

Writer's Direct Dial Number: (850) 521-1706
Writer's E-Mail Address: bkeating@gunster.com

April 4, 2025

VIA E-PORTAL

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

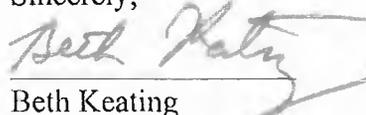
Re: Docket No. 20250010-EI: Storm protection plan cost recovery clause.

Dear Mr. Teitzman:

Attached for filing, please find the Testimony of P. Mark Cutshaw on behalf of Florida Public Utilities Company.

Thank you for your assistance with this filing. As always, please don't hesitate to let me know if you have any questions whatsoever.

Sincerely,



Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

MEK

Attachment

Cc://(Certificate of Service)

1 **Before the Florida Public Service Commission**

2 Direct Testimony (True Up) of P. Mark Cutshaw

3 On Behalf of

4 Florida Public Utilities Company

5 Docket 20250010-EI: Storm Protection Plan Cost Recovery (SPPCRC)

6
7 **I. INTRODUCTION**

8
9 **Q. Please state your name and business address.**

10 **A.** My name is P. Mark Cutshaw. My business address is 780 Amelia Island Parkway,
11 Fernandina Beach, Florida 32034.

12 **Q. By whom are you employed?**

13 **A.** I am employed by Florida Public Utilities Company (“FPUC” or “Company”).

14 **Q. Could you give a brief description of your background and business experience?**

15 **A.** I graduated from Auburn University in 1982 with a B.S. in Electrical Engineering. My
16 electrical engineering career began with Mississippi Power Company in June 1982. I
17 spent nine years with Mississippi Power Company and held positions of increasing
18 responsibility that involved budgeting, as well as operations and maintenance
19 activities at various locations. I joined FPUC in 1991 as Division Manager in our
20 Northwest Florida Division and have since worked extensively in both the Northwest
21 Florida and Northeast Florida divisions. Since joining FPUC, my responsibilities have
22 included all aspects of budgeting, customer service, operations and maintenance. My

1 responsibilities have also included involvement with Cost of Service Studies and Rate
2 Design in other rate proceedings before the Commission, as well as other regulatory
3 issues. During January 2024, I moved into my current role as Manager, Electric
4 Operations.

5 **Q. Have you previously testified before the Commission?**

6 **A.** Yes, I've provided testimony in a variety of Commission proceedings, including the
7 Company's 2014 rate case, addressed in Docket No. 20140025-EI, rebuttal testimony
8 in Docket No. 20180061-EI, testimony in Docket No. 20190156-EI for the Limited
9 Proceeding to recover storm costs incurred as a result of Hurricane Michael and
10 numerous dockets for Fuel and Purchased Power Cost Recovery. Most recently, I
11 provided testimony in the Storm Protection Plan Dockets No. 20250017-EI and No.
12 20240010-EI.

13

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

15 **Q. What is the purpose of your testimony in this proceeding?**

16 **A.** The purpose of my direct testimony is to support the Company's request for recovery
17 of Transmission and Distribution costs for the time period January 2024 through
18 December 2024 associated with FPUC's Storm Protection Plan ("SPP") through the
19 Storm Protection Plan Cost Recovery Clause ("SPPCRC"), pursuant to Rule 25-6.031,
20 F.A.C. and to explain material variances between 2024 estimated and actual program
21 expenditures.

22 **Q. Are you sponsoring any exhibits in this proceeding?**

1 A. Yes. I am co-sponsoring Exhibit BB-1 included in the testimony by Witness Brittnee
2 Baker and did personally prepare Form 8-A contained in that exhibit.

3 **Q. Please provide a summary of your testimony.**

4 A. FPUC filed its first SPP in April 2022, which was approved, with modifications, by
5 Order PSC-2022-0387-FOF-EI, issued November 10, 2022. FPUC's initial Final True
6 Up for 2022 was therefore based on an eight month (May through December) prorated
7 calendar year. Overall, FPUC's SPP intentionally contained a methodical ramp up of
8 investments that allowed for the acquisition of resources, initiation of design activities,
9 and the refinement of projects in the early years of the plan. FPUC's focus in 2022
10 was, therefore, to stand-up the new SPP programs and implement approved
11 adjustments to programs that were carried over from legacy storm hardening
12 initiatives. Based upon our experience in our first year of implementing the SPP, we
13 made some adjustments in our processes and have continued with the engineering
14 design, materials procurement, and construction to implement our SPP, as detailed in
15 Form 8A of Exhibit BB-1. Advancements in SPP program engineering and
16 construction activities were achieved, positioning the company well for continued
17 execution into 2024. Additionally, efforts to eliminate the distribution pole
18 replacement backlog made progress with 40 poles remaining.

19

20 **III. 2024 ACTUAL SPP PROJECT COSTS AND VARIANCES**

21 **Q. Can you please describe what was accomplished in 2024 with the incurred**
22 **expense (O&M) and explain any significant variances against estimates provided**
23 **in the SPP?**

FPUC Storm Protection Plan Cost Recovery (SPPCRC)

1 A. Yes. Most of the expense-related charges within the SPP were related to the
2 Vegetation Management program. This program, along with the Distribution Pole
3 Inspection and Replacement program, were carried over from legacy storm hardening
4 initiatives. Additionally, there were expense cost from the Overhead Feeder Hardening
5 and Lateral Undergrounding programs during 2024. Costs were incurred throughout
6 all of 2024 for these programs, some of which are partially recovered through base
7 rates. As noted in the testimony of Witness Baker, FPUC has accounted for this to
8 avoid double recovery. In 2024, FPUC began its third, 8-year inspection cycle of
9 distribution poles and trimmed 152.91 miles of overhead lines. The associated
10 expense for 2024 was \$2.81M compared to the projected amount of \$3.18M. Form
11 4A in Exhibit BB-1 reflects a variance of (\$0.37M) which is mostly driven by the
12 Transmission System Inspection & Hardening, Overhead Feeder Hardening, Lateral
13 Hardening and Lateral Underground programs which had a variance of (\$0.22M).
14 This reduction in expense was due in part to the over estimation of the expense related
15 to the hardening programs and the delay in completion of the 2024 transmission
16 inspection.

17 **Q. Can you please describe what was accomplished in 2024 with the incurred capital**
18 **costs and explain any significant variances against estimates provided in the SPP?**

19 A. Yes. FPUC is committed to the effective and efficient implementation of SPP related
20 expenditures. To ensure this occurs, and for the reasons stated above, FPUC's focus
21 during 2024 continued to be the engineering of a substantial number of projects in
22 order to prepare for future construction, increased the procurement of materials needed
23 for construction and constructed projects that were designed for completion in 2024.

FPUC Storm Protection Plan Cost Recovery (SPPCRC)

1 Contract engineering and construction resources were acquired who continued
2 engineering design and completed construction on the projects identified in the SPP.
3 The 2024 capital cost were \$17.30M compared to the projected amount of \$13.61M
4 reflecting a variance of \$3.69M above original projections, which is mostly driven by
5 large variances in the Overhead Feeder Hardening and Overhead Lateral Hardening
6 programs. This variance was as a result of FPUC working to ramp up the construction
7 activities for projects that have been previously engineered and original cost estimates
8 being understated based on the actual work that was performed in these areas. Access
9 to the facilities, traffic control, energized work, vegetation management activities and
10 material cost increases all contributed to the overrun on costs. During 2024, the
11 overhead feeder program was able to complete designs on 18.82 miles of line and
12 completed construction on 7.48 miles of line. The overhead lateral hardening program
13 was able to complete designs on 12.6 miles of line and completed construction on 0.68
14 miles of line. The overhead lateral undergrounding program was able to complete
15 designs on 13.49 miles and completed construction on 1.20 miles. Also, during 2024,
16 FPUC was able to acquire a full-time equivalent position to focus on the SPP Program
17 Management which will allow continued improvement in the projections and
18 efficiency of the overall SPP.

19 **Q. What will be the overall impact of the \$3.32M variance for the 2024 SPP?**

20 **A.** The variance will be incorporated into the 2025 and 2026 capital projects to re-align
21 SPP investments with the 10-year projected totals reflected in the SPP.

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

23 **A.** Yes, it does.

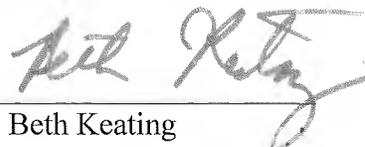
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Petition for Approval of Final True-Up, as well as the Direct Testimony and Exhibit BB-1 of Brittnee Baker, as well as the Direct Testimony of P. Mark Cutshaw, has been furnished by Electronic Mail to the following parties of record this 4th day of April, 2025:

Daniel Dose Shaw Stiller Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 Ddose@psc.state.fl.us sstiller@psc.state.fl.us	J. Jeffry Wahlen/Malcolm Means/Virginia Ponder Ausley Law Firm Post Office Box 391 Tallahassee, FL 32302 jwahlen@ausley.com mmeans@ausley.com vponder@ausley.com
Walt Trierweiler/P. Christensen / Charles Rehwinkel/Mary Wessling/Octavio Ponce/Austin Watrous Office of Public Counsel c/o The Florida Legislature 111 W. Madison Street, Room 812 Tallahassee, FL 32399-1400 Trierweiler.Walt@leg.state.fl.us Wessling.Mary@leg.state.fl.us Rehwinkel.Charles@leg.state.fl.us Christensen.patty@leg.state.fl.us Ponce.octavio@leg.state.fl.us Watrous.austin@leg.state.fl.us	James W. Brew/Laura Baker/Sarah Newman Stone Matheis Xenopoulos & Brew, PC Eighth Floor, West Tower 1025 Thomas Jefferson Street, NW Washington, DC 20007 jbrew@smxblaw.com lwb@smxblaw.com sbn@smxblaw.com
Christopher T. Wright Joel Baker Florida Power & Light Company 700 Universe Boulevard Juno Beach, FL 33408-0420 Christopher.Wright@fpl.com Joel.Baker@fpl.com	Kenneth Hoffman Florida Power & Light Company 215 South Monroe Street, Suite 810 Tallahassee, FL 32301 Ken.Hoffman@fpl.com

Ms. Paula K. Brown Tampa Electric Company Regulatory Affairs P.O. Box 111 Tampa, FL 33601-0111 Regdept@tecoenergy.com	Florida Industrial Users Power Group Jon C. Moyle, Jr. Moyle Law Firm 118 North Gadsden Street Tallahassee, FL 32301 jmoyle@moylelaw.com
Michelle Napier Joanah Baugh Florida Public Utilities Company 1635 Meathe Drive West Palm Beach FL 33411 mnapier@fpuc.com jbaugh@chpk.com	Matthew Bernier Robert Pickels Stephanie Cuello Duke Energy 106 East College Avenue, Suite 800 Tallahassee, FL 32301 Matthew.Bernier@duke-energy.com Robert.Pickels@duke-energy.com Stephanie.Cuello@duke-energy.com
P. Mattheis/M. Lavanga/J. Briscar 1025 Thomas Jefferson St., NW Eighth Floor, West Tower Washington DC 20007 jrb@smxblaw.com mkl@smxblaw.com pjm@smxblaw.com	Dianne M. Triplett Duke Energy 299 First Avenue North St. Petersburg, FL 33701 Dianne.Triplett@duke-energy.com

By: _____



Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706