

# I. Meeting Packet



**State of Florida**  
**Public Service Commission**  
**INTERNAL AFFAIRS AGENDA**  
Thursday, April 10, 2014  
Immediately following Commission Conference  
Room 105 - Gerald L. Gunter Building

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1. Presentation by Brian Accardo, Director, Department of Environmental Protection's Division of Air Resource Management. (Attachment 1)
2. Overview of the Hurricane Preparedness Meeting, by Adam Hill, Public Service Commission. (Attachment 2)
3. Legislative Update. (No Attachment)
4. Executive Director's Report. (No Attachment)
5. Other Matters. (No Attachment)

BB/mj

OUTSIDE PERSONS WISHING TO ADDRESS THE COMMISSION ON  
ANY OF THE AGENDAED ITEMS SHOULD CONTACT THE  
OFFICE OF THE EXECUTIVE DIRECTOR AT (850) 413-6463.





*Florida Department of  
Environmental Protection*

# *Overview of the Siting Acts*

**Florida Public Service Commission**

*April 10, 2014*

**Brian Accardo, Director**  
*Division of Air Resource Management*



# *Electrical Power Plant Siting Act (PPSA)*

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- Created by Florida's Legislature in 1973
- Most recently revised in 2006 & 2008
- Sections 403.501 – 403.518, Florida Statutes (F.S.); Rule 62-17, Part I, Florida Administrative Code (F.A.C.)
- Department of Environmental Protection (DEP) designated as the lead agency
- Multi-agency review with ultimate approval of certification (license) by Siting Board (Governor and Cabinet)
- Applies to new or expanded steam-electric or solar facilities of 75 megawatts (MW) or larger





## *Transmission Line Siting Act (TLSA)*

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- Created by Florida's Legislature in 1980
- Most recently revised in 2006
- Sections 403.52 – 403.5365, F.S.; Rule 62-17, Part II, F.A.C.
- Applies to lines 230 kilovolts or higher,  $\geq$  15 miles, cross county lines

## *Natural Gas Transmission Pipeline Siting Act (NGPSA)*

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- Created by Florida's Legislature in 1992
- Sections 403.9401 – 403.9425, F.S.; Rule 62-807, Part II, F.A.C.
- Applies to intrastate,  $\geq$  15 miles, cross county lines
- Interstate lines are issued a “certificate of public convenience and necessity” (15 U.S. Code § 717f) by the Federal Energy Regulatory Commission (FERC) and are not subject to the NGPSA





# What is “Certification”?

- Certification approximates a “one-stop” permit, referred to as a license.
- This license supersedes and encompasses ALL state and local permits and approvals.
  - Examples include: zoning and land use, noise, odor, groundwater, potable water, storm-water, wetlands, roadways, plant and animal species, etc.
- However, it does NOT supersede federal permitting.







# *Requirements for “Facility” Approval*

## **Under the Siting Act Process**

- **Determination of Need** – Public Service Commission (PSC)
- **Land Use & Zoning Consistency** – Local government
- **Site Certification** – DEP, with input from affected agencies, approval is ultimately issued by the Siting Board.

## **In Addition to the Siting Process**

- **Federal Permits** issued independently, if applicable, such as:
  - PSD    Prevention of Significant Deterioration
  - NPDES National Pollutant Discharge Elimination System
  - UIC    Underground Injection Control
  - NRC    U.S. Nuclear Regulatory Commission







## *PSC Need Determination*

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- An electrical power plant subject to the PPSA must apply to the PSC for a determination of need taking into account:
  - system reliability and integrity
  - adequate electricity at a reasonable cost
  - fuel diversity and supply reliability
  - cost-effective alternatives
  - utilization of renewable energy sources and technologies, and conservation measures
- Pursuant to the PPSA, the PSC is required to submit a report including the commission's determination to DEP.
- An affirmative determination of need is a prerequisite to the DEP's recommendation to the ALJ and continuance of the Siting process.





# Who does *what when*?



## DOAH (Division of Administrative Hearings):

The certification process incorporates a legal proceeding, overseen by an Administrative Law Judge (ALJ).



## DEP (Siting Coordination Office):

- coordinates with agencies and administers the processing of applications;
- administers and manages the terms and conditions of the final license for the life of the facility.



Certification timelines are controlled by statute, providing the applicant with date certainty for decisions. From start to finish, approximately 13 months are required for final approval.



# *Final Say on Certification*

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Ultimate decision on certification is issued by the Siting Board (if disputed) or the DEP Secretary (if not disputed).

## *Disputed Applications:*

- DEP prepares a draft Final Order for consideration by the Siting Board.
- Siting Board votes on approval or denial of certification.

## *Non-disputed Applications:*

- If all parties to the proceeding agree that there are no disputed issues of fact or law, DEP or the applicant may request to cancel the Certification Hearing.
- If the request is granted, the DEP Secretary will take final action.





# *Certification Hearing before the ALJ*

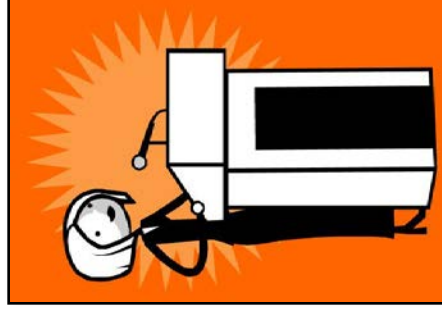
- For disputed cases, a Certification Hearing is held before an ALJ no later than **265** days after the filing of the application.
- Certification Hearing is held as close as possible to the proposed facility, and may last from one day to several weeks.
- If petitions are filed against state issued draft federal permits (excluding the NRC licensing process) the applicant may consolidate those hearings into the Site Certification Hearing.





# Opportunities for Public Intervention

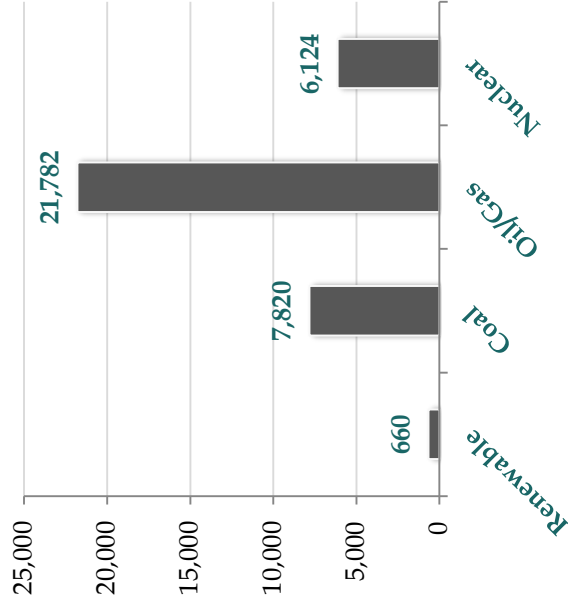
1. Property owners within 3 miles of the plant boundary and ¼ mile of associated corridors must be notified via direct mailing by applicant.
2. “Affected persons” may challenge a local government’s Land Use Determination, and/or the application for the proposed project, resulting in a Hearing.
3. Citizens may attend the following meetings, if held:
  - Informational Public Meeting
  - Land Use Hearing (ALJ)
  - Certification Hearing (ALJ)
  - Siting Board Meeting for Land Use
  - Siting Board Meeting for Certification



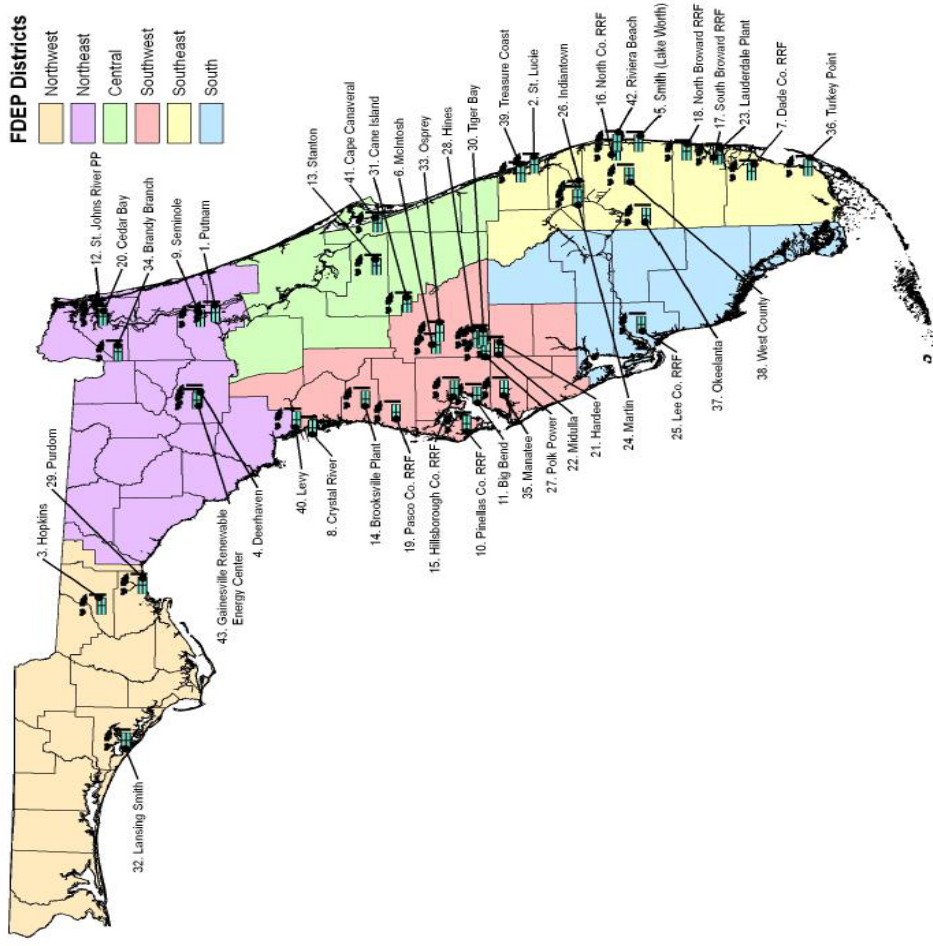


# Florida's Certified Facilities

- Currently 44 power plants are certified under the PPSA.



Total PPSA Megawatts by Facility Fuel Type



- 13 transmission lines are certified under the TLSA







# Contact

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Brian Accardo

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Department of Environmental Protection  
Division of Air Resource Management

850-717-9000

<http://www.dep.state.fl.us/siting>







# HURRICANE PREPAREDNESS MEETING OVERVIEW

By: Adam Hill  
Engineering Specialist I  
Florida Public Service Commission

# Topics Discussed

- Inspection, Maintenance, and Repair Programs
- Communication Plans
- Recovery Plans
- Polar Vortex

# Overview

- Overall Trends
- Company-specific Details
- Summary of changes

# Overall Trends

- Inspection, Maintenance, and Repair Programs
  - On track for wooden pole inspection programs
    - All poles failing 2012 inspections have been addressed
  - Vegetation trim cycles with increased activity before storm season
- Communication Plans
  - Most have a social media plan
  - Established communication channels with local government and EOCs

# Overall Trends

- Recovery Plans and Drills
  - All IOUs have at least 1 annual drill
  - All utilities have emergency recovery plans that prioritize critical infrastructure
- Polar Vortex
  - 4/5 IOUs directly impacted or assisted during winter storms
  - Lessons learned in personnel logistics – transportation, lodging, and dispatch

# Company-specific Details

- Florida Power & Light
- Duke Energy
- Tampa Electric
- Gulf Power
- Florida Public Utilities Company
- Municipals
- Cooperatives – Tri-County Electric



# Florida Power & Light

- Completed 8-year wooden pole cycle:
  - 2013: Inspected 130,037 poles (13.2% of total)
  - 12.8% pole failure
- Visual inspection on 100% of transmission lines, with additional climbing inspections before storm season
- Storm harden and install flood monitoring on all substations in 100-year flood plane
- Strong public engagement facet – 400 public events
- 350 FPL + contractors sent to assist Georgia Power

# Duke Energy

- Year 7 of 8-year wooden pole cycle:
  - 2013: Inspected 97,071 poles (12.3% of total)
  - 15.8% pole failure
- 50 employees assigned to local government EOCs
- Recovery plan has a renewed focus on efficiency – maximizing daylight hours
- Dedicated road clearing crews
- New redundant control center is online
- 250 employees and contractors deployed to Carolinas
- Increased communication with road authorities
- Evaluating damage assessment processes between North and South teams

# Tampa Electric

- Year 7 of 8-year wooden pole cycle:
  - 2013: Inspected 49,362 poles (11.7% of total)
  - 17.8% pole failure
- Employees stationed in EOCs for storm response
- Plan to de-energize downtown network prior to flooding to prevent damage
- Emphasis on lightning arrestors during off-season
- Assisted Georgia Power
  - Plan to focus on assigning work quickly in the future

# Gulf Power

- Year 7 of 8-year wooden pole cycle – finished 1 year early!
  - 2013: Inspected 21,884 poles (10.8% of total)
  - 3.6% pole failure – finding fewer failures during repeat testing
- All right-of-way inspected and trimmed prior to storm season
- 13 employees assigned to EOCs
- Improved communication with EOC to understand needs
- New training facility & EOC built
- Storm drill will focus on logistics (fuel, transportation)
- 250 employees sent to Georgia
- 74 to Dallas

# Florida Public Utilities Company

- Year 6 of 8-year wooden pole cycle:
  - 2013: Inspected 3,887 poles (14.9% of total)
  - 13.5% pole failure
- Planning Interactive Voice System to route calls
- Implemented redundant control software backups
- Hardening feeder for Marianna hospital
- Reliability improvement in response to vegetation management
- No involvement in winter storms

# Municipals

- Half of utilities perform their own drills
- All utilities meet to run through storm procedure & share best practices
- Underground transition in Winter Park & Jacksonville Beach – will collect data for efficacy

# Cooperatives – Tri-County Electric

- Inspect ALL infrastructure yearly, more frequently for worst performing areas
- System design improvements through conferences
- Yearly update of restoration plan & exercises
- All co-ops use same building specs to aid assistance



# Summary of changes

- Largest risk is lack of materials and assistance in case of multiple storms or a large catastrophic storm.
- Secondary challenge is public expectations during a busy storm season
- Communication plans are multifaceted
- Progress in wood-replacement construction continues

## II. Outside Persons Who Wish to Address the Commission at Internal Affairs

***OUTSIDE PERSONS WHO WISH  
TO ADDRESS THE COMMISSION AT***

***INTERNAL AFFAIRS  
April 10, 2014***

<b><u>Speaker</u></b>	<b><u>Representing</u></b>	<b><u>Item #</u></b>
Brian Accardo	Department of Environment Protection	1

# III. Supplemental Materials Provided During Internal Affairs

**The records reflect that there were no supplemental materials provided to the Commission during this Internal Affairs meeting.**

# IV. Transcript

1  
2 BEFORE THE  
3 FLORIDA PUBLIC SERVICE COMMISSION  
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10 PROCEEDINGS: INTERNAL AFFAIRS

11 COMMISSIONERS  
12 PARTICIPATING: CHAIRMAN ART GRAHAM  
13 COMMISSIONER LISA POLAK EDGAR  
14 COMMISSIONER RONALD A. BRISÉ  
15 COMMISSIONER EDUARDO E. BALBIS  
16 COMMISSIONER JULIE I. BROWN

17 DATE: Thursday, April 10, 2014

18 TIME: Commenced at 12:25 p.m.  
19 Concluded at 1:08 p.m.

20 PLACE: Gerald L. Gunter Building  
21 Room 105  
22 2540 Shumard Oak Boulevard  
23 Tallahassee, Florida

24 REPORTED BY: JANE FAUROT, RPR  
25 Official FPSC Reporter  
(850) 413-6732

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

1  
2           **CHAIRMAN GRAHAM:** Let the record show it's  
3 Thursday, April the 10th, and this is Internal Affairs.

4           The first thing on our agenda is a  
5 presentation from DEP. Come on down.

6           Welcome.

7           **MR. ACCARDO:** Thank you. My name is Brian  
8 Accardo. I work with the Department of Environmental  
9 Protection. I am the Director of the Division of Air  
10 Resource Management. And organizationally at the  
11 department, our siting coordination office is located  
12 within our division. The siting office, somewhat  
13 obviously, is responsible for implementing the siting  
14 acts, and that's what I'm here to discuss with you all  
15 today.

16           There are three siting acts, each of those are  
17 codified in Chapter 403 of the Florida Statutes. The  
18 oldest siting act is the Electrical Power Plant Siting  
19 Act, and we refer to that as the PPSA. The PPSA applies  
20 to steam-electrical generating facilities and solar  
21 facilities that are at least 75 megawatts in gross  
22 capacity, and that's steam generation from any fuel or  
23 process type. That includes nuclear.

24           Smaller facilities or facilities smaller than  
25 75 megawatts can opt into our process. The purpose of



1 the PPSA and of all of the siting acts is to establish a  
2 procedure for the selection and utilization of sites for  
3 electrical generating facilities. And the legislature  
4 intended that that procedure be centrally coordinated,  
5 and the department is the agency designated as the  
6 coordinating agency. And in many cases, the Governor  
7 and Cabinet sitting as the siting board makes the  
8 ultimate determination under the acts.

9           The other two acts are the Transmission Line  
10 Siting Act and the Natural Gas Transmission Pipeline  
11 Siting Act. These acts address linear infrastructure  
12 facilities that are associated with electrical power  
13 generation, and these linear facilities can be licensed  
14 individually under these two acts or licensed as part of  
15 a qualifying PPSA project as an associated facility.

16           The TLSA, the Transmission Line Act, applies  
17 to lines that are at least 230 kilovolts in power  
18 transmitting, but does not apply to lines that are  
19 15 miles in length or lines that are located in a single  
20 county.

21           The Natural Gas Pipeline Siting Act is  
22 similar. It does not apply to pipelines less than  
23 15 miles in length or pipelines located in a single  
24 county. This Pipeline Siting Act also does not apply to  
25 interstate pipelines that are otherwise approved by FERC

1 or issued a certificate of public convenience and  
2 necessity from FERC.

3 I mentioned that the purpose of the siting  
4 acts is to establish the procedure, the centrally  
5 coordinating procedure. An applicant's goal in using  
6 that act, that procedure, is to obtain certification.  
7 And certification is to be permitted. It is the sole  
8 state and local regulatory authorization to build and  
9 operate a private facility. Certification applies for  
10 the life of the facility. It can be amended. It can be  
11 modified, though. Certification does not stand in the  
12 place of any federal authorization that might be  
13 required.

14 So certification being the goal, there are  
15 several key milestones in the siting procedure. First,  
16 and this is one you all are familiar with, the  
17 Commission must make a determination of need for the  
18 generating facility, or the transmission line, or the  
19 gas pipeline. Failure to make that determination of  
20 need is fatal to the application and we'll talk more  
21 about that in a second.

22 Secondly, for power plants only, local  
23 governments make a determination as to whether the  
24 proposed facility is consistent with their local or  
25 their existing local land use plans and zoning

1 ordinances. Now, unlike the Commission's determination  
2 of need, a local governments determination of  
3 inconsistency is not necessarily fatal to the  
4 application, and that's because the siting board can,  
5 after a notice of hearing, can issue a variance from  
6 those local land use plans if it finds that it is in the  
7 public interest to do so.

8 And I mentioned that the goal is  
9 certification, and in many instances that's the decision  
10 made by the siting board, and there are seven criteria  
11 that the siting board considers. In a nutshell, that is  
12 the board balancing the need for the facility with the  
13 impacts of the facility, and that's environmental  
14 impacts and public welfare impacts and pretty much  
15 figuring out what is in the best interest of the public.

16 And then external to the act there are these  
17 federal permits. These are typical air, water, and  
18 waste permits, and that is an external process even if  
19 they are permits issued by the department on behalf of  
20 the federal government.

21 So these are the factors that you are familiar  
22 with that the Commission considers when determining  
23 needs. These are the factors outlined in Chapter 403.  
24 And the most important thing is that your determination  
25 of need, that's the typical forum for determining that

1 matter and the issue cannot be raised again in later  
2 portions of the siting process, which includes the  
3 hearings under the other hearings.

4 And from a timing perspective, the  
5 Commission's affirmative determination of need must be  
6 obtained within 150 days of an applicant filing the  
7 application for certification. And timing is a big --  
8 it's the big concept under the act. The act is  
9 extremely prescriptive with regard to timing.

10 First of all, the act mandates that  
11 applications be processed as expeditiously as possible.  
12 From start to finish that's supposed to be about 13  
13 months. And the overall process is coordinated by the  
14 department, but it is overseen by an administrative law  
15 judge that is appointed by the Division of  
16 Administrative Hearings.

17 And I mentioned the ultimate decision is often  
18 by the siting board, the Governor and Cabinet, but there  
19 is a clarification of that, and that's if no party to  
20 the proceeding disputes any facts or there is really no  
21 opposition to certification, then the DEP secretary can  
22 take final action.

23 But in the case of disputed cases, a  
24 certification hearing will be held at a location that is  
25 geographically proximate to the proposed facility. And

1 then if there are also disputes in those federally  
2 required permits, for the sake of efficiency the  
3 department can ask or the applicant can ask that those  
4 hearings be consolidated into a single hearing, but the  
5 final determination on the permits will be made by the  
6 agency as the secretary, and the final determination on  
7 certification will still be made by the siting board.  
8 And, again, the prescriptive nature of the act is 265  
9 days from filing of an application we should be having a  
10 hearing.

11           The certification hearing that we mentioned,  
12 that is one opportunity for the public to participate in  
13 the process as a party, in that case, but there are  
14 other opportunities. And specific site owners will be  
15 directly notified by mail, depending on their proximity  
16 to the project. And there are public meetings that are  
17 held. The first one is more general, it's the  
18 informational public meeting. It's when the application  
19 is filed. But the public can also give public testimony  
20 at any of the hearings that's in front of the ALJ or the  
21 siting board.

22           And this chart identifies those power plants  
23 that have been certified under the act. And I'm sure  
24 you are aware that the siting board is going to be  
25 considering the two nuclear projects, the two nuclear

1 units at Turkey Point down south in Miami, and we expect  
2 this to happen in May. And later this year, the project  
3 that we are aware that is on the horizon is that there  
4 will be a new combined cycle project in Citrus County  
5 that Duke Energy will be proposing.

6 And those are my prepared remarks. I'm very  
7 happy to answer any questions that you might have about  
8 the process or anything else that I might be qualified  
9 to answer.

10 **CHAIRMAN GRAHAM:** Any questions? Commissioner  
11 Edgar.

12 **COMMISSIONER EDGAR:** Hi.

13 **MR. ACCARDO:** Hi.

14 **COMMISSIONER EDGAR:** Thank you for coming.

15 **MR. ACCARDO:** Thank you.

16 **COMMISSIONER EDGAR:** I'm Lisa Edgar. How long  
17 have you been division director?

18 **MR. ACCARDO:** I've been division director  
19 since July of 2012. I started at the department as a  
20 deputy division director in the fall of 2011.

21 **COMMISSIONER EDGAR:** And so how is it working?

22 **MR. ACCARDO:** Our division is working very  
23 well.

24 **COMMISSIONER EDGAR:** And the Power Plant  
25 Siting Act and the other two related acts?

1           **MR. ACCARDO:** Everything is working well.  
2           It's a process that is supposed to be efficient and  
3           coordinated and that's what we generally have.

4           **CHAIRMAN GRAHAM:** Commissioner Edgar, is your  
5           mike on?

6           **COMMISSIONER BROWN:** No. I turned it off.  
7           (Laughter.)

8           **COMMISSIONER EDGAR:** She's looking out for me.  
9           Thank you for coming, and thank you for the  
10          work that you and your staff do with our staff.

11          **MR. ACCARDO:** You're welcome.

12          **CHAIRMAN GRAHAM:** Any other questions?

13          Well, thank you very much for the update.

14          **MR. ACCARDO:** Thank you.

15          **COMMISSIONER BROWN:** Excellent presentation.

16          **CHAIRMAN GRAHAM:** All right. Next on our  
17          agenda is hurricane preparedness.

18          Adam.

19          **MR. HILL:** Good afternoon, Commissioners.

20          **CHAIRMAN GRAHAM:** Mr. Moyle, can you hear us  
21          back there?

22          **MR. MOYLE:** You're good.

23          **CHAIRMAN GRAHAM:** There we go.

24          **MR. HILL:** All right. I'm Adam Hill with  
25          Commission staff, and I will be presenting on the

1 hurricane preparedness meeting that was held on  
2 March 26th of this year.

3 **COMMISSIONER EDGAR:** And, Adam, how long have  
4 you been in your job?

5 (Laughter.)

6 **MR. HILL:** Since December.

7 **COMMISSIONER EDGAR:** And you get two today.

8 **MR. HILL:** All right. So for their  
9 presentations, we asked the utilities to address  
10 particular topics of interest, including the four that I  
11 will be reviewing for you all today. To cover these  
12 topics, I will first review the overall trends that we  
13 saw among all or most of the utilities, then I will go  
14 into company-specific details, and finally I'll review  
15 the major changes for this year.

16 I'll be going in the order -- in this order  
17 for all of the slides today, so starting with  
18 inspection, maintenance, and repair programs. And just  
19 to get this out of the way at the beginning, all of the  
20 utilities are on track or ahead of plan with their  
21 wooden pole inspection programs. And all of the poles  
22 that are failing those inspections that were identified  
23 in 2012 have been already addressed. Some of the  
24 utilities have also presented on the ones that have  
25 failed this year and how many they have addressed this



1 year, but we don't have complete data for all the  
2 companies, so you will hear about those next year.

3 For the vegetation trim cycles, we saw various  
4 trim cycles that are all PSC approved, and many of the  
5 companies have increased activity before storm season.  
6 For communication plans, one thing that we are seeing  
7 more and more of is that companies have social media  
8 plans. So we saw a lot of Facebook and Twitter plans  
9 that they were presenting, as well as typical media, and  
10 also personal events, public events.

11 And all of the utilities have established  
12 communication channels with local governments and EOCs  
13 during the storm season. So whether that's employees  
14 working in the EOCs during the storm or just open lines  
15 of communication.

16 For recovery plans, all of the investor-owned  
17 utilities have at least one annual drill, and most of  
18 the smaller municipals and co-ops have them, as well.  
19 When they don't, I'll present on that when we get to  
20 them. And all utilities have an emergency preparedness  
21 plan or recovery plans that are revised every year, and  
22 they typically prioritize critical infrastructure which  
23 is hospitals and things like that.

24 The exciting part for this year would be the  
25 polar vortex and the winter storms, and four of five of

1 the investor-owned utilities were directly impacted or  
2 sent assistance to those storms, and we'll go over those  
3 lessons learned. And most of them mentioned issues with  
4 transportation, lodging, and dispatch with all of the  
5 systems coming in and how to deal with that.

6 So for the company-specific details, I'll go  
7 in the order that the companies presented starting with  
8 Florida Power and Light. Their wooden pole inspection  
9 cycle, their numbers are typical as we will see with  
10 most of them, and we expect starting next year that  
11 their pole failure rates should decline because they  
12 have completed an eight-year cycle, so they are going to  
13 start readdressing those that they have recently  
14 addressed and repaired and replaced and all of that.

15 For FPL, they have visual inspection on  
16 100 percent of their transmission lines every year, so  
17 that's something that they do to make sure that they are  
18 ready for the storm season, and they have an additional  
19 inspection with climbing or bucket trucks before the  
20 storm season. And FPL has a plan to storm harden and  
21 install flood monitoring on all their substations in the  
22 100-year flood plain so that they have warning before,  
23 you know, any flooding damage occurs, they can reroute  
24 power more quickly. And that is planned to be completed  
25 before the end of 2015.

1           When it comes to communication, they have a  
2 very strong public engagement facet. So this year they  
3 have 400 public events, which was notable, as well as  
4 those other common trends that I mentioned before. For  
5 storm drills, FPL is notable in that they have a data  
6 dry run when they do their yearly storm drill, so they  
7 are practicing how they will collect data once we do  
8 have another storm. And for the winter storm they sent  
9 350 employees and contractors to assist Georgia Power.

10           **COMMISSIONER EDGAR:** Mr. Chairman, I'm sorry,  
11 would you like us to hold questions until the end?

12           **CHAIRMAN GRAHAM:** No, let's go through.

13           **COMMISSIONER EDGAR:** Is that okay?

14           **CHAIRMAN GRAHAM:** That's fine.

15           **COMMISSIONER EDGAR:** Okay. So for the data  
16 collection, is it correct to say that that will be  
17 consistent with the data collection methodology of the  
18 other utilities?

19           **MR. HILL:** We didn't go into that detail, or  
20 the companies didn't go into that detail with their  
21 presentations. But in the electric reliability report  
22 we will be reviewing all of those, and I can give you  
23 more information then.

24           **COMMISSIONER EDGAR:** Okay. Because I think  
25 that was one of the points of the ten-point plan that we

1 adopted --

2 **MR. HILL:** Right.

3 **COMMISSIONER EDGAR:** -- however many years ago  
4 that was, I'm not going to count. Okay. And I'm going  
5 to say this a little tongue in cheek, because I don't  
6 know you, Adam, and I don't want you to think that I'm  
7 not, but the additional climbing inspections for the  
8 transmission lines, would that include bolt inspection?

9 **MR. HILL:** I would have to get back to you on  
10 that.

11 **COMMISSIONER EDGAR:** Okay. Thank you.

12 **CHAIRMAN GRAHAM:** Continue.

13 **MR. HILL:** Moving on to Duke Energy, they are  
14 on track with their wooden pole cycle with typical  
15 numbers. For their communication piece, they reported  
16 on their employees that are assigned to the local EOCs.  
17 For the recovery plan, they have a renewed focus on  
18 efficiency this year in maximizing daylight hours, and  
19 that came from some of their experiences recently.

20 Duke Energy has a dedicated road clearing  
21 crew, so they can help with that aspect, you know,  
22 working with local governments to make sure that  
23 everything else can go unimpeded by those sorts of  
24 obstacles. And Duke has a new redundant control center  
25 on-line in case anything happens to their primary one

1 during any storm season events.

2 For the winter storms, they sent 250 employees  
3 and contractors to the Carolinas. And there they  
4 learned that one thing they should work on is increasing  
5 communication with the road authorities. They sent,  
6 sort of, scouts ahead of the pack to make sure that any  
7 tollways or any special restriction on the roads were  
8 not a problem for them, and they found that that was  
9 effective in making sure they could get where they  
10 needed to be quickly.

11 And one thing they learned working with the  
12 north and south teams this year is that they needed to  
13 make sure that they can realign their data assessment  
14 plan since the two teams haven't really gone through  
15 much damage assessment together. So they are --

16 **COMMISSIONER EDGAR:** By north and south do you  
17 mean north and south Florida, or north as in, like, the  
18 Carolinas and south being Florida?

19 **MR. HILL:** Right.

20 **CHAIRMAN GRAHAM:** What were some of the  
21 problems that they ran into on the road?

22 **MR. HILL:** They just mentioned that, you know,  
23 workers from Florida don't have, necessarily, the toll  
24 passes necessary, and making sure that they can get  
25 through without having to stop and explain themselves

1 and all that. Just so that when the bulk of the crew  
2 gets there, they can just go through without having to  
3 deal with all that.

4 **CHAIRMAN GRAHAM:** What was the solution?

5 **MR. HILL:** Like I said, sending a scout ahead  
6 of time. So what they mentioned is that at the  
7 beginning of these days they would have, you know, a  
8 safety briefing with whatever crews are going out, and  
9 during that time they would send somebody ahead to deal  
10 with all of the -- any transportation problems that  
11 might come up. And when they would reach the tollways  
12 and such as that, they would be able to address that  
13 before the main crew came through.

14 **COMMISSIONER BROWN:** If I may, Adam, what  
15 about with regard to the public engagement facet of  
16 Duke? You had that information for FPL. Do you have  
17 data for that?

18 **MR. HILL:** I have some on that. They have  
19 customer preparation communication plans, and they have  
20 a customer database for customers with special needs, so  
21 they reach out proactively to those customers. And they  
22 have, as far as was reported, typical media plans as far  
23 as releases. I can't report on the specifics of that.

24 **COMMISSIONER BROWN:** Thank you.

25 **CHAIRMAN GRAHAM:** Go ahead.

1           **COMMISSIONER BRISÉ:** Just a quick follow up to  
2 that. So they don't necessarily have public events and  
3 things of that nature that they recorded, did they?

4           **MR. HILL:** Not in their presentation that they  
5 had, but I can certainly follow-up.

6           **COMMISSIONER BRISÉ:** Because I think those are  
7 important. It does a lot for --

8           **MR. HILL:** I don't mean to be unfair to them,  
9 if I'm presenting more of FPL's, sort of, actions in  
10 that regard, but we will look into that.

11           **COMMISSIONER BROWN:** Thank you.

12           **MR. HILL:** For Tampa Electric they are going  
13 right along with the wooden pole inspection. For their  
14 communication factor, they have the employees stationed  
15 in the EOCs, so they will send them out before the  
16 storms and all that.

17           For storm recovery, they have a lesson learned  
18 to deenergize the downtown network prior to any flooding  
19 that might occur to prevent damage, and that's a direct  
20 lesson from Hurricane Sandy. And their recovery crews  
21 during the off-season have a workload associated with  
22 inspecting the lightning arrestors, since, of course,  
23 that's something that Tampa has to deal with a lot of.

24           For the polar storm, they assisted Georgia  
25 Power. And one thing that they learned from that is

1 that whenever they receive assistance in the future,  
2 they will make sure that they are quick to assign work  
3 so that a situation where all of the assistance comes in  
4 from other states or area unaffected, they want to be  
5 able to put those crews to work quickly. So that was  
6 something that they found might have been an issue with  
7 Georgia Power that they wanted to learn from.

8 Moving on to Gulf Power, and the great success  
9 story here is that Gulf finished their wooden pole  
10 inspections one year early, and they are seeing reduced  
11 rates of pole failure. That sort of goes to the point  
12 earlier that as they start to reinspect the previous  
13 poles they are finding that the ones that have been  
14 addressed recently are not failing as often. And Gulf  
15 also inspects all of their right-of-way prior to the  
16 storm season, so that would be in addition to their  
17 normal inspections.

18 For the communication, they have employees  
19 assigned to the EOCs. And one thing that has helped  
20 them improve their communications with the EOCs this  
21 year is that they actually have a new training facility  
22 in the EOC in Pensacola, so they are able to sort of  
23 work intimately with them during their drill this year.  
24 And the drill this year will focus on the logistics of  
25 fuel and transportation and, you know, moving all that



1 around on the actual recovery after the storm.

2 **CHAIRMAN GRAHAM:** When is the drill this year?

3 **MR. HILL:** Oh, I don't have the dates in front  
4 of me, but all of them are typically in April or -- do I  
5 have this one?

6 **COMMISSIONER BROWN:** In May.

7 **MR. HILL:** Yes, April or May, and I didn't  
8 write down this one. I apologize for that.

9 **CHAIRMAN GRAHAM:** When does hurricane season  
10 start?

11 **MR. HILL:** I just moved to Florida here and --  
12 (Laughter.)

13 **MR. BAEZ:** Adam, it's June 1st. You may want  
14 to write that down.

15 (Laughter.)

16 **CHAIRMAN GRAHAM:** Now you know.

17 **COMMISSIONER EDGAR:** And he is not going to  
18 forget, either. When does it start?

19 **MR. HILL:** June 1st.

20 (Laughter.)

21 **COMMISSIONER EDGAR:** Very good.

22 **MR. HILL:** All right. For the polar storm,  
23 they did send employees to Georgia, and they also sent a  
24 crew to Dallas to deal with the ice storms there. And  
25 that concludes lessons learned.

1           Moving on to FPUC, they have typical  
2 inspection on the wooden pole inspections. One thing  
3 that they are working on to work on their system is they  
4 have implemented a redundant control software backup, so  
5 in case they need to do any repair work they are able to  
6 get that back on-line quickly.

7           They have a special project to harden the  
8 feeder of this particular hospital that's based on  
9 previous successful individual projects, and that's one  
10 they are working on this year. And one positive note,  
11 they are seeing a reliability improvement based on their  
12 vegetation management systems, so they have seen  
13 increases in reliability that they can attribute to  
14 that.

15           For the communication piece, they are working  
16 to better relieve the frustrations of customers during a  
17 busy storm season by implementing an interactive voice  
18 system to route the calls automatically, so that when  
19 customers call in they can get the information they want  
20 without having to wait on hold. For recovery -- pardon  
21 me, to move on to the winter storm piece, FPUC did not  
22 have any involvement in that.

23           For the municipals, I didn't put it on here,  
24 but all of the municipals have reportedly finished their  
25 first eight-year cycle, so they should start seeing the

1 reduced failure rates moving forward as well as they are  
2 going into their second eight-year cycle. And for the  
3 municipals and the co-ops it follows a slightly  
4 different pattern just because there is more information  
5 to focus on that doesn't really fit the mold.

6 So starting off with their drills for  
7 municipals, about half of them are large enough that  
8 they hold their own drills, and the rest sort of meets  
9 in larger meetings by region to work through the storm  
10 procedure and to show the best practices so that they  
11 are not behind because they are smaller companies.

12 One interesting thing to note this year from  
13 the municipals is that there is underground transition  
14 in the cities of Winter Park and Jacksonville Beach, and  
15 they are moving all of their infrastructure underground  
16 in a gradual process. And so what they are looking for  
17 is in the future to perform sort of some data analysis  
18 projects, perhaps with PURC, to check the efficacy of  
19 that and to be able to say, you know, compared to  
20 similar areas, is the underground worth it just from  
21 reliability, or do you have to really count the  
22 aesthetic appeal to make it worthwhile.

23 **COMMISSIONER BROWN:** Along with the cost.

24 **MR. HILL:** Right. So that's something that  
25 they are looking forward to making a plan. This is sort

1 of the -- there is an opportunity and there is kind of a  
2 question of, you know, do we formally ask them to form  
3 that alliance with PURC or how does that happen, and I  
4 have got some names to follow up with at PURC and with  
5 the municipals.

6 For the co-ops, we had Tri-County Electric who  
7 was representing on this day, and they are over in  
8 Madison, Jefferson, and Taylor, just next to us. For  
9 this utility, which is pretty typical for a lot of  
10 co-ops, they are small enough they are able to do  
11 inspections more frequently. So they are actually able  
12 to inspect all of their infrastructure yearly, and they  
13 are able to go back to the areas of poor performance.

14 Similar to the municipals, they group together  
15 to try and share best practices and things like that.  
16 So for system design improvements, they all have  
17 conferences that they are able to talk about. And this  
18 utility, as is typical, has a yearly storm restoration  
19 plan that they are able to update each year and to have  
20 exercises for their employees.

21 One thing about the co-ops which is, I think,  
22 very powerful is that they use the same building  
23 specifications to make sure that they are able to share  
24 materials and that any workers they send to assist each  
25 other are already familiar with the systems. So that

1 will help if one is impacted more than any other and  
2 they need assistance.

3 With that -- for the summary of the changes,  
4 some of these are new and some of these are just sort of  
5 general summaries for you. The bottom line is that the  
6 wood replacement and inspections are going well. A lot  
7 of companies are looking to go away from wood in all of  
8 their systems and definitely in transmission.

9 The communication plans are definitely  
10 multi-faceted to reach people both with mailings with  
11 the bills and newer forms of media. The risks that we  
12 heard from a lot of the utilities is if we have a busy  
13 storm season or a large catastrophic storm is just  
14 dealing with the lack of materials, and the assistance  
15 of rates might decline in those cases. And secondary to  
16 that would be dealing with customer expectations as far  
17 as if there is multiple storms and those resources are  
18 sort of bound up, then the subsequent storms might have  
19 some longer than anticipated wait times that the  
20 customers might have.

21 So with that I would be happy to answer any  
22 questions that you might have.

23 **CHAIRMAN GRAHAM:** Any additional questions?

24 Commissioner Balbis.

25 **COMMISSIONER BALBIS:** I have a question.

1 Thank you for your presentation. And good job for the  
2 first time here.

3 I have a question on pole failures. It seems  
4 to be a significant range from 3.6 percent for Gulf  
5 Power all the way up to 17.8 percent.

6 **MR. HILL:** Right.

7 **COMMISSIONER BALBIS:** And you indicated that  
8 Gulf was because they finished their cycle a year  
9 earlier. Is that the main factor on why the difference  
10 in the pole failure rates?

11 **MR. HILL:** That was the reason they gave me.  
12 However, it's hard to tell looking at it whether that  
13 3.8 percent was -- well, let's go back to it.

14 We have no indication of when they actually  
15 finished their eight-year cycle, so they inspected  
16 10 percent of their poles. However, you know, was  
17 1 percent of that the finishing of the last cycle and  
18 9 percent was the new, you know, reinspections versus do  
19 we have only a very small amount of reinspections. So I  
20 can't attribute that 3.6 percent just to the  
21 reinspections, however that is something they brought up  
22 in their presentation.

23 And as far as the range in the other  
24 utilities, they were all seemingly typical from previous  
25 years' electric reliability reports. So, I mean, Gulf

1 had an excellent year, but the other ones are fairly  
2 typical.

3 **COMMISSIONER BROWN:** Okay. Thank you.

4 **CHAIRMAN GRAHAM:** Any other questions of Adam?  
5 Thank you very much for your report. Very good.

6 **COMMISSIONER EDGAR:** Good job.

7 **CHAIRMAN GRAHAM:** Okay. Next on the agenda is  
8 legislative update.

9 **MS. PENNINGTON:** Good afternoon. It seems the  
10 theme of this year's legislative session is water and  
11 wastewater. Last year it was nuclear; it has also been  
12 telecom. So this year it is water and wastewater.

13 So I will start by briefly updating you on  
14 some bills that are moving -- they are not all moving in  
15 the same direction yet, but they are moving -- and that  
16 is primarily the water and wastewater bills.

17 As I mentioned to you at the last Internal  
18 Affairs, Senator Simpson filed a bill early that creates  
19 a petition process whereby customers of water and  
20 wastewater utilities could file a petition for  
21 revocation of the license if the secondary water or  
22 wastewater service standards were not acceptable. That  
23 bill has gone through three committees in the Senate and  
24 it's on the calendar and ready for floor action. It has  
25 not been put on special order yet. There is a House

1 companion to that bill that has three committee  
2 references, as well, but it has not yet been heard in a  
3 committee.

4           Senator Hays has Senate Bill 1050, and that  
5 bill contains several recommendations of the study  
6 committee from a couple of years ago. There is also a  
7 House companion to that bill that State Representative  
8 Santiago filed, House Bill 357. The House bill has been  
9 through its committees and is ready. It's available for  
10 floor action. It's not on special order. The Senate  
11 bill passed out of the second committee this morning.  
12 It does have two other committee stops, but the next one  
13 is finance and tax, which it is likely to be withdrawn  
14 from because the sales tax exemption has been removed  
15 from the bill. And it may also, because Senator Hay's  
16 bill on its own does not have an appropriation  
17 consequence, it may actually be removed from  
18 appropriations.

19           A couple of things to let you know, and I hope  
20 I don't muddy the water here, but Senator Simpson's bill  
21 has not been heard in the House, but an amendment was  
22 offered to Representative Santiago's bill a couple of  
23 weeks ago in the House Regulatory Affairs Committee  
24 which was the essence of Senator Simpson's bill. That  
25 amendment died. It was not reconsidered. It died.



1           So technically, and I always use that word  
2 carefully, Commissioner Brisé, as you know, that bill  
3 technically died in the House. But never -- never say  
4 never. If you came back with a slightly similar, very  
5 close to the same version of that bill, I'm sure they  
6 would waive the rules and take it up.

7           And the companion to Senator Simpson's bill is  
8 still sitting in its first committee, which is the House  
9 committee. But I understand through Senator Hays'  
10 office that Senator Hays and Senator Simpson and  
11 Representative Corcoran and Representative Santiago have  
12 been discussing the concepts. And my most recent  
13 understanding is that they are looking to amend one of  
14 those bills on the floor to merge the concepts together  
15 into something. What that will look like, at this point  
16 I don't know. So that is where the water and wastewater  
17 bills are. I still don't know, I mean, everything could  
18 fall apart, and there may not be any legislation. But  
19 according to the sponsors of the bill, that is where  
20 they are there.

21           The only other issue directly, that could  
22 directly affect the Public Service Commission that has  
23 movement to it right now is there are two House  
24 memorials. There is a House memorial and a Senate  
25 memorial that, of course, they don't have the force of

1 law, they are just urging Congress or urging the EPA,  
2 and it's relating to the carbon emissions for existing  
3 and proposed power plants, the carbon dioxide emissions.  
4 The Senate bill was amended in its first committee, and  
5 it was a strike-all amendment, but it really -- and  
6 Mark's office took a look at it, as well, it seemed to  
7 more replicate, replicate even more the Public Service  
8 Commission's comments that were sent to the EPA. The  
9 House bill has not been amended yet, but they are still  
10 very similar.

11 **COMMISSIONER EDGAR:** Who are the sponsors of  
12 the memorials?

13 **MS. PENNINGTON:** The sponsors of the memorials  
14 are Senator Gibson and Representative Wood.

15 **COMMISSIONER EDGAR:** Thank you.

16 **MS. PENNINGTON:** So those are both not moving,  
17 as well. The only other thing, I could just tell you  
18 what's not moving. Senator Thompson and Representative  
19 Rehwinkel Vasilinda's nuclear -- repeal nuclear  
20 cost-recovery for nuclear IGCC, no movement.

21 Senator Braynon has a bill on public utility  
22 suppliers which would have put some requirements and  
23 reporting requirements on utilities for diversity  
24 contracts. That bill went through one committee in the  
25 Senate. I have not seen a House companion and no

1 movement in quite awhile on that.

2 The joint resolutions for a constitutional  
3 amendment on prohibiting cost-recovery by electric  
4 utilities for new power plants until they began  
5 commercial operation, no movement on those bills. Those  
6 are sponsored by Representative Dudley and Senator  
7 Thompson.

8 In both versions of the tax packages in the  
9 House and the Senate, there is -- this doesn't really  
10 directly impact us, but some version of additional rates  
11 on the gross receipts tax for electrical power and  
12 energy and a corresponding reduction in sales tax rates  
13 for charges for electrical power. Those seem to be part  
14 of the tax packages. But according to the clips, those  
15 tax packages are different and up in the air as of this  
16 morning.

17 Representative Mayfield had several bills.  
18 One would have included municipalities that purchase  
19 power through entities created under the Interlocal  
20 Cooperation Act, which basically is FMPA. Senator  
21 Altman has a companion bill. No movement on either one  
22 of those bills. Representative Mayfield's bill, that  
23 would prohibit -- that would have required PSC  
24 jurisdiction for water and wastewater in those counties  
25 where the city has a water and wastewater utility

1 service and it extends beyond the jurisdictional  
2 boundaries of the municipalities.

3 Senator Latvala has a bill in the Senate which  
4 has not moved. Representative Mayfield's bill was heard  
5 in the House Energy Committee. It was defeated and  
6 reconsidered and then left temporarily postponed, so  
7 technically that bill is available, but there seems to  
8 be no movement there, as well. Pretty much everything  
9 else has not moved.

10 Unless you have any questions, that's kind of  
11 it.

12 **CHAIRMAN GRAHAM:** Any further questions?

13 Thank you very much.

14 **MS. PENNINGTON:** Thank you.

15 **CHAIRMAN GRAHAM:** Executive Director's report.

16 **MR. BAEZ:** Okay, great. Thanks,  
17 Commissioners.

18 I just wanted to briefly update you on the  
19 budget process. You remember the last time both houses  
20 had already rolled them out. There were no major  
21 differences between our initial budget request and the  
22 proposed budgets that were rolled out by the individual  
23 houses. And, more importantly, there were no major  
24 issues amongst themselves. So I would tell you that we  
25 are very optimistic of a good season in that regard.

1 Right now, really, we are in a holding  
2 pattern. We are hearing that the budgets may get voted  
3 on the floors as early as tomorrow. I don't know how  
4 reliable that information is -- well, how probable it  
5 is, more to the point. But as I said, we are really  
6 waiting for conference, and that's the next major --  
7 that's the next major timeline article. And that's not  
8 going to happen until after they break. So, to be  
9 continued.

10 We'll keep you posted. As it happens, I don't  
11 think we're going to have another IA in-between, in  
12 between here and the end of session. So as issues come  
13 up, we will keep your offices posted on the progress.

14 The second item I have is on the Continuity Of  
15 Operations Plan. Every year we file our COOP, as we  
16 call it, with the Division of Emergency Management. At  
17 this point all our divisions have tested their call  
18 trees, and the signage around the building and the  
19 location, other safe locations have been updated around  
20 the building. And floor wardens, that's such a somber  
21 term, but floor wardens and staff with CPR certification  
22 have been identified, and our list has been updated, as  
23 well.

24 And the last item I have for you,  
25 Commissioners, is concerning -- I'm very pleased to ask

1 for your confirmation of Andrew Maurey as our new  
2 Division Director for Accounting and Finance. For those  
3 of you who are not familiar with Andrew, he is the  
4 defending Gunter Award recipient for this past year.  
5 And he has been with the Commission for over 25 years,  
6 26, I think, if my math is correct, most recently  
7 serving as the Bureau Chief of Surveillance and Rate  
8 Filings. Many of you -- you should be very familiar  
9 with him.

10 In all honesty, he has done wonderful work.  
11 And he is, at this particular moment, in the spotlight,  
12 but he is but one of many, many shining bright stars  
13 that we have on the staff. And I'm very excited to have  
14 him join the leadership team, and we expect great  
15 things. And I know you all have the utmost trust in  
16 him, as do we, so I commend you to him for confirmation,  
17 if it's your pleasure.

18 **COMMISSIONER EDGAR:** Mr. Chairman, does that  
19 require a vote or just a nod?

20 **CHAIRMAN GRAHAM:** A nod will work.

21 **MR. BAEZ:** A nod works. Thank you. Let the  
22 record show.

23 That's all I have. As I said, we'll keep you  
24 posted on budget matters as they come up. And if I can  
25 answer any questions, I'll be happy to.

1           **CHAIRMAN GRAHAM:** Any questions of the  
2 Executive Director? Thank you very much.

3           **MR. BAEZ:** Thanks.

4           **CHAIRMAN GRAHAM:** Other matters.

5           Commissioner Balbis.

6           **COMMISSIONER BALBIS:** Thank you, Mr. Chairman.

7           I just wanted to give everyone an update on  
8 the workshop that we discussed at the last Internal  
9 Affairs. I have been working with staff on potential  
10 dates. We are looking at a June date. But in working  
11 with our hard-working legal department, we have some  
12 potential conflicts. And in an abundance of caution,  
13 until some open dockets get resolved, so it's likely  
14 that we'll have it scheduled at that time.

15          **CHAIRMAN GRAHAM:** Okay.

16          Any other matters?

17          **COMMISSIONER EDGAR:** Lunch.

18          (Laughter.)

19          **CHAIRMAN GRAHAM:** Seeing none, we stand  
20 adjourned.

21          (Internal Affairs adjourned at 1:08 p.m.)

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STATE OF FLORIDA        )  
                                  :  
                                  :        CERTIFICATE OF REPORTER  
COUNTY OF LEON        )

I, JANE FAUROT, RPR, Chief, Hearing Reporter Services Section, FPSC Division of Commission Clerk, 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 17th day of April, 2014.



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