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BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20220048-EI

Review of Storm Protection Plan,  
pursuant to Rule 25-6.030, F.A.C.,  
Tampa Electric Company.

\_\_\_\_\_ /

DOCKET NO. 20220049-EI

Review of Storm Protection Plan,  
pursuant to Rule 25-6.030, F.A.C.,  
Florida Public Utilities Company.

\_\_\_\_\_ /

DOCKET NO. 20220050-EI

Review of Storm Protection Plan,  
pursuant to Rule 25-6.030, F.A.C.,  
Duke Energy Florida, LLC.

\_\_\_\_\_ /

DOCKET NO. 20220051-EI

Review of Storm Protection Plan,  
pursuant to Rule 25-6.030, F.A.C.,  
Florida Power & Light Company.

\_\_\_\_\_ /

VOLUME 6  
PAGES 1089 - 1255

PROCEEDINGS: HEARING

COMMISSIONERS  
PARTICIPATING: CHAIRMAN ANDREW GILES FAY  
COMMISSIONER ART GRAHAM  
COMMISSIONER GARY F. CLARK  
COMMISSIONER MIKE LA ROSA  
COMMISSIONER GABRIELLA PASSIDOMO

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DATE: Thursday, August 4, 2022

TIME: Commenced: 9:30 a.m.  
Concluded: 4:10 p.m.

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

REPORTED BY: DEBRA R. KRICK  
Court Reporter

APPEARANCES: (As heretofore noted.)

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

## 1 I N D E X

## 2 WITNESSES

3 NAME : PAGE

4 MICHAEL JARRO

5 Examination by Mr. Wright 1097

Prefiled Rebuttal Testimony inserted 1101

6 Examination by Ms. Morse 1152

Examination by Mr. Moyle 1171

7 Examination by Mr. Cavros 1174

Examination by Ms. Eaton 1179

8 Further Examination by Mr. Wright 1183

Prefiled Rebuttal Proffered Testimony inserted 1189

9

10

11 LIZ FUENTES

12 Examination by Mr. Wright 1235

Prefiled Rebuttal Proffered Testimony inserted 1238

13 Examination by Ms. Morse 1246

Examination by Mr. Moyle 1249

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## EXHIBITS

NUMBER:		ID	ADMITTED
108	NERC Standard TPL-002-2B	1159	1186
109	Testimony of David A. Pickles, p. 18 - 20220048-EI	1162	
52	As identified in the CEL		1186

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

2 (Transcript follows in sequence from Volume  
3 5.)

4 CHAIRMAN FAY: All right. Mary Anne, you are  
5 recognized.

6 MS. HELTON: Yes. Thank you, Mr. Chairman.

7 I have been asked by a couple company of the  
8 parties exactly what the -- how this proffered  
9 testimony will look, and so we will have, for  
10 instance, when we take up each of the rebuttal  
11 witnesses, we will take up their testimony that is  
12 appropriate for the hearing record without any --  
13 with all of the information on no stricken  
14 information first, and Charles will cross-examine  
15 -- or OPC will cross-examine on that, and then we  
16 will insert into the record the proffered  
17 cross-examination testimony, and then OPC will have  
18 the opportunity to cross-examine on that if they  
19 wish.

20 The testimony will be laid out in the same  
21 transcript, but there will be a clear demarcation  
22 between what is part of the hearing record for your  
23 purposes and then what is in -- what is being  
24 proffered for appellate purposes, there will be a  
25 cover page before and after that so that it will be

1 very clear for the parties, the staff, you all and  
2 if it gets to the Court, the Court with respect to  
3 what has been -- what is proffered testimony, which  
4 is testimony that you will not rely on in making  
5 your decision.

6 CHAIRMAN FAY: Okay. Great, do we have any  
7 questions? Yes, Mr. Bernier.

8 MR. BERNIER: Thank you.

9 So just to make sure I understand, do the  
10 normal introduction, cross-examination, goes all  
11 the way through, and at the conclusion, introduce  
12 the stricken proffered testimony?

13 MS. HELTON: Correct.

14 MR. BERNIER: Thank you.

15 CHAIRMAN FAY: Okay. And you wouldn't need to  
16 go through the reintroduction of the witness or  
17 anything, you would just move directly to that  
18 proffered testimony.

19 MR. BERNIER: Yes, sir.

20 CHAIRMAN FAY: Great. Okay.

21 Anything else, Mary Anne, before we --

22 MS. HELTON: It looked like Mr. Wright might  
23 have a question. Okay. I think we are all on the  
24 same page.

25 CHAIRMAN FAY: Okay. Great.

1           Mr. Moyle, yes.

2           MR. MOYLE: I am -- I may be missing  
3 something, and only one cup of coffee, but I  
4 thought the plan was that there wouldn't be  
5 rebuttal testimony coming in that would match up to  
6 testimony that was stricken, but it sounds like --

7           MS. HELTON: That is correct, that is the  
8 proffered testimony.

9           So the rebuttal testimony that matches up to  
10 Mr. Kollen's testimony that is stricken will be  
11 proffered just like Mr. Kollen's testimony that was  
12 stricken was proffered, so that it will not be a  
13 part of the hearing record for our purposes, but it  
14 will be part of the record that if there is an  
15 appeal, it goes to the court.

16          MR. MOYLE: And then there is going to be live  
17 cross on that?

18          MS. HELTON: At Mr. Rehwinkel's request, yes.

19          CHAIRMAN FAY: He will have the opportunity to  
20 do so if he wants to.

21          Yes, Mr. Rehwinkel.

22          MR. REHWINKEL: Mr. Chairman, just for the  
23 record, and for folks to understand.

24          We met last night internally, we met this  
25 morning internally to winnow down any proffer

1 cross, so we will -- I think there will be fairly  
2 little of that, but we appreciate what you have  
3 done and what Mary Anne and Mr. Teitzman's staff  
4 have done to facilitate our request, so we  
5 appreciate it.

6 And just because we don't cross, that doesn't  
7 mean anything other than we recognize that we've  
8 been given the opportunity to cross, and that's the  
9 important part of due process, and we appreciate  
10 it.

11 CHAIRMAN FAY: Absolutely. Thanks.

12 Yeah, Mr. Moyle.

13 MR. MOYLE: Just one more technical question.  
14 I don't know if this has to be on the record or  
15 not, but I just, in terms much the demarcation  
16 between proffered and non-proffered, is that going  
17 to be distinct? Because some of is it going to be  
18 very lengthy. Is it going to be distinguished in  
19 any way by, like, a color, or do you just have to  
20 go up to the page and make sure, you know, where it  
21 says proffered -- because I can see if you were  
22 writing something, then you are, like, wait a  
23 minute, is this in or is it out, and then have to  
24 go find where it starts.

25 MS. HELTON: I'm suspect that we could



1           probably put it in the table of contents -- and our  
2           court reporter is shaking her head affirmatively.  
3           As far as special colors, that's way above my labor  
4           grade, and I think table of contents is just about  
5           as good as we can promise right now.

6                   MR. MOYLE:   Okay, thanks.

7                   CHAIRMAN FAY:  We will have it clearly  
8           distinguished.

9                   All right.  With that, Florida Power & Light,  
10          you are recognized to call your witness.

11                   MR. WRIGHT:  Good morning, Chairman and  
12          Commissioners.  Florida Power & Light calls Michael  
13          Jarro.

14          Whereupon,

15   MICHAEL JARRO

16          was recalled as a witness, having been previously duly  
17          sworn to speak the truth, the whole truth, and nothing  
18          but the truth, was examined and testified as follows:

19   EXAMINATION

20          BY MR. WRIGHT:

21                   **Q     Good morning, Mr. Jarro.**

22                   A     Good morning.

23                   **Q     You were previously sworn on August 2nd.  You**  
24          **understand you are still under oath, correct?**

25                   A     Yes, sir.

1           Q     All right.  Are you the same Michael Jarro  
2     that previously testified on your direct testimony on  
3     August 2nd?

4           A     Yes.

5           Q     Have you prepared and caused to be filed 45  
6     pages of rebuttal testimony in this proceeding?

7           A     Yes, I did.

8           Q     And on July 27th, did you cause a first errata  
9     sheet to be filed to correct your rebuttal testimony?

10          A     Yes.

11          Q     Can you please summarize the correction made  
12     by the first errata filed on July 27th?

13          A     Yes.  The errata corrected my rebuttal  
14     testimony to reflect that FPL formally withdrew its  
15     transmission and distribution winterization programs.

16          Q     And on August 1st, did you cause a second  
17     errata to be filed to correct your rebuttal testimony?

18          A     Yes.

19          Q     Can you summarize the correction made by your  
20     second errata filed on August 1st?

21          A     The second errata struck portions of my  
22     rebuttal that responded to portions of OPC Witness  
23     Kollen's testimony that were stricken.

24          Q     Mr. Jarro, do you have any additional  
25     corrections to your rebuttal testimony?

1           A     Yes, I have a few. So on page five, line two,  
2 the word five should be replaced with the word three.

3           **Q     Let's just give folks a minute here to make**  
4 **sure everyone has that.**

5                   **Can you repeat that?**

6           A     Absolutely. So on page five, line two, the  
7 word five should be replaced with the word three.

8           **Q     Okay. Any others?**

9           A     Yes. The word three should be corrected to  
10 the word one on the following pages and line numbers.  
11 First is page 10, line 14. Then page 16, line 21. Then  
12 page 24, line one. And page 25, line three.

13          **Q     All right. Let's just give a minute and we**  
14 **will repeat those.**

15                   **We will go through those one more time to make**  
16 **sure everybody has got them.**

17                   **CHAIRMAN FAY: Please do.**

18 BY MR. WRIGHT:

19          **Q     Okay. So you are going to replace the word**  
20 **three with the word one, and could you give those page**  
21 **and line numbers one more time, please?**

22          A     Yes. Page 10, line 14. Page 16, line 21.  
23 Page 24, line one. And page 25, line three.

24                   MR. WRIGHT: I will just check here with  
25 parties and staff. Does everybody have those? Any

1           need -- another repeat?

2           CHAIRMAN FAY: It appears we've got them.

3           MR. WRIGHT: Okay.

4 BY MR. WRIGHT:

5           **Q     Mr. Jarro, with these corrections and the**  
6 **previously filed errata, if I asked you the questions**  
7 **contained in your rebuttal testimony, would your answers**  
8 **be the same?**

9           A     Yes.

10          MR. WRIGHT: Chairman, I would ask that  
11 Mr. Jarro's rebuttal testimony as corrected on the  
12 stand here today, and by the errata filed July 27th  
13 and August 1st be inserted into the record as  
14 though read.

15          CHAIRMAN FAY: Show it moved.

16          (Whereupon, prefiled rebuttal testimony of  
17 Michael Jarro was inserted.)

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**ATTACHMENT 2**

**Florida Power & Light Company  
Docket No. 20220051-EI**

**Rebuttal Testimony of Michael Jarro  
Corrected by Second Errata Filed August 1, 2022 (CLEAN)**

Includes the original Exhibit MJ-2 filed on June 21, 2022

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **DOCKET NO. 20220051-EI**

3  
4 **FLORIDA POWER & LIGHT COMPANY**

5 **2023-2032 STORM PROTECTION PLAN**

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9 **REBUTTAL TESTIMONY OF**

10 **MICHAEL JARRO**

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24 **Filed: June 21, 2022**

25 **Corrected by Second Errata Filed August 1, 2022**

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25		
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1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Michael Jarro. My business address is Florida Power & Light Company  
4 (“FPL” or the “Company”), 15430 Endeavor Drive, Jupiter, FL, 33478.

5 **Q. Did you previously submit direct testimony?**

6 A. Yes. I submitted written direct testimony on April 11, 2022, together with Exhibit MJ-  
7 1 – FPL’s Storm Protection Plan 2023-2032. On May 6, 2022, FPL filed and served a  
8 Notice of Filing a Revised Appendix E to Exhibit MJ-1 to correct the completion dates,  
9 start dates, and amounts projected for certain Distribution Feeder Hardening Program  
10 projects included in the 2023 project level detail.

11 **Q. What is the purpose of your rebuttal testimony?**

12 A. The purpose of my rebuttal testimony is to respond to certain portions of the direct  
13 testimonies of Lane Kollen and Kevin J. Mara submitted on behalf of the Office of  
14 Public Counsel (“OPC”). My rebuttal testimony will respond to the concerns,  
15 questions, and recommendations raised by these witnesses in opposition to FPL’s 2023-  
16 2032 Storm Protection Plan (“2023 SPP”) submitted as Exhibit MJ-1 and as corrected  
17 by the Notice of Filing a Revised Appendix E to Exhibit MJ-1 filed on May 6, 2022.

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19 First, I will provide some context and general observations regarding OPC’s concerns  
20 and criticisms of FPL’s 2023 SPP.

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Third, I will address OPC’s contention that FPL did not provide an estimate of how the programs and projects included in the 2023 SPP will reduce restoration costs and outage times as required by the SPP Rule. As explained below, OPC’s position is based on its incorrect interpretation of the SPP Statute and SPP Rule, and ignores the fact that SPP programs and projects provide both quantitative and qualitative benefits. I will further explain that FPL’s 2023 SPP complies with the requirements of the SPP Statute and SPP Rule.

1 Finally, I will address and rebut OPC witness Mara's recommendations and  
2 adjustments to ~~five~~ **three** out of the nine programs included in FPL's 2023 SPP.  
3 Specifically, I will address the following recommendations by OPC: modify the  
4 Substation Storm Surge/Flood Mitigation Program; reduce the budget for the  
5 Distribution Lateral Hardening Program;  
6 and reject the new Transmission Access  
7 Enhancement Program. As I explain below, each of these recommendations are  
8 inappropriate and unnecessary, and do not serve customers' best interests.

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12 **Q. Are you sponsoring any exhibits with your rebuttal testimony?**

13 A. Yes. I am sponsoring the following exhibits with my rebuttal testimony:

- 14 • Exhibit MJ-2, FPL's Response to OPC's Fourth Set of Interrogatories No.  
15 50.

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21 **II. GENERAL RESPONSE TO OPC'S CONCERNS**

22 **Q. Before addressing the specific issues and recommendations raised by OPC, do you**  
23 **have any general observations?**

24 A. Yes. The evaluation of FPL's 2023 SPP must be grounded in the fact that FPL has  
25 successfully been engaging in Commission-approved storm hardening for the last 16

1 years. During this time, the Commission has reviewed and had full transparency into  
2 all aspects of FPL’s storm hardening activities, and interested parties and stakeholders  
3 had the opportunity to participate in these reviews. Indeed, in its report “Review of  
4 Florida’s Electric Utility Hurricane Preparedness and Restoration Actions 2018”, in  
5 Docket No. 20170215-EU, the Commission recognized the success of historical storm  
6 hardening efforts in Florida. Key findings by the Commission in that report included:

- 7 • Florida’s aggressive storm hardening programs are working (Section V);
- 8 • The length of outages was reduced markedly from the 2004-2005 storm  
9 season (Section IV);
- 10 • The primary cause of power outages came from outside the utilities’ rights  
11 of way including falling trees, displaced vegetation, and other debris  
12 (Section IV);
- 13 • Vegetation management outside the utilities’ rights of way is typically not  
14 performed by utilities due to lack of legal access (Section IV);
- 15 • Hardened overhead distribution facilities performed better than non-  
16 hardened facilities (Section V);
- 17 • Very few transmission structure failures were reported (Section V); and
- 18 • Underground facilities performed much better compared to overhead  
19 facilities (Section V).

20 In response to Hurricanes Matthew and Irma, the Florida Legislature passed the SPP  
21 Statute “to mitigate restoration costs and outage times to utility customers” by  
22 “strengthen[ing] electric utility infrastructure to withstand extreme weather conditions  
23 by promoting the overhead hardening of electrical transmission and distribution  
24 facilities, the undergrounding of certain electrical distribution lines, and vegetation  
25 management.” Section 366.96(1)(c)-(e), F.S. From these facts, one can logically and

1 reasonably conclude that the Legislature did not pass the SPP Statute to stop or limit  
2 storm hardening activity in Florida, nor can one assume that the passage of the SPP  
3 Statute was an indictment or criticism against storm hardening activity that has  
4 previously taken place in Florida. Rather, it is reasonable to assume that the Florida  
5 Legislature passed the SPP Statute to encourage, streamline, and advance storm  
6 hardening work in this state.

7

8 FPL's 2023 SPP outlines a comprehensive storm protection plan that meets the  
9 statutory objectives codified in the SPP Statute and complies with the requirements of  
10 the SPP Rule. The 2023 SPP is largely a continuation of the following programs  
11 included in the current 2020-2029 Storm Protection Plan (hereinafter, the "2020 SPP")  
12 that were agreed to by OPC in a Joint Motion for Approval of a Stipulation and  
13 Settlement Agreement ("2020 SPP Settlement"), approved by Commission Order No.  
14 PSC-2020-0293-AS-EI:

- 15 • Distribution Inspection Program
- 16 • Transmission Inspection Program
- 17 • Distribution Feeder Hardening Program
- 18 • Distribution Lateral Hardening Program
- 19 • Transmission Hardening Program
- 20 • Distribution Vegetation Management Program
- 21 • Transmission Vegetation Management Program
- 22 • Substation Storm Surge/Flood Mitigation Program

23 The majority of the existing SPP programs have been in place since 2007 and have  
24 already demonstrated that they have provided and will continue to provide increased  
25 T&D infrastructure resiliency, reduced restoration times, and reduced restoration costs

1 when FPL is impacted by extreme weather events. For certain existing SPP programs,  
2 FPL proposed limited modifications to further improve these programs and implement  
3 best practices as further described in my direct testimony and Exhibit MJ-1. Notably,  
4 OPC has not opposed or challenged any of these modifications to the existing SPP  
5 programs.

6

7 As part of the 2023 SPP, FPL also proposed to implement a new

8

9 Transmission Access Enhancement Program. As detailed in my direct testimony and  
10 Exhibit MJ-1, the new

11

12 Transmission Access Enhancement Program  
13 will help ensure that FPL and its contractors have reasonable access to FPL's  
14 transmission facilities for repair and restoration activities following an extreme weather  
15 event.

16 **Q. Does OPC challenge all of the programs included in FPL's 2023 SPP?**

17 A. No.

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**Q. Do you have any additional general observations about the testimonies of OPC witnesses Kollen and Mara?**

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A. Yes.

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OPC contends that the benefits of the SPP programs must be quantified and monetized in order to meet the requirements of the SPP Rule.

As explained in my direct testimony, FPL has provided a description of how the 2023 SPP will reduce restoration costs and outage times associated with extreme weather events in compliance with express requirements of SPP Rule. As explained in greater detail below, storm hardening is not a simple cost-effective proposition and OPC's belief that outage times should be monetized ignores the very real and simple fact that the monetary value individual customers or communities place on reduced outage times cannot be accurately or uniformly estimated. Moreover, OPC's recommendation that FPL's SPP programs require further cost-justification before they can be approved is directly contrary to OPC's own testimony that requests the Commission reject only ~~three~~ **one** of the nine programs included in FPL's 2023 SPP as further explained in my rebuttal testimony.

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5 **III.**

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1 **IV. FPL'S 2023 SPP WILL REDUCE RESTORATION COSTS AND OUTAGE**  
2 **TIMES AS REQUIRED BY RULE 25-6.030, F.A.C.**

3 **Q. Both OPC witnesses Kollen and Mara argue that FPL's 2023 SPP did not meet**  
4 **the requirements of the SPP Rule because it did not quantify and monetize the**  
5 **benefits of the proposed SPP Programs. Do you have a response?**

6 A. Yes. I disagree with OPC witnesses Kollen and Mara that further cost-justification of  
7 FPL's 2023 SPP programs is needed or appropriate. On pages 17-19 of his testimony,  
8 OPC witness Kollen states that FPL did not provide any quantitative benefits for the  
9 proposed SPP programs and that it is not enough under the SPP Rule to simply say  
10 there will be benefits without quantifying those benefits. OPC witness Mara likewise  
11 states on pages 10-11 of his testimony that FPL only provided written descriptions of  
12 SPP program benefits and did not quantify the estimated cost reductions or monetize  
13 the reduction of outage times for each program. OPC witness Mara goes on to suggest  
14 on page 11 of his testimony that FPL should be required to file an amended SPP that  
15 provides this data. OPC's contention that FPL failed to comply with the SPP Rule  
16 because it did not quantify the benefits of the SPP programs is misplaced for several  
17 reasons.

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1 Second, there is nothing in either the SPP Statute or SPP Rule that prescribes that the  
2 benefits of SPP programs must be quantified or monetized as suggested by the OPC  
3 witnesses. Rather, the SPP Rule expressly provides that the SPP must include a  
4 “description” of the benefits of the SPP programs. See Rule 25-6.030(3)(b), F.A.C.  
5 (“For each Storm Protection Plan, the following information must be included.... (b)  
6 *A description* of how the proposed Storm Protection Plan will reduce restoration costs  
7 and outage times associated with extreme weather conditions” (emphasis added)); see  
8 also Rule 25-6.030(3)(d)(1), F.A.C. (“*A description* of each proposed storm protection  
9 program that includes: (1) A description of how each proposed storm protection  
10 program is designed to enhance the utility’s existing transmission and distribution  
11 facilities including an estimate of the resulting reduction in outage times and restoration  
12 costs due to extreme weather events” (emphasis added)).

13  
14 Third, storm hardening is not a simple cost-effective proposition as suggested by OPC.  
15 OPC’s approach focuses only on program costs and savings in restoration costs  
16 associated with extreme weather conditions (*i.e.*, a strictly quantitative analysis), and  
17 completely ignores the qualitative component required by both the SPP Statute and SPP  
18 Rule. Stated differently, OPC’s proposed cost-benefit and cost-effectiveness approach  
19 ignores half of the benefits side of the equation. It cannot be reasonably disputed that  
20 customers want the extended outage times associated with extreme weather events to  
21 be reduced. Indeed, the Florida Legislature concluded that reducing outage times for  
22 utility customers, as well as restoration costs, is in the public interest. The Commission  
23 can and should compare these factors and determine whether the estimated benefits of  
24 the storm hardening programs are justified by the estimated rate impacts.

25

1 Fourth, OPC witness Mara's belief that outage times should be monetized, ignores the  
2 very real and simple fact that the monetary value individual customers or communities  
3 place on reduced outage times cannot be accurately or uniformly estimated. Indeed,  
4 some customers may be willing to pay a premium to never have a power outage, while  
5 others may be willing to tolerate a few short outages. Moreover, the SPP Rule does  
6 not require the outage times to be monetized as explained above, and there is no  
7 uniform Commission or industry method to do so. Such analyses are necessarily  
8 dependent on several highly variable factors (such as the intensity, path, and duration  
9 of the extreme weather event and extent that the system has been hardened) and could  
10 include a very wide range of subjective economic factors, including, but not limited to:  
11 individual and different customer value on reduced outage times, including comfort,  
12 health, and convenience; economic impact to individual customers due to spoilage, loss  
13 or disruption of business, and loss of equipment or supplies; and impact to the local  
14 and state economy. Thus, even if the SPP Statute and Rule did require the reduction in  
15 outage times to be monetized, which they do not, there is significant uncertainty and  
16 variability in how that should be done.

17

18 Finally, OPC's recommendation that FPL's SPP programs require further cost-benefit  
19 analysis or cost-justification before they can be approved is directly contrary to OPC  
20 witness Mara's testimony on pages 13 and 17-34 that requests the Commission only  
21 reject ~~three~~ <sup>one</sup> of the nine programs included in FPL's 2023 SPP. Stated differently,  
22 OPC witness Mara does not dispute that it would be reasonable for the Commission to  
23 allow FPL to implement the eight programs included in the 2023 SPP as further  
24 explained below. Either these SPP programs are in the public interest and should be  
25 approved, or they are not. The fact that OPC witness Mara has essentially agreed that

1 most of these programs should be approved without further cost-justification clearly  
2 suggests that OPC believes FPL has provided sufficient information about each of the  
3 SPP programs for the Commission to determine if they are in the public interest.

4 **Q. On page 18 of his direct testimony, OPC witness Kollen recommends that FPL**  
5 **should be directed to use its storm damage assessment model to model and**  
6 **quantify the estimated benefits and savings from the programs included in FPL’s**  
7 **2023 SPP. Please describe FPL’s Storm Damage Model.**

8 A. FPL’s Storm Damage Model is a very important proprietary tool developed by FPL to  
9 prepare for major storms that threaten FPL’s service area. The Storm Damage Model  
10 is used for major storms with a forecast track provided by the National Hurricane  
11 Center to estimate the number of construction man-hours (“CMH”) required to restore  
12 power to customers based on the forecasted intensity, speed, path of the storm, and the  
13 condition (hardened vs. non-hardened) of the infrastructure at the time of the storm.  
14 The Storm Damage Model is a planning tool used by the Company to estimate the  
15 extent of damage expected from a projected storm, and the number and location of  
16 resources that will be needed to quickly and safely restore power outages to the greatest  
17 number of customers in the shortest amount of time.

18 **Q. Do you agree with OPC witness Kollen’s recommendation that FPL should use**  
19 **the Storm Damage Model to model to quantify the benefits and savings associated**  
20 **with the programs included in FPL’s 2023 SPP?**

21 A. No, FPL’s Storm Damage Model was not intended to be used to quantify individual  
22 SPP programs or projects. As provided in Appendix A to Exhibit MJ-1, FPL used its  
23 Storm Damage Model to analyze Hurricanes Matthew and Irma and estimate the  
24 reduction in CMH, days to restore, and storm restoration costs that were attributable to  
25 the storm hardening projects that were completed and in place at the time of the

1 hurricanes. This analysis was based mainly on the feeders that FPL knew had been  
2 hardened versus non-hardened at the times Hurricanes Matthew and Irma occurred, and  
3 included the distribution inspection and vegetation management that had been  
4 completed at the times Hurricanes Matthew and Irma occurred. OPC witness Kollen  
5 proposes something different.

6  
7 OPC witness Kollen proposes that FPL use the Storm Damage Model to model the  
8 future system with the proposed 2023 SPP programs in place for the entire 2023-2032  
9 SPP period to quantify the costs that could be avoided due to the SPP programs. The  
10 problem with this approach is that, beyond year one of the SPP (2023), the project level  
11 detail has not been determined; meaning FPL does not at this time know which specific  
12 projects will be completed each year or where they will be located for the entire 2023-  
13 2032 SPP period. The scope and location of the storm hardening projects used in the  
14 Storm Damage Model for each year of the SPP will have a significant impact on the  
15 results of the analysis. For example, if FPL assumes a storm hardening project in a  
16 densely populated urban area as opposed to a rural area, or vice versa, this could change  
17 the damage estimated by the Storm Damage Model. Also illustrative is the fact that  
18 the estimated length, number of poles, location, and accessibility of the laterals used in  
19 the model would change the damage estimated by the Storm Damage Model. Each of  
20 these factors, which cannot be reasonably predicted for the entire 2023-2032 SPP  
21 period, would impact the estimated CMH, days to restore, and storm restoration costs  
22 predicted by the Storm Damage Model. For these reasons, the Storm Damage Model  
23 does not readily lend itself to model future SPP programs as proposed by OPC witness  
24 Kollen.

25

1 Even assuming the Storm Damage Model was appropriate to provide an estimate of  
2 CMH, days to restore, and storm restoration costs for future SPP programs, FPL's  
3 Storm Damage Model is only used for major storms with a forecast track provided by  
4 the National Hurricane Center. Thus, the Model would not account for any other types  
5 of extreme weather conditions, as well as any associated reductions in restoration costs  
6 and outage times. Florida remains the most hurricane-prone state in the nation and,  
7 with the significant coast-line exposure of FPL's system and the fact that the vast  
8 majority of FPL's customers live within 20 miles of the coast, FPL's service area has  
9 a high probability of being impacted by multiple extreme weather events every year.  
10 Although no one is in a position to know for sure how frequently FPL's service area  
11 will be impacted by extreme weather conditions, the Storm Damage Model estimate of  
12 cumulative reductions in restoration costs and outage times associated with the SPP  
13 programs will be directly affected by frequency, strength, speed, and path of storms  
14 that impact FPL's service area. As required by the SPP Rule, FPL has provided a  
15 description of the benefits and estimated cost for all the programs in FPL's 2023 SPP,  
16 in some cases these benefits are qualitative and in others they are quantitative, as  
17 provided in Sections II and IV and Appendix A to Exhibit MJ-1.

18 **Q. Has FPL provided descriptions of how the programs included in its 2023 SPP will**  
19 **reduce restoration costs and outage times associated with extreme weather**  
20 **conditions?**

21 A. Yes. In compliance with Rules 25-6.030(3)(b) and 25-6.030(3)(d)(1), F.A.C., the  
22 benefits expected from the proposed SPP programs were provided in the following  
23 portions of FPL's 2023 SPP: Section II; the "Description of the Program and Benefits"  
24 included in each SPP program description in Section IV; and Appendix A of Exhibit  
25 MJ-1. The existing SPP programs have already demonstrated that they will both reduce



1 restoration costs and outage times associated with extreme weather conditions, and  
2 were previously approved as part of the 2020 SPP. Although FPL has proposed limited  
3 modifications to certain of these existing SPP programs, these modifications will  
4 further improve these programs and implement best practices where applicable as  
5 explained in my direct testimony and Exhibit MJ-1. And, OPC has not opposed or  
6 challenged any of these limited modifications to the existing SPP programs.

7

8 The Commission can review the benefits of the SPP programs described in my direct  
9 testimony and Exhibit MJ-1, together with the prioritization, feasibility, estimated  
10 costs, and estimated rate impacts, and determine whether the programs included in the  
11 2023 SPP are in the public interest.

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13 **V.**

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17 **VI. THE PROGRAMS AND PROJECTS INCLUDED IN FPL'S 2023 SPP ARE IN**  
18 **THE PUBLIC INTEREST AND SHOULD BE APPROVED**

19 **A. OPC Essentially Agrees with Eight of the Nine Programs Included in**  
20 **FPL's SPP**

21 **Q. You have stated that OPC essentially agrees with eight of the nine programs**  
22 **included in FPL's 2023 SPP. Can you please explain how you arrived at that**  
23 **conclusion?**

24 **A. Yes. As explained above, FPL's 2023 SPP includes a total of nine SPP programs:**  
25 **eight existing programs included in the 2020 SPP approved by Commission Order No.**

1 PSC-2020-0293-AS-EI, and ~~three~~<sup>one</sup> new programs. OPC witness Mara proposes  
2 adjustments to two of the existing SPP programs: the existing Substation Storm  
3 Surge/Flood Mitigation Program and the existing Distribution Lateral Hardening  
4 Program. OPC witness Mara also opposes the

5 Transmission Access  
6 Enhancement Program. Therefore, OPC witness Mara essentially agrees that six out  
7 of the nine programs included in FPL's 2023 SPP should be approved as submitted.

8  
9 Further, with respect to the Substation Storm Surge/Flood Mitigation Program, OPC  
10 witness Mara does not oppose the program but, rather, asserts on pages 16-17 of his  
11 direct testimony that the Storm Surge/Flood Mitigation Program should exclude  
12 substations that have alternate feeds available and do not have a history of flooding.  
13 Therefore, OPC essentially agrees with FPL's proposed Substation Storm Surge/Flood  
14 Mitigation Program but recommends additional selection criteria be considered, which  
15 I will further address later in my testimony.

16  
17 Similarly, OPC witness Mara does not oppose the Distribution Lateral Hardening  
18 Program. Rather, OPC witness Mara recommends on pages 33-34 of his direct  
19 testimony that the annual budget for the Distribution Lateral Hardening Program be  
20 capped at \$606 million for the years 2025-2032. Therefore, OPC essentially agrees  
21 with FPL's proposed Distribution Lateral Hardening Program but recommends a  
22 reduction in the number of laterals that may be completed each year, which will delay  
23 when customers will receive the direct benefits of the Distribution Lateral Hardening  
24 Program. I will respond to OPC witness Mara's recommended adjustment below.

25

1 Based on the testimony of OPC witness Mara, it appears that OPC essentially agrees  
2 with eight out of the nine programs included in FPL's 2023 SPP. It further  
3 appears that the only truly contested programs are the ~~three~~<sup>one</sup> new programs proposed in  
4 FPL's 2023 SPP. I will respond to OPC criticisms of these new SPP programs below.

5

6 **B. OPC's Recommended Adjustment to the Storm Surge/Flood Mitigation**  
7 **Program is not Reasonable or Appropriate**

8 **Q. OPC witness Mara recommends adjustments to the Storm Surge/Flood**  
9 **Mitigation Program. Before responding to his specific recommendations, do you**  
10 **have any general observations about his proposal?**

11 A. Yes. OPC witness Mara's recommendations regarding FPL's Storm Surge/Flood  
12 Mitigation Program are inconsistent. On page 13 of his testimony, OPC witness Mara  
13 appears to recommend that the entire budget for the Storm Surge/Flood Mitigation  
14 Program should be rejected. However, on pages 16-18 of his testimony, OPC witness  
15 Mara recommends that substations with alternate feeds or no history of flooding should  
16 be excluded from the Storm Surge/Flood Mitigation Program. Notably, OPC witness  
17 Mara does not identify any specific substation that would be excluded by his proposal,  
18 nor does he explain or demonstrate how such exclusions would result in the elimination  
19 of the entire budget for the Storm Surge/Flood Mitigation Program.

20 **Q. Do you have a response to OPC witness Mara's recommendation that the entire**  
21 **budget for the Storm Surge/Flood Mitigation Program should be rejected?**

22 A. Yes. OPC witness Mara's recommendation overlooks that the Storm Surge/Flood  
23 Mitigation Program included in FPL's 2023 SPP is the same program that was included  
24 in FPL's 2020 SPP previously approved by Commission Order No. PSC-2020-0293-  
25 AS-EI. In the 2020 SPP, FPL originally projected it would complete the Storm

1 Surge/Flood Mitigation Program by 2022. However, as explained in my direct  
2 testimony and in Exhibit MJ-1, due to field conditions and permitting delays that were  
3 largely beyond FPL's control, FPL was unable to complete the storm surge/mitigation  
4 measures at all of the identified substations by year-end 2022 as originally projected.  
5 As a result, FPL is proposing to continue the program to address the remaining four  
6 substations originally identified in the 2020 SPP, which are currently expected to be  
7 completed by year-end 2024. FPL has not added new or additional substations to the  
8 Storm Surge/Flood Mitigation Program approved as part of the 2020 SPP. The new  
9 exclusions proposed by OPC witness Mara were not part of either the 2020 SPP or the  
10 2020 SPP Settlement that OPC joined. OPC witness Mara has not offered any reason  
11 why it was in the public interest to complete the storm surge/mitigation measures at  
12 these substations as part of the 2020 SPP, but not as part of the 2023 SPP.

13 **Q. Do you agree with OPC witness Mara's recommendation that substations with**  
14 **alternate feeds should be excluded from the Storm Surge/Flood Mitigation**  
15 **Program?**

16 A. No. Rather than installing measures to mitigate the potential for storm surge and flood  
17 at these four substations, OPC witness Mara recommends that any of these substations  
18 that have an alternative feed should be de-energized and the load served by the de-  
19 energized substation should be transferred to an adjacent substation via the alternate  
20 feed. OPC witness Mara's recommendation is not practical.

21  
22 All of the four substations identified for the Storm Surge/Flood Mitigation Program  
23 have alternative feeder ties to nearby substations. However, de-energizing one  
24 substation due to storm surge or flooding does not mean an adjacently tied substation  
25 can necessarily pick up and support the entire electric load from the de-energized

1           substation. For example, the St. Augustine Substation, which has an alternate feed,  
2           was de-energized during Hurricanes Matthew and Irma and the majority of the  
3           customers served by this substation experienced outages. Similarly, the South Daytona  
4           Substation, which has an alternate feed, was de-energized during Hurricane Irma and  
5           the majority of the customers served by this substation experienced outages. Further,  
6           OPC witness Mara overlooks that the mitigation measures under the Storm  
7           Surge/Flood Mitigation Program will not only reduce outages but will reduce  
8           restoration costs associated with the need to repair and replace substation equipment  
9           that is damaged due to storm surge or flooding following an extreme weather event.

10   **Q.   Do you have a response to OPC witness Mara’s recommendation that substations**  
11   **with no history of flooding should be excluded from the Storm Surge/Flood**  
12   **Mitigation Program?**

13   A.   Yes. All four substations remaining to be completed under the Storm Surge/Flood  
14   Mitigation Program have, in fact, experienced floods or storm surges in the past. Most  
15   recently, the flood alarm monitor went off at the Dumfoundling Substation during  
16   Tropical Cyclone One that impacted South Florida on June 2, 2022. With respect to  
17   future potential flooding at these substations, FPL explained in its response to OPC’s  
18   Fourth Set of Interrogatories No. 50(d), which is attached to my rebuttal testimony as  
19   Exhibit MJ-2, that each of the four substations remaining to be completed under the  
20   program has projected flood levels that are higher than the current elevation of these  
21   substations. Therefore, all four substations included in the Substation Storm  
22   Surge/Flood Mitigation Program as part of the 2023 SPP have had a history of flooding  
23   and remain susceptible to flooding.

24



1           **C.     OPC’s Recommended Adjustments to the Distribution Lateral**  
2           **Hardening Program are not Reasonable or Appropriate**

3   **Q.     Does OPC oppose the Distribution Lateral Hardening Program included in FPL’s**  
4   **2023 SPP?**

5   A.     No.   OPC witness Mara does not oppose FPL’s Distribution Lateral Hardening  
6   Program.  Rather, OPC witness Mara recommends a reduction in the annual budget for  
7   the Distribution Lateral Hardening Program, which will reduce the number of laterals  
8   to be completed each year and delay when customers will receive the direct benefits of  
9   the Distribution Lateral Hardening Program.

10 **Q.     In the 2023 SPP, FPL proposed to establish protocols for determining when a**  
11 **lateral may be evaluated for overhead hardening as opposed to being placed**  
12 **underground.  Does OPC oppose these new overhead hardening protocols?**

13 A.     No.  Although OPC witness Mara asserts on pages 29-30 of his testimony that the  
14 overhead program is vague and not well defined, he does not oppose any of the  
15 protocols proposed by FPL for evaluating when a lateral may be overhead hardened as  
16 opposed to being placed underground.  Rather, OPC witness Mara simply notes that  
17 the overhead hardening protocols appear similar to the standards used in FPL’s Feeder  
18 Hardening Program.  Notably, OPC does not oppose, criticize, or otherwise take any  
19 issue with FPL’s Feeder Hardening Program.

20 **Q.     On page 33 of his testimony, OPC witness Mara recommends that overhead**  
21 **hardened laterals and undergrounded laterals should be separated and tracked**  
22 **as two individual SPP programs.  Do you agree with his recommendation?**

23 A.     I do not agree that there should be separate overhead and underground lateral SPP  
24 programs.  The overhead protocols were established and incorporated into the  
25 Distribution Lateral Hardening Program pursuant to the 2020 SPP Settlement approved

1 by Commission Order No. PSC-2020-0293-AS-EI. FPL did not commit to create  
2 separate overhead and underground lateral programs. Moreover, the underground and  
3 overhead components of the Distribution Lateral Hardening Program are symbiotic,  
4 and the work will be part of the same overall lateral project. As explained in my direct  
5 testimony and Exhibit MJ-1, the selection and prioritization criteria for the Distribution  
6 Lateral Hardening Program ranks each feeder based on actual historical experience of  
7 all the overhead laterals on the feeder in order to address the worst performing circuits  
8 first. All laterals on the feeders are then hardened according to the ranking of each  
9 feeder. As explained in Exhibit MJ-1, constructing at the feeder level significantly  
10 improves the efficiency and timing of construction because all of the work takes place  
11 in the same location (feeder) on a set of laterals as opposed to being spread out over  
12 multiple individual laterals across the entire service area. It also allows for a more  
13 efficient design to reduce overall cable footage and the number of transformers needed  
14 to serve an area by interconnecting existing laterals and using alternate cable paths to  
15 reduce the total number of laterals in the area. When FPL performs the engineering  
16 evaluation of all laterals on a feeder, it will apply the overhead protocols to evaluate  
17 whether each lateral should be overhead hardened or converted to underground based  
18 on the actual field conditions and limitations at the time. Thus, the overhead and  
19 underground work is completed as part of a single conceptual design across all laterals  
20 on an entire feeder under the Distribution Lateral Hardening Program. To treat and  
21 separately manage the overhead hardening and underground lateral work as separate  
22 programs, as suggested by OPC witness Mara, would reduce efficiencies and increase  
23 costs. For these reasons, I believe it is appropriate and reasonable that the overhead  
24 protocols should be included and part of the overall Distribution Lateral Hardening  
25 Program and should not be a standalone SPP program.

1 **Q. On page 31 of his testimony, OPC witness Mara claims that the Distribution**  
2 **Lateral Hardening Program does not meet the requirements of the SPP Rule**  
3 **because FPL did not provide any estimate of the cost reductions to be realized**  
4 **from the program. Do you have a response?**

5 A. I disagree with OPC witness Mara. First, his claim that FPL did not provide cost  
6 reductions associated with the Distribution Lateral Hardening Program is a fallout of  
7 OPC's proposal that the Commission should adopt and apply a new cost benefit  
8 analysis requirement and new cost-effectiveness threshold for the SPP programs. As I  
9 explained above, OPC's proposed cost benefit analysis and new cost-effectiveness  
10 threshold should be rejected.

11  
12 Second, as I explained above, there is nothing in either the SPP Statute or SPP Rule  
13 that prescribes that the benefits of SPP programs must be quantified, and storm  
14 hardening is not a simple cost-effective calculation as suggested by OPC.

15  
16 Third, in compliance with Rules 25-6.030(3)(b) and 25-6.030(3)(d)(1), F.A.C., the  
17 benefits expected from the Distribution Lateral Hardening Program were provided in  
18 the following portions of FPL's 2023 SPP: Section II; Section IV(D)(1)(b); and  
19 Appendix A of Exhibit MJ-1. In fact, on page 31 of his testimony, OPC witness Mara  
20 relies on the 40-year net present value analysis of the reduction in storm restoration  
21 costs provided by FPL in Appendix A of Exhibit MJ-1. Further, on page 34 of his  
22 testimony, OPC witness Mara acknowledges that "[i]t is apparent from experiences in  
23 Florida that undergrounding and hardening poles will reduce outage costs and outage  
24 times."

25

1 Finally, OPC witness Mara does not propose that the Distribution Lateral Hardening  
2 Program be rejected; rather, he proposes an adjustment to the annual budget beginning  
3 in 2025. Either the Distribution Lateral Hardening Program meets the requirements of  
4 the SPP Rule and is eligible to be included in the SPP or it does not. OPC witness Mara  
5 cannot have it both ways.

6 **Q. Does OPC agree with FPL's prioritization and selection criteria for the**  
7 **Distribution Lateral Hardening Program?**

8 A. No. Although OPC does not take issue with any specific selection and prioritization  
9 criteria for the Distribution Lateral Hardening Program, OPC witness Mara nonetheless  
10 states on page 32 of his testimony that he does not agree with FPL's selection and  
11 prioritization methodology. Apparently, OPC witness Mara believes that FPL needs to  
12 do more so that lateral hardening and undergrounding and their associated benefits are  
13 spread to more customers and communities:

14 My point is that the dollars are concentrated such that only a few  
15 customers will see a reduction in customer outage minutes and enjoy  
16 the aesthetics and other benefits of an undergrounded system. The  
17 remaining customers only see a benefit cost ratio that is upside down  
18 meaning more costs than benefits.

19 This is a significant investment in a small portion of the system (one  
20 feeder) and in a single community. *There needs to be a mechanism*  
21 *to help spread the undergrounding and hardening to more*  
22 *communities, which is important since all customers will be*  
23 *contributing to the cost of undergrounding.*

24 See Direct Testimony of OPC witness Mara, pp. 32-33 (emphasis added). As I address  
25 later in my testimony, this statement is at odds with his recommendation of reducing  
26 the budget for the Distribution Lateral Hardening Program.

27

1 **Q. Please describe OPC's proposed adjustment to the Distribution Lateral**  
2 **Hardening Program.**

3 A.

4 on pages 33-34 of his  
5 testimony OPC witness Mara recommends a qualitative adjustment to the annual  
6 budget for the Distribution Lateral Hardening Program starting in 2025 and continuing  
7 through 2032. Specifically, OPC witness Mara recommends that the annual budget for  
8 the Distribution Lateral Hardening Program be capped at \$606 million per year for the  
9 years 2025 to 2032, which results in a total ten-year budget reduction of approximately  
10 \$3.4 billion.

11 **Q. Does OPC witness Mara describe how he calculated his proposed reduction to the**  
12 **Distribution Lateral Hardening Program budget?**

13 A. No. His adjustment appears to be completely qualitative and, together with his other  
14 proposed adjustments, is simply intended to reduce the ten-year capital cost per  
15 customer to remain similar to the ten-year capital cost per customer for the combined  
16 FPL and Gulf's 2020 SPPs. See Direct Testimony of OPC witness Mara, pp. 13 and  
17 34.

18 **Q. Do you agree with OPC witness Mara's proposed adjustment to the Distribution**  
19 **Lateral Hardening Program budget?**

20 A. No, I disagree for multiple reasons. It is important to understand OPC witness Mara's  
21 proposed adjustment will reduce the number of laterals to be completed each year and  
22 delay when customers will receive the direct benefits of the Distribution Lateral  
23 Hardening Program. This adjustment directly contradicts his position on pages 32-33  
24 that FPL needs to expand its efforts so that lateral hardening and undergrounding, and  
25 their associated benefits, are spread to more customers and communities.

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Although OPC witness Mara apparently seeks to simply maintain the status quo, he overlooks that the Distribution Lateral Hardening Program was initially deployed as a limited pilot, which was continued through 2022 as OPC agreed in the 2020 SPP Settlement. As part of the 2023 SPP, FPL is seeking to deploy the Distribution Lateral Hardening Program as a full-scale permanent SPP program and, as such, is ramping up the program in order to provide the benefits of underground lateral hardening throughout its system, including in the former Gulf service area. I note that OPC does not object to the Distribution Lateral Hardening Program becoming a permanent SPP program.

FPL's Distribution Lateral Hardening Program was designed to achieve the objectives and goals of the SPP Statute. Therein, the Florida Legislature expressly found that "[i]t is in the state's interest to strengthen electric utility infrastructure to withstand extreme weather conditions by promoting the overhead hardening of electrical transmission and distribution facilities, the undergrounding of certain electrical distribution lines, and vegetation management" and "[p]rotecting and strengthening transmission and distribution electric utility infrastructure from extreme weather conditions can effectively reduce restoration costs and outage times to customers." See Sections 366.96(1)(c), (d), F.S. FPL's underground lateral program is an impactful and crucial tool to achieve these legislative objectives and is appropriately designed to address the worst performing circuits and areas first based on actual historical experience. Indeed,

1 as shown in FPL's Hurricane Irma Forensic Report, underground laterals performed  
2 6.6 times (85%) better during Hurricane Irma than overhead laterals.<sup>1</sup>

3  
4 The ramp up in the number of laterals to be completed each year under the Distribution  
5 Lateral Hardening Program is due primarily to the inclusion of the former Gulf service  
6 area and the significant number of laterals that remain to be hardened, the strong local  
7 support and interest in the program, as well as the addition of the Management Region  
8 selection approach in 2025 as explained in my direct testimony and Exhibit MJ-1.  
9 Notably, the OPC does not criticize or challenge the proposed addition of the  
10 Management Region selection approach.

11  
12 The annual budget for the Distribution Lateral Hardening Program is a product of the  
13 number of estimated projects to be completed throughout FPL's system as provided in  
14 Appendix C to Exhibit MJ-1. Although all customers indirectly benefit from overhead  
15 hardened and underground laterals through reduced restoration costs, the direct benefits  
16 for customers of overhead hardened and underground laterals, including both reduced  
17 outage times and aesthetics (as recognized by OPC witness Mara on page 32 of his  
18 testimony), will be facilitated and realized more quickly through the expanded number  
19 of underground projects contemplated by FPL's SPP. How fast and how many lateral  
20 projects are completed under the Distribution Lateral Hardening Program, and how  
21 quickly customers realize the direct and indirect benefits therefrom, is ultimately a  
22 regulatory decision for the Commission to be made in the context of the policy and  
23 objectives of the SPP Statute.

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<sup>1</sup> Refer to Page 7 of FPL's Hurricane Irma Forensic Report in Docket No. 20180049, which is available at:  
<http://www.psc.state.fl.us/library/filings/2019/05615-2019/Support/Exhibit%2036/POD%20No.%202/20180049%20-%20OPC's%201st%20POD%20No.%202%20-%20Attachment%20No.%201.pdf>

1           **D. FPL’s New Transmission Access Enhancement Program is Consistent**  
2           **with the Objectives of the SPP Statute and Should be Approved**

3           **Q. Does the OPC agree with FPL’s proposal to add the new Transmission Access**  
4           **Enhancement Program to the 2023 SPP?**

5           A. No. On pages 26-29 of his testimony, OPC witness Mara contends that maintenance  
6           of bridges, roads, and culverts are ordinary base rate activities and FPL failed to  
7           demonstrate how its proposed Transmission Access Enhancement Program will meet  
8           the objectives of the SPP statute to reduce restoration costs and outage times associated  
9           with extreme weather events.

10          **Q. Do you agree that projects to be completed under the Transmission Access**  
11          **Enhancement Program should be maintained as part of FPL’s ordinary base rate**  
12          **activities?**

13          A. No. OPC witness Mara appears to misunderstand the scope and purpose of the  
14          Transmission Access Enhancement Program. FPL is not proposing to simply maintain  
15          roads, rights of way, bridges, and culverts for purposes of accessing transmission  
16          facilities for day-to-day maintenance and vegetation management activities, which  
17          activities are typically scheduled and conducted during drier times of the year and  
18          within the existing transmission rights-of-way. Rather, as explained in my direct  
19          testimony and Exhibit MJ-1, the purpose of the Transmission Access Enhancement  
20          Program is to ensure that FPL has access to its transmission facilities following an  
21          extreme weather event by targeting and addressing areas that become inaccessible due  
22          to flooding or saturated soils. Notably, the peak of the Atlantic Hurricane Season  
23          coincides with Florida’s wet season when increased rainfall will exacerbate the  
24          inaccessibility of many of these low-lying, saturated, and wetland areas. As explained  
25          in my direct testimony and Exhibit MJ-1, and as acknowledged by OPC witness Mara



1 on page 27 of his testimony, these low-lying areas may not be accessible following an  
2 extreme weather event without specialized equipment and vehicles, which has limited  
3 availability during and immediately following storm events.

4 **Q. Do you have a response to OPC witness Mara's contention on pages 27-28 of his**  
5 **testimony that FPL did not demonstrate that the Transmission Access**  
6 **Enhancement Program will reduce restoration costs and outage times associated**  
7 **with extreme weather events?**

8 A. Yes. OPC witness Mara's argument is, again, a fallout of OPC's proposal that the  
9 Commission should adopt and apply a new cost benefit analysis requirement and new  
10 cost-effectiveness threshold for the SPP programs. As I explained above, OPC's  
11 proposed new criteria and standards to review the SPPs are contrary to the requirements  
12 of both the SPP Statute and SPP Rule and should be rejected.

13

14 My direct testimony and Section IV(K)(1) of Exhibit MJ-1 explained that the  
15 Transmission Access Enhancement Program will ensure that FPL and its contractors  
16 have access to FPL's transmission facilities following an extreme weather event, which  
17 will reduce the need and associated costs for specialized equipment and will help  
18 expedite restoration activities and thereby reduce customer outage times. Importantly,  
19 a transmission-related outage can result in an outage affecting tens of thousands of  
20 customers and may cause a cascading event that could result in loss of service for  
21 hundreds of thousands of customers. The Transmission Access Enhancement Program  
22 will allow FPL and its contractors to quickly address such outages following an extreme  
23 weather event, which would result in a reduction of outage times for tens of thousands  
24 to hundreds of thousands of customers following an extreme weather event.

1 **Q. Do you have any other observations regarding OPC’s opposition to the**  
2 **Transmission Access Enhancement Program?**

3 A. Yes. OPC witness Mara appears to overlook that the Commission’s SPP Rule defines  
4 a storm protection project to include enhancement of T&D areas and not just the T&D  
5 facilities themselves: “a specific activity within a storm protection program designed  
6 for the enhancement of an identified portion *or area of existing electric or distribution*  
7 *facilities* for the purpose of reduction restoration costs and reduction outage times  
8 associated with extreme weather conditions therefore improving overall service  
9 reliability.” See Rule 25-6.030(2)(b), F.A.C. (emphasis added). I also note that FPL’s  
10 proposed program was modeled after the Transmission Access Enhancement Program  
11 included in Tampa Electric Company’s (“TECO”) 2020-2029 SPP that was previously  
12 agreed to in a Stipulation and Settlement Agreement, which OPC joined, that was  
13 approved by Commission Order No. PSC-2020-0293-AS-EI.<sup>2</sup>

14 **Q. On page 27 of his testimony, OPC witness Mara states that, as an alternative, FPL**  
15 **should consider simply purchasing the specialized equipment necessary to access**  
16 **its transmission facilities located in low-lying and saturated areas following an**  
17 **extreme weather event. Do you have a response to his alternative proposal?**

18 A. Yes. FPL has evaluated large tire equipment used in other industries. However, FPL  
19 has not been able to locate large tire vehicles readily available for purchase that are  
20 capable of working within Florida’s unique topography, terrain, and hydrology while  
21 still meeting the necessary technical loading and reach specifications required to  
22 perform transmission line restoration work following an extreme weather event.  
23 Although floating equipment, such as barges, are utilized for construction of

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<sup>2</sup> FPL acknowledges that, despite agreeing to the program in the TECO 2020-2029 SPP, OPC witness Mara filed testimony in Docket No. 20220048-EI opposing the continuation of TECO’s previously approved Transmission Enhancement Program.

1 transmission line river crossings, this floating equipment cannot be used to access the  
2 low-lying and saturated areas to be addressed by the Transmission Access  
3 Enhancement Program.

4  
5 Even if this specialized equipment was readily available on the market for purchase,  
6 FPL would need a large fleet of specialized equipment because the Company's service  
7 area encompasses more than 35,000 square miles across 43 counties with more than  
8 9,000 miles of transmission lines. Purchasing a large fleet of specialty vehicles would  
9 also require ongoing specialized maintenance and specialized resources trained and  
10 familiar with operating and maintaining the specialized equipment. Lastly, external  
11 resources that perform restoration work following an extreme weather event may not  
12 be able to utilize the specialized equipment, resulting in potential delays to restoration  
13 of transmission structures and equipment.

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15 **E.**

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**Q. Does this conclude your rebuttal testimony?**

**A. Yes.**

# Exhibit MJ-2

**Florida Power & Light Company**  
**Docket No. 20220051-EI**  
**OPC's Fourth Set of Interrogatories**  
**Interrogatory No. 50**  
**Page 1 of 2**

QUESTION:

For the last 10 years, for each substation slated for modification by the substation flood mitigation program, list the following:

- a. Provide the dates each of the substation had to be de-energized due to high water.
- b. For each date of de-energization, provide the duration that the substation was de-energized.
- c. Provide the number of customers served by each substation at the time of de-energization.
- d. Describe the elevation of the substation and FPL's projected elevation of the flood water

RESPONSE:

- a. Please refer to FPL's response to OPC's 4th Set of Interrogatories, No. 39.
- b. Please refer to FPL's response to OPC's 4th Set of Interrogatories, No. 39.
- c. Please refer to FPL's response to OPC's 4th Set of Interrogatories, No. 39.
- d. Please see table below.

Sites	Existing Average Grade	2022 Elevation of Flood Protection	Expected Flood Elevation
St. Augustine	4.5 ft	10.0 ft	8-9 ft
Opa Locka	Approx. 9 ft	N/A-- Drainage Improvements ~11 ft	10 ft-- post improvements
S. Daytona	5.4 ft	10 ft	7.8 ft
Lewis	6.4 ft	11.4 ft	8 ft
Aventura	4 ft	N/A--Drainage Improvements 4.4 ft	4.4 ft – post improvements
Pine Ridge	9.2 ft	11.2 ft	11.2 ft
Dumfoundling	4.4 ft	9 ft	6.4 ft

**Florida Power & Light Company**  
**Docket No. 20220051-EI**  
**OPC's Fourth Set of Interrogatories**  
**Interrogatory No. 50**  
**Page 2 of 2**

Corkscrew	19.18 ft	22.5 ft	20 ft
Chambers	Approx. 6 ft	10.5 ft	7.9 ft
Gracewood	Approx. 5 ft	10 ft	7.1 ft

1 BY MR. WRIGHT:

2 Q Mr. Jarro, do you have an exhibit attached to  
3 your rebuttal testimony identified as Exhibit MJ-2 that  
4 was attached -- I am sorry, was attached to your  
5 rebuttal testimony?

6 A Yes.

7 MR. WRIGHT: And, Commission and staff, I will  
8 note that on the staff's comprehensive exhibit  
9 list, it is identified as Exhibit No. 52.

10 BY MR. WRIGHT:

11 Q Mr. Jarro, do you have any corrections to  
12 Exhibit MJ-2?

13 A No, I don't.

14 Q Have you prepared a summary of your rebuttal  
15 testimony?

16 A Yes, I have.

17 Q Would you please provide that for the  
18 Commission?

19 A Sure.

20 Good morning, Mr. Chairman and Commissioners.

21 My rebuttal testimony responds to the  
22 concerns, questions and recommendations raised by Office  
23 of Public Counsel Witness Kollen and Mara. My rebuttal  
24 testimony explains that there is nothing in the SPP  
25 statute or SPP rule that prescribes that benefits of the

1 SPP programs must be quantified or monetized as  
2 suggested by OPC witnesses.

3 Storm hardening is not a simple cost-effective  
4 proposition as suggested by OPC. And OPC's approach  
5 ignores that FPL's 2023 SPP programs and projects  
6 provide both qualitative and quantitative benefits to  
7 the 5.7 million customers and communities we serve.

8 My rebuttal testimony also responds to OPC  
9 Witness Mara's recommendation and adjustment to three of  
10 nine programs included in FPL's revised 2023 SPP. OPC  
11 Witness Mara's recommendation to substation storm surge  
12 flood mitigation program overlook that this program is  
13 the same program OPC agreed to as part of settlement of  
14 the 2020 SPP. FPL has not added any new substations to  
15 this program.

16 OPC's recommendation that the transmission  
17 access enhancement program be rejected overlooks that  
18 FPL's program was designed and based on the same program  
19 that OPC agreed to in settlement of the TECO 2020 SPP.  
20 The purpose of the transmission access enhancement  
21 program is to provide access to transmission facilities  
22 located in low lying and saturated areas that become  
23 inaccessible following an extreme weather event.

24 OPC Witness Mara also proposals a significant  
25 qualitative adjustment to the budget for distribution

1 lateral hardening program. OPC's proposed adjustment  
2 ignores the underground lateral work is being ramped up  
3 from a pilot to a full scale scale program and permanent  
4 SPP program in order to provide the benefits of  
5 underground lateral hardening throughout FPL's system.  
6 Importantly, OPC's proposed adjustment will delay when  
7 FPL's customers would realize the direct and indirect  
8 benefits of the overhead hardening and underground  
9 laterals, which is inconsistent with the policies and  
10 objectives of the SPP.

11 In summary, each of OPC's recommendations are  
12 inappropriate, unnecessary, and do not serve customers'  
13 best interest as outlined by the SPP statute and SPP  
14 rule.

15 That concludes my summary. Thank you.

16 **Q Thank you, Mr. Jarro.**

17 MR. WRIGHT: We tender the witness for cross.

18 CHAIRMAN FAY: Great. Thank you.

19 OPC, you are recognized.

20 MS. MORSE: Thank you, Mr. Chair.

21 EXAMINATION

22 BY MS. MORSE:

23 **Q Good morning, Mr. Jarro.**

24 A Good morning.

25 **Q Turning to page five of your rebuttal. On**



1 page five, you testified you would address Mr. Mara's  
2 recommendation to reject the proposed transmission  
3 access enhancement program, right?

4 A Are you referring to line six on that page,  
5 ma'am?

6 Q Yes.

7 A Yes, and reject the new transmission access  
8 enhancement program. That's what it says.

9 Q Okay. So regarding this new program, the  
10 transmission access program, isn't it true that one  
11 purpose of roads and bridges in the program is to permit  
12 access to transmission facilities for transmission pole  
13 inspection?

14 A So that is not altogether true. And, you  
15 know, for inspection and regular work on a transmission  
16 grid, what we have is the, you know, the availability of  
17 time. And when we do the inspections, and we do work on  
18 the transmission grid, for the most part, we do that in  
19 the dry season, in the shoulder months when we are not  
20 impacted by, you know, rainy days, and obviously  
21 catastrophic events such as hurricanes.

22 So what that enables us to do is, because we  
23 have time on our side, we have the ability to lay out  
24 matting it equipment. We have the ability to use other  
25 equipment that takes time to put in place; where, during

1 a catastrophic event, we don't have the luxury of time,  
2 particularly if there is other transmission lines that  
3 are impacted.

4           And when you are talking about an impact on  
5 the transmission grid, you are talking of impacts of  
6 over tens of thousands to 100,000 customers that could  
7 be impact if their there is an outage on the  
8 transmission grid. And delays in restoring a  
9 transmission grid obviously can be pretty significant to  
10 those 100,000 customers. And then there is also  
11 cascading affects throughout the state, and even outside  
12 of the state, with an outage on the transmission grid.

13           **Q     Yeah, excuse me, but it was actually a simpler**  
14 **question than that, and I said one purpose. So you said**  
15 **not entirely true, but, I mean, is one purpose -- is, in**  
16 **fact, one purpose of having multiple bridges in the**  
17 **program to permit access to these transmission**  
18 **facilities for transmission pole inspections?**

19           A     We do not install, construct bridges or roads  
20 to gain access for inspection purposes on the  
21 transmission grid.

22           **Q     Well, do you do is it to permit access to**  
23 **right-of-way maintenance?**

24           A     No, we do not.

25           **Q     Okay. What about transmission structure**

1 **replacement?**

2 A No, we do not.

3 Again, back to my explanation, we leverage  
4 matting equipment and equipment, heavy equipment that  
5 can traverse and move into the right-of-way, the  
6 transmission right-of-way during the dry season, right,  
7 when the soil conditions are not one that could  
8 compromise the equipment and also the safety of the  
9 employees that are working on the transmission grid.

10 Q Okay. Well, turning to Exhibit MJ-1, your  
11 revised exhibit, turning specifically to page 39 of it  
12 63. Those are the numbers at the top. At the bottom,  
13 it says 34, I believe. Hold on.

14 A Okay. I am there.

15 Q So under the heading Actual Estimated Start  
16 And Completion Dates toward the middle of the page, this  
17 indicates FPL has already replaced 99 percent of the  
18 transmission structures in the former FPL service area,  
19 correct?

20 A That's correct.

21 Q So weren't the existing roads and bridges used  
22 to facilitate those replacements?

23 A We use whatever means necessary to access  
24 those locations. We did not install any new ones.

25 Q Okay. Well, going to your appendix to the

1 **MJ-1, Bates page, I think at the top, 7 of 18.**

2 MR. WRIGHT: I am sorry, Ms. Morse, which  
3 appendix?

4 MS. MORSE: Oh, Appendix A.

5 MR. WRIGHT: Thank you.

6 BY MS. MORSE:

7 Q Okay. In looking at the second chart that's  
8 titled **Transmission Pole Failures**, isn't it true that no  
9 hardened transmission poles failed during Irma or  
10 **Matthew?**

11 A That is correct, as a result of the efforts  
12 that were put in place since 2007, and the  
13 accomplishments that essentially were almost done, I  
14 believe around Irma we were in the low 90s in terms of  
15 the completion of replacing all of our wood structures  
16 to concrete and steel. And has previously mentioned, we  
17 will be complete in the FPL legacy system by the end of  
18 this year.

19 Q Okay. So you are saying the existing  
20 transmission hardening program for that is pretty  
21 **successful, correct?**

22 A Very successful. Yes, ma'am.

23 Q And isn't it true that FPL currently inspects  
24 transmission lines and provides transmission vegetation  
25 management using, you know, currently existing roads and

1 **bridges?**

2 A That's correct.

3 **Q And wouldn't you agree that transmission**  
4 **outages can occur when a conductor breaks or an**  
5 **insulator breaks or a structure fails?**

6 A Yes, those are actual leads to a transmission  
7 failures, yes.

8 **Q Okay. But a new bridge or road would not**  
9 **mitigate those transmission outages, would they?**

10 A No, the -- this program is not a mitigation  
11 tactic.

12 And when you look at our SPP plan, there is  
13 really three elements that we evaluate. One is what can  
14 we do to eliminate and engineer out issues. And then  
15 what can we do to mitigate issues, right, with our  
16 inspection program, our vegetation trimming. And then  
17 lastly is in the event we are impacted by an event, that  
18 we can quickly and effectively and efficiently restore  
19 service. And that's what this program really addresses.

20 **Q Okay. So you are aware that the North**  
21 **American Electric Reliability Corporation issues**  
22 **standards and requirements, and I will call them NERC**  
23 **standards, correct?**

24 A Yes.

25 **Q And in fact, page 41 of your SPP references**

1 **NERC standards, correct?**

2 A Yes. That's correct.

3 Q So you are familiar with NERC standard  
4 TPL-002-2B regarding system performance following loss  
5 of a single BES element, correct?

6 A I would say I am aware that that exists, yes.  
7 But the level of detail, depending on the questions, I  
8 will be able to tell you.

9 Q Okay. Well, for your convenience, one of the  
10 attachments that I handed out, one of those should be,  
11 if you look at the title page, should be a NERC standard  
12 that we just -- that I just referenced.

13 A Okay. I have it.

14 Q So wouldn't you agree that simply stated, this  
15 standard requires transmission systems to be designed  
16 for a single contingency outage?

17 A Well, in terms of reading, I don't feel -- if  
18 you would like me to read it and then give you an  
19 answer.

20 Q Well, I can show you -- if you want to just  
21 refer to page five.

22 MS. HELTON: Before we -- before we get too  
23 far, I am thinking, maybe, Mr. Chairman, that we  
24 should mark this for identification purposes and  
25 give it a number.

1 CHAIRMAN FAY: I have 108, is that correct?

2 MR. TRIERWEILER: Correct.

3 MS. HELTON: Okay.

4 CHAIRMAN FAY: Okay. With that, show the  
5 Exhibit marked 108.

6 Thank you, Ms. Morse.

7 MS. MORSE: Okay. And thank you.

8 (Whereupon, Exhibit No. 108 was marked for  
9 identification.)

10 BY MS. MORSE:

11 Q Okay. Back to what we were discussing, I was  
12 referring to page five, and there is a table there. So  
13 just for purposes of review, to streamline your review,  
14 under Section B, there is a description regarding events  
15 resulting in the loss of a single element.

16 A Okay.

17 Q Okay. So again, I will just repeat the  
18 question, just generally. It's a simple statement of  
19 the standard, is that it requires the transmission  
20 system to be designed for a single contingency outage?

21 A Yeah, we definitely design our transmission  
22 system with redundancy in mind. Yes, we do.

23 Q Okay. And that was actually my next question,  
24 I believe, that, you know, doesn't FPL's current system  
25 meet this criteria?

1 A Yes. Yes, it does.

2 Q Okay. I'm going to turn back to your  
3 rebuttal, please, your testimony at page 37.

4 A I am there.

5 Q Okay. So there, approximately line nine,  
6 isn't it true you testified here, on page 37, that FPL's  
7 transmission access -- enhanced access program was  
8 modeled after TECO's SPP program?

9 A That's correct.

10 Q And, in fact, you also indicate in your  
11 testimony that TECO's program was agreed to in a  
12 settlement joined by OPC and approved by the Commission  
13 back in 2020, didn't you?

14 A That's correct.

15 Q Well, would you agree that TECO's program is  
16 designed to achieve a balance between completing all  
17 projects where the potential benefits warranted the  
18 associated costs and impact on customer rates?

19 A Could you say that again, please?

20 Q Okay. All right. Wouldn't you also agree,  
21 and just based on your knowledge of TECO's program, that  
22 the program is designed to achieve a balance between  
23 completing all the projects where the potential benefits  
24 warranted the associated cost and impact to customer  
25 rates?



1           A     Yeah, again, from my knowledge of TECO's  
2 program, it's intended to meet the requirements of the  
3 statute and the rule to reduce outage times and costs  
4 associated to restoration events.

5           MR. WRIGHT: Chairman, I don't want to object,  
6 but I believe you gave us some guidance yesterday.  
7 We are going to keep these dockets siloed to kind  
8 of avoid the IOUs opining on each other's plans. I  
9 don't want to object. I just want to reiterate  
10 that.

11          CHAIRMAN FAY: Yes, Mr. Wright. I do think we  
12 were pretty clear on that, but these -- this  
13 question, in particular, to your point, goes to the  
14 testimony that's provided by Mr. Jarro, and so I  
15 don't take any issue with it.

16          Just, as clarity, we are not going to be  
17 referring to any of the other witness testimony in  
18 another docket, you are well aware of that.

19          MS. MORSE: Thank you, Mr. Chair. Actually, I  
20 guess my position is consistent with what you just  
21 stated. This was brought up by the witness. It  
22 wasn't created from me in my -- I referenced his  
23 testimony.

24          CHAIRMAN FAY: Right.

25          MS. MORSE: So where he is discussing it and

1 suggesting, and making the comparison suggesting  
2 that OPC has already agreed to this, so -- and  
3 theirs is similar because he is based on it, I  
4 think it's fair game in that FPL opened the door.  
5 It's not something that was brought up  
6 independently.

7 CHAIRMAN FAY: I agree, and I think you are  
8 both saying the same thing. He just -- I think to  
9 Mr. Wright's point, is essentially that we are not  
10 crossing dockets on it, but I think it's perfectly  
11 appropriate, to your point, as the testimony refers  
12 to the previous settlement and their program.

13 MS. MORSE: Okay. Well, thank you.

14 Well, I would like to mark my next exhibit,  
15 then, for identification. The other exhibit I  
16 provided you, Mr. Jarro -- and I guess keeping in  
17 order, that would be No. 109 for identification?

18 MR. TRIERWEILER: That's correct.

19 CHAIRMAN FAY: 109.

20 (Whereupon, Exhibit No. 109 was marked for  
21 identification.)

22 MR. WRIGHT: Chairman, I will preemptively  
23 object here.

24 CHAIRMAN FAY: Okay.

25 MR. WRIGHT: It's one thing to ask about the

1           2020 settlement that, clearly, Mr. Jarro referenced  
2           in his rebuttal testimony that FPL looked to when  
3           they designed their transmission access enhancement  
4           program. This is from the 2022 docket.

5           I think we are running afoul of the direction  
6           you gave us yesterday. I think it's -- certainly,  
7           we have opened the door to talk about the 2020 that  
8           we based it on, but this is testimony from this  
9           docket.

10           MS. MORSE: It's the same program. It's our  
11           position it's the same program, and the purpose is  
12           the same.

13           CHAIRMAN FAY: Yeah. Let me just get clarity  
14           from legal.

15           So this is the '22 to 2031 program? So this  
16           isn't from this year's testimony?

17           MS. MORSE: That's this year's testimony.

18           CHAIRMAN FAY: It is this year's testimony.  
19           Okay. So then, essentially as we spoke before, I  
20           am not go to allow this exhibit in because it  
21           crosses docket testimony. I do think it's  
22           appropriate for you to ask questions about the SPP  
23           program and the previous settlement program.

24           MS. MORSE: Okay. Well, thank you, Mr. Chair.  
25           I -- it's preserved for the record, and I

1 appreciate that. Thank you.

2 CHAIRMAN FAY: Okay.

3 BY MS. MORSE:

4 Q Mr. Jarro, turning to page -- I am sorry,  
5 turning back to your rebuttal testimony, at page 16,  
6 among others -- and this is a general question -- you  
7 suggested that Mr. Mara didn't oppose many of FPL's  
8 programs because, according to you, FPL provided  
9 sufficient information about them, is that correct?

10 A Based on his testimony, it was apparent to  
11 us --

12 Q Yes?

13 A -- that he did not oppose.

14 Q Okay. So that's was your answer? I am sorry,  
15 I was looking for a yes or no. You --

16 A Can you ask the question again?

17 Q Sure. I will.

18 All right. You suggested Mr. Mara didn't  
19 oppose many of FPL's programs because, according to you,  
20 FPL provided sufficient information about them, correct?

21 A That's correct.

22 Q And on page 30 of your rebuttal, you also  
23 referenced Mr. Mara's discussions in Appendix A to your  
24 Exhibit MJ-1, didn't you?

25 A On which line?

1 Q At least at line 21, among others, plus on  
2 line 19 also, but generally, your testimony does  
3 reference that, correct?

4 A Yes, it does.

5 Q So referring to your Appendix A of Exhibit  
6 MJ-1, and I am going to page five of 18 this time.

7 A I am sorry, you said five of?

8 Q Five of 18 at the top. I believe that's the  
9 numbering scheme at the very top. It also says four of  
10 nine, but that's in the data request numbering.

11 A Okay. I believe I am there.

12 Q Okay. On this page, you provide an analysis  
13 of how FPL's previously existing programs helped reduce  
14 restoration times in past storms, and in the attached  
15 table, at Tab 1 of 5, discusses the reduced costs in  
16 those past storms, correct?

17 A That's correct.

18 Q Isn't it true that the analysis in Appendix A  
19 is based on the data from Hurricanes Wilma, Matthew and  
20 Irma, which occurred in 2005, 2016 and 2017  
21 respectively?

22 A Yes. That's correct.

23 Q Wouldn't you also agree that certain programs,  
24 such as the transmission and distribution inspection  
25 program, have been used by FPL from at least before

1     **2017?**

2           A     Yes.  That's correct.  Six of the nine  
3 programs that are a part of our SPP have been in  
4 existence since 2007.  That's correct.

5           Q     Okay.  And that's along the lines of my next  
6 questions.  I was going to ask you about some of the  
7 other ones.

8           A     Sure.

9           Q     Okay.  So and the same would go for  
10 transmission hardening being in place before 2017,  
11 correct?

12          A     Yes.  That's correct.

13          Q     And both the distribution and transmission  
14 vegetation management programs also, correct?

15          A     Yes.  That's correct.

16          Q     So is it also your testimony that these  
17 programs I just listed were in place -- that were in  
18 place before 2017, they helped in the reduction of  
19 restoration costs?

20          A     I would say all the programs that were in  
21 place since 2007 certainly had an impact in preventing  
22 longer outages for both Irma and Matthew as part of the  
23 analysis.  Specifically for Irma, shaved off about four  
24 days, and for Matthew about two days.

25                   So, yes, I think in aggregate, all the storm

1 hardening programs that we listed that have been in  
2 existence since 2007 have made a significant impact.

3 **Q Thank you.**

4 **So those reductions in outage times and**  
5 **restoration costs that you referenced, and that are**  
6 **referenced in Appendix A, obviously were not the result**  
7 **of the transmission access enhancement program, were**  
8 **they?**

9 A The transmission access program was not in  
10 existence at that time, of this analysis.

11 **Q Okay. And similarly, all those results were**  
12 **not the result of the substation storm surge or flood**  
13 **mitigation program, were they?**

14 A They were not. However, we did experience,  
15 specifically for that program, specifically for  
16 Hurricane Matthew. And I have personal experience of  
17 actually having to deal with the de-energization of St.  
18 Augustine substation. I was actually at the control  
19 center when we had to deenergize that. And then 24  
20 hours later, when we had the capability, because the  
21 water subsided, we were able to restore service 24 hours  
22 later.

23 But that incident caused an outage to 7,000  
24 plus customers for over 24 hours because of the flood  
25 conditions that were seen during Hurricane Matthew. So

1 that prompted the need to do this program.

2 Q Okay. Please turn to your rebuttal testimony,  
3 page six, lines 18 to 19.

4 A I am sorry, the page again?

5 Q Page six of your rebuttal testimony.

6 A Yes.

7 Q Okay. So there you testified the Commission  
8 acknowledged that underground facilities perform better  
9 than overhead facilities, correct?

10 A That's what the study revealed, yes.

11 Q And it's also your opinion that an  
12 undergrounded lateral yields better performance than an  
13 overhead lateral, correct?

14 A That's correct.

15 Q So turning to Appendix A of MJ-1, on page  
16 eight of 18. There is a table there for Irma 2017, and  
17 it shows the performance of overhead hardened feeders,  
18 which the table indicates had 69 percent feeder outages  
19 compared to 82 percent of the non-hardened feeders  
20 having outages. Do you see that?

21 A I do.

22 Q So also on that same table, it appears that  
23 the percentage of underground feeders that had outages  
24 appears to be 18 percent, correct?

25 A That's correct.



1           Q     And hardening overhead feeders includes  
2     designing for Grade B and extreme wind loading, right?

3           A     Yes.

4           Q     So looking at this 18-percent here, compared  
5     to the 69-percent we just went over, wouldn't you agree  
6     that it appears undergrounding the mainline would yield  
7     better performance during extreme weather?

8           A     Well, what's important to understand regarding  
9     feeders versus laterals is the composition of them, and  
10    really where they reside is distinctly different.

11                    So for instance, feeders are, for the most  
12    part, in the front of properties. They are readily  
13    accessible. Where a lateral on our system, the majority  
14    of them, are in the rear of a property. So when you are  
15    contending with a storm, you know, you are contending  
16    with all the debris and everything, but then you are  
17    also getting through fences, and you are climbing  
18    through that debris in order to see what the actual  
19    damage is in the rear of a customer's property. Where,  
20    on a feeder, because we have the accessibility, we also  
21    have the ability, because the feeders are mostly on the  
22    right-of-way, to trim more consistently without any  
23    customer resistance on feeders.

24                    Undergrounding and feeders for us, we've used  
25    it sparingly as a part of our hardening toolkit, but

1 it's not to say that we've gone ahead and undergrounded  
2 the entire feeder circuit; because again, we think the  
3 best means to harden the feeder is to have it, you know,  
4 either guide, put intermediate poles, stronger poles, et  
5 cetera, et cetera, what we have been doing since 2007.

6 **Q So that I mean -- just is a direct answer to**  
7 **the question, to the yes or no question, was that a yes**  
8 **or a no?**

9 A Ask the question again, please.

10 **Q Looking at the 18-percent compared to the**  
11 **69-percent, wouldn't you agree that it appears that**  
12 **undergrounding the mainline yields better performance**  
13 **during extreme weather?**

14 A Based on this data, yes.

15 **Q Okay. So if undergrounding mainline feeders**  
16 **reduces outages during hurricanes, isn't it true the**  
17 **reason FPL is not undergrounding all the mainline**  
18 **distribution lines is due, in part, to cost?**

19 A Well, and it also has to do with what I kind  
20 of explained.

21 **Q Yes or no?**

22 A No. It has to do with other elements, for  
23 instance, the ones that I just recently explained.

24 MS. MORSE: Okay. Just one moment, please,  
25 Mr. Chair.

1 CHAIRMAN FAY: Sure.

2 MS. MORSE: All right. Mr. Jarro, that's all  
3 I have. Thank you.

4 CHAIRMAN FAY: Okay. Great. Thanks.

5 FIPUG.

6 MR. MOYLE: Thank you, Mr. Chairman. I have  
7 just a handful of questions. It might be a big  
8 handful, but we'll see.

9 EXAMINATION

10 BY MR. MOYLE:

11 Q And if you can answer these yes or no, and  
12 then if you feel the need to explain, but wouldn't you  
13 agree that just because something has been done  
14 previously, that there is no reason why that should,  
15 whatever it is, should not be subject to review and  
16 reevaluation by the Commission?

17 A I think -- yes, I think that's why we are here  
18 at these proceedings, to, in fact, review the plans that  
19 are put forth by the utilities on a level of frequency,  
20 so yes.

21 Q And just because there was a plan that was  
22 done previously that was approved, that doesn't mean  
23 that this commission is bound and has to approve it  
24 again, correct?

25 A No, I don't feel that they are bounds but I

1 think it gives them a relative context as to it was  
2 approved before.

3 Q But their job is to look at it, do the  
4 analysis afresh, that's consistent with your  
5 understanding of the statutory scheme, correct?

6 A Correct. Yes.

7 Q And you made the comment in your summary that  
8 there is nothing in the law -- I don't know if you were  
9 referencing the statute or the rule -- that requires  
10 that there be a quantified approach. Wouldn't you  
11 agree -- and I don't want to argue that. I think  
12 lawyers can -- lawyers and others can argue whether --  
13 whether that -- the statute or the rule says that.

14 But I would just ask you as a general  
15 proposition, wouldn't you agree that decision-making, in  
16 a whole variety of contexts, is better made when both  
17 quantitative and qualitative information is provided?

18 A I would agree, as long as the quantitative  
19 information that you are leveraging is not laced with  
20 assumptions, hypotheticals, futuristic visions of things  
21 that can happen.

22 I think what's important is be able to lean on  
23 quantitative analysis that's real and factual, that many  
24 of us experienced to validate that's going to happen in  
25 the future. And again, I believe that provides -- that

1 historical look gives, you know, a much more reliable  
2 proxy than, you know, kind of a fictitious hypothetical.

3 Q Right. And we talked a little bit about this  
4 previously, but oftentimes you are not able,  
5 necessarily, to get 100 percent information that is  
6 quantitative that is devoid of any need to look over the  
7 horizon, correct?

8 A Well, I think --

9 Q And -- I am sorry. Go ahead.

10 A Why don't you ask the question again.

11 Q Okay. Well, let me just come at it a  
12 different way.

13 Sometimes, in the world of utility regulation,  
14 you can't see over the horizon into the future, so you  
15 have to come up with projections that experts look at  
16 and say, here's what I think the future will hold, and  
17 then make a judgment, but that judgment contains an  
18 assumption that results in quantitative information,  
19 correct?

20 A I would say, yes, there is elements of the  
21 business that fall into that spectrum. And in this  
22 case, again, we feel the better representation is real  
23 data, real experiences to conduct that analysis to  
24 determine what the benefits and impacts will be over the  
25 SPP programs.

1           Q     Do you know, has FPL used the services of  
2 companies like, and I don't have the exact numbers, but  
3 it was like 1893, it was the company that was formed  
4 that did the analysis for another utility, the  
5 quantitative analysis, have you guys used services like  
6 that from other companies previously?

7           A     I am not aware of any -- specifically for  
8 these proceedings, I am not aware of any.

9           Q     Any of the other context?

10          A     I am sure we've used consultants before, yes.

11          Q     And you have used consultants before that have  
12 made determinations and decisions based on projections  
13 and assumptions about what the future holds, correct?

14          A     I am sure that's been done, yes.

15                MR. MOYLE: Okay, that's all I have. Thank  
16 you.

17                CHAIRMAN FAY: Great. Thank you.

18                SACE, Mr. Cavros.

19                MR. CAVROS: Thank you, Chairman.

20                               EXAMINATION

21 BY MR. CAVROS:

22           Q     Good morning, Mr. Jarro.

23           A     Good morning.

24           Q     A couple of follow-up questions. One is to  
25 Mr. Moyle's question that he had asked.

1           **First of all, you are familiar with the**  
2 **provisions of the storm protection plan rule, correct?**

3           A     Yes, I am.

4           Q     Great.

5           **The company could have engaged a consultant to**  
6 **provide the quantitative information referenced in the**  
7 **rule Subsection (3)(d)(1), correct?**

8           A     We certainly could have, yes.

9           Q     **And is it your testimony that if technically**  
10 **feasible, FPL would underground all distribution lines?**

11          A     I am sorry, can you ask the question again? I  
12 am sorry.

13          Q     **Sure.**

14                **My question is: If technically feasible, is**  
15 **it your testimony that FPL would underground all of the**  
16 **distribution lines in its system?**

17          A     So we -- as a result of the 2020 settlement,  
18 we've injected an overhead protocol to our distribution  
19 lateral hardening program. So I would say we are going  
20 to evaluate all of our laterals and determine what's the  
21 most reasonable and effective method to meet the  
22 requirements of the statute and the rule. So if that  
23 means undergrounding because they don't meet the  
24 overhead protocols, but more than likely it's not going  
25 to be all.

1           Like I said, that overhead protocol has served  
2 us well. We've used it already. So again, I think we  
3 are -- we will do the majority of them but not all of  
4 them.

5           **Q     What are the variables in your protocol, Mr.**  
6 **Jarro?**

7           A     I am sorry?

8           **Q     What are the variables in your protocol?**

9           A     So, for instance, you know, if there is  
10 vegetation in the area; if the area is prone to flood  
11 conditions, right, that an overhead system would be  
12 better served in that area; if there is no critical  
13 customers served from that area. And again if there is  
14 no reliability history, any issues associated with that.

15                     Additionally, as a part of our distribution  
16 lateral hardening program, we need space to put some of  
17 this pad-mounted equipment in. And in some of the  
18 locations in our grid in the communities that we serve,  
19 there isn't that space, and customers don't even have  
20 the ability to grant easements because that space is  
21 part of a parking lot or part of a roadway.

22                     So instances like that, we would evaluate and  
23 use our overhead protocol. Pumps, if it's a single  
24 customer, you know, those types of things are part of  
25 the evaluation of our overhead protocol.



1           **Q     And are your costs as part of it your**  
2 **evaluation --**

3           A     Again, we --

4           **Q     -- is it your testimony that cost is not**  
5 **considered?**

6           A     Again, we are meeting the requirements of the  
7 rule to reduce restoration costs and restoration times.  
8 We are evaluating by either undergrounding that lateral  
9 or hardening it with an overhead system.

10          **Q     I should have probably been more clear. Is**  
11 **the cost of the program a consideration?**

12          A     When we are evaluating a specific lateral?

13          **Q     I guess my original question was: If**  
14 **technically feasible, would FPL underground all the**  
15 **distribution lines? You provided a protocol that I**  
16 **think addressed a lot of technical issues. And, yes, my**  
17 **question is: Is the cost of the overall program and the**  
18 **impacted on customers considered when the company makes**  
19 **a decision to underground a line or not?**

20          A     So again, I think there is -- I am assuming  
21 there is two parts. The overhead all program is not  
22 influenced by the individual projects. Obviously, in  
23 the aggregate they are. What we evaluated at a feeder  
24 level and all the laterals in those respective feeders  
25 and we determined what is the best means to harden that

1 lateral. Is it underground, undergrounding it, or is it  
2 evaluating it and giving it an overhead hardened remedy?

3 And the protocols that I have talked about,  
4 there is cost considerations within them. So if you  
5 think about, you know, if there is one customer on this  
6 lateral that has no vegetation, right, that's why we've  
7 included it in an overhead protocol, because again, from  
8 a cost basis, you are undergrounding it, but you have no  
9 trees that you are going to need to trim, right, and  
10 then it's serving one customer.

11 So again, we do take elements all collectively  
12 in one as a part of our overhead protocol to evaluate  
13 what makes the most sense.

14 **Q A how about regarding the overall costs of the**  
15 **program, is that a consideration?**

16 A So again, we -- I think the first thing to  
17 point out is we just started and we have 69,000 laterals  
18 to evaluate and to increase the resiliency of. So  
19 again, that is our mission, to do that. And we feel  
20 that we've put together a reasonable plan where we can  
21 both execute it with the resources that are doing it.

22 And then also, you know, keep in mind, there  
23 is a customer sentiment associated to this. A lot of  
24 customers are asking us, including cities and  
25 municipalities, of when is their turn. When are their

1 laterals going to be undergrounded? So, again, we are  
2 keeping up with that pace. And our plan, we feel,  
3 reasonably addresses the things that we are contending  
4 with.

5 Q Thank you, Mr. Jarro. I understand there are  
6 technical considerations, absolutely, as you move  
7 forward in the program. I guess this is just sort of a  
8 simple yes or no question. At a program level, does the  
9 company consider costs, yes or no?

10 A Yes.

11 Q Thank you.

12 CHAIRMAN FAY: Ms. Eaton.

13 EXAMINATION

14 BY MS. EATON:

15 Q Good morning, Mr. Jarro.

16 A Good morning.

17 Q Have you been present for the entire part of  
18 the hearing, not just for the FPL part?

19 A Yes. Well, I have been in the back room, yes,  
20 but yes, I have been here.

21 Q And I think Mr. Moyle referenced the  
22 third-party vendor that was mentioned, 1898 I believe.  
23 Are you familiar with that company?

24 A I am now, yes, as a result of the hearing.  
25 Yes, ma'am.

1           Q     And there was another mention of a company  
2     called Guidehouse. Are you familiar with that company?

3           A     Yes, I am.

4           Q     And I think in your direct testimony, you had  
5     explained that you were involved in the development of  
6     the SPP in general for FPL, is that correct?

7           A     Yes. That's correct.

8           Q     And in that development process, did FPL  
9     consider or reject the idea of using a third party  
10    consulting firm like Guidehouse or 1898, or any other  
11    company?

12          A     I was not part of any discussions that an  
13    evaluation of leveraging consultant services was  
14    discussed.

15          Q     Okay. But I think you said that FPL has used  
16    some third party consultants, just not for the  
17    development of its SPP, is that right?

18          A     For the development of the SPP, but keep in  
19    mind back, you know, in 2006, working hand-in-hand with  
20    the Commission, you know, we certainly leveraged  
21    consultants to help essentially build the structure of  
22    the storm protection plan, or the storm hardening plan  
23    as it was referred to in the past. So elements of this  
24    have certainly leveraged consultants.

25          Q     Do you recall who the consultant was that FPL

1 had referenced back in 2006?

2 A I believe it was Kima that was leveraged back  
3 then.

4 Q There was also -- there has also been, I  
5 think, some references to the Department of Energy's  
6 Interruption Cost Estimator, or the ICE tool. Are you  
7 familiar with that?

8 A I am familiar with its existence, but not the  
9 details of how it works.

10 Q Was there any discussion by FPL to use the ICE  
11 model or estimator tool to consider placing a monetary  
12 value on the benefits of the customers from the FPL SPP  
13 programs?

14 A It was not, and particularly because  
15 monetizing, you know, the value a customer puts on an  
16 outage was not required by the rule or the statute, and  
17 quite honestly, in our opinion for good reason.

18 You know, when you talk about an outage and  
19 what that means to a customer, you know, it's extremely  
20 variable and very subjective, right. An outage can mean  
21 different things to somebody. Somebody might be willing  
22 to pay, you know, a certain level of costs to avoid an  
23 outage or to get restored earlier, and others might be  
24 willing to wait some time for that outage to occur.

25 You could be contending with comparing a

1 hospital to a residence. You can be comparing two  
2 neighbors, one that has, you know, a level one, you  
3 know, a breathing apparatus, right, that relies on  
4 electricity, somebody that works from home.

5 So in terms of evaluating that, because it's  
6 so subjective, and there are so many variables, that's  
7 why we felt it was actually good reason it was not  
8 required in the rule or the statute.

9 **Q And I wasn't really necessarily asking for**  
10 **whether the rule required it or not. I was more asking**  
11 **about whether or not FPL considered using either the ICE**  
12 **tool, or any other sort of tool like that to value the**  
13 **benefits, to monetize the value of the benefits to the**  
14 **customers for its SPP programs?**

15 **A** No, we didn't, because it is not required in  
16 the rule or statute.

17 **Q Thank you.**

18 MS. EATON: That's all I have.

19 CHAIRMAN FAY: Great. Thank you.

20 Staff.

21 MR. IMIG: Staff has no questions.

22 CHAIRMAN FAY: Commissioners? No questions.

23 We will now have -- if there is any redirect.

24 MR. WRIGHT: Yeah, I will keep it brief,

25 recognizing we still have a fair bit to go here,

1 but --

2 CHAIRMAN FAY: Please do. Thank you.

3 FURTHER EXAMINATION

4 BY MR. WRIGHT:

5 Q Mr. Jarro, you were asked about FPL's use of  
6 previous storm data in Appendix A related to Hurricane  
7 Wilma, Irma and Matthew. Can you please explain why FPL  
8 selected to use historic data rather than projections of  
9 reduced outages and restoration costs?

10 MS. MORSE: Asked and answered.

11 CHAIRMAN FAY: I mean, Mr. Jarro, if you want  
12 to provide any additional clarification, you can do  
13 so.

14 THE WITNESS: Sure. So again, as asked, the  
15 reason why we use that, you know, when you look  
16 effects of Irma and the effects of Matthew, those  
17 are real storms with, you know, obviously real  
18 experiences, and we were able to take a look back  
19 and see what our system would have -- how our  
20 system would have performed without that. We feel  
21 that that is a more, again, realistic and reliable  
22 proxy to measure kind of what the future is going  
23 to hold and look like.

24 And even specifically for distribution lateral  
25 hardening, within my testimony and in our exhibits,

1           we provided multiple examples of most recent  
2           events, and most recent storms, where specifically  
3           the laterals have that have just been undergrounded  
4           did not experience any outages. Again, just  
5           proving that initiatives, the things that we've put  
6           forth in our program work, and they will continue  
7           to work, and they will continue to serve and meet  
8           the, kind of the requirements of the rule and the  
9           statute.

10       BY MR. WRIGHT:

11           **Q       And, Mr. Jarro, you were asked by FIPUG, SACE**  
12           **and Walmart about estimated and projected benefits for**  
13           **the programs included in your 2023 SPP. Can you explain**  
14           **whether the approach that FPL used for estimating**  
15           **benefits in the 2023 SPP is the same or different than**  
16           **the approach FPP -- FPL used for its 2020 SPP?**

17           A       No, the -- so the approach that we used was  
18           exactly the same approach that we provided as a part of  
19           our 2020 SPP, which was reviewed by staff and approved  
20           by the Commission.

21           **Q       And OPC asked you about a statement made in**  
22           **your testimony that Mr. Mara only opposes some but not**  
23           **all of the programs included in your SPP, do you recall**  
24           **dowel that question?**

25           A       Yes, I do.



1           **Q     Can you please explain to the Commission how**  
2 **you arrived at that conclusion?**

3           A     Yes.  Yes, I can.  I would have to -- I'm  
4 going to refer to Mr. Mara's testimony.  And  
5 specifically in his testimony on page 13, there is a  
6 table, and in that table, there is a list of all of the  
7 programs that we submitted as a part of our SPP.  And  
8 within that table, there are some changes to some of the  
9 elements of what is proposed in the plan in terms of the  
10 costs associated with the program.

11                   And he has made changes or recommended changes  
12 in terms much the financial reductions to the storm  
13 surge flood mitigation program and to the distribution  
14 lateral hardening program.  Again, accepting them in  
15 principle, just reducing the amount of spend that is  
16 part of the plan.  In addition, the six programs that  
17 have been in place since 2007, there is no reference to  
18 a reduction.

19                   And then lastly, the only one that has  
20 essentially a removal is the transmission access  
21 program, where all the dollars are stricken from that  
22 program.

23           **Q     Thank you, Mr. Jarro.**

24                   **And one final question.  Mr. Cavros asked you**  
25 **about the overhead hardening protocols that you have**

1 included in your distribution lateral hardening program.  
2 Those are -- those protocols are provided in your SPP,  
3 correct?

4 A That is correct.

5 Q And to your knowledge, has any intervenor  
6 filed any testimony opposing those overhead protocols?

7 A No, sir. They have not.

8 MR. WRIGHT: No further questions.

9 We would ask that Exhibit 52 be moved into the  
10 record.

11 CHAIRMAN FAY: Okay. Show Exhibit 52, without  
12 objection, moved in.

13 (Whereupon, Exhibit No. 52 was received into  
14 evidence.)

15 CHAIRMAN FAY: Ms. Morse, would you like to  
16 move 108 in?

17 MS. MORSE: Yes, I would. Thank you.

18 CHAIRMAN FAY: Okay. Without objection, show  
19 108 moved into the record.

20 (Whereupon, Exhibit No. 108 was received into  
21 evidence.)

22 CHAIRMAN FAY: With that, then, we will move  
23 -- let the record reflect we will move into  
24 proffered. Now, Mr. Wright, we do have the  
25 stricken proffered testimony that is placed in the

1 record. If you would like for Mr. Jarro to  
2 state --

3 MR. WRIGHT: I think I will make a statement  
4 and move it in. I think we will try to move this  
5 along. Just for clarity of the record we are going  
6 to waive opening on the proffered portion, but I  
7 will just make a brief statement, and I think that  
8 will move it along.

9 In response to OPC's proffer to Witness  
10 Kollen's testimony, and for purposes of preserving  
11 a proffered record for appellate review, FPL moves  
12 to proffer Mr. Jarro's prefiled rebuttal testimony  
13 as corrected by the first errata filed on July  
14 27th.

15 For clarity, this would be document number  
16 05031-2022 in Docket No. 20220051, which includes  
17 the unredacted portions of Mr. Jarro's rebuttal  
18 testimony that responded to the portion of OPC  
19 Witness Kollen's testimony that were stricken by  
20 Commissioner La Rosa's order 2022-0292.

21 We ask that Mr. Jarro's prefiled rebuttal  
22 testimony, as corrected by the first errata filed  
23 on July 27, be included in the proffered record as  
24 though read. And we will waive cross on -- I am  
25 sorry, we will waive summary for the proffered

1           portion.

2                   CHAIRMAN FAY:   Okay.   Great.   So we will show  
3           that proffered.

4                   (Whereupon, prefiled rebuttal proffered  
5   testimony of Michael Jarro was inserted.)

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1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **DOCKET NO. 20220051-EI**

3  
4 **FLORIDA POWER & LIGHT COMPANY**

5 **2023-2032 STORM PROTECTION PLAN**

6  
7  
8  
9 **REBUTTAL TESTIMONY OF**

10 **MICHAEL JARRO**

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23  
24 **Filed: June 21, 2022**

25 **Corrected by [Second](#) Errata Filed [August](#) ~~July~~ [127](#), 2022**

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1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Michael Jarro. My business address is Florida Power & Light Company  
4 (“FPL” or the “Company”), 15430 Endeavor Drive, Jupiter, FL, 33478.

5 **Q. Did you previously submit direct testimony?**

6 A. Yes. I submitted written direct testimony on April 11, 2022, together with Exhibit MJ-  
7 1 – FPL’s Storm Protection Plan 2023-2032. On May 6, 2022, FPL filed and served a  
8 Notice of Filing a Revised Appendix E to Exhibit MJ-1 to correct the completion dates,  
9 start dates, and amounts projected for certain Distribution Feeder Hardening Program  
10 projects included in the 2023 project level detail.

11 **Q. What is the purpose of your rebuttal testimony?**

12 A. The purpose of my rebuttal testimony is to respond to certain portions of the direct  
13 testimonies of Lane Kollen and Kevin J. Mara submitted on behalf of the Office of  
14 Public Counsel (“OPC”). My rebuttal testimony will respond to the concerns,  
15 questions, and recommendations raised by these witnesses in opposition to FPL’s 2023-  
16 2032 Storm Protection Plan (“2023 SPP”) submitted as Exhibit MJ-1 and as corrected  
17 by the Notice of Filing a Revised Appendix E to Exhibit MJ-1 filed on May 6, 2022.

18

19 First, I will provide some context and general observations regarding OPC’s concerns  
20 and criticisms of FPL’s 2023 SPP.

21

22 ~~Second, I will address OPC’s recommendation that the Florida Public Service~~  
23 ~~Commission (the “Commission”) apply new cost-effectiveness criteria and standards~~  
24 ~~to review and approve the SPP programs and projects proposed in this proceeding. In~~  
25 ~~essence, OPC seeks to convert this matter into a rulemaking proceeding and asks the~~

1 ~~Commission to adopt and apply new criteria and standards that are not currently~~  
2 ~~required by Section 366.96, Florida Statutes (hereinafter referred to as the “SPP~~  
3 ~~Statute”), or Rule 25-6.030, Florida Administrative Code (hereinafter referred to as the~~  
4 ~~“SPP Rule”). As I will explain below, OPC’s attempt to amend the requirements of~~  
5 ~~the SPP Statute and SPP Rule as part of this proceeding is inappropriate and~~  
6 ~~unnecessary.~~

7  
8 Third, I will address OPC’s contention that FPL did not provide an estimate of how the  
9 programs and projects included in the 2023 SPP will reduce restoration costs and  
10 outage times as required by the SPP Rule. As explained below, OPC’s position is based  
11 on its incorrect interpretation of the SPP Statute and SPP Rule, and ignores the fact that  
12 SPP programs and projects provide both quantitative and qualitative benefits. I will  
13 further explain that FPL’s 2023 SPP complies with the requirements of the SPP Statute  
14 and SPP Rule.

15  
16 ~~Fourth, I will address the incorrect contention of OPC witness Kollen that only new or~~  
17 ~~expanded storm hardening programs are eligible to be included in the SPP. As~~  
18 ~~explained below, OPC witness Kollen ignores the language of the SPP Statute and Rule~~  
19 ~~25-6.031, Florida Administrative Code (hereinafter referred to as the “SPPCRC Rule”)~~  
20 ~~that limits double recovery, and misapplies the requirement for the Storm Protection~~  
21 ~~Plan Cost Recovery Clause (“SPPCRC”) to the SPP. Existing programs, together with~~  
22 ~~new or expanded programs, are all eligible for approval as SPP programs under the~~  
23 ~~SPP Statute. The issue of whether costs are recovered in base rates or the SPPCRC is~~  
24 ~~a matter to be addressed in the applicable SPPCRC proceeding.~~

25



1 Finally, I will address and rebut OPC witness Mara's recommendations and  
2 adjustments to five out of the nine programs included in FPL's 2023 SPP.  
3 Specifically, I will address the following recommendations by OPC: modify the  
4 Substation Storm Surge/Flood Mitigation Program; reduce the budget for the  
5 Distribution Lateral Hardening Program;

6 and reject the new Transmission Access  
7 Enhancement Program. As I explain below, each of these recommendations are  
8 inappropriate and unnecessary, and do not serve customers' best interests.

9

10 ~~Inote that FPL witness Liz Fuentes will also respond to OPC witness Kollen's concerns~~  
11 ~~regarding FPL's calculation of the revenue requirements submitted with the 2023 SPP.~~

12 **Q. Are you sponsoring any exhibits with your rebuttal testimony?**

13 A. Yes. I am sponsoring the following exhibits with my rebuttal testimony:

- 14 • Exhibit MJ-2, FPL's Response to OPC's Fourth Set of Interrogatories No.  
15 50.

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21 **II. GENERAL RESPONSE TO OPC'S CONCERNS**

22 **Q. Before addressing the specific issues and recommendations raised by OPC, do you**  
23 **have any general observations?**

24 A. Yes. The evaluation of FPL's 2023 SPP must be grounded in the fact that FPL has  
25 successfully been engaging in Commission-approved storm hardening for the last 16

1 years. During this time, the Commission has reviewed and had full transparency into  
2 all aspects of FPL’s storm hardening activities, and interested parties and stakeholders  
3 had the opportunity to participate in these reviews. Indeed, in its report “Review of  
4 Florida’s Electric Utility Hurricane Preparedness and Restoration Actions 2018”, in  
5 Docket No. 20170215-EU, the Commission recognized the success of historical storm  
6 hardening efforts in Florida. Key findings by the Commission in that report included:

- 7 • Florida’s aggressive storm hardening programs are working (Section V);
- 8 • The length of outages was reduced markedly from the 2004-2005 storm  
9 season (Section IV);
- 10 • The primary cause of power outages came from outside the utilities’ rights  
11 of way including falling trees, displaced vegetation, and other debris  
12 (Section IV);
- 13 • Vegetation management outside the utilities’ rights of way is typically not  
14 performed by utilities due to lack of legal access (Section IV);
- 15 • Hardened overhead distribution facilities performed better than non-  
16 hardened facilities (Section V);
- 17 • Very few transmission structure failures were reported (Section V); and
- 18 • Underground facilities performed much better compared to overhead  
19 facilities (Section V).

20 In response to Hurricanes Matthew and Irma, the Florida Legislature passed the SPP  
21 Statute “to mitigate restoration costs and outage times to utility customers” by  
22 “strengthen[ing] electric utility infrastructure to withstand extreme weather conditions  
23 by promoting the overhead hardening of electrical transmission and distribution  
24 facilities, the undergrounding of certain electrical distribution lines, and vegetation  
25 management.” Section 366.96(1)(c)-(e), F.S. From these facts, one can logically and

1 reasonably conclude that the Legislature did not pass the SPP Statute to stop or limit  
2 storm hardening activity in Florida, nor can one assume that the passage of the SPP  
3 Statute was an indictment or criticism against storm hardening activity that has  
4 previously taken place in Florida. Rather, it is reasonable to assume that the Florida  
5 Legislature passed the SPP Statute to encourage, streamline, and advance storm  
6 hardening work in this state.

7

8 FPL's 2023 SPP outlines a comprehensive storm protection plan that meets the  
9 statutory objectives codified in the SPP Statute and complies with the requirements of  
10 the SPP Rule. The 2023 SPP is largely a continuation of the following programs  
11 included in the current 2020-2029 Storm Protection Plan (hereinafter, the "2020 SPP")  
12 that were agreed to by OPC in a Joint Motion for Approval of a Stipulation and  
13 Settlement Agreement ("2020 SPP Settlement"), approved by Commission Order No.  
14 PSC-2020-0293-AS-EI:

- 15 • Distribution Inspection Program
- 16 • Transmission Inspection Program
- 17 • Distribution Feeder Hardening Program
- 18 • Distribution Lateral Hardening Program
- 19 • Transmission Hardening Program
- 20 • Distribution Vegetation Management Program
- 21 • Transmission Vegetation Management Program
- 22 • Substation Storm Surge/Flood Mitigation Program

23 The majority of the existing SPP programs have been in place since 2007 and have  
24 already demonstrated that they have provided and will continue to provide increased  
25 T&D infrastructure resiliency, reduced restoration times, and reduced restoration costs

1 when FPL is impacted by extreme weather events. For certain existing SPP programs,  
2 FPL proposed limited modifications to further improve these programs and implement  
3 best practices as further described in my direct testimony and Exhibit MJ-1. Notably,  
4 OPC has not opposed or challenged any of these modifications to the existing SPP  
5 programs.

6

7 As part of the 2023 SPP, FPL also proposed to implement a new

8

9 Transmission Access Enhancement Program. As detailed in my direct testimony and  
10 Exhibit MJ-1, the new

11

12 Transmission Access Enhancement Program  
13 will help ensure that FPL and its contractors have reasonable access to FPL's  
14 transmission facilities for repair and restoration activities following an extreme weather  
15 event.

16 **Q. Does OPC challenge all of the programs included in FPL's 2023 SPP?**

17 A. No. ~~OPC submitted the direct testimony of OPC witness Kollen in all four SPP dockets~~  
18 ~~currently pending before the Commission. The vast majority of his direct testimony~~  
19 ~~(pages 6-21) is dedicated to proposing that the Commission adopt new criteria~~  
20 ~~standards that do not exist in the SPP Statute or SPP Rule today and apply those to~~  
21 ~~reject all of the SPPs submitted by all four investor-owned utilities ("IOU") that do not~~  
22 ~~meet his proposed new cost effectiveness threshold. Thus, OPC witness Kollen is~~  
23 ~~seeking to establish new standards, outside the SPP Statute and the SPP Rule, to review~~  
24 ~~the SPP and does not oppose or challenge any specific program included in FPL's 2023~~

1 ~~SPP. I will respond to OPC witness Kollen's proposed new criteria and standards later~~  
2 ~~in my testimony and explain that his proposal is inappropriate and unnecessary.~~

3

4 On pages 13, and 17-34, OPC witness Mara proposes adjustments to two of the existing  
5 SPP programs and opposes the new SPP program . Based on the testimony of  
6 OPC witness Mara, it appears that OPC essentially agrees with eight out of the nine  
7 programs included in FPL's 2023 SPP. I will respond to OPC's recommended  
8 adjustments to the existing SPP programs and criticisms of the new SPP programs later  
9 in my testimony.

10 **Q. Do you have any additional general observations about the testimonies of OPC**  
11 **witnesses Kollen and Mara?**

12 A. Yes. ~~Other than the proposed adjustments to the Substation Storm Surge/Flood~~  
13 ~~Mitigation Program and Distribution Lateral Hardening Program, and opposition to the~~  
14 ~~three new proposed SPP programs, the OPC witnesses primarily make four general~~  
15 ~~arguments in opposition to FPL's 2023 SPP.~~

16

17 ~~First, OPC argues that the Commission should adopt and apply new formulaic cost-~~  
18 ~~benefit and cost-effectiveness requirements for approval of SPP programs and projects.~~  
19 ~~As explained below, the Florida Legislature and this Commission, through the SPP~~  
20 ~~Rule, have already addressed the issue and declined to require either cost benefit~~  
21 ~~analysis or a cost-effectiveness threshold in the review and approval of a SPP. FPL's~~  
22 ~~2023 SPP has fully complied with all the requirements of what must be included in a~~  
23 ~~SPP pursuant to the SPP Statute and SPP Rule as explained in my direct testimony.~~  
24 ~~For the reasons explained later in my testimony, OPC's proposal is inappropriate and~~  
25 ~~unnecessary for several reasons.~~

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~~Second, and related to its first argument,~~ OPC contends that the benefits of the SPP programs must be quantified and monetized in order to meet the requirements of the SPP Rule. ~~OPC's proposal again attempts to add new requirements to the SPP Statute and SPP Rule that do not exist today.~~ As explained in my direct testimony, FPL has provided a description of how the 2023 SPP will reduce restoration costs and outage times associated with extreme weather events in compliance with express requirements of SPP Rule. As explained in greater detail below, storm hardening is not a simple cost-effective proposition and OPC's belief that outage times should be monetized ignores the very real and simple fact that the monetary value individual customers or communities place on reduced outage times cannot be accurately or uniformly estimated. Moreover, OPC's recommendation that FPL's SPP programs require further cost-justification before they can be approved is directly contrary to OPC's own testimony that requests the Commission reject only three of the nine programs included in FPL's 2023 SPP as further explained in my rebuttal testimony.

~~Third, OPC argues that projects which displace base rate costs that would have been incurred during the normal course of business and that are not incurred on an incremental basis specifically to achieve the objectives of the SPP Rule are not eligible to be included in the SPP. As explained below, OPC's argument misconstrues the language of the SPP Statute and SPPCRC Rule, misapplies the requirement for the SPPCRC to the SPP, and disregards that the issue of whether SPP costs are recovered in base rates or the SPPCRC is a matter to be addressed in the annual SPPCRC proceedings.~~

1 Finally, OPC raises questions regarding FPL's calculation of the SPP revenue  
2 requirements that were used to estimate the rate impacts of the programs included in  
3 FPL's 2023 SPP. FPL witness Liz Fuentes will respond to these criticisms.  
4

5 **III. OPC's PROPOSED NEW COST-BENEFIT AND COST-EFFECTIVENESS**  
6 **STANDARDS ARE NOT APPROPRIATE OR NECESSARY**

7 **Q. — OPC is proposing that the Commission apply new standards and criteria to review**  
8 **the IOUs' SPPs. Are these the same standards and criteria that FPL used to**  
9 **prepare its 2023 SPP?**

10 **A. — No.** FPL designed its SPP programs and prepared the 2023 SPP based on the  
11 requirements and standards prescribed in the SPP Statute and SPP Rule that were in  
12 effect at the time FPL filed the 2023 SPP on April 11, 2022, and which remain in effect  
13 today. OPC, on the other hand, is asking the Commission to adopt new criteria and  
14 standards that, as I further explain below, are not currently in either the SPP Statute or  
15 SPP Rule and then retroactively apply those new requirements to the IOUs' SPPs that  
16 were filed on April 11, 2022 to determine if they should be approved.

17 **Q. — Please summarize OPC's proposal to add new criteria and standards to the review**  
18 **of the IOUs' SPPs.**

19 **A. —** OPC witness Kollen is proposing that the Commission adopt a new requirement for the  
20 SPP's to include a cost-benefit analysis and establish a new cost-effectiveness test to  
21 determine if the SPP programs should be approved. OPC witness Kollen then  
22 recommends on page 9 of his testimony that the "Commission reject all proposed SPP  
23 projects that are not economic, meaning that they do not have a benefit-to-cost ratio of  
24 at least 100%." On page 14 of his direct testimony, OPC witness Kollen goes on to  
25 conclude that "FPL's programs and costs are not prudent and reasonable unless they

1 meet all of the requirements” proposed by OPC witness Kollen. Thus, OPC witness  
2 Kollen proposes that the Commission adopt a new cost-effectiveness threshold and  
3 apply that new standard to review and approve/reject the programs and projects  
4 included in FPL’s 2023 SPP.

5 **Q. Do you have concerns with OPC’s proposal that the Commission adopt and apply**  
6 **a new cost-effectiveness test to review the IOUs’ SPPs?**

7 **A.** Yes. First, the SPP Statute and SPP Rule do not prescribe or require a traditional cost-  
8 benefit analysis or cost-effectiveness test for projects or programs to be included in the  
9 SPP. The Statute makes no mention of any such analysis or test and, instead, the  
10 Florida Legislature left that determination to the discretion of the Commission by  
11 directing it to adopt rules necessary to implement the statute. In adopting the SPP Rule,  
12 the Commission could have prescribed specific metrics, standards, and formulas to  
13 require the SPP programs to meet a cost effective threshold, but it wisely did not  
14 because each program is different and, therefore, must be evaluated on its particular  
15 facts and merits. Indeed, Rule 25-6.030(3)(d)(4), F.A.C., requires the SPP to include a  
16 “comparison” of the estimated costs and described benefits for each SPP program,  
17 which is provided in the following portions of FPL’s 2023 SPP: Section II; the  
18 “Comparison of Costs and Benefits” included in each SPP program description in  
19 Section IV; and Appendix A of Exhibit MJ-1. As such, a cost benefit analysis or cost-  
20 effectiveness test for each major component of the SPP is not required under either the  
21 SPP Statute or SPP Rule. OPC is attempting to re-litigate the SPP Rule approved by  
22 this Commission.

23  
24 ~~Second, in the SPP Rule, the Commission prescribed specific information and data that~~  
25 ~~must be included with each SPP, including, but not limited to, estimated costs,~~



1 description of the benefits, criteria to prioritize and select projects, and estimated rate  
2 impacts. As explained in my direct testimony, FPL provided this information in its  
3 2023 SPP consistent with SPP Rule. The Commission can use and “compare” all of  
4 the information it specifically required FPL to provide in the SPP to determine if,  
5 pursuant to the SPP Statute, the programs and projects included in the SPP are in the  
6 public interest and should be approved, or if the SPP programs should be modified or  
7 denied. Each program is different and, therefore, the comparison of costs and benefits  
8 must be evaluated on its particular facts and merits.

9  
10 ~~Third, the analysis of whether the benefits of a SPP program or project justify the~~  
11 ~~estimated costs is not a one-size-fits-all proposition as suggested by OPC. This is~~  
12 ~~clearly demonstrated by the fact that, as OPC witness Kollen acknowledges on page 14~~  
13 ~~of his direct testimony, each of the electric utilities took very different approaches to~~  
14 ~~comparing the estimated costs and benefits of their SPP programs. Further, such~~  
15 ~~analyses are necessarily dependent on several highly variable factors that, in large part,~~  
16 ~~are beyond the utility’s control and cannot be accurately predicted, including, but not~~  
17 ~~limited to: the number of annual extreme weather events; the path of each storm; the~~  
18 ~~intensity or category of each storm; the speed or duration of each storm; the availability~~  
19 ~~of resources to respond to and provide storm restoration services for each storm; and~~  
20 ~~the extent to which the infrastructure has been storm hardened at the time of each~~  
21 ~~projected storm. Moreover, the benefits to be included in such analyses should not be~~  
22 ~~limited to only avoided utility costs as I will explain further.~~

23

1 **IV. FPL'S 2023 SPP WILL REDUCE RESTORATION COSTS AND OUTAGE**  
2 **TIMES AS REQUIRED BY RULE 25-6.030, F.A.C.**

3 **Q. Both OPC witnesses Kollen and Mara argue that FPL's 2023 SPP did not meet**  
4 **the requirements of the SPP Rule because it did not quantify and monetize the**  
5 **benefits of the proposed SPP Programs. Do you have a response?**

6 A. Yes. I disagree with OPC witnesses Kollen and Mara that further cost-justification of  
7 FPL's 2023 SPP programs is needed or appropriate. On pages 17-19 of his testimony,  
8 OPC witness Kollen states that FPL did not provide any quantitative benefits for the  
9 proposed SPP programs and that it is not enough under the SPP Rule to simply say  
10 there will be benefits without quantifying those benefits. OPC witness Mara likewise  
11 states on pages 10-11 of his testimony that FPL only provided written descriptions of  
12 SPP program benefits and did not quantify the estimated cost reductions or monetize  
13 the reduction of outage times for each program. OPC witness Mara goes on to suggest  
14 on page 11 of his testimony that FPL should be required to file an amended SPP that  
15 provides this data. OPC's contention that FPL failed to comply with the SPP Rule  
16 because it did not quantify the benefits of the SPP programs is misplaced for several  
17 reasons.

18  
19 ~~First, OPC's contention that the SPP must include quantifiable and monetized benefits~~  
20 ~~for each SPP program is a fallout of OPC's proposal that the Commission adopt and~~  
21 ~~apply a new cost benefit analysis and new cost effectiveness threshold for the SPP~~  
22 ~~programs. As I explained above, OPC's proposed new criteria and standards to review~~  
23 ~~the SPPs are contrary to the requirements of both the SPP Statute and SPP Rule and~~  
24 ~~should be rejected.~~

25

1 Second, there is nothing in either the SPP Statute or SPP Rule that prescribes that the  
2 benefits of SPP programs must be quantified or monetized as suggested by the OPC  
3 witnesses. Rather, the SPP Rule expressly provides that the SPP must include a  
4 “description” of the benefits of the SPP programs. See Rule 25-6.030(3)(b), F.A.C.  
5 (“For each Storm Protection Plan, the following information must be included.... (b)  
6 *A description* of how the proposed Storm Protection Plan will reduce restoration costs  
7 and outage times associated with extreme weather conditions” (emphasis added)); see  
8 also Rule 25-6.030(3)(d)(1), F.A.C. (“*A description* of each proposed storm protection  
9 program that includes: (1) A description of how each proposed storm protection  
10 program is designed to enhance the utility’s existing transmission and distribution  
11 facilities including an estimate of the resulting reduction in outage times and restoration  
12 costs due to extreme weather events” (emphasis added)).

13  
14 Third, storm hardening is not a simple cost-effective proposition as suggested by OPC.  
15 OPC’s approach focuses only on program costs and savings in restoration costs  
16 associated with extreme weather conditions (*i.e.*, a strictly quantitative analysis), and  
17 completely ignores the qualitative component required by both the SPP Statute and SPP  
18 Rule. Stated differently, OPC’s proposed cost-benefit and cost-effectiveness approach  
19 ignores half of the benefits side of the equation. It cannot be reasonably disputed that  
20 customers want the extended outage times associated with extreme weather events to  
21 be reduced. Indeed, the Florida Legislature concluded that reducing outage times for  
22 utility customers, as well as restoration costs, is in the public interest. The Commission  
23 can and should compare these factors and determine whether the estimated benefits of  
24 the storm hardening programs are justified by the estimated rate impacts.

25

1 Fourth, OPC witness Mara's belief that outage times should be monetized, ignores the  
2 very real and simple fact that the monetary value individual customers or communities  
3 place on reduced outage times cannot be accurately or uniformly estimated. Indeed,  
4 some customers may be willing to pay a premium to never have a power outage, while  
5 others may be willing to tolerate a few short outages. Moreover, the SPP Rule does  
6 not require the outage times to be monetized as explained above, and there is no  
7 uniform Commission or industry method to do so. Such analyses are necessarily  
8 dependent on several highly variable factors (such as the intensity, path, and duration  
9 of the extreme weather event and extent that the system has been hardened) and could  
10 include a very wide range of subjective economic factors, including, but not limited to:  
11 individual and different customer value on reduced outage times, including comfort,  
12 health, and convenience; economic impact to individual customers due to spoilage, loss  
13 or disruption of business, and loss of equipment or supplies; and impact to the local  
14 and state economy. Thus, even if the SPP Statute and Rule did require the reduction in  
15 outage times to be monetized, which they do not, there is significant uncertainty and  
16 variability in how that should be done.

17

18 Finally, OPC's recommendation that FPL's SPP programs require further cost-benefit  
19 analysis or cost-justification before they can be approved is directly contrary to OPC  
20 witness Mara's testimony on pages 13 and 17-34 that requests the Commission only  
21 reject three of the nine programs included in FPL's 2023 SPP. Stated differently,  
22 OPC witness Mara does not dispute that it would be reasonable for the Commission to  
23 allow FPL to implement the eight programs included in the 2023 SPP as further  
24 explained below. Either these SPP programs are in the public interest and should be  
25 approved, or they are not. The fact that OPC witness Mara has essentially agreed that

1 most of these programs should be approved without further cost-justification clearly  
2 suggests that OPC believes FPL has provided sufficient information about each of the  
3 SPP programs for the Commission to determine if they are in the public interest.

4 **Q. On page 18 of his direct testimony, OPC witness Kollen recommends that FPL**  
5 **should be directed to use its storm damage assessment model to model and**  
6 **quantify the estimated benefits and savings from the programs included in FPL’s**  
7 **2023 SPP. Please describe FPL’s Storm Damage Model.**

8 A. FPL’s Storm Damage Model is a very important proprietary tool developed by FPL to  
9 prepare for major storms that threaten FPL’s service area. The Storm Damage Model  
10 is used for major storms with a forecast track provided by the National Hurricane  
11 Center to estimate the number of construction man-hours (“CMH”) required to restore  
12 power to customers based on the forecasted intensity, speed, path of the storm, and the  
13 condition (hardened vs. non-hardened) of the infrastructure at the time of the storm.  
14 The Storm Damage Model is a planning tool used by the Company to estimate the  
15 extent of damage expected from a projected storm, and the number and location of  
16 resources that will be needed to quickly and safely restore power outages to the greatest  
17 number of customers in the shortest amount of time.

18 **Q. Do you agree with OPC witness Kollen’s recommendation that FPL should use**  
19 **the Storm Damage Model to model to quantify the benefits and savings associated**  
20 **with the programs included in FPL’s 2023 SPP?**

21 A. No, FPL’s Storm Damage Model was not intended to be used to quantify individual  
22 SPP programs or projects. As provided in Appendix A to Exhibit MJ-1, FPL used its  
23 Storm Damage Model to analyze Hurricanes Matthew and Irma and estimate the  
24 reduction in CMH, days to restore, and storm restoration costs that were attributable to  
25 the storm hardening projects that were completed and in place at the time of the

1 hurricanes. This analysis was based mainly on the feeders that FPL knew had been  
2 hardened versus non-hardened at the times Hurricanes Matthew and Irma occurred, and  
3 included the distribution inspection and vegetation management that had been  
4 completed at the times Hurricanes Matthew and Irma occurred. OPC witness Kollen  
5 proposes something different.

6  
7 OPC witness Kollen proposes that FPL use the Storm Damage Model to model the  
8 future system with the proposed 2023 SPP programs in place for the entire 2023-2032  
9 SPP period to quantify the costs that could be avoided due to the SPP programs. The  
10 problem with this approach is that, beyond year one of the SPP (2023), the project level  
11 detail has not been determined; meaning FPL does not at this time know which specific  
12 projects will be completed each year or where they will be located for the entire 2023-  
13 2032 SPP period. The scope and location of the storm hardening projects used in the  
14 Storm Damage Model for each year of the SPP will have a significant impact on the  
15 results of the analysis. For example, if FPL assumes a storm hardening project in a  
16 densely populated urban area as opposed to a rural area, or vice versa, this could change  
17 the damage estimated by the Storm Damage Model. Also illustrative is the fact that  
18 the estimated length, number of poles, location, and accessibility of the laterals used in  
19 the model would change the damage estimated by the Storm Damage Model. Each of  
20 these factors, which cannot be reasonably predicted for the entire 2023-2032 SPP  
21 period, would impact the estimated CMH, days to restore, and storm restoration costs  
22 predicted by the Storm Damage Model. For these reasons, the Storm Damage Model  
23 does not readily lend itself to model future SPP programs as proposed by OPC witness  
24 Kollen.

25

1 Even assuming the Storm Damage Model was appropriate to provide an estimate of  
2 CMH, days to restore, and storm restoration costs for future SPP programs, FPL's  
3 Storm Damage Model is only used for major storms with a forecast track provided by  
4 the National Hurricane Center. Thus, the Model would not account for any other types  
5 of extreme weather conditions, as well as any associated reductions in restoration costs  
6 and outage times. Florida remains the most hurricane-prone state in the nation and,  
7 with the significant coast-line exposure of FPL's system and the fact that the vast  
8 majority of FPL's customers live within 20 miles of the coast, FPL's service area has  
9 a high probability of being impacted by multiple extreme weather events every year.  
10 Although no one is in a position to know for sure how frequently FPL's service area  
11 will be impacted by extreme weather conditions, the Storm Damage Model estimate of  
12 cumulative reductions in restoration costs and outage times associated with the SPP  
13 programs will be directly affected by frequency, strength, speed, and path of storms  
14 that impact FPL's service area. As required by the SPP Rule, FPL has provided a  
15 description of the benefits and estimated cost for all the programs in FPL's 2023 SPP,  
16 in some cases these benefits are qualitative and in others they are quantitative, as  
17 provided in Sections II and IV and Appendix A to Exhibit MJ-1.

18 **Q. Has FPL provided descriptions of how the programs included in its 2023 SPP will**  
19 **reduce restoration costs and outage times associated with extreme weather**  
20 **conditions?**

21 A. Yes. In compliance with Rules 25-6.030(3)(b) and 25-6.030(3)(d)(1), F.A.C., the  
22 benefits expected from the proposed SPP programs were provided in the following  
23 portions of FPL's 2023 SPP: Section II; the "Description of the Program and Benefits"  
24 included in each SPP program description in Section IV; and Appendix A of Exhibit  
25 MJ-1. The existing SPP programs have already demonstrated that they will both reduce

1 restoration costs and outage times associated with extreme weather conditions, and  
 2 were previously approved as part of the 2020 SPP. Although FPL has proposed limited  
 3 modifications to certain of these existing SPP programs, these modifications will  
 4 further improve these programs and implement best practices where applicable as  
 5 explained in my direct testimony and Exhibit MJ-1. And, OPC has not opposed or  
 6 challenged any of these limited modifications to the existing SPP programs.

7

8 The Commission can review the benefits of the SPP programs described in my direct  
 9 testimony and Exhibit MJ-1, together with the prioritization, feasibility, estimated  
 10 costs, and estimated rate impacts, and determine whether the programs included in the  
 11 2023 SPP are in the public interest.

12

13 **V. OPC'S CLAIM THAT ONLY NEW OR EXPANDED STORM HARDENING**  
 14 **PROGRAMS QUALIFY FOR INCLUSION IN THE SPP IS INAPPROPRIATE**

15 **~~Q.— On pages 13-15 of his direct testimony, OPC witness Kollen asserts that FPL has~~**  
 16 **~~included programs and projects that are within the scope of its existing base rate~~**  
 17 **~~programs and base rate recoveries in the normal course of business, and he~~**  
 18 **~~recommends that these programs and projects should be excluded from the SPPs.~~**  
 19 **Do you have a response?**

20 **~~A.— Yes. It appears that OPC witness Kollen is recommending that only new or expanded~~**  
 21 **~~storm hardening programs qualify for inclusion in the SPP, and that any programs that~~**  
 22 **~~have previously been recovered in base rates are not eligible to be included in the SPP.~~**  
 23 **~~Indeed, on page 7 of his testimony, OPC witness Kollen states that to be included in~~**  
 24 **~~the SPP, “the projects and the costs of the projects must be incremental, not simply~~**  
 25 **~~displacements of base rate costs that would have been incurred during the normal~~**



1 course of business.” OPC witness Kollen’s recommendation is misplaced for several  
2 reasons:

3  
4 ~~First, OPC witness Kollen is again attempting to re-litigate the Commission’s approval~~  
5 ~~of the SPP Rule and add a new requirement that is clearly not prescribed in either the~~  
6 ~~SPP Statute or SPP Rule. The SPP Statute and SPP Rule define the type of programs~~  
7 ~~eligible to be included in the SPP as programs for the overhead hardening and increased~~  
8 ~~resilience of T&D facilities, undergrounding of electric distribution facilities, and~~  
9 ~~vegetation management that will mitigate restoration costs and outage times due to~~  
10 ~~extreme weather events. Contrary to OPC witness Kollen’s assertion, there is nothing~~  
11 ~~in either the SPP Statute or SPP Rule that limit SPP programs to only new or expanded~~  
12 ~~storm hardening programs.~~

13  
14 ~~Second, OPC witness Kollen’s recommendation misconstrues and seeks to expand the~~  
15 ~~limitation in the SPP Statute and SPPCRC Rule that SPP costs cannot be recovered in~~  
16 ~~both base and clause rates. The SPP Statute provides that the “annual transmission and~~  
17 ~~distribution storm protection plan costs may not include costs recovered through the~~  
18 ~~public utility’s base rates.” See Section 366.96(8), F.S. Similarly, the SPPCRC Rule~~  
19 ~~provides that costs recoverable through the SPPCRC “shall not include costs recovered~~  
20 ~~through the utility’s base rates or any other cost recovery mechanisms.” See Rule 25-~~  
21 ~~6.031(6)(b), F.A.C. Simply stated, the limitation proscribed in the SPP Statute and~~  
22 ~~SPPCRC Rule ensures that there is no double recovery of SPP costs in both base and~~  
23 ~~clause rates. It does not limit SPP programs to only new or expanded storm hardening~~  
24 ~~programs that have not previously been recovered in base rates as suggested by OPC~~  
25 ~~witness Kollen.~~

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~~Third, the issue of whether SPP costs are incremental or being recovered in base rates is irrelevant to this SPP proceeding. As stated in Commission Order No. PSC-2020-0162 PCO EI in Docket No. 20200071 EI, this is an issue to be addressed in the SPPCRC proceedings. Relatedly, OPC witness Kollen's recommendation overlooks the fact that SPP costs can be recovered through either the SPPCRC or base rates—just not both. See Rule 25-6.031(8), F.A.C. (“Recovery of costs under this rule does not preclude a utility from proposing inclusion of unrecovered Storm Protection Plan implementation costs in base rates in a subsequent rate proceeding”).~~

~~Fourth, OPC witness Kollen's recommendation would lead to nonsensical results. Under OPC witness Kollen's approach, none of the pole inspection, vegetation management, transmission pole replacement, feeder hardening, or other long-standing storm hardening programs that existed prior to the effective date of the SPP Statute would be eligible to be included in the SPP unless they are expanded and, even then, only the costs associated with the expanded portion of those programs could be included in the SPP. See Direct Testimony of OPC witness Kollen, page 15. The flaw with this approach is that these programs have largely been in place since 2007 and approved as part of the Storm Hardening Plan, which has now been replaced with the SPP. Moreover, the existing eight SPP programs were approved in FPL's and former Gulf Power Company's (Gulf) 2020 SPPs. The purpose and policy of the SPP Statute is to mitigate restoration costs and outage times by encouraging the IOUs to continue and accelerate their storm hardening efforts by reducing regulatory lag and allowing the IOUs to recover the associated costs through an annual clause proceeding. OPC witness Kollen's new proposal, however, would defeat this legislative objective by~~

1        ~~disallowing longstanding and proven storm hardening measures from being included~~  
 2        ~~in the SPP.~~

3  
 4        ~~Finally, although OPC witness Kollen alleges on page 13 of his testimony that FPL~~  
 5        ~~included programs and projects in its 2023 SPP that are base rate programs recovered~~  
 6        ~~in base rates in the normal course of business, neither OPC witness identifies any~~  
 7        ~~specific FPL program that they believe are currently in FPL's base rates. While OPC~~  
 8        ~~may attempt to raise this as an issue in the SPPCRC proceeding, it is important to~~  
 9        ~~remember that, effective January 1, 2022, all SPP operations and maintenance expenses~~  
 10        ~~and capital expenditures, with the exception of the cost of removal for assets existing~~  
 11        ~~prior to 2021, have been recovered or will be requested for recovery through the~~  
 12        ~~SPPCRC and, therefore, are incremental to and not being recovered in base rates. See~~  
 13        ~~Direct Testimony of FPL witness Liz Fuentes filed in Docket No. 20210015 EI on~~  
 14        ~~March 12, 2021; see Direct Testimony of FPL witnesses Liz Fuentes and Michael Jarro~~  
 15        ~~filed in Docket No. 20200092 EI on July 24, 2020.~~

16  
 17        **VI. THE PROGRAMS AND PROJECTS INCLUDED IN FPL'S 2023 SPP ARE IN**  
 18        **THE PUBLIC INTEREST AND SHOULD BE APPROVED**

19        **A. OPC Essentially Agrees with Eight of the Nine Programs Included in**  
 20        **FPL's SPP**

21        **Q. You have stated that OPC essentially agrees with eight of the nine programs**  
 22        **included in FPL's 2023 SPP. Can you please explain how you arrived at that**  
 23        **conclusion?**

24        **A. Yes. As explained above, FPL's 2023 SPP includes a total of nine SPP programs:**  
 25        **eight existing programs included in the 2020 SPP approved by Commission Order No.**

1 PSC-2020-0293-AS-EI, and three new programs. OPC witness Mara proposes  
2 adjustments to two of the existing SPP programs: the existing Substation Storm  
3 Surge/Flood Mitigation Program and the existing Distribution Lateral Hardening  
4 Program. OPC witness Mara also opposes the

5 Transmission Access  
6 Enhancement Program. Therefore, OPC witness Mara essentially agrees that six out  
7 of the nine programs included in FPL's 2023 SPP should be approved as submitted.

8  
9 Further, with respect to the Substation Storm Surge/Flood Mitigation Program, OPC  
10 witness Mara does not oppose the program but, rather, asserts on pages 16-17 of his  
11 direct testimony that the Storm Surge/Flood Mitigation Program should exclude  
12 substations that have alternate feeds available and do not have a history of flooding.  
13 Therefore, OPC essentially agrees with FPL's proposed Substation Storm Surge/Flood  
14 Mitigation Program but recommends additional selection criteria be considered, which  
15 I will further address later in my testimony.

16  
17 Similarly, OPC witness Mara does not oppose the Distribution Lateral Hardening  
18 Program. Rather, OPC witness Mara recommends on pages 33-34 of his direct  
19 testimony that the annual budget for the Distribution Lateral Hardening Program be  
20 capped at \$606 million for the years 2025-2032. Therefore, OPC essentially agrees  
21 with FPL's proposed Distribution Lateral Hardening Program but recommends a  
22 reduction in the number of laterals that may be completed each year, which will delay  
23 when customers will receive the direct benefits of the Distribution Lateral Hardening  
24 Program. I will respond to OPC witness Mara's recommended adjustment below.

25

1 Based on the testimony of OPC witness Mara, it appears that OPC essentially agrees  
2 with eight out of the nine programs included in FPL's 2023 SPP. It further  
3 appears that the only truly contested programs are the three new programs proposed in  
4 FPL's 2023 SPP. I will respond to OPC criticisms of these new SPP programs below.

5

6 **B. OPC's Recommended Adjustment to the Storm Surge/Flood Mitigation**  
7 **Program is not Reasonable or Appropriate**

8 **Q. OPC witness Mara recommends adjustments to the Storm Surge/Flood**  
9 **Mitigation Program. Before responding to his specific recommendations, do you**  
10 **have any general observations about his proposal?**

11 A. Yes. OPC witness Mara's recommendations regarding FPL's Storm Surge/Flood  
12 Mitigation Program are inconsistent. On page 13 of his testimony, OPC witness Mara  
13 appears to recommend that the entire budget for the Storm Surge/Flood Mitigation  
14 Program should be rejected. However, on pages 16-18 of his testimony, OPC witness  
15 Mara recommends that substations with alternate feeds or no history of flooding should  
16 be excluded from the Storm Surge/Flood Mitigation Program. Notably, OPC witness  
17 Mara does not identify any specific substation that would be excluded by his proposal,  
18 nor does he explain or demonstrate how such exclusions would result in the elimination  
19 of the entire budget for the Storm Surge/Flood Mitigation Program.

20 **Q. Do you have a response to OPC witness Mara's recommendation that the entire**  
21 **budget for the Storm Surge/Flood Mitigation Program should be rejected?**

22 A. Yes. OPC witness Mara's recommendation overlooks that the Storm Surge/Flood  
23 Mitigation Program included in FPL's 2023 SPP is the same program that was included  
24 in FPL's 2020 SPP previously approved by Commission Order No. PSC-2020-0293-  
25 AS-EI. In the 2020 SPP, FPL originally projected it would complete the Storm

1 Surge/Flood Mitigation Program by 2022. However, as explained in my direct  
2 testimony and in Exhibit MJ-1, due to field conditions and permitting delays that were  
3 largely beyond FPL's control, FPL was unable to complete the storm surge/mitigation  
4 measures at all of the identified substations by year-end 2022 as originally projected.  
5 As a result, FPL is proposing to continue the program to address the remaining four  
6 substations originally identified in the 2020 SPP, which are currently expected to be  
7 completed by year-end 2024. FPL has not added new or additional substations to the  
8 Storm Surge/Flood Mitigation Program approved as part of the 2020 SPP. The new  
9 exclusions proposed by OPC witness Mara were not part of either the 2020 SPP or the  
10 2020 SPP Settlement that OPC joined. OPC witness Mara has not offered any reason  
11 why it was in the public interest to complete the storm surge/mitigation measures at  
12 these substations as part of the 2020 SPP, but not as part of the 2023 SPP.

13 **Q. Do you agree with OPC witness Mara's recommendation that substations with**  
14 **alternate feeds should be excluded from the Storm Surge/Flood Mitigation**  
15 **Program?**

16 A. No. Rather than installing measures to mitigate the potential for storm surge and flood  
17 at these four substations, OPC witness Mara recommends that any of these substations  
18 that have an alternative feed should be de-energized and the load served by the de-  
19 energized substation should be transferred to an adjacent substation via the alternate  
20 feed. OPC witness Mara's recommendation is not practical.

21  
22 All of the four substations identified for the Storm Surge/Flood Mitigation Program  
23 have alternative feeder ties to nearby substations. However, de-energizing one  
24 substation due to storm surge or flooding does not mean an adjacently tied substation  
25 can necessarily pick up and support the entire electric load from the de-energized

1           substation. For example, the St. Augustine Substation, which has an alternate feed,  
2           was de-energized during Hurricanes Matthew and Irma and the majority of the  
3           customers served by this substation experienced outages. Similarly, the South Daytona  
4           Substation, which has an alternate feed, was de-energized during Hurricane Irma and  
5           the majority of the customers served by this substation experienced outages. Further,  
6           OPC witness Mara overlooks that the mitigation measures under the Storm  
7           Surge/Flood Mitigation Program will not only reduce outages but will reduce  
8           restoration costs associated with the need to repair and replace substation equipment  
9           that is damaged due to storm surge or flooding following an extreme weather event.

10       **Q. Do you have a response to OPC witness Mara’s recommendation that substations**  
11       **with no history of flooding should be excluded from the Storm Surge/Flood**  
12       **Mitigation Program?**

13       A. Yes. All four substations remaining to be completed under the Storm Surge/Flood  
14       Mitigation Program have, in fact, experienced floods or storm surges in the past. Most  
15       recently, the flood alarm monitor went off at the Dumfoundling Substation during  
16       Tropical Cyclone One that impacted South Florida on June 2, 2022. With respect to  
17       future potential flooding at these substations, FPL explained in its response to OPC’s  
18       Fourth Set of Interrogatories No. 50(d), which is attached to my rebuttal testimony as  
19       Exhibit MJ-2, that each of the four substations remaining to be completed under the  
20       program has projected flood levels that are higher than the current elevation of these  
21       substations. Therefore, all four substations included in the Substation Storm  
22       Surge/Flood Mitigation Program as part of the 2023 SPP have had a history of flooding  
23       and remain susceptible to flooding.

24

1           **C.     OPC’s Recommended Adjustments to the Distribution Lateral**  
2           **Hardening Program are not Reasonable or Appropriate**

3   **Q.     Does OPC oppose the Distribution Lateral Hardening Program included in FPL’s**  
4   **2023 SPP?**

5   A.     No.   OPC witness Mara does not oppose FPL’s Distribution Lateral Hardening  
6     Program.  Rather, OPC witness Mara recommends a reduction in the annual budget for  
7     the Distribution Lateral Hardening Program, which will reduce the number of laterals  
8     to be completed each year and delay when customers will receive the direct benefits of  
9     the Distribution Lateral Hardening Program.

10 **Q.     In the 2023 SPP, FPL proposed to establish protocols for determining when a**  
11 **lateral may be evaluated for overhead hardening as opposed to being placed**  
12 **underground.  Does OPC oppose these new overhead hardening protocols?**

13 A.     No.  Although OPC witness Mara asserts on pages 29-30 of his testimony that the  
14     overhead program is vague and not well defined, he does not oppose any of the  
15     protocols proposed by FPL for evaluating when a lateral may be overhead hardened as  
16     opposed to being placed underground.  Rather, OPC witness Mara simply notes that  
17     the overhead hardening protocols appear similar to the standards used in FPL’s Feeder  
18     Hardening Program.  Notably, OPC does not oppose, criticize, or otherwise take any  
19     issue with FPL’s Feeder Hardening Program.

20 **Q.     On page 33 of his testimony, OPC witness Mara recommends that overhead**  
21 **hardened laterals and undergrounded laterals should be separated and tracked**  
22 **as two individual SPP programs.  Do you agree with his recommendation?**

23 A.     I do not agree that there should be separate overhead and underground lateral SPP  
24     programs.  The overhead protocols were established and incorporated into the  
25     Distribution Lateral Hardening Program pursuant to the 2020 SPP Settlement approved



1 by Commission Order No. PSC-2020-0293-AS-EI. FPL did not commit to create  
2 separate overhead and underground lateral programs. Moreover, the underground and  
3 overhead components of the Distribution Lateral Hardening Program are symbiotic,  
4 and the work will be part of the same overall lateral project. As explained in my direct  
5 testimony and Exhibit MJ-1, the selection and prioritization criteria for the Distribution  
6 Lateral Hardening Program ranks each feeder based on actual historical experience of  
7 all the overhead laterals on the feeder in order to address the worst performing circuits  
8 first. All laterals on the feeders are then hardened according to the ranking of each  
9 feeder. As explained in Exhibit MJ-1, constructing at the feeder level significantly  
10 improves the efficiency and timing of construction because all of the work takes place  
11 in the same location (feeder) on a set of laterals as opposed to being spread out over  
12 multiple individual laterals across the entire service area. It also allows for a more  
13 efficient design to reduce overall cable footage and the number of transformers needed  
14 to serve an area by interconnecting existing laterals and using alternate cable paths to  
15 reduce the total number of laterals in the area. When FPL performs the engineering  
16 evaluation of all laterals on a feeder, it will apply the overhead protocols to evaluate  
17 whether each lateral should be overhead hardened or converted to underground based  
18 on the actual field conditions and limitations at the time. Thus, the overhead and  
19 underground work is completed as part of a single conceptual design across all laterals  
20 on an entire feeder under the Distribution Lateral Hardening Program. To treat and  
21 separately manage the overhead hardening and underground lateral work as separate  
22 programs, as suggested by OPC witness Mara, would reduce efficiencies and increase  
23 costs. For these reasons, I believe it is appropriate and reasonable that the overhead  
24 protocols should be included and part of the overall Distribution Lateral Hardening  
25 Program and should not be a standalone SPP program.

1 **Q. On page 31 of his testimony, OPC witness Mara claims that the Distribution**  
2 **Lateral Hardening Program does not meet the requirements of the SPP Rule**  
3 **because FPL did not provide any estimate of the cost reductions to be realized**  
4 **from the program. Do you have a response?**

5 A. I disagree with OPC witness Mara. First, his claim that FPL did not provide cost  
6 reductions associated with the Distribution Lateral Hardening Program is a fallout of  
7 OPC's proposal that the Commission should adopt and apply a new cost benefit  
8 analysis requirement and new cost-effectiveness threshold for the SPP programs. As I  
9 explained above, OPC's proposed cost benefit analysis and new cost-effectiveness  
10 threshold should be rejected.

11  
12 Second, as I explained above, there is nothing in either the SPP Statute or SPP Rule  
13 that prescribes that the benefits of SPP programs must be quantified, and storm  
14 hardening is not a simple cost-effective calculation as suggested by OPC.

15  
16 Third, in compliance with Rules 25-6.030(3)(b) and 25-6.030(3)(d)(1), F.A.C., the  
17 benefits expected from the Distribution Lateral Hardening Program were provided in  
18 the following portions of FPL's 2023 SPP: Section II; Section IV(D)(1)(b); and  
19 Appendix A of Exhibit MJ-1. In fact, on page 31 of his testimony, OPC witness Mara  
20 relies on the 40-year net present value analysis of the reduction in storm restoration  
21 costs provided by FPL in Appendix A of Exhibit MJ-1. Further, on page 34 of his  
22 testimony, OPC witness Mara acknowledges that "[i]t is apparent from experiences in  
23 Florida that undergrounding and hardening poles will reduce outage costs and outage  
24 times."

25

1 Finally, OPC witness Mara does not propose that the Distribution Lateral Hardening  
2 Program be rejected; rather, he proposes an adjustment to the annual budget beginning  
3 in 2025. Either the Distribution Lateral Hardening Program meets the requirements of  
4 the SPP Rule and is eligible to be included in the SPP or it does not. OPC witness Mara  
5 cannot have it both ways.

6 **Q. Does OPC agree with FPL's prioritization and selection criteria for the**  
7 **Distribution Lateral Hardening Program?**

8 A. No. Although OPC does not take issue with any specific selection and prioritization  
9 criteria for the Distribution Lateral Hardening Program, OPC witness Mara nonetheless  
10 states on page 32 of his testimony that he does not agree with FPL's selection and  
11 prioritization methodology. Apparently, OPC witness Mara believes that FPL needs to  
12 do more so that lateral hardening and undergrounding and their associated benefits are  
13 spread to more customers and communities:

14 My point is that the dollars are concentrated such that only a few  
15 customers will see a reduction in customer outage minutes and enjoy  
16 the aesthetics and other benefits of an undergrounded system. The  
17 remaining customers only see a benefit cost ratio that is upside down  
18 meaning more costs than benefits.

19 This is a significant investment in a small portion of the system (one  
20 feeder) and in a single community. *There needs to be a mechanism*  
21 *to help spread the undergrounding and hardening to more*  
22 *communities, which is important since all customers will be*  
23 *contributing to the cost of undergrounding.*

24 See Direct Testimony of OPC witness Mara, pp. 32-33 (emphasis added). As I address  
25 later in my testimony, this statement is at odds with his recommendation of reducing  
26 the budget for the Distribution Lateral Hardening Program.

27

1 **Q. Please describe OPC's proposed adjustment to the Distribution Lateral**  
2 **Hardening Program.**

3 A. ~~Despite the many pages of OPC's testimony dedicated to recommending that the~~  
4 ~~Commission adopt and apply a new cost effectiveness test,~~ on pages 33-34 of his  
5 testimony OPC witness Mara recommends a qualitative adjustment to the annual  
6 budget for the Distribution Lateral Hardening Program starting in 2025 and continuing  
7 through 2032. Specifically, OPC witness Mara recommends that the annual budget for  
8 the Distribution Lateral Hardening Program be capped at \$606 million per year for the  
9 years 2025 to 2032, which results in a total ten-year budget reduction of approximately  
10 \$3.4 billion.

11 **Q. Does OPC witness Mara describe how he calculated his proposed reduction to the**  
12 **Distribution Lateral Hardening Program budget?**

13 A. No. His adjustment appears to be completely qualitative and, together with his other  
14 proposed adjustments, is simply intended to reduce the ten-year capital cost per  
15 customer to remain similar to the ten-year capital cost per customer for the combined  
16 FPL and Gulf's 2020 SPPs. See Direct Testimony of OPC witness Mara, pp. 13 and  
17 34.

18 **Q. Do you agree with OPC witness Mara's proposed adjustment to the Distribution**  
19 **Lateral Hardening Program budget?**

20 A. No, I disagree for multiple reasons. It is important to understand OPC witness Mara's  
21 proposed adjustment will reduce the number of laterals to be completed each year and  
22 delay when customers will receive the direct benefits of the Distribution Lateral  
23 Hardening Program. This adjustment directly contradicts his position on pages 32-33  
24 that FPL needs to expand its efforts so that lateral hardening and undergrounding, and  
25 their associated benefits, are spread to more customers and communities.

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Although OPC witness Mara apparently seeks to simply maintain the status quo, he overlooks that the Distribution Lateral Hardening Program was initially deployed as a limited pilot, which was continued through 2022 as OPC agreed in the 2020 SPP Settlement. As part of the 2023 SPP, FPL is seeking to deploy the Distribution Lateral Hardening Program as a full-scale permanent SPP program and, as such, is ramping up the program in order to provide the benefits of underground lateral hardening throughout its system, including in the former Gulf service area. I note that OPC does not object to the Distribution Lateral Hardening Program becoming a permanent SPP program.

FPL's Distribution Lateral Hardening Program was designed to achieve the objectives and goals of the SPP Statute. Therein, the Florida Legislature expressly found that "[i]t is in the state's interest to strengthen electric utility infrastructure to withstand extreme weather conditions by promoting the overhead hardening of electrical transmission and distribution facilities, the undergrounding of certain electrical distribution lines, and vegetation management" and "[p]rotecting and strengthening transmission and distribution electric utility infrastructure from extreme weather conditions can effectively reduce restoration costs and outage times to customers." See Sections 366.96(1)(c), (d), F.S. FPL's underground lateral program is an impactful and crucial tool to achieve these legislative objectives and is appropriately designed to address the worst performing circuits and areas first based on actual historical experience. Indeed,

1 as shown in FPL's Hurricane Irma Forensic Report, underground laterals performed  
2 6.6 times (85%) better during Hurricane Irma than overhead laterals.<sup>1</sup>

3  
4 The ramp up in the number of laterals to be completed each year under the Distribution  
5 Lateral Hardening Program is due primarily to the inclusion of the former Gulf service  
6 area and the significant number of laterals that remain to be hardened, the strong local  
7 support and interest in the program, as well as the addition of the Management Region  
8 selection approach in 2025 as explained in my direct testimony and Exhibit MJ-1.  
9 Notably, the OPC does not criticize or challenge the proposed addition of the  
10 Management Region selection approach.

11  
12 The annual budget for the Distribution Lateral Hardening Program is a product of the  
13 number of estimated projects to be completed throughout FPL's system as provided in  
14 Appendix C to Exhibit MJ-1. Although all customers indirectly benefit from overhead  
15 hardened and underground laterals through reduced restoration costs, the direct benefits  
16 for customers of overhead hardened and underground laterals, including both reduced  
17 outage times and aesthetics (as recognized by OPC witness Mara on page 32 of his  
18 testimony), will be facilitated and realized more quickly through the expanded number  
19 of underground projects contemplated by FPL's SPP. How fast and how many lateral  
20 projects are completed under the Distribution Lateral Hardening Program, and how  
21 quickly customers realize the direct and indirect benefits therefrom, is ultimately a  
22 regulatory decision for the Commission to be made in the context of the policy and  
23 objectives of the SPP Statute.

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<sup>1</sup> Refer to Page 7 of FPL's Hurricane Irma Forensic Report in Docket No. 20180049, which is available at:  
<http://www.psc.state.fl.us/library/filings/2019/05615-2019/Support/Exhibit%2036/POD%20No.%202/20180049%20-%20OPC's%201st%20POD%20No.%202%20-%20Attachment%20No.%201.pdf>

1           **D. FPL’s New Transmission Access Enhancement Program is Consistent**  
2           **with the Objectives of the SPP Statute and Should be Approved**

3       **Q. Does the OPC agree with FPL’s proposal to add the new Transmission Access**  
4       **Enhancement Program to the 2023 SPP?**

5       A. No. On pages 26-29 of his testimony, OPC witness Mara contends that maintenance  
6       of bridges, roads, and culverts are ordinary base rate activities and FPL failed to  
7       demonstrate how its proposed Transmission Access Enhancement Program will meet  
8       the objectives of the SPP statute to reduce restoration costs and outage times associated  
9       with extreme weather events.

10      **Q. Do you agree that projects to be completed under the Transmission Access**  
11      **Enhancement Program should be maintained as part of FPL’s ordinary base rate**  
12      **activities?**

13      A. No. OPC witness Mara appears to misunderstand the scope and purpose of the  
14      Transmission Access Enhancement Program. FPL is not proposing to simply maintain  
15      roads, rights of way, bridges, and culverts for purposes of accessing transmission  
16      facilities for day-to-day maintenance and vegetation management activities, which  
17      activities are typically scheduled and conducted during drier times of the year and  
18      within the existing transmission rights-of-way. Rather, as explained in my direct  
19      testimony and Exhibit MJ-1, the purpose of the Transmission Access Enhancement  
20      Program is to ensure that FPL has access to its transmission facilities following an  
21      extreme weather event by targeting and addressing areas that become inaccessible due  
22      to flooding or saturated soils. Notably, the peak of the Atlantic Hurricane Season  
23      coincides with Florida’s wet season when increased rainfall will exacerbate the  
24      inaccessibility of many of these low-lying, saturated, and wetland areas. As explained  
25      in my direct testimony and Exhibit MJ-1, and as acknowledged by OPC witness Mara

1 on page 27 of his testimony, these low-lying areas may not be accessible following an  
2 extreme weather event without specialized equipment and vehicles, which has limited  
3 availability during and immediately following storm events.

4 **Q. Do you have a response to OPC witness Mara's contention on pages 27-28 of his**  
5 **testimony that FPL did not demonstrate that the Transmission Access**  
6 **Enhancement Program will reduce restoration costs and outage times associated**  
7 **with extreme weather events?**

8 A. Yes. OPC witness Mara's argument is, again, a fallout of OPC's proposal that the  
9 Commission should adopt and apply a new cost benefit analysis requirement and new  
10 cost-effectiveness threshold for the SPP programs. As I explained above, OPC's  
11 proposed new criteria and standards to review the SPPs are contrary to the requirements  
12 of both the SPP Statute and SPP Rule and should be rejected.

13

14 My direct testimony and Section IV(K)(1) of Exhibit MJ-1 explained that the  
15 Transmission Access Enhancement Program will ensure that FPL and its contractors  
16 have access to FPL's transmission facilities following an extreme weather event, which  
17 will reduce the need and associated costs for specialized equipment and will help  
18 expedite restoration activities and thereby reduce customer outage times. Importantly,  
19 a transmission-related outage can result in an outage affecting tens of thousands of  
20 customers and may cause a cascading event that could result in loss of service for  
21 hundreds of thousands of customers. The Transmission Access Enhancement Program  
22 will allow FPL and its contractors to quickly address such outages following an extreme  
23 weather event, which would result in a reduction of outage times for tens of thousands  
24 to hundreds of thousands of customers following an extreme weather event.



1 **Q. Do you have any other observations regarding OPC's opposition to the**  
2 **Transmission Access Enhancement Program?**

3 A. Yes. OPC witness Mara appears to overlook that the Commission's SPP Rule defines  
4 a storm protection project to include enhancement of T&D areas and not just the T&D  
5 facilities themselves: "a specific activity within a storm protection program designed  
6 for the enhancement of an identified portion *or area of existing electric or distribution*  
7 *facilities* for the purpose of reduction restoration costs and reduction outage times  
8 associated with extreme weather conditions therefore improving overall service  
9 reliability." See Rule 25-6.030(2)(b), F.A.C. (emphasis added). I also note that FPL's  
10 proposed program was modeled after the Transmission Access Enhancement Program  
11 included in Tampa Electric Company's ("TECO") 2020-2029 SPP that was previously  
12 agreed to in a Stipulation and Settlement Agreement, which OPC joined, that was  
13 approved by Commission Order No. PSC-2020-0293-AS-EI.<sup>2</sup>

14 **Q. On page 27 of his testimony, OPC witness Mara states that, as an alternative, FPL**  
15 **should consider simply purchasing the specialized equipment necessary to access**  
16 **its transmission facilities located in low-lying and saturated areas following an**  
17 **extreme weather event. Do you have a response to his alternative proposal?**

18 A. Yes. FPL has evaluated large tire equipment used in other industries. However, FPL  
19 has not been able to locate large tire vehicles readily available for purchase that are  
20 capable of working within Florida's unique topography, terrain, and hydrology while  
21 still meeting the necessary technical loading and reach specifications required to  
22 perform transmission line restoration work following an extreme weather event.  
23 Although floating equipment, such as barges, are utilized for construction of

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<sup>2</sup> FPL acknowledges that, despite agreeing to the program in the TECO 2020-2029 SPP, OPC witness Mara filed testimony in Docket No. 20220048-EI opposing the continuation of TECO's previously approved Transmission Enhancement Program.

1 transmission line river crossings, this floating equipment cannot be used to access the  
2 low-lying and saturated areas to be addressed by the Transmission Access  
3 Enhancement Program.

4  
5 Even if this specialized equipment was readily available on the market for purchase,  
6 FPL would need a large fleet of specialized equipment because the Company's service  
7 area encompasses more than 35,000 square miles across 43 counties with more than  
8 9,000 miles of transmission lines. Purchasing a large fleet of specialty vehicles would  
9 also require ongoing specialized maintenance and specialized resources trained and  
10 familiar with operating and maintaining the specialized equipment. Lastly, external  
11 resources that perform restoration work following an extreme weather event may not  
12 be able to utilize the specialized equipment, resulting in potential delays to restoration  
13 of transmission structures and equipment.

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**Q. Does this conclude your rebuttal testimony?**

A. Yes.

1 CHAIRMAN FAY: And then I presume for, Mr.  
2 Wright, for the, just to make sure, the other  
3 witnesses, you will be able to do the same, just  
4 kind of in an efficient manner, same context?

5 MR. WRIGHT: That's my goal.

6 CHAIRMAN FAY: Perfect. Okay. Great, then.

7 Ms. Morse, you are recognized for any  
8 proffered cross.

9 MS. MORSE: Thank you, Mr. Chair. I don't  
10 have any proffered cross right now.

11 CHAIRMAN FAY: Okay. Great. Thank you.

12 With that, then, I believe we can excuse the  
13 witness unless we have anything else, legal? No.

14 With that, Mr. Jarro, you are excused?

15 THE WITNESS: Thank you.

16 (Witness excused.)

17 CHAIRMAN FAY: FPL, you are recognized to call  
18 your next witness.

19 MR. WRIGHT: Thank you.

20 FPL calls Ms. Fuentes.

21 Whereupon,

22 LIZ FUENTES

23 was called as a witness, having been previously duly  
24 sworn to speak the truth, the whole truth, and nothing  
25 but the truth, was examined and testified as follows:

1

## EXAMINATION

2 BY MR. WRIGHT:

3 Q Good afternoon, good morning, Ms. Fuentes.

4 A Good morning.

5 Q You recall you were sworn on August 2nd?

6 A Yes.

7 Q And you remain under oath, you understand?

8 A Yes.

9 Q Can you please state your name and your  
10 business address?11 A My name is Liz Fuentes, and my business  
12 address is 4200 West Flagler Street, Miami, Florida,  
13 33134.14 Q And who is your employer and in what capacity  
15 are you employed?16 A I am employed by Florida Power & Light as the  
17 Senior Director of Regulatory Accounting.18 Q And have you prepared and caused to be filed  
19 seven pages of rebuttal testimony in this proceeding?

20 A Yes.

21 Q Is it and on August 1st, did you cause an he  
22 rattle a to be filed to correct your rebuttal testimony?

23 A Yes.

24 Q Can you briefly supervise rise the correction  
25 made by the errata filed on August 1st?

1           A     Sure.

2                   The errata struck my testimony in response to  
3 portions of OPC Witness Kollen's testimony which was  
4 stricken.

5           **Q     Do you have any additional corrections to your**  
6 **rebuttal testimony?**

7           A     No.

8                   MR. WRIGHT:  Chairman, I would note that the  
9 errata filed on August 1st struck Ms. Fuentes'  
10 rebuttal testimony in its entirety, and as such,  
11 there is nothing to be inserted into the  
12 non-proffered record as though read.

13                   However, in response to OPC's proffer of  
14 Witness Kollen's testimony, and for purposes of  
15 preserving a proffered record for reconsideration  
16 -- I am sorry for appellate review, FPL moves to  
17 proffer Ms. Fuentes' prefiled rebuttal testimony as  
18 originally filed on June 21.

19                   For clarity, this prefiled rebuttal testimony  
20 was included in document number 04177-2022 in  
21 Docket No. 20220051, which includes those -- which  
22 includes the unredacted portion of Ms. Fuentes'  
23 rebuttal testimony that responded to the portions  
24 of OPC Witness Kollen's testimony that were  
25 stricken by Order No. -- by Commissioner La Rosa --

1 Commissioner La Rosa's order PSC-2022-0292.

2 We ask that Ms. Fuentes' prefiled rebuttal  
3 testimony as originally filed on June 21st be  
4 included in the proffered record as though read.

5 CHAIRMAN FAY: Show that proffered.

6 (Whereupon, prefiled rebuttal proffered  
7 testimony of Liz Fuentes was inserted.)

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**ATTACHMENT 1**

**Florida Power & Light Company  
Docket No. 20220051-EI**

**Rebuttal Testimony of Liz Fuentes  
Corrected by Errata Filed August 1, 2022 (REDLINE)**

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **DOCKET NO. 20220051-EI**

3  
4 **FLORIDA POWER & LIGHT COMPANY**

5 **2023-2032 STORM PROTECTION PLAN**

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9 **REBUTTAL TESTIMONY OF**

10 **LIZ FUENTES**

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25 **Filed: June 21, 2022**

1 ~~Q. — Please state your name and business address.~~

2 ~~A. — My name is Liz Fuentes. My business address is Florida Power & Light Company,~~  
3 ~~4200 West Flagler Street, Miami, Florida, 33134.~~

4 ~~Q. — By whom are you employed and what is your position?~~

5 ~~A. — I am employed by Florida Power & Light Company (“FPL” or the “Company”) as~~  
6 ~~Senior Director, Regulatory Accounting.~~

7 ~~Q. — Please describe your duties and responsibilities in that position.~~

8 ~~A. — I am responsible for planning, guidance, and management of most regulatory~~  
9 ~~accounting activities for FPL and Pivotal Utility Holdings, Inc. d/b/a Florida City Gas.~~  
10 ~~In this role, I ensure that the financial books and records comply with multi-~~  
11 ~~jurisdictional regulatory accounting requirements and regulations.~~

12 ~~Q. — Please describe your educational background and professional experience.~~

13 ~~A. — I graduated from the University of Florida in 1999 with a Bachelor of Science Degree~~  
14 ~~in Accounting. That same year, I was employed by FPL. During my tenure at the~~  
15 ~~Company, I have held various accounting and regulatory positions of increasing~~  
16 ~~responsibility with most of my career focused in regulatory accounting and the~~  
17 ~~calculation of revenue requirements. Specifically, I have filed testimony or provided~~  
18 ~~accounting support in multiple FPL retail base rate filings, clause filings, and other~~  
19 ~~regulatory dockets filed at the Florida Public Service Commission (“FPSC” or the~~  
20 ~~“Commission”) as well as the Federal Energy Regulatory Commission (“FERC”).~~  
21 ~~Most recently, I filed testimony in the Florida City Gas base rate case filing. My~~  
22 ~~responsibilities have included the management of the accounting for FPL’s cost~~  
23 ~~recovery clauses and the preparation, review, and filing of FPL’s monthly Earnings~~  
24 ~~Surveillance Reports at the FPSC. I am a Certified Public Accountant (“CPA”)~~



1 licensed in the Commonwealth of Virginia and member of the American Institute of  
2 CPAs.

3 **~~Q. Did you previously submit direct testimony in this docket?~~**

4 ~~A. No, I did not.~~

5 **~~Q. What is the purpose of your rebuttal testimony?~~**

6 ~~A. The purpose of my rebuttal testimony is to respond to recommendations provided in~~  
7 ~~the direct testimony of Office of Public Counsel (“OPC”) witness Lane Kollen in regard~~  
8 ~~to the calculation of revenue requirements reflected in FPL’s 2023-2032 Storm~~  
9 ~~Protection Plan (“2023 SPP”) submitted as Exhibit MJ-1 and as corrected by the Notice~~  
10 ~~of Filing a Revised Appendix E to Exhibit MJ-1 filed on May 6, 2022. Specifically, I~~  
11 ~~explain that FPL’s revenue requirement calculations reflected in its 2023 SPP are~~  
12 ~~reasonable estimates consistent with the revenue requirement calculations presented in~~  
13 ~~FPL’s approved 2020-2029 SPP and are not meant to be precise calculations to be~~  
14 ~~relied upon to set rates. In addition, I also explain why multiple recommendations by~~  
15 ~~OPC witness Kollen to modify FPL’s revenue requirement calculations should be~~  
16 ~~rejected.~~

17 **~~Q. Before addressing the specific issues and recommendations raised by OPC, do you~~**  
18 **~~have any general observations regarding the revenue requirements reflected in~~**  
19 **~~FPL’s 2023 SPP?~~**

20 ~~A. Yes, I do. OPC witness Kollen fails to recognize that the revenue requirement~~  
21 ~~calculations required under Rule 25-6.030, Storm Protection Plan, Florida~~  
22 ~~Administrative Code (“F.A.C.”) (the “SPP Rule”), are not intended to be precise~~  
23 ~~calculations used to set base rates or cost recovery clause rates. Instead, the revenue~~  
24 ~~requirements are estimates based on reasonable assumptions and the capital costs and~~  
25 ~~operating and maintenance expenses (“O&M”) presented in FPL’s 2023 SPP. In~~

1 addition, the revenue requirements included in the 2023 SPP do not distinguish whether  
2 SPP costs or expenses will be requested for recovery through base rates versus the SPP  
3 cost recovery clause (“SPPCRC”) nor are they required to under the SPP Rule. The  
4 costs and expenses included in FPL’s 2023 SPP, if approved as is, are not automatically  
5 included for recovery from customers. Rather, FPL must request recovery of SPP  
6 projects in either its SPPCRC filings or as part of a base rate filing prior to their  
7 inclusion in rates.

8 **Q. — Does the SPP Rule define or describe how the revenue requirements included in**  
9 **FPL’s 2023 SPP should be calculated?**

10 **A. —** No, it does not. Unlike the Commission prescribed templates/forms for the SPPCRC  
11 and environmental cost recovery clause filings, the SPP Rule only provides that the  
12 SPP must include an “estimate of the annual jurisdictional revenue requirements for  
13 each year of the Storm Protection Plan.” See Rule 25-6.030(3)(g), F.A.C. Consistent  
14 therewith, FPL has provided revenue requirement calculations based on reasonable  
15 assumptions in order to provide an *estimate* of the total costs and expenses associated  
16 with each of its SPP programs reflected in its 2023 SPP, which are not solely based on  
17 the incremental costs for each of FPL’s SPP programs. The revenue requirement  
18 calculations reflected in FPL’s 2023 SPP are consistent with the revenue requirements  
19 reflected in FPL’s 2020-2029 SPP filing, which was approved by the Commission in  
20 Order No. PSC-2020-0293-AS-EI. In addition, OPC witness Kollen’s references to  
21 Rule 25-6.031 F.A.C., Storm Protection Plan Cost Recovery Clause (the “SPPCRC  
22 Rule”) and negotiated settlement agreements as to what should be reflected in FPL’s  
23 revenue requirement calculations are irrelevant and should be ignored.

24 **Q. — OPC witness Kollen recommends on pages 21-22 of his testimony that the revenue**  
25 **requirements reflected in FPL’s 2023 SPP should reflect O&M savings and**

1 ~~reductions in depreciation expense from retired plant resulting from its SPP~~  
2 ~~projects. Do you agree both items should be incorporated into the calculation of~~  
3 ~~revenue requirements in FPL's 2023 SPP?~~

4 ~~A. No. First, the SPP Rule does not require FPL to incorporate any O&M savings or~~  
5 ~~reduction in depreciation expense in its calculation of revenue requirements in its SPP~~  
6 ~~filings. Second, as previously discussed, FPL's revenue requirements represent~~  
7 ~~reasonable estimates based on the costs and expenses for the SPP programs reflected~~  
8 ~~in FPL's 2023 SPP and are not used for ratemaking purposes. Rather, the actual SPP~~  
9 ~~costs, and associated revenue requirements and rates, are reviewed and set in the~~  
10 ~~applicable SPPCRC or base rate proceedings, which would include any O&M savings~~  
11 ~~or reductions to depreciation expense resulting from retired plant.~~

12 ~~Q. OPC witness Kollen states on page 22 of his testimony that FPL made an error in~~  
13 ~~its calculation of property taxes included in its revenue requirements. Do you~~  
14 ~~agree?~~

15 ~~A. No, FPL did not make an error. OPC witness Kollen is correct that property taxes are~~  
16 ~~typically evaluated based on property values from the prior year instead of the current~~  
17 ~~year. However, as mentioned above, FPL's calculation of revenue requirements in its~~  
18 ~~2023 SPP represents reasonable estimates and are not meant to be precise calculations~~  
19 ~~to be relied upon to set rates.~~

20 ~~Q. Starting on page 21 of his testimony, OPC witness Kollen states that FPL should~~  
21 ~~not have included a return on Construction Work in Progress ("CWIP") in the~~  
22 ~~calculation of its SPP revenue requirement calculations. Do you agree?~~

23 ~~A. No, I do not. OPC witness Kollen attempts to point to Section 366.96(9), Florida~~  
24 ~~Statute, and the SPPCRC Rule as a basis for what projects can and cannot earn a return,~~  
25 ~~which is improper and inconsistent with traditional ratemaking. The proper reference~~

1 for determining how CWIP earns a return is Rule 25-6.0141, Allowance for Funds Used  
2 During Construction, F.A.C., (the “AFUDC Rule”), which recognizes that a return on  
3 CWIP balances can be achieved in either of two ways. First, CWIP projects that meet  
4 the requirements set forth in section (2)(a) of the AFUDC Rule may accrue AFUDC.  
5 Second, in the event CWIP projects do not meet the requirements to accrue AFUDC  
6 under the AFUDC Rule, they are included in rate base. Since FPL’s SPP projects do  
7 not meet the requirements to accrue AFUDC under the AFUDC Rule, FPL has included  
8 CWIP associated with these projects in its calculation of revenue requirements in the  
9 2023 SPP. This treatment is consistent with the SPP projects previously presented for  
10 recovery through FPL’s SPPCRC and approved by the Commission.

11 ~~Q. — OPC witness Kollen recommends an alternative to a return on CWIP in rate base~~  
12 ~~by deferring the return as a miscellaneous deferred debit and including it for~~  
13 ~~recovery when the SPP project goes into service. Do you agree this is an~~  
14 ~~acceptable alternative?~~

15 ~~A. — No. First, this alternative is not consistent with the requirements set forth in the~~  
16 ~~AFUDC Rule and is an attempt by OPC to request that the Commission add additional~~  
17 ~~provisions to the SPP Rule outside of a rulemaking process. Second, from a ratemaking~~  
18 ~~perspective, OPC witness Kollen is essentially recommending accrual of AFUDC for~~  
19 ~~SPP projects; however, SPP projects do not qualify for accrual of AFUDC.~~

20 ~~Q. — On page 25 of his testimony, OPC witness Kollen attempts to make a connection~~  
21 ~~between a return on CWIP in rate base with prudence of SPP project costs. Do~~  
22 ~~you agree with this connection?~~

23 ~~A. — No. As I previously discussed, the basis for whether a project in CWIP should earn a~~  
24 ~~return or not is based on the requirements set forth in the AFUDC Rule. It has nothing~~  
25 ~~to do with whether the costs of an SPP project are prudent or not. Prudence of the costs~~

1           ~~associated with FPL's SPP projects are determined by the Commission when they are~~  
2           ~~presented for recovery from customers in the annual SPPCRC proceeding or in a base~~  
3           ~~rate proceeding.~~

4           ~~Q. — Does this conclude your rebuttal testimony?~~

5           ~~A. — Yes.~~

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1 MR. WRIGHT: And we will waive a summary of  
2 the proffered testimony.

3 At this point, if -- unless there is cross on  
4 the proffered portion, I ask that Ms. Fuentes be  
5 excused.

6 CHAIRMAN FAY: Okay. Great, Ms. Morse you are  
7 recognized if you have any proffered cross on Ms.  
8 Fuentes.

9 MS. MORSE: Thank you, Mr. Chair. I do have  
10 proffered cross. Can I proceed?

11 CHAIRMAN FAY: Yes.

12 EXAMINATION

13 BY MS. MORSE:

14 Q Good morning, Ms. Fuentes.

15 A Good morning.

16 Q You testified you are a Certified Public  
17 Accountant in the Commonwealth of Virginia, correct?

18 A That's correct.

19 Q And you also testified you are responsible for  
20 managing most of the regulatory accounting activities  
21 for FPL, correct?

22 A That's correct.

23 Q So you make sure the financial books and  
24 records comply with the requirements, right?

25 A Yes.

1 Q And isn't it true that during your time  
2 working at FPL, you worked -- you have worked on things  
3 like base rate filings, and you have also managed  
4 accounting for cost recovery clauses?

5 A That's correct.

6 Q So regarding the SPP requirements, isn't it  
7 true that the SPP statute, which is Section 366.96, and  
8 specifically Subsection (4)(d), requires that, in its  
9 review of SPP plans, the Commission must consider the  
10 estimated annual customer rate impacts?

11 A That's correct.

12 Q Now, for general accounting purposes, the  
13 company's actual property tax expense is calculated  
14 based on a January 1 valuation each year meaning the  
15 current year, correct?

16 A That's correct.

17 Q So the company does not calculate its actual  
18 property tax expense based on the December 31 valuation  
19 of the property tax expense to the current year, does?

20 A That's correct. That's how we book it for  
21 actual purposes.

22 Q Okay. And so it follows that none of the  
23 plant in service additions during a year are included in  
24 that year's valuation for property tax expense, correct?

25 A That's correct. It's calculated -- it's used

1 for the next year's property tax calculation.

2 Q Okay. So it also means that for purposes of  
3 the SPP, then, if property taxes expense is calculated  
4 using an estimated year-end valuation each year, the  
5 result would be to overstate the estimated property tax  
6 expense included in the revenue requirement, right?

7 A That's correct. However, the calculations  
8 that we provided in this docket are estimates, and they  
9 will be trued up -- well, they will -- when we actually  
10 file for cost recovery, they will be based on the actual  
11 costs incurred and calculated properly.

12 Q Nonetheless, in the preparation of the  
13 calculation for the SPP, overstating the estimated --  
14 the property tax expense and the revenue requirement,  
15 it's an error, right?

16 A I wouldn't consider it an error. We used an  
17 assumption that we are required to provide estimated  
18 revenue requirement calculations, and we used an  
19 estimate to do so.

20 Q Excuse me, Ms. Fuentes, you are a member of  
21 the American Institute of CPAs, right, or AICPAS, right?

22 A Yes.

23 Q So the AICPA doesn't condone the intentional  
24 use of incorrect assumptions to calculate costs using  
25 forecasts, does it?



1           A     I don't know, but we are not using the  
2     calculations that I have provided testimony on to set  
3     rates. When we actually set rates, we will provide the  
4     correct calculations using the methodology that's  
5     appropriate.

6           Q     Thank you. Thank you, Ms. Fuentes. I don't  
7     have any further questions for you.

8           CHAIRMAN FAY: Okay. Great.

9           FIPUG.

10          MR. MOYLE: I have -- I have a few.

11   EXAMINATION

12          BY MR. MOYLE:

13          Q     Just to follow up on that. Couldn't you use  
14     historical data rather than assumptions on this property  
15     tax issue consistent with what Mr. Jarro was talking  
16     about with respect to historical information being  
17     better rather than assumptions?

18          A     Yes, you could. I mean, we use lots of  
19     assumptions in calculating the estimated revenue  
20     requirement calculations. So, yes, we could have used  
21     historical data.

22   There is lots of things that change throughout  
23     the years within the SPP plan. It's a 10-year plan.  
24     Lots of assumptions could change over that period. Any  
25     component, ROE, depreciation rates, project timing. So,

1 yes, we could use any sort of assumptions, but we feel  
2 that what we've presented is reasonable and in  
3 compliance with the rule.

4 Q And with respect to the costs that are part of  
5 your plan now, just to make sure I understand this  
6 property tax question, to the extent that you are using  
7 end of year values, if there is a project that costs \$10  
8 million and it starts on January 2nd of the calendar  
9 year, it takes you nine months to complete it, and then  
10 it's in the ground at \$10 million, say, in September,  
11 the law says that you value the property as of January  
12 1, correct?

13 A Correct.

14 Q And so it would be zero as of January 1 with  
15 respect to the \$10 million improvement?

16 A That's correct.

17 Q And then in September it would be, well, it's  
18 in the ground, it's 10 million. And you are saying you  
19 record it at 10 million on your books at the end of the  
20 year, so it would pick up that 10 million, correct?

21 A That's correct. That's how we reflected it in  
22 the revenue requirement calculation.

23 Q Okay. And then as -- in terms of the program  
24 cost, is that something that ratepayers are going to be  
25 asked to pay for that, you know, that value that is not

1    **zero as of January 1, but that's 10 million according to**  
2    **how you keep the books?**

3           A     Customers will be asked to pay the actual  
4    property tax recorded in our books and records, which  
5    will be recorded in accordance with what's required.

6           MR. MOYLE:   Okay.  Mr. Chair, when I was  
7    asking witness Jarro some questions on direct about  
8    impacts to ratepayers, he punted that question to  
9    this witness.  So I wanted to ask her about that,  
10   given Mr. Jarro couldn't, or didn't answer the  
11   questions about impacts to ratepayers.

12           CHAIRMAN FAY:  Yeah.  I mean, if you can ask  
13   the question based on the proffered testimony, then  
14   you are welcome to do so.

15   BY MR. MOYLE:

16           Q     **Well, let me start this way.  You didn't file**  
17   **direct testimony that had anything with respect to**  
18   **ratepayer impacts?**

19           A     No, I didn't file direct testimony in this  
20   case.

21           Q     **Okay.  And as we sit here today, do you have**  
22   **any information that you can share with respect to**  
23   **ratepayer impacts based on the storm protection plans**  
24   **that FPL has filed and is asking this commission to**  
25   **approve?**

1           A     No, I didn't do those calculations.

2                     I calculated the revenue requirements that  
3 went into the calculation of preparing rate  
4 calculations. The rate calculations were done by our  
5 rates department.

6           Q     And nobody from the rates department took the  
7 stand on direct either, did they?

8           A     That's correct. Although, we are not asking  
9 for any rate recovery in this proceeding.

10          Q     And a lot of witnesses have been asked whether  
11 they've read statutes and rules. Have you read the  
12 statutes --

13          A     Yes.

14          Q     -- and rules?

15                     And you are aware that the statutes and rules  
16 require the disclosure of impacts on customers, such as  
17 industrial customers that I represent in this  
18 proceeding, correct?

19          A     That's correct.

20          Q     Okay. And the same thing with residential  
21 customers, you have to separately state for residential  
22 customers what the impact will be?

23          A     Yes. That's correct.

24          Q     And commercial?

25          A     Yes.

1 MR. MOYLE: That's all I have. Thank you.

2 CHAIRMAN FAY: Great.

3 Ms. Eaton, anything from you?

4 MS. EATON: No questions.

5 CHAIRMAN FAY: Okay. With that, staff or  
6 Commissioners?

7 MR. IMIG: No questions.

8 CHAIRMAN FAY: Okay. With that, I don't see  
9 any exhibits. I presume there is no redirect.

10 MR. WRIGHT: No redirect and no exhibits for  
11 the proffered record.

12 CHAIRMAN FAY: Okay. With that, then this  
13 witness can be excused.

14 Ms. Fuentes, thank you.

15 THE WITNESS: Thank you.

16 (Witness excused.)

17 CHAIRMAN FAY: Okay. We will move -- and just  
18 to give everybody an idea, we will look to see how  
19 quickly we move through this, and if we continue up  
20 to lunch. If not, we will break for lunch and then  
21 come back and finish early this afternoon, but at  
22 this point, there might be a chance that we get  
23 through before lunch.

24 So with that, Mr. Bernier, you are recognized  
25 to call your --

1 MR. BERNIER: Thank you, Mr. Chairman.

2 I have discussed with Mr. Rehwinkel, and we've  
3 agreed that we are going to take Ms. Howe.

4 CHAIRMAN FAY: Yeah, Mr. Bernier, just real  
5 quick, we are going to take a real quick break for  
6 my colleagues and then we will be back. Thank you.

7 MR. BERNIER: No problem.

8 (Brief recess.)

9 (Transcript continues in sequence in Volume  
10 7.)

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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 12th day of August, 2022.



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DEBRA R. KRICK  
NOTARY PUBLIC  
COMMISSION #HH31926  
EXPIRES AUGUST 13, 2024