BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20200241-EI

PETITION FOR LIMITED PROCEEDING FOR RECOVERY OF INCREMENTAL STORM RESTORATION COSTS RELATED TO HURRICANE SALLY, BY GULF POWER COMPANY.
_____/

DOCKET NO. 20210178-EI

PETITION FOR EVALUATION OF HURRICANE ISAIAS AND TROPICAL STORM ETA STORM COSTS, BY FLORIDA POWER & LIGHT COMPANY.
_____/

DOCKET NO. 20210179-EI

PETITION FOR LIMITED PROCEEDING FOR RECOVERY OF INCREMENTAL STORM RESTORATION COSTS AND ASSOCIATED TRUE-UP PROCESS RELATED TO HURRICANE ZETA, BY GULF POWER COMPANY.
_____/

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PROCEEDINGS:	HEARING
COMMISSIONERS PARTICIPATING:	CHAIRMAN ANDREW GILES FAY COMMISSIONER ART GRAHAM COMMISSIONER GARY F. CLARK COMMISSIONER MIKE LA ROSA COMMISSIONER GABRIELLA PASSIDOMO
DATE:	Thursday, June 7, 2022
TIME:	Commenced: 10:40 a.m. Concluded: 2:30 p.m.

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

REPORTED BY: DEBRA R. KRICK
Court Reporter

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APPEARANCES:

RUSSEL BADDERS and KATE COTNER, ESQUIRES, Florida Power & Light Company, 700 Universe Boulevard, Juno Beach, Florida 33408, appearing on behalf of Florida Power & Light Company (FPL).

RICHARD GENTRY, PUBLIC COUNSEL; PATRICIA A. CHRISTENSEN, ESQUIRE, OFFICE OF PUBLIC COUNSEL, c/o The Florida Legislature, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400, appearing on behalf of the Citizens of the State of Florida (OPC).

SHAW STILLER and JENNIFER CRAWFORD, ESQUIRES, FPSC General Counsel's Office, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, appearing on behalf of the Florida Public Service Commission (Staff).

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

I N D E X

WITNESSES

EXHIBITS

NUMBER:		ID	ADMITTED
1	Comprehensive Exhibit List	8	8
2-66	As identified in the CEL	8	
47-66	As identified in the CEL		8
18-24	As identified in the CEL		87
2-8	As identified in the CEL		157
9-10	As identified in the CEL		173

P R O C E E D I N G S

CHAIRMAN FAY: All right. Good morning, everyone. We will -- before we call this hearing to order, I want to give just a little bit of context for timing for folks. We will work through the witnesses in this hearing until right about noon, an appropriate time around then to stop allow folks to grab lunch and then come back at about 1:15, somewhere around that time to finish out -- potentially finish out this afternoon, just so you are aware with your schedules.

With that, we will call the July 7th hearing to order.

Staff, for would you please read the notice?

MR. STILLER: By notice issued on June 3rd, 2022, this time and place has been set for a hearing in consolidated Docket Nos. 20241-EI, 20210178-EI, and 20210179-EI. The purpose of the hearing is set out more fully in the notice.

CHAIRMAN FAY: Great. Thank you, Mr. Stiller.

Next we will take appearances. We will begin with Florida Power & Light and Gulf Power Company.

MS. MS. COTNER: Good morning. I would like to enter an appearance for Russell Badders and Kate Cotner for Florida Power & Light Company.

CHAIRMAN FAY: Great. Thank you.

Next we will move on to Office of Public Counsel.

MS. CHRISTENSEN: Good morning. Patty Christensen for the Office of Public Counsel, along with Richard Gentry, the Public Counsel.

Thank you.

CHAIRMAN FAY: Great.

Commission staff.

MR. STILLER: Shaw Stiller and Jennifer Crawford for Commission staff.

MS. HELTON: And Mary Anne Helton is here as your Advisor, along with your General Counsel, Keith Hetrick.

CHAIRMAN FAY: Great. Thank you so much.

Next we will move on to any preliminary matters.

MR. STILLER: Mr. Chairman, staff is aware of no preliminary matters at this time.

CHAIRMAN FAY: Great. So none from the parties.

Okay. With that, we will move on to exhibits. Mr. Stiller.

MR. STILLER: Staff has compiled a comprehensive exhibit list, which includes the

prefiled exhibits attached to the witnesses' testimony numbered 2 through 46, and staff's Exhibits, numbered 47 through 66. The list has been provided to the parties, the Commissioners and the court reporter. Staff requests that the comprehensive exhibit list be marked for identification purposes as Exhibit No. 1, and that the other exhibits be marked for identification as set forth in the comprehensive exhibit list.

CHAIRMAN FAY: Okay. Great. Thank you, those exhibits are so marked.

(Whereupon, Exhibit Nos. 1-66 were marked for identification.)

CHAIRMAN FAY: Next we will move on to the exhibits. Go ahead still.

MR. STILLER: And staff would ask that the comprehensive exhibit list, marked as Exhibit 1, be entered into the record.

CHAIRMAN FAY: Without objection, Exhibit 1 is entered into the record.

(Whereupon, Exhibit No. 1 was received into evidence.)

MR. STILLER: The prefiled exhibits will be moved at the conclusion of each witness' cross-examination. Staff notes that the parties

have stipulated to the staff exhibits, nos. 47 through 66 on the CEL. Staff asks that exhibit Nos. 47 through 66 be moved into the record as set forth in the CEL.

CHAIRMAN FAY: Great. All the parties have had a chance to review the exhibit list. Without any objections, no, showing no objections, exhibits 47 through 66 are entered into the record.

(Whereupon, Exhibit Nos. 47-66 were received into evidence.)

CHAIRMAN FAY: Next we will move on to opening statements from the parties. You each have five minutes to make your opening statement. I will recognize OPC.

MS. CHRISTENSEN: Good morning, Commissioners. Patty Christensen on behalf of customers.

Our expert witnesses conducted a thorough review of the costs incurred on behalf of the customers to restore their power after four storms hit their territories in 2020. FPL is requesting cost recovery of 186 million for Hurricane Sally and 10 million for Hurricane Zeta from the customers in the Panhandle, the old Gulf territory.

FPL is also requesting 68 million in cost recovery for Hurricanes Isaias and 114 million for

Tropical Storm Eta for the customers in FPL's old territory.

In prior storm cost recovery dockets, FPL and Gulf entered into settlement agreements with OPC. In these prior settlement agreements, process improvements were developed to improve the review of storm costs submitted for approval by Gulf and FPL, now operating together as FPL.

Pursuant to these process improvement provisions, FPL and Gulf provided confidential Excel workbooks used to develop their claimed cost exhibits as well as other confidential materials existing of Excel workbooks that included invoice information for the overhead line and vegetation management contractors and travel logs.

These Excel workbooks for the overhead line and vegetation management contractors are referred to by the companies as flat files. These flat files are extracted from the FPL developed smart phone-based iStorm app that is now required to be used by all such contractors. FPL committed to begin using the iStorm app during the 2019 and '20 hurricane seasons in phases as part of the Hurricane Irma settlement agreement. Gulf was not required to implement the iStorm app until 2021,

but implemented the application in 2020.

Based on our experts' audit and review of the provided information and the additional discovery they found that these processes have been efficient in eliminating unjustified costs and streamlining the review process of the proposed hurricane costs. However, additional process improvements can and should be made to FPL's preplanning process and its resource processes that could reduce actual storm costs incurred. These process improvements are outlined in our expert witnesses' testimonies.

In addition to the process improvements, OPC has determined through their audit of these storm costs that additional disallowances are needed. These additional disallowances are needed to fully implement the incremental cost and capitalization approach, or ICCA method.

OPC's experts are recommending additional adjustments to remove non-incremental cost for the regular payroll, overtime payroll, line contractor cost and materials and supplies.

In addition, OPC's experts are recommending additional adjustments to remove accrued estimated amounts not paid, and interest on as filed unrecovered deficits. These disallowances result

in an additional reduction of 3.7 million for Hurricane Sally, 392,000 for Hurricane Zeta, 2.1 million for Hurricane Isaias, and 5.1 million for Tropical Storm Eta, totaling 11.2 million.

Thank you.

CHAIRMAN FAY: Great. Thank you for that.

FPL and Gulf, you are recognized for opening.

MS. COTNER: Good morning, Chairman Fay and Commissioners, and thank you for the opportunity to present this statement on behalf of FPL.

Today we are going to discuss FPL's and Gulf's storm restoration costs concerning the four storms, Hurricane Sally, Hurricane Isaias, Tropical Storm Eta, and Hurricane Zeta.

As we review these storms, I feel compelled to say what's obvious to everyone in this business. Hurricane restoration is not an academic exercise. It's a situation where time matters, where success is determined by practice and planning by having crews ready to go as soon as it's safe to work, and ultimately to restore power to help get life back to normal as quickly and as safely as possible. Safe, rapid restoration always has been and always will be our top priority.

As we discuss these four storms and this

Commission evaluates the prudence of FPL and Gulf's actions, the costs it incurred to execute those actions are judged in the following standard: What would a prudent utility manager do in light of the circumstances which he or she knew or reasonably should have known at the time the decision was made?

So let's talk about Hurricane Sally. It was the 18th named storm for 2020. It crossed southern Florida and was projected to make landfall in the Texas-Louisiana border. However, right before it hit, the night before, it decided to make an east -- a shift, a drastic shift to the east, and it made landfall in Gulf Shores, Alabama, near the Florida border as a strong Category 2, with maximum sustained winds of 110 miles per hour. Hurricane Sally brought high winds and widespread flooding, and caused road and bridge closures.

As explained by Witness Priore, Plant Crist, now known as the Gulf Clean Energy Center, experienced significant, unprecedented storm surge that flooded the sub-basements in the facility with 18 feet of brackish water. It caused a lot of damage to our equipment.

As explained by Gulf's Witness Talley, Gulf

followed a well-developed plan to respond to such a weather event. However, because of the dramatic shrift to the east, as well as the road closures and bridge closures, there were -- there was a little problem in the beginning as far as some challenges. But our team quickly pivoted and responded in a timely manner to get 285,000 customers up and running in five days.

As explained by Gulf's Witness Hughes, Gulf calculated $186.6 million of incremental jurisdictionalized storm related costs for Hurricane Sally.

Now Isaias, that was the ninth named storm of 2020. Florida remained within the cone of uncertainty for six days. And thankfully it stayed off our coast, about 40 miles off of Florida east coast. However, without that benefit of hindsight, the one thing FPL could not do, the thing we never do is cross our fingers and hope for the best and leave our customers at risk. So we prepared to respond.

As explained by FPL's Witness Miranda, FPL followed a well-developed systematic and well-tested plan to respond to the weather event. Also explained by FPL's Witness Hughes, FPL

incurred $66.3 million of incremental jurisdictionalized storm related costs, which we charged the base O&M as permitted by the storm rule. The testimony of FPL's witnesses will show that those costs were reasonable and prudent.

Tropical Storm Eta was the 28th named storm in the historic 2020 hurricane season. Tropical Storm Eta hit Florida twice. First in the Keys on November 8th, and then again at Cedar Key and crossed over north Florida in late afternoon of November 12th. FPL's service territory was impacted with heavy rain and outages. Again, FPL's Witness Miranda explained how FPL undertook reasonable, necessary and prudent measures to prepare for and respond to Tropical Storm Eta.

As explained by FPL's Hughes, FPL incurred $112.7 million in incremental jurisdictionalized storm related costs, which we again charged to base O&M as permitted by the storm rule.

Finally, Hurricane Zeta was the 27th named storm of 2020. October 28th it hit landfall in Louisiana as a Category 3, but if really impacted the western portion of the Gulf territory. We had sustained winds of about 50 miles per hour.

Gulf's Witness Talley has explained that

despite all the difficulties with COVID-19 and our protocols, Gulf undertook reasonable, necessary and prudent measures to prepare for and respond to the impacts of these storms. These preparations included comprehensive logistical arrangements for mobilizing Gulf employees, external contractors, and mutual aid utilities to support the restoration.

That team, the Gulf employees and contractors worked tirelessly to restore power to its customers. And as you will hear from Gulf Witness Hughes, Gulf incurred about $10.1 million in incremental jurisdictionalized storm costs.

Commissioners, FPL and Gulf have provided the director testimony of six witness to support that the company's actions, and the referenced costs associated with those actions as they relate to these four storms were reasonable and prudent and support the requested surcharges for Hurricanes Sally and Zeta.

Thank you.

CHAIRMAN FAY: Thank you. Four minutes and 55 seconds. That was impressive timing on your opening.

With that, Commissioners, we will move into

the witnesses.

FPL, you are recognized to call your first witness. Oh, excuse me. I am going to swear them all in first, and then we will have you call them.

If the witnesses, I believe we have a number, if you wouldn't mind please standing. I will just have you -- I will read this right here.

(Whereupon, witnesses were sworn by Chairman Fay.)

CHAIRMAN FAY: Yes. Let the record show that all the witnesses agreed. You are now sworn in.

With that, FPL, you are now recognized to call your first witness.

MR. BADDERS: Thank you, Commissioner. Good morning. We call Mr. Miranda to the stand.

Chairman Fay, Mr. Miranda has taken the stand and he was present this morning when the witnesses were sworn in.

CHAIRMAN FAY: Great. Thank you.

Whereupon,

MANUEL B. MIRANDA

was called as a witness, having been previously duly sworn to speak the truth, the whole truth, and nothing but the truth, was examined and testified as follows:

EXAMINATION

BY MR. BADDERS:

Q Mr. Miranda, will you please state your name and your business address for the record?

A Yes, Manuel B. Miranda. I work at 700 Universe Boulevard, Juno Beach, Florida, 33408.

Q And, Mr. Miranda, by whom are you employed and in what capacity?

A I am employed by Florida Power & Light. I am the Executive Vice-President of our Power Delivery Business unit within Florida Power & Light.

Q At the time of Hurricane Isaias and Tropical Storm Eta were you employed in the same capacity?

A That's correct.

Q Have you prepared and caused to be filed 41 pages of direct prefiled testimony in this proceeding?

A Yes.

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

A No.

Q If I asked you the same questions today, would your answers be the same?

A Yes.

MR. BADDERS: Chairman Fay, I would ask that Mr. Miranda's direct prefiled testimony be entered into the record as though read.

CHAIRMAN FAY: So entered.

(Whereupon, prefiled direct testimony of Miranda B. Miranda was inserted.)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY

DIRECT TESTIMONY OF MANUEL B. MIRANDA

NOVEMBER 12, 2021

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I. INTRODUCTION

Q. Please state your name and business address.

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

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

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

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

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

Q. Please describe your educational background and professional experience.

A. I have a Bachelor of Science in Mechanical Engineering from the University of Miami and a Master in Business Administration from Nova Southeastern University. I joined FPL in 1982 and have 39 years of technical, managerial, and commercial experience gained from serving in a variety of positions within Customer Service, Distribution and Transmission. For more than 15 years, I have held several vice-president positions within Distribution and Transmission, including my current position.

For storm restoration events, I have been involved in FPL hurricane restoration response since Hurricane Andrew in 1992, including the seven storms that impacted FPL's service area in the 2004 and 2005 seasons. I have served as FPL's Area Commander for the last eight years, which includes Hurricane Matthew in 2016 and the unprecedented restoration of more than 4.4 million customers following Hurricane Irma in 2017 and Hurricane Dorian in 2019.

I have also provided key strategic leadership during the restoration efforts for Hurricane Maria in Puerto Rico. Upon receiving a call from Florida's Governor as a result of Hurricane Michael in 2018, I was stationed in the state Emergency Operations Center in Tallahassee, where I served as the liaison between the state and the Federal Emergency Management Agency. I was honored with the 2019 Lifetime Achievement Award from the Florida Governor's Hurricane Conference in recognition of more than 30 years of outstanding substantial contributions providing industry-leading expertise and technical guidance in Florida and Puerto Rico in the field of electrical power restoration. Additionally, for the last eight years, I have served as a member of the National Response Executive Committee, a group that oversees a process designed to enhance the industry's ability to respond to national-level events by improving access and visibility to resources from all across the country.

Q. Are you sponsoring any exhibits in this case?

A. Yes. I am sponsoring the following exhibits:

- MBM-1 – Hurricane Isaias – National Hurricane Center's Forecast Track
- MBM-2 – Hurricane Isaias – Satellite View

- MBM-3 – Tropical Storm Eta – National Hurricane Center's Forecast Track
- MBM-4 – Tropical Storm Eta – Satellite View
- MBM-5 – Tropical Storm Eta's Path and Double Landfall in Florida
- MBM-6 – FPL's T&D Hurricane Isaias Restoration Costs
- MBM-7 – FPL's T&D Tropical Storm Eta Restoration Costs

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to provide an overview of FPL's emergency preparedness plan and restoration process. I provide details for the work and costs incurred by FPL's T&D organization in connection with Hurricane Isaias and Tropical Storm Eta, along with the work and costs of the other FPL business units that supported the Company's restoration efforts. Specifically, I describe FPL's T&D Hurricane Isaias and Tropical Storm Eta storm preparations, response and restoration efforts, follow-up work activities necessary to restore FPL's facilities to their pre-storm condition, and details on T&D storm restoration costs. Finally, I discuss FPL's overall successful performance in restoring service to those customers that experienced an outage due to Hurricane Isaias and Tropical Storm Eta. As a result, my testimony supports the prudence of FPL's activities and the reasonableness of the Hurricane Isaias and Tropical Storm Eta restoration costs, the great majority of which involve the T&D system.

II. EMERGENCY PREPAREDNESS PLAN & RESTORATION PROCESS

Q. What is the objective of FPL's emergency preparedness plan and restoration process?

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

Q. Describe generally how FPL approaches this objective.

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

While FPL 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 FPL's emergency preparedness plan?

A. FPL'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;
- Field and aerial patrols to assess the damage;
- Comprehensive circuit patrols to gather vital information needed to identify the resources required for effective restoration;
- Systems necessary to support outage management processes and customer communications; and
- A comprehensive NextEra Energy Mutual Assistance Pandemic

Resource Guide for COVID-19, to support required changes to restoration plans and added safety during the pandemic response.

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

Q. Does FPL regularly update its plan?

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

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

A. The COVID-19 pandemic presented additional challenges during the 2020 storm season that FPL addressed and incorporated into our plan which include a restoration response protocol that would minimize our employees', outside resources', and customers' potential exposure to COVID-19. Additionally, FPL developed and adapted new strategies and techniques to house, feed, and provide a safe work environment for those engaged in the restoration process. Our plan, built on a foundation of knowledge,

experience, industry best practices, and continuous improvement, allowed the team to be flexible and adapt to change.

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

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

Q. Does FPL regularly test its emergency preparedness plan?

A. Yes. Each year, FPL tests its readiness during a joint hurricane "dry run" exercise with Gulf. This event simulates a storm (or multiple storms/hurricanes) impacting FPL's service area. The purpose is to provide a realistic, challenging scenario that causes the organization to react to situations and to practice functions not generally performed during normal operations. It is a full-scale exercise, executed with active participation by employees representing every business unit in the company as well as external organizations, local government officials, and media representatives. After months of preparation, the formal exercise activities begin 96 hours before the mock hurricane's forecasted date and time of impact. FPL's Command Center is fully mobilized and

staffed. Field patrollers are required to complete simulated damage assessments that are then utilized by office staff to practice updating storm systems, acquiring resources, and developing estimated times of restoration. The exercise also includes simulating customer and other external communications as well as updating our outage management system and other storm-specific applications. Additionally, FPL conducts a biennial full-scale staging site exercise to assess the readiness of staging site processes (e.g., communications, logistics, materials, and equipment). This training is conducted in the course of our ordinary approach to business and the costs of these activities are not charged to storm costs and, therefore, are not part of the evaluation of costs the Florida Public Service Commission (the "Commission") is conducting in this proceeding.

Q. How does FPL respond when a storm threatens its service area?

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

At 96 to 72 hours prior to the projected impact to FPL's system, FPL activities include: activating the FPL Command Center; alerting all storm personnel; forecasting resource requirements; developing initial restoration plans; activating contingency resources;

and identifying available resources from mutual assistance utilities. In addition, all FPL sites begin to prepare their facilities for the impact of the storm.

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

At 24 hours, the focus turns to pre-positioning personnel and supplies to begin restoration as soon as it is safe to do so. As the path and strength of the storm changes, FPL continuously re-runs damage models and adjusts plans accordingly. Also, FPL contacts community leaders and County Emergency Operations Centers ("EOCs") for coordination and to review and reinforce FPL's restoration plans. This outreach includes confirming the assignment of FPL personnel to the County EOCs for the remainder of the storm and identifying restoration personnel to assist with road clearing and search-and-rescue efforts. FPL also has personnel assigned to the State EOC to support coordination and satisfy information needs. Throughout the process, FPL also provides critical information (e.g., public safety messages, storm preparation tips, and

guidance if an outage occurs) to the news media, customers, and community leaders.

Q. Has FPL had any recent past opportunities to execute its emergency preparedness plan and overall restoration process?

A. Yes. FPL was required to implement its full-scale emergency preparedness plan and restoration process as a result of impacts from Hurricanes Hermine and Matthew in 2016, Hurricane Irma in 2017, and Hurricane Dorian in 2019.

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

A. Yes. Every restoration event is different, and each event presents opportunities to learn and continue to refine and improve our processes and planning. Consistent with our culture of continuous improvement, FPL implemented several enhancements to its processes based upon its experience with the 2016, 2017, and 2019 storms. I will discuss these later in my testimony.

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

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

Storm plan requirements are documented in a variety of media including manuals, on-line procedures, checklists, job aids, process maps, and detailed instructions. System data is continuously monitored and analyzed throughout the storm. FPL conducts multiple daily conference calls, utilizing structured checklists and agendas, with FPL Command Center leadership to confirm process discipline, discuss overall progress, and identify issues that can be resolved quickly because leaders from all FPL business units participate. Conference calls are also held twice a day with all field restoration and logistics locations to provide a further mechanism to ensure critical activities are performed as planned and timely communications occur at all levels throughout the organization. Also, each organization within FPL conducts its own daily conference call(s) to ensure plans are executed appropriately and issues are being resolved expeditiously. Overall monitoring and performance management of field operations are performed through the FPL Command Center. In addition, FPL Command Center personnel routinely conduct field visits once restoration has begun to validate restoration process discipline and application, assess progress at remote work sites, and identify any adjustments that may be required.

Q. How does FPL assess its workload requirements?

A. There are a variety of factors that impact restoration workload. Historical responses to similar events, team experiences with both on-system and off-system events, and the framework of the emergency preparedness plan are utilized to determine preliminary workload requirements. In each storm, FPL utilizes its storm damage model to forecast system damage and hours of work required to restore service. These forecasts are based on the location of FPL facilities, the weather forecast associated with the storm's

projected path, and the effects of varying wind strengths on the electric infrastructure. As conditions change, the damage model is updated. The workload projections are matched with resource factors such as availability and location, and FPL's capacity to efficiently and safely manage and support available resources. As soon as the storm passes, certain employees are tasked with determining and assessing the damage. Additionally, FPL utilizes damage assessments obtained through aerial and field patrols and customer outage information contained in FPL's outage management system.

Q. How does FPL begin to acquire resources?

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

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

A. As previously mentioned, an important component of each restoration effort is FPL's ability to scale and adjust resources to match the anticipated workload. This includes acquiring external contractors and mutual assistance from affiliate companies, other utilities, within (e.g., other Florida investor-owned, municipal and cooperative utilities)

as well as outside the state of Florida. FPL is a participating member of the SEE Mutual Assistance Group. While this group is a non-binding entity, it provides FPL and other members with guidelines on how to request assistance from a group of approximately 55 utilities, primarily located in the southern and eastern United States. The guidelines require reimbursement for direct costs of payroll and other expenses, including roundtrip travel costs (i.e., mobilization/demobilization), when providing mutual aid in times of an emergency. In addition, FPL participates with EEI and the National Response Event organization to gain access to other utilities. Resource requests may include line and vegetation contractors, patrol personnel, crew supervisors, material-handling personnel and, in some cases, logistics support.

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

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

A. As indicated earlier, while safe and rapid restoration (the primary restoration objective) does not permit the least overall cost for restoration, FPL is always mindful of costs

when acquiring resources. For line and vegetation contractors, we endeavor to acquire resources with pre-negotiated storm contracts based on a low-to-high cost ranking and release these same resources from storm restoration assistance in reverse cost order subject to the overriding objective of quickest restoration time and related considerations. FPL also considers travel distance when procuring storm restoration resources, as longer distances require increased drive times and can result in higher mobilization/demobilization costs. Final contractor and mutual-aid resource decisions take into consideration the number, availability, relative labor costs, and travel distances of required resources. This information is then evaluated relative to the expected time to restore customers.

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

A. The deployment and movement of resources is coordinated through the FPL Command Center to monitor execution of the plan. Daily management of the crews is performed by the field operations organization, which is responsible for executing FPL's restoration strategy. Decisions on opening staging sites to position the restoration workforce in impacted areas are based primarily on the arrival time(s) of external resources. Daily analysis of workload execution and restoration progress permits dynamic resource management. This enables a high degree of flexibility and mobility in allocating and deploying resources in response to changing conditions and requirements. Another critical factor is FPL's ability to assemble trained and experienced management teams to direct field activities. As part of the storm

organization, management teams include Incident Commanders and crew supervisors to directly oversee fieldwork.

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

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

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

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

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

A. Logistics functions serve a key role in any successful restoration effort, i.e., ensuring that basic needs and supplies are adequately available and provided to the thousands of restoration personnel involved. These functions include, but are not limited to, the acquisition, preparation, and coordination of staging sites, environmental services, salvage, lodging, laundry, buses, caterers, ice and water, office trailers, light towers, generators, portable toilets, security guards, communications, and fuel delivery. Agreements with primary vendors are also in place prior to the storm season as part of FPL's comprehensive storm-planning process. FPL personnel from all parts of the company meet additional logistics staffing needs. Most of these employees are pre-identified, trained and assigned to provide site logistics management and support other restoration workforce needs. FPL contracts for additional logistics resources for larger restoration efforts that exceed internal logistics support capabilities.

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

A. The health and safety of our workforce and our customers is our top priority. As a result, FPL's objective to maintain worker safety during the COVID-19 pandemic prompted additional enhancements to FPL's emergency preparedness plan and storm restoration process. A NextEra Energy Mutual Assistance Pandemic Resource Guide ("Resource Guide") was developed, which established additional safety precautions in key storm response locations such as the Command Center, Control Center operations, storm riders, and the various Processing and Staging Sites. The Resource Guide also

established additional safety requirements for other storm response workers within the Company to minimize their risk of exposure to COVID-19.

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

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

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

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

III. HURRICANE ISAIAS

Q. Please provide an overview of Hurricane Isaias as it developed and began to threaten Florida.

A. Hurricane Isaias was the ninth named storm and the second hurricane of the extremely active 2020 hurricane season, with a record eleven named storms making landfall in the United States. Florida remained within the National Hurricane Center's ("NHC") forecasted cone of uncertainty ("forecasted cone") from July 28, 2020 to August 2, 2020. The NHC began issuing public advisories on July 28 for the system which strengthened to Tropical Storm Isaias on July 29.

On the evening of July 30, as Isaias approached the Florida peninsula, the NHC forecasted that the environment was "conducive enough for Isaias to become a hurricane in 24 to 36 hours" and issued a tropical storm watch for the east coast of Florida. Shortly before midnight on July 30, the NHC determined with data from a hurricane hunter aircraft that Isaias had strengthened to a hurricane. On July 31, the NHC issued a hurricane watch for the east coast of Florida. The NHC's afternoon forecast on July 31 acknowledged that the European and British hurricane models projected Isaias "making landfall in the 36-48 hours along the southeast Florida coast." On the evening of July 31, the NHC's forecast advisory upgraded the hurricane watch to a hurricane warning and storm surge for southeast Florida with the forecast of "hurricane conditions" expected along portions of the Florida east coast by the next day.

Early, on August 1, the NHC forecasted that Isaias was "expected to remain a hurricane as it passed near the Florida coast" and "hurricane conditions are expected along portions of Florida east coast." The NHC's afternoon forecast on August 1 showed that Isaias had weakened to a tropical storm. However, the NHC forecasted that Isaias would regain hurricane status later in the night as it moved over the warm Gulfstream waters. The NHC forecast on August 1 continued "showing landfall along the east-central Florida coast in about 24 hours" and hurricane warning and storm surge watch remained in effect for portions of Florida's east coast. The NHC forecasted track for Hurricane Isaias for July 31 and August 1 that projected a landfall in Florida at hurricane strength is shown in Exhibit MBM-1.

On August 2, the NHC found that Isaias had not re-strengthened overnight. However, Isaias approached southeastern Florida with the center coming within 40 miles of West Palm Beach and Fort Lauderdale but remained off the coast of Florida as it traveled northward. The satellite image of Hurricane Isaias on August 2 is shown in Exhibit MBM-2.

Q. How did FPL initially prepare to respond to the potential impacts of Hurricane Isaias?

A. Shortly after the NHC began issuing advisories on Isaias on July 28, FPL's emergency preparedness teams closely monitored the storm and initiated early discussions and preliminary preparations. FPL's first weather update call occurred on July 29 (72-hour call based on the NHC forecast track and timing at the time). On July 30, FPL activated its emergency response organization, staffed its Command Center and initiated the

cadence of daily planning and management meetings to ensure the efficient and timely execution of all pre-landfall checklists and preparation activities. With the state already operating under a state of emergency due to the pandemic, Florida Governor Ron DeSantis declared a state of emergency for Florida counties potentially impacted by Isaias on July 31, including areas served by FPL. Based on the NHC forecasts, FPL began pre-positioning resources across the state prior to the anticipated landfall. FPL also initiated customer communications and outreach, urging customers to prepare for Hurricane Isaias, including potentially prolonged power outages.

Through its pre-landfall planning activities and based on the forecasted path and intensity of the storm, FPL reasonably anticipated the consequences of a hurricane and began to commit to resources to be available to support the anticipated restoration work. FPL began to open staging sites and pre-position resources throughout its service area.

Q. How did FPL ultimately respond to the impacts of Hurricane Isaias?

A. FPL followed its well developed, systematic and well tested plan to respond to Isaias, which includes obtaining and pre-staging resources in advance of the storm. There was uncertainty in the ultimate path and intensity of forecasted impact to FPL's service area. FPL could not take a "wait and see" approach, but instead had to be prepared to respond to the impact of a hurricane that threatened FPL's service area and FPL's customers. Thankfully, FPL's service area was spared the worst of the storm.

Q. What was the magnitude of damage to FPL's T&D infrastructure and the number of customers who experienced outages as a result of Hurricane Isaias?

A. In total, FPL restored service to approximately 40,000 customers. Vegetation outside of

FPL's trim zone and wind-blown debris were the leading causes of outages. On average, customers' outages were restored in approximately 85 minutes. FPL's significant investments over the past decade in smart grid technology, undergrounding power lines and strengthening the energy grid enabled FPL to restore faster and avoid outages. For example, infrastructure storm-hardened and placed underground performed well. Also, more than 18,000 outages were avoided due to investments in smart grid technology (e.g., automated feeder switches).

IV. TROPICAL STORM ETA

Q. Please provide an overview of Tropical Storm Eta as it developed and began to threaten Florida.

A. Tropical Storm Eta was the 28th named storm of the extremely active 2020 hurricane season. The name Eta reflects the level of activity of the 2020 hurricane season because the NHC began to use the Greek alphabet after it exhausted its list of alphabetized storm names.

Florida remained within the NHC's forecasted cone for Tropical Storm Eta from November 3 to November 12, 2020. Tropical Storm Eta formed on October 31 from a tropical wave in the east-central Caribbean Sea and gradually strengthened as it moved westward, peaking at 150 mph sustained winds prior to making landfall in Nicaragua on November 3. After bringing days of devastating wind and rain, Tropical Storm Eta moved back into the warm waters south of Cuba. Exhibit MBM-3 shows the NHC's

forecasted cone for Tropical Storm Eta impacting Florida from November 6, 7, 8, and 11.

The NHC's forecast advisory on November 6 highlighted the likelihood of an impact to the Florida Keys and South Florida by identifying the favorable conditions with the storm in "warm water, in a moist environment." The NHC advised that the "wind field of Eta is expected to increase in size" and ultimately issued the first Tropical Storm Watches for Florida that evening. On November 7, the NHC issued a Hurricane Watch for the coast of Southern Florida and the hurricane hunter aircraft "found that Eta has continued to strengthen." The NHC further predicted that the impact "will likely cover much of the southern and central Florida peninsula due to the expected growth of Eta." On November 8, the NHC's latest models forecasted a landfall in the Florida Keys, warning that it could become a hurricane and that the "strongest winds are occurring, and are expected to occur, well to the north and east of the center" potentially impacting the southern and central portions of the Florida peninsula.

Eta made its first landfall on November 8 in Lower Matecumbe Key, Florida as a Tropical Storm. Eta weakened after making landfall; however, the NHC advised that the storm could approach the Florida Gulf Coast later in the week. On the morning of November 11, the NHC issued Hurricane Watches for the west coast of Florida with a forecast that Eta could become a hurricane again offshore of Southwestern Florida. The satellite image of Tropical Storm Eta on November 11 as it approached Florida for the second time is shown in Exhibit MBM-4. Eta made a second landfall near Cedar Key,

Florida on November 12 with the center of the storm moving across North Florida by late afternoon. Eta's erratic path showing a second landfall in Florida is shown in Exhibit MBM-5.

Q. How did FPL initially prepare to respond to the potential impacts of Tropical Storm Eta?

A. Shortly after Tropical Storm Eta formed on October 31, FPL's emergency preparedness teams closely monitored the storm and initiated early discussions and preliminary preparations. FPL's first weather update call occurred on November 5 (96-hour call based on the NHC forecast track and timing at the time) and our first command center call occurred on November 6. Florida Governor Ron DeSantis declared a state of emergency for potentially impacted Florida counties on November 7, including areas served by FPL. FPL activated its emergency response organization, staffed its Command Center and initiated the cadence of daily planning and management meetings to ensure the efficient and timely execution of all pre-landfall checklists and preparation activities. Based on the NHC forecasts, FPL began pre-positioning resources across the state prior to the anticipated landfall. Additionally, FPL initiated customer communications and outreach, urging customers to prepare for Tropical Storm Eta's impacts, including potentially prolonged power outages. Through its pre-landfall planning activities and based on the NHC's forecasted path and intensity for Eta, FPL reasonably anticipated the consequences of a potential hurricane and began to commit resources to be available to support the anticipated restoration work. FPL also began to open staging sites and pre-position resources throughout its service area.

After Eta's first landfall in Florida, the storm ultimately re-strengthened off the coast of southwestern Florida. On November 11, 2020, Governor DeSantis expanded the state of emergency as Eta neared the west coast at hurricane strength. Ultimately, Eta made a second landfall in Florida, but FPL was once again ready to expeditiously restore power to our customers.

Q. How did FPL ultimately respond to the impacts of Tropical Storm Eta?

A. FPL followed its well developed, systematic and well tested plan to respond, which includes obtaining and pre-staging resources in advance of the storm. There was uncertainty in the ultimate path, intensity, and timing of forecasted impact to FPL's service area. Ultimately, this uncommon November storm made two Florida landfalls, requiring FPL to prepare for and respond to damage on both the east and west coasts of Florida.

Q. What was the magnitude of damage to FPL's T&D infrastructure and the number of customers who experienced outages as a result of Tropical Storm Eta?

A. In total, FPL restored service to more than 420,000 customers. Vegetation outside of FPL's trim zone, and wind-blown debris were the leading causes of outages. On average, customers' outages were restored in approximately 2.5 hours. FPL's significant investments over the past decade in smart grid technology, undergrounding power lines and strengthening the energy grid enabled FPL to restore faster and avoid outages. For example, infrastructure storm-hardened and placed underground performed well. Also, more than 140,000 outages were avoided due to investments in smart grid technology (e.g., automated feeder switches).

V. T&D RESTORATION COSTS

Q. What were the final Hurricane Isaias and Tropical Storm Eta T&D restoration costs?

A. As provided in Exhibits MBM-6 and MBM-7, FPL's T&D restoration costs for Hurricane Isaias and Tropical Storm Eta, representing the great majority of the storm costs, were $66.60 million and $113.39 million, respectively (reflected on Line 10 of Exhibit DH-1(Isaias) and Exhibit DH-2(Eta)). A breakdown of these costs by storm is shown in the tables below and is also included in Exhibits MBM-6 and MBM 7.

Hurricane Isaias –T&D Restoration Costs by Category ($000s)

	Total T&D	%
Regular Payroll and Related Costs	$543	1%
Overtime Payroll and Related Costs	$3,891	6%
Contractors	$49,005	74%
Vehicle & Fuel	$2,715	4%
Materials & Supplies	$21	0%
Logistics	$9,124	14%
Other	$1,305	2%
Total	**$66,605**	**100.0%**

Tropical Storm Eta –T&D Restoration Costs by Category ($000s)

	Total T&D	%
Regular Payroll and Related Costs	$2,063	2%
Overtime Payroll and Related Costs	$7,917	7%
Contractors	$87,826	77%
Vehicle & Fuel	$4,728	4%
Materials & Supplies	$433	0%
Logistics	$8,839	8%
Other	$1,584	1%
Total	**$113,391**	**100.0%**

Q. Please provide a brief description of the T&D costs by categories for restoration work performed as a result of Hurricane Isaias and Tropical Storm Eta.

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

- T&D "Regular Payroll and Related Costs" and "Overtime Payroll and Related Costs" are costs associated with FPL employees who directly supported the T&D service restoration efforts and follow-up work as a result of Hurricane Isaias and Tropical Storm Eta. These include FPL linemen, patrollers, other field support personnel, and T&D staff personnel.
- T&D "Contractors" includes costs associated with external line contractors, mutual assistance utilities, FPL embedded contractors, vegetation contractors, and other contractors (e.g., contractors performing overhead line patrols and environmental assessments) that supported FPL's service restoration efforts and follow-up work to restore facilities to their pre-storm condition.
- T&D "Vehicle & Fuel" includes FPL's vehicle and associated fuel costs, costs for fuel that FPL supplied to line contractors, mutual assistance utilities, and other contractors.
- T&D "Materials & Supplies" includes costs associated with items such as wire, transformers, poles, and other electrical equipment used to restore electric service for customers and repair and restore storm-impacted FPL facilities to their pre-storm condition.
- T&D "Logistics" includes costs associated with staging sites and other support needs, such as lodging, meals, water, ice, and buses.
- T&D "Other" category includes costs not previously captured, such as affiliate

payroll and related costs, contractors, freight charges and other miscellaneous items.

Q. Please describe the follow-up work required for T&D as a result of Hurricane Isaias and Tropical Storm Eta restoration.

A. As previously discussed, the primary objective of FPL's emergency preparedness plan and restoration process is to safely restore critical infrastructure and the greatest number of customers in the least amount of time. At times, this means utilizing temporary fixes (e.g., bracing a cracked pole or cross arm) and/or delaying certain repairs (e.g., replacing lightning arrestors and repairing streetlights) that are not required to restore service expeditiously. However, these conditions must be subsequently addressed during the restoration follow-up work phase, to restore to their pre-storm condition. FPL performed follow-up work required after the initial restorations following both Hurricane Isaias and Tropical Storm Eta.

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

VI. NON-T&D RESTORATION COSTS

Q. Please provide an overview of FPL's non-T&D business units that engaged in storm preparation and restoration activities related to Hurricane Isaias and Tropical Storm Eta.

A. The great majority of the work associated with FPL's preparations for, response to, and restoration following Hurricane Isaias and Tropical Storm Eta were related to T&D restoration. However, virtually every other business unit within FPL was engaged in pre-storm planning and preparation as well as post-storm restoration activities for both storms, all of which contributed to the overall success of the restoration efforts. The non-T&D business units that supported these efforts, together with the associated costs incurred for each of the two storms, are referenced in FPL witness Hughes' Exhibits DH-1(Isaias) and DH-2(Eta).

In addition, a breakdown of Non-T&D Restoration Costs for Hurricane Isaias and Tropical Storm Eta is shown in the tables below.

Hurricane Isaias – Breakdown of the Non-T&D Restoration Costs

Nuclear	$540 thousand
General	$1.00 million
Power Generation Division ("PGD")	$106 thousand
Customer Service	$216 thousand

Tropical Storm Eta – Breakdown of the Non-T&D Restoration Costs

Nuclear	$853 thousand
General	$1.32 million
Power Generation Division ("PGD")	$88 thousand
Customer Service	$281 thousand

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

Q. Please explain Nuclear's role related to Hurricane Isaias and Tropical Storm Eta.

A. FPL's Nuclear storm-related costs for both Hurricane Isaias and Tropical Storm Eta were incurred for storm preparation, storm riders, various minor repairs at its St. Lucie and Turkey Point nuclear sites, and mobilization and demobilization activities for the St. Lucie and Turkey Point plants. Both plants remained on-line and operational during the storm events.

Q. Did Nuclear retain contractors to assist?

A. Yes. Contractors were engaged to assist FPL personnel in preparation efforts at both the St. Lucie and Turkey Point sites and for the repairs at St. Lucie for Hurricane Isaias and Turkey Point for Tropical Storm Eta.

Q. Please provide an overview of the "General" category related to Hurricane Isaias and Tropical Storm Eta.

A. The business units grouped in the "General" category include Marketing and Communications ("Communications"), Information Technology ("IT"), Corporate

Real Estate ("CRE"), Human Resources ("HR"), and External Affairs and Economic Development ("EA"). Before, during and after Hurricane Isaias and Tropical Storm Eta, Communications was responsible for all aspects of communications, both internally with employees and externally with customers and stakeholders. More than 30 channels of communication were utilized, including but not limited to email, automated calls, text messaging, social media updates, media events, news conferences, news releases to the media, and communications to local leaders, state and federal elected officials, regulators, and large commercial customers.

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

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

HR supported the storm efforts with a large focus on employee support and communication. The HR compensation and payroll teams provided communication, policy, and procedure updates to employees and answered their inquiries.

Lastly, EA worked closely and coordinated with local government partners and county EOCs in FPL's service area.

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

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

Q. Please explain PGD's role related to Hurricane Isaias and Tropical Storm Eta.

A. The majority of FPL's PGD storm-related costs for both Hurricane Isaias and Tropical Storm Eta was related to payroll and contractors. PGD activated its site-specific procedures for securing equipment, bringing in personnel to ride out the storm at the plant, and perform storm restoration as quickly as possible after the storm.

Q. Did PGD retain contractors to assist?

A. Contractors were engaged to assist FPL personnel in multiple preparation efforts across the fossil and solar generating fleet. This work primarily involved scaffold rental, intake inspections and the provision of equipment such as diesel generators.

Q. Please explain Customer Service's role related to Hurricane Isaias and Tropical Storm Eta.

A. The majority of FPL's Customer Service storm-related costs was related to payroll and services provided by contractors. Customer Service employees, together with retained contractors, primarily handled communications from customers reporting outages and hazardous conditions, customer complaints, and communications with governmental entities. The FPL Customer Care centers extended daily schedules to shifts covering 24 hours/day and coordinated with Gulf Power to further assist as needed. During restoration, Customer Service also assessed the impact Hurricane Isaias and Tropical Storm Eta had on the communication status of network devices, conducted back-office analyses and field investigations, and repaired or replaced non-communicating devices.

Q. Were the activities of Nuclear, Customer Service, PGD, and the other business units discussed in the "General" category prudent and the associated costs reasonable as part of FPL's overall responses to Hurricane Isaias and Tropical Storm Eta?

A. Yes.

VII. EVALUATING FPL'S RESTORATION RESPONSE

Q. Would you consider FPL's Hurricane Isaias and Tropical Storm Eta restoration plans and execution of those plans to be effective?

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

FPL can quickly return normalcy to the communities it serves. Although Hurricane Isaias ultimately did not make direct landfall in FPL's service area, it impacted more than 40,000 FPL customers. Tropical Storm Eta made landfall twice in Florida and impacted more than 420,000 FPL customers. During both Isaias and Eta, FPL's restoration plans and execution of those plans was effective in quickly restoring power to our impacted customers.

Q. What factors contributed to the effective execution of FPL's Hurricane Isaias and Tropical Storm Eta restoration plans?

A. The rapid restoration accomplished following both storms was in large part a result of FPL's preparation for the expected damage to FPL's service area, based on forecasts by the National Hurricane Center. The overall successful restoration effort resulted from, among other actions including:

- Strong centralized command, solid plans and processes and consistent application of FPL's overall restoration strategy (e.g., focusing first on restoring critical infrastructure and devices that serve the largest number of customers);
- Utilization of FPL's damage-forecasting model, along with aerial patrols and ground assessments, that allowed us to identify the number and location of needed resources;
- Aggressive and prudent acquisition, pre-positioning, and redeployment of restoration resources;
- Robust outage management system functionality and real-time information, which allowed FPL to continually gauge restoration

progress and make adjustments as changing conditions and requirements warranted;

- Strong alliances with vendors, which assured an ample, readily available supply of materials;
- Previous storm restoration experience, application of lessons learned, process enhancements, regular practice and training, and employee skill and commitment; and
- A solid pandemic response plan to ensure the safety of employees, mutual assistance personnel, and our customers.

Q. Please describe the key restoration plan/process enhancements that were implemented as a result of recent FPL storm experiences?

A. Enhancements adopted and utilized by FPL during the recent hurricane seasons as well as several additional enhancements implemented during Hurricane Isaias and Tropical Storm Eta included:

- Implemented improved tracking of vendor crews by having their FPL contacts whenever possible ascertain their starting time and location, ending time and location, and add miscellaneous comments associated with their mobilization to/from FPL service area.
- Implemented a more effective acquisition and re-deployment of external resources (e.g., committing to acquiring external resources and having them travel and pre-staging them closer, yet out of danger, to the areas expected to be affected by the approaching storm to enable FPL to begin restoration work more quickly);

- Pre-staged mobile sleepers within service area for availability once the storm had passed with the goal of eliminating travel time during the course of restoration, and thereby increasing restoration productivity;
- Supported pre-staged resources at processing and staging sites with port-o-lets, tower lights, and Container Foldout Rigid Temporary Shelters ("CFORTS"). Assisted with delivered meals when local restaurants were not available;
- Increased physical fuel inventory and improved fuel delivery capabilities (both FPL and vendor-supplied resources);
- Improved coordination with County EOCs, including designating restoration personnel pre-storm to assist with road-clearing efforts and ensuring key critical infrastructure facilities requiring restoration prioritization are identified, and establishing an online government portal that allows government officials to obtain the latest news releases and information on customer outages, estimated restoration times, FPL crew resources, outage maps and other information, all of which enable EOCs to better serve their respective communities' needs;
- Added advanced new tools, such as automated voice calls to customers, increased outreach and storm updates utilizing social and broadcast media, daily news briefings and embedded reporters at the FPL Command Center, to better communicate accurate, timely information to FPL customers;
- Increased the utilization of advanced technology, such as using smart

grid technology, drones, and mobile devices to facilitate damage assessments and deployed FPL's Mobile Command Centers and Community Response Vehicles (high-tech remote command posts and communication hubs that quickly relay crucial information, decisions and logistical needs to/from FPL's Command Center) to impacted areas to provide better, faster and more efficient support;

- Expanded the pool of drone pilots after the success of utilizing drones during Hurricane Irma. We learned that the vegetation team benefited from the use of drones to better understand the volume and the need for additional crews. In addition, we were able to use an internal application that allowed the drone pilots to upload all their images and sort the pictures by location on a map to help improve the speed and quality of damage assessments;
- Retained a robust list of staging sites at multiple locations throughout the state and maintained contact with site owners to ensure availability and use;
- Expanded the pre-provisioning and capital enhancements (e.g., paved parking lots, installed technology) of strategic staging site locations for faster set-up and activation, which enabled rapid activation of these sites to support restoration work; and
- Took proactive actions to address COVID-19 requirements and availability of equipment needed for restoration to best prepare for and respond to a storm event.

These processes are examples of FPL's culture of continuous improvement in storm preparation and response.

Q. In the Commission-approved Hurricane Irma Settlement Agreement (Docket No. 20180049-EI), FPL described a new smart phone Application (the "iStormed App") for entry, recording and approval of time and expenses for line and vegetation contractors. Was the iStormed App used during Hurricane Isaias and Tropical Storm Eta?

A. Yes. FPL utilized the iStormed App during the 2020 storm season, including the restorations following both Hurricane Isaias and Tropical Storm Eta, which FPL witness Gerard discusses in greater detail.

Q. Did the Company also agree to continue to follow procedures, and where necessary to implement new procedures, to document exceptions to vendor billing, as described in paragraphs 6 and 9 through 13 of the Hurricane Irma Settlement Agreement?

A. Yes. FPL developed and implemented an extremely detailed process that was used to review vendor invoices, document exceptions, make reductions where appropriate, and ultimately to authorize payments. This process is addressed in detail in the direct testimony of FPL witness Gerard.

Q. What are your conclusions regarding FPL's Hurricane Isaias and Tropical Storm Eta restoration efforts?

A. According to NOAA, the 2020 Atlantic Hurricane season was record-breaking with 30 named storms, including 14 hurricanes and seven major hurricanes. For only the second time in history, the Greek alphabet was used for storms occurring in a single season.

2020 was also the first time in recorded history that Florida faced two distinct state of emergency orders at the same time: one for a pandemic and another for the storms. And while FPL's top priority during hurricane season remains the preparation for and response to storms impacting FPL's customers, it should be noted that in 2020 the Company also supported multiple storm restoration events, assisting other utilities in New Jersey, Louisiana, Texas, Mississippi, Alabama, Georgia and North Carolina.

Amid a global COVID-19 pandemic, FPL prepared for and effectively and efficiently responded to Hurricane Isaias and Tropical Storm Eta. Although Hurricane Isaias did not make a landfall in Florida, it posed a direct threat to FPL's service area as it remained within NHC's forecasted cone from July 31 to August 2, 2020, and threatened Florida's east coast resulting in the NHC issuing Hurricane Warnings. Even a slight deviation by Isaias to the west of the actual track within the NHC forecasted cone could have resulted in a significant number of customers experiencing power outages. During this period, FPL actively prepared for any potential outcomes.

Tropical Storm Eta followed an erratic path and ultimately made a double landfall in Florida, remaining within the NHC's forecasted cone from November 3 to November 12, 2020. The NHC forecast advisory warned of conditions favorable for a re-strengthening to a Hurricane, issuing two separate Hurricane Watches for southern and western Florida. Eta's double landfall resulted in impacts to customers throughout FPL's service area. In each case, FPL followed its well developed and systematic plan to respond.

FPL's restoration performance was excellent and significantly faster than it was during the 2004 and 2005 storm seasons. Our commitment to continuous improvement was instrumental in achieving this excellent performance. The implemented improvements and enhancements provided significant benefits and contributed to the remarkable achievement of quickly restoring service to the vast majority of the more than 460,000 customers experiencing an outage as a result of Hurricane Isaias and Tropical Storm Eta, such that the average time a customer was without service was limited to approximately 1.5 hours and 2.5 hours, respectively, after the storms cleared FPL's service area. During Hurricane Isaias and Tropical Storm Eta, more than 158,000 outages were avoided due to investments in smart grid technology (e.g., automated feeder switches).

I believe the entire restoration team, which included FPL employees, contractors and mutual assistance utilities personnel, performed extremely well. This allowed FPL to meet our overarching objective to safely restore critical infrastructure and the greatest number of customers in the least amount of time. Storm restoration is a dynamic and challenging process that tests the fortitude of each person involved. I am exceptionally proud and extremely grateful to have been associated with such a committed and dedicated restoration team.

Q. Does this conclude your direct testimony?

A. Yes.

BY MR. BADDERS:

Q Mr. Miranda, did you also have seven exhibits attached to your direct prefiled testimony?

A I do.

Q Were those prepared under your direction, supervision or control?

A They were, yes.

MR. BADDERS: Chairman Fay, I would note that these exhibits have already been pre-identified on staff's comprehensive exhibit list as Exhibits 18 through 24.

CHAIRMAN FAY: Okay. Well, we will enter those in at the end.

MR. BADDERS: Correct.

CHAIRMAN FAY: Thank you.

MR. BADDERS: I just wanted to note that they have been pre-identified.

BY MR. BADDERS:

Q Mr. Miranda, have you prepared a summary of your direct testimony?

A I have.

Q Would you please provide that summary now?

A Good morning, Commissioners.

FPL has a well-tested emergency preparedness plan and restoration process. During the 20 hurricane

season, FPL utilized this well-tested plan to prepare, respond and restore transmission and distribution system due to impacts related to Hurricane Isaias and Tropical Storm Eta. Quickly restoring service to more than 460,000 customers. Our objective was to quickly restore service to the vast majority of customers within the shortest amount of time, remaining consistent with the Commission rules, industry practices and our customers interest.

Hurricane Isaias was the ninth named storm and the second hurricane of the extremely active 20 season. Isaias approached southeastern Florida with the center of the hurricane coming within 40 miles of West Palm Beach and Ft. Lauderdale. FPL initiated preparation for logistics, system operations and resource requirements.

Resource needs were continually reviewed and adjusted based on the updated National Hurricane Center forecast and FPL's corresponding storm damage model results. FPL could not take a wait-and-see approach, but instead had to be prepared to respond to the impact of the hurricane that threatened FPL's service area and FPL customers. Thankfully, FPL's service area was spared from the worst of the storms.

Tropical Storm Eta was a 28th named storm of the 2020 hurricane season. As with Hurricane Isaias,

FPL followed its well-developed systematic and well-tested plan to respond to Tropical Storm Eta. Also, uncertainty and the ultimate path, intensity and the timing of the forecasted path, but due to that, FPL service territory and ultimately the uncommon November storm made two Florida landfalls requiring FPL to prepare for and respond to the damage on both the east and the west coast of Florida.

While FPL's primary objective is to safely restore service as quickly as possible, FPL is always mindful of cost and the well-established and tested processes and controls in place to manage and account for restoration costs.

For example, FPL negotiates the vast majority of our resource contracts prior to storm season, pre stages resources so restoration can begin as soon as it is safe to do so, has a robust line contractor and vegetation management time and expansive invoice review process.

In closing, I am proud to be associated with a committed, dedicate and experienced restoration team. Through the excellent response of our employees and vetted contractors and external resources, FPL was able to effectively respond to the impacts of these storms.

This concludes my summary. Thank you.

MR. BADDERS: We tender the witness for cross-examination.

CHAIRMAN FAY: Thank you.

OPC, you are recognized for cross.

EXAMINATION

BY MS. CHRISTENSEN:

Q Thank you.

Good morning, Mr. Miranda. How are you this morning?

A Good morning.

Q Mr. Miranda, you are the company's witness responsible for directing FPL's response to storms, is that correct?

A That's correct.

Q Okay. And you filed direct testimony in the FPL dockets in this matter?

A That's correct.

Q And you also filed rebuttal in both the FPL and Gulf dockets, is that correct?

A That's correct.

Q So you -- so when you answer, it will be the same for all the dockets unless you say it applies to a specific docket, would that be correct?

A Yes. I am responding for the FPL ones and Witness Talley will handle the ones for the Gulf, the

two storms for Gulf.

Q Mr. Miranda, are you the FPL person responsible for storm responses in general?

A Yes.

Q Okay.

A Just to clarify, just during the 2020, you know, Gulf was still kind of a separate business unit, so I was not the incident commander for the storms that impacted the Gulf, the previous Gulf territory at the time.

Q Okay. Are you aware of any significant differences in the approach from Gulf to FPL's practices?

A They are very -- they are similar, and Witness Talley will be the best to respond that --

Q Okay.

A -- to those two storms that impacted their territory.

Q Now, when a hurricane or a tropical storm approaches the company's service territories, the company commences the preplanning process, is that correct?

A That's correct.

Q And this process involves, among other things, an assessment of the potential damages and service

outages, correct?

A That's correct.

Q The potential damages included -- include potentially broken poles, damaged lines, among other things, right?

A Yes. That's correct.

Q Okay. And the potential damages and service outages have been reduced, and will be reduced further due to the company's prior and ongoing storm hardening and storm protection programs, correct?

A That's correct. Yes. We -- after the '04 and '05 hurricane season, you know, we invested, working with the Commission, to put in plans a series of initiatives to strengthen and maintain our grid.

Q Okay. And that's continuing also with the storm protection plans that are currently in place?

A That's correct.

Q Okay. In the preplanning process, the company utilizes wind and weather information from the National Hurricane Center and other sources as inputs to software used to simulate the company -- the company's transmission and distribution systems and determine the potential damage and service outages, is that correct?

A Yes. In general, yes, that would be correct. We used our model to determine how many man-hours of

work we can expect.

Q And is that a single model or multiple models?

A It is FPL's model that was developed after the Hurricane Andrew in 1992, and we have continuously updated it. And then the inputs it takes are from the National Hurricane Center wind fields, and then it goes through simulations to produce an outcome.

Q And we can call that the damage model?

A That would be fair. Yes.

Q Okay. And with that damage model, it's also used to estimate the construction man-hours required to repair the damage and restoration of service, correct?

A That would be correct. Yes.

Q And this process also involves resourcing decisions, meaning how many and what type of line crews, vegetation management crews and other resources are or may be necessary, a mix of those resources among the company's own crews, affiliates, mutual assistance companies and contractors, and the logistics required to mobilize and stage those resources; is that correct?

A I -- let me maybe answer it differently.

The model does not have an output that says what types of resources and the makeup of the resources and vegetation and patrol. What it provides us is an indicative amount of construction man-hours we can

expect from the line workers, and that's what -- that's the man-hours that are produced from the model.

Q But the -- let me clarify that. Your pre-storm planning process would include all of the things I just discussed?

A Yes.

Q And including input from the damage model, correct?

A Yeah. The damage model would not classify those type of resources. Again, it's intended for how many resources will be required to rebuild or restore the lines impacted from the transmission distribution grid.

Q Okay. But that's used as one of the decision-making tools you have in determining how many crews, how many outside crews, and where you will stage them, it's part of that preplanning process, you use it in that --

A Again, yeah -- yes, it would help us where the man-hours we can expect them to be.

Q Okay. To the extent the company repositions its own resources -- and we are talking about the preplanning process, not just the model -- to differentiate -- to different districts within its service territories and obtains resources from

affiliates, mutual assistance companies, contractors, those resources must be mobilized, meaning they have to travel to the affected areas, not -- not only the crews, but also the trucks and equipment; is that correct?

A Yes, that would be correct.

Q Okay. And these resources also must be managed and potentially moved within and between districts as damage -- damages are repaired and service restored, correct?

A That's correct.

Q So ultimately these resources must be demobilized, is that correct?

A Yes, with the exception of the embedded resources that are from the native area, they would stay behind, of course.

Q Of course.

Once the resources are mobilized, the company will incur costs of those resources, including the cost of demobilization, even if the storm damage and service outages are less than the company planned for; is that correct?

A That's correct. There is only one exception to that. If a resource that's brought in from outside, an external resource that's brought from externally and the -- and say the storm impacts another part of the

states, let's say it impacts Georgia or North Carolina, and that utility requests that crew that's in our area, they will pick up the demobilization costs going forward.

Q Okay. And with that exception, otherwise, the demobilization costs are incurred by FPL and then its customers?

A Right.

Q Okay. For example, the company incurred nearly 250 million in storm costs for Hurricane Irma, even though it was -- there was not actually extensive damage or service outages primarily because of the resourcing decisions made in the preplanning process and the costs incurred to mobilize and demobilize those resources that were required, is that correct?

MR. BADDERS: I'm going to object to the question. First relevance from the Irma storm, and she also is actually testifying. I don't believe any of what she just said is in this record.

CHAIRMAN FAY: Ms. Christensen, can you just rephrase that?

MS. CHRISTENSEN: I will certainly try.

BY MS. CHRISTENSEN:

Q In FPL's past experience, have you incurred extensive cost for gathering resources and having them

pre-staged, and after the storm passes, you haven't experienced extensive damage which will require use of those resources?

A Well, you know, we make the best decision, you know, as far as the weather that's provided by the National Hurricane Center. And if a storm should make a turn, which is absolutely possible, we will incur extensive costs, but we will have incurred the costs to have prepositioned the resources in preparation to respond.

Q And those costs can be significant, you would agree with that, correct?

A It's -- it's the costs required to repair and be able to respond to our customer immediately after a storm passes.

Q Yeah. And given that FPL has a large territory, depending on how much you pre-stage, those costs can be quite extensive if you are pre-staging for -- to respond in all your territories, is that correct?

A Again, definition of extensive for me is we have to be prepared.

Q Extensive, not excessive.

A Okay. Yeah, we have to be prepared. And so we have to make the most prudent decision with the best

information we have. If the National Hurricane Center has a -- forecasts a storm that's in our path, or the cone of error, which they tell us to look at all the time, we have to prepare and make those preparations.

Q Right. But that's not the question I asked. The question I asked is: You can incur extensive cost, or significant cost, to pre-stage resources to respond to a storm, you would agree with that, correct?

MR. BADDERS: Commissioner, I object. I mean, he answered the question. So this has been asked and answered.

MS. CHRISTENSEN: I think he is dancing around it. I am just trying to get a yes or no.

CHAIRMAN FAY: Yeah, Ms. Christensen. There is -- there is a significant amount of, sort of leading going on to these questions. If you can just be mindful of how you are phrasing them to give him the opportunity to answer. And I understand sometimes there is an explanation after a yes or a no, and allow him to provide that but --

MS. CHRISTENSEN: I believe I am trying to do that. I would like to get the yes and no and then have him explain after the yes or no. I simply wanted to see if he agrees with the premise that they incur extensive cost to pre-stage assets.

CHAIRMAN FAY: Yeah. And I think the objection is sort of the generalization of it, but if you can ask specific to the testimony here, I think it's relevant.

MS. CHRISTENSEN: Let me move on.

BY MS. CHRISTENSEN:

Q Mr. Miranda, would you agree -- the company's preplanning process, including both the estimates of damages and the resourcing decisions ultimately affect the cost of the company's response to each tropical storm, is that correct?

A That would be correct.

Q And I think you may have said this in your introduction, but maybe not. The company's resourcing decisions are made by a team that includes yourself, as well as other operations managers within the FPL company, correct?

A That would be correct. Yes.

Q And this process involves meetings and discussions, correct?

A Correct.

Q And this process is informal in the sense that it does in the not have a formal systemized or formally documented process, is that correct?

A Can you clarify a little bit?

Q I am sorry, what?

A Could you clarify the question a little bit?

Q Yes. In other words, you don't have a formal written procedure that explains how you do your pre-staging process, is that correct?

A That would be correct. We -- we have a series of meetings based on our experience and knowledge and taking in a variety of factors, like you mentioned, whether it's a storm damage model, availability of resources across the nation, what's happening around the country as far as weather, whether storms are being impacted. So it's a very dynamic process and complex process. And based on our experiences, previous storms and a variety of other issues, that's how we determine resource decisions.

Q Okay. Now, do you have any of these processes or part of the processes that are reduced to formal documentation?

A I am not sure that we have a -- the answer is no, not an exact formal process in the way you are defining it, but it is based on our past practices, our historical best -- we do benchmark with industry for Best Practices, so we make sure that we follow any Best Practice as far as when we call for resources, when we mobilize them, and prepositioning, getting them in front

of the hurricane so we can respond immediately; coordinating with EOCs. You know, the EOCs are also asking for crews to clear roads to respond immediately.

So it's a variety of factors that go into that resource decision and how we are going to, you know, acquire and ultimately deploy those resources.

Q Are those Best Practices reduced to writing?

A There is an industry called the AEIC that does have Best Practices that they've produced and are industry type practices that are generally provided to the industry for all of us to follow.

Q And have those been adopted by FPL as a company for use?

A I would say not only have been adopted, but the majority of them have been written by us, you know, because we are viewed as the forerunner, the leading expert in storm response.

Q And do those Best Practices address the pre-storm planning?

A They do. They talk about making sure you pre-stage resources, you know. Not -- you know, the way you he defined it, maybe not exactly, but it does talk about making sure you, you know, preposition resources, acquire resources, the staging site concepts, all the things you want to do before that storm hits.

Q Okay. So you use those written documentation as guidelines for your pre-staging process, if I am understanding your testimony today correctly?

A We use those and others that we have developed over time, yes.

Q Okay. And what other written documentation Best Practices have you develop?

A Well, I would say that those would be kind of the foundation that we use, and I think the rest of it is based on the experience and knowledge of our team.

Q Okay. Now, would you agree that the company's stated and sole directive is to restore service to as many customers as possible as quickly as possible?

A Yes, I would.

Q Okay. Does the company make its resourcing decisions based on the standard for restoration time as a function of the expected storm damage, or the extent of the potential servage outages -- let me -- I will reread that. I think maybe I got a little lost in that.

Does the company make its resourcing decisions based on a standard for restoration time as a function of the expected storm damage or the extent of the potential service outages? In other words, do you get your resources based on what you plan on the storm damage to be or potential outages to be, and is there a

standard for that?

A Well, the answer is no, there is no standard in that definition. But the way that that is determined is -- so you can imagine a series of hurricanes, let's say a Category 1 hurricane. Typically we want to restore that quickly because that's not going to be a rebuild type effort. It's going to be a restore type effort. But you would think that every Category 1 you should be able to restore in the same fashion, but you can't, only because you may not have the same available resources through the nation, so a Category 1 that happens that hits just the southern tip of Florida, for example, and we have resources available from Georgia, Alabama, Carolinas, we can bring those resources down quickly, we might be able to restore that storm in three days.

That same storm, if it's coming along the coast, and now it ties up all the resources in the southeast, so now we have nowhere to go get resources. Now that might get extended because we can't get resources for maybe a couple of days travel time. So that same Category 1 storm might take us five, six days, because now we may not have the availability of external resources and getting them prepositioned as quickly and safely as possible.

So the standard is not as simple as, you know, if it was always the same type of storm and the same scenario, the same category, we could absolutely develop a standard, but no two storms ever seem to be alike, or their circumstances around it.

Q Do it your Best Practices guides cover the scenario that you just talked about, where you would have a Category 1, but hitting different territories and impacting the availability of resources in different areas?

A Again, I think that's our experience. You know, we've been doing this a long time. We're considered the best in the national as far as hurricane. I've personally been involved with many, many hurricanes, as well as my team, and so I think it's based on knowledge, experience, previous experience and, you know, as we go through our storm drills, we have many practices. So the things that have come out of that have been exactly the things we've been talking about.

Staging sites. We've developed the entire concept of staging sites for this country, so we developed, you know, getting them prepositioned, you know, getting the staging sites prewired. All those things are not written, but that is our practice. And,

you know, if you go to any one of our storm drills or activities, you will see, we have 140 staging sites ready with footprints ready to go.

Q Okay. So I am a little confused because I thought you said your Best Practices were reduced to writing. I am just asking whether or not those scenarios are covered in your -- the Best Practices that you talked about earlier?

A No. What I am saying is every scenario cannot be contemplated.

Q So no?

A No. I said no --

Q Okay.

A -- and every answer -- every scenario cannot be contemplated for every hurricane that we deal with in this nation.

Q Okay. As a general rule, the greater the number of resources acquired the quicker the damages can be repaired and services restored compared to fewer resources acquired, would that be a correct statement?

A I mean, it's a generalization, yes.

Q Okay. And, for example, if the company acquired 1,000 crews and mobilized them, and then it could -- and then it could repair the damage and restore the service more quickly than if it acquired 100 crews,

all else being equal, correct?

A Again, it would depend. The answer is, in the short-term, yes, you know, more resources. But, again, it would depend on where those resources are prepositioned. Are they ready to go? Type of storm you would get. You might have flooding that might delay your restoration. You might have tree damage. There is so many variables that come into play when you deal with these storms.

As a general rule, the more resources the quicker, but we have to be very efficient in the utilization of those resources.

Q Okay. The company does not have a standard time period to repair damage and restore service, is that correct?

A No. No. We don't -- for -- for -- I mean, what we do is we have -- the model produces the man-hours. And off that, we determine how many resources we need to execute. And then, again, we look across the nation to look at available resources and try to make the most prudent decision to bring the resources that we can get ready to respond as soon as the storm passes.

Q Okay. The company's resourcing decisions are driven by construction man-hours, but do not formally

consider the relationship between acquisition of resources in any range of reasonable standard time periods for restoration of service depending on the expected damage and service outages, is that correct?

A No, I don't think that's correct. I think we do look at those. You know, when we look at the resources we are going to acquire, we look at where they are coming from; how long they are going to take there; you know, the cost of those recourses. Can we get them prepositioned? What type of storm are we going to be having? What part of the territory is it covering? Is it on the east side? The west side? Up the state? On the side?

Again, all those variables come into play into that decision-making process. And we do go through a very systematic discussion as part of our team, which, again, is based on many, many years of experience and many, many storms to be able to make the most prudent decision to be able to respond as quickly and safely as possible to our customers.

Q Okay. So you would agree that the company standard is simply to restore service to as many customers as quickly as possible, correct?

A Correct, while being prudent.

Q And this standard, on its face, requires the

company to acquire as many resources as there are available assuming there were no other constraints, correct?

A No, that's not correct. We don't always acquire all the available resources that are out. Now, again, if we see that we are going to be done in three days and we have crews available that are going to be traveling for, let's say three days, you know, we are not going to bring them in so that wouldn't be a prudent decision.

So we would, again, try to make the balance of that mobilization time and make the most prudent decision what we can without, you know, without making -- just being very conscious of the cost implications.

Q Now, would you agree that the company could acquire fewer resources if there was a standard to restore service within a range of reasonable standard time periods, depending on the expected damage and service outages, with longer standard time periods for more severe storms and extensive damage and service outages?

A No, I wouldn't agree with that. I think our customers expect -- immediately after a storm, there is life and death situations. We've got get our customers' lights on. We have critical infrastructure such as

hospitals, police stations, 911, nursing homes, all those customers require what we respond as quickly and safely as possible.

We have wire downs. We have police and fire calls. We have all these activities, and if you -- if you try to outsmart and wait for the storm to impact you and then do a damage assessment, and then call upon resources, you would result in extensive outage time for our customers, but you also have critical infrastructure customers that would be left in the dark with really exposing them.

Q Well, I am assuming, as part of your pre-staging process, you do consider how long it will take to restore service based on your expected damage; is that correct?

A That's correct. But that -- but your question was can we go with fewer resources and take -- and increase the standard time. And my answer to that was no. Again, I think that would just be -- put -- put our customers in extended restoration periods.

Q As a general rule, the greater number of resources acquired to restore service to as many customers as possible and as quickly as possible costs more, and perhaps significantly more, if -- than if fewer resources were acquired if there was a range of

reasonable standard time periods depending on the expected damages and service outages, correct?

A No. Again, I don't agree with that. I -- you know, a man-hour is a man-hour. So if I can do, you know, 100,000 man-hours with more people in a shorter timeframe, at the end of the day, it's the same thing as more men -- you know -- you know, less people for a longer period of time. At the end of the day, if we have 100,000 man-hour storm, it's 100,000 man-hour storm, and we are going to need -- you know, you can get a lot of people and get it quickly, or you can get less people and take longer, but you are still going to be spending the equal amount of man-hours to restore that storm.

Q So, for example, if the company acquired 1,000 crews, assumed that it could repair damages and restore service within an average of 10 hours, but if it acquired 500 crews, assumed that it could repair damage and restore service within an average of 14 hours. In that circumstance, with 1,000 crews, the company could reduce the average outage time by four hours, but it would cost 100 percent more than if it acquired 500 crews, all else being equal, is that correct?

A I am not following your math.

Q In other words, if -- if the time that you

would gain by doubling the crews that you acquire is not significant, four hours, would it be -- is that something that the company takes into account when deciding whether or not to acquire 1,000 crews versus acquiring 500 crews?

A Let me try to repeat back --

Q Okay.

A -- what I think I am hearing from you.

So let's say we have, you know, a storm -- to your example, let's say we have 1,000 man-hours -- or 100,000 man-hours of work, so if we bring in, let's say a 10-hour productivity time, you know, whatever the math is, we can -- we still -- we can do that in maybe, let's say, five days. If I get 500 people, now I will stretch it to 10 days, for example. And at the end of the day, I am still paying for all of that cost. It's still the same amount of construction man-hours that it takes.

By shortening the timeframe, again, it helps us achieve the goal of restoring more customers quickly, and as safely as possible, versus extending it out for a longer period of time.

Q But that's only true if a storm actually causes damage in the territory. If you bring in those 500 crews, or 1,000 crews, but there is no damage in the territory, those costs are incurred irrespective of

damage --

A Yes.

Q -- correct?

A You are correct. But -- but the opposite can be significantly worse. If we don't call on any resources and we get hit by a storm, and then wait to make that decision, now we are really going to be extending that restoration period for our customers. That -- that would be very concerning for us, and our customers.

Q It would be concerning for OPC too. We are not -- we are not expecting that.

A Okay.

Q But thank you for your time today, Mr. Miranda?

A Thank you.

CHAIRMAN FAY: Great. Thank you, Ms. Christensen.

We will move next to staff.

MR. STILLER: Staff has no questions.

CHAIRMAN FAY: Okay. Commissioners?

Redirect?

MR. BADDERS: No redirect.

CHAIRMAN FAY: Okay. With that, we -- we can go ahead and enter in those exhibits if you would

like, Mr. Badders --

MR. BADDERS: Yes.

CHAIRMAN FAY: -- and then we will temporarily excuse you, Mr. Miranda, because we have your rebuttal testimony.

MR. BADDERS: Yes, Chairman Fay, I would move Exhibits 18 through 24 into the record.

CHAIRMAN FAY: Okay. And without objection, show those moved.

(Whereupon, Exhibit Nos. 18-24 were received into evidence.)

CHAIRMAN FAY: Okay. Call your next witness, next witness.

MR. BADDERS: Thank you, Chairman Fay. We call Mr. Talley to the stand.

Whereupon,

PAUL TALLEY

was called as a witness, having been previously duly sworn to speak the truth, the whole truth, and nothing but the truth, was examined and testified as follows:

MR. BADDERS: Mr. Talley has taken the stand.

EXAMINATION

BY MR. BADDERS:

Q Mr. Talley, were you present this morning when the witnesses were sworn in?

A Yes, sir.

Q Thank you.

Please state your name and your business address for the record.

A Paul Talley. One Energy Place, Pensacola, Florida, 32520.

Q All right. By whom are you employed and in what capacity?

A I am currently employed by FPL as a General Manager in Technical Services.

Q Are you adopting the prefiled testimony of Michael Spoor which consists of 31 pages of direct prefiled testimony?

A Yes, sir.

Q Are you also adopting the prefiled direct testimony of Michael Spoor related to Hurricane Zeta, which consists of 26 pages of direct prefiled testimony?

A That's correct.

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

A No.

Q If I were to ask you the same questions today, would your answers be the same?

A Yes.

MR. BADDERS: Chairman Fay, I would ask that

Mr. Talley's inserted into the record as though read.

CHAIRMAN FAY: So entered.

(Whereupon, prefiled direct testimony of Paul Talley was inserted.)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for limited proceeding for recovery of incremental storm restoration costs related to Hurricane Sally, by Gulf Power Company. In re: Petition for evaluation of Hurricane Isaias and Tropical Storm Eta storm costs, by Florida Power & Light Company. In re: Petition for limited proceeding for recovery of incremental storm restoration costs and associated true-up process related to Hurricane Zeta, by Gulf Power Company.	Docket No: 20200241-EI Docket No. 20210178-EI Docket No. 20210179-EI Date: May 25, 2022

GULF POWER COMPANY AND FLORIDA POWER & LIGHT COMPANY'S NOTICE OF SUBSTITUTION OF WITNESS AND ADOPTION OF TESTIMONY

COMES NOW, Gulf Power Company ("Gulf") and Florida Power & Light Company ("FPL"), by and through their undersigned attorneys, hereby notifies the Public Service Commission of the need to substitute a witness and in support thereof states:

1. Gulf (now FPL) filed direct testimony and exhibits in docket number 20200241-EI for Michael Spoor on November 12, 2021.

2. Michael Spoor is retiring and will no longer be available to testify either by deposition or at the hearing for the underlying matter.

3. Paul Talley, General Manager of Technical Services for FPL's Distribution, will adopt the testimony and exhibits pre-filed by Michael Spoor. Paul Talley will be available to testify at the final hearing and will be available for a deposition if necessary.

Respectfully submitted this 25th day of May 2022.

Kate P. Cotner
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By: */s/ Kate P. Cotner*
Kate P. Cotner
Florida Bar No. 60581

CERTIFICATE OF SERVICE
Docket No. 20200241-EI
Docket No. 20210178-EI
Docket No. 20210179-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing was served by electronic mail this 25th day of May 2022 to the following:

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

GULF POWER COMPANY

DIRECT TESTIMONY OF MICHAEL SPOOR

DOCKET NO. 20200241-EI

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I. INTRODUCTION

Q. Please state your name and business address.

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

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

A. I am employed by Gulf Power Company ("Gulf" or the "Company") as Vice President of Gulf Power Company.

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

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

Q. Please describe your educational background and professional experience.

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

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

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

Q. Are you sponsoring any exhibits in this case?

A. Yes. I am sponsoring the following exhibits:

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

Q. What is the purpose of your testimony?

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

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

II. EMERGENCY PREPAREDNESS PLAN & RESTORATION PROCESS

Q. What is the objective of Gulf's emergency preparedness plan and restoration process?

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

Q. Describe generally how Gulf approaches this objective.

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

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;

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

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

Q. Does Gulf regularly update its plan?

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

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

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

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

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

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

Q. Does Gulf regularly test its emergency preparedness plan?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Q. How does Gulf assess its workload requirements?

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

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

Q. How does Gulf begin to acquire resources?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

to minimize crew congregation and movement.

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

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

III. HURRICANE SALLY

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

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

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

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

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

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

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

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

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

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

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

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

A. In total, Gulf restored service to approximately 285,000 customers who were impacted by the storm. Toppled trees, vegetation outside of Gulf's trim zone, and wind-blown debris were the leading causes of outages. Hurricane Sally-caused outages 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. For example, grid improvements and investments provided the Distribution Control Center and field personnel better visibility into the system impacts and provided opportunities for switching to restore customers ahead of and during restoration, including self-heal networks that automatically restore customers without human intervention.

IV. T&D RESTORATION COSTS

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

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

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%**

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

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

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

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

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

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

V. NON-T&D RESTORATION COSTS

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

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

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

- General - $3.1 million
- Customer Service - $347 thousand

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

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

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

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

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

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

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

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

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

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

Q. Please explain Customer Service's role related to Hurricane Sally.

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

Q. Were the activities of Customer Service and the business units discussed in the "General" category prudent and the associated costs reasonable as part of Gulf's overall response to Hurricane Sally?

A. Yes.

VI. EVALUATING GULF'S RESTORATION RESPONSE

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

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

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

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

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

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

supply of materials;

- Previous storm restoration experience, application of lessons learned, process enhancements, regular practice and training, and employee skill and commitment; and
- A solid pandemic response plan to ensure the safety of employees, mutual assistance personnel, and our customers.

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

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

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

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

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

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

Q. Does this conclude your direct testimony?

A. Yes.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for limited proceeding for recovery of incremental storm restoration costs related to Hurricane Sally, by Gulf Power Company. In re: Petition for evaluation of Hurricane Isaias and Tropical Storm Eta storm costs, by Florida Power & Light Company. In re: Petition for limited proceeding for recovery of incremental storm restoration costs and associated true-up process related to Hurricane Zeta, by Gulf Power Company.	Docket No: 20200241-EI Docket No. 20210178-EI Docket No. 20210179-EI Date: May 25, 2022

GULF POWER COMPANY AND FLORIDA POWER & LIGHT COMPANY'S NOTICE OF SUBSTITUTION OF WITNESS AND ADOPTION OF TESTIMONY

COMES NOW, Gulf Power Company ("Gulf") and Florida Power & Light Company ("FPL"), by and through their undersigned attorneys, hereby notifies the Public Service Commission of the need to substitute a witness and in support thereof states:

1. Gulf (now FPL) filed direct testimony and exhibits in docket number 20200241-EI for Michael Spoor on November 12, 2021.

2. Michael Spoor is retiring and will no longer be available to testify either by deposition or at the hearing for the underlying matter.

3. Paul Talley, General Manager of Technical Services for FPL's Distribution, will adopt the testimony and exhibits pre-filed by Michael Spoor. Paul Talley will be available to testify at the final hearing and will be available for a deposition if necessary.

Respectfully submitted this 25th day of May 2022.

Kate P. Cotner
Principal Attorney
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By: */s/ Kate P. Cotner*
Kate P. Cotner
Florida Bar No. 60581

CERTIFICATE OF SERVICE
Docket No. 20200241-EI
Docket No. 20210178-EI
Docket No. 20210179-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing was served by electronic mail this 25th day of May 2022 to the following:

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

GULF POWER COMPANY

DIRECT TESTIMONY OF MICHAEL SPOOR

NOVEMBER 12, 2021

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I. INTRODUCTION

Q. Please state your name and business address.

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

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

A. I am employed by Gulf Power Company ("Gulf" or the "Company") as Vice President of Gulf Power Company.

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

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

Q. Please describe your educational background and professional experience.

A. I graduated from Auburn University with a Bachelor of Science degree in Industrial Engineering and from Nova Southeastern University with a Master of Business Administration. I am also a graduate of executive education programs at both Columbia University and Kellogg School of Management at Northwestern University. I am a licensed Professional Engineer in the State of Florida. I joined Florida Power & Light Company ("FPL") in 1985 and have served in a variety of leadership positions at FPL

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

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

Q. Are you sponsoring any exhibits in this case?

A. Yes. I am sponsoring the following exhibits:

- MS–1(Zeta) – Hurricane Zeta Landfall and Track
- MS–2(Zeta) – Gulf's T&D Hurricane Zeta Restoration Costs

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to provide details for the work and costs incurred by Gulf's T&D organization in connection with Hurricane Zeta, along with the work and costs of the other Gulf business units that contributed to the Company's restoration efforts. Specifically, I describe Gulf's T&D Hurricane Zeta preparation, response and restoration efforts, and details on T&D hurricane restoration costs. Finally, I discuss Gulf's overall successful performance in restoring service to those customers that experienced an outage due to Hurricane Zeta. As a result, my testimony supports the

prudence of Gulf's activities and the reasonableness of the Hurricane Zeta restoration costs, the great majority of which involve the T&D system.

II. EMERGENCY PREPAREDNESS PLAN & RESTORATION PROCESS

Q. What is the objective of Gulf's emergency preparedness plan and restoration process?

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

Q. Describe generally how Gulf approaches this objective.

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

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;
- Field and aerial patrols to assess damage;
- Comprehensive circuit patrols to gather vital information needed to identify the resources required for effective restoration;
- Systems necessary to support outage management processes and customer communications; and

- A comprehensive NextEra Energy Mutual Assistance Pandemic Resource Guide for COVID-19, to support required changes to restoration plans and added safety during the pandemic response.

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

Q. Does Gulf regularly update its plan?

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

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

A. The COVID-19 pandemic presented additional challenges during the 2020 storm season that Gulf addressed and incorporated into our plan which includes a restoration response protocol that would minimize our employees', outside resources', and customers'

potential exposure to COVID-19. Additionally, Gulf developed and adapted new strategies and techniques to house, feed, and provide a safe work environment for those engaged in the restoration process. Our plan, built on a foundation of knowledge, experience, industry best practices, and continuous improvement, allowed the team to be flexible and adapt to change.

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

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

Q. Does Gulf regularly test its emergency preparedness plan?

A. Yes. Gulf has conducted annual "dry run" exercises to test its emergency preparedness plan. Since its acquisition by NextEra Energy, Inc. in 2019, Gulf tests its readiness during a joint hurricane dry run exercise with FPL. This event simulates a hurricane (or multiple storms/hurricanes) impacting Gulf's service area. The purpose is to provide a realistic, challenging scenario that causes the organization to react to situations and to practice functions not generally performed during normal operations. It is a full-scale

exercise, executed with active participation by employees representing every business unit in the company as well as external organizations, local government officials, and media representatives. After months of preparation, the formal exercise activities begin 96 hours before the mock hurricane's forecasted date and time of impact. Gulf's Command Center is fully mobilized and staffed. Field patrollers are required to complete simulated damage assessments that are then utilized by office staff to practice updating storm systems, acquiring resources, and developing estimated times of restoration. The exercise also includes simulating customer and other external communications as well as updating our outage management system and other storm-specific applications. The dry-run engages the logistics team to exercise their staging site plans to assess the readiness of staging site processes (e.g., communications, logistics, materials, and equipment). This training is conducted in the course of our ordinary approach to business and the costs of these activities are not charged to hurricane costs and, therefore, are not part of the evaluation of costs the Florida Public Service Commission (the "Commission") is conducting in this proceeding.

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

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

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

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

At 24 hours, the focus turns to pre-positioning personnel and supplies to begin restoration as soon as it is safe to do so. As the path and strength of the hurricane changes, Gulf continuously re-runs damage models and adjusts plans accordingly. Also, Gulf contacts community leaders and County Emergency Operations Centers ("EOCs") for coordination and to review and reinforce Gulf's restoration plans. This outreach includes confirming the assignment of Gulf personnel to the County EOCs for the remainder of the hurricane and identifying restoration personnel to assist with road

clearing and search-and-rescue efforts. Gulf also has personnel assigned to the State EOC to support coordination and satisfy information needs. Throughout the process, Gulf also provides critical information (e.g., public safety messages, hurricane preparation tips, and guidance if an outage occurs) to the news media, customers, and community leaders.

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

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

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

A. Yes. Every restoration event is different, and each event presents opportunities to learn and continue to refine and improve our processes and planning. Consistent with our culture of continuous improvement, Gulf implemented several enhancements to its processes based upon its experience with Hurricane Michael. Many of these were outlined as part of the Hurricane Michael Settlement, and most were implemented during Hurricane Zeta even though they were not required to be implemented until the 2021 hurricane season. For example, Gulf utilized FPL's iStormed Application (the "iStormed App") to record time and expenses for line and vegetation contractors, as

well as utilization of FPL's existing, negotiated contracts with various storm support suppliers.

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

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

Storm plan requirements are documented in a variety of media including manuals, on-line procedures, checklists, job aids, process maps, and detailed instructions. System data is continuously monitored and analyzed throughout the storm. Gulf conducts multiple daily conference calls, utilizing structured checklists and agendas, with Gulf Command Center leadership to confirm process discipline, discuss overall progress, and identify issues that can be resolved quickly by leaders participating on the call from all Gulf business units. Conference calls are also held with all field restoration and logistics locations to provide a further mechanism to ensure critical activities are performed as planned and timely communications occur at all levels throughout the organization. Also, each organization within Gulf conducts its own daily conference call(s) to ensure plans are executed appropriately and issues are being resolved expeditiously. Overall monitoring and performance management of field operations

are performed through the Gulf Command Center. In addition, Gulf Command Center personnel routinely conduct field visits once restoration has begun to validate restoration process discipline and application, assess progress at remote work sites, and identify any adjustments that may be required.

Q. How does Gulf assess its workload requirements?

A. There are a variety of factors that impact restoration workload. Historical responses to similar events, team experiences with both on-system and off-system events, and the framework of the emergency preparedness plan are utilized to determine preliminary workload requirements. During Hurricane Zeta restoration, Gulf also utilized FPL's storm damage model to forecast system damage and hours of work required to restore service. These forecasts are based on the location of Gulf facilities, the weather forecast associated with the storm's projected path, and the effects of varying wind strengths on the electric infrastructure. As conditions change, the damage model is updated. The workload projections are matched with resource factors such as availability and location, and Gulf's capacity to manage and support available resources efficiently and safely. As soon as the storm passes, employees are tasked with determining and assessing system damage. Gulf utilizes damage assessments obtained through aerial and field patrols and customer outage information contained in Gulf's outage management system.

Q. How does Gulf begin to acquire resources?

A. Normally, 96 to 72 hours prior to expected storm impact, Gulf begins to contact selected contractors to assess their availability. Additionally, as a member of the Southeastern Electric Exchange ("SEE") and Edison Electric Institute ("EEI"), Gulf

begins to utilize the formalized industry processes to request mutual assistance resources. At 72 to 48 hours, depending on the storm track certainty and forecasted intensity, Gulf may begin to financially commit to acquire necessary resources and request that travel to and within Florida commence. Resource needs are continually reviewed and adjusted, if necessary, based on the storm's path, intensity fluctuations, and corresponding damage model results.

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

A. As previously mentioned, an important component of each restoration effort is Gulf's ability to scale and adjust resources to match the anticipated workload. This includes acquiring external contractors and mutual assistance from affiliate companies, other utilities, within (e.g., other Florida investor-owned, municipal, and cooperative utilities) as well as outside the state of Florida. Gulf is a founding member and active participant of the SEE Mutual Assistance Group. While this group is a non-binding entity, it provides Gulf and other members with guidelines on how to request assistance from a group of approximately 55 utilities, primarily located in the southern and eastern United States. The guidelines require reimbursement for direct costs of payroll and other expenses, including roundtrip travel costs (i.e., mobilization/demobilization), when providing mutual aid in times of an emergency. In addition, Gulf participates with EEI and the National Response Event organization to gain access to other utilities. Resource requests may include line and vegetation contractors, patrol personnel, crew supervisors, material-handling personnel and, in some cases, logistics support.

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

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

A. As indicated earlier, while safe and rapid restoration (the primary restoration objective) does not permit the least overall cost for restoration, Gulf is always mindful of costs when acquiring resources. For line and vegetation contractors, Gulf endeavors to acquire resources with pre-negotiated storm contracts based on a low-to-high cost ranking and release these same resources from storm restoration assistance in reverse cost order subject to the overriding objective of quickest restoration time and related considerations. Gulf also considers travel distance when procuring storm restoration resources, as longer distances require increased drive times and can result in higher mobilization/demobilization costs. Final contractor and mutual-aid resource decisions take into consideration the number, availability, relative labor costs, and travel distances of required resources. This information is then evaluated relative to the expected time to restore customers.

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

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

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

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

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

A. During Hurricane Zeta, as with prior storms, these external resources initially report to a Processing Site for verification of rosters and equipment before being assigned to a Gulf Storm Production Lead that is associated with a designated staging site. The Storm

Production Lead is responsible for verifying crew rosters as Gulf accepts these resources on to its system. The Storm Production Lead is then responsible for reviewing and electronically approving timesheets to ensure that time and personnel counts are recorded accurately. The timesheets are then electronically routed to the Finance Section Chief (whose role and responsibilities are described in Gulf witness Hughes' testimony) at the staging site and then sent to FPL's Cost Finalization team. Gulf witness Gerard describes the role and responsibilities of the Cost Finalization team which is responsible for the final validation of contractor invoices for payment.

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

A. Logistics functions serve a key role in any successful restoration effort, i.e., ensuring that basic needs and supplies are adequately available and provided to the thousands of restoration personnel involved. These functions include, but are not limited to, the acquisition, preparation, and coordination of staging sites, environmental services, salvage, lodging, laundry, buses, caterers, ice and water, office trailers, light towers, generators, portable toilets, security guards, communications, and fuel delivery. Agreements with primary vendors are also in place prior to the storm season as part of Gulf's comprehensive storm-planning process. Gulf personnel from all parts of the company meet additional logistics staffing needs. Most of these employees are pre-identified, trained and assigned to provide site logistics management and support other restoration workforce needs. Gulf contracts for additional logistics resources for larger restoration efforts that exceed internal logistics support capabilities.

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

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

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

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

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

A. Yes. Gulf's logistics organization is responsible for overseeing and coordinating the

procurement of resources required at our staging sites. The Logistics Section Chief and logistics team ensure that each staging site's resource requirements are initially procured and received. The Finance Section Chief also provides guidance and assistance to help ensure active, real time financial controls are in effect and adhered to during the restoration event. These processes are discussed in more detail by Gulf witness Hughes.

III. HURRICANE ZETA

Q. Please provide an overview of Hurricane Zeta as it developed and began to threaten Florida.

A. Hurricane Zeta was the 27th named storm of an extremely active 2020 Atlantic hurricane season and the seventh major (category 3 or higher) hurricane to make landfall in the calendar year, tying historical records. Zeta was also the latest-landfalling major hurricane on record to strike the continental United States (the old record was set by the Tampa Bay Hurricane on Oct. 25, 1921).

After forming over the western Caribbean Sea in mid-October, Hurricane Zeta made landfall in the Yucatan Peninsula on October 26, 2020. Zeta then moved back into the Gulf of Mexico and began reorganizing and re-strengthening. Zeta turned northeasterly, approaching the Gulf Coast as a Category 3 hurricane. The latest forecasts on October 28 and 29 from the National Hurricane Center ("NHC") projected Hurricane Zeta to make landfall in Louisiana and as a result the western Florida Panhandle would be

impacted with strong, sustained tropical storm force winds as Zeta's outer bands directly impacting Gulf's service area (reference Exhibit MS-1(Zeta)).

Q. Please provide an overview of how Hurricane Zeta eventually impacted Gulf's service area.

A. Zeta did not directly make landfall in Gulf's service area, rather making landfall at Cocodrie, Louisiana on October 28 as a strong Category 3 Hurricane. However, Gulf's system was impacted by severe weather and feeder bands as the large storm tracked toward the northeast. Wind gusts in excess of 50 mph were recorded in Pensacola, Gulf's western-most service area.

Q. How did Gulf initially prepare to respond to the potential impacts of Hurricane Zeta?

A. Gulf's emergency preparedness teams closely monitored the storm and initiated early discussions and preliminary preparations. Gulf's first weather update call occurred on October 24 (96-hour call based on the NHC forecast track and timing) and Gulf's first command center call occurred on October 26. On October 27, Gulf activated its emergency response organization, staffed its Command Center and initiated the cadence of daily planning and management meetings to ensure the efficient and timely execution of all pre-landfall checklists and preparation activities. Gulf began requesting resources to arrive by October 27 in order to begin restoration. Also, Gulf initiated customer communications and outreach, urging customers to prepare for Hurricane Zeta's impacts, including potentially prolonged power outages. Through its pre-landfall planning activities and based on the forecasted path and intensity of the storm, Gulf reasonably anticipated and planned for the consequences of Hurricane Zeta's potential

impacts to Gulf's service area and began to commit to resources that would be available to support the anticipated restoration work.

Q. How did Gulf ultimately respond to the impacts of Hurricane Zeta?

A. Although Gulf was still in the process of completing its Hurricane Sally follow up work when Hurricane Zeta impacted Gulf's service area, the Company followed its well developed, systematic and well tested plan to respond to such a weather event, which includes obtaining and pre-staging resources in advance of the storm. As with other storm events during the 2020 Hurricane Season, Gulf continued to utilize the company's COVID-19 protocols to protect the safety and health of all employees, mutual assistance responders, and customers.

Q. What was the magnitude of damage to Gulf's T&D infrastructure as a result of Hurricane Zeta?

A. Toppled trees, vegetation outside of Gulf's trim zone, and wind-blown debris were the leading causes of outages. Hurricane Zeta-caused distribution outages impacted Gulf's service area from October 28 through October 29. Within 24 hours of the time when Gulf could safely begin restoration activities, power had been restored to Gulf's customers impacted by the storm. Gulf's significant investments in the energy grid since 2007, including storm hardening and smart grid technology, enabled Gulf to restore faster and avoid outages. For example, grid improvements and investments provided the Distribution Control Center and field personnel better visibility into the system impact and provided opportunities for switching to restore customers ahead of and during restoration.

Q. How many Gulf customers experienced outages as a result of Zeta?

A. Approximately 52,000 customers were affected during the early morning hours of October 29 as a result of strong winds and rain from the outer bands of Hurricane Zeta. As indicated above, restoration activities were complete, and power restored to impacted customers within 24 hours.

IV. T&D RESTORATION COSTS

Q. What were the final Hurricane Zeta T&D restoration costs?

A. As provided in Exhibit MS-2(Zeta), Gulf's T&D Hurricane Zeta Restoration Costs, total T&D restoration costs were $11.06 million or approximately 97% of total restoration costs.

Hurricane Zeta – T&D Restoration Costs by Category ($000s)

	Total T&D	%
Regular Payroll and Related Costs	$258	2%
Overtime Payroll and Related Costs	$316	3%
Contractors	$7,603	69%
Vehicle & Fuel	$331	3%
Materials & Supplies	$178	2%
Logistics	$1,259	11%
Other	$1,119	10%
Total	**$11,064**	**100.0%**

Q. Please provide a brief description of the T&D cost categories for Hurricane Zeta storm restoration.

A. A brief description of the cost categories for T&D are:

- T&D "Regular Payroll and Related Costs" and "Overtime Payroll and Related Costs" are costs associated with Gulf employees who directly supported service

restoration efforts. This included Gulf linemen, patrollers, other field support personnel, and T&D staff personnel.

- T&D "Contractors" includes costs associated with external line contractors, mutual assistance utilities, Gulf embedded contractors, line clearing/tree trimming contractors, and other contractors (e.g., contractors performing overhead line patrols and environmental assessments) that supported Gulf's service restoration efforts and follow-up work to restore facilities to their pre-storm condition.
- T&D "Vehicle & Fuel" includes Gulf's vehicle and associated fuel costs, including costs for fuel that Gulf supplied to line contractors, mutual assistance utilities, and other contractors.
- T&D "Materials & Supplies" includes costs associated with items such as wire, transformers, poles, and other electrical equipment used to restore electric service for customers and repair and restore storm-impacted Gulf facilities to their pre-storm condition.
- T&D "Logistics" includes costs associated with staging sites and other support needs, such as lodging, meals, water, ice, and buses.
- T&D "Other" category includes costs not previously captured, such as affiliate payroll and related costs, contractors, freight charges and other miscellaneous items.

V. NON-T&D RESTORATION COSTS

Q. Please provide an overview of Gulf's non-T&D business units that engaged in storm preparation and restoration activities related to Hurricane Zeta, together with the associated costs.

A. The great majority of the work associated with Gulf's preparation, response, and restoration following Hurricane Zeta were related to T&D functional areas. However, other business units within Gulf were engaged in pre-storm planning and preparation as well as post-storm restoration activities, all of which contributed to the overall success of the restoration efforts. Included within the family of non-T&D business units that contributed to this effort were Customer Service, Power Generation Division, and General. Together, these business units incurred approximately $324 thousand in pre-storm planning, preparation, and post-storm restoration activities. These costs are referenced in Gulf witness Hughes' Exhibit DH-1(Zeta).

Q. Were the activities of Customer Service, PGD, and the business units discussed in the General category prudent and the associated costs reasonable as part of Gulf's overall response to Hurricane Zeta?

A. Yes.

VI. EVALUATING GULF'S RESTORATION RESPONSE

Q. Would you consider Gulf's Hurricane Zeta restoration plan and execution of those plans to be effective?

A. Yes. As mentioned previously, Gulf's primary goal is to safely restore critical infrastructure and the greatest number of customers in the least amount of time so that Gulf can quickly return normalcy to the communities it serves. Hurricane Zeta's impacts in Gulf's service area affected approximately 52,000 customers, many of whom were still trying to recover from Hurricane Sally. Gulf's restoration plan and execution of the plan was effective in safely and quickly restoring power to our impacted customers.

Q. What factors contributed to the effective execution of Gulf's Hurricane Zeta restoration plans?

A. The rapid restoration was, in large part, a result of Gulf's preparation for and experience in responding to similar events, including Hurricane Sally, which had impacted Gulf's service area just six weeks earlier. Gulf was able to quickly mobilize its restoration teams to respond to Zeta-related damage to Gulf's service area.

Q. What are your conclusions regarding Gulf's Hurricane Zeta restoration efforts?

A. Gulf's restoration performance was excellent and significantly faster than it was during previous hurricane events. As I mentioned earlier, Hurricane Sally had just impacted the same part of Gulf's system just weeks before. Our customers and employees were still trying to make repairs to their homes and businesses and clean up the community at the time Zeta's impacts were being felt. The Company was still heavily engaged in

extensive follow-up work from Hurricane Sally damage that caused severe tree and vegetation damage and flooding along the coast. The team's ability to restore power in less than 24 hours, notwithstanding the damage caused by Hurricane Sally, is a testament to Gulf's preparations and performance for the benefit of our customers. Our commitment to continuous improvement was instrumental in achieving this excellent performance as we once again operated under COVID-19 protocols to keep everyone safe and healthy.

I believe the entire restoration team, which included Gulf employees, FPL employees, and contractors performed extremely well. This allowed Gulf to meet our overarching objective to safely restore critical infrastructure and the greatest number of customers in the least amount of time. Storm restoration is a dynamic and challenging process that tests the fortitude of each person involved, and I am very proud of the team and how they responded to restore service for our customers.

Q. Does this conclude your direct testimony?

A. Yes.

BY MR. BADDERS:

Q Mr. Talley, do you also have five exhibits attached to your direct prefiled testimony for Hurricane Sally and two exhibits attached to your direct prefiled testimony for Hurricane Zeta?

A Yes.

Q Do you have any changes or corrections to those exhibits?

A No.

MR. BADDERS: Mr. Chairman, I would note that these exhibits have already been pre-identified. They are Exhibits 2 through 8, and I will enter those at the end of his testimony.

CHAIRMAN FAY: Great.

BY MR. BADDERS:

Q Mr. Talley, have you also prepared a summary of your direct testimony?

A Yes, sir.

Q Would you please give that?

A Good morning, Commissioners. As Mr. Badders stated, Paul Talley, General Manager for Technical Services as the FPL.

In 2020, I was the Technical Services Manager for Gulf Power. Part of my responsibilities there was emergency preparedness and our storm response. I am

adopting the testimony of Mike Spoor as the Gulf Power witness following his retirement.

CHAIRMAN FAY: Mr. Talley, if you could just move the mic a little bit toward you just to make sure our court reporter can hear you. And we also do have water to your left if need be.

THE WITNESS: Thank you.

CHAIRMAN FAY: Thank you.

THE WITNESS: Mr. Spoor's testimony establishes that Gulf Power had a well-tested emergency preparedness plan and restoration process. During the 2020 hurricane season, Gulf utilized this well-tested plan with assistance from sister company FPL to prepare, respond and restore our transmission and distribution system following Hurricanes Sally and Zeta. Our objective was to quickly restore service to the vast majority of customers within the shortest time possible, remaining consistent with Commission rules, industry practices and acting in the best interest of our customers.

Hurricane Sally made landfall in mid-September in the Gulf Power service area after making a drastic turn to the northeast during the night, increasing in strength and slowly moving across the

company's Pensacola district. Approximately 285,000 customers across the company were impacted by outages. The Gulf Power team, with support from FPL, was able to quickly ramp up resources and restore power to customers in just five days once the storm passed.

Hurricane Zeta, which is currently the latest calendar year storm to form during the Atlantic hurricane season, impacted the Gulf Power service system just six weeks after Hurricane Sally. Approximately 52,000 customers experienced outages, and the team was able to restore all customers in less than 24 hours with assistance from the acquired resources.

During both of these events, Gulf Power was able to meet our primary objective to safely restore service as quickly as possible through well-established and tested processes while being mindful of cost. This included implementation of Hurricane Michael settlement objectives a full year ahead of the agreed upon date.

I am very proud of the response by our team following these events, especially after Hurricane Sally's major storm tract shift. Our team is committed to our customers and dedicated to a safe

restoration effort. Through the excellent response by our employees, embedded contractors and external resources, Gulf Power was able to efficiently respond to the impacts of these storms.

That concludes my summary. Thank you.

MR. BADDERS: We tender the witness for cross-examination.

CHAIRMAN FAY: Great. Thank you, Mr. Badders.

Ms. Christensen, you are recognized.

MS. CHRISTENSEN: Thank you.

EXAMINATION

BY MS. CHRISTENSEN:

Q Good morning, Mr. Talley. I just have maybe one or two questions.

A Okay.

Q You heard Mr. Miranda's testimony today, correct?

A That's correct.

Q And you are familiar with his responses. Would you agree that Gulf follows similar practices and procedures with regard to its storm response?

A I would agree with that.

Q Okay. Is there any significant differences between the way that FPL and Gulf responded to hurricanes in the 2020 season?

A I would say there were no significant differences there.

Q Okay. Thank you.

MS. CHRISTENSEN: I have no further questions.

CHAIRMAN FAY: Great. Thank you, Ms. Christensen.

Staff?

MR. STILLER: Staff has no questions of this witness.

CHAIRMAN FAY: Commissioners?

No questions.

Redirect?

MR. BADDERS: No redirect.

CHAIRMAN FAY: Okay. With that, Mr. Badders, you are welcome to place the exhibits, I believe it's it 2 through 8.

MR. BADDERS: 2 through 8, sir. Yes, we would move those into the record.

CHAIRMAN FAY: Okay. Show without objection those moved into the record.

(Whereupon, Exhibit Nos. 2-8 were received into evidence.)

CHAIRMAN FAY: With that, we will excuse you, Mr. Talley.

THE WITNESS: Thank you.

(Witness excused.)

CHAIRMAN FAY: Call your next witness.

MS. COTNER: The next witness is going to be Carmine Priore.

Whereupon,

CARMINE PRIORE

was called as a witness, having been previously duly sworn to speak the truth, the whole truth, and nothing but the truth, was examined and testified as follows:

EXAMINATION

BY MS. COTNER:

Q Good morning, Mr. Priore. Were you here -- were you present when we did the swearing in? Were you sworn in this morning?

A Yes, I was.

Q Okay. Can you please state your full name and business address for the record?

A Yes. My name is Carmine A. Priore, III. Business address is 700 Universe Boulevard, Juno Beach, Florida, 33408.

Q By whom are you employed and in what capacity?

A I'm employed by NextEra Energy. I am currently the Vice-President of Solar and Energy Storage. At the time of the 2020 season, I was the Vice-President of Operations at Gulf Power Generation.

Q Have you prepared and caused to be filed 11 pages of direct prefiled testimony in this proceeding?

A Yes, I have.

Q Did you also file an errata to your direct prefiled testimony?

A Yes.

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

A No, I do not.

Q If asked the same questions that are contained in your direct testimony, including the errata, would you change any of the answers?

A No, I would not.

MS. COTNER: Chairman, I would like to ask that Mr. Priore's direct testimony and errata be inserted into the record as though read.

CHAIRMAN FAY: So entered.

(Whereupon, prefiled direct testimony of Carmine A. Priore was inserted.)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

GULF POWER COMPANY

DIRECT TESTIMONY OF CARMINE PRIORE, III

DOCKET NO. 20200241-EI

NOVEMBER 12, 2021

TABLE OF CONTENTS

I. INTRODUCTION

Q. Please state your name and business address.

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

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

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

Q. Please describe your educational background and professional experience.

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

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

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

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

Q. Are you sponsoring any exhibits to your testimony?

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

Q. What is the purpose of your testimony?

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

II. OVERVIEW OF PLANT CRIST

Q. Please describe the generating units at Plant Crist.

A. Plant Crist contains the following four generating units: Unit 4 which has a total nameplate capacity of 93.7 megawatts ("MW") and was constructed in 1959; Unit 5 which has a total nameplate capacity of 93.7 MW and was constructed in 1961; Unit 6 which has a total nameplate capacity of 369.7 MW and was constructed in 1970; and Unit 7 which has a total nameplate capacity of 578 MW and was constructed in 1973.

Q. How were the generating units at Plant Crist fueled prior to Hurricane Sally?

A. As I noted earlier, Gulf has undertaken a program to convert its coal fuel generating units to natural gas. Prior to Hurricane Sally, Gulf had already completed the conversion of Units 4 & 5 from coal to natural gas. At the time Hurricane Sally impacted Gulf's service area, Units 6 & 7 were firing coal.

Q. Had Gulf planned to convert Units 6 & 7 from coal-fired units to natural gas prior to Hurricane Sally?

A. Yes. As Gulf described in FPL and Gulf's 2020-2029 Ten Year Power Plant Site Plan ("2020-2029 Ten Year Site Plan") submitted to the Commission in Docket No. 20200000-OT, Gulf originally planned to convert Units 6 & 7 from coal to natural gas between the fourth quarter of 2020 and the first quarter of 2021. Gulf projected that these enhancements to Units 6 & 7 would result in lower cost energy generated by the units and significant fixed cost savings for Gulf's customers. However, as I describe later, Hurricane Sally caused Gulf to accelerate its timeframe for completing the conversion of Units 6 & 7 to natural gas.

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

Q. How did Plant Crist prepare to respond to the potential impacts of Hurricane Sally?

A. As Gulf witness Spoor describes in his direct testimony, Gulf's emergency preparedness teams closely monitored Hurricane Sally as it entered the Gulf of Mexico on September 12, 2020 and initiated early discussions and preliminary preparation. On September 14, when Gulf activated its Command Center, Plant Crist prepared the site for heavy rains, flooding, and tropical force winds by implementing its hurricane preparation procedure.

Q. What is the Plant Crist hurricane preparation procedure?

A. The Plant Crist hurricane preparation procedure is an extensive list of items that must be addressed whenever the facility becomes aware of a potential extreme weather event, such as a hurricane. The procedure outlines requirements to prepare personnel, equipment, and structures in all areas of the plant for a weather event.

Q. What actions does Plant Crist take to implement its hurricane preparation procedure?

A. The procedure requires personnel at Plant Crist to inspect and confirm the operability of the equipment in each area. Additionally, plant personnel must secure structures and equipment, close windows, clear debris, relocate freestanding items, and coordinate internally and with other areas within the plant to ensure that each area is secured. The procedure also requires personnel to ensure that maintenance vehicles are fueled and

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

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

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

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

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

Q. When did Hurricane Sally impact Plant Crist?

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

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

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

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

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

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

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

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

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

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

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

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

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

IV. PLANT CRIST RESTORATION COSTS

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

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

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

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

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

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

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

Q. Does this conclude your direct testimony?

A. Yes.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for limited proceeding for recovery of incremental storm restoration costs related to Hurricane Sally, by Gulf Power Company.	Docket No: 20200241-EI Docket No. 20210178-EI Docket No. 20210179-EI
In re: Petition for evaluation of Hurricane Isaias and Tropical Storm Eta storm costs, by Florida Power & Light Company.	
In re: Petition for limited proceeding for recovery of incremental storm restoration costs and associated true-up process related to Hurricane Zeta, by Gulf Power Company.	June 6, 2022

ERRATA SHEET OF CARMINE PRIORE III

PAGE #	LINE #	CHANGE	REASON
Hurricane Sally, by Gulf Power Company.			
10	5	Change “her” to “him”	Correction
10	16	Change “her” to “him”	Correction
10	23	Change “was” to “were”	Correction

MS. COTNER: Okay. I would also like to note that there are two exhibits that were prefiled, but we can take that up afterwards.

CHAIRMAN FAY: Okay. Great, just 9 and 10.

MS. COTNER: Yes, sir.

CHAIRMAN FAY: Okay. Yeah, we'll do it at the end.

BY MS. COTNER:

Q Have you prepared a summary of your direct testimony, Mr. Priore?

A Yes. I have.

Q Would you please provide that now?

A Good morning, Commissioners.

My testimony submitted for this commission's consideration provides an overview of the damage sustained by Plant Crist as a result of Hurricane Sally, and the actions Gulf took to safely return the units to service. I also discussed the actions Gulf took in preparation for the hurricane, including identify personnel to safely ride through the storm in order to quickly respond and assess the condition of the plant. Specifically my testimony does discuss and show hurricane flood and fire damage suffered by Plant Crist.

Based on Gulf's actions as a result of Hurricane Sally, Gulf's response to the damage and

associated costs to return units to service were reasonable and prudent, and resulted in the best outcome for our customers.

That concludes my testimony.

Q Thank you, Mr. Priore.

MS. COTNER: I tender the witness for cross-examination.

CHAIRMAN FAY: Thank you.

Ms. Christensen, you are recognized.

MS. CHRISTENSEN: No questions.

CHAIRMAN FAY: Staff?

MR. STILLER: Staff has no questions.

CHAIRMAN FAY: Commissioners?

I'm assuming no redirect.

MS. COTNER: No redirect.

CHAIRMAN FAY: With that, Ms. Cotner, you are recognized to put those exhibits into the record.

MS. COTNER: Yes. I would like to ask that Exhibits 9 and 10 be moved into the record.

CHAIRMAN FAY: Show them moved into the record.

(Whereupon, Exhibit Nos. 9-10 were received into evidence.)

CHAIRMAN FAY: With that, Mr. Priore, you are excused. Thank you.

THE WITNESS: Thank you very.

(Witness excused.)

CHAIRMAN FAY: You are welcome to call your next witness.

MS. COTNER: Our next witness is Mr. -- I am sorry, Ms. Clare Gerard, and she's taking the stand.

Whereupon,

CLARE GERARD

was called as a witness, having been previously duly sworn to speak the truth, the whole truth, and nothing but the truth, was examined and testified as follows:

EXAMINATION

BY MS. COTNER:

Q Ms. Gerard, were you present when all the witnesses were sworn in?

A Yes, I was.

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

A Yes, Clare Gerard, 700 Universe Boulevard, Juno Beach, Florida, 33408.

Q By whom are you employed and in what capacity?

A I am employed by NextEra Energy Marketing as Vice-President of Risk and Credit Exposure Management.

Q At the time of Hurricane Sally -- of all these

hurricanes, really, how were you employed? What was your title at that time?

A My title at that time was Senior Director of Business Services for Power Delivery.

Q Have you prepared and caused to be filed 18 pages of direct prefiled testimony for Hurricane Sally, 17 pages of prefiled direct testimony for Hurricanes Isaias and Tropical Storm Eta, and 19 pages of direct prefiled testimony for Hurricane Zeta in this proceeding?

A Yes.

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

A No, I do not.

Q If asked the questions contained in your direct prefiled testimony, would your answers be the same?

A Yes, they would.

MS. COTNER: Chairman, I would like to ask Ms. Gerard's direct prefiled testimony for Hurricanes Sally, Isaias, Zeta and Tropical Storm Eta be inserted into the record as though read.

CHAIRMAN FAY: Show that entered.

(Whereupon, prefiled direct testimony of Clare Gerard was inserted.)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

GULF POWER COMPANY

DIRECT TESTIMONY OF CLARE GERARD

DOCKET NO. 20200241-EI

NOVEMBER 12, 2021

TABLE OF CONTENTS

I. INTRODUCTION

Q. Please state your name and business address.

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

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

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

Q. Please describe your educational background and professional experience.

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

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

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

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

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

A. Gulf's Commission-approved Hurricane Michael Settlement Agreement states that beginning in the 2021 storm season, Gulf will implement paragraph 5 through 20 of the "process provisions" included in the FPL Commission-approved Hurricane Irma Settlement Agreement.[3] These "process provisions" provide specific directions and requirements for reporting storm costs, which were implemented in both FPL and Gulf's invoice review processes. For the purposes of my testimony, I will refer to the Hurricane Michael and Hurricane Irma Settlement Agreements as "Hurricane Irma Settlement Agreement" for the applicable provisions for invoice review process.

[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").

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

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

Q. What is the purpose of your testimony?

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

Q. Please summarize your testimony.

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

Q. Please describe the team responsible for Gulf's contractor invoice review process.

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

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

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

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

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

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

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

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

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

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

II. INVOICE REVIEW PROCESS

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

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

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

Q. Please describe the data that is included in each contractor's flat file.

A. 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.[4] 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 CF team to review, adjust, and approve the final payment to the contractor.

Q. Please explain the process used by the CF team to review of contractors' timesheet hours.

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

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

A. The analysis of timesheet hours related to mob/demob is best explained by separating the activities that were undertaken by the CF team into three buckets. The first involved the CF reviewer reviewing any comments on the contractor's iStormed timesheets, 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

III. HURRICANE IRMA SETTLEMENT AGREEMENT

Q. Did Gulf utilize the iStormed App described in the Hurricane Irma Settlement Agreement?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Q. Please explain the process of documenting these exceptions.

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

Q. How were invoice discrepancies resolved?

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

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

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

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

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

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

Q. Does this conclude your direct testimony?

A. Yes.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY

DIRECT TESTIMONY OF CLARE GERARD

NOVEMBER 12, 2021

TABLE OF CONTENTS

I. INTRODUCTION

Q. Please state your name and business address.

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

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

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

Q. Please describe your educational background and professional experience.

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

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

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

vegetation contractors to assure compliance with contractor agreements and applicable provisions of the Commission approved Hurricane Irma Settlement Agreement filed in Docket No. 20180049-EI.

Q. Please describe the storms that affected FPL in peninsular Florida during the 2020 hurricane season.

A. During the 2020 hurricane season, FPL was impacted by Hurricane Isaias and Tropical Storm Eta. As the invoice review process for both storms was the same, I refer to these storms collectively as the "2020 hurricane season" in my testimony.

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

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

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to provide a detailed overview of the process of reviewing, approving, and where applicable, adjusting invoices for line and vegetation contractors during the 2020 hurricane season.

Q. Please summarize your testimony.

A. My testimony establishes that FPL followed a detailed, deliberate, and comprehensive process to review contractor invoices (which, for purposes of my testimony, include

line and vegetation contractors) related to the 2020 hurricane season. My testimony details the full scope of FPL's invoice review process, which included invoice receipt, individual invoice review, and follow-up analysis to ensure that invoices were paid in conformance with contractor-specific contract terms. This process also facilitated FPL's ability to produce supporting data for the 2020 hurricane season costs in an electronic format, utilizing FPL's iStormed Application (the "iStormed App") for recording and approving or rejecting contractor costs.

Q. Please describe the team responsible for FPL's contractor invoice review process.

A. FPL's invoice review process for line and vegetation contractors was performed by the FPL cost finalization ("CF") team. The CF team was responsible for the detailed review of the invoices to ensure compliance with the terms and conditions of the agreements with the line and vegetation contractors and the applicable provisions in the Hurricane Irma Settlement Agreement. Furthermore, the CF team was also responsible for the reconciliation of the amount to be paid to each of the contractors and submission of the approved and reconciled payments to the appropriate contractors.

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

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

- Travel Coordinators, individuals who were responsible for coordinating and tracking the progress of contractor crews during mobilization and demobilization;

- Storm Approvers, individuals (e.g., Production Leads, Arborists, Operations Section Chiefs) who were responsible for the more detailed oversight of contractor crews, and who were responsible for electronically approving timesheets and expenses, including exceptions to the contractor agreements, where appropriate;
- Integrated Supply Chain ("ISC"), the group responsible for the agreements entered into with contractors, continuing relationships with those contractors, and with logistics, which included establishment and operation of staging sites, the provision of lodging and meals; and
- Fleet, the group responsible for purchasing fuel and fueling the trucks at the staging sites.

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

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

A. In 2020, FPL's annual storm training included participation with Gulf in a joint "dry run" exercise which simulated a hurricane impacting both utilities. Employees with certain storm assignments attended training sessions with a specific emphasis on processes involving the oversight and management of line and vegetation contractors. Furthermore, the training addressed the importance of approving timesheets in the

iStormed App and contemporaneously documenting approvals and exceptions to the terms of the agreements with contractors. This training also included explanations of the differing statements of work governing FPL's relationships with its line and vegetation contractors, and discussions related to the process provisions in the Hurricane Irma Settlement Agreement with a focus on paragraph 6 and paragraphs 9 through 13, which I describe later in my testimony.

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

II. INVOICE REVIEW PROCESS

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

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

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contracts. Based on this detailed review, any applicable adjustments were made in the iStormed App and any approved exceptions were documented in the flat file.

- Reconciliation and Payment – The 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.

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A. 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.[1] 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 CF team to review, adjust, and approve the final payment to the contractor.

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verification involved a review of the timesheets reflecting the crews' working time and standby time.

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

A. The analysis of timesheet hours related to mob/demob is best explained by separating the activities that were undertaken by the CF team into three buckets. The first involved the CF reviewer reviewing any comments on the contractor's iStormed timesheets, which could indicate anything that could have impacted travel time. The second involved the CF reviewer comparing the hours billed on the contractor's flat file to the hours recorded by the Travel Coordinator. If the hours on the contractor's flat file were different than the hours indicated by the Travel Coordinator, then the CF reviewer requested more information from the contractor to verify the mob/demob hours.

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

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Q. Please explain the process for validation of timesheet hours related to standby time.

A. Standby time is appropriately billed when a contractor crew is mobilizing but asked to hold or remain on-site, or not working while the storm is impacting the system, waiting until conditions allow for restoration work to safely begin. While waiting for conditions to allow for restoration of work, we leveraged this time by having the contractors familiarize themselves with our standards and system. If the invoice includes billing for standby time, the CF reviewer will verify that the standby time is coded correctly on the flat file and does not exceed the maximum allotted hours for standby time included in the vendor statement of work. If billing for standby time is not appropriate under the circumstances, is coded incorrectly, or exceeds approved hours, the CF reviewer will work with the contractor to adjust the iStormed timesheet and flat file as necessary.

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

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

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A. FPL relied upon information gathered by its Travel Coordinators as the most reliable data to monitor travel time and expenses during mobilization and demobilization. This process provided information such as the time a crew began traveling each day, where it started, where a crew ended its travel each day, and at what time it stopped for the night. This constant communication with the contractors provided FPL with a better understanding of anticipated arrival times and explanations for delays such as traffic or weather.

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

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

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

A. Yes. Where it was reasonably practicable to do so, the Crew Tracking App helped to geographically track storm crews in real-time during mobilization and demobilization for operational purposes. However, the Crew Tracking App is not designed for and was not used to document exceptions to the line and vegetation contract provisions regarding travel and expenses.

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

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

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

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

If the team travel rate was consistent with the provisions of the Hurricane Irma Settlement Agreement, the reviewer approved the mobilization hours the contractor

submitted. In the event the team encountered a delay, such as severe weather or traffic, it was noted in the travel log, and the information was factored into the determination of the acceptable pace of travel. If the travel rate was less than the equivalent of approximately 500 miles in 16 hours, and no supporting information was provided to the Travel Coordinator, the timesheet was adjusted, and the flat file was updated as necessary to meet the approved standard.

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

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

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

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

A. Once a crew was on-site, its meals were generally provided by FPL. If per diem was

claimed when a crew was on-site, a CF reviewer checked with the appropriate Storm Approver to confirm if a per diem was allowed due to an extenuating circumstance. If the reviewer found no extenuating circumstance, then the expense was rejected.

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

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

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

Q. Please explain the process of documenting these exceptions.

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

Q. How were invoice discrepancies resolved?

A. For each identified discrepancy (e.g., labor hours, charges not authorized by contract terms, unauthorized expenses, etc.), the CF team worked with the contractor to obtain additional information. If appropriate supporting documentation was thereafter provided to validate the invoice, the issue was documented as resolved, and payment was approved. Otherwise, the CF reviewer had the authority to modify invoices, as appropriate, to reflect only validated amounts.

Q. Did the invoice review process result in a reduction of the total payments made on invoices submitted in connection with the 2020 hurricane season?

A. Yes. FPL engaged with the line and vegetation contractors throughout the invoice review process, addressing any potential open items or acquiring the necessary support before finalizing the invoices. In the absence of the necessary support, invoices were adjusted. As a result, the comprehensive review process undertaken by the CF team was successful in further confirming the actual costs associated with storm restoration during the 2020 hurricane season restoration.

Q. What are your conclusions regarding FPL's storm invoice review process for line and vegetation contractors utilized during the 2020 hurricane season?

A. The invoice review process was thorough and comprehensive and ensured that the payments for line and vegetation contractors were individually reviewed, verified, adjusted when appropriate, processed, and paid.

Q. Does this conclude your direct testimony?

A. Yes.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

GULF POWER COMPANY

DIRECT TESTIMONY OF CLARE GERARD

NOVEMBER 12, 2021

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I. INTRODUCTION

Q. Please state your name and business address.

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

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

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

Q. Please describe your educational background and professional experience.

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

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

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

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

Q. Please identify the process provisions that Gulf voluntarily incorporated in its review and compilation of Hurricane Zeta costs.

A. Gulf's Commission-approved Hurricane Michael Settlement Agreement states that beginning in the 2021 storm season, Gulf will implement paragraph 5 through 20 of the "process provisions" included in the FPL Commission-approved Hurricane Irma Settlement Agreement.[3] These "process provisions" provide specific directions and requirements for reporting storm costs, which were implemented in both FPL and Gulf's invoice review processes. For the purposes of my testimony, I will refer to the Hurricane Michael and Hurricane Irma Settlement Agreements as "Hurricane Irma Settlement Agreement" for the applicable provisions for invoice review process.

[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 Zeta 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").

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

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

Q. What is the purpose of your testimony?

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

Q. Please summarize your testimony.

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

Q. Please describe the team responsible for Gulf's contractor invoice review process.

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

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

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

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

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

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

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

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

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

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

II. INVOICE REVIEW PROCESS

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

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

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

Q. Please describe the data that is included in each contractor's flat file.

A. 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.[4] 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 CF team to review, adjust, and approve the final payment to the contractor.

Q. Please explain the process used by the CF team to review of contractors' timesheet hours.

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

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

A. The analysis of timesheet hours related to mob/demob is best explained by separating the activities that were undertaken by the CF team into three buckets. The first involved the CF reviewer reviewing any comments on the contractor's iStormed timesheets, 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

III. HURRICANE IRMA SETTLEMENT AGREEMENT

Q. Did Gulf utilize the iStormed App described in the Hurricane Irma Settlement Agreement?

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

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

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

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

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

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

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

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

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

A. Gulf relied upon information gathered by its Travel Coordinators as the most reliable data to monitor travel time and expenses during mobilization and demobilization. This process provided information such as the time a crew began traveling each day, where it started, where a crew ended its travel each day, and at what time it stopped for the night. This constant communication with the contractors provided Gulf with a better understanding of anticipated arrival times and explanations for delays such as traffic or weather.

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

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

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

A. Yes. Where it was reasonably practicable to do so, the Crew Tracking App helped to geographically track storm crews in real-time during mobilization and demobilization for operational purposes. However, the Crew Tracking App is not designed for and was not used to document exceptions to the line and vegetation contract provisions regarding travel and expenses.

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

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

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

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

If the team travel rate was consistent with the provisions of the Hurricane Irma Settlement Agreement, the reviewer approved the mobilization hours the contractor

submitted. In the event the team encountered a delay, such as severe weather or traffic, it was noted in the travel log, and the information was factored into the determination of the acceptable pace of travel. If the travel rate was less than the equivalent of approximately 500 miles in 16 hours, and no supporting information was provided to the Travel Coordinator, the timesheet was adjusted, and the flat file was updated as necessary to meet the approved standard.

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

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

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

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

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

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

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

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

Q. Please explain the process of documenting these exceptions.

A. Approval of exception items related to paragraphs 6 and 9 through 13 was documented on a per transaction basis by crew and by the contractor for expenses, and on a per employee per day basis for hours worked and mob/demob time. If an exception was

presented, the CF reviewer documented the reason why the transaction was deemed appropriate or consulted with the appropriate Gulf Storm Approver for confirmation that the exception had been approved.

Q. How were invoice discrepancies resolved?

A. For each identified discrepancy (e.g., labor hours, charges not authorized by contract terms, unauthorized expenses, etc.), the CF team worked with the contractor to obtain additional information. If appropriate supporting documentation was thereafter provided to validate the invoice, the issue was documented as resolved, and payment was approved. Otherwise, the CF reviewer had the authority to modify invoices, as appropriate, to reflect only validated amounts.

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

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

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

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

Q. Does this conclude your direct testimony?

A. Yes.

BY MS. COTNER:

Q Ms. Gerard, do you have any of exhibits to your testimony?

A Yes, we did. Oh, no.

Q I don't think you have any exhibits.

A I am sorry.

Q Okay. So have you prepared a summary for your direct testimony?

A Yes, I have.

Q Would you please provide that summary now?

A Yes.

Good morning, Mr. Chairman and Commissioners. I am Clare Gerard, Vice-President Risk and Credit Exposure Management at NextEra Energy Marketing.

As Senior Director of Business Services in the Power Delivery Business Unit during the 2020 hurricane season, I led the team that was responsible for reviewing invoices submitting -- submitted by line and vegetation contractors to ensure compliance with contractor agreements and applicable provisions of the Commission-approved Hurricane Irma settlement agreement.

My testimony establishes that FPL and Gulf followed a detailed, deliberate and comprehensive process to review contractor invoices related to the 2020 hurricane season. My testimony details the full

scope of FPL's invoice review process, which included invoice receipt, individual invoice review and follow-up analysis to ensure that invoices were paid in conformance of contract terms.

This process also facilitated FPL and Gulf's ability to produce supporting data for contractor costs in an electronic format utilizing the iStorm application to facilitate the process of collecting, processing and approving contractor invoices.

The most significant benefit of using the iStorm app is that it eliminated the use of paper timesheets for invoice processing. Converting this to a digital process increased efficiency, improved data management and facilitated the invoice review process.

FPL's robust review involved the verification of timesheet hours charged for mobilization and demobilization, working time, and in some rare cases standby time.

The review of claimed expenses, such as lodging, per diem and fuel was, likewise, conducted to ensure adherence to the statement of work and the applicable provisions in the Hurricane Irma and Michael settlement agreements.

Upon verification and approval of submitted time and expenses, FPL's accounts payable team performed

a reconciliation to ensure that the total calculated payment amount on our output file was the same as the amounts indicate in our SAP system, ultimately resulting in timely and accurate payments to contractors.

In summary, I am very proud of the outstanding results our teams achieved to ensure the appropriateness and accuracy of time and expenses submitted by the external resources supporting our storm restoration efforts.

This concludes my summary. Thank you.

Q Thank you, Ms. Gerard.

MS. COTNER: I tender the witness for cross-examination.

EXAMINATION

BY MS. CHRISTENSEN:

Q Good morning, Ms. Gerard. We are still in the morning.

Ms. Gerard, you are the company witness responsible for directing FPL -- the FPL team responsible for reviewing and validating contractor invoices, including the Excel flat files, as you call them; is that correct?

A Yes, for the overhead line and vegetation contractors. Yes.

Q Okay. And that was -- the flat file process

in this review process was developed pursuant to settlement agreements that were entered into with FPL and Gulf Power and OPC, is that correct?

A Yes. That is correct.

Q Okay. And you filed your testimony in all the dockets, correct?

A Yes, I did.

Q Would you agree that the testimonies filed in these dockets are identical in substance, and only the numbering may be slightly different, would that be correct?

A I am not understanding your question.

Q Is your -- is your testimony for the four dockets essentially the same?

A Yes, it is.

Q Okay. So your answers will relate to all the four dockets the same unless you say it relates to a specific docket only, would that be a fair assumption?

A Yes.

Q Okay. You directed FPL's team in charge of reviewing and validating the contractor invoices for the four storms, including the Excel flat files, correct?

A Yes. My team oversaw the review of those flat files and the overhead and vegetation contractors.

Q Okay. And you refer to this team as the cost

finalization team, correct?

A Yes.

Q Okay. And the Excel flat files are extracted from FPL's iStorm application, iStorm app, is that right?

A Yes. That's the basis for those flat files.

Q Okay. And that iStorm application was developed as a result of these prior settlement agreements, is that correct?

A Yes. It was to comply with those settlement agreements.

Q Okay. And the flat files, would they be searchable and sortable?

A Yes, they are.

Q Okay. And for the four storms we are discussing today, are these flat file -- these flat files were generated and reviewed for each of the overhead line and vegetation management contractors, correct?

A Yes, they were. And they were proven to be complete and accurate per Mr. Kollen's testimony as well.

Q Okay. And those kind of contractors are responsible for the majority of the costs incurred in storm restoration, is that correct?

A That is correct.

Q Okay. Now, you go through in your testimony and describe in detail the various components of the review process via the iStorm app flat files, is that a correct statement?

A Yes, I do.

Q Okay. Can you look with me at your direct testimony? And we are going to use the Hurricane Sally testimony.

A Uh-huh.

Q Page nine, lines three through eight. Let me know when you get there.

A I am there.

Q Okay. And this is where you describe what the flat files are and how they are used in the review process, is that correct?

A Yes, it is.

Q Can you read for me there how you describe the makeup of the flat files, starting at the end of line three?

A Okay. Each flat file contains detailed information for that contractor, including crew information and daily timesheets, where expenses applicable approval by response employees, documentation of exceptions, and where appropriate, adjustments to

vendor invoices. This information is used by the CF team to review, adjust and approve the final payment to the contractor.

Q Okay. And these flat files were provided with the petition in accordance with these hurricane settlements, weren't they?

A Yes, they were.

Q And one of the pieces of information on the Excel flat files are the contract labor and per diem rates for each of the applicable contractors, is that correct?

A Yes, it is correct. And I believe Mr. Kollen even said that he found no issues with the rates in those flat files.

Q All right. Are these rate -- these rates are typically based on three-year contracts, where each of the contractors get updated periodically, is that correct?

A I don't know how the contracts are updated. I get the rates and validate that the rates we are paying are the correct rates per the contract for that year. I am not involved in contract negotiation.

Q Okay. So you are only looking at the contracts on a yearly basis?

A I am in charge of reviewing the costs that we

incurred and ensuring they were appropriate and prudent. So whatever the contract rates are for that year, I am ensuring that that's the rate we are paying, and that we are paying the appropriate amount of time for the resources that we had.

Q And how do you validate that that's the correct contract cost for that year?

A At the start of our cost finalization, we get the correct rates from our integrated supply chain so that we have the right rates to -- to pay on the invoices.

Q Okay. So these contract rates get uploaded into your accounting system when the contracts are executed, correct?

A I am not sure what system they are uploaded into, but they are -- they are housed somewhere internally.

Q Okay. The cost finalization can see these rates on-line to verify that the correct rates are being applied to each hour and per diem daily totals, correct?

A I am sorry, say that one more time.

Q The cost finalization team that you were discussing, you can see those rates on-line and verify that the correct rates are being applied to each of the hours and the per diem daily totals that are submitted

by the -- the contractors and the vegetation management contractors, correct?

A I am sorry, are you asking if I can see the contract rates on-line?

Q Yeah. Can you see -- in your internal system, can you review the contract rates? Are those available to you to look at?

A Again, I wouldn't know how to get them out of our system. We work in tandem with another group to get the correct rates out of the system.

Q And how do you verify those contract rates against the invoices that are submitted by the outside contractors and the vegetation line contractors?

A We -- again, we work with the ISC to ensure that we have the right contract rates.

Q All right. But how -- I mean, do you verify those contract rates against the invoices? I am just trying to understand --

A Yes, we do.

Q -- how you look at them?

A Yeah. We will verify that we have -- that the rates on the invoices match the rates that we received on the contracts.

Q And how do you receive those rates? Are they available to you in the company's on-line system, or do

you get them in paper format? How do you get those contract rates?

A We work with the ISC to get a schedule of rates by company for each category of hourly costs.

Q Is that via paper or is it in your computers?

A It's an Excel sheet that we received from the ISC with our -- with the rates for 2021.

Q Okay. I am just trying to understand, is that in a -- do you use that from a paper format, or do you get it from off the computer and look at the Excel spreadsheet in your computer system?

A Yeah. They sent it to us in Excel, and we use the Excel spreadsheet.

Q From your computer?

A Yes.

Q Okay. That's all I was trying to get at. Thank you.

Now, would you agree that anybody who's outside of FPL's system would not have access to FPL's computer system?

A Yes.

Q Okay. So in order to ensure the accuracy of the contract rates, an outside auditor would have to look at the contract rates and compare those with the flat files using a correct contract copy with those

rates pertaining to that particular year, would you agree with that?

A Yes, I would.

Q Okay. Did you review the testimony of OPC witness Mr. Futral in regards to his recommendation that the company should provide correct contract copies in the future when the petition is made to accompany the flat files that the company already provides?

MS. COTNER: I object to this. This is going down a line of questions that the Commission has already decided on is not relevant to the scope of this proceeding.

MS. CHRISTENSEN: This actually pertains to the review that was done based on the information that was provided to review cost. And we are just trying to establish that he needs to have the correct information to review those costs.

CHAIRMAN FAY: Yeah, I am going to overrule it. I think it's pertaining to the cost recovery, so go ahead.

BY MS. CHRISTENSEN:

Q Let me restate the question again.

I guess the first question is, did you review the testimony of Mr. Futral with regards to his recommendation that the company should provide correct

contract copies in the future with the petition and the accompanying flat files that the company is already providing?

A Yes, I reviewed his testimony.

Q Okay. And in that testimony, he complained that not only did the company -- or not only did OPC have to wait and obtain the contract copies through discovery, it had to follow up with another round of discovery for a large number of the contracts since they did not match the rates in the flat files; is that correct? Are you aware of that?

A I was aware of that we had an issue where we pulled the wrong contracts out of the system, but the -- we were able to pull the correct ones, and I believe it -- it -- you know, at the end of the day, what we filed was what was in the contracts, and the rates that were paid were the correct rates. And as stated by Mr. Kollen in his testimony, that although we provided the wrong ones, we did use the correct rates, and there were no disallowances recommended per the cost finalization review.

Q Right. But for him to be able to finally make that determination, he needs to get the correct contract with the correct rates in it, you would agree with that?

A Yes, he does.

Q Okay. And nobody filed rebuttal regarding Mr. Futral's recommendation that those contracts be provided with the flat files, is that correct?

A That's correct.

Q Okay. Now, you believe that the iStorm application flat files data collected and review process is quite effective, correct?

A I do, and I believe your witness does as well.

Q Okay. Can you look with me at your direct testimony, and again, referring to Hurricane Sally, page 18, lines 13 through 15? And let me know when you get there.

A Okay.

Q No hurry.

A I am sorry. No, I am missing page 18. I have got to page 14 in my book.

Q Okay.

A May I get it from --

Q Oh, absolutely. Take your time.

CHAIRMAN FAY: Yeah, Ms. Christensen, just give her one second to get a copy in front of her.

THE WITNESS: All right. Page 18, which part?

BY MS. CHRISTENSEN:

Q I turned myself off. We were looking at page 18, lines 13 through 15.

A Okay.

Q Can you read your statement there?

A Yes.

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

Q And you state your conclusions here about the effectiveness of the invoice review process as it pertains to Hurricane Sally, is that correct?

A That is correct, and I believe your witness did as well.

Q Okay. And you would agree that that conclusion is the same for all of the remaining three storms, correct?

A Yes, I would.

Q And you would agree that based on the review process, invoices were modified to eliminate unsupported costs, correct?

A Yes, I would.

Q And you would also agree that the customers had significant cost savings based on the use of the invoice review process, correct?

A Yes, I would.

Q Okay. Did you review the testimony of OPC Witness Futral in regards to the effectiveness of the flat file review process?

A I did, and he recommended no disallowances.

Q And I think you mentioned this a couple of times, but he was complimentary of the process and the results as it relates -- related to the overhead line and vegetation management contractors, correct?

A Yes, he was very.

Q Okay. In fact, he recommended that FPL start using the iStorm app in the future for the review of additional types of contractors, correct?

MS. COTNER: I object, because, again, this is outside the scope. It's not relevant. The Commission ruled on that.

CHAIRMAN FAY: Ms. Christensen, this is getting outside the terms that maybe additional will be applied in the future. If you can keep it to the cost recovery.

BY MS. CHRISTENSEN:

Q Let me ask you this: Is the current -- the process that we used was used for the undergrounding line contractors, arborists, transmission and restoration contractors and damage assessors, were those paper processes for the 2020 storm season?

A I did not oversee that process so I cannot comment on how it was completed, but I know we have -- we do a thorough review all of our costs.

Q Okay. So those were not part of the flat file review process which you consider to be very efficient and useful in eliminating unjustified costs, is that correct?

A I was responsible for overhead line and vegetation contractor reviews, and the review of those flat files and costs, and ensuring that they were appropriate, which is, as Mr. Futral states, over 50 comprises, you know, the vast majority of the costs during the restoration.

Q Are you aware of any reason that that couldn't be applied to any of the other types of costs incurred for storms?

A Again, I am not in that business unit anymore. I can talk to the 2020 storms, and that's what I am here for.

Q Do you know whether or not any rebuttal testimony was filed in regards to the application of the iStorm app?

A No.

MS. CHRISTENSEN: Okay. All right. I have no further witness -- or questions for this witness.

Thank you.

CHAIRMAN FAY: Great. Thank you, Ms. Christensen.

Next we will go to staff.

MR. STILLER: Staff has no questions.

CHAIRMAN FAY: Commissioners?

Any redirect?

MS. COTNER: No redirect.

CHAIRMAN FAY: And Ms. Gerard does not have any exhibits, even though she was checking if we were paying attention. So we are all set on exhibits.

I think, with that, Commissioners, then we will go ahead and take our lunch break and be back here at one -- one o'clock. We'll do 1:15, actually, to give people time, and then we will move through the last four for direct and two rebuttal witnesses.

So with that, we will see you at 1:15. Thank you.

(Lunch recess.)

(Transcript continues in sequence in Volume 2.)

CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, DEBRA KRICK, Court Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

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

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

DATED this 21st day of July, 2022.

DEBRA R. KRICK
NOTARY PUBLIC
COMMISSION #HH31926
EXPIRES AUGUST 13, 2024