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b. Docket No. 070299-EI

In Re: Petition for Approval of Gulf Power Company's Storm Hardening Plan Pursuant to Rule 25-6.0342, F.A.C.

c. Document being filed on behalf of the City of Panama City Beach, Florida and the Panama City Beach Community Redevelopment Agency.

d. There are a total of 25 pages.

e. The document attached for electronic filing the Posthearing Statement of the City of Panama City Beach, Florida, and the Panama City Beach Community Redevelopment Agency.

(see attached file: PCB.PHS.11-2-07.doc)

Thank you for your attention and assistance in this matter.

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DOCUMENT NUMBER-DATE

10013 NOV-26

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Review of 2007 Electric Infrastructure Storm Hardening Plan filed pursuant to Rule 25-6.0342, F.A.C., submitted by Tampa Electric Company.

DOCKET NO. 070297-EI

In re: Review of 2007 Electric Infrastructure Storm Hardening Plan filed pursuant to Rule 25-6.0342, F.A.C., submitted by Progress Energy Florida, Inc.

DOCKET NO. 070298-EI

In re: Review of 2007 Electric Infrastructure Storm Hardening Plan filed pursuant to Rule 25-6.0342, F.A.C., submitted by Gulf Power Company.

DOCKET NO. 070299-EI

In re: Review of 2007 Electric Infrastructure Storm Hardening Plan filed pursuant to Rule 25-6.0342, F.A.C., submitted by Florida Power & Light Company.

DOCKET NO. 070301-EI

FILED: NOVEMBER 2, 2007

POSTHEARING STATEMENT OF THE CITY OF PANAMA CITY BEACH, FLORIDA,
AND THE PANAMA CITY BEACH COMMUNITY REDEVELOPMENT AGENCY

Pursuant to Commission Order No. PSC-07-0573-PCO-EI, issued July 10, 2007, and Rule 28-106.215, Florida Administrative Code ("F.A.C."), the City of Panama City Beach, Florida, and the Panama City Beach Community Redevelopment Agency hereby file their Posthearing Statement of Issues and Positions.¹ Although this consolidated proceeding involved

¹ The following abbreviations are used in this brief. The Florida Public Service Commission is referred to as the "Commission" or the "PSC." The City of Panama City Beach is referred to as the "City," the Panama City Beach Community Redevelopment Agency is referred to as the "Panama City Beach CRA" or simply as the "CRA," and together the City and the CRA are referred to collectively as "Panama City Beach" or "PCB." Gulf Power Company is referred to as "Gulf." Overhead electric distribution facilities are abbreviated as "OH" facilities, and underground electric distribution facilities are referred to as "UG" facilities. Citations to the hearing transcript are in the format [TR abc], where abc indicates the page number cited to. Citations to hearing exhibits are in the format [EXH jkl, xyz], where jkl indicates the exhibit

DOCUMENT NUMBER-DATE

10013 NOV-25

FPSC-COMMISSION CLERK

four separate dockets, one for each of Florida's major investor-owned utilities, Panama City Beach is only a party to Docket No. 070299-EI, the docket addressing Gulf Power Company's Storm Hardening Plan.²

INTRODUCTION AND SUMMARY

This docket is the Commission's proceeding to consider Gulf Power Company's Storm Hardening Plan ("Plan") filed pursuant to Commission Rule 25-6.0342, F.A.C. The first section of the applicable rules declares that the purpose of the rules is to "require the cost-effective strengthening of critical electric infrastructure to increase the ability of transmission and distribution facilities to withstand extreme weather conditions; and reduce restoration costs and outage times to end-use customers associated with extreme weather conditions." Rule 25-6.0342(2), F.A.C. requires Florida's investor-owned utilities, including Gulf, to file their Plans and declares the Commission's standard of review for such plans as follows:

In a proceeding to approve a utility's plan, the Commission shall consider whether the utility's plan meets the desired objectives of enhancing reliability and reducing restoration costs and outage times in a prudent, practical, and cost-effective manner.

Thus, in this proceeding, the Commission is called upon to approve or deny Gulf Power Company's Storm Hardening Plan, which Gulf filed pursuant to Commission Rule 25-6.0342, F.A.C. Panama City Beach and the Panama City Beach CRA respectfully ask the Commission

number and xyz indicates the page number of the exhibit cited to, if applicable. References to the Florida Statutes are to the 2007 edition thereof.

² Gulf filed its Amended Storm Hardening Plan on August 24, 2007. However, review of Hearing Exhibit 1, the Composite Exhibit List for these proceedings, and of the complete exhibit list, does not indicate that Gulf's Plan was ever admitted into the record. For obvious reasons, Panama City Beach does not object to this procedural defect, but it leaves Panama City Beach unable to cite to an exhibit in this posthearing statement. Accordingly, Panama City Beach will simply cite to Gulf's Plan as the "Plan," with page or appendix numbers as possible.

not to approve Gulf's Storm Hardening Plan because the record demonstrates that Gulf's Plan is inadequate and wholly lacking in consideration of the benefits, costs, and cost-effectiveness of undergrounding as a storm hardening measure. In short, even though Gulf agrees that undergrounding can be a storm hardening measure, TR 513, and even though Gulf developed design specifications for underground installations, Plan, Appendix 6, Gulf cannot claim that its Plan is cost-effective because it hasn't conducted any meaningful analysis or evaluation of undergrounding as a storm hardening measure, and accordingly, the Commission cannot approve it pursuant to the applicable rules.

Moreover, the Commission should not approve Gulf's Plan because Gulf has failed to even attempt to analyze readily available Gulf data that show that a major urban area in Gulf's service with a high penetration of UG facilities (Panama City Beach at 45%) performed significantly better in both comparable storm conditions and over a 6-year period using day-to-day reliability measures than another major urban area with a relatively high penetration of OH facilities (Pensacola at 79%).

Competent substantial evidence in the record of this docket shows that:

1. Undergrounding provides significant benefits, both generally and in barrier island settings and in brackish-estuarine areas that experience flooding in tropical storms and hurricanes.
2. Gulf has performed no benefit-cost analysis nor any cost-effectiveness analysis of UG vs. OH on its system or anywhere else. Gulf cannot even tell its customers or the Commission how much of the \$200-plus million that Gulf spent on storm restoration in 2004 and 2005 was spent restoring OH facilities and how much was spent restoring UG facilities.
3. Gulf's own data, readily available and furnished to Panama City Beach in discovery, show that PCB, a high-UG-percentage area, performed significantly better than Pensacola, a high-OH-percentage area, in comparable storm conditions in Hurricane Dennis in 2005.

4. Gulf's own "day-to-day" reliability index values for Panama City Beach and Pensacola show that, over a 6-year period, Panama City Beach's reliability was significantly better than Pensacola's.

5. Gulf never attempted to research these data or other data that ought to be available to a prudently managed utility.

6. Gulf intends to collect data and to modify its Plan in the future, after its customers are impacted by future storms.

Based on competent, substantial evidence of record, the Commission should deny its full approval to Gulf's Storm Hardening Plan because Gulf's Plan is deficient and based on inadequate analysis of the benefits and costs of storm hardening measures, particularly undergrounding as a hardening measure. Gulf's failure to collect and analyze data, and in particular Gulf's failure to analyze data already available to Gulf, render its Storm Hardening Plan at best inadequate. Data furnished by Gulf in discovery, and received into the evidentiary record of this proceeding, show that Panama City Beach and Pensacola were impacted by similar wind and storm surge conditions in Hurricane Dennis, but that reliability and restoration times in Panama City Beach, which has approximately double the penetration of underground distribution facilities as compared to Pensacola, were far better than in Pensacola.

The City of Panama City Beach and the Panama City Beach CRA do, however, give Gulf's Plan credit where it is due. In particular, Gulf's design specifications for underground facilities and Gulf's strong, system-wide preference for front-lot placement of facilities are sound practices and should promote reliability in major storms and under more normal, day-to-day conditions. However, Gulf did not follow through with these principles in designing its Plan because it effectively ignored the benefits available from undergrounding. And largely ignored, in designing/developing its Plan, and even failed to evaluate the benefits that its underground

design specifications would provide. See especially Panama City Beach's positions on Issues 32 and 33 below.

The Commission should find Gulf's Plan inadequate and should require Gulf to immediately begin an in-depth analysis of available data relating to the reliability, costs, and benefits of undergrounding using data available for its own system and analogous, comparable data for other utilities, and to return to the Commission within the next 6 to 9 months with better analyses and a better Storm Hardening Plan for the Commission's consideration.

Approving Gulf's Plan now would give Gulf a free pass to continue its inadequate efforts to analyze storm hardening techniques, and undergrounding in particular, until its customers are again impacted by tropical storms, hurricanes, or other extreme weather events. This is unacceptable. The Commission should reject Gulf's Plan.

DISCUSSION OF KEY ISSUES

The key issues implicated here are Issues 36 and 39, which are as follows:

ISSUE 36: Does the Company's Plan provide an estimate of the costs and benefits to the utility of making the electric infrastructure improvements, including the effect on reducing storm restoration costs and customer outages? [Rule 25-6.0342(4)(d)]

ISSUE 39: Based on the resolution of the preceding issues, should the Commission find that the Company's Plan meets the desired objectives of enhancing reliability and reducing restoration costs and outage times in a prudent, practical, and cost-effective manner to the affected parties? [Rule 25-6.0342(1) and (2)]

In summary, Gulf's Plan fails to provide adequate estimates of the costs and benefits of undergrounding, as well as of 9 out of 10 of Gulf's storm hardening initiatives. Gulf's Plan cannot be said to be cost-effective. Gulf's proposal to wait until additional storms hit its

customers to evaluate the benefits of undergrounding and most of its other storm hardening initiatives is wholly inappropriate, unsound, and imprudent.

The evidentiary record shows that:

1. Undergrounding provides significant benefits, both generally and in barrier island settings and in brackish-estuarine areas that experience flooding in tropical storms and hurricanes.
2. Gulf has performed no benefit-cost analysis nor any cost-effectiveness analysis of UG vs. OH on its system or anywhere else. Gulf cannot even tell the Commission or its customers how much of the \$200-plus million that Gulf spent on storm restoration in 2004 and 2005 was spent restoring OH facilities and how much was spent restoring UG facilities.
3. Gulf's own data, readily available and furnished to Panama City Beach in discovery, show that PCB, a high-UG-percentage area, performed significantly better than Pensacola, a high-OH-percentage area, in comparable storm conditions in Hurricane Dennis in 2005.
4. Gulf's own "day-to-day" reliability index values for Panama City Beach and Pensacola show that, over a five-year period, Panama City Beach's reliability was significantly better than Pensacola's.
5. Gulf never attempted to research these data or other data that ought to be able to a prudently managed utility.
6. Gulf intends to collect data and to modify its Plan in the future, after its customers are impacted by future storms,

These facts are discussed below. The evidence of record must lead the Commission to reject Gulf's Storm Hardening Plan, at least as it relates to cost-effectiveness of Gulf's Plan and Gulf's data collection efforts, and to require that Gulf immediately begin an in-depth analysis of available data relating to the reliability, costs, and benefits of undergrounding using data available for its own system and analogous, comparable data for other utilities, and to return to the Commission within the next 6 to 9 months with better analysis and a better Storm Hardening Plan for the Commission's consideration.

A. Benefits of Undergrounding as a Storm Hardening or Protection Measure.

Peter J. Rant, a Registered Professional Engineer in Florida plus six other states and the District of Columbia, testified – without being challenged on cross-examination by Gulf – that undergrounding has significant benefits as a storm hardening measure. Mr. Rant is particularly well-qualified to testify on this subject because of specifically applicable work experience: he served as project manager and engineer of record for an 88-mile overhead-to-underground conversion project on four barrier islands in southeastern North Carolina. TR 431. This UG conversion project was carried out for Brunswick Electric Membership Corporation (“BEMC”), a cooperative utility system, to improve reliability and storm restoration time for BEMC by placing all of BEMC’s barrier island distribution lines on its system underground. TR 431-32.

Although Gulf didn’t undertake any analysis of the comparative storm restoration performance of UG areas and OH areas on its system, Mr. Rant was able to perform such a macro-level analysis of two of the largest cities in Gulf’s service area, Panama City Beach, which has a relatively high UG percentage, 45 percent, and Pensacola, which has a relatively high OH percentage, 79 percent, of distribution facilities. TR 442-48, EXH 36.

In summary, although Gulf’s data was limited to recent storms, the National Hurricane Center’s Tropical Cyclone Report for Hurricane Dennis in 2005, EXH 35, shows that storm conditions for Pensacola and Panama City Beach were relatively comparable. The only comparable reporting stations (the National Ocean Service stations) for the two cities indicated that winds were higher in Panama City Beach than in Pensacola; however, Mr. Rant objectively pointed out that other reporting stations for Pensacola showed both higher and lower wind speeds

for Pensacola. The only available data showed that Panama City Beach had both a greater storm surge and a greater storm tide than Pensacola. Panama City Beach had significantly lower numbers of customers out of service per line-mile of distribution lines, at the time of peak outages. At peak, only about 14 percent of Gulf's customers in Panama City Beach were out of service, whereas about 96 percent of Gulf's Pensacola customers were out of service at the time of peak outages. By Day 3 of the storm event, 99 percent of Panama City Beach customers were restored to service, whereas 62 percent of customers in Pensacola were still out of service. TR 443-47, EXH 36. While not absolutely conclusive, these data indicate that undergrounding is worthy of consideration as a meaningful measure for reducing storm restoration costs and outage times. The data are even more compelling in light of the fact that Panama City Beach is a barrier island community that experienced a greater storm surge than Pensacola, especially when juxtaposed against Gulf's claimed concerns about flooding and storm surges. TR 447.

Mr. Willoughby also testified that, based on his experience managing utility systems in the brackish-estuarine environment of Pamlico Sound, during major storms that impacted that area in the 1990s, underground facilities performed very well and experienced minimal permanent damage from flooding and virtually none from wind. TR 462-63, 472.

It is noteworthy that BEMC undertook its UG conversion project after being impacted by hurricanes that struck North Carolina in the mid-1990s, particularly Bertha and Fran. One might consider it imprudent that Gulf, having been impacted by Opal in 1995 [TR 520], Ivan in 2004, and Dennis in 2005, waited until after the Commission forced it to undertake storm preparedness initiatives in 2006 to even begin designing a system to collect data. To paraphrase Mr. Battaglia's testimony, the Commission's approval of the ten-point initiatives basically started

Gulf on the journey of collecting more granular outage information. Speaking in October 2007, Mr. Battaglia described Gulf as having been methodically putting into place its data collection system to collect physical data and associated cost information. Gulf was “setting up the system” or “doing the program” to capture information in late 2006. TR 531-33. Again speaking in October 2007, Mr. Battaglia testified that Gulf was in the process of installing its first wind monitor at the present time. TR 521.

Gulf evaluated storm restoration cost differences for Extreme Wind Loading (“EWL”) criteria vs. Grade C overhead facilities. TR 110, EXH 45, Response to Int. No. 44, pages 2-4 of 8. Additionally, Gulf’s witness Edward Battaglia recognizes and testified that “wind-blown debris is the predominant cause of damage versus pure wind.” TR 99, 111.

As Mr. Rant testified, the benefits of undergrounding as a storm hardening measure are, therefore, greater than the benefits of hardening OH to any standard. TR 436-37. Additionally, based on his experience, including follow-up with the management of BEMC, having large areas underground provides additional benefits to utilities and their customers because this frees up restoration crews to work on restoring OH facilities damaged in storms. TR 436. This is particularly important for stronger storms, Category 2 and higher, because of the damage inflicted by wind-blown debris. The largest investor-owned utility in Florida, Florida Power & Light Company, recognizes the benefits of undergrounding as a measure that will enhance reliability in storms: FPL’s Storm Secure Plan, EXH 46, includes three specific components to promote undergrounding: a credit to reflect the storm restoration savings value provided by undergrounding, “aggressively encouraging local ordinances and legislation” to require

undergrounding, and facilitating undergrounding by allowing UG facilities to be placed in road rights-of-way. EXH 46 at 3.

Gulf failed to mention or take account of the fact that UG facilities are “out of harm’s way” (Rant, TR 435) when it comes to not being exposed to wind-blown debris. Gulf equally failed to take account of the storm restoration cost savings – i.e., the real benefits to Gulf – that derive from UG facilities being out of harms’ way. After several questions regarding the vulnerability – or absence thereof – of UG facilities to wind-blown debris, TR 111-15, Mr. Battaglia first answered that Gulf hasn’t done any analysis of the performance of OH facilities vs. UG facilities with regard to windblown debris, but did acknowledge that, in the course of his field experience with more than 17 named storms, he had seen “less than a half a dozen” instances where UG switch or transformer cabinets had been impacted by a tree falling on them. TR 112. When asked, based on his personal experience in the field, whether the storm restoration costs associated with UG facilities being impacted by wind-blown debris were less than the restoration costs for OH facilities from wind-blown debris (keeping in mind his specific agreement that “the vast majority of damage sustained by [Gulf’s] distribution system is due to flying debris, TR 111), he finally answered “I do not know.” TR 115. Panama City Beach submits that this testimony is simply not credible.

B. Other Benefits of Undergrounding.

Mr. Rant identified the following additional benefits of undergrounding: (1) improved reliability and reduced restoration costs following weather events other than named tropical storms and hurricanes, such as severe summer thunderstorms, microbursts, and tornadoes; (2) preserved utility revenues, which accrue as direct result of the utility’s being able to maintain

service to UG-served areas and also as a result of more rapid restoration to OH-served areas (because workers and crews are available for those restoration activities); (3) reduced utility exposure to claims for damages due to contact with energized facilities and due to vehicular crashes with distribution poles; (4) reduced vegetation management costs; (5) reduced pole inspection costs; and (6) reductions in other operation and maintenance costs. TR 439-40. While these are not directly applicable to consideration of storm restoration measures, such information should definitely inform any utility's consideration of reliability measures available to it. TR 439. Confirming the relevance of this information, Gulf's witness Battaglia testified that in reviewing a potential storm hardening activity, "the Company looks at how the activity would further the goal of reduced customer outages and restoration times both in the aftermath of a storm occurrence and also on a day-to-day operations basis." TR 93.

As explained above, Gulf data show that approximately 45% of Panama City Beach's distribution lines are UG, while about 79% of Pensacola's distribution lines are OH. Gulf's own day-to-day reliability data, including SAIDI, CAIDI, and SAIFI data,³ show that Panama City Beach exhibits much better reliability than Pensacola. TR 434, 448-49; EXH 36 at 21-22. Data covering 2002 through 2006, requested by Panama City Beach and provided by Gulf through discovery, show the SAIDI, CAIDI, and SAIFI values for Panama City Beach and Pensacola. Lower values for these reliability indexes indicate better reliability. Battaglia, TR 528.

Panama City Beach showed lower SAIDI values in 4 of the 5 years, the exception being 2003, where the PCB SAIDI value was slightly higher than the Pensacola value. Panama City

³ SAIDI stands for "System Average Interruption Duration Index." SAIFI stands for "System Average Interruption Frequency Index." CAIDI stands for "Customer Average Interruption Duration Index."

Beach showed lower SAIFI values in 4 of the 5 years, the exception again being a slightly higher value in 2003. The CAIDI value for Panama City Beach was lower than for Pensacola's in all 5 years. EXH 36. While it is impossible to conclude that the difference in UG and OH facilities percentages account for these differences, these data converge on the proposition that UG facilities are more reliable than OH, and at least warrant thorough review and evaluation; Gulf performed no such review, evaluation, or analysis.

C. Gulf's Failure to Evaluate Cost-Effectiveness of Most of Its Storm Hardening Plan.

Panama City Beach's Interrogatories Nos. 42 through 47 asked Gulf whether Gulf had developed methodologies for calculating the benefits and costs of storm hardening measures, including undergrounding and construction of overhead facilities to various standards, within the past 10 years. Gulf's responses to those interrogatories are included in Exhibit 45. Basically, the answer is that Gulf did a 3-page analysis in July 2007 that estimated the benefits in terms of reduced customer outage minutes and avoided storm restoration costs of building to Extreme Wind Loading criteria as compared to Grade C overhead construction. TR 110. Mr. Battaglia testified that he is not aware of any other studies; Gulf is participating in a study with other Florida utilities. EXH 45, Response to Int. No. 42. Appendix 7 of Gulf's Plan is a one-page spreadsheet that contains spaces, or cells, for actual or estimated utility costs and benefits for the ten components of Gulf's Storm Hardening Initiatives, which are the "foundation of Gulf's Plan," TR 92, and also for hardening to EWL criteria and for undergrounding. The spreadsheet contains costs for most of the measures, and benefits for hardening to EWL criteria; it does not, however, include benefit information or estimates for undergrounding nor for 9 of Gulf's 10

Storm Hardening Initiatives. Gulf's Plan, Appendix 7; TR 147 (no estimates of benefits from undergrounding).

This is inadequate and does not provide a basis upon which the Commission can conclude that Gulf's Hardening Plan is cost-effective.

D. Gulf's Failure to Collect Cost, Benefit, and Impact Data.

Gulf's Plan is basically to defer any analysis of the storm restoration benefits of undergrounding until after Gulf's customers and its system are impacted by future storms: as stated in Mr. Battaglia's direct testimony, Gulf's Plan purports to address the effectiveness of its storm hardening initiatives "during named storm events, which involves forensic data collection post-storm." TR 102 (emphasis supplied). As Gulf further stated in its Plan, with respect to 9 of Gulf's 10 Storm Hardening Initiatives that are the "foundation of Gulf's Plan," TR 92, "Until the program is complete and a storm hits it is not possible to estimate benefits resulting from this activity." Gulf's Plan, Appendix 7, note 2.

Additionally, notwithstanding the specific requirements of Commission Rule 25-6.115, F.A.C., which requires that Florida investor-owned utilities must include differential storm restoration costs and differential operation and maintenance costs in calculating Contributions in Aid of Construction ("CIACs") for UG conversion projects, Gulf has not done the analysis necessary to implement the Commission's rule because Gulf claims that it doesn't have the "needed information." TR 120-21.

Moreover, Gulf spent slightly more than \$200 million on storm restoration in 2004 and 2005, yet Gulf cannot tell its customers or the Commission how much was spent on restoring OH facilities and how much was spent restoring UG facilities. TR 138. Gulf's witness proffered to

support its Storm Hardening Plan testified that he doesn't even know whether that data is available. TR 138. Obviously, Gulf did not consider any such information in developing its Plan. TR 139. Although Mr. Battaglia, Gulf's proffered witness supporting its Plan, claims that based on his experience, on a one-for-one basis, UG restoration costs more than OH restoration, he offered no analysis, nor did he or Gulf provide any data to indicate the relative frequency of OH outages and UG outages. Considering his earlier testimony that "wind-blown debris is the predominant cause of damage versus pure wind," TR 99, 111, and his agreement that "the vast majority of damage sustained by [Gulf's] distribution system is due to flying debris," TR 111, it would certainly seem that OH facilities sustained more damage than UG facilities, but Gulf apparently cannot tell the Commission very much about this.

This lack of data is at least surprising. A prudently managed utility should have data that would enable it to at least determine and the costs of restoring service to areas served by UG facilities and to areas served by OH facilities. Mr. R. L. Willoughby, one of Panama City Beach's expert witnesses, has more than 40 years experience working for municipal utilities in North Carolina, including those serving Washington, Kinston, and Greenville. TR 464. Mr. Willoughby held management positions in Washington and Kinston, including managing each city's electric utility system. TR 464. Mr. Willoughby testified, without challenge on cross or rebuttal by Gulf, that these utilities "always had separate cost centers to identify our costs for underground repairs, overhead repairs, or capital expenses for each." TR 469-70. If small municipal systems have such data available, it is surprising – and arguably inexcusable – that an operating utility company that is part of the Southern Company, with its vast resources, does not.

As Mr. Willoughby testified, it is “inconceivable” that “a utility such as Gulf Power could not access its historical records for comparable if not better data.” TR 470.

Mr. Battaglia was asked the “real world question” whether, if there were a storm restoration crew that replaced ten poles and 750 feet of conductor on a given day, there would be a work order that would identify that installation and its cost. Mr. Battaglia testified that he is not aware of any information that would provide this data, and that he “did not attempt to research that type of information because of what I have been aware of to this point, it didn’t exist.” TR 141-42.

Gulf surely did not provide any data on this subject: if Gulf has the information, it was and is incumbent on Gulf to research it and use it as a basis for its Storm Hardening Plan. If Gulf really doesn’t have the information, Panama City Beach submits that this is a serious deficiency in its accounting systems and that this failure is imprudent.

E. Gulf’s Failure to Even Attempt to Research Data Available, or That Should be Available, to Gulf.

Gulf did not evaluate or research, or even attempt to research, data that is in fact available to it, or that should be available to it, including: Gulf’s reliability index (SAIDI, SAIFI, and CAIDI) data; Gulf’s storm restoration performance data for different areas; or work orders from storm restoration efforts, TR 141-42. These failures are imprudent, and the Commission should deny its approval to Gulf’s Plan for these and the other reasons discussed herein.

Aggregate Storm Restoration Costs. Gulf cannot tell the Commission or its customers how much of the \$200-plus million that it spent on storm restoration in 2004 and 2005 was for OH restoration and how much was for UG restoration. EXH 47, Gulf’s Answer to PCB’s

Interrogatory No. 16, Page 7 of 7; TR 138. Gulf's witness proffered to support its Storm Hardening Plan testified that he doesn't even know whether that data is available. TR 138. Obviously, Gulf did not consider any such information in developing its Plan. TR 139.

Day-to-Day Reliability Data. Gulf's witness Battaglia testified that in reviewing a potential storm hardening activity, "the Company looks at how the activity would further the goal of reduced customer outages and restoration times both in the aftermath of a storm occurrence and also on a day-to-day operations basis." TR 93. Gulf does have reliability index data available to it, and it also has data regarding the miles of OH and UG distribution lines serving at least 3 cities in its service area. These include Panama City Beach, where about 45 percent of the distribution lines are UG, and Pensacola, where about 79 percent of the distribution lines are OH.

However, Gulf apparently did not attempt to research this information in preparing its Storm Hardening Plan. Mr. Rant, one of Panama City Beach's expert witnesses, did. As summarized in Section B above, these data show that, with the exception of the SAIDI and SAIFI values for 2003, these data show better reliability for the high-UG-percentage city, Panama City Beach, than for the high-OH-percentage city, Pensacola, for all 3 indexes for every year from 2002 through 2006. EXH 36, TR 434, 448-49.

Again, while it is impossible to conclude that the difference in UG and OH facilities percentages account for these differences, these data obviously support the proposition that UG facilities are more reliable than OH, and at least warrant thorough review and evaluation; Gulf performed no such review, evaluation, or analysis.

Storm Restoration Work Order Data. As noted above, given the “real world question” whether, if there were a storm restoration crew that replaced ten poles and 750 feet of conductor on a given day, there would be a work order that would identify that installation and its cost. Mr. Battaglia testified that he is not aware of any information that would provide this data, and that he “did not attempt to research that type of information because of what I have been aware of to this point, it didn’t exist.” TR 141-42.

F. Gulf’s Proposal To Wait Until More Storms Hit to Evaluate Benefits of Hardening.

Gulf’s Plan is basically to defer any analysis of the storm restoration benefits of undergrounding until after Gulf’s customers and its system are impacted by future storms: as stated in Mr. Battaglia’s direct testimony, Gulf’s Plan purports to address the effectiveness of its storm hardening initiatives “during named storm events, which involves forensic data collection post-storm.” TR 102 (emphasis supplied). As Gulf further stated in its Plan, with respect to 9 of Gulf’s 10 Storm Hardening Initiatives that are the “foundation of Gulf’s Plan,” TR 92, “Until the program is complete and a storm hits it is not possible to estimate benefits resulting from this activity.” Gulf’s Plan, Appendix 7, note 2.

Mr. Willoughby testified that any well-managed utility should have sufficient data to analyze the costs and benefits of undergrounding as a storm hardening measure. TR 471. Mr. Rant’s testimony points out that Gulf did not collect forensic data in either 2004 and 2005. TR 451. Mr. Rant goes on to point out the obvious fact that Gulf personnel had sufficient time to photograph worst-case impacts on UG facilities, but apparently didn’t take the time to determine what materials or labor efforts were required to restore service. TR 451. This is deficient and imprudent.

G. Gulf's Rebuttal of Panama City Beach's Witnesses Is Misleading and Meritless.

Gulf's rebuttal testimony consists of misleading statements that are readily disproved by data, and of "scare tactics" – photos of UG facilities damaged in storm surge events, with no analysis and not balanced comparison of the performance of OH facilities. EXH 39. Gulf personnel had time to take photos, as early as 1995 (Hurricane Opal) but apparently didn't have time to gather meaningful data. Moreover, Gulf's rebuttal witness didn't even review any photographs of OH damage in preparing Gulf's Plan. TR 520.

Gulf's rebuttal witness criticized Mr. Rant's testimony for treating underground facilities as being loop fed, TR 506, which will result in reduced outage times when and if UG facilities are out of service, but then admitted on cross-examination that looping is Gulf's preferred standard of construction and also that looping is good engineering practice. TR 530.

Gulf's rebuttal witness claimed – without showing any analysis – that the CAIDI reliability index value for Panama City Beach and Pensacola is "always much higher for underground than overhead." TR 513. Yet, on cross-examination, he admitted that he would expect communities with higher UG percentages to have higher CAIDI values, TR 528-29, but this is clearly contradicted by Gulf's own CAIDI data presented by Mr. Rant in his testimony and in Exhibit 36 (Gulf's interrogatory responses).

CONCLUSION

Gulf's Plan is based on waiting until additional storms impact its customers and its system before performing further evaluations of the benefits of undergrounding, as well as of 9 of its 10 storm hardening initiatives. Gulf also says that it is participating in the Public Utility Research Center inquiry into undergrounding. At the same time, Gulf attempts to avoid using

“borrowed” data on the basis that it’s not comparable, e.g., suggesting – with no analytical support – that the sand of Gulf’s service area is different from the sand on the barrier islands in Brunswick Electric Membership Corporation’s service area.

Gulf personnel had time to go to the field and take photos of worst-case impacts of storm surge on underground facilities, but they did not have time to gather information or data on the cost or duration of outages, nor did they present any comparable or balanced information, data, or photographs of OH facilities damaged by storms. Gulf did not avail itself of its reliability index data or storm restoration and outage duration data to try to assess the benefits and costs of undergrounding. Gulf didn’t look into storm restoration work order data; if such data do not exist, that is itself evidence of inadequate analysis, and if it does, then Gulf is imprudent for having failed to analyze it.

These actions demonstrate woefully insufficient efforts to design a meaningful and cost-effective Storm Hardening Plan. Particularly egregious are Gulf’s plans to wait to estimate storm hardening – including undergrounding – benefits until future storms impact Gulf’s customers, and the fact that Gulf cannot tell its customers how much of the \$200 million it spent on storm restoration in 2004 and 2005 was for restoring OH facilities and how much was for restoring UG facilities.

Gulf has provided the Commission no competent substantial evidentiary basis to support a determination that Gulf’s Plan is cost-effective. The Commission should not allow Gulf to go another 3 years before submitting a new Storm Hardening Plan. The Commission should order Gulf to expedite a meaningful effort to evaluate data available to Gulf and to evaluate the benefits and costs of undergrounding, as well as its other storm hardening measures, using data

from other utilities or other sources, and to submit a new Plan to the Commission as soon as practicable: Panama City Beach suggests that June 2008 is an appropriate deadline for the Commission to impose.

PANAMA CITY BEACH'S STATEMENT OF POSITIONS ON SPECIFIC ISSUES

ISSUE 27: Does the Company's Plan address the extent to which, at a minimum, the Plan complies with the National Electric Safety Code (ANSI C-2) [NESC] that is applicable pursuant to subsection 25-6.0345(2), F.A.C.? [Rule 25-6.0342(3)(a)]

PCB POSITION: *Yes.*

ISSUE 28: Does the Company's Plan address the extent to which the extreme wind loading standards specified by Figure 250-2(d) of the 2007 edition of the NESC are adopted for new distribution facility construction? [Rule 25-6.0342(3)(b)1]

PCB POSITION: *Technically, Gulf's Plan "addresses" the extent to which it adopts the NESC extreme wind loading ("EWL") criteria, but PCB believes that Gulf's consideration and very limited adoption of the EWL criteria are inadequate.*

ISSUE 29: Does the Company's Plan address the extent to which the extreme wind loading standards specified by Figure 250-2(d) of the 2007 edition of the NESC are adopted for major planned work on the distribution system, including expansion, rebuild, or relocation of existing facilities, assigned on or after the effective date of this rule distribution facility construction? [Rule 25-6.0342(3)(b)2]

PCB POSITION: *Technically, Gulf's Plan addresses this issue, but PCB believes that Gulf's consideration was and is inadequate.*

ISSUE 30: Does the Company's Plan address the extent to which the extreme wind loading standards specified by Figure 250-2(d) of the 2007 edition of the NESC are adopted for distribution facilities serving critical infrastructure facilities and along major thoroughfares taking into account political and geographical boundaries and other applicable operational considerations? [Rule 256.0342(3)(b)3]

PCB POSITION: *Technically, Gulf's Plan addresses this subject. However, Gulf's Plan lists the projects in a table and includes a one-page map of Gulf's entire service area. The Plan does not include any discussion of political and geographic boundaries nor of operational considerations.*

ISSUE 31: Does the Company's Plan address the extent to which its distribution facilities are designed to mitigate damage to underground and supporting overhead transmission and distribution facilities due to flooding and storm surges? [Rule 25-6.0342(3)(c)]

PCB POSITION: *Yes, to a significant degree. In particular, Appendix 6 of Gulf's Plan addresses design and facility placement issues for underground facilities. However, Gulf's Plan does not adequately address the benefits and costs of undergrounding as a storm hardening technique.*

ISSUE 32: Does the Company's Plan address the extent to which the placement of new and replacement distribution facilities facilitate safe and efficient access for installation and maintenance pursuant to Rule 25-6.0341, F.A.C? [Rule 25-6.0342(3)(d)]

PCB POSITION: *Yes. In particular, Gulf's Plan supports the use of road rights-of-way ("ROWs") for the placement of facilities and also addresses the design and placement of overhead and underground facilities (where UG facilities are to be installed) for areas where storm conditions are likely to be severe.*

ISSUE 33: Does the Company's Plan provide a detailed description of its deployment strategy including a description of the facilities affected; including technical design specifications, construction standards, and construction methodologies employed? [Rule 25-6.0342(4)(a)]

PCB POSITION: *While Gulf's descriptions of its deployment strategy probably fall short of being "detailed," PCB believes that they are adequate for purposes of Gulf's Storm Hardening Plan. Additional information regarding pole class selection would be helpful.*

ISSUE 34: Does the Company's Plan provide a detailed description of the communities and areas within the utility's service area where the electric infrastructure improvements, including facilities identified by the utility as critical infrastructure and along major thoroughfares pursuant to subparagraph (3)(b)3. are to be made? [Rule 25-6.0342(4)(b)]

PCB POSITION: *No. Gulf's Plan identifies the 11 EWL distribution projects that it has planned for 2007-2009 in a table and contains a one-page map of its service area. Gulf's Plan includes no description of the communities or the areas served by the facilities to be upgraded, nor of the facilities themselves.*

ISSUE 35: Does the Company's Plan provide a detailed description of the extent to which the electric infrastructure improvements involve joint use facilities on which third-party attachments exist? [Rule 25-6.0342(4)(c)]

PCB POSITION: *No.*

ISSUE 36: Does the Company's Plan provide an estimate of the costs and benefits to the utility of making the electric infrastructure improvements, including the effect on reducing storm restoration costs and customer outages? [Rule 25-6.0342(4)(d)]

PCB POSITION: *Gulf's Amended Plan includes estimates of the costs and benefits of Gulf's limited proposal to use Extreme Wind Loading standards in a limited number of instances. However, Gulf's Plan is inadequate because Gulf has performed no cost-effectiveness analysis of undergrounding nor of the majority of Gulf's storm hardening initiatives.*

ISSUE 37: Does the Company's Plan provide an estimate of the costs and benefits, obtained pursuant to subsection (6) below, to third-party attachers affected by the electric infrastructure improvements, including the effect on reducing storm restoration costs and customer outages realized by the third-party attachers? [Rule 25-6.0342(4)(e)]

PCB POSITION: *Gulf's Plan reports cost information furnished by ATT, FCTA, and Embarq, and reports that ATT, FCTA, and Embarq have each identified potential generic benefits from implementation of Gulf's Plan: reduced commercial power outages (ATT), enhanced pole reliability (FCTA), and reduced customer outages and restoration costs (Embarq).*

ISSUE 38: Does the Company's Plan include written Attachment Standards and Procedures addressing safety, reliability, pole loading capacity, and engineering standards and procedures for attachments by others to the utility's electric transmission and distribution poles that meet or exceed the edition of the National Electrical Safety Code (ANSI C-2) that is applicable pursuant to Rule 25-6.034, F.A.C.? [Rule 25-6.0342(5)]

PCB POSITION: *Yes. Gulf's Plan contains an outline of attachment standards and procedures and a statement of Gulf's overloading policy.*

ISSUE 39: Based on the resolution of the preceding issues, should the Commission find that the Company's Plan meets the desired objectives of enhancing reliability and reducing restoration costs and outage times in a prudent, practical, and cost-effective manner to the affected parties? [Rule 25-6.0342(1) and (2)]

PCB POSITION: *No. The Commission should find that Gulf's Plan is inadequate because it does not adequately consider available data and does not analyze the benefits and costs of undergrounding as a storm hardening measure. For these reasons, Gulf's Plan cannot be considered prudent, practical, or cost-effective.*

Respectfully submitted this 2nd day of November, 2007.

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Review of 2007 Electric Infrastructure Storm Hardening Plan filed pursuant to Rule 25-6.0342, F.A.C., submitted by Tampa Electric Company.

DOCKET NO. 070297-EI

In re: Review of 2007 Electric Infrastructure Storm Hardening Plan filed pursuant to Rule 25-6.0342, F.A.C., submitted by Progress Energy Florida, Inc.

DOCKET NO. 070298-EI

In re: Review of 2007 Electric Infrastructure Storm Hardening Plan filed pursuant to Rule 25-6.0342, F.A.C., submitted by Gulf Power Company.

DOCKET NO. 070299-EI

In re: Review of 2007 Electric Infrastructure Storm Hardening Plan filed pursuant to Rule 25-6.0342, F.A.C., submitted by Florida Power & Light Company.

DOCKET NO. 070301-EI

FILED: NOVEMBER 2, 2007

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the POSTHEARING STATEMENT OF THE CITY OF PANAMA CITY BEACH, FLORIDA, AND THE PANAMA CITY BEACH COMMUNITY REDEVELOPMENT AGENCY was furnished to the following, by electronic and U.S. Mail, on this 2nd day of November, 2007.

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