

FPL's Response to OPC's Third Set of
Interrogatories Nos. 45-48
(Docket No. 20210178-EI)

QUESTION:

Isaias and Eta - Contractor Rates.

Please refer to OPC's Third Set Request for Production of Documents (POD) No. 44, which requested copies of contracts for labor rates corresponding to the labor rates charged for certain contractors in the Confidential Hurricane Isaias 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 First Request for POD No. 4. 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 First Request for Production of Documents No. 4 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.

During our review of the flat files in preparation for this response, FPL identified a previous iteration of the Willsbro Flat File for Isaias was inadvertently provided with the Notice of Filing on November 12, 2021. This flat file did not include the applicable rates for the 2020 hurricane season, however this was identified and corrected during the verification process described in further detail in Part B below. Ultimately, the payment was made for the correct amount (i.e., using the contract rates in effect for the 2020 storm season) as also reflected in DH-1 File for Isaias. Refer to FPL's Response to OPC's Third Request for Production of Documents No. 44 for the confidential responsive document for the final iteration of flat file for Willsbro used during the 2020 hurricane season.

- 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:

Isaias and Eta - Contractor Rates. Please refer to OPC's Third Set Request for POD No. 45, which requested copies of contracts for labor rates corresponding to the labor rates charged for certain contractors in the Confidential Tropical Storm Eta 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 First Request for POD No. 4. 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 First Request for Production of Documents No. 4 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.

- 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:

Isaias and Eta - Contractor Costs. Please refer to the Confidential Excel flat file for [REDACTED] related to Hurricane Isaias provided as part of the Company's November 12, 2021 filing. Refer further to the "Expenses" worksheet tab at cell rows 373 and 374, 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 refer to FPL's response to OPC's Third Request for Production of Documents No. 46 for details of the allowable specialty equipment per their contract.

QUESTION:

Isaias and Eta - Contractor Costs.

Please refer to the Confidential Excel flat file for [REDACTED] (expenses only file) related to Hurricane Isaias provided as part of the Company's November 12, 2021 filing. Refer further to the "Expenses" worksheet tab at cell row 4, which contains an expense amount of [REDACTED] contained in miscellaneous expense column BQ. Describe the miscellaneous expense amount charged to the Company and explain why it 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 refer to FPL's response to OPC's Third Request for Production of Documents No. 47 for details of the allowable specialty equipment per their contract.