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Subject: Docket Nos. 070297-EI, 070298-EI, 070299-EI and 070301-EI - Florida Power & Light Company's Prehearing Statement (Docket No. 070301-EI)
Attachments: prehearing statement for DKT 070301.doc

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b. Docket Nos. 070297-EI, 070298-EI, 070299-EI and 070301-EI**c. The Document is being filed on behalf of Florida Power & Light Company****d. There are 12 pages total.****e. The document attached for electronic filing is Florida Power & Light Company's Prehearing Statement (Docket NO. 070301-EI)**

(See attached file: prehearing statement for DKT 070301.doc)

9/14/2007

DOCUMENT NUMBER - DATE
08400 SEP 14 5
COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Review of 2007 Electric Infrastructure) Storm Hardening Plan Filed pursuant to Rule) 25-6.0342, F.A.C., submitted by Tampa) Electric Company.))	DOCKET NO 070297-EI
In re: Review of 2007 Electric Infrastructure) Storm Hardening Plan Filed pursuant to Rule) 25-6.0342, F.A.C., submitted by Progress) Energy Florida, Inc.))	DOCKET NO. 070298-EI
In re: Review of 2007 Electric Infrastructure) Storm Hardening Plan Filed pursuant to Rule) 25-6.0342, F.A.C., submitted by Gulf Power) Company.))	DOCKET NO. 070299-EI
In re: Review of 2007 Electric Infrastructure) Storm Hardening Plan Filed pursuant to Rule) 25-6.0342, F.A.C., submitted by Florida) <u>Power & Light Company</u>)	DOCKET NO. 070301-EI FILED: SEPTEMBER 14, 2007

**FLORIDA POWER & LIGHT COMPANY'S
PREHEARING STATEMENT (DOCKET NO. 070301-EI)**

Pursuant to Order No. PSC-07-0573-PCO-EI, issued July 10, 2007, establishing the prehearing procedure in this docket, Florida Power & Light Company, ("FPL") hereby submits its Prehearing Statement.

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DOCUMENT NUMBER-DATE

B. WITNESSES

WITNESS

SUBJECT MATTER

MANUEL B. MIRANDA

Description of FPL’s 2007 Electric Infrastructure Storm Hardening Plan for (the “FPL Plan”) and support for approval of the FPL Plan pursuant to Rule 25-6.0342, F.A.C.; rebuttal of portions of the testimony of FCTA witness Michael Harrelson and Verizon witnesses Lawrence Slavin and Sanford Walker.

JOHN J. McEVOY

Rebuttal of portions of the testimony of FCTA witness Michael Harrelson and Verizon witness Lawrence Slavin concerning the NESC and the FPL storm forensics investigation results reflected in the KEMA report.

C. EXHIBITS

EXHIBITS

WITNESS

DESCRIPTION

MBM-1

MIRANDA

2007 Electric Infrastructure Storm Hardening Plan

MBM-2

MIRANDA

2008-2009 CIF Projects

MBM-3

MIRANDA

“Storm Pole Replacements” chart

MBM-4

MIRANDA

2007 Aerial Maps & Engineering Drawings for 2007 CIF and Community Projects

MBM-5

MIRANDA

Balance of 2007 Engineering Drawings for 2007 CIF and Community Projects

MBM-6

MIRANDA

Map Drawings for 2008 and 2009 CIF Projects

D. STATEMENT OF BASIC POSITION

FPL’s 2007 Electric Infrastructure Storm Hardening Plan for (the “FPL Plan”) fully complies with Rule 25-6.0342, F.A.C. The FPL Plan: (1) demonstrates that FPL’s transmission

and distribution facilities comply with or exceed the National Electrical Safety Code (“NESC”); (2) adopts extreme wind loading (“EWL”) standards for critical infrastructure facilities (“CIF”), new overhead (“OH”) construction, major planned work, relocation projects and daily work activities; (3) is designed to mitigate damage to underground (“UG”) and supporting OH transmission and distribution facilities due to flooding and storm surges; (4) provides for the placement of new and replacement distribution facilities pursuant to Rule 25-6.0341; (5) contains deployment plans for 2007 – 2009 along with costs and benefits (6) contains Attachment Standards and Procedures; and (7) includes input received from joint pole owners and other attaching entities.

The 2004 and 2005 storm experiences, the performance of FPL’s transmission structures (which were already built to EWL standards and performed well during the 2004 and 2005 storm seasons), and most importantly, the forensic data from Hurricane Wilma, serve as the basis for FPL’s Plan. That information led to two key conclusions: (1) for a hurricane such as Wilma, wind can be the predominant cause of distribution pole breakage; and (2) FPL’s transmission structures, which are already built to EWL standards, performed well overall when exposed to the same wind forces that were causing “wind only” breakage of distribution poles. In turn, this led FPL to conclude that effectively storm hardening its distribution system will require that EWL standards be applied. FPL proposes a three-prong approach to hardening its distribution infrastructure: proactive implementation of EWL for critical facilities; Incremental Hardening for commercial facilities that serve important roles following a storm; and revised Design Guidelines that will move FPL’s system toward overall EWL hardening gradually over time. This three-prong approach specifically prioritizes the hardening of distribution facilities that are important to allowing communities to recover effectively after storms, and it utilizes various engineering tools and options to cost-effectively harden the system. FPL projects substantial benefits from implementation of the FPL Plan, in the form of reduced storm restoration costs and reductions in both the number and duration of outages.

FPL has provided detailed engineering information to all interested parties on its 2007 CIF and Incremental Hardening projects. However, since the time that Rule 25-6.0342 was proposed by the Commission in its current form, FPL has repeatedly made it clear that it was not going to be able to provide the same level of detail for the two “out years,” in this case, 2008 and 2009, because its internal budget process would not be completed for those years at the time that each three-year hardening plan is initially filed. FPL has always expected that it would have to provide updated information on an annual basis, and, in fact, the rule provides for that option. In spite of the limitations, however, FPL has provided as much information on 2008 and 2009 projects as it has, as quickly as possible. This information should be more than sufficient for all intervenors to form an opinion on the appropriateness of the 2008-2009 CIF projects. Furthermore, FPL has agreed with all parties in this and the related dockets to a process to provide updated information for 2008 and 2009. This process is spelled out in Exhibit KS-1 to the testimony of AT&T Florida witness Kirk Smith, revised at Staff’s request so that the annual status report on hardening plans will be filed “with the Director of Division of Economic Regulation” rather than with “the Commission.” FPL supports this process and asks that the Commission approve it as part of the final order in this docket.

E. STATEMENT OF ISSUES AND POSITIONS

Docket Nos. 070297-EI, 070298-EI and 070299-EI

ISSUES 1-39

FPL: FPL takes no position on the issues that address the plans of the other three IOUs.

Docket No. 070301-EI – Florida Power & Light Company (FPL)

ISSUE 40: Does the Company's Plan address the extent to which, at a minimum, the Plan complies with the National Electric Safety Code (ANSI C-2) [NESC] that is applicable pursuant to subsection 25-6.0345(2), F.A.C.? [Rule 25-6.0342(3)(a)]

FPL: Yes. FPL's Plan indicates that FPL has historically designed its distribution facilities based on the loading as specified in the NESC - Rule 250B - Combined Ice and Wind Loading Grade B Construction. Grade C construction is typically the minimum standard for most electrical distribution systems. Since Grade B construction is stronger than Grade C construction and FPL is also proposing to apply EWL and Incremental Hardening to certain of its facilities (see also Issues 3, 4, and 5), FPL's distribution facilities comply, and in most cases exceed the minimum requirements of the NESC. FPL's transmission structures also comply with the NESC as they are designed to meet EWL under NESC Rule 250C and are constructed to meet Grade B construction under NESC Sections 25 and 26. (MIRANDA)

ISSUE 41: Does the Company's Plan address the extent to which the extreme wind loading standards specified by Figure 250-2(d) of the 2007 edition of the NESC are adopted for new distribution facility construction? [Rule 25-6.0342(3)(b)1]

FPL: Yes. For new distribution facility construction, FPL's Plan proposes to apply the NESC extreme wind map for Florida utilizing three extreme wind regions corresponding to extreme winds of 105, 130, and 145 mph. An exception will be made in the sparsely populated extreme southern tip of FPL's service territory (150 mph). FPL will apply EWL for all new distribution critical infrastructure facilities (CIF) and targeted critical poles, as well as all other new construction and daily work activities where feasible, practical and cost-effective. (MIRANDA, McEVOY)

ISSUE 42: Does the Company's Plan address the extent to which the extreme wind loading standards specified by Figure 250-2(d) of the 2007 edition of the NESC are adopted for major planned work on the distribution system, including expansion,

rebuild, or relocation of existing facilities, assigned on or after the effective date of this rule distribution facility construction? [Rule 25-6.0342(3)(b)2]

FPL: Yes. See FPL's position on Issue 41 for FPL's planned extreme wind regions. FPL will apply EWL for all distribution major planned work, including expansion, rebuild, or relocation of existing facilities. (MIRANDA, McEVOY)

ISSUE 43: Does the Company's Plan address the extent to which the extreme wind loading standards specified by Figure 250-2(d) of the 2007 edition of the NESC are adopted for distribution facilities serving critical infrastructure facilities and along major thoroughfares taking into account political and geographical boundaries and other applicable operational considerations? [Rule 256.0342(3)(b)3]

FPL: Yes. See FPL's position on Issue 41 for FPL's planned extreme wind regions. FPL will apply EWL for all distribution CIF. For 2007, CIF customer circuits by CIF customer and county were included in FPL's plan. Additionally, FPL provided engineering drawings for all 2007 CIF projects and primary maps for the 2008-2009 CIF projects to Staff and all parties requesting additional detail.

FPL does not intend to harden distribution facilities along major thoroughfares *per se*, but intends to apply Incremental Hardening, up to and including EWL, to feeders serving community-needs businesses, such as grocery stores, gas stations, and pharmacies. Typically, these businesses are located along or near major thoroughfares. For 2007, community project feeders and their associated region and county were included in FPL's plan. Additionally, FPL provided engineering drawings for all 2007 community projects to Staff and all parties requesting additional details. (MIRANDA, McEVOY)

ISSUE 44: Does the Company's Plan address the extent to which its distribution facilities are designed to mitigate damage to underground and supporting overhead transmission and distribution facilities due to flooding and storm surges? [Rule 25-6.0342(3)(c)]

FPL: Yes. For all new URD construction FPL utilizes "dead front" equipment made from stainless steel or in combination with mild steel, which is resistant to weathering and corrosion and more resistant to flooding. Due to previous reliability issues with submersible equipment, FPL has not adopted submersible equipment as a standard. FPL is testing a "Vista Gear" (below grade, submersible URD type switch) as a pilot program on Jupiter Island and is now offering this optional equipment to customers. Additional research by FPL, manufacturers and PURC is being conducted to identify other improvement opportunities. (MIRANDA)

ISSUE 45: Does the Company's Plan address the extent to which the placement of new and replacement distribution facilities facilitate safe and efficient access for

installation and maintenance pursuant to Rule 25- 6.0341, F.A.C? [Rule 25-6.0342(3)(d)]

FPL: Yes. FPL's Plan includes Distribution Guidelines which state: every attempt should be made to place new or replacement poles in private easements or as close to the front edge of property (right of way line) as practical; overhead lines should be placed in front lines or accessible locations where feasible; and concrete poles are not to be placed in inaccessible locations or locations that could potentially become inaccessible. (MIRANDA)

ISSUE 46: Does the Company's Plan provide a detailed description of its deployment strategy including a description of the facilities affected; including technical design specifications, construction standards, and construction methodologies employed? [Rule 25-6.0342(4)(a)]

FPL: Yes. FPL's Plan includes its strategy to harden its distribution system. This hardening strategy includes FPL's proposal to utilize a three prong approach: EWL; Incremental Hardening and revised Design Guidelines. The initial focus of EWL will be on feeders and laterals directly serving critical customers as well as certain critical poles. For Incremental Hardening, FPL will target existing feeders, that with targeted, cost-effective options, an entire feeder's wind profile can be increased up to and including EWL. FPL's Design Guidelines apply EWL criteria to the design and construction of all new overhead facilities, major planned work, relocation projects and daily work activities. FPL provided 2007 EWL (i.e., CIF) and Incremental Hardening (i.e., community projects) engineering drawings, as well as primary maps for 2008-2009 EWL projects, to Staff and all parties requesting additional detail. FPL's Plan included its proposed Design Guidelines, its proposed Addenda to its Distribution Construction Standards, Distribution Engineering Reference Manual as well as its Attachment Guidelines and Procedures. (MIRANDA)

ISSUE 47: Does the Company's Plan provide a detailed description of the communities and areas within the utility's service area where the electric infrastructure improvements, including facilities identified by the utility as critical infrastructure and along major thoroughfares pursuant to subparagraph (3)(b)3. are to be made? [Rule 25-6.0342(4)(b)]

FPL: Yes. FPL's Plan included the following for 2007 CIF and Community Projects: for each CIF customer, the name, county and region; and for each Community Project, the feeder number, county and region. Additionally, FPL provided engineering drawings for all 2007 CIF and Community Projects, as well as primary maps and an identification of each CIF customer, the name, county and region for the 2008-2009 CIF projects, to Staff and all parties requesting additional detail. (MIRANDA)

ISSUE 48: Does the Company's Plan provide a detailed description of the extent to which the electric infrastructure improvements involve joint use facilities on which third-party attachments exist? [Rule 25-6.0342(4)(c)]

FPL: Yes. For 2007, all Attachers were provided engineering drawings and line diagrams for all CIF and Incremental Hardening Projects. For 2007, all Attachers actively participating in the proceeding acknowledged that for 2007, sufficient details had been provided. Similar details for 2008 and 2009 are not available at this time, since detail plans for these two out years have not been developed and approved. Details for these years will be provided to Attachers when FPL annually updates its Plan. See FPL's responses to Issues 46 and 47 for details on facilities to be affected by FPL's 2007 hardening deployment. (MIRANDA)

ISSUE 49: Does the Company's Plan provide an estimate of the costs and benefits to the utility of making the electric infrastructure improvements, including the effect on reducing storm restoration costs and customer outages? [Rule 25-6.0342(4)(d)]

FPL: Yes. FPL's Plan includes cost estimates for 2007 – 2009. These cost estimates, developed utilizing current work methods, products and equipment are: 2007 - \$40 million - \$70 million; 2008 - \$75 million - \$125 million; and 2009 - \$100 million - \$150 million. Based on updated information, FPL's 2007 costs are now estimated to be \$48.5 million - \$61.5 million. Since detail plans for the two "out years" (2008 and 2009) have not been finalized, FPL will provide annual updates of its Plan to the Commission.

For benefits, FPL estimates that, over an analytical study period of 30 years, the net present value of restoration cost savings per mile of hardened feeder would be approximately 45% - 70% of the cost to harden that feeder at a storm frequency of once every 3-5 years. There are several factors that affect the amount of actual restoration cost savings, including the frequency of storms impacting FPL's service territory, the intensity of these storms, and reductions in storm hardening costs associated with improvements in construction processes or technological advancements. At this time, it is impossible for FPL or anyone else to predict the outcome on any of those factors. However, as I noted previously, the experience of the 2004-2005 hurricane seasons as well as some recent meteorological analyses suggest that more frequent storm activity may be more representative than the assumption used in FPL's restoration cost savings analysis of a storm every three years. A Hurricane Wilma event occurring once every 3 years would result in restoration cost savings becoming approximately equal to hardening costs. In addition to reducing restoration costs, the FPL Plan is projected to result in fewer and shorter customer storm outages. The number and duration of storm outages during the 2004 and 2005 storm seasons led to strong customer interest in improved storm resilience for FPL's system, and that customer interest is a major motivation for the Plan. (MIRANDA)

ISSUE 50: Does the Company's Plan provide an estimate of the costs and benefits, obtained pursuant to subsection (6) below, to third-party attachers affected by the electric infrastructure improvements, including the effect on reducing storm restoration costs and customer outages realized by the third-party attachers? [Rule 25-6.0342(4)(e)]

FPL: Yes. FPL's Plan includes Attachers' costs and benefits, to the extent they were provided. (MIRANDA)

ISSUE 51: Does the Company's Plan include written Attachment Standards and Procedures addressing safety, reliability, pole loading capacity, and engineering standards and procedures for attachments by others to the utility's electric transmission and distribution poles that meet or exceed the edition of the National Electrical Safety Code (ANSI C-2) that is applicable pursuant to Rule 25-6.034, F.A.C.? [Rule 25-6.0342(5)]

FPL: Yes. FPL's plan includes Attachment Standards and Procedures as called for by Rule 25-6.0342. These standards and procedures reflect the attachments and standards previously in place, with the only substantive updates being made to incorporate FPL's proposed hardening construction standards and design guidelines. (MIRANDA, MCEVOY)

ISSUE 52: Based on the resolution of the preceding issues, should the Commission find that the Company's Plan meets the desired objectives of enhancing reliability and reducing restoration costs and outage times in a prudent, practical, and cost-effective manner to the affected parties? [Rule 25-6.0342(1) and (2)]

FPL: Yes. FPL's storm hardening plan should result in less storm damage to the electrical infrastructure and therefore less restoration time and cost. More generally, FPL's Storm Secure initiatives, including its storm hardening plan, pole inspections, and increased vegetation management activities, can be reasonably expected to reduce future storm restoration costs compared to what they would be without those initiatives. The costs and benefits of FPL's response to the Commission's requirement in Docket No. 060198-EI for 10-point storm implementation plans are discussed in FPL's "Storm Preparedness Initiatives" document, which was filed, reviewed and approved in that docket and is incorporated herein by reference. Hardening the system, increasing pole inspections, enhancing line clearing activities, promoting underground, along with various storm preparedness initiatives will all have an impact on reducing storm damage, reducing or preventing outages, and reducing the overall storm restoration times. Additionally, there will be day-to-day reliability benefits realized. Finally, improved systems and processes, including improved storm forensics, will allow for more and better data to be collected, evaluated and analyzed. FPL's system is very diverse and geographically large and it will take

many years of sustained effort to achieve the full benefits of storm hardening. *See also* FPL's Statement of Basic Position, above. (MIRANDA, McEVOY)

F. STIPULATED ISSUES

FPL: FPL understands that all parties in this and the related dockets have agreed to a process to provide updated information for 2008 and 2009. This process is spelled out in Exhibit KS-1 to the testimony of AT&T Florida witness Kirk Smith, revised at Staff's request so that the annual status report on hardening plans will be filed "with the Director of Division of Economic Regulation" rather than with "the Commission."

G. PENDING MOTIONS

FPL: FPL is aware of none at this time.

H. PENDING REQUESTS FOR CONFIDENTIALITY

FPL: FPL has no requests for confidentiality pending at this time.

I. OBJECTIONS TO A WITNESS' QUALIFICATION AS AN EXPERT

FPL: None at this time, pending conclusion of discovery.

J. STATEMENT OF COMPLIANCE WITH Order No. PSC-07-0573-PCO-EI

FPL: There are no requirements of the Order Establishing Procedure with which FPL cannot comply.

Respectfully submitted,

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CERTIFICATE OF SERVICE
(Docket Nos. 070297-EI, 070298-EI, 070299-EI and 070301-EI)

I HEREBY CERTIFY that a true copy of Florida Power & Light Company's Prehearing Statement (Docket No. 070301-EI) was furnished to the following by electronic delivery this 14th day of September, 2007:

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