

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

FILED 6/14/2018  
DOCUMENT NO. 04223-2018  
FPSC - COMMISSION CLERK

In the Matter of:

DOCKET NO. 20160251-EI

PETITION FOR LIMITED  
PROCEEDING FOR RECOVERY OF  
INCREMENTAL STORM  
RESTORATION COSTS RELATED  
TO HURRICANE MATTHEW BY  
FLORIDA POWER & LIGHT  
COMPANY.

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VOLUME 1  
PAGES 1 through 157

PROCEEDINGS: HEARING  
COMMISSIONERS  
PARTICIPATING: CHAIRMAN ART GRAHAM  
COMMISSIONER JULIE I. BROWN  
COMMISSIONER DONALD J. POLMANN  
COMMISSIONER GARY F. CLARK  
COMMISSIONER ANDREW G. FAY

DATE: Tuesday, June 5, 2018

TIME: Commenced: 2:00 p.m.  
Concluded: 4:03 p.m.

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

REPORTED BY: ANDREA KOMARIDIS  
Court Reporter

PREMIER REPORTING  
114 W. 5TH AVENUE  
TALLAHASSEE, FLORIDA  
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1 APPEARANCES:

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4 Beach, Florida 33408-0420, on behalf of Florida Power &  
5 Light Company.

6 J.R. KELLY, PUBLIC COUNSEL; CHARLES REHWINKEL,  
7 PATRICIA A. CHRISTENSEN, AND STEPHANIE MORSE, ESQUIRES,  
8 Office of Public Counsel, c/o the Florida Legislature,  
9 111 W. Madison Street, Room 812, Tallahassee, Florida  
10 32399-1400, appearing on behalf of the Citizens of the  
11 State of Florida.

12 JON C. MOYLE, JR., and KAREN A. PUTNAL,  
13 ESQUIRES, Moyle Law Firm, P.A., 118 North Gadsden  
14 Street, Tallahassee, Florida 32301, appearing on behalf  
15 of Florida Industrial Power Users Group.

16 ROBERT SCHEFFEL WRIGHT and JOHN T. LaVIA, III,  
17 ESQUIRES, Gardner Law Firm, 1300 Thomaswood Drive,  
18 Tallahassee, Florida 32308, appearing on behalf of the  
19 Florida Retail Federation.

20 SUZANNE BROWNLESS, ESQUIRE, FPSC General  
21 Counsel's Office, 2540 Shumard Oak Boulevard,  
22 Tallahassee, Florida 32399-0850, appearing on behalf of  
23 the Florida Public Service Commission Staff.

24

25

1 APPEARANCES (CONTINUED):

2 KEITH HETRICK, GENERAL COUNSEL; MARY ANNE  
3 HELTON, DEPUTY GENERAL COUNSEL; Florida Public Service  
4 Commission, 2540 Shumard Oak Boulevard, Tallahassee,  
5 Florida 32399-0850, Advisor to the Florida Public  
6 Service Commission.

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I N D E X

WITNESSES

NAME:	PAGE NO.
MANUEL MIRANDA	
Examination by Mr. Donaldson	27
Prefiled direct and rebuttal testimony inserted	29
Examination by Ms. Brownless	67
Continued Examination by Mr. Donaldson	68
Examination by Mr. Moyle	73
Further Examination by Mr. Donaldson	148

1  
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EXHIBITS

NUMBER:	ID	ADMITTED
1 - Comprehensive exhibit list	9	10
2, 10, 20, 23, 28 - (as identified on the Comprehensive Exhibit List)		156
6 and 7 - (as identified on the Comprehensive Exhibit List)		10
31 - Composite exhibit of staff discovery responses	91	156

1 P R O C E E D I N G S

2 CHAIRMAN GRAHAM: All right. I know I said  
3 2:00, and I apologize for being five minutes late.  
4 I think we'll just take that off of Mr. Moyle's  
5 time.

6 (Laughter.)

7 CHAIRMAN GRAHAM: Okay. Let the record show,  
8 this is -- oh, as staff says, the final hearing of  
9 Docket 201600251-EI. So, we will convene this  
10 hearing.

11 And staff, if I could get you to read the  
12 notice, please.

13 MS. BROWNLESS: Thank you.

14 By notice issued on May 21st, 2018, this time  
15 and place was set for hearing in Docket  
16 No. 20160251-EI. The purpose of the hearing is to  
17 receive testimony and exhibits relative to the  
18 incremental storm-restoration costs related to  
19 Hurricane Matthew; the stipulation and settlement  
20 agreement, dated May 14th, 2018; and to take action  
21 on any motions or other matters that may be pending  
22 at the time of the hearing.

23 CHAIRMAN GRAHAM: Okay. Let's take  
24 appearances.

25 MR. BUTLER: Good morning -- or good

1           afternoon, Mr. Chairman. John Butler, Kevin  
2           Donaldson, and Ken Rubin, on behalf of Florida  
3           Power & Light Company.

4           MR. MOYLE: Jon Moyle, from the Moyle Law  
5           Firm, on behalf of Florida Industrial Power Users  
6           Group. And Karen Putnal is also on the record with  
7           me, so an appearance should be noted for her as  
8           well. Thank you, Mr. Chair.

9           CHAIRMAN GRAHAM: Okay.

10          MR. WRIGHT: Robert Scheffel Wright and John  
11          T. LaVia, III, with the Gardner Law Firm,  
12          representing the Florida Retail Federation.  
13          Mr. LaVia will be taking over for me later today.  
14          Thank you.

15          MS. CHRISTENSEN: Patti Christensen with the  
16          Office of Public Counsel. I would also like to put  
17          in an appearance for Mr. J.R. Kelly, the Public  
18          Counsel, Charles Rehwinkel, and Stephanie Morse, as  
19          well. Thank you.

20          MS. BROWNLESS: Suzanne Brownless on behalf of  
21          the staff of the PSC. And I would like the record  
22          to reflect that I do have my name tag, thank you  
23          very much.

24          (Laughter.)

25          CHAIRMAN GRAHAM: Now I recognize you.

1 MS. HELTON: Mary Anne Helton. I'm here as  
2 your adviser today. I would also like to also make  
3 an appearance for your general counsel, Keith  
4 Hetrick.

5 CHAIRMAN GRAHAM: Okay. Staff, any  
6 preliminary matters?

7 MS. BROWNLESS: Yes, sir. The parties have  
8 agreed to excuse FP&L's witness, Eduardo DeVarona,  
9 and OPC's witness, Helmuth Schultz, and stipulate  
10 their exhibits into the record.

11 We would ask that Witness DeVarona's testimony  
12 be inserted into the record as though read after  
13 that of FP&L's Witness Ousdahl; and that OPC's  
14 witness -- Mr. Schultz's testimony be inserted into  
15 the record as though read after that of FPL's  
16 Witness Cohen.

17 CHAIRMAN GRAHAM: Okay. So, right now, we're  
18 just going to in- -- we're going to insert  
19 Witness -- say the last name again? De- --

20 MS. BROWNLESS: Witness Eduardo DeVarona.

21 CHAIRMAN GRAHAM: DeVarona. We will enter  
22 Eduardo's direct testimony into the record as  
23 though read.

24 MS. BROWNLESS: Right, after the testimony --  
25 the order should be that it should come after the



1 testimony of Witness Ousdahl.

2 CHAIRMAN GRAHAM: After Ousdahl. Okay.

3 MS. BROWNLESS: Yes.

4 CHAIRMAN GRAHAM: I gotcha. And the other one  
5 is after --

6 MS. BROWNLESS: Ms. Cohen.

7 CHAIRMAN GRAHAM: Cohen.

8 Okay. Marking exhibits?

9 MS. BROWNLESS: Yes, sir. The staff has  
10 prepared a comprehensive exhibit list, which  
11 includes the stipulation and settlement agreement  
12 dated May 14th, 2018, and staff data requests  
13 concerning the settlement agreement. This list has  
14 been provided to the parties, Commissioners, and  
15 the court reporter.

16 Staff requests that the list, itself, be  
17 marked as Exhibit No. 1.

18 CHAIRMAN GRAHAM: Okay. We'll mark it  
19 Exhibit No. 1.

20 MS. BROWNLESS: Thank you, sir.

21 (Whereupon, Exhibit No. 1 was marked for  
22 identification.)

23 CHAIRMAN GRAHAM: What about moving exhibits?

24 MS. BROWNLESS: Okay. At this time, we would  
25 request that Exhibit No. 1 and Exhibits 6 and 7 --

1 and those are the exhibits associated with Witness  
2 Schultz's testimony -- be inserted into the record,  
3 and that all other exhibits be marked as identified  
4 therein.

5 CHAIRMAN GRAHAM: Is there any objections to  
6 moving Exhibit 1, 6, or 7 into the record? Let the  
7 record show nobody has --

8 MR. MOYLE: Exhibit 1 is just the list, at  
9 this point, right?

10 MS. BROWNLESS: Right.

11 CHAIRMAN GRAHAM: Yes.

12 MR. MOYLE: No objection.

13 CHAIRMAN GRAHAM: Okay. Let the record show  
14 there's no objection. So, we'll enter those three  
15 those into the record.

16 (Whereupon, Exhibit Nos. 1, 6, and 7 were  
17 admitted into the record.)

18 MS. BROWNLESS: Thank you.

19 There are no further preliminary matters, Your  
20 Honor.

21 CHAIRMAN GRAHAM: Okay. Oh -- oh, my God.  
22 Who's pre-hearing officer on this? Staff -- staff,  
23 make note, for the next -- for the next year, six  
24 months, and couple of days, we don't ever go over  
25 five minutes, but since the decision is already

1 made -- opening statements.

2 COMMISSIONER BROWN: (Inaudible.)

3 (Laughter.)

4 CHAIRMAN GRAHAM: Florida Power & Light.

5 MR. RUBIN: Thank you, Chairman Graham. I  
6 started by the -- the way of by saying, good  
7 morning, Chairman Graham, but good afternoon,  
8 Chairman Graham and Commissioners. And thank you  
9 for the opportunity to present this statement on  
10 behalf of FPL.

11 Hurricane Matthew was a massive and  
12 destructive storm that devastated parts of the  
13 Caribbean and heavily impacted Florida. Its peak  
14 intensity was early on October 1st, when it reached  
15 Category 5 strength, with 160-mile-per-hour winds.  
16 Matthew made landfall in Haiti and eastern Cuba on  
17 October 4th as a deadly Category 4 hurricane.

18 On October 6th, less than 24 hours before it  
19 was projected to hit Florida's East Coast, Matthew  
20 slammed into the Grand Bahama Island, just 75 miles  
21 due east of West Palm Beach as a Category 4  
22 hurricane.

23 The National Hurricane Center had the track of  
24 the storm headed directly towards heavily-populated  
25 areas of Florida's -- of Florida's East Coast, in

1 the very heart of FPL's service territory.

2 FPL faced a very real probability that a  
3 direct landfall would bring 130- to 140-mile-per-  
4 hour winds to Palm Beach County and to the Treasure  
5 Coast. But as we know, hurricanes rarely follow  
6 projected paths and, even when they do, the cones  
7 of probabilities vary by hundreds of miles.

8 As shown on the National Weather Service map  
9 that's on the easel, at 8:00 in the morning of  
10 October 4th, just a couple of days before it would  
11 impact Florida, the storm was poised to strike the  
12 entire East Coast, from Miami all the way up to New  
13 Jersey.

14 So, FPL had to reach out throughout the  
15 southeast and well beyond to bring in the line and  
16 vegetation workers that would be needed to safely  
17 and efficiently restore power and to rebuild, if  
18 necessary, after the storm had passed.

19 And with this massive storm -- which is shown  
20 on the other poster on the easel, a NOAA photograph  
21 taken on October 7th, which jogged west, then  
22 north, and thankfully east -- as it was about to  
23 hit Florida's East Coast, there was continuing  
24 uncertainty where the storm would go.

25 Faced with this scenario, without the benefit

1 of hindsight, the one thing FPL could not do, the  
2 thing that we can never do, is cross our fingers,  
3 hope for the best, and leave our customers at risk.  
4 So, we prepared to respond.

5 FPL's Witness Miranda, a veteran of many  
6 restoration efforts dating back to Hurricane Andrew  
7 and beyond, has explained that, in the aftermath of  
8 a hurricane, FPL's mission is to safely restore  
9 critical infrastructure and the greatest number of  
10 customers in the least amount of time.

11 This is not a least-cost proposition. It  
12 requires experience, judgment, preparation, and  
13 quick decision-making to determine a prudent and  
14 reasonable path to safely get the job done.

15 Hurricane Matthew impacted 34 of the 35  
16 counties served by FPL, but through professional  
17 execution of a carefully-designed restoration plan,  
18 the FPL team did a superb job getting the lights  
19 back on.

20 Within two days, FPL had restored power to  
21 99 percent of our 1.2 million customers who were  
22 impacted by storm. Through these efforts, we were  
23 able to quickly get our customers back to their  
24 usual activities, back to work, back to school, and  
25 back to their regular routines.

1           The work performed to restore power to the  
2 customers was substantial. As documented by FPL's  
3 Witness Ousdahl, FPL calculated that the total  
4 recoverable storm amount for Hurricane Matthew work  
5 was \$316.5 million.

6           I will, now, address the settlement agreement  
7 that we are asking the Commission to approve to  
8 resolve all of the issues in this case. During the  
9 course of this proceeding, FPL and OPC filed  
10 testimony and exhibits reflecting competing  
11 positions on a handful of cost-recovery issues.

12           The other intervenors did not file testimony,  
13 and their positions were directly aligned with  
14 those taken by OPC, a point reflected in the  
15 May 11th pre-hearing order.

16           With this testimony and substantial discovery  
17 in hand, OPC and FPL entered into settlement  
18 discussions, ultimately agreeing to terms that  
19 represented a compromise of the positions of both  
20 parties.

21           On May 15th, 2018, FPL and OPC filed a joint  
22 motion for approval of the settlement agreement.  
23 Before the motion was filed, FPL shared the terms  
24 of the settlement agreement with FIPUG and with  
25 FRF, asking for their support, but neither has

1 chosen to support it.

2 The settlement agreement that we are asking  
3 the Commission to approve would resolve all issues  
4 in this proceeding. It is short, simple, and  
5 straightforward.

6 The \$316.5 million total recoverable storm  
7 amount in FPL's filing will be reduced by  
8 \$21.7 million. When this reduced recoverable  
9 amount is compared to the revenues FPL collected  
10 through the Hurricane Matthew interim storm charge,  
11 the result is a \$27.7 million over-recovery.

12 FPL will refund that amount to customers, with  
13 interest, in the form of a one-time bill reduction  
14 promptly following Commission approval. For a  
15 1,000-kWh typical residential customer, the refund  
16 will be about \$3.

17 If the Commission approves the settlement  
18 agreement at the end of this hearing, FPL will be  
19 able to make the refund in July. If briefing is  
20 required and the decision on the settlement occurs  
21 later, then the refund will be deferred to a later  
22 month.

23 Commissioners, as you listen to the evidence  
24 and consider the positions of the parties, please  
25 keep in mind the challenges that FPL faced in

1 preparing for and responding to the widespread  
2 damage caused by this storm and the exceptional  
3 work done by the FPL team to safely and quickly  
4 restore power to our customers.

5 Please also consider the detailed analyses and  
6 the substantial discovery performed by the parties  
7 that allowed OPC and FPL to come to terms on a  
8 settlement that amicably resolves the positions  
9 advanced during the litigation.

10 FPL believes that the settlement agreement  
11 fairly and reasonably balances the various  
12 positions of the parties and that it serves the  
13 best interests of customers and the public interest  
14 in general. We urge you to approve it.

15 Thank you, Commissioners, for your time.

16 CHAIRMAN GRAHAM: Thank you.

17 OPC.

18 MS. CHRISTENSEN: Good afternoon,  
19 Commissioners. Patti Christensen, on behalf of the  
20 citizens, with the Office of Public Counsel.

21 We would like to thank you for this  
22 opportunity to address the settlement and the  
23 stipulation that was entered into between FPL and  
24 the Office of Public Counsel. Both FPL and OPC  
25 have filed testimony and exhibits in this docket.



1 OPC has conducted extensive discovery.

2 At the appropriate time in this proceeding,  
3 the testimony will be entered into the record, as  
4 well as the exhibits that have already been entered  
5 for our witness, Schultz. And a fair amount of the  
6 discovery that was conducted in this proceeding we  
7 expect will also be provided throughout this  
8 discov- -- or throughout this hearing.

9 Based on the information that OPC gathered  
10 through this process, we believe that the  
11 settlement represents a fair compromise of FPL and  
12 OPC's litigated positions.

13 As FPL stated, this is a black-box settlement  
14 for reduction of 21.7 million to the overall storm  
15 recovery request, which resolves all the issues in  
16 this case, without addressing each individual issue  
17 raised in the case.

18 In fact, the settlement states that no  
19 signatory agrees, concedes, or waives any of the  
20 positions with respect to any of the issues  
21 identified in the pre-hearing order, and the  
22 settlement does not specifically address any such  
23 issues.

24 We believe that a reduction of the  
25 21.7 million from the storm-restoration costs and

1 the reclassification of 20 million to capital  
2 costs, and 1.7 million to base rates, along with  
3 the refund of the 27.7 million, benefits both FPL  
4 and its customers.

5 We further believe that this settlement and  
6 stipulation, when taken in its totality, is in the  
7 public interest. We would like to thank you for  
8 your consideration of the settlement and  
9 stipulation and respectfully request that you  
10 approve this settlement in its entirety.

11 Thank you.

12 CHAIRMAN GRAHAM: Thank you.

13 Retail Federation?

14 MR. WRIGHT: Thank you, Mr. Chairman and  
15 Commissioners.

16 Briefly, our positions with respect to the  
17 specific issues identified in the pre-hearing order  
18 speak for themselves. I'll spend the balance of my  
19 brief comments addressing the settlement.

20 For context, I want you to understand that  
21 since at least as early as 2002, the Florida Retail  
22 Federation has participated constructively in, I  
23 think, all settle- -- all settle- -- all but one  
24 settlement agreements, with Florida's public  
25 utilities, including FPL, Florida Power, Duke --

1 Progress Energy Florida, Duke Energy Florida, Tampa  
2 Electric, and Gulf Power Company.

3 I have represented the Retail Federation since  
4 2005. And I was actually involved in the 2002  
5 settlement on behalf of Lee County, which was a  
6 party to that case.

7 The Retail Federation has joined in nearly all  
8 those settlements. There have been -- one where we  
9 weren't a party and one where we did not join into  
10 the settlement. But we joined in virtually every  
11 major settlement over the last two decades.

12 We, the Florida Retail Federation, are  
13 disappointed that Florida Power & Light and the  
14 Public Counsel's Office decided to enter into a  
15 settlement agreement, in this docket, the one  
16 that's proposed and before you today, without  
17 consulting either the Retail Federation or any  
18 other intervenor party.

19 Our extensive experience with settlements  
20 bears out the fact that good-faith transparent  
21 negotiations with all parties at the table benefit  
22 everybody.

23 Indeed, and in fact, the Retail Federation  
24 has -- has been instrumental in bringing some  
25 pretty interesting and contentious settlement

1           agreements in for safe landings for the benefit of  
2           both the utilities and customers.

3           In light of our long-standing history of  
4           constructive participation in settlement  
5           agreements, as compared to our total exclusion from  
6           this process, we simply cannot and do not support  
7           the proposed settlement.

8           Thank you very much.

9           CHAIRMAN GRAHAM: Thank you, sir.

10          FIPUG.

11          MR. MOYLE: We -- we have some comments, but  
12          to carry along on -- on Mr. Wright's comments, I  
13          think, you know, FIPUG, likewise, has been a party  
14          to a lot of settlements. Some we have not been,  
15          but I think a settlement that includes more people  
16          is better than one that has fewer people.

17          And you know, in this case, like Retail, we --  
18          we were kind of tapped on the shoulder after the  
19          fact and -- and said, here you go. But that's  
20          okay. I -- we -- I've not been invited to every  
21          party in my life. So, not -- not a huge deal.

22          But what is a huge deal is the ratepayer money  
23          that you're being asked to -- to approve. And we  
24          think that there are some legitimate questions that  
25          you all ought to consider today.

1           You know, settlements -- I'm going to spend a  
2           few minutes and talk about settlements.  
3           Settlements are interesting creatures. They do  
4           provide the parties an opportunity to work on  
5           things. And you all are -- are presented with them  
6           and asked to typically say, good or bad.

7           On occasion, the Commission has said, maybe  
8           not this one, and has given direction to the  
9           parties with respect to settlement agreements. And  
10          the parties -- the one I'm familiar with -- took a  
11          break and went and got together and addressed the  
12          issue of concern with the Commission.

13          And I'm going to ask you today to not just go  
14          up or down on the settlement agreement, but to hear  
15          evidence and to take into consideration a lot of  
16          things that I think are pertinent and relevant and  
17          dovetail into your two-day workshop that you had  
18          on -- on hurricanes.

19          A lot of things -- a lot of things have  
20          changed. And I think, respectfully, as you  
21          consider these issues, one of the questions that  
22          we're going to ask about is -- FPL wants to set the  
23          storm reserve to an amount that was set forth  
24          originally in a 2010 settlement agreement. Okay.

25          I'm going to ask some people, well, how -- how

1 did that come about in 2010. I don't think anybody  
2 is going to be able to answer that question because  
3 I was at the table, but I don't think any of the  
4 witnesses were.

5 So, I'm not sure that -- that they'll be able  
6 to give a good answer about how that amount came  
7 about, but it's been carried over. It got carried  
8 over in the next settlement agreement.

9 And then, today, they're saying, hey, we want  
10 to true that up. It's \$26 million. We want to  
11 true it up and put that back in -- in the reserve.  
12 And the OPC witness said, no, I don't think  
13 that's -- that's right.

14 And their -- their evidence will be in the  
15 record about not truing up that 26 million. And I  
16 think you all should seriously consider not  
17 authorizing that additional 26 because there's not  
18 going to be much in the record on it.

19 And -- and I think you have information -- and  
20 I'll ask questions about it, but we've been  
21 spending all this money on storm hardening. Storm  
22 hardening -- it's working. It's working.

23 And if storm hardening is working, then you  
24 would expect that the amounts in reserves would not  
25 be necessarily needed at a level of eight years ago

1           because we've been spending all this money on storm  
2           hardening.

3           So, I'm going to -- FIPUG will explore that  
4           issue, in some detail, with some of the witnesses  
5           and ask about storm hardening. Disappointingly, I  
6           think what you'll hear is, well, we can't really  
7           give you a dollar figure. We've been working on  
8           it, but it's hard -- hard to quantify. I don't  
9           want to prejudge the testimony, but -- but we will  
10          see.

11          I think another area that warrants some  
12          exploration and consideration is there are a lot of  
13          discussions about mobilization costs,  
14          demobilization costs, and standby costs. And this  
15          applies both to contractors that are in mutual-aid  
16          agreements and non-mutual-aid agreement  
17          contractors. They're treated differently.

18          My sense is, is that contractors, through  
19          mutual-aid agreements, I think if -- to use an  
20          example that I'm familiar with, lawyers oftentimes  
21          will keep track of time and -- and do it in  
22          increments. And you send it to a client, and they  
23          can say, well, you know, you spent three hours at  
24          the Commission in a hearing and -- and you have  
25          some detailed information.

1 I think, with respect to mobilization and  
2 demobilization and standby, you're not going to see  
3 anything close to that -- that level of detail.

4 Some of the interrogatories we're going to go  
5 through say they don't keep daily records. And you  
6 know, I think that warrants some -- some  
7 exploration, some digging in and saying, you know,  
8 they have the burden of proof; should we authorize  
9 all of this money going back, based on records that  
10 are -- are less than -- less than robust.

11 So, that's -- that's a preview of couple of  
12 substantive issues that FIPUG is going to spend  
13 some time talking about. And -- and you know, the  
14 settlement agreement -- again, I think Mr. Wright  
15 made the point pretty well -- I tried to underline  
16 it in a lighthearted fashion, but I think we're  
17 going to ask some questions about, you know, is  
18 this settlement agreement truly in the -- in the  
19 public interest.

20 I think when you say, what was the give-and-  
21 take -- I mean, the FPL settlement agreements in  
22 rate cases -- you know, the ask is up here; they  
23 come in down here.

24 So, we're going to explore that and say, I  
25 don't think that -- I think some of the things have



1           been reclassified and, rather than being expensed,  
2           they've been capitalized. And I'm going to ask  
3           Ms. Ousdahl, what's the net-net of a -- of a cost  
4           that, rather than being expensed, is capitalized.  
5           I understand that if you capitalize it, in the  
6           regulated world, you get to earn on it. You put it  
7           in your -- in your rate base and get to earn on it.

8                        So, I'm not sure that that's necessarily a  
9           great -- a great thing for ratepayers, but we'll  
10          explore that and ask those questions with respect  
11          to the settlement.

12                       So, I wanted to preview a little bit of -- of  
13          what we will be talking about. Upon reflection and  
14          consideration, I do think, to give you all an  
15          opportunity to -- and your staff -- to look at  
16          issues like, is this -- is this hurricane-  
17          replenishment amount, the 26 million -- should  
18          there be an adjustment to that.

19                       We're going to ask that we provide briefs on  
20          that point so that we can then address it. We can  
21          pull out some things in the record. We can make  
22          note. We can look at the transcript and be  
23          thoughtful in putting together a brief that,  
24          hopefully, you will receive and consider, you know,  
25          should -- should we make an adjustment.

1           Again, there's good case law that says you're  
2           not bound by a settlement agreement. You're not a  
3           party to the settlement agreement. And the other  
4           people will say, well, that's in the settlement  
5           agreement. That's in the settlement agreement.

6           FIPUG didn't sign the settlement agreement.  
7           We're free to -- to argue that's not the best  
8           policy. And you're free, as an independent body,  
9           to make your own decisions with respect to policy.

10          So, thank you for the chance to make some  
11          opening comments.

12          CHAIRMAN GRAHAM: That was almost exactly  
13          seven minutes.

14          MR. MOYLE: Lucky.

15          CHAIRMAN GRAHAM: Okay. The record -- we need  
16          to swear in witnesses. If you are here and going  
17          to testify today, if I could get you to stand and  
18          raise your right hand, please.

19          (Witnesses sworn en masse.)

20          CHAIRMAN GRAHAM: Thank you.

21          Okay. Florida Power & Light, your first  
22          witness, please.

23          MR. DONALDSON: Good afternoon, Chairman  
24          Graham. Kevin Donaldson on behalf of Florida Power  
25          and Light.

1 FPL's first witness is Manuel Miranda.

2 EXAMINATION

3 BY MR. DONALDSON:

4 Q Mr. Miranda, you were just sworn?

5 A Yes.

6 Q Please state your name and business address  
7 for the record.

8 A My name is Manny Miranda, 700 Universe  
9 Boulevard, Juno Beach 33408.

10 Q By whom are you employed and in what capacity?

11 A I'm employed by Florida Power & Light. I'm  
12 the senior vice president of Florida Power & Light's  
13 power delivery business unit.

14 Q Have you prepared and caused to be filed 29  
15 pages of direct prefiled testimony in this proceeding on  
16 February 20th of this year?

17 A Yes, I have.

18 Q Did you also file errata to your direct  
19 prefiled testimony on May 10th of this year?

20 A Yes, I have.

21 Q Do you have any changes or revisions to your  
22 direct prefiled testimony?

23 A No, I do not.

24 Q Have you also prepared and caused to be filed  
25 12 pages of rebuttal prefiled testimony on May 2nd of

1     **this year?**

2           A     Yes.

3           Q     **Do you have any changes or revisions to your**  
4     **rebuttal testimony prefiled?**

5           A     No, I do not.

6           Q     **If I were to ask you the questions contained**  
7     **in your direct and rebuttal prefiled testimony,**  
8     **including your errata, would your answers be the same?**

9           A     Yes.

10           MR. DONALDSON: Chairman Graham, I would ask  
11           that Mr. Miranda's direct and rebuttal prefiled  
12           testimony, along with the errata, be inserted into  
13           the record as though read.

14           CHAIRMAN GRAHAM: Mr. Miranda's prefiled  
15           direct testimony will be entered into the record as  
16           though read, with the errata included.

17           MR. DONALDSON: Thank you.

18           I did say rebuttal, right?

19           CHAIRMAN GRAHAM: I did not. And rebuttal.

20           MR. DONALDSON: Oh, and rebuttal. Thank you.

21           CHAIRMAN GRAHAM: I missed that.

22           (Prefiled direct testimony and rebuttal  
23           testimony inserted into the record as though read.)

24

25

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition by Florida Power & Light  
Company for Limited Proceeding for Recovery  
of Incremental Storm Restoration Costs  
Related to Hurricane Matthew

Docket No. 20160251-EI

Filed: May 10, 2018

**ERRATA SHEET OF MANUEL B. MIRANDA**

**February 20, 2018 - Direct Testimony**

<u>PAGE #</u>	<u>LINE #</u>	<u>CHANGE</u>
21	20	\$299.3 to \$299.1
21	21	\$9.3 to \$9.4
22	11	\$266.9 to \$267.7
22	12	\$185.5 to \$186.4
22	18	\$81.4 to \$81.3
22	22	\$32.4 to \$31.4
23	1	\$17.0 to \$16.9
23	5	\$15.4 to \$14.5
24	4	\$9.3 to \$9.4
24	6	\$9.0 to \$9.2
24	6	97% to 98%
24	7	\$6.0 to \$6.9
24	7	\$3.0 to \$2.3

**February 20, 2018 - Exhibit MBM-1**

	<u>Transmission</u>	<u>Distribution</u>	<u>Total T&amp;D</u>
Regular Payroll		\$5,170 to \$5,076	\$5,616 to \$5,522
Contractors*	\$1,493 to \$1,499	\$184,057 to \$184,886	\$185,550 to \$186,385
Materials & Supplies		\$7,010 to \$6,122	\$7,259 to \$6,371
Logistics		\$81,237 to \$81,215	\$81,360 to \$81,338
Other	\$228 to \$238	\$2,879 to \$2,843	\$3,107 to \$3,081
Total	\$3,338 to \$3,354	\$295,934 to \$295,724	\$299,272 to \$299,078

\* Includes line clearing - \$27,597 to \$27,849

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## I. INTRODUCTION

**Q. Please state your name and business address.**

A. My name is Manuel B. Miranda. My business address is Florida Power & Light Company, 700 Universe Blvd., Juno Beach, Florida, 33408.

**Q. By whom are you employed and what is your position?**

A. I am employed by Florida Power & Light Company (“FPL” or the “Company”) as Senior Vice President of Power Delivery.

**Q. Please describe your duties and responsibilities in that position.**

A. As Senior Vice President of Power Delivery, I am responsible for the planning, engineering, construction, operation, maintenance, and restoration of FPL’s transmission and distribution (“T&D”) electric grid. During storm restoration events, I assume the additional role of FPL’s Area Commander. In this capacity, I am responsible for the overall coordination of all restoration activities to ensure the successful implementation of FPL’s restoration strategy, which is to restore service to our customers safely and as quickly as possible.

**Q. Please describe your educational background and professional experience.**

A. I have a Bachelor of Science in Mechanical Engineering from the University of Miami and a Master in Business Administration from Nova Southeastern University. I joined FPL in 1982 and have over 35 years of technical, managerial and commercial experience gained from serving in a variety of positions within Customer Service, Distribution and Transmission. For more than 10 years, I have held several vice president positions within Distribution and Transmission,

1 including my current position. For storm restoration events, I have served as FPL's  
2 Area Commander for the last five years. Additionally, for the last five years, I have  
3 served as a member on the National Response Executive Committee, a group that  
4 oversees a process designed to enhance the industry's ability to respond to national-  
5 level events by improving access and visibility to resources from all across the  
6 country.

7 **Q. Are you sponsoring any exhibits in this case?**

8 A. Yes. I am sponsoring the following exhibit:

- 9 • MBM-1 – FPL's T&D Hurricane Matthew Restoration Costs

10 **Q. What is the purpose of your testimony?**

11 A. The purpose of my testimony is to provide an overview of FPL's emergency  
12 preparedness plans and processes. I will also provide details for the work and costs  
13 incurred by FPL's T&D organization in connection with Hurricane Matthew.  
14 Specifically, I will describe FPL's T&D response and restoration efforts, follow-up  
15 work activities necessary to restore FPL's facilities to their pre-storm condition and  
16 details on T&D storm restoration costs. Finally, I will discuss the factors  
17 contributing to FPL's overall successful performance in restoring service to those  
18 customers impacted by Hurricane Matthew. As a result, my testimony supports the  
19 reasonableness and prudence of the T&D storm restoration costs for which FPL is  
20 seeking approval.

21

22

23

1       **II.       FPL’S EMERGENCY PREPAREDNESS PLAN & RESTORATION**

2                               **PROCESS**

3

4       **Q.       What is the objective of FPL’s emergency preparedness plan and restoration**  
 5       **process?**

6       A.       Consistent with Florida Public Service Commission (“FPSC” or “Commission”) rules, industry practice, state and local governments’ interests and the interests of  
 7       our customers, the primary objective of FPL’s emergency preparedness plan and  
 8       restoration process is *to safely restore critical infrastructure and the greatest*  
 9       *number of customers in the least amount of time.* Achieving this objective requires  
 10       extensive planning, training, adherence to established storm restoration processes  
 11       and execution that can be scaled quickly to match each particular storm. To these  
 12       ends, FPL’s emergency preparedness plan incorporates comprehensive annual  
 13       restoration process reviews and includes lessons learned, new technologies and  
 14       extensive training activities to ensure FPL’s employees are well prepared.  
 15

16

17       While FPL has processes in place (including actions taken prior to the storm event)  
 18       to manage and mitigate the costs of restoration, the objective of safely restoring  
 19       electric service as quickly as possible cannot, by definition, be pursued as a “least  
 20       cost” process. Said another way, restoration of electric service at the lowest  
 21       possible cost will not result in the most rapid restoration.

22

23



1 **Q. What are the key components of FPL's emergency preparedness plan?**

2 A. FPL's emergency preparedness plan is the product of years of planning, study and  
3 refinement based upon actual experience. Key components of this plan include:

- 4 • Disaster response policies and procedures;
- 5 • Adjustable internal organizational structures based on the required  
6 response;
- 7 • Timeline of activities to assure rapid notification and response;
- 8 • Mutual assistance agreements and vendor contracts and commitments;
- 9 • Plans and logistics for the staging and movement of resources, personnel,  
10 materials, and equipment to areas requiring service restoration;
- 11 • Communication and notification plans for employees, customers,  
12 community leaders, emergency operating centers, and regulators;
- 13 • An established centralized command center with an organization for  
14 command and control of emergency response forces;
- 15 • Checklists and conference call agendas to organize, plan, and report  
16 situational status;
- 17 • Damage assessment modeling and reporting procedures;
- 18 • Field and aerial patrols to assess damage;
- 19 • Comprehensive circuit patrols to gather vital information needed to identify  
20 the resources required for effective restoration;
- 21 • Systems necessary to support outage management procedures and customer  
22 communications; and
- 23 • Comprehensive training activities and exercises to ensure readiness.

1 This plan is comprehensive and well-suited for the purpose of facilitating prompt  
2 and effective responses to emergency conditions such as hurricanes to restore  
3 power as quickly as possible.

4 **Q. Does FPL regularly update its plan?**

5 A. Yes. Each year, prior to storm season, FPL reviews and updates its emergency  
6 preparedness plan. To ensure rapid restoration, key focus areas of this plan are  
7 staffing the storm organization, preparing logistics support, enhancing customer  
8 communication methods and ensuring that required computer and  
9 telecommunication systems are in place. As part of this process, all business units  
10 within FPL identify personnel for staffing the emergency response organization. In  
11 many cases, employees assume roles different than their regular responsibilities.  
12 Training is conducted for thousands of storm personnel each year regardless of  
13 whether they are in a new role or a role in which they have served many times.  
14 This includes training on processes that range from analytical and clerical to  
15 reinforcing restoration processes for managers and directors.

16 **Q. What else does FPL do to prepare for each storm season?**

17 A. In the logistics support area, preparations include: 1) increasing material inventory;  
18 2) verifying (and, if necessary, adjusting) lodging arrangements; 3) establishing  
19 staging sites (temporary work sites that are opened to serve as operation hubs for  
20 Incident Management Teams to plan, coordinate and execute area restoration plans  
21 and also provide parking, food, laundry service, medical care, hotel coordination,  
22 and, if necessary, housing for large numbers of external and internal restoration  
23 resources); and 4) verifying staging site plans and securing any necessary

1 agreements and contracts for these support services. These activities are important  
2 to ensure availability and delivery of these critical items on time and at a reasonable  
3 cost. All of this planning and preparation provides the foundation to begin any  
4 restoration effort. .

5 **Q. Does FPL regularly test its emergency preparedness plan?**

6 A. Yes. Each year, prior to the start of hurricane season, FPL tests its readiness during  
7 a hurricane “dry run” exercise. This event simulates a storm (or multiple storms)  
8 impacting FPL’s service territory. The purpose is to provide a realistic, challenging  
9 scenario that causes the organization to react to situations and to practice functions  
10 not generally performed during normal operations. It is a full-scale exercise,  
11 executed with active participation by employees representing every business unit in  
12 the company. After months of preparation, the formal exercise activities begin 96  
13 hours before the mock hurricane’s forecasted date and time of impact. FPL’s  
14 Command Center is fully mobilized and staffed. Field patrollers are required to  
15 complete simulated damage assessments that are then utilized by office staff to  
16 practice updating storm systems, acquiring resources, and developing estimated  
17 times of restoration. The exercise also includes simulating customer and other  
18 external communications as well as updating our outage management system and  
19 other storm-specific applications. Additionally, FPL conducts an annual full-scale  
20 staging site exercise to assess the readiness of staging site processes (e.g.,  
21 communications, logistics, materials, and equipment). This training is conducted in  
22 the course of our ordinary approach to business and, as FPL witness Ousdahl  
23 describes, the costs of these activities are not charged to the storm reserve.

1 **Q. How does FPL respond when a storm threatens its territory?**

2 A. FPL responds by taking well-tested actions at specified intervals prior to a storm's  
3 impacts. When a storm is developing in the Atlantic Ocean or Gulf of Mexico, our  
4 staff meteorologist continuously monitors conditions and various departments  
5 throughout the company initiate preliminary preparations for addressing internal  
6 and external resource requirements, logistics needs, and system operation  
7 conditions.

8

9 At 96 to 72 hours prior to the projected impact to FPL's system, FPL activities  
10 include: activating the FPL Command Center; alerting all storm personnel;  
11 forecasting resource requirements; developing initial restoration plans; activating  
12 contingency resources; and identifying available resources from mutual assistance  
13 utilities. In addition, all FPL sites begin to prepare their facilities for the impact of  
14 the storm.

15

16 At 72 to 48 hours, computer models are run based on the projected intensity and  
17 path of the storm to forecast expected damage, restoration workload and potential  
18 customer outages. Based on the modeled results, commitments are confirmed for  
19 restoration personnel, materials, and logistics support. Staging site locations are  
20 then identified and confirmed based on the storm's expected path.  
21 Communications lines are ordered for the staging sites and satellite  
22 communications are expanded to improve communications efforts. External  
23 resources are activated and begin moving toward the expected damage areas in our

1 service territory and internal personnel may also be moved to be closer to the  
2 expected damage.

3

4 At 24 hours, the focus turns to pre-positioning personnel and supplies to begin  
5 restoration as soon as it is safe to do so. As the path and strength of the storm  
6 changes, FPL continuously re-runs damage models and adjusts plans accordingly.  
7 Also, FPL contacts community leaders and County Emergency Operations Centers  
8 (“EOCs”) for coordination and to review and reinforce FPL’s restoration plans.  
9 This outreach includes confirming the assignment of FPL personnel to the County  
10 EOCs for the remainder of the storm and identifying restoration personnel to assist  
11 with road clearing and search-and-rescue efforts. FPL also has personnel assigned  
12 to the State EOC to support coordination and satisfy information needs.  
13 Throughout the process, FPL also provides critical information (e.g., public safety  
14 messages, storm preparation tips and guidance if an outage occurs) to the news  
15 media, customers and community leaders.

16 **Q. Has FPL had previous opportunities to execute its emergency preparedness  
17 plan and overall restoration process?**

18 A. Yes. Since Hurricane Andrew made landfall in 1992, FPL has experienced a  
19 number of events which have provided opportunities to execute and refine our  
20 storm plans. This includes the 2004 and 2005 storm seasons, when seven storms  
21 impacted FPL’s service territory, five of which required full-scale implementation  
22 of our restoration processes. Also, in September 2016, FPL was required to

1           implement its full-scale emergency preparedness plan and restoration process when  
2           a portion of its service territory was impacted by Hurricane Hermine.

3   **Q.   Since the 2004 and 2005 storm seasons, has FPL implemented improvements**  
4   **to its emergency preparedness plans and restoration process based on its**  
5   **experience?**

6   A.   Yes. Consistent with its culture of continuous improvement, FPL has implemented  
7       multiple enhancements to its processes based upon its experience with the 2004-  
8       2005 hurricanes as well as more recent storms experienced by FPL and other  
9       utilities (including, significantly, Superstorm Sandy). I will discuss these later in  
10      my testimony.

11 **Q.   How does FPL ensure the emergency preparedness plan and restoration**  
12 **process are consistently followed for any given storm experience?**

13 A.   Significant standardization in field operations has been institutionalized including:  
14      work-site organization; work preparation and prioritization; and damage  
15      assessment. For external crew personnel, FPL provides an orientation that includes  
16      safety rules, work practices and engineering standards. For external personnel  
17      providing patrol and management assistance, training is provided to explain their  
18      duties as well as FPL processes and procedures. Also, procedures to ensure rapid  
19      preparation and mobilization of remote staging sites have been developed to allow  
20      us to establish these sites in the most heavily damaged areas.

21

22      Storm plan requirements are documented in a variety of media including manuals,  
23      on-line procedures, checklists, job aids, process maps, and detailed instructions.

1 System data is continuously monitored and analyzed throughout the storm. FPL  
2 conducts multiple daily conference calls, utilizing structured checklists and  
3 agendas, with FPL Command Center leadership to confirm process discipline,  
4 discuss overall progress and identify issues that can be resolved quickly because  
5 leaders from all FPL business units participate. Twice-daily conference calls are  
6 also held with all field restoration and logistics locations, again to provide a  
7 mechanism to ensure critical activities are performed as planned and timely  
8 communications occur at all levels throughout the organization. Also, each  
9 organization within FPL conducts its own daily conference call(s) to ensure plans  
10 are executed appropriately and issues are being resolved expeditiously. Overall  
11 monitoring and performance management of field operations are performed  
12 through the FPL Command Center. In addition, FPL Command Center personnel  
13 routinely conduct field visits once restoration has begun to validate restoration  
14 process discipline and application, assess progress at remote work sites and identify  
15 any adjustments that may be required.

16 **Q. How does FPL assess its workload requirements?**

17 A. There are a variety of factors that impact restoration workload. In each storm, FPL  
18 utilizes its damage forecast model to predict the expected damage and hours of  
19 work to restore service. These estimates are based on the location of FPL facilities,  
20 the storm's projected path, and the effects of varying wind strengths on the electric  
21 infrastructure. These workload projections are matched with resource factors such  
22 as availability and location, and FPL's capacity to efficiently and safely manage  
23 and support available resources. As soon as the storm passes, certain employees

1 are tasked with driving predetermined routes to survey damage. Additionally, FPL  
2 utilizes damage assessments obtained through aerial and field patrols and customer  
3 outage information contained in FPL's outage management system.

4 **Q. How does FPL begin to acquire resources?**

5 A. Normally, 96 to 72 hours prior to expected storm impact, FPL begins to contact  
6 selected contractors to assess their availability. Additionally, as a member of the  
7 Southeastern Electric Exchange ("SEE") and Edison Electric Institute ("EEI"), FPL  
8 begins to utilize the formalized industry processes to request mutual assistance  
9 resources. At 72 to 48 hours, depending on the storm track certainty and forecasted  
10 intensity, FPL may begin to financially commit to acquire necessary resources and  
11 request that travel to and within Florida commence. Resource needs are continually  
12 reviewed and adjusted, if necessary, based on the storm's path, intensity  
13 fluctuations, and corresponding damage model results.

14 **Q. Please provide detail on how FPL acquires additional resources.**

15 A. As previously mentioned, an important component of each restoration effort is  
16 FPL's ability to scale up its resources to match the increased volume of workload.  
17 This includes acquiring external contractors and mutual assistance from other  
18 utilities. FPL is a participating member of the SEE Mutual Assistance Group.  
19 While this group is a non-binding entity, it provides FPL and other members with  
20 guidelines on how to request assistance from a group of approximately 50 utilities,  
21 primarily located in the southern and eastern United States. The guidelines require  
22 reimbursement for direct costs of payroll and other expenses, including roundtrip  
23 travel costs, when providing mutual aid in times of emergency. In addition, FPL



1 participates with EEI and the National Response Event organization to gain access  
2 to other utilities and has requested assistance from those companies based on  
3 similar mutual assistance agreements. Resource requests may include line crews,  
4 tree trimming crews, patrol personnel, crew supervisors, material-handling  
5 personnel and, in some cases, logistics support.

6  
7 FPL also has a number of contractual agreements with power line and vegetation  
8 contractors throughout the U.S. Many of these agreements are with contractors that  
9 FPL utilizes during normal operations. Depending on the severity of the storm and  
10 our resource needs, a large number of additional line and vegetation companies  
11 may be contracted to provide additional support pending their release from the  
12 utilities for which they normally work. If these additional power line and  
13 vegetation contractors are needed, FPL negotiates rates with the new contractors on  
14 an as-needed basis prior to the commencement of work.

15 **Q. How does FPL take cost into account when acquiring resources for storm**  
16 **restoration?**

17 A. As indicated earlier, while rapid restoration (the primary restoration objective) does  
18 not permit the least overall cost for restoration, FPL is always mindful of costs  
19 when acquiring resources. For example, prior to storm season, FPL's storm  
20 preparation process includes negotiating contracts with vendors, which include line  
21 contractors, tree trimming contractors, logistics, environmental and salvage  
22 contractors. For line and tree contractors, we endeavor to acquire resources based  
23 on a low-to-high cost ranking and release these same resources in reverse cost

1 order. FPL also considers travel distance when procuring storm restoration  
2 resources as longer distances require increased drive times and can result in higher  
3 costs. Final contractor and mutual-aid resource decisions take into consideration  
4 the number, availability, relative labor costs and travel distances of required  
5 resources. This information is then evaluated relative to the expected time to  
6 restore customers.

7 **Q. Describe FPL's plan for the deployment and management of the incoming**  
8 **external resources.**

9 A. The deployment and movement of resources are coordinated through the FPL  
10 Command Center, utilizing personnel tracking and outage management systems to  
11 monitor execution of the plan. Daily management of the crews is performed by the  
12 field operations organization, which is responsible for executing FPL's restoration  
13 strategy. Decisions on opening staging sites to position the restoration workforce  
14 in impacted areas are based primarily on the arrival time(s) of external resources.  
15 Daily analysis of workload execution and restoration progress permits dynamic  
16 resource management. This enables a high degree of flexibility and mobility in  
17 allocating and deploying resources in response to changing conditions and  
18 requirements. Another critical factor is FPL's ability to assemble trained and  
19 experienced management teams to direct field activities. As part of the storm  
20 organization, management teams include Incident Commanders and crew  
21 supervisors to directly oversee field work.

22  
23

1 **Q. What controls are in place for the acquisition of resources?**

2 A. FPL has centralized all external resource acquisition within the FPL Command  
3 Center organization. This organization approves resource acquisition targets,  
4 which are continually monitored by the Planning Section Chief, who reports to me  
5 and keeps me informed during the entire restoration process.

6 **Q. What processes and controls are in place to ensure the proper accounting of  
7 the work performed by these resources and their time?**

8 A. These external resources are assigned to an FPL Storm Production Lead when they  
9 arrive at their designated staging site. The Storm Production Lead is responsible  
10 for verifying crew rosters as FPL accepts these resources on to its system. The  
11 Storm Production Lead also reviews and approves daily timesheets to ensure that  
12 time and personnel counts are recorded accurately. The timesheets are then  
13 provided to the Finance Section Chief (whose role and responsibilities are  
14 described in FPL witness Ousdahl's testimony). These timesheets are sent to FPL's  
15 contractor payment center, where they are used to verify invoices received from the  
16 contracted companies.

17 **Q. What logistics and support personnel and activities are required?**

18 A. Various logistics functions are required to support the overall restoration effort and  
19 the potentially thousands of workers involved. These functions include, but are not  
20 limited to, acquisition, preparation and coordination of: staging sites,  
21 environmental services, salvage, lodging, laundry, buses, caterers, ice and water,  
22 office trailers, light towers, generators, portable toilets, security guards,  
23 communications, and fuel delivery. Agreements with primary vendors are also in

1 place prior to the storm season as part of FPL's comprehensive storm-planning  
2 process. FPL personnel from all parts of the company meet additional logistics  
3 staffing needs. Most of these employees are pre-identified, trained and assigned to  
4 provide site logistics management and support other restoration workforce needs.  
5 FPL contracts for additional logistics resources for larger restoration efforts that  
6 exceed internal logistics support capabilities.

7 **Q. What controls ensure that necessary items are procured and appropriately**  
8 **accounted for?**

9 A. In addition to the procurement of external resources, which has been previously  
10 discussed, FPL's logistics organization is responsible for overseeing and  
11 coordinating the procurement of resources required at our staging sites. Staging  
12 sites serve as the major hubs for resources involved in daily restoration activities.  
13 Utilizing experience from previous storms, specific staging-site resource  
14 requirements (e.g., a site's footprint, tents, meals, water, ice, buses, hotel  
15 requirements, etc.) have been pre-determined. The Logistics Section Chief and  
16 logistics team ensures that each staging site's resource requirements are initially  
17 procured and received. The resource requirements and needs of each site are  
18 monitored, assessed and determined daily through coordination between the  
19 specific site management and the logistics team. The Finance Section Chief also  
20 provides guidance and assistance to help ensure active, real time financial controls  
21 are in effect and adhered to during the restoration event. These well-established  
22 and previously tested processes and controls that FPL has implemented have  
23 proven to be appropriate and effective.

1 **III. HURRICANE MATTHEW**

2

3 **Q. Please provide an overview of Hurricane Matthew and how it impacted FPL's**  
4 **service territory.**

5 A. On September 28, 2016, nearly a week after emerging from the African coast, a  
6 tropical system became a tropical storm that the National Hurricane Center named  
7 Matthew. After reaching hurricane status on September 29, Hurricane Matthew  
8 rapidly strengthened and achieved Category 5 intensity on September 30.  
9 Hurricane Matthew made landfall on October 4 both in Haiti and Cuba before  
10 temporarily weakening to a Category 3 storm. However, it regained Category 4  
11 intensity as it moved away from Cuba. On October 6, Hurricane Matthew made  
12 landfall, for the third time, as a Category 4 storm at Grand Bahama Island, which is  
13 only about 75 miles due east of Palm Beach County, Florida.

14

15 Throughout the week-long period when Hurricane Matthew was ravaging the  
16 Caribbean, forecasts of its track raised the likelihood that the storm would strike a  
17 large portion of FPL's service territory as a major (Category 3 or higher) hurricane.  
18 FPL, along with state and local emergency offices, prudently prepared for  
19 potentially devastating impacts. On October 6, less than 24 hours before Hurricane  
20 Matthew was forecast to impact Florida, the probability of a severe, direct landfall  
21 bringing 130-140 miles-per-hour winds to Palm Beach County and the Treasure  
22 Coast became likely. If this in fact occurred, there would be massive devastation to  
23 a large, heavily populated portion of FPL's service territory. Fortunately, the path

1 of Hurricane Matthew moved slightly to the east as it passed over Grand Bahama  
2 Island and continued on a path that positioned the eye of the storm (and the worst  
3 of its winds) a few miles east of the Florida coastline.

4  
5 Despite the last-minute favorable deviation in Hurricane Matthew's track, its  
6 winds, feeder bands, and storm surge seriously impacted major portions of FPL's  
7 service territory. Sustained winds associated with Hurricane Matthew were  
8 estimated to have reached nearly 80 miles per hour, with gusts exceeding 100 miles  
9 per hour along the Florida coastline. Hurricane-force winds were estimated to have  
10 reached up to approximately eight miles inland along portions of Florida's  
11 coastline, and tropical-storm force winds were estimated to have extended to about  
12 40 miles inland. The impacts of Hurricane Matthew affected nearly all (34 out of  
13 35 counties served) of FPL's service territory, with the counties along the east coast  
14 of the Florida peninsula, particularly those in the central and north regions of  
15 Florida, experiencing the highest winds and rainfall and the most damage.

#### 16 17 **IV. FPL'S RESPONSE**

18  
19 **Q. How did FPL initially respond to prepare for the potential impacts of**  
20 **Hurricane Matthew?**

21 A. With a massive Category 4 hurricane potentially heading toward the most heavily  
22 populated portions of its service territory, FPL began early discussions and  
23 preparations on October 2, 2016. FPL activated its emergency response

1 organization and fully staffed its Command Center and initiated the cadence of  
2 daily planning and management meetings to ensure the efficient and timely  
3 execution of all pre-landfall checklists and preparation activities. Through these  
4 pre-landfall planning activities, FPL reasonably anticipated the consequences of a  
5 massive and potentially devastating storm and began to commit to resources to be  
6 available to support the anticipated restoration work. In fact, at that time, it was  
7 the largest pre-staging of storm resources in FPL's history. FPL began to open  
8 staging sites and pre-position resources from as far as Daytona Beach (north),  
9 Sarasota (west) and Miami-Dade County (south). However, as the path of  
10 Hurricane Matthew shifted to the east and continued to move northward just off  
11 Florida's east coast appropriate adjustments to FPL's restoration plans were made.

12 **Q. How did FPL respond to the impacts of Hurricane Matthew?**

13 A. While Florida, FPL and its customers were spared the worst of Hurricane  
14 Matthew's effects, the storm's impacts and its large footprint on FPL's service  
15 territory remained significant and widespread. In total, nearly 1.2 million  
16 customers located throughout FPL's entire service territory had their service  
17 interrupted. Significantly, FPL was able to quickly restore power (by the end of  
18 the second full day after Hurricane Matthew left the service territory) to  
19 approximately 99% of its customers affected by outages. Additionally, service was  
20 fully restored to all FPL customers within four days (excluding a relatively small  
21 subset of customers unable to accept service due to unsafe/uninhabitable conditions  
22 in their residence or business).

1 In total, FPL arranged for approximately 14,600 personnel (approximately 8,100  
2 FPL employees and 6,500 contracted and external resources) and opened 22  
3 staging sites to support the power restoration effort. In response to Hurricane  
4 Matthew, FPL replaced 165 miles of distribution conductor, more than 800  
5 distribution transformers, and in excess of 500 FPL-owned distribution poles.  
6 Additionally, tree damage was extensive, requiring a significant amount of line-  
7 clearing work and the removal of fallen trees and tree branches. From a logistics  
8 perspective, on a daily basis there were nearly 22,000 gallons of water consumed,  
9 more than 54,000 pounds of ice used, nearly 33,000 meals served and more than  
10 153,000 gallons of fuel provided to support restoration efforts.

11  
12 FPL's effective pre-planning, well-tested and established restoration processes,  
13 together with the dedication and execution of its employees and contracted external  
14 resources, allowed us to achieve our goal of safely restoring critical infrastructure  
15 and the greatest number of customers in the least amount of time.

## 16 17 **V. T&D RESTORATION COSTS**

18  
19 **Q. What were the final Hurricane Matthew T&D restoration costs?**

20 A. The final, total Hurricane Matthew T&D restoration costs were \$299.3 million,  
21 which includes \$9.3 million for follow-up work to restore FPL's T&D facilities to  
22 their pre-storm condition. Adjustments that reduce this figure to the T&D "Retail



1 Recoverable Costs” total amount of \$283.4 million are provided in FPL witness  
2 Ousdahl’s testimony.

3

4 Exhibit MBM-1, FPL’s T&D Hurricane Matthew Restoration Costs, contains a  
5 breakdown of these costs by function (i.e., Transmission and Distribution) and  
6 major cost category. The major cost categories contained in Exhibit MBM-1  
7 include Regular and Overtime Payroll and Related Costs, Contractors, Vehicle and  
8 Fuel, Materials & Supplies, Logistics and Other.

9

10 As shown on Exhibit MBM-1, two of the major cost categories (“Contractors” and  
11 “Logistics”) account for \$266.9 million, or 89% of Total T&D restoration costs.  
12 T&D “Contractors” costs account for \$185.5 million, or 62% of the Total T&D  
13 restoration costs, and include line contractors, mutual assistance utilities, FPL  
14 embedded contractors, line clearing/tree trimming contractors and other contractors  
15 (e.g., contractors performing overhead line patrols and environmental assessments)  
16 that supported FPL’s service restoration efforts and follow-up work to restore  
17 facilities to their pre-storm condition. T&D “Logistics” costs totaled  
18 approximately \$81.4 million, or 27% of Total T&D restoration costs, and include  
19 costs associated with staging sites and other supporting facilities, such as those  
20 associated with lodging, meals, water, ice, laundry and buses.

21

22 The other five cost categories in Exhibit MBM-1 account for the remaining \$32.4  
23 million or 11% of the Total T&D restoration costs. The majority of these costs,

1           \$17.0 million, are comprised of “Regular and Overtime Payroll & Related Costs”  
2           associated with FPL’s T&D employees who directly supported Hurricane Matthew  
3           service restoration efforts and follow-up work. This includes FPL linemen, patrol  
4           and other field support personnel as well as T&D staff personnel. The remaining  
5           \$15.4 million includes the combined “Vehicle and Fuel,” “Materials and Supplies”  
6           and “Other” major cost categories. “Vehicle and Fuel” covers FPL’s vehicle and  
7           associated fuel costs, including costs for fuel that FPL supplied to line contractors,  
8           mutual assistance utilities and other contractors. “Materials & Supplies” includes  
9           costs associated with items such as wire, transformers and poles and other electrical  
10          equipment used to restore electric service for customers and repair and restore  
11          storm-impacted FPL facilities to their pre-storm condition. The “Other” category  
12          includes costs not previously captured, such as freight charges and other  
13          miscellaneous items.

14   **Q.    Please describe the follow-up work required for T&D.**

15    A.    As previously discussed, the primary objective of FPL’s emergency preparedness  
16          plan and restoration process is to safely restore critical infrastructure and the  
17          greatest number of customers in the least amount of time. At times, this means  
18          utilizing temporary fixes (e.g., bracing a cracked pole or cross arm) and/or delaying  
19          certain repairs (e.g., replacing lightning arrestors and repairing street lights) that are  
20          not required to restore service expeditiously. However, these conditions must be  
21          subsequently addressed during the restoration follow-up work phase, when  
22          facilities are restored to their pre-storm condition.

23

1 Restoring FPL's T&D facilities to their pre-storm condition is generally a two-step  
2 process: (1) assessing/identifying the necessary follow-up work to be completed;  
3 and (2) executing the identified work. In total, FPL's costs for T&D follow-up  
4 work associated with Hurricane Matthew were \$9.3 million. While costs for T&D-  
5 related follow-up work are spread among all the major costs categories,  
6 approximately \$9.0 million, or 97% of these costs, are associated with Contractors  
7 (\$6.0 million) and Materials and Supplies (\$3.0 million). The major drivers for  
8 these two major cost categories are associated with assessments (e.g., overhead line  
9 inspections, thermovision, street lights) to identify the necessary  
10 repairs/replacements to restore FPL's facilities to their pre-storm condition and the  
11 labor, equipment and materials required to address the identified work.

## 12 VI. EVALUATING FPL'S RESTORATION RESPONSE

13 **Q. Would you consider FPL's Hurricane Matthew restoration plan and its**  
14 **execution to be effective?**

15 **A.** Yes. As mentioned before, FPL's primary goal is to safely restore critical  
16 infrastructure and the greatest number of customers in the least amount of time so  
17 that FPL can return the communities we serve to normalcy. Hurricane Matthew's  
18 path and large footprint caused outages to approximately 1.2 million FPL customer  
19 accounts located in 34 of the 35 counties that FPL serves. These widespread  
20 outages brought unique restoration challenges (e.g., logistics and redeploying  
21 service restoration personnel). Fortunately, FPL and its contractors overcame those  
22  
23

1 challenges, as service to nearly 99% of all customers who experienced a power  
2 outage was restored by the end of the second full day after Hurricane Matthew  
3 exited FPL's service territory. Service was fully restored to all customers within  
4 four days (excluding those customers unable to accept service, as previously  
5 mentioned).

6 **Q. What key factors contributed to the effectiveness of FPL's Hurricane Matthew**  
7 **restoration plan and execution?**

8 A. The high percentage of restoration accomplished in the first two days after  
9 Hurricane Matthew exited FPL's service territory and the overall successful  
10 restoration effort resulted from several key factors:

- 11 • Strong centralized command, solid plans and processes, and consistent  
12 application of FPL's overall restoration strategy (e.g., focusing first on  
13 restoring critical infrastructure and devices that serve the largest number of  
14 customers);
- 15 • Utilization of FPL's damage-forecasting model, along with aerial patrols  
16 and ground assessments that allowed us to identify the number and location  
17 of needed resources;
- 18 • Aggressive acquisition, pre-positioning and redeployment of restoration  
19 resources;
- 20 • Robust outage management system functionality and real-time information,  
21 which allowed FPL to continually gauge restoration progress and make  
22 adjustments as changing conditions and requirements warranted;

- 1           • Strong alliances with vendors, which assured an ample, readily available  
2           supply of materials; and
- 3           • Previous storm restoration experience, application of lessons learned,  
4           process enhancements, regular practice and training, and employee skill and  
5           commitment.

6   **Q.   Please provide examples of key restoration plan/process enhancements that**  
7   **FPL has implemented since the 2004 and 2005 storm seasons.**

8   A.   As a result of FPL's experiences and lessons learned from the 2004/2005 storm  
9   seasons, Superstorm Sandy (in the northeastern U.S.) and our annual restoration  
10  training events, FPL has implemented multiple restoration plan/process  
11  enhancements. Key enhancements that contributed to faster service restoration for  
12  FPL customers include:

- 13           • Implementing a more aggressive and effective acquisition and re-  
14           deployment of external resources -- e.g., committing to acquiring external  
15           resources earlier and having them travel earlier and pre-staging them closer,  
16           yet out of danger, to the areas expected to be affected by the approaching  
17           storm to enable FPL to begin restoration work more quickly;
- 18           • Utilizing alternative lodging (e.g., mobile sleeper trailers and cots at staging  
19           sites/FPL facilities) to eliminate travel time and increase restoration  
20           productivity;
- 21           • Utilizing turnkey, all-inclusive suppliers at staging sites to increase the  
22           speed and efficiency of staging site set-up, operations and site  
23           dismantlement;

- 1           • Increasing physical fuel inventory and improving fuel delivery capabilities  
2           (both FPL and vendor-supplied resources), mitigating fuel issues  
3           experienced during the 2004/2005 storm seasons;
- 4           • Improving coordination with county EOCs, including pre-designating  
5           restoration personnel to assist with road-clearing efforts and ensuring key  
6           critical infrastructure facilities requiring restoration prioritization are  
7           identified, and establishing an online government portal that allows  
8           government officials to obtain the latest news releases and information on  
9           customer outages, estimated restoration times, FPL crew resources, outage  
10          maps, and other information. All of these enable EOCs to better serve their  
11          respective communities' needs;
- 12          • Adding advanced new tools, such as automated voice calls to customers,  
13          increased outreach and storm updates to broadcast media (radio and  
14          television), daily news briefings and embedded reporters at the FPL  
15          Command Center, to better communicate accurate, timely information to  
16          FPL customers;
- 17          • Increasing the utilization of advanced technology, such as using smart grid  
18          technology, drones and mobile devices to facilitate damage assessments and  
19          deploying FPL's Mobile Command Centers and Community Response  
20          Vehicles (high-tech remote command posts and communication hubs that  
21          quickly relay crucial information, decisions and logistical needs to/from  
22          FPL's Command Center) to impacted areas to provide better, faster and  
23          more efficient support;

- 1           • Retaining a robust list of staging sites at multiple locations throughout the  
2           state and maintaining contact with site owners to ensure the properties'  
3           availability and use; and
- 4           • Pre-provisioning select key staging site locations for faster set-up and  
5           activation, which has enabled rapid activation of these sites to support  
6           restoration work.

7   **Q. Did FPL receive national recognition for its overall restoration performance**  
8   **during Hurricane Matthew?**

9   A. Yes. In January 2017, the EEI, a national association of investor-owned utilities,  
10   awarded its Emergency Recovery Award to FPL for its efforts and response during  
11   Hurricane Matthew. EEI's Emergency Recovery Award recognizes its U.S. and  
12   international members for outstanding efforts to restore service promptly following  
13   storms or natural disasters. Winners are chosen by a panel of judges based on a  
14   company's ability to respond to a crisis swiftly and efficiently, overcome difficult  
15   circumstances, utilize unique or innovative recovery techniques, communicate  
16   effectively with customers and restore service promptly.

17   **Q. What are your conclusions regarding FPL's Hurricane Matthew restoration**  
18   **efforts?**

19   A. FPL's restoration performance was excellent and significantly faster than it was  
20   during the 2004 and 2005 storm seasons. Our commitment to continuous  
21   improvement was instrumental in achieving this excellent performance. For  
22   example, process improvement implemented since 2005 included: pre-staging the  
23   greatest number of resources in FPL's history; increasing the use of technology

1 (e.g., Mobile Command Centers, drones, and smart meters) and providing new and  
2 improved communications (e.g., the use of social media like Facebook and Twitter)  
3 to our customers and other stakeholders. These improvements provided significant  
4 benefits and contributed to the ultimate and remarkable achievement of restoring  
5 service - within two days - to 99% of our customers that experienced an outage. As  
6 I noted previously, storm restoration is not an exact or precise science and there are  
7 always opportunities for improvement and at FPL we strive to learn from each  
8 experience. In fact, we have already incorporated lessons learned from Hurricane  
9 Matthew. However, overall, I believe the entire restoration team, which included  
10 FPL employees, contractors and mutual assistance utilities personnel, performed  
11 extremely well. This allowed FPL to meet our overarching objective to safely  
12 restore critical infrastructure and the greatest number of customers in the least  
13 amount of time. Storm restoration is a dynamic and challenging process that tests  
14 the fortitude of each person involved. I am exceptionally proud and extremely  
15 grateful to have been associated with such a committed and dedicated restoration  
16 team.

17 **Q. Does this conclude your direct testimony?**

18 A. Yes.



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## I. INTRODUCTION

**Q. Please state your name and business address.**

A. My name is Manuel B. Miranda. My business address is Florida Power & Light Company, 700 Universe Boulevard, Juno Beach, Florida 33408.

**Q. Did you previously submit direct testimony in this proceeding?**

A. Yes.

**Q. Are you sponsoring any rebuttal exhibits in this case?**

A. Yes. I am sponsoring the following exhibit:

- MBM-2 – Hurricane Matthew Article Provided in OPC’s Response to FPL’s 1<sup>st</sup> Request Production of Documents No. 2.

**Q. What is the purpose of your rebuttal testimony?**

A. The purpose of my rebuttal testimony is to refute the direct testimony of Office of Public Counsel (“OPC”) witness Helmuth W. Schultz, which recommends that FPL’s Hurricane Matthew Distribution logistics, contract labor and line clearing costs be reduced based on his contention that there is insufficient supporting detail for FPL’s Hurricane Matthew hotel costs and contractor mobilization, demobilization and standby costs.

**Q. Please summarize your rebuttal testimony.**

A. My testimony demonstrates that, contrary to Mr. Schultz’s claims, FPL has provided supporting details for its hotel lodging costs and that these costs as well as FPL’s Hurricane Matthew contractor mobilization, demobilization and standby costs were prudently incurred and are reasonable. Therefore, Mr.

1 Schultz's proposed reductions and adjustments are unwarranted and should be  
2 rejected.

3

4

## II. LOGISTICS COSTS - LODGING

5

6 **Q. Mr. Schultz recommends that the entire amount "paid to a single vendor"**  
7 **for hotel lodging, \$17.975 million (\$17.971 million, jurisdictional), be**  
8 **disallowed and that FPL's Distribution logistics costs be reduced by that**  
9 **amount because of what he claims to be insufficient supporting detail to**  
10 **justify that these costs were prudently incurred and reasonable. Do you**  
11 **agree with Mr. Schultz's recommended adjustment?**

12 **A.** No. One of the news articles that Mr. Schultz reviewed in preparing his  
13 testimony describes how Hurricane Matthew was a massive and destructive  
14 storm that had devastated parts of the Caribbean and heavily impacted the  
15 State of Florida. That article is attached as my Exhibit MBM-2. Hotel  
16 lodging plays a critical element of any significant storm restoration event.  
17 Without hotel rooms, securing external resources and/or moving internal  
18 resources from their homes to other areas to support restoration needs would  
19 become very challenging and most likely extend restoration time. Mr.  
20 Schultz's recommendation to disallow 100% of what he believed was the total  
21 cost FPL paid to its hotel vendor for hotel rooms is offered without any basis  
22 and is unreasonable.

23

1 Mr. Schultz had ample detail available to him to review the hotel lodging  
2 costs he is challenging, but he does not even mention the supporting detail that  
3 was available to him, let alone address it. That detail was included in FPL's  
4 response to OPC POD No. 9, which was provided to OPC on December 4,  
5 2017.

6 **Q. What were the total hotel lodging costs for Hurricane Matthew paid to**  
7 **FPL's hotel vendor?**

8 A. Hotel lodging costs for Hurricane Matthew that FPL paid to its hotel vendor  
9 totaled \$21.790 million (\$21.786 million jurisdictional). This total reflects the  
10 adjustment to lodging costs described and provided in FPL witness Ousdahl's  
11 rebuttal testimony.

12 **Q. Based on the total hotel lodging costs and the total room-nights that FPL**  
13 **paid to its hotel vendor, what was the average cost per day of a hotel**  
14 **room for Hurricane Matthew?**

15 A. The average total hotel room cost per night was approximately \$171 (\$21.790  
16 million/127,087 room-nights).

17 **Q. How do the total costs, number of rooms and cost per room night**  
18 **compare to those utilized by Mr. Schultz in his testimony?**

19 A. Mr. Schultz's testimony included an illustrative example using the total cost  
20 of \$17.975 million (\$17.971 million jurisdictional), which he then divided by  
21 his assumed \$200 per room per night cost to arrive at his calculated 89,875  
22 rooms.

1 **Q. What accounts for the differences in FPL's total costs, rooms and cost per**  
2 **room vs. the amounts contained in Mr. Schultz's testimony?**

3 A. It appears Mr. Schultz only utilized the initial prepayments made to FPL's  
4 hotel vendor that FPL provided in its response OPC POD No. 9, which he  
5 cited as the source for his Confidential Exhibit No. HSW-2, Schedule G, page  
6 2 of 2. However, in that response, FPL provided not only the invoices  
7 reflecting the initial prepayments it made to its hotel vendor (which Mr.  
8 Schultz used and identified in his confidential exhibit) but also subsequent  
9 invoices that reflected additional payments for the final total actual billing  
10 amount due for all hotel rooms booked on behalf of FPL. The total for these  
11 additional invoices was \$3.846 million.

12  
13 Also, FPL's response to OPC POD No. 9 included supporting details for these  
14 invoices. This included a cover sheet/summary for each of the ten invoices  
15 that provided: the total number of room nights included in the invoice; the  
16 charge for each of the room nights; taxes; the hotel vendor's commission; the  
17 total amount due; the amount credited due to the initial prepayment; and the  
18 net additional amount due to the vendor. Also, each invoice had attached a  
19 detailed Excel spreadsheet that included: the name and address of each hotel;  
20 the number of rooms and room nights booked; arrival and departures dates;  
21 room rates; taxes; the hotel vendor's commission; and a total charge for each  
22 room booked. Had Mr. Schultz utilized the information contained on the ten  
23 cover sheets that were included in FPL's response to OPC POD No. 9, he

1 could have quickly and accurately determined the actual total cost of FPL's  
2 hotel lodging, the number of rooms/room nights and an average cost per room  
3 – instead of relying on the estimated \$200 per room per day he utilized to  
4 obtain his estimated number of rooms used.

5 **Q. Do you believe the Hurricane Matthew \$171 average per room per night**  
6 **hotel lodging cost is reasonable?**

7 A. Yes. Excluding state and local taxes (approximately 12%), which is the  
8 manner in which hotel rates are typically quoted and compared, the average  
9 per room per night hotel lodging cost is only about \$153. This is a reasonable  
10 average rate, considering that these rooms were booked when there was  
11 significant competition for hotel rooms. For example, residents living on  
12 barrier islands and along the east coast of Florida were being evacuated, other  
13 utilities and first responders were also trying to secure hotel rooms and large  
14 blocks of rooms in certain areas within Florida were already booked as a  
15 result of large events (e.g., college football games).

16 **Q. Do you believe the Hurricane Matthew number of room nights for which**  
17 **FPL was charged is reasonable?**

18 A. Yes. The cumulative daily totals of storm restoration resources for which FPL  
19 needed to acquire lodging was close to the total number of room nights  
20 booked. This shows that the number of rooms that FPL booked was  
21 reasonable in relation to the scope of the restoration effort.

22

1 **Q. In his testimony, Mr. Schultz also criticizes the hotel lodging costs**  
2 **because, in addition to lodging costs paid to FPL's hotel vendor, FPL**  
3 **paid for lodging costs that were included in various contractors/tree**  
4 **crews' and a staging site vendor's bills. Do you agree?**

5 A. No. Mr. Schultz did not specifically identify the contractor bills that included  
6 overnight lodging that he referenced in his testimony, so FPL is unable to  
7 address those instances directly. However, in general, it would not be  
8 unexpected or unusual for contractor bills to include charges for overnight  
9 lodging beyond that provided by FPL. For example, during contractor  
10 mobilization and demobilization, contractors are responsible for securing their  
11 own respective lodging needs while they are travelling to or from FPL's  
12 service territory.

13 **Q. Finally, Mr. Schultz criticizes FPL's incurring other lodging costs (e.g.,**  
14 **mobile sleepers in staging sites). Were these other lodging needs and**  
15 **associated costs necessary?**

16 Yes. FPL arranged for mobile sleepers and cots to provide alternative lodging  
17 needs. This was in response to the uncertainty that existed with the  
18 availability and location of lodging needs. As mentioned earlier, there was  
19 considerable competition for hotel rooms and FPL could not risk being in a  
20 position where there was inadequate hotel lodging near the areas where the  
21 restoration resources were most needed. Therefore, arranging for mobile  
22 sleepers and cots at staging sites was a prudent decision and an essential  
23 response to that uncertainty.

1 **Q. In summary, are the Hurricane Matthew hotels lodging costs incurred**  
2 **and paid to FPL's hotel vendor prudent and reasonable?**

3 A. Yes, I believe FPL's Hurricane Matthew hotel lodging costs were prudently  
4 incurred and are reasonable.

5

6 **III. MOBILIZATION, DEMOBILIZATION AND STANDBY COSTS**

7

8 **Q. Based on OPC witness Schultz's review of certain FPL interrogatory**  
9 **responses, he expresses concerns with how contractor costs were tracked**  
10 **and recommends that reductions should be considered for contractor**  
11 **mobilization and demobilization time/costs because there is a lack of**  
12 **documentation and justification for those specific activities. Do you agree**  
13 **with his concerns and recommendation?**

14 A. No. Mr. Schultz's concerns are unfounded and may result from his  
15 misinterpretation of those interrogatory responses. To be clear, mobilization  
16 and demobilization time/costs are incurred by contractors as they travel to and  
17 from FPL's service territory to support storm service restoration efforts.  
18 Mobilization and demobilization time and costs can be substantial (and in a  
19 shorter restoration event like Hurricane Matthew disproportionate to the total  
20 cost of restoration), as contractors' travel time to and from the restoration  
21 effort can cover several days each way. But, those costs are unavoidable. For  
22 example, because of the uncertainty of Hurricane Matthew's path, some of the  
23 utilities that could have been potentially impacted by Hurricane Matthew

1 (e.g., utilities in the southeast) were not willing to release resources to FPL.  
2 As a result, FPL's external contractors included resources that came from  
3 Texas, the Midwest and the Northeast, for which travel time was substantial.

4  
5 As stated in its response to OPC Interrogatory No. 25, FPL was unable to  
6 provide the "total costs associated with mobilization/demobilization" because  
7 total contractor mobilization/demobilization costs (e.g., mutual aid utilities)  
8 are not always specifically itemized or identified on their invoices. However,  
9 when FPL stated that mobilization/demobilization costs are not "tracked by  
10 FPL," this meant only that FPL does not, as a part of its normal course of  
11 business, aggregate and/or break out as a specific line item on a report these  
12 types of costs. It does not mean that FPL has not overseen, reviewed and  
13 approved mobilization/demobilization time and costs.

14 **Q. Are FPL's mobilization/demobilization and standby costs reviewed and**  
15 **approved by FPL personnel?**

16 A. Yes. In fact, mobilization/demobilization time is recorded on all non-mutual  
17 aid contractor time sheets and reviewed/approved by FPL personnel. This can  
18 be seen on the timesheets that FPL produced in response to OPC's First Set of  
19 Production of Documents, No. 6. Additionally, through its continual  
20 discussions with external contractors when obtaining their commitment to  
21 support FPL's restoration efforts, FPL is well aware of the contractors' travel  
22 plans and estimated time of arrival. Furthermore, on many occasions, FPL  
23 continues to have discussions with these contractors as they are actually



1 travelling. In some cases, FPL is able to release contractors to other utilities  
2 to support their restoration efforts, which then allows FPL to completely avoid  
3 those contractors' demobilization time/costs.

4 **Q. Does FPL have data that corroborate your conclusions about the**  
5 **reasonableness of FPL's oversight and controls for mobilization/**  
6 **demobilization costs?**

7 A. Yes. After receiving Mr. Schultz's testimony, FPL reviewed its records on  
8 non-mutual aid utility contractor line resources (approximately 85% of all  
9 contractor line resources) and created an extract which identifies the  
10 mobilization and demobilization costs for those resources. Based on this  
11 extract, the cost of mobilization and demobilization for non-mutual aid utility  
12 contractor line resources was approximately \$40 million, out of a total of \$120  
13 million paid to those contractors. This is a reasonable portion of the total  
14 costs for mobilization and demobilization, when one considers the distance  
15 and time associated with contractors travelling to and from FPL's service  
16 territory.

17 **Q. Mr. Schultz also expressed concerns with FPL's accountability for**  
18 **contractor standby time/costs and, as a result, recommends that the**  
19 **Commission consider reductions to these costs. Do you agree with his**  
20 **concerns/recommendation?**

21 A. No. Again, it appears Mr. Schultz has misinterpreted FPL's interrogatory  
22 responses. Storm-related contractor standby time/costs are incurred when  
23 contractors have arrived in advance of a storm's impacts, are pre-staged and

1 waiting for the storm to pass. Pre-staging restoration resources is essential to  
2 reducing overall restoration time.

3

4 When FPL stated in its response to OPC Interrogatory No. 66 that it “does not  
5 specifically track or aggregate standby costs,” it meant that FPL does not, as a  
6 part of its normal course of business, aggregate and/or report on these specific  
7 types of costs – not that FPL does not obtain, oversee and approve these costs.  
8 Standby time is recorded on all non-mutual aid contractor time sheets, which  
9 are reviewed and approved by FPL representatives.

10 **Q. Are the standby costs that FPL paid as part of the Hurricane Matthew**  
11 **restoration effort prudent and reasonable?**

12 A. Yes. Again, after receiving Mr. Schultz’s testimony, FPL reviewed its records  
13 to develop an estimate of contractor standby time and costs for Hurricane  
14 Matthew utilizing the number of resources pre-staged, average line and  
15 vegetation contractor rates and estimated contractor standby time per day.  
16 This resulting estimate provides insight into the magnitude of standby costs  
17 incurred during Hurricane Matthew. In this estimate, the contractor standby  
18 costs incurred were less than \$4 million for Hurricane Matthew, out of total  
19 contractor costs of \$186.4 million. This shows that standby costs were small  
20 compared to the total contractor costs and, as I stated earlier, essential to  
21 getting customers’ power back on as quickly as possible.

22 **Q. Does this conclude your rebuttal testimony?**

23 A. Yes.

1 BY MR. DONALDSON:

2 Q Mr. Miranda, do you have an exhibit that's  
3 been identified as MBM-1, attached to your direct  
4 prefiled testimony?

5 A Yes.

6 Q Do you also have an exhibit as -- identified  
7 MBM-2, attached to your rebuttal prefiled testimony?

8 A Yes.

9 Q Were these prepared under your direction and  
10 supervision?

11 A Yes, they were.

12 MR. DONALDSON: And Chairman Graham, I would  
13 note that those exhibits have been pre-identified  
14 on staff's comprehensive exhibit list as Exhibits 2  
15 and 10, respectively.

16 CHAIRMAN GRAHAM: Duly noted.

17 MR. DONALDSON: Okay. I'll now turn to  
18 Ms. Brownless.

19 EXAMINATION

20 BY MS. BROWNLESS:

21 Q Mr. Miranda, do you have a copy of the  
22 comprehensive exhibit list?

23 A Yes, I do.

24 Q Thank you.

25 And have you had an opportunity to review

1 staff's Exhibits 14 through 21, 23, 27, and 28 that have  
2 been identified as sponsored or co-sponsored by you?

3 A Yes.

4 Q Are those exhibits true and correct, to the  
5 best of your knowledge and belief?

6 A Yes, they are.

7 Q Would your answers be the same, with regard to  
8 those staff exhibits today, as they were when you  
9 prepared them?

10 A Yes, they are.

11 Q Have you had an opportunity to review the CD  
12 prepared by staff?

13 A Yes.

14 Q And does the CD correctly state the responses  
15 that you provided in Staff Exhibits 14 through 21, 23,  
16 27, and 28?

17 A Yes.

18 MS. BROWNLESS: Thank you, sir.

19 CONTINUED EXAMINATION

20 BY MR. DONALDSON:

21 Q Mr. Miranda, would you please provide a  
22 summary of your direct and rebuttal prefiled testimony  
23 to the Commission.

24 A Yes. Thank you.

25 Good afternoon, Chairman Graham and

1 Commissioners. When a potential Category 4 storm like  
2 Hurricane Matthew threatens and impacts FPL's service  
3 territory, FPL responds by taking well-tested actions to  
4 restore the electric grid and the greatest number of  
5 customers in the least amount of time.

6 For Matthew, FPL response resulted in being  
7 able to restore 99 percent of the customers that  
8 experienced an outage by the end of the second full day,  
9 after Hurricane Matthew had exited our service  
10 territory.

11 FPL was able to achieve these restoration  
12 results through its comprehensive emergency preparedness  
13 and storm-restoration plan, while being consistent with  
14 Commission rules, industry practices, state and local  
15 government officials' interests, and the interest of our  
16 customers.

17 FPL's restoration plan includes initiating  
18 preliminary preparations for resource requirements,  
19 logistics needs, and system operations. As the impacts  
20 of the storm became more certain, commitments and plans  
21 were finalized and resources are pre-staged so that  
22 restoration can begin as soon as it's safe to do so.

23 Several days prior to Matthew's expected  
24 impact, FPL began to contact selected contractors to  
25 assess their availability. Also, as a member of the

1 Southeastern Electric Exchange and the Edison Electric  
2 Institute, FPL began to utilize the formalized industry  
3 processes to request mutual-assistant resources.

4 As the certainty of the storm's track and the  
5 forecasts and tests continued to develop, FPL began to  
6 commit to acquire the necessary resources and request  
7 that travel to and within Florida commence.

8 These resource needs were continually reviewed  
9 and adjusted based on the National Hurricane's  
10 projections of Matthew's path and intensity and  
11 corresponding damage-model results.

12 The objective of safely restoring electric  
13 service as quickly as possible cannot be, by definition,  
14 the least-cost process. Said another way, restoration  
15 of the electric service at the lowest possible cost  
16 would not result in the most-rapid restoration.

17 At the same time, FPL is al- -- always mindful  
18 of costs and has well-established and previously-tested  
19 process and controls in place to manage, account for,  
20 and mitigate restoration costs. For example, FPL  
21 negotiates the vast majority of its storm-related  
22 contracts and agreements prior to storm season  
23 beginning.

24 To access workload requirements, FPL utilizes  
25 its damage-model forecasts to predict the expected

1 damage and the estimated hours of work needed to restore  
2 the service. The workload projections are evaluated  
3 along with resource factors such as availability and  
4 location. As soon as the storm passes, damage  
5 assessments are also obtained through aerial and field  
6 patrols, as well as FPL's outage-management system.

7           Hurricane Matthew's forecasted track included  
8 the likelihood of a severe 130-to-140-mile-an-hour winds  
9 making a direct landfall in the Palm Beach area and the  
10 Treasure Coast.

11           Fortunately, for Florida, and with less than  
12 24 hours be- -- prior to making the forecasted direct  
13 landfall, the storm made a last-minute favorable  
14 eastward deviation in its track. This position of the  
15 eye and the worst of its wind just kept it off the  
16 Florida's East Coast; however, with Matthew's track up  
17 along the East Coast of Florida, with wind gusts  
18 exceeding 100 miles per hour, and significant storm  
19 surge, major portions of FPL's territory were seriously  
20 impacted.

21           In total, nearly 1.2 million customers,  
22 located in 34 of our 35 counties, had some service  
23 interruptions. As I previously mentioned, by the end of  
24 the second day, a full restoration -- 99 percent of our  
25 customers had their power restored. And by the fourth

1 day, all customers that could receive power were back in  
2 service.

3 In total, FPL arranged for 14,600 personnel  
4 including 6,500 contracted and external resources,  
5 opened 22 staging sites, replaced 165 miles of  
6 distribution conductor, more than 800 transformers, and  
7 approximately 500 FPL distribution poles.

8 In total, transmission and distribution-  
9 related costs for Hurricane Matthew were \$299.1 million,  
10 where 89 percent of these costs were associated with  
11 contractors and logistics.

12 The remaining costs were primarily associated  
13 with FPL employee payroll, vehicle, fuel, and material  
14 and supplies. These costs were reasonable and prudently  
15 incurred in order to facilitate prompt and safe  
16 restoration to our customers.

17 Commissioners, I also filed rebuttal testimony  
18 addressing the adjustments to FPL's Hurricane Matthew  
19 recovery costs proposed by OPC Witness Schultz and  
20 explaining why FPL believes those adjustments are  
21 unwarranted and should be rejected.

22 In closing, I would note that FPL received  
23 EEI's Emergency Recovery Award for its efforts and  
24 response to Hurricane Matthew; however, FPL recognizes  
25 there is always areas for improvements. And lessons



1 learned from Hurricane Matthew have already been  
2 incorporated into future storms.

3 Finally, I would like to recognize the entire  
4 FPL restoration team, as well as our mutual-assistance  
5 partners, and all of the contractors for their  
6 commitment and dedication to get Florida back on its  
7 feet.

8 This concludes my summary.

9 MR. DONALDSON: Thank you, Mr. Miranda.

10 I tender him for cross.

11 CHAIRMAN GRAHAM: Thank you.

12 OPC.

13 MS. CHRISTENSEN: No questions.

14 CHAIRMAN GRAHAM: Retail Federation.

15 MR. WRIGHT: No questions. Thank you.

16 CHAIRMAN GRAHAM: FIPUG.

17 MR. MOYLE: We -- we do have some questions.

18 EXAMINATION

19 BY MR. MOYLE:

20 Q Let me start by thanking you and FPL for all  
21 the efforts to -- to get the power back on after  
22 Matthew. I should have said that in my opening  
23 statement, but we do appreciate -- FIPUG members and  
24 others -- the efforts to -- to deal with that. It's a  
25 stressful situation. So, thank you for that.

1           A     Thank you, Mr. Moyle.  That's -- been doing  
2     this a long time, and -- and it's an honor to respond to  
3     our customers and the customers you represent.

4           Q     Sure.

5                    Couple of points.  You had said -- and I'm  
6     going to ask some questions about certain areas that I  
7     highlighted with the Commission on the opening  
8     statement.

9                    But, you know, please understand, the  
10    questions are along the lines of what you've stated  
11    about lessons learned.  Any time you have something like  
12    this, you can improve and do better, correct?

13          A     That's correct.

14          Q     You mentioned, in your summary, a damage-model  
15    forecast.  What -- what's the -- what did you mean by  
16    that?

17          A     So, back when I was -- earlier in my career,  
18    in 1992, we were impacted by a storm called Hurricane  
19    Andrew.  Hurricane Andrew was a Category 5 that impacted  
20    our south-most part of our service territory --  
21    territory, Homestead.

22                   Following that storm, Mr. Moyle, we realized  
23    we didn't have a storm-damage model to predict what kind  
24    of workload or what kind of damage we would expect.  So,  
25    back in 1992, we signed up for a research and

1 development project with NOAA to develop a model to help  
2 us determine what kind of man-hours we can expect of  
3 work following a hurricane in our service territory.

4 So, that model has been fine-tuned throughout  
5 all these years to be able to corollate and tell us kind  
6 of what we can expect, based on the winds, the  
7 intensity, and the path of the hurricane, so that we can  
8 start to determine how many resources we're going to  
9 need in order to respond to the storm.

10 **Q Who -- who owns that model or controls that**  
11 **model?**

12 A We control that model.

13 **Q Okay. And you said you fine-tuned it. I**  
14 **assume you said that that means you update it when**  
15 **there's a need to update it; is that right?**

16 A That's correct. As we -- you know, over the  
17 years, as you can imagine, as technology has become more  
18 available, you have access to more information. For  
19 example, today, the hurricane center can project with a  
20 little bit more accuracy, the intensity, the path, the  
21 wind fields of the storm.

22 So, we've integrated those type of technology  
23 improvements. As the hurricane center has improved,  
24 we've continued to improve our model as well.

25 **Q Okay. So, this is an FPL model; is that**

1 **right?**

2 A That's correct.

3 **Q Okay. Do you share it with any other**  
4 **utilities?**

5 A We have shared the principles and the concepts  
6 with the industry because it is in our interest that the  
7 entire industry do very well in hurricane forecasts.  
8 Many utilities utilize their own respective models and/  
9 or use vendor services to project those damage models.

10 **Q Okay. Am I correct in assuming that part of**  
11 **the fine-tuning is -- is when you go in and harden**  
12 **infrastructure, that you -- that you fine-tune the model**  
13 **to indicate, hey, we've just spent a lot of money and**  
14 **have done replacements of wooden poles with concrete**  
15 **poles? That would be a type of an input, I would**  
16 **assume, that you would put into the model; is that**  
17 **right?**

18 A That's correct. So, as we've hardened some of  
19 our infrastructure, we actually put in there if we put  
20 in a new concrete pole or we've strengthened an existing  
21 pole line with more wood poles, and it strengthens that  
22 line.

23 We do incorporate that into the model for --  
24 for the next storm event, if you will.

25 **Q Okay. And as part of your storm hardening,**

1     **aren't you -- aren't you trying to move away from wooden**  
2     **poles and to steel, metal, or concrete poles?**

3           A     No, that's not correct.  So, when we -- when  
4     we made a decision, as part of the 2004 -- 2004  
5     hurricane season, to strengthen our grid, we -- we  
6     agreed on what wind speeds we would go to.

7           So, what we do, Mr. Moyle, is we have a tool  
8     kit that we utilize to determine how to harden that --  
9     that in- -- infrastructure.  So, some steps might be  
10    changing wood with wood.  You might be able to get the  
11    wind speeds you're looking for with wood.

12           Some cases, you might put a -- put a wood pole  
13    in the middle -- in the middle, effectively  
14    strengthening the entire pole line.  Sometimes, with a  
15    simple down-guy, you may achieve that.

16           And then ultimately, if we can't achieve those  
17    through those methods, we will change the pole to either  
18    steel or concrete.

19           **Q     All of that is designed to strengthen the**  
20    **system; is that right?**

21           A     Strengthen and to be the most cost-effective  
22    we can when hardening our grid.

23           **Q     Okay.  And -- and the -- the model will tell**  
24    **you what your expected damages are, as I understand the**  
25    **model, correct?**

1           A     It will tell you how many expected man-hours  
2 you can expect of damage.

3           **Q     Okay. Am I -- I am correct to assume that,**  
4 **since you've been -- how long have you guys been**  
5 **involved in storm-hardening efforts?**

6           A     I've been personally involved the majority of  
7 my career, all my career.

8           **Q     Right. And this Commission has directed that**  
9 **you -- that FPL engage in storm hardening, correct?**

10          A     After the '04 and '05 hurricane season, we  
11 worked very closely with this Commission. I was  
12 personally here, in front of this Commission, to  
13 determine what's the best approach.

14                 And so, hardening has a few definitions,  
15 Mr. Moyle. It has -- it's strengthening the grid to be  
16 able to withstand higher winds. It's pole inspections.  
17 It's vegetation and, in our case, also promoting  
18 underground conversions.

19          **Q     Okay. So, can we use that as a definition for**  
20 **our conversation?**

21          A     Yeah, hardening is the -- the one piece is on  
22 the feeder component.

23          **Q     Okay. So, let me -- I'm sorry. I'm not**  
24 **asking a good question.**

25                         **Please define for me your understanding of**

1 **storm hardening.**

2 A So, hardening is the bringing our  
3 infrastructure up to higher -- be able to withstand  
4 higher winds. The other components are also designated  
5 to be able to better withstand the impacts of  
6 hurricanes.

7 **Q Two things: Higher winds and impacts of**  
8 **hurricanes.**

9 A Correct.

10 **Q How are they different?**

11 A Well, the one is, for example, vegetation  
12 trimming, right, where you're trying to clear the  
13 vegetation from making impact to the lines so that it  
14 doesn't interrupt service during -- during a hurricane  
15 event.

16 And as you saw with Hurricane Matthew, you  
17 know, the majority of that was, of course, trees that  
18 fell into our conductors.

19 **Q Okay. What -- what was your -- in terms of**  
20 **increasing your system to higher winds -- what is the**  
21 **wind standard to which you design your system today?**

22 A Okay. So -- so, if I could take one second to  
23 explain kind of how -- where we're at. So, in FP- -- in  
24 the electrical industry, there's two types of categories  
25 of the NESC drives, two types of categories of grade

1 construction: One is called Grade C; one is called  
2 Grade B.

3 FPL, in its history, has always designed to  
4 Grade B construction -- many, many years ago. Most of  
5 the utilities across the industry constructs to Grade C.  
6 So, we were at about a -- 90-to-hundred-mile-an-hours is  
7 Grade B construction.

8 Following the '04 and '05 hurricane season, we  
9 came back and said, for the first time -- Hurricane  
10 Wilma -- wind only was the leading cause of pole  
11 failures in our grid. So, we needed to raise the wind  
12 capability of our infrastructure.

13 And so, when we came back to the Commission in  
14 '06 and '07, we proposed that we increased the strength  
15 of our pole lines to match the equivalent of the Florida  
16 Building Code.

17 So, today, if you build a house in Palm Beach  
18 County, it's -- it's designed to withstand winds of 145  
19 miles an hour. So, we are anchored on 145 miles an  
20 hour. So, we have our grid designed in three separate  
21 zones: 145, 130, and 105, and all that match the  
22 Florida Building Code.

23 **Q And in the Florida Building Code -- the**  
24 **gradients are different depending on how close to the**  
25 **coast you are as compared to whether you're inland; is**



1     **that right?**

2           A     It's not only coast; it's also where you're at  
3     within the state as well.

4           Q     **Right. So, you match the Florida Building**  
5     **Code?**

6           A     Correct.

7           Q     **Okay. And -- and the increase -- so, you --**  
8     **if I understood your testimony right is, previously, you**  
9     **were designing between 90 to hundred miles an hour,**  
10    **which was Grade B; is that right?**

11          A     Correct. And today is --

12          Q     **And now --**

13          A     I'm sorry.

14          Q     **And now, you're designing 145 on the top end,**  
15    **130 to 105; is that right?**

16          A     That's correct. And just -- just to clarify,  
17    that 145 is called -- is still Grade B, but it's within  
18    the category of the National Electric Safety Code. It's  
19    called Extreme-Wind Grade B Construction.

20          Q     **Okay. So, I would assume that all of these**  
21    **improvements would mean that, when a hurricane comes,**  
22    **there's less damage that would occur to your system now**  
23    **as compared to damage that would occur when you were**  
24    **designing to 90 to a hundred miles per hour; is that**  
25    **right?**

1           A       That's correct. And we -- and we saw that  
2 during Hurricane Matthew.

3           Q       Okay. And can you quantify that? Can you  
4 explain, you know, how -- how -- tell the Commission  
5 how -- how to -- how that was realized, how it was seen,  
6 how it was measured, if it was measured by you?

7           A       Sure.

8           MR. DONALDSON: I'm -- if I can just lodge an  
9 objection at this point, I -- I think we were  
10 focusing on the cost recovery with respect to how  
11 FPL has performed during Hurricane Matthew. And it  
12 looks like Mr. Moyle is going a little bit beyond  
13 what this particular proceeding was about, and  
14 going into more what the generic docket that we  
15 recently just had in the 215 docket kind of went  
16 to.

17                   And so, I -- I think we're leaping a little  
18 bit -- I let him go along because he was talking  
19 about the storm-damage model, but he's going a  
20 little bit further than what this docket actually  
21 discusses. And it's not even in Mr. Miranda's  
22 prefiled direct or rebuttal testimony.

23           CHAIRMAN GRAHAM: Mr. Moyle?

24           MR. MOYLE: I just respectfully disagree.

25                   They're asking to replenish the storm-reserve fund

1 up to its previous levels. And that's a  
2 \$26-million item. All of this work they've been  
3 doing on storm hardening, he's just testified,  
4 is -- had been improving the system.

5 And now, I've asked him the -- you know, the  
6 \$64,000 question, to say, well, how -- how much has  
7 it improved it. You know, your model, now, is  
8 saying it will cost less. And I'm going to ask him  
9 about how much less.

10 And if he tells me, it's about half, the model  
11 is down to half, I'm going to ask you not to order  
12 126 million in the fund. I'm going to ask you to  
13 order half of that in the fund.

14 CHAIRMAN GRAHAM: I'll allow the question.

15 BY MR. MOYLE:

16 Q So, with respect to your model and the inputs  
17 that you've just described, how much better did your  
18 system perform in -- in this storm, given the  
19 improvements?

20 A So, I will use a kind of a proxy, Mr. Moyle,  
21 because we are scheduled to file a -- the formal  
22 response to that question, as part of the generic  
23 docket, shortly.

24 But just for Hurricane Matthew -- I'll use  
25 that as the example. For Hurricane Matthew, when we

1 looked at our hardened feeders that we had hardened that  
2 were exposed to hurricane-force winds during this event,  
3 they were approximately 30-percent better than those  
4 that were non-hardened. So, we saw a pretty significant  
5 improvement to the impact to non-hardened feeders. In  
6 addition to that, we had zero poles that were on  
7 hardened circuits that failed, as well as we had zero  
8 transmission-pole failures.

9           So, if you kind of look at that, as  
10 approximately -- it's about 25 to 30 percent less man-  
11 hours that were associated with this event that we would  
12 have anticipated, had we not hardened the grid or done  
13 the pole inspections, under the leadership of the  
14 Commission, or done some of the vegetation trimming.

15           However, we still experienced a significant  
16 amount of damage because, no matter how much hardening  
17 you do on some -- on some of these -- you know, like  
18 these laterals right now, these trees that topple over,  
19 you know, cause damage to our facilities.

20           **Q     Yeah. So, 25-to-30-percent reduction in**  
21 **your -- in your man-hours; is that right?**

22           A     That's correct. That's --

23           **Q     And man-hours is a significant cost of**  
24 **hurricane restoration, correct?**

25           A     That's correct.

1           **Q     Has the model been adjusted in a similar way**  
2           **to have a 25-to-30-percent reduction with respect to the**  
3           **costs associated with it?**

4           A     The -- the cost is -- you know, has other  
5           factors, Mr. Moyle, that are not just directly related  
6           to man-hours, of course.

7                     So, you also have -- the cost is also related  
8           to the cost of the labor costs associated. So, we have  
9           to also look at that component. But as far as the man-  
10          hours related to the impacts of these storms, yes, those  
11          have been reduced.

12          **Q     Okay. And by what -- by what percentage?**

13          A     It depends on where the storm is impacting us,  
14          but right now, it's probably around 20, 30 percent.

15          **Q     Okay. And you had said that you're getting**  
16          **ready to formally file a response in the informal docket**  
17          **with respect to the -- it sounded like the savings that**  
18          **has been realized by storm hardening; is that right?**

19                     MR. DONALDSON: I -- I think he -- I think he  
20          misspoke and meant the Irma docket. It's a  
21          discovery response for Irma docket.

22                     THE WITNESS: I'm -- Irma docket.

23          BY MR. MOYLE:

24          **Q     Okay. Well, here's the thing. Today is a --**  
25          **you know, you're under oath and you're here. If you**

1 have the information and I've asked it, you're free to  
2 give it today.

3 A It's still not -- it's in final review.

4 Q Have you had a preliminary answer, a  
5 preliminary result?

6 A Yes, we have.

7 Q And what is that?

8 A Well, for Matthew, it was about 35 percent,  
9 from what I recall. I would -- subject to check -- or  
10 it might have been a little bit higher.

11 Q 35 percent?

12 A Yeah, it might have been -- I do not have the  
13 exact number in front of me --

14 Q Okay.

15 A -- Mr. Moyle.

16 Q All right. I forgot to you ask you this  
17 question, but this proceeding today -- we're talking  
18 really about two things. We're talking about your  
19 prefiled testimony, which -- which we're spending some  
20 time on -- and also the settlement agreement.

21 Were you involved in any way, shape, or form  
22 with respect to the settlement agreement in this case?

23 A No, I was not.

24 Q Okay. So, any -- I could ask you questions  
25 about the settlement or the old settlement agreement.

1 You weren't involved in any settlement agreements in any  
2 contexts; is that right?

3 A No, I was not.

4 Q Okay. I have some questions on your direct  
5 and your rebuttal, but let me take you to -- actually,  
6 I'm not even sure we need to go to your testimony. I'll  
7 ask you the questions. And if you feel you need to  
8 reference testimony, I can throw you there.

9 But what -- what are mobilization costs?

10 A Mobilization costs are incurred when we commit  
11 to a contractor to begin getting ready and travel to  
12 Florida to pre-position them in response to -- or  
13 respond after the storm, to respond to the effects of  
14 the storm.

15 Q Okay. And what are demobilization costs?

16 A It's -- the demobilization costs is when we  
17 release them to go back to their home locations.

18 Q And is it true that the mobilization and  
19 demobilization costs account for approximately a third  
20 of the -- of the costs that you're seeking from  
21 ratepayers?

22 A In this particular case, it did. But just to  
23 clarify, this is a short event. So, for -- so, if you  
24 have a hurricane that was longer in length, the  
25 relationship of the mob-/demob- costs would be lower.

1           And so, this was a very short event, from a  
2 restoration perspective. As you know, we restored  
3 99 percent of the customers in a very short time frame.

4           **Q     So, on Page 11 of your rebuttal testimony, you**  
5 **say that the cost of mobilization and demobilization for**  
6 **non-mutual-aid utility-contractor line resources was**  
7 **approximately 40 million out of 120 million paid to**  
8 **those contractors; is that right?**

9           A     Yes, that is correct.

10          **Q     And how we got to a third for this event?**

11          A     That's correct.

12          **Q     And you used the phrase -- you make a**  
13 **distinction between non-mutual-aid utility-contractor**  
14 **line resources. What are non-mutual-aid utility-line**  
15 **contractor resources?**

16          A     So -- so, there's two processes by which we --  
17 we acquire resources and utilize resources. One of them  
18 is direct with contractors alone, right. They're the  
19 ones that -- private companies that respond to these  
20 hurricane events.

21                 And then you have mutual-assistance companies.  
22 These are typically investor-owned utilities and that  
23 respond in support of the hurricane. So, those are  
24 mutual-assistance crews.

25          **Q     So, if -- if you were to change your testimony**



1     **there, or if I were to ask you -- maybe it's better just**  
2     **to say: What were the costs of the mutual-aid-utility**  
3     **mobilization and demobilization costs? What would that**  
4     **number be?**

5           A     So, for mutual assistance, we have  
6     historically not asked them to provide us a breakdown  
7     for their mob-/demob- costs. As investor-owned  
8     utilities, everybody tries to get down here as quickly  
9     and safely as possible and respond back and to their  
10    service territory because they want to get back to their  
11    respective areas as quickly -- so, like, when we respond  
12    to the northeast, Carolinas, right, we -- we go there to  
13    help, and we want to get as back as quickly and safely  
14    as we can.

15                   The total costs for the utilities was about  
16    \$17 million. So, if you proportion that, maybe four or  
17    \$5 million may have been mob-/demob-

18           **Q     For your --**

19           A     For the mutual-assistance resources.

20           **Q     Okay. The mobilization costs are things like**  
21    **hotel rooms and gas and meals; is that right?**

22           A     The mobilization costs include -- from the  
23    moment you bring the resources in, they begin to travel,  
24    it includes their vehicles, labor, personnel, gas,  
25    right, hotel rooms, everything it takes them to get them

1 into our service territory.

2 Q So, you call somebody in New Jersey and say,  
3 you're on, we need you. At that point, you know,  
4 their -- their vehicle fuel, their hotel rooms, their  
5 food, their time, right -- they're getting paid time  
6 because they're -- they're working -- all of that is  
7 part of what ratepayers pay?

8 A Yes. That's part of cost to respond to these  
9 storms.

10 MR. MOYLE: Okay. I -- I have some exhibits  
11 that I would like to use with this witness. I'm  
12 not exactly sure how we're -- how -- the right way  
13 to do this. These are all exhibits that, I think,  
14 staff has identified and has. I think some of them  
15 have been identified as him, but I think all of  
16 them are going to be offered into the -- into the  
17 record.

18 So, if I could get some help passing those  
19 out?

20 CHAIRMAN GRAHAM: Sure.

21 MS. BROWNLESS: Jon, you should probably go  
22 ahead and give this a number, for identification  
23 purposes.

24 CHAIRMAN GRAHAM: We're at No. 31.

25 MR. MOYLE: 31?

1           (Whereupon, Exhibit No. 31 was marked for  
2           identification.)

3           MR. DONALDSON: This is a -- this is a  
4           composite exhibit. So, are you utilizing parts of  
5           it with Mr. Miranda and parts with other witnesses?

6           MR. MOYLE: That's right.

7           MR. DONALDSON: Okay.

8           CHAIRMAN GRAHAM: Before you move on -- staff,  
9           I guess my question to you, would it be best -- and  
10          I'm -- I don't need to pre-assume that there's  
11          going to be some challenges to putting some of this  
12          into the record. Should we number each page as we  
13          go through, since it's a big com- -- composite or  
14          should we just give it one and just deal with it  
15          later on?

16          MS. BROWNLESS: I think it probably would be  
17          easier to deal with it later on because we have our  
18          exhibits broken down and identified. And we --  
19          we'll be going through, with each FPL witness,  
20          verification of our exhibits.

21          And to the extent that this is a composite of  
22          what staff has already identified before -- is that  
23          correct, Mr. -- is this a composite of exhibits  
24          staff has identified previously?

25          MR. MOYLE: Yes.

1 MS. BROWNLESS: Okay. So, I think we can just  
2 identify this and use it kind as an aid. And we'll  
3 move the exhibits into the record at the end, sir.

4 MR. DONALDSON: Chair- --

5 CHAIRMAN GRAHAM: Okay.

6 MR. DONALDSON: Chairman Graham, I would just  
7 offer that if -- when we're identifying the pages,  
8 if we can just identify if it's an interrogatory or  
9 what number it is, and that would make it, the  
10 record, a little bit cleaner, since it is a  
11 composite -- because I don't believe all of the  
12 exhibits will be associated with this particular  
13 witness, and some may be associated with others.

14 So, it just makes --

15 CHAIRMAN GRAHAM: Well, I -- I think this  
16 entire composite has a base number. So, if we just  
17 identify it that way --

18 MR. MOYLE: Certainly, we can do it that way  
19 as well.

20 CHAIRMAN GRAHAM: Okay.

21 MS. BROWNLESS: Yeah.

22 MR. MOYLE: Right. I'll -- I'll make sure, I  
23 hope, that the record is clear because we're filing  
24 briefs. We need to be able to cite it accurately,  
25 so --

1 CHAIRMAN GRAHAM: Yes.

2 MR. MOYLE: Thank you.

3 CHAIRMAN GRAHAM: That will work.

4 And the witness, if I could get you to put  
5 No. 31 at the top of it, just so if it's there for  
6 the next witness.

7 And I guess the short title for this would  
8 be -- Mr. Moyle, do you have a suggestion?

9 MR. MOYLE: Composite exhibit of staff  
10 discovery responses.

11 CHAIRMAN GRAHAM: Okay. Your witness.

12 BY MR. MOYLE:

13 Q So, I'm going to try to walk through this  
14 pretty -- pretty quickly with you. And some of it, I  
15 think, is areas you have familiarity with. I don't want  
16 you to have to guess. If you -- if this is one you  
17 don't know anything about, just tell me you don't know  
18 anything about it and what witness might and we'll cover  
19 it that way.

20 But the first question does ask about  
21 mobilization. And it asks for a time-line summary, when  
22 first costs first were incurred, when the majority of  
23 mobilization began.

24 And on Page -- it's -- it's the second page of  
25 the exhibit. It's Hearing Exhibit 00003. There's a

1 statement. And I'll just read it into the  
2 record: Additionally, since FPL does not maintain its  
3 records, such that it can provide costs incurred on a  
4 daily basis -- basis, it has provided its best estimates  
5 for the requested items below.

6 So, is that -- that's a true statement that  
7 FPL does not maintain records for cost on a daily basis?

8 A We -- we --

9 Q If you could, yes or no, and then explain if  
10 you have to.

11 A Yes, for resources. As far as, you know, the  
12 conversion to cost -- you know, that's the part that  
13 that is referring to. But as far as how many  
14 resources -- when, where, and how, we do keep track of  
15 them.

16 Q So, there's -- there's questions about  
17 mobilization and demobilization in here. Is -- am I  
18 correct in that these answers with dates are estimates  
19 as to when you estimate -- estimate mobilization and  
20 demobilization started?

21 A No. No, that's not correct.

22 Q Notwithstanding that -- that the answer says  
23 that there -- you provided the best estimates for that?

24 A Right. I think what we were responding to was  
25 that -- you know, I think where we got a little confused

1 earlier was the aggregation of a lot of this  
2 information -- we keep track at the individual level,  
3 but we do have very-detailed information as to what  
4 resources we had by day and when we selected them to  
5 come down.

6 Q Okay. So, let me give you this hypothetical:  
7 I'm a -- I'm a worker in New Jersey and I work for a --  
8 for an investor-owned utility company that has an  
9 agreement, a mutual-aid agreement. And all of a sudden,  
10 I get a call and they say, you're -- you're on, Moyle.  
11 You know, get on the truck. Get two people and -- and  
12 go. All right.

13 We start traveling. I've got gas receipts.  
14 We -- we eat at a fancy restaurant and we stay at a  
15 hotel -- do you get that information? Is that  
16 information something that -- that is transmitted to FPL  
17 on a sheet that says, truck -- you know, Moyle crew  
18 truck -- you know, here are the costs for it? Do you  
19 get that level of information or no?

20 A We get the level of information at the  
21 contractor level. That's -- the part that is  
22 contractors -- they provide what resource and -- you  
23 know, and what truck and when they started to come down,  
24 as far as the billing is concerned for mobilization.

25 And I do object to a fancy restaurant. We try

1 not to be at a fancy restaurant when we're in storm  
2 mode.

3 Q I was hoping you would say, you would cap --  
4 cap the meal limit. Do you have caps on -- on what,  
5 through the mutual-aid agreements, you can spend on  
6 things like hotels and meals?

7 A We have per diems that we provide some of our  
8 contractors. And when they get down here, in Florida,  
9 we provide the meals.

10 One thing about storm restoration, Mr. Moyle,  
11 you have to feed linemen well. It's hard work. It's  
12 dangerous. And we've got to make sure that they're in a  
13 safe environment and that they're out there producing  
14 and working in a safe environment.

15 Q Are the mutual-aid agreements reciprocal, so  
16 that, if I'm the New Jersey company, and then you get a  
17 call -- "you" being FPL, get a call from New Jersey, do  
18 the same terms and conditions apply for your line crew  
19 going to New Jersey in terms of what they get  
20 compensated for?

21 A Yes. We -- we have mutual-assistance  
22 agreements and we provide and we will respond to the  
23 mutual as- -- agreement that's in the industry.

24 Q And the terms of those agreements are the  
25 same.



1           A     It's one agreement for the -- for the  
2 investor-owned utilities.

3           Q     All right. Flip to the next page -- and for  
4 the record, this is Staff Exhibit 00008. This is an  
5 interrogatory related to regular payroll dollars.

6                     Is that more appropriate for Ms. Ousdahl than  
7 you?

8           A     That's correct.

9           Q     Okay. The next one, Exhibit 00020 is a  
10 question about, "Please identify whether contractors set  
11 poles, and provide the number of poles set by the  
12 contractors."

13                     I read your answer to say that you don't know  
14 who sets the poles; is that right?

15           A     We do not track which contractor physically  
16 set the pole; however, we know exactly how many poles  
17 are being set and -- and how many poles were replaced  
18 during the storm.

19           Q     And how is it that you don't track the  
20 contractor? I would think, if it was a private  
21 contractor, they would have to have -- have information  
22 about, we set 20 poles and here is where we set them,  
23 and then that shows up on an invoice.

24           A     Yeah. Yeah, Mr. --

25           Q     It would surprise me you don't track them.

1           A     Well, Mr. Moyle, storm restoration is  
2     different than new construction. We don't have the  
3     luxury of preplanning exactly what work needs to be  
4     done, scheduling the work, going out there and -- and  
5     doing the work in a -- in a sequential time line.

6                     Immediately after the storm occurs, our  
7     restoration personnel are already equipped with material  
8     and equipment. And they begin the restoration effort.  
9     And they go out and will begin to replace poles and set  
10    poles in order to facilitate and get the fastest number  
11    of customers up safely and quickly as possible.

12                    So, when they head out individually, depending  
13    on which contractor is heading out, you're going to have  
14    different damage profiles that each one is going to deal  
15    with.

16            **Q     And -- and notwithstanding all of the**  
17    **electronics and the communications that you -- you don't**  
18    **have a way of tracking -- tracking the poles that are --**  
19    **that are set, post-storm?**

20            A     We -- we -- we know, after the fact, which  
21    poles -- you know, we -- we go back and -- and clarify  
22    which poles were replaced.

23            **Q     I mean, that's important for your storm-**  
24    **hardening efforts, too, right?**

25            A     That's correct, and that's part of follow-up

1 work that we will do. In many cases -- if you go out  
2 there, for example, and let's say you had -- we didn't  
3 have this in this scenario, so let me quantify that with  
4 a hypothetical.

5 If you have a concrete pole that was broken  
6 because a large tree fell on it, in the interest of  
7 getting lights on -- because a concrete pole will  
8 require cranes, permits, right, you're blocking roads.

9 In the interest of getting lights on, we will,  
10 many times, go back with a temporary wood pole, get  
11 lights restored. Then we will do -- will come back as  
12 part of the follow-up work and -- and re-put the grid  
13 back to its pre-storm state.

14 **Q Okay. And the next interrogatory -- this is**  
15 **23. It asks about mobilization/demobilization.**

16 **A 23 or 25, Mr. Moyle?**

17 **Q The staff hearing exhibit is 00023 and it's**  
18 **Interrogatory No. 25.**

19 **A Oh, I'm sorry. Okay.**

20 **Q You got it?**

21 **A Yes, sir.**

22 **Q And in your answer, as I read it, it's --**  
23 **again, it's a question about mobilization/demobilization**  
24 **and asks for a summary of contractor costs and line-**  
25 **clearing costs for mobilization/demobilization. And the**

1 answer says, in part, that these costs are not typically  
2 identified with specificity by contractors or tracked by  
3 FP&L.

4 So, I take it, from that, that if I asked you  
5 the question, what are the total mobilization/  
6 demobilization costs, included in the total contractor  
7 costs -- can you answer that or no?

8 A Yes. This is part of my rebuttal.

9 Q That was the 40 that you talked about --

10 A The 40 million -- we went back -- again, the  
11 response was related to were we aggregating it. We do  
12 track the individual components. So, when -- when we  
13 were asked a question, we went back and aggregated the  
14 mob-/demob- costs so we can respond to the question.

15 Q Okay. Let me flip you a few pages. There's  
16 some affidavits here, declarations. Don't worry about  
17 those. And go to Staff Hearing Exhibit 00038.

18 And the question asked about any assessments  
19 or studies the company has done for estimates of the  
20 amount of storm-cost savings the company was able to  
21 achieve because of the storm-hardening program performed  
22 prior to Hurricane Matthew.

23 And I know, in response to a prior question,  
24 you said, I think, 30 to 35 percent with respect to  
25 labor costs; is that right?

1           A     To -- to construction man-hours.

2           **Q     Construction man-hours.**

3                   **This is a broader question: Are there other**  
4 **savings that -- that you've been able to achieve, beyond**  
5 **the construction man-hours?**

6           A     Well, we -- we work -- you know, technology  
7 has enabled certain things, but it all translates to a  
8 reduction in construction man-hours.

9                   The other things that we work on diligently is  
10 to make sure we get good storm rates, you know; that  
11 we're -- that our folks are trained and ready to go in  
12 response; you know, making sure that we're efficient and  
13 our staging site setups and pre-position of our -- and  
14 making sure we have adequate material.

15                   All these things translate into shorter  
16 restoration time, which reduces the amount of man-hours  
17 required to respond to the storm.

18           **Q     There's a -- you -- the third paragraph down,**  
19 **you have a response that says, "FPL has estimated over**  
20 **an analytical period of 30 years the net present value**  
21 **of restoration-cost savings per mile of hardened feeder**  
22 **would be approximately 45 to 70 -- 70 percent of the**  
23 **cost to harden that mile of feeder.**

24                   **Can you explain that?**

25           A     So, this was a -- the analysis that was done

1 after the '04 and '05 hurricane season where we're  
2 trying to determine the value of how much savings we can  
3 get from hardening our grid. And -- and the 45 to 70  
4 represents the frequency of storms that we can expect.

5 Obvi- -- and I think the 70 percent correlated  
6 to one storm to every five years -- I'm sorry -- every  
7 three years, and then the 45 percent was one storm every  
8 five years. So, it was trying to correlate what we can  
9 expect as far as savings.

10 This is what's being trued-up now so we can  
11 respond to the Hurricane Irma request.

12 **Q Has -- what was the calculation on a per-mile**  
13 **basis, if you remember?**

14 A I do not recall.

15 **Q Do you know what it costs to harden a mile of**  
16 **feeder today?**

17 A I -- I do not have that in front of me right  
18 now.

19 **Q Okay. Have you done any analysis to see**  
20 **whether this projection has held true, given the storm-**  
21 **hardening efforts that you've made?**

22 A I -- all that's going to be revised and  
23 provided as part of our response.

24 **Q But you can't -- you can't give me any --**

25 A Not --

1 Q -- information today?

2 A -- off the top of my head, no. No, sir.

3 Q This is on -- on 00054, you talk about  
4 providing an update of the evaluation of the benefits  
5 from hardening your distribution feeders by March 2018.

6 Was that the report that you provided to the  
7 Commission during the workshop? Or was that another  
8 document?

9 A This is -- this is another document. This was  
10 the one that we would be responding to as part of the  
11 composite -- respond to Irma as well.

12 Q And in this answer to interrogatory, you say  
13 you'll have it done by March 2018?

14 A Correct. It --

15 Q Is it -- is it done?

16 A It -- it's being finalized and it's being  
17 submitted shortly. And it's a combination that both --  
18 reflect both Matthew and Irma.

19 Q Is it consistent with the answers you've given  
20 me today with respect to --

21 A Again, I don't recall the -- the exact  
22 numbers.

23 Q All right. The next page from that -- it's 58  
24 on the bottom. The -- the interrogatory asks you for a  
25 summary and description of costs charged to the storm on

1 a -- on a day-to-day basis.

2 And as I read your answer, it -- it suggests  
3 that FPL does not track storm costs on a -- by day; is  
4 that right?

5 MR. DONALDSON: Let me just point out that  
6 Mr. Miranda did not sponsor this particular  
7 interrogatory. It tells you on the comprehensive  
8 exhibit list what he sponsored and co-sponsored.

9 MR. MOYLE: Well, if he -- I said to him  
10 before, if he doesn't know anything about it, he  
11 can just tell me he doesn't know anything about it.

12 MR. DONALDSON: Okay. Your question assumed  
13 that he was the one that sponsored it. I was  
14 just --

15 BY MR. MOYLE:

16 Q Do you know anything about how you track storm  
17 costs?

18 A Wit- -- Witness Ousdahl would be the right  
19 person for that.

20 Q Okay. So -- so, you don't get involved in the  
21 tracking of -- I mean, you answered some other questions  
22 about tracking storm costs. You don't know whether you  
23 track them on a daily basis, hourly basis, weekly basis?

24 A Witness Ousdahl would be the best to answer  
25 the question.



1 Q Hotels -- that's you or Witness Ousdahl?

2 A This would be me.

3 Q Hotels?

4 A Yes.

5 Q Do you know what -- did you stay in a hotel  
6 last night --

7 A Yes, I did.

8 Q -- here in Tallahassee?

9 What did you pay for it?

10 A Between 140 to 160 bucks, I'm told the rate  
11 is, depending on if it's a weekend charge.

12 Q Do you know, in Florida, are hotel rooms  
13 generally less expensive in the summer than they are in  
14 the winter?

15 A I would say -- the answer is, I do not know  
16 the -- whether -- by month, what the rates are. I do  
17 know that, you know, that the rates are -- you know, in  
18 the right range of what we typically would pay for  
19 following the storm.

20 Q Yeah, a lot of people come to Florida in  
21 the -- in the winter, right? A lot of tourists get out  
22 of the cold weather?

23 A A lot of people come to Florida in the summer  
24 as well.

25 Q Yeah.

1 MR. DONALDSON: We have beaches, Mr. Moyle.

2 Q Do you negotiate the hotel deals?

3 A We -- we have a business unit that negotiates  
4 a -- and a vendor that will negotiate the -- the rates  
5 for us.

6 Q All right. And do you oversee that business  
7 unit or --

8 A I do not oversee --

9 Q -- have direct interaction --

10 A -- that business unit, but I have oversight  
11 responsibilities during the storm.

12 Q All right. So, if I'm going to ask you -- you  
13 answered some questions about the average price per  
14 hotel?

15 A I could, yes.

16 Q And are -- are those contracts with one  
17 particular chain or do you have a whole bunch of  
18 contracts with a whole bunch of different chains?

19 A We -- we use a vendor called Travel  
20 Alliance -- I'm sorry -- that negotiates that for us  
21 and -- during and following the storm, and to make sure  
22 that we can we get cost-effective rates.

23 Q All right. And your average hotel rate is  
24 \$171, plus?

25 A For --

1           **Q     Is that right?**

2           A     For this storm, the average is \$171, which  
3 includes taxes, as well as -- you know, that can vary  
4 quite a bit, depending on what part of the state you're  
5 in. So, the real cost is about \$153.

6           **Q     Do -- do they -- do the contracts let them**  
7 **vary depending on a storm event? Because you said, this**  
8 **storm, it was 171. I mean, do you expect a storm that**  
9 **occurs two months later to have a different average**  
10 **rate?**

11          A     Yeah, Mr. -- Mr. Moyle, we do not have an  
12 agreement with every single hotel in the state. So, we  
13 have agreements with certain large chains. In many  
14 cases, following a storm, availability of a hotel is a  
15 very-significant issue.

16                 So, for example, with Hurricane Matthew, you  
17 know, govern- -- the state had ordered evacuations.  
18 That creates a lot of movement of folks to hotels.  
19 There was a University of Florida game going on. I know  
20 there's a couple of Gators in the crowd. I'm a  
21 Hurricane, just for the record. That also demands --  
22 and, also, bike week was going on that -- the following  
23 week. So, a lot of moving parts.

24                 So, we try to negotiate the most-effective  
25 before, but there are times that you have to negotiate

1 in real time.

2 Q Okay. But just so I'm -- I'm not clear on  
3 that. You said -- I thought you said you have a deal  
4 with Travel Alliance, and they're kind of your agent --

5 A They're the agent negotiating out there, yes.

6 Q All right. So, you're not going out to  
7 individual hotels and --

8 A There --

9 Q -- dealing with it?

10 A In some cases, they may have to if there's --  
11 if they don't have a partnership with that respective  
12 hotel or that might be -- have some vacancy.

13 Q Okay. I don't know if I need to refer you to  
14 an interrogatory -- if you need to, I do -- but back on  
15 mutual-assistant agreements -- there are no set rates  
16 for mutual-assistant agreements; is that right?

17 A For -- there's two components. So, for the  
18 contractors that we have, we have set rates for them.  
19 For mutual-assistant utilities, these are the investor-  
20 owned utilities, like Florida Power & Light. If we go  
21 respond to another utility, we -- we provide or bill  
22 at -- at cost.

23 So, when these utilities come to respond to  
24 us, they're not making a single dime on us, right.  
25 They're here to respond, at cost. And that is the

1 agreement we have between the industry so that we can  
2 make sure we support each other in the most cost-  
3 effective way.

4 **Q What are standby costs?**

5 A Standby -- well, first of all, depends how you  
6 define "standby." For the purposes of this storm, the  
7 way we define standby was, as crews arrive to pre-stage  
8 and get in position for the hurricane response, we have  
9 to wait for the weather to clear.

10 So, what we try to do is, before we ask them  
11 to start traveling, we try to calculate exactly when  
12 they're going to get here so that they can be ready as  
13 soon as the winds subside.

14 So, sometimes they might get here a little bit  
15 early, and there's a small period of time they're  
16 standing by, waiting for the weather to impact us and  
17 clear so that they can respond.

18 **Q And FPL does -- you don't track standby time;**  
19 **is that right?**

20 A We track -- no, we do not track the standby  
21 time. We try -- again, try to get the contractor here  
22 just in time to respond to that storm.

23 **Q In terms of -- in terms of knowing how much**  
24 **costs are represented by stand- -- standby time -- do**  
25 **you know that?**

1           A     Yeah -- yeah, we did -- we did an estimate for  
2     the crews we had here for Hurricane Matthew. And it was  
3     approximately \$4 million.

4           **Q     \$4 million?**

5                   **And when you talk about foreign utility**  
6     **crews -- those mean crews not indigenous to the state of**  
7     **Florida?**

8           A     Yes -- well, let me -- let me clarify that.  
9     We do have, sometimes -- there might be some crews  
10    within the state of Florida that are doing contract work  
11    for another utility, but there -- so, they would be what  
12    we call external crews to our service territory.

13          **Q     Yeah. Do you have any arrangements with any**  
14    **munis or co-ops in Florida to provide assistance?**

15          A     Following Hurricane Hermine -- if you recall  
16    Hurricane Hermine, I think that Tallahassee was pretty  
17    affected by Hurricane Hermine. We offered support and  
18    response to the City of Tallahassee.

19                   Subsequent to that, with Hurricane Matthew,  
20    Mr. Moyle -- they got hit very hard with Matthew. So,  
21    even while we were responding to our own customers, we  
22    provided over 175 folks, F- -- you know, FPL linemen and  
23    vegetation personnel to support the JEA response.

24                   So, we established the first-ever JEA mutu- --  
25    J- -- muni-to-investor-owned-utility agreement. And

1 today we're up to about ten. And we're trying to  
2 encourage all the munis to join in this partnership so  
3 that we can share resources within the state more  
4 easily.

5 Q So, presently, you have ten --

6 A Right.

7 Q -- contracts with Florida-based municipal  
8 utility companies?

9 A That's correct. And our goal is to get each  
10 and every one of them. That's our goal.

11 Q Okay. You were asked the interrogatory  
12 question -- this is on Staff Hearing Exhibit 82 -- about  
13 why no forms are required for foreign utility crews,  
14 similar to contractor requirements, and explain how the  
15 work is monitored.

16 Is it true that the foreign utility crews and  
17 the mutual aids -- they don't have forms to fill out --

18 A That's --

19 Q -- with respect on how they do everything?

20 A Abso- -- we have the mutual-assistance  
21 agreement, which is no different than when FPL responds.  
22 You know, we try to make sure that, how we respond -- we  
23 expect the other utilities to come support us. These  
24 are investor-owned utilities. When they come and  
25 support us, we expect the -- the same professional

1 response.

2 Q Okay. So -- so --

3 A But there is a mutual-assistance agreement.

4 Q Right. But there's no forms that track --  
5 track what's being done. You just rely on --

6 A They track, respectively, their own costs, and  
7 then they submit a bill. No different than when we  
8 respond to anybody else, outside the state of Florida.  
9 We keep very-detailed records of who we sent, what  
10 equipment we sent, what fuel we use, what -- what hotel  
11 we stayed at, how many meals -- and then we submit an  
12 invoice to that respectively utility.

13 Q Okay. So, flipping to the next interrogatory  
14 question, you were asked for some of that type of  
15 documentation, the way I understand it, about hotels and  
16 food and things like that.

17 This is on 92, Staff Hearing Exhibit, 00092.

18 Question: Please -- standby, "Provide any analysis made  
19 that summarizes the costs were incurred for standby of  
20 contractors and mutual-assistance aid."

21 Response, "FPL has no responsive documents."

22 A This is for standby. This is different,  
23 right. This is -- this is the -- the standby of  
24 approximately four million that we shared with you that  
25 we went back and did an estimate of the resources that



1 arrived.

2 But they -- it's not something they track as  
3 standby time.

4 **Q And not -- not a single document for that**  
5 **four million?**

6 A It is -- it is an estimate of when they -- we  
7 know that they were here on property. We know exactly  
8 where they were.

9 **Q Let me flip you to Exhibit 00115. This is**  
10 **referencing your testimony on Page 13. Tell me when**  
11 **you're there.**

12 A Yes, I'm there.

13 **Q So, the -- the question asked for a listing of**  
14 **the approximate 50 utilities that -- that the company**  
15 **considered.**

16 **And did you provide that answer?**

17 A I think we provided -- we went to the  
18 Southeastern Electric Exchange. So, they have 50  
19 utilities that are represented by that. These are the  
20 11 that responded back to -- to support the restoration  
21 effort.

22 **Q Which -- which one is closest to Florida?**

23 A Probably Dominion and -- Dominion would  
24 probably be the closest.

25 **Q And that's in Virginia.**

1 A That's correct.

2 Q I mean, you've got Oklahoma and -- where --  
3 where is American Electric Power?

4 A They're throughout many states.

5 Q Mid-Atlantic or midwest? Do you -- do you  
6 just --

7 A Let me see if I can get the exact location.  
8 AEP came from -- from Ohio.

9 Q Ohio.

10 All right. And -- and obviously, the greater  
11 distance people have to come, the greater the cost,  
12 correct?

13 A It's the higher -- the higher mob-/demob-  
14 costs, but you know, it's -- it's -- you know, when --  
15 maybe I can take a moment to explain why we ended up  
16 with those utilities. You know, our preferred choice  
17 would be the closest utility.

18 We would want Duke Florida. We would want  
19 Southern Company. We would want, you know, Duke  
20 Carolinas. All those companies are -- would be our  
21 absolute first choice to respond to a storm.

22 But when you have a storm like this,  
23 Mr. Moyle, that has the potential to impact the entire  
24 southeast and even the northeast, when we have our  
25 mutual-assistance call with the Southern Electric

1 Exchange -- because that's the mutual-assistance group.  
2 There's seven of these across country.

3           These utilities are not releasing their  
4 personnel because they have to protect their home base  
5 as well. They're responding to their own customer  
6 outages.

7           If you recall, with this storm, Duke Carolinas  
8 had over a million customers out of service. You know,  
9 Southern had thous- -- hundreds of thousands of  
10 customers in the dark as well. So, they did not release  
11 their resources.

12           In a storm like Wilma or other storms that cut  
13 across the state and just go out into the ocean, then  
14 those resources become available. They come  
15 immediately.

16           So, you have to draw a little bit wider circle  
17 to get those resources to come help.

18           **Q     And then how -- how do you reconcile that with**  
19 **the idea that you have ten mutual-aid agreements with**  
20 **Florida-based munis? I mean, how -- how -- it seems**  
21 **like, based on that answer, that those wouldn't work**  
22 **because the munis are saying, well, I'm not sure I can**  
23 **let go of my resources.**

24           A     Well, the mun- -- remember, during Matthew, we  
25 didn't have any of those, right. We -- we agreed with

1 Matthew with JEA. So, today is where we have those  
2 approximates.

3 But what we typically do in Florida -- the  
4 munis, they have their own mutual-assistance process.  
5 The co-ops have their own mutual-assistance process.  
6 So, they're trying -- they're also leveraging their  
7 respective peers within the state and the industry to  
8 respond to their outages.

9 So, JEA was not only calling upon us, they  
10 were calling upon their muni partners and available  
11 resources throughout Florida, as well as the nation, in  
12 their response.

13 We were just in position to give them even  
14 further help, but I -- I'm in complete agreement with  
15 you, Mr. Moyle; if we can get more support within the  
16 state, that's -- that's a good thing for the entire  
17 State of Florida.

18 And that's why we offered, with Hurricane  
19 Hermine -- when we were done restoring Hurricane Hermine  
20 in less than one day, we reached out to the munis and  
21 co-ops and said, we've got resources available that can  
22 support you and your restoration response.

23 **Q Yeah. I mean, in terms of lesson learned, are**  
24 **you considering any efforts to try to locate mutual-aid**  
25 **assistance closer, geographically, to Florida than --**

1 **than not?**

2 A That -- that's always been our objective.

3 **Q Is that something you oversee?**

4 A Yes.

5 **Q Okay. 162, Hearing Exhibit 00162 -- this may**  
6 **be a Ms. Ousdahl question, but it looks like the time**  
7 **for which Hurricane Matthew costs were tracked ran from**  
8 **October 4, 2016, through February 2018; is that -- do**  
9 **you have any information about that?**

10 A I have some information. I mean, I think  
11 October 4th was when -- and I'll let Ms. Ousdahl  
12 clarify -- was when the -- we started to incur in the --  
13 our internal work orders are initiated. The time frame  
14 for work exceeding that time frame is typically for the  
15 follow-up work that goes after the storm is restored.

16 **Q Yeah. That seemed like -- I mean, for more**  
17 **than a year, you -- you're doing restoration work**  
18 **Matthew; is that -- is that right?**

19 A So -- so, when the storm is over -- so, let's  
20 say, once we've got all the customers' lights on -- I  
21 would characterize it as kind of two immediate phases.  
22 The first phase, after the storm is over, we want to go  
23 back and immediately re- -- repair anything that has an  
24 electrical hazard that can be an exposure for a member  
25 of public.

1           So, we go back and we have a low wire. We  
2 want to make sure we raise it. If there's a -- any kind  
3 of electrical hazards, a pole that -- that can be  
4 something that can get into traffic conditions -- so, we  
5 want to repair those. So, those are done immediately  
6 after the storm, for the couple of days after we've  
7 restored everybody.

8           After that, we -- it -- comes follow-up work.  
9 That follow-up work is typically doing street lights --  
10 doing your street-light repairs. We also do certain  
11 inspections on our lines. So, we do thermal vision on  
12 our lines, looking for hot spots, things that might have  
13 gotten shaken during the storm.

14           We sometimes have some leaning poles that are  
15 non-electrical hazards that require permits and  
16 engineering and new construction. So, that -- that  
17 requires a little bit longer time frame.

18           So, those, we try to schedule throughout the  
19 year in time, but these are not things that weaken the  
20 grid, if you will. All right. They're not things that  
21 will expose us to the following hurricane season.

22           **Q     Is that typical, more than a year from the**  
23 **storm to --**

24           A     It -- it can be because --

25           **Q     -- close out your account?**

1           A     It can be because of the workloads that we're  
2     experiencing. You know, we're -- we're also competing  
3     with new construction, you know, with reliability work.  
4     We're typically, in the summer, dealing with afternoon  
5     storms.

6           So, it can -- it can go on. And as you know,  
7     permitting new construction can be very challenging  
8     during this time frame.

9           **Q     Do you have any information with respect to**  
10    **Exhibit 00167, the 24.026 million, charged to FPL's**  
11    **storm reserve?**

12          A     I -- I think this would be -- best Witness  
13    Ousdahl.

14          **Q     That represents the monies that are being**  
15    **replenished or that you're asking to be replenished to**  
16    **the storm reserve; is that right?**

17          A     I believe so, yes.

18                 MR. MOYLE: If I could have a minute.

19                 CHAIRMAN GRAHAM: Sure.

20    BY MR. MOYLE:

21          **Q     Just a few more -- a few more questions.**

22          A     Yes, sir.

23          **Q     The -- what -- what's the breakdown, in terms**  
24    **of costs -- distribution costs are -- are the most-**  
25    **expensive, right? I mean, they're the ones where you**

1 spend most of your money after a storm, repairing  
2 distribution costs; is that right?

3 A That -- that's correct.

4 Q And is that 62 percent of your total cost? Is  
5 that -- is that right?

6 A It's in my exhibit. If you look at the --  
7 the largest component of the T-and-D costs, if you will,  
8 Mr. Moyle, is the contractor costs.

9 Q Contractor costs -- those are people that are  
10 doing vegetation management --

11 A That's --

12 Q -- and restoring lines?

13 A That's correct. That's the line personnel,  
14 vegetation, so forth.

15 Q Okay. And that's 62 percent; is that right?

16 A That's correct.

17 Q All right. And -- and in terms of -- you had  
18 made a reference, on Page 24 of your direct, to  
19 1.2 million customer accounts that -- that, I believe,  
20 were affected; is that right?

21 A That's correct.

22 Q How -- how many customer accounts does FPL  
23 have?

24 A It's approaching five million -- so, about  
25 4.9 million customers.



1 Q So, 25 percent or so was affected, roughly?

2 A Roughly.

3 Q And in terms of your -- your comment during  
4 your opening about lessons learned from Matthew -- what  
5 are they?

6 A There's -- there's several of those. You  
7 know, one of the things, Mr. Moyle, that I -- you know,  
8 that I've -- really think there's an opportunity to  
9 continue to leverage is our smart-meter grid, right; how  
10 they'll continue to leverage that technology and the  
11 information that we get from our smart meters, the  
12 utilization of our automated feeder switches. You know,  
13 we have these devices that self-heal during an event.  
14 And in Matthew, we were able to avoid about 118,000  
15 customer interruptions.

16 I think the utilization of drones will play a  
17 big factor going forward. One of the things that we  
18 want to make sure is, immediately after the storm, we  
19 understand what damage is behind the man-hours, right.  
20 We want to know -- it's a lot of poles broken; what --  
21 what in- -- what is behind the damage forecast. So,  
22 those are some of the examples of things that we're  
23 trying to improve on.

24 Looking at alternative housing -- you know,  
25 make -- we're going to be much more aggressive on our

1 alternative housing when we pre-stage at our staging  
2 sites. Not the -- not the number-one thing of our  
3 linemen, but it is in a way to be much more efficient  
4 and productive.

5 So, we're pressing on those -- those kind of  
6 factors.

7 **Q Your 118,000-customer avoided interruptions --**  
8 **have you tried to affix a value to that, in terms of**  
9 **cost saved?**

10 A No, we have not.

11 **Q Yeah, other than -- other than your labor**  
12 **costs that we talked about before?**

13 A Right. So -- so, these are two different  
14 things. One is the -- the man- -- what the self-healing  
15 grid does -- it's automatically rerouting power to  
16 isolate the damage. The damage still occurred.

17 What it does is, instead of having to wait for  
18 a lineman or a crew to get out there to identify and  
19 switch things, the system will automatically switch  
20 around -- it says, here is where your damage is at, but  
21 that damage still occurred.

22 MR. MOYLE: Yeah, okay. All right. Those are  
23 all the questions I have. Thank you.

24 CHAIRMAN GRAHAM: Thank you, Mr. Moyle.

25 Staff?

1 MS. BROWNLESS: No questions, sir.

2 CHAIRMAN GRAHAM: Commissioners?

3 Mr. Miranda, I've got a quick question for  
4 you. You just mentioned the drones. Are those all  
5 manual or are they automatic? Like, can the drone  
6 fly and tell if the pole is there or not? Or does  
7 someone have to be sitting there watching to see if  
8 the pole is there?

9 THE WITNESS: So, today, Commissioner Graham,  
10 it requires manual, all right. So -- so, for --  
11 for Hurricane Matthew, we had a little over a  
12 hundred flights, like with 24 teams.

13 We've got two issues that are going on. One  
14 is it's manual, but the second is we're still not  
15 allowed to get out of line of sight, right, because  
16 the FAA is very particular about line of sight.  
17 You always have to keep -- be able to see the  
18 drone. We're working very diligently with the FAA  
19 and many others to try to see if we can get special  
20 permission, during a hurricane, to utilize it  
21 beyond that.

22 I hope, one day, it could be -- we could have  
23 prepositioned drones and they fly automatically and  
24 start giving us information, but we're nowhere near  
25 there. Right now, the FAA requires manual --

1 manual flying.

2 CHAIRMAN GRAHAM: Well, if it -- if you've got  
3 to be line of sight, what's the purpose of the  
4 drone? If you can see where the drone is, then you  
5 can see that the pole is down.

6 THE WITNESS: Yeah, with -- like, for example,  
7 with Hurricane Matthew, we had a great example of  
8 that. We had one street that was probably about --  
9 oh, about half a mile. We couldn't get through the  
10 street. I mean, it was completely covered with  
11 trees that had toppled over.

12 So, we couldn't get behind it to see how many  
13 poles were damaged. So, we were able to get the  
14 done up, fly quickly, and get -- and be able to see  
15 how much -- get a quick pole count, and what kind  
16 of vegetation requirements were going to be  
17 required until the county get -- came in and  
18 cleared out some of the streets. So, it's  
19 invaluable.

20 The other thing it's helping us is for, like,  
21 crossings and -- and it wasn't with this storm, but  
22 a subsequent storm, we actually helped a -- a  
23 co- -- a muni down in the Keys because they were  
24 having trouble identifying a hot spot.

25 So, we actually flew the drone, pinpointed

1 exactly where they were having trouble in their  
2 transmission line for them so that they can do  
3 repairs. So, it has all kinds of opportunities.

4 I -- I'm going to give you one other example  
5 that's not Florida-related. You know, I had a  
6 chance to be one of the restoration coordinators in  
7 Puerto Rico. I was selected to go down there and  
8 represent the industry.

9 And we -- we were able to utilize drones in  
10 ways we never anticipated. You know, Puerto Rico  
11 has a lot of hills. We were -- we had to pull some  
12 wire, Commissioner. And typically, in these  
13 valleys, you have to, like, drag it across. We  
14 actually tied the -- a rope, flew the drone to the  
15 other side of the valley, pulled the wire and saved  
16 enormous amount of time and effort.

17 So, maybe one day, we'll be able to deliver  
18 material, deliver other pieces of things that we  
19 really don't anticipate yet.

20 CHAIRMAN GRAHAM: Let's go back to -- you  
21 mentioned the mutual aid. When you have your  
22 mutual aid set up with the other IOUs, is that a  
23 fixed contract with all the IOUs? I mean, are you  
24 paying -- if the guys from American Power come  
25 down, are they getting -- well, first of all, are

1 get they getting -- is this time-and-a-half, double  
2 time, triple time because of a -- it may be  
3 considered a hazard? What is --

4 THE WITNESS: They -- they get paid according  
5 to their bar unit contracts that they have at their  
6 respective companies.

7 CHAIRMAN GRAHAM: Okay.

8 THE WITNESS: So, we have to honor whatever  
9 their mutual-assistant agreement is. No different  
10 than, when we respond, we pay our guys according to  
11 our contract.

12 CHAIRMAN GRAHAM: So, it's not like a flat  
13 rate for all the IOUs that are part of the group.  
14 It's whatever they currently get paid plus a  
15 multiplier, let's call it.

16 THE WITNESS: Yeah, it -- it -- typically,  
17 what you will see is an overtime multiplier for  
18 time and a half or double time, and if it's like on  
19 a -- maybe if they work seven consecutive days --  
20 every one of them has a slightly different rule,  
21 but at the end of the day, they are charging you at  
22 their respective costs if they were responding to a  
23 storm.

24 CHAIRMAN GRAHAM: And so, is that pretty much  
25 set up for what you guys are trying to do within

1 the state of Florida, with the munis and the --

2 THE WITNESS: That's -- that's correct, yeah.  
3 We would -- if we go help JEA, we would follow our  
4 storm costs, our -- because we have to honor our  
5 mutual costs with our bar unit. And vice versa, if  
6 they send their bar unit teams to work on our -- on  
7 our system, we would have to pay them their  
8 respective bar unit rates.

9 CHAIRMAN GRAHAM: So, when one these guys come  
10 into the state, how do they know what to do or  
11 where to go?

12 THE WITNESS: So, what we do is -- and this is  
13 an area, again, the lesson learned from '04 and  
14 '05. When -- when they arrive, we -- before they  
15 come onto our service territory -- have what we  
16 call processing sites.

17 We typically will set up two, one typically up  
18 here in the Lake City area and one in the  
19 Jacksonville area. And when they arrive to the  
20 staging states, these processing sites -- when they  
21 get there, we go through a very meticulous overview  
22 of our system.

23 We go over our construction standards. Here  
24 is how we build things in our -- Florida. We go  
25 through our safety procedures so that they know how

1 to go about getting switching orders, clearances to  
2 do work. We walk them through what kind of devices  
3 they're going to see. So, we educate them all very  
4 carefully at each one of these processing sites.

5 And at each one of these sites, we also log --  
6 you know, we keep track of who the individuals are,  
7 where they're going. You know, we keep track of,  
8 you know, little things; what kind of truck are  
9 they driving, do they have diesel or gas, right,  
10 because we've got to fuel all this equipment at --  
11 overnight. So, we keep very good records of that.

12 But we want to make sure, when they come in,  
13 they follow our work methods and our work  
14 procedures.

15 CHAIRMAN GRAHAM: Now, do they normally come  
16 with their own management or do they come and work  
17 under Florida Power & Light's management?

18 THE WITNESS: They -- they -- both. So, they  
19 typically will come with their supervision as well  
20 as a -- typically -- it depends on what the  
21 arrangement is, but sometimes they, like, have a  
22 management team overlooking -- but they always have  
23 their supervision.

24 Then, when they arrive at Florida Power &  
25 Light, we will assign a supervisor, what we call a



1 production lead, to overlook a pod of these  
2 contract resources.

3 CHAIRMAN GRAHAM: How long does this  
4 on-the-spot training go? I mean --

5 THE WITNESS: It -- it's about --

6 CHAIRMAN GRAHAM: An hour? Two hours?

7 THE WITNESS: It's about -- I want to say it's  
8 about three or four hours.

9 CHAIRMAN GRAHAM: Okay.

10 THE WITNESS: It's -- and it -- and it pays  
11 huge dividends, Commissioner, because, as you can  
12 imagine, if we don't do that right --

13 CHAIRMAN GRAHAM: Oh, no, I understand. I'm  
14 just --

15 THE WITNESS: They -- they -- they will build  
16 things to their standards back home; and then, when  
17 we have to go back for the follow-up work, we have  
18 to redo their construction standards.

19 CHAIRMAN GRAHAM: You mean, as in, like,  
20 where's the duct tape.

21 THE WITNESS: I'm sorry?

22 CHAIRMAN GRAHAM: Where's the duct tape?

23 (Laughter.)

24 THE WITNESS: Yes.

25 CHAIRMAN GRAHAM: Commissioner Brown.

1 COMMISSIONER BROWN: Thank you.

2 And Mr. Miranda, you've had a busy two years.  
3 And I commend you for all your efforts for -- on  
4 behalf of your company and customers.

5 You talked about lessons learned. And I know  
6 you all are trying to refine the processes over,  
7 again, the past two years. And from Matthew, you  
8 mentioned the benefits of the smart meters.

9 Can you kind of elaborate on what -- how --  
10 how that was advantageous with Hurricane Matthew?

11 THE WITNESS: Sure. So, for example, you  
12 know -- and just to remind everyone, in '04 and  
13 '05, we didn't even have the smart meters. So, my  
14 big example of that, Commissioner, is, you know,  
15 when we're out there rebuilding neighborhood lines,  
16 we would rebuild a -- a neighborhood line -- and  
17 the neighborhood line typically is in somebody's  
18 back yard, serves about 35 customers.

19 Our crews will go up and put wire up and  
20 they'll -- and they -- and they think they've  
21 restored everybody, and now they think they're done  
22 and they leave. Well, guess what, there might have  
23 been a transformer that was bad that they didn't  
24 realize, right -- because you don't want a line  
25 crew with ten guys going knocking on every single

1 door.

2 With the smart meters -- what they enable us  
3 to do is to ping all those meters that are on that  
4 line and say, hey, before you leave, there's a  
5 transformer that's bad down the line over there,  
6 too.

7 So, that was a technology we didn't have. So,  
8 in '04 and '05, we would have to rely on the  
9 customers to call us back, and then we would figure  
10 out there's still a transformer out of service in  
11 this area.

12 So, that's an example of the smart meters and  
13 how it's enabled us to be more efficient and make  
14 sure we get all those customers restored. So, it's  
15 helped us tremendously on the back end of the storm  
16 as well as the front end because it gives us a  
17 quick indication of which customers are out of  
18 service as well.

19 COMMISSIONER BROWN: Excellent.

20 And with the Chairman's indulgence, since you  
21 mentioned Puerto Rico and you went down there, if  
22 you could, tell us about your experiences, going  
23 down there, after going through Irma -- I mean,  
24 Irma, Hermine, Matthew. Tell us what you learned.

25 THE WITNESS: So -- so, following up, after --

1 after -- it was almost a couple of months after  
2 they had already been impacted by Maria. And all  
3 of you know that Maria really devastated the  
4 island -- Category 4, some say a five.

5 But the investor-owned utilities, PREPA, which  
6 is the utility that serves Puerto Rico, is a mu- --  
7 is a municipality. So, immediately after the  
8 storm, if you recall, you know, JEA -- several  
9 municipalities went and helped.

10 A couple of months later, they asked for the  
11 investor-owned utilities to provide support. So,  
12 I -- I was selected to represent the industry -- me  
13 and a gentlemen, Carlos Torres, from ConEd, who had  
14 just retired from ConEd -- we were selected to be  
15 the restoration coordinators to go down there.

16 So, I had an opportunity to go down there with  
17 Governor Scott and several others and meet with  
18 Governor Rosselló and -- and you know, thanks to  
19 Mr. -- Governor Scott, they left me behind in  
20 Puerto Rico for -- for a few weeks.

21 (Laughter.)

22 THE WITNESS: And -- but we were able to help  
23 them understand their restoration efforts. And I  
24 will tell you, the experience wasn't good. I mean,  
25 you know, they effectively -- PREPA abdicated some

1 of the responsibility to FEMA, who gave it to the  
2 Army Corps.

3 Well, the Army Corps is very good at building  
4 things, but, you know, they were -- this was their  
5 first-ever hurricane restoration. And they were  
6 requiring, you know, tracking nuts and bolts. So,  
7 a crew would get out there and -- and they wouldn't  
8 give them the materials. So, they would find that  
9 they would have inefficiencies. So, we helped them  
10 in getting materials over there, and helping them  
11 set it up.

12 Eventually, the investor-owned utilities --  
13 about 20 utilities responded. We -- FPL, as you  
14 know -- we ended up sending -- we released almost  
15 five, 600 of our contractor personnel. And we had,  
16 over a three-month period, close to 500 FPL guys go  
17 down there, help with the restoration effort.

18 But the lessons learned were enormous because,  
19 one thing it reminded me of, why our training is so  
20 important, why it's important to have materials  
21 and -- on standby, our staging sites.

22 We have them all -- if -- you know, if you  
23 haven't visited all one of our staging sites -- I  
24 know, Commissioner, you have -- you know, our  
25 staging sites -- we have predesignated staging

1 sites where we know exactly where the trucks are  
2 going to park, where they're going to get fuel,  
3 where -- where the food goes, where the laundry is  
4 going to be at. And they had none of that.

5 So, one, to reinforce what we already do well,  
6 but secondly, you know, the value of hardening.  
7 You know, their grid just couldn't withstand any of  
8 those storms, any of those winds. So, we're --  
9 we -- we can learn from that, but at the same time,  
10 it's a good reminder of why what we're doing is so  
11 important to the state of Florida. It makes -- it  
12 made me feel good about what we're doing.

13 COMMISSIONER BROWN: Thank you.

14 CHAIRMAN GRAHAM: Commissioner Fay.

15 COMMISSIONER FAY: Thank you, Mr. Chairman.

16 And thank you, Mr. Miranda, I appreciate  
17 your -- your testimony.

18 I'm trying to get a better understanding on  
19 the -- how the agreements with the municipals will  
20 potentially impact costs or, I guess, do impact  
21 costs.

22 So, I would just presume the proximity of  
23 those entities, if -- if one area is impacted by a  
24 storm, another is not, that would help reduce the  
25 costs of response for -- for both entities?

1           What -- what are the hurdles to getting  
2           everybody on board with those agreements and -- and  
3           how could that potentially help costs?

4           THE WITNESS: So, Commissioner, your -- your  
5           point is exactly right. I mean, any time you could  
6           use a resource within the state of Florida, it's  
7           the preferred choice, right, because our linemen  
8           notice the state, the environment that they're  
9           working in.

10           One of the big issues has been -- with some of  
11           these municipalities has been the indemnification,  
12           right. So, when we go work for somebody, we want  
13           to be indemnified that, if we cause any damage --  
14           and with the municipalities, they have certain  
15           agreements and certain contractual things that  
16           holds them back.

17           Some municipalities have been able to overcome  
18           it. Others are still having to work through  
19           their -- either their commissioners or mayors to  
20           try to overcome it. I think, in the end, I think  
21           we're going to get there, but it's going to take  
22           time because it requires that their respective  
23           commissions also approve them.

24           COMMISSIONER FAY: And I would guess it works  
25           both ways. I mean, it would -- it would be cost

1 savings for the municipality to have an agreement  
2 with the independently-owned --

3 THE WITNESS: That -- yeah --

4 COMMISSIONER FAY: -- to respond to those --

5 THE WITNESS: Like, for example, when we  
6 responded to JEA, you know, we provided 100 FPL  
7 lineman and 75 vegetation personnel. You know, if  
8 you look back at what their comments were, they --  
9 they stated that, you know, we helped avoid  
10 probably one to two days of restoration time with  
11 the resources we provided to them, so -- because  
12 we're right in their backyard, right. They didn't  
13 have to wait -- to Mr. Moyle's point, crews having  
14 to travel into the area.

15 COMMISSIONER FAY: Sure. Thank you.

16 CHAIRMAN GRAHAM: Commissioner Clark.

17 COMMISSIONER CLARK: Mr. Miranda, could you  
18 explain what the single limiting factor in using  
19 more multiple aid is for a company like FPL?  
20 What's your limiting factor or, vice versa, what is  
21 the limiting factor that a municipality or a co-op  
22 has when receiving mutual aid?

23 THE WITNESS: Okay. I'll start with Florida  
24 Power & Light because this is my -- my -- you know,  
25 obviously, more familiar with that. You know, the



1 big limit is your ability to manage. You know, we  
2 don't have the ability to overlook these large  
3 construction workforces.

4 So, for Matthew, we were able to do it, but  
5 one of the things, Commissioners, that, over the  
6 years, since the '04 season and after Hurricane  
7 Sandy, in particular, or Tropical Storm Sandy, EEI  
8 created a National Response Executive Committee.

9 I was -- I had the opportunity to be part of  
10 the founding group of that. And we developed some  
11 best practices associated with that. And what we  
12 did is we created what we called management teams.

13 So, for example, with Hurricane Matthew, we  
14 had one area that we completely carved out, gave to  
15 another utility, they brought our -- effectively,  
16 our peers, and they came and managed it. All we  
17 had to do was provide them one or two liaisons, but  
18 they managed that physical area like we were  
19 Florida Power & Light.

20 So, that -- that really opened the pipeline,  
21 if you will, because we were congested, right. And  
22 now it opened it up so we have more capability.  
23 And I know you'll -- you'll hear about Irma at a  
24 future date, but we were able to expand to close to  
25 28,000 folks for Hurricane Irma. And that's

1           because of these best practices that we've had over  
2           the years.

3           So, same things with munis and co-ops, I think  
4           when we went to help JEA, we sent a management  
5           team. We sent our mobile-command vehicle. We  
6           actually took their data, downloaded it into our  
7           system, and created maps just like if we were in  
8           JEA territory. So, our crews -- we -- we could  
9           actually sit in our mobile-command vehicle -- it  
10          was like being in JEA's control center.

11          And so, those are some technology capabilities  
12          that are mobile-command fleet also brings along.

13          COMMISSIONER CLARK: Were there any other  
14          specific factors, such as your ability to house  
15          them, your ability to feed them, that limit your  
16          ability to bring mutual aid in?

17          THE WITNESS: Yes -- yes, housing is always an  
18          issue for us. Housing is -- it's one of those  
19          things, because a lot of folks are evacuating more  
20          rapidly than before and -- or moving out, you know,  
21          into some of these -- out of these affected areas,  
22          but you're getting a lot of hotels that are -- that  
23          are tying up some rooms.

24          So, one of the big pushes that we're making is  
25          for these alternative housing, these sleepers and

1 cots. Commissioner, they're not the most popular.  
2 If you've seen them -- I mean, it's -- it's 36 beds  
3 in a trailer, effectively. You're like in a naval  
4 submarine. Some of them are 24 beds.

5 But I believe that is our future because, one  
6 is, we can control the availability of them; and  
7 secondly, we get significantly more productivity  
8 out of our linemen because, now, instead of having  
9 to bus them to the hotel, they literally come in  
10 from the trucks, take a shower that's right there  
11 on-site, go to bed.

12 The best thing we can do for linemen is work  
13 them hard and feed them well and -- and get them a  
14 good night's rest be- -- and that's what we try to  
15 do.

16 The irony is the linemen who have stayed in  
17 some of them recently have said, you know what, I  
18 almost appreciate this more than sitting in the bus  
19 for a half hour or 45 minutes than -- I would  
20 rather just be getting a half hour, 45 minutes of  
21 sleep extra that they might be getting.

22 COMMISSIONER CLARK: Great. Thank you.

23 CHAIRMAN GRAHAM: Commissioner Polmann.

24 COMMISSIONER POLMANN: Thank you,

25 Mr. Chairman.

1           Mr. Miranda, again, thank you for the hard  
2 work in the restoration process. Much appreciated.

3           The major costs that you've been asked about  
4 and responded to, the labor and expenses, as I  
5 understand, a lot of that is through the mutual-aid  
6 agreements. And this is with your industry peers.

7           How do you handle or manage the materials and  
8 equipment? Is that something that you manage  
9 internally or is that also facilitated, in part, by  
10 your mutual-aid partners?

11           THE WITNESS: So -- so, for -- for this  
12 particular storm, what we've learned over the years  
13 is, Commissioner, we -- what we try to do is, at  
14 the start of hurricane season, we ramp up our --  
15 our materials in anticipation of up to possibly a  
16 Category 4 storm hitting us. And we ramp it up and  
17 work it down throughout the remainder of the year,  
18 through new construction. We're fortunate with the  
19 growth we get in our service territory.

20           So, we manage all our materials here in -- in  
21 Florida by ourselves, so -- now, there have been  
22 storms, like, for example -- and I'll go back to --  
23 Hurricane Andrew is a good example, many, many  
24 years ago.

25           We didn't have enough poles on hand. So, what

1 we would do is call our respective utilities, our  
2 peer utilities, and say, can you bring poles with  
3 you when you come. And we give them the size poles  
4 that we need and the height of the pole.

5 But for the last ten years or so, we've been  
6 very good about that because what we want to make  
7 sure is we don't do a lot of rework and follow-up  
8 work. Because if they bring an insulator that  
9 doesn't meet the right electrical requirements that  
10 we have here in Florida, that means, when we doing  
11 our follow-up work, we're going to have to do  
12 rework.

13 So, today we're -- you know, so, we make sure  
14 we have supplies to meet the demands up to  
15 Category 4 entering any storm season.

16 COMMISSIONER POLMANN: So, with regard to  
17 lessons learned or improvements for the future, do  
18 you see any opportunities or -- or from that  
19 experience, in terms of cost reductions? I  
20 understand your response, but any opportunities  
21 there with regard to materials and equipment that  
22 you -- you see improvements going forward?

23 THE WITNESS: Yeah, with -- with equipment, in  
24 particular, I do see that. You know, I think there  
25 is an opportunity to try to better manage the type

1 of equipment that's brought down into a storm.

2 You know, when we first have a storm,  
3 sometimes a lot of uncertainty because we don't  
4 know what we're going to face because, like  
5 Matthew -- if it would have just gone on shore,  
6 instead of being a restoration effort, could have  
7 been a rebuild effort.

8 So, now, trucks that you -- that -- like, for  
9 example, digger trucks and pole trucks -- we didn't  
10 need a lot of those because we only had, you know,  
11 a relatively small amount of poles that were  
12 affected, but it could have been a rebuild. Then  
13 you would need the different equipment.

14 So, I think, as an industry, we have to be a  
15 little bit smarter about what equipment we ask  
16 early on and what equipment we ask throughout the  
17 storm, based on the damage. So, I think there's --  
18 there's going to be some work on that opportunity.

19 On the materials side, I think we've done a  
20 pretty good job over the years trying to make  
21 sure -- the more important thing, from a  
22 restoration, Commissioner, is making sure we don't  
23 run out of material because that's really been --  
24 that's what happened in Puerto Rico.

25 I mean, we had crews completely idle and they

1           were picking stuff off the ground and putting it  
2           back up there. And it was just -- just a very  
3           costly event if you run out of material.

4           COMMISSIONER POLMANN: I -- I take, from your  
5           response there, you know, trying to anticipate, but  
6           not necessarily having an overabundance of -- of  
7           materials that you're -- you're certainly relying  
8           upon the -- the storm prediction. That's -- that's  
9           not something that -- that you do yourself.

10          I mean, you -- you're relying upon the  
11          hurricane center and so forth. Obviously, you're  
12          doing the best you can with that, but every storm  
13          is different, so --

14          THE WITNESS: That's -- that's why we try  
15          to -- you're trying to weigh all those factors, but  
16          we do rely on the National Hurricane Center, and  
17          then we take their forecast, Commissioner, and --  
18          and again, we try to overlay it into our model --

19          COMMISSIONER POLMANN: Yeah.

20          THE WITNESS: -- to -- to -- and it's been  
21          pretty -- pretty accurate.

22          COMMISSIONER POLMANN: The mutual aid --  
23          you've indicated that's at cost. And I understand  
24          that -- the two-way, and you have to pay their  
25          costs and so forth.

1           Did I understand correctly -- and if you  
2           could, clarify for us, there are occasions -- and I  
3           understand you're working with the -- with the  
4           munis to try to develop a similar basis, as you  
5           have, with your IOU partners.

6           Do you use independent contractors in -- in a  
7           similar way, what type of agreement do you have  
8           with regard to cost basis --

9           THE WITNESS: Okay.

10          COMMISSIONER POLMANN: -- for that? I didn't  
11          quite understand --

12          THE WITNESS: Yeah, that's a great question.

13          COMMISSIONER POLMANN: -- those.

14          THE WITNESS: So, when you look at the  
15          restoration, the large component of our workforce  
16          is contractors, right, not part of the mutual  
17          assistance, right, so -- so, the investor-owned  
18          utility crews that come down -- they're under the  
19          mutual agreement.

20          They're a much smaller part -- like, for  
21          example, in this storm, they were a small part  
22          because they were all locked down saying, I've got  
23          to see what happens here.

24          But with our contractors, we effectively  
25          prenegotiate those rates, almost 90, 95 percent of



1 those contractors that we will use during a storm,  
2 we've prenegotiated rates going into storm season.

3 And if we run into a contractor that's  
4 available that may have not been on our radar  
5 screen, we would negotiate the rate before they  
6 come down. And those are typically market-driven.

7 COMMISSIONER POLMANN: And -- and how far out,  
8 geographically -- what is the region that you try  
9 to prenegotiate? I understand, in an extraordinary  
10 storm, you would be looking further and further.

11 THE WITNESS: Yes.

12 COMMISSIONER POLMANN: But can you give us a  
13 feeling for your --

14 THE WITNESS: I -- I think --

15 COMMISSIONER POLMANN: -- preparation?

16 THE WITNESS: Yeah, typ- -- typically, we have  
17 rates -- probably Texas, straight up Oklahoma,  
18 Ohio, Minnesota, those areas. That's -- that's  
19 got -- a two-day travel time is typically our --  
20 the range that we have. We do have -- you know, if  
21 it's outside of that, we'll typically have to  
22 negotiate. Hopefully, it's not outside of that.  
23 We do have -- probably maximum is probably a  
24 three-day travel where we'll start to look at.

25 But with the investor-owned utilities, there

1 is no negotiating the contract at that point  
2 because they're part of the mutual assistance.  
3 So -- so, not for this storm, but if you use  
4 somebody, another utility outside of that range,  
5 you know, then they would just charge you their  
6 cost.

7 COMMISSIONER POLMANN: Not to press it too  
8 far, in terms of negotiating with -- with  
9 contractors, is there any -- perhaps there's no  
10 analogy, but for example, with -- with the housing,  
11 hotels, and so forth, you indicated you have a -- a  
12 provider that kind of works that for you.

13 Is there any analogy to how you reach out and  
14 identify contractors? Is there any industry -- I  
15 don't want to say a database --

16 THE WITNESS: Right.

17 COMMISSIONER POLMANN: -- but you can see  
18 where I'm going with that. Is there any way that  
19 you can improve upon --

20 THE WITNESS: Sure. Sure.

21 COMMISSIONER POLMANN: -- that process, from a  
22 cost perspective?

23 THE WITNESS: That -- yeah, the -- I'll walk  
24 you through that. So, the Southeast- -- so, the  
25 Southeastern Electric Exchange is the first stop.

1           So, let's say there's a storm that's impacting us,  
2           Commissioner, so -- and we need resources.

3                    So, we'll go to the Southeastern Electric  
4           Exchange that represents about 50 utilities. They  
5           also have contractors that work for them. So --  
6           so, when we -- when, let's say -- use it in  
7           reverse. Let's say Duke is getting hit in the  
8           Carolinas, they call for SEE mutual assistance.

9                    What we would put on the table, typically,  
10          would be, here is hundred FPL guys that are ready  
11          to travel. Here is 150 of our contractors that are  
12          available to travel. So, we put those on the  
13          table.

14                   Duke would say, okay, I'll take your  
15          hundred -- hundred FPL and I'll take 50  
16          contractors -- of your contractors. Let's say this  
17          contractor is one they already have a partnership  
18          with. We release them. They already have a  
19          contract with that contractor.

20                   We have a very similar arrangements with all  
21          the utilities in the southeast. We know who their  
22          contractors are. So, we have typically reached out  
23          to them already to try to negotiate cost-effective  
24          rates for each and every one of them.

25                   So, if it gets outside of a -- one region,

1 right, now, it starts impacting other multiple  
2 regions. We have relationships with a lot of them,  
3 but we don't have all of them, but we do -- we have  
4 tried to identify as many of these contractors as  
5 we can well before storm season.

6 COMMISSIONER POLMANN: Thank you.

7 Thank you, Mr. Chairman.

8 CHAIRMAN GRAHAM: Redirect.

9 MR. DONALDSON: Thank you, Mr. Chairman.

10 Commissioner Polmann asked a series of my  
11 redirect questions. So, I appreciate that. This  
12 will trim -- trim it down a lot. So, thank you,  
13 Commissioner Polmann.

14 FURTHER EXAMINATION

15 BY MR. DONALDSON:

16 Q One question I did hear from Commissioner  
17 Polmann and FIPUG was with respect to the hotel vendor  
18 that FPL utilized during Hurricane Matthew. Can you  
19 tell the Commission whether or not an RFP was utilized  
20 to obtain and secure that hotel vendor or not?

21 A Yes. Yeah, we went out with an RFP to  
22 identify the -- the vendor that would provide the best  
23 service for us at the right amount of cost.

24 Q Is this a nationally-known vendor that secures  
25 hotel rooms?

1           A     Yes, they are.

2           Q     Okay.  Similarly, the -- we were talking about  
3     the mutual aid.  And you -- you were able to clarify  
4     between mutual-aid agreements and the contractor --  
5     contractor piece.

6                     With respect to the mobilization of the  
7     contractor piece and the mobilization of the mutual aid,  
8     what's the process that FPL actually does to make that  
9     determination to ensure that they are getting  
10    contractors or mutual-aid individuals that are closest  
11    to the FPL service territory so that we can prudently  
12    minimize the amount of mob- and demob- time that's  
13    associated with that?

14          A     The process is similar to what I shared with  
15    Commis- -- with the Commissioner, which is, we go to the  
16    SEE.  It's a starting point.  They're the region in our  
17    southeast territory.  We go to those companies that have  
18    resources that are available to travel, whether  
19    they're -- they're respective utility crews and/or  
20    they're respective contractors that might be available.

21                     Once we've identified or they've put them  
22    on -- effectively on the table to be available, then we  
23    will select those that are the closest or most-cost-  
24    effective, based on either the rates we have or the  
25    mob-/demob-, to get them here as quickly and safely as

1 we can.

2 **Q And your resource needs -- that's determined**  
3 **based on the storm-damage assessment model?**

4 A That's right.

5 **Q All right. And with respect to Hurricane**  
6 **Matthew, were you aware -- what's the amount of**  
7 **construction man-hours that you anticipated you needed**  
8 **to do the restoration effort?**

9 A The model projected between 230- and 260,000  
10 man-hours.

11 **Q Were -- were there scenarios where it**  
12 **projected more based on the NOAA forecasts?**

13 A Yes, we -- we had a -- with Hurricane Matthew,  
14 if you recall, for the first -- when it was 72, 96 hours  
15 out, it was going to stay well off our coast. Then it  
16 started shifting into it.

17 There was one scenario that put the actual  
18 man-hours well-north of over a million man-hours of  
19 construction work that we would have had to respond to  
20 that storm. So, it was significantly more than what we  
21 actually experienced. And that's what we actually have  
22 to gear up for and make sure we're prepared for, to  
23 respond.

24 **Q Did FPL actually secure resources that would**  
25 **equate to a million man-hours?**

1           A     No, we did not.

2           Q     Okay. And one of the things that both the  
3     Commissioners and Mr. Moyle focused on was the  
4     predictive -- predictability of the storms.

5                     Do you know where tornadoes are going to touch  
6     down?

7           A     No, we do not.

8           Q     Do you know how much rain is going to fall?

9           A     No.

10          Q     Do you know if a tree on a particular roadway  
11     is going to fall into a line?

12          A     No, I do not.

13          Q     Okay. You're not able to predict those types  
14     of weather events?

15          A     No.

16          Q     All right. So, when you go out to do your  
17     damage assessments, kind of explain that process of  
18     identifying where the damages are.

19          A     Right. So, immediately after storm has  
20     cleared, we know who is out of power. What we don't  
21     know is what physical damage is behind the outages. So,  
22     we have predesignated routes that our employees take  
23     that we've already determined, here is the path you take  
24     to start giving us a statistical sample of what kind of  
25     damage we can experience.

1           And then, after that, we do patrols. And then  
2 we also do helicopter patrols to start getting  
3 assessment of our transmission grid and some of our  
4 distribution. And now, with the utilization of the  
5 drones, we're starting to utilize that as part of our  
6 tool kit.

7           **Q     How many hardened poles failed in Matthew?**

8           A     Zero hardened poles failed in Matthew.

9           **Q     How many transmission-hardened structures**  
10 **failed in Matthew?**

11          A     Zero.

12          **Q     And with respect to resources that you**  
13 **obtained, did you obtain any resources within the state**  
14 **of Florida?**

15          A     Yes, we did.

16          **Q     The last -- the last question I wanted to ask**  
17 **is, if you can turn to the staff Comprehensive**  
18 **Exhibit No. 31, Page 167, it's Bates-numbered 167. And**  
19 **let me know when you're there.**

20          A     Yes.

21          **Q     All right. So, this question was asking for**  
22 **documentation about the Hurricane Matthew costs that**  
23 **were actually charged to the storm reserve in the amount**  
24 **of \$24.026 million. And I believe your response was**  
25 **that the amount that was actually charged to reserve --**



1     **that is a question for Ms. Ousdahl; is that correct?**

2           A     That's correct.

3           **Q     Do you know about the storms that actually**  
4     **make up this amount?**

5           A     Yes.

6           MR. MOYLE:   I -- I think I asked him that  
7     question, does he know anything about that  
8     24 million, and he said no.

9           CHAIRMAN GRAHAM:   I agree with you.

10          MR. DONALDSON:   Well, he said he doesn't  
11     know --

12          MR. MOYLE:   I would object.

13          MR. DONALDSON:   -- about the amount --

14          MR. MOYLE:   It's beyond --

15          MR. DONALDSON:   -- of money that was charged  
16     to the reserve.

17          CHAIRMAN GRAHAM:   He did say, though, it was  
18     best to go to a different witness on it.

19          MR. DONALDSON:   Right.   The amount -- right.  
20     And that's what I was clarifying, the amount of  
21     money to the reserve.   And I'm asking him about the  
22     storms, themselves.

23          CHAIRMAN GRAHAM:   But I don't think Mr. Moyle  
24     got into that part.

25          MR. DONALDSON:   He didn't.   That's why I was

1 clarifying the question.

2 MR. MOYLE: Right. I just asked him, does he  
3 have any information about the 24. He said no, you  
4 know, about anything. It was a broad question.  
5 And now he's kind of --

6 CHAIRMAN GRAHAM: I agree. Let's move on to  
7 the next one.

8 MR. DONALDSON: Okay. No -- no further  
9 questions, sir. Thank you.

10 CHAIRMAN GRAHAM: Okay. Exhibits.

11 MR. DONALDSON: At this time, FPL would like  
12 to enter into the record Exhibit Nos. 2 and 10.

13 CHAIRMAN GRAHAM: Okay.

14 MS. BROWNLESS: And Chairman, at this time, we  
15 would like to enter into the record Exhibit 20, 23,  
16 and 28. And those are staff exhibits that were  
17 solely sponsored by Mr. Miranda.

18 CHAIRMAN GRAHAM: Any objections to those, 2,  
19 10, 20, 23, 28?

20 MR. MOYLE: No -- no objection.

21 CHAIRMAN GRAHAM: Mr. Moyle.

22 MR. MOYLE: I -- I would move 31 as well.

23 CHAIRMAN GRAHAM: Any objections?

24 MR. DONALDSON: No objection --

25 MS. BROWNLESS: Yes. Yes. It probably would

1 work best if Exhibit 31 were kept as purely a  
2 demonstrative exhibit because all of the  
3 exhibits -- I went through and marked them all up.

4 All of the exhibits are staff exhibits, which  
5 will be routinely, through the course of the  
6 hearing, identified, verified, and subsequently  
7 tendered to be moved into the record.

8 CHAIRMAN GRAHAM: Florida Power & Light?

9 MR. DONALDSON: I -- I have no objection to  
10 that. I would just note that the Bates numbers on  
11 the bottom was what was identifying what the  
12 particular hearing exhibit was, so --

13 MS. BROWNLESS: And our exhibits -- these are  
14 copies of pages from our exhibits. So, Bates  
15 numbers are in each --

16 CHAIRMAN GRAHAM: All right. I'm actually  
17 going to put it into the record because there's no  
18 downside to it. And since we referred to the Bates  
19 numbers quite a bit, I think it makes it easier.

20 MR. MOYLE: That -- that would be helpful. It  
21 doesn't hurt to have --

22 CHAIRMAN GRAHAM: No, I agree.

23 MR. MOYLE: -- it twice.

24 CHAIRMAN GRAHAM: I agree. We'll enter 31  
25 into the record.

1           (Whereupon, Exhibit Nos. 2, 10, 20, 23, 28,  
2           and 31 were admitted into the record.)

3           CHAIRMAN GRAHAM: Okay. Would you like to  
4           excuse this witness?

5           MR. DONALDSON: Yes, please.

6           CHAIRMAN GRAHAM: Okay.

7           MR. DONALDSON: Thank you.

8           CHAIRMAN GRAHAM: Thank you --

9           THE WITNESS: Thank you.

10          CHAIRMAN GRAHAM: -- Mr. Miranda.

11          It's almost exactly the two-hour mark. So our  
12          court reporter can rest her little fingers, let's  
13          take five-minute break.

14          If, FPL, you will, pull your next witness up.

15          MR. BUTLER: We will. That will be  
16          Ms. Ousdahl.

17          (Brief recess.)

18          (Transcript continues in sequence in Volume  
19          2.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA )  
COUNTY OF LEON )

I, ANDREA KOMARIDIS, Court Reporter, do hereby  
certify that the foregoing proceeding was heard at the  
time and place herein stated.

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

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

DATED THIS 14th day of June, 2018.



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ANDREA KOMARIDIS  
NOTARY PUBLIC  
COMMISSION #GG060963  
EXPIRES February 9, 2021