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PLACE: Betty Easley Conference Center
Room 148 4075 Esplanade Way
Tallahassee, Florida

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

PREMIER REPORTING
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1 IN ATTENDANCE :

2 ADRIA HARPER, PSC STAFF

3 ANDREW KING, PSC STAFF

4 ROBERT GRAVES, PSC STAFF

5 SAMANTHA CIBULA, PSC STAFF

6 BART FLETCHER, PSC STAFF

7 SHELBY ELCHER, PSC STAFF

8 TOM BALLINGER, PSC STAFF

9 MARY ANNE HELTON, PSC STAFF

10 KEITH HETRICK, PSC STAFF

11 CAYCE HINTON, PSC STAFF

12 PENELOPE BUYS, PSC STAFF

13 KEN RUBIN, LIZ FUENTES and DAVE BROMLEY, POWER & LIGHT

14 COMPANY

15 JEFFRY WAHLEN and MALCOLM MEANS, TAMPA ELECTRIC COMPANY

16 MATTHEW BERNIER and JEFF FOSTER, DUKE ENERGY FLORIDA

17 RUSSELL BADDERS, GULF POWER COMPANY

18 SCHEFFEL WRIGHT, FLORIDA RETAIL FEDERATION

19 J.R. KELLY, and CHARLES REHWINKEL, OFFICE OF PUBLIC

20 COUNSEL

21 BETH KEATING and MICHAEL CASSEL, FLORIDA PUBLIC

22 UTILITIES

23 JON MOYLE, FLORIDA INDUSTRIAL POWER USERS GROUP

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1 PROCEEDINGS

2 MR. KING: Okay. Good morning, everyone.
3 Today is August 20th. It's 9:30 in the morning,
4 and we are here for the second rule-making workshop
5 on the rules implementing Section 366.96.

6 The notice for this meeting appeared in the
7 August 6th version of the Florida Administrative
8 Register, that was Volume 45, Issue 152.

9 So we are going to go ahead and dive right in.
10 Robert and Shelby, just like last time, are going
11 to kind of lead us through each of the rules. And
12 so with that, I will kick it over to Robert, and he
13 is going to start out with the 030 rule, I believe.

14 MR. GRAVES: That's right. Thanks, Andrew.

15 Again, my name is Robert Graves. I am with
16 the Commission staff. I first want to thank the
17 utilities for the input during the last workshop,
18 and then the comments that followed. We appreciate
19 that. And hopefully the revised rule, or the
20 newest draft reflects some of the input from the
21 utilities and the other parties.

22 I think I'm going to start with is sort of a
23 global explanation of what I think is the most
24 significant change, and then sort of like the last
25 workshop, we will walk through each section. I

1 think it could be fairly quickly.

2 But the largest change in the rule is the
3 addition of programs, and that was in response to a
4 lot of the utilities' comments. And that really
5 addresses the concern over having 10 years of
6 detailed information for projects.

7 What we've done is we scaled that back. We
8 asked for that level of detail for a three-year
9 period. And that's sort of in line with how we
10 read the statute. And then for the 10-year period,
11 we are looking at program level type detail.

12 And with that, I think we can move in -- there
13 are other concerns raised by the parties, and we
14 will address those as we get to those specific
15 sections. But I did want to touch on that one,
16 because that was sort of the one that had the
17 largest impact to our draft rule.

18 So going to Subsection 1, what we did was we
19 moved a lot removed a lot of the language that was
20 repetitive but what was in the statute, and we
21 included sort of a definition of who this rule
22 would apply to, and that's the investor-owned
23 electric utilities. Other than that, it remains
24 mostly the same from the previous draft.

25 And are there any -- and again, we will move

1 from left to right with any comments.

2 MR. RUBIN: Ken Rubin for FPL. No comments on
3 that part.

4 MR. BERNIER: Matt Bernier for Duke Energy. I
5 agree, we have no comments.

6 MR. BADDERS: Russell Badders on behalf of
7 Gulf Power, no comments.

8 MR. MEANS: Malcolm Means on behalf of Tampa
9 Electric, no comments.

10 MS. KEATING: Beth Keating on behalf of FPU,
11 no comments.

12 MR. CASSEL: Mike Cassel on behalf of FPU, no
13 comments.

14 MR. GRAVES: Okay, and did OPC -- any comments
15 on --

16 MR. REHWINKEL: Nothing substantively, but we
17 were wondering, as we go through this process, if
18 there is going to be some way to indicate on the
19 first time out what your expectations are with
20 respect to the five utilities. Are they all
21 supposed to file something that first time?

22 We don't see the rule as having any kind of a
23 time bound when they have to file their first plan.
24 And, I mean, I don't even know if -- if they could
25 skip the first cycle. I -- I just don't -- I don't

1 know -- the way the rule is worded overall, it's
2 not clear to us if everybody has to come in and
3 file a plan or not.

4 And beyond that, what is your anticipation
5 about when, once the rule is final, you would
6 expect the first plans to be filed? And is
7 everybody going to file on the same cycle, or would
8 they be given full discretion to file?

9 MR. GRAVES: Okay. So your comment would
10 perhaps lead to should we put a date explicitly in
11 the rule stating when the first one should be filed
12 and then, therefore, annually, at what point it
13 should be filed?

14 MR. REHWINKEL: Yeah. I mean, it's just a
15 discussion point. I am not sure we have a view on
16 what should happen. It's just we think there might
17 be a gap there. And of course, this also goes to
18 whether everyone has to file a plan the first time
19 out of the gate.

20 MR. GRAVES: Okay. So we will take that back
21 into consideration as we go back through.

22 Did any of the utilities have a response to
23 that, or, no?

24 Okay. Moving on to Subsection 2. One thing I
25 want to address before going through the

1 definitions is the use of the words existing. That
2 was a concern that we saw a lot in the utilities'
3 comments, was that that word may be too
4 restrictive, or that may exclude certain types of
5 projects.

6 And I think everyone was sort of on the same
7 page. We felt that enhanced existing
8 infrastructure would allow the utilities the
9 flexibility to include those certain types of
10 projects, such as, I believe the example was
11 communication type projects that may move forward.
12 It was not intended to exclude that. It was more
13 intended to exclude new construction that was
14 really built for the intent of providing service to
15 new customers.

16 So with that, the combination of enhanced
17 existing we thought would encompass those types of
18 projects that the utilities had concerns were
19 excluded.

20 MR. RUBIN: So, Robert, if I could, I went
21 back through the transcript of the first workshop,
22 and just so I understand and so it's clear what you
23 are referring to is, for example, a new pole and an
24 existing pole line would be enhancing the existing
25 infrastructure. Flood control in an existing

1 substation would be enhancing the existing
2 infrastructure, that kind of -- that discussion
3 that we had last time, is that what we are talking
4 about?

5 MR. GRAVES: Correct. We believe projects in
6 that vein would be included.

7 MR. RUBIN: Okay, great.

8 MR. GRAVES: I don't want to spoke to a
9 specific type project, but --

10 MR. RUBIN: Sure, just examples, right?

11 MR. GRAVES: Yes, sir.

12 MR. RUBIN: Okay, thank you.

13 MR. MEANS: With that clarification, Tampa
14 Electric has no comments.

15 MS. KEATING: Same for FPUC.

16 MR. REHWINKEL: I just have a question. We
17 are talking about 2A right now?

18 MR. GRAVES: I wanted to capture existing,
19 which was actually in 2A and 2B, but that was one
20 of the concerns that the utilities had with --

21 MR. REHWINKEL: Okay. So are you going to ask
22 for general comments on 2?

23 MR. GRAVES: Yes, sir.

24 MR. REHWINKEL: Oh, okay. This isn't that
25 time right now?

1 MR. GRAVES: Well, you can give a general
2 comment on 2A if you would like.

3 MR. REHWINKEL: Okay. I just -- when I looked
4 at the statute, I looked at the criteria from 8
5 through 10, there is three -- well, purpose of
6 reducing restoration costs, reducing outage times
7 and improving overall service reliability.

8 When I read the statute, you know, this last
9 comma isn't there on line 10, and I don't know that
10 there is intended to be a significance to it, but
11 is improving service reliability a stand-alone
12 criteria, or is it related to improving service
13 reliability when it comes to extreme weather
14 events?

15 I don't know what the staff's intention is on
16 that. I read the statute that this is all really
17 related to extreme weather events rather than some
18 sort of stand-alone opportunity to, you know, beef
19 up the network for service reliability. The
20 reason -- I mean, that's not a bad reason to beef
21 up the network, but there is base rate recovery for
22 that.

23 So it's just a question I have. I don't know
24 what the intent is.

25 MR. GRAVES: Okay. And I understand that.

1 And the comma was not explicitly stated, hey, let's
2 put a comma in here for a purpose. So we can go
3 back and take a look to make sure that we are
4 comfortable with it either being removed or --

5 MR. REHWINKEL: If we have another round of
6 comments, we can -- we can put something in there
7 about that. But I just wanted to put that out
8 there for thought.

9 Thank you.

10 MR. RUBIN: Robert, before we get past --
11 before you get past that, on B -- my comment was
12 only addressed to A, but for B, we just had a
13 question about the use of the term a specified
14 portion of existing within the definition of a
15 storm protection project.

16 So the way it reads now, it says: "The
17 specific activity within a storm protection program
18 designed for the enhancement of a specified portion
19 of existing electric transmission or distribution
20 facilities..." as opposed to generally improving
21 the facilities, and just kind of a question about
22 how -- you know, how specific did you intend for
23 that to be in terms of what we would have to
24 report?

25 MR. GRAVES: Okay. And I guess the concern

1 there would be if you have a certain project that
2 more addresses something at a neighborhood type
3 level, would that be sufficient for specificity
4 purposes?

5 MR. RUBIN: Right, or --

6 MR. GRAVES: Is that what you're.

7 MR. RUBIN: Yeah.

8 MR. GRAVES: Okay. Okay. And we can look to,
9 you know, kind of collaborate and clean that up as
10 we see necessary.

11 Did anybody else have a comment on B?

12 Okay. And C, this is another one where there
13 was some discussion of perhaps this definition
14 being too narrow and not allowing the utilities to,
15 I guess, seek certain types of projects that may
16 not fit into one of these discrete buckets.

17 We did add substations and related facilities,
18 and that was part of, I believe, TECO's comments.

19 And we certainly understood the concern from
20 the utilities, and we did not disagree with it.

21 And working from the notice, looking on page 6 at
22 line 18, we have a statement that the utilities can
23 provide any other factors that the utility request
24 the Commission to consider. And we felt like with
25 that one, sort of, provision that the utilities

1 could then ask for something that may be outside of
2 what's strictly defined in part C.

3 MR. RUBIN: So I know that last time we made
4 reference to the Uniform System of Accounts to
5 identify different types of equipment. It seemed
6 to us that there might still be some types of
7 equipment that, for example, transformers, battery
8 storage, potentially other types of functions that
9 are not identified in the current list that is
10 here, so we just wanted to raise -- raise that
11 again.

12 MR. GRAVES: Right. And that's, again, where
13 we think that provision on page 6 of the notice,
14 where we think that could be then be included.
15 Again, the concern there was sort of trying to
16 control the scope of it without letting it grow too
17 large, but then still providing flexibility.

18 MR. RUBIN: Okay.

19 MR. FOSTER: I think, from Duke's perspective,
20 we -- we do have a little concern with kind of the
21 limiting nature. We share some of the same
22 concerns as FPL. And I don't know if you could
23 make it better with a simple addition of and
24 associated type facilities or related facilities to
25 the general description; because we see it more as,

1 again, aimed at -- aimed at benefiting in extreme
2 weather events versus investment in a specific
3 investment. It's, hey, we are trying to benefit
4 the system in extreme weather events.

5 So that's the only thing that kind of comes to
6 mind for Duke when we think about 2C.

7 MR. GRAVES: Okay. Right, and that -- we
8 understood that. And, again, that's where we
9 thought maybe that one provision would allow for
10 those types of projects to be considered.

11 MR. FOSTER: Thank you.

12 MR. BADDERS: Russell Badders, Gulf Power.

13 We have some of the same comments on that just
14 to make sure that we are able to capture all of the
15 things that we are able to do to meet the goal of
16 the statute. So just something we will put in our
17 comments.

18 MR. WRIGHT: I don't have anything to add at
19 this time. Thank you.

20 MR. MEANS: Tampa Electric shares some of the
21 same concerns expressed by the other IOUs, but we
22 will talk internally about this new Subsection I,
23 and we will address this issue in any written
24 comments we might file after this workshop.

25 MS. KEATING: FPU has nothing additional to

1 add.

2 MR. REHWINKEL: Robert, I was wondering if I
3 could ask a question of Mr. Rubin about the battery
4 storage thing.

5 I just was curious, because we were -- we were
6 taking a hard look at their proposal to use these
7 two USOA accounts that deal with transmission and
8 distribution, which are generally from 350 to 374,
9 but energy storage equipment is in 340(a), which is
10 in production. And so I just was wondering if FPL
11 was suggesting that that goal in addition to there
12 USOA proposal.

13 MR. RUBIN: I really don't have an answer for
14 that right now.

15 MR. REHWINKEL: Okay.

16 MR. RUBIN: I just had that as an example, you
17 know, in my document. But I don't -- as far as the
18 Uniform System of Accounts, I am not sure where it
19 would falls, or why it would fall there, Charles.

20 MR. REHWINKEL: Okay. It just -- I mean, we
21 will take a look at it. And I don't know what we
22 think about that, but we would certainly like to
23 know more about battery storage and its -- and its
24 relationship to resilience.

25 I mean, it's -- I could conceive of how it

1 would be, but I think we sort of agree with staff,
2 that you don't want -- you don't want to create an
3 unintended consequence of too large a universe of
4 facilities, but I also understand the utilities, if
5 they are tasked with making sure that they bring
6 the network back up, or harden it so it doesn't go
7 down, that they don't be restricted either. So we
8 are open to finding a good balance there, you know,
9 because I think there is a good intent to -- you
10 know, and this would also go back to that comment
11 that we made about enhanced service reliability. I
12 think we need to be careful not to get too far
13 afield either.

14 MR. BALLINGER: Robert, can I -- I think I can
15 answer a few questions that have come up we -- I
16 know Robert said we will take them back, but --

17 The first one, I think, Charles, you asked
18 does this apply to all utilities. I think it's all
19 investor-owned utilities per the statute, I think
20 we are all required to file a plan. All electric
21 utilities, I should say.

22 As it far as the date is concerned, I think we
23 were thinking of, since we don't know when this
24 rule will be promulgated and actually adopted, the
25 first plans would be under an OEP issued to all

1 utilities to file a date and then get on a sequence
2 every three years from that.

3 So that's why we did not have a date specific
4 in the rule of going there. But I think that's
5 staff's general consensus of where we are heading
6 with with that.

7 The other question about the reliability,
8 we -- I don't think we see it as a stand-alone
9 criteria. I think reliability -- day-to-day
10 reliability is kind of an outcome, if you will, or
11 a secondary part of extreme weather events, or what
12 the purpose of this is for, is to strengthen the
13 system against extreme weather events, things of
14 that nature. At least that's our thinking.

15 I think, on the other one with the specific
16 projects, we are looking -- we are thinking of it
17 as linear projects. That's why we said a specified
18 area. We think it's targeted, so as much
19 specificity as you can to an area to give us that.
20 And it's more of for tracking of projects, to see
21 what's coming as they go through a clause or not in
22 the clause, that kind of thing, and to report to
23 the Legislature on the progress of your plan.

24 So hopefully that answered some of the
25 questions out there. And I broke my promise to

1 myself today that I would be -- but it is early,
2 and that's the problem.

3 MR. GRAVES: With that, too, I will elaborate
4 on the concern over the comment in line 10.

5 Really, the statute kind of contained a
6 finding that protecting and strengthening the
7 system from extreme weather conditions then has
8 that byproduct, so, again, I agree with you, that
9 the focus is on the strengthening against extreme
10 weather. And then the Legislature has already
11 found that that's -- the reliability on a
12 day-to-day is sort of already contained within
13 that.

14 MR. REHWINKEL: Yeah, from the Public
15 Counsel's standpoint, I appreciate your responses,
16 Tom.

17 We will address -- we thought we saw something
18 in the rule that maybe left a gap as far as whether
19 a utility could decide just not to file one, or not
20 to file one in a certain time. But we will take
21 another look at that and we will give comments on
22 it.

23 Yeah, with respect to the enhanced service
24 reliability, we just wanted to make sure that --
25 that if it was a result, it was a secondary one and

1 not the primary reason for making the improvement
2 to the network.

3 Mr. Kelly just reminded me that there was --
4 there is an issue, like I said, on this definition
5 of facilities, the -- the USOA accounts that cover
6 T&D plant include in the distribution plant meters
7 in account 370. And we believe that meter
8 change-outs -- I am not -- that these comprehensive
9 meter change-outs that occur are not really
10 directed at the purpose of the statute. So we
11 would be very leery of that being something
12 that's -- that's allowed in if there is some sort
13 of recognition that these T&D plan accounts in the
14 USOA are a good guide. We think meters may be an
15 exception to that.

16 I just wanted to point that out for the
17 record.

18 MR. GRAVES: Okay. And I think that takes us
19 through Subsection 2, and we can move on to 3,
20 which the -- yes, sir, Mr. Moyle.

21 MR. MOYLE: I am sorry. I just had a question
22 in terms -- for the record, I don't have a mic.
23 Jon Moyle for the Florida Industrial Power Users
24 Group.

25 Could you or someone clarify what you meant

1 when it calls for a description, you asked for a
2 description, can you give a sense as to is that a
3 10,000-foot description, or is there some level of
4 detail provided in that?

5 I am just trying to understand a little bit
6 what is contemplated when you are asking for a
7 description in those prior sections.

8 MR. GRAVES: And I will kind of make my
9 comment as an opinion. I don't want it to sort of
10 be the stand-alone standard for the utilities going
11 forward. But I think some of the information that
12 we see in the current storm hardening plans, I
13 think that type of description would be reasonable
14 moving forward to the storm protection plans.

15 So the different parts contained under
16 Subsection 3 are largely intact from the last -- or
17 carry over, I should say, from the previous draft.
18 We did move Section C a little bit sooner into the
19 rule, and with that, I think --

20 MR. RUBIN: For FPL, and you may have already
21 addressed this when you refer to the use of the
22 word enhancement under Storm Protection Program,
23 but this was the section, I think, where we had
24 previously suggested that it might be helpful to
25 add the fact that strengthening and increased

1 resilience of electric transmission and
2 distribution facilities would include the addition
3 and replacement of equipment and facilities within
4 the existing infrastructure, things like technology
5 improvements, pole inspection programs, and we
6 can -- we can submit that in our written comments,
7 but I just wanted to raise that again. It may
8 be -- it may well be covered by your description of
9 the enhancement above.

10 MR. GRAVES: And Duke?

11 MR. FOSTER: Yes, I think under Subsection 3,
12 when you get to paragraph 3, that's the only one
13 that we are not sure we really fully understand.
14 And I guess our kind of global concern is we don't
15 want to be trying to prove a negative. So we don't
16 want to have to say why you didn't do every single
17 site. I don't think that's the intent. I think
18 it's more why did you select what you did and,
19 perhaps, are there areas that don't make sense at
20 all, but not necessarily a give us every -- prove
21 every not, if you will. If you understand what I
22 am saying.

23 MR. GRAVES: Correct.

24 MR. FOSTER: So I don't know if there is any,
25 you know, any clarity on that you would be willing

1 to offer, or if not, we can make sure to include
2 something in our comments.

3 MR. GRAVES: And it was, perhaps, clarified on
4 line 3, certain types of enhancement, that way it's
5 not sort of an all-encompassing, hey, this section,
6 there is just no hardening that can be done, but
7 rather undergrounding may not be feasible in this
8 section for -- or in this area for certain reasons.
9 Would that sort of move away from that?

10 MR. FOSTER: I -- I think, if my understanding
11 is correct, it may -- it may be okay now, because
12 when I read it, any areas where you have determined
13 enhancement, so that's, hey, you have made a
14 positive determination, or where you have
15 determined it's not feasible. So you made a
16 positive finding that it's not feasible, practical
17 or reasonable. If it's -- if that's the -- if
18 that's it, I think that's okay.

19 Again, it's just we want to make sure it's not
20 intended to be more broad, that you need to go
21 beyond kind of your planning. And I don't know if
22 that helps at all, but --

23 MR. BALLINGER: I agree with that. I think
24 that's the intent of it, is you have a
25 prioritization process, and what did you prioritize

1 these areas for enhancement, whatever method you
2 are using that fell out with 20 or whatever
3 projects it is, and then areas where it may not be
4 feasible at this time, and identify those. And
5 they could be geographic location, things of that
6 nature. It's not a list of everything.

7 MR. FOSTER: And I -- just to -- just to test,
8 you have got a list maybe, and you come to a cut
9 line somewhere, and I don't -- I am wondering, for
10 instance, let's say in the first couple of years
11 you identify 20 projects, right? And the remaining
12 80 out of 100, you are not saying they are not
13 feasible, they are just not in your plan yet.

14 MR. BALLINGER: Right.

15 MR. FOSTER: Those wouldn't need to be
16 something that you call out and say, we find these
17 not feasible at this time. You would just be
18 describing what you are going to do, right, in the
19 immediate -- just making sure. When you get to the
20 nonfeasible, you are more, like, we looked at the
21 and it just isn't, it doesn't make sense to do,
22 right?

23 MR. BALLINGER: Right.

24 MR. FOSTER: Okay. I think we are on the same
25 page. Thank you.

1 MR. RUBIN: Robert, my comments were only to
2 the first section. I do have comments after
3 Section A.

4 MR. GRAVES: I was meaning to say that I
5 intended to slow down and kind of go paragraph by
6 paragraph.

7 MR. RUBIN: Okay. Thank you.

8 MR. BADDERS: We have no comments on this
9 section. We may on the next.

10 MR. WRIGHT: I have got some comments on 3D,
11 but I will hold until we get there.

12 MR. GRAVES: Yes, sir, I appreciate that.

13 MR. MEANS: We have no comments for 3A.

14 MS. KEATING: FPU has no comments on 3A.

15 MR. REHWINKEL: Public Counsel has no
16 comments.

17 MR. GRAVES: And moving on to B.

18 MR. RUBIN: No comments on 3B for FPL.

19 MR. BERNIER: Nor Duke.

20 MR. BADDERS: Nor Gulf.

21 MR. MEANS: No comments on 3B.

22 MS. KEATING: Same for FPU.

23 MR. REHWINKEL: None.

24 MR. GRAVES: Okay. I see we already received
25 from Duke, Mr. Rubin.

1 MR. RUBIN: I'm sorry?

2 MR. GRAVES: I was saying, Paragraph C, we've
3 already received input from Duke.

4 MR. RUBIN: Right. No comments for FPL.

5 MR. BADDERS: No comments for Gulf.

6 MR. WRIGHT: No comments on C. Thanks,
7 Robert.

8 MR. MEANS: We share the same concern raised
9 by Duke earlier.

10 MR. GRAVES: Okay.

11 MS. KEATING: No additional comments from FPU.

12 MR. REHWINKEL: The Public Counsel intends to
13 give you a suggestion to add a requirement that the
14 utilities give you, as part of their plan filings,
15 a listing of franchise agreements and timetables
16 for renewal or extension or modification. But we
17 have language that we will share with you on that.

18 We think it's something that -- we have
19 another provision where we think that the
20 Commission should ensure that there are -- that
21 business type decisions don't sort of come in and
22 displace reliability prioritization based on
23 engineering factors, but we will give you some
24 language on that.

25 MR. GRAVES: Yes, sir. Thank you.

1 MR. WAHLEN: Can I ask a question? What's the
2 relevance of franchise terms in Public Counsel's
3 mind to this?

4 MR. REHWINKEL: Well, if -- there are
5 franchise issues that have been wrapped up in
6 municipalization kind of debates. And our concern
7 is that if a reliability project, or a set of
8 reliability programs and projects are listed, and
9 they are prioritized based on the statutory
10 criteria of need in terms of service issues, that
11 interjecting undergrounding into the mix as far as
12 a negotiation for franchise renewal could be
13 counter to just the basics of strengthening the
14 network for resiliency.

15 I am not saying anybody would do it, but I
16 think it doesn't hurt to just make sure that people
17 check the box, that that didn't kind of -- you
18 didn't take a No. 162 project and make it No. 3
19 because you were afraid of losing a city.

20 I mean, Duke lost -- was it Winter Park -- in
21 a very long and protracted municipalization issue
22 having to do a lot with trees and things above
23 ground, so...

24 MR. WAHLEN: Okay.

25 MR. REHWINKEL: That's just a concern.

1 MR. WAHLEN: Okay. Thank you.

2 MR. GRAVES: Okay. And moving to Paragraph D.
3 And this is where we kind of see that first major
4 addition, if you will, of programs and the type of
5 information that's being requested for -- at the, I
6 guess what I will refer to at the program level.

7 And for this, I think we can go lines 8
8 through 17 -- excuse me, 8 through 19 to see if
9 there is any comments on those lines.

10 MR. RUBIN: So for FPL, Subsection 3, I looked
11 at the statute, the statute in Section 3 requires
12 the utility to explain the systematic approach to
13 achieve the statutory objectives, which is an
14 affirmative obligation.

15 And this may kind of follow up on the
16 comments -- the discussion between Duke and
17 Mr. Ballinger, but No. 3, which is at line 13 and
18 14, again, it seems that it's asking us to prove
19 the negative rather than describing affirmatively
20 our systematic approach as required by the statute.
21 So we would -- we would suggest the deletion of
22 that, lines 13 and 14, and, instead, a requirement
23 that we explain the systematic approach that we are
24 choosing to achieve the objectives as the statute
25 lays out.

1 MR. GRAVES: And I guess would FPL envision
2 that approach would then address specifically each
3 program?

4 MR. RUBIN: I think it would.

5 MR. GRAVES: Okay.

6 MR. RUBIN: I think it would be a description
7 of how each program would support the objectives of
8 the statute.

9 MR. GRAVES: Okay.

10 MR. BERNIER: We have nothing further on this.

11 MR. BADDERS: Gulf agrees with FPL's comments
12 on this.

13 MR. WRIGHT: Schef Wright on behalf of the
14 Retail Federation, and as you know, I also
15 represent municipalities, although not necessarily
16 in this proceeding at this time.

17 I don't agree with the comments of the IOUs.
18 And the way I look at what you have written, I have
19 one suggestion, or request. But the way I look at
20 what you have written, looking at D Sub 6, which
21 talks about a description of the criteria used to
22 select and prioritize storm protection programs or
23 projects, I think that harmonizes completely with D
24 Sub 3, and also with the prove a negative issue
25 raised by the utilities with respect to Sub C.

1 My suggestion and request would be that
2 instead of a description, you require a detailed
3 analysis, a detailed explanation, something like
4 that, of what criteria were used and exactly how
5 they were applied.

6 Once you do that analysis -- once the utility
7 does that analysis, you will know what -- what the
8 list of programs were, and why the top X, whether
9 it's 17 or 35, or whatever, were selected, and you
10 will know why others weren't, because they will
11 have been evaluated by the same criteria and not
12 chosen.

13 That addresses, you know, the concern raised
14 by my friend, Mr. Foster, with respect to Sub C,
15 and it addresses the concerns raised with the
16 suggestion that they would have to prove a negative
17 in Sub 3.

18 You are requiring them to apply objective
19 criteria and explain what they did. If the
20 undergrounding project in, you know, Oviedo, or
21 wherever, you know, came out ahead of the
22 transmission line project in Collier County, it
23 did. That's it.

24 I think it's pretty straightforward. I really
25 would ask that you include a requirement that they

1 present an analysis or a detailed explanation of
2 the criteria and how they were applied, and I think
3 it should also apply to programs and projects.

4 Thank you.

5 MR. GRAVES: And, Mr. Wright, just to clarify.
6 So just to make sure I understand your comment.
7 Lines 18 and 19, you think maybe with the addition
8 of a detailed explanation including analysis of the
9 criteria used, would that sort of get to your
10 comment?

11 MR. WRIGHT: Yes, sir.

12 MR. GRAVES: Okay.

13 MR. WRIGHT: And I would -- I would ask that
14 you add project -- and project at the end of the
15 sentence -- programs and projects.

16 That does get to a question of where the
17 specificity line gets drawn, but I think -- I am in
18 favor of more specificity so we know what's what
19 and what they say they are going to be spending the
20 money on.

21 Thank you.

22 MR. GRAVES: Okay. And I think we will get to
23 the projects. I think we have similar language for
24 the projects in the following subsection.

25 MR. WRIGHT: Thank you.

1 MR. MEANS: Tampa Electric has nothing else to
2 add at this time, and we will talk about this issue
3 in our written comments.

4 MR. GRAVES: Okay.

5 MS. KEATING: FPU would disagree with the
6 comments of Mr. Wright, and we will definitely be
7 addressing this in our comments.

8 MR. REHWINKEL: The Public Counsel has drafted
9 language to -- that is supportive of this position,
10 and it's largely supportive of the position Mr.
11 Wright put forward in his comments that we think is
12 a good idea.

13 So we are generally supportive. We are
14 willing to look at the best language, and we
15 definitely will address this in our written
16 submissions. But we think Mr. Wright's right on,
17 and we think it is consistent with the statute in
18 requiring the companies to show their math in terms
19 of why they did what they did that the customers
20 are going to have to pay for.

21 MR. GRAVES: Okay. And moving on to
22 Subsection D --

23 MR. RUBIN: I'm sorry, Robert, on line 15,
24 which is Subsection D4, I am told that the use of
25 the term both fixed and variable would be you

1 kneeling here. That we normally would be providing
2 cost estimates including capital and operating
3 expenses but not breaking them down as both fixed
4 and variable.

5 I don't really have anything else to add to
6 that, but that's what I am told by our folks.

7 MR. GRAVES: Can you make that comment one
8 more time?

9 MR. RUBIN: Sure, that we would obviously
10 provide a cost estimate including capital and
11 operating expenses, but they would not be broken
12 down by fixed and variable.

13 MR. GRAVES: Okay, I understand. So the
14 operating expenses you are saying would not include
15 sort of that subset of what expenses are fixed and
16 which ones are variable?

17 MR. RUBIN: Correct.

18 MR. GRAVES: And is that something that the
19 utility simply doesn't have the ability to
20 estimate?

21 MR. RUBIN: Not to our knowledge is what I am
22 being told.

23 MR. WRIGHT: Robert, on that, I am just going
24 to observe that the utilities definitely have
25 separated fixed and variable O&M costs for

1 generation, and I am not sure about distribution.
2 If they don't have it, they don't have it. This
3 isn't a fall on my sword issue, but we all know
4 what fixed and available O&M costs are, and we know
5 they have fixed -- specifically identifiable fixed
6 O&M costs for generation and specifically
7 identifiable variable costs for generation. I
8 would think they would likely have something along
9 those lines for distribution. If they don't, they
10 don't. It's not that big a deal.

11 Thanks.

12 MR. GRAVES: Okay. Was there anything else
13 on, I guess that Subsection D, or 8 through 19?

14 And if not, we can move on to the second one,
15 starting with -- I think we will address lines 20
16 through line 3 on page 6. And this is sort of that
17 second phase of including programs and projects
18 into the rule.

19 Again, the project level, we felt that was
20 still important to have information for the first
21 three years that kind of line up with the statute.
22 And with that, I think we can move through.

23 I know there was some comments that perhaps
24 one year would be more practical. And I may have a
25 couple of specific questions for the utilities, but

1 I will allow y'all to make the comments first, if
2 you would like.

3 MR. RUBIN: So, Robert, for FPL, I think it
4 might be helpful if Dave Bromley is here from our
5 power distribution business unit. I think it might
6 be helpful for our comments to make really more
7 sense in context for Dave to be able to explain
8 kind of the process by which we select projects;
9 what we consider when selecting a project for the
10 following year; how much detail we have going out
11 for the three years.

12 So if it's okay, I would like to ask Dave to
13 just describe that for you.

14 MR. GRAVES: Yes, sir, that's fine.

15 MR. BROMLEY: Good morning. Dave Bromley,
16 Florida Power & Light.

17 I just thought maybe it would be helpful to
18 provide some additional information that might help
19 and address some of our concerns and issue with a
20 three-year plan, and basically talk about what we
21 do today and how we do that.

22 As you probably know, when we file our
23 three-year hardening plan, we provide details
24 specific project level at the -- for the first
25 year.

1 When we speak of programs, examples of
2 programs to us would be feeder hardening is a
3 program. Lateral undergrounding hardening is a
4 program. Replacing wood poles is a program.

5 So for instance, for feeders, in our most
6 recent plan, you know, we have feeder projects
7 going out for -- in somewhere between 250 to 350
8 specific projects annually. And by the time we get
9 to the third year, which is 21, both feeder and
10 lateral projects, we have over 800 projects going
11 on in one year.

12 So when we are developing those projects, we
13 are looking at historical data to develop, you
14 know, prioritization, looking at reliability,
15 looking at storm impacts, so we want to try to get
16 the most recent information to have to be able to
17 develop those projects. So that's why we only have
18 one year, because the outer years we are waiting on
19 more historical information to be available to us
20 to prioritize those projects for the second and
21 third year.

22 So, you know, when we develop our projects for
23 the current year, March of that year, we probably
24 only have, you know, maybe 50 percent of those
25 engineered at that time. So when we budget for

1 those things, we are sort of budgeting on a average
2 cost per mile, or whatever. So that's how we
3 develop the budget for those projects.

4 And then for the outer years, what we've
5 provided, we've given ranges. We are going to do
6 so many projects a year and, you know, a range of
7 cost. So for us to develop a second and third
8 year, one, we would be missing two years of current
9 information reliability data in projecting those.
10 So, for instance, the third year out, we would be
11 looking at, you know, historical data two years
12 prior to that project. So by the time we got to
13 that year, we might not be, you know, wanting to do
14 those projects that were prioritized based on, you
15 know, two-year earlier information. So that's some
16 of our concerns with the one-year lookout.

17 Additionally, not all programs have projects.
18 So for instance, vegetation management, you know,
19 what's a project for vegetation management? We
20 trim laterals on a six-year cycle at FPL, feeders
21 on a three-year cycle. So, you know, we have over
22 3,000 laterals, 1,000 that we are doing a year
23 approximately. Feeders anywhere -- feeders are
24 3,000. Laterals, we have 130,000 laterals that we
25 do on a six-year cycle. So, you know, the rules

1 should consider, you know, developing project level
2 for those types of programs.

3 Pole inspections is another one. What would
4 be a project level detail for pole inspection
5 programs? So just some thoughts on that.

6 MR. GRAVES: All right. And taking that in
7 along with the comments provided following the last
8 workshop, I think FPL's statement was that the
9 plans would necessarily contain less detail in
10 years two and three.

11 What level of detail do you think would be
12 reasonable in two and three? Is it strictly just
13 what you said, just sort of a number of miles kind
14 of goal, or could --

15 MR. BROMLEY: We could give you the number of
16 projects -- we could give you the number of
17 projects that we are anticipating to do. So for
18 feeders and laterals, for instance, we would, you
19 know, tell you, you know, what our best -- best
20 guess is that we would be doing in those years, as
21 well as the estimated cost. Of course, you need
22 the costs to develop rate impacts.

23 MR. GRAVES: Anything with respect to
24 location?

25 MR. BROMLEY: At that time, we would not have

1 specific -- for feeders and laterals, we would not
2 have -- if we are forced -- if we are forced to do
3 that, then we would do that, as I mentioned, based
4 on, you know, history that's a year or two years
5 prior to the project.

6 MR. BALLINGER: Yeah, I -- if I can Robert,
7 let me -- I don't know that we are looking to
8 absolutely prioritize three years out. I
9 understand what you are saying, is a lot of this is
10 decided as you get closer. But I think you -- we
11 would like to see the data you have got at least
12 the projects you are thinking about, if it's 800
13 projects, or whatever it is, fine, a project
14 number. Each project, how many files each one is,
15 because you have got to have some kind of estimate
16 to get a budget number going out two, three years
17 of that cost. We have got to get a rate impact for
18 the Legislature for the next three years, so we
19 need some level of a baseline. That's what we are
20 struggling with.

21 I -- going through this rule, I think we are
22 going to learn some things as we go through the
23 first filings and find the stuff of what we can
24 get. So I think we are looking for at much detail
25 as we can years two and three, understanding that

1 they will change. And I think that's why we went
2 to the program level of approving the plan more
3 focused there. And projects can come in and out of
4 programs, if you will, because of data you find out
5 they get prioritized, they slip out, they move in.
6 But if they are under the program umbrella, then
7 you don't have a plan modification.

8 So I think that's what we are trying to juggle
9 here.

10 MR. BROMLEY: Yeah, I mean, if you are not
11 looking for a detailed 800 feeders and laterals, I
12 mean, we can provide details at a high level. I
13 mean, just, for instance, in our underground
14 lateral program, we are experiencing right now a
15 15-percent rejection rate in, you know, our
16 laterals.

17 So we say this year we are going to do 150
18 laterals, we go out and, you know, customers are,
19 for whatever reason, not wanting to do that. So,
20 you know, that lateral comes off. We -- you know,
21 we ends up having another one. So to develop that
22 kind of a listing three years out, I mean, the
23 thing that we know for sure is that may not be
24 meaningful.

25 MR. BALLINGER: We understand that, that it

1 will be changing a lot. And I think it's more to
2 give us something, then, as a baseline, like I
3 said, than going through the clause when a project
4 come in, we say, well, was it on this list, you
5 know, where did it come from, that kind of thing,
6 and you have some basis to start doing your
7 analysis of whether its reasonable to go through
8 the clause.

9 And so as much as we can get, I don't think we
10 are asking the utilities to go and recreate things
11 that they don't have, they don't keep, but
12 apparently you have got at least gross budget
13 numbers of projects where you are looking at and
14 targeting, and things like that, that we can get
15 and as much specificity as we can get.

16 On the other hand, too, we don't want to get
17 into confidentiality stuff. That's the last thing
18 we want to create is reams of paper that's
19 confidential with names of people, so however you
20 can disguise that as best you can.

21 MR. BROMLEY: Right now what we do, when we
22 file our plan, we provide one year of detail and
23 then two-year at a high level of range of projects,
24 range of dollars. And then in the next year, in
25 the March 1 filing, when that detail becomes

1 available for that year, we provide that, you know,
2 in the March 1 filing.

3 So similar to that, in the clause proceedings,
4 you know, when we get -- when we start looking at
5 the next year and we are in a position to provide
6 project level detail, there might be an opportunity
7 to provide it in the clause recovery proceeding,
8 you know, when it becomes available so that it can
9 be considered at that time.

10 MR. BALLINGER: It will be there. It will be
11 the annual report as well, we see the progress of
12 what's going on.

13 MR. BROMLEY: Yeah.

14 MR. BALLINGER: So we are struggled again, I
15 go back to the Legislature say we have to give
16 consideration of the three-year rate impact. And
17 to get that I need some detail of how the rate
18 impact was developed to see what can be moved and
19 what's going on. Are you ramping up to from 200 to
20 600 to 800 projects, you know, those kinds of
21 things.

22 I know, it's a tough challenge, but that's
23 what we are trying to grapple with here.

24 MR. BROMLEY: Okay.

25 MR. GRAVES: I guess probably sort of echoing

1 those comments and FPL's comments from the last
2 workshop was the statement that it was not
3 practical or desirable to lock in sort of a
4 detailed set of locations. I don't think that's
5 what staff was looking at as saying what you
6 provide in your plan is a must do list for the next
7 three years. That wasn't the intent. Like Tom was
8 saying, it was just sort of a baseline for the
9 costs.

10 MR. BROMLEY: Yeah. I think we will be able
11 to provide information to you even in our current
12 process that would, I think would satisfy what you
13 are looking for, including the cost level. But if
14 you are looking for specifically the 800, you know,
15 detailed laterals and feeders, that would be more
16 difficult.

17 MR. BALLINGER: I hate to say it, but I think
18 we are. At this juncture, we are looking at that
19 level of that for the three years. It doesn't have
20 to be precise. And as Robert said, it's not a
21 binding set of action, but it's at least what have
22 you considered? Where are they? What are they?
23 That kind of thing. And they don't have to be, in
24 my mind, prioritized in years two and three. This
25 is what we are looking at doing, because again, we

1 are trying to gauge how this is progressing and
2 what's going forward. Yeah, this is something I
3 know we are going to be working on.

4 MR. BROMLEY: Okay.

5 MR. HETRICK: If I could. FPL, on this point,
6 is there some language that you have, recognizing
7 what you heard today and in the last workshop, that
8 you can get us that we can look at to help? We are
9 under a statutory mandate to deal with some level
10 of detail for three years. Can you follow up with
11 some language that maybe get us where we all need
12 to be with the appropriate level of specificity
13 that you see?

14 MR. BROMLEY: Yes. Yes. I think we can
15 provide that.

16 MR. HETRICK: Thank you.

17 MR. FOSTER: All right, this Jeff for Duke.

18 We have some of the same concerns, I think,
19 that FPL shared. And the only thing I will add is
20 we -- one concern is that if we have the language
21 where you have to, for three years, give the 800
22 projects, if it's not available as part of the
23 normal business process of planning these things,
24 we wouldn't want to be making something up just for
25 the purposes of filing that then is going to get

1 kind of thrown away when we do the real work down
2 the road.

3 And we wouldn't want to set ourselves up kind
4 of like we have -- and this may apply to a future
5 comment -- in ECCR where we've got something
6 written in rule, but we find out when we are going
7 to execute that, oh, that date doesn't really work
8 very well, or that amount of actuals, and then are
9 required to get a waiver every year.

10 So I just think -- I just think that's
11 something that we should keep in mind, because as I
12 sit here today, you know, I have heard kind of the
13 same things that FPL shared, that the normal
14 business planning process may not have that level
15 of detail available three years out. But I think
16 we can absolutely provide something that does what
17 you need, and gives you an adequate level of detail
18 to see how much work we are planning and what we
19 expect the cost to be in those years.

20 And certainly, where we do have the project
21 level detail, we are -- we are happy to share.

22 MR. BADDERS: From Gulf Power's perspective,
23 we share some of the same concerns. I think we
24 just have to be very careful that whatever we put
25 for years two and three, that we don't attach some

1 level of scrutiny that it has to be the same as
2 year one, because it will not. We won't have that
3 data. But as long as there as understanding and I
4 don't -- we can't hard coat some of that in the
5 rule, but we need to make sure when we get
6 discovery and else, you know, that people aren't
7 treating the years two and three the same as years
8 one.

9 MR. WRIGHT: Thanks. I am going to speak
10 independently in support of but also specifically
11 in support of the concepts that Tom Ballinger
12 articulated when he said we would like to have the
13 reliability that the utilities have with as much
14 specificity as you can get.

15 My observation would be this: They have a set
16 of reliability data at any point in time.
17 Presumably -- and I think this is a pretty safe
18 presumption -- they are using the reliability data
19 that they have applied to the 800 odd projects that
20 are out there, or the 500, or however many there
21 are depending on the utility, to prioritize
22 whatever group it is, whatever batch it is they are
23 going to do in the first year. And I get that.
24 And I understand there is going to be some reason
25 that the batch that's relegated to the second and

1 third year batch is out there.

2 But they are going to have the same
3 reliability data for pretty much every feeder on
4 their system, maybe every lateral. I don't know
5 how detailed that is. I know there is very
6 specific feeder data.

7 And they -- in my observation is they have
8 already prioritized whatever batch of projects it
9 is into the first year, so they should know what's
10 there, and they've got the same data applicable to
11 the second and third year batch of projects. I
12 understand they may not have as much detail as to
13 cost. That makes sense. You know, they might be
14 identified. You know, they might be on a list with
15 an average cost value attached to them, or they
16 might be 50 percent engineered, or 30 percent
17 engineered, or something like that; whereas, the
18 first year batch might be 80 percent engineered
19 going into the plan filing.

20 But I think Tom is exactly right, and we would
21 support independently, that they provide whatever
22 reliability data they have, and as much specificity
23 as is available, and this is consistent with my
24 comments a few minutes ago, that there ought to be
25 a description of a specific analysis and an

1 explanation of why projects got assigned to the
2 first year batch and subsequently.

3 Thanks.

4 MR. MEANS: Tampa Electric supports the
5 comments made by the other utilities. Again, we
6 would just like to emphasize that, as FPL
7 mentioned, that it's important to select and
8 prioritize these projects based on the most current
9 reliability data. And obviously, if we are doing a
10 three-year lookout, we have a drop dead date at
11 which we have to use whatever data we have at that
12 point, and that data is not as relevant or
13 pertinent when you get to years two and three as it
14 would be in year one. So we just wanted to put a
15 finer point on that.

16 MR. CASSEL: FPU agrees with the IOUs previous
17 with the additional comment that the specificity
18 may be different, you know, from a cost perspective
19 year one to year three, any number of things could
20 change. So we have a discussion here between a
21 theoretical cost and a real cost when we are
22 putting our plan together.

23 So with that understanding that in that year
24 two to three, the priorities change and the costs
25 change. So we would want that level of specificity

1 to reflects, and as you said, not to be a binding
2 list in any way.

3 MR. REHWINKEL: From the Public Counsel's
4 standpoint, we made comments at the first workshop,
5 and we filed comments, written comments that we
6 read the statute that it only allows recovery on a
7 historical basis. Some of the -- and we still hold
8 that position today.

9 Some of the comments that we've heard about
10 the difficulty of forecasting on a project basis we
11 think nicely dovetail with the way the statute was
12 written, that companies come in and they get
13 recovery for what they have incurred.

14 So that would be our principle comment with
15 respect to the difficulties that we've heard about
16 today. However, to the extent that there is an
17 interpretation of law that would allow the use of
18 the, I will call it the traditional three-year
19 projection recovery process, we think that what we
20 are hearing today, in concert with the language in
21 the statute that says that the utilities must file
22 a plan at least every three years, the Commission
23 has the ability to put in the rule the requirement
24 that companies file an update to their plan every
25 year that cure this problem of imprecision in the

1 ability to forecast on a project basis.

2 This is probably the right time for the Public
3 Counsel to state -- and we strongly support the
4 comments that Mr. Ballinger made. We want to see
5 those 800.

6 The first time this plan, this statute is
7 implemented and plans are filed, and the first time
8 clause recovery comes is crucial, and it's
9 important. And the Commission and the staff should
10 want to and should insist on getting maximum amount
11 of detail for all three of these years.

12 We are not concerned about whether
13 confidential information would come in. We are
14 used to dealing with that. That's not a problem.
15 We are not concerned about the volume of material.
16 We are able to look at massive amounts of
17 information. I believe your staff is as well.

18 We would urge you not to put yourself in a
19 position of when plans are filed, given that you
20 have a immutable 180-day timeframe, don't put
21 yourself in the position to have it take it or
22 leave it on filings. If you are not careful right
23 up front about the level of detail that you want to
24 see that allows you to decide whether you want to
25 modify a plan, or whether you have the information

1 that we want to see as well about whether base rate
2 recovery is separated from incremental recovery, or
3 your position to do that, make sure that you
4 require detail that you need.

5 There is nothing in here, and I don't know
6 what the standard would be, but if you get too
7 vague a plan, you should have the ability to reject
8 it and say, refile and start your 180-day clock
9 again. But the first time out the gate is the most
10 important time, and we want to reinforce that, and
11 we want to support the staff doing that.

12 We believe that there is a good chance that
13 once you see the detail, and you see the plans that
14 are filed, that subsequent three-year filings won't
15 need to be anywhere near as detailed as the first
16 time out the gate. But the first time you do it,
17 you got to get it right. If you don't get it
18 right, I think it's going to be impossible to catch
19 back up and do it because you are sort of going to
20 be on a process that's going to be self moving.

21 So I can't emphasize it enough. Our comments
22 will support that, but we want to see detail on the
23 front end in plans, and we will talk about it in
24 clauses as well, but that's -- that's our strong
25 view on this.

1 MR. GRAVES: Mr. Rehwinkel, can I go back to
2 one, just to make sure I understood it? So was one
3 of the comments that determining what is viewed in
4 the clause you think would then -- should also
5 dictate what type of information we receive here?
6 So if the clause is only looking at historic costs,
7 if you will, then one year would be sufficient
8 for -- do you believe that would be sufficient for
9 the plan? I don't know if I understood.

10 MR. REHWINKEL: If we are on a historical
11 interpretation, yeah. If you are on the projected
12 approach, you know -- well, just to be clear. If
13 you are on a historical approach, you are going to
14 come in every year in the clause, and they are just
15 going to, you know, give you this is what we spent.
16 We want to be reimbursed for it. And it will be
17 that, and whatever you determine on carrying costs
18 and you just do that every year.

19 If you are going to go on the forecasted
20 basis, where people come in and they say,
21 here's what we spent last year. Here's what we are
22 in the middle of spending this year on an estimated
23 actual basis. Here's what we are going to spend
24 next year. I think it's important that if there is
25 this inability to, even in the AE year, the middle

1 year, to give you good reliable detailed data, I
2 think you need to require annual updates so you can
3 get that information. Some kind of a process where
4 people update it annually, because I think
5 otherwise -- well, I don't know if I answered your
6 question, Robert.

7 MR. GRAVES: You did.

8 MR. REHWINKEL: Okay.

9 MR. GRAVES: I appreciate that.

10 And the annual update, is that something you
11 would envision happening, I guess, obviously
12 outside of the clause?

13 MR. REHWINKEL: Yeah. That would be in plan
14 updates. That would be -- you know, at some
15 point -- we haven't really talked about how the
16 schedule is going to work on this. I will be glad
17 to give you my views on that here, or at another
18 point in time. But at some point, you are going to
19 have, if plan approvals are -- if the first time
20 you do it, and you issue that OEP after the rule
21 becomes final, and assuming, under best case
22 scenario, it becomes final sometime near the end of
23 2019, then I would assume your first plan filing
24 deadline is going to be sometime early in 2020, and
25 then you will have a 180-day clock. You will

1 probably make a vote sometime in the last 30 days
2 of that 180-day clock. And then under the way the
3 rule is written today, you are going to allow the
4 companies to file for clause recovery.

5 Well, if 2020 is the year that you review
6 plans, the first clause, under the way the rule is
7 written, would be 2021. And so what we would say
8 is that if you had an update requirement, you would
9 file the update on a cycle similar to the -- in --
10 that you did in '20, in '21, and that update would
11 kind of run alongside the schedule for the clause,
12 and it would just go that way all the time. And
13 then in the third year, there would be a new plan.
14 I guess it would be a fourth year, there would be
15 the new plan would be filed.

16 So that's -- that's just our suggestion if you
17 are going to have this difficulty in providing
18 detail, because one of the questions we are going
19 to ask, I guess at the end of the process and in
20 our written comments, is what is the meaning of
21 approval of a plan?

22 I mean, if the only time you are going to have
23 any specificity of detail is one year out of the
24 10, but you approve a plan, what did you approve,
25 and what value does that have? What protection

1 does that give the utility in a prudence challenge?

2 So to the extent that it's going to have real
3 meaning, we think the annual updates will be more
4 important.

5 MR. BALLINGER: Charles, if I could --

6 MR. REHWINKEL: Yeah.

7 MR. BALLINGER: -- reply to that?

8 Let me -- I want to make it clear, our vision,
9 if you will of this, is the plan is just that.
10 It's a plan. It's an overarching plan for their
11 hardening. I fully suspect that the first plans
12 that come in, 80 to 90 to 95 percent of the cost of
13 that plan will be in current base rates. They are
14 current things they are doing now, such as wooden
15 pole inspections, perhaps, or vegetation management
16 is a key example.

17 So it's not about the plan automatically goes
18 to the clause that -- the projects identified in
19 the plan automatically go through the clause as
20 recovery. There is still that issue of what's base
21 rates and what's not, and I think that's a clause
22 issue.

23 So the staff's view is let's get the
24 Commission in front of them a plan, much like the
25 hardening plans. Now, every three years we get a

1 look ahead of what utilities are planning to do in
2 terms of storm hardening. We look at it. We test
3 it for rate impact, which is what the Legislature
4 has asked us to do, and that's why we are looking
5 at the three years of more specificity, and we go
6 forward. It's a plan. Projects change and move
7 on, and that can be in the clause, discussed why it
8 came in, why it went out. That's kind of our view.

9 You mentioned of an update every year. Would
10 that require going back to the Commission for
11 approval again for the update since the original
12 plan was approved, and I see a continual -- I
13 understand what you are saying, but I wanted to
14 explain staff's view is the plan is more the global
15 broad approach. What are you doing? Does it make
16 sense? Yes. And then the individual cost recovery
17 is projects are they part of that plan, and are
18 they not in base rates?

19 MR. REHWINKEL: And from our standpoint, we
20 could subscribe to that view if we understood,
21 because there is language in the statute about the
22 approval of the plan means certain things with
23 respect to prudence. And if we have a real clear
24 understanding about what that does and doesn't
25 mean, and it's more of kind of like an entry

1 document that gets you eligible to seek cost
2 recovery if you are generally in compliance with
3 the plan, that's one thing. But if it has some
4 sort of latent danger or risk to us, if we don't
5 challenge it the right way, or the Commission
6 doesn't -- doesn't vet it the right way in their
7 180 days, then years down the road, you know,
8 somebody does something that's vaguely consistent
9 with something that was mentioned in the plan and
10 someone challenges it, they say, well, it was
11 approved way back then, your opportunity to
12 challenge it was lost.

13 If we don't have those kind of jeopardies, we
14 are not as keyed up on the plan and the renewals,
15 and we can deal with things in the clause, but we
16 really don't understand how that's intended to
17 work. And so that's sort of the tension that's
18 there.

19 MR. BALLINGER: And we are -- let me explain
20 this. The hardening plans that we've had for
21 years, I mean, staff's treatment of those have been
22 is they are not approval for cost recovery, and we
23 were clear the last time we just approved this last
24 batch of them, that this is not a approval of cost
25 recovery. But it does give you a baseline, that

1 when a utility comes in for a rate case, you are
2 going to look back to say, all right, your
3 hardening plan, you were going to do X and now you
4 are doing Y, why the difference? And it gives you
5 a basis to start doing your analysis and question
6 why projects are up for cost recovery.

7 And I think it's a similar process we are
8 looking at here, is the plan is giving us
9 guidelines, giving us a baseline to work from in
10 the clause recovery.

11 So I think you would have those protections of
12 an individual project, or something like that, that
13 may not fit a plan, you could challenge that as
14 part of the clause and we will see where it goes.
15 But our structure is just that. The plan is a
16 plan. It gives us a baseline, something to look
17 forward to and compare to when we do specific
18 analysis of clauses when cost recovery comes in.

19 MR. REHWINKEL: And that sounds reasonable,
20 it's just this Subsection 7 of the statute that
21 we -- we don't know exactly what that means. And
22 it seems sort of amorphous.

23 This language, I would say, was borrowed from
24 the NCRC statute. It's not in the ECRC statute.
25 We have plans and, you know, you have subsequent

1 look-backs to see if -- or something is within a
2 project, which is sort of the analog of the plan in
3 this case. And that's -- that's just something,
4 you know, we throw out there. We will put
5 something in our comments about it. You know, we
6 through out the annual update as a way to cure the
7 imprecision issue, but I think we are -- we
8 understand where you are coming from.

9 MR. HINTON: Charles, if I could ask you a
10 question as well, give me a second.

11 Yeah, I agree, Subsection 7 does look eerily
12 similar to the NCRC statute, but you were talking
13 about the update, filing an update every year.
14 Couldn't the projection filing in the clause serve
15 as kind of that update, or do you think it would
16 need to be two separate things?

17 MR. REHWINKEL: You know, Cayce, that's a good
18 question. Let's look a little bit at reality.

19 Let's assume the timeline that I put out, put
20 aside the annual update, let's look at the -- if
21 it's true that just mathematically the only way you
22 can get to -- the first time you can get to a
23 clause hearing is in the spring/summer of 2021,
24 what are we going to be looking at?

25 Plans, I would assume, if they are filed in

1 '20, I don't -- there is a provision in here that
2 allows the company to go back and start
3 recovering -- petitioning to recover costs that
4 they incur the day after a plan was approved.

5 MR. KELLY: Filed.

6 MR. REHWINKEL: Okay, filed. So let's say
7 February 1st, people file their plans of 2020.
8 So -- but they come in for their first clause and
9 then they file a March 1, just like they did NCRC,
10 a March 1 true-up and then a May 1 actual,
11 estimated and projected.

12 So your periods are going to be most of '20,
13 all -- and that's going to be actual, so that would
14 seem to me to be the first period the first year --
15 actual of '20 -- actual estimated of 2020, and then
16 projected of 2021. So you are going to be seeing
17 the last filing documents in May of 2021. To me,
18 everything that's in '19 -- I mean, everything
19 that's in '20 is going to be -- there is going to
20 be no doubt about the level of detail there. It's
21 all going to be historical.

22 In May of 2021, you are going to have
23 something like, you know, a few months of actual
24 and then the rest of it estimated, but you are
25 going to be way into that year. So you should have

1 the same level of detail that we've talked about
2 today.

3 So 2022 is the projected year. And that's
4 going to have -- you are going to get -- you know,
5 you are going to have a good idea what you are
6 going to do but you are not going to know with
7 specificity probably how you are going to
8 prioritize them.

9 So we see the first time this happens is your
10 going to get a real good laboratory and, you know,
11 you should have the information that's all there.
12 But if they don't have it, then we say, well, let's
13 have some kind of a plan update. If they can't
14 work within that framework to get you the actuals,
15 then have some kind of update.

16 MR. HINTON: Yeah, because it would seem to me
17 that as you are going through that three-year
18 process, you know, projections A and then final
19 true-up, you are getting those kind of updates,
20 because I would assume that they are actual
21 estimated. They are going to come in and say,
22 well, we did these projects during these first few
23 months, and these are the projects we are planning
24 for the rest of this year.

25 So you are getting the update for that year,

1 and also by that time presumably, or maybe they
2 have the ability to project out to the following
3 year because it's, you know, they've mentioned that
4 we can only do the next year in that level of
5 detail. Well, by the time the projection filing
6 comes, maybe they are at that place where they can
7 provide that detail.

8 So every year through the clause, we are
9 getting that level of detail that we are looking
10 for that we may not be able to get in a snapshot
11 for a three-year period with the plan.

12 MR. REHWINKEL: And I realize that the
13 contemplated first time the plan would be in '20,
14 and the first clause would be in '21. So to the
15 extent there is genuine issue with the level of
16 detail that's available, there would be sort of a
17 disconnect there, and that might require some kind
18 of an update.

19 But, yeah, it kind of makes your brain hurt
20 thinking about all of this stuff. And I know -- I
21 have talked to many of the utilities, and I know
22 they are still trying to get a handle on it. The
23 staff is. We appreciate the opportunity to have
24 the dialogue on this, and so our views -- our views
25 have changed as we go along, but we do feel very

1 strongly at a baseline about separating base --
2 what's in base rates and what's going to be
3 incremental, so that will be our theme you will see
4 in our comments.

5 MR. GRAVES: Before we leave the topic, I did
6 have one question.

7 In Duke's written comments, they indicated
8 that perhaps that information would be available
9 through a data request. I just wanted to make sure
10 I understood the nuance there of the difference of
11 being able to request it as discovery or something
12 of that nature versus having it provided in the
13 plan.

14 MR. FOSTER: So I think two things. I will go
15 back to my comment about as opposed to having it be
16 a written requirement in a rule for the plan, when
17 we are not sure -- I mean, frankly, we are trying
18 to make a rule contemplating everything that we
19 could possibly ever know and put all of the
20 requirements into a rule.

21 The reality is we don't know everything we
22 don't know today. And so to avoid the possibility
23 of having a requirement in there that we then
24 either have to revise or go get rule waivers for, I
25 know, for Duke, we are willing to give you the

1 details we have, absolutely as our normal business
2 practices. And there will be a lot of detail,
3 absolutely. Year three, how detailed is it?
4 Probably less -- certainly less than year one,
5 right, in the plan filing for sure.

6 So it's more about trying to prevent a
7 situation where we make it overly specific in a
8 rule and then find ourselves challenged to be able
9 to do it as part of our normal business processes.

10 I would also say, in some respects, it helps
11 on maybe some of the confidentiality to not have it
12 attached directly to an individual's testimony or
13 whatnot. And I think we've done something similar
14 in the storm hardening plan, where we've had kind
15 of a DR-1 that's very consistent, so you are
16 getting that information early. I don't think it
17 has to cause a delay necessarily in getting the
18 information, but, you know, I will kind of leave it
19 at that if there are other questions.

20 MR. RUBIN: Robert, could I just make one
21 other comment?

22 I appreciate Public Counsel spent a lot of
23 time talking about the first time the plan is
24 filed, and I understand that, because of timing, it
25 may not fit into the schedule that will become the

1 schedule, but I think we need to look at this in
2 the long-term, not just when the first one will be
3 filed because of the timing, but how this is going
4 to work for years to come in terms of, you know,
5 filing on an annual basis and getting into a
6 routine of doing it like we do with the clauses,
7 even though perhaps on a different schedule.

8 MR. GRAVES: Okay. And I did have a question
9 I guess specific to FPL for Mr. Rehwinkel's point
10 about the annual filing, because it looks like in
11 the written comments, FPL had sort of a similar --
12 well, not necessarily in the clause. FPL's comment
13 was that an annual update could be provided in the
14 clause. I think Mr. Rehwinkel's was that it may
15 not be in the clause, but an annual update would be
16 provided. Would there be concern with it being
17 provided outside of the clause for FPL?

18 MR. RUBIN: You know, our view is consistent
19 with what I heard from Cayce, which is that the --
20 in the clause each year is when you are going to
21 get that detail. And that's when we are going to
22 come in for cost recovery, and that's when prudence
23 will be determined by the Commission. So we see
24 that as part of the clause proceedings, not
25 something outside of the clause proceedings.

1 MR. GRAVES: Okay. Thank you.

2 MR. REHWINKEL: Cayce -- I mean, Robert,
3 again, we are malleable on this as long as -- the
4 nub of the issue is what is the meaning of approval
5 of the plan? And prudence in the clause is going
6 to be as to the dollars you spent in executing on
7 the plan, but the activities in the plan, or the
8 types of activities in the plan are going to be
9 approved, and we just don't know -- you know, if
10 you think about on a continuum each year from year
11 one year to year 10, there is going to be a lot of
12 granularity in year one and then a decline in
13 clarity as you go forward in time in that plan.

14 So we just don't want there to be a trap. If
15 there is a way to do this that takes the jeopardy
16 out and puts clarity in that, we are okay with
17 updates occurring in the clause process. So I
18 just -- I can't emphasize that enough.

19 And, you know, quite frankly, I agree with
20 what Mr. Rubin said, is in the long-term, this out
21 of the gate problem should go away, especially
22 after you have a rate case. So if there is
23 anything that that can be put in the rule that
24 there is an extra layer of requirements, you know,
25 in the first round of filings, I think that could

1 be drafted. There is a way to draft for that. And
2 there is certainly a way to do it, I think, either
3 put a first cycle requirement or before -- anything
4 that happens before you have a rate case order that
5 comes out of an adjudicated rate case.

6 We don't want this to be an ongoing process in
7 terms of this level of detail. We think it's
8 important to get it right on the first time out of
9 the gate.

10 MR. HINTON: Charles, is your concern about
11 what it means to approve a plan, whether there is
12 some preordained prudence determination associated
13 with everything? I am trying to really understand
14 what your concern is.

15 MR. REHWINKEL: I am not going to use an
16 example from another docket. That bothers me a
17 lot. So I am just going to say we don't know to
18 the extent -- yeah, I guess it would be that you
19 don't describe an activity or type of activity with
20 enough specificity to really attach any legal
21 meaning to it. But then when you get years down
22 the road and someone wants to challenge something
23 that was done under the auspices of that activity
24 that was maybe on page 16 of a 40-page plan, and
25 then they say, well, it was approved six years ago.

1 We don't -- we are just worried about that
2 trap. And I am not saying anybody is designing a
3 trap like that, but sometimes people get down the
4 road, and they get into litigation mode, you know,
5 and they say, well, it was approved here. It was
6 approved back there when maybe nobody even thought
7 that's what they were doing.

8 So that's just it. And I can even go within
9 the three-year plan, because we are talking about
10 gradients of granularity as you go through each of
11 the three years.

12 So I think we are all comfortable that
13 whatever is approved in the first year, everybody
14 will know what they are talking about, but years
15 two and three, there seems to be a shading of
16 opinions about what is the meaning of what you are
17 seeing in year two and year three. Forget about
18 years four through 10.

19 MR. GRAVES: Okay. Staying within that
20 subsection, Mr. Wright, on page 6, line 2, is that
21 the area that you would want to insert the same --
22 the same statement that you had previously about
23 the programs? That's what I had in my notes,
24 but --

25 MR. WRIGHT: Yes. And -- sorry, I missed this

1 before. Noting that this is here, you don't need
2 to add and projects back where I suggested in E6 --
3 or D6. Thank you, but, yes, detailed explanation,
4 or words to that effect, detailed explanation or
5 analysis of the criteria and how they were applied
6 to select and prioritize, et cetera.

7 Thank you.

8 MR. GRAVES: And, FPL, likewise, I guess the
9 fixed and variable component on line 1 of page 6,
10 is that --

11 MR. RUBIN: Correct. Right.

12 MR. BALLINGER: Can we inquire about that, the
13 fixed and variable? I am having -- I know you said
14 it's not available, but I am having a hard time of
15 that.

16 For example, you have got a pole inspection
17 program is one of your programs. You have got
18 salaries. You have got vehicle costs, and things
19 of that. Is that variable O&M or is it fixed O&M?

20 That's -- I am just -- I am looking for some
21 real world examples of some of these projects.
22 Your undergrounding, what is O&M, and is it --

23 MR. RUBIN: We will have to respond in
24 comments because I guess we don't have that
25 information today.

1 MR. BALLINGER: Okay. I mean, all staff was
2 trying to do, we understand a common thing of fixed
3 and variable O&M, is a common phrase we use a lot.
4 We thought it applied as T&D as well. If it
5 doesn't, that's fine, but we kind of just, you
6 know, give us some examples.

7 MR. RUBIN: Okay.

8 MR. BALLINGER: Thank you.

9 MR. GRAVES: And with that, are we free to
10 leave Subsection D?

11 MR. RUBIN: I hope.

12 MR. GRAVES: Moving on to E on line 4 of page
13 6. This was -- a lot of this language was taken
14 from some of the comments, and I just want to check
15 to see how that works out you for folks.

16 MR. RUBIN: So for FPL, I will avoid the
17 one-year versus three-year comment again because,
18 you know, we have the same issue here, but for
19 vegetation management, I think it's even more fluid
20 than the projects that we have been talking about.
21 It -- obviously, it changes in realtime depending
22 on growth patterns and that sort of thing.

23 And so we would, in addition to the timing
24 part of it for Subsection F1, which is the
25 projected locations and frequency, and we can put

1 this in our comments. We are actually thinking
2 about the projected frequency in terms of trim
3 cycles rather than specific locations. As
4 Mr. Bromley pointed out, we have, you know,
5 thousands and thousands of lines that we trim, some
6 on a three-year cycle, some on a six-year cycle.
7 So that's really our comment on that line.

8 And I guess on No. 4, which is on line 10,
9 we -- and again, we can put this in our comments,
10 but the description, the way it's written now is
11 how the vegetation management activity will reduce
12 outage times and restoration costs. And that's
13 pretty specific. We thought maybe is expected to
14 reduce outage times and restoration costs might be
15 a, you know, more palatable way to be able to
16 respond.

17 MR. GRAVES: I guess it shouldn't start with
18 an. Perhaps a description rather than an
19 description.

20 MR. RUBIN: Right.

21 And I think on H, which is -- I am sorry -- I
22 am looking for words talking about the rate
23 impacts --

24 MR. FOSTER: It's a couple of sentences down.
25 You're not there yet.

1 MR. RUBIN: -- on 16.

2 MR. FOSTER: We're not there yet.

3 MR. GRAVES: Right, we are still on
4 subsection -- we are basically lines 4 through 11
5 right now.

6 MR. RUBIN: Okay. I think that's it for us at
7 this point then.

8 MR. BERNIER: I think we would echo those
9 comments. My understanding of our current business
10 practice for where we are identifying locations for
11 region management is usually done the year before
12 the trimming. So I think trying to find a location
13 three years out is going to be a difficult moving
14 target, but otherwise we would just echo what we
15 heard.

16 MR. BADDERS: I agree with my colleagues to
17 the right.

18 MR. WRIGHT: I don't have anything really to
19 add. I do agree that vegetation management is
20 pretty fluid, and trying to predict anything three
21 years or any other period out is difficult. You
22 could change from one year to the next because two
23 counties had extra rain and two counties had light
24 rainfall in the first year.

25 MR. MEANS: Tampa Electric agrees with the

1 comments that have been made so far.

2 MS. KEATING: FPUC also agrees.

3 MR. REHWINKEL: We don't have anything to say
4 on this section.

5 MR. GRAVES: Okay. Moving on to what's
6 identified as F here. And like I said, we will
7 make the correction for the lettering, but starting
8 on line 12.

9 MR. RUBIN: So you are just looking at lines
10 12 and 13, Robert, at this point?

11 MR. GRAVES: Yes, sir.

12 MR. RUBIN: Yeah. No comments there.

13 MR. FOSTER: None for Duke.

14 MR. BADDERS: No comments for Gulf.

15 MR. WRIGHT: No comments. Thanks.

16 MR. MEANS: No comments for Tampa Electric.

17 MS. KEATING: Same for FPU.

18 MR. REHWINKEL: None.

19 MR. GRAVES: Okay. Maybe we can take a larger
20 swing here and go lines 14 through 18 rather than
21 each subsection.

22 MR. RUBIN: I am sorry. For line 15, we think
23 that the insertion of the word typical before
24 residential, commercial and industrial customers.
25 We always report in terms of our typical, you know,

1 1,000 kWh residential customer.

2 And I guess each utility would have to
3 determine what would be a typical commercial and
4 industrial customer. I am not sure that there is a
5 set number that we all use. I could be mistaken in
6 that regard, but I just think the word typical
7 probably would be helpful there.

8 MR. GRAVES: And when you say typical, are you
9 referring to consumption or to the tariff, I guess
10 is sort of my --

11 MR. RUBIN: Well, this is asking about the
12 rate impacts, so thoughts down the line.

13 MR. GRAVES: I don't know if that question
14 made sense.

15 MR. FOSTER: I think, from our perspective,
16 that the clearest way would just be to say the
17 1,000 -- estimated 1,000 kWh residential bill
18 impact.

19 And commercial and industrial, I am not sure
20 you need that in the rule. It's certainly
21 something we could answer in discovery if needed,
22 but for the exact reasons as it's a little harder
23 to quantify that in a meaningful way for everyone.

24 MR. BADDERS: Yeah, I mean, I agree. We
25 typically refer to the typical thousand kilowatt

1 bill impacts. I mean, I think that's the right way
2 to look at that.

3 And for the C&I customers, it may be utility
4 specific, so we may want to be careful how we put
5 this in the rule.

6 MR. GRAVES: Yes, sir.

7 MR. WRIGHT: Hey, Robert, I agree with Ken
8 Rubin's suggestion to insert the word typical. I
9 would leave in commercial and industrial, and I
10 would suggest that we use whatever the rate
11 combination categories are used in the annual
12 statistics of the electric utility industry
13 reports, or the rate statistics for Florida's
14 electric utility reports.

15 You know, it's 1,000 kW -- it's like 1,000,
16 1,500 or 2,000 or 2,500 for residential. It would
17 be okay with me if it was just the 1,000 kWh bill.
18 That's a typical residential customer. Then, you
19 know, you have got GS at X levels, and you have got
20 DSD at varies levels, which may be, you know, 50 kW
21 and 50,000 or 30,000 kWh and 100 kW and 100,000
22 kWh, and so on. But those are all standard blocks,
23 and I think it should be pretty easy to estimate
24 what the rate -- present what the rate impacts for
25 those standardized known already reported blocks

1 would be.

2 Are we going to come back to 18? I have -- I
3 want to pass on 18 because I think Public Counsel
4 is going to say what I want to say, so I will pass
5 until they speak on that.

6 MR. GRAVES: Yeah, I think we are -- we will
7 circle back after we get through this.

8 MR. MEANS: Tampa Electric agrees with Mr.
9 Rubin's comments.

10 MS. KEATING: FPUC also agrees, and would
11 suggest that perhaps even consideration of the
12 utility's typical residential commercial and
13 industrial customers to address the issue that
14 there may be differences amongst the utilities.

15 MR. MOYLE: Yeah, on behalf of the Industrial
16 Power Users Group, we think the information is
17 important with respect to the anticipated, you
18 know, rate impacts.

19 One thing, customers be they commercial or
20 industrial or in business, they got a plan, and
21 just like utilities plan going forward on budgets,
22 and having some information, you know, that
23 projects what impacts will be -- I mean, Mr. Wright
24 talked about the different rate classes, but we
25 would urge you not to just say typical residential

1 customers and leave it at that.

2 We don't have any objection to, you know,
3 typical residential customers, but I think with
4 respect to tossing commercial and industrials out
5 of the rule, I would urge you not to do that. And
6 if you need to refine it in a way to detail rate
7 classes, or further -- further suggest something --
8 I mean, I have always had kind of a lingering
9 issue, today is probably not the place or the time
10 to do it, but, you know, it's always the typical
11 residential 1,000, 1,200, you know, there is no
12 corresponding value for commercial or industrial,
13 maybe because that's hard to pin, but, you know,
14 you could do something. I don't think the answer
15 is just do nothing and have no indication. And I
16 don't think that's spent with what I understand
17 what the Legislature said, you know, give us your
18 rate impacts for, you know, three years, expected
19 rate impacts. If you take two, two very big
20 segments and don't make effort to provide rate
21 impacts for them, I think that's not consistent
22 with legislative intent.

23 So we would discourage you from not having
24 rate impacts for commercial and industrials.

25 MR. GRAVES: And for H?

1 MR. RUBIN: No comments.

2 MR. FOSTER: No comments.

3 MR. BADDERS: No comments.

4 MR. WRIGHT: No comments.

5 MR. MEANS: No comments.

6 MS. KEATING: Same here.

7 MR. GRAVES: And I.

8 MR. RUBIN: No comments here.

9 MR. FOSTER: No comments from Duke.

10 MR. BADDERS: No comments from Gulf.

11 MR. WRIGHT: I would like to pass for now
12 until after OPC. I may not have any after that.
13 Thanks.

14 MR. MEANS: No comment.

15 MS. KEATING: Same here.

16 MR. REHWINKEL: So we are on the any other
17 factors?

18 MR. GRAVES: Yes, sir.

19 MR. REHWINKEL: Okay. You will see in our
20 written comments, but we think that this needs to
21 be tailored somewhat to any other factors directly,
22 or you could use the word expressly related to the
23 purposes of Section 366.96, Florida Statutes. I
24 think that's got to be in there.

25 This -- this -- it can't be so open-ended.

1 It's got to be tailored specifically to things that
2 are directly related to hardening the system to
3 survive and recover from extreme weather events, in
4 our view. So will you see that in our comments.

5 MR. WRIGHT: I agree. Thanks.

6 MR. GRAVES: And moving to Subsection 4. And
7 this was previously contained in the clause rule.
8 It's been moved over to the plan rule.

9 MR. RUBIN: So for FPL, on Subsection 4, when
10 we look at Subsection A, identification of all
11 Storm Protection Plan programs and projects
12 completed -- and again, this is for the annual
13 June 1 report -- we think it would make sense to
14 add in the prior calendar year or planned for
15 completion in the current calendar year.

16 And then in Subsection B, kind of the same
17 concept, for the prior calendar year actual costs
18 and rate impacts. And again, the same thing in C,
19 because otherwise, every year, without those
20 limitations, every year we would be looking back
21 historically at everything we have done for many,
22 many years. So we just suggest that as a slight
23 edit here.

24 MR. BERNIER: We would definitely agree with
25 that.

1 MR. BADDERS: Gulf agrees with that.

2 MR. WRIGHT: Nothing to add. Thanks.

3 MR. MEANS: Tampa Electric agrees with that.

4 MS. KEATING: Nothing to add at this time.

5 MR. REHWINKEL: Robert, we think that staff
6 ought to consider -- one of the things that's
7 reported here is the status of incomplete projects,
8 those that are started but are not completed, so
9 that people know why something that they are paying
10 for isn't done.

11 And it may be that there is some kind of a
12 permitting delay or other, you know, or a NIMBY
13 problem, or something like. But I think that would
14 be helpful information. We would commend you to
15 consider that in there.

16 MR. GRAVES: So, Mr. Rehwinkel, just the
17 essentially projects in process would be kind of
18 something what you are looking at?

19 MR. REHWINKEL: Yes.

20 MR. GRAVES: Okay.

21 MR. REHWINKEL: Yeah.

22 MR. GRAVES: Mr. Moyle.

23 MR. MOYLE: Thank you.

24 This is on C, and I think Mr. Ballinger was
25 previously talking about the requirement to provide

1 the Legislature with rate impact information, and
2 C, as I read it, says provide the impact for the,
3 you know, for the next year.

4 In my mind, I was wondering why you would not,
5 because I think the Legislature is particularly
6 interested in matters going forward, provide it for
7 the next two years as compared to one year. And,
8 you know, you could actually go in and just say,
9 estimated costs and rate impacts associated with
10 programs and projects planned for completion for
11 each year during the next two years of the Storm
12 Protection Plan. It gives you a little wider
13 scope, and a little more prospective information
14 that we would urge you to consider.

15 MR. GRAVES: And this is -- this report would
16 be filed annually. And then so taken in
17 conjunction with the plan, do you think that would
18 give sufficient information?

19 MR. MOYLE: Well, I think -- I mean, I think
20 with respect to all of the information that's going
21 to be out there, I am giving you a perspective from
22 a standpoint of, you know, what does the future
23 look like? I think that's an important component
24 for policy-makers. And to the extent that you are
25 able, and it sounds -- you know, you are talking

1 about a three-year plan, that -- I guess my point
2 is you want -- I would want to make sure that, on a
3 projected basis, there is more -- more time covered
4 on a projected basis than less time.

5 So the rule currently says for one year. If
6 you have the ability to project the rates of the
7 Storm Protection Plan for two years, I would want
8 to make sure that was done.

9 MR. GRAVES: Okay.

10 MR. WRIGHT: Robert?

11 MR. GRAVES: Yes, sir.

12 MR. WRIGHT: I may be missing something in the
13 cost recovery section of the rule. Is it your
14 expectation that in the cost recovery section,
15 there will be something that projects the rate
16 impacts for what's actually going to be recovered
17 through the SPP CRC the following year, and that's
18 why you got some distinction here in Sub C on page
19 7 for programs and projects planned for completion
20 during the next year as distinguished from what's
21 actually going to be spent and recovered through
22 the SPP CRC in that year?

23 Is that your thinking? And if it is, that's
24 fine. Otherwise, I don't know why you would limit
25 the cost and rate impacts in C to programs and

1 projects planned for completion during the next
2 year.

3 MR. GRAVES: If any reference to plan -- if
4 the reference to the Storm Protection Plan at the
5 end of that, would -- if that was eliminated, would
6 that address your -- no?

7 MR. WRIGHT: As a representative of customers,
8 I want to know what they plan to collect through
9 the clause next year, right? That seems to make
10 sense.

11 This also makes sense by itself, you know,
12 cost and rate impacts associated with programs and
13 projects planned for completion during the next
14 year. There probably is going to be a significant
15 overlap between that bundle of costs and the bucket
16 of costs that they are going to recover through the
17 clause the following year.

18 If -- as long as we are going to get both
19 numbers, that's fine. I just wanted to understand
20 your intent as to whether there was any different
21 than that. And if it's not, then that's fine. And
22 if it is, I just want to make sure we are going to
23 get the projected recovery from us customers during
24 the next year through the clause.

25 MR. GRAVES: I think you may be touching on a

1 point that I might ask for Shelby to help me out
2 with this, but part of this being for this being
3 moved is what if a utility is not participating in
4 the clause, would, then, this report reflect zero
5 dollars?

6 MR. HINTON: If I could jump in?

7 MR. WRIGHT: Thank you.

8 MR. HINTON: Yeah, and that's one thing, the
9 voluntary nature of the clause versus the
10 requirement here in that this is an update of the
11 plan. But you also got to keep in mind that the
12 plans will include things that are not in the
13 clause that are being recovered through base rates.
14 So this is more inclusive than just what's going to
15 be in the clause.

16 MR. WRIGHT: That's helpful, and that's great.
17 Thank you.

18 MR. GRAVES: I think that should conclude the
19 plan rule for 25-6.030.

20 MR. MEANS: Robert, just one more comment on
21 Subsection 4. We are going to suggest Subsection
22 4B that it should be rate impacts at the program
23 level instead of the individual project level, but
24 we will address that in our written comments.

25 MR. BALLINGER: It may have to have both

1 because the program may not be completed but, you
2 know, you have got certain projects completed in
3 that year.

4 We will look at that. I understand what you
5 are saying about individual between the two. We
6 are looking more at just what has been completed.
7 So if 20 projects have been completed, we want to
8 know what the rate impact was.

9 MR. MEANS: Thank you for that, and we will
10 address it in our written comments.

11 MR. BALLINGER: Okay.

12 MR. KING: Okay. So we finished the first
13 rule. We are going to take a break now, seven or
14 eight minutes. We will be back at 11:25.

15 And just so you know my kind of plan, I am
16 hoping that we are done before lunch, but if we are
17 still going at 1:00, that's when we are going to
18 take lunch, okay.

19 So 11:25 back here.

20 (Brief recess.)

21 MR. KING: Okay. Welcome back, everyone. We
22 are going to go on to the rule .031 now, and Shelby
23 is going to lead us through that rule.

24 MR. HINTON: Before we start, Shelby, real
25 quick.

1 Charles, I wanted to ask you a question,
2 thinking about the discussion about what exactly is
3 approved in the plan, and what are we doing.

4 If we were to include some form of language
5 within the rule that just explicitly states that
6 approving a plan is just saying it's -- basically
7 you are saying it's reasonable to move forward with
8 this plan, then that, you know, prudence will be
9 determined, of these activities, will be determined
10 when cost recovery is sought. But just something
11 more -- more explicitly stating that approval just
12 means it's reasonable to move forward with the
13 plan.

14 MR. REHWINKEL: Cayce, we are open to that as
15 long as it meets -- if it's within the statutory
16 framework and doesn't expose the rule to further
17 litigation.

18 I certainly would be happy to talk to the
19 other parties and the staff about that. But
20 something like that is directionally good from our
21 standpoint. And it could take a lot of the
22 pressure out of the system for us.

23 MR. HINTON: Okay. I just wanted to throw
24 that out there in, you know, in case we don't get
25 back to talking about this face-to-face.

1 MR. REHWINKEL: Okay.

2 MR. BERNIER: Cayce, this is Matt with Duke.

3 I understand the point about trying to add
4 some language in there, and we are not against the
5 idea of there being additional language, but we
6 would point out it needs to be tracking with what
7 the statute is saying regarding prudence and all of
8 that. So we can add comments in our written
9 comments along that line. Thanks.

10 MS. ELCHLER: All right. If there is no
11 follow-up questions from before the break, we will
12 move along with 25-6.031.

13 For this rule, our updates do not include many
14 large material changes. The majority of the
15 changes are stylistic and editorial in nature. So
16 I am going to go through and kind of highlight the
17 substantive changes.

18 In Subsection 1, we decided that rather than
19 restating statutory language, that we would give a
20 definition of what types of utilities this rule
21 could apply to.

22 For Subsection 2, the major change is the
23 addition of the language at the end of line 9,
24 which is, quote, "consistent with its approved
25 Storm Protection Plan." And we added that just for

1 clarity.

2 In Subsection 3, there is just a small change,
3 and we included some language to introduce this
4 idea, and the word petition in petition filings
5 make that more clear.

6 In Subsection 4, we edited it to reflect that
7 the 30-day commercial paper rate applied to the
8 clause recovery amount and not the actual plan
9 costs.

10 Section 5 just had editorial changes.

11 And 6A, that is new language that we added to
12 clarify that costs incurred after the time the
13 Storm Protection Plan is filed may be included in
14 the cost recovery petitions. With that addition,
15 the current B, C -- well, the old A and B are now
16 the current B and C. Other than that, there is no
17 more big changes until we get down to 7D.

18 In 7D, line 19, we changed the word errors to
19 variances. That's just kind of an example of an
20 editorial change.

21 In E, we changed the language to reflect a
22 12-month billing cycle as opposed to the idea of
23 new factors being required to go into effect on
24 January 1. And that was done to offer more
25 flexibility during the administrative process of

1 the clause.

2 Moving along. In the old Subsection 8 that
3 was in the first workshop notice draft of this
4 rule, it has been removed from the current draft
5 version of this rule. The old 8 attempted to
6 clarify actions to be taken during Storm Protection
7 Plan modification events. However, we felt that
8 type of information was not appropriate to address
9 within this clause rule, so we removed it.

10 Then we had an old Section 9 from the first
11 workshop notice draft of this rule. And in that,
12 it referenced the annual report that was required
13 by the statute that we kind of just wrapped up
14 talking about before the break. And like we said,
15 that's now been moved into Rule 25-6.030.

16 So that makes the current No. 8 language we
17 added. And that was to clarify the clause
18 participation by the utility does not prohibit the
19 utility from proposing recovery of Storm Protection
20 Plan costs in future base rate proceedings.

21 And that is the big changes. We can go back
22 through and talk it about it now.

23 So we will start with Subsection 1. And
24 again, we will go my left to right, starting with
25 FPL.

1 MR. RUBIN: Nothing on Subsection 1.

2 MR. BERNIER: Nothing on 1.

3 MR. BADDERS: Same.

4 MR. WRIGHT: Same.

5 MR. MEANS: No comments on 1.

6 MS. KEATING: Same here.

7 MR. REHWINKEL: The Public Counsel, as you
8 will see in our comments, we have edits that just
9 superimpose the statutory interpretation of
10 historical, pure historical recovery. I am not
11 going to make comments throughout except when we
12 get to 6B.

13 So those generic comments just apply to
14 everything as you go down there -- go down the
15 list. Otherwise, we don't have any comments.

16 MS. ELCHLER: All right. Then we will go on
17 to Subsection 2. FPL --

18 MR. RUBIN: So -- I am sorry.

19 MS. ELCHLER: You are good. I just said, FPL,
20 when you are ready?

21 MR. RUBIN: So in Subsection 2, we do have
22 some thoughts about this, and I think it dovetails
23 with what you described in 6A.

24 From the perspective of FPL, and I know the
25 other utilities will speak to this probably as

1 well, but we felt that for sort of a smooth
2 operation of this clause on a year-over-year basis,
3 that after the utility has filed the Storm
4 Protection Plan, rather than after the Commission
5 has issued a final order approving the plan is when
6 we would file our petition in the clause for cost
7 recovery.

8 And like I said, I think that dovetails with
9 what you have put in -- what you have added in 6A,
10 identifying costs incurred after the filing of the
11 utility Storm Protection Plan rather than the
12 approval.

13 Otherwise, every fourth year -- I guess every
14 year when we file a Storm Protection Plan, it's
15 going to throw the schedule off, because you have
16 got the 180 days in there for the Commission to
17 approve, so that's six months. Let's say we file
18 our plan in January or February, we are not going
19 to have an approval by the Commission for six
20 months after that, and so it's going to throw off
21 sort of that nuclear cost recovery model we talked
22 about last time.

23 So we feel that that would -- it would make
24 sense to do that. And of course, if the Commission
25 was to reject part of our plan, modify part of our

1 plan, we would have to modify our filing in the
2 clause proceeding as well, which of course we would
3 do. But it just seems to us that that parallel
4 course seems to make sense in terms of running the
5 clause on an annual basis.

6 I will leave it at that. I think others may
7 have some comments on that as well.

8 MS. ELCHLER: So you are saying -- just to
9 make sure I follow you -- submitting a petition
10 before the Commission has come out with that final
11 order?

12 MR. RUBIN: Correct.

13 MS. ELCHLER: Okay. We've talked about that,
14 and we are thinking about something to that effect.
15 What comes out, we are not settled on completely
16 yet, but we are aware of that and we are talking
17 about it.

18 MR. RUBIN: Great. Thank you.

19 MS. ELCHLER: Uh-huh.

20 Duke.

21 MR. BERNIER: We have nothing to add.

22 MR. BADDERS: Gulf agrees with the comments
23 that Ken Rubin made.

24 MR. WRIGHT: I don't have any specific
25 comments. Thanks.

1 MR. MEANS: Tampa Electric agrees with Mr.
2 Rubin's comments.

3 MS. KEATING: FPUC has nothing to add.

4 MR. REHWINKEL: I said I wasn't going to talk,
5 but I lied.

6 MS. ELCHLER: Well, let me keep you to your
7 word.

8 MR. REHWINKEL: Well, what Mr. Rubin said is
9 what I want to address.

10 In accordance with my comments when Robert had
11 the gavel, with regard to the second cycle onward
12 out into perpetuity, we don't have a problem with
13 that. We think that the Commission should not,
14 under any circumstances, entertain simultaneous
15 plan and clause filings the first time out of the
16 gate with all of the attendant issues about pulling
17 apart base rates and incremental spends.
18 Otherwise, we don't have a problem with that.

19 Mr. Rubin raised a very practical
20 consideration, that you don't want to continually
21 be sputtering and kind of taking a year off. I
22 don't think that's what we want. But the first
23 time out of the gate, we need to find a way to
24 draft this where if you are going to do it down the
25 road, fine, but not the first time out.

1 MS. ELCHLER: Okay. All right. Subsection 3.

2 MR. RUBIN: No comments for FPL.

3 MR. BERNIER: Nor Duke.

4 MR. BADDERS: Nor Gulf.

5 MR. WRIGHT: No comments. Thanks.

6 MR. MEANS: No comments for Tampa Electric.

7 MS. KEATING: No comments for FPU.

8 MR. REHWINKEL: None here.

9 MS. ELCHLER: Subsection 4.

10 MR. RUBIN: So for FPL, I conceded at the
11 first workshop that I am not an accountant and
12 can't even address some of the accounting issues,
13 but we do have somebody from our regulatory
14 accounting group today. If I could ask her to
15 perhaps address this, Liz Fuentes.

16 MS. ELCHLER: Okay.

17 MS. FUENTES: Hi, Liz Fuentes, from Florida
18 Power & Light.

19 We understand the current language in
20 Subsection 4 is addressing the true-up amounts
21 associated with differences between the revenues
22 that would be collected under the clause and the
23 actual expenses that would be collected through
24 there, and that would get afforded the 30-day
25 commercial paper rate. But FPL believes that we

1 should add some additional language there to help
2 bridge the gap between any timing of when we've
3 incurred costs, but they haven't been set for rates
4 yet.

5 And so if they are deferred, we would like to
6 request to add some language that allows the
7 utility to earn at its weighted average cost of
8 capital until those costs are ultimately set in
9 rates.

10 MS. ELCHLER: All right. And like Mr. Rubin,
11 I am also not an accountant, Bart, do you have
12 anything would you like to add? He is our
13 accountant guy on this particular rule.

14 MR. FLETCHER: Yes. Basically construction
15 work in progress type allowance that you are asking
16 for, that carrying costs?

17 MS. FUENTES: Either that, or any deferred --
18 any O&M costs, we would ask to defer those and earn
19 on the weighted average cost of capital until they
20 are set in rates.

21 MR. FLETCHER: You will have that in your
22 written comments?

23 MS. FUENTES: Yes, we will include those in
24 our written comments.

25 MR. FLETCHER: Okay. And so this would be

1 more akin to like construction work in progress, as
2 you incur them, rather when they are placed into
3 service?

4 MS. FUENTES: That's correct. And that's
5 similar to how we've treated other capital costs as
6 far as CWIP included in our cost recovery clauses
7 for ECRC.

8 MR. FLETCHER: Okay. Yes, if you would have
9 that in your postworkshop comments?

10 MS. FUENTES: Absolutely, we can do that.

11 MS. ELCHLER: All right. Anything else from
12 FPL?

13 MS. FUENTES: No.

14 MS. ELCHLER: Okay. Duke?

15 MR. BERNIER: I too many not an accountant so
16 I will pass. Thanks.

17 MR. BADDERS: I won't speak to whether or not
18 I have an accounting background, but I agree with
19 the comments by FPL.

20 MR. WRIGHT: No comments. Thanks.

21 MR. MEANS: Tampa Electric agrees with FPL's
22 comments.

23 MR. CASSEL: FPU agrees with those comments as
24 well.

25 MR. REHWINKEL: I don't know that the Public

1 Counsel is in agreement, but we will provide a
2 response to that in our comments.

3 MS. ELCHLER: That works.

4 Subsection 5.

5 MR. RUBIN: Nothing on 5. Thank you.

6 MR. BERNIER: We have nothing on 5.

7 MR. BADDERS: No comments from Gulf.

8 MR. WRIGHT: Same here. Thanks.

9 MR. MEANS: No comments from Tampa Electric.

10 MS. KEATING: None from FPU.

11 MR. REHWINKEL: None here.

12 MS. ELCHLER: All right. We will try and
13 tackle 6 as one trunk, A, B and C, but if everyone
14 has a comment for each subletter, then maybe I
15 might slow you guys down, but I don't know what's
16 coming, so we will start optimistic.

17 MR. RUBIN: No comments on A, B or C.

18 MS. ELCHLER: All right. Duke?

19 MR. BERNIER: Ditto.

20 MR. BADDERS: Same for Gulf.

21 MR. WRIGHT: I am going to pass to OPC.

22 Thanks.

23 MR. MEANS: Tampa Electric has one comment on
24 6A. We would suggest including the phrase and
25 costs incurred by the utility in developing its

1 Storm Protection Plan at the very end of the
2 sentence.

3 MS. ELCHLER: If you don't mind, could you
4 repeat that one more time? I wasn't able to
5 capture it all that fast.

6 MR. MEANS: Sure. It's costs incurred by the
7 utility in developing its Storm Protection Plan.

8 MS. ELCHLER: You wanted that in 6A?

9 MR. MEANS: That's correct.

10 MS. ELCHLER: So you want that added, not
11 replacing any of the language?

12 MR. MEANS: That's correct, added to 6A.

13 MS. ELCHLER: Okay. All right. Thank you.

14 And then --

15 MS. KEATING: FPU is in agreement with Tampa
16 Electric's addition. Otherwise, we don't have
17 anything else to offer.

18 MS. ELCHLER: Oakie-doke.

19 MR. REHWINKEL: Okay. On what Tampa Electric
20 just posited, we may have an objection to that, and
21 we can address it in comments.

22 But I would say that if there are costs that
23 are in base rates today for developing the storm
24 hardening plans, and now you are going to not do
25 storm hardening and you are going to -- you are

1 going to take SHP out and do SPP. To the extent
2 those costs are like costs, we would say they are
3 fungible and there should not be incremental
4 recovery for it, but that may be a factual issue we
5 need to explore.

6 And to the extent the ECRC clause is being
7 used as an analog, there is an old Gulf case in the
8 ECRC where study costs were considered fungible.
9 And to the extent costs that were allowed weren't
10 spent, but new study costs came in, the Commission
11 said, well, you got to spend what we said first
12 before you can spend the increment, I don't -- I
13 don't know. We would have to look at it, but we
14 will provide comments to that -- in that regard on
15 that.

16 Otherwise, we have a comment on 6B. You will
17 see -- we will provide an edit in our comments to
18 the rule language. We would like to see in clause
19 filings, you know, and assuming we can find a way
20 out on the plan, where we don't have to get the
21 level of detail in the plan that we think is
22 necessary to tease out incremental from base rates.
23 We do think when you get to the clauses, detailed
24 information on a historical and a projected basis,
25 at least the first time out, is going to be

1 required. So we are going to have some language
2 about that.

3 We also think it would be a good idea for the
4 Commission to make it crystal clear when we are
5 trying to separate base rates and incremental --
6 base rate costs and incremental costs out in
7 accordance with what Mr. Ballinger said, is that's
8 the place to do it. The statute says you shall not
9 include in the clause costs that are being
10 recovered through base rates. I think a sentence
11 in the rule that says the burden of proof is on the
12 utility to demonstrate that such is not happening
13 is going to be important.

14 And we will give you language on that. The
15 burden should not be on the staff or the Public
16 Counsel, or other intervenors, to go in and extract
17 that information, or that showing. That burden is
18 on the utility. And so we will have comments about
19 that.

20 Thank you.

21 MS. ELCHLER: And your comments propose adding
22 that into Section 6?

23 MR. REHWINKEL: Yeah. It will be in 6B.

24 MS. ELCHLER: Okay. All right. We will look
25 forward to all of those.

1 Then I guess with that, we will move on to
2 Subsection 7, and maybe we will just go A -- we
3 will go by A first, 7 and 7A.

4 MR. RUBIN: If you want to go for the whole
5 thing, we have no comments on 7.

6 MS. ELCHLER: Okay. 7A through E?

7 MR. RUBIN: Correct.

8 MS. ELCHLER: Yeah. So that would be lines 5
9 through 25?

10 MR. RUBIN: Correct. No comments.

11 MS. ELCHLER: Okay. Duke?

12 MR. BERNIER: We agree. No comments.

13 MR. BADDERS: No comments from Gulf.

14 MR. WRIGHT: No comments. Thanks.

15 MR. MEANS: No comments from Tampa Electric.

16 MS. KEATING: Same for FPU.

17 MR. REHWINKEL: None here.

18 MS. ELCHLER: Okay. And then Subsection 8,
19 wrapping up, this is lines 1 and 2 on page 10 of
20 the notice. FPL?

21 MR. RUBIN: We do have a comment on this, and
22 it's really just the concept is that the utility
23 might -- you know, each utility might have a
24 different way of looking at this. But our
25 suggestion would be that recovery of costs under

1 this rule does not preclude a utility from
2 proposing inclusion of future Storm Protection Plan
3 costs in either base rates or the Storm Protection
4 Plan cost recovery clause.

5 So basically, at the next rate case, for
6 example, a utility may choose to leave what some
7 might put into the clause, they may want to leave
8 in base rates, or vice-versa, and this just gives
9 the option for that to occur.

10 So it's not -- it's not a huge change, but
11 it's just sort of the option being provided to each
12 utility.

13 MS. ELCHLER: I follow the idea of what you
14 are saying, but I think maybe work on the wording a
15 little more.

16 MR. RUBIN: Okay.

17 MS. ELCHLER: Because as -- if you take out
18 the part about the base rates, you are basically
19 saying recovery of costs under this rule does not
20 preclude you from recovery of cost in the future,
21 which is kind of obvious, maybe, or repetitive.

22 MR. RUBIN: Yeah. We would leave the base
23 rates language. If I missed that, I am sorry.

24 MS. ELCHLER: No. No. I understand. I am
25 just saying if you -- if you add that part, it kind

1 of is saying the same exact thing. Like, does that
2 make -- recovery of costs --

3 MR. RUBIN: Yes.

4 MS. ELCHLER: -- under this rule does not
5 preclude you from future recovery of costs under
6 this rule?

7 MR. RUBIN: I understand. Yeah, we will put
8 some language together that addresses that.

9 MS. ELCHLER: Okay.

10 MR. RUBIN: Thank you, though. I appreciate
11 that.

12 MS. ELCHLER: No problem.

13 Duke?

14 MR. BERNIER: We agree with the concept Mr.
15 Rubin was discussing.

16 MR. BADDERS: As does Gulf.

17 MR. WRIGHT: I think the concept of allowing
18 the utility to seek recovery of projected storm
19 protection costs in a -- based on a projected test
20 year in base rates to be set in a general rate case
21 is okay. I might feel more comfortable if it's
22 clarifying that it's based on a projected test year
23 in a general rate case, but as long as that's the
24 understanding, it's okay.

25 MS. ELCHLER: Okay. If you have --

1 MR. WRIGHT: I have some other concerns about
2 the future recovery through the plan clause, but I
3 am going to defer to OPC on that. Thanks.

4 MS. ELCHLER: Okay. Yeah, and just to
5 clarify, it's not like it's the petition of those
6 costs. It's not necessarily like, well, these
7 costs were in here, so we will automatically say
8 those costs are okay somewhere else. It's your
9 petition -- participation in a petition type thing.
10 If you have specific language you want to share in
11 your comments, then we would be -- we will look at
12 that.

13 MR. WRIGHT: Yeah. Do I understand your
14 intent is the plan is the plan, and then the costs
15 to implement the plan may be sought for recovery
16 through the clause, or may be sought for recovery
17 through base rates pursuant to a typical projected
18 test year filing in a base rate case; is that what
19 you are after?

20 MS. ELCHLER: I think that's what we are
21 saying, yeah.

22 MR. WRIGHT: Okay. Thanks.

23 MR. MEANS: Tampa Electric agrees with the
24 concept described by Mr. Rubin.

25 MS. KEATING: FPU has no additional comments.

1 MR. REHWINKEL: Mr. Rubin, will be surprised
2 that I have some level of agreement with what he
3 said, but not entirely.

4 Let me say this, is there may be some
5 practicality to what the utilities are suggesting
6 should or could occur in such a movement of assets,
7 or leaving assets on one side of the fence or the
8 other. Nevertheless, consistent with our
9 interpretation of the statute on the historical
10 recovery, we may also have a legal problem with
11 doing that, given that there is specific authority
12 for such in the ECRC statute, but none in this
13 statute. So I think we need to address that,
14 whether it's legal to do that.

15 But assuming that it is legal to do it, and it
16 is pragmatic to do what the utilities are
17 suggesting, our comments would be that that ought
18 to be a one-time only thing. In other words, there
19 ought not to be any ping-ponging or moving assets
20 back and forth, but if there is a reason to leave
21 it on one side of the fence or the other when you
22 otherwise wouldn't, do that, but that's the end of
23 it.

24 MS. ELCHLER: All right. And you said you are
25 going to have comments on that for us to maybe

1 better understand and follow what you are saying?

2 MR. REHWINKEL: Yeah. I mean, I hope it's
3 understandable that we don't want it to be
4 happening back and forth. And, you know, of
5 course, I think folks that are familiar with the
6 ECRC statute know that there is a specific
7 provision that allows you to transfer assets to
8 base rates even after they have been approved in
9 the clause. There is nothing like that in this
10 one.

11 MS. ELCHLER: Right. I think just the only
12 issue we would have -- and obviously, we will
13 discuss all of this again with all this new
14 information that we have -- is the fact that this
15 clause is voluntary. So if it's not -- you know,
16 if they don't come into it, then they still can
17 petition for the cost recovery through the base
18 rates.

19 So it's totally up to the utility. And like
20 we said, it's optional for them to jump into it.
21 And if they don't want to jump into it, then they
22 don't have to also.

23 MR. REHWINKEL: But to the extent that assets
24 are approved in the clause, and then there is a
25 desire to move them into base rates at a later

1 point, I don't know that that's authorized. And
2 maybe that's not what they are asking for, but I
3 think to some degree it is.

4 MS. ELCHLER: All right. Oakie-dokie. That's
5 the end of my rule -- or the clause rule. Not
6 mine, but staff's.

7 Andrew, I pass it back to you.

8 MR. KING: Thank you, everyone, for all your
9 comments so far. I think we just have two other
10 points to discuss in the agenda. It's Nos. 4 and
11 5.

12 No. 4 is just about all the rules that we
13 talked about in the last workshop, whether or not
14 they need to be amended or repealed. We just
15 wanted to give everyone another shot if they had --
16 they thought of anything in the intervening time
17 that we needed to consider when looking at these
18 other rules.

19 MR. BERNIER: I guess I will take a shot.
20 This is Matt from Duke.

21 I guess, from our point of view, to the
22 standpoint that the SPP is now going to be
23 including the universe, I guess, of the storm
24 hardening projects that were previously being
25 included under the storm hardening plans, I guess

1 we would see that the Storm Hardening Plan rule
2 could probably be repealed entirely if this is the
3 way staff is thinking about it.

4 MR. BALLINGER: That's a possibility. But we
5 are going to have to wait to see what we actually
6 get out of this rule when we are done. But, yes,
7 that's kind of how we structured this, is with that
8 intent, that that may replace that.

9 MR. BERNIER: Okay. That's helpful then.
10 Thank you.

11 MR. KING: Okay. Seeing none --

12 MR. WRIGHT: Andrew? Sorry.

13 MR. KING: Yeah.

14 MR. WRIGHT: I would just reiterate what I
15 said in our comments, and that is that whatever the
16 valuation assigned to the benefits of storm
17 hardening should be consistent across all rules.
18 So if there are undergrounding projects as I
19 believe there should be in the Storm Protection
20 Plan, the valuation of benefits assigned there
21 should track over into undergrounding CIACs
22 pursuant to 078 and 064. Thanks.

23 MR. KING: Okay.

24 MR. WRIGHT: Sorry, 078 and 115.

25 MR. REHWINKEL: Andrew, just to be clear. I

1 think we are of the view, I think we made it in our
2 original comments, that anything affecting another
3 rule should wait to this rule becomes final.

4 MR. KING: Okay. Well, thank you for those
5 comments. So we are on to our last one, which is
6 just the next steps.

7 We envision the filing of postworkshop
8 comments, everyone here has said they would like
9 to, that they have things they would like to say or
10 spell out in greater depth in those. So we are
11 looking at August 27th, so a week from today, for
12 the filing of those. Staff has looked at both our
13 external deadlines and our internal deadlines for
14 getting this ready to go. And we are just -- we
15 are backed up in kind of a time crunch, so that's
16 why we have a date that's a week out.

17 Everyone okay with the 27th?

18 Okay. With that, then, if no one has anything
19 else, our meeting is adjourned.

20 Thank you.

21 (Proceeding concluded at 11:58 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 am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED this 27th day of August, 2019.



DEBRA R. KRICK
NOTARY PUBLIC
COMMISSION #GG015952
EXPIRES JULY 27, 2020