

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Evaluation of storm costs for Florida Power
& Light Company related to Hurricane Isaias and
Tropical Storm Eta

Docket No. 2021_____

Filed: November 12, 2021

**FLORIDA POWER & LIGHT COMPANY'S PETITION
FOR EVALUATION OF HURRICANE ISAIAS
AND TROPICAL STORM ETA STORM COSTS**

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

FPL recorded its Hurricane Isaias Costs and Tropical Storm Eta Costs as base operations and maintenance ("O&M") expenses and is not seeking through this proceeding to establish a surcharge for the recovery of the Hurricane Isaias Costs or Tropical Storm Eta Costs, or replenishment of the storm reserve. FPL files this Petition and supporting testimony, together with supporting documentation, to facilitate an evaluation of the Hurricane Isaias Costs and Tropical Storm Eta 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. Hurricane Isaias

5. According to the National Oceanic and Atmospheric Administration, the 2020 Atlantic Hurricane season was record-breaking with 30 named storms, including 14 hurricanes, seven major hurricanes, and 11 named storms making landfall in the United States. For only the second time in history, the National Hurricane Center (“NHC”) was required to use the Greek alphabet to name storms after it exhausted its list of English alphabetized storm names. 2020 was also the first time in recorded history that Florida faced two distinct state of emergency orders at the same time: one for the COVID-19 global pandemic and another for the storms described herein. As FPL witness Manuel Miranda explains in his pre-filed direct testimony, the COVID-19 pandemic presented novel challenges during the 2020 storm season that FPL incorporated into its emergency preparedness plan and storm restoration response protocol.

6. Hurricane Isaias was the ninth named storm and the second hurricane of the extremely active 2020 hurricane season. Florida remained within the NHC forecasted cone of uncertainty (“forecasted cone”) for Hurricane Isaias from July 28, 2020 to August 2, 2020. The NHC began issuing public advisories on July 28 for the system which strengthened to Tropical Storm Isaias on July 29.

7. On the evening of July 30, as Isaias approached the Florida peninsula, the NHC forecasted that the environment was “conducive enough for Isaias to become a hurricane in 24 to 36 hours” and issued a tropical storm watch for the east coast of Florida. Shortly before midnight on July 30, the NHC determined that Isaias had strengthened to a hurricane. On July 31, the NHC issued a hurricane watch for the east coast of Florida. The NHC’s afternoon forecast on July 31 acknowledged that the European and British hurricane models projected Isaias “making landfall in the 36-48 hours along the southeast Florida coast.” On the evening of July 31, the NHC’s

forecast advisory upgraded the hurricane watch into a hurricane warning and storm surge for southeast Florida with the forecast of “hurricane conditions” expected along portions of the Florida east coast by the next day. Early on August 1, the NHC forecasted that Isaias was “expected to remain a hurricane as it passed near the Florida coast” and “hurricane conditions are expected along portions of Florida east coast.”

8. The NHC’s afternoon forecast on August 1 showed that Isaias had weakened to a tropical storm. However, the NHC forecasted that Isaias would regain hurricane status later in the night as Isaias moved over the warm Gulfstream waters. The NHC forecast on August 1 continued “showing landfall along the east-central Florida coast in about 24 hours” and hurricane warning and storm surge watch remained in effect for portions of Florida’s east coast. On August 2, the NHC found that Isaias had not re-strengthened overnight. However, Isaias approached southeastern Florida with the center coming within 40 miles of West Palm Beach and Fort Lauderdale but remained off the coast of Florida as it traveled northward.

9. FPL took appropriate actions to prepare for the impact of Hurricane Isaias and to respond to the damage caused by the storm.

10. FPL witness Miranda’s pre-filed direct testimony provides an overview of FPL’s storm-related preparedness plans and processes in advance of Hurricane Isaias as well as FPL’s execution of those plans during the storm. He also provides details of the Transmission and Distribution (“T&D”) restoration work and associated costs, as well as the work and associated costs of FPL’s other business units.

II. Tropical Storm Eta

11. Tropical Storm Eta was the 28th named storm of the extremely active 2020 hurricane season and one of several storms that was named using the Greek alphabet. Florida remained within the NHC's forecasted cone for Tropical Storm Eta from November 3 to November 12, 2020. Tropical Storm Eta formed on October 31 from a tropical wave in the east-central Caribbean Sea and gradually strengthened as it moved westward, peaking at 150 mph sustained winds prior to making landfall in Nicaragua on November 3. After bringing days of devastating wind and rain, Tropical Storm Eta moved back into the warm waters south of Cuba. The NHC's forecast advisory on November 6 highlighted the likelihood of an impact to the Florida Keys and South Florida by identifying the favorable conditions with the storm in "warm water, in a moist environment." The NHC also advised that "wind field of Eta is expected to increase in size" and ultimately issued the first Tropical Storm Watches for Florida that evening.

12. On November 7, the NHC issued a Hurricane Watch for the coast of Southern Florida and the hurricane hunter aircraft "found that Eta has continued to strengthen." The NHC further predicted that the impact "will likely cover much of the southern and central Florida peninsula due to the expected growth of Eta." On November 8, the NHC's latest models forecasted a landfall in the Florida Keys, warning that it could become a hurricane and that the "strongest winds are occurring, and are expected to occur, well to the north and east of the center" potentially impacting the southern and central portions of the Florida peninsula.

13. Eta made its first landfall on November 8 in Lower Matecumbe Key, Florida as a Tropical Storm. Eta weakened after making landfall; however, the NHC advised that the storm could approach the Florida Gulf Coast later in the week. On the morning of November 11, the NHC issued Hurricane Watches for the west coast of Florida with a forecast that Eta could become

a hurricane again offshore of Southwestern Florida. Eta made a second landfall near Cedar Key, Florida on November 12 with the center of the storm moving across North Florida by late afternoon.

14. FPL took appropriate actions to prepare for the impact of Tropical Storm Eta and to respond to the damage caused by the storm.

15. FPL witness Miranda's pre-filed direct testimony provides an overview of FPL's storm-related preparedness plans and processes in advance of Tropical Storm Eta, as well as FPL's execution of those plans during the storm. He also provides details of the Transmission and Distribution ("T&D") restoration work and associated costs, as well as the work and associated costs of FPL's other business units.

III. Hurricane Isaias and Tropical Storm Eta Costs

16. As shown in FPL witness David Hughes' pre-filed direct testimony, FPL incurred a total of \$68.5 million in costs (including follow-up work) related to Hurricane Isaias and a total of \$115.9 million in costs (including follow-up work) related to Tropical Storm Eta. 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 Isaias Costs and the Tropical Storm Eta 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 forego seeking incremental recovery of the Hurricane Isaias Costs and the Tropical Storm Eta Costs and replenishment of the storm reserve, and instead recorded those costs to base O&M expense as permitted under Rule 25-6.0143(2)(h), F.A.C.²

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 Isaias Costs and Tropical Storm Eta Costs.

17. As a result of the foregoing, FPL is not seeking through this proceeding to establish a surcharge for the recovery of the Hurricane Isaias Costs or Tropical Storm Eta 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 Isaias and Tropical Storm Eta.

18. FPL charged \$68.5 million in storm restoration costs (including all actual and estimated follow-up work) related to Hurricane Isaias to FERC Account 186, as shown on the schedule attached as FPL witness Hughes' Exhibit DH-1(Isaias). Exhibit DH-1(Isaias) 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.

19. FPL then determined the amount of capital, below-the-line expenses, and third-party reimbursements accumulated in FERC Account 186 related to Hurricane Isaias and removed those costs from FERC Account 186 and recorded them to the appropriate FERC accounts. As reflected on Exhibit DH-1(Isaias), after removing the Hurricane Isaias related capital, third party reimbursements, and below-the-line expenses from FERC Account 186, the remaining total amount of the Hurricane Isaias Costs was \$68.5 million, which was charged to O&M expense.

20. FPL also charged \$115.9 million in storm restoration costs (including all actual and estimated follow-up work) related to Tropical Storm Eta to FERC Account 186, as shown on the schedule attached as FPL witness Hughes' Exhibit DH-2(Eta). Exhibit DH-2(Eta) 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.

21. FPL then determined the amount of capital, below-the-line expenses, and third-party reimbursements accumulated in FERC Account 186 related to Tropical Storm Eta and removed those costs from FERC Account 186 and recorded them to the appropriate FERC accounts. As reflected on Exhibit DH-2(Eta), after removing the Tropical Storm Eta related capital, third party reimbursements, and below-the-line expenses from FERC Account 186, the remaining total amount of the Tropical Storm Eta Costs was \$115.5 million, which was charged to O&M expense.

22. FPL conducted a comprehensive review and analysis of Hurricane Isaias Costs to arrive at the totals reflected in Exhibit DH-1(Isaias). FPL similarly conducted a comprehensive review and analysis of Tropical Storm Eta Costs to arrive at the totals reflected in Exhibit DH-2(Eta). In her pre-filed direct testimony, FPL witness Clare Gerard describes the review process undertaken by FPL to validate, approve, reject, or modify invoices submitted by line and vegetation contractors related to both Hurricane Isaias and Tropical Storm Eta, giving consideration to both the contract terms 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 a thorough system of independent checks, reviews, discussions, and approvals, all of which helped to validate that only appropriate payments were made to line and vegetation contractors who assisted in FPL's response to Hurricane Isaias and to Tropical Storm Eta.

23. Because FPL is not seeking through this proceeding to establish a surcharge for recovery of any Hurricane Isaias Costs or for any Tropical Storm Eta Costs, nor is it seeking replenishment of the storm reserve, the Incremental Cost and Capitalization Approach ("ICCA")

methodology under Rule 25-6.0143, F.A.C., is not applicable to this proceeding. However, to facilitate the Commission's analysis and evaluation of FPL's Hurricane Isaias Costs and Tropical Storm Eta Costs, FPL has provided a breakdown of those costs as they would have been presented had the ICCA methodology been applicable. The additional non-incremental ICCA adjustments required under the ICCA methodology are provided on the schedules attached to the testimony of FPL witness David Hughes as Exhibit DH-1(Isaias) and Exhibit DH-2(Eta). Because the ICCA methodology is not applicable, these adjustments are being provided for informational purposes only and to facilitate review of the Hurricane Isaias Costs and Tropical Storm Eta Costs.

24. FPL's retail recoverable costs (after removing capitalizable costs and accounting for jurisdictional factors and non-incremental costs) that would have been charged to the storm reserve for Hurricane Isaias if the ICCA methodology applied would have been approximately 66.3 million (Retail Recoverable Incremental Costs), also shown on Exhibit DH-1(Isaias).

25. FPL's retail recoverable costs (after removing capitalizable costs and accounting for jurisdictional factors and non-incremental costs) that would have been charged to the storm reserve for Tropical Storm Eta if the ICCA methodology applied would have been approximately \$112.7 million (Retail Recoverable Incremental Costs), also shown on Exhibit DH-2(Eta).

26. FPL witnesses' pre-filed testimonies demonstrate that the Company's actions and activities before, during, and after Hurricane Isaias, and before, during and after Tropical Storm Eta, 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 Isaias Costs and the Tropical Storm Eta Costs.

WHEREFORE, for the above and foregoing reasons, FPL respectfully requests that the Commission conduct a limited proceeding and find that FPL's activities undertaken in response to Hurricane Isaias were prudent, and that the associated Hurricane Isaias Costs were reasonable. FPL further respectfully requests that the Commission find that FPL's activities undertaken in response to Tropical Storm Eta were prudent, and that the associated Tropical Storm Eta Costs were reasonable.

Respectfully submitted,

By: _____
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY

DIRECT TESTIMONY OF MANUEL B. MIRANDA

NOVEMBER 12, 2021

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I. INTRODUCTION

Q. Please state your name and business address.

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

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

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

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

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

Q. Please describe your educational background and professional experience.

A. I have a Bachelor of Science in Mechanical Engineering from the University of Miami and a Master in Business Administration from Nova Southeastern University. I joined FPL in 1982 and have 39 years of technical, managerial, and commercial experience gained from serving in a variety of positions within Customer Service, Distribution and Transmission. For more than 15 years, I have held several vice-president positions 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 area in the 2004 and 2005 seasons. I have served as FPL's Area
4 Commander for the last eight 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 and Hurricane Dorian in 2019.

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 eight years, I have served as a member of 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 – Hurricane Isaias – National Hurricane Center's Forecast Track
- 23 • MBM-2 – Hurricane Isaias – Satellite View

- 1 • MBM-3 – Tropical Storm Eta – National Hurricane Center’s Forecast Track
- 2 • MBM-4 – Tropical Storm Eta – Satellite View
- 3 • MBM-5 – Tropical Storm Eta’s Path and Double Landfall in Florida
- 4 • MBM-6 – FPL’s T&D Hurricane Isaias Restoration Costs
- 5 • MBM-7 – FPL’s T&D Tropical Storm Eta Restoration Costs

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

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

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

2

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

5 A. The primary objective of FPL’s emergency preparedness plan and restoration process is
6 to safely restore critical infrastructure and to restore power to the greatest number of
7 customers in the least amount of time so that FPL can return the communities it serves
8 to normalcy.

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

10 A. Achieving this objective requires extensive planning, training, adherence to established
11 storm restoration processes, and execution that can be scaled quickly to match each
12 storm’s particular challenges. To these ends, FPL’s emergency preparedness plan
13 incorporates comprehensive annual restoration process reviews and includes lessons
14 learned, new technologies, and extensive training activities to ensure FPL’s employees
15 are well prepared.

16

17 While FPL has processes in place to manage and mitigate the costs of restoration
18 (including actions taken prior to a storm event), the objective of safely restoring electric
19 service as quickly as possible cannot, by definition, be pursued as a “least cost” process.
20 Said in a different manner, restoration of electric service at the lowest possible cost will
21 not result in the most rapid restoration.

1 **Q. What are the key components of FPL’s emergency preparedness plan?**

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

- 4 • Disaster response policies and procedures;
- 5 • Scalable internal organizational structures based on the required
6 response;
- 7 • Planned timeline of activities to assure rapid notification and response;
- 8 • Mutual assistance agreements and vendor contracts and commitments;
- 9 • Plans and logistics for the staging and movement of resources, personnel,
10 materials, and equipment to areas requiring service restoration;
- 11 • Communication and notification plans for employees, customers,
12 community leaders, emergency operation centers, and regulators;
- 13 • An established centralized command center with an organization for
14 command and control of emergency response forces;
- 15 • Checklists and conference call agendas to organize, plan, and report
16 situational status;
- 17 • Damage assessment modeling and reporting procedures;
- 18 • Field and aerial patrols to assess the damage;
- 19 • Comprehensive circuit patrols to gather vital information needed to
20 identify the resources required for effective restoration;
- 21 • Systems necessary to support outage management processes and
22 customer communications; and
- 23 • A comprehensive NextEra Energy Mutual Assistance Pandemic

1 Resource Guide for COVID-19, to support required changes to
2 restoration plans and added safety during the pandemic response.

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

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

7 A. Yes. Each year, prior to the storm season, FPL reviews and updates its emergency
8 preparedness plan. To ensure rapid restoration, key focus areas of this plan are staffing
9 the storm response organization, preparing logistics support, enhancing customer
10 communication methods, and ensuring that required computer and telecommunication
11 systems are in place. As part of this process, all business units within FPL identify
12 personnel for staffing the emergency response organization. In many cases, employees
13 assume roles different than their regular responsibilities. Training is conducted for
14 employees each year, regardless of whether they are in a new role or a role in which
15 they have served many times. This includes training on processes that range from
16 clerical and analytical to reinforcing restoration processes for our employees.

17 **Q. How did the COVID-19 pandemic impact FPL's emergency preparedness plan?**

18 A. The COVID-19 pandemic presented additional challenges during the 2020 storm season
19 that FPL addressed and incorporated into our plan which include a restoration response
20 protocol that would minimize our employees', outside resources', and customers'
21 potential exposure to COVID-19. Additionally, FPL developed and adapted new
22 strategies and techniques to house, feed, and provide a safe work environment for those
23 engaged in the restoration process. Our plan, built on a foundation of knowledge,

1 experience, industry best practices, and continuous improvement, allowed the team to
2 be flexible and adapt to change.

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

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

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

15 A. Yes. Each year, FPL tests its readiness during a joint hurricane “dry run” exercise with
16 Gulf. This event simulates a storm (or multiple storms/hurricanes) impacting FPL’s
17 service area. The purpose is to provide a realistic, challenging scenario that causes the
18 organization to react to situations and to practice functions not generally performed
19 during normal operations. It is a full-scale exercise, executed with active participation
20 by employees representing every business unit in the company as well as external
21 organizations, local government officials, and media representatives. After months of
22 preparation, the formal exercise activities begin 96 hours before the mock hurricane’s
23 forecasted date and time of impact. FPL’s Command Center is fully mobilized and

1 staffed. Field patrollers are required to complete simulated damage assessments that are
2 then utilized by office staff to practice updating storm systems, acquiring resources, and
3 developing estimated times of restoration. The exercise also includes simulating
4 customer and other external communications as well as updating our outage
5 management system and other storm-specific applications. Additionally, FPL conducts
6 a biennial full-scale staging site exercise to assess the readiness of staging site processes
7 (e.g., communications, logistics, materials, and equipment). This training is conducted
8 in the course of our ordinary approach to business and the costs of these activities are
9 not charged to storm costs and, therefore, are not part of the evaluation of costs the
10 Florida Public Service Commission (the “Commission”) is conducting in this
11 proceeding.

12 **Q. How does FPL respond when a storm threatens its service area?**

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

19
20 At 96 to 72 hours prior to the projected impact to FPL’s system, FPL activities include:
21 activating the FPL Command Center; alerting all storm personnel; forecasting resource
22 requirements; developing initial restoration plans; activating contingency resources;

1 and identifying available resources from mutual assistance utilities. In addition, all
2 FPL sites begin to prepare their facilities for the impact of the storm.

3

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

13

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

1 guidance if an outage occurs) to the news media, customers, and community leaders.

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

4 A. Yes. FPL was required to implement its full-scale emergency preparedness plan and
5 restoration process as a result of impacts from Hurricanes Hermine and Matthew in
6 2016, Hurricane Irma in 2017, and Hurricane Dorian in 2019.

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

9 A. Yes. Every restoration event is different, and each event presents opportunities to learn
10 and continue to refine and improve our processes and planning. Consistent with our
11 culture of continuous improvement, FPL implemented several enhancements to its
12 processes based upon its experience with the 2016, 2017, and 2019 storms. I will
13 discuss these later in my testimony.

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

16 A. Significant standardization in field operations has been institutionalized including
17 work-site organization; work preparation and prioritization; and damage assessment.
18 For external crew personnel, FPL provides an orientation that includes safety rules,
19 work practices, and engineering standards. Additionally, procedures to ensure rapid
20 preparation and mobilization of remote staging sites have been developed to allow FPL
21 to establish these sites in the most heavily damaged areas.

22

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. Historical responses to
19 similar events, team experiences with both on-system and off-system events, and the
20 framework of the emergency preparedness plan are utilized to determine preliminary
21 workload requirements. In each storm, FPL utilizes its storm damage model to forecast
22 system damage and hours of work required to restore service. These forecasts are based
23 on the location of FPL facilities, the weather forecast associated with the storm's

1 projected path, and the effects of varying wind strengths on the electric infrastructure.
2 As conditions change, the damage model is updated. The workload projections are
3 matched with resource factors such as availability and location, and FPL's capacity to
4 efficiently and safely manage and support available resources. As soon as the storm
5 passes, certain employees are tasked with determining and assessing the damage.
6 Additionally, FPL utilizes damage assessments obtained through aerial and field
7 patrols and customer outage information contained in FPL's outage management
8 system.

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

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

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

20 A. As previously mentioned, an important component of each restoration effort is FPL's
21 ability to scale and adjust resources to match the anticipated workload. This includes
22 acquiring external contractors and mutual assistance from affiliate companies, other
23 utilities, within (e.g., other Florida investor-owned, municipal and cooperative utilities)

1 as well as outside the state of Florida. FPL is a participating member of the SEE Mutual
2 Assistance Group. While this group is a non-binding entity, it provides FPL and other
3 members with guidelines on how to request assistance from a group of approximately
4 55 utilities, primarily located in the southern and eastern United States. The guidelines
5 require reimbursement for direct costs of payroll and other expenses, including
6 roundtrip travel costs (i.e., mobilization/demobilization), when providing mutual aid in
7 times of an emergency. In addition, FPL participates with EEI and the National
8 Response Event organization to gain access to other utilities. Resource requests may
9 include line and vegetation contractors, patrol personnel, crew supervisors, material-
10 handling personnel and, in some cases, logistics support.

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

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

22 A. As indicated earlier, while safe and rapid restoration (the primary restoration objective)
23 does not permit the least overall cost for restoration, FPL is always mindful of costs

1 when acquiring resources. For line and vegetation contractors, we endeavor to acquire
2 resources with pre-negotiated storm contracts based on a low-to-high cost ranking and
3 release these same resources from storm restoration assistance in reverse cost order
4 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 is coordinated through the FPL Command
14 Center to monitor execution of the plan. Daily management of the crews is performed
15 by the field operations organization, which is responsible for executing FPL’s
16 restoration strategy. Decisions on opening staging sites to position the restoration
17 workforce in impacted areas are based primarily on the arrival time(s) of external
18 resources. Daily analysis of workload execution and restoration progress permits
19 dynamic resource management. This enables a high degree of flexibility and mobility
20 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

1 organization, management teams include Incident Commanders and crew supervisors
2 to directly oversee fieldwork.

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

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

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

10 A. During Hurricane Isaias and Tropical Storm Eta, as with prior storms, these external
11 resources initially report to a Processing Site for verification of rosters and equipment
12 before being assigned to an FPL Storm Production Lead associated with a designated
13 staging site. The Storm Production Lead is responsible for verifying crew rosters as
14 FPL accepts these resources onto its system. The Storm Production Lead is then
15 responsible for reviewing and electronically approving timesheets to ensure that time
16 and personnel counts are recorded accurately. The timesheets are then electronically
17 routed to the Finance Section Chief (whose role and responsibilities are described in
18 FPL witness Hughes' testimony) at the staging site and then sent to FPL's Cost
19 Finalization team. FPL witness Gerard describes the role and responsibilities of the
20 Cost Finalization team, the group responsible for the final validation of contractor
21 invoices for payment.

22

23

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

3 A. Logistics functions serve a key role in any successful restoration effort, i.e., ensuring
4 that basic needs and supplies are adequately available and provided to the thousands of
5 restoration personnel involved. These functions include, but are not limited to, the
6 acquisition, preparation, and coordination of staging sites, environmental services,
7 salvage, lodging, laundry, buses, caterers, ice and water, office trailers, light towers,
8 generators, portable toilets, security guards, communications, and fuel delivery.
9 Agreements with primary vendors are also in place prior to the storm season as part of
10 FPL's comprehensive storm-planning process. FPL personnel from all parts of the
11 company meet additional logistics staffing needs. Most of these employees are pre-
12 identified, trained and assigned to provide site logistics management and support other
13 restoration workforce needs. FPL contracts for additional logistics resources for larger
14 restoration efforts that exceed internal logistics support capabilities.

15 **Q. What actions were taken by FPL to address Storm Preparation and Restoration**
16 **during the global COVID-19 pandemic?**

17 A. The health and safety of our workforce and our customers is our top priority. As a
18 result, FPL's objective to maintain worker safety during the COVID-19 pandemic
19 prompted additional enhancements to FPL's emergency preparedness plan and storm
20 restoration process. A NextEra Energy Mutual Assistance Pandemic Resource Guide
21 ("Resource Guide") was developed, which established additional safety precautions in
22 key storm response locations such as the Command Center, Control Center operations,
23 storm riders, and the various Processing and Staging Sites. The Resource Guide also

1 established additional safety requirements for other storm response workers within the
2 Company to minimize their risk of exposure to COVID-19.

3 **Q. Please describe some of the additional safety precautions that the Resource Guide**
4 **established.**

5 A. An example of the additional safety precautions was the development of Alpha and
6 Bravo teams with critical roles at separate locations. This creation of a backup team
7 allowed for continuation of critical functions if one team was impacted by COVID-19.
8 Additionally, in some cases, storm response workers with secondary support roles were
9 able to work remotely. The Resource Guide also established guidelines for adjusting
10 staging site occupancy and increasing the number of microsites for staging resources
11 to minimize crew congregation and movement.

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

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

21

22

23

III. HURRICANE ISAIAS

Q. Please provide an overview of Hurricane Isaias as it developed and began to threaten Florida.

A. Hurricane Isaias was the ninth named storm and the second hurricane of the extremely active 2020 hurricane season, with a record eleven named storms making landfall in the United States. Florida remained within the National Hurricane Center's ("NHC") forecasted cone of uncertainty ("forecasted cone") from July 28, 2020 to August 2, 2020. The NHC began issuing public advisories on July 28 for the system which strengthened to Tropical Storm Isaias on July 29.

On the evening of July 30, as Isaias approached the Florida peninsula, the NHC forecasted that the environment was "conducive enough for Isaias to become a hurricane in 24 to 36 hours" and issued a tropical storm watch for the east coast of Florida. Shortly before midnight on July 30, the NHC determined with data from a hurricane hunter aircraft that Isaias had strengthened to a hurricane. On July 31, the NHC issued a hurricane watch for the east coast of Florida. The NHC's afternoon forecast on July 31 acknowledged that the European and British hurricane models projected Isaias "making landfall in the 36-48 hours along the southeast Florida coast." On the evening of July 31, the NHC's forecast advisory upgraded the hurricane watch to a hurricane warning and storm surge for southeast Florida with the forecast of "hurricane conditions" expected along portions of the Florida east coast by the next day.

1 Early, on August 1, the NHC forecasted that Isaias was “expected to remain a hurricane
2 as it passed near the Florida coast” and “hurricane conditions are expected along
3 portions of Florida east coast.” The NHC’s afternoon forecast on August 1 showed
4 that Isaias had weakened to a tropical storm. However, the NHC forecasted that Isaias
5 would regain hurricane status later in the night as it moved over the warm Gulfstream
6 waters. The NHC forecast on August 1 continued “showing landfall along the east-
7 central Florida coast in about 24 hours” and hurricane warning and storm surge watch
8 remained in effect for portions of Florida’s east coast. The NHC forecasted track for
9 Hurricane Isaias for July 31 and August 1 that projected a landfall in Florida at
10 hurricane strength is shown in Exhibit MBM-1.

11

12 On August 2, the NHC found that Isaias had not re-strengthened overnight. However,
13 Isaias approached southeastern Florida with the center coming within 40 miles of West
14 Palm Beach and Fort Lauderdale but remained off the coast of Florida as it traveled
15 northward. The satellite image of Hurricane Isaias on August 2 is shown in Exhibit
16 MBM-2.

17 **Q. How did FPL initially prepare to respond to the potential impacts of Hurricane**
18 **Isaias?**

19 A. Shortly after the NHC began issuing advisories on Isaias on July 28, FPL’s emergency
20 preparedness teams closely monitored the storm and initiated early discussions and
21 preliminary preparations. FPL’s first weather update call occurred on July 29 (72-hour
22 call based on the NHC forecast track and timing at the time). On July 30, FPL activated
23 its emergency response organization, staffed its Command Center and initiated the

1 cadence of daily planning and management meetings to ensure the efficient and timely
2 execution of all pre-landfall checklists and preparation activities. With the state already
3 operating under a state of emergency due to the pandemic, Florida Governor Ron
4 DeSantis declared a state of emergency for Florida counties potentially impacted by
5 Isaias on July 31, including areas served by FPL. Based on the NHC forecasts, FPL
6 began pre-positioning resources across the state prior to the anticipated landfall. FPL
7 also initiated customer communications and outreach, urging customers to prepare for
8 Hurricane Isaias, including potentially prolonged power outages.

9

10 Through its pre-landfall planning activities and based on the forecasted path and
11 intensity of the storm, FPL reasonably anticipated the consequences of a hurricane and
12 began to commit to resources to be available to support the anticipated restoration work.
13 FPL began to open staging sites and pre-position resources throughout its service area.

14 **Q. How did FPL ultimately respond to the impacts of Hurricane Isaias?**

15 A. FPL followed its well developed, systematic and well tested plan to respond to Isaias,
16 which includes obtaining and pre-staging resources in advance of the storm. There was
17 uncertainty in the ultimate path and intensity of forecasted impact to FPL's service
18 area. FPL could not take a "wait and see" approach, but instead had to be prepared to
19 respond to the impact of a hurricane that threatened FPL's service area and FPL's
20 customers. Thankfully, FPL's service area was spared the worst of the storm.

21 **Q. What was the magnitude of damage to FPL's T&D infrastructure and the number
22 of customers who experienced outages as a result of Hurricane Isaias?**

23 A. In total, FPL restored service to approximately 40,000 customers. Vegetation outside of

1 FPL's trim zone and wind-blown debris were the leading causes of outages. On average,
2 customers' outages were restored in approximately 85 minutes. FPL's significant
3 investments over the past decade in smart grid technology, undergrounding power lines
4 and strengthening the energy grid enabled FPL to restore faster and avoid outages. For
5 example, infrastructure storm-hardened and placed underground performed well. Also,
6 more than 18,000 outages were avoided due to investments in smart grid technology
7 (e.g., automated feeder switches).

8

9

IV. TROPICAL STORM ETA

10

11 **Q. Please provide an overview of Tropical Storm Eta as it developed and began to**
12 **threaten Florida.**

13 A. Tropical Storm Eta was the 28th named storm of the extremely active 2020 hurricane
14 season. The name Eta reflects the level of activity of the 2020 hurricane season because
15 the NHC began to use the Greek alphabet after it exhausted its list of alphabetized storm
16 names.

17

18 Florida remained within the NHC's forecasted cone for Tropical Storm Eta from
19 November 3 to November 12, 2020. Tropical Storm Eta formed on October 31 from a
20 tropical wave in the east-central Caribbean Sea and gradually strengthened as it moved
21 westward, peaking at 150 mph sustained winds prior to making landfall in Nicaragua
22 on November 3. After bringing days of devastating wind and rain, Tropical Storm Eta
23 moved back into the warm waters south of Cuba. Exhibit MBM-3 shows the NHC's

1 forecasted cone for Tropical Storm Eta impacting Florida from November 6, 7, 8, and
2 11.

3
4 The NHC's forecast advisory on November 6 highlighted the likelihood of an impact
5 to the Florida Keys and South Florida by identifying the favorable conditions with the
6 storm in "warm water, in a moist environment." The NHC advised that the "wind field
7 of Eta is expected to increase in size" and ultimately issued the first Tropical Storm
8 Watches for Florida that evening. On November 7, the NHC issued a Hurricane Watch
9 for the coast of Southern Florida and the hurricane hunter aircraft "found that Eta has
10 continued to strengthen." The NHC further predicted that the impact "will likely cover
11 much of the southern and central Florida peninsula due to the expected growth of Eta."
12 On November 8, the NHC's latest models forecasted a landfall in the Florida Keys,
13 warning that it could become a hurricane and that the "strongest winds are occurring,
14 and are expected to occur, well to the north and east of the center" potentially impacting
15 the southern and central portions of the Florida peninsula.

16
17 Eta made its first landfall on November 8 in Lower Matecumbe Key, Florida as a
18 Tropical Storm. Eta weakened after making landfall; however, the NHC advised that
19 the storm could approach the Florida Gulf Coast later in the week. On the morning of
20 November 11, the NHC issued Hurricane Watches for the west coast of Florida with a
21 forecast that Eta could become a hurricane again offshore of Southwestern Florida. The
22 satellite image of Tropical Storm Eta on November 11 as it approached Florida for the
23 second time is shown in Exhibit MBM-4. Eta made a second landfall near Cedar Key,

1 Florida on November 12 with the center of the storm moving across North Florida by
2 late afternoon. Eta's erratic path showing a second landfall in Florida is shown in
3 Exhibit MBM-5.

4 **Q. How did FPL initially prepare to respond to the potential impacts of Tropical**
5 **Storm Eta?**

6 A. Shortly after Tropical Storm Eta formed on October 31, FPL's emergency preparedness
7 teams closely monitored the storm and initiated early discussions and preliminary
8 preparations. FPL's first weather update call occurred on November 5 (96-hour call
9 based on the NHC forecast track and timing at the time) and our first command center
10 call occurred on November 6. Florida Governor Ron DeSantis declared a state of
11 emergency for potentially impacted Florida counties on November 7, including areas
12 served by FPL. FPL activated its emergency response organization, staffed its
13 Command Center and initiated the cadence of daily planning and management meetings
14 to ensure the efficient and timely execution of all pre-landfall checklists and preparation
15 activities. Based on the NHC forecasts, FPL began pre-positioning resources across the
16 state prior to the anticipated landfall. Additionally, FPL initiated customer
17 communications and outreach, urging customers to prepare for Tropical Storm Eta's
18 impacts, including potentially prolonged power outages. Through its pre-landfall
19 planning activities and based on the NHC's forecasted path and intensity for Eta, FPL
20 reasonably anticipated the consequences of a potential hurricane and began to commit
21 resources to be available to support the anticipated restoration work. FPL also began to
22 open staging sites and pre-position resources throughout its service area.

23

1 After Eta's first landfall in Florida, the storm ultimately re-strengthened off the coast of
2 southwestern Florida. On November 11, 2020, Governor DeSantis expanded the state
3 of emergency as Eta neared the west coast at hurricane strength. Ultimately, Eta made
4 a second landfall in Florida, but FPL was once again ready to expeditiously restore
5 power to our customers.

6 **Q. How did FPL ultimately respond to the impacts of Tropical Storm Eta?**

7 A. FPL followed its well developed, systematic and well tested plan to respond, which
8 includes obtaining and pre-staging resources in advance of the storm. There was
9 uncertainty in the ultimate path, intensity, and timing of forecasted impact to FPL's
10 service area. Ultimately, this uncommon November storm made two Florida landfalls,
11 requiring FPL to prepare for and respond to damage on both the east and west coasts of
12 Florida.

13 **Q. What was the magnitude of damage to FPL's T&D infrastructure and the number**
14 **of customers who experienced outages as a result of Tropical Storm Eta?**

15 A. In total, FPL restored service to more than 420,000 customers. Vegetation outside of
16 FPL's trim zone, and wind-blown debris were the leading causes of outages. On
17 average, customers' outages were restored in approximately 2.5 hours. FPL's
18 significant investments over the past decade in smart grid technology, undergrounding
19 power lines and strengthening the energy grid enabled FPL to restore faster and avoid
20 outages. For example, infrastructure storm-hardened and placed underground
21 performed well. Also, more than 140,000 outages were avoided due to investments in
22 smart grid technology (e.g., automated feeder switches).

23

V. T&D RESTORATION COSTS

Q. What were the final Hurricane Isaias and Tropical Storm Eta T&D restoration costs?

A. As provided in Exhibits MBM-6 and MBM-7, FPL's T&D restoration costs for Hurricane Isaias and Tropical Storm Eta, representing the great majority of the storm costs, were \$66.60 million and \$113.39 million, respectively (reflected on Line 10 of Exhibit DH-1(Isaias) and Exhibit DH-2(Eta)). A breakdown of these costs by storm is shown in the tables below and is also included in Exhibits MBM-6 and MBM 7.

Hurricane Isaias –T&D Restoration Costs by Category (\$000s)

	Total T&D	%
Regular Payroll and Related Costs	\$543	1%
Overtime Payroll and Related Costs	\$3,891	6%
Contractors	\$49,005	74%
Vehicle & Fuel	\$2,715	4%
Materials & Supplies	\$21	0%
Logistics	\$9,124	14%
Other	\$1,305	2%
Total	\$66,605	100.0%

Tropical Storm Eta –T&D Restoration Costs by Category (\$000s)

	Total T&D	%
Regular Payroll and Related Costs	\$2,063	2%
Overtime Payroll and Related Costs	\$7,917	7%
Contractors	\$87,826	77%
Vehicle & Fuel	\$4,728	4%
Materials & Supplies	\$433	0%
Logistics	\$8,839	8%
Other	\$1,584	1%
Total	\$113,391	100.0%

1 **Q. Please provide a brief description of the T&D costs by categories for restoration**
2 **work performed as a result of Hurricane Isaias and Tropical Storm Eta.**

3 A. A brief description of the T&D costs by categories are:

- 4 • T&D “Regular Payroll and Related Costs” and “Overtime Payroll and Related
5 Costs” are costs associated with FPL employees who directly supported the
6 T&D service restoration efforts and follow-up work as a result of Hurricane
7 Isaias and Tropical Storm Eta. These include FPL linemen, patrollers, other
8 field support personnel, and T&D staff personnel.
- 9 • T&D “Contractors” includes costs associated with external line contractors,
10 mutual assistance utilities, FPL embedded contractors, vegetation contractors,
11 and other contractors (e.g., contractors performing overhead line patrols and
12 environmental assessments) that supported FPL’s service restoration efforts and
13 follow-up work to restore facilities to their pre-storm condition.
- 14 • T&D “Vehicle & Fuel” includes FPL’s vehicle and associated fuel costs, costs
15 for fuel that FPL supplied to line contractors, mutual assistance utilities, and
16 other contractors.
- 17 • T&D “Materials & Supplies” includes costs associated with items such as wire,
18 transformers, poles, and other electrical equipment used to restore electric
19 service for customers and repair and restore storm-impacted FPL facilities to
20 their pre-storm condition.
- 21 • T&D “Logistics” includes costs associated with staging sites and other support
22 needs, such as lodging, meals, water, ice, and buses.
- 23 • T&D “Other” category includes costs not previously captured, such as affiliate

1 payroll and related costs, contractors, freight charges and other miscellaneous
2 items.

3 **Q. Please describe the follow-up work required for T&D as a result of Hurricane**
4 **Isaias and Tropical Storm Eta restoration.**

5 A. As previously discussed, the primary objective of FPL's emergency preparedness plan
6 and restoration process is to safely restore critical infrastructure and the greatest number
7 of customers in the least amount of time. At times, this means utilizing temporary fixes
8 (e.g., bracing a cracked pole or cross arm) and/or delaying certain repairs (e.g., replacing
9 lightning arrestors and repairing streetlights) that are not required to restore service
10 expeditiously. However, these conditions must be subsequently addressed during the
11 restoration follow-up work phase, to restore to their pre-storm condition. FPL
12 performed follow-up work required after the initial restorations following both
13 Hurricane Isaias and Tropical Storm Eta.

14
15 Restoring FPL's T&D facilities to their pre-storm condition is generally a two-step
16 process: (1) assessing/identifying the necessary follow-up work to be completed; and
17 (2) executing the identified work.

1 **VI. NON-T&D RESTORATION COSTS**

2

3 **Q. Please provide an overview of FPL’s non-T&D business units that engaged in**
4 **storm preparation and restoration activities related to Hurricane Isaias and**
5 **Tropical Storm Eta.**

6 A. The great majority of the work associated with FPL’s preparations for, response to, and
7 restoration following Hurricane Isaias and Tropical Storm Eta were related to T&D
8 restoration. However, virtually every other business unit within FPL was engaged in
9 pre-storm planning and preparation as well as post-storm restoration activities for both
10 storms, all of which contributed to the overall success of the restoration efforts. The
11 non-T&D business units that supported these efforts, together with the associated costs
12 incurred for each of the two storms, are referenced in FPL witness Hughes’ Exhibits
13 DH-1(Isaias) and DH-2(Eta).

14

15 In addition, a breakdown of Non-T&D Restoration Costs for Hurricane Isaias and
16 Tropical Storm Eta is shown in the tables below.

17 Hurricane Isaias – Breakdown of the Non-T&D Restoration Costs

Nuclear	\$540 thousand
General	\$1.00 million
Power Generation Division (“PGD”)	\$106 thousand
Customer Service	\$216 thousand

1 Tropical Storm Eta – Breakdown of the Non-T&D Restoration Costs

Nuclear	\$853 thousand
General	\$1.32 million
Power Generation Division (“PGD”)	\$88 thousand
Customer Service	\$281 thousand

2

3 The costs incurred by these non-T&D business units were a necessary component of
4 storm preparation and the execution of storm restoration efforts and support functions.

5 The majority of these costs are related to payroll and services provided by contractors.

6 **Q. Please explain Nuclear’s role related to Hurricane Isaias and Tropical Storm Eta.**

7 A. FPL’s Nuclear storm-related costs for both Hurricane Isaias and Tropical Storm Eta
8 were incurred for storm preparation, storm riders, various minor repairs at its St. Lucie
9 and Turkey Point nuclear sites, and mobilization and demobilization activities for the
10 St. Lucie and Turkey Point plants. Both plants remained on-line and operational during
11 the storm events.

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

13 A. Yes. Contractors were engaged to assist FPL personnel in preparation efforts at both
14 the St. Lucie and Turkey Point sites and for the repairs at St. Lucie for Hurricane Isaias
15 and Turkey Point for Tropical Storm Eta.

16 **Q. Please provide an overview of the “General” category related to Hurricane Isaias
17 and Tropical Storm Eta.**

18 A. The business units grouped in the “General” category include Marketing and
19 Communications (“Communications”), Information Technology (“IT”), Corporate

1 Real Estate (“CRE”), Human Resources (“HR”), and External Affairs and Economic
2 Development (“EA”). Before, during and after Hurricane Isaias and Tropical Storm
3 Eta, Communications was responsible for all aspects of communications, both
4 internally with employees and externally with customers and stakeholders. More than
5 30 channels of communication were utilized, including but not limited to email,
6 automated calls, text messaging, social media updates, media events, news
7 conferences, news releases to the media, and communications to local leaders, state and
8 federal elected officials, regulators, and large commercial customers.

9
10 IT was responsible for the delivery and support of system business solutions,
11 technology infrastructure (client services, mobile services, servers, network, etc.), and
12 both wired and wireless technology.

13
14 CRE was responsible for preparing all buildings and substations for potential storm
15 impacts, assessing damage to buildings and sites following the storm, and repairing
16 damage caused by the storm. Furthermore, CRE provided all janitorial, facilities, and
17 food service to critical storm support locations.

18
19 HR supported the storm efforts with a large focus on employee support and
20 communication. The HR compensation and payroll teams provided communication,
21 policy, and procedure updates to employees and answered their inquiries.

22

1 Lastly, EA worked closely and coordinated with local government partners and county
2 EOCs in FPL's service area.

3 **Q. Did any of the business units in the "General" category retain contractors to**
4 **assist?**

5 A. Yes. Communications' contractors primarily supplemented the work of the FPL
6 Communications team in the areas of visual communication support, media relations,
7 social media staffing, and technical support for digital communications. IT utilized a
8 contractor who provided services to support the Trouble Call Management System,
9 which tracks outage tickets and trouble reports during restoration. CRE retained and
10 managed contractors for building services and maintenance. Contractors were also
11 retained for debris removal at corporate offices, substations, and service centers, and
12 the replacement of any damaged vegetation as required by the towns, cities, and
13 counties.

14 **Q. Please explain PGD's role related to Hurricane Isaias and Tropical Storm Eta.**

15 A. The majority of FPL's PGD storm-related costs for both Hurricane Isaias and Tropical
16 Storm Eta was related to payroll and contractors. PGD activated its site-specific
17 procedures for securing equipment, bringing in personnel to ride out the storm at the
18 plant, and perform storm restoration as quickly as possible after the storm.

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

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

1 **Q. Please explain Customer Service’s role related to Hurricane Isaias and Tropical**
2 **Storm Eta.**

3 A. The majority of FPL’s Customer Service storm-related costs was related to payroll and
4 services provided by contractors. Customer Service employees, together with retained
5 contractors, primarily handled communications from customers reporting outages and
6 hazardous conditions, customer complaints, and communications with governmental
7 entities. The FPL Customer Care centers extended daily schedules to shifts covering
8 24 hours/day and coordinated with Gulf Power to further assist as needed. During
9 restoration, Customer Service also assessed the impact Hurricane Isaias and Tropical
10 Storm Eta had on the communication status of network devices, conducted back-office
11 analyses and field investigations, and repaired or replaced non-communicating devices.

12 **Q. Were the activities of Nuclear, Customer Service, PGD, and the other business**
13 **units discussed in the “General” category prudent and the associated costs**
14 **reasonable as part of FPL’s overall responses to Hurricane Isaias and Tropical**
15 **Storm Eta?**

16 A. Yes.

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

20 **Q. Would you consider FPL’s Hurricane Isaias and Tropical Storm Eta restoration**
21 **plans and execution of those plans to be effective?**

22 A. Yes. As mentioned previously, FPL’s primary goal is to safely restore critical
23 infrastructure and the greatest number of customers in the least amount of time so that

1 FPL can quickly return normalcy to the communities it serves. Although Hurricane
2 Isaias ultimately did not make direct landfall in FPL's service area, it impacted more
3 than 40,000 FPL customers. Tropical Storm Eta made landfall twice in Florida and
4 impacted more than 420,000 FPL customers. During both Isaias and Eta, FPL's
5 restoration plans and execution of those plans was effective in quickly restoring power
6 to our impacted customers.

7 **Q. What factors contributed to the effective execution of FPL's Hurricane Isaias and**
8 **Tropical Storm Eta restoration plans?**

9 A. The rapid restoration accomplished following both storms was in large part a result of
10 FPL's preparation for the expected damage to FPL's service area, based on forecasts by
11 the National Hurricane Center. The overall successful restoration effort resulted from,
12 among other actions including:

- 13 • Strong centralized command, solid plans and processes and consistent
14 application of FPL's overall restoration strategy (e.g., focusing first on
15 restoring critical infrastructure and devices that serve the largest number
16 of customers);
- 17 • Utilization of FPL's damage-forecasting model, along with aerial patrols
18 and ground assessments, that allowed us to identify the number and
19 location of needed resources;
- 20 • Aggressive and prudent acquisition, pre-positioning, and redeployment
21 of restoration resources;
- 22 • Robust outage management system functionality and real-time
23 information, which allowed FPL to continually gauge restoration

- 1 progress and make adjustments as changing conditions and requirements
2 warranted;
- 3 • Strong alliances with vendors, which assured an ample, readily available
4 supply of materials;
 - 5 • Previous storm restoration experience, application of lessons learned,
6 process enhancements, regular practice and training, and employee skill
7 and commitment; and
 - 8 • A solid pandemic response plan to ensure the safety of employees,
9 mutual assistance personnel, and our customers.

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

12 A. Enhancements adopted and utilized by FPL during the recent hurricane seasons as well
13 as several additional enhancements implemented during Hurricane Isaias and Tropical
14 Storm Eta included:

- 15 • Implemented improved tracking of vendor crews by having their FPL
16 contacts whenever possible ascertain their starting time and location,
17 ending time and location, and add miscellaneous comments associated
18 with their mobilization to/from FPL service area.
- 19 • Implemented a more effective acquisition and re-deployment of external
20 resources (e.g., committing to acquiring external resources and having
21 them travel and pre-staging them closer, yet out of danger, to the areas
22 expected to be affected by the approaching storm to enable FPL to begin
23 restoration work more quickly);

- Pre-staged mobile sleepers within service area for availability once the storm had passed with the goal of eliminating travel time during the course of restoration, and thereby increasing restoration productivity;
- Supported pre-staged resources at processing and staging sites with port-o-lets, tower lights, and Container Foldout Rigid Temporary Shelters (“CFORTS”). Assisted with delivered meals when local restaurants were not available;
- Increased physical fuel inventory and improved fuel delivery capabilities (both FPL and vendor-supplied resources);
- Improved coordination with County EOCs, including designating restoration personnel pre-storm to assist with road-clearing efforts and ensuring key critical infrastructure facilities requiring restoration prioritization are identified, and establishing an online government portal that allows government officials to obtain the latest news releases and information on customer outages, estimated restoration times, FPL crew resources, outage maps and other information, all of which 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

1 grid technology, drones, and mobile devices to facilitate damage
2 assessments and deployed FPL's Mobile Command Centers and
3 Community Response Vehicles (high-tech remote command posts and
4 communication hubs that quickly relay crucial information, decisions
5 and logistical needs to/from FPL's Command Center) to impacted areas
6 to provide better, faster and more efficient support;

- 7 • Expanded the pool of drone pilots after the success of utilizing drones
8 during Hurricane Irma. We learned that the vegetation team benefited
9 from the use of drones to better understand the volume and the need for
10 additional crews. In addition, we were able to use an internal application
11 that allowed the drone pilots to upload all their images and sort the
12 pictures by location on a map to help improve the speed and quality of
13 damage assessments;
- 14 • Retained a robust list of staging sites at multiple locations throughout the
15 state and maintained contact with site owners to ensure availability and
16 use;
- 17 • Expanded the pre-provisioning and capital enhancements (e.g., paved
18 parking lots, installed technology) of strategic staging site locations for
19 faster set-up and activation, which enabled rapid activation of these sites
20 to support restoration work; and
- 21 • Took proactive actions to address COVID-19 requirements and
22 availability of equipment needed for restoration to best prepare for and
23 respond to a storm event.

1 These processes are examples of FPL’s culture of continuous improvement in storm
2 preparation and response.

3 **Q. In the Commission-approved Hurricane Irma Settlement Agreement (Docket No.**
4 **20180049-EI), FPL described a new smart phone Application (the “iStormed**
5 **App”) for entry, recording and approval of time and expenses for line and**
6 **vegetation contractors. Was the iStormed App used during Hurricane Isaias and**
7 **Tropical Storm Eta?**

8 A. Yes. FPL utilized the iStormed App during the 2020 storm season, including the
9 restorations following both Hurricane Isaias and Tropical Storm Eta, which FPL
10 witness Gerard discusses in greater detail.

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

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

19 **Q. What are your conclusions regarding FPL’s Hurricane Isaias and Tropical Storm**
20 **Eta restoration efforts?**

21 A. According to NOAA, the 2020 Atlantic Hurricane season was record-breaking with 30
22 named storms, including 14 hurricanes and seven major hurricanes. For only the second
23 time in history, the Greek alphabet was used for storms occurring in a single season.

1 2020 was also the first time in recorded history that Florida faced two distinct state of
2 emergency orders at the same time: one for a pandemic and another for the storms. And
3 while FPL's top priority during hurricane season remains the preparation for and
4 response to storms impacting FPL's customers, it should be noted that in 2020 the
5 Company also supported multiple storm restoration events, assisting other utilities in
6 New Jersey, Louisiana, Texas, Mississippi, Alabama, Georgia and North Carolina.

7
8 Amid a global COVID-19 pandemic, FPL prepared for and effectively and efficiently
9 responded to Hurricane Isaias and Tropical Storm Eta. Although Hurricane Isaias did
10 not make a landfall in Florida, it posed a direct threat to FPL's service area as it
11 remained within NHC's forecasted cone from July 31 to August 2, 2020, and threatened
12 Florida's east coast resulting in the NHC issuing Hurricane Warnings. Even a slight
13 deviation by Isaias to the west of the actual track within the NHC forecasted cone could
14 have resulted in a significant number of customers experiencing power outages. During
15 this period, FPL actively prepared for any potential outcomes.

16
17 Tropical Storm Eta followed an erratic path and ultimately made a double landfall in
18 Florida, remaining within the NHC's forecasted cone from November 3 to November
19 12, 2020. The NHC forecast advisory warned of conditions favorable for a re-
20 strengthening to a Hurricane, issuing two separate Hurricane Watches for southern and
21 western Florida. Eta's double landfall resulted in impacts to customers throughout
22 FPL's service area. In each case, FPL followed its well developed and systematic plan
23 to respond.

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 460,000
6 customers experiencing an outage as a result of Hurricane Isaias and Tropical Storm
7 Eta, such that the average time a customer was without service was limited to
8 approximately 1.5 hours and 2.5 hours, respectively, after the storms cleared FPL's
9 service area. During Hurricane Isaias and Tropical Storm Eta, more than 158,000
10 outages were avoided due to investments in smart grid technology (e.g., automated
11 feeder switches).

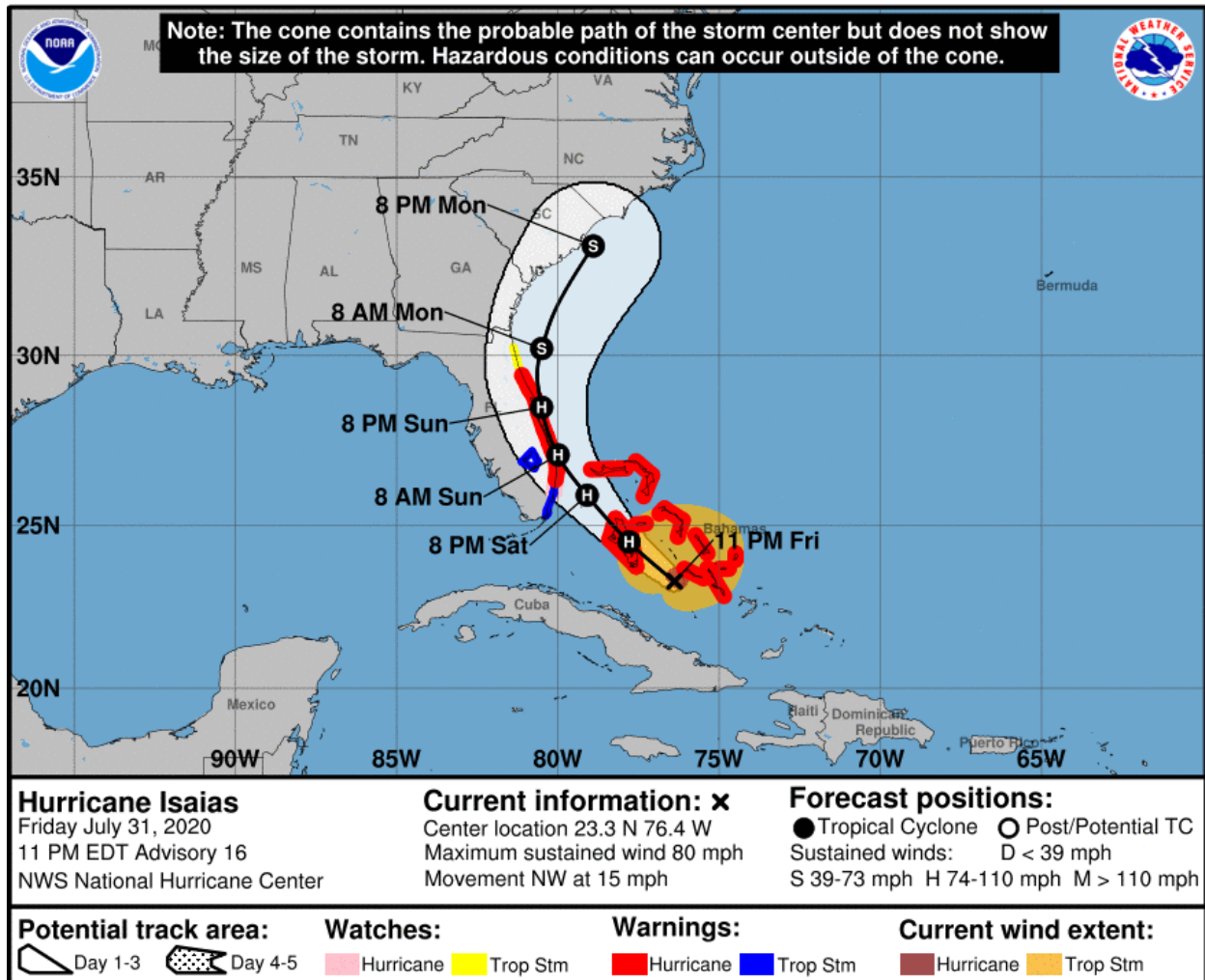
12
13 I believe the entire restoration team, which included FPL employees, contractors and
14 mutual assistance utilities personnel, performed extremely well. This allowed FPL to
15 meet our overarching objective to safely restore critical infrastructure and the greatest
16 number of customers in the least amount of time. Storm restoration is a dynamic and
17 challenging process that tests the fortitude of each person involved. I am exceptionally
18 proud and extremely grateful to have been associated with such a committed and
19 dedicated restoration team.

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

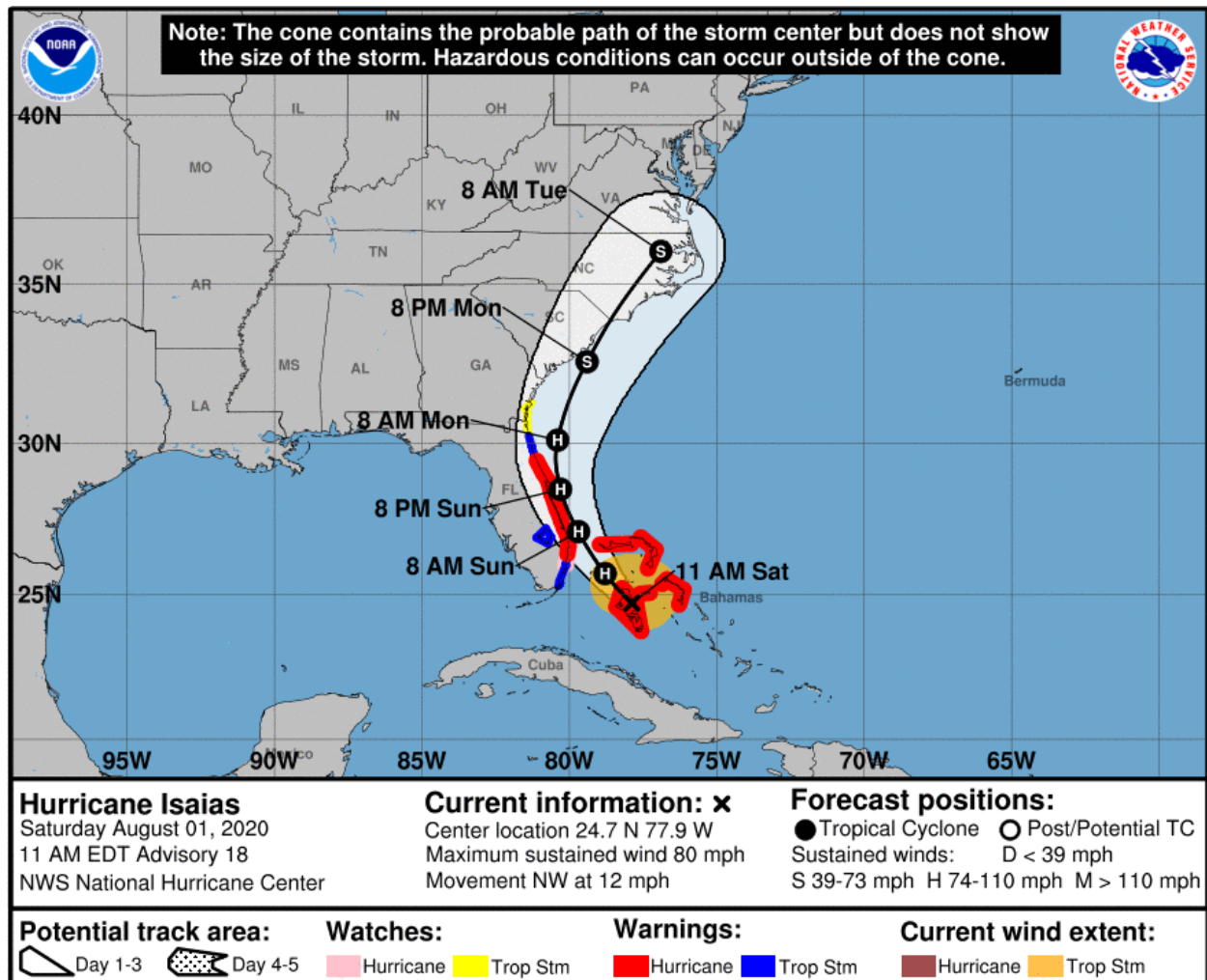
21 A. Yes.

Hurricane Isaias - National Hurricane Center's Forecast Track
Exhibit MBM-1, Page 1 of 2

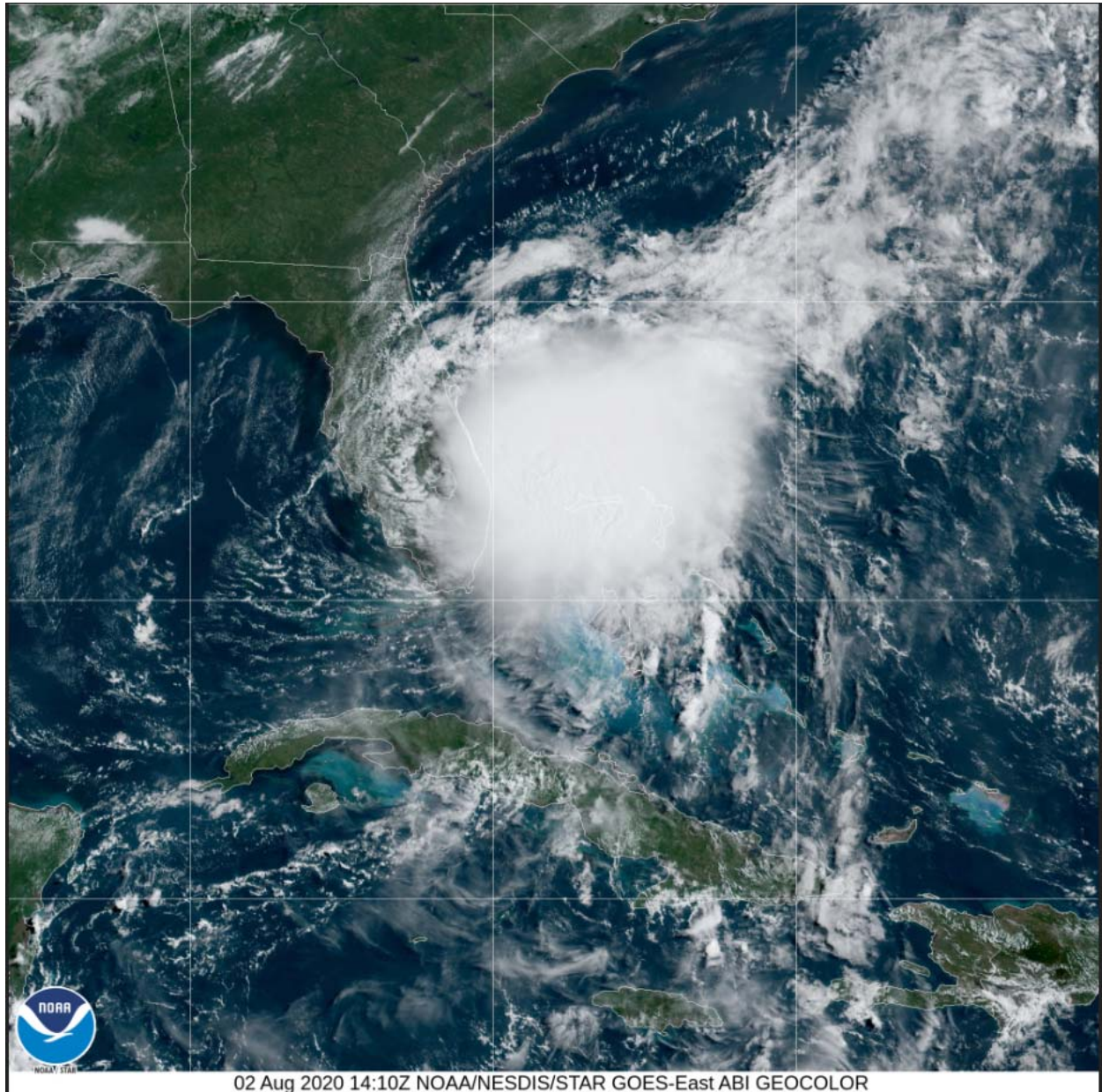
**Hurricane Isaias - National Hurricane Center's Forecast Track
Friday, July 31, 2020**



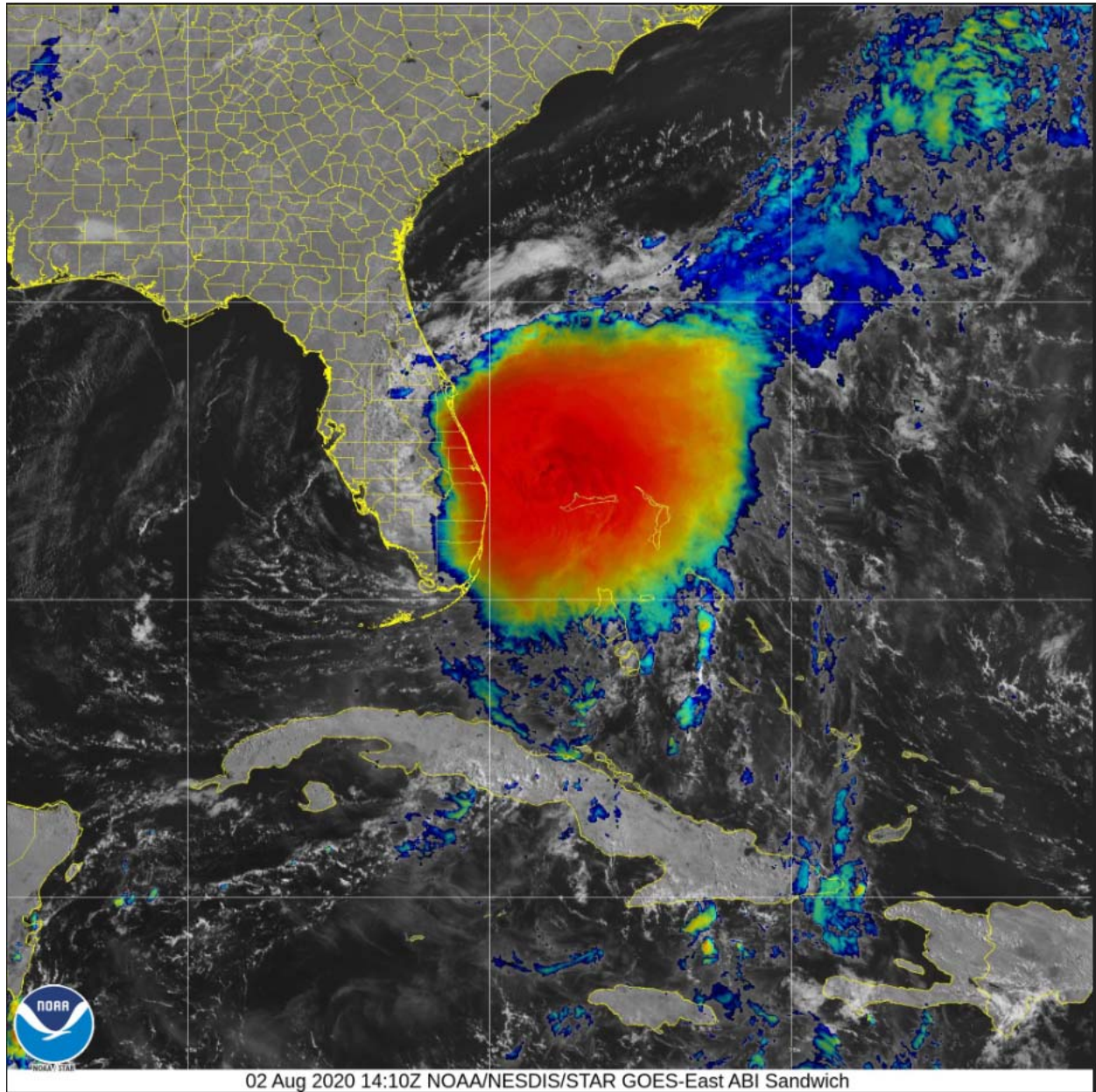
Hurricane Isaias - National Hurricane Center's Forecast Track
Saturday, August 1, 2020



Hurricane Isaias - Satellite View
August 2, 2020

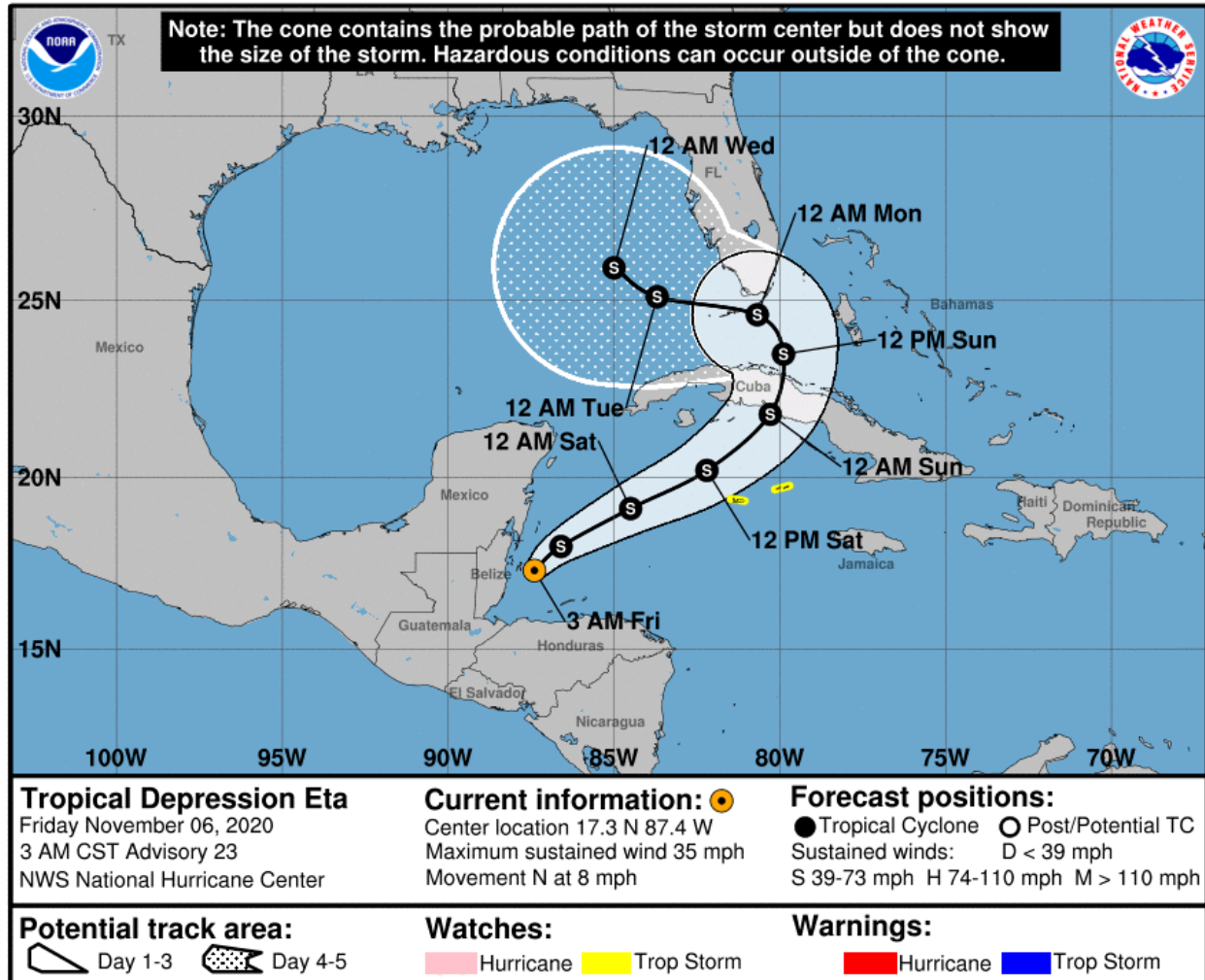


Hurricane Isaias - Satellite (IR) View
August 2, 2020

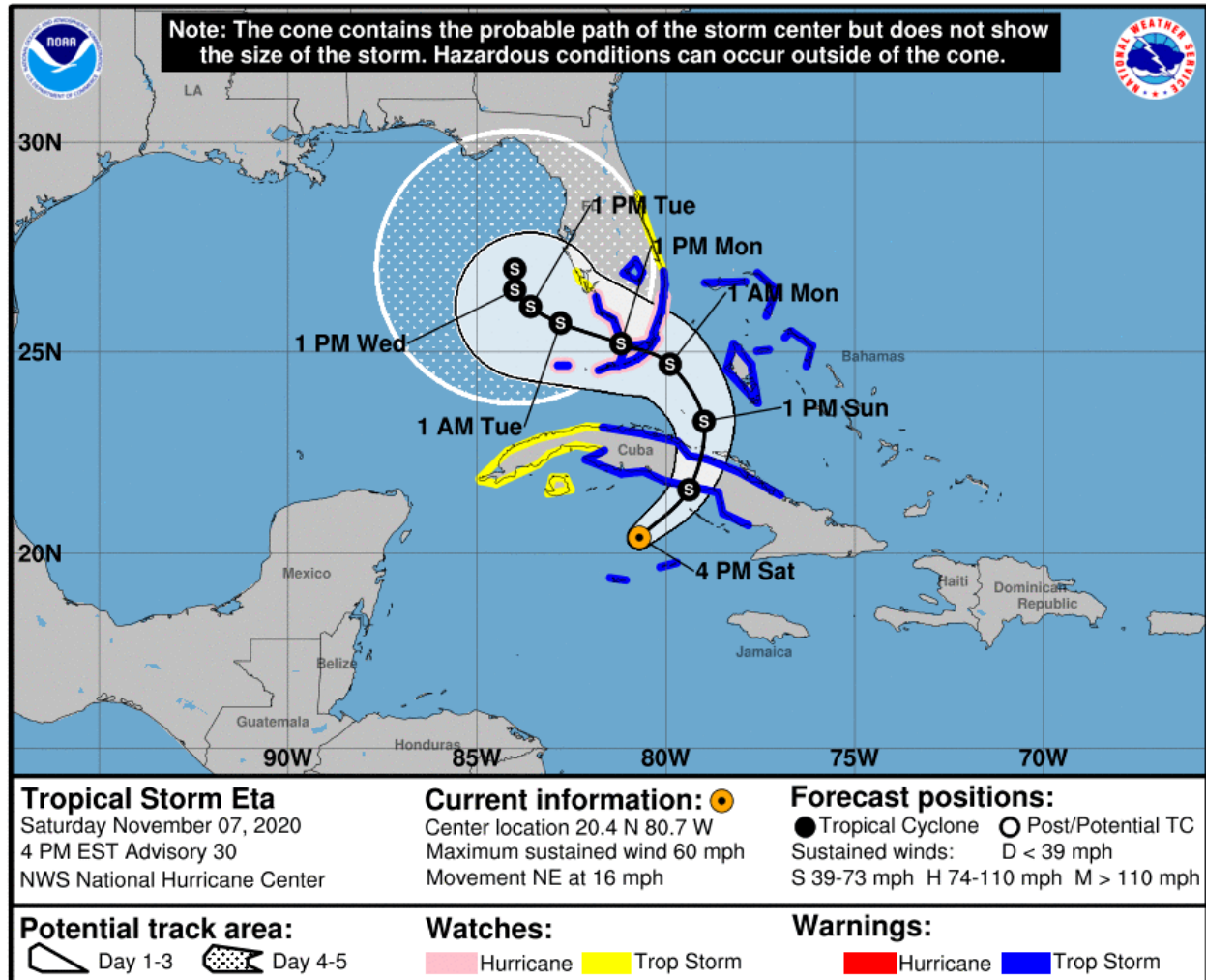


Tropical Storm Eta – National Hurricane Center’s Forecast Track
Exhibit MBM-3, Page 1 of 4

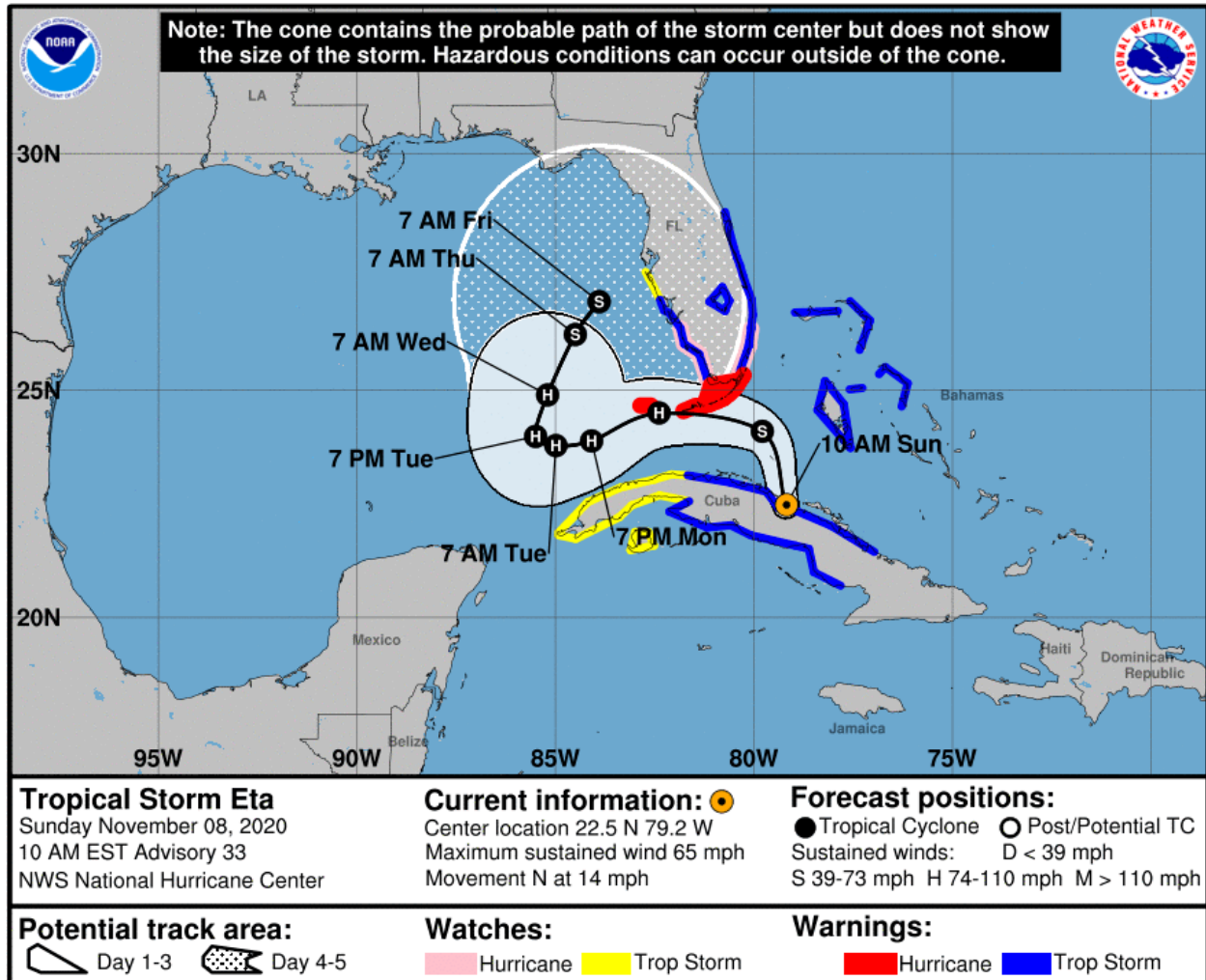
**Tropical Storm Eta – National Hurricane Center’s Forecast Track
Friday, November 6, 2020**



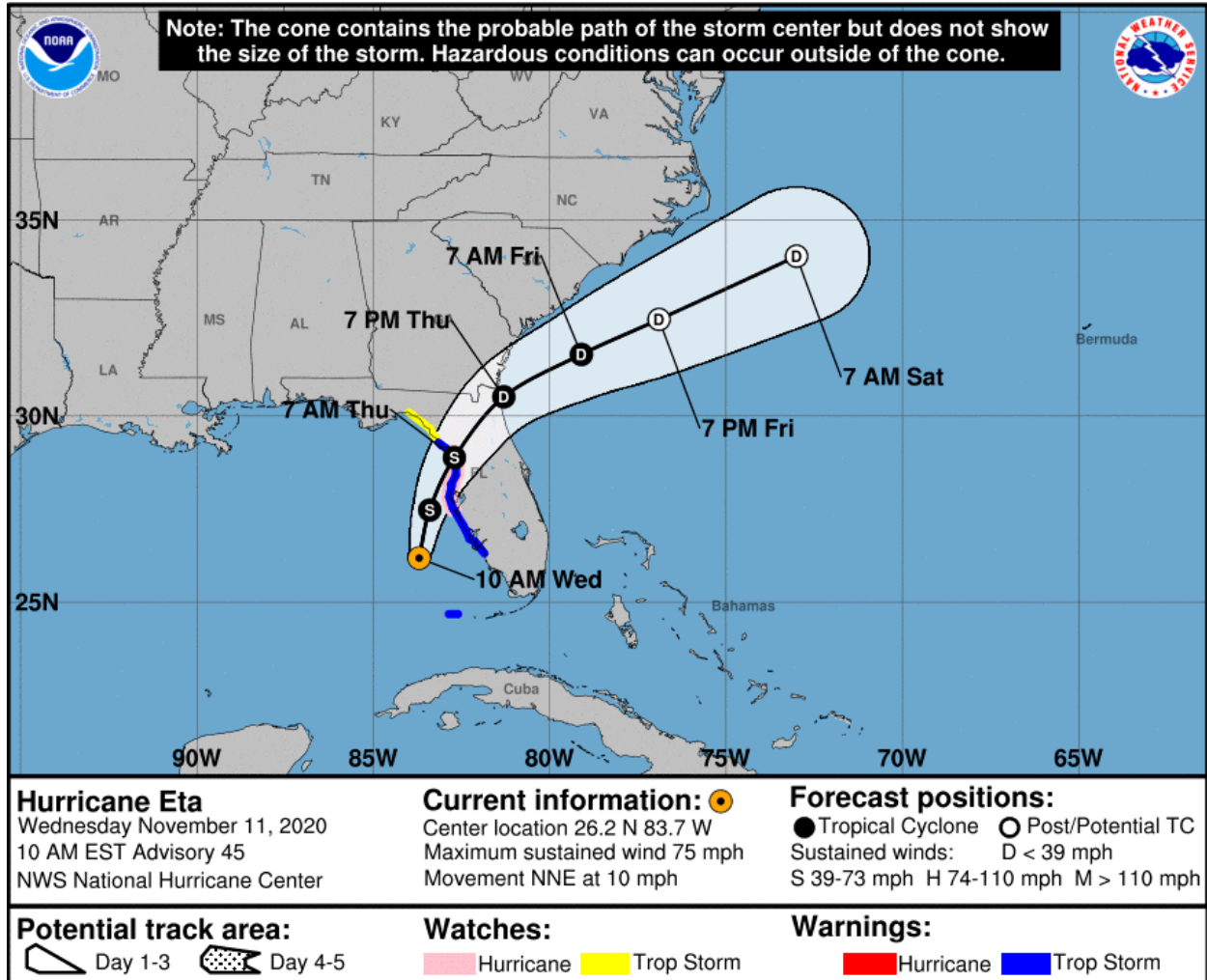
**Tropical Storm Eta – National Hurricane Center’s Forecast Track
Saturday, November 7, 2020**



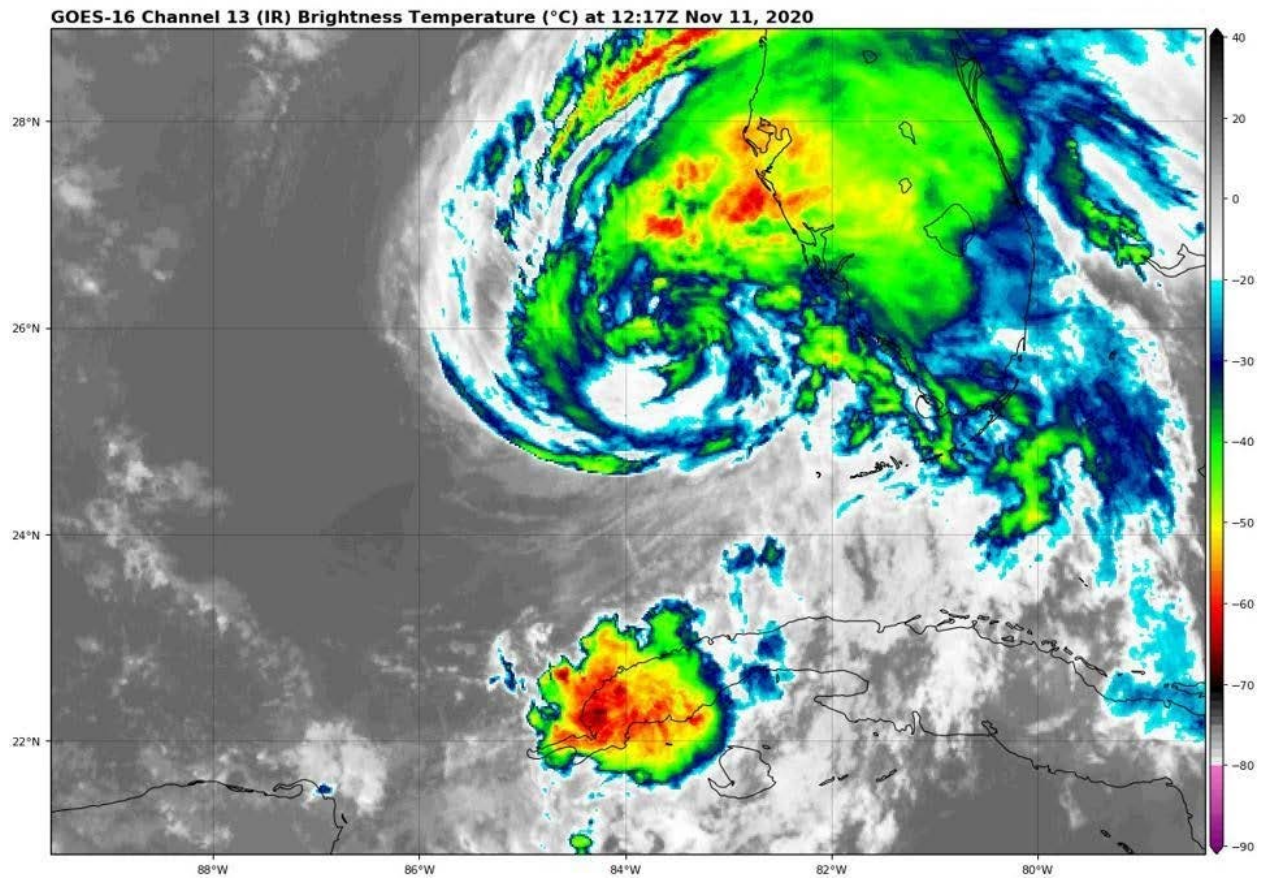
**Tropical Storm Eta – National Hurricane Center’s Forecast Track
Sunday, November 8, 2020**



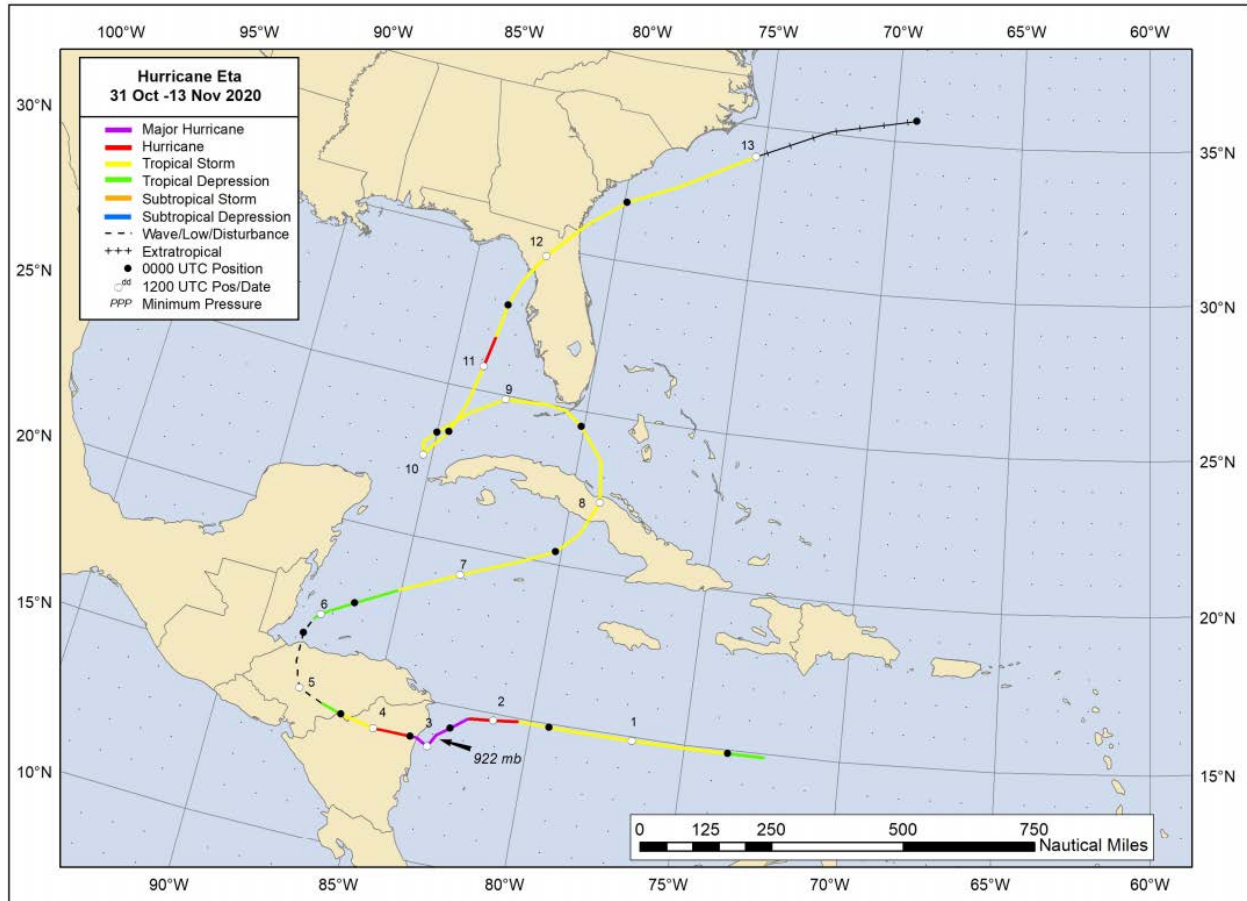
Tropical Storm Eta – National Hurricane Center’s Forecast Track
Wednesday, November 11, 2020



Tropical Storm Eta - Satellite (IR) View
November 11, 2020



Tropical Storm Eta's Path and Double Landfall in Florida



FPL's T&D Hurricane Isaias Restoration Costs
Exhibit MBM-6, Page 1 of 1

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

Storm Costs as of July, 31, 2021

	Transmission	Distribution	Total T&D (D)	% (D)
Regular Payroll and Related Costs (B)	\$35	\$507	\$543	1%
Overtime Payroll and Related Costs (B)	\$123	\$3,768	\$3,891	6%
Contractors (C)	\$0	\$49,005	\$49,005	74%
Vehicle & Fuel	\$7	\$2,708	\$2,715	4%
Materials & Supplies	\$0	\$21	\$21	0%
Logistics	\$2	\$9,122	\$9,124	14%
Other	\$56	\$1,249	\$1,305	2%
Total (D)	\$224	\$66,381	\$66,605	100.0%

(A) Includes costs associated with follow up work

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

(C) Includes line clearing - \$0 for Transmission and \$12,787 for Distribution

(D) Totals might not add due to rounding

FPL's T&D Tropical Storm Eta Restoration Costs (A) (\$000s)

Storm Costs as of July, 31 2021

	Transmission	Distribution	Total T&D (D)	% (D)
Regular Payroll and Related Costs (B)	\$568	\$1,496	\$2,063	2%
Overtime Payroll and Related Costs (B)	\$3,362	\$4,555	\$7,917	7%
Contractors (C)	\$33	\$87,793	\$87,826	77%
Vehicle & Fuel	\$843	\$3,886	\$4,728	4%
Materials & Supplies	\$7	\$426	\$433	0%
Logistics	\$7	\$8,832	\$8,839	8%
Other	\$13	\$1,571	\$1,584	1%
Total (D)	\$4,832	\$108,559	\$113,391	100.0%

(A) Includes costs associated with follow up work

(B) Represents total payroll charged to business unit (function) being supported - see DH-2(Eta) footnote (C)

(C) Includes line clearing - \$0 for Transmission and \$10,426 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

NOVEMBER 12, 2021

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1 **I. INTRODUCTION**

2

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

4 A. My name is Clare Gerard. My business address is NextEra Energy, Inc., 700 Universe
5 Boulevard, Juno Beach, Florida 33408.

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

7 A. I am currently employed by NextEra Energy Marketing, LLC., a subsidiary of NextEra
8 Energy, Inc., as the Vice President of Risk and Credit Exposure Management.

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 Florida
12 Power & Light Company ("FPL") in 2004 and have 16 years of financial, managerial,
13 and commercial experience gained from serving in a variety of positions within Power
14 Marketing, Corporate Development, and Power Delivery. I have held several
15 leadership positions within those business units, including as the Senior Director of
16 Business Services in the Power Delivery Business Unit during the 2020 hurricane
17 season.

18 **Q. Please describe your duties and responsibilities as the Senior Director of Business
19 Services in the Power Delivery Business Unit during the 2020 hurricane season.**

20 A. As Senior Director of Business Services in the Power Delivery Business Unit during
21 the 2020 hurricane season, I oversaw a team that was responsible for financial planning
22 and analysis, audits, and compliance for the Power Delivery Business Unit. In this role,
23 I led the team that was responsible for reviewing invoices submitted by line and

1 vegetation contractors to assure compliance with contractor agreements and applicable
2 provisions of the Commission approved Hurricane Irma Settlement Agreement filed in
3 Docket No. 20180049-EI.

4 **Q. Please describe the storms that affected FPL in peninsular Florida during the 2020**
5 **hurricane season.**

6 A. During the 2020 hurricane season, FPL was impacted by Hurricane Isaias and Tropical
7 Storm Eta. As the invoice review process for both storms was the same, I refer to these
8 storms collectively as the “2020 hurricane season” in my testimony.

9 **Q. Please explain the specific duties and responsibilities related to your supervision**
10 **and oversight of the invoice review process during the 2020 hurricane season.**

11 A. The invoice review process for the 2020 hurricane season took place between
12 September 2020 and July 2021. During this period, I directed the FPL team that was
13 responsible for reviewing and validating contractor invoices. Under my guidance and
14 direction, the team either validated and approved contractor invoices for payment or
15 alternatively identified the need to reject or modify certain submissions that were
16 resolved before the contractor invoices were finalized.

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

18 A. The purpose of my testimony is to provide a detailed overview of the process of
19 reviewing, approving, and where applicable, adjusting invoices for line and vegetation
20 contractors during the 2020 hurricane season.

21 **Q. Please summarize your testimony.**

22 A. My testimony establishes that FPL followed a detailed, deliberate, and comprehensive
23 process to review contractor invoices (which, for purposes of my testimony, include

1 line and vegetation contractors) related to the 2020 hurricane season. My testimony
2 details the full scope of FPL's invoice review process, which included invoice receipt,
3 individual invoice review, and follow-up analysis to ensure that invoices were paid in
4 conformance with contractor-specific contract terms. This process also facilitated
5 FPL's ability to produce supporting data for the 2020 hurricane season costs in an
6 electronic format, utilizing FPL's iStormed Application (the "iStormed App") for
7 recording and approving or rejecting contractor costs.

8 **Q. Please describe the team responsible for FPL's contractor invoice review process.**

9 A. FPL's invoice review process for line and vegetation contractors was performed by the
10 FPL cost finalization ("CF") team. The CF team was responsible for the detailed review
11 of the invoices to ensure compliance with the terms and conditions of the agreements
12 with the line and vegetation contractors and the applicable provisions in the Hurricane
13 Irma Settlement Agreement. Furthermore, the CF team was also responsible for the
14 reconciliation of the amount to be paid to each of the contractors and submission of the
15 approved and reconciled payments to the appropriate contractors.

16 **Q. In the process of reviewing invoices, what support did the CF team receive?**

17 A. The CF team was supported by FPL and Gulf employees including those who held
18 several key storm response functions. Specifically, assistance was provided in the
19 invoice review process by employees who held the following storm roles during the
20 2020 hurricane season:

- 21 • Travel Coordinators, individuals who were responsible for coordinating and
22 tracking the progress of contractor crews during mobilization and
23 demobilization;

- Storm Approvers, individuals (e.g., Production Leads, Arborists, Operations Section Chiefs) who were responsible for the more detailed oversight of contractor crews, and who were responsible for electronically approving timesheets and expenses, including exceptions to the contractor agreements, where appropriate;
- Integrated Supply Chain (“ISC”), the group responsible for the agreements entered into with contractors, continuing relationships with those contractors, and with logistics, which included establishment and operation of staging sites, the provision of lodging and meals; and
- Fleet, the group responsible for purchasing fuel and fueling the trucks at the staging sites.

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

Q. Please describe the training provided in advance of the 2020 hurricane season to employees with certain storm assignments to assist those employees in the real-time review of contractor timesheets and requests for approval of expenses.

A. In 2020, FPL’s annual storm training included participation with Gulf in a joint “dry run” exercise which simulated a hurricane impacting both utilities. Employees with certain storm assignments attended training sessions with a specific emphasis on processes involving the oversight and management of line and vegetation contractors. Furthermore, the training addressed the importance of approving timesheets in the

1 iStormed App and contemporaneously documenting approvals and exceptions to the
2 terms of the agreements with contractors. This training also included explanations of
3 the differing statements of work governing FPL's relationships with its line and
4 vegetation contractors, and discussions related to the process provisions in the
5 Hurricane Irma Settlement Agreement with a focus on paragraph 6 and paragraphs 9
6 through 13, which I describe later in my testimony.

7

8 Before undertaking the actual review process, CF team members reviewed and became
9 familiar with the applicable line and vegetation contractor statements of work and the
10 Hurricane Irma Settlement Agreement and received training in the systems and
11 processes used to record and validate costs during the restoration process.

12

13 II. INVOICE REVIEW PROCESS

14

15 **Q. Please describe the general process by which the CF team received, reviewed, and**
16 **approved or adjusted line and vegetation contractor invoices for payment.**

17 A. The receipt, review, and approval or adjustment of line and vegetation contractor
18 invoices involved the following processes:

- 19 • Cost Finalization - The CF team performed a detailed review of the approved
20 electronic timesheet and expense information from the iStormed App for
21 allowable charges. This formed the basis of what we refer to as contract-specific
22 "flat files." This detailed review placed emphasis on verifying that costs
23 submitted by contractors were reimbursable per the line and vegetation

contracts. Based on this detailed review, any applicable adjustments were made in the iStormed App and any approved exceptions were documented in the flat file.

- Reconciliation and Payment – The Accounts Payable team performed a reconciliation to ensure that the total calculated payment amount on the flat file was the same as the amounts indicated in the SAP system.

Q. Please describe the data that is included in each contractor’s flat file.

A. Each contractor’s flat file is an extract from the iStormed App which contains the electronic timesheet and expense information for line and vegetation contractors.¹ Each flat file contains detailed information for that contractor, including crew information and daily timesheets, crew expenses where applicable, approvals by responsible employees, documentation of exceptions, and, where appropriate, adjustments to vendor invoices. This information is used by the CF team to review, adjust, and approve the final payment to the contractor.

Q. Please explain the process used by the CF team to review of contractors’ timesheet hours.

A. The timesheet review was conducted during the cost finalization review process. This portion of the process involved two verifications specific to hours recorded on the timesheets. One verification consisted of the review of hours charged for mobilization and demobilization (“mob/demob”), which is the time a crew spends traveling to FPL’s processing site (mob) and the time spent traveling home (demob). The other

¹ Section 16 of the Hurricane Irma Settlement Agreement requires certain Storm Cost Documentation to be provided in virtual (sortable spreadsheet) or physical files.

1 verification involved a review of the timesheets reflecting the crews' working time and
2 standby time.

3 **Q. Please explain the process for validation of timesheet hours related to mob/demob.**

4 A. The analysis of timesheet hours related to mob/demob is best explained by separating
5 the activities that were undertaken by the CF team into three buckets. The first involved
6 the CF reviewer reviewing any comments on the contractor's iStormed timesheets,
7 which could indicate anything that could have impacted travel time. The second
8 involved the CF reviewer comparing the hours billed on the contractor's flat file to the
9 hours recorded by the Travel Coordinator. If the hours on the contractor's flat file were
10 different than the hours indicated by the Travel Coordinator, then the CF reviewer
11 requested more information from the contractor to verify the mob/demob hours.

12 The third and final activity involved a separate verification, undertaken by the CF
13 reviewer who confirmed that the contractor was not billing hours as mob/demob after
14 its arrival at the FPL processing site or following its return home or release to another
15 utility by comparing the flat file hours to the Travel Coordinator's notes.

16 **Q. Please explain how timesheet hours related to working time were validated.**

17 A. For timesheet hours related to working time, there is a series of verification activities.
18 The first required the CF reviewer to verify an individual contractor's working days
19 based on the Travel Coordinator's notes. Second, the reviewer verified that the
20 iStormed timesheets during storm working hours were reviewed and approved by the
21 appropriate FPL Storm Approver. The results of this analysis were used to update the
22 contractor's iStormed timesheet and flat file. Lastly, any applicable adjustments to the
23 contractor's mob/demob hours were included in their iStormed timesheet and flat file.

1 **Q. Please explain the process for validation of timesheet hours related to standby**
2 **time.**

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

14 **Q. How did the CF team review the expenses claimed by a contractor?**

15 A. A review of claimed expenses, such as lodging, per diem, and fuel, was conducted by
16 the CF reviewer to ensure adherence to the statement of work and with the applicable
17 provisions in the Hurricane Irma Settlement Agreement.

18 **Q. What process was used to determine whether the contractor's expenditures for**
19 **meals would be reimbursed?**

20 A. Per diem expenses were generally paid during mob/demob for up to 3 meals per day.
21 However, if the per diem total was different than the number of team members, or the
22 number of meals expected based upon the time traveled (e.g., if a team didn't leave
23 their home base until the late afternoon), then the contractor's timesheet and flat file

1 were updated to ensure that they were only reimbursed for the appropriate number of
2 meals. If the contractor chose to purchase an offsite meal while they were onsite and
3 FPL-provided meals were available, the cost of the contractor's meal was not
4 reimbursed unless it was approved by the Storm Approver supervising that crew.

5 **Q. Please explain how issues were addressed involving charges submitted by**
6 **contractors for lodging expenses.**

7 A. The CF reviewer confirmed that the total dollars on hotel receipts during mob/demob
8 were consistent with the contractor's flat fee and averaged approximately \$150 or less
9 per team member per day. This allowance was permitted in response to the COVID-19
10 pandemic, where we added an approved exception to allow contractors to book single
11 occupancy rooms up to \$150 per night per person. If hotel receipts were submitted for
12 payment by a contractor during working days, the reviewer inquired if FPL provided
13 rooms for the members of the team for that day. If the contractor made alternate
14 arrangements on a day when FPL provided a room, the cost was rejected by the
15 reviewer unless it was approved by the Storm Approver supervising that crew or if
16 other sufficient supporting documentation was provided.

17

18 **III. HURRICANE IRMA SETTLEMENT AGREEMENT**

19

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

22 A. Yes. FPL utilized the iStormed App for timesheet and expense reporting for the 2020
23 hurricane season.

1 **Q. What were the benefits of using the iStormed App during the 2020 hurricane**
2 **season?**

3 A. The iStormed App was developed to facilitate the processes of collecting, processing,
4 and approving invoices for line and vegetation contractors responding to storm
5 restoration. The most significant benefit of using the iStormed App was that it
6 eliminated the use of paper timesheets for invoice processing. Previously, the
7 verification of these paper timesheets was conducted manually. Converting this to a
8 digital process increased efficiency, improved data management, and facilitated the
9 invoice review process. For instance, due to the digital nature of invoices, it was much
10 easier to identify who had approved a timesheet (handwritten signatures can sometimes
11 be difficult to read) in order to ask follow-up questions if required.

12 **Q. Did FPL establish invoice review criteria as a result of the Hurricane Irma**
13 **Settlement Agreement?**

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

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

21 A. Yes, the iStormed App data (or the “flat file”) is available in a searchable and sortable
22 Excel file and is included as a part of the filing.

1 **Q. Paragraphs 9 through 11 of the Hurricane Irma Settlement Agreement address**
2 **travel time and expenses of contractors travelling to and from FPL to assist with**
3 **restoration. How did FPL monitor travel time and expenses incurred during the**
4 **2020 hurricane season?**

5 **A. FPL relied upon information gathered by its Travel Coordinators as the most reliable**
6 **data to monitor travel time and expenses during mobilization and demobilization. This**
7 **process provided information such as the time a crew began traveling each day, where**
8 **it started, where a crew ended its travel each day, and at what time it stopped for the**
9 **night. This constant communication with the contractors provided FPL with a better**
10 **understanding of anticipated arrival times and explanations for delays such as traffic or**
11 **weather.**

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

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

1 **Q. In addition to the tools used to monitor travel and expenses as part of the invoice**
2 **review process, were other tools used to geographically track the crews?**

3 A. Yes. Where it was reasonably practicable to do so, the Crew Tracking App helped to
4 geographically track storm crews in real-time during mobilization and demobilization
5 for operational purposes. However, the Crew Tracking App is not designed for and was
6 not used to document exceptions to the line and vegetation contract provisions
7 regarding travel and expenses.

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

10 A. Verification of these costs and expenses was determined consistent with the timesheet
11 analysis process described earlier in my testimony. Ultimately, the CF team verified
12 travel time based on information collected and provided by Travel Coordinators.

13 **Q. As part of its invoice review process, how did the CF team ensure that contractors**
14 **maintained the pace of travel addressed in paragraph 11 of the Hurricane Irma**
15 **Settlement Agreement?**

16 A. Travel Coordinators noted on a team-by-team basis the starting and ending times and
17 locations for each day of travel to calculate the total time and distance a crew traveled
18 on any given day. With this information, the CF reviewer was able to determine
19 whether the crew traveled at a rate equivalent to 500 miles in a 16-hour day as stipulated
20 in the Hurricane Irma Settlement Agreement.

21
22 If the team travel rate was consistent with the provisions of the Hurricane Irma
23 Settlement Agreement, the reviewer approved the mobilization hours the contractor

1 submitted. In the event the team encountered a delay, such as severe weather or traffic,
2 it was noted in the travel log, and the information was factored into the determination
3 of the acceptable pace of travel. If the travel rate was less than the equivalent of
4 approximately 500 miles in 16 hours, and no supporting information was provided to
5 the Travel Coordinator, the timesheet was adjusted, and the flat file was updated as
6 necessary to meet the approved standard.

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

12 **Q. Paragraph 12 of the Hurricane Irma Settlement Agreement addresses**
13 **management of external line and vegetation contracts to avoid paying double time**
14 **rates. As part of its invoice review process, how did the CF team comply with this**
15 **requirement and ensure double time rates were not paid to these contractors?**

16 A. FPL's contracts with line and vegetation contractors do not allow for double time rates.
17 As such, iStormed does not allow an option to charge double time. The contractor can
18 only choose from straight time and overtime.

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

23 A. Once a crew was on-site, its meals were generally provided by FPL. If per diem was

1 claimed when a crew was on-site, a CF reviewer checked with the appropriate Storm
2 Approver to confirm if a per diem was allowed due to an extenuating circumstance. If
3 the reviewer found no extenuating circumstance, then the expense was rejected.

4

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

10 **Q. If any exceptions related to paragraphs 6 and 9 through 13 in the Hurricane Irma**
11 **Settlement were noted as part of the invoice review process, did the CF team**
12 **confirm that they were they appropriately documented?**

13 A. Yes. As discussed in a number of my responses, the CF team required documentation
14 of exceptions or subsequent acknowledgment that the exceptions had been approved,
15 before approving payment for those items.

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

17 A. Approval of exception items related to paragraphs 6 and 9 through 13 was documented
18 on a per transaction basis by crew and by the contractor for expenses, and on a per
19 employee per day basis for hours worked and mob/demob time. If an exception was
20 presented, the CF reviewer documented the reason why the transaction was deemed
21 appropriate or consulted with the appropriate FPL Storm Approver for confirmation
22 that the exception had been approved.

23

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 worked with the contractor to obtain
4 additional information. If appropriate supporting documentation was thereafter
5 provided to validate the invoice, the issue was documented as resolved, and payment
6 was approved. Otherwise, the CF reviewer had the authority to modify invoices, as
7 appropriate, to reflect only validated amounts.

8 **Q. Did the invoice review process result in a reduction of the total payments made on**
9 **invoices submitted in connection with the 2020 hurricane season?**

10 A. Yes. FPL engaged with the line and vegetation contractors throughout the invoice
11 review process, addressing any potential open items or acquiring the necessary support
12 before finalizing the invoices. In the absence of the necessary support, invoices were
13 adjusted. As a result, the comprehensive review process undertaken by the CF team
14 was successful in further confirming the actual costs associated with storm restoration
15 during the 2020 hurricane season restoration.

16 **Q. What are your conclusions regarding FPL's storm invoice review process for line**
17 **and vegetation contractors utilized during the 2020 hurricane season?**

18 A. The invoice review process was thorough and comprehensive and ensured that the
19 payments for line and vegetation contractors were individually reviewed, verified,
20 adjusted when appropriate, processed, and paid.

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

22 A. Yes.

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
FLORIDA POWER & LIGHT COMPANY
DIRECT TESTIMONY OF DAVID HUGHES
NOVEMBER 12, 2021

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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 13-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 Exhibits DH-1(Isaias) – Hurricane Isaias Incremental Cost and
5 Capitalization Approach Adjustments; and DH-2(Eta) – Tropical Storm Eta
6 Incremental Cost and Capitalization Approach Adjustments, which provide the
7 restoration costs for Hurricane Isaias and Tropical Storm Eta as of July 31, 2021. All
8 costs for both storms have been finalized.

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

10 A. The purpose of my testimony is to present the amount of Hurricane Isaias and Tropical
11 Storm Eta storm restoration costs incurred by FPL and the accounting treatment for
12 those costs. In addition, I demonstrate that FPL's storm restoration and accounting
13 processes and controls are well established, documented, and implemented by
14 Company personnel who are trained to ensure proper storm accounting and ratemaking.
15 I discuss how the Company addressed certain provisions of FPL's Hurricane Irma
16 Stipulation and Settlement Agreement approved by the Commission in Order No. PSC-
17 2019-0319-S-EI, Docket No. 20180049-EI (the "Hurricane Irma Settlement
18 Agreement") including supporting documentation for storm expenses. I also explain
19 that FPL used a combined simple average of hourly internal Company and embedded
20 contractor rates to determine the amount of costs to capitalize, as described in
21 paragraph 20 of the Hurricane Irma Settlement Agreement. Finally, I discuss FPL's
22 election not to seek recovery of the incremental Hurricane Isaias or Tropical Storm Eta
23 storm-related costs through either a surcharge or depletion of Federal Energy

1 Regulatory Commission (“FERC”) Account No. 228.1, Accumulated Provision for
2 Property Insurance (the “storm reserve”) and to instead charge the incremental storm-
3 related costs as base operations and maintenance (“O&M”) expense, which is
4 authorized by Rule 25-6.0143(1)(h), Use of Accumulated Provision Accounts 228.1,
5 228.2 and 228.4, Florida Administrative Code (“F.A.C.”) (“the Rule”).

6 **Q. Please summarize your testimony.**

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

19

20 After removing related capital costs, the remaining amount of storm restoration costs
21 for Hurricane Isaias and Tropical Storm Eta was \$68.5 million and \$115.5 million,
22 respectively. FPL decided to forego the option of seeking recovery of any incremental

1 storm costs through a surcharge or depletion of the storm reserve for both storms, and
2 instead recognized all non-capital storm costs as base O&M expense.

3
4 In addition, even though FPL is not seeking recovery of the storm restoration costs for
5 Hurricane Isaias and Tropical Storm Eta, FPL has calculated the amount of incremental
6 storm costs for each storm in accordance with the Commission's Incremental Cost and
7 Capitalization Approach ("ICCA") methodology based on the version of the Rule in
8 effect at the time of the storm event. These calculations are reflected on Exhibits DH-
9 1(Isaias) and DH-2(Eta).

11 II. STORM ACCOUNTING PROCESS AND CONTROLS

12
13 **Q. Please describe the accounting guidance and process that FPL uses for storm**
14 **costs.**

15 A. FPL's storm accounting process adheres to Accounting Standards Codification 450,
16 Contingencies ("ASC 450"), which prescribes that an estimated loss from a loss
17 contingency is recognized only if the available information indicates that (1) it is
18 probable an asset has been impaired or a liability has been incurred at the reporting
19 date, and (2) the amount of the loss can be reasonably estimated. FPL incurs a liability
20 for a qualifying event, such as a hurricane or tropical storm, because it has an obligation
21 to customers to restore power and repair damage to its system. Therefore, once a
22 hurricane or tropical storm event has transpired, FPL assesses the estimated cost to
23 restore the system to pre-event conditions and accrues that liability in full when the

1 amount can be reasonably estimated under ASC 450. FPL's storm accounting process
2 is well established and consistently applied. The Company's storm accounting process
3 was applied for the Hurricane Isaias and Tropical Storm Eta storm restoration costs.

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

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

15 **Q. When did FPL begin charging costs related to Hurricane Isaias and Tropical**
16 **Storm Eta to the storm IOs?**

17 A. Due to the expected risk of significant outages and substantial infrastructure damages,
18 FPL began making financial commitments associated with securing resources prior to
19 Hurricane Isaias's and Tropical Storm Eta's anticipated impacts. In accordance with
20 FPL's Storm Accounting Policy and with authorization from FPL's President and CEO,
21 FPL established and activated storm IOs to begin tracking and charging costs for
22 Hurricane Isaias and Tropical Storm Eta on July 30, 2020 and November 6, 2020,
23 respectively. An email communication was sent to all FPL business units to inform

1 them that storm IOs had been activated for purposes of collecting and tracking storm
2 restoration charges. Attached to the email, FPL also provided: (1) a listing of IOs by
3 function and location, (2) guidance on recording time for payroll, and (3) guidance on
4 the types of costs eligible to be charged to storm IOs. The pre-landfall costs charged
5 to the storm IOs included the acquisition of external resources (e.g., line and vegetation
6 contractors), mobilization and pre-staging of internal and external resources, opening
7 of staging and processing sites, reserving lodging, and securing FPL's existing
8 operational facilities in preparation for the impacts of the storm.

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

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

22

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

6
7 FPL performs extensive training each year in advance of storm season for both the
8 Finance Section Chiefs and Business Unit Coordinators, which includes live training
9 and drills during FPL's "dry run" storm event. Costs associated with the annual
10 training are not considered storm restoration costs and not included in the costs
11 presented in this docket.

12 **Q. Did FPL utilize these processes in advance of and during its responses to**
13 **Hurricane Isaias and Tropical Storm Eta?**

14 A. Yes. These controls were used to effectively ensure that storm accounting processes
15 were followed.

16 **Q. Does FPL's Accounting Department complete a review of storm restoration costs**
17 **recorded by each business unit once restoration is complete?**

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

1 **Q. Was this process followed post Hurricane Isaias and Tropical Storm Eta storm**
2 **restorations?**

3 A. Yes, the Accounting Department followed this process after the restorations related to
4 both Hurricane Isaias and Tropical Storm Eta.
5

6 **III. HURRICANE IRMA SETTLEMENT AGREEMENT PROVISIONS**
7

8 **Q. Please discuss the accounting-related provisions included in the Hurricane Irma**
9 **Settlement Agreement that were incorporated into the review of Hurricane Isaias**
10 **and Tropical Storm Eta costs.**

11 A. The pre-filed direct testimony of FPL witness Gerard describes in detail the processes
12 followed in the receipt, review, approval or adjustment of line and vegetation contractor
13 invoices related to both storms. I will address FPL's compliance with the following
14 accounting requirements under the Hurricane Irma Settlement Agreement:

- 15 • FPL's obligation to provide supporting expense documentation including a
16 summary of expenses showing total expenses incurred by specified cost
17 categories (Paragraph 16);
- 18 • FPL's obligation to provide searchable and sortable data for each storm
19 exported from FPL's iStormed App (Paragraph 16);
- 20 • The requirement that "FPL will engage an independent outside audit firm to
21 conduct an audit of the Company's filed recoverable storm costs of the first
22 named tropical system named by the National Hurricane Center for which
23 claimed damages exceed \$250 million" (Paragraph 18); and

- The requirement that “FPL will use a combined simple average of hourly internal Company and embedded contractor rates that are the type normally incurred in the absence of a storm to determine amounts to capitalize to plant, property, and equipment along with the materials and other cost of equipment” (Paragraph 20).

Q. Has FPL provided the supporting files for Hurricane Isaias and Tropical Storm Eta expenses described in paragraph 16 of the Hurricane Irma Settlement Agreement?

A. Yes. In accordance with Paragraph 16 of the Hurricane Irma Settlement Agreement, FPL is providing sortable spreadsheets of line and vegetation contractor costs concurrently with the filing of its petition and direct testimony. The sortable spreadsheets of line and vegetation contractor costs represent the majority of costs incurred in each of the storms and support the total costs incurred by cost category for Hurricane Isaias and Tropical Storm Eta on Exhibit DH-1(Isaias) and DH-2(Eta), respectively.

Q. Did FPL use the iStormed App during restoration for Hurricane Isaias and Tropical Storm Eta events?

A. Yes. FPL utilized the iStormed App during restoration for Hurricane Isaias and Tropical Storm Eta which, as discussed by FPL witness Gerard, formed the basis of the contract specific “flat files” attached to the petition filed in this docket.

1 **Q. Did either the actual Hurricane Isaias storm costs or the Tropical Storm Eta storm**
2 **costs exceed the \$250 million threshold that would trigger the paragraph 18 Initial**
3 **Independent Audit provision?**

4 A. No. As reflected on Exhibits DH-1(Isaias) and DH-2(Eta), neither the Hurricane Isaias
5 storm costs nor the Tropical Storm Eta storm costs exceeded \$250 million.

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

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

14
15 **IV. ACCOUNTING TREATMENT FOR HURRICANE ISAIAS**
16 **AND TROPICAL STORM ETA**
17

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

19 A. As described previously, FPL utilizes unique storm IOs for each function and location
20 to record and track all storm restoration activities for each event, which are
21 accumulated in FERC Account 186. All costs charged to FERC Account 186 are
22 subsequently cleared and charged to either the storm reserve, base O&M expense,
23 capital, or below-the-line expense, as applicable.

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

11
12 When the storm restoration costs are charged to the storm reserve, the ICCA
13 methodology is used to remove the non-incremental O&M expenses, which are
14 subsequently credited from FERC Account 186 and debited to base O&M.

15
16 After the capital costs, non-recoverable costs, and non-incremental O&M expenses are
17 removed from FERC Account 186, the remaining balance, representing incremental
18 storm charges, is jurisdictionalized by using retail separation factors authorized by the
19 2016 Stipulation and Settlement Agreement approved by the Commission in Order No.
20 PSC-16-0560-AS-EI ("2016 Stipulation and Settlement Agreement"), and credited
21 from FERC Account 186 and debited to the storm reserve. The remaining non-retail
22 component of the incremental storm charges is credited from FERC Account 186 and
23 debited to base O&M expense, leaving a zero balance in FERC Account 186.

1 **Q. How did FPL account for Hurricane Isaias and Tropical Storm Eta storm**
2 **restoration costs?**

3 A. FPL accounted for all of the Hurricane Isaias and Tropical Storm Eta storm restoration
4 costs in FERC Account 186. FPL then determined the amount of capital accumulated
5 in FERC Account 186 and removed those costs from FERC Account 186 and recorded
6 them to the appropriate FERC accounts. In December 2020, FPL decided to forego the
7 option of seeking recovery of incremental storm restoration costs for Hurricane Isaias
8 and Tropical Storm Eta through a storm surcharge or depletion of the storm reserve, as
9 permitted under the 2016 Stipulation and Settlement Agreement and Rule 25-
10 6.0143(1)(h), F.A.C., respectively, and instead elected to record the incremental
11 Hurricane Isaias and Tropical Storm Eta storm restoration costs to base O&M expense.
12 This accounting treatment avoided a storm surcharge for recovery of incremental
13 Hurricane Isaias and Tropical Storm Eta storm restoration costs and replenishment of
14 the storm reserve.

15 **Q. What categories of storm restoration costs did FPL charge to FERC Account 186**
16 **for Hurricane Isaias and Tropical Storm Eta?**

17 A. As reflected on page 1 of Exhibits DH-1(Isaias) and DH-2(Eta), FPL charged \$68.5
18 million and \$115.9 million in storm restoration costs related to Hurricane Isaias and
19 Tropical Storm Eta, respectively, to FERC Account 186. The categories of costs
20 outlined below are reflected on Lines 1-10 on Exhibits DH-1(Isaias) and DH-2(Eta):

- 21 • **FPL Regular Payroll and Related Costs:** Reflects \$0.7 million and \$2.3
22 million for Hurricane Isaias and Tropical Storm Eta, respectively, of regular
23 payroll and related payroll overheads for FPL employee time spent in direct

support of storm restoration. This amount excludes bonuses and incentive compensation.

- **FPL Overtime Payroll and Related Costs:** Reflects \$4.7 million and \$8.8 million for Hurricane Isaias and Tropical Storm Eta, respectively, of overtime payroll and payroll tax overheads for FPL employee time spent in direct support of storm restoration.

- **Contractor and Line Clearing Costs:** Reflects \$49.2 million and \$88.7 million for Hurricane Isaias and Tropical Storm Eta, respectively, of costs primarily related to mutual aid utilities, line contractors, and vegetation contractors, including mobilization and de-mobilization costs.

- **Vehicle and Fuel:** Reflects \$2.8 million and \$4.7 million for Hurricane Isaias and Tropical Storm Eta, respectively, for vehicle utilization and fuel used by FPL and contractor vehicles for storm restoration activities.

- **Materials and Supplies:** Reflects \$42 thousand and \$0.5 million for Hurricane Isaias and Tropical Storm Eta, respectively, in materials and supplies used to repair and restore service and facilities to pre-storm condition.

- **Logistics Costs:** Reflects \$9.4 million and \$9.1 million for Hurricane Isaias and Tropical Storm Eta, respectively, of costs for staging and processing sites, meals, lodging, buses and transportation, and rental equipment used by employees and contractors in direct support of storm restoration.

- **Other:** Reflects \$1.7 million and \$1.8 million for Hurricane Isaias and Tropical Storm Eta, respectively, of other miscellaneous costs, including payroll and related overheads from affiliate personnel directly supporting storm restoration.

1 **Q. How did FPL determine the amount of capital costs it recorded on its books and**
2 **records for Hurricane Isaias and Tropical Storm Eta?**

3 A. The amount of capital costs for each storm event is determined by applying part (1)(d)
4 of the Rule, which states that "...the normal cost for the removal, retirement and
5 replacement of those facilities in the absence of a storm" should be the basis for
6 calculating storm restoration capital. As described previously, all costs related to storm
7 restoration work (including follow-up work) were initially charged to FERC Account
8 186, and estimated capital costs were then reclassified to FERC Account 107, CWIP.

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

21
22 After the capital jobs were completed, the CWIP account was credited and the
23 appropriate functional plant account in FERC Account 101, Plant in Service, was

1 debited based on the estimated cost of installed units of property. Retirements of fixed
2 assets removed during restoration were recorded when the new incurred capital costs
3 were placed in service through a new discrete IO. As shown on Line 17 on page 1 of
4 Exhibits DH-1(Isaias) and DH-2(Eta), a total of \$3 thousand and \$439 thousand for
5 Hurricane Isaias and Tropical Storm Eta, respectively, was recorded as capital costs.

6 **Q. Did FPL record any below-the-line expenses for Hurricane Isaias or Tropical**
7 **Storm Eta?**

8 A. No.

9 **Q. Did FPL receive, or does it expect to receive, any insurance recoveries associated**
10 **with storm damage resulting from Hurricane Isaias or Tropical Storm Eta?**

11 A. No. FPL does not have insurance for its transmission or distribution (“T&D”) assets.
12 In addition, FPL could not make a property insurance claim for damages to its non-
13 T&D assets as a result of Hurricane Isaias and Tropical Storm Eta because the loss did
14 not exceed the deductible amount for insured assets.

15 **Q. Did FPL bill any third parties for reimbursement of storm-related costs for**
16 **Hurricane Isaias or Tropical Storm Eta?**

17 A. No.

18 **Q. What was the total amount of Hurricane Isaias and Tropical Storm Eta storm**
19 **restoration costs charged to base O&M expense?**

20 A. As reflected on Line 19 on page 1 of Exhibits DH-1(Isaias) and DH-2(Eta), after
21 removing any related capital, the total amount of Hurricane Isaias and Tropical Storm
22 Eta storm restoration costs charged to base O&M expense was \$68.5 million and
23 \$115.5 million, respectively. As explained above, FPL is not seeking to establish a

1 surcharge for the recovery of any incremental Hurricane Isaias and Tropical Storm Eta
2 costs or replenishment of the storm reserve in this proceeding.
3

4 **V. ICCA ADJUSTMENTS RELATED TO HURRICANE ISAIAS AND**
5 **TROPICAL STORM ETA**
6

7 **Q. Did FPL determine the amount of non-incremental storm costs associated with**
8 **Hurricane Isaias and Tropical Storm Eta pursuant to the ICCA methodology?**

9 A. Yes. Although FPL is not seeking recovery of any incremental storm costs associated
10 with either Hurricane Isaias or Tropical Storm Eta, FPL has calculated the non-
11 incremental costs per the ICCA methodology for both storms consistent with the Rule
12 in effect at the time of the storm events. The non-incremental costs for Hurricane Isaias
13 and Tropical Storm Eta are reflected on Lines 21 through 31 of Exhibits DH-1(Isaias)
14 and DH-2(Eta), respectively. Below is a summary of the Hurricane Isaias and Tropical
15 Storm Eta non-incremental costs that were charged to base O&M.

- 16 • **FPL Regular Payroll:** In general, FPL regular payroll costs recovered through
17 base O&M are non-incremental. However, FPL regular payroll normally
18 recovered through capital or cost recovery clauses can be charged to the storm
19 reserve based on paragraphs 21 and 22 of Order No. PSC-2006-0464-FOF-EI,
20 Docket No. 20060038-EI: “otherwise, the costs would effectively be disallowed
21 because there is no provision to recover those costs in base rate operation and
22 maintenance costs....”
23

1 FPL determines the amount of non-incremental FPL payroll by calculating the
2 Company's budgeted base O&M payroll percentage as compared to total budgeted
3 payroll for the month in which the storm occurred, including cost recovery clauses
4 and capital by cost center, and then multiplies that percent by the total actual
5 payroll costs incurred (excluding overtime) for FPL employees directly supporting
6 storm restoration. The total amount of FPL regular payroll and related overheads
7 that would be non-incremental under the ICCA methodology for Hurricane Isaias
8 and Tropical Storm Eta is \$0.4 million and \$0.8 million, respectively. The
9 remaining regular payroll and related overhead expense is considered incremental
10 as it would have been incurred as a component of capital or cost recovery clauses
11 absent the Hurricane Isaias and Tropical Storm Eta storm restoration efforts.

- 12 • **Vegetation Contractors:** Based on part (1)(f)(8) of the Rule in effect at the time
13 of the storm event, storm-related tree trimming expenses must be excluded if the
14 Company's total tree trimming expense in a storm restoration month is less than
15 the average expense for the same month in which the storm occurred in the prior
16 three years. The tree trimming expenses for the prior three-year August average
17 exceeded the tree trimming expenses during August 2020, the month in which
18 Hurricane Isaias restoration work was performed, by \$1.1 million. Based on this
19 methodology, of the total \$12.8 million in storm-related tree-trimming expenses,
20 \$1.1 million would be deemed non-incremental, all of which was related to the
21 distribution function. There were no incremental vegetation costs for Tropical
22 Storm Eta.

- 1 • **Vehicle Utilization:** All FPL-owned vehicle utilization costs charged to storm
2 IOs, totaling \$337 thousand and \$1.1 million for Hurricane Isaias and Tropical
3 Storm Eta, respectively, would be considered non-incremental under the ICCA
4 methodology.
- 5 • **Fuel:** Fuel costs incurred by FPL directly related to storm restoration are charged
6 to the storm IOs. While the ICCA methodology under the Rule in effect at the
7 time of the storm event does not speak directly to recovery of fuel costs, FPL has
8 conservatively applied the same methodology described above for vegetation
9 contractors. Fuel expenses for the prior three-year August (Hurricane Isaias) and
10 November (Tropical Storm Eta) average exceeded the fuel expenses in August
11 2020 (Hurricane Isaias) and November 2020 (Tropical Storm Eta), the months in
12 which Hurricane Isaias and Tropical Storm Eta restoration work was performed.
13 FPL determined \$107 thousand and \$196 thousand for Hurricane Isaias and
14 Tropical Storm Eta, respectively, would be non-incremental under this
15 methodology, all of which is reflected in the distribution function.
- 16 • **Employee Assistance:** Assistance provided to employees, is not recoverable
17 under the ICCA methodology. These costs for Hurricane Isaias and Tropical
18 Storm Eta, totaling \$14 thousand and \$37 thousand, respectively, would be
19 considered non-incremental.

1 **Q. Is FPL seeking recovery of any incremental storm costs for either Hurricane**
2 **Isaias or Tropical Storm Eta?**

3 A. No. FPL is not seeking recovery for any incremental storm costs through either a
4 surcharge or depletion of the storm reserve for either Hurricane Isaias or Tropical Storm
5 Eta, but is presenting the storm costs for each storm for review by the Commission.

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

7 A. Yes.

Florida Power & Light Company
Hurricane Isaias Incremental Cost and Capitalization Approach Adjustments
through July 31, 2021
(\$000s)

LINE NO.	Storm Costs By Function (A)						Total (7)
	Steam & Other (1)	Nuclear (2)	Transmission (3)	Distribution (4)	General (B) (5)	Customer Service (6)	
1	<u>Storm Restoration Costs</u>						
2	Regular Payroll and Related Costs (C)	\$10	\$29	\$35	\$507	\$79	\$671
3	Overtime Payroll and Related Costs (C)	78	169	123	3,768	414	4,694
4	Contractors	10	7	0	36,218	145	36,434
5	Line Clearing	0	0	0	12,787	0	12,787
6	Vehicle & Fuel	1	0	7	2,708	36	2,752
7	Materials & Supplies	0	17	0	21	0	42
8	Logistics	0	277	2	9,122	10	9,413
9	Other (D)	8	42	56	1,249	318	1,677
10	Total Storm Related Restoration Costs	\$106	\$540	\$224	\$66,381	\$1,002	\$68,469
11							
12	<u>Less: Capitalizable Costs</u>						
13	Payroll and Related Costs	0	0	0	0	0	0
14	Contractors	0	0	0	0	0	0
15	Materials & Supplies	0	0	0	0	3	3
16	Other	0	0	0	0	0	0
17	Total Capitalizable Costs	\$0	\$0	\$0	\$0	\$3	\$3
18							
19	Total Storm Restoration Costs Charged to Base O&M	\$106	\$540	\$224	\$66,381	\$1,002	\$68,466
20							
21	<u>Less: ICCA Adjustments</u>						
22	Regular Payroll and Related Costs (E)	\$7	\$27	\$12	\$241	\$51	\$416
23	Line Clearing:						
24	Vegetation Management	0	0	0	1,148	0	1,148
25	Vehicle & Fuel:						
26	Vehicle Utilization	0	0	0	337	0	337
27	Fuel	0	0	0	107	0	107
28	Other						
29	Legal Claims	0	0	0	0	0	0
30	Employee Assistance and Childcare	0	0	0	14	0	14
31	Total ICCA Adjustments	\$7	\$27	\$12	\$1,834	\$65	\$2,022
32							
33	<u>Incremental Storm Losses</u>						
34	Regular Payroll and Related Costs	\$2	\$2	\$24	\$266	\$28	\$255
35	Overtime Payroll and Related Costs	78	169	123	3,768	414	4,694
36	Contractors	10	7	0	36,218	145	36,434
37	Line Clearing	0	0	0	11,639	0	11,639
38	Vehicle & Fuel	1	0	7	2,263	36	2,307
39	Materials & Supplies	0	17	0	21	0	39
40	Logistics	0	277	2	9,122	10	9,413
41	Other	8	42	56	1,249	304	1,663
42	Total Incremental Storm Losses	\$99	\$513	\$212	\$64,547	\$937	\$66,444
43							
44	Jurisdictional Factor (F)	0.9513	0.9335	0.9028	0.9999	0.9682	1.0000
45							
46	Retail Recoverable Incremental Costs	\$94	\$479	\$192	\$64,539	\$907	\$66,346
47							
48							

Notes:

(A) Storm costs are as of July 31, 2021. Totals may not add due to rounding.

(B) General plant function reflects restoration costs associated with FPL's Human Resources, External Affairs, Information Technology, Real Estate, and Marketing and Communications departments.

(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) 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.

(F) Jurisdictional Factors are based on factors approved in Docket No. 20160021-EI.

Tropical Storm Eta Incremental Cost and
Capitalization Approach Adjustments
Exhibit DH-2(Eta), Page 1 of 1

Florida Power & Light Company
Tropical Storm Eta Incremental Cost and Capitalization Approach Adjustments
through July 31, 2021
(S000s)

LINE NO.	Storm Costs By Function (A)						Total (7)
	Steam & Other (1)	Nuclear (2)	Transmission (3)	Distribution (4)	General (B) (5)	Customer Service (6)	
1	<u>Storm Restoration Costs</u>						
2	Regular Payroll and Related Costs (C)	\$8	\$101	\$568	\$1,496	\$118	\$36
3	Overtime Payroll and Related Costs (C)	37	293	3,362	4,555	373	129
4	Contractors	9	231	33	77,367	618	55
5	Line Clearing	0	0	0	10,426	0	0
6	Vehicle & Fuel	0	0	843	3,886	18	0
7	Materials & Supplies	33	11	7	426	0	54
8	Logistics	0	213	7	8,832	26	0
9	Other (D)	1	4	13	1,571	169	6
10	Total Storm Related Restoration Costs	\$88	\$853	\$4,832	\$108,559	\$1,323	\$281
11							\$115,936
12	<u>Less: Capitalizable Costs</u>						
13	Payroll and Related Costs	0	0	0	\$3	0	0
14	Contractors	0	0	0	28	0	0
15	Materials & Supplies	0	0	0	292	0	54
16	Other	0	0	0	61	0	0
17	Total Capitalizable Costs	\$0	\$0	\$0	\$384	\$0	\$4
18							\$439
19	Total Storm Restoration Costs Charged to Base O&M	\$88	\$853	\$4,832	\$108,175	\$1,323	\$227
20							\$115,498
21	<u>Less: ICCA Adjustments</u>						
22	Regular Payroll and Related Costs (G)	\$6	\$90	\$93	\$552	\$75	\$30
23	Line Clearing:						
24	Vegetation Management	0	0	0	0	0	0
25	Vehicle & Fuel:						
26	Vehicle Utilization	0	0	0	1,082	0	0
27	Fuel	0	0	0	196	0	0
28	Other						
29	Legal Claims	0	0	0	0	0	0
30	Employee Assistance and Childcare	0	0	0	0	37	0
31	Total ICCA Adjustments	\$6	\$90	\$93	\$1,830	\$112	\$30
32							\$2,161
33	<u>Incremental Storm Losses</u>						
34	Regular Payroll and Related Costs	\$2	\$11	\$474	\$941	\$43	\$6
35	Overtime Payroll and Related Costs	37	293	3,362	4,555	373	129
36	Contractors	9	231	33	77,340	618	55
37	Line Clearing	0	0	0	10,426	0	0
38	Vehicle & Fuel	0	0	843	2,607	18	0
39	Materials & Supplies	33	11	7	133	0	0
40	Logistics	0	213	7	8,832	26	0
41	Other	1	42	56	1,249	286	4
42	Total Incremental Storm Losses	\$83	\$801	\$4,782	\$106,084	\$1,364	\$195
43							\$113,309
44	Jurisdictional Factor (H)	0.9513	0.9335	0.9028	0.9999	0.9682	1.0000
45							
46	Retail Recoverable Incremental Costs	\$79	\$748	\$4,317	\$106,070	\$1,321	\$195
47							\$112,729

Notes:

(A) Storm costs are as of July 31, 2021. Totals may not add due to rounding.

(B) General plant function reflects restoration costs associated with FPL's Human Resources, External Affairs, Information Technology, Real Estate, and Marketing and Communications departments.

(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) 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.

(F) 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
Isaias and Tropical Storm Eta

Docket No. 2021_____

Filed: November 12, 2021

**FLORIDA POWER & LIGHT COMPANY’S NOTICE OF FILING CONFIDENTIAL
SUPPORTING MATERIALS IN SUPPORT OF ITS PETITION FOR EVALUATION OF
HURRICANE ISAIAS AND TROPICAL STORM ETA STORM COSTS**

Florida Power & Light Company (“FPL”) hereby gives notice of filing the confidential sortable spreadsheets that support the Hurricane Isaias and Tropical Storm Eta storm restoration costs that are the subject of FPL’s Petition for Evaluation of Hurricane Isaias and Tropical Storm Eta Storm Costs. The confidential searchable spreadsheets contain the data documenting the receipt, review, adjustment where appropriate, and payment of Hurricane Isaias and Tropical Storm Eta costs incurred for line contractors and vegetation contractors, along with the additional information identified in paragraph 16 of the Hurricane Irma Stipulation and Settlement (“Settlement Agreement”) which was approved by the Commission in Order No. PSC-2019-0319-S-EI Docket No. 20180049-EI.¹ 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 extracted from FPL’s iStormed App² 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].”

² As explained in the pre-filed written direct testimony of FPL witness Gerard, FPL used the iStormed App to maintain an electronic database of line and vegetation contractor costs which could be approved, rejected, or adjusted through the application.

- Exhibits DH-1(Isaias) and DH-2(Eta)³, which provides a summary of all costs as of July 31, 2021, by category and function, and which reflect adjustments made under the Incremental Cost and Capitalization Approach methodology.
- Exhibits DH-1(Isaias) and DH-2(Eta) Support Files, which provide supporting information for all of the costs and adjustments on DH-1(Isaias) and DH-2 (Eta), with formulas left intact. This file includes the following:
 - Tabs with further detail supporting categories of costs, 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.
 - Extracted files from the iStormed App (referred to as flat files) containing detailed cost information for line and vegetation contractors.
- Each flat file contains crew information and daily timesheets, crew expenses where applicable, approvals by responsible employees, documentation of exceptions, and, where appropriate, adjustments to vendor invoices.

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

³ Exhibits DH-1(Isaias) and DH-2(Eta), appended to the testimony of FPL witness David Hughes and available on the Commission's website, are not confidential. However, the Exhibits DH-1 and DH-2 Support Files, which provide the supporting information for costs and adjustments on DH-1(Isaias) and DH-2(Eta), are confidential as more fully described in FPL's Request for Confidential Classification and associated materials.

Respectfully submitted,

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