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BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

PETITION FOR RATE INCREASE BY  
FLORIDA POWER & LIGHT COMPANY.  
\_\_\_\_\_/

PETITION FOR APPROVAL OF  
2016-2018 STORM HARDENING PLAN  
BY FLORIDA POWER & LIGHT COMPANY  
\_\_\_\_\_/

2016 DEPRECIATION AND  
DISMANTLEMENT STUDY BY, FLORIDA  
POWER & LIGHT COMPANY.  
\_\_\_\_\_/

PETITION FOR LIMITED PROCEEDING  
TO MODIFY AND CONTINUE INCENTIVE  
MECHANISM, BY FLORIDA POWER &  
LIGHT COMPANY.  
\_\_\_\_\_/

DOCKET NO. 160021-EI

DOCKET NO. 160061-EI

DOCKET NO. 160062-EI

DOCKET NO. 160088-EI

VOLUME 3  
PAGES 329 - 377

PROCEEDINGS: HEARING

COMMISSIONERS  
PARTICIPATING: CHAIRMAN JULIE I. BROWN  
COMMISSIONER LISA POLAK EDGAR  
COMMISSIONER ART GRAHAM  
COMMISSIONER ROLAND A. BRISE  
COMMISSIONER JIMMY PATRONIS

DATE: MONDAY, AUGUST 22, 2016

TIME: COMMENCED: 4:30 p.m.  
CONCLUDED: 5:30 p.m.

LOCATION: Betty Easley Conference Center  
Room 148  
4075 Esplanade Way  
Tallahassee, Florida

REPORTED BY: KAIRISA MAGEE  
Court Reporter and  
Notary Public in and for  
State of Florida at large

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PREMIER REPORTING  
114 W. 5TH AVENUE  
TALLAHASSEE, FLORIDA 32343  
(850)894-0828

APPEARANCES: (As heretofore noted.)

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I N D E X

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1 P R O C E E D I N G S

2 BY MR. SKOP:

3 Q. Thank you.

4 With respect to not delivering the \$30 million in  
5 promised to annual cost savings in 2013 on a stand-alone  
6 basis, would it be correct to -- to state -- or let me  
7 rephrase.

8 It's correct that FPL earned a return on equity  
9 during 2013 on that investment?

10 MR. LITCHFIELD: So I wanted to let counsel  
11 finish his question, but I object to the predicate, the  
12 testimony that he's weaving into his question, and the  
13 characterization.

14 CHAIRMAN BROWN: I would agree. Mr. Skop, you  
15 need to rephrase the question without providing your own  
16 testimony in that form.

17 MR. SKOP: Yes, Madam Chair.

18 BY MR. SKOP:

19 Q. In 2013 -- I guess the question is probably  
20 better -- better directed to Witness Santos.

21 Let me ask another question. With respect to  
22 that investment, you would agree, would you not, that the  
23 meters deployed -- or AMI infrastructure is not timely use  
24 capable; correct?

25 A. That's correct generally. I'm not an expert on

1 accounting and how the meters can actually operate because  
2 frankly part of this will be going forward on what kind of  
3 algorithms might be able to be generated -- or created I  
4 should say -- for us to be able to actually use that in  
5 the future. So I don't know the answer to that question.

6 **Q. Thank you.**

7 If I could next ask you to turn to Page 18, Lines  
8 11 through 14, please.

9 A. I'm there.

10 **Q. Okay. You mentioned the ethics award that FPL**  
11 **has been awarded. You would agree, would you not, that**  
12 **the company is not eligible to be considered to receive**  
13 **this award unless it pays a fee to participate; correct?**

14 A. Well, this is actually related to the NextEra  
15 Energy. That's what my testimony is, and I have no idea  
16 what the requirements are for receiving this award other  
17 than, you know, this entity reviewing our practices and  
18 making a determination.

19 **Q. Okay. I wanted to follow up on a question that**  
20 **was previously asked. Again, since your testimony**  
21 **addresses ethical conduct and I think you answered a**  
22 **question related to transparency that was asked by the**  
23 **Sierra Club, so my question is, as an FPL employee, have**  
24 **you ever made a false or inaccurate statement to this**  
25 **commission?**

1 A. Not that I'm aware of.

2 Q. Okay. You filed a verified motion through  
3 external counsel with this Commission on  
4 September 2, 2010; correct?

5 A. I have no idea.

6 CHAIRMAN BROWN: Mr. Skop --

7 MR. SKOP: Yes.

8 CHAIRMAN BROWN: -- I would advise you to stay  
9 within the scope of the direct testimony, please.

10 MR. SKOP: Yes, Madam Chair.

11 To this point, actually I would like to introduce  
12 an exhibit to refresh the witness's recollection of a  
13 verified motion that he did file. The purpose of this  
14 would be to assess the character and veracity of the  
15 witness and the sworn statement and testimony given by the  
16 witness.

17 CHAIRMAN BROWN: Okay. And we will take that at  
18 this time, and staff is behind you to assist you, but I do  
19 want to remind you that, as part of my earlier  
20 instructions, all exhibits shall -- for cross-examination  
21 shall be delivered to our counsel -- our staff prior to  
22 your start of cross-examination. That is the policy that  
23 we are employing. That is the policy that will be  
24 employed throughout the hearing; so you are on notice of  
25 that at this time, but we will take it.

1           MR. SKOP: Yes, Madam Chair. And I also have  
2 another exhibit while they are there that I would like to  
3 follow up with, but --

4           CHAIRMAN BROWN: Are these all of your exhibits  
5 for this witness?

6           MR. SKOP: Yes, ma'am.

7           CHAIRMAN BROWN: Thank you.

8           MR. MOYLE: Madam Chair.

9           CHAIRMAN BROWN: Yes, Mr. Moyle.

10          MR. MOYLE: This is just a procedural question  
11 while they're handing out the exhibits because we're not  
12 going to talk substantively, but I'm a little unclear  
13 because some exhibits are in effect impeachment exhibits  
14 that you may not need if the witness answers a particular  
15 question a particular way. For example, in my questions  
16 of Mr. Silagy I asked him about whether the adder would  
17 impact their ability to continue to provide --

18          CHAIRMAN BROWN: We'll talk about that when we  
19 get to the --

20          MR. MOYLE: You know, it doesn't -- I don't  
21 think -- you know, for impeachment exhibits it makes sense  
22 to hand them out because you may not need them.

23          CHAIRMAN BROWN: We'll talk about them when we  
24 get to the exhibits. Thank you, though, for that.

25          MR. REHUNIDENTIFIED SPEAKER: Madame Chairman,

1 Public Counsel's Office.

2 I have no beef on the particular line of cross,  
3 but when he used the phrase "policy" -- maybe in the  
4 morning when we start up again, I'd like to address this  
5 because there is an issue with respect to the policy that  
6 I would like to discuss.

7 CHAIRMAN BROWN: "Process" would be a better  
8 statement. Process.

9 [] UNIDENTIFIED SPEAKER: Yes. Process. Okay.  
10 But I don't want to get involved --

11 CHAIRMAN BROWN: Let's not talk about that right  
12 now --

13 [] UNIDENTIFIED SPEAKER: For the record, I  
14 wanted -- just wanted to state that. Thank you.

15 CHAIRMAN BROWN: All right. Thank you.

16 You know what. We're going to take about a --  
17 just a very brief, five-minute break before we get into  
18 this. We have confidential documents here. All right.  
19 We're going -- we're taking about a five-minute break --  
20 recess, and we will reconvene at 4:45.

21 (Whereupon there was a short break.)

22 CHAIRMAN BROWN: Once again, please silence your  
23 cell phones.

24 And, Mr. Skop, you've handed out to us two  
25 witness -- two -- I'm sorry -- exhibits, and I believe



1 Staff has a question for you regarding the one in the red  
2 and manila folder. So just one second. I'll turn to  
3 Staff.

4 Ms. Brownless?

5 MS. BROWNLESS: Yes, ma'am. With regard to the  
6 material in the red folder, usually red folders indicate  
7 that you believe material to be confidential, and we have  
8 not, to my knowledge, had a copy of this before, nor has  
9 there been a request for confidentiality with regard to  
10 the contents of this folder. Am I correct about that?

11 MR. SKOP: Madam Chair?

12 CHAIRMAN BROWN: Yes.

13 MR. SKOP: Yes, that is correct. This is not  
14 going to be entered into evidence. It's being used for  
15 impeachment purposes. And so basically it will be  
16 collected as soon as -- as soon as --

17 MS. BROWNLESS: And so the question that I would  
18 like to ask is what part of this document do you believe  
19 is confidential? And can you identify by paragraph so  
20 that we understand what you deem to be confidential so  
21 that we can treat it -- and we will treat your request as  
22 a confidentiality request for the purposes of this  
23 hearing.

24 MR. SKOP: Madam Chair?

25 CHAIRMAN BROWN: Yes.

1 MR. SKOP: Thank you.

2 Excellent question. Frankly, I don't believe the  
3 material to be confidential itself. However, as a  
4 professional courtesy to FPL in the hope to find some  
5 common ground, again, I took the courtesy of trying to put  
6 it in a red folder and didn't think I'd have to go there.  
7 But, again, that's why it's marked as such.

8 CHAIRMAN BROWN: So we will treat this then as  
9 confidential since it's titled on the cover page  
10 "confidential," and we'll return it accordingly.

11 MS. BROWNLESS: And you wish to have the entire  
12 document treated as confidential?

13 MR. SKOP: I think the document will be returned.  
14 Again, I'm just going to use it for a very limited  
15 purposes on my questions.

16 CHAIRMAN BROWN: Okay. The whole document will  
17 be treated as confidential. Okay. Thank you.

18 MS. BROWNLESS: Just one second. I guess  
19 here's -- and it's a process problem. Here is my process  
20 problem.

21 CHAIRMAN BROWN: Uh-huh.

22 MS. BROWNLESS: If you wish to question the  
23 witness on a document that I believe you have made a []  
24 more tense motion for confidentiality on, and it is the  
25 procedure of the Commission when a request for

1 confidentiality is made to treat the document as  
2 confidential until there is a ruling otherwise. I guess I  
3 don't understand how you're going to be able to ask  
4 questions about it without contravening your own request  
5 to keep the entire document confidential.

6 MR. SKOP: Madam Chair?

7 CHAIRMAN BROWN: Mr. Skop.

8 MR. SKOP: Yes. I intend to -- to do it  
9 generically, and hopefully it will be sufficient.

10 Ms. Chair --

11 MS. BROWNLESS: Well, if you can do it in a  
12 generic way that does not compromise your request for  
13 confidentiality, then I think that's -- that's  
14 appropriate.

15 MR. SKOP: Okay.

16 CHAIRMAN BROWN: Is that the way that you intend  
17 to proceed?

18 MR. SKOP: That's the way that I intend to  
19 proceed, Madam Chair. Again, if FPL would like to -- to  
20 stipulate that it's not confidential. Again, I did it as  
21 a professional courtesy to --

22 CHAIRMAN BROWN: I was just going to turn to FPL.

23 MR. LITCHFIELD: Thank you, Madam Chairman.

24 Well, this is really an interesting situation.

25 When we read are the Larsons petition to intervene, we did

1 not see any issue raised with respect to Mr. Skop's former  
2 employment with Florida Power & Light Company. That's  
3 point 1.

4 Point 2, it's not clear to us how this is really  
5 relevant to this docket. I may be -- I understand why  
6 Mr. Skop would like to make it a part of this docket,  
7 although I would not project to put myself in his place.

8 Having said that, we're looking at two documents  
9 here. One obviously is a verified motion. That is what  
10 it is. The -- the additional document in the red folder,  
11 however, is furnished, as far as we know, from Mr. Skop  
12 here to us today. I'm looking at a couple of pages here  
13 that reflect a lack of signatures. I don't know sitting  
14 here that this is going to be the copy or the authentic  
15 copy in the files of the company. Moreover, if it is, if  
16 it were to be offered or even if it's to be traversed in  
17 cross-examination today, there is additional information  
18 that -- that could come out in the course of that  
19 conversation that -- that perhaps some might not want to  
20 come out, including the cross-examiner himself. And so I  
21 think we're treading on very delicate ground here, and I  
22 would hate to see Mr. Skop open the door to a discussion  
23 that -- that really is neither appropriate nor relevant to  
24 the proceeding. Could be, in some respects, embarrassing.

25 Those are some of the thoughts that I have, Madam

1 Chairman. I would say that -- that, you know, if -- if  
2 he -- in the interest of compromise, if -- if Mr. Skop  
3 simply wanted to enter the verified motion into the  
4 record, we would have no objection to that. If he wanted  
5 to enter the document in the red folder -- he says that  
6 he -- he does not, but if he had wanted to, I would  
7 suggest that we get a bonafide copy from the company's  
8 files, and then we would probably also -- for the sake of  
9 completeness -- I'd have to check with our HR office -- we  
10 probably would want to supplement it with whatever else is  
11 in the file. Again, maybe not the best use of the record  
12 or the proceeding or the time here today, but those are  
13 some of my thoughts, Madam Chairman.

14 CHAIRMAN BROWN: Thank you. And we -- I note all  
15 of those objections.

16 Mr. Skop.

17 MR. SKOP: Thank you, Madam Chair. And, again,  
18 appreciate Mr. Litchfield.

19 Again, the intent here is the veracity of the  
20 statement that the witness made in a verified motion to  
21 which he verified which is contradicted by the plain  
22 language in the document of the red folder. I mean, to  
23 the extent that it could cause the company heartburn,  
24 again, I was merely seeking to correct the record in light  
25 of prior -- what I believe to be a false statement. FPL

1 previously in the media has -- has not disputed the  
2 authenticity of the documents. Frankly, it should be  
3 docked from -- this document was entered into evidence  
4 when they raised the same issue, and it woke the sleeping  
5 giant.

6 CHAIRMAN BROWN: It's this exact document?

7 MR. SKOP: Yes.

8 So -- so, again, no one's trying to do anything,  
9 but, you know -- but, again, at the end of the day, I  
10 think it's -- it's important -- let me just offer this to  
11 FPL, and then we can just move on. I think it's the best  
12 use of everyone's time. I think that what I'd like to  
13 offer Mr. Litchfield is I think the choice of words within  
14 the verified motion could have been better, and with that  
15 I'll -- I'll just withdraw the request.

16 CHAIRMAN BROWN: But --

17 MR. SKOP: Thank you.

18 CHAIRMAN BROWN: Staff, any response?

19 MS. BROWNLESS: I need to understand what went  
20 on.

21 CHAIRMAN BROWN: No. My understanding is he is  
22 going to withdraw both documents; is that correct?

23 MR. SKOP: Yes, Madam Chair, and, again, the  
24 issue involves that this commission's certification that  
25 the -- the term "involuntarily terminated" in the verified

1 motion, and I believe that's contradicted by the plain  
2 language in the red folder.

3 MS. BROWNLESS: Now I'm -- now I'm confused. You  
4 do seem to be testifying right here. Now, I thought you  
5 were staying that you were going to retract --

6 MR. SKOP: I'll just retract it for the -- for  
7 the benefit of the commission and the FPL. I think -- I  
8 think points have been made, and, again, no professional  
9 disrespect to -- to Mr. Silagy. Again, I'm just trying to  
10 correct the record if you will; so thank you.

11 MR. LITCHFIELD: So should we return these to  
12 Mr. Skop, these red envelopes?

13 MR. SKOP: Yes. That would be fine. Thank you.

14 MS. BROWNLESS: And the other exhibit as well,  
15 or --

16 CHAIRMAN BROWN: And the other exhibit as well.

17 MR. SKOP: Yes.

18 CHAIRMAN BROWN: Yes. Are you finished with your  
19 questions of Mr. Silagy?

20 MR. SKOP: I just have one or two more follow-up  
21 questions, Madam Chair.

22 CHAIRMAN BROWN: Okay. Well, before we return,  
23 if you guys -- he -- let's -- if you would, just let  
24 Mr. Skop finish his cross-examination of Mr. Silagy.

25 All right. You may proceed.

1 MR. SKOP: Thank you, Madam Chair.

2 BY MR. SKOP:

3 Q. Mr. Silagy, thank you. We're back on track now.  
4 May I ask you to turn to Page 21, Line 23 of your  
5 testimony?

6 A. Sure.

7 I'm sorry.

8 THE WITNESS: Madam Chair, I want to make sure I  
9 understand what just happened too. I thought I heard  
10 Mr. Skop say that he was correcting the record that my  
11 statement was inaccurate, and I -- maybe I misunderstood.  
12 So I want to make sure that -- that is not what the record  
13 says.

14 CHAIRMAN BROWN: Counsel?

15 MR. LITCHFIELD: That's my understanding.  
16 Correct.

17 MR. SKOP: And that's -- that's fine. Madam  
18 Chair, we can -- we can agree to disagree. It's been  
19 written about extensively, and, again --

20 CHAIRMAN BROWN: Let's -- you -- let's just stop  
21 talking.

22 MR. SKOP: Exactly.

23 THE WITNESS: That you, Madam Chair. I'm sorry  
24 about that, but thank you for the clarification.

25 MR. SKOP: Thank you. May I proceed?



1 CHAIRMAN BROWN: Yes.

2 MR. SKOP: All right. Thank you.

3 BY MR. SKOP:

4 Q. Mr. Silagy, on Page 21, Line 241.

5 A. Yes, sir. I'm there.

6 Q. Okay. You would agree, would you not, that FPL  
7 can attract capital at the 10-and-a-half percent midpoint  
8 ROE that's been in place since the 2009 rate case was  
9 decided; correct?

10 A. Yes. We have been able to attract capital based  
11 on actual -- actual earnings which has been above the  
12 midpoint for that period of time, and in this case going  
13 forward, Witness Dewhurst will go into some length as to  
14 detailing why 11 percent indicates Mr. Hevert's testimony  
15 is appropriate.

16 Q. Okay. Thank you.

17 MR. SKOP: And then two follow-up questions,  
18 Madam Chair.

19 BY MR. SKOP:

20 Q. With respect to the solar projects that I believe  
21 Sierra Club mentioned and you testified to in your cross-  
22 examination, do you have an idea whether those -- the cost  
23 of those projects are at or above avoided cost?

24 A. Yes. Those projects are actually below avoided  
25 costs. That's why they are CPVR positive. I'm really

1 proud of where those projects are.

2 Look, nobody has done more in solar in Florida  
3 than Florida Power & Light. Going back to 2008 when it  
4 frankly wasn't as cost effective, but under the  
5 legislation granted the opportunity for any utility to  
6 build up to 110 megawatts of renewables, not just solar.  
7 But FDL was the only one who showed up, and we built  
8 those, and I'm very proud of that. And we'll continue to  
9 pursue those projects if they're cost effective.

10 **Q. All right. Thank you.**

11 And one final question. With respect to witness  
12 testimony, in the Hawaii Docket, there was a full  
13 compliment of FPL regulatory attorneys in Hawaii. I  
14 believe it was Mr. Litchfield, Mr. Rubin, Mr. Anderson.  
15 Which witness would be qualified to discuss and to ensure  
16 the Larsons that none of those costs are included in  
17 rates?

18 A. Well, I would say that Witness Deaton -- because  
19 on costs of service -- making sure that none of those were  
20 in. Although Witness Ousdahl, I'm sure, would also be  
21 able to provide you some information on that.

22 **Q. Okay. Thank you, Mr. Silagy.**

23 MR. SKOP: Thank you, Madam Chair. No further  
24 questions.

25 CHAIRMAN BROWN: Thank you.

1 All right. At this time if staff could collect  
2 the exhibits that were distributed from Mr. Skop, and then  
3 we will move to staff's cross.

4 (Whereupon there was a pause in the proceedings.)

5 CHAIRMAN BROWN: All right. Thank you.

6 MS. BROWNLESS: Thank you.

7 CROSS-EXAMINATION

8 BY MS. BROWNLESS:

9 Q. Good afternoon, Mr. Silagy. Nice to see you  
10 today.

11 A. Good afternoon.

12 Q. Can you turn to the comprehensive exhibit list,  
13 Exhibit No. 7 -- 479, please?

14 A. I'm sorry. Which exhibit?

15 Q. 479.

16 A. I don't know that I have --

17 Q. It's on Page 46 of the Comprehensive Exhibit  
18 List.

19 A. Yeah. I'm sorry. I don't have that exhibit with  
20 me.

21 Q. Do you have the Comprehensive Exhibit List Page  
22 46?

23 A. I don't believe I do.

24 CHAIRMAN BROWN: Mr. Silagy, --

25 (Simultaneous speaking.)

1 THE WITNESS: Oh, I'm sorry. That one. Yeah,  
2 yeah. I'm sorry. Page 46 is not how I think about it.  
3 Yes.

4 BY MS. BROWNLESS:

5 Q. Yes, sir.

6 A. My apologies.

7 Q. That's all right, sir.

8 And there you can see Exhibit 479, which is  
9 Florida Power & Light's response to Office of Public  
10 Counsel's First Request for Production of Documents Nos.  
11 1, 2, 3, 7, 8, 12, 15, 16, and 38; is that correct?

12 A. We're going to pull it up right here because I do  
13 not have it.

14 Q. Great. Thank you.

15 And you're pulling up a CD that has -- that was  
16 provided to you by the PSC Staff with this exhibit on it;  
17 is that correct?

18 A. Sorry. I'll speak in the -- and which one again?

19 Q. Exhibit No. 479 is going to be on the Staff CD as  
20 FPL's Responses to OPC's First Request for Production of  
21 Documents Nos. 1 and 2.

22 A. Okay.

23 UNIDENTIFIED SPEAKER: Madam Chair, hi.

24 I can just -- I can confirm that that's what's on  
25 the CD that's in the laptop that he's using --

1           CHAIRMAN BROWN: Thank you for confirming that  
2 for the record.

3           THE WITNESS: Okay. So I'm at where it says,  
4 "POD 1 and 2."

5 BY MS. BROWNLESS:

6           **Q. Great. Thank you.**

7           A. Which ones would you like me to open?

8           **Q. Okay. And -- on the Comprehensive Exhibit List**  
9 **prepared by your counsel, it indicates that you are**  
10 **sponsoring -- along with every other witness in this**  
11 **case -- the responses to Production of Documents Nos. 1, 2**  
12 **and 3; is that correct?**

13          A. Yes. I believe it's -- if I'm looking at the  
14 same ones. I apologize, but I don't know that I'm looking  
15 at the exact same ones here; so --

16          **Q. Well --**

17          A. -- Exhibits 1, 2, and 3.

18          **Q. -- it's responses -- yeah. Responses to OPC's**  
19 **First Request for Production of Documents Nos. 1, 2 -- do**  
20 **you have that?**

21          A. I believe so.

22          **Q. Great.**

23                   And your staff counsel indicated that you were  
24 one of the sponsors for this exhibit; is that correct?

25          A. Yes. And I'm trying to identify which exhibit

1 that is.

2 Q. 479.

3 CHAIRMAN BROWN: Can we ask --

4 THE WITNESS: I don't have that. It's labeled --

5 MS. BROWNLESS: Well, I think it's labeled on the  
6 CD as FPL's responses to OPC's First Request for  
7 Production of Documents Nos. 1, 2, and 3.

8 MR. LITCHFIELD: Ms. Brownless, I'm also advised  
9 that -- that --

10 CHAIRMAN BROWN: Ms. Christensen?

11 MS. CHRISTENSEN: Did you call me Ms. Brownless?

12 MR. LITCHFIELD: Sorry. No, I was referring to  
13 Ms. Brownless. I truly was. I was looking at you, but I  
14 was meaning to address Suzanne.

15 Just -- just to confirm that I believe the  
16 witness also has hard copies in a binder with him of these  
17 same materials that are referenced. So if that turns out  
18 to be easier --

19 MS. BROWNLESS: Is that easier for you to find,  
20 Mr. Silagy?

21 THE WITNESS: Well, I think so because I don't  
22 have them quite listed the exact same way here, but I  
23 think that's correct.

24 MS. BROWNLESS: Could we ask --

25 CHAIRMAN BROWN: Ms. Christensen?

1 MS. CHRISTENSEN: Patty Christensen, with the  
2 Office of Public Counsel.

3 Could we ask staff counsel to identify or give a  
4 brief description of the -- or the Production of  
5 Documents --

6 MS. BROWNLESS: Request. I'll be happy to read  
7 it.

8 MS. CHRISTENSEN: -- the entry that she is  
9 referring to specifically? Okay.

10 MS. BROWNLESS: It is your First Production of  
11 Documents Request Nos. 1, 2, and 3. I'll read them into  
12 the record if you wish, Ms. Christensen.

13 CHAIRMAN BROWN: Do you wish for that to be read  
14 into the record?

15 MS. CHRISTENSEN: I actually think it would be  
16 very helpful if they would read what the questions were  
17 just so we know what the subject area of this production  
18 of documents is.

19 MS. BROWNLESS: Okay. I'll be happy to do so.

20 "[ ] MFR work papers. Please provide any and all  
21 work papers FPL has used to produce the schedules in the  
22 company's March 15th 2016, minimum filing requirements,  
23 and please provide such work papers electronically in  
24 Excel with all formulas and calculations intact.

25 No. 2. Testimony and Exhibits. Please provide

1 any and all work papers used to develop all of FPL's  
2 testimony and exhibits filed in -- filed March 15th, 2016,  
3 and for any work papers created electronically in Excel,  
4 please provide these spreadsheets with all formulas and  
5 calculations intact.

6 No. 3. [] MFRs. Please provide the Excel files  
7 with formulas and calculations intact that were used to  
8 produce the company's March 15th, 2016, MFR filings."

9 MS. CHRISTENSEN: And I would just ask -- I'm  
10 assuming that you're asking Mr. Silagy to verify --

11 MS. BROWNLESS: The portion of those discovery  
12 responses that he testified to.

13 MS. CHRISTENSEN: Well, I think it's really  
14 self-evident for the testimony, but for the MFRs, I'm not  
15 sure that it is self-evident which MFRs he is  
16 co-sponsoring, if any. So I was just asking --

17 MS. BROWNLESS: Well, he had --

18 CHAIRMAN BROWN: Hold on now for the record.  
19 Sorry. I didn't hear that last part.

20 MS. CHRISTENSEN: It's clearly self-evident for  
21 the testimony what testimony he's -- would verify what  
22 work papers respond to his testimony. But the MFRs, I'm  
23 not sure which MFRs he has purportedly co-sponsored in  
24 this document. I just -- you know, Scheduled E, Schedule  
25 D, or what MFRs would help to know which ones he is



1 co-sponsoring.

2 CHAIRMAN BROWN: Ms. Brownless?

3 BY MS. BROWNLESS:

4 Q. Mr. Silagy, I don't -- well, I'm just not  
5 provided that level of detail by your counsel. Can you  
6 identify what portion of the MFRs you helped prepare the  
7 response for?

8 A. Well --

9 Q. These are work papers that support all of the  
10 MFRs filed in this case.

11 A. So I have the exhibits that I'll actually  
12 sponsor; so those. And then within the work papers, I see  
13 that your requests I found now here from the -- where I've  
14 been a party to some of these documents. So we are -- I  
15 don't know what you're asking for actually.

16 Which exact MFRs? No. I don't know off the top  
17 of my head.

18 Q. Okay. But you did provide input into preparing  
19 the discovery response for OPC's First Request for  
20 Production of Documents No. 1, the work papers for the  
21 MFRs?

22 A. Yes.

23 Q. And you did provide input into preparing the  
24 response to the testimony and exhibits, work papers  
25 requested in Exhibit No. 2; is that correct?

1 A. Yes, ma'am.

2 Q. And you did provide input into the responses to  
3 OPC's Request for Production of Documents No. 3 which had  
4 to do with all of the MFRs scheduled. You provided input  
5 into that; correct?

6 A. On No. 3?

7 Q. Uh-huh.

8 MR. LITCHFIELD: I think it's been asked and  
9 answered. He said he didn't know all the MFR backup  
10 stuff.

11 CHAIRMAN BROWN: Well, Ms. Brownless is trying to  
12 be as efficient as possible given Public Counsel's and  
13 Hospital Association's objection to stipulating to the  
14 staff exhibits.

15 This may be painstaking, and I think we can have  
16 a much more efficient process. I just haven't figured out  
17 how yet. So --

18 BY MS. BROWNLESS:

19 Q. And, Mr. Silagy, if you didn't do No. 3, that's  
20 perfectly fine.

21 A. I don't see No. 3. If you could tell me what  
22 that one is, I'll go back to make sure.

23 Q. No. 3 are all the work papers, Excel files with  
24 formulas and calculation intact that were used to produce  
25 the company's March 15th, 2016, MFR filings. These are

1 **voluminous --**

2 A. Right.

3 **Q. -- work papers.**

4 A. And the question is whether I personally --

5 **Q. No, no.**

6 A. Oh.

7 **Q. The question is did you have input into that --**  
8 **the compilation of the work papers for that in response to**  
9 **that production of documents request?**

10 A. No, ma'am. I don't believe I did have input into  
11 how they were compiled.

12 **Q. Okay. Great.**

13 Can you tell us today with regard to POD No. 1  
14 and POD No. 2 whether the responses that are provided in  
15 the staff's Comprehensive Exhibit List that you were --  
16 that were put on the CD for your review -- to the extent  
17 that you had any input are accurate?

18 CHAIRMAN BROWN: "POD" means production of  
19 documents.

20 THE WITNESS: Yeah.

21 No, I understand. I cannot -- I'm familiar with  
22 POD, and I'm familiar with the information on it. But how  
23 it was actually put on the CD that you received --

24 BY MS. BROWNLESS:

25 **Q. No, no, sir. No, sir. It's just the**

1 **information --**

2 A. Yes. The information, yes. I was involved with  
3 the -- putting it together.

4 **Q. And is it true and correct --**

5 A. Oh, yes, ma'am.

6 **Q. To the best of your knowledge --**

7 A. To the best of my knowledge, it is true and  
8 correct. Yes.

9 **Q. Great. Thank you.**

10 A. I'm sorry. I'm being a little thick.

11 **Q. All right. Moving on to the second exhibit which**  
12 **is Exhibit -- in the Comprehensive Exhibit List No. 490.**  
13 **Exhibit 490 is Florida Power & Light's response to AARP's**  
14 **First Set of Interrogatories, Nos. 1 through 14.**

15 A. Okay.

16 **Q. And your staff has indicated that you had input**  
17 **with regard to Interrogatory No. 7 through 9 and 12**  
18 **through 13.**

19 MR. LITCHFIELD: I think it's not 7 through 9. I  
20 think it's just 14.

21 MS. BROWNLESS: Oh, I see. I'm sorry.

22 MS. CHRISTENSEN: Suzanne, are you trying to  
23 confuse everybody?

24 MS. BROWNLESS: Let me start over again -- strike  
25 that.

1 BY MS. BROWNLESS:

2 Q. This is Exhibit No. 490 on the Comprehensive  
3 Exhibit List.

4 CHAIRMAN BROWN: That's Page 47.

5 MS. BROWNLESS: Page 47.

6 BY MS. BROWNLESS:

7 Q. And it is Exhibit No. 14.

8 A. Right. Trying to pull it up. It's loading.

9 MR. MOYLE: So if I was trying to follow along.

10 MS. BROWNLESS: You would go to the CD to FPL's  
11 Responses to AARP's First Set of Interrogatories, No. 1  
12 through 14. That's the way it's listed on the CD. And  
13 we're looking at Response to No. 14.

14 MR. LITCHFIELD: It's a single Q and A, single  
15 interrogatory, AARP's First Set of Interrogatories,  
16 No. 14 --

17 MS. BROWNLESS: Right.

18 MR. LITCHFIELD: -- to which he is a joint  
19 sponsor with Mr. Barrett.

20 CHAIRMAN BROWN: Commissioner Graham has  
21 something to say.

22 COMMISSIONER GRAHAM: I got a question. Why are  
23 we doing this?

24 MS. BROWNLESS: We are doing this because in  
25 order to move the staff exhibits into the record, we have

1 to authenticate each and every one with every witness who  
2 provided a response. Many of these exhibits -- if you  
3 look at your Comprehensive Exhibit List -- there is  
4 portions -- because they're discovery requests --

5 COMMISSIONER GRAHAM: Yeah, yeah, yeah.

6 MS. BROWNLESS: -- and we have to do it because  
7 the -- neither the Office of Public Counsel nor the other  
8 intervenors are willing to stipulate the identified staff  
9 exhibits into the record.

10 COMMISSIONER GRAHAM: Well --

11 MS. BROWNLESS: Well, I'll let the intervenors  
12 respond to that.

13 MR. LITCHFIELD: Just to be clear, even though  
14 there are responses, we were fine with them going into the  
15 record as staff had originally proposed.

16 COMMISSIONER GRAHAM: So who's --

17 MS. CHRISTENSEN: Yes. And I think we stated at  
18 the prehearing and we stated at the beginning of the  
19 hearing that we objected to stipulating into the record  
20 wholesale discovery responses, and we said we would go  
21 ahead and we would look at the beginning of the witness's  
22 testimony.

23 Now, Mr. Silagy is the first witness. We're  
24 trying to work through the process as well. We would look  
25 to see if we had any objections. Otherwise, we would ask

1 staff to ask questions on them because discovery in and of  
2 itself is hearsay, and to be allowed into the record,  
3 there has to be an exception and it has to be allowed  
4 under the rules of 120. And --

5 CHAIRMAN BROWN: We've already had this  
6 discussion at the beginning.

7 MS. CHRISTENSEN: Right. Judge, I'm just  
8 reiterating because mister -- Commissioner Graham asked me  
9 the question, but that's the reason.

10 And, you know, for the practical purposes that,  
11 you know, we also would like to know how the staff -- if  
12 staff is going to ask any questions on a particular  
13 exhibit or how they plan on using this exhibit as part of  
14 the recommendation, this is our opportunity to have a  
15 better understanding of the types of questions that staff  
16 has. So for those reasons, we have asked to follow the  
17 normal course of process which is, if you want a document  
18 into the record, you ask the questions of the witness, and  
19 it gets admitted at the end of the witness's statement.

20 MS. BROWNLESS: And if I may respond?

21 COMMISSIONER GRAHAM: Sure.

22 MS. BROWNLESS: First of all, in the  
23 administrative hearings, it is very clear in Chapter 120  
24 that hearsay is admissible in the record.

25 CHAIRMAN BROWN: I feel like this is 9:30 all

1 over again.

2 COMMISSIONER GRAHAM: No, I got it. I just --  
3 I'm sorry, Madam Chairman. It's just -- I apologize.

4 MS. BROWNLESS: And if I may also add, to the  
5 extent that the intervenors wish to know the positions of  
6 the staff prior to our recommendation, at this hearing we  
7 will ask questions if we deem these appropriate or not.  
8 But we do not, as a -- our role here is to develop the  
9 record.

10 CHAIRMAN BROWN: Thank you, Ms. Brownless. Can  
11 you please proceed with authenticating these exhibits so  
12 we can move swiftly.

13 MS. BROWNLESS: I'll do my very best.

14 MR. LITCHFIELD: And, Madam Chair, let me -- let  
15 me offer on behalf of FPL, it's a new process in light of  
16 circumstances for everyone, and we'll spend a little time  
17 with staff after the conclusion, after you adjourn for  
18 this evening, just to make sure that we've got clear what  
19 they would like us to though have witnesses prepared to  
20 do, and I think that in itself may be seeking --

21 CHAIRMAN BROWN: I think that it will be great.  
22 And that fact that we are -- we're going to end before --  
23 you know, before supertime; so you'll all have the  
24 evening to go over.

25 But, again, we want to run an efficient



1 hearing -- fair and efficient hearing; so to the extent  
2 that you can stipulate to these staff exhibits -- and some  
3 of them are yours and some of them are AARP's -- that  
4 would be extremely helpful in moving this along. So I  
5 encourage you to do that and take that time.

6 All right. Please proceed.

7 MS. BROWNLESS: Okay. So now we're back on  
8 Exhibit 490.

9 BY MS. BROWNLESS:

10 Q. My understanding is that you sponsored the answer  
11 to Interrogatory No. 14 --

12 A. Yes, ma'am. That's correct.

13 Q. -- along with Mr. Barrett.

14 A. Yes, ma'am.

15 Q. And is the response that you gave, that's  
16 recorded on the CD, true and correct to the best of your  
17 knowledge and belief?

18 A. Yes, ma'am. It is.

19 Q. Thank you very much. That's all we have.

20 A. You're welcome. Again, sorry for being a little  
21 difficult.

22 MR. MOYLE: And, I mean, it's all hearsay. This  
23 is all subject to a hearsay objection. It's an  
24 interrogatory coming in --

25 MS. BROWNLESS: And, Mr. Moyle, as we've already

1 discussed, hearsay is admissible in administrative  
2 hearings. It cannot support a finding of fact or  
3 conclusion of law unless further corroborated by the  
4 record.

5           However, we are in the process of identifying  
6 this and putting this in here. We will wait -- if you  
7 wish to make that objection, make that objection.

8           MR. MOYLE: I don't really want to burden the  
9 record with the objection every time; so I just wanted to  
10 have a standing objection to say basically what 120 says  
11 that you can't rely on hearsay unless it's substantiated  
12 by a witness.

13           MS. BROWNLESS: And thank you.

14           CHAIRMAN BROWN: Okay.

15           MR. MOYLE: And this is coming in as hearsay.  
16 Mr. Silagy --

17           CHAIRMAN BROWN: It has not come in yet,  
18 Mr. Moyle.

19           MR. MOYLE: I'm sorry.

20           MS. BROWNLESS: And I just want to make sure  
21 everybody understands that where there are multiple  
22 witnesses we will not be able to move that exhibit into  
23 the record until we get to the very last person. So for  
24 example, for Exhibit 490 we will have to talk to  
25 Ms. Ousdahl, Mr. Barrett, Mr. Dewhurst, Ms. Morley,

1 Ms. Cohen before we can move this exhibit into the record,  
2 and it will be at the conclusion of all of that testimony  
3 that we will make the proffer.

4 CHAIRMAN BROWN: Okay. I hope the parties  
5 that -- we've talked about this at the beginning of the  
6 hearing. We are not entering any of these into the record  
7 at this time. That will be at the conclusion of the  
8 hearing as Ms. Brownless indicated at the beginning of the  
9 hearing. We are repeating everything that we -- that our  
10 staff went over at the beginning as a preliminary matter.

11 MR. SUNDBACK: Madam Chair, one question of  
12 clarification.

13 CHAIRMAN BROWN: Sure.

14 MR. SUNDBACK: To the extent any of the witnesses  
15 in this process offer any substantive observation, it  
16 would also be then consistent with that approach not to  
17 admit that into the record unless and until the exhibits  
18 on which the remark was hung are also admitted. Is that a  
19 fair conclusion?

20 MS. BROWNLESS: I can't say it is.

21 MR. SUNDBACK: Well, then we would object to that  
22 on that ground. Thank you.

23 CHAIRMAN BROWN: There you go.

24 All right. Ms. Brownless.

25 MS. BROWNLESS: We just have -- oh --

1           MR. LITCHFIELD: I would just say that next time  
2 I get discovery from Mr. Moyle on behalf of my client, we  
3 may just object on grounds that it's hearsay and not  
4 answer.

5           CHAIRMAN BROWN: Quid pro quo.

6           MR. MOYLE: You can add that to the list of  
7 objections.

8           MS. BROWNLESS: Standing objections.

9           CHAIRMAN BROWN: All right. Parties, can you  
10 please let Ms. Brownless continue so we can move along?

11          MS. BROWNLESS: Yes.

12          With regard to Mr. Silagy, we have no further  
13 questions.

14          There is, however, a procedural issue that we  
15 need to clear up for the benefit of the clerk that I'd  
16 like to do at this time.

17          With regard to the testimony of Ms. Piedra, we  
18 ask that it be inserted into the record as the read after  
19 the testimony of Rhonda Hicks. And, unfortunately, you,  
20 Ms. Chairman, indicated that it should be inserted into  
21 the record at that time. So if you can just clarify for  
22 the record that the clerk should not insert it into the  
23 record --

24          CHAIRMAN BROWN: Okay.

25          MS. BROWNLESS: -- of today's transcript, but

1 insert it into the record after the testimony of  
2 Ms. Hicks, it would be greatly appreciated.

3 CHAIRMAN BROWN: Okay. Consider it done.

4 MS. BROWNLESS: Thank you, ma'am.

5 CHAIRMAN BROWN: Now, does staff have any further  
6 questions of Mr. Silagy?

7 All right. Commissioners, it is finally our  
8 turn.

9 Mr. Silagy, you've been on the stand for several  
10 hours now. I know you must be exhausted, but I want to  
11 take to the time and thank you for being here.

12 I'm going to go to the commissioners first.

13 Commissioner Brise.

14 COMMISSIONER BRISE: Thank you, Madam Chair.

15 Mr. Silagy, thank you for being here today. I  
16 have just a couple of questions for you.

17 CROSS-EXAMINATION

18 BY COMMISSIONER BRISE:

19 Q. So as we were traveling across the state  
20 listening to customers, one of the things that they  
21 stated -- and they stated clearly -- was that they were  
22 concerned about the bill impact, however small or large it  
23 might be, as a result of a decision that this Commission  
24 can make with the outcome of this case.

25 What would be your response to a consumer who is

1 addressing that issue? Not only from the perspective of  
2 having -- whether it's a small impact on their bill -- but  
3 also the -- because I heard this a lot from people that  
4 when they go into the grocery store, and they go to the  
5 gas station, or they go to the supermarket, or they go to  
6 buy clothes, or whatever, that with electricity being such  
7 an essential service, that the rate impact on that will  
8 have a trickle effect on them more globally.

9           So what is your response to -- to that consumer?  
10 And -- and as a commissioner, let me hear what your  
11 thought is with respect to that.

12           A. Thank you, Commissioner. I -- you know, I guess  
13 I would start by saying that we're all concerned about any  
14 kind of increases the people will be subject to. At --  
15 and there's -- it's not uncommon for people to be focused  
16 on today and what their needs are today, and I understand  
17 that because we have bills to pay today as a consumer. As  
18 an example -- and you're correct that electricity, what we  
19 do, is pervasive throughout the economy. So our impact  
20 has an -- has a broad touch, if you will, on all  
21 consumers.

22           I think that's why it's so important for us to be  
23 able to continue on the path that we're on because our  
24 track record has allowed us, through these investments, to  
25 provide customers with low bills which has trickled

1 into -- or at least it should have. I can't say that  
2 absolutely has; right? But when we've lowered prices of  
3 electricity -- as an example -- to retail stores, to use  
4 Mr. Wright's example, hopefully, you know, maybe they  
5 lower the price of Triscuits a little bit because the  
6 electricity has gone down. I don't know.

7 But what I can tell you is we've invested in the  
8 State which has created also a lot of jobs. We,  
9 obviously, pay a lot of taxes which means a great deal to  
10 folks, but most importantly we are investing today so  
11 customer bills will actually stay low.

12 Now, there is upward pressure on all of us. We  
13 all face that. We're doing everything we can. I think  
14 our benchmarking has demonstrated that, and there is  
15 always room to improve, and we're going to continue to  
16 look for ways to save money on our own cost side. But if  
17 we don't invest today, then customers will suffer much  
18 more in the years ahead.

19 It's no different than how you take care of your  
20 car as an example; right? If -- we all know that it's  
21 painful to pay sometimes for an oil change or to have your  
22 tires rotated when there is nothing necessarily wrong, but  
23 the reality is, if you don't do that, the cost later on  
24 will be exponentially greater. Our approach has been to  
25 do everything we can to have [] near term bills below

1 while at the same time investing in technology processes,  
2 having a culture of innovation that will allow to us to  
3 also provide that over the long term.

4           So we're not just selling -- we're not selling  
5 people short by doing something that's politically easy  
6 today when it's going to end up resulting in higher bills,  
7 worse reliability, poor customer service in years to come.

8           **Q.    Okay.   Thank you.**

9           And the second question that's a slightly  
10 different angle on -- on an issue that I'm personally  
11 interested in, and that is -- on Page 16 of your testimony  
12 there's -- it's alluding to attracting and retaining  
13 excellent employees and so forth. My question is what is  
14 FPL doing to ensure that the workforce that it has and the  
15 workforce that it is attracting reflects the communities  
16 that are being served, not only on the employee side but  
17 also on the supplier side?

18           A.    So thank you for asking that question.

19           I will tell you it is -- it is an area of focus  
20 for us. Every single month we meet as a senior team and  
21 actually review how our hiring practices and our  
22 recruiting has been successful or not from the standpoint  
23 of being able to attract and retain a diverse workforce  
24 that also meets the needs that we have for a variety of  
25 different functions.



1           And, you know, part of the reason that I spend so  
2 much time also supporting Enterprise Florida and -- and  
3 Chamber of Commerce and others is to try and make sure  
4 that we as a state are an attractive place to actually be  
5 able to have, you know -- particularly folks from out of  
6 state, young people come in, and our recent graduates that  
7 they want to stay in Florida because there are good jobs  
8 and there are good opportunities.

9           So we have -- our HR team is actually measured on  
10 our ability to attract and recruit. We go all over the  
11 country and participate in conferences and go to schools  
12 and recruit directly out of undergraduate and graduate  
13 schools with an eye of trying to make sure that we have a  
14 workforce that reflects Florida. And, you know, Florida  
15 is a wonderful state in a lot of areas, but one of the  
16 most wonderful is the fact that it is a melting pot, and  
17 so -- we need to have employees also that reflect that so  
18 we can best serve our customers, again, not just in the  
19 short-term but the long term.

20           It's a holistic approach. And it's a challenge  
21 that we have to deal with all the time because, you know,  
22 not everybody thinks that the utility industry either is  
23 the sexiest. You know, we are not high tech, but I will  
24 tell you, we've spent a lot of time, as an example, with  
25 interns and recruiting them so they can actually get a

1 sense and understand how innovative we are and the  
2 technologies we're putting in and investing in solar is  
3 helped on that as an example. The smart-grid technology,  
4 you know, all the things that we're doing that are really  
5 the -- all of the generation that we've put in has really  
6 had an opportunity for us to attract a younger, more  
7 diverse background of folks.

8 So it's a long answer to your question, and I  
9 apologize, but we measure it, we recruit heavily, and we  
10 stay very focused on making sure that we can have a  
11 diverse and a qualified workforce for the needs of the  
12 company.

13 **Q. So that's the workforce portion. How about the**  
14 **supplier side? Is that the same, same?**

15 A. Yes, sir. So with the vendors -- and I  
16 apologize. I didn't go there.

17 So we -- we contract with small businesses,  
18 minority-owned businesses, businesses -- women --  
19 women-owned businesses, and I -- I was going to say  
20 Witness Slattery might provide you some details on that.  
21 I'm not positive, but we can provide you some details.  
22 I'll find the right person because we have, again, a  
23 pretty good track record on that. We work very closely  
24 with a diverse number of businesses across the state.

25 **Q. Okay.**

1           A.    As well as the country, frankly, but focusing  
2   also on Florida.

3           **Q.    Thank you.  That's all I have for now.**

4           CHAIRMAN BROWN:  Commissioner Edgar.

5           COMMISSIONER EDGAR:  That you, Madam Chair.  I  
6   have three topics, very general questions, and they're  
7   related specifically to this rate case, not 15 years ago  
8   or anything like that.

9   CROSS EXAMINATION

10          BY COMMISSIONER EDGAR:

11           **Q.    And I recognize that there are -- as you have**  
12   **pointed out and that there are witnesses to come yet that**  
13   **will go into each of these issues in more detail more**  
14   **technically probably, but what I'd like to ask you is to**  
15   **respond if you can to these questions from the perspective**  
16   **of your experience in the industry and the role that you**  
17   **have with the company currently.**

18           So I'm looking for the first one on Page 21 of  
19   your testimony, and I want to look more specifically to  
20   Lines 15 through 18.

21           So as a prelude, I've heard the job of the  
22   Commission described as calling balls and strikes.  I  
23   don't really go in for baseball analogies personally, but  
24   when I traveled the country talking to customers and to  
25   groups what the role of the Commission is, the way I

1 sometimes have described it in my own mind as trying to  
2 find the balances between short-term wants and long-term  
3 needs, and I do think that's an appropriate way often to  
4 look at a rate case within, of course, the statutory  
5 requirements and parameters.

6 So looking at the items described in Lines 15  
7 through 18, customer growth, reliability, resiliency,  
8 clean energy, compliance, and customer savings, can you  
9 describe in a little more detail from your perspective how  
10 in this Rate Increase Request the revenue requirements  
11 that are requested are needs and not just wants?

12 A. Yes, ma'am.

13 So as an example of customer growth, we are  
14 blessed that in Florida and in our service territory  
15 specifically we actually have positive customer growth  
16 again. And we expect to add in the neighborhood of  
17 70-plus thousand new customers. That requires backbone to  
18 be put in transmission, distribution, planning ahead for  
19 those customers.

20 And you're correct. There are other witnesses  
21 that will touch upon this, but in the testimonies  
22 provided -- gives you an example of -- by end of 2020, we  
23 will have added about 450,000 customers. That's the  
24 equivalent of Gulf Power. And so it is -- it is an area  
25 that we have to stay focused on. We have a duty to serve.

1 So when anybody comes in and moves in, we must serve them.  
2 And we need to be prepared for that, and so that also  
3 requires planning ahead of time because customers don't  
4 want to hear, you know, I'm really sorry. I can't provide  
5 you power this year, but give me a year, and I'll be able  
6 to get that distribution system into your neighborhood.  
7 So that's one area.

8           And improving reliability, you know, I am  
9 reminded every single time that I get a text from my son  
10 because he doesn't call me very much anymore. He always  
11 texts me that we're all relying on devices that use  
12 electricity even more and more for our daily lives, and so  
13 having that reliability is critically important. The  
14 customers tell us that. We know that. Whether it's  
15 residential, commercial, or industrial. And frankly there  
16 is more that as an industry we can do. The smart-grid  
17 technology has convinced me that there are areas that  
18 we're just to the tip of the ice berg on being able to do  
19 things more smartly and being able to address customers'  
20 needs. We are now focused on momentaries as an example.  
21 There are probably -- I'm going to guess -- on one hand if  
22 that utilities in America that are focused on momentaries.  
23 We're now doing that, and customers care about that, and I  
24 understand why.

25           So this rate proceeding is about our ability to

1 be able to continue that. We're now installing 25 to  
2 30,000 smart-grid devices a year on our electric system --  
3 automatic lateral switches, automatic feeder switches.  
4 That's what this rate case pays for, and that changes the  
5 way people actually have their electricity delivered from  
6 a reliability standpoint.

7 Storm resiliency. You're here. You know the  
8 challenges that we all face when major storms impact our  
9 state, and, you know, we've been blessed, and I almost  
10 hate to do it, but I will. But, you know, we haven't had  
11 a major hurricane hit the state now in over a decade. I  
12 don't like the odds, but it's not a question of if. It's  
13 just when and where we're going to be hit. And our  
14 services territory is -- like it or not, it's reality. It  
15 suffers from east coast and west coast exposure from  
16 Florida if you will. So it has a higher risk profile than  
17 from major storms I think than any utility in America.  
18 That's something that we need to plan for, and we have  
19 done that through storm resiliency.

20 More that we can do. We hardened all of our  
21 major areas like the ports, 911 Centers, you know, fire,  
22 police. Now, we're into feeders and Witness Miranda can  
23 go into great detail with you on this, but this is also,  
24 by the way, an area that has a tremendous impact for  
25 customers on a daily basis. So we have statistically been

1 able to show that our hardened feeders are actually  
2 performing on average 40 percent better than those that  
3 are not.

4 Now, that translates into real value for  
5 customers. Different customers will have a different  
6 value proposition around it, but it also means, by the  
7 way, that we're not spending as much money restoring on  
8 the daily thunder showers that come roaring through  
9 Florida. The high winds this year we've had over 400,000  
10 lightning strikes, and we're still in August. Our system  
11 is performing much better because of those investments  
12 which saves customers money on top of reliability.

13 Clean energy generation. That's a passion of  
14 mine. I have been involved with our program since when I  
15 was in development back in 2007 when I joined Florida  
16 Power & Light. I'm very proud of our track record. The  
17 reality is that we want to be smart about the technologies  
18 we deploy. And it's not just about renewables. It's  
19 about also being clean on the fossil facilities. That's  
20 why the .05 investment makes so much sense because it  
21 creates -- they're more fuel efficient, lowers O and M as  
22 well.

23 The peekers that we're putting in. You know,  
24 commissioners, the peekers that we're replacing were --  
25 for those who remember -- since I was asked an Eastern

1 Airlines question earlier -- the Boeing 707. So that was  
2 an airplane that was originally put in service, I believe,  
3 in 1958. I may be off by a year. I wasn't born then, but  
4 it was the --

5 (Transcript continues in sequence in Volume 4.)

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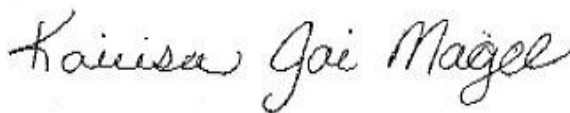
## CERTIFICATE OF REPORTER

STATE OF FLORIDA        )  
COUNTY OF LEON         )

I, KAIRISA JOI MAGEE, Professional Court Reporter, certify that the foregoing proceedings were taken before me at the time and place therein designated; that my shorthand notes were thereafter translated under my supervision; and the foregoing pages numbered 330 through 379, are a true and correct record of the aforesaid proceedings.

I further certify that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected to this action, nor am I financially interested in this action.

DATED this 23rd day of August, 2016.



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KAIRISA JOI MAGEE  
NOTARY PUBLIC  
COMMISSION #FF971623  
EXPIRATION DATE MARCH 15, 2020