BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. UNDOCKETED

In the Matter of

2007 HURRICANE SEASON PREPARATION
BY ELECTRIC UTILITIES.
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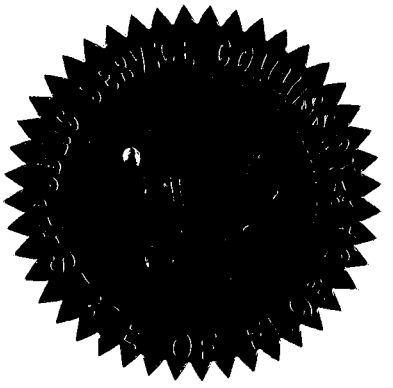

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PROCEEDINGS:	COMMISSIONER WORKSHOP
BEFORE:	CHAIRMAN LISA POLAK EDGAR COMMISSIONER MATTHEW M. CARTER, II COMMISSIONER KATRINA J. MCMURRIAN COMMISSIONER NANCY ARGENZIANO COMMISSIONER NATHAN A. SKOP
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TIME:	Commenced at 9:30 a.m. Concluded at 3:04 p.m.
PLACE:	Betty Easley Conference Center Room 148 4075 Esplanade Way Tallahassee, Florida
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P R O C E E D I N G S

CHAIRMAN EDGAR: Good morning. Call this workshop to order.

And we'll begin with asking our staff to read the notice. Mr. Young.

MR. YOUNG: Thank you, Madam Commissioner.

Pursuant to notice, this time and place has been set aside for the purpose of conducting a storm workshop in Dockets Number 07297-EI, 07299-EI, 07298-EI, 07300-EI, 07301-EI. The purpose of this workshop is set forth fully in the notice.

CHAIRMAN EDGAR: Thank you.

And the reason that we are all gathered here together, the purpose of this workshop is to provide a forum for Florida's electric utilities and local exchange companies to brief the Commission on their 2007 hurricane preparation activities.

As we all know, during the past year and a half this Commission has initiated a multi-faceted approach and response to ensure that our utilities and our utility infrastructure will be better able to withstand the impact of our hurricanes and to implement lessons learned during the 2004 and 2005 season. One of the actions that this Commission initiated is to conduct annual hurricane preparedness briefings, which is why we are here today.

Last February at an Internal Affairs meeting we

adopted the requirement that all utilities will provide a briefing prior to hurricane season. We did that for the first time last year, and this is the second year, and we will be doing this annually.

As we all know, hurricane experts are calling for a very active season this year, and both the electric utilities and the local exchange companies have done numerous, numerous things, as I said, to learn from lessons of the past years and to implement the requirements that this Commission has adopted in the past year. Although it is understood by us all that while the electric utilities own the vast majority of the electric transmission and distribution infrastructure in this state, the local exchange companies own many of the poles upon which the electric utility infrastructure is placed and can by law, of course, request reimbursement of certain storm-related costs. As such, we have included the telecommunications companies in our agenda for today.

So we have asked each of you to address the status of the preparation that you have achieved in protecting facilities to date, and also to let us know about areas of work that specifically are of concern or of vulnerability and work that is in process. And so with that, we have a long agenda today. We have asked each of our presenters to be in the about ten to fifteen-minute range with their presentations. Commissioners, there is, of course the opportunity for questions and comment

and discussion.

Before I call on the first presenter, any comments before we get started? No. Okay. Then let's get into our agenda. And the first speaker that I have on my list is Mr. Miranda with Florida Power and Light.

Welcome.

MR. MIRANDA: Thank you. Good morning, Madam Chairman and Commissioners. My name is Manny Miranda. I'm the Vice-President of Distribution System Performance, and I'm responsible for leading FPL's Storm Secure Initiative. Thank you for having me here today and for the opportunity to review FPL's storm hurricane preparedness plans for the 2007 storm season.

Let me start by saying that FPL is prepared, should our communities be faced with hurricane activity this year. We are committed not to just being prepared for this year's storm season, but this year and beyond. Today we will review our efforts that began last year working with the Florida Public Service Commission staff and Commissioners, and also continuing to move forward in our efforts to improve the resiliency of our efforts to make our storm infrastructure stronger against future storms.

I would like to spend a few minutes reviewing past hurricane performances which impacted millions of Floridians and gave us a new perspective and new learnings to apply. Our

commitment to provide customers with safe and reliable electric power was put to test in 2004 when three back-to-back hurricanes struck FPL's service territory, a challenge no utility had ever faced before. As we headed into 2005, no one expected a storm season that surpassed 2004. But, in fact, the 2005 storm season was record breaking, not just for Florida Power and Light. In total, FPL customers were impacted directly by seven storms in a 15-month period.

In 2006, we were thankfully spared the high activity of the previous storm seasons. We did have two events, Alberto and Ernesto, that required the implementation of FPL's storm organization and key processes. Each caused outages to the customers, but we were able to restore service in each occasion within hours the same day. This, however, did not make us lose sight of the 2004 and 2005 experience. And while we have become a very experienced utility at handling these restoration events, we recognize there is still much to learn and much to do, especially on how to make our system more resilient to the impact of these storms.

The ten point preparedness plan seen here was developed by the PSC and provides direction on how to ensure electric utilities are improving their preparation and response to hurricanes. I am pleased to report that we at FPL have addressed each of these points and I will be reviewing how we have integrated them and are applying each of these elements

within our storm preparedness plans.

Our emergency preparations are a year long effort concentrated on four key elements. First, infrastructure readiness. Second, organizational preparedness. Third, restoration response. And, fourth, our communication capabilities.

I would like to share with you the details of how we are strengthening our system. In January of 2006, FPL developed and announced the Storm Secure Initiative. A comprehensive plan of action with both short and long-term initiatives to strengthen the grid against future hurricanes, minimize outages, and reduce restoration times when outages do occur.

Our Storm Secure is really focused on five key areas: Infrastructure hardening, pole inspections, line clearing, converting facilities to underground, and follow-up work. Fortunately, after the 2006 hurricane season, we did not require any follow-up work. So let's start by looking at our infrastructure hardening.

First, transmission. FPL's transmission and substation system is already designed for the NESC extreme wind criteria. As a result, FPL's hardening initiatives for the transmission substation system was really based on the system performance during the '04 and '05 season. The two key elements of our transmission hardening efforts are first,

replacing single pole on guy wood structures, and, second, replacing ceramic post insulators on concrete transmission poles.

Moving to distribution. In preparation for the 2006 hurricane season, we identified critical infrastructure functions, those which contribute to the health, safety, security, and welfare to the public to be the first to benefit from our hardening initiatives. The hardening efforts completed in 2006 supported the fuel and needs of much of South Florida as well as health care needs of thousands of hospital patients in the Palm Beach and Miami-Dade County. The experience that we gained and the lessons learned from these projects have really been instrumental to the widespread hardening launch in 2007.

Our experience led us to proposed adoption of the NESC extreme wind critical as the standard for new distribution construction and system upgrades. This criteria identifies wind zones based on historical data and calls for infrastructure to withstand wind gusts up to 150 miles per hour. The plan would apply these standards utilizing a three-pronged approach. First, targeting lines that serve critical infrastructure. Second, targeting lines that serve essential community needs. And, third, design guidelines for new construction.

The new criteria for distribution facilities has

required the development of many new standards and has led us to evaluate different tools, materials, and work methods to accomplish the strengthening in the most cost-effective manner. In order to do this we have partnered with suppliers and vendors to help us identify cost-effective technology and solutions to improve the resiliency of our infrastructure. We are working with PURC, the Public Utility Research Center, to conduct a collaborative R&D research effort which will utilize the top universities and consultants in the nation to study the effects of severe weather on the electric grid.

Additionally, we are working with Florida International University in utilizing the wall of wind which simulates hurricanes in a full scale model. I would like to share with you a short video of our recent test of components attached to our poles. So, if I could show you that short video.

(Video starts.)

SPEAKER: Conditions were unusual on this South Florida winter's day as 120 mile per hour Category 3 hurricane force winds and driving rain raged against capacitor banks, transformers, risers and streetlights.

SPEAKER: This wall of wind is part of our testing for all the different products lines that we have on our poles to see how they withstand Mother Nature's wrath. So working hand-in-hand really with FIU, today we are testing components.

SPEAKER: It's going to be just as real as Mother Nature makes it.

SPEAKER: The intensity is just as real, but sustained winds from the wall of wind pound the equipment three times longer than average.

SPEAKER: This kind of compliments wind tunnel testing, which is done for scale models, reduced models. We get very useful pressure data from wind tunnels, but we cannot study the failure modes, because, you know, it's not suitable for doing that.

SPEAKER: While Phase I results pleased top executives and engineers who inspected every fastener and every inch of the equipment for signs of weakness, satisfaction doesn't stop there.

SPEAKER: Phase II is coming up. It will be a six-engine and propeller combination wall of wind that will simulate up to 145 miles an hour. This is just a start today, but we look forward to a long-term relationship with FPL and provide them with useful data and failure modes which they can use to design their structures better.

SPEAKER: Our customers have told us very clearly that they expect better from us, and we are committed to making every possible improvement we can to our infrastructure and our equipment performing better means so that our customers won't have the inconvenience or maybe as long an inconvenience of a

power interruption during a hurricane. It's all about the customer.

(Video stops.)

MR. MIRANDA: In 2007, we began the implementation of our hardening initiative throughout our service territory. These initiatives continue our focus on critical infrastructure such as our acute care facilities. These hospitals provide essential medical services to the communities in which they reside, and I'm pleased to share with you that we have completed hardening on 15 circuits that serve 13 of these acute care facilities already; Coral Gables Hospital, Palmetto Hospital, North Shore Hospital, Lee Memorial, VA Hospital in West Palm, Good Samaritan, Bethesda Hospital, Columbia Hospital, Cape Canaveral, VA Hospital in Lake City, Halifax Hospital, MedLink, and Holmes (phonetic) Regional Hospital have all been hardened already before entering the storm season. Customers will also be able to count on us having more essential service such as grocery stores and gas stations available after a storm. We are strengthening the infrastructure on 34 feeders that serve thoroughfares in our communities.

Additionally, we will be targeting infrastructure found on key highway crossings. The hardening ensures that crossings withstand the strong winds and facilitate evacuation and emergency response to these areas after a storm.

Utility poles are a fact of life now and into the future, and we have enhanced our pole inspection process ensuring the integrity of our poles. Our comprehensive inspection includes five steps, and based on the results of the inspection, poles may be either reinforced or replaced as appropriate. The inspection program also leverages technology. Data is collected onto handheld devices that allow us to quickly input this information into our GIS system to further analyze and improve our infrastructure. In the next six to eight years we will inspect all transmission and distribution poles respectively. For distribution, this means that we will be inspecting approximately 130,000 poles per year. That is about 500 poles per workday, and we are working with AT&T Florida to coordinate our pole inspection program.

Turning now to vegetation. On the transmission, we will complete 100 percent of FPL's transmission right-of-way clearing. On the distribution system, we will continue to trim our feeders on a three-year cycle and have begun implementation of our six-year average lateral trim time. I am also pleased to share with you that we have completed 100 percent of the feeder lines that serve critical infrastructure going into this year's storm season.

No vegetation management program can be effective without the full cooperation of our customers. We will continue our proactive promotion of the "Right Tree-Right

Place" program with our community leaders to ensure that future plantings of trees will avoid conflicts with power lines.

Another component of Storm Secure is to encourage underground construction. Currently more than 37 percent of FPL's distribution system is underground and our community leaders have indicated that they want to pursue underground conversion of overhead facilities and we have collaborated with over 60 municipalities providing ballpark estimates and working with these communities to inform them of the several steps that are required for conversion. Along with the other IOUs in Florida, we are sponsoring a study by PURC to study the benefit of providing underground service.

CHAIRMAN EDGAR: Mr. Miranda, can I ask you a question? Did I hear you say that FPL is working to encourage undergrounding?

MR. MIRANDA: That is our proposal, our GAF proposal, investing in the 25 percent.

CHAIRMAN EDGAR: So it is the policy of FPL to encourage further undergrounding?

MR. MIRANDA: Yes. And we have it on several fronts. As you know, today about 37 percent of our facilities are underground. I would say, Commissioner, about two-thirds of our new construction today is built underground, and we are encouraging those municipalities to promote more undergrounding of, you know, new developments as well as working with

municipalities and helping them converting existing overhead facilities.

CHAIRMAN EDGAR: Okay. So, I just want to make sure I am clear. What I think I am hearing you say is it is the policy of FPL to promote and encourage undergrounding of new development and also existing, as well.

MR. MIRANDA: Right. The existing, we are working with those community leaders and encouraging them in those areas that they want to invest and convert facilities, that we will work with them and cooperate fully with them. I'm sorry, are we talking past each other?

CHAIRMAN EDGAR: That's okay. We may come back to that point. Go ahead. Thank you for your answer.

MR. MIRANDA: FPL's Storm Secure Initiative, along with our day-to-day reliability programs, help us achieve in providing reliable electric service every day. This means performing preventative maintenance, monitoring our system, and planning for the future by preparing for the growing needs of customers with sensible investments to provide reliable electric service now and in the future.

We are confident that the initiatives I have described will, over time, help us improve the resiliency of our infrastructure. Unfortunately, the technology does not exist today to make any electric grid totally hurricane-proof. The reality is that when hurricanes strike there will be

outages, and that is why our emergency preparedness plan also provides for rapid restoration response.

Rapid restoration begins with an organizational structure that can respond nimbly to any type of emergency condition. At the center of it all is our command center, which is responsible for the strategy and the coordination of all restoration activities. Critical to the success of our restoration effort is to have the right people in the right place with the right training and the knowledge to respond quickly and efficiently. Included in this is the expansion of the roles of our forensics teams which will also be analyzing our performance following any hurricane event.

To help ensure that our work force is prepared to successfully execute the storm process, we conduct extensive training and hold our annual dry run. This gives employees the opportunity to refresh their knowledge and their skills in their storm restoration roles.

With the storm organization in place, we are ready to support our restoration plan with one objective in mind, to safely restore power to top critical infrastructure, essential community needs, and the greatest amount of customers in the shortest time. Key to the effectiveness of this plan is to have the necessary materials, logistical support, and other resources on hand to allow for effect execution. To date we have signed agreements with 64 staging sites across our

territory, any of which can be fully functional within 24 hours. We have increased our material inventory and we have acquired and secured 1.6 million gallons of fuel.

Speed of restoration depends on three key variables, the intensity of the storm, the path of the storm, and the availability of resources. To ensure we have access to ample restoration resources outside of Florida, we have formalized agreements with prestorm arrivals, external utilities, and contractors. And once we have restored and our lights are back on for our customers, our job is not over, and that is when our recovery plan just begins. We have now refined and improved our recovery plans which include final patrol sweeps and making permanent repairs.

We have learned that communication is just as important as restoration. Keeping our customers and our communities informed of the progress not just in restoration and recovery, but on the onset of planning is absolutely critical. FPL and county emergency managers work together to identify the critical infrastructure facilities that will help to serve the community return to normal as quickly as possible.

We also provide during the storm FPL reps who ride out the storm at these EOC facilities to ensure that we have communications with the command center. We also provide dedicated crews which assist with road clearing and search and rescue and we have launched a dedicated web page for

governmental officials to receive the latest information specific to their area.

Over the last several years, FPL has greatly increased our capability to handle large numbers of customer calls. This has been accomplished by adding care center redundancy and enhancing our on-line capability. Although the use of on-line venue in light of outages may initially seem odd, we have found that the web is an extremely useful communications tool after hurricanes.

Our restoration process and efforts allow us to be more responsive to our customers' communications needs, and, of course, estimated times of restoration is perhaps the most frequently asked question of us after a storm. That is why our process calls for proactively addressing ETRs as quickly and as precisely as possible following a storm. So within 24 hours of the storm passing, we will provide a system level ETR, estimated time of restoration. Within 48 hours of landfall we will provide a county level estimated time. Within 72 hours of the storm we will break that down to the subcounty level. And in 2005, we began to proactively call customers when our crews were working the neighborhood lines letting them know that we would get power restored within 48 hours. This was successful, and we have institutionalized this into our processes going forward.

I am confident that FPL has done everything in its

power to prepare for the upcoming storm season. Our infrastructure is being strengthened for future storms, our storm organization is prepared, our restoration plan supporting processes are ready, and we have the communication processes in place to keep our communities and our customers informed. Our customers, our communities, and our employees have been through a lot these last few years, and although we wish these hurricanes simply would not occur, it is beyond anyone's ability to stop them. However, should a hurricane again effect our communities in 2007, FPL is ready to respond. Thank you.

CHAIRMAN EDGAR: Thank you, Mr. Miranda.

Are there questions from staff?

MR. McNULTY: Yes, Chairman, just a few.

Mr. Miranda, the forensic team that you spoke of in your presentation, is that an in-house team, or is it -- is it contracted out, is it a mixture? Can you give us some background on how that team was assembled.

MR. MIRANDA: Sure. Our forensics team, it is a combination. We have in-house, we would use our product engineers to conduct as much of the analysis of the products. But due to the type of analysis we will be conducting out in the field we may use some third-party vendors to acquire some of the information so that we can have a larger footprint quickly after a storm. But they will all be coordinated in-house.

MR. McNULTY: Okay. I think Slide 12 discussed the fact that you were addressing highway crossings. I was wondering if you had some numbers for us on that. Anything that would suggest to date the total number of highway crossings that you have addressed or you have identified as being an area for storm hardening.

MR. MIRANDA: The initiative for 2007 focuses on the highways that -- our overall program will focus on highway crossing throughout our service territory. In 2007, we will be focussing on all of I-75, which will come through the west part of our territory all the way into Broward County. So we will harden any crossing on that facility as well as any crossing on our turnpikes in Dade and Broward County. It consists of 43 crossings. We have completed nine of those crossings year-to-date.

MR. McNULTY: Okay. Also, in regards to -- thank you for your answer on that. Also, in regards to -- I guess we can discuss both pole inspections as well as miles of vegetation management, miles of line on vegetation management. Does the company, knowing that we are coming into the storm season and that storms sometimes interrupt normal work flows that happen with the utility, has FPL made an effort to move ahead to get more done in the early months of the year so that in the event that something should happen that you already sort of have a head start to reach your goal of 12.5 percent of poles, wood

poles inspected, or to reach the goal of the vegetation management plan cycle? Can you address those two areas?

MR. MIRANDA: Sure. We look at our hardening initiatives to be an ongoing effort for years to come. We will front-end load several of our initiatives, such as vegetation. A good example is those lines that serve critical infrastructure. We front-end loaded those and trimmed all of those lines already before June 1st. Our goal will be to front-end load as much as we can without losing the efficiency of keeping a steady workforce the entire year. So it's a balancing of keeping these resources throughout our service territory, but we will make every effort to get as much done as early as we can before the storm arrives.

MR. McNULTY: Okay. So from your response I understand that you do a prioritization to take into account the most critical infrastructure first in the early part of the season. Do you also, in terms of total quantities, whether it be pole inspections or vegetation management line miles, do you attempt to get more done before the start of the storm season than you would in an average, like, say, during the --

MR. MIRANDA: Your answer, it isn't spread out evenly. So we will try to do, for example, knowing that in the summer months we are going to be faced with afternoon weather, potentially a hurricane response, we will front-end load, for example, vegetation. Approximately 60 percent will be done the

first two quarters and then we will do the remaining 40 percent the last two quarters of the year as an example.

MR. McNULTY: Okay. Would you happen to have a number, like say on Slide 14 you show that you clear approximately 11,000 miles of distribution lines. Do you have a number for us on how many miles have been cleared year-to-date?

MR. MIRANDA: Can I provide that back to you, that detail?

MR. McNULTY: Sure.

MR. MIRANDA: I don't have that in front of me.

MR. McNULTY: Okay. And I think my final question has to do with the mutual assistance agreements that you have engaged in for many years to protect the facility in the event of a storm. What is FPL's position today in terms of those mutual assistance agreements in terms of number of personnel that would be available to Florida Power and Light's system in the event of a storm relative to maybe what some of those mutual assistance agreements have been in the past? Do you find yourself in as good a position, a better position, or a worse position than in previous years?

MR. MIRANDA: I think the industry as a whole has the same mutual assistance philosophy. If we call upon those contractors and utilities, we would expect the same cooperation that we have received in years past. So we have not seen

anything in our negotiations or dealing with the utilities or contractors that would reduce the number of resources available to us. The thing that we run into with these storms is if there are multiple storms in different part of the country, the availability of resources can go up or down, depending on how active the storms are throughout the nation.

MR. McNULTY: Okay. When you indicated that you had also managed in addition to handling the -- I'm sorry, this is one additional question. This is really it, I promise. When you indicated that you not only had handled a review of all of your transmission lines, but you also had done an inspection of your primary feeders, was that to say that you also had managed to do a hot spot trim of those prime feeders as well prior to the onset of the storm season this year? Or maybe you could explain a little bit more about what you meant when you said you had managed to not only cover the transmission, but also the primary distribution lines in terms of your inspections.

MR. MIRANDA: I'm sorry, Bill, I'm not following you.

MR. McNULTY: Okay. Transmission line clearing, let me see if I can find the -- I think you said -- this is Line 14, or Slide 14, you talked about transmission line clearing, 100 percent had been cleared. And then you said, I thought you had also said that you were happy to report that you had also managed for primary distribution feeders, managed to go through those, as well, and I was just wondering what was

meant by that clearing.

MR. MIRANDA: Those lines serve critical infrastructure, so those primary circuits who serve those key community needs.

MR. McNULTY: Okay. For the distribution level?

MR. MIRANDA: For distribution, yes. Transmission is 100 percent of right-of-way clearing.

MR. McNULTY: When it comes to hot spot clearing where you basically know of areas that are either fast growth vegetation that becomes problematic, how do you handle that in terms of, again, portioning it through the year? Do you try to get to those hot spot areas prior to the storm season or do you just span those out evenly across the year?

MR. MIRANDA: Typically our hot spots are even more accelerated because we know we have certain locations on those facilities, so when I say we have cleared 100 percent of our critical infrastructure, that's a combination of preventative maintenance and hot-spotting, as well.

MR. McNULTY: Thank you very much.

CHAIRMAN EDGAR: Commissioners?

Commissioner Skop.

COMMISSIONER SKOP: Thank you, Madam Chair. Three brief questions. Page 2 on the path for Hurricane Charley, which was a Category 4 storm, versus Page 10 on the wind loadings zone criteria. I just want to make sure that the

criteria is adequate for accommodating perhaps a repeat of the storm, if you look at the storm path versus the yellow shaded area in the southwest service area. Can you briefly speak to that?

MR. MIRANDA: Our proposed adoption of the extreme wind is based on the NESC, which is anchored on the ANSI standards. What you are pointing to, Commissioner, is that Charley was a stronger storm than what we will be designing our facilities to. And, I think, you know, this is part of the discussions that we had, and as we were working with the Commission on these workshops is there is a certain point where wind speeds that no infrastructure can withstand the full effects of a Category 5 hurricane, if you will. So, these are based on the -- anchored on the ANSI standards which are the same foundations on which homes are built on, as well.

COMMISSIONER SKOP: Thank you. I guess the question I was trying to present was whether the red zone for 145-mile an hour rated should maybe extend a little further north up the southwest coast.

MR. MIRANDA: When we did our three-zone approach, what we did is we tried to cover -- in many cases they extend beyond the minimum for that respective zone. So as we worked through this, we have just filed this with the staff and we will be conducting, you know, a thorough analysis on all of this. But if we have to adjust a county up or down, we will be

doing that evaluation. But at this point at least in all cases it meets or exceeds the minimum of that respective zone.

COMMISSIONER SKOP: Thank you. A second question. Can you briefly speak to the incremental hardening initiative and any related costs for reliability improvements that you may have experienced to date.

MR. MIRANDA: You are referring to the same page?

COMMISSIONER SKOP: Just general press-related type issues. I don't believe it was mentioned in the report, but I guess I have read something briefly that's an effort and I don't think too much has been communicated on that so I would be happy to --

MR. MIRANDA: Sure. When we look at our hardening initiatives, we have rolled them out on a three-pronged approach. One, we said any facility that serves critical infrastructure we will build to extreme wind, and rebuild those facilities to extreme wind. Let me jump to the third one quickly and I will come back to the incremental hardening. The third one is we have said all new construction, system upgrades, or relocation work, whatever portion we are touching there we will also build.

The second concept is the concept you are referring to as incremental hardening. And what we have found is that by using a very targeted approach when we analyze our infrastructure, we can pull out certain weak links out of our

infrastructure and move the entire circuit up to a higher wind profile, so it is looking at balancing the cost with the benefits.

In some cases, what we have found is with very targeted approach, even though it is called incremental hardening, in many cases it goes up to and including extreme wind. So, it is a concept that we think can give us an ability to get a broader footprint quicker throughout our service territory.

COMMISSIONER SKOP: I think the question with respect to incremental that I was most interested in is the replacing of every other pole, per se, as opposed to replacing all the poles in a string and the benefits that may enure from that.

MR. MIRANDA: And what we conduct is a detailed analysis on each pole and look at the wind loading on each pole. And then based on that need we will either take several approaches: We will either guy the pole, maybe move equipment from one pole to another, add an intermediate pole as your example, replace the pole with a bigger pole, either wood or concrete. So what we will do is utilize a tool kit to be as cost-effective as possible versus just a wholesale change out of all poles.

COMMISSIONER SKOP: And then finally, just briefly on a customer service perspective. On Page 19, they mention adding care center redundancy in El Paso, Texas. Is that

redundancy or simply outsourcing of the customer service?

MR. MIRANDA: It is a little bit of both. We have complete redundancy in that we have two care centers in our service territory, one in Miami and one in West Palm with complete redundancy. What we have found during these storms is, especially immediately after the storm, the ability to handle calls because of our employees and so forth and sometimes getting them back as quickly, we have El Paso, which handles -- has a redundancy, can link all the way over there, right, and can handle the overflow as well as handle any direct calls following a storm.

COMMISSIONER SKOP: Thank you.

CHAIRMAN EDGAR: Commissioners, further questions for Mr. Miranda? No.

I guess I want to come back for just a moment and then we will move along to the question I raised earlier, and I'm kind of looking, Mr. Miranda, at Slides 10 and 11. I think the verbiage is pretty much the same on those. And there is, as Commissioner Skop touched on, a three-pronged approach that is laid out. And I don't find issue with those priorities at all, but I am still coming back in my mind to the issue of cost-effectiveness and efficiency in undergrounding existing distribution systems and your statement earlier about FPL promoting and encouraging that. Can you talk a little bit about that cost-effectiveness analysis, then?

MR. MIRANDA: Yes. When we look at hardening, Commissioner, we look at it from all the tools that are available to us. Like I suggested, you know, starting from a down guy to changing wood poles. There are some cases where we cannot meet the extreme wind criteria for facilities that we are going out and hardening to extreme wind. So there are some places where we will convert those facilities to extreme wind as part of our hardening initiatives. I mean, convert those portions of the facilities to underground.

Now, in general, if a community -- I think that is a separate issue then where a community wants to convert overhead facilities to underground. There is where we will work with them in our GAF proposal that has come before you, that is where that comes into place.

CHAIRMAN EDGAR: Okay. I guess the question that's kind of recurring in my mind is perhaps the difference between working closely and cooperatively versus maybe encouraging and promoting as a general policy, and perhaps that's semantics.

Okay. Thank you very much for your presentation, and we appreciate you being with us this morning.

MR. MIRANDA: Thank you.

CHAIRMAN EDGAR: Next on my list is Mr. Cutliffe with Progress Energy. Welcome.

MR. CUTLIFFE: Madam Chairman, Commissioners, I appreciate the opportunity.

CHAIRMAN EDGAR: If you will pull the microphone, perhaps, a little closer. And do make sure the green light is on, if you would.

MR. CUTLIFFE: How is this?

CHAIRMAN EDGAR: Better. Thank you.

MR. CUTLIFFE: Madam Chairman, Commissioners, I appreciate the opportunity to report to you the status of Progress Energy Florida's 2007 hurricane preparedness efforts. My name is Jason Cutliffe, and I am the Manager of Distribution Asset Performance, and I'm responsible for capacity planning and reliability of our distribution delivery system.

In summary, our transmission and distribution systems have been well maintained and thoroughly inspected. Our storm response organization is drilled and prepared, and critical labor and material resources have been obtained in advance or secured through commitments from external providers.

Our T&D delivery structure performed well during the 2004 and 2005 hurricane seasons, and we have only improved the system since that time. We have taken additional aggressive steps recently to harden our system in conjunction with Public Service Commission initiatives, such as the wood pole inspection docket, vegetation management plan review, the ongoing ten point storm preparedness plan, and the recently implemented storm hardening rule.

Our storm response plan also functioned well in 2004

and 2005 and here, too, we have made improvements. All lessons learned from storms, drills, other utility experience since 2004 have been incorporated into our written response plan and included in our 2007 hurricane drill conducted last week. PEF's organization and T&D delivery system are prepared for the 2007 hurricane season.

At this point I would like to comment briefly on a reality made clear to the nation in 2004 and 2005. Past experience demonstrates two points. First, no system, no matter how hardened, can withstand a catastrophic hurricane event without extensive service interruptions. Second, multiple hurricane events in the Gulf region have the potential to greatly dilute emergency response resources. Therefore everyone, utility operators, emergency response professionals, community leaders, and Florida citizens must be prepared in advance.

With that said, I will now discuss the four key components of PEF's plan that have allowed us to be prepared for the season: Distribution system readiness, transmission system readiness, organizational readiness, and coordination with local governments.

Distribution system inspection, maintenance, and replacement work is the mainstay of PEF's overall annual resource plan. Manpower and materials needed are identified in the prior year to ensure that work is completed efficiently and

on time, and work is prioritized. PEF's wood pole plant is on a firm eight-year cycle for inspections and maintenance and is in compliance with the Commission's storm preparedness initiative. Inspections are targeted and prioritized.

Since this time last year, over 95,000 poles have been inspected, 48,000 treated to prevent decay, and 1,200 replaced. Other system maintenance activities include over 1,500 pad mount transformer inspections and replacements, 100,000 circuit feet of small diameter conductor upgrades, and inspection of over 200 network manholes.

Our 2007 integrated vegetation management program is also on schedule. In addition to production trimming, all 3,800 miles of primary backbone circuits have been surveyed and all priority tree removal is complete. We have removed over 1,600 trees, 668 overhang limbs, hot spot trimmed over 11,000 trees, and applied herbicide to over 2,000 miles of right-of-way floor.

PEF has implemented the Public Service Commission's ten-point preparedness plan. A full system audit of joint use attachments was completed in 2006. Completion of a GIS upgrade is expected by year-end 2007. Post-storm forensic data collection teams were formed and deployed during tropical storms Alberto and Ernesto and again following last February's tornados. With each deployment the forensics process is refined and lessons learned implemented.

We have increased linkage and engagement with the academic community through sponsorship of research through the Public Utility Research Center, and as mentioned earlier, review and update of the distribution storm operations plan is complete. And, finally, as described in our storm hardening rule filing submitted earlier this month, PEF has deployed a state-of-the-art process to identify, prioritize, and analyze storm hardening options within our service territory.

PEF's transmission system readiness begins with structure inspections and system maintenance. Since 2006, inspections have been completed on 159 transmission circuits which include over 19,000 structures. Over 15,000 wood poles have been inspected and over 1,000 replaced with steel or concrete. Aerial patrols of all circuits were completed in April of this year, and a second pass will be completed in July. Inspections have also been completed on all of our 461 substations and critical follow-up maintenance identified through these inspections is complete. 2007 vegetation management work is on schedule, and since 2004 over 2,500 circuit miles have been trimmed and cleared including removal of over 10,000 danger trees.

And here, too, the PSC ten-point storm preparedness plan and storm hardening rule have been implemented, including enhanced GIS capability, post-storm forensic data collection, PSC initiated inspection cycles, and most notably, the

hardening of transmission structure continues through wood pole replacement with concrete or steel assets.

CHAIRMAN EDGAR: Commissioner Carter.

COMMISSIONER CARTER: Thank you, Madam Chairman, for your indulgence.

I was just trying to follow along with all the statistics, but I don't see them anywhere in here. I was just kind of -- are they in a separate document or something?

CHAIRMAN EDGAR: I don't know that that has been supplied to us in preparation of the agenda packet, but I'm sure that Progress would be glad to get us a copy of the material that they are using if that would be helpful.

COMMISSIONER CARTER: That would certainly be helpful.

MR. CUTLIFFE: Yes, Commissioner, we would be more than happy to provide that.

COMMISSIONER CARTER: Thank you.

MR. CUTLIFFE: PEF's annual storm plan review and update process is complete for 2007. New this year is the addition of a resource storm volunteer program, which is an electronic data base in which all Progress Energy employees receive their storm assignment. This tool is used to verify the status of each employee and will support the activation among 10,000 employees as soon as a hurricane threat is identified.

The annual distribution system storm drill was completed last week. Individual storm organizations and process owners were tested on their preparation efforts and ability to react to changing storm conditions. This year's drill scenario was based on a Category 3 hurricane entering the mouth of Tampa Bay and moving northeasterly across the state to Daytona Beach. Though the drill clearly demonstrated our readiness for the 2007 season, lessons were learned and are currently being documented for inclusion in the plan.

We have taken steps to ensure that critical restoration material and fuel are ready and available from multiple sources. Inventory levels of critical materials have been increased above normal stock in preparation for the upcoming season. Our supply chain organization has assembled 12 storm kits at our central warehouse. Each kit contains enough emergency material to supply 400 linemen for up to three days. Our transmission organization has increased its inventory of poles, insulators, and other hardware to supply contract and company resources for three to five days, and we have negotiated retainer contracts with fuel vendors to ensure fuel needs are met, arrangements that also approve our access to fuel when sending repair crews to parts of Florida outside of PEF's service territory. Even though we have supplier agreements in place, these proactive steps ensure that restoration can begin as soon as weather clears.

External line and tree trimming resources are critical components of a successful restoration effort. Here, too, we have taken steps to ensure they are ready and available through arrangements with contractors and relationships with other utilities through regional mutual assistance organizations like the Edison Electric Institute and the Southeastern Electric Exchange.

Our communication and coordination with local governments is stronger than ever. We have established a cross functional government coordination team to ensure a high level of critical information sharing and engagement. PEF is equipped to provide local governments with resource and restoration information before, during, and after an emergency response.

New for 2007 is the ability to produce electronic outage information for county EOCs during storm events. By placing PEF contacts within county emergency operations centers, we are able to incorporate local government restoration priorities into our overall plan, and we recently implemented the "Know Where You Grow" program which informs the public and community leaders on the most compatible tree species near power lines. In support of this, PEF this year gave away 6,000 low-growing trees at Arbor Day events.

In summary, Commissioners, PEF's transmission and distribution system which performed well in 2004 and 2005, has

been checked and maintained. The storm response organization is drilled and prepared, and internal and external resources have been secured or committed. As a six time EEI restoration response award winner, we have a track record of superior performance. We believe that our system will continue to perform well, especially in light of the new initiatives implemented since the PSC began its ongoing storm hardening efforts.

Progress Energy Florida's organization and T&D systems are prepared for the 2007 hurricane season. This concludes my prepared remarks and I will be happy to answer any questions you have at this time.

CHAIRMAN EDGAR: Thank you, Mr. Cutliffe. One comment and then I will look to staff. A comment and a question, I guess. You mentioned that cooperation and coordination with local governments is strong, and I appreciate those comments, because as you know, that is something that this Commission has taken a particular interest in the past two years. And if you don't know the answer to this, that's okay, but do you know how many local government entities are in the Progress service territory?

MR. CUTLIFFE: We serve 32 counties.

CHAIRMAN EDGAR: What about municipalities?

MR. CUTLIFFE: I can get that information for you. I don't have it immediately.

CHAIRMAN EDGAR: I was just curious.

Mr. McNulty, are there questions?

MR. McNULTY: Yes, Chairman, just a few.

Mr. Cutliffe, you mentioned that vegetation management work is on schedule. I guess I have a question similar to what I asked of Florida Power and Light, Mr. Miranda, and that is do you attempt to accelerate in any way the total quantity of annual work that you expect to get done in the vegetation management and line inspection, pole inspection, rather, prior to the storm season?

MR. CUTLIFFE: We have two approaches to address the concern that an active hurricane will interrupt critical maintenance. The contractors that we employ to do work, whether it is construction or tree trimming, we obtain commitments that if they are pulled off our system to do work, either to leave our system or to do restoration on our system, that they have the ability to staff up to complete their assigned work by the end of the year.

In addition to that, we prioritize the maintenance that is done to ensure that the most critical facilities are addressed in the first six months of the year, recognizing that once hurricane season begins there are some things that will be out of our control. So we employ prioritization methods to ensure that the most important facilities are addressed first.

MR. McNULTY: Does that apply to vegetation

management as well as pole inspections, or is it just vegetation management? I want to make sure I understand.

MR. CUTLIFFE: It would be both. In the case of vegetation management, in addition to the normal production trimming, we do an annual pre-hurricane season patrol of all 3,800 miles of the backbone and complete any demand trimming that is identified through that patrol all prior to June 1.

The normal means to identify our demand opportunities is throughout outages and customer calls and that sort of thing. So in order to be prepared for the hurricane season we can't wait for those things to occur, so we send trained resources out into the field to walk those backbones and identify any opportunities prior to June 1.

MR. McNULTY: Okay. Would you say that your mutual assistance agreements with other utilities throughout the country is as good or better as it has been in past years in terms of the access to resources, both human resources, personnel, as well as equipment?

MR. CUTLIFFE: I would say the availability of those resources is as good as it has ever been, but I would also add that our ability to assimilate resources is better than it has ever been. Our staging and logistics process, our identification of critical equipment that will be needed in the first few hours and days, our efficiency with which we can employ resources is vastly improved over the last few years

from lessons that we have learned through the past storm seasons.

MR. McNULTY: Okay. And, finally, we heard Florida Power and Light discuss a new initiative of getting out and contacting customers in areas that were under restoration to assure them that within 48 hours their power would be back on. Do you have a similar sort of program or anything that addresses the concern of customers who say I just saw a truck go by my house and I'm still out of power and it is three days later and that sort of thing. Do you have any sort of program to address those kinds of communication concerns with customers?

MR. CUTLIFFE: Again, we have two means to address that. The first is our engagement and involvement with county emergency operation centers where we are able to provide not only outage information, but resource deployment information down to the neighborhood level. And that allows the county officials to understand where we are and where we are restoring and to be able to communicate that out.

For those customers that contact us, we have two call centers in Florida. We also have a fully staffed call center in Raleigh, North Carolina, that is able to take calls. And the same information that we provide to counties through emergency operations centers we provide to our call agents who are able to share that information with customers when they

contact us.

MR. McNULTY: Thank you.

CHAIRMAN EDGAR: Commissioners, any questions for Mr. Cutliffe?

Commissioner McMurrian.

COMMISSIONER McMURRIAN: Thank you.

Mr. Cutliffe, you mentioned removal of danger trees, and I was hoping that you could explain what constitutes, at least for your company, what is a danger tree. And, I guess, secondly, if you could explain to me what happens if a customer is concerned about a tree in their yard, I suppose, that they believe is coming in contact or may come in contact during storms, but it doesn't constitute your definition of a danger tree. What happens in that circumstance, too.

MR. CUTLIFFE: The first question, a danger tree would be a tree that is either dead, or dying, or is outside of our established easement limits that jeopardizes the line. Now, obviously we need property owner consent to remove any such tree. And when our vegetation management professionals patrol lines and they identify these trees that are a danger, they make contact with the property owners, and in most cases are able to resolve the removal of those trees. But, again, it does require that cooperation. And what we look for, again, are trees that either through disease, or drought, or the angle that they are leaning pose a threat to our infrastructure.

With regard to customer inquiries that come in regarding trees on their property, if the trees are, again, jeopardizing our facilities, our intention is to remove or trim those. Having said that, we do have to make some prioritization decisions based upon whether it is an individual service that may be jeopardized or a three-phase line that serves thousands of customers, so we have to make some choices there. But our vegetation management professionals that field those calls and visit those sites make those decisions.

CHAIRMAN EDGAR: Commissioners, any further questions?

Commissioner Skop.

COMMISSIONER SKOP: Thank you, Madam Chair.

Just briefly, what were the two top lessons learned from your annual storm drill?

MR. CUTLIFFE: The tool I mentioned, the resource tool and volunteer tool, the data base of all names. What we found is that with such access to skill sets and resources that we needed more controls in place to determine where those folks went. And so we are in the process now of creating a system to identify needs in bulk ahead of time and then use the tool to assign employees with those skill sets without doing it on a more granular onesy-twosey basis.

COMMISSIONER SKOP: Thank you.

CHAIRMAN EDGAR: Commissioner Argenziano.

COMMISSIONER ARGENZIANO: Thank you.

I think some of the questions I had have already been asked and answered, but going back to the vegetation clearing, is there a standard practice that, I guess, your technicians in clearing vegetation that they practice in all areas? Is it consistent? And what it is that prompts -- if you are going out prehurricane season, what is it that prompts -- is it distance? I understand the disease and the danger trees, but what it is that prompts an additional vegetation cutting?

MR. CUTLIFFE: We have a specification that our vegetation management contractors bid on. They bid on the mileage that we intend to trim and then they do it per the specification that we provide. And essentially it dictates trimming for enough growth that whatever cycle that piece of circuit is on will perform until it is trimmed again.

And in regard to what would cause us to do demand trimming between those cycles, it's fast-growing species. There are things that can occur, we can have periods of heavy rain that will cause vegetation to accelerate its growth and there are wind events that can break limbs loose and they will hang. And in some cases, depending on where the hinge point is, they can be in jeopardy of falling into the line where when they were healthy they were not in jeopardy. And those are the kind of things that our people are able to identify on the prehurricane season patrols and we can take care of those

before they become either an outage or a customer call later on.

COMMISSIONER ARGENZIANO: Madam Chair.

Is that within the easement?

MR. CUTLIFFE: Yes.

COMMISSIONER ARGENZIANO: And one other, when you have a danger tree that is outside of the easement, that maybe let's say it is not diseased, maybe it is leaning towards the lines, have there been problems with, you know, the owner of the property saying I don't want that tree cut down, it has been here a hundred years and I don't want you cutting it down. How do you deal with that type of situation?

MR. CUTLIFFE: We work with the property owner, and depending on the level of risk that tree might provide, we will do things like offer to replant trees in place of it. We will go to various lengths to clean up end remove the debris from the tree once it is felled, so we will do as much as we can, as much as we are able to do to work out with the property owner the removal of the tree.

COMMISSIONER ARGENZIANO: Just one quick follow-up. Are your clearers, I'm not sure what they're called, the vegetation clearers, are they consistent in their application of clearing the vegetation? I mean, I have seen some areas, and not just within the state of Florida, in other states where it is not consistent, it is either too little or way too much.

MR. CUTLIFFE: Well, one of the things that they take into consideration when they do trimming is not just the clearance, but the species of tree they are clearing. So in some cases with slow growers, less clearance is needed versus fast growing species. So that can give a nonuniform appearance sometimes. But even having said that, we don't take it as faith that our tree trimming contractors are going to do what they are supposed to do. We have an inspection process where Progress Energy employees follow up on what has been done and we have a means to address that in our contract, as well.

CHAIRMAN EDGAR: Commissioners, anything further?

Thank you, Mr. Cutliffe.

MR. CUTLIFFE: Thank you.

CHAIRMAN EDGAR: Next we have Mr. Haines with Tampa Electric Company. Mr. Haines.

MR. HAINES: Good morning, Madam Chairman and Commissioners. My name is Regan Haines. I am the Director of Engineering for Energy Delivery with Tampa Electric Company. I appreciate the opportunity to be with you this morning to update you on Tampa Electric's activities as we prepare for the upcoming storm season.

Today's briefing will include various components of Tampa Electric's storm preparation efforts --

CHAIRMAN EDGAR: Mr. Haines, just a moment. I need you to pull the mike to you a little bit. I think our court

reporter is maybe having some difficulty hearing you. And, Mike, are we going to have slides. They are up there? I don't have them here. You will get them. Okay. Thank you. I think we are ready. Thank you.

MR. HAINES: I will start out by first giving a brief overview of Tampa Electric's service territory and electrical system, and then present the key elements of our hurricane preparations, which include our inspection and maintenance programs, our vegetation management activities, coordination with local government and community groups and other utilities; pre-storm season activities, such as training, mock storm drills, inventory reviews, as well as some of our T&D system hardening proposals and our plans for forensic data collection.

Tampa Electric's service territory covers roughly 2,000 square miles in west central Florida, including Hillsborough County, and parts of Polk, Pasco, and Pinellas Counties. We serve approximately 654,000 customers with 4,500 megawatts of generation. I have listed several stats on our system that are key to this presentation. Our T&D system is fairly dense, and is comprised of 726 distribution circuits and over 13,000 miles of distribution, 171 transmission circuits, over 1,200 miles of overhead transmission, and 217 substation stations. We have approximately 300,000 distribution poles and roughly 330,000 third-party attachments.

The first three elements of our storm preparation

involve ensuring that the transmission and distribution system is in good condition and can withstand the winds that it is designed for. This consists of system inspections and maintenance in our vegetation management program. Tampa Electric has increased its transmission inspection and maintenance programs over the last two years following the Commission's actions on system hardening.

In 2006, the company completed above-ground inspections on 4,000 structures, which is roughly 17-1/2 percent of our transmission system where a structure is defined as being either wood, non-wood, single pole or a multi-pole structure. Above-ground inspections performed by helicopter identify issues such as broken cross-arms, cracked insulators, conductor issues and woodpecker holes. We also performed ground line inspections on 761 wooden structures, and in total 214 structures were identified for replacement.

During the year we replaced 190 wooden structures and also replaced 184 sets of insulators with polymer insulators. For 2007 we are planning to perform above-ground inspections on 3,800 structures, and ground line inspections on 3,412 wooden structures, which will include a wind loading analysis to ensure that those structures meet the National Electric Safety Code extreme wind criteria.

The patrols are prioritized beginning with our coastal areas and facilities out of our power plants, as well

as critical infrastructure and then we move inland from there. Helicopter infrared and ground patrols of our entire transmission system have been completed year-to-date.

CHAIRMAN EDGAR: Commissioner Argenziano.

COMMISSIONER ARGENZIANO: Thank you. Could you tell me, prior to the 2006 inspections when were the last inspections of these that you have identified as needing repair?

MR. HAINES: We have had an inspection program in place for several years, but out of the 2004/2005 hurricane season the Commission has instituted very specific requirements, six year above-ground inspection, and an eight year pole line, ground line pole inspection program.

COMMISSIONER ARGENZIANO: But when was the actual last inspection of these facilities or infrastructure that you have found to be defective?

MR. HAINES: I don't know the exact date, but we were roughly maybe on a ten-year inspection cycle prior to the specific programs that are in place now.

COMMISSIONER ARGENZIANO: Thank you.

MR. HAINES: As with our transmission system, Tampa Electric has also increased its distribution inspection and maintenance programs over the last two years. In 2006, the company completed roughly 17,000 ground line inspections resulting in the hardening of almost 1,400 distribution wood

poles by either reinforcement or replacement. In addition, 131 repairs were made that will harden our facilities replacing down guys, anchors, and other maintenance items.

For 2007, there are approximately 38,000 ground line inspections planned, which represents 13-1/2 percent of our system. And for all issues found the company is targeting to have the engineering completed by the end of the year and all repairs made prior to June of 2008. Again, these inspections include performing wind loading analysis on all joint use poles to ensure that they meet our construction standards, which is the National Electric Safety Code Grade B criteria, which I will talk a little bit more in a few slides.

The result of our wind loading analysis so far has resulted in a one to two percent failure rate, which is good news, and very low, which ensures that the structures that are out there are meeting the wind loading as designed. We are also working with Verizon to coordinate the inspections of all of our wooden poles.

Tampa Electric's vegetation management program is a key element of its day-to-day reliability as well as preparing our system for hurricane season. As filed in our 2006 storm implementation plan, the company is transitioning to a three-year tree trim cycle on our distribution system. This includes all main feeders and laterals. Tampa Electric's methodology combines cycle trimming with reliability-based

trimming which takes into account several key factors including circuit priority, last date trimmed, SAIDI and MAIFI performance on that circuit, and the number of tree-related outages seen on the circuit.

The current methodology is flexible enough to move tree trim resources to priority-based circuits within the service area or region to enhance reliability in that year. All of our hot spot trimming on high priority circuits are also completed prior to the peak of each hurricane season. Overall 2006 SAIDI was reduced by approximately 15 minutes, and MAIFI has been reduced by over one event over the 2005 year-end data, and this is largely due to the increased tree trimming.

CHAIRMAN EDGAR: Commissioner Argenziano.

COMMISSIONER ARGENZIANO: I'm sorry, if you would bear with me. SAIDI and MAIFI meaning what?

MR. HAINES: System Average Interruption Duration Index, it is the average time that a customer would observe an outage for a given year in terms of minutes. And MAIFI are momentary outages less than a minute in duration.

COMMISSIONER ARGENZIANO: Thank you.

MR. HAINES: The company plans to increase the number of distribution circuits trimmed by 10 percent this year, and on the transmission system the company patrols our 230 kV system twice a year and our lower voltage 69 and 138 kV transmission systems once a year for vegetation issues. And

all of those have been completed year-to-date.

Our vegetation management group also participated in the recent vegetation management workshop held in Orlando, which is a component of the storm hardening research being conducted by PURC and the University of Florida. And from this workshop our experts have incorporated several new items into our program and are evaluating others.

While having a sound functional transmission/distribution system is critical going into storm season, establishing coordination with our local governmental agencies, EOCs, communities, and other utilities is also paramount to restoration efforts. Tampa Electric will begin meeting annually with all of our governmental agencies and EOCs starting in 2008, and we have held meetings with each of them at least once over the last two years. These meetings consist of a review of our emergency restoration process and a discussion of any specific coordination needs for that governmental entity. The company also holds or participates in numerous workshops and community discussions on storm preparedness and vegetation management issues.

Coordination with the other utilities is also an important element in our preparations. As experienced in each of the hurricanes that impacted Tampa Electric in 2004, mutual assistance from other electric utilities is absolutely vital to quick restoration. The company participates in the

Southeastern Electric Exchange Mutual Assistance Group, and also the newly formed Florida Mutual Assistance Group Subcommittee whose goal is to identify resources outside of the SEE prior to storm season to line up and allocate how those resources are going to be assigned to each of the utilities in the state of Florida.

In addition to coordination with our fellow electric utilities, it is essential that we coordinate our activities with the telecommunication, cable TV, and other utilities that might attach to our poles. Tampa Electric held a meeting in March to discuss our storm hardening plan with all of our joint attachers, which included a discussion of our joint attachment standards and procedures. As part of our filed 2006 storm hardening plan, the company also plans to perform a physical audit of all of our joint use poles over the next three years. This will include completing 30 percent of our system in 2007. This will help ensure that each of our poles has been designed to accommodate everything that is attached to that pole and that it will meet our wind loading criteria.

The next component of our storm preparedness includes several pre-storm season activities that help the company prepare for storm season each year. These include a review of our disaster recovery plans where they are exercised and updated annually. In addition, we have started to meet with our EOCs, starting with Hillsborough County, to review and

synchronize our circuit priority lists. This will ensure that the EOCs' top restoration priority is aligned with our priorities.

The company has also conducted a mock storm circuit patrol training exercise to familiarize new personnel on what they are looking for and how to assess and document damage that might occur during a hurricane. All inventory levels of storm material has been reviewed and ordered. On May 9th, the company conducted our mock storm exercise with other functional areas within the company and simulated a Category 4 hurricane with 12 to 16 inches of rainfall and 18 to 25 foot of storm surge.

Finally, the company has reviewed and updated our storm damage model that is used to estimate the number of resources, both line and tree trim resources needed, as well as material on the predicted strength, size, and path of the hurricane.

In addition to the previous activities mentioned that would benefit Tampa Electric and its customers this upcoming hurricane season, I also want to briefly mention some of the items that we have proposed in our May 7th, 2007 to 2009 storm hardening plan filing. Most of these items will provide benefits starting next year; however, a key element of the plan has been benefitting Tampa Electric customers for many years, it's the standard we construct our distribution system to.

While the National Electric Safety Code is a guideline that most utilities utilize, and that minimum requirement is Grade C in most situations, Tampa Electric constructs to Grade B, which is 50 percent stronger than Grade C.

Some of the hardening plans that the company plans to start engineering this year and construct next include converting overhead interstate crossings to underground, converting our remaining 4 kV circuits to our standard 13 kV, rebuilding one of our 69 kV wooden transmission circuits that feed Tampa International Airport to non-wood, and then developing a pilot program that will evaluate the NESC extreme wind criteria for our distribution system.

And two of the circuits that will be evaluated, one will feed the Port of Tampa where 40 percent of the state's gas supply come into, and the other feeding St. Joseph Hospital, which is a Level II trauma center. And, finally, Tampa Electric will change its underground standard in Flood Zone 1 regions to include only stainless, pad-mounted equipment.

The final component of Tampa Electric's storm preparation is ensuring that resources and processes are in place to acquire forensic data following hurricanes. The company has contracted with KEMA Consulting to perform this task, which includes the determination of which circuits in the areas to patrol, how much of the system to patrol, and the evaluation of the damaged equipment. The consultant will also

provide a written report outlining the findings, analysis, conclusion, and recommendation for any changes to the company's standards.

In summary, Tampa Electric has learned from the recent hurricanes and we have made significant improvements to our storm preparedness activities over the last couple of years. This includes a number of inspections and repairs that we are making, the amount of tree trimming performed, increased coordination with our local governments, communities, and fellow utilities, improved training, proposed hardening plans, and an established forensic data collection and analysis plan. Tampa Electric is prepared and ready for the 2007 hurricane season.

CHAIRMAN EDGAR: Commissioner Carter.

COMMISSIONER CARTER: Thank you, Madam Chair.

I just wanted to ask a question. I noticed from your coverage area you are primarily in a built-up highly dense geographical location. How have you found undergrounding utilities in some of the localities within your service area?

MR. HAINES: How have we found --

COMMISSIONER CARTER: Undergrounding.

MR. HAINES: I'm not sure if I understand your question. We are roughly 50/50 on our underground to overhead right now.

COMMISSIONER CARTER: And do you see it increasing,

do you see there is a request -- particularly in view of the '04 and '05 storm season, have you seen a request for increased undergrounding by any of the local municipalities within your service area, or is it about the same?

MR. HAINES: No, they are starting to inquire about conversion projects, specifically. But as far as new construction, for some time now it has been roughly 75 percent of everything that's put in new has been underground. But some of the communities are starting to inquire more about converting their overhead systems to underground.

COMMISSIONER CARTER: A follow-up, Madam Chair.

In that context, do you have a program geared to assistance in that, or is it kind of a case-by-case basis, or what is your perspective on it?

MR. HAINES: No, we have recently put together a brochure that lays out the facts, the benefits, and the drawbacks of underground utilities. For example, in low-lying areas and coastal regions, a underground system following a major storm with storm surge could actually delay restoration. So we have developed last year a brochure that will help educate communities, the governmental agencies on the pros and cons of overhead versus underground systems and the costing and how that would be paid for.

COMMISSIONER CARTER: In the process of costing and how it would be paid for, I mean, what is the dynamics of that

discourse with your company and the --

MR. HAINES: Currently it is in our tariff, which there is a CIAC charge between the difference between an underground system and overhead given that our rates are based on overhead service. And what we are really looking at is the study that the IOUs are conducting with PURC's assistance to look at underground conversions and the cost/benefit analysis really long-term of converting overhead system to underground. And so there is three phases to that PURC research and we are in the second phase right now.

CHAIRMAN EDGAR: Commissioner McMurrian.

COMMISSIONER McMURRIAN: Thank you.

Mr. Haines, you heard my questions earlier to Mr. Cutliffe about danger trees, and I just wanted to get your company's treatment of danger tree issues, especially those outside the easement, similar to the questions I asked Mr. Cutliffe.

MR. HAINES: Yes. And I listened to Mr. Cutliffe's response and we are very similar to how they approach it. We try to work with the property owner to try to get permission to remove the tree if it is outside the right-of-way or outside of our easement, and our definition of a danger tree is just as he described.

CHAIRMAN EDGAR: Commissioner Skop.

COMMISSIONER SKOP: Thank you, Madam Chair.

With respect to the two power generating stations that you have that are approximate to Tampa Bay and the drill that you conducted, and I believe you mentioned a 25-foot storm surge, was there any impact to the generating facilities themselves?

MR. HAINES: The mock storm that we performed was more for the transmission and distribution system. Our energy supply business unit does conduct a mock storm, and they have simulated similar storm surges. I do not know the specifics on how they would handle the shutdown of the plant or, you know, damage to those facilities given that kind of a storm surge.

COMMISSIONER SKOP: Thank you.

CHAIRMAN EDGAR: Other questions from staff?

MR. McNULTY: Yes, Chairman.

Could you identify some of the inspections that have gone on related to substations, be it distribution or transmission system for 2007?

MR. HAINES: We do perform annual and quarterly inspections of our substations. I do not have the specifics as far as, you know, where we are year-to-date with those inspections, but all of our substations are inspected at least once a year on a visual inspection by our substation personnel. I can follow up with you, though, on where we are year-to-date.

MR. McNULTY: Thank you.

Okay. Let's see. On your fourth slide you indicated

that there is an estimated 38,205 ground line pole inspections by September of 2007. Do you have a year-to-date where you are today on those pole inspections? And I assume that this is wooden pole inspections at the distribution level.

MR. HAINES: And you are on the distribution side?

MR. McNULTY: Right. I think it was Slide Number 4 and it mentioned 38,205 ground line pole inspections.

MR. HAINES: I do not know exactly where we are year-to-date, but, again, the goal of being complete all the ground line inspections prior to September so that we can start the engineering and then have all the repairs made prior to June of '08.

MR. McNULTY: Okay. That is a good segue into the question I asked of the other utilities, which is do you attempt to accelerate your ground line wood pole inspections to precede the June 1 start of the hurricane season?

MR. HAINES: It is not so much before June 1, but more so before the peak of hurricanes. So trying to get all the inspections done before that August/September time frame so that we can do the engineering in the second part of the year and then start the repairs at the beginning, the first half of the following year.

MR. McNULTY: Has the company set a numeric goal in terms of the percentage of poles that they want to achieve by the peak, or how do you implement that? If you are going to

accelerate, how do you implement it?

MR. HAINES: On the inspection side?

MR. McNULTY: Uh-huh.

MR. HAINES: Well, the goal would be, on average, 12.5 percent, but we didn't quite make that in 2006. We are going to be making up ground for the next several years, so that when we get to the end of that eight-year period, we will have inspected all of our distribution system.

MR. McNULTY: Okay. Well, if I look on your first slide, you show distribution poles at 303,000 and you're estimating 38,245. That would appear to be in and around the 12 percent requirement on an annualized basis. So what I'm having a hard time understanding is where is the make-up in the number of wood pole inspections for 2007 that would make up the 2006 --

MR. HAINES: The 303,000 is total distribution poles, so that includes concrete and steel. We have roughly 287,000 wood poles.

MR. McNULTY: Okay. That helps a lot. Thank you.

In one of your latter slides, and I'm not sure which one it is, it's not important, but you did mention that you had set out as a goal for the storm hardening and the plans that you had implemented -- or not implemented, but had submitted on May 7th, you indicated that you were initiating undergrounding of overhead distribution interstate crossings. Has the company

already gone ahead and started to address some of those interstate crossings?

MR. HAINES: We have started to scope out the projects and begin preliminary engineering, but we are really waiting on approval of our plan to see if that's going to be acceptable or if there is something more that we need to do. But right now we are sitting there waiting for approval of our plans.

MR. McNULTY: Okay. And then finally, I mentioned with Florida Power and Light, or Florida Power and Light mentioned today that they have a system of contacting customers after a storm in areas where storm restoration activity is taking place to let them know when their power will be restored as a way of giving them a time frame, that's important to customers. What plan does TECO have in that area?

MR. HAINES: We have a similar IBR system from our call center that does do call backs and provides estimated restoration times that we use throughout storm season. And that would also be activated probably a couple of days following, you know, the initial impact of the hurricane.

MR. McNULTY: Thank you very much.

CHAIRMAN EDGAR: Commissioners, any further questions? No.

Thank you. I appreciate your presentation.

And next we will hear from Mr. McQuagge with Gulf

Power Company.

MR. McQUAGGE: I'm Andy McQuagge, and I will be presenting Gulf Power's Storm Preparedness Briefing. I'm Power Delivery Services Manager for Gulf Power Company.

The first area I would like to discuss is our transmission vegetation management. On our 230 kV right-of-way inspection and correction, we are 100 percent complete with our inspections and our line clearance in that area. On our 115 kV right-of-way, at the time this slide was put together we were about 75 percent. We are a little further than that now. We are correcting the hazards as we identify them, as we go, and our scheduled completion for that program is June 1st of '07.

On our 46 kV right-of-way vegetation inspection and correction, we began those inspections, and we anticipate completing that by June 30th. Just for some general info, our 230 kV is essentially 416 miles, our 115 kV is about 1,016 miles, and our 46 kV is about 115 miles.

CHAIRMAN EDGAR: We're going to pause for a question. Commissioner Carter.

COMMISSIONER CARTER: Thank you, Madam Chair.

On your 46 kV, you were saying that you had started the inspections and you said an anticipated time of completion. What is your percentage completed so far, do you have that?

MR. McQUAGGE: I do not have those numbers. I know that we are very far along with the inspection, and probably

pretty close to being fully complete on the inspection, but the follow-up trimming, I'm not familiar with where we are on that. But I can follow up with that if you need that information.

COMMISSIONER CARTER: Thank you.

MR. McQUAGGE: In the area of distribution vegetation management, Gulf Power is in our first year of our three-year vegetation management cycle that we submitted in our storm hardening plan. As part of that plan, each year one-third of our main line feeders will be systematically pruned, and the other two-thirds will be inspected and trimmed to correct any deficiencies that might be there that we find on those two-thirds. That's in an attempt to mitigate any damage that we could have during storm conditions.

In addition to that, Gulf's vegetation program addresses removal of hazard trees that are essentially located outside of road right-of-ways and outside of easement right-of-ways, and I'll just give you an update of where we are on those four programs. As far as our danger tree removal, and the definition of our danger tree is very similar to what you have heard earlier, it is off right-of-way trees that are diseased, have been damaged, that are dead, leaning toward our lines. We work with the homeowner, again, to try to address those issues. If it is an extreme case, we will work with the code enforcement agencies in those local communities to try to help us mitigate a particular tree that we feel that could be a

danger to our system. So I thought I would just go ahead and address that.

To date we have removed 1,238 what we consider danger trees. We have had nine customer refusals. To give you a perspective of kind of where that is, we are in the neighborhood of 700 to 800 requests, so we have had a pretty good success ratio so far in that area.

On our main line inspection and correction, that is the two-thirds of our main lines that we patrol. We look at and we try to go ahead and trim to mitigate any damage that could occur during storm season. That is complete. On our main line annual trim schedule, which is the third of our lines that will be fully pruned for a three-year cycle, we are about 50 miles into the 615 miles that we have scheduled for 2007.

As far as our scheduled annual lateral trimming, which is basically 1/6th of our laterals, that is scheduled for later on in the year. That is a little lower priority. We are trying to get the main three-phase feeders and lines done first.

As far as our transmission inspections and maintenance, our complete transmission system has been inspected aerially once this year. In talking to our transportation group, our system will be flown again before June 1st. We typically fly our system four times annually. So prior to storm season that system will have been flown four

times.

On our comprehensive walking, climbing, and ground line inspection, essentially it is a six-year program. And as I note on here, I say that 75 percent of our inspections will be completed by August 1st. We are actually considerably ahead of that schedule. We have completed all of our steel structure inspections. And of the 1,117 wood pole structures that we are going to do ground line inspections on this year, we have already inspected 850 of those, so we are a little bit ahead of schedule on where we thought we would be.

As far as our climbing patrol on our wood structures, we are currently in negotiations with a contractor and expect to have him on the system by June 1. And the work that we have laid out for them on climbing inspections will last approximately three months; June, July, and August. Some additional activities that we have undertaken on our transmission system, on 76 of our H-frame, 115 kV structures, we have installed additional guys, we have installed 139 -- replaced 139 wood cross-arms with steel. In our filing, I believe we said that would be a ten-year program. We actually have 981 on our system, so we are considerably ahead of our 1/10th that we had committed in our program to do. Our guying is to be spread over a five-year program.

In addition, our 230 kV lines are designed with a loss of conductor contingency, and basically what that says is

if we lose a conductor, the tower doesn't fall. And all of our 230 lines at Southern Company and at Gulf Power are designed to that criteria.

In the area of distribution, inspection, and maintenance, our 2007 pole inspections, and this will address a question that has been asked previously, typically our strategy has been to do our ground line inspections during the fourth quarter of the year, and do our replacements in the first or second quarter of the next year. So our 2007 Osmose pole inspections are scheduled for the fourth quarter of this year, and we are in the process of repairing the poles identified in the fourth quarter of '06. And basically that's about 118 replacements, and in the neighborhood of 60 that we will be reinforcing.

CHAIRMAN EDGAR: Mr. McQuagge, I think we have a question.

Commissioner Carter.

COMMISSIONER CARTER: Thank you, Madam Chairman.

When you say the pole inspections are scheduled for the fourth quarter, does that mean you wait until after storm season to conduct those?

MR. McQUAGGE: Yes, sir.

COMMISSIONER CARTER: Is that why that is done, so you can schedule the work prior to --

MR. McQUAGGE: Historically, that's how Gulf Power

has done it, is we have done our actual inspections in the last quarter of the year and then tried to do our replacements and reinforcements in the next year.

COMMISSIONER CARTER: Thank you, Madam Chairman.

MR. McQUAGGE: In the area of joint use audit, we did complete a joint use audit of all of our facilities last year. On May 10th we held a request for proposals meeting with five vendors to give us proposals on coming in to do some pole strength assessments for us. Those bids are due back on May 24th. We will evaluate those bids at that time and put a contract engineer on staff to do approximately 500 strength assessments on joint use poles. And, basically, those poles will be joint use poles as we had in our filing. Joint use poles that are over 20 years old that have three or more joint use attachments. So we have about 9,000 poles we have identified that have three or more attachers in addition to us, and 5 percent of that would be in the neighborhood of 450 to 500 poles.

In our areas of concern, first is availability of resources. We have had some difficulty in finding qualified tree trim contractors in our service area. They need to be certified line clearance professionals. That typically takes about an eight-month training period. There is keen competition for anybody in our service area that has a CDL, so we are competing with some other contract type groups and other

work groups, but we do feel like we will be able to fully staff in order to meet the requirements that we have committed to make by the end of the year. But we have struggled a little bit in getting resources on board to do our tree trimming.

CHAIRMAN EDGAR: Commissioner Carter for a question.

COMMISSIONER CARTER: Thank you.

You have been here all morning, right?

MR. McQUAGGE: Yes, sir.

COMMISSIONER CARTER: And you have heard the discussion. I think several of the Commissioners asked earlier of some of the other companies, and they were saying no problem with resources and all like that in terms of contract personnel. What do you attribute -- I noticed you mentioned competition, because they have to have a certain certification. What do you attribute some of the concerns in terms of finding qualified contractors?

MR. McQUAGGE: I think it is just the locality of our service area, and the qualifications that they have to have to be in these type positions are just not readily available in our service territory, our service area. I think it's just inherent to the area that we serve, trying to find local bodies to do that type of work.

We do have some similar concerns in the line construction area, although as you have heard before, we seem to have been able to fill those resources fairly readily. And

that's contract line resources. So we don't see that as being a big issue, but that is something that is on our radar.

As far as -- I have listed the area of concern as forensic data gathering. We realize that that is going to be a key to our storm hardening plan in the future. And, here again, it boils down to availability of resources. We feel very good about the process that we have come up with on data gathering. We feel very comfortable with the vendor that we plan to use, our relationship with that vendor, with the agreements that we have in place with them. Our concern, and it has been echoed previously, is if we have multiple storms, or very severe storms, or an extended restoration effort there will be keen competition for those resources. So we will be contracting that portion of our forensic data gathering out. It will be done in parallel with our actual restoration effort, which will be done with our normal company evaluators. So we will not slow down the restoration process by doing forensic data, it will be kind of on a parallel path with our normal storm evaluation and restoration. So it is kind of a two-pronged approach.

In summary, we feel that Gulf Power is fully prepared going into the 2007 storm season. We have very good on-going coordination with our government, our community groups, and our other utilities in our area. Our district managers and local managers interact almost weekly and monthly with our city and

county officials. They actually serve on several committees within the communities that are business and government communities that deal strictly with emergency preparedness issues. We have very good relationships with them based on our storm restoration efforts in 2004 and 2005.

In the area of line clearance and forestry services, we are out there daily communicating with our local business leaders, our communities, our code enforcement officers, our customers in order to try to address any issues that come about as a result of our vegetation management program.

And as far as our representation at the local EOCs, we have 12 employees that are identified in our storm plan that their storm assignment is to be assigned to our local EOCs. We staff our EOCs any time they are open, 7 days a week, 24 hours a day, and that includes not just hurricane season, it is any time our EOCs are open. All of our designated company representatives have taken the National Incident and Management System certification, and they are all NIM certified, so we have done that. And some of our CEMC staff has also taken those certifications.

We feel that we are making progress in implementing our ten initiatives that we filed in 2006. We will continue to look at that and develop that as we go, make improvements as needed. As far as our storm recovery plan, we think that we have a very good storm recovery plan as evidence by our

restoration efforts in Ivan in 2004 and Dennis in 2005. We constantly improve that plan based on lessons learned, extensive critiques both during and after storms, and that goes anywhere from a local critique to a company-wide critique, and then we take and assimilate that data and incorporate that in our plan.

Our 2007 plan is complete, and week before last we actually held our annual CEMC managers meeting where we bring all the managers of our different CEMC groups together to discuss any significant changes in their individual area plans. That meeting was very productive, and we feel like we are very prepared going into the 2007 storm season.

In addition to that, we have support that we can call on from our sister utilities in Southern Company in the area of logistics and transmission. And as mentioned earlier, we are a member of the SEE and EEI, which provides us some access to storm restoration resources.

CHAIRMAN EDGAR: Thank you, Mr. McQuagge.

Commissioner Carter.

COMMISSIONER CARTER: Thank you, Madam Chair.

If my memory serves me correctly, you have an area in your service area that recently went to undergrounding, is that correct?

MR. McQUAGGE: Panama City Beach?

COMMISSIONER CARTER: Pensacola Beach.

MR. McQUAGGE: Or Pensacola Beach, I'm sorry, yes, sir, about four miles.

COMMISSIONER CARTER: How is that progressing?

MR. McQUAGGE: It's 100 percent complete, except we have a few poles to remove for -- they are doing their own lighting system, and so until they get all of their lighting system installed, we have a few poles that we're running some secondary. But the conversion, as far as us having to install facilities, is 100 percent complete.

COMMISSIONER CARTER: Just a follow-up, Madam Chairman.

CHAIRMAN EDGAR: Yes, sir.

COMMISSIONER CARTER: Have you found any other communities within your service area to look toward future undergrounding projects?

MR. McQUAGGE: We have -- yes. I was trying to think of a number. Panama City Beach is very active. I know that we have at least three projects that I'm aware of that we're in the design stages with them on right now, and I believe there is one in downtown Pensacola on Alcaniz Boulevard that we're working with the City of Pensacola. Oh, and we have had a project in Destin, on Main Street in Destin. So it pretty much has been across our service territory, but the big projects have been in our Panama City Beach area and Pensacola Beach area.

COMMISSIONER CARTER: Thank you for your indulgence, Madam Chairman.

I forgot who said it, but they were saying something about storm surge and being clear to the beach. But from my estimation, Panama City Beach is on the beach, and they went undergrounding. So I'm just trying to put it in some kind of proper perspective. Thank you.

CHAIRMAN EDGAR: Are there questions from staff?

MR. McNULTY: Yes, Chairman, just a few.

Mr. McQuagge, if we can turn to Slide 3. I have a few questions on the numbers related to that slide. The first question is, is the main line inspection and correction schedule, is that referencing hot spot trimming? What is that activity --

MR. McQUAGGE: Yes. And I probably didn't do a good job of explaining. Essentially what we do is we do a full maintenance trim on one-third of our system. On two-thirds of our system we go out and identify, we actually look at the complete mileage of our whole system, but on two-thirds of it we essentially do the hot spot trimming as you referred to, anything that could be an imminent danger if storm season were to effect us.

MR. McNULTY: Very good. And then if we move down the page there, main line annual trim schedule. You indicated here that you have 50 miles completed out of 615 miles

scheduled for 2007. I guess my basic question is are you behind schedule on this? What has been the cause of that?

MR. McQUAGGE: We are probably behind where I would like to be, but when you look at the progress that we have made as far as our transmission system is pretty much completed. We have spent a good amount of time going through the whole system and doing at least a spot trim on the full system. So this one-third that is going to be fully trimmed has been hot spot trimmed, so there has been some trimming on that system. I have raised that concern to our vegetation management folks, and there is no problem with meeting the schedule to have that done this year.

MR. McNULTY: Have it done this year?

MR. McQUAGGE: Yes.

MR. McNULTY: Are they attempting to accelerate it at this point?

MR. McQUAGGE: We are still trying to gear up the resources, as I mentioned earlier.

MR. McNULTY: Okay. If we could turn to Slide 5. Do you have a number or percentage of poles that have been identified in 2006 as having been repaired? I see the indication here is that the repairs are in progress for those that were identified in the fourth quarter of 2006. Is there any kind of update you can give me on that?

MR. McQUAGGE: No, sir. I know what the total number

was, and we could not come up with that number when we were discussing it this morning, so --

MR. McNULTY: Okay. And on Slide 6, the forensic data gathering that was discussed, you indicated that you were going to be contracting that out and you were engaged in some discussions at this time, and you hoped to do an implementation, I think, in that soon. But I guess I wondered about a time line for that plan. Do you have one at this time?

MR. McQUAGGE: We actually have an agreement in place. The only thing we have not done is to do our dry run, which we have scheduled before July 1st. We are doing a little refinement on a couple of areas that we want to collect data in that were not in the original proposal. But we are ready to go in that area, we just have not completed our dry run.

MR. McNULTY: Okay. And, finally, a few utilities have discussed the idea of undergrounding distribution at interstate crossings. Is that an issue for Gulf Power? Have you assessed it; and, if so, are there any plans?

MR. McQUAGGE: We have assessed it, and we have -- and our plan is over the next three years we have in the neighborhood of about 30 interstate crossings across our territory. We plan to build them to Grade B construction. We do not plan to underground them.

MR. McNULTY: And, once again, a time line on that?

MR. McQUAGGE: It is spread out over 2007, 2008, and

2009. Our schedule calls for our eastern and central districts to be done in '07, and the western district, I believe, in '09.

MR. McNULTY: Very good. Thank you.

CHAIRMAN EDGAR: Commissioner Skop.

COMMISSIONER SKOP: Thank you, Madam Chair.

Slide 4, with respect to the aerial inspections of the transmission system. Is that simply a flyover, or are you conducting other tests, maybe such as thermal imaging when you conduct those inspections?

MR. McQUAGGE: Not thermal imaging. It's a flyover to identify cracked insulators, cracked wood arms, woodpecker holes, maintenance type items. It's not infrared.

COMMISSIONER SKOP: As a follow-up, from a reliability perspective are four aerials required annually? Because one of the bullet points said all critical lines had been inspected aerially for 2007, so I assume that you have done some of those four inspections already.

MR. McQUAGGE: On the critical lines, that is really a subset of our entire transmission system. To clarify what that is, that is essentially our 230 kV lines, so it will actually be inspected aerially four times. We just felt that was what we termed a critical line, so we wanted to make that a distinguishing bullet.

COMMISSIONER SKOP: Thank you.

CHAIRMAN EDGAR: Commissioners, any further questions

for Mr. McQuagge with Gulf Power?

Seeing none. Thank you, Mr. McQuagge.

Commissioners, I think it is about time for a short stretch. So let's take about a ten-minute break, come back at about 25 minutes to. We will go through some more of the presentations, and then at some point take a later lunch break. And when we come back we will begin with Mr. Cutshaw.

(Recess.)

CHAIRMAN EDGAR: We will go back on the record. Thank you all.

And before we move to the next presentation, I would like to look to our staff. We need a technical correction to the record.

Mr. Young.

MR. YOUNG: Thank you, Madam Chairman.

Madam Chairman, the docket numbers as stated today was incorrect. This is an undocketed item as reflected in the notice.

CHAIRMAN EDGAR: Thank you, Mr. Young.

And we are ready for our next presentation, which is Mr. Cutshaw with Florida Public Utilities Company.

Mr. Cutshaw.

MR. CUTSHAW: Good morning, Commissioners. We appreciate the opportunity to come to kind of update you and give you a little more information about where we are in our

storm preparations.

My name is Mark Cutshaw. I'm the general manager for our Northeast Florida Division. Just a little bit about our company. We are a small investor-owned electric utility. We provide service to about 28,000 customers. We have two separate service territories. One on Amelia Island/Fernandina Beach, which is a coastal island located in Northeast Florida. We also have an inland area in our northwest Florida service territory that encompasses part of Jackson, Calhoun, and Liberty Counties. So the two service territories are very, very different in customer base as well as the area in which they are served.

A little more into our preparations that we have accomplished so far in 2006. For our vegetation management efforts, our focus this year has been to look at areas involving critical infrastructure or areas that have had reliability issues in the past year. We have looked at each of those, and made the trimming necessary to hopefully resolve all of those issues.

On pole replacements, in previous years through a visual inspection of a lot of our facilities, we have identified poles that were deteriorated and needed replacement. We have made a big effort this year on replacing those poles. We have also updated our emergency procedures. Based on a lot of information from other companies that we have worked with,

meetings like this where we are able to gain additional insight on things that may help us in our emergency procedures, we have updated them. We have also put a large emphasis on our substation inspection program.

There were issues in the past that we corrected as far as operational effectiveness of our substations. We also, based on information in a lot of these meetings, we had particular concern about the wind blown debris that was possible around our substations. We, this year, have removed a significant number of trees around one of our main substations. We also replaced a metal roof on a switch house at another substation that we were concerned with, so those have been corrected this year.

We have also continued our involvement with several mutual assistance groups to ensure that if there were a hurricane or an event of some type, that we would be in the mix. Being a small company, we would not need the resources that some of the larger companies would need, but at least we are there and we have access to the resources that we would need.

Another large issue that we have concentrated on this year is to ensure that our inventory levels are adequate. We have preordered equipment so that at least for the initial part of a hurricane we would be well equipped with materials and supplies to address the outages. We have also identified with

those vendors that should a hurricane occur, we would have access to additional materials. So that was an issue in the past that we were concerned with that we think we have alleviated this year.

As far as additional manpower and resources outside the scope of the normal restoration activities, such as logistics, personnel to be at the EOCs, other similar type logistical problems, we have identified all those employees, contractors, to be available to handle those issues.

We have completed our mapping system and SCADA system in our Northwest Florida Division. It also includes a customer outage system that will allow us to better track during a hurricane what customers are out, and to be able to provide better information to the local governments as to what areas are impacted, and to give a better picture of exactly what's going on and when the restoration will be complete.

Back in September of 2006, as we moved through this process, Florida Public Utilities filed a petition with the Commission to address some of the costs associated with some of these storm hardening initiatives. Some we were able to accomplish. Others, because of the additional costs, had a significant impact on our company. We filed that petition and have been working through the process of addressing those issues. Hopefully that will be resolved shortly and our intention is, as of July of this year, to begin the

implementation of all of the initiatives. This would include vegetation management, pole inspections, transmission inspections, and several others.

Based on that, some of the additional preparations that we are anticipating beginning in July of this year will be pole inspections. Previously we have completed pole inspections that were more visual, or if we were at the location and identified a problem, we addressed it. With the new initiatives, the inspection process is much more detailed than what we have done in the past. These, as filed in our plan, will comply with the requirements and we anticipate beginning these in July. Transmission inspections, similar to our pole inspections, have been visual in nature in the past, they have not been as detailed as required in the storm initiatives. Again, that will begin in July.

Vegetation management. We have, as I mentioned earlier, addressed the reliability issues, the distribution lines to our critical infrastructure and our transmission lines. In order to accomplish the three-year trim cycle as identified in our storm plans, that is a significant portion of the filing that we made. Again, our intent is to begin that three-year trim cycle effective July.

Also, we are in the process of completing the GIS system in Northeast Florida. It will be completed the end of July of this year, and it will be similar to what we have in

our Northwest Florida Division where it will provide the additional information on customer outages, and give us a better picture of exactly what is happening during the hurricane, and allow us to communicate that better to the local governments.

Disaster preparedness and recovery plan. We have addressed this through the last year on how best to accomplish our restoration activity in the best possible manner, and we have made some changes. There are some additional details that we need to add. Again, a lot of the information has come through sharing of information from other companies, lessons learned that they had as they moved through these bigger, more significant storms. So we are in the process of completing those details.

Also, the details on the forensic data collection after a storm, we have identified contractors that are available to provide this, and the final changes to our emergency plan are underway. And as far as the forensics, because of the nature of our work force, we do anticipate using contractors to perform that analysis after a storm.

In conclusion, as you can see, we have not made a tremendous amount of progress. We are still very receptive and we feel like the storm-hardening initiatives are a good thing. It will be beneficial to our customers, and we are committed to making that happen pending the resolution of our petition that

we filed.

We are, I feel anyway, adequately prepared for the 2007 season. We have within the scope of our ability at this point in time done the things that need to be done to ensure should we have a storm that the service will be restored in the best manner possible.

With that, I'll take any questions.

CHAIRMAN EDGAR: Thank you, Mr. Cutshaw.

Are there questions from staff?

MR. McNULTY: Yes. Just two questions, Chairman.

Mr. Cutshaw, the first question I have is I understand the discussion on the limited pole inspections in terms of it being mostly a visual process. Do you have any data that would indicate how many poles have been inspected or what percentage of poles have been inspected for the system, either on a divisional basis or on a system basis, any data to show us what level of inspections have happened year-to-date?

MR. CUTSHAW: I don't have that information, but I can provide you. Again, that is a visual inspection only, and really does not comply with the requirements of the storm hardening initiatives. But I will provide you that information.

MR. McNULTY: Okay. The same question on your vegetation management schedule. In terms of your, maybe, percentage of line miles that have been trimmed, or at least

inspected for hot spot trimming, if you don't have that information today if we could also get that information, I think it would be helpful.

MR. CUTSHAW: I will be glad to provide that.

MR. McNULTY: Okay. That's really all my questions.

CHAIRMAN EDGAR: Commissioners, any questions for FPUC? None at this time.

Thank you, Mr. Cutshaw.

And we will go ahead and move to our next presentation, which is Mr. Barry Moline with FMEA, Florida Municipal Electric Association.

Barry.

MR. MOLINE: Thank you, Madam Chairman. Thank you, Commissioners.

We're going to talk about the Municipal Electric Utilities in a little different fashion. I'm going to give a brief introduction for you, and then I'm going to turn the microphone over to Ken Davis from KUA and Craig Brewer from Fort Pierce to give you some specific examples of two utilities.

A quick profile. There's 34 municipal electric utilities. We serve 1.3 million customer meters. About 14 percent of the population. And our 34 utilities are characterized by being both large and small, but combined we are the third largest utility, if we were one utility, behind

Florida Power and Light and Progress Energy Florida.

This is where we are across Florida, from Blountstown in the Panhandle down to Key West. And regarding power supply, only 13 out of the 34 actually generate electricity. The others purchase power from the Florida Municipal Power Agency, 15 do that, and then others purchase power from the investor-owned utilities and electric cooperatives and actually from other municipal electric utilities.

And this is just a graphic that shows the breakout of market share. It's kind of interesting just to see across Florida in terms of the size of the utilities and the number of customers served.

The municipal utilities work together in their storm readiness and response through mutual aid. And we have three components of mutual aid. One is at the Florida level, and we all have mutual aid agreements that we work together to support each other during storms.

We also have a Southeastern Mutual Aid Group that works very closely together. And I think that -- well, a person from FPL was talking about the ability to update customers easily through the Internet. It's also, you know, with the Internet, very easy to update your mutual aid contacts regularly, several times a day to make sure that they are up-to-date and can respond quickly to needs. And that's what we are able to do with our both southeastern and national

mutual aid through our national trade association, the American Public Power Association.

And these are just two of the mutual aid agreements that we have signed. The one on the left is the National Mutual Aid Agreement that all 2,000 municipal utilities have signed along with the electric cooperatives. And so there is almost 3,000 utilities that have signed that agreement that have agreed to work together. The one on the right is the Florida agreement. And if you would like to see those anytime, I'll be happy to share those with you. And from the 2004/2005 hurricane seasons, this is where we received mutual aid from.

So today I'm going to turn it over to Kissimmee Utilities Authority in Fort Pierce, but I wanted to do two things. I want to leave you with this last comment, and then I'm going to add another comment, and that is that we may be small, but we work together and have a strong state and national network so that when there is a storm that hits, we feel as though we have an outstanding response to whatever comes along.

I added a slide to the presentation because, as you know, all the utilities in Florida are working together on storm hardening research through the Public Utility Research Center. And we have a weekly meeting of the project managers where we have a conference call, and this Monday we were talking on the phone and realized that we have updated you

several times at Internal Affairs meetings, but we have had a recent development that we just wanted to update you on, and I volunteered to do it. We wanted to tell you about wind monitoring because it effects what's going on in the hurricane season.

And as you know, the projects we are working on together involve undergrounding and vegetation management and collecting wind data. And the wind monitoring project is the one, at least one of them, that PSC staff specifically asked that we consider this project, and we have gone forward with implementing it.

The project, essentially, we found a disconnect between what we were provided from the National Weather Service and the Weather Channel in the wind speed information that we were getting, and then that wasn't corresponding well to the kind of damage that we were seeing at our utilities. And staff said, you know, can we get any more granular data on that? And it was, well, we wanted that information, too. So the purpose of the project is to get wind data at pole-top height so that, I mean, and not just at airports, but actually at the utility system so that we can correlate that data to actual damage.

And what we have done is gone forward with a -- we have agreed now, got a four-party agreement that involves all the utilities, that's one party, the University of Florida's Engineering Department, the Public Utility Research Center, and

then a private company, Weather Flow, which is a private weather company that provides information to clients on granular wind data and so on.

I mean, this is part of the information that they provide. So we have been able to partner with this other company on getting additional facilities built around Florida to collect information. And what's happening is that by June 1st we will have 12 weather stations operating, mostly in Southern Florida from the Tampa area south on the west coast all the way up through about that area, I guess Ft. Pierce area would be about the same latitude on the east coast.

And we expect to have 40 stations operating by October 1st, more up the northeast coast and along the panhandle, too. So I just wanted to give you an update that we are beginning to collect that information. There are also three temporary stations, or actually transportable stations that the University of Florida will race out on trucks and put in the path of storms when they know the path is coming.

So beyond the stationery sites which, you know, if a hurricane hits on the east coast, it doesn't necessarily -- doesn't help your stations on the west coast, but because we will have those three sites that we can move around, we will be able to put them in the middle of the storm and get that data. So I just wanted to give you that information and see if you have any questions.

CHAIRMAN EDGAR: Commissioner Argenziano, did you have a question? No.

Down this way? Okay. Commissioner Skop, question.

COMMISSIONER SKOP: Thank you, Madam Chair.

With respect to the wind monitoring project on Slide 10, you mentioned -- could that be Met Tower data, or just wind monitoring, or all conditions that would be wind, temperature, and such? Or is it just strictly wind?

MR. MOLINE: I'm pretty sure that it's all data. I turn to my experts.

Wind, barometric pressure, and temperature.

COMMISSIONER SKOP: And you mentioned that those were to be installed at pole top height, equivalent height. What does that work out to?

MR. MOLINE: I believe it is around 40 feet. Is that correct? Right. It's in the thirty to forty foot range.

COMMISSIONER SKOP: And locations? You mentioned both on the west coast and on the east coast, is that correct?

MR. MOLINE: Yes.

COMMISSIONER SKOP: And that would be from Tampa south as well as Ft. Pierce south?

MR. MOLINE: Yes. There is five on the west coast, seven on the east coast. This is just for the June 1st, those 12 sites.

COMMISSIONER SKOP: And is that data, the raw data

available, or is that something that gets collected periodically, or who obtains that data?

MR. MOLINE: The raw data is actually -- this is a tricky legal question, and if I don't answer the question right, please step in. Mark Jamison from the Public Utility Research Center, that is who I keep referring back to.

But Weather Flow prefers that the raw data be kept confidential, but the analysis that is produced from the raw data is public, okay. So that's how we intend -- the most important thing from our perspective is the analysis. So is there another way to -- is that correct? Okay, that is correct.

COMMISSIONER SKOP: And just one follow-up question. Is that hourly wind speed or is that daily?

MR. MOLINE: It's instantaneous.

COMMISSIONER SKOP: Thank you.

CHAIRMAN EDGAR: Questions from staff?

MR. McNULTY: No questions.

CHAIRMAN EDGAR: No questions at this time.

Commissioners, any other questions at this time?

Seeing none. Thank you, Mr. Moline.

And we will move on then to our next presenter, which is Mr. Ken Davis with the Kissimmee Utility Authority. Mr. Davis, welcome.

MR. DAVIS: Thank you, Madam Chair.

As Barry mentioned, I'm here to talk about one of the municipals in the group, the Kissimmee Utility Authority, and give you a little bit of information about our size. We serve approximately 64,000 customers in Osceola County. That makes us the sixth largest of the municipal group that Barry mentioned. We have approximately 857,000 -- 857 miles of distribution line, and currently about 59 percent of that is underground.

From a transmission standpoint, about 72 miles of transmission lines, both 230 and 69 kV. About 63 percent of those poles on the transmission system are currently concrete or steel. The remaining are wood structures. We do have a plan right now due to some projects that are going on, that will be reduced to about 27 percent in the next couple of years of replacing those wooden poles.

Like you've heard before with some of the other utilities, we were certainly impacted by the three storms in 2004 ranging from Charley that actually interrupted service to 100 percent of our customers down to Frances with about 36 percent of our customers being interrupted.

Some of the lessons learned from, from the storm season in 2004, in addition to our internal audits of what we, how we responded and were prepared for those storms, we actually went out and contracted with James Lee Witt and Associates to come in and conduct an independent assessment of

both our preparation and our responses to those storms.

Some of the things that came out of that assessment was one of the biggest problems we saw was the actual communications with our customers, being able to tell them estimated response -- restoration times and being able to get that information out to those customers.

We also learned that we could not rely solely on the media outlets to get the communications to the customers. In our particular case we found that the early parts of the restoration process, a lot of the media was concentrating on the larger market, which was in Orlando, and they weren't getting a lot of information from the Kissimmee area out to the customers.

One of the other things we found is we needed to better define the roles of our employees in the restoration efforts. We felt like we had a fairly good plan on what everybody did during the restoration, but it was discovered we needed to really define that and put it into our operations, emergency operations plan and actually practice that more with the roles that those employees would fill.

And, lastly, a closer coordination with our EOC regarding restoration priorities. We actually found early on in Charley that there was some smaller critical care facilities that we didn't even know existed from the utility's standpoint. We would get calls from the EOC, and once we were aware of

that, we, of course, were able to shift priorities to get restoration to those facilities. And I'll touch on that a little bit more later on.

As far as our preparedness, we have adopted the design of extreme wind loading for all new construction, major expansions. And we have targeted critical structures that -- we have a four-year program right now for replacements of those to replace the wood structures to bring them in compliance with the extreme wind loading.

As I said earlier, we have a couple of projects planned that will replace a number of our remaining wooden transmission poles. Since 1985 all of our transmission system has been constructed and replacements done with either steel or concrete which meet extreme wind loading. The remaining wooden poles are those poles that were installed. They're now approaching about 25 years of age, so we have a plan, program to replace those.

We've installed redundant circuits to all of the hospitals with automatic transfer schemes, which actually enables them to be served from two different circuits, two different substations with an automatic transfer switch to enable them to switch over to the alternate circuits.

We are doing selected overhead to underground conversions. Primarily that has involved -- like right now we have a major road project that's going on that requires the

relocation of both transmission and distribution. We've worked out an agreement with the county government where they're funding half of the cost to convert that to underground and we're funding the other half. It's for the distribution. The transmission will remain overhead.

Both the city and county require all new developments within our area to be constructed underground. Right now about 80 percent of all new construction we do is underground. The overhead is mainly primary circuits that we're building that's underbuilt on transmissions, and that is still an overhead configuration.

GIS and outage management. We have built our GIS and outage management system. It's a real extensive system that enables us to track outages down to the individual customer level, and it also enables us to give a graphical representation of where those customers are when an outage is discovered. And we are able to also give that information to our EOC so they can see what we're seeing as far as the location of outages.

Our vegetation management, we inspect and trim our transmission circuits annually. We are on a three-year trim cycle for distribution. And just an example, since 2004 we've increased the funding for our vegetation management over 75 percent in our upcoming budget.

Pole inspection program. We inspect all of our

wooden poles, transmission poles every two years. We're doing that right now because of their age. We want to stay on top of those to make sure if there is deterioration, we are able to catch that early. We are on an eight-year inspection cycle for our distribution poles.

In addition to that, we do an annual visual and infrared scanning on all of our transmission and distribution circuits. We do a pretty thorough visual and component inspection on our distribution system on a five-year cycle.

I'll touch a little bit on our emergency operations plan. One of the things that came out of the audit that we did have by James Lee Witt was also to kind of expand our emergency operations plan to an all hazards approach, which we've done. Of course, it's a major concentration on hurricanes. We review the plan and update it annually. Right after we do our disaster drill we go back in and update anything in the plan that needs updating from a process standpoint or just general updates to the plan. It is structured to follow the instant command system or in conjunction with the NIMS system.

All of our employees have preassigned roles that they will play in the restoration effort. Just an example, all of our finance area, they're assigned to logistics, they're responsible for all feeding and making sure there's housing for outside assistance that comes in, and that's totally their responsibility. They manage contracts with outside caterers,

with lodging establishments. So those are all defined well in the plan. And we practice our plan each year; each of those groups perform those roles during the drill.

We have a defined set of activities for each phase of the storm that all the employees are familiar with and, again, drilled each year. And like most utilities, we have the standard priority restorations where we're doing critical facilities and then down to the feeder levels and down to the areas that we can get the most customers restored. But we update our plan each year. Those, those circuits and areas are defined in the plan so anybody picking it up to run that operation can look at it and go down the list and tell which areas need to be restored first.

We have preassigned assessment teams. As soon as a storm passes, each of our employees know exactly which area they automatically deploy to start the damage assessment, and they are assigned coordinators that are able to pull the data together that they've gathered from their assessment. We're hoping to have this completed by June 1st, but we're working on an electronic reporting ability where damage assessment crews can actually take a pin-based computer and write up the things they're finding on the damage assessment and we can automatically upload that to our system where we can graphically see that type of information in our command center.

Again, we have the predefined list of restoration

priorities. One of the things that we did change and adopt in our plan is we will allow a directive from our EOC to change a priority. Of course, getting beyond the substation, the major transmission circuits, once those are done, if our EOC rep gets in touch with us and says, for example, we're moving, we're going to have a shelter established at this school, we need to get power restored, that's an automatic change in the priority of our restoration order.

As I mentioned earlier, we practice our drill annually. We do have some other components besides hurricanes that are drilled, but the emphasis is on the hurricanes. We just completed this year's drill on April the 12th. And I mentioned all employees participate, and then we do a post drill evaluation.

Just a couple of quick points on some of our response and recovery things that we did also learn from 2004. We found that we had first responders trying to come out of some of the fire departments, for example, and the storm hadn't completely passed and they were trying to respond to some emergency calls. They were encountering wires down, didn't know what to do with it, and they were trying to get in touch with us to come out to respond. So now what we do is we actually will station crews that ride the storms out with selected fire departments, and those are given to us by our county and cities. They will ride the storm out with them and they're able to be right there with

them to help them respond to emergency calls and be able to investigate those type of things.

We do have someone assigned to the EOC 24/7 whenever it is open. We provide regular status updates to them through our liaison there, and we also have regularly scheduled conferences with EOC reps to update them on where we are. As I mentioned earlier, we're working on being able to provide that electronic data to them where they can see the outage information that we see.

As Barry mentioned earlier, we're part of a number of mutual aid agreements including the Florida group and the national group. There's a coordinator there that's run through Barry's office that we can essentially make one phone call to and have access to mutual aids for two or three thousand utilities throughout the country.

We also have prearranged agreements with outside contracts, both transmission and distribution, for tree clearing, outside engineering firms that we're able to bring in to help us with damage assessment or construction management and also with lodging facilities and catering and those type things.

Our call centers are staffed 24/7. One of the responses that we have come up with in relation to being able to get information to our customers better was we now can do an email blast, we call it a blast, but we can selectively take a

feeder, for example, or an area in our system and those customers can be sent emails or phone messages to give them status updates on restorations. That's in addition to what they can get from our website.

We did actually go out in 2004 to areas that we were finding we couldn't get communications to. We actually have it set up where we'll be able to call employees in and they'll go out and actually knock on their doors or leave door hangers to give them status updates.

One thing I wanted to just add, it was not on the slide, but I just found out this morning they just finished it up. The other thing we're doing from a communications standpoint is we've partnered with the city and county government and we've licensed our own AM/FM, AM radio station. It's just getting turned up. That will be used as a public service throughout the year and, of course, during emergency response. We'll be, our agencies will be in total control of the information that we're able to get out to our customers through that station.

And with that, I'd be happy to respond to any questions.

CHAIRMAN EDGAR: Thank you, Mr. Davis.

Commissioners, any questions at this time?

Commissioner Carter.

COMMISSIONER CARTER: Madam Chairman, thank you.

Just a comment and then a question. First of all a comment. I was pleased to hear about the great cooperation you have with the county in the undergrounding. That's a fantastic thing to see a commitment on a local basis. The question that I had for you is in view --

(Sound system interference.)

Mike, have you got that?

CHAIRMAN EDGAR: He's working on it.

COMMISSIONER CARTER: The question I had for you is in view of the fact that most of your media outlets are going to go -- in view of the fact that most of your media outlets are going to go to the major metropolitan areas, how do you resolve that problem with getting communications to your, the communities within your service area?

MR. DAVIS: Well, as I said, besides the ability to give the phone message, the text messages and now the AM station, radio station that we'll have, we have actually gone out and had community meetings during the restoration process. We've sent employees out to conduct small community meetings to inform them what the status, how we're doing the restoration. And we're in the process right now, we have a series of community meetings prior to hurricane season starting. We should be finished with those by next week, I believe. But we go to different areas in the community and have a community meeting where we tell them where they can get information from

us, numbers they can call, preparedness for their families, and we also try to explain to them our restoration process so they understand a little better if they see that truck driving down the road and the street behind them power is restored but theirs is off, we try to explain those things, how that can happen in the restoration process. So that's what we're doing to try to communicate better with them.

CHAIRMAN EDGAR: Commissioner Argenziano.

COMMISSIONER ARGENZIANO: Thank you. Just a couple of questions and then maybe a comment/suggestion, which is kind of trivial but maybe not in the grand scheme of things.

How long has your -- or how old is your oldest underground transmission line?

MR. DAVIS: We don't have any underground transmission.

COMMISSIONER ARGENZIANO: You don't have any. Okay.

MR. DAVIS: Distribution --

COMMISSIONER ARGENZIANO: Distribution.

MR. DAVIS: -- I would, I'm not sure I could tell you how old the oldest is.

COMMISSIONER ARGENZIANO: Well, what I'm trying to get at, I guess, is have you encountered any, any problems, any differences in being underground, something that maybe takes longer to fix, more costly, or just the opposite? I'm trying to develop data on underground lines.

MR. DAVIS: We certainly feel like that we've found circumstances where the, for the location -- locating the problem and the restoration does take longer in some underground situations.

COMMISSIONER ARGENZIANO: Okay. And second question -- well, actually a comment on I think the flexibility that you have developed with EOC in having them, you know, recommend you're needed in a different area is, I think is vital. I think that's very important and I very much appreciate that.

And then my suggestion, I was looking at your handout and you have a nice little incandescent light bulb on there. You might want to change that to one of those energy efficient ones.

MR. DAVIS: Point well taken.

COMMISSIONER ARGENZIANO: Thank you.

(Laughter.)

CHAIRMAN EDGAR: Thank you. Are there questions from staff?

Oh, excuse me. Commissioner Skop.

COMMISSIONER SKOP: Thank you, Madam Chair.

Just a follow-up to that question about the undergrounding. The underground cabling that you have, is that buried or is that in vaults, in conduit?

MR. DAVIS: It's all in conduit. We have no direct

buried lines.

COMMISSIONER SKOP: Thank you.

CHAIRMAN EDGAR: Mr. McNulty.

MR. McNULTY: Thank you, Chairman.

Just a question on one of the earlier slides on vegetation management. Mr. Davis indicated that KUA had managed to move to a -- well, I'm not sure. It indicates a three-year trim cycle, but there has been increased funding, a 75 percent increase since 2004.

Do you have an idea of what the trim cycle was back in 2004 and how it's changed over the interim of these three years?

MR. DAVIS: Prior to 2004, I would say we were probably closer to a five- or six-year cycle as far as working through the entire distribution system. The transmission system was still on an annual trim cycle prior to that.

MR. McNULTY: Okay. So the distribution system managed to go from a five- or six-year cycle to a three-year trim cycle in a period of about three years.

MR. DAVIS: Correct.

MR. McNULTY: Okay. And then also you have a slide on facility inspection program. It talked about the transmission system, having annual visual inspections and annual infrared scanning.

Does KUA engage in climbing inspections of its

transmission facilities and is there a cycle for that?

MR. DAVIS: We do not do any climbing. We have -- a lot of those areas we can actually work from buckets. But we've -- about every five years, I think we'll be on our sixth year this year, we do an aerial flyover that does inspections of the hardware on the transmission system.

MR. McNULTY: Thank you.

CHAIRMAN EDGAR: Thank you.

Commissioners, any further questions? Okay. Then thank you very much. Very interesting.

And we will move to our next presenter, which is Mr. Brewer with the Fort Pierce Utilities Authority.

MR. BREWER: Thank you, Madam Chairman.

I am Craig Brewer. I'm Superintendent of Electric T&D at the Fort Pierce Utilities Authority, and I'd like to give you a little perspective from a smaller utility.

We have about a little over 26,000 electric customers at Fort Pierce, and we serve some of our customers in St. Lucie County also. We have 21 miles of 69 kV transmission, eight miles of 138 kV transmission. That's primarily our transmission tied with the City of Vero Beach. Our power plant has a total output of about 110 megawatts. We have six distribution substations, two transmission substations. One is our tie with Vero and the other one is our tie with Florida Power & Light. We have also water and gas utilities. We have

17,000 water customers and 4,500 gas customers.

We are located on the Atlantic Coast. And we have some of our facilities on the barrier island, so we have salt spray considerations we have to take into account. We have had hurricane experience in the last several years, as have many cities in Florida. We also have close cooperation with the county and the City of Fort Pierce. We staff at the EOC, as Mr. Davis mentioned that they do. We're a mid-sized municipal of about 300 employees, about half of which work in the electric area. And as I say, we're a gas, electric and water/wastewater utility.

We had direct hits from Frances and Jeanne in 2004. The eye came through Fort Pierce and the area around us. We also had a brush, I guess, by Wilma. We had minor damage. We were only in a couple of days of restoration mode there. And we've learned a lot in the last number of years through working with some of the other utilities: Fort Meade during Charley, and Kissimmee, we've been to the Keys a number of times over the last ten years or so, and we also have frequent thunderstorms. So we're pretty familiar with storm restorations.

This slide is kind of a comparison. It gives you a shot of Charley, Frances and Jeanne, and Fort Pierce is just above where Frances and Jeanne crossed.

The City of Fort Pierce is an old city, it's over 100

years old, and the trees are a significant problem for us. And we work closely with the city arborists. My tree supervisor that, that works with him is also on the Garden Club board, and we found that to be very helpful since we have, have such a public interest in the trees in Fort Pierce.

We're on a three-year trim cycle for our distribution as far as our trees go, and we do an annual inspection or trim of our transmission lines. We only have 12 trees that we really have to be concerned about. We visit those four times a year actually. And we patrol the transmission line once a year in its entirety to make sure no new trees have been planted or any other things that are a concern for us. And we do work towards trying to work with customers to relocate and remove problem trees. We also provide trees to an annual Tree Day that they have in the city, and we provide funds to purchase trees for customers to -- and we try to encourage low-growth and lower growing trees. And we have a contract with Asplundh. They provide us two to three crews normally during the course of the year to provide that three-year cycle. And then we also work with them to provide extra crews in the event of a storm.

We began in 2003 to convert our GIS system from Gentry to an ESRI system, which allowed us to overlay our system with the water and the wastewater and the gas department, and we have full representation of our entire system now on the ESRI platform.

Currently we have no transmission poles that are, that need repair. We found four poles during our inspection this year that were of concern to us. We've replaced those. We have 462 poles and structures in our transmission system, of which 235 are wood. They're all on our 69 kV system.

We annually inspect our wood poles and we do a -- every third year we include our concrete and steel poles and we inspect all poles' bolt and hardware and do a physical hands-on inspection of those poles. And those poles are replaced and repaired as needed or as they're inspected. And all of our substations are loop fed.

Of our 16,000 or so distribution poles, we inspect those on an eight-year cycle. We haven't done that prior to this year. We just started the eight-year cycle. This year we signed a contract with Osmose and they're beginning work this month. Our engineering group is taking charge of that project.

Approximately 15 percent of our customers are underground. As I said earlier, our city is an old city pretty well built out in years past, but we are seeing a lot of growth in the last few years. And all new construction is required to be underground. We require it, the city requires it, and we no longer even put up overhead services off of an overhead line. We require an underground service.

One of the things we found during the hurricanes was that the longest time for folks to get fixed were the ones that

had overhead services that were torn away from the house. So the next item is an incentive we're trying to provide to customers who convert their services to underground, and we participate in that endeavor at 25 percent of the total cost of the conversion.

I might add we're also working with the city. We, in fact, have a number of inquiries about putting facilities underground in conversion to various subdivisions, existing subdivisions, and the city is very interested in new road projects all being put underground and we're working with them on those.

One of the projects that we have that we've been working with them recently is A1A on the barrier island, there's a DOT project to realign -- not realign but resurface and do some drainage work on that road, and they've asked us to consider underground. We just, as a matter of fact, opened up a bid Monday to do just under a two-mile portion of that line and the cost was $3.54 million to do a little less than two miles. And so that's a pretty impact, a pretty good impact to a small utility, but we're working with the city to try to see what we can do to work something out so we can do a joint project.

During our storm plan, our, our -- during the storm we have a number of crews that volunteer to ride out the storm with us, some of our tree crews or even our contract crews and

our substation staff. And the idea there is so that we can get out and see what's going on as quick as we can. It also allows us to maintain some things as long as we can until the, it gets too dangerous to work. We typically quit working at 40 miles an hour except for life-threatening emergencies. We do provide meals for our crews during the time that they're there.

In our first and second day after the hurricane passes our objective is to try to get our feeders back up and get our feeder breakers going. That's after we get the -- and make sure that the transmission line is in good shape and up and running. And dispatch takes care of that restoration and leads that restoration process those first couple of days.

During that time our assessment teams are out and they're beginning their formal damage assessments, and we're working 16-hour days and providing meals for our contractors and our crews.

And Day 3 and beyond we basically continue the same, we continue using the work, the data from the assessment teams to provide the background and the direction that we need to head in trying to get our system back up as fast as possible. We direct all those processes from storm headquarters. We have our customer service reps working the storm headquarters in what we lovingly call the "war room," and we take phone calls there from our customers and we return all calls. And we, like I say, we provide laundry service, meals and we work 16-hour

days.

Some of our other features, we work closely with the EOC to make sure that we know which schools are shelters, and we also work with them to try to stay on top of when they want to try to get schools started back and keep them abreast of what our, our progress is.

We have a designation of essential customers. One of the things that we've learned is people need to be able to get out and buy groceries if they can, fuel, and so we put a high priority on those areas and other areas that the public needs to go such as movie theaters and things like that so they can have some, some things that they can do during, during the time that they may not have power to their house but they can get out and do some things. And we try to communicate with our businesses. Our communications officer visits the radio stations and does some one-on-one interviews. And then we also have a meeting with our city commissioners and city manager daily to keep them abreast of what's going on.

We have some precommitment contracts that we've put in place for lodging. We meet with the motel folks and set up rooms, lodging for our out-of-town contractors. And also we have a contractor that comes in and provides meals. We set up a tent and a kitchen at the service center so we can feed everybody. We even fed the city employees the last couple of years.

And like I say, we maintain a strong coordination with the EOC and the city, City of Fort Pierce staff. We work pretty closely with the public works department in order to make sure we're taking care of things that are of importance to them.

As has been mentioned before, we worked with Barry and FMPA on our mutual aid agreements to try to make sure we have the contractors and the other municipals that, from around the country that come in and help us.

And I mentioned before we have some prearranged agreements for outside contracting and contractors in lodging, catering, laundry.

And we do staff our facility 24/7 during the recovery process and we do make a concerted effort to call our customers back that call us. And having the call center right there next to us, it gives me the opportunity to be able to step in every morning and tell them where we're at, where we're working and what our intentions are for the day so they can pass that information on to the, to the customers. And we do provide door hangers for customers that need to make repairs before we can hook them back up.

With that, I'll take questions.

CHAIRMAN EDGAR: Thank you.

Commissioners?

Commissioner Argenziano.

COMMISSIONER ARGENZIANO: Yes. You had mentioned that you provide water services also. Is it waste and water?

MR. BREWER: Yes, ma'am.

COMMISSIONER ARGENZIANO: And on your lift stations, do you have generators for the lift stations?

MR. BREWER: One of the lessons learned from Frances, as you might expect, is when you're 100 percent in the dark, it takes time to get around to all of the lift stations. So we've purchased a number of portable generators and we have contracts for others so that we, excuse me, so that we can provide that function for the major lift stations.

COMMISSIONER ARGENZIANO: Thank you.

MR. BREWER: And we do have a priority list of the ones that we need to be working towards also.

CHAIRMAN EDGAR: Commissioner McMurrian.

COMMISSIONER McMURRIAN: Thank you.

Mr. Brewer, I had some questions about your conversion program from overhead to underground, and you explained the 25 percent. Does the -- if a subdivision, I guess, were to ask for that kind of a conversion option, do they pay the 75 percent upfront or is it some kind of charge through their bills? Are they paid over some period of time or how -- or maybe even different ways. How is that done?

MR. BREWER: What we've done so far is address services. And but what we plan on taking to the board in the

near future is a plan to address exactly what you've talked about. And our position is we'd like to provide that 25 percent also to, say, a subdivision that wanted to put their facilities underground, and we've looked at ways to possibly do an MSBu type arrangement where they would pay it back over a period of time rather than all at once.

COMMISSIONER McMURRIAN: Okay. And another follow-up question about that. Some of the other workshops and things we've had we've talked a little bit about the out-of-pocket expenses to an individual customer when there's a conversion, some things they have to do near their home and there's some out-of-pocket expenses. Does that 25 percent also take into account those individual customer expenses or is that something that that individual customer would have to just take care of on their own?

MR. BREWER: The 25 percent covers the cost of replacing the service up to the meter can. Sometimes the customer may have to replace that meter can in order to accept an underground service. Some of the older houses may have a 60 or, 60 amp meter can which would not accept a riser large enough to put an underground service in, and typically they do pay that expense. That's not included in the, in the cost to do the service. We pay the 25 percent of the underground up to the meter can.

COMMISSIONER McMURRIAN: One more. Do you have an

idea of about how much those kind of expenses are that the customer would have to take care of with an electrician themselves?

MR. BREWER: We had one not too long ago and it was, I believe, about $600. As a matter of fact, it was a board, one of our board members.

COMMISSIONER McMURRIAN: Thank you.

CHAIRMAN EDGAR: Thank you.

Commissioners, are there questions at this time? No.

Are there questions from staff?

MR. McNULTY: Just one question, Chairman.

Mr. Brewer, you indicated 16,000 distribution, wood distribution poles.

MR. BREWER: Yes.

MR. McNULTY: Okay. And it appears as though the utility has a fairly high percentage of their customers served by overhead service versus underground. I'm just curious whether or not there is a program in place for replacement of any of the wood poles with different types of poles, concrete poles, metal poles, that sort of thing, or if that's not a strategy that the utility is employing.

MR. BREWER: Yes. Our engineering department is researching, and I know that we've been in contact -- I've talked to Mr. Davis here who's already decided what kind of wood poles they're going to use. And our engineering

department is in the process of coming up with a design to -- we've started hardening our system and we've implemented the NESC standards for extreme wind loading, and they just haven't decided which pole that they want to use. We have upgraded our wood poles. We only buy Class 2 poles now. But we know we're going to probably go with a spun concrete pole for new feeder installations and critical customer poles.

MR. McNULTY: Right. I asked that question because, as you indicated, this a fairly old city and, you know, that that could have been an issue that you would want to address.

MR. BREWER: Yes.

MR. McNULTY: Thank you very much.

MR. BREWER: Yeah. We're working on that. The engineering department is working on that right now.

MR. McNULTY: Thank you.

CHAIRMAN EDGAR: Thank you.

Commissioners, I think it's about time for a lunch break. Mr. Willingham, I'm sorry. So close, I know. Can we begin with you when we come back from break? Okay. Then we will come back at 1:35 by the clock on the wall, and we are on lunch break.

(Lunch recess.)

CHAIRMAN EDGAR: Good afternoon. We will go back on the record. And when we stopped for lunch, we were on our next presentation, which is from Mr. Bill Willingham with the

Florida Electric Cooperatives Association. Thank you for your patience, and we are ready.

MR. WILLINGHAM: Great. Thank you. Good afternoon, Commissioners. I am the Executive Vice President and General Manager of the Florida Electric Cooperative Association. Our association represents 15 of the 16 distribution cooperatives in Florida, and both generation and transmission cooperatives that provide the generation and power delivery services to all but two of Florida distribution cooperatives. Overall, cooperatives do not have a lot of transmission, certainly not on the bulk delivery side, and we're primarily dependent upon the transmission owned by the IOUs for our delivery of wholesale power.

Let me -- just a quick summary. I think that all of our co-ops are very well prepared for the storm season. But in order to help you understand why we're a little bit different and why our perspective is a little bit different I want to go through just a little bit about what co-ops are and why we are actually different.

Our business model is, I think, very different from either that of the municipals or the investor-owned utilities. We are not for profit, but we're not government. We are actually governed by our members. Co-ops were created by the people in the businesses that needed electricity in the 1930s that were not able to get service from an investor-owned or a

municipal utility. Although we're not government, we are entitled to disaster reimbursement from FEMA. In addition, we're entitled to federal loans through the Rural Utility Service, which is a subsidiary of the USDA, and RUS borrowers are subject to the RUS rules and regulations.

This is probably the most important slide in my presentation. As you can see from our service area, we are very unique just like our business model is unique. We cover more than 60 percent of Florida's land mass, but we only serve about 11 percent of the population. We serve in the rural and suburban areas of the state and, as a result, we have much fewer customers per mile of line than investor-owneds or municipalities. Many of Florida's co-ops only have six or seven meters per mile of line, but the Florida Keys has almost 40, which is still less than most municipals and investor-owneds.

I would like to point out that if you look at Tri-County, which is the green area on the eastern side of the Panhandle up there, they actually don't serve -- all that area within that, within their service territory is you've got the City of Monticello, Perry and Madison. They're actually served by Florida Power. So we're in the more less dense areas, I guess is the best way to say it.

We also tend to be in the lower extreme wind load areas. You saw the, on Page 10 of FPL's presentation they had

the, it's similar to what's in the National Electrical Safety Code, the wind fields. And we have some co-ops that are actually in the 90 to 100-mile-an-hour band. We also have the Upper Keys, which is in the 150-mile-an-hour band. But because we are less likely to be hit by a hurricane or experience hurricane force winds, and, if we do, our winds are likely to be lower, for most co-ops it's a little bit different perspective than those that are on the coast in the high wind areas. For those co-ops, really the vegetation management is probably the most, it's the best bang for the buck that we have, and I'll go through that in detail a little bit later.

I think, as you've heard several times today, we're certainly not going to prevent all the outages no matter what we do. But a strong, well-maintained system should hold up much better in a Class 1 or Class 2 storm. I think we've displayed that in, certainly in 2004.

FECA is involved with the PURC research project. We also have some other things going on. Certainly on the preventative maintenance, y'all know the RUS bulletin is what you relied on for your pole inspection standard, and that's something that we've been subject to for a long time and we've been doing things like that. RUS also has vegetation standards and construction standards that we have to comply with.

Other research projects we have -- well, not really research, but RUS is continually updating their standards. And

we also have a, it's a cooperative research network that is kind of a think tank. They do certain special projects that people are willing to pay for them, but it's kind of like a consulting group that's just for co-ops, and they will look at issues that are unique to the rural areas. So we do have that benefit, and several of the members in Florida are involved in that. They're doing some studies on underground for transmission and things like that. They haven't gotten down to the distribution level yet. But hopefully with what, with the PURC project, they're going to rely on that and not have to redo the research.

Standards and materials, we've got co-ops that are at different ends of the spectrum as to how far they're hardening their system. The Florida Keys, because of their likelihood of being hit by a hurricane and the higher potential winds if they do get hit, they've actually built their entire -- their transmission system is all built to the extreme wind loading standards and their regular distribution system will be soon. That's the new standard whenever they rebuild or replace or build brand new.

And then we've got other co-ops like Suwannee Valley which is in the 90 to 100-mile-an-hour zone. And, you know, for them to build a 150-mile-an-hour system just doesn't make sense. It would be a lot of wasted money. So we're -- depending on where you are in the state and, you know, what

your probability of getting hit and what your wind zones are kind of depends -- that's guided the co-ops as to which direction they've gone.

We certainly believe in preventative maintenance. We think that our pole inspection program has been as good as any for many years, and we think that really helped us with the 2004. Thanks to the lack of hurricanes in 2006, we're not 100 percent caught up but we're pretty much on track with all of our maintenance programs, vegetation management and pole inspection. And actually by June 1st I think we'll be back on track from what everybody is telling me. I think we had two co-ops that were a little bit behind at the end of 2006, but we should be on track now.

In addition, most of our members have signed new pole attachment agreements with both cable and telephone that really ensure that we're going to be meeting the NESC, and it sets some additional inspection requirements.

For the most part our materials, our members are using stronger poles. Certainly for transmission I think across the board everybody has gone to much stronger poles. I don't think you'll be seeing any more wood transmission poles being put in except for in emergency restoration situations, if that's all we have.

And as I said, on the distribution side we've got some that are really beefing up and some that are not seeing

the need to spend the money yet. The PURC wind study may give us some information that changes our opinion on that, but for the time being, until that study is done, we don't see any reason to go out there and really spend a lot of money and crank our rates up. The one thing that does -- well, I talked about our pole inspections already and the construction standards.

On the vegetation management, we think that's really our best bang for the buck, as I said earlier. One thing the co-ops have, we tend to have 20-foot or wider easements versus a lot of other utilities have 12-foot easements, so that gives us an extra four feet on each side that we're allowed to trim when we go in there. We've also been very aggressive with, you know, the right tree type program. And as you heard the manager from Escambia River tell you last year, if there's a customer that says I've got this tree that looks like it might be sick or dying, you know, we will go in there and take it out at no cost to the customer. We're anxious to do that in most cases if it has the potential to fall into our lines.

And the reason that I know Escambia River did it, when Ivan came through, a lot of the pine trees that -- when you look at them you can't tell they're dead, but they're actually dead because the outer surface is where the veins are and they've snapped. And so we are aggressively taking out any of those poles that they'll let us take out. And I think a lot

of people really learned a lesson in 2004 with the vegetation because when those poles fall, they not only take our lines down, they also block roads and driveways. So people are pretty anxious to help us now and work with us. Hopefully it won't take another hurricane to reinforce that again, but I think we're in good shape right now.

These are the numbers, I showed them to you last year, but I think it's worth going over again, as to why the vegetation management is so important in co-op country.

If you remember, Frances and Jeanne took pretty much the same path. Frances impacted fewer co-ops and the winds for Frances were only about 105 miles an hour versus Jeanne, which was about 120 miles an hour. You can see Frances knocked out about 50 percent of the customers of those co-ops that were impacted; whereas, Jeanne knocked out about 73 percent. But Frances only took 12 days to restore and Jeanne took -- I mean, Frances took 12 days and Jeanne only took eight days. And the real reason for that is because the weak trees and limbs had already been taken out when Frances came through, and with Jeanne we weren't using our chainsaws very much. And that really is the major difference from talking to everybody. And Ivan and Dennis proved the same thing. Ivan was the stronger storm and -- but it wasn't a whole lot stronger, but the repair was significant.

On the design and construction standards, like I

said, we've made some changes but we really are focused on the vegetation management. And the reason for that is we've had some -- our transmission structures generally have been built to the extreme wind loading standards anyway. This is a picture from, it's just outside of Seminole's power plant in Hardee County. It's more than 30 miles inland, and this was Hurricane Charley. You know, this pole or structure was designed to withstand 125-mile-an-hour winds and it just got twisted like a pretzel from Hurricane Charley. So we probably, you know, we probably could have built it stronger, but the question is do you really want to spend that money if it's going to come down with a microburst or tornado or whatever you have anyway?

So the same thing we saw down in -- this was in Glades' service area, I'm not sure which county it was, but this was a transmission line, they're 70-foot 2H poles, which is a pretty good-sized pole. This pole line was less than two and a half years old, and Wilma, which I think the highest winds recorded from Wilma were about 120 miles an hour, and it brought this thing down. You know, it's designed to withstand 125, 130-mile-an-hour winds. And so we don't know exactly what winds we're dealing with. When you get into the rural areas, you don't have a lot of measurement stations. So, again, we're really hoping that the PURC study comes up with data that we can use and go back and review our standards once we have that

data.

Underground in the rural areas really is a different animal. The -- you've heard a lot about costs. For us the cost is probably the number two issue. The design and flexibility is actually a bigger issue. If you're in a residential neighborhood which you know what everything is going to look like, you know where the roads are going, undergrounding works great. In about 90 percent of our residential areas we're putting in underground right now. But if you're in an area where you don't know what it's going to be, what's going to be built, and you try and put an underground system in, you're stuck with whatever you've put in. So unless you have some kind of incredible redundancy that's very expensive or something like that, then you're probably going to have to rip it all up when someone comes in with a new development. So there are some issues there. That's, for us, that's probably our biggest concern if we try and go with a generic undergrounding going forward.

Other issues that you've got, we talked about it a little bit earlier today, routine outages tend to be longer with underground. And, you know, sometime in your coastal, if you've got a coastal area with storm surge, your outage can be much longer with underground. The poles can withstand the storm surge much better than a transformer can. And believe it or not, trees are also a problem for underground. I wish I had

the picture, I haven't been able to find it, but there was an underground, it's a feeder cabinet which has several feeders come out of it, and there was an oak tree that actually uprooted and took the feeder cabinet up with it, which means we had to run all new wire, the cable got stretched out, and so that was a very long outage for some people. Which, you know, that could be -- it would be a routine long outage even if it's not a hurricane, if the tree just fell.

So on the restoration side, in 2004 when Charley hit, that was kind of a new day for co-ops. We probably weren't as prepared -- well, we definitely weren't as prepared as we should have been. Right after Charley we got together and did a lot of brainstorming among all the co-ops and we were much better prepared for Frances. Then as every storm comes through, we are much better prepared and it's worked a lot better.

The one thing that we got to benefit from in 2005 was going to help with Katrina. Every co-op in Florida went over at some point to provide assistance, and they took supervisors with them because that was an event that we'd never seen before and it's -- you know, everybody thought Charley was bad and Ivan was bad, but Katrina just blew those things away, what we saw, especially for those areas near the coast. In some cases the storm surge came up six miles and just leveled everything. So that caused us to go back and totally look at our plans

again. Not that you can really prepare for something like that, but we're trying to be as prepared as possible just in case.

The other thing, Barry Moline talked about our mutual aid a little bit. We work very well with the municipals but the co-ops are kind of ours. We -- across the nation we've got 900 co-ops and basically we have first priority on all their crews. What our members do, of course, they'll try and get the contractors on their own, they've got contractors they use routinely and they'll lock them down. But both before and after the storm, the network of co-ops across the county, we are their first concern, and we have never yet been short on manpower. Even with Katrina and Erin both we were able to fill what the co-ops needed every time. So these guys -- you know, when Jeanne came in, we actually brought people in from New Mexico and Minnesota because that's what we had to do, but they were there. It took them three days to get here and we had to do some planning in advance, but we were able to get the people we needed. So we've been very fortunate there so far.

And the, the other thing that's been good, the cooperation between utilities has been good too in the state. You know? We've helped the IOUs, the IOUs have helped us, vice versa with the municipalities. And one thing that I really did appreciate after Hurricane Charley, Florida Progress had some transmission lines down for a while and they served Peace River

Electric's substation. Well, they were giving us reports twice a day as to what their progress would be so that we knew which substations to focus on so that when a substation would be live, we'd be as ready as possible to get everybody energized. So everybody kind of joins together when this happens. And, of course, the EOC has been very helpful there too.

Let's see. Barry already showed you this on the mutual aid agreement. That covers the country and a lot of folks that we can bring in.

The EOC, one of the things I also learned with Katrina and, and Erin both, not Erin, whichever one it was, but our EOC is fantastic. And, you know, they forced us to do a lot of things to work with them. And we're all -- you know, we kind of complain about it, but when a storm hits we are ready. And I didn't realize how spoiled we were until I saw what they had to deal with in Louisiana and Mississippi. We are really, we're just topnotch. That's all there is.

And that's really all I have. If there's -- obviously I don't know all the details and data about all of our individual members, but if there's something that you want me to follow up on, I'd be glad to.

CHAIRMAN EDGAR: Thank you. Commissioners, any questions for Mr. Willingham? None at this time.

Are there questions from staff?

MR. McNULTY: Just one question.

Mr. Willingham, could you give us an update on -- you indicated that you're on track for pole inspections through -- for a June 1 period. You mentioned something about substations, and do you know what level of readiness there is in terms of substation inspections?

MR. WILLINGHAM: I know a few of them, but I don't know them all. If you want to, I can follow up on that and provide the data to you.

MR. McNULTY: That would be fine. Thank you.

CHAIRMAN EDGAR: From a purely personal perspective, I am hoping that Talquin Electric is as prepared as you've described.

MR. WILLINGHAM: I think they are.

CHAIRMAN EDGAR: Wonderful. Mr. Willingham, thank you for being here and participating today. We appreciate it.

MR. WILLINGHAM: Thank you.

CHAIRMAN EDGAR: And next we have Mr. Rick Fuson with the Lee County Electric Cooperative Association. And I hope I got that at all close. I'm sorry if I mispronounced your name.

MR. FUSON: No. That's correct.

Good afternoon, Commissioners. Thank you for allowing us to come and present our plans.

This is a graphic of our service territory. We serve parts of Charlotte, Lee, Collier, Hendry and Broward Counties. And as Mr. Willingham said, we have a lot of rural area in our

southern territory. We currently have 197,000 customers that we serve. We have 180 miles of transmission and 7,800 miles of distribution lines.

Every year in the winter months we begin the update of our restoration plan. And when we update the plan, we go through and look at all aspects of the plan. One of the most important things we do though is we work with third party suppliers that we use during emergencies. So we go out and make sure we have all those agreements in place for various things such as contract help, such as food, such as lodging, all those, all those entities.

The other thing we do is we go back and look at lessons learned over the past year and we take those lessons learned and we roll those into our plan. We have finished the plan for this year, the updates, and currently we're in employee training. And what we do is we set up meetings with every employee in the organization and go through what their role is in the plan because each employee has a role to play in the plan.

The next chart basically is an organizational chart that outlines what our plan basically is. And I won't go through all these boxes. There's quite a few boxes. But we are broken down into seven main committees. The system operations group deals with the prioritization of restoration efforts of the restoration committee. They actually go out and

do the physical restoration work. The assessment works in parallel with the restoration to go out and do assessments for the heavily damaged areas. We have a communications group which deals with customer communications, deals with media communications, and also they are the liaison with the emergency operation centers in our areas. Then we have a facilities group that deals with our fleet, our fuel, lodging, material staging, material acquisition, all that rolled up into one group. Information technology section, because as we rely on computers more and more every day, that group keeps those systems up for us. And then we have a group that coordinates with FEMA.

Also last year we took a look at our, at our preparation activities, and we also went back and looked at our maintenance plans. And what we did was we rolled the hurricane preparedness activity into our maintenance plan, so we really do a 12-month preparation, if you will, because all those are incorporated into those plans. And this is just an idea to let you know year to date where we are on those plans.

With transmission, as I said earlier, we have about 180 miles of transmission. We go through every two years and we inspect and climb every transmission structure we have, and we are about 93 percent with a year-to-date goal in May. We do two flying patrols a year, we do infrared inspections every six months, we do our water crossing inspections every six months

because we do have some transmission lines that serve some barrier islands, and we do our transmission switch adjustments every six months.

As far as substation preparations, on a monthly basis we have our substation personnel go through and do a visual inspection of every substation. And it's a fairly high level inspection, but it's going there to try to determine if there's anything that's obvious that needs attention. We are about 95 percent year to date with those activities. And then these are the other activities that we do. Transformer maintenance on a four-year cycle, switch maintenance on a four-year cycle, distribution breakers on a four-year cycle. And we do infrared inspections every six months in our stations because that brings out a lot of issues that we've found as far as switches overheating and things of that sort.

And then from a distribution perspective, we call our activities mechanical and visual. Our mechanical activities, what that relates to is actually where personnel are in an aerial device like a bucket truck where they actually climb the pole to inspect the pole at the top of the pole. And visual inspections are inspections done at the ground line. And as you can see, we are fairly close on that. We've accelerated some of our distribution switches and reclosers, but all in all we're up-to-date on that.

We do have a ten-year cycle on our three-phase

mechanical, single-phase mechanical and single-phase visual, a three-year cycle on our switches, a one-year cycle on our reclosers, a six-month cycle on our infrared inspections. And those infrared inspections are the main feeders. It's not the latter. It's just the main feeders. And then we have an avian protection plan that we are retrofitting facilities for that plan.

And then vegetation management, we do inspect our 230 kV transmission system every six months and take care of any issues that arise with that inspection. We inspect our 138 transmission on a yearly basis and take care of any issues in there. We do transmission right-of-way mowing on a yearly basis. And then we trim our three-phase distribution on a three-year cycle with single phase on a six-year cycle.

As far as governmental coordination, we do have employees that staff our Lee County EOC, our Collier County EOC, which are our two counties with the largest customer base. And then the municipalities that we serve that have emergency operation centers, we have employees staff those as well. And during the activities we've found that that staffing helps us better coordinate activities in those areas with the government agencies, and it's really been beneficial for us and for them as well.

As far as our standards of construction, we do comply with the NESC and we've reported this previously to the

Commission.

And we do have standards that meet extreme wind loading for those areas specified by the NESC that require that. And we also, with the other utilities you've heard today, participate in research that's going on in those areas.

As far as construction standards go, our underground system, we consider it a water-resistant system, not actually a waterproof system. And the reason we say that is that during Hurricane Charley in particular, we have a barrier island that we serve that had some, some flooding as a result of the storm. And water, when water got in those facilities, we had water intrusion in the cables and had to replace quite a bit of cable in those areas. So I think you've heard that today as well from some of the other utilities here that the underground systems don't hold up very well when it comes to storm surges or flooding in those areas, and we've experienced that in our service territory.

We do have procedures in place for joint use as far as evaluating the wind loading capacity for joint use attachments, and we currently do not permit attachments to transmission structures but we do provide them to distribution structures.

And we are in the process of kicking off a joint use survey. Currently the last survey was performed back in 2001, and we are updating that and going through to try to identify

any issues out in the field with joint use.

And that's my presentation. I'd be glad to answer any questions you may have.

CHAIRMAN EDGAR: Thank you. And you may have said, and, if so, I'm sorry I missed it, but about what is the customer base for --

MR. FUSON: We serve about 197,000 customers.

CHAIRMAN EDGAR: Thank you. Are there questions from staff?

MR. McNULTY: Just one question. On the distribution preparation you had a slide that showed the various percentages of preparation in terms of year-to-date goals having been met. Do you happen to have on any of those measures the actual numbers that have been inspected versus the total number for the company, say, for instance, three-phase mechanical or any of these down the line here?

MR. FUSON: I don't have those with me today but we can supply those to you. What we do is we typically measure that in line miles.

MR. McNULTY: Okay. I'd appreciate that. Thank you.

MR. FUSON: You're welcome.

CHAIRMAN EDGAR: Commissioners, any questions? Questions? No. Okay. Thank you very much. Thank you for your participation.

MR. FUSON: You're welcome.

CHAIRMAN EDGAR: Okay. That concludes the presentations on our agenda from the electric utility side. And we will move now to the telecommunications companies that we have scheduled to do presentations today. We have three of those. And the first on my agenda is from AT&T Florida, Mr. Wayne Tubaugh. And, Mr. Tubaugh, if you will introduce the others that are with you as well. Thank you.

MR. TUBAUGH: Yes, ma'am. Good afternoon, Madam Chairman and Commissioners. My name is Wayne Tubaugh and I am the Manager of Network for AT&T in Florida. With me today are Jennifer Kay, Esquire, and she's here to provide the hook if we get too long, and Kirk Smith is the Manager of Network from Atlanta. Kirk is our go-to guy, fire putter outer, and if something is stalled down here in an emergency, he makes it move. We're here to provide you a picture of how we are for the 2007 hurricane season.

I've worked for AT&T, Southern Bell, BellSouth and now AT&T again for 34 years, and that will become significant with my second slide, and most of the time in network. For the last 19 years I've been the network liaison with the Commission and the state EOC and the Commission reporting during hurricane outages. The good Lord and Mother Nature gave us a break last year and let us do a little catching up after the events of 2004 and 2005.

Kirk's presentation will be short and to the point.

The new AT&T is better than ever prepared to work through whatever is thrown to us this year. In the past, even with agreements with our other companies to come to our aid, we've had to have a list of former employees that we contract with to come back on to help us and other companies. The significance of my 34 years is that I think they took those poles down the day after I came with the telephone company. And we've gotten -- the industry has gotten a lot better in designing and deployment of our facilities, as you know when you ride around now. This year and for the future years we now have a 22-state resource to draw from like we used to have when we had 49 states to draw from. So we feel very confident that we're really prepared for this season. And with that, Kirk will finish up on this thing. And thank you for the opportunity to open up the presentation.

CHAIRMAN EDGAR: Thank you.

MR. SMITH: If you happen to be a fan of the old television show M*A*S*H*, I'm afraid that my partner's introduction here conjures up a vision of BellSouth's version of Radar O'Riley, and perhaps not too far wrong.

We are, as a company we are extremely proud of our history and our legacy of being not only prepared but how we operate during a storm event as well. But one thing that we do realize is that you don't rest on your laurels. As efficient as you think you may be, you continually look for ways to try

to improve. And we want to give you kind of an insight to some of the things that we feel has improved our operation tremendously over the last couple of years.

Primarily our orientation for preparing for a storm event is to key on preparation. Like many of the people from the different industries you've heard from today, we too do and perform hurricane drills usually specific to the State of Florida. We provide, excuse me, workshops for our people from across the nine states. Of course, we have exposure in the Carolinas, Georgia, Alabama, Mississippi and Louisiana as well, and, suffice it to say, have a wealth of resources on best practices and lessons learned and we share those across the company.

Our drills are with executive involvement all the way down to absolutely verifying contact telephone numbers for individual technicians. And we, we are our own worst critic in the critique of those drills and our performance during storm events.

We consider ourselves to be very action oriented in that when we see a storm developing, when we see a forecast of a storm, we mobilize assets where it's necessary, where it's appropriate, where it's safe to do so. We stage material, we take preventative measures to protect our existing assets.

We've got a term up here, field enabler-centric, and that's a real nice fancy term, but let me, let me give you our

interpretation of that. Pardon me. That is, that is bottom up communication. Okay. What do we -- you know, where do we take our guidance when we have an event that's at our door from some of our 30-plus functional teams that we may deploy, be they cell site restoration teams, be they damage prevention teams, generator deployment teams, those are our eyes and those are our ears. That's where we get the communication to understand where do we need to intervene from an EOC standpoint.

We have another term that we use, DWI, and that is not in the classic sense, as I think you may, may understand it. It's our term for a discussion with intensity. What that means to us is you leave your feelings at the door. Again, we're action oriented, and your job during a hurricane restoration event is to act and to solve the problem. And that's the culture that we try to develop each and every, each and every day.

We're very pleased with our collaborative efforts with investor-owned utilities. We have made arrangements with some of the larger power companies to actually have personnel positioned in their EOCs and likewise. What we're looking to do is obviously try to enhance the communication in what is obviously a chaotic environment to impact service restoration not just from the power side but from the teleco side as well. We have reviewed and been given the opportunity to review the infrastructure hardening plans from the IOUs and been given an

opportunity to comment and adjust our operations likewise.

Our pole inspection program is, is encouraging. We're closing in now, I think, on the eleventh month, if you will, of the operation of our pole inspection program. Very much like what you've seen from the other industries, we're partnering with Gulf Power, with Florida Power & Light, other utilities to perform these, perform these inspections. We are opting to do a complete inspection of every pole that we touch. That includes the loading of the pole. We use what is considered, I would say, to be an industry accepted standard software application called OCAL (phonetic) that actually provides that, that loading metric.

We have seen -- probably the way I would want to categorize this, BellSouth or AT&T has taken a fairly aggressive approach at really what we determine to be a pole that is, that is defective that we would, that we would opt to replace. We have, we have decided in-house that if we find a pole that is defective, that the age of the pole is starting to age 30 years, but possibly heretofore we might, might have been accepted to leave that pole in plant. We're opting to replace that pole. So we're taking an extremely aggressive approach on the results of our pole inspection program.

The term mother being -- necessity being the mother of invention has, has never been more true. After we experienced the 2004 hurricane season, we saw the output of

many, many creative solutions to protecting our existing assets.

The picture on the left is a, actually a wrap with Velcro straps and cinch-type straps that we can place around a remote terminal; a remote terminal being a cabinet that houses some of our digital loop, digital loop carrier equipment. If you happen to be in the field and happen to run across some of our technicians or management people and you stop them and you ask them about the wrapped remote terminal, they may look at you funny. Ask them, if they look at you funny, ask them about the diaper.

On the right you'll see a couple of sites where we opted to take our digital loop carrier and remote terminal equipment and actually raise it on concrete platforms or steel platforms. We do this in many of the flood-prone, flood-prone type areas.

Mr. Tubaugh mentioned the benefit of the merger, and he's exactly right. What we do have under one management umbrella now is the resource and the ability to facilitate both from a planning and restoration standpoint resources for local, wireless and long distance. If you look at the next page, you'll see some of the pictures, some of the resources that heretofore we had not had access to within the BellSouth area. These are AT&T resources. I know your hope is exactly as mine that the only time you'll ever see these is in the pictures.

And we hope and pray that's true, but, if not, they are, they are available for our use now.

Since the last hurricane season we have purchased 158 additional portable generators for our regional generator pools. We have added more than 30 portable generators to local inventories in Florida, and we have installed permanent generators at more than 170 -- or at 175 strategic remote terminal sites within Florida. This gives us a much better ability via backup power to minimize service outages during a hurricane event.

The blue stars that you see across the southeast are where we have our regional generator pools. If you've not been familiar with this particular concept before, these are generators that we mobilize for backup power purposes for many types of weather events across our nine-state footprint, be it hurricane events in Florida or ice storms in the northern part of our region.

The next slide just gives you kind of a graphic, if you will, or a feel of how we, how we deploy our portable generators. This is an actual graphic from Hurricane Frances in 2004. The blue arrows at the top indicate basically that we take our generators from the regional pools many days in advance, if we have that much warning, and actually load them on flatbed trucks and convoy them to a safe place closer to the anticipated event. As we are watching, as everybody would, the

expected landfall, the category of the storm and trying to assess as best we can where and how we'll be impacted, we actually edge the convoys closer and closer and closer and closer to the point that, that we're not endangering anybody's safety. But as soon as we can get a, a fair assessment or some level of confidence as to where the storm may be impacted -- as in the case of Hurricane Frances, we actually pulled our entire convoy below the projected path of the storm and got in on the weak side of the storm. And as the storm passed, we had the ability to bring our convoys in right behind the storm and start deploying our generators. So that gives you some type of idea, an interaction from our EOC standpoint, our portable generator deployment how we try to assess and respond to particular storm events.

The next picture is actually a picture of one of our service centers in Orlando. As you saw from the previous slide, as we bring the convoys and trucks down, we pull the trucks into the service centers, offload the generators. Our technicians drive into the service centers, pick the generators up, drive to the remote terminals, plug the generators up, drive back and get another one and keep going until we deplete, deplete the source of generators.

I mentioned that we have near 30-plus functional teams. This list of several of them here, the E911 and cell site strike teams, we have severe weather checklists for our

central offices, we have much better advanced mapping technology now than we did two years ago. We have upgraded our generator tracking system that we use to manage the deployment of our portable generators. And as I'm sure everybody is very aware, a generator can become a pretty good, a pretty hot commodity during a hurricane restoration standpoint. So we've taken the steps to manage the deployment of the near 1,500 generators we've got to make sure we know where they are and how long they've been there, and hopefully they'll be there when we go back.

We feel like our network performed well during the last series of hurricane events. Over 97 percent of our poles remained intact following Hurricane Wilma. We strive, as I said earlier, to incorporate the lessons learned every time we have an event. There's not, there's not one day that goes by that we don't feel like we have something that we can't possibly improve on.

But one thing that we do realize is that regardless of the technology we've got to deploy, regardless of the mobile magnitude, regardless of the generators, none of it happens unless our people are protected. And we take, we take great pains to make sure that, that our people have the basic needs that they need in a hurricane type event. If you'll look after the slide where we're stating our mission, which is to provide a safe environment for the people of AT&T and their families,

and, again, enhancing our service restoration via that mission statement, these are pictures of BellSouth, what we call BellSouth cities, and I'm sure we'll call them AT&T cities going forward, but BellSouth cities where we actually provide lodging and meals and care for our employees during these type, these type events.

So with that, I'll say thank you for the time to brag a little bit about what it is that we do and open the floor for any questions you may have.

CHAIRMAN EDGAR: Thank you.

Commissioner Carter.

COMMISSIONER CARTER: Thank you, Madam Chairman.

I wanted to ask a question. You mentioned on Slide 5 about your ongoing pole inspections.

MR. SMITH: Yes, sir.

COMMISSIONER CARTER: What percentage are you -- have you -- what percentage are you in terms of completion of your pole inspections?

MR. SMITH: As we stated in our plan that we filed for the pole inspections, it's, the most efficient way to go about it is obviously to do it jointly with a power company partner.

Now we had, we had recognized that, that we were probably not going to inspect an exact one-eighth of our poles every year. Now the first areas that we chose to inspect

jointly with Florida Power & Light, we inspected or will have inspected over that 11-month period, I will, I will estimate somewhere in the neighborhood of about 40,000 poles. Now if my math holds up right on our ownership, our target of inspections, if we did one-eighth, would be somewhere in the 56,000 to 57,000 annual range. But our firm commitment is obviously that we would have it done on the eight-year cycle. But, again, in working jointly with the power company and kind of looking at the footprint of some of the high, high-risk areas, if we're a coastal environment, quite frankly, the power company may have owned more poles in those areas than we did.

CHAIRMAN EDGAR: Commissioners, any further questions for AT&T Florida? Seeing none at this time, are there questions from staff?

MR. VINSON: Yes, Chairman. I have a few questions about pole inspection also.

In conducting your 2007 pole inspections, I noticed you differentiated the poles that you deemed to have failed into two separate groups, the ones that you scheduled for immediate replacement and another group for longer term, I think within 18 months. And I was wondering if you could elaborate on how that distinction was made and also what your plans are for the timing of the replacement of those in the longer category.

MR. SMITH: Sure. The ones that we would designate

for immediate replacement would be those poles that were inspected that by the inspection process it's determined that a third of the original strength of that pole has been compromised.

Now that being the case, I would, I would go further to say that if a third of the original strength of the pole has been compromised, that could be for many different reasons. It could be for decay of the pole, it could be for woodpecker holes, it could be for vehicular contact or it could be from a loading situation. Now those in that category, if it were a loading situation, which I'm very glad to say that we have found very, very few that have been, that have been a problem of loading, I think it speaks well to the process that both the power companies have and we have to screening each other's applications for attachments that are made prior to, prior to the work being completed. But be that as it may, if it were a loading problem, we would correct, we would take steps to correct the loading if the pole integrity itself was good. So it's not to say that every pole that had a third basically of the original strength would be replaced. Generally speaking though, that would be true. Now it would be -- again, it's, it doesn't make sense to us to try to do much, what I would call, remediation. Okay. If you've seen these metal trusses and braces possibly that have been placed around poles, that process just really doesn't make a lot of sense to us. So,

again, we would opt to say that first category, that's a pole that we'll replace.

Now the other category that we would replace in the 18-month time frame as I referred to earlier, if we go out and we find a defect on a pole, okay, and let's say it is some degree of shell rot or it's some degree of deterioration, maybe lightning had possibly splintered maybe the top of the pole or maybe there is a few woodpecker holes in there, through the inspection process and the testing that pole could very well still have greater than two-thirds of its, of its remaining strength, but by the age of the pole we'll make an economic decision to go ahead and replace that. So those are the ones that kind of fall in that other category. And that would, hopefully that would give you a better idea of the type of pole identified that would fall in each one of those categories.

MR. VINSON: Okay. And also what is your plan for those in that 18-month category? Is there a set number or some idea of a future date to have that backlog cleared?

MR. SMITH: Our target is to have those replaced 18 months after, no more than 18 months after they've been identified. Now obviously that's going to be a rolling number.

The dynamics of managing that type environment though are such that if, if a power company came to us and said we're going to abandon this particular route and possibly underground or something like that, that may advance it. If we, if we take

these situations and evaluate them against some of our overall plans for that particular area, it may advance it. Or it may not -- it may be that we have a plan to address that particular area that's 24 months out rather than 18, and it would be prudent just to extend that for three or four or five, six months. So, again, it's a, it's a, a grouping that our target is to replace them in 18 months, but we would continue to evaluate them as other triggers take us to those areas.

MR. VINSON: Okay. Thank you. That's all our questions.

CHAIRMAN EDGAR: Okay. Mr. Tubaugh.

MR. TUBAUGH: A little commercial before I leave for you folks, and I'm sure you've heard this before. If you don't own a regular old 500 telephone with bells in it and you live or where you work is right out of the central office, even if you lose power and you have one of them old ringy-dingy telephones, it'll work. So in your preparation for your hurricane season, go find you a handy-dandy phone that has bells in it.

COMMISSIONER CARTER: That's the ringy-dingy.

CHAIRMAN EDGAR: Thank you, Mr. Tubaugh. Thank you.

Okay. And next on our agenda is to hear from Verizon with Mr. David Christian. Mr. Christian.

MR. CHRISTIAN: Thank you, Commissioners. David Christian on behalf of Verizon Florida, LLC. My presentation

today will focus on three areas: Verizon's new fiber network and why you would care about that in a storm hardening context, our pole inspection and replacement program and our disaster planning, response and recovery efforts.

Every network component we engineer, construct, operate is placed into service with the goal of providing unparalleled and continuous service to our customers whether they are governments, businesses or residential customers. Maintaining a sound reliable network is critical in today's competitive telecommunications marketplace. This commitment to invest in Florida is evident in our FiOS deployment. To date we have spent almost $750 million since late 2004, and we recently committed another $500 million in additional capital going forward.

Next slide, please. Why fiber? Not only are we constructing the most advanced network in the United States capable of delivering next-generation products and services, we're also providing fiber for operational efficiencies, and in Florida that deployment is 99 percent underground.

Storm hardening is one of the key benefits of Verizon's new underground fiber network. Our network provides more reliable service that is less vulnerable to bad weather. And I've got an example here that demonstrates that. This is, in the old copper world, the 200-pair cable. This takes a number of days and man-hours to find and isolate the trouble to

a particular customer's residence or repair and splice the cable. This is a fiber-optic line, I don't know if you can see it, but I'm really holding a fiber-optic line, that when repaired or spliced together in a matter of hours can put one or hundreds of customers back in service. So the operational efficiencies are tremendous, and it will take hours rather than days to get customers back online. And I'll show you some other things in a little bit.

But next slide. Our fiber deployment is widespread in the Tampa Bay region in our six-county service territory and it's impervious to weather. This slide, this slide shows fiber conduit and cable being buried in a neighborhood and pulled through fiber distribution terminals as seen on the picture on the right. Buried drops then connect the customer's home or business to a fiber distribution terminal. Fiber itself is impervious to water. It keeps functioning even when wet. And because of its passive, a passive optical system there's no electricity flowing through the cables, just pulses of laser light. That means it's less susceptible to lightning strikes, and Tampa has one of the highest lightning strike occurrences anywhere in the world.

This slide here demonstrates how our fiber network is typically configured in a neighborhood. A cabinet or fiber distribution hub shown on the left is deployed in a neighborhood. Go back to the next -- to the last slide. The

picture on the left would serve approximately 32 homes in a neighborhood. And underneath that you'll see the vault that is sealed with fiber-optic cables that would actually run from the cabinet to the customer's residence.

Go to the next slide, please. This array shows you the optical network terminal on the left side of the slide. This is the connection from the fiber drop to the distribution hub to the house. It then runs inside the house to the inside wire and connects a customer's phone, TV and Internet all in fiber-optic connections. The battery back-up on the right provides power to the optical network terminal, and this is provided on the customer's premise side of the network.

One thing that you need to understand, unlike traditional telephone service, Verizon's FiOS depends on home power source, and we supply the back-up battery unit as you can see there on the right. That provides up to six hours of continuous talk time. During an emergency we shut down all the other services and only allow you to use your phone. This back-up power is consistent with our central office reserves for battery back-up power, and the battery is about the size of a motorcycle battery. You can buy them at battery stores, automotive stores, and you can have, certainly have as many batteries as you want on reserve and being charged as your own needs require. We are always looking at advanced technology to make that better. We provide extensive instructions in our

FiOS home welcome kits that help the customer understand the warning alerts that the battery back-up will provide when your battery is running and when the commercial power has been turned off. This is important so you can monitor the use yourself in your, in your residence. Customers on copper voice connections face the same situation in the unlikely event that weather affects portions of the network for an extended period of time. So this is consistent with, with the back-up powers we do have in our central offices.

The next slide, please. I'll talk briefly about our pole inspection plan. We have developed and launched an aggressive pole inspection plan based on the Commission's order in that docket proceeding in 2006. We have been inspecting poles based on a geographical wire center boundary basis, which means that we go into a wire center where we serve and we go through the entire wire center and look at every pole before we move on to the next area. This systematic and thorough evaluation is conducted before moving on to the next wire center. Poles are checked for structural integrity and strength using methods that may include visual inspection, sound testing, prod testing and Resistograph drillings. Commissioners who were here certainly understand that we were very supportive of the Resistograph technology, and I believe that this tool should be incorporated into overall general inspections by every utility in the State of Florida. We've

had tremendous success in determining the structural integrity of the pole and it has lived up to its billing, and we will be expanding our pole inspection program using the Resistograph. I think we've recently purchased another eight of these drills that we can go out and actually read the pole strength on a wax piece of paper and record the printout in a database.

We replace poles if they fail any one of those tests. We don't treat or try to preserve the life of the pole. We have identified about 2,200 poles that are being replaced as we speak. We are prioritizing those poles due to the upcoming hurricane season, and we're literally working around the clock to make sure that we can meet, make sure that the poles are replaced. And, again, all poles failing inspection are replaced, not treated.

We do do loadings testing for all of our poles, and we've only, I believe, reported a handful of overloaded poles out of the 30,000 poles that we're inspecting. And, Commissioner Carter, we are ahead of schedule on our pole inspection plan.

Next slide, please. Disaster planning, response and recovery. Verizon is a corporation with substantial experience in disaster preparedness, response procedures and best practices. Verizon establishes and maintains systemwide plans regarding continuity of operations and continuity of management together with emergency operation centers, alerting lists and

alternate temporary locations necessary to facilitate the installation, maintenance and restoration of critical telecommunications or information services under conditions ranging from local emergencies to widespread disaster.

Service protection and restoration strategies are an integral part of Verizon's network management and operations. Our network personnel have the ability to reroute traffic dynamically over Verizon's networks to address outages at a specific location. Verizon also maintains a 24-hour network operation center that monitors all network facilities including transmission facilities, switches and cell sites across Verizon's networks.

In 2004, Verizon Florida, our response Region Control Center requested approximately 100 additional generators than what we already had in Florida's operations lineup, and our corporate EOC delivered them to Tampa in less than 24 hours from as far away as Dallas, Boston and Indiana. We also brought in additional construction crews from North Carolina and New Jersey. That was the last real major test we've had of our hurricane preparedness and restoration plans. We were lucky in 2005 that nothing came through the Tampa Bay region, and even more luckier last year.

Additionally, I just wanted to mention that Verizon protects its cell site operations in many of the same ways, and we also use portable cell sites and cell on light trucks, which

are fully functional generator-powered cell sites that can be deployed to areas affected by weather-related or other disaster. In fact, we've been working with the U.S. Forestry Department in the recent forest fires here in North Florida and other parts of the state to actually move in cell sites for them to use for emergency communications. So we are very able and willing to do those types of things.

Next slide, please. Following a weather event or other disaster, Verizon dispatches its work source -- work force by preassigned grid after it has been determined by an appropriate county emergency operations center that it's safe to start assessments. Damage assessments are done a grid basis, are recorded on laptops and transmitted in near real time to Verizon's regional control center. After assessments are completed, teams of technicians are dispatched to repair damage and restore service in affected grids.

We have worked very closely with our county EOCs in training, in tabletop exercises, as well as working with them to locate facilities for crews to be as close to restoration facilities as possible. Like we saw with the AT&T slides, there are BellSouth cities. We have the same types of crew facilities set up. We have multiple generator facilities as well ready to go waiting in safe areas to dispatch to the Tampa Bay region.

And finally, I'll just show you the last slide, this

is what the grid system would look like at a very microlevel. This would be a two and a half mile square section of Tampa, and we can pinpoint exactly where those outages are and, depending on the color code, what the status of the outage is. And you can actually click on those and it would give you all the trouble ticket information for each one of those dots. That's an example of our grid process.

And I'd just like to say in closing that in the event that there is a weather or storm event in Tampa, we are prepared, we are tested, we are ready, and we believe our facilities should be able to withstand as much as we can stand.

CHAIRMAN EDGAR: Thank you, Mr. Christian.

Commissioners, any questions for Verizon? None?

Commissioner Carter.

COMMISSIONER CARTER: Thank you. Thank you, Madam Chair. I just wanted to ask in the context of the status of completion of your build-out in Tampa, how far are you guys along in the completion of that?

MR. CHRISTIAN: We are scheduled to pass 1.3 million households like we showed on Slide 3 by 2010. And that should, that's Phase 1. That will pass 1.3 of the projected 1.7 million homes in our territory. At that point we would probably reevaluate and assess and check our capital and see where we go from there.

COMMISSIONER CARTER: Thank you, Madam Chair.

CHAIRMAN EDGAR: Are there questions from staff?

MR. VINSON: One question.

Mr. Christian, you mentioned the 2,200 poles that have been identified for replacement. Do you know about where you are on the number of those that have been replaced?

MR. CHRISTIAN: Let me see if that email has come through.

MR. VINSON: That's fresh information.

MR. CHRISTIAN: I do not have that right now, but we'll provide you with that.

MR. VINSON: Okay. Thank you.

MR. CHRISTIAN: Our operations folks -- real time information.

MR. VINSON: Do you have a signal?

MR. CHRISTIAN: Yes. We have a repeater in this building, Verizon Wireless.

CHAIRMAN EDGAR: That goes into the always prepared category, I think.

Okay. No further questions.

Mr. Christian, thank you.

MR. CHRISTIAN: Thank you.

CHAIRMAN EDGAR: And for the overworn phrase "last but not least," the last presentation that we have on our agenda today is from Embarq Florida with Ms. Sandy Khazraee.

MS. KHAZRAEE: Very good. Thank you, Commissioner,

and good afternoon, Commissioners. I'm Sandy Khazraee. I'm the Regulatory Manager for Embarq. And although I'm not quite as old as Mr. Tubaugh, this month marks my 30th year in telecom, and in that time I've worked in three different companies. I'm not counting United to Sprint to Embarq. I mean, really three different companies in three different parts of the United States, and I worked in the network organization in all three companies as outside plant engineer and long range network planner. And what I can tell you is no matter how different the companies work, the network was basically the same. It's a very complex network but it's very robust. It's built that way. But inevitably because exposed facilities are required to get between the customer's home or business to our central office switching equipment, they are going to be exposed to the effects of severe weather. And we can't completely mitigate that, we can't take it away, but we have certainly learned over the years how to prepare for it and then how to respond to it after the fact. Because the networks are so much similar, a lot of what I could say would be very similar to what AT&T and Verizon have just told you, so I'm going to try and be brief.

Our efforts at network hardening are ongoing. We have implemented the pole inspection plan as ordered by the Commission, and we were the last ILEC to actually have our plan approved and to begin, and we did find the same thing that Gulf

Power did. We found some resource issues, because we were kind of the last in line to need to find contractors to do our pole inspections for us, it took us a while to find some, but we did. We have a very good contracting firm now that has been working on them. We've currently got about a thousand of our poles inspected since the beginning of the year. I think that's about 700 more than what we had in March when we turned our report in to staff. So they are making very good progress. When we are finding poles that have failed, we are replacing them. We are not remediating in any way, we are replacing. If we are finding poles that we think are marginal and yet they haven't failed, then we are putting them back in the cycle and will be looked at in two years, not in eight. So that's what we're doing with the ones that are marginal. And I just want to say that out of our feeder and distribution plant, 94 percent of it is below ground. Only 6 percent of our feeder and distribution is aerial. So we're not talking about a large part of our network that's at risk even if, you know, we did have bad poles.

As we inspect the poles, we are placing, we are determining what the GSI coordinates are of that pole and we're downloading that into our engineering work order system so that in the future, if there is a severe storm event and street signs have been blown down, identifying landmarks are gone, we can find the poles if we need to get out there. So that's one

thing that we did institute as a result of the storms from 2004 and 2005.

We've done some others things as a result of lessons learned from the previous hurricanes. We've instituted some engineering design changes, we've replaced some of our damaged outside plant facilities with some that would be less susceptible to storm. As some examples, digital loop carriers, those cabinets that are out in the field that actually have switching equipment line cards in them, if those were damaged from storm surge, from flooding water, from whatever, we have, as we replace them, put them at higher elevation, if possible, or we've put them on steel platforms. The cross boxes, which are normally the taller devices standing next to the digital loop carriers, which is where our feeder and our distribution cable come together, we have learned if we've had to replace those to use lower profile so that they are not as likely to catch the wind. Those lower profile cabinets are 24 inches shorter than the ones that we had previously used.

We have also replaced aerial cable that was damaged in the previous hurricanes with buried. We have in some cases where the buried cable was washed out by storm surge been able to replace it on the side of the road that's farther away from the storm surge. At least one digital loop carrier device that we replaced, not only did we put it at a higher elevation, but we also built an angled wall in front of it so that as the

water hit that, it would divert the water away from our digital loop carrier. So we've learned a lot of very practical lessons like that.

We have also put locator disks in the terminals that we have determined are likely to be buried by beach sand in the event of storm surge so that we can find them. It's really hard to find terminals that have been completely covered and all you can see are just, you know, miles of sand there where there used to be a road, there used to be other things. Even in cases where we have, like in the Fort Walton district, homes and town homes that were built up on stilts and we had our NID down at the bottom, our network interface device, which is where, that's the demark between what's our facilities and what's the customer's inside wire, we found that those sometimes got washed away in the storm surge. So as we've replaced them, we've put them up much higher on their homes so that they will not be as likely to be washed away in the next storm surge.

Another thing we did is we replaced batteries in digital loop carriers because the largest part of our outages are really caused by long-term commercial power outage. So we went through and retrofitted batteries in our digital loop carriers out in the field, we've done over 100 of them last year, with batteries that had a longer shelf life, more reliability.

Next slide. We have a disaster preparedness plan and we are always ready to implement it. In fact, this past Monday was our interdepartmental call company-wide to go through the checklist, make sure that each department knew what its responsibilities were, that everything was in place, that there were no lingering questions or issues that needed to be handled. We have coordinated with other utilities and with governments through our presence at the EOCs. What we do ahead of time is we make sure that any district EOC, any county EOC knows who our person is that they need to be in contact with and what their contact numbers are. We man the EOCs as requested by the local authorities. And we have our own emergency operations center that we set up in advance of a storm that our employees know the bridge number so that they can call in and get information. And we have done some other things through that disaster preparedness, which includes making sure that all of our portable generators that we own are fully fueled, they're staged in a correct location, they are secured because they do unfortunately have a way of disappearing. We have -- we make arrangements ahead of time to have additional portable generators brought in. We have, you know, a 17-state territory and we have other areas that we can call on to get generators sent down to us, and it can happen in a very quick time frame. So we do all of that as part of our disaster preparedness.

We have Embarq's logistics warehouse notified in the event of a forecasted storm coming so that they can be prepared with what type of equipment we might need, if it would be additional poles, cables, terminals, things that we know typically may need to be replaced after a storm. We tell them we may be giving you a large order, please get it together, and they do and they have it ready to send to us as soon as we need it.

We make sure that the fuel levels in all of our permanent generators are fully stocked. We make sure that all of our company vehicles are parked in a safe location, fully fueled, have the tools in them and ready to go. And we do a visual inspection around our buildings to make sure that there are no objects which could become airborne and cause damage. So we make sure we have everything secured.

Our post storm recovery, we have, again, as part of this disaster preparedness plan all of the items that are to be done after the storm as well. We have a rapid response team that can be activated. This is a team of preselected highly qualified technicians who know that they will be called on in the event of storm restoration needs to go to the effected areas to be able to report there within eight to 12 hours with vehicles that are completely stocked with all the tools that they will need, and they know who they need to be in touch with in order to be told where specifically they're supposed to go.

And we may be getting these technicians from other parts of our Florida territory, we may be borrowing from mid-Atlantic, Ohio, Illinois, wherever we need to get them from.

We also have area survey teams that know what they're supposed to do and are sent out to canvass the areas as soon as it's safe for them to do so. They have forms that they fill out and they report back at a minimum every 30 minutes to our district emergency coordination center on what they're finding, where the damage is, what it is, what's going to need to be done to fix it, and that way we can keep a real time communication to our customers and our employees on what's going on.

We also have a list of prioritized circuits that are included in the disaster preparedness plan. And so as soon as the post storm recovery begins, the prioritized circuits are the ones that are restored first. Those may be circuits to emergency responders, hospitals, power company facilities, because that's one thing we did learn from the others is that the power companies need communication so that they can get their restoration efforts underway. So, you know, that's one thing we learned. And we do begin working on those prioritized circuits first. Those also include circuits to cell phone towers because, as we know, a lot of people rely on their cell phones for service immediately following any sort of a severe weather instance.

That concludes my prepared presentation. If you have any questions, I'd be happy to answer them.

CHAIRMAN EDGAR: Thank you.

Commissioners, any questions?

Commissioner McMurrian.

COMMISSIONER McMURRIAN: Ms. Khazraee, do I remember correctly, do you also, does your company also use the Resistograph technology for pole inspections?

MS. KHAZRAEE: Yes, as a matter of fact, we do. And actually I meant to mention that, so thanks for asking. We do, and we have been very delighted with the results. In the early stages we had some supervisors and managers who weren't quite sure whether they were sold on the device or not, and so we actually did a blind audit and had them come out there and just, you know, choose a pole, any pole, and had our contractor that's doing the testing there do it and actually did the drilling and showed them the results and made a believer out of them. So we've been very pleased.

COMMISSIONER McMURRIAN: One follow-up on that. Do you think it's actually saving your company money to use that technology rather than another method or more traditional methods?

MS. KHAZRAEE: I don't know. You know, that's a question I'd have to look into. Because what we actually did is we hired a contract firm that's actually doing our pole

inspections, and we made it part of our RFP that they would have to use the Resistograph. And so, you know, I don't really have anything to compare it to, I guess.

CHAIRMAN EDGAR: Commissioners?

Are there questions from staff?

MR. VINSON: Just one question.

Ms. Khazraee, you mentioned that you had begun, even though you were the last of the companies approved, with your plan.

MS. KHAZRAEE: Right.

MR. VINSON: What's your status right now on the poles that you have identified that need to be replaced?

MS. KHAZRAEE: Okay. We are replacing them as we're finding them. And so far out of all the ones that we have found that needed to be replaced, within the next couple of weeks that should all, they should all be replaced.

MR. VINSON: Okay. Thank you.

MS. KHAZRAEE: Sure.

CHAIRMAN EDGAR: Thank you, Ms. Khazraee.

Commissioners, as I mentioned, this is our last presentation that is on our agenda. So we have worked our way through it and have received a lot of information. I hope you found it educational. I know I have. I know we're all hoping for a quiet hurricane season, but it is certainly good to hear the things that the companies in this state, the municipals and

the co-ops are all doing to continue our joint efforts to continue a culture of preparedness.

Commissioners, any closing comments?

Commissioner McMurrian.

COMMISSIONER McMURRIAN: I had a question, and I guess this would be to staff. I don't know. I can't remember from last year if we had any kind of follow-up comments filed or anything like that, but I -- Mary Anne was -- maybe I should wait for that answer before I go on.

MR. McNULTY: I'll just mention that we had several questions from Commissioners and staff that various utilities were going to follow up on. And so to that extent, we will be providing that information to you, Commissioners, in an assembled way within the next few weeks or however long it takes to collect that information from the utilities. And I believe these presentations, the plan now is to put these presentations available on the PSC website and we'll be working towards that as well. And that's the two follow-ups that I can see as to what we're doing at this time.

COMMISSIONER McMURRIAN: Okay. I was thinking along the lines of if companies heard from other presenters today and they got good ideas, sort of along the lines of best practices and they wanted to share with us that they were going to look into some other method of addressing storm preparedness, that we'd like that kind of information. But I'm not trying to set

up a comment schedule or anything like that. But if there's additional information or if you saw a way that one company presented its information and you have similar information, I think that would be helpful, so.

CHAIRMAN EDGAR: Thank you.

Commissioners, anything else? Okay. Then thank you once again to all of our presenters, and we are adjourned for the day.

(Workshop adjourned at 3:04 p.m.)

STATE OF FLORIDA)

: CERTIFICATE OF REPORTERS

COUNTY OF LEON)

WE, JANE FAUROT, RPR, and LINDA BOLES, RPR, CRR, Official Commission Reporters, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that we stenographically reported the said proceedings; that the same has been transcribed under our direct supervision; and that this transcript constitutes a true transcription of our notes of said proceedings.

WE FURTHER CERTIFY that we are not a relative, employee, attorney or counsel of any of the parties, nor are we a relative or employee of any of the parties' attorneys or counsel connected with the action, nor are we financially interested in the action.

DATED THIS 4th DAY OF JUNE, 2007.

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