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July 27, 2020

**VIA HAND DELIVERY**

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

RECEIVED-FPSC  
2020 JUL 27 PM 12:14

**REDACTED**

**Re: Docket No. 20190156-EI - Petition for a limited proceeding to recover incremental storm restoration costs, capital costs, revenue reduction for permanently lost customers, and regulatory assets related to Hurricane Michael, by Florida Public Utilities Company.**

Dear Mr. Teitzman:

Enclosed for filing, please find the original and seven copies of Florida Public Utilities Company's Request for Confidential Classification of portions of the Rebuttal Testimony and Exhibit PMC-1 of FPUC Witness P. Mark Cutshaw, a redacted copy of which is being filed today under separate cover in the above-referenced docket. Consistent with Rule 25-22.006, F.A.C., one highlighted and two redacted copies of the documents containing the confidential information are included with this filing.

Thank you for your assistance with this filing. As always, please don't hesitate to let me know if you have any questions or concerns.

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AFD \_\_\_  
APA \_\_\_  
ECO \_\_\_  
ENG 6  
GCL 1 and 1 redacted  
IDM \_\_\_  
CLK \_\_\_

Enclosure

Sincerely,

*Beth Keating*  
Beth Keating  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe St., Suite 601  
Tallahassee, FL 32301  
(850) 521-1706

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition for a limited proceeding to recover incremental storm restoration costs, capital costs, revenue reduction for permanently lost customers, and regulatory assets related to Hurricane Michael, by Florida Public Utilities Company.

DOCKET NO. 20190156-EI

In re: Petition for establishment of regulatory assets for expenses not recovered during restoration for Hurricane Michael, by Florida Public Utilities Company.

DOCKET NO. 20190155-EI

In re: Petition for approval of 2019 depreciation study by Florida Public Utilities Company.

DOCKET NO. 20190174-EI

DATED: July 27, 2020

**FLORIDA PUBLIC UTILITIES COMPANY'S  
REQUEST FOR CONFIDENTIAL TREATMENT OF PORTIONS OF THE REBUTTAL  
TESTIMONY AND EXHIBIT PMC-1 OF P. MARK CUTSHAW AND MOTION FOR  
PROTECTIVE ORDER**

Florida Public Utilities Company ("FPUC"), by and through its undersigned counsel, pursuant to Section 366.093, Florida Statutes, and consistent with Rule 25-22.006(4), Florida Administrative Code, hereby submits its Request for Confidential Classification and Motion for Protective Order for information contained in the Rebuttal Testimony and Exhibit PMC-1 of P. Mark Cutshaw submitted today under separate cover on behalf of Florida Public Utilities Company.

The confidential documents contain information relating to specific confidential contractual terms and rates. FPUC and the companies with whom it contracted treat the identified information as highly confidential, the disclosure of which would harm FPUC's

competitive business interests. As such, the information in question meets the definition of "proprietary confidential business information" as set forth in Section 366.093, Florida Statutes.

Release of the referenced information as a public record would harm FPUC's business operations and ratepayers by impairing the Company's ability to effectively negotiate for goods and services. In support of this Request, FPUC states as follows:

1. The referenced portions of Witness Cutshaw's rebuttal testimony and exhibit include information regarding rates and terms in contracts with FPUC's vendors during the restoration efforts following Hurricane Michael and the preparations for Hurricane Dorian. FPUC and these vendors treat this information as highly confidential, proprietary business information in accordance with agreed upon contract terms. If this information is publicly disclosed, such disclosure could harm the Company's business interests, as well as those of its vendors.
2. Subsection 366.093(1), Florida Statutes, provides that upon request, records received by the Commission which are "found by the commission to be proprietary confidential business information shall be kept confidential and shall be exempt from s. 119.07(1)."
3. "Proprietary confidential business information" is defined as meaning "information, regardless of form or characteristics, which is owned or controlled by the ... company, is intended to be and is treated by the ... company as private in that the disclosure of the information would cause harm to the ratepayers or the company's business operations, and has not been disclosed unless disclosed pursuant to a statutory provision, an order of a court or administrative body, or private agreement that

provides that the information will not be released to the public." Section 366.093(3), Florida Statutes.

4. Proprietary confidential business information includes, but is not limited to, information concerning:
  - (a) Trade secrets.
  - (b) Internal auditing controls and reports of internal auditors.
  - (c) Security measures, systems, or procedures.
  - (d) Information concerning bids or other contractual data, the disclosure of which would impair the efforts of the public utility or its affiliates to contract for goods or services on favorable terms.
  - (e) Information relating to competitive interests, the disclosure of which would impair the competitive business of the provider of the information.
  - (f) Employee personnel information unrelated to compensation, duties, qualifications, or responsibilities.

Section 366.093(3), Florida Statutes.

5. The confidential portions of the referenced documents fall within these statutory definitions, and therefore constitute proprietary confidential business information entitled to protection under Section 366.093(d) Florida Statutes, and Rule 25-22.006, Florida Administrative Code. The information, which has been treated by FPUC as highly confidential and has not been publicly disclosed, is information regarding rates, terms and conditions in FPUC's contracts with certain outside vendors, which the parties treat as confidential in accordance with the terms of those contracts. This information, if disclosed, would not only impair the efforts of FPUC to compete for services, but would potentially place the Company in breach of contract. Furthermore, such disclosure could impair the Company's ability to contract for goods and services with other vendors on reasonable terms in the future. The information therein is therefore proprietary confidential business information and is entitled to continued and

ongoing protection under Section 366.093(d), Florida Statutes, and Rule 25-22.006, Florida Administrative Code.

6. For these reasons, FPUC requests that the Commission grant confidential classification for the following referenced information:

Response	Document - Location	Rationale
<p>Rebuttal Testimony of P. Mark Cutshaw</p>	<p>Page 12, portions of line 12, portions of line 13, portions of line 15, and the highlighted amounts in lines 19 and 20.</p> <p>Page 13, portions of line 9, amount in line 13 and amount in line 19, as well as portions of line 22.</p> <p>Page 14, portions of line 1, all of line 4 and a portion of line 5, the name in line 12, portions of lines 13 and 14, the name in line 16, the resource type I line 22 and the name in line 23.</p> <p>Page 15, portion of line 5.</p>	<p>All highlighted amounts are either contractual rates, or numbers that could be used to extrapolate contractual information.</p> <p>Both FPUC and the specified contractors treat this information as highly confidential.</p>
<p>Exhibit PMC-1</p>	<p>All lines and all columns of Exhibit PMC-1.</p>	<p>All highlighted amounts are either contractual rates, or numbers that could be used to extrapolate</p>

Response	Document - Location	Rationale
		contractual information. Both FPUC and the specified contractors treat this information as highly confidential.

7. The information at issue falls squarely under Section 366.093(3)(d), Florida Statutes. Release of the referenced information as a public record would harm FPUC’s business operations and ratepayers by impairing the Company’s ability to effectively negotiate for goods and services, and, as noted above, could result in FPUC being in breach of its contractual obligations. As such, FPUC requests that the Commission grant this Request for Confidential Classification.
8. To the extent this information is also provided to OPC, the Company also asks that the Commission enter a Protective Order, pursuant to Rule 25-22.006(6)(c), protecting this information from public disclosure to the extent it is being provided the Office of Public Counsel.
9. FPUC has been authorized by counsel for OPC to represent that OPC does not object to the granting of this motion but reserves the right to contest the confidentiality of the subject documents.
10. Consistent with the Commission’s rule, FPUC has included one highlighted and two redacted versions of Mr. Cutshaw’s rebuttal testimony and Exhibit PMC-1 as attachments to this Request.

WHEREFORE, FPUC respectfully requests that the Commission grant the highlighted information described herein confidential classification and enter an order protecting the referenced information as filed with the Commission, to the extent it is provided to the Office of Public Counsel, and when used at hearing in this matter.

RESPECTFULLY SUBMITTED this 27<sup>th</sup> day of July, 2020.

By:



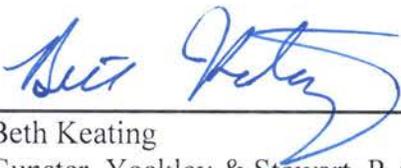
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(850) 521-1706

*Attorneys for Florida Public Utilities Company*

**CERTIFICATE OF SERVICE**

I hereby certify that true and correct copies of the foregoing has been served by Electronic Mail this 27th day of July, 2020, upon the following:

<p>Florida Public Utilities Company Mike Cassel 208 Wildlight Ave., Yulee, FL 32097 <a href="mailto:mcassel@fpuc.com">mcassel@fpuc.com</a></p>	<p>Ashley Weisenfeld Rachael Dziechciarz Bianca Lherisson</p> <p>Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399 <a href="mailto:aweisnf@psc.state.fl.us">aweisnf@psc.state.fl.us</a> <a href="mailto:rdziehc@psc.state.fl.us">rdziehc@psc.state.fl.us</a> <a href="mailto:blheriss@psc.state.fl.us">blheriss@psc.state.fl.us</a></p>
	<p>Office of Public Counsel J.R. Kelly/Patricia Christensen/Mireille Fall-Fry c/o The Florida Legislature 111 West Madison Street, Room 812 Tallahassee, FL 32399-1400 <a href="mailto:Kelly.jr@leg.state.fl.us">Kelly.jr@leg.state.fl.us</a> <a href="mailto:christensen.patty@leg.state.fl.us">christensen.patty@leg.state.fl.us</a> <a href="mailto:fall-fry.mireille@leg.state.fl.us">fall-fry.mireille@leg.state.fl.us</a></p>

By:   
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1 the contractor headquarters, and that travel for crews with bucket trucks is  
2 much different than travel by one time by one sedan. Additionally, when  
3 the crews arrive at the final location, efficiency dictates that any on-  
4 boarding/safety training and obtaining materials be done as soon as  
5 possible so that work can be initiated quickly on the following day.

6  
7 **Q. Witness Schultz also makes an adjustment to effectively reduce the**  
8 **hourly rate charged by one of FPUC's outside contractors.<sup>13</sup> Do you**  
9 **agree with Witness Schultz that this adjustment is appropriate?**

10 **A.** Absolutely not and for a couple of reasons. First, Witness Schultz's  
11 inclusion of labor, benefits, vehicle costs and overheads to conflate FPL's  
12 hourly rate from the actual [REDACTED] to [REDACTED] is just wrong. Witness Schultz  
13 failed to [REDACTED] in outside services/logistics service cost  
14 which would (based on current accounting) reduce the hourly cost to  
15 [REDACTED]/hour. FPL was the only contractor to [REDACTED]  
16 so it seems appropriate to remove this amount in order to compare hourly  
17 cost.

18 Also, if you remove the Administrative and General Cost (A&G) and  
19 Materials, an additional [REDACTED] would be removed further reducing  
20 the hourly cost to [REDACTED]/hour. Both of these hourly amounts seem  
21 reasonable considering the role they played in the restoration. Other  
22 contractors did not provide the extensive management resources or  
23 materials provided by FPL, the cost of which must be removed to compare  
24 the FPL cost to other contractors. With my rebuttal testimony, I am

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<sup>13</sup> Id. pg. 37-38.

1 providing Confidential Exhibit PMC-1, which is consistent with  
2 documentation the Company originally provided to the OPC in response to  
3 Citizen's Request for Production of Documents No. 4. This exhibit  
4 provides greater detail regarding the costs included, as further explained  
5 below.

6 Second, FPL's rate is reasonable given that they played a vital role in  
7 allowing FPU to achieve the state mandated restoration time of October  
8 31, 2018. The FPL resources made up a substantial portion of the total  
9 restoration force, provided [REDACTED] provided all  
10 management personnel, provided materials, provided field  
11 engineering/supervision and responded quickly without which FPU would  
12 have failed to meet the state-mandated restoration times.

13 The actual amount of [REDACTED] hour seems to be an acceptable amount  
14 given FPL's role in the restoration effort and compared to other  
15 contractors. As such, his calculation of an "excess billing" by this  
16 contractor, as well as his recommended adjustment using 50% of the  
17 "excess" amount is totally unjustified.<sup>14</sup>

18

19 **Q. On Confidential Exhibit PMC-1, there is an amount of \$ [REDACTED]**  
20 **shown as "Payroll and Payroll Related Costs". What does this**  
21 **amount represent?**

22 **A. This amount includes [REDACTED]**  
23 **employees and the logistics services billed by their contractor.**

24

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<sup>14</sup> Id. at pg. 38.

1 **Q. What [REDACTED] did [REDACTED] provide during the restoration**  
2 **associated Hurricane Michael and how much was billed for this**  
3 **service?**

4 **A. [REDACTED]**  
5 [REDACTED]. Locations were set up in Marianna and Altha to provide a  
6 command center, communications equipment, sleeping trailers, showers,  
7 dining facilities, restrooms, showers, water trailer, generators, laundry,  
8 fueling and parking. As you can imagine, and have probably seen, these  
9 logistics staging sites are difficult to establish but are very efficient in  
10 assisting in the restoration activities.

11 Since Marianna did not have sufficient lodging, dining and other logistics  
12 facilities, it was necessary that [REDACTED] provide this resource. The total  
13 amount billed to FPUC by [REDACTED]  
14 [REDACTED]. It seems appropriate to remove this [REDACTED] amount  
15 from the total when calculating the average hourly cost comparison since  
16 this was paid for by [REDACTED] and then in turn passed through to FPUC.

17  
18 **Q. Did FPUC review all logistics related charges?**

19 **A.** Yes. All logistics-related bills were provided and were reviewed by FPUC  
20 for accuracy and approved.

21  
22 **Q. Why didn't FPUC use the [REDACTED] resources in Marianna to take care**  
23 **of the [REDACTED] employees similar to other contractors?**

24 **A.** As mentioned above, there were no additional hotel rooms available in  
25 and around Marianna to take care of the additional contractors. In fact,

1 due to the extensive damage to the FPUC electrical facilities, it was  
2 necessary to rent generators in order to provide power to two hotels for  
3 contractors to have rooms. It was also necessary for some contractors to  
4 be housed at a local church and FEMA trailers just to have lodging for  
5 non-FPL contractors. Without the [REDACTED] capabilities from  
6 FPL and its contractor, it would have been necessary to transport crews to  
7 neighboring cities for lodging and food.

8  
9 **Q. Witness Schultz argues that FPUC did not have to pay the rate**  
10 **charged by the contractor in question, because the contractor is a**  
11 **neighboring utility and therefore not subject to the SEE cost**  
12 **recovery protocol. Do you agree?**

13 **A.** No. This contractor billed in accordance with the terms of the SEE  
14 agreement which states that actual cost will be passed along to the utility  
15 receiving the assistance. This methodology of passing actual cost along  
16 to neighboring utilities within Florida (and any utilities within the SEE) has  
17 occurred on a number of occasions in the past, has been accepted by this  
18 Commission in previous matters and should continue in the future as we  
19 support Florida utilities in response to future hurricanes.

20  
21 **Q. Does this conclude your rebuttal testimony?**

22 **A.** Yes, it does.  
23  
24

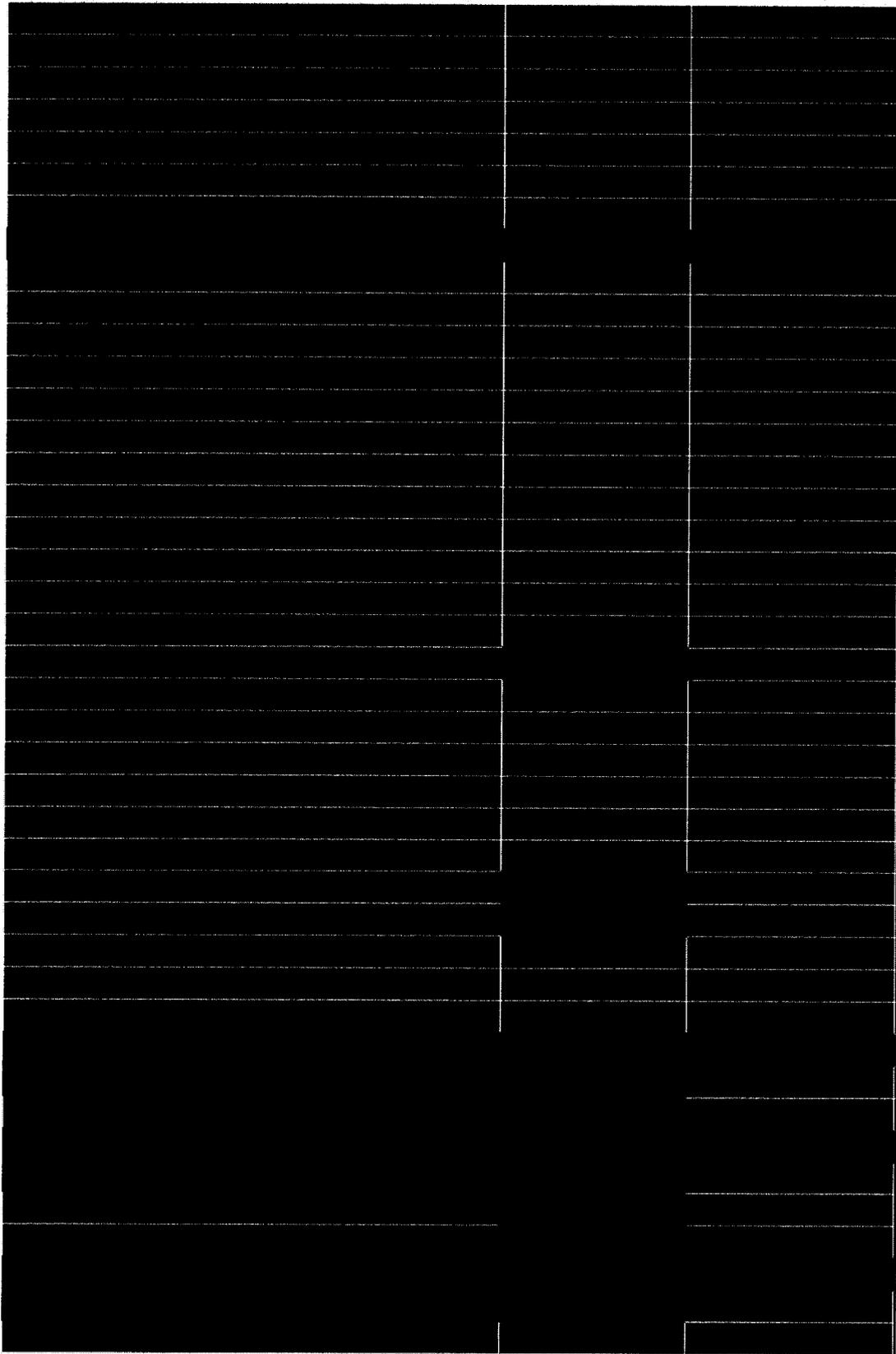


Exhibit PMC-1  
Outside Services  
Page 1 of 1