

I. Meeting Packet



State of Florida
Public Service Commission
INTERNAL AFFAIRS AGENDA

Tuesday – May 21, 2019

9:30 A.M.

Room 105 - Gerald L. Gunter Building

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1. Overview of the 2019 Hurricane Preparedness Informal Meeting (Attachment 1)
 2. Legislative Update
 3. General Counsel's Report
 4. Executive Director's Report
 5. Other Matters

BB/aml

OUTSIDE PERSONS WISHING TO ADDRESS THE COMMISSION ON
ANY OF THE AGENDAED ITEMS SHOULD CONTACT THE
OFFICE OF THE EXECUTIVE DIRECTOR AT (850) 413-6463.

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: May 10, 2019

TO: Braulio L. Baez, Executive Director

FROM: Robert E. Graves, Public Utilities Supervisor, Division of Engineering
Penelope D. Buys, Engineering Specialist III, Division of Engineering

RE: Overview of the 2019 Hurricane Preparedness Informal Meeting

Critical information: Please place on the May 21, 2019, Internal Affairs
Briefing Only

On April 4, 2019, the Florida Public Service Commission (Commission) staff held the Hurricane Preparedness Informal Meeting. Florida Power & Light Company (FPL), Duke Energy Florida, LLC (DEF), Tampa Electric Company (TECO), Gulf Power Company (Gulf), Florida Public Utilities Company (FPUC), Clay Electric Cooperative, Inc. (CEC), Florida Municipal Electric Association (FMEA), and City of Tallahassee (COT) each made presentations about their hurricane preparedness processes and answered questions from staff.¹ Specific topics discussed included vegetation management, pole inspections, storm hardening projects, storm preparedness, customer communications, and lesson learned. A summary of the topics discussed is provided below.

In addition to highlighting the hurricane preparation efforts being taken by the utilities, the Commission provides information to consumers regarding storm preparedness such as hurricane survival kits, portable generator safety, and ways to prepare their home before a storm. Furthermore, Commission personnel staff the State's Emergency Operations Center (EOC) and participate in the State's annual hurricane preparedness drill as well as other emergency related exercises.

Vegetation Management

Vegetation management activities in and around distribution and transmission facilities include trimming, mowing of rights-of-way, application of herbicides, and inspections. All of the utilities have established vegetation trim cycles based on conditions specific to their respective distribution and transmission systems. In addition to their regular trim cycles, many of the utilities perform mid-cycle trimming or hot spot trimming before the peak of storm season and throughout the year. The utilities also perform aerial and/or ground patrols to identify vegetation threats to their transmission systems. Table 1 provides a summary of the miles trimmed by the utilities in 2018, which are consistent with the utilities' established vegetation trim cycles.

¹ The presentations are available on the Commission's website:
<http://www.floridapsc.com/ElectricNaturalGas/HurricanePreparationWorkshops>

Table 1: Miles of Overhead and Ground Trimming for 2018

Utility	Feeder Miles Trimmed	Lateral Miles Trimmed	Transmission Miles Trimmed
FPL	11,344	3,926	7,100
DEF	662	2,626	1,061
TECO	588	4,101	513
Gulf	723	1,287	1,669
FPUC	47	100	16
CEC	4,659 ¹		158
COT	1,773 ¹		91

Source: Utilities 2019 hurricane preparedness presentations.

Note: Some values include both cycle miles and hot spot trimming.

¹ CEC and COT did not break out feeder versus lateral miles trimmed.

Pole Inspections

Similar to vegetation management, all of the utilities have established pole inspection cycles for their distribution and transmission facilities. Based on the utilities current inspection cycles, distribution poles and transmission poles/structures are inspected at least once every eight years. The timing and type of inspection (visual, strength and loading, or ground line) is dependent on the structure or pole being inspected. In 2018, both Gulf’s and FPUC’s pole inspection cycles were impacted by Hurricane Michael, delaying inspections. COT did not inspect any poles in 2018 as its eight-year cycle ended and they will start a new cycle in 2019. Table 2 provides the number of poles inspected by each utility in 2018. Aside from the utilities impacted by Hurricane Michael, the number of poles inspected is generally consistent with prior years.

Table 2: Overhead Facilities Inspections for 2018

Utility	Distribution Poles Inspected	Transmission Poles/Structures Inspected
FPL	156,010	9,645
DEF	101,607	15,531
TECO	40,003	1,028
Gulf	26,000	1,342
FPUC	0	0
CEC	44,275	2,545
COT	0	0

Source: Utilities 2019 hurricane preparedness presentations.

Note: Some values include both wooden and concrete poles.

Storm Hardening Projects

The utilities’ 2018 storm hardening projects ranged from replacing overhead wire with insulated wire, to replacing wooden poles with stronger wood or concrete poles. The utilities have also included, as part of their storm hardening projects, self-healing networks or automated equipment to reduce outages. Additionally, FPL, DEF, and TECO have completed and/or are

planning 200 undergrounding projects in which the utilities are converting overhead laterals to underground laterals. Of the 200 projects, more than 180 are part of undergrounding pilot projects implemented by FPL and DEF. Table 3 provides a summary of the completed and planned storm hardening projects for 2018 and 2019.

Table 3: Storm Hardening Projects

Utility	Distribution		Transmission	
	Completed in 2018	Planned in 2019	Completed in 2018	Planned in 2019
FPL	205	382	1,117	1,974
DEF	18	39	796	1,008
TECO	76	N/A ¹	164	120
Gulf	6	9	3	75-250
FPUC	178	4	4	10
CEC	163		5	
COT	5			

Source: Utilities 2019 hurricane preparedness presentations.

¹ TECO did not provide any discrete hardening projects planned for 2019. However, TECO is planning to replace 4,110 wood poles in 2019.

Storm Preparedness

All of the presenting utilities have storm preparedness plans in place. The utilities check and verify material/equipment inventories and conduct storm drills prior to storm season. The storm drills include ongoing refresher training for current employees and training for new employees. The utilities also coordinate with the local and state EOCs and many participate in the annual hurricane exercise conducted by the Florida Division of Emergency Management. The utilities also have mutual assistance agreements in place and conduct customer outreach meetings before the storm season.

Customer Communications

As part of each utility’s storm preparedness activities, the utilities communicate with their customers before, during, and after a storm event. Customer outreach before a storm event includes meetings, presentations, notification on websites, social media, radio and TV ads, and brochures. During a storm event, the utilities provide up-to-date outage maps and estimated restoration times on their websites. Additional information, such as the status of crews dispatched for repairs, may also be provided. After a storm event, some utilities provide response kiosks in the hardest hit areas so customers can communicate face-to-face with utility representatives. In addition, several utilities provide flexible billing options and billing assistance to customers after a major storm event.

Lessons Learned

Over the past three years Florida has been impacted by four hurricanes (Hermine, Matthew, Irma and Michael) as well as multiple tropical storms. Some of the lessons learned from these past storm events are listed below.

- Communicating factual and realistic information to customers is pivotal.
- In addition to linemen and vegetation management personnel, utilities are considering securing mutual aid for different functions such as damage assessors, social media managers, and record keeping personnel.
- Push crews, clearing debris ahead of the utility crews, improved restoration times.
- Internal network communications – phone, radio, data – may need improvement.
- Resources and materials may need to be closer to staging sites.
- Tracking of crews and progress of restoration may be enhanced with better technology.

Summary

Preparation is key to successful restoration following a hurricane event. Hurricane preparation is a year-round effort that includes many activities. Throughout the year, the utilities maintain their systems by trimming vegetation and inspecting their structures. The utilities also harden their systems by implementing storm hardening projects, including undergrounding facilities.

Prior to hurricane season the utilities participate in hurricane exercises and drills in order to prepare for potential storm events. In addition, the utilities verify that internal resources, such as equipment, and external resources, such as mutual aid agreements, are at the ready. The utilities also continue to improve communication efforts with their customers before, during, and after storm events in various ways including the use of text and social media. Efforts to improve communication, as well as the other activities described above, appear consistent across the utilities going into the 2019 hurricane season.

cc: Office of the General Counsel (K. Hetrick)
Deputy Executive Director, Technical (M. Futrell)
Deputy Executive Director, Administrative (A. Lynn)

II. Outside Persons Who Wish to Address the Commission at Internal Affairs

Note: The records reflect that no outside persons addressed the Commission at this Internal Affairs meeting.

III. Supplemental Materials for Internal Affairs

Note: The records reflect that there were no supplemental materials provided to the Commission during this Internal Affairs meeting.

IV. Transcript

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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

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PROCEEDINGS: INTERNAL AFFAIRS

COMMISSIONERS
PARTICIPATING: CHAIRMAN ART GRAHAM
COMMISSIONER JULIE I. BROWN
COMMISSIONER DONALD J. POLMANN
COMMISSIONER GARY F. CLARK
COMMISSIONER ANDREW GILES FAY

DATE: Tuesday, May 21, 2019

TIME: Commenced: 9:30 a.m.
Concluded: 10:05 a.m.

PLACE: Gerald L. Gunter Building
Room 105
2540 Shumard Oak Boulevard
Tallahassee, Florida

REPORTED BY: DEBRA R. KRICK
Court Reporter and
Notary Public in and for
the State of Florida at Large

PREMIER REPORTING
114 W. 5TH AVENUE
TALLAHASSEE, FLORIDA
(850) 894-0828

1 P R O C E E D I N G S

2 CHAIRMAN GRAHAM: Good morning.

3 COMMISSIONER BROWN: Good morning.

4 COMMISSIONER POLMANN: Good morning.

5 (Good morning from the audience.)

6 CHAIRMAN GRAHAM: Let the record show it is
7 Tuesday, May 21st. It is 9:30 a.m., and you are
8 joining us in the Internal Affairs meeting. We
9 will call this meeting to order.

10 The first item on our agenda is overview of
11 the 2019 hurricane preparedness information.

12 MS. BUYS: Good morning, I am Penelope Buys.

13 On April 4th, 2019, staff held its annual
14 hurricane preparedness informal meeting. Each of
15 the Florida's five investor-owned electric
16 utilities as well as Clay Electric Cooperative, the
17 Florida Municipal Electric Association and the City
18 of Tallahassee made a presentation regarding the
19 activities and preparations made during the past
20 year.

21 As in prior years, the topics discussed
22 included annual activities such as vegetation
23 management, inspections and maintenance programs.
24 The utilities also discussed activities that take
25 place prior to the hurricane season.

1 While each presentation was unique to
2 individual utilities, there are several common
3 lessons learned. One point of emphasis is the
4 continued effort to improve communication with
5 customers before, during and after storm events.

6 Thank you.

7 CHAIRMAN GRAHAM: Thank you, Ms. Buys.

8 Commissioners, any questions of Ms. Buys?
9 Comments?

10 Commissioner Brown.

11 COMMISSIONER BROWN: Thank you.

12 Ms. Buys, could you talk about that continued
13 effort to communicate with customers, and what the
14 utilities would like to do differently that they
15 didn't do during the past hurricane season?

16 MS. BUYS: I know they are working on their
17 social media and their websites, and making sure
18 that they can handle the traffic. And they are
19 doing more text messagings and emails.

20 COMMISSIONER BROWN: And how can they handle
21 the traffic?

22 MS. BUYS: By upgrading their system.

23 COMMISSIONER BROWN: What about the new
24 legislation that is going into affect regarding
25 the, I guess 200 undergrounding projects, how is

1 that going to impact those projects? Because my
2 understanding that law has become effective upon --
3 it's already in affect currently, so how is that
4 going to impact those projects?

5 MS. BUYS: I don't think it's going to impact
6 those projects. They are going to still continue
7 with those projects.

8 COMMISSIONER BROWN: Are we going to see cost
9 recovery this year?

10 MS. BUYS: Probably not this year.

11 MR. BALLINGER: Good morning, Commissioners.

12 COMMISSIONER BROWN: Good morning.

13 MR. BALLINGER: Staff is working on draft
14 rules. I don't believe it's been signed yet by the
15 Governor, or has it? Okay. So we are still there
16 and waiting for directions from you all to start
17 rule-making.

18 But staff has been meeting internally and
19 working on both rules for storm protection plans --
20 the legislation calls for two things, the plan
21 approval and for cost recovery to set up another
22 clause.

23 So I believe for these -- the current projects
24 that were part of the pilot, it would not affect
25 them. It should be a going forward basis.

1 COMMISSIONER BROWN: Is it going to be an
2 expedited rule process?

3 MR. BALLINGER: The legislation, I believe,
4 had -- the Commission had to propose rules by
5 October 31st of this year.

6 COMMISSIONER BROWN: Yeah, it is.

7 MR. BALLINGER: So proposal means one thing,
8 not adoption. So where it goes from there, we will
9 see.

10 MR. BAEZ: Commissioner, we've got a more
11 fleshed out conversation on that coming up in a few
12 minutes, so we will get to answer all your
13 questions.

14 COMMISSIONER BROWN: Okay. Great.

15 Well, I think the 200 undergrounding projects
16 is exciting and I'm looking forward to see how it
17 impacts the grid for each of the utilities.

18 Last question, Mr. Chairman.

19 CHAIRMAN GRAHAM: Sure.

20 COMMISSIONER BROWN: Regarding the
21 coordination efforts with the local EOCs, I mean,
22 that was a topic last year, and the utilities
23 wanted to do -- reach out more, and I guess the
24 industry, what are they doing now to coordinate
25 with those local EOCs?

1 MS. BUYS: They are having more meetings.
2 They are talking about various subjects. They are
3 coordinating a little bit better, and the
4 vegetation management, the critical infrastructure,
5 I believe in either the storm hardening dockets or
6 the report, we actually have a good list of how
7 many these they have.

8 COMMISSIONER BROWN: Great. Thank you. Thank
9 you for your work.

10 CHAIRMAN GRAHAM: Commissioner Polmann.

11 COMMISSIONER POLMANN: Thank you, Mr.
12 Chairman.

13 You know here in your summary, the utilities
14 have drills and exercises prior to storm season.
15 In your discussions, did the utilities identify
16 anything new or different in their exercises from
17 their recent experiences? Have you received
18 updates in terms of --

19 MS. BUYS: From the drill?

20 COMMISSIONER POLMANN: -- in their lesson to
21 learn something new or different that they are
22 preparing in their exercises?

23 MS. BUYS: Besides what I listed in the
24 bullets, I don't think at this heard anything that
25 they learned from doing their drills, because some

1 of their drills were after the presentation.

2 COMMISSIONER POLMANN: Okay. Thank you.

3 CHAIRMAN GRAHAM: Any other Commissioners?

4 Thank you very much for your report.

5 Okay, legislative update.

6 MS. PENNINGTON: Good morning Commissioners --

7 yes, sir.

8 CHAIRMAN GRAHAM: Push the button.

9 COMMISSIONER BROWN: It's on.

10 MR. POTTS: It's not on.

11 CHAIRMAN GRAHAM: There you go.

12 MS. PENNINGTON: I was just reminded this
13 could be my swan song to make it good, and I can't
14 even turn a microphone on.

15 We just warranted to give you a quick update
16 on some of the things that did and did not pass
17 during the session, and I do mean really quickly so
18 that we can get into the major piece of legislation
19 that's going to require some work from us.

20 The -- probably our two biggest successes,
21 which are sometimes measured differently from this
22 session, is that we managed to keep our budget --
23 our continuation budget intact. We did not for the
24 second year in a row, Commissioner --
25 Commissioners, we did not lose any positions. In

1 fact, we did gain some positions with the new
2 legislation that we are going to have to implement,
3 so that was good news.

4 A couple of things just that have been of
5 interest to a couple of you. Commissioner Brown,
6 the texting and driving bill did finally pass.
7 There were some concessions, some give and take
8 along the way, but there will be a bill effective
9 October 1st on texting, a texting band. It's not
10 as strict as Georgia's.

11 COMMISSIONER BROWN: You remembered.

12 MS. PENNINGTON: I did. Yes, ma'am, I did.

13 The other thing is that the bill that would
14 transfer the Agency for State Technology underneath
15 the Department of Management Services that also
16 creates the cybersecurity task force that
17 Representative Fay is interested in, that bill did
18 pass both houses of the Legislature, so I know that
19 our staff will monitor that even though we do not
20 have a membership slot on that cybersecurity task
21 force, but we will -- staff will monitor that as
22 well.

23 COMMISSIONER FAY: Thank you. And I will take
24 the promotion of a representative.

25 MS. PENNINGTON: Did I say that?

1 COMMISSIONER FAY: It's quite all right.

2 COMMISSIONER POLMANN: Congratulations.

3 CHAIRMAN GRAHAM: Is that a promotion?

4 MS. PENNINGTON: I don't know. It's not a pay
5 upgrade.

6 The -- there is a bill that passed regarding
7 private property rights and rights-of-way that will
8 be interesting. It does not directly impact the
9 Public Service Commission, but it does impact
10 owners' rights to not have to go through local
11 governments to get some tree trimming and
12 vegetation management, and thereby, utilities would
13 not necessarily require that information from the
14 homeowner, other than just the homeowner asking
15 them to come in and do it.

16 It doesn't change whether or not they need
17 permission to enter private property or not, but it
18 does eliminate some local government red tape. So
19 that may be helpful to some of the utilities and
20 homeowners out there with vegetation management.

21 The one bill that did pass that will require a
22 good deal of work from us was a new clause hearing
23 for storm protection lands that the utility -- IOUs
24 will submit to the Agency every three years.

25 That position we were successful in getting

1 funding -- that bill we were successful in getting
2 funding for four positions, I believe. I am going
3 to let Mark go there, but that's a senior attorney,
4 a couple of analysts, and I believe an engineer.
5 Mark will correct me if I am wrong about that. But
6 we are already at work on that, and I think we are
7 going to turn to Mark now or next?

8 MR. FUTRELL: Yeah.

9 MS. PENNINGTON: I think that's it, isn't it,
10 Adam?

11 MR. POTTS: Yeah.

12 MS. PENNINGTON: So are there any questions?

13 We will be providing our formal legislative
14 wrapup document that we will be posting on the
15 internet before the next Internal Affairs once
16 everything has gone to the Governor and been signed
17 or rejected.

18 CHAIRMAN GRAHAM: Mark.

19 MR. FUTRELL: Good morning, Commissioners.

20 Senate Bill 796 obviously passed the
21 Legislature and has been enrolled. As I understand
22 it, it has not yet been presented to the Governor.
23 However, as Mr. Brown mentioned, it's on --
24 expedited rule-making is required as required by
25 the Legislature, and so by October 31st, a rule

1 must be proposed.

2 And so in anticipation of the potential for
3 the Governor to be presented and to -- legislation
4 to go into law, we have been having extended
5 discussions internally with staff to, you know,
6 understand the legislation and to begin making
7 preparations for the implementation.

8 And so the bill essentially, as Katherine
9 mentioned, requires the electric investor-owned
10 utilities to file 10-year storm protection plans to
11 address overhead and hardening of transmission and
12 distribution facilities with the goal of mitigating
13 the impacts of severe storms and wind damage.

14 The plan cont -- the bill contemplates that
15 the plan would be updated every three years and
16 establishes considerations and criteria for the
17 Commission to consider and apply and render its
18 decision on a plan. The statute explicitly gives
19 the Commission the authority to approve, modify or
20 deny a plan.

21 Once the plan is approved, it also
22 contemplates the establishment of a storm
23 protection cost recovery clause where costs
24 associated with the plan may be presented for
25 approval from the Commission to recover from

1 customers. So we are contemplating adding an
2 additional annual clause hearing.

3 Also, the bill requires reporting
4 requirements. So there is an annual reporting
5 requirement to the Legislature to update them on
6 progress of storm protection projects and
7 vegetation management activities. And so that will
8 be coming to you at the end of each year. It's
9 required to be filed with the Legislature by
10 December 1st.

11 And so we are gearing up for the potential for
12 implementation, and that could include new rules on
13 the storm protection plan, new rules on the storm
14 protection cost recovery clause. And we are also
15 having discussions about our existing rules that
16 address storm hardening and other matters affecting
17 the transmission distribution system that stem from
18 the '04-'05 storms, and looking at how this
19 legislation may impact those rules and trying to
20 harmonize those together to the extent we can.

21 That's kind of a quick overview of kind of
22 what we are seeing with the bill, and what we are
23 getting prepared for in the event it becomes law.

24 MR. BAEZ: Mr. Chairman, before -- if you
25 have -- before we get into any questions you might

1 have, what the staff is looking for today is some
2 contingent direction to go to rule-making.

3 As Mark and the others have mentioned,
4 there -- we are sort of on an expedited schedule,
5 and this -- although, this is out of the ordinary,
6 this advanced direction, if you will, we felt it
7 was the most prudent way to proceed so that we
8 could be prepared on day one when the law does
9 become viable to be ready to hit the ground
10 running. And that's going to take a little bit
11 more formal advanced work than we've been able --
12 you know, that we've gotten to at this point.

13 Right now, we've had internal conversations,
14 and so forth, but I think we would like your go
15 ahead to start talking to stakeholders in a more
16 informal fashion so that we can be ready on day
17 one.

18 CHAIRMAN GRAHAM: I have got a couple of
19 questions.

20 First one, you said that the -- we have to
21 have a rule proposed by October 31st? And so
22 whatever the course of approving that rule, it's
23 going to be what it is before the rule comes into
24 effect.

25 MR. FUTRELL: Right.

1 CHAIRMAN GRAHAM: My first request, or
2 question I guess, is when is this going to fall in
3 with all the other clauses that we are dealing
4 with? Because I know right now, the end of third
5 quarter and all fourth quarter is just slam packed
6 full of clauses, and all the other things that we
7 have to get done, quote, before the end of the
8 year.

9 I would like to see if we are going to deal
10 with this, that it comes out either first or second
11 quarter. And I think before we implement this, now
12 is the time to decide when we want to do that.

13 Now, I do see that there is a reporting
14 requirement by December 31st, but that doesn't mean
15 we have to deal with the clauses towards the end of
16 the year. I mean, since we are starting this up
17 before we, quote, start a tradition, I think we
18 need to look at other places to put this clause and
19 not at the end of the year jammed in with
20 everything else we have to get done.

21 MR. BAEZ: That's part of the -- that's part
22 of the conversation, Chairman. I think that, as
23 you alluded to, one of the -- one of the things
24 that we are trying to figure out is how best to use
25 the time, and what the best time to plug the new

1 clause in.

2 To be perfectly candid, you know, one of
3 the -- one of the options that we are looking at is
4 to -- is to have it be an add-on in part. And
5 again, nothing is final. This is all subject to
6 discussion and more consideration. And we would
7 certainly keep you apprised of the progress that we
8 are making and what staff is thinking.

9 But part of it is, because it's a -- because
10 it's a clause hearing, because the process might
11 be -- it's a familiar process and a familiar
12 timeline, one of the options that we are
13 considering is to have it run parallel to the rest
14 of the clause hearings. Nothing -- but your
15 comments are well taken.

16 CHAIRMAN GRAHAM: Yeah, that's actually a good
17 idea.

18 MR. BAEZ: Yeah. And so we are -- this will
19 be an evolving discussion, obviously. We don't
20 have all the facts, and we don't have all the
21 logistics sorted out just yet. And that's sort of
22 what we are asking for, is to allow us to proceed
23 along that road.

24 CHAIRMAN GRAHAM: Commissioners. Commissioner
25 Brown.

1 COMMISSIONER BROWN: I think given the nature
2 of the legislation as the rule should be developed
3 by October 31st, I think we absolutely have to get
4 on it right away. So it would behoove us to direct
5 staff to go ahead and begin that process.

6 Regarding the -- once that rule becomes
7 effective, what do you foresee the next steps are
8 in terms of this year? So do you anticipate -- Tom
9 Ballinger said that he doesn't anticipate those 200
10 undergrounding projects coming in for cost
11 recovery. What -- how do you see it?

12 MR. BAEZ: Well, I think -- my personal
13 opinion, and I don't have any background --
14 specific background or information, and this is
15 not -- I don't think that the question has been
16 posed to the companies just yet. But it does sound
17 like, you know, what -- there is a nature to the
18 projects, to the pilot projects that already exist
19 and are limited, and there are resources that have
20 been allocated to that moving on.

21 Whether any of those projects change in nature
22 to something that might be considered under a
23 clause, I don't know. And that's a discussion
24 that's going to probably take place in the near
25 future. But I certainly think the question is a

1 fair one to know what bin they are in, you know,
2 what side of the line they are on.

3 MR. FUTRELL: Because -- just to add on -- the
4 bill has explicit language that costs for projects
5 that are -- they seek recovery through the clause
6 may not be --

7 COMMISSIONER BROWN: In base rates --

8 MR. FUTRELL: -- recovered in base rates.

9 COMMISSIONER BROWN: Right.

10 MR. FUTRELL: So it will be presented as to
11 what projects are going through the clause, and
12 ensuring that there is no double recovery.

13 COMMISSIONER BROWN: Okay. And I know that
14 the storm hardening dockets, how is that going to
15 be impacted by the storm protection plan?

16 MR. BAEZ: That's -- that really the -- that's
17 the bulk of the conversation so far as -- and you
18 heard Mark use a word, harmonizing, and that's
19 really what's -- what -- what's being called for
20 here.

21 Naturally, there is -- even on its face, there
22 is so much overlap between the two frameworks now
23 established. Part of -- part of the conversation,
24 part of the analysis is, all right, well, what
25 belongs where? And what remains -- what will

1 remain of the storm hardening dockets, if anything,
2 and what other criteria that are already the
3 utilities are under if -- what is -- what is the
4 proper resting place, the location in our process.

5 It may not all -- it may not all fall within a
6 new clause process. There may be some residual,
7 some legacy storm issues that find another place,
8 whether it's in a reporting requirement or some
9 other, you know, some other process that we
10 establish.

11 I think you put your finger on it. That's
12 really the bulk of the work here, is trying to
13 untangle and harmonize the two.

14 MR. FUTRELL: And that's -- looking forward,
15 we currently have storm hardening dockets that are
16 open. Plans have been filed. And the current plan
17 is to bring that before you at the July agenda.

18 COMMISSIONER BROWN: Okay.

19 MR. FUTRELL: But again, as Braulio said,
20 going forward, we are going to have to address how
21 that existing requirement and existing rule gets
22 harmonized with this -- with this new legislation.

23 MR. BAEZ: And for practical purposes, this
24 year is pretty much spoken for. You know, when the
25 rule takes effect, now you are really looking at

1 2020. It's '19, yes? What we are really talking
2 about is what -- what happens 1/1/20, how we are
3 dealing with it.

4 COMMISSIONER BROWN: Mr. Chairman, since this
5 is a new rule, and this does -- it's a very
6 important part of the work that we do, I would like
7 if staff provides updates for us at our regular
8 Internal Affairs meetings to, you know, in the
9 public domain so that everyone knows what the
10 progress is of where that rule is and what you have
11 learned with your discussions.

12 MR. BAEZ: We would like to come back and give
13 you that sort of -- that sort of update. Without
14 knowing more, there may be, you know, there may be
15 a decision point to be made that may need y'all's
16 blessing in some form. I don't want to -- I don't
17 want to get ahead of the General Counsel because I
18 don't know that that situation exists, but as part
19 of the updates, there may be a point where we say,
20 okay, we can go this way or we can go that way, the
21 pleasure of the Commission can get followed.

22 COMMISSIONER GRAHAM: Other Commissioners?
23 Commissioner Fay.

24 COMMISSIONER FAY: And I think Commissioner
25 Brown made this point, but the legislation, upon

1 becoming law, is in effect; is that correct? So
2 essentially, it will hit the Governor's desk in the
3 next few weeks, and there is 15 days for him to
4 sign. So no matter what the scenario is, it needs
5 to be done quickly to initiate?

6 MR. BAEZ: Agreed. Yes.

7 COMMISSIONER FAY: Okay. Good. Thanks.

8 CHAIRMAN GRAHAM: Commissioner Polmann.

9 COMMISSIONER POLMANN: Thank you, Mr.
10 Chairman.

11 You have alluded to how this all is going to
12 fit together with what we are currently doing, and
13 so forth. And we are all aware there is a lot of
14 media coverage on this, and quite a bit of
15 confusion.

16 MR. BAEZ: Yes.

17 COMMISSIONER POLMANN: So -- and I think you
18 just said that we will have a draft rule, but not
19 necessarily an ability to implement in the calendar
20 year. Did I understand that? Because the rule
21 won't be finalized, or it could be, but we are
22 not -- we don't have a timeline right now.

23 MR. BAEZ: Well, the statute requires the
24 Commission to propose rules by end of -- by end of
25 October. It's -- as General Counsel will now tell

1 you, there is -- there is an after process --

2 COMMISSIONER POLMANN: Yes.

3 MR. BAEZ: -- that we don't control, strictly
4 speaking.

5 Speaking today, we can always hope that the
6 rule that -- the truly that we propose is one that
7 is, you know, has -- has input and consideration
8 for everyone involved, and that that after process
9 perhaps is a mere formality, but --

10 COMMISSIONER POLMANN: And that this becomes
11 the adopted rule --

12 MR. BAEZ: Yes, sir.

13 COMMISSIONER POLMANN: -- and everything
14 that's --

15 MR. BAEZ: And then we are set to go.

16 COMMISSIONER POLMANN: Okay. Because of all
17 the discussion that occurred during the legislative
18 session, and so forth, and as Mark referenced
19 concern about double recovery and all the things we
20 heard about, I am wondering if part of your
21 development over the coming months could include --
22 and maybe you can just come back and report to us
23 on what you are thinking -- some type of public
24 information aspect to this.

25 And I don't want to make the job anymore

1 difficult than it already is, but I would like to
2 have an effort between the Commission and the
3 utilities to -- and Public Counsel -- to
4 communicate to the public about what this rule
5 really is going to provide, to provide some
6 assurance that it's not going to be double paying.
7 It's not going to be an automatic opportunity for
8 the utilities to earn additional revenue and
9 income, and so all the things that we are -- that
10 were misunderstood during the process.

11 So again, please give that some thought, and
12 not to burden -- we are not a public communications
13 agency, per se.

14 MR. BAEZ: No, understood.

15 COMMISSIONER POLMANN: But I think it's
16 important that the public understand what's going
17 on.

18 MR. BAEZ: Understood, Commissioner. And you
19 are right. I think the law -- or the bill right
20 now does address that sort of double billing, or
21 accounting issue, if you will.

22 And I am -- and I -- it would be my
23 expectation, as I believe it is all of yours, that
24 some conversation would be had, and some
25 consideration would be given as to what the

1 appropriate level of outreach to the customers
2 needs to be. I don't know what that is now, but it
3 would certainly not surprise me that it becomes
4 part of the conversation. So thank you for that.

5 CHAIRMAN GRAHAM: Commissioner Clark.

6 COMMISSIONER CLARK: Thank you, Mr. Chairman.

7 I just want to follow up on Commissioner
8 Polmann's comment, because I think there -- that
9 may be a -- I guess that's an area I am a little
10 bit confused in, because I think there are new
11 costs that are to be contemplated in this that
12 would have never been considered in base rates.

13 If you look at what true storm hardening is,
14 and the additional level that you would go to, some
15 of those considerations would never be looked at in
16 a normal rate base case. Under the storm clause,
17 they would actually be expected to be seen in
18 there.

19 So I think you are actually -- I just want to
20 put that on the table, that this isn't really a,
21 okay, it's the same kind of costs. You are just
22 shifting them from one place to the other. I think
23 there are additional costs. I think that's
24 something the consumers need to be aware of. We
25 will see additional costs that come out of the

1 storm clause.

2 MR. BAEZ: That's a -- that's a -- that's a
3 fair characterization, Commissioner. I think the
4 question of what constitutes storm protection is --

5 COMMISSIONER CLARK: To be defined at a higher
6 level.

7 MR. BAEZ: Right. There is a known universe
8 of that, and it does not -- it doesn't necessarily
9 square up with what exists now. That much -- that
10 much is true. But as many things, those are
11 details that come out when you are actually, you
12 know, when the costs are on the table and being
13 discussed.

14 So -- but, yeah, I think that's a fair
15 statement. Absolutely.

16 COMMISSIONER CLARK: My only question, I just
17 wanted to make that observation. But my question
18 is, what is the soonest that we would be required
19 to have a clause hearing based on the implementing
20 language?

21 MR. BAEZ: '20, right?

22 MR. FUTRELL: Yeah.

23 MR. BAEZ: 2020.

24 COMMISSIONER CLARK: December or January?

25 MR. BAEZ: Well --

1 MR. FUTRELL: It depends on --

2 MR. BAEZ: Again, going back --

3 COMMISSIONER CLARK: So it's up to us in that
4 regard to establish?

5 MR. BAEZ: Right.

6 COMMISSIONER CLARK: Okay.

7 MR. BAEZ: We are going to give you our
8 best -- we are going to give you our best shot at,
9 you know, at harnessing all of our efficiencies and
10 all of your considerations and try and come up
11 with -- come up with a process that --

12 COMMISSIONER CLARK: And this may be -- this
13 may be a premature question that would be handled
14 in rule-making, but when do hardening costs begin
15 to accrue that could be recovered? Are they
16 immediate, or are they -- they don't start until we
17 get the rule in place?

18 If they did a project today that's not outside
19 the scope of storm hardening, would that be a
20 recoverable expense if it were approved?

21 MR. FUTRELL: Commissioner, I think the
22 legislation contemplates that -- that the costs
23 would be associated with an approved plan.

24 MR. BAEZ: Right.

25 MR. FUTRELL: So if -- I guess my read of it

1 was that if they -- if they tried to do that, it
2 would be subject to some kind of review. But the
3 idea is that what's approved in the plan, then that
4 gives them authorization to move forward with a
5 plan. And unless there is a showing of imprudence,
6 they can -- the utilities can implement the
7 projects in that plan, and then in the clause
8 hearing is the process where the Commission reviews
9 those activities and costs to determine what was --
10 what were prudently incurred.

11 MR. BAEZ: So there is -- so there is --

12 MR. FUTRELL: So it would be at their risk
13 about whether they --

14 COMMISSIONER CLARK: If they go ahead and do
15 it now, they are at risk?

16 MR. FUTRELL: Correct.

17 COMMISSIONER CLARK: If they put it in the
18 plan and we approved it, could you go back and say
19 it was an approved expenditure? I guess that would
20 be the Commission's option.

21 MR. FUTRELL: But it would be an activity that
22 they could pursue because it's pursuant with an
23 approved plan.

24 MR. BAEZ: Right. So there is -- I mean,
25 there is sort of two -- two processes that are --

1 that are getting discussed there that sort of feed
2 into -- you know, one feeds into another, and so
3 there is also the question, you know, going back,
4 you are not -- if you are -- if you are fish, you
5 are not fowl. So there is always that question.
6 You can't be both.

7 COMMISSIONER CLARK: Excellent point.

8 MR. BAEZ: Or so I am told.

9 CHAIRMAN GRAHAM: Any other questions from
10 staff?

11 Thank you very much.

12 MR. BAEZ: We will -- and just a polite nod
13 would do, but, you know, have us -- have us
14 directed to move forward.

15 CHAIRMAN GRAHAM: I mean, as soon as the
16 Governor signs it, yes.

17 MR. BAEZ: Well, and that's when -- that's
18 when all the docket numbers come out, if you will.
19 We -- we would -- we would love for it to be okay
20 with you all if we continue.

21 COMMISSIONER POLMANN: You want that nod?

22 MR. BAEZ: -- intensifying our efforts.

23 COMMISSIONER CLARK: Yes.

24 MR. BAEZ: Thank you.

25 COMMISSIONER POLMANN: Everybody nod on the

1 count of three, would that be sufficient?

2 MR. BAEZ: I think I have got y'all.

3 CHAIRMAN GRAHAM: General Counsel report.

4 MR. HETRICK: Yeah, Mr. Chairman, I have one
5 item for you and the Commissioners.

6 I would just like to take this opportunity to
7 recognize two of my attorneys, Margo DuVal and
8 Rachael Dziechciarz, for completing Scott
9 Hempling's seminar on regulating public utility
10 performance.

11 Both Margo and Rachael received full
12 scholarships for this course. Normally commissions
13 around the country have to pay for their attorneys
14 to attend, but they received full scholarships from
15 Scott Hempling based on their own desires and
16 volunteer nature to take this course, and they had
17 to submit essays to get that scholarship. So they
18 did that on their own. They really wanted to take
19 that course.

20 This course was held on Monday evenings over a
21 14-week period. It was two hours after work.
22 Again, they volunteered their time to do this. And
23 they did that to expand their knowledge base and
24 hone their craft in legal skills here at the
25 Commission and dedication to their work here with

1 the Commission.

2 The seminar focused primarily on understanding
3 traditional utility market structures and pricing,
4 as well as the structures utilized by other
5 jurisdictions and the role of state commissions in
6 that pros. The course also included and overview
7 of the nation's utility mergers and acquisitions,
8 and how these transactions have changed over time
9 and influenced the business models of the
10 utilities.

11 I am confident that the understanding that
12 both Margo and Rachael obtained in completing this
13 seminar will be useful to the Commission in going
14 forward, and so I would like to officially thank
15 them and offer my very sincere appreciation for
16 their dedication, participation and diligence in
17 expanding their knowledge base for themselves and
18 on behalf of the Commission.

19 Mr. Chairman, I know you have two certificates
20 for that.

21 CHAIRMAN GRAHAM: I do?

22 (Applause from the audience.)

23 COMMISSIONER CLARK: They all run the opposite
24 direction.

25 CHAIRMAN GRAHAM: Are we going to have them

1 read their --

2 MR. BAEZ: Their essays? No.

3 CHAIRMAN GRAHAM: The original paragraphs or
4 whatever it's called, the stories.

5 MR. HETRICK: Essays.

6 CHAIRMAN GRAHAM: Essays.

7 (Presentation of awards.)

8 MS. DZIECHCIARZ: Thank you.

9 MS. DUVAL: Thank you.

10 CHAIRMAN GRAHAM: I just want to let you guys
11 know I specifically put on this tie for that
12 picture.

13 General Counsel report still.

14 MR. HETRICK: That concludes my report,
15 Mr. Chair.

16 CHAIRMAN GRAHAM: Okay. Executive Director's
17 report.

18 MR. BAEZ: I guess I am the post-commencement
19 speaker, yes.

20 I just want to take a moment to thank our --
21 your staff, Katherine Pennington, Adam Potts, the
22 folks at IDM led by Casey Hinton, who are too many
23 to name -- at this point, I am sure I would forget
24 someone -- and the entire technical staff, the
25 administrative staff and, yes, even our own

1 esteemed legal staff for all of their collective
2 efforts this session.

3 The session is usually a wait and see
4 proposition for us. And that is not a complaint in
5 any way, but this session in particular was -- was
6 an active one. You saw the rather hefty
7 legislation that came out that has left us a lot
8 of -- left all of us a lot of homework into the
9 future. And everybody -- everybody had a hand in
10 helping the legislation be a good product, that
11 works well within our regulatory framework. And I
12 am very proud of their work. I am very
13 appreciative of their work on your behalf. So I
14 just wanted to say a quick -- quick and loud thank
15 you.

16 COMMISSIONER BROWN: Thank you.

17 CHAIRMAN GRAHAM: Commissioners. Commissioner
18 Brown.

19 COMMISSIONER BROWN: I want to thank them,
20 too. Throughout the Senate confirmation process,
21 it was -- they have been a true delight of support,
22 and notably Gary and I made it through, and we've
23 got four more years here. And it's always a
24 pleasure to work with you guys on -- in all
25 capacities. So thank you for your support

1 throughout it.

2 COMMISSIONER CLARK: Thank you. She beat me
3 to it, as usual. But thank you all for your
4 support and for your help.

5 But I did want to make one additional
6 observation to our staff for the job that you did
7 last week with the staff social. I saw a lot of
8 people throwing in a lot of extra time and effort
9 to make that a successful event, and I look forward
10 to that each year. And it's a great opportunity
11 for us to get to sit down and visit and spend some
12 time with staff that we normally may not get to see
13 or visit with. So I really enjoyed that and would
14 encourage us to do one in the fall too.

15 MR. BAEZ: And duly noted, sir.

16 MR. HETRICK: Chili cookoff.

17 COMMISSIONER CLARK: Chili, there you go.

18 CHAIRMAN GRAHAM: Okay, Executive Director's
19 report.

20 MR. BAEZ: All done. Thank you.

21 CHAIRMAN GRAHAM: Other items, matters?
22 Anything else for the good of the order?

23 Seeing none, then we are adjourned.

24 (Proceedings concluded at 10:05 a.m.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, DEBRA KRICK, Court Reporter, do hereby
certify that the foregoing proceeding was heard at the
time and place herein stated.

IT IS FURTHER CERTIFIED that I
stenographically reported the said proceedings; that the
same has been transcribed under my direct supervision;
and that this transcript constitutes a true
transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative,
employee, attorney or counsel of any of the parties, nor
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attorney or counsel connected with the action, nor am I
financially interested in the action.

DATED this 31st day of May, 2019.



DEBRA R. KRICK
NOTARY PUBLIC
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