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September 27, 2022

*VIA ELECTRONIC FILING*

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


**Re: Docket No. 20220010-EI**  
**Florida Power & Light Company – Rebuttal of Michael Jarro**

Dear Mr. Teitzman:

Florida Power & Light Company hereby files the enclosed **Rebuttal Testimony of Michael Jarro** in the above-referenced docket.

A copy of this filing is being served in accordance with the attached certificate of service. Should you have any questions concerning this filing, please do not hesitate to me at (561) 691-7144.

Respectfully submitted,

  
\_\_\_\_\_  
Christopher T. Wright  
Authorized House Counsel No. 1007055

Enclosures

cc: Ken Hoffman

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by Electronic Mail to the following parties of record this 27th day of September 2022:

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1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **DOCKET NO. 20220010-EI**

3  
4 **FLORIDA POWER & LIGHT COMPANY**

5 **STORM PROTECTION PLAN COST RECOVERY CLAUSE**

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9 **REBUTTAL TESTIMONY OF**

10 **MICHAEL JARRO**

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23 **Filed: September 27, 2022**

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1 **I. INTRODUCTION**

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

3 A. My name is Michael Jarro. My business address is Florida Power & Light Company  
4 (“FPL” or the “Company”), 15430 Endeavor Drive, Jupiter, FL, 33478.

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

6 A. Yes. On April 1, 2022, I submitted testimony in support of FPL’s 2021 Storm  
7 Protection Plan Cost Recovery Clause (“SPPCRC”) Final True-Up, together with  
8 Exhibit MJ-1 – FPL Actual Storm Protection Plan Work Completed in 2021, Exhibit  
9 MJ-2 – Gulf Actual Storm Protection Plan Work Completed in 2021, and Exhibit MJ-  
10 3 – List of Explanations of Drivers for Variances in Storm Protection Plan Programs  
11 and Projects. On May 6, 2022, FPL filed and served a Notice of Filing a Revised  
12 Exhibit MJ-1 (2021 project level detail) to correct the completion dates, start dates, and  
13 amounts projected for certain Distribution Feeder Hardening Program projects. On  
14 May 31, 2022, upon discussion with Commission Staff, FPL filed a complete, single  
15 copy of Revised Exhibit MJ-1 that included both the revised and un-revised pages to  
16 ensure the record was complete and to avoid any confusion.

17  
18 On May 2, 2022, I submitted testimony in support of FPL’s 2022 SPPCRC  
19 Actual/Estimated True-Up and projected 2023 SPPCRC Factors, together with Exhibit  
20 MJ-4 – FPL Actual/Estimated Storm Protection Plan Work to be Completed in 2022,  
21 and Exhibit MJ-5 – FPL Storm Protection Plan Work Projected to be Completed in  
22 2023. On August 11, 2022, I filed an errata and Revised Exhibit MJ-5 to reflect that  
23 the Transmission and Distribution Winterization Programs had been formally  
24 withdrawn.

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

2 A. The purpose of my rebuttal testimony is to respond to certain portions of the direct  
3 testimonies of Lane Kollen and Kevin J. Mara submitted on behalf of the Office of  
4 Public Counsel (“OPC”). My rebuttal testimony will respond to the concerns,  
5 questions, and recommendations raised by these witnesses regarding the Storm  
6 Protection Plan (“SPP”) projects and costs projected to be incurred during the period  
7 January 1, 2023 through December 31, 2023, which are included in FPL’s projected  
8 2023 SPPCRC Factors.

9

10 First, I will provide some general observations and context regarding OPC’s  
11 testimonies and recommendations. Second, I will address OPC’s argument that a cost-  
12 benefit analysis and cost-effectiveness threshold is required for the Florida Public  
13 Service Commission (the “Commission”) to determine whether the projected 2023 SPP  
14 projects and costs are reasonable and prudent. Third, I will respond to OPC witness  
15 Mara’s recommendation that the budget for the Transmission Access Enhancement  
16 Program be excluded from the SPPCRC. Finally, I will address OPC witness Mara’s  
17 recommended adjustment to the Distribution Lateral Hardening Program.

18

19 I note that FPL witness Liz Fuentes will also respond to OPC witness Kollen’s claim  
20 that FPL’s SPPCRC includes programs and projects recovered in base rates and his  
21 concerns regarding FPL’s calculation of the revenue requirements for the 2023 SPP  
22 projects and costs included in the projected 2023 SPPCRC Factors.

23

1 **Q. Did Walmart Inc. (“Walmart”) also file direct testimony in this proceeding?**

2 A. Yes, Walmart submitted the direct testimony of Lisa V. Perry. With respect to FPL,  
3 Walmart witness Perry states that she does not oppose recovering the SPP costs from  
4 demand-metered customers consistent with how these costs are currently being  
5 recovered through the SPPCRC. Therefore, there is nothing in Walmart’s testimony to  
6 be rebutted.

7 **Q. Are you sponsoring any exhibits with your rebuttal testimony?**

8 A. No.

9  
10 **II. GENERAL OBSERVATIONS**

11 **Q. Before addressing the specific issues and recommendations raised by OPC, do you**  
12 **have any general observations?**

13 A. Yes. First, the OPC witnesses do not challenge or make any recommended adjustments  
14 to any of the SPP projects, costs, or revenue requirements included in FPL’s 2021 final  
15 true-up or 2022 actual/estimated true-up.<sup>1</sup> Thus, it appears the 2021 and 2022 SPP  
16 projects and costs are not in dispute. This is important to note because the approach  
17 FPL took in this proceeding to support its projected 2023 SPP projects and costs is the  
18 very same approach it used to support both the projected 2021 SPP projects and costs,  
19 which OPC agreed to in a settlement agreement approved by Commission Order No.  
20 PSC-2020-0409-AS-EI, and the projected 2022 SPP projects and costs that were  
21 approved by Commission Order No. PSC-2021-0324-FOF-EI.

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<sup>1</sup> See direct testimony of OPC witness Kollen, p. 8, ln. 13-16; see also direct testimony of OPC witness Mara, p. 8, ln. 7-10.



1 Second, the OPC witnesses do not challenge or make any recommended adjustments  
2 to any of the individual 2023 SPP projects or associated costs. In my Revised Exhibit  
3 MJ-5 and the Revised RBD-4 sponsored by FPL witness Renae B. Deaton, FPL  
4 provided voluminous project level detail, together with the data and calculations  
5 required by the Commission’s schedules, to describe and support the SPP projects and  
6 costs projected to be incurred during the period of January 1, 2023 through December  
7 31, 2023. Despite this extensive project level detail, the OPC witnesses have not  
8 challenged a single 2023 SPP project as not being prudent or asserted that the costs for  
9 any single 2023 project are unreasonable.

10

11 Third, based on my review of the testimonies of OPC witnesses Kollen and Mara, it  
12 appears that OPC is trying to re-litigate FPL’s 2023-2032 Storm Protection Plan (“2023  
13 SPP”) that is currently pending before the Commission in Docket No. 20220051-EI  
14 (hereinafter, the “SPP Docket”). As stated above, the OPC witnesses have not  
15 challenged the reasonableness or prudence of any individual 2023 SPP projects  
16 projected to be incurred during the period January 2023 through December 2023.  
17 Rather, the OPC witnesses challenge what programs and projects are eligible to be  
18 included in the 2023 SPP and recommend an adjustment to the total 10-year budget for  
19 the Distribution Lateral Hardening Program. Both OPC witnesses made substantially  
20 similar arguments in the SPP Docket regarding programs eligible to be included in the  
21 2023 SPP. In fact, both OPC witnesses offer their entire testimony from the SPP  
22 Docket as an exhibit in this proceeding, including the portions of OPC witness Kollen’s  
23 testimony that were stricken first by the Prehearing Officer in Order No. PSC-2022-

1 0292-PCO-EI and reaffirmed by the full Commission after OPC sought  
2 reconsideration. Based on these facts, it appears that OPC now again raises the same  
3 arguments rejected by the Commission in its attempt to again challenge what programs  
4 are eligible to be included in the 2023 SPP.

5 **Q. Do you have a response to the OPC witnesses' request to include and incorporate**  
6 **their testimonies from the SPP Docket in this docket?**

7 A. Yes. The SPP programs and ten-year estimated budgets to be included in the 2023 SPP  
8 are currently pending before the Commission in the SPP Docket. Based on my review  
9 of the SPP Statute, it is my understanding that the Commission will determine in the  
10 pending SPP Docket whether it is in the public interest to approve, approve with  
11 modifications, or deny FPL's 2023 SPP. *See* Section 366.96(4)-(6), F.S. According to  
12 the schedule for the SPP Docket published on the Commission's website, the  
13 Commission is currently scheduled to take a vote and decide FPL's 2023 SPP at the  
14 October 4, 2022 Agenda Conference. Thus, the parties to this docket, Staff, and the  
15 Commission will know whether FPL's 2023 SPP was approved as filed, modified, or  
16 denied by October 4, 2022, including what programs and associated ten-year budgets  
17 are included in the 2023 SPP. Notably, the Commission's decision on the 2023 SPP  
18 will occur prior to the November 1-3, 2022 hearing in this docket. Because the  
19 programs and associated estimated budgets to be included in FPL's 2023 SPP will be  
20 fully decided by the Commission prior to the hearing in this docket, in my opinion it is  
21 unnecessary to incorporate OPC's testimony, including the stricken testimony, from  
22 the SPP Docket on what should be included in the 2023 SPP in this proceeding – that  
23 issue will have already been decided.

1 **Q. On pages 6-7 of his direct testimony, OPC witness Mara states that the**  
2 **Commission should consider his testimony from the SPP Docket in this docket due**  
3 **to the uncertainty surrounding the modifications to the 2023 SPP that may be**  
4 **adopted by the Commission. Do you agree?**

5 A. No. Again, FPL’s 2023 SPP will be fully decided prior to the hearings in this  
6 proceeding. Moreover, the Commission’s SPPCRC Rule already contemplates and  
7 directs how any modifications to a SPP should be handled during a pending SPPCRC  
8 docket: “the utility shall, within 15 business days, file an amended cost recovery  
9 petition and supporting testimony reflecting the modifications.” Rule 25-6.031(2),  
10 F.A.C. Thus, in the event the Commission modifies or denies FPL’s 2023 SPP as filed,  
11 FPL is required to file amended 2023 SPPCRC Factors that incorporate and reflect any  
12 such modifications within 15 days. Further, even if the Commission modifies the 2023  
13 SPP and FPL is required to file amended 2023 SPPCRC Factors to reflect such  
14 modifications, there is nothing in the SPPCRC Rule to suggest that the Commission  
15 will reconsider what should be included in the 2023 SPP as part of its review of the  
16 amended 2023 SPPCRC Factor filing.

17  
18 **III. OPC’S PROPOSED COST-EFFECTIVENESS TEST IS INAPPROPRIATE**  
19 **AND UNNECESSARY**

20 **Q. Please summarize OPC witness Kollen’s recommendation regarding a cost-**  
21 **effectiveness threshold for SPP programs and projects to be recovered through**  
22 **the SPPCRC.**

23 A. OPC witness Kollen recommends that the Commission apply a cost-effectiveness  
24 threshold to determine if the SPP programs and projects are reasonable and prudent.

1 Specifically, OPC witness Kollen recommends on page 16 of his testimony that the  
2 Commission deny SPPCRC cost recovery for SPP programs and projects that do not  
3 have a benefit-to-cost ratio of 100% or more. On page 16, lines 10-18, OPC witness  
4 Kollen states that:

5 Even if the Commission does not require a benefit to cost ratio of at  
6 least 100%, it still should exercise its discretion and authority to  
7 follow an objective, minimum threshold, such as 70%, or limit the  
8 rate impact over the life of the SPP to a defined threshold, such as  
9 10% over the ten-year term of each utility’s proposed SPP  
10 programs.”

11 Thus, OPC witness Kollen proposes that the Commission apply a cost-effectiveness  
12 threshold to the programs and projects included in FPL’s 2023 SPP and deny SPPCRC  
13 cost recovery that does not meet this threshold.

14 **Q. On page 14 of his testimony, OPC witness Kollen suggests that a cost-effectiveness**  
15 **threshold is the “best approach” for the Commission to determine if the SPP**  
16 **programs and projects are reasonable and prudent. What is your understanding**  
17 **of the reasonable and prudent standard applicable to the SPPCRC?**

18 A. The Commission’s SPPCRC Rule provides:

19 (2) After a utility filed its Transmission and Distribution Storm  
20 Protection Plan (Storm Protection Plan), the utility may file a  
21 petition for recovery of associated costs through the Storm  
22 Protection Plan cost recovery clause....

23 (3) An annual hearing to address petitions for recovery of Storm  
24 Protection Plan costs will be limited to determining the  
25 reasonableness of projected Storm Protection Plan costs, the  
26 prudence of actual Storm Protection Plan costs incurred by the  
27 utility, and to establish Storm Protection Plan cost recovery factors  
28 consistent with the requirements of this rule.

1 Rule 25-6.031(2) and (3), F.A.C. (emphasis added). Thus, with respect to the projected  
2 2023 SPP costs, it appears that the review is limited to the reasonableness of the  
3 projected costs.

4 **Q. Does the SPPCRC Rule provide guidance on how the utilities are to demonstrate**  
5 **that the SPP costs proposed to be recovered through the SPPCRC are reasonable**  
6 **or prudent?**

7 A. Yes. The Commission’s SPPCRC Rule provides that “[t]he utility’s petition shall be  
8 supported by testimony that provides details on the annual Storm Protection Plan  
9 implementation activities and associated costs, and how those activities and costs are  
10 consistent with its Storm Protection Plan.” Rule 25-6.031(2), F.A.C. With respect to  
11 projected SPP costs, such as the 2023 SPP costs being challenged by OPC, the SPPCRC  
12 Rule states:

13 The projected Storm Protection Plan costs recovery shall include  
14 costs and revenue requirements for the subsequent year for each  
15 program filed in the utility’s cost recovery petition. The projection  
16 filing shall also include identification of each of the utility’s Storm  
17 Protection Plan programs for which costs will be incurred during the  
18 subsequent year, including a description of the work projected to be  
19 performed during such year, for each program in the utility’s cost  
20 recovery petition.

21 Rule 25-6.031(7)(c), F.A.C. In addition, Commission staff has directed the utilities to  
22 include specific Commission schedules/forms with the annual SPPCRC filings, which  
23 include detailed information, schedules, and calculations for the SPP costs to be  
24 recovered through the SPPCRC.

25

1 For FPL's projected 2023 SPP costs, this information was provided in FPL's Revised  
2 Exhibit MJ-5, Revised Exhibit RBD-4, Exhibit RBD-5, and direct testimonies of FPL  
3 witnesses Jarro and Deaton filed in this docket on May 2, 2022.

4 **Q. Are you suggesting that the Commission is somehow limited in its application of**  
5 **the reasonable and prudence standard in this proceeding?**

6 A. Absolutely not. Clearly, the SPPCRC Rule provides that the SPP projects must be  
7 reasonable and prudent, as well as consistent with the other requirements of the Rule,  
8 in order to be recovered through the SPPCRC. Although I am not an attorney, it is my  
9 opinion that the Commission can and should determine whether it was prudent or  
10 imprudent for the utility to undertake a specific SPP project that is submitted for  
11 recovery through the SPPCRC. Likewise, it is my opinion that the Commission can  
12 and should determine whether the costs for a specific SPP project submitted for  
13 recovery through the SPPCRC are reasonable. I submit that this is precisely why the  
14 SPPCRC Rule and Commission forms require voluminous and detailed information on  
15 each SPP project and program submitted for recovery through the SPPCRC.

16 **Q. Did either of the OPC witnesses assert that any of the SPP projects included in the**  
17 **2023 SPPCRC Factors were imprudent?**

18 A. No, neither OPC witness identified a single 2023 SPP project that they believed is  
19 imprudent for FPL to undertake. I do note, however, that OPC witness Mara asserted  
20 that the entire Transmission Access Enhancement Program is imprudent, and he  
21 recommends that the entire 2023 SPP cost for this program be excluded from the  
22 SPPCRC, which I will further address below.

1 **Q. Did either of the OPC witnesses assert that any of the SPP project costs included**  
2 **in the 2023 SPPCRC Factors were unreasonable?**

3 A. No, neither OPC witness identified a single 2023 SPP project cost that they believed is  
4 unreasonable. I do note, however, that OPC witness Mara recommends a reduction to  
5 the ten-year budget for the Distribution Lateral Hardening Program, which I will further  
6 address below.

7 **Q. Do you have concerns with OPC’s proposal that the Commission apply a cost-**  
8 **effectiveness threshold to determine whether the SPP programs and projects are**  
9 **reasonable and prudent?**

10 A. Yes. I note that OPC witness Kollen attempted to raise this very same argument in the  
11 SPP Docket, which was stricken by Order No. PSC-2022-0292-PCO-EI. It appears  
12 that OPC through witness Kollen is trying to re-litigate this same issue in this  
13 proceeding by claiming that “the costs of the SPP programs and projects are prudent  
14 and reasonable only if the benefits exceed the costs; in other words, the benefit-to-cost  
15 ratio is equal to or more than 100%.”<sup>2</sup> However, the SPP Statute and SPPCRC Rule  
16 do not prescribe or require a traditional cost-benefit analysis or cost-effectiveness test  
17 for projects or programs to be recovered in the SPPCRC. In my opinion, OPC witness  
18 Kollen is attempting to re-litigate the SPPCRC Rule approved by this Commission to  
19 add a requirement that does not exist.

20

21

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<sup>2</sup> See Direct Testimony of OPC witness Kollen, p. 11, ln. 20-22.

1 **Q. On page 12, lines 4-7, OPC witness Kollen states that “neither the SPP Statute or**  
2 **SPPCRC Rule require the Commission to authorize recovery of the costs of SPP**  
3 **programs and projects that are uneconomic even if they meet the other SPP**  
4 **Statute and SPP rule objectives to reduce restoration costs and outage times.” Do**  
5 **you agree?**

6 A. No, I do not. It is also equally as true that nothing in the SPP Statute or SPPCRC rule  
7 requires or mentions that the SPP programs and projects must meet a cost-effectiveness  
8 threshold in order to be recovered through the SPPCRC.

9 **Q. On page 14 of his direct testimony, OPC witness Kollen asserts that the Rule 25-**  
10 **6.030, F.A.C., requires an economic analysis in the form of a comparison of dollar**  
11 **benefits to dollar costs for the SPP programs. Do you have a response?**

12 A. Yes. It is my understanding that Rule-25-6.030, F.A.C., prescribes the contents to be  
13 included in a utility’s SPP and applies to the Commission’s review and approval of the  
14 SPP. The rule applicable to this SPPCRC proceeding is the SPPCRC Rule, not Rule  
15 25-6.030, F.A.C., relied upon by OPC witness Kollen.

16  
17 The only “comparison” mentioned in the SPPCRC Rule applies to the final true-up for  
18 the previous year (“a comparison of actual costs for the prior year and previously filed  
19 costs and revenue requirements for such prior year”) and the estimated true-up for the  
20 current year (“based on a comparison of current year actual/estimated costs and the  
21 previously-filed projected costs and revenue requirements for such current year”). *See*  
22 Rule 25-6.031(7)(a) and (b), F.A.C. There is no mention of any sort of “comparison”  
23 for the projected SPP costs, which are the only projects being challenged by OPC in



1 this proceeding as explained above. *See* Rule 25-6.031(7)(c), F.A.C. Moreover, the  
2 words restoration costs, outage times, and benefits are not mentioned or referenced in  
3 the SPPCRC Rule. Thus, there is nothing to suggest that economic analysis in the form  
4 of a comparison of dollar benefits to dollar costs is required under the SPPCRC Rule.

5 **Q. Do you have any additional concerns with OPC witness Kollen’s recommendation**  
6 **that the Commission apply a cost-effectiveness threshold to determine whether**  
7 **SPP projects and costs are recoverable through the SPPCRC?**

8 A. Yes, I have several concerns with his recommendation. First, the analysis of whether  
9 the benefits of a SPP program or project justify the estimated costs is not a one-size-  
10 fits-all proposition as suggested by OPC. This is clearly demonstrated by the fact that,  
11 as OPC witness Kollen acknowledges on page 13 of his direct testimony, each of the  
12 electric utilities took very different approaches in the SPP Docket to comparing the  
13 estimated costs and benefits of their SPP programs.

14  
15 Second, such analyses are necessarily dependent on several highly variable factors that,  
16 in large part, are beyond the utility’s control and cannot be accurately predicted,  
17 including, but not limited to: the number of annual extreme weather events; the path  
18 of each storm; the intensity or category of each storm; the speed or duration of each  
19 storm; the availability of resources to respond to and provide storm restoration services  
20 for each storm; and the extent to which the infrastructure has been storm hardened at  
21 the time of each projected storm. Additionally, such analyses are necessarily dependent  
22 on a very wide range of subjective economic assumptions, including, but not limited  
23 to: the range of values individual customers place on reduced outage times, including

1 comfort, health, and convenience; economic impact to individual customers due to  
2 spoilage, loss or disruption of business, and loss of equipment or supplies; and financial  
3 and disruptive impact to the state and local economies. Notably, even where utilities  
4 attempted to undertake such a comparison, OPC witness Kollen still attacks those  
5 analyses suggesting that they are improper, overstated, and subjective.<sup>3</sup>

6  
7 Third, OPC witness Kollen’s proposed cost-benefit analysis would be impracticable  
8 for the annual SPPCRC proceedings even if it was appropriate. In FPL’s SPPCRC  
9 filings in this docket, there are a total of over 8,500 individual SPP projects (3,144 in  
10 2021, 2,470 in 2022, and 2,947 in 2023)<sup>4</sup> pending for the Commission’s review, plus  
11 the annual costs for each of the transmission and distribution pole inspection and  
12 vegetation management programs. Putting aside the concerns and issues with the  
13 significant speculation and subjectivity required to undertake such an analysis as  
14 explained above, I believe it could be costly and require a significant amount of time  
15 to perform a cost-benefit analysis for each individual SPP project and program included  
16 in each annual SPPCRC filing as suggested by OPC witness Kollen. Although FPL  
17 has not attempted to quantify the amount, I submit that OPC witness Kollen’s proposal  
18 to undertake a cost-benefit analysis for each individual SPP project and program on an  
19 annual basis would likely increase the Implementation Costs being recovered through  
20 the SPPCRC.

21

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<sup>3</sup> See Direct Testimony of OPC witness Kollen, p. 13, lines 8-21.

<sup>4</sup> See FPL Revised Ex. MJ-1, Ex. MJ-2, Ex. MJ-4, and Revised Ex. MJ-5.

1 Fourth, OPC witness Kollen’s recommendation that FPL’s SPP programs require  
2 further cost-benefit analysis or cost-justification before they can be approved for  
3 recovery through the SPPCRC is directly contrary to the manner under which the 2021  
4 and 2022 SPP projects and costs have been previously approved by the Commission  
5 for recovery through the SPPCRC. There were no cost-benefit analyses or cost-  
6 effectiveness thresholds applied to either the 2021 or 2022 SPP projects and costs  
7 currently being recovered through the SPPCRC. And, OPC has not claimed that a cost-  
8 benefit analysis or cost-effectiveness threshold is required for the 2021 or 2022 SPP  
9 costs. Either a cost-benefit analysis and cost-effectiveness threshold are required in  
10 order for the SPP projects and cost to be reasonable and prudent under the SPPCRC  
11 Rule, or they are not. Notably, the approach that FPL took to support its projected 2023  
12 SPP programs and costs in this proceeding is the very same approach it used for the  
13 2021 and 2022 SPP projects and costs that were approved by the Commission for  
14 recovery through the SPPCRC.

15  
16 Finally, OPC witness Kollen’s recommendation that FPL’s SPP programs require  
17 further cost-benefit analysis or cost-justification before they can be approved for  
18 recovery through the SPPCRC is directly contrary to OPC’s own testimony. On pages  
19 8-19 of his direct testimony, OPC witness Mara only recommends adjustments to the  
20 Transmission Access Enhancement Program and the Distribution Lateral Hardening  
21 Program (*i.e.*, only two out of the nine programs included in the 2023 SPP and proposed  
22 for recovery through the 2023 SPPCRC Factors). Stated differently, OPC witness Mara  
23 does not dispute that it would be reasonable and prudent for the Commission to allow

1 FPL to recover the 2023 SPP costs associated with seven programs included in the 2023  
2 SPP and proposed for recovery through the 2023 SPPCRC Factors. Either these 2023  
3 SPP projects and costs require further cost justification in order to be recovered through  
4 the SPPCRC, or they do not. The fact that OPC witness Mara has essentially agreed  
5 that most of the 2023 SPP projects and costs should be approved for recovery through  
6 the SPPCRC without further cost-justification or meeting a cost-effectiveness threshold  
7 undermines the additional cost benefit and cost effectiveness tests that OPC witness  
8 Kollen continues to call for and clearly suggests that OPC recognizes that FPL has  
9 provided sufficient information about each of the 2023 SPP projects and costs for the  
10 Commission to determine if they are reasonable, prudent, and should be approved for  
11 recovery through the SPPCRC.

12

13 **IV. OPC’S RECOMMENDED EXCLUSION OF THE TRANSMISSION ACCESS**  
14 **ENHANCEMENT PROGRAM IMPROPERLY IGNORES THE SCOPE AND**  
15 **PURPOSE OF THE PROGRAM**

16 **Q. Can you please summarize OPC witness Mara’s recommended adjustment to the**  
17 **Transmission Access Enhancement Program?**

18 A. Yes. On page 8 of his direct testimony, OPC witness Mara recommends that the  
19 “\$800,000 budget for the Transmission Access Enhancement Program be excluded  
20 from the SPPCRC” because, according to him, “building roads to structures which have  
21 already been hardened...for access is not a prudent cost.”

22 **Q. Do you agree with his recommendation?**

23 A. No. OPC witness Mara does not challenge or oppose any of the individual 2023  
24 projects or costs for the Transmission Access Enhancement Program identified on page  
25 27 of my Revised Exhibit MJ-5. Rather, OPC witness Mara appears to suggest that the

1 entire 2023 budget for this program should be excluded. However, his proposed  
2 adjustment to the 2023 Transmission Access Enhancement Program costs is based on  
3 his opinion that the overall program is not prudent. Thus, it appears that OPC witness  
4 Mara is trying to re-litigate whether the Transmission Access Enhancement Program  
5 should be included in the 2023 SPP, which is an issue that will be addressed and fully  
6 resolved in the SPP Docket as explained above.

7  
8 Moreover, the basis for which OPC witness Mara claims that the Transmission Access  
9 Enhancement Program is not prudent simply disregards the actual and unrefuted scope  
10 and purpose of the program. OPC witness Mara claims on page 9, lines 1-3 of his direct  
11 testimony, that the scope and purpose of the program is to build roads for access to  
12 structures that have already been hardened. To be clear, FPL is not proposing to simply  
13 maintain roads, rights-of-way, bridges, and culverts for purposes of accessing  
14 transmission facilities for day-to-day maintenance and vegetation management  
15 activities, which are activities typically scheduled and conducted during drier times of  
16 the year and within the existing transmission rights-of-way. Rather, as clearly set forth  
17 in the 2023 SPP and as I testified in the SPP Docket, the purpose of the Transmission  
18 Access Enhancement Program is to ensure FPL has access and the ability to remove  
19 debris in order to energize its transmission facilities following an extreme weather  
20 event by targeting and addressing areas that become inaccessible due to flooding or  
21 saturated soils. For reasons that are unclear, OPC witness Mara continues to ignore the  
22 actual and unrefuted purpose of the Transmission Access Enhancement Program, both  
23 in the SPP Docket and in this docket.

1 **Q. On page 10 of his direct testimony, OPC witness Kollen asserts that FPL’s**  
2 **Transmission Access Enhancement Program is included within the scope of**  
3 **existing base rate programs and base rate recoveries in the normal course of**  
4 **business. Do you have a response?**

5 A. Yes. OPC witness Kollen’s statement appears to be based on OPC’s contention that  
6 the purpose of the Transmission Access Enhancement Program is to simply maintain  
7 access to transmission facilities for day-to-day maintenance and vegetation  
8 management activities. As I explained above, this is incorrect and OPC is simply  
9 ignoring the unrefuted evidence in the SPP Docket.

10  
11 The SPP Statute provides that the “annual transmission and distribution storm  
12 protection plan costs may not include costs recovered through the public utility’s base  
13 rates.” *See* Section 366.96(8), F.S. Similarly, the SPPCRC Rule provides that costs  
14 recoverable through the SPPCRC “shall not include costs recovered through the  
15 utility’s base rates or any other cost recovery mechanisms.” *See* Rule 25-6.031(6)(b),  
16 F.A.C. The Transmission Access Enhancement Program is a new SPP program that, if  
17 approved as part of the 2023 SPP, will begin to be implemented starting January 1,  
18 2023. The Transmission Access Enhancement Program was developed in late 2021,  
19 and no costs associated with the program were included or forecasted in FPL’s last base  
20 rate case, which was filed in early 2021. Therefore, contrary to OPC witness Kollen’s  
21 claim, the Transmission Access Enhancement Program and associated costs are not  
22 included in FPL’s current base rates.

1 **Q. Mr. Jarro, based on your experience, do you believe the projected 2023**  
2 **Transmission Access Enhancement Program projects and costs included in the**  
3 **2023 SPPCRC Factors are reasonable and prudent?**

4 A. Yes. Based on my experience as Vice President of Distribution Operations, my prior  
5 experience as Vice President of Transmission and Substations, my twenty-five years of  
6 experience and leadership roles in distribution operations and customer service  
7 (including as a distribution reliability manager, manager of distribution operations for  
8 the south Miami-Dade area, control center general manager, director of network  
9 operations, senior director of customer strategy and analytics, and senior director of  
10 power delivery central maintenance and construction), and my real-world experience  
11 with storm restoration efforts associated with major hurricanes, I believe the projected  
12 2023 Transmission Access Enhancement Program projects and costs are reasonable,  
13 prudent, and consistent with the legislative objectives of Section 366.96, F.S. As  
14 reflected on Revised Exhibit MJ-5, FPL projects a total of eight Transmission Access  
15 Enhancement Program projects for 2023. Each of these projects are located in areas  
16 where the transmission line cannot be readily accessed for repair and restoration  
17 following an extreme weather event due to flooding and/or saturated soils. These eight  
18 Transmission Access Enhancement Program projects are consistent with the 2023 SPP  
19 currently pending before the Commission for approval.

20

21 Florida remains the most hurricane-prone state in the nation and, with the significant  
22 coast-line exposure of FPL's system and the fact that the vast majority of FPL's  
23 customers live within twenty miles of the coast, FPL's service area has a high

1 probability of being impacted by multiple extreme weather events every year. In parts  
2 of FPL's service area, transmission facilities are located in areas that are not readily  
3 accessible for repair/restoration following an extreme weather event, such as low-lying  
4 areas, areas prone to severe flooding, or areas with saturated soils. When these facilities  
5 are impacted during a storm, they frequently can only be accessed for restoration using  
6 specialized equipment, which often has limited availability during storm events and is  
7 typically a higher cost than traditional equipment.

8  
9 Although hardened transmission structures are significantly more storm resilient than  
10 non-hardened structures, outages on and damage to the transmission circuits and  
11 structures could still occur during an extreme weather event, such as when vegetation  
12 or debris is blown into the circuit or structure. Hardened transmission lines are not  
13 debris proof and access is still needed to remove debris caused by the storm that does  
14 not damage the line but prevents it from being energized. If such outages occur in areas  
15 that are not readily accessible, it will delay when power may be restored to affected  
16 customers. Importantly, a transmission-related outage can result in an outage affecting  
17 tens of thousands to hundreds of thousands of customers and can lead to cascading  
18 outages beyond FPL's service area and even outside of Florida. FPL's proposed  
19 Transmission Access Enhancement Program will allow FPL and its contractors to  
20 quickly address these outages, which will shorten the associated restoration times and  
21 restoration costs, by ensuring these transmission facilities are reasonably accessible  
22 after an extreme weather event. For these reasons, I believe the eight Transmission  
23 Access Enhancement Program projects projected for 2023 and included in the 2023



1 SPPCRC Factors are prudent and consistent with the policy and objectives of Section  
2 366.96, F.S., to reduce restoration costs and outage times associated with extreme  
3 weather events.

4  
5 The Transmission Access Enhancement Program work to be performed in 2023 and  
6 related costs will be based on competitive solicitations and other contractor and  
7 supplier negotiations to ensure that FPL selects the best qualified contractors and  
8 suppliers at the lowest evaluated costs. Additionally, FPL will manage the costs at the  
9 program level to ensure that the total annual costs incurred during 2023 are consistent  
10 with the 2023 SPP as approved by the Commission. For these reasons, I believe that  
11 the costs associated with the 2023 Transmission Access Enhancement Program projects  
12 are reasonable and any material variances from the projected costs will be further  
13 addressed and reviewed in the subsequent 2023 actual/estimated true-up and 2023 final  
14 true-up filings.

15  
16 **V. OPC’S RECOMMENDED ADJUSTMENT TO THE DISTRIBUTION**  
17 **LATERAL HARDENING PROGRAM IS IRRELEVANT TO THE 2023**  
18 **SPPCRC AND SHOULD BE REJECTED**

19 **Q. Please summarize OPC witness Mara’s proposed adjustment to the Distribution**  
20 **Lateral Hardening Program.**

21 **A.** On pages 9-10 of his direct testimony, OPC witness Mara recommends extending the  
22 ten-year roll-out of the Distribution Lateral Hardening Program and “specifically to  
23 reduce the budgets for the Distribution Lateral program by roughly 31 percent (from  
24 \$9,389,000 to \$6,000,000).”

25

1 **Q. Do you agree with his proposed adjustment?**

2 A. No. OPC witness Mara’s proposed adjustment to the ten-year budget for the  
3 Distribution Lateral Hardening Program is the exact same adjustment he proposed in  
4 the SPP Docket.<sup>5</sup> Thus, it appears OPC is trying to re-litigate the ten-year budget for  
5 the 2023 SPP, which is an issue that will be addressed and fully resolved in the SPP  
6 Docket as explained above.

7  
8 OPC witness Mara does not challenge or oppose any of the 2023 Distribution Lateral  
9 Hardening Program projects or associated costs identified on page 24 of my Revised  
10 Exhibit MJ-5. In fact, on page 10, lines 8-9 of his direct testimony, OPC witness makes  
11 “no recommendation regarding which laterals to delay.” Moreover, it is clear from  
12 OPC witness Mara’s testimony in the SPP Docket, which he attached as Exhibit KJM-  
13 4, that he is not proposing any adjustments to the 2023 Distribution Lateral Hardening  
14 Program projects or associated costs: “my recommendation uses the same budgets  
15 proposed by FPL for the first 2 years (2023 to 2024) and then caps the annual spending  
16 for this program to roughly \$606 million per year for the years 2025 to 2032.”<sup>6</sup> The  
17 projects and costs at issue in this docket are limited to 2021, 2022, and 2023 SPP  
18 projects and costs. Based on OPC witness Mara’s testimony in the SPP Docket, it is  
19 clear that OPC is, in fact, not proposing any adjustments to the 2023 Distribution  
20 Lateral Hardening Program projects, costs, or budgets.

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<sup>5</sup> See OPC witness Mara Ex. KJM-4, pp. 37-38.

<sup>6</sup> See OPC witness Mara Ex. KJM-4, p. 37.

1 **Q. Even though he is not proposing any changes to the 2023 Distribution Lateral**  
2 **Hardening Program projects, costs, or budget, do you have a response to his**  
3 **proposal that the ten-year roll-out of the program be extended?**

4 A. Yes. As part of the 2023 SPP pending before the Commission in the SPP Docket, FPL  
5 is seeking to deploy the Distribution Lateral Hardening Program as a full-scale  
6 permanent SPP program and, as such, is ramping up the program in order to provide  
7 the benefits of lateral hardening throughout its system, including in the former Gulf  
8 service area. I note that no parties to the SPP Docket objected to the Distribution  
9 Lateral Hardening Program becoming a permanent SPP program.

10

11 The ramp up in the number of laterals to be completed each year under the Distribution  
12 Lateral Hardening Program is due primarily to the inclusion of the former Gulf service  
13 area and the significant number of laterals remaining to be hardened, the strong local  
14 support and interest in the program, as well as the addition of the Management Region  
15 selection approach starting in 2025. I note that no parties to the SPP Docket criticized  
16 or challenged the proposed expansion to the former Gulf service area or the addition of  
17 the Management Region selection approach.

18

19 The annual budget for the Distribution Lateral Hardening Program is a product of the  
20 number of estimated projects to be completed throughout FPL's system. FPL has  
21 nearly finished its transmission hardening and its feeder hardening programs, which  
22 provide benefits to all customers. The Distribution Lateral Hardening Program is the  
23 critical next step necessary to harden the T&D system consistent with the policy and

1 directive of Section 366.96, F.S., and is necessary to bring the direct and indirect  
2 benefits of storm hardening to the individual customers, including reduced restoration  
3 costs, reduced outage times, and aesthetics. OPC witness Mara's proposal will  
4 significantly reduce the number of laterals to be completed each year and, in turn, delay  
5 when the benefits will be realized by the individual customers.

6

7 How fast and how many lateral projects are completed under the Distribution Lateral  
8 Hardening Program, and how quickly customers realize the direct and indirect benefits  
9 therefrom, is ultimately a regulatory decision for the Commission to be made in the  
10 context of the policy and objectives of the Section 366.96, F.S. However, based on the  
11 availability of resources and materials necessary to execute the Distribution Lateral  
12 Hardening Program, I believe that FPL has taken a reasonable and measured approach  
13 in order to ensure all customers receive the benefits of storm hardening consistent with  
14 the legislative objectives of Section 366.96, F.S., within a reasonable period.

15 **Q. Mr. Jarro, based on your experience, do you believe the projected 2023**  
16 **Distribution Lateral Hardening Program projects and costs included in the 2023**  
17 **SPPCRC Factors are reasonable and prudent?**

18 A. Yes. Based on my prior experience as described above, as well my real-world  
19 experience with storm restoration efforts associated with major hurricanes, I believe  
20 the projected 2023 Distribution Lateral Hardening Program projects and costs are  
21 reasonable, prudent, and consistent with the legislative objectives of Section 366.96,  
22 F.S. As reflected on Revised Exhibit MJ-5, FPL projects to complete a total of 728  
23 laterals during 2023 as part of the Distribution Lateral Hardening Program. These 728

1 lateral projects are consistent with the 2023 SPP currently pending before the  
2 Commission for approval. FPL selected these laterals in accordance with the  
3 Distribution Lateral Hardening Program prioritization and selection criteria, which is  
4 applied on a non-discriminatory basis throughout FPL's consolidated service area in  
5 order to address the worst performing circuits first based on actual historical experience  
6 as further explained in the 2023 SPP currently pending before the Commission for  
7 approval. I note that no parties to the SPP Docket challenged or otherwise opposed the  
8 prioritization and selection criteria for the Distribution Lateral Hardening Program.

9

10 FPL's Distribution Lateral Hardening Program was designed to achieve the express  
11 objectives and goals of Section 366.96, F.S., to underground certain electrical  
12 distribution lines in order to reduce restoration costs and outage times associated with  
13 extreme weather events. FPL's lateral hardening program is an impactful and crucial  
14 tool to achieve these legislative objectives and is appropriately designed to address the  
15 worst performing circuits and areas first based on actual historical experience. FPL's  
16 experience with recent extreme weather events, such as Hurricane Matthew, Hurricane  
17 Irma, Tropical Storm Eta, and Hurricane Sally, demonstrated that underground laterals  
18 are successful in reducing outages and restoration costs associated with extreme  
19 weather events. For these reasons, I believe the 728 lateral projects projected for  
20 completion in 2023 and included in the 2023 SPPCRC Factors are prudent and  
21 consistent with the policy and objectives of Section 366.96, F.S., to underground  
22 certain distribution lines in order to reduce restoration costs and outage times associated  
23 with extreme weather events.

1           The Distribution Lateral Hardening Program work to be completed in 2023 and related  
2           costs will be based on competitive solicitations and other contractor and supplier  
3           negotiations to ensure that FPL selects the best qualified contractors and suppliers at  
4           the lowest evaluated costs. Additionally, FPL will manage the costs at the program  
5           level to ensure that the total annual costs incurred during 2023 are consistent with the  
6           2023 SPP as approved by the Commission. For these reasons, I believe that the costs  
7           associated with the 2023 Distribution Lateral Hardening Program projects are  
8           reasonable and any material variances from the projected costs will be further  
9           addressed and reviewed in the subsequent 2023 actual/estimated true-up and 2023 final  
10          true-up filings.

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

12   A.    Yes.