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BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20220048-EI

Review of Storm Protection Plan,  
pursuant to Rule 25-6.030, F.A.C.,  
Tampa Electric Company.

\_\_\_\_\_ /

DOCKET NO. 20220049-EI

Review of Storm Protection Plan,  
pursuant to Rule 25-6.030, F.A.C.,  
Florida Public Utilities Company.

\_\_\_\_\_ /

DOCKET NO. 20220050-EI

Review of Storm Protection Plan,  
pursuant to Rule 25-6.030, F.A.C.,  
Duke Energy Florida, LLC.

\_\_\_\_\_ /

DOCKET NO. 20220051-EI

Review of Storm Protection Plan,  
pursuant to Rule 25-6.030, F.A.C.,  
Florida Power & Light Company.

\_\_\_\_\_ /

VOLUME 1  
PAGES 1 - 201

PROCEEDINGS: HEARING

COMMISSIONERS  
PARTICIPATING: CHAIRMAN ANDREW GILES FAY  
COMMISSIONER ART GRAHAM  
COMMISSIONER GARY F. CLARK  
COMMISSIONER MIKE LA ROSA  
COMMISSIONER GABRIELLA PASSIDOMO

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DATE: Tuesday, August 2, 2022  
TIME: Commenced: 1:15 p.m.  
Concluded: 5:10 p.m.  
PLACE: Betty Easley Conference Center  
Room 148  
4075 Esplanade Way  
Tallahassee, Florida  
REPORTED BY: DEBRA R. KRICK  
Court Reporter

PREMIER REPORTING  
112 W. 5TH AVENUE  
TALLAHASSEE, FLORIDA  
(850) 894-0828

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6 BETH KEATING, ESQUIRE, Gunster Law Firm, 215  
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9 Company (FPUC).

10 MATTHEW R. BERNIER and STEPHANIE A. CUELLO,  
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13 Florida, LLC (DEF).

14 CHRISTOPHER T. WRIGHT, ESQUIRE, 700 Universe  
15 Boulevard, Juno Beach, Florida 33408-0420; appearing on  
16 behalf of Florida Power & Light Company (FPL).

17 RICHARD GENTRY, PUBLIC COUNSEL; CHARLES J.  
18 REHWINKEL, STEPHANIE MORSE, PATTY CHRISTENSEN, and MARY  
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20 Florida Legislature, 111 West Madison Street, Room 812,  
21 Tallahassee, Florida 32399-1400; appearing on behalf of  
22 the Citizens of the State of Florida (OPC).

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1 APPEARANCES CONTINUED:

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3 ESQUIRES, Moyle Law Firm, 118 North Gadsden Street,  
4 Tallahassee, FL 32301; appearing on behalf of Florida  
5 Industrial Users Group (FIPUG).

6 JAMES W. BREW and LAURA W. BAKER, Stone Law  
7 Firm, 1025 Thomas Jefferson Street NW, Suite 800 West  
8 Washington, DC 20007; appearing on behalf of Florida  
9 White Springs Agricultural Chemicals, Inc., d/b/a PCS  
10 Phosphate - White Springs (PCS).

11 PETER J. MATTHEIS, MICHAEL K. LAVANGA, and  
12 JOSEPH R. BRISCAR, ESQUIRES, Stone Mattheis, Xenopoulos  
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15 Steel (NUCOR).

16 GEORGE CAVROS, ESQUIRE, 120 E. Oakland Park  
17 Boulevard, Suite 105, Fort Lauderdale, Florida 33334;  
18 appearing on behalf of Southern Alliance for Clean  
19 Energy (SACE).

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24 Mechanicsburg, Pennsylvania 17050, appearing on behalf  
25 of Walmart Inc. (Walmart).

1 APPEARANCES CONTINUED:

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3 FPSC General Counsel's Office, 2540 Shumard Oak  
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5 behalf of the Florida Public Service Commission (Staff).

6 KEITH C. HETRICK, GENERAL COUNSEL; MARY ANNE  
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9 Florida 32399-0850, Advisor to the Florida Public  
10 Service Commission.

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I N D E X

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

2 CHAIRMAN FAY: All right. Good afternoon,  
3 everyone. We are going to call this August 2nd  
4 hearing to order at 1:15. Mr. Trierweiler, please  
5 read the notice.

6 MR. TRIERWEILER: Good afternoon. By notice  
7 issued July 5th, 2022, this time and place has been  
8 set for a hearing conference in Dockets No.  
9 20220048, 0049, 0051 and 0050.

10 The purpose of the hearing is more fully laid  
11 out in the notice.

12 CHAIRMAN FAY: Great. Thank you.

13 Next we will move to appearances.

14 MR. TRIERWEILER: Staff notes that there are  
15 four dockets today in this consolidated proceeding.  
16 Staff suggests that all appearances be taken at  
17 once. All parties should enter their appearance  
18 and declare their dockets that they are entering an  
19 appearance for. After the parties make their  
20 appearances, staff will make theirs.

21 CHAIRMAN FAY: All right. We will go ahead  
22 and take appearances and then we will deal with any  
23 preliminary matters. We will start with Florida  
24 Power & Light.

25 MR. WRIGHT: Good afternoon, Commissioners.



1 Christopher Wright on behalf of Florida Power &  
2 Light in the 20220051 docket.

3 CHAIRMAN FAY: Okay. Great. Thanks.  
4 Next, Duke Energy.

5 MR. BERNIER: Good afternoon, Commissioners.  
6 Matt Bernier for Duke Energy. I would also enter  
7 an appearance for Dianne Triplett and Stephanie  
8 Cuello in the 20220050 docket.

9 CHAIRMAN FAY: Okay. Next, Tampa Electric.

10 MR. MEANS: Afternoon, Commissioners, Malcolm  
11 Means with the Ausley McMullen Law Firm. I would  
12 also enter an appearance for Jeff Wahlen. And we  
13 are representing Tampa Electric in the 48 docket.

14 CHAIRMAN FAY: Great. Thank you.  
15 Florida Public Utilities.

16 MS. KEATING: Good afternoon, Commissioners.  
17 Beth Keating with the Gunster Law Firm here this  
18 afternoon in Florida Public Utilities in docket  
19 20220049.

20 CHAIRMAN FAY: All right. Thank you.  
21 Office of Public Counsel.

22 MR. REHWINKEL: Good afternoon, Commissioner.  
23 Charles Rehwinkel and Richard Gentry in all  
24 dockets, and Stephanie Morse in 20220051, Mary Ali  
25 Wessling in 20220048, and Patty Christensen in

1 20220049.

2 CHAIRMAN FAY: Okay. I think I got that.

3 All right. Florida Industrial Power Users  
4 Group.

5 MR. MOYLE: Thank you, Mr. Chair.

6 Jon Moyle on behalf of the Florida Industrial  
7 Power Users Group, referred to more commonly as  
8 FIPUG. I would like to enter an appearance for  
9 Karen Putnal, who is also with the Moyle Law Firm.  
10 And we will be participating in the 48, 50 and 51  
11 dockets.

12 CHAIRMAN FAY: Okay. Great. Thank you.

13 PCS Phosphate.

14 MR. BREW: Good afternoon, Commissioners. I  
15 am James Brew appearing for PCS Phosphate in the 50  
16 Duke Energy Florida docket only. And I would like  
17 to note an appearance for Laura Baker.

18 CHAIRMAN FAY: Okay. Great. Thank you,  
19 Mr. Brew.

20 Nucor Steel.

21 MR. BRISCAR: Good afternoon, Commissioners,  
22 Joseph Briscar of the law firm Stone Mattheis  
23 Xenopoulos & Brew on behalf of Nucor Steel docket  
24 20220050. I would also like to enter an appearance  
25 for Peter Mattheis and Michael Lavanga.

1 CHAIRMAN FAY: Okay. Great. Thank you.

2 SACE.

3 MR. CAVROS: Good afternoon, Commissioners.

4 George Cavros on be of that of Southern Alliance  
5 for Clean Energy. And we are engaging in the  
6 20220051 docket only.

7 CHAIRMAN FAY: Great. Thank you, Mr. Cavros.  
8 Walmart.

9 MS. EATON: Good afternoon. My name is  
10 Stephanie Eaton. I am entering an appearance for  
11 Walmart, Inc., in the 48, 50 and 51 dockets.

12 CHAIRMAN FAY: Great. Got you. They made you  
13 sit in the back for the prehearing, Ms. Eaton,  
14 didn't they?

15 MS. EATON: Well, then I eventually came up  
16 here. But that's good.

17 CHAIRMAN FAY: Thank you.

18 Next, Commission staff.

19 MR. TRIERWEILER: Walt Trierweiler and Jacob  
20 Imig for Commission staff.

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

24 CHAIRMAN FAY: Great. Got it. That will take  
25 care of all the appearances.

1           We will move on to preliminary matters.

2           Mr. Trierweiler.

3           MR. TRIERWEILER: Chairman, I believe that OPC  
4 would like to raise a preliminary matter at this  
5 time.

6           CHAIRMAN FAY: Okay. Great. Thank you.

7           Mr. Rehwinkel, you are recognized.

8           MR. REHWINKEL: Thank you, Mr. Chairman.

9           The Public Counsel indicated at the prehearing  
10 conference that if we received an adverse ruling in  
11 the motion to strike that we argued before the  
12 Prehearing Officer that we would likely seek  
13 reconsideration or review by the full commission.  
14 It is our intent to do so.

15           The order embodying that ruling was issued  
16 around 4:30 yesterday, and I advised the parties  
17 that we would likely seek a continuance to prepare  
18 and argue an ore tenus, or oral motion, on the --  
19 for reconsideration. But what I also represented  
20 to staff counsel yesterday evening was that there  
21 is no need for us to do that before we get into the  
22 direct cases of the companies, because those  
23 witnesses' testimonies are unaffected by the issues  
24 at stake in the motion to strike order.

25           So I just wanted to raise it with you. It is

1 a belief that the cross-examination of the list of  
2 company witnesses will take up most, if not all, of  
3 the afternoon, and that would give me an  
4 opportunity to prepare between the end of the  
5 hearing today and the beginning of the hearing  
6 tomorrow to be able to argue our position on  
7 reconsideration at some point, at your pleasure,  
8 prior to the OPC witnesses taking the stand.

9 So I think -- I would suggest to you that it  
10 would be cleaner that way and we don't need to take  
11 up time today to kind of seek time and opportunity.

12 CHAIRMAN FAY: Yeah. So just from my  
13 perspective, I would actually prefer to do it at  
14 that time. I think that makes sense. And I  
15 presume -- I know you -- I think Mara is the first  
16 OPC witness, and the issue of the testimony only  
17 applies once we get to Kollen, but presuming we  
18 even make it to Mara at this point this afternoon,  
19 which seems unlikely, but if we do, we can address  
20 it then and decide if we will come back tomorrow  
21 and have it addressed then. Does that work?

22 MR. REHWINKEL: Yes, Mr. Chairman. I think  
23 that's an excellent position for us to be in to  
24 address it.

25 CHAIRMAN FAY: Okay. Great.

1           And then, Mr. Trierweiler, I don't have  
2           anything else other than I think we were planning  
3           on maybe we would do two hours of witnesses, allow  
4           our court reporter to take a break this afternoon  
5           and then probably do another chunk after that until  
6           about 5:00 or 5:30 depending on when we stop on a  
7           witness, so do you have anything else before we go  
8           into the record?

9           MR. TRIERWEILER: No.

10          CHAIRMAN FAY: Any parties? No, okay. Great.  
11          With that, we will go into exhibits.

12          MR. TRIERWEILER: Staff has compiled a  
13          comprehensive exhibit list which includes the  
14          prefiled exhibits attached to the witnesses'  
15          testimony numbered 2 through 54, and staff's  
16          exhibits numbered 55 through 98. This list has  
17          been provided to the parties, the Commissioners and  
18          the court reporter.

19          Staff requests that the comprehensive exhibit  
20          list be marked for identification purposes as  
21          Exhibit No. 1, and that the other exhibits be  
22          marked for identification as set forth in the  
23          comprehensive exhibit list.

24          CHAIRMAN FAY: Great. Thank you. We will  
25          show the exhibits so marked.

1           (Whereupon, Exhibit Nos. 1-98 were marked for  
2 identification.)

3           MR. TRIERWEILER: Staff has asked the  
4 Comprehensive Exhibit List, marked as Exhibit 1, be  
5 entered into the record at this time.

6           CHAIRMAN FAY: Okay. Exhibit 1 entered  
7 without any objections.

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

10          MR. TRIERWEILER: The prefiled exhibits will  
11 be moved at the conclusion of each witness'  
12 cross-examination.

13          Staff notes that the parties have stipulated  
14 to the staff exhibits numbers 55 through 98 on the  
15 CEL. Staff asks that exhibit numbers 55 through 98  
16 be moved into the record as though read and as set  
17 forth in the CEL.

18          CHAIRMAN FAY: Great. Thank you.

19          So all the parties have reviewed. Any  
20 objections? Showing no objections, enter Exhibits  
21 56 through 98 into the record.

22          (Whereupon, Exhibit Nos. 56-98 were received  
23 into evidence.)

24          CHAIRMAN FAY: Great. With that,  
25 Mr. Trierweiler, unless you have anything else

1 under exhibits, we can move on to opening  
2 statements.

3 MR. TRIERWEILER: We can move on to opening  
4 statements.

5 CHAIRMAN FAY: Great. Okay.

6 Just to set the timeline based on the  
7 prehearing. So OPC will have seven minutes to make  
8 an opening statement, and then all the remaining  
9 parties will have five minutes to make theirs.

10 I believe I have you in order on this way, but  
11 I am going to go down through the list, so if I  
12 potentially jump over one, it's just because the  
13 order I have in here in my record.

14 So with that, we will start with FPL for your  
15 opening statement.

16 MR. WRIGHT: Very good. Thank you, Chairman.

17 Commissioners, in the storm protection statute  
18 the Florida Legislature explicitly found and  
19 determined that it's in the state's interest to  
20 harden the transmission and distribution  
21 infrastructure in order to reduce restoration costs  
22 and outage times associated with extreme weather  
23 events. Pending before this commission is FPL's  
24 Storm Protection Plan for the planning period 2023  
25 through 2032, which FPL refers to as the 2023 SPP



1 in this docket.

2 With the exception of one program in the 2023  
3 SPP, the 2023 SPP continues the existing storm  
4 hardening programs approved by the Commission and  
5 included in the 2020 SPP. For certain existing SPP  
6 programs, FPL has made certain limited  
7 modifications to further improve these programs and  
8 incorporate Best Practices. No parties have taken  
9 any issue or challenged these limited  
10 modifications.

11 Commissioners, there are only three out of the  
12 nine SPP programs that are at issue in the FPL  
13 docket. Specifically OPC challenges the  
14 distribution lateral hardening program and proposes  
15 an adjustment to that program, they propose an  
16 adjustment to the substation storm surge flood  
17 mitigation program, and they oppose the new  
18 transmission access enhancement program. I will  
19 briefly address each of those programs.

20 First, with respect to the distribution  
21 lateral hardening program, which includes both  
22 overhead hardening and underground, OPC proposes to  
23 significantly reduce the program and essentially  
24 maintain the status quo.

25 As part of the 2023 SPP, FPL proposes to

1           convert this program from the limited pilot to a  
2           full SPP program and deploy it across its entire  
3           service area, including the former Gulf service  
4           area, in order to bring the benefits of storm  
5           hardening to all of its customers.

6           Commissioners, FPL has nearly finished its  
7           transmission hardening and its feeder hardening  
8           programs which provide benefits to all customers.  
9           The distribution lateral hardening program is the  
10          critical final phase necessary to harden the  
11          transmission and distribution system consistent  
12          with the policy and directive of the SPP statute,  
13          and is necessary to bring the benefits of storm  
14          hardening to the individual customers.

15          Importantly, OPC is proposing to slash this  
16          program, which is at the heart of the legislation,  
17          by reducing the number of laterals to be completed  
18          each year and, in turn, delay when the benefits  
19          will be realized by the individual customers.

20          Second, with respect to the proposed  
21          adjustments to the storm substation flood  
22          mitigation program, the Commission has already  
23          approved this program as part of FPL's 2020 SPP.  
24          FPL is not adding any new programs. They are  
25          simply trying to finish the four remaining programs

1           that were already approved by this commission as  
2           part of its 2020 SPP.

3           Finally, OPC claims that the new transmission  
4           access enhancement program should be rejected  
5           because maintenance of transmission rights-of-way  
6           is a base activity.

7           To be clear, FPL is not proposing to simply  
8           maintain its existing transmission right-of-ways  
9           for purposes of day-to-day maintenance and  
10          vegetation management activities. Rather, the  
11          purpose of this new program is to target and  
12          address certain areas on FPL's transmission system  
13          that are prone to flooding and saturated soils, and  
14          become inaccessible due to extreme weather events.

15          An outage on a transmission line affects tens  
16          to hundreds of thousands of customers. This new  
17          program will allow FPL and its contractors to  
18          quickly address these outages and shorten those  
19          restoration times and restoration costs.

20          For these reasons, as further explained in  
21          FPL's rebuttal testimony, OPC's challenges and  
22          proposed adjustments to these three programs should  
23          be rejected.

24          The proposed SPP is a continuation of FPL's  
25          systematic approach to achieve the legislative

1 objective to harden the transmission and  
2 distribution systems. Based on actual real world  
3 experience, FPL's storm hardening programs work.  
4 They will additional continue to reduce restoration  
5 costs and outage times associated with extreme  
6 weather events.

7 FPL's 2023 SPP fully complies with the  
8 explicit and expressed requirements in the SPP  
9 statute and SPP rule. FPL respectfully submits  
10 that the 2023 SPP, as provided in FPL's revised  
11 Exhibit MJ-1, which is Staff Exhibit 2, we  
12 respectfully request the Commission find this in  
13 the public interest and that it be approved.

14 Thank you.

15 CHAIRMAN FAY: Great. Thank you.

16 Next we move on to Duke.

17 MR. BERNIER: Good afternoon, Commissioners.

18 Before you today is DEF's 2023 through 2032  
19 Storm Protection Plan. This plan is designed to  
20 protect and strengthen the company's transmission  
21 and distribution systems to better withstand the  
22 extreme weather conditions by reducing restoration  
23 costs, outages and outage duration, and improve  
24 overall service reliability. The plan is in the  
25 public interest, and I urge you to approve it as

1 filed.

2 Pursuant to paragraph four of DEF's rate case  
3 settlement agreement approved by this commission  
4 just last year, the Public Counsel and other  
5 signatories have agreed that DEF has removed the  
6 2023 and 2024 costs associated with its SPP from  
7 base rates as those costs are properly recoverable  
8 through the SPP/CRC. For costs to be properly  
9 recoverable through the clause, they must first be  
10 approved in the plan itself. OPC's Witness Kollen  
11 makes this point when he discusses the sequential  
12 and interrelated nature of the SPP and SPP/CRC  
13 rules.

14 Regarding year 2025, Public Counsel has argued  
15 this commission should require each and every  
16 project and program to both reduce restoration  
17 costs and reduce outage times. This narrowly  
18 reading of the rule is premised on taking one  
19 subparagraph out of context and wholly ignoring the  
20 Legislature's intent to promote hardening and  
21 protection of the system ignores Section 366.96(3),  
22 which states that each company's plan as a whole  
23 should explain the systematic approach to achieving  
24 the goals of costs and outage reductions. That is,  
25 the statute does not require an individual program

1 to meet both goals.

2 And because the rule may not enlarge, modify  
3 or contravene the statute without ruling afoul with  
4 Chapter 120, it follows that this commission's  
5 interpretation of this rule may not either.

6 I would also add that OPC's argument ignores  
7 the directive that each section of Chapter 366  
8 should be liberally construed to protect the public  
9 welfare, which in this instance the Legislature has  
10 declared to be furthered by the hardening of  
11 transmission and distribution infrastructure.

12 In short, OPC's reading of the statute should  
13 be rejected and DEF's plan should be approved as  
14 filed.

15 Thank you.

16 CHAIRMAN FAY: Great. Thank you, Mr. Bernier.

17 Next we will move to TECO.

18 MR. MEANS: Good afternoon, Commissioners.

19 Today, Tampa Electric seeks Commission  
20 approval of the company's 2022 through 2031 Storm  
21 Protection Plan. This plan is largely a  
22 continuation of the company's 2020 Storm Protection  
23 Plan. It contains the same eight programs and  
24 proposes approximately the same level of  
25 investment.

1 Under Section 366.96 of the Florida Statutes  
2 the Commission is tasked with determining whether  
3 it is in the public interest to approve the  
4 company's plan. In making this determination, the  
5 statute directs the Commission to consider four  
6 factors.

7 First is the extent to which the plan is  
8 expected to reduce restoration costs and outage  
9 times associated with extreme weather and enhanced  
10 reliability. The evidence you will hear shows that  
11 the company's lateral transmission, substation and  
12 feeder programs are expected to reduce restoration  
13 costs by 33 to 35 percent, and outage times by 29  
14 percent over the next 50 years.

15 The companies' vegetation management program  
16 is expected to improve SAIFI by 15 percent, SAIDI  
17 by nine percent, and reduce restoration costs by 22  
18 percent.

19 Second is the extent to which the storm  
20 protection plan is feasible, reasonable or  
21 practical in certain areas of the utility's service  
22 territory. As the evidence will show, the company  
23 took steps to ensure that all parts of the  
24 company's service area will receive storm  
25 resiliency benefits.

1           Third, the Commission is directed to compare  
2           the estimated costs and benefits of making the  
3           improvements in the plan. We believe the evidence  
4           will show that Tampa Electric's plan offers the  
5           lowest capital investment per customer, and that  
6           the estimated benefits of the plan more than  
7           justify the associated investment.

8           The fourth and final factor is the estimated  
9           annual rate impact from the plan. The evidence  
10          shows that a residential customers using 1,000  
11          kilowatt hours will see a bill increase of 2.7  
12          percent in 2022. It's important to note, however,  
13          this includes costs recovered through base rates as  
14          well as those recovered through the SPP clause.  
15          The company believes these rate impacts are  
16          reasonable considered the estimated benefits of the  
17          plan.

18          Based on consideration of these four factors,  
19          we believe it is in the public interest to approve  
20          the company's 2022 to 2031 SPP without  
21          modification. Your approval will allow the company  
22          to continue the important work of mitigating the  
23          impacts of extreme weather on the company's  
24          customers.

25                   Thank you.



1 CHAIRMAN FAY: Great. Thank you, Mr. Means.

2 Next we will move to FPUC.

3 MS. KEATING: Thank you, Mr. Chairman.

4 Good afternoon, Commissioners. FPUC is here  
5 today with its first storm protection plan. As you  
6 may recall, you granted the company a reprieve to  
7 delay the filing of its first plan due to the  
8 enormity of the damage to the company's northwest  
9 division caused by Hurricane Michael. Now, with  
10 the fresh memories of the damage caused by that  
11 hurricane, the impact on its customer, and the  
12 lessons learned in the restoration process, the  
13 company is before you with a storm plan that not  
14 only builds on the good work done through the  
15 ongoing storm hardening measures, it capitalizes on  
16 the information gleaned with its experience with  
17 Hurricane Michael.

18 Working with a reputable engineering team of  
19 consultants, the company has developed a plan that  
20 not only meets the criteria in both the statute and  
21 your rule, but it's tailored to the unique  
22 circumstances and needs of each of the company's  
23 distinct service territories.

24 During this proceeding, you will hear the  
25 witnesses for Public Counsel argue that some of the

1           company's projects are unnecessary, or more  
2           appropriately considered resiliency projects  
3           outside the scope of storm protection. However,  
4           Commissioners, making a distinction between  
5           resiliency and storm protection is a razor fine  
6           line to walk when the potential outcome can be that  
7           customers are without power for months.

8           I also suspect those witnesses have never  
9           walked throughout the 48 hours after a Category 4  
10          hurricane, or watched Hurricane Michael creep up  
11          the coast wondering if Amelia Island's one link to  
12          mainland power generation will hold.

13          Commissioners, you will also hear that FPUC's  
14          storm plan is just too expensive. To that, I as  
15          you to really look at the programs and projects  
16          FPUC has proposed and consider in particular Mr.  
17          Cutshaw's rebuttal testimony.

18          This company has taken an experienced and  
19          well-reasoned approach to the design of its plan,  
20          as well as a thoughtful approach to cost impacts by  
21          delaying certain projects until the Hurricane  
22          Michael surcharge terminates.

23          FPUC's proposed total investment applied  
24          across its total overhead miles on its system is  
25          comparable to the other IOUs, while its proposed

1 total investments and its feeder and lateral  
2 hardening is actually below the others.

3 OPC's witness focuses only on the cost per  
4 customer, which, in practical application, means  
5 that as a smaller utility, FPUC would be prevented  
6 from taking many of the steps necessary to protect  
7 its customers.

8 Commissioners, FPUC's customers are just as  
9 concerned about reliability, outages and storm  
10 restoration times as any other utility customer.  
11 FPUC values its customers and has put together a  
12 plan that will protect against outages, which, in  
13 turn, will reduce restoration costs.

14 FPUC's storm protection plan complies with the  
15 statute and your rule. As such, we respectfully  
16 ask that you approve its plan and protect FPUC's  
17 customers.

18 Thank you.

19 CHAIRMAN FAY: Great. Thank you, Ms. Keating.

20 Next we will move on to the Office of Public  
21 Counsel.

22 MS. WESSLING: Thank you. And good afternoon,  
23 Commissioners. This is Mary Wessling, and my  
24 colleagues at the Office of Public Counsel and I  
25 have the privilege of representing the customers of

1 Florida Power & Light, Duke Energy of Florida,  
2 Tampa Electric Company and the Florida Public  
3 Utility Company in these proceedings.

4 The evidence will show that not a single one  
5 of the storm protection plans in these cases should  
6 be approved as filed. Each of these storm  
7 protection plans are flawed and must be modified.  
8 The flaws in these programs include, but are not  
9 limited to, that the plans fail to meet the  
10 statutory and rule requirements for storm  
11 protection plans. The plans each contain  
12 impermissible programs and projects that are  
13 regular maintenance obligations of the utilities,  
14 which customers are already paying for in base  
15 rates. And the plans do not properly include  
16 programs and projects to reduce restoration costs  
17 and outage times during extreme weather as both the  
18 statute and rules require.

19 Additionally, to be clear with regard to  
20 Florida Power & Light, OPC has filed testimony  
21 specifically challenging three of FPL programs, but  
22 we have not stipulated to or agreed to any programs  
23 that are not cost-effective.

24 OPC experts Mr. Lane Kollen and Kevin Mara  
25 will present evidence and testimony to identify,

1           elaborate and make recommendations on these  
2           programmatic programs and projects.

3           In addition to these storm protection plan  
4           flaws, the unmodified plans are not entirely  
5           prudent and, therefore, they are not in the public  
6           interest as filed.

7           Florida Statute 366.06 requires the Commission  
8           to set fair, just and reasonable rates, and that  
9           the Commission consider, among other things,  
10          whether the company's costs consist of money  
11          honestly and prudently invested.

12          Pursuant to *Sierra Club V Brown*, 243 So.3d.  
13          903, Florida Supreme Court 2018, it is from that  
14          same statute that the Commission derives its  
15          prudent standard, which it applies to ensure that  
16          recovered costs result from prudent investments.

17          Furthermore, Florida Statute 366.96, the  
18          actual storm protection plan statute, defines  
19          transmission and distribution plan costs as the  
20          reasonable and prudent costs to implement and  
21          approve transmission and distribution storm  
22          protection plan.

23          Clearly, prudence is both a statutory  
24          requirement of the storm protection plan process,  
25          as well as an element of the public interest.

1           These proposed storm protection plan programs and  
2           projects cannot be in the public interest if they  
3           are not also prudent.

4                   A summary conclusory finding of prudence that  
5           does not allow for cross-examination and  
6           presentation of expert evidence of prudence and  
7           reasonableness cannot be assumed to include the  
8           necessary determinations on those required  
9           elements.

10                   Additionally, the Commission must not consider  
11           these storm protection plans and their enormous  
12           costs in a vacuum. As we all sit here today for  
13           this hearing on the storm protection plans and  
14           their future costs, customers will not be receiving  
15           a stand-alone bill for these costs. They will  
16           receive their regular monthly utility bills, plus  
17           whatever costs come from these programs and  
18           projects you approve in these plans and the SPP  
19           clause hearing, plus an increase for the looming  
20           midcourse correction costs, plus an increase due to  
21           annual base rate increases, plus an increase due to  
22           the imminent return on equity attributers affecting  
23           base rates and/or the storm protection clause, ECRC  
24           and ECCR clauses, and customers are going to have  
25           to pay for all of that out of the same wallet

1           that's already paying much more for everything else  
2           due to inflation.

3           In April, Governor DeSantis stated that given  
4           the United States is experiencing its worst  
5           inflation in 40 years, and that consumers have some  
6           steep increases in the price of gas and groceries,  
7           as well as escalating bills, the State of Florida  
8           should not contribute to the financial crunch that  
9           our citizens are experiencing.

10          As we all know, the effects of inflation and  
11          recessionary pressures have only worsened since  
12          Governor DeSantis made that statement. With that  
13          in mind, consider that these four utilities have  
14          told you that they intend to spend \$23 billion in  
15          capital on incremental storm hardening over the  
16          next 10 years. They've told their investors same  
17          thing, touting the shareholder benefits of  
18          lucrative returns on these enormous capital spends.

19          What's worse the evidence will show that some  
20          of these companies appear to have calculated the  
21          customer rate impacts of these expenditures only  
22          after they determined how much the companies wanted  
23          to spend on these SPP programs and projects.

24          The Office of Public Counsel implores you to  
25          heavily weigh the customer rate impacts of these

1           enormously expensive storm protection plans more  
2           than the companies apparently did, and only approve  
3           the programs and projects that customers can  
4           actually afford at a time like this.

5                     If you approve these plans without  
6           modification, there may even be customers who will  
7           never realize the reduced restoration costs or  
8           outage times following extreme weather events  
9           because they will be without power entirely because  
10          they cannot pay for their bills.

11                    At some point, the cost increases on bills  
12          represent the straw that breaks the heavily  
13          strained camel's back. If approved without  
14          modification, storm protection plans can do more to  
15          harm customers' wallets than the costs they are  
16          meant to mitigate. You may not be able to do  
17          anything about national and global market  
18          conditions impacting natural gas prices, but you do  
19          have the authority to moderate the impacts of these  
20          storm protection plans while still advancing the  
21          important state interest that the Legislature  
22          sought to fulfill in this process. We ask that you  
23          exercise that authority.

24                    These are plans and plans can change. And the  
25          evidence presented to you in these cases will show



1           that they must.

2           Thank you.

3           CHAIRMAN FAY: Great. Thank you.

4           Next we will move to FIPUG.

5           MR. MOYLE: Thank you, Mr. Chairman. Thank  
6           you for the opportunity to share some thoughts with  
7           you this afternoon on behalf of the Florida  
8           Industrial Power Users Group.

9           Let me start my remarks just by offering a  
10          thank you to the utilities for what they do when  
11          storms hit. I have remarked on this previously in  
12          cost recovery for hurricanes, but the Industrial  
13          Power Users Group appreciate getting the  
14          electricity turned back on, they appreciate the  
15          communication and the hard work, and while we are  
16          going to be having some discussions, and possibly  
17          some disagreements with respect to the plan, I  
18          wanted to start on that note.

19          As noted by the utilities, this is a statutory  
20          tool that has been in place for a few years. There  
21          are a number of provisions in the statutes, and  
22          people quote different provisions to you to  
23          suggest, well, here's what this means. And as with  
24          most things, there is probably -- it's probably  
25          somewhere in the middle.

1           And I will just start with the notion that  
2           restoring service quicker and having reduced cost  
3           is an end-all be-all. That is the objective, and  
4           that is done, but there are a whole lot of other  
5           things that are considered when looking at the full  
6           picture of the facts and circumstances. And while  
7           the extent to which the reductions are that they  
8           reduce restoration cost and outage times is  
9           something to be looked at.

10           I think the word to the extent to which it's  
11           expected, which is in the statute, is a signal of  
12           some governing on that. It's not just okay if it  
13           does the restoration costs, it reducing those and  
14           it reduces outage times, then it's good for the  
15           plan. It has to be analyzed with respect to the  
16           extent of those costs in reduction times.

17           The 366.96(4), under paragraph (b) also  
18           charges you with examining whether the plans are  
19           reasonable, and practical, and feasible. And then  
20           it is on, and it says, we would like to have you  
21           all make judgments with respect to estimated cost  
22           and benefits to utility customers. I am going to  
23           spend a minute on that, estimated cost and benefits  
24           to utility customers.

25           You often hear about a cost benefit analysis.

1           And most of those analysis, they look at the costs.  
2           They look at the benefits. There is some effort to  
3           quantify. And the utilities took different  
4           approaches to this in their plans. Some utilities  
5           actually tried to put dollar values with the  
6           benefits, and others used just the broad language  
7           that said, well, here are the costs, and here's the  
8           benefit. It will reduce restoration times.

9           I would suggest that there needs to be some  
10          quantification on reducing restoration times,  
11          because if you are going to spend \$10 million on  
12          something that's going to reduce a restoration time  
13          by three minutes, and you say that juice is not  
14          worth the squeeze. Let's not do that. I think  
15          when you are looking at things, you will not see a  
16          lot of granularity on some of those, and I think  
17          that warrants further consideration on your behalf.

18          The last provision, it's a very important  
19          provision right now, is the rate impacts. This is  
20          in paragraph (d). It tells the Commission to  
21          consider the rate impacts. And you just heard  
22          Public Counsel recount all of the rate increases  
23          that have taken place this year, and with the fuel  
24          filings of last week, I think more are on the  
25          horizon, probably in January of 2023. So that's an

1 important factor that we would suggest be taken  
2 into account.

3 And while you heard counsel for the utilities  
4 say, well, it's only this percent; again, if it's  
5 additive, and you take the base rate increase that  
6 was X percent and add the fuel increase that was Y  
7 percent, and add this proposed increase, you know,  
8 the numbers are getting high.

9 And the point has been made where we are in a  
10 tough economic time. We just had two quarters of  
11 negative gross domestic product, which a lot of  
12 people point to as a signal of recession, high  
13 inflation, high interest rates. So you have, in my  
14 view, a challenging job, which is to consider all  
15 these factors and, as the statute says, make a  
16 determination in the public interest.

17 The statute also says, here are your choices  
18 that you have before you. You can approve the  
19 plans as filed, you can deny the plans as filed or  
20 you can modify the plans. And we would suggest  
21 that modification is in order. A lot of  
22 documents -- OPC has put forth a lot of information  
23 and suggested modifications, your staff may have  
24 some modifications, and we suggest that you all end  
25 up in the box of modifying the plans as

1           appropriate, particularly taking into account the  
2           tough economic times and the impacts on ratepayers.

3           Thank you.

4           CHAIRMAN FAY: Great. Thank you.

5           Next is PCS Phosphate, Mr. Brew.

6           MR. BREW: Thank you. Moving down the line,  
7           it gets easier to be short.

8           PCS strongly supports the recommendations of  
9           the Public Counsel in the Duke Energy docket, and I  
10          just wanted to briefly explain why.

11          In this instance, everyone wants a more  
12          durable and resilient electric grid. The Florida  
13          utilities have implemented storm hardening plans  
14          for a long time. The Legislature gave us a  
15          separate cost recovery mechanism tied to these  
16          plans with the requirement that they be in the  
17          public interest. That leaves it to you to approve  
18          plans that advance the twin goals of reducing  
19          outages and restoration costs while keeping overall  
20          consumer costs reasonable. And as Mr. Moyle and  
21          Ms. Wessling just referenced, this is a  
22          particularly trying time with respect to energy  
23          costs and we learned last week that consumers are  
24          staring in excess of \$3 billion in fuel and  
25          recoveries just for this year.

1           Speaking specifically to the Duke proposed  
2           plan, I note that the proposed revenue requirement  
3           doubles from 2022 to 2024. It doubles from 2023 to  
4           2025. In effect, Duke has determined that its  
5           appropriate balance of cost is to increase consumer  
6           rates by about 75 million a year for 10 years.

7           To us, given the current circumstances we are  
8           in, it seemed that Duke should have taken a sharper  
9           pencil and shown some more restraint. We believe  
10          that OPC's testimony reasonably examines areas  
11          where that can be done, and we urge you to adopt  
12          the OPC recommendation.

13          Thank you.

14          CHAIRMAN FAY: Great. Thank you.

15          Next, Nucor Steel.

16          MR. BRISCAR: Thank you, Mr. Chairman. Nucor  
17          waives its opening statement.

18          CHAIRMAN FAY: Okay. SACE.

19          MR. CAVROS: Thank you, Chairman,  
20          Commissioners.

21          The company is proposing to place billions and  
22          billions of dollars into storm hardening as part of  
23          its storm protection plan. The cost of the plan is  
24          going to be shouldered by hard-working families and  
25          Florida businesses. The least the company could

1           have done is made an effort to comply with your  
2           rule, especially the provisions related to  
3           restoration costs for approval of the storm  
4           protection plans. It did not do that. Instead, it  
5           chose to argue an alternated interpretation of the  
6           rule provisions. The rule is plain on its face.  
7           No interpretation is necessary.

8                     FPL's storm protection plan doesn't satisfy  
9           the provision in your rule, nor did the company ask  
10          for a rule waiver. As such, as a matter of law,  
11          the plan cannot be approved.

12                    Let me be clear. No one disputes the  
13          importance and benefits of system hardening. In  
14          fact, the underlying statute states that it's in  
15          the state's interest to strengthen the grid against  
16          storms, but not at any cost.

17                    As regulators, you should be able to have  
18          answers to basic questions, like are the proposed  
19          programs cost-effective? Can programs be reduced  
20          in scale and still meaningfully reduce restoration  
21          costs? And if so, by how much? And when do  
22          programs start to provide diminishing returns to  
23          the point where the costs actually outweigh the  
24          benefits?

25                    Unfortunately, you won't be able to answer

1           those questions because FPL did not provide  
2           quantitative benefits of its programs from which  
3           you can gauge cost-effectiveness against the  
4           quantitative cost of the programs.

5           The rule provisions related to providing the  
6           benefits of programs are clear. In part, it says  
7           that a description of each proposed storm  
8           protection program must include an estimate of the  
9           resulting reduction in outage times and restoration  
10          costs due to extreme weather conditions.

11          In that reading provision of the rule the  
12          utility has put you in a tough position,  
13          Commissioners, unable to make an apples to apples  
14          comparison and determine whether the plan is  
15          reasonable and in the public interest before  
16          allowing subsequent increases to customer bills.

17          Commissioners, you have been bestowed the  
18          honor to serve the people of Florida by the Florida  
19          Legislature and the Governor, and are the last  
20          firewall between the utility requests that raise  
21          power bills and Floridians.

22          I would note that the statute says that after  
23          a utility's storm protection plan has been  
24          approved, proceeding with actions to implement the  
25          plan shall not constitute or be evidence of



1           imprudence. An approval of a plan by you in this  
2           docket will necessarily impose storm hardening  
3           coasts on Florida families and businesses going  
4           forward.

5           The best course of action at this point is not  
6           to approve the company's storm protection plan  
7           until the utility provides the required information  
8           for plan approval or files a request for and is  
9           granted a rule waiver.

10          Thank you.

11          CHAIRMAN FAY: Great. Thank you, Mr. Cavros.

12          And last I have Walmart.

13          MS. EATON: Good afternoon again. On behalf  
14          of Walmart, I am here to make an opening statement  
15          in the TECO, DEF and FPL dockets.

16          On May 31st, 2022, Walmart submitted petitions  
17          to intervene in three of the four SPP dockets, and  
18          thereafter Walmart has participated in the  
19          consolidated SPP dockets but did not file testimony  
20          in this particular round of SPP filings.

21          Walmart's basic position has not changed,  
22          however, from the 2020 SPP docks, and its position  
23          is that the Commission should carefully consider  
24          whether the SPPs proposed by the companies are in  
25          the public interest and in accordance with the four

1 factors described in Florida Statute 366.94(4),  
2 which the other parties have described to you  
3 already.

4 Further, as it did in the prior 2020 SPP  
5 dockets, Walmart believes that it would be in the  
6 best -- it would be in the public interest for the  
7 Commission to direct the companies to continue to  
8 collaborate with Walmart and other interested  
9 stakeholders during the interim period before their  
10 next required updated SPPs to continue to develop  
11 ways in which customer-sited generation may be used  
12 as part of the SPP in order to strengthen the T&D  
13 systems and provide customers with lower  
14 restoration costs, shorter outage periods, and more  
15 reliable electric service overall.

16 Walmart appreciates the outreach and follow-up  
17 it received from each utility since the initial  
18 SPPs were approved to further consider ways in  
19 which Walmart-sited generation can assist with  
20 lower restoration costs, shorter outage periods and  
21 more electric -- electric -- reliable electric  
22 service following storms throughout Florida.  
23 That's because Walmart operates 387 retail units,  
24 nine distribution centers and two fulfillment  
25 centers in the states served by these utilities.

1           Developing technologies and operational  
2           sophistication have positioned large customers like  
3           Walmart to be valuable resources for utilities,  
4           first responders and the community at large during  
5           large critical weather events.

6                   As to the specific substantive Issues 1  
7           through 10 presented in staff's prehearing order,  
8           Walmart adopts the positions of the OPC with regard  
9           to Issues 1 through 5 in the TECO, Duke Energy and  
10          FPL docket.

11                   Further, Walmart takes no position with regard  
12          to Issues 6 and 7 in the TECO, DEF and FPL dockets  
13          as Walmart has not performed the analyses  
14          respectfully of the estimated annual rate impact  
15          for the implementation of the first three years of  
16          the FPL SPP or FPL's new transmission access  
17          enhancement program.

18                   Finally, as to Issues 10A, C and D, Walmart  
19          recovery iterates its basic position.

20                   Walmart appreciates the opportunity to  
21          participate in these proceedings, and the time and  
22          efforts of the Commission staff and the other  
23          parties in the consolidated dockets.

24                   Thank you.

25                   CHAIRMAN FAY: Great. Thank you.

1           I think we've got everybody. So next we will  
2           move on to witness testimony. Before I have our  
3           witnesses stand and administer the oath, Mr.  
4           Trierweiler, do we have anything else we need to  
5           adhere?

6           MR. TRIERWEILER: Yes, Chairman.

7           No parties' witnesses have been excused at  
8           this time. The parties have indicated that they  
9           may wish to make proffers of the testimony stricken  
10          by the Prehearing Officer's ruling. Proffers  
11          should be made by counsel when the witness who has  
12          the testimony struck takes the stand.

13          CHAIRMAN FAY: Great. Thank you.

14          All right. If we have all of our witnesses  
15          present, if you could stand, I am going to  
16          administer the oath. I think everyone just stood  
17          up. That's a lot of witnesses. All right.

18          (Whereupon, all witnesses were sworn by  
19          Chairman Fay.)

20          CHAIRMAN FAY: Let the record reflect that all  
21          the witnesses confirmed that the testimony they are  
22          providing is the truth.

23          With that, we will move on to witnesses. Just  
24          quick reminder, the direct summary testimony and  
25          rebuttal summaries are set for three minutes as

1 designated by prehearing order, and also the  
2 allotment of 10 minutes for OPC's witnesses.

3 You can is have your seat now, sorry. Like  
4 Simon Says, I probably should have directed you.

5 Okay. So next we will move into taking up our  
6 first witness, which will be with Florida Power &  
7 Light, you are recognized to call your witness.

8 MR. WRIGHT: Thank you, Chairman.

9 FPL calls Michael Jarro.

10 CHAIRMAN FAY: Just for the benefit of the  
11 witnesses, if you could sit there, you will see  
12 there is a microphone, that seat there where he is  
13 sitting, to make sure you testify, I think that's  
14 the only one at the table. Thank you.

15 Whereupon,

16 MICHAEL JARRO

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

20 EXAMINATION

21 BY MR. WRIGHT:

22 Q Good afternoon, Mr. Jarro.

23 A Good afternoon.

24 Q Have you been sworn?

25 A Yes.

1 Q We'll try it again.

2 Good afternoon.

3 A Good afternoon.

4 Q Have you been sworn?

5 A Yes, I have.

6 Q Will you please state your name and address  
7 for the record?

8 A Sure. It's Michael Jarro. I work at 15430  
9 Endeavor Drive, Jupiter, Florida, 33478.

10 Q And by whom are you employed and in what  
11 capacity?

12 A I work for Florida Power & Light as the  
13 Vice-President of Distribution Operations.

14 Q And have you prepared and caused to be filed  
15 18 pages of direct testimony in this proceeding?

16 A Yes.

17 Q And on July 26th, 20 -- or 2022, did you cause  
18 an errata to be filed to correct your direct testimony?

19 A Yes.

20 Q Can you summarize the correction made by the  
21 errata to your direct testimony?

22 A Sure.

23 The errata corrected my direct testimony to  
24 reflect that FPL formally withdrew its transmission and  
25 distribution winterization programs.

1 Q Do you have any additional corrections?

2 A No.

3 Q If I asked you the questions set forth in your  
4 direct testimony, would they be the same today?

5 A Yes.

6 Q Subject to the errata, correct? Your  
7 questions -- or the answers to the questions would be  
8 the same subject to the errata, correct?

9 A Correct. Yes.

10 Q Okay.

11 MR. WRIGHT: Chairman, I would ask that Mr.  
12 Jarro's direct testimony as corrected by the errata  
13 filed on July 26th be inserted into the record as  
14 though read.

15 CHAIRMAN FAY: Show that inserted.

16 (Whereupon, prefiled direct testimony of  
17 Michael Jarro was inserted.)

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**ATTACHMENT 2**

**Florida Power & Light Company  
Docket No. 20220051-EI**

**Direct Testimony of Michael Jarro  
Corrected by Errata Filed July 22, 2022 (CLEAN)**

Complete Copy, including Revised Exhibit MJ-1 (2023-2032 Storm Protection Plan)



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**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

**DOCKET NO. 20220051-EI**

**FLORIDA POWER & LIGHT COMPANY**

**2023-2032 STORM PROTECTION PLAN**

**DIRECT TESTIMONY OF**

**MICHAEL JARRO**

**Filed: April 11, 2022**

**Corrected by Errata Filed July 26, 2022**

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## I. INTRODUCTION

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

A. My name is Michael Jarro. My business address is Florida Power & Light Company, 15430 Endeavor Drive, Jupiter, FL, 33478.

**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 the Vice President of Distribution Operations.

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

A. My current responsibilities include the operation and maintenance of FPL’s distribution infrastructure that safely, reliably, and efficiently delivers electricity to more than 5.7 million customer accounts representing more than half of our state’s population. FPL’s service area is divided into nineteen (19) distribution management areas with approximately 77,400 miles of distribution lines and 1.4 million distribution poles. The functions and operations that I oversee are quite diverse and include distribution operations, major projects and construction services, power quality, meteorology, and other operations that together help provide the highest level of service to FPL’s customers.

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

A. I graduated from the University of Miami with a Bachelor of Science Degree in Mechanical Engineering and Florida International University with a Master of Business Administration. I joined FPL in 1997 and have held several leadership positions in distribution operations and customer service, including serving as distribution reliability manager, manager of distribution operations for south Miami-Dade area,

1 control center general manager, director of network operations, senior director of  
2 customer strategy and analytics, senior director of power delivery central maintenance  
3 and construction, and vice-president of transmission and substations.

4 **Q. What is the purpose of your direct testimony?**

5 A. The purpose of my testimony is to sponsor and provide an overview of FPL’s proposed  
6 2023-2032 Storm Protection Plan (“2023 SPP”), which is attached to my direct  
7 testimony as Exhibit MJ-1, and demonstrate that FPL’s 2023 SPP is in compliance with  
8 Section 366.96, Florida Statutes (“F.S.”) and Rule 25-6.030, Florida Administrative  
9 Code (“F.A.C.”). As required by and in compliance with Rule 25-6.030, F.A.C., the  
10 2023 SPP provides, among other things, a description of each proposed storm  
11 protection program, including: (a) how each program will enhance the existing system  
12 to reduce restoration costs and outage times; (b) applicable start and completion dates  
13 for each program; (c) a cost estimate for each program; (d) a comparison of the costs  
14 and benefits for each program; and (e) a description of how each program is prioritized.  
15 The 2023 SPP also provides an estimate of the annual jurisdictional revenue  
16 requirement for each year of the SPP (2023-2032) and additional details on each  
17 program for the first three years of the SPP (2023-2025), including estimated rate  
18 impacts.

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

20 A. Yes. I am sponsoring Exhibit MJ-1 – FPL’s Storm Protection Plan 2023-2032, which  
21 was prepared at my request and under my supervision.

22

**II. OVERVIEW OF FPL'S 2023 SPP**

**Q. What is the purpose of FPL's 2023 SPP?**

A. The purpose of FPL's 2023 SPP is to meet the statutory objectives codified in Section 366.96, F.S., "to strengthen electric utility infrastructure to withstand extreme weather conditions by promoting the overhead hardening of electrical transmission and distribution facilities, the undergrounding of certain electrical distribution lines, and vegetation management" and "for each electric utility to mitigate restoration costs and outage times to utility customers when developing transmission and distribution storm protection plans." See Sections 366.96(1)(c)-(d), F.S. FPL's 2023 SPP provides a comprehensive approach to achieve these legislative objectives.

Safe and reliable electric service is essential to the life, health, and safety of the public, and has become a critical component of modern life. While no electrical system can be made completely resistant to the impacts of hurricanes and other extreme weather conditions,<sup>1</sup> the programs included in the 2023 SPP will collectively provide increased resiliency and faster restoration to the electric infrastructure that FPL's 5.7 million customers and Florida's economy rely on for their electricity needs.

**Q. What programs are included in FPL's 2023 SPP?**

A. The 2023 SPP is largely a continuation of the following programs included in the current 2020-2029 Storm Protection Plan (hereinafter, the "2020 SPP") that was previously approved by Commission Order No. PSC-2020-0293-AS-EI:

---

<sup>1</sup> It is important to note that despite the implementation of the SPP programs, outages will still occur when severe weather events impact Florida.

- 1           •       Distribution Inspection Program
- 2           •       Transmission Inspection Program
- 3           •       Distribution Feeder Hardening Program
- 4           •       Distribution Lateral Hardening Program
- 5           •       Transmission Hardening Program
- 6           •       Distribution Vegetation Management Program
- 7           •       Transmission Vegetation Management Program
- 8           •       Substation Storm Surge/Flood Mitigation Program

9           Most of these existing programs have been in place since 2007. For certain existing  
 10          SPP programs, FPL is proposing limited modifications to further improve these  
 11          programs and implement best practices were applicable, which are further explained  
 12          below and in Exhibit MJ-1.

13

14          As part of the 2023 SPP, FPL also proposes to implement the following new SPP  
 15          programs:

16

17

- 18           •       Transmission Access Enhancement Program

19          As explained below and in Exhibit MJ-1, the new

20

21

22

Transmission Access

23

Enhancement Program will help ensure that FPL and its contractors have reasonable

1 access to FPL’s transmission facilities for repair and restoration activities following an  
2 extreme weather event.

3

4 FPL submits that the existing and new SPP programs will collectively provide  
5 increased resiliency and faster restoration to the electric infrastructure that FPL’s 5.7  
6 million customers and Florida’s economy rely on for their electricity needs. The 2023  
7 SPP will continue and expand the benefits of storm hardening to all customers  
8 throughout FPL’s system.

9 **Q. Please provide an overview of the benefits of continuing the existing SPP**  
10 **programs included in FPL’s 2023 SPP.**

11 A. The existing programs included in the 2023 SPP were previously approved by  
12 Commission Order No. PSC-2020-0293-AS-EI. The existing SPP programs have  
13 already demonstrated that they have provided and will continue to provide increased  
14 Transmission and Distribution (“T&D”) infrastructure resiliency, reduced restoration  
15 time, and reduced restoration cost when FPL is impacted by extreme weather events,  
16 such as hurricanes. FPL performed an analysis of Hurricanes Matthew and Irma that  
17 indicated the restoration construction man-hours (“CMH”), days to restore, and storm  
18 restoration costs for these storms would have been significantly greater without FPL’s  
19 storm hardening programs. In the case of Hurricane Matthew, FPL estimated that  
20 without hardening, restoration would have taken two additional days (50% longer) and  
21 resulted in additional restoration costs of \$105 million (36% higher than actual costs).  
22 In the case of Hurricane Irma, FPL estimated that without hardening, restoration would  
23 have taken four additional days (40% longer) and resulted in additional restoration

1 costs of \$496 million (40% higher than actual costs). A copy of FPL's analysis is  
2 provided in Appendix A to Exhibit MJ-1.

3

4 FPL submits that continuing these previously approved storm hardening and storm  
5 preparedness programs in the 2023 SPP is appropriate and necessary to meet the  
6 requirements of Section 366.96, F.S., and Rule 25-6.030, F.A.C. A detailed summary  
7 of the benefits of the existing SPP programs is provided in Section II(A) of the 2023  
8 SPP, and the benefits of each program are provided in Section IV of the 2023 SPP.

9 **Q. Please provide an overview of the benefits of the new Transmission Access  
10 Enhancement Program included in FPL's 2023 SPP.**

11 A. In certain parts of FPL's service area, transmission facilities are located in areas that  
12 are not readily accessible for repair/restoration following an extreme weather event,  
13 such as low-lying areas, areas prone to severe flooding, or areas with saturated soils.  
14 These areas frequently require specialized and costly equipment that often has limited  
15 availability following storm events. The new Transmission Access Enhancement  
16 Program included in the 2023 SPP will focus on developing access roads, bridges, and  
17 culverts at targeted transmission facilities to ensure that they are accessible after an  
18 extreme weather event. The Transmission Access Enhancement Program will improve  
19 ingress and egress to existing transmission infrastructure for repair/restoration  
20 following an extreme weather event, will reduce the need and associated costs for  
21 specialized equipment, and will expedite restoration activities.

22



1 FPL submits that the new Transmission Access Enhancement Program included in the  
2 2023 SPP is appropriate and necessary to meet the requirements of Section 366.96, F.S.  
3 A detailed summary of the benefits of new Transmission Access Enhancement Program  
4 is provided in Section IV(K) of the 2023 SPP.

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1 **Q. Has FPL provided the information required by Rule 25-6.030(3)(d) for each**  
2 **program included in its 2023 SPP?**

3 A. Yes. FPL's 2023 SPP provides the following information required by the Rule 25-  
4 6.030(3)(d) for each program: (1) a description of how each program is designed to  
5 enhance FPL's existing transmission and distribution facilities including an estimate of  
6 the resulting reduction in outage times and restoration costs due to extreme weather  
7 conditions; (2) identification of the actual or estimated start and completion dates of  
8 the program; (3) a cost estimate including capital and operating expenses;<sup>2</sup> (4) a  
9 comparison of the costs and the benefits; and (5) a description of the criteria used to  
10 select and prioritize proposed storm protection programs. Each of the above listed  
11 descriptions is provided in Section IV of the 2023 SPP.

12 **Q. Is FPL proposing any modifications to the previously approved programs**  
13 **included in the 2023 SPP.**

14 A. Yes. As explained above, FPL is proposing to continue each of the programs included  
15 in the 2020 SPP that was previously approved by Commission Order No. PSC-2020-  
16 0293-AS-EI. As part of the 2023 SPP, FPL is proposing to expand each of these  
17 existing programs to the former Gulf service area. As a result, the total annual costs to  
18 be incurred and/or the time to complete the estimated projects may increase to account  
19 for the incremental additional work to be completed in the former Gulf service area.

20

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<sup>2</sup> Please note that the 2023-2032 program costs shown in the 2023 SPP and supporting appendices are projected costs estimated as of the time of this filing. Subsequent projected and actual costs could vary by as much as 10% to 15%. The annual projected costs, actual/estimated costs, actuals costs, and true-up of actual costs to be included in FPL's Storm Protection Plan Cost Recovery Clause ("SPPCRC") will all be addressed in subsequent and separate SPPCRC filings pursuant to Rule 25-6.031, F.A.C.

1 In addition to expanding the existing SPP programs to the former Gulf service area,  
2 FPL is also proposing limited modifications to certain existing SPP programs to further  
3 improve these programs and implement best practices where applicable. These  
4 modifications are identified below:

- 5 • Distribution Inspection Program: No material modifications to the  
6 program.
- 7 • Transmission Inspection Program: No material modifications to the  
8 program.
- 9 • Distribution Feeder Hardening Program: The 2023 SPP incorporates  
10 the Distribution Automation initiatives from the former Gulf 2020 SPP  
11 approved in Order No. PSC-2020-0293-AS-EI.
- 12 • Distribution Lateral Hardening Program: FPL is proposing to expand  
13 the previously approved Distribution Lateral Hardening Program to the  
14 former Gulf service area and to implement the Distribution Lateral  
15 Hardening Program as a permanent program in the 2023 SPP in order  
16 to provide the benefits of underground lateral hardening throughout the  
17 consolidated FPL service area. Consistent with the 2020 SPP  
18 Settlement approved by Commission Order No. PSC-2020-0293-AS-  
19 EI, FPL has also established and incorporated protocols for evaluating  
20 when a lateral may be overhead hardened as opposed to being placed  
21 underground. Additionally, FPL is proposing to add a new Management  
22 Region selection criterion starting in 2025.
- 23 • Transmission Hardening Program: The 2023 SPP continues the

1 transmission/substation resilience initiative from the former Gulf 2020  
 2 SPP approved in Order No. PSC-2020-0293-AS-EI in the former Gulf  
 3 service area. The 2023 SPP also continues the initiative from the former  
 4 Gulf's 2020 SPP to review substation relay vaults.

5 • Distribution Vegetation Management Program: As part of the 2023  
 6 SPP, FPL will use advanced analytics and imageries to complement  
 7 FPL's vegetation maintenance cycles on feeders.

8 • Transmission Vegetation Management Program: No material  
 9 modifications to the program.

10 • Substation Storm Surge/Flood Mitigation Program: No material  
 11 modifications to the program.

12 A detailed description of these modifications is provided for each program in Section  
 13 IV of the 2023 SPP. Apart from these limited modifications, the above-listed SPP  
 14 programs are consistent with the programs agreed to in the 2020 SPP Settlement  
 15 approved by Commission Order No. PSC-2020-0293-AS-EI for the 2020-2029 ten-  
 16 year planning period.

17 **Q. Does FPL's 2023 SPP address recovery of the costs associated with the SPP**  
 18 **programs and projects?**

19 A. No. As required by Rule 25-6.030(3), F.A.C., FPL has provided a cost estimate for  
 20 each program included in the 2023 SPP, including the estimated annual capital and  
 21 operating expenses for each program, which information is provided in Section IV and  
 22 Appendix C of the 2023 SPP. However, the recovery of the actual costs associated  
 23 with the 2023 SPP, as well as the costs to be included in FPL's SPPCRC, will be

1 addressed in subsequent and separate SPPCRC dockets pursuant to Rule 25-6.031,  
2 F.A.C.

3

4 **III. ADDITIONAL DETAILS FOR FIRST THREE YEARS OF THE SPP**

5 **Q. Has FPL provided additional project-level details and information for the first**  
6 **year (2023) of the 2023 SPP?**

7 A. Yes. As required by the Rule 25-6.030(3)(e)(1), F.A.C., project level detail for the first  
8 year (2023) is provided in Appendix E to FPL's 2023 SPP. This project level detail  
9 includes: (1) the actual or estimated construction start and completion dates; (2) a  
10 description of the affected existing facilities, including number and type(s) of  
11 customers served, historic service reliability performance during extreme weather  
12 conditions, and how this data was used to prioritize the proposed storm protection  
13 project; and (3) a cost estimate including capital expenditures. Additionally, a  
14 description of the criteria used to select and prioritize proposed storm protection  
15 projects is included in the description of each proposed SPP program provided in  
16 Section IV of the SPP. FPL's distribution and transmission annual inspection and  
17 vegetation management programs do not lend themselves to identification of specific  
18 projects and, therefore, project level detail for these programs is not included in  
19 Appendix E.

20 **Q. Does the 2023 SPP provide sufficient detail to develop preliminary estimates of**  
21 **the rate impacts for the second and third years (2024-2025)?**

22 A. Yes. As required by Rule 25-6.030(3)(e)(2), F.A.C., FPL has provided the estimated  
23 annual number and costs of projects under each specific SPP program, which

1 information was used to develop the estimated rate impacts for 2024-2025. This  
2 information is provided in Appendix C to 2023 SPP.

3 **Q. Does the 2023 SPP provide a description of the vegetation management activities**  
4 **for the first three years (2023-2025)?**

5 A. Yes. The following additional information required by Rule 25-6.030(3)(f), F.A.C.,  
6 for the first three years (2023-2025) of the vegetation management activities under the  
7 SPP is provided in Sections IV(F) and IV(G) and Appendix C to FPL's 2023 SPP: the  
8 projected frequency (trim cycle); the projected miles of affected transmission and  
9 distribution overhead facilities; and the estimated annual labor and equipment costs for  
10 both utility and contractor personnel. Additionally, descriptions of how the vegetation  
11 management activities will reduce outage times and restoration costs due to extreme  
12 weather conditions are provided in Sections IV(F) and IV(G) of the 2023 SPP.

13 **Q. Has FPL provided the annual jurisdictional revenue requirements for each year**  
14 **of the 2023 SPP?**

15 A. Yes. Pursuant to Rule 25-6.030(3)(g), F.A.C., FPL has provided the estimated annual  
16 jurisdictional revenue requirements in Section VI of the SPP. While FPL has provided  
17 estimated costs by program as of the time of this filing and associated total revenue  
18 requirements in its 2023 SPP, consistent with the requirements of Rule 25-6.030,  
19 F.A.C., subsequent projected and actual program costs submitted for cost recovery  
20 through the SPPCRC (per Rule 25-6.031, F.A.C.) could vary by as much as 10-15%,  
21 which variations would also impact the associated estimated revenue requirements and  
22 rate impacts. The projected costs, actual/estimated costs, actuals costs, and true-up of

1 actual costs to be included in FPL's SPPCRC will all be addressed in subsequent filings  
2 in separate SPPCRC dockets pursuant to Rule 25-6.031, F.A.C.

3 **Q. Has FPL estimated the rate impacts for each of the first three years of the 2023**  
4 **SPP?**

5 A. Yes. An estimate of overall rate impacts for the first three years of the SPP (2023-  
6 2025) based on the total program costs reflected in this filing are provided in Section  
7 VII of the 2023 SPP. The projected costs, actual/estimated costs, actuals costs, and  
8 true-up of actual costs to be included in FPL's SPPCRC will all be addressed in  
9 subsequent filings in separate SPPCRC dockets pursuant to Rule 25-6.031, F.A.C.

10 **Q. Has FPL identified any reasonable alternatives that could mitigate the resulting**  
11 **rate impact for each SPP program?**

12 A. FPL has not identified lower cost alternative programs that would achieve the  
13 legislative objectives of Section 366.96, F.S., to reduce costs and outage times  
14 associated with extreme weather events by promoting the overhead hardening of  
15 electrical transmission and distribution facilities, the undergrounding of certain  
16 electrical distribution lines, and vegetation management described in the 2023 SPP.  
17 However, all SPP projects will be based on competitive solicitations and other  
18 contractor and supplier negotiations to ensure that FPL selects the best qualified  
19 contactors and equipment suppliers at the lowest evaluated costs, which will help to  
20 mitigate the associated rate impacts of the SPP programs. Additionally, FPL  
21 continually evaluates the SPP programs to identify and, where appropriate, implement  
22 lessons learned, best practices, and improvements to further the efficient administration



1 of each program, such as the adoption of the feeder approach to the Distribution Lateral  
2 Hardening Program.

3

4

#### IV. CONCLUSION

5 Q.

**Does FPL believe that its 2023 SPP will achieve the legislative objectives of Section  
6 366.96, F.S., to reduce costs and outage times associated with extreme weather  
7 events by promoting the overhead hardening of electrical transmission and  
8 distribution facilities, the undergrounding of certain electrical distribution lines,  
9 and vegetation management?**

10 A.

Yes. While no electrical system can be made completely resistant to the impacts of  
11 hurricanes and other extreme weather conditions, FPL's 2023 SPP provides a  
12 systematic approach to achieve the legislative objectives of reducing restoration costs  
13 and outage times associated with extreme weather events and enhancing reliability.

14

15 As part of the 2023 SPP, FPL will largely continue the existing storm hardening and  
16 storm preparedness programs included in the 2020 SPPs approved by Commission  
17 Order No. PSC-2020-0293-AS-EI issued on August 28, 2020, with certain limited  
18 modifications and improvements. As explained above and in the 2023 SPP, these  
19 existing SPP programs have already demonstrated that they have and will continue to  
20 provide increased T&D infrastructure resiliency, reduced restoration time, and reduced  
21 restoration costs when FPL's system is impacted by severe weather events.

22

1 FPL submits that the existing and new SPP programs included in the 2023 SPP will  
2 collectively continue to provide increased T&D infrastructure resiliency, reduced  
3 restoration time, and reduced restoration costs when FPL's system is impacted by  
4 extreme weather events. FPL's 2023 SPP appropriately and effectively maintains and  
5 builds on FPL's commitment to provide safe and reliable electric service to customers,  
6 and to meet the needs and expectations of our customers, today and for many years to  
7 come.

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

9 A. Yes.

1 BY MR. WRIGHT:

2 Q Mr. Jarro, do you have to an Exhibit MJ-1  
3 attached to your direct testimony?

4 A Yes, I do.

5 Q Can you describe the revised Exhibit MJ-1?

6 A Yes. The revised Exhibit MJ-1 is FPL's  
7 proposed 2023 to 2032 Storm Protection Plan, which  
8 includes appendixes -- appendices A through E.

9 Q And ask you explain why FPL filed a revised  
10 Exhibit MJ-1?

11 A Again, to reflect that FPL formally withdrew  
12 the proposed transmission and distribution winterization  
13 programs.

14 Q Do you have any additional corrections to  
15 Exhibit MJ-1?

16 A No, I do not.

17 Q Have you prepared a summary of your direct  
18 testimony?

19 A Yes, I have.

20 Q Would you please provide that to the  
21 Commission?

22 A Certainly.

23 Good afternoon, Mr. Chairman and  
24 Commissioners. My direct testimony describes FPL's 2023  
25 through 2032 Storm Protection Plan, or 2023 SPP, and

1 provides a description of each proposed storm protection  
2 program as required by the SPP statute and rule.

3 The 2023 SPP also provides an estimate of the  
4 annual jurisdictional revenue requirement of each year  
5 of the SPP and additional details of each program for  
6 the first three years of the SPP, including estimated  
7 rate impacts.

8 FPL's 2023 SPP is largely a continuation of  
9 the program included in the current 2020-2029 SPP  
10 previously approved by the Commission and, for the most  
11 part, have been in place since 2007. These existing SPP  
12 programs have already demonstrated that they provide  
13 increased transmission and distribution infrastructure  
14 resiliency, reduced restoration time and reduced  
15 restoration costs when FPL is impacted by extreme  
16 weather events such as hurricanes.

17 As a part of the 2023 SPP, FPL is expanding  
18 its existing SPP programs to the former Gulf service  
19 area, and is proposing limited modifications to certain  
20 existing SPP programs to further improve and implement  
21 Best Practices.

22 FPL is also proposing to implement the  
23 distribution lateral hardening program as a permanent  
24 program to provide the benefit of underground lateral  
25 hardening throughout the consolidated FPL service area.

1           In addition, FPL also proposes to implement a  
2 new transmission access enhancement program to help  
3 ensure that FPL and its contractors have reasonable  
4 access to FPL's transmission facilities in areas that  
5 are not readily accessible for repair and restoration  
6 activities following extreme weather events, such as low  
7 lying areas, areas prone to flooding, or areas with  
8 saturated soils.

9           While no electrical system can be made  
10 completely resistant to the impacts of hurricanes and  
11 other extreme weather conditions, FPL's 2023 SPP  
12 provides a systematic approach to achieve the  
13 legislative objective of reducing restoration costs and  
14 outage times associated with extreme weather events and  
15 enhancing reliability.

16           FPL's 2023 SPP appropriately and effectively  
17 maintains and builds on FPL's commitment to provide safe  
18 and reliable electric service to our customers, and to  
19 meet the needs and expectations of our customers today  
20 and many years to come.

21           That concludes my summary. Thank you.

22           **Q     Thank you, Mr. Jarro.**

23           MR. WRIGHT: I tender the witness for  
24 cross-examination. However, Chairman, I will note  
25 that there is nothing in Mr. Jarro's direct

1 testimony that has been stricken related to the  
2 order of Commissioner La Rosa on the motion to  
3 strike. We have nothing to proffer at this time,  
4 however, in the event that OPC desires to attempt  
5 to proffer through cross-examination of Mr. Jarro  
6 on direct testimony, we would respectfully request  
7 that OPC clearly identify those portions of the  
8 record that they are crossing for purposes of  
9 proffering a record.

10 CHAIRMAN FAY: Okay. I presume the -- and not  
11 just OPC, that the parties are aware of the  
12 limitations as to the content of that proffer and  
13 so they would stay away from that at this time, the  
14 strike-through in rebuttal, and for OPC's witnesses  
15 it would be appropriate, but if you feel that  
16 something is getting into that area, please just  
17 object and letted us know.

18 MR. WRIGHT: I was hoping to avoid objecting  
19 if I had to, but certainly will.

20 CHAIRMAN FAY: Yeah. I don't anticipate we  
21 will go there too much because we have all the  
22 rebuttal testimony that will address those issues,  
23 but if it comes up, please let us know. Thank you.

24 All right. With that, we will move to cross.  
25 Office of Public Counsel, you are recognized.

1 MS. MORSE: Thank you, Mr. Chair.

2 EXAMINATION

3 BY MS. MORSE:

4 Q Good afternoon, Mr. Jarro.

5 A Good afternoon.

6 Q In your prefiled testimony, direct testimony,  
7 you testified that as Vice-President of the Distribution  
8 Operations for FPL, you oversee many functions,  
9 including, but not limited to, construction services,  
10 power quality and meteorology, correct?

11 A That's correct.

12 Q You also testified -- or regarding FPL's 2023  
13 through 2032 Storm Protection Plan, which is referred to  
14 as the 2023 SPP, you also testified that the 2023 SPP  
15 was prepared under your supervision, correct?

16 A That's correct.

17 Q So you are responsible for the contents of the  
18 company's 2023 SPP, is that correct?

19 A That's correct.

20 Q And, Mr. Jarro, you are the only -- you are  
21 the company's only witness on its direct case in support  
22 of FPL's 2023 FPL, correct?

23 A Specific to the SPP, yes, ma'am.

24 Q Yes.

25 I first have a few questions about the rule

1 you referenced in the SPP, you reference in your  
2 testimony.

3 Referring to Rule 25-6.030, which I will call  
4 the SPP rule for ease of reference, you are personally  
5 familiar with the requirements of that rule, is that  
6 right?

7 A Yes, I am.

8 Q So moving to page 11 of your direct testimony,  
9 starting at the top, you testified that FPL, in its 2023  
10 SPP, provided all the information required by subsection  
11 (3)(d) of the SPP rule, is that right?

12 A Yes. That's correct.

13 Q Isn't it true that the SPP rule, subsection  
14 (3)(d)(1), requires utilities to provide estimates of  
15 certain reductions that are expected to result from each  
16 proposed program in the SPP, and those reductions,  
17 estimated reductions being an estimate of reduction in  
18 outage times and reduction in restoration costs?

19 A The rule does ask for an estimate, yes, of the  
20 resulting estimate in outage times and restoration  
21 costs.

22 Q Thank you.

23 I am referring now to the 2020 SPP, which is  
24 the revised Exhibit MJ-1. And looking at first on the  
25 table of contents under the section labeled Roman



1 numeral IV, you listed -- for each of your proposed  
2 programs, you listed a section titled, quote, Comparison  
3 Cost and Benefits for Each Program, correct?

4 A Yes. That's correct.

5 Q And in each of those comparison and cost of --  
6 of cost and benefits section within the SPP, you listed  
7 the estimated dollar cost for each proposed program,  
8 correct?

9 A That's correct.

10 Q Please turn to page 13 of your SPP.

11 A I am sorry, just for clarification, page 13 on  
12 the top or the bottom?

13 Q On the bottom. I think that corresponds to  
14 the table of contents.

15 Okay. So for this particular program on page  
16 13 for the comparison of cost and benefits for the  
17 distribution inspection program, you stated as to costs  
18 that during the 2023-2032 SPP, or during that time  
19 period, the total costs for FPL's distribution  
20 inspection program are expected to average approximately  
21 \$66.9 million per year, correct?

22 A Yes. That's correct.

23 Q And you went on to discuss the benefits of the  
24 program, and you mention specifically on this page 13,  
25 quote, the more storm resilient pole population will

1 result in reductions in pole failures and poles needing  
2 to be replaced during the storms, fewer storm related  
3 outages and reductions in storm restoration costs,  
4 correct?

5 A That's correct.

6 Q So as relates to this proposed project  
7 regarding the distribution inspection program, you did  
8 not quantify any estimates going forward of the  
9 resulting reduction in outage times due to extreme  
10 weather conditions here on page 13, did you?

11 A So to answer your question, I am going to  
12 answer really in two parts. First, you know --

13 Q Well, yes or no first, please.

14 A So, no, an estimate was not -- a forecasted  
15 estimate for future benefits of the program was not  
16 included. However, in several instances throughout the  
17 SPP plan, and in our responses, we've provided a  
18 historical representation of what those benefits could  
19 be with real life actual storms, and the actual impacts  
20 that would be seen by these natural disasters or  
21 hurricanes.

22 For example, we did an analysis for both  
23 Hurricane Irma and Matthew, leveraging our storm damage  
24 model to effectively evaluate what the impacts of those  
25 storms would have been without the investments that have

1 been made since 2007 in the resiliency of the grid.

2 And that analysis, again, using real life  
3 examples of a true storm, allowed us to essentially make  
4 the statements that we would expect, as we continue to  
5 execute on our storm protection plans as filed, they  
6 will, again, continue to deliver on what's expected by  
7 the Legislature and the rule, which is to increase the  
8 resiliency and drive down storm costs, and also the time  
9 it takes to restore after a natural disaster.

10 **Q So to clarify, you provided no particular**  
11 **estimates of reductions in the objective form, you know,**  
12 **like weeks or days, of the particular distribution**  
13 **inspection program we were discussing, but instead you**  
14 **generally stated there would just be, quote, fewer storm**  
15 **related outages, correct?**

16 **A** No. No. What I said is there will be fewer  
17 poles damaged due to a catastrophic event, less damage  
18 associated to the catastrophic event if the investments  
19 are continued as they have since 2007 as our analysis  
20 showed with the analysis of both Hurricane Irma and  
21 Matthew.

22 And them in terms of the forward-looking view,  
23 you know, part of the reason why we did not provide that  
24 is, you know, there is no accurate way to truly reflect  
25 that. You know, as I mentioned, you know, we did our

1 analysis based on Hurricane Irma and Matthew because we  
2 knew the exact track of those storms given to us by the  
3 National Hurricane Center. In order to do a  
4 forward-looking analysis, we would have to make up a  
5 fictitious storm, what would that track be? What would  
6 the impacts of that storm be on our infrastructure?

7           And beyond that, as a part of the plan that  
8 we've put forth for evaluation and approval, the exact  
9 location of the work that's going to be done is up to  
10 2023, the specific location. So anything beyond that  
11 has not been fully baked in terms of which specific  
12 lateral will be undergrounded or hardened, which feeder  
13 will be hardened beyond 2023.

14           So again, as those hypotheticals that we would  
15 have to put in place, that leaves us to believe the  
16 inaccuracies that a forecast, a future forward-looking  
17 forecast would provide, and that's where we lean on our  
18 experiences and factual storms that we've lived through,  
19 our customers have lived through, this commission has  
20 lived through, to base kind of what our expected  
21 benefits are moving forward.

22           **Q     Mr. Jarro, isn't it true that as relates to**  
23 **this proposed project on page 13 for 2023 through '32,**  
24 **which are the operative years of the plan, you did not**  
25 **provide estimates of the resulting reduction in**

1 restoration costs due to extreme weather conditions  
2 here?

3 A We have not quantified estimates, but we've  
4 provided qualitative description of what those benefits  
5 would be.

6 Q Please turn to page 54 of your SPP. Okay,  
7 this page relates to the newly proposed transmission  
8 access enhancement program. For this program, you  
9 listed an annual average program cost for years 2023 to  
10 '32 of roughly \$11.7 million per year, correct?

11 A That's correct.

12 Q And as to the benefits for this new program,  
13 isn't it true your description in the SPP, the 2023 SPP,  
14 the benefits includes, quote, reducing restoration time  
15 and reducing restoration costs associated with extreme  
16 weather conditions for specific hard to access  
17 transmission facilities and equipment?

18 A That's correct.

19 Q So you never listed any specifically  
20 enumerated estimated reductions in restoration costs  
21 which would result directly from this transmission  
22 access enhancement program, did you?

23 A Again, forward-looking future projections were  
24 not provided as part of the estimates.

25 Q And you never listed or testified to

1 specifically enumerated estimated reductions and  
2 restoration times which would result directly from this  
3 transmission access enhancement program, did you?

4 A I am sorry, could you ask the question again?

5 Q As to the transmission access enhancement  
6 program, you did not list in the SPP, in the 2023 SPP,  
7 any specifically enumerated estimated reductions in  
8 restoration times which would result from that program,  
9 did you?

10 A No, we did not.

11 Q So is it your position that a conclusory  
12 statement that a plan may generally reduce outage times  
13 and costs is adequate to meet the requirements of Rule  
14 25-6.030?

15 MR. WRIGHT: Objection, calls for a legal  
16 conclusion.

17 MS. MORSE: Well, he discusses the rule and  
18 its -- and the plan's compliance with the rule in  
19 his testimony.

20 CHAIRMAN FAY: Yeah, and he is the only  
21 witness you are proffering for direct here. I  
22 mean, I think it's a relevant question. If you  
23 don't feel comfortable as to a full legal  
24 conclusion on it, you can give your basis as to,  
25 you know, what your opinion is.

1 THE WITNESS: Sure. Do you mind asking the  
2 question again, please?

3 BY MS. MORSE:

4 Q So I asked you whether it's your position, or  
5 is it your position that a conclusory statement, like  
6 the one listed as to the transmission access enhancement  
7 program, that a plan might generally reduce outage times  
8 and costs is adequate to meet the requirements of the  
9 rule, the SPP rule?

10 A Yes. Yes, I do.

11 Q And, in fact, looking through the table of  
12 contents, which lists -- the table of contents in the  
13 2023 SPP, which lists all of FPL's SPP programs, and  
14 where, for each program in subsection (4), you listed a  
15 subsection titled Comparison of Costs and Benefits, you  
16 didn't provide estimates of resulting reductions in  
17 outage times or costs for 2023 to '32 in any of those  
18 individual proposed SPP programs, did you?

19 A Again, as I stated, you know, forward-looking  
20 forecasts based on estimated reductions was not provided  
21 as part of the SPP. However, we relied on a real life  
22 experience and analysis of storms that actually took  
23 place, the impacts that we actually saw, and validated  
24 what those impacts would have been, albeit if hardening  
25 was not done. Specifically for Irma, you know, it was a

1 50-percent increase in days, and similar for Matthew as  
2 well.

3 Q So it's also your position the Commission is  
4 prohibited from considering objective or quantitative  
5 criteria such as man-hour savings or reduction in outage  
6 days or dollars as they evaluate a company's  
7 representations of the benefits of its individual  
8 programs within an SPP, correct?

9 A Again, I apologize. I need you to ask that  
10 again.

11 Q Okay. Isn't it true that your position is the  
12 Commission is prohibited from considering any objective  
13 quantitative criteria like man-hour savings or dollar  
14 savings as they evaluate the benefits of individual  
15 programs listed within the SPP?

16 MR. WRIGHT: Chairman, I apologize, we are  
17 getting into the motion to strike area. If she's  
18 going to ask this, I think we need to do it under  
19 the proffered record.

20 MS. MORSE: I don't believe so. He has  
21 already mentioned the words qualitative and  
22 quantitative, and told him his preference, or what  
23 he believes complies with the rule on his direct  
24 testimony.

25 CHAIRMAN FAY: Yeah. I mean, I think for



1 purposes of proffering, the generalized nature of  
2 the questions aren't getting into what potentially  
3 would be proffered testimony. For purposes of  
4 preserving it, you are welcome to state that for  
5 the record and we will validate it. I just don't  
6 think that every time a question is asked about  
7 some components related to that we can claim that  
8 we are entering into that area.

9 So I appreciate your concern on it. We will  
10 place it in the record, but she's got to be able to  
11 at least touch on some of these components to get  
12 some answers.

13 Thank you.

14 Can you repeat the question for him?

15 MS. MORSE: Okay.

16 BY MS. MORSE:

17 **Q Again, Mr. Jarro, it's your position the**  
18 **Commission is prohibited from considering objective**  
19 **quantitative criteria, such as man-hour savings or**  
20 **reduction in outage days or dollars, as they evaluate a**  
21 **company's representations of benefits as to the**  
22 **individual programs within the SPP, correct?**

23 A I would say no. First and foremost, I don't  
24 think I would state anything would prohibit the  
25 Commission from doing anything.

1           Second of all, you know, in terms of the  
2           comment about quantitative benefits, or comments within  
3           the question, the rule requires a description, right,  
4           and the rule and statute requires a description which is  
5           what was provided in our SPP.

6           **Q     All right.  So consistent with your answer,**  
7           **then, your 2023 SPP did not, in fact, quantify any of**  
8           **the estimates of any benefits to result in 2023 through**  
9           **'32 from each of your proposed programs, correct?**

10          A     Again, it was not required by the rule or  
11          statute to quantify benefits.

12          **Q     All right.  Thank you, Mr. Jarro.  That's all**  
13          **I have on direct.**

14                 MS. MORSE:  Thank you, Mr. Chair.

15                 CHAIRMAN FAY:  Great.  Thank you.

16                 Next we will move to FIPUG.

17                 MR. MOYLE:  Thank you.

18                                 EXAMINATION

19                 BY MR. MOYLE:

20                 **Q     Jon Moyle with FIPUG.  Good to see you.**

21                         I am just going to kind of have a few  
22                 **questions for you.  I think some of it will be along the**  
23                 **lines that you were asked by counsel for OPC.**

24                         That last question about objective  
25                 **quantitative criteria, I think the question was:  Did**

1 you believe that the Commission was prohibited from  
2 considering objective quantitative criteria when  
3 evaluating the SPP? And you said you didn't think the  
4 Commission would be prohibited from much, right?

5 A Correct.

6 Q Okay.

7 A That is correct.

8 Q Slightly reframing that, do you think the  
9 Commission would be more informed with respect to the  
10 tasks before it to make decisions about these programs  
11 if it had available to it objective quantitative  
12 criteria?

13 A I think, honestly, there is no standard  
14 mechanism in order to take the benefits and quantify  
15 them, or make -- or monetize any benefits that are  
16 communicated in these plans. There is no standardized  
17 means or approved means to do so.

18 Again, our explanation is, you know, based on  
19 historical experiences, storms that we've lived, you  
20 know, that we have been able to do analysis, everything  
21 else on a forward-looking basis would be based on a lot  
22 of hypotheticals, you know, again, a lot of things that  
23 cannot be substantiated, but the past certainly can.  
24 And that's why we leveraged that for our analysis,  
25 again, to show that the investments that we have been

1 making since 2007 have been making an impact, and will  
2 continue to make an impact.

3 Q All right. So in the order -- did you read  
4 the prehearing order in this case?

5 A I did not. No, sir.

6 Q Well, there is a provision in there that says  
7 the practice here is that witnesses should answer the  
8 question yes or no, and if they have a need to explain,  
9 then explain. That question you have, I think, kind of  
10 explained without answering yes or no. So let me  
11 rephrase the question, and if you would answer it yes or  
12 no then I think we will have a good record.

13 So the question that I asked is: Do you  
14 believe the Commission would be in a better position to  
15 make decisions related to the storm protection plans  
16 before it if it had access to objective quantitative  
17 information related to particular programs?

18 A Yes. And I think we've given them that with  
19 the historical view of factual information.

20 Q The Commission -- you are aware that your  
21 company and the Commission works frequently with  
22 projections, are you not, with projected information?

23 A I would generally say.

24 Q I mean, like a need determination, that's  
25 based on projected growth, and a lot of whole -- a lot

1 of factors about what the future may hold, correct?

2 A I would say, yes, generally.

3 Q And the same question with, like, fuel, fuel  
4 pricing, that's based on projections as well?

5 A That's correct. Yeah.

6 Q And -- but you didn't -- you didn't make an  
7 effort to do any projections with respect to the storm  
8 protection plans in any way, shape or form?

9 A Well, again, the projections were based on  
10 historical views of what those impacts would be, and we  
11 described those benefits in our summaries, and as part  
12 of the SPP.

13 Q Okay. Cost benefit analysis, you have heard  
14 of that term, have you not?

15 A Yes, I have.

16 Q Okay. What does it mean to you?

17 A A cost benefit analysis is evaluating the cost  
18 of something and the corresponding benefits that come  
19 from it, and coming up with some semblance of a factor  
20 that justifies whether it makes sense to do so.

21 Q And you have a Master's in Business  
22 Administration from FIU, do you not?

23 A That's correct.

24 Q And during your courses and your training, did  
25 they -- did you have work to do with cost benefit

1 **analysis and making business decisions based on those?**

2 A I can't recall them, but I am sure I did.

3 Yes, sir.

4 Q Yeah. And aren't those, most of the time,  
5 populated with quantitative information, the cost  
6 benefit analysis, because there is a comparison, kind of  
7 a way, you know, if I do this, then here are what my  
8 benefits are, and if I do that, here are what my costs  
9 are?

10 A Generally, for a cost benefit analysis, I  
11 would say, yes, those are the elements.

12 Q You are familiar with the storm protection  
13 statute, 366.96, is that right?

14 A Yes, sir.

15 Q Did you read that before you put together your  
16 testimony?

17 A Yes, I did.

18 Q And same question with respect to Rule  
19 25-6.030, that's the storm protection plan?

20 A Is your question whether I read it? Yes, sir,  
21 I did.

22 Q And are you familiar with it?

23 A Yes, I am.

24 Q So if I asked you a couple of questions about  
25 it, you will be comfortable answering those?

1           A     Yes.

2           Q     And I am not asking you for a legal view.  As  
3     the Chair said, you know, you are responsible for  
4     implementing this, and so I just want your  
5     understanding --

6           A     Understood.

7           Q     -- on that.

8                     So this is on -- I will just give you the  
9     site.  25-6.030, and it's (3) paragraph (c) -- I am  
10    sorry, paragraph (d), as in dog, number four.  And I  
11    will just read it for the record, and so that you can  
12    make sure you got the right spot.

13                    It says:  Costs -- a comparison -- I am sorry.  
14    Start over.  A comparison of the costs identified in  
15    subparagraph (3)(d)3, the benefits identified in  
16    subparagraph (3)(d)1.  And did FPL do that comparison?

17           A     Yes, we did.

18           Q     Okay.  And point to me in your plan where it  
19    is, if you would.

20           A     Specifically in the storm protection plan  
21    appendix -- I am sorry, Exhibit MJ-1, which is the storm  
22    protection plan.  If you look at specifically section  
23    two, and then also section four for each of the  
24    respective programs in subset four of each of those  
25    sections.

1           **Q     And would you describe -- how would you**  
2           **describe those in terms of quantitative or qualitative?**

3           A     Well, there is a number with regards to the  
4           costs, and then there is a description of what the  
5           benefits could be expected. So I think it's -- to  
6           answer your question, I think it's both.

7           **Q     Okay. And with respect to the benefits to be**  
8           **expected, you didn't do any effort to put cost with**  
9           **those? You didn't make any effort to put cost with the**  
10          **benefits?**

11          A     Again, as I answered before, our effort was  
12          posed on evaluating a previous event and the effects  
13          that the investments have made, and would have made in  
14          the system for both Irma and Matthew.

15          **Q     But those previous events had costs, did they**  
16          **not?**

17          A     That's correct.

18          **Q     And you -- couldn't you have gone in and**  
19          **looked at the cost of those previous events and said,**  
20          **well, you know, we are supposed to do a cost benefit**  
21          **analysis according to some, let's pull some of these**  
22          **historical costs and make an effort to try to put some**  
23          **costs associated with some of these things? Did you**  
24          **talk about that or considering that?**

25          A     So just one thing that you said about a cost



1 benefit analysis. A cost benefit analysis was not  
2 required in the statute or the rule, a comparison of  
3 costs and benefits, but a cost benefit analysis as you  
4 described it earlier was not required.

5 **Q Right. And that's sometimes where statutory**  
6 **interpretation will come in. You interpret it in a way**  
7 **to say, well, we are going to give detail on the, you**  
8 **know, projected costs, but we are not going to give**  
9 **detail on the benefit, is that essentially right?**

10 A We provided qualitative detail on the  
11 benefits.

12 **Q Okay. And just so that we have a clear**  
13 **record, what's your understanding of qualitative?**

14 A Essentially a description of what could be  
15 expected. So for instance, in the example discussed  
16 earlier in terms of the investments, the distribution  
17 inspection program, you know, the -- lowering the amount  
18 of pole failures during a catastrophic event, cascading  
19 effects to the poles, et cetera, et cetera.

20 **Q And the same definition, just give me a**  
21 **definition, if you would, of quantitative, your**  
22 **definition of quantitative?**

23 A Quantitative would have more numbers  
24 associated to it.

25 **Q Somebody once said to me, they said, well,**

1 threat me give you a simple way of understanding  
2 qualitative versus quantitative, and they said a  
3 qualitative is the best --

4 CHAIRMAN FAY: Mr. Moyle -- Mr. Moyle, if you  
5 could ask questions of the witness. I appreciate  
6 the context.

7 MR. MOYLE: All right.

8 BY MR. MOYLE:

9 Q Do you -- in terms of your review of the  
10 statute, you understand that there is a public interest  
11 determination that the Commission is charged with  
12 making?

13 A Yes. That's correct.

14 Q Okay. Tell me your understanding of how that  
15 public interest determination is made.

16 A So it's my, you know, my understanding that  
17 the Legislature essentially found that storm hardening  
18 was in the public's interest and that has directed  
19 utilities to file the storm protection plans, and then  
20 for the Commission to evaluate the reasonableness of  
21 those plans based on the four factors that are  
22 highlighted here in this statute.

23 Q And do you believe that the public interest  
24 determination is bounded and restricted by those four  
25 factors, or can the Commission determine other things

1 outside those four factors when making a decision about  
2 the public interest?

3 A Again, my comment was that essentially the  
4 Legislature found that storm hardening is in the public  
5 interest, and that the Commission is charged with  
6 evaluating the reasonableness of the plans that were  
7 submitted by the utilities based on these four factors.

8 Q Okay. So let me try it a little more  
9 directly.

10 Do you believe that in the public interest  
11 includes a wide variety of factors that this commission  
12 can consider?

13 A Yes.

14 Q Again, not limited -- not limited to the  
15 statute and the storm protection criteria?

16 A Well, again, I know what they are required to  
17 consider based on the statute.

18 Q But they can consider things beyond the  
19 statute?

20 A It's certainly up to them, yes, sir.

21 Q Who ultimately made decisions about what was  
22 included in the storm protection plan? Was that your  
23 decision?

24 A Well, collectively a team evaluated it, but  
25 ultimately I was the one who filed the testimony. So,

1 yes, it was ultimately my decision.

2 Q And you have a lot of plans you continued on,  
3 and there as few new programs, correct, including a  
4 program to improve access to transmission lines that are  
5 in wet or otherwise difficult areas to gain access to?

6 A That is correct. Six of the nine programs  
7 have been in existence since 2007. One is an additional  
8 program of the distribution lateral hardening program,  
9 which takes it from pilot to a full program. And then  
10 the substation flood mitigation program is one that was  
11 in our 2020 SPP, a continuation of that.

12 Q And the improvements that are going to be  
13 made, are you going to put, like, new bridges in, make  
14 improvements to bridges, for example?

15 A There will be culverts that will be leveraged  
16 to improve the access in some of the locations, yes.

17 Q And what does it mean when you leverage a  
18 culvert? Does that mean putting --

19 A Installing -- installing a culvert so we can  
20 cross and gain access to an area that would normally be  
21 inaccessible due to flood conditions.

22 Q And then if there is, like, an old wooden  
23 bridge, would you -- would you improve that and put  
24 concrete in?

25 A I wouldn't trust a wooden bridge to have, you

1 know, our employees or equipment traverse that to get to  
2 transmission access so, you know, we would look for the  
3 better -- the better alternative into order for us to  
4 access that area.

5 **Q Okay. And most of these areas are on private**  
6 **property?**

7 A They are in mostly property that is owned by  
8 the -- by the utility.

9 **Q I was under the impression that a lot of -- a**  
10 **lot of your access was through easements, over easements**  
11 **and over private land, is that not your understanding?**

12 A A lot of this is in the actual right-of-way,  
13 the transmission right-of-way of where our facilities  
14 traverse, you know, 9,000 miles throughout the state.

15 **Q If I could just have a minute.**

16 **Another thing that the statute provides is to**  
17 **consider impacts, rate impacts on customers, is that**  
18 **right?**

19 A Yes. That's correct.

20 **Q Okay. And with respect to the plan that has**  
21 **been filed, am I correct that the overall proposed**  
22 **expenditures that are in your plan as filed is**  
23 **14,854,000,000?**

24 A Subject to check, over the 10-year period, I  
25 believe that's correct. Yes, sir.

1 Q So if we were rounding it up, it would be fair  
2 to say 15 billion?

3 A 14,716,000, so that's fair.

4 Q And then for the -- for the first year, can  
5 you characterize the rate impacts that will be expected  
6 upon residential customers and commercial customers and  
7 industrial customers?

8 A That specific detail on the rate impacts for  
9 the customers I do not -- I am not prepared to answer  
10 that.

11 Q Who would be the best person to answer that or  
12 know that information?

13 A I would venture to say Witness Fuentes.

14 Q Is it in the record, do you know?

15 A It should be. Yes, sir.

16 MR. MOYLE: That's all I have. Thank you.

17 CHAIRMAN FAY: Thank you.

18 Next, SACE.

19 MR. CAVROS: Thank you, Chairman.

20 EXAMINATION

21 BY MR. CAVROS:

22 Q Good afternoon, Mr. Jarro. How are you?

23 A Good afternoon, sir.

24 Q I just had a couple of quick questions. Many  
25 of my points have already been addressed. I just want

1 to direct you to page four of your testimony, line five.  
2 And there you state -- I will go ahead and read it to  
3 you: The purpose of my testimony is to sponsor and  
4 provide an overview of FPL's proposed 2023-2032 Storm  
5 Protection Plan, which is attached to my direct exhibit  
6 as Exhibit MJ-1, and demonstrate that FPL's 2023 SPP is  
7 in compliance with Section 366, Florida Statute and Rule  
8 25-6.030, Florida Administrative Code. Do you see that?

9 A Yes, I did do.

10 Q And you would agree what you're doing there is  
11 taking the law essentially, applying it to FPL's  
12 proposed storm protection plan in concluding that it  
13 meets the requirements of the statute and the rule,  
14 correct?

15 A Yes. That's correct.

16 Q Mr. Jarro, are you familiar with definition of  
17 a legal conclusion?

18 A Generally, yes, sir.

19 Q And you don't have a license to practice law  
20 in Florida, do you, Mr. Jarro?

21 A No, sir. I am not an attorney.

22 Q Okay. And you don't have a law degree?

23 A No, sir.

24 Q Okay. Did your attorney assist you in framing  
25 that part of your testimony?

1           A     The attorneys and a team of individuals helped  
2 support drafting this response, or this testimony.

3           Q     **Ms. Morse touched on a lot of these points,**  
4 **but could you turn to your exhibit, page 34 of 63?**

5           A     Top or bottom for 34, sir?

6           Q     **I am sorry. The bottom of 34. I just wanted**  
7 **to address the cost estimates there of the distribution**  
8 **lateral hardening program.**

9                   **Is it correct that the 10-year projection**  
10 **there is approximately \$9.3 billion?**

11          A     That references the average cost over the  
12 10-year period.

13          Q     **Okay. And based on that cost, what is the**  
14 **corresponding estimate of the resulting reduction in**  
15 **restoration costs?**

16          A     Could you ask the question again? I am sorry.

17          Q     **Sure. Based on that cost, what is the**  
18 **corresponding estimate of the resulting reduction in**  
19 **restoration costs?**

20          A     Well, again, for the estimates, we provided  
21 kind of a back -- backward look based on experiences on  
22 storms again. So specific to lateral undergrounding,  
23 when you take Hurricane Irma, for instance, our lateral  
24 system performed 85 percent better than our overhead  
25 system. So, again, the expected benefits is, as you



1 take your laterals and you harden them, and in some  
2 respects you underground them, you should see an  
3 improved and increased resiliency of that grid, and  
4 that's what we reference here in the comment, improved  
5 resiliency.

6 **Q Let me ask you a question related to the**  
7 **scope -- the size of the program.**

8 **What if the company decided to proffer a**  
9 **program that had half the cost, you know, roughly**  
10 **one-and-a-half billion, what would be the estimate of**  
11 **the resulting reduction in restoration costs if that**  
12 **were to happen?**

13 **A I am sorry, are you asking me to calculate the**  
14 **estimated reduction?**

15 **Q Correct, if the program were half the size.**

16 **A I can't calculate that here.**

17 **Q How about if the program were \$18 billion,**  
18 **what would the -- what would the added benefit be to**  
19 **customers in terms of reduced restoration costs?**

20 **A Well, again, if I understand directionally**  
21 **what you are asking me is if it was increased, you know,**  
22 **the benefits that customers would see -- I mean, keep in**  
23 **behind, with this program, there is 67,000 overhead**  
24 **distribution laterals that we are talking about covering**  
25 **over 27,000 miles of lines. So there is a lot of work**

1 to do.

2 So relative to increasing the amount that we  
3 are spending here, you know, that would certainly bring  
4 the direct and indirect benefits to customers that their  
5 lateral was undergrounded. And for all customers,  
6 again, those indirect benefits would be during a storm  
7 event, if we are impacted by one, the more laterals that  
8 you have underground the less restoration time you would  
9 have to spend on that, and the less cost you would have  
10 to incur to restore those laterals. Again, on the basis  
11 of Hurricane Irma, underground performed 85 better than  
12 our overhead lateral system.

13 **Q Mr. Jarro, what I am trying to understand is**  
14 **will the benefits double if the program costs double?**

15 A Again, I think we would just receive the  
16 benefits sooner. The benefits are proven, right? You  
17 know, laterals day-to-day perform -- underground  
18 laterals perform over 50 percent better, and most  
19 recently, over the last three years, over 80 percent  
20 better. So again, those benefits would just be realized  
21 sooner if we were to execute more.

22 But again, I think what's also important is  
23 what's part of our plan is a reasonable plan. One that  
24 we can execute with the resources that are available to  
25 us, the material that's available to us, you know, so,

1 again, we feel we can execute and reach this execution  
2 rate. But beyond that, you know, it's something that we  
3 would certainly be challenged being able to execute  
4 moving forward.

5 **Q** **Sitting here today, Mr. Jarro, you can't tell**  
6 **me what the exact benefits would be for every billion**  
7 **dollars of reduced cost or every billion dollars of**  
8 **increased cost of the program what those -- what those**  
9 **benefits would be to customers?**

10 **A** Well, again, what I could tell you is from  
11 real life experience, fighting and responding to these  
12 hurricanes and these storms, specifically Hurricane Irma  
13 is a good example, which was a 10-day restoration event,  
14 when you look at the restoration event specific to in  
15 parts. The first phase, obviously, was dedicated to our  
16 substation transmission grid, then our feeder grid. And  
17 the last to six to seven days was invested in responding  
18 to the overhead lateral population.

19 So again, undergrounding that population,  
20 again, the lateral population, performed 85 -- the  
21 Underground population, performed 85 percent better.  
22 You would then reduce those six to seven days and the  
23 costs associated to responding to an event of that  
24 magnitude.

25 **Q** **Mr. Jarro, what would an extra billion dollars**

1 in program costs, what kind of benefit would that -- and  
2 not just benefit, what restoration cost savings would  
3 that provide on customer bills?

4 A Increasing to what we have already submitted  
5 or proposed, increasing it by \$1 billion?

6 Q Yes. If you were to add -- if you were going  
7 to add \$1 billion to this program, what would be the  
8 resulting reduction in restoration costs to customers?

9 A Well, again, I can't speculate. We would have  
10 to evaluate where we would apply -- which programs we  
11 would apply that billion dollars to be able to tell you  
12 what the impacts would be.

13 CHAIRMAN FAY: Mr. Cavros, he has answered the  
14 question a number of different ways.

15 MR. CAVROS: I think he has.

16 BY MR. CAVROS:

17 Q Just one last question, Mr. Jarro. I am just  
18 going to paraphrase here, but you said that the company  
19 found it difficult to do a, sort of a quantitative  
20 assessment for future events, is that right? Did I --  
21 did I paraphrase that right in relation to quantitative  
22 costs?

23 A If I used the word difficult, had difficulty,  
24 then I misspoke. We felt it was not the best use of,  
25 you know, our time and analysis capability because,

1 again, that forward-looking view is based on a lot of  
2 hypotheticals, a lot of variables of unknowns.

3 Q If -- with that in mind, if the company found  
4 it diff -- again, I am going to use the word difficult,  
5 but why didn't it file for a rule waiver if it couldn't  
6 meet the requirements of the rule?

7 MR. WRIGHT: Objection, Chairman.

8 CHAIRMAN FAY: Yeah, this goes beyond the  
9 scope.

10 MR. CAVROS: That's all I have. Thank you.

11 CHAIRMAN FAY: Thank you.

12 Next, Walmart.

13 EXAMINATION

14 BY MS. EATON:

15 Q I just have a couple of questions based on  
16 what's been asked of you so far.

17 You were just talking about flood events and  
18 how underground laterals are expected to perform, I  
19 think you said 85 percent better, in a hurricane event.  
20 What about in a flood event? Can you explain how the  
21 underground laterals would be expected to be performing  
22 in a flood event?

23 A So, you know, our pad-mounted equipment, for  
24 the most part, is submersible. So depending on the  
25 flood waters, how long they were impacting our equipment

1 and our facilities, that's something we would be -- we  
2 would have to evaluate as a part of our restoration.

3 You know, we did have some of those conditions  
4 during Hurricane Irma, but all together, collectively,  
5 the underground system performed 85 percent better.

6 The other thing I think that's important to  
7 highlight is, as a part the 2020 SPP settlement, we have  
8 injected overhead protocols to evaluate not only just  
9 arbitrarily undergrounding a distribution lateral,  
10 because we are going to underground them, but to  
11 evaluate, you know, some of the conditions that that  
12 lateral faces, and does it make sense, instead of  
13 undergrounding, because it's prone to flood conditions,  
14 et cetera, et cetera, instead overhead harden that  
15 lateral.

16 **Q But did you -- did you separate the**  
17 **performance for the flood event versus the hurricane**  
18 **event? Was that analysis done?**

19 A That -- that's the collective analysis of the  
20 underground system performed 85 percent better during  
21 Hurricane Irma. So it includes outages that occurred  
22 due to flood conditions.

23 **Q But parsing it down into this area flooded**  
24 **versus this area had wind damage, did you guys do that**  
25 **analysis?**

1           A     We conduct a forensics analysis for every  
2 storm. So I don't have the specifics and the specific  
3 areas, but again, at a high level, the underground  
4 system performed at the rate that I provided, 85 percent  
5 better.

6           **Q     Were any of the specific pieces of information**  
7 **included within the storm protection plan? Could you**  
8 **point us to where we could find that information?**

9           A     In terms of flooded areas during Hurricane  
10 Irma?

11          **Q     Yeah, and, you know, the separation between**  
12 **the wind damaged areas and the flooded areas?**

13          A     I don't believe there is anything in this  
14 doc -- in the documents that we provided that would  
15 answer that, or provide that information.

16          **Q     Okay. The other question I had is, obviously,**  
17 **in developing the storm protection plan that was**  
18 **ultimately filed in this case, in developing the plan**  
19 **itself, though, what you were actually going to present**  
20 **to the Commission, were there any proposed projects or**  
21 **programs that FPL considered but that you rejected to**  
22 **not put in the plan itself that was filed?**

23                   MR. WRIGHT: Objection, Chairman. Those are  
24 not relevant to what we are asking for approval  
25 here.

1 MS. EATON: I have a point as to -- I mean, I  
2 could ask my question next question and maybe that  
3 will help --

4 CHAIRMAN FAY: Okay. Go ahead.

5 MS. EATON: -- help inform it.

6 BY MS. EATON:

7 Q Were there any projects or programs being  
8 considered that were rejected because the quantitative  
9 cost outweighed quantitative benefits of the plan?

10 A No, I don't believe there were any.

11 MS. EATON: Okay. Thank you.

12 CHAIRMAN FAY: Great. Next we have staff.

13 MR. IMIG: Thank you, Chairman.

14 Good afternoon, Mr. Jarro -- hang on one  
15 second. I am going to pass out some --

16 CHAIRMAN FAY: Sure.

17 MR. IMIG: -- exhibits.

18 CHAIRMAN FAY: Mr. Imig, do you have a lot of  
19 material to pass out?

20 MR. IMIG: What was the question? I am sorry.

21 CHAIRMAN FAY: Do you have a lot of material  
22 to pass out?

23 MR. IMIG: No.

24 CHAIRMAN FAY: I was going to say, let's go  
25 ahead and do our break, we will let you pass out



1 the information out. We are close to -- we are  
2 getting close to about two hours.

3 MR. IMIG: Okay.

4 CHAIRMAN FAY: So we will take a 10-minute  
5 break, and then we will be back at, let's say 2:10.  
6 Thank you.

7 (Brief recess.)

8 CHAIRMAN FAY: Mr. Imig, we have the exhibits  
9 that you have handed out. Make sure everybody --  
10 do all the parties have a copy of what Mr. Imig  
11 handed out? I think it should be five, is that  
12 correct?

13 MR. IMIG: That's correct.

14 CHAIRMAN FAY: Everybody, the parties good?  
15 Make sure you have them. Yes? Okay. Great.

16 All right. Mr. Imig, you are recognized.

17 EXAMINATION

18 BY MR. IMIG:

19 Q Good afternoon, Mr. Jarro. I am Jacob Imig on  
20 behalf of Commission staff.

21 A Good afternoon.

22 MR. IMIG: Chairman, we would like these three  
23 exhibits marked for the record.

24 CHAIRMAN FAY: Okay. So it would be the 99,  
25 100 and 101. And I think for purposes of what

1           everybody has is it 1, 2 and 3, are those numbered  
2           also?

3           MR. IMIG: That's correct.

4           CHAIRMAN FAY: Okay. So 1, 2 and 3 will  
5           essentially be labeled 99, 100 and 101 for the  
6           record.

7           (Whereupon, Exhibit Nos. 99-101 were marked  
8           for identification.)

9           CHAIRMAN FAY: Mr. Jarro, you have those,  
10          correct?

11          THE WITNESS: Yes, sir.

12          BY MR. IMIG:

13           Q     Mr. Jarro, for convenience, staff provided  
14           copies of your revised Exhibit MJ-1, Attachment C and  
15           FPL's responses to staff's third set of interrogatories  
16           No. 16. These are already in the record and do not need  
17           to be marked. Do you have these documents?

18           A     Yes, I do.

19           Q     Thank you.

20                   Please review Staff's Exhibit 1., which is now  
21           Exhibit 99.

22           A     I have it in front of me, yes, sir.

23           Q     Thank you.

24                   Would you agree that this exhibit is a graph  
25           illustrating the yearly program costs for all of FPL's

1 SPP programs listed on your revised Exhibit MJ-1,  
2 Attachment C, subject to check?

3 A Subject to check, it looks like it represents  
4 that information. Yes, sir.

5 Q Thank you.

6 Would you agree that all of FPL's SPP  
7 programs, except for the feeder hardening and lateral  
8 hardening programs, have consistent costs over the  
9 10-year period?

10 A Yes. That's correct, based on the graphical  
11 representation of the information.

12 Q Would you please explain why FPL's feeder  
13 hardening and lateral hardening programs do not have  
14 consistent costs over the 10-year period?

15 A So specifically for distribution feeder  
16 hardening, you can see that that is a dropoff of  
17 historical spend, partially because in the legacy FPL  
18 service territory we will be completed with feeder  
19 hardening by 2025, and then we continue the feeder  
20 hardening in the northwest region, former Gulf service  
21 territory. So, again, the spend that we, and the amount  
22 of feeders that we had to harden get reduced over the  
23 next couple of years until completion of the northwest  
24 region as well.

25 And then specifically for the lateral

1 hardening program, again, as mentioned in my opening  
2 statement, that is a ramp up associated to taking the  
3 program out of pilot to a full program. It's also  
4 incorporating the northwest region, former Gulf Power,  
5 into that. As I mentioned, there is over 69,000  
6 laterals, so still a lot of laterals yet to underground.

7           And then beyond that, customer sentiment has  
8 been very strong with regard to this program. A lot of  
9 customers are interested in when their lateral is going  
10 to be undergrounded. I have been approached by many  
11 municipalities, et cetera, and we explain to them that  
12 we are following a priority -- a priority to execute  
13 that program.

14           And then lastly is the introduction of a  
15 management region approach, which starts in 2025, again,  
16 with the intent of to essentially apply the program  
17 above and beyond the distribution lateral undergrounding  
18 -- or hardening program, do it at a management level to  
19 really address those areas that are prone to higher  
20 probability of hurricane impacts. There are a lot  
21 higher density of customers in those locations. And  
22 then also, those are the locations that it takes a lot  
23 of time and also restoration dollars and costs in order  
24 to mobilize resources, particularly down south in the  
25 southern portion of the Peninsula.

1           So again, that management region program is  
2 above and beyond what the program -- the lateral  
3 priority program that we presented before is.

4           **Q**     Now please refer to Staff's Exhibit 2, now  
5 **Exhibit 100.**

6           **This graph compares the costs for FPL's**  
7 **proposed distribution feeder hardening program, which**  
8 **calls for hardening the bulk of FPL's feeders in the**  
9 **next three years, which is 2023 through 2025, in the**  
10 **scenario in which FPL would harden the same number of**  
11 **feeders, about 125 each year over the 10-year period.**

12           **Would you agree that based on the data FPL**  
13 **provided, the graph shows customers would save \$132.3**  
14 **million in program costs if FPL hardened its feeders**  
15 **over the 10-year period rather than at an accelerated**  
16 **pace in years 2023 through 2025?**

17           **A**     Based on what the table says on this document  
18 I was provided, that's correct.

19           **Q**     **Thank you.**

20           **Now I will be asking some questions about**  
21 **FPL's lateral hardening program.**

22           **Would you agree that for the lateral hardening**  
23 **program, the number of laterals FPL is proposing to**  
24 **complete increases each year until the year 2027?**

25           **A**     That is correct.

1 Q Please look at Exhibit 101. Would you agree  
2 that this is a graph using FPL's program costs for the  
3 lateral hardening program from your revised Exhibit  
4 MJ-1, Attachment C, in FPL's response to staff's third  
5 set of interrogatories, No. 16, Attachment 2?

6 A Yes. That's correct.

7 Q In your revised Exhibit MJ-1, Attachment C,  
8 FPL is proposing to complete between 600 to 800 laterals  
9 in 2023, and 1,000 to 15,000 laterals in 2032, is that  
10 correct?

11 A It's 1,000 to 1,500.

12 Q Oh, okay. Thank you.

13 Would you agree that based on the data FPL  
14 provided in response to Interrogatory 16, the graph  
15 shows if FPL hardened 530 laterals per year, which is an  
16 average over the 10-year plan, rather than its currently  
17 proposed plan, customers would save 486,000 point 5  
18 million dollars in program costs?

19 A Am I supposed to be looking at Exhibit 3?

20 Q Yes. That's correct.

21 A Okay. Again, based on the information on this  
22 table, that's correct. But again, keep in mind that  
23 would delay when the benefits, indirect and direct  
24 benefits that customers, all of the FPL customers would  
25 see with this program.

1           **Q     Thank you.**

2           MR. IMIG: Staff has no more questions.

3           CHAIRMAN FAY: I am sorry, you are done?

4           MR. IMIG: No more questions.

5           CHAIRMAN FAY: Okay. All right. We will next  
6           move to Commissioners.

7           Commissioner Clark, you are recognized.

8           COMMISSIONER CLARK: Just a couple of  
9           questions.

10           I want to follow up on Ms. Eaton's line of  
11           questions regarding the laterals, specifically the  
12           undergrounding, and your comments regarding you  
13           had, I guess an 85-percent less failure rate on  
14           laterals that were underground as opposed to the  
15           overheads. And I can certainly appreciate that.  
16           From a system average, that's real good. But  
17           Hurricane Irma, would you classify that as more of  
18           a wind or more of a storm -- or more of a flooding  
19           type of hurricane, Mr. Jarro?

20           THE WITNESS: Based on the experiences seen --  
21           that we saw in particularly Dade County and the  
22           west region of our service territory, I think it  
23           was a little bit of both, to be honest with you,  
24           just because the length of the storm was, you know,  
25           around the Peninsula, so it was both a rain event,

1 and then obviously a wind event.

2 COMMISSIONER CLARK: It was probably a fair  
3 mix and a good assessment to be able to base your  
4 conclusions off of. That was a storm that had --  
5 suppose the storm had been more of a flood based  
6 storm, would you think you would have seen maybe  
7 some different results, especially if it had been  
8 more of a coastal impact type storm, would you have  
9 seen a difference in your lateral failures?

10 THE WITNESS: I would venture to say possibly.  
11 You know, specifically even in the most recent  
12 event, PTC 1, Tropical Storm Alex was considered a  
13 rain event, and we had similar performance with our  
14 lateral system. It held up extremely well in that  
15 event as well.

16 COMMISSIONER CLARK: You also mentioned that,  
17 of course, your pad-mounted products were mostly  
18 water resistant. Does that include saltwater  
19 instruction or is that strictly for simply rain,  
20 fresh water?

21 THE WITNESS: It's submersible, so it would  
22 require a rinse-off to make sure that all the  
23 equipment would work and continue to work as  
24 designed.

25 COMMISSIONER CLARK: In general, the product



1 is salvageable even with saltwater intrusion?

2 THE WITNESS: Yes, sir.

3 COMMISSIONER CLARK: Thank you, Mr. Chair.

4 CHAIRMAN FAY: Sure.

5 Seeing no other questions, FPL, redirect?

6 MR. WRIGHT: Thank you, Chairman. Just a few  
7 follow-up questions.

8 FURTHER EXAMINATION

9 BY MR. WRIGHT:

10 Q Mr. Jarro, I am going to have you -- do you  
11 have a copy of the storm protection plan statute with  
12 you?

13 A Yes, I do.

14 Q If you could turn to that, I would appreciate  
15 it.

16 Mr. Moyle, from FIPUG, asked you a couple of  
17 questions about subpart (4) of that rule. Do you see  
18 that part?

19 A Yes, I do.

20 Q And I believe your response was it identifies  
21 48 factors the Commission must consider. Are there any  
22 other factors listed there?

23 A No, just A through D, the four factors.

24 Q And do you see anything else in the storm  
25 protection plan, or statute, that identifies anything

1 else the Commission should consider?

2 A No, I do not.

3 Q And I believe you were asked this question by  
4 SACE, but you are not an attorney, correct?

5 A That's correct.

6 Q So when you were giving your opinion and  
7 response to Mr. Moyle, you were not providing a legal  
8 opinion, correct?

9 A That is correct.

10 Q Do you have a copy of the storm protection  
11 plan rule?

12 A Yes, I do.

13 Q I am going to have you turn to Section  
14 (3)(d)(1). Are you there?

15 A Yes, sir.

16 Q Ms. Morse asked you whether this section  
17 required storm protection plans must include an estimate  
18 of the resulting reduction in outage times and  
19 restoration costs due to extreme weather conditions, do  
20 you recall that question?

21 A Yes, I do.

22 Q As you look at Section (3)(d)(1), is that all  
23 that section says?

24 A No. It also comments on requirement  
25 description of how each proposed storm protection

1 program is designed to enhance the utility's  
2 electrical -- or existing transmission and distribution  
3 facilities.

4 Q Okay. And you were also asked a number of  
5 questions from various parties about quantifying  
6 benefits. Can you explain to the Commission, is storm  
7 hardening -- the benefits of storm hardening all  
8 quantifiable benefits, or are there also quantitative  
9 benefits?

10 A There are certainly qualitative benefits for  
11 storm hardening, you know, in terms of reduction of  
12 those restoration costs, restoration times, all of that  
13 are qualitative results and impacts that can be drawn by  
14 the investments that have been made in storm resiliency.

15 Q And you were asked questions by various  
16 intervenors regarding FPL, and whether it projected the  
17 estimated quantified benefits, and I believe your answer  
18 was no. Can you explain succinctly to the Commission  
19 why you believe it's not appropriate to project benefits  
20 from the storm protection plan programs?

21 A So, you know, as I mentioned in several of my  
22 responses, the projections is it will be based on  
23 information that, you know, is not factual. A lot of  
24 hypothetical information. A lot of variables to be  
25 considered. And again, that's why we relied

1 specifically on, you know, historical events and actual  
2 impacts that were seen, and benefits that can be drawn  
3 from, again, the investments that have been made.

4 Looking at it from a forward perspective, as I  
5 mentioned, it's -- there is too many variables to kind  
6 of quantify that. Also, as I mentioned, there is no  
7 standard mechanism or approved mechanism to do so. So  
8 again, that's why we thought it would be best to justify  
9 the benefits based on the historical analysis as we did.

10 **Q Okay. And can you explain why you do not**  
11 **believe it's appropriate to quantify qualitative**  
12 **benefits?**

13 A I am not sure I understand your question,  
14 Chris.

15 **Q Okay. I will move on.**

16 You were asked by OPC about the section in  
17 your SPP plan that describes the comparison of costs and  
18 benefits. You were asked about a couple of the  
19 programs. I am going to just look to one that OPC  
20 relied upon. It's on page 13 of the SPP. That's  
21 revised Exhibit MJ-1, page 18 of 63.

22 A I am there.

23 **Q Okay. And when you were asked about the**  
24 **benefits identified there, counsel for OPC said --**  
25 **stated that the benefits identified include, quote, a**

1 more storm resilient pole population that will result in  
2 reductions in pole failures and poles needing to be  
3 replaced during storms due to storm related outages and  
4 reduction in storm related costs. Do you recall that  
5 question?

6 A Yes, I do.

7 Q Is that all the benefits that you have  
8 identified in that sentence?

9 A In that sentence, yes.

10 Q There is a sentence start with benefits  
11 associated, do you see that?

12 A Yes.

13 Q All right. And it identifies other sections  
14 or parts of your SPP, correct?

15 A Yes. That's correct. It provides Section  
16 II(A).

17 Q And Section IV(A)(1)(B), correct?

18 A That is correct.

19 Q And am I correct there are further  
20 descriptions of the benefits of the programs in those  
21 other sections?

22 A That is correct, and specific to the analysis  
23 that I referenced several times in my responses  
24 regarding Hurricane Irma and Hurricane Matthew.

25 MR. WRIGHT: No further questions. Thank you.

1 CHAIRMAN FAY: Thank you.

2 We will go ahead and put Exhibit 2 into the  
3 record.

4 MR. WRIGHT: Thank you.

5 CHAIRMAN FAY: Without objection, show that  
6 moved into the record.

7 (Whereupon, Exhibit No. 2 was received into  
8 evidence.)

9 CHAIRMAN FAY: And then we will release you  
10 for now, but you will be back for rebuttal.

11 THE WITNESS: Thank you, sir.

12 MR. TRIERWEILER: Chairman --

13 CHAIRMAN FAY: Yes.

14 MR. TRIERWEILER: -- we would also like to  
15 move in Exhibits 99 through 101, staff's exhibits.

16 CHAIRMAN FAY: Okay. Thank you. Show 99, 100  
17 and 101 without objection moved into the record.

18 (Whereupon, Exhibit Nos. 99-101 were received  
19 into evidence.)

20 CHAIRMAN FAY: All right. Next we will move  
21 to Duke's witnesses.

22 Mr. Bernier, you are recognized.

23 MR. BERNIER: Thank you, Mr. Chairman.

24 DEF calls Mr. Brian Lloyd to the stand.

25 Whereupon,

1

BRIAN LLOYD

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

5 CHAIRMAN FAY: Okay, you are recognized.

6 MR. BERNIER: Thank you, Mr. Chairman.

7

EXAMINATION

8 BY MR. BERNIER:

9 Q Good afternoon.

10 Will you please introduce yourself to the  
11 Commission, and provide your business address?

12 A Yes, sir.

13 Good afternoon, Commissioners. My name is  
14 Brian Lloyd. And my business address is 3250 Bonnet  
15 Creek Road, Lake Buena Vista, Florida.

16 Q Thank you.

17 And you have already been sworn in, is that  
18 correct?

19 A Yes, sir.

20 Q Who do you work for, and what is your  
21 position?

22 A I work for Duke Energy Florida. My position  
23 is the General Manager of Regional Major Projects for  
24 Florida.

25 Q Thank you.

1                   And have you caused to be filed prefiled  
2   direct testimony and exhibits in this proceeding?

3           A     Yes, sir. I have.

4           Q     And do you have a copy of your prefiled direct  
5   testimony and your exhibits with you today?

6           A     Yes, sir. I do.

7           Q     And do you have any changes to make to either  
8   your prefiled testimony or exhibits?

9           A     No, sir. I do not.

10          Q     All right. And if I were to ask you the same  
11   questions as asked in your prefiled testimony today,  
12   would your answers be to the same?

13          A     Yes, sir.

14          Q     All right. Thank you.

15                   MR. BERNIER: Commissioner, we will waive  
16   witness summary and I will tender the witness for  
17   cross.

18                   CHAIRMAN FAY: Okay. Great. Thank you.

19                   (Whereupon, prefiled direct testimony of Brian  
20   Lloyd was inserted.)

21

22

23

24

25



**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**  
**REVIEW OF STORM PROTECTION PLAN, PURSUANT TO RULE 25-6.030, F.A.C.,**  
**DUKE ENERGY FLORIDA, LLC.**

**DOCKET NO. 20220050-EI**

**DIRECT TESTIMONY OF BRIAN M. LLOYD**  
**ON BEHALF OF DUKE ENERGY FLORIDA, LLC**

**APRIL 11, 2022**

1       **I. INTRODUCTION AND QUALIFICATIONS.**

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

3       A.           My name is Brian M. Lloyd. My current business address is 3250 Bonnet Creek  
4                   Road, Lake Buena Vista, FL 32830.

5

6       **Q.           By whom are you employed and in what capacity?**

7       A.           I am employed by Duke Energy Florida, LLC (“DEF” or the “Company”) as  
8                   General Manager, Florida Major Projects.

9

10      **Q.           What are your responsibilities as General Manager, Florida Major Projects?**

11      A.           My duties and responsibilities include planning for grid upgrades, system planning,  
12                   and overall Distribution asset management strategy across DEF and the Project  
13                   Management for executing the work identified.

14

1       **Q.       Please summarize your educational background and work experience.**

2       A.       I have a Bachelor of Science degree in Mechanical Engineering from Clemson  
3               University and am a registered Professional Engineer in the state of Florida.  
4               Throughout my 15 years at DEF, I have held various positions within distribution  
5               ranging from Engineer to General Manager focusing on Asset Management, Asset  
6               Planning, Distribution Design and Project Management. My current position as  
7               General Manager of Region Major Projects began in January 2020.

8

9       **II. PURPOSE AND SUMMARY OF TESTIMONY.**

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

11      A.       The purpose of my direct testimony is to provide and support the Company's Storm  
12               Protection Plan 2023-2032 ("SPP 2023"). The SPP 2023 is consistent with and  
13               complies with all the requirements of both Section 366.96, Florida Statutes ("SPP  
14               statute"), and Rule 25-6.030, F.A.C. ("SPP rule"). Both the SPP statute and rule  
15               require DEF to prepare and file a Storm Protection Plan at least every three years,  
16               but as agreed to in the settlement agreement reached in 2020,<sup>1</sup> DEF is filing its  
17               second SPP one year early. My testimony will show that DEF's SPP 2023 utilizes  
18               the same analysis methodology and includes the same Programs as previously  
19               approved in DEF's Storm Protection Plan 2020-2029 ("SPP 2020"). The results of  
20               this analysis are presented in DEF's SPP 2023 which is attached to my testimony.

21

22      **Q.       Do you have any exhibits to your testimony?**

---

<sup>1</sup> Docket No. 20200069-EI.

1 A. Yes, I am sponsoring the following exhibits to my testimony:

- 2 • Exhibit No. \_\_ (BML-1), DEF SPP Program Descriptions;
- 3 • Exhibit No. \_\_ (BML-2), DEF SPP Support; and
- 4 • Exhibit No. \_\_ (BML-3), DEF Service Area

5 These exhibits were prepared by the Company under my direction, and they are  
6 true and correct to the best of my information and belief. Mrs. Amy M. Howe is co-  
7 sponsoring Transmission Programs portion of Exhibit No. \_\_ (BML-1) and  
8 Transmission Programs portion of Exhibit No. \_\_ (BML-2). Mr. Christopher A.  
9 Menendez is co-sponsoring the Revenue Requirements and Rate Impacts  
10 component of Exhibit No. \_\_ (BML-1).

11

12 **Q. Please summarize your testimony.**

13 A. My testimony presents DEF's Storm Protection Plan for the planning period of  
14 2023 through 2032 and shows that DEF's SPP 2023 meets the requirements of both  
15 the SPP statute and rule. The SPP 2023 is designed to cost-effectively "strengthen  
16 [the Company's] infrastructure to withstand extreme weather conditions by  
17 promoting overhead hardening of electrical transmission and distribution facilities,  
18 the undergrounding of certain electrical distribution lines, and vegetation  
19 management." §366.96(1)(c), Fla. Stat. DEF's SPP 2023 is built upon the  
20 previously approved DEF SPP 2020, taking into consideration updated reliability,  
21 asset, storm and cost data.

22

23

1 **III. OVERVIEW OF SPP 2023**

2 **Q. How did DEF approach the development of the SPP?**

3 **A.** SPP 2023 was developed in a similar manner as the previously approved SPP 2020  
4 by building a cross functional team of Company experts from various business  
5 functions, many that were directly involved in SPP 2020, and by utilizing the  
6 professional services of Guidehouse to provide modeling and analysis support.  
7 Much like the DEF team, many of the Guidehouse experts were key participants in  
8 the formation of SPP 2020. The Guidehouse experts' deep level of industry  
9 experience in the Distribution and Transmission systems, climate resilience, risk  
10 mitigation, benefits-cost analysis, and predictive analytical techniques provide the  
11 expert support necessary to build a comprehensive Storm Protection Plan that meets  
12 the requirements of the SPP statute and rule. Guidehouse's previous experience  
13 with SPP 2020 made for an efficient start-up process and provided continuity  
14 between the two iterations of the Plan.

15  
16 **Q. Please describe how the SPP is organized.**

17 **A.** DEF's SPP 2023 is attached as three Exhibits. As required by Rule 25-6.030,  
18 Exhibit No. \_(BML-1) includes a summary of each Program included in SPP 2023;  
19 estimated spend and units for the first three years of implementation (2023 to 2025);  
20 detailed information for the first-year projects (2023); vegetation management  
21 information; and the estimated benefits. Exhibit No. \_(BML-2) is a write-up of the  
22 prioritization methodology and estimated Program benefits. A map of DEF's  
23 service area with associated customer count is provided in Exhibit No. \_(BML-3).

1  
2 **Q. Has DEF determined that there are any areas of its service territory that**  
3 **Storm Protection Plan projects would not be feasible, reasonable or practical?**

4 A. No, DEF has not determined there any areas of its service territory in which it would  
5 not be feasible, reasonable or practical to execute SPP projects.  
6

#### 7 **IV. OVERVIEW OF PROGRAMS EVALUATED IN THE SPP**

8 **Q. Are the Programs in SPP 2023 the same as SPP 2020?**

9 A. Yes, the DEF and Guidehouse teams selected the same portfolio of Programs for  
10 SPP 2023 as the previously approved SPP 2020. These ten Programs are tried, true  
11 and built from DEF's and Guidehouse's experience. The ten Programs are:  
12 Distribution Feeder Hardening; Distribution Lateral Hardening; Distribution Self-  
13 Optimizing Grid; Distribution Underground Flood Mitigation; Transmission  
14 Structure Hardening; Transmission Substation Flood Mitigation; Transmission  
15 Loop Radially Fed Substations; Transmission Substation Hardening; Distribution  
16 Vegetation Management; and Transmission Vegetation Management. Detailed  
17 descriptions of these Programs can be found in Exhibit No. \_(BML-1).  
18

19 **Q. How did DEF develop the list of Programs for the SPP?**

20 A. As mentioned above, DEF utilized the same Programs for SPP 2023 as SPP 2020.  
21 These Programs are a combination of those that were previously included in DEF's  
22 Storm Hardening Plans (under the since repealed Storm Hardening rule) and those

1 that were developed by internal subject matter experts to meet the requirements of  
2 the SPP rule and statute.

3  
4 **Q. Are there any new programs included in DEF's SPP 2023 when compared to**  
5 **DEF's SPP 2020?**

6 A. No.

7  
8 **Q. Are there other potential programs that DEF may consider in the future for**  
9 **inclusion in the SPP?**

10 A. Yes, DEF will continue to monitor emergent technologies that may warrant further  
11 review and consideration.

## 12 13 **V. PROGRAM EVALUATION, PRIORITIZATION, AND SELECTION**

14 **Q. Are there differences in program evaluation and prioritization between SPP**  
15 **2023 and SPP 2020?**

16 A. Yes. Similar to the development of SPP 2020, DEF provided Guidehouse with  
17 asset, outage, project costs and storm damage cost data sets to support the Program  
18 evaluation and prioritization. These data sets were updated with information  
19 through 2021. As part of the refinement process from SPP 2020 to SPP 2023, DEF  
20 and Guidehouse updated values and model details such as conductor failures;  
21 calculations for the number of distribution laterals; Self-Optimizing Grid circuit  
22 requirements; Substation Flood Mitigation failure probabilities; GOAB unit  
23 complexity details; and others which resulted in an enhanced model.

1  
2 **Q. Are there differences in how programs were analyzed within the Guidehouse**  
3 **model?**

4 **A.** No, the same analysis was performed by Guidehouse for SPP 2023 as SPP 2020.  
5 For each Program, Guidehouse estimated a reduction in storm damage and outage  
6 duration, using CMI as a proxy for duration, for each possible project location. The  
7 model enables DEF to prioritize the work over the life of the Program based on  
8 performing the highest benefit work first. As discussed in more detail in Exhibit  
9 No. \_\_\_ (BML-2), the Guidehouse model prioritized work by looking at the  
10 probability of damage to particular assets (including consideration of information  
11 from various FEMA-produced models) and the consequences of that damage,  
12 including for example the number and/or type of customers served by particular  
13 assets. That information was then evaluated by DEF subject matter experts in the  
14 Distribution and Transmission functions for further analysis and prioritization.

15  
16 **Q. How did the DEF Distribution subject matter experts select the specific targets**  
17 **for implementation in 2023?**

18 **A.** DEF's Distribution subject matter experts utilized the Guidehouse benefits-to-cost  
19 prioritized list of projects to select the highest ranked project. The DEF subject  
20 matter experts then evaluated other projects served from the same substation to  
21 determine if there were any opportunities with deployment years within the next  
22 three to four years. If a project or projects at the substation met this criteria, DEF  
23 selected that target to work alongside the initiating project which allows DEF

1 engineering, project management, and construction resources to work more  
2 efficiently and reduce overall construction driven disturbance duration to the  
3 customers in the area. That is, by batching together qualifying projects from a  
4 particular substation, DEF aims to minimize any necessary work-related outages  
5 and reduce costs through the efficient use of resources. DEF notes that it is always  
6 working to identify efficiencies and other available means to lower costs related to  
7 all Programs. If efficiencies can be identified and costs lowered, those lower costs  
8 may allow for DEF to identify and complete additional Program scope within the  
9 Planning horizon.

10  
11 **Q. There is a difference between the Costs in BML-1 and the Distribution SPP**  
12 **Program Investment totals in BML-2 for the Feeder Hardening and Lateral**  
13 **Hardening Programs. Can you explain this variance?**

14 **A.** Yes. As described above, DEF Distribution subject matter experts looked at all  
15 potential projects at a substation to determine how to efficiently deploy the Storm  
16 Protection Plan. This review resulted in selecting some projects that had more  
17 Feeder volume than Lateral volume, resulting in the variance between what was  
18 provided to Guidehouse as Program Investment targets and actual program costs.  
19 However, the total amount of investments between the two Programs was not  
20 altered; rather there was a shift of spending between the two Programs to efficiently  
21 perform the work described.

22



1           **Q. Does DEF believe there are any implementation alternatives that could**  
2           **mitigate the resulting rate impact for each of the first three years of the**  
3           **proposed Storm Protection Plan?**

4           **A.** No, DEF does not believe there are any implementation alternatives that could  
5           mitigate the rate impact without negatively impacting the benefits the SPP 2023 is  
6           designed to generate. In order to mitigate rate impact, the SPP 2023 would need to  
7           be reduced or delayed which would result in a reduction or delay of the benefits.

8

9           **VI. BENEFITS THAT DEF'S SPP IS INTENDED TO BRING TO DEF'S CUSTOMERS**

10           **Q. What benefits does DEF believe its proposed SPP 2023 will provide its**  
11           **customers?**

12           **A.** As mentioned above, DEF proposes to implement the activities included in Exhibit  
13           No. \_\_ (BML-1). While DEF agrees with the Commission's recognition that "[n]o  
14           amount of preparation can eliminate outages in extreme weather events,"<sup>2</sup> DEF is  
15           confident that the activities included in this 10-Year plan will strengthen its  
16           infrastructure, reduce outage times associated with extreme weather events, reduce  
17           restoration costs, and improve overall service reliability.

18

19           **Q. Does this conclude your testimony?**

20           **A.** Yes, it does.

---

<sup>2</sup> See *Review of Electric Utility Hurricane Preparedness and Restoration Actions*, Docket No. 20170215-EU, p. 6.

1 CHAIRMAN FAY: We will move to cross.

2 OPC.

3 MR. REHWINKEL: Mr. Chairman, I am passing out  
4 exhibits for this and the other Duke witnesses at  
5 this time. And I talked to staff counsel, and  
6 counsel for the parties. We have nine exhibits,  
7 and they are upside down for the counsel for Duke  
8 and the witness, and I have tried to mark them. So  
9 they need to stay upside down until I say, would  
10 you get out Exhibit No. 3.

11 CHAIRMAN FAY: Okay.

12 MR. REHWINKEL: But I think they should be  
13 passing out the Commissioners' and staff's and  
14 court reporter's exhibits as we speak.

15 CHAIRMAN FAY: And just to clarify, you said  
16 it's for a few witness or it's for this witness?

17 MR. REHWINKEL: Some for this witness and some  
18 for the ones that follow him, but only the Duke  
19 witnesses.

20 CHAIRMAN FAY: Okay.

21 MR. REHWINKEL: Yeah.

22 And counsel for the other companies that are  
23 not in the docket, once we actually identify an  
24 exhibit, we can make them available if they would  
25 like to get a copy.

1           And also, Mr. Chairman, while we're -- we have  
2           one confidential exhibit that, if and when I get to  
3           that point I get today, we will pass that out and  
4           go through the proper process on that one.

5           CHAIRMAN FAY: Okay. And our staff are aware  
6           of this?

7           MR. REHWINKEL: They are.

8           CHAIRMAN FAY: Okay.

9           MR. REHWINKEL: And I have also talked to Duke  
10          and the intervenors in our docket, and Duke has  
11          identified a process to make available those, and  
12          Mr. Bernier may want to address that at this point.

13          CHAIRMAN FAY: Okay. Great.

14          And then just for clarity, Mr. Rehwinkel, you  
15          mentioned these are upside down for the witness.  
16          Will you be going in order from front to back or  
17          from --

18          MR. REHWINKEL: There -- Exhibit No. 1 is  
19          occupancy the top when you -- you and staff can  
20          turn them over and look at them, but Exhibit No. 1  
21          is a top one, but I haven't hand numbered each  
22          exhibit, all the sets.

23          CHAIRMAN FAY: Okay.

24          MR. REHWINKEL: So I will give you kind of an  
25          idea where it is in the stack and what the title is

1 at the appropriate time.

2 CHAIRMAN FAY: Okay. So it will vary. They  
3 are not necessarily in an order?

4 MR. REHWINKEL: That's correct.

5 CHAIRMAN FAY: Okay. All right. You are  
6 recognized.

7 MR. REHWINKEL: Mr. Bernier.

8 MR. BERNIER: Mr. Chairman, sorry.

9 CHAIRMAN FAY: Yeah, sorry. Go ahead, Mr.  
10 Bernier.

11 MR. BERNIER: As Mr. Rehwinkel indicated, one  
12 of his exhibits is confidential, and the other  
13 intervening parties to our docket have not yet  
14 executed a nondisclosure agreement, but we have  
15 all -- they have executed nondisclosure agreements  
16 in the past, and I would just ask them to represent  
17 on the record that they will do so again. Our  
18 paralegal, Ms. West, who is pretty fantastic, has  
19 already got them their nondisclosure agreements.  
20 They are in there in box ready to be executed. So  
21 we will take them on their word that they will do  
22 so as long as they will represent on the record  
23 they will have it back to us.

24 CHAIRMAN FAY: Okay. Great. And just for  
25 clarity purposes, why wasn't that done ahead of

1 time?

2 MR. REHWINKEL: What's that?

3 CHAIRMAN FAY: They are just now -- the  
4 intervenors are just now getting the information  
5 that there is a confidential exhibit that they will  
6 then sign for a nondisclosure. I am just curious  
7 why they are only now getting it at this point.

8 MR. REHWINKEL: Well, we identified our  
9 cross-examination exhibits as we are preparing for  
10 hearing, and I informed them of them this morning.

11 CHAIRMAN FAY: Got you. Okay.

12 MR. REHWINKEL: Yeah.

13 MR. BREW: Mr. Chairman, just for the record,  
14 this is James Brew. Mr. Bernier's representation  
15 is accurate. We have done NDAs with the company in  
16 the past and are prepared to commit so on this  
17 item.

18 CHAIRMAN FAY: Okay, great. If he is  
19 comfortable with it, it's his proprietary or  
20 confidential information, so, yeah.

21 Mr. Rehwinkel, you are recognized.

22 MR. REHWINKEL: That you, Mr. Chairman.

23 EXAMINATION

24 BY MR. REHWINKEL:

25 Q Good afternoon, Mr. Lloyd.

1 A Good afternoon.

2 Q You are not a lawyer, correct?

3 A That is correct. Yes, sir.

4 Q But your job and your testimony requires you  
5 to understand and be familiar with Rule 25-6.030?

6 A I would -- yes, sir.

7 Q And when I ask you about the SPP, we  
8 understand that I mean the updated SPP that is at issue  
9 in this docket?

10 A Yes, sir.

11 Q And also, do you refer to it as a 2022 SPP or  
12 the 2023 SPP?

13 A We refer to it as 2023.

14 Q Okay. So you call it that because its  
15 effectiveness for consideration and cost recovery is for  
16 the year 2023, is it that right?

17 A Yes, sir. That is accurate.

18 Q Thank you.

19 Can you please refer to the table of contents  
20 in the company's SPP on page two?

21 A Are you referring to BML-1.

22 Q Yes, sir, BML-1, and this starts on Exhibit  
23 BML-1 on page two.

24 A Yes, sir.

25 Q You would agree with me that the table of

1 **contents is organized by program, right?**

2 A Yes, sir.

3 MR. REHWINKEL: Mr. Chairman, I just want to  
4 make sure that my voice is not going in and out.

5 CHAIRMAN FAY: You are on the -- the court  
6 reporter, will you let us know just if we --

7 MR. REHWINKEL: Okay. I just want to make  
8 sure I get it positioned just right.

9 CHAIRMAN FAY: I think you are off now, Mr.  
10 Rehwinkel.

11 MR. REHWINKEL: Yeah.

12 CHAIRMAN FAY: Okay.

13 MR. REHWINKEL: I just don't like to get in  
14 her ear with the cranking noise.

15 BY MR. REHWINKEL:

16 **Q So looking through the table of contents for**  
17 **each program, the company provides a section with a cost**  
18 **benefit comparison and a prioritization methodology; is**  
19 **that right?**

20 A Yes, sir. We do.

21 **Q And if we could turn to page nine of the SPP,**  
22 **and the cost benefit comparison section for a feeder**  
23 **hardening program. In the first paragraph -- are you**  
24 **there?**

25 A I am. Yes, sir.

1           Q     In the first paragraph, you provide the  
2 capital and O&M expense costs in dollars, is that right?

3           A     Yes, sir. That is correct.

4           Q     And in the second paragraph, you provide the  
5 reduction in costs from extreme weather events also in  
6 dollars, is that correct?

7           A     Yes, sir, we provide the reduction in costs  
8 associated with restoration costs.

9           Q     Okay. And isn't it true that you believe that  
10 the SPP rule, Section (3)(d)(1), requires the company to  
11 estimate the reduction in outage costs due to extreme  
12 weather?

13          A     Can you repeat your question, please, sir?

14          Q     Yes. Isn't it true that you believe the SPP  
15 rule, 25-6.030, Subsection (3)(d)(1), requires DEF to  
16 estimate the reductions in outage costs due to extreme  
17 weather?

18               MR. BERNIER: Mr. Chairman, I am going to  
19 object to the extent that that requires a legal  
20 conclusion. Mr. Lloyd has indicated he is not an  
21 attorney.

22               MR. REHWINKEL: Mr. Chairman, I am --

23               CHAIRMAN FAY: Yeah, go ahead, Mr. Rehwinkel.

24               MR. REHWINKEL: I am not asking him for a  
25 legal within, but we did establish that he is NOTE



1 familiar with and understands the rule.

2 CHAIRMAN FAY: You have already humiliated him  
3 asking him if he is a lawyer or not, so I think  
4 it's probably fair -- I think, to the level you  
5 feel comfortable, I think these terms themselves  
6 are fairly standard, and so if you can respond to  
7 what's appropriate there, but as your -- as Mr.  
8 Bernier stated, you are not required to go into  
9 some sort of complex legal conclusion.

10 THE WITNESS: Okay. Repeat the question one  
11 more time, Mr. Rehwinkel.

12 BY MR. REHWINKEL:

13 Q Okay. Sure.

14 Do you have a copy of the rule with you?

15 A I do. Yes.

16 Q Okay. So isn't it true that the SPP Rule  
17 25-6.030, Subsection (3)(d)(1), requires the company to  
18 estimate the reduction in outage costs due to extreme  
19 weather?

20 A As we stated, I am not a lawyer, but I can  
21 read that the words there say, you know, a description  
22 of the reduction of restoration costs.

23 Q And in response to that, did you estimate the  
24 reduction in outage costs as a part of your preparing  
25 the SPP?

1           A     As we were evaluating each of our programs,  
2     Mr. Rehwinkel, we did look at both at the program level  
3     and at the plan as an overall the reduction in  
4     restoration time and restoration costs.

5           Q     Okay. So you said you have looked at the  
6     rule. Would you agree that it specifically requires the  
7     utility to provide a description of how each proposed  
8     storm protection program is designed to enhance the  
9     utility's existing transmission and distribution  
10    facilities, including an estimate of the resulting  
11    reduction in outage times and restoration costs due to  
12    extreme weather conditions?

13          A     Duke Energy looked at the plan as a whole and  
14    provided the estimates for restoration times and the  
15    resulting restoration costs.

16          Q     Okay. And you provided the estimates of the  
17    resulting reductions and outage restoration costs due to  
18    extreme weather conditions for each of your programs  
19    specifically to comply with that provision we just  
20    discussed, is that right?

21          A     Yes, sir.

22          Q     Do you agree -- and again, given that you are  
23    not a lawyer and I am not soliciting a legal opinion  
24    from you, do you agree that the SPP rule, Section  
25    (3)(d)(4), requires the company to provide a comparison

1 of the costs identified in subparagraph (3)(d)(3) and  
2 the benefits identified in subparagraph (3)(d)(1)?

3 A Reinforcing again that I am not a lawyer and  
4 cannot make legal distinction, I can read that it says a  
5 comparison of the costs and the benefits.

6 Q Okay. Now, the benefits that are cited in  
7 paragraph (3)(d)(1) include, quote, the resulting  
8 reduction in outage costs, is that correct?

9 A I believe it says restoration costs, but yes.

10 Q Okay. And do you measure reductions is in  
11 costs in terms of dollars?

12 A Yes.

13 Q Okay. And that's on the same footing as the  
14 way you measure costs, which are in dollars, is that  
15 right?

16 A Yes, sir.

17 Q And you provided the comparison of costs in  
18 dollars and benefits in dollars for each of your  
19 programs specifically to comply with the SPP rule  
20 subsection (3)(d)(4) requirement, is that right?

21 A Yes, sir.

22 Q You didn't provide that comparison  
23 gratuitously, is that right?

24 A Repeat your question, sir.

25 Q Yes. You did not provide that comparison

1 gratuitously, is that correct?

2 A I can't define gratuitously. I think that's  
3 in the eye of the beholder.

4 Q Okay. You didn't do it just because you felt  
5 like it. You did tell just because it was a requirement  
6 in the rule?

7 A I am sorry. Yes, sir.

8 Q Okay. Let's look again at page nine of the --  
9 of BLM-1. Did I say it right? BML-1, where the  
10 prioritization methodology subsection for the feeder  
11 hardening segment begins. Do you see that?

12 A Yes, sir. I am there.

13 Q In the first paragraph, you provide a detailed  
14 description of the potential damage under various  
15 scenarios and how you used the Guidehouse models to  
16 calculate a range of potential damage, and how the  
17 implementation of the feeder hardening program would  
18 reduce that damage under those various scenarios, is  
19 that right?

20 A Yes, sir. That is accurate.

21 Q And can you tell me why you did that?

22 A Why we conducted this analysis?

23 Q Yes.

24 A We felt that in order to determine what risks  
25 were at hand for our distribution and transmission

1 systems, as well as our customers at large when extreme  
2 weather events impact the state, we need too look to see  
3 what a good solid way to predict what impacts would  
4 happen from these extreme weather events.

5 **Q Okay. Another way to say that would be**  
6 **because it was necessary to get to the calculation of**  
7 **damage, or the consequence of damage to the customers?**

8 A That's another way to say it. Yes, sir.

9 **Q Okay. In the second paragraph, you provide,**  
10 **again on page nine, you provide a description of the**  
11 **consequences of the damage that could be avoided due to**  
12 **the implementation of the company's SPP programs,**  
13 **correct?**

14 A Yes, sir.

15 **Q Can you tell me why that step was necessary?**

16 A As we harden the system, you know, the intent  
17 of the rule is to reduce outages and to reduce  
18 restoration time during extreme weather events. So we  
19 needed to determine if we were to make investments in  
20 the grid, what damage we would be able to hopefully  
21 prevent based on these investments.

22 **Q In the third paragraph on that same page, you**  
23 **describe the use of subject matter experts to optimize**  
24 **the company's SPP programs and the deployment of**  
25 **resources, is that right?**

1           A     Yes, sir. That is correct.

2           **Q     And can you tell me why that step was**  
3 **necessary?**

4           A     You know, the model that Guidehouse and Duke  
5 Energy worked on together provides an output that  
6 prioritizes the work based on a very mathematical  
7 methodology, but it does not necessarily take into  
8 consideration the operational needs of constructing  
9 those investments.

10                         So we utilized Duke Energy subject matter  
11 experts to take the prioritized list and utilize things  
12 such as where are we going to be able to take outages?  
13 Where are we going to be able to construct these  
14 efforts? Road closures. Those type of things. Things  
15 that we would want to do to minimize the impacts to the  
16 customers during these investments, so we felt the need  
17 to optimize that work, and not just take an output of  
18 the spreadsheet as the way to do the work.

19           **Q     So in short, you used the calculations of the**  
20 **costs and the dollar benefits of each of the company's**  
21 **SPP programs to optimize the company's SPP programs and**  
22 **the deployment of resources, is that fair?**

23           A     Repeat it one more time for me, please, sir.

24           **Q     Sure.**

25                         **In short, you used your calculations of the**

1 costs and the dollar benefits of each of the company's  
2 SPP programs to optimize the company's SPP programs and  
3 the deployment of resources, is that fair?

4 A We evaluated the programs and the projects as  
5 a part of each one of those programs and optimized our  
6 deployment to both be effective with our resources,  
7 effective with the investments, and optimize and  
8 maximize the amount of benefits that Duke Energy's  
9 customers would see during extreme weather events.

10 Q And would it be fair to say that you followed  
11 this same structured approach for each of your SPP  
12 programs?

13 A For the most part, with the exception of our  
14 vegetation management programs, which have a slightly  
15 different take on them.

16 Q Okay. But at least for the capital programs,  
17 you followed this approach that we just discussed in  
18 these three paragraphs on page nine?

19 A Yes, sir. That is correct.

20 Q Okay. Would you agree with me that the  
21 structured approach provides you objective decision  
22 criteria by which to assess the value of each program to  
23 customers and to support the prudence of the programs  
24 and the prudence and reasonableness of the costs?

25 A Yes, sir.

1           Q     Would you also agree with me that in the  
2     absence of this structured approach, and the decision  
3     criteria that you developed and relied on, including a  
4     comparison of the costs and the dollar benefits, you  
5     would be otherwise reduced to reliance on qualitative  
6     and subjective assessments, meaning unquantified  
7     reductions in outage times and unquantified reductions  
8     in costs; is that right?

9           A     It seems like a hypothetical. I will just  
10    reinforce that Duke Energy utilized this methodology to  
11    optimize our plan according with the rules.

12          Q     Would it -- would it be fair to say that if  
13    you didn't use the structured quantitative approach that  
14    we just discussed in these three paragraphs on page  
15    nine, that your approach to prioritizing resources and  
16    implementing the plan might be somewhat untethered from  
17    true cost attribution?

18          A     I am not sure I can answer that, sir.

19          Q     Okay. Well, let me ask it this way: You  
20    wouldn't have objective criteria to distinguish or  
21    prioritize programs and projects that would reduce  
22    outage times by one minute but cost billions of dollars,  
23    or those that would reduce outage times by 20 hours and  
24    cost hundreds of millions of dollars, would you?

25                   MR. BERNIER: I am sorry, Mr. Chairman. I



1 think we are straying a little bit into the areas  
2 that were stricken.

3 CHAIRMAN FAY: Yeah. It does call for some  
4 speculation as a hypothetical, but I think, for  
5 clarity of the point, could you reask the question,  
6 Mr. Rehwinkel?

7 MR. REHWINKEL: Okay.

8 BY MR. REHWINKEL:

9 Q So we just discussed the quantitative  
10 methodology that you used. If you didn't use that  
11 methodology -- I am trying to understand the value that  
12 Duke and Duke's customers would receive from the process  
13 you used. So if you hadn't used objective quantitative  
14 criteria to distinguish or prioritize programs and  
15 projects that would reduce, you wouldn't be able to  
16 distinguish between projects that would reduce outage  
17 times by one minute but cost billions of dollars, right?

18 A Again, I can't speak to hypothetical. I am  
19 here to discuss the plan that Duke Energy submitted,  
20 which utilized an analysis that we've already discussed  
21 in detail through those three sections.

22 Q Okay. Fair enough. Thank you.

23 Let's go to page 20 of BML-1, please.

24 A Yes, sir.

25 Q This the list of laterals proposed for

1     **undergrounding, right?**

2           A     That is correct. Yes, sir.

3           Q     Okay. And I just want to understand kind of  
4     how the SPP operates now as opposed to before 2017. In  
5     2017, you started targeted undergrounding, is that  
6     right?

7           A     That is correct. Yes, sir.

8           Q     And that targeted undergrounding was  
9     implemented as a part of a settlement agreement with the  
10    consumer parties, is that right?

11          A     I was not directly involved with that, but I  
12    believe that to be the case.

13          Q     Okay. And by doing targeted program  
14    undergrounding through the settlement agreement, the  
15    costs of that targeted undergrounding were recovered  
16    from all of Duke's customers in Florida, is that right?

17          A     Again, I was not directly involved with that,  
18    so I can't answer. It seems like a rate question that  
19    might be better served for Mr. Menendez.

20          Q     Okay. Well, today if a city or a customer  
21    comes to you and asks for certain aboveground lateral  
22    lines that are not on this list the next three years to  
23    be moved underground, and assuming you have the  
24    resources available, you will do that, won't you?

25                   MR. BERNIER: I am sorry, Mr. Chairman, I just

1 think that this is going beyond the scope of his  
2 testimony here.

3 CHAIRMAN FAY: Yeah, Mr. Rehwinkel, I am not  
4 sure where you are trying to get, but the  
5 hypothetical is the future data, there has got to  
6 be a better way to get to your point.

7 MR. REHWINKEL: Mr. Chairman, I am trying to  
8 understand the difference between the SPP that  
9 passes undergrounding costs on to everybody and the  
10 way it occurs now if someone is not on this list.  
11 They are charged to the customer. I just want to  
12 establish that point.

13 CHAIRMAN FAY: Yeah, that's fair, a cost  
14 assessment, not the decision that's made as to why  
15 it goes down one area or another.

16 BY MR. REHWINKEL:

17 Q So let me ask it again.

18 If someone you have -- well, let's do this.

19 Can you get No. 4 out? No. 4 is --

20 CHAIRMAN FAY: Where is No. 4, Mr. Rehwinkel?

21 MR. REHWINKEL: It's -- well, it would be the  
22 fourth one from the top, I believe. It's the thick  
23 one.

24 CHAIRMAN FAY: What's it titled?

25 MR. REHWINKEL: It's Rules and Regulations.

1           CHAIRMAN FAY: Okay. Mr. Rehwinkel, we will  
2           mark that has 102.

3           MR. REHWINKEL: Yes, please. Thank you.

4           (Whereupon, Exhibit No. 102 was marked for  
5           identification.)

6           BY MR. REHWINKEL:

7           **Q     Are you familiar with the rules and**  
8           **regulations for undergrounding service?**

9           A     I am, but can you reference me to a page so  
10          that I can refamiliarize myself with it?

11          **Q     Yes. So if you will turn to an Exhibit 101 --**  
12          **102, I am sorry -- on the -- there is a table of**  
13          **contents, which is the first page after the title sheet,**  
14          **and it says, page one of two. Page two of two, if you**  
15          **could go to that.**

16          A     Yes, sir.

17          **Q     And if you will see, there is underground --**  
18          **Roman numeral XI and Roman numeral 12, Underground**  
19          **Residential Distribution Policy, and Roman numeral 12,**  
20          **Charges for Conversion of Existing Overhead to**  
21          **Underground Electric Distribution Facilities.**

22          A     Okay.

23          **Q     Do you see those?**

24          A     Yes, sir.

25          **Q     And are you familiar generally with how this**

1 operates?

2 A Generally. Yes, sir.

3 Q Okay. So if someone comes to you under this  
4 -- and I printed this off from the website I believe,  
5 and represent to you that this is effective today, if  
6 you go to -- near the end you will see -- five or six  
7 pages from the back, you will see part 11, it's 11.01,  
8 page one of seven.

9 A Okay.

10 Q Do you see that?

11 A Yes, sir.

12 Q And this is the underground residential  
13 distribution policy?

14 CHAIRMAN FAY: Mr. Rehwinkel, hold on one  
15 quick second. Page 107 is what you said?

16 MR. REHWINKEL: Yeah. If you go to the very  
17 back and you page forward, you will see tariff on  
18 the left-hand side, 11.01 --

19 CHAIRMAN FAY: Okay.

20 MR. REHWINKEL: -- which is a section.

21 BY MR. REHWINKEL:

22 Q This -- you would agree with me that this is  
23 the policy that applies to individuals, or if a city  
24 or -- I guess paragraph -- I mean Section 12, this is  
25 for individuals and governments that want to take

1 existing overhead services and put them underground,  
2 right?

3 A I want to make sure that we are referencing  
4 the same section. Are you in Section 11 or Section 12?

5 Q We'll start with 11.

6 A Okay.

7 Q 11 is for residential customers, like, less  
8 than five?

9 A For new construction.

10 Q Is that for new construction or to convert  
11 existing?

12 A Again, I am only generally aware of this  
13 section of our tariff, but I believe this is for new  
14 construction.

15 Q Okay. So --

16 A Yes.

17 Q Isn't it true that if -- that -- okay, let's  
18 go to paragraph -- to Section 12.

19 A Okay.

20 Q It's charges for conversion of existing  
21 overhead and underground electric distribution  
22 facilities. Do you see that?

23 A Yes, sir.

24 Q Okay. So this governs the way you handle  
25 applications to underground existing services, is that

1 right?

2 A That would be correct. Yes, sir.

3 Q So the terms and conditions in here require  
4 people to pay for things like an estimate for -- an  
5 engineering estimate, and then if the construction  
6 occurs, they have to enter into an arrangement to pay  
7 for the services that they caused to be undergrounded,  
8 is that right?

9 A That is correct. Yes, sir.

10 Q Okay. And that can happen today even -- even  
11 with the -- under -- the laterals that are being  
12 undergrounded under the SPP, is that right?

13 A Certainly. Yes, sir.

14 Q Okay. So if someone is not on a list, but for  
15 whatever reason their city, or their neighborhood wants  
16 to underground lines and they are willing to pay for it,  
17 you will do it?

18 A Yes.

19 Q Okay. And in that case, the cost causer of  
20 the specific undergrounding pays the cost of the  
21 undergrounding, is that right?

22 A I would call them the requester, but yes, sir.

23 Q Okay. But in the SPP world, the -- these 20  
24 laterals, for example, if they are all done, those costs  
25 will be passed on to all of the customers who are

1 required to under the billing, the rate design and cost  
2 of service under the statute and the rule, is that  
3 right?

4 A Yes. But I believe the difference would be  
5 these have been identified to reduce the impact from  
6 extreme weather events. In the situation that you are  
7 identifying, where a cost causer, I think as you called  
8 them, they are looking to, you know, beautify their  
9 city, you know, get rid of lines in front of their  
10 businesses, it's two different reasons. We are doing  
11 this -- this list that you identified -- excuse me, that  
12 we identified, is to reducing from extreme weather  
13 events.

14 Q Understood, and fair enough. Thank you.

15 A Yes, sir.

16 Q So would it be fair to say that if, absent the  
17 SPP statute and absent the limited targeted  
18 undergrounding projects that you performed prior to the  
19 SPP being implemented, it would be unlikely that  
20 undergrounding would be done on a large-scale, is that  
21 right?

22 MR. BERNIER: I object, Mr. Chairman. That  
23 calls for speculation.

24 MR. REHWINKEL: I will -- let me ask the  
25 question a different way.



1 BY MR. REHWINKEL:

2 Q Your experience is that undergrounding for the  
3 SPP and targeted undergrounding was not done on a large  
4 scale because only people who could get things  
5 undergrounded would be the ones that you talked about,  
6 that had aesthetic desires, is that right, and were  
7 willing to pay for it?

8 A I would not say that. No, sir.

9 Prior to the storm protection plan, as you  
10 alluded to earlier, we had a targeted underground  
11 program that we were conducting conversion of assets  
12 that were most likely to have outages. And what we are  
13 doing in that storm protection plan is a continuation of  
14 that work that we started in that previous targeted  
15 underground program.

16 Q And I apologize. I meant -- that went into  
17 effect probably in 2018, right, targeted undergrounding?

18 A That sounds directionally correct. Yes, sir.

19 Q Yeah. But before 201, the only undergrounding  
20 that was being done was where people were willing to pay  
21 for it for aesthetic reasons, right?

22 A No, sir, I would not say that is accurate  
23 either.

24 We had programs prior to the targeted  
25 underground projects where we were placing laterals

1 underline due to reliability challenges, we were placing  
2 feeders underline because of reliability challenges. So  
3 undergrounding has been a part of our portfolio to  
4 address reliability at least since I have been at Duke  
5 Energy.

6 Q Okay. Thank you.

7 Self optimizing grid, page 27 of your BML-1  
8 exhibit.

9 A Yes, sir.

10 Q This is a program that was implemented as a  
11 part of the -- initially implemented as a part of the  
12 20617 base rate agreement, right?

13 A Yes, sir.

14 Q And that agreement was signed in August of  
15 2017, and was not in any way related to expected filings  
16 or passage of the bill that became the SPP statute, is  
17 that right?

18 A I don't think anybody that was involved in  
19 that saw the future. No, sir.

20 Q Right. So that SOG program was going to be,  
21 or -- do you mind if I call it SOG?

22 A We call it SOG.

23 Q SOG. Okay.

24 The SOG program was going to be implemented  
25 regardless of the SPP statute, is that right?

1           A     It was enacted in 2017 prior to the statute.  
2     Yes, sir.

3           Q     Okay.  And the SPP is -- doesn't facilitate  
4     the general body of ratepayers paying for recovering the  
5     costs of the SOG, does it?

6           A     That sounds like a rate question, and I think  
7     that would be best served for Witness Menendez.

8           Q     Okay.  All right.  Loop Radial Fed Substations  
9     Program, that's on page 49 of your BML-1 exhibit.  Isn't  
10    this a program that the company would consider prudent  
11    to implement and recover through base rates without the  
12    availability of the SPP?

13          A     Mr. Rehwinkel, this is a transmission program.  
14    I believe that might be best served for Witness Howe.

15          Q     All right.  I will do that.  Thank you.  
16                    What about the substation hardening program on  
17    page 51?

18          A     Similar, sir.  That would be best with Ms.  
19    Howe.

20          Q     Okay.  I know we are on direct, but I want to  
21    ask you a question about the page 16.  Do you have Mr.  
22    Mara's testimony with you -- Mara's testimony?

23          A     I do.  Yes, sir.

24          Q     Okay.  And I just want to ask you about page  
25    16, which has a table of storm restoration costs

1 recovered from customers throughout the state in 2016  
2 through 2020.

3 CHAIRMAN FAY: Mr. Rehwinkel, let me just make  
4 sure we are following you. So page 16 of Mr.  
5 Mara's testimony, is that what you are on?

6 MR. REHWINKEL: Yes.

7 CHAIRMAN FAY: Could you point to a table?

8 MR. REHWINKEL: It is possible that table's  
9 page has moved since we did the amended. It may be  
10 one-page off.

11 CHAIRMAN FAY: Is it reported costs of named  
12 tropical storms?

13 MR. REHWINKEL: Yes, sir.

14 CHAIRMAN FAY: Okay.

15 MR. REHWINKEL: Could you tell me what page  
16 you see it on in yours?

17 CHAIRMAN FAY: 16.

18 MR. REHWINKEL: 16, okay. I thought it might  
19 have moved when we did the amendments, okay.

20 BY MR. REHWINKEL:

21 Q Are you familiar with this table?

22 A Familiar in that I reviewed Mr. Mara's  
23 testimony, yes, sir.

24 Q Okay. For the years 2016 through 2020, the  
25 storm restoration costs, or the storm costs that are

1 identified there for Duke were 1,034,500,000, is that  
2 right?

3 A That is what it says in the table. I have not  
4 confirmed these numbers individually.

5 Q Okay. Would you accept the representation  
6 that Duke provided those numbers?

7 A Subject to check, yes, sir.

8 Q Okay. Thank you.

9 Would you agree that on a simple average  
10 basis, the DEF customers have paid approximately \$200  
11 million a year for post-storm cost recovery in this  
12 period?

13 A Subject to check, I am not -- I can't do that  
14 math real quick in my head. I apologize.

15 Q Okay. I just divided one billion by five and  
16 got a little over 200 million?

17 A Okay. I got you now.

18 Q Okay. So looking on that table, would you  
19 agree that Duke, or DEF incurred \$144 million for the  
20 costs related to Hurricane Dorian?

21 A Repeat your number again, please.

22 Q 144 million.

23 A Unless I am looking at the table incorrectly,  
24 that's not the number I see.

25 CHAIRMAN FAY: I have a different number.

1 BY MR. REHWINKEL:

2 Q 153. I apologize.

3 A Okay. Yes, sir. I see that number.

4 Q Okay. And could you turn over -- or open up  
5 Exhibit 3?

6 CHAIRMAN FAY: The title, Mr. Rehwinkel?

7 MR. REHWINKEL: This would be Interrogatory 85  
8 Response. And this would -- could we get this a  
9 number of 103, Mr. Chairman?

10 CHAIRMAN FAY: Yes.

11 (Whereupon, Exhibit No. 103 was marked for  
12 identification.)

13 BY MR. REHWINKEL:

14 Q are you -- Could you turn to the last page of  
15 that exhibit? Well, actually, let's do this. If you  
16 would turn to the affidavit part. Do you see the  
17 affidavit?

18 A I do. Yes, sir.

19 Q It shows that Amy Howe answered this. Do you  
20 see that?

21 A I do. Yes, sir.

22 Q Okay. Given that her name is here, are you  
23 familiar with this exhibit?

24 MR. BERNIER: I am sorry. Excuse me, Mr.  
25 Rehwinkel. If I am looking at this affidavit

1 directly, that shows that Ms. Howe actually  
2 sponsored the answers to Nos. 86 and 87.

3 MR. REHWINKEL: I did not read that carefully  
4 enough. Thank you.

5 CHAIRMAN FAY: Okay.

6 BY MR. REHWINKEL:

7 Q Let me ask it this way: Are you familiar with  
8 the interrogatory response 85 and the spreadsheet that  
9 is attached at the last page of this exhibit?

10 A I am. Yes, sir.

11 Q Okay. So the question 85 asks, please provide  
12 a spreadsheet containing the following for the years  
13 2016 through 2021. A, the name of each tropical storm  
14 or hurricane which was either forecast to hit or hit  
15 your service area for which you incurred costs eligible  
16 for charging to your storm reserve. B, the total  
17 expense costs for each individual storm by storm. And,  
18 C, the highest total number of customer outages for each  
19 individual storm by storm.

20 Did I read that right?

21 A You did. Yes, sir.

22 Q Okay. And the spreadsheet that that is  
23 attached as responsive to Interrogatory 85, it shows  
24 recoverable costs, which has a different number than I  
25 read to you of 8 -- 885.095 million system and

1 855,141,000,000 retail; do you see that?

2 A I do. Yes, sir.

3 Q Okay. Do you know the difference between this  
4 number and the number in Mr. Mara's testimony?

5 A I see there is a difference. I -- again, I  
6 don't know where Mr. Mara's information came from, so I  
7 cannot --

8 Q Okay.

9 A -- attest to the validity to it.

10 Q We know these numbers are at least correct on  
11 here?

12 A These are the numbers that Duke Energy  
13 provided.

14 Q Okay. So if we look over for Hurricane  
15 Dorian, it shows 59,025 customers were out was the  
16 highest number of total customers out during the Dorian  
17 event, is that how I should read that?

18 A That was the total customers interrupted.

19 Q Okay. Wouldn't you agree that the costs that  
20 are shown here of 144.567 million retail for Hurricane  
21 Dorian incurred under similar circumstances after a  
22 storm like Dorian would not be materially reduced by any  
23 of the measures contained in the SPP?

24 MR. BERNIER: I am sorry, again, I am going to  
25 have to object. That definitely calls for



1 speculation.

2 CHAIRMAN FAY: Yeah, this does call for  
3 speculation.

4 Mr. Rehwinkel, can you ask him specific to  
5 this table?

6 BY MR. REHWINKEL:

7 Q Well, let me ask it this way: Hurricane  
8 Dorian did not strike -- did not make landfall in  
9 Florida, right?

10 A We did see the impacts from Hurricane Dorian a  
11 couple years ago.

12 Q Okay. So if you look on this spreadsheet for  
13 Exhibit 85, let's look at in Hurricane Irma. You spent  
14 \$423,886,461 and there were 1,542,746 customers  
15 interrupted in Irma, right?

16 A Yes, sir.

17 Q Okay. And you had 59,000 customers  
18 interrupted with Dorian, even though it cost \$144.5  
19 million, is that right?

20 A That is correct. Yes, sir.

21 Q So the magnitude of the impact of Dorian and  
22 Irma were vastly different, would you agree with that?

23 A I would agree with that.

24 Q Okay. And, in fact, Dorian, the -- what  
25 happened with Dorian is it appeared that the storm was

1 going to directly hit your service territory, correct?

2 A That is correct. Yes, sir.

3 Q And what happened is that it turned northward  
4 and did not impact directly your territory, correct?

5 A That is accurate. Yes, sir.

6 Q But what the company had done was pre-stage  
7 resources because of the threat that the storm appeared  
8 to face to the state of Florida, is that fair?

9 A Yes. Duke Energy staged resources based on  
10 the meteorological forecast and prediction of the amount  
11 of impact that was going to potentially hit the state of  
12 Florida, so we staged those resources to be prepared to  
13 swiftly restore service if we were to be impacted.

14 Q And the resources turned out to not be needed  
15 by you to restore service for the vast majority of  
16 customers interrupted, correct?

17 MR. BERNIER: Mr. Chairman, I am going to  
18 object again. This is clearly in the rebuttal  
19 testimony. If Mr. Rehwinkel would like to waive  
20 rebuttal and get it all done right now, that's fine  
21 by us.

22 MR. REHWINKEL: If I may?

23 CHAIRMAN FAY: Yeah, go ahead, Mr. Rehwinkel.

24 MR. REHWINKEL: What I am asking about here is  
25 the -- and I am happy to do this on rebuttal if you

1 want to wait to do this, I am more than happy to do  
2 this, but I don't want to get to rebuttal and you  
3 say I should have done this on direct.

4 CHAIRMAN FAY: No, I think it's probably  
5 more specific to rebuttal, but assuming that Duke  
6 feels that way, if you are comfortable with that,  
7 it would make more sense.

8 MR. REHWINKEL: Yeah, that's fine.

9 CHAIRMAN FAY: Okay.

10 MR. REHWINKEL: Thank you.

11 Given that line of cross-examination, we will  
12 wait until a day other than today. I will say  
13 those are all the questions I have. Thank you.

14 THE WITNESS: Thank you, sir.

15 CHAIRMAN FAY: Great. Thank you.

16 Next is PCS Phosphate.

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

18 EXAMINATION

19 BY MR. BREW:

20 Q Good afternoon, Mr. Lloyd.

21 A Good afternoon.

22 Q Yes, very quickly. BML-1 is the plan, right?

23 A That is correct. Yes, sir.

24 Q And BML-2 is the Guidehouse report that  
25 provides the description of the modeling basis for

1 **prioritizing projects and evaluating them?**

2 A That is correct. Yes, sir.

3 Q **And very quickly, since the BML-2 is labeled**  
4 **as a Guidehouse report, is that something that you are**  
5 **familiar with the merits on?**

6 A I am -- excuse me, yes, sir, I am familiar  
7 with it.

8 Q **Okay. So could I refer you to BML-2, page 23**  
9 **of 41?**

10 MR. BERNIER: I am sorry, Mr. Brew, what was  
11 that number?

12 MR. BREW: Page 23 of 41 --

13 MR. BERNIER: Thank you.

14 MR. BREW: -- of BML-2.

15 BY MR. BREW:

16 Q **Do you see it?**

17 A I do. Yes, sir.

18 Q **Okay. Thank you.**

19 **Do you see figure A-2?**

20 A I do. Yes, sir.

21 Q **And that's labeled a Detailed Modeling**  
22 **Approach Flow Diagram. So this is describing the model**  
23 **that Guidehouse did, is that right, as well as your**  
24 **decisional process?**

25 A That is correct. Yes, sir.

1 Q Okay. Is that an accurate flow diagram?

2 A Yes, sir.

3 Q Okay. So if we are starting on the last --  
4 left in the box labeled Risk Model, from your  
5 descriptions you would have taken inputs from Duke that  
6 would have been plugged into Guidehouse's model to  
7 provide a failure analysis for potential projects?

8 A Repeat your question again.

9 Q The risk model box is based on inputs provided  
10 by Duke into the various models that Guidehouse had, is  
11 that right?

12 A It is a combination of information provided by  
13 Duke, as well as information from FEMA, such as the  
14 Hazus storm predicted, flood prediction, all sorts of  
15 different things, as well as fragility models.

16 Q Okay. And so all of those inputs go into the  
17 Guidehouse model, correct?

18 A That's correct. Yes, sir.

19 Q Okay. And then we move over to the BCA model,  
20 which is the process in which Guidehouse's model  
21 evaluated and prioritized potential projects?

22 A The BCA model is -- the BCA section is the  
23 benefits and the cost, and then the decision analysis is  
24 where we then rank them.

25 Q Well, let's -- well, I am stuck on the middle

1 part, the BCA model.

2 A Okay.

3 Q Okay. So looking at each of the boxes there,  
4 am I correct that Guidehouse's model would evaluate  
5 those features, and then provide a ranked analysis of  
6 each potential project based on their benefit cost  
7 ratios?

8 A That is in the decision analysis, but yes,  
9 sir.

10 Q Okay. So that model basically provided out a  
11 quantitative assessment of each of the projects based on  
12 the BC ratios?

13 A That is correct. Yes, sir.

14 Q And then that data was then -- goes into the  
15 decisional analysis from there on?

16 A That Mr. Rehwinkel and I discussed earlier,  
17 yes, sir.

18 Q Looking at the decisional analysis, starting  
19 at the top. In box K you had the BC ratios, which --  
20 for each project, the scores, is that right?

21 A That is correct. Yes, sir.

22 Q And then the team, which is Duke and  
23 Guidehouse folks, would then develop the preferred  
24 portfolio, is that right?

25 A The preferred portfolio was submitted by Duke

1 to Guidehouse. Think of it as directional targets for  
2 annual deployment.

3 Q Okay. And then we get to M, funding and  
4 timing constraints. Is that the point at which funding  
5 constraints are plugged into the analysis?

6 A Yes, sir.

7 Q Okay. Not to jump ahead -- well, to jump  
8 ahead. In your rebuttal, you said that the funding  
9 information was provided in the beginning. So does the  
10 funding information come in the beginning or at the end?

11 CHAIRMAN FAY: Mr. Brew, can you ask that to  
12 the current testimony?

13 MR. BREW: I am sorry?

14 CHAIRMAN FAY: Can you ask that to the current  
15 testimony in direct?

16 MR. BREW: I am trying to get to the bottom of  
17 the decisional process, and at what point funding  
18 constraints entered into that process.

19 CHAIRMAN FAY: Okay. Would you be okay asking  
20 that --

21 MR. BREW: I am asking it based on his exhibit  
22 in the direct.

23 CHAIRMAN FAY: If he feels comfortable  
24 answering it based on the exhibit, I think that's  
25 fine. I just thought you were referring to

1           rebuttal testimony.

2           MR. BREW: Well, his rebuttal said something  
3           different, so I am trying to figure out did it come  
4           later or sooner.

5           CHAIRMAN FAY: Okay. Can you clarify what  
6           said here?

7           THE WITNESS: Yeah. So as it shows here in  
8           the decision analysis, you know, funding, you know,  
9           to go down and pick specific projects to deploy in  
10          annual years is decided then. But we had  
11          overall -- sorry. We had overall, you know,  
12          funding levels set early on in the program in the  
13          analysis of the storm protection plan as a whole.

14 BY MR. BREW:

15          **Q     Okay. Can you elaborate on that? You had**  
16          **funding levels that were set early on in the program?**

17          A     In the development of the plan.

18          **Q     Okay. So that was constraints that you gave**  
19          **to the Guidehouse folks at the outset?**

20          A     We gave them constraints at the beginning, and  
21          then we actually ran multiple models to review the level  
22          of spend.

23          **Q     So you had a recommended plan, an \$8 billion**  
24          **plan. Was that developed with the informed knowledge of**  
25          **what the program spending limits were?**



1 A Can you ask that again, please, sir?

2 Q Did Guidehouse go into their model knowing  
3 that they had a certain amount of dollars to play with?

4 A We provided them, you know, directional  
5 targets, and then reviewed multiple scenarios with them.

6 Q Okay. And the multiple scenario decisions on  
7 spending were made by Duke corporate?

8 A They were made by the team as a whole.

9 Q The team as a whole. Senior management  
10 included?

11 A Senior management was involved in the  
12 decision. Yes, sir.

13 Q Okay. So what was the -- what were the  
14 decisional parameters for determining the funding limits  
15 that was decided up front?

16 A We looked at, you know, several different  
17 options and reviewed what we believed was an optimum  
18 plan of the benefits versus the cost, and, you know,  
19 looked at our original SPP 2020, and considered this a  
20 continuation of our SPP 2020 and continued those spend  
21 rates into our SPP 2023.

22 Q So the spending levels that show up on page 56  
23 of BML-1 that we will talk to Mr. Menendez about, do  
24 those represent the spending limits that were decided by  
25 the company?

1           A     That is what is submitted with our plan.  Yes,  
2  sir.

3           Q     So did I understand that the company looked at  
4  **several spending alternatives?**

5           A     Multiple.

6           Q     Multiple.

7                     All right.  Backing up to the BCA model for a  
8  **minute, the box labeled Customer Benefits, do you see**  
9  **that?**

10          A     Let me flip back to it, please, sir.

11          Q     Yeah, I am back on --

12          A     36?

13          Q     Yeah, page 23 of 41.

14          A     Okay.  Yes, sir.

15          Q     How did Guidehouse quantify customer benefit?

16          A     Guidehouse utilized the interruption cost  
17  estimator, which is a tool that was developed by the  
18  Department of Energy to provide utilities and other  
19  entities with a way to estimate the value of continuous  
20  power to customers.

21          Q     Okay.  Let's talk about that for a minute.

22                     Duke has metrics for its system reliability in  
23  **terms of SAIFI -- SAIFI, SAIDI, CAIDI?**

24          A     Yes, sir.

25          Q     And SAIFI and SAIDI refer to level of system

1 interruptions and the duration of interruptions?

2 A Yes, sir. That is accurate.

3 Q And CAIDI would just be the customer duration  
4 of outages?

5 A Yes, sir.

6 Q So those are metrics that Duke has used for a  
7 long time in terms of looking at the reliability of the  
8 system?

9 A Yes, sir. That is accurate.

10 Q The quality of service to its customers?

11 A Yes, sir.

12 Q And those metrics are commonly used throughout  
13 the industry?

14 A Yes, sir.

15 Q Okay. So that ICE model that the DOE labs put  
16 together, is it true that that rudimentary model just  
17 looks at what state you are in, how many residential and  
18 nonresidential customers you have, and you can choose  
19 between SAIDI, SAIFI and CAIDI, and then it spits out  
20 results?

21 A I would not call it a rudimentary tool, but it  
22 evaluates, based on surveys that were provided by  
23 customers, what the value of continuous power is.

24 Q Okay. So to look at the results of the  
25 model -- I am sorry, can you hear me all right? You

1 would enter the state, Florida, your residential and  
2 nonresidential customers, and a SAIFI, SAIDI or CAIDI  
3 value, that's it, right?

4 A I have not seen the tool of how you actually  
5 input into the model.

6 MR. BREW: Bear with me just a second.

7 CHAIRMAN FAY: Go ahead, Mr. Brew.

8 BY MR. BREW:

9 Q Are you familiar with the company's response  
10 to Interrogatory No. 80?

11 A Yes, sir.

12 Q Okay. Would you agree that the Guidehouse  
13 analysis plugged in basically are three -- three inputs,  
14 the state of Florida, SAIFI one and then SAIDI or CAIDI  
15 values?

16 A Yes, sir.

17 Q Okay. What basis did Guidehouse have for  
18 vetting or verifying any of the outputs coming from that  
19 model?

20 A Repeated your question again.

21 Q How did Guidehouse verify any of the outputs  
22 coming out of that model in terms of their accuracy or  
23 applicability to the Florida programs?

24 A Just to be clear, you are referring to the ICE  
25 model or the overall --

1           **Q     Yes, the ICE model.**

2           A     Thank you.

3                     Again, this is a model that is used throughout  
4 the industry, and they reviewed it, and Duke Energy  
5 employees also reviewed it as well to make sure that the  
6 information was being provided was as accurate as  
7 possible.

8           **Q     Did you just say Duke reviewed it to see if it**  
9 **was as accurate as possible?**

10          A     Both Guidehouse and Duke reviewed it.

11          **Q     Reviewed the results or the model itself?**

12          A     Reviewed the results.

13          **Q     Okay. How can you verify the results of that**  
14 **model and apply it to specific programs?**

15          A     When we looked at the results of the model, we  
16 compared that to information that we have from our  
17 customers, anecdotal information of, you know, the value  
18 that customers see from electric service to determine if  
19 the numbers were directionally in line with what our  
20 customers have told us through their previous  
21 discussions and benchmarks.

22          **Q     So Guidehouse was attaching a quantitative**  
23 **value to anecdotal information?**

24          A     That's part of our review of it.

25          **Q     But wasn't it simply spitting out information**

1 **regarding the SAIDI and CAIDI information that you**  
2 **already have?**

3 A I would not say that it is spitting out  
4 information. I would say that it is providing  
5 information based on the inputs that we provide in this  
6 -- you know, the ICE model from the Department of Energy  
7 is based on surveys from utilities across the country  
8 and is utilized by utilities across the country to  
9 evaluate the effectiveness and the value of programs.

10 **Q Okay. So a five-hour outage, would that**  
11 **affect PCS Phosphate and Walmart the same way?**

12 A I would imagine not.

13 **Q Okay. Would it affect a family of four with**  
14 **four teenagers as opposed to a retired couple the same**  
15 **way?**

16 A It would not. But as you take surveys across  
17 a large swath of customers, you know, this tool  
18 leverages all that information to provide an average for  
19 residential customers versus commercial customers and  
20 industrial customers.

21 **Q Okay. So were you getting system-wide numbers**  
22 **from ICE or project specific numbers from ICE?**

23 A We were getting project specific numbers from  
24 ICE.

25 **Q Okay. How could you tell if the information**

1 coming from the ICE model was at all applicable to a  
2 specific program?

3 A We based it on the information of the  
4 estimated amount of outage reductions that we would see  
5 from those programs and calculated it that way.

6 Q But you were already taking into account  
7 restoration and outage reduction costs, right?

8 A We were already taking into account outage  
9 reduction -- excuse me, restoration reduction costs.  
10 But what ICE helps calculate is the benefit to the  
11 customers, which is maintaining service and not having  
12 to deal with, you know, food spoiling in the  
13 refrigerator, not having power to be able to, you know,  
14 connect to their digital lives.

15 So we were using ICE as a proxy for the value  
16 of electric service to customers. And we think not  
17 doing so, you know, doesn't really take into  
18 consideration what customers get out of electric  
19 service.

20 Q Okay. And just to be clear, Duke is not  
21 responsible for outages to customers for unserved  
22 energy, right, absent gross negligence?

23 A I am sorry?

24 Q Is Duke responsible at all to customers for  
25 outages?

1           A     Duke Energy has a requirement to serve  
2 customers safely and, you know, restore outages as  
3 swiftly as possible if an outage does occur.

4           Q     Okay. Could you look at Exhibit 102, please,  
5 and move to section 4.04?

6           CHAIRMAN FAY: You said 102, Mr. Brew?

7           MR. BREW: 102, yes.

8           THE WITNESS: And which exhibit is that?

9           MR. BREW: Exhibit 102. It is the portion of  
10 the terms and services section 4.04.

11          CHAIRMAN FAY: It's the previous exhibit  
12 that --

13          MR. BREW: Was handed out a few minutes ago.

14          THE WITNESS: Which section, sir?

15 BY MR. BREW:

16          Q     4.04. Let me know when you have got it.

17          A     I am there, sir.

18          Q     Could you read the first sentence of that  
19 section?

20          A     The company will use reasonable diligence at  
21 all times to provide continuous service at the agreed  
22 nominal voltage and shall not be liable to the customer  
23 for complete or partial failure of interruption or for  
24 fluctuations in voltage resulting from causes beyond its  
25 control, or through the ordinary negligence of its



1 employees, servants or agents, nor shall the company be  
2 liable for the direct or indirect consequences of  
3 interruptions or curtailments made in accordance with  
4 the provisions of its rate schedules for interruptible,  
5 curtailable and load management services.

6 **Q Thank you.**

7 MR. BREW: That's all I have. Thank you.

8 CHAIRMAN FAY: Thank you, Mr. Brew.

9 Next we have FIPUG.

10 MR. MOYLE: Thank you, Mr. Chairman.

11 EXAMINATION

12 BY MR. MOYLE:

13 **Q I have a few questions for you, and some of**  
14 **this keys on responses that you gave previously in**  
15 **answering questions for other counsel. But you**  
16 **referenced a mathematical priorities that were used in**  
17 **your analysis. What did you mean by that?**

18 A I believe I was referring to the output of the  
19 model which provided a ranking of projects based on the  
20 inputs that were provided.

21 **Q Okay. And in terms of the approach that you**  
22 **took, specifically you were asked whether you are**  
23 **familiar with the applicable rule, 25-6.030, storm**  
24 **protection plan. There is a provision in there under**  
25 **paragraph (d), it's (3)(d)(4), the comparison of the**

1 costs identified and the benefits identified. Are you  
2 with me on that?

3 A (3)(d)(4) I believe you are saying, sir?

4 Q Right. I didn't -- I didn't cite all the  
5 subparagraphs.

6 A Uh-huh.

7 Q With respect to the benefits identified, Mr.  
8 Rehwinkel asked you a lot of questions, but at the end  
9 of the day, you did a quantitative approach to determine  
10 the benefits, is that right?

11 A That is correct. Yes, sir.

12 Q And why did you do that?

13 A Duke Energy, as we were putting together our  
14 plan, I believe that doing a quantitative analysis was  
15 necessary for us to be able to evaluate the programs and  
16 to rank the projects identified within those programs.

17 Q And do you believe that the quantitative  
18 approach also allows for a comparison, a more accurate  
19 comparison to be made with respect to costs and  
20 benefits?

21 A Again, Duke Energy, you know, utilized that  
22 quantitative approach because we believe that was  
23 necessary to be able to evaluate the programs and  
24 projects.

25 Q Right. So I mean, it seems logically to

1 follow that you would take the best approach you could  
2 to provide information, and if you could answer yes or  
3 no and if you need to explain it, that would --

4 A Yes, that seems logical.

5 Q I am sorry?

6 A Yes, that seems logical.

7 Q And with respect to the rule, not that you are  
8 a lawyer, I get that, but is that how you read the rule  
9 that I just referenced, to call for a comparative cost  
10 benefit analysis?

11 A Again, I'm not a lawyer, but we evaluated this  
12 and we moved forward with the analysis because we felt  
13 it was necessary to be able to evaluate our programs and  
14 projects.

15 Q So would that be a yes or a no?

16 A That would be a, I am not a lawyer, but yes,  
17 we believed it was necessary to do it.

18 Q Based on your reading of the rule?

19 A Yes, sir.

20 Q Right?

21 A Yes, sir.

22 Q Right.

23 You read the rule. Did you read the statute  
24 too as part of your preparation --

25 A Yes, sir.

1 Q -- and work?

2 Do you have a copy of the statute? I am not  
3 going to quiz you on it. I will just ask you some  
4 general questions.

5 A I do have a copy of it. Yes, sir.

6 Q If you need it.

7 The statute has definitions of a number of  
8 things, does it not?

9 A Yes, sir.

10 Q Public interest is not defined in the statute,  
11 is it?

12 A I don't believe I see it in here. No, sir.

13 Q And in terms of you making decisions, you and  
14 your team making decisions about projects that were in  
15 the public interest, how did you do that?

16 A The -- as we looked at the storm protection  
17 plan, and looked at both the statute and the rule, I  
18 think it's intuitive that, you know, continuous  
19 electrical power and trying to prevent outages during  
20 extreme weather events are in the best interest of  
21 customers in the state of Florida.

22 I think about, you know, in this digital age,  
23 this connected age where everybody is working from home,  
24 you know, outages are not just an inconvenience like  
25 they used to be. They shut down the state. And so it

1 certainly, at least in my opinion, is that it is in the  
2 best interest of the state of Florida to prevent outages  
3 as much as possible. And in fact, I believe that was  
4 the intent of the statute and the rule.

5 Q All right. But you would -- I think everyone,  
6 if you asked them, is it better to have your electricity  
7 on or your electricity off would probably say  
8 electricity on, would they not?

9 A I certainly would.

10 Q Right. But if you start taking into account  
11 the cost, you would also see circumstances where that  
12 answer may be, no, I think it's okay for me not to have  
13 the electricity on if I am going to incur cost of this  
14 magnitude?

15 A I certainly would not say that. No, sir.

16 Q Do you have any familiarity with the  
17 interruptible programs, load management programs, where  
18 people will be willing to have their electricity turned  
19 off for certain savings and credits that are provided,  
20 residential, industrial, I think commercial?

21 A In certain circumstances, yes. Yes, sir.

22 Q So that would be an example of some people  
23 saying, well, notwithstanding, you know, what some  
24 people believe the Legislature has said, which is you  
25 have got to have electricity on 24/7, 365, there are

1 other instances where that view does not seem to hold,  
2 would you agree with that, like we just talked about,  
3 interruptible?

4 A I think there are some circumstances like  
5 that. The vast majority of the customers -- and I think  
6 the numbers would show the vast majority of customers  
7 are not on those interruptible rates.

8 Q Yeah, and this -- how did you come into this  
9 information, you came, I mean, in terms of like what  
10 customers prefer? You told one of the counsel it was  
11 anecdotal. You talked to some customers and asked them  
12 questions, would you rather have your electricity on or  
13 off, or what -- how did you -- how did you do the  
14 questions?

15 A In the various roles that I have had within  
16 Duke Energy, I have been responsible and accountable for  
17 reliability and continuous service, and it's through  
18 multiple conversations, you know, dozens upon dozens of  
19 conversations with employees -- excuse me, customers.  
20 And then my employees have had conversations with  
21 hundreds of customers. And I can't recall a single time  
22 where a customer has called in and complained that their  
23 power was on, but they have called in and complained  
24 when their power is off.

25 And I think that, again, the vast majority of

1 customers want their power on. And when I say  
2 anecdotally, it's through my experience as a utility  
3 worker that I have had numerous conversations with those  
4 customers.

5 Q Right. But isn't it true that part of your  
6 quantitative analysis was to inject cost into that  
7 desire to have power on, that, you know, you are not  
8 going to spend a gagillion dollars to have power on at  
9 100 percent of the time, correct?

10 A Part of our analysis was providing a value to  
11 customers not experiencing those outages.

12 Q Does Duke have a goal with respect to the  
13 amount of time that its customers can expect to have  
14 pure from Duke? When I say Duke, let's talk Duke Energy  
15 Florida, because you may have goals that vary for  
16 different operating subsidiaries.

17 A Yes, sir, we have, you know, goals for  
18 reliability.

19 Q And could you share with the Commission and  
20 the counsel what the goal is in terms of a numerical  
21 percentage that customers should have their power on 100  
22 percent of the time, 90 percent of the time? Is it  
23 articulated in a way like that?

24 A It is not articulated in a way like that. No,  
25 sir.

1           **Q     How is it articulated?**

2           **A     In the same manner that one of the counselors**  
3 **asked about, SAIDI, CAIDI, SAIFI, those industry wide**  
4 **metricies.**

5           **Q     So how would you explain it to somebody, you**  
6 **know, that was not skilled in engineering or electrical**  
7 **parlance, how you would explain the Duke goal of how**  
8 **often electricity would be provided to customers?**

9           **A     To the lay person, I would explain it as our**  
10 **goal is to, you know, keep your service on as much as**  
11 **possible, and to reduce outages with a continual focus**  
12 **on eliminating outages and responding to interruptions**  
13 **as quickly as possible. That's how I would describe it**  
14 **to the lay person.**

15          **Q     And wouldn't you think that that's probably a**  
16 **goal that's been in place for utilities for as long as**  
17 **we've had utilities?**

18          **A     I would imagine certainly for at least the**  
19 **vast majority of the utilities histories.**

20          **Q     Mr. Rehwinkel was asking you some questions**  
21 **about how the storm protection plan might apply**  
22 **vis-a-vis it possibly not applying, as I understood it,**  
23 **with respect to certain parcels of property in Duke's**  
24 **service territory. Let me see if I can just get to what**  
25 **I thought was the heart of the matter.**



1           If you have two similarly situated developers  
2   in a county that Duke serves, is it possible for one  
3   developer who may find his or her development on a list  
4   to have undergrounding provided to that development and  
5   the general body of ratepayers is charged for that, and  
6   another developer who is not on the list may be asked to  
7   say, well, you are not on the list, so you have to --  
8   you have to come up with the money to pay for the  
9   undergrounding, is that how that works? Or I could ask  
10  it another way to say, if a developer comes to you and  
11  says I want to do a new development, I got 100 lots,  
12  quarter-acre lots, who pays for that?

13           A     So I believe you are asking about new service.  
14  And as we discussed earlier, I am vaguely familiar with  
15  the policies for new service, but I am here to discuss  
16  the storm protection plan, so I am not sure I understand  
17  your question.

18           Q     You have -- well, they kind of den you through  
19  the new service thing, at a high level, if you just --  
20  whatever your understanding is, if you could share it, I  
21  would appreciate it.

22           A     Okay. Repeat your question again exactly what  
23  you are trying to --

24           Q     Is there a distinction made for raw land  
25  development based on whether the land is somehow in a

1 program, identified in a program and a list as compared  
2 to not being in identified in a program or a list as to  
3 who would pay for the undergrounding?

4 A So for net new service, we would follow the  
5 tariff and the policy as outlined, which is separate  
6 from our storm protection plan.

7 Q Could there be a situation where a developer  
8 is within the storm protection plan and has the utility  
9 pay for all of the undergrounding?

10 A For new service?

11 Q Right.

12 A New service would not be identified in the  
13 storm protection plan because that line does not yet  
14 exist to be at risk for damage from extreme weather  
15 events.

16 Q Okay. How about for existing service that  
17 needed to be improved?

18 A Okay, and now ask your question again, for  
19 existing service.

20 Q If you had a development that was existing, it  
21 needed to be improved, and a developer said, hey, I am  
22 having a lot of outages out here, could you come in and  
23 put in underground distribution, who would pay for that?

24 A We would evaluate that specific line and  
25 determine if it is one that has been identified in our

1 current storm protection plan; and if it has, we would  
2 proceed with that, you know, with that. If it has not  
3 been evaluated, we would have discussions with the  
4 customer to determine next steps.

5 In that hypothetical situation, it's very hard  
6 to know, but, you know, we would obviously evaluate each  
7 project, each request on an individual basis.

8 **Q Yeah, thanks for helping with that. I know it**  
9 **wasn't right in your sweet spot, but I appreciate it.**

10 MR. MOYLE: If I could just have one minute to  
11 check my notes, please.

12 CHAIRMAN FAY: Sure.

13 And, Nucor and Walmart, are you going to have  
14 questioning for this witness?

15 MS. EATON: I have questions.

16 MR. BRISCAR: I have no cross.

17 CHAIRMAN FAY: Okay.

18 BY MR. MOYLE:

19 **Q The information with respect to customer**  
20 **values and views about electrical service, was that --**  
21 **were there surveys that were done, and was there a**  
22 **comprehensive document that said, here are the results**  
23 **of the surveys?**

24 A So the interrupting cost estimator, which was,  
25 again, developed by the Department of Energy, did do

1 surveys across multiple utilities across multiple  
2 states. That information could be found on, you know,  
3 the ICE website to see what information was there.

4 **Q Okay. So it wasn't something that was done**  
5 **specific to Duke's service territory?**

6 **A Correct. No, sir. This was done industry**  
7 **wide, and it is something that was utilized across the**  
8 **industry.**

9 **MR. MOYLE: Thank you. That's all I have.**

10 **Thank you.**

11 **CHAIRMAN FAY: Great. Nucor has waived cross,**  
12 **so Walmart.**

13 **MS. EATON: Sure.**

14 **EXAMINATION**

15 **BY MS. EATON:**

16 **Q Thank you for your time and all the**  
17 **explanation you have given. I will try to be brief.**

18 **In developing the 2023 SPP, you talked a lot**  
19 **about the different modeling that Duke performed as part**  
20 **of that. Some of that was, you know, industry wide,**  
21 **like the ICE, and some of it was Guidehouse, who Duke**  
22 **paid to have perform some modeling services for them.**

23 **During the modeling process, were there any**  
24 **potential programs that were run through the model that**  
25 **were rejected because they were quantitatively too**

1 **expensive?**

2 A For our 2023 SPP, which is a continuation of  
3 our SPP 2020 -- I might have said that incorrectly. Our  
4 2023 SPP is a continuation of our SPP 2020, we did not  
5 have any programs that we evaluated and eliminated  
6 because they did not pass a quantitative positive.

7 Q Okay. And that -- was that, do you believe,  
8 primarily because they were continuations of the  
9 programs in place in 2020?

10 A Yes, ma'am.

11 Q Okay. Thank you.

12 **CHAIRMAN FAY: Staff?**

13 MR. IMIG: Staff has no questions.

14 CHAIRMAN FAY: Okay. Commissioners? No.

15 You are recognized, Mr. Bernier, for redirect.

16 MR. WRIGHT: Chairman, before redirect, I just  
17 want to raise something for your consideration  
18 here. I think we've got a little bit of an issue.

19 During the course of cross-examination of both  
20 FPL and Duke's witnesses as of so far, they were  
21 repeated by asked what's required by the rule, is  
22 this required to comply by the rule. And I think  
23 we are put in a situation where all the utilities  
24 have taken different approaches to accomplish what  
25 they believe is required by the rule. We are

1 getting a little bit of the subject of the motion  
2 to strike.

3 You know, we are kind of in a situation where  
4 I would like to cross their witnesses, they would  
5 like to cross our witnesses, and I think we are  
6 going just be -- draw this hearing out. So I don't  
7 know if there is -- if we can get a ruling from  
8 you, Chairman, that cross of Duke's witnesses would  
9 be limited to briefing the Duke brief and cross of  
10 FPL's witnesses be limited to FPL's brief as  
11 opposed to, you know, crossing over. I think that  
12 would save a lot of time and avoid the utilities  
13 having to cross each other's witnesses.

14 CHAIRMAN FAY: Yeah, I think -- and tonight, I  
15 will discuss with our legal folks, the other -- the  
16 intervenors might have some comments to this too,  
17 but I am inclined to allow the testimony in that's  
18 occurred so far to be in without any sort of  
19 qualifiers.

20 I do think there will be an opportunity. And  
21 to your point, it might mean that we are here  
22 longer to go through that process, and it seems  
23 like, at times, even repetitive, because I think  
24 some of the intervenors have asked some questions  
25 that are essentially qualifying questions of what's

1           been asked already. But with that said, until we  
2           get to that point where we are going to make a  
3           decision on what's proffered, I don't believe  
4           anything that's been said would prohibit you from  
5           addressing that at that time.

6           MR. WRIGHT: Yeah. I guess my point is the  
7           testimony that was elicited from Duke on cross here  
8           today FPL would have cross on, provided that unless  
9           it was limited that the cross of Duke's witnesses  
10          can only be used in the brief in the Duke docket.  
11          You can't use the cross on Duke's witnesses in the  
12          brief in the FPL docket is my concern. Otherwise,  
13          I think the utilities are going to have cross for  
14          each other's witnesses.

15          CHAIRMAN FAY: Yeah, and I think that's --  
16          that's certainly taking different approaches, but  
17          what I am getting at is your concern that based on  
18          those interpretations being different, that you  
19          would need to clarify that through a cross of that  
20          witness? In other words, like, it's obvious that  
21          different utilities could take different  
22          interpretations as to how those statutes and rules  
23          are applied, is that -- is that -- do you see that  
24          as a conflict that you need to --

25          MR. WRIGHT: Yeah, I think when we are asking

1           what's required by the rule, and all the utilities  
2           take a different approach, I don't want to see,  
3           well, Duke's witnesses say this is what the rule  
4           requires, FPL has done it wrong.

5           MR. REHWINKEL:  Chairman, I want to object  
6           to --

7           CHAIRMAN FAY:  One second, Mr. Rehwinkel.

8           MR. REHWINKEL:  -- FPL is not a party to this  
9           docket.

10          CHAIRMAN FAY:  Mr. Rehwinkel, one second.

11          So is your concern essentially, then, for that  
12          -- for purposes of cross, if you don't have the  
13          opportunity to clarify that maybe hypothetically  
14          Duke's position is one that you don't share and is  
15          not your -- is not your interpretation that you are  
16          waiving your ability to do so?

17          MR. WRIGHT:  Correct.  I am worried about  
18          seeing cross of other utilities' witnesses applied  
19          to FPL in the briefing phase of this.

20          CHAIRMAN FAY:  Got you.  And your  
21          recommendation and/or potential suggestion is that  
22          that you would limit that testimony as to being  
23          used specifically for that utility and not to be  
24          used in a contradictory way to others?

25          MR. WRIGHT:  Correct.  If the cross on FPL's



1 witnesses would be applied to the brief that the  
2 OPC and other parties submit in the FPL docket and  
3 not in the Duke docket.

4 CHAIRMAN FAY: Okay. Great.

5 MR. WRIGHT: And that would avoid the need for  
6 all the utilities, I think, to cross-examine each  
7 other's witnesses.

8 CHAIRMAN FAY: Okay. That sounds like fun.  
9 You don't want to do that, Mr. Wright?

10 MR. WRIGHT: I enjoy being up here, but I  
11 think we are going to be here for days if we go  
12 down that path.

13 CHAIRMAN FAY: Fair enough.

14 Mr. Rehwinkel, you are recognized.

15 MR. REHWINKEL: In all seriousness, Mr.  
16 Chairman, I would like to lodge an objections,  
17 because --

18 CHAIRMAN FAY: Well, Mr. Rehwinkel, no  
19 decision has been made yet, but you can put on the  
20 record why you think this is not appropriate.

21 MR. REHWINKEL: That's what I want to do.

22 These cases, these four dockets have been  
23 combined for administrative efficiency purposes  
24 only. Duke -- no other utility is a party to  
25 Docket 22 -- 20220050. Only Duke and the

1           intervening parties are, and so it's out of order  
2           for any other party to ask questions or even make  
3           objections to the process that's in this docket.

4                   And if somebody tries to make extra record,  
5           introduce evidence that's not in this docket in  
6           this docket, then that can be dealt with when they  
7           try to do that. And vice-versa. If evidence from  
8           50 is tried to be introduced into 51, there are  
9           provisions in the APA that prohibit -- that require  
10          the competent, substantial evidence to be in that  
11          record. We have separate records.

12                   CHAIRMAN FAY: All right. Mr. Brew.

13                   MR. BREW: Yes. We are an intervenor in the  
14          050 docket. In these consolidated hearings through  
15          the years, other utilities have made it perfectly  
16          clear that I was not a party to and could not  
17          comment on items in their docket. And so what I am  
18          hearing from FPL is that, no, we want to be able to  
19          comment on things going on in the Duke docket. I  
20          agree with Mr. Rehwinkel. It's completely out of  
21          order --

22                   CHAIRMAN FAY: Okay, great.

23                   MR. BREW: -- and inconsistent with past  
24          practices.

25                   CHAIRMAN FAY: And then the other intervenors,

1 and I want to make sure TECO and FPUC.

2 Mr. Moyle, you are recognized.

3 MR. MOYLE: Sure. I was starting to jump in  
4 and just make a point that I am not sure I  
5 completely understood what the nature of the  
6 comment or objection that FPL was raising. Because  
7 I think my understanding is what we've done is  
8 we've asked witnesses, and you have allowed it to  
9 take place, you made a ruling, which is you can ask  
10 the witness -- we all recognize they are not  
11 lawyers, but it's pretty standard practice to say,  
12 what was your view? You were tasked with putting  
13 forth something, and you looked at this for your  
14 guidance. What did you -- what was your view of  
15 that? It's a nonlegal opinion, and I think it's  
16 more than appropriate to come in.

17 I think that, you know, that's what's  
18 happened. You have allowed it to come in, and so I  
19 am just unclear as to how that's now creating this  
20 big issue that, you know, I don't think would need  
21 to be -- need to be rectified. You know, we are  
22 not at -- they are not being asked, the Duke  
23 witness isn't being asked, do you believe the other  
24 utilities got this wrong? It's just being asked,  
25 you know, how did you do it? How did you do it?

1           Why did you do it?  What did you do?  So I just  
2           wanted to make that point.

3           CHAIRMAN FAY:  Yeah.

4           Mr. Means.

5           MR. BERNIER:  If I may --

6           CHAIRMAN FAY:  Yeah, Mr. Bernier.

7           MR. BERNIER:  I am actually in a weird  
8           situation where I think we are all actually saying  
9           the same thing.  I think what we are saying is as  
10          long as we understand that the evidence in FPL's  
11          docket may be testimony from FPL's witness could  
12          not be cited against Duke in our docket, then we  
13          have no need to cross anybody else.  But if that is  
14          not the case, if snippets of Mr. Lloyd's testimony  
15          could be used against any of the other utilities,  
16          then the other utilities would feel the need to  
17          step in.  But if that is not the case, and if we  
18          are all in agreement that that's not the case --

19          CHAIRMAN FAY:  I believe you are all in  
20          agreement maybe except for Mr. Rehwinkel.  Let me  
21          just clarify.  You're -- are you of the  
22          understanding that you essentially would not have  
23          the testimony of one utility being used in a,  
24          essentially a brief and/or them waiving the  
25          opportunity to cross and clarify as to why that's

1 not wrong? Because that does sound like you might  
2 be the only one who sort of takes issue with it.

3 MR. REHWINKEL: I haven't taken a position  
4 contrary to that. I think the records should be  
5 silos, and I have been clear about that.

6 CHAIRMAN FAY: Okay.

7 MR. REHWINKEL: I object to another utility  
8 getting in his docket.

9 CHAIRMAN FAY: Got you.

10 MR. REHWINKEL: In the 2014001, Mr. Brew tried  
11 to intervene in the Woodford segment, and FPL  
12 objected, and the Commission upheld that. So that  
13 principle is there, is they are not allowed in some  
14 other utility's clause docket.

15 CHAIRMAN FAY: I have never heard of this  
16 Woodford case, Mr. Rehwinkel. Yeah, we've never  
17 had -- right.

18 So with that said, I do think the parties are  
19 on the same page with it. I don't take any issue,  
20 to be fair, with the utilities have said. I'm  
21 taking the issue of interpretation as that that's  
22 how it's being applied. I understand that might be  
23 a concern of yours, but I think it's clear that the  
24 intent of that is not the case, and the irony being  
25 we are on the second witness from the second

1 utility, and so that decision hasn't essentially  
2 been made yet. But I don't anticipate any concerns  
3 unless a utility anticipates a specific issue that  
4 would cross over that they would can't to  
5 articulate. But otherwise I wouldn't think any of  
6 the parties would have a need to.

7 And so we will move forward presuming that's  
8 the case. I do want to make sure I have a  
9 discussion with our legal for purposes of  
10 implementation of how we want it done tomorrow.  
11 But with that said, if there is anything when we  
12 leave, and I do want to conclude because I am said  
13 that we would conclude at this time today, I do  
14 want to conclude, but I do also want to make sure  
15 that if some component of that changes, that our  
16 legal is put on notice as we have time to discuss  
17 that. Does that make sense, everyone?

18 MR. MOYLE: Yeah. I just wanted to make sure.  
19 I mean, this just came up. Mr. Wright raised the  
20 issue, which I am not that familiar with it. I  
21 want to think about it. I want to reflect on it.  
22 So essentially, I think what he said was that the  
23 evidence that the utilities are doing it  
24 differently, you know, is a concern. I don't know  
25 what our rights are to use that or not use it

1           anywhere, but I don't want to be foreclosed because  
2           I did say I need time to consider.

3           CHAIRMAN FAY: That's fine. You won't be  
4           foreclosed, but just to be clear, Mr. Moyle, we  
5           will show up here tomorrow and continue moving on  
6           with the hearing depending on how that's decided.

7           MR. MOYLE: Yeah.

8           CHAIRMAN FAY: Okay. Anybody else? Nope.

9           With that, we will -- I believe are we 9:30  
10          tomorrow? Is that the -- hold on one second. Is  
11          that correct? Okay. So we will be here at 9:30.  
12          We still do want to allow Duke to provide any  
13          redirect if you have to do so, Mr. Bernier.

14          MR. BERNIER: I appreciate it. Given that  
15          discussion, I have no need for redirect, but I do  
16          need to enter some exhibits into the record.

17          CHAIRMAN FAY: I presume that to be the case.  
18          Okay.

19          All right. Go ahead, Mr. Bernier.

20          MR. BERNIER: I believe I am trying to enter  
21          exhibits premarked as Exhibit 3, 4 and 5 into the  
22          record.

23          CHAIRMAN FAY: Okay.

24          (Whereupon, Exhibit Nos. 3-5 were received  
25          into the record.)

1           And then do we have 102 and 103, is that --

2           MR. REHWINKEL: The Public Counsel moves 102  
3           at this time. And since we kicked the Hurricane  
4           Dorian discussion to his rebuttal, I will wait to  
5           move 103 at that time.

6           CHAIRMAN FAY: Okay. So we will move --  
7           without objection, we will move 102 in. We will  
8           hold to move, which I guess will be renumbered at  
9           another point, will not move 103 in.

10           (Whereupon, Exhibit No. 102 was received into  
11           evidence.)

12           CHAIRMAN FAY: With that, Commissioners,  
13           anything else, Mary Anne and Walt?

14           MR. TRIERWEILER: Chairman, at this time, it  
15           would be appropriate to move both the direct of  
16           Michael Jarro and Brian Lloyd into the record as  
17           testimony as though read.

18           CHAIRMAN FAY: Okay. Without objection, show  
19           that moved into the record.

20           Anything else, Mr. Trierweiler?

21           MR. TRIERWEILER: Not at this time.

22           CHAIRMAN FAY: Okay. With that, we are  
23           concluded. We will see you at 9:30 tomorrow.

24           (Transcript continues in sequence in Volume  
25           2.)



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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 9th day of August, 2022.



DEBRA R. KRICK  
NOTARY PUBLIC  
COMMISSION #HH31926  
EXPIRES AUGUST 13, 2024