

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

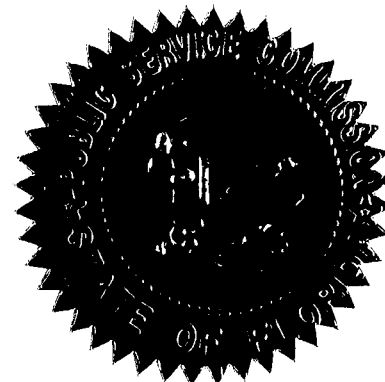
In the Matter of:

REVIEW OF 2007 ELECTRIC INFRASTRUCTURE STORM HARDENING PLAN FILED PURSUANT TO RULE 25-6.0342, F.A.C., SUBMITTED BY TAMPA ELECTRIC COMPANY. DOCKET NO. 070297-EI

REVIEW OF 2007 ELECTRIC INFRASTRUCTURE STORM HARDENING PLAN FILED PURSUANT TO RULE 25-6.0342, F.A.C., SUBMITTED BY PROGRESS ENERGY FLORIDA, INC. DOCKET NO. 070298-EI

REVIEW OF 2007 ELECTRIC INFRASTRUCTURE STORM HARDENING PLAN FILED PURSUANT TO RULE 25-6.0342, F.A.C., SUBMITTED BY GULF POWER COMPANY. DOCKET NO. 070299-EI

REVIEW OF 2007 ELECTRIC INFRASTRUCTURE STORM HARDENING PLAN FILED PURSUANT TO RULE 25-6.0342, F.A.C., SUBMITTED BY FLORIDA POWER & LIGHT COMPANY. DOCKET NO. 070301-EI



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PROCEEDINGS: AGENDA CONFERENCE
ITEM NO. 9

DOCUMENT NUMBER-DATE

FLORIDA PUBLIC SERVICE COMMISSION 0835 DEC 11 5

FPSC-COMMISSION CLERK

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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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DATE:

Tuesday, December 4, 2007

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PLACE:

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

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REPORTED BY:

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1 PARTICIPATING:

2 MICHAEL COOKE, FPSC General Counsel, KEINO
3 YOUNG, ESQUIRE, KATHY LEWIS, CARL VINSON, and JIM BREMAN,
4 representing the Florida Public Service Commission Staff.

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CHAIRMAN EDGAR: Okay. We are on Item 9.

MR. YOUNG: Keino Young, Legal Staff. Item 9 is staff's post-hearing recommendation to approve the storm hardening plans filed by Gulf Power and Florida Power and Light because they meet -- because the plans meet the requirements of Rule 25-6.0342 of Florida Administrative Code.

The first issue --

CHAIRMAN EDGAR: Keino, I'm sorry, we're having difficulty in hearing. I'm going to give Chris a moment to maybe adjust your sound.

Okay. And we're going to ask you to begin from the beginning, please.

MR. YOUNG: Is this better?

CHAIRMAN EDGAR: Back up. Okay.

MR. YOUNG: Is this better? All right.

Item 9 is staff's post-hearing recommendation to approve the storm hardening plans filed by Gulf Power and Florida Power and Light because they meet the requirements of Rule 25-6.0342 of the Florida Administrative Code.

The first issue, Issue 27A in Item 9 is staff's recommendation to grant Gulf's unopposed motion to reopen the record for the limited purpose of including Gulf's amended storm hardening plan which was filed in a docket filed on August 15th, 2007.

1 If the motion is granted, staff asks that the amended
2 plan be identified as Exhibit Number 54 and entered into the
3 record. Oral argument was not requested.

4 CHAIRMAN EDGAR: Commissioners, my thinking is that
5 we should go ahead and address Issue 27A, and then we can go
6 into the remaining either by plan, or altogether, depending on
7 your preference. And so with that, are there any questions for
8 staff on Issue 27A, which is the procedural issue to go ahead
9 and enter a document into the record as there was some question
10 as to whether procedurally that occurred. Any questions about
11 that item?

12 Seeing none, okay, is there a motion for the staff
13 recommendation on Issue 27A.

14 COMMISSIONER SKOP: So moved.

15 COMMISSIONER CARTER: Second.

16 CHAIRMAN EDGAR: Thank you. All in favor say aye.

17 (Unanimous affirmative vote.)

18 CHAIRMAN EDGAR: Opposed?

19 Show Issue 27A adopted.

20 And with that, I will ask our staff to go ahead
21 and -- actually, let's do them individually. Talk to us about
22 the Gulf plan, Issues 28 through 30, 34 through 37, and 39, and
23 let's kind of do a general overview of those together. And
24 then, Commissioners, we can take them up either as a group or
25 individually, if there are questions or a discussion. And, of

1 course, I note that this is a post-hearing discussion limited
2 to staff and Commissioners.

3 Oh, excuse me. Commissioner Carter.

4 COMMISSIONER CARTER: If it's okay with you, may I
5 make a couple of comments before we get into the individual
6 perspective on each one of them?

7 CHAIRMAN EDGAR: You may.

8 COMMISSIONER CARTER: Thank you so kindly.

9 I wanted to just say that this process that we are on
10 here, begun sometime ago where we started with asking all the
11 electric utilities in Florida to provide the annual hurricane
12 preparedness briefings, I think that is substantial in that
13 that was something we kind of made a major step on.

14 And within those parameters I just wanted, just for
15 my own edification, or maybe remind some people, but just to
16 say it for myself about the ten points -- the ten initiatives
17 on the storm preparedness is that in the last couple of cycles
18 we haven't had any hurricanes, per se, but there is no reason
19 to lose our vigilance. And we can just be blessed because of
20 these miracles of not having storms.

21 But I wanted to just kind of reiterate that,
22 Commissioners, that's on Page 3 of your cases, and just the ten
23 points in terms of our ten initiatives was a three-year
24 vegetation management cycle for distribution circuits; an audit
25 of joint use attachment agreements; a six-year transmission

1 structure inspection program; hardening of existing
2 transmission structures; a transmission and distribution
3 geographic information system; post-storm data collection and
4 forensic analysis; collection of detailed outage data
5 differentiating between the real liability performance of
6 overhead and underground systems; increased utility
7 coordination with local governments, including the Emergency
8 Operations Centers, our first responders, firefighters and
9 police officers; collaborative research on effects of hurricane
10 winds and storm surge, and a national disaster preparedness
11 recovery program. I think those are very significant
12 perspectives and kind of sets the tone and puts Florida in a
13 league well beyond a lot of other states in terms of how they
14 are dealing with natural disasters and experiences.

15 My heart goes out for the people out in California
16 who have experienced the fires this year. And some of our
17 neighbors up in the northwest with the floods that they are
18 having even as we speak here.

19 But I think these are phenomenal best practices that
20 we can pass on to our colleagues in others states, they can use
21 this as a way to have the industry know up front what is
22 expected of them, and also have all of the disparate
23 stakeholders, the public, the ratepayers, the public counsels
24 and all the various and sundry local governments and all.

25 I just wanted to say that, Madam Chairman, because I

1 think that this whole case -- these multiple dockets, rather,
2 within this case here kind of brings it home in terms of this
3 new environment that we're operating under.

4 Thank you for your indulgence.

5 CHAIRMAN EDGAR: Thank you.

6 Commissioner Skop.

7 COMMISSIONER SKOP: Thank you, Madam Chair. Again,
8 also, on the heels of Commissioner Carter's comments, we would
9 also like to commend staff for their excellent work on this and
10 putting this issue together. I guess the issues within the
11 issues, as Tom Ballinger used to say, and the numerous
12 contentious issues that were all, for the most part,
13 successfully resolved in the proceeding I think made this all
14 come together nicely. So I'm looking forward to seeing these
15 plans implemented and, hopefully, the hardening initiatives
16 will pay great benefits on a forward-going basis.

17 Thank you.

18 MS. LEWIS: Chairman Edgar.

19 CHAIRMAN EDGAR: Yes, ma'am.

20 MS. LEWIS: With your permission, I do have some
21 brief opening remarks.

22 CHAIRMAN EDGAR: Absolutely. I was looking forward
23 to them.

24 MS. LEWIS: As Mr. Young said, Item 9 is staff's
25 post-hearing recommendation to approve the storm hardening

1 plans filed by Gulf Power and Florida Power and Light because
2 the plans meet the requirements of Rule 25-6.0342, Florida
3 Administrative Code.

4 The plans of Progress Energy and Tampa Electric were
5 approved at the hearing that was held October 3rd and 4th of
6 2007. Florida Public Utility Company's plan is being addressed
7 in the company's rate case docket.

8 Several issues regarding aspects of Gulf Power and
9 Florida Power and Light's plans were stipulated at the hearing.
10 Staff's recommendation, therefore, addresses the outstanding
11 issues.

12 As Commissioner Carter has referenced, the utility
13 storm hardening plans are just one element of the multi-faceted
14 approach the Commission has taken to strengthen Florida's
15 electric infrastructure to better withstand the impacts of
16 severe weather. Rule 25-6.0342, which became effective in
17 February of this year, requires each investor-owned utility to
18 file for the Commission's review and approval a detailed storm
19 hardening plan and to update it at least every three years.
20 May of this year is the first time that the IOUs have filed
21 their plans.

22 Prospectively, staff expects the utilities will
23 modify their plans to reflect lessons learned based on future
24 experience. Cost and benefits estimates of implementing storm
25 hardening plans will almost certainly change as methods

1 developed are implemented and tested through actual storm
2 events. It should be noted that even the best storm hardening
3 plans will not eliminate all storm-related outages.

4 The issues that remain for your decision today in the
5 Gulf docket are Issues 28, 29, 30, 34, 35, 36, 37 and 39.
6 These issues are unresolved because the Panama City Beach
7 Community Redevelopment Agency and the Municipal Undergrounding
8 Utilities Consortium believe that Gulf should be pursuing more
9 undergrounding.

10 And in the case of Florida Power and Light, the
11 issues that remain for your decision today are Issues 41, 42,
12 43, 44, 46, 47, 48, 49, 50, and 52. And these issues are
13 unresolved because the Florida Cable Telecommunications
14 Association opposes Florida Power and Light's plan to implement
15 the extreme wind loading standards.

16 And staff is ready to answer your questions.

17 CHAIRMAN EDGAR: Thank you, Ms. Lewis.

18 Commissioners, questions for our staff or comments?

19 No questions.

20 Oh, I thought you said no. Commissioner McMurrin.

21 COMMISSIONER McMURRIAN: I did, because actually it's
22 with respect to Issue 53, or I think that is, maybe, the
23 appropriate place to bring it up, but I'll just go ahead and --

24 CHAIRMAN EDGAR: Close the docket issue? (Laughter.)

25 COMMISSIONER McMURRIAN: The close the docket issue.

1 CHAIRMAN EDGAR: Okay. Let's jump right to Issue 53.

2 COMMISSIONER McMURRIAN: That was my hesitancy. I
3 had a couple of procedural things I wanted to bring up, and I
4 thought that may be the best place to bring that up.

5 CHAIRMAN EDGAR: Okay. I have no idea what you are
6 about to say, obviously. But even though I just recognized
7 you, let me maybe go back for a little bit, if I may.

8 COMMISSIONER McMURRIAN: Okay.

9 CHAIRMAN EDGAR: Thank you.

10 A question on Issues 34 and 35, and maybe that will
11 tie in, maybe not. But in just sort of a chronology type of
12 thing, let's go ahead and see if we can address that. In Issue
13 34 and in Issue 35 with the way the issue is being framed on
14 both is, is there a detailed description of certain information
15 included. And then with the issue statement or position of the
16 parties raised by Panama City Beach, in particular where they
17 say, no, there isn't a detailed description, and that certainly
18 seems to be something that is, perhaps, a little more black and
19 white than maybe some things that we deal with that are more
20 subjective. And so since it does say in the write-up that
21 there is -- you know, that that information is available, but
22 is not part of the plan, I'm not sure I understand the logic of
23 if it's available not including it in the plan if, indeed, at
24 least one party thinks that that would be useful or reasonable,
25 and so if you could just speak to that for me.

1 MS. LEWIS: I didn't hear the very last part of what
2 you said.

3 CHAIRMAN EDGAR: Okay. Well, I will try to back up.
4 So if that information is available, and at least one party and
5 then maybe other interested parties would find that information
6 useful if, indeed, it's part of the plan, why are we not
7 recommending that that be incorporated into the plan?

8 MS. LEWIS: I guess there's no reason it could not be
9 included in the plan. We noted, I think, in our staff analysis
10 that Gulf had offered to provide more detailed descriptions,
11 and it was available, but I don't know if there would be any
12 objection to including it.

13 CHAIRMAN EDGAR: It just seemed like if it's
14 available and there is -- if it's available and someone, others
15 have asked for -- have expressed the position that it would be
16 useful rather than requiring that additional step. And I don't
17 mean to make a big issue about something that may not be a big
18 issue.

19 Mr. Breman.

20 MR. VINSON: Commissioner, Carl Vinson for staff. A
21 key element of these dockets was the stipulation of what's
22 called the process to engage third-party attachers, and that
23 allowed a process for information exchange, as you will recall,
24 and I believe that that information could be exchanged via that
25 mechanism. That's one thing to point out.

1 Also, we weren't given very much elaboration by
2 Panama City Beach on their opposition on those grounds. Where
3 on Issue 35 we say, no, that was their entire statement in
4 their brief.

5 CHAIRMAN EDGAR: I guess I didn't read it, and I'm
6 not trying to get all wound around in semantics. I didn't read
7 it necessarily as opposition as more of a description, you
8 know, is a detailed description included? No.

9 MR. BREMAN: If I --

10 CHAIRMAN EDGAR: You certainly have better insight
11 into that.

12 Yes.

13 MR. BREMAN: My name is Jim Breman. I'm also
14 technical staff.

15 Detail is in the eye of the beholder, Commissioner,
16 and that might be one of the problems. There is no standard.
17 It's simply did the company comply with the intent of the rule?
18 Staff is recommending that it did because the company provided
19 a list, an itemized list, of the activities, and I believe we
20 included that in the table. And that's on Page 18. So we know
21 the scope of the special activities that Gulf Power Company is
22 implementing.

23 In addition, Gulf Power's plan, as amended, includes
24 a map with little stars on it indicating the geographic
25 location of where these projects are. So what staff is

1 suggesting to you is that the degree of information that any
2 particular municipality may want can increase. And the
3 standard of review is consistent with the previous docket that
4 we were talking about, the ten initiatives. Is the company
5 being responsive to communication with the municipalities that
6 it serves. So we saw no evidence that information was
7 deliberately withheld. In fact, Gulf Power, and to jump to the
8 other docket, FPL, were responsive to requests. We want more
9 detail, more data. So when more data was necessary for a
10 particular party's needs, that data is being provided.

11 So consistent with all of your decisions, the company
12 has demonstrated responsiveness. And the big question with
13 respect to the plan is, is the plan sufficient to maintain
14 dialogue, and we're recommending that it is sufficient to meet
15 those requirements.

16 CHAIRMAN EDGAR: Mr. Breman, I appreciate your
17 comments and understand them. It's just in the way Issue 34
18 and Issue 35 is framed, it doesn't address opposition or degree
19 of cooperation. It just says does the plan provide a detailed
20 description. And I recognize that the position of some parties
21 is yes, and the recommendation of staff is yes. But, again,
22 with the recognition that one party said no, but yet it says
23 that more detailed information is available, so I guess, again,
24 not to get wound around in semantics, but in your response,
25 which I appreciate, it just seems to me that you brought in

1 other issues that are not necessarily from my much more literal
2 reading a part of these two issues.

3 MR. BREMAN: And you can also explore the potential,
4 not being a lawyer, but the potential of trying to keep open an
5 argument with respect to undergrounding. Because in this case
6 the intervenors that are opposed to the plan want more
7 information on undergrounding. So there is a consistent theme
8 throughout all of their positions and all the plans, they want
9 more information on undergrounding. So I think that --

10 CHAIRMAN EDGAR: I think we all do.

11 MR. BREMAN: I think that threat of information is
12 there. So that theme is underlying, so you combine all of that
13 together.

14 CHAIRMAN EDGAR: Thank you.

15 Commissioners, any other questions or comments? No.
16 Okay.

17 Commissioner McMurrian. Thank you.

18 COMMISSIONER McMURRIAN: Thank you. I'm sorry to
19 jump ahead, I just wasn't sure if anyone had any other
20 questions on the other issues.

21 Again, there was just a couple of procedural things I
22 wanted to bring up and see what the other's responses were.
23 But on the close the docket issue, it seems to -- if you just
24 read what is there it seems to close the FPL docket and the
25 Gulf docket, but it doesn't really mention the TECO and the

1 Progress dockets, which the Commission at the hearing had
2 approved the stipulations. And I just can't recall if we
3 actually closed those dockets at that time or not, but I just
4 wanted to clarify that our vote today would close those if we
5 hadn't already.

6 And, also, to talk about when the next storm
7 hardening plans would be filed. I think that in our briefing
8 we had some discussion about when would the next plans be
9 filed, and I think the rule is clear that it would be in three
10 years, but I thought it may not hurt to go ahead and include,
11 perhaps, in the recommendation of the close the docket issue an
12 actual date. And perhaps something like by May 1st. I think
13 they were filed around May 7th, I think, of 2007, so three
14 years from that would around May 1. That may be a good date to
15 throw out.

16 So what I was proposing is that when we get to Issue
17 53, or at least voting on Issue 53 to perhaps -- and I have
18 some wording, but to perhaps throw in those two concepts within
19 that recommendation and vote on it that way.

20 CHAIRMAN EDGAR: Mr. Young.

21 MR. YOUNG: Madam Commissioner, Issue 53 is intended
22 to close all the dockets. Being the fact that the Commission
23 voted to approve the TECO and Progress docket, it's also with
24 the vote to approve these dockets, Gulf and FPL, it is
25 essentially closing all the dockets.

1 And as you pointed out, staff is recommending -- the
2 effective date of the rule is February 1st of 2007. And being
3 the fact that the rule requires a plan to be filed every three
4 years, staff is saying that the IOUs must file a plan by May
5 1st of 2010.

6 COMMISSIONER McMURRIAN: Thank you.

7 I think that clarifies it. I think it's because in
8 the recommendation statement it just mentions FPL and Gulf, and
9 I realize that you still could be saying no further action is
10 required because of the action we took with respect to TECO and
11 Progress, but I just wanted to make it absolutely clear in case
12 there is any confusion later that we will be closing all four.

13 And, again, I think the deadline would be good,
14 because I don't think that's addressed specifically here. I
15 don't think we would have a lot of confusion. But I know
16 sometimes in the past when we haven't given an exact date there
17 has been some uncertainty, and it may be just good to sort of
18 nail that down today. But, again, that's a suggestion I throw
19 out. And I would like to hear from my colleagues.

20 Thank you.

21 CHAIRMAN EDGAR: Commissioners.

22 COMMISSIONER CARTER: She's not a lawyer, but she
23 plays one on TV. I think that procedurally that does give a
24 lot of symmetry to what we are trying to accomplish here.
25 Sometimes it seems like inside baseball, but maybe to be more

1 succinct and specific as the Chairman was just talking about
2 some of the thaumaturgy, which is the magical quality of the
3 words, to kind of mean what we say. And, of course, this is
4 consistent with the Governor's plain meaning, plain language to
5 where the grandma in Palatka could understand it. So maybe we
6 should go down that road.

7 So I think the staff -- I'm hopeful you guys got the
8 flavor of what Commissioner McMurrrian is saying, that we could
9 put that in there, so that way -- not saying that lawyers do
10 this, but there may be on one rare occasion that a lawyer would
11 take something that's written and take it out of -- I know it's
12 rare, it may shock you, and take it out of context. But if we
13 were to be succinct and put it there so it will be totally
14 clear and transparent to all parties involved then -- we won't
15 stop them from doing that, but we can make it less likely that
16 they will take our own words and use them against us.

17 COMMISSIONER McMURRIAN: Thank you.

18 CHAIRMAN EDGAR: Commissioner Skop.

19 COMMISSIONER SKOP: Thank you, Madam Chair.

20 If there are no further questions, at the appropriate
21 time I would be willing to make a motion to approve the staff
22 recommendations to -- and, staff, if you guys could check me on
23 this 28, 29, 30, 34, 35, 36, 37, 39, 41, 42, 43, 44, 46, 47,
24 48, 49, 50, and 52, and that would allow us to come back to
25 53 separately.

1 CHAIRMAN EDGAR: Commissioner Skop has made a motion
2 in favor of the staff recommendation for all of the issues that
3 are before us except for Issue 53. Is there a second?

4 There is a second. Any further discussion? Seeing
5 none, all in favor say aye.

6 (Unanimous affirmative vote.)

7 CHAIRMAN EDGAR: Opposed? Show it adopted.

8 Commissioner McMurrin.

9 COMMISSIONER McMURRIAN: I guess the motion would
10 be -- I don't think it needs a whole lot of wordsmithing, but,
11 essentially that on the docket be closed, Issue 53, that the
12 motion would be to say, yes, no further action is required and
13 these dockets should be closed. And if we needed to list the
14 dockets or something, that would be fine. And perhaps adding a
15 sentence, something along the lines of, "In accordance with
16 Rule 25-6.0342, F.A.C., each utility's updated storm hardening
17 plan should be filed by May 1, 2010." Does that -- I'm looking
18 at our general counsel to see if that --

19 MR. COOKE: I think that's excellent. I think that
20 we should name the dockets just to be totally clear.

21 COMMISSIONER McMURRIAN: Okay. So moved.

22 COMMISSIONER CARTER: Second.

23 CHAIRMAN EDGAR: Okay. We have a motion and we have
24 a second. We are on discussion, and I will take advantage of
25 that to make a statement myself, as well. Which is to say,

1 Commissioner Carter, as we opened up this item, you talked
2 briefly about some of the things that we have been doing as a
3 Commission to address some of the issues that were raised
4 during the storms of 2004 and 2005. This is an important piece
5 of that effort. I am just so proud of the work that this
6 Commission has done working hand-in-hand, really, with all the
7 stakeholders and with the industry, that all have stepped up to
8 help us identify ways that we can learn from those experiences
9 and that we can try to continue our effort for a culture of
10 preparedness in a cost-effective manner. And I am very pleased
11 that we were able to take this additional step this year.

12 And with that, all in favor of the motion say aye.

13 (Unanimous affirmative vote.)

14 CHAIRMAN EDGAR: Opposed? Show it adopted.

15 And that is the last item before us. We are
16 adjourned.

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1 STATE OF FLORIDA)

2 : CERTIFICATE OF REPORTER

3 COUNTY OF LEON)

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I, JANE FAUROT, RPR, Chief, Hearing Reporter Services
5 Section, FPSC Division of Commission Clerk, do hereby certify
6 that the foregoing proceeding was heard at the time and place
herein stated.

7

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

10

I FURTHER CERTIFY that I am not a relative, employee,
11 attorney or counsel of any of the parties, nor am I a relative
or employee of any of the parties' attorney or counsel
12 connected with the action, nor am I financially interested in
the action.

13

DATED THIS 11th DAY OF DECEMBER, 2007.

14



15

JANE FAUROT, RPR

16

Official FPSC Hearings Reporter
FPSC Division of Commission Clerk
17 (850) 413-6732

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