



Control Number: 32182



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Addendum StartPage: 0

**PROJECT NO. 32182**

**PUC INVESTIGATION OF METHODS § PUBLIC UTILITY COMMISSION  
TO IMPROVE ELECTRIC AND §  
TELECOMMUNICATIONS §  
INFRASTRUCTURE TO MINIMIZE §  
LONG TERM OUTAGES AND §  
RESTORATION COSTS ASSOCIATED §  
WITH GULF COAST HURRICANES § OF TEXAS**

**COMMENTS OF XCEL ENERGY  
IN REPOSE  
TO STAFF'S REPORT OF JULY 3, 2006  
July 10, 2006**

Xcel Energy Services ("Xcel Energy"), on behalf of Southwestern Public Service Company ("SPS"), appreciates the opportunity to comment on Staff's Draft Report regarding Investigation of Methods to Improve Electric and Telecom Infrastructure that Will Minimize Long Term Outages and Restoration Costs. Xcel Energy appreciates Staff's efforts to recognize the complexities of developing policies and rules that fairly address electric utility infrastructure on a statewide basis. However, many terms in Staff's recommendations need clearer definition to fully understand Staff's intent.

Furthermore, Xcel Energy continues to believe that timely cost recovery is required for the substantial infrastructure investment that would be required by Staff's recommendations, and a surcharge or other methodology to accumulate monetary contingencies for emergencies should be considered. Xcel Energy spent \$1.5 million in distribution repairs alone due to wildfires this past spring with no immediate recovery. The crews that worked on restoration efforts later worked overtime to perform scheduled maintenance. Operations overhead as well as infrastructure replacement is greatly impacted in emergency situations. Xcel Energy urges Staff to reconsider its recommendation regarding timely cost recovery.

## **RESPONSE TO SPECIFIC RECOMMENDATIONS**

- 1. The Staff initiate a rulemaking requiring each electric and telecommunication utility without an on-going vegetation management program to develop and implement such a program addressing all overhead facilities/lines. Each utility should provide the Commission with the details of its existing or newly developed vegetation management program by April 1, 2007.**

Response:

Xcel Energy has developed and implemented a vegetation management program for its overhead transmission and distribution lines and can provide the Commission with the specifications of its program as proposed by Staff. Maintenance cycles are based on local tree growth rates, specific to individual trees on specific circuits. Specific clearances and cycles are determined based on species growth rates, as well as line voltage, construction of facilities, electric reliability performance and other factors. Xcel Energy believes that addressing problem vegetation on appropriate maintenance cycles is the best approach to managing vegetation issues.

- 2. The Staff initiate a rulemaking requiring each electric and telecommunication utility without an on-going, cyclical ground-based inspection program for overhead facilities to develop and implement such a program. Each utility program, new or existing, should include a condition-based assessment of wood pole suitability for continued service. Each utility should provide the Commission with the details of its existing or newly developed facilities inspection program by April 1, 2007.**

Response:

Xcel Energy has investigated the benefits of a condition-based assessment of wood poles over the past two years and is considering a pilot program

that could begin next year. Visual inspections are currently made on a regular basis. Because the cost of implementing an inspection program such as the one recommended by Staff will be substantial, timely recovery of costs to accommodate this effort should be given further consideration by Staff.

3. **The Staff initiate a rulemaking requiring telecommunications utilities to ensure that all central offices in hurricane- prone areas be capable of full operation without interruption for at least 72 hours after loss of electric utility power.**

Response:

This issue does not pertain to Xcel Energy.

4. **Each electric utility to provide to the Commission, pursuant to the schedule described in this report the utility's transmission lines that were built to pre-1977 NESC wind loading standards. For each identified line, the report should provide the length of the line, a description of the types of structures used in the line, and a reasonable estimate of the cost and time required to upgrade the line to the required NESC standards.**

**For each identified line within 10 miles of the Texas coastline, the report should include a reasonable estimate of the cost and time required to upgrade the line to the required NESC standards for upgrading the line assuming 140 mile-per-hour wind speed.**

Response:

No response at this time.

5. **The Staff initiate a rulemaking requiring that after January 1, 2007, all permanent, new and replacement transmission structures within 50-miles of the Texas coastline be pre-constructed of pre-stressed**

concrete, steel, or other engineered products that are more resistant to high wind and deterioration than wood.

Also, after January 1, 2007, that all designs for permanent new and replacement transmission structures within 10 miles of the Texas coastline assume a maximum wind speed of 140 miles-per-hour.

Response:

This issue does not pertain to Xcel Energy.

- 6     **The Staff initiate a rulemaking requiring that after January 1, 2007, that electric utilities design and construct all new substations that are located within a 100-yr floodplain so that the floor of the control house and all water-sensitive components of the substation operating equipment are above the elevation of the 100-yr floodplain.**

Response:

Flooding has not been an issue in the history of SPS and implementing these requirements would create unnecessary expense for our Texas customers. Xcel Energy's service territory in Texas is in primarily a desert climate that serves many small towns with small substations. It appears the intent of the standard is to rectify problems encountered in the coastal areas over the past year. If this recommendation is intended for hurricane areas, it should be limited to hurricane zones and not penalize the vast majority of Texas utility customers.

When property is being developed, the prime land locations are typically reserved for residential and commercial parcels with the less desirable locations going to the utilities. Adding cost to the SPS customer at the expense of a standard that is aimed at coastal regions would not bode well with our customers. In many locations, this recommendation could result with an electrical control house on piers that would put it well above the rest of the area. This practice could distract from the aesthetics of the neighborhood built at ground level with utility substations equipment and

control buildings much higher. The result would be difficulty in attaining facilities permits and would not be popular with customers in the vicinity of utility substations.

Xcel Energy proposes the following alternative language:

Electric utilities should use prudent engineering principles to design and construct all future substations to limit water ingress and resist water damage to electrical equipment based on a 100-year floodplain as indicated on the current FEMA DFIRM (Digital Flood Insurance Rate Map) in place for that area at the time of construction. For areas that are susceptible to flooding over wide areas due to tropical storms and hurricanes, the floor of the control house and all water-sensitive components of the substation operating equipment shall be above the elevation of the 100-yr floodplain in place for that area at the time of construction.

7. **If new underground distribution facilities are to be installed in the rear of residential lots, electric utilities are encouraged to work with developers and homeowners to establish buffer zones around the facilities in which no trees or structures will be placed. Such buffer zones will ensure suitable access to the facilities for any future repair work.**

Response:

Xcel Energy currently encourages developers and municipalities to establish buffer zones. Most municipalities in the SPS Texas service area have alleyways, which help accommodate this effort but do not necessarily ensure access to these facilities in the future. Typically, in the SPS service territory, municipalities and cities mandate these guidelines and they should be the entities that provide code enforcement to insure that these buffer areas be kept accessible.

8. **To the extent that it is not prohibited by city ordinances, electric utilities should encourage developers of new residential properties to utilize underground distribution facilities and should express a preference to locate these facilities in front of homes or in accessible alleyways.**

Response:

Xcel Energy currently offers developers and municipalities the option to install underground distribution facilities, although it is more expensive and the developer bears the additional construction cost of underground. Most areas in the SPS service area have alleyways, which helps to accommodate access to existing underground distribution facilities. As indicated in the previous answer, Xcel Energy believes municipalities and cities are the appropriate entities to determine if these guidelines should be mandated. Since the SPS service areas in Texas have alleys, we believe rear access is more desirable, not necessarily underground. Any requirement for undergrounding should be based on the unique advantages offered for the utility's unique operating area.

9. **The Staff initiate a rulemaking by January 1, 2007 that directs each electric and telecommunication utility to conduct inspections (during the utility's regular, ground-based inspection cycle) of its overhead facilities to determine whether the amount of equipment located on those facilities but not owned by the utility is causing an overload on those structures. The rulemaking should also direct each utility to correct all such identified overloading problems within a reasonable amount of time and to institute practices that will prevent such overloads in the future.**

Response:

Staff's recommendation will result in increased overhead costs. The Federal Communications Commission ("FCC") has primary jurisdiction over pole attachment practices including recovery of inspection costs,

which is currently being disputed by certain communications companies in FCC complaint proceedings. In addition, current FCC rules do not allow utilities to require notice or pre-approval of “over-lashing” or additions to existing pole attachments by communications companies which may lead to over-loading of poles without the utilities’ knowledge. The costs of such inspections would be significant and the results of the inspections may lead to drawn out conflicts with attachers (see Arkansas Cable Telecommunications Assoc. vs. Entergy Arkansas EB-05-MD-004) concerning cost responsibility of the inspections and any required corrections. Xcel Energy believes that the costs of implementing such an extensive inspection program would likely outweigh the benefits to our ratepayers. Xcel Energy believes a more targeted approach to inspections (such as in areas where reliability problems become evident) would potentially result in more benefits.

10. **The Staff initiate a rulemaking by January 1, 2007 that directs each electric and telecommunication utility to develop (and incorporate into its existing “pole attachment” contracts and tariffs) procedures and requirements sufficient to ensure the structural integrity of the utility’s overhead facilities in situations where other parties attach cables or other facilities to the utility’s overhead facilities.**

Response:

These mechanisms already exist in existing joint use application and agreement documents for Xcel Energy. The issue of concern to Xcel Energy as the owner of the pole line is requiring joint use facility owners to use these mechanisms for any additions or modifications, and create enforcement mechanisms with penalties if they fail to do so. As stated above, Xcel Energy believes that the FCC has primary jurisdiction over pole attachment practices between the utility and attaching telecommunications companies. However, existing contracts typically already include provisions requiring all attachments to be made in



compliance with the National Electric Safety Code regarding pole strength and clearances. Current procedures require attaching companies to submit information regarding proposed attachments and allow for the utility to perform an engineering review of the proposed attachments in advance of construction. However, as mentioned above in response to Recommendation No. 9, utilities cannot require pre-approval or notice of over-lashing, which can impact pole loading.

11. **The Commission include in the Electric and Telecommunication Scope of Competition Reports a suggestion that the State Legislature explore the issue of authorizing electric and telecommunication utilities to trim or remove trees that are not on ROW controlled by the utility but which threaten the utility's transmission or distribution facilities.**

Response:

Xcel Energy believes that legislative guidance on this issue may be helpful.

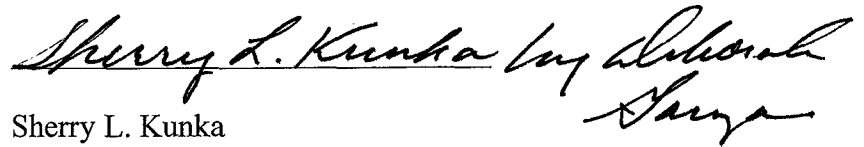
12. **The Commission establish incentives through a rulemaking proceeding to encourage electric utilities to modernize the electric grid by deploying intelligent devices on the network. These deployments will enhance real-time monitoring of outages, selective switching of electric supply routes, and preventative maintenance of protective devices to increase the reliability of the power grid.**

Response:

The development of new technology will undoubtedly encourage electric utilities to modernize electric grids. For example, Xcel Energy is currently implementing an Outage Management System, which takes advantage of caller identification systems. The customer making the outage report is tied to the report to identify the potential problem and its location. However, in the case of multiple failures typically associated

with large magnitude outage events, intelligent devices on the network do not necessarily greatly enhance reliability. These devices may add costly and complex components to the electric grid that require additional maintenance to operate as designed. Staff's recommendation to develop incentives to encourage electric utilities to deploy intelligent devices on the network may be worth consideration if it leads to identifying those technologies that could improve reliability and bring value to customers.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Sherry L. Kunka by Deborah Sherry".

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