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BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20220010-EI

In re: Storm protection plan cost  
recovery clause.

\_\_\_\_\_ /

VOLUME 2  
PAGES 274 - 540

PROCEEDINGS: HEARING

COMMISSIONERS

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

DATE: Thursday, November 18, 2022

TIME: Commenced: 9:30 a.m.  
Concluded: 4:57 p.m.

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

REPORTED BY: DEBRA R. KRICK  
Court Reporter

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

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9 Company (FPUC).

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17 RICHARD GENTRY, PUBLIC COUNSEL; CHARLES J.  
18 REHWINKEL, DEPUTY PUBLIC COUNSEL; MARY A. WESSLING,  
19 PATRICIA A. CHRISTENSEN and STEPHANIE A. MORSE,  
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21 Legislature, 111 West Madison Street, Room 812,  
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23 the Citizens of the State of Florida (OPC).

24

25

1 APPEARANCES CONTINUED:

2 JON C. MOYLE, JR. and KAREN A. PUTNAL,  
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5 Industrial Users Group (FIPUG).

6 JAMES W. BREW and LAURA W. BAKER, Stone Law  
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10 Phosphate - White Springs (PCS).

11 PETER J. MATTHEIS, MICHAEL K. LAVANGA and  
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15 (NUCOR).

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19 1100 Bent Creek Boulevard, Suite 101, Mechanicsburg,  
20 Pennsylvania 17050, appearing on behalf of Walmart Inc.  
21 (Walmart).

22 SHAW STILLER, ESQUIRE, FPSC General Counsel's  
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24 32399-0850, appearing on behalf of the Florida Public  
25 Service Commission (Staff).

1 APPEARANCES CONTINUED:

2 KEITH C. HETRICK, GENERAL COUNSEL; MARY ANNE  
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4 Commission, 2540 Shumard Oak Boulevard, Tallahassee,  
5 Florida 32399-0850, Advisor to the Florida Public  
6 Service Commission.

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

2 (Transcript follows in sequence from Volume  
3 1.)

4 CHAIRMAN FAY: Mr. Stiller, next we will move  
5 on to exhibits.

6 MR. STILLER: Yes. Staff has compiled a  
7 comprehensive exhibit list, which includes the  
8 prefiled exhibits attached to the witnesses'  
9 testimony and discovery responses in this case.  
10 The list has been provided to the parties, the  
11 Commissioners and the court reporter. Staff  
12 requests that the list be marked as the first  
13 hearing exhibit and the other exhibits marked as  
14 set forth in the comprehensive exhibit list.

15 CHAIRMAN FAY: Okay. The exhibits are so  
16 marked.

17 (Whereupon, Exhibit Nos. 1-54 were marked for  
18 identification.)

19 MR. STILLER: Staff requests that the  
20 Comprehensive Exhibit List, marked as Exhibit 1, be  
21 entered into the record.

22 CHAIRMAN FAY: Okay. Without objection, show  
23 Exhibit 1 entered into the record.

24 (Whereupon, Exhibit No. 1 was received into  
25 evidence.)

1           MR. STILLER: And staff further requests that  
2           the exhibits associated with the stipulated  
3           witnesses be entered into the record at this time.  
4           Those exhibits would be Exhibits 2, 3 and 6, 7, 13  
5           through 28, 29 through 35, 36, 38 and 39 through  
6           54. The remaining exhibits will be addressed when  
7           the four witnesses testify.

8           CHAIRMAN FAY: Okay. Let me give the parties  
9           a moment just to make sure that we are validating  
10          what they have for each of their witness.

11          So just to make sure we get this right, Mr.  
12          Stiller, so Exhibits 2 and 3 and 6 for TECO witness  
13          Roche, 7 for FPUC witness Napier, 13 through 18 for  
14          FPL witness Deaton, 19 through 21 for Duke witness  
15          Menendez, Brong and Adams, 22 through 28 for OPC's  
16          witness Kollen, and then 29 through 35 for OPC's  
17          witness Mara, 36 for Walmart's witness Perry, and  
18          then 38 for Duke's witness Menendez, and finally 39  
19          through 54 as staff exhibits all to be stipulated,  
20          is that correct?

21          All right. Speak now or forever hold your  
22          peace. Okay. Here we go, so we will, without  
23          objection, move those exhibits into the record.

24          (Whereupon, Exhibit Nos. 2-3, 6-7, 13-28,  
25          29-35, 36, 38-54 were received into evidence.)



1           CHAIRMAN FAY: All right. Next we will move  
2 to opening statements.

3           So as stated in the prehearing order, we have  
4 set out five minutes for opening statements. We  
5 can go -- I will go through the parties as far as  
6 giving you some general idea of what order we will  
7 go in.

8           Do we have parties that are going to waive  
9 their opening statements and I will mark you off  
10 here?

11          MR. BRISCAR: Nucor will waive.

12          CHAIRMAN FAY: Okay. Anybody else?

13          MS. EATON: Walmart will wave in light of the  
14 Commission's vote on the stipulation.

15          CHAIRMAN FAY: Okay. Great. Thank you.

16          MS. EATON: Thank you.

17          MR. BREW: PCS waives.

18          CHAIRMAN FAY: Okay.

19          MS. KEATING: FPUC waives.

20          CHAIRMAN FAY: Okay.

21          MS. WESSLING: As far as OPC is concerned, if  
22 any of the other parties wanted to do openings,  
23 then we will just provide a briefing opening --

24          CHAIRMAN FAY: Okay.

25          MS. WESSLING: -- but if no one wants to, then

1 we will waive as well.

2 CHAIRMAN FAY: All right. With that, I have  
3 the utilities.

4 MR. WRIGHT: FPL waives in light of OPC's  
5 comments.

6 CHAIRMAN FAY: Okay.

7 MR. BERNIER: DEF will waive as well. Thank  
8 you.

9 MR. MEANS: Tampa Electric will waive as well.

10 CHAIRMAN FAY: Okay. No peer pressure, Mr.  
11 Moyle.

12 MR. MOYLE: No, I wanted to wait and hear what  
13 the utilities said, so I will waive as well.

14 CHAIRMAN FAY: Okay. I think we got  
15 everybody, then. Is there anybody we missed?

16 All right. With that, we will show opening  
17 statements waived. We will move on to witness  
18 testimony.

19 Let's go ahead and swear our -- I think we  
20 have four witnesses here. Let's go ahead and swear  
21 them in at this time. So if you will please stand.  
22 I count four. Great. Okay, perfect. Why am I  
23 counting more people? Oh, because we have got 01  
24 standing too.

25 So if you are part of the 10 docket, we will

1 swear you in there. So, okay, now we got those  
2 four.

3 (Whereupon, all witnesses were sworn in by  
4 Chairman Fay.)

5 CHAIRMAN FAY: Great. Okay. With that, we  
6 will move on to witnesses.

7 As stated before, you have three minutes  
8 provided for your summary. We will go in order of  
9 TECO, FPUC, FPL, Duke.

10 With that, we will start with TECO and have  
11 you call your witness.

12 MR. MEANS: Thank you, Mr. Chairman. We call  
13 David L. Plusquellic.

14 CHAIRMAN FAY: You notice how I made you  
15 pronounce his name, Mr. Means, and I did not  
16 attempt to do so.

17 MR. MEANS: And, Mr. Chairman, just a point of  
18 clarification. Are we doing direct and rebuttal  
19 separately as shown on the order of witnesses?

20 CHAIRMAN FAY: We were planning on doing them  
21 together.

22 MR. MEANS: Okay. We are prepared to do that  
23 if we need to.

24 CHAIRMAN FAY: Okay. Great. Thank you.

25 Whereupon,

1                                    DAVID L. PLUSQUELLIC

2        was called as a witness, having been previously duly  
3        sworn to speak the truth, the whole truth, and nothing  
4        but the truth, was examined and testified as follows:

5                                    EXAMINATION

6        BY MR. MEANS:

7                **Q        Mr. Plusquellic, can you please state your**  
8        **name for the record?**

9                A        Yeah. Good afternoon, David L. Plusquellic.

10              **Q        And were you previously sworn?**

11              A        Yes.

12              **Q        Who is your current employer, and what is your**  
13        **business address?**

14              A        Tampa Electric. 820 South 78th Street, Tampa,  
15        Florida, 33619.

16              **Q        And did you prepare and cause to be filed in**  
17        **this docket on April 1st, 2022, prepared direct**  
18        **testimony consisting of 18 pages?**

19              A        I did. Yes.

20              **Q        And do you have any of corrections to that**  
21        **testimony?**

22              A        No.

23              **Q        If I were to ask you the questions contained**  
24        **in your April 1st direct testimony today, would your**  
25        **answers be the same?**

1           A     Yes.

2                   MR. MEANS:  Mr. Chairman, Tampa Electric  
3           Company requests that the prepared direct testimony  
4           of Mr. David L. Plusquellic, dated April 1st, be  
5           inserted into the record as though read.

6                   CHAIRMAN FAY:  Okay.  Without objection, show  
7           it inserted as though read.

8                   (Whereupon, prefiled direct testimony of David  
9           L. Plusquellic was inserted.)

10

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**BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION**

**DOCKET NO. 20220010-EI**

**IN RE: STORM PROTECTION PLAN COST RECOVERY CLAUSE**

**TESTIMONY AND EXHIBIT**

**OF**

**DAVID L. PLUSQUELLIC**

**FILED: April 1, 2022**

1                                   **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2                                   **PREPARED DIRECT TESTIMONY**

3                                   **OF**

4                                   **DAVID L. PLUSQUELLIC**

5  
6   **Q.**   Please state your name, address, occupation and employer.

7  
8   **A.**   My name is David L. Plusquellic. I am employed by Tampa  
9           Electric Company ("Tampa Electric" or "company") as  
10          Director Storm Protection Programs and Support Services.  
11          My business address is 820 South 78th Street, Tampa, FL  
12          33619.

13  
14   **Q.**   Please describe your duties and responsibilities in that  
15          position.

16  
17   **A.**   My duties and responsibilities include the governance and  
18          oversight of Tampa Electric's Storm Protection Plan  
19          ("SPP" or "the Plan") development, implementation, and  
20          execution. This includes leading the development of the  
21          Plan, prioritization of projects within each of the  
22          programs, development of project and program costs and  
23          overall implementation and execution of the Plan.

24  
25   **Q.**   Please provide a brief outline of your educational

1 background and professional experience.

2

3 **A.** I graduated from Kent State University in June 1996 with  
4 a Bachelor's degree in Finance. In December of 2000, I  
5 graduated from the University of Akron with a Master of  
6 Business Administration specializing again in Finance. I  
7 have been employed at Tampa Electric since November of  
8 2019. Prior to joining Tampa Electric, I was employed at  
9 FirstEnergy from 1999 to 2018 in a variety of roles.  
10 During my 20 years, I progressed from an Analyst to a  
11 Director through roles covering financial reporting &  
12 analysis, business analytics, fossil fuel generation,  
13 renewable portfolio management, process & performance  
14 improvement, and Transmission & Distribution ("T&D")  
15 operations. For the final four years, I was a Director  
16 of Operations Support at Ohio Edison, one of the  
17 FirstEnergy T&D operating companies. Throughout the 19  
18 years, I played a leadership role in efforts that ranged  
19 from valuing businesses, entering into 20-year purchase  
20 agreements, evaluating and implementing storm process  
21 improvements, evaluating asset investments, and improving  
22 operational and safety performance. In 2020, I joined  
23 Tampa Electric as the Storm Protection Program Manager  
24 and was promoted in 2021 into my current position.

25



1 Q. What is the purpose of your testimony in this proceeding?

2

3 A. The purpose of my testimony is to present and support for  
4 Commission review and approval of the company's actual  
5 SPP costs and accomplishments incurred during the January  
6 through December 2021 period. My testimony will also  
7 provide the specific detail, when necessary, regarding  
8 variances that support Tampa Electric's actual January  
9 through December 2021 SPP costs.

10

11 Q. Did you prepare any exhibits in support of your  
12 testimony?

13

14 A. Yes. Exhibit No. DLP-1, entitled "Tampa Electric  
15 Company, 2021 Storm Protection Plan Accomplishments" was  
16 prepared under my direction and supervision.

17

18 Q. How is your testimony organized?

19

20 A. My testimony is organized by each of the company's SPP  
21 Programs, which includes a description of the program,  
22 describes the 2021 SPP accomplishments and includes any  
23 detail when necessary for the variances between the  
24 projected and actual January through December 2021 SPP  
25 costs.

1 Q. Will your testimony address these topics for each of the  
2 SPP Programs for which the company incurred costs in  
3 2021?

4  
5 A. Yes, my testimony is organized to cover all these topics  
6 for each of the eight programs in the company's SPP, in  
7 addition to the company's SPP Planning and Common  
8 expenditures.

9

#### 10 **Distribution Lateral Undergrounding**

11 Q. Please provide a description of the Distribution Lateral  
12 Undergrounding Program.

13

14 A. Tampa Electric's Distribution Lateral Undergrounding  
15 Program will convert existing overhead distribution  
16 lateral facilities to underground to increase the  
17 resiliency and reliability of the distribution system  
18 serving the company's customers.

19

20 Q. How many Distribution Lateral Underground projects were  
21 planned for 2021?

22

23 A. During the January to December 2021 period, Tampa  
24 Electric projected that there would be 520 projects  
25 planned for engineering and 205 projects planned for

1 construction.

2

3 **Q.** How many Distribution Lateral Underground projects did  
4 the company initiate and complete in 2021?

5

6 **A.** During the January to December 2021 period, Tampa  
7 Electric initiated 439 engineering projects and 78  
8 construction projects. The company completed 169  
9 engineering projects and 39 construction projects which  
10 is detailed in my Exhibit No. DLP-1.

11

12 **Q.** What was the cost variance in the Distribution Lateral  
13 Underground in 2021?

14

15 **A.** During the January to December 2021 period, the  
16 Distribution Lateral Underground program had a variance  
17 in revenue requirements of \$1,655,137 under budget.

18

19 **Q.** Can you explain why this project count is different and  
20 what contributed to the variance amount?

21

22 **A.** Yes, there were three main contributing factors that lead  
23 this program to be under budget during the January to  
24 December 2021 period. The first, and main, contributing  
25 factor was the initial availability of engineers that

1 were able to appropriately design overhead to underground  
2 conversion projects. Tampa Electric uses contractor  
3 partners to do this design work. The contractor partners  
4 took longer than projected to staff their design teams  
5 due to the much tighter job market being experienced.  
6 Then, once the design team was staffed, they needed to be  
7 trained on Tampa Electric's design criteria to ensure the  
8 standards required by the company would be met. The  
9 second contributing factor was the process of gaining  
10 customer easements, in addition to obtaining permits to  
11 support the overhead to underground conversion is taking  
12 much longer than originally projected. During 2021 and  
13 ending in early 2022, the company obtained the assistance  
14 of a consultant to help determine the most cost-effective  
15 way to mitigate this issue. The third contributing  
16 factor is the company experienced a slight delay in  
17 material due to the tightened supply chain market and  
18 processing of material to support this program. Tampa  
19 Electric initiated a separate warehouse to facilitate the  
20 necessary supporting material issue needed for this  
21 program. Originally, this program was a 100 percent  
22 capital only program. To support this needed separate  
23 warehouse, the company charges these separate and  
24 incremental warehousing costs as O&M to this program  
25 which is detailed on the company's Storm Protection Plan

1 Cost Recovery Clause True-up file (Form A-5, line 8 and  
2 Form A-4, line 8).

3  
4 **Transmission Asset Upgrades**

5 **Q.** Can you please provide a description of the Transmission  
6 Asset Upgrades Program?

7  
8 **A.** The Transmission Asset Upgrades Program will proactively  
9 and systematically replace the company's remaining wood  
10 transmission poles with non-wood material.

11  
12 **Q.** How many Transmission Asset Upgrade projects were planned  
13 for 2021?

14  
15 **A.** Tampa Electric projected that 46 projects would be  
16 initiated, consisting of 577 poles to be completed during  
17 the January to December 2021 period.

18  
19 **Q.** How many Transmission Asset Upgrade projects did the  
20 company complete in 2021?

21  
22 **A.** During the January to December 2021 period, Tampa  
23 Electric completed 32 projects that consisted of  
24 replacing 637 wood poles with non-wood structures which  
25 is detailed in my Exhibit No. DLP-1.

1 Q. What was the cost variance in the Transmission Asset  
2 Upgrades program in 2021?

3

4 A. During the January to December 2021 period, the  
5 Transmission Asset Upgrades program had a variance in  
6 revenue requirements of \$330,834 under budget.

7

8 **Substation Extreme Weather Hardening**

9 Q. Can you please provide a description of the Substation  
10 Extreme Weather Hardening Program?

11

12 A. This program will harden and protect the company's  
13 substation assets that are vulnerable to flooding or  
14 storm surge.

15

16 Q. How many Substation Extreme Weather Hardening projects  
17 were planned for 2021?

18

19 A. Tampa Electric proposed no projects during the January to  
20 December 2021 period, however the company did project and  
21 complete the Substation Extreme Weather Hardening Study.

22

23 Q. What was the cost variance in the Substation Extreme  
24 Weather Hardening program in 2021?

25

1     **A.**     During the January to December 2021 period, the Substation  
2             Extreme Weather Hardening program had a variance in  
3             revenue requirements of \$106,568 under budget. In the  
4             company's original SPP, Tampa Electric projected the  
5             Substation Extreme Weather Hardening Study to cost  
6             \$250,000 and was able to complete the study with a third-  
7             party vendor for \$143,432.

8

9     **Distribution Overhead Feeder Hardening**

10    **Q.**     Can you please provide a description of the Distribution  
11             Overhead Feeder Hardening Program?

12

13    **A.**     This program will include strategies to further enhance  
14             the resiliency and reliability of the distribution  
15             network by further hardening the grid to minimize  
16             interruptions and reduce customer outage counts during  
17             extreme weather events and abnormal system conditions.

18

19    **Q.**     How many Distribution Overhead Feeder Hardening projects  
20             were planned for 2021?

21

22    **A.**     Tampa Electric projected to complete 33 Distribution  
23             Overhead Feeder Hardening projects during the January to  
24             December 2021 period.

25

1    **Q.**    How many Distribution Overhead Feeder Hardening projects  
2           did the company complete in 2021?

3

4    **A.**    During the January to December 2021 period, Tampa  
5           Electric completed the design of 18 Distribution Overhead  
6           Feeder Hardening projects and installed/upgraded 1,222  
7           poles, 143 three-phase reclosers, 334 single-phase  
8           reclosers, and 737 fuse coordination replacements on 22  
9           distribution circuits which is detailed in my Exhibit No.  
10          DLP-1.

11

12   **Q.**    What was the cost variance in the Distribution Overhead  
13          Feeder Hardening program in 2021?

14

15   **A.**    During the January to December 2021 period, the  
16          Distribution Overhead Feeder Hardening program had a  
17          variance in revenue requirements of \$560,195 under  
18          budget. The variance was driven by completing less  
19          construction that was originally forecast.

20

21    **Transmission Access Enhancement**

22   **Q.**    Please provide a description of the Transmission Access  
23          Enhancement Program.

24

25   **A.**    This program will ensure the company always has access to



1 its transmission facilities so it can promptly restore  
2 its transmission system when outages occur.

3

4 **Q.** How many Transmission Access Enhancement projects were  
5 planned for 2021?

6

7 **A.** Tampa Electric projected to complete 18 Transmission  
8 Access Enhancement projects (seven (7) access roads and  
9 11 access bridges) to be engineered during the January to  
10 December 2021 period.

11

12 **Q.** How many Transmission Access Enhancement projects were  
13 engineered in 2021?

14

15 **A.** The company engineered 11 access roads and 13 access  
16 bridges as part of the Transmission Access Enhancement  
17 program during the January to December 2021 period.

18

19 **Q.** What was the cost variance in the Transmission Access  
20 Enhancement program in 2021?

21

22 **A.** During the January to December 2021 period, the  
23 Transmission Access Enhancement program had a variance in  
24 revenue requirements of \$12,581 under budget.

25

1 **Vegetation Management**

2 **Q.** Can you please provide a description of the Vegetation  
3 Management ("VM") Program?

4  
5 **A.** The VM Program consists of three existing legacy storm  
6 hardening VM activities and three new VM initiatives.  
7 The three existing legacy storm hardening VM activities  
8 include the following:

- 9 • Four-year distribution VM cycle (Planned)
- 10 • Two-year transmission VM cycle (Planned)
- 11 • Transmission VM Right of Way Maintenance (Planned)

12  
13 The three new VM initiatives are:

- 14 • Initiative 1: Supplemental Distribution Circuit VM
- 15 • Initiative 2: Mid-Cycle Distribution VM
- 16 • Initiative 3: 69 kV VM Reclamation

17  
18 **Q.** What level of Vegetation Management activity did the  
19 company project for each initiative during the period  
20 2021?

21  
22 **A.** For the January to December 2021 period, the company  
23 projected the following activities:

- 24 • Distribution VM: 1,560.0 miles
- 25 • Transmission VM: 530.0 miles

- 1           • Initiative 1:       510.2 miles
- 2           • Initiative 2:       243.1 miles
- 3           • Initiative 3:       27.0 miles

4

5   **Q.**   What level of Vegetation Management activity did the  
6       company complete for each initiative during 2021?

7

8   **A.**   For the January to December 2021 period, the company  
9       completed the following activities:

- 10           • Distribution VM: 1,627.7 miles
- 11           • Transmission VM: 523.4 miles
- 12           • Initiative 1:       508.0 miles
- 13           • Initiative 2:       212.5 miles
- 14           • Initiative 3:       6.5 miles

15

16   **Q.**   What was the cost variance in the Vegetation Management  
17       program in 2021?

18

19   **A.**   During the January to December 2021 period, the VM  
20       program had a variance in Operating and Maintenance  
21       ("O&M") costs of \$1,114,525 under budget.

22

23   **Q.**   Can you explain why these Vegetation Management  
24       completion amounts are different than the projected  
25       amount and what contributed to the variance amount?

1 **A.** Yes, the variance is made up of three amounts, Planned  
2 Distribution VM had a variance of \$406,080 under budget;  
3 Planned Transmission VM had a variance of \$511,406 under  
4 budget, and Right of Way Transmission VM had a variance  
5 of \$197,039 under budget.

6  
7 The Planned Distribution and Transmission were under  
8 budget largely due to the work being planned efficiently  
9 with overlapping construction projects and circuit load  
10 transfers/circuit reconfiguration which allowed the work  
11 to be completed at a lower cost than projected. For  
12 Right of Way Transmission VM, the company experienced a  
13 loss of the preferred herbicide contractor which led to a  
14 temporary period of reduced costs.

15  
16 **Infrastructure Inspections**

17 **Q.** Can you please provide a description of the  
18 Infrastructure Inspections Program?

19  
20 **A.** This SPP program involves the inspections performed on  
21 the company's T&D infrastructure including all wooden  
22 distribution and transmission poles, transmission  
23 structures and substations, as well as the audit of all  
24 joint use attachments.

25

1 **Q.** How many infrastructure inspection projects did the  
2 company project to complete in 2021?

3

4 **A.** Tampa Electric conducts thousands of inspections each  
5 year. The number of inspections by type planned for 2021  
6 were as follows:

7

8 Distribution: 2021

9

Wood Pole: 19,650

10

11

Transmission: 2021

12

Wood Pole: 215

13

Above Ground: 3,895

14

Aerial Infrared Patrol: Annually

15

Ground Patrol: Annually

16

Substations: Annually

17

18 **Q.** How many infrastructure inspection projects did the  
19 company complete in 2021?

20

21 **A.** Tampa Electric completed the following inspections by  
22 type in 2021:

23

24

Distribution: 2021

25

Wood Pole: 19,861

1	<u>Transmission:</u>	<u>2021</u>
2	Wood Pole/Groundline:	284
3	Above Ground:	3,886
4	Aerial Infrared Patrol:	Complete
5	Ground Patrol:	Complete
6	Substations:	Complete

7

8 **LEGACY STORM HARDENING INITIATIVES**9 **Q.** What are the legacy storm hardening initiatives?

10

11 **A.** These are storm hardening activities that were mandated  
 12 by the Commission as components of the company's prior  
 13 storm hardening plan.

14

15 **Q.** Are the legacy storm hardening initiatives the same for  
 16 the company's SPP as they were in the company's most  
 17 recent 2019-2021 three-year Storm Hardening Plan that was  
 18 approved by the Commission?

19

20 **A.** Yes, they are the same, but Tampa Electric extracted the  
 21 following legacy storm hardening initiatives to be  
 22 separate SPP Programs and transitioned the cost-recovery  
 23 for these through the SPPCRC:

24

25

- Four-year distribution vegetation management
- Two-year transmission vegetation management

- 1           • Transmission Right of Way vegetation management
- 2           • Distribution infrastructure inspections
- 3           • Transmission infrastructure inspections
- 4           • Transmission asset upgrades

5

6   **Q.**   What are the other legacy storm hardening initiatives  
7           that will not go through the SPPCRC?

8

9   **A.**   The other legacy storm hardening initiatives that will  
10           not go through the SPPCRC include the following:

- 11           • Unplanned distribution vegetation management
- 12           • Unplanned transmission vegetation management
- 13           • Geographic Information System
- 14           • Post-Storm Data Collection
- 15           • Outage Data - Overhead and Underground Systems
- 16           • Increased Coordination with Local Governments
- 17           • Collaborative Research
- 18           • Disaster Preparedness and Recovery Plan
- 19           • Distribution Wood Pole Replacements

20

21   **COMMON STORM PROTECTION PLAN ACTIVITIES AND COSTS**

22   **Q.**   Will you please provide a description of the Common  
23           Costs?

24

25   **A.**   Yes, the costs in the Common Costs category represent

1           those costs that cannot be attributed to a specific  
2           Program. They are an accumulation of incremental costs  
3           associated with developing, implementing, managing, and  
4           administering the SPP.

5

6       **Q.**    What type of costs are in the Common Costs category?

7

8       **A.**    The Common Costs reflect those SPP costs that cannot be  
9           assigned to a specific SPP program or those costs which  
10          bring benefits to the entire portfolio of SPP programs.  
11          Examples of this include incremental internal labor to  
12          support the administration of the SPP as a whole.

13

14       **Q.**    Does that conclude your testimony?

15

16       **A.**    Yes, it does.

17

18

19

20

21

22

23

24

25



1 BY MR. MEANS:

2 Q And, Mr. Plusquellic, did you include an  
3 exhibit labeled April 1st?

4 A Yes.

5 Q And was this exhibit prepared in your  
6 direction, supervision or control?

7 A Yes.

8 MR. MEANS: Mr. Chairman, I would like to note  
9 this exhibit was pre-identified on staff's  
10 comprehensive exhibit list as Exhibit 4.

11 CHAIRMAN FAY: Okay.

12 BY MR. MEANS:

13 Q And, Mr. Plusquellic, you did also prepare and  
14 cause to be filed in this docket on May 2nd, 2022,  
15 prepared direct testimony consisting of 37 pages?

16 A Yes.

17 Q And if I were to ask you the questions  
18 contained in your May 2nd prepared direct testimony  
19 today, would your answers be the same?

20 A Yes.

21 MR. MEANS: Mr. Chairman, we would ask that  
22 that May 2nd direct testimony be inserted into the  
23 record as though read.

24 CHAIRMAN FAY: Okay. Without objection, show  
25 it entered as though read.

1                   (Whereupon, prefiled direct testimony of David  
2 L. Plusquellic was inserted.)

3

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**BEFORE THE**  
**FLORIDA PUBLIC SERVICE COMMISSION**

**DOCKET NO. 20220010-EI**

**IN RE: STORM PROTECTION PLAN COST RECOVERY CLAUSE**

**TESTIMONY AND EXHIBIT**

**OF**

**DAVID L. PLUSQUELLIC**

**FILED: May 2, 2022**

1                   **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**2                                   **PREPARED DIRECT TESTIMONY**3   **OF**4   **DAVID L. PLUSQUELLIC**

5  
6  
7   **Q.**   Please state your name, address, occupation, and  
8           employer.

9  
10   **A.**   My name is David L. Plusquellic. I am employed by Tampa  
11           Electric Company ("Tampa Electric" or "company") as  
12           Storm Protection Program Manager. My business address  
13           is 820 South 78th Street, Tampa, FL 33619.

14  
15   **Q.**   Please describe your duties and responsibilities in that  
16           position.

17  
18   **A.**   My duties and responsibilities include the governance  
19           and oversight of Tampa Electric's Storm Protection Plan  
20           ("SPP" or "the Plan") development and implementation.  
21           This includes leading the development of the Plan,  
22           prioritization of projects within each of the programs,  
23           development of project and program costs and overall  
24           implementation of the Plan. My duties also include  
25           overseeing Tampa Electric's Fleet and Stores functions.

1   **Q.**   Please describe your educational background and  
2           professional experience.

3

4   **A.**   I graduated from Kent State University in June 1996 with  
5           a Bachelor's degree in Finance. In December of 2000, I  
6           graduated from the University of Akron with a Master of  
7           Business Administration specializing again in Finance.  
8           I have been employed at Tampa Electric since November of  
9           2019. Prior to joining Tampa Electric, I was employed  
10          at FirstEnergy from 1999 to 2018 in a variety of roles.  
11          During my 19 years, I progressed from an Analyst to a  
12          Director through roles covering financial reporting &  
13          analysis, business analytics, fossil fuel generation,  
14          renewable portfolio management, process & performance  
15          improvement, and Transmission & Distribution ("T&D")  
16          operations. For the final four years, I was a Director  
17          of Operations Support at Ohio Edison, one of the  
18          FirstEnergy T&D operating companies. Throughout the 19  
19          years, I played a leadership role in efforts that ranged  
20          from valuing businesses, entering into 20-year purchase  
21          agreements, evaluating and implementing storm process  
22          improvements, evaluating asset investments, and  
23          improving operational and safety performance.

24

25   **Q.**   What is the purpose of your direct testimony in this

1 proceeding?

2

3 **A.** The purpose of my direct testimony is to provide a  
4 description of each Storm Protection Plan ("SPP") Program  
5 and to provide the detailed listing of the associated SPP  
6 Projects and the activities that supports each SPP  
7 program. I will also provide an overview of how the  
8 projected Capital and Operating and Maintenance ("O&M")  
9 costs were developed.

10

11 **Q.** Are you sponsoring any exhibits in this proceeding?

12

13 **A.** Yes. I have prepared one exhibit entitled, "Exhibit of  
14 David L Plusquellic." It consists of eight documents and  
15 has been identified as Exhibit No. DLP-2, which contains  
16 the following documents:

17 • Document No. 1 provides Tampa Electric's  
18 Distribution Lateral Undergrounding Program's  
19 2022-2023 Project List and Summary of Costs.

20 • Document No. 2 provides Tampa Electric's  
21 Transmission Asset Upgrades Program's 2022-2023  
22 Project List and Summary of Costs.

23 • Document No. 3 provides Tampa Electric's  
24 Substation Extreme Weather Hardening Program's  
25 2022-2023 Project List and Summary of Costs.

- 1           • Document No. 4 provides Tampa Electric's  
2           Distribution Overhead Feeder Hardening Program's  
3           2022-2023 Project List and Summary of Costs.
- 4           • Document No. 5 provides Tampa Electric's  
5           Transmission Access Enhancement Program's 2022-  
6           2023 Project List and Summary of Costs.
- 7           • Document No. 6 provides Tampa Electric's  
8           Vegetation Management Program's 2022-2023  
9           Activities and Summary of Costs.
- 10          • Document No. 7 provides Tampa Electric's  
11          Infrastructure Inspections Program's 2022-2023  
12          Activities and Summary of Costs.
- 13          • Document No. 8 provides Tampa Electric's Common  
14          Storm Protection Plan 2022-2023 Activities and  
15          Summary of Costs.

16  
17   **Q.**   How is your testimony organized?

18  
19   **A.**   My testimony is organized by each of the company's SPP  
20   Programs, which includes a description of the program, a  
21   summary of the program's costs, and how project-level  
22   costs were developed.

23  
24   **Q.**   Will your testimony address these topics for each of the  
25   SPP Programs for which the company is seeking cost

1 recovery?

2

3 **A.** Yes, my testimony is organized to cover all these topics  
4 for each of the eight programs in the company's proposed  
5 SPP, in addition to the projected company's Storm  
6 Protection Plan Planning and Common expenditures.

7

8 **Q.** Will your testimony address how project-level costs were  
9 developed within each of the company's SPP Programs for  
10 which the company is seeking cost recovery?

11

12 **A.** Yes, my testimony will explain how the company developed  
13 the required Project-level details for the two years of  
14 the Plan for this Storm Protection Plan Cost Recovery  
15 Clause ("SPPCRC").

16

17 **Distribution Lateral Undergrounding**

18 **Q.** Please provide a description of the Distribution Lateral  
19 Undergrounding Program.

20

21 **A.** Tampa Electric's Distribution Lateral Undergrounding  
22 Program will convert existing overhead distribution  
23 lateral facilities to underground to increase the  
24 resiliency and reliability of the distribution system  
25 serving the company's customers.



1     **Q.**   How many Distribution Lateral Underground projects are  
2           planned for 2022 and 2023?

3

4     **A.**   Tampa Electric plans for the following activity in  
5           calendar years 2022 and 2023:

6           • During the period, January 1, 2022 to December 31,  
7           2022, there are 698 projects planned.

8           • During the period January 1, 2023 to December 31,  
9           2023, there are 399 projected projects planned.

10          This project detail is fully detailed in my Exhibit No.  
11          DLP-2, Document No. 1.

12

13     **Q.**   Are these project counts the same as what the company  
14           included in its 2022-2031 SPP that was filed on April 11,  
15           2022?

16

17     **A.**   No, the project counts in the company's SPP April 11,  
18           2022 filing, reflected 646 projects in 2022 and 399  
19           projects in 2023.

20

21     **Q.**   Would you explain why the project count is different for  
22           the year 2022?

23

24     **A.**   Yes, the company's actual completed project count is  
25           lagging the project count that was proposed in the April

1 11, 2022, filing. The difference in project counts also  
2 reflects a revised methodology and prioritization that  
3 was explained in my direct testimony that was filed on  
4 April 11, 2022, to support the company's 2022-2031 SPP.  
5 Lastly, the project counts reflect carryover of projects  
6 not completed in 2021 and the combination of these items  
7 drives the project count to be different for 2022 than  
8 what is reflected in this projection.

9  
10 **Q.** Would you explain the revised methodology and  
11 prioritization within this SPP Program?

12  
13 **A.** Yes, the company worked with 1898 & Co. to continue to  
14 prioritize all lateral lines utilizing a methodology that  
15 factors in the probability or likelihood of failure and  
16 the impact or consequence if a failure occurs during a  
17 major weather event. In the initial Distribution Lateral  
18 Undergrounding program, Tampa Electric evaluated projects  
19 (line segments) in between protection devices which means  
20 that one lateral would be broken up into any number of  
21 potential projects. The company learned early on in the  
22 implementation of the new Distribution Lateral  
23 Undergrounding program that this methodology was losing  
24 some construction efficiency gains along with creating  
25 some confusion with customers due to undergrounding

1 portions of neighborhoods. In the proposed 2022-2031  
2 SPP, the Distribution Lateral Undergrounding program's  
3 projects are grouped together as entire lateral portions  
4 which will improve construction efficiency and will  
5 improve customer satisfaction.

6  
7 **Q.** Do the new project counts reflect this revised  
8 prioritization and methodology?

9  
10 **A.** Yes, it does.

11  
12 **Q.** What are the total projected capital and O&M expenditures  
13 for this Program?

14  
15 **A.** Tampa Electric estimates the following capital and O&M  
16 expenditures for this program during calendar years 2022  
17 and 2023 as follows:

- 18 • During the period, January 1, 2022, to December 31,  
19 2022, actual/estimated capital expenditures are  
20 \$105.9 million and the actual/estimated O&M  
21 expenditures are \$0.2 million.
- 22 • During the period, January 1, 2023, to December 31,  
23 2023, estimated capital expenditures are \$104.5  
24 million and the estimated O&M expenditures are \$0.2  
25 million.

1 **Q.** How did you develop a cost estimate for each of these  
2 components?

3  
4 **A.** Project cost estimates are done in two phases.  
5 Initially, the prioritization model provides a cost  
6 estimate based on a set of assumptions. Those  
7 assumptions are based on internal historical data, an  
8 internal cost estimation tool, and information obtained  
9 from industry sources with experience in this type of  
10 work. The combined data set used for modelling  
11 represents the company's most current cost data for both  
12 unit rates and activity rates for each type of asset.  
13 This data was supplemented by project and cost  
14 information obtained from active and completed projects  
15 at the date of the analysis.

16  
17 As the projects are initiated, designed, fully scoped and  
18 materials are ordered, the Company and the contracted  
19 partners develop a more refined cost estimate.

20  
21 The company's 2022 and 2023 cost projections use the  
22 projected costs from the model for all new and  
23 uninitiated projects. For any active projects or  
24 projects that were part of the company's 2020 SPP plan,  
25 the more refined cost estimates from actual design work

1 are used.

2

3 **Q.** Does each project have its own unique cost estimate  
4 profile?

5

6 **A.** Yes, each project is assigned characteristics based on  
7 its location, the number of phases, the number of  
8 customers, and the number and type of assets that will  
9 need to be converted.

10

11 **Q.** Were the distribution undergrounding lateral conversion  
12 project's costs estimated using a single average that was  
13 then applied to all projects?

14

15 **A.** No, the company used the information described above to  
16 develop a cost estimate reflective of the unique  
17 characteristics, number and type of assets and number of  
18 customer services. This information was supplemented with  
19 some averages for specific activities or phases of a  
20 project.

21

22 **Q.** Were the same underlying cost assumptions used to develop  
23 the cost estimate for each project?

24

25 **A.** Yes, the company used the same methodology for all

1 modelled projects and the same methodology for all active  
2 projects.

3

4 **Q.** Can you explain how the cost assumptions were used to  
5 develop a cost estimate?

6

7 **A.** Yes, the number of each asset type would be multiplied by  
8 the activity or unit rate to determine a cost estimate  
9 for each asset type. The project-level estimate  
10 represents the sum of the estimates for each asset type.  
11 The activity rates include the external labor rates as  
12 well as materials. In addition, the company used actual  
13 project data from completed projects to estimate the cost  
14 of projects. The end result is an estimate based on both  
15 unique project characteristics, actual design estimates  
16 and average activity rates.

17

18 **Q.** How do the project characteristics such as number of  
19 customers, number of phases and location of existing  
20 assets factor into the cost estimates?

21

22 **A.** These characteristics directly affect the necessary  
23 volume of work, the number and types of assets within the  
24 project scope, and the activity rate that is used for the  
25 project-level cost estimate.

1 **Transmission Asset Upgrades**

2 **Q.** Can you please provide a description of the Transmission  
3 Asset Upgrades Program?

4  
5 **A.** The Transmission Asset Upgrades Program will proactively  
6 and systematically replace the company's remaining wood  
7 transmission poles with non-wood material.

8  
9 **Q.** How many Transmission Asset Upgrade projects are planned  
10 for 2022 and 2023?

11  
12 **A.** Tampa Electric plans for the following activity in  
13 calendar years 2022 and 2023:

14 • January 1, 2022, to December 31, 2022 - 48  
15 projects, consisting of 474 poles.

16 • January 1, 2023, to December 31, 2023 - 26  
17 projects, consisting of 463 poles.

18 This project detail is fully detailed in my Exhibit No.  
19 DLP-2, Document No. 2.

20  
21 **Q.** Are these project counts the same as what the company  
22 included in its 2022-2031 SPP that was filed on April 11,  
23 2022?

24  
25 **A.** No, the project counts in the company's SPP April 11,

1           2022, filing, reflected 37 projects in 2022 and 26  
2 projects in 2023.

3  
4     **Q.**    Would you explain why the project count is different for  
5 the year 2022?

6  
7     **A.**    Yes, Tampa Electric began developing its 2022-2031 SPP in  
8 the fall of 2021. At that time, the company assumed a  
9 certain number of projects would be completed in 2021 and  
10 some of them did not get fully completed. Many of the  
11 Transmission Asset Upgrade projects were very close to  
12 completion at the end of 2021 but were delayed by  
13 materials, outages, or other unforeseen impacts at the  
14 time the company started to finalize the 2022-2031 SPP.  
15 The projection includes those carry-over projects as well  
16 as some engineering of projects pulled forward from 2023.  
17 The 74 projects scheduled in 2022 and 2023 maintain the  
18 same prioritization that was originally used to develop  
19 the first three years of the company's 2020-2029 SPP that  
20 was filed on April 10, 2020, in addition to the same  
21 prioritization method used for the 2022-2031 SPP.

22  
23     **Q.**    What are the total projected capital and O&M expenditures  
24 for this Program for the 2022 and 2023 periods?

25



1     **A.** Tampa Electric estimates expenditures for this program  
2     during 2022 and 2023 as follows:

3             • During the period January 1, 2022, to December 31,  
4             2022, the actual/estimated capital expenditures  
5             are \$16.5 million and the actual/estimated O&M  
6             expenditures are \$0.5 million.

7             • During the period January 1, 2023, to December 31,  
8             2023, estimated expenditures are \$17.5 million,  
9             and the estimated O&M expenditures are \$0.5  
10            million.

11

12     **Q.** What are the activities that are associated with the O&M  
13     costs with this program?

14

15     **A.** The activity of transferring existing wires to the new  
16     non-wood material pole from the existing wooden pole  
17     being replaced is accounted for as an O&M cost.

18

19     **Q.** How did the company develop a cost estimate for each of  
20     these components?

21

22     **A.** The company has reactively replaced wood transmission  
23     poles that fail an inspection with non-wood material for  
24     many years. Because of these reactive replacements, the  
25     company has developed an extensive set of historical data

1 for transmission pole replacements and upgrades. The  
2 historical data was used as a foundation for the project-  
3 level costs estimates.  
4

5 **Q.** Were your project costs estimated using a single average  
6 that was then applied to all projects?  
7

8 **A.** No.  
9

10 **Q.** Does each transmission asset upgrade project have its own  
11 unique cost estimate profile?  
12

13 **A.** Yes, each transmission asset upgrade project represents a  
14 transmission circuit, with a unique number of poles,  
15 unique terrain, and a unique location.  
16  
17

#### 18 **Substation Extreme Weather Hardening**

19 **Q.** Can you please provide a description of the Substation  
20 Extreme Weather Hardening Program?  
21

22 **A.** This program will harden and protect the company's  
23 substation assets that are vulnerable to flooding or  
24 storm surge.  
25

1   **Q.**   How many Substation Extreme Weather Hardening projects  
2           are planned for 2022 and 2023?

3

4   **A.**   The company at the time of this filing is proposing no  
5           projects for the 2022 and only the start of a single  
6           project in 2023.  As stated in prior filings and direct  
7           testimony, the company conducted the substation study  
8           project to further identify and evaluate other potential  
9           hardening solutions beyond the single solution that was  
10          modeled on the company's substations during the initial  
11          development of the company's Plan.  This study identified  
12          storm protection projects for nine (9) substations that  
13          the company will initiate in 2023.  This project detail  
14          is fully detailed in my Exhibit No. DLP-2, Document No.  
15          3.

16

17   **Q.**   Does this represent the same number of projects you  
18           included in the filing made on April 11, 2022, for the  
19           2022 and 2023 periods?

20

21   **A.**   Yes, it does.

22

23   **Q.**   Does this represent the same number of projects you  
24           included in the filing made on April 10, 2020, for the  
25           2022 and 2023 periods?

1    **A.**    Yes, with the exception of starting one project in late  
2            2023.

3

4    **Q.**    What are the total estimated capital and O&M expenditures  
5            for this Program for the 2022 and 2023 periods?

6

7    **A.**    Tampa Electric estimates expenditures for this Program  
8            during calendar years 2022 and 2023 as follows:

9            • During the period, January 1, 2022, to December 31,  
10            2022, actual/estimated expenditures are \$0.0 million  
11            and there are no actual/estimated O&M expenditures.

12           • During the period, January 1, 2023, to December 31,  
13            2023, estimated expenditures are \$ 0.7 million and  
14            there are no actual/estimated O&M expenditures.

15

16

17    **Distribution Overhead Feeder Hardening**

18    **Q.**    Can you please provide a description of the Distribution  
19            Overhead Feeder Hardening Program?

20

21    **A.**    This program will include strategies to further enhance  
22            the resiliency and reliability of the distribution  
23            network by further hardening the grid to minimize  
24            interruptions and reduce customer outage counts during  
25            extreme weather events and abnormal system conditions.

1 **Q.** How many Distribution Overhead Feeder Hardening projects  
2 are planned for 2022 and 2023?

3

4 **A.** Tampa Electric plans for the following activity in  
5 calendar years 2022 and 2023:

6 • January 1, 2022, to December 31, 2022 - 47  
7 projects.

8 • January 1, 2023, to December 31, 2023 - 31  
9 projects.

10 This project detail is fully detailed in my Exhibit No.  
11 DLP-2, Document No. 4.

12

13 **Q.** Does this represent the same number of projects you  
14 included in the filing made on April 11, 2022, for the  
15 2022 and 2023 periods?

16

17 **A.** No, similar to the Transmission Asset Upgrade program,  
18 Tampa Electric developed a plan that assumed a certain  
19 number of projects would be completed in 2021 and some of  
20 them did not get fully completed. Many of the  
21 Distribution Overhead Feeder Hardening projects were very  
22 close to completion but were delayed by materials,  
23 outages, or other unforeseen impacts at the time the  
24 company started to finalize the 2022-2031 SPP. The  
25 projection reflects those carry-over projects as well as

1 some engineering of projects pulled forward from 2023 as  
2 the company started mapping out work schedules and  
3 planning for 2022 and 2023. The 78 projects scheduled in  
4 2022 and 2023 maintain the same prioritization that was  
5 originally used to develop the first three years of the  
6 company's 2020-2029 SPP that was filed on April 10, 2020,  
7 in addition to the same prioritization method used for  
8 the 2022-2031 SPP. Lastly, the 2022 project list is  
9 identical to the list included in the SPP filing dated  
10 April 10, 2020, with the following exceptions. The  
11 automation component of one hardening circuit was pulled  
12 into 2022 from a future plan year. A small amount of  
13 carryover work from 2021 is included in the projection.  
14 Also, a small amount of preliminary engineering on 2023  
15 projects is included in the latter of half of 2022 and  
16 also includes the initial investment in a series of  
17 applications that will leverage the data coming from  
18 Tampa Electric's Advanced Metering Infrastructure system  
19 to reduce the amount and length of outages due to extreme  
20 weather in addition to reducing the amount of restoration  
21 time should an outage occur.

22  
23 **Q.** What are the total projected capital and O&M expenditures  
24 for this program in the 2022 and 2023 periods?  
25

1   **A.** Tampa Electric estimates expenditures for this Program  
2   during calendar years 2022 and 2023 as follows:

3       • During the period January 1, 2022, to December 31,  
4       2022, actual/estimated expenditures are \$32.8  
5       million and the actual/estimated O&M expenditures  
6       are \$0.6 million.

7       • During the period January 1, 2023, to December 31,  
8       2023, estimated expenditures are \$30.1 million and  
9       the estimated O&M expenditures are \$0.6 million.

10

11   **Q.** What are the activities that are associated with the O&M  
12   costs with this program?

13

14   **A.** The activity of transferring existing wires to the new  
15   overhead feeder hardening equipment from the existing  
16   equipment being replaced is accounted for as an O&M cost.

17

18   **Q.** Does each overhead feeder hardening project have its own  
19   unique cost estimate profile?

20

21   **A.** Yes, each overhead feeder hardening project represents a  
22   distribution overhead feeder that will be hardened. The  
23   underlying project information is specific to each  
24   feeder. This includes location, asset type, work scope,  
25   number of assets to be installed or hardened and other

1 information that is unique to each circuit.  
2

3 **Q.** How were the cost assumptions used to develop cost  
4 estimates for each project?

5  
6 **A.** The company first defined the attributes of a hardened  
7 feeder, which includes poles meeting National Electrical  
8 Safety Code ("NESC") Extreme Wind loading criteria; no  
9 poles lower than a class 2; no conductor size smaller  
10 than 336 aluminum conductor, steel reinforced ("ACSR");  
11 single phase reclosers or trip savers on laterals; feeder  
12 segmented and automated with no more than 200-400  
13 customers per section and no segment longer than 2-3  
14 miles; no more than two to three megawatts of load served  
15 on each segment; and circuit ties to other feeders with  
16 available switching capacity. These criteria were then  
17 applied to each potential overhead feeder project to  
18 develop an estimate of the cost to harden that feeder.  
19

20 **Transmission Access Enhancement**

21 **Q.** Please provide a description of the Transmission Access  
22 Enhancement Program.

23  
24 **A.** This program will ensure the company always has access to  
25 its transmission facilities so it can promptly restore



1 its transmission system when outages occur.

2

3 **Q.** How many Transmission Access Enhancement projects are  
4 planned for 2022 and 2023?

5

6 **A.** Tampa Electric plans for the following activity in  
7 calendar years 2022 and 2023:

8 • January 1, 2022, to December 31, 2022 - 26  
9 projected projects.

10 • January 1, 2023, to December 31, 2023 - 25  
11 projected projects.

12 This project detail is fully detailed in my Exhibit No.  
13 DLP-2, Document No. 5.

14

15 **Q.** Are these project counts the same as what the company  
16 included in its 2022-2031 SPP that was filed on April 11,  
17 2022?

18

19 **A.** No, the project counts in the company's SPP April 11,  
20 2022 filing, reflected 25 projects in 2022 and 25  
21 projects in 2023.

22

23 **Q.** Would you explain why the project count is different for  
24 the year 2022?

25

1     **A.**    Yes, Tampa Electric determined after it developed its  
2            2022-2031 SPP, that it could achieve efficiency and avoid  
3            potential delays in construction by adding one additional  
4            bridge project in 2022 which increased the number of  
5            active projects in this year.

6  
7     **Q.**    What are the total projected capital and O&M expenditures  
8            for this Program in the 2022 and 2023 periods?

9  
10    **A.**    Tampa Electric estimates expenditures for this Program  
11            during calendar years 2022 and 2023 as follows:

12            • During the period January 1, 2022, to December 31,  
13            2022, the actual/estimated expenditures are \$2.4  
14            million and there are no actual/estimated O&M  
15            expenditures.

16            • During the period January 1, 2023, to December 31,  
17            2023, the estimated expenditures are \$ 3.0 million  
18            and there are no actual/estimated O&M  
19            expenditures.

20  
21    **Q.**    What is the basis for your project-level cost estimates?

22  
23    **A.**    The company has both historical and recent experience  
24            with road and bridge projects. This information was the  
25            foundation for preparing estimates for the permitting,

1 surveying, engineering, and construction costs.

2

3 **Q.** Does each project have its own unique cost estimate  
4 profile?

5

6 **A.** Yes, each project has a unique project cost estimate  
7 based on factors such as project type, type of  
8 construction, location, permits required and the quantity  
9 of material.

10

11 **Vegetation Management**

12 **Q.** Can you please provide a description of the Vegetation  
13 Management ("VM") Program?

14

15 **A.** The VM Program consists of four VM initiatives that  
16 impact the SPPCRC. The four VM initiatives include:

17

**Distribution and Transmission VM**

18

- Four-year distribution VM cycle (Planned)

19

- Two-year transmission VM cycle (Planned)

20

- Transmission VM Right of Way Maintenance  
(Planned)

21

22 **Supplemental Distribution Circuit VM (Initiative 1)**

23

**Mid-Cycle Distribution VM (Initiative 2)**

24

**69 kV VM Reclamation (Initiative 3)**

25

1 **Q.** What VM programs does the company have that will not  
2 impact the SPPCRC?

3

4 **A.** The company performs unplanned VM on both the  
5 distribution and transmission system. Both of these VM  
6 activities will remain in base rates and not in the  
7 SPPCRC.

8

9 **Q.** Does this represent the same number of initiatives you  
10 included in the filing made on April 11, 2022 for the  
11 period 2022 and 2023?

12

13 **A.** Yes.

14

15 **Q.** What level of activity are you projecting for each  
16 initiative during the period 2022?

17

18 **A.** For the period January 1, 2022, to December 31, 2022, the  
19 company projects the following activities:

20

- Distribution VM: 1,560 miles

21

- Transmission VM: 530 miles

22

- Initiative 1: 692 miles and 72,533 customers

23

- Initiative 2: 196 miles and 77,128 customers

24

- Initiative 3: 27 miles and 26,975 customers

25

This activity detail is fully detailed in my Exhibit No.

1 DLP-2, Document No. 6.

2

3 **Q.** What level of activity are you projecting for each  
4 initiative during the period 2023?

5

6 **A.** For the period January 1, 2023, to December 31, 2023, the  
7 company projects the following activities:

8

- Distribution VM: 1,560 miles

9

- Transmission VM: 530 miles

10

- Initiative 1: 701 miles and 106,230 customers

11

- Initiative 2: 1,018 miles and 93,118 customers

12

- Initiative 3: 27 miles and 26,975 customers

13

This activity detail is fully detailed in my Exhibit No.

14

DLP-2, Document No. 6.

15

16 **Q.** Does this represent the same projected activity levels  
17 included in the filing made on April 11, 2022, for the  
18 period 2022 and 2023?

19

20 **A.** Yes.

21

22 **Q.** What are the total estimated capital and O&M expenditures  
23 for this Program during the period 2022?

24

25 **A.** For the period January 1, 2022, to December 31, 2022,

1 actual/estimated O&M expenditures are:

- 2 • Distribution VM: \$11.2 million
- 3 • Transmission VM: \$2.9 million
- 4 • Initiative 1: \$6.4 million
- 5 • Initiative 2: \$3.6 million
- 6 • Initiative 3: \$0.7 million

7 There are no capital VM expenditures.

8

9 **Q.** What are the total estimated expenditures for this  
10 Program during the period 2023?

11

12 **A.** For the period January 1, 2023, to December 31, 2023,  
13 estimated expenditures are:

- 14 • Distribution VM: \$12.5 million
- 15 • Transmission VM: \$3.0 million
- 16 • Initiative 1: \$7.4 million
- 17 • Initiative 2: \$4.1 million
- 18 • Initiative 3: \$0.7 million

19 There are no capital VM expenditures.

20

21 **Q.** Do these projected expenditures match what was filed on  
22 April 11, 2022?

23

24 **A.** Yes.

25

1 Q. How were the estimated costs of this program developed?

2

3 A. The company used historical data along with current labor  
4 and equipment rates to develop the cost estimates for  
5 each component of this program. The company also engaged  
6 Accenture to assist in the development of the new VM  
7 initiatives, including the level of incremental work and  
8 the cost for each initiative.

9

10 Q. Can you explain how that information was used to develop  
11 a cost estimate for each initiative?

12

13 A. Yes, the activity levels for each initiative were  
14 multiplied by the labor and equipment rates associated  
15 with each activity within that initiative. The company  
16 relied on the historical data as well as current  
17 estimates of labor and equipment rates.

18

19 **Infrastructure Inspections**

20 Q. Can you please provide a description of the  
21 Infrastructure Inspections Program?

22

23 A. This SPP program involves the inspections performed on  
24 the company's T&D infrastructure including all wooden  
25 distribution and transmission poles, transmission

1 structures and substations, as well as the audit of all  
2 joint use attachments.

3  
4 **Q.** How many infrastructure inspection projects does the  
5 company plan to complete in 2022 and 2023?

6  
7 **A.** Tampa Electric conducts thousands of inspections each  
8 year. The number of inspections by type planned for 2022  
9 and 2023 are as follows:

<u>Distribution:</u>	<u>2022</u>	<u>2023</u>
Wood Pole:	35,625	35,625
<u>Transmission:</u>	<u>2022</u>	<u>2023</u>
Wood Pole/Groundline:	663	479
Above Ground:	3,386	2,641
Aerial Infrared Patrol:	Annually	Annually
Ground Patrol:	Annually	Annually
Substations:	Annually	Annually

10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20 This activity detail is fully detailed in my Exhibit No.  
21 DLP-2, Document No. 7.

22  
23 **Q.** Does this represent the same number of inspections you  
24 included in the filing made on April 11, 2022, for the  
25 period 2022 and 2023?



1 **A.** Yes, it does.

2

3 **Q.** What are the total estimated capital and O&M expenditures  
4 for this Program during the period 2022?

5

6 **A.** For the period January 1, 2022, to December 31, 2022, the  
7 actual/estimated O&M expenditures are:

- 8 • Distribution Inspections: \$1.0 million
- 9 • Transmission Inspections: \$0.6 million

10 There are no capital inspection expenditures.

11

12 **Q.** What are the total estimated expenditures for this  
13 Program during the period 2023?

14

15 **A.** For the period January 1, 2023, to December 31, 2023,  
16 estimated expenditures are:

- 17 • Distribution Inspections: \$1.0 million
- 18 • Transmission Inspections: \$0.5 million

19 There are no capital inspection expenditures.

20

21 **Q.** What is the basis for your cost estimates?

22

23 **A.** The company has long-standing inspection programs with a  
24 large data set of historical activity and spend. The  
25 projected spend for each inspection type is based on

1           projected activity and historical spending.

2  
3   **LEGACY STORM HARDENING INITIATIVES**

4   **Q.**   What are the legacy storm hardening initiatives?

5  
6   **A.**   These are storm hardening activities that were mandated  
7           by the Commission as components of the company's prior  
8           storm hardening plan.

9  
10   **Q.**   Are the legacy storm hardening initiatives the same for  
11           the company's 2022-2031 SPP as they were in the company's  
12           most recent 2019-2021 three-year Storm Hardening Plan  
13           that was approved by the Commission?

14  
15   **A.**   Yes, they are the same, but Tampa Electric extracted the  
16           following legacy storm hardening initiatives to be  
17           separate SPP Programs and included these for cost-  
18           recovery through the SPPCRC:

- 19           • Four-year distribution vegetation management  
20           • Two-year transmission vegetation management  
21           • Transmission Right of Way vegetation management  
22           • Distribution infrastructure inspections  
23           • Transmission infrastructure inspections  
24           • Transmission asset upgrades

25

1   **Q.**   What are the other legacy storm hardening initiatives  
2           that will not go through the SPPCRC?

3

4   **A.**   The other legacy storm hardening initiatives that will  
5           not go through the SPPCRC include the following:

- 6           • Unplanned distribution vegetation management
- 7           • Unplanned transmission vegetation management
- 8           • Geographic Information System
- 9           • Post-Storm Data Collection
- 10          • Outage Data - Overhead and Underground Systems
- 11          • Increased Coordination with Local Governments
- 12          • Collaborative Research
- 13          • Disaster Preparedness and Recovery Plan
- 14          • Distribution Wood Pole Replacements

15

16   **Q.**   Does the company have individual project detail for these  
17           ongoing storm hardening initiatives for the period 2022  
18           and 2023?

19

20   **A.**   No, these "other" ongoing storm hardening initiatives are  
21           well-established, steady state programs for which the  
22           company does not propose any specific Storm Protection  
23           Projects at this time.

24

25   **Q.**   Is the company seeking cost recovery for any of these

1 "Other" ongoing legacy storm hardening in this SPPCRC  
2 proceeding?

3

4 **A.** No.

5

6 **Q.** Is the company planning on communicating the annual  
7 updates for these other legacy storm hardening  
8 initiatives?

9

10 **A.** Yes, Tampa Electric will provide updates on these other  
11 storm hardening initiatives in the annual SPP Status  
12 Report that is filed with the Commission on June 1<sup>st</sup> of  
13 each year for the prior year's achievements.

14

15

16 **COMMON STORM PROTECTION PLAN ACTIVITIES AND COSTS**

17 **Q.** Will you please provide a description of the Common  
18 Costs?

19

20 **A.** Yes, the costs in the Common Costs category represent  
21 those costs that cannot be attributed to a specific  
22 Program. They are an accumulation of incremental costs  
23 associated with developing, implementing, managing, and  
24 administering the SPP.

25

1 **Q.** What type of costs are in the Common Costs category?

2

3 **A.** The Common Costs reflect those SPP costs that cannot be  
4 assigned to a specific SPP program or those costs which  
5 bring benefits to the entire portfolio of SPP programs.  
6 Examples of this include incremental internal labor to  
7 support the administration of the SPP as a whole.

8

9 **Q.** In the Common Cost Category, please explain what the  
10 projected charge for external consultants in 2022 is for?

11

12 **A.** Tampa Electric began the process of developing the  
13 revised Distribution Lateral Underground with the new  
14 prioritization and methodology that I described above  
15 which required the updating of the analysis, modelling  
16 and prioritization that would support the company's 2022-  
17 2031 SPP. This updating of the program's prioritization  
18 provided an opportunity to fully evaluate the improved  
19 SPP Programs and to ensure optimal value and efficiency  
20 is being provided to customers. Tampa Electric brought  
21 in the same outside consultants that assisted the company  
22 in preparing its SPP that was filed on April 10, 2020, to  
23 perform this reprioritization. In addition, the company  
24 has asked this outside consultant with assisting Tampa  
25 Electric in the development and documentation of an

1 efficient organizational structure that can additionally  
2 support the level of work necessary for a successful SPP.

3  
4 **Q.** Were these costs reflected in the company's SPP filing on  
5 April 11, 2022?

6  
7 **A.** Yes, they were.

8  
9 **Q.** How much does the company project to spend on common  
10 expenses in the 2022 and 2023 periods?

11  
12 **A.** The company estimates O&M expenditures of \$1.0 million in  
13 2022 and \$0.9 million in 2023. There are no common  
14 capital expenditures.

15  
16 **Q.** Please provide a breakdown of these common costs in each  
17 calendar year.

18  
19 **A.** The following is a summary level breakdown of the costs  
20 in each calendar year:

- 21
- Calendar year 2022 costs reflect the following:
    - 22 o \$0.1 million of external consulting
    - 23 o \$0.9 million of internal labor
  - 24 • Calendar year 2023 costs reflect the following:
    - 25 o \$0.9 million of internal labor

1 This activity detail is fully detailed in my Exhibit No.  
2 DLP-2, Document No. 8.

3  
4 **CONCLUSIONS**

5 **Q.** Please summarize your direct testimony.

6  
7 **A.** My testimony identifies the programs for which Tampa  
8 Electric is seeking cost recovery for expenditures  
9 occurring in 2022 and 2023. My testimony describes the  
10 number and types of activities that will be carried out  
11 under the company's SPP in 2022 and 2023 and explains how  
12 the company developed estimates of the cost of each of  
13 these activities. My testimony also demonstrates that  
14 the estimated costs are reasonable since they are based  
15 on sound methods and because the company has a high level  
16 of confidence in its projections.

17  
18 **Q.** Are the company's planned activities and projected costs  
19 consistent with the company's Storm Protection Plan?

20  
21 **A.** Yes, as I explained in my testimony, the company has  
22 implemented each of the Programs in a manner consistent  
23 with the company's SPP filing made on April 11, 2022.  
24 While schedules have been refined in some cases, the  
25 planned activities are prioritized consistently with the

1 SPP and the projected costs are largely consistent at  
2 both the Program and project levels.

3

4 **Q.** Should the Commission approve the company's projected  
5 expenditures for its Distribution Lateral Undergrounding,  
6 Transmission Asset Upgrades, Substation Extreme Weather  
7 Hardening, Distribution Overhead Feeder Hardening,  
8 Transmission Access Enhancement, Vegetation Management,  
9 Infrastructure Inspections Programs and Common SPP costs?

10

11 **A.** Yes, these projected expenditures should be approved.  
12 The projected costs are reasonable and consistent with  
13 the company's SPP.

14

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

16

17 **A.** Yes.

18

19

20

21

22

23

24

25



1 BY MR. MEANS:

2 Q And did you -- Mr. Plusquellic, did you  
3 include an exhibit labeled DLP-2 with your direct  
4 prefiled testimony from May 2nd?

5 A Yes.

6 Q And was that exhibit prepared in your  
7 direction, supervision and control?

8 A Yes.

9 MR. MEANS: Mr. Chairman, we just note that  
10 that was pre-identified on the comprehensive  
11 exhibit list as Exhibit 5.

12 CHAIRMAN FAY: Okay.

13 BY MR. MEANS:

14 Q And finally, almost finished here, Mr.  
15 Plusquellic. Did you prepare and cause to be filed in  
16 this docket on September 27th, prepared rebuttal  
17 testimony consisting of '19 pages?

18 A Yes.

19 Q And do you have any corrections to that  
20 rebuttal testimony?

21 A No.

22 Q If I were to ask you the questions contained  
23 in your rebuttal testimony today, would your answers be  
24 the same?

25 A Yes.

1                   MR. MEANS: And, Mr. Chairman, we would ask  
2                   that his rebuttal testimony, dated September 27th,  
3                   be inserted into the record as though read.

4                   CHAIRMAN FAY: Okay. Without objection, show  
5                   it inserted.

6                   (Whereupon, prefiled rebuttal testimony of  
7                   David L. Plusquellic was inserted.)

8

9

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25



BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20220010-EI  
IN RE: STORM PROTECTION PLAN  
COST RECOVERY CLAUSE

REBUTTAL TESTIMONY

OF

DAVID L. PLUSQUELLIC

FILED: September 27, 2022



1 proceeding?

2

3 **A.** The purpose of my rebuttal testimony is to address the  
4 deficiencies and misconceptions in the direct testimony  
5 of Kevin J. Mara, who is testifying on behalf of the  
6 Office of Public Counsel ("OPC").

7

8 **Q.** Do you have any general comments regarding the overall  
9 direct testimony of Mr. Mara?

10

11 **A.** Yes. Mr. Mara previously filed testimony in Docket No.  
12 20220048-EI, which is the Commission docket for review of  
13 Tampa Electric's 2022-2031 SPP. In that testimony, he  
14 recommended that the Commission should eliminate certain  
15 SPP programs, including the Substation Program,  
16 Transmission Access Enhancement Program, and the  
17 automation and software components of the Overhead Feeder  
18 Hardening Program. Mr. Mara also recommended scaling  
19 back the Distribution Lateral Undergrounding Program. As  
20 Tampa Electric explained in its rebuttal testimony in the  
21 SPP docket, Mr. Mara's criticisms are unfounded and are  
22 largely based on misunderstandings of the company's plan.  
23 The Commission is still reviewing the company's proposed  
24 SPP.

25

1 Now, Mr. Mara has filed testimony in this docket is  
2 asking the Commission to reduce the company's projected  
3 costs for 2023 based on those same unsupported  
4 recommended cuts to the company's proposed SPP. If the  
5 Commission approves Tampa Electric's 2022-2031 SPP in its  
6 entirety and rejects Mr. Mara's modifications to the plan  
7 in the SPP docket, then it should also reject his  
8 proposed cuts to the company's 2023 projected SPP costs  
9 for which the company is seeking recovery in this SPPCRC  
10 docket.

11  
12 The company's proposed SPP was prepared as a customer-  
13 focused program using rigorous analytical tools and  
14 engineering and operational judgment. It strikes a  
15 reasonable balance between the costs of the Plan, the  
16 restoration cost and outage benefits anticipated from the  
17 Plan, the impact of the Plan on customers' bills and the  
18 intangible benefits to Florida and its citizens  
19 associated with mitigating the impact of extreme weather  
20 to our electric grid. Tampa Electric believes the  
21 Commission should approve the company's 2022-2031 SPP  
22 without Mr. Mara's recommended modifications and should  
23 also reject his proposed cuts to the company's projected  
24 2023 SPPCRC costs based on those modifications.

25

1 Q. Are you providing any Exhibits to your rebuttal  
2 testimony?

3

4 A. Yes, I'm including Exhibit No. DLP-3 which are images of  
5 the company's transmission access enhancement program.

6

7

8 **REBUTTAL TO DIRECT TESTIMONY OF KEVIN J. MARA:**

9 Q. On Page 5, Line 17, Mr. Mara states that the goal should  
10 be to invest in storm hardening activities that benefit  
11 the customers of the electric utilities at a cost that is  
12 reasonable relative to those benefits. Do you agree with  
13 this statement?

14

15 A. I agree with the general sentiment of Mr. Mara's  
16 statement that benefits should outweigh costs, with the  
17 addition that these costs should not be limited to dollar  
18 savings by the utility. The SPP statute also directs the  
19 utilities to reduce customer outage times and recognizes  
20 that the entire state will benefit from hardening  
21 activities. The company has demonstrated through  
22 rigorous analysis and in its filing that each of the  
23 proposed programs reduces both restoration costs and  
24 outage times. Mr. Mara suggests that emphasis should be  
25 placed only on programs that directly reduce outage

1 restoration costs. This position fails to recognize that  
2 every minute of outage time that is reduced has value to  
3 all customers, is in the state's interest, and more  
4 importantly results in a reduced restoration cost.

5  
6 **Q.** On Page 6, Line 3, Mr. Mara states that he provided  
7 testimony and recommendations regarding Tampa Electric's  
8 SPP. Did you agree with his testimony and  
9 recommendations, and if so, please provide the  
10 recommendations that you agree with?

11  
12 **A.** No, I do not agree with his recommendations. As  
13 explained above, Tampa Electric filed rebuttal testimony  
14 in the SPP proceeding opposing all of his recommended  
15 changes to the company's proposed 2022 SPP. As I also  
16 explain, his criticism principally goes unsupported  
17 without any facts or data. I do not recommend any  
18 modifications to the company's SPP as filed.

19  
20 **Q.** On Page 10, Line 13, Mr. Mara recommends that the cost  
21 associated with the Transmission Access Enhancement  
22 Program be excluded from the Storm Protection Plan Cost  
23 Recovery Clause ("SPPCRC"), do you agree with this  
24 recommendation?

25



1     **A.**   No, I do not agree.   As I explained in my rebuttal  
2           testimony in the SPP docket, his recommendation would  
3           result in more cost to the end-use customers.   First, he  
4           is incorrect in stating that this program is normal  
5           maintenance.   The Transmission Access Enhancement Program  
6           is not a maintenance program, it is a storm protection  
7           program that is designed to provide immediate and  
8           permanent access to critical electric infrastructure for  
9           the performance of restoration after extreme weather  
10          events.   Current road and bridge maintenance costs are  
11          not included in the program, and they are not included  
12          for recovery within the SPPCRC.   Changes in topography  
13          and hydrology due to surrounding development and  
14          increased storm activity have necessitated the need for  
15          new and improved access.   The company is building new  
16          hardened bridges that are designed to support the weight  
17          of any heavy equipment or materials that may be needed  
18          during an extreme weather event.   The bridges are also  
19          designed to withstand flooding.   I am providing some  
20          images in my Exhibit No. DLP-3 accompanying my rebuttal  
21          testimony which shows examples of the type of  
22          construction that is being undertaken to provide these  
23          permanent access roads.   As one can clearly see from  
24          these photos, this is construction activity that goes  
25          well above and beyond the normal maintenance of a road.

1 In addition, Mr. Mara now also argues for the first time  
2 that this program should be excluded because enhanced  
3 transmission right-of-way access is unnecessary because  
4 "the transmission poles are already hardened." His  
5 statement is inaccurate and also misses the mark. There  
6 is no design or hardened asset that is 100 percent immune  
7 to the possibility of receiving damage during an extreme  
8 weather event which in turn prevents any type of  
9 guarantee that hardening structures will prevent all  
10 outages in all circumstances. The company's current  
11 Transmission Asset Enhancement program is on track to  
12 convert the remaining transmission wood poles to non-wood  
13 material by the end of 2029. Once converted, those poles  
14 will have some exposure to circumstances that the company  
15 cannot control or harden against. As a result, the  
16 company will need quick access to transmission right-of-  
17 way even if the poles are hardened.

18  
19 Mr. Mara also argues for the first time that "A more  
20 prudent use of funds would be to design structures,  
21 lines, and system that do not require access in the days  
22 after a storm". Again, his criticism misses the mark.  
23 As I stated above, it is not possible to design and  
24 construct a system that will never suffer damage in  
25 extreme weather. Consequently, it is important for the

1 company to have readily available access for any repairs  
2 following a storm.

3  
4 Finally, Mr. Mara argues now for the first time that  
5 Tampa Electric did not provide data showing that the  
6 particular roads and bridges in this program are  
7 necessary. This statement is inaccurate, as the company  
8 provided this data to the Commission and to OPC in the  
9 SPP docket. Tampa Electric, in collaboration with 1898 &  
10 Co., carefully analyzed the program and selected only  
11 projects that had measurable benefits to the customers.  
12 The methodology used to perform this analysis was  
13 described in the company's SPP plan filing and  
14 accompanying information. The underlying data and the  
15 model that was used was described in detail in the 1898  
16 Report that was attached to the company's SPP filing.

17  
18 As the company previously stated in prior testimonies,  
19 the company utilized 1898 & Co.'s sophisticated modeling  
20 techniques to perform a quantitative analysis of the  
21 expected benefits and to prepare an initial  
22 prioritization of potential projects. The analysis  
23 produces expected benefits in terms of avoided  
24 restoration costs, avoided customer outages, and a  
25 monetization of the avoided customer outages. Projects

1           were initially prioritized based on their cost benefit  
2           Net Present Value ("NPV") ratios.    The prioritization  
3           model serves as a tool for Tampa Electric in establishing  
4           funding levels for each program and the annual plans.  
5           This method of analysis and prioritization was performed  
6           to develop the Transmission Access Program.   Clearly,  
7           this is the exact opposite of Mr. Mara's statement.

8  
9   **Q.**    On Page 10, Line 14, Mr. Mara recommends that the cost  
10          associated with the Substation Extreme Weather Hardening  
11          Program be excluded from the SPPCRC.  On page 11, lines 4-  
12          7, he explains that this program should be excluded  
13          because the substations included in the program either do  
14          not have a history of flooding or have alternate feeds  
15          that allow the substation to be isolated without customer  
16          outages.  Do you agree with this recommendation?

17  
18   **A.**    No, I do not agree.  First, Mr. Mara's focus on flooding  
19          ignores the major risk this program is designed to  
20          address - storm surge.  The nine substations included in  
21          this program were identified in part based on their  
22          vulnerability to storm surge in future extreme weather  
23          events.  Additionally, Mr. Mara is attempting to add a  
24          new requirement where only assets with a history of  
25          damage in extreme weather could be hardened.  This

1 requirement does not appear in the Statute, and this  
2 should not be used as a single determinant for approval  
3 or denial of a hardening project. Tampa Electric  
4 provided a copy of the study that was conducted to  
5 identify the nine substations in this program in the SPP  
6 docket. The study provides a detailed and thorough  
7 explanation for how criticality to the transmission and  
8 distribution system, historical flooding, flooding risk  
9 and the risk of tide/surge were used as components of the  
10 analysis. The company also provided a map of each  
11 substation that identified its 100-year flood risk, 500-  
12 year flood risk, the evacuation zones and elevations.  
13 This information was used as part of a broader scoring  
14 process also described in the substation study to develop  
15 the final prioritization.

16  
17 Second, while Mr. Mara is technically correct that the  
18 company's substations are networked, the system is not  
19 designed to operate long-term in an alternate  
20 configuration. Furthermore, the substations in this  
21 program serve critical loads like the Port of Tampa, the  
22 Tampa International Airport, MacDill Air Force Base, Big  
23 Bend Power Station, and portions of downtown Tampa.  
24 Continuity of service to these sites is even more  
25 important in extreme weather. These sites could remain

1 vulnerable to loss of service if the load cannot be  
2 switched to an adjacent substation or if that  
3 configuration cannot be maintained while the system is  
4 restored to normal operation. In addition, the current  
5 supply chain constraints are resulting in additional time  
6 to the already long lead times for these types of  
7 equipment and materials that would be needed to perform  
8 restoration for these substations in a catastrophic storm  
9 surge event. The system is not designed for this  
10 configuration for long lead times and would leave these  
11 loads subject to unnecessary and imprudent reliability  
12 risk.

13  
14 Tampa Electric is proposing to harden nine of its 216  
15 substations based on a thorough risk assessment. The  
16 company has determined, with independent support from an  
17 outside consultant, that it is prudent and beneficial for  
18 the company to harden this small subset of the company's  
19 substations over the next ten-years. Further, the  
20 legislation does not limit hardening programs in the way  
21 that Mr. Mara is proposing, and the company has  
22 demonstrated that this program is expected to deliver  
23 storm resiliency benefits as required.

24  
25 **Q.** On Page 11, Line 17, Mr. Mara states that it would not be

1 prudent or reasonable to have unchecked spending on these  
2 programs (Distribution Lateral Undergrounding and  
3 Distribution Overhead Feeder Hardening). Do you agree  
4 with this statement?

5  
6 **A.** No, I do not agree with his premise that there is  
7 "unchecked spending". The company described in detail  
8 how the SPP program's investment levels were established  
9 on several occasions. Using a prioritization tool, the  
10 company completed rigorous analyses to identify the  
11 proposed funding levels for each program and the plan as  
12 a whole. With more projects that have benefits exceeding  
13 costs than the company can reasonably execute in a short  
14 period of time, the company started the process with  
15 ranges for each of the programs and settled on target  
16 funding levels that balance the principles of addressing  
17 all aspects of our system, projected benefits to  
18 customers, and our ability to execute with recognition of  
19 real-world constraints. For the avoidance of doubt, all  
20 of this activity and analysis was performed with an  
21 awareness of the potential rate impacts to customers.  
22 The ranges preliminarily established aligned with  
23 consolidated ranges of total plan investment levels that  
24 balanced the benefits to customers and the rate impact to  
25 customers.

1 In establishing funding levels for the Overhead Feeder  
2 Hardening program within the prioritized ranges, Tampa  
3 Electric relied on experience and insight from historical  
4 experience. This experience provided insight into the  
5 labor, materials, project management and outages required  
6 as well as what could be reasonably implemented and  
7 managed within a calendar year. The company also  
8 considered the number of potential projects where the  
9 potential benefits of hardening warranted the estimated  
10 costs. The final funding level was set using those  
11 parameters along with sensitivity to customer rate  
12 impacts from the SPP program as a whole as described  
13 above.

14  
15 In establishing the target funding level for Distribution  
16 Lateral Undergrounding program within the prioritized  
17 ranges, the company relied on several factors. The 1898  
18 model identified far more projects with benefits to  
19 customers exceeding costs than the company could  
20 reasonably execute in a single year or even in a 10-year  
21 window. With this knowledge, the company recognized the  
22 need to set an annual target that we believe is  
23 executable. The company recognized the need to grow and  
24 sustain a sizeable skilled workforce. With a constrained  
25 labor market, the company factored in the time required



1 to build and sustain this skilled workforce. These  
2 considerations led to the decision to target 75-100 miles  
3 per year once the program ramps up to steady state  
4 operations. The final funding level was set using those  
5 parameters along with sensitivity to customer rate  
6 impacts from the SPP program as a whole as described  
7 above.

8  
9 The company's SPP investments are also thoroughly  
10 reviewed by the Commission. Annually, the company  
11 provides detailed and thorough filings in support of its  
12 proposed spending in the SPPCRC docket that is thoroughly  
13 reviewed by the PSC and PSC Staff. The company also  
14 annually provides a detailed true-up filing in the SPPCRC  
15 docket with explanations for how the money was spent. Not  
16 one dollar that the company spends is "unchecked."

17  
18 The company is acutely aware of the regulatory construct  
19 and the responsibility it has to spend the customer's  
20 money prudently, wisely, efficiently in pursuit of storm  
21 resiliency benefits. The company took painstaking  
22 efforts to ensure the programs and projects were  
23 customer-focused, benefitted all customers and that the  
24 plan was a balance of benefits and rate impacts.

25

1     **Q.**    On Page 11, Line 20 and 21, Mr. Mara states that TECO  
2            "developed these programs based on what was "achievable"  
3            instead of what was necessary". Do you agree with this  
4            statement?

5  
6     **A.**    No, I do not agree. Mr. Mara is taking a single aspect  
7            of the company's thorough and transparent disclosure of  
8            how it developed activity and investment levels for each  
9            program and the plan out of context. The company's plan,  
10           discovery responses, and supporting materials in the SPP  
11           docket demonstrated the thorough analysis the company  
12           undertook to identify the proposed programs and projects.  
13           This analysis considered not only achievability, but also  
14           funding levels that balanced customer benefits and rate  
15           impacts as described above.

16  
17           While it was not the only factor considered as Mr. Mara  
18           alleges, the company did consider the executability of  
19           the plan and real-world constraints. Tampa Electric has  
20           a responsibility to ensure it can execute and deliver  
21           projects and benefits. As a result, the company took  
22           steps to ensure that the proposed plans and programs are  
23           in fact achievable and to manage the execution and market  
24           risk most effectively. The practical reality is that the  
25           labor and materials markets are constrained. The company

1 has levelized program activity and spending to attract  
2 and more importantly retain the skilled workforce  
3 necessary to deliver the projects it is proposing. It  
4 has taken all reasonable and prudent steps to ensure it  
5 can secure materials for the proposed projects as well.  
6 The company has also levelized spending for each of its  
7 programs to develop a stable workforce and partners that  
8 will invest in the TECO service area and the state of  
9 Florida. This approach is the most effective manner to  
10 ensure that a stable workforce is in place annually to  
11 support the work and that Tampa Electric can enter into  
12 'firm' supply arrangements with suppliers. The company  
13 believes this results in more efficient execution of the  
14 plan and best mitigates risk of not having labor  
15 resources or materials.

16  
17 While Mr. Mara incorrectly implies this was the sole  
18 factor considered in plan development, the reality is  
19 that the company took thorough efforts to develop the  
20 plan and demonstrate the benefits of the plan.  
21 Furthermore, the company believes that the analysis to  
22 ensure the plan is "achievable" which further  
23 demonstrates the company's prudence and commitment to  
24 responsibly initiate and implement storm hardening  
25 investments.

1   **Q.**   On Page 12, Line 1, Mr. Mara recommends the budget for  
2       Distribution Lateral Undergrounding Program be reduced by  
3       50 percent and reducing the Distribution Overhead Feeder  
4       Hardening Program budget by 66 percent.   Do you agree  
5       with these recommendations?

6  
7   **A.**   No, I do not agree.   Mr. Mara's limits are arbitrary,  
8       unsupported by facts or data, and should be rejected.

9  
10       Mr. Mara's recommendation is based on three primary  
11       elements.   The first is that the company's funding levels  
12       were set based on what was achievable.   As described  
13       above, the company based the funding levels on a  
14       multitude of factors beyond what was achievable and  
15       therefore this aspect of the argument should be ignored.  
16       Mr. Mara's second element is based on the impact to  
17       customer rates.   The company believes it has proposed  
18       investment levels for the plan and for each program that  
19       appropriately balance the benefits to customers and the  
20       potential rate impact to customers.   Lastly, Mr. Mara's  
21       third element has a foundation the incorrect use and  
22       interpretation of the budget optimization chart in the  
23       1898 Report attached to company's 2022 SPP.   The company  
24       has provided a thorough explanation of the proper use and  
25       interpretation of that chart.   In addition, the company

1 has demonstrated that reducing the investment levels by  
2 an arbitrary 50 percent to 60 percent would result in a  
3 reduction of benefits of equal or greater percentages.  
4 Reducing investment and benefits of this magnitude would  
5 result in significant delays in benefit realization for a  
6 significant portion of Tampa Electric customers. The  
7 company made significant efforts and performed thorough  
8 analyses to support its proposed investment levels. One  
9 key principle in the development of the plan was ensuring  
10 that all customers benefitted both directly and  
11 indirectly from the SPP activities. Significantly  
12 reducing the investment levels would essentially require  
13 Tampa Electric to pick and choose which customers benefit  
14 now and which customers have to wait until the distant  
15 future to realize any hardening benefits directly.

16  
17 For these reasons, I strongly disagree with Mr. Mara's  
18 arbitrary and unsupported recommendations to reduce  
19 investment levels in these programs or the company's SPP.  
20

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

22  
23 **A.** Yes.  
24  
25

1 BY MR. MEANS:

2 Q And, Mr. Plusquellic, did you include an  
3 Exhibit labeled DLP-3 with your rebuttal testimony?

4 A Yes.

5 Q And was that exhibit prepared under your  
6 direction, supervision or control?

7 A Yes.

8 MR. MEANS: Mr. Chairman, we would note that  
9 that exhibit was pre-identified on the  
10 comprehensive exhibit list as Exhibit 37.

11 CHAIRMAN FAY: Okay.

12 MR. MEANS: And we will waive the summary of  
13 Mr. Plusquellic's testimony and tender the witness  
14 for cross.

15 CHAIRMAN FAY: Okay. Thank you, Mr. Means.

16 Office of Public Counsel, you are recognized.

17 MS. WESSLING: Thank you, Mr. Chair.

18 EXAMINATION

19 BY MS. WESSLING:

20 Q And good afternoon, Mr. Plusquellic.

21 A Good afternoon.

22 Q Good to see you again.

23 A You too.

24 Q Okay. So you still serve as TECO's storm  
25 protection plan manager, correct?

1           A     I am actually the director of the storm  
2 protection plan, but yes, same role.

3           Q     Okay. And you also testified in the 20220048  
4 TECO SPP docket earlier this year, correct?

5           A     Correct.

6           Q     And in that docket, the Commission reviewed  
7 and approved TECO's storm protection plan with  
8 modification, correct?

9           A     Correct.

10          Q     That modification included not approving the  
11 transmission access enhancement program, is that right?

12          A     Correct.

13          Q     And as of right now, none of TECO's projected  
14 2023 storm protection plan costs have yet been  
15 determined to be prudent, isn't that correct?

16          A     Officially or formally, yes.

17          Q     Okay. You would agree that it's possible for  
18 TECO to potentially begin a program that was approved in  
19 the storm protection plan but not end up completing that  
20 program or project for some reason, right, that's  
21 possible?

22          A     Yes.

23          Q     And for example, let's say if TECO were to get  
24 halfway through a project before needing to abandon the  
25 project for whatever reason, would TECO seek recovery of

1 those costs for that project that was half completed?

2 A I can't speculate on something theoretical  
3 like that. I can't think of a project to answer your  
4 question directly.

5 Q Okay. And it's just a hypothetical.

6 But similarly, if TECO were to get all the way  
7 through with the project, or at least almost all the way  
8 through with the project before having a need to abandon  
9 it, same question, but would TECO be able to -- or would  
10 they seek recovery of those costs?

11 A Again, I can't think of an example that would  
12 apply, so it's hard for me to speculate.

13 Q Here's another hypothetical. It's a little  
14 bit more to it that might be helpful.

15 Let's say TECO spent \$100,000 on the  
16 engineering for a particular project --

17 A Uh-huh.

18 Q -- and ultimately had to abandon that project  
19 at some point in the process, but after that \$100,000  
20 had already been spent, would TECO seek recovery of  
21 those engineering costs?

22 A Yeah, for some of the lug programs, or  
23 projects, we've encountered either the lack of ability  
24 to get easements, or some sort of construction  
25 obstruction that didn't allow us to proceed forward



1 after doing the preliminary investigation.

2 Q But still, TECO would, and has, pursued those  
3 engineering costs as storm protection plan costs?

4 A Yes.

5 Q And would you agree with me that there is a  
6 large difference between determining whether or not a  
7 utility's managerial and operational actions were  
8 prudent compared to whether or not the money that a  
9 company spent on a storm protection plan or project was  
10 prudent?

11 A Can you ask it again? Sorry.

12 Q Sure. So there is a difference between  
13 determining the prudence of a company's operation or  
14 managerial decision-making and determining the prudence  
15 of money spent by the company, for example, on storm  
16 protection plan projects.

17 A Okay.

18 Q I mean, do you agree?

19 A I can agree with that. Yeah.

20 Q And is any of TECO's decision-making prudence  
21 at issue in this particular storm protection plan cost  
22 recovery clause docket?

23 A I don't believe so.

24 Q You have your September 27th testimony with  
25 you. And if you could go to page 14, and lines 18

1 through 21.

2 A Okay.

3 Q All right. And would you read the line that  
4 -- or the sentence that begins on line 18?

5 A This is the rebuttal testimony, correct?

6 Q Yes. Page 14, line 18 of the September 27th  
7 testimony.

8 A Begins with the company?

9 Q Yes.

10 A The company is acutely aware of the regulatory  
11 construct and the responsibility it has to spend the  
12 customers' money prudently, wisely, efficiently in  
13 pursuit of storm resiliency benefits.

14 Q Yes. Thank you.

15 And in that sentence, does the use of the word  
16 prudently mean that you are asking the Commission to  
17 make a prudence determination about the storm protection  
18 plan costs in this docket?

19 A I believe that would be the purpose of this.

20 Q Okay.

21 A Yes.

22 Q And you are familiar with the storm protection  
23 plan statute, 366.96?

24 A Yes.

25 Q Okay. And I know you are not a lawyer, but in

1 your job, you have a very good familiarity with that  
2 statute?

3 A Correct.

4 Q Okay. Section 7 of that statute states that  
5 if the Commission determines that costs were prudently  
6 incurred, those costs will not be subject to  
7 disallowance for further prudence review. And there is  
8 a few exceptions for things like fraud and perjury, and  
9 whatnot, but you are familiar with that section of the  
10 statute?

11 A Generally, yes.

12 Q Okay. And do you understand that section to  
13 mean that if you were to start a project, but later  
14 abandon it, that you cannot being denied recovery based  
15 on a lack of prudence in the decision-making?

16 A I hadn't contemplated that language with the  
17 scenario that you are describing.

18 Q Okay. But kind of like what we discussed  
19 earlier, and like you mentioned TECO has done in the  
20 past?

21 A Correct.

22 Q Okay. Is it your understanding that this  
23 docket -- again, the CRC docket -- is the appropriate  
24 plays for the Commission to determine the prudence of  
25 SPP costs?

1           A     Yes.

2           Q     And you already confirmed that you testified  
3 during the 20220048 SPP docket this year. Are you --  
4 would you say you are still pretty familiar with what  
5 TECO's positions were in that docket?

6           A     Yes.

7           Q     Okay. And wasn't one of TECO's positions in  
8 the storm protection plan docket that there was no area  
9 of TECO's service territory where it would be  
10 impractical, unfeasible or imprudent to harden, subject  
11 to check?

12          A     Yes. And I believe that's still our position,  
13 that there is nowhere in our service territory that it's  
14 impractical to harden. It doesn't mean there are  
15 certain areas that you can't do the specific project  
16 that you thought you could do, or that you are not going  
17 to run into impedences at times that cause you to  
18 rethink, or, you know, potentially change direction on  
19 what you thought you could do in that specific area.

20          Q     Is it still TECO's position that it's -- that  
21 there is no area that's imprudent to harden?

22          A     We have not found any that it's -- that we  
23 have determined it's imprudent to harden ever, and, you  
24 know, kind of stop evaluating hardening in that  
25 particular area.

1           **Q**     Given TECO's position, then, and that's been  
2 renewed now, wasn't the SPP docket the appropriate place  
3 to address the prudence of the SPP programs and projects  
4 themselves?

5           MR. MEANS: Mr. Chairman, I have got to  
6 object, just to the extent that a lot of these  
7 questions are calling for a legal conclusions from  
8 Mr. Plusquellic, who is our operations witness.

9           CHAIRMAN FAY: Yeah, and they are conclusions  
10 based on previous dockets too. So he does have  
11 specific projects in the testimony, if there is  
12 something you want to point to as where it starts  
13 or stops, or you think it might not be viable, that  
14 might be a better way to sort of hone in on what  
15 you are trying to get to.

16          MS. WESSLING: I think I can just move on.

17          CHAIRMAN FAY: Okay.

18 BY MS. WESSLING:

19           **Q**     And just to confirm one more time, it's your  
20 understanding that this CRC docket is where the prudence  
21 of storm protection plan costs is to be determined,  
22 correct?

23           A     That is my understanding, yes.

24          MS. WESSLING: Okay. That's all.

25          CHAIRMAN FAY: Okay. Mr. Moyle?

1 MR. MOYLE: We have no questions.

2 CHAIRMAN FAY: Okay. I did not have any other  
3 parties here on cross, but I want to make sure I am  
4 not missing anybody. Okay.

5 With that, staff?

6 MR. STILLER: Staff has no questions.

7 CHAIRMAN FAY: Okay. Commissioners?

8 Okay. Mr. Means, you are recognized for any  
9 redirect.

10 MR. MEANS: Thank you, Mr. Chairman.

11 FURTHER EXAMINATION

12 BY MR. MEANS:

13 Q Mr. Plusquellic, you were involved in the  
14 development of the company's SPP, is that correct?

15 A Yes, sir.

16 Q And the company hired a consultant to model  
17 potential projects, is that correct?

18 A Yes.

19 Q Do you recall just the, in broad terms, the  
20 ballpark number of projects that were evaluated?

21 A I believe it was nearly 20,000.

22 Q And do you go out in the field and look at the  
23 real world conditions of each of those projects at the  
24 time you are developing the plan?

25 A No. It wouldn't be cost-effective to spend

1 that amount of time and resources to do a field  
2 feasibility study on 20,000 projects.

3 Q Okay. And --

4 MR. MEANS: No further questions.

5 CHAIRMAN FAY: Okay. All right. With that,  
6 Mr. Means, we've got some exhibits. You want to --

7 MR. MEANS: Yes, Mr. Chairman. Thank you.

8 I would like to enter Mr. Plusquellic' three  
9 exhibits into the record.

10 CHAIRMAN FAY: Okay. So we have 4, 5 and 37  
11 as identified in the comprehensive exhibit list?

12 MR. MEANS: That's right. Thank you.

13 CHAIRMAN FAY: Okay. Without objection show  
14 those exhibits entered into the record.

15 (Whereupon, Exhibit Nos. 4, 5 & 37 were  
16 received into evidence.)

17 CHAIRMAN FAY: And with that, Mr. Means, would  
18 you like to excuse your witness?

19 MR. MEANS: Yes, Mr. Chairman, we would ask  
20 that he be excused.

21 CHAIRMAN FAY: Okay. Thank you very much.  
22 Travel safe.

23 (Witness excused.)

24 CHAIRMAN FAY: All right. I believe I have  
25 Ms. Keating here next. You are welcome to call

1 your witness when you are ready.

2 MS. KEATING: Thank you, Mr. Chairman. FPUC  
3 calls Mark Cutshaw.

4 Whereupon,

5 MARK CUTSHAW

6 was called as a witness, having been previously duly  
7 sworn to speak the truth, the whole truth, and nothing  
8 but the truth, was examined and testified as follows:

9 EXAMINATION

10 BY MS. KEATING:

11 Q Good afternoon, Mr. Cutshaw.

12 A Good afternoon.

13 Q Would you please state your full name and  
14 business address for the record?

15 A My name is Mark Cutshaw. My address is 208  
16 Wildlight Avenue, Yulee, Florida, 32097.

17 Q And by whom are you employed and in what  
18 capacity?

19 A By Chesapeake Utilities Corporation/Florida  
20 Public Utilities. I am the Director of Generation.

21 Q And did you cause to be prepared and filed in  
22 this proceeding revised direct testimony on August 18th?

23 A I did.

24 Q And did you also cause to be prepared and  
25 filed an errata to that revised testimony on



1 **September 7th?**

2 A Yes, I did.

3 **Q Do you have any additional changes or**  
4 **corrections to that testimony?**

5 A No, I do not.

6 MS. KEATING: Mr. Chair, we would ask that Mr.  
7 Cutshaw's revised direct testimony, subject to his  
8 September 7th errata, be entered into the record as  
9 though read.

10 CHAIRMAN FAY: Okay. Without objection, show  
11 it entered.

12 (Whereupon, prefiled direct testimony of Mark  
13 Cutshaw was inserted.)

14

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1                                    **Before the Florida Public Service Commission**

2                                    Revised Direct Testimony of P. Mark Cutshaw

3                                    On Behalf of

4                                    Florida Public Utilities Company

5                                    Docket 20220010-EI

6                                    Filed August 18, 2022

7    **I.    Background**

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

9    A.    My name is P. Mark Cutshaw. My business address is 208 Wildlight Avenue, Yulee,  
10       Florida 32097.

11   **Q.    By whom are you employed?**

12   A.    I am employed by Florida Public Utilities Company (“FPUC” or “Company”).

13   **Q.    Could you give a brief description of your background and business experience?**

14   A.    I graduated from Auburn University in 1982 with a B.S. in Electrical Engineering. My  
15       electrical engineering career began with Mississippi Power Company in June 1982. I spent  
16       nine years with Mississippi Power Company and held positions of increasing responsibility  
17       that involved budgeting, as well as operations and maintenance activities at various  
18       locations. I joined FPUC in 1991 as Division Manager in our Northwest Florida Division  
19       and have since worked extensively in both the Northwest Florida and Northeast Florida  
20       divisions. Since joining FPUC, my responsibilities have included all aspects of budgeting,  
21       customer service, operations and maintenance. My responsibilities also included  
22       involvement with Cost of Service Studies and Rate Design in other rate proceedings before

1 the Commission as well as other regulatory issues. During January 2020, I moved into my  
2 current role as Director, Generation Development.

3 **Q. Have you previously testified before the Commission?**

4 A. Yes, I've provided testimony in a variety of Commission proceedings, including the  
5 Company's 2014 rate case, addressed in Docket No. 20140025-EI, rebuttal testimony in  
6 Docket No. 20180061-EI and numerous dockets for Fuel and Purchased Power Cost  
7 Recovery and testimony in Docket No. 20190156-EI in the Limited Proceeding to recover  
8 storm cost caused by Hurricane Michael. Most recently, I provided testimony in Docket  
9 20220049-EI, for the initial filing of the FPUC Storm Protection Plan.

10 **Q. What is the purpose of your testimony in this proceeding?**

11 A. The purpose of my testimony is to provide an overview of the 2022 – 2023 Storm  
12 Protection Plan Cost projects and the costs for which we are seeking recovery through the  
13 Storm Protection Plan Cost Recovery Clause ("SPPCR"), pursuant to Rule 25-6.031,  
14 F.A.C.

15 **Q. Are you sponsoring any exhibits in this proceeding?**

16 A. No. All information is contained within my testimony.

17 **II. Cost Recovery Considerations**

18 **Q. What are the projected revenue requirements for the full projected period of May 1,  
19 2022 through December 31, 2023?**

20 A. As discussed in the Testimony of Company witness Napier, the estimated revenue  
21 requirement to be recovered during the 2023 projection period is \$1,138,102 net of the  
22 amount embedded in base rate revenues, see SPPCRC Form 1P in Ms. Napier's Revised  
23 Exhibit MDN-1.

1 **Q. Do the revenue requirements identified for either 2022 or 2023 include costs**  
2 **currently recovered through the Company's base rates?**

3 A. No. The amounts recovered through base rates have been adjusted out of the revenue  
4 requirement for the SPPCR filing.

5 **Q. What steps has the Company taken to ensure that the amounts identified for recovery**  
6 **do not include costs already being recovered through the Company's base rates?**

7 A. Since the Overhead Feeder Hardening, Overhead Lateral Hardening, Overhead Lateral  
8 Undergrounding and SPP Management are new SPP programs, all costs associated with  
9 these included in the SPPCR. The Distribution Pole Inspection and Hardening and  
10 Transmission Inspection and Hardening are also included in the SPP as modified Storm  
11 Hardening programs for which recovery is through base rates at this time. The  
12 Transmission and Distribution Vegetation Management program is in the SPP with cost  
13 recovery included in base rates and the SPPCR. The cost recovery from base rates is  
14 \$852,743/year.

15 **Q. Are the rate impacts reflected in this filing for cost recovery consistent with those**  
16 **identified in the Company's proposed SPP, filed April 11, 2022, in Docket No.**  
17 **20220049-EI?**

18 A. Yes.

19 **Q. Did FPUC utilize its most current billing determinants and load forecast?**

20 A. Yes. The most recent billing determinants and load forecast for the 2023 sales budget and  
21 the budgeted gross margin were used for all the calculations.

22 **III. Cost Details for the Storm Protection Plan for the 2022 – 2023 FPUC SPPCR**

1 **Q. Please provide a description of the work anticipated to be done, the programs**  
 2 **involved, and the projected costs the Company expects to incur for the remainder of**  
 3 **2022, as well as for the calendar year 2023?**

4 **A.** After extensive analysis, the primary new programs included in the 2022 – 2023 FPUC  
 5 SPPCR focus on Overhead Feeder Hardening, Overhead Lateral Hardening and Overhead  
 6 Lateral Undergrounding. FPUC also includes, with slight modifications, previously  
 7 approved programs for Distribution Pole Inspections and Replacements, Transmission  
 8 System Inspection and Hardening and Transmission and Distribution Vegetation  
 9 Management programs which are part of the current Storm Hardening Plan approved for  
 10 FPUC.

11 2022

12	Distribution Overhead Feeder Hardening	\$300,000
13	Distribution Overhead Lateral Hardening	\$60,000
14	Distribution Overhead Lateral Undergrounding	\$111,000
15	T&D Vegetation Management	\$800,000
16	Distribution Pole Inspection & Replacement	\$814,000
17	Transmission Inspection & Hardening	\$412,000
18	SPP Management	\$0

19 2023

20	Distribution Overhead Feeder Hardening	\$3,010,000
21	Distribution Overhead Lateral Hardening	\$580,000
22	Distribution Overhead Lateral Undergrounding	\$1,120,000
23	T&D Vegetation Management	\$347,257

1	Distribution Pole Inspection & Replacement	\$1,395,582
2	Transmission Inspection & Hardening	\$620,000
3	SPP Management	\$210,000

4 **Q. Please describe the work anticipated to be performed by program, as well as the**  
5 **associated projected cost, for which FPUC is seeking recovery through the SPPCR?**

6 **A.** As previously mentioned, the Distribution Pole Inspection & Replacement and  
7 Transmission Inspection and Hardening are recovered through base rates. The T&D  
8 Vegetation Management program is partially recovered in base rates while the amount  
9 shown below will be recovered through the SPPCR.

10 2022

11	Distribution Overhead Feeder Hardening	\$300,000
12	Distribution Overhead Lateral Hardening	\$60,000
13	Distribution Overhead Lateral Undergrounding	\$111,000
14	T&D Vegetation Management	\$231,500
15	Distribution Pole Inspection & Replacement	\$713,000
16	Transmission Inspection & Hardening	\$412,000
17	SPP Management	\$0

18 2023

19	Distribution Overhead Feeder Hardening	\$3,010,000
20	Distribution Overhead Lateral Hardening	\$580,000
21	Distribution Overhead Lateral Undergrounding	\$1,120,000
22	T&D Vegetation Management	\$347,257
23	Distribution Pole Inspection & Replacement	\$1,395,582



1 A. Yes. The amounts will be prudently incurred as they reflect work consistent with the  
2 proposed SPP, which is designed to reduce restoration costs and outage times associated  
3 extreme weather events and enhancing reliability.

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

5 **A.** Yes, it does.



**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Storm Protection Plan Cost Recovery Clause	DOCKET NO. 20220010-EI  DATED: September 7, 2022
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**FLORIDA PUBLIC UTILITIES COMPANY'S  
ERRATA SHEET TO THE REVISED DIRECT TESTIMONY OF MARK CUTSHAW**

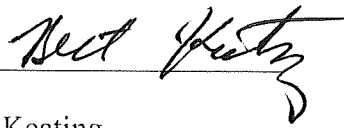
Florida Public Utilities Company ("FPUC") hereby submits this Errata Sheet to correct the Revised Direct Testimony of its witness P. Mark Cutshaw, filed on August 18, 2022:

Page and Line Number	Correction	
Page 2, Line 21	Delete "2023" and Change "\$1,138,102" to "1,471,416"	
Page 3, Line 9	Insert "are" before "included."	
Page 3, Lines 10	Replace "Transmission Inspection and Hardening" with "Transmission and Distribution Vegetation Management programs".	
Page 3, Line 11	Insert "partial" before "recovery."	
Page 3, Lines 11-13	Delete sentence starting with "The" and ending with "SPPCR."	
Page 3, Line 14	Change "\$852,743" to "975,504"	
Page 4, Line 12-17	Change:	To:
	\$300,000	\$298,375
	\$60,000	\$57,745
	\$111,000	\$112,278
	\$800,000	\$800,000
	\$814,000	\$814,048
	\$412,000	\$411,333

Page and Line Number	Correction	
Page 4, Lines 20-23	Change: \$3,010,000 \$580,000 \$1,120,000 \$347,257	To: \$3,013,347 \$577,452 \$1,122,786 \$1,200,000
Page 5, Lines 1-3	Change: \$1,395,582 \$620,000 \$210,000	To: \$1,521,072 \$617,000 \$206,000
Page 5, Lines 11-16, and 19-23	Change: \$300,000 \$60,000 \$111,000 \$231,500 \$713,000 \$412,000 \$3,010,000 \$580,000 \$1,120,000 \$347,257 \$1,395,582	To: \$298,375 \$57,745 \$112,278 \$231,505 732,207 \$411,333 \$3,013,347 \$577,452 \$1,122,786 \$347,257 \$1,398,310

Page and Line Number	Correction	
Page 6, Lines 1-2	Change: \$620,000	To: \$617,000
	\$210,000	\$206,000

Respectfully submitted this 7<sup>th</sup> day of September, 2022,

By: 

Beth Keating  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe St., Suite 601  
Tallahassee, FL 32301  
(850) 521-1706

*Attorneys for Florida Public Utilities Company*

1 BY MS. KEATING:

2 Q Okay. And, Mr. Cutshaw, you did not have any  
3 exhibits, correct?

4 A That's correct.

5 Q Okay.

6 MS. KEATING: Mr. Chair, FPUC waives summary,  
7 and the witness is tendered for cross.

8 CHAIRMAN FAY: Okay. Ms. Christensen, you are  
9 recognized when you are ready.

10 MS. CHRISTENSEN: Great, thank you.

11 EXAMINATION

12 BY MS. CHRISTENSEN:

13 Q Good afternoon, Mr. Cutshaw. How are you  
14 today?

15 A I am very good. How are you?

16 Q Mr. Cutshaw, you are the Director of the  
17 General Development with FPUC, is that correct?

18 A Director of Generation.

19 Q Okay. And in that position, you are, in part,  
20 responsible for the development and direction of FPUC's  
21 SPP plan?

22 A Yes, I am.

23 Q Okay. And you presented testimony in the SPP  
24 Docket 20220049 to sponsor FPUC's first SPP plan, is  
25 that right?

1 A Yes.

2 Q And would you agree that, in that docket,  
3 FPUC's SPP was approved with modifications?

4 A Yes.

5 Q And those modifications were to remove the  
6 requested T&D enhancement program and the transmission  
7 and substation resiliency program, correct?

8 A Correct.

9 Q And that plan covers projected costs for May  
10 2022 through December 2022, and January 23rd -- or 2023  
11 through December 2023, correct?

12 A Yes.

13 Q And just to be clear, did any of those costs  
14 that are projected in the 20220010 docket, do any of  
15 those costs include the programs that were disallowed by  
16 the Commission?

17 A They do not.

18 Q Okay. And you were not required to file any  
19 modification of your testimony in the 20220010 docket  
20 regarding the factors to account for any modifications  
21 with the SPP plan?

22 A I did not.

23 Q Okay. Would you agree that the prudence of  
24 the 2022 and the 2023 costs for the SPP have not been  
25 determined yet, and will not be determined until the

1     **2023 true-up?**

2           A     I am not sure I understand totally. Can you  
3 restate that?

4           Q     **Certainly.**

5                    You would agree that no -- that the Commission  
6 does not determine the prudence of cost related to the  
7 2022 and 2023 SPP cost until a final true-up is filed,  
8 and that will not be until 2023, correct?

9           A     I guess it was my understanding that this  
10 would be the prudency review today.

11          Q     **For the 2022 costs?**

12          A     And the 2023.

13          Q     **And the 2023? Okay. But that's strictly**  
14 **related to the costs, correct?**

15          A     Correct.

16          Q     **Okay. Regarding the 2022 and the 2023**  
17 **projected costs for the undergrounding program in the**  
18 **SPP, would you agree that none of those costs have been**  
19 **determined to be prudent?**

20          A     It's my understanding that's what this  
21 proceeding will be.

22          Q     **Okay. Are you familiar with the Commission's**  
23 **previous policy with the fuel docket, that those costs**  
24 **are not determined to be prudent until the final true-up**  
25 **is filed?**

1           A     I was not. I am sorry.

2           Q     Okay. Would you agree that it is possible  
3     FPUC could start an undergrounding project and abandon  
4     it for some reason, such as labor shortage, supply chain  
5     issues, engineering issues, et cetera?

6           A     Yes.

7           Q     And if FP were -- FPUC were to abandon an SPP  
8     undergrounding project before completion, would FPUC be  
9     seeking recovery of those costs?

10          A     I think we would have to reevaluate the  
11     situation at the time based on the facts surrounding why  
12     it was abandoned.

13          Q     Okay. Well, let's use the example that my  
14     colleague used.

15                     If FPUC had expended \$100,000 in engineering  
16     costs to develop a project and determined that it could  
17     not move forward, would FPUC include that \$100,000 in  
18     SPP cost recovery filing to recover those costs?

19          A     And again, I think we would have to reevaluate  
20     the situation at that time based on the conditions on  
21     why we abandoned the project.

22          Q     Okay. So the answer is maybe?

23          A     Maybe. A definite maybe.

24          Q     All right. A definite maybe?

25          A     Definite maybe.

1 Q All right. Would you agree that determining  
2 the prudence of a company's managerial and operational  
3 actions is different than evaluating a specific  
4 expenditure of cost, and whether that cost was prudent?

5 A Yes.

6 Q Would you agree that before October 4th, 2022  
7 Agenda Conference, FPUC did not have an approved SPP  
8 plan?

9 A Yes.

10 Q Okay. So any of the costs that were incurred  
11 prior to the vote of the Commission on October 4th,  
12 2022, regarding the SPP would not have been incurred  
13 under an approved SPP plan, is that correct?

14 A I would have to turn that over to our  
15 attorney. I am not positive on that.

16 Q Okay. Under the Commission's process, the SPP  
17 programs and project activities are reviewed and  
18 approved by the Commission in a docket separate from  
19 this docket, is that correct?

20 A Yes.

21 Q And this docket, the 20220010 docket, is an  
22 annual docket only to review the costs that the company  
23 incurred to implement its SPP, correct?

24 A Correct.

25 Q And the two -- the 20220010 docket only looks



1 at the reasonableness and prudence of incurring the cost  
2 of implementing the project and program activities under  
3 the SPP, correct?

4 A Correct.

5 Q On pages six and seven of your testimony, and  
6 if you want a minute to go there.

7 A Okay.

8 Q Okay. You testify that the amounts will be  
9 prudently incurred as they reflect the work consistent  
10 with the proposed SPP, is that correct?

11 A Yes.

12 Q And you are familiar with, in your capacity as  
13 the director that's implementing the SPP, you are  
14 familiar with the statute that your implementing,  
15 correct?

16 A Yes.

17 Q Okay. And would you agree that Section  
18 366.96(7) states that after a utility's transmission and  
19 distribution storm protection plan has been approved,  
20 proceeding with actions to implement the plan shall not  
21 constitute or be evidence of imprudence, is that  
22 correct?

23 A Correct.

24 Q And are you basing your statement in your  
25 testimony that the costs are prudent on the fact that

1 they are consistent with the SPP, and are you relying on  
2 Section 366.96(7), Florida Statutes, that as long as you  
3 are doing the actions to implement an approved SPP, it  
4 cannot be considered or be evidence of imprudence?

5 A Again, I would have to turn that over to our  
6 legal area.

7 Q Okay. So let me just -- when you made the  
8 statement that you believed that the costs -- let me  
9 just make sure I am looking at it correctly -- the  
10 amounts will be prudently incurred as they reflect the  
11 work consistent with the proposed SPP, is that  
12 statement, at least in part, based on the statutes,  
13 stating once the plan is approved, those actions cannot  
14 be deemed to be imprudent?

15 A Again, I would have to evaluate it at the  
16 time, but it could be possible that something would be  
17 imprudent. But we are doing our work, proposing our  
18 projects, completing the work based on prudence that is  
19 included in our SPP.

20 Q Okay. Would you agree that the Commission did  
21 not allow FPUC -- or OPC to challenge the prudence of  
22 the SPP activities to implement the projects or programs  
23 in -- programs of the SPP in the 20220049 docket?

24 A Yes.

25 Q Is it correct that FPUC undertook activities

1 to implement its proposed programs and projects in its  
2 SPP plan before the Commission approved the SPP in the  
3 October 4th, 2022, docket -- or Agenda Conference?

4 A Yes.

5 Q And that would be true because you are asking  
6 for cost recovery of SPP programs and projects that  
7 started from May 2022, which is before the time when the  
8 plan was approved in the October 4th, 2022, Agenda  
9 Conference, correct?

10 A That's what we included in our filing.

11 Q Okay. And you would agree that since the  
12 Commission has set its process to only review the  
13 prudence of the cost in this phase of the SPP, OPC has  
14 not had the opportunity to even address the prudence of  
15 the activities undertaken to implement the proposed SPP  
16 prior to the SPP approval in the 20220049 docket,  
17 correct?

18 MS. KEATING: Mr. Chair --

19 CHAIRMAN FAY: Ms. Christensen, I don't know  
20 if he can speak to what OPC has had the opportunity  
21 to do or not.

22 MS. CHRISTENSEN: Okay. I will move on.

23 BY MS. CHRISTENSEN:

24 Q Are you asking for approximately a \$2.50 per  
25 thousand kilowatt cost recovery for the SPP for

1 residential bills?

2 A Correct.

3 Q And FPUC is asking to collect approximately  
4 \$1.1 million in the 2023 SPP factor, correct?

5 A Subject to check, but yes, I think that's  
6 correct.

7 Q Okay. And is it correct to say that FPUC  
8 already collects approximately \$852,743 per year in base  
9 rates for storm hardening programs?

10 A Correct.

11 Q And would you agree with me, just a kind of  
12 the back-of-the-envelope calculation, about 43 percent  
13 of the SPP related costs are currently being collected  
14 and are embedded in base rates right now?

15 A Correct.

16 Q Okay. And the pro -- and these projects and  
17 programs costs under the SPP are just beginning to ramp  
18 up, or otherwise are expected to increase over the  
19 10-year SPP program timeframe?

20 A That is correct.

21 Q Okay. Thank you.

22 MS. CHRISTENSEN: I have no further questions.

23 CHAIRMAN FAY: Okay. Mr. Moyle is missing.

24 Let's see, we will move on to staff.

25 MR. STILLER: Staff has no questions.

1 CHAIRMAN FAY: Okay. Commissioners?

2 All right. Ms. Keating, any redirect?

3 MS. KEATING: No redirect.

4 CHAIRMAN FAY: Okay. And we don't have any  
5 exhibits, correct --

6 MS. KEATING: Correct.

7 COMMISSIONER LA ROSA: -- for the witness?

8 Okay.

9 All right. With that, Ms. Keating, would you  
10 like to excuse your witness?

11 MS. KEATING: I would.

12 CHAIRMAN FAY: All right. Mr. Cutshaw, thank  
13 you for being here.

14 THE WITNESS: Thank you very much.

15 (Witness excused.)

16 CHAIRMAN FAY: Okay. Next we will move to  
17 Florida Power & Light. Call your witness when you  
18 are ready.

19 MR. WRIGHT: Thank you, Chairman. FPL calls  
20 Michael Jarro.

21 Whereupon,

22 MICHAEL JARRO

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 Mr. Jarro, have you been sworn?

4 A Yes.

5 Q Can you please state your name and your  
6 business address?

7 A Sure. Michael Jarro. Business address is  
8 Florida Power & Light, 15430 Endeavor Drive, Jupiter,  
9 Florida, 33478.

10 Q By whom are you employed and in what capacity?

11 A I am employed by Florida Power & Light Company  
12 as the Vice-President of Distribution Operations.

13 Q On April 1st, 2022, did you file nine pages of  
14 direct testimony supporting FPL's final true-up for the  
15 period January 1, 2021, through December 31, 2021?

16 A Yes.

17 Q Do you have any corrections to your direct  
18 testimony filed on April 1st?

19 A No.

20 Q If I asked you the questions contained in your  
21 April 1st direct testimony, would your answers be the  
22 same?

23 A Yes.

24 Q On May 2nd, 2022, did you file 11 pages of  
25 direct testimony supporting FPL's 2022 actual estimated

1 true-up for the period -- I am sorry, 2022 actual --  
2 2022 actual estimated true-up and projected 2023 clause  
3 factors?

4 A Yes.

5 Q Do you have any corrections to your direct  
6 testimony filed on May 2nd?

7 A Subject to my supplemental testimony for the  
8 amended 2023 SPPCRC filed on October 14th, 2022, I have  
9 no additional corrections.

10 Q Okay. Thank you.

11 Subject to your supplemental testimony, if I  
12 asked you the questions contained in your May 2nd direct  
13 testimony, would your answers be the same?

14 A Yes.

15 Q And on October 14, 2022, did you file five  
16 pages of supplemental testimony?

17 A Yes.

18 Q Can you please summarize why you filed  
19 supplemental testimony?

20 A My supplemental testimony presents and  
21 supports modifications to the 2023 SPP projects and  
22 costs necessary -- necessary to reflect the 2023 to 2032  
23 SPP approved in Docket No. 20220051-EI on October 4th,  
24 2022.

25 Q And on September 27, 2022, did you file 27

1 **pages of rebuttal testimony in this proceeding?**

2 A Yes.

3 **Q Do you have any corrections to your rebuttal**  
4 **testimony?**

5 A Subject to my supplemental testimony for the  
6 amended 2023 SPPCRC filed on October 14th, I have no  
7 additional corrections.

8 **Q Okay. And subject to your supplemental**  
9 **testimony, if I asked you the same questions contained**  
10 **in your rebuttal testimony, would your answers be the**  
11 **same?**

12 A Yes.

13 MR. WRIGHT: Chairman, I would ask that Mr.  
14 Jarro's April 1st, May 2nd direct testimonies and  
15 October 14th supplemental testimony and rebuttal  
16 testimonies be entered into the record as though  
17 read.

18 CHAIRMAN FAY: Okay. Without objection, show  
19 them entered.

20 (Whereupon, prefiled direct testimony of  
21 Michael Jarro was inserted.)

22

23

24

25



**THE FLORIDA PUBLIC SERVICE COMMISSION**

**DOCKET NO. 20220010-EI**

**FLORIDA POWER & LIGHT COMPANY**  
**STORM PROTECTION PLAN COST RECOVERY CLAUSE FINAL TRUE-UP**  
**FOR THE PERIOD JANUARY 1, 2021 THROUGH DECEMBER 31, 2021**

**DIRECT TESTIMONY OF**

**MICHAEL JARRO**

**Filed: April 1, 2022**

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**I. INTRODUCTION.....3**  
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## I. INTRODUCTION

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25

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

My name is Michael Jarro. My business address is Florida Power & Light Company, 15430 Endeavor Drive, Jupiter, FL, 33478.

**Q. By whom are you employed and what is your position?**

I am employed by Florida Power & Light Company (“FPL” or the “Company”) as the Vice President of Distribution Operations.

**Q. Please describe your duties and responsibilities in that position.**

A. My current responsibilities include the operation and maintenance of FPL’s distribution infrastructure that safely, reliably, and efficiently deliver electricity to more than 5.7 million customers accounts representing more than half of our state’s population. FPL’s service area is divided into nineteen (19) distribution management areas with approximately 77,400 miles of distribution lines and 1.4 million distribution poles. The functions and operations within my area are quite diverse and include distribution operations, major projects and construction services, power quality, meteorology, and other operations that together help provide the highest level of service to FPL’s customers.

**Q. Please describe your educational background and professional experience.**

A. I graduated from the University of Miami with a Bachelor of Science Degree in Mechanical Engineering and Florida International University with a Master of Business Administration. I joined FPL in 1997 and have held several leadership positions in distribution operations and customer service, including serving as distribution reliability manager, manager of distribution operations for the south Miami-Dade area, control center general manager, director of network operations, senior director of customer strategy and analytics, senior director of power delivery central maintenance

1 and construction, and vice president of transmission and substations.

2 **Q. Have you previously testified before the Florida Public Service Commission**  
3 **(“Commission”)?**

4 A. Yes, I have previously submitted written testimony in FPL’s Storm Protection Plan  
5 (“SPP”) and Storm Protection Plan Cost Recovery Clause (“SPPCRC”) dockets.

6 **Q. What is the purpose of your testimony?**

7 A. The purpose of my testimony is to: (1) present the pre-consolidated FPL<sup>1</sup> and pre-  
8 consolidated Gulf Power Company (“Gulf”) actual SPP costs for the period of January  
9 2021 through December 2021; and (2) explain the variances between the actual 2021  
10 SPP costs and the actual/estimated 2021 SPP costs presented and approved in Docket  
11 No. 20210010-EI.

12 **Q. Are you sponsoring any exhibits in this case?**

13 A. Yes. I am sponsoring the following exhibits:

- 14 • Exhibit MJ-1 – FPL Actual Storm Protection Plan Work Completed in 2021;
- 15 • Exhibit MJ-2 – Gulf Actual Storm Protection Plan Work Completed in 2021;
- 16 and
- 17 • Exhibit MJ-3 – List of Explanations of Drivers for Variances in Storm  
18 Protection Plan Programs and Projects.

19

20 **II. THE STORM PROTECTION PLANS**

21 **Q. Please describe the SPPs that form the basis for the final actual 2021 SPP program**  
22 **and project costs that are the subject of this proceeding.**

---

<sup>1</sup> As used herein, the term FPL refers to pre-consolidated FPL for the period prior to January 1, 2022, and consolidated FPL for the period on or after January 1, 2022.

1 A. On April 10, 2020, FPL and Gulf filed their 2020-2029 SPPs in Docket Nos. 20200071-  
2 EI and 20200070-EI, respectively. In Commission Order No. PSC-2020-0293-AS-EI  
3 issued on August 28, 2020, the Commission unanimously approved a Joint Motion for  
4 Approval of a Stipulation and Settlement Agreement that resolved all issues raised in  
5 the Gulf and FPL SPP dockets, including the SPP programs and projects to be  
6 implemented in 2021 and their associated costs that are the subject of this filing. A  
7 complete copy of the Commission-approved FPL 2020-2029 SPP is available at:  
8 <http://www.psc.state.fl.us/library/filings/2020/03757-2020/03757-2020.pdf>. A  
9 complete copy of the Commission-approved Gulf 2020-2029 SPP is available at:  
10 <http://www.psc.state.fl.us/library/filings/2020/01914-2020/01914-2020.pdf>.

11 **Q. How does the merger between FPL and Gulf impact the implementation of the**  
12 **SPP programs and projects and the 2021 SPPCRC final true-up?**

13 A. It has no impact on the Commission-approved FPL and Gulf SPPs. Although Gulf was  
14 legally merged with and into FPL effective January 1, 2021, Gulf and FPL remained  
15 separate ratemaking entities and, as such, separately administered their 2021 SPP  
16 projects and SPPCRC Factors. Therefore, FPL is providing and seeking approval of  
17 final true-ups of the 2021 SPP projects and costs for both FPL and Gulf, and FPL is  
18 providing separate schedules and exhibits in support of the FPL and Gulf actual 2021  
19 SPP costs. These are provided in Exhibits MJ-1 and MJ-2.

20

21 As part of FPL's Commission-approved Settlement Agreement in Docket No.  
22 20210015-EI, the operations, rates, and tariffs of Gulf and FPL were consolidated and  
23 unified, all Gulf customers became FPL customers, and Gulf ceased to exist as a  
24 separate regulated entity effective January 1, 2022. Likewise, the SPPCRC was  
25 consolidated into single SPPCRC Factors effective January 1, 2022. Therefore, the net

1 total of the FPL and Gulf final true-ups for the 2021 SPP projects will be applied to  
2 FPL's 2023 consolidated SPPCRC Factors, which will be filed later this year.

3

4 **III. 2021 ACTUAL SPP PROJECT COSTS AND VARIANCES**

5 **Q. How did FPL and Gulf manage their SPP programs during 2021?**

6 A. During 2021, FPL and Gulf managed their SPPs projects at the program level in order  
7 to maximize efficiency while still achieving the overall objectives of the SPP programs.  
8 As a result, project schedules and completion dates changed based on the actual  
9 circumstances and conditions encountered or required for a specific work site to ensure  
10 that resources were being efficiently used. For example, an unanticipated condition on  
11 a jobsite or delay in obtaining a necessary permit may impede the ability to complete a  
12 scheduled project in that location. Rather than keeping a crew at that jobsite while the  
13 condition is addressed, FPL and Gulf would temporarily suspend work on that project  
14 and move the crew to another jobsite to ensure that resources are being utilized  
15 appropriately and efficiently.

16 **Q. Did FPL and Gulf previously provide a description of the SPP costs and work that  
17 was projected to be performed in 2021?**

18 A. Yes. On May 3, 2021, FPL submitted a petition in Docket No. 20210010-EI requesting  
19 approval of the 2021 actual/estimated true-up amounts and the 2022 SPPCRC Factors.  
20 Included with that filing were schedules that provided the FPL and Gulf 2021  
21 actual/estimated SPP projects and costs for the period January 1, 2021 through  
22 December 31, 2021. On August 26, 2021, the Commission issued Order No. PSC-  
23 2021-0324-FOF-EI, approving FPL's and Gulf's actual/estimated SPPCRC true-up  
24 amounts for the period January 1, 2021 through December 31, 2021.

25

1 **Q. Has FPL provided the final actual 2021 SPP projects and costs?**

2 A. Yes. The final project level detail and actual cost for the FPL and Gulf 2021 SPP  
3 programs are provided in Exhibits MJ-1 and MJ-2, respectively. These exhibits started  
4 with the FPL and Gulf 2021 actual/estimated SPP projects and costs that were filed in  
5 Docket No. 20210010-EI, and then updated to reflect the final 2021 actual projects and  
6 costs. In addition, Exhibits MJ-1 and MJ-2 provide the material variances between the  
7 2021 actual/estimated and the final 2021 actual SPP projects and costs, along with  
8 explanations for each material variance.

9 **Q. Please summarize the 2021 SPP project variances shown in Exhibits MJ-1 and**  
10 **MJ-2.**

11 A. FPL has determined that the SPP project variances for 2021 are typically the result of  
12 one or more of three occurrences: an acceleration of a project, a project delay, or  
13 change to a project estimate. Accordingly, Exhibits MJ-1 and MJ-2 contain three  
14 general categories of project variances: "Project Acceleration," "Project Delayed," and  
15 "Project Estimate Change." Within each of these categories, FPL has identified  
16 specific drivers that cause projects to be accelerated, delayed, or changed. A detailed  
17 list and explanation of each of these drivers is provided in Exhibit MJ-3.

18 **Q. Does the acceleration of a project impact the total overall cost of the project?**

19 A. Generally, no. Accelerated projects result in a greater proportion of the overall project  
20 cost being incurred sooner rather than later, but the overall estimated cost for the project  
21 typically remains the same. An accelerated project could result in greater costs being  
22 incurred for a project during an earlier year and less costs incurred in a later year.  
23 However, as demonstrated in Exhibits MJ-1 and MJ-2, FPL and Gulf effectively  
24 managed the 2021 SPP projects at the program level to ensure that the estimated total  
25 2021 SPP program costs remained consistent with the costs projected in their

1 Commission-approved SPPs.

2 **Q. Does a project delay impact the overall project cost?**

3 A. Generally, no. Delayed projects result in a smaller proportion of the overall project  
4 cost being incurred later than originally estimated, but the overall estimated cost for the  
5 project typically remains the same. A delayed project could result in less costs being  
6 incurred for a project during an earlier year and more costs incurred in a later year.  
7 However, as demonstrated in Exhibits MJ-1 and MJ-2, FPL and Gulf effectively  
8 managed the 2021 SPP projects at the program level to ensure that the estimated total  
9 2021 SPP program costs remained consistent with the costs projected in their  
10 Commission-approved SPPs.

11 **Q. Does a project estimate change impact the overall project cost?**

12 A. Generally, yes. Unlike the drivers that result in a change in costs incurred during the  
13 year due to the timing of when the work is being completed (either being accelerated  
14 or delayed), changes to a project estimate may result in a change to the overall cost of  
15 a project cost. Any such changes are reflected in Exhibits MJ-1 and MJ-2; however,  
16 FPL and Gulf effectively managed their 2021 SPP projects at the program level to  
17 ensure that the estimated total 2021 SPP program costs remained consistent with the  
18 costs projected in the Commission-approved FPL and Gulf 2020-2029 SPPs.

19 **Q. Are there any other drivers of the FPL or Gulf 2021 SPP project schedule that  
20 you wish to discuss?**

21 A. Yes. Florida remains the most hurricane-prone state in the nation, and both the FPL  
22 and Gulf service areas are susceptible to extreme weather events. Storms or other  
23 extreme weather events impacting the FPL and/or Gulf service areas could have  
24 significant impacts to SPP programs and projects. Work on SPP projects is suspended  
25 during storms or other extreme weather events and may not be resumed until restoration



1 following the extreme weather event is complete, which could result in the project  
2 schedules being delayed. SPP projects could also be delayed due to resources working  
3 on SPP projects becoming unavailable as crews are assigned to restoration activities  
4 within the FPL and Gulf service areas and/or to provide mutual assistance to other  
5 utilities impacted by an extreme weather event. FPL and Gulf cannot predict the impact  
6 that extreme weather events may have on the SPP activities that can be completed in  
7 any given year. SPP projects that are delayed due to impacts from extreme weather  
8 events may result in changes in the timing of when the costs are actually incurred.

9 **Q. Are the FPL and Gulf 2021 actual SPP costs reasonable and prudent?**

10 A. Yes. The actual SPP work completed in 2021 and related costs shown in Exhibits MJ-  
11 1 and MJ-2 were based on competitive solicitations and other contractor and supplier  
12 negotiations to ensure that FPL and Gulf selected the best qualified contactors and  
13 equipment suppliers at the lowest evaluated costs. Additionally, the actual SPP costs  
14 and projects completed during 2021 are consistent with the FPL and Gulf SPPs  
15 approved by the Commission in Docket Nos. 20200070-EI and 20200071-EI.

16 **Q. Does this conclude your direct testimony?**

17 A. Yes.

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**BEFORE THE**  
**FLORIDA PUBLIC SERVICE COMMISSION**  
**DOCKET NO. 20220010-EI**

**FLORIDA POWER & LIGHT COMPANY**  
**2022 ACTUAL/ESTIMATED STORM PROTECTION PLAN COST RECOVERY**  
**CLAUSE TRUE-UP AND THE 2023 PROJECTED STORM**  
**PROTECTION PLAN COST RECOVERY CLAUSE FACTORS**

**DIRECT TESTIMONY OF MICHAEL JARRO**

**Topics: 2022 Actual/Estimated SPP Costs,**  
**Variances for 2022 SPP Costs, and**  
**2023 SPP Projects and Costs**

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**I. INTRODUCTION**

1  
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 15430 Endeavor Drive, Jupiter, FL, 33478.

5 **Q. By whom are you employed and what is your position?**

6 A. I am employed by Florida Power & Light Company (“FPL” or the “Company”) as the  
7 Vice President of Distribution Operations.

8 **Q. Have you previously provided testimony in this docket?**

9 A. Yes. I submitted direct testimony in this docket on April 1, 2022, in support of Storm  
10 Protection Plan Cost Recovery Clause (“SPPCRC”) final true-up for the period January  
11 1, 2021 through December 31, 2021.

12 **Q. What is the purpose of your testimony?**

13 A. The purpose of my testimony is to: (1) present FPL’s 2022 actual/estimated costs  
14 associated with the 2020-2029 SPPs approved by Commission Order No. PSC-2020-  
15 0293-AS-EI; (2) explain the variances between the actual/estimated 2022 SPP costs  
16 and the 2022 cost projections approved in Commission Order No. PSC-2021-0324-  
17 FOF-EI; and (3) describe FPL’s 2023 SPP programs and projects and their associated  
18 cost projections and explain how those activities and costs are consistent with the FPL  
19 2023-2032 SPP that is currently pending for Commission review and approval in  
20 Docket No. 20220051-EI.

21 **Q. Are you sponsoring any exhibits in this case?**

22 A. Yes. I am sponsoring the following exhibits:

- 23 • Exhibit MJ-4 – FPL Actual/Estimated Storm Protection Plan Work to be  
24 Completed in 2022; and  
25 • Exhibit MJ-5 – FPL Storm Protection Plan Work Projected to be Completed in

1                   2023.

2                   I am also sponsoring Form 6P - Program Description and Progress Report (“Form 6P”)  
3                   that is included in FPL witness Renae B. Deaton’s Exhibit RBD-4.

4

5                   **II.       THE STORM PROTECTION PLANS**

6       **Q.       Please describe the SPP that forms the basis for the actual/estimated 2022 SPP**  
7       **programs and projects that are the subject of this proceeding.**

8       A.       As part of FPL’s Commission-approved 2022 Rate Case in Docket No. 20210015-EI,  
9                   the operations, rates, and tariffs of the former pre-consolidated Gulf Power Company  
10                  (“Gulf”) and FPL were consolidated and unified, all former Gulf customers became  
11                  FPL customers, and Gulf ceased to exist as a separate regulated entity effective January  
12                  1, 2022. Consistent therewith, the Commission approved consolidated FPL 2022  
13                  SPPCRC Factors in Docket No. 20210010-EI for the period January 1, 2022 through  
14                  December 31, 2022.

15

16               For purposes of implementing consolidated SPP programs and projects during 2022,  
17               FPL continued the programs and projects included in both the FPL and Gulf 2020-2029  
18               SPPs approved by Commission Order No. PSC-2020-0293-AS-EI without any  
19               modification. During 2022, the programs and projects in the FPL 2020-2029 SPP are  
20               being applied throughout the former FPL service area, and the programs and projects  
21               in the Gulf 2020-2029 SPP are being applied throughout the former Gulf service area.  
22               Therefore, the actual/estimated 2022 SPP programs and projects included in this filing  
23               are based on the FPL and Gulf 2020-2029 SPPs, and the former Gulf 2022 SPP projects  
24               and associated costs are additive to or combined with the FPL 2022 SPP programs and  
25               projects consistent with the Commission-approved 2022 SPPCRC Factors. A complete

1 copy of the Commission-approved FPL 2020-2029 SPP is available at:  
2 <http://www.psc.state.fl.us/library/filings/2020/03757-2020/03757-2020.pdf>. A

3 complete copy of the Commission-approved Gulf 2020-2029 SPP is available at:  
4 <http://www.psc.state.fl.us/library/filings/2020/01914-2020/01914-2020.pdf>.

5 **Q. Please describe the SPP that forms the basis for the projected 2023 SPP programs**  
6 **and projects that are the subject of this proceeding.**

7 A. On April 11, 2022, FPL filed a new consolidated FPL 2023-2032 SPP, which is  
8 currently pending for Commission review and approval in Docket No. 20220051-EI.  
9 If approved, the programs and projects included in the FPL 2023-2032 SPP would  
10 become effective and applied throughout the consolidated FPL service area beginning  
11 January 1, 2023. Accordingly, in this filing FPL is providing and seeking Commission  
12 approval of 2023 SPPCRC Factors based on the programs and projects included in  
13 FPL's 2023-2032 SPP that is currently pending in Docket No. 20220051-EI. A  
14 complete copy of the pending FPL 2023-2032 SPP is available at:  
15 <http://www.floridapsc.com/library/filings/2022/02358-2022/02358-2022.pdf>.

16 **Q. Has FPL provided details on the annual SPP programs and associated costs?**

17 A. Yes. This information is provided in Form 6P. For each SPP program, Form 6P  
18 describes the program activities, identifies the fiscal expenditures incurred to date,  
19 reports on the progress for the current year, and provides a projection of work to be  
20 completed and the associated costs for the projected year.

21

22

23

24

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### III. 2022 ACTUAL/ESTIMATED SPP PROJECTS

1  
2 **Q. How does FPL manage its SPP programs?**

3 A. FPL manages its SPP projects at the program level in order to maximize efficiency  
4 while still achieving the overall objectives of the SPP program. As a result, project  
5 schedules and completion dates are subject to change based on the actual circumstances  
6 and conditions encountered or required for a specific work site to ensure that resources  
7 are being efficiently used. For example, an unanticipated condition on a jobsite or  
8 delay in obtaining a necessary permit may impede the ability to complete a schedule  
9 project in that location. Rather than keeping a crew at that jobsite while the condition  
10 is addressed, FPL would temporarily suspend work on that project and move the crew  
11 to another jobsite to ensure that resources are being utilized appropriately and  
12 efficiently.

13 **Q. Did FPL previously provide a description of the SPP costs and work projected to**  
14 **be performed in 2022?**

15 A. Yes. On May 3, 2021, FPL submitted a Petition in Docket No. 20210010-EI requesting  
16 approval of the consolidated FPL 2022 SPPCRC Factors, which included a description  
17 of the costs and work projected to be performed for each SPP program during 2022.  
18 On August 26, 2021, the Commission issued Order No. PSC-2021-0324-FOF-EI  
19 approving the projected FPL 2022 SPPCRC Factors.

20 **Q. Has FPL updated the 2022 SPP costs and work that were included in the projected**  
21 **2022 SPPCRC Factors?**

22 A. Yes. The updated actual/estimated 2022 SPP costs are provided in Form 6P and the  
23 updated project level detail and cost projections for the actual/estimated 2022 SPP  
24 programs are provided in Exhibit MJ-4. These exhibits started with the projected 2022  
25 SPP project level detail and associated costs that were approved in Commission Order

1 No. PSC-2021-0324-FOF-EI, and updated the 2022 actual/estimated projects and costs  
2 based on information that was available and known as of February 2022. In addition,  
3 Exhibit MJ-4 provides the variances between the projected 2022 SPP cost projects and  
4 the actual/estimated costs updated as of February 2022, along with explanations for  
5 each of the material variances provided therein.

6 **Q. Please summarize the 2022 SPP actual/estimated project variances shown in**  
7 **Exhibit MJ-4.**

8 A. FPL determined that each of its SPPCRC project variances are the result of one of three  
9 occurrences: an acceleration of a project, a project delay, or change to a project  
10 estimate. Accordingly, Exhibit MJ-4 contains three general categories of project  
11 variances: “Project Acceleration,” “Project Delayed,” and “Project Estimate Change.”  
12 Within each of these categories, the Company has identified specific drivers that cause  
13 projects to be accelerated, delayed, or changed. A detailed list and explanation of each  
14 of these drivers is provided in Exhibit MJ-3, which was previously provided with my  
15 direct testimony submitted in this docket on April 1, 2022.

16 **Q. Does the acceleration of a project impact the total overall cost of the project?**

17 A. Generally, no. Accelerated projects result in a greater proportion of the overall project  
18 cost being incurred sooner rather than later, but the overall estimated cost for the project  
19 typically remains the same. An accelerated project could result in greater costs being  
20 incurred for a project during an earlier year and less costs incurred in a later year.  
21 However, as demonstrated in Exhibit MJ-4, FPL effectively managed the 2021 SPP  
22 projects at the program level to ensure that the estimated total 2022 SPP program costs  
23 remain consistent with the costs projected in the Commission-approved FPL and Gulf  
24 2020-2029 SPPs.

25



1 **Q. Does a project delay impact the overall project cost?**

2 A. Generally, no. Delayed projects result in a smaller proportion of the overall project  
3 cost being incurred later than originally estimated, but the overall estimated cost for the  
4 project typically remains the same. A delayed project could result in less costs being  
5 incurred for a project during an earlier year and more costs incurred in a later year.  
6 However, as demonstrated in Exhibit MJ-4, FPL effectively managed the 2022 SPP  
7 projects at the program level to ensure that the estimated total 2022 SPP program costs  
8 remain consistent with the costs projected in the Commission-approved FPL and Gulf  
9 2020-2029 SPPs.

10 **Q. Does a project estimate change impact the overall project cost?**

11 A. Generally, yes. Unlike the drivers that result in a change in costs incurred during the  
12 year due to the timing of when the work is being completed (either being accelerated  
13 or delayed), changes to a project estimate may result in a change to the overall cost of  
14 a project cost. However, as demonstrated in Exhibit MJ-4, FPL effectively managed  
15 the 2022 SPP projects at the program level to ensure that the estimated total 2022 SPP  
16 program costs remain consistent with the costs projected in the Commission-approved  
17 FPL and Gulf 2020-2029 SPPs.

18 **Q. Are there any other drivers of the 2022 SPP project schedule that you wish to  
19 discuss?**

20 A. Yes. Florida remains the most hurricane-prone state in the nation, and the FPL service  
21 area is susceptible to extreme weather events. Extreme weather events impacting the  
22 FPL service area could have significant impacts to SPP programs and projects. Work  
23 on SPP projects is suspended during extreme weather events and may not be resumed  
24 until restoration following a storm is complete, which could result in the project  
25 schedules being delayed. SPP projects could also be delayed due to resources working

1 on SPP projects becoming unavailable as crews are assigned to storm restoration  
2 activities within the FPL service area and/or to provide mutual assistance to other  
3 utilities impacted by a storm. FPL cannot predict the impact that extreme weather  
4 events may have on the SPP activities that can be completed in a given year. SPP  
5 projects that are delayed due to impacts from extreme weather events may result in  
6 changes in the timing of when the costs are actually incurred.

7 **Q. Are the FPL 2022 actual/estimated SPP costs reasonable?**

8 A. Yes. The actual/estimated SPP work to be completed in 2022 and related costs shown  
9 in Exhibit MJ-4 are based on competitive solicitations and other contractor and supplier  
10 negotiations to ensure that FPL selects the best qualified contractors and equipment  
11 suppliers at the lowest evaluated costs. Further, the actual/estimated SPP work to be  
12 completed in 2022 and related costs shown in Form 6P and Exhibit MJ-4 are consistent  
13 with the FPL and Gulf 2020-2029 SPPs approved by Commission Order No. PSC-  
14 2020-0293-AS-EI.

15  
16 **IV. 2023 PROJECTED SPP COSTS**

17 **Q. Has FPL provided a description of the work projected to be performed in 2023  
18 for each SPP program?**

19 A. Yes. Form 6P and Exhibit MJ-5 identify each of the SPP programs for which costs are  
20 projected to be incurred during 2023, as well as provide a description of the work  
21 projected to be performed for each SPP program during 2023. As explained above, the  
22 projected 2023 SPP programs and projects are based on the FPL 2023-2032 SPP that  
23 is currently pending for review and approval by the Commission in Docket No.  
24 20220051-EI.

25

1 I note that FPL's distribution and transmission annual inspection and vegetation  
2 management programs do not have project components and, instead, are completed on  
3 a cycle-basis. As such, these SPP programs do not lend themselves to identification of  
4 specific projects to be performed. Description of the distribution and transmission  
5 inspection and vegetation management programs projected for 2023 are provided in  
6 Form 6P. FPL has provided project level detail for the remaining 2023 SPP programs  
7 that have project components. However, the SPP projects that will actually be  
8 completed in 2023 could vary based on a number of factors, including, but not limited  
9 to: permitting; easement issues; change in scope; resource constraints (*i.e.*, labor &  
10 material); and/or extreme weather events. Any such variances will be addressed in the  
11 2023 actual/estimated true-up filing to be submitted in 2023, and the 2023 final true-  
12 up filing to be submitted in 2024.

13 **Q. Are the SPP activities and costs estimated for 2023 consistent with the FPL 2023-**  
14 **2032 SPP pending in Docket No. 20220051-EI?**

15 A. Yes. The SPP activities and costs estimated for each SPP program during 2023 are  
16 consistent with those described in the FPL 2023-2032 SPP pending in Docket No.  
17 20220051-EI. However, as I previously stated, the number of SPP projects that will  
18 actually be completed in 2023, as well as the associated SPP costs, could vary based  
19 on a number of factors and will be addressed in separate subsequent true-up filings.

20 **Q. Are the FPL projected 2023 SPP costs reasonable?**

21 A. Yes. As with the FPL 2022 actual/estimated SPP work and costs, the projected SPP  
22 work to be completed in 2023 and related costs in Exhibit MJ-5 are based on  
23 competitive solicitations to ensure that FPL secures the lowest evaluated costs among  
24 the most qualified vendors for these projects. Further, the projected SPP work to be  
25 completed in 2022 and related costs shown in Form 6P and Exhibit MJ-5 are consistent

1 with the FPL 2023-2032 SPP pending in Docket No. 20220051-EI.

2 **Q. Does this conclude your direct testimony?**

3 A. Yes.

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Storm Protection Plan Cost Recovery  
Clause (Florida Power & Light Company)

Docket No. 20220010-EI

Filed: August 11, 2022

**FLORIDA POWER & LIGHT COMPANY**  
**ERRATA SHEET OF MICHAEL JARRO**

Florida Power & Light Company (“FPL”) hereby submits this errata sheet of Michael Jarro to correct **Exhibit MJ-5 – FPL Storm Protection Plan Work Projected to be Completed in 2023** and **Form 6P – Program Description and Progress Report included in Exhibit RBD-4**, to reflect that the Distribution Winterization Program and Transmission Winterization Program were withdrawn from FPL’s 2023-2032 Storm Protection Plan on July 11, 2022.

<b><u>Ex. and Page #</u></b>	<b><u>Change</u></b>
Ex. MJ-5, pp. 27-28	Delete pages 27-28 in their entirety to reflect that the Distribution Winterization Program and Transmission Winterization Program were withdrawn on July 11, 2022
Ex. RBD-4, Form 6P, pp. 39-41	Delete pages 39-41 in their entirety to reflect that the Distribution Winterization Program and Transmission Winterization Program were withdrawn on July 11, 2022

Provided as “**Attachment 1**” is a complete version of Exhibit MJ-5 – FPL Storm Protection Plan Work Projected to be Completed in 2023 that reflects the above-referenced corrections.

Provided as “**Attachment 2**” is a complete version of Form 6P – Program Description and Progress Report included in Exhibit RBD-4 that reflects the above referenced corrections.

Respectfully submitted this 11th day of August 2022,

By: s/Christopher T. Wright

Christopher T. Wright  
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**BEFORE THE**  
**FLORIDA PUBLIC SERVICE COMMISSION**  
**DOCKET NO. 20220010-EI**

**FLORIDA POWER & LIGHT COMPANY**  
**STORM PROTECTION PLAN COST RECOVERY CLAUSE**

**SUPPLEMENTAL TESTIMONY OF MICHAEL JARRO**

**Topics: Amended 2023 SPP Projects and Costs**

**Filed: October 14, 2022**

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

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

4 **Q. Did you previously submit testimony in this docket?**

5 A. Yes. On April 1, 2022, I submitted direct testimony in support of FPL’s 2021 Storm  
6 Protection Plan Cost Recovery Clause (“SPPCRC”) Final True-Up, together with  
7 Exhibit MJ-1 – FPL Actual Storm Protection Plan Work Completed in 2021, Exhibit  
8 MJ-2 – Gulf Actual Storm Protection Plan Work Completed in 2021, and Exhibit MJ-  
9 3 – List of Explanations of Drivers for Variances in Storm Protection Plan Programs  
10 and Projects. On May 6, 2022, FPL filed and served a Notice of Filing a Revised  
11 Exhibit MJ-1 (2021 project level detail) to correct the completion dates, start dates, and  
12 applicable variances and amounts projected for certain Distribution Feeder Hardening  
13 Program projects. On May 31, 2022, upon discussion with Commission Staff, FPL  
14 filed a complete, single copy of Revised Exhibit MJ-1 that included both the revised  
15 and un-revised pages to ensure the record was complete and to avoid any confusion.

16  
17 On May 2, 2022, I submitted direct testimony in support of FPL’s 2022 SPPCRC  
18 Actual/Estimated True-Up and projected 2023 SPPCRC Factors, together with Exhibit  
19 MJ-4 – FPL Actual/Estimated Storm Protection Plan Work to be Completed in 2022,  
20 and Exhibit MJ-5 – FPL Storm Protection Plan Work Projected to be Completed in  
21 2023. On August 11, 2022, I filed an errata and Revised Exhibit MJ-5 and Revised  
22 Form 6P to reflect that the Transmission and Distribution Winterization Programs had

1           been formally withdrawn from FPL’s proposed 2023-2032 Storm Protection Plan  
2           (“2023 SPP”) pending at Docket No. 20220051-EI.

3

4           Finally, on September 27, 2022, I submitted rebuttal testimony in response to certain  
5           portions of the direct testimonies of Lane Kollen and Kevin J. Mara submitted on behalf  
6           of the Office of Public Counsel (“OPC”).

7           **Q.    What is the purpose of your supplemental testimony?**

8           A.    The purpose of my supplemental testimony is to amend FPL’s 2023 SPP programs and  
9           projects and their associated cost projections originally filed in this docket on May 2,  
10          2022, in order to reflect the modifications to FPL’s 2023 SPP that were approved by  
11          the Commission in Docket No. 20220051-EI on October 4, 2022.

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

13          Yes. I am sponsoring Amended Exhibit MJ-5 – FPL Storm Protection Plan Work  
14          Projected to be Completed in 2023. I am also sponsoring Amended Form 6P - Program  
15          Description and Progress Report (“Form 6P”) that is included in Amended Exhibit  
16          RBD-4 provided with the supplemental testimony of FPL witness Renae B. Deaton.

17          **Q.    Please explain why you are submitting supplemental testimony and amended  
18          exhibits in this proceeding.**

19          A.    On April 11, 2022, FPL filed a new consolidated FPL 2023-2032 SPP for Commission  
20          review and approval in Docket No. 20220051-EI. If approved, the programs and  
21          projects included in the FPL 2023-2032 SPP would become effective and applied  
22          throughout the consolidated FPL service area beginning January 1, 2023. Accordingly,  
23          on May 2, 2022, FPL filed its proposed 2023 SPPCRC Factors based on the programs



1 and projects included in FPL's 2023-2032 SPP that was pending in Docket No.  
2 20220051-EI.

3

4 At the October 4, 2022 Agenda Conference, the Commission approved FPL's 2023  
5 SPP with the following two modifications: (1) remove the proposed new Transmission  
6 Access Enhancement Program; and (2) remove the transmission looping initiative from  
7 the Transmission Hardening Program. The Commission's SPPCRC Rule provides that  
8 "[i]f the Commission approves the utility's Storm Protection Plan with modifications,  
9 the utility shall, within 15 business days, file an amended cost recovery petition and  
10 supporting testimony reflecting the modifications." Rule 25-6.031(2), F.A.C. In  
11 compliance with this requirement, I am providing supplemental testimony and  
12 sponsoring an amended exhibit to reflect the modifications to the 2023 SPP that were  
13 adopted by the Commission.

14 **Q. Can you explain the impact that these modifications have on the 2023 SPP projects**  
15 **and associated costs to be recovered through the 2023 SPPCRC Factors?**

16 A. Yes. The Transmission Access Enhancement Program has been completely removed,  
17 which results in a reduction of \$0.8 million in the SPP costs projected to be incurred  
18 during 2023. The transmission looping initiative has been completely removed from  
19 the Transmission Hardening Program, which results in a reduction of \$20.03 million in  
20 the Transmission Hardening Program costs projected to be incurred during 2023.

21 **Q. Has FPL provided updated exhibits to reflect these modifications to the SPP**  
22 **projects and associated costs projected to be incurred during 2023?**

23 A. Yes. Amended Exhibit MJ-5 and Amended Form 6P, which is included in Amended

1 Exhibit RBD-4 provided with the supplemental testimony of FPL witness Renae B.  
2 Deaton, identify each of the SPP programs for which costs are projected to be incurred  
3 during 2023, as well as provide a description of the work projected to be performed for  
4 each SPP program during 2023. However, the number of SPP projects that will actually  
5 be completed in 2023, as well as the associated SPP costs, could vary based on a  
6 number of factors and will be addressed in separate subsequent true-up filings.

7 **Q. Are the FPL projected 2023 SPP costs, as amended, reasonable?**

8 A. Yes. The SPP work projected to be completed in 2023 and related costs shown in  
9 Amended Exhibit MJ-5 and Amended Form 6P are consistent with the FPL's 2023 SPP  
10 approved in Docket No. 20220051-EI. The SPP work projected to be completed in  
11 2023 and related costs in Amended Exhibit MJ-5 are based on competitive solicitations  
12 to ensure that FPL secures the lowest evaluated costs among the most qualified vendors  
13 for these projects.

14 **Q. Does this conclude your supplemental testimony?**

15 A. Yes.

1                   (Whereupon, prefiled rebuttal testimony of  
2 Michael Jarro was inserted.)

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1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **DOCKET NO. 20220010-EI**

3  
4 **FLORIDA POWER & LIGHT COMPANY**

5 **STORM PROTECTION PLAN COST RECOVERY CLAUSE**

6  
7  
8  
9 **REBUTTAL TESTIMONY OF**

10 **MICHAEL JARRO**

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23 **Filed: September 27, 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 in this docket?**

6 A. Yes. On April 1, 2022, I submitted testimony in support of FPL’s 2021 Storm  
7 Protection Plan Cost Recovery Clause (“SPPCRC”) Final True-Up, together with  
8 Exhibit MJ-1 – FPL Actual Storm Protection Plan Work Completed in 2021, Exhibit  
9 MJ-2 – Gulf Actual Storm Protection Plan Work Completed in 2021, and Exhibit MJ-  
10 3 – List of Explanations of Drivers for Variances in Storm Protection Plan Programs  
11 and Projects. On May 6, 2022, FPL filed and served a Notice of Filing a Revised  
12 Exhibit MJ-1 (2021 project level detail) to correct the completion dates, start dates, and  
13 amounts projected for certain Distribution Feeder Hardening Program projects. On  
14 May 31, 2022, upon discussion with Commission Staff, FPL filed a complete, single  
15 copy of Revised Exhibit MJ-1 that included both the revised and un-revised pages to  
16 ensure the record was complete and to avoid any confusion.

17  
18 On May 2, 2022, I submitted testimony in support of FPL’s 2022 SPPCRC  
19 Actual/Estimated True-Up and projected 2023 SPPCRC Factors, together with Exhibit  
20 MJ-4 – FPL Actual/Estimated Storm Protection Plan Work to be Completed in 2022,  
21 and Exhibit MJ-5 – FPL Storm Protection Plan Work Projected to be Completed in  
22 2023. On August 11, 2022, I filed an errata and Revised Exhibit MJ-5 to reflect that  
23 the Transmission and Distribution Winterization Programs had been formally  
24 withdrawn.

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

2 A. The purpose of my rebuttal testimony is to respond to certain portions of the direct  
3 testimonies of Lane Kollen and Kevin J. Mara submitted on behalf of the Office of  
4 Public Counsel (“OPC”). My rebuttal testimony will respond to the concerns,  
5 questions, and recommendations raised by these witnesses regarding the Storm  
6 Protection Plan (“SPP”) projects and costs projected to be incurred during the period  
7 January 1, 2023 through December 31, 2023, which are included in FPL’s projected  
8 2023 SPPCRC Factors.

9

10 First, I will provide some general observations and context regarding OPC’s  
11 testimonies and recommendations. Second, I will address OPC’s argument that a cost-  
12 benefit analysis and cost-effectiveness threshold is required for the Florida Public  
13 Service Commission (the “Commission”) to determine whether the projected 2023 SPP  
14 projects and costs are reasonable and prudent. Third, I will respond to OPC witness  
15 Mara’s recommendation that the budget for the Transmission Access Enhancement  
16 Program be excluded from the SPPCRC. Finally, I will address OPC witness Mara’s  
17 recommended adjustment to the Distribution Lateral Hardening Program.

18

19 I note that FPL witness Liz Fuentes will also respond to OPC witness Kollen’s claim  
20 that FPL’s SPPCRC includes programs and projects recovered in base rates and his  
21 concerns regarding FPL’s calculation of the revenue requirements for the 2023 SPP  
22 projects and costs included in the projected 2023 SPPCRC Factors.

23

1 **Q. Did Walmart Inc. (“Walmart”) also file direct testimony in this proceeding?**

2 A. Yes, Walmart submitted the direct testimony of Lisa V. Perry. With respect to FPL,  
3 Walmart witness Perry states that she does not oppose recovering the SPP costs from  
4 demand-metered customers consistent with how these costs are currently being  
5 recovered through the SPPCRC. Therefore, there is nothing in Walmart’s testimony to  
6 be rebutted.

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

8 A. No.

9

10 **II. GENERAL OBSERVATIONS**

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

13 A. Yes. First, the OPC witnesses do not challenge or make any recommended adjustments  
14 to any of the SPP projects, costs, or revenue requirements included in FPL’s 2021 final  
15 true-up or 2022 actual/estimated true-up.<sup>1</sup> Thus, it appears the 2021 and 2022 SPP  
16 projects and costs are not in dispute. This is important to note because the approach  
17 FPL took in this proceeding to support its projected 2023 SPP projects and costs is the  
18 very same approach it used to support both the projected 2021 SPP projects and costs,  
19 which OPC agreed to in a settlement agreement approved by Commission Order No.  
20 PSC-2020-0409-AS-EI, and the projected 2022 SPP projects and costs that were  
21 approved by Commission Order No. PSC-2021-0324-FOF-EI.

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<sup>1</sup> See direct testimony of OPC witness Kollen, p. 8, ln. 13-16; see also direct testimony of OPC witness Mara, p. 8, ln. 7-10.



1 Second, the OPC witnesses do not challenge or make any recommended adjustments  
2 to any of the individual 2023 SPP projects or associated costs. In my Revised Exhibit  
3 MJ-5 and the Revised RBD-4 sponsored by FPL witness Renae B. Deaton, FPL  
4 provided voluminous project level detail, together with the data and calculations  
5 required by the Commission’s schedules, to describe and support the SPP projects and  
6 costs projected to be incurred during the period of January 1, 2023 through December  
7 31, 2023. Despite this extensive project level detail, the OPC witnesses have not  
8 challenged a single 2023 SPP project as not being prudent or asserted that the costs for  
9 any single 2023 project are unreasonable.

10  
11 Third, based on my review of the testimonies of OPC witnesses Kollen and Mara, it  
12 appears that OPC is trying to re-litigate FPL’s 2023-2032 Storm Protection Plan (“2023  
13 SPP”) that is currently pending before the Commission in Docket No. 20220051-EI  
14 (hereinafter, the “SPP Docket”). As stated above, the OPC witnesses have not  
15 challenged the reasonableness or prudence of any individual 2023 SPP projects  
16 projected to be incurred during the period January 2023 through December 2023.  
17 Rather, the OPC witnesses challenge what programs and projects are eligible to be  
18 included in the 2023 SPP and recommend an adjustment to the total 10-year budget for  
19 the Distribution Lateral Hardening Program. Both OPC witnesses made substantially  
20 similar arguments in the SPP Docket regarding programs eligible to be included in the  
21 2023 SPP. In fact, both OPC witnesses offer their entire testimony from the SPP  
22 Docket as an exhibit in this proceeding, including the portions of OPC witness Kollen’s  
23 testimony that were stricken first by the Prehearing Officer in Order No. PSC-2022-

1 0292-PCO-EI and reaffirmed by the full Commission after OPC sought  
2 reconsideration. Based on these facts, it appears that OPC now again raises the same  
3 arguments rejected by the Commission in its attempt to again challenge what programs  
4 are eligible to be included in the 2023 SPP.

5 **Q. Do you have a response to the OPC witnesses' request to include and incorporate**  
6 **their testimonies from the SPP Docket in this docket?**

7 A. Yes. The SPP programs and ten-year estimated budgets to be included in the 2023 SPP  
8 are currently pending before the Commission in the SPP Docket. Based on my review  
9 of the SPP Statute, it is my understanding that the Commission will determine in the  
10 pending SPP Docket whether it is in the public interest to approve, approve with  
11 modifications, or deny FPL's 2023 SPP. *See* Section 366.96(4)-(6), F.S. According to  
12 the schedule for the SPP Docket published on the Commission's website, the  
13 Commission is currently scheduled to take a vote and decide FPL's 2023 SPP at the  
14 October 4, 2022 Agenda Conference. Thus, the parties to this docket, Staff, and the  
15 Commission will know whether FPL's 2023 SPP was approved as filed, modified, or  
16 denied by October 4, 2022, including what programs and associated ten-year budgets  
17 are included in the 2023 SPP. Notably, the Commission's decision on the 2023 SPP  
18 will occur prior to the November 1-3, 2022 hearing in this docket. Because the  
19 programs and associated estimated budgets to be included in FPL's 2023 SPP will be  
20 fully decided by the Commission prior to the hearing in this docket, in my opinion it is  
21 unnecessary to incorporate OPC's testimony, including the stricken testimony, from  
22 the SPP Docket on what should be included in the 2023 SPP in this proceeding – that  
23 issue will have already been decided.

1 **Q. On pages 6-7 of his direct testimony, OPC witness Mara states that the**  
2 **Commission should consider his testimony from the SPP Docket in this docket due**  
3 **to the uncertainty surrounding the modifications to the 2023 SPP that may be**  
4 **adopted by the Commission. Do you agree?**

5 A. No. Again, FPL's 2023 SPP will be fully decided prior to the hearings in this  
6 proceeding. Moreover, the Commission's SPPCRC Rule already contemplates and  
7 directs how any modifications to a SPP should be handled during a pending SPPCRC  
8 docket: "the utility shall, within 15 business days, file an amended cost recovery  
9 petition and supporting testimony reflecting the modifications." Rule 25-6.031(2),  
10 F.A.C. Thus, in the event the Commission modifies or denies FPL's 2023 SPP as filed,  
11 FPL is required to file amended 2023 SPPCRC Factors that incorporate and reflect any  
12 such modifications within 15 days. Further, even if the Commission modifies the 2023  
13 SPP and FPL is required to file amended 2023 SPPCRC Factors to reflect such  
14 modifications, there is nothing in the SPPCRC Rule to suggest that the Commission  
15 will reconsider what should be included in the 2023 SPP as part of its review of the  
16 amended 2023 SPPCRC Factor filing.

17

18 **III. OPC'S PROPOSED COST-EFFECTIVENESS TEST IS INAPPROPRIATE**  
19 **AND UNNECESSARY**

20 **Q. Please summarize OPC witness Kollen's recommendation regarding a cost-**  
21 **effectiveness threshold for SPP programs and projects to be recovered through**  
22 **the SPPCRC.**

23 A. OPC witness Kollen recommends that the Commission apply a cost-effectiveness  
24 threshold to determine if the SPP programs and projects are reasonable and prudent.

1 Specifically, OPC witness Kollen recommends on page 16 of his testimony that the  
2 Commission deny SPPCRC cost recovery for SPP programs and projects that do not  
3 have a benefit-to-cost ratio of 100% or more. On page 16, lines 10-18, OPC witness  
4 Kollen states that:

5 Even if the Commission does not require a benefit to cost ratio of at  
6 least 100%, it still should exercise its discretion and authority to  
7 follow an objective, minimum threshold, such as 70%, or limit the  
8 rate impact over the life of the SPP to a defined threshold, such as  
9 10% over the ten-year term of each utility's proposed SPP  
10 programs.”

11 Thus, OPC witness Kollen proposes that the Commission apply a cost-effectiveness  
12 threshold to the programs and projects included in FPL's 2023 SPP and deny SPPCRC  
13 cost recovery that does not meet this threshold.

14 **Q. On page 14 of his testimony, OPC witness Kollen suggests that a cost-effectiveness**  
15 **threshold is the “best approach” for the Commission to determine if the SPP**  
16 **programs and projects are reasonable and prudent. What is your understanding**  
17 **of the reasonable and prudent standard applicable to the SPPCRC?**

18 A. The Commission's SPPCRC Rule provides:

19 (2) After a utility filed its Transmission and Distribution Storm  
20 Protection Plan (Storm Protection Plan), the utility may file a  
21 petition for recovery of associated costs through the Storm  
22 Protection Plan cost recovery clause....

23 (3) An annual hearing to address petitions for recovery of Storm  
24 Protection Plan costs will be limited to determining the  
25 reasonableness of projected Storm Protection Plan costs, the  
26 prudence of actual Storm Protection Plan costs incurred by the  
27 utility, and to establish Storm Protection Plan cost recovery factors  
28 consistent with the requirements of this rule.

1 Rule 25-6.031(2) and (3), F.A.C. (emphasis added). Thus, with respect to the projected  
2 2023 SPP costs, it appears that the review is limited to the reasonableness of the  
3 projected costs.

4 **Q. Does the SPPCRC Rule provide guidance on how the utilities are to demonstrate**  
5 **that the SPP costs proposed to be recovered through the SPPCRC are reasonable**  
6 **or prudent?**

7 A. Yes. The Commission’s SPPCRC Rule provides that “[t]he utility’s petition shall be  
8 supported by testimony that provides details on the annual Storm Protection Plan  
9 implementation activities and associated costs, and how those activities and costs are  
10 consistent with its Storm Protection Plan.” Rule 25-6.031(2), F.A.C. With respect to  
11 projected SPP costs, such as the 2023 SPP costs being challenged by OPC, the SPPCRC  
12 Rule states:

13 The projected Storm Protection Plan costs recovery shall include  
14 costs and revenue requirements for the subsequent year for each  
15 program filed in the utility’s cost recovery petition. The projection  
16 filing shall also include identification of each of the utility’s Storm  
17 Protection Plan programs for which costs will be incurred during the  
18 subsequent year, including a description of the work projected to be  
19 performed during such year, for each program in the utility’s cost  
20 recovery petition.

21 Rule 25-6.031(7)(c), F.A.C. In addition, Commission staff has directed the utilities to  
22 include specific Commission schedules/forms with the annual SPPCRC filings, which  
23 include detailed information, schedules, and calculations for the SPP costs to be  
24 recovered through the SPPCRC.

25

1 For FPL's projected 2023 SPP costs, this information was provided in FPL's Revised  
2 Exhibit MJ-5, Revised Exhibit RBD-4, Exhibit RBD-5, and direct testimonies of FPL  
3 witnesses Jarro and Deaton filed in this docket on May 2, 2022.

4 **Q. Are you suggesting that the Commission is somehow limited in its application of**  
5 **the reasonable and prudence standard in this proceeding?**

6 A. Absolutely not. Clearly, the SPPCRC Rule provides that the SPP projects must be  
7 reasonable and prudent, as well as consistent with the other requirements of the Rule,  
8 in order to be recovered through the SPPCRC. Although I am not an attorney, it is my  
9 opinion that the Commission can and should determine whether it was prudent or  
10 imprudent for the utility to undertake a specific SPP project that is submitted for  
11 recovery through the SPPCRC. Likewise, it is my opinion that the Commission can  
12 and should determine whether the costs for a specific SPP project submitted for  
13 recovery through the SPPCRC are reasonable. I submit that this is precisely why the  
14 SPPCRC Rule and Commission forms require voluminous and detailed information on  
15 each SPP project and program submitted for recovery through the SPPCRC.

16 **Q. Did either of the OPC witnesses assert that any of the SPP projects included in the**  
17 **2023 SPPCRC Factors were imprudent?**

18 A. No, neither OPC witness identified a single 2023 SPP project that they believed is  
19 imprudent for FPL to undertake. I do note, however, that OPC witness Mara asserted  
20 that the entire Transmission Access Enhancement Program is imprudent, and he  
21 recommends that the entire 2023 SPP cost for this program be excluded from the  
22 SPPCRC, which I will further address below.

1 **Q. Did either of the OPC witnesses assert that any of the SPP project costs included**  
2 **in the 2023 SPPCRC Factors were unreasonable?**

3 A. No, neither OPC witness identified a single 2023 SPP project cost that they believed is  
4 unreasonable. I do note, however, that OPC witness Mara recommends a reduction to  
5 the ten-year budget for the Distribution Lateral Hardening Program, which I will further  
6 address below.

7 **Q. Do you have concerns with OPC's proposal that the Commission apply a cost-**  
8 **effectiveness threshold to determine whether the SPP programs and projects are**  
9 **reasonable and prudent?**

10 A. Yes. I note that OPC witness Kollen attempted to raise this very same argument in the  
11 SPP Docket, which was stricken by Order No. PSC-2022-0292-PCO-EI. It appears  
12 that OPC through witness Kollen is trying to re-litigate this same issue in this  
13 proceeding by claiming that “the costs of the SPP programs and projects are prudent  
14 and reasonable only if the benefits exceed the costs; in other words, the benefit-to-cost  
15 ratio is equal to or more than 100%.”<sup>2</sup> However, the SPP Statute and SPPCRC Rule  
16 do not prescribe or require a traditional cost-benefit analysis or cost-effectiveness test  
17 for projects or programs to be recovered in the SPPCRC. In my opinion, OPC witness  
18 Kollen is attempting to re-litigate the SPPCRC Rule approved by this Commission to  
19 add a requirement that does not exist.

20

21

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<sup>2</sup> See Direct Testimony of OPC witness Kollen, p. 11, ln. 20-22.

1 **Q. On page 12, lines 4-7, OPC witness Kollen states that “neither the SPP Statute or**  
2 **SPPCRC Rule require the Commission to authorize recovery of the costs of SPP**  
3 **programs and projects that are uneconomic even if they meet the other SPP**  
4 **Statute and SPP rule objectives to reduce restoration costs and outage times.” Do**  
5 **you agree?**

6 A. No, I do not. It is also equally as true that nothing in the SPP Statute or SPPCRC rule  
7 requires or mentions that the SPP programs and projects must meet a cost-effectiveness  
8 threshold in order to be recovered through the SPPCRC.

9 **Q. On page 14 of his direct testimony, OPC witness Kollen asserts that the Rule 25-**  
10 **6.030, F.A.C., requires an economic analysis in the form of a comparison of dollar**  
11 **benefits to dollar costs for the SPP programs. Do you have a response?**

12 A. Yes. It is my understanding that Rule-25-6.030, F.A.C., prescribes the contents to be  
13 included in a utility’s SPP and applies to the Commission’s review and approval of the  
14 SPP. The rule applicable to this SPPCRC proceeding is the SPPCRC Rule, not Rule  
15 25-6.030, F.A.C., relied upon by OPC witness Kollen.

16  
17 The only “comparison” mentioned in the SPPCRC Rule applies to the final true-up for  
18 the previous year (“a comparison of actual costs for the prior year and previously filed  
19 costs and revenue requirements for such prior year”) and the estimated true-up for the  
20 current year (“based on a comparison of current year actual/estimated costs and the  
21 previously-filed projected costs and revenue requirements for such current year”). *See*  
22 Rule 25-6.031(7)(a) and (b), F.A.C. There is no mention of any sort of “comparison”  
23 for the projected SPP costs, which are the only projects being challenged by OPC in



1 this proceeding as explained above. *See* Rule 25-6.031(7)(c), F.A.C. Moreover, the  
2 words restoration costs, outage times, and benefits are not mentioned or referenced in  
3 the SPPCRC Rule. Thus, there is nothing to suggest that economic analysis in the form  
4 of a comparison of dollar benefits to dollar costs is required under the SPPCRC Rule.

5 **Q. Do you have any additional concerns with OPC witness Kollen’s recommendation**  
6 **that the Commission apply a cost-effectiveness threshold to determine whether**  
7 **SPP projects and costs are recoverable through the SPPCRC?**

8 A. Yes, I have several concerns with his recommendation. First, the analysis of whether  
9 the benefits of a SPP program or project justify the estimated costs is not a one-size-  
10 fits-all proposition as suggested by OPC. This is clearly demonstrated by the fact that,  
11 as OPC witness Kollen acknowledges on page 13 of his direct testimony, each of the  
12 electric utilities took very different approaches in the SPP Docket to comparing the  
13 estimated costs and benefits of their SPP programs.

14  
15 Second, such analyses are necessarily dependent on several highly variable factors that,  
16 in large part, are beyond the utility’s control and cannot be accurately predicted,  
17 including, but not limited to: the number of annual extreme weather events; the path  
18 of each storm; the intensity or category of each storm; the speed or duration of each  
19 storm; the availability of resources to respond to and provide storm restoration services  
20 for each storm; and the extent to which the infrastructure has been storm hardened at  
21 the time of each projected storm. Additionally, such analyses are necessarily dependent  
22 on a very wide range of subjective economic assumptions, including, but not limited  
23 to: the range of values individual customers place on reduced outage times, including

1           comfort, health, and convenience; economic impact to individual customers due to  
2           spoilage, loss or disruption of business, and loss of equipment or supplies; and financial  
3           and disruptive impact to the state and local economies. Notably, even where utilities  
4           attempted to undertake such a comparison, OPC witness Kollen still attacks those  
5           analyses suggesting that they are improper, overstated, and subjective.<sup>3</sup>

6  
7           Third, OPC witness Kollen’s proposed cost-benefit analysis would be impracticable  
8           for the annual SPPCRC proceedings even if it was appropriate. In FPL’s SPPCRC  
9           filings in this docket, there are a total of over 8,500 individual SPP projects (3,144 in  
10          2021, 2,470 in 2022, and 2,947 in 2023)<sup>4</sup> pending for the Commission’s review, plus  
11          the annual costs for each of the transmission and distribution pole inspection and  
12          vegetation management programs. Putting aside the concerns and issues with the  
13          significant speculation and subjectivity required to undertake such an analysis as  
14          explained above, I believe it could be costly and require a significant amount of time  
15          to perform a cost-benefit analysis for each individual SPP project and program included  
16          in each annual SPPCRC filing as suggested by OPC witness Kollen. Although FPL  
17          has not attempted to quantify the amount, I submit that OPC witness Kollen’s proposal  
18          to undertake a cost-benefit analysis for each individual SPP project and program on an  
19          annual basis would likely increase the Implementation Costs being recovered through  
20          the SPPCRC.

21

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<sup>3</sup> See Direct Testimony of OPC witness Kollen, p. 13, lines 8-21.

<sup>4</sup> See FPL Revised Ex. MJ-1, Ex. MJ-2, Ex. MJ-4, and Revised Ex. MJ-5.

1 Fourth, OPC witness Kollen's recommendation that FPL's SPP programs require  
2 further cost-benefit analysis or cost-justification before they can be approved for  
3 recovery through the SPPCRC is directly contrary to the manner under which the 2021  
4 and 2022 SPP projects and costs have been previously approved by the Commission  
5 for recovery through the SPPCRC. There were no cost-benefit analyses or cost-  
6 effectiveness thresholds applied to either the 2021 or 2022 SPP projects and costs  
7 currently being recovered through the SPPCRC. And, OPC has not claimed that a cost-  
8 benefit analysis or cost-effectiveness threshold is required for the 2021 or 2022 SPP  
9 costs. Either a cost-benefit analysis and cost-effectiveness threshold are required in  
10 order for the SPP projects and cost to be reasonable and prudent under the SPPCRC  
11 Rule, or they are not. Notably, the approach that FPL took to support its projected 2023  
12 SPP programs and costs in this proceeding is the very same approach it used for the  
13 2021 and 2022 SPP projects and costs that were approved by the Commission for  
14 recovery through the SPPCRC.

15  
16 Finally, OPC witness Kollen's recommendation that FPL's SPP programs require  
17 further cost-benefit analysis or cost-justification before they can be approved for  
18 recovery through the SPPCRC is directly contrary to OPC's own testimony. On pages  
19 8-19 of his direct testimony, OPC witness Mara only recommends adjustments to the  
20 Transmission Access Enhancement Program and the Distribution Lateral Hardening  
21 Program (*i.e.*, only two out of the nine programs included in the 2023 SPP and proposed  
22 for recovery through the 2023 SPPCRC Factors). Stated differently, OPC witness Mara  
23 does not dispute that it would be reasonable and prudent for the Commission to allow

1 FPL to recover the 2023 SPP costs associated with seven programs included in the 2023  
2 SPP and proposed for recovery through the 2023 SPPCRC Factors. Either these 2023  
3 SPP projects and costs require further cost justification in order to be recovered through  
4 the SPPCRC, or they do not. The fact that OPC witness Mara has essentially agreed  
5 that most of the 2023 SPP projects and costs should be approved for recovery through  
6 the SPPCRC without further cost-justification or meeting a cost-effectiveness threshold  
7 undermines the additional cost benefit and cost effectiveness tests that OPC witness  
8 Kollen continues to call for and clearly suggests that OPC recognizes that FPL has  
9 provided sufficient information about each of the 2023 SPP projects and costs for the  
10 Commission to determine if they are reasonable, prudent, and should be approved for  
11 recovery through the SPPCRC.

12  
13 **IV. OPC’S RECOMMENDED EXCLUSION OF THE TRANSMISSION ACCESS**  
14 **ENHANCEMENT PROGRAM IMPROPERLY IGNORES THE SCOPE AND**  
15 **PURPOSE OF THE PROGRAM**

16 **Q. Can you please summarize OPC witness Mara’s recommended adjustment to the**  
17 **Transmission Access Enhancement Program?**

18 A. Yes. On page 8 of his direct testimony, OPC witness Mara recommends that the  
19 “\$800,000 budget for the Transmission Access Enhancement Program be excluded  
20 from the SPPCRC” because, according to him, “building roads to structures which have  
21 already been hardened...for access is not a prudent cost.”

22 **Q. Do you agree with his recommendation?**

23 A. No. OPC witness Mara does not challenge or oppose any of the individual 2023  
24 projects or costs for the Transmission Access Enhancement Program identified on page  
25 27 of my Revised Exhibit MJ-5. Rather, OPC witness Mara appears to suggest that the

1 entire 2023 budget for this program should be excluded. However, his proposed  
2 adjustment to the 2023 Transmission Access Enhancement Program costs is based on  
3 his opinion that the overall program is not prudent. Thus, it appears that OPC witness  
4 Mara is trying to re-litigate whether the Transmission Access Enhancement Program  
5 should be included in the 2023 SPP, which is an issue that will be addressed and fully  
6 resolved in the SPP Docket as explained above.

7  
8 Moreover, the basis for which OPC witness Mara claims that the Transmission Access  
9 Enhancement Program is not prudent simply disregards the actual and unrefuted scope  
10 and purpose of the program. OPC witness Mara claims on page 9, lines 1-3 of his direct  
11 testimony, that the scope and purpose of the program is to build roads for access to  
12 structures that have already been hardened. To be clear, FPL is not proposing to simply  
13 maintain roads, rights-of-way, bridges, and culverts for purposes of accessing  
14 transmission facilities for day-to-day maintenance and vegetation management  
15 activities, which are activities typically scheduled and conducted during drier times of  
16 the year and within the existing transmission rights-of-way. Rather, as clearly set forth  
17 in the 2023 SPP and as I testified in the SPP Docket, the purpose of the Transmission  
18 Access Enhancement Program is to ensure FPL has access and the ability to remove  
19 debris in order to energize its transmission facilities following an extreme weather  
20 event by targeting and addressing areas that become inaccessible due to flooding or  
21 saturated soils. For reasons that are unclear, OPC witness Mara continues to ignore the  
22 actual and unrefuted purpose of the Transmission Access Enhancement Program, both  
23 in the SPP Docket and in this docket.

1 **Q. On page 10 of his direct testimony, OPC witness Kollen asserts that FPL's**  
2 **Transmission Access Enhancement Program is included within the scope of**  
3 **existing base rate programs and base rate recoveries in the normal course of**  
4 **business. Do you have a response?**

5 A. Yes. OPC witness Kollen's statement appears to be based on OPC's contention that  
6 the purpose of the Transmission Access Enhancement Program is to simply maintain  
7 access to transmission facilities for day-to-day maintenance and vegetation  
8 management activities. As I explained above, this is incorrect and OPC is simply  
9 ignoring the unrefuted evidence in the SPP Docket.

10

11 The SPP Statute provides that the "annual transmission and distribution storm  
12 protection plan costs may not include costs recovered through the public utility's base  
13 rates." *See* Section 366.96(8), F.S. Similarly, the SPPCRC Rule provides that costs  
14 recoverable through the SPPCRC "shall not include costs recovered through the  
15 utility's base rates or any other cost recovery mechanisms." *See* Rule 25-6.031(6)(b),  
16 F.A.C. The Transmission Access Enhancement Program is a new SPP program that, if  
17 approved as part of the 2023 SPP, will begin to be implemented starting January 1,  
18 2023. The Transmission Access Enhancement Program was developed in late 2021,  
19 and no costs associated with the program were included or forecasted in FPL's last base  
20 rate case, which was filed in early 2021. Therefore, contrary to OPC witness Kollen's  
21 claim, the Transmission Access Enhancement Program and associated costs are not  
22 included in FPL's current base rates.

1 **Q. Mr. Jarro, based on your experience, do you believe the projected 2023**  
2 **Transmission Access Enhancement Program projects and costs included in the**  
3 **2023 SPPCRC Factors are reasonable and prudent?**

4 A. Yes. Based on my experience as Vice President of Distribution Operations, my prior  
5 experience as Vice President of Transmission and Substations, my twenty-five years of  
6 experience and leadership roles in distribution operations and customer service  
7 (including as a distribution reliability manager, manager of distribution operations for  
8 the south Miami-Dade area, control center general manager, director of network  
9 operations, senior director of customer strategy and analytics, and senior director of  
10 power delivery central maintenance and construction), and my real-world experience  
11 with storm restoration efforts associated with major hurricanes, I believe the projected  
12 2023 Transmission Access Enhancement Program projects and costs are reasonable,  
13 prudent, and consistent with the legislative objectives of Section 366.96, F.S. As  
14 reflected on Revised Exhibit MJ-5, FPL projects a total of eight Transmission Access  
15 Enhancement Program projects for 2023. Each of these projects are located in areas  
16 where the transmission line cannot be readily accessed for repair and restoration  
17 following an extreme weather event due to flooding and/or saturated soils. These eight  
18 Transmission Access Enhancement Program projects are consistent with the 2023 SPP  
19 currently pending before the Commission for approval.

20

21 Florida remains the most hurricane-prone state in the nation and, with the significant  
22 coast-line exposure of FPL's system and the fact that the vast majority of FPL's  
23 customers live within twenty miles of the coast, FPL's service area has a high

1 probability of being impacted by multiple extreme weather events every year. In parts  
2 of FPL's service area, transmission facilities are located in areas that are not readily  
3 accessible for repair/restoration following an extreme weather event, such as low-lying  
4 areas, areas prone to severe flooding, or areas with saturated soils. When these facilities  
5 are impacted during a storm, they frequently can only be accessed for restoration using  
6 specialized equipment, which often has limited availability during storm events and is  
7 typically a higher cost than traditional equipment.

8  
9 Although hardened transmission structures are significantly more storm resilient than  
10 non-hardened structures, outages on and damage to the transmission circuits and  
11 structures could still occur during an extreme weather event, such as when vegetation  
12 or debris is blown into the circuit or structure. Hardened transmission lines are not  
13 debris proof and access is still needed to remove debris caused by the storm that does  
14 not damage the line but prevents it from being energized. If such outages occur in areas  
15 that are not readily accessible, it will delay when power may be restored to affected  
16 customers. Importantly, a transmission-related outage can result in an outage affecting  
17 tens of thousands to hundreds of thousands of customers and can lead to cascading  
18 outages beyond FPL's service area and even outside of Florida. FPL's proposed  
19 Transmission Access Enhancement Program will allow FPL and its contractors to  
20 quickly address these outages, which will shorten the associated restoration times and  
21 restoration costs, by ensuring these transmission facilities are reasonably accessible  
22 after an extreme weather event. For these reasons, I believe the eight Transmission  
23 Access Enhancement Program projects projected for 2023 and included in the 2023



1 SPPCRC Factors are prudent and consistent with the policy and objectives of Section  
2 366.96, F.S., to reduce restoration costs and outage times associated with extreme  
3 weather events.

4  
5 The Transmission Access Enhancement Program work to be performed in 2023 and  
6 related costs will be based on competitive solicitations and other contractor and  
7 supplier negotiations to ensure that FPL selects the best qualified contractors and  
8 suppliers at the lowest evaluated costs. Additionally, FPL will manage the costs at the  
9 program level to ensure that the total annual costs incurred during 2023 are consistent  
10 with the 2023 SPP as approved by the Commission. For these reasons, I believe that  
11 the costs associated with the 2023 Transmission Access Enhancement Program projects  
12 are reasonable and any material variances from the projected costs will be further  
13 addressed and reviewed in the subsequent 2023 actual/estimated true-up and 2023 final  
14 true-up filings.

15

16 **V. OPC’S RECOMMENDED ADJUSTMENT TO THE DISTRIBUTION**  
17 **LATERAL HARDENING PROGRAM IS IRRELEVANT TO THE 2023**  
18 **SPPCRC AND SHOULD BE REJECTED**

19 **Q. Please summarize OPC witness Mara’s proposed adjustment to the Distribution**  
20 **Lateral Hardening Program.**

21 A. On pages 9-10 of his direct testimony, OPC witness Mara recommends extending the  
22 ten-year roll-out of the Distribution Lateral Hardening Program and “specifically to  
23 reduce the budgets for the Distribution Lateral program by roughly 31 percent (from  
24 \$9,389,000 to \$6,000,000).”

25

1 **Q. Do you agree with his proposed adjustment?**

2 A. No. OPC witness Mara's proposed adjustment to the ten-year budget for the  
3 Distribution Lateral Hardening Program is the exact same adjustment he proposed in  
4 the SPP Docket.<sup>5</sup> Thus, it appears OPC is trying to re-litigate the ten-year budget for  
5 the 2023 SPP, which is an issue that will be addressed and fully resolved in the SPP  
6 Docket as explained above.

7  
8 OPC witness Mara does not challenge or oppose any of the 2023 Distribution Lateral  
9 Hardening Program projects or associated costs identified on page 24 of my Revised  
10 Exhibit MJ-5. In fact, on page 10, lines 8-9 of his direct testimony, OPC witness makes  
11 "no recommendation regarding which laterals to delay." Moreover, it is clear from  
12 OPC witness Mara's testimony in the SPP Docket, which he attached as Exhibit KJM-  
13 4, that he is not proposing any adjustments to the 2023 Distribution Lateral Hardening  
14 Program projects or associated costs: "my recommendation uses the same budgets  
15 proposed by FPL for the first 2 years (2023 to 2024) and then caps the annual spending  
16 for this program to roughly \$606 million per year for the years 2025 to 2032."<sup>6</sup> The  
17 projects and costs at issue in this docket are limited to 2021, 2022, and 2023 SPP  
18 projects and costs. Based on OPC witness Mara's testimony in the SPP Docket, it is  
19 clear that OPC is, in fact, not proposing any adjustments to the 2023 Distribution  
20 Lateral Hardening Program projects, costs, or budgets.

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<sup>5</sup> See OPC witness Mara Ex. KJM-4, pp. 37-38.

<sup>6</sup> See OPC witness Mara Ex. KJM-4, p. 37.

1 **Q. Even though he is not proposing any changes to the 2023 Distribution Lateral**  
2 **Hardening Program projects, costs, or budget, do you have a response to his**  
3 **proposal that the ten-year roll-out of the program be extended?**

4 A. Yes. As part of the 2023 SPP pending before the Commission in the SPP Docket, FPL  
5 is seeking to deploy the Distribution Lateral Hardening Program as a full-scale  
6 permanent SPP program and, as such, is ramping up the program in order to provide  
7 the benefits of lateral hardening throughout its system, including in the former Gulf  
8 service area. I note that no parties to the SPP Docket objected to the Distribution  
9 Lateral Hardening Program becoming a permanent SPP program.

10

11 The ramp up in the number of laterals to be completed each year under the Distribution  
12 Lateral Hardening Program is due primarily to the inclusion of the former Gulf service  
13 area and the significant number of laterals remaining to be hardened, the strong local  
14 support and interest in the program, as well as the addition of the Management Region  
15 selection approach starting in 2025. I note that no parties to the SPP Docket criticized  
16 or challenged the proposed expansion to the former Gulf service area or the addition of  
17 the Management Region selection approach.

18

19 The annual budget for the Distribution Lateral Hardening Program is a product of the  
20 number of estimated projects to be completed throughout FPL's system. FPL has  
21 nearly finished its transmission hardening and its feeder hardening programs, which  
22 provide benefits to all customers. The Distribution Lateral Hardening Program is the  
23 critical next step necessary to harden the T&D system consistent with the policy and

1 directive of Section 366.96, F.S., and is necessary to bring the direct and indirect  
2 benefits of storm hardening to the individual customers, including reduced restoration  
3 costs, reduced outage times, and aesthetics. OPC witness Mara's proposal will  
4 significantly reduce the number of laterals to be completed each year and, in turn, delay  
5 when the benefits will be realized by the individual customers.

6  
7 How fast and how many lateral projects are completed under the Distribution Lateral  
8 Hardening Program, and how quickly customers realize the direct and indirect benefits  
9 therefrom, is ultimately a regulatory decision for the Commission to be made in the  
10 context of the policy and objectives of the Section 366.96, F.S. However, based on the  
11 availability of resources and materials necessary to execute the Distribution Lateral  
12 Hardening Program, I believe that FPL has taken a reasonable and measured approach  
13 in order to ensure all customers receive the benefits of storm hardening consistent with  
14 the legislative objectives of Section 366.96, F.S., within a reasonable period.

15 **Q. Mr. Jarro, based on your experience, do you believe the projected 2023**  
16 **Distribution Lateral Hardening Program projects and costs included in the 2023**  
17 **SPPCRC Factors are reasonable and prudent?**

18 A. Yes. Based on my prior experience as described above, as well my real-world  
19 experience with storm restoration efforts associated with major hurricanes, I believe  
20 the projected 2023 Distribution Lateral Hardening Program projects and costs are  
21 reasonable, prudent, and consistent with the legislative objectives of Section 366.96,  
22 F.S. As reflected on Revised Exhibit MJ-5, FPL projects to complete a total of 728  
23 laterals during 2023 as part of the Distribution Lateral Hardening Program. These 728

1 lateral projects are consistent with the 2023 SPP currently pending before the  
2 Commission for approval. FPL selected these laterals in accordance with the  
3 Distribution Lateral Hardening Program prioritization and selection criteria, which is  
4 applied on a non-discriminatory basis throughout FPL's consolidated service area in  
5 order to address the worst performing circuits first based on actual historical experience  
6 as further explained in the 2023 SPP currently pending before the Commission for  
7 approval. I note that no parties to the SPP Docket challenged or otherwise opposed the  
8 prioritization and selection criteria for the Distribution Lateral Hardening Program.

9

10 FPL's Distribution Lateral Hardening Program was designed to achieve the express  
11 objectives and goals of Section 366.96, F.S., to underground certain electrical  
12 distribution lines in order to reduce restoration costs and outage times associated with  
13 extreme weather events. FPL's lateral hardening program is an impactful and crucial  
14 tool to achieve these legislative objectives and is appropriately designed to address the  
15 worst performing circuits and areas first based on actual historical experience. FPL's  
16 experience with recent extreme weather events, such as Hurricane Matthew, Hurricane  
17 Irma, Tropical Storm Eta, and Hurricane Sally, demonstrated that underground laterals  
18 are successful in reducing outages and restoration costs associated with extreme  
19 weather events. For these reasons, I believe the 728 lateral projects projected for  
20 completion in 2023 and included in the 2023 SPPCRC Factors are prudent and  
21 consistent with the policy and objectives of Section 366.96, F.S., to underground  
22 certain distribution lines in order to reduce restoration costs and outage times associated  
23 with extreme weather events.

1 The Distribution Lateral Hardening Program work to be completed in 2023 and related  
2 costs will be based on competitive solicitations and other contractor and supplier  
3 negotiations to ensure that FPL selects the best qualified contractors and suppliers at  
4 the lowest evaluated costs. Additionally, FPL will manage the costs at the program  
5 level to ensure that the total annual costs incurred during 2023 are consistent with the  
6 2023 SPP as approved by the Commission. For these reasons, I believe that the costs  
7 associated with the 2023 Distribution Lateral Hardening Program projects are  
8 reasonable and any material variances from the projected costs will be further  
9 addressed and reviewed in the subsequent 2023 actual/estimated true-up and 2023 final  
10 true-up filings.

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

12 A. Yes.

1 BY MR. WRIGHT:

2 Q Mr. Jarro, do you have revised Exhibit MJ-1,  
3 Exhibit MJ-2, Exhibit MJ-3, Exhibit MJ-4 and amended  
4 Exhibit MJ-5 that were attached to your direct and  
5 supplemental testimonies?

6 A Yes.

7 MR. WRIGHT: Chairman, I would note that these  
8 are Exhibits 8 through 12 on the comprehensive  
9 exhibit list.

10 CHAIRMAN FAY: Okay.

11 BY MR. WRIGHT:

12 Q And are you sponsoring any other exhibits?

13 A Yes. As a part of my supplemental testimony,  
14 I am also sponsoring the amended form 6P, Program  
15 Description and Progress Report, that was included in  
16 the amended Exhibit RBD-4 attached to the supplemental  
17 testimony of FPL Witness Deaton.

18 Q Thank you.

19 MR. WRIGHT: Chairman, I would note that  
20 amended RBD-4 was previously admitted as Exhibit  
21 No. 16 on the comprehensive exhibit list.

22 CHAIRMAN FAY: Okay.

23 BY MR. WRIGHT:

24 Q Mr. Jarro, were these exhibits prepared by you  
25 or under your direct supervision?





1 also the execution happens with our central maintenance  
2 and construction organization, which I work closely with  
3 their team to ensure we are executing based on how the  
4 plan was submitted to the Commission.

5 Q Okay. So it's fair to say you were highly  
6 involved and remain highly involved with the -- with  
7 FPL's storm protection plan and its execution?

8 A That is correct. Yes.

9 Q Okay. And you also testified in the 20220051  
10 Florida Power & Light storm protection plan docket  
11 earlier this year?

12 A Yes, I did.

13 Q And in that docket, the Commission reviewed  
14 and approved FPL's storm protection plan with some  
15 modifications, correct?

16 A Yes.

17 Q All right. And one of the modifications was  
18 that the Commission did not approve the transmission  
19 access enhancement program or the transmission looping  
20 initiative component of the transmission hardening  
21 program, is that right?

22 A Yes.

23 Q Okay. And it's going to sound like a broken  
24 record probably a little bit, but I have a couple of  
25 hypotheticals for you.

1           Would you agree that it's at least possible  
2           for Florida Power & Light to begin what is and was an  
3           approved storm protection plan project, but then for  
4           some reason need to abandon that project at some point  
5           in the process?

6           A     Yes, that could occur.

7           Q     Okay. And if that were to occur, would FPL  
8           seek recovery of those costs through the storm  
9           protection plan cost recovery clause?

10          A     Yes, if they were part of one of the approved  
11          programs, yes.

12          Q     And using that \$100,000 engineering cost  
13          example, like we've -- you have heard with some other  
14          witnesses, is that an example of if FPL expended that  
15          much money on engineering for a program, then never  
16          ended up completing that program for, you know, even a  
17          very good reason, FPL would still seek those costs?

18          A     Yes.

19          Q     Okay. And you would agree that there is a  
20          difference between determining the prudence of a  
21          company's managerial and operational decision-making and  
22          approving the decision-making that a company makes when  
23          expending money for a storm protection plan, there is a  
24          difference in prudence for those two things, correct?

25          A     Well, one is governed by the proceedings that

1 we are here for today, so I would say that would make a  
2 difference.

3 Q Okay. And the -- of that example, you would  
4 agree that it's the spending of the storm protection  
5 plan money that's at issue, and the prudence of that  
6 that's at issue here today, correct?

7 A When you talk about prudence, it's specific to  
8 -- in this proceeding, it's specific to actual cost. So  
9 for this hearing, it would be specific to what was part  
10 of our SPPCRC for 2021, and then January and February of  
11 2022.

12 Q And so I guess the reverse, or inverse of  
13 that, let me know if you agree, is that this proceeding  
14 is not to determine the prudence of the actual plans or  
15 programs themselves, correct?

16 A I would say, yes. That's correct.

17 Q And none of the Commission -- or excuse me,  
18 Florida Power & Light's storm protection plan  
19 decision-making as far as which projects to undertake  
20 and things like that are -- and the prudence of those  
21 decisions, that's not at issue in this CRC docket,  
22 correct?

23 A No. In fact, it is. As I just mentioned, the  
24 prudence of actual storm protection plan costs incurred,  
25 which is the 2021 actual costs and then all the actual

1 costs that were provided in 2022, which is January and  
2 February of this year.

3 **Q And what I am referring to is this docket is**  
4 **only about the storm protection plan costs, not the**  
5 **prudence of the storm protection plan projects or**  
6 **programs themselves, correct?**

7 A The -- well, the storm protection plan that  
8 was approved was a moved because it was deemed to be in  
9 the best interest, you know, of the customers in the  
10 state. Prudence and reasonableness fall under the  
11 SPPCRC regarding to spending, not the actual plan  
12 itself.

13 **Q Right. If you could please turn to your**  
14 **20220010 rebuttal testimony filed on September 27th,**  
15 **please. And if you go to page 11, lines eight through**  
16 **11, please. Are you there?**

17 A Yes, I am there. Yes.

18 **Q Okay. And could you read the sentence that**  
19 **begins with although?**

20 A Yes. Although I am not an attorney -- how far  
21 would you like for me to go?

22 **Q That whole sentence.**

23 A That whole sentence.

24 Although I am not an attorney, it is my  
25 opinion the Commission can and should determine whether

1 it is -- it was prudent or imprudent for the utility to  
2 undertake a specific SPP project that is submitted for  
3 recovery through the SPPCRC.

4 Q So with this sentence, you are agreeing that  
5 at some point in this SPP or SPPCRC process, the  
6 Commission should -- or can and should, to use your  
7 words, determine the prudence of undertaking an SPP  
8 project?

9 A A specific project, yes.

10 Q And that -- but that doesn't mean in the CRC  
11 docket, correct?

12 A No, it does, the SPP project submitted in the  
13 CRC docket.

14 Q So it's your position that the Commission  
15 should be determining the prudence of storm protection  
16 plan programs or projects in the CRC docket?

17 A So, again, the storm protection plan docket,  
18 which received approval, that was specific to the  
19 programs itself. This is more specific to the projects  
20 and the costs associated to those projects.

21 Q Through your involvement with the storm  
22 protection plan, you are familiar with the Florida  
23 Statute that governs a storm protection plan --

24 A Yes.

25 Q -- Florida Statute 366.96, right?

1           A     Yes.

2           Q     And Section 7 of that statute reads, among  
3 other things, that after a utility's transmission and  
4 distribution storm protection plan has been approved,  
5 proceeding with actions to implement the plan shall not  
6 constitute or be evidence of imprudence. Are you  
7 familiar with that section?

8           A     Yes.

9           Q     So if the statute says that once a plan has  
10 been approved -- which is the position that we are in  
11 now -- undertaking an approved SPP project is not  
12 evidence of imprudence, doesn't that foreclose any  
13 evaluation of the prudence of a storm protection plan  
14 program or project in the CRC docket?

15          A     Could you ask the question again, please?

16          Q     Sure. So if the statute says that, the  
17 portion that I just reread, and I am happy to reread  
18 that if you like. It looks like you might have a copy.

19          A     Yes.

20          Q     If the statute says that once a storm  
21 protection plan has been approved, undertaking an  
22 approved storm protection plan project is not evidence  
23 of imprudence, doesn't that foreclose any evaluation of  
24 the prudence of a storm protection plan program or  
25 project in the CRC docket?

1           MR. WRIGHT: Chairman, I am going to object.  
2           Mr. Jarro is our operations witness. This is  
3           really asking for a legal interpretation of  
4           subsection (7) of the SPP statute.

5           CHAIRMAN FAY: Yeah, I mean, Mr. Jarro's  
6           testimony, like everyone does these days, he states  
7           else not an attorney, but I will say, Mr. Jarro  
8           clearly seems to understand the distinction between  
9           the two sections. And so if you feel, within your  
10          purview, you can do so. But as your counsel  
11          pointed out, you don't need to provide a legal  
12          distinction as to how that decision is made.

13          You want to ask the question again, Ms.  
14          Wessling?

15          THE WITNESS: Sure.

16          MS. WESSLING: Sure.

17 BY MS. WESSLING:

18           **Q     So again referring to that Section 7 statement**  
19           **that I read, if that statute says that once a storm**  
20           **protection plan has been approved, and that undertaking**  
21           **an approved storm protection plan project is not**  
22           **evidence of imprudence, doesn't that foreclose the**  
23           **evaluation of prudence of a storm protection plan**  
24           **program or project in the CRC docket?**

25           A     Again, from my understanding of reading this

1 statement, hearing you say it multiple times, again, I  
2 think that's why we are here, right? That's the purpose  
3 of the SPPCRC, is to allow the Commission to verify the  
4 prudence and reasonableness of the projects that were  
5 put forth as part of their evaluation.

6 Q And the costs?

7 A And the costs. Yes.

8 Q I don't know if you have a copy of the SPPCRC  
9 Rule 25-6.031?

10 A I do.

11 Q Okay. And let me know if you disagree, but  
12 that rule states, in Section (3), that an annual hearing  
13 to address petitions for recovery of storm protection  
14 plan costs will be limited to determining the  
15 reasonableness of projected storm protection plan costs,  
16 the prudence of actual storm protection plan costs  
17 incurred by the utility, and to establish storm  
18 protection plan cost recovery factors consistent with  
19 the requirements of this rule.

20 So given that, and looking at that freshly, do  
21 you still believe that it is this CRC docket where the  
22 prudence of programs and projects are to be determined  
23 in addition to the prudence of the costs for those  
24 programs or projects?

25 A The prudence of actual storm protection plan



1 costs. So again, the review of the costs associated to  
2 the projects for 2022 -- I am sorry, 2021 and the first  
3 two months of 2022.

4 Q So maybe it's me, but just I want to make sure  
5 I understand your position and what you have said, and  
6 let me know if I have got it wrong. But this docket is  
7 only to address the prudence of the costs of programs  
8 and projects, not the prudence of the programs and  
9 projects themselves, is that right?

10 A I would agree with that.

11 Q And are you familiar with the fact that during  
12 the storm protection plan docket, that Florida Power &  
13 Light did file a motion to strike portions of one of OPC  
14 witnesses' testimony, are you aware of that?

15 A Vaguely. I would say vaguely.

16 Q All right. Do you -- I will ask, do you know  
17 if a portion of the testimony that was -- that the  
18 motion was about regarded the prudence of -- regarded  
19 the issue of whether or not prudence should be  
20 determined in the SPP docket, do you know -- is that  
21 something you are aware of?

22 A I can't recall.

23 MR. WRIGHT: Chairman, I am going to object.

24 Mr. Jarro did not draft the motion, nor did he  
25 draft the order in the Commission's ruling.



1 **testimony in this case?**

2 A Well, the direct testimony would be to  
3 describe what we are putting forth for review as a part  
4 of the SPPCRC hearings.

5 Q All right. And in your response to a question  
6 from OPC, you said, this isn't the time to look at, you  
7 know, the programs and the projects as to the wisdom of  
8 them, or not being something that should be done. That  
9 was done in the prior proceeding. This is focused on  
10 the costs, correct?

11 A Yes, and -- and, you know, as -- I haven't  
12 mentioned this, but we've complied with the rule, which  
13 specifically says that it needs to be consistent with  
14 the storm protection plan, and we feel that we've done  
15 that.

16 Q And that -- so you think that might be  
17 something that would be considered here as well. If the  
18 storm protection plan said you can do A, B and C, and  
19 the evidence was you were doing X, Y and Z, this would  
20 be the place to bring that up, you believe?

21 A Well, then it would counter, or what we are  
22 saying it would be consistent to the rule. So, yes, I  
23 would say that, you know, that's something that can  
24 certainly be reviewed. But again, the intent of this is  
25 to confirm the reasonableness and prudence of costs

1 associated to the approved storm protection plan.

2 Q Would it be fair, in your opinion, to state  
3 that what we are doing here today is largely  
4 mathematical in terms of looking at the cost of  
5 expenditures made by the company to pursue programs and  
6 projects, and to determine whether those costs were  
7 reasonable and prudent?

8 A I wouldn't call the exercise mathematical.  
9 You know, the team has provided an evaluation following  
10 the rules of over 8,500 projects. So the Commission has  
11 the information they need in order to make the  
12 determination whether there is reasonableness and  
13 prudence to a plan that we are currently executing.

14 Q All right. And when I say mathematical, not  
15 to degrade mathematical, but it's essentially looking to  
16 see what monies have been spent, and then totaling up  
17 those monies and saying, here, we are going to allow  
18 these monies because they were consistent with what we  
19 previously approved to be recovered from ratepayers; is  
20 that fair?

21 A That's fair. Yes.

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

23 CHAIRMAN FAY: Staff?

24 MR. STILLER: Staff has no questions.

25 COMMISSIONER LA ROSA: Okay. Commissioners?

1           Okay. We will move to redirect?

2           MR. WRIGHT: Thank you, Chairman. Just  
3           briefly.

4                           FURTHER EXAMINATION

5           BY MR. WRIGHT:

6           Q     Mr. Jarro, you were asked by Public Counsel  
7           whether it was possible if a project could begin and  
8           abandon whether you would seek cost recovery. Are you  
9           the individual at the company that makes a decision on  
10          whether costs are recoverable and where they should be  
11          recovered?

12          A     No, I am not.

13          Q     Okay. And you were asked a series of  
14          questions regarding the reasonable and prudence of  
15          projects versus the reasonable and prudence of costs put  
16          forth in this docket.

17                   My question for you is: Are the projects that  
18          you have put forward in this docket, are they the  
19          primary driver of the costs that you are seeking  
20          recovery for in this docket?

21          A     Yes. That's correct.

22          Q     Okay. And how many projects are at issue, or  
23          have you presented here for the Commission to review?

24          A     It's approximately 8,500.

25          Q     And Mr. Moyle asked you whether it was simply

1    **mathematical. Did you just simply provide the costs**  
2    **associated with these projects, or did you provide**  
3    **something more?**

4           A     We provided the projects, the description of  
5    work, the costs associated to them, the variances  
6    associated to costs previously provided, and then a  
7    variance explanation at a high level, and then also  
8    another kind of level of description of those variances  
9    and the reasons why.

10           Q     **And as part of your testimonies as you**  
11    **submitted, have you demonstrated that those projects,**  
12    **both the number and the costs, are consistent with the**  
13    **storm protection plans?**

14           A     Yes, we have.

15           Q     **Okay. And you were asked a couple of**  
16    **questions about prudence versus the plan and in the**  
17    **clause. What's your understanding of the standard of**  
18    **review that was applied to the plan docket?**

19                   MR. MOYLE: This is kind of getting into the  
20    legal opinion arena.

21                   CHAIRMAN FAY: Yeah. I tend to agree, Mr.  
22    Wright. I mean, it's sort of the same objections  
23    that we got to his expertise.

24                   MR. WRIGHT: Understood. Understood. No  
25    further questions.

1           CHAIRMAN FAY: Okay. Let's see, we have  
2 exhibits labeled 8 through 12 on the comprehensive  
3 exhibit list, is that correct?

4           MR. WRIGHT: That's correct.

5           CHAIRMAN FAY: Okay. We will, without  
6 objection, show those exhibits moved into the  
7 record.

8           (Whereupon, Exhibit Nos. 8-12 were received  
9 into evidence.)

10          CHAIRMAN FAY: All right. And then, Mr.  
11 Wright, would you like to excuse your witness?

12          MR. WRIGHT: Yes. Thank you.

13          CHAIRMAN FAY: All right. Mr. Jarro. You are  
14 excused. Thank you so much.

15          THE WITNESS: Thank you.

16          (Witness excused.)

17          CHAIRMAN FAY: All right. Duke, you are  
18 welcome to call your witness.

19          MR. BERNIER: Thank you, Mr. Chairman, it DEF  
20 calling Brian Lloyd to the stand.

21 Whereupon,

22                               BRIAN LLOYD

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. BERNIER:

3 Q Good after afternoon, Mr. Lloyd. You were  
4 previously sworn, is that correct?

5 A Yes, sir.

6 Q Thank you.

7 Could you please provide the Commission your  
8 name and your business address, please, for the record?

9 A Yes, sir.

10 My name is Brian Lloyd, and my business  
11 address is 3250 Bonnet Creek Road, Lake Buena Vista,  
12 Florida, 32830.

13 Q Thank you.

14 And by whom are you employed and what is your  
15 position?

16 A I am employed by Duke Energy Florida, LLC.  
17 And my position is General Manager of Region Major  
18 Projects for Distribution.

19 Q Okay. Thank you. I will try to do this  
20 efficiently.

21 Did you have prepared and cause to be filed  
22 direct testimonies on April 1st, 2022, and May 2nd,  
23 2022, in this docket?

24 A Yes, sir.

25 Q Thank you.



1                   And you also cosponsored portions of amended  
2   Exhibit CAM-1, amended Exhibit CAM-2 and amended Exhibit  
3   CAM-3 sponsored by Mr. Menendez, is that correct?

4           A     That is correct. Yes, sir.

5           Q     Okay. Thank you.

6                   MR. BERNIER: And those have briefly been  
7           entered into the record, Mr. Chairman.

8   BY MR. BERNIER:

9           Q     Do you have a copy of your prefiled direct  
10   testimonies and exhibits with you today?

11          A     Testimonies yes. Exhibits no.

12          Q     All right. And do you have any changes to  
13   your testimonies?

14          A     No, sir.

15          Q     If I were to ask you the same questions today,  
16   would the answers be the same?

17          A     Yes, sir.

18          Q     Thank you.

19                   Did you also cause to be prepared and filed on  
20   September 27th -- 27th, excuse me -- rebuttal testimony?

21          A     Yes, sir.

22          Q     Thank you.

23                   And do you have a copy of your rebuttal  
24   testimony with you today?

25          A     I do. Yes, sir.

1           Q     If I were to ask you the same questions today,  
2     would your answers be the same?

3           A     Yes, sir.

4           Q     And I apologize. Do you have any changes to  
5     your --

6           A     I do not.

7           Q     All right. Thank you very much.

8                   MR. BERNIER: Mr. Chairman, we would ask that  
9     Mr. Lloyd's prefiled direct testimonies, dated  
10    April 1st and May 2nd, and rebuttal testimony dated  
11    September 27th, be entered into the record as  
12    though read.

13                   CHAIRMAN FAY: Okay. Without objection, show  
14    those entered as though read.

15                   MR. BERNIER: Thank you.

16                   (Whereupon, prefiled direct testimony of Brian  
17    Lloyd was inserted.)

18

19

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21

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25

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**  
**IN RE: STORM PROTECTION PLAN COST RECOVERY CLAUSE**  
**DOCKET NO. 20220010-EI**  
**DIRECT TESTIMONY OF BRIAN LLOYD**  
**ON BEHALF OF DUKE ENERGY FLORIDA, LLC**

**APRIL 1, 2022**

1       **I. INTRODUCTION AND QUALIFICATIONS.**

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

3       **A.**       My name is Brian M. Lloyd. My current business address is 3250 Bonnet Creek  
4               Road, Lake Buena Vista, FL 32830.

5

6       **Q.       By whom are you employed and in what capacity?**

7       **A.**       I am employed by Duke Energy Florida, LLC (“DEF” or the “Company”) as  
8               General Manager, Florida Major Projects.

9

10      **Q.       What are your responsibilities as General Manager, Florida Major Projects?**

11      **A.**       My duties and responsibilities include planning for grid upgrades, system planning,  
12               and overall Distribution asset management strategy across Duke Energy Florida, as  
13               well as the Project Management for executing the work identified.

14

15

1 **Q. Please summarize your educational background and work experience.**

2 **A.** I have a Bachelor of Science degree in Mechanical Engineering from Clemson  
3 University and am a registered Professional Engineer in the state of Florida.  
4 Throughout my 16 years at Duke Energy, I have held various positions within  
5 distribution ranging from Engineer to General Manager focusing on Asset  
6 Management, Asset Planning, Distribution Design and Project Management. My  
7 current position as General Manager of Region Major Projects began in January  
8 2020.

9

## 10 **II. PURPOSE AND SUMMARY OF TESTIMONY.**

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

12 **A.** The purpose of my direct testimony is to support the Company's request for  
13 recovery of Distribution-related costs associated with DEF's Storm Protection Plan  
14 ("SPP") through the Storm Protection Plan Cost Recovery Clause ("SPPCRC").  
15 My testimony will focus on SPP programs with material variances between actuals  
16 and the actual/estimated program expenditures.

17

18 **Q. Do you have any exhibits to your testimony as it relates to January 2021  
19 through December 2021 Distribution investments?**

20 **A.** No, but I am co-sponsoring portions of the schedules attached to Mr. Menendez's  
21 direct testimony, included as part of Exhibit No. \_\_ (CAM-1). Specifically, I am  
22 sponsoring the Distribution-related O&M project level information shown on  
23 Schedule Form 5A, the Distribution-related Capital Projects on Form 7A, the

1 Program Description and Progress Report on Form 8A (pages 34-38 of 45), and the  
2 cost portions of:

- 3 • Form 5A (Page 5 of 45, Lines 1 through 1b), and
- 4 • Form 7A (Pages 12-18 and 28-31 of 45, Lines 1a and 1b), which includes the  
5 2020 capital spend reflected in the Beginning Balance figures for the Feeder  
6 Hardening Program.

7  
8 **Q. Please summarize your testimony.**

9 **A.** In 2021, the Distribution Feeder Hardening Program incurred costs related to the  
10 engineering and construction costs associated with hardening seventeen  
11 distribution circuits. Additionally, DEF incurred costs associated with planning  
12 and engineering projects scheduled for 2022 within Distribution Feeder Hardening.  
13 These costs are not being recovered through base rates or any other clause  
14 mechanism, as such, they should be approved for recovery through the SPPCRC.  
15

### 16 **III. OVERVIEW OF SPP PROGRAM MATERIAL VARIANCES FROM ESTIMATES**

17 **Q. How did the 2021 scope and actual expenditures compare to the**  
18 **actual/estimated scope and expenditures for the SPP Distribution Feeder**  
19 **Hardening program?**

20 **A.** DEF's 2021 Feeder Hardening scope was reduced from the actual/estimated 57.7  
21 miles to approximately 56.4 miles due to the reduction of 1.3 miles on feeder K206.  
22 This reduction was due portions of the circuit being requested to be placed  
23 underground at the customer's expense and another section that had been recently

1 rebuilt. DEF had planned to complete approximately 56.4 miles of feeder  
2 hardening on 17 distribution circuits, but completed 46.7 miles on these 17 circuits  
3 in 2021.

4 DEF's actual 2021 Feeder Hardening capital spend was approximately \$33.1M  
5 compared to the actual/estimated spend of \$59.2M. The capital variance is  
6 primarily driven by delays in completing the work due to standing this new program  
7 up, onboarding new vendors and lasting impacts from the ongoing pandemic. The  
8 latter had impacts on the vendors being able to acquire equipment, such as line  
9 trucks and tools; material shortages; labor constraints in the region; and crews  
10 having to be quarantined due to testing positive for or being directly exposed to the  
11 COVID-19 virus. Additional expenditure variance was driven by favorable unit  
12 costs compared to the original estimates, delays in project close and the  
13 aforementioned change in scope on K206. DEF completed the remaining 2021  
14 Feeder Hardening work by March 10, 2022. This resulted in approximately \$12.6M  
15 in costs for projects originally planned for 2021 being incurred in 2022.

16  
17 **Q. Does this conclude your testimony?**

18 **A.** Yes, it does.

**IN RE: STORM PROTECTION PLAN COST RECOVERY CLAUSE****FPSC DOCKET NO. 20220010-EI****DIRECT TESTIMONY OF BRIAN LLOYD****ON BEHALF OF DUKE ENERGY FLORIDA, LLC****MAY 2, 2022****1 I. INTRODUCTION AND QUALIFICATIONS.****2 Q. Please state your name and business address.**

3 A. My name is Brian M. Lloyd. My current business address is 3250 Bonnet Creek  
4 Road, Lake Buena Vista, FL 32830.

5

**6 Q. By whom are you employed and in what capacity?**

7 A. I am employed by Duke Energy Florida, LLC (“DEF” or the “Company”) as  
8 General Manager, Florida Major Projects.

9

**10 Q. What are your responsibilities as General Manager, Florida Major Projects?**

11 A. My duties and responsibilities include planning for grid upgrades, system planning,  
12 and overall Distribution asset management strategy across Duke Energy Florida  
13 and the Project Management for executing the work identified.

14

15

1       **Q.       Please summarize your educational background and work experience.**

2       **A.**       I have a Bachelor of Science degree in Mechanical Engineering from Clemson  
3               University and am a registered Professional Engineer in the state of Florida.  
4               Throughout my 16 years at Duke Energy, I have held various positions within  
5               distribution ranging from Engineer to General Manager focusing on Asset  
6               Management, Asset Planning, Distribution Design and Project Management. My  
7               current position as General Manager of Region Major Projects began in January  
8               2020.

9

10       **II. PURPOSE AND SUMMARY OF TESTIMONY.**

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

12       **A.**       The purpose of my direct testimony is to support the Company's request for  
13               recovery of Distribution-related costs associated with DEF's Storm Protection Plan  
14               ("SPP") through the Storm Protection Plan Cost Recovery Clause ("SPPCRC").  
15               My testimony supports the Company's SPP costs incurred year to date in 2022,  
16               estimated costs through the remainder of 2022 and estimated costs for 2023 and  
17               explains how those activities and costs are consistent with DEF's SPP 2020- 2029  
18               ("SPP 2020") approved by the Commission in Docket No. 20200069-EI and DEF's  
19               SPP 2023-2032 ("SPP 2023") filing submitted April 11, 2022 in Docket No.  
20               20220050-EI.

21

22       **Q.       Do you have any exhibits to your testimony as it relates to January 2022**  
23               **through December 2022 Distribution investments?**



1       A.       No, but I am co-sponsoring portions of the schedules attached to Mr. Menendez's  
2               direct testimony, included as part of Exhibit No. \_\_ (CAM-2). Specifically, I am  
3               sponsoring the Distribution-related O&M project level information shown on  
4               Schedule Form 5E, the Distribution-related Capital Projects on Form 7E, the  
5               Program Description and Progress Report on Form 8E (pages 124-131 and 140 of  
6               141), and the cost portions of:

- 7               • Form 5E (Page 5 of 141, Lines 1 through 1.5, 3.1, and 4 through 4b), and
- 8               • Form 7E (Pages 67-85, 99-118, and 121 of 141, Lines 1a and 1b).

9  
10       **Q.       Do you have any exhibits to your testimony as it relates to January 2023**  
11               **through December 2023 Distribution investments?**

12       A.       No, but I am co-sponsoring portions of the schedules attached to Mr. Menendez's  
13               direct testimony, included as part of Exhibit No. \_\_ (CAM-3). Specifically, I am  
14               sponsoring the Distribution-related O&M project level information shown on  
15               Schedule Form 2P, the Distribution-related Capital Projects on Form 3P, and the  
16               cost portions of:

- 17              • Form 2P (Page 2 of 102, Lines 1 through 1.5, 3.1, and 4 through 4b), and
- 18              • Form 4P (Pages 42-60 and 74-93 and 97 of 102, Lines 1a and 1b).

19  
20       **Q.       Please summarize your testimony.**

21       A.       In 2022, consistent with DEF's SPP 2020 and SPP 2023, DEF have/will incur  
22               engineering and construction costs associated with projects and work within its  
23               Distribution Feeder Hardening, Lateral Hardening, Self-Optimizing Grid,

1           Underground Flood Mitigation and Vegetation Management Programs and incur  
2           costs related to engineering in these same Programs in preparation for the work to  
3           be completed in 2023.

4           These costs are not being recovered through base rates or any other clause  
5           mechanism, as such, they should be approved for recovery through the SPPCRC.

6  
7   **III. OVERVIEW OF 2022 SPP PROGRAMS TRUE UP FOR CURRENT COST**  
8   **RECOVERY**

9       **Q.       Which Storm Protection Plan programs will Duke Energy incur costs in 2022?**

10      **A.**       As outlined in DEF's Storm Protection Plan, approved by the Commission in  
11           Docket No. 20200069-EI, DEF will incur costs in Feeder Hardening, Lateral  
12           Hardening, Self-Optimizing Grid, Underground Flood Mitigation and Vegetation  
13           Management in 2022. These programs are being implemented in a manner that is  
14           consistent with the approved Storm Protection Plan.

15  
16      **Q.       How does DEF's 2022 current actual/estimated spend amounts compare with**  
17           **the previously projected 2022 spend for the Distribution Feeder Hardening**  
18           **program?**

19      **A.**       DEF's current actual/estimated 2022 capital spend is approximately \$92.6M, which  
20           is roughly \$16.8M lower than the previous estimated spend of \$109.5M. This  
21           variance is primarily due to DEF estimating less cost per mile of Feeder Hardening  
22           than previously projected. For the O&M portion of the program, DEF's current  
23           actual/estimated 2022 spend is approximately \$2.6M, which is roughly \$0.9M

1 higher than the previous estimated spend of \$1.7M. This variance is primarily  
2 driven by higher Project O&M costs than originally estimated and by an increase  
3 in the number of Feeder Hardening Pole Inspections planned to be completed in  
4 2022. The latter is being completed to provide a continuous development of Feeder  
5 Hardening Pole Replacement targets between 2022 and 2023 allowing for efficient  
6 use of both engineering and construction resources.

7  
8 **Q. How does DEF's 2022 current actual/estimated spend amounts compare with**  
9 **the previously projected 2022 spend for the Distribution Lateral Hardening**  
10 **program?**

11 **A.** DEF's current actual/estimated 2022 O&M spend is approximately \$6.3M, which  
12 is roughly \$1.5M higher than the previous estimated spend of \$4.8M. This variance  
13 is primarily driven by higher Project O&M costs than originally estimated and by  
14 an increase in the number of Lateral Hardening Pole Inspections planned to be  
15 completed in 2022. Similar to Feeder Hardening, the latter is being completed to  
16 provide a continuous development of Lateral Hardening Pole Replacement targets  
17 between 2022 and 2023 allowing for efficient use of both engineering and  
18 construction resources.

19  
20 **Q. Can you elaborate on what is driving the Project O&M variance in the Feeder**  
21 **Hardening and Lateral Hardening programs?**

22 **A.** Yes, DEF had initially estimated a lower volume of asset transfers for the Feeder  
23 Hardening projects than what occurred during the design and construction of the

1 2021 projects. This resulted in a higher Project O&M cost. This updated  
2 information has been incorporated into the Estimates for 2022 and 2023 Feeder  
3 Hardening and Lateral Hardening projects. This update results in an estimated  
4 increase of \$0.4M and \$0.4M in O&M for the Feeder Hardening and Lateral  
5 Hardening programs, respectively.

6  
7 **Q. How does DEF's 2022 current actual/estimated spend amounts compare with**  
8 **the previously projected 2022 spend for the Distribution Underground Flood**  
9 **Mitigation program?**

10 **A.** DEF's current actual/estimated 2022 capital spend is approximately \$0.8M, which  
11 is roughly \$0.3M higher than the previous estimated spend of \$0.5M. This variance  
12 is primarily due to DEF estimating higher cost per unit based on further refinement  
13 of the scope and increased material costs. For the O&M portion of the program,  
14 DEF's current actual/estimated 2022 spend is less than \$1k, which is roughly \$15k  
15 lower than the previous estimated spend of \$15k. This variance is primarily driven  
16 by further refinement of the scope which has identified that Project O&M would be  
17 minimal. This will continue to be refined as detailed design continues on these  
18 projects.

19  
20 **Q. Please describe the activities that will be performed for Distribution**  
21 **Vegetation Management and its related costs.**

22 **A.** DEF will continue to utilize a fully Integrated Vegetation Management ("IVM")  
23 program focused on trimming feeders and laterals on average 3- and 5-year cycles,

1 respectively, to minimize the impact of vegetation on distribution assets. This  
2 corresponds to trimming approximately 1,930 miles of feeder backbone and 2,455  
3 miles of laterals annually. The IVM program consists of the following: routine  
4 maintenance “trimming”, hazard tree removal, herbicide applications, vine  
5 removal, customer requested work, and right-of-way brush “mowing” where  
6 applicable. The IVM program incorporates a combination of both cycle-based  
7 maintenance and reliability-driven prioritization of work to reduce event  
8 possibilities during extreme weather events and enhance overall reliability.

9 For 2021, the O&M and Capital related to this activity was not included in Exhibit  
10 No. \_\_ (CAM-1), rather these costs were collected in base rates.

11 In 2022, DEF expects to incur approximately \$2.0M of total Capital costs related  
12 to this activity, as shown in the on Schedule Form 7E (page 121 of 141), Line 1a,  
13 and an associated amount of O&M totaling approximately \$44.2M for this activity,  
14 shown on Schedule Form 5E (page 5 of 141), Line 3.1, in Exhibit No. \_\_ (CAM-2).

15  
16 **Q. Is the planned scope for 2022 consistent with the previously filed project list?**

17 **A.** Yes, the planned scope for 2022 is generally consistent with the previously filed  
18 project list. Within the Self-Optimizing Grid program, there were adjustments  
19 made to the projects planned for 2022 due to reprioritization and needing to account  
20 for projects that were not completed in 2021 due to lasting impacts from the  
21 COVID-19 pandemic. Upon initial review of the selected 2022 projects in the  
22 Lateral Hardening program, a higher ratio of the existing laterals will benefit from  
23 overhead hardening efforts. As DEF’s execution team moves forward with detailed

1 designs, this ratio could shift. Additionally, DEF is also anticipating at least eight  
2 miles of Lateral Hardening Underground to carryover into 2023 due to the  
3 complexity of the conversion in dense urban areas and the overall life cycle of these  
4 projects increasing proportionally to the number of customers impacted by the  
5 projects.

6  
7 **Q. Does DEF anticipate any impediments to meeting the filed plan? If so, what**  
8 **steps are being taken to mitigate the issue?**

9 **A.** DEF has seen material and labor constraints in our 2021 work plan related to  
10 COVID and supply chain issues. DEF does see a continued risk of material  
11 shortages in 2022 and potentially 2023. Labor availability may continue to be  
12 constrained. DEF has looked to anticipate total material demand for our 2022 and  
13 2023 workplans and has implemented a forward purchase strategy, preordering and  
14 setting long term need timelines with our vendors to work to mitigate material  
15 availability.

16  
17 **IV. OVERVIEW OF 2023 SPP PROGRAMS PROJECTED COSTS FOR RECOVERY**

18 **Q. Which Storm Protection Plan programs will Duke Energy incur costs in 2023?**

19 **A.** As outlined in DEF's SPP 2023, submitted to the Commission on April 11, 2022,  
20 in Docket No. 20220050-EI, DEF will incur costs in Feeder Hardening, Lateral  
21 Hardening, Self-Optimizing Grid, Underground Flood Mitigation and Distribution  
22 Vegetation Management in 2023. These programs are being implemented in a

1 manner that is consistent with the previously approved SPP 2020 approved in  
2 Docket No 20200069-EI.

3  
4 **Q. Are the scopes and projected costs for Feeder Hardening in 2023 consistent**  
5 **with SPP 2023?**

6 **A.** Yes, the 2023 scopes and projected costs for Feeder Hardening are consistent with  
7 SPP 2023. Please refer to Schedule Form 4P (Pages 42-53 of 102) (Line 1a) and  
8 Schedule Form 2P (Page 2 of 102) (Lines 1.1-1.2) in Exhibit No. \_\_ (CAM-3).

9  
10 **Q. Are the scopes and projected costs for Lateral Hardening in 2023 consistent**  
11 **with SPP 2023?**

12 **A.** Yes, the 2023 scopes and projected costs for Lateral Hardening are consistent with  
13 SPP 2023. Please refer to Schedule Form 4P (Pages 54-60 and 74-79 of 102) (Line  
14 1a) and Schedule Form 2P (Page 2 of 102) (Lines 1.3-1.4 and 4.2) in Exhibit No.  
15 \_\_ (CAM-3).

16  
17 **Q. Are the scopes and projected costs for Self-Optimizing Grid in 2023 consistent**  
18 **with SPP 2023?**

19 **A.** Yes, the 2023 scopes and projected costs for Self-Optimizing Grid are consistent  
20 with SPP 2023. Please refer to Schedule Form 4P (Pages 80-90 of 102) (Line 1a)  
21 and Schedule Form 2P (Page 2 of 102) (Line 1.5) in Exhibit No. \_\_ (CAM-3).

22

1 **Q. Are the scopes and projected costs for Underground Flood Mitigation in 2023**  
2 **consistent with SPP 2023?**

3 **A.** Yes, the 2023 scopes and projected costs for Underground Flood Mitigation are  
4 consistent with SPP 2023. Please refer to Schedule Form 4P (Pages 91-93 of 102)  
5 (Line 1a) in Exhibit No. \_\_ (CAM-3).

6  
7 **Q. Are the scopes and projected costs for Distribution Vegetation Management**  
8 **in 2023 consistent with SPP 2023?**

9 **A.** Yes, the 2023 scopes and projected costs for Distribution Vegetation Management  
10 are consistent with SPP 2023. Please refer to Schedule Form 4P (Page 97 of 102)  
11 (Line 1a) and Schedule Form 2P (Page 2 of 102) (Line 3.1) in Exhibit No. \_\_ (CAM-  
12 3).

13

#### 14 **V. SUMMARY**

15 **Q. Are the Programs and activities discussed above consistent with DEF's SPP?**

16 **A.** Yes, the 2022 activities are consistent with the Programs described in detail in  
17 DEF's SPP 2020, specifically Exhibit No. \_ (JWO-2) in Docket No. 20200069-EI,  
18 filed on April 10, 2020, subsequently updated on June 24, 2020. The 2023 activities  
19 are consistent with the Programs described in DEF's SPP 2023, specifically Exhibit  
20 No. \_ (BML-1) in Docket No. 20220050-EI filed on April 11, 2022.

21

22 **Q. Would you please provide a summary of the costs associated with the**  
23 **Programs and activities discussed above?**



1 A. Yes, the tables below represent the estimated SPP investments for 2022 and 2023.

2

<i>(\$ Millions)</i>	<b>2022</b>	<b>2022</b>	<b>2022</b>
<b>SPP Program</b>	<b>Capital</b>	<b>O&amp;M</b>	<b>Total</b>
Feeder Hardening	\$92.7	\$2.6	\$95.3
Lateral Hardening	\$202.1	\$6.3	\$208.4
Self-Optimizing Grid	\$71.9	\$1.9	\$73.8
Underground Flood Mitigation	\$0.8	\$ -	\$0.8
D - Vegetation Management	\$2.0	\$44.2	\$46.2
<b>Total</b>	<b>\$369.4</b>	<b>\$55.0</b>	<b>\$424.4</b>

<i>(\$ Millions)</i>	<b>2023</b>	<b>2023</b>	<b>2023</b>
<b>SPP Program</b>	<b>Capital</b>	<b>O&amp;M</b>	<b>Total</b>
Feeder Hardening	\$159.2	\$4.1	\$163.3
Lateral Hardening	\$202.7	\$5.7	\$208.4
Self-Optimizing Grid	\$75.0	\$2.3	\$77.3
Underground Flood Mitigation	\$1.0	\$ -	\$1.0
D - Vegetation Management	\$2.0	\$45.1	\$47.1
<b>Total</b>	<b>\$439.9</b>	<b>\$57.2</b>	<b>\$497.1</b>

3

4 Q. Does this conclude your testimony?

5 A. Yes, it does.

1                   (Whereupon, prefiled rebuttal testimony of  
2 Brian Lloyd was inserted.)

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**IN RE: STORM PROTECTION PLAN COST RECOVERY CLAUSE****REBUTTAL TESTIMONY OF BRIAN M. LLOYD  
ON BEHALF OF DUKE ENERGY FLORIDA, LLC  
DOCKET NO. 20220010-EI****SEPTEMBER 27, 2022****1 I. INTRODUCTION AND QUALIFICATIONS.****2 Q. Please state your name and business address.**

3 A. My name is Brian M. Lloyd. My current business address is 3250 Bonnet Creek Road,  
4 Lake Buena Vista, FL 32830.

5

**6 Q. Have you previously filed direct testimony in this docket?**

7 A. Yes.

8

9 **Q. Have your employment status and job responsibilities remained the same since**  
10 **discussed in your previous testimony?**

11 A. Yes.

12

**13 II. PURPOSE AND SUMMARY OF TESTIMONY.**

14 **Q. What is the purpose of your testimony?**

1 A. The purpose of my testimony is to provide the Company's rebuttal to assertions and  
2 conclusions regarding the Distribution program specific aspects of DEF's 2021-2023  
3 Storm Protection Plan Cost Recovery Clause ("SPPCRC") contained in the direct  
4 testimony of OPC's witness Mara. Mr. Menendez will present additional rebuttal of the  
5 testimonies of OPC's witnesses.

6  
7 **Q. Do you have any exhibits to your rebuttal testimony?**

8 A. No.

9  
10 **Q. Please summarize your testimony.**

11 A. My rebuttal testimony focuses on witness Mara's testimony as it relates to the Distribution  
12 programs and rebuts the misinformation and incorrect conclusions contained within.  
13 Specifically, I explain why Mr. Mara's proposed reductions to the Lateral and Feeder  
14 Hardening Programs are unwarranted and unreasonable from any rational perspective and  
15 how the proposed reductions are inconsistent with DEF's 2023 Storm Protection Plan. As  
16 explained below, DEF's proposed 2023 investments in these critical programs are  
17 reasonable and should be approved as filed.

18  
19 **Q. On page 13 of his direct testimony, Mr. Mara recommends reducing the budget for**  
20 **the Distribution Lateral Hardening Program. Do you agree with his proposed**  
21 **reduction?**

22 A. No, for a number of reasons I completely disagree with his proposed reduction. At the  
23 outset, I think it is important to remember exactly what this program involves: Lateral

1 Hardening is a long-term program that will systematically upgrade and harden branch line  
2 sections fed by the feeder backbone through two main approaches, undergrounding and  
3 overhead hardening; it also includes wood pole inspections and replacements, as well as  
4 various other subcomponents.<sup>1</sup>

5 I have to note it does not appear Mr. Mara actually understands what he is proposing. He  
6 contends that the Program's "budget" should be reduced from approximately \$25.5 million  
7 to approximately \$19.3 million; It appears to DEF that OPC is actually arguing that the  
8 Program's revenue requirement (which is \$25.5 million) should be reduced by roughly \$6  
9 million. The 2023 budget for this Program (which includes both overhead and underground  
10 hardening subprograms but excluding wood pole inspections and replacements) is  
11 approximately \$160.3 million; this aligns with the \$25.5 million revenue requirement  
12 addressed by Mr. Mara.

13  
14 **Q. What is the importance of that distinction?**

15 A. Mr. Menendez's exhibit provides the calculation, but in order to effectuate the approximate  
16 \$6 million reduction in revenue requirements related to the Lateral Hardening Program,  
17 DEF would have to reduce the program's 2023 budget by roughly \$152.5 million, leaving  
18 a 2023 program budget of around \$7.8 million. Thus, what appears from Mr. Mara's  
19 testimony to be a recommended 25% reduction in program budget is actually a 95%  
20 reduction.

21  
22 **Q. What would be the practical effect of such a reduction?**

<sup>1</sup> Additional detail regarding the Lateral Hardening Program are provided in Ex. BML-1, filed in Docket No. 20220050-EI. See doc. no. 02368-2022.

1 A. It would gut the program. If DEF were to follow Mr. Mara's recommendation to use its  
2 prioritization schedule to determine which projects should be delayed until 2024, the end  
3 result would be to delay 141 out of DEF's proposed 142 projects, all but eliminating this  
4 program (which was not even challenged in the SPP docket) from DEF's SPP for 2023.  
5 This would also have a cascading effect resulting in delay to the 2024 tranche of projects  
6 (and so on over the life of the 2023 SPP).

7  
8 **Q. You mentioned that this program was not challenged in Docket No. 20220050-EI.  
9 What was OPC's position regarding this Program in that docket?**

10 A. In Mr. Mara's amended testimony, his "recommendation cap[ped] the annual spending for  
11 this program to roughly \$180 million per year." Obviously, his recommended annual cap  
12 was not only greater than DEF's proposed budget of \$160.3 million, but far greater than  
13 his new recommendation of approximately \$8 million.

14  
15 **Q. Mr. Mara also recommended reductions to the Feeder Hardening Program. Do you  
16 have concerns with his proposed reductions?**

17 A. Yes, I have similar concerns as Mr. Mara's proposed reduction of approximately \$5 million  
18 (from \$19,889,885 to \$14,917,413) in program revenue requirements would require a  
19 budget reduction of approximately 65% (approximately \$93 million) for this vital Program.  
20 Again, Mr. Menendez provides this calculation in his rebuttal exhibit.

21  
22 **Q. What would be the practical effect of such a reduction?**

1 A. Similar to the earlier discussion pertaining to Lateral Hardening, such a reduction would  
2 essentially gut the Program and severely limit not only the projected reductions in  
3 restoration costs and outages directly attributable to this program, but also the benefits of  
4 “downstream” programs such as the lateral hardening program (beyond the lost benefits  
5 the program would already suffer if Mr. Mara’s drastic proposed reductions discussed  
6 above were accepted). The direct impacts of reducing the Feeder Hardening program’s  
7 2023 investment would result in 32 projects out of 54 being delayed to 2024 (and the  
8 resulting cascading project shift over the remaining Plan years).

9  
10 **Q. How would these reductions impact DEFs customers?**

11 A. The delaying of the 173 Lateral Hardening and Feeder Hardening projects would result in  
12 over 60,000 of the 85,000 planned customers receiving either reduced or zero benefits of  
13 the storm protection plan in 2023.

14  
15 **Q. What would these reductions look like to your average customer?**

16 A. This would equate to a city the size of Tarpon Springs experiencing an entire additional 24  
17 hours of power loss during an average storm event. This is 24 hours of no schools,  
18 hospitals, or lift stations; 24 hours of businesses shuttered, restaurants closed, attractions  
19 empty; traffic lights off, cell phones with no signal, and internet connectivity interrupted.  
20 The equivalent of Tarpon Springs and the lives of its 25,000 residents would remain at a  
21 standstill.

22

1       **Q. If investments were held at the level OPC has recommended, how long would DEFs**  
2           **customers have to wait before they would experience the full benefit of the storm**  
3           **protection plan?**

4       A. Continuing at this pace of improvement would result in more than 100 years before the  
5           system was completely hardened.

6

7       **Q. What are your recommendations?**

8       A. I recommend the Commission find the 2023 projected Lateral Hardening and Feeder  
9           Hardening Programs and projects are reasonable and permit DEF to recover the related  
10          costs through the SPPCRC in 2023. The projected costs are consistent with DEF's 2023  
11          SPP and are projected to deliver the customer benefits discussed in Docket No. 20220050-  
12          EI.

13

14       **Q. Does that conclude your testimony?**

15       A. Yes.



1 MR. BERNIER: And we will waive witness  
2 summary and tender the witness for cross.

3 CHAIRMAN FAY: Okay. Thank you.

4 OPC, you are recognized.

5 MS. WESSLING: Thank you, Mr. Chairman.

6 EXAMINATION

7 BY MS. WESSLING:

8 Q And good afternoon, Mr. Lloyd.

9 A Good afternoon.

10 Q Okay. So you have already gone over your job  
11 title and everything with Duke, but for the benefit of  
12 the record, could you explain kind of how involved you  
13 were with the storm protection plan and its development,  
14 and where it sits today?

15 A Yes, ma'am.

16 So in terms of development of the storm  
17 protection plan, I was the lead of the team. I was the  
18 primary sponsor of that project alongside members of our  
19 transmission department and our regulatory and legal  
20 departments.

21 In terms of how I am involved with it in the  
22 day-to-day, my teams -- my asset management team helps  
23 identify specific projects, scopes them, and then hands  
24 them off to my project management team to project manage  
25 them through execution.

1 Q Okay. So it's -- your involvement with the  
2 DEF -- or DEF's storm protection plan and its execution  
3 is a daily job responsibility of yours?

4 A Yes, ma'am. Fair to say.

5 Q Okay. And you also testified in the 20220050  
6 Duke storm protection plan docket earlier this year,  
7 correct?

8 A I did. Yes, ma'am.

9 Q And in that docket, the Commission reviewed  
10 and approved Duke's storm protection plan with a  
11 modification, correct?

12 A That is correct. Yes, ma'am.

13 Q And that modification was not to approve the  
14 transmission loop radially fed substation's program. Do  
15 I have that right?

16 A Yes, ma'am, you do.

17 Q Okay. And I have a couple hypotheticals for  
18 you as well.

19 A Okay.

20 Q Would you agree that it's at least possible  
21 for Duke to begin an approved storm hardening project  
22 but have to abandon it for some reason?

23 A To my knowledge, we have not had that happen  
24 yet with our storm protection plan projects, but I could  
25 see a hypothetical situation where that would occur.

1           Q     And if that were to occur, do you know if Duke  
2 would pursue the costs of that incomplete project  
3 through the storm protection plan Cost Recovery Clause?

4           A     I am not the one that would direct make that  
5 determination. What I would say is I think that each  
6 project would have to be evaluated on an individual  
7 basis and determine what would need to be passed through  
8 the clause.

9           Q     All right. And, excuse me, that hypothetical  
10 where Duke -- let's say Duke spent \$100,000 on  
11 engineering for a project but had to abandon it, just  
12 for purposes of the record, is that an example of a  
13 project that you all would evaluate and then determine  
14 whether or not to pursue the costs?

15          A     I cannot speak for the hypothetical of what we  
16 eventually would determine. I will just say I think it  
17 would need to be evaluated to determine what the proper  
18 steps for it would be.

19          Q     All right. Would you agree with me that there  
20 is a difference between determining the prudence of, for  
21 example, Duke's prudence when it comes to operational  
22 managerial actions and the storm protection plan  
23 programs and projects as compared to the prudence of the  
24 costs associated with those projects?

25          A     I will be honest, I have heard that question

1 asked several times this morn -- this afternoon and I am  
2 not quite sure what the intent of that question is. Can  
3 you maybe reelaborate and --

4 Q Sure.

5 A -- spell it out a little bit for me?

6 Q I am just trying to see if you agree whether  
7 or not there is a difference between determining the  
8 prudence of a program or project and the difference  
9 compared to the prudence of determining the costs for a  
10 program or project. Those are two different things,  
11 right?

12 A I would agree you described them as two  
13 different things, yes.

14 Q Okay. And -- well, not just that I described  
15 them, but do you agree that they are different things?

16 A I would agree those are two different things.

17 Q Okay. And you are familiar with the Florida  
18 Statute 366.96, the storm protection plan statute,  
19 correct?

20 A Yes, ma'am.

21 Q And although you are not a lawyer, I  
22 understand, you haven't become a lawyer since the SPP  
23 docket, right?

24 A Been busy with some storms.

25 Q Okay. All right. Well, you are still

1 familiar with that the statute. Are you familiar with  
2 Section 7 that reads: If the Commission determines that  
3 costs were prudently incurred, those costs will not be  
4 subject to disallowance or further prudence review. Are  
5 you familiar with that section of the statute?

6 A In as such as you read it a few times today,  
7 and I read it months ago when reviewing the statute.

8 Q Okay. Do you understand that section to mean  
9 that if you were to start on a project but later abandon  
10 it, that -- not you, but Duke could not be denied  
11 recovery based on a lack of prudence in your  
12 decision-making?

13 MR. BERNIER: Mr. Chairman, I am going to make  
14 the same objection you have heard earlier today,  
15 that she's asking for a legal conclusion.

16 CHAIRMAN FAY: Yeah. And to the extent, Mr.  
17 Lloyd, you can speak to it, within scope of your  
18 knowledge, that's fine, but, I mean, it is a legal  
19 conclusion.

20 THE WITNESS: Yeah. Unfortunately my scope of  
21 knowledge on that is not very wide, so I can't  
22 speak to it.

23 Thank you, Chairman.

24 BY MS. WESSLING:

25 Q All right. Let's see here. Is it your

1 understanding that this storm protection plan cost  
2 recovery clause docket is the appropriate place for the  
3 Commission to determine the prudence of storm protection  
4 plan costs?

5 A I think that this docket, and the purpose of  
6 it, is to allow the Commission to determine the costs  
7 that we have set forth, that we are in alignment with  
8 our previously approved storm protection plans, both the  
9 2020 and the new 2023, to make sure that they are  
10 aligned with those projects, and that they are prudent  
11 and approval for cost recovery.

12 Q Do you agree that at some point, whether it's  
13 the SPP, SPPCRC, at some point in the process, the  
14 Commission should determine whether or not programs or  
15 projects are prudent?

16 A Again, not a lawyer, but, yes, somewhere in  
17 between those two, I imagine it has to be decided.

18 Q And is it your understanding that the prudence  
19 of the projects should be determined in the SPP docket  
20 or the SPPCRC docket?

21 A Repeat your question, please.

22 Q The prudence that we just talked about of the  
23 SPP programs and projects, the need for that  
24 determination to be made at some point, when should that  
25 determination be made? In the SPP docket or the SPPCRC

1 **docket, in your opinion?**

2 MR. BERNIER: Mr. Chairman, same objection.

3 It's searching for a legal conclusion.

4 CHAIRMAN FAY: Yeah. Mr. Lloyd, I mean, you  
5 have heard these questions before obviously, and  
6 recognize kind of where counsel is going. I mean,  
7 I think to the extent your point has been made, but  
8 presenting it in the way that's not a legal  
9 conclusion is difficult at this point, so if you  
10 can move onto your next line.

11 MS. WESSLING: Sure.

12 BY MS. WESSLING:

13 Q I will just ask as in your lay opinion, not a  
14 legal opinion. Do you have an opinion as to where the  
15 prudence determination should be made, whether it's the  
16 CP -- excuse me, the SPP docket or the SPPCRC docket?

17 A I don't have an opinion other than it's the  
18 Commission's responsibility, and they are the ones who  
19 will make that determination.

20 Q And are you familiar with whether or not --  
21 well, let me ask you this: Are you familiar with the  
22 fact that Florida Power & Light filed a motion to strike  
23 portions of OPC Witness Kollen's testimony in the SPP  
24 docket?

25 A I am not familiar. I am here to speak to the

1 SPPCRC docket, so I am not familiar with that.

2 MS. WESSLING: All right. I think that's all  
3 I have. Thank you.

4 CHAIRMAN FAY: Great. Thank you, Ms.  
5 Wessling.

6 Mr. Moyle?

7 MR. MOYLE: Just a few.

8 EXAMINATION

9 BY MR. MOYLE:

10 Q We spoke at the prior storm protection docket,  
11 and I just wanted to, again, probe a little bit as to  
12 your understanding. I mean, that docket, correct me if  
13 I am wrong, but was for the Commission to consider your  
14 storm protection plan, and say thumbs up or thumbs down  
15 on the scope of what you presented, correct?

16 A Yes, sir. That is my understanding.

17 Q And they said thumbs up on, you know, a number  
18 of things, and they said thumbs down on a couple of  
19 things; is that fair?

20 A I believe they said thumbs down on a singular  
21 thing.

22 Q Okay. And that docket was focused on the  
23 Commission making policy judgments about what could be  
24 in the programs and the projects that would comprise the  
25 programs, correct?



1           A     Repeat your question, Mr. Moyle.

2           Q     Sure.

3                    The prior docket, that was largely your storm  
4 protection plan which had programs, and then underneath  
5 those programs, there were projects that were  
6 contemplated, that was sort of the scope of that  
7 proceeding?

8           A     Yes. That was what was included in our storm  
9 protection plan and what would have been approved by the  
10 Commission.

11          Q     Okay. And today, the one item that the  
12 Commission said thumbs down on, you don't have any costs  
13 that you are seeking from this commission to be  
14 recovered for that program, do you?

15          A     That is a transmission program, and I am here  
16 representing distribution. But I believe that we do not  
17 have any costs in that program until 2025, subject to  
18 check.

19          Q     Okay. And isn't what we are here today about  
20 just for the Commission to review your cost associated  
21 with -- your costs and the scope of the programs that  
22 are associated with the, and you said aligned, with the  
23 programs and projects that have been approved in the  
24 other docket?

25          A     Repeat your question again, please.

1           **Q     What's your understanding of what -- why we**  
2 **are here?**

3           **A     We are here to approve the costs associated**  
4 **with the projects for 2021, and for the first portion of**  
5 **2022, and then also the estimated and projections for**  
6 **the remainders of '22 and into '23 for those projects**  
7 **associated with our previously approved storm protection**  
8 **plans.**

9           **Q     And a large part of the exercise that is being**  
10 **undertaken involves looking at cost and adding, or**  
11 **adding them up to come up, I used the term mathematical,**  
12 **but it involves looking at costs and totaling it, and**  
13 **saying here's what we think are the reasonable costs for**  
14 **ratepayers to pay, correct?**

15          **A     I think that's a portion of it. I believe**  
16 **also through the discovery process, having an**  
17 **opportunity to ask questions about, you know, what's**  
18 **included in those costs and those types of things.**

19               **So, I mean, overall I think it's about cost.**  
20 **You can't get to cost without, I guess, some**  
21 **mathematics, but I think we are mere here to make sure**  
22 **that the costs are recoverable through the program.**

23          **Q     Yeah. And part of that would be, for example,**  
24 **if you are doing undergrounding, you know, and you said**  
25 **your costs were 10 times higher than everybody else's**

1 costs, I mean, that would be something that intervenors  
2 would call out and say, why are these costs 10 times  
3 higher? I mean, those are sort of collateral issues,  
4 but ultimately the drill here is to determine a number  
5 that ratepayers will pay consistent with the prior  
6 decision about the approved programs and projects?

7 A I believe that's why we are here. Yes, sir.

8 MR. MOYLE: Okay. Thank you. That's it.

9 CHAIRMAN FAY: All right. Staff?

10 MR. STILLER: Staff has no questions of this  
11 witness.

12 CHAIRMAN FAY: Okay. Commissioners?

13 Mr. Bernier, you are recognized for any  
14 redirect.

15 MR. BERNIER: No redirect, Mr. Chairman.

16 CHAIRMAN FAY: Okay.

17 MR. BERNIER: I just ask, if there is nothing  
18 further, that Mr. Lloyd be excused.

19 CHAIRMAN FAY: Mr. Lloyd, you are excused.  
20 Thank you so much.

21 THE WITNESS: Thank you, Chairman. Thank you,  
22 Commissioners.

23 (Witness excused.)

24 CHAIRMAN FAY: All right. Commissioners, that  
25 is our last witness for the 10 docket. We will

1 move into post-hearing proceedings.

2 I do want to check with the parties, looking  
3 at our time here, make sure we have a break for our  
4 court reporter, too, but if the parties are  
5 amenable, similar to the last, the 07 docket, we  
6 can take up essentially, closing arguments in lieu  
7 of brief.

8 I don't know who's the victim for who I should  
9 ask first in what order here, but why don't we go  
10 to the utility to see if they are interested in  
11 doing closing argument for the Commission in lieu  
12 of a brief at this time?

13 MR. MEANS: I guess we are first. We are  
14 willing to do a closing argument in lieu of briefs,  
15 as long as we are given a little bit of time to  
16 prepare those.

17 CHAIRMAN FAY: Okay.

18 MR. MEANS: I assume my colleagues would want  
19 some time.

20 CHAIRMAN FAY: Okay. Same?

21 MR. BERNIER: No objection.

22 CHAIRMAN FAY: Okay.

23 MR. WRIGHT: No objection.

24 CHAIRMAN FAY: Okay. All right. Mr. Moyle.

25 MR. MOYLE: We are fine with that approach.

1 CHAIRMAN FAY: Okay. And, Ms. Wessling?

2 MS. WESSLING: That's fine with OPC.

3 CHAIRMAN FAY: Okay. What I will do, then, is  
4 I have 2:30 on my time. If we set to be back here  
5 at 3:00, is that sufficient to give counsel time  
6 for preparation?

7 Okay. And we would limit those to 10 minutes.  
8 Obviously, you don't need to use that whole amount  
9 of time, but if that's what you need, we would be  
10 able to get through that this afternoon.

11 So with that, we will start back at three  
12 o'clock, and we will see you then.

13 MR. MEANS: Mr. Chairman?

14 CHAIRMAN FAY: Yes, Mr. Means.

15 MR. MEANS: Just speaking personally, I can't  
16 speak for the others, but I don't think I am going  
17 to need that much time.

18 CHAIRMAN FAY: Okay.

19 MR. MEANS: So I wanted to see if any of my  
20 closing needed that much time.

21 MS. WESSLING: I agree.

22 CHAIRMAN FAY: You want to do --

23 MS. WESSLING: Maybe 15 minutes?

24 CHAIRMAN FAY: Commissioner Graham said two  
25 minutes over here. Why -- so why don't we go at 45

1           then, that would give you 10 minutes. Does that  
2           work?

3           MS. WESSLING: That's great.

4           CHAIRMAN FAY: Okay. Great.

5           MR. MEANS: That would be great. Thank you.

6           CHAIRMAN FAY: Yep. Thank you, Mr. Means. We  
7           will see you at 2:45.

8           (Brief recess.)

9           CHAIRMAN FAY: All right. We are back.

10           So we will go in order as we took the  
11           witnesses, so TECO, FPUC, FPL, Duke and then OPC  
12           and FIPUG.

13           Once again, you have 10 minutes, but, you  
14           know, feel free to be brief if you don't need that  
15           for purposes of closing arguments.

16           With that, I will start with Mr. Means and  
17           TECO.

18           MR. MEANS: Mr. Chairman, just briefly. We  
19           would like to just request, since we have the  
20           burden of proof, to go after the consumer parties.

21           CHAIRMAN FAY: Okay. Let me see if there is  
22           an objection to that.

23           MS. WESSLING: I do have somewhat of an  
24           objection, just because we have to respond to all  
25           four utilities, and we would like the opportunity

1 to do so, you know, after they've all presented  
2 their closing arguments.

3 CHAIRMAN FAY: Got you.

4 I think, Mr. Means is, for purposes of how we  
5 have this hearing set up, we are going to keep it  
6 structured as it is. If we were in a brief  
7 situation, obviously, nobody would see kind of what  
8 was filed at that time before a decision was  
9 made --

10 MR. MEANS: Understood.

11 CHAIRMAN FAY: -- from the Commission. So  
12 assuming you still feel comfortable presenting  
13 closing argument, you are recognized to do so.

14 MR. MEANS: I do. Thank you.

15 CHAIRMAN FAY: Okay.

16 MR. MEANS: Thank you, Commissioners.

17 The Commission previously held a multi-day  
18 hearing where you heard extensive evidence and  
19 argument regarding Tampa Electric's proposed SPP,  
20 and based on that robust record, the Commission  
21 determined which programs and projects were  
22 eligible for inclusion in the SPP, and then for  
23 cost recovery through this separate clause  
24 proceeding. And now, pursuant to Rule 25-6.031  
25 subpart (3), the issues in this docket are the

1           reasonableness of Tampa Electric's projected costs,  
2           the prudence of our actual incurred SPP costs, and  
3           the establishment of 2023 SPP clause factors. And  
4           I would like to just make sure we are clear on the  
5           unrebutted evidence in the record.

6                     First, Dave Plusquellic testified on pages 36  
7                     and 37 of his testimony filed on May 2nd, 2022,  
8                     that the company's projected costs are consistent  
9                     with the company's 2022 SPP, which this commission  
10                    approved, and there is no testimony in the record  
11                    to the contrary.

12                   Furthermore, these costs will be subject to a  
13                   true-up process in the future. Now, the company  
14                   should approve -- I am sorry, the Commission should  
15                   approve the company's projection as reasonable.

16                   Second, Mark Roche testified on page six,  
17                   lines 10 through 16, of his testimony filed on  
18                   April 1st, 2022, that the company's 2021 SPP costs  
19                   were prudently incurred, and there is no contrary  
20                   evidence in the record, so the Commission should  
21                   approve the 2021 costs as prudent.

22                   Sinks the evidence shows that the company's  
23                   2021 costs were prudently incurred, and that the  
24                   company's projection is reasonable, the Commission  
25                   should approve the company's proposed 2023 SPP



1 clause factors.

2 Thank you.

3 CHAIRMAN FAY: Great. Thank you, Mr. Means.

4 Next we will move to FPUC.

5 MS. KEATING: Thank you, Commissioners.

6 FPUC's presented the testimony of three  
7 witnesses in support of its SPPCRC cost recovery  
8 factors. It's also made appropriate adjustments  
9 identified by your staff. None of the intervenors  
10 contested the amounts identified by FPUC for  
11 recovery.

12 OPC's witness Mara made mention of FPUC's  
13 overhead lateral undergrounding but then  
14 recommended no adjustments. OPC's witness Kollen  
15 didn't contest FPUC's amounts either. Instead, he  
16 argued against the inclusion of the return on CWIP  
17 for the inclusion of the credit for plants retire  
18 due to the SPP, and that FPUC should have moved all  
19 its SPP related recovery out of base rates and into  
20 the clause.

21 Starting with the last argument. The company  
22 has clearly stated in this proceeding that it's not  
23 opposed to moving SPP projects or storm hardening  
24 projects out of base and into the clause  
25 proceeding. The company even committed to do that

1           they appropriate time. The company never indicated  
2           its intent to do so in this proceeding. Rather, as  
3           witness Waruszewski emphasized, the company  
4           committed to ensuring that there is no double  
5           recovery until such time as the full costs can be  
6           moved from base into the clause.

7           Moreover, witness Kollen's reliance on actions  
8           taken by other IOUs previously to move their storm  
9           hardening projects out of base into the clause is  
10          misplaced because those actions were taken in the  
11          context of settlement agreements.

12          As for the matter of whether a credit should  
13          be included for depreciation savings, the company  
14          has provided testimony that at least to date, it  
15          has not found are found any depreciation savings.  
16          Witness Kollen assumes all plant retired due to  
17          implementation of the SPP will not be fully  
18          depreciated, resulting in a savings on depreciation  
19          expense. That's counter to what FPUC has found so  
20          far. In other words, thus far, plant being retired  
21          is either fully depreciated or nearly so.

22          This is an issue that the company is, however,  
23          committed to continuing to review its plan as  
24          implemented, but thus far, it's found no  
25          depreciation savings.

1           Finally, with regard to return on CWIP, OPC's  
2           witness argues that a return shouldn't apply to  
3           CWIP because CWIP is not included in net plant, and  
4           therefore, the provision in the SPPCRC rule that  
5           makes an allowance for a return on the  
6           undepreciated balance can't, therefore, apply to  
7           CWIP.

8           The argument is contrary to Commission policy  
9           that includes CWIP within net plant for purposes of  
10          both surveillance reports and for the MFR filings  
11          that rate case. And as witness Waruszewski noted,  
12          it's also inconsistent with the practice applied in  
13          FPUC's gas reliability infrastructure program,  
14          wherein a return has been applied to CWIP since the  
15          program's inception.

16          On cross, OPC suggested that costs incurred  
17          prior to approval of the plan should also be  
18          allowed. That's simply not consistent with your  
19          rule, which provides that a company may seek  
20          recovery of costs incurred after the plan is filed.  
21          The rule is also clear that if the Commission makes  
22          changes to a company's plan, the company must  
23          adjust its cost recovery request accordingly. It  
24          is through that process that the PSC assures that  
25          it is only approving recovery of costs associated

1 with an approved plan.

2 And then with regard to the prudence, you have  
3 already approved FPUC's SPP plan with  
4 modifications. That doesn't mean that you can't  
5 take a look at the costs and review the cost to  
6 make is a determinant as to whether costs  
7 associated with a project or program are prudent  
8 and, in that way, address the prudence of  
9 expenditures associated with any project or program  
10 in the plan.

11 Commissioners, the company has fully supported  
12 its requested cost recovery amounts and the  
13 calculation of its cost recovery factors. The  
14 amounts and the calculation of the factors have  
15 been derived consistent with your rule, and the  
16 adjustments recommended by the intervenors simply  
17 have no basis in the rule, and are inconsistent  
18 both with Commission policy and the record. As  
19 such, we ask for your approval of FPUC's cost  
20 recovery amounts and factors.

21 Thank you.

22 CHAIRMAN FAY: Okay. Thank you, Ms. Keating.  
23 Next Florida Power & Light.

24 MR. WRIGHT: Thank you, Chairman.

25 The unrefuted evidence in this case

1 demonstrates that FPL's 2021, 2022 and 2023 SPP  
2 projects and costs are fully consistent with its  
3 Commission-approved storm protection plans, both in  
4 the context of the number of projects and the  
5 approved budgets.

6 FPL has provided significant project level  
7 detail for over 8,000 -- 8,500 individual projects  
8 in this proceeding. No party has challenged the  
9 reasonableness or prudence of a single SPP project  
10 or its cost in this proceeding, and therefore,  
11 FPL's 2023 SPPCRC factors should be approved.

12 Commissioners, given this argument is in lieu  
13 of briefs, I would like to address arguments made  
14 by OPC in both its testimony and cross.

15 In its testimony, OPC proposed the Commission  
16 should apply a cost benefit analysis or  
17 cost-effectiveness threshold in this proceeding. I  
18 submit it should be rejected for multiple reasons.  
19 First, OPC's proposal has already been considered  
20 by this commission and rejected. Second, OPC's  
21 argument incorrectly relies on the SPP rule, the  
22 plan rule, not the SPPCRC rule, or what I will  
23 refer to as the clause rule.

24 It is clear from both the plain language of  
25 the SPP statute and the clause rule that they do

1 not prescribe or require a traditional cost benefit  
2 analysis or cost-effectiveness test for purposes of  
3 cost recovery through the clause.

4 Finally, the testimony of FPL witness Jarro  
5 explains the many reasons why a cost-effectiveness  
6 test would be inappropriate and not reasonable,  
7 including the fact that any such analysis requires  
8 many highly variable and subjective economic  
9 assumptions.

10 For these reasons, OPC's attempt to insert a  
11 cost benefit analysis or cost-effectiveness  
12 threshold into the clause rule outside a formal  
13 rule-making proceeding must be rejected. In fact,  
14 doing as OPC requests would be unlawful under  
15 Section 120.54 of the Administrative Procedures  
16 Act.

17 In its testimony, OPC also proposes to reduce  
18 the 10-year budget for the distribution lateral  
19 hardening program by roughly 31 percent. I submit  
20 this adjustment should also be rejected. This is  
21 the exact same argument OPC raised in the SPP  
22 docket, which the Commission considered and  
23 rejected in its final SPP order. As such, OPC's  
24 proposed adjustment to the 10-year budget for the  
25 distribution hardening program is barred by the

1 legal doctrines of res judicata and collateral  
2 estoppel.

3 As the Commission explained in Commission  
4 order PSC-01-1916-FOF-WS, res judicata, or claim  
5 preclusion, bars a later suit between the same  
6 parties upon the same cause of action. Collateral  
7 estoppel or issue preclusion bars the relitigation  
8 of an issue in cases where the parties are the same  
9 in the second suit as in the former, but the cause  
10 of action is different.

11 Even if their proposed adjustment to the  
12 10-year budget is not barred by these legal  
13 principles, pages 37 and 38 of OPC witness Mara's  
14 Exhibit KJM-4, which is Exhibit No. 32 on the  
15 comprehensive exhibit list, clearly indicates that  
16 this proposed adjustment to the distribution  
17 lateral hardening program should begin in 2025.  
18 The relevant years in this proceeding are 2021,  
19 2022 and 2023, not 2025 and beyond.

20 With respect to OPC's proposed adjustment in  
21 testimony regarding the calculation of the revenue  
22 requirements for the 2023 factors, it is clear that  
23 FPL's revenue requirement calculations for the 2023  
24 factors are consistent with Commission practice and  
25 revenue requirement -- revenue requirements

1 presented in other FPL cost recovery clauses as  
2 well as the 2021 and 2022 SPPCRC factors previously  
3 approved by this commission. As explained by FPL  
4 witness Fuentes, OPC's proposed adjustment to  
5 exclude a return on construction work in progress,  
6 or CWIP, from the calculation of the revenue  
7 requirements is both contrary to the Commission's  
8 clause rule and the AFUDC rule and, therefore,  
9 should be rejected.

10 OPC's proposal that the SPPCRC should include  
11 a credit for base O&M savings and a credit to  
12 depreciation expense for retired base rate assets  
13 should also be rejected for the reasons explained  
14 by Ms. Fuentes in her rebuttal testimony.

15 There is nothing in the SPP statute or the  
16 clause rule that suggests the annual clause  
17 proceeding should be a mechanism to reopen base  
18 rates outside of a general base rate proceeding as  
19 suggested by OPC witness Mara. To the extent there  
20 are any savings in base O&M or depreciation  
21 expense, the appropriate time and place to reflect  
22 those savings would be in the next applicable base  
23 rate proceeding.

24 Through OPC's lines of cross-examination, it  
25 appears that OPC is attempting to use this docket



1 to further bolster its stricken argument in the  
2 20220051 docket that the reasonable and prudent  
3 standard applies to the storm protection plan.  
4 OPC's attempt to reargue the reasonable and prudent  
5 standards applicability to the storm protection  
6 plan should be rejected.

7 Again, this is the exact same argument that  
8 OPC paid made in the SPP docket, which was fully  
9 considered and rejected on multiple times,  
10 including on reconsideration by this commission in  
11 the SPP docket. Again, OPC's attempt to reargue  
12 the applicability of the SPP docket is barred by  
13 the principles of res judicata and collateral  
14 estoppel.

15 As this commission has previously determined,  
16 the clear statutory standard of review applicable  
17 to the plan docket is a public interest standard as  
18 set forth in Section 5 of the statute based on the  
19 factors in Section 4 of the SPP statute that are to  
20 be considered by the Commission in reaching its  
21 decision on the plan.

22 The standard to be applied in this clause  
23 hearing is set forth in Section 7 of the SPP  
24 statute and the clause rule, which is limited to  
25 the reasonableness and prudence of the annual SPP

1 costs.

2 As FPL witness Jarro stated on redirect here  
3 today, the individual SPP projects drive the costs  
4 that must be reasonable and prudent in order to be  
5 recovered through the clause. Consistent with the  
6 SPP statute and the clause rule, the Commission can  
7 and should determine the reasonableness and  
8 prudence of the annual SPP costs in this  
9 proceeding. In the event the Commission determines  
10 the costs are unreasonable or imprudent, the  
11 underlying project, by de facto -- the underlying  
12 project that's driving those projects would, de  
13 facto, be unreasonably imprudent. So clearly, the  
14 Commission can and should determine the  
15 reasonableness and prudence of the SPP projects and  
16 costs that are submitted for recovery in this  
17 docket.

18 As I stated earlier in this case, no party has  
19 challenged the reasonableness or prudence of a  
20 single SPP project or cost in this docket.

21 In closing, Commissioners, OPC's proposals and  
22 adjustments are inappropriate, barred, contrary to  
23 the SPP statute, the clause rule and unsupported by  
24 the weight of credible evidence in this proceeding.  
25 OPC's attempts to relitigate the SPP docket and the

1 clause rule-making should be rejected. The  
2 unrefuted evidence in this case clearly  
3 demonstrates that FPL's SPP projects and costs are  
4 consistent with its Commission-approved plans fully  
5 comply with the Commission's rule and the  
6 Commission's prescribed forms and schedules. We,  
7 therefore, respectfully request that the Commission  
8 approve the 2021 final true-up, the 2022 actual  
9 estimated true-up, and the 2023 clause factors as  
10 set forth in FPL's testimony and supporting  
11 exhibits.

12 Thank you.

13 CHAIRMAN FAY: Great. Thank you, Mr. Wright.  
14 Mr. Bernier, you are recognized.

15 MR. BERNIER: Thank you, Mr. Chairman. Good  
16 afternoon, again, Commissioners.

17 As we've heard discussed multiple times today,  
18 the purpose of this docket is to evaluate the  
19 prudence of DEF's 2021 incurred SPP costs, the  
20 respective prudence and reasonableness of DEF's  
21 incurred and projected 2022 and 2023 costs, and to  
22 establish the 2023 SPPCRC factor. The evidence in  
23 the record is sufficient for you to make each of  
24 those determinations, and we urge your approval.

25 On the substance -- on the substance, the only

1 specific concern raised by the intervenors was  
2 OPC's contention that our distribution lateral  
3 hardening program should be severely curtailed. As  
4 explained in the rebuttal testimonies of Mr.  
5 Menendez and Mr. Lloyd, such reductions, which were  
6 specifically rejected by the Commission in the SPP  
7 docket, would decimate the program's effectiveness,  
8 and for that reason alone, OPC's position should be  
9 rejected.

10 Finally, regarding the contentions raised  
11 today by OPC, the distinctions they are trying to  
12 draw between the prudence of managerial actions and  
13 the costs are largely irrelevant given this record  
14 as there has been no challenge to any specific  
15 project in either the managerial or cost spheres  
16 other than the lateral hardening program I touched  
17 on earlier.

18 In conclusion, we urge you to approve our  
19 prudently incurred 2021 actual and 2022 cost, the  
20 reasonableness of our estimated '22 and '23  
21 projected costs, as well as our SPPCRC factors.

22 Thank you.

23 CHAIRMAN FAY: Thank you, Mr. Bernier.

24 I have OPC next.

25 MS. WESSLING: Thank you, Mr. Chair.

1           And I just want to be really clear from the  
2           start, that OPC's position in this docket is  
3           certainly giving all due respect to the  
4           Commission's orders in the SPP dockets, both on the  
5           motions to strike and the motions for  
6           reconsideration, and ultimately final hearings. I  
7           really don't want anyone to feel like, you know, we  
8           are not giving the due respect that those orders  
9           require.

10           But at the same time, OPC does feel the need  
11           to create the record and maintain our position that  
12           with these five linked dockets, all four SPP  
13           dockets and this cost recovery clause docket, that  
14           the prudence of the SPP programs and projects to  
15           this day yet remains to be evaluated.

16           There was no evaluation of the prudence for  
17           the SPP programs and projects in the SPP dockets,  
18           especially given the rulings explicitly  
19           prohibiting, or eliminating that topic from  
20           evaluation. And as both the rule states, the CRC  
21           rule, and as all the other attorneys have pointed  
22           out, this docket relates to the prudence of the  
23           costs only that are related to the SPP programs and  
24           projects.

25           So our -- OPC is just concerned that a problem

1 is out there, and that the reality is that the  
2 Commission may be about to vote to approve an  
3 increase to customers' bills when at least one part  
4 of that increase, specifically the 2023 projected  
5 cost, was not subject to a prudence review of those  
6 programs and projects. Therefore, OPC does object  
7 to the Commission's making a ruling and allowing  
8 the utilities to start charging customers for storm  
9 protection plan costs when the -- those costs are  
10 related to programs that have not been reviewed for  
11 prudence.

12 So that's all I have.

13 CHAIRMAN FAY: Okay. Thank you, Ms. Wessling.  
14 Mr. Moyle.

15 MR. MOYLE: We don't have a closing statement.

16 CHAIRMAN FAY: Okay. All right.

17 Commissioners, with that, what I would like to do  
18 is give our staff just a little bit of time to  
19 process that and make sure they are in a position  
20 to give us some feedback, and essentially give us a  
21 recommendation today.

22 I am also open to a deferral, if we choose to  
23 do so, at a later date to get a recommendation  
24 back. So with that, I would direct them to maybe  
25 give them 10 minutes and come back to us unless

1 anybody feels otherwise.

2 MR. BREW: Excuse mere, Mr. Chair.

3 CHAIRMAN FAY: Yes, Mr. Brew.

4 MR. BREW: I didn't have a prepared closing  
5 statement, but there was a point that came up that  
6 I wanted to address, is the utilities uniformly  
7 referred to the intervenors as not challenging  
8 specific components of their plan in terms of  
9 prudence, and I feel obliged to remind everybody  
10 that they carry their burden of proof. It's not up  
11 to the intervenors to challenge specific aspects of  
12 the program. It's their obligation to demonstrate  
13 that they are reasonable.

14 CHAIRMAN FAY: Okay. And you were entitled to  
15 a closing statement, so we will presume that was  
16 your closing statement, and I think you and Mary  
17 Anne were on the same page there, so where the  
18 burden lies, so I appreciate that.

19 With that, Mr. Stiller, do you have anything  
20 for us? Nope?

21 MR. STILLER: No, sir. We will get  
22 appropriate staff prepared and up here in 10  
23 minutes.

24 CHAIRMAN FAY: Okay. Great. So I have 3:20  
25 that we will be back. Thank you.

1 (Brief recess.)

2 CHAIRMAN FAY: All right. We got everybody  
3 back.

4 All right. So the plan will be that we will  
5 take up staff's positions on these issues after  
6 hearing the testimony and closing arguments, and  
7 then the Commission can deliberate how we want to  
8 potentially decide the matter today as a bench vote  
9 or defer for another date.

10 With that, I would like to -- I know we have  
11 some counsel here for the fuel docket specifically.  
12 I think once we have concluded with this, we will  
13 begin some of the preliminary matters and things  
14 that we have in that 01 docket, and so if your here  
15 for that this afternoon, we will get into some of  
16 that, and then continue with tomorrow morning  
17 getting through it. And so I just want to make  
18 sure we gave folks who are here just for that  
19 docket notice that we will get through some of that  
20 today.

21 So with that, I will turn it over to our staff  
22 to provide recommendations on the issues. And I  
23 have, let's see, Issues 1 through 10 from the  
24 Prehearing Order, is that correct? Okay. Great.

25 Well, you are recognized to go through them in



1 an order that you see appropriate, either  
2 chronologically here how we have them, or lumping  
3 them by the dates of recovery, or what you feel  
4 best appropriate. And then, Commissioners, if you  
5 have any -- once we have that information, if you  
6 have any specific issues that you would like to ask  
7 questions on, we will make staff available to you  
8 do so.

9 And so with that, you are recognized.

10 MS. EICHLER: All right. Think I we will go  
11 issue by issue if that's all right.

12 CHAIRMAN FAY: Okay. That works.

13 mr. ei: Good afternoon, Commissioners. My  
14 name is Shelby Eichler with Commission staff. I  
15 will be presenting and providing recommendations on  
16 Issues 1 through 4. Lee Smith will be presenting  
17 and providing recommendation on Issue 5, and Corey  
18 Hampson will be presenting and providing  
19 recommendation on Issues 6 through 9, and Charles  
20 Stiller will be presenting and providing  
21 recommendation on Issue 10.

22 Issue 1 asked the Commission to determine the  
23 final true-up amounts for the period January 2021  
24 through December 2021.

25 Staff notes that pursuant to longstanding

1 Commission practice, the standard for determining  
2 prudence is consideration of what a reasonable  
3 utility manager would have done in light of the  
4 conditions and circumstances which were known or  
5 should have been known at the time the decision was  
6 made.

7 No record evidence demonstrating that the  
8 utility -- there is no record evidence  
9 demonstrating that the utility imprudently incurred  
10 costs.

11 Based on the record evidence, staff does not  
12 have recommended adjustments to the utilities'  
13 positions. Staff recommends approval of the  
14 positions of TECO, FPUC, FPL and DEF as stated in  
15 the Prehearing Order on page 13. That's issue --  
16 do you want me to --

17 CHAIRMAN FAY: Okay. And just for clarity,  
18 for FPUC on Issue 1, we have a none under that  
19 position, is of that correct?

20 MS. EICHLER: A none, yeah.

21 CHAIRMAN FAY: Okay. Go on to Issue 2. Thank  
22 you.

23 MS. EICHLER: All right. Issue 2 asked the  
24 Commission to determine the actual estimated  
25 true-up amounts for the period January 2022 through

1 December 2022.

2 Based on record evidence, staff does not have  
3 recommended adjustments to the utilities'  
4 positions. Staff recommends approval of the  
5 positions of TECO, FPUC, FPL and DEF and stated in  
6 the prehearing order on page 14.

7 Issue 3 asked the Commission to determine the  
8 projected amounts for the period January 2023 to  
9 December 2023.

10 Based on record evidence, staff does not have  
11 recommended adjustments to the utilities'  
12 positions. Staff recommends approval of the  
13 positions of TECO, FPUC, FPL and DEF as stated in  
14 the Prehearing Order on page 15.

15 CHAIRMAN FAY: Issue 4, go ahead.

16 MS. EICHLER: Issue 4 is a fallout issue that  
17 is based off the resolution of, issues 1 through 3.

18 Issue 4 asked the Commission to determine the  
19 net total amount the utilities recover -- will  
20 recover during the 2023 billing cycle.

21 Based on record evidence, staff does not have  
22 recommended adjustments to the utilities'  
23 positions. Staff recommends approval of the  
24 positions of TECO, FPUC, FPL and DEF as stated in  
25 the Prehearing Order on page 16.

1           CHAIRMAN FAY: Okay. And, Mr. Smith, you are  
2 going to handle Issue 5?

3           MR. SMITH: Yes.

4           CHAIRMAN FAY: Okay. You are recognized. Is  
5 your mic on?

6           MR. SMITH: It is now.

7           CHAIRMAN FAY: Great. Thank you.

8           MR. SMITH: Commissioners, Issue 5 addresses  
9 the appropriate depreciation rates that should be  
10 used to develop the depreciation expense included  
11 in the total storm protection plan cost recovery  
12 clause amounts for the period January 2023 through  
13 December 2023.

14           Rule 25-6.031(5)n(c) states that the utility  
15 may recover annual depreciation expense on  
16 capitalized storm protection plan expenditures  
17 using the utility's most recent Commission-approved  
18 rates. Therefore, staff recommends that the  
19 depreciation rates that should be used for  
20 developing any depreciation expense included in the  
21 total storm protection plan cost recovery clause  
22 amounts for the period January 2023 through  
23 December 2023 are as follows:

24           The depre -- for TECO, the depreciation rates  
25 approved by Order No. PSC-2021-043-S-EI issued

1 November 10th, 2021, in Docket No. 20210334-EI.

2 For FPUC, the depreciation rates approved by  
3 Order No. PSC-2020-0347-AS-EI issued October 1st,  
4 2020, in Dockets No. 20190155, 20190156 and  
5 20190174-EI.

6 For FPL, the depreciation rates approved in  
7 orders number PSC-2021-0446-S-EI, issued December  
8 2nd, 2021, and PSC-2021-0446-A-S-EI, issued  
9 December 9th, 2021, in Docket No. 20210015-EI.

10 And for DEF, the depreciation rates approved  
11 by Order No. PSC-202-1020-2A-AS-EI, issued June  
12 28th, 2021 in Docket No. 20210016-EI.

13 CHAIRMAN FAY: Okay. And just for clarity,  
14 Mr. Smith, for TECO, you had the depreciation from  
15 2021, you mentioned 043, is it 0423 or 043?

16 MR. SMITH: I am sorry, 0423.

17 CHAIRMAN FAY: No. That's fine. I just  
18 wanted to make sure we have the right order.

19 Okay. With that, we will move on to Issue 6.  
20 Mr. Hampson, you are Issue 6 through 9, is that  
21 correct?

22 MR. HAMPSON: Yes, sir.

23 CHAIRMAN FAY: Okay. You are recognized.

24 MR. HAMPSON: Good afternoon. This is Corey  
25 Hampson with the Division of Economics.

1           Issue 6 states: What are the appropriate  
2           jurisdictional separation factors for the projected  
3           period January 2023 through December 2023?

4           The jurisdictional separation factors for the  
5           projected period January 2023 through December 2023  
6           are as shown on page 18 of the Prehearing Order  
7           should be approved.

8           Issue 7 states: What are the appropriate  
9           storm protection plan cost recovery clause factors  
10          for the period January 2023 through December 2023  
11          for each rate group?

12          The storm protection plan cost recovery clause  
13          factors for the period January 2023 through  
14          December 2023, as shown on pages 19 through 21 of  
15          the Prehearing Order, including the changes  
16          previously discussed by Mr. Stiller, should be  
17          approved.

18          Issue 8: What should the -- be the effective  
19          date of the new storm protection plan cost recovery  
20          clause factors for billing purposes?

21          The factors shall be effective beginning with  
22          the specified storm protection plan cost recovery  
23          clause cycle, and thereafter, for the period  
24          January 2023 through December 2023. Billing cycles  
25          may start before January 1st, 2023, and the last

1 cycle may be read after December 31st, 2023, so  
2 that each customer is billed for 12 months  
3 regardless of when the factors became effective.  
4 These changes shall continue in effect until  
5 modified by subsequent order of this commission.

6 Issue 9: Should the Commission approve  
7 revised tariffs reflecting the new storm protection  
8 plan cost recovery clause factors determined to be  
9 appropriate in this proceeding?

10 Yes, the Commission should approve the revised  
11 tariffs reflecting the storm protection plan cost  
12 recovery clause factors determined to be approved  
13 appropriate in this proceeding.

14 Thank you.

15 CHAIRMAN FAY: Okay. Just real quick, before  
16 we get Issue 10, Mr. Stiller. For Issue 8, were --  
17 just to make sure I understand, were you suggesting  
18 that the implementation of that could be done  
19 before January 1, 2023, or that it would only begin  
20 after that date?

21 MR. SMITH: Yes, sir. It depends on the  
22 billing cycle for the individual customer, but it's  
23 so that every customer, for the whole 12 months, is  
24 billed.

25 CHAIRMAN FAY: Okay. And then on Issue 7, the

1 changes that you mention in the chart were only for  
2 FPUC that Mr. Stiller mentioned?

3 MR. SMITH: That's correct.

4 CHAIRMAN FAY: Okay. All right. And then I  
5 think we are on to you, Mr. Stiller, for Issue 10.

6 MR. STILLER: Yes, Mr. Chair. Issue 10 is  
7 should this docket be closed? And it's staff's  
8 recommendation that this docket is a continuing  
9 docket and should remain open until an order is  
10 entered next year and a new docket number  
11 established, at which time this docket may be  
12 closed.

13 CHAIRMAN FAY: Okay. And I love Issue 10,  
14 because every utility gave us a different position  
15 for closing the docket. Keep us on our toes there.

16 All right. Commissioners, so with that, you  
17 have the recommendations from staff. We can take  
18 up any questions on any of the specific issues that  
19 you may have or just the items as a whole. I have  
20 no issue with taking up the recommendation as a  
21 whole either if that's something that is our  
22 prerogative.

23 And I believe we still have Commissioner  
24 Passidomo, too. I just want to make sure if she  
25 has any questions or comments that we are inclusive



1 of her at this time.

2 So any questions or comments?

3 Commissioner Clark --

4 COMMISISONER PASSIDOMO: I am here. I am all  
5 set. Thank you.

6 CHAIRMAN FAY: Okay. Thank you, Commissioner  
7 Passidomo.

8 Commissioner Clark, you are recognized.

9 COMMISSIONER CLARK: Based on your comments,  
10 Mr. Chairman, I would move approval on all items as  
11 recommended by staff.

12 CHAIRMAN FAY: Okay. We have a motion. Do we  
13 have a second?

14 COMMISSIONER LA ROSA: Second.

15 CHAIRMAN FAY: Okay. We have a motion and a  
16 second for approval of all issues, Issues 1 through  
17 10, as recommendation presented by staff.

18 All that support say aye.

19 (Chorus of ayes.)

20 CHAIRMAN FAY: None opposed -- hold on.

21 COMMISISONER PASSIDOMO: Aye.

22 CHAIRMAN FAY: We got you, Commissioner  
23 Passidomo.

24 None opposed.

25 With that, Issues 1 through 10 are approved

1 the 10 docket, in the storm protection docket.

2 Any other matters, Mr. Stiller, on this  
3 docket?

4 MR. STILLER: Since the Commissioners have  
5 made a bench vote, there are no further matters to  
6 be addressed. A final order will be issued.

7 CHAIRMAN FAY: Okay. Great.

8 With that, then, we will adjourn Docket 10.  
9 And I will give everybody a few minutes to switch  
10 seats here before we begin the 01 fuel docket.

11 (Proceedings concluded.)

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## CERTIFICATE OF REPORTER

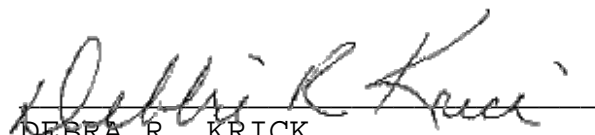
STATE OF FLORIDA     )  
COUNTY OF LEON     )

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 9th day of December, 2022.

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