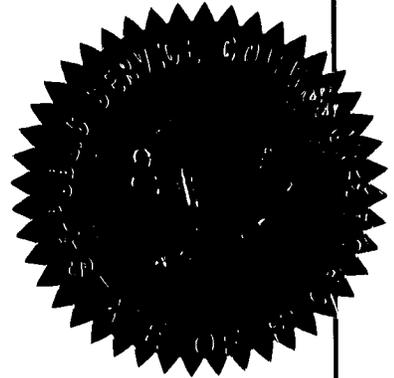


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. UNDOCKETED

In the Matter of

2008 HURRICANE SEASON PREPARATION
BRIEFING BY ELECTRIC UTILITIES
AND THE THREE INCUMBENT LOCAL
EXCHANGE CARRIERS.



PROCEEDINGS: WORKSHOP

BEFORE: CHAIRMAN MATTHEW M. CARTER, II
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER KATRINA J. McMURRIAN
COMMISSIONER NANCY ARGENZIANO
COMMISSIONER NATHAN A. SKOP

DATE: Thursday, May 1, 2008

TIME: Commenced at 9:30 a.m.
Concluded at 1:08 p.m.

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

REPORTED BY: LINDA BOLES, RPR, CRR
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22	LISA BENNETT, ESQUIRE, Commission staff.	
23	KEINO YOUNG, ESQUIRE, Commission staff.	
24	STEVE GARL, Commission staff.	
25		

P R O C E E D I N G S

1
2 CHAIRMAN CARTER: Good morning. I'd like to convene
3 this workshop, and we'll begin by asking staff to read the
4 notice.

5 MS. BENNETT: By notice duly given, this time and
6 place has been set for the Commission workshop regarding 2008
7 hurricane season preparation briefing by electric utilities and
8 the three major incumbent local exchange carriers. The purpose
9 of the workshop is more specifically stated in the notice.

10 CHAIRMAN CARTER: Okay. Let's take appearances.

11 MR. BUTLER: John Butler on behalf of Florida Power &
12 Light Company. I have Richard Shaheen here, who will be making
13 the presentation for FPL.

14 CHAIRMAN CARTER: Okay. It's just FPL?

15 MS. BENNETT: Lisa Bennett and Keino Young on behalf
16 of staff.

17 CHAIRMAN CARTER: Okay. Let's make a few --
18 Commissioners, I'll make a few opening statements and then ask
19 if any of you have some comments that we'll make before we
20 proceed further.

21 In 2006, the Florida Public Service Commission
22 adopted a multifaceted approach and a response to ensure all
23 utilities' infrastructures will be better able to withstand the
24 impact of hurricanes and implement lessons learned from the
25 '04/'05 seasons. We adopted ten storm hardening initiatives

1 and required investor-owned utilities to file formal storm
2 hardening plans subject to our approval.

3 The initiatives were as follows: First, a three-year
4 vegetation management cycle for distribution lines. Second,
5 audit of joint use attachment agreements. Third, six-year
6 transmission structure inspection program. Fourth, hardening
7 of existing transmission structures. Number five, development
8 of a transmission and distribution Geographic Information
9 System. Number six, post-storm data collection and forensic
10 analysis. Number seven, detailed outage data differentiating
11 reliability of overhead and underground facilities. Number
12 eight, increased utility coordination with local governments.
13 Number nine, collaborative research on effects of hurricane
14 winds and storm surge. And finally number ten, a natural
15 disaster preparedness and recovery program.

16 In our July 2007 report to the Legislature we cited
17 our most critical recommendation that Florida maintain a high
18 level of storm preparation. The annual hurricane season
19 preparation workshop provides utilities and local exchange
20 companies a forum to advise us of their individual hurricane
21 season preparation activities. This is the third year that
22 we've done this.

23 The hurricane forecasting experts at Colorado State
24 University updated their forecast for the '08 hurricane season
25 last month. Their report tells us to expect a "well above

1 average" hurricane season. Specifically, they expect 15 named
2 storms in the Atlantic Basin, including the Gulf of Mexico,
3 with eight reaching hurricane status and four of the eight
4 growing to Category 3, 4 or 5 in intensity.

5 Historically we have seen that the single greatest
6 detriment to hurricane preparation is time, specifically time
7 since the last hurricane. We all know memories fade with time,
8 specifically the lag time between each hurricane that makes
9 landfall in the State of Florida. As a Commission we must
10 remain diligent. We cannot allow the lag time between
11 hurricanes that make landfall keep us from protecting the
12 consumers of our great state. Therefore, we ask each of our
13 presenters to candidly address the status of their company's
14 preparation for the '08 hurricane season. Please include the
15 status of work achieved to protect facilities to date, work in
16 progress and work to be accomplished in the near future, and
17 areas of concern or areas of vulnerability.

18 It's understood that while the electric utilities own
19 the vast majority of the electric transmission and distribution
20 infrastructure in the state, local exchange companies own many
21 of the poles upon which the electric utility infrastructure is
22 placed.

23 Commissioners, at this point in time I would like to
24 open it up for comments that any of you may have.

25 Commissioners? Commissioner Edgar, you're

1 recognized.

2 COMMISSIONER EDGAR: Thank you, Mr. Chairman. And I
3 appreciate very much your comments and your overview of some of
4 the things that we've done here as a Commission over the past
5 few years to discuss and to address some of these issues.

6 I remember my first two years as Commissioner in
7 '05 and '06 when we would travel to customer meetings, no
8 matter what the topic, and also when I would meet with
9 legislators or local governmental officials, no matter what the
10 official topic, the issue of hurricane response, hurricane
11 preparedness and hurricane cost recovery was always one of the
12 central issues that would come up. And we had so many just
13 excellent discussions with local residents, with local
14 government officials, with the industry representatives over
15 the past few years. And I appreciate very much your overview
16 as to kind of what has brought us here today, and I'm looking
17 forward to hearing more about what our excellent utilities have
18 done in the past year.

19 You know, this Commission took on the Governor's at
20 the time direction to all of us to embrace a culture of
21 preparedness and to take to heart lessons learned, and some of
22 what you've described and what we will hear today is the
23 further extension of the Commission and the industry doing just
24 that. And also I know that one of the things that we've talked
25 about and that our utilities have also looked very closely at

1 is that cost-benefit analysis, which I think is a very
2 important component of this issue. So thank you for scheduling
3 this and I look forward to the presentations.

4 CHAIRMAN CARTER: Thank you, Commissioner. Now
5 giving the opportunity for staff. Staff, you're recognized.

6 MR. GARL: Thank you, Mr. Chairman. I'd just make
7 one housekeeping comment. Those of you that would like copies
8 of the presentations that will be given today, paper copies are
9 available over to your left. And there's also a sign-in book
10 over there for the workshop, if you'd be sure to put your names
11 in there and take credit for your attendance.

12 Thank you, Mr. Chairman.

13 CHAIRMAN CARTER: Thank you. Thank you.
14 Commissioners, anything further? Staff, anything further?

15 Okay. Our first presentation will be FP&L. You're
16 recognized -- or FPL.

17 MR. SHAHEEN: Good morning, Commissioners and staff.
18 My name is Richard Shaheen. I'm FPL's Director of
19 Distribution, Engineering and Technical Services. Included in
20 my responsibilities are oversight of FPL's storm restoration
21 and preparedness activities, hardening and pole inspection
22 program. Thank you for allowing me the opportunity today to
23 review FPL's hurricane preparedness plans for the 2008 storm
24 season. My presentation will address activities and results
25 for our distribution and transmission systems.

1 Let me start off by saying FPL is well prepared and
2 we are ready to respond should our communities be faced with
3 hurricane activity this year. Additionally, our continued
4 efforts to improve our systems and processes as well as
5 strengthen our distribution and transmission infrastructure are
6 also better preparing us for future storm seasons as well.

7 2008 preparations. FPL's hurricane preparations are
8 a year-long effort that is concentrated on four key elements.
9 First, we're strengthening our distribution and transmission
10 infrastructure. This is being accomplished through, one, our
11 hardening plans, two, our pole inspection programs and, three,
12 our vegetation management programs, all of which the Commission
13 has recently reviewed and approved.

14 Second, we're preparing our storm organization. We
15 ensure we have the right people in the right roles with the
16 necessary training and knowledge so that they can respond
17 quickly and safely.

18 Third, we continue to improve and refine our already
19 well-tested restoration plan by incorporating lessons learned
20 and utilizing technology.

21 Finally, we continue to look for ways to provide more
22 and better information for our customers. Now allow me to
23 discuss each of these elements in a little more detail.

24 Strengthening the infrastructure for distribution in
25 regards to hardening. Hardening is a key component of our plan

1 to strengthen our systems. For our distribution system FPL is
2 using a three-prong approach. One, we're hardening our
3 critical infrastructure facilities, our CIFs, to extreme wind
4 loading criteria. For example, hardening hospitals,
5 911 centers, police and fire stations.

6 Two, we're incrementally hardening up to and
7 including extreme wind loading what we refer to as our
8 community projects. These are major thoroughfares where key
9 community needs are located like grocery stores, gas stations
10 and pharmacies.

11 And, three, we're utilizing our new design guidelines
12 to construct all new facilities, major planned work, relocation
13 projects and our daily work activities to extreme wind loading
14 criteria.

15 Specific to critical infrastructure facilities or our
16 CIFs we're initially concentrating on infrastructure serving,
17 infrastructure serving acute care facilities throughout our
18 system. In 2007, we hardened 28 acute care facilities and
19 we're planning to harden another 49 in 2008.

20 We're also targeting what we refer to as critical
21 poles. Initially these include poles where our lines cross
22 highways as well as our 01 switch poles, the first poles
23 outside of our substations. These poles are crucial to our
24 overall restoration plan.

25 Also, as you can see, we completed 34 community

1 projects in 2007 and plan to complete another 21 in 2008. For
2 2007, all planned hardening projects are complete, with the
3 exception of one community project feeder which will be
4 complete before June.

5 Finally, as a result of our agreement reached with
6 joint pole owners and other attaching entities during the
7 hardening proceeding we're holding joint predesign and
8 preconstruction meetings for every project to identify and
9 resolve any and all issues raised by any party.

10 Strengthening the infrastructure for transmission in
11 regards to hardening. As far as hardening our transmission
12 system, which is already constructed to extreme wind loading
13 criteria, our 2007 hardening plan focused on two key programs
14 which were identified through our 2004 and 2005 storm seasons
15 lessons learned.

16 First, replacing single pole unguyed wood structures
17 and, second, replacing ceramic post insulators. In 2007, we
18 exceeded our plan on both of these projects, and our plan for
19 2008 is similar to what we planned for in 2007. Additionally
20 in 2008 we're expanding our transmission hardening strategy.
21 We're now upgrading each wood transmission structure in our
22 system to meet current standards. This is a long-term effort.
23 We anticipate that it will take us 25 years to complete this
24 initiative; however, this effort will provide us with an even
25 stronger transmission system than we have today.

1 Strengthening the infrastructure for distribution in
2 regards to pole inspections. 2007 was the first full year of
3 implementation for our eight-year distribution pole inspection
4 program where each wood pole is being tested to make sure that,
5 one, it has the required strength and, two, that it is not
6 overloaded.

7 FPL owns over 1.1 million poles. We completed over
8 140,000 pole inspections, approximately one-eighth of our
9 poles, in 2007 and we expect to do approximately the same for
10 2008. These pole inspections are taking place throughout our
11 entire service territory.

12 We are also successfully working with our joint pole
13 owners, for instance, AT&T, to make sure that all poles with
14 FPL facilities attached, whether owned by FPL or not, are being
15 inspected, repaired or replaced as necessary.

16 Strengthening the infrastructure for transmission in
17 regards to inspections. All of our transmission structures are
18 required to be inspected on a six-year cycle. We have 64,000
19 structures systemwide. In 2007, we inspected over 13,500 of
20 these structures, exceeding the one-sixth per year requirement.
21 For 2008 we will again inspect at least one-sixth of our
22 system.

23 Additionally this year to compliment our distribution
24 hardening and storm preparation efforts, we plan to complete
25 inspections on all 500kV lines and transmission facilities

1 serving critical infrastructure facilities before June 1. And
2 I'm pleased to report that this has already been completed as
3 of today.

4 Strengthening the infrastructure for distribution in
5 regards to vegetation management. Like hardening, vegetation
6 management is a key component in our plan to strengthen the
7 infrastructure. For 2007, we executed and met our plan for the
8 distribution system. We continued to maintain our feeders on a
9 three-year average trim cycle, and in 2007 we began to
10 implement our approved six-year average trim cycle for
11 laterals. We're continuing this initiative in 2008 as well.

12 And consistent with efforts over the last couple of
13 years, we're completing the trimming of all lines serving our
14 top critical infrastructure facilities prior to June 1. Today
15 we're 90 percent complete with this effort and we will be
16 100 percent complete by June 1.

17 Finally, as we all know, no vegetation management
18 program can be effective without the cooperation of our
19 customers. We continue our proactive promotion of our Right
20 Tree Right Place Program with our community leaders to ensure
21 that future planting of trees will avoid conflicts with our
22 lines. We're also seeking their support in trying to remove
23 existing trees that are interfering or endangering our lines as
24 well.

25 Strengthening the infrastructure for transmission in

1 regards to vegetation management. Our vegetation management
2 plan for our transmission right-of-way is very straightforward.
3 Twice a year we inspect all of our transmission right-of-way
4 and we make sure that the required NERC, FERC standard
5 clearances are maintained. This was completed in 2007 and we
6 are on schedule to complete this again in 2008.

7 Preparing the storm organization. Each year we
8 ensure that all storm roles and key personnel are identified
9 and placed into the right roles. We also make sure our
10 training reflects the latest process changes incorporating
11 recent lessons learned and new technologies. We conduct
12 extensive training, including our annual hurricane dry run
13 exercise. This year's exercise will be held one week from
14 today. This is a company-wide exercise that includes our field
15 as well as support personnel. This exercise tests our systems
16 and processes to ensure they're ready. We also typically
17 include a couple of unexpected and unique practice situations
18 that allow us to stress our systems and processes, since it
19 seems each and every storm season brings new and unexpected
20 challenges.

21 We've also now established the roles of our forensic
22 teams within the storm organization. These teams will be
23 responsible for observations and the collection of data
24 associated with damaged infrastructure. This will allow us to
25 better understand how our infrastructure performed and provide

1 valuable lessons for future evaluation and action: For
2 example, hardened versus nonhardened performance.

3 Our restoration plan has one clear objective: To
4 safely restore our community's critical infrastructure
5 functions and needs along with the greatest number of customers
6 in the shortest time possible. For the 2008 storm season all
7 of our resource plans are in place: For example, arrangements
8 for catering, housing and water, all of our staging sites
9 throughout our system are arranged, equipment for these sites,
10 arrangements for foreign utilities through our mutual
11 assistance agreements, arrangements with contract crews and
12 increased material and fuel inventories.

13 We also make refinements in our plan as a result of
14 lessons learned through our own experience, benchmarking storm
15 processes with other utilities as well as technology. For
16 example, to improve our own internal communications network
17 we've added more satellite dishes. Additionally, we've made
18 changes to several of our systems that will enable us to better
19 monitor the progress of restoration work and improve our
20 dispatch operations.

21 And once power is restored our work is still not
22 done. That's when our recovery plans take over. We've refined
23 and improved these plans as well. For example, we've refined
24 our final patrol sweep process to ensure that all
25 infrastructure damage is identified, repaired and returned to

1 pre-storm conditions.

2 After the 2004 and 2005 storm seasons we learned that
3 communicating with our customers and communities can be just as
4 important to them as our restoration efforts. As a result, we
5 meet annually with county emergency managers to identify the
6 critical infrastructure locations within each jurisdiction. We
7 also make certain that we've assigned representatives to
8 support each of the 27 county and seven satellite EOCs located
9 throughout our service territory.

10 We have also developed a dedicated government update
11 website to be utilized for major storm events. This has been
12 customized to provide information that government leaders rely
13 on to assist them with their recovery efforts. This include
14 media alerts and releases, customer outage information and maps
15 specific to their municipality, critical infrastructure
16 facility information, staging site locations, crew work
17 location maps, as well as estimated times of restoration
18 information.

19 Also in 2007, we initiated our community outreach
20 program which sent teams of FPL personnel to address the needs
21 of local community-based organizations, educating them on
22 various topics of interest including service reliability and
23 storm readiness.

24 And finally, the most frequent question asked of us,
25 "When will my power be back on?" In regards to this, we've

1 made improvements to our outage communications system that will
2 allow us to provide even more accurate estimated times of
3 restorations for our customers.

4 Commissioners, we were all asked to address in our
5 presentation any areas of concern or vulnerability. We've
6 identified four items we thought worth mentioning. The first
7 one is that it's likely that our service territory will be
8 affected by a storm or storms before we're able to complete all
9 of our hardening efforts. As you know, we've made significant
10 changes in our construction standards which require certain
11 portions of our systems to be upgraded, and our system is
12 geographically large and diverse. Unfortunately these changes
13 will take a number of years to complete.

14 The other three items include concerns or
15 vulnerabilities that are not new, yet their nature make them
16 difficult to prepare for. These are being affected by multiple
17 storms over a short period of time like we experienced in 2004
18 and 2005, catastrophic storms or Category 5 storms like
19 Hurricane Andrew or Hurricane Katrina that can destroy
20 everything in their path, and the lack of sufficient resources,
21 whether it be materials, equipment and/or personnel. We do
22 what we can to reasonably mitigate these occurrences, but the
23 bottom line is there are certain things that are beyond control
24 and means to prepare for.

25 In summary, FPL is confident that it is well prepared

1 for the 2008 season. Our hardening, vegetation management and
2 pole inspection plans and programs are strengthening our
3 system. Our storm organization is in place, well trained and
4 ready. We have refined our already well-tested restoration
5 plan. And, lastly, we are in position to better communicate
6 with our customers. We, like all of you, are hoping for an
7 inactive hurricane season; however, should hurricanes affect
8 our communities in 2008, FPL is ready to respond. Thank you.

9 CHAIRMAN CARTER: Thank you.

10 Commissioners, any questions? Staff?

11 MR. GARL: Thank you, Mr. Chairman.

12 Mr. Shaheen, you mentioned that FPL will be
13 conducting its exercise next week. In some of the
14 conversations you've had with local governments, counties, I
15 was curious if they, those counties that you serve are inviting
16 you to participate in any exercises that they may have?

17 MR. SHAHEEN: Yes. We keep open dialogue, especially
18 during this preparation time of the season, to where actually
19 some of them visit and participate during our dry run exercise,
20 and we equally are invited and visit some of their exercises as
21 well. So it goes both ways.

22 MR. GARL: Thank you.

23 CHAIRMAN CARTER: Commissioners, any further?

24 Thank you so kindly.

25 MR. SHAHEEN: Thank you.

1 CHAIRMAN CARTER: Next we'll hear from Progress
2 Energy.

3 MR. CUTLIFFE: Good morning.

4 CHAIRMAN CARTER: Good morning.

5 MR. CUTLIFFE: My name is Jason Cutliffe. I'm the
6 Director of Distribution Asset Management with Progress Energy
7 Florida, and my section is responsible for reliability,
8 planning and major storm restoration for the distribution
9 delivery system.

10 I will be referencing some facts and figures that
11 aren't contained in this presentation, and we will make that
12 available to you by the end of the week so you have that
13 information to share.

14 Mr. Chairman, Commissioners, I appreciate the
15 opportunity to report to you today the status of Progress
16 Energy Florida's 2008 hurricane season preparation.

17 In summary, our transmission and distribution systems
18 have been well maintained and thoroughly inspected. Our storm
19 response organization is drilled and prepared and critical
20 labor and material resources have been obtained in advance or
21 secured through commitments from external suppliers. Our T&D
22 delivery infrastructure performed well during the 2004 and 2005
23 hurricane season, and we've improved those systems since that
24 time. We've taken additional aggressive steps to harden our
25 system in conjunction with Public Service Commission

1 initiatives such as the wood pole inspection process, the
2 ongoing ten-point preparedness plan and the hurricane hardening
3 docket.

4 Our hurricane restoration operational plan also
5 performed well in 2004 and 2005. Here too we've made
6 improvements. All lessons learned from storms, drills, other
7 utility experience have been incorporated into our written
8 response plan and is included in our 2008 hurricane drill to be
9 conducted at the end of this month. PEF's organization and T&D
10 delivery system are prepared for the 2008 hurricane season.

11 I would like to comment briefly on a reality made
12 clear in recent storm seasons. Experience demonstrates two
13 things: First, no system, no matter how hardened, can
14 withstand a catastrophic hurricane without damage and extensive
15 service interruptions. Second, multiple hurricane events in
16 the Gulf region have the potential to greatly dilute
17 restoration resources; therefore, everyone, utility operators,
18 emergency response professionals, community leaders and Florida
19 citizens, must be prepared in advance.

20 With that said, I will now discuss the four key
21 components of our annual storm preparedness: Distribution
22 system readiness, transmission system readiness, organizational
23 readiness and local government coordination.

24 Distribution system inspection, maintenance and
25 replacement work is the cornerstone of our overall annual

1 resource plan. Manpower and material needs are identified in
2 the prior year to ensure that work is prioritized, efficiently
3 constructed and completed on schedule. The wood pole plant is
4 on a firm eight-year inspection cycle, and maintenance is in
5 compliance with the Commission's storm preparedness initiative.
6 Inspections are targeted and prioritized. Since this time last
7 year over 96,000 poles have been inspected, over 63,000 have
8 been treated to prevent decay and over 1,100 replaced. Other
9 system maintenance activities include over 530 pad mount
10 transformer replacements and 110,000 circuit feet of hardening
11 pilot projects completed.

12 Our 2008 vegetation management program is on
13 schedule. In addition to production trimming, we will again
14 complete a full survey of all backbone feeder miles prior to
15 June 1. To date, 74 percent of our 3,800 miles of feeder
16 backbone have been surveyed and 92 percent of the identified
17 priority pruning is complete. We've removed over 700 trees,
18 272 overhang limbs, hot spot trimmed over 624 trees, and
19 applied herbicide to nearly 800 miles of right-of-way floor.

20 We have implemented the Public Service Commission's
21 ten-point preparedness plan. A full system audit of joint use
22 attachments was completed in 2007. A GIS upgrade is currently
23 underway, with completion expected in the third quarter of this
24 year. Post-storm forensic data collection teams were
25 established and formed and deployed following tropical storms

1 in 2006 and the devastating tornadoes of February of 2007, and
2 with each deployment the forensics process has been improved.

3 We've increased linkage and engagement with the
4 academic community by sponsoring work through the University of
5 Florida's Public Utility Research Center. As part of this
6 effort, we're currently working with the university staff to
7 assimilate statewide weather station information into our
8 forensics results. And as mentioned earlier, review and update
9 of our written hurricane response plan is complete for 2008.

10 And finally, as described in our storm hardening plan
11 filed last May, we have deployed a comprehensive process to
12 identify, prioritize, measure and analyze storm hardening
13 options within our service territory.

14 Transmission system readiness begins with structure
15 inspections and system maintenance. In 2007, inspections were
16 completed on 159 transmission circuits, which included over
17 13,000 structures. Over 12,000 wood pole structures were
18 inspected and more than 2,400 replaced with steel or concrete
19 in accordance with the NESC extreme wind design. Aerial
20 patrols of all circuits were completed in April of this year
21 and a second pass will be completed in July. Inspections have
22 also been completed on all of our 461 substations, and critical
23 follow-up work identified in those inspections has been
24 completed.

25 2008 transmission vegetation management work is also

1 on schedule. Since this time last year over 800 circuit miles
2 have been trimmed or cleared, including removal of over 25,000
3 danger trees. And here again the PSC ten-point storm
4 preparedness plan and storm hardening rule have been
5 implemented, including GIS capability, post-storm forensic data
6 collection, PSC-initiated inspection cycles, and, most notably,
7 the hardening of transmission structures continues through wood
8 pole replacement with steel or concrete assets.

9 The annual storm plan review and update process is
10 complete for the 2008 season. New this year was enhancement of
11 proactive communication to critical care customers. Prior to a
12 hurricane making landfall, customers identified as having a
13 critical care need will receive a phone call from Progress
14 Energy Florida agents with information concerning preparation
15 for the incoming storm. The information will include locations
16 of area shelters equipped to provide critical care assistance
17 and a reminder to check the working condition of all backup
18 life support equipment in advance.

19 We will complete our annual storm drill on May 30th.
20 Individual storm organizations and process owners are tested on
21 their preparation efforts and ability to react to changing
22 storm conditions. This year's drill scenario will be based on
23 a Category 4 hurricane moving northwesterly across Central
24 Florida impacting all four of our management regions and
25 exiting near Homosassa into the Gulf of Mexico as a Category 1.

1 The drill is designed to clearly demonstrate our readiness for
2 the 2008 season.

3 We've also taken steps to ensure that critical
4 restoration material and fuel are ready and available from
5 multiple sources. Inventory levels of critical materials have
6 been increased over and above normal stock levels in
7 preparation for the upcoming storm season.

8 Our supply team organization has assembled 16 storm
9 kits at our central warehouse. Each kit contains enough
10 emergency material to supply 400 linemen for up to three days.
11 Our transmission organization has increased its inventory of
12 poles, insulators and other hardware to supply contract and
13 company resources for three to five days. And we have
14 negotiated retainer contracts with the fuel vendors to ensure
15 our fuel needs are met, arrangements that also improve our
16 access to fuel when sending Progress repair crews off system in
17 support of our mutual assistance partners here in Florida and
18 outside the state.

19 We're in the planning stage for installation of 500
20 gallon biodiesel tanks at strategic locations within our
21 territory for normal use, which will also augment our available
22 storm supply. Even though we have supplier agreements in
23 place, these additional measures ensure that restoration can
24 begin as soon as the weather clears.

25 External line and tree trimming resources are

1 critical components of a successful restoration effort. And
2 here too we've taken steps to ensure they are ready and
3 available through arrangements with contractors and
4 relationships with other utilities through regional mutual
5 assistance agreements like the Southeastern Electrical Exchange
6 and the Edison Electric Institute.

7 And our communication and coordination with local
8 governments is stronger than ever. We've established
9 year-round cross-functional government coordination teams that
10 ensure a high level of critical information sharing and engage
11 in both internal and external storm planning and preparation
12 activities. We're equipped to provide local governments with
13 resource and restoration information before, during and after
14 storm events to assist them with local emergency response.

15 In 2007, the ability to produce electronic outage
16 information for each county EOC during storm events was
17 introduced. By placing PEF contacts inside each county
18 Emergency Operation Center and sharing information we're able
19 to incorporate local government restoration priorities into our
20 overall restoration plan. And we continue the Know Where You
21 Grow Program, which informs the public and community
22 organizations of the most compatible tree species near power
23 lines. And as part of Arbor Day events, last month over 6,000
24 low-growing tree species were given away. We also cosponsor
25 public expos and emergency first responder events designed to

1 educate and increase preparedness.

2 In conclusion, Commissioners, Progress Energy
3 Florida's transmission and distribution systems which performed
4 well in 2004 and 2005 have been checked and maintained. The
5 storm response organization is drilled and prepared and
6 internal and external resources have been secured or committed.
7 As a six-time Edison Electric Institute Restoration Performance
8 Award winner we have a track record of superior performance.
9 We believe our system will continue to perform well, especially
10 in light of the new initiatives implemented since the PSC began
11 its ongoing storm preparedness efforts. And Progress Energy's
12 organization and T&D systems are prepared for the 2008 season.

13 This concludes my prepared remarks. Commissioners,
14 thank you for your attention, and I'll be happy to answer any
15 questions you have at this time.

16 CHAIRMAN CARTER: Commissioners, just briefly. I did
17 have one question. Is that -- maybe I missed it. Areas of
18 concerns or vulnerability, did you address that?

19 MR. CUTLIFFE: I can address that now.

20 CHAIRMAN CARTER: Okay.

21 MR. CUTLIFFE: I would characterize it as three
22 areas. First would be a catastrophic event that is a direct
23 strike to our territory accompanied by storm surge. That is,
24 that is a grave concern. To that end, we have collaborated
25 with the Coast Guard in a Tampa Bay tabletop exercise that

1 simulated an 18-foot storm surge event. So we're beginning
2 some participation with other community and government
3 organizations to make sure that we're all in alignment with how
4 we're going to respond in the days after such an event. But
5 that would be number one.

6 Number two would be successive events to the Gulf of
7 Mexico region, which can greatly dilute availability of
8 resources.

9 And then the third thing would be, quite candidly, in
10 our organization we have, like many organizations, a fair
11 amount of attrition, and a lot of our folks are in, in new
12 roles or they are new to our organization since 2004 and 2005.
13 And it has been a top priority in our drill preparation to
14 ensure that all employees receive comprehensive training on
15 their storm duties.

16 CHAIRMAN CARTER: Commissioners, questions? Staff?

17 MR. GARL: Thank you, Mr. Chairman.

18 Just one question, Mr. Cutcliffe. You mentioned the
19 ongoing work in hardening the transmission system. Can you
20 give us an estimate about how long you think that will take to
21 complete? I take it it's more than a one-year effort.

22 MR. CUTLIFFE: It is. The systematic replacement of
23 all wood transmission poles with steel or concrete has been
24 underway since 2004. I will have to get back to you on the
25 exact time frame for that to occur. I can share with you that

1 that is a major portion of our ongoing hardening effort, and
2 we're investing in excess of \$40 million a year in ensuring
3 that that transition takes place. I will add that time frame
4 to my remarks and provide that for you by the end of the week.

5 MR. GARL: Thank you.

6 CHAIRMAN CARTER: Thank you very much.

7 MR. CUTLIFFE: Thank you.

8 CHAIRMAN CARTER: Next we'll have Tampa Electric
9 Company.

10 MR. HAINES: Good morning, Mr. Chairman,
11 Commissioners and staff. My name is Regan Haines, and I am the
12 Director of Engineering for Energy Delivery with Tampa Electric
13 Company. And I appreciate the opportunity to be with you today
14 to update you on Tampa Electric's activities as we are prepared
15 and ready for the upcoming storm season.

16 My briefing today will cover various components of
17 Tampa Electric's storm preparedness initiatives. I will start
18 out by first giving a brief overview of Tampa Electric's
19 service territory and our electrical system and then present
20 the key elements of Tampa Electric's storm hurricane
21 preparedness activities. This will include our inspection and
22 maintenance programs, vegetation management activities,
23 coordination with our local governments, community groups and
24 other utilities, pre-storm season activities such as training,
25 mock storm drills and our inventory reviews. I will also give

1 you an update on some of our system hardening projects and our
2 post-storm forensic analysis plans.

3 Tampa Electric's service territory covers
4 approximately 2,000 square miles in West Central Florida,
5 including Hillsborough County and parts of Polk, Pasco and
6 Pinellas Counties. We serve over 670,000 customers and operate
7 roughly 4,450 megawatts of generation. I have listed several
8 other statistics about our system as key to this presentation.
9 And Tampa Electric's electric system is fairly dense and is
10 comprised of over 15,000 miles of distribution circuits and
11 338,000 poles.

12 The first three elements of our storm preparation
13 involve ensuring that the electric system is in good condition
14 and is able to withstand the types of winds that it has been
15 designed for. This consists of system inspections and
16 maintenance on our system and vegetation management program.

17 Tampa Electric has been increasing its transmission
18 inspection and maintenance programs following the Commission's
19 actions on storm hardening. In 2007, the company completed
20 3,900, over 3,900 aboveground inspections, which is roughly
21 17 percent of our system and well above the required limits as
22 dictated by the Commission. The aboveground inspections were
23 performed by helicopter to identify issues such as broken
24 crossarms, cracked insulators, woodpecker holes and potential
25 conductor problems.

1 We also performed groundline inspections on over
2 3,600 wooden structures, which led to approximately
3 565 structures identified for replacement.

4 A wind load screening analysis was also performed on
5 over 1,000 structures with joint use attachments. Of the
6 structures requiring wind loading screening, 723 passed and
7 290 required a comprehensive loading analysis which is
8 currently in progress. We also replaced 397 wooden structures
9 with steel or concrete poles and replaced 127 sets of polymer
10 insulators.

11 For 2008, we're planning to perform aboveground
12 inspections on almost 3,800 structures and groundline
13 inspections on over 3,400 wooden structures. Our annual
14 infrared helicopter patrol was completed in March, and ground
15 patrols are underway with the goal of patrolling our critical
16 230kV, 138kV and critical 69kV transmission circuits by the
17 peak of this year's storm season, with the remainder followed
18 by the, by the end of the year.

19 Thus far in 2008 we have replaced 252 wooden
20 structures on the transmission system with steel or concrete
21 and have also replaced 33 sets of insulators. It is
22 anticipated that we will replace a total of 560 structures and
23 over 100 sets of insulators by the end of the year, and this
24 will significantly harden our transmission system.

25 The company continues to execute its transmission

1 structure inspection program with a priority given to critical
2 and coastal facilities. As inspections are completed on
3 critical and coastal facilities, the inspections will move
4 inland towards our older inland circuits.

5 Tampa Electric has also increased its distribution
6 inspection, maintenance programs over the last three years. In
7 2007, the company completed almost 50,000 groundline
8 inspections resulting in the hardening of over 3,000
9 distribution wooden poles by either reinforcement or
10 replacement. In addition, over 200 structural repairs were
11 made as a result of these inspections. That will also harden
12 our distribution system.

13 For 2008, there are over 38,000 groundline
14 inspections planned, which represents about 13.5 percent of our
15 system. These inspections also include performing wind load
16 screening analysis on all joint use poles. For all the issues
17 found, the company targets having repairs made prior to June of
18 the following year.

19 Tampa Electric's vegetation management program is a
20 key element of the day-to-day reliability of our system as well
21 as preparing our system for hurricane season. As filed in our
22 2006 storm implementation plan, the company is transitioning to
23 a three-year tree trim cycle on our distribution system which
24 includes all main feeders and laterals. Tampa Electric's
25 methodology combines cycle trimming with the reliability-based

1 trimming, which takes into account several factors including
2 circuit priority, last date trimmed, reliability performance
3 and the number of tree-related outages seen by those circuits.

4 The current methodology is flexible enough to move
5 tree trim resources to priority-based circuits within our
6 service area or region to enhance system reliability, and all
7 our hot spot trimming is performed by the peak of hurricane
8 season. The company has increased the level of tree trim
9 resources by 80 percent since 2005.

10 On the transmission system the company patrols our
11 230kV circuits twice a year and our 69 and 138kV transmission
12 system once a year for vegetation issues.

13 While having a sound functional electric system is
14 critical prior to storm season, hurricane planning and
15 emergency management and Emergency Operation Centers are
16 paramount to ensure a synchronized response. Tampa Electric
17 Emergency Management coordinates with our local governmental
18 agencies like the EOCs, hazard mitigation groups and those fire
19 departments acting as EOCs, along with regional planning
20 councils and other utilities on an ongoing basis.

21 The company began annual planning meetings with all
22 our service territory EOCs in 2006. These meetings consist of
23 a review of the critical facilities in our service territory,
24 development and updating our communication and response plans
25 and a discussion of any coordination needs during a response.

1 In addition, the need to train local governmental
2 agencies such as local police and fire on damage assessment
3 techniques was identified early on in the Commission's storm
4 hardening review. Tampa Electric has developed a training
5 program to address this and has offered this training to all
6 our local governmental agencies.

7 The company also participates in and helps develop
8 many storm preparedness training exercises and workshops with
9 governmental and private industry groups each year such as the
10 ones listed.

11 Coordination with other utilities as it relates to
12 business continuity and emergency management is also very
13 important. Our mission of sharing information allows all to
14 benefit from lessons learned, and the work through EEI and EPRI
15 are vital towards this end. We participate in the EEI Business
16 Continuity Work Group and have made presentations at several of
17 their conferences. We are also supporting EPRI in their
18 development of the emergency management guidance document.

19 At a local level the company meets with agency and
20 EOC officials at our Energy Control Center to discuss the
21 restoration process and their required communication
22 coordination needs. We also work with government officials to
23 discuss the need for appropriate vegetation management in
24 preparation of the storm season and to communicate the balanced
25 approach taken between aesthetics and sufficient clearance to

1 prevent vegetation contact during high winds.

2 Finally, the company has worked with local officials
3 to make sure we have established incident bases in all of our
4 service areas. These incident bases are needed to provide
5 logistical bases for visiting crew operations, including
6 staging material, trucks, meals and the distribution of our
7 work order assignments.

8 Coordination with other utilities is also an
9 important element in our preparations. As experienced in each
10 of the 2004 hurricanes that impacted Tampa Electric, mutual
11 assistance from other electric utilities is absolutely critical
12 to quick restoration. The company actively participates in the
13 Southeastern Electric Exchange Mutual Assistance Group and the
14 Edison Electric Institute Mutual Assistance Committee. Through
15 these organizations the company has access to other utility
16 resources available from across the nation.

17 In addition to the coordination with fellow electric
18 utilities, it is essential that we coordinate our activities
19 with the telecommunications, cable and other utilities that may
20 attach to our poles.

21 The company completed a physical audit of 25 percent
22 of its joint use poles in 2007 and plans to complete the audit
23 on 37.5 percent of our system by the end of 2008. It is the
24 company's goal to complete this type of joint use audit every
25 three years. This will help ensure that each of our poles has

1 been designed to accommodate everything that is attached to it
2 and that it will meet the company's wind loading criteria.

3 The company also has held several meetings in 2007
4 and this year with our third party attachers to review and
5 coordinate our storm hardening plans and specific storm
6 hardening projects.

7 As storm season approaches each year, Tampa Electric
8 performs several pre-storm season activities that assist in the
9 company's preparations. This includes a review of our disaster
10 recovery plans where they are exercised and updated annually.
11 In addition, we have started to meet with the EOC starting with
12 Hillsborough County to review and synchronize our security
13 priority list.

14 The company also conducted a mock storm circuit
15 patrol training exercise to familiarize new personnel on what
16 to look for and how to assess the system for damage. All
17 inventory levels of storm material will be reviewed and
18 ordered, and on May 13th the company will conduct its mock
19 storm exercise with several other functional areas within the
20 company that are involved in restoration activities.

21 Finally, the company has reviewed and updated its
22 storm damage model that is used to estimate the number of
23 resources needed as well as material required based on the
24 predicted strength, size and landfall of a hurricane.

25 In addition to the previous activities mentioned that

1 will benefit Tampa Electric and its customers during hurricane
2 season, I also wanted to briefly mention some of the storm
3 hardening items that were approved in our three-year hardening
4 plan filed in 2007. While most of these items will provide
5 future benefit, a key element of our plan that has been
6 benefiting Tampa Electric customers for many years is our
7 distribution system construction standard.

8 While the National Electric Safety Code is the
9 guideline that most utilities utilize with a minimum
10 requirement of Grade C in most situations, Tampa Electric
11 constructs its system to Grade B, which is approximately
12 50 percent stronger than the minimum requirements. Some of the
13 hardening projects that the company completed last year
14 included the conversion of four overhead interstate crossings
15 to underground, the engineering needed to convert our remaining
16 4kV overhead system to our standard 13kV, and the inspection
17 and repair of nine critical network protectors in low-lying
18 areas within downtown Tampa. We also completed a majority of
19 the engineering for Phase 1 of our Port of Tampa extreme wind
20 pilot project.

21 In 2008, the company plans to continue with the storm
22 hardening initiatives, which will include the conversion of
23 four additional overhead distribution interstate crossings to
24 underground, completing our 4kV conversion project in South
25 Tampa, inspecting six additional network protectors in downtown

1 Tampa, and completing construction on our extreme wind pilot
2 projects which will include Phase 1 of our Port of Tampa
3 project and St. Joseph's Hospital hardening project. We'll
4 also be transitioning to stainless steel as a new standard for
5 all of our pad-mounted equipment.

6 We will also be completing the implementation of our
7 new geographical information system or GIS system in June, and
8 continuing our participation in various joint research projects
9 with PURC and the other Florida utilities.

10 And the final component of Tampa Electric's storm
11 preparation is ensuring that resources and processes are in
12 place to acquire forensic data following a hurricane. The
13 company has contracted with a consultant that has expertise in
14 this area of post-storm forensic analysis. Their task will
15 include the determination of which areas to patrol, how much of
16 the system should be patrolled, the patrols themselves, the
17 evaluation of the damaged equipment and the development of a
18 report outlining the findings, analysis, conclusion and
19 recommendation for any changes and/or improvements to the
20 company's construction standards or practices.

21 In summary, Tampa Electric continues to make
22 improvements to our storm preparedness activities each year,
23 including the number of inspections and repairs we are making,
24 the amount of tree trimming performed, increasing coordination
25 with our local governments, communities and fellow utilities

1 and improving our pre-storm season training programs. Our
2 storm hardening plans are well underway and we have established
3 forensic data collection analysis in place. Tampa Electric is
4 well prepared and ready for the 2008 storm season. I'd be
5 happy to answer any questions you may have at this time.

6 CHAIRMAN CARTER: Just one moment, Commissioners. I
7 just want to ask again areas of concern and vulnerability.

8 MR. HAINES: I would have to concur with what's been
9 said. Our main concern would be getting hit with a
10 catastrophic hurricane with, with severe storm surge as well as
11 getting hit with multiple hurricanes in the same season. I
12 think it was also mentioned that just obtaining the number of
13 resources that we would need to restore quickly is also always
14 a concern that we would have.

15 CHAIRMAN CARTER: Okay. Commissioners? Commissioner
16 Edgar, you're recognized.

17 COMMISSIONER EDGAR: Thank you, Mr. Chairman. I did
18 have one question.

19 A few pages back in your presentation you mentioned
20 completing the undergrounding of some interstate crossings and
21 then also some other similar actions that will be taking place.
22 And I was just wondering is the decision to go from overhead to
23 underground for those interstate crossings, is that primarily a
24 storm-related preparedness decision and/or related to other
25 reliability issues or were there other, other factors that

1 contributed to that decision? And then if you can, speak a
2 little bit as to how that cost-benefit analysis or thought
3 process went. Thank you.

4 MR. HAINES: Okay. Yes. The main drivers there are
5 for our storm hardening. The thought behind it is that
6 following a major storm, if you have overhead facilities laying
7 across major evacuation routes such as I-275, I-75 or I-4 in
8 our area, that it could delay first responders, it could delay
9 customers and have a major impact just following a major storm
10 event. So that's kind of what we looked at when we decided to,
11 to convert those to overhead, I mean, to underground.

12 COMMISSIONER EDGAR: Thank you.

13 CHAIRMAN CARTER: Commissioners, any further
14 questions? Staff? Thank you very kindly.

15 MR. HAINES: Thank you.

16 CHAIRMAN CARTER: Next we'll hear from Gulf Power.
17 And by the way, Commissioners, as the next person is coming up,
18 after the Gulf Power presentation we'll be taking our first
19 break, give the court reporter a break and go from there.

20 Good morning. You're recognized, sir.

21 MR. McQUAGGE: My name is Andy McQuagge, and I'm the
22 Power Delivery Services Manager for Gulf Power Company and I'll
23 be providing our hurricane preparedness briefing this morning.

24 Our storm preparedness activities can really be
25 broken down into two main areas: Our storm hardening projects

1 and initiatives, which includes our vegetation management
2 program, our inspections and maintenance program, our extreme
3 wind loading projects, our Grade B construction and our third
4 party attachers and local government coordination.

5 The second prong of our preparedness activities is
6 really storm restoration and recovery plans, and included in
7 that is our storm recovery plan, our Southern Company affiliate
8 and other mutual assistance support, our supply chain area,
9 post-storm forensic data collection and local government
10 coordination.

11 In the area of transmission vegetation management, of
12 the 444 miles of 230kV right-of-way, we have completed all of
13 our inspections, we're at 100 percent, and any vegetation
14 hazard that has been identified has been corrected. On our
15 1,037 miles of 115kV line we're 80 percent complete with our
16 inspections. We're correcting those vegetation hazards as we
17 find them and we're on schedule to be complete by June 1st of
18 2008.

19 On our 114 miles of 46kV right-of-way our inspection
20 patrols are actually scheduled to begin today, and we're on
21 schedule to complete both the inspections and the corrections
22 by June 30th of '08.

23 In the area of distribution vegetation management, on
24 our mainline annual trim schedule, our MATS program, which is
25 our three-year cycle in which we look at and do a maintenance

1 trim on one-third of our system, and then in Bullet 2 you will
2 see our MICS program, which is the other two-thirds of our
3 system that we make any quick corrections, any hot spot trims.

4 But going back to Bullet 1 on our MATS program, we've
5 completed 225 miles of the 265 miles that we have scheduled for
6 2008. On the other two-thirds of the mainline feeders in which
7 we will inspect and correct any vegetation hazards we find we
8 have completed 760 miles of the 803 that we have scheduled.

9 On our annual lateral trim, which is our six-year
10 cycle on our lateral lines, we've completed 310 miles of the
11 843 that we have scheduled for 2008.

12 And on the fourth prong, our storm hardening annual
13 removal program, which we had set an annual goal of 5,000
14 danger tree removals, we have actually removed in 2007 and year
15 to date 2008 almost 14,000 trees. And if you'll remember from
16 our discussion last year, that is mainly dead or dying trees
17 that are off right-of-way that could cause us problems in the
18 event of everyday reliability or storms. We do anticipate that
19 number will probably drop a little bit as the program evolves
20 and we go to removing green trees that may be off right-of-way
21 that could present a danger. But the program has been very
22 well received so far because it is dying and dead trees off
23 right-of-way.

24 In the area of transmission inspections and
25 maintenance, we have flown our transmission system once. We do

1 that quarterly, so we should have another flight of our system
2 in the next month.

3 On our comprehensive walking and climbing six-year
4 inspection program, it's scheduled to commence on June 1st and
5 it's scheduled to go through September 30th. As far as
6 additional activities in the area of transmission, we have
7 storm hardened by installing additional guys 170 structures.
8 We have replaced 214 wood crossarms with steel crossarms.
9 That's a ten-year program, and we're actually at 24 percent and
10 we're only two years into that program. We've completed all of
11 our steel groundline inspections for 2008, which is 140
12 structures. And our wood groundline treatment inspections for
13 2008, which was a little over 1,000, are also fully complete.

14 In our distribution pole inspections we transitioned
15 in 2007 from our current, from the ten-year inspection cycle we
16 had to the eight-year cycle. We rebid our contract and the
17 contract inspections were awarded to Osmose. And we met our
18 target of inspecting one-eighth of our system, which was about
19 33,000 poles during the last quarter of 2007. We have another
20 eighth of our poles, which will be around 33,000, scheduled for
21 the last quarter of this year.

22 In the area of joint use audit, pole strength
23 analysis assessments, we had committed to do 5 percent of the
24 poles 20 years or older that had three or more attachers, which
25 comes out to about 450 poles. We looked at 500 poles in 2007.

1 We had 41 failures due to loading and two failures due to
2 damage to the actual pole. We have another 516 that we are
3 currently looking at for 2008. And we have conducted our first
4 series of semiannual third party attachers meetings, and we
5 held three of those, one in each of our district offices, in
6 February.

7 As far as our annual infrared inspections on our
8 distribution systems, when I put this presentation together we
9 were at 75 percent. In checking with the engineer yesterday,
10 we were at about 98 percent and he assured me we would be
11 complete by today. So we're 100 percent complete. And the
12 things that we find on those inspections should be fixed by the
13 end of June.

14 We transitioned at Gulf Power to Grade B, from
15 Grade C to Grade B construction in January of 2008. We have
16 completed training on what Grade B construction requires for
17 all of our field personnel and have trained them on the
18 software program that we use to actually model the poles, which
19 is Pole Foreman (phonetic.) That training has been completed
20 and that program is fully underway.

21 As far as our extreme wind loading projects, the
22 focus of these projects has been interstate crossings and lines
23 serving critical infrastructure facilities such as fuel depots,
24 hospitals and sewage treatment facilities. Our storm hardening
25 plan as approved identified 19 projects for 2007 and 2008, and

1 as of May 1st we have completed 14 of those projects. Three
2 are under construction with a July 1st completion date and two
3 are in the design phase.

4 As far as our third party attachers and local
5 government coordination, as I mentioned earlier, we continue
6 our meetings with our third party attachers. We participated
7 in a public information workshop in Escambia County. We were
8 the primary sponsor for My Safe Florida Hurricane Expo in
9 Escambia County during April. We have conducted hurricane
10 preparedness seminars with our EOC personnel and our news media
11 during April. We participated in an EOC workshop on hurricane
12 season in Escambia County in March.

13 Our bill inserts in June will have hurricane
14 preparedness and safety information for our customers. We have
15 three Community Leader Forums scheduled in June and July to
16 discuss issues including hurricane readiness, and at the end of
17 this month we'll be doing a presentation for the Escambia
18 County healthcare facilities on storm preparedness.

19 As far as our storm recovery plan, our 2008 storm
20 procedures are completed and have been updated. Our employee
21 storm assignments are complete, with an emphasis on the right
22 person for the right job. And our storm training and refresher
23 courses, if not already completed, are underway. And most of
24 our field personnel, our team leader evaluator, drivers, have,
25 all those have been completed, but we have a few of the support

1 functions that are still doing some training.

2 In the area of mutual assistance, we have our
3 Southern Company affiliate support from our sister companies,
4 Alabama, Georgia, and Mississippi, that we can count on in case
5 of a catastrophic event. And as others have mentioned, we are
6 also members of the SEE Mutual Assistance and EEI Mutual
7 Assistance Groups.

8 In the area of, in the area of supply chain, our
9 storm supply materials will be available by June 1st. In the
10 area of post-storm forensic teams, we have hired a contractor
11 and we've held two drills to make sure that our system talks to
12 the data gathering system and that we can import the data back.
13 And we held two, two drills in late '07 and those processes
14 worked fine.

15 In the area of local government coordination, our EOC
16 representatives are assigned, trained and are actively engaged
17 not only in storm restoration, but any time those EOCs are open
18 we provide 24-hour coverage.

19 We were, the question was asked earlier, do we
20 participate in county drills? We actually participated in
21 Santa Rosa County's drill last week. Last year we participated
22 in actually five county drills. So I anticipate that as we get
23 closer to storm season, that we'll be asked to participate in
24 other county drills.

25 I did not put it on the slide, but the question has

1 been asked on our areas of concern. One of the issues that I
2 had brought up last year was the availability of tree
3 contractors, that we were having a bit of an issue with
4 certification and finding qualified people. We've worked
5 through that issue and I feel like we have a very good staff.
6 And as you can see from the progress on our goals, I think we
7 are, we're sitting good on that issue that we had last year.

8 As far as areas of concern for this year, it's very
9 consistent with the others. The potential for multiple events
10 or a catastrophic event does concern me. The availability of
11 resources, even though we do have mutual assistance contacts,
12 is a concern area in the event of a catastrophic event.

13 In summary, Gulf is fully prepared as we enter the
14 2008 storm season. We're on target with our transmission and
15 distribution storm hardening initiatives. We continue our
16 ongoing coordination with government, community groups, third
17 party attachers and other utilities. We have a storm recovery
18 plan that is proven and battle tested, as evidenced by our
19 response during Ivan and Dennis. We constantly make
20 improvements based on lessons learned. We have contracts in
21 place, staging site agreements in place. As I mentioned
22 earlier, our training and refreshers are ongoing and we have
23 experienced teams ready, if needed. In summary, Gulf Power is
24 fully prepared for whatever the 2008 storm season may bring.

25 CHAIRMAN CARTER: Thank you. Commissioners? Staff?

1 MR. GARL: Thank you, Mr. Chairman.

2 Just one simple question. Could you discuss a little
3 bit the vulnerability of your repair and restoration plans
4 should that I-10 bridge get taken out again by a major storm?

5 MR. McQUAGGE: That was a considerable issue during,
6 during Ivan. And basically we don't have a whole lot of
7 options other than 98 or back up through Milton on Highway 90.
8 It's just an issue that we'll have to work through. Hopefully
9 the new bridge will, will hold up a little better than the
10 other. But that is another potential area of vulnerability as
11 far as transportation.

12 MR. GARL: Thank you, Mr. McQuagge.

13 CHAIRMAN CARTER: Commissioners, nothing further?

14 Thank you very much.

15 Commissioners, staff and those involved here, we're
16 getting ready to take a, take a break, give our court reporter
17 a break. We'll -- I'm looking at, I'm looking at 10:44 but it
18 says 10:45 on the wall. So let's come back at 11:00. We're on
19 recess.

20 (Recess taken.)

21 We are back on the record with our workshop. And
22 first we'll start with, for this section here we'll go with
23 Florida Public Utilities Company. You are recognized, sir.

24 MR. MEYERS: All right. Thank you. Good morning,
25 Commissioners and staff. My name is Don Meyers. I'm the

1 General Manager for the Northwest Florida Division. I'd like
2 to first apologize if my voice appears a bit scratchy and gives
3 out on me a few times. I've recently quit smoking and it's
4 probably affected me more than when I used to smoke. Anyway,
5 I'll do the best I can.

6 CHAIRMAN CARTER: You sound better already.

7 MR. MEYERS: I won't spend a lot of time on this
8 first slide since we've recently spent quite a time, quite a
9 while before this Commission. But we are a small
10 investor-owned utility; we serve approximately 28,000 electric
11 customers. They are probably equally divided between our two
12 divisions: Our Northeast Division, which is northeast, north
13 of Jacksonville is on an island that is four miles wide by
14 11 miles long right on the coast, while our Northwest Division
15 is primarily rural, includes parts of Jackson County, Calhoun
16 County and Liberty County.

17 As far as our hurricane season preparations, on our
18 vegetation management we focused on our main feeders and areas
19 with reliability issues. Pole replacement, our main focus has
20 been on replacing deteriorated poles. In our Northeast
21 Division they for many years, a good many years have continued
22 beach inspections. They replace deteriorated hardware along
23 the beach.

24 We are in the process of reviewing our emergency
25 procedures this month, and we'll be holding training for our

1 employees later this month. We have completed all our
2 substation inspections and made corrections to things we found.

3 Our inventory needs have been evaluated and to make
4 sure that there are adequate supplies for in the event of a
5 hurricane. We have continued involvement with the mutual
6 assistance groups, primarily the Southeast Electric Exchange
7 Mutual Assistance Group as well as the Florida --

8 CHAIRMAN CARTER: Excuse me. I think your, I think
9 your slide zigged when you should have zagged on that.

10 MR. MEYERS: Okay. I forgot to --

11 CHAIRMAN CARTER: Chris, can you show him how to --

12 MR. MEYERS: I've got it.

13 CHAIRMAN CARTER: You've got it? Okay.

14 MR. MEYERS: We have identified additional manpower
15 and resources. We have completed a Graphical Information
16 System and SCADA system for several years now. It's been
17 complete in our Northwest Division. Our Northeast Division
18 just recently completed the Graphical Information System. Now
19 we're, our entire system is on a computer and that ties into an
20 outage management system. So we are much more able to
21 communicate where outages are and maybe give better dates of
22 restoration time.

23 Issues included in Docket Number 070304-EI and Docket
24 070300-EI were resolved recently on April 22nd. A small
25 utility like ours, we were not able to take on some of the

1 storm initiatives without rate recovery. That was resolved in
2 those two dockets.

3 Initiatives for vegetation management and
4 transmission storm hardening will be revised based on the final
5 decisions. Implementation of other initiatives will begin
6 during the second half or third quarter of 2008.

7 Now going into a little more detail for our storm
8 hardening initiatives. Pole inspections, visual inspections of
9 approximately 2,800 poles were completed in 2007. Detailed
10 inspections in accordance with storm plan will begin in
11 July 2008. Transmission inspections, visual inspections --
12 whoops, I need to go one more. All right. Visual inspections
13 completed in 2007, climbing inspections in accordance with the
14 storm plan to begin during 2008.

15 Management, vegetation management emphasis on moving
16 to a 3/6-year crew or cycle with existing crews, areas with
17 reliability will be addressed. Joint use audits will begin
18 during 2008 with pole loading issues identified.

19 Company personnel will be located in EOCs in order to
20 enhance communication with local governments. We have already
21 participated with a trial run with the County of Calhoun
22 County. Forensics data collections procedure is being
23 completed with a contractor to be identified prior to September
24 '08. We hope to have one identified much sooner than that. We
25 have, one of our employees is going to be attending a workshop

1 in Orlando next week on what kind of forensic data do you need
2 to collect, and we'll be proceeding with that.

3 During 2007, we completed two projects that included
4 our extreme wind loading standards in the design. One was out
5 at the federal prison and another was on Highway 90, both in
6 Northwest Florida.

7 During 2008, two projects are included for extreme
8 wind loading standards. These include approximately 82 poles
9 that provide critical, or service to critical infrastructure:
10 One, the Baptist Hospital in Fernandina Beach, and our sewer
11 treatment plant on Highway 90 in Marianna.

12 Our conclusion is that Florida Public Utilities is
13 adequately prepared for the 2008 hurricane season. Decisions
14 from the recent dockets provide the ability for FPU to address
15 the initiatives and projects in an effective and productive
16 manner.

17 Any questions?

18 CHAIRMAN CARTER: Thank you. Commissioners, I'm
19 going to ask my standard question. On the -- for your company,
20 did you find any areas of concern or vulnerability?

21 MR. MEYERS: Like everybody else, a catastrophic
22 storm as well as multiple strikes. Being that we participate
23 in the Southeast Electric Exchange Mutual Assistance Group --
24 and 2004 was a tough, a particularly tough year, we had Rita,
25 Hurricane Katrina and Rita out in West Texas followed by

1 several storms in the peninsula part of Florida. We
2 participated in restoring on those storms. But when all that
3 activity was going on, if a hurricane had struck in our area,
4 we would have been very limited in resources and as well as
5 material. That's always a concern.

6 Also our Northeast Division lying right on the coast,
7 an island, storm surge is always a concern. And we've begun
8 making sure our pad-mounted transformers, we pour an additional
9 concrete pad going down to a certain depth and tie, make sure
10 the pad mounts tie down on that. So storm surge is a major
11 concern in our Northeast Division.

12 CHAIRMAN CARTER: Okay. Commissioners?
13 Staff, you're recognized. No questions?
14 Thank you very kindly.

15 MR. MEYERS: Okay.

16 CHAIRMAN CARTER: Next, Commissioners, we'll hear
17 from Florida Municipal Electric Association.

18 MR. MOLINE: Thank you, Mr. Chairman and
19 Commissioners. My name is Barry Moline. I'm with the Florida
20 Municipal Electric Association. And we have three
21 presentations. I'm going to give a brief introduction, and
22 then we'll have Kevin Wails from the City of Tallahassee and
23 Rebecca Matthey from the City of Ocala give you some examples of
24 what goes on at municipal electric utilities.

25 It's always nice when the very first word in your

1 presentation is a typo, but there are actually 34 municipal
2 electric utilities, and I have no one to blame but myself for
3 that.

4 We serve 1.3 million customers, which is about
5 14 percent of the state's population. And we're characterized
6 by large and small utilities. Jacksonville and Orlando are the
7 two largest. But we all -- and Tallahassee, 111,000 customers.
8 We have Bushnell, Blountstown, Chattahoochee in the Panhandle
9 with around 1,000 customers each. So we have this disparity in
10 the number of customers that we serve. But combined we're the
11 third largest utility, we would be the third largest utility
12 behind FPL and Progress Energy. This is where we are, from
13 Blountstown in the Panhandle down to Key West.

14 And, again, just as a general introduction, do all
15 the small utilities generate, and the answer is that they
16 don't. Only 13 out of the 34 actually generate electricity or
17 have a power plant. Fifteen purchase all their power from the
18 Florida Municipal Power Agency, a wholesale power supplier in
19 Orlando. And then eight purchase some from there and the rest
20 purchase from the investor-owned utilities. And this is a
21 breakout of how the market share is for the state's utilities.

22 We depend on mutual aid to help each other. And we
23 have mutual aid agreements in Florida; we have a southeastern
24 group as well as national mutual aid. This is our mutual aid
25 agreement for, and our procedures for Florida. And, and for

1 the hurricanes that we had in '04 and '05 we had national
2 assistance from these states.

3 Today we're going to hear from the City of Ocala and
4 the City of Tallahassee. But the message I want to leave with
5 you is that while we may be small and may be spread out across
6 the state, we work together on mutual aid to make sure that
7 customers are well served during storms.

8 CHAIRMAN CARTER: Thank you, Mr. Moline.

9 Kevin Wailes.

10 MR. WAILES: Thank you. Good morning, Mr. Chairman
11 and Commissioners. I'm Kevin Wailes. I'm the General Manager
12 of the City of Tallahassee Electric Utility, for many of you
13 your hometown utility.

14 The presentation I have today might be just a little
15 different than what you've seen because we're not here
16 routinely in front of you. So I'm going to try to give you a
17 little more of a higher level overview. Certainly we have a
18 lot of the detail, we filed the storm hardening report in
19 February, so a lot of the detail, the number of poles and all
20 that, can be had. But I thought maybe what makes us a little
21 different on the way we handle those responses might be a
22 little more interesting.

23 So overall what we'll talk about is we'll just do a
24 brief system overview, talk about briefly our experience in
25 dealing with storms, our preparation, emergency operations, our

1 emergency response, and then somewhat other unique features
2 associated with how we as an electric utility integrated into a
3 local government deal with many of these issues.

4 As Barry said, we have a little over
5 110,000 customers. We serve a 210 square mile area. We have
6 185 miles of transmission in three counties, both 115 and 230kV
7 lines. Unlike when you're talking to Florida Power & Light and
8 they've got something like, I don't know, I think it was 60,000
9 transmission poles, we have 3,000. So there's a scale
10 difference in what we deal with, but there's lot of commonality
11 in how we have to deal with those issues as well.

12 We have 2,600 miles or over 2,600 miles of
13 distribution. Of that, interestingly enough, over 60 percent
14 of that is underground. You'll find that virtually everything
15 we construct anymore is underground utilities. We have 24
16 substations, 12kV, 115 and 230kV.

17 I thought it might be appropriate to talk a little
18 bit about our power plants from the perspective that, as you
19 all know, we're one of the only major generators in this part
20 of the state. So if we have a catastrophic event that takes
21 out a significant amount of transmission, our generation ends
22 up being relatively key to what's happening in this part of the
23 panhandle.

24 We operate three power generation facilities. One of
25 them is very small, which is the C. H. Corn Hydro Unit.

1 The first of them is Purdom Plant. That's a 300
2 megawatt plant. The largest unit is a 250 megawatt unit that
3 was commercial in 2000. As we went through the permitting
4 associated with that unit, it was, there was a great deal of
5 discussion regarding storm surge, how do we deal with that.
6 That plant was constructed so that everything was either
7 constructed above or protected to the 100-year flood plain.
8 It's five and a half miles from the coast. So we have a number
9 of plans in place to deal with that, including ultimately
10 potential evacuation of the site if we need to secure it and
11 move our people, the people there to the other plant. The key
12 thing about that is that it's black start capable. So we don't
13 have to have an outside power source to bring the plant up, and
14 that's kind of the key that we have done with all of our
15 facilities because we recognize the transmission provides a
16 vulnerability to us given the network that we have. And the
17 other key, I guess, to think about with respect to that
18 particular facility is, you know, it is near the coast. But as
19 we've, as we've addressed a variety of issues, it's been there
20 for a long time and we've just taken a look at all the
21 vulnerabilities associated with being on that river as well.

22 The Hopkins Plant, on the other hand, is seven miles
23 west of town. It's a 430 megawatt facility and it's also black
24 start capable.

25 The hydro unit, the reason I wanted to mention that

1 is one of the challenges we have when we're in storm events
2 like tropical storms or hurricane events is we also have to
3 manage flood control for the Ochlockonee River. And that ends
4 of up being quite a challenge between dealing with lake levels
5 and river levels, trying to anticipate what the water flows are
6 going to be. Under normal operation that's a run-of-river
7 project. As you know, it's only one of two hydro projects in
8 Florida. So we don't peak with it. We basically, what water
9 comes in we release. When we do flood control, however, we do
10 try to manage it. We'll lower the lake trying to anticipate
11 what the flow is going to be into it so we cannot flood the
12 downstream. It makes for a challenging time. And although we
13 have lots of models that tell us what rainfall is going to be
14 in the basin, it's still, there's a lot of art to the folks
15 that are trying to make that happen.

16 Our experience, I started with Kate. That's really
17 the last major storm that hit this area. And as you'll see, we
18 had over 300 mutual aid people supporting that restoration. I
19 didn't come to Tallahassee until 1987, so I didn't get to
20 experience that. Back in those days I was dealing with ice
21 storms. But one of the things I think that we ought to
22 remember about that for those of you that were here, I believe
23 the restoration effort took about ten days. And you ought to
24 think about that was just barely a Category 1 storm hitting
25 Tallahassee.

1 When, Mr. Chairman, when you talk about
2 vulnerabilities, if you fly into Tallahassee, all you see is
3 trees. You don't see rooftops. And trees are our
4 vulnerability in this system. We all love them, we're proud of
5 them, we try to take care of them, but they do provide
6 vulnerability during storms.

7 I won't go through all this list of storm, list of
8 storm activities, but the key to this is, if you'll note,
9 several of these what we've identified is where we've provided
10 mutual aid. Some of them we've had never a direct hit; we've
11 had impacts from them. But we've provided mutual aid ranging
12 from Homestead to Georgia Power Company, Lakeland, Gainesville,
13 Orlando, even Louisiana on a couple of occasions, for example,
14 during Rita. And, of course, Homestead and Florida Power &
15 Light.

16 One of the reasons I, I bring that up is because even
17 though we're small, we do provide a lot of mutual aid. And the
18 other thing you do is build relationships. We find when you
19 have storms that are potentially identified as targeting, we'll
20 get calls, for example, from Louisiana saying do you want us to
21 start coming your way, that type of thing. You build
22 relationships under those mutual aid agreements, and it's
23 interesting how strong those community bonds come up.

24 Under the standard preparation discussion, we
25 obviously do our NESC, the extreme wind loading standards. It

1 is interesting, we've done front lot line construction in this
2 system since the '70s, so that does, that was one of those
3 issues that came up on the storm restoration discussions, and
4 it does make restoration a lot easier when you've got that kind
5 of access and particularly for some of the challenges we have
6 with our trees.

7 95 percent of our new distribution construction is
8 underground and any new area you go into you have pretty much
9 evidence of that. All of our new transmission poles or
10 scheduled replacements are steel or concrete.

11 Moving to vegetation management, that's kind of a
12 little different for us. We had a three-year trim cycle on
13 this system ranging from the late '80s through about the mid
14 '90s. That three-year trim cycle had us trimming trees back to
15 ten to 12 feet. What we experienced was a significant amount
16 of community concern about that. We had an 18-month citizen
17 process going through reviewing our tree trimming processes and
18 cycles, including our forestry group and a whole bunch of
19 folks. The outgrowth of that was kind of interesting. They
20 said they wanted us to go to an 18-month trim cycle, trim less
21 but trim more often. Candidly, our staff, particularly our
22 foresters who understood the three-year industry standard
23 cycle, were very skeptical about whether we could make that
24 work or not.

25 We're probably in our sixth 18-month cycle now after

1 that process and, of course, we've refined it as we go.
2 There's a pro and con to it. You have less trimming. So from
3 a, from a visual standpoint it's more attractive. But by the
4 same token then, the trees are closer to the lines when you've
5 trimmed them. So you see the lines a lot more often, you have
6 folks there trimming them, so you're getting a lot more review.
7 But on the other hand, it's closer for squirrels to jump to
8 them. I hate to say that, but we had that happen this morning.
9 You know, we have, we have a little more exposure to those
10 kinds -- or if there is a significant wind, having that
11 proximity closer. That's a choice our community has made.
12 That's what we think makes public power a little different is
13 our community has provided that input saying here what's we
14 want. We want the trees. You know, we're going to -- now I
15 will tell you that those same customers really aren't happy
16 about those outages caused by squirrels and things like that.

17 But the other thing we try to do with that less
18 clearance is we try to use tree growth regulators more often.
19 So that, in fact, what happens is we somewhat retard the growth
20 of those trees, particularly that new growth that might come
21 back. We also have a fairly active training program with our
22 contractors with respect to proper trim techniques to try to
23 get the optimum time span we can out of that 18 months.

24 On the transmission side we have a three-year minimum
25 trim cycle. The right-of-way is mowed at least annually. It's

1 actually mowed probably four times a year in more urban areas
2 just because it's a visual issue that is raised up by those
3 adjacent property owners, and so it's a fairly aggressive cycle
4 as well.

5 We have a distribution pole inspection program that's
6 been every eight years. I think we've completed two cycles.
7 We'll be going into our third. That process takes us three
8 years on the system but we do it every eight years. We have --
9 our transmission poles are done at the same time as the
10 distribution on that part.

11 The transmission inspection program is literally a
12 climbing inspection that we have our folks do once every five
13 years all over the system so that we can check, physically
14 check hardware with people on the pole when we do it.

15 We have transmission that we fly our transmission
16 twice a year and we do have infrared capability associated with
17 an arrangement we have. We jointly purchased with the police
18 department and the sheriff's department infrared looking radar
19 and put it on the sheriff's helicopter. And for that, in turn
20 for that investment we get a certain amount of time from the
21 sheriff's department. So it's how we've, as a small utility
22 how we've optimized our ability to use those kinds of resources
23 that we wouldn't normally have.

24 In addition, we increased our material inventory
25 actually fairly significantly after the more significant storms

1 a couple of years ago. And originally we believed we were
2 going to cycle that material up and then cycle down on the off
3 hurricane time and cycle it back up. We thought we had a real
4 scientific way to do that. Given a lot of the challenges with
5 getting material period, we've just left the higher inventories
6 in recognition of that. However, material is always going to
7 be a vulnerability if you're in a storm situation.

8 We have -- our emergency response is tied directly
9 into what the City of Tallahassee does. The City of
10 Tallahassee operates under an Incident Management Plan, which
11 includes the National Incident Management System, Instant
12 Command System, the same system the state operates under and
13 federal government operates under. We utilize an area command
14 concept for the operations. What that means is we have a
15 central Emergency Operation Center that the City operates, but
16 in turn we have separate command centers. For example, our
17 Electric Control Center that is doing the electric restoration
18 is separate from that. We have links back, we have staff in
19 the central area command. We also have our -- the data
20 associated with what we're doing is there as well. But we
21 manage the restoration itself through the Electric Control
22 Center but just keep a very close link.

23 One of the things that's kind of neat about that is
24 we've actually placed -- our Outage Management System is
25 located, also is viewed in the Emergency Operation Center. So

1 the Incident Commander and the folks there can physically see
2 the screens for where the outages are because that can make a
3 difference with how they're responding to different things
4 associated with police and fire resources as well.

5 Like everybody else, we watch several days out when
6 storms are coming. We have the equipment crew doing that
7 near-term preparation. We do storm assignments based on what
8 the severity of the storm is going to be. We have, also have
9 Integrated Outage Management and GIS system. That also, as I
10 said, is in both our control center where we actually
11 physically use it and it's also displayed at the Emergency
12 Operations Center. We have established restoration priorities
13 with respect to public safety in all those facilities as well.

14 But one of the neat things about that is we have a
15 very close integration with the Emergency Operation Center. As
16 different issues come up that are brought to the attention of,
17 of local government, whether it's police, fire, we get that
18 pretty much instantaneously because we're also tied into what
19 we call Web EOC. We have a Web-based emergency operations,
20 it's like a visual emergency operations network that's at our
21 different command centers. So when there's trees down or
22 whatever, we get that information another way.

23 We pre-stage road clearing task forces. This may be
24 a little unique in that we place some of our, actually two of
25 our folks not -- we don't tie up a trouble truck, for example,

1 a bucket truck, but we take a couple of people that have hot
2 glove sticks and, of course, radio communications to us that
3 are pre-staged with five different road clearing task forces in
4 this community.

5 There's been a determination that if you get a
6 catastrophic event coming through here, one of the key issues
7 is just going to be opening major roads for emergency vehicles.
8 So we have a team that consists of both fire, police, electric
9 and public works to clear those roads safely for, to get the
10 avenues to go to the hospitals and the various key parts of
11 the, parts of the community. We also have assessment teams
12 that are made up.

13 And in order to optimize, for example, how we do
14 that, we use, you know, there will be one of the engineering
15 staff and maybe somebody from meter services or something like
16 that so you're not tying up all your technical staff at one
17 point. We have continual communications between the EOC and
18 our control centers we talked about.

19 We have mutual aid agreements both with FMEA, as
20 Barry talked about, the American Public Power Association and
21 the Florida Electric Coordinating Group, which gives us a wide
22 reach with respect to where we can get resources if we do need
23 them.

24 Some of the other interesting features that we have,
25 we have a complete backup control center that runs in parallel

1 to our normal operation. That's really a part of our meeting
2 the NERC mandatory reliability requirements, but also, of
3 course, gives us a very functional way -- if a catastrophic
4 event took out our main control center, we actually have a
5 separate facility that's up and running parallel.

6 We have different locations for backup call center
7 locations. To the extent that a call center is, is rendered
8 useless, even including our control center, we have a whole
9 bunch of phones in a closet, designated jacks where you can
10 actually bring portions of call centers up in other remote
11 areas.

12 As I mentioned, the sheriff's helicopter access is a
13 valuable tool for us. We recognize immediately during the
14 event it may be busy, but we've had pretty good luck in being
15 able to access it after an event to help us do a quick patrol
16 and assessment of transmission, which has been very helpful as
17 well.

18 95 percent of our staff have been trained in the four
19 different levels of the Incident Command System, which gives us
20 a lot of functionality with respect to both mutual aid support
21 as well as if we have people coming in that have that same kind
22 of training and how we can operate. We talked about the outage
23 management displays at the City EOC.

24 And the logistic support we get through the EOC is
25 kind of interesting. Since we're working through the ICS

1 system, the ICS has a command structure. As a part of that, we
2 get logistic support from the City that we integrate with. The
3 keys to that might be when people are making on, on-the-spot
4 decisions about, you know, what will work for certain parts of,
5 let's say, debris storage, issues like that, there's a bunch of
6 preidentified debris storage areas. So we don't conflict with
7 where public works might be doing when we're doing our tree
8 trimming crews to do that as well, or possibly where you stage
9 mutual aid crews, all that type of thing, we've got a central
10 way to do that. So we try to reduce as much as possible the
11 conflict we might have in trying to run our operations for the
12 electric utility restoration as well as the rest of the
13 community restoration activities.

14 Public information, I guess we talked about the Web
15 EOC and how we, how we use that. That's a pretty, pretty
16 active system to be able to have that kind of data continually
17 for everybody across the system. The public information, we
18 have the standard media, we have the Internet, which
19 interestingly enough, you know, your first reaction is during a
20 storm you don't have power. How are you going to do that? We
21 have a number of people who give a lot of positive impact
22 about, or positive feedback about having Internet capability to
23 look at things. They call their friends who don't have power.
24 That same thing happens with WCOT, which is the City's
25 television channel. We both use crawls as well as posted

1 information on it. And we've actually recently gotten access
2 to the university paging system that was deployed as a result
3 of many of these campus catastrophic events that have happened,
4 and we have access to that system as well. And that's, you
5 know, probably about a 60,000 student population that we can
6 reach if we need to that way.

7 We have radio communications capability with public
8 safety because we're on the same 800 megahertz system. So we
9 can switch over to public safety channels if we need to and get
10 different call groups associated with that, and we also have a
11 fairly detailed continuity of operation plan that looks at if
12 certain parts of our facilities are rendered just unusable, you
13 know, where do we go next? Where do you set up offices? How
14 do you do it in order to manage the restoration? And that's
15 it.

16 CHAIRMAN CARTER: Kevin, as usual, very, very
17 thorough. Very, very thorough. Hang on a second. Let me see.
18 Commissioners, Commissioner Argenziano, you're recognized.

19 COMMISSIONER ARGENZIANO: Thank you. And it sounds
20 like you guys are doing an awesome job.

21 MR. WAILES: Thank you.

22 COMMISSIONER ARGENZIANO: Just one question out of
23 curiosity on the hydro plant. As far as, you know, heavy
24 waters coming in, do you get any assistance from the water
25 management districts or USGS, any monitoring stations?

1 MR. WAILES: Yeah. Actually, you know, it's
2 interesting. Part of the monitoring we do use is USGS
3 monitoring stations. When you get into a large event,
4 sometimes those gauges go out. So there's, but there's a
5 number of them along the river system that monitor the
6 different rivers that give us those river levels that key into
7 the models.

8 COMMISSIONER ARGENZIANO: Okay.

9 MR. WAILES: And some of the models are theirs as
10 well.

11 COMMISSIONER ARGENZIANO: That's not an easy job.
12 Thanks.

13 CHAIRMAN CARTER: Commissioner Skop, you're
14 recognized -- Commissioner? Thank you, Kevin. Staff, do you
15 have any? Thank you. Once again, thorough.

16 MR. WAILES: Thank you, Commissioners.

17 CHAIRMAN CARTER: Next, Commissioners, we'll have
18 Ms. Rebecca Mattey, the Director for the City of Ocala Electric
19 Utility. Good morning and welcome to Tallahassee. Welcome to
20 the PSC.

21 MS. MATTEY: Good morning. Thank you. I am Rebecca
22 Mattey. I'm the Director of Ocala Electric Utility, and I'll
23 just step right into it.

24 I do have to say though to start off I arrived in
25 Florida in, in 2004 just before all the hurricanes hit, so I

1 had trial by fire. But Ocala is centrally located. It's
2 80 miles from the west coast. We have 160 square miles of
3 service area and 800 miles of overhead lines. We serve just
4 about 50,000 customers. The majority of those are residential
5 at about 41,000.

6 We have implemented an eight-year cycle inspection of
7 our wood poles. In 2007, our results were 7.1 percent of our
8 distribution poles required attention, and 80 were restored,
9 100 were replaced. We are on schedule with those. 5.2 percent
10 of our transmission poles required attention. 23 will be
11 restored by our contractor and 12 need to be replaced. The
12 design is done and construction will be underway soon. We have
13 found that those inspections have provided us with a lot of
14 information. We believe it's a good program and we're excited
15 to continue it.

16 Our hurricane readiness, as Tallahassee does, we do
17 stage personnel at the fire departments because we realized
18 after 2004 that it was very critical for the fire department to
19 get our help during that initial search and rescue.

20 We also place trouble crews in each quadrant during
21 our restoration process. We found during, during those
22 hurricanes that those houses that had individual service line
23 problems tended to have to wait a long time because we were
24 very busy putting up our main circuit. So we put a trouble
25 crew in each quadrant and it significantly reduced the time

1 that those individual problems had to wait.

2 We also were requested and provided training to
3 county employees who had to clear roads. And they had concerns
4 about electric lines and whether they were energized, so we do
5 provide training every year for county employees.

6 We also train and equip personnel in our electric
7 engineering to provide assistance to our contractors and other
8 utilities that are in our, providing us with mutual aid. We
9 found that our GIS maps are critical to this process. We have
10 all of the hospitals, sewer lift stations, critical care
11 facilities on those GIS maps, and it provides engineering with
12 the ability to assist the restoration crews.

13 We train and equip our meter readers and our other
14 nontechnical personnel to be runners for our restoration crews.
15 They run supplies, tools, food so that, so that our technical
16 expertise can remain focused on the restoration.

17 We also work closely in conjunction with the Ocala
18 Fire Department for the National Incident Command System. Most
19 of our employees that are, that are involved in the process are
20 qualified for that.

21 We coordinate with FMEA. They are our mutual aid
22 coordinator. We rely heavily on them. And we also on a
23 regular basis report to them our outages. On a daily basis,
24 sometimes hourly basis we talk with FMEA on what's going on
25 with our restoration process.

1 OUC, Orlando Utility Commission, is our balancing
2 authority. Seminole and Progress Energy provide transmission
3 operation for our system. And the Florida Municipal Power
4 Agency is a centralized collection agency for our monthly
5 outage and reliability information.

6 Our coordination efforts, we work closely with the
7 Marion County Emergency with their EOC. We have two trained
8 employees, so we provide 24-hour coverage any time that the EOC
9 is open. We coordinate with the local law enforcement. We
10 work closely with the Ocala Police Department with outages at
11 traffic signals. We can give them quick information about how
12 quickly we believe that the traffic signals will be restored
13 and so they don't have to waste critical time taking generators
14 out.

15 We also, I don't have it down, but we work closely
16 with the water and sewer department. We did find that it's
17 important for them to know when we can get sewer lift stations
18 back up. So we have all those sewer lift stations on our GIS
19 maps.

20 We work with the Ocala Tree Commission, I do sit on
21 the tree commission, and with the Marion County Planning Board.
22 We also work closely with hospitals and critical care
23 facilities to make sure that their needs are taken care of
24 during the restoration process.

25 Our vegetation management efforts, we comply with the

1 NERC standards. We have an arborist on staff. She works very
2 closely with the community and coordinating with other City
3 departments. We, again, we're on a three-year trim cycle for
4 both our distribution and transmission, and we are on schedule
5 so far.

6 We do have policies that we, that help us to deal
7 with problem trees. We do, we do remove trees for our
8 customers if they're a threat to our service lines. And we
9 also budget money every year so that we can replace those trees
10 but replace the appropriate tree in the appropriate spot.

11 I worked very closely on the tree commission this
12 year and with the City Planning Department to change the
13 ordinance language that made it stricter about planting trees
14 around our utilities and our lines, and we, we were able to
15 come to an agreement that works for the City and also works for
16 the utility.

17 The City Council recently approved a new ordinance
18 that requires all new developments to be underground. And we
19 also implemented the evaluation of new pole attachments for
20 wind loading. Our engineering staff now does that. We no
21 longer install wood poles for transmission. All transmission
22 poles are mostly steel. Occasionally because of aesthetics
23 we'll put in concrete, but mostly we prefer steel.

24 Post-storm recovery, you know, of course we go right
25 into our emergency restoration plan, and we put all of that all

1 into action, all the training that we have provided to our
2 employees prior to the storm. And we always prepare for
3 equipment, and, and so we make sure that we have everything
4 that we need to continue.

5 Through FMEA we are participating in the storm
6 hardening research through the University of Florida.
7 Post-storm we also do forensic assessment damage with our
8 engineering staff. We're constantly updating our emergency
9 plan, making notes so that the next time we can do it better.
10 And our engineering staff also identifies those field
11 facilities that need to be upgraded while they're out there
12 working the storm.

13 Our areas of concern, OU is served by a 230kV line
14 and right now it's a radial and we do have redundancy in our
15 system, but at some point in time as growth continues we will
16 need to loop that 230 line.

17 The availability of emergency restoration
18 contractors, I think everyone has mentioned that, and with
19 multiple storms it's hard to get contractors. However, I have
20 to say being a member of FMEA and having the contacts through
21 the municipals, we, we have been able to, to count on our
22 sister cities for help.

23 Housing is also an issue I think in Ocala because
24 we're centrally located and many of the hotels are filled up
25 with evacuees, so housing for those restoration crews can

1 sometimes be a little difficult. We do have a facility where
2 we can house about 100. But for, for a critical storm or an
3 active season, housing may become an issue. I don't have --
4 that's all I have. If you have any questions. Thank you.

5 CHAIRMAN CARTER: Thank you, Becky. You did a fine
6 job. And, I mean, they picked the right person. You said they
7 picked you just before the storm. They made a good choice.

8 Commissioners, any questions? Staff? Thank you so
9 kindly.

10 MS. MATTEY: Thank you.

11 CHAIRMAN CARTER: Commissioners, I think where we are
12 now, we can -- I'd like to plod on a little more, if that's
13 okay with everyone. So let's call up for Florida Electric
14 Cooperatives Association Michelle Hershel.

15 MS. HERSHEL: Thank you, Mr. Chairman. I'm usually
16 here by myself. It's nice having people with me.

17 CHAIRMAN CARTER: Brought reinforcements today, huh?

18 MS. HERSHEL: I just have a short introduction and
19 then I'll introduce the co-ops that I have today.

20 The member cooperatives of our association are as
21 prepared as they can possibly be for future hurricanes that may
22 hit Florida and are committed to harden or upgrade our
23 facilities when necessary. All of FECA's members have
24 submitted their annual reports on construction standards and
25 their efforts to mitigate damages caused by extreme weather

1 pursuant to Rule 25-6.0343.

2 Our members comply with the standards set forth in
3 the National Electrical Safety Code, as well as RUS
4 requirements, which include facility inspections which are on
5 par with the IOU's pole inspection cycles. In addition, the
6 co-ops continue to review and upgrade their vegetation
7 management practices to avoid damage from trees and other
8 vegetation during a severe storm. FECA is also a member of the
9 PURC Research Group, and all of our members will have access to
10 the underground model that is being developed to determine
11 costs and benefits associated with specific projects as well as
12 the wind data that is being collected.

13 And I'd like to introduce the two co-ops that we are
14 showcasing here today. I hope you're not disappointed that we
15 didn't bring all 17 of our members. I think the Florida Keys
16 is going to go first. This is Scott Newberry and John Stuart
17 from the Florida Keys. And then Peace River, Jerry Twiggs and
18 Miles Green.

19 CHAIRMAN CARTER: Michelle, good to see you again.
20 We're glad to see your fine efforts before us here at the
21 Commission, as well over at the Florida Energy Commission and
22 other areas. Good to see you again.

23 MR. NEWBERRY: Well, good morning. As Michelle said,
24 I'm Scott Newberry. I'm the CEO of Florida Keys Electric
25 Co-op. And it's a pleasure to be here today to talk to you

1 about our storm hardening efforts over the past few years.

2 I've been with the co-op nearly 19 years now and I
3 think this is the first time we've had the opportunity to
4 address the Commission, so I thought I'd start by giving you
5 just a little bit of an idea of who we are. We were
6 established in 1940 as a member-owned rural electric co-op. We
7 serve in the Upper and Middle Florida Keys from the Dade/Monroe
8 County line through and including Marathon. We have currently
9 about 25,000 members, which represent about 31,000 accounts.
10 Our power supplier is Florida Power & Light. Our main power
11 supply is from the mainland into the Keys. Our system peak
12 capacity is roughly 160 megawatts.

13 We, we serve our members with 100 miles of 138kV
14 transmission lines. That transmission line is insulated at
15 230kV, which gives a little bit more strength than a standard
16 138kV would have. We have 647 miles of 24kV distribution line.
17 Again, that, those lines are overinsulated as well. 44 miles
18 of underground 24kV distribution. Of the 100 miles of
19 transmission we have, roughly nine miles of that is actually
20 over water, which presents us a challenge getting out there by
21 boat essentially and barge to make any repairs we would have to
22 do. We do have six 138 to 24kV substations, eight diesel
23 generators in Marathon that can supply a total of 22 megawatts
24 of peaking. We don't use it for peaking nearly as much now as
25 for emergency power. And we do have a 12 megawatt purchase

1 power agreement with Keys Energy Services out of Key West for
2 additional capacity if we need it.

3 Our storm hardening initiatives have, we've really
4 kind of broken this down into four pieces: Design,
5 infrastructure, maintenance and then our restoration efforts.

6 To get there design-wise, we did adopt in 2006 the
7 extreme wind construction standard from the NESC and have been
8 working since then to get our facilities engineered to meet
9 that. We have increased our wood distribution -- our pole
10 class sizes up one class per, per height, and we are working on
11 engineering specifically for those concrete poles,
12 self-supporting poles. One of the problems we have is narrow
13 right-of-ways make it hard to properly guy some of our
14 structures. So we're looking at actually having designed for
15 us and constructed for us self-supporting poles.

16 On the infrastructure side, we have always pretty
17 much kept up with a five-year inspection cycle on our wooden
18 distribution poles. We have about 15,000 of those in our
19 system. We're currently working to inspect and treat about
20 3,000 of those each year. Last year and the year before we're
21 experiencing roughly an 8 percent failure rate on those poles.
22 We did replace over the last year 200 distribution primary and
23 secondary poles. Beyond -- one thing I haven't heard of a lot
24 today that I think may be a little bit unique to us now is that
25 we look beyond just the strength of our distribution and

1 transmission facilities. We've actually looked at the strength
2 of our headquarter's warehouse facilities as well.

3 A few years ago we did complete construction of a
4 fully storm hardened administrative and warehouse facility in
5 our Marathon district, and we're currently about halfway
6 through construction of about a \$14 million fully storm
7 hardened administrative operations warehouse and fleet
8 maintenance headquarters facility in our Tavernier area. So we
9 have expanded just beyond the poles and wires to the facilities
10 we need to work out of after a storm as well.

11 We also, after, after looking at our system -- our
12 attachments, we do not attach very much of our stuff to other
13 people's facilities. Most of the attachments with Comcast,
14 BellSouth are on our poles. We did an inspection last year of
15 their anchoring guy attachments to our poles to make sure that
16 they were sound. We identified quite a few areas that needed
17 attention. We provided a list to all of our attachees
18 essentially and they have worked to correct that as well. It
19 seemed to us it doesn't make a lot of sense to try and build
20 all our stuff strong if their attachments aren't maintained as
21 well.

22 Just to give you a little bit of an idea of our
23 transmission system, we put this map in for you. You can see
24 that we're essentially a radial system from Tavernier, which is
25 at Mile Marker 91, all the way south to Marathon. But we are

1 looped in the Upper Keys. Our original transmission line was
2 built in the late '70s. That's the blue line there coming down
3 Card Sound Road.

4 About a year after Hurricane Andrew we did construct
5 a new 138kV line from the Florida City substation, FP&L's
6 substation there, down to Tavernier. It's an express feed.

7 All of our transmission structures are either
8 concrete or steel. The new line that you see there, the red
9 line, was actually built to standards that FP&L found served
10 best through Hurricane Andrew. So we did take advantage of
11 their research there when we built this line.

12 Under preventative maintenance, vegetation
13 maintenance, we have always attempted a three-year trim cycle.
14 We trim approximately 215 miles of line each year. All main
15 feeder work is completed prior to January or July 1st each
16 year. An additional advantage that we have based on our
17 location is the fact that all of our main three-phase
18 distribution feeders are located on transmission structures, so
19 that provides a little bit of additional strength to our
20 distribution system as well.

21 Annual aerial patrols, every year we fly the entire
22 transmission system top to bottom doing a visual and infrared
23 inspection of all transmission structures that we have. On a
24 side note, we actually inspect this every single day. We have
25 one road. The transmission line runs right down the road, so

1 we're out there all day looking at those. But we go above and
2 beyond once a year with that, with that inspection. Any
3 problem areas that are identified we do correct as soon as we
4 possibly can.

5 So that's kind of an overview of what we do prior to
6 a storm to be ready for one. But in my experience with, I
7 don't know how many, ten, 12, 15 hurricanes over the last 19
8 years, every storm we have is different. No one comes in the
9 same way. No one affects our system the same way. So one
10 thing that we do every single year is review our major storm
11 restoration plan. We do have a full document, written
12 document. Employee assignments are contained in that, and it
13 even goes so far as to include sample press releases and things
14 for member communication after a storm.

15 Once a storm does hit, the first thing we do is a
16 full system damage assessment. Before we start work we set our
17 plan then on how best to attack the problem. We always start
18 with transmission first. If we should have problems with a
19 transmission system, we work our way from there at the
20 substations, figuring we need the main backbone on. We then
21 work down the main feeders before we get out into the
22 neighborhoods throwing fuses in and things along those lines.

23 And very critical that I've found over the years is
24 this next item, the post-storm critique. As I mentioned, every
25 storm is different, every one has different challenges to it.

1 So immediately after a storm once we've got everybody back in
2 service we all sit down and talk about what went right, what
3 went wrong, and try and adjust our plan right then and there
4 for the next one.

5 We're also concerned with ensuring the safety of the
6 public and FKEC staff. One of the concerns that we have is,
7 you know, being in the Keys with one road in, one road out, we,
8 before we will allow our line crews to work, we need to be sure
9 that there is emergency personnel available to take care of
10 them should they become injured. So we won't let the linemen
11 even start working until we have that there.

12 Adequate material, a lot of folks have talked about
13 that. We do keep lots of stock on hand, I guess. We do stock
14 up prior to hurricane season as well for transformer poles and
15 that sort of thing. We actually have a truck stock, boxes for
16 every truck, a specific storm box. If a storm hits, that's
17 loaded on and gone. So we have all that in place before a
18 storm even gets there.

19 Coordination with Monroe County EOC, we are on
20 conference calls with them three, four, five times a day every
21 day prior to arrival. We do our best to staff the EOCs with
22 them, if we can cut loose a person to stay there. But we do
23 work closely with them before, during and after the storms.

24 Redundant communication systems, we did find, I
25 believe it was with Hurricane Andrew, that we couldn't call

1 out. The Keys at that point in time were essentially
2 untouched, but a lot of folks thought that we were gone because
3 they couldn't hear from us. So we have done what we can to
4 have multiple communication devices in place from truck radios
5 to cell phones to satellite telephones with Internet capability
6 in them so that we can, we can get word out and in and talk
7 back and forth between our areas as well.

8 We're working to complete our GIS/OMS systems for
9 storm damage evaluation. We intend to have that pretty much in
10 place by July 1st. We do send all of our data out of state for
11 CIS, GIS. All that is backed up and sent to St. Louis,
12 Missouri, prior to a storm so that we can get back into
13 business as soon as possible.

14 When we're doing our pole change outs, the line
15 contractors are on-site during hurricane season. We, we look
16 at all the poles prior to and start restoring and changing
17 those poles out during hurricane season primarily to have on
18 hand two or three or four contract crews that can be there to
19 help us in the event we do get hit with a storm. Also,
20 Statewide is always available to us and our mutual aid
21 assistance request there.

22 Finally, to finish up, we didn't have it in our
23 presentation, but a question has been asked, concerns and
24 vulnerabilities. I've kind of hinted at that already. We are
25 geographically isolated. We're hanging off the end of the

1 world down there, and that primarily is our main concern. We
2 can plan all we want to, but we are served with one highway and
3 that highway contains multiple bridges. One bridge going out
4 presents a huge challenge for us, so that is probably our
5 primary concern.

6 Second to that is we are often affected with
7 mandatory evacuations. We do not require our employees to stay
8 once the county evacuation order has been issued. For us to
9 start restoration efforts we need those employees back. So
10 we're always requesting to leave when you're supposed to leave
11 but return as soon as you possibly can.

12 We are a low-lying area. Storm surge is always a
13 problem. We've kind of addressed some of that too with our
14 headquarters and warehouse facilities. The warehouse portions
15 of those facilities have been designed so our bucket trucks can
16 all be stored within the warehouse, within the storm hardened
17 facilities, and the slabs at those warehouses are elevated
18 12 feet. We figure it does no good to have all kind of
19 material on hand if you don't have any equipment to get it out
20 into the field, so we've taken those steps as well.

21 And I believe that concludes what I had. I'd be
22 happy to take any questions.

23 CHAIRMAN CARTER: Thank you, Scott. We're always
24 pleased to see our friends from the Conch Republic come up
25 here.

1 MR. NEWBERRY: Well, we appreciate it. Thank you.

2 CHAIRMAN CARTER: Welcome to Tallahassee. This
3 probably -- since everything is kind of tied into the road,
4 were you guys able to have the road four-laned all the way
5 through yet?

6 MR. NEWBERRY: No, and never will.

7 CHAIRMAN CARTER: Never will?

8 MR. NEWBERRY: That will never happen, I don't think.
9 No. They are right now finishing up reconstruction of Jewfish
10 Creek Bridge, the drawbridge into the Keys. A 65-foot concrete
11 bridge is going to be opening next month, I believe, which
12 should help getting folks back into the Keys after a storm.
13 But it's primarily two-laned from Key Largo, the south end of
14 Key Largo down to Key West, primarily two-lane there.

15 CHAIRMAN CARTER: Wow. Sorry for thinking aloud.
16 Commissioners, any further questions? Staff?
17 Thank you very much, Scott.

18 MR. NEWBERRY: Thank you.

19 CHAIRMAN CARTER: Next, Commissioners, we'll have
20 up -- will be from the Peace River Cooperative, we have
21 Mr. Jerry Twiggs; right?

22 MR. TWIGGS: Yes. And I also have Mr. Miles Green
23 here. We appreciate the Commissioners giving us the
24 opportunity today for Peace River to come up and share with you
25 our information and our experience. You see from our first

1 slide here we have experience in planning, so with that I will
2 begin.

3 We'll talk for a little bit about, for your
4 information, Peace River's service territory. We currently are
5 in ten counties. Obviously, Manatee County is primarily our
6 growth area. Of course, we've had a little down, housing
7 downturn and that has slowed down. But we serve the primary of
8 Lake Wood Ranch and other areas that -- also we go into the
9 Hardee, DeSoto, Osceola, Indian River, and we cover a wide band
10 of area. And if you started from our west end in the morning
11 and went to our east end, it's about a three and a half to four
12 hour drive from one end of our service area to the other.

13 With that, I mentioned earlier hurricane experience,
14 and the reason why I asked that, my counterpart at Peace River,
15 Miles Green, has been with Peace River Electric Cooperative for
16 over 44 years. He has a lot of hurricane experience, has been
17 in the trenches. And as you'll see from the next slide, we
18 have had in the year 2004 multiple hurricanes, which some of
19 the prior presenters have been concerned about multiple
20 hurricanes. Well, Peace River has experienced that. And as
21 with anything, it's always good to have a lot of experience
22 with you on hurricanes. And with that, I'll turn it over to
23 you, Miles.

24 MR. GREEN: Good morning, ladies and gentlemen. One
25 thing you'll notice that I guess 2004 for us was pretty much an

1 accelerated learning experience. We started out with Charley.
2 We had met with the EOC about three days before Charley came
3 through, and actually during that time period we were having to
4 send people out to get ready for the eminent strike of Charley.
5 I didn't want to have any more meetings with the EOC after that
6 because the exact replica that we did in that meeting is what
7 happened on August 13th. It came right up through the center
8 of our territory. We experienced Charley, Frances, Jeanne and
9 Wilma in just over a year time, which I couldn't hardly
10 remember Wilma because Charley and Frances and Jeanne was,
11 stayed pretty heavy in my memory.

12 In Charley we had \$9 million worth of damage.
13 Initially we had out -- you saw we had 32,000. We had out
14 23,645 of our customers. We had just a little over 1,500 poles
15 down. And the average poles were 20 years old and 35-foot
16 high. It came right through the center of our territory, if
17 you'll notice by that diagram. Like the eye wasn't that far
18 from our headquarters, probably within probably less than a
19 mile.

20 When we replace the poles, we use 40-foot poles to
21 strengthen them more. We replaced over 600,000 feet of
22 conductor and we were able to do the majority of that in
23 14 days. That was -- that surprised me even at that. But that
24 was -- thank goodness for Statewide because they helped us with
25 a lot of help.

1 Frances -- Charley, we were just trying to calm down
2 a little bit from it and looked over our shoulders and Frances
3 was on the way. So it was about a million dollars worth of
4 damage. We had 19,184 people out. We had less than 50 poles
5 down. And I heard mention that you had to look at each storm
6 to know the exact damage that it did. And it was surprising to
7 me, that's one thing that really surprised me in this. Charley
8 was devastating, it just put everything on the ground, but
9 Frances tore down trees. We had more back taps and not main
10 lines that we had trouble with in that. And you see there the
11 conductor was 15,000 feet, and the majority of it was restored
12 in two days.

13 That wasn't enough. Jeanne came in the Atlantic out
14 there. And we had sent help to some of the co-ops up in West
15 Florida for Ivan. We had to turn around and ask them to come
16 back. So the day we were supposed to swap crews, we just
17 pulled them all out and brought them back because we were
18 having to prepare for Jeanne. We had 10,415 out, 400 poles
19 down. And you see the average; the sizes are about the same.
20 The conductor, we replaced over 200,000 feet, and we were able
21 to do that in about six days.

22 If you look at the next diagram, you'll see that
23 that's the tracks of all three hurricanes. And they weren't
24 over 50 miles apart with the eye when they came through our
25 territory. So that was in a 45-day period.

1 Wilma I almost forgot after 2004, but Wilma did, we
2 got a bunch of it. Some of our neighbors to the south got a
3 lot more. But Wilma was basically a, just a rain event for us.
4 And we had 4,000 people out, and in two days we had the
5 majority of that back on.

6 MR. TWIGGS: We have quite a few employees at Peace
7 River that have 40-plus years of experience. With that and
8 with their hurricane experience it's really given us a great
9 opportunity to develop a hurricane plan. And with that, we
10 have -- one of the requirements we have from RUS is that we
11 have an emergency response plan. And one of the sections in
12 that is a hurricane plan, and I will outline that to you, is we
13 repair with it. And I think we're meeting with all ten of the
14 EOCs in our area on May the 21st at 9:00 a.m. So that's been a
15 very productive meeting that we've had annually. We share with
16 them our maps, you know, where our poles, where our wires are
17 located and that. So that helps us a tremendous part with them
18 in the exchange of information and it takes place there.

19 In the preparation, it takes a lot of parts. You've
20 heard a lot of this today about GIS information, where our
21 poles and wires are, where the OMS is, our outage management
22 system, which handles during hurricanes a lot of calls in a lot
23 of areas, and it helps us to quantify that information. Also
24 the IVR is able to handle a lot of calls. That ties into the
25 OMS. And also the Customer Information System.

1 So in addition to that, prior to hurricane season we
2 verify the data, that it's correct, the placement and sizing of
3 our stations in light of what Miles has just shared with you.
4 Obviously we integrate into our engineering design, which is my
5 primary function at Peace River, anticipation of hurricanes,
6 whether it's pole, substation locations and other things.
7 Particularly we have to use a lot of back feed capability and
8 there are some situations that come up -- we try to pick up as
9 many customers as we can from some unusual ways that take place
10 that test your system during hurricane season. Also, as you've
11 heard today, all the utilities in Florida are looking at
12 improved materials to withstand the higher winds that we
13 experience with hurricanes.

14 We have our hurricane maps. You know, this time of
15 year you can see around the electric cooperative everybody is
16 talking about hurricane season. We're starting to implement
17 our plan, we're collecting the information. We have annually a
18 meeting of all the key employees at the cooperative. We sit
19 down and spend a day checking have we fully prepared ourselves
20 in accordance with the plan and try to anticipate as many
21 things as we can see forward in the future. And we always,
22 like all of us, read in the paper the prognosticators or the
23 predictors of what they think this hurricane season is, and I
24 hope they're again wrong this year. Anyway, again, as I said
25 earlier, we have an OMS and IVR and other things.

1 Just it is -- the scope of our plan is to as best we
2 can orderly prepare for a hurricane. And as is mentioned
3 earlier about the others, we want to do this very safely.
4 Peace River has been very fortunate in all the hurricanes we
5 shared with you earlier. I think we had, what, one person that
6 had poison ivy. So we have been very fortunate at Peace River
7 that people have been safe and the only thing we've experienced
8 is poison ivy.

9 Phase 1, we break our hurricane plan into phases.
10 Phase 1 is, well, like all of us, we have access to
11 information. We see where the weather people are projecting
12 where the proposed route is. You know, we experienced Charley
13 or Miles experienced Charley. I know they had predicted
14 earlier that it was going to go into the Tampa Bay area. It
15 took a right turn and went right through Wauchula and part of
16 our service area. So it's -- they have a very good planning
17 tool, but sometimes hurricanes take unpredictable routes.

18 We do as other utilities do, we look at our fuel, our
19 supplies, our vendors, our hotels, our restaurants. We work
20 very good with our brethren investor-ownedes that are in our
21 area and some of our transmission providers, Progress Energy
22 and FP&L. We have communication links with them and they have
23 communication links with us and our control center. So we
24 share information in our preparation of that.

25 Obviously we work with Michelle and Statewide. And

1 that's one of the very good things about the cooperative
2 program, it's not just in the State of Florida but nationwide.
3 We help our brethren out in other states and our brethren in
4 other states help us out. And I think Miles will share with
5 you we had, what, 47 different cooperatives from other states
6 when we had Charley. So that speaks very well.

7 Again, we monitor and assess the storm's progress and
8 projected path. And I mentioned about Statewide, and we do our
9 damage assessment teams that's been mentioned earlier.

10 Phase III is mobilization of our staging areas.
11 That's something we work very well particularly with Manatee
12 County. They have designated, the EOC in Manatee County has
13 designated some staging areas. We work with them, we work with
14 FP&L and come up with something to provide benefit to all of
15 us.

16 Of course, you have to clean up afterwards. You
17 know, we have contractors, outside workers, minor repairs. And
18 this is a picture, right, of Charley, Miles? You can see in
19 the -- this is in the Wal-Mart parking lot in Wauchula right
20 across -- so the parking lot was full of pole trucks, bucket
21 trucks and linemen.

22 Fieldwork, daylight hours, communications will
23 distribute all information to the media. Obviously
24 communication is critical in a hurricane. We lost a lot of our
25 landlines, we lost the cell phones. And satellite phones

1 really were the last resort, and they were busy at times. But
2 communication is critical with this. Again, we communicate
3 with our emergency management operations in our counties. We
4 give them updates, we update with our investor-owned. And
5 this is an example of one of our updates that we provide to our
6 EOCs.

7 And as one -- here's our website to update the media
8 and also to update our customers on the best information we
9 have available at that time as far as what's taking place as
10 far as restoration impact to our system.

11 MR. GREEN: These are -- we track our reliability
12 numbers. And as you can see, they were fairly high in 2003,
13 and in 2004 they went off the scale. But the one thing that we
14 are happy about, because of the increased right-of-way and the
15 increased pole inspections these numbers are coming down. So
16 that's both the SAIFI, SAIDI and the CAIDI numbers.

17 We are trying to harden the system. And you'll see
18 in this particular graph that as we cut more right-of-way, that
19 directly relates to the number of outages and the time of the
20 outages. So we're aware of that and we're trying our best to
21 do it.

22 Since 2004 we had a great idea, we thought. We were
23 going to go out and do the chemical growth retardant after all
24 of the right-of-way we trimmed with the storms and it just
25 didn't seem to pan out as well as we thought it was. So what

1 we basically started doing, we have focused totally, not
2 totally but mostly on mechanical trimming and mowing.

3 We're planning on using concrete poles for all major
4 feeders, whether it be triple circuits, double circuits,
5 because we're building quite a few of those now and in the
6 future in Manatee County. We've increased our standard pole to
7 a 40 Class 4, which is a stronger, a stronger pole.

8 The fiberglass crossarms, I was a little reluctant to
9 that to start off with because you know how bad the UV is on
10 that, the sun is. But we found out that we got some pretty
11 good benefits out of it. Not only were we able to have the
12 basic insulation level brought up on our lines, but also we
13 were able to have a raptor line built that the birds were not
14 near as apt to get killed on. And then, of course, when the
15 storms come, we found out that the fiberglass was tougher.
16 Some of the wood crossarms just didn't stand up as well as
17 those fiberglass arms did. So we're kind of happy with that.

18 We have started a -- we have a total spec on it from
19 engineering that we wrap every pole that's put back in an area
20 where woodpeckers are with small square mesh wire. Because if
21 they ever get a nest in one, they just, it's just forever. And
22 then, of course, the pole rots and the wind blows it down.

23 We've accelerated our pole inspection since that
24 time. We've changed out a number of poles. And we're trying
25 our best to catch all the dead trees that are out of the

1 right-of-way. If they're dead and there's a danger of it
2 falling on the line, we'll even -- we won't put back a
3 full-grown tree but we will provide a tree from a nursery for
4 the people as long as they'll put it somewhere besides under
5 the line.

6 So this is a picture -- well, okay. This is a
7 picture of some of the equipment that we're using to trim
8 right-of-way. I was totally amazed at what some of these
9 operators can do with this type of machinery. They can walk up
10 to a two-foot oak tree and basically tell where it's going to
11 fall just as well as you can with a chainsaw.

12 Which if you'll look at the next picture, we're
13 working with, we're working with both the state, Manatee County
14 and the property owners. And this is a picture of the
15 right-of-way that we've just successfully done over Highway
16 70 just before you get into Bradenton and that's what's left of
17 it after that machinery goes through there. And the state is
18 real happy with that, so. They weren't real sure to start off
19 with whether they were or not and then they decided that was
20 the best thing. No stumps left, nothing. It's just shredded.

21 The next picture is our service area. And we're
22 trying our best to get an eight to ten years inspection, and
23 right now it looks like it's about to be eight years for
24 reinspection with 12.5 percent done each year. Any questions?

25 CHAIRMAN CARTER: Commissioners, any questions?

1 Staff?

2 Thank you very kindly. Thank you.

3 Commissioners, if you feel ambitious, we can plod on.

4 Okay. Let's hear from AT&T. Is it plod on or trod
5 on?

6 COMMISSIONER EDGAR: Mr. Chairman, if I could, just a
7 brief comment since we're kind of switching gears and going
8 into a different subject area.

9 CHAIRMAN CARTER: Okay. You're recognized.

10 COMMISSIONER EDGAR: Thank you very much.

11 I'd just like to, of course, say thank you to all of
12 our presenters, but in particular to those from the
13 municipalities and from the co-ops. I really appreciate their
14 participation in this initiative.

15 CHAIRMAN CARTER: Thank you so kindly. Thank you so
16 kindly, Commissioner. And all of us here sincerely appreciate
17 our colleagues from the co-ops and the munis, particularly our
18 friends that came all the way up from the Conch Republic. That
19 was very interesting. A lot of good ideas, a lot of great
20 ideas, and we're really pleased to have that participation.

21 Okay. You are recognized, sir. Good morning, or I
22 guess it's afternoon now. Good afternoon.

23 MR. SMITH: Yes, sir. Thank you.

24 We appreciate the opportunity to come here again. My
25 name is Kirk Smith. I'm a Manager on the southeast, AT&T

1 Southeast Regional Construction and Engineering staff. I have
2 with us today as well Ms. Janice Doherty, and she's from the
3 AT&T Global Network Operation Center.

4 We understand the importance of storm preparation.
5 We hope that the history of our performance bears that out. We
6 know that it's not a last-minute endeavor at all. It's
7 something that we practice every day, not only for hurricane
8 preparation or hurricane events but other events as well.

9 Our Florida team's long-standing dedication to
10 comprehensive storm preparation coupled with the increased
11 resource available to AT&T post-merger puts us in a much better
12 position to respond to these type of events. Last year we
13 talked very briefly about some of the resource that we saw was
14 available as a benefit of the merger. We'll go into more
15 detail with that today.

16 We'll focus our presentation today on four different
17 areas: Our pole inspection program, pole replacements, our
18 coordination with other utilities on storm hardening
19 activities; our increased generator inventory; an overview of
20 AT&T Florida's preparation of restoration processes; and what
21 we see now as a different, possibly new to everybody hierarchy
22 of support within the new AT&T, which includes our Global
23 Network Operations Center.

24 In our Florida inventory we have 461,789 poles. We
25 are inspecting these poles on an eight-year cycle. For joint

1 use poles we have prioritized the areas where we're doing these
2 inspections in concert with our major power company partners.
3 We have looked at as a first priority of inspection the coastal
4 environments and, again, in connection with our power company
5 partners those areas that they would consider and take us and
6 guide us to as critical infrastructure.

7 At the workshop last year we had focused our areas
8 primarily in the South Florida area. Through the course of
9 this past year we have expanded our pole inspection efforts and
10 now have an active presence on pole inspections in each of the
11 coastal environments we have up to and including the Florida
12 Panhandle.

13 We have inspected greater than 86,000 poles through
14 year end 2007, have inspected 19,000 poles already in 2008, and
15 are on track to inspect a minimum of an additional 38,000 poles
16 in 2008. Through the course of the past several years we have
17 replaced greater than 3,900 poles as part of the pole
18 inspection program and with the storm hardening activities
19 jointly with our power company partners. We are on track with
20 our eight-year program; actually ahead of schedule somewhat and
21 fully intend that we will make the commitment of inspecting our
22 entire pole inventory in this eight-year cycle.

23 We have added a significant number of portable
24 generators to our generator pool arsenal. These support our
25 digital loop carrier sites. From lessons learned in our

1 analysis of the 2004 season, we have also established what we
2 call a seasonal generator pool in Hialeah, Florida. And we now
3 have greater than 700 critical digital loop carrier sites with
4 permanent natural gas generators supporting these that will be
5 completely independent of battery backup or commercial power.

6 The following are pictures of the additional
7 generators that we have added to our fleet. Traditionally
8 we've used 10 kilowatt portable diesel generators for our
9 digital loop carrier sites. What we'll be adding going forward
10 are larger generators that support some of the more complex
11 electronics that we now use. These are 25 kilowatt generators
12 and, again, these will be the standard for our additions going
13 forward.

14 The next slide gives you a representation of our
15 regional generator pools across the nine states. The red
16 numbers indicate where we have added the larger generators
17 through the past year since the last workshop we were here with
18 everybody last year. These regional pools we draw on to
19 support the State of Florida in the event of a hurricane. We
20 will actually load generators on a proactive basis as far away
21 as Nashville, Jackson, Mississippi, or Columbus, South
22 Carolina. The generators are loaded on 18-wheelers. They're
23 brought down to staging areas and prepositioned out of harm's
24 way but be able to respond very, very quickly after landfall.

25 The seasonal generator pool actually draws primarily

1 from the Atlanta pool and the Nashville pool where proactively
2 we'll load the generators up sometime during the month of May
3 and bring them down to a staging area in Hialeah, Florida. As
4 I mentioned, a lesson we learned from 2004 is that major
5 thoroughfares can quite often prevent you from getting north,
6 south, east or west. And we had generators that we had
7 pre-staged close to the South Florida area in 2004 and found
8 that we could not move the generators. So what we're doing,
9 we're moving those closer to South Florida where in essence
10 going forward we'll have two generator pools for the State of
11 Florida and hopefully we'll cut our response time tremendously.

12 These are pictures of some of the permanent
13 generators that we've added to support our digital loop carrier
14 sites that are powered by natural gas. The bottom picture
15 shows you a terminal wrap for our remote digital loop carrier
16 sites. We dispatch technicians just prior to the storm, put
17 these wraps on to prevent from water intrusion and wind and
18 driving rain and sand.

19 All of these things that we're looking at are of
20 absolutely no use whatsoever if we don't have our employee body
21 to put their hands on the tools and the equipment. Our
22 greatest asset is, in fact, our people. We work very, very
23 diligently to prepare and support our employees so they can
24 concentrate on service continuity. We have annual awareness
25 meetings where we go through each one of our business units,

1 look at personal storm preparation activities for the
2 employees, what the needs of our business are. We have numbers
3 that they can call in to give us an indication of what their
4 status is from a personal standpoint, where they can monitor
5 storm event activity. And, again, like several of the folks
6 had mentioned in prior conversations or presentations,
7 communication is extremely key.

8 We've gone so far in many cases as to provide
9 localized care for our employees as the, as the events dictate.
10 You've probably seen or possibly remember a presentation last
11 year where we have available our tent cities, provide clothing,
12 provide food and up to and including counseling, if necessary.

13 Each business unit within AT&T has an emergency plan
14 that supports our corporate directives, which obviously are
15 focused on service continuity. As I mentioned earlier, the
16 meetings are held annually. We go through periodic exercises
17 internally to test our emergency plans and are very active in
18 participating with county EOC and IOU and other industry
19 exercises.

20 We are prepared to mobilize restoration teams within
21 hours of any emergency that we may have. Our supply chain
22 management is partnered with suppliers to ensure that we have
23 adequate supplies and equipment available for restoration
24 activities. Lessons learned again: Cable, poles, gasoline,
25 diesel fuel, water and sandbags. We've got those on retainer

1 now.

2 We have staging areas that are identified to stage
3 the supplies and equipment, again, responsive to whatever
4 landfall the storm may be making. And we have sweep teams that
5 are dispatched as soon as possible after landfall to identify
6 what the, what the immediate restoration needs are.

7 We, too, have partnered with local businesses to
8 house and feed out-of-town crews and have retainer contracts in
9 place for both unleaded gasoline and diesel.

10 We are prepared to address emergency operations that
11 are what I would term scalable. What we're going to try to
12 educate you on here is post-merger, kind of the hierarchy of
13 support that AT&T would have. We have what's termed our local
14 response teams, and there's three of those local response teams
15 within the State of Florida in the north, central and south
16 parts of the state. These are ad hoc teams that are pulled
17 together as events are identified that have been identified by
18 name, skill sets and ready to respond to whatever the need is.
19 As the event is diagnosed as large, catastrophic, whatever the
20 case may be, again, it's scalable that we can roll up and
21 activate our regional local response centers. We have the
22 capability of activating a regional local response center both
23 within the State of Florida, and in many case when we have
24 multiple state events such as we had in 2004, 2005, we can
25 activate a second level of local response center in Atlanta,

1 Georgia. And after that we have our Global Network Operation
2 Centers.

3 Each one of our LRTs or LRCs are multidimensional and
4 represented by every department within our operations. It goes
5 from consumer to small business to large business, residence,
6 construction, engineering, installation, maintenance, special
7 services. You name it, we have a representative that can
8 handle their particular part of the catastrophe.

9 Within the LRC some of the things that we've
10 developed over the last several years, and several of the other
11 folks here have mentioned GIS type capabilities, we've done the
12 same. We've got maps now where we can graphically display
13 central offices, digital loop carrier sites, forecast storm
14 surge and give us an idea of possibly what to expect as
15 forecasts are refined.

16 We have our network reliability centers in both
17 Charlotte and Nashville that continually monitor the network.
18 They're looking at not only digital loop carrier sites, they're
19 looking at circuits from the DS-0 to DS-3 and SONET levels.

20 As you see here as well, we have several different
21 types of strike teams: Our safety team, generator team, cell
22 strike team, E911 and damage prevention teams that are
23 activated, again, on an ad hoc basis disciplined specific to
24 handle problems that we've identified from previous storm,
25 previous storm events.

1 And should the event be large enough that the LRT or
2 LRC hierarchy needs to call in additional help, we now have the
3 Global Network Operations Center to call on. And I'll hand it
4 off to Ms. Doherty to explain that.

5 MS. DOHERTY: As mentioned, I'm Janice Doherty. I'm
6 part of the Global Network Operations Center. We call it the
7 GNOC. The GNOC can provide additional resources to the local
8 response center, if necessary.

9 The Global Network Operations Center monitors AT&T's
10 network on a 24-by-7 basis and will take any corrective action
11 necessary if an anomaly is found in the network. In the event
12 of a hurricane, the GNOC may activate AT&T's Network Disaster
13 Recovery Team and then would monitor its response. The Network
14 Disaster Recovery Team is a group of employees put together to
15 form a team that has had special training to recover AT&T's
16 network. Some of the team members have been trained to handle
17 hazardous materials, if that is necessary.

18 The network disaster recovery infrastructure also
19 with the -- as a result of the merger we now have access to
20 additional resources such as the large generators and the large
21 air-conditioning that can be used to support one of our central
22 offices should the need arise if one of them is destroyed or
23 damaged.

24 Also, the network disaster recovery will provide
25 emergency communication. We've also got access to the

1 emergency communication vehicles called ECVs that will provide
2 broadband voice and data communication from the disaster site.

3 Also we've got two types of mobile towers that can
4 provide cell service. One of them is the COW, which is the
5 cells on wheels, and the other is the COLT, the cells on light
6 trucks. The disaster recovery team uses the satellite COLT to
7 provide connectivity to the AT&T network should that be
8 impacted. So as you see, AT&T Florida is prepared for storms
9 this year.

10 CHAIRMAN CARTER: Thank you. I just -- on the, the
11 picture on number 21 you just left from, is that a COW or a
12 COLT?

13 MS. DOHERTY: I didn't hear you. I'm sorry.

14 CHAIRMAN CARTER: Which one is that on your last
15 slide, just before you say "AT&T is prepared"?

16 MS. DOHERTY: It's the COLT.

17 CHAIRMAN CARTER: Oh, it's the COLT?

18 MS. DOHERTY: Uh-huh. Yes, sir.

19 CHAIRMAN CARTER: Thank you.

20 Commissioners, any questions? Staff?

21 MR. GARL: Thank you, Mr. Chairman. Just one
22 question. You were talking about the pole inspections and the
23 joint use poles, doing joint inspections with the power
24 company. How many joint use poles do you have on your system
25 and how, how are you doing as far as getting those inspected?

1 MR. SMITH: I'll give you our approximate numbers. I
2 don't have those with me. We have 461,000 plus poles that we
3 own. Attached as a joint user, be it a power company and/or a
4 cable TV or a CLEC, we have attached to -- approximately
5 360,000 of our 461,000 poles have another attachment.

6 We are, we are attached to approximately
7 700,000/800,000 poles as I recall where we are attached to
8 somebody else's pole.

9 MR. GARL: Do you have any information on how the
10 progress is going on doing those joint inspections with the
11 pole owners or the other pole users?

12 MR. SMITH: Each of the companies that we have
13 partnered with at this time -- and I would tell you I'm
14 obviously not speaking for them. I know that we're on track
15 with our eight-year cycle. I would tell you anecdotally
16 information, our anecdotal information should say they are as
17 well. I don't, I don't see or know of anybody that indicates
18 that they're not anything but right on target.

19 MR. GARL: Thank you, Mr. Smith.

20 CHAIRMAN CARTER: Thank you very kindly.

21 Next we'll have Verizon. Mr. Lewis.

22 MS. CLARK: Good afternoon, Commissioners.

23 CHAIRMAN CARTER: You're not Mr. Lewis.

24 MS. CLARK: No. I'm Demetria Clark with Verizon, and
25 I just wanted to introduce Mr. Lewis. Mr. Lonnie Lewis is

1 Coordinator for our Emergency Operations Center. And we also
2 have Chris Krier, Division Resource Center Supervisor, and also
3 Mr. Frank App, who is with the regulatory group.

4 CHAIRMAN CARTER: Good to see you, Demetria. Thank
5 you.

6 MR. LEWIS: Good afternoon, Commissioners and staff.

7 I'd like to first just start off by saying Verizon --
8 well, former GTE which merges, now Verizon, we've been for
9 quite some time involved in emergency preparedness, especially
10 in 1992, I think, when Andrew came in down to Miami. Right
11 after that our Director of Emergency Management went down
12 there, met with the county EOC, tried to find out what went
13 right, what went wrong, what didn't work, what did, and those
14 things came back. And as a result of that, you're going to see
15 in the information I'm going to provide you some of the things
16 that we learned in '92 that we brought forward that we've been
17 using for some time now since then, as well as some other
18 things that we have implemented in the last year, I think, is
19 some of the information that you also wanted to know.

20 One of the things that we really believe in is you've
21 got to have a plan. If you've got a plan, you know what you're
22 going to do, you know where your people are supposed to be,
23 you're going to be successful. One of the things that we do is
24 each year, and we'll talk about this a little bit further in
25 the thing, we actually have to update our emergency plan each

1 year. It has to be certified by our headquarters in New York.
2 Our EOC has to be -- we have actually a hot EOC that's up and
3 running year-round. And the responsibility that it has is to
4 coordinate any emergency event that we may have, whether it be
5 a storm, terrorist event, whatever it might be, that EOC is
6 there to make sure that whatever we need to do, move manpower,
7 move people, relocate, whatever, happens. It's also part of in
8 case we run into any work stoppages or, for example, a pandemic
9 flu, we've been preparing for that. So that's one of the other
10 programs that we've been working on. Again, the EOC is
11 involved in all of that even though it's headquarters driven.

12 And today what you see is we have a corporate EOC in
13 New York. We are what's -- in the corporate environment we're
14 considered the Region Control Center, RCC. But for you I added
15 on the EOC so you would understand it's the same thing as
16 Emergency Operation Center, but in Verizon it's called RCC. So
17 we are the -- and we work this way with all the seven counties
18 that we're in as well. We're part of the EOC. We are the EOC
19 for Verizon and we work with the EOC for the different
20 counties. And we are responsible, the EOC is, to make the
21 policy that we send people home, what time does the wind get
22 here at 40 miles an hour, do we go into our different phases
23 that we have for emergency preparedness, et cetera?

24 The next group is the Division Control Center. Now
25 the Division Control Center is where really the rubber meets

1 the road. That's where our engineers come together, our
2 outside plant people come together, the area managers, finance,
3 engineering, planning, all of them sit down and they decide to
4 come up with a plan on how we're going to do the restoration.

5 The DAG or the Damage Assessment Group, one of the
6 things that we're proud of about this group, in 2004 after the
7 first storm hit, within 24 hours we knew every pole, how many,
8 how many drops were down, how many cables were down, we had all
9 that information because we had an upfront system where the
10 technicians would go out and once the damage hit, we sent all
11 of our technicians to that area, they would fill out a form.
12 At that time it had to be entered into the system and we in the
13 EOC could see a live or as close to live as we could get update
14 on how many damages and what kind we had. Since then we've
15 automated that that it can be put in by the technician's laptop
16 and we in the EOC, it's almost realtime, we know where the
17 damages are.

18 Our structure is designed so that the EOC is a
19 central point of contact. It's where we're, we can see the big
20 picture. We know if we need to move people from Hudson to Lake
21 Wales, this type of thing, where we don't leave those kind of
22 decisions up to the local manager because he's concerned about
23 his little area. And we in the EOC as a central point of
24 contact, we can see the big picture. We make those decisions.

25 The EOC consists of our region's executive staff

1 under the direction of the Emergency Control Officer. Our
2 staff, our Executive Directors are in there, our Region
3 President is in there during -- actually they're there the
4 night -- if the storm is coming at night, they've been there
5 all night long. Two reasons: Number one, they don't know if
6 they're going to get back into the area, so they have to --
7 we've got to run the company and they're there -- that EOC
8 becomes where they're going to run the company from. It
9 functions as the region's policy group. Again, when we close
10 centers, we send people home.

11 We go into Phase 1, Phase 2, Phase 3, those type of
12 things. And, again, similar to one of the power companies, our
13 different phases we do different things.

14 Phase 1, we get ready, we get on conference bridges,
15 we tell everybody we're watching something, we're not sure yet
16 exactly what it's going to do, but we want you to know we're
17 watching. Phase -- and we'll have additional phone calls
18 throughout the day at what point we would get into a Phase 2,
19 which means we activate everything that's in our book that says
20 do this, fuel your fueling tanks on your generators up to
21 90 percent, send your noncritical personnel home so that they
22 can come back or send your critical personnel home where they
23 can come back and stay during the storm in locations that
24 they've been predetermined.

25 Our Division Control Center again consists of those

1 folks that I talked about earlier, the engineering and planning
2 and those folks. The process that they're used to, that
3 they'll use in there is they're a central point of contact kind
4 of for checks and balances to make sure they've got the right
5 amount of people where they need them. They also coordinate
6 the personnel related type services, time reporting, safety,
7 lodging, things like that.

8 They develop a service restoration plan under the
9 project management philosophy. This is to improve resource
10 planning and performance physically. Once they've got all the
11 information where the damage is, they actually will make a
12 decision -- we actually have -- once the damage comes in, a
13 damage assessment, they're put into grids, and we actually
14 dispatch by grids not by individual cases of trouble after a
15 storm. We may send 20 people into one grid, two people into
16 another grid. But our objective is where the mass of the
17 trouble is, that's where we're going to go first.

18 Again, the Damage Assessment Group, today our folks
19 have laptops. And when they go do a damage assessment, they do
20 it on their laptop. As soon as they hit the enter key, we can
21 see in the EOC and see where the damage is, we can see how many
22 poles are down, which gives us a little bit of a heads up to
23 our construction folks, get ready, this area looks like it's
24 going to be the worst, you need to start getting ready for
25 that. They work under the direction of the local managers in

1 the field. They're everybody from engineers that go out,
2 technicians. It doesn't matter what, where you are, we could
3 be sending Clearwater people over to do a Winter Haven damage
4 assessment because they get assigned a grid that I mentioned
5 earlier. They go inside that grid and they go street by
6 street, house by house and they look at everything that is
7 wrong. And I will go back in a minute and share some other
8 things with you as how do we get in there when all the streets
9 are closed, et cetera?

10 This is our corporate structure. In the red you'll
11 see that this is the Southeast Region Control Center or EOC.
12 And we are just one of -- in the scheme of Verizon there's
13 several of the different regions' RCCs. When we open our RCC
14 or EOC, the Verizon EOC in New York opens up. It supports us
15 from the time we open up until the time we close. Every two
16 hours or three hours we're sending them information: What do
17 we know, so forth and so on, how much trouble do we have, do
18 you need help, do you need -- you know, they're literally there
19 to support us.

20 To give you a little bit of probably information that
21 you really want to know right now, are we ready? Yes, we are,
22 and here's why. We have that dedicated EOC that I talked to
23 you about. It's online every -- 12 months out of the year. In
24 hurricane season it's manned full-time except at night, of
25 course. We watch storms before they come off the coast of

1 Africa and we track them all the way across the, either the
2 Caribbean or the Atlantic. We have a weatherman that's on
3 contract to us. We listen to him. He's very, very good. He
4 told us Charley wasn't going to hit us. You know, we were all
5 set for Charley to come up a little bit further and hit us. He
6 told us, he said, "I don't think that's going to happen." We
7 don't get all the hype and the news media and so forth. We
8 listen to him. He tells us what, not what we should do but
9 here's what we expect is going to happen. So we follow him
10 pretty well.

11 Every year we have a region emergency exercise. Now
12 what we do is we try to go inside with Hillsborough County
13 because that's our, where we are, the EOC is located in
14 Hillsborough County, and we use the State of Florida's plan.
15 If they have a hurricane hitting the east coast, we'll move it
16 over here to the west coast, as Hillsborough County will as
17 well, and it'll be coming into our area and damaging our area.
18 So we work with Hillsborough County. We have people stationed
19 in every county EOC. Two of our engineers are full-time, 24
20 hours a day when they operate. When they open up, we're there.

21 And so our emergency exercise, we have one every
22 year, not just for hurricanes. We also have to have them for
23 what if one of our major buildings catches fire, what do we do?
24 So we have to have an exercise for each one of the emergency
25 plans that we have. And I'm just talking to you today about

1 the one dealing with storms.

2 We annually have to update our emergency plan. It
3 has to be sent to corporate headquarters. They -- we can't be
4 certified for this year being emergency preparedness if we
5 don't send, have our updates sent to them and if we don't have
6 our exercises.

7 Again, back with partnering with the seven county
8 emergency management teams, we really believe in this and I'll
9 tell you why. One of the things back in '92 that we found out
10 about Andrew was much of the damage that occurred wasn't
11 because of Andrew but it was because of the road clearing teams
12 that went in there to open up the roads. They destroyed DLCs,
13 they destroyed terminals, they went in there with the front-end
14 loaders and bulldozers clearing the roads and they destroyed so
15 much of the infrastructure.

16 So one of the things that we've been working very
17 closely with, and I'll tell you now is one of our concerns is
18 we have -- Hillsborough County is very good. We're very up
19 tight with them. We have people, probably about 25 people
20 dedicated to go out with them when they first start that push.
21 Our people have the instruction, you stand in front of that
22 bulldozer. If there's a crossbox or a terminal there, you
23 don't let them run over it. The county works very well with
24 that.

25 Pinellas County, we've been working with them for

1 about three years now and finally they've got a real good plan
2 established. Some of the other counties we don't have that
3 plan established yet. We're actually going with them, we're
4 spending the night with them where their crews are located, we
5 go out with them. That's what we want. We want to be part of
6 their team. That means taking a lot of our employees and
7 putting them there. But two things happen: First of all, they
8 protect our infrastructure and, secondly, they're communicating
9 back to us any major damage that they see while they're out
10 there.

11 One of the other things that where we talk about
12 implement the best practices, we've been doing this for a long
13 time and we think we're pretty smart. I mean, after '92 we
14 realized there was a fuel problem. We went out and got six
15 2,500-gallon tanks, fuel tanks, part of it gas, part of it
16 diesel, and before a storm we preposition them. We have a fuel
17 truck go fuel them. And we felt pretty good about that. In
18 2004 it worked fabulous. As a matter of fact, when you work on
19 a plan for so many years and everything happens like it's
20 supposed to happen, in this storm it did, the plan worked
21 great. But what if, you know? Then you take a look at
22 Katrina, a whole other ball game. But still fortunately we had
23 our gas tanks out where they needed to be. Our guys could get
24 fuel because the power was down and no gas stations and all
25 were open in the southern part of our operating area. So our

1 fuel tanks worked great.

2 But that's only 2,500 gallons for each and we have
3 six of them. They're not all going to be in one location
4 because we don't want them all destroyed in one place. So
5 during some of this past year's working with the county EOC,
6 they started prepositioning fuel tankers. And now while we
7 have a good fuel plan, our fuel plan calls for our fuel vendor
8 to bring us fuel after the storm and to keep those tanks filled
9 and do what we need. Well, we saw in 2005 with Rita some of
10 the fuel gets moved to where it doesn't need to go or not to
11 where Verizon wants it to go. Let me put it that way. The
12 police will stop it or the National Guard stops it and takes
13 the fuel somewhere else. So by taking these tankers and
14 prepositioning them, they're like 9,000 gallons, and
15 preposition them at different places, that's one of the things
16 we found out the county was doing, so that's one of the things
17 that we implemented for this year is that fuel tank
18 prepositioning.

19 The other thing, and I'll just hit it briefly, is the
20 dedicated EOC. We just put in brand new computer hardware in
21 there this year or last year. We installed a new second SHARES
22 high frequency radio. We're part of the sheriff's network for
23 the federal government. And if all other communication fails,
24 we're able to communicate not only with Verizon but with other
25 agencies through the SHARES network, plus we have satellite

1 phones in our EOC, et cetera.

2 The annual region emergency exercise, again, I won't
3 dwell on that, but we have that. Not only do we test our
4 people, but we also have our generators running in our EOC
5 full-time during this exercise to ensure that we don't have any
6 problems there. Even though it's tested every month, we want
7 it to run the whole time that we're doing this exercise.

8 Each year, again I'll go back to our plan, it's
9 updated each year with different things like we just did,
10 talked about the fuel, and it has to go to our corporate
11 headquarters for us to be deemed that we are certified. Again,
12 the emergency certification, corporate makes sure that we're
13 doing everything that we're supposed to do even though we
14 basically got corporate started on what they were doing.

15 Again, we partner with the seven counties. We have
16 people inside of them to assist them 24 hours a day. We have
17 people assigned to the first-end teams that go out with the
18 counties and their job is to protect our infrastructure.

19 We also -- the Hillsborough County Sheriff's
20 Department came to us and they said, "Can you help us? We have
21 people out in search and rescue before the road clearing crews
22 ever come out. We can't determine what's a power and what's a
23 telephone cable. Can you at least give us a tech, let him come
24 out there with us? And if he says that's power, we won't go
25 any further. If he says it's telephone, then he can cut it or

1 move it or do what he needs to do." We agreed to give them
2 people to do that. So we work very closely with law
3 enforcement as well as the seven counties that we support.

4 Again, I talked about the tanks that we have and
5 about the tanker trucks, and that's part of this year's plan.

6 Verizon continues to be proactive. In downtown Tampa
7 we installed a new 2 megawatt generator to back up or support
8 the generator that's already there. Just in case we continue
9 to lose power for an extended period of time, we don't have to
10 worry about the potential for that generator to go bad.

11 Pole hardening, Verizon has inspected approximately
12 20 percent of its pole inventory program to date. Poles that
13 fail inspection are replaced. And I believe you got a letter
14 February, February 29th giving you the updated information on
15 how many poles, et cetera.

16 Our supply department each year in April and May
17 start beefing up their supplies by 10 percent for minor
18 material. They put in stock, in case they have to go out and
19 replace poles, the different kind of hardware associated with
20 that, additional certain size gauge of cable that we might need
21 for that aerial cable. Again, in the neighborhood of
22 90 percent, I think, of our facilities are buried anyway. But
23 in those instances where you do have a piece of aerial cable
24 that comes down, we'll have extra cable to go out and take care
25 of that.

1 I can't stress enough the ability for us to make a
2 phone call to our corporate EOC. We've done that. In 2004, in
3 24 hours I had over 100 generators sitting here ready for us to
4 deploy. I had generators from all up north, from Texas from
5 5kW to 60kW. Again, they're, they're the ones that we look to
6 should we not be able to handle a situation here.

7 The southeast region also has the Carolinas. We have
8 generators, we have people in the Carolinas that just a stroke
9 of the pen we have on a trip down here. And in 2004 we ended
10 up having to move some people from New Jersey down here, line
11 crews down here to help us. So we have that ability to grab
12 people and move them around.

13 But I go back to the most important thing, we think,
14 is the plan. If you've got a good plan and it's functional,
15 you can get through this. 2004 was a tough year for all of us.
16 We in the emergency group, we were kind of happy about the fact
17 that what we've been working on for so many years worked so
18 well.

19 Any questions?

20 CHAIRMAN CARTER: Commissioners, any questions?

21 Staff, any questions?

22 Thank you very kindly.

23 MR. LEWIS: Thank you.

24 CHAIRMAN CARTER: Ms. Khazraee.

25 MS. KHAZRAEE: Good afternoon.

1 CHAIRMAN CARTER: Good afternoon.

2 MS. KHAZRAEE: And I do recognize I'm all that's left
3 standing between us and lunch, so I will try to be quick.

4 Okay. My presentation is basically building on the
5 one last year. For us, network hardening is an ongoing
6 process. It's also business as usual. And by that I don't
7 mean that it's not important, but just that it is what we take
8 very seriously in keeping our network up and running.

9 We began our pole inspection process in November of
10 2006. We are on track. We have only 39,900 poles in our
11 network. 94 percent of our network is underground. Only
12 6 percent is aerial. We have currently checked approximately
13 5,500 of our poles. And this past year in the 5,000 that we
14 checked, we had 127 that had failed. So we have replaced
15 those. We are on track with that process.

16 As we go out and do these pole inspections, we are
17 also putting GIS tags on them so that we can relocate, we can
18 locate them in the event of a storm, hurricane, some kind of
19 event, a tornado, something that might take poles down.

20 Our engineering design, which is just business as
21 usual again, includes consideration of storm hardening
22 requirements. Things we learned from the storms in 2004 and
23 2005 we put into effect in the engineering plans that we do
24 today. So we make sure that we have any digital loop carriers
25 or cross-connect boxes that have a lot of cable pairs coming

1 into them that are in an area where we think might be
2 susceptible to storm surge or rising water, they are put up on
3 platforms. They are put in low profile cabinets so that they
4 don't have as much exposure to high winds. We also look at
5 raised platforms for the ones that are down in the coastal
6 areas. And, you know, we have coastal areas: The Fort
7 Walton/Destin area, the St. Marks area, Crystal River, and then
8 from Port Charlotte, Punta Gorda, all the way down to the
9 southern tip of the state. So we do have a lot of coastal
10 areas, a lot of exposure, and in those areas we have put any
11 digital loop carriers that are close to the coast up on raised
12 platforms.

13 We also take our generator maintenance very serious.
14 For the stationary generators in our offices, the ones that are
15 there continuously, those are run every month in a test to make
16 sure that they operate appropriately, that we make sure that we
17 have them maintained, that we keep the fuel. We also have a
18 very large contingent of portable generators. They are
19 assigned by district and it's based on how many digital loop
20 carriers are in each area that might need the portable
21 generators brought to them in the case of a power outage. We
22 keep track of those, we keep them in logs, we maintain them,
23 and then as we approach storm season we begin to look at where
24 those are stationed.

25 And that brings me to my next slide on disaster

1 preparedness plan and action. We have disaster preparedness
2 plans. Those are by district. We have eight districts in the
3 State of Florida. And we implement those plans in advance of a
4 forecasted storm. So in Florida where we have hurricane
5 season, towards the end of May we have a kickoff call each
6 year. And this is an interdepartmental call. Anybody who
7 would be involved in part of this disaster preparedness plan is
8 included on that call and everything is verified that it's
9 ready for this hurricane season. There's a checklist that they
10 go through, we have this plan in writing, everybody has a copy
11 of it, and we verify every little detail about what we might
12 need if we had to go into a mode after a hurricane for, for
13 coordinating, replacement, repair, restoration.

14 We also coordinate with other utilities and with the
15 local governments through our presence at the Emergency
16 Operation Centers. We actually send employees to be in those
17 Emergency Operation Centers. We find that that works much
18 better if they can get -- then if they have any questions about
19 the teleco facilities in their area, they have somebody right
20 there. We also communicate regularly and frequently both
21 internally and externally. We have for the employees who are
22 actually going to be part of the restoration group, they are
23 told ahead of time who they have to communicate with, how
24 often, what numbers to call; and we also have a group that
25 provides updates to the external media; and we keep it on our

1 website as well, not only for our employees to know what's
2 going on but for our customers as well because, of course, they
3 want to know when their phones are going to be restored.

4 So if we've had an event and we're into post-storm
5 recovery, the first thing we do is before the storm has hit,
6 we've implemented our disaster preparedness plan, we have
7 opened our Regional Operations Center, which is in Apopka, and
8 we have opened our command center in whichever specific parts
9 of the state are going to be affected. So if Tallahassee was
10 the area that we were expecting the hurricane, then Tallahassee
11 is where we would open a command center over on Blairstone
12 Road. We have a building there.

13 We do two things almost immediately. As soon as we
14 have gotten the all clear that it is safe to let our employees
15 out on the street, we mobilize our area survey teams to canvass
16 the area. These are teams of two people who go out. They have
17 a kit that was already prepared for them that they take with
18 them, and they identify where we have damaged facilities,
19 outages, cable down, poles down, whatever. They make notes of
20 it and they communicate this back to the command center every
21 30 minutes so that we keep really up-to-date on what is down,
22 what needs to be fixed and where do we have clear access to get
23 to it to begin work.

24 We also activate rapid response teams. These are
25 teams of employees. They're technicians, they are preselected,

1 prechosen based on their abilities and their excellent skills.
2 We have outside techs, we have central office techs and we have
3 business office techs. And between these three groups they can
4 get any service back up and working, whether it's voice
5 service, high speed Internet, special service circuits or a PBX
6 voice mail system, something that has software associated with
7 it, these groups of techs can do that. And they are sent out
8 basically to begin restoration immediately with prioritized
9 circuits restored first. We keep a list of all the prioritized
10 circuits, and these would include electric companies because we
11 found that they need to be able to communicate in order to get
12 their plant back up and working. It would include hospitals,
13 police, sheriffs, fire departments, you know, some municipal
14 government lines, sometimes some bank lines in order to keep
15 money flowing in order to let people go out and, you know,
16 purchase what they need to begin restoration. So we have those
17 prioritized circuits identified. We begin restoration with
18 that immediately.

19 And then we have instituted something new that if we
20 have a storm this year, which I'm hoping we don't, we would put
21 into effect, and that's collecting forensic data after the fact
22 that we would then be able to take back and analyze for lessons
23 learned for the future.

24 That is my presentation. If you have any questions,
25 I'd be happy to answer them.

1 CHAIRMAN CARTER: Thank you so kindly.

2 Commissioners? Staff?

3 Okay. Thank you so kindly. Commissioners, before we
4 go further, let me just ask staff, did we have anyone to sign
5 up for comments?

6 MR. GARL: No, Mr. Chairman, there was not.

7 CHAIRMAN CARTER: I would -- if we had anyone from
8 the public that wanted to speak, we wanted to give them an
9 opportunity to do so. But hearing none, Commissioners, we're
10 back on comments and questions by Commissioners.

11 Let me start with, Commissioner Edgar, I'll start
12 with you, and then I'll go with Commissioner McMurrian and
13 Commissioner Skop and I think I'll bring us home. You're
14 recognized.

15 COMMISSIONER EDGAR: All right. Thank you. Thank
16 you, Mr. Chairman.

17 I would just say again I really appreciate all of our
18 presenters. A lot of excellent information. Always
19 educational for me. And, you know, as you stated in your
20 earlier comments and we all realize that because we have had a
21 couple of seasons without the same significant storm events
22 that we had a few years back, sometimes some of this
23 information seems not quite as germane, but I firmly believe
24 that it truly is and that the consumers of Florida will benefit
25 from the initiative that this Commission took a few years back

1 and from the work our utilities are continuing to do on this
2 issue. Thank you.

3 CHAIRMAN CARTER: Thank you, Commissioner.
4 Commissioner McMurrian.

5 COMMISSIONER McMURRIAN: Thank you. I can't say
6 anything better than the two of you already have. I appreciate
7 everyone's input from all the companies and participants and
8 staff's continued hard work on this. And I hope the
9 predictions are wrong as well, Chairman. Thank you.

10 CHAIRMAN CARTER: Thank you.
11 Commissioner Skop.

12 COMMISSIONER SKOP: Thank you, Mr. Chairman.
13 Again, I'd like to thank all the utilities that
14 presented today; a very informative presentation. It's
15 important to remain diligent and pursue these in light of the
16 fact and some of the comments that have been raised that we
17 were very fortunate, knock on wood, not to have any major storm
18 events last year. But we must remain ever prepared, and I
19 greatly appreciate the hard work and effort that you guys are
20 doing on behalf of the consumers such that in the event that we
21 do have a storm or multiple storms, that service restoration
22 will go smoother than historically has been the case. Thank
23 you again.

24 CHAIRMAN CARTER: Thank you, Commissioners.
25 We heard today from the investor-owned utilities, we

1 heard from the municipals and the co-ops, we heard from the
2 ILECs and we heard from -- did we get everybody? I want to
3 make sure that we heard from everyone. Did I miss anyone?
4 Good. And we heard from our staff. And I think this is a
5 great opportunity for us to be proactive, and this is why my
6 comments earlier were to kind of talk about how we got to where
7 we are now so that we can be prepared for what the future may
8 hold. I'm hopeful that the predictions at Colorado State were
9 wrong, but, but we need to be prepared and we need to be
10 diligent. So thank you, staff. Thank you to all the parties.

11 Commissioners, anything else for the good of the
12 order? With that, this workshop is adjourned.

13 (Workshop adjourned at 1:08 p.m.)

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STATE OF FLORIDA)
 :
COUNTY OF LEON)

CERTIFICATE OF REPORTER

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

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

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

DATED THIS 16th day of May, 2008.



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