BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. UNDOCKETED

In the Matter of:

UNDOCKETED FILINGS FOR 2009 RE: 2009 HURRICANE SEASON PREPARATION BRIEFING BY ELECTRIC UTILITIES AND THE THREE MAJOR INCUMBENT LOCAL EXCHANGE CARRIERS.
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PROCEEDINGS:	HURRICANE PREPAREDNESS WORKSHOP
COMMISSIONERS PARTICIPATING:	CHAIRMAN MATTHEW M. CARTER, II COMMISSIONER LISA POLAK EDGAR COMMISSIONER KATRINA J. McMURRIAN COMMISSIONER NANCY ARGENZIANO COMMISSIONER NATHAN A. SKOP
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P R O C E E D I N G S

COMMISSIONER McMURRIAN: Good morning, everyone, and welcome to the 2009 Hurricane Season Preparation Workshop.

Staff, would you please read the notice.

MR. YOUNG: By notice issued April 10th, 2009, by the Commission Clerk this time and place has been set for a workshop in the undocketed matter. The purpose of the workshop is set out in the notice.

COMMISSIONER McMURRIAN: Thank you, Mr. Young.

Mr. Chairman, are you with us?

CHAIRMAN CARTER: I am with you, Commissioner, Madam Chairman. I wanted to say good morning to you and I wanted to let you know that to avert any telephone disasters like I had yesterday, staff has given me a website that I can go on and watch. So I'll just be participating and then I'll go online and watch. And if I have any questions, I'll call in.

COMMISSIONER McMURRIAN: Okay. Thank you, Mr. Chairman. We will wave at you every once in a while.

CHAIRMAN CARTER: Thank you very much.

COMMISSIONER McMURRIAN: All right. Thank you for that. And I guess we'll go ahead and take appearances. And we'll start --

MR. HAINES: Regan Haines, Tampa Electric

Company.

MR. CUTLIFFE: Jason Cutliffe, Progress Energy.

COMMISSIONER McMURRIAN: Thank you.

MR. SHELLEY: Buddy Shelley with Florida Public Utilities.

MR. McQUAGGE: Andy McQuagge, Gulf Power Company.

MS. HERSHEL: Michelle Hershel, Florida Electric Cooperatives Association, and I have Jody Dotson with Glades Electric Cooperatives.

COMMISSIONER McMURRIAN: Thank you.

MR. SHAHEEN: Richard Shaheen, Florida Power & Light Company.

COMMISSIONER McMURRIAN: Thank you.

MS. FINKLEA: Jody Finklea, Florida Municipal Electric Association. And I have Paul Kalv, Utility Director of the City of Leesburg.

COMMISSIONER McMURRIAN: Thank you.

CHAIRMAN CARTER: I didn't hear -- I'm sorry, Madam Chairman. I didn't hear the last person.

COMMISSIONER McMURRIAN: Just a second, Mr. Chairman. They didn't come to a microphone. We could hear them pretty well in here.

CHAIRMAN CARTER: I'm sorry.

COMMISSIONER McMURRIAN: That's okay. We'll get them to repeat it.

MS. FINKLEA: My apologies, Mr. Chairman. Jody Finklea, Florida Municipal Electric Association, with Paul Kalv, Utility Director of the City of Leesburg.

COMMISSIONER McMURRIAN: Thank you.

MR. HATCH: This is Tracy Hatch with AT&T Florida, also with Jennifer Cain, Kirk Smith and the usual suspects.

COMMISSIONER McMURRIAN: Thank you.

MR. CHRISTIAN: David Christian with Verizon Communications. With me is Chris Cardenas and Brett Reelfs, R-E-E-L-F-S.

COMMISSIONER McMURRIAN: Thank you.

MS. KHAZRAEE: Sandy Khazraee with Embarq.

COMMISSIONER McMURRIAN: Thank you, Ms. Khazraee.

And now with our staff.

MR. YOUNG: Keino Young and Steve Garl with Commission staff.

MR. GARL: Steve Garl, Commission staff.

COMMISSIONER McMURRIAN: Thank you all. And I should say that Commissioner Edgar is under the weather this morning as well, so we'll do our best. I don't

think that we've had a swine flu outbreak, just to let everyone know, and hopefully we'll be back to full strength by next week. But our thoughts are with everyone, including you, Mr. Chairman.

CHAIRMAN CARTER: Thank you.

COMMISSIONER McMURRIAN: And I guess we'll get started and I'll open up with a few remarks.

In 2006, the Commission adopted a multifaceted approach and a response to ensure all utilities' infrastructures will be better able to withstand the impact of hurricanes and to implement lessons learned from the 2004 and 2005 storm seasons. We adopted ten storm hardening initiatives and required IOUs to file formal storm hardening plans.

In our July 2007 report to the Legislature we cited our most critical recommendation that Florida maintain a high level of storm preparation. The annual Hurricane Season Preparation Workshop provides utilities and local exchange companies a forum to advise us of their individual hurricane season preparation activities. This is the fourth year that we've done this.

The hurricane forecasting experts at Colorado State University updated their forecast for the 2009 hurricane season just last month. Their report tells us

to expect that the 2009 season will have about as much activity as the average season. Specifically they expect 12 named storms in the Atlantic Basin, including the Gulf of Mexico, with six reaching hurricane status and two of the six growing to Category 3, 4 or 5 in intensity.

Next slide. To put this forecast into perspective, the projection for the 2008 hurricane season was for a well above average season with 15 named storms, eight reaching hurricane status, and four of the eight growing to Category 3, 4 and 5 in intensity. The actual 2008 storm activity is shown in the slide now being displayed. You will note there were 16 storms, eight reaching hurricane intensity and five major hurricanes. Florida was fortunate not having a hurricane make landfall in the state last year, but we didn't escape nature's wrath entirely. Our challenge last year was Tropical Storm Faye, as many of you remember. After making an unprecedented four landfalls in Florida, the slow-moving storm left us with as much or more damage than many hurricanes. We hope to be spared an active hurricane season this year and even tropical storms like Faye. Nonetheless, preparedness is still key.

Historically we have seen that the single

greatest detriment to hurricane preparation is time, specifically time since the last storm. As a Commission we must remain diligent and not allow the time between hurricanes to lull us into complacency. We must do all we can in preparation to protect the consumers of our great state.

Therefore, today we ask each of our presenters here to address the status of their company's preparation for the 2009 hurricane season. Please include the status of work achieved to protect facilities to date, work in progress and work to be accomplished in the near future.

Finally, we ask that you specifically and frankly address items of concern or areas of vulnerability within your service areas. It's understood that while the electric utilities own the vast majority of the electric transmission and distribution infrastructure in the state, local exchange companies own many of the poles upon which the electric utility infrastructure is placed. The ILECs therefore also have a vital role in preparation for the hurricane season.

We welcome everyone's participation today. And before we get started with the presentations, I'll just ask if any Commissioners would like to make any

opening comments or if, or if staff would?

COMMISSIONER SKOP: No opening.

CHAIRMAN CARTER: Madam Chairman, I'd just like to say that this is, as you said, our fourth year doing this, and we do this to be proactive, to protect lives and also to save property, and I think it shows that Florida is a leader in the nation in terms of what we're doing with our storm hardening and our preparedness for hurricanes and disasters and all. And I really, I appreciate all of the participation of all of the parties, both those that we regulate and those that we don't regulate. And I just, I think this is a great opportunity for us in a nonadversarial way to prepare for the best and hope for -- I mean prepare for the worst and hope for the best. Thank you.

COMMISSIONER McMURRIAN: Thank you, Mr. Chairman.

And, Mr. Young, any comments?

MR. YOUNG: No.

COMMISSIONER McMURRIAN: Okay. Well, I guess we'll get started with the presentations. And I believe first up we'll hear from Florida Power & Light Company. And any of you throughout the day are welcome to either come to the podium or come to the microphones. As long as we have you at a microphone for the court reporter,

that will be fine for me. Thank you.

Mr. Shaheen.

MR. SHAHEEN: Thank you, and good morning, Commissioners and staff. My name is Richard Shaheen. I am FPL's Senior Director of Distribution, Engineering and Technical Services. Included in my responsibilities are oversight of FPL's storm restoration and preparedness activities, hardening and pole inspection program.

Thank you for providing us the opportunity to review FPL's hurricane preparedness plans for the 2009 storm season. My presentation will address activities and results for our distribution and transmission systems.

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

FPL's hurricane preparations are a year-long effort that is concentrated on four key elements. First, we continue to strengthen our distribution and transmission infrastructure. This is being accomplished

through our hardening plans, our pole inspection programs and our vegetation management programs, all of which have been reviewed and approved by the Commission.

Second, as we do every year, we're preparing our storm organization, ensuring we have the right people in the right roles with the necessary training and knowledge so that they can respond quickly and safely.

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

Finally, we continue to look for ways to provide more and better information for our customers.

Now let me discuss each of these elements in a little more detail.

Hardening. Hardening is a key component of our plan to strengthen our infrastructure. For our distribution system FPL is using a three-prong approach.

One, we're hardening our critical infrastructure facilities, for instance, hospitals, 911 centers, police and fire stations to the National Electric Safety Code extreme wind loading criteria.

Two, we're incrementally hardening what we refer to as our community projects. These are major thoroughfares where key community needs are located like

grocery stores, gas stations and pharmacies.

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

For critical infrastructure we've initially concentrated on infrastructure serving acute care facilities throughout our system. Since 2007 we have hardened infrastructure serving 77 acute care facilities. For 2009, an additional 44 of these projects are planned, resulting in by the end of this year all acute care facilities and hospitals in our service territory being hardened.

Further, in 2009 we have begun to harden 911 centers, EOCs and police and fire facilities. We also continue to target what we refer to as critical poles such as poles where our lines cross major interstate highways or the first feeder poles outside our substations referred to as the 01 switch, which are critical to expediting restoration efforts. The combination of 93 of these projects are planned for 2009. And, finally, since 2007 we have completed incremental hardening on 55 community projects and plan to complete an additional 11 in 2009.

With FPL's transmission system already constructed to extreme wind loading criteria, our original plan for hardening the transmission system centered on replacing single unguyed wood poles and replacing ceramic post insulators on concrete structures. In 2008, FPL enhanced this plan to replace all wood transmission structures in our system. This is a long-term effort which we estimate will take us 25 to 30 years to complete, but will result in an even stronger transmission system than we have today in the end.

Since 2007 FPL has replaced 3,437 wood transmission structures and 1,366 ceramic post insulators. In 2009 we're planning to replace over 900 wood structures as well as 1,200 ceramic post insulators on 400 concrete structures. Although the slide says 400 post insulators, it's 1,200 insulators on 400 structures.

Pole inspections. FPL began the implementation of its eight-year distribution pole inspection program in May of 2006 ensuring that each pole meets strength and loading requirements. At the end of 2008 FPL has inspected approximately one-third of its 1.1 million poles and is on target with its eight-year pole inspection cycle.

In 2009 we again plan to inspect approximately one-eighth of our poles, nearly 140,000 inspections. These pole inspections are taking place throughout our entire service territory.

All of our transmission structures are required to be inspected on a six-year cycle. In 2008 we met this requirement and for 2009 we will again meet this requirement by inspecting at least one-sixth of our system.

Additionally, to complement our distribution hardening and storm preparation efforts we plan to complete inspections on all 500kV lines and transmission facilities serving critical infrastructure facilities before June 1. These inspections are underway and on schedule to be completed as planned.

Vegetation management. Like hardening, vegetation management is a key component in our plan to strengthen the infrastructure. For 2008 we executed and met our plan to maintain our feeders on a three-year average trim cycle and continued to implement our approved six-year average trim cycle plan for laterals. In 2009 we will do the same.

Consistent with our efforts over the last couple of years, we're complementing the trimming of all lines serving our top critical infrastructure facilities

prior to June 1. Today we're over 95 percent complete, and we'll be 100 percent complete by the June 1 target.

Finally, as we all know, no vegetation management program can be effective without the cooperation of our customers. We continue our proactive promotion of our "Right Tree - Right Place" program with our community leaders to ensure that future planting of trees will avoid conflicts with our lines. Also, we continue seeking their support in trying to remove existing trees that are interfering with our lines.

The vegetation management plan for FPL's transmission right-of-way is very straightforward. Twice a year we inspect all of our transmission right-of-way and we make sure that the required NERC standard clearances are maintained. This was completed in 2008, and we are on schedule to complete this again in 2009.

Annual preparations. Each year we ensure that all storm roles and key personnel are identified and placed into the right roles. We conduct extensive training, including our annual hurricane dry run exercise. This year's exercise will actually be held tomorrow. This is a company-wide exercise that includes our field as well as support personnel. The exercise tests our systems and processes to ensure they're ready.

As in the past, we have invited several officials from county EOCs to join us during the dry run to further improve our understanding of one another's storm operations. Also, we're continuing our efforts to integrate the incident command system concepts as outlined by the National Incident Management System in order to better facilitate communications with both state and county EOCs.

Additionally, the roles of our forensic teams are now formally established within the storm organization. These teams are responsible for observations and the collection of data associated with damaged infrastructure. This will allow us to better understand how our infrastructure performed, thus providing valuable lessons for future evaluation and action.

Restoration plans. Our restoration plan has one clear objective: To safely restore our customers', our communities' critical infrastructure functions and needs along with the greatest number of customers in the shortest time possible. For the 2009 storm season all of our resource plans are in place. For example, we have the necessary arrangements for catering, housing, water, staging sites throughout our system, equipment for these sites, arrangements with foreign utilities

through our mutual assistance agreements, agreements with contract crews and increased material and fuel inventories. We also continue to make refinements in our plans as a result of lessons learned through our own experience, benchmarking storm processes with other utilities and leveraging new technologies such as Google Earth tools along with our distribution management and asset management systems.

And once power is restored, our work is still not done. That's when our recovery plan takes over. We've refined and improved these plans as well. For example, we've refined our final patrol sweep processes to ensure that all infrastructure damage is identified, repaired and returned to pre-storm condition.

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

We have a dedicated government update website

to be utilized for major storm events. This has been customized to provide media alerts and releases, customer outage information and maps specific to municipalities, critical infrastructure facility information, staging site locations, crew work location maps, as well as estimated times of restoration information.

In 2008, FPL enhanced its e-mail distribution process targeting key messages to all governmental audiences. FPL also sponsored workshops at the Governor's Hurricane Conference and the National Hurricane Conference discussing with government and community leaders about how to bring communities back to normal after severe storm events. Additionally, FPL's community outreach teams conducted over 250 presentations including the topic of storm readiness.

And, finally, the most frequent question asked of us: "When will my power be back on?" In response we've made improvements to our outage communication system that will allow us to provide even more detailed estimates of times of restoration.

Commissioners, we were again all asked to address in our presentations any areas of concern or vulnerability. Our four items mentioned here are the same as last year.

The first one is that it's likely that our service territory will be affected by a storm or storms before we're able to complete all of our hardening efforts. As you know, we've made significant changes in our construction standards which require certain portions of our system to be upgraded, and our system is geographically large and diverse. Unfortunately these changes will take many years to complete.

The other three items include concerns and vulnerabilities that are common to all, yet their nature make them difficult to fully prepare for. Being affected by multiple storms over a short time period like we experienced in 2004 and 2005, catastrophic storms like Hurricane Andrew or Hurricane Katrina that can destroy everything in their path, and a shortage of sufficient resources, whether it be materials, equipment and/or personnel, while some of these are beyond our control and means, we still do what we can to reasonably mitigate these occurrences.

In summary, FPL is confident that it's well prepared for the 2009 season. Our hardening, vegetation management and pole inspection -- and pole inspection plans and programs are strengthening our system. Our storm organization is in place, well trained and ready. We've refined our already well-tested restoration plan.

And, lastly, we're in position to better communicate with our customers.

We, like all of you, are hoping for an inactive hurricane season. However, should hurricanes affect our communities in 2009, FPL is ready to respond. Thank you.

COMMISSIONER McMURRIAN: Thank you, Mr. Shaheen.

Are there any questions?

MR. GARL: Yes, ma'am.

COMMISSIONER McMURRIAN: Go ahead, Mr. Garl.

MR. GARL: Mr. Shaheen, is FPL represented in all 27 counties' emergency operations center operations when they're activated?

MR. SHAHEEN: As the EOCs are activated, we coordinate and staff every one of those EOCs.

MR. GARL: Okay. In, in those counties that are served by more than one utility does FPL's county emergency operations center representative coordinate with that other utility's representatives?

MR. SHAHEEN: As, as the situations occur, those representatives at the EOC are there and able to respond. So part of their purpose is to help coordinate at the local county level. So if some of that coordination is necessary, that would be a key point for

that to take place.

MR. GARL: Thank you. And one final question. Subject to your own needs for FPL's restoration, can other utilities in Florida, including munis and co-ops, obtain supplies such as poles from FPL after a storm?

MR. SHAHEEN: You know, it's going to depend on the circumstances at the time. Certainly we, we coordinate at local levels and at a combined command center level to help where we can. So that, that potential exists. I don't know of an experience personally to draw upon to, to give you an example, but certainly those sorts of coordination are something that we would work out.

MR. GARL: Okay. Thank you very much.

COMMISSIONER McMURRIAN: Thank you, Mr. Shaheen. I guess that's all for now.

MR. SHAHEEN: Thank you very much.

COMMISSIONER McMURRIAN: Thank you. And Mr. Cutliffe.

MR. CUTLIFFE: Good morning, Mr. Chairman, Commissioners. I'm Jason Cutliffe, the Director of Distribution Asset Management with Progress Energy Florida. And my responsibilities include major storm restoration, preparation, planning and execution, as well as distribution system hardening.

I appreciate the opportunity to report to you the status of Progress Energy Florida's 2009 storm season preparation. In summary, our transmission and distribution systems have been well maintained and thoroughly inspected. Our storm response organization is drilled and prepared, and critical labor and material resources have been obtained in advance or secured through commitments from external suppliers.

Our T&D delivery infrastructure performed well during the recent hurricane seasons, and we have improved the system since that time. We've taken additional aggressive steps to harden our system in conjunction with the Public Service Commission initiatives such as the wood pole inspection process, ongoing ten-point preparedness plan and storm hardening docket.

Our hurricane restoration operational plan functioned well in 2004 and 2005 and we continue to make improvements. All lessons learned from drills, storms and other utility experience has been incorporated into our written response plan and is included in our 2009 hurricane drill conducted this week. Progress Energy's organization and T&D delivery system are prepared for the 2009 hurricane season.

I will now review the four key components of

our annual storm plan: The distribution system readiness, transmission system readiness, organizational readiness and coordination with local governments.

Distribution system inspection, maintenance and replacement work is the cornerstone of Progress Energy's overall annual resource work plan. Manpower and material needs are identified in the prior year to ensure that all work is prioritized, constructed efficiently and completed on schedule. The wood pole plant is on a firm eight-year cycle for inspections and maintenance and is in compliance with the Commission's storm preparedness initiative. Inspections are targeted and prioritized. Since this time last year over 96,000 wood poles have been inspected, 36,000 treated for decay and 3,000 replaced. Other 2009 system maintenance activities include over 650 pad mount transformer replacements and 96,000 circuit feet of hardening pilot projects.

Our 2008 vegetation management program is on schedule and 2009 is starting off on schedule as well. As of April 30th of this year, 100 percent of our 3,800 backbone circuit miles have been surveyed and 100 percent of our priority pruning and tree removal will be complete by June 1st. We've removed over 1,200 trees, hot spot trimmed over 6,800 trees and

applied herbicide to nearly 200 miles of right-of-way floor.

Progress Energy has implemented the Public Service Commission's ten-point preparedness plan as well. All planned audits of joint use attachments were completed in 2008 and are on schedule in 2009. A GIS upgrade was completed in the fourth quarter of 2008, and post-storm forensic data collection teams have been formed and were deployed following Tropical Storm Faye.

We've increased linkage and engagement with the academic community through continuing work with the University of Florida's Public Utility Research Center. As part of this effort we worked with UF's staff and other utilities to assimilate statewide weather station data into the forensics process and standardized the data that is collected during the forensic patrols. And, as mentioned earlier, review and update of our written hurricane restoration operational plan is complete.

Finally, as described in our storm hardening plan filed in 2007, we continue to deploy a comprehensive process to identify, prioritize and analyze storm hardening options within our service territory.

The transmission system readiness begins with

structure inspections and system maintenance. In 2008, inspections were completed on 104 transmission circuits, which included over 11,900 structures. Over 6,700 wood pole structures were inspected, and more than 1,900 replaced with steel or concrete in accordance with NESC extreme wind design.

Since 2006 we have replaced 5,467 wood poles with steel or concrete on the transmission system. The vast majority of our system is comprised of wood poles which we are systematically replacing via maintenance upgrades, DOT relocations and line rebuilds. Aerial patrols of all circuits were completed last month and a second pass will be completed in October. Inspections have also been completed on all of our 461 substations and critical follow-up maintenance identified through those inspections is complete. 2009 vegetation management work is also on schedule. Since this time last year over 360 circuit miles have been trimmed and cleared, which include 7,000 trees trimmed and the removal of over 1,900 danger trees. And the PSC ten-point storm preparedness plan and storm hardening rule have been implemented, including enhanced GIS capability, post-storm forensic data collection, PSC-initiated inspection cycles, and most notably the hardening of transmission structures continues through

wood pole replacement with concrete and steel.

The annual storm plan review and update process is also complete for the 2009 season. This year -- new this year was enhanced, enhancement of proactive communication to critical care customers. Prior to a hurricane making landfall, customers identified in our system as having critical care needs receive a phone call, and Progress Energy phone center agents provide information concerning preparation for the storm. This information includes locations of various shelters equipped to provide critical care assistance and a reminder to check the working condition of backup life support equipment.

Progress Energy will complete its annual storm drills on Friday, May 8th. Individual storm organizations and process owners are tested on their preparation efforts and ability to react to changing storm conditions. This year's drill scenario is based on a Category 2 hurricane entering from the Gulf of Mexico over Hernando County and moving easterly across Central Florida impacting all four of Progress Energy's regions and then exiting near Daytona Beach. The drills were designed to clearly demonstrate readiness for the 2009 season.

We've also taken steps to ensure that critical

restoration material and fuel are ready and available for multiple sources. Inventory levels of critical materials have been increased over and above normal stock levels in preparation for the upcoming storm season. Our supply chain organization has assembled 16 storm kits at our central warehouse. These storm kits have been staged at each region in the central warehouse and the kits contain enough emergency material to supply 400 linemen for up to three days.

Our transmission organization has also increased its inventory of poles, insulators and other critical hardware to supply contract and company resources for three to five days, and we've negotiated retainer contracts with fuel, with fuel vendors to ensure fuel needs are met, arrangements that also improve access to fuel when sending Progress Energy repair crews off-system in support of our mutual assistance partners in Florida and elsewhere. Even though we have supplier agreements in place, these additional measures ensure that restoration can begin as soon as weather clears.

External line and tree trimming resources are critical components of a successful restoration effort. We've taken steps to ensure they are ready and available through arrangements with the contractors and

relationships with the other utilities through regional mutual assistance organizations such as the Edison Electric Institute and the Southeastern Electric Exchange.

Our communication and coordination with local governments and EOCs is stronger than ever. We've established a cross-functional government coordination team to ensure a high level of critical information sharing and engagement in both internal and external storm planning and preparation activities. Progress Energy is equipped to provide local governments with resource and restoration information before, during and after storm events to assist them with local emergency response.

In 2007, the ability to produce electronic outage information for each county EOC during storm events was introduced. By placing PE, Progress Energy contacts inside county EOCs and sharing information we're able to incorporate local government restoration priorities into our overall plan.

We've also continued the "Know Where You Grow" program, which informs the public and community organizations on the most compatible tree species to place near power lines, and we cosponsor public expos and emergency first responder events designed to educate

and increase preparedness.

In conclusion, Progress Energy's transmission and distribution systems which performed well in the 2004 and 2005 seasons have been checked, maintained and hardened; the storm response organization is drilled and prepared; and internal and external resources have been secured or committed.

At this point I'd like to comment on areas of concern or vulnerability, and, like others you'll hear today, they center around two main areas. One would be the intensity or frequency of hurricanes that could make landfall in Florida, and the other would be impacts to the availability of restoration resources. We were reminded of that this week with the Swine Flu outbreak and the need to be prepared in advance with pandemic plans. All of those things could affect our ability to respond in a major event. And we deal with those by ensuring that we reach as far and wide as we can to all partners and providers that could provide assistance in a major event and ensure we have strong relationships there.

As a seven-time Edison Electric Institute emergency award winner, Progress Energy has a track record of high performance. The most recent EEI assistance award was presented in March and given for

our efforts in support of Entergy and CenterPoint in Texas. We've taken steps to ensure our system continues to perform well, steps that include initiatives implemented since the PSC began its ongoing storm hardening efforts. Progress Energy's organization and T&D systems are prepared for the 2009 hurricane season.

Thank you, Commissioner. That concludes my prepared remarks, and at this time I'll take any questions.

COMMISSIONER McMURRIAN: Thank you.

Any questions? Mr. Garl, go ahead.

MR. GARL: In addition to its own preseason storm drill that you mentioned would happen this Friday, has Progress Energy participated in any county storm drills?

MR. CUTLIFFE: Yes, we have. The larger counties in our territory that conduct more, more detailed and comprehensive storm drills, we provide the same person who is assigned as the EOC liaison in a major event to each of those counties as they do their drill on preparation to ensure the contact.

MR. GARL: All right. Thank you very much. Thank you, Commissioner.

COMMISSIONER McMURRIAN: Okay. Quicker than I thought. Thank you, Mr. Cutliffe. And now we'll hear

from Tampa Electric, Mr. Haines.

MR. HAINES: Good morning, Mr. Chairman, Commissioners and staff. My name is Regan Haines. I'm Director of Engineering for Tampa Electric Company, and I appreciate the opportunity this morning to be here with you and discuss Tampa Electric's activities and accomplishments as we prepare for the upcoming storm season.

My briefing today will cover Tampa Electric's storm preparation activities which employ a multi-prong approach and includes ensuring our system infrastructure is constructed and maintained in such a manner that it will be able to perform during a major storm event; coordination exists with our local governmental agencies, community groups and other utilities; and pre-storm season preparation activities such as training, mock storm drills and inventory reviews have occurred. Tampa Electric continues to improve on each of these elements, and we are prepared for the upcoming storm season.

Hardening our system infrastructure is a key element of Tampa Electric's storm preparation plan. This includes the three storm hardening programs put in place by this Commission back in 2006 and consists of the eight-year wood pole inspection program, the

ten-point plan initiatives and the three-year storm hardening plans filed by each utility in 2007.

As part of our eight-year wood pole inspection program, Tampa Electric inspects approximately 39,000 distribution poles each year, which led to the hardening of over 2,800 distribution wood poles by either reinforcement or replacement in 2008. In addition, over 170 structural repairs were made as a result of these inspections that will also harden our system. These inspections also include performing wind loading analysis on all joint use poles, and the company targets having repairs made that were required by these inspections prior to the peak of storm season.

Tampa Electric hardens its transmission system through the company's eight-year wood pole inspection program and six-year transmission structure inspection program. The aboveground inspections were performed by helicopter to identify issues such as broken crossarms, cracked insulators, woodpecker holes and potential conductor problems. In addition, a wind load screening analysis was performed on structures with joint use attachments to ensure that the National Electrical Safety Code extreme wind criteria is met. Our annual infrared helicopter patrol was completed this past January, and the 2009 aboveground inspections were

completed in February. Finally, ground patrols are underway with a goal of patrolling all 230kV, 138kV and 69kV transmission circuits by the peak of storm season. Repairs have been made and, in total, 650 wooden structures were replaced with steel or concrete structures in 2008 on the transmission system.

Tampa Electric's vegetation management program is another key element of storm hardening and it's critical to both the day-to-day reliability of our system as well as preparing our system for hurricane season. The company is transitioning to a three-year tree trim cycle on our distribution system which includes all main feeders and laterals and plans to increase the level of trimming by 30 percent in 2009, with a goal to be at a three-year cycle by the end of 2010. On the transmission system the company patrols all 230kV circuits as well as critical 138 and 69kV circuits twice a year for vegetation issues.

As outlined in the company's ten-point plan, it is essential that we coordinate our activities with the telecommunications, cable and other utilities that may attach to our poles. In 2008, the company completed the physical audit of its joint use poles that it began back in 2007. It is the company's goal to complete this type of joint use audit every three years, and we'll

begin a new audit in 2010. This will help ensure that each of our poles has been designed to accommodate everything that's attached to it and that they meet the company's wind loading criteria. The company has also held meetings with our third party attachers to review and coordinate our storm hardening plans and specific storm hardening projects.

In addition, Tampa Electric completed implementation of a new geographical information system or GIS in June of 2008 which will improve data access to our engineers, inspectors and construction and maintenance teams and provide more timely and accurate system information. We continue to participate with the Public Utility Research Center or PURC at the University of Florida and the other Florida utilities in joint research on various storm hardening initiatives such as the benefits of undergrounding, wind data collection and vegetation management practices. And our post-storm forensic analysis process has been established and is ready to be implemented should we experience a major storm event.

In addition to the previous activities mentioned that will benefit Tampa Electric and its customers this hurricane season, I also want to briefly mention some of the storm hardening items that were

approved in our three-year hardening plan filed in 2007. A key element of the plan that has been benefiting Tampa Electric customers for many years is our distribution system construction standard. While the National Electrical Safety Code's Grade C criteria is utilized by most utilities, Tampa Electric's construction standard utilizes Grade B criteria, which is 50 percent stronger than Grade C.

Tampa Electric has also committed to evaluate extreme wind construction standards for its distribution system serving critical facilities, and it has completed one project serving Saint Joseph's Hospital and is partially completed with a second project which serves the Port of Tampa. These projects will be part of a pilot program to evaluate the benefits of utilizing NESC or National Electrical Safety Code extreme wind loading standards for distribution systems, and the company will monitor the performance of this system following a major storm event.

The Port of Tampa project is highlighted in a brief video clip shown on this slide that was shared with local media and our customers.

(Video clip shown.)

A little technical difficulty there, but I think you get the idea.

Some of the other hardening projects that the company completed last year include the conversion of four overhead distribution interstate crossings to underground, the conversion of our remaining 4kV overhead distribution system to our standard 13kV, and the inspection and repair of nine network protectors in low-lying areas of downtown Tampa. We also plan to convert another four overhead distribution interstate crossings to underground this year, as well as test additional network protectors in downtown Tampa.

As part of our three-year storm hardening plan, Tampa Electric is transitioning to a new standard for all pad mounted equipment, transitioning from mild steel to stainless steel, and the company will also establish pilot projects this year to evaluate the performance of submersible switchgear and storm secure break away overhead service connectors.

While a hardened electric service system will reduce outages following a major storm event, coordinated hurricane planning with emergency operation centers is paramount to ensure a synchronized response. Tampa Electric emergency management coordinates with the local governmental agencies like the EOCs, hazard mitigation groups, those fire departments acting as EOCs, regional planning councils and other utilities on

an ongoing basis. These meetings consist of review of the critical facilities in our service territory, developing and updating communication and response plans and a discussion of any special coordination needs during a response.

The company also participates and helps develop many training exercises and workshops for governmental and private industry groups, and some of the 2008 workshops included working with the U.S. Coast Guard, the City of Tampa and Hillsborough County.

Finally, as storm season approaches each year, Tampa Electric performs several pre-storm season activities that assists in the company's preparations. These include a review and update of our disaster recovery plans and circuit priorities with the county EOCs and a mock storm circuit patrol training exercise to familiarize new personnel on what to look for and how to assess and document system damage. All inventory levels of storm material will be reviewed and ordered, and on May 14th the company will conduct a mock storm exercise with several functional areas within the company that are involved in restoration activities.

We have also reviewed and updated our storm damage model that is used to estimate the number of personnel and material resources needed based on the

predicted strength, size and landfall of a hurricane.

Before summarizing, I would also like to address our areas of concern of vulnerabilities, and for us the major concern would be a direct hit of a hurricane up the mouth of Tampa Bay and the storm surge that, that that type of storm would bring, as well as what's been mentioned with multiple hurricanes back to back in a short period of time and the limited resources that would be available should multiple utilities in the state be impacted by the storms.

In summary, Tampa Electric continues to make improvements to its storm preparedness activities each year including the number of inspections and repairs made, the amount of tree trimming performed, implementing our storm hardening plans, increase in the coordination with our local governmental groups, communities and fellow utilities, and improving our pre-storm season training programs. Tampa Electric is well prepared and ready for the upcoming 2009 storm season.

Thank you, Commissioners, and this concludes my presentation.

COMMISSIONER McMURRIAN: Thank you, Mr. Haines.

Any questions? Mr. Garl.

MR. GARL: Mr. Haines, are any of your lines attached to poles that are owned and maintained by telecommunications companies?

MR. HAINES: Yes, they are.

MR. GARL: Do those poles meet the same standards as your poles?

MR. HAINES: Those poles would meet the standards set by the pole owner. So not necessarily would be an answer to your question.

MR. GARL: Okay. Thank you.

Thank you, Commissioner.

COMMISSIONER McMURRIAN: Thank you, Mr. Haines.

And now we'll hear from Gulf Power Company. Mr. McQuagge.

MR. McQUAGGE: Good morning, Mr. Chairman and Commissioners. My name is Andy McQuagge. I'm the Power Delivery Services Manager for Gulf Power Company, and I will be providing our 2009 preparedness briefing this morning.

Our storm preparedness activities basically fall into two main categories: Storm hardening projects and initiatives, which encompass our vegetation management program, our inspection and maintenance programs, our extreme wind loading projects, our Grade B

construction, and our third-party attachers and local government coordinating; the second category is our storm restoration and recovery plan which includes our recovery plans, our annual storm drill, our Southern Company affiliate and mutual assistance support, and employee awareness.

In the area of transmission vegetation management, on our 444 miles of 230 kV transmission, our ground inspections are 100 percent complete, and all vegetation hazards that have been identified have been corrected. On our 1,037 miles of 115 kV, our ground inspections are at 80 percent complete, and the vegetation hazards that have been identified are being corrected as we go, and we are on schedule to be completed with both the inspections and the corrections by June 1st of 2009.

On our 114 miles of 46 kV right-of-way, we plan to start those inspections on June 1st, with a schedule completion of June 30th for the inspections and the corrections.

In the area of distribution vegetation management, in the area of mainline trim in which we trim -- do a full maintenance trim of one-third of our system each year, we are at 100 percent and have completed all 289 mainline miles. On our mainline

inspection and correction schedule, which is actually the other two-thirds of our mainline feeders, we have completed all 527 mainline miles. So all 816 miles of our main feeders have been inspected and corrected.

On our lateral trim, which is 1/6th of our system each year, we have 843 miles scheduled for 2009, and we are in the process of that program right now, and we have completed to date 250 miles.

And in our off right-of-way danger tree removal program, we typically do that in the last quarter of the year, but to date in that program we have removed 13,600 trees since 2007 when we implemented that program.

In the area of inspections and maintenance for our transmission system, the complete transmission system has been flown aerially once this year. We do that quarterly. We will have another one done in either May or June. Our comprehensive walking/climbing inspection of our structures, which is a six-year program, it commenced on May 1st and we will be complete with that by fall of '09.

In addition to that, we have storm hardened by additional guying 63 structures. We have replaced year-to-date 62 wood arms with cross arms, which is 28 percent of the total that we plan to do for the year,

and we have looked at 79 of the 100 structures, steel structures that we have scheduled for 2009. All of our wood ground line treatment inspections for 2009, which was 990 poles, have been completed.

In the area of distribution pole inspections, we have completed our second year of our eight-year inspection cycle, and we did that in the last quarter of 2008. Those inspections were contracted to Osmose. We met our target of inspecting 1/8th of our wood poles, which is for Gulf Power about 33,000 poles. We actually looked at a little over 35,000 poles last year.

In the area of joint use audits, pole strength assessments, we look at 500 poles each year. In 2008, we actually looked at 516. We had one failure due to loading, and those repairs have been completed. In 2009, we have identified the 500 poles that we will be looking at. The slide says that we have completed two-thirds of it, we are actually at about 80 percent now, and we have identified five to six poles that will possibly need to be replaced.

We continue to conduct our semi-annual third-party attachers meetings, and I will go into a little more detail later on in the presentation, but we held our face-to-face meetings in Pensacola and Panama City during February of this year. Our annual feeder

inspections with our field engineering personnel in our eastern and central districts is 100 percent complete, and all issues that were found have been corrected. In our western district, we are 95 percent on our patrols, and we anticipate that all the patrols and corrections will be made by June 1st.

In addition to that, we do an annual infrared inspection with thermal imaging cameras. We have completed those inspections and are in the process of prioritizing the issues that we found and we will be addressing those in the upcoming months.

We have completed our transition to Grade B construction that we implemented in 2008, and we have completed training for all of our field personnel on Grade B construction. We continue to do that as new employees come into the power delivery area so that we make sure that everybody understands what we are trying to accomplish with the Grade B construction.

In the area of extreme wind loading projects, the focus of these projects has been on interstate crossings and lines that serve critical infrastructure. My second bullet here is actually incorrect, and I would like to review the EWL projects that we have and give you a status on each.

Basically, we have six projects instead of

seven. There's 22 Interstate 10 crossings, of which will be -- they are in various design and construction, but all will be complete by June 1st. We have seven I-110 (phonetic) crossings that will be complete by June 1st. The primary and backup feeds to Gulf Breeze Hospital is in the design phase. Our sewage treatment facility in Ocean City is in the design phase and will be completed before year end. Our fuel depot project in Valparaiso is scheduled to be completed by July 1st, and our Sacred Heart facility in Destin, that project is complete.

In addition to the EWL projects we have listed, we have also in addition to the PURC weather monitoring stations, Gulf Power is installing our own weather monitors. We have presently installed and have active 12 locations, and many of these are in proximity to our EWL projects. We did this so that we will have weather data to compare -- wind data to compare in the event we have a major event this summer. We have seven additional sites that will be on-line and completed before year end, which will give us a total of 19, which will complete that project.

In the area of third-party attachers, we continue to have our on-going meetings with our third-party attachers. We do those twice a year. We

held our face-to-face meetings in Pensacola on February 4th and in Panama City on February 8th. They have been very well attended by all of our third-party attachers, and in those meetings we distribute area maps, contact names, numbers, e-mail addresses, and we provide all of that to our third-party attachers.

In addition, we go over what our Grade B construction standards are. We review our extreme wind loading projects. We go over our 500 pole inspection program with them, and we give them a feel of what we are seeing with our on-going OSMOSE program, so that they know what transfers that they may be facing.

In addition to that, following a major event, AT&T and Gulf Power will each have a member of their staff and the others CEMC, or emergency management system, emergency management center. We hope that this will expedite -- since we are primarily the first two attachers on poles, we hope this will expedite restoration for both of us, and then allow the other third-party attachers to attach.

In the area of local government coordination, our district and local managers interact with city and county officials on a daily or weekly basis, and that includes emergency preparedness as needed. We have EOC representatives at all the major counties in our service

territory. There are a couple of small counties that we don't, but they have a one point of contact that they know who to get with at Gulf Power.

You can see the list of the planned storm drills for the major counties in our service area, and we will be participating in each of those storm drills as they are held. And any others that we are made aware of, we will also participate.

Our storm recovery plan, our 2009 storm procedures are completed. Our employees have received their storm assignments. Our storm training and refresher courses are underway. We have our storm contracts in place. We are ramping up our storm stock.

All of our staging sites have been pre-mapped, and so if we have to activate those we know exactly where everything will be set up. And we are our forensic data process in place and it has been tested.

In the area of mutual assistance, we continue to be an active member of the Southeastern Electric Exchange, and we have our sister Southern Company affiliates that we can call on for support with Alabama Power, Georgia Power, and Mississippi Power.

My areas of concern would be consistent with what the other utilities have proposed this morning, multiple events or an event back to back before

restoration is fully completed. I share the concern of resources being available as the economy has been scaled back. The utilities have scaled back their contractors and in turn contractors have scaled back their work forces. Our customers expectations for quick restoration times are high, and it just may involve us having to go further away to get resources in the event we have a major event. Sorry, I got behind in my slides.

In summary, Gulf is fully prepared. We are on target with our transmission and distribution storm hardening initiatives. We continue our on-going coordination with government and community groups, third-party attachers, and other utilities. Our storm recovery plan is proven and battle tested as evidenced by our response in the 2004/2005 storm seasons with Ivan and Dennis. We continue to make improvements based on lessons earned. We are in the process of doing our training and refreshers, and they continue to be on-going. And we have experienced teams necessary and ready in the event we do have a major event this summer.

And that concludes my presentation. Is there any questions?

COMMISSIONER McMURRIAN: Thank you.

Mr. Garl.

MR. GARL: Thank you, Commissioner. Mr. McQuagge, we know that Gulf will be participating in drills with four of the counties in your service areas. Are there similar activities with other counties in Gulf's service area?

MR. McQUAGGE: In our eastern district, I had asked when the Bay County drill was, and we did not receive word back, but we will participate in that drill when we are made aware of when it is.

CHAIRMAN CARTER: Madam Chairman --

MR. McQUAGGE: We do participate in any drill that we are asked to.

COMMISSIONER McMURRIAN: Mr. Chairman.

CHAIRMAN CARTER: Yes, ma'am. I did have a question.

COMMISSIONER McMURRIAN: Go ahead.

CHAIRMAN CARTER: I noticed that the gentleman from Gulf was talking about cutting back on contractors and services and things. I didn't get the basis for that in terms of -- it seems like to me in the time of need you would need to add on, but I didn't get the basis of why he was cutting back on those services as well as cutting back on contractors that would help the recovery process.

COMMISSIONER McMURRIAN: Okay.

Mr. Chairman, I think we are having a little bit of tough time hearing you, but I know your question went to the cutting back of contractors, which was discussed in that last part of Mr. McQuagge's presentation.

Mr. McQuagge, did you get enough of the question?

MR. McQUAGGE: I believe so. What we found is -- and the basis for that comment was we recently held an SEU mutual assistance committee meeting, and as utilities have had less work because of the slow down in the economy, they in turn have laid off some of their contractors. If the contractor doesn't have work, they in turn turn around and layoff some of their employees. So some of your major independent contractors that may have had several thousand resources available maybe in the southeast may only have a few hundred or a thousand less. So I say all of that to say is we will just probably have to go further out to get resources to do that restoration effort.

CHAIRMAN CARTER: Do you find that to be a systemic process in terms of a problem with all of utilities or just within the confines of the North Florida area?

MR. McQUAGGE: No. I mean, I think that would

be a concern for the whole industry, not just for Gulf Power.

CHAIRMAN CARTER: Okay. Thank you, Madam Chair.

COMMISSIONER McMURRIAN: No problem, Mr. Chairman. Would you like the other utilities to address that at all?

CHAIRMAN CARTER: I really would like to hear that. I'm sorry I didn't chime in before, but I was just trying to get a feel for how we would move along for today, but I would like to get some feedback from them on that.

COMMISSIONER McMURRIAN: Perhaps what we will do, the ones that have already presented, if they could answer that question quickly, and then as the rest of the presenters come up they can address that at the time that they make their presentation.

So perhaps, Mr. Haines, I'll look to you first and then we will go to Mr. Cutliffe and then Mr. Shaheen.

CHAIRMAN CARTER: Thank you.

COMMISSIONER McMURRIAN: You're welcome. No problem.

MR. HAINES: Regan Haines, Tampa Electric.

I would agree with the concerns raised by Gulf

as far as we certainly have less contractors locally now than we did before, and so we would have less resources to respond locally should we get impacted with a storm. So we would have to reach further to get those resources.

MR. CUTLIFFE: Jason Cutliffe, Progress Energy.

I completely agree with Mr. McQuagge's comments. You know, when we bring in resources for hurricanes, we grow our workforce by a factor of five or six. It's a huge expansion of people working on our property. So small changes in our workforce don't have a large impact. But when we bring that many people in in the region, if they are not available, just as Mr. McQuagge said, we have to go farther to get them. And that is the net result of the resource constraints he's describing.

MR. SHAHEEN: Richard Shaheen with Florida Power and Light. And I would end up repeating a lot of what was just said, but basically it's going to be a challenge for coordination. It's kind of hard to predict the level of which we will encounter the issue, because we have yet to face that sort of challenge yet, but we have had experience at going pretty far outside the state and territory to retrieve resources, and we

have been able to retrieve resources. Now, to what level has yet to be seen, but I agree with everyone else, it would be a challenge going forward considering the times we are in.

COMMISSIONER McMURRIAN: Thank you.

Mr. Chairman, is that --

CHAIRMAN CARTER: Yes, ma'am. I wanted to follow up. In the context of reaching out, when you guys say you are reaching out, are you reaching out within the southeast, are you reaching out nationally, or is there some body of contractors that exist out there to where they are just kind of on hold, or is there a process where you are taking resources from one area to bring to another area? Or is there -- what I'm trying to find, is there a universe of contractors out there that are available, because we may find ourselves -- if the predictions are true, and I don't have any reason to doubt otherwise, we may find ourselves where we have multiple areas of, like, maybe the hurricanes in the southeast, floods in the midwest, and maybe ice storms in the northeast. And if that's the case, then what do you draw from?

MR. McQUAGGE: Yes, we would need to draw from a national level. To answer the question specifically, all the Florida utilities are member of the Southeastern

Electric Exchange, which is a regional mutual assistance group. There are other regional mutual assistance groups out there, of which SEE has members that are members of those other groups. So we do have access to resources from other regional mutual assistance groups in addition to independent contractors that we may find on our own. So there is a network of regional mutual assistance groups, but we would still probably need to do beyond that to get any resources that we might need.

COMMISSIONER McMURRIAN: I guess a follow-up -- go ahead, Mr. Chairman.

CHAIRMAN CARTER: The basis for my question was maybe there could be some opportunities for some of our local small businesses that may -- obviously they may not be able to do the electrical work, but certainly in terms of debris clearing, as long as it is not within the confines of a live wire or anything like that, but certainly with the debris clearing and some of the more mundane kinds of things. We could possibly look at that. Are there any companies looking at that?

MR. McQUAGGE: We are looking at using for staging sites some local vendors to do clean-up, site clean-up, in addition to the actual site people that set up the tent cities and all. We are using -- looking at using some locals just for smaller tasks, but I'm not

sure that that addresses the Chairman's question.

COMMISSIONER McMURRIAN: Anyone else want to? Just to follow up on that train of thought, is there reason to think that to the extent there have been a lot of people that have been laid off with these contractors and things, and the job market is what it is, is there reason to think that they would be able to go to that job pool that perhaps haven't found another job yet, given this economy, and try to rehire some of the people that are already trained to do some of these tasks, too?

MR. McQUAGGE: I think, and this is my opinion, there is some concern because most of these people do have a skill set, and they do have a commercial driver's license. There are opportunities for them to find work since they are -- do have a CLD license, so they may be driving a truck or some other -- I think there is the opportunity that some of those may be hired back, but I think that process would be slower than it normally would have been had they already been working for a contractor. But I certainly think that is a possibility.

COMMISSIONER McMURRIAN: Okay. Mr. Chairman, I think that they have all heard you, and will probably go back and look at opportunities to use local small businesses, perhaps, in those kinds of situations.

CHAIRMAN CARTER: Yes. Particularly in areas that doesn't require licensure. Obviously when you are dealing with electricity and things of that nature you have a certain skill set and a licensure requirement, a certification requirement. But there are some more mundane kinds of things that can be done. And as you say, that way it is an opportunity to bring back in the highly trained people to do the really technical things and probably not have them doing the mundane things, having them doing the more specific things that are pertinent to their certification and their credentialing and getting the power back up in a timely manner.

COMMISSIONER McMURRIAN: Thank you, Mr. Chairman. Do you have other questions?

CHAIRMAN CARTER: No, that's it, Madam Chairman. I just wanted to -- and I apologize to you, but I do thank you for allowing me to break in there. I have been listening, and I just wanted to kind of zero in on that. And I do think that maybe looking at this problem -- I think it's a problem nationwide for us in terms of the skill sets necessary when we do have these catastrophes and all like that. I don't think it's something that is specific to Florida, but I do think that when you consider, as you said, the contraction of the labor pool, then we have to do a little bit

out-of-the-box thinking to be able to do more with less. And I appreciate you allowing me to break in at this point, and I will be listening for the rest of the day. Thank you so kindly.

COMMISSIONER McMURRIAN: You are more than welcome to break in whenever, Mr. Chairman.

Mr. Garl, do you have any other questions?

MR. GARL: Yes. Thank you, Commissioner.

And you were talking about joint attachment agreements, and I will ask again, are any of your lines attached to poles owned and maintained by a telecommunications company?

MR. McQUAGGE: Yes, they are.

MR. GARL: And are those poles that are carrying Gulf Power's lines meeting the same standards as your own poles?

MR. McQUAGGE: They would not be meeting Grade B construction.

MR. GARL: Okay. Thank you, Commissioner.

MR. McWHIRTER: Thank you, Mr. McQuagge.

And I think we will take a short five-minute break, and so we will go on recess for five minutes.

(Recess.)

COMMISSIONER McMURRIAN: Let's get started again, everyone.

Mr. Shelley, is that right? We will go ahead and get started with you.

I don't give warnings. Everyone is noticing that.

MR. SHELLEY: We'll get there.

COMMISSIONER McMURRIAN: Thanks.

MR. SHELLEY: Good morning, Chairman, Commissioners, and staff. And I want to thank you all for allowing us to put on this presentation on our hurricane preparedness at Florida Public Utilities.

My name is Buddy Shelley. I'm the Northwest Division General Manager. And, of course, Florida Public Utilities, we are a small utility of about 28,000 customers, and we have two divisions. One is the northeast division, which is Amelia Island and Fernandina Beach; the northwest division serves parts of Jackson County, Calhoun County, and Liberty County.

Our hurricane preparations mainly focus on our vegetation management, pole replacements, beach inspections, substation and line inspections. On our vegetation management, prior to the hurricane season we perform a visual inspection of our main feeders, plus other areas that we suspect have tree or limb issues.

We have one tree-trimming crew that we contract in our northeast division and three crews in

our northwest division. And when it becomes necessary, we also use our own crews to assist in doing trimming.

Both divisions will be focusing on replacing decayed poles prior to the storm season and a lot of those that we have identified from our inspection programs. Of course, we will do the worst ones first, and we make an effort to get our residents to let us know when they have decayed poles in their areas.

The northeast division serving Amelia Island inspects regularly all the equipment and hardware along the beach areas for deterioration and corrosion, and before the hurricane season we make a special effort to make sure that we correct any problems we find in those areas.

We regularly do substation inspections in both divisions, and we do a special effort prior to the hurricane season to look those over and make any corrections that we may find. We also do a similar visual inspection of all of our line equipment reclosers, voltage regulators, and capacitors.

Part of both divisions' emergency procedures is a detailed list of the materials and equipment we feel we need in inventory prior to the hurricane season to handle any amount of damage that we would normally think may occur. We try to verify that this level of

inventory is available, and we have very good relations with local suppliers in case we need additional supplies.

FPU continues to be involved with the Southeast Electric Exchange and all of our neighboring utilities to share resources if and when we need those. We also stay in direct contact with contractors that we have been discussing here recently, and trying to make sure that they have resources available to assist us when needed. We do feel that that is a big concern, because we have seen that a lot of them are laying off their employees, but we feel that we have an adequate amount of help from contractors if we need it.

Prior to the hurricane season, both divisions are required to review and update our respective emergency procedures, and we also have refresher training sessions with our employees that will be -- are on-going and will be continuing until the hurricane season.

We update all of our relevant information such as telephone numbers, responsible parties, who our personnel are going to be that handle all of our EOC contacts and those kinds of things. We place special attention on the safety of our employees, and contractors, and the general public. We double-check

all of our equipment, trucks, tools, and all of that to make sure they are in good working order prior to the hurricane season.

We have completed our GIS and outage management systems in our northeast and northwest divisions, which allows us to identify and locate outages and makes our restoration process more efficient. Additionally, in our northwest division we have also completed a SCADA system that allows us to operate our substation equipment from our office.

FPU has implemented a three-year vegetation management program on our main feeders and a six-year vegetation management system on our laterals. We do an annual inspection of main feeders in critical areas prior to the hurricane season, and we pay special attention to danger trees and overhanging limbs. We cleared 391 danger trees in 2008 and we have implemented our storm hardening plan by adopting extreme wind loading criteria. We use 130-mile an hour wind loading in our northeast division, and 120-mile an hour winds in our northwest division for all of our new construction and replacements.

Our overhead distribution circuits are designed to NESC Grade B construction, and we are currently using a software program called Pole Foreman

to verify loading on our poles and all of our equipment.

FPU has hired a contractor, which is OSMOSE, that has performed detailed inspections of our poles, and we started that this year. We inspected 1,849 poles. 1,485 were done in the northwest division and 364 were done in the northeast division. This also included a strength and loading assessment, and these pole inspections are going to be on an eight-year cycle.

Florida Public has a transmission only in our northeast division, and we do a visual inspection yearly, and a climbing inspection is scheduled to be completed on that in 2010. Our 138 kV system is constructed of concrete and steel poles and/or towers, and they are already up to the storm hardening criteria. The 69 system consists of 212 poles. Twenty-two of those are concrete. Plans are to replace all the wood poles with concrete as time permits, and we have started on some of that.

As I said, our vegetation management is on a three-year cycle for our main feeders and six years for our laterals. We cleared in the northwest division 50 miles of main feeders and 86 miles of laterals during 2008, and in the northeast division cleared 21 miles of main feeders during 2008.

During our inspection of poles, we did start a

joint use audit. Our contractor began that this year, and they did go in and do a load assessment of those attachments.

We work closely with all of the EOCs in our areas. We participate in all of the centers that are affected, and we continue to make sure that we relate and keep up with all of the activities and participate in all of their projects. FPU participated in the PURC forensics research team that developed standard reporting forms to be used in documenting damage after a hurricane. We also implemented our own standard forensics data collection and reporting procedure that outlines employee responsibilities, the processes that we go through, and the tasks that need to be performed.

We will use a contractor to perform the collection and analysis of the data. Since, you know, we are a small utility, we really don't have the forces and crews to be able to do that ourself. And all of our crews will be used to try to restore service in case of a hurricane. We intend to have the contractor hired and ready to do that this year.

We completed one storm hardening project in 2008, which was to extreme wind loading standards. This project was a critical infrastructure project in the Marianna, Florida, area. It included seven class G

concrete poles and 25 Class 1 wood poles, and it provides service to a sewer treatment plant and parts of downtown Marianna. It also runs along Highway 90, and crosses the Chipola River, and we made sure that the concrete poles were placed on the adjacent sides of the river so that we don't have to get in there and do those anymore.

As I said, we have the same concerns that all of the other utilities have mentioned on the hurricane -- you know, redundant hurricanes and retaining forces to -- you know, if we have extreme amounts of damage, because we do realize that we are a smaller utility, and it makes it a little more difficult to get contract crews to come to our area because of our small size.

In conclusion, we feel we are adequately prepared for the 2009 hurricane season, and we want to thank the Commission for allowing us to continue to be proactive in pursuing the storm hardening plans. And that concludes my -- is there any questions?

COMMISSIONER McMURRIAN: Thank you, Mr. Shelley. I guess I'll ask you, and I know you touched on this a little bit, about the Chairman's question about opportunity to use local small businesses. Is there any information you would like to

share with respect to that?

MR. SHELLEY: We haven't looked at any of that at this point. I think he has a good point. In, you know, some of the redundant areas I think we could use some smaller contract companies and smaller firms that don't do the technical part of the job. And, of course, that would allow some of other people to help in the restoration process. But I think that is a good idea.

COMMISSIONER McMURRIAN: Thank you. Any other questions?

MR. YOUNG: No questions.

COMMISSIONER McMURRIAN: Okay. Thank you.

MR. SHELLEY: Thank you.

COMMISSIONER McMURRIAN: Thank you, Mr. Shelley. And next we will hear from the Florida Electric Cooperatives Association. Ms. Hershel.

MS. HERSHEL: Good morning, Commissioners, Mr. Chairman. I'm Michelle Hershel with the Florida Electric Cooperatives Association. Thank you for accommodating our schedule this morning, also.

Typically for this workshop we bring in one or more cooperatives to sort of showcase their system and tell you what they have been doing to prepare for storms in the future. But just for your information, all of our co-ops also file and submit their standard of

construction reports to your staff and all of their information on what they're doing to prepare for storms with your staff for your review.

With that I would like to introduce Jody Dotson, who is the Power Supply Manager for Glades Electric Cooperative. Thank you.

COMMISSIONER McMURRIAN: Thank you. Go ahead, Mr. Dotson.

MR. DOTSON: Good morning, Commissioners and Mr. Chairman. Thank you for allowing me the opportunity to be here and share with you some of our success and hard work.

A little bit about our cooperative. We're located in south central Florida along Lake Okeechobee. We serve Highlands, Okeechobee, Glades, and Hendry Counties. We have been impacted pretty hard by the storms of 2004/2005. We serve approximately 16,402 meters; 2,213 miles of line total on our system; 2,180 on overhead distribution, 33 miles of underground distribution, and 87 miles of transmission. We do average about seven meters per mile of line, so we are a very rural area that we serve. By county, we serve 7,610 meters in Highlands; 2,190 in Okeechobee; 3,197 in Glades; and 3,405 in Hendry County.

I wanted to take this opportunity, we have

adopted a system restoration plan that we call -- not to be confused with storm restoration. Back in 1998, this plan was put in place to have a systematic approach to maintenance and upgrades on our system. We have found over the years that putting out fires on our distribution and transmission system just did not get the job done. This program includes all the elements of system maintenance on distribution, transmission, substation, grounding, inspections, and the normal testing.

Under this program -- it was originally instituted as a one-time program. We figured it would take five years to complete. Once we got into it, we got a little more involved, added to it, and we finally got the final procedure in place, and it has evolved into an eight-year program to where we have two different phases.

Phase I is the three-phase line sections that are connected directly to the supplying substation. A section of those circuits downstream are the three-phase or single-phase line breakers are considered part of the main line.

Phase II are typically the taps, laterals, sections of line under fuses. Under our system restoration, we look at all poles and structures, guys,

attachments, cross arms, insulators, switches, fuse switches. We look at coordination issues on each circuit as we go through, and we do it on a circuit-by-circuit basis. The lightning arrestors, installing additional protection, transformers, capacitors, right-of-way line breakers, line regulators, and, of course, our substations, and code violations.

Under our line breaker OCR program, our program on OCRs are on a five-year -- every year we do a fifth of the OCRs on our system. We take them down and put up refurnished or new units and any upgrades that are necessary at that time.

On line regulators -- I think I jumped ahead. They're on a four-year maintenance cycle, and every quarter we do an operational check and make sure everything is operating as they are supposed to.

On the right-of-way trimming, we have been on a three-year cycle since 2003. We do it by circuit at a fixed cost so we know where our budget is at all times. And on our circuits, we trim the main lines, laterals, and service drops all at the same time. And it's hard to see on the slide, but this is the current three-year cycle that we are in. Last year we trimmed 798 miles of distribution, and this year I think we are scheduled to do 500 -- and I can't make out the number, but over

500 miles this year.

On our transmission system, every year we do an aerial inspection in the spring and we find items that need to be addressed, and we classify them in two categories. Category 1 are items that need to be repaired or corrected immediately, and Category 2 is a watch list that are not as critical, and we are recording them on the inspection for future reference. And then the following inspection that we do after that we pay special attention to those items to see if they have gotten any worse. And I will report that in 2007 we did a complete transmission system climbing inspection and pole inspection.

Our substation program. We inspect them two times a month. One is a visual inspection, the other one includes operational checks of the equipment. Batteries are tested quarterly for all of the relays and electronics, and then any problems or concerns that we find are addressed immediately.

Now, we do a major maintenance and testing every four years on all the substations. Tests include circuit switcher where we power factor the circuit switcher, we clean and retorque connections, operational check, voltage drop open and close, and visual inspections. We also do the same for transformers,

power transformers in the substation. We do the power factor test, connections, turns ratio test, dielectric test the oil, we do a dissolved gas analysis and the transformer test, along with visual inspection. We do the same for our surge arrestors. Power factor test, clean and retorque connections, visual inspection. And then on the bus and bus insulators we do visual inspections.

Again, in the substation in our circuit breakers, it's the same test. I don't want to sound redundant, but these are all the same tests that we do. In our substation regulators we do the power factor and the retorque the connections, dielectric oil tests, and operations. And then relays, we check the settings, test and clean contacts.

Now, on our transmission upgrades as part of our system restoration, we take the opportunity if we are going to do maintenance, we decide if the existing line needs to be upgraded or completely rebuilt for that matter, and we have identified weaknesses in the past, and one of our weaknesses was a transmission line that fed two of our substations.

This line was located in a cane field about 150 or 200 yards off of Highway 27. We did have some issues with this line during Hurricane Wilma getting

access, so we decided in 2008 to relocate and upgrade almost four and a half miles of 69 kV line and decided at that time if we are going to do that to go ahead and do the distribution underbuild. There was another circuit on the opposite side of the road. So we were able to complete the job in 2008 and had improved access. We improved the sectionalizing on that line to split it up between the two substations, upgraded the line capacity. We did do improved storm strengthening. We relocated the existing distribution, and I will share with you a picture of the existing line.

This was right of a Wilma, and we have a crew on track equipment trying to get out to the structure. The water varied from three feet to four, five, sometimes six feet deep. And this is a very difficult line to patrol in the daytime. At night it's nearly impossible.

So this is our new line that we have got completed. It was finished up in December right alongside 27 using round spun concrete poles, and it's one of our projects we really like to showcase right now.

On the distribution side, during 2008 we did major maintenance on 23.5 miles on three different distribution circuits. One of those circuits involved a

complete rebuild of approximately 6.8 miles, and also we have done some reengineering on our regulator banks and stations for better wind resistance, and as part of our right-of-way program, 721 miles of distribution right-of-way.

One of the distribution circuits we redid was on a very rural area. It didn't serve a lot of people, but we had some problems. The line was aged, and we had a flooding area that impacted a number of residential areas. We could not access the line during the rainy season. We rebuilt the line, improved conductor size, shortened our span lengths, and upgraded the classification of poles used on the new line for storm strengthening. And we have relocated the areas prone to flooding.

In the past when we would install regulators, we would put the three regulators on a platform together at a regulator station, and we found during the hurricanes of 2004, and in Wilma of 2005, it was a repeat, we dealt with this problem probably three or four times where either the structures would break off or we would find the regulators on the ground next to the poles regardless of the bolts used to hold them in place. So we went back and we looked at it, and we decided to go with a single pole mount installation. We

may lose one, we may lose two, but the possibility of losing three is a lot less than having them on a platform. And we have -- in 2008, we completed converting all of our regulator platforms to the new design.

Every year we do a strategic work plan, and all the employees at the co-op are involved in this planning process from the meter readers to the customer service, and we identify our strengths, weaknesses, opportunities, and threats. And we come up with action steps to meet the plan and address any of the weaknesses and threats that we see.

And it's hard to see on the slides, but this is just a couple of examples of the action items in the assigned steps that have been given to my department. These are documented on the Harvard scorecard format. We are reporting these to our board on a quarterly basis and by the end of the year we are expected to finish within the 90 percentile range.

Part of the plan for this year is to reconduct a number of taps in a populated residential area on our system. All of these taps that have been identified are back lot easements, hard to access, and every one of these are being built out on the road and removed and replacing copper conductor with ACSR conductor.

One of the biggest weaknesses that we have found and have identified over the number of years, we have one substation in Okeechobee that feeds all of our members in Okeechobee County. This substation is fed by a transmission line that is approximately one mile off of a paved road that runs parallel with the paved road through pastures, flag ponds, bogs, and not too far back a retention pond that was built that ended up taking eight -- I believe it is eight of our structures are now in the retention pond where at times of the year we have no access to.

And when we looked at this weakness, we looked at rebuilding, or building a new transmission line as an alternate feed. We ultimately came up with an idea to build a new substation in Okeechobee County. That is an ongoing project now. It is scheduled to be on-line by the end of 2009. We do have the distribution network going in now, and when this is complete we will have the ability to transfer all load from the existing substation to the new substation if need be during storms.

And just to give you an example, here is a picture of the structures in the retention pond. We do have a partnership with Progress Energy in the event that something were to happen in the retention pond.

They do have the equipment, and we do stay in contact with them. We just had a meeting with them last week, and they have partnered with us to help us in any way to get these lines back up in the retention pond.

And, speaking of Progress, in the past they have partnered with us as far as materials, needing poles, and we just discussed this in our biennial meeting last week with them, and we have an understanding as far as motel rooms, additional crews, materials. If we have any needs, or if they have any needs, we do have lines of communication established where we can try to help each other out in areas we are out.

And no matter how hard we prepare there is always instances where it is just never enough, and we do all we can do to minimize the impact.

That's it, unless there's some questions.

MR. GARL: No questions.

MR. McWHIRTER: Commissioner Skop, do you have -- go right ahead.

COMMISSIONER SKOP: Thank you, Madam Chair. Just a quick question with respect to the new regulator installations. The one picture that showed the platform regulator failure, if we could go back to that, please.

MR. DOTSON: Okay.

COMMISSIONER SKOP: And with respect to that picture, I guess, was there any analysis done as to the failure mode? Was it the platform itself or the combined wind loading?

MR. DOTSON: It was the combined wind loading. These units were bolted down on the aluminum platform and the bolts had actually pulled out of the platform.

COMMISSIONER SKOP: Okay. So the platform itself -- is that the remnants of the platform?

MR. DOTSON: That is a boardwalk that allows employees to walk in front of the units.

COMMISSIONER SKOP: Okay. All right. So the aluminum platform itself would have been above that, not shown on the picture?

MR. DOTSON: Right. Yes, it's beyond that.

COMMISSIONER SKOP: Okay. And with respect to the next picture that shows the new regulator installation where they have put them on a single pole installation and separated them, obviously that, I guess, provides for reduced wind loading. I guess the question I would have is there any certain distance that the regulators need to be placed in proximity to each other, or would it be more appropriate to spread them a little bit further apart to the extent that, you know, in storm damage, in hurricanes, we also have tornadic

activity, and, you know, I would think that notwithstanding the wind loading, the more distance that they are between each other, you know, the less probability perhaps that, you know, if a tornado came through there all three would get taken out at once. And I don't know if there is a constraint on how far they can be separated.

MR. DOTSON: Typically they are located pretty close to one another. They can be stretched out a few spans.

COMMISSIONER SKOP: Okay. All right. And then just, I guess, for my own knowledge, has any thought been given since, again, those are specialized electrical components, but in terms of hardening those with perhaps concrete and, you know, metal type structure supports as opposed to the single pole installations?

MR. DOTSON: On our distribution we have not addressed using concrete or steel. On our transmission lines, however, all of our replacements are concrete and steel as of 2008.

COMMISSIONER SKOP: Okay. And do you know if other utilities -- I mean, is this standard practice in the state to do it this way, or is there some best practices?

MR. DOTSON: It varies. Typically after the storms you see more and more of the single pole mount. There are some cases where we do additional guying on these pole-mounted regulators. This was one of the first ones we had converted and we have revised some of them since then.

COMMISSIONER SKOP: Okay, thank you.

COMMISSIONER McMURRIAN: Okay. Thank you very much, Mr. Dotson. Now we will hear from the Florida Municipal Electric Association. We may need a couple of minutes while Chris works on the battery.

MR. FINKLEA: I could sing to test it, but no one would want to hear that.

COMMISSIONER McMURRIAN: Better than me singing. Go right ahead.

MR. FINKLEA: Good morning. My name is Jody Finklea and I represent the Florida Municipal Electric Association, and FMPA, as well. We appreciate the opportunity to attend this session every year and speak to the Commission about FMEA and our members.

Of course, FMEA has 34 municipal electric utility members. We serve about 1.3 million customers across the state of Florida. Our largest utilities are JEA and OUC, and we serve all the way down to our smallest utilities, the City of Bushnell and the City of

Blountstown, as an example. But combined, we consider all of our retail utilities together, FMEA and the municipal electric utilities of the state of Florida make up the third largest utility in the state behind FPL and Progress Energy. As you can see, we're dispersed from the City of Blountstown down to Key West, one of my favorite meeting places.

You might ask how do our members generate power? Well, the answer is they don't. 12 of our 34 cities do generate some. Of those 34, 15 buy all of their wholesale power needs from the Florida Municipal Power Agency through its all requirements project. Eight additional municipalities buy entitlement shares in particular plants, the Stanton units and the St. Lucie unit in St. Lucie County, from FMPA. As well, the other providers are, of course, Progress, TECO, FPL, Gulf Power and Glades. As a market share, you can see that we, we rank right there among the larger utilities.

As a matter of mutual aid, FMEA is proud of its record. We have lots of options for mutual aid from Florida, the southeast and nationally. All of the FMEA members have agreements amongst themselves and other mutual aid agreements that members are very reliant upon. You can see here that in the past we've received mutual aid from as far away as Wisconsin and

Maine. Most mutual aid though comes from closer to home in the southeast. We have a lot of relationships with the Carolinas particularly.

Today we're going to, I'm going to introduce to you the Electric Utility Director of the City of Leesburg, Mr. Paul Kalv. We always bring, like the cooperatives, each year one of our members to showcase what they're doing for storm preparedness. If there aren't any questions, then I'll introduce Mr. Kalv.

COMMISSIONER McMURRIAN: Thank you.

Thank you, Mr. Kalv. Go right ahead.

(Technical difficulties.)

Give us just a minute. We'll get Chris. Ah, there he is. We have to keep him on his toes; right? Thank you, Chris. You're doing a good job.

MR. KALV: Fantastic. Thank you.

Good morning, Mr. Chairman, Commissioners and staff. My name is Paul Kalv and I'm the Director of the City of Leesburg Electric Department. This year I celebrate my 40th year in this challenging and fun industry, having spent 22 years with an investor-owned utility in the state and the last 18 years with public power.

Leesburg is one of the 34 not-for-profit municipal electric utilities. We're located in Central

Florida between Orlando and Ocala. Leesburg is located in the northwest corner of Lake County south of The Villages. Our 50 square mile electric service territory includes the City of Leesburg, the City of Fruitland Park and portions of unincorporated Lake County. We're surrounded by Progress Energy and Sumter Electric Cooperative service territories. We are one of the 15 utilities Mr. Finklea mentioned that procures all of our electric requirements from the Florida Municipal Power Agency.

Our electric utility is also somewhat unique in that we do not own or operate any transmission facilities. We are totally dependent on the transmission facilities owned and operated by Progress Energy for delivery of our power supply to the five substations that the city owns and operates.

Electricity is distributed over 25 feeders to serve 22,000 electric meters. More than 80 percent are residential customers.

I learned a new term not long ago called scrivener's error. I won't attribute this, my new math error to a scrivener's error. It was my own. Our commercial customers represent about 17 percent of our total customers, not 27.

We are very proud to report that the City of

Leesburg was one of only two municipal utilities in Florida to be designated by the American Public Power Association, our national association, as a reliable public power provider during 2006, the inaugural year of the award. In 2008, Leesburg also received the award. The detailed evaluation criteria encompasses the areas of service reliability, safety, workforce development and system improvement. We'll be submitting our application this fall for consideration in 2010. Leesburg also has a history of assisting other Florida and out-of-state utilities and is prepared and willing to help in the future.

Reliability of the utility system begins with a design and construction criteria. Because of our geographic location, Leesburg lies within the National Electrical Safety Code 100 mile an hour extreme wind contour. This is the lowest in the state. However, during the mid 1990s the utility upgraded its overhead design standard to require all new and replacement poles supporting three-phase feeders and poles that supported underground cable terminations and, and voltage regulators to be on hardened concrete poles, not wood. For aesthetic consideration our city Commission has also requested that all overhead feeders located along major arterial roadways be converted to underground or be

relocated to local roadways when those opportunities arise.

Leesburg's inland location shelters us somewhat from both storm winds and tides. All new construction is front lot line, and we're converting rear lot line construction to front when appropriate. We are -- we also require our foreign utility attachees to adhere to our wind loading standards.

Leesburg's approximately 16,500 poles are inspected on an eight-year cycle and just over 60 percent of our poles are wood. During the summer and fall of 2007 more than 38 percent of all of our poles were inspected, and just five one-hundredths of 1 percent required immediate replacement. 2.6 percent of the poles failed minimum strength standards and have been replaced. We're continuing our pole maintenance inspection this, either later this month or in June.

Leesburg has a very aggressive pole inspection and treatment program since the 1970s, and we believe it to be a very cost-effective measure to extend the useful life of this valuable resource. This round our inspectors are also replacing pole tags and they perform other minor maintenance repairs while they're onsite.

Our service territory has a lot of oak and other trees, so vegetation management is an important

factor in maintaining service reliability. Our 2008 vegetation outages point to the negative impact vegetation outages can have on reliability. I'm a firm believer in the 80/20 rule, and here you see that 20 percent of our vegetation outages caused almost 90 percent of our vegetation customer minutes interrupted. We trim trees across our entire service territory every four years with a ten foot standard. We also have a tree crew that focuses primarily on excessive growth within the four-year time frame.

Much of our system improvement work throughout the year supports the viability of our distribution system to withstand storm conditions, and our storm season planning starts in February with reviews of established plans, confirming informal agreements, and ensuring that new staff receives basic National Incident Management System training.

Leesburg has adopted a philosophy of prepare for the worst and hope for the best, and our annual planning activities involve the entire community. Critical material stock is brought to their maximum levels or higher, feeder patrol assignments are confirmed and utility plans and priorities are coordinated with public works, police and fire. The electric utility is completely plugged in to the

communications with the local emergency response and emergency management operations.

Depending upon the projected storm track, the days and hours immediately preceding the arrival of a storm may be filled with completing personal preparations and ensuring that all final utility preparations are complete. A large contingent of personnel including management, system operators and an interested lineman or two typically ride out the storm in our operation center with family, a large number of families in campers on our com -- within our compound.

Second only to responding to life safety issues following the storm, our initial damage assessment is our most important initial activity. Based upon the feeder breakers that locked out during the storm, initial assessment assignments are rearranged, assignment crews are briefed, and the assigned, the assessment begins. The results of this initial assessment helps us to prepare the forecasted need for additional resources or to project our ability to release resources to assist others. While the assessment is progressing, system operators are finalizing their internal restoration priorities. Within the first few daylight hours following a storm's passing, we should be in a reasonably good start on our

initial restoration planning. And, of course, we're passing information up to FMEA for reporting to the Public Service Commission.

While I believe that all utilities do very well with their internal preparations, occasionally where our utility bumps into a larger utility's preparation competition for scarce resources becomes an issue. This is particularly evident in competing for local contract crews, pole and conductor materials and temporary housing for contractors and visiting utility crews. One thought to consider in an effort to minimize the adverse effects of this competition would be to establish a working group at the state emergency operations center to be a clearinghouse for investor-owned utilities, municipals and electric cooperatives to share information and needs as issues arise during the emergency events.

To address the Chairman's concern, we, we have no contract line crews as part of our line operation. All of our, all of our line crews are City of Leesburg employees. And while we are somewhat sheltered from the impacts of wind and storm surge, we certainly prepare and all of our people, all of our employees are intimately familiar with our distribution system, and we will rely on assistance from our other 33 municipal

utilities. We do have a close relationship with a North Carolina organization that has promised us line crews if they're necessary. But the Leesburg experience has, has been that we are always a, we are more often a provider of assistance rather than the recipient of assistance. All of our tree contractors, that organization has also promised us any additional needs that they can draw from if we need them from out-of-state locations.

Many municipal utilities and especially Leesburg are dependent upon the transmission networks of other utilities. So if the transmission system that serves the City of Leesburg is not hardened and in good shape, no amount of system hardening by Leesburg will keep my customers from spending an inordinate amount of time in the dark or in the heat.

My 3:00 a.m. cold sweats come not from distribution system failure worries but from the effects of multiple transmission system failures. Keys Energy also has a unique dilemma caused by the state-ordered evacuation that include medical personnel. While electrical workers are trained to perform their duties safely, the lack of an active local emergency facility is a concern. We raise this issue with you in case we need your help in the future.

Keys Energy has also brought up an issue

related to intermingled pole ownership in a distribution line. Keys Energy designs distribution facilities to the National Electric Safety Code 150 mile an hour extreme wind loading standards, while AT&T is not required to do so. Both utilities share the poles, while Keys Energy pays the incremental cost for storm hardening the entire pole line. Keys questions the fairness of this.

I thank you very much for this opportunity to share our stories, and I look forward to responding to your questions.

COMMISSIONER McMURRIAN: I have one, Mr. Kalv. On your suggestion about the ad hoc committee, what do you think it would take to form such a committee? I mean, how difficult would it be?

MR. KALV: Well, I think that all of the interested parties have representatives at the, at the state, and I believe that -- and all of the utilities report the local assessment and they roll up to -- eventually all that information gets reported at the state level. You know, I know what's impacting me. I don't know what's impacting other, other folks and certainly not other utilities. And, again, while we would probably be the least likely folks to, to bring in a lot of additional resources because of our location,

you know, I raise this as a statewide issue, not, not particularly so much for Leesburg itself.

COMMISSIONER McMURRIAN: I appreciate that. I mean, do any of the other participants have any thoughts on forming such an ad hoc committee? Hearing none, I guess it's something that everyone can, can think about and maybe have discussions among yourselves about doing that. It seems like -- well, we always appreciate suggestions.

MR. KALV: Thank you.

COMMISSIONER McMURRIAN: And, of course, I think we're all working toward the same goal. So we appreciate you throwing out an idea like that, and perhaps everyone will take it back and give it some thought along with some of the ideas that the Chairman has thrown out earlier. So I appreciate that.

MR. KALV: Thank you.

COMMISSIONER McMURRIAN: Any other questions? Commissioner Skop.

COMMISSIONER SKOP: Thank you, Madam Chair.

Just a quick question with respect to the comment by Keys Energy on the healthcare after evacuations and the comments on the subsequent page.

With respect to the healthcare after evacuations, I guess I'm trying to figure out how that's

interrelated with the City of Leesburg, or is that -- hold on real quick -- or is that a FEMA type issue?

MR. KALV: Right. Right. That's really not so much an issue for us. But it's my understanding that it is a concern with Keys when, with Keys Energy when all the medical personnel are evacuated. And then, you know, while the linemen perform their job normally very safely, it's a concern for the management of Keys Energy.

COMMISSIONER SKOP: Okay. Thank you.

COMMISSIONER McMURRIAN: Mr. Garl.

MR. GARL: No questions. Thank you.

COMMISSIONER McMURRIAN: Okay. Thank you very much, Mr. Kalv.

MR. KALV: Thank you very much.

COMMISSIONER McMURRIAN: And I know some are wondering about lunch, but I've noted that we have three presentations left, so I think perhaps we might continue through. And so next we'll start with our presentation from the ILECs, start with AT&T.

MR. SMITH: Good morning.

COMMISSIONER McMURRIAN: Good morning.

MR. SMITH: My name is Kirk Smith. I'm an Area Manager with AT&T. We appear on behalf of the AT&T Florida team. We appreciate the opportunity to be here

today and to talk to you about some of the progress we made through the last 12 months with respect to our emergency preparedness.

Within AT&T we understand the importance of emergency preparedness, and this is part of our everyday business. And we feel very strongly that our continued preparation, the national pool of resources we have to draw from now puts AT&T in a good position to not only protect its network from storm damage but to restore service efficiently following severe weather events.

What happened here?

(Technical difficulties.)

It's very difficult to expand on the benefits of our technologies if I can't operate a remote.

Thank you. In our presentation today we'll concentrate our communication on several different areas. Our ongoing pole inspection program, our increase in our generator inventory, an overview of our preparation and restoration processes both with the wireline and wireless sides of our business, and to help with a better understanding of the hierarchy of support all the way from the local level to an AT&T Global Network Operations Center.

With regard to our ongoing pole inspection program, AT&T has 460,811 poles in Florida, and we are

inspecting these on an eight-year cycle. For joint use poles we have prioritized our inspection activities in concert with our power company partners looking at areas as a first priority, coastal exposure critical infrastructure type areas. We have inspected 156,542 poles through year-end 2008. That actually puts us about some 12,000 poles ahead of target to meet the eight-year cycle inventory. We have inspected more than 20,000 poles in 2009 and anticipate closing out with 40,000 additional poles inspected this year, and have replaced as part of this program 4,610 poles across our footprint in Florida since 2006.

With regards to our first line of defense in emergency restoration, we have added a significant number of portable generators to support our digital loop carrier sites in Florida. We have established a seasonal generator pool site in Hialeah, Florida, and we have a third site that's coming online in Lakeland, Florida. We now have 1,010 digital loop carrier sites that are supported by permanent generators, and nationally we have over 9,000 generators available for storm recovery efforts.

As we went through some of the merger activity and looking at best practices across the AT&T 22-state footprint, the model that we have for emergency

preparedness and storm restoration activities with deployment of portable generators, as they looked at what we did in the State of Florida, it was accepted as best practice. And additional sites are being built in Texas and other areas that have coastal exposure within the AT&T footprint that has dramatically increased our pool of resources.

As you can see here, we have a pool that we operate 12 months out of the year in Jacksonville, Florida. We'll have a 12-month generator pool established in Lakeland, Florida, and a seasonal pool that we bring generators down from the northern part of our footprint in the Carolinas, Tennessee and Kentucky that we, that we establish and hold there during the hurricane season in Hialeah, Florida.

As you can see here, these are just some snapshots of some of the things that we do to protect our more critical sites that house our digital loop electronics. You see here a couple of pictures of some of the portable generators that we established, our permanent generators we established at these sites. And some of the wraps that we actually put over some of our critical sites to protect from blowing wind, sand, rain and hopefully minimal floods.

As I mentioned, we're going to talk about

other aspects of our business, and at this point in time I'd like to hand it over to another partner of ours within AT&T, Mr. Jeff Patton.

MR. PATTON: Good morning. As Kirk said, I am Jeff Patton. I'm the Emergency Operations Manager for the southeast region of AT&T. What I'm going to talk about briefly is what we recognize as our strongest asset, and that is our employees and their families. We hold annual, throughout the year annually informational training and awareness meetings with all of our employees preparing them for emergency situations, not just hurricanes, any type of event throughout the 22-state region of AT&T preparing them for maintaining our services to our customers, as well as preparation for themselves and their families at home.

We also have established two toll-free telephone numbers that we use for our employees to provide them information at all times, as well as the second number is where we ask our employees to contact the company, let us know where they're located and what their situation is that they're either in -- their condition as well or if they're in need of assistance.

We have localized employee care that we move into the affected areas after an event to maintain our employees as well as their families. I don't know if

you remember back in 2004, I believe it was, yeah, we called them tent cities, BellSouth tent cities, and we have that capability maintained at this, at this time.

We have exercises, mock disasters that we run through periodically throughout the year. Again, not just hurricanes, but all types of events that would affect us throughout the entire region. And we participate at state, federal and local level emergency events. Right now we're scheduled for May the 8th to participate in Broward County, and then in June we're going to participate in the Miami-Dade exercise as well in -- just in Florida alone. We participate in all 22 states in those type of activities.

We have, excuse me, we have in -- the slide refers to restoration teams. I call them strike teams. We have identified managers and nonmanagement employees with special skills and to affect all different aspects of the AT&T network that are on standby 24/7 that will move closer to the potentially affected area prior to an event, and then immediately upon the event moving through we will move these folks into the area as our first re-entry teams to start our restoration efforts. We have materials in our supply warehouses staged for disastrous events at all times, and we have identified areas throughout the 22-state region that we will move

those supplies and materials to to give us the ability to hopefully have a quicker restoration turnaround.

We have negotiated and partnered with local businesses, hotels, restaurants, gas stations where we will move into an affected area and have access, the ability to house our restoration teams, provide food to these technicians and managers and maintain our needs for fuel.

The structure for emergency operations within AT&T begins at the local level. In Florida we have two local response teams, the North Florida local response team and the South Florida local response team. Dependent upon the scope of the event, the local response team would handle complete control and restoration of the services of our network. If the event was larger than a local response team could handle, they would then contact their local response center, which for Florida also supports the State of Alabama. If that event then becomes so large that they need additional resources, manpower, assets, they would call the emergency operations center for the southeast region. And then, of course, if it was a scope that required a tremendous amount of support, we would then contact GNOC in New Jersey, which looks across the entire AT&T corporation and where we have access to

300,000 employees to pull the assets into the affected areas as needed.

The wireless organization has a similar structure, and shortly after I finish, Dave Cundiff will, will refer to that when he talks from the wireless side.

These are just some of the systems and processes that we have that we use to track the weather, the hurricanes, disastrous events. The organizations within the company, I made reference to some of the strike teams. The safety team, the generators that Kirk referred to, cell site strike teams that Dave will talk about cell site information and 911, and it's, the list of strike teams goes on and on as it affects every aspect of our organization and our network.

We have -- I made reference a moment ago to the Global Network Operations Center, the GNOC, which is located in Bedminster, New Jersey. These folks monitor the entire network throughout the world, all of AT&T, and it's -- what they, what they watch is phenomenal. I would take a whole lot more time than we have today for me to try to explain to you what they see and what they do, but they are a tremendous resource of timeliness of our network and monitoring the traffic of communications across our network.

We also have a network disaster recovery team which is highly skilled managers and nonmanagement employees, all volunteer, that have duffle bags underneath their desks or in the trunk of their cars, and at a moment's notice when they receive a call they will deploy anywhere in the world to do whatever it takes to restore our network services to our customers. They have, it says 500 generators have been, they've deployed across the United States, they have central offices on wheels, wireless satellite microwave communications capability on vehicles, generators to power all the central office needs that we have, HVAC units that they, they pull behind and install. I was fortunate enough to be invited to one of their exercises in Charlotte in October, I'm sorry, yeah, October of last year, and I was personally -- and I've been with the company for 30 years and I know a lot about telecommunications, but this was a phenomenal occurrence that I witnessed. And it's, it's something that had -- being with BellSouth until two years ago I had not seen the capability that we at AT&T now have with this network disaster recovery team to go into an area that has been affected by some type of major service disruption.

With that, I will turn the microphone over to

Dave Cundiff.

MR. CUNDIFF: Good afternoon. My name is Dave Cundiff. I'm the Area Vice President for the Southeast United States for mobility with the responsibility for all of engineering and operations, of which includes our hurricane preparations and recovery efforts.

In the State of Florida we have over 2,000 cell sites that provide critical voice and data needs to all of our customers. We understand the importance of these, of this service and ensuring that these assets are, are continuing to be on the air throughout, before during and after a storm.

To ensure that, we have over 35 percent of our cell sites with permanent generators. These generators are strategically placed to ensure that we do properly take care of the residents of the State of Florida. These critical areas that we provide coverage from a permanent generator perspective include ensuring that the cell sites that do cover the EOCs, the county EOCs have generators, we ensure all the major hospitals and medical facilities have generators on cell sites that cover those areas, as well as all of the evacuation routes. We want to make sure that, that the assets we are putting in the ground are definitely there before, during and after, after a storm.

Similar to what was said earlier, we also from a, from a management perspective break the state up into two specific local response teams, LRTs. Those specific storm, those specific teams will, will address the issues and the hurricanes in their specific geographic area.

If, if there is multiple storms in the state or multiple storms on the coast or in the U.S., we then roll up to what we call our Mobility Network Reliability Center that's based out of Atlanta. And, again, depending on the severity of the events or the, or the multiple of the events, we then roll up to the GNOC that was mentioned earlier.

We utilize realtime management tools prior to, during and after these events. These tools allow us to stay with clear visibility to our network throughout the entire event. As you can see a snapshot up there, we can, we can tell you at any one time the situation of any one of our cell sites that's covering a geographic area, whether it's lost commercial power, whether it's lost telco, whether it's lost off the air at any one point. By monitoring this obviously during, during an event we can, we can properly plan our restoration so that when it is clear for us to go in there, we can go in there quickly and effectively and address the cell

sites and the equipment that we have in the most, most efficient and effective manner.

Also as mentioned earlier, we have, we have quite a bit of employees, internal employees mobility in the State of Florida, again, broken down into two specific markets. We also pull resources from throughout the country. We have over 6,000 wireless network employees that we pull from. And having had responsibility for just the State of Florida during the early part of this, this decade, we pulled from everywhere from Los Angeles to Seattle to even Hawaii at times. So we do have a very, a very good network of employees.

Contractors are also extremely important to our restoration. As a matter of fact, there's many more contractors that we pull in as opposed to employees. There's our local contractors, there are contractors and residents that need to know the geographic areas, given that the placement of a lot of our cell sites are in areas that are remote and rural. They have to be able to have their own equipment, their trucks and their local knowledge to be able to address the cell sites that we have to, have to get with.

Given the power situations and the need for power within our network, we also maintain a very large

pool of portable generators in Lakeland, Florida, about 140 of those. Those generators are much larger than the average telco generators. They're upwards to 40 to 60kW. And we also maintain a fleet of over 300 in the southeast in our specific pool locations. Those are owned, those are AT&T-owned generators that we can utilize at any one time, and we also have access for leased generators throughout the region as well.

We have over 300 what we call cell sites on wheels and we have a multitude of towers on wheels in case we are to lose a tower. Knock on wood, we have not lost a tower in the last decade in the State of Florida, so we're very proud about that record. But in case we do need to bring coverage to an area that does not have coverage, we have what we call cell on wheels. Those are, we have some that are satellite based so that we can get out there very quickly to restore, to either restore coverage or provide new coverage.

An example would be working with the Air National Guard. If they want to put a tent city up, they may not have mobile communications, whether it's data or voice. We will work in conjunction with them generally to get the exact location that their tents are going to be deployed, and generally we will have a cellular network waiting on them while they're

restoring, while they're building their tent so that we can ensure that we meet their, their critical needs. We do that with EOCs in case we have a tower or electronics that get submerged into water. We can quickly roll a COW out and have it on the air with transport within 12 hours. So utilizing these assets, again, we're able to quickly restore our network so we can continue to, to take care of our customers' needs.

The last slide here is just a follow-up. After every event we physically visit every one of our cell sites in the affected area and even, even that borders the affected area. The main issues that we have from a network perspective besides loss of power is, is some antennas may be tilted in a different direction. So we physically go out there and observe every cell site, every sector, every antenna to ensure that it is in the proper order. And this database tool that I have up there just shows the online logging of every single issue, whether it's a foilage issue or whether it's an antenna that's fallen off the tower issue. We do not stop until every issue in the affected area is absolutely resolved in a network working pre-storm fashion. And that concludes our presentation. Is there any questions?

COMMISSIONER McMURRIAN: Thank you all.

Mr. Garl.

MR. GARL: Thank you, Commissioner.

We noted the coastal location of the local response center and wondered what the backup plan was for LRC support if a major storm approaches the Fort Pierce area.

MR. PATTON: I can answer that one. The LRT located in Fort Pierce is the local restoration group. And if the event affects that area too much or more than they can handle, then they will be supported by the LRC, which is located in Macon, Georgia. And then my EOC where I, my office is is in Atlanta. And we would, we would actually come in and take over responsibility to make sure that they have everything they need.

MR. GARL: Thank you.

Thank you, Commissioner.

COMMISSIONER McMURRIAN: Any others?

Okay. We'll move on to Verizon.

MR. CARDENAS: Good afternoon, Commissioners, Mr. Chairman. I appreciate the opportunity for us to discuss our emergency plans with you today. We've worked very hard over the last few months to update all our preparedness plans before we move on into hurricane season. We've also been meeting with our vendors and suppliers to ensure that we've got our plans and

materials in place and ready to go for hurricane season, and we've taken steps of preventative maintenance across several of our business units.

So what I'd like to do today is talk about three key topics. One is the emergency operation structure for Verizon. Then I want to move on to the roles and responsibilities for our Florida EOC, then discuss actions to help us be more prepared for 2009.

Our structure for our emergency operations is designed to provide a centralized point of control and direction prior to, during and after an emergency event. While this provides the ability to maintain control for an event, it allows us to, the management team to perform at their highest levels by having a single point of contact that has a holistic view. This also allows us the efficiency for our front line teams to focus on the restoration roles and the damage assessments.

With that overview, at the highest level we have our corporate EOC, and this is our national liaison that manages multiregional events. For example, we have a hurricane that comes across Florida and up the northeast and affects all the states. Our corporate EOC gets involved in helping to facilitate those restoration efforts. They also do the communications to our company's senior leaders and provide national level

support as needed by our regional control centers and other groups.

For Florida, our EOC consists of our region executive staff under the direction of our emergency control officer. We're the policy group for the, for the area, so we determine when to keep centers open, when to close them, when to move work and when to move the people. We establish conference calls with key business units to bring together to make sure we get status updates continually on their restoration and damage assessments and make sure they're aligned with the holistic view to make sure we bring everything back to normal as soon as possible. We also are the interface between the affected area within Florida and all resources outside of the State of Florida, and we manage the internal and external communications.

We have what's called the division control center, which is really our frontline technical team that consists of our dispatch group, engineering group, our analysis group, operations support and our local managers, and this is where we have our checks and balances can be applied for the preparation and restoration of the event.

They do a lot of the coordinating around safety, supplies, materials, time reporting, lodging and

those type of initiatives. And working with the damage assessment group they develop the restoration plans to maximize the efficiency and the effectiveness of the resources that they have. And they report preliminary damages from the damage assessment group and functions as the tracking mechanism for insurance purposes to get the total cost and what's needed to complete restorations. They also track and provide trouble volume and other critical information up to the RCC EOC as required.

The damage assessment group is the underlying group that's mentioned of the division control center, and this consists of departmental work groups within the region as required. Employees that are identified for this group are identified in advance, trained and prepared for the damage assessment and the first-in teams that are needed for the effected areas. They work under the direction of the local manager within that affected area and they're responsible to protect the outside plant facilities through the advanced preparation, the pre-events that we go through and the checklist associated with that, and within the first-in teams as they come in to do the damage assessment. They're also responsible to assist the division control center in developing restoration plans based upon the

information that they've gathered from their damage assessments.

On Slide 5 here is a visual of what we've just talked about. As you see, we've got the corporate EOC up at the top, we've got the Florida EOC, which is really the, the hub for all information coming up and down from the DCC and the EOC, the technical team which is the division control center, and then our first-in teams which are the damage assessment groups.

And here's an example of a typical bridge strategy that we implement before, during and after the events. As you can see, we provide key personnel from each of our business units, including real estate, public affairs, our dispatch group, security. We make sure we bring in all the key units that were aligned in the holistic view and how we need to get service back to normal as soon as possible.

Now I want to move on to the roles and responsibilities in a little more detail for the Florida EOC. What we do here is we develop and continually update our emergency prepared plans. Contact information is a vital part of the success of our plans. We update that information as needed as changes are made, but in addition at a minimum we update that quarterly. Critical information is also updated as we

continue to grow to make sure we've got critical information within our plans to support and maintain.

We also conduct annual exercises. We do widespread events like, for example, a hurricane that may hit the State of Florida, but we also do individual events like building, single building drills like fire drills, shelter in place drills to make sure that the safety of our employees are, are, you know, well managed. So we do these annually.

We also provide linkage to governmental agencies. We partner with the county EOCs that we have presence in. We provide dedicated representatives that will be there when the county EOC calls upon us. We also provide communication to the PSC on the impact and progress of our restoration, and we also communicate to the Division of Management Services and Wireless Services.

We also do continuity planning. We have mission critical center plans for our major hubs like our call centers that we have plans specific for them so we can have a seamless move of work and move of people. We also have plans in the event of work stoppage. And then also with pandemics like the H1N1, we have plans associated with that.

Now I want to move on to what we're doing for

our 2009 strategy. We have our dedicated emergency operations center in Temple Terrace, Florida, that we continue to maintain as our dedicated hot site. It's not in an evacuation zone. It has full generator backup. It has the food, the bedding, the cots, everything needed for an emergency event and fairly new equipment that's in the hot site itself.

We are conducting region emergency exercises for hurricanes, and in most cases we use a hurricane coming through Florida as an example of a format. And in addition to that, we go to multiregion exercises with the corporate EOC to make sure that we have good linkage between each of the EOCs amongst the different regions.

We have our annual updated emergency plans which are certified by our corporate EOC. Each year our plans are updated with lessons we've learned from events within our own organization as those that we've learned externally, and we are required to send those to corporate certified each year. We partner with the seven county emergency management teams and the PSC. As mentioned earlier, we're part of the county's planning and working teams. We provide the manpower to staff the county EOCs during the event. We work very closely with the counties to establish those first-in teams to make sure that, you know, we get in there as soon as

possible, protect the equipment that's still working and also get an assessment of the equipment that we need to fix, and we communicate to and from the Florida PSC.

I talked about lessons learned and I also want to talk about best practices, which is key to updating our plans. We implement best practices that we've learned from our county emergency partnerships and from our other Verizon EOCs. We do best practice sharing, we have monthly conference calls at minimum with our other EOCs within Verizon, but we also provide annual face-to-face meetings with our other EOCs to share best practices.

We continue to be very proactive in preventative maintenance. From a central office perspective we do annual battery testing to ensure site redundancy. We do monthly generator testing to ensure a reliable power source in the event of commercial power outages. And if there is risk of a hurricane coming in, we'll do these tests a lot more frequently than what's listed here. Then we'll do our daily preventative maintenance routines that are done by the staff to make sure we have a reliable network. Just recently we had a vendor coming out to inspect and do repair of our portable fuel tanks to make sure we don't have any surprises when those become used this year.

With pole hardening we've inspected 35,000 poles with our program to date, which is about a third of our pole inventory. Poles that are failing inspection are replaced. With material, as we get into hurricane season, we stock up on key material that we use out in the field about 10 percent to help us get through those first days. We also have coordination with our corporate EOC where we can bring in additional material from an external -- from the event location as needed and also resources as needed.

And just to touch base on that a little more, as we talked about resources, we have what's called fluid workforce within our organization where we have quite a few employees who are trained on different job functions. So during an emergency event we have the ability to move folks from one position to another to help us with either the damage assessment or the restoration piece. We also do annual survey updates across the whole Verizon footprint so we have up-to-date information on the skill sets that all our employees have so if we do need to extract them to come in for some of the restoration piece, we have a list of who they are and their availability.

So with all that said, any questions?

CHAIRMAN CARTER: Madam Chairman.

COMMISSIONER McMURRIAN: Chairman Carter, go right ahead.

CHAIRMAN CARTER: I don't so much have a question as much as a comment.

First of all, I thought I'd have the opportunity to haze Dave Christian from Verizon. I know he was there this morning.

But anyway I do want to, I do want to say to the companies how much we appreciate them. I know having worked through the storm system, going through the EOC whenever we had the tropical storm last year as well as the hurricanes the year before, and each one of the companies had representatives there -- I'm talking about the state EOC now. It's a lot easier for us to have, you know, one place and one point of contact -- when we have an area in different parts of the state, if we can have one place to contact, to coordinate everything.

The most significant thing I think I've learned out of the workshop is most often times when you ask companies to say, you know, tell us, you know, where you're short or tell us where you're long, everybody beats their chest and talks about the good things they've done. But I've been very impressed by the companies talking about some of the things that they

need to improve on. And I think that by virtue of us doing this workshop in a nonadversarial manner, then companies are more willing to come and say, well, you know, we're kind of short here, we learned some things. I think the gentleman from Verizon was talking about maybe having someone to provide fuel on the site. That's one of the things they've learned. And I just wanted to say, over the course of the morning I wanted to say to the companies and those that are participating how much I'm impressed with their candor and transparency in terms of telling us about some of the lessons learned, how we can do a better job. With that, Commissioner, I appreciate your time. Thank you for allowing me to butt in there.

COMMISSIONER McMURRIAN: Thank you, Mr. Chairman. I think Mr. Christian wants to respond.

MR. CHRISTIAN: Mr. Chairman, I'm here, and I certainly understand your criticisms of our use of the word "rolls," and that will be corrected in the final presentation we submit for the website.

CHAIRMAN CARTER: Thank you, Dave.

(Laughter.)

MR. CHRISTIAN: Thank you, Mr. Chairman.

COMMISSIONER McMURRIAN: And I had one. I didn't quite catch your name at the beginning, so I

wanted to make sure --

MR. CARDENAS: I'm sorry. It's Chris Cardenas.

COMMISSIONER McMURRIAN: Okay. Thank you, Mr. Cardenas.

Any other questions for Mr. Cardenas?

MR. GARL: No questions.

COMMISSIONER McMURRIAN: Okay. Thank you.

MR. CARDENAS: All right. Thank y'all very much.

COMMISSIONER McMURRIAN: And last but not least, Ms. Khazraee from Embarq.

CHAIRMAN CARTER: I have a lot of questions for her.

MS. KHAZRAEE: Oh, no.

(Laughter.)

COMMISSIONER McMURRIAN: She always gets, she always get stuck at the end.

MS. KHAZRAEE: I was just going to say, I had guessed correctly that once again I'm going to be the last thing standing between a room full of people and lunch, so I'll try and --

CHAIRMAN CARTER: Okay. Let me, let me get all my sheets, I've got to get all my sheets of paper together first. Thank you. Thank you.

(Laughter.)

MS. KHAZRAEE: All right. Thank you for the, for allowing us the opportunity to come and tell you that Embarq is prepared for this hurricane session. And as I was pulling all this together and talking to all the various organizations within the company who have a role in our preparedness, I came to the conclusion that this is really business as usual or routine for us. And I almost hate to use those words because for a lot of people that has a connotation of unimportant, not critical, you know. And that's not what I mean because this is very important and it is really critical that we be prepared not only for hurricanes in Florida but for ice storms in Ohio and floods in Minnesota and wildfires out west; anywhere that we have territory we can have these type of disasters that occur.

And as I was thinking about the idea of routine or business as usual, I was thinking that when I leave my house every morning, I have a routine. I turn off the coffee pot, turn down the thermostat, make sure nothing is on the stove, make sure the iron is unplugged, all very important things. When I go on vacation for two weeks I do those things, but I do even more. I stop the paper, I hold the mail, I turn my water heater down, I ask the neighbor to watch the area.

And those are also somewhat routine, but because I do them only once a year or twice a year, I might have to sit and think about it a while and remind myself in order to make sure I do them all.

So the first slide that I show is sort of on the same thought pattern as leaving the house every morning for work. These are things that we've incorporated, they are things that we do on an ongoing basis. Whenever engineering is designing a project, whether it's in a completely new area or it's replacing existing plant, they take into account the likelihood of damage from a storm, whether it's flooding, possible wind damage, storm surge, whatever could happen, and they include that in their design process in order to make that plant as hardened as possible.

I want to say this, too. 96 percent of our plant is under the ground. Only 4 percent is aerial. So we have a lot less that's there I guess possible to be damaged by wind, but you will see as I go through this that there are still some things that we have to think about even though so much of our plant is underground.

Another thing we do is we have both fixed and portable generators. Our fixed generators at all of our host offices, at very many of our remotes, at our

administration buildings where we have our command centers during these type of events, and we routinely check those. Once a month they are run for an hour with full load to ensure that they are operating properly. At least once a year they are run for six to eight hours with full load to ensure that they can handle a load over an extended period of time. We also have the routine maintenance checks of those generators. We have contracts with the vendor who provides us the fuel for those. It's a proven vendor. We've had no problem with them, so that we feel confident if we get into a situation where we're going to have to be using generators over an extended period of time, we will have no difficulty getting our fuel.

Another project that we've done is we have gone in and made sure that all of our digital loop carriers have an engineered capacity for eight hours of battery life given the load on each individual digital loop carrier. That project has been going on for a couple of years now. It should be completed third quarter this year so that all digital loop carriers will have at least eight hours of battery capacity. That's very important because one of the biggest issues we have is commercial power outages, and we need to be able to keep our plant running in order to keep service to our

customers. We do have portable generators that can be taken out to these digital loop carriers, but having eight hours of battery gives us more time to let the conditions settle down and let the hazards be removed from the roads before we have to start trying to get the portable generators out there.

We're continuing our pole inspection process. We only have 39,900 poles in our network that we own. We are on an eight-year pole inspection. We began it in November of 2006. We are roughly one-third through. We've completed inspection on about 13,000 poles. So we are pretty much right on schedule to be finished in the eight years. So far we've replaced approximately 700 poles.

And just -- I threw this in about engines to say that I've been glad to hear the IOUs up here talking about their hardening projects and that they're working with the companies, and I will agree that they have been very good to make sure that we get invited to the meetings and we participate. And as they've done their hardening projects and they have poles that we have attachments to, generally because they are sponsors of NJUNS they put that information into NJUNS. We get email notification and we know we need to go out and move our attachment off the old pole so that they can

actually remove the old pole. And it works the other way too. If we have a pole that they're on, we can do that, we can put it into NJUNS, they know they need to go out and move their attachments, and that process is working very well.

As the storm approaches, we implement our disaster preparedness plan. I have seen the plans. We have plans for each of our individual districts. We have a plan for the overall state. It is very comprehensive. It's got a level of detail that is extremely useful so that if for some reason there was an employee that had to come in and participate in that plan, even if they didn't know Florida and didn't know the people, they have everything they could possibly need. We have employees' names, phone numbers, home numbers, cell numbers, we have directions to all of our employee facilities, I mean actual directions written out, we have the list of the hotels that we have agreements with where we can house contract workers and our own employees. We've got the vendors that we use for fuel, for engine repair, for vehicle repairs, for fixing flat tires. I mean, it's got everything in it. And, in fact, next week we will be having our annual kickoff meeting where we go through that plan with all of the parties on the conference call in order to ensure

that everything in that plan is up-to-date and everyone knows what they're supposed to do. Every, every requirement is covered by somebody having an assignment to that specific requirement. So it's very thorough.

We coordinate with the other utilities and with the governments through our presence at the emergency operations centers. We're there, we man them, so we are available both to the government and to the power companies and any other utility companies that we might need to coordinate with.

We also communicate regularly and frequently internally to the employees and externally. We have a website, our Embarq website that we put information on. We release pieces to the media, the print media, the TV, the radio. So we take full advantage of the ability to communicate. We also provide regular updates to the EOC and to the Florida Public Service Commission on the status of outages in our network and where we believe we will be with regard to repairs and when we think we will have customers back online.

After the storm we continue to follow this disaster preparedness plan for our post-storm recovery. We have what we call rapid response teams. These are teams that are made up of three different groups of techs. We have the outside techs, the ones that go out

and install and repair the phone service, we have the business techs which are the ones who know how to work, you know, install a PBX, repair an ISDN line, anything that has to do with business type communications, and then we have the central office techs. These people were hand selected because of their high level of knowledge of their job, their experience level. They are preidentified and they are mobilized in fact when we know that the storm is coming. Their trucks are completely stocked and they are sent to a location that is close to where we believe the storm will hit but far enough that they will be out of the danger zone and where they will be able to freely work from until they're able to get in.

These rapid response teams are the first ones to go into an area. And in part, as part of our disaster preparedness plan we actually have identified the circuits that need priority restoration. These could be to law enforcement, to hospitals, to power companies who need communication ability, anything that's been identified as a priority, and those are the ones that they will work on first.

Likewise, once we've been given the all clear to get into an area, that it's now safe to move in, we mobilize our area survey teams. We send people out by

twos, these are company employees, to canvass the area. They're all given a specific geographic area to canvass. They go out and they are required to report in every 30 minutes. That helps us know that they're safe and it also gives us very realtime feedback on what the status of our network is so that we can begin to order and deploy equipment in the right areas, the right types of equipment, we can begin to know how many contractors we're going to have to ask for, and it just helps us to keep that information flowing.

We begin restoration immediately, and as we do it we try to collect forensic data. I will tell you in the heat of trying to restore service it is difficult to collect forensic data, and that's an area that we're actually trying to improve. That's kind of a lesson learned from the '04 hurricanes and we are still working on that.

That's the end of my prepared presentation. If anybody has any questions.

CHAIRMAN CARTER: Madam Chairman.

COMMISSIONER McMURRIAN: Chairman Carter, go right, go right ahead.

CHAIRMAN CARTER: I like what Sandy was saying about it's routine, and it is routine in Florida and I like the fact that we're doing this. It's become part

of our routine, it's part of our DNA to take our good programs in Florida and make them better. Because even as we sit here today and discuss our, our workshop, I was reading in the paper this morning where one state, I won't, I'll leave them nameless, but it's Louisiana, the senator from there was holding up the appointee to FEMA because they're still fighting the aftermath of Hurricane Katrina. And that's, that's a situation where you become so heavily dependent upon outside and federal intervention to where, you know, your homegrown program is not really up to par. And that's why I was saying I'm quite pleased with the fact that we've come up with our storm hardening process as well as the process of having these workshops prior to the storm season, as well as coordinating with our utilities both here from the statewide EOC and locally within our regional and local EOCs to ensure that whenever there's an outage we don't start pointing fingers. The first thing we do is try to fix it. And so I'm quite pleased with that. And I like the way Sandy said it is a routine. Let's keep the routine and let's keep doing it and let's keep making a good program better. And with that, Commissioner, thank you for your indulgence.

COMMISSIONER McMURRIAN: Thank you, Chairman. Any other questions?

Mr. Garl.

MR. GARL: No questions. Thank you.

COMMISSIONER McMURRIAN: Okay.

MS. KHAZRAEE: Thank you.

COMMISSIONER McMURRIAN: I think that's it. Are there any other questions and comments? Go ahead, Mr. Young. I'm sorry.

MR. YOUNG: Thank you, Madam Chairman.

Staff will note that staff will upload all presentations that we heard today on the Commission website by Friday, May 15th, 2009. To that end, any participant that wishes to correct any errors or any statements made today in their presentation are asked to submit all presentations by the 13th, May -- Wednesday, May 13th, 2009.

CHAIRMAN CARTER: Madam Chairman.

COMMISSIONER McMURRIAN: Yes, Chairman Carter.

CHAIRMAN CARTER: Let me just say for the record that you have done an outstanding job in chairing today and I sincerely appreciate it. Thank you so very much.

COMMISSIONER McMURRIAN: Thank you, Chairman. And I'll just say to everyone in closing, thank you for sharing your company's storm preparation plans, and I personally enjoy hearing how proud you all are of your

work and your people. And I'm always real proud to see when your trucks are heading, or your vans are heading out around the state or out of state to help others who need it. And, anyway, I guess now I know everyone is hungry. Get out and support our local small businesses, spend your money here. And thank you, Commissioners and Chairman, and this workshop is adjourned.

(Workshop adjourned at 12:51 p.m.)

STATE OF FLORIDA)
: CERTIFICATE OF REPORTERS
COUNTY OF LEON)

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

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

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

DATED THIS 20th day of May, 2009.

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