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MEMORANDUM

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August 1, 2006

COMMISSION  
CLERK

TO: DIVISION OF THE COMMISSION CLERK AND ADMINISTRATIVE SERVICES

FROM: OFFICE OF THE GENERAL COUNSEL (GERVASI) *RG*

RE: DOCKET NO. 060198-EI - Requirement for investor-owned electric utilities to file ongoing storm preparedness plans and implementation cost estimates.

Attached is a MEMORANDUM OF UNDERSTANDING between PURC, the IOUs, FMEA and FECA, to be filed in the above-referenced docket.

DATE DOCUMENT SENT TO CCA 8/1/06

RG  
Attachment  
I:2006/060198/060198.rg.doc

- CMP \_\_\_\_\_
- COM \_\_\_\_\_
- CTR \_\_\_\_\_
- ECR \_\_\_\_\_
- GCL \_\_\_\_\_
- OPC \_\_\_\_\_
- RCA \_\_\_\_\_
- SCR \_\_\_\_\_
- SGA \_\_\_\_\_
- SEC 1 \_\_\_\_\_
- QTH \_\_\_\_\_

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

## MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (hereinafter "MOU") by and between Public Utility Research Center, with offices located at 205 Matherly, University of Florida, Gainesville, FL 32611-7142, (hereinafter "PURC") and Florida Power & Light Company, Progress Energy Florida, Inc., Tampa Electric Company, Gulf Power Company, Florida Public Utilities Company, Florida Municipal Electric Association (FMEA) and Florida Electric Cooperatives Association, Inc. (FECA) (hereinafter referred to as "Project Sponsors") is effective this 1<sup>st</sup> day of March 2006.

### WITNESSETH

WHEREAS, the Florida Public Service Commission ("the Commission") issued Order No. PSC-06-00351-PAA-EI on April 25, 2006 ("Order 06-0351") directing each investor-owned electric utility to establish a plan that increases collaborative research to further the development of storm resilient electric utility infrastructure and technologies that reduce storm restoration costs and outages to customers.

WHEREAS, Order 06-0351 directed investor-owned electric utilities to solicit participation from municipal electric utilities and rural electric cooperatives in addition to available educational and research organizations.

WHEREAS, though the research requirements in Order 06-0351 are not applicable to municipal electric utilities ("the municipals") or electric cooperative utilities ("the cooperatives"), the municipals and cooperatives will voluntarily participate in Phase I of the Project and may voluntarily participate in future phases.

WHEREAS, this MOU is intended to facilitate compliance with the Commission's directives in Order 06-0351.

WHEREAS, the research coordination program contemplated by this MOU is of mutual interest and benefit to PURC and the Project Sponsors, will further the instructional and research objectives of the University of Florida in a manner consistent with its status as a non-profit, tax-exempt, educational institution, and may result in benefits for both PURC and the Project Sponsors through inventions, improvements and/or discoveries;

NOW, THEREFORE, in consideration of the foregoing, PURC and the Project Sponsors state as follows:

### **Article 1 - Definitions**

As used herein, the following terms shall have the following meanings:

- 1.1 "Project" means the research, coordination, planning, administration and other activities described in Appendix A hereof, as it may be amended from time to time by the Steering Committee and PURC as provided in Section 4.1 and Section 4.3 below, under the direction of Mark Jamison as principal investigator ("University Project Director").
- 1.2 "Project Period" is March 1, 2006 through May 31, 2009.
- 1.3 "Steering Committee" means a Project management and oversight group comprised of one member designated by each of the Project Sponsors. Each Project Sponsor will promptly notify PURC and the other Project Sponsors of its initial designated representative and of any subsequent changes to the designated representative. The role of the Steering Committee is defined in Article 4 below.

- 1.4 "Project Participant" means a member of FMEA or FECA that elects to continue participating in the Project after the withdrawal of the FMEA or FECA, respectively, and that signs an Addendum in the form attached hereto as Appendix C.

## **Article 2 – Workshop and Research**

- 2.1 PURC will commence the performance of the Project promptly after the effective date of this MOU, and will perform the Project substantially in accordance with the terms and conditions of this MOU.
- 2.2 In the event that the University Project Director becomes unable or unwilling to continue Project, and a mutually acceptable substitute is not available, PURC and/or the Project Sponsors shall have the option to terminate the Project.

## **Article 3 – Role of PURC**

- 3.1 PURC will coordinate the Project as described in Appendix A and any amendments thereto, subject to adequate funding.
- 3.2 PURC will perform the administrative function for the Project, including financial management, logistics, production and distribution of documents, and produce reports. Prior to performing any administrative function work, PURC will provide the Steering Committee with a proposed budget covering that work.
- 3.3 PURC will also coordinate and perform research as may be agreed upon with the Steering Committee and described in Appendix A as it may be amended from time to time. In performing this function, PURC will facilitate the exchange of information from the Project Sponsors to individuals conducting the identified research projects and will facilitate the progress of each research project.
- 3.4 PURC will provide written program reports to Project Sponsors and Project Participants for all Project activities specified in Appendix A as it may be amended from time to time.

## **Article 4 – Role of the Steering Committee**

- 4.1 The Steering Committee has the sole authority and responsibility to change the scope of the Project, by mutual written agreement with PURC, by amending Appendix A. In performing this function, the Steering Committee will seek input from, and will consult with, Project Participants. Decisions by the Steering Committee to amend Appendix A will be by majority vote of the Steering Committee. All Project Sponsors and Project Participants will be promptly notified of any amendments to Appendix A. No amendment to Appendix A will become effective until notice of the amendment has been given to all Project Sponsors and Project Participants and the 30-day withdrawal notification period specified in Section 7.2 below has expired.
- 4.2 The Steering Committee will work with PURC to identify individual phases of the Project that the Steering Committee desires to be facilitated by PURC, approve budgets, organize financing, and provide PURC with feedback on PURC's work in this project.
- 4.3 The Steering Committee will periodically meet to review the progress and results of the Project, including any research it has authorized PURC to facilitate or conduct pursuant to the Project, and will



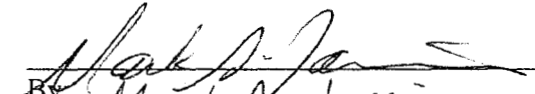
Association shall not preclude individual members of that association from continuing to participate in the project as a Project Participant by signing an Addendum in the form attached to this MOU as Appendix C.

- 7.4 The parties' understanding with respect to the subject matter of the MOU is fully set forth herein. The MOU may not be amended except by a written agreement signed by all parties, except that Appendix "A" may be amended by the Steering Committee and PURC as set forth above.
- 7.5 The MOU may be executed in counterpart originals, and a facsimile transmission of an original signature will be deemed to be an original signature.

IN WITNESS WHEREOF, the parties have caused these presents to be executed as of the day and year first above written, utilizing separate signature pages for each of the parties hereto.

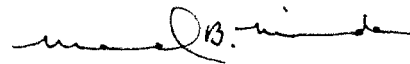
Signature Page to Memorandum of Understanding Effective March 1, 2006 by and between Public Utility Research Center, Florida Power & Light Company, Progress Energy Florida, Inc., Tampa Electric Company, Gulf Power Company, Florida Public Utilities Company, Florida Municipal Electric Association and Florida Electric Cooperatives Association.

Public Utility Research Center

  
By: *Mark A. Jamison*  
Title: *Director*

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Florida Power & Light Company

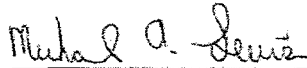
A handwritten signature in black ink, appearing to read "Manuel B. Miranda". The signature is written in a cursive style with a large initial "M" and a distinct "B." in the middle.

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Manuel B. Miranda  
Vice President  
Distribution System Performance

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Progress Energy Florida, Inc.




By: Michael A. Lewis

Title: VP, Distribution Engineering & Operations



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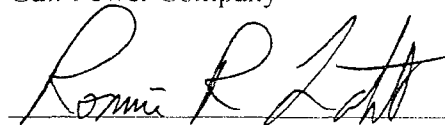
Tampa Electric Company

A handwritten signature in black ink, appearing to read "Regan B. Haines", written over a horizontal line.

By: Regan Haines  
Title: Director of Engineering  
Energy Delivery  
2200 E. Sligh Avenue  
Tampa, Florida 33610

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Gulf Power Company

A handwritten signature in black ink, appearing to read "Ronnie R. Labrato", written over a horizontal line.

By: Ronnie R. Labrato

Title: Vice President CFO

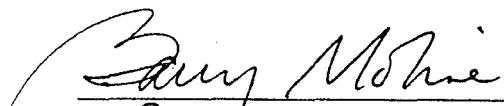
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Florida Public Utilities Company

C L Stein  
By: C. L. Stein  
Title: COO and SR. Vice President

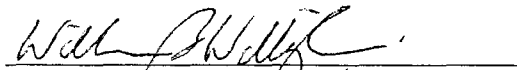
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Florida Municipal Electric Association

  
By: Barry Moline  
Title: *Executive Director*

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Florida Electric Cooperatives Association



By: *William B. Wilkinson*

Title: *Exec. U.P. & General Manager*

## Appendix A

### Purpose

The Project Sponsors are engaging PURC to assist them in coordinating research on hardening the electric infrastructure to better withstand and recover from hurricanes. This coordination will include increasing awareness among the Project Sponsors of research being done at universities on the effects of hurricane winds and storm surge, helping researchers become better aware of the needs of the Project Sponsors, developing a research agenda, and coordinating the development and implementation of research projects as needed.

PURC will work in a collaborative fashion with universities in Florida and outside of Florida, with Project Sponsors and other utilities, and with others interested in this topic to ensure that the research coordination effort is effective for its purpose of providing the utilities with the information that they need to further advance the work that they are doing to harden their systems.

### Phase I: Workshop

The first phase in this coordination effort will be a research workshop to be held on June 9, 2006, in Gainesville, Florida. The purpose of this workshop is to provide a forum in which utility managers and hazard research professionals can discuss means to prepare Florida's electric infrastructure to better withstand and recover from hurricanes. Researchers will learn the needs and priorities of the utility industry's hardening efforts, and how utilities currently prepare for and recover from hurricanes. Utility managers will learn about research capabilities from a variety of independent university programs and industry groups that focus on hazard research.

The outcome of this workshop will include a report that summarizes the presentations, describes the conclusions with respect to research priorities, evaluates the workshop, and recommends next steps.

Following is the division of responsibilities for this workshop:

1. PURC
  - a. Develop budget for approval by Project Sponsors
  - b. Develop agenda
  - c. Secure facilities
  - d. Organize lab tour
  - e. Solicit abstracts from researchers
  - f. Advertise workshop
  - g. Receive registration fees
  - h. Forward abstracts to Project Sponsors
  - i. Invite researchers selected by Project Sponsors
  - j. Conduct workshop
  - k. Provide all administrative responsibilities
  - l. Develop and distribute report
  
2. Project Sponsors
  - a. Approve budget
  - b. Provide speakers (to be named by May 24)
  - c. Select researchers for presentations

- d. Participate in workshop and its dialogue
- e. Fund budget amount that is not covered by registration fees
- f. Review final report and work with PURC on next steps

**Budgets**

It is contemplated that budgets will be developed by PURC, subject to approval by the Steering Committee, for each phase this project. The Project Sponsors will be responsible for funding these budgets once approved. Funding may include monies directly from the Project Sponsors and registration fees for events.

The budget for Phase I - the June 9 workshop - is as follows:

**RESEARCH COORDINATION  
FOR ELECTRICITY INFRASTRUCTURE HARDENING  
INCURRED & PROJECTED COSTS  
Phase I**

Personnel	
Engineering Faculty (2 weeks)	\$ 5,432.00
PURC Faculty (2 weeks)	\$ 6,858.00
Admin. Assist. (2 weeks)	<u>\$ 2,467.00</u>
	\$ 14,757.00
Workshops (June 9, 2006)	
Registration Fee	\$ -
Facility Rental, AV & Food	\$ 2,900.00
Speaker Travel	\$ 1,000.00
Materials & Supplies	\$ 200.00
Miscellaneous (sitevisits, etc.)	<u>\$ 250.00</u>
	\$ 4,350.00
Travel	
Related Workshops & Conference	\$ 1,472.00
Trips to Tallahassee	<u>\$ 270.00</u>
	\$ 1,742.00
Subtotal	\$ 20,849.00
University Overhead (25%)	<u>\$ 6,949.67</u>
Total	\$ 27,798.67
	↓
	\$27,800.00

## Appendix B

### Allocation of Phase I Hardening Research Project Costs

Utility	Ave. Number of Customers (1)	Percent of Total	Project Cost Allocation (2)
FPL	4,175,206	47.61%	\$11,165
FPUC	29,891	0.34%	80
Gulf	398,200	4.54%	1,065
Progress (4)	1,508,603	17.20%	4,034
TEC	619,536	7.06%	1,657
FECA (3)	749,821	8.55%	2,005
FMEA	<u>1,287,907</u>	<u>14.69%</u>	<u>3,444</u>
Total	<u>8,769,164</u>	<u>100.00%</u>	<u>\$23,450</u>

- (1) Source: 2004 Statistics of the Florida Electric Utility Industry, Florida Public Service Commission, September 2005; FMEA  
(2) Total project cost less portion covered by registration fees for June 9th workshop (\$27,800 - \$4,350 = \$23,450)  
(3) Lee County Co-op not a member of FECA  
(4) No. customers reduced by 40,000 to reflect transfer to Winter Park



## Appendix C

### **Addendum to Memorandum of Understanding**

[Cooperative/Municipal Name] understands that the [Florida Electric Cooperatives Association, Inc./Florida Municipal Electric Association] has voluntarily withdrawn from the Project. [Cooperative/Municipal Name] desires to continue participating in the Project as a Project Participant and agrees to be bound by the terms and conditions of the attached Memorandum of Understanding. [Cooperative/Municipal Name] understands that it is fully and completely responsible to pay \_\_\_\_ % of all Project costs that are incurred after the date of this Addendum. Appendix B will be amended contemporaneously with this Addendum to reflect the addition of [Cooperative/Municipal Name]'s \_\_\_\_ % share and to adjust the shares of others accordingly.

By:

Date:

Title:

Mailing address:

## Appendix D

### Project Sponsors and Project Participants

Mike Spoor  
Director Distribution System Performance  
Florida Power & Light Company  
9250 West Flagler Street  
Miami, Florida 33174

J. Jason Cutliffe, P.E.  
Progress Energy Florida  
Manager - Distribution Asset Performance  
100 Central Ave  
St. Petersburg, Florida 33701

Alan G. McDaniel  
Project Services Manager  
BIN 0302  
Gulf Power Company  
One Energy Place  
Pensacola, Florida 32520-0001

Regan Haines  
Director of Engineering  
Tampa Electric Company  
P.O. Box 111  
Tampa, Florida 33601

Mark Cutshaw  
General Manager  
Northeast Division  
Florida Public Utilities Company  
P. O. Box 418  
Fernandina Beach, Fl. 32035

Barry Moline  
Executive Director  
Florida Municipal Utilities Association  
P.O. Box 10114  
Tallahassee, Florida 32302-2114

William B. Willingham  
Executive Vice President and General Manager  
Florida Electric Cooperatives Association  
2916 Apalachee Parkway  
Tallahassee, Florida 32301