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November 12, 2021

VIA ELECTRONIC FILING

Mr. Adam Teitzman
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

**Re: Docket No. 20200241-EI
Gulf Power Company's Petition for Approval of Final/Actual Storm Restoration
Costs and Associated True-Up Process Related to Hurricane Sally**

Dear Mr. Teitzman:

Enclosed for our initial filing please find the following materials:

1. Gulf Power Company's Petition for Approval of Final/Actual Storm Restoration Costs and Associated True-Up Process Related to Hurricane Sally
2. Direct Testimony and Exhibits of Gulf witnesses Michael Spoor, Carmine Priore, David Hughes, Clare Gerard and Tiffany Cohen
3. Gulf Power Company's Notice of Filing Confidential Supporting Materials in Support of its Petition for Limited Proceeding for Recovery of Incremental Storm Restoration Costs and Associated True-Up Process Related to Hurricane Sally

In addition to the foregoing, we have on this date hand delivered for filing a Request for Confidential Classification, with the associated documents and materials, requesting that the Commission approve our request for the confidential treatment and handling of the materials referenced in our Notice of Filing.

Please contact me at (561) 691-2512 if you or your Staff have any questions regarding this filing.

Sincerely,

/s/ Kenneth M. Rubin
Kenneth M. Rubin

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Gulf Power Company for
Limited Proceeding for Recovery of Incremental
Storm Restoration Costs Related to Hurricane
Sally

Docket No. 20200241-EI

Filed: November 12, 2021

**GULF POWER COMPANY’S PETITION
FOR APPROVAL OF FINAL/ACTUAL STORM RESTORATION COSTS
AND ASSOCIATED TRUE-UP PROCESS RELATED TO HURRICANE SALLY**

Gulf Power Company (“Gulf” or the “Company”), pursuant to Section 366.076(1), Florida Statutes, Rules 25-6.0143 and 25-6.0431, Florida Administrative Code (“F.A.C.”), Order No. PSC-2021-0112-PCO-EI, and the Stipulation and Settlement Agreement approved by the Florida Public Service Commission (“Commission”) in Order No. PSC-17-0178-S-EI¹ (the “2017 Stipulation and Settlement”), hereby files this petition (the “Petition”) requesting approval of: (i) the final/actual Recoverable Storm Amount of \$146.3 million of Hurricane Sally incremental storm restoration costs (“Hurricane Sally costs”); (ii) the Proposed Storm Restoration Recovery Surcharges; (iii) the Company’s Proposed Recovery Period; and (iv) the Company’s proposed process for determining a one-time true-up to be applied to customer bills once the approved Recoverable Storm Amount and the actual revenues collected through the end of the Proposed Recovery Period are known.

In support of the Petition, Gulf states as follows:

1. The name and address of the Petitioner is:

Gulf Power Company
One Energy Place
Pensacola, FL 32520

2. Any pleading, motion, notice, order or other document required to be served upon

Gulf or filed by any party to this proceeding should be served upon the following individuals:

¹ Docket No. 20160186-EI, issued on May 16, 2017.

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3. The Commission has jurisdiction pursuant to Sections 366.04, 366.05, 366.06 and 366.076, Florida Statutes, and Rules 25-6.0143 and 25-6.0431, F.A.C.

4. This Petition is being filed consistent with Rule 28-106.201, F.A.C. The agency affected is the Commission, located at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399. This case does not involve reversal or modification of an agency or an agency's proposed action. Therefore, subparagraph (c) and portions of subparagraphs (b), (e), (f) and (g) of subsection (2) of that rule are not applicable to this Petition. In compliance with subparagraph (d), Gulf states that it is not aware at this time whether there will be any disputed issues of material fact in this proceeding. The discussion below demonstrates how the Petitioner's substantial interests will be affected by the agency determination.

5. Gulf is filing with this Petition the pre-filed testimony and exhibits of Gulf witnesses Michael Spoor, Carmine Priore, David Hughes, Clare Gerard, and Tiffany Cohen, which, among other things: (1) establish that the final/actual Recoverable Storm Amount is \$146.3

million; (2) demonstrate that these costs were prudently incurred and were reasonable; (3) demonstrate that Gulf accounted for these costs in accordance with the Incremental Cost and Capitalization Approach (“ICCA”) in Rule 25-6.0143, F.A.C.; (4) set forth the estimated duration of the Proposed Recovery Period; (5) develop new Proposed Storm Restoration Recovery Surcharges; and (6) propose a process for determining a one-time true-up to be applied to customer bills once the approved Recoverable Storm Amount and the actual revenues collected through the end of the Proposed Recovery Period are known.

I. BACKGROUND AND OVERVIEW

6. On September 11, 2020, Gulf received the first weather alert associated with the tropical disturbance that was to become Hurricane Sally. On the same day, Gulf had its first of multiple Command Center calls with leadership to discuss preparation and plans for the following week. Through the weekend and the early part of the following week, Gulf’s Power Delivery team began reviewing damage models and discussing the possible need for the shift of resources with its sister company, Florida Power & Light Company (“FPL”). On September 15, the Gulf Command Center was activated during the day as the storm bands came ashore causing minor outages. On the morning of September 16, while the winds were still at hurricane force, the Gulf Command Center and the entire Company went into full emergency operations mode. The Company began securing resources, making additional logistics plans, activating fueling contracts, and addressing other necessities for a major restoration effort. Gulf and FPL worked together through the day to secure outside resources and mutual assistance from the Southeastern Electric Exchange. On the evening of September 17, there were approximately 2,300 outside transmission,

distribution, and vegetation management personnel onsite and an additional 2,300 personnel in route.

7. Hurricane Sally caused significant damage to Gulf's service areas due to the strength and slow-moving nature of the storm and caused approximately 285,000 customer outages. Toppled trees, vegetation outside of Gulf's trim zone, and wind-blown debris were the leading causes of outages. Outages caused by Hurricane Sally impacted Gulf's service area from September 15 through September 22, resulting in widespread distribution outages, with initial restoration activities (excluding follow-up work) completed in 5 days. Gulf's significant investments since 2007 in storm hardening and smart grid technology enabled Gulf to restore service to customers faster and, in some cases, to completely avoid outages.

8. Gulf's Plant Crist, a four-unit generating facility that Gulf operates in its service area, prepared for Hurricane Sally by implementing its hurricane preparation procedure – an extensive list of items that are addressed whenever the facility becomes aware of a potential extreme weather event. However, due to the heavy rain and sustained wind from Hurricane Sally, Plant Crist experienced significant storm surge that flooded the sub-basements of the facility with up to 18 feet of water. The flooding of brackish river water into the facility damaged numerous pieces of equipment at the plant.

9. By September 21, 2020, Gulf was able to restore the energy grid to over 99 percent of the customers who could take service at that time, improving the original Estimated Restoration Time (“ERT”) to five days from the original ERT of 7 days. Additionally, Gulf voluntarily implemented nearly all of the “Process Provisions” established by the Stipulation and Settlement Agreement, which the Commission approved in Order No. PSC-2020-0349-S-EI (“Hurricane Michael Settlement”), including the use of the new iStormed smart phone app (“iStormed App”)

to record and track contractor time and expenses, even though the Hurricane Michael Settlement did not require Gulf to implement these provisions until the 2021 hurricane season.

10. On November 10, 2020, Gulf filed a petition for a limited proceeding to approve an Interim Storm Restoration Recovery Charge that was intended to collect \$206 million from customers as the Hurricane Sally Eligible Storm Restoration Costs through an initial \$3.00/1,000 kilowatt hours (“kWh”) surcharge (the “Sally Interim Recovery Charge”). In its petition, Gulf proposed to apply its Sally Interim Recovery Charge to residential customer bills effective March 1, 2021 until September 2023², at which time the current monthly surcharge of \$8.00/1,000 kWh for storm restoration costs related to Hurricane Michael (“Hurricane Michael Storm Recovery Charge”) was projected to end. Gulf stated that, in a future filing, it would seek the Commission’s approval to increase the proposed Sally Interim Recovery Charge to \$10.00/1,000 kWh to coincide with the termination of the Hurricane Michael Storm Recovery Charge.

11. By letter dated December 16, 2020, Gulf agreed to waive, on a limited basis for this proceeding only, its right to implement the Sally Interim Recovery Charge within the 60-day timeframe contemplated by the 2017 Stipulation and Settlement so that the Commission could consider Gulf’s proposed Sally Interim Recovery Charge at its March 2, 2021 Agenda Conference.

12. By Order No. PSC-2021-0112-PCO-EI, issued March 22, 2021, the Commission approved Gulf’s proposed Sally Interim Recovery Charge of \$3.00/\$1,000 kWh with an effective date of March 2, 2021. The Order also noted but did not include a ruling on Gulf’s proposal to increase the Sally Interim Recovery Charge in September 2023³. The Order provided on page 4 that “this docket shall remain open pending final reconciliation of actual recoverable Hurricane

² Based upon actual financial information through October 2021, Gulf has determined that the storm restoration recovery charge for Hurricane Michael is projected to terminate October 2023.

³ *Id.*

Sally storm costs with the amount collected pursuant to the interim storm restoration recovery charge, and the calculation of a refund or additional charge if warranted.”

II. CALCULATION OF ACTUAL RECOVERABLE STORM AMOUNT AND GULF’S STORM ACCOUNTING PROCESSES AND CONTROLS

13. Under the terms of the Hurricane Michael Settlement, beginning with the 2021 storm season, Gulf agreed to implement certain storm restoration “Process Provisions” contained in the Commission-approved settlement in Docket No. 20180049-EI, In re: Evaluation of storm restoration costs of Florida Power & Light Company (“FPL”) related to Hurricane Irma. Although Hurricane Sally made landfall in 2020, Gulf implemented nearly all of these provisions in its restoration efforts. The new Process Provisions utilized for Hurricane Sally included the use of the new smart phone app (iStormed) for recording certain contractor time and expense tracking and approval, including mobilization and demobilization time.

14. Gulf witness Spoor’s pre-filed direct testimony provides an overview of the storm-related preparedness plans and restoration processes used before, during and after Hurricane Sally, as well as Gulf’s execution of those plans and processes. He also provides details regarding the extensive amount of Transmission and Distribution (“T&D”) restoration work that was performed, and the actual costs incurred to perform this work.

15. Gulf witness Priore’s pre-filed direct testimony provides an overview of the storm-related preparedness plan implemented at Plant Crist, the extreme weather and flooding experienced at that location, and the severe damage sustained, primarily as a result of the storm-related water intrusion. Mr. Priore also describes the actions Gulf took to return Plant Crist to normal operations following Hurricane Sally.

16. As detailed in Gulf witness Hughes' pre-filed direct testimony, Gulf's actual Recoverable Storm Amount totals \$146.3 million and was calculated in strict accordance with the ICCA methodology required by Rule 25-6.0143, F.A.C. Mr. Hughes' testimony further demonstrates that Gulf's control processes ensure proper storm accounting and ratemaking and that the actual Recoverable Storm Amount was calculated in accordance with the 2017 Stipulation and Settlement.

17. Gulf witness Gerard's pre-filed direct testimony provides a detailed overview of the Company's process for reviewing, approving, and where appropriate, adjusting or rejecting vendor invoices related to Gulf's Hurricane Sally restoration efforts. Ms. Gerard's testimony establishes that Gulf voluntarily implemented the Process Provisions established by the Hurricane Michael Settlement in Gulf's invoice review process. In accordance with these Process Provisions, FPL's cost finalization team performed a detailed review of the electronic timesheet and expense information from the iStormed App for allowable charges. Based on this detailed review, any applicable adjustments were made in the iStormed App and any approved exceptions were documented in contract-specific flat files.⁴ Gulf's Accounts Payable team performed a reconciliation to ensure that the total calculated payment amount on the flat file was the same as the amounts indicated in the SAP system. Ms. Gerard testifies that the flat files are consistent with the contractor information that is addressed by the Hurricane Michael Settlement, and she provides additional detail about Gulf's process for reviewing and validating contractor timesheets and expenses.

⁴ Each contractor's flat file is an extract from the iStormed App which contains the electronic timesheet and expense information for line and vegetation contractors. Each flat file contains detailed information for that contractor, including crew information and daily timesheets, crew expenses where applicable, approvals by responsible employees, documentation of exceptions, and, where appropriate, adjustments to vendor invoices. This information is used by the cost finalization team to review, adjust, and approve the final payment to the contractor.

III. CALCULATION OF PROPOSED STORM RESTORATION RECOVERY SURCHARGES AND DETERMINATION AND IMPLEMENTATION OF TRUE-UP

18. Gulf witness Cohen's pre-filed direct testimony presents new Proposed Storm Restoration Recovery Surcharges ("Proposed Storm Charges"), which are based upon updated cost allocations that reflect actual costs incurred by the Company. As discussed by Ms. Cohen, Gulf is proposing to maintain the residential surcharge for Hurricane Sally at the current interim surcharge level of 0.3 cents per kWh, or \$3.00/\$1,000 kWh, until the current residential surcharge of 0.8 cents per kWh, or \$8.00/\$1,000 kWh, for Hurricane Michael is expected to be completed. In November 2023, Gulf proposes to increase the \$3.00/\$1,000 kWh residential storm charge for Hurricane Sally storm restoration costs to 1.0 cent per kWh, or \$10.00/1,000 kWh, for a total of 44 months, inclusive of the interim surcharge period, through October 2024 ("Proposed Recovery Period").⁵ Absent the proposed increase to \$10.00/1,000 kWh in September 2023, Gulf's initial proposed surcharge of \$3.00/1,000 kWh would need to remain in effect for approximately 72 months, or 6 years, in order for Gulf to fully recover its proposed final/actual recoverable storm amount for Hurricane Sally. Accordingly, Gulf submits that its proposed increase will strike an appropriate balance between ensuring timely cost recovery and mitigating customer bill impacts.

19. No fewer than 90 days prior to the date Gulf expects to fully recover its final/actual recoverable storm amount for Hurricane Sally, Gulf will make a compliance filing with the Commission to provide notice of its intent to terminate the Proposed Storm Charges. Within 45 days after the Proposed Storm Charges expire, the Company will compare the final Recoverable Storm Amount approved for recovery by the Commission to actual revenues received from the

⁵ As noted in Gulf's November 10, 2020 petition, Gulf's proposed restoration costs related to Hurricane Sally will not replenish Gulf's retail storm reserve that the Company maintains in accordance with Rule 25-6.0143, F.A.C. because, prior to Hurricane Sally, Gulf's storm reserve was in a deficit position as a result of incremental storm restoration costs related to Hurricane Michael.

Interim Storm Charge and Proposed Storm Charges in order to determine any excess or shortfall in recovery. Gulf will calculate final true-up rates and file with the Commission for approval to apply final true-up rates to customer bills for a one-month period in order to refund the excess or collect the shortfall. The final true-up rates will be designed in a manner that is consistent with methods ultimately approved by the Commission in this docket. Gulf will apply the true-up rates to customer bills starting on Cycle 1 of the first month that is more than 30 days after the date of Commission approval.⁶

20. Gulf witnesses' pre-filed testimonies demonstrate that the Company's actions and activities before, during, and after Hurricane Sally were prudent and consistent with "what a reasonable utility manager would do in light of the conditions and circumstances which he knew or reasonably should have known at the time the decision was made." *In Re Fuel & Purchased Power Cost Recovery Clause*, Docket No. 080001-EI, Order No. PSC-2009-0024-FOF-EI, 2009 WL 692572 (FPSC Jan. 7, 2009) (emphasis added). The testimony further demonstrates the reasonableness of the Hurricane Sally Costs.

IV. CONCLUSION

21. WHEREFORE, Gulf respectfully requests that the Commission conduct a limited proceeding and find that Gulf's activities undertaken in response to Hurricane Sally were prudent, and that the associated Hurricane Sally Costs were reasonable. Gulf further respectfully requests that the Commission: (i) determine that Gulf's actual Recoverable Storm Amount of \$146.3 million was prudently incurred; (ii) approve the Company's Proposed Storm Restoration Recovery Surcharges; (iii) approve Gulf's proposal to increase its Proposed Storm Restoration Recovery Surcharges to \$10.00/1,000 kWh, effective November 2023; (iv) approve the Company's Proposed

⁶ Gulf's proposed true-up process is identical to the process utilized by Gulf in the Hurricane Michael storm cost recovery docket (No. 20190038-EI).

Recovery Period; and (v) approve the Company's proposed process for determining a one-time true-up to be applied to customer bills once the approved Recoverable Storm Amount and the actual revenues collected through the end of the Proposed Recovery Period are known.

Respectfully submitted,

By: /s/ Kenneth M. Rubin

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CERTIFICATE OF SERVICE

Docket No. 20200241-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic mail on this 12th day of November, 2021 to the following:

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**Attorneys for the Citizens
of the State of Florida**

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **GULF POWER COMPANY**

3 **DIRECT TESTIMONY OF MICHAEL SPOOR**

4 **DOCKET NO. 20200241-EI**

5 **NOVEMBER 12, 2021**

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1 **I. INTRODUCTION**

2

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

4 A. My name is Michael Spoor. My business address is Gulf Power Company, One Energy
5 Place, Pensacola, Florida, 32520.

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

7 A. I am employed by Gulf Power Company (“Gulf” or the “Company”) as Vice President
8 of Gulf Power Company.

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

10 A. As Vice President of Gulf Power Company, my responsibilities, with respect to Power
11 Delivery, include the planning, engineering, construction, operation, maintenance, and
12 restoration of Gulf’s transmission and distribution (“T&D”) electric grid. During
13 hurricane restoration events, I assume the additional role of Gulf’s Area Commander.
14 In this capacity, I am responsible for the overall coordination of all restoration activities
15 to ensure the successful implementation of Gulf’s restoration strategy, which is to
16 restore service to our customers safely and as quickly as possible.

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

18 A. I graduated from Auburn University with a Bachelor of Science degree in Industrial
19 Engineering and from Nova Southeastern University with a Master of Business
20 Administration. I am also a graduate of executive education programs at both
21 Columbia University and Kellogg School of Management at Northwestern University.
22 I am a licensed Professional Engineer in the State of Florida. I joined FPL in 1985 and
23 have served in a variety of leadership positions including area operations manager,

1 manager of reliability, director of distribution system performance, director of business
2 services and director of distribution operations. I assumed my responsibilities related
3 to Gulf's Power Delivery in January 2019, having previously served as Vice President
4 of Transmission and Substation with FPL. In March 2021, I assumed my current
5 position as Vice President of Gulf Power Company.

6

7 I have been involved with hurricane restoration with FPL for the last 30 years serving
8 in various roles and levels of responsibility. I currently serve as the Gulf Power Area
9 Commander.

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

11 A. Yes. I am sponsoring the following exhibits:

- 12 • MS-1(Sally) – Hurricane Sally Forecast Track on September 13, 2020
- 13 • MS-2(Sally) – Hurricane Sally's Path
- 14 • MS-3(Sally) – National Hurricane Center's Landfall Track for Hurricane Sally
15 on September 16, 2020
- 16 • MS-4(Sally) – Hurricane Sally StormGeo Image on September 16, 2020
- 17 • MS-5(Sally) – Gulf's T&D Hurricane Sally Restoration Costs

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

19 A. The purpose of my testimony is to provide an overview of Gulf's emergency
20 preparedness plan and restoration process. I provide details for the work and costs
21 incurred by Gulf's T&D organization in connection with Hurricane Sally, along with
22 the work and costs of the other Gulf business units that supported the Company's
23 restoration efforts. Specifically, I describe Gulf's T&D Hurricane Sally storm

1 preparations, response and restoration efforts, follow-up work activities necessary to
2 restore Gulf’s facilities to their pre-storm condition, and details on T&D hurricane
3 restoration costs. Finally, I discuss Gulf’s overall successful performance in restoring
4 service to those customers that experienced an outage due to Hurricane Sally. As a
5 result, my testimony supports the prudence of Gulf’s activities and the reasonableness
6 of Hurricane Sally restoration costs, the great majority of which involve the T&D
7 system.

8

9 **II. EMERGENCY PREPAREDNESS PLAN & RESTORATION PROCESS**

10

11 **Q. What is the objective of Gulf’s emergency preparedness plan and restoration**
12 **process?**

13 A. The primary objective of Gulf’s emergency preparedness plan and restoration process
14 is to safely restore critical infrastructure and to restore power to the greatest number of
15 customers in the least amount of time so that Gulf can return normalcy to the
16 communities it serves.

17 **Q. Describe generally how Gulf approaches this objective.**

18 A. Achieving this objective requires extensive planning, training, adherence to established
19 storm restoration processes, and execution that can be scaled quickly to match each
20 storm’s particular challenges. To these ends, Gulf’s emergency preparedness plan
21 incorporates comprehensive annual restoration process reviews and includes lessons
22 learned, new technologies, and extensive training activities to ensure Gulf’s employees
23 are well prepared.

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

Q. What are the key components of Gulf’s emergency preparedness plan?

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

- Disaster response policies and procedures;
- Scalable internal organizational structures based on the required response;
- Planned timeline of activities to assure rapid notification and response;
- Mutual assistance agreements and vendor contracts and commitments;
- Plans and logistics for the staging and movement of resources, personnel, materials, and equipment to areas requiring service restoration;
- Communication and notification plans for employees, customers, community leaders, emergency operation centers, and regulators;
- An established centralized command center with an organization for command and control of emergency response forces;
- Checklists and conference call agendas to organize, plan, and report situational status;
- Damage assessment modeling and reporting procedures;

- 1 • Field and aerial patrols to assess damage;
- 2 • Comprehensive circuit patrols to gather vital information needed to
- 3 identify the resources required for effective restoration;
- 4 • Systems necessary to support outage management processes and
- 5 customer communications; and
- 6 • A comprehensive NextEra Energy Mutual Assistance Pandemic
- 7 Resource Guide for COVID-19, to support required changes to
- 8 restoration plans and added safety during the pandemic response.

9

10 This plan is comprehensive and well-suited for the purpose of facilitating prompt and
11 effective responses to emergency conditions, such as hurricanes, to restore power as
12 safely and quickly as possible.

13 **Q. Does Gulf regularly update its plan?**

14 A. Yes. Each year, prior to hurricane season, Gulf reviews and updates its emergency
15 preparedness plan. To ensure rapid restoration, the key focus areas of this plan are
16 staffing the hurricane response organization, preparing logistics support, enhancing
17 customer communication methods, and ensuring that required computer and
18 telecommunication systems are in place. As part of this process, all business units
19 within Gulf identify personnel for staffing the emergency response organization. In
20 many cases, employees assume roles different than their regular responsibilities.
21 Training is conducted for employees each year, regardless of whether they are in a new
22 role or a role in which they have served many times. This includes training on processes

1 that range from clerical and analytical to reinforcing restoration processes for our
2 employees.

3 **Q. How did the COVID-19 pandemic impact Gulf's emergency preparedness plan?**

4 A. The COVID-19 pandemic presented additional challenges during the 2020 storm season
5 that Gulf addressed and incorporated into our plan which includes a restoration response
6 protocol that would minimize our employees', outside resources', and customers'
7 potential exposure to COVID-19. Additionally, Gulf developed and adapted new
8 strategies and techniques to house, feed, and provide a safe work environment for those
9 engaged in the restoration process. Our plan, built on a foundation of knowledge,
10 experience, industry best practices, and continuous improvement, allowed the team to
11 be flexible and adapt to change.

12 **Q. What else does Gulf do to prepare for each hurricane season?**

13 A. In the logistics support area, preparations include: 1) increasing material inventory; 2)
14 verifying and securing adequate lodging arrangements; 3) securing staging sites
15 (temporary work sites that are opened to serve as operational hubs for Incident
16 Management Teams to plan, coordinate, and execute area restoration plans and also
17 provide parking, food, laundry service, medical care, hotel coordination, and, if
18 necessary, housing for large numbers of external and internal restoration resources); 4)
19 verifying staging site plans; and 5) securing any necessary agreements and contracts for
20 these support services. These activities are important to ensure availability and on-time
21 delivery of these critical items at a reasonable cost. All of this planning and preparation
22 provides the foundation to begin any restoration effort.

23

1 **Q. Does Gulf regularly test its emergency preparedness plan?**

2 A. Yes. Gulf has conducted annual “dry run” exercises to test its emergency preparedness
3 plan. Since its acquisition by NextEra Energy, Inc. in 2019, Gulf tests its readiness
4 during a joint hurricane dry run exercise with FPL. This event simulates a hurricane (or
5 multiple storms/hurricanes) impacting Gulf’s service area. The purpose is to provide a
6 realistic, challenging scenario that causes the organization to react to situations and to
7 practice functions not generally performed during normal operations. It is a full-scale
8 exercise, executed with active participation by employees representing every business
9 unit in the company as well as external organizations, local government officials, and
10 media representatives. After months of preparation, the formal exercise activities begin
11 96 hours before the mock hurricane’s forecasted date and time of impact. Gulf’s
12 Command Center is fully mobilized and staffed. Field patrollers are required to
13 complete simulated damage assessments that are then utilized by office staff to practice
14 updating storm systems, acquiring resources, and developing estimated times of
15 restoration. The exercise also includes simulating customer and other external
16 communications as well as updating our outage management system and other storm-
17 specific applications. The dry run engages the logistics team to exercise their staging
18 site plans to assess the readiness of staging site processes (e.g., communications,
19 logistics, materials, and equipment). This training is conducted in the course of our
20 ordinary approach to business and the costs of these activities are not charged to
21 hurricane costs and, therefore, are not part of the evaluation of costs the Florida Public
22 Service Commission (the “Commission”) is conducting in this proceeding.

23

1 **Q. How does Gulf respond when a hurricane threatens its service area?**

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

8
9 At 96 to 72 hours prior to the projected impact to Gulf's system, Gulf's activities
10 include: activating the Command Center; alerting all storm personnel; forecasting
11 resource requirements; developing initial restoration plans; activating contingency
12 resources; and identifying available resources from mutual assistance utilities. In
13 addition, all Gulf sites begin to prepare their facilities for the impact of the storm.

14
15 At 72 to 48 hours, computer models are run based on the projected intensity and path
16 of the storm to forecast expected damage, restoration workload, and potential customer
17 outages. Based on the modeled results, commitments are confirmed for restoration
18 personnel, materials, and logistics support. Staging site locations are then identified
19 and confirmed based on the hurricane's expected path. Communications lines are
20 established for the staging sites and satellite communications are expanded to improve
21 communications efforts. External resources are activated and begin moving toward the
22 expected damage areas in our service area and internal personnel may also be moved
23 closer to the expected damage.

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

13 **Q. Has Gulf had any recent past opportunities to execute its emergency preparedness
14 plan and overall restoration process?**

15 A. Yes. In 2018, Gulf was required to implement its full-scale emergency preparedness
16 plan and restoration process as a result of impacts from Hurricane Michael, a Category
17 5 hurricane which severely impacted Gulf’s eastern service area, which includes
18 Panama City, Panama City Beach, and Chipley. Gulf also activated the emergency
19 preparedness plan in response to several tropical storm and tornado events in 2019 and
20 2020 preceding Hurricane Sally.

21 **Q. Did Gulf implement improvements to its emergency preparedness plans and
22 restoration process based on its experiences from these recent storms?**

23 A. Yes. Every restoration event is different, and each event presents opportunities to learn

1 and continue to refine and improve our processes and planning. Consistent with our
2 culture of continuous improvement, Gulf implemented several enhancements to its
3 processes based upon its experience with Hurricane Michael. Many of these were
4 outlined as part of the Hurricane Michael Settlement, and most were implemented
5 during Hurricane Sally even though they were not required to be implemented until the
6 2021 hurricane season. For example, Gulf utilized FPL's iStormed Application (the
7 "iStormed App") to record time and expenses for line and vegetation contractors, as
8 well as utilization of FPL's existing, negotiated contracts with various storm support
9 suppliers.

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

12 A. Significant standardization in field operations has been institutionalized including
13 work-site organization; work preparation and prioritization; and damage assessment.
14 For external crew personnel, Gulf provides an orientation that includes safety rules,
15 work practices, and engineering standards. Additionally, procedures to ensure rapid
16 preparation and mobilization of remote staging sites have been developed to allow Gulf
17 to establish these sites in the most heavily damaged areas.

18
19 Storm plan requirements are documented in a variety of media including manuals, on-
20 line procedures, checklists, job aids, process maps, and detailed instructions. System
21 data is continuously monitored and analyzed throughout the storm. Gulf conducts
22 multiple daily conference calls, utilizing structured checklists and agendas, with Gulf
23 Command Center leadership to confirm process discipline, discuss overall progress,

1 and identify issues that can be resolved quickly by leaders participating on the call from
2 all Gulf business units. Conference calls are also held with all field restoration and
3 logistics locations to provide a further mechanism to ensure critical activities are
4 performed as planned and timely communications occur at all levels throughout the
5 organization. Also, each organization within Gulf conducts its own daily conference
6 call(s) to ensure plans are executed appropriately and issues are being resolved
7 expeditiously. Overall monitoring and performance management of field operations
8 are performed through the Gulf Command Center. In addition, Gulf Command Center
9 personnel routinely conduct field visits once restoration has begun to validate
10 restoration process discipline and application, assess progress at remote work sites, and
11 identify any adjustments that may be required.

12 **Q. How does Gulf assess its workload requirements?**

13 A. There are a variety of factors that impact restoration workload. Historical responses to
14 similar events, team experiences with both on-system and off-system events, and the
15 framework of the emergency preparedness plan are utilized to determine preliminary
16 workload requirements. During Hurricane Sally restoration, Gulf also utilized FPL's
17 storm damage model to forecast system damage and hours of work required to restore
18 service. These forecasts are based on the location of Gulf facilities, the weather forecast
19 associated with the storm's projected path, and the effects of varying wind strengths on
20 the electric infrastructure. As conditions change, the damage model is updated. The
21 workload projections are matched with resource factors such as availability and
22 location, and Gulf's capacity to manage and support available resources efficiently and
23 safely. As soon as the storm passes, employees are tasked with determining and

1 assessing system damage. Gulf utilizes damage assessments obtained through aerial
2 and field patrols and customer outage information contained in Gulf’s outage
3 management system.

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

5 A. Normally, 96 to 72 hours prior to expected storm impact, Gulf 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”), Gulf
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, Gulf 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 fluctuations,
13 and corresponding damage model results.

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

15 A. As previously mentioned, an important component of each restoration effort is Gulf’s
16 ability to scale and adjust resources to match the anticipated workload. This includes
17 acquiring external contractors and mutual assistance from affiliate companies, other
18 utilities, within (e.g., other Florida investor-owned, municipal, and cooperative
19 utilities) as well as outside the state of Florida. Gulf is a founding member and active
20 participant of the SEE Mutual Assistance Group. While this group is a non-binding
21 entity, it provides Gulf and other members with guidelines on how to request assistance
22 from a group of approximately 55 utilities, primarily located in the southern and eastern
23 United States. The guidelines require reimbursement for direct costs of payroll and

1 other expenses, including roundtrip travel costs (i.e., mobilization/demobilization),
2 when providing mutual aid in times of an emergency. In addition, Gulf participates
3 with EEI and the National Response Event organization to gain access to other utilities.
4 Resource requests may include line and vegetation contractors, patrol personnel, crew
5 supervisors, material-handling personnel and, in some cases, logistics support.

6

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

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

17 A. As indicated earlier, while safe and rapid restoration (the primary restoration objective)
18 does not permit the least overall cost for restoration, Gulf is always mindful of costs
19 when acquiring resources. For line and vegetation contractors, Gulf endeavors to
20 acquire resources with pre-negotiated storm contracts based on a low-to-high cost
21 ranking and release these same resources from storm restoration assistance in reverse
22 cost order subject to the overriding objective of quickest restoration time and related
23 considerations. Gulf also considers travel distance when procuring storm restoration

1 resources, as longer distances require increased drive times and can result in higher
2 mobilization/demobilization costs. Final contractor and mutual-aid resource decisions
3 take into consideration the number, availability, relative labor costs, and travel
4 distances of required resources. This information is then evaluated relative to the
5 expected time to restore customers.

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

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

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

21 A. Gulf, through FPL, has centralized all external resource acquisition within the
22 FPL/Gulf Command Center organization. This organization approves resource
23 acquisition targets, which are continually monitored and communicated.

1 **Q. What processes and controls are in place to ensure the proper accounting of the**
2 **work performed by these resources and the time charged for that work?**

3 A. During Hurricane Sally, as with prior storms, these external resources initially report
4 to a Processing Site for verification of rosters and equipment before being assigned to
5 a Gulf Storm Production Lead that is associated with a designated staging site. The
6 Storm Production Lead is responsible for verifying crew rosters as Gulf accepts these
7 resources on to its system. The Storm Production Lead is then responsible for
8 reviewing and electronically approving timesheets to ensure that time and personnel
9 counts are recorded accurately. The timesheets are then electronically routed to the
10 Finance Section Chief (whose role and responsibilities are described in Gulf witness
11 Hughes' testimony) at the staging site and then sent to FPL's Cost Finalization team.
12 Gulf witness Gerard describes the role and responsibilities of the Cost Finalization team
13 which is responsible for the final validation of contractor invoices for payment.

14 **Q. What logistics, logistics support personnel, and activities are required to support**
15 **the overall restoration effort?**

16 A. Logistics functions serve a key role in any successful restoration effort, i.e., ensuring
17 that basic needs and supplies are adequately available and provided to the thousands of
18 restoration personnel involved. These functions include, but are not limited to, the
19 acquisition, preparation, and coordination of staging sites, environmental services,
20 salvage, lodging, laundry, buses, caterers, ice and water, office trailers, light towers,
21 generators, portable toilets, security guards, communications, and fuel delivery.
22 Agreements with primary vendors are also in place prior to the storm season as part of
23 Gulf's comprehensive storm-planning process. Gulf personnel from all parts of the

1 company meet additional logistics staffing needs. Most of these employees are pre-
2 identified, trained and assigned to provide site logistics management and support other
3 restoration workforce needs. Gulf contracts for additional logistics resources for larger
4 restoration efforts that exceed internal logistics support capabilities.

5 **Q. What actions were taken by Gulf to address Storm Preparation and Restoration**
6 **during the global COVID-19 pandemic?**

7 A. The health and safety of our workforce and our customers is our top priority. As a
8 result, Gulf's objective to maintain worker safety during the COVID-19 pandemic
9 prompted additional enhancements to Gulf's emergency preparedness plan and storm
10 restoration process. A NextEra Energy Mutual Assistance Pandemic Resource Guide
11 ("Resource Guide") was developed, which established additional safety precautions in
12 key storm response locations, such as the Command Center, Control Center operations,
13 storm riders, and the various Processing and Staging Sites. The Resource Guide also
14 established additional safety requirements for other storm response workers within the
15 Company to minimize their risk of exposure to COVID-19.

16 **Q. Please describe some of the additional safety precautions that the Resource Guide**
17 **established.**

18 A. An example of the additional safety precautions was the development of Alpha and
19 Bravo teams with critical roles at separate locations. This creation of a backup team
20 allowed for continuation of critical functions if one team was impacted by COVID-19.
21 Additionally, in some cases, storm response workers with secondary support roles were
22 able to work remotely. The Resource Guide also established guidelines for adjusting
23 staging site occupancy and increasing the number of microsites for staging resources

1 to minimize crew congregation and movement.

2 **Q. Does Gulf have controls in place to ensure that necessary items for logistics are**
3 **procured and appropriately accounted for?**

4 A. Yes. Gulf's logistics organization is responsible for overseeing and coordinating the
5 procurement of resources required at our staging sites. The Logistics Section Chief
6 and logistics team ensure that each staging site's resource requirements are initially
7 procured and received. The Finance Section Chief also provides guidance and
8 assistance to help ensure active, real time financial controls are in effect and adhered
9 to during the restoration event. These processes are discussed in more detail by Gulf
10 witness Hughes.

11

12 **III. HURRICANE SALLY**

13

14 **Q. Please provide an overview of Hurricane Sally as it developed and impacted Gulf's**
15 **service area.**

16 A. Hurricane Sally was the eighteenth named storm and seventh hurricane of an extremely
17 active 2020 Atlantic hurricane season. Sally was monitored over the Bahamas on
18 September 11 as a tropical depression, reaching the coast of southeastern Florida near
19 Cutler Bay on September 12. As Sally crossed southern Florida and entered the Gulf
20 of Mexico, it was not projected to impact Gulf's service area, but was forecasted to
21 make landfall near the Texas/Louisiana state line as a tropical depression or a minimal
22 tropical storm (Exhibit MS-1(Sally)). On September 14, Sally intensified, becoming a
23 Category 2 hurricane. At 11 a.m., the National Hurricane Center ("NHC") changed its

1 forecast to include impacts to Escambia and Santa Rosa counties in its Hurricane
2 Warning advisory, and later that evening, Florida Governor Ron DeSantis signed an
3 Executive Order declaring a state of emergency for Escambia and Santa Rosa counties.
4 The Executive Order included estimated impacts of "...5-10 inches of rain", "... many
5 Northwest Florida rivers and streams are elevated as a result of heavy rainfall this
6 month", and "... as a result of the recent rainfall, many Northwest and North Florida
7 rivers are forecasted to rise above flood stage and crest later in the week."

8
9 Late on September 15, while Hurricane Sally was still forecast to make landfall well
10 west of Gulf's service area, the storm made a drastic shift to the east (Exhibit MS-
11 2(Sally)). During the early morning hours of September 16, Sally made landfall near
12 the Alabama/Florida state line near Gulf Shores, Alabama as a strong Category 2
13 hurricane with maximum sustained winds of 110 mph (reference Exhibit MS-3(Sally)
14 (Sally)). The slow-moving hurricane then tracked northeast across the panhandle of
15 Florida for most of the day on September 16, hampering early restoration activities
16 (Exhibit MS-4(Sally)). In some areas of the Florida Panhandle, in addition to the
17 Category 2 hurricane winds and stronger gusts, heavy and sustained rainfall caused
18 widespread flooding of creeks, rivers, bays, and low-lying areas resulting in numerous
19 road closures. Incoming storm surge was measured at 5.6 feet, compounding coastal
20 flooding. Additionally, the U.S. Highway 98 – Pensacola Bay Bridge, which is a major
21 corridor between Escambia, Santa Rosa, and other counties in Gulf's coastal service
22 area, was heavily damaged during the storm, causing it to be closed during restoration
23 activities and remain closed for several months.

1 **Q. How did Gulf initially prepare to respond to the potential impacts of Hurricane**
2 **Sally?**

3 A. As I mentioned previously, shortly after Tropical Storm Sally entered the Gulf of
4 Mexico on September 12, 2020, Gulf's emergency preparedness teams closely
5 monitored the storm and initiated early discussions and preliminary preparations. Gulf's
6 first weather update call occurred on September 12 (96-hour call based on the NHC
7 forecast track and timing at the time) and our first Command Center call occurred on
8 September 13. On September 14, Gulf activated its Command Center and began
9 preparations for possible impact.

10
11 NHC forecasts issued on the morning of September 14 stated that Gulf would be
12 impacted by heavy rainfall, flooding, and tropical storm force wind gusts in the western-
13 most part of the service area. As such, FPL and Gulf worked to shift internal resources
14 based on expected impact and storm damage model guidance. Gulf also initiated
15 customer communications and outreach, urging customers to prepare for Hurricane
16 Sally's impacts on September 14 based on the forecast of heavy rains and tropical storm
17 winds, including potentially prolonged power outages. On September 15, Gulf activated
18 its emergency response organization, staffed its Command Center, and initiated the
19 cadence of daily planning and management meetings to ensure the efficient and timely
20 execution of all pre-landfall checklists and preparation activities. However, during the
21 night on September 15 and into the early morning hours on the 16th, the storm shifted
22 and increased in intensity as the center of Sally moved over the Florida/Alabama state
23 line making landfall as a strong Category 2 hurricane. Gulf responded by requesting

1 additional resources early on September 16 to begin restoration once the storm cleared
2 the area and inland flooding receded.

3

4 On September 16 when winds and rain subsided, Gulf began to open staging sites and
5 position available resources throughout its service area to begin the restoration process.

6 **Q. How did Gulf ultimately respond to the impacts of Hurricane Sally?**

7 A. Gulf followed its well developed, systematic and well tested plan to respond to such a
8 weather event, which includes obtaining and pre-staging resources in advance of the
9 storm. However, the late shift in the actual storm track and the change in the storm's
10 intensity presented early challenges for the team as it responded to ensure a successful
11 restoration. The Gulf team was well prepared and trained with a proven plan; because
12 of this, we were able to quickly pivot, engage additional resources, and respond in a
13 timely manner to complete a safe and rapid restoration for our customers who could
14 receive service in just 5 days, despite the increased challenges of road and bridge
15 closures due to flooding and damage that limited crew movement and access to damaged
16 areas, while at the same time maintaining COVID-19 protocols.

17 **Q. What was the magnitude of damage to Gulf's T&D infrastructure and the number
18 of customers that experienced outages as a result of Hurricane Sally?**

19 A. In total, Gulf restored service to approximately 285,000 customers who were impacted
20 by the storm. Toppled trees, vegetation outside of Gulf's trim zone, and wind-blown
21 debris were the leading causes of outages. Hurricane Sally-caused outages impacted
22 Gulf's service area from September 15 through September 22, resulting in widespread
23 distribution outages, with initial restoration activities (excluding follow-up work)

1 completed in 5 days. Gulf’s significant investments since 2007 in storm hardening and
 2 smart grid technology enabled Gulf to restore service to customers faster and, in some
 3 cases, to completely avoid outages. For example, grid improvements and investments
 4 provided the Distribution Control Center and field personnel better visibility into the
 5 system impacts and provided opportunities for switching to restore customers ahead of
 6 and during restoration, including self-heal networks that automatically restore
 7 customers without human intervention.

8

9 **IV. T&D RESTORATION COSTS**

10

11 **Q. What were the final Hurricane Sally T&D restoration costs?**

12 A. As provided in Exhibit MS-5(Sally), total T&D restoration costs were \$178.87 million
 13 or approximately 79% of total restoration costs of \$227.53 million as reflected in Line
 14 10 of Gulf witness Hughes’ Exhibit DH-1(Sally). The table below displays the T&D
 15 cost components for Hurricane Sally restoration.

16 Hurricane Sally – T&D Restoration Costs by Category (\$000s)

	Total T&D	%
Regular Payroll and Related Costs	\$1,494	1%
Overtime Payroll and Related Costs	\$2,544	1%
Contractors	\$118,368	66%
Vehicle & Fuel	\$2,992	2%
Materials & Supplies	\$5,332	3%
Logistics	\$39,400	22%
Other	\$8,741	5%
Total	\$178,869	100.0%

17

18

1 **Q. Please provide a brief description of the T&D costs by categories depicted in**
2 **Exhibit MS-5(Sally) for Hurricane Sally restoration.**

3 A. A brief description of the T&D costs by categories are:

- 4 • T&D “Regular Payroll and Related Costs” and “Overtime Payroll and Related
5 Costs” are costs associated with Gulf employees who directly supported the T&D
6 service restoration efforts. This includes Gulf linemen, patrollers, other field support
7 personnel, and T&D storm restoration staff and personnel.
- 8 • T&D “Contractors” includes costs associated with external line contractors, mutual
9 assistance utilities, Gulf embedded contractors, line and vegetation contractors, and
10 other contractors (e.g., contractors performing overhead line patrols and
11 environmental assessments) that supported Gulf’s service restoration efforts and
12 follow-up work to restore facilities to their pre-storm condition.
- 13 • T&D “Vehicle & Fuel” includes Gulf’s vehicle and associated fuel costs, costs for
14 fuel that Gulf supplied to line contractors, mutual assistance utilities, and other
15 contractors.
- 16 • T&D “Materials & Supplies” includes costs associated with items such as wire,
17 transformers, poles, and other electrical equipment used to restore electric service
18 for customers and repair and restore storm-impacted Gulf facilities to their pre-storm
19 condition.
- 20 • T&D “Logistics” includes costs associated with staging sites and other support
21 needs, such as lodging, meals, water, ice, and buses.
- 22 • T&D “Other” category includes costs not previously captured, such as affiliate
23 payroll and related costs, contractors, freight charges and other miscellaneous items.

1 **Q. Please describe the follow-up work required for T&D as a result of Hurricane Sally**
2 **restoration.**

3 A. As previously discussed, the primary objective of Gulf’s emergency preparedness plan
4 and restoration process is to safely restore critical infrastructure and the greatest number
5 of customers in the least amount of time. At times, this means utilizing temporary fixes
6 (e.g., bracing a cracked pole or cross arm) and/or delaying certain repairs (e.g., replacing
7 lightning arrestors and repairing streetlights) that are not required to restore service
8 expeditiously. However, these conditions must be subsequently addressed during the
9 restoration follow-up work phase, to restore to their pre-storm condition.

10
11 Restoring Gulf’s T&D facilities to their pre-storm condition is generally a two-step
12 process: (1) assessing/identifying the necessary follow-up work to be completed; and
13 (2) executing the identified work.

14
15 **V. NON-T&D RESTORATION COSTS**

16
17 **Q. Please provide an overview of Gulf’s non-T&D business units that engaged in**
18 **storm preparation and restoration activities related to Hurricane Sally.**

19 A. The great majority of the work associated with Gulf’s preparations for, response to, and
20 restoration following Hurricane Sally were related to T&D restoration. However,
21 virtually every other business unit within Gulf was engaged in pre-storm planning and
22 preparation as well as post-storm restoration activities, all of which contributed to the
23 overall success of the restoration efforts. Included within the family of non-T&D

1 business units that supported this effort, together with associated costs, are the
2 following (also referenced in Gulf witness Hughes' Exhibit DH-1(Sally)):

- 3 • General - \$3.1 million
- 4 • Customer Service - \$347 thousand

5
6 The costs incurred by these non-T&D business units were a necessary component of
7 storm preparation and the execution of storm restoration efforts and support functions.
8 Most of these costs were related to payroll and for services provided by contractors.

9 **Q. Was Gulf's Power Generation business unit impacted by Hurricane Sally?**

10 A. Yes. Gulf's Plant Crist sustained significant damage as a result of the storm. Gulf
11 witness Priore addresses the Plant Crist damage in his pre-filed direct testimony.

12 **Q. Please provide an overview of the "General" category related to Hurricane Sally.**

13 A. The business units in the "General" category primarily include Marketing and
14 Communications ("Communications"), Information Technology ("IT"), External
15 Relations ("ER"), and Corporate Real Estate ("CRE"). Before, during, and after
16 Hurricane Sally, Communications was responsible for all aspects of communications,
17 both internally with employees and externally with customers and stakeholders. More
18 than 30 channels of communication were utilized, including but not limited to e-mail,
19 automated calls, text messaging, social media updates, media events, news
20 conferences, news releases to the media, and communications to local leaders, state and
21 federal elected officials, regulators, and large commercial customers.

22

1 IT was responsible for the delivery and support of system business solutions,
2 technology infrastructure (client services, mobile services, servers, network, etc.), and
3 both wired and wireless technology.

4 ER worked closely and coordinated with local government partners and county EOCs
5 in Gulf's service area.

6 Lastly, CRE was responsible for preparing all buildings and substations for potential
7 storm impacts, assessing damage to buildings and sites following the storm, and
8 repairing damage caused by the storm. Furthermore, CRE provided all janitorial,
9 facilities, and food service to critical storm support locations.

10 **Q. Did any of the business units in the "General" category retain contractors to**
11 **assist?**

12 A. Yes. All three of the business units in the General category retained contractors.
13 Communications' contractors primarily supplemented the work of the Gulf
14 Communications team in the areas of visual communication support, media relations,
15 social media staffing, and technical support for digital communications. IT utilized a
16 contractor who provided services to support the Trouble Call Management System,
17 which tracks outage tickets and trouble reports during restoration. CRE retained and
18 managed contractors for building services and maintenance. Contractors were also
19 retained for debris removal at corporate offices, substations, and service centers and
20 the replacement of any damaged vegetation as required by the towns, cities, and
21 counties.

22

23

1 **Q. Please explain Customer Service’s role related to Hurricane Sally.**

2 A. The majority of Gulf’s Customer Service storm-related restoration costs related to
3 payroll and services provided by contractors. Customer Service employees, together
4 with retained contractors, primarily handled communications from customers reporting
5 outages and hazardous conditions, customer complaints, and communications with
6 governmental entities. The Gulf Customer Care centers extended daily schedules to
7 13-hour shifts covering 24 hours/day and coordinated with our contract partners to
8 further assist in handling outage calls, as well as with FPL for other storm related
9 assistance as needed. During restoration, Customer Service also assessed the impact
10 Hurricane Sally had on the communication status of network devices, conducted back-
11 office analyses and field investigations, and repaired or replaced non-communicating
12 devices.

13 **Q. Were the activities of Customer Service and the business units discussed in the**
14 **“General” category prudent and the associated costs reasonable as part of Gulf’s**
15 **overall response to Hurricane Sally?**

16 A. Yes.

17

18 **VI. EVALUATING GULF’S RESTORATION RESPONSE**

19

20 **Q. Would you consider Gulf’s Hurricane Sally restoration plan and its execution of**
21 **the plan to be effective?**

22 A. Yes. As mentioned previously, Gulf’s primary goal is to safely restore critical
23 infrastructure and the greatest number of customers in the least amount of time so that

1 Gulf can quickly return normalcy to the communities it serves. Hurricane Sally's
2 landfall in Gulf's service area impacted approximately 285,000 customers. Despite the
3 storm's last-minute shift in course, Gulf's restoration planning, along with the ability to
4 scale up resources quickly and the teams' execution of the plan, were very effective in
5 restoring service to customers as quickly and safely as possible.

6 **Q. What factors contributed to the effective execution of Gulf's Hurricane Sally**
7 **restoration plan and execution?**

8 A. The rapid restoration accomplished was, in large part, a result of Gulf's preparation for
9 and experience in responding to potentially devastating damage in Gulf's service area.
10 As Hurricane Sally made landfall and tracked across Gulf's service area, the overall
11 successful restoration effort resulted from, among other actions:

- 12 • Strong centralized command, solid plans and processes and consistent
13 application of Gulf's overall restoration strategy (e.g., focusing first on
14 restoring critical infrastructure and devices that serve the largest number of
15 customers);
- 16 • Aerial patrols and ground assessments, that allowed us to identify the
17 number and location of resources needed for restoration;
- 18 • Aggressive and prudent acquisition, and redeployment of restoration
19 resources;
- 20 • Robust outage management system functionality and real-time information,
21 which allowed Gulf to continually gauge restoration progress and make
22 adjustments as changing conditions and requirements warranted;
- 23 • Strong alliances with vendors, which assured an ample, readily available

1 supply of materials;

2 • Previous storm restoration experience, application of lessons learned,
3 process enhancements, regular practice and training, and employee skill and
4 commitment; and

5 • A solid pandemic response plan to ensure the safety of employees, mutual
6 assistance personnel, and our customers.

7 **Q. Please describe the key restoration plan/process enhancements that helped to**
8 **improve Gulf's response to Hurricane Sally.**

9 A. Gulf's key restoration enhancements included the adoption of FPL's processes and
10 applications utilized since acquisition by NextEra Energy in 2019, together with the
11 early implementation of processes and tools outlined in the Hurricane Michael
12 settlement agreement.

13 **Q. What are your conclusions regarding Gulf's Hurricane Sally restoration efforts?**

14 A. Although each hurricane event is different, Gulf's restoration performance was excellent
15 and utilized lessons learned, new technologies, and extensive training since hurricane
16 Michael's impacts in October 2018. Our commitment to continuous improvement was
17 instrumental in achieving this excellent performance. The implemented improvements
18 and enhancements provided significant benefits and contributed to the safe and rapid
19 restoration of electric service within 5 days to the vast majority of the approximately
20 285,000 customers experiencing an outage.

21

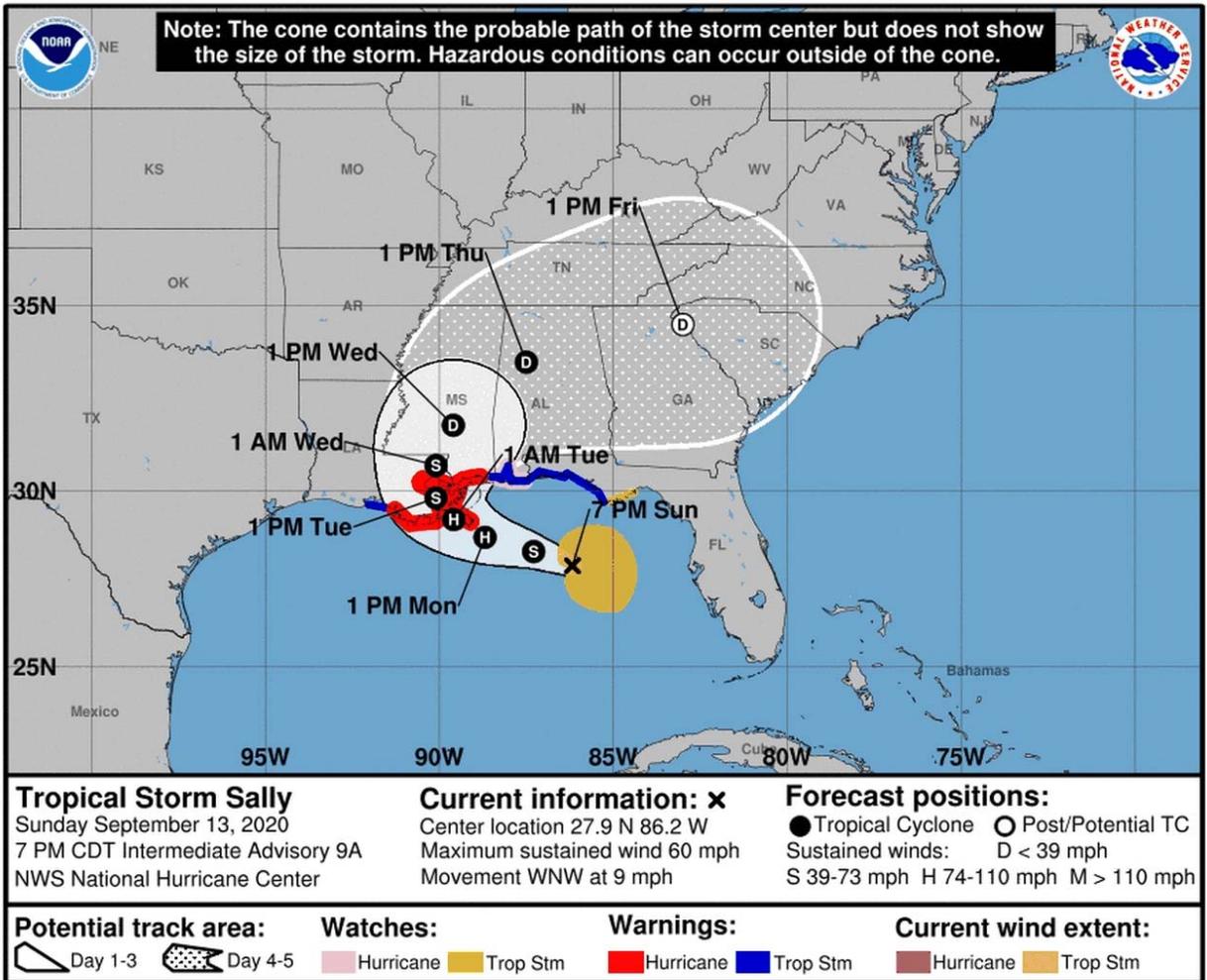
22 I believe the entire restoration team, which included Gulf employees, FPL affiliate
23 employees, contractors, and mutual assistance utilities personnel, performed extremely

1 well. It should also be noted that the restoration was accomplished while the team
2 maintained very strict guidance and protocols as part of the COVID-19 response
3 procedures to keep everyone involved safe and healthy. This allowed Gulf to meet our
4 overarching objective to safely restore critical infrastructure and the greatest number of
5 customers in the least amount of time. Storm restoration is a dynamic and challenging
6 process that tests the fortitude of each person involved. I am exceptionally proud and
7 extremely grateful to have been associated with such a committed and dedicated
8 restoration team.

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

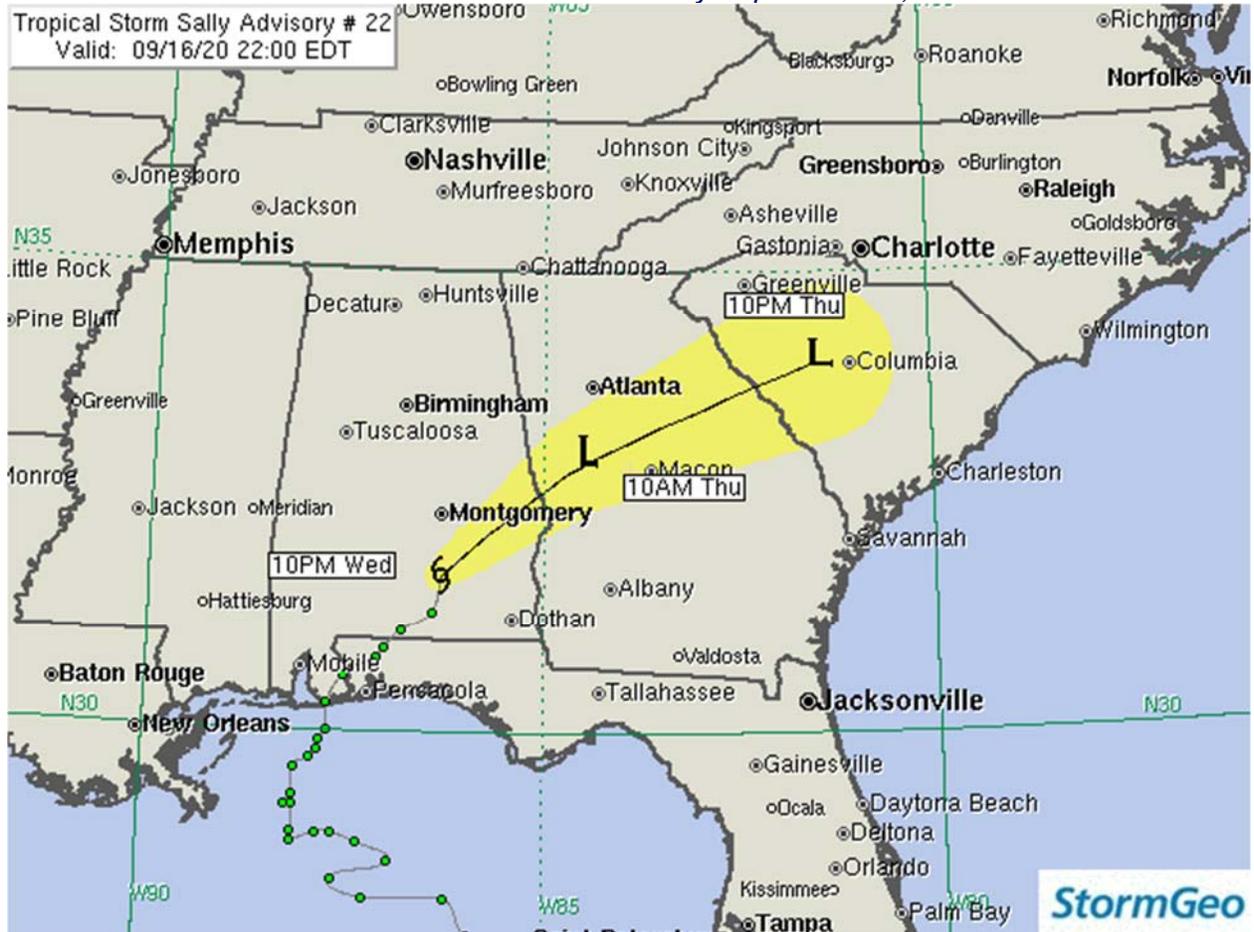
10 A. Yes.

**Tropical Storm Sally- National Hurricane Center's Forecast Track
 Sunday, September 13, 2020**

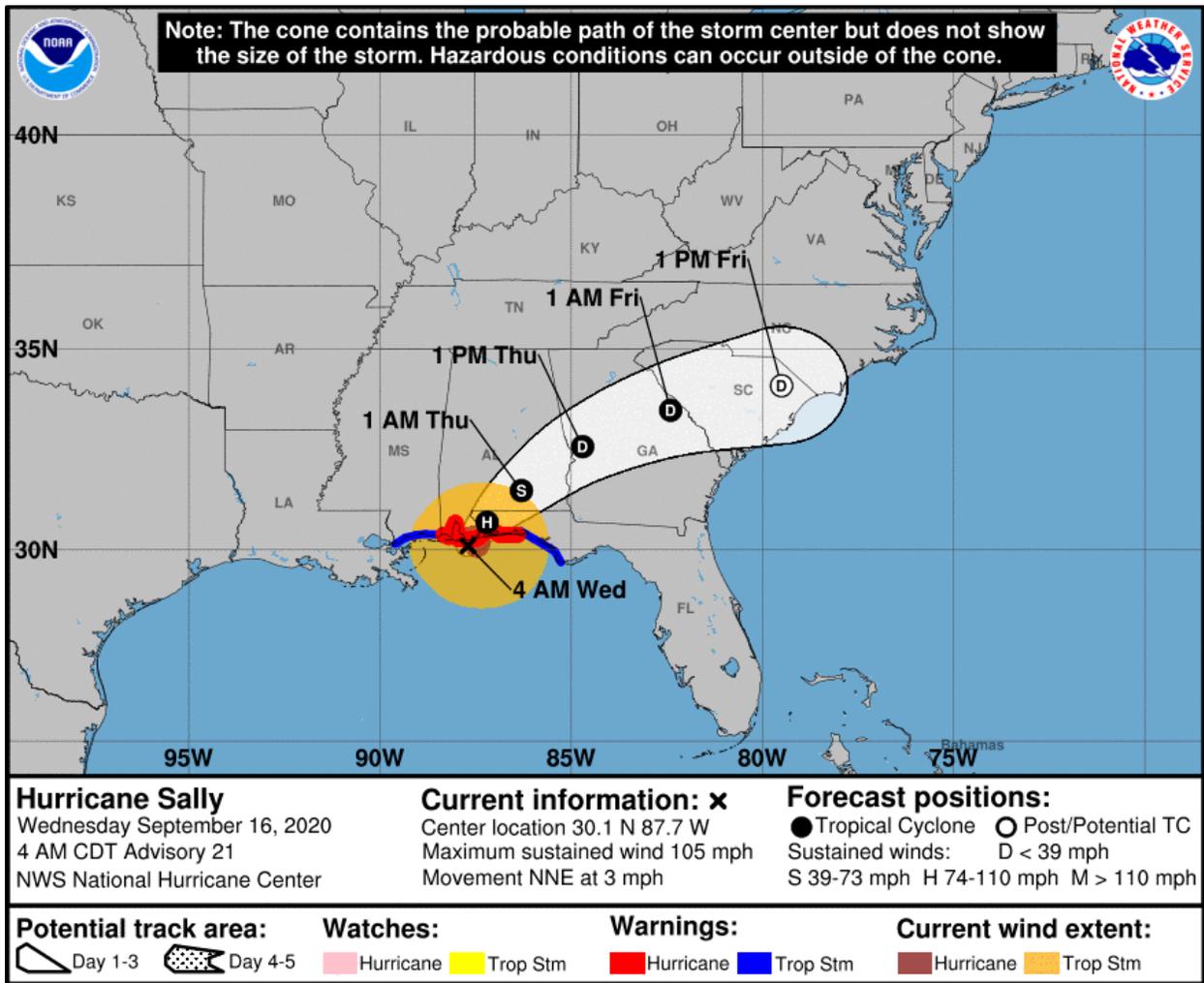


Tropical Storm Sally Advisory 22

Valid: 10:00 PM EDT Wednesday September 16, 2020



**Hurricane Sally- National Hurricane Center's Landfall Track
 Wednesday, September 16, 2020**



Gulf's T&D Hurricane Sally Restoration Costs (A) (\$000s)

Storm Costs as of October, 31, 2021

	<u>Transmission</u>	<u>Distribution</u>	<u>Total T&D (D)</u>	<u>% (D)</u>
Regular Payroll and Related Costs (B)	\$181	\$1,313	\$1,494	1%
Overtime Payroll and Related Costs (B)	\$197	\$2,347	\$2,544	1%
Contractors (C)	\$627	\$117,741	\$118,368	66%
Vehicle & Fuel	\$31	\$2,961	\$2,992	2%
Materials & Supplies	\$77	\$5,255	\$5,332	3%
Logistics	\$268	\$39,132	\$39,400	22%
Other	\$280	\$8,461	\$8,741	5%
Total (D)	\$1,660	\$177,209	\$178,869	100.0%

(A) Includes costs associated with follow up work

(B) Represents total payroll charged to business unit (function) being supported - see DH-1 (Sally) - footnote (C)

(C) Includes line clearing - \$0 for Transmission and \$26,183 for Distribution

(D) Totals might not add due to rounding

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **GULF POWER COMPANY**

3 **DIRECT TESTIMONY OF CARMINE PRIORE, III**

4 **DOCKET NO. 20200241-EI**

5 **NOVEMBER 12, 2021**

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**III. DAMAGE TO PLANT CRIST AS A RESULT OF HURRICANE SALLY
AND GULF’S RESTORATION EFFORTS 6**

IV. PLANT CRIST RESTORATION COSTS 10

1 **I. INTRODUCTION**

2

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

4 A. My name is Carmine Priore, III. My business address is NextEra Energy, Inc.
5 (“NextEra”), 700 Universe Boulevard, Juno Beach, Florida 33408.

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

7 A. I am employed by NextEra as the Vice President of Solar and Energy Storage in the
8 Power Generation Division (“PGD”).

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

10 A. I have a Bachelor of Science degree in electrical engineering from University of Florida
11 and a Master of Science degree in business administration and industrial engineering
12 from University of South Florida. I am a licensed Professional Engineer. I joined
13 Florida Power & Light Company (“FPL”) in 1989 and have 32 years of engineering,
14 managerial, financial, and commercial operations experience gained from serving in a
15 variety of positions with increasing responsibility within PGD. Prior to my current
16 role, I served as the Vice President of Operations for the Gulf Power Company (“Gulf”)
17 generation fleet. I held this position during the 2020 hurricane season when Hurricane
18 Sally impacted Gulf’s service area.

19 **Q. Please describe your duties and responsibilities as Gulf’s Vice President of**
20 **Operations during the 2020 hurricane season.**

21 A. In my role as Vice President of Operations during the 2020 hurricane season, I was
22 responsible for the operations and maintenance of all of Gulf’s fossil fuel-fired and
23 solar power plant generation, including its steam boilers, combined cycle, simple cycle

1 combustion turbine, and solar photovoltaic technologies. These responsibilities
2 included monitoring, assessing, and taking actions to address the safety, environmental
3 impacts, reliability, and cost performance of the generation assets as well as providing
4 emergency response.

5 **Q. Are you sponsoring any exhibits to your testimony?**

6 A. Yes. I am sponsoring Exhibit CP-1, which lists all the equipment at Plant Crist that
7 was damaged as a result of Hurricane Sally. I am also sponsoring Exhibit CP-2, which
8 contains pictures of the flooding and damage at Plant Crist as a result of Hurricane
9 Sally.

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

11 A. The purpose of my testimony is to describe Plant Crist, a four-unit generating facility
12 located in Pensacola, Florida that Gulf operates in its service area. In early 2021, Gulf
13 renamed Plant Crist the “Gulf Clean Energy Center” to reflect Gulf’s ongoing efforts
14 to modernize its fossil fuel generating units by converting them to natural gas.
15 However, for the purposes of my testimony, I will continue to refer to the facility as
16 “Plant Crist.” I will also provide an overview of the damage sustained by Plant Crist
17 as a result of Hurricane Sally and the actions Gulf took to return the units to service.
18 Finally, I will explain why Gulf’s actions in response to the damage to Plant Crist from
19 Hurricane Sally were prudent and how the restoration efforts resulted in the best
20 outcome for customers.

21

1 operational, and all emergency equipment is prepared for activation and usage. Finally,
2 there are specific requirements for each operational area of the plant.

3 **Q. In addition to implementing its hurricane preparation procedure, did Plant Crist**
4 **take any other actions to prepare for Hurricane Sally?**

5 A. Yes. In addition to plant preparations, storm riders, who are essential employees tasked
6 with operating and monitoring the plant during a storm, were gathered and assigned to
7 report to the plant. Storm riders are specific personnel identified to be present at the
8 plant for the duration of the storm event.

9 **Q. Notwithstanding the fact that Gulf followed its processes and procedures to**
10 **prepare for a hurricane, did Plant Crist sustain significant damage during**
11 **Hurricane Sally?**

12 A. Yes. The damage was caused or initiated by hurricane force winds and rainfall together
13 with the widespread flooding and significant storm surge.

14 **Q. When did Hurricane Sally impact Plant Crist?**

15 A. As Gulf witness Spoor testifies, Hurricane Sally impacted Gulf's service area during
16 the night of September 15 and the early morning of September 16. The Gulf service
17 area includes Plant Crist.

18 **Q. Please describe the damage to Plant Crist as a result of Hurricane Sally.**

19 A. As a result of Hurricane Sally, Plant Crist experienced significant storm surge that
20 initially flooded the sub-basements of Units 4 & 5 with approximately 6 feet of water
21 and Units 6 & 7 with approximately 18 feet of water. The sub-basements contain
22 necessary equipment to support boiler and turbine operations. The catastrophic
23 flooding of brackish river water into Plant Crist's sub-basement damaged numerous

1 pieces of equipment. A list of the equipment that was electrically and/or mechanically
2 damaged is provided in Exhibit CP-1. Pictures of the impacts of Hurricane Sally to
3 Plant Crist are provided in Exhibit CP-2.

4 **Q. Please describe the photographs that are provided in Exhibit CP-2.**

5 A. As shown in Exhibit CP-2, several pieces of equipment were completely submerged in
6 brackish water including many of the pumps and motors that were essential for the
7 facility to operate. In addition, several larger pieces of equipment, such as the coal
8 pulverizer, boiler feed pumps, and drive turbines were submerged in approximately 18
9 feet of water, causing them to malfunction. The flooding impacted wiring, electrical
10 junction boxes, and electrical panels throughout the facility. The compromised
11 circuitry eventually resulted in a fire at the switchgears that further damaged the facility
12 and its equipment during the storm.

13 **Q. How did Gulf respond to the damage caused by Hurricane Sally at Plant Crist?**

14 A. After evaluating the damage caused by Hurricane Sally, Gulf decided to repair or
15 replace equipment where necessary to return the facility to its normal operations.
16 However, given the extent of the damage caused by the storm, Gulf decided to retire
17 the coal generation assets and capacity at Plant Crist earlier than it had projected in its
18 2020-2029 Ten Year Site Plan. Accordingly, on November 10, 2020, in Docket Nos.
19 20200242-EI and 20200007-EI, Gulf submitted to the Commission a Petition for
20 Approval of Regulatory Assets Related to the Retirement of Coal Generation Assets at
21 Plant Crist Units 4, 5, 6, and 7 in which it described the cost savings that would be
22 achieved through the early retirement of the coal generation assets at Plant Crist in light
23 of the damage caused by Hurricane Sally. Gulf stated in the Petition that early

1 retirement of the coal assets and capability at Crist Units 4-7 on October 15, 2020 was
2 projected to save Gulf and its customers a minimum of an estimated \$3.6 million
3 cumulative present value of revenue requirements. This was primarily due to the higher
4 costs of operating Crist to generate power with coal as compared to natural gas. The
5 Commission granted Gulf's Petition in Order No. PSC-2021-0115-PAA-EI issued
6 March 22, 2021.

7 **Q. Please describe the steps Gulf took to restore Plant Crist following the damage**
8 **caused by Hurricane Sally.**

9 A. Following the event, the team ensured all onsite employees were safe and performed
10 an initial assessment to secure the site to prevent any additional damage. The group
11 followed our emergency response plan, which mobilized a team to assist in dewatering
12 the basement and preparing a return to service plan. The team completed a final
13 damage assessment and mobilized additional resources. The team successfully brought
14 three units back before the end of 2020, with the last unit coming back online in the
15 first part of January 2021.

16 **Q. Has Gulf converted Units 6 & 7 from coal to natural gas?**

17 A. Yes. Gulf completed the process of converting Units 6 & 7 to natural gas in connection
18 with the restoration of Plant Crist. Gulf completed the conversion in early 2021 and
19 renamed Plant Crist the "Gulf Clean Energy Center," as I noted earlier in my testimony.

20

21

22

1 **IV. PLANT CRIST RESTORATION COSTS**

2

3 **Q. Has Gulf included the costs to restore Plant Crist in its request for recovery of**
4 **storm restoration costs caused by Hurricane Sally?**

5 A. Yes. Gulf witness Hughes provides in her direct testimony and attached exhibits a
6 calculation of the amount for which Gulf seeks recovery as a result of losses caused by
7 Hurricane Sally utilizing the Incremental Cost and Capitalization Approach (“ICCA”)
8 methodology required by Rule 25-6.0143, Florida Administrative Code. Mr. Hughes’
9 calculation includes costs related to the restoration of Plant Crist.

10 **Q. Is Gulf requesting recovery of the total amount incurred to restore Plant Crist?**

11 A. No. As Mr. Hughes testifies, Gulf filed a property insurance claim for damages to Plant
12 Crist and certain other equipment as a result of Hurricane Sally. Under the insurance
13 policy, Gulf was required to pay a \$25 million deductible. Gulf has excluded from its
14 recovery request capital costs and amounts received from insurance in excess of the
15 \$25 million deductible. A detailed breakdown of Mr. Hughes application of the ICCA
16 methodology, which includes itemized storm restoration costs, is attached to her
17 testimony as Exhibit DH-1(Sally).

18 **Q. Were the costs incurred to restore Plant Crist as a result of Hurricane Sally**
19 **prudent?**

20 A. Yes. All costs were thoroughly vetted with our internal team, third party adjusters, and
21 external technical consultants to ensure they were prudent, accurate and specifically
22 related to storm damages. Costs that remained in the filing were like for like
23 replacement of equipment that was directly attributed to storm damage. Any work

1 performed during the restoration timeframe that was an upgrade or work that would
2 have been done irrespective of the storm was eliminated from the claim to the insurance
3 company and removed from the storm filing.

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

5 A. Yes.

Docket No. 20200241-EI
List of equipment or equipment systems
at Plant Crist during Hurricane Sally
Exhibit CP-1, Page 1 of 2

List of equipment or equipment systems at Plant Crist during Hurricane Sally

<u>Major non-coal equipment damaged in the storm</u>	<u>Quantity</u>
Control valves	136
Transmitters	137
Instruments	391
Junction Boxes	141
Motors	102
Equivalent length of cable replaced	7 Miles
Air Compressors & Dryers	8
Air In Leakage Analyzer	5
Boiler Feed Pumps	8
Boiler Feed Pump Turbine	4
Boiler Feed Pump Motor	4
Chemical Feed Skids	11
Condensate pumps	10
Electrohydraulic Skids	3
Oil conditioning units	8
Generator Hydrogen control system	2
Hydrogen seal oil skids	2
High Voltage Switchgear	4
Transformers	8
Ovation Digital Control System	2
Direct current control system	9
Service Water Pumps	9
Sump Pumps	12

Docket No. 20200241-EI
List of equipment or equipment systems
at Plant Crist during Hurricane Sally
Exhibit CP-1, Page 2 of 2

<u>Unit 6 & 7 Coal equipment damaged in the storm</u>	<u>Quantity</u>
Lifting System, Pulverized Coal Firing System-Hoist	30
Lifting System, Pulverized Coal Firing System-Monorail System	30
Live Storage System, Coal Handling System-Lighting System	2
Live Storage System, Coal Handling System-Control System	2
Live Storage System, Coal Handling System-Vibratory Feeder	3
Primary Air System, Pulverized Coal Firing System-Fan	4
Primary Air System, Pulverized Coal Firing System-Fan Motor	4
Primary Air System, Pulverized Coal Firing System-Lube Oil Pump	4
Primary Air System, Pulverized Coal Firing System-Damper Actuator	30
Pulverizers, Pulverized, Coal Firing System-Lube Oil Unit	10
Pulverizers, Pulverized, Coal Firing System-Pulverizer	10
Pulverizers, Pulverized, Coal Firing System-Pulverizer Motor	10
Pulverizers, Pulverized, Coal Firing System-Seal Air System Fan	4
Pulverizers, Pulverized, Coal Firing System-Gearbox	10
Pulverizers, Pulverized, Coal Firing System-Air Seal	10
Pyrite Removal System, Wet Ash Handling System-Control System	2
Reclaim System, Coal Handling System-Drive Motor	1
Sluice Water System, Wet Ash Handling System-Pump, ash sluice	4
Sluice Water System, Wet Ash Handling System-Valve, special or power	30

Pictures of the flooding and damage at Plant Crist as a result of Hurricane Sally

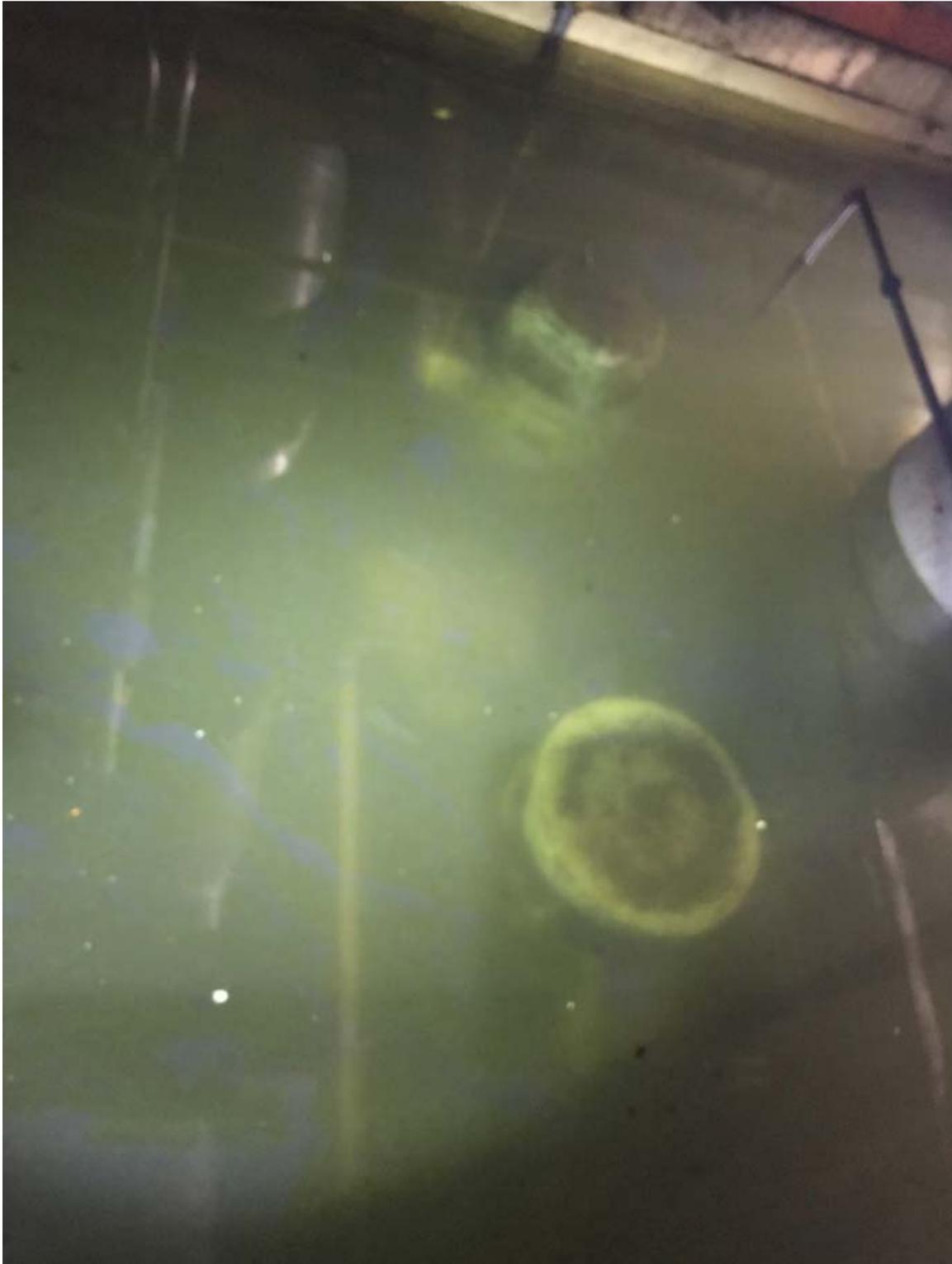


Flooded coal pulverizer, picture of 6A under 18 ft of water

Docket No. 20200241-EI
Pictures of the flooding and damage at
Plant Crist as a result of Hurricane Sally.
Exhibit CP-2, Page 2 of 12



Boiler Feed Pump turbine exhaust, boiler feed pump turbine and pump submerged below



Submerged unit 7 turbine oil pump motors on top of 12,000 gallon tank



Unit 6 condenser waterbox door. Note water line at approximately 18 ft from general sub-basement floor

Docket No. 20200241-EI
Pictures of the flooding and damage at
Plant Crist as a result of Hurricane Sally.
Exhibit CP-2, Page 5 of 12



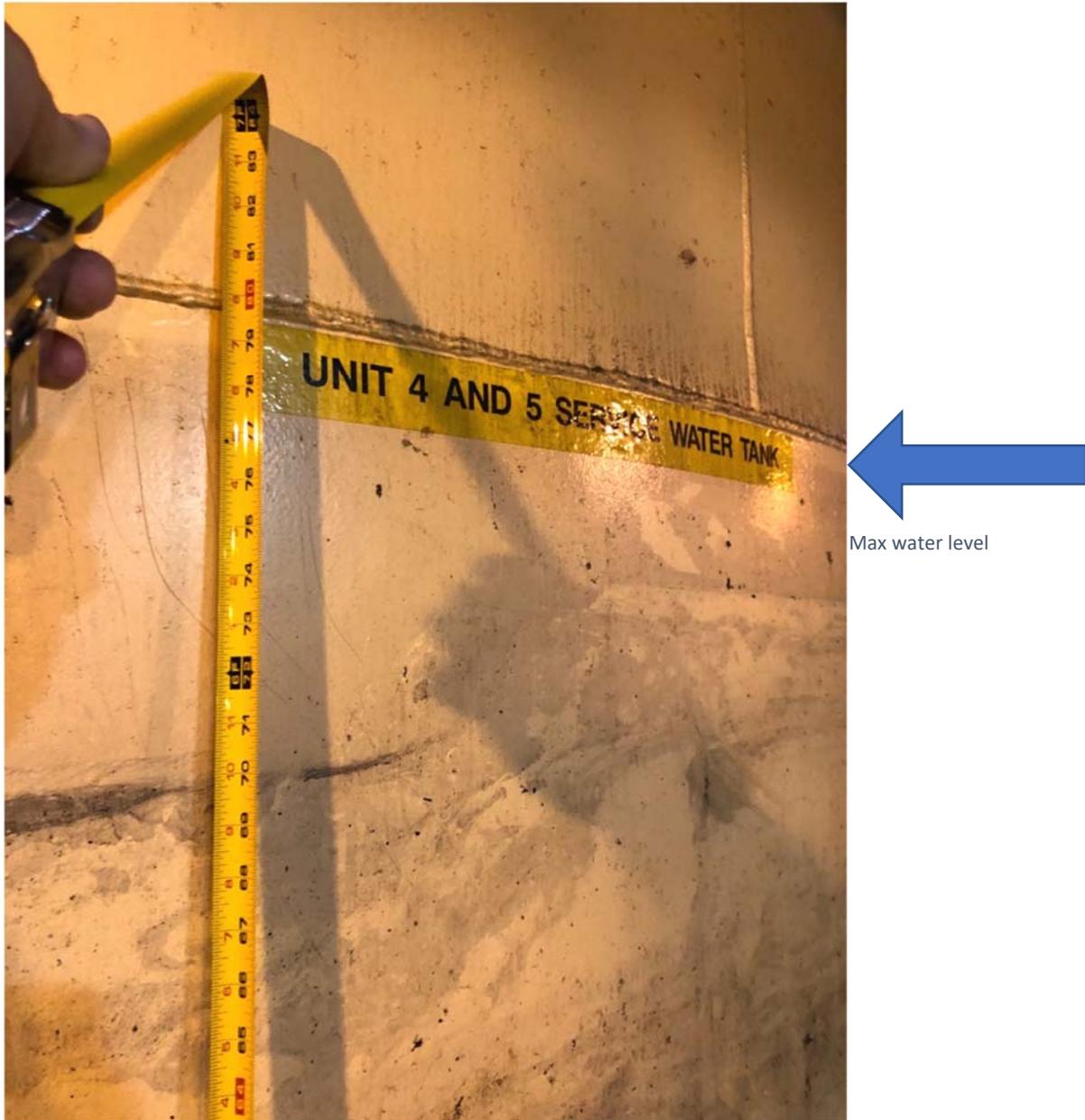
6C/7C 4160V AC switchgear and surrounding building. Fire damage

Docket No. 20200241-EI
Pictures of the flooding and damage at
Plant Crist as a result of Hurricane Sally.
Exhibit CP-2, Page 6 of 12



Water level was 18ft above general sub-basement elevation in unit 6&7 with some areas deeper with equipment wells

Docket No. 20200241-EI
Pictures of the flooding and damage at
Plant Crist as a result of Hurricane Sally.
Exhibit CP-2, Page 7 of 12



Water level in unit 4&5 max water level was 79” and subsided to approximately 6ft after storm

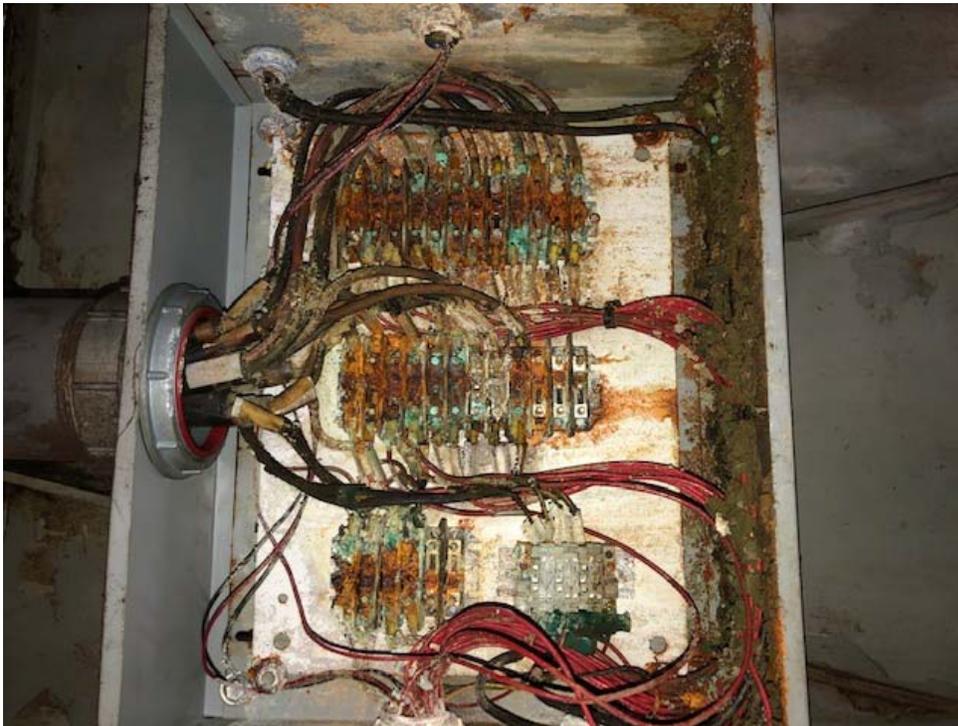
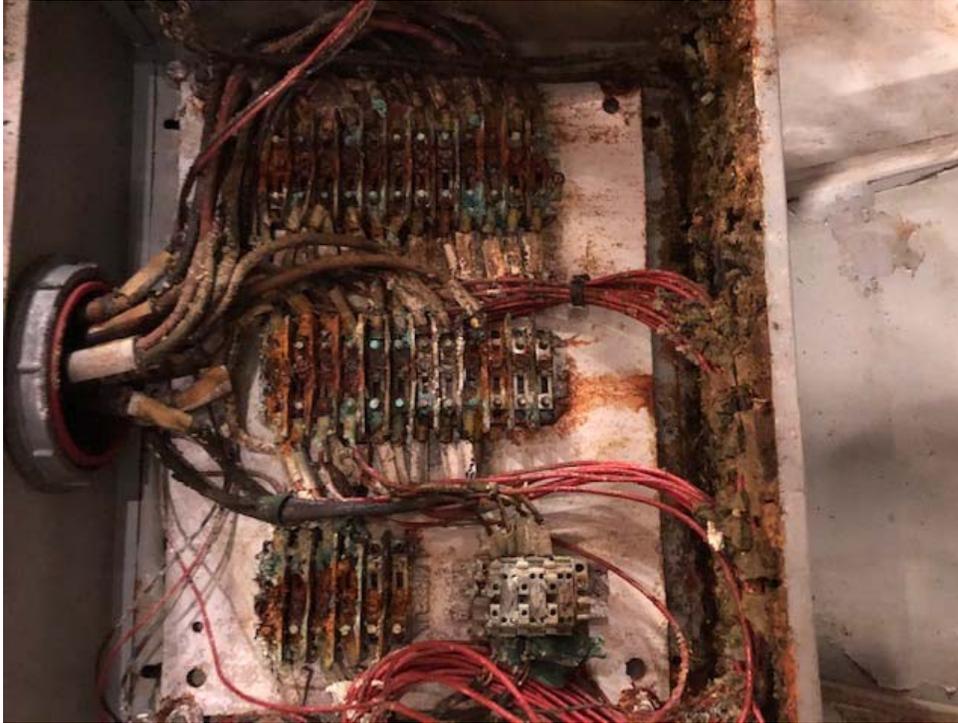
Docket No. 20200241-EI
Pictures of the flooding and damage at
Plant Crist as a result of Hurricane Sally.
Exhibit CP-2, Page 8 of 12



Max water level

Unit 6 boiler feed pump and turbine train during dewatering process.
Sub-basement dewatered from 18 to 2 feet.

Docket No. 20200241-EI
Pictures of the flooding and damage at
Plant Crist as a result of Hurricane Sally.
Exhibit CP-2, Page 9 of 12



Typical electrical junction box in as found condition shortly after dewatering. Corrosion present.



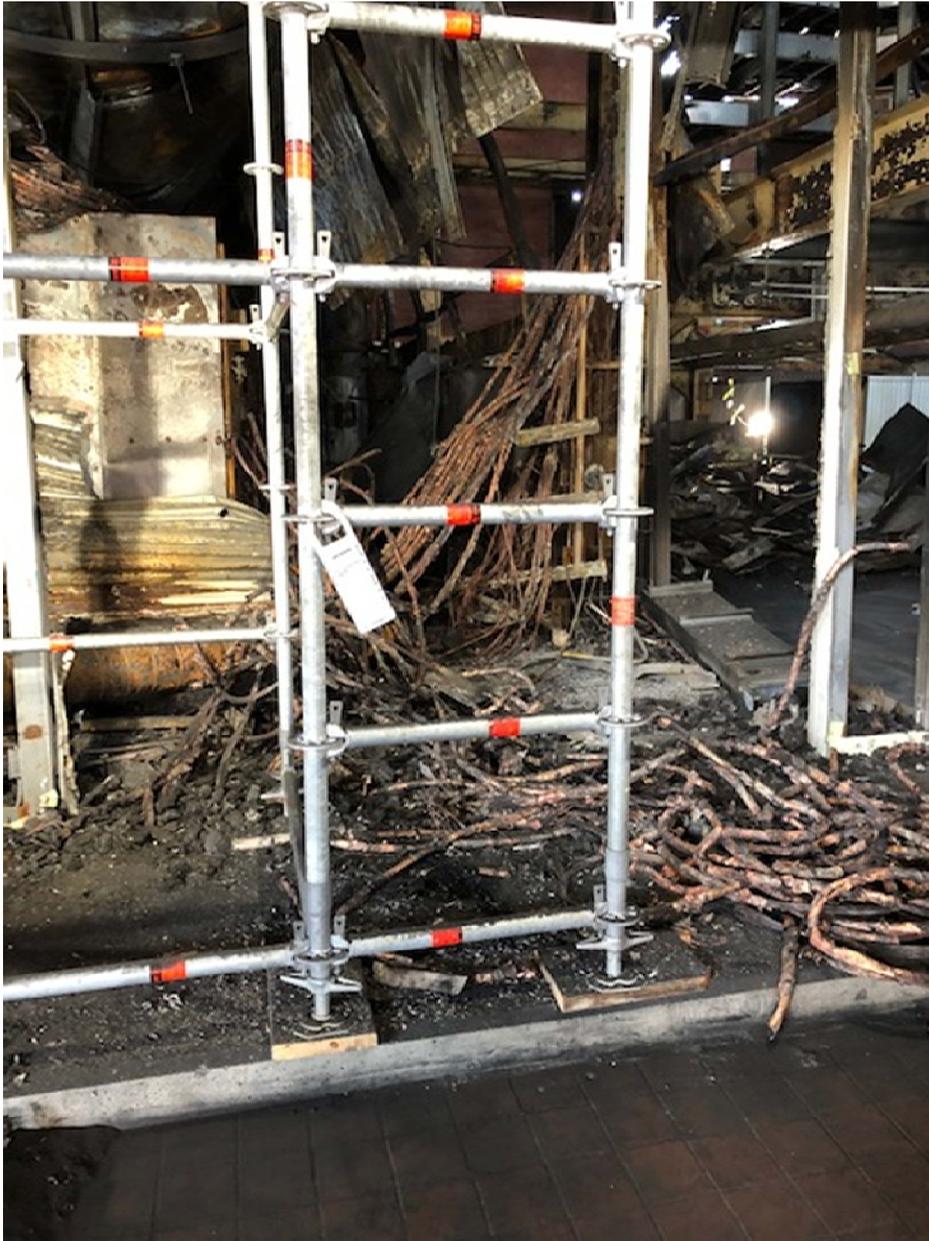
Example of a 125 VDC electrical panel after dewatering. Corrosion present.

Docket No. 20200241-EI
Pictures of the flooding and damage at
Plant Crist as a result of Hurricane Sally.
Exhibit CP-2, Page 11 of 12



6C/7C 4160V AC switchgear and surrounding building. Fire damage

Docket No. 20200241-EI
Pictures of the flooding and damage at
Plant Crist as a result of Hurricane Sally.
Exhibit CP-2, Page 12 of 12



6C/7C 4160V AC switchgear and surrounding building. Fire damage. Removal of damaged equipment started

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

GULF POWER COMPANY

DIRECT TESTIMONY OF CLARE GERARD

DOCKET NO. 20200241-EI

NOVEMBER 12, 2021

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I. INTRODUCTION 3

II. INVOICE REVIEW PROCESS 8

III. HURRICANE IRMA SETTLEMENT AGREEMENT 12

1 **I. INTRODUCTION**

2

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

4 A. My name is Clare Gerard. My business address is NextEra Energy, Inc., 700 Universe
5 Boulevard, Juno Beach, Florida 33408.

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

7 A. I am currently employed by NextEra Energy Marketing, LLC., a subsidiary of NextEra
8 Energy, Inc., as the Vice President of Risk and Credit Exposure Management.

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

10 A. I have a Bachelor of Arts in Mathematics from Boston University and a Master of
11 Science in Financial Mathematics from Florida State University. I joined Florida
12 Power & Light Company (“FPL”) in 2004 and have 16 years of financial, managerial,
13 and commercial experience gained from serving in a variety of positions within Power
14 Marketing, Corporate Development, and Power Delivery. I have held several
15 leadership positions within those business units, including as the Senior Director of
16 Business Services in the Power Delivery Business Unit during the 2020 hurricane
17 season.

18 **Q. Please describe your duties and responsibilities as the Senior Director of Business
19 Services in the Power Delivery Business Unit during the 2020 hurricane season.**

20 A. As Senior Director of Business Services in the Power Delivery Business Unit during
21 the 2020 hurricane season, I oversaw a team that was responsible for financial planning
22 and analysis, audits, and compliance for the Power Delivery Business Unit. In this role,
23 I led the team that was responsible for reviewing invoices submitted by line and

1 vegetation contractors to assure compliance with contractor agreements. Additionally,
2 although Gulf’s Commission-approved Hurricane Michael Settlement Agreement filed
3 in Docket No. 20190038-EI is not applicable to storms that occurred in 2020,¹ Gulf
4 nonetheless voluntarily undertook to provide information in the Michael-approved
5 format to facilitate review of Gulf’s Hurricane Sally storm costs. As a result, Gulf
6 followed the same invoice review process as FPL for storm events during the 2020
7 hurricane season.²

8 **Q. Please identify the process provisions that Gulf voluntarily incorporated in its**
9 **review and compilation of Hurricane Sally costs.**

10 A. Gulf’s Commission-approved Hurricane Michael Settlement Agreement states that
11 beginning in the 2021 storm season, Gulf will implement paragraph 5 through 20 of
12 the “process provisions” included in the FPL Commission-approved Hurricane Irma
13 Settlement Agreement.³ These “process provisions” provide specific directions and
14 requirements for reporting storm costs, which were implemented in both FPL and
15 Gulf’s invoice review processes. For the purposes of my testimony, I will refer to the
16 Hurricane Michael and Hurricane Irma Settlement Agreements as “Hurricane Irma
17 Settlement Agreement” for the applicable provisions for invoice review process.

18
19
20

¹ The Hurricane Michael Settlement Agreement specifies that the Process Provisions included in paragraphs 5 through 20 of the Stipulation and Settlement apply beginning with the 2021 storm season. Order No. PSC-2020-0349-S-EI. Hurricane Sally occurred during the 2020 storm season.

² Gulf Power Company (“Gulf”) was acquired by FPL’s parent company NextEra Energy, Inc. on January 1, 2019.

³ Docket No. 20180049-EI, In re: Evaluation of storm restoration costs for Florida Power and Light Company related to Hurricane Irma (“Hurricane Irma Settlement Agreement”).

1 **Q. Please explain the specific duties and responsibilities related to your supervision**
2 **and oversight of the invoice review process during the 2020 hurricane season.**

3 A. The invoice review process for the 2020 hurricane season took place between
4 September 2020 and July 2021. During this period, I directed the FPL team that was
5 responsible for reviewing and validating contractor invoices on Gulf's behalf. Under
6 my guidance and direction, the team either validated and approved contractor invoices
7 for payment or alternatively identified the need to reject or modify certain submissions
8 that were resolved before the contractor invoices were finalized.

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

10 A. The purpose of my testimony is to provide a detailed overview of the process of
11 reviewing, approving, and where applicable, adjusting Gulf's Hurricane Sally invoices
12 for line and vegetation contractors incurred during the 2020 hurricane season.

13 **Q. Please summarize your testimony.**

14 A. My testimony establishes that Gulf adopted, utilized, and followed the FPL process,
15 which provides a detailed, deliberate, and comprehensive process to review contractor
16 invoices (which, for purposes of my testimony, include line and vegetation contractors)
17 related to Gulf's Hurricane Sally costs incurred during the 2020 hurricane season. My
18 testimony details the full scope of Gulf's invoice review process, which included
19 invoice receipt, individual invoice review, and follow-up analysis to ensure that
20 invoices were paid in conformance with contractor-specific contract terms. This
21 process also facilitated Gulf's ability to produce supporting data for the 2020 hurricane
22 season costs in an electronic format, utilizing FPL's iStormed Application (the
23 "iStormed App") for recording and approving or rejecting contractor costs.

1 **Q. Please describe the team responsible for Gulf’s contractor invoice review process.**

2 A. Gulf’s invoice review process for line and vegetation contractors was performed by the
3 FPL cost finalization (“CF”) team. The CF team was responsible for the detailed review
4 of the invoices to ensure compliance with the terms and conditions of the agreements
5 with the line and vegetation contractors and the provisions in the Hurricane Irma
6 Settlement Agreement. Furthermore, the CF team was also responsible for the
7 reconciliation of the amount to be paid to each of the contractors and submission of the
8 approved and reconciled payments to the appropriate contractors.

9 **Q. In the process of reviewing invoices, what support did the CF team receive?**

10 A. The CF team was supported by FPL and Gulf employees including those who held
11 several key storm response functions. Specifically, assistance was provided in the
12 invoice review process by employees who held the following storm roles during the
13 2020 hurricane season:

- 14 • Travel Coordinators, individuals who were responsible for coordinating and
15 tracking the progress of contractor crews during mobilization and
16 demobilization;
- 17 • Storm Approvers, individuals (e.g., Production Leads, Arborists, Operations
18 Section Chiefs) who were responsible for the more detailed oversight of
19 contractor crews, and who were responsible for electronically approving
20 timesheets and expenses, including exceptions to the contractor agreements,
21 where appropriate;
- 22 • Integrated Supply Chain (“ISC”), the group responsible for the agreements
23 entered into with contractors, continuing relationships with those contractors,

1 and with logistics, which included establishment and operation of staging sites,
2 the provision of lodging and meals; and

- 3 • Fleet, the group responsible for purchasing fuel and fueling the trucks at the
4 staging sites.

5
6 Individuals in these functions had direct contact with the line and vegetation crews, had
7 information that helped validate labor hours and/or expenses, and served as a source of
8 information when verification was required.

9 **Q. Please describe the training provided in advance of the 2020 hurricane season to**
10 **employees with certain storm assignments to assist those employees in the real-**
11 **time review of contractor timesheets and requests for approval of expenses.**

12 A. In 2020, Gulf’s annual storm training included participation with FPL in a joint “dry
13 run” exercise which simulated a hurricane impacting both utilities. Employees with
14 certain storm assignments attended training sessions with a specific emphasis on
15 processes involving the oversight and management of line and vegetation contractors.
16 Furthermore, the training addressed the importance of approving timesheets in the
17 iStormed App and contemporaneously documenting approvals and exceptions to the
18 terms of the agreements with contractors. This training also included explanations of
19 the differing statements of work governing Gulf’s relationships with its line and
20 vegetation contractors, and discussions related to the process provisions in the
21 Hurricane Irma Settlement Agreement with a focus on paragraph 6 and paragraphs 9
22 through 13, which I describe later in my testimony.

23

1 Before undertaking the actual review process, CF team members reviewed and became
2 familiar with the applicable line and vegetation contractor statements of work and the
3 Hurricane Irma Settlement Agreement and received training in the systems and
4 processes used to record and validate costs during the restoration process.

5

6

II. INVOICE REVIEW PROCESS

7

8 **Q. Please describe the general process by which the CF team received, reviewed, and**
9 **approved or adjusted line and vegetation contractor invoices for payment.**

10 A. The receipt, review, and approval or adjustment of line and vegetation contractor
11 invoices involved the following processes:

12 • Cost Finalization - The CF team performed a detailed review of the approved
13 electronic timesheet and expense information from the iStormed App for
14 allowable charges. This formed the basis of what we refer to as contract-specific
15 “flat files.” This detailed review placed emphasis on verifying that costs
16 submitted by contractors were reimbursable per the line and vegetation
17 contracts. Based on this detailed review, any applicable adjustments were made
18 in the iStormed App and any approved exceptions were documented in the flat
19 file.

20 • Reconciliation and Payment – The Accounts Payable team performed a
21 reconciliation to ensure that the total calculated payment amount on the flat file
22 was the same as the amounts indicated in the SAP system.

23

1 **Q. Please describe the data that is included in each contractor’s flat file.**

2 A. Each contractor’s flat file is an extract from the iStormed App which contains the
3 electronic timesheet and expense information for line and vegetation contractors.⁴ Each
4 flat file contains detailed information for that contractor, including crew information
5 and daily timesheets, crew expenses where applicable, approvals by responsible
6 employees, documentation of exceptions, and, where appropriate, adjustments to
7 vendor invoices. This information is used by the CF team to review, adjust, and approve
8 the final payment to the contractor.

9 **Q. Please explain the process used by the CF team to review of contractors’ timesheet
10 hours.**

11 A. The timesheet review was conducted during the cost finalization review process. This
12 portion of the process involved two verifications specific to hours recorded on the
13 timesheets. One verification consisted of the review of hours charged for mobilization
14 and demobilization (“mob/demob”), which is the time a crew spends traveling to Gulf’s
15 processing site (mob) and the time spent traveling home (demob). The other
16 verification involved a review of the timesheets reflecting the crews’ working time and
17 standby time.

18 **Q. Please explain the process for validation of timesheet hours related to mob/demob.**

19 A. The analysis of timesheet hours related to mob/demob is best explained by separating
20 the activities that were undertaken by the CF team into three buckets. The first involved
21 the CF reviewer reviewing any comments on the contractor’s iStormed timesheets,
22 which could indicate anything that could have impacted travel time. The second

⁴ Section 16 of the Hurricane Irma Settlement Agreement requires certain Storm Cost Documentation to be provided in virtual (sortable spreadsheet) or physical files.

1 involved the CF reviewer comparing the hours billed on the contractor's flat file to the
2 hours recorded by the Travel Coordinator. If the hours on the contractor's flat file were
3 different than the hours indicated by the Travel Coordinator, then the CF reviewer
4 requested more information from the contractor to verify the mob/demob hours.

5 The third and final activity involved a separate verification, undertaken by the CF
6 reviewer who confirms that the contractor was not billing hours as mob/demob after its
7 arrival at the Gulf processing site or following its return home or release to another
8 utility by comparing the flat file hours to the Travel Coordinator's notes.

9 **Q. Please explain how timesheet hours related to working time were validated.**

10 A. For timesheet hours related to working time, there is a series of verification activities.
11 The first required the CF reviewer to verify an individual contractor's working days
12 based on the Travel Coordinator's notes. Second, the reviewer verified that the
13 iStormed timesheets during storm working hours were reviewed and approved by the
14 appropriate Gulf Storm Approver. The results of this analysis were used to update the
15 contractor's iStormed timesheet and flat file. Lastly, any applicable adjustments to the
16 contractor's mob/demob hours were included in their iStormed timesheet and flat file.

17 **Q. Please explain how the process for validation of timesheet hours related to standby
18 time.**

19 A. Standby time is appropriately billed when a contractor crew is mobilizing but asked to
20 hold or remain on-site, or not working while the storm is impacting the system, waiting
21 until conditions allow for restoration work to safely begin. While waiting for
22 conditions to allow for restoration of work, we leveraged this time by having the
23 contractors familiarize themselves with our standards and system. If the invoice

1 includes billing for standby time, the CF reviewer will verify that the standby time is
2 coded correctly on the flat file and does not exceed the maximum allotted hours for
3 standby time included in the vendor statement of work. If billing for standby time is
4 not appropriate under the circumstances, is coded incorrectly, or exceeds approved
5 hours, the CF reviewer will work with the contractor to adjust the iStormed timesheet
6 and flat file as necessary.

7 **Q. How did the CF team review the expenses claimed by a contractor?**

8 A. A review of claimed expenses, such as lodging, per diem, and fuel, was conducted by
9 the CF reviewer to ensure adherence to the statement of work and with the applicable
10 provisions in the Hurricane Irma Settlement Agreement.

11 **Q. What process was used to determine whether the contractor's expenditures for
12 meals would be reimbursed?**

13 A. Per diem expenses were generally paid during mob/demob for up to 3 meals per day.
14 However, if the per diem total was different than the number of team members, or the
15 number of meals expected based upon the time traveled (e.g., if a team didn't leave
16 their home base until the late afternoon), then the contractor's timesheet and flat file
17 were updated to ensure that they were only reimbursed for the appropriate number of
18 meals. If the contractor chose to purchase an offsite meal while they were onsite and
19 Gulf-provided meals were available, the cost of the contractor's meal was not
20 reimbursed unless it was approved by the Storm Approver supervising that crew.

21

22

1 **Q. Please explain how issues were addressed involving charges submitted by**
2 **contractors for lodging expenses.**

3 A. The CF reviewer confirmed that the total dollars on hotel receipts during mob/demob
4 were consistent with the contractor's flat file and averaged approximately \$150 or less
5 per team member per day. This allowance was permitted in response to the COVID-19
6 pandemic, where we added an approved exception to allow contractors to book single
7 occupancy rooms up to \$150 per night per person. If hotel receipts were submitted for
8 payment by a contractor during working days, the reviewer inquired if Gulf provided
9 rooms for the members of the team for that day. If the contractor made alternate
10 arrangements on a day when Gulf provided a room, the cost was rejected by the
11 reviewer unless it was approved by the Storm Approver supervising that crew or if
12 other sufficient supporting documentation was provided.

13
14 **III. HURRICANE IRMA SETTLEMENT AGREEMENT**

15
16 **Q. Did Gulf utilize the iStormed App described in the Hurricane Irma Settlement**
17 **Agreement?**

18 A. Yes. Gulf utilized the iStormed App for timesheet and expense reporting for the 2020
19 hurricane season.

20 **Q. What were the benefits of using the iStormed App during the 2020 hurricane**
21 **season?**

22 A. The iStormed App was developed to facilitate the processes of collecting, processing,
23 and approving invoices for line and vegetation contractors responding to storm

1 restoration. The most significant benefit of using the iStormed App was that it
2 eliminated the use of paper timesheets for invoice processing. Previously, the
3 verification of these paper timesheets was conducted manually. Converting this to a
4 digital process increased efficiency, improved data management, and facilitated the
5 invoice review process. For instance, due to the digital nature of invoices, it was much
6 easier to identify who had approved a timesheet (handwritten signatures can sometimes
7 be difficult to read) in order to ask follow-up questions if required.

8 **Q. Did Gulf establish invoice review criteria as a result of the Hurricane Irma**
9 **Settlement Agreement?**

10 A. Yes. Paragraphs 6 and paragraphs 9 through 13 of the Hurricane Irma Settlement
11 Agreement included provisions related to the development of information pertinent to
12 the invoice review process. The CF team incorporated the applicable provisions of the
13 Hurricane Irma Settlement Agreement into their review process.

14 **Q. Paragraph 6 of the Hurricane Irma Settlement Agreement discusses iStormed**
15 **App data (e.g., crew, billing, exceptions, etc.) that can be exported into sortable**
16 **and searchable Excel files. Is Gulf providing this data as part of this filing?**

17 A. Yes, the iStormed App data (or the “flat file”) is available in a searchable and sortable
18 Excel file and is included as a part of the filing.

19 **Q. Paragraphs 9 through 11 of the Hurricane Irma Settlement Agreement address**
20 **travel time and expenses of contractors travelling to and from Gulf to assist with**
21 **restoration. How did Gulf monitor travel time and expenses incurred during the**
22 **2020 hurricane season?**

23 A. Gulf relied upon information gathered by its Travel Coordinators as the most reliable

1 data to monitor travel time and expenses during mobilization and demobilization. This
2 process provided information such as the time a crew began traveling each day, where
3 it started, where a crew ended its travel each day, and at what time it stopped for the
4 night. This constant communication with the contractors provided Gulf with a better
5 understanding of anticipated arrival times and explanations for delays such as traffic or
6 weather.

7 **Q. What steps did Gulf take to monitor the pace of travel, time of travel and related**
8 **expenses addressed in paragraphs 9 through 11 of the Hurricane Irma Settlement**
9 **Agreement, and how was this information incorporated into the invoice review**
10 **process?**

11 A. During mob/demob, Travel Coordinators were in regular contact with assigned crews
12 and spoke with those crews several times each day to discuss the crew's current
13 location. As a result of the information discussed during these communications, the
14 Travel Coordinators documented impacts to travel, including but not limited to delays
15 as a result of weather and traffic. The Travel Coordinator spoke to a crew several times
16 throughout the day to determine the time a crew began traveling each day, where it left
17 from, and when and where they stopped for the night. This same process was followed
18 when the crews traveled back to their home base or were released to another utility.

19 **Q. In addition to the tools used to monitor travel and expenses as part of the invoice**
20 **review process, were other tools used to geographically track the crews?**

21 A. Yes. Where it was reasonably practicable to do so, the Crew Tracking App helped to
22 geographically track storm crews in real-time during mobilization and demobilization
23 for operational purposes. However, the Crew Tracking App is not designed for and was

1 not used to document exceptions to the line and vegetation contract provisions
2 regarding travel and expenses.

3 **Q. How did the CF team confirm that contractors were compensated for actual travel**
4 **time, including stops (e.g., for fuel, meals, weigh stations)?**

5 A. Verification of these costs and expenses was determined consistent with the timesheet
6 analysis process described earlier in my testimony. Ultimately, the CF team verified
7 travel time based on information collected and provided by Travel Coordinators.

8 **Q. As part of its invoice review process, how did the CF team ensure that contractors**
9 **maintained the pace of travel addressed in paragraph 11 of the Hurricane Irma**
10 **Settlement Agreement?**

11 A. Travel Coordinators noted on a team-by-team basis the starting and ending times and
12 locations for each day of travel to calculate the total time and distance a crew traveled
13 on any given day. With this information, the CF reviewer was able to determine
14 whether the crew traveled at a rate equivalent to 500 miles in a 16-hour day as stipulated
15 in the Hurricane Irma Settlement Agreement.

16
17 If the team travel rate was consistent with the provisions of the Hurricane Irma
18 Settlement Agreement, the reviewer approved the mobilization hours the contractor
19 submitted. In the event the team encountered a delay, such as severe weather or traffic,
20 it was noted in the travel log, and the information was factored into the determination
21 of the acceptable pace of travel. If the travel rate was less than the equivalent of
22 approximately 500 miles in 16 hours, and no supporting information was provided to

1 the Travel Coordinator, the timesheet was adjusted, and the flat file was updated as
2 necessary to meet the approved standard.

3

4 When available, the analysis of the team's mobilization orders also included a
5 comparison of the location and dates on the contractor's travel log, as well as lodging
6 and fuel receipts. In the circumstance where the starting and ending locations were not
7 the same on the two sets of data, the reviewer requested that the contractor provide
8 additional mobilization and demobilization details and then adjusted accordingly.

9 **Q. Paragraph 12 of the Hurricane Irma Settlement Agreement addresses**
10 **management of external line and vegetation contracts to avoid paying double time**
11 **rates. As part of its invoice review process, how did the CF team comply with this**
12 **requirement and ensure double time rates were not paid to these contractors?**

13 A. Gulf's contracts with line and vegetation contractors do not allow for double time rates.
14 As such, iStormed does not allow an option to charge double time. The contractor can
15 only choose from straight time and overtime.

16 **Q. Paragraph 13 of the Hurricane Irma Settlement Agreement discusses contractors'**
17 **meals and fueling, which are expected to be provided after a crew was on-boarded.**
18 **As part of its invoice review process, how did the CF team ensure compliance with**
19 **this paragraph of the Hurricane Irma Settlement Agreement?**

20 A. Once a crew was on-site, its meals were generally provided by Gulf. If per diem was
21 claimed when a crew was on-site, a CF reviewer checked with the appropriate Storm
22 Approver to confirm if a per diem was allowed due to an extenuating circumstance. If
23 the reviewer found no extenuating circumstance, then the expense was rejected.

1 All fuel transactions required supporting receipts. If any fuel receipt dates fell within a
2 crew's mob/demob time, the reviewer automatically rejected the fuel transactions, as
3 those costs were already incorporated into the contractor's mob/demob rates. If after
4 onboarding, a crew submitted a receipt for fuel, that receipt would only be approved
5 for payment if authorized as a permissible exception by the Storm Approver.

6 **Q. If any exceptions related to paragraphs 6 and 9 through 13 in the Hurricane Irma
7 Settlement were noted as part of the invoice review process, did the CF team
8 confirm that they were they appropriately documented?**

9 A. Yes. As discussed in a number of my responses, the CF team required documentation
10 of exceptions or subsequent acknowledgment that the exceptions had been approved,
11 before approving payment for those items.

12 **Q. Please explain the process of documenting these exceptions.**

13 A. Approval of exception items related to paragraphs 6 and 9 through 13 was documented
14 on a per transaction basis by crew and by the contractor for expenses, and on a per
15 employee per day basis for hours worked and mob/demob time. If an exception was
16 presented, the CF reviewer documented the reason why the transaction was deemed
17 appropriate or consulted with the appropriate Gulf Storm Approver for confirmation
18 that the exception had been approved.

19 **Q. How were invoice discrepancies resolved?**

20 A. For each identified discrepancy (e.g., labor hours, charges not authorized by contract
21 terms, unauthorized expenses, etc.), the CF team worked with the contractor to obtain
22 additional information. If appropriate supporting documentation was thereafter
23 provided to validate the invoice, the issue was documented as resolved, and payment

1 was approved. Otherwise, the CF reviewer had the authority to modify invoices, as
2 appropriate, to reflect only validated amounts.

3 **Q. Did the invoice review process result in a reduction of the total payments made on**
4 **invoices submitted in connection with Hurricane Sally costs?**

5 A. Yes. Gulf engaged with the line and vegetation contractors throughout the invoice
6 review process, addressing any potential open items or acquiring the necessary support
7 before finalizing the invoices. In the absence of the necessary support, invoices were
8 adjusted. As a result, the comprehensive review process undertaken by the CF team
9 was successful in further confirming the actual costs associated with storm restoration
10 during Hurricane Sally.

11 **Q. What are your conclusions regarding Gulf's storm invoice review process for line**
12 **and vegetation contractors utilized during Hurricane Sally?**

13 A. The invoice review process was thorough and comprehensive and ensured that the
14 payments to line and vegetation contractors utilized during Hurricane Sally restoration
15 were individually reviewed, verified, adjusted where appropriate, processed, and paid.

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

17 A. Yes.

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

GULF POWER COMPANY

DIRECT TESTIMONY OF DAVID HUGHES

DOCKET NO. 20200241-EI

NOVEMBER 12, 2021

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1 **I. INTRODUCTION**

2

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

4 A. My name is David Hughes, and my business address is Florida Power & Light
5 Company, 700 Universe Boulevard, Juno Beach, Florida 33408.

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

7 A. I am employed by Florida Power & Light Company (“FPL” or the “Company”)as
8 Assistant Controller.

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

10 A. I am responsible for financial accounting, as well as internal and external reporting, for
11 FPL and Gulf Power Company (“Gulf Power”). As a part of these responsibilities, I
12 ensure that the financial reporting for these entities complies with the requirements of
13 Generally Accepted Accounting Principles (“GAAP”) and multi-jurisdictional
14 regulatory accounting requirements. In addition, I manage the accounting of FPL and
15 Gulf Power’s cost recovery clauses, and the preparation and filing of FPL’s monthly
16 earnings surveillance report with the Florida Public Service Commission (“FPSC” or
17 “Commission”).

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

19 A. I graduated from the Pennsylvania State University in 1997 with Bachelor of Science
20 Degrees in Business Logistics and Health Policy Administration, and earned a Bachelor
21 of Business Administration in Accounting from Florida Atlantic University in 2001.
22 From 2002 to 2008, I was employed as an independent auditor by Ernst & Young in
23 their West Palm Beach, Florida office. I joined FPL in 2008 and have worked in

1 various accounting and reporting roles throughout my 13-year tenure with the
2 Company. I am a Certified Public Accountant licensed in the State of Florida.

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

4 A. Yes. I am sponsoring Exhibit DH-1(Sally) – Hurricane Sally Incremental Cost and
5 Capitalization Approach Adjustments, which provides the restoration costs for
6 Hurricane Sally as of October 31, 2021.

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

8 A. The purpose of my testimony is to support the calculation of the Hurricane Sally
9 recoverable amount Gulf is seeking for cost recovery in this proceeding and the
10 accounting treatment for those costs. In addition, I demonstrate that Gulf’s storm
11 restoration and accounting processes and controls are well established, documented,
12 and implemented by Company personnel who are trained to ensure proper storm
13 accounting and ratemaking. Specifically, my testimony will show that:

- 14 1. Gulf has effective and appropriate controls and accounting procedures for
15 storm events;
- 16 2. Gulf’s accounting for Hurricane Sally was in accordance with the
17 Incremental Cost and Capitalization Approach (“ICCA”) methodology
18 required under Rule 25-6.0143, Florida Administrative Code (“the Rule”);
19 and
- 20 3. Gulf’s calculation of the proposed recovery amount is in accordance with
21 the provision of Gulf’s 2017 Stipulation and Settlement Agreement
22 approved by the Commission in Order No. PSC-17-0178-S-EI (“2017
23 Stipulation and Settlement Agreement”).

1 **Q. Please summarize your testimony.**

2 A. Gulf's control processes and procedures were employed for Hurricane Sally storm costs
3 to ensure proper storm accounting and ratemaking. Finance or Accounting
4 representatives ("Finance Section Chiefs") and business unit finance representatives
5 ("Business Unit Coordinators"), together with additional Gulf employees, ensured
6 active, real-time financial controls during the storm event. Post storm restoration, the
7 Accounting department reviewed the storm loss estimates compiled by each functional
8 business unit for reasonableness prior to recording to the financial statements. Through
9 the application of Gulf's well-established accounting processes and controls, the
10 Company ensured proper accounting of all Hurricane Sally costs. The final storm
11 recoverable amount of \$146.3 million includes \$186.8 million of retail recoverable
12 incremental costs plus interest on the unrecovered deficit in the storm reserve of \$311
13 thousand for Hurricane Sally, reduced by the storm replenishment of Gulf's storm
14 reserve through the Hurricane Michael storm charge of \$40.8 million as described later
15 in my testimony. The costs have been calculated in accordance with the ICCA
16 methodology based on the version of the Rule that was in effect at the time of the storm
17 event; therefore, the incremental amounts reflected on Exhibit DH-1(Sally) are
18 appropriately recoverable from customers.

19

20

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1 charged to storm IOs are captured in FERC Account 186, Miscellaneous Deferred
2 Debits. All costs charged to FERC Account 186 are subsequently cleared and charged
3 to either the storm reserve, base O&M expense, capital, or below-the-line expense, as
4 applicable.

5 **Q. When did Gulf begin charging costs related to Hurricane Sally to the storm IOs?**

6 A. Due to the expected risk of significant outages and substantial infrastructure damages,
7 Gulf began making financial commitments associated with securing resources prior to
8 Hurricane Sally's anticipated impact. On September 14, 2020, in accordance with
9 Gulf's Storm Accounting Policy and with authorization from Gulf's President, Gulf
10 established and activated storm IOs to begin tracking and charging costs for Hurricane
11 Sally. An email communication was sent to all Gulf business units to inform them that
12 storm IOs had been activated for purposes of collecting and tracking storm restoration
13 charges. Attached to the email, Gulf also provided: (1) a listing of IOs by function and
14 location, (2) guidance on recording time for payroll, and (3) guidance on the types of
15 costs eligible to be charged to the storm IOs. The pre-landfall costs charged to the
16 storm IOs included the acquisition of external resources (e.g., line and vegetation
17 contractors), mobilization and pre-staging of internal and external resources, opening
18 of staging and processing sites, reserving lodging, and securing Gulf's existing
19 operational facilities in preparation for the impacts of the storm.

20 **Q. What operational internal controls are in place during a restoration event to**
21 **ensure storm accounting procedures are followed?**

22 A. Finance and Accounting employees are key to storm restoration accounting and
23 controls. The Gulf Command Center organization recognizes the critical role and

1 responsibilities of these employees. Finance Section Chiefs are assigned to each
2 staging and processing site to ensure active, real-time financial controls are in effect
3 and adhered to during the restoration event. Responsibilities of the Finance Section
4 Chief include ensuring procedural compliance with internal cost controls, providing
5 guidance and oversight to ensure prudent spending, collecting and analyzing data in
6 real-time, such as contractor timesheets, and assisting with the proper accounting of
7 mutual aid resources. Human Resources employees also are embedded at many sites
8 and perform internal control support tasks such as providing guidance on the proper
9 information to include on employee timesheets.

10

11 In addition, Business Unit Coordinators perform a storm controllership function for
12 their respective business units. The responsibilities of the Business Unit Coordinator
13 include communicating the storm IO instructions to the personnel directly supporting
14 storm restoration, ensuring that appropriate costs are charged to the storm IOs, and
15 preparing cost estimates before, during, and after the restoration is complete.

16

17 Gulf performs extensive training each year in advance of storm season for both the
18 Finance Section Chiefs and Business Unit Coordinators, which includes live training
19 and drills during Gulf's "dry run" storm event. Costs associated with the annual
20 training are not considered storm restoration costs and not included in the costs
21 presented in this docket.

22

1 **Q. Did Gulf utilize these processes in advance of and during its response to Hurricane**
2 **Sally?**

3 A. Yes. These controls were used to effectively ensure that storm accounting processes
4 were followed.

5 **Q. Does Gulf's Accounting department complete a review of storm restoration costs**
6 **recorded by each business unit once restoration is complete?**

7 A. Yes. Post storm restoration, the Accounting Department reviews the storm loss
8 estimates compiled by each functional business unit for reasonableness prior to
9 recording to the financial statements. Accounting will then charge these costs to either
10 the storm reserve, base O&M expense, capital, or below-the-line expense, as
11 applicable, to ensure proper ratemaking and recording to the financial statements.

12 **Q. Was this process followed post-Hurricane Sally restoration?**

13 A. Yes.

14

15 **III. ACCOUNTING TREATMENT FOR HURRICANE SALLY**

16

17 **Q. How did Gulf account for storm restoration costs?**

18 A. As described previously, Gulf utilizes unique storm IOs for each function and location
19 to record and track all storm restoration activities for each event, which are
20 accumulated in FERC Account 186. All costs charged to FERC Account 186 are
21 subsequently cleared and charged to either the storm reserve, base O&M expense,
22 capital, or below-the-line expense, as applicable.

23

1 The amount of capital costs for each storm event are determined and removed by
2 applying part (1)(d) of the Rule, which states that "...the normal cost for the removal,
3 retirement and replacement of those facilities in the absence of a storm" should be the
4 basis for calculating storm restoration capital. While Gulf was not required to
5 implement provisions of the Commission-approved Hurricane Michael Settlement
6 Agreement¹ until the 2021 hurricane season, Gulf voluntarily chose to follow the
7 incremental cost methodology of capitalized costs agreed to by the parties to the FPL
8 Hurricane Irma Stipulation and Settlement² and used a combined simple average of
9 hourly internal Company and embedded contractor rates that are the type normally
10 incurred in the absence of a storm to determine the amount of costs to capitalize to
11 plant, property, and equipment along with the materials and other costs. The capital
12 cost amount is credited from FERC Account 186 and debited to FERC Account 107,
13 Construction Work in Progress ("CWIP"). Gulf also reclassifies non-recoverable
14 amounts to below-the-line expense, if such costs were incurred.

15
16 When the storm restoration costs are charged to the storm reserve, the ICCA
17 methodology is used to remove the non-incremental O&M expenses, which are
18 subsequently credited from FERC Account 186 and debited to base O&M.

19
20 After the capital costs, non-recoverable costs, and non-incremental O&M expenses are
21 removed from FERC Account 186, the remaining balance, representing incremental
22 storm charges, is jurisdictionalized by using retail separation factors that were

¹ Order No. PSC-2020-0349-S-EI issued October 8, 2020 in Docket No. 20190038-EI.

² Order No. PSC-2019-0319-S-EI issued August 1, 2019 in Docket No. 20180049-EI.

1 authorized by the 2017 Stipulation and Settlement Agreement, and credited from FERC
2 Account 186 and debited to the storm reserve. The non-retail incremental storm
3 charges are also credited from FERC Account 186 and charged to expense, leaving a
4 zero balance in FERC Account 186.

5 **Q. What categories of storm restoration costs did Gulf charge to FERC Account 186**
6 **for Hurricane Sally?**

7 A. As reflected on page 1 of Exhibit DH-1(Sally), Gulf charged \$227.5 million in storm
8 restoration costs related to Hurricane Sally to FERC Account 186. The categories of
9 costs outlined below are reflected on Lines 1-10 of Exhibit DH-1(Sally):

- 10 • **Gulf Regular Payroll and Related Costs:** Reflects \$2.1 million of regular
11 payroll and related payroll overheads for Gulf employee time spent in direct
12 support of storm restoration. This amount excludes bonuses and incentive
13 compensation.
- 14 • **Gulf Overtime Payroll and Related Costs:** Reflects \$3.2 million of overtime
15 payroll and payroll tax overheads for Gulf employee time spent in direct support
16 of storm restoration.
- 17 • **Contractor and Line Clearing Costs:** Reflects \$152.8 million of costs
18 primarily related to mutual aid utilities, line contractors, and vegetation
19 contractors, including mobilization and de-mobilization costs.
- 20 • **Vehicle and Fuel:** Reflects \$3.2 million for vehicle utilization and fuel used
21 by Gulf and contractor vehicles for storm restoration activities.
- 22 • **Materials and Supplies:** Reflects \$10.4 million in materials and supplies used
23 to repair and restore service and facilities to pre-storm condition.

- 1 • **Logistics Costs:** Reflects \$42.6 million of costs for staging and processing
2 sites, meals, lodging, buses and transportation, and rental equipment used by
3 employees and contractors in direct support of storm restoration.
- 4 • **Other:** Reflects \$13.3 million of other miscellaneous costs, including payroll
5 and related overheads from affiliate personnel directly supporting storm
6 restoration.

7 **Q. How did Gulf determine the amount of capital costs it recorded on its books and**
8 **records for Hurricane Sally?**

9 A. Consistent with the process described earlier in my testimony, Gulf determined the
10 amount of capital costs for each storm event is determined by applying part (1)(d) of
11 the Rule, which states that "...the normal cost for the removal, retirement and
12 replacement of those facilities in the absence of a storm" should be the basis for
13 calculating storm restoration capital. As described previously, all costs related to storm
14 restoration work (including follow-up work) were initially charged to FERC Account
15 186, and estimated capital costs were then reclassified to FERC Account 107, CWIP.

16
17 For capital costs incurred during storm restoration, Gulf employed a capital estimation
18 process derived from the amount of materials and supplies issued during a storm less
19 returns of such assets. Consistent with FPL's Hurricane Irma Stipulation and
20 Settlement Agreement, Gulf used a blended simple average internal employee and
21 contractor hourly rate, under non-storm conditions, in its calculation of capital costs for
22 Hurricane Sally. Once restoration was complete, Gulf utilized its distribution
23 estimation system to calculate the total amount of capital costs for the distribution

1 function in accordance with Gulf's capitalization policy, which includes materials,
2 labor, and overheads. The capital costs for follow-up work were determined based on
3 an estimate of the actual work performed and then likewise recorded to the balance
4 sheet in accordance with Gulf's capitalization policy.

5
6 After the capital jobs were completed, the CWIP account was credited and the
7 appropriate functional plant account in FERC Account 101, Plant in Service, was
8 debited based on the estimated cost of installed units of property. Retirements of fixed
9 assets removed during restoration were recorded when the new incurred capital costs
10 were placed in service through a new discrete IO. As shown on Line 18 on page 1 of
11 Exhibit DH-1(Sally), a total of \$21.2 million was recorded as capital costs for
12 Hurricane Sally.

13 **Q. Did Gulf record any below-the-line expenses for Hurricane Sally?**

14 A. No.

15 **Q. Did Gulf receive, or does it expect to receive, any insurance recoveries associated
16 with storm damage resulting from Hurricane Sally?**

17 A. Yes. The Company has a policy of insurance that provides coverage for corporate
18 offices and power plants and adjacent facilities, which includes a \$25 million
19 deductible.³ Gulf filed a property insurance claim for damages to Plant Crist and the
20 adjacent transmission switchyard caused by Hurricane Sally because the loss exceeded
21 the \$25 million deductible amount for insured assets. Gulf allocated the estimated

³ The applicable insurance policy provides coverage for the power plant (i.e., Plant Crist), together with transmission and distribution lines and other associated equipment situated on or within 1,000 feet of the power plant.

1 insurance deductible and expected proceeds proportionately to all covered assets. The
2 Company's total claim amounted to \$47.3 million before applying the \$25 million
3 deductible. The expected proceeds of \$22.3 million were credited as follows: 1) \$16.1
4 million to FERC Account 186; 2) \$6.1 million to the appropriate functional plant
5 accounts in FERC Account 101, Plant in Service; and 3) \$128 thousand was charged
6 to base O&M related to non-incremental costs. The insurance proceeds were received
7 by Gulf Power in early November.

8 **Q. Did Gulf bill any third parties for reimbursement of storm-related costs other**
9 **than insurance recoveries for Hurricane Sally related to Plant Crist and the**
10 **adjacent transmission substation?**

11 A. No.

12 **Q. What was the total amount of Hurricane Sally storm restoration costs charged to**
13 **the storm reserve?**

14 A. As reflected on Line 53, page 1 of Exhibit DH-1(Sally), the amount of Hurricane Sally
15 storm restoration costs charged to the storm reserve totaled \$186.8 million. This
16 amount represents \$227.5 million of incurred Hurricane Sally storm restoration costs
17 less \$2.3 million of non-incremental costs, \$16.1 million in insurance receivables, and
18 \$21.2 million of capital costs, resulting in total incremental costs of \$188.0 million.
19 Once jurisdictional factors are applied to the respective functional level, the total
20 amount of storm costs eligible for recovery from retail customers associated with
21 Hurricane Sally is \$186.8 million ("Retail Recoverable Costs").

22

1 **Q. Has Gulf included the replenishment of its storm reserve balance in the proposed**
2 **Hurricane Sally storm charge in this proceeding?**

3 A. No. Even though the pre-storm reserve balance was in a deficit position following
4 Gulf's 2018 Hurricane Michael event, Gulf has not included replenishment of the storm
5 reserve as part of the Hurricane Sally storm charge. However, as reflected on Exhibit
6 DH-1(Sally), Gulf has reduced the amount of Retail Recoverable Costs for Hurricane
7 Sally by \$40.8 million which is the amount that Gulf will collect under the current
8 Hurricane Michael storm charge to replenish the storm reserve approved by the
9 Commission in Order No. PSC-2020-0349-S-EI.

10 **Q. Has Gulf provided supporting documentation for Hurricane Sally expenses?**

11 A. Yes. While Gulf is not required to implement provisions of the Commission-approved
12 Hurricane Michael Settlement Agreement until the 2021 hurricane season, Gulf
13 voluntarily chose to provide sortable spreadsheets of line and vegetation contractor
14 costs concurrently with the filing of its petition and direct testimony consistent with the
15 processes implemented as part of paragraph 16 of FPL's Hurricane Irma Settlement
16 Agreement. The sortable spreadsheets of line and vegetation contractor costs represent
17 the majority of costs incurred for the storm and support the total costs incurred by cost
18 category for Hurricane Sally on Exhibit DH-1(Sally).

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1 **IV. ICCA ADJUSTMENTS RELATED TO HURRICANE SALLY**

2

3 **Q. Did Gulf determine the amount of non-incremental storm costs associated with**
4 **Hurricane Sally pursuant to the ICCA methodology?**

5 A. Yes. Consistent with the Rule in effect at the time of the storm event, as reflected on
6 Lines 28 through 38 of Exhibit DH-1(Sally), Gulf calculated the non-incremental costs
7 per the ICCA methodology. Below is a summary of Hurricane Sally non-incremental
8 costs that were charged to base O&M.

- 9 • **Gulf Regular Payroll:** In general, Gulf regular payroll costs recovered through
10 base O&M are non-incremental. However, Gulf regular payroll normally
11 recovered through capital or cost recovery clauses can be charged to the storm
12 reserve based on paragraphs 21 and 22 of Order No. PSC-2006-0464-FOF-EI,
13 Docket No. 20060038-EI: “otherwise, the costs would effectively be disallowed
14 because there is no provision to recover those costs in base rate operation and
15 maintenance costs....”.

16

17 Gulf determines the amount of non-incremental Gulf payroll by calculating the
18 Company’s budgeted base O&M payroll percentage as compared to total budgeted
19 payroll for the month in which the storm occurred, including cost recovery clauses
20 and capital by cost center, and then multiplies that percent by the total actual
21 payroll costs incurred (excluding overtime) for Gulf employees directly supporting
22 storm restoration. The total amount of Gulf regular payroll and related overheads
23 that would be non-incremental under the ICCA methodology for Hurricane Sally

1 is \$1.1 million. The remaining regular payroll and related overhead expense is
2 considered incremental as it would have been incurred as a component of capital
3 or cost recovery clauses absent the Hurricane Sally storm restoration efforts.

- 4 • **Vegetation Contractors:** Based on part (1)(f)(8) of the Rule in effect at the time
5 of the storm event, storm-related tree trimming expenses must be excluded if the
6 Company's total tree trimming expense in a storm restoration month is less than
7 the average expense for the same month in which the storm occurred in the prior
8 three years. The tree trimming expenses for the prior three-year September and
9 October averages exceeded the tree trimming expenses for September and October
10 2020, the months in which Hurricane Sally restoration work was performed, by
11 \$692 thousand. Based on this methodology, of the total \$26.2 million in storm-
12 related tree trimming expenses, \$692 thousand would be deemed non-incremental,
13 all of which was related to the distribution function.

- 14 • **Vehicle Utilization:** All Gulf-owned vehicle utilization costs charged to storm
15 IOs, totaling \$100 thousand, would be considered non-incremental under the
16 ICCA methodology.

- 17 • **Fuel:** Fuel costs incurred by Gulf directly related to storm restoration are charged
18 to the storm IOs. While the ICCA methodology under the Rule in effect at the
19 time of the storm event does not speak directly to recovery of fuel costs, Gulf has
20 conservatively applied the same methodology described above for vegetation
21 contractors. The fuel expenses for the prior three-year September average
22 exceeded the fuel expenses during September 2020, the month in which Hurricane
23 Sally restoration work was performed, by \$66 thousand. Based on this

1 methodology, Gulf determined \$66 thousand would be non-incremental, all of
2 which is reflected in the distribution function.

- 3 • **Employee Assistance:** Assistance provided to employees, is not recoverable
4 under the ICCA methodology. These costs for Hurricane Sally, totaling \$278
5 thousand, would be considered non-incremental.

6 **Q. Is Gulf seeking recovery of the Retail Recoverable Incremental Costs calculated**
7 **under the ICCA methodology?**

8 A. Yes. The Retail Recoverable Incremental Costs under the ICCA methodology are a
9 subset of the total Hurricane Sally storm restoration costs that Gulf recorded to the
10 storm reserve. As reflected on Line 59 of Exhibit DH-1(Sally), the total Retail
11 Recoverable Storm Amount Gulf is requesting is \$146.3 million. This amount
12 represents Retail Recoverable Costs of \$186.8 million less \$40.8 million related to the
13 expected replenishment of the storm reserve under Gulf's Hurricane Michael storm
14 charge plus interest on the unrecovered deficit in the storm reserve of \$311 thousand.

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

16 A. Yes.

Gulf Power Company
Hurricane Sally Incremental Cost and Capitalization Approach Adjustments
through October 31, 2021
(\$000s)

LINE NO.	Storm Costs By Function (A)					Total (6)
	Steam & Other (1)	Transmission (2)	Distribution (3)	General (B) (4)	Customer Service (5)	
1	<u>Storm Restoration Costs</u>					
2						
3	430	181	1,313	81	94	\$2,099
4	480	197	2,347	134	79	3,236
5	33,055	627	91,558	1,258	91	126,589
6	0	0	26,183	0	0	26,183
7	139	31	2,961	40	0	3,171
8	5,009	77	5,255	19	0	10,361
9	2,554	268	39,132	610	0	42,563
10	3,554	280	8,461	950	83	13,327
11						
12						
13						
14	\$0	\$0	\$0	\$0	\$0	\$0
15	11,587	0	3,840	942	0	16,369
16	556	0	2,420	0	0	2,976
17	0	0	1,846	0	0	1,847
18	0	0	0	0	0	0
19						
20						
21						
22	15,730	151	0	194	0	16,076
23						
24	0	0	0	0	0	0
25						
26						
27						
28						
29						
30						
31	0	0	692	0	0	692
32						
33	39	0	61	0	0	100
34	0	0	66	0	0	66
35						
36	0	0	0	0	0	0
37	0	0	0	278	0	278
38						
39						
40						
41	\$121	\$106	\$716	\$11	\$12	\$966
42	480	197	2,347	134	79	3,236
43	5,739	476	87,718	316	91	94,339
44	0	0	25,491	0	0	25,491
45	101	31	2,834	40	0	3,005
46	4,453	77	2,835	19	0	7,385
47	2,554	268	39,132	610	0	42,563
48	3,553	280	6,614	478	83	11,008
49	\$17,002	\$1,434	\$167,687	\$1,607	\$265	\$187,995
50						
51	0.9720	0.9741	0.9963	0.9841	1.0000	
52						
53	\$ 16,526	\$ 1,397	\$ 167,070	\$ 1,582	\$ 265	\$186,840
54						
55						(40,808)
56						
57						311
58						
59						\$146,343

Notes:

(A) Storm costs are as of October 31, 2021. Totals may not add due to rounding.

(B) General plant function reflects restoration costs associated with Gulf's External Affairs, Marketing and Communications, Information Technology, and Corporate Real Estate.

(C) Represents total payroll charged to the business unit (function) being supported. For example, an employee that works in Legal but is supporting Distribution during storm restoration would charge their time to Distribution.

(D) Includes other miscellaneous costs, including payroll and related overheads from affiliate personnel directly supporting storm restoration.

(E) Insurance receivables from Palms for damage claims.

(F) Represents regular payroll normally recovered through base rate O&M and not charged to the Storm Reserve. The amounts are charged to the employee's normal business unit, which may not be the business unit that the employee supported during the storm. Therefore, in the example in Note C above, if the Legal employee had payroll which cannot be charged to the Storm Reserve, that amount would be charged to Legal (General) whereas the recoverable portion of their time would remain in Distribution.

(G) Jurisdictional Factors are based on factors approved in Docket No. 160186-EI.

(H) Represents storm reserve replenishment collected through the Hurricane Michael storm charge as approved by the Commission in Order No. PSC-2020-0349-S-EI.

Gulf Power Company
 Incremental Storm Restoration Costs Related to Hurricane Sally
 Unrecovered Eligible Restoration Costs Balance

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Month	Year	Unrecovered Eligible Restoration Costs - Beginning Balance	Additional Adjustments to Storm Reserve	Less: Current Month Amortization (A)	Unrecovered Eligible Restoration Costs - Before Current Month Interest (Col. 3 + 4 + 5)	Average Unrecovered Eligible Restoration Costs ((Col. 3 + 6) / 2)	Interest Rate - First day of Business Reporting Month (B)	Interest Rate - First day of Subsequent Reporting Month (B)	Average Interest Rate (50% of Col. 8 + 9)	Monthly Average Interest Rate (1/12 of Col. 10)	Monthly Interest (Col. 7 x 11)	Unrecovered Eligible Restoration Costs - Ending Balance (Col. 6 + 12)	Month Count	Cumulative Interest
February	2021	186,839,911		(844,262)	185,995,649	186,417,680	0.0600%	0.0600%	0.0700%	0.0054%	10,868	186,006,417	1	10,035
March	2021	186,006,417		(1,718,301)	184,288,116	185,147,266	0.0600%	0.0600%	0.0650%	0.0054%	10,035	184,298,151	2	18,139
April	2021	184,298,151		(1,590,481)	182,707,670	183,502,910	0.0700%	0.0700%	0.0550%	0.0048%	8,404	182,716,074	3	29,031
May	2021	182,716,074		(2,087,009)	180,619,065	181,667,569	0.0400%	0.0400%	0.0700%	0.0058%	10,591	180,629,656	4	39,493
June	2021	180,629,656		(2,340,554)	178,289,102	179,493,379	0.1000%	0.1000%	0.0700%	0.0058%	10,462	178,299,564	5	46,873
July	2021	178,299,564		(2,633,888)	175,665,676	176,982,620	0.0400%	0.0400%	0.0500%	0.0042%	7,380	175,673,057	6	55,591
August	2021	175,673,057		(2,646,252)	173,026,804	174,349,931	0.0600%	0.0600%	0.0600%	0.0042%	7,380	173,035,522	7	67,653
September	2021	173,035,522		(2,400,332)	170,615,190	171,825,356	0.0862%	0.0862%	0.0823%	0.0070%	12,062	170,627,953	8	79,169
October	2021	170,627,953		(2,037,778)	168,589,474	169,608,363	0.0843%	0.0843%	0.0815%	0.0068%	11,516	168,600,991	9	90,140
November	2021	168,600,991		(1,715,333)	166,885,658	167,743,324	0.0808%	0.0808%	0.0785%	0.0065%	10,970	166,896,628	10	100,781
December	2021	166,896,628		(1,759,690)	165,136,938	166,016,783	0.0786%	0.0786%	0.0769%	0.0064%	10,642	165,147,580	11	110,992
January	2022	165,147,580		(1,994,514)	163,153,066	164,150,323	0.0777%	0.0777%	0.0747%	0.0062%	10,210	163,163,276	12	120,978
February	2022	163,163,276		(1,819,017)	161,344,259	162,253,768	0.0744%	0.0744%	0.0716%	0.0060%	9,687	161,353,946	13	130,021
March	2022	161,353,946		(1,648,769)	159,705,177	160,529,561	0.0717%	0.0717%	0.0679%	0.0058%	9,343	159,714,520	14	139,668
April	2022	159,714,520		(1,652,744)	158,061,775	158,888,147	0.0710%	0.0710%	0.0688%	0.0058%	9,247	158,071,022	15	148,462
May	2022	158,071,022		(1,830,601)	156,240,421	157,155,722	0.0719%	0.0719%	0.0702%	0.0059%	9,194	156,249,615	16	157,675
June	2022	156,249,615		(2,302,204)	153,947,411	155,098,513	0.0720%	0.0720%	0.0713%	0.0059%	9,213	153,956,624	17	166,759
July	2022	153,956,624		(2,586,262)	151,361,149	152,677,493	0.0745%	0.0745%	0.0744%	0.0060%	9,084	151,407,446	18	175,707
August	2022	151,407,446		(2,554,354)	148,806,795	150,130,268	0.0725%	0.0725%	0.0715%	0.0060%	8,948	148,862,039	19	184,714
September	2022	148,862,039		(2,413,642)	146,448,397	147,655,218	0.0751%	0.0751%	0.0732%	0.0061%	9,007	146,457,404	20	193,701
October	2022	146,457,404		(2,052,045)	144,405,359	145,431,382	0.0762%	0.0762%	0.0742%	0.0062%	8,988	144,414,347	21	202,487
November	2022	144,414,347		(1,704,468)	142,709,879	143,562,113	0.0754%	0.0754%	0.0734%	0.0061%	8,786	142,718,665	22	211,097
December	2022	142,718,665		(1,757,781)	140,962,098	141,839,774	0.0748%	0.0748%	0.0728%	0.0061%	8,610	140,969,494	23	219,538
January	2023	140,969,494		(1,987,369)	138,975,129	139,975,809	0.0743%	0.0743%	0.0724%	0.0061%	8,441	138,990,566	24	227,823
February	2023	138,990,566		(1,812,928)	137,172,638	138,084,102	0.0740%	0.0740%	0.0720%	0.0060%	8,285	137,185,923	25	235,878
March	2023	137,185,923	(3,330,298)	(1,641,273)	132,214,352	134,700,138	0.0737%	0.0737%	0.0718%	0.0060%	8,055	132,222,407	26	243,616
April	2023	132,222,407	(4,428,596)	(1,645,117)	126,148,695	129,185,551	0.0736%	0.0736%	0.0718%	0.0060%	7,738	126,156,433	27	250,983
May	2023	126,156,433	(4,910,903)	(1,824,282)	119,421,248	122,788,841	0.0738%	0.0738%	0.0720%	0.0060%	7,367	119,428,616	28	257,906
June	2023	119,428,616	(6,193,352)	(2,300,681)	110,934,582	115,181,599	0.0740%	0.0740%	0.0722%	0.0060%	6,922	110,941,504	29	264,311
July	2023	110,941,504	(6,891,061)	(2,593,864)	101,496,580	106,216,042	0.0741%	0.0741%	0.0723%	0.0060%	6,405	101,496,384	30	270,146
August	2023	101,496,384	(6,883,826)	(2,557,176)	92,055,982	96,776,483	0.0743%	0.0743%	0.0724%	0.0060%	5,836	92,061,818	31	275,437
September	2023	92,061,818	(6,505,581)	(2,416,667)	83,139,571	87,600,694	0.0744%	0.0744%	0.0725%	0.0060%	5,291	83,144,582	32	280,347
October	2023	83,144,862	(1,664,119)	(2,053,844)	79,426,899	81,285,880	0.0744%	0.0744%	0.0725%	0.0060%	4,910	79,431,809	33	284,973
November	2023	79,431,809	(5,684,856)	(2,302,204)	71,444,749	74,746,953	0.0744%	0.0744%	0.0725%	0.0060%	4,626	73,751,579	34	289,243
December	2023	73,751,579	(6,867,208)	(2,302,204)	64,572,169	67,884,370	0.0742%	0.0742%	0.0724%	0.0060%	4,270	67,888,641	35	293,130
January	2024	67,888,641	(6,634,472)	(2,302,204)	58,951,965	62,186,572	0.0741%	0.0741%	0.0723%	0.0060%	3,887	61,258,056	36	296,636
February	2024	61,258,056	(6,096,922)	(2,302,204)	52,858,932	56,165,164	0.0741%	0.0741%	0.0723%	0.0060%	3,505	55,204,640	37	299,794
March	2024	55,204,640	(5,473,280)	(2,302,204)	47,431,160	50,733,360	0.0741%	0.0741%	0.0723%	0.0060%	3,159	49,734,518	38	302,623
April	2024	49,734,518	(5,480,512)	(2,302,204)	41,951,802	45,233,562	0.0741%	0.0741%	0.0723%	0.0060%	2,829	44,256,636	39	305,105
May	2024	44,256,636	(6,072,110)	(2,302,204)	35,882,526	39,184,726	0.0741%	0.0741%	0.0723%	0.0060%	2,481	38,187,707	40	307,177
June	2024	38,187,707	(7,665,632)	(2,302,204)	28,220,871	31,484,391	0.0742%	0.0742%	0.0723%	0.0060%	2,072	30,523,647	41	308,760
July	2024	30,523,647	(8,532,408)	(2,302,204)	19,688,035	22,786,595	0.0742%	0.0742%	0.0723%	0.0060%	1,583	21,992,823	42	309,829
August	2024	21,992,823	(8,523,353)	(2,302,204)	10,762,266	13,069,469	0.0742%	0.0742%	0.0723%	0.0060%	1,069	13,470,539	43	310,998
September	2024	13,470,539	(8,057,178)	(2,302,204)	3,102,857	5,413,360	0.0742%	0.0742%	0.0723%	0.0060%	569	5,413,929	44	310,562
October	2024	5,413,929	(5,414,093)	(2,302,204)	(163)	2,706,883	0.0742%	0.0742%	0.0723%	0.0060%	163	0	0	0

Notes:
 (A) Based on actual kWh storm charge sales.
 (B) Represents the average commercial paper rate.

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

GULF POWER COMPANY

DIRECT TESTIMONY OF TIFFANY C. COHEN

DOCKET NO. 20200241-EI

NOVEMBER 12, 2021

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

2 A. My name is Tiffany C. Cohen, and my business address is Florida Power & Light
3 Company, 700 Universe Boulevard, Juno Beach, Florida 33408.

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

5 A. I am employed by Florida Power & Light Company (“FPL”) as Senior Director,
6 Regulatory Rates, Cost of Service & Systems.

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

8 A. I oversee the load research, cost of service, rate design and regulatory systems
9 departments for all retail electric rates and charges for FPL and Gulf Power
10 Company (“Gulf”). Additionally, I am responsible for proposing and administering
11 the tariff language needed to implement those rates and charges.

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

13 A. I hold a Bachelor of Science Degree in Commerce and Business Administration,
14 with a major in Accounting from the University of Alabama. I obtained a Master
15 of Business Administration from the University of New Orleans. I am also a
16 Certified Public Accountant. In 2008, I joined FPL. During my tenure at the
17 Company, I have held various regulatory positions of increasing responsibility,
18 including overseeing the Nuclear Cost Recovery Clause and managing FPL’s Rates
19 and Tariffs department. I assumed my current role in 2017, and in 2019 I assumed
20 responsibility for supervising Gulf’s load research, cost of service, and rates and
21 tariffs functions. Prior to joining FPL, I was employed at Duke Energy for five
22 years, where I held a variety of positions in the Rates & Regulatory Division,

1 Finance, Corporate Risk Management, and Internal Audit departments. Prior to
2 joining Duke Energy, I was employed at KPMG, LLP.

3 **Q. Are you sponsoring any exhibits with this testimony?**

4 A. Yes, I am sponsoring the following exhibits:

5 • TCC-1(Sally) Calculation of Proposed Storm Restoration Recovery
6 Surcharges

7 • TCC-2(Sally) Hurricane Sally Storm Restoration Recovery - First
8 Revised Tariff Sheet No. 8.030.5

9 • TCC-3(Sally) Hurricane Sally Storm Restoration Recovery - Second
10 Revised Tariff Sheet No. 8.030.5

11 **Q. Please describe the relationship of Gulf to FPL in connection with this filing.**

12 A. Gulf was acquired by FPL's parent company, NextEra Energy, Inc., on January 1,
13 2019. Gulf was subsequently merged into FPL on January 1, 2021. Following the
14 acquisition, and even prior to the legal combination of FPL and Gulf, the two
15 companies began to consolidate their operations. However, FPL and Gulf remained
16 separate ratemaking entities during the 2020 hurricane season when Hurricane
17 Sally impacted Gulf's service area. In addition, FPL and Gulf were separate
18 ratemaking entities on November 10, 2020, when Gulf filed its Petition for interim
19 recovery of incremental storm restoration costs related to Hurricane Sally. On
20 October 26, 2021, in Docket No. 20210015-EI, the Commission approved a
21 Stipulation and Settlement Agreement which, among other things, established new
22 unified base rates for all customers throughout the former FPL and Gulf service

1 areas, effective January 1, 2022. As a result, Gulf will cease to exist in any legal,
2 operational, or ratemaking capacity on January 1, 2022.

3 **Q. As Gulf has merged into FPL and the Commission has approved consolidated**
4 **rates for all former FPL and Gulf customers, how will you refer to FPL and**
5 **Gulf in your testimony?**

6 A. For sake of ease, I will continue to refer to “Gulf” in my testimony as the entity
7 requesting recovery of Hurricane Sally storm restoration costs. However, Exhibits
8 TCC-1 through TCC-3 reflect proposed changes to FPL’s rates, given that Gulf will
9 cease to exist as a separate ratemaking entity on January 1, 2022, which is the
10 effective date of the proposed surcharges. Additionally, because the proposed
11 surcharges will apply to former Gulf customers, I will refer to those customers as
12 “Northwest Florida customers”.

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

14 A. The purpose of my testimony is to present new Proposed Hurricane Sally Storm
15 Restoration Recovery Surcharges (“Proposed Hurricane Sally Storm Charges”) for
16 all rate classes which are based upon updated cost allocations to reflect actual costs
17 incurred by Gulf. My testimony also proposes an adjustment to the Proposed Storm
18 Charges once recovery of storm restoration costs for Hurricane Michael
19 (“Hurricane Michael surcharge”) is complete. Finally, I propose a true-up
20 methodology to resolve any final over or under recovery amounts related to the
21 Proposed Hurricane Sally Storm Charges at the end of the period upon which they
22 are effective.

23

1 **Q. Please describe the Proposed Hurricane Sally Storm Charges.**

2 A. The new Proposed Hurricane Sally Storm Charges set forth in Exhibit TCC-

3 1(Sally) were designed to recover the final/actual Recoverable Storm Amount for

4 Hurricane Sally, which is provided in the direct testimony of Gulf witness Hughes.

5 These costs have been allocated to each retail rate class based on the rate class

6 allocations presented in my Exhibit TCC-1(Sally). In Order No. PSC-2021-0112-

7 PCO-EI, the Commission approved Gulf’s proposal to establish an interim storm

8 restoration recovery charge for Hurricane Sally of 0.3 cents per kilowatt-hour

9 (“kWh”), or \$3.00/\$1,000 kWh, until September 2023¹ at which time it is projected

10 the current residential Hurricane Michael surcharge of 0.8 cents per kWh, or

11 \$8.00/\$1,000 kWh, will terminate. Exhibit TCC-1(Sally) reflects Gulf’s proposal

12 to maintain the currently approved residential surcharge of \$3.00/\$1,000 kWh for

13 Hurricane Sally through October 2023. Once the Hurricane Michael surcharge

14 terminates, Gulf proposes to increase the \$3.00/1,000 kWh residential storm charge

15 for Hurricane Sally to 1.0 cent per kWh, or \$10.00/1,000 kWh, for a total of 44

16 months, inclusive of the interim surcharge period, through October 2024

17 (“Proposed Recovery Period”). Proposed rates upon Commission approval are set

18 forth in the First Revised Tariff Sheet No. 8.030.5 as shown on Exhibit TCC-

19 2(Sally). Proposed rates effective November 1, 2023 are set forth in the Second

20 Revised Tariff Sheet No. 8.030.5 as shown on Exhibit TCC-3(Sally).

¹ Based upon actual financial information through October 2021, Gulf has determined that the storm restoration recovery charge for Hurricane Michael is projected to terminate October 2023.

1 **Q. If the storm charge for Hurricane Sally continued to be set at \$3.00 per 1,000**
2 **kWh, how long would it take for Gulf to recover its prudently incurred storm**
3 **restoration costs?**

4 A. If Gulf proposed to maintain the initial proposed surcharge of \$3.00 per 1,000 kWh
5 target rate level, as authorized in Order No. PSC-2021-0112-PCO-EI, the expected
6 recovery period would be approximately 72 months or 6 years. As a result, Gulf
7 submits that the new Proposed Hurricane Sally Storm Charges and the timing of
8 their implementation strikes a fair balance between mitigating rate impacts to
9 customers and timely recovery of costs.

10 **Q. How will Gulf determine any final true-up amount related to the Proposed**
11 **Hurricane Sally Storm Charges for the Northwest Florida customers, and**
12 **what is Gulf's proposal to calculate and resolve any excess or shortfall?**

13 A. Gulf will compare the final Recoverable Storm Amount approved for recovery by
14 the Commission to the actual revenue received from the Interim Storm Charges and
15 new Proposed Storm Charges in order to determine any excess or shortfall in
16 recovery. Gulf is proposing to apply interest to the variance at the 30-day
17 commercial paper rate. Within 45 days after the Proposed Storm Charges expire,
18 Gulf will make another compliance filing with the Commission that sets forth the
19 calculation of the appropriate final true-up rates to apply to customer bills for a one-
20 month period in order to refund the excess or collect the shortfall. The final true-
21 up rates will be designed in a manner that is consistent with the rate class cost
22 allocation used in the Proposed Storm Charges filed herein, unless modified by this
23 Commission. Gulf will apply the true-up rates to Northwest Florida customer bills

1 starting on Cycle Day 1 of the first month that is more than 30 days after the
2 Commission approval of the true-up rates.

3 **Q. How will Gulf notify Northwest Florida customers of the billing change that is**
4 **going to occur?**

5 A. Gulf will notify Northwest Florida customers of the change in their rates at least 30
6 days in advance in the form of a message on their bill, with more detailed
7 information regarding the revised Storm Restoration Recovery tariff on its website.

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

9 A. Yes.

Gulf Power Company
Storm Restoration Costs Related to Hurricane Sally
Calculation of Rate Schedule Charges

(1) GULF RATE CLASS	(2) FPL RATE CLASSES ⁽¹⁾	(3) ALLOCATION %	(4) ALLOCATED \$	(5) KWH SALES JAN 2022 - DEC 2022	(6) CENTS/KWH
RESIDENTIAL	RS(T)-1	66.860%	\$16,208,965	5,402,988,326	0.300
GS	GS(T)-1	4.252%	\$1,030,798	316,992,881	0.325
GSD/GSDT	GSD(T)-1	17.280%	\$4,189,291	2,491,564,197	0.168
LP/LPT	GSLD(T)-1; CILC-1(G); CILC-1(D)	4.065%	\$985,572	751,947,319	0.131
MAJOR ACCTS	GSLD(T)-2; GSLD(T)-3; SST-TST; SST-DST; CILC-1(T); ISST-1(D); ISST-1(T)	6.274%	\$1,520,983	1,744,529,038	0.087
OS	OS-2; OL-1; SL-1; SL-1M; SL-2; SL-2M; GSCU-1; OS /III	1.269%	\$307,698	135,014,828	0.228
TOTAL RETAIL:		<u>100.000%</u>	<u>\$24,243,307</u>	<u>10,843,036,589</u>	<u>0.224</u>

(1) As approved in Docket No. 20210015-EI

Gulf Power Company
Storm Restoration Costs Related to Hurricane Sally
Calculation of Rate Schedule Charges

(1) GULF RATE CLASS	(2) FPL RATE CLASSES ⁽¹⁾	(3) ALLOCATION %	(4) ALLOCATED \$	(5) KWH SALES NOV 2023 - OCT 2024	(6) CENTS/KWH
RESIDENTIAL	RS(T)-1	66.860%	\$54,077,697	5,407,769,676	1.000
GS	GS(T)-1	4.252%	\$3,439,034	325,634,504	1.056
GSD/GSDT	GSD(T)-1	17.280%	\$13,976,661	2,470,990,444	0.566
LP/LPT	GSLD(T)-1; CILC-1(G); CILC-1(D)	4.065%	\$3,288,147	751,947,319	0.437
MAJOR ACCTS	GSLD(T)-2; GSLD(T)-3; SST-TST; SST-DST; CILC-1(T); ISST-1(D); ISST-1(T)	6.274%	\$5,074,429	1,747,658,837	0.290
OS	OS-2; OL-1; SL-1; SL-1M; SL-2; SL-2M; GSCU-1	1.269%	\$1,026,567	125,729,823	0.816
TOTAL RETAIL:		100.000%	\$80,882,535	10,829,730,603	0.747

(1) As approved in Docket No. 20210015-EI

Gulf Power Company
Storm Restoration Costs Related to Hurricane Sally
Calculation of Rate Schedule Charges

(1) CATEGORY	(2) WEIGHT ¹	(3) RESIDENTIAL	(4) GS	(5) GSD/GSDT	(6) LP/LPT	(7) MAJOR ACCTS	(8) OS
PRODUCTION	8.85%	4.896%	0.245%	1.940%	0.597%	1.122%	0.046%
TRANSMISSION	0.75%	0.419%	0.021%	0.163%	0.049%	0.092%	0.003%
DISTRIBUTION	89.42%	60.951%	3.917%	15.006%	3.370%	4.969%	1.205%
GENERAL	0.85%	0.529%	0.048%	0.149%	0.037%	0.069%	0.015%
CUSTOMER SERVICE	0.14%	0.064%	0.021%	0.022%	0.012%	0.022%	0.000%
TOTAL	<u>100.00%</u>	<u>66.860%</u>	<u>4.252%</u>	<u>17.280%</u>	<u>4.065%</u>	<u>6.274%</u>	<u>1.269%</u>

¹Weights calculated from Exhibit DH-1(Sally), Page 1, Line 53

Allocation factors are based on weight multiplied by percent allocation of plant share by rate class consistent with the Cost of Service study filed in Docket No. 20160186-EI.

**Gulf Power Company
 Storm Restoration Costs Related to Hurricane Sally
 Jurisdictional Factors**

(1)	(2)	(3)
FUNCTION	JURISDICTIONAL FACTOR	SOURCE
PRODUCTION	0.9720	MFR B-6, Page 1, Line 2
TRANSMISSION	0.9741	MFR B-6, Page 1, Line 12
DISTRIBUTION	0.9963	MFR B-6, Page 1, Line 25
GENERAL	0.9841	MFR B-6, Page 1, Line 26
CUSTOMER SERVICE	1.0000	MFR C-4, Page 4, Line 22

Jurisdictional factors based on the MFRs filed in Docket No. 20160186-EI.

FLORIDA POWER & LIGHT COMPANY

First Revised Sheet No. 8.030.5
Cancels Original Sheet No. 8.030.5

(Continued from Sheet No. 8.030.4)

HURRICANE SALLY STORM RESTORATION RECOVERY

APPLICATION:

The Storm Restoration Recovery Surcharge is designed to recover incremental storm-related costs incurred by the Company related to Hurricane Sally. It is applicable to all accounts within the service area previously served by Gulf Power. The factor is applicable to the Energy Charge under FPL's various rate schedules.

<u>Rate Schedule</u>	<u>¢/kWh</u>
ALL KWH -- RS-1, RTR-1	0.300
GS-1, GST-1	0.325
GSD-1, GSDT-1, GSD-1EV, HLFT-1, SDTR-1	0.168
GSLD-1, GSLDT-1, GSLD-1EV, CS-1, CST-1, HLFT-2, SDTR-2	0.131
GSLD-2, GSLDT-2, CS-2, CST- 2, HLFT-3, SDTR-3	0.087
GSLD-3, GSLDT-3, CS-3, CST-3	0.087
OS-2	0.228
CILC-1(G)	0.131
CILC-1(D)	0.131
CILC-1(T)	0.087
SL-1, SL-1M, PL-1, LT-1	0.228
OL-1	0.228
OS I/II	0.228
SL-2, SL-2M, GSCU-1	0.228
SST-1(T), ISST-1(T)	0.087
SST-1(D1), SST-1(D2) SST-1(D3), ISST-1(D)	0.087

(Continued on Sheet No. 8.031)

Issued by: Tiffany Cohen, Senior Director, Regulatory Rates, Cost of Service and Systems
Effective:

FLORIDA POWER & LIGHT COMPANY

First Revised Sheet No. 8.030.5
 Cancels Original Sheet No. 8.030.5

(Continued from Sheet No. 8.030.4)

HURRICANE SALLY STORM RESTORATION RECOVERY

APPLICATION:

The Storm Restoration Recovery Surcharge is designed to recover incremental storm-related costs incurred by the Company related to Hurricane Sally. It is applicable to all accounts within the service area previously served by Gulf Power. The factor is applicable to the Energy Charge under FPL's various rate schedules.

<u>Rate Schedule</u>	<u>¢/kWh</u>
ALL KWH -- RS-1, RTR-1	0.300
GS-1, GST-1	0.329 <u>0.325</u>
GSD-1, GSDT-1, GSD-1EV, HLFT-1, SDTR-1	0.167 <u>0.168</u>
GSLD-1, GS LTD-1, GS LD-1EV, CS-1, CST-1, HLFT-2, SDTR-2	0.130 <u>0.131</u>
GSLD-2, GS LTD-2, CS-2, CST- 2, HLFT-3, SDTR-3	0.087
GSLD-3, GS LTD-3, CS-3, CST-3	0.087
OS-2	0.239 <u>0.228</u>
CILC-1(G)	0.130 <u>0.131</u>
CILC-1(D)	0.130 <u>0.131</u>
CILC-1(T)	0.087
SL-1, SL-1M, PL-1, LT-1	0.239 <u>0.228</u>
OL-1	0.239 <u>0.228</u>
OS I/II	0.239 <u>0.228</u>
SL-2, SL-2M, GSCU-1	0.239 <u>0.228</u>
SST-1(T), ISST-1(T)	0.087
SST-1(D1), SST-1(D2) SST-1(D3), ISST-1(D)	0.087

(Continued on Sheet No. 8.031)

Issued by: Tiffany Cohen, Senior Director, Regulatory Rates, Cost of Service and Systems
Effective: **January 1, 2022**

Second Revised Sheet No. 8.030.5
Cancels First Sheet No. 8.030.5

FLORIDA POWER & LIGHT COMPANY

(Continued from Sheet No. 8.030.4)

HURRICANE SALLY STORM RESTORATION RECOVERY

APPLICATION:

The Storm Restoration Recovery Surcharge is designed to recover incremental storm-related costs incurred by the Company related to Hurricane Sally. It is applicable to all accounts within the service area previously served by Gulf Power. The factor is applicable to the Energy Charge under FPL's various rate schedules.

<u>Rate Schedule</u>	<u>¢/kWh</u>
ALL KWH -- RS-1, RTR-1	1.000
GS-1, GST-1	1.056
GSD-1, GSDDT-1, GSD-1EV, HLFT-1, SDTR-1	0.566
GSLD-1, GSDDT-1, GSDD-1EV, CS-1, CST-1, HLFT-2, SDTR-2	0.437
GSLD-2, GSDDT-2, CS-2, CST- 2, HLFT-3, SDTR-3	0.290
GSLD-3, GSDDT-3, CS-3, CST-3	0.290
OS-2	0.816
CILC-1(G)	0.437
CILC-1(D)	0.437
CILC-1(T)	0.290
SL-1, SL-1M, PL-1, LT-1	0.816
OL-1	0.816
OS I/II	0.816
SL-2, SL-2M, GSCU-1	0.816
SST-1(T), ISST-1(T)	0.290
SST-1(D1), SST-1(D2) SST-1(D3), ISST-1(D)	0.290

(Continued on Sheet No. 8.031)

Issued by: Tiffany Cohen, Senior Director, Regulatory Rates, Cost of Service and Systems
Effective:

FLORIDA POWER & LIGHT COMPANY

~~First~~ **Second** Revised Sheet No. 8.030.5
Cancels ~~Original~~ **First** Sheet No. 8.030.5

(Continued from Sheet No. 8.030.4)

HURRICANE SALLY STORM RESTORATION RECOVERY

APPLICATION:

The Storm Restoration Recovery Surcharge is designed to recover incremental storm-related costs incurred by the Company related to Hurricane Sally. It is applicable to all accounts within the service area previously served by Gulf Power. The factor is applicable to the Energy Charge under FPL's various rate schedules.

<u>Rate Schedule</u>	<u>¢/kWh</u>
ALL KWH -- RS-1, RTR-1	0.300 <u>1.000</u>
GS-1, GST-1	0.325 <u>1.056</u>
GSD-1, GSDD-1, GSD-1EV, HLFT-1, SDTR-1	0.168 <u>0.566</u>
GSLD-1, GSDDT-1, GSDD-1EV, CS-1, CST-1, HLFT-2, SDTR-2	0.131 <u>0.437</u>
GSLD-2, GSDDT-2, CS-2, CST- 2, HLFT-3, SDTR-3	0.087 <u>0.290</u>
GSLD-3, GSDDT-3, CS-3, CST-3	0.087 <u>0.290</u>
OS-2	0.228 <u>0.816</u>
CILC-1(G)	0.131 <u>0.437</u>
CILC-1(D)	0.131 <u>0.437</u>
CILC-1(T)	0.087 <u>0.297</u>
SL-1, SL-1M, PL-1, LT-1	0.228 <u>0.816</u>
OL-1	0.228 <u>0.816</u>
OS I/II	0.228 <u>0.816</u>
SL-2, SL-2M, GSCU-1	0.228 <u>0.816</u>
SST-1(T), ISST-1(T)	0.087 <u>0.290</u>
SST-1(D1), SST-1(D2) SST-1(D3), ISST-1(D)	0.087 <u>0.290</u>

(Continued on Sheet No. 8.031)

Issued by: Tiffany Cohen, Senior Director, Regulatory Rates, Cost of Service and Systems
Effective:

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Gulf Power Company for
Limited Proceeding for Recovery of Incremental
Storm Restoration Costs Related to Hurricane
Sally

Docket No. 20200241-EI

Filed: November 12, 2021

**GULF POWER COMPANY’S NOTICE OF FILING
CONFIDENTIAL SUPPORTING MATERIALS IN SUPPORT OF ITS
PETITION FOR APPROVAL OF FINAL/ACTUAL STORM RESTORATION COSTS
AND ASSOCIATED TRUE-UP PROCESS RELATED TO HURRICANE SALLY**

Gulf Power Company (“Gulf”) hereby gives notice of filing the confidential sortable spreadsheets that support the Hurricane Sally storm restoration costs that are the subject of Gulf’s Petition for Approval of Final/Actual Storm Restoration Costs and Associated True-Up Process Related to Hurricane Sally. The confidential searchable spreadsheets contain the data documenting the receipt, review, adjustment where appropriate, and payment of Hurricane Sally costs incurred for line contractors and vegetation contractors, along with the additional information identified in paragraph 4 of the Hurricane Michael Stipulation and Settlement (“Settlement Agreement”) which was approved by the Commission in Order No. PSC- 2020-0349-S-EI, Docket No. 20190038-EI.¹ The confidential files provide support for the other costs (i.e., costs other than line and vegetation contractors) subject to review in this proceeding, as well as a compilation of data extracted from Florida Power & Light Company’s iStormed App² together with information developed by the Cost Finalization Team. The confidential sortable spreadsheets which provide the cost support information include the following:

¹ Under paragraph 4 of the Settlement Agreement, “beginning with the 2021 storm season, Gulf will implement paragraphs 5 through 20 of the “Process Provisions” contained in the FPSC-approved settlement in the Docket 20180049-EI for In re: Evaluation of storm restoration costs for Florida Power & Light Company related to Hurricane Irma.” Notwithstanding that Hurricane Sally occurred during the 2020 hurricane season, Gulf voluntarily implemented the Process Provisions referenced in paragraph 4 in its response to Hurricane Sally.

² As explained in the pre-filed written direct testimony of Gulf witness Gerard, Gulf used the iStormed App to maintain an electronic database of line and vegetation contractor costs which could be approved, rejected, or adjusted through the application.

- Exhibit DH-1(Sally)³, which provides a summary of all costs as of October 31, 2021, by category and function, and which reflects adjustments made under the Incremental Cost and Capitalization Approach methodology.
- Exhibit DH-1(Sally)Support File, which provides supporting information for all of the costs and adjustments on DH-1(Sally), with formulas left intact. This file includes the following:
 - Tabs with further detail supporting categories of costs, line item detail of all items recorded to the general ledger which are categorized as PO Invoices, Non-PO Invoices, Accruals and Reversals, and Journal Entries & Internal Work.
 - A reconciliation of the amounts recorded in Gulf's general ledger (GL Detail File), a subset of which represents line and vegetation contractor costs.
 - Extracted files from the iStormed App (referred to as flat files) containing detailed cost information for line and vegetation contractors.
- Each flat file contains crew information and daily timesheets, crew expenses where applicable, approvals by responsible employees, documentation of exceptions, and, where appropriate, adjustments to vendor invoices.

Gulf has filed on this date a Request for Confidential Classification of the confidential sortable spreadsheets identified in this Notice of Filing.

³ Exhibit DH-1(Sally), appended to the testimony of Gulf witness David Hughes and available on the Commission's website, is not confidential. However, the Exhibit DH-1(Sally) Support File, which provides the supporting information for costs and adjustments on DH-1(Sally), is confidential as more fully described in Gulf's Request for Confidential Classification and associated materials.

Respectfully submitted,

By: /s/ *Kenneth M. Rubin*

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