

EXHIBIT B

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inherent differences in each company's circumstances. However, since it is the only known public source of such information, it is still typically used by utilities to portray relative rankings. b Having long recognized these limitations which render proper benchmarking nearly impossible for DSM, FPL instead uses other techniques, like those described in FPL's response to subpart (a) above, to search out best practices to drive operational efficiencies.

Conclusions:

Data Request(s) Generated:

No. _____ Description:

No. _____ Description:

Follow-up Required:

Document #: 1.16
Date Requested: 11/22/10
Date Received: 12/7/10
Comments: (i.e., Confidential)

CONFIDENTIAL

Document Title and Purpose of Review: Please provide any internal/external audit or reviews completed on the company's DSM programs or its administrative oversight functions.

Summary of Contents: Responsive documents, which consist of internal auditing reports and reviews (dated January 1, 2009 to present), are confidential and available for review in FPL's Tallahassee office, Monday through Friday, 8:00 a.m. to 5:00 p.m., upon reasonable notice to FPL. Privilege log also provided for 12/7/10 review prepared by Internal Auditing at the request of Counsel considered Attorney-Client Communication.

9/14/09 DSM Redesign AR# 29053-



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9/10/10 DSM Implementation (10061) - [REDACTED]

9/30/10 Contract Administration Review of Heating Ventilation and A/C and Reflective Roofing (RBER) Residential Demand-Side Management Programs (10070); [REDACTED]

[REDACTED]

6/30/11 HVAC Residential Program (11053) - [REDACTED]

9/10/12 Review of Solar Rebate Program Controls (FPL-OPS-CS-00-2012-0001) [REDACTED]

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	[Redacted]
	5/7/12 Review of DSMS Program Controls (FPL-OPS-CS-00-2012-0003)
	[Redacted]
	Conclusions:
	Data Request(s) Generated: No. _____ Description: No. _____ Description:
Follow-up Required:	

**Office of Auditing and Performance Analysis
Document Summary and Control Log**

Company: Florida Power & Light Company
Area: Oversight of Demand Side Management
Programs
Auditor(s): Tripp Coston/Lynn Fisher

Workload Control #: DR-2
File Name: _____

Document #: 2.1
Date Requested:
Date Received:
Comments: (i.e., Confidential)

Document Title and Purpose of Review: a. Did FPL seek redress from the contractor identified in Bates 000077? b. If not, explain why FPL chose not to pursue redress from the contractor. c. Did FPL seek redress for any rework due to delays and additional costs incurred from the DSMS redesign in 2010? d. Given the schedule and cost challenges experienced with the DSMS development, did the company charge the full costs of DSMS to the Conservation docket? If so, explain why the company did not defer some expenses associated with poor project team performance. e. Explain whether FPL pursued any other redress or recovery for the DSMS project delays and changes shown in Bates 000080?

**CLAIMED CONFIDENTIAL
DURING AUDIT**

Summary of Contents: Background: In 2008 Florida Power and Light (FPL) performed an analysis of the multiple options available to replace and consolidate the Demand Side Management (DSM) systems in use at the company. After an analysis of the systems available in the market, the conclusion was that a custom build would be necessary to provide the functionality required. A decision was reached to create a new Demand Side Management System (DSMS) that would replace the functionality previously provided by nine separate systems and, in addition would provide additional automation to improve the efficiency of FPL's DSM business. The DSMS system was delivered in January of 2011. At the time of its delivery the system contained over [REDACTED]. The DSMS system represents the largest configurable system ever developed at Florida Power and Light. The system was developed utilizing an offshore delivery model backed up by a [REDACTED] with a major US based systems integrator. The total cost to implement the DSMS system was approximately [REDACTED]. The system implementation experienced a number of issues due primarily to scope changes and delays. However, the use of a [REDACTED] allowed the project to be delivered at a substantial savings from what a system this size typically costs. Based on the total vendor hours spent on the project [REDACTED] the total cost of the project would have been estimated at [REDACTED]. Ultimately, the DSMS system was delivered substantially below what a system of its size and complexity would have cost. This cost savings was achieved by leveraging lower offshore rates and strong contractual management around the offshore contract.

a. [REDACTED]

b. Please see FPL's response to Data Request No. 1(a) above.

c. [REDACTED]

[REDACTED] Please see also FPL's response to Data Request No. 1(a) above.

d. FPL disagrees that there was poor project team performance. As with any major project, issues and scope changes did arise, and FPL worked to address those issues in an expeditious and cost-effective manner. The majority of the cost associated with the project was charged to the Conservation docket. There was a portion not charged to the Conservation docket related to project management.

In April 2010, the company decided to dedicate a large portion of the time of the Customer Service IT Director to the project as well as a portion of time from a number of Project Management Office resources to the project. The IT Director physically relocated to the project site and served as the active project manager until the project delivered. The combined cost of these resources was approximately [REDACTED] that was dedicated to the project. While properly recoverable, these costs were not charged to the Conservation Docket.

e. Given the large investment from the vendor to meet their contractual obligations in the fixed price bid and [REDACTED]

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	<p>Conclusions:</p> <p>Data Request(s) Generated: No. _____ Description: No. _____ Description:</p> <p>Follow-up Required:</p>
<p>Document #: 2.2 Date Requested: Date Received: Comments: (i.e., Confidential)</p> <p>CLAIMED CONFIDENTIAL DURING AUDIT</p>	<p>Document Title and Purpose of Review: a. Describe the process standards usually used to design, budget, manage, and implement a project the size of DSMS. b. Describe each of the project team failures that led to the Lessons Learned in Bates 000082. c. Does FPL use the Project Management Institute's "Project Management Body of Knowledge" (PMBOK) as its standard for project management planning and implementation? If not, describe the project management standard used by the company. d. Explain how the Lessons Learned on Bates 000082 correspond to key Project Management Body of Knowledge areas, indicating poor team planning and implementation of the DSMS project during 2010. e. Describe the changes made in project team members during the re-design of the DSMS project to ensure its planned completion? f. Provide copies of any internal or external audits, outside consultant reports, Executive Steering Committee Meeting presentations, and other summary documentation not already provided, related to the DSMS system design, redesign, and implementation during the period 2008-2012.</p> <p>Summary of Contents: a. & c. FPL utilizes a tailored Project Management methodology based on PMBOK. The methodology has been adjusted to meet any specific needs in the FPL environment and is subject to regular reviews by internal Project Management Certified Professionals (PMP) to adjust and tune the methodology as needed. Please see the document "FPL System Delivery Methodology.pdf" depicting FPL's methodology. (4 pgs.)</p> <p>b. & d. FPL disagrees that there were project team "failures" or "poor" team planning and implementation. As with any major project, issues and scope changes did arise, and FPL worked to address those issues in an expeditious and cost-effective manner.</p> <ul style="list-style-type: none"> • Lesson Learned #1: Communication between IM and the business broke down once the project entered the re-planning phase (March 2010) PMBOK impact: Communication Management The project team did not include the VP level stakeholders for the project. This would have been mitigated if a formal Stakeholder Analysis Matrix was performed while developing the Communications Plan. Mitigation Strategy: A more detailed status of DSMS was included in the monthly VP level update towards the end of 2010. specialized meetings were held to discuss Go Live. • Lesson Learned #2: [REDACTED] • Lesson Learned #3: For a project of this size and complexity an offshore FPL presence should have been assumed and planned for PMBOK impact: Human Resource Management The offshore resources required additional training related to FPL's functional and business requirements. Mitigation Strategy: Sent two FPL resources offshore to India to assist with knowledge transfer. • Lesson Learned #4: The project should have requested an adequate forecasting tool due to its size and complexity PMBOK impact: Time & Cost Management The extensive use of a [REDACTED] in this project caused some unique issues with tracking project costs and reporting them to management. Mitigation Strategy: Accounting was performed manually using spreadsheets tailored to address the business need. In future [REDACTED] in the Customer Service area, FPL has moved toward including specific costing language in the contract to assist with cost tracking. • Lesson Learned #5: [REDACTED] • Lesson Learned #6: [REDACTED]

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	<p>• Lesson Learned #7: Dedicate business resources in order represent all facets of the business PMBOK impact: Human Resource Management As the project progressed, FPL realized that a broader representation of functional expertise was required by the project in order to fully articulate all the business requirements. Mitigation Strategy: The Business Unit provided an additional full-time dedicated SME to assist with business unit coordination during the testing phase.</p> <p>e. In order to ensure its planned completion, FPL dedicated the Director of IT Solutions for Customer Service almost entirely to DSMS. The Director moved to the project location and operated as the project manager for 2010. As a former partner for a major international system integrator, the Director had 20 years of experience in the Utilities industry including over 10 years of direct experience managing large offshore implementation projects. In addition, the project made a number of more tactical changes including:</p> <ul style="list-style-type: none"> <input type="checkbox"/> During the testing phase, two FPL employees were sent to India to work with the project team to assist with testing and issue resolution <input type="checkbox"/> Additional staff was added to the Project Management Office (PMO) to more effectively manage the testing effort <input type="checkbox"/> [REDACTED] <input type="checkbox"/> A project manager was dedicated to the testing effort to manage that piece of the project <p>f. Please see the documents provided. (DSM Application Project Status reports May through September and December 2009) (Meeting Minutes DSM Application Project VP Presentation 4/3/09; 15 pgs.) (DSM Application Project Status 10/29/09)</p> <p>Conclusions:</p> <p>Data Request(s) Generated: No. _____ Description: No. _____ Description:</p> <p>Follow-up Required:</p>
<p>Document #: 2.3 Date Requested: Date Received: Comments: (i.e., Confidential)</p>	<p>Document Title and Purpose of Review: a. Provide copies of any ICF consultant's assessment results and recommendations for the FPL DSM programs and portfolio during 2009-2012. b. Provide copies of any other consultant assessments and recommendations to improve the DSM programs and portfolio during 2009-2012 to date (including but not limited to all correspondence, e-mail, presentations, summaries, etc.)</p> <p>Summary of Contents: a. ICF conducted a review of FPL's programs in early 2010 through a series of workshop-type discussions. ICF did not provide a written assessment as part of that engagement. b. There have been no such consultant assessments during the referenced time period.</p> <p>Conclusions:</p> <p>Data Request(s) Generated: No. _____ Description: No. _____ Description:</p> <p>Follow-up Required:</p>
<p>Document #: 2.4 Date Requested: Date Received: Comments: (i.e., Confidential)</p>	<p>Document Title and Purpose of Review: For each DSM program and measure, please provide the following information for the period 2009-2012: a. The number of new accounts/participants monthly per measure. b. The number of field verifications completed monthly per measure. c. The number of Project Manager verifications completed monthly for each program/measure in which manager verification or confirmation is required.</p> <p>Summary of Contents: a. Please see the provided document. Please note the data provided for this response is shown at the levels which FPL tracks and reports DSM performance for managing the program activities. In some cases, this is at the program level, and in others it is done at the "measure" level, depending on the number of measures in a given program. b. Please see the provided document. c. FPL interprets the term "Project Manager" to mean "Program Manager." FPL's Program Managers are not responsible for performing</p>

**Bureau of Performance Analysis
Interview Summary**

Company: Florida Power & Light Company Area: DSM Program Process and Administrative Efficiency Auditor(s): T. Coston, L. Fisher	Interview Number: IVS-2 File Name: IVS-2
Name: Tony Maceo, Internal Audit Manager	Date of Interview: 12/12/12 Location: Miami General Office Telephone Number:

(1) Purpose of Interview: To discuss FPL audits related to administration and implementation of FPL DSM programs.

(2) Interview Summary:
a. Audits - Internal Auditing's involvement in the DSMS project was from a [REDACTED]

(3) Conclusions:
[REDACTED]

(4) Date Request(s) Generated:
No. _____
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(5) Follow-up Required:
1. [REDACTED]

Project Manager

**Bureau of Performance Analysis
Interview Summary**

Company: Florida Power & Light Company Area: DSM Program Process and Administrative Efficiency Auditor(s): T. Coston, L. Fisher	Interview Number: IVS-4 File Name: IVS-4
Name: Tom Koch, Sr. Manager DSM Strategy Cost & Performance, Ilan Kaufer Sr. Regulatory Affairs Analyst, Ian Robson, Director of Customer Services Systems and Jeff Richman, Program Manager for DSMS	Date of Interview: 1/17/12 Location: Teleconference Telephone Number: 561-305-3000 Code 3045675#

(1) Purpose of Interview: To discuss FPL's design of the DSMS system and issues related to system development and implementation

(2) Interview Summary:

- a. Ian Robson was the Director Customer Services Systems during the development and implementation of DSMS, and is still in that position; Ian joined FPL in early 2009 and the project kicked off in mid 2009; Ian is the IT Director over all Customer Services Systems for FPL, and reports to the IT VP for Next Era, who is responsible for system-wide IT; Jeff Richman was the IT Project Manager for DSMS and reported to Ian Robson; Jeff left the group in August of 2010 and Ian took over the implementation of DSMS.
- b. The business sponsor for the DSMS project was VP Customer Services, Marlene Santos and the IT sponsor was Ian's boss, over all NextEra IT; each project is jointly sponsored with both a business sponsor and an IT sponsor; the business sponsor is responsible for securing budget approval and works with the IT sponsor providing input for the system design, etc.; the IT sponsor designs, tests, and implements the system for the business sponsor;
- c. The business case for DSMS was to look at a number of cobbled systems with different platforms, used to keep DSM information, and design one system with a single platform with more flexibility; IT had to reverse engineer and design a single new platform for DSMS; process designs developed in 2008-09 were used to bid the project to several potential vendors (unsure how many, but know it was more than 3); responses included one cloud application that was "technically immature", another was a package program that would not fill requirements of the DSM project; FPL looked at multiple ways of completing the project and settled on the chosen vendor; FPL had prior experience in working with the vendor (a US based company with off-shore offices in several different countries);
- d. One of the components impacting the system development and implementation was the FPSC decisions regarding FPL's DSM goals and plan; At the time FPL was building the DSMS system the Commission was making decisions that affected what features were included into the system; the April 2010 Commission approval of FPL's DSM plan allowed the vendor to build the program based on FPL goals and program objectives; The vendor had both on-shore and off-shore teams involved in building the program; Had approx. [redacted] on-shore team and [redacted] off-shore team split, [redacted]
- e. FPL IA was involved in the project at a point when overall business sponsorship changed; the New Director wanted to get an idea of the project status and what was included and had IA complete a project review; [redacted]

- f. FPL sent two personnel resources off-shore to assist functional resources; [redacted] FPL placed great priority in completing the system as near to schedule as possible; FPL's previous experience with this vendor gave them assurance that the use of off-shore resources would not be a problem;
- g. When asked if the vendor satisfied FPL's expectations of the project, representatives responded that the vendor met their contractual obligations and contract deliverables. [redacted]

- h. [redacted]
[redacted] (see responses to DR-2.1 and 2.2 for additional information)

(3) Conclusions:

(4) Date Request(s) Generated:

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