

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Review of 2020-2029 Storm Protection Plan pursuant to Rule 25-6.030, F.A.C., Tampa Electric Company.

DOCKET NO. 20200067-EI

In re: Review of 2020-2029 Storm Protection Plan pursuant to Rule 25-6.030, F.A.C., Duke Energy Florida, LLC.

DOCKET NO. 20200069-EI

In re: Review of 2020-2029 Storm Protection Plan pursuant to Rule 25-6.030, F.A.C., Gulf Power Company.

DOCKET NO. 20200070-EI

In re: Review of 2020-2029 Storm Protection Plan pursuant to Rule 25-6.030, F.A.C., Florida Power & Light Company.

DOCKET NO. 20200071-EI

FILED: July 20, 2020

PRE-HEARING STATEMENT OF THE OFFICE OF PUBLIC COUNSEL

The Citizens of the State of Florida, through the Office of Public Counsel, pursuant to the Order Establishing Procedure in this docket, Order No. PSC-2019-0062-PCO-EG, issued February 18, 2019, hereby submit this Prehearing Statement.

APPEARANCES:

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 On behalf of the Citizens of the State of Florida

1. WITNESSES:

Scott Norwood
 Lane Kollen
 Bill Schultz
 Kevin Mara
 Ralph Smith

2. EXHIBITS:

<u>Witness</u>	<u>Proffered by</u>	<u>Exhibit No.</u>	<u>Description</u>
20200067			
Scott Norwood	OPC	SN-1	Background and Experience of Scott Norwood
Scott Norwood	OPC	SN-2	SAIDI Adjustment for Hurricane Irma
Scott Norwood	OPC	SN-3	EIA 861 Distribution Reliability Survey data
Lane Kollen	OPC	LK-1	Curriculum Vitae
Lane Kollen	OPC	LK-2	Responses to OPC POD 27 and OPC IRR 53
Lane Kollen	OPC	LK-3	Response to OPC POD 13
20200068			
Helmuth W. Schultz, III	OPC	HWS-1	Experience and Qualifications
Helmuth W. Schultz, III	OPC	HWS-2	2020 Planned Targeted Underground
Helmuth W. Schultz, III	OPC	HWS-3	2020 Planned Deteriorated Conductor
Helmuth W. Schultz, III	OPC	HWS-4	2020 Planned Distribution Pole Replacement/Inspection
Helmuth W. Schultz, III	OPC	HWS-5	2020 Planned Transmission Pole Replacement
Scott Norwood	OPC	SN-1	Background and

			Experience of Scott Norwood
Scott Norwood	OPC	SN-2	DEF's Response to OPC's Interrogatory 3-96
Scott Norwood	OPC	SN-3	DEF's Responses OPC Interrogatories 3-109 and 3-110
Scott Norwood	OPC	SN-4	DEF's Response to OPC Interrogatory 3-98
Scott Norwood	OPC	SN-5	Comparison of Historical and Forecasted EWE SAIDI Impacts
Scott Norwood	OPC	SN-6	DEF's Response to OPC Interrogatories 2-49 and 2-50 and OPC 2-23
Scott Norwood	OPC	SN-7	DEF's Response to OPC Interrogatory 8-251
Scott Norwood	OPC	SN-8	DEF's Responses to OPC Interrogatories 3-116 and 3-117
Scott Norwood	OPC	SN-9	DEF's SPP Program CBA Costs and Benefits
Scott Norwood	OPC	SN-10	SPP Program Benefit/Cost Ratios Excluding Non-Electric Benefits
Scott Norwood	OPC	SN-11	DEF's response to OPC Interrogatory 8-249
Scott Norwood	OPC	SN-12	DEF's responses to OPC Interrogatories 2-46 and 2-47
Scott Norwood	OPC	SN-13	2018 EIA 861 Distribution Reliability Survey Data
Scott Norwood	OPC	SN-14	DEF's response to OPC's Interrogatory 3-122
Scott Norwood	OPC	SN-15	DEF's response to OPC's POD 2-22
20200070			
Ralph C. Smith	OPC	RCS-1	Qualifications of Ralph C. Smith
Kevin J. Mara	OPC	KJM-1	Curriculum Vitae of Kevin J. Mara
20200071			
Ralph C. Smith	OPC	RCS-1	Qualifications of Ralph C. Smith

Kevin J. Mara	OPC	KJM-1	Curriculum Vitae of Kevin J. Mara
Kevin J. Mara	OPC	KJM-2	Proposed Storm Protection Plan Budgets

3. STATEMENT OF BASIC POSITION

The OPC’s basic position in this case is that the Commission’s determinations regarding the Storm Protection Plans (SPP) that have been filed must be consistent with the public policy contained in Section 366.96, Florida Statutes. The OPC supports the goal of the legislature in encouraging cost-effective measures to enhance the resiliency and reliability of investor owned electric utilities’ (IOUs) existing infrastructure for the benefits of customers and the state as a whole. The OPC has focused on whether the appropriate cost-benefit analyses (CBA) have been performed and, to the extent they have, whether the CBAs support the programs and projects contained in the SPPs filed by the IOUs. Where the CBA is inadequate, the SPP programs should be denied and/or an updated SPP—with CBA deficiencies corrected—filed in 2022.

Another area of focus has been the whether the SPPs and the estimated rate impacts are consistent with the prohibition against double recovery of costs contained in section 366.96(8). The OPC submits that the Commission and the IOUs have taken an impermissibly narrow approach to separating the SPP rule process (rule 25-6.030, F.A.C. from the SPPCRC process (rule 25-6.031, F.A.C.) in a way that could hinder the accurate separation of base rate and clause cost recovery. To this end the OPC has entered into stipulated resolutions of matters contained in the SPP and the SPPCRC dockets to minimize the potential for double recovery of costs to the greatest extent possible with the intention that there should be no double recovery.

Finally, the OPC is concerned that customer impacts from the COVID-19 pandemic are still unknown and have the potential for creating severe economic hardship in all aspects of life. The impact could be felt for years to come and coupled with the expected filing of base rate cases by all four IOUs in 2021, the compound impact of both could be significant. We have asked that the Commission take steps in both its public interest and its rate impact determinations to carefully consider the impacts of the pandemic on customers. To this end, the OPC requests that the IOUs be instructed to file updated SPPs in 2022 that more accurately capture the affordability of proposed SPP measures, sufficient CBA analyses and the interaction of SPP cost recovery and rate impacts with the base rate case requests pending in 2021.

4. STATEMENT OF FACTUAL ISSUES AND POSITIONS

DOCKET NOS. 20200067-EI (A), 20200069-EI (B), 20200070-EI (C), & 20200071-EI (D)

ISSUE 1 – ELEMENTS OF RULE 25-6.030, F.A.C.

Issue 1A: Does TECO’s 2020-2029 Storm Protection Plan contain all of the elements required by Rule 25-6.030, Florida Administrative Code?

OPC: No. As explained on pages 15-16 of OPC witness Norwood’s direct testimony, TECO has not provided details regarding the cost-benefit analysis (“CBA”) calculations for proposed SPP programs, as required by Rule 25-6.030(3)(d), F.A.C. While the Company has provided summary results for the total estimated costs and benefits of each proposed SPP program, and a summary of major input assumptions, the Company has not provided the underlying data pursuant to claims that the analysis was developed using a proprietary model. Without this detail, the intervenors and the Commission are unable to verify and calculate the rate impact as required by Section 366.96, Florida Statutes and Rule 25-6.030, F.A.C.

Issue 1B: Does DEF’s 2020-2029 Storm Protection Plan contain all of the elements required by Rule 25-6.030, Florida Administrative Code?

OPC: No. As explained on pages 15-16 of OPC witness Norwood’s direct testimony, while the Company has provided summary results for the total estimated costs and benefits of each proposed SPP Program, and a summary of major input assumptions, the failure of the Company to provide details as to how referenced benefits and costs were calculated for each SPP program, a breakdown of the total costs and benefits by type, or the calculations of the benefit-cost ratios for each proposed Program, prevents any party from verifying the CBA results. DEF has only provided a presentation of information and not an analysis of the information, which would require an explanation of how the information was developed. This lack of transparency and access to the details necessary to confirm the reasonableness of DEF’s CBA for the \$18.6 billion SPP is highly problematic.

Issue 1C: Does Gulf’s 2020-2029 Storm Protection Plan contain all of the elements required by Rule 25-6.030, Florida Administrative Code?

OPC: Yes, technically Gulf’s 2020-2029 SPP appears to contain all of the required elements. However, Gulf did not provide a description and comparison of how each program in its SPP will reduce restoration costs and outage times as required by Rule 25-6.030(3)(b), (3)(d)(1) and (3)(d)(4), F.A.C. As also discussed in detail in the response to Issue 7C, below, superficial satisfaction of the elements required by Rule 25-6.030, F.A.C. does not mean that the SPP necessarily should be approved without modification.

Issue 1D: Does FPL’s 2020-2029 Storm Protection Plan contain all of the elements required by Rule 25-6.030, Florida Administrative Code?

OPC: Yes, technically FPL’s 2020-2029 SPP appears to contain all of the required elements. However, FPL did not provide a least cost option for the St. Augustine substation project as required by Rule 25-6.030(3)(i), F.A.C. As also discussed in detail in the response to Issue 7D, below, superficial satisfaction of the elements required by Rule 25-6.030, F.A.C. does not mean that the SPP necessarily should be approved without modification.

ISSUE 2 – CONSIDERATION OF 366.96(4)(a), F.S. – PART 1

Issue 2A: To what extent is TECO’s 2020-2029 Storm Protection Plan expected to reduce restoration costs and outage times associated with extreme weather events and enhance reliability?

OPC: As shown in Table 3 on page 15 of OPC witness Norwood’s direct testimony, TECO forecasts that the Company’s \$1.462 billion SPP will produce outage restoration cost benefits of approximately \$396 million over 50 years, which equates to an annual average outage restoration cost savings of just under \$8 million per year. As noted on page 16 of OPC witness Norwood’s direct testimony, TECO forecasts that the SPP will reduce outage times associated with extreme weather events by approximately 29 minutes per year. Although these benefits are not guaranteed, if achieved, the 29 minute per year reduction in outage times due to the SPP would improve TECO’s annual service reliability by only 0.0055% (29 minutes / 525,600 minutes per year = 0.0055%).

Issue 2B: To what extent is DEF’s 2020-2029 Storm Protection Plan expected to reduce restoration costs and outage times associated with extreme weather events and enhance reliability?

OPC: As shown in Table 2 on page 17 of OPC witness Norwood’s direct testimony, TECO forecasts that the Company’s \$5.8 billion SPP will produce outage restoration cost benefits of approximately \$2.4 billion over 30 years, which equates to an annual average outage restoration cost savings of \$80 million per year. As noted on page 17 of OPC witness Norwood’s direct testimony, although EWE outage time on TECO’s system has averaged 214 minutes per year since 2006 (the first year TECO collected EWE outage data) the Company forecasts that the SPP will reduce outage times associated with extreme weather events by approximately 622 minutes per year. Although this forecasted outage reduction is nearly 3 times the historical level, and not guaranteed, if achieved, the forecasted reduction in outage time due to the SPP would improve TECO’s annual service reliability by only 0.1% (622 minutes / 525,600 minutes per year = 0.1%).

Issue 2C: To what extent is Gulf’s 2020-2029 Storm Protection Plan expected to reduce restoration costs and outage times associated with extreme weather events and enhance reliability?

OPC: The Company has not presented sufficient information to fully evaluate the 2020-2029 SPP and determine the extent to which it is expected to reduce restoration costs and outage times associated with extreme weather events and enhance reliability. Gulf did not provide any quantifiable benefits in terms of reduced restoration costs nor reductions in outage times for the projects and programs contained in its 2020-2029 SPP. The SPP only contains information specific enough for a cursory evaluation for the first year, 2020. Beyond this first year, the programs outlined in Gulf’s SPP do not contain enough information to fully evaluate extent to which the plan is expected to reduce restoration costs and outage times associated with extreme weather events and enhance reliability. Therefore, it is unknown if there are any benefits. While OPC

believes there are benefits, it is incumbent on Gulf to provide the data required to properly compare the identifiable benefits to the identifiable costs.

Issue 2D: To what extent is FPL’s 2020-2029 Storm Protection Plan expected to reduce restoration costs and outage times associated with extreme weather events and enhance reliability?

OPC: The Company has not presented sufficient information to fully evaluate the 2020-2029 SPP and determine the extent to which it is expected to reduce restoration costs and outage times associated with extreme weather events and enhance reliability. FPL’s past storm protection programs have yielded cost benefits between \$1.9 billion to \$3.1 billion over a 40-year net present value. However, no specific value was provided for improving outage times caused by extreme weather events. The SPP only contains information specific enough for cursory evaluation for the first year, 2020.

FPL’s cost benefits do not include reductions in restoration costs for Lateral Hardening (Undergrounding) because FPL did not include any quantifiable benefits for undergrounding laterals. FPL’s basis for the undergrounding program was “the performance of the underground facilities caused by vegetation during Hurricanes Matthew and Irma” (Ex MJ-1 Page 27 of 48). FPL was unable to provide reductions in either restoration costs or restoration in outage times for a program with projected costs of over \$5.1 billion. Beyond this first year, the programs outlined in FPL’s SPP do not contain enough information to evaluate extent to which the plan is expected to reduce restoration costs and outage times associated with extreme weather events and enhance reliability.

ISSUE 3 – CONSIDERATION OF 366.96(4)(a), F.S. – PART 2

Issue 3A: To what extent does TECO’s 2020-2029 Storm Protection Plan prioritize areas of lower reliability performance?

OPC: As noted on page 20 of OPC witness Norwood’s direct testimony, the historical reliability of TECO’s system has been excellent, averaging 99.98% including extreme weather events since 2010. Although OPC did not specifically evaluate the extent to which TECO prioritized areas of lower reliability performance, the Company’s forecasted net improvement in system reliability due to the proposed SPP is only approximately 0.0055% (29 minutes per year in outage reduction), which is extremely small and therefore would provide little improvement to TECO’s system reliability performance.

Issue 3B: To what extent does DEF’s 2020-2029 Storm Protection Plan prioritize areas of lower reliability performance?

OPC: As shown on Table 3 on page 21 of OPC witness Norwood’s direct testimony, the historical reliability of DEF’s system has been very good, averaging 99.93% including extreme weather events since 2010. Although OPC did not specifically evaluate the extent to which DEF’s proposed SPP prioritized areas of lower reliability performance, the Company’s forecasted net improvement in system reliability due to the proposed

SPP would be only approximately 0.1% (622 minutes per year in outage reduction), which is very small, and therefore would provide little improvement to DEF's system reliability performance.

Issue 3C: To what extent does Gulf's 2020-2029 Storm Protection Plan prioritize areas of lower reliability performance?

OPC: Many of Gulf's programs are system wide type programs that do not prioritize specific areas of lower performance. These programs include vegetation management, and pole inspections. The Distribution Feeder Hardening program which is spread throughout the system uses a set of performance criteria to prioritize projects. The Lateral Undergrounding Program is a pilot program which uses performance criteria to prioritize undergrounding projects. The Transmission Hardening Program is not prioritized by areas of lower reliability performance but rather is based on the number of customers impacted and the estimated time of restoration.

Issue 3D: To what extent does FPL's 2020-2029 Storm Protection Plan prioritize areas of lower reliability performance?

OPC: Many of FPL's programs are system wide type programs that do not prioritize specific areas of lower performance. These programs include vegetation management, and pole inspections. The Distribution Feeder Hardening program which is spread throughout the system uses a set of performance criteria to prioritize projects. The Transmission Hardening Program is based on performance criteria to prioritize projects.

FPL's Lateral Undergrounding program prioritizes reliability upgrades based on the overall feeder performance. Once selected, all laterals on the feeder are undergrounded regardless of the outage history of the individual lateral. OPC believes the priority methods used in the SUPP pilot program which considered the performance of laterals to determine which should be undergrounded is a superior method.

ISSUE 4 – CONSIDERATION OF 366.96(4)(b), F.S.

Issue 4A: To what extent is TECO's 2020-2029 Storm Protection Plan regarding transmission and distribution infrastructure feasible, reasonable, or practical in certain areas of TECO's service territory, including, but not limited to, flood zones and rural areas?

OPC: OPC has not specifically evaluated whether projects included in TECO's proposed SPP are feasible, or practical in specific areas such as flood zones and rural areas. However, OPC's overall conclusion is that TECO's proposed SPP would be very costly, and that the SPP is not needed, not cost-effective, and expected by TECO to provide only an extremely small improvement (0.0055%) to TECO's already excellent system reliability performance.

Issue 4B: To what extent is DEF's 2020-2029 Storm Protection Plan regarding transmission and distribution infrastructure feasible, reasonable, or practical in certain areas of DEF's service territory, including, but not limited to, flood zones and rural areas?

OPC: OPC has not specifically evaluated whether projects included in DEF's proposed SPP are feasible, or practical in specific areas such as flood zones and rural areas. However, OPC's overall conclusion is that DEF's proposed SPP would be very costly, and that the SPP is not needed, not cost-effective, and expected by DEF to provide only a very small (0.1%) improvement to DEF's already excellent system reliability performance.

Issue 4C: To what extent is Gulf's 2020-2029 Storm Protection Plan regarding transmission and distribution infrastructure feasible, reasonable, or practical in certain areas of Gulf's service territory, including, but not limited to, flood zones and rural areas?

OPC: In general Gulf's SPP projects are feasible, reasonable and/or practicable. The exception is Gulf's program to eliminate critical single point of failure through its transmission and substation resiliency program. OPC notes that Gulf has provided no information on how this program will be implemented. Further, OPC believes there are options to solve single point failure. (See Mara testimony page 22 and 23).

Issue 4D: To what extent is FPL's 2020-2029 Storm Protection Plan regarding transmission and distribution infrastructure feasible, reasonable, or practical in certain areas of FPL's service territory, including, but not limited to, flood zones and rural areas?

OPC: FPL's SPP projects are feasible, and/or practicable. The reasonableness of a program is based in part on the cost-benefit of such a project. So while undergrounding laterals is feasible and practical, FPL has failed to show that this program reasonable.

ISSUE 5 – CONSIDERATION OF 366.96(4)(c), F.S.

Issue 5A: What are the estimated costs and benefits to TECO and its customers of making the improvements proposed in the 2020-2029 Storm Protection Plan?

OPC: As shown in Table 3 on page 15 of OPC witness Norwood's direct testimony, according to TECO's estimates, which are not guaranteed and cannot be verified, the Company's proposed SPP would cost approximately \$1.46 billion and produce benefits of approximately \$396.9 million, resulting in a net economic loss (cost) to customers of approximately \$1.1 billion over 50 years.

Issue 5B: What are the estimated costs and benefits to DEF and its customers of making the improvements proposed in the 2020-2029 Storm Protection Plan?

OPC: As shown in Table 2 on page 17 of OPC witness Norwood's direct testimony, according to DEF's estimates, which are not guaranteed and cannot be verified, the Company's proposed SPP would cost approximately \$5.8 billion and produced benefits of approximately \$2.4 billion, resulting in a net economic loss (cost) to customers of approximately \$3.4 billion over 30 years.

Issue 5C: What are the estimated costs and benefits to Gulf and its customers of making the improvements proposed in the 2020-2029 Storm Protection Plan?

OPC: Gulf's SPP shows anticipated costs for each proposed program and provides a total estimated cost for Gulf's 2020-2029 SPP as \$998,790,000. However, the benefits are entirely unquantified and/or unquantifiable. The benefits should be stated in terms of avoided costs or other quantifiable benefits, such as projected savings for storm restoration as a result of the proposed SPP. In addition to not fully satisfying the statutory requirement, this lack of quantifiable benefits creates the risk that some SPP programs that are not cost-effective may be approved. As explained in response to Issue 7C below, such quantifiable costs and benefits are necessary to properly determine whether the SPP is in the public interest.

Issue 5D: What are the estimated costs and benefits to FPL and its customers of making the improvements proposed in the 2020-2029 Storm Protection Plan?

OPC: FPL gave the total estimated costs for FPL's 2020-2029 SPP as \$10.24 billion. Additionally, FPL provided an estimate for storm restoration costs savings due to hardening in Appendix A of their application, although they did not provide an overall cost benefit for all projects. FPL's 40-year net present value range in benefits was \$1.9 billion to \$3.1 billion. OPC's expert analysis of the 40-year net present value of the cost of the 2020-2029 SPP is \$10.8 billion (See errata sheet). Thus the cost of the SPP is 3 to 5 times higher than the benefits. Moreover, the benefits in the form of avoided cost savings are lacking, creating risks that SPP programs would be approved that are not cost-effective. As explained in response to Issue 7D below, such quantifiable costs and benefits are necessary to properly determine whether the SPP is in the public interest.

ISSUE 6 – CONSIDERATION OF 366.96(4)(d), F.S.

Issue 6A: What is the estimated annual rate impact resulting from implementation of TECO's 2020-2029 Storm Protection Plan during the first 3 years addressed in the plan?

OPC: The Company provided an estimate of the incremental customer rate impact for the ten-year life of the SPP based on the sum of the return of and on the incremental capitalized cost and the incremental expenses. The Company calculated the total customer rate impact as \$972.165 million over the ten-year life of the SPP.

In a Settlement Agreement approved by the Commission in Order No. PSC-2020-0224-AS-EI, issued on June 30, 2020, ("TECO Settlement Order") OPC and TECO agreed to a base rate reduction consistent with the amount TECO plans to recover. *See* TECO Settlement Order at 5 ("Based on the company's current plan to seek cost recovery under the SPPCRC in 2020, the company has calculated, and the Parties agree, that Tampa Electric's 2-year average actual annual O&M expense amounts for the Six Activities for 2018 and 2019 totals \$15.0 million per year as shown on Exhibit One and the grossed-up amount of the annual base revenue reduction is \$15,010,800.")

Issue 6B: What is the estimated annual rate impact resulting from implementation of DEF's 2020-2029 Storm Protection Plan during the first 3 years addressed in the plan?

OPC: At this point, the OPC has not identified the specific dollar amount of rate impacts of the first three years of DEF’s pending SPP. The impact for projected 2021 costs for recovery in the year 2021 is not believed to be material while the impact for 2022 will be more accurately determined in conjunction with the Agreement that DEF, OPC and PCS entered into and filed on July 17, 2020 (if approved) and with the potential filing of a 2022 test year base rate case by DEF. The actual bill impact will be a function of shifting cost recovery from base rates to clause recovery and the net impact after holding all other things constant will be the true rate impact. DEF’s estimated \$105 million cost recovery in the SPPCRC in 2022 is only one side of the equation and must be consistent with section 366.96(8) and, upon Commission approval, the July 17th Agreement

Issue 6C: What is the estimated annual rate impact resulting from implementation of Gulf’s 2020-2029 Storm Protection Plan during the first 3 years addressed in the plan?

OPC: Gulf Exhibit MS-1 shows estimated annual rate increases as follows:

Estimated Rate Impact Resulting from 2020-2029 Storm Protection Plan
(Amounts are per kWh)

	2020	2021	2022
Residential	\$0.00118	\$0.00206	\$0.00317
Commercial	\$0.00102	\$0.00177	\$0.00270
Industrial	\$0.00087	\$0.00158	\$0.00240

The estimated rate impacts are based on the total program costs reflected in this filing (which could vary by as much as 10% to 15%, regardless of whether those costs will be recovered in the Company’s SPPRC or through base rates), without regard to for the fact that pursuant to a Commission approved settlement agreement, Gulf remains under a general base rate freeze until base rates are next established by the Commission.

Issue 6D: What is the estimated annual rate impact resulting from implementation of FPL’s 2020-2029 Storm Protection Plan during the first 3 years addressed in the plan?

OPC: FPL Corrected Exhibit MJ-1 shows estimated annual rate increases as follows:

Estimated Rate Impact Resulting from 2020-2029 Storm Protection Plan
(Amounts are per kWh)

	2020	2021	2022
Residential	\$0.00250	\$0.00357	\$0.00478
Commercial	\$ 0.81	\$ 1.15	\$ 1.54
Industrial	\$ 0.05	\$ 0.08	\$ 0.10

The estimated rate impacts for the first three years of the SPP, without regard to for the fact that FPL remains under a general base rate freeze December 31, 2021, pursuant to a Commission approved settlement agreement, are based on the total program costs

reflected in this filing (which could vary by as much as 10% to 15%, regardless of whether those costs will be recovered in the Company's SPPRC or through base rates).

ISSUE 7 – PUBLIC INTEREST DETERMINATION PER 366.96(5), F.S.

Issue 7A: Is it in the public interest to approve, approve with modification, or deny TECO's 2020-2029 Storm Protection Plan?

OPC: As explained on pages 29-30 of OPC witness Norwood's direct testimony, TECO's proposed SPP is not needed or in the public interest at this time, therefore, the Commission should consider approving with modifications TECO's proposed SPP, contingent upon the filing of an updated Plan in 2022, so that analysis of alternatives to the SPP can be conducted, and so longer-term COVID-19 impacts on Plan costs and implementation can be further evaluated.

Issue 7B: Is it in the public interest to approve, approve with modification, or deny DEF's 2020-2029 Storm Protection Plan?

OPC: As explained on pages 29-30 of OPC witness Norwood's direct testimony, TECO's proposed SPP is not needed or in the public interest at this time, therefore, the Commission should consider approving with modifications TECO's proposed SPP, contingent upon the filing of an updated Plan in 2022, so that analysis of alternatives to the SPP can be conducted, and so longer-term COVID-19 impacts on Plan costs and implementation can be further evaluated.

Issue 7C: Is it in the public interest to approve, approve with modification, or deny Gulf's 2020-2029 Storm Protection Plan?

OPC: Gulf has failed to provide quantifiable data regarding the benefits of the proposed projects in the SPP. Without this data, the Commission does not have enough information to evaluate the sufficiency of the SPP. As first mentioned in response to Issue 5C, above, Gulf-proposed SPP programs that are not cost-effective, *i.e.*, programs for which the avoided cost savings and reductions in outage time from extreme weather event are not expected to exceed the cost of the proposed SPP program. While continuation of existing programs is not opposed by OPC, new or significantly expanded SPP programs should not be approved unless there are realistic expectations that such new or significantly expanded programs will be cost-effective. Additionally, standard reliability and maintenance programs designed to maintain day-to-day safety and reliability as SPP programs or projects should not be approved as SPP programs. For several of its proposed SPP programs, the Company has failed to clearly differentiate between its proposed SPP program and standard reliability and maintenance programs designed to maintain day-to-day safety and reliability. With the information currently contained in Gulf's SPP, the Commission cannot determine if approving the SPP, approving the SPP with modifications, or denying the SPP is in the public interest. Therefore, the SPP should be denied or approved with modifications. It should not be approved.

Issue 7D: Is it in the public interest to approve, approve with modification, or deny FPL’s 2020-2029 Storm Protection Plan?

OPC: The Commission should approve the SPP with modifications. As first mentioned in response to Issue 5D, above, it generally is not in the public interest to approve SPP programs that are not cost-effective, *i.e.*, to approve programs for which the avoided cost savings and reductions in outage time from extreme weather event are not expected to exceed the cost of the proposed SPP program. While continuation of existing already approved programs is not opposed by OPC, new or significantly expanded SPP programs should not be approved unless there are realistic expectations that such new programs or significantly expanded programs would be cost-effective. Additionally, standard reliability and maintenance programs designed to maintain day-to-day safety and reliability as SPP programs or projects should not be approved as SPP programs.

FPL’s core programs; Distribution - Pole Inspections, Transmission – Inspections, Distribution - Vegetation Management, and Transmission - Vegetation Management have been developed and in use for many years as part of FPL’s approved Storm Hardening Program. These projects which have a three-year total expenditure of \$476.6 million are necessary for system resiliency as well as system reliability and should continue. The Commission lacks an updated total program cost-benefit analysis on a forward-looking basis. Therefore, the remaining projects including Distribution-Feeder Hardening, Distribution Lateral Hardening (undergrounding), Transmission-Replacing Wood Structures, and Substation Storm Surge/Flood Mitigation should be denied.

ISSUE 8 – CLOSE THE DOCKET

Issue 8A: Should Docket No. 20200067-EI be closed?

OPC: No. The docket should remain open to ensure that the SPPs are and continue to be in the public interest by evaluating whether the SPPs as currently written facilitate the recovery of costs through the SPPP and SPPCRC, while those same costs are recovered through base rates.

Issue 8B: Should Docket No. 20200069-EI be closed?

OPC: No. The docket should remain open to ensure that the SPPs are and continue to be in the public interest by evaluating whether the SPPs as currently written facilitate the recovery of costs through the SPPP and SPPCRC, while those same costs are recovered through base rates.

Issue 8C: Should Docket No. 20200070-EI be closed?

OPC: No. The docket should remain open to ensure that the SPPs are and continue to be in the public interest by evaluating whether the SPPs as currently written facilitate the recovery of costs through the SPPP and SPPCRC, while those same costs are recovered through base rates.

Issue 8D: Should Docket No. 20200071-EI be closed?

OPC: No. The docket should remain open to ensure that the SPPs are and continue to be in the public interest by evaluating whether the SPPs as currently written facilitate the recovery of costs through the SPPP and SPPCRC, while those same costs are recovered through base rates.

OPC – CONTESTED ISSUES

Are any of the proposed SPP project or program related costs, if approved, and presumably to be requested for recovery by the Company through the SPPCRC, costs recovered through the Company's base rates?

OPC: Neither Gulf nor FPL have shown in a clear or verifiable manner what costs that may be requested for recovery as part of their SPPs are being recovered through base rates. FPL and Gulf should be required to demonstrate exactly (1) which SPP program costs are being recovered in current base rates, (2) which SPP program costs are being requested by FPL and Gulf to be recovered in the proposed base rates, (3) which SPP costs are being recovered in the current SPPCRC surcharge, and (4) which SPP costs are being requested to be recovered in the new SPPCRC surcharge. This information is necessary to ensure no SPP costs are subject to recovery through both base rates and the SPPCRC.

Should the Commission defer its determination of prudence for any of the Company's proposed programs and projects?

OPC: Yes. Determinations of prudence should be deferred until the expected cost-effectiveness of the utility proposed SPP programs can be evaluated and there are clear criteria to distinguish between (1) cost-effective programs that will expected to reduce restoration costs and outage times associated with extreme weather events and enhance reliability for which cost recovery via the SPPCRC could be legitimately sought and (2) standard reliability and maintenance programs designed to maintain day-to-day safety and reliability, for which cost recovery should be sought in base rates, and (3) costs being recovered in other clauses. The proper evaluation can only be accomplished if actual costs and requests for recovery can be compared during the SPPCRC and, once available, during the base rate docket(s). FPL and Gulf will be required to make clear filings showing exactly (1) which SPP program costs are being recovered in current base rates, (2) which SPP program costs are being requested by FPL and Gulf to be recovered in the proposed base rates, (3) which SPP costs are being recovered in the current SPPCRC surcharge, and (4) which SPP costs are being requested to be recovered in the new SPPCRC surcharge. At no point in time should any SPP costs be double-recovered through both base rates and the SPPCRC.

5. STIPULATED ISSUES

See pending motions.

6. PENDING MOTIONS

The OPC has entered into a settlement agreement with DEF and White Springs Agricultural Chemicals d/b/a PCS Phosphate that is unopposed by the other parties and should be approved.

7. STATEMENT OF PARTY'S PENDING REQUESTS OR CLAIMS FOR CONFIDENTIALITY

There are no pending requests for claims for confidentiality filed by OPC.

8. OBJECTIONS TO QUALIFICATION OF WITNESSES AS AN EXPERT

OPC has no objections to the qualification of any witnesses as an expert in the field which they pre-filed testimony as of the present date.

9. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE

There are no requirements of the Order Establishing Procedure with which the Office of Public Counsel cannot comply.

Dated this 20th of July, 2020.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Prehearing Statement has been furnished by electronic mail on this 20th day of July, 2020, to the following:

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