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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20230017-EI

In re: Petition for limited
proceeding for recovery of
incremental storm restoration costs
related to Hurricanes Ian and Nicole,
by Duke Energy Florida, LLC.

PROCEEDINGS: HEARING

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

DATE: Tuesday, June 18, 2024

TIME: Commenced: 10:50 a.m.
Concluded: 11:10 a.m.

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

REPORTED BY: DEBRA R. KRICK
Court Reporter

PREMIER REPORTING
TALLAHASSEE, FLORIDA
(850) 894-0828

1 APPEARANCES:

2 CHRISTOPHER T. WRIGHT and JOEL T. BAKER,
3 ESQUIRES, 700 Universe Boulevard, Juno Beach, Florida
4 33408; appearing on behalf of Florida Power & Light
5 Company (FPL).

6 WALT TRIERWEILER, PUBLIC COUNSEL; CHARLES
7 REHWINKEL, DEPUTY PUBLIC COUNSEL, PATRICIA A.
8 CHRISTENSEN, ESQUIRE, OFFICE OF PUBLIC COUNSEL, c/o The
9 Florida Legislature, 111 West Madison Street, Room 812,
10 Tallahassee, Florida 32399-1400; appearing on behalf of
11 the Citizens of the State of Florida (OPC).

12 STEPHANIE U. EATON, ESQUIRE, Spilman Law Firm,
13 110 Oakwood Drive, Suite 500, Winston-Salem, NC;
14 appearing on behalf of Walmart, Inc., (Walmart).

15 SHAW STILLER and DANIEL DOSE, ESQUIRES, FPSC
16 General Counsel's Office, 2540 Shumard Oak Boulevard,
17 Tallahassee, Florida 32399-0850; appearing on behalf of
18 the Florida Public Service Commission (Staff).

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

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I N D E X

WITNESS:	PAGE
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2	NUMBER:		ID	ADMITTED
3	1	Comprehensive Exhibit List	8	8
4	2-24	As identified in the CEL	8	
5	14-24	As identified in the CEL		9
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1 P R O C E E D I N G S

2 CHAIRMAN LA ROSA: Good morning, everybody.
3 Today is June 18th still. This hearing is now
4 called to order.

5 Staff, can you please read the notice?

6 MR. STILLER: Pursuant to notice published
7 June 4, 2024, this time and place has been set for
8 a hearing in Docket No. 20230017-EI, regarding a
9 petition for limited proceeding for recovery of
10 incremental storm restoration costs related to
11 Hurricanes Ian and Nicole by Florida Power & Light
12 company. The purpose of the hearing is set out
13 more fully in the notice.

14 CHAIRMAN LA ROSA: Thank you.

15 Let's move to appearances, starting with FPL.

16 MR. BAKER: Joel Baker appearing on behalf of
17 Florida Power & Light. And I would also like to
18 enter an appearance for Christopher Wright.

19 CHAIRMAN LA ROSA: Thank you.

20 OPC.

21 MS. CHRISTENSEN: Good morning, Commissioners.
22 Patricia Christensen with the Office of Public
23 Counsel. I would also like to put in an appearance
24 for Walt Trierweiler, the Public Counsel, and
25 Charles Rehwinkel, Deputy Public Counsel.

1 CHAIRMAN LA ROSA: Thank you.

2 Staff.

3 MR. STILLER: Shaw Stiller for Public Coun --
4 Public Service Commission staff. It's been along
5 week.

6 I would also like to enter an appearance for
7 our current resident of Omaha, Nebraska, Daniel
8 Dose.

9 CHAIRMAN LA ROSA: Excellent. Thank you.

10 So just let the record reflect that the
11 Walmart has been excused from this hearing.

12 Let's move to preliminary matters that need to
13 be addressed.

14 MR. STILLER: I would, before we move any
15 further, Mr. Chair, like to enter an appearance for
16 your advisor, Mary Anne Helton, and your General
17 Counsel, Keith Hetrick. And there are a few
18 preliminary matters, Mr. Chair.

19 The parties are proposing Type 1 and Type 2
20 stipulations as set forth in Attachment A to the
21 Prehearing Order. Staff suggests that the proposed
22 stipulations be taken up after the parties have
23 made their opening statements.

24 Additionally, the parties have stipulated to
25 the prefiled testimony and exhibits of utility

1 witnesses Michael Jarro, Keith Ferguson and Tiffany
2 Cohen, as well as the Public Service Commission
3 staff witness. Staff has conferred with each
4 Commissioner's office and confirmed that they have
5 no question for these witnesses, and that they may
6 be excused from the hearing. Staff recommends that
7 their prefiled testimony and corresponding prefiled
8 exhibits should be entered into the record in order
9 of their appearance per the Prehearing Order.

10 That is all of the preliminary matters staff
11 had earmarked.

12 CHAIRMAN LA ROSA: Excellent.

13 Do any of the parties have any other
14 preliminary matters that we need to address today?

15 MR. BAKER: No. I just would add, to be sure,
16 I don't quite recall if I heard, Mr. Stiller, that
17 also Amber De Lucenay's prefiled testimony should be
18 entered into the record. I think you may have
19 skipped over it. If not, it's my mistake.

20 MR. STILLER: I did skip over that, and that
21 testimony should also be admitted. Thank you for
22 that correction.

23 CHAIRMAN LA ROSA: Excellent. No other
24 preliminary matters?

25 Okay. Then let's move forward on to exhibits.

1 MR. STILLER: Staff has compiled a
2 Comprehensive Exhibit List, the CEL. Item 1 on the
3 list is the CEL itself. The prefiled exhibits
4 attached to the witnesses' testimony are labeled 2
5 through 13, and staff's hearing exhibits are 14
6 through 24. The list has been provided to the
7 parties, the Commissioners and the court reporter.

8 Staff requests that the CEL be marked for
9 identification purposes as Exhibit No. 1, and that
10 the other exhibits listed on the CEL be marked for
11 identification as set forth in the CEL.

12 CHAIRMAN LA ROSA: The exhibits are so marked.

13 (Whereupon, Exhibit Nos. 1-24 were marked for
14 identification.)

15 MR. STILLER: At this time, staff requests
16 asks that the CEL marked as Exhibit No. 1 be
17 entered into the record.

18 CHAIRMAN LA ROSA: Are there any objections?

19 MR. BAKER: No objections.

20 MS. CHRISTENSEN: No objections.

21 CHAIRMAN LA ROSA: Okay. Hearing none, then
22 Exhibit No. 1 will be entered.

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

25 CHAIRMAN LA ROSA: Have all the parties had

1 the opportunity to review the Comprehensive Exhibit
2 List? Are there any objections to entry 14 through
3 24?

4 MR. BAKER: No objections.

5 MS. CHRISTENSEN: No objections.

6 CHAIRMAN LA ROSA: Okay. Hearing none, show
7 that 14 through 24 are entered into the record.
8 Receive.

9 (Whereupon, Exhibit Nos. 14-24 were received
10 into evidence.)

11 CHAIRMAN LA ROSA: We will take opening
12 statements at this time. Per the Prehearing Order,
13 each party will have three minutes for their
14 opening statement.

15 MR. BAKER: Thank you, Chairman.

16 Given that you have been presented with a set
17 of stipulations that, if approved, will resolve all
18 the issues in the case, I will keep my remarks
19 brief. To begin, I would just like to start with
20 some of the facts that underlie the stipulations.

21 FPL's service area was impacted in 2022 by two
22 significant National Hurricane Center classified
23 storms, Hurricanes Ian and Nicole. Hurricane Ian
24 was the strongest hurricane to impact since 2018,
25 and the fifth strongest hurricane on record to

1 strike the United States. Hurricane Nicole arrived
2 just six weeks later, impacting Florida's eastern
3 coastline, which was left vulnerable following
4 Hurricanes Ian.

5 These storms caused widespread devastation,
6 flooding and customer service outages. FPL was
7 prepared to meet these challenges. For both
8 storms, FPL undertook reasonable, necessary and
9 prudent measures to prepare for and respond to the
10 impacts. These efforts involve the mobilization of
11 trained FPL employees, contractors and mutual aid
12 utilities.

13 Large-scale logistical efforts were also
14 undertaken, such as opening and managing staging
15 sites, organizing lodging, food, communications and
16 fuel deliveries. Taking a proactive approach, FPL
17 mobilized crews, pre-staged resources and
18 ultimately restored service to customers safely and
19 quickly.

20 The costs incurred for restoration were
21 carefully reviewed. FPL followed a deliberate and
22 comprehensive process to review contractor invoices
23 associated with the storms, doing so in accordance
24 with the Hurricane Irma settlement approved by this
25 commission in Docket No. 20180049.

1 This process included an invoice receipt
2 review, individualized invoice review, and
3 follow-up analysis to ensure that invoices were
4 paid in conformance with applicable contract terms.

5 In accordance with the Hurricane Irma
6 settlement, FPL engaged an outside independent
7 audit firm to examine FPL's storm restoration costs
8 and processes associated with Hurricane Ian. That
9 examination concluded that FPL's storm restoration
10 costs were accurate, the internal controls
11 processes and documentation to support the costs
12 were appropriate, and that the costs are compliant
13 with both the Irma settlement and the ICCA
14 methodology prescribed by Rule 25-6.0143. The
15 Office of Public Counsel and Commission staff both
16 reviewed the inputs and results of the examination,
17 along with the testimony and exhibits of record.

18 Should the Commission approve the stipulations
19 before it, FPL will return to customers the
20 difference in final recoverable amount, and the
21 amount that FPL collected under the approved
22 surcharge. This equates to about \$16 million that
23 will be credited back to customers as a one-time
24 bill credit. But the true-up will be done
25 consistent with the cost allocation used to recover

1 the surcharge.

2 And to close, I would like to extend thanks to
3 the Office of Public Counsel for its review of the
4 Ian and Nicole costs, and for its collaborative
5 effort in working to reach the stipulations that
6 are now before the Commission. And we also thank
7 Walmart for its willingness to join a number of
8 those stipulations, and Commission staff for its
9 work in facilitating an organized constructive
10 proceeding.

11 Thank you for your time, Commissioners, and we
12 respectfully request your approval of the
13 stipulations before you.

14 CHAIRMAN LA ROSA: Thank you.

15 OPC.

16 MS. CHRISTENSEN: Good morning, Commissioners.
17 I would like to make a few brief comments today
18 regarding today's FPL storm recovery request.

19 OPC has reviewed FPL's reviewed audit plan,
20 audit report, and the audit workpapers, and
21 conducted discovery involving a review of the
22 representative sample of the invoices and cost
23 documentation.

24 After conducting this review, and
25 cooperatively meeting with FPL and their outside

1 auditors, we determined that the company has
2 materially complied with the Irma settlement, and
3 that the audit was well designed and executed.

4 We note that FPL has demonstrated that it
5 maintains processes that ensure their positive
6 stewardship of the resources they acquire for
7 restoring service after severe weather events. We
8 believe that based on the entirety of these
9 circumstances, FPL's petition meets the burden of
10 proof established by the Irma assessment and other
11 applicable laws.

12 As you are aware, OPC and FPL have agreed to
13 stipulations to resolve all the outstanding issues.
14 We represent that these stipulations are reasonable
15 and prudent resolutions to the issues, and are in
16 the public interest.

17 As a result of the due diligence performed by
18 OPC, and the cooperation by FPL in this matter, OPC
19 is in support of FPL's continued commitment to
20 implement and update the process provisions in the
21 Irma settlement so that the current and future
22 customers only pay for prudent cost-effective storm
23 restoration costs incurred due to extreme weather
24 events.

25 And we would like to say that we were very

1 impressed with FPL's processes. And we want to
2 thank them as well for being cooperative and doing
3 the items, and making sure that all of the
4 processes were employed and resulted in good
5 results for customers.

6 Thank you.

7 CHAIRMAN LA ROSA: Thank you to the parties.
8 Let's move to witness testimony.

9 MR. STILLER: At the Prehearing, all parties
10 stipulated to the entry of testimony for the three
11 utility witnesses and the staff witnesses, waived
12 cross-examination and waived briefing.

13 Staff requests that the testimonies for
14 witnesses Jarro, Ferguson, Cohen, De Lucenay and
15 Ngo be entered into the record at this time, and
16 that the prefiled exhibits marked as Items 2
17 through 13 on the CEL be moved into the record.

18 CHAIRMAN LA ROSA: Any objections?

19 MR. BAKER: No objection.

20 MS. CHRISTENSEN: No objection.

21 CHAIRMAN LA ROSA: Okay. So then hearing
22 none, the prefiled testimony of all the witnesses
23 is moved into the record as though read.

24 (Whereupon, prefiled direct testimony of
25 Michael Jarro was inserted.)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY

DIRECT TESTIMONY OF MICHAEL JARRO

DOCKET NO. 20230017-EI

NOVEMBER 17, 2023

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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, Florida 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 Vice President of Distribution Operations.

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

A. As Vice President of Distribution Operations, I am responsible for the operation and maintenance of FPL’s distribution system that safely, reliably, and efficiently delivers electricity to more than 5.8 million customers accounts representing more than half of our state’s population. FPL’s service area is divided into nineteen (19) distribution management areas with approximately 78,800 miles of distribution lines and 1.4 million distribution poles. The functions and operations within my area 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 the 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
5 I have over 26 years of storm restoration leadership experience, including performing
6 many roles of increasing responsibility during the historic 2004-2005 storm season,
7 serving as distribution incident commander during Tropical Storm Ernesto, and control
8 center general manager during Tropical Storm Bonnie and Hurricane Matthew.
9 Additionally, I helped coordinate FPL's response plans in support of Hurricane Maria,
10 which devastated Puerto Rico, and I have provided storm restoration leadership for
11 recent storms that impacted Florida, including Hurricane Irma, Hurricane Isaias,
12 Tropical Storm Eta, Hurricane Sally, Tropical Storm Zeta, Tropical Storm Elsa,
13 Tropical Storm Fred, Tropical Storm Alex, Hurricane Ian, Hurricane Nicole, and
14 Hurricane Idalia.

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

16 **A.** Yes. I am sponsoring the following exhibits:

- 17 • MJ-1 – Hurricane Ian – National Hurricane Center's Forecast Track
- 18 • MJ-2 – Hurricane Ian – Satellite View
- 19 • MJ-3 – Hurricane Nicole – National Hurricane Center's Forecast Track
- 20 • MJ-4 – Hurricane Nicole – Satellite View
- 21 • MJ-5 – FPL's T&D Hurricane Ian Restoration Costs
- 22 • MJ-6 – FPL's T&D Hurricane Nicole Restoration Costs

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

2 A. The purpose of my testimony is to provide an overview of FPL's emergency
3 preparedness plan and restoration process and support the reasonableness and prudence
4 of FPL's storm restoration activities and associated costs. I provide details for the work
5 and costs incurred by FPL in connection with Hurricane Ian and Hurricane Nicole.
6 Specifically, I describe FPL's storm preparations, response and restoration efforts,
7 follow-up work activities necessary to restore FPL's facilities to their pre-storm
8 condition, and details on the associated storm restoration costs. Finally, I discuss FPL's
9 overall successful performance in restoring service to those customers that experienced
10 an outage due to Hurricane Ian and Hurricane Nicole.

11

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

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

15 A. The primary objective of FPL's emergency preparedness plan and restoration process is
16 to safely restore critical infrastructure and to restore power to the greatest number of
17 customers in the least amount of time, which is a critical step for the customers and
18 communities served by FPL to return to their normal, pre-storm lives and activities.
19 Achieving this objective requires extensive planning, training, adherence to established
20 storm restoration processes, and execution that can be scaled quickly to match each
21 storm's particular challenges.

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

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

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

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

4 **Q. Does FPL update its emergency preparedness plan?**

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

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

19 A. In the logistics support area, preparations include: (1) increasing material inventory; (2)
20 verifying and securing adequate lodging arrangements; (3) securing staging sites¹; (4)
21 verifying staging site plans; and (5) securing any necessary agreements and contracts

¹ Staging sites are temporary work sites opened to serve as operational hubs for Incident Management Teams to plan, coordinate, and execute area restoration plans. Staging sites may provide parking, food, laundry service, medical care, hotel coordination, and, if necessary, housing for large numbers of external and internal restoration resources.

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

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

5 A. Yes. Each year FPL tests its readiness during a hurricane “dry run” exercise. This event
6 simulates a storm (or multiple storms/hurricanes) impacting FPL’s service area. The
7 purpose is to provide a realistic, challenging scenario that causes the organization to
8 react to situations and to practice functions not generally performed during normal
9 operations. It is a full-scale exercise, executed with active participation by employees
10 representing every business unit in the company, as well as with external organizations,
11 local government officials, and media representatives. After months of preparation, the
12 formal exercise activities begin 96 hours before the forecasted date and time of impact
13 from the mock hurricane. FPL’s Command Center is fully mobilized and staffed. Field
14 patrollers are required to complete simulated damage assessments that are then utilized
15 by office staff to practice updating storm systems, acquiring resources, and developing
16 estimated times of restoration. The exercise also includes simulating customer and other
17 external communications, as well as updating our outage management system and other
18 storm-specific applications. This preparatory exercise is conducted as part of FPL’s
19 ordinary approach to business and the costs of these activities are not charged to storm
20 costs.

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

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

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

15
16 At 72 to 48 hours, computer models are run based on the projected intensity and path
17 of the storm and asset data of the T&D system to forecast expected damage, restoration
18 workload, and potential customer outages. Based on the modeled results, commitments
19 are confirmed for restoration personnel, materials, and logistics support. Staging site
20 locations are then identified and confirmed based on the storm's expected path.
21 Primary communication lines are established for the staging sites as well as backup
22 communications, including via satellite, are implemented to improve communications
23 efforts. External resources are activated and begin moving toward the FPL service

1 areas that are expected to be impacted by the storm and internal personnel may be
2 moved closer to areas expected to be impacted.

3

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

15 **Q. Has FPL previously executed its emergency preparedness plan and overall
16 restoration process?**

17 A. Yes. FPL was required to implement its full-scale emergency preparedness plan and
18 restoration process in response to numerous hurricanes and storms impacting FPL’s
19 service area and customers during the 2016 through 2021 storm seasons.

20 **Q. Did FPL implement improvements to its emergency preparedness plans and
21 restoration process based on its experiences from prior storms?**

22 A. Yes. Every restoration event is different, and each event presents opportunities to learn
23 and continue to refine and improve our processes and planning. Consistent with FPL’s

1 culture of continuous improvement, FPL implemented several enhancements to its
2 processes based upon the experiences and lessons learned during the 2016 through
3 2021 storm seasons. Enhancements adopted and utilized by FPL during the recent
4 hurricane seasons, including during Hurricane Ian and Hurricane Nicole, include, but
5 are not limited to:

- 6 • Implemented improved tracking of vendor crews by having their FPL contacts
7 whenever possible ascertain their starting time and location, ending time and
8 location, and add miscellaneous comments associated with their mobilization
9 to/from FPL service area.
- 10 • Implemented a more effective acquisition and redeployment of external
11 resources (*e.g.*, committing to acquiring external resources and having them
12 travel and pre-staging them closer, yet out of danger, to the areas expected to be
13 affected by the approaching storm to enable FPL to begin restoration work more
14 quickly).
- 15 • Supported pre-staged resources at processing and staging sites with port-o-lets,
16 tower lights, and Container Foldout Rigid Temporary Shelters (“CFORTS”).
17 Assisted with delivered meals when local restaurants were not available.
- 18 • Increased the utilization of advanced technology, such as using smart grid
19 technology, drones, and mobile devices to facilitate damage assessments.
20 Deployed FPL’s Mobile Command Centers and Community Response Vehicles
21 (high-tech remote command posts and communication hubs that quickly relay
22 crucial information, decisions, and logistical needs to/from FPL’s Command

1 Center) to impacted areas. These new technologies provide better, faster, and
2 more efficient support to the restoration effort.

3 These enhancements are examples of FPL’s culture of continuous improvement in storm
4 preparation and response.

5 **Q. How does FPL ensure the emergency preparedness plan and restoration process**
6 **are consistently followed?**

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

13
14 Storm restoration plans are documented in a variety of media including manuals, on-
15 line procedures, checklists, job aids, process maps, and detailed instructions. System
16 data is continually monitored and analyzed throughout the storm. FPL conducts
17 multiple daily conference calls, utilizing structured checklists and agendas, with FPL
18 Command Center leadership and all FPL business units to confirm process discipline,
19 discuss overall progress, and identify issues that can be quickly resolved. Conference
20 calls are also held twice a day with all field restoration and logistics locations to ensure
21 critical activities are performed as planned and timely communications occur at all
22 levels throughout the organization. Also, each organization within FPL conducts its
23 own daily conference call(s) to ensure plans are executed appropriately and issues are

1 being quickly identified and resolved. Overall monitoring and performance
2 management of field operations are performed through the FPL Command Center. In
3 addition, FPL Command Center personnel routinely conduct field visits once
4 restoration has begun to validate restoration process discipline and application, assess
5 progress at remote work sites, and identify any adjustments that may be required.

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

7 A. There are a variety of factors that impact restoration workload. Historical responses to
8 similar events, team experiences with both on-system and off-system events, and the
9 framework of the emergency preparedness plan are all utilized to determine preliminary
10 workload requirements. In each storm, FPL utilizes its storm damage model to forecast
11 system damage and hours of work required to restore service. These forecasts are based
12 on the location and status/condition of FPL facilities, the weather forecast associated
13 with the storm's projected path, and the effects of varying wind strengths on the electric
14 infrastructure. As the storm conditions change, the damage model is updated. The
15 workload projections are matched with resource factors, such as availability and
16 location, and FPL's capacity to efficiently and safely manage and support available
17 resources. As soon as the storm passes, certain employees are tasked with determining
18 and assessing the damage. Additionally, FPL utilizes damage assessments obtained
19 through aerial and field patrols and customer outage information contained in FPL's
20 outage management system.

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

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

11 **Q. Please provide details on how FPL acquires additional resources.**

12 A. As previously mentioned, an important component of each restoration effort is FPL’s
13 ability to scale and adjust resources to match the anticipated workload. This includes
14 acquiring external contractors and mutual assistance resources from affiliate
15 companies, other utilities within the state of Florida (*e.g.*, other Florida investor-owned,
16 municipal, and cooperative utilities), and other utilities outside the state of Florida.
17 FPL is a participating member of the SEE Mutual Assistance Group. While this group
18 is a non-binding entity, it provides FPL and other members with guidelines on how to
19 request assistance from a group of approximately 57 utilities, primarily located in the
20 southern and eastern United States. The guidelines require reimbursement for direct
21 costs of payroll and other expenses, including roundtrip travel costs (*i.e.*,
22 mobilization/demobilization), when providing mutual aid in times of an emergency. In
23 addition, FPL participates with EEI and the National Response Event organization to

1 gain access to other utilities. Resource requests may include line and vegetation
2 contractors, patrol personnel, crew supervisors, material-handling personnel, and, in
3 some cases, logistics support.

4
5 FPL's Integrated Supply Chain ("ISC") also has multiple contractual agreements with
6 line and vegetation contractors throughout the U.S. Many of these agreements are with
7 contractors utilized by FPL during normal operations. Depending on the severity of
8 the storm and the resources needed, additional line and vegetation companies may be
9 contracted to provide support pending their release from the utilities for which they
10 normally work. If these additional line and vegetation contractors are needed, FPL
11 negotiates rates with the new contractors on an as-needed basis prior to the
12 commencement of work.

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

15 A. The objective of safely restoring electric service as quickly as possible is not a "least
16 cost" proposition. Said in a different manner, restoration of electric service at the
17 lowest possible cost will not result in the most rapid restoration. However, FPL is
18 always mindful of costs and prudently acquires resources.

19
20 For line and vegetation contractors, FPL seeks to acquire resources with pre-negotiated
21 storm contracts based on a low-to-high cost ranking and, to the greatest extent
22 practicable, releases these same resources from storm restoration assistance in reverse
23 cost order subject to the overriding objective of safely and quickly restoring power to

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

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

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

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

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

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

8 A. The external resources initially report to a Processing Site for verification of rosters
9 and equipment before being assigned to an FPL Storm Production Lead associated with
10 a designated staging site. The Storm Production Lead is responsible for verifying crew
11 rosters as FPL accepts these resources onto its system. The Storm Production Lead is
12 then responsible for reviewing and electronically approving timesheets to ensure that
13 time and personnel counts are recorded accurately. The timesheets are then
14 electronically routed to the Finance Section Chief at the staging site and then sent to
15 FPL's Cost Finalization team for the final validation of contractor invoices for
16 payment. FPL witness Ferguson describes the role and responsibilities of the Finance
17 Section Chief, and FPL witness De Lucenay describes the role and responsibilities of
18 the Cost Finalization team.

19 **Q. What logistics support and activities are required to support the overall
20 restoration effort?**

21 A. Logistics functions serve a key role in any successful restoration effort by ensuring
22 basic needs and supplies are adequately available and provided to the thousands of
23 restoration personnel involved. These functions include, but are not limited to, the

1 acquisition, preparation, and coordination of staging sites, environmental services,
2 salvage, lodging, laundry, buses, caterers, ice and water, office trailers, light towers,
3 generators, portable toilets, security guards, communications, and fuel delivery.
4 Agreements with primary vendors are in place prior to the storm season as part of FPL's
5 comprehensive storm-planning process. FPL personnel from all parts of the company
6 meet additional logistics staffing needs. These employees are pre-identified, trained,
7 and assigned to provide site logistics management and support other restoration
8 workforce needs. FPL contracts for additional logistics resources for larger restoration
9 efforts that exceed internal logistics support capabilities.

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

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

1 III. HURRICANE IAN

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

4 A. Hurricane Ian was the ninth named storm, fourth hurricane, and the second major
5 hurricane of the 2022 hurricane season. Hurricane Ian was the strongest hurricane to
6 impact Florida since Hurricane Michael in 2018 and tied the record for the fifth-
7 strongest hurricane on record to strike the United States. Hurricane Ian was also the
8 first Category 4 hurricane to impact Southwest Florida since Hurricane Charley in
9 2004.

10
11 The National Hurricane Center (“NHC”) began issuing advisories on Tropical Cyclone
12 Ian on September 23, 2022, and projected that it would make landfall as a major
13 hurricane in Florida. Florida Governor Ron DeSantis declared a state of emergency for
14 24 counties, which was subsequently extended to all 67 counties of Florida due to the
15 projected historic size and magnitude of the storm.

16
17 On September 26, 2022, the storm became a hurricane with warnings from the NHC
18 that further strengthening was anticipated. A Storm Surge Warning was issued by the
19 NHC along Florida’s west coast, including Tampa Bay. On September 27, 2022, the
20 storm became a Major Hurricane (Category 3, with windspeeds exceeding 111 mph)
21 with the NHC warning of further rapid intensification. Due to the NHC’s hurricane
22 track forecast shifting southward, the peak storm surge forecast was modified
23 accordingly. In the morning hours of September 28, 2022, the National Oceanic and

1 Atmospheric Administration (“NOAA”) identified that Hurricane Ian had reached its
2 peak intensity of 161 mph (a Category 5 hurricane) when it was only hours from
3 making landfall. Hurricane Ian made landfall near Fort Myers Beach, Florida at 3:05
4 p.m. with maximum sustained winds of 150 mph (a high-end Category 4 hurricane).²
5 At the time Hurricane Ian made landfall, most of the Florida peninsula had been
6 engulfed by the storm for hours as hurricane-force winds extended approximately 50
7 miles outward from the center of the storm, and tropical storm-force winds extended
8 up to 175 miles. The path and satellite image of Hurricane Ian are provided in Exhibits
9 MJ-1 and MJ-2, respectively.

10

11 Due to its historic size and slow movement, Hurricane Ian battered nearly all of FPL’s
12 peninsular service area for more than 72 hours and unleashed destructive winds,
13 unprecedented storm surge, substantial flooding, and multiple tornadoes that impacted
14 FPL’s customers. For example, storm surge on the west coast swelled to an
15 unprecedented 10 to 15 feet above ground level in Fort Myers Beach and Estero Island.³
16 The National Ocean Service tide gauge near downtown Fort Myers measured 7.26 feet,
17 where storm surge reversed the direction of the river flow and flooded the streets of the
18 city.⁴

² According to NOAA, there is little practical difference between the peak intensity of Category 5 and a top-end Category 4 hurricane. For context, a Category 4 hurricane maxes out at 156 mph.

³ See National Hurricane Center, Tropical Cyclone Report, Hurricane Ian (April 3, 2023), available at https://www.nhc.noaa.gov/data/tcr/AL092022_Ian.pdf.

⁴ See *id.* The devastating storm surge wasn’t limited to Fort Myers. Maximum inundation levels of 8 to 12 feet occurred in Estero, Bonita Beach, Bonita Springs, and North Naples. Maximum inundation of 6 to 9 feet occurred in Naples and 4 to 6 feet occurred in Marco Island.

1 On September 29, 2022, as Hurricane Ian crossed inland over Florida it was
2 downgraded to a tropical storm. However, extreme rainfall and hurricane-force winds
3 continued and became particularly destructive to multiple parts of the state, which
4 hampered efforts of all first responders, including FPL's restoration response, due to
5 downed vegetation, impassable roads, and flooding. The outer rain bands of Hurricane
6 Ian produced 14 tornadoes in Florida on September 27-28, 2022, ranging in scale from
7 EF 0 to EF 2 tornadoes, some of which caused injuries and considerable property
8 damage.⁵ Hurricane Ian produced a wide swath of heavy rainfall that led to
9 considerable freshwater flooding. For example, the highest storm total rainfall
10 recorded was 26.95 inches in Grove City, Florida, located just north of the landfall
11 location on the western side of the state.⁶ Rainfall totals reached a secondary peak as
12 Hurricane Ian neared the Atlantic Ocean and brought 21.49 inches to Daytona Beach.⁷
13 Even after Hurricane Ian exited Florida and strengthened back into a hurricane, its outer
14 bands continued to impact Florida's east coast causing flooding, storm surge, and
15 notable wind-damage miles from where the storm initially made landfall.

16 **Q. Please describe FPL's preparations to respond to the potential impacts of**
17 **Hurricane Ian.**

18 A. Shortly after the NHC began issuing advisories on Tropical Cyclone Ian on September
19 23, 2022, FPL's emergency preparedness teams closely monitored the storm and

⁵ *See id.*

⁶ *See* NOAA National Centers for Environmental Information, Monthly National Climate Report for September 2022, (October 2022), *available at* <https://www.ncei.noaa.gov/access/monitoring/monthly-report/national/202209/supplemental/page-5>.

⁷ *Id.* Central and eastern Florida saw rainfall totals of 10-20 inches, and south Florida saw isolated totals of 9+ inches of rainfall.

1 initiated early discussions and preliminary preparations. FPL’s first weather update call
2 occurred on September 24, 2022, which was 96-hours before the projected landfall. On
3 September 25, 2022, FPL activated its emergency response organization, staffed its
4 Command Center, and initiated the cadence of daily planning and management meetings
5 to ensure the efficient and timely execution of all pre-landfall checklists and preparation
6 activities. Based on the NHC forecasts, FPL began pre-positioning resources across the
7 state prior to the anticipated landfall. FPL also initiated customer communications and
8 outreach, urging customers to prepare for Hurricane Ian, including potential for
9 prolonged power outages.

10

11 Through its pre-landfall planning activities and based on the forecasted path, size, and
12 intensity of Hurricane Ian, FPL worked to anticipate projected outcomes and began to
13 commit to resources for restoration support. In anticipation of landfall, FPL began
14 opening staging sites and pre-positioning resources throughout its service area.

15 **Q. How did FPL respond to the impacts of Hurricane Ian?**

16 A. FPL understands that hurricanes cause a significant interruption to the lives of our
17 customers and local communities. As a result, FPL sets out to restore power safely and
18 as quickly as practicable so daily life can return to normal.

19

20 FPL followed its well-developed, systematic, and well-tested plan to respond to
21 Hurricane Ian, which includes obtaining and pre-staging resources in advance of the
22 storm. As with any approaching storm, there was uncertainty in the ultimate path and
23 intensity of Hurricane Ian. However, given that the forecasted path indicated that much

1 of FPL’s service area would be impacted by Hurricane Ian, including some of the most-
2 populated regions of the state, FPL could not take a “wait and see” approach. FPL had
3 to be prepared to respond to what was projected to be a historic and deadly impact to
4 FPL’s customers.

5
6 As FPL has learned through decades of restoration efforts, assembling, and properly
7 positioning personnel and equipment is key to restoring power safely and as quickly as
8 practicable. Hurricane Ian was a catastrophic storm that required a massive restoration
9 workforce and logistics plan. FPL mobilized a workforce of more than 21,000
10 personnel (including mutual assistance from 30 states) dedicated to the restoration
11 effort. These crews worked around the clock and between feeder bands when
12 conditions were safe to do so.

13
14 Bridges were damaged and some major roads were impassable or washed away due to
15 storm surge, torrential rain, and historic flooding throughout FPL’s service area. As a
16 result, FPL implemented and deployed multiple innovative methods to survey damage,
17 including widespread use of drones, riding airboats through DeSoto County, and
18 utilizing a kayak to investigate the flooded Port Orange Substation. Along with the
19 helicopters of the United States Coast Guard and Army National Guard, FPL deployed
20 its fixed-wing drone FPLAir One to survey the widespread damage from Hurricane
21 Ian. FPLAir One conducted numerous missions and streamed back live visuals to the
22 FPL Command Center. The use of FPLAir One provided FPL’s emergency
23 preparedness teams with focused and detailed information of the impacts to FPL’s

1 system and the surrounding conditions, including in areas that were inaccessible to the
2 damage surveyors.

3 **Q. How did FPL's T&D system perform during Hurricane Ian?**

4 A. While no electrical system can be made completely resistant to the impacts of hurricanes
5 and other extreme weather events, FPL's continued investments in its storm hardening
6 programs and smart grid technology continue to provide increased T&D infrastructure
7 resiliency and reduced restoration times. As a result of these efforts, FPL's T&D system
8 performed well during Hurricane Ian.

9

10 Since 2006, FPL has been removing wood structures from the transmission system and
11 replacing them with concrete or steel structures. As a result of these transmission
12 hardening efforts, there were zero transmission structures that failed and only 175
13 transmission line sections became de-energized during Hurricane Ian due to a detected
14 fault. Due to historic flooding and storm surge, FPL proactively de-energized five
15 substations during Hurricane Ian to help reduce damage to substation equipment. Power
16 to customers served from a de-energized substation could not be restored until the water
17 subsided and any damage at the substation was repaired.

18

19 Only 3,200 distribution poles failed (0.35% pole failure rate) during Hurricane Ian due
20 primarily to wind-driven vegetation or debris. Hardened poles performed 10.25x better
21 than non-hardened poles. Underground laterals performed 5.6x better than overhead
22 laterals. Even on the west coast of Florida, which was directly impacted by historic
23 storm surge, underground laterals performed 5.2x better than overhead laterals. In

1 addition, smart grid devices installed along FPL's energy grid helped to restore service
2 to customers before it was safe to send crews into the field, avoiding more than 400,000
3 outages during Hurricane Ian.

4

5 Lastly, as a result of the devastating and historic hurricane winds and storm surge,
6 certain portions of the electric system in the Southwest Florida region were severely
7 damaged and needed to be rebuilt rather than repaired.

8 **Q. Can you give an overview of the impact to FPL's customers as a result of Hurricane**
9 **Ian and FPL's storm restoration response?**

10 A. Yes. In total, FPL restored service to more than 2.1 million customers. Approximately
11 66% of these customers were restored within the first full day of restoration and 95%
12 of these customers were restored within the first six full days of restoration. By October
13 7, 2022 (*i.e.*, within eight full days of restoration), FPL restored power to 99% of the
14 affected customers, essentially completing the restoration effort for all customers that
15 could feasibly receive power.

16

17

IV. HURRICANE NICOLE

18 **Q. Please provide an overview of Hurricane Nicole as it developed and began to**
19 **threaten Florida.**

20 A. Hurricane Nicole was the fourteenth named storm and eighth hurricane of the 2022
21 hurricane season. Hurricane Nicole made landfall in Florida only six weeks after the
22 devastating Hurricane Ian, impacting many of the same areas around the state, and
23 exacerbated the flooding and storm surge levels in these areas due to saturated soil and

1 depleted coastline. Hurricane Nicole was only the third hurricane on record to make
2 landfall in Florida during the month of November and the first since 1985. While
3 Hurricane Nicole spared most of Southwest Florida, it had significant impacts on
4 Florida's eastern coastlines, which were left vulnerable due to Hurricane Ian.

5
6 On November 7, 2022, the NHC began issuing advisories on Tropical Cyclone Nicole,
7 which included a hurricane watch for the eastern coast of Florida. Tropical Cyclone
8 Nicole was forecasted to strengthen over the next few days and reach hurricane
9 intensity upon landfall. A State of Emergency was declared by the Florida Governor
10 for 34 counties, which was subsequently extended to all 67 Florida counties. On
11 November 8, 2022, the NHC issued a hurricane warning for the east coast of Florida.
12 On November 9, 2022, Hurricane Nicole strengthened into a Category 1 hurricane,
13 while simultaneously making landfall on Grand Bahama.

14
15 In the early morning hours of November 10, 2022, Hurricane Nicole made its first of
16 three landfalls in Florida. The initial landfall occurred near Vero Beach as a Category
17 1 Hurricane with sustained winds of 75 mph, torrential rain, and storm surge. The
18 storm then crossed the state, briefly entering the Gulf of Mexico, before making a
19 second landfall north of Cedar Key as a tropical storm. On November 11, 2022, the
20 storm made its final landfall in Florida and thereafter entered Southeast Georgia as a
21 tropical depression. The path and satellite image of Hurricane Nicole through Florida
22 are provided in Exhibit MJ-3 and Exhibit MJ-4, respectively.

1 As Hurricane Nicole traversed the State of Florida it remained well-organized, with
2 hurricane force winds extending outward to 25 miles and tropical storm force winds
3 extending approximately 345 miles from the center. Hurricane Nicole brought cyclone
4 force winds, heavy rain, storm surge, and flooding to a significant portion of FPL's
5 service territory. The Florida Division of Emergency Management, working with the
6 NHC, determined there was a continuing risk of dangerous storm surge, heavy rainfall,
7 flash flooding, strong winds, hazardous seas, and isolated tornadic activity.

8
9 Hurricane Nicole's immense size produced strong storm surge along the east coast of
10 Florida from Vero Beach northward to the Jacksonville area.⁸ The storm surge caused
11 elevated water levels and significant waves along the impacted portions of the east
12 coast. Due to the devastating impacts of Hurricane Ian, the beaches along the east coast
13 were less protected from waves and the soil was oversaturated and prone to flooding
14 during Hurricane Nicole, resulting in additional damage for customers near the eastern
15 coastline. Additionally, Hurricane Nicole's rainfall caused further freshwater flooding
16 inland. Across the Florida peninsula, Hurricane Nicole produced rainfall totals mainly
17 from 3 to 6 inches, with a maximum 7.11 inches total reported in Central Florida.⁹

⁸ See National Hurricane Center, Tropical Cyclone Report, Hurricane Nicole (March 17, 2023),
available at https://www.nhc.noaa.gov/data/tcr/AL172022_Nicole.pdf.

⁹ See *id.*

1 **Q. Please describe FPL’s preparations to respond to the potential impacts of**
2 **Hurricane Nicole.**

3 A. FPL’s emergency preparedness teams closely monitored the storm and initiated early
4 discussions and preliminary preparations. The storm formed on November 5, 2022, as
5 a broad low-pressure system located in the Caribbean Sea south of Hispaniola. FPL’s
6 first weather update call occurred on November 6 (72-hour call based on the NHC
7 forecast track at the time). On November 7, 2022, the storm formally became a
8 subtropical storm named “Nicole,” and quickly developed into a tropical storm on
9 November 8, 2022. FPL activated its emergency response organization, staffed its
10 Command Center, and initiated the cadence of daily planning and management meetings
11 to ensure the efficient and timely execution of all pre-landfall checklists and preparation
12 activities. On November 9, 2022, the storm had intensified into a Category 1 hurricane.
13 Based on the NHC forecasts, FPL began pre-positioning resources across the state prior
14 to the anticipated landfall. Additionally, FPL initiated customer communications and
15 outreach, urging customers to prepare for Hurricane Nicole’s impacts, including
16 potentially prolonged power outages.

17
18 Through its pre-landfall planning activities and based on the NHC’s forecasted path,
19 size, and intensity of Hurricane Nicole, FPL worked to anticipate projected outcomes
20 and began to commit resources for restoration support. On November 10, 2022, FPL
21 opened staging sites and positioned resources throughout its service area.

1 **Q. How did FPL respond to the impacts of Hurricane Nicole?**

2 A. Again, FPL understands the impact that hurricanes have on our customers and local
3 communities. As a result, FPL sets out to restore power safely and as quickly as
4 practicable so daily life can return to normal.

5
6 For Hurricane Nicole, FPL followed the same well-developed, systematic, and well-
7 tested plan described above for Hurricane Ian, which includes obtaining and pre-staging
8 resources in advance of the storm. Hurricane Nicole made three landfalls in Florida,
9 which required FPL to prepare for and respond to damage on both the east and west
10 coasts of Florida. Regardless of the arrival of an uncharacteristically late hurricane,
11 FPL was ready to execute a rapid restoration in response to Hurricane Nicole.

12 As FPL has learned through decades of restoration efforts, assembling and properly
13 positioning personnel and equipment is key to restoring power safely and as quickly as
14 practicable. To respond to the forecasted impacts of Hurricane Nicole, FPL pre-
15 positioned necessary materials, equipment, and a workforce of approximately 13,000
16 personnel (including mutual assistance from 16 states) to support the restoration effort.
17 These crews worked around the clock and between feeder bands when conditions were
18 safe to do so.

19 **Q. How did FPL's T&D system perform during Hurricane Nicole?**

20 A. Again, while no electrical system can be made completely resistant to the impacts of
21 hurricanes and other extreme weather events, FPL's continued investments in its storm
22 hardening programs and smart grid technology continue to provide increased T&D

1 infrastructure resiliency and reduced restoration times. As a result of these efforts,
2 FPL's T&D system performed well during Hurricane Nicole.

3
4 During Hurricane Nicole, hardened transmission structures continued to demonstrate
5 that they are more resilient with zero transmission structure failures. In addition, there
6 were no substations out or major damages to substation equipment.

7 During Hurricane Nicole, overhead laterals and non-hardened feeders also performed
8 well with a combined total of 30 poles requiring replacement due primarily to wind-
9 driven vegetation or debris. Notably, Hurricane Nicole arrived just six weeks after the
10 devastating impacts of Hurricane Ian, which left trees weakened and more susceptible
11 to damage and falling during Hurricane Nicole. Underground laterals performed 15.5x
12 better than overhead laterals. In addition, smart grid devices installed along FPL's
13 energy grid helped to restore service to customers before it was safe to send crews into
14 the field, avoiding more than 150,000 outages during Hurricane Nicole.

15 **Q. Can you give an overview of the impact to FPL's customers as a result of Hurricane**
16 **Nicole and FPL's storm restoration response?**

17 A. Yes. Hurricane Nicole arrived just six weeks after Hurricane Ian, with many customers
18 being impacted by both storms and still trying to recover from Hurricane Ian. In total,
19 FPL restored service to more than 480,000 customers. When Hurricane Nicole made
20 landfall, crews worked through the night in between feeder bands and over the Veterans
21 Day holiday. FPL successfully restored power to essentially all customers impacted
22 by Hurricane Nicole within the first full day of restoration. FPL's planning, drilling,

1 sustained investment, and unrelenting focus on restoration made a clear difference with
2 Hurricane Nicole.

3

4

V. T&D RESTORATION COSTS

5 **Q. What were the final Hurricane Ian and Hurricane Nicole T&D restoration costs?**

6 A. As provided in Exhibits MJ-5 and MJ-6, FPL’s total T&D restoration costs for
7 Hurricane Ian and Hurricane Nicole were \$1.1 billion and \$116.3 million, respectively.

8

9

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

	<u>Total T&D</u>	<u>%</u>
Regular Payroll and Related Costs	\$ 13,216	1%
Overtime Payroll and Related Costs	\$ 26,071	2%
Contractors	\$ 772,915	70%
Vehicle & Fuel	\$ 35,681	3%
Materials & Supplies	\$ 46,758	4%
Logistics	\$ 203,007	18%
Other	\$ 5,050	0%
Total	\$ 1,102,699	100%

10

11

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

	<u>Total T&D</u>	<u>%</u>
Regular Payroll and Related Costs	\$ 2,502	2%
Overtime Payroll and Related Costs	\$ 5,486	5%
Contractors	\$ 84,086	72%
Vehicle & Fuel	\$ 3,878	3%
Materials & Supplies	\$ 1,967	2%
Logistics	\$ 16,614	14%
Other	\$ 1,770	2%
Total	\$ 116,304	100%

1 In total, FPL's combined cost including T&D follow-up work associated with
2 Hurricanes Ian and Nicole was \$1.2 billion. While costs for T&D-related follow-up
3 work are spread among most major cost categories, approximately \$905.7 million, or
4 74% of these costs, were associated with the Contractors (\$857 million) and Materials
5 & Supplies (\$48.7 million) categories. The major drivers for these two cost categories
6 are associated with assessments (*e.g.*, overhead line inspections, thermovision,
7 streetlights, etc.) to identify the repairs/replacements necessary to restore FPL's
8 facilities to their pre-storm condition and the labor, equipment, and materials required
9 to complete the identified work.

10 **Q. Please provide a brief description of the T&D costs by categories for restoration**
11 **work performed as a result of Hurricane Ian and Hurricane Nicole.**

12 A. The categories of T&D storm restoration costs incurred for Hurricane Ian and Hurricane
13 Nicole are:

- 14 • T&D "Regular Payroll and Related Costs" and "Overtime Payroll and Related
15 Costs" are costs associated with FPL employees who directly supported the
16 T&D service restoration efforts and follow-up work as a result of Hurricane Ian
17 and Hurricane Nicole. These include FPL linemen, patrollers, other field
18 support personnel, and T&D staff personnel.
- 19 • T&D "Contractors" includes costs associated with external line contractors,
20 mutual assistance utilities, FPL embedded contractors, vegetation contractors,
21 and other contractors (*e.g.*, contractors performing overhead line patrols and
22 environmental assessments), including mobilization and de-mobilization costs,

1 that supported FPL’s service restoration efforts and follow-up work to restore
2 facilities to their pre-storm condition.

3 • T&D “Vehicle & Fuel” includes vehicle utilization and fuel costs for FPL and
4 contractor vehicles in direct support of storm restoration.

5 • T&D “Materials & Supplies” includes costs associated with items such as wire,
6 transformers, poles, and other electrical equipment used to restore electric
7 service for customers and repair and restore storm-impacted FPL facilities to
8 their pre-storm condition.

9 • T&D “Logistics” includes costs associated with staging and processing sites and
10 other support needs, such as meals, lodging, buses and transportation, and rental
11 equipment used by employees and contractors in direct support of storm
12 restoration.

13 • T&D “Other” category includes costs not previously captured, such as freight
14 charges and other miscellaneous costs, including payroll and related overheads
15 from affiliate personnel directly supporting storm restoration.

16 **Q. Please describe the follow-up work required for the T&D facilities as a result of**
17 **Hurricanes Ian and Nicole.**

18 A. As previously discussed, the primary objective of FPL’s emergency preparedness plan
19 and restoration process is to safely restore critical infrastructure and the greatest number
20 of customers in the least amount of time. At times, this means utilizing temporary fixes
21 (*e.g.*, bracing a cracked pole or cross arm) and/or delaying certain repairs (*e.g.*, replacing
22 lightning arrestors and repairing streetlights) that are not required to restore service
23 expeditiously. However, these conditions must be subsequently addressed after the

1 initial restoration is complete during the restoration follow-up work phase in order to
2 restore the assets to their pre-storm condition. FPL performed the required follow-up
3 work for both Hurricane Ian and Hurricane Nicole.

4
5 Restoring FPL's T&D facilities to their pre-storm condition is generally a two-step
6 process: (1) assessing/identifying the necessary follow-up work to be completed; and
7 (2) executing the identified work.

8 **Q. Were the T&D activities and associated costs incurred in response to Hurricanes**
9 **Ian and Nicole reasonable and prudent?**

10 A. Yes. The T&D storm restoration activities, follow-up work, and associated costs were
11 necessary and crucial components to safely restore critical infrastructure to the greatest
12 number of customers in the least amount of time and to restore the T&D facilities to
13 their pre-storm condition.

14

15 VI. NON-T&D RESTORATION COSTS

16 **Q. Please provide an overview of FPL's non-T&D business units that engaged in**
17 **storm preparation and restoration activities related to Hurricanes Ian and Nicole.**

18 A. The great majority of the work associated with FPL's preparations for, response to, and
19 restoration following Hurricanes Ian and Nicole were related to T&D restoration.
20 However, virtually every other business unit within FPL was engaged in pre-storm
21 planning and preparation, as well as post-storm restoration activities for both storms,
22 all of which contributed to the overall success of the restoration efforts. The non-T&D
23 business units that supported these efforts, together with the associated costs incurred

1 for Hurricanes Ian and Nicole, are referenced in FPL witness Ferguson’s Exhibits KF-
2 1 and KF-2, respectively.

3

4 A breakdown of Non-T&D Restoration Costs for Hurricanes Ian and Nicole is shown
5 in the tables below.

6

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

General	\$16.10 million
Power Generation Division (“PGD”)	\$12.06 million
Customer Service	\$2.64 million
Nuclear	\$0.737 million

8

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

Nuclear	\$4.20 million
General	\$1.26 million
Power Generation Division (“PGD”)	\$0.848 million
Customer Service	\$0.257 million

10

11 The majority of these costs are related to payroll and services provided by contractors.

12 **Q. Please summarize the storm restoration expenses incurred by PGD for**
13 **Hurricanes Ian and Nicole.**

14 A. The majority of FPL’s PGD storm-related costs were related to payroll and contractors.
15 PGD activated its site-specific procedures to secure equipment, bring in personnel to

1 ride out the storm at the plants, and expedite the storm restoration. Notably, these efforts
2 included regular and overtime payroll expenses related to storm riders, storm
3 preparation, fleet support, and pre-/post-landfall support.

4
5 Specifically for Hurricane Ian, post-storm actions involved repairs and restorations at
6 multiple Florida solar sites, including photovoltaic panel and module replacements.¹⁰
7 The storm recovery efforts for Hurricane Ian also included expenses for drone
8 surveillance, inverter replacement and electrical field restorations, erosion repairs, and
9 infrastructure maintenance across various facilities.

10 **Q. Please describe expenses incurred by Nuclear for Hurricanes Ian and Nicole.**

11 A. FPL's Nuclear storm-related costs included storm preparation, deploying storm riders,
12 and performing various repairs at the St. Lucie Nuclear Plant. These efforts involved
13 regular payroll expenses for storm riders, storm preparation, fleet support, and pre-
14 /post-landfall support, along with overtime payroll expenses in similar categories.
15 Additionally, contractors were engaged for specific restoration and repair tasks.

16
17 Specifically for Hurricane Nicole, these tasks included beach dune restoration at St.
18 Lucie Nuclear Plant, water supply maintenance, and surveys for sediment buildup
19 affecting operations at the plant. The associated material expenses, such as generator
20 rentals and consumables, were factored into the total costs.

¹⁰ Less than 0.04% of FPL's photovoltaic panels were damaged as a result of Hurricane Ian.

1 All of the costs incurred by Nuclear represent a comprehensive approach to hurricane
2 preparation, response, and recovery. These pre- and post-storm activities are a critical
3 part of FPL's commitment to ensuring the safety and functionality of its nuclear
4 facilities.

5 **Q. Please provide an overview of the "General" category related to Hurricanes Ian**
6 **and Nicole.**

7 A. The business units grouped under the "General" category include Marketing and
8 Communications ("Communications"), Information Technology ("IT"), Corporate
9 Real Estate ("CRE"), Human Resources ("HR"), and External Affairs and Economic
10 Development ("EA").

11

12 During Hurricanes Ian and Nicole, Communications was responsible for all aspects of
13 communications, both internally with employees and externally with customers and
14 stakeholders. Over 30 communication channels were utilized, including but not limited
15 to email, automated calls, text messaging, social media updates, media events, news
16 conferences, news releases to the media, and communications to local leaders, state and
17 federal elected officials, regulators, and large commercial customers.

18

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

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

5
6 HR supported the storm efforts with a large focus on employee support and
7 communication. The HR compensation and payroll teams provided communication,
8 policy, and procedure updates to employees and answered their inquiries.

9
10 EA worked closely and coordinated with local government partners and county EOCs
11 in FPL's service area.

12
13 Additionally, contractors were engaged to support the Company's efforts under the
14 "General" category. Communications employed contractors to support visual
15 communication, media relations, social media staffing, and technical support for digital
16 communications. IT utilized a contractor who provided services to support the Trouble
17 Call Management System, which tracks outage tickets and trouble reports during
18 restoration. CRE retained and managed contractors for building services and
19 maintenance. Contractors were also retained for debris removal at corporate offices,
20 substations, and service centers, as well as the replacing damaged vegetation in
21 accordance with local regulations.

1 **Q. Please explain Customer Service’s role related to Hurricanes Ian and Nicole.**

2 A. The majority of FPL’s Customer Service storm-related costs were related to payroll
3 and services provided by contractors. Customer Service employees, together with
4 retained contractors, primarily handled communications from customers reporting
5 outages and hazardous conditions, customer complaints, and communications with
6 governmental entities. The FPL Customer Care centers extended the daily schedules
7 to operate 24 hours a day. During restoration, Customer Service also assessed the
8 impact of Hurricanes Ian and Nicole on the communication status of network devices,
9 conducted back-office analyses and field investigations, and repaired or replaced non-
10 communicating devices.

11 **Q. Were the activities of and associated costs incurred by the Non-T&D business
12 units in response to Hurricanes Ian and Nicole reasonable and prudent?**

13 A. Yes. The activities and associated costs incurred by these non-T&D business units
14 were a necessary component of storm preparation and the execution of storm
15 restoration efforts and support functions.

16

17 **VII. EVALUATING FPL’S RESTORATION RESPONSE**

18 **Q. Were FPL’s storm restoration responses for Hurricane Ian and Hurricane Nicole
19 effective in safely and quickly restoring power to customers?**

20 A. Yes. As mentioned previously, FPL’s primary goal is to safely restore critical
21 infrastructure to the greatest number of customers in the least amount of time, which is
22 a critical step for the customers and communities served by FPL to return to their
23 normal, pre-storm lives and activities. Hurricane Ian impacted more than 2.1 million

1 FPL customers and FPL successfully restored power to all customers that could feasibly
2 receive power within eight full days of restoration (95% of customers restored within
3 six full days of restoration). Hurricane Nicole made landfall three times in Florida and
4 impacted more than 480,000 FPL customers and the Company successfully restored
5 power to all customers that could feasibly receive power within one full day of
6 restoration. During both Hurricane Ian and Hurricane Nicole, FPL's restoration plans,
7 preparedness, and execution were effective in quickly restoring power to the affected
8 customers and communities served by FPL.

9 **Q. What factors contributed to the effective execution of FPL's Hurricane Ian and**
10 **Hurricane Nicole restoration plans?**

11 A. The rapid restoration accomplished following both storms was in large part a result of
12 FPL's pre-storm preparation for the expected damage to FPL's service area, based on
13 forecasts by the National Hurricane Center. Key factors to the overall successful
14 restoration effort included, but were not limited to:

- 15 • Strong centralized command, solid plans and processes, and consistent
16 application of FPL's overall restoration strategy (*e.g.*, focusing first on restoring
17 critical infrastructure and devices that serve the largest number of customers).
- 18 • Use of FPL's damage-forecasting model, along with aerial patrols and ground
19 assessments, to promptly identify the number and location of needed resources.
- 20 • Aggressive and prudent acquisition, pre-positioning, and redeployment of
21 restoration resources.
- 22 • Prepositioning of critical equipment and logistical support closer to the areas
23 expected to be affected by the approaching storms.

- 1 • Strong alliances with vendors, which assured an ample, readily available supply
2 of materials.
- 3 • Pre-staged mobile sleepers within service area for availability once the storm
4 had passed with the goal of reducing travel time during the course of restoration,
5 and thereby increasing restoration productivity.
- 6 • Identified large, fixed facilities that were used as alternative lodging sites in
7 areas with constrained hotel availability.
- 8 • Increased physical fuel inventory and improved fuel delivery capabilities (both
9 FPL and vendor-supplied resources).
- 10 • Improved coordination with County EOCs, including designating restoration
11 personnel pre-storm to assist with road-clearing efforts and ensuring key critical
12 infrastructure facilities requiring restoration prioritization are identified.
13 Established an online government portal that allows government officials to
14 obtain the latest news releases and information on customer outages, estimated
15 restoration times, FPL crew resources, outage maps, and other information.
16 These improved features enable EOCs to better serve their respective
17 communities' needs.
- 18 • Added advanced new tools to improve customers communications, such as
19 automated voice calls to customers. Increased outreach and storm updates
20 utilizing social and broadcast media, daily news briefings, and embedded
21 reporters at the FPL Command Center. These improvements help better
22 communicate with and provide accurate, timely information to FPL customers.
- 23 • Robust outage management through system functionality and real-time

1 information, which allowed FPL to continually gauge restoration progress and
2 make adjustments as changing conditions and requirements warranted.

- 3 • Expanded the pool of drone pilots after the success of utilizing drones during
4 recent years. FPL learned that the vegetation team benefited from the use of
5 drones to better understand the volume and the need for additional crews. In
6 addition, FPL was able to use an internal application that allowed the drone
7 pilots to upload all their images and sort the pictures by location on a map to
8 help improve the speed and quality of damage assessments.
- 9 • Retained a robust list of staging sites at multiple locations throughout the state
10 and maintained contact with site owners to ensure availability and use.
- 11 • Expanded the pre-provisioning and capital enhancements (*e.g.*, paved parking
12 lots, installed technology) of strategic staging site locations for faster set-up and
13 activation, which enabled rapid activation of these sites to support restoration
14 work.
- 15 • Previous storm restoration experience, application of lessons learned, process
16 enhancements, regular practice and training, and employee skill and
17 commitment.

18 **Q. What are your conclusions regarding FPL's storm restoration efforts for**
19 **Hurricane Ian and Hurricane Nicole?**

20 A. The 2022 Atlantic Hurricane season saw 14 named storms, with eight that became
21 hurricanes and two that became major hurricanes. FPL prepared for and effectively and
22 efficiently responded to Hurricane Ian and Hurricane Nicole. Hurricane Ian's landfall
23 in Florida caused substantial damage to the affected areas due to wind and wide-spread

1 flooding and resulted in more than 2.1 million FPL customers experiencing power
2 outages. FPL responded with the required resources to affect a quick response to those
3 experiencing outages, with FPL successfully restoring power to all customers that could
4 feasibly receive power within eight full days of restoration. However, some FPL
5 customers' homes and businesses were significantly damaged and unable to receive
6 power. Through its Care to Share program, FPL provided financial assistance, up to
7 \$1,000, available to eligible customers in need of repairs for damaged meter cans and
8 weather heads in order to safely receive power.¹¹

9

10 Hurricane Nicole made a landfall in Florida three times, remaining within the NHC's
11 forecasted cone from November 7 to November 11, 2022. Nicole's landfalls resulted
12 in impacts to over 480,000 customers throughout FPL's service area, with FPL
13 successfully restoring power to all customers that could feasibly receive power within
14 one full day of restoration. In each case, FPL followed its well-developed and
15 systematic plan to respond.

16

17 Our commitment to continuous improvement was instrumental in achieving this
18 excellent performance. Further, while no electrical system can be made completely
19 resistant to the impacts of hurricanes and other extreme weather conditions, FPL's
20 existing and ongoing storm hardening programs and smart grid technology provided
21 increased T&D infrastructure resiliency during Hurricanes Ian and Nicole. For

¹¹ FPL's Care to Share program is made possible by the generosity of FPL employees, shareholders, and customers who donate to help individuals and families who are experiencing temporary difficulties.

1 example, more than 550,000 outages were avoided during Hurricanes Ian and Nicole
2 due to investments in smart grid technology (*e.g.*, automated feeder switches).
3 Together, FPL's storm hardening programs and emergency preparedness plan and
4 restoration process provided significant benefits and contributed to the remarkable
5 achievement of quickly restoring service to the customers and communities affected by
6 Hurricanes Ian and Nicole.

7
8 I believe the entire restoration team, which included FPL employees, contractors, and
9 mutual assistance utilities personnel, performed extremely well. This allowed FPL to
10 meet our overarching objective to safely restore critical infrastructure and the greatest
11 number of customers in the least amount of time. Storm restoration is a dynamic and
12 challenging process that tests the fortitude of each person involved. I am exceptionally
13 proud and extremely grateful to have been associated with such a committed and
14 dedicated restoration team.

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

16 A. Yes.

1 (Whereupon, prefiled direct testimony of Keith
2 Ferguson was inserted.)

3

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY

DIRECT TESTIMONY OF KEITH FERGUSON

DOCKET NO. 20230017-EI

NOVEMBER 17, 2023

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1 I. INTRODUCTION

2 Q. Please state your name and business address.

3 A. My name is Keith Ferguson, and my business address is Florida Power & Light
4 Company, 700 Universe Boulevard, Juno Beach, Florida 33408.

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

6 A. I am employed by Florida Power & Light Company (“FPL” or the “Company”) as Vice
7 President, Accounting and Controller.

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

9 A. I am responsible for financial accounting, as well as internal and external reporting for
10 FPL. This includes ensuring that the Company’s financial reporting complies with
11 requirements of Generally Accepted Accounting Principles (“GAAP”) and multi-
12 jurisdictional regulatory accounting requirements.

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

14 A. I graduated from the University of Florida in 1999 with a Bachelor of Science Degree
15 in Accounting and earned a Master of Accounting degree from the University of Florida
16 in 2000. Beginning in 2000, I was employed by Arthur Andersen in their energy audit
17 practice in Atlanta, Georgia. From 2002 to 2005, I worked for Deloitte & Touche in
18 their national energy practice. From 2005 to 2011, I worked for Mirant Corporation,
19 which was an independent power producer in Atlanta, Georgia. During my tenure
20 there, I held various accounting and management roles and prior to joining FPL in
21 September 2011, I was Mirant’s Director of SEC Reporting and Accounting Research.
22 I joined FPL in 2011 as the Assistant Controller and was responsible for overseeing
23 FPL’s property and general accounting functions. I am a Certified Public Accountant

1 (“CPA”) licensed in the State of Georgia and a member of the American Institute of
2 CPAs.

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

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

- 5 • KF-1 – Hurricane Ian Incremental Cost and Capitalization Approach
6 Adjustments, which provide the restoration costs for Hurricane Ian incurred as
7 of June 1, 2023
- 8 • KF-2 – Hurricane Nicole Incremental Cost and Capitalization Approach
9 Adjustments, which provide the restoration costs for Hurricane Nicole incurred
10 as of June 1, 2023
- 11 • KF-3 – Total Storm Costs to be Recovered from Customers
- 12 • KF-4 – PwC Engagement Letter
- 13 • KF-5 – PwC Attestation Report

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

15 A. The purpose of my testimony is to present the amount of storm restoration costs
16 incurred by FPL for Hurricanes Ian and Nicole and the accounting treatment for those
17 costs. In addition, I demonstrate that FPL’s storm restoration and accounting processes
18 and controls are well established, documented, and implemented by Company
19 personnel who are trained to ensure proper storm accounting and ratemaking. I discuss
20 how the Company incorporated certain provisions of the Stipulation and Settlement of
21 FPL’s Hurricane Irma storm restoration costs approved by Commission Order No. PSC-
22 2019-0319-S-EI in Docket No. 20180049-EI (“Irma Settlement”), including supporting
23 documentation for storm expenses related to Hurricanes Ian and Nicole. I also explain

1 that FPL used a combined simple average of hourly internal Company and embedded
2 contractor rates to determine the amount of costs to capitalize, as described in
3 paragraph 20 of the Irma Settlement. My testimony also shows that FPL's calculation
4 of the proposed recovery amount is in accordance with the provision of the Irma
5 Settlement. Finally, consistent with paragraph 18 of the Irma Settlement, I present the
6 Attestation Report issued by an independent outside audit firm,
7 PricewaterhouseCoopers, LLP ("PwC") regarding the Hurricane Ian Incremental
8 Storm Restoration Costs, supporting documentation, and internal controls.

9 **Q. Please summarize your testimony.**

10 A. FPL's long-standing control processes and procedures were utilized for the storm costs
11 associated with Hurricanes Ian and Nicole to ensure proper storm accounting and
12 ratemaking. Finance or Accounting representatives ("Finance Section Chiefs") and
13 business unit finance representatives ("Business Unit Coordinators"), together with
14 additional FPL employees, ensured active, real-time financial controls during the storm
15 events. Post storm restoration, the Accounting department reviewed the storm loss
16 estimates compiled by each functional business unit for reasonableness prior to
17 recording to the financial statements. Additionally, FPL's accounting of the storm costs
18 incurred for Hurricanes Ian and Nicole complies with the applicable provisions of the
19 Irma Settlement. Through the application of FPL's well-established accounting
20 processes and controls, the Company ensured proper accounting of all costs.

1 The resulting retail recoverable incremental costs for Hurricanes Ian and Nicole are
2 \$1.0 billion and \$118.4 million, respectively, after removing capitalizable costs and
3 accounting for jurisdictional factors and non-incremental costs pursuant to the
4 Commission’s Incremental Cost and Capitalization Approach (“ICCA”) methodology
5 prescribed in Rule 25-6.0143, Florida Administrative Code (“the Storm Rule”). The
6 incremental amounts reflected on Exhibit KF-1 for Hurricane Ian and on Exhibit KF-2
7 for Hurricane Nicole have been calculated in accordance with the ICCA methodology
8 required by the Storm Rule. In addition, Exhibit KF-3 reflects the total amount to be
9 recovered from customers, which includes incremental storm costs from other storms
10 previously approved by the Commission and replenishment of FPL’s storm reserve.

11 12 II. STORM ACCOUNTING PROCESS AND CONTROLS

13 **Q. Please describe the accounting guidance and process that FPL uses for storm**
14 **costs.**

15 A. FPL’s storm accounting process adheres to Accounting Standards Codification 450,
16 Contingencies (“ASC 450”), which prescribes that an estimated loss from a loss
17 contingency is recognized only if the available information indicates that (1) it is
18 probable an asset has been impaired or a liability has been incurred at the reporting
19 date, and (2) the amount of the loss can be reasonably estimated. FPL incurs a liability
20 for a qualifying event, such as a hurricane, because it has an obligation to customers to
21 restore power and repair damage to its system. Therefore, once a hurricane event has
22 transpired, FPL assesses the estimated cost to restore the system to pre-event conditions
23 and accrues that liability in full when the amount can be reasonably estimated under

1 ASC 450. FPL's storm accounting process is well established and consistently applied.
2 The Company's storm accounting process was applied for the storm restoration costs
3 associated with Hurricanes Ian and Nicole.

4 **Q. How does FPL track storm restoration costs?**

5 A. FPL establishes unique functional (*i.e.*, distribution, transmission, etc.) internal orders
6 ("IOs") for each storm to aggregate the total amount of storm restoration costs incurred
7 for financial reporting and regulatory recovery or other reporting purposes. The
8 Company uses these IOs to account for all costs directly associated with restoration,
9 including costs that would not be recoverable from FPL's storm reserve or through a
10 surcharge based on the Commission's requirements under the ICCA methodology
11 described in the Storm Rule. All storm restoration costs charged to storm IOs are
12 captured in FERC Account 186, Miscellaneous Deferred Debits. All costs charged to
13 FERC Account 186 are subsequently cleared and charged to either the storm reserve,
14 base O&M expense, capital, or below-the-line expense, as applicable.

15 **Q. When did FPL begin charging costs related to Hurricanes Ian and Nicole to the**
16 **storm IOs?**

17 A. Due to the expected risk of significant outages and substantial infrastructure damages,
18 FPL began making financial commitments associated with securing resources prior to
19 the anticipated impacts from Hurricanes Ian and Nicole. In accordance with FPL's
20 Storm Accounting Policy and with authorization from FPL's President and CEO, FPL
21 established and activated storm IOs to begin tracking and charging costs for Hurricanes
22 Ian and Nicole on September 24, 2022 and November 7, 2022, respectively. An email
23 communication was sent to all FPL business units to inform them that storm IOs had

1 been activated for purposes of collecting and tracking storm restoration charges.
2 Attached to the email, FPL also provided: (1) a listing of IOs by function and location,
3 (2) guidance on recording time for payroll, and (3) guidance on the types of costs
4 eligible to be charged to storm IOs. The pre-landfall costs charged to the storm IOs
5 included the acquisition of external resources (*e.g.*, line and vegetation contractors),
6 mobilization and pre-staging of internal and external resources, opening of staging and
7 processing sites, reserving lodging, and securing FPL's existing operational facilities
8 in preparation for the impacts of the storm.

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

11 A. Finance and Accounting employees are key to storm restoration accounting and
12 controls. The FPL Command Center organization recognizes the critical role and
13 responsibilities of these employees. Finance Section Chiefs are assigned to each
14 staging and processing site to ensure active, real-time financial controls are in effect
15 and adhered to during the restoration event. Responsibilities of the Finance Section
16 Chief include ensuring procedural compliance with internal cost controls, providing
17 guidance and oversight to ensure prudent spending, collecting and analyzing data in
18 real-time, such as contractor timesheets, and assisting with the proper accounting of
19 mutual aid resources. Representatives from FPL's Human Resources Department are
20 also embedded at many sites and perform internal control support tasks, such as
21 providing guidance on the proper information to include on employee timesheets.

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

6

7 FPL performs extensive training each year in advance of the storm season for both the
8 Finance Section Chiefs and Business Unit Coordinators, which includes live training
9 and drills during FPL's "dry run" storm event further described in the testimony of FPL
10 witness Jarro. Costs associated with the annual training are not considered storm
11 restoration costs and not included in the costs presented in this docket.

12 **Q. Did FPL utilize these processes in advance of and during its responses to**
13 **Hurricanes Ian and Nicole?**

14 A. Yes. These controls were used to effectively ensure that storm accounting processes
15 were followed.

16 **Q. Does FPL's Accounting Department complete a review of storm restoration costs**
17 **recorded by each business unit once restoration is complete?**

18 A. Yes. Post storm restoration, the Accounting Department reviews the storm loss
19 estimates compiled by each functional business unit for each storm for reasonableness
20 prior to recording to the financial statements. Accounting will then charge these costs
21 to either the storm reserve (or regulatory asset, if the storm reserve is depleted), base
22 O&M expense, capital, or below-the-line expense, as applicable, to ensure proper
23 ratemaking and recording to the financial statements.

1 **Q. Was this process followed for Hurricanes Ian and Nicole?**

2 A. Yes. The Accounting Department followed this process for both Hurricanes Ian and
3 Nicole.

4

5 **III. COMPLIANCE WITH THE IRMA SETTLEMENT**

6 **Q. Please discuss the accounting-related provisions included in the Irma Settlement**
7 **that were incorporated into the review of storm restoration costs associated with**
8 **Hurricanes Ian and Nicole.**

9 A. FPL witness De Lucenay describes in detail the processes followed in the receipt,
10 review, and approval or adjustments of line and vegetation contractor invoices related
11 to both storms. I will address FPL's compliance with the following accounting
12 requirements agreed to in the Irma Settlement:

- 13
- 14 • FPL's obligation to provide supporting expense documentation including a
15 summary of expenses showing total expenses incurred by specified cost
16 categories (Paragraph 16);
 - 17 • FPL's obligation to provide searchable and sortable data for each storm
18 exported from FPL's iStormed App (Paragraph 16);
 - 19 • The requirement that "FPL will engage an independent outside audit firm to
20 conduct an audit of the Company's filed recoverable storm costs of the first
21 named tropical system named by the National Hurricane Center for which
22 claimed damages exceed \$250 million" (Paragraph 18); and
 - 23 • The requirement that "FPL will use a combined simple average of hourly
internal Company and embedded contractor rates that are the type normally

1 incurred in the absence of a storm to determine amounts to capitalize to plant,
2 property, and equipment along with the materials and other cost of equipment”
3 (Paragraph 20).

4 **Q. Has FPL provided the supporting files for Hurricanes Ian and Nicole consistent**
5 **with paragraph 16 of the Irma Settlement?**

6 A. Yes. Contemporaneously with the filing of its petition and direct testimony, FPL is
7 providing sortable spreadsheets of line and vegetation contractor costs. The sortable
8 spreadsheets of line and vegetation contractor costs represent the majority of the costs
9 incurred in each of the storms and support the total costs incurred by cost category for
10 Hurricanes Ian and Nicole on Exhibits KF-1 and KF-2, respectively.

11 **Q. Did FPL use the iStormed App during restoration for Hurricanes Ian and Nicole**
12 **events consistent with paragraph 16 of the Irma Settlement?**

13 A. Yes. FPL utilized the iStormed App during the storm restoration for Hurricanes Ian
14 and Nicole which, as discussed by FPL witness De Lucenay, formed the basis of the
15 contract specific “flat files” being provided contemporaneously with the filing of FPL’s
16 petition and direct testimony in this docket.

17 **Q. Did either the actual Hurricane Ian or Hurricane Nicole storm costs exceed the**
18 **\$250 million threshold that would trigger the “Paragraph 18 Initial Independent**
19 **Audit” provision?**

20 A. Yes. As reflected on Exhibit KF-1, Hurricane Ian was the first named tropical system
21 after Hurricane Irma with storm restoration costs that exceeded \$250 million.

1 **Q. What is the purpose of the independent audit provision?**

2 A. Pursuant to paragraph 18 of the Irma Settlement Agreement, FPL engaged PwC as a
3 third-party audit firm to complete an independent examination of storm costs. The
4 independent audit is intended to validate that the storm restoration costs were
5 accurately presented, appropriately supported, and incurred within the time period
6 allowed for recovery. The audit is also intended to ensure that only actual and approved
7 storm costs are recovered from customers under the provisions of the Storm Rule and
8 the Irma settlement. Finally, the audit is intended to evaluate the adequacy and
9 effectiveness of the Company's internal controls over the storm restoration costs. A
10 copy of the engagement letter between FPL and PwC is provided as Exhibit KF-4.

11 **Q. What type of engagement did PwC complete in connection to the Hurricane Ian
12 examination?**

13 A. An "audit" only applies to expressing an opinion on a company's full financial
14 statements (*i.e.*, balance sheet, income statement, etc.). When looking at a subset of
15 financial data, the auditors technically cannot call it an "audit." However, there are
16 other examination methods, including the method being used for the Hurricane Ian
17 storm restoration costs, whereby the procedures are the same as an audit for all intents
18 and purposes, including the expression of an opinion on the accuracy of the storm costs
19 and compliance with the Irma Settlement and Storm Rule.

20 **Q. Please further describe the examination conducted by PwC.**

21 A. The examination involved a detailed review of Hurricane Ian costs incurred by the
22 Company. PwC sampled transactions across all categories of costs (*e.g.*, payroll,
23 contractors, etc.) and functions (*e.g.*, distribution, transmission, etc.). The examination

1 by PwC included: (i) understanding the transactions and related internal controls; (ii)
2 reviewing and finding that the transaction details tie to supporting documentation, such
3 as rosters, timesheets, and invoices; and (iii) ensuring the payments are appropriately
4 supported and approved. The examination also involved a review of the Company's
5 compliance with the Storm Rule, including the application of the ICCA.

6 **Q. What were the results of the examination conducted by PwC?**

7 A. As reflected in PwC's Attestation Report issued on October 17, 2023, which is provided
8 as Exhibit KF-5 to my testimony, PwC expressed an opinion that the Hurricane Ian
9 incremental storm restoration costs as reflected in Exhibit KF-1 were an accurate
10 presentation of the incremental storm restoration costs incurred as of June 1, 2023.
11 Additionally, PwC opined on the appropriateness of the documentation to support the
12 accompanying costs, as well as internal controls established and maintained over the
13 incremental storm restoration costs.

14 **Q. Did FPL use these same internal controls and processes and documentation
15 methods for storm restoration costs associated with Hurricane Nicole?**

16 A. Yes.

17 **Q. Paragraph 20 of the Irma Settlement provides a specific methodology for the
18 capitalization of costs. Did FPL calculate capital costs pursuant to this
19 methodology?**

20 A. Yes. In capitalizing the storm restoration costs incurred for Hurricanes Ian and Nicole,
21 FPL used a combined simple average of hourly internal Company and embedded
22 contractor rates that are the type normally incurred in the absence of a storm to

1 determine the amount of costs to capitalize to plant, property, and equipment along
2 with the materials and other costs.

3

4 **IV. ACCOUNTING TREATMENT FOR HURRICANES IAN AND NICOLE**

5 **Q. How does FPL typically account for storm restoration costs?**

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

11

12 The amount of capital costs for each storm event are determined and removed by
13 applying part (1)(d) of the Storm Rule, which states that "...the normal cost for the
14 removal, retirement and replacement of those facilities in the absence of a storm"
15 should be the basis for calculating storm restoration capital. As described above, per
16 paragraph 20 of the Irma Settlement, the hourly rate utilized to calculate capital costs
17 is the "combined simple average of hourly internal Company and embedded contractor
18 rates that are the type normally incurred in the absence of a storm." The capital cost
19 amount is credited from FERC Account 186 and debited to FERC Account 107,
20 Construction Work in Progress ("CWIP"). FPL also reclassifies non-recoverable
21 amounts to below-the-line expense if such costs were incurred.

1 When the storm restoration costs are charged to the storm reserve, the ICCA
2 methodology under the Storm Rule is used to remove the non-incremental O&M
3 expenses, which are subsequently credited from FERC Account 186 and debited to
4 base O&M.

5
6 After the capital costs, non-recoverable costs, and non-incremental O&M expenses are
7 removed from FERC Account 186, the remaining balance, representing incremental
8 storm charges, is jurisdictionalized by using retail separation factors authorized by the
9 2021 Stipulation and Settlement Agreement approved by Commission Order No. PSC-
10 2021-0446-S-EI in Docket No 20210015-EI (“2021 Stipulation and Settlement”), and
11 credited from FERC Account 186 and debited to the storm reserve. The remaining
12 non-retail component of the incremental storm charges is credited from FERC Account
13 186 and debited to base O&M expense, leaving a zero balance in FERC Account 186.

14 **Q. How did FPL account for the storm restoration costs associated with Hurricanes**
15 **Ian and Nicole?**

16 A. FPL accounted for all of the Hurricane Ian and Hurricane Nicole storm restoration costs
17 in FERC Account 186. FPL then determined the amount of capital accumulated in
18 FERC Account 186 and removed those costs from FERC Account 186 and recorded
19 them to the appropriate FERC accounts.

20 **Q. What categories of storm restoration costs did FPL charge to FERC Account 186**
21 **for Hurricanes Ian and Nicole?**

22 A. As reflected on line 10 of Exhibits KF-1 and KF-2, FPL charged \$1.1 billion and \$122.9
23 million in storm restoration costs related to Hurricanes Ian and Nicole, respectively, to

1 FERC Account 186. The categories of costs outlined below are reflected on lines 1
2 through 10 on Exhibits KF-1 and KF-2:

- 3 • **FPL Regular Payroll and Related Costs:** Reflects \$15.3 million and \$3.1
4 million for Hurricanes Ian and Nicole, respectively, of regular payroll and
5 related payroll overheads for FPL employee time spent in direct support of
6 storm restoration. This amount excludes bonuses and incentive compensation.
- 7 • **FPL Overtime Payroll and Related Costs:** Reflects \$29.3 million and \$6.2
8 million for Hurricanes Ian and Nicole, respectively, of overtime payroll and
9 payroll tax overheads for FPL employee time spent in direct support of storm
10 restoration.
- 11 • **Contractor and Line Clearing Costs:** Reflects \$787.2 million and \$88.6
12 million for Hurricanes Ian and Nicole, respectively, of costs primarily related
13 to line contractors, vegetation contractors, and mutual aid utilities, including
14 mobilization and de-mobilization costs.
- 15 • **Vehicle and Fuel:** Reflects \$36.3 million and \$3.9 million for Hurricanes Ian
16 and Nicole, respectively, for vehicle utilization and fuel used by FPL and
17 contractor vehicles for storm restoration activities.
- 18 • **Materials and Supplies:** Reflects \$47.8 million and \$2.0 million for
19 Hurricanes Ian and Nicole, respectively, in materials and supplies used to repair
20 and restore service and facilities to pre-storm condition.
- 21 • **Logistics Costs:** Reflects \$204.8 million and \$16.8 million for Hurricanes Ian
22 and Nicole, respectively, of costs for staging and processing sites, meals,

1 lodging, buses and transportation, and rental equipment used by employees and
2 contractors in direct support of storm restoration.

3 • **Other:** Reflects \$13.6 million and \$2.2 million for Hurricanes Ian and Nicole,
4 respectively, of other miscellaneous costs, including payroll and related
5 overheads from affiliate personnel directly supporting storm restoration.

6 **Q. How did FPL determine the amount of capital costs it recorded on its books and**
7 **records for Hurricanes Ian and Nicole?**

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

14
15 For capital costs incurred during storm restoration, FPL employed a capital estimation
16 process derived from the amount of materials and supplies issued during each storm
17 less returns of such assets. As described in paragraph 20 of the Irma Settlement, FPL
18 used a blended simple average internal employee and contractor hourly rate, under non-
19 storm conditions, in its calculation of capital costs for Hurricanes Ian and Nicole. Once
20 restoration was complete, FPL utilized its distribution estimation system to calculate
21 the total amount of capital costs for the distribution function in accordance with FPL's
22 capitalization policy, which includes materials, labor, and overheads. The capital costs
23 for distribution follow-up work and all other capital related work were determined

1 based on an estimate of the actual work performed and then likewise recorded to the
2 balance sheet in accordance with FPL's capitalization policy.

3

4 After the capital jobs were completed, the CWIP account was credited and the
5 appropriate functional plant account in FERC Account 101, Plant in Service, was
6 debited based on the estimated cost of installed units of property. Retirements of fixed
7 assets removed during restoration were recorded when the new incurred capital costs
8 were placed in service through a new discrete IO. As shown on line 17 of Exhibits KF-
9 1 and KF-2, a total of \$95.6 million and \$1.9 million for Hurricanes Ian and Nicole,
10 respectively, were recorded as capital costs.

11 **Q. Did FPL receive, or does it expect to receive, any insurance recoveries associated**
12 **with storm damage resulting from Hurricanes Ian or Nicole?**

13 A. No. FPL does not have insurance for its transmission or distribution ("T&D") assets.
14 In addition, FPL could not make a property insurance claim for non-T&D assets as a
15 result of Hurricanes Ian or Nicole because no loss exceeded the deductible amount for
16 insured assets.

17 **Q. What was the total amount of storm restoration costs for Hurricanes Ian and**
18 **Nicole that was charged to the storm reserve?**

19 A. As reflected on line 50 of Exhibits KF-1 and KF-2, the amount of Hurricanes Ian and
20 Nicole storm restoration costs charged to the storm reserve totaled \$1.0 billion and
21 \$118.4 million, respectively. This amount represents \$1.1 billion and \$122.9 million
22 of incurred storm restoration costs prior to June 1, 2023, for Hurricanes Ian and Nicole,
23 respectively, less \$95.6 million and \$1.9 million of capital costs and \$11.3 million and

1 \$2.0 million of non-incremental costs, resulting in total incremental costs of \$1.0 billion
2 and \$118.9 million for Hurricanes Ian and Nicole, respectively. Once jurisdictional
3 factors are applied to the respective functional level, the total amount of storm costs
4 eligible for recovery from retail customers associated with Hurricanes Ian and Nicole
5 is \$1.0 billion and \$118.4 million, respectively (“Retail Recoverable Costs”).

6 **Q. Did FPL transfer the amount of Eligible Restoration Costs that exceeded the pre-**
7 **storm balance of the retail storm reserve?**

8 A. Yes. As required under part 25-6.0143(1)(i) of the Storm Rule, FPL transferred the
9 amount of Eligible Restoration Costs that exceeded the pre-storm balance of the retail
10 Storm Reserve in FERC Account 228.1, Accumulated provision for property insurance,
11 to FERC Account 182.3, Other Regulatory Assets.

12 **Q. Has FPL included the replenishment of its storm reserve balance in the amount**
13 **to be collected from customers in this proceeding?**

14 A. Yes. Under the 2021 Stipulation and Settlement, FPL is entitled to replenish the Storm
15 Reserve to the pre-storm balance, but in no event less than \$150 million (the “Storm
16 Reserve Replenishment”). As shown in Exhibit KF-3, the storm reserve balance as of
17 September 30, 2022, prior to the incremental storm costs incurred for Hurricane Ian,
18 was \$219.9 million. Thus, the Storm Reserve Replenishment amount is \$219.9 million.

1 V. ICCA ADJUSTMENTS RELATED TO HURRICANES IAN AND NICOLE

2 Q. Did FPL determine the amount of non-incremental storm costs associated with
3 Hurricanes Ian and Nicole pursuant to the ICCA methodology?

4 A. Yes. FPL has calculated the non-incremental costs for Hurricanes Ian and Nicole
5 consistent with the ICCA methodology prescribed by the Storm Rule. The non-
6 incremental costs for Hurricanes Ian and Nicole are reflected on lines 24 through 34 of
7 Exhibits KF-1 and KF-2, respectively.

8 Q. Please summarize FPL's calculations of the non-incremental costs for Hurricanes
9 Ian and Nicole.

10 A. Below is a summary of the non-incremental costs for Hurricanes Ian and Nicole that
11 were charged to base O&M.

- 12 • **FPL Regular Payroll and Related Costs:** Based on part (1)(e)(8) of the Storm
13 Rule, incremental payroll and related costs charged to the storm reserve under the
14 ICCA methodology, which are incurred in the month(s) in which storm damage
15 restoration activities are conducted, must be greater than the actual monthly
16 average of payroll and related costs charged to O&M expense for the same
17 month(s) in the previous three calendar years.

18
19 FPL determined the amount of non-incremental regular payroll and related costs
20 by calculating the average of the prior three years for the months in which storm
21 restoration activities were incurred for Hurricanes Ian and Nicole and compared
22 the three-year average to actual regular payroll and related costs incurred in the
23 months in which storm restoration activities were incurred for FPL. FPL then

1 compared the difference between the calculated three-year average and costs
2 incurred for storm restoration activities to regular payroll and related costs
3 incurred for FPL employees directly supporting storm restoration activities.
4 Additionally, as permitted by the Storm Rule, FPL made certain adjustments to
5 the calculated historical monthly averages to account for changes in the business
6 mainly due to the merger of FPL and Gulf Power Company, exclusion of costs
7 with their own cost recovery mechanisms, and costs related to plant outages
8 because these items are not reflective of the ongoing costs reflected in base rates.

9
10 In total, the average of regular payroll and related expenses of the prior three years
11 for the months in which storm restoration activities were incurred for Hurricanes
12 Ian and Nicole exceeded regular payroll and related costs charged to O&M in the
13 months in which restoration work was performed for Hurricanes Ian and Nicole.
14 Based on this methodology, of the total storm-related regular payroll and related
15 costs, \$5.5 million and \$0.6 million, the difference between the average and the
16 months of storm restoration activities, would be deemed non-incremental for
17 Hurricanes Ian and Nicole, respectively.

- 18
- 19 • **FPL Overtime Payroll and Related Costs:** Based on part (1)(e)(8) of the Storm
20 Rule, incremental overtime payroll and related costs charged to the storm reserve
21 under the ICCA methodology were determined using the same methodology
22 described above for Regular Payroll and Related Costs and included the same
23 adjustments to the historical monthly averages.

1 In total, the average of overtime payroll and related expenses of the prior three
2 years for the months in which storm restoration activities were incurred for
3 Hurricanes Ian and Nicole exceeded overtime payroll and related costs charged to
4 O&M in the months in which restoration work was performed for Hurricanes Ian
5 and Nicole. Based on this methodology, of the total storm-related overtime payroll
6 and related costs, \$0.6 million and \$0.1 million would be deemed non-incremental
7 for Hurricanes Ian and Nicole, respectively.

- 8 • **Contractors:** Based on part (1)(e)(1) of the Storm Rule, incremental storm-
9 related contractor labor costs charged to the storm reserve under the ICCA
10 methodology were determined using a similar methodology described above for
11 Regular Payroll and Related Costs.

12
13 FPL determined the amount of non-incremental contractor labor costs related to
14 restoration by calculating the average of the prior three years for the months in
15 which storm restoration activities were incurred for Hurricanes Ian and Nicole and
16 compared the three-year average to actual contract labor costs incurred in the
17 months in which the storms occurred. FPL then compared the difference between
18 the calculated three-year average and costs incurred in the month of the storms to
19 contract labor costs related to restoration.

20
21 In total, the average of contract labor costs of the prior three-years for the months
22 in which storm restoration activities were incurred for Hurricanes Ian and Nicole
23 exceeded contract labor costs charged to O&M in the months in which restoration

1 work was performed for Hurricanes Ian and Nicole. Based on this methodology,
2 of the total storm-related contract labor costs related to restoration, \$1.2 million
3 and \$0.4 million would be deemed non-incremental for Hurricanes Ian and Nicole,
4 respectively.

- 5 • **Line Clearing:** Since FPL recovers all actual vegetation costs incurred through
6 the storm charge or the Storm Protection Plan Cost Recovery Clause, an ICCA
7 adjustment under part (1)(e)(11) of the Storm Rule is not required. All vegetation
8 management costs charged to the storm IOs, totaling \$165.7 million and \$23.5
9 million for Hurricanes Ian and Nicole, respectively, would be considered
10 incremental.
- 11 • **Vehicle Utilization:** All FPL-owned vehicle utilization costs charged to storm
12 IOs, totaling \$3.5 million and \$0.9 million for Hurricanes Ian and Nicole,
13 respectively, would be considered non-incremental under the ICCA methodology.
- 14 • **Fuel:** Based on part (1)(e)(9) of the Storm Rule, incremental fuel costs for the
15 company and contractor vehicles charged to the storm reserve under the ICCA
16 methodology were determined using a similar calculation as Regular Payroll and
17 Related Costs described above.

18
19 FPL determined the amount of non-incremental fuel costs for company and
20 contractor vehicles by calculating the average of the prior three years for the
21 months in which storm restoration activities were incurred for Hurricanes Ian and
22 Nicole and compared the three-year average to actual fuel costs incurred in the
23 months in which the storms occurred. FPL then compared the difference between

1 the calculated three-year average and costs incurred in the month of the storms to
2 fuel costs incurred for FPL employees directly supporting storm restoration
3 activities. Additionally, as permitted by the Storm Rule, FPL made certain
4 adjustments to the calculated historical monthly averages to account for changes
5 in the business such as the merger of FPL and Gulf Power Company.

6
7 Fuel costs for the prior three-years for the months in which storm restoration
8 activities were incurred for Hurricanes Ian and Nicole did not exceed fuel costs
9 charged to O&M in the months in which restoration work was performed for
10 Hurricanes Ian and Nicole. Based on the methodology above, all fuel related costs
11 charged to the storm IOs of \$31.3 million and \$3.0 million for Hurricanes Ian and
12 Nicole, respectively, would be considered incremental under the ICCA
13 methodology.

- 14 • **Employee Assistance:** The costs for assistance provided to employees during
15 Hurricanes Ian and Nicole, totaling \$0.6 million and approximately \$28,000,
16 respectively, would be considered non-incremental under the ICCA methodology.

17 **Q. What is the total amount of Retail Recoverable Incremental Costs for Hurricanes**
18 **Ian and Nicole?**

19 A. As reflected on line 50 of Exhibit KF-1 and Exhibit KF-2, the total Retail Recoverable
20 Incremental Costs for Hurricanes Ian and Nicole are \$1.0 billion and \$118.4 million,
21 respectively.

1 **VI. FINAL RECOVERABLE STORM AMOUNT**

2 **Q. What is the final Recoverable Storm Amount FPL is seeking approval to recover**
3 **from customers under its current storm charge?**

4 A. As reflected on line 7 of Exhibit KF-3, the total Retail Incremental Costs for Hurricanes
5 Ian and Nicole combined with the remaining amounts to be collected for Hurricanes
6 Michael, Sally, and Zeta, which have been previously approved by the Commission,
7 results in total Retail Recoverable Costs of \$1.3 billion. The total Retail Recoverable
8 costs less the \$219.9 million pre-storm balance in the Storm Reserve, plus certain storm
9 reserve activity for the period October 2022 through October 2023, replenishing the
10 storm reserve to a balance of \$219.9 million, and the recovery of interest of \$18.6
11 million, results in a total Recoverable Storm Amount of \$1.3 billion, which is reflected
12 on line 20 of Exhibit KF-3.

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

14 A. Yes.

1 (Whereupon, prefiled direct testimony of
2 Tiffany C. Cohen was inserted.)

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY

DIRECT TESTIMONY OF TIFFANY C. COHEN

DOCKET NO. 20230017-EI

NOVEMBER 17, 2023

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

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

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

5 A. I am employed by Florida Power & Light Company (“FPL” or the “Company”) as
6 Vice President of Financial Planning and Rate Strategy.

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

8 A. I oversee and am responsible for FPL’s financial forecast, analysis of financial
9 results, corporate budgeting, load forecast activities, rate strategy, developing the
10 appropriate rate design, and for administration of the Company’s electric rates and
11 charges.

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

13 A. I hold a Bachelor of Science Degree in Commerce and Business Administration,
14 with a major in Accounting from the University of Alabama. I obtained a Master
15 of Business Administration from the University of New Orleans. I am also a
16 Certified Public Accountant. Since joining FPL in 2008, I have held positions of
17 increasing responsibility, including Manager of Rate Development, Director of
18 Rates and Tariffs, Senior Director, Regulatory Rates, Cost of Service and Systems,
19 Executive Director, Rate Development & Strategy, and my current position as the
20 Vice President of Financial Planning and Rate Strategy. Prior to joining FPL, I was
21 employed at Duke Energy for five years, where I held a variety of positions in the
22 Rates & Regulatory Division, including managing rate cases, Corporate Risk

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

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

4 A. Yes. As discussed below, I will submit Exhibit TCC-1 – Actual Revenues Under
5 the Consolidated Interim Storm Restoration Recovery Charge as a supplement to
6 my testimony, which will be filed on or before May 15, 2024.

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

8 A. My testimony provides the Company’s proposal to true-up any final over or under
9 recovery amounts related to the Consolidated Interim Storm Restoration Recovery
10 Charge (“Interim Storm Charge”), which terminates on April 1, 2024.

11 **Q. Please describe the Interim Storm Charge.**

12 A. The Interim Storm Charge was designed to recover: (1) the incremental restoration
13 costs related to Hurricanes Ian and Nicole; (2) the remaining incremental
14 restoration costs to be collected for Hurricanes Michael, Sally, and Zeta, which
15 were previously approved by the Florida Public Service Commission¹
16 (“Commission”) for final recovery by Gulf Power Company; and (3) the
17 replenishment of the storm reserve. The Interim Storm Charge was approved by
18 the Commission in Order No. PSC-2023-0110-PCO-EI to become effective for the
19 twelve-month recovery period beginning April 2023. The Commission stated in its
20 Order that, “once the total actual consolidated storm costs are known, the Company
21 shall file documentation of the storm costs for our review and true up of any excess
22 or shortfall.”

¹ Order Nos. PSC-2020-0349-S-EI and PSC-2022-0406-FOF-EI.

1 **Q. Has FPL proposed any changes to the Interim Storm Charge since it became**
2 **effective?**

3 A. Yes. On September 5, 2023, FPL filed a supplemental petition with the
4 Commission requesting to reduce the Interim Storm Charge to reflect a decrease in
5 the estimated incremental storm restoration costs related to Hurricanes Ian and
6 Nicole. At the November 9, 2023 Agenda Conference, the Commission approved
7 the modified Interim Storm Charge to become effective on January 1, 2024 and
8 continue through March 31, 2024.

9 **Q. Does the Commission-approved modification to the Interim Storm Charge**
10 **affect how FPL is proposing to determine any final true-up amount and**
11 **resulting refund or charge to customers for any excess or shortfall?**

12 A. No. The Commission-approved Interim Storm Charge, including the modification
13 approved at the November 9, 2023 Agenda Conference to become effective on
14 January 1, 2024 and continue through March 31, 2024, will be subject to true-up
15 once the final actual Recoverable Storm Costs are known.

16 **Q. How will FPL determine any final true-up amount related to the Interim**
17 **Storm Charge?**

18 A. FPL witness Ferguson calculates and sponsors the final actual Recoverable Storm
19 Amount for the Commission to review and approve in this proceeding. Once the
20 Commission has made its final determination of the final actual Recoverable Storm
21 Amount in this proceeding, FPL will compare the approved Recoverable Storm
22 Amount to the actual total revenues collected from the Interim Storm Charge in
23 order to determine any excess or shortfall in recovery. Interest will be applied to

1 any excess or shortfall at the thirty-day commercial paper rate consistent with Rule
2 25-6.109, Florida Administrative Code.

3 **Q. How will FPL notify the Commission of the actual revenue received from the**
4 **Interim Storm Charge?**

5 A. On or before May 15, 2024, FPL will file a supplemental exhibit to my direct
6 testimony (Exhibit TCC-1) that shows the final total revenues collected under the
7 Interim Storm Charge.

8 **Q. What is the Company's proposal to refund or charge customers for any excess**
9 **or shortfall?**

10 A. After the total excess or shortfall has been determined, FPL will make a compliance
11 filing with the Commission that sets forth the calculation of the appropriate true-up
12 rates to apply to customer bills for a one-month period in order to refund the excess
13 or collect the shortfall. The true-up rates will be designed in a manner that is
14 consistent with the cost allocation used for the Interim Storm Charge rates filed and
15 approved in this docket. FPL will apply the true-up rates through the non-fuel
16 energy charge on customers' bills starting on Cycle Day 1 of the first month that is
17 more than thirty days after Commission approval.

18 **Q. How will FPL notify its customers of the billing change that is going to occur?**

19 A. FPL will notify customers of the change in their rates at least thirty days in advance
20 in the form of a message on their bill, with more detailed information regarding the
21 revised Interim Storm Charge tariff provided on FPL's website,
22 www.FPL.com/rates.

- 1 Q. Does this conclude your direct testimony?
- 2 A. Yes.

1 (Whereupon, prefiled direct testimony of Amber
2 De Lucenay was inserted.)

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY

DIRECT TESTIMONY OF AMBER DE LUCENAY

DOCKET NO. 20230017-EI

NOVEMBER 17, 2023

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I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Amber De Lucenay. My business address is Florida Power & Light Company, 15430 Endeavor Drive, Jupiter, Florida 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 Director of Business Services Power Delivery.

Q. Please describe your educational background and professional experience.

A. I have a Bachelor of Science in Accounting and a Bachelor of Arts in Spanish from Oglethorpe University, as well as a Master of Business Administration from the University of South Florida. I have over 16 years of utility and energy sector experience, having served in various financial, managerial, and commercial roles for utilities over that time. I have been employed by FPL since 2019, where I have taken on roles with increasing responsibility within the Property Accounting and Power Delivery groups. Prior to joining FPL, I spent 12 years in the utility industry building leadership experience in roles that included leading the Property Accounting Department at TECO Energy and leading the Training Department at PowerPlan, Inc. I began my utility career with Progress Energy (Duke Energy) in 2007, where I served and advanced in regulatory and property accounting roles.

1 **Q. Please describe your duties and responsibilities as they relate to the 2022**
2 **hurricane season.**

3 A. During the 2022 hurricane season, I served as the Director of Business Services in the
4 Power Delivery Business Unit. As part of my role, I oversaw a team that was
5 responsible for compliance and controls for the Power Delivery Business Unit. In this
6 role, I led the team responsible for reviewing invoices submitted by line and vegetation
7 contractors for the 2022 hurricane season, to assure compliance with contractor
8 agreements and applicable provisions of the Stipulation and Settlement of FPL's
9 Hurricane Irma storm restoration costs approved by Commission Order No. PSC-2019-
10 0319-S-EI in Docket No. 20180049-EI ("Irma Settlement").

11 **Q. Please describe your supervision and oversight of the invoice review process**
12 **during the 2022 hurricane season.**

13 A. The invoice review process for the 2022 hurricane season took place between October
14 2022 and May 2023. During this period, I oversaw the FPL team that was responsible
15 for reviewing and validating contractor invoices. Under my guidance and direction,
16 the team either (i) validated and approved contractor invoices for payment, (ii)
17 identified the need to reject the contractor invoices for payment, or (iii) identified
18 modifications/adjustments that needed to be resolved before the contractor invoices
19 were finalized for payment.

20 **Q. Please summarize your testimony.**

21 A. The purpose of my testimony is to provide a detailed overview of the process of
22 reviewing, approving, and, where applicable, adjusting invoices for line and vegetation
23 contractors during the 2022 hurricane season, including Hurricanes Ian and Nicole. My

1 testimony demonstrates that FPL followed a detailed, deliberate, and comprehensive
2 process to review contractor invoices (which, for purposes of my testimony, include
3 line and vegetation contractors) related to the 2022 hurricane season. My testimony
4 details the full scope of FPL’s invoice review process, which included invoice receipt,
5 individual invoice review, and follow-up analysis to ensure that invoices were paid in
6 conformance with contractor-specific contract terms. This process also facilitated
7 FPL’s ability to produce supporting data for the 2022 hurricane season costs in an
8 electronic format, utilizing FPL’s iStormed Application (the “iStormed App”) for
9 recording and approving or rejecting contractor costs.

10

11 **II. INVOICE REVIEW PROCESS**

12

13 **Q. Please describe the team responsible for FPL’s contractor invoice review process.**

14

15 A. FPL’s invoice review process for line and vegetation contractors is performed by the
16 FPL cost finalization (“CF”) team. The CF team is responsible for the detailed review
17 of the invoices to ensure compliance with the terms and conditions of the agreements
18 with the line and vegetation contractors and the applicable provisions in the Irma
19 Settlement. The CF team is also responsible for the reconciliation of the amount to be
paid to each of the contractors and submission of the approved and reconciled payments
to the appropriate contractors.

20

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

2 A. The CF team is supported by multiple FPL employees, including those who held
3 several key storm response functions. For the 2022 hurricane season, assistance was
4 provided to the CF team's invoice review process by employees who held the following
5 storm roles:

- 6 • Travel Coordinators – Individuals who were responsible for coordinating and
7 tracking the progress of contractor crews during mobilization and
8 demobilization.
- 9 • Storm Approvers – Individuals who were responsible for the more detailed
10 oversight of contractor crews (*e.g.*, Production Leads, Arborists, Operations
11 Section Chiefs), and who were responsible for electronically approving
12 timesheets and expenses, including exceptions to the contractor agreements,
13 where appropriate.
- 14 • Integrated Supply Chain (“ISC”) – The group responsible for entering the
15 agreements with contractors and continuing relationships with those
16 contractors. The group is also responsible for logistics functions during a storm
17 event, which includes setting up and operating staging sites, lodging, and meals.
- 18 • Fleet – The group responsible for purchasing fuel and fueling vehicles at the
19 staging sites.

20 Individuals in these functions had direct contact with the line and vegetation crews, had
21 information that helped validate labor hours and/or expenses, and served as a source of
22 information when verification for the 2022 hurricane season was required.

1 **Q. Prior to the 2022 hurricane season, did FPL provide training to assist employees**
2 **in the real-time review of contractor timesheets and requests for approval of**
3 **expenses?**

4 A. Yes. In April 2022, FPL’s annual storm training included participation in a “dry run”
5 exercise that simulated a hurricane impacting FPL’s service area. Employees with
6 certain storm assignments attended training sessions with a specific emphasis on the
7 oversight and management of line and vegetation contractors. The training also
8 addressed the importance of approving timesheets in the iStormed App and
9 contemporaneously documenting approvals and exceptions to the terms of the
10 agreements with contractors. This training included explanations of the differing
11 statements of work governing FPL’s relationships with its line and vegetation
12 contractors. FPL also provided training on the processes agreed to in the Irma
13 Settlement, with a focus on paragraph 6 and paragraphs 9 through 13 as later described
14 in my testimony.

15
16 Further, before undertaking the actual review process, CF team members also reviewed
17 and became familiar with the applicable line and vegetation contractor statements of
18 work and the Irma Settlement and received additional training on the systems and
19 processes used to record and validate costs during the restoration process.

20
21 Lastly, a refresher training was conducted 72 to 48 hours before the storm made landfall
22 for all employees responsible for the oversight and management of line and vegetation
23 contractors. This training included a refresher on some terms related to the Irma

1 Settlement as well as the statements of work. Throughout the storms, these employees
2 were able to directly reach out to the CF team members with questions, allowing real-
3 time approval of timesheets and expenses while at the staging site or in the field.

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

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

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

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

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

20 A. Each contractor’s flat file is an extract from the iStormed App, which contains the
21 electronic timesheet and expense information for line and vegetation contractors.¹

22 Each flat file contains detailed information for that contractor, including crew

¹ Paragraph 16 of the Irma Settlement requires certain Storm Cost Documentation to be provided in virtual (sortable spreadsheet) or physical files.

1 information and daily timesheets, crew expenses where applicable, approvals by
2 responsible employees, documentation of exceptions, and, where appropriate,
3 adjustments to vendor invoices. This information is used by the CF team to review,
4 adjust, and approve the final payment to the contractor.

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

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

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

15 A. The analysis of timesheet hours related to mob/demob is best explained by separating
16 the activities that were undertaken by the CF team into three buckets. The first involved
17 reviewing any comments on the contractor's iStormed timesheets, which would
18 identify anything that could have impacted travel time. The second involved
19 comparing the hours billed on the contractor's flat file to the hours recorded by the
20 Travel Coordinator. If the hours on the contractor's flat file were different than the
21 hours indicated by the Travel Coordinator, then the CF team member would request
22 more information from the contractor to verify the mob/demob hours. The third and
23 final activity involved a separate verification by a CF team member who confirmed

1 that the contractor was not billing hours as mob/demob after its arrival at the FPL
2 processing site or following its return home or release to another utility, which was
3 done by comparing the flat file hours to the Travel Coordinator's notes.

4 **Q. Please explain how timesheet hours related to working time were validated by the**
5 **CF team.**

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

14 **Q. Please explain the process for validation of timesheet hours related to standby**
15 **time.**

16 A. Standby time is appropriately billed when a contractor crew is mobilizing but asked to
17 hold or remain on-site, or not working while the storm is impacting the system and the
18 contractor is waiting until conditions allow for restoration work to safely begin.
19 Contractors were encouraged to familiarize themselves with FPL's standards and
20 system during standby periods. If the invoice includes billing for standby time, the CF
21 reviewer will verify that the standby time is coded correctly on the flat file and does
22 not exceed the maximum allotted hours for standby time included in the vendor
23 statement of work. If billing for standby time is not appropriate under the

1 circumstances, is coded incorrectly, or exceeds approved hours, the CF team will work
2 with the contractor to adjust the iStormed timesheet and flat file as necessary.

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

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

7 **Q. What process was used by the CF team to determine whether the contractor's**
8 **expenditures for meals would be reimbursed?**

9 A. Per diem expenses were generally paid during mob/demob for up to three meals per
10 day. However, if the per diem total could not be reconciled with the number of team
11 members, or the number of meals expected did not correspond to the time traveled (*e.g.*,
12 if a team did not leave their home base until the late afternoon), then the contractor's
13 timesheet and flat file were updated to ensure that they were only reimbursed for the
14 appropriate number of meals. If the contractor chose to purchase an offsite meal while
15 they were onsite and FPL-provided meals were available, the cost of the contractor's
16 meal was not reimbursed unless it was approved by the Storm Approver supervising
17 that crew.

18 **Q. Please explain how the CF team addressed issues involving charges submitted by**
19 **contractors for lodging expenses.**

20 A. The CF team confirmed that the total dollars on hotel receipts during mob/demob were
21 consistent with the contractor's flat file and averaged approximately \$150 or less per
22 team member per day. If hotel receipts were submitted for payment by a contractor
23 during working days, the CF team member inquired if FPL provided rooms for the

1 members of the team for that day. If the contractor made alternate arrangements on a
2 day when FPL provided a room, the cost was rejected by the CF team unless it was
3 approved by the Storm Approver supervising that crew or if other sufficient supporting
4 documentation was provided.

5 **Q. Did FPL follow the same invoice review process as described above for the storm**
6 **restoration costs associated with Hurricanes Ian and Nicole?**

7 A. Yes.

8

9 **III. COMPLIANCE WITH THE IRMA SETTLEMENT**

10 **Q. During the 2022 hurricane season, did FPL utilize the iStormed App described in**
11 **the Irma Settlement?**

12 A. Yes. FPL utilized the iStormed App for timesheet and expense reporting for the 2022
13 hurricane season.

14 **Q. What were the benefits of using the iStormed App during the 2022 hurricane**
15 **season?**

16 A. The iStormed App was developed to facilitate the processes of collecting, processing,
17 and approving invoices for line and vegetation contractors providing storm restoration
18 support. The most significant benefit of using the iStormed App is the elimination of
19 the use of paper timesheets for invoice processing. Previously, the verification of these
20 paper timesheets was conducted manually. Converting this to a digital process
21 increased efficiency, improved data management, and facilitated the invoice review
22 process. For example, due to the digital nature of invoices, it was much easier to

1 identify the individual who approved a timesheet (*i.e.*, handwritten signatures can
2 sometimes be difficult to read) in order to ask any needed follow-up questions.

3 **Q. Did FPL establish invoice review criteria consistent with the Irma Settlement?**

4 A. Yes. Paragraph 6 and paragraphs 9 through 13 of the Irma Settlement include
5 provisions related to the development of information pertinent to the invoice review
6 process. The CF team incorporated the applicable provisions of the Irma Settlement
7 into their review process.

8 **Q. Is FPL providing the supporting files for the incremental Hurricane Ian and
9 Nicole storm restoration costs consistent with paragraph 16 of the Irma
10 Settlement?**

11 A. Yes. FPL will make the iStormed App data (*e.g.*, crew, billing, exceptions, etc.)
12 available in sortable and searchable Excel files to Staff and parties of record.
13 Contemporaneously with the filing of its direct testimony, FPL will file a Notice of
14 Filing in this docket to document compliance with this requirement.

15 **Q. Paragraphs 9 through 11 of the Irma Settlement address travel time and expenses
16 of contractors travelling to and from FPL sites to assist with restoration. How did
17 FPL monitor travel time and expenses incurred during the 2022 hurricane
18 season?**

19 A. FPL relied upon information gathered by its Travel Coordinators as the most reliable
20 data to monitor travel time and expenses during mobilization and demobilization. This
21 process provided information such as the time a crew began traveling each day, where
22 it started, where a crew ended its travel each day, and at what time it stopped for the
23 night. This constant communication with the contractors provided FPL heightened

1 understanding of anticipated arrival times and explanations for delays, such as traffic
2 or weather.

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

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

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

16 A. Yes. Where it was reasonably practicable to do so, the Crew Tracking App helped to
17 geographically track storm crews in real-time during mob/demob for operational
18 purposes. However, the Crew Tracking App is not designed for and was not used to
19 document exceptions to the line and vegetation contract provisions regarding travel and
20 expenses.

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

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

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

8 A. Travel Coordinators noted on a team-by-team basis the starting and ending times and
9 locations for each day of travel to calculate the total time and distance a crew traveled
10 on any given day. With this information, the CF team was able to determine whether
11 the crew traveled at a rate equivalent to 500 miles in a 16-hour day as stipulated in the
12 Irma Settlement. If the team travel rate was consistent with the provisions of the Irma
13 Settlement, the reviewer approved the mobilization hours the contractor submitted. In
14 the event the team encountered a delay, such as severe weather or traffic, it was noted
15 in the travel log, and the information was factored into the determination of the
16 acceptable pace of travel. If the travel rate was less than the equivalent of
17 approximately 500 miles in 16 hours, and no supporting information was provided to
18 the Travel Coordinator, the timesheet was adjusted, and the flat file was updated as
19 necessary to meet the approved standard.

20

21 When available, the analysis of the contractor team's mobilization orders also included
22 a comparison of the location and dates on the contractor's travel log, as well as lodging
23 and fuel receipts. In the circumstance where the starting and ending locations were not

1 the same on the two sets of data, the CF team requested that the contractor provide
2 additional mobilization and demobilization details and then adjusted accordingly.

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

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

10 **Q. Paragraph 13 of the Irma Settlement discusses contractors' meals and fueling,**
11 **which are expected to be provided after a crew was onboarded. As part of its**
12 **invoice review process, how did the CF team ensure compliance with this**
13 **paragraph of the Irma Settlement?**

14 A. Once a crew was on-site, its meals were generally provided by FPL. If per diem was
15 claimed when a crew was on-site, the CF team checked with the appropriate Storm
16 Approver to confirm if a per diem was allowed due to an extenuating circumstance. If
17 no extenuating circumstance was identified, then the expense was rejected.

18
19 All fuel transactions required supporting receipts. If any fuel receipt dates fell within
20 a crew's mob/demob time, the CF team automatically rejected the fuel transactions, as
21 those costs were already incorporated into the contractor's mob/demob rates. If after
22 onboarding, a crew submitted a receipt for fuel, that receipt would only be approved
23 for payment if authorized as a permissible exception by the Storm Approver.

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

4 A. Yes. As discussed above, the CF team required documentation of exceptions or
5 subsequent acknowledgment that the exceptions had been approved before the CF team
6 would approve those items for payment.

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

8 A. Approval of exception items related to paragraphs 6 and 9 through 13 of the Irma
9 Settlement was documented on a per transaction basis by crew and by the contractor
10 for expenses, and on a per employee per day basis for hours worked and mob/demob
11 time. If an exception was presented, the CF team documented the reason why the
12 transaction was deemed appropriate or consulted with the appropriate FPL Storm
13 Approver for confirmation that the exception had been approved.

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

15 A. For each identified discrepancy (*e.g.*, labor hours, charges not authorized by contract
16 terms, unauthorized expenses, etc.), the CF team worked with the contractor to obtain
17 additional information. If appropriate supporting documentation was thereafter
18 provided to validate the invoice, the issue was documented as resolved and payment
19 was approved. Otherwise, the CF team would modify invoices, as appropriate, to
20 reflect only validated amounts.

21 **Q. Did FPL apply these same processes to the storm restoration costs associated with**
22 **Hurricanes Ian and Nicole?**

23 A. Yes.

1 **Q. Did the invoice review process result in a reduction of the total payments made on**
2 **invoices submitted in connection with the 2022 hurricane season?**

3 A. Yes. FPL engaged with the line and vegetation contractors throughout the invoice
4 review process, addressing any potential open items or acquiring the necessary support
5 before finalizing the invoices. In the absence of the necessary support, invoices were
6 adjusted. As a result, the comprehensive review process undertaken by the CF team
7 was successful in further confirming the actual costs associated with storm restoration
8 during the 2022 hurricane season restoration.

9 **Q. What are your conclusions regarding FPL's storm invoice review process for line**
10 **and vegetation contractors utilized during the 2022 hurricane season?**

11 A. The invoice review process was thorough and comprehensive and ensured that the
12 payments for line and vegetation contractors were individually reviewed, verified,
13 adjusted when appropriate, processed, and paid.

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

15 A. Yes.

1 (Whereupon, prefiled direct testimony of Yen
2 Ngo was inserted.)

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
ON BEHALF OF COMMISSION STAFF
DIRECT TESTIMONY OF YEN NGO
DOCKET NOS. 20230017-EI
APRIL 12, 2024

Q. Please state your name and business address.

A. My name is Yen Ngo. My business address is 6435 SW 130 Avenue, Miami, FL, 33183.

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

A. I am employed by the Florida Public Service Commission (FPSC or Commission) as a Professional Accountant Specialist. I have been employed by the Commission since February 1995.

Q. Please give a brief description of your educational background and professional experience.

A. I received a Bachelor of Science Degree in accounting from Florida Atlantic University in 1995. I have worked for the FPSC for 30 years, and I have varied experience in the electric, gas, and water and wastewater industries. My work experience includes various types of rate cases, cost recovery clauses, and utility audits.

Q. Please describe your current responsibilities.

A. My responsibilities consist of planning and conducting utility audits of manual and automated accounting systems for historical and forecasted data.

Q. Have you previously presented testimony before this Commission?

A. Yes. I presented testimony in a docket before this Commission. I filed testimony in the Nuclear Cost Recovery Clause Docket No. 20110009-EI.

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

2 A. The purpose of my testimony is to sponsor staff's Auditor Report of Florida Power
3 and Light Company, which addresses the Utility's filing in Docket No. 20230017-EI. An
4 Auditor's Report was issued in the Docket 20230017-EI. This report is filed with my
5 testimony and is identified as Exhibit YN-1.

6 **Q. Was this audit prepared by you or under your direction?**

7 A. Yes. It was prepared by me and under my direction.

8 **Q. Please describe the objectives of the audit and the procedures performed during**
9 **the audit?**

10 A. The objectives and procedures are listed in the Objectives and Procedures section of
11 the attached Exhibit YN-1 pages 2 through 4.

12 **Q. Please review the audit findings in this audit report.**

13 A. There were no audit findings.

14 **Q. Does that conclude your testimony?**

15 A. Yes.

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1 CHAIRMAN LA ROSA: The prefiled Exhibits 2
2 through 13 are admitted.

3 (Whereupon, Exhibit Nos. 2-13 were received
4 into evidence.)

5 CHAIRMAN LA ROSA: So thank you, staff. Let's
6 move now to the issues.

7 MR. STILLER: Thank you, Mr. Chair.

8 The parties have proposed in writing a number
9 of Type 1 stipulations in which all parties are in
10 agreement, and Type 2 stipulations in which one or
11 more parties are in agreement, and the remaining
12 parties do not object, as set forth in Attachment A
13 to the Prehearing Order. Attachment A is also
14 included as Exhibit 23 on the CEL.

15 Exhibit 24 on the CEL is Walmart's statement
16 that it agrees with paragraphs one through four and
17 12 through 13 of Attachment A as a Type 1
18 stipulation, and Walmart takes no position on
19 paragraphs five through 11 and 14 through 16, which
20 allows for a Type 2 stipulation for those
21 paragraphs.

22 In addition to Attachment A, staff recommends
23 that the Commission approve that the docket be
24 closed administratively once the true-up compliance
25 filing and revised tariff have been received,

1 reviewed and approved by staff.

2 Staff should also be given the administrative
3 authority to cancel the tariff upon completion of
4 the true-up process.

5 CHAIRMAN LA ROSA: Great. Thank you.

6 Parties, do you wish to speak on the proposed
7 stipulations?

8 MR. BAKER: We have no opposition to staff's
9 request.

10 MS. CHRISTENSEN: Then we would offer the
11 same. We have no objection to staff's request.

12 CHAIRMAN LA ROSA: Okay. Commissioners, this
13 is our opportunity to ask questions of the parties
14 or staff with respect to the proposed stipulations.
15 Is there any discussion or debate on the proposed
16 stipulation on any of these issues?

17 Okay. Seeing and hearing none, is there a
18 motion? Commissioners, is there a motion?

19 COMMISSIONER FAY: Mr. Chairman, I will take a
20 shot at it. Just for clarity for staff's purposes,
21 I would be moving to approve all issues presented
22 -- or all stipulated issues as presented in this
23 docket, 20230017.

24 CHAIRMAN LA ROSA: In addition to staff's
25 additional language, do I have that correct?

1 MR. STILLER: Correct, Mr. Chair.

2 Additionally, in addition to approving the
3 stipulations in Attachment A, we recommend that the
4 Commission give staff authority to review and
5 approve, and that the compliance filing -- that the
6 docket be administratively closed, and that staff
7 be given administrative authority to cancel the
8 tariff once the true-up process is complete.

9 Those are in additions to the stipulations in
10 Attachment A.

11 CHAIRMAN LA ROSA: Okay.

12 COMMISSIONER FAY: Mr. Chairman, I don't have
13 any issue with that, we will give them authority to
14 close and to make any necessary changes.

15 CHAIRMAN LA ROSA: Okay. So hearing a motion,
16 is there a second?

17 COMMISSIONER CLARK: Second.

18 CHAIRMAN LA ROSA: Hearing a motion, and
19 hearing a second.

20 All those in favor signify by saying yay.

21 (Chorus of yays.)

22 CHAIRMAN LA ROSA: Yay.

23 Opposed no.

24 (No response.)

25 CHAIRMAN LA ROSA: Show that it passes.

1 So then, staff, are there any additional
2 matters that we need to address at this time?

3 MR. STILLER: Mr. Chair, the parties have, of
4 course, agreed to waive briefs. And with your vote
5 today, the final order will issue in 20 days.

6 Staff has no further matters about for
7 discussion.

8 CHAIRMAN LA ROSA: All right. I will take it
9 back to the parties. Anything else that we need to
10 discuss, any matters at this time?

11 MR. BAKER: Nothing additional from FPL.
12 Thank you, Chairman.

13 MS. CHRISTENSEN: Nothing more from OPC.
14 Thank you.

15 CHAIRMAN LA ROSA: Well, thank you all for
16 making this work, and if there is no further items
17 related to this -- these issues, let's go ahead and
18 say that this meeting is adjourned. Thank you.

19 (Proceedings concluded.)

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CERTIFICATE OF REPORTER

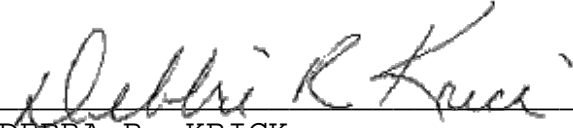
STATE OF FLORIDA)
COUNTY OF LEON)

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 2nd day of July, 2024.


DEBRA R. KRICK
NOTARY PUBLIC
COMMISSION #HH31926
EXPIRES AUGUST 13, 2024