 366.02, F.S. ~~Contributions in aid of construction~~ Contribution-in-aid-of-
 15 construction shall be calculated as set forth below:

16		<u>Cost of</u>		<u>4 x nonfuel energy charge per</u>		<u>4 x expected annual</u>
17	=	<u>installing the</u>	=	<u>kWh x expected incremental</u>	=	<u>demand charge revenues</u>
18		<u>facilities</u>		<u>annual kWh sales over the</u>		<u>from incremental sales over</u>
19				<u>new facilities</u>		<u>the new facilities</u>

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For the purposes of the above formula, costs are defined as follows:

21

22 (a) The cost of all new overhead and underground line extensions shall be the total
 23 estimated work order job cost.

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24 (b) There shall be no charge for the overhead transformer, service drop and meter for
 25 new standard overhead installations.

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1 (c) The total cost of installing new underground service shall be reduced by the cost of
 2 a standard overhead service installation.

3 (d) The cost of upgrades to existing facilities shall be the estimated work order job
 4 cost including any costs of removal less any salvage.

5 (e) For customers in rate classes that pay only energy charges, demand charge
 6 revenues shall be zero.

7 (f) Expected demand charge revenues and energy sales shall be based on an annual
 8 period ending not more than 5 years after the extension is placed in service.

9 ~~(3) Definitions. Actual or estimated job cost means the actual cost of providing the~~
 10 ~~specified line extension facilities, calculated after the extension is completed, or the estimated~~
 11 ~~cost of providing the specified facilities before the extension is completed.~~

12 ~~(4) In developing the policy for extending overhead distribution facilities to customers,~~
 13 ~~the following formulas shall be used to determine the contribution in aid of construction owed~~
 14 ~~by the customer.~~

15 ~~(a) For customers in rate classes that pay only energy charges, i.e., those that do not~~
 16 ~~pay demand charges, the CIAC shall be calculated as follows:~~

17	$CIAC_{oh} =$	(Actual or estimated job cost for new poles and	(4 x nonfuel energy charge
18		conductors and appropriate fixtures require to	per KWH x expected annual
19		provide service, excluding transformers, service	KWH sales over the new line
20		drops, and meters)	facilities)

21
 22 ~~(b) For customers in rate classes that pay both energy charges and demand charges, the~~
 23 ~~CIAC shall be calculated as follows:~~

24	$CIAC_{oh} =$	(Actual or estimated job cost for	-	(4 x nonfuel	-	(4 x expected
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1		new poles and conductors and		energy charge per		annual demand
2		appropriate fixtures require to		KWH x expected		charge revenues
3		provide service, excluding		annual KWH sales		from sales over
4		transformers, service drops, and		over the new line)		the new line)
5		meters)				

6
 7 (e) Expected demand charge revenues and energy sales shall be based on an annual
 8 period ending not more than five years after the extension is placed in service.

9 (5) In developing the policy for extending underground distribution facilities to
 10 customers, the following formula shall be used to determine the contribution in aid of
 11 construction:

12		(Estimated difference between the cost of providing the facilities				
13		distribution line extension, including not only the distribution				CIAC _{eh}
14	CIAC _{ug} =	line extension itself but also the transformer, the service drop,			-	(as
15		and other necessary fixtures, with underground facilities vs. the				above)
16		cost of providing service using overhead facilities)				

17
 18 6) Nothing in this rule shall be construed as prohibiting a utility from collecting from a
 19 customer the total difference in cost for providing underground service instead of overhead
 20 service to that customer.

21 (7) In the event that amounts are collected for certain distribution facilities via the
 22 URD differential tariff as permitted by Rule 25-6.078, F.A.C., that would also be collected
 23 pursuant to this rule, the utility shall give an appropriate credit for such amounts collected via
 24 the URD differential tariff when calculating the line extension CIAC due pursuant to this rule.

25 (3)(8) Each utility shall apply the above formulas in subsection (2) of this rule

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1 uniformly to residential, commercial and industrial customers ~~requiring~~ requesting new or
 2 upgraded facilities at any voltage level ~~line extensions.~~

3 (4) The costs applied to the formula in subsection (2) shall be based on the
 4 requirements of Rule 25-6.034, Standards of Construction.

5 ~~(9) Each utility shall calculate an appropriate CIAC for line extensions constructed to~~
 6 ~~serve customers who receive service at the primary distribution voltage level and the~~
 7 ~~transmission voltage level consistent with paragraphs (4), (5), and (6) of this rule. This CIAC~~
 8 ~~shall be based on the actual or estimated cost of providing the extension less an appropriate~~
 9 ~~credit.~~

10 ~~(6)(10) Each~~ The utility shall use its best judgment in estimating the total amount of
 11 revenues and sales which new or upgraded facilities ~~each line extension is~~ are expected to
 12 produce in the a 4-year time frame commencing with the in-service date of the new or
 13 upgraded facilities ~~near future.~~ If the amount of the estimated credit to the CIAC is disputed,
 14 at the customer's request, the utility shall true-up the CIAC collected using actual revenues at
 15 the end of the 4-year period over which the CIAC was estimated.

16 ~~(7)(11) The utility may elect to waive the line extension~~ all or any portion of the CIAC
 17 for customers, even when a CIAC is found to be applicable ~~owing.~~ However, if the utility
 18 waives the CIAC, the utility shall reduce net plant in service as though the CIAC had been
 19 collected ~~Commission will reduce the utility's net plant in service by an equal amount for~~
 20 ratemaking purposes, as though the CIAC had been collected, except when the company's
 21 annual revenues from a customer are sufficient to offset the unpaid line extension CIAC
 22 under subsection (4) or (5). Each utility shall maintain records of amounts waived and any
 23 subsequent changes that served to offset the CIAC.

24 ~~(8)(12) In cases where larger developments~~ more customers than the initial applicant
 25 are expected to be served by the new or upgraded facilities ~~line extensions,~~ the utility shall

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1 ~~may elect to prorate the total line extension costs and CIAC's, owed over the number of~~
 2 ~~customers expected to connect to the new line~~ be served by the new or upgraded facilities
 3 within a period not to exceed 3 years commencing with the in-service date of the new or
 4 upgraded facilities. The utility may require an advance equal to the full amount of the CIAC
 5 from the initial customer. As additional customers connect to the facilities subject to the
 6 CIAC, the utility shall collect from those customers a pro-rated CIAC, and credit that amount
 7 to the initial customer who paid the CIAC. In the event the projected growth in customers or
 8 usage does not materialize by the end of the 3-year period, the remaining CIAC shall be
 9 retained by the utility to offset the cost of the construction. The utility shall file a tariff
 10 outlining its policy for the proration of CIAC.

11 ~~(9)(13)~~ A detailed statement of its standard facilities extension and upgrade policyies
 12 shall be filed by each utility as part of its tariffs. ~~This policy~~ The tariffs shall have uniform
 13 application and shall be nondiscriminatory.

14 ~~(10)(14)~~ If a utility and applicant are unable to agree ~~in regard to an extension on the~~
 15 CIAC amount, either party may appeal to the Commission for a review.

16 Specific Authority 366.05(1), 350.127(2) FS.

17 Law Implemented 366.03, 366.05(1), 366.06(1) FS.

18 History—New 7-29-69, Amended 7-2-85, Formerly 25-6.64, Amended _____.

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1 **PART V**

2 **RULES FOR RESIDENTIAL ELECTRIC UNDERGROUND EXTENSIONS**

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4 **25-6.078 Schedule of Charges.**

5 (1) Each utility shall file with the Commission a written policy that shall become a part
 6 of the utility's tariff rules and regulations on the installation of underground facilities in new
 7 subdivisions. Such policy shall be subject to review and approval of the Commission and shall
 8 include an Estimated Average Cost Differential, if any, and shall state the basis upon which
 9 the utility will provide underground service and its method for recovering the difference in
 10 cost of an underground system and an equivalent overhead system from the applicant at the
 11 time service is extended. The charges to the applicant shall not be more than the estimated
 12 difference in cost of an underground system and an equivalent overhead system.

13 (2) For the purposes of calculating the Estimated Average Cost Differential, cost
 14 estimates shall reflect the requirements of Rule 25-6.034, Standards of Construction.

15 (3)(2) On or before October 15th of each year each utility shall file with the
 16 Commission's Division of Economic Regulation Form PSC/ECR 13-E, Schedule 1, using
 17 current material and labor costs. If the cost differential as calculated in Schedule 1 varies from
 18 the Commission-approved differential by plus or minus 10 percent or more, the utility shall
 19 file a written policy and supporting data and analyses as prescribed in subsections (1), (43)
 20 and (54) of this rule on or before April 1 of the following year; however, each utility shall file
 21 a written policy and supporting data and analyses at least once every 3 ~~three~~ years.

22 (4)(3) Differences in operating and maintenance costs, including average historical
 23 storm restoration costs over the life of the facilities, between underground and overhead
 24 systems, if any, shall ~~may~~ be taken into consideration in determining the overall Estimated
 25 Average Cost Differential. Each utility shall establish sufficient record keeping and

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1 accounting measures to separately identify storm related operating and maintenance costs for
 2 underground and overhead facilities.

3 (5)(4) Detailed supporting data and analyses used to determine the Estimated Average
 4 Cost Differential for underground and overhead distribution systems shall be concurrently
 5 filed by the utility with the Commission and shall be updated using cost data developed from
 6 the most recent 12-month period. The utility shall record these data and analyses on Form
 7 PSC/ECR 13-E (10/97). Form PSC/ECR 13-E, entitled “Overhead/Underground Residential
 8 Differential Cost Data” is incorporated by reference into this rule and may be obtained from
 9 the Division of Economic Regulation, 2540 Shumard Oak Boulevard, Tallahassee, Florida
 10 32399-0850, (850) 413-6900.

11 (6)(5) Service for a new multiple-occupancy building shall be constructed underground
 12 within the property to be served to the point of delivery at or near the building by the utility at
 13 no charge to the applicant, provided the utility is free to construct its service extension or
 14 extensions in the most economical manner.

15 (7)(6) The recovery of the cost differential as filed by the utility and approved by the
 16 Commission may not be waived or refunded unless it is mutually agreed by the applicant and
 17 the utility that the applicant will perform certain work as defined in the utility’s tariff, in which
 18 case the applicant shall receive a credit. Provision for the credit shall be set forth in the
 19 utility’s tariff rules and regulations, and shall be no more in amount than the total charges
 20 applicable.

21 (8)(7) The difference in cost as determined by the utility in accordance with its tariff
 22 shall be based on full use of the subdivision for building lots or multiple-occupancy buildings.
 23 If any given subdivision is designed to include large open areas, the utility or the applicant
 24 may refer the matter to the Commission for a special ruling as provided under Rule 25-6.083,
 25 F.A.C.

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1 ~~(9)(8)~~ The utility shall not be obligated to install any facilities within a subdivision
2 until satisfactory arrangements for the construction of facilities and payment of applicable
3 charges, if any, have been completed between the applicant and the utility by written
4 agreement. A standard agreement form shall be filed with the company's tariff.

5 ~~(10)(9)~~ Nothing herein contained shall be construed to prevent any utility from
6 absorbing assuming all or any portion of the costs differential of providing underground
7 distribution systems, provided, however, that such ~~assumed~~ costs in excess of a comparable
8 overhead system differential shall not be chargeable to the general body of ratepayers, and any
9 such policy adopted by a utility shall have uniform application throughout its service area.

10 Specific Authority 366.04(2)(f), 366.05(1) FS.

11 Law Implemented 366.03, 366.04(1), (4), 366.04(2)(f), 366.06(1) FS.

12 History—New 4-10-71, Amended 4-13-80, 2-12-84, Formerly 25-6.78, Amended 10-29-97,
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1 PART VII

2 UNDERGROUND ELECTRIC DISTRIBUTION FACILITY CHARGES

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4 **25-6.115 Facility Charges for Conversion of Existing Overhead Providing Underground**
5 **Facilities of Public Investor-owned Distribution Facilities ~~Excluding New Residential~~**
6 **Subdivisions.**

7 (1) Each ~~public~~-investor-owned utility shall file a tariff showing the non-refundable
8 deposit amounts for standard applications addressing ~~new construction~~ and the conversion of
9 existing overhead electric distribution facilities to underground facilities ~~excluding new~~
10 ~~residential subdivisions~~. The tariff shall include the general provisions and terms under which
11 the public utility and applicant may enter into a contract for the purpose of ~~new construction~~
12 ~~or conversion~~ of existing overhead electric facilities to underground electric facilities. The
13 non-refundable deposit amounts shall ~~approximate~~ be calculated in the same manner as the
14 engineering costs for underground facilities serving each of the following scenarios: urban
15 commercial, urban residential, rural residential, existing low-density single family home
16 subdivision and existing high-density single family home subdivision service areas.

17 (2) For ~~the~~ purposes of this rule, the applicant is the person or entity seeking the
18 undergrounding of existing overhead electric distribution facilities. In the instance where a
19 local ordinance requires developers to install underground facilities, the developer who
20 actually requests the construction for a specific location is ~~when a developer requests local~~
21 ~~government development approval, the local government shall not be deemed the applicant for~~
22 purposes of this rule.

23 (3) Nothing in the tariff shall prevent the applicant from constructing and installing all
24 or a portion of the underground distribution facilities provided:

25 (a) ~~s~~Such work meets the investor-owned public utility's construction standards;

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1 (b) ~~t~~The investor-owned ~~public~~ utility will own and maintain the completed
2 distribution facilities; and

3 (c) ~~s~~Such agreement is not expected to cause the general body of ratepayers to incur
4 ~~greater~~ costs in excess of the costs the utility would incur for the installation.

5 (4) Nothing in the tariff shall prevent the applicant from requesting a non-binding cost
6 estimate which shall be provided to the applicant free of any charge or fee.

7 (5) Upon an applicant's request and payment of the deposit amount, an investor-owned
8 ~~public~~ utility shall provide a binding cost estimate for providing underground electric service.

9 (6) An applicant shall have at least 180 days from the date the estimate is received, to
10 enter into a contract with the public utility based on the binding cost estimate. The deposit
11 amount shall be used to reduce the charge as indicated in subsection (7) only when the
12 applicant enters into a contract with the public utility within 180 days from the date the
13 estimate is received by the applicant, unless this period is extended by mutual agreement of
14 the applicant and the utility.

15 (7) The charge paid by the applicant shall be the charge for the proposed underground
16 facilities as indicated in subsection (~~8~~ ~~4~~) minus the charge for overhead facilities as indicated
17 in subsection (~~9~~ ~~4~~) minus the non-refundable deposit amount. The applicant shall not be
18 required to pay an additional amount which exceeds 10 percent of the binding cost estimate.

19 (8) For the purpose of this rule, the charge for the proposed underground facilities shall
20 include:

21 (a) ~~T~~the estimated cost of construction of the underground distribution facilities
22 including the construction cost of the underground service lateral(s) to the meter(s) of the
23 customer(s); and

24 (b) ~~For conversions~~, the estimated remaining net book value of the existing facilities
25 to be removed less the estimated net salvage value of the facilities to be removed.

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from existing law.

1 (9) For the purpose of this rule, the charge for overhead facilities shall be the estimated
2 construction cost to build new overhead facilities, including the service drop(s) to the meter(s)
3 of the customer(s). Estimated construction costs shall be based on the requirements of Rule
4 25-6.034, Standards of Construction.

5 (10) An applicant ~~to a public utility for~~ requesting construction of underground
6 distribution facilities under to this rule may ~~petition~~ challenge the utility's cost estimates ~~the~~
7 ~~Commission~~ pursuant to Rule 25-22.032, F.A.C.

8 (11) For the purposes of the computing the charges required in subsections (8) and (9):

9 (a) The utility shall include the net present value of operating and maintenance costs
10 and the average historical storm restoration costs for comparable facilities over the expected
11 life of the facilities.

12 (b) If the applicant chooses to construct or install all or a part of the requested
13 facilities, all costs, including overhead assignments, avoided by utility due to the applicant
14 assuming responsibility for construction shall be subtracted from the CIAC charged to the
15 customer, or if the full CIAC has already been paid, credited to the customer. At no time will
16 the CIAC be less than zero.

17 (12) Nothing herein contained shall be construed to prevent any utility from absorbing
18 all or any portion of the cost of providing underground distribution systems, provided,
19 however, that such costs in excess of a comparable overhead system shall not be chargeable to
20 the general body of ratepayers, and any such policy adopted by a utility shall have uniform
21 application throughout its service area.

22 (14~~3~~) Nothing in this rule shall be construed to grant any investor-owned electric
23 utility any right, title or interest in real property owned by a local government.

24 Specific Authority 366.04, 366.05(1) FS.

25 Law Implemented 366.03, 366.04, 366.05 FS.

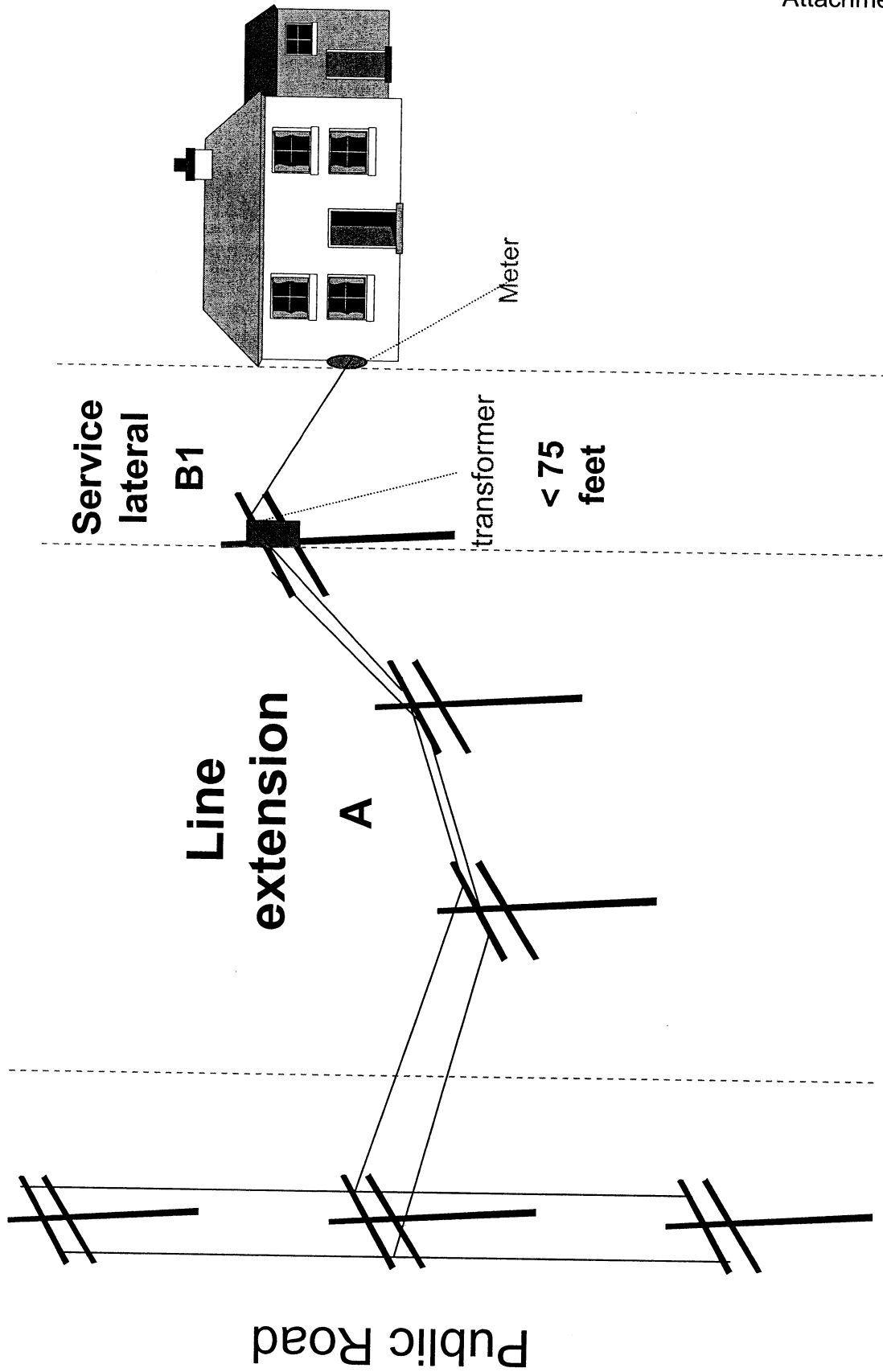
CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from existing law.

1 | History–New 9-21-92, Amended
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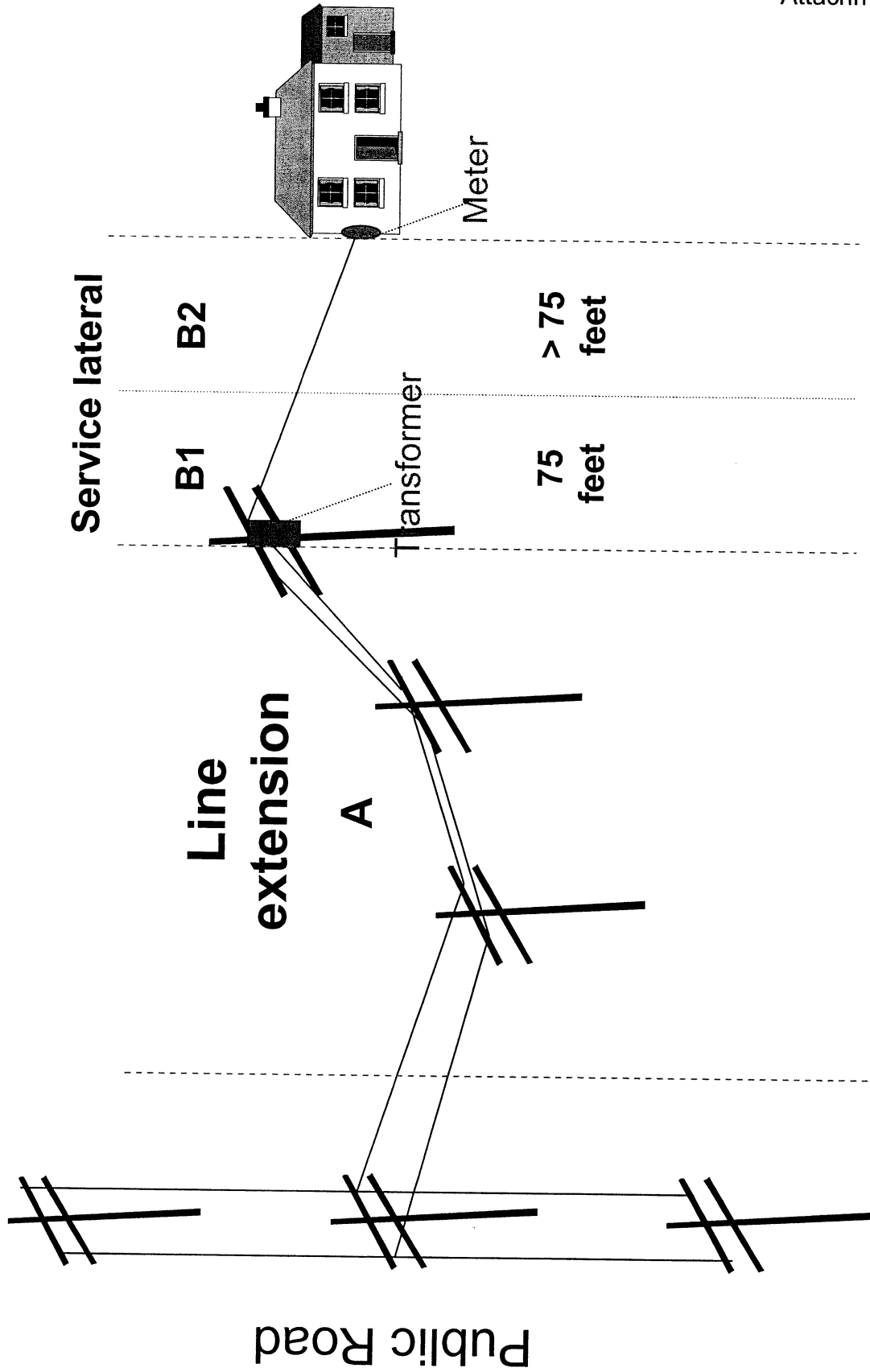
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Explanation of Changes to Rule 25-6.064, CIAC

CIAC for standard service lateral



CIAC for non-standard service lateral



CIAC for New and Upgraded Overhead and Underground Service

New or Upgraded Overhead or Underground Line Extensions

- 1. The CIAC for a new overhead or underground line extension is the total cost of the line extension.**
- 2. The CIAC for an upgraded overhead or underground line extension is the total cost of the line extension plus the cost of removal of the existing service less salvage.**

**CIAC for New and Upgraded Overhead and
Underground Service (cont.)**

**New or Upgraded Overhead or Underground
Service Drop or Lateral**

- 1. No CIAC for a new standard overhead service drop (approximately 75 feet or less) (B1)**
- 2. The CIAC for a new standard underground service lateral is the cost in excess of the cost of a standard overhead service drop (B1)**

**CIAC for New and Upgraded Overhead and
Underground Service (cont.)**

- 3. The CIAC for an upgrade to an existing service drop or lateral is the total cost of the upgrade plus the cost of removal of the existing service less salvage. (B1+B2)**
- 4. The CIAC for the portion of a new overhead or underground service drop or lateral that exceeds the cost of a standard overhead service drop is the total cost of that portion of the service drop or lateral. (B2)**

The CIAC for new connections and upgrades to existing connections shall be reduced by 4 times the expected incremental annual revenue.

Gross Plant-in-Service in Millions (1)		Distribution Net Plant-in-Service in Millions (2)		Estimated Annual Incremental costs due to Rule 25-6.034 changes (2006 \$)		
				Activity	Staff's Initial Draft	Company Alternatives
FPL	\$ 23,146	\$ 8,542		Extreme Wind - New Construction	\$10 - 60 million	
				Extreme Wind - Expansion, rebuild, relocation	\$ 5 - 25 million	
				Targeted - Harden Critical Infrastructure - Costs decline after 5 yrs	\$35 - 165 million	\$35 - 165 million
				Estimated Additional Plant	\$50 - 250 million	\$35 - 165 million
			After Tax Cost of Capital (1) 12.11%	Estimated Revenue Impact	\$6 - 30 million	\$4 - 20 million
PEF	\$ 8,780	\$ 3,185		500% Increase in Feeder pole replacement costs (Upgrade to Current NESC)	\$ 12,706,341	\$ 0
				Harden All New Construction vs. Targeted	\$ 21,594,146	\$ 1,955,122
				Retire Back-Lot Easements 10 yr program	\$ 114,240,976	\$ 0
				Estimated Additional Plant	\$ 148,541,463	\$ 1,955,122
			After Tax Cost of Capital (1) 13.86%	Estimated Revenue Impact	\$ 20,589,332	\$ 270,999
TECO	\$ 4,889	\$ 1,467		Extreme Wind - New Construction	\$ 143,013	\$ 143,013
				Extreme Wind - Expansion, rebuild, relocation	\$ 234,400	\$ 234,400
				Targeted	\$ 5,117,560	\$ 5,117,560
				Cat. 3 Flood Zone	\$ 2,280,564	\$ 0
				Retire Back-Lot Easements 10 yr program	\$ 5,019,840	\$ 0
				Estimated Additional Plant	\$ 12,795,377	\$ 5,494,973
			After Tax Cost of Capital (1) 13.39%	Estimated Revenue Impact	\$ 1,713,736	\$ 735,964
GULF	\$ 2,493	\$ 789		Upgrade Transmission to Current NESC -10 yr	\$ 30,000,000	No data provided
				Upgrade Distribution to Current NESC - 10 yr	\$ 48,700,000	No data provided
				Harden All New Construction vs. Targeted (6)	\$ 11,130,000	No data provided
				Retire Back-Lot Easements	No data provided	No data provided
				Estimated Additional Plant	\$ 89,830,000	\$ -
			After Tax Cost of Capital (1) 11.87%	Estimated Revenue Impact	\$ 10,666,145	\$ -
FPUC(3)	\$ 71	\$ 7		Post-workshop comments did not quantify costs due to rule changes.	0	0
				Estimated Additional Plant	\$ 0	\$ 0
			After Tax Cost of Capital (1) 13.46%	Estimated Revenue Impact	\$ 0	\$ 0
FECA				Extreme Wind Load		\$ -
FMEA				No data provided	No data provided	No data provided

(1) Source : Earnings Surveillance Reports - year end 2005.

(2) Source : FERC Form 1, page 207, Accounts 360-374 - year end 2005.

(3) FPUC's distribution plant-in-service is estimated using year-end 2004 data and Earnings Surveillance Reports.

(4) Distribution costs are based on feeder estimates. FPL's distribution pole are 65% lateral poles and 35% feeder poles.

(5) All costs estimates focus on rate base impacts. Incremental O&M due to servicing and inspecting more poles may not be included.

(6) {\$37.1 Million : Gulf's annual avg. plant additions FERC Form 1, 1997-2004, page 207, Accounts 360-374.} x 30% = cost increase