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September 6, 2022

BY E-PORTAL

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

**Re: Docket No. 20220049-EI: Review of Storm Protection Plan pursuant to Rule 25-6.030,
F.A.C., Florida Public Utilities Company**

Dear Mr. Teitzman:

Attached for filing in the above-referenced docket on behalf of Florida Public Utilities Company, please find the Company's Post Hearing Statement and Brief.

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,



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cc:(Certificate of Service)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 20220049-EI

DATED: September 6, 2022

FLORIDA PUBLIC UTILITIES COMPANY'S
POST-HEARING STATEMENT AND BRIEF

Consistent with Order No. 2022-0119-PCO-EI, issued March 17, 2022, and Order No. 2022-0291-PHO-EI, issued August 1, 2022, as subsequently modified at hearing on August 4, 2022, Florida Public Utilities Company ("FPUC" or "Company") hereby submits this Post Hearing Statement and Brief.

I. Introduction

As the Florida Public Service Commission ("PSC" or "Commission") is aware, in 2019, the Florida Legislature enacted Section 366.96, Florida Statutes (F.S.), entitled "Storm protection plan cost recovery." Section 366.96(3), F.S., requires each public utility to file a transmission and distribution storm protection plan ("storm protection plan" or "SPP") that covers the immediate 10-year planning period, and explains the systematic approach the utility will follow to achieve the objectives of reducing restoration costs and outage times associated with extreme weather events and enhancing reliability. Pursuant to Sections 366.96(5) and 366.96(6), F.S., every three years, the Commission is required to determine whether it is in the public interest to approve, approve with modification, or deny each utility's storm protection plan no later than 180 days after the utility files a plan that contains all of the elements required by Commission Rule 25-6.030,

which, along with Rule 25-6.031, Florida Administrative Code (F.A.C.), implement Section 366.96, F.S.¹

Consistent with the Commission's prior orders Order No. PSC-2020-0097-PCO-EI, issued in Docket No. 20200068-EI, and Order PSC-2020-0502-PAA-EI, issued in Docket No. 20200228-EI, and pursuant to Section 366.96, Florida Statutes and Rule 25-6.030, Florida Administrative Code, FPUC submitted its first Storm Protection Plan ("SPP") for approval on April 11, 2022. In accordance with Section 366.96(3), Florida Statutes, the programs and projects contemplated thereunder meet the statutory objectives of reducing restoration costs and outage times associated with extreme weather events and enhancing reliability. Overall, the SPP combines the beneficial legacy Storm Hardening programs with new programs developed based upon resiliency risk scores from across FPUC's electric system to provide an organized, highly navigable "roadmap" for the investments necessary to fully implement the SPP statutory objectives. The SPP put forth by FPUC is consistent with the Legislative directives of Section 366.96, Florida Statutes, and it includes the details and information required by Rule 25-6.030, Florida Administrative ("SPP Rule"). Implementation of FPUC's plan, as filed, would be in the public interest; therefore, FPUC asks that it be approved.

Of note, the Office of Public Counsel ("OPC") was the only intervenor in this proceeding to address FPUC's SPP. OPC's position, as reflected in Order No. PSC-2022-0291-PHO-EI and in the testimony of its witnesses, Mr. Kollen and Mr. Mara, as more specifically addressed herein, only took specific issue with particular aspects of FPUC's SPP: 1) FPUC's descriptions of reductions in outage times; 2) the fact that FPUC did not attempt to "monetize" the value of

¹ Rules 25-6.030 and 25-6.031, F.A.C., were put into effect on February 18, 2020, pursuant to Order No. PSC-2020-0038-FOF-EU, issued on January 29, 2020, in Docket No. 20190131-EU, *In re: Proposed adoption of Rule 25-6.030, F.A.C., and Rule 25-6.031, F.A.C., Storm Protection Plan Cost Recovery Clause*.

reduced outage times; 3) the overall costs associated with FPUC's SPP and the fact that FPUC did not provide correlating monetary comparisons of the costs and benefits of its proposed SPP and the programs and projects set forth therein. OPC's Witness Mara also took issue with three specific projects included in FPUC's SPP under the Transmission and Substation Resiliency Program and the Future Transmission and Distribution Enhancements Program: 1) FPUC's 138 kV Transmission Line upgrade across Amelia River; 2) FPUC's proposed 69 kV Transmission Upgrade on Amelia Island; and 3) FPUC's proposed, later introduction of SCADA and grid automation initiatives throughout its Northeast and Northwest Divisions, each of which OPC Witness Mara characterized as "unnecessary, imprudent" or, in the case of the 69 kV project, as constituting "energy delivery/energy access" rather than a "storm hardening project". (Mara, Vol. 4, TR 762-764, 770, 772-773, 774-780; Kollen, Vol. 5, TR 1048-1049, 1057, 1060-1061). Otherwise, Witness Mara's specific recommendations regarding FPUC's SPP are limited to recommended reductions in the spend for certain programs as a means to "limit impact to customers." (Mara, TR 764).

II. FPUC's Position on the Issues

ISSUE 1B: Does FPUC's Storm Protection Plan contain all of the elements required by Rule 25-6.030, Florida Administrative Code?

FPUC: *Yes. *

Argument: The SPP Rule provides a detailed list of the components that must be included in a utility's SPP. As FPUC's Witness Cutshaw explained, and as reflected in Hearing Exhibit 12, which is FPUC's 2022-2031 Storm Protection Plan, the Company worked closely with Pike Engineering to develop an SPP that does include each of the components of the SPP Rule.

(Cutshaw, TR 606-611). Using the items set forth in subsection (3) of the SPP Rule itself as the checklist, FPUC’s SPP includes each of the specified items as follows:

Rule 25-6.030 (3)	Reference Point²
(a) A description of how implementation of the proposed Storm Protection Plan will strengthen electric utility infrastructure to withstand extreme weather conditions by promoting the overhead hardening of electrical transmission and distribution facilities, the undergrounding of certain electrical distribution lines, and vegetation management.	Hearing Exhibit 12, pages 4-9, 25, 27, 28, 30, 32, 33, 35, and 36 [Exhibit file 693-698, 714, 716-719]
(b) A description of how implementation of the proposed Storm Protection Plan will reduce restoration costs and outage times associated with extreme weather conditions therefore improving overall service reliability.	Hearing Exhibit 12, pages 13-14, 25-26, 27-37 [Exhibit file 703-704, 714-726]
(c) A description of the utility’s service area, including areas prioritized for enhancement and any areas where the utility has determined that enhancement of the utility’s existing transmission and distribution facilities would not be feasible, reasonable, or practical. Such description must include a general map, number of customers served within each area, and the utility’s reasoning for prioritizing certain areas for enhanced performance and for designating other areas of the system as not feasible, reasonable, or practical.	Hearing Exhibit 12, pages 8-16, 19-24, and Appendix B [Exhibit file 697-705, 708-713, and 734-737]

² FPUC notes that, for purposes of this chart, page numbers of the Exhibit, as well as the pages in the online, complete hearing exhibit file, are referenced. For the remainder of this Post Hearing Brief, for Hearing Exh. 12, only the pages in the online exhibit file, Document No. 05530-2022, are utilized.

Rule 25-6.030 (3)	Reference Point²
<p>(d) A description of each proposed storm protection program that includes:</p> <ol style="list-style-type: none">1. A description of how each proposed storm protection program is designed to enhance the utility's existing transmission and distribution facilities including an estimate of the resulting reduction in outage times and restoration costs due to extreme weather conditions;2. If applicable, the actual or estimated start and completion dates of the program;3. A cost estimate including capital and operating expenses;4. A comparison of the costs identified in subparagraph (3)(d)3. and the benefits identified in subparagraph (3)(d)1.; and5. A description of the criteria used to select and prioritize proposed storm protection programs.	<p>Hearing Exhibit 12, pages 21-24, 25, 27, 28-38, 40-41, and Appendix A</p> <p>[Exhibit file 710-713, 714, 716, 717-727, 729-730, 732-733]</p>

Rule 25-6.030 (3)	Reference Point²
<p>(e) For the first three years in a utility’s Storm Protection Plan, the utility must provide the following information:</p> <ol style="list-style-type: none"> 1. For the first year of the plan, a description of each proposed storm protection project that includes: <ol style="list-style-type: none"> a. The actual or estimated construction start and completion dates; b. A description of the affected existing facilities, including number and type(s) of customers served, historic service reliability performance during extreme weather conditions, and how this data was used to prioritize the proposed storm protection project; c. A cost estimate including capital and operating expenses; and d. A description of the criteria used to select and prioritize proposed storm protection projects. 2. For the second and third years of the plan, project related information in sufficient detail, such as estimated number and costs of projects under every specific program, to allow the development of preliminary estimates of rate impacts as required by paragraph (3)(h) of this rule. 	<p>Hearing Exhibit 12, pages 36-37, 39-42, and Appendix C</p> <p>[Exhibit file 725-726, 728-731, and 739-757]</p>

Rule 25-6.030 (3)	Reference Point ²
<p>(f) For each of the first three years in a utility’s Storm Protection Plan, the utility must provide a description of its proposed vegetation management activities including:</p> <ol style="list-style-type: none"> 1. The projected frequency (trim cycle); 2. The projected miles of affected transmission and distribution overhead facilities; 3. The estimated annual labor and equipment costs for both utility and contractor personnel; and 4. A description of how the vegetation management activity will reduce outage times and restoration costs due to extreme weather conditions. 	<p>Hearing Exhibit 12, pages 22, 36-37, and Appendix C</p> <p>[Exhibit file 711, 726-727, 739-757]</p>
<p>(g) An estimate of the annual jurisdictional revenue requirements for each year of the Storm Protection Plan.</p>	<p>Hearing Exhibit 12, page 38, and Appendix</p> <p>[Exhibit file 727, and 732-733]</p>
<p>(h) An estimate of rate impacts for each of the first three years of the Storm Protection Plan for the utility’s typical residential, commercial, and industrial customers.</p>	<p>Hearing Exhibit 12, pages 39-40, and Table 11</p> <p>[Exhibit file 728-729]</p>
<p>(i) A description of any implementation alternatives that could mitigate the resulting rate impact for each of the first three years of the proposed Storm Protection Plan.</p>	<p>Hearing Exhibit 12, page 39</p> <p>[Exhibit file 728]</p>
<p>(j) Any other factors the utility requests the Commission to consider.</p>	<p>Hearing Exhibit 12, pages 10-12 and 21-23; Cutshaw (Vol. 8, TR 606-607)</p> <p>[Exhibit file 699-700 and 710-712]</p>

FPUC again emphasizes that the only intervenor that took issue with FPUC's SPP was OPC. As it pertains to this issue, Issue 1B, applying the Rule criteria to the testimony of OPC's witnesses, it appears that OPC contests whether FPUC's SPP meets the criteria set forth in three specific subsections of the SPP Rule, Rule 25-6.030 (3)(b), (3)(d)(4), and (3)(f)(4), F.A.C. (Mara, Vol. 4, TR 762-764, 770, 772-773; Kollen, Vol. 5, TR 1048-1049, 1057, 1060-1061). Hearing Exhibit 12 nonetheless speaks for itself, and, as reflected in the chart above, FPUC's SPP contains each of the itemized requirements of the SPP Rule. As such, FPUC respectfully requests that the Commission find that FPUC's SPP contains all of the elements required by Rule 25-6.030, Florida Administrative Code.

ISSUE 2B: To what extent is FPUC's Storm Protection Plan expected to reduce restoration costs and outage times associated with extreme weather events and enhance reliability?

FPUC: * Implementation of FPUC's SPP will result in a significant reduction in outages, the length of outages, as well as reductions to future restoration costs from severe storms. FPUC's SPP will ultimately result in less damage in a storm event, and therefore cost savings. However, quantifying those savings depends on scope of the storm and timing. *

Argument: As explained by FPUC's Witness Cutshaw, the very purpose of the SPP Rule, and therefore FPUC's SPP, is to strengthen the utility's infrastructure to withstand extreme weather conditions. (Cutshaw, TR 606). The Company's SPP is designed for the sole purpose of complying with the SPP Rule and the underlying statutory objectives of reducing restoration costs and outage times associated with extreme weather events. (TR 606). As such, the very basis of the SPP – the specific goals of every program and project – are to improve the overall resiliency of FPUC's electric transmission and distribution system in order to protect customers from lengthy

power outages and the costs associated with both the outages themselves and the process of restoring service.

As also described by Witness Cutshaw and set forth in the SPP, FPUC's two distinct service divisions are located in areas that are at heightened risk in the event of a hurricane. FPUC's Northeast Division is located entirely on an island, Amelia Island, and receives power from FPUC's power suppliers via a transmission line that crosses the Amelia River. (Cutshaw, TR 608-609). FPUC's Northwest Division is located in the middle of Florida's Panhandle in an inland location that includes heavily forested areas, much of which are still damaged from Hurricane Michael, and is notably rural in nature. (TR 608, 613, and Hearing Ex. 12, 697-701, 743, 748, 754-756). FPUC's SPP has implemented a targeted approach to address the unique risks and circumstances associated with its two Divisions.

Even so, there are a number of constantly changing variables at play that make defining even an estimated amount of reduction in outage times associated with programs and projects in FPUC's SPP a monumental task, in part because its two Divisions are so different, and any realistic quantification of benefits would be dependent upon precise location, timing, storm level and impact, and the number and types of customers impacted, among other things. (Cutshaw, TR 1591-1593; Waruszewski, TR 1633). Thus, providing a projection as to how much any one program or project will reduce outages and outage lengths is, at a minimum, a burdensome effort to come up with an imprecise number, and at most, an exercise in futility. Undoubtedly, if FPUC were able to provide a realistic, meaningful quantification of the reduction in outages and outage lengths, and then assign a specific monetary value to those benefits, as well as to the reduction in restoration costs (which likewise is subject to myriad variables), then the ability to compare the projected cost of FPUC's SPP programs against the monetary benefits for customers would be a valuable tool.

(Waruszewski, TR 1648). However, the comparison is only meaningful if the assigned monetary quantification is realistic and meaningful. As aptly stated by Witness Cutshaw:

Mr. Mara's view of quantifying value solely on a perceived savings compared to a potential future storm event yields illusory results as there are no established parameters that accurately measure avoided cost values, quantitatively or otherwise, to residential customers, hospitals or long-term care facilities, retail stores, etc. The Company cannot logically attempt to quantify the perceived economical value of reduced outages or outage restoration times for each of its 30,000+ customers.

(Cutshaw, TR 1578-1579). Moreover, the SPP Rule itself does not require a dollar-for-dollar comparison. (TR 1646; Rule 25-6.030(3)(b)).

As Witness Cutshaw further emphasized, however, there can be no doubt that implementation of FPUC's SPP will reduce the costs associated with storm damage, because, as the Company learned following Hurricane Michael, it is more expensive to rebuild a system in the aftermath of a storm than it is to protect that same system through an organized, thoughtful approach implemented before storm damage occurs. (TR 1593).

The record fully supports that FPUC's SPP will result in reduced outages, shorter outages, and restoration costs. The SPP itself explains, in detail, the issue that each program is designed to address and how the program will address that concern. (Hearing Exh. 12). Beyond that, Witness Cutshaw provided testimony specifically detailing the actual benefits each program could be expected to achieve, including those challenged by Witness Mara. (Cutshaw, TR 1573-1590). For instance, Witness Cutshaw explains that FPUC replaces, and plans to continue to replace, failed poles with a hardened standard; be it extreme wind capable for Distribution facilities, or spun concrete for Transmission facilities. Requiring higher loading and strength factors for new facilities as part of replacements will reduce restoration time and subsequent costs as required by

the Rule – a point upon which OPC’s Witness Mara apparently agrees. (Cutshaw, TR 1579; Mara, TR 758).

With regard to sectionalizing equipment and installation of a SCADA system, Witness Mara contended these projects should be rejected, because they would not reduce outage costs or harden the system, although he conceded that these measures would reduce outage times and limit outages to the smallest segment of the system. (Mara, TR 759, 779). Witness Cutshaw outlined how installation of these devices does reduce outage costs - and time - because they enable the utility to spend less time patrolling lines in search of damage and reduces the need to mobilize resources between grid isolation points (switches), which reduces manpower hours and costs associated with the restoration of power. (Mara, TR 759; Cutshaw, TR 1580). As Witness Cutshaw further explained, these devices are particularly helpful when the utility is faced with numerous outages associated with a significant, widespread weather event. In such situations, the time and cost savings associated with implementation of these devices can multiply exponentially. (TR 1580). Witness Cutshaw also noted that Witness Mara apparently overlooks the cost savings that reduced outage times can produce for the utility’s customers through reductions in the amount of down business time, spoiled refrigerated goods, early closing, and other real dollar savings for the customers are realized when these types of enhancements are implemented. (TR 1580).

In response to counsel for OPC’s questions, Witness Cutshaw further explained that FPUC does not currently have an Automated Metering Infrastructure (“AMI”) installed on its system, so the utility typically relies upon personnel to physically investigate the system in order to determine where and what the source of an outage issue is. (Cutshaw, TR 1607). Once the source of the outage is located, additional time and manpower is necessary in order to determine the best way to address the issue and also whether it is possible to switch service so that some customers can

have service restored while the issue is addressed. (TR 1607-1609). Installation of the sectionalizing equipment will reduce the amount of time and manpower resources needed to locate and assess an outage, which will ultimately save customers on outage time and money, and as Witness Mara agreed, will limit the scope of an outage event. (Hearing Exh. 12, 724-725; Mara, TR 779). As such, implementation of these measures will most certainly “mitigate restoration costs and outage times to utility customers,” which the Legislature has determined is in the state’s interest. S. 366.96 (1)(e), F.S.

Witness Mara also proposed an approximate 50% reduction in FPUC’s Distribution – Overhead Lateral Hardening Program simply on the basis that he perceives that the costs of the program outweigh the benefits for FPUC’s customers. (Mara, TR 769-770). Witness Cutshaw pointed out, however, that overhead laterals make up a significant part of the FPUC Distribution system, including 575 miles of overhead single, two and three phase circuits in both urban and rural settings. Over the period of time analyzed in developing the SPP, these facilities were deemed responsible for approximately 65% of the Customer Minutes Interrupted (“CMI”) over the analyzed period. (Cutshaw, TR 1583-1584). Given that these facilities comprise a large part of the system, and are a significant source of outage time, Witness Cutshaw explained that Witness Mara’s arbitrary reduction to the program will serve only to significantly delay the hardening of these facilities and therefore, delay realization by FPUC’s customers of one of the key goals of the SPP legislation - reduced outages. (TR 1584-1586).

Witness Mara also testified that the projects comprising the Transmission and Substation Resiliency program in FPUC’s SPP are neither prudent nor necessary and add no value to the resiliency of FPUC’s system. (Mara, TR 773-778). Witness Mara argued that the 138 kV and 69 kV line contemplated under this program provide no real storm hardening value and can be avoided

by “good maintenance practices” and, as it relates particularly to the 69 kV line, constitutes a power access issue, rather than a storm protection issue. (Mara, TR 774-776). Witness Cutshaw, however, highlighted several key issues with Witness Mara’s rationale. With regard to the 138 kV line, Witness Cutshaw acknowledged that the length of the proposed line is not optimal, but he explained that this is necessary in order for FPUC to gain access to an alternative access point on Florida Power & Light’s (“FPL’s”) system, the power supplier to FPUC. He then elaborated on the fact that, although designed to the design specifications required in 1973 and thus far still intact, the existing dual circuit transmission line is an aging facility supported by a single set of equally aged concrete and steel lattice structures. (Hearing Exh. 91, BATES 2201) He further explained that similarly situated steel lattice structures have demonstrated the potential, if not propensity, for failure in extreme weather. (Cutshaw, TR 1586-1588, 1611). Thus, an alternate, redundant transmission line is critical to ensure that FPUC’s Northeast Division has access to power to serve Amelia Island. (Cutshaw, TR 613). Without the proposed redundant transmission line and given the age of the existing 138 kV line, every FPUC residential, commercial and industrial customers on Amelia Island, will remain at significantly greater risk for an island-wide, lengthy and costly outage in the event the existing line fails, as well as very significant restoration costs associated with restoration of service to the island. (TR 1618-1619).

Witness Cutshaw further demonstrated that, in the absence of a redundant 138 kV line to the island, the proposed 69 kV line and upgraded substation are of even greater importance, because these facilities would enable FPUC to access on-island generation, including existing and planned CHP generation with black start capability, potentially enabling the Company to restore service to a significant portion of the island within five to six hours of a weather event even if the only access to off-island generation becomes damaged or destroyed. (Cutshaw, TR 1589, 1614-

1615). The WestRock paper mill on the island currently has substantial generation capabilities and is connected to the existing 69 kV transmission grid on Amelia Island. The interconnection allows the mill to purchase power and sell back "as available" power to FPUC. If the existing 138 kV transmission line is impacted by a severe weather event, the enhanced interconnection with the mill's generating resources would provide access to additional, continuous power to provide service to a significant part of Amelia Island. However, as it currently stands, the existing 69 kV line that connects the mill back to the grid has not been hardened and could also be rendered unavailable after a severe storm event, eliminating FPUC's ability to access on-island generation resources. Like the 138 kV line, the existing 69 kV line has been in service for many years and lacks the conductor capacity and storm hardened structures to reliably perform as expected should a severe storm event occur. Furthermore, the existing connection of that line to the mill is a manually operated switch which does not provide the type of interconnection necessary to interconnect with the firm generation capabilities that would be required to bring power back to the island. (Cutshaw, TR 1589; Hearing Exh.89, BATES 2107-2108).

Ultimately, as it pertains to all of the issues raised by Witness Mara, his unsupported assumptions devalue FPUC's customers and the benefits to FPUC's customers of reductions in the risk of outages, length of outages, and scope of outages. While FPUC certainly acknowledges that it is impossible to establish a dollar-for-dollar comparison of the costs and benefits of its proposed projects, OPC's Witness Mara, as well as Kollen, severely underestimate the value to FPUC's customers in both Divisions of protecting the electric system that serves them and reducing the risk and scope of outages. (Cutshaw, TR 1578-1580). Witness Mara focuses, primarily, on the projected cost per customer for FPUC, as compared to the other, larger utilities. (Mara, TR 764). Likewise, Witness Kollen assumes "the estimated costs are much greater than the benefits from

potential savings for each utility,” while seemingly acknowledging he does not have a cost/savings comparison for FPUC upon which to base this statement. (Kollen, TR 1048-1049). Moreover, his statement clearly indicates he has considered only monetary savings benefits “for each utility”, rather than the savings and benefits that inure to customers directly by virtue of reduced outages and outage times. (TR 1048). As Witness Cutshaw noted, OPC’s perspective ignores cost savings on the customer’s side resulting from eliminated or accelerated restoration times and suggests that, as a smaller utility, FPUC should plan to do less to protect its system and customers from storm-related power outages. (Cutshaw, TR 1580, 1581). This limited perspective on what constitutes a “benefit” of FPUC’s SPP is not only contrary to the clear language and intent of the statute, but it is also not a perspective that serves the best interest of FPUC’s ratepayers.

ISSUE 3B: To what extent does FPUC’s Storm Protection Plan prioritize areas of lower reliability performance?

FPUC: * FPUC’s SPP prioritizes areas of lower reliability. Critical load was categorized, service by circuit was assessed, and an Interruption Cost Estimate calculator was utilized to estimate the cost impact of outages. Weather patterns were also evaluated, as well as the societal impact of an electrical outage to a community.*

Argument: FPUC’s SPP clearly prioritizes areas of lower reliability. Past performance of the system was a key input into the Resiliency Risk Model used to develop FPUC’s SPP. (Hearing Exh. 12, 710). As further explained by Witness Cutshaw, FPUC and Pike Engineering analyzed FPUC’s historical reliability performance, both during extreme and non-extreme weather conditions, which provided insight into the various causes of outages impacting the FPUC system. (Cutshaw, TR 606). Among the key programs developed as a result of this analysis is the proposed Overhead Lateral Hardening Program, which addresses facilities that not only make up a significant portion of FPUC’s distribution system, but also account for approximately 65% of the

Customer Minutes Interrupted (“CMI”). (Cutshaw, TR 1583-1584). The SPP prioritizes feeders, using the Risk Resiliency Model, by focusing on feeders with the highest risk score, then proposes either hardening the entire feeder backbone, hardening all multi-phase overhead laterals, and strategically undergrounding the worst performing single phase laterals. (Hearing Exh. 90, BATES 2120). FPUC focused particularly on the hardening of laterals within selected feeders as a method of balancing cost (crew efficiencies from acquisition, mobilization, and demobilization efforts) and performance (focusing on highest risk ranked feeders at an aggregate level. Specific laterals were prioritized and thresholds set based on statistical unadjusted reliability data. (Hearing Exh. 90, BATES 2116)

Likewise, the Overhead Lateral Undergrounding Program also targets these same facilities, proposing to underground a conservative amount of facilities in higher risk areas. FPUC’s past experience reflects that not only does undergrounding improve reliability, particularly in heavily vegetated areas, the undergrounded facilities are better able to withstand severe weather impacts, as demonstrated by Hurricane Michael in which only 1% of FPUC’s underground facilities in the impacted area were damaged. (Hearing Exh. 12, 702,717-718). Again, these facilities are not only the source for a significant portion of outage minutes for FPUC’s customers, but they also serve upwards of 200 customers per lateral. (Id.) Thus, prioritizing reliability of these facilities not only meets the intent of the underlying statute, but it just makes good sense. FPUC focused on the statistically worst performing feeders following the risk ranked list as part of the initial 10-year SPP proposal and adjusted and/or supplemented the list priority based on other factors (e.g., potential DOT work, intent to start small in early years of the plan, finalizing remaining coastline exposure on section of a feeder, etc.).

ISSUE 4B: To what extent is FPUC's Storm Protection Plan regarding transmission and distribution infrastructure feasible, reasonable, or practical in certain areas of the Company's service territory, including, but not limited to, flood zones and rural areas?

FPUC: *The Company's SPP is feasible, reasonable, and practical for all areas and facilities that the Company's SPP addresses. The Reliability Model used to develop the SPP considers, among other things, geographic location and population; thus, flood zones and rural areas have been considered. *

Argument: FPUC has taken a comprehensive, systematic, and holistic approach to the development of its SPP. (Hearing Exh. 12, 701). A key input to the Resiliency Risk Model was, as noted previously herein, system reliability and the number of outages, which also necessarily included analysis of the geographic location and populations served by facilities with lower reliability factors. This data, including recent experiential data, along with the geographic factors associated with each unique division of FPUC's system, was input into the Resiliency Risk Model, which assesses overall risks and resiliency of the utility's system based upon Risk, Probability, and Impact. (Hearing Exh. 12, 697, 698, 699, 702 706-707; Cutshaw, TR 606, 619, 627). The geographic inputs utilized in this process included not only data obtained from NOAA Flood and Storm Surge potential hazard maps, but also GIS data on accessibility to geographic areas, electrical connectivity models, and discussions with FPUC field personnel regarding problematic areas, such as rural areas in Liberty County that are served by a single overhead feeder that crosses the Apalachicola River. (Hearing Exh. 12, 708-711; Hearing Exh. 94, BATES 2252). It should be noted that storm surges and flooding are primarily of concern in the Northeast Florida Division. Within the Storm Hardening Plan, addressing these issues calls for a more substantial pad to be installed for use with pad mounted transformers. (Hearing Exh. 88, BATES 2096).

Moreover, the Resiliency Risk Model leverages an algorithm that assesses a balanced approach between Probability, Response, and Impact. Because of the requirement in the Rule to

focus on identifying investments that would “strengthen electric infrastructure” and thus “reduce outage times and restoration costs” associated with extreme weather events, the algorithm was biased towards the Impact category. (Hearing Exh. 91, BATES 2137) As such, full consideration of these factors has been given in the development of FPUC’s SPP, and in FPUC’s estimation, its SPP is feasible, reasonable, and practical in all areas of the Company’s service territory in which projects are proposed.

As noted above under Issue 2B, OPC’s witness Mara did suggest that one of FPUC’s proposed projects, the 138 kV transmission line, is not prudent, and his arguments suggest that, at least in part, Witness Mara believes the proposed route of the transmission line is either not feasible or impractical based upon the length on the proposed line and the underwater nature of the proposed submarine cable. (Mara, TR 774-775). FPUC’s Witness Cutshaw did agree that the length of the proposed line is not “optimal,” but he explained that the route is nonetheless important, because it provides an alternate access point to a different segment of FPL’s transmission system, which is FPUC’s power supplier. (Cutshaw, TR 1586). Witness Cutshaw further emphasized that reliance upon the existing dual circuit transmission line, its support facilities, and “good maintenance practices,” as suggested by Witness Mara, is not without risk. (Mara, TR 774). By way of example, Witness Cutshaw noted the demise of a similar transmission line on similar structures crossing the Mississippi River in New Orleans. In that similar situation, replacement of the line had been delayed because it had been deemed “robustly engineered” and had already survived Hurricane Katrina. However, it did not survive Hurricane Ida, leaving thousands of Entergy customers without power for weeks. (Cutshaw, TR 1586-1588). Similarly, in the event that FPUC’s existing transmission line across Amelia Island does go down, all of the customers on Amelia Island will be without power for weeks and the cost to restore service to the

island would be exponential. (Cutshaw, TR 1588, 1618-1619). As such, FPUC contends that in deeming the proposed 138 kV transmission line project “imprudent,” Witness Mara has failed to consider the impact that the failure of the existing transmission line would have, as well as the length of time to restore service to the island, and the costs that would be incurred in doing so. Again, all of the programs and projects proposed in FPUC’s SPP have been assessed and designed such that they are feasible, reasonable, and practical for the areas addressed.

ISSUE 5B: What are the estimated costs and benefits to FPUC and its customers of making the improvements proposed in the Storm Protection Plan?

FPUC: *Over the full 10-year planning horizon, FPUC estimates that implementation of its SPP for the 2022-2031 period will cost \$263.14 million, including O&M, which equates to a revenue requirement of \$147,181,829.³ All proposed programs and subsequent projects provide an economic benefit in more than one way inclusive of reduced restoration costs from facilities, which will not require repair following extreme weather events and economic benefits to customers whose power availability will either be uninterrupted or be restored more expeditiously because of these initiatives. *

Argument: FPUC’s SPP outlines, as required, not only the overall cost of implementation of its proposed SPP over the life of the plan, but also cost projections for the projects to be undertaken in the first three years of implementation, including estimated labor and equipment costs for utility and contractor personnel engaged in vegetation management under the SPP. (Hearing Exh. 12, 715, 716-717, 718, 720, 721-722, 723, 724, 726, 728, and 733(Appendix A)). The benefits to FPUC and its customers, as also set forth in Exhibit 12, are reductions in outages, the length of outages that do occur, and costs to restore service to customers. The specifics of which benefit is

³ Hearing Exh. 89, BATES 2103.

derived from each project depends upon the project itself, as well as the area served, as also set forth in the SPP.

While quantifying the costs associated with a particular project is a relatively straightforward mathematical assessment of projected costs of equipment and the additional resources and manpower required to implement the project, quantifying – particularly in monetary terms – the benefits to be derived from such projects is a complex, and arguably impossible, task. Certainly, some cost assumptions associated with proposed projects, such as cost per mile, cannot be fully validated until projects are completed given that the price of materials and labor tend to fluctuate. Other assumptions such as the percentage of line miles associated with worst performing single phase laterals were validated for year 1 projects as part of the target selection process. FPUC then used the adjusted number in projecting the full program costs noted in the SPP. (Hearing Exh.91, BATES 2135).

As set forth in the SPP, FPUC has designed a plan that it believes will, in fact, reduce outages, the length of outages, and the costs of restoring service to customers. These are undoubtedly benefits to FPUC and its customers and are explicitly recognized as such in both Section 366.96 and Rule 25-6.030, F.A.C. The challenge comes in assigning a number or monetary amount to those benefits, because while the general benefit, i.e. the reduced amount of time without service, is the same benefit from customer to customer, the value of that benefit varies by customer, customer type, location, and length of the outage. As stated by Witness Cutshaw:

. . . quantifying value solely on a perceived savings compared to a potential future storm event yields illusory results as there are no established parameters that accurately measure avoided cost values, quantitatively or otherwise, to residential customers, hospitals or long-term care facilities, retail stores, etc. The Company cannot logically attempt to quantify the perceived economical value of reduced outages or outage restoration times for each of its 30,000+ customers.

(Cutshaw, TR 1578, line 21 through 1579, line 5). In other words, the value of reduced outages for an industrial customer on Amelia Island is very different from the value to an ice cream shop in Marianna, or a customer on life supporting medical equipment in Bristol. OPC's analysis of this issue fails, however, to consider these benefits and the cost savings that inure directly to customers from the elimination of outages and reduced restoration times when there is an outage. (Cutshaw, TR 1580; responding to Mara, TR 762).

Moreover, neither the rule nor that statute requires a dollar-for-dollar comparison. Witness Kollen contends that:

The SPP Rule requires the utility to provide “[a] comparison of the costs identified in subparagraph (3)(d)3, and the benefits identified in subparagraph (3)(d)1.” Rule 25- 20 6.030(3)(d)4, F.A.C. The context and juxtaposition of the terms “costs” and “benefits” strongly imply a comparison of dollar costs and dollar benefits, not a comparison of dollar costs and qualitative benefits.

(Kollen, TR 1059) Witness Kollen's interpretation fails to recognize that subparagraph (3)(d)(1) does not require that all benefits be identified on a quantitative or monetary basis. To the contrary, Rule clearly contemplates a qualitative “description” of how the program is designed to enhance the utility's facilities, including (but not limited to) “an estimate” of the reduction in outage times and restoration costs. Rule 25-6.030 (3)(d)(1), F.A.C. Had a comparison of costs to cost savings been contemplated, then “cost savings” would have been used in subparagraphs (3)(d)(4), rather than the broader term “benefits.” This interpretation is consistent with the language in the underlying statute, which simply states that, in reviewing the SPPs, the Commission shall consider, among other things, “The estimated costs and benefits to the utility and its customers of making the improvements proposed in the plan.” S. 366.96 (4)(c), F.S. Furthermore, neither the statute

nor the SPP Rule requires that the utility demonstrate that the monetary benefits associated with its SPP outweigh the costs of implementing the projects contemplated under the SPP.

ISSUE 6B: What is the estimated annual rate impact resulting from implementation of FPUC's Storm Protection Plan during the first 3 years addressed in the plan?

FPUC: *The estimated annual rate impact, inclusive of amounts recovered through base rates, which will be removed for purposes of the cost recovery proceeding in Docket No. 20220010, are:

Estimated Rate Impact per 1,000 KWH residential customer	2023 ⁴	2024 ⁵	2025
Total SPP Estimate	\$6.36	\$6.36	\$15.21
Typical Commercial bill Increase%	5.32%	5.30%	12.72%
Typical Industrial bill Increase%	2.08%	2.07%	5.06%

Argument: Here, again, the witnesses on behalf of the OPC argued that FPUC's SPP is too expensive and results in a per customer rate impact that is problematic, particularly in the current economic environment. (Mara, TR 763-765; Kollen, TR 1050). This analysis is wrong for two key reasons: 1) it necessitates a lesser level of service for customers of smaller utilities; and 2) it fails to consider investment based on overhead miles and FPUC's service territory.

To be clear at the outset, FPUC has not disputed OPC's assessment of the economy or the monetary rate impact to its customers' bills. FPUC has in fact recognized the potential financial impacts by intentionally delaying certain projects and associated costs until after the Hurricane Michael surcharge terminates at the end of 2025, though not required to do so by the statute or SPP Rule.⁶ (Cutshaw, TR 1582). However, while the Company plans to delay certain projects,

⁴ Based on Hearing Exh. 89, BATES 2103.

⁵ Id.

⁶ FPUC notes for clarification that, while consideration of the rate impact in the broader context of the economy would arguably be within the Commission's discretion when reviewing FPUC's SPP under S. 366.96(4)(c & d), analysis of the state of the economy is not a required component in the development of the SPP itself.

they are necessary to harden the system and cannot be postponed indefinitely. As for OPC's introduction of recent purchased power cost increases and FPUC's approved mid-course correction, FPUC suggests that OPC's suggestion in raising the issue is a red herring and an issue outside the scope of the SPP Rule.

With that said, the analysis of OPC's witnesses, which suggests that the Commission reject aspects of FPUC's SPP, and reduce others, simply by virtue of a per customer cost comparison across utilities, devalues not only the benefits associated with FPUC's SPP, but FPUC's customers as well. As described by Witness Cutshaw, when two utilities take on the same project with the same cost, the larger utility is able to spread the costs over a larger pool of customers, resulting in the project appearing less expensive on a per customer basis for the larger utility than it is for the smaller utility, even though customers on both systems receive benefits from the project. (Cutshaw, TR 1580-1581). In a hypothetical scenario where benefits could be quantified in the same manner as costs, a comparison of customer rate impacts across utilities might make sense. Here, however, as argued in previous sections herein, the benefits cannot be entirely, or adequately, quantified in the same way as the projected costs for a project. (TR 1579) Thus, in order to make OPC's analysis work, one must either ignore the qualitative and quantitative benefits that will be derived by customers, or, conversely, assume that all comparisons of customer benefits are logical, even when the comparison is between a customer in a 3,800 ft². solar-equipped house in Clearwater and a customer on medically-essential service in Two Egg. While the readily apparent benefit of reduced outages is the same for each customer, the value of the benefit for each is not.

As Witness Cutshaw further argued, OPC's witnesses seem to suggest that FPUC, as a smaller utility, should do less to protect its system and customers from storm-related power outages, because the costs will need to be allocated across a smaller and more rural customer base,

which, carried to its logical outcome, means that reliability and storm hardening are goals more appropriate for larger utilities serving urban populations. (Cutshaw, TR 1581-1582). To the contrary, as stated by FPUC Witness Waruszewski, the Commission should:

recognize that each utility operates in its own unique service area and has different operational needs. For example, FPUC's service territory and customer base is much smaller and more rural than the other utilities in this proceeding. Thus, FPUC has unique needs not experienced by the other utilities. While Section 366.96(4), Fla. Stat. provides the four items for the Commission to consider when evaluating the storm protection plan, the Commission should have the discretion of how this applies to each utility and avoid a one size fits all approach.

(Waruszewski, TR 1632, 1651).

As witness Cutshaw further highlighted, OPC's Witness Mara ignores that fact that, when comparing the total 10-year investment against total system overhead miles, FPUC's costs are comparable to those of the other Florida investor-owned utilities ("IOUs").⁷ FPUC's projected costs are even below the average of the other Florida IOUs when comparing 10-year investment costs in feeder and lateral hardening programs against the total system overhead miles or square miles of service territory. (Cutshaw, TR 1581). Thus, Witness Cutshaw argued that consideration should also be given to normalizing investments based on required facilities to serve and an analysis that accounts for discrepancies in the capital utility investments required in an urban setting versus a rural setting. (TR 1581). In other words, OPC's comparisons of costs across utilities on a per customer basis does not yield an "apples to apples" comparison.

ISSUE 7: Withdrawn.

ISSUE 8: Withdrawn.

⁷ It should also be noted here that the costs, as reflected in Issue 5B, are inclusive of all amounts, including those currently being recovered through base rates, which will be removed for purposes of cost recovery through the cost recovery clause. Thus, likewise, the bill impacts reflected here include amounts that will ultimately be removed for cost recovery purposes. (Hearing Exh. 87, BATES 2087; Hearing Exh. 90, BATES 2124-2127).

ISSUE 10B: Is it in the public interest to approve, approve with modification, or deny FPUC's Storm Protection Plan?

FPUC: *Yes, the Commission should determine that FPUC's SPP meets the statutory objectives, complies with requirements of Rule 25-6.030, F.A.C., and as such, should be approved as being in the public interest. *

Argument: The Legislature determined in 2019 that: 1) It is in the state's interest to strengthen electric utility infrastructure to withstand extreme weather conditions by promoting the overhead hardening of electrical transmission and distribution facilities, the undergrounding of certain electrical distribution lines, and vegetation management; 2) Protecting and strengthening transmission and distribution electric utility infrastructure from extreme weather conditions can effectively reduce restoration costs and outage times to customers and improve overall service reliability for customers; 3) It is in the state's interest for each utility to mitigate restoration costs and outage times to utility customers when developing transmission and distribution storm protection plans; and 4) All customers benefit from the reduced costs of storm restoration. S. 366.96 (1)(c-f), F.S.

FPUC, with the assistance of Pike Engineering, has developed an SPP that will strengthen the electric utility's infrastructure to withstand extreme weather conditions. Among other things, approval of FPUC's SPP will result in hardened overhead electrical facilities and the undergrounding of certain electrical distribution lines resulting in a systematic method of addressing and maintaining ongoing compliance with the requirements of the Rule, which will ensure FPUC's implementation of its SPP achieves the statutory objectives of reducing restoration costs and outage times associated with extreme weather events, while also enhancing reliability. (Hearing Exh. 12, 697). Because FPUC's SPP, as set forth herein, meets these statutory requirements and otherwise includes the elements set forth in the SPP Rule, FPUC asks that the

Commission determine that FPUC's SPP, as proposed, is in the public interest, consistent with Section 366.96 (5), Florida Statutes.

ISSUE 11B: Should this docket be closed? FPUC: *Yes.*

III. Conclusion

FPUC, working with Pike Engineering, developed an SPP that employs a systematic approach to achieve the objectives of reducing restoration costs and outage times associated with extreme weather events and enhancing reliability. FPUC's SPP is designed to address the unique challenges presented by its Northeast and Northwest divisions, as well as the fact that FPUC is a non-generating utility. FPUC has also taken additional steps to delay significant rate impacts until the Hurricane Michael surcharge terminates. Moreover, FPUC's SPP has been developed utilizing a model that considers societal impacts, as well as risks to the system and probability of damage. While there are certainly costs that will be incurred under the SPP, the benefits that will be derived from the proposed projects will be significant and valuable to both the utility and FPUC's ratepayers. Increased reliability, reduced outages, reduced restoration costs are direct benefits to FPUC's customers that can be achieved through implementation of FPUC's SPP. FPUC's proposed SPP meets the goals of the statute, contains the requirements outlined in the SPP Rule, and is designed to meet the needs of FPUC's system and its ratepayers. As such, the Company respectfully requests that the Commission approve FPUC's 2022-2031 SPP as filed.

RESPECTFULLY SUBMITTED this 6th day of September, 2022.

A handwritten signature in black ink, appearing to read "Beth Keating", is written over a horizontal line.

By: Beth Keating

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by Electronic Mail to the following parties of record this 6th day of September, 2022.

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