

Gulf's Response to OPC's Third Set of
Interrogatories Nos. 43-47
(Docket No. 20200241-EI)

QUESTION:

Hurricane Sally - Contractor Rates.

Please refer to OPC's Fourth Request for Production of Documents (POD) No. 52, which requested copies of contracts for labor rates corresponding to the labor rates charged for certain contractors in the Confidential Hurricane Sally Excel contractor flat files provided as part of the Company's November 12, 2021 filing.

- a. Confirm that the labor rates included in the flat files for the listed vendors did not match the rates included in the contract pages originally supplied in the referenced OPC's Second Request for POD No. 10. If confirmed, explain why.
- b. Confirm that a verification of labor rates was performed for each contractor during the invoice review process comparing applicable contract rates to the rates being charged by the contractors. If confirmed, explain which contract pages were used for the review.

RESPONSE:

- a. The rates provided in the flat files (i.e., the rates for storm work performed in 2020) are the rates in FPL's SAP system which were used to pay contractors that provided storm-related assistance in 2020, and payments made at those rates were included in FPL's compilation of storm related costs. As a result, in the event the labor rates included in the contract pages originally supplied with FPL's Response to OPC's Second Request for Production of Documents No. 10 did not match the labor rates included in the flat files, the labor rates in the flat files are the correct labor rates applicable to this proceeding.

Providing vendor contracts in response to discovery requests requires the Company to engage in a manual and time-consuming process. The FPL overhead line and vegetation management storm contracts are maintained as "Condition Records". This allows the Company to set up multi-year agreements without having to go in each year to manually change the labor rates. The system automatically changes the rate to the date of the condition record for the appropriate year. In 2021, when FPL pulled the individual contracts in anticipation of discovery in these proceedings, the system automatically pulled for some the then-current (i.e., 2021) contract rates, instead of applicable rates for the 2020 hurricane season.

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- b. A verification of labor rates was performed for each contractor during the invoice review process comparing applicable contract rates (i.e., contract rates in effect for the 2020 storm season) to the rates being charged by the contractors. There is a dual check to verify that the invoices are correct. This is achieved by verifying the contractor rates in the flat files align with the contractor rates in the SAP system. For each flat file, the Cost Finalization team sends Accounts Payable (AP) the confirmation from the flat file for the proposed payment. AP verifies that the Evaluated Receipt Settlement invoice in SAP aligns with the proposed payment in the flat file. This ensures that the correct contractor rates are being used to calculate payment.

QUESTION:

Hurricane Sally - Contractor Costs.

Please refer to the Confidential Excel flat file for [REDACTED] related to Hurricane Sally provided as part of the Company's November 12, 2021 filing. Refer further to the "Expenses" worksheet tab at cell rows 333 and 334, which contain separate expense amounts of [REDACTED] and [REDACTED] respectively, described in cell column AJ as "equipment necessary for work." Describe the equipment costs charged to the Company and explain why each was charged as part of the recovery costs.

RESPONSE:

The amount charged is for approved specialty equipment that is necessary and used by the specific vegetation crews in the course of their storm restoration activities. The use of specialty equipment and the right to be reimbursed for the use of that equipment are allowed as a part of their contract, provided it has been specifically pre-authorized by FPL. In this case, the equipment was pre-authorized to be used as a part of the storm restoration effort. The Cost Finalization team verifies that the equipment was used during storm restoration and appropriate rates were charged per their contract. Please see Gulf's response to OPC's Fourth Request for Production of Documents No. 53.

QUESTION:

Hurricane Sally -Contractor Costs.

Please refer to the Confidential Excel flat file for [REDACTED] related to Hurricane Sally provided as part of the Company's November 12, 2021 filing. Refer further to the "Expenses" worksheet tab at cell row 170, which contains an expense amount of [REDACTED] described in cell column AJ as "equipment necessary for work." Describe the equipment costs charged to the Company and explain why each was charged as part of the recovery costs.

RESPONSE:

The amount charged is for approved specialty equipment that is necessary and used by the specific vegetation crews in the course of their storm restoration activities. The use of specialty equipment and the right to be reimbursed for the use of that equipment are allowed as a part of their contract, provided it has been specifically pre-authorized by FPL. In this case, the equipment was pre-authorized to be used as a part of the storm restoration effort. The Cost Finalization team verifies that the equipment was used during storm restoration and appropriate rates were charged per their contract. Please see Gulf's response to OPC's Fourth Request for Production of Documents No. 54.

QUESTION:

Hurricane Sally -Contractor Costs.

Please refer to the Confidential Excel flat file for [REDACTED] related to Hurricane Sally provided as part of the Company's November 12, 2021 filing. Refer further to the "Expenses" worksheet tab at cell rows 11-28, 48-62, and 68-85, which contain expense amounts summing to [REDACTED] described in cell column AJ as "equipment necessary for work." Describe the equipment costs charged to the Company and explain why each was charged as part of the recovery costs.

RESPONSE:

The amount charged is for approved specialty equipment that is necessary and used by the specific vegetation crews in the course of their storm restoration activities. The use of specialty equipment and the right to be reimbursed for the use of that equipment are allowed as a part of their contract, provided it has been specifically pre-authorized by FPL. In this case, the equipment was pre-authorized to be used as a part of the storm restoration effort. The Cost Finalization team verifies that the equipment was used during storm restoration and appropriate rates were charged per their contract. Upon review of the invoices, it was determined that the vendor was paid the correct amount, which was approximately \$8 less than the amounts reflected on their invoices. Please see Gulf's response to OPC's Fourth Request for Production of Documents No. 55.

QUESTION:

Hurricane Sally -Contractor Costs.

Please refer to the Confidential Excel flat file for [REDACTED] related to Hurricane Sally provided as part of the Company's November 12, 2021 filing. Refer further to the "Expenses" worksheet tab at cell rows 7, 10, 12, 13, and 16, which contain expense amounts summing to [REDACTED] described in cell column AJ as either "equipment necessary for work" or "Per FPL/Gulf direction." Describe the equipment costs charged to the Company and explain why each was charged as part of the recovery costs.

RESPONSE:

The amount charged is for approved specialty equipment that is necessary and used by the specific vegetation crews in the course of their storm restoration activities. The use of specialty equipment and the right to be reimbursed for the use of that equipment are allowed as a part of their contract, provided it has been specifically pre-authorized by FPL. In this case, the equipment was pre-authorized to be used as a part of the storm restoration effort. The Cost Finalization team verifies that the equipment was used during storm restoration and appropriate rates were charged per their contract. Please see Gulf's response to OPC's Fourth Request for Production of Documents No. 56.