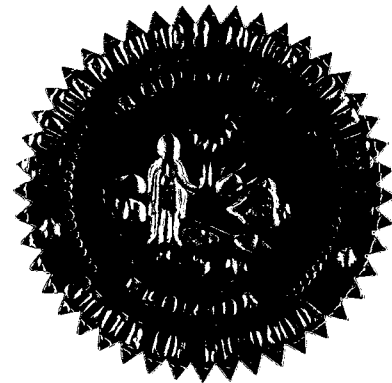


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 060198-EI

In the Matter of:

REQUIREMENT FOR INVESTOR-OWNED ELECTRIC
UTILITIES TO FILE ONGOING STORM
PREPAREDNESS PLANS AND IMPLEMENTATION
COST ESTIMATES.



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PROCEEDINGS: AGENDA CONFERENCE
ITEM NO. 20

BEFORE: CHAIRMAN LISA POLAK EDGAR
COMMISSIONER J. TERRY DEASON
COMMISSIONER ISILIO ARRIAGA
COMMISSIONER MATTHEW M. CARTER, II
COMMISSIONER KATRINA J. TEW

DATE: Tuesday, April 4, 2006

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

REPORTED BY: LINDA BOLES, RPR, CRR
Official FPSC Reporter
(850) 413-6734

1 PARTICIPATING:

2 R. WADE LITCHFIELD, ESQUIRE, representing Florida
3 Power & Light Company.

4 RUSSELL BADDERS, ESQUIRE, representing Gulf Power
5 Company.

6 ALEXANDER GLENN, ESQUIRE, representing Progress
7 Energy Florida, Inc.

8 LEE WILLIS, ESQUIRE, representing Tampa Electric
9 Company.

10 MICHAEL A. GROSS, representing Florida Cable
11 Telecommunications Association, Inc.

12 BOB TRAPP and JIM BREMAN, representing the Florida
13 Public Service Commission Staff.

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P R O C E E D I N G S

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3 CHAIRMAN EDGAR: And with that, we will begin with
4 Item 20. Mr. Trapp, I know I stopped you earlier --

5 MR. TRAPP: Yes, ma'am.

6 CHAIRMAN EDGAR: -- when you were giving some
7 background to us, but I'd like you to go ahead and lay out the
8 background as to where we are and how we got here.

9 MR. TRAPP: Yes, ma'am. I'm going to actually turn
10 this over to Jim Breman, who is with the technical staff, and
11 he is going to explain this item.

12 MR. BREMAN: Good morning. Commissioners, this is a
13 recommendation to require each investor-owned electric utility
14 to file by June 1st plans and estimated implementation costs
15 for ten ongoing storm preparedness initiatives. This
16 recommendation is in response to your decision on February 27th
17 at Internal Affairs. The ten storm preparedness initiatives
18 are those which were addressed and discussed and modified at
19 the Internal Affairs conference on the 27th.

20 Staff recommends, staff recommends that the utilities
21 have flexibility to propose alternatives to the initiatives
22 we've enumerated in cases where they find better alternatives
23 in terms of cost and avoiding future storm damages.

24 Staff recommends the plans should address the scope
25 of activities and implementation time lines. Estimated costs

1 for program implementations over the next ten years should be
2 included in those filings.

3 Staff recommends that this docket remain open to
4 address the filings themselves, review of the filings, and then
5 bringing those filings back to the Commission for approval.

6 It is staff's intent that the order requiring these,
7 the filing of these plans to apply separately to each IOU.
8 Accordingly, a protest by one IOU would not prevent the order
9 from becoming final for any IOU which is not subject to the
10 protest. Those are my opening remarks.

11 Would you like me to review each plan or do you want
12 to take each plan question by question?

13 CHAIRMAN EDGAR: Let's see if we have some general
14 comments or discussions first to, to get us started.

15 Commissioners? All right. Well, this may go quicker
16 than I thought. Commissioners, is it your -- do you have any
17 desire to have staff walk us through the ten items that we had
18 discussed previously or do we just want to jump in if there are
19 questions on any one? Commissioner Deason.

20 COMMISSIONER DEASON: Are there, are there
21 individuals who want to address us or are they just here to
22 answer questions?

23 CHAIRMAN EDGAR: Mr. Litchfield, would you like to
24 address us?

25 MR. LITCHFIELD: Thank you. Just briefly.

1 Florida Power & Light supports the staff initiative.
2 Obviously, we've been working very closely with the staff and
3 with this Commission through the process. We look forward to
4 achieving the objectives that have been laid out here.

5 I would point out that Florida Power & Light Company
6 has, as part of our own forensic analysis and as part of the
7 collaborative process, begun several critical initiatives.
8 Already we've accelerated pole inspection, we've accelerated
9 line clearing, we're hardening certain specific targeted lines
10 already. This is ongoing as we speak.

11 And I would take just one more quick instant and
12 introduce Mr. Manny Miranda who's here with me today seated
13 directly behind me. Mr. Miranda is Vice President of
14 Distribution System Performance, a new position created at
15 Florida Power & Light Company, with specific responsibility for
16 implementing our Storm Secure Plan, and he will be intimately
17 involved in the workshops that you are conducting and you'll
18 get to know and like Mr. Miranda very well.

19 CHAIRMAN EDGAR: Mr. Miranda, welcome to the
20 Commission, and we look forward to working with you.

21 Mr. Willis.

22 MR. WILLIS: I'm Lee Willis representing Tampa
23 Electric Company. I wanted to express our appreciation for
24 your review in this area, and we appreciate your attention to
25 this matter. We have had a lot of constructive interaction

1 from your comments from the Bench, from dialogue with the staff
2 and parties, and have -- we all have a common goal of a, of
3 crafting cost-effective means for preparing for storms and to
4 craft realistic implementation plans. We appreciate the
5 expressions that staff has made this morning with respect to
6 flexibility with your expressions from the Bench with regard to
7 the same thing, and that we would appreciate your placing in
8 the order that clearly, that you intend -- that this is clearly
9 stated in the order.

10 We -- likewise, Tampa Electric has stepped up its
11 pole inspections, its tree trimming, it's review of critical
12 circuits. It's updating its restoration plan and going through
13 mock exercises and getting ready for the storm season.

14 CHAIRMAN EDGAR: Thank you, Mr. Willis.

15 Mr. Gross.

16 MR. GROSS: Thank you, Madam Chair and Commissioners.
17 I'm Michael Gross. I'm here on behalf of the FCTA. And I
18 appreciate this opportunity just to make some general comments
19 about the stake that the cable industry has in this. Although
20 not directly under the jurisdiction of this Commission, we do
21 have an interest in, in the overall scheme of things and the
22 issues that have arisen as a result of the unusual storm season
23 that we've had for the last couple of years.

24 And particularly there were some comments in the
25 record that seemed to imply that nonelectric attachers, which

1 would include cable and telecom, were causing overloading of
2 poles and creating an unsafe condition. And I just wanted to
3 clarify that cable attachers have a mandatory right to attach
4 to the IOUs' poles under federal law as regulated by the FCC,
5 and that there are procedures in place in the event that an
6 existing pole cannot accommodate additional attachments, that
7 the poles can be modified, rearranged or even changed out to a
8 larger pole in order to accommodate new attachments. And there
9 is a compensation regime in place that provides for pole rents
10 to be paid. Because they attach -- the right to attach is
11 mandatory, that the pole owners are entitled to compensation
12 for that attachment, and they're also entitled to be reimbursed
13 for any costs if the pole has to be rearranged or modified or
14 changed out in order to accommodate new attachers.

15 Now I will, in deference to Gulf Power who is present
16 in the room today, the Florida Cable industry is in litigation
17 at the FCC right now with Gulf Power over the adequacy of that
18 compensation. But the point I'm just trying to make is that
19 there is provision for that, and so that the poles can safely
20 accommodate new attachments without violating the safety code.

21 I just wanted to mention finally that the cable
22 industry is working with local governments and with the
23 Legislature on these issues. Thank you very much.

24 CHAIRMAN EDGAR: Commissioners. Commissioner
25 Arriaga.

1 COMMISSIONER ARRIAGA: Is it proper to ask a question
2 from one of the companies that is not sitting here on the bench
3 in the front?

4 CHAIRMAN EDGAR: Why don't you throw out your
5 question and see if anybody would like to come up and try to
6 answer it.

7 COMMISSIONER ARRIAGA: No. It's a direct question to
8 Progress Energy. During the workshop, Progress indicated that
9 these conditions that we are considering today may be too
10 stringent, too difficult to comply with. And I remember my
11 comments were, do what you want, we'll see how much ahead you
12 are, and then we will know where you stand. Where are you now,
13 Progress Energy, with this issue?

14 MR. GLENN: I'm Alex Glenn on behalf of Progress
15 Energy.

16 CHAIRMAN EDGAR: Mr. Glenn, thank you for joining us.

17 MR. GLENN: Sure. Thank you for having me.

18 (Laughter.)

19 To your question, Commissioner Arriaga, we support
20 the staff's initiatives in the recommendation with the
21 flexibility that's included in it. Like FPL, and I believe
22 TECO as well, we have been expediting various measures
23 including tree trimming, inspections and things of that nature,
24 in addition to what we had extensively done after the
25 '04 hurricane season and in '05 as well. So we will be

1 prepared to fully discuss this when we present our plan in
2 June.

3 CHAIRMAN EDGAR: Commissioner Arriaga.

4 COMMISSIONER ARRIAGA: Thank you so much for the
5 clarification. I really appreciate you coming up and saying
6 that. The same question goes to the representative of Gulf
7 Power. Can we get a comment from Gulf?

8 MR. GLENN: I'll give up my seat for Gulf.

9 (Laughter.)

10 MR. BADDERS: Thank you very much. Good morning.
11 Russell Badders on behalf of Gulf Power. We also support
12 staff's recommendation, and we have, as we have done so over
13 the past number of years, we continue to look at these issues.
14 We have made progress. There are still some areas that we're
15 working on that we need to catch up on before the hurricane
16 season. We will explain all of that. We will define our goals
17 and kind of give you a road map of where we wish to go when we
18 make our filing on June 1st. But we do support staff's
19 recommendation.

20 CHAIRMAN EDGAR: Thank you.

21 Commissioner Carter.

22 COMMISSIONER CARTER: Thank you, Madam Chairman. I'd
23 just like to say to staff that you took the comments to heart,
24 and from what I'm hearing is that -- in our directions to you
25 were to look for if industry had a better idea, to, to not, you

1 know, leave any stone unturned or things like that. And I
2 appreciate the cooperative and professional perspective that
3 our staff continues to exhibit on most of these matters, and I
4 think that's a testament to the hard working people that we
5 have here at the Commission, and that our goal was to come up
6 with some standards that would protect the public interest as
7 well as keep a vital industry going for needed services. And
8 the flexibility that staff has shown to -- if you've got a
9 better idea, to incorporate that, and I think during the
10 workshop that's what we were asking for: If you've got some
11 better ideas, give them to us. And I think our staff has done
12 a fantastic job, and I just want to say publicly how pleased we
13 are that you took the Commission's directions to heart and went
14 out and reached out to the industry. And from what I'm
15 hearing, the industry has given up good information and it
16 looks like we're on the verge of a good plan, Madam Chairman.

17 CHAIRMAN EDGAR: Thank you. I have a comment that
18 may turn into a question on Item 8, which is the increased
19 utility coordination with local governments. I know that our
20 utilities do work very closely with our local governments, and
21 that we heard at our workshop from some representative local
22 governments about their desire to continue working with the
23 Commission and working with the utilities to work on best
24 practices and communication, sharing of information. And one
25 of the things that I'm interested in learning more about, and I

1 don't know if it needs to be included in the plan or just
2 referred to, but I am interested in learning more about how our
3 utilities are working with the local governments on the
4 prioritization for response and recovery. And I know there is
5 a process and I know that that process is continually
6 reexamined and lessons learned are adopted. But we, of course,
7 are taking very much to heart the direction from our Governor
8 and Legislature to promote a culture of preparedness and to
9 look at these issues in kind of a three step: Prepare, respond
10 and recover. And that continual iteration of how we are going
11 to respond and how those priorities are recognized and how that
12 is communicated with the local governments and the local
13 communities is something I'm very interested in.

14 Mr. Breman.

15 MR. BREMAN: I assume you want a comment back.

16 Commissioner, I believe your area of interest will
17 actually be incorporated into Item 10. Item 10 is the storm
18 preparedness thing. So there should be general discussion on
19 that item of how that, how that is structured there.

20 The EOCs and the local communities and the utilities
21 cooperate in how to develop each community's or each county's
22 response activity and what facilities need what level of
23 response in each county. So it's a county-by-county build up,
24 and so I would expect the answers to be in Item 10.

25 CHAIRMAN EDGAR: Thank you. Commissioner Deason.

1 COMMISSIONER DEASON: I have a question as it
2 pertains to Item 7 on the list. I think this is certainly very
3 important information when we're looking at differentiating
4 between overhead and underground.

5 The question that I have is is this information going
6 to be useful at some point in determining appropriate cost
7 differentials between underhead and -- overhead and
8 underground? Obviously if we have information, case-specific
9 information which demonstrates an increased reliability, I
10 think that would be useful information in determining
11 appropriate cost differentials or sharing points or discounts
12 or whatever terminology you want to use.

13 MR. BREMAN: Yes, Commissioner. I wholeheartedly
14 agree with you that there is overlap between the plans and the
15 procedural dockets that we're going to be going through, the
16 rulemaking dockets on hardening. There is a tremendous amount
17 of overlap.

18 One thing that we have heard is the unavailability of
19 data. So we have to set programs in place to collect the data.
20 So, yes, this is, this is sort of like the first data request,
21 if you will, and the information we glean from this will also
22 feed into the other dockets as we go forward.

23 Anymore questions?

24 CHAIRMAN EDGAR: I'm thinking. And I guess this is
25 to our staff. It is my understanding -- or perhaps I should

1 say am I correct in having the understanding that as the work
2 is ongoing for the information that will be submitted to the
3 Commission on these ten items, that our staff will be working
4 with those utilities too so that we, so that we all continue to
5 have an increased and evolving understanding as to what type of
6 information will be submitted?

7 MR. BREMAN: Absolutely, Commissioner. The potential
8 exists for this to be an ongoing activity, not just a one-time
9 event. And the door is open. Tremendous changes have happened
10 in our dialogue level and we hope those continue.

11 CHAIRMAN EDGAR: I know. I do see it as an iterative
12 and evolving process between now and June and after June
13 certainly. In addition to that though, I see this information
14 to be submitted as part of these plans on or before June 1st,
15 and then also the information that we will be hearing at the
16 June 5th Internal Affairs meeting on the three items that we
17 had asked for reports and information back prior to this next
18 hurricane season, I have every, every expectation that that
19 information will be very meaningful and that that effort will
20 be taken very seriously.

21 Commissioners? Any other comments from the parties
22 that have joined us? No?

23 Commissioner Arriaga.

24 COMMISSIONER ARRIAGA: The three-year vegetation
25 management cycle which has to do with the cooperation with

1 local government, this is for FPL, what are you doing regarding
2 that relationship right now? What steps are you taking to
3 negotiate with local government the possibility of accessing
4 places that are difficult or even modifying certain ordinances
5 where you cannot cut a tree here or a tree there because of the
6 type of tree and that kind of stuff? What will you be doing
7 regarding that issue?

8 MR. LITCHFIELD: Thank you, Commissioner Arriaga. We
9 are working currently with several local governments to that
10 very end, looking to see what changes in local ordinances may
11 be required. Certainly I think they are cognizant of the
12 problem that we have. And there's always a balance to strike
13 between, you know, vegetation and line clearing activities.
14 But we, we feel like we need to draw that line a little, little
15 further to one side than it has been, and I think we're finding
16 some support. But we continue to work toward that initiative.

17 CHAIRMAN EDGAR: Thank you. Commissioners? Are we
18 ready for a motion?

19 COMMISSIONER DEASON: Madam Chairman, I can move
20 staff's recommendation.

21 COMMISSIONER CARTER: Second.

22 CHAIRMAN EDGAR: We have a motion and a second in
23 favor of the staff recommendation for Item 20. All in favor,
24 say aye.

25 (Unanimous affirmative vote.)

1 CHAIRMAN EDGAR: Opposed? Please show Item 20
2 adopted.

3 (Agenda Item 20 concluded.)
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1 STATE OF FLORIDA)
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CERTIFICATE OF REPORTER

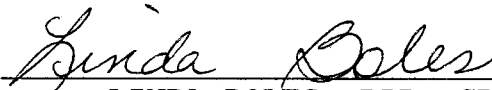
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I, LINDA BOLES, RPR, CRR, Official Commission Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

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' attorneys or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 12TH DAY OF APRIL, 2006.


LINDA BOLES, RPR, CRR
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