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June 29, 2020

VIA ELECTRONIC FILING

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

**Re: Docket No. 2020 _____-EI
Florida Power & Light Company's Petition for Evaluation of Hurricane Dorian
Storm Costs and Notice of Filing Confidential Supporting Materials in Support of
its Petition for Evaluation of Hurricane Dorian Storm Costs**

Dear Mr. Teitzman:

Enclosed for our initial filing please find the following materials:

1. Florida Power & Light Company's Petition for Evaluation of Hurricane Dorian Storm Costs
2. Direct Testimony and Exhibits of FPL witnesses Manuel Miranda, David Hughes, and Clare Gerard
3. Florida Power & Light Company's Notice of Filing Confidential Supporting Materials in Support of its Petition for Evaluation of Hurricane Dorian Storm Costs.

In addition to the foregoing, we have on this date hand delivered for filing a Request for Confidential Classification, with the associated documents and materials, requesting that the Commission approve our request for the confidential treatment and handling of the materials referenced in our Notice of Filing.

Please contact me at (561) 691-2512 if you or your Staff have any questions regarding this filing.

Sincerely,

/s/ Kenneth M. Rubin
Kenneth M. Rubin

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Evaluation of storm costs for Florida Power
& Light Company related to Hurricane Dorian

Docket No. 2020_____

Filed: June 29, 2020

**FLORIDA POWER & LIGHT COMPANY'S PETITION
FOR EVALUATION OF HURRICANE DORIAN STORM COSTS**

Florida Power & Light Company ("FPL") hereby petitions the Florida Public Service Commission ("Commission") for a determination regarding the prudence of FPL's actions and activities (collectively referred to as FPL's "activities") and the reasonableness of costs incurred in responding to Hurricane Dorian ("Hurricane Dorian Costs"). Specifically, FPL requests that the Commission find that its activities taken in response to Hurricane Dorian were prudent, and that the related Hurricane Dorian Costs were reasonable.

FPL recorded its Hurricane Dorian Costs as a base operations and maintenance ("O&M") expense and is not seeking through this proceeding to establish a surcharge for the recovery of the Hurricane Dorian Costs or replenishment of the storm reserve. FPL files this Petition and supporting testimony to facilitate an evaluation of the Hurricane Dorian Costs in support of the requested finding.

In further support of this Petition, FPL states as follows:

1. The name and address of the Petitioner is:

Florida Power & Light Company
700 Universe Blvd
Juno Beach, FL 33408

2. Any pleading, motion, notice, order or other document required to be served upon

FPL or filed by any party to this proceeding should be served upon the following individuals:

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3. The Commission has jurisdiction pursuant to Sections 366.04, 366.05, 366.06, and 366.07, Florida Statutes, and Rule 25-6.0431, Florida Administrative Code (“F.A.C.”).

4. This Petition is being filed consistent with Rule 28-106.201, F.A.C. The agency affected is the Commission, located at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399. This case does not involve reversal or modification of an agency decision or an agency’s proposed action. Therefore, subparagraph (c) and portions of subparagraphs (b), (e), (f) and (g) of subsection (2) of that rule are not applicable to this Petition. In compliance with subparagraph (d), FPL states that it is not known which, if any, of the issues of material fact set forth in the body of this Petition may be disputed by any others who may plan to participate in this proceeding. The discussion below demonstrates how the Petitioner’s substantial interests will be affected by the agency determination.

I. Background

5. Hurricane Dorian was the fourth named storm, second hurricane, and first major hurricane of the 2019 hurricane season. Dorian formed on August 24, 2019, from a tropical wave in the Central Atlantic, and gradually strengthened as it moved toward the Lesser Antilles, becoming a hurricane on August 28. The National Hurricane Center’s (“NHC”) forecasts issued on August 28 brought the center of Dorian over the Florida peninsula as a major hurricane, and

Florida remained within the NHC forecasted cone of uncertainty (“forecasted cone”) from August 26, 2019 until September 2, 2019.

6. On August 30, 2019, the NHC forecast projected Dorian to make landfall in South Florida, including the most populous counties in FPL’s service territory, which would have caused potentially catastrophic results. On August 31, 2019, after rapid intensification, Dorian became a Category 4 hurricane. On September 1, 2019, Dorian reached Category 5 intensity, with maximum sustained winds of 185 mph and a minimum central pressure of 910 mb (26.87 in Hg), while making landfall in Elbow Cay, Bahamas. Dorian made another landfall on Grand Bahama several hours later. The ridge of high pressure steering Dorian westward collapsed on September 2, causing Dorian to stall just north of Grand Bahama for about a day. Dorian was the strongest known tropical system to impact the Bahamas, causing widespread devastation and destruction. While some of the models and the official forecast indicated Dorian’s forward speed would decrease near the Northwestern Bahamas, none of them indicated that Dorian was going to stall there, which prolonged the uncertainty regarding potential landfall for Floridians.

7. At landfall in the Bahamas, Dorian was moving at just 5 mph, and moved at 5 mph or less through the Bahamas for 27 hours at Category 5 strength. Dorian tracked only 25 miles in 24 hours, the second shortest straight-line distance tracked by an Atlantic major hurricane in a 24-hour period since 1950. Portions of Dorian’s eyewall lashed Great Abaco and Grand Bahama Islands with Category 5 winds for a total of 22 hours before the hurricane finally weakened to Category 4 strength.

8. Hurricane Dorian posed an enormous threat to peninsular Florida, and for days was forecasted to make landfall in FPL’s service territory with as much as Category 5 force winds. Given the uncertainty in the track forecast and the anticipated increase in the size of the hurricane,

a Hurricane Warning and Storm Surge Warning were issued by the NHC on Sunday, September 1 for a portion of the Florida east coast. The NHC continued to emphasize that although the official track forecast did not now show landfall, users should not focus on the exact track. A small deviation to the left of the track could bring the intense core of the hurricane and its dangerous winds closer to or onto the Florida coast.

9. Hurricane Dorian's outer bands began to directly impact FPL's service territory on September 1. Its impacts continued through the morning hours of September 5, as Dorian's path essentially paralleled the east coast of Florida as it traveled north. A Hurricane Warning issued by the NHC was in effect for portions of Florida from September 1 into September 4.

10. Hurricane Dorian brought sustained tropical storm-force winds and damaging storm surge flooding to several locations along the Florida coast. The National Weather Service in Melbourne, Florida, reported numerous gusts from Dorian in excess of 39 mph (tropical storm force). The highest gust at a land-based station was 70 mph at an elevated tower at Cape Canaveral. Dorian brought a storm surge of around two feet to central Florida at Port Canaveral. A surge of nearly three feet occurred in northern Florida near Jacksonville.

11. Hurricane Dorian ultimately impacted over 184,000 FPL customers. Toppled trees, vegetation outside of FPL's trim zone, and wind-blown debris were the leading causes of outages. FPL's preparation for the hurricane resulted in restoration of all of FPL's affected customers within 24 hours, with the average outage lasting just over an hour. FPL's significant investments over the past decade in smart grid technology, undergrounding power lines, and strengthening the energy grid enabled FPL to restore service faster and avoid outages. More than 37,000 outages were avoided due to investments in smart grid technologies.

12. FPL witness Manuel B. Miranda's pre-filed direct testimony provides an overview of FPL's storm-related preparedness plans and processes in advance of this dangerous storm, as well as FPL's execution of those plans during Hurricane Dorian. He also provides details of the restoration work and associated costs, the great majority of which involve the Transmission and Distribution ("T&D") system.

II. Hurricane Dorian Costs

13. As shown in FPL witness David Hughes' pre-filed direct testimony, FPL incurred a total of \$240.6 million in costs (including follow-up work) related to Hurricane Dorian. Pursuant to Paragraph 6 of the 2016 Rate Case Settlement Agreement ("2016 Settlement Agreement"),¹ FPL is authorized to seek incremental cost recovery of the Hurricane Dorian Costs and replenishment of the storm reserve through an interim storm charge in order to restore funding to the reserve at the level approved by the Commission in the 2016 Settlement Agreement. However, FPL decided to forgo seeking incremental recovery of the Hurricane Dorian Costs, and instead recorded those costs to base O&M expense as permitted by Rule 25-6.0143(2)(h), F.A.C.²

14. As a result of the foregoing, FPL is not seeking through this proceeding to establish a surcharge for the recovery of the Hurricane Dorian Costs or replenishment of the storm reserve. Instead, the Company files this Petition and supporting testimony and exhibits to facilitate an evaluation of storm restoration activities, and the costs incurred by FPL related to Hurricane Dorian.

15. FPL charged \$240.6 million in storm restoration costs (including all actual and estimated follow-up work) related to Hurricane Dorian to FERC Account 186, as shown on the

¹ Order No. PSC-2016-0560-AS-EI, issued on December 15, 2016.

² Part (2)(h) of the Rule allows utilities the option to "charge storm-related costs as operating expenses rather than charging them to Account No. 228.1," which is what FPL opted to do with Hurricane Dorian Costs.

schedule attached as FPL witness Hughes' Exhibit DH-1. Exhibit DH-1 breaks down the costs by major category, including regular and overtime payroll, payroll overheads, contractor costs, line clearing, vehicle and fuel, materials and supplies, logistics, and other restoration costs.

16. FPL then determined the amount of capital, below-the-line expenses, and third-party reimbursements accumulated in FERC Account 186 and removed those costs from FERC Account 186 and recorded them to the appropriate FERC accounts. As reflected on Exhibit DH-1, after removing the Hurricane Dorian related capital and third-party reimbursements from FERC Account 186, and determining that there were no below-the-line expenses to remove, the remaining total amount of the Hurricane Dorian Costs was \$240.3 million, which was charged to O&M expense.

17. FPL conducted a comprehensive review and analysis of Hurricane Dorian Costs to arrive at the totals reflected in Exhibit DH-1. In her pre-filed direct testimony, FPL witness Clare Gerard describes the review process undertaken by FPL to validate, approve, and where applicable, adjust invoices submitted by line and vegetation contractors, giving consideration to both the contractor agreements and the applicable provisions of FPL's Hurricane Irma Stipulation and Settlement Agreement approved by the Commission in Order No. PSC-2019-0319-S-EI, Docket No. 20180049-EI (the "Irma Settlement Agreement"). The process described by witness Gerard involved an invoice review process that was thorough and comprehensive, and ensured that the payments for line and vegetation contractors were individually reviewed, verified, and processed.

18. FPL is not seeking through this proceeding to establish a surcharge for recovery of any Hurricane Dorian Costs, nor is it seeking replenishment of the storm reserve.

19. Rule 25-6.0143(1)(e), F.A.C., identifies the types of storm related costs allowed to be charged to the storm reserve under the Incremental Cost and Capitalization Approach ("ICCA")

methodology. Although FPL is not seeking to charge any of its Hurricane Dorian costs to the storm reserve, or to establish a storm surcharge, the Company has nonetheless applied the ICCA methodology to facilitate the Commission's analysis and evaluation of FPL's Hurricane Dorian Costs. FPL has provided a breakdown of those costs consistent with the ICCA methodology, just as it would have done had the Company requested a storm surcharge or recorded to the reserve. The additional non-incremental ICCA adjustments required under the ICCA methodology are provided on the schedule attached to the testimony of FPL witness David Hughes as Exhibit DH-1. Because the ICCA methodology is not directly applicable, these adjustments are being provided for informational purposes only and to facilitate review of the Hurricane Dorian Costs.

20. FPL's retail recoverable costs (after removing capitalizable costs and accounting or jurisdictional factors and non-incremental costs) that would have been charged to the storm reserve for Hurricane Dorian if the ICCA methodology applied would have been approximately \$237.9 million (Retail Recoverable Incremental Costs), also shown on Exhibit DH-1.

21. FPL witnesses' pre-filed testimonies demonstrate that the Company's actions and activities before, during, and after Hurricane Dorian were prudent and consistent with "what a reasonable utility manager would do in light of the conditions and circumstances which he knew or reasonably should have known at the time the decision was made." *In Re Fuel & Purchased Power Cost Recovery Clause*, Docket No. 080001-EI, Order No. PSC-2009-0024-FOF-EI, 2009 WL 692572 (FPSC Jan. 7, 2009) (emphasis added). The testimony further demonstrates the reasonableness of the Hurricane Dorian Costs.

WHEREFORE, for the above and foregoing reasons, FPL respectfully requests that the Commission find that FPL's activities undertaken in response to Hurricane Dorian were prudent, and that the associated Hurricane Dorian Costs were reasonable.

Respectfully submitted,

By: /s/ Kenneth M. Rubin

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Juno Beach, Florida 33408-0420

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY

DIRECT TESTIMONY OF MANUEL B. MIRANDA

JUNE 29, 2020

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1 **I. INTRODUCTION**

2

3 **Q. Please state your name and business address.**

4 A. My name is Manuel B. Miranda. My business address is Florida Power & Light
5 Company, 700 Universe Blvd., Juno Beach, Florida, 33408.

6 **Q. By whom are you employed and what is your position?**

7 A. I am employed by Florida Power & Light Company ("FPL" or the "Company") as
8 Senior Vice President of Power Delivery.

9 **Q. Please describe your duties and responsibilities in that position.**

10 A. As Senior Vice President of Power Delivery, I am responsible for the planning,
11 engineering, construction, operation, maintenance, and restoration of FPL's
12 transmission and distribution ("T&D") electric grid. During storm restoration events,
13 I assume the additional role of FPL's Area Commander. In this capacity, I am
14 responsible for the overall coordination of all restoration activities to ensure the
15 successful implementation of FPL's restoration strategy, which is to restore service to
16 our customers safely and as quickly as possible.

17 **Q. Please describe your educational background and professional experience.**

18 A. I have a Bachelor of Science in Mechanical Engineering from the University of Miami
19 and a Master in Business Administration from Nova Southeastern University. I joined
20 FPL in 1982 and have 38 years of technical, managerial and commercial experience
21 gained from serving in a variety of positions within Customer Service, Distribution and
22 Transmission. For more than 12 years, I have held several vice president positions
23 within Distribution and Transmission, including my current position.

1 For storm restoration events, I have been involved in FPL hurricane restoration
2 response since Hurricane Andrew in 1992, including the seven storms that impacted
3 FPL's service territory in the 2004 and 2005 seasons. I have served as FPL's Area
4 Commander for the last seven years, which includes Hurricane Matthew in 2016 and
5 the unprecedented restoration of more than 4.4 million customers following Hurricane
6 Irma in 2017.

7
8 I have also provided key strategic leadership during the restoration efforts for Hurricane
9 Maria in Puerto Rico. Upon receiving a call from Florida's Governor as a result of
10 Hurricane Michael in 2018, I was stationed in the state Emergency Operations Center
11 in Tallahassee, where I served as the liaison between the state and the Federal
12 Emergency Management Agency. I was honored with the 2019 Lifetime Achievement
13 Award from the Florida Governor's Hurricane Conference in recognition of more than
14 30 years of outstanding substantial contributions providing industry leading expertise
15 and technical guidance in Florida and Puerto Rico in the field of electrical power
16 restoration. Additionally, for the last seven years, I have served as a member on the
17 National Response Executive Committee, a group that oversees a process designed to
18 enhance the industry's ability to respond to national-level events by improving access
19 and visibility to resources from all across the country.

20 **Q. Are you sponsoring any exhibits in this case?**

21 A. Yes. I am sponsoring the following exhibits:

- 22 • MBM-1 – Satellite View of Hurricane Dorian
- 23 • MBM-2 – National Hurricane Center's 5-day Forecast Track for Hurricane

- 1 Dorian on August 29 and 30, 2019
- 2 • MBM-3 – National Hurricane Center’s 5-day Forecast Track for Hurricane
- 3 Dorian on September 2, 2019
- 4 • MBM-4 – FPL’s T&D Hurricane Dorian Restoration Costs

5 **Q. What is the purpose of your testimony?**

6 A. The purpose of my testimony is to provide an overview of FPL’s emergency
7 preparedness plan and restoration process. I will also provide details for the work and
8 costs incurred by FPL’s T&D organization in connection with Hurricane Dorian, along
9 with the work and costs of the other FPL business units that contributed to the
10 Company’s restoration efforts. Specifically, I will describe FPL’s T&D Hurricane
11 Dorian storm preparations, response and restoration efforts, follow-up work activities
12 necessary to restore FPL’s facilities to their pre-storm condition, and details on T&D
13 storm restoration costs. Finally, I will discuss FPL’s overall successful performance in
14 restoring service to those customers that experienced an outage due to Hurricane
15 Dorian. As a result, my testimony supports the prudence of FPL’s activities and the
16 reasonableness of the Hurricane Dorian restoration costs, the great majority of which
17 involve the T&D system.

18

19 **II. EMERGENCY PREPAREDNESS PLAN & RESTORATION PROCESS**

20

21 **Q. What is the objective of FPL’s emergency preparedness plan and restoration**
22 **process?**

23 A. The primary objective of FPL’s emergency preparedness plan and restoration process is

1 to safely restore critical infrastructure and the greatest number of customers in the least
2 amount of time so that FPL can return the communities it serves to normalcy.

3 **Q. Describe generally how FPL approaches this objective.**

4 A. Achieving this objective requires extensive planning, training, adherence to established
5 storm restoration processes, and execution that can be scaled quickly to match each
6 particular storm. To these ends, FPL's emergency preparedness plan incorporates
7 comprehensive annual restoration process reviews and includes lessons learned, new
8 technologies, and extensive training activities to ensure FPL's employees are well
9 prepared.

10

11 While FPL has processes in place to manage and mitigate the costs of restoration
12 (including actions taken prior to a storm event), the objective of safely restoring electric
13 service as quickly as possible cannot, by definition, be pursued as a "least cost" process.
14 Said in a different manner, restoration of electric service at the lowest possible cost will
15 not result in the most rapid restoration.

16 **Q. What are the key components of FPL's emergency preparedness plan?**

17 A. FPL's emergency preparedness plan is the product of years of planning, study, and
18 refinement based upon actual experience. Key components of this plan include:

- 19 • Disaster response policies and procedures;
- 20 • Scalable internal organizational structures based on the required
21 response;
- 22 • Planned timeline of activities to assure rapid notification and response;
- 23 • Mutual assistance agreements and vendor contracts and commitments;

- 1 • Plans and logistics for the staging and movement of resources, personnel,
2 materials, and equipment to areas requiring service restoration;
- 3 • Communication and notification plans for employees, customers,
4 community leaders, emergency operation centers, and regulators;
- 5 • An established centralized command center with an organization for
6 command and control of emergency response forces;
- 7 • Checklists and conference call agendas to organize, plan, and report
8 situational status;
- 9 • Damage assessment modeling and reporting procedures;
- 10 • Field and aerial patrols to assess damage;
- 11 • Comprehensive circuit patrols to gather vital information needed to
12 identify the resources required for effective restoration; and
- 13 • Systems necessary to support outage management processes and
14 customer communications.

15

16 This plan is comprehensive and well-suited for the purpose of facilitating prompt and
17 effective responses to emergency conditions, such as hurricanes, to restore power as
18 quickly as possible.

19 **Q. Does FPL regularly update its plan?**

20 A. Yes. Each year, prior to storm season, FPL reviews and updates its emergency
21 preparedness plan. To ensure rapid restoration, key focus areas of this plan are staffing
22 the storm organization, preparing logistics support, enhancing customer communication
23 methods, and ensuring that required computer and telecommunication systems are in

1 place. As part of this process, all business units within FPL identify personnel for
2 staffing the emergency response organization. In many cases, employees assume roles
3 different than their regular responsibilities. Training is conducted for thousands of
4 storm personnel each year, regardless of whether they are in a new role or a role in which
5 they have served many times. This includes training on processes that range from
6 clerical and analytical to reinforcing restoration processes for managers and directors.

7 **Q. What else does FPL do to prepare for each storm season?**

8 A. In the logistics support area, preparations include: 1) increasing material inventory; 2)
9 verifying and securing adequate lodging arrangements; 3) securing staging sites
10 (temporary work sites that are opened to serve as operation hubs for Incident
11 Management Teams to plan, coordinate, and execute area restoration plans and also
12 provide parking, food, laundry service, medical care, hotel coordination, and, if
13 necessary, housing for large numbers of external and internal restoration resources); 4)
14 verifying staging site plans; and 5) securing any necessary agreements and contracts for
15 these support services. These activities are important to ensure availability and on-time
16 delivery of these critical items at a reasonable cost. All of this planning and preparation
17 provides the foundation to begin any restoration effort.

18 **Q. Does FPL regularly test its emergency preparedness plan?**

19 A. Yes. Each year, FPL tests its readiness during a hurricane “dry run” exercise. This
20 event simulates a storm (or multiple storms) impacting FPL’s service territory. The
21 purpose is to provide a realistic, challenging scenario that causes the organization to
22 react to situations and to practice functions not generally performed during normal
23 operations. It is a full-scale exercise, executed with active participation by employees

1 representing every business unit in the company as well as external organizations, local
2 government officials, and media representatives. After months of preparation, the
3 formal exercise activities begin 96 hours before the mock hurricane's forecasted date
4 and time of impact. FPL's Command Center is fully mobilized and staffed. Field
5 patrollers are required to complete simulated damage assessments that are then utilized
6 by office staff to practice updating storm systems, acquiring resources, and developing
7 estimated times of restoration. The exercise also includes simulating customer and other
8 external communications as well as updating our outage management system and other
9 storm-specific applications. Additionally, FPL conducts a biennial full-scale staging
10 site exercise to assess the readiness of staging site processes (e.g., communications,
11 logistics, materials, and equipment). This training is conducted in the course of our
12 ordinary approach to business and the costs of these activities are not charged to storm
13 costs and, therefore, are not part of the evaluation of costs the Florida Public Service
14 Commission (the "Commission") is conducting in this proceeding.

15 **Q. How does FPL respond when a storm threatens its territory?**

16 A. FPL responds by taking well-tested actions at specified intervals prior to a storm's
17 impacts. When a storm is developing in the Atlantic Ocean or Gulf of Mexico, our
18 staff meteorologist continuously monitors conditions and various departments
19 throughout the company initiate preliminary preparations for addressing internal and
20 external resource requirements, logistics needs, and system operation conditions.

21

22 At 96 to 72 hours prior to the projected impact to FPL's system, FPL activities include:
23 activating the FPL Command Center; alerting all storm personnel; forecasting resource

1 requirements; developing initial restoration plans; activating contingency resources;
2 and identifying available resources from mutual assistance utilities. In addition, all
3 FPL sites begin to prepare their facilities for the impact of the storm.

4
5 At 72 to 48 hours, computer models are run based on the projected intensity and path
6 of the storm to forecast expected damage, restoration workload, and potential customer
7 outages. Based on the modeled results, commitments are confirmed for restoration
8 personnel, materials, and logistics support. Staging site locations are then identified
9 and confirmed based on the storm's expected path. Communications lines are
10 established for the staging sites and satellite communications are expanded to improve
11 communications efforts. External resources are activated and begin moving toward the
12 expected damage areas in our service territory and internal personnel may also be
13 moved closer to the expected damage.

14
15 At 24 hours, the focus turns to pre-positioning personnel and supplies to begin
16 restoration as soon as it is safe to do so. As the path and strength of the storm changes,
17 FPL continuously re-runs damage models and adjusts plans accordingly. Also, FPL
18 contacts community leaders and County Emergency Operations Centers ("EOCs") for
19 coordination and to review and reinforce FPL's restoration plans. This outreach
20 includes confirming the assignment of FPL personnel to the County EOCs for the
21 remainder of the storm and identifying restoration personnel to assist with road clearing
22 and search-and-rescue efforts. FPL also has personnel assigned to the State EOC to
23 support coordination and satisfy information needs. Throughout the process, FPL also

1 provides critical information (e.g., public safety messages, storm preparation tips, and
2 guidance if an outage occurs) to the news media, customers and community leaders.

3 **Q. Has FPL had any recent past opportunities to execute its emergency preparedness**
4 **plan and overall restoration process?**

5 A. Yes. Both in 2016 and 2017, FPL was required to implement its full-scale emergency
6 preparedness plan and restoration process as a result of impacts from Hurricanes
7 Hermine and Matthew in 2016, and Hurricane Irma in 2017.

8 **Q. Did FPL implement improvements to its emergency preparedness plans and**
9 **restoration process based on its experiences from these recent storms?**

10 A. Yes. Consistent with its culture of continuous improvement, FPL implemented several
11 enhancements to its processes based upon its experience with the 2016 and 2017
12 storms. I will discuss these later in my testimony.

13 **Q. How does FPL ensure the emergency preparedness plan and restoration process**
14 **are consistently followed for any given storm experience?**

15 A. Significant standardization in field operations has been institutionalized including:
16 work-site organization; work preparation and prioritization; and damage assessment.
17 For external crew personnel, FPL provides an orientation that includes safety rules,
18 work practices, and engineering standards. For external personnel providing patrol and
19 management assistance, training is provided to explain their duties as well as FPL
20 processes and procedures. Also, procedures to ensure rapid preparation and
21 mobilization of remote staging sites have been developed to allow FPL to establish
22 these sites in the most heavily damaged areas.

23

1 Storm plan requirements are documented in a variety of media including manuals, on-
2 line procedures, checklists, job aids, process maps, and detailed instructions. System
3 data is continuously monitored and analyzed throughout the storm. FPL conducts
4 multiple daily conference calls, utilizing structured checklists and agendas, with FPL
5 Command Center leadership to confirm process discipline, discuss overall progress,
6 and identify issues that can be resolved quickly because leaders from all FPL business
7 units participate. Conference calls are also held twice a day with all field restoration
8 and logistics locations to provide a further mechanism to ensure critical activities are
9 performed as planned and timely communications occur at all levels throughout the
10 organization. Also, each organization within FPL conducts its own daily conference
11 call(s) to ensure plans are executed appropriately and issues are being resolved
12 expeditiously. Overall monitoring and performance management of field operations
13 are performed through the FPL Command Center. In addition, FPL Command Center
14 personnel routinely conduct field visits once restoration has begun to validate
15 restoration process discipline and application, assess progress at remote work sites, and
16 identify any adjustments that may be required.

17 **Q. How does FPL assess its workload requirements?**

18 A. There are a variety of factors that impact restoration workload. In each storm, FPL
19 utilizes its damage forecast model to predict the expected damage and hours of work
20 to restore service. These forecasts are based on the location of FPL facilities, the
21 storm's projected path, and the effects of varying wind strengths on the electric
22 infrastructure. As conditions change, the damage model is updated. The workload
23 projections are matched with resource factors such as availability and location, and

1 FPL's capacity to efficiently and safely manage and support available resources. As
2 soon as the storm passes, certain employees are tasked with driving predetermined
3 routes to survey damage. Additionally, FPL utilizes damage assessments obtained
4 through aerial and field patrols and customer outage information contained in FPL's
5 outage management system.

6 **Q. How does FPL begin to acquire resources?**

7 A. Normally, 96 to 72 hours prior to expected storm impact, FPL begins to contact selected
8 contractors to assess their availability. Additionally, as a member of the Southeastern
9 Electric Exchange ("SEE") and Edison Electric Institute ("EEI"), FPL begins to utilize
10 the formalized industry processes to request mutual assistance resources. At 72 to 48
11 hours, depending on the storm track certainty and forecasted intensity, FPL may begin
12 to financially commit to acquire necessary resources and request that travel to and
13 within Florida commence. Resource needs are continually reviewed and adjusted, if
14 necessary, based on the storm's path, intensity fluctuations, and corresponding damage
15 model results.

16 **Q. Please provide detail on how FPL acquires additional resources.**

17 A. As previously mentioned, an important component of each restoration effort is FPL's
18 ability to scale up its resources to match the increased volume of workload. This
19 includes acquiring external contractors and mutual assistance from other utilities,
20 within (e.g., other Florida investor-owned, municipal and cooperative utilities) as well
21 as outside of Florida. FPL is a participating member of the SEE Mutual Assistance
22 Group. While this group is a non-binding entity, it provides FPL and other members
23 with guidelines on how to request assistance from a group of approximately 55 utilities,

1 primarily located in the southern and eastern United States. The guidelines require
2 reimbursement for direct costs of payroll and other expenses, including roundtrip travel
3 costs (i.e., mobilization/demobilization), when providing mutual aid in times of an
4 emergency. In addition, FPL participates with EEI and the National Response Event
5 organization to gain access to other utilities and has requested assistance from those
6 companies based on similar mutual assistance agreements. Resource requests may
7 include line crews, tree trimming crews, patrol personnel, crew supervisors, material-
8 handling personnel and, in some cases, logistics support.

9
10 FPL also has a number of contractual agreements with power line and vegetation
11 contractors throughout the U.S. Many of these agreements are with contractors that
12 FPL utilizes during normal operations. Depending on the severity of the storm and our
13 resource needs, a large number of additional line and vegetation companies may be
14 contracted to provide additional support pending their release from the utilities for
15 which they normally work. If these additional power line and vegetation contractors
16 are needed, FPL negotiates rates with the new contractors on an as-needed basis prior
17 to the commencement of work.

18 **Q. How does FPL take cost into account when acquiring resources for storm**
19 **restoration?**

20 A. As indicated earlier, while rapid restoration (the primary restoration objective) does not
21 permit the least overall cost for restoration, FPL is always mindful of costs when
22 acquiring resources. For example, prior to storm season, FPL's storm preparation
23 process includes negotiating contracts with vendors, which include line contractors,

1 tree trimming contractors, logistics, environmental, and salvage contractors. For line
2 and tree contractors, we endeavor to acquire resources based on a low-to-high cost
3 ranking and release these same resources from storm restoration assistance in reverse
4 cost order subject to the overriding objective of quickest restoration time and related
5 considerations. FPL also considers travel distance when procuring storm restoration
6 resources, as longer distances require increased drive times and can result in higher
7 mobilization/demobilization costs. Final contractor and mutual-aid resource decisions
8 take into consideration the number, availability, relative labor costs, and travel
9 distances of required resources. This information is then evaluated relative to the
10 expected time to restore customers.

11 **Q. Describe FPL's plan for the deployment and management of the incoming**
12 **external resources.**

13 A. The deployment and movement of resources are coordinated through the FPL
14 Command Center to monitor execution of the plan. Daily management of the crews is
15 performed by the field operations organization, which is responsible for executing
16 FPL's restoration strategy. Decisions on opening staging sites to position the
17 restoration workforce in impacted areas are based primarily on the arrival time(s) of
18 external resources. Daily analysis of workload execution and restoration progress
19 permits dynamic resource management. This enables a high degree of flexibility and
20 mobility in allocating and deploying resources in response to changing conditions and
21 requirements. Another critical factor is FPL's ability to assemble trained and
22 experienced management teams to direct field activities. As part of the storm
23 organization, management teams include Incident Commanders and crew supervisors

1 to directly oversee field work.

2 **Q. What controls are in place for the acquisition of resources?**

3 A. FPL has centralized all external resource acquisition within the FPL Command Center
4 organization. This organization approves resource acquisition targets, which are
5 continually monitored by the Planning Section Chief, who reports to me and keeps me
6 informed during the entire restoration process.

7 **Q. What processes and controls are in place to ensure the proper accounting of the
8 work performed by these resources and their time?**

9 A. During Hurricane Dorian, as with prior storms, these external resources were assigned
10 to an FPL Storm Production Lead when they arrived at their designated staging site.
11 The Storm Production Lead is responsible for verifying crew rosters as FPL accepts
12 these resources on to its system. The Storm Production Lead is also responsible for
13 reviewing and approving daily timesheets to ensure that time and personnel counts are
14 recorded accurately. The timesheets are then provided to the Finance Section Chief
15 (whose role and responsibilities are described in FPL witness Hughes testimony) and
16 sent to FPL's contractor payment center, where they are used to verify invoices
17 received from the contracted companies.

18 **Q. What logistics, logistics support personnel, and activities are required to support
19 the overall restoration effort?**

20 A. Logistic functions serve a key role in any successful restoration effort, i.e., ensuring
21 that basic needs and supplies are adequately available and provided to the thousands of
22 restoration personnel involved. These functions include, but are not limited to, the
23 acquisition, preparation, and coordination of: staging sites, environmental services,

1 salvage, lodging, laundry, buses, caterers, ice and water, office trailers, light towers,
2 generators, portable toilets, security guards, communications, and fuel delivery.
3 Agreements with primary vendors are also in place prior to the storm season as part of
4 FPL's comprehensive storm-planning process. FPL personnel from all parts of the
5 company meet additional logistics staffing needs. Most of these employees are pre-
6 identified, trained and assigned to provide site logistics management and support other
7 restoration workforce needs. FPL contracts for additional logistics resources for larger
8 restoration efforts that exceed internal logistics support capabilities.

9 **Q. Does FPL have controls in place to ensure that necessary items for logistics are**
10 **procured and appropriately accounted for?**

11 A. Yes. FPL's logistics organization is responsible for overseeing and coordinating the
12 procurement of resources required at our staging sites. The Logistics Section Chief
13 and logistics team ensure that each staging site's resource requirements are initially
14 procured and received. The Finance Section Chief also provides guidance and
15 assistance to help ensure active, real time financial controls are in effect and adhered
16 to during the restoration event. These points are discussed in more detail by FPL
17 witness Hughes.

19 **III. HURRICANE DORIAN**

20
21 **Q. Please provide an overview of Hurricane Dorian as it developed and began to**
22 **threaten Florida.**

23 A. Hurricane Dorian was the fourth named storm, second hurricane, and first major

hurricane of the 2019 Atlantic hurricane season, and Florida remained within the National Hurricane Center's ("NHC") forecasted cone of uncertainty ("forecasted cone") from August 26, 2019 into September 2, 2019. Dorian formed on August 24, 2019, from a tropical wave in the Central Atlantic and gradually strengthened as it moved toward the Lesser Antilles, becoming a hurricane on August 28. NHC forecasts issued on August 28 brought the center of Dorian over the Florida peninsula as a major hurricane.

The NHC forecast on August 29, 2019 became more alarming as it brought the projected landfall over FPL territory. On the next day, August 30, 2019, the forecast from the NHC became catastrophic as it brought the projected landfall to South Florida, the most populous counties in Florida (Exhibit MBM-2 shows NHC's forecasted cone for August 29-30, 2019).

Rapid intensification occurred, and on August 31, Dorian became a Category 4 hurricane. On September 1, Dorian reached Category 5 intensity, with maximum sustained winds of 185 mph, and a minimum central pressure of 910 mb (26.87 in Hg) while making landfall in Elbow Cay, Bahamas. Dorian made another landfall on Grand Bahama several hours later. A September 1 satellite view of this deadly storm is shown on Exhibit MBM-1. The ridge of high pressure steering Dorian westward collapsed on September 2, causing Dorian to stall just north of Grand Bahama for about a day. It is the strongest known tropical system to impact the Bahamas. While some of the models and the official forecast indicated Dorian's forward speed would decrease near the

1 Northwestern Bahamas, none of them indicated that Dorian was going to stall there,
2 which prolonged the uncertainty regarding potential landfall for Floridians.

3
4 At landfall in the Bahamas, Dorian was moving at just 5 mph, and moved at 5 mph or
5 less through the Bahamas for 27 hours at Category 5 strength. Dorian tracked only 25
6 miles in 24 hours—the second shortest straight-line distance tracked by an Atlantic
7 major hurricane in a 24-hour period since 1950. Portions of Dorian’s eyewall lashed
8 Great Abaco and Grand Bahama islands with Category 5 winds for a total of 22 hours
9 before the hurricane finally weakened to Category 4 strength.

10
11 Given the uncertainty in the track forecast and the anticipated increase in size of the
12 hurricane, a Hurricane Warning and Storm Surge Warning were issued by the NHC on
13 Sunday, September 1 for a portion of the Florida east coast. The NHC continued to
14 emphasize that although the official track forecast did not show landfall, users should
15 not focus on the exact track. A small deviation to the left of the track could bring the
16 intense core of the hurricane and its dangerous winds closer to or onto the Florida coast.
17 Florida remained within the NHC forecasted cone into September 2, 2019 (Exhibit
18 MBM-3 shows NHC’s forecasted cone for September 2, 2019). Additionally, the NHC
19 stated that life-threatening storm surge and dangerous hurricane-force winds were
20 expected along portions of the Florida east coast, and storm surge and hurricane
21 warnings were in effect. Only a slight deviation to the left of the official forecast would
22 bring the core of Dorian near or over the Florida east coast.

1 After stalling just over 100 miles east of West Palm Beach, Dorian steamed north
2 northwestward about 80 - 100 miles from the Florida coast Tuesday night, September
3 3, into Wednesday morning, September 4. The hurricane brought sustained tropical
4 storm-force winds and damaging storm surge flooding to several locations along the
5 Florida coast. The National Weather Service in Melbourne, Florida, reported numerous
6 gusts from Dorian in excess of 39 mph (tropical storm force). The highest gust at a
7 land-based station was 70 mph at an elevated tower at Cape Canaveral. Dorian brought
8 a storm surge of around two feet to central Florida at Port Canaveral. A surge of nearly
9 three feet occurred in northern Florida near Jacksonville.

10 **Q. Please provide an overview of how Hurricane Dorian eventually impacted FPL's**
11 **service territory.**

12 A. Florida Governor Ron DeSantis declared a state of emergency on August 28, as the
13 latest forecasts from the NHC projected Hurricane Dorian would make landfall on
14 Florida's East Coast as a major hurricane. Hurricane Dorian posed an enormous threat
15 to peninsular Florida, and for days was forecasted to make landfall in FPL's service
16 territory with as much as Category 5 force winds. After Dorian passed through the
17 Bahamas with its devastating Category 5 strength winds, Dorian's track shifted to the
18 east and its most damaging impacts fortunately remained offshore as it moved north,
19 sparing FPL's service territory and Florida from a direct impact, which would have
20 resulted in significant harm and damage. Hurricane Dorian's outer bands began to
21 directly impact FPL's service territory on September 1. Its impacts continued through
22 the morning hours of September 5, as Dorian's path essentially paralleled the east coast
23 of Florida as it traveled north. A Hurricane Warning issued by the NHC was in effect

1 for portions of Florida from September 1 into September 4.

2 **Q. Can you provide any comparisons (e.g., strength, size, path, etc.) between**
3 **Hurricane Dorian and hurricanes of the recent past that did not make landfall in**
4 **FPL's service territory, but impacted FPL's customers?**

5 A. Yes. Hurricane Matthew, similar to Hurricane Dorian, threatened FPL's service
6 territory as a major hurricane (Category 3 or higher), but ultimately did not make
7 landfall. In both cases, FPL had to prepare for powerful storms that were projected to
8 make landfall in FPL's service territory. Subsequent forecasts remained close enough
9 to the Florida east coast to provide significant uncertainty as a potentially devastating
10 hurricane approached. Hurricane Dorian, like Hurricane Matthew, rapidly
11 strengthened and achieved Category 5 intensity. In both instances, if these storms had
12 made direct landfall, there would have been massive devastation to large, heavily
13 populated portions of FPL's service territory. Fortunately, the paths of both storms
14 kept the most devastating winds just offshore, east of the Florida coastline.

15

16 Despite favorable path deviation in the tracks of both Hurricanes Matthew and Dorian,
17 winds and feeder bands impacted major portions of FPL's service territory. FPL and
18 State officials' prudent preparation for the potentially devastating impacts were key to
19 the safe and rapid restoration of electric service for our customers.

20

21

22

23

IV. FPL'S RESPONSE

Q. How did FPL initially prepare to respond to the potential impacts of Hurricane Dorian?

A. Shortly after Tropical Storm Dorian formed on August 24, 2019, FPL's emergency preparedness teams closely monitored the storm and initiated early discussions and preliminary preparations. FPL's first weather update call occurred on August 27, 2019 (96-hour call based on the NHC forecast track and timing at the time) and our first command center call occurred on August 28. On August 29, 2019, one-day after Governor DeSantis declared a state of emergency in all 67 counties, FPL activated its emergency response organization, staffed its Command Center and initiated the cadence of daily planning and management meetings to ensure the efficient and timely execution of all pre-landfall checklists and preparation activities. As a result of the NHC forecasts issued on August 29, 2019, which brought the center of Dorian over the Florida peninsula as a major hurricane, FPL began requesting resources arrive by August 31 and September 1 in order to pre-position across the state prior to anticipated landfall. Also, FPL initiated customer communications and outreach, urging customers to prepare for Hurricane Dorian's impacts, including potentially prolonged power outages. Through its pre-landfall planning activities, and based on the forecasted path and intensity of the storm, FPL reasonably anticipated the consequences of a massive and potentially devastating storm and began to commit to resources to be available to support the anticipated restoration work. FPL began to open staging sites and pre-position resources throughout its service territory.

1 **Q. What was the magnitude of damage to FPL's T&D infrastructure and the number**
2 **of customers that experienced outages as a result of Hurricane Dorian?**

3 A. In total, FPL restored service to more than 184,000 customers. Toppled trees, vegetation
4 outside of FPL's trim zone, and wind-blown debris were the leading causes of outages.
5 On average, customers' outages were restored in just over an hour and no outage
6 exceeded more than 24 hours. FPL's significant investments over the past decade in
7 smart grid technology, undergrounding power lines and strengthening the energy grid
8 enabled FPL to restore faster and avoid outages. For example, infrastructure storm-
9 hardened and placed underground performed well. Also, more than 37,000 outages
10 were avoided due to investments in smart grid technology (e.g., automated feeder
11 switches).

12 **Q. How did FPL ultimately respond to the impacts of Hurricane Dorian?**

13 A. FPL followed its well developed, systematic and well tested plan to respond to such a
14 weather event, which includes obtaining and pre-staging resources in advance of the
15 storm. There was significant uncertainty in the ultimate path and timing of forecasted
16 impact to FPL's service territory. Even as some of the models subsequently began to
17 project that the storm would turn north and remain offshore, a slight deviation to the
18 west of the modeled track, which was supported by the NHC's forecasted cone going
19 into September 2, 2019, could have been catastrophic for much of Florida's east coast.
20 During this period, FPL remained prepared for any potential outcome.

1 **V. T&D RESTORATION COSTS**

2

3 **Q. What were the final Hurricane Dorian T&D restoration costs?**

4 A. As provided in Exhibit MBM-4, FPL's T&D Hurricane Dorian Restoration Costs, total
5 T&D restoration costs were \$233.6 million or approximately 97% of total restoration
6 costs (reflected in Line 10 of Exhibit DH-1). Exhibit MBM-4 also contains a breakdown
7 of these costs by function (i.e., Transmission and Distribution) and major cost category
8 (i.e., Regular and Overtime Payroll and Related Costs, Contractors, Vehicle & Fuel,
9 Materials & Supplies, Logistics, and Other).

10

11 As shown on Exhibit MBM-4, two of the major T&D cost categories ("Contractors"
12 and "Logistics") account for \$212.3 million, or approximately 91% of Total T&D
13 restoration costs. T&D "Contractors" costs account for \$183.5 million, or
14 approximately 79% of the Total T&D restoration costs, and include external line
15 contractors, mutual assistance utilities, FPL embedded contractors, line clearing/tree
16 trimming contractors, and other contractors (e.g., contractors performing overhead line
17 patrols and environmental assessments) that supported FPL's service restoration efforts
18 and follow-up work to restore facilities to their pre-storm condition. T&D "Logistics"
19 costs totaled approximately \$28.8 million, or approximately 12% of Total T&D
20 restoration costs, and include costs associated with staging sites and other support needs,
21 such as lodging, meals, water, ice, and buses.

22

23 The other five cost categories in Exhibit MBM-4 account for the remaining \$21.3

1 million or approximately 9% of the Total T&D restoration costs. \$9.5 million of the
2 remaining costs are comprised of “Regular and Overtime Payroll & Related Costs”
3 associated with FPL employees who directly supported Hurricane Dorian T&D service
4 restoration efforts and follow-up work. This includes FPL linemen, patrollers, other
5 field support personnel, and T&D staff personnel. \$0.9 million of the remaining costs
6 are associated with “Materials & Supplies,” which includes costs associated with items
7 such as wire, transformers, poles, and other electrical equipment used to restore electric
8 service for customers and repair and restore storm-impacted FPL facilities to their pre-
9 storm condition. The other \$11.0 million includes costs associated with the “Vehicle &
10 Fuel” and “Other” major cost categories. “Vehicle & Fuel” covers FPL’s vehicle and
11 associated fuel costs, including costs for fuel that FPL supplied to line contractors,
12 mutual assistance utilities, and other contractors. The “Other” category includes costs
13 not previously captured, such as affiliate payroll and related costs, contractors, freight
14 charges and other miscellaneous items.

15 **Q. Please describe the follow-up work required for T&D.**

16 A. As previously discussed, the primary objective of FPL’s emergency preparedness plan
17 and restoration process is to safely restore critical infrastructure and the greatest number
18 of customers in the least amount of time. At times, this means utilizing temporary fixes
19 (e.g., bracing a cracked pole or cross arm) and/or delaying certain repairs (e.g., replacing
20 lightning arrestors and repairing street lights) that are not required to restore service
21 expeditiously. However, these conditions must be subsequently addressed during the
22 restoration follow-up work phase, to restore to their pre-storm condition.

23

1 Restoring FPL's T&D facilities to their pre-storm condition is generally a two-step
2 process: (1) assessing/identifying the necessary follow-up work to be completed; and
3 (2) executing the identified work.
4

5 VI. NON-T&D RESTORATION COSTS

6

7 **Q. Please provide an overview of FPL's non-T&D business units that engaged in**
8 **storm preparation and restoration activities related to Hurricane Dorian, together**
9 **with the associated costs.**

10 A. The great majority of the work associated with FPL's preparations for, response to, and
11 restoration following Hurricane Dorian were related to T&D functional areas.
12 However, virtually every other business unit within FPL was engaged in pre-storm
13 planning and preparation as well as post-storm restoration activities, all of which
14 contributed to the overall success of the restoration efforts. Included within the family
15 of non-T&D business units that contributed to this effort, together with associated
16 costs, are the following (also referenced in FPL witness Hughes' Exhibit DH-1):
17

- 18 • Nuclear - \$2.9 million
 - 19 • General - \$3.0 million
 - 20 • Power Generation Division ("PGD") - \$641 thousand
 - 21 • Customer Service - \$441 thousand
- 22

1 These costs were necessary as part of storm preparation and the execution of storm
2 restoration efforts and support functions. The majority of these costs are related to
3 payroll and for services provided by contractors.

4 **Q. Please identify the costs attributable to the activities undertaken by Nuclear as**
5 **related to Hurricane Dorian.**

6 A. FPL's nuclear business unit incurred approximately \$2.9 million in storm-related costs
7 related to restoration activities. These costs were incurred for storm preparations, storm
8 riders, repairs at its St. Lucie nuclear site, and mobilization and demobilization
9 activities for the St. Lucie and Turkey Point plants. Both plants remained on-line and
10 operational during the storm event.

11 **Q. Did Nuclear retain contractors to assist?**

12 A. Yes. Contractors were engaged to assist FPL personnel in preparation efforts at both
13 the St. Lucie and Turkey Point sites and for the repairs at St. Lucie.

14 **Q. Please provide an overview of the main business units in the "General" category.**

15 A. The business units grouped in the "General" category primarily include Marketing and
16 Communications ("Communications"), Information Technology ("IT"), and Corporate
17 Real Estate ("CRE"). Before, during and after Hurricane Dorian, Communications was
18 responsible for all aspects of communications, both internally with employees and
19 externally with customers and stakeholders. More than 30 channels of communication
20 were utilized, including but not limited to e-mail, automated calls, text messaging,
21 media events, news conferences, news releases to the media, and communications to
22 local leaders, state and federal elected officials, regulators, and large commercial
23 customers. IT was responsible for the delivery and support of system business

1 solutions, technology infrastructure (client services, mobile services, servers, network,
2 etc.), and both wired and wireless technology.

3

4 CRE was responsible for preparing all buildings and substations for potential storm
5 impacts, assessing damage to buildings and sites following the storm, and repairing
6 damage caused by the storm. Furthermore, CRE provided all janitorial, facilities, and
7 food service to critical storm support locations.

8 **Q. Please identify the costs attributable to the activities undertaken by the business**
9 **units in the “General” category as related to Hurricane Dorian.**

10 A. Total costs incurred by the business units included in the “General” category were
11 approximately \$3.0 million, the majority of which was related to payroll and services
12 provided by contractors.

13 **Q. Did any of the business units in the “General” category retain contractors to**
14 **assist?**

15 A. Yes. All three of the business units in the General category retained contractors.
16 Communications’ contractors primarily supplemented the work of the FPL internal
17 team in the areas of visual communication support, media relations, social media
18 staffing, and technical support for digital communications. IT utilized a contractor who
19 provided services to support the Trouble Call Management System, which tracks
20 outage tickets and trouble reports during restoration. CRE retained and managed
21 contractors for building services and maintenance. Contractors were also retained for
22 debris removal at corporate offices, substations, and service centers and the
23 replacement of any damaged vegetation as required by the towns, cities, and counties.

1 **Q. Please identify the costs attributable to the activities undertaken by PGD as**
2 **related to Hurricane Dorian.**

3 A. PGD incurred approximately \$641 thousand in storm-related costs, the majority of
4 which were related to payroll and contractors. PGD activated its site-specific
5 procedures for securing equipment, bringing in personnel to ride out the storm at the
6 plant, and perform storm restoration as quickly as possible after the storm.

7 **Q. Did PGD retain contractors to assist?**

8 A. Contractors were engaged to assist FPL personnel in multiple preparation efforts
9 across the fossil and solar generating fleet. This work primarily involved scaffold
10 rental, intake inspections and the provision of equipment such as diesel generators.

11 **Q. Please identify the costs attributable to the activities undertaken by Customer**
12 **Service as related to Hurricane Dorian.**

13 A. Customer Service incurred approximately \$441 thousand in storm-related costs, the
14 majority of which was related to payroll and services provided by contractors.

15 **Q. Please explain Customer Service's role as a result of Hurricane Dorian.**

16 A. Customer Service employees, together with retained contractors, primarily handled
17 communications from customers reporting outages and hazardous conditions, customer
18 complaints, and communications with governmental entities. The FPL Customer Care
19 centers extended daily schedules to 13-hour shifts covering 24 hours/day, and
20 coordinated with Gulf Power to further assist in handling outage calls. During
21 restoration, Customer Service also assessed the impact Hurricane Dorian had on the
22 communication status of network devices, conducted back-office analyses and field
23 investigations, and repaired or replaced non-communicating devices.

1 **Q. Were the activities of Nuclear, Customer Service, PGD, and the business units**
2 **discussed in the “General” category prudent and the associated costs reasonable**
3 **as part of FPL’s overall response to Hurricane Dorian?**

4 **A. Yes.**

5

6 **VII. EVALUATING FPL’S RESTORATION RESPONSE**

7

8 **Q. Would you consider FPL’s Hurricane Dorian restoration plan and its execution to**
9 **be effective?**

10 **A. Yes.** As mentioned previously, FPL’s primary goal is to safely restore critical
11 infrastructure and the greatest number of customers in the least amount of time so that
12 FPL can quickly return to normalcy the communities it serves. Although Hurricane
13 Dorian ultimately did not make direct landfall in FPL’s territory, it impacted more than
14 184,000 customers, and FPL’s restoration plan and its execution were very effective in
15 restoring them to service quickly.

16 **Q. What factors contributed to the effectiveness of FPL’s Hurricane Dorian**
17 **restoration plan and execution?**

18 **A. The rapid restoration accomplished was in large part a result of FPL’s preparation for**
19 the potentially devastating damage to FPL’s territory, based on forecasts by the National
20 Hurricane Center. Hurricane Dorian ultimately did not make landfall in FPL’s service
21 territory and the overall successful restoration effort resulted from, among other actions:

- 22 • Strong centralized command, solid plans and processes and consistent
23 application of FPL’s overall restoration strategy (e.g., focusing first on

- 1 restoring critical infrastructure and devices that serve the largest number
2 of customers);
- 3 • Utilization of FPL's damage-forecasting model, along with aerial patrols
4 and ground assessments, that allowed us to identify the number and
5 location of needed resources;
 - 6 • Aggressive and prudent acquisition, pre-positioning, and redeployment
7 of restoration resources;
 - 8 • Robust outage management system functionality and real-time
9 information, which allowed FPL to continually gauge restoration
10 progress and make adjustments as changing conditions and requirements
11 warranted;
 - 12 • Strong alliances with vendors, which assured an ample, readily available
13 supply of materials; and
 - 14 • Previous storm restoration experience, application of lessons learned,
15 process enhancements, regular practice and training, and employee skill
16 and commitment.

17 **Q. Please describe the key restoration plan/process enhancements that were**
18 **implemented as a result of recent FPL storm experiences?**

19 A. Enhancements adopted and utilized by FPL during 2016 and 2017 as well as several
20 additional enhancements implemented during Hurricane Dorian included:

- 21 • Implemented improved tracking of vendor crews by having their FPL
22 contacts whenever possible ascertain their starting time and location,
23 ending time and location, and add miscellaneous comments associated

1 with their mobilization to/from FPL territory.

- 2 • Deployed Aqua Dam at St. Augustine Substation to protect equipment
3 from a potential storm surge.
- 4 • Implemented a more effective acquisition and re-deployment of external
5 resources (e.g., committing to acquiring external resources and having
6 them travel and pre-staging them closer, yet out of danger, to the areas
7 expected to be affected by the approaching storm to enable FPL to begin
8 restoration work more quickly);
- 9 • Pre-staged mobile sleepers within territory for availability once the storm
10 had passed. Goal of eliminating travel time during the course of
11 restoration, and thereby increase restoration productivity;
- 12 • Supported pre-staged resources at processing and staging sites with port-
13 o-lets, tower lights, and Container Foldout Rigid Temporary Shelters
14 (“CFORTS”). Assisted with delivered meals when local restaurants
15 were not available;
- 16 • Increased physical fuel inventory and improved fuel delivery capabilities
17 (both FPL and vendor-supplied resources);
- 18 • Improved coordination with County EOCs, including designating
19 restoration personnel pre-storm to assist with road-clearing efforts and
20 ensuring key critical infrastructure facilities requiring restoration
21 prioritization are identified, and establishing an online government portal
22 that allows government officials to obtain the latest news releases and
23 information on customer outages, estimated restoration times, FPL crew

resources, outage maps, and other information. All of these enable EOCs to better serve their respective communities' needs;

- Added advanced new tools, such as automated voice calls to customers, increased outreach and storm updates utilizing social and broadcast media, daily news briefings and embedded reporters at the FPL Command Center, to better communicate accurate, timely information to FPL customers;
- Increased the utilization of advanced technology, such as using smart grid technology, drones, and mobile devices to facilitate damage assessments and deployed FPL's Mobile Command Centers and Community Response Vehicles (high-tech remote command posts and communication hubs that quickly relay crucial information, decisions and logistical needs to/from FPL's Command Center) to impacted areas to provide better, faster and more efficient support;
- FPL expanded the pool of drone pilots after the success of utilizing drones during Hurricane Irma. We learned that the vegetation team benefited from the use of drones to better understand the volume and the need for additional crews. In addition, during Hurricane Dorian we were able to use an internal application that allowed the drone pilots to upload all their images, this application also sorts the pictures by location on a map.
- Retained a robust list of staging sites at multiple locations throughout the state and maintained contact with site owners to ensure availability and

1 use; and

- 2 • Expanded the pre-provisioning and capital enhancements (e.g., paved
3 parking lots, installed technology) of strategic staging site locations for
4 faster set-up and activation, which enabled rapid activation of these sites
5 to support restoration work.

6
7 These processes are examples of FPL's culture of continuous improvement in storm
8 preparation and response.

9 **Q. In the Commission-approved Hurricane Irma Settlement Agreement (Docket No.**
10 **20180049-EI), FPL described a new smart phone Application (the "iStormed**
11 **App") it intended to introduce during the 2019 storm season for entry, recording**
12 **and approval of time and expenses for line and vegetation contractors. Was the**
13 **App used during Hurricane Dorian?**

14 A. No. FPL fully intended to utilize the iStormed App during the 2019 storm season.
15 However, when Hurricane Dorian formed just a few weeks after the Commission
16 approved the Hurricane Irma Settlement Agreement, the Company determined that it
17 needed to perform additional testing and training before requiring the use of the
18 iStormed App during what was projected to be a devastating Category 5 hurricane. As
19 a result, FPL believed that the prudent course of action was to forego use of the
20 iStormed App for Hurricane Dorian activities in order to facilitate a more efficient
21 restoration effort.

1 **Q. In the absence of the data expected to be obtained through the use of the iStormed**
2 **App, what did the Company do to address the commitments contained in the**
3 **Hurricane Irma Settlement Agreement?**

4 A. First, it should be noted that paragraph 17 of the Hurricane Irma Settlement Agreement
5 recognized that there could be occasions where it would not be feasible or practicable
6 to use the iStormed App. In those circumstances, FPL would provide Staff and the
7 parties with the data in the format that was captured or documented by the Company.
8 That is precisely what the Company will do in this case.

9 **Q. Did the Company also agree to continue to follow procedures, and where**
10 **necessary to implement new procedures, to document exceptions to vendor billing,**
11 **as described in paragraphs 6 and 9 through 13 of the Hurricane Irma Settlement**
12 **Agreement?**

13 A. Yes. FPL developed and implemented an extremely detailed process that was used to
14 review vendor invoices, document exceptions, make reductions where appropriate, and
15 ultimately to authorize payments. This process is addressed in detail in the direct
16 testimony of FPL witness Gerard.

17 **Q. What are your conclusions regarding FPL's Hurricane Dorian restoration**
18 **efforts?**

19 A. Beginning on August 28, 2019, the NHC forecast indicated a major hurricane making
20 landfall in Florida. In the next few days, the NHC's messaging would become more
21 harrowing as it would warn of "life-threatening storm surge" and "devastating
22 hurricane-force winds." The possibility of the strongest hurricane to strike Florida's east
23 coast since Hurricane Andrew in 1992 weighed on the state as Florida Governor Ron

1 DeSantis declared a state of emergency for counties along the east coast of Florida,
2 which was later expanded throughout the state as the threat of Dorian loomed closer.
3 Hurricane Dorian was a record-setting powerful storm, clocking wind gusts at over 200
4 mph and sustained winds of 185 mph, leaving apocalyptic damage in the Bahamas. As
5 millions of anxious Floridians across the state finished days of preparation and hunkered
6 down with their families for a storm that threatened significant destruction, hundreds of
7 FPL employees crammed into roll-away beds and cots in conference rooms and cubicles
8 in preparation for an anticipated historic restoration effort. Ultimately, Floridians were
9 under the threat of Hurricane Dorian per the NHC's forecasted cone from August 26
10 through September 2, 2019.

11

12 Governor DeSantis later praised FPL during the period when Hurricane Dorian was
13 approaching Florida, "Let me just thank Florida Power & Light for what they did during
14 the run-up to Dorian here in Florida. We, as many of you know, when this thing first
15 became the beast that it was, it was outside of Puerto Rico basically just doing a beeline
16 to the state of Florida. And at that point the cone of uncertainty essentially covered the
17 entire state. I mean you had, it could go south to Miami, it could have gone north to
18 Jacksonville, it could have gone across the state and ended up in the Gulf. So there was
19 all kind of scenarios and so FPL, I think you surged – how many total? – like 17,000
20 folks were ready to go. Obviously they had to kind of wait, wait and wait because the
21 storm took so long to be able to go where it needed to go. But that was really great
22 preparation and I think that's not always the case anytime there's a storm in any part of
23 the country..."

1 FPL's restoration performance was excellent and significantly faster than it was during
2 the 2004 and 2005 storm seasons. Our commitment to continuous improvement was
3 instrumental in achieving this excellent performance. The implemented improvements
4 and enhancements provided significant benefits and contributed to the remarkable
5 achievement of quickly restoring service to the vast majority of the more than 184,000
6 customers experiencing an outage, such that the average time a customer was without
7 service was limited to approximately one hour after the storm cleared FPL's service
8 territory.

9
10 Storm restoration is not an exact or precise science and there are always opportunities
11 for improvement and at FPL we strive to learn from each experience. However, overall,
12 I believe the entire restoration team, which included FPL employees, contractors and
13 mutual assistance utilities personnel, performed extremely well. This allowed FPL to
14 meet our overarching objective to safely restore critical infrastructure and the greatest
15 number of customers in the least amount of time. Storm restoration is a dynamic and
16 challenging process that tests the fortitude of each person involved. I am exceptionally
17 proud and extremely grateful to have been associated with such a committed and
18 dedicated restoration team.

19 **Q. Does this conclude your direct testimony?**

20 **A.** Yes.

Satellite View of Hurricane Dorian on September 1, 2019



National Hurricane Center's 5-day Forecast Track
for Hurricane Dorian on August 29 and 30, 2019

Exhibit MBM-2, Page 1 of 2

National Hurricane Center's 5-day Forecast Track for Hurricane Dorian –
Thursday, August 29, 2019



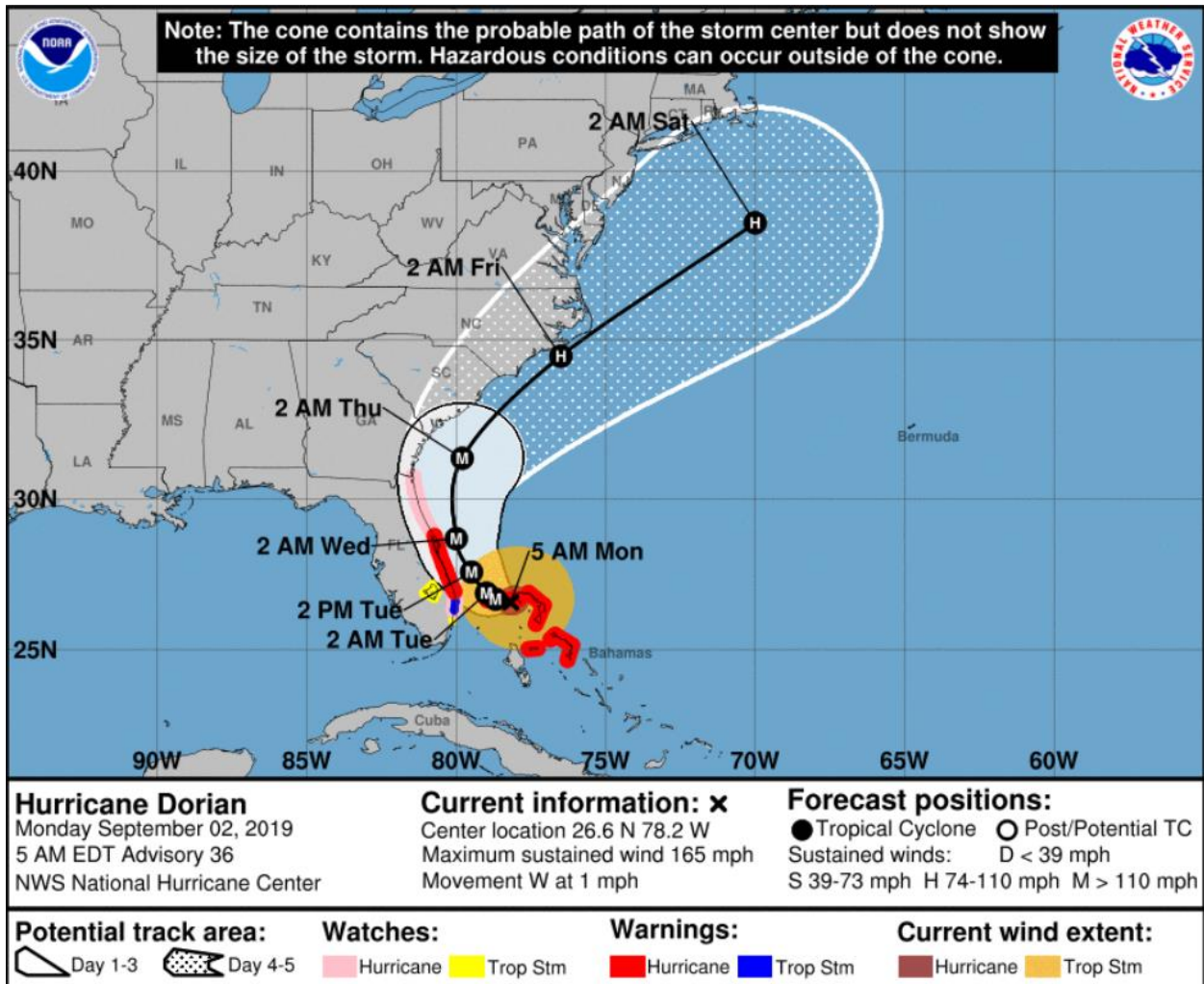
National Hurricane Center's 5-day Forecast Track
for Hurricane Dorian on August 29 and 30, 2019
Exhibit MBM-2, Page 2 of 2

National Hurricane Center's 5-day Forecast Track for Hurricane Dorian –
Friday, August 30, 2019



Exhibit MBM-3, Page 1 of 1

Monday, September 2, 2019



FPL's T&D Hurricane Dorian Restoration Costs (A) (\$000s)

Storm Costs as of May 31, 2020

	Transmission	Distribution	Total T&D (D)	% (D)
Regular Payroll and Related Costs (B)	\$318	\$1,982	\$2,300	1%
Overtime Payroll and Related Costs (B)	\$766	\$6,393	\$7,158	3%
Contractors (C)	\$170	\$183,302	\$183,472	79%
Vehicle & Fuel	\$86	\$8,653	\$8,738	4%
Materials & Supplies	\$168	\$698	\$866	0%
Logistics	\$40	\$28,755	\$28,795	12%
Other	\$36	\$2,245	\$2,281	1%
Total (D)	\$1,584	\$232,028	\$233,611	100.0%

(A) Includes costs associated with follow up work

(B) Represents total payroll charged to business unit (function) being supported - see DH-1 footnote (C)

(C) Includes line clearing - \$0 for Transmission and \$32,880 for Distribution

(D) Totals might not add due to rounding

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY

DIRECT TESTIMONY OF CLARE GERARD

JUNE 29, 2020

1 **I. INTRODUCTION**

2

3 **Q. Please state your name and business address.**

4 A. My name is Clare Gerard. My business address is Florida Power & Light Company,
5 15430 Endeavor Drive, Jupiter, FL 33478.

6 **Q. By whom are you employed and what is your position?**

7 A. I am employed by Florida Power & Light Company ("FPL" or the "Company") as
8 Senior Director of Business Services Power Delivery.

9 **Q. Please describe your educational background and professional experience.**

10 A. I have a Bachelor of Arts in Mathematics from Boston University and a Master of
11 Science in Financial Mathematics from Florida State University. I joined FPL in 2004
12 and have 15 years of financial, managerial, and commercial experience gained from
13 serving in a variety of positions within Power Marketing, Corporate Development, and
14 Power Delivery. I have held several leadership positions within those business units,
15 including my current position.

16 **Q. Please describe your duties and responsibilities as the Senior Director of Business**
17 **Services in the Power Delivery Business Unit.**

18 A. As Senior Director of Business Services, I oversee a team that is responsible for
19 financial planning and analysis, audits and compliance for the Power Delivery Business
20 Unit, and street light restoration for FPL's Power Delivery organization. In this role, I
21 led the team that was responsible for reviewing invoices submitted to FPL by line
22 contractors and vegetation contractors to assure compliance with contractor agreements

1 and applicable provisions of the Commission-approved settlement agreement filed in
2 Docket 20180049-EI (the “Hurricane Irma Settlement Agreement”).

3 **Q. Please explain the specific duties and responsibilities related to your supervision**
4 **and oversight of the Hurricane Dorian invoice review process.**

5 A. During the Hurricane Dorian invoice review process, which took place between
6 October 2019 and June 2020, I directed the FPL team that was principally responsible
7 for reviewing and validating contractor invoices. Under my guidance and direction,
8 our team either validated and approved contractor invoices for payment, or
9 alternatively identified the need to reject or modify certain submissions that were
10 resolved through adjustments to the contractor invoices.

11 **Q. Are you sponsoring any exhibits in this case?**

12 A. Yes. I am sponsoring the following exhibit:

- 13 • CLG-1 – Example Travel Log for Hurricane Dorian Line and Vegetation
14 Contractors¹

15 **Q. What is the purpose of your testimony?**

16 A. The purpose of my testimony is to provide a detailed overview of the Company’s
17 process of reviewing, approving, and where applicable, adjusting invoices for FPL’s
18 Hurricane Dorian line and vegetation contractors.

19 **Q. Please summarize your testimony.**

20 A. My testimony establishes that FPL followed a detailed, deliberate, and comprehensive
21 process to review contractor invoices (which, for purposes of my testimony, include
22 line and vegetation contractors) related to Hurricane Dorian. My testimony details the

¹ The term “travel log” represents a compilation of data exported from REDi, together with information developed by the Cost Finalization Team.

1 full scope of FPL's invoice review process, which included invoice receipt, individual
2 invoice review, and follow-up analysis to ensure that invoices were paid in
3 conformance with contractor-specific contract terms. And while this review process
4 was in its final stage as of May 31, 2020 when costs were calculated for inclusion in
5 FPL's Exhibit DH-1, with less than \$3 million still in the review and dispute process,
6 FPL has already reduced restoration costs by \$9 million and reasonably expects the
7 total reduction to be approximately \$10 to \$12 million. This process also facilitated
8 the ability of FPL to produce supporting data for its Hurricane Dorian costs in an
9 electronic format, notwithstanding the fact that FPL's iStormed Application (the
10 "iStormed App") for recording and approving or rejecting contractor costs was not used
11 during this storm event.

12 **Q. Please describe the teams responsible for FPL's contractor invoice review process.**

13 A. FPL's invoice review process for line and vegetation contractors was comprised of two
14 distinct teams within the storm organization: the accounts payable ("AP") team and the
15 cost finalization ("CF") team.

16
17 The AP team was responsible for creating and receiving the invoice template from the
18 contractor, preliminary review of each contractor-submitted file, reconciliation of the
19 amount to be paid to the contractor, and, after receiving the results of the work
20 performed by the CF team, submitting the approved and reconciled payments to the
21 appropriate contractor.

22

1 The CF team was responsible for the detailed review of the invoices to ensure
2 compliance with the terms and conditions of the agreements with the line and
3 vegetation contractors and the provisions in the Hurricane Irma Settlement Agreement
4 related to the review and approval of line and vegetation contractor invoices.

5 **Q. In the process of reviewing invoices, what support did the AP and CF teams**
6 **receive?**

7 A. The AP and CF teams were supported by FPL employees who held several key storm
8 response functions. Specifically, assistance was provided in the invoice review process
9 by FPL employees who held the following storm roles during the Dorian event:

- 10 • Travel Coordinators, who were responsible for coordinating and tracking the
11 progress of contractor crews during mobilization and demobilization;
- 12 • Storm Approvers, individuals (e.g., Production Leads, Arborists, Operations
13 Section Chiefs) who were responsible for the more detailed oversight of
14 contractor crews, and who were responsible for signing time sheets, and
15 approving expenses, including exceptions to the contractor agreements, where
16 appropriate;
- 17 • Integrated Supply Chain (“ISC”), the group responsible for the agreements
18 entered into with contractors, the continuing relationships with those
19 contractors, and with logistics, including establishment and operation of staging
20 sites, the provision of lodging and meals; and
- 21 • Fleet, the group responsible for purchasing fuel and fueling the trucks at the
22 staging sites.

1 Individuals in these functions had direct contact with line and vegetation crews, had
2 information that helped validate labor hours and/or expenses, and served as a source of
3 information when verification was required.

4 **Q. Please describe the training provided in advance of the 2019 hurricane season to**
5 **employees with certain storm assignments to assist those employees in the real**
6 **time review of contractor timesheets and requests for approval of expenses.**

7 A. In addition to FPL's annual pre-storm season training and participation in FPL's dry
8 run, employees with certain storm assignments attended sessions with a specific
9 emphasis on processes involving the oversight and management of line and vegetation
10 contractors, and the importance of signing timesheets and contemporaneously
11 documenting approvals and exceptions to the terms of the agreements with contractors.
12 This training provided explanations of the differing statements of work governing
13 FPL's relationships with its line and vegetation contractors, and discussions related to
14 the Hurricane Irma Settlement Agreement with a focus on paragraph 6 and paragraphs
15 8 through 13.

16
17 In October 2019, the Company formed the CF team as part of the invoice review
18 process. Before undertaking the actual review process, CF team members reviewed
19 and became familiar with the applicable line and vegetation contractor statements of
20 work and the Hurricane Irma Settlement Agreement, and received training in the
21 systems and processes used to record and validate costs during the restoration process.

II. INVOICE REVIEW PROCESS

Q. Please describe the general process by which FPL received, reviewed, and approved or adjusted line and vegetation contractor invoices for payment.

A. FPL's process for the receipt, review, and approval or adjustment of line and vegetation contractor invoices involved a four phase process.

- Phase 1: Contractor Invoicing – The AP team obtained lists of contractors and rates from ISC and created an invoice template for each contractor. Templates were prepared to capture storm working hours, overtime hours, stand-by time, mobilization/demobilization, and double time as well as expenses and equipment miles and hours. Each contractor submitted completed invoice templates to the AP team. These completed templates formed the basis of what we refer to as “flat files”, which are contractor-specific.
- Phase 2: Preliminary Review - After receipt of contractor invoices, the AP team compared invoiced time, equipment, and expenses charged to FPL signed timesheets and supporting receipts, as applicable, to ensure that FPL had support for invoiced amounts. These invoices, having received an initial review from the AP team, were then sent to the CF team.
- Phase 3: Cost Finalization – The CF team performed a detailed review of invoices for allowable charges and approval. This detailed review placed emphasis on verifying that costs submitted by contractors were reimbursable per the line and vegetation contracts. Based on this detailed review, any

1 applicable adjustments and documented comments are made directly to the flat
2 file.

- 3 • Phase 4: Reconciliation and Payment – The AP team reviewed and compared
4 the SAP system calculated payment amounts to the flat file for accuracy by
5 comparing the total calculated payment amounts to the previously reconciled
6 and approved amounts.

7 **Q. Please explain FPL’s review of contractors’ timesheet hours and how that was**
8 **accomplished.**

9 A. The timesheet review was undertaken during Phase 2 and Phase 3 of this review
10 process. This portion of the process involved two verifications specific to hours
11 recorded on timesheets. One verification consisted of the review of hours charged for
12 mobilization and demobilization (“mob/demob”), which is the time a crew spends
13 traveling to FPL’s processing site (mob) and time traveling home (demob). The other
14 verification involved the review of timesheets reflecting the crews’ working time and
15 standby time.

16 **Q. Please explain how FPL validated the timesheet hours related to mob/demob.**

17 A. FPL’s analysis of timesheet hours related to mob/demob is best explained by separating
18 the activities that were undertaken by the CF team into three buckets. The first involved
19 the CF reviewer manually reviewing any comments on the contractor’s physical
20 timesheets, which could indicate to the reviewer anything that could have impacted
21 travel. The second involved the CF reviewer comparing the hours billed on the
22 contractor’s flat file to the hours recorded by the Travel Coordinator. The type of
23 information available to the CF reviewer in each contractor’s flat file is reflected in

1 Exhibit CLG-1. If the hours on the contractor's flat file were *greater* than the hours
2 indicated by the Travel Coordinator, then the reviewer would adjust the flat file by
3 reducing the hours to match the Travel Coordinator notes. If the hours on the
4 contractor's flat file were *less* than the hours indicated by the Travel Coordinator, then
5 the reviewer would allow the original hours submitted by the contractor on the flat file.
6 If there were significant discrepancies between the flat file and the Travel Coordinator
7 notes, then the CF reviewer would request more information from the contractor to
8 verify the mob/demob hours.

9
10 The last activity involved a separate verification, undertaken by the CF reviewer,
11 confirming that the contractor was not billing hours as mob/demob after its arrival to
12 the FPL processing site or following its return home or release to another utility, by
13 comparing the flat file hours to the Travel Coordinator's notes.

14 **Q. Please explain how FPL validated the timesheet hours related to working and**
15 **standby time.**

16 A. For timesheet hours related to working time, FPL undertook a series of verification
17 activities. The first required the CF reviewer to verify an individual contractor's
18 working days based on the Travel Coordinator's notes (see Exhibit CLG-1). Second,
19 the reviewer verified that the physical timesheet during storm working hours was
20 reviewed and signed by the appropriate FPL Storm Approver. Third, the CF reviewer
21 compared the contractor's flat file to the signed contractor timesheet to identify and
22 reconcile any differences between the two. If discrepancies existed, the timesheet was
23 separately discussed with the FPL Storm Approver to allow the reviewer to verify the

1 actual working time. The results of this analysis were used to update the contractor's
2 flat file. Lastly, any applicable adjustments to the contractor's mob/demob hours were
3 included in their flat file.

4
5 Standby time is appropriately billed when a contractor crew is mobilizing, but asked to
6 hold or remain on-site, or not working while the storm is impacting the system, and
7 waiting until conditions allow for restoration work to begin. If the invoice includes
8 billing for standby time, the CF reviewer will verify that the standby time is coded
9 correctly on the flat file and does not exceed the maximum allotted hours for standby
10 time included in the vendor statement of work. If billing for standby time is not
11 appropriate under the circumstances, is coded incorrectly, or exceeds approved hours,
12 the CF reviewer will adjust the flat file as necessary.

13 **Q. Were there occasions when CF reviewers encountered timesheets that were not**
14 **signed by the FPL Storm Approver?**

15 A. Yes.

16 **Q. Please explain the process FPL used to address this situation.**

17 A. Timesheets associated with mob/demob were not required to be signed by the FPL
18 Storm Approver as the contractor was in transit and had not yet been checked in through
19 FPL's processing site. As a result, it was determined this situation was best addressed
20 by the CF reviewer utilizing all available supporting documentation from the contractor
21 and Travel Coordinator notes.

1 Timesheets associated with working or standby time were required to be signed by the
2 FPL Storm Approver. In instances where FPL was not able to obtain the originally
3 signed timesheet for working time during Hurricane Dorian or if the timesheet was
4 signed by a non-FPL employee, it was sent to the corresponding FPL Storm Approver
5 for confirmation, signature, and any contemporaneous notes.

6 **Q. How did FPL review expenses claimed by a contractor?**

7 A. A review of claimed expenses, such as lodging, per diem, and fuel, was conducted by
8 the CF reviewer to ensure adherence to the statement of work and the Hurricane Irma
9 Settlement Agreement.

10 **Q. What process was used to determine whether contractor expenditures for meals**
11 **would be reimbursed?**

12 A. Per diem expenses were generally paid during mob/demob for up to 3 meals per day.
13 However, if the per diem total was different than the number of team members, or the
14 number of meals expected based upon the time travelled (e.g., if a team didn't leave
15 their home base until the late afternoon), then the contractor's flat file was adjusted to
16 ensure that they were only reimbursed for the appropriate number of meals. If the
17 contractor chose to purchase an offsite meal after they were onsite and FPL provided
18 meals were available, the item was rejected unless approved by the Storm Approver
19 supervising that crew in which case the appropriate per diem total was allowed – the
20 meal was not paid.

21

22

1 **Q. Please explain how FPL addressed issues involving charges submitted by**
2 **contractors for lodging expenses.**

3 A. The CF reviewer would confirm that the total dollars on hotel receipts during
4 mob/demob were consistent with the contractor's flat file and averaged to
5 approximately \$100 or less per team member per day. If hotel receipts were given
6 during working days, then the reviewer would inquire if FPL provided a room for the
7 team for that day. If the contractor made alternate arrangements on a day when FPL
8 provided a room, the cost was rejected by the reviewer unless approved by the Storm
9 Approver supervising that crew or other documentation was provided.

10

11 **III. HURRICANE IRMA SETTLEMENT AGREEMENT**

12

13 **Q. Did FPL utilize the iStormed App described in the Hurricane Irma Settlement**
14 **Agreement?**

15 A. No. FPL witness Miranda explains in his direct testimony why the iStormed App was
16 not used during the Hurricane Dorian preparation and restoration efforts.

17 **Q. In the absence of the iStormed App, what efforts did FPL undertake to meet the**
18 **requirements of the Hurricane Irma Settlement Agreement?**

19 A. The Hurricane Irma Settlement Agreement was used as a foundational document for
20 FPL's development of the invoice review process used by the AP and CF teams. Even
21 in the absence of the iStormed App, FPL organized its data collection methodology to
22 ensure that data and information that would have been collected through the iStormed

1 App was captured through an alternative medium. An example of this is the flat file
2 discussed earlier in my testimony.

3 **Q. Did FPL develop additional invoice review criteria as a result of the Hurricane**
4 **Irma Settlement Agreement?**

5 A. Yes. Paragraph 6 and paragraphs 9 through 13 of the Hurricane Irma Settlement
6 Agreement included provisions related to the development of information pertinent to
7 the invoice review process. The CF team incorporated the provisions of the Hurricane
8 Irma Settlement Agreement into their review process.

9 **Q. Paragraph 6 of the Hurricane Irma Settlement Agreement discusses iStormed**
10 **App data (e.g., crew, billing, exceptions, etc.) that can be exported into sortable**
11 **and searchable Excel files. Is FPL providing this data as part of this filing?**

12 A. Yes. Although the iStormed App was not utilized during Hurricane Dorian restoration,
13 FPL is providing its Hurricane Dorian data in searchable and sortable Excel files
14 concurrently with the filing of its Petition and direct testimony. Additionally, the
15 Company will make available data in the format in which it was captured or
16 documented by FPL.

17 **Q. Paragraphs 9 through 11 of the Hurricane Irma Settlement Agreement address**
18 **travel time and expenses of contractors travelling to and from FPL to assist with**
19 **restoration. How did FPL monitor travel time and expenses incurred as a result**
20 **of Hurricane Dorian?**

21 A. FPL relied upon information gathered by its Travel Coordinators as the most reliable
22 data to monitor travel time and expenses during mobilization and demobilization. This
23 process provided information such as the time a crew began traveling each day, where

1 it started, where a crew ended its travel each day, and at what time it stopped for the
2 night. Furthermore, this constant communication with the contractors provided FPL a
3 better understanding of anticipated arrival times and explanations for delays such as
4 traffic or weather.

5 **Q. What steps did FPL take to monitor pace of travel, time of travel, and related**
6 **expenses addressed in paragraphs 9 through 11 of the Hurricane Irma Settlement**
7 **Agreement, and how was this information incorporated into the invoice review**
8 **process?**

9 A. During mob/demob, Travel Coordinators were in regular contact with assigned crews
10 and would speak with those crews several times each day to discuss the crew's current
11 location. As a result of the information discussed during these communications, the
12 Travel Coordinators documented impacts to travel, including but not limited to delays
13 as a result of weather and traffic. The Travel Coordinator would speak to a crew several
14 times throughout the day to determine the time a crew began traveling each day, where
15 it left from, and when and where they stopped for the night. This same process was
16 followed when the crews travelled back to their home base, or were released to another
17 utility.

18 **Q. In addition to the tools used to monitor travel and expenses as part of invoice**
19 **review process, did FPL use any other tools to geographically track the crews?**

20 A. Yes. Where it was reasonably practicable to do so, FPL used the Crew Tracking App
21 to help geographically track storm crews real-time during mobilization and
22 demobilization for operational purposes. However, the Crew Tracking App is not

1 designed for and was not used to document exceptions to the line and vegetation
2 contract provisions regarding travel and expenses.

3 **Q. How did the invoice review team confirm that contractors were compensated for**
4 **actual travel time, including stops (e.g., for fuel, meals, weigh stations)?**

5 A. Verification of these costs and expenses would be determined consistent with the
6 timesheet analysis process described earlier in my testimony. Ultimately, the FPL CF
7 team would verify travel time based on information collected and provided by Travel
8 Coordinators.

9 **Q. As part of its invoice review process, how did FPL ensure that contractors**
10 **maintained the pace of travel addressed in paragraph 11 of the Hurricane Irma**
11 **Settlement Agreement?**

12 A. FPL Travel Coordinators noted on a team-by-team basis the starting and ending times
13 and locations for each day of travel. The CF reviewer calculated the total time and
14 distance a crew traveled on any given day based on this information. With this
15 information, the CF reviewer was able to determine whether the crew travelled at a rate
16 equivalent to approximately 500 miles in a 16-hour day.

17

18 If the team travel rate was consistent with the provisions of the Hurricane Irma
19 Settlement Agreement, the reviewer approved the mobilization hours the contractor
20 submitted. In the event the team encountered a delay, such as severe weather or traffic,
21 it was noted in the travel log, and the information was factored into the determination
22 of the acceptable pace of travel. If the travel rate was less than the equivalent of
23 approximately 500 miles in 16 hours, and no supporting information was provided to

1 the Travel Coordinator or with the submitted invoice, approved labor hours were
2 reduced as necessary to meet the approved standard.

3
4 When available, the analysis of the team's mobilization orders also included a
5 comparison of the location and dates on the contractor's travel log, as well as lodging
6 and fuel receipts. In the circumstance where the starting and ending locations were
7 not the same on the two sets of data, the reviewer would request that the contractor
8 provide additional mobilization and demobilization details and then adjust
9 accordingly.

10 **Q. Paragraph 12 of the Hurricane Irma Settlement Agreement states that FPL will**
11 **continue to manage external line crew contracts to avoid paying double time rates.**
12 **As part of its invoice review process, how did FPL comply with this requirement**
13 **and ensure double time rates were not paid to line crews?**

14 A. FPL's contracts with line crews did not allow for double time rates. As such, line crew
15 invoices purporting to bill double time were rejected, and the contractors were paid
16 consistent with the terms of their agreement with the Company.

17 **Q. Paragraph 13 of the Hurricane Irma Settlement Agreement discusses contractors'**
18 **meals and fueling, which are expected to be provided by FPL after a crew was on-**
19 **boarded. As part of its invoice review process, how did FPL ensure compliance**
20 **with this paragraph of the Hurricane Irma Settlement Agreement?**

21 A. Once a crew was on-site, its meals were generally provided by FPL. If per diem was
22 claimed when a crew was on-site, a reviewer would check with the appropriate Storm

1 Approver to confirm if a per diem was allowed due to an extenuating circumstance. If
2 the reviewer found no extenuating circumstance, then the receipt was rejected.

3
4 All fuel transactions required supporting receipts. If any fuel receipt dates fell within
5 a crew's mob/demob time, the reviewer automatically rejected the fuel transactions, as
6 those costs were already incorporated into the contractor's mob/demob rates. If after
7 onboarding a crew submitted a receipt for fuel, that receipt would only be approved for
8 payment if authorized as a permissible exception by the Storm Approver.

9 **Q. If any exceptions related to paragraphs 6 and 8-13 in the Hurricane Irma**
10 **Settlement were noted as part of the invoice review process, were they**
11 **appropriately documented?**

12 A. Yes they were. As discussed in a number of my responses, the invoice review team
13 required documentation of exceptions, or subsequent acknowledgement that the
14 exceptions had been approved, before approving payment for those items.

15 **Q. Please explain the process of documenting these exceptions.**

16 A. Approval of exception items related to paragraphs 6 and 8-13 were documented on a
17 per transaction basis by crew and by contractor for expenses, and on a per employee
18 per day basis for hours worked and mob/demob time. If an exception was presented,
19 the CF reviewer would document the reason why the transaction was deemed
20 appropriate, or would consult with the appropriate FPL Storm Approver for
21 confirmation that the exception had been approved.

1 **Q. How were invoice discrepancies resolved?**

2 A. For each identified discrepancy (e.g., labor hours, charges not authorized by contract
3 terms, unauthorized expenses, etc.), the CF team would reduce the reimbursement
4 request, or would contact ISC to work with the contractor to obtain additional
5 information. If appropriate supporting documentation was thereafter provided to
6 validate the invoice, the issue was documented as resolved, and payment was approved.
7 Otherwise, the CF reviewer had the authority to modify or reject invoices, as
8 appropriate, to reflect only validated amounts.

9 **Q. Did the invoice review process result in a reduction of the total payments made on**
10 **invoices submitted in connection with Hurricane Dorian?**

11 A. Yes. Charges that could not be validated have already resulted in a reduction of
12 approximately \$9 million, representing approximately 5% of the line and vegetation
13 contractor invoices reviewed by the CF team. Because less than \$3 million is still in
14 the review and dispute process, the reduction of vendor billed charges will be identified
15 with more precision once the remaining disputes have been resolved.

16 **Q. Do you have any observations about the fact that a thorough review of all invoices**
17 **resulted in a reduction of approximately 5%?**

18 A. Yes. The fact that approximately 5% of the invoice total amount had to be adjusted
19 through this comprehensive review process shows that FPL managed its contractors
20 and the restoration process in such a way as to largely eliminate any charges not
21 authorized under the terms of the contractor's contract. Additionally, the
22 comprehensive review process undertaken by the CF team was successful in further
23 confirming the actual costs associated with Hurricane Dorian restoration.

1 **Q. As a result of FPL’s extensive invoice review process in the aftermath of**
2 **Hurricane Dorian, has the Company identified any lessons learned to further**
3 **improve the process?**

4 A. Yes. Consistent with FPL’s culture of continuous improvement, we are currently
5 evaluating potential modifications to the invoice receipt and review process based on
6 our experiences during Hurricane Dorian in an effort to further improve an already
7 robust process. Through the use of the iStormed App, our initial focus is to eliminate
8 the amount of paper and manual effort needed to review and substantiate storm
9 contractor payments. At the same time, use of the iStormed App will facilitate real-
10 time decisions on approval or rejection of exceptions to the terms and provisions of the
11 contractual arrangements with line and vegetation contractors. The iStormed App will
12 largely mirror the information captured today on paper daily timesheets, but will allow
13 the submission and corresponding approval or rejection of those timesheets
14 electronically and in real time or near real time. The full scope of the iStormed app is
15 undergoing additional enhancements, but the main focus is to leverage technology and
16 automated processes.

17

18 The vegetation contracts are also being renegotiated in order to simplify their rates,
19 which in turn will make reviewing the invoices less burdensome in the future. FPL
20 will also be conducting additional training for personnel in the field based on lessons
21 learned.

22

1 Additionally, FPL has added a new storm role for employees who will serve as
2 Mobilization Leads. The Mobilization Leads will review travel coordinator notes
3 during the mobilization and demobilization processes to facilitate review in a timely
4 manner, and approve or adjust travel costs and expenses in accordance with the
5 applicable contracts and provisions of the Hurricane Irma Settlement Agreement.

6 **Q. What are your conclusions regarding FPL's storm invoice process for Hurricane**
7 **Dorian line and vegetation contractors?**

8 A. FPL's invoice review process was thorough and comprehensive, and ensured that the
9 payments for line and vegetation contractors were individually reviewed, verified, and
10 processed. While it is impossible to eliminate 100% of all potential human error from
11 a largely manual process involving the review, validation, verification and processing
12 of over 1,500 invoices, the Company's invoice review process was properly designed
13 and administered, and FPL has already reduced restoration costs by \$9 million and
14 reasonably expects the total reduction to be approximately \$10 to \$12 million.

15 **Q. Does this conclude your direct testimony?**

16 A. Yes.

Example Travel Log for Hurricane Dorian Line and Vegetation Contractors
Exhibit CLG-1, Page 1 of 2

Travel Team	# of Miles Traveled	Reason Code	CF Comments (if any)	FPL/Contractor	Sending Site	Receiving Site
ExampleMA001	312	Traffic		Example Company	MA	PA
ExampleMA001	757	Traveled >500 miles per 16 hours		Example Company	PA	GA
ExampleMA001	346	Traveled >500 miles per 16 hours	TC notes state arrived at staging site at 11:00am	Example Company	GA	CF1
ExampleMA001	N/A	N/A - Not mobilizing/demobilizing		Example Company	CF1	WB1
ExampleMA001	304	Traveled >500 miles per 16 hours		Example Company	WB1	FL
ExampleMA001	653	Traveled >500 miles per 16 hours		Example Company	FL	VA
ExampleMA001	611	Traveled >500 miles per 16 hours		Example Company	VA	MA
ExampleMA002	312	Time Sheet adjustment due to Pace of Travel	1. Hanson Mass to Scranton, PA (Hotel receipts) 2. $312/15.5 = 20.13$ mph	Example Company	MA	PA
ExampleMA002	757	Traveled >500 miles per 16 hours	Scranton, PA to Augusta, GA (Hotel receipts)	Example Company	PA	GA
ExampleMA002	346	Traveled >500 miles per 16 hours		Example Company	GA	CF1
ExampleMA002	N/A	N/A - Not mobilizing/demobilizing		Example Company	CF1	WB1
ExampleMA002	304	Time Sheet adjustment due to Pace of Travel	$304/5 = 60.80$ mph	Example Company	WB1	FL
ExampleMA002	653	Traveled >500 miles per 16 hours		Example Company	FL	VA
ExampleMA002	611	Traveled >500 miles per 16 hours		Example Company	VA	MA

Example Travel Log for Hurricane Dorian Line and Vegetation Contractors
Exhibit CLG-1, Page 2 of 2

Travel Order Notes	Start Date	Check-in Date	Team Notes	Version
Hanson*13:30*Straton*22:00**Stopping in Straton PA tonight. Experiencing traffic. Got to PA on time.	08/30/19 01:30PM	08/31/19 06:44AM	John Doe is the main contact at 123-456-7890 Jane Doe is the team lead.	
Straton*06:00*Augusta*23:30**Bunked in Straton. Hit the road from Straton to Augusta on 8/31/19 at 06:00.	08/31/19 06:00AM	09/01/19 08:23AM	John Doe is the main contact at 123-456-7890 Jane Doe is the team lead.	
Augusta*04:30*Daytona*11:00**Left Augusta early.	09/01/19 04:30AM	09/01/19 02:28PM	John Doe is the main contact at 123-456-7890 Jane Doe is the team lead.	
null	09/01/19 03:00PM	09/02/19 06:26AM	John Doe is the main contact at 123-456-7890 Jane Doe is the team lead.	
West Palm Beach*16:30*Jacksonville*22:30**	09/03/19 04:30PM	09/04/19 06:49AM	John Doe is the main contact at 123-456-7890 Jane Doe is the team lead.	
Jacksonville*06:00*Staunton*22:00**	09/04/19 06:00AM	09/05/19 09:53AM	John Doe is the main contact at 123-456-7890 Jane Doe is the team lead.	
Staunton*06:00*Hanson*21:00**	09/05/19 06:00AM	09/05/19 09:26PM	John Doe is the main contact at 123-456-7890 Jane Doe is the team lead.	
Hanson Mass*07:00*Harrisburgh*22:30*n/a*Will start again @ 6:00am tomorrow	08/30/19 06:00AM	08/31/19 07:02AM	Note, 18 field workers	
Harrisburg*06:00*Augusta*22:00**Crew on the road at 8/31/19 06:00. Aiming for Augusta GA. Arrived to Augusta at 22:00. Had some truck issues.	08/31/19 06:00AM	09/01/19 08:15AM	Note, 18 field workers	
Augusta*04:30*Daytona*11:00**	09/01/19 04:30AM	09/01/19 02:15PM	Note, 18 field workers	
null	09/01/19 03:00PM	09/01/19 09:13PM	Note, 18 field workers	
West Palm Beach*16:30*Jacksonville*21:30**	09/03/19 04:30PM	09/04/19 07:30AM	Note, 18 field workers	
Jacksonville*06:00*Staunton*22:00**	09/04/19 06:00AM	09/05/19 09:53AM	Note, 18 field workers	
Staunton*06:00*Hanson*21:00**	09/05/19 06:00AM	09/05/19 09:26PM	Note, 18 field workers	

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
FLORIDA POWER & LIGHT COMPANY
DIRECT TESTIMONY OF DAVID HUGHES
JUNE 29, 2020

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1 I. INTRODUCTION

2

3 **Q. Please state your name and business address.**

4 A. My name is David Hughes, and my business address is Florida Power & Light
5 Company, 700 Universe Boulevard, Juno Beach, Florida 33408.

6 **Q. By whom are you employed and what is your position?**

7 A. I am employed by Florida Power & Light Company ("FPL" or the "Company") as
8 Assistant Controller.

9 **Q. Please describe your duties and responsibilities in that position.**

10 A. I am responsible for financial accounting, as well as internal and external reporting, for
11 FPL and Gulf Power Company ("Gulf Power"). As a part of these responsibilities, I
12 ensure that the financial reporting for these entities complies with the requirements of
13 Generally Accepted Accounting Principles ("GAAP") and multi-jurisdictional
14 regulatory accounting requirements. In addition, I manage the accounting of FPL and
15 Gulf Power's cost recovery clauses, and the preparation and filing of FPL's monthly
16 earnings surveillance report with the Florida Public Service Commission ("FPSC" or
17 "Commission").

18 **Q. Please describe your educational background and professional experience.**

19 A. I graduated from the Pennsylvania State University in 1997 with Bachelor of Science
20 Degrees in Business Logistics and Health Policy Administration, and earned a Bachelor
21 of Business Administration in Accounting from Florida Atlantic University in 2001.
22 From 2002 to 2008, I was employed as an independent auditor by Ernst & Young in
23 their West Palm Beach, Florida office. I joined FPL in 2008 and have worked in

1 various accounting and reporting roles throughout my 12-year tenure with the
2 Company. I am a Certified Public Accountant licensed in the State of Florida.

3 **Q. Are you sponsoring any exhibits in this case?**

4 A. Yes. I am sponsoring Exhibit DH-1 – Hurricane Dorian Incremental Cost and
5 Capitalization Approach Adjustments, which provides the restoration costs for
6 Hurricane Dorian as of May 31, 2020. The overwhelming majority of costs have been
7 finalized. However, a small portion of invoices are still under review. The Company
8 expects to finalize the remaining Hurricane Dorian costs subsequent to its initial filing,
9 and will provide a revised Exhibit DH-1 at that time.

10

11 As explained in detail below, FPL is not seeking any incremental recovery for the storm
12 costs through either a surcharge or depletion of the storm reserve.

13 **Q. What is the purpose of your testimony?**

14 A. The purpose of my testimony is to present the amount of Hurricane Dorian storm
15 restoration costs incurred by FPL and the accounting treatment for those costs. In
16 addition, I demonstrate that FPL's storm restoration and accounting processes and
17 controls are well established, documented, and implemented by Company personnel
18 who are trained to ensure proper storm accounting and ratemaking. I discuss how the
19 Company addressed certain provisions of FPL's Hurricane Irma Stipulation and
20 Settlement Agreement approved by the Commission in Order No. PSC-2019-0319-S-
21 EI, Docket No. 20180049-EI (the "Hurricane Irma Settlement Agreement") including
22 supporting documentation for storm expenses. I also explain that FPL used a combined
23 simple average of hourly internal Company and embedded contractor rates to determine

1 the amount of costs to capitalize, as described in paragraph 20 of the Hurricane Irma
2 Settlement Agreement. Finally, I discuss FPL's election not to seek incremental
3 recovery for Hurricane Dorian storm-related costs through either a surcharge or
4 depletion of the storm reserve and to instead charge the storm-related costs as base
5 operations and maintenance ("O&M") expense rather than charging them to Federal
6 Energy Regulatory Commission ("FERC") Account No. 228.1, Accumulated Provision
7 for Property Insurance (the "storm reserve"), as authorized by Rule 25-6.0143(1)(h),
8 Use of Accumulated Provision Accounts 228.1, 228.2 and 228.4, Florida
9 Administrative Code ("F.A.C.") ("the Rule").

10 **Q. Please summarize your testimony.**

11 A. FPL's long standing control processes and procedures were employed for Hurricane
12 Dorian storm costs to ensure proper storm accounting and ratemaking. Finance or
13 Accounting representatives ("Finance Section Chiefs") and business unit finance
14 representatives ("Business Unit Coordinators"), together with additional FPL
15 employees, ensured active, real-time financial controls during the storm event. Post
16 storm restoration, the Accounting department reviewed the storm loss estimates
17 compiled by each functional business unit for reasonableness prior to recording to the
18 financial statements. Additionally, FPL's accounting of Hurricane Dorian costs
19 complies with the applicable provisions of the Hurricane Irma Settlement Agreement.
20 Through the application of FPL's well established accounting processes and controls,
21 the Company ensured proper accounting of all Hurricane Dorian costs.

1 After removing Hurricane Dorian related capital costs, the remaining amount of
2 Hurricane Dorian storm restoration costs was \$240.3 million. FPL decided to forego
3 the option of seeking incremental recovery of these costs through a surcharge or
4 depletion of the storm reserve, and instead recognized the costs as base O&M expense.

6 II. STORM ACCOUNTING PROCESS AND CONTROLS

8 **Q. Please describe the accounting guidance and process that FPL uses for storm**
9 **costs.**

10 A. FPL's storm accounting process adheres to Accounting Standards Codification 450,
11 Contingencies ("ASC 450"), which prescribes that an estimated loss from a loss
12 contingency is recognized only if the available information indicates that (1) it is
13 probable an asset has been impaired or a liability has been incurred at the reporting
14 date, and (2) the amount of the loss can be reasonably estimated. FPL incurs a liability
15 for a qualifying event, such as a hurricane, because it has an obligation to customers to
16 restore power and repair damage to its system. Therefore, once a hurricane event has
17 transpired, FPL makes an assessment of the estimated cost to restore the system to pre-
18 event conditions and accrues that liability in full when the amount can be reasonably
19 estimated under ASC 450. FPL's storm accounting process is well established and
20 consistently applied. The Company's storm accounting process was applied for the
21 Hurricane Dorian storm restoration costs.

1 **Q. How does FPL track storm restoration costs?**

2 A. FPL establishes unique functional (i.e., distribution, transmission, etc.) internal orders
3 ("IOs") for each storm to aggregate the total amount of storm restoration costs incurred
4 for financial reporting and regulatory recovery purposes. The Company uses these IOs
5 to account for *all* costs directly associated with restoration, including costs that would
6 not be recoverable from FPL's storm reserve based on the Commission's requirements
7 under the Incremental Cost and Capitalization Approach ("ICCA") methodology. All
8 storm restoration costs charged to storm IOs are captured in FERC Account 186,
9 Miscellaneous Deferred Debits. All costs charged to FERC Account 186 are
10 subsequently cleared and charged to either the storm reserve, base O&M expense,
11 capital, or below-the-line expense, as applicable.

12 **Q. When did FPL begin charging costs related to Hurricane Dorian to the storm IOs?**

13 A. Due to the expected risk of significant outages and substantial infrastructure damages,
14 FPL began making financial commitments associated with securing resources prior to
15 Hurricane Dorian's anticipated impact. On August 29, 2019, in accordance with FPL's
16 Storm Accounting Policy and with authorization from FPL's President and CEO, FPL
17 established and activated storm IOs to begin tracking and charging costs for Hurricane
18 Dorian. An email communication was sent to all FPL business units to inform them
19 that storm IOs had been activated for purposes of collecting and tracking storm
20 restoration charges. Attached to the email, FPL also provided: (1) a listing of IOs by
21 function and location, (2) guidance on recording time for payroll, and (3) guidance on
22 the types of costs eligible to be charged to storm IOs. The pre-landfall costs charged
23 to the storm IOs included the acquisition of external resources (e.g., line and vegetation

contractors), mobilization and pre-staging of internal and external resources, opening of staging and processing sites, reserving lodging, and securing FPL's existing operational facilities in preparation for the impacts of the storm.

Q. What operational internal controls are in place during a restoration event to ensure storm accounting procedures are followed?

A. Finance and Accounting employees are key to storm restoration accounting and controls. The FPL Command Center organization recognizes the critical role and responsibilities of these employees. Finance Section Chiefs are assigned to each staging and processing site to ensure active, real-time financial controls are in effect and adhered to during the restoration event. Responsibilities of the Finance Section Chief include ensuring procedural compliance with internal cost controls, providing guidance and oversight to ensure prudent spending, collecting and analyzing data in real-time, such as contractor timesheets, and assisting with the proper accounting of mutual aid resources. Representatives from FPL's Human Resources department also are embedded at many sites and perform internal control support tasks such as providing guidance on the proper information to include on employee timesheets.

In addition, Business Unit Coordinators perform a storm controllership function for their respective business units. The responsibilities of the Business Unit Coordinator include communicating the storm IO instructions to the personnel directly supporting storm restoration, ensuring that appropriate costs are charged to the storm IOs, and preparing cost estimates before, during, and after the restoration is complete.

1 FPL performs extensive training each year in advance of storm season for both the
2 Finance Section Chiefs and Business Unit Coordinators, which includes live training
3 and drills during FPL's "dry run" storm event. Costs associated with the annual
4 training are not considered storm restoration costs and not included in the costs
5 presented in this docket.

6 **Q. Did FPL utilize these processes in advance of and during its response to Hurricane**
7 **Dorian?**

8 A. Yes. These controls were used to effectively ensure that storm accounting processes
9 were followed.

10 **Q. Does FPL's Accounting department complete a review of storm restoration costs**
11 **recorded by each business unit once restoration is complete?**

12 A. Yes. Post storm restoration, the Accounting department reviews the storm loss
13 estimates compiled by each functional business unit for reasonableness prior to
14 recording to the financial statements. Accounting will then charge these costs to either
15 the storm reserve, base O&M expense, capital, or below-the-line expense, as
16 applicable, to ensure proper ratemaking and recording to the financial statements.

17

18 **III. HURRICANE IRMA SETTLEMENT AGREEMENT PROVISIONS**

19

20 **Q. Please discuss the provisions included in the Hurricane Irma Settlement**
21 **Agreement that were incorporated into the review of Hurricane Dorian costs.**

22 A. In her direct testimony, FPL witness Gerard describes in detail the processes followed
23 in the receipt, review, approval or adjustment of line and vegetation contractor invoices.

1 I will address certain provisions of the Hurricane Irma Settlement Agreement that relate
2 more specifically to accounting issues as follows:

- 3 • FPL to provide supporting expense documentation including a summary of
4 expenses showing total expenses incurred by specified cost categories
5 (Paragraph 16);
- 6 • FPL to provide data exported from FPL's iStormed Application (the "iStormed
7 App") "including vendor crews, time reported and travel days" (Paragraph 16);
- 8 • "FPL will engage an independent outside audit firm to conduct an audit of the
9 Company's filed recoverable storm costs of the first named tropical system
10 named by the National Hurricane Center for which claimed damages exceed
11 \$250 million" (Paragraph 18); and
- 12 • "FPL will use a combined simple average of hourly internal Company and
13 embedded contractor rates that are the type normally incurred in the absence of
14 a storm to determine amounts to capitalize to plant, property, and equipment
15 along with the materials and other cost of equipment" (Paragraph 20).

16 **Q. Has FPL provided the supporting files for Hurricane Dorian expenses described**
17 **in paragraph 16 of the Hurricane Irma Settlement Agreement?**

18 A. Yes. In accordance with Paragraph 16 of the Hurricane Irma Settlement Agreement,
19 FPL is providing sortable spreadsheets concurrently with the filing of its petition and
20 direct testimony to support the total costs incurred by cost category for Hurricane
21 Dorian on Exhibit DH-1.

1 **Q. Did FPL use the iStormed App during Hurricane Dorian?**

2 A. No. As explained by FPL witness Miranda, Hurricane Dorian formed just a few weeks
3 after the Commission approved the Hurricane Irma Settlement Agreement. As
4 Hurricane Dorian formed, the Company determined that it needed to perform additional
5 testing and training before requiring the use of the iStormed App, the tool designed for
6 recording and approving or rejecting contractor costs during restoration. Although FPL
7 fully intended to utilize the iStormed App during the 2019 storm season, the Company
8 believed that the prudent course of action was to forego use of the iStormed App in
9 2019.

10 **Q. How did this decision impact the application of the one-time audit provision**
11 **discussed in paragraph 18 of the Hurricane Irma Settlement Agreement?**

12 A. Because FPL and OPC agreed in the Hurricane Irma Settlement Agreement that the
13 most productive use of the one-time audit provision would be undertaken in connection
14 with FPL's use of the iStormed App during restoration of a qualifying storm, FPL and
15 OPC filed a Joint Motion to Approve a Hurricane Irma Settlement Implementation
16 Agreement in Docket No. 20180049-EI. On April 14, 2020, the Commission issued its
17 Notice of Proposed Agency Action Order Approving Hurricane Irma Settlement
18 Implementation Agreement (Order No. PSC-2020-0104-PAA-EI) granting the request
19 contained in the Joint Motion.¹ In that Order, the Commission found that "to delay the
20 audit until the next qualifying named storm is reasonable and fulfills the intent of the
21 provisions in the Storm Settlement that we previously approved. Thus, we find that the
22 Implementation Agreement is hereby approved as in the public interest."

¹ The Commission subsequently issued its Consummating Order (Order No. PSC-2020-0153-CO-EI) on May 14, 2020, making Order No. PSC-2020-0104-PAA-EI final and effective.

1 **Q. Subsequent to FPL and OPC filing the Joint Motion to Approve a Hurricane Irma**
2 **Settlement Implementation Agreement in Docket No. 20180049-EI, has FPL**
3 **determined that the actual Hurricane Dorian storm costs did not in fact exceed**
4 **the \$250 million threshold that would trigger the paragraph 18 Initial**
5 **Independent Audit provision?**

6 **A. Yes. Based upon the analyses as reflected on Exhibit DH-1, FPL has determined that**
7 **Hurricane Dorian storm costs did not exceed \$250 million.**

8 **Q. Paragraph 20 of the Hurricane Irma Settlement Agreement provides a specific**
9 **methodology for the capitalization of costs. Did FPL calculate capital costs**
10 **pursuant to this methodology?**

11 **A. Yes. In capitalizing Hurricane Dorian costs incurred as a result of the restoration**
12 **immediately following the storm, FPL used a combined simple average of hourly**
13 **internal Company and embedded contractor rates that are the type normally incurred in**
14 **the absence of a storm to determine the amount of costs to capitalize to plant, property,**
15 **and equipment along with the materials and other costs.**

16

17 **IV. ACCOUNTING TREATMENT FOR HURRICANE DORIAN**

18

19 **Q. How does FPL typically account for storm restoration costs?**

20 **A. As described previously, FPL utilizes unique storm IOs for each function and location**
21 **to record and track all storm restoration activities for each event, which are**
22 **accumulated in FERC Account 186. All costs charged to FERC Account 186 are**

1 subsequently cleared and charged to either the storm reserve, base O&M expense,
2 capital, or below-the-line expense, as applicable.

3
4 The amount of capital costs for each storm event are determined and removed by
5 applying part (1)(d) of the Rule, which states that "...the normal cost for the removal,
6 retirement and replacement of those facilities in the absence of a storm" should be the
7 basis for calculating storm restoration capital. As described above, per paragraph 20
8 of the Hurricane Irma Settlement Agreement, the hourly rate applied is the "combined
9 simple average of hourly internal Company and embedded contractor rates that are the
10 type normally incurred in the absence of a storm." The capital cost amount is credited
11 from FERC Account 186 and debited to FERC Account 107, Construction Work in
12 Progress ("CWIP"). FPL also reclassifies non-recoverable amounts to below-the-line
13 expense, if such costs were incurred.

14
15 When the storm restoration costs are charged to the storm reserve, the ICCA
16 methodology is used to remove the non-incremental O&M expenses, which are
17 subsequently credited from FERC Account 186 and debited to base O&M.

18
19 After the capital costs, non-recoverable costs, and non-incremental O&M expenses are
20 removed from FERC Account 186, the remaining balance, representing incremental
21 storm charges, is jurisdictionalized by using retail separation factors authorized by the
22 Commission in FPL's most recent base rate case, and credited from FERC Account
23 186 and debited to the storm reserve. The remaining non-retail component of the

1 incremental storm charges is credited from FERC Account 186 and debited to base
2 O&M expense, leaving a zero balance in FERC Account 186.

3 **Q. How did FPL account for Hurricane Dorian storm restoration costs?**

4 A. FPL accounted for all of the Hurricane Dorian storm restoration costs in FERC Account
5 186. FPL then determined the amount of capital accumulated in FERC Account 186
6 and removed those costs from FERC Account 186 and recorded them to the appropriate
7 FERC accounts. In December 2019, FPL decided to forego the option of seeking
8 incremental rate recovery of the Hurricane Dorian storm restoration costs through a
9 storm surcharge or depletion of the storm reserve, as permitted under the 2016 Rate
10 Case Settlement Agreement and Rule 25-6.0143(1)(h), F.A.C., and instead elected to
11 record the incremental Hurricane Dorian storm restoration costs to base O&M expense.
12 This accounting treatment avoided a storm surcharge for recovery of the Hurricane
13 Dorian storm restoration costs and replenishment of the storm reserve.

14 **Q. What categories of storm restoration costs did FPL charge to FERC Account 186**
15 **for Hurricane Dorian?**

16 A. As reflected on page 1 of Exhibit DH-1, FPL charged \$240.6 million in storm
17 restoration costs related to Hurricane Dorian to FERC Account 186. The categories of
18 costs outlined below are reflected on Lines 1-10 on Exhibit DH-1:

- 19 • **FPL Regular Payroll and Related Costs:** Reflects \$3.0 million of regular
20 payroll and related payroll overheads for FPL employee time spent in direct
21 support of storm restoration. This amount excludes bonuses and incentive
22 compensation.

- 1 • **FPL Overtime Payroll and Related Costs:** Reflects \$9.3 million of overtime
2 payroll and payroll tax overheads for FPL employee time spent in direct support
3 of storm restoration.
- 4 • **Contractor and Line Clearing Costs:** Reflects \$185.9 million of costs
5 primarily related to mutual aid utilities, line contractors, and vegetation
6 contractors.
- 7 • **Vehicle and Fuel:** Reflects \$8.7 million for fuel used by FPL and contractor
8 vehicles for storm restoration activities.
- 9 • **Materials and Supplies:** Reflects \$1.0 million in materials and supplies used
10 to repair and restore service and facilities to pre-storm condition.
- 11 • **Logistics Costs:** Reflects \$29.5 million of costs for staging and processing
12 sites, meals, lodging, buses and transportation, and rental equipment used by
13 employees and contractors in direct support of storm restoration.
- 14 • **Other:** Reflects \$3.2 million of other miscellaneous costs, including payroll
15 and related overheads from affiliate personnel directly supporting storm
16 restoration.

17 **Q. How did FPL determine the amount of capital costs it recorded on its books and**
18 **records for Hurricane Dorian?**

19 A. The amount of capital costs for each storm event is determined by applying part (1)(d)
20 of the Rule, which states that "...the normal cost for the removal, retirement and
21 replacement of those facilities in the absence of a storm" should be the basis for
22 calculating storm restoration capital. As described previously, all costs related to storm

1 restoration work (including follow-up work) were initially charged to FERC Account
2 186, and estimated capital costs were then reclassified to CWIP.

3
4 For capital costs incurred during storm restoration, FPL employed a capital estimation
5 process derived from the amount of materials and supplies issued during a storm less
6 returns of such assets. As described in paragraph 20 of the Hurricane Irma Settlement
7 Agreement, FPL used a blended simple average internal employee and contractor
8 hourly rate, under non-storm conditions, in its calculation of capital costs for Hurricane
9 Dorian. Once restoration was complete, FPL utilized its distribution estimation system
10 to calculate the total amount of capital costs for the distribution function in accordance
11 with FPL's capitalization policy, which includes materials, labor and overheads. The
12 capital costs for follow-up work were determined based on an estimate of the actual
13 work performed and then likewise recorded to the balance sheet in accordance with
14 FPL's capitalization policy.

15
16 After the capital jobs were completed, the CWIP account was credited and the
17 appropriate functional plant account in FERC Account 101, Plant in Service, was
18 debited based on the estimated cost of installed units of property. Retirements of fixed
19 assets removed during restoration were recorded when the new incurred capital costs
20 were placed in service through a new discrete IO. As shown on Line 18 on page 1 of
21 Exhibit DH-1, a total of \$209 thousand was recorded as capital costs for Hurricane
22 Dorian.

1 **Q. Did FPL record any below-the-line expenses for Hurricane Dorian?**

2 A. No.

3 **Q. Did FPL receive, or does it expect to receive, any insurance recoveries associated**
4 **with storm damage resulting from Hurricane Dorian?**

5 A. No. FPL does not have insurance for its transmission or distribution (“T&D”) assets.
6 In addition, FPL could not make a property insurance claim for damages to its non-
7 T&D assets as a result of Hurricane Dorian because the loss did not exceed the
8 deductible amount for insured assets.

9 **Q. Did FPL bill any third-parties for reimbursement of storm-related costs for**
10 **Hurricane Dorian?**

11 A. Yes. Line 20 of Exhibit DH-1, includes approximately \$19 thousand for six poles
12 replaced by FPL on AT&T’s behalf.

13 **Q. What was the total amount of Hurricane Dorian storm restoration costs charged**
14 **to base O&M expense?**

15 A. As reflected on Line 24 on page 1 of Exhibit DH-1, after removing Hurricane Dorian
16 related capital, the remaining total amount of Hurricane Dorian storm restoration costs
17 was \$240.3 million. As explained above, FPL is not seeking to establish a surcharge
18 for the recovery of the incremental Hurricane Dorian costs or replenishment of the
19 storm reserve in this proceeding. Rather, these storm restoration costs were recorded
20 as base O&M expense.

21

22

1 **V. ICCA ADJUSTMENTS RELATED TO HURRICANE DORIAN**

2

3 **Q. Did FPL determine the amount of non-incremental storm costs associated with**
4 **Hurricane Dorian pursuant to the ICCA methodology?**

5 A. Yes. Consistent with the Rule, as reflected on Lines 27 through 37 of Exhibit DH-1,
6 FPL calculated the non-incremental costs per the ICCA methodology. Below is a
7 summary of Hurricane Dorian non-incremental costs that were charged to base O&M.

- 8 • **FPL Regular Payroll:** In general, FPL regular payroll costs recovered through
9 base O&M are non-incremental. However, FPL regular payroll normally
10 recovered through capital or cost recovery clauses can be charged to the storm
11 reserve based on paragraphs 21 and 22 of Order No. PSC-2006-0464-FOF-EI,
12 Docket No. 20060038-EI: “otherwise, the costs would effectively be disallowed
13 because there is no provision to recover those costs in base rate operation and
14 maintenance costs....”

15

16 FPL determines the amount of non-incremental FPL payroll by calculating the
17 Company’s budgeted base O&M payroll percentage as compared to total budgeted
18 payroll for the month in which the storm occurred, including cost recovery clauses
19 and capital by cost center, and then multiplies that percent by the total actual
20 payroll costs incurred (excluding overtime) for FPL employees directly supporting
21 storm restoration. The total amount of FPL regular payroll and related overheads
22 that would be non-incremental under the ICCA methodology for Hurricane Dorian
23 is \$1.1 million. The remaining regular payroll and related overhead expense is

1 considered incremental as it would have been incurred as a component of capital
2 or cost recovery clauses absent the Hurricane Dorian storm restoration efforts.

- 3 • **Vegetation Contractors:** Based on part (1)(f)(8) of the Rule, storm-related tree
4 trimming expenses must be excluded if the Company's total tree trimming expense
5 in a storm restoration month is less than the average expense for the same month
6 in which the storm occurred in the prior three years. The tree trimming expenses
7 during September 2019, in which Hurricane Dorian restoration work was
8 performed, exceeded the three-year average for September in prior years.
9 Therefore, all vegetation costs in excess of the prior three-year September average,
10 which were incurred as a result of Hurricane Dorian, totaling \$32.9 million, are
11 considered incremental.

- 12 • **Vehicle Utilization:** All FPL-owned vehicle utilization costs charged to storm
13 IOs, totaling \$808 thousand, would be considered non-incremental under the
14 ICCA methodology.

- 15 • **Fuel:** Fuel costs incurred by FPL directly related to storm restoration are charged
16 to the storm IOs. While the ICCA methodology does not speak directly to
17 recovery of fuel costs, FPL has conservatively applied the same methodology
18 described above for vegetation contractors. The fuel expenses during September
19 2019, in which Hurricane Dorian restoration work was performed, exceeded the
20 three-year average for September in prior years. FPL determined \$75 thousand
21 would be non-incremental under this methodology, all of which is reflected in the
22 distribution function.

- 1 • **Employee Assistance and Childcare:** Assistance provided to employees,
2 including childcare for the children of employees on storm duty is not recoverable
3 under the ICCA methodology. These costs for Hurricane Dorian, totaling \$28
4 thousand, would be considered non-incremental.

5 **Q. Is FPL seeking recovery of the Retail Recoverable Incremental Costs calculated**
6 **under the ICCA methodology?**

7 A. No. The Retail Recoverable Incremental Costs under the ICCA methodology are a
8 subset of the total Hurricane Dorian storm restoration costs that FPL recorded as base
9 O&M expense. FPL is not seeking any incremental recovery for the storm costs
10 through either a surcharge or depletion of the storm reserve, but is presenting the
11 Hurricane Dorian storm costs for review by the Commission.

12 **Q. Does this conclude your direct testimony?**

13 A. Yes.

Florida Power & Light Company
Hurricane Dorian Incremental Cost and Capitalization Approach Adjustments
as of May 31, 2020
(\$000s)

			Storm Costs By Function(A)						
			Steam & Other (1)	Nuclear (2)	Transmission (3)	Distribution (4)	General (B) (5)	Customer Service (6)	Total (7)
LINE NO.									
1	<u>Storm Restoration Costs</u>								
2	Regular Payroll and Related Costs (C)		\$110	\$192	\$318	\$1,982	\$293	\$56	\$2,952
3	Overtime Payroll and Related Costs (C)		270	959	766	6,393	681	188	9,257
4	Contractors		135	1,116	170	150,422	1,110	110	153,063
5	Line Clearing		0	0	0	32,880	0	0	32,880
6	Vehicle & Fuel		0	4	86	8,653	4	0	8,747
7	Materials & Supplies		7	62	168	698	2	30	967
8	Logistics		102	456	40	28,755	144	4	29,501
9	Other (D)		16	111	36	2,245	737	52	3,197
10	Total Storm Related Restoration Costs	Sum of Lines 2 - 9	\$641	\$2,900	\$1,584	\$232,028	\$2,971	\$441	\$240,564
11									
12	<u>Less: Capitalizable Costs</u>								
13	Regular Payroll and Related Costs		\$0	\$0	\$0	\$4	\$0	\$0	\$4
14	Contractors		0	0	0	153	0	0	153
15	Materials & Supplies		0	0	0	64	0	0	64
16	Other		0	0	0	8	0	0	8
17	Third-Party Reimbursements (E)		0	0	0	-19	0	0	-19
18	Total Capitalizable Costs	Sum of Lines 13 - 17	\$0	\$0	\$0	\$209	\$0	\$0	\$209
19									
20	Less: Third-Party Reimbursements (E)		0	0	0	19	0	0	19
21									
22	Less: Below-the-Line/Thank You Ads		0	0	0	0	0	0	0
23									
24	Total Storm Restoration Costs Charged to Base O&M	Lines 10 - 18 - 20 - 22	\$641	\$2,900	\$1,584	\$231,800	\$2,971	\$441	\$240,336
25									
26	<u>Less: ICCA Adjustments</u>								
27	Regular Payroll and Related Costs (F)		\$79	\$181	\$61	\$431	\$230	\$83	\$1,065
28	Line Clearing:								
29	Vegetation Management		0	0	0	0	0	0	0
30	Vehicle & Fuel:								
31	Vehicle Utilization		0	15	86	706	1	0	808
32	Fuel		0	0	0	75	0	0	75
33	Other								
35	Legal Claims		0	0	0	0	0	0	0
36	Employee Assistance and Childcare		0	0	0	0	28	0	28
37	Total ICCA Adjustments	Sum of Lines 27 - 36	\$79	\$196	\$146	\$1,212	\$259	\$83	\$1,976
38									
39	<u>Incremental Storm Losses</u>								
40	Regular Payroll and Related Costs (C) (F)	Lines 2 - 13 - 27	\$31	\$12	\$257	\$1,547	\$63	-\$27	\$1,883
41	Overtime Payroll and Related Costs	Line 3	270	959	766	6,393	681	188	9,257
42	Contractors	Lines 4 - 14	135	1,116	170	150,269	1,110	110	152,911
43	Line Clearing	Lines 5 - 29	0	0	0	32,880	0	0	32,880
44	Vehicle & Fuel	Lines 6 - 31 - 32	0	-11	0	7,871	3	0	7,864
45	Materials & Supplies	Lines 7 - 15	7	62	168	635	2	30	903
46	Logistics	Line 8	102	456	40	28,755	144	4	29,501
47	Other	Line 9 - 16 - 22 - 35 - 36	16	111	36	2,237	709	52	3,162
48	Total Incremental Storm Losses	Sum of Lines 40 - 47	\$561	\$2,704	\$1,437	\$230,588	\$2,711	\$358	\$238,360
49									
50	Jurisdictional Factor (G)		0.9513	0.9335	0.9028	0.9999	0.9682	1.0000	
51									
52	Retail Recoverable Incremental Costs	Line 48 * 50	\$534	\$2,525	\$1,298	\$230,557	\$2,625	\$358	\$237,896

Notes:

(A) Storm costs are as of May 31, 2020. Totals may not add due to rounding.

(B) General plant function reflects restoration costs associated with FPL's Human Resources, Corporate and External Affairs, Energy Marketing & Trading, Information Technology, Real Estate, Marketing and Communications, General Counsel, Regulatory Affairs, Internal Audit and Strategy, Policy & Business.

(C) Represents total payroll charged to the Business Unit (function) being supported. For example, an employee that works in Legal but is supporting Distribution during storm restoration would charge their time to Distribution.

(D) Includes other miscellaneous costs, including payroll and related overheads from affiliate personnel directly supporting storm restoration.

(E) Reimbursement due from AT&T for 6 poles replaced by FPL during restoration as a result of the storm.

(F) Represents regular payroll normally recovered through base rate O&M and not charged to the Storm Reserve. The amounts are charged to the employee's normal business unit, which may not be the business unit that the employee supported during the storm. Therefore, in the example in Note (C) above, if the Legal employee had payroll which cannot be charged to the Storm Reserve, that amount would be charged to Legal (General) whereas the recoverable portion of their time would remain in Distribution.

(G) Jurisdictional Factors are based on factors approved in Docket No. 160021-EI.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Evaluation of storm costs for Florida Power
& Light Company related to Hurricane Dorian

Docket No. 2020_____

Filed: June 29, 2020

**FLORIDA POWER & LIGHT COMPANY'S NOTICE OF FILING CONFIDENTIAL
SUPPORTING MATERIALS IN SUPPORT OF ITS PETITION
FOR EVALUATION OF HURRICANE DORIAN STORM COSTS**

Florida Power & Light Company ("FPL") hereby gives notice of filing the confidential sortable spreadsheets that support the Hurricane Dorian storm restoration costs that are the subject of FPL's Petition for Evaluation of Hurricane Dorian Costs. The confidential searchable spreadsheets contain the data documenting the receipt, review, adjustment where appropriate, and payment of Hurricane Dorian costs incurred for line contractors and vegetation contractors, along with the additional information identified in paragraph 16 of the Hurricane Irma Stipulation and Settlement¹ ("Settlement Agreement") which was approved by the Commission in Order No. PSC-2019-0319-S-EI, Docket No. 20180049-EI. The confidential files provide support for the other costs (i.e., costs other than line and vegetation contractors) subject to review in this proceeding, as well as a compilation of data exported from REDi², together with information developed by the Cost Finalization Team. The confidential sortable spreadsheets which provide the cost support information include the following:

¹ At page 4 of its August 1, 2019 Final Order Approving Settlement Agreement, Order No. PSC-2019-0319-S-EI, the Commission noted that the settlement included the following: "FPL will provide extensive supporting documentation in virtual (sortable spreadsheet) or physical files, e.g., regular and overtime payroll and related overheads, App data, travel data. [Section 16]." Although it was not practicable or feasible to use the App during Hurricane Dorian restoration, as described in the direct testimony of FPL witness Manuel Miranda, FPL has nonetheless complied by compiling the applicable data in virtual (sortable spreadsheet) format and is filing the confidential set of data contemporaneously with its petition and direct testimony and exhibits.

² FPL's internal system used for managing resources working on storm restoration.

- Exhibit DH-1³, which provides a summary of all costs as of May 31, 2020, by category and function, and which reflects adjustments made under the Incremental Cost and Capitalization methodology.
- Exhibit DH-1 Support File, which provides supporting information for all of the costs and adjustments on DH-1, with formulas left intact. This file includes the following:
 - Tabs with further detail supporting categories of costs (e.g., support for “Contractors,” etc.), line item detail of all items recorded to the general ledger which are categorized as PO Invoices, Non-PO Invoices, Accruals and Reversals, and Journal Entries & Internal Work.
 - A reconciliation of the amounts recorded in FPL’s general ledger (GL Detail File), a subset of which represents line and vegetation contractor costs.
 - Summaries of line and vegetation invoice-related information (referred to as flat files) by total cost by individual vendor.
- Each vendor flat file contains more detailed invoice-related information for that vendor, including crew timesheet information by crew member and day, crew expenses where applicable, approvals by FPL employees, documentation of exceptions, and, where appropriate, adjustments to vendor invoices.
- A compilation of data exported from REDi together with information developed by the Cost Finalization Team.

FPL has filed on this date a Request for Confidential Classification of the confidential sortable spreadsheets identified in this Notice of Filing.

³ Exhibit DH-1, appended to the testimony of FPL witness David Hughes and available on the Commission’s website, is not confidential. However, the Exhibit DH-1 Support File, which provides the supporting information for costs and adjustments on DH-1, is confidential as more fully described in FPL’s Request for Confidential Classification and associated materials.

Respectfully submitted,

By: /s/ Kenneth M. Rubin
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