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Bureau of Regulatory Review

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Interview Summary

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Company: FPL
Area: Vegetation Management- Asplundh
Auditor(s): Fisher

Interview Number: 4
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Name and Title: Eugene Wyatt
VP and Regional Manager for Asplundh Tree Expert
Co.

Date of Interview: March 16, 2005
Location: Broward Co.
Telephone Number:

(1) Purpose of interview: To understand the contractor's duties, responsibilities and methodology for completing FPL tree trimming, and to understand the processes for scheduling, billing and reconciling work

(2) Interview Summary:

1. Eugene has been with Asplundh 28 years and has been in the FPL Florida operation since January 2004; Eugene is responsible for 2/3 of the Florida operation; another manager handles TECO, FPUC, Gulf and Progress; Asplundh has approximately 1100 employees working in Florida w/about 925 working FPL and municipals on the east coast;
2. Asplundh works on time and materials with cost not to exceed a total amount; liquidated damages are assessed to Asplundh if they do not meet performance within specified contract timing; there is an incentive if the work is completed under the amount of sales (value of contract); the goal for each manager's area are rolled up annually for an average cost per mile; if the savings to FPL is > 10% no liquidated damages are charged; if savings > 20% to FPL Asplundh receives a bonus in the contract, since April 2003; current contract expires 12/31/05; prior to the current contract everything was T&M; FPL directed the crews prior to this contract, but this contract Asplundh provides the direction of crews; preventive maintenance is done to FPL specs for vines and small brush as part of the trim job for Right of Way; Asplundh also does ticket work if the customer calls and an emergency response is issued; about 350 employees do reactive and capital work;
3. Transmission has 22 crews (50 employees) for maintenance and reactive work
4. Maintenance work is prioritized by FPL by reliability (outage/circuit) and last trimmed date to keep on cycle if possible; work is given 12 months ahead of time with priority changes by FPL if needed; work is assigned by substation and completed by feeder and lateral; they do not do 100% of every substation; trim is based on a 3 yr. cycle and Asplundh is measured on miles of circuit trimmed in 12 months on a cost per mile.
5. FPL's QC group checks trim and removal completed to assure specs are followed; if the crew misses anything or work is not to specification the work is reassigned as a re-work and Asplundh has 14 days to complete all re-works; if a discrepancy occurs in billing it is resolved through J.M. Spartman at FPL working with Asplundh billing, or at a local level by the Asplundh supervisor or manager with FPL.
6. Weekly timesheets per crew are provided to FPL and a copy is sent to Asplundh in Willow Grove PA, and the invoice is sent to FPL electronically; an insufficient clearance log is presented to FPL if customers refuse to allow trimming or removal of trees when necessary;
7. A new contract starts January 1, 2006 that will be priced on a per foot of brush or price per tree basis; Eugene believes work units would be a more accurate method of measuring productivity and billing for vegetation management.

(3) Conclusions: a.) Asplundh currently works on T&M, with cost not to exceed a total amount; liquidated damages are assessed to Asplundh if they do not meet performance within specified contract timing; FPL directed the crews prior to this contract, but this contract Asplundh provides the direction of crews; preventive maintenance is done to FPL specs for vines and small brush as part of the trim job for Right of Way; Asplundh also does ticket work if the customer calls and an emergency response is issued; about 350 employees do reactive and capital work; b.) Transmission has 22 crews (50 employees) for maintenance and reactive work c.) Maintenance work is prioritized by FPL by reliability (outage/circuit) and last trimmed date to keep on cycle if possible; work is given 12 months ahead of time with priority changes by FPL if needed; work is assigned by substation and completed by feeder and lateral; they do not do 100% of every substation; trim is based on a 3 yr. cycle and Asplundh is measured on miles of circuit trimmed in 12 months on a cost per mile d.) FPL's QA group checks trim and removal completed to assure specs are followed; if the crew misses anything or work is not

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