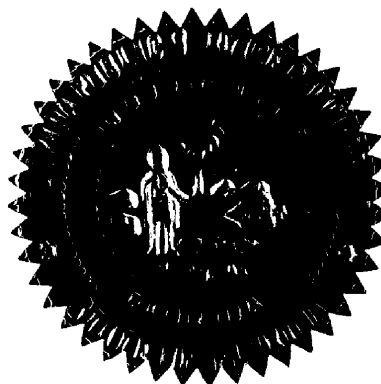


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

ELECTRIC UTILITY INFRASTRUCTURE
WORKSHOP FOLLOW-UP: STAFF
RECOMMENDATIONS FOR FURTHER ACTION.



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PROCEEDINGS: INTERNAL AFFAIRS AGENDA
ITEM NO. 3

BEFORE: CHAIRMAN LISA POLAK EDGAR
COMMISSIONER J. TERRY DEASON
COMMISSIONER ISILIO ARRIAGA
COMMISSIONER MATTHEW M. CARTER, II
COMMISSIONER KATRINA J. TEW

DATE: Monday, February 27, 2006

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

REPORTED BY: JANE FAUROT, RPR
(850) 413-6732

P R O C E E D I N G S

1
2 CHAIRMAN EDGAR: Commissioners, that brings us to
3 Item 3. I'm going to ask -- once we get settled here, I'm
4 going to ask staff to give us a brief overview, then we do have
5 a few speakers signed up. I would like to go from the staff
6 overview to the speakers and then open it up for Commissioner
7 questions and discussions.

8 I do note that we have a very full agenda today, we
9 have a full agenda tomorrow, and then we are on the road for
10 three days of customer service hearings in South Florida. So
11 we are going to have a full discussion, we have a lot of
12 important items, but I do ask all of our speakers to recognize
13 that we have a lot to get through today.

14 Mr. Trapp.

15 MR. TRAPP: Thank you, Chairman and Commissioners.
16 We had a workshop on January 23rd of this year where staff
17 explored with the industry, electric industry and with expert
18 speakers what we could do to improve Florida's resistance and
19 infrastructure hardness with respect to hurricanes. We
20 received a lot of good information in those workshops. I think
21 there was a good dialogue that was had, and staff went back and
22 put together a recommendation for you on actions we think that
23 can be taken in the short-term and in the long-term to try to
24 reduce our damage exposure during hurricane seasons in Florida
25 with the ultimate goal of reducing cost and reducing the

1 outages that our customers in Florida experience.

2 Before I give a summary of the recommendation, I want
3 to mention that there is a word change on the first page in
4 Section 2C in our haste to get this out. That should be
5 replacement of wooden transmission structures. We didn't wish
6 to imply that that affected all the distribution.

7 We also have prepared a more detailed summary of some
8 of the items that we're going to cover today that has been put
9 on your desk. Connie Kummer has copies she is going to put on
10 the podium for people to see. It gets into a little more
11 detail with respect to some of the actions.

12 Again, we tried to address short-term and long-term
13 actions. We also have addressed some legislative thoughts that
14 were presented at the workshop and some of our own. And our
15 legislative staff is prepared, after we have this discussion
16 this morning and you give us direction, to prepare legislative
17 briefing packages and materials for our legislators so that we
18 can stay informed with them.

19 If I can turn briefly to this single sheet, because I
20 think it gets down to the brass tacks pretty quickly. It is
21 organized along the four basic areas that we covered in our
22 recommendation and it gets into a little more detail. In terms
23 of the first area of short-term recommendations, we recommended
24 that all electric utilities come before us at our June 5th
25 Internal Affairs meeting, that is the first available Internal

1 Affairs at the start of the hurricane season, and give us an
2 overview of how they have prepared for the upcoming hurricane
3 season.

4 The second item has to do with on-going preparedness
5 items, and we have asked that by June 1st each of the
6 investor-owned utilities provide us with specific plans in a
7 number of areas that they will implement in order to better
8 deal with hurricanes in Florida with respect to the
9 infrastructure, gathering information that we'll need in the
10 long-term, things of that nature. Specifically, what we plan
11 to do, if in our discussions you agree with the points that we
12 have made that should be in the plans, we would like to bring
13 back a PAA, a proposed agency action order to you that will
14 order the filing of those plans.

15 We would like to also ask that when those plans come
16 in that staff be given an opportunity to, given the
17 administrative review and approval to the extent that there is
18 consensus and no controversy with the planned items, but to the
19 extent that material differences or controversies need to come
20 to you, we would plan to bring that to you at the July 6th
21 agenda.

22 The third item has to do with some specific dockets
23 that we have asked for, the first being an overhead hardening
24 type docket. And this sheet focuses that a little bit better,
25 I think, than the recommendation did. What we would like to

1 propose is a rulemaking docket looking at our overhead
2 distribution standards, and we would like that to apply to all
3 electric utilities. Because it will be a rulemaking, there
4 will be an opportunity to hear from the munies and the co-ops
5 as well as the investor-owned utilities.

6 Specifically, we would like to get focused into the
7 National Electric Safety Code, which is the current standard
8 for construction in Florida, and look to see if higher
9 standards than the code can be identified and then specified in
10 rulemaking. We would propose to bring you that recommendation
11 on March 21st with a rule development workshop occurring on
12 April 17th.

13 And then on undergrounding, a little more broad, a
14 little more generic, but still I think staff at this point is
15 thinking down the lines of rulemaking as opposed to an
16 investigative docket or just workshops, although the range is
17 certainly available to you to select the forum. We're thinking
18 in the area of a rulemaking docket on undergrounding that would
19 identify areas and circumstances in Florida where underground
20 facilities would make sense. We would like the utilities to
21 provide us analysis of the costs of undergrounding and the
22 effects of -- I didn't change those words, Chairman, I think
23 I've got the wrong word here. Anyway, we would like to look at
24 different cases, conversion of new facilities to
25 undergrounding, conversion of existing facilities, targeted

1 conversion of existing overhead facilities with respect to
2 maybe geographic hot spots in the state, and then conversion of
3 overhead primary feeders.

4 We would like to look at the current contribution in
5 aid of construction policy for undergrounding that is in place.
6 The effects of, for instance, the cost of hardening might have
7 on that contribution in aid calculation. Also look at
8 alternative funding and billing methodologies, and then finally
9 cost-recovery. So that pretty well summarizes our proposed
10 plan of action, and staff is open to discussion.

11 CHAIRMAN EDGAR: Thank you, Mr. Trapp. There is a
12 lot of information here. Commissioners, you will recall that
13 we had asked our staff to put together for us some short-term
14 and some long-term strategies. We have been on a short and
15 very busy time frame, and I know we are all very appreciative
16 of the work that our staff has done, and to all of those who
17 have participated in this process over the last few months.

18 I have four speakers that have signed up. And so as
19 I mentioned, I would like to go to our speakers for brief
20 comments, and then we will have the opportunity to have further
21 and full discussion. And, so, Professor Domijan from the
22 University of South Florida.

23 PROFESSOR DOMIJAN: Good morning, and thank you for
24 having me here. My comments are with regard to the staff
25 recommendations, which, by the way, are outstanding. And I

1 have two specific suggestions to add to the staff
2 recommendations. One on item -- on Page 2, Item Number 1, I
3 would like to add a weather and reliability dynamic monitoring
4 effort to predict and locate infrastructure hot spots, so we
5 need to be able to develop steps that actually carry out the
6 objectives that are in the staff recommendations. And I would
7 like to then develop a road map for infrastructure hardening,
8 and not just hardening, but restoration. Restoration is often
9 more important than just hardening the system.

10 And then the other recommendation that I have is with
11 regard to working with PURC at the University of Florida. We
12 also need an engineering group to look at the technology part
13 and look at the weather and reliability information. So my
14 suggestion is to utilize the capabilities of both the
15 engineering community and the business community together to
16 present results to the Commission and the utilities.

17 Now, just a few moments ago I presented to you, if I
18 refer to you to a specific proposal. I spent the weekend
19 preparing this after my meeting with the Commissioner, the
20 Chairman, and this outlines specific objectives to monitor in a
21 dynamic manner the weather, and related to the outages in the
22 system, the methodologies, the budget, which I suggest to be
23 roughly \$400,000, and then about half for the remainder of the
24 time with an additional adder of \$200,000 to look at hurricane
25 monitoring on the coasts. If we have no hurricanes, that

1 budget won't be used then.

2 The benefits are several. To the PSC we will be able
3 to accurately and continuously assess utility preparedness,
4 reliability, and apply regulatory functions effectively. To
5 the utility sector, the benefits, we will be able to better
6 restore and harden our grid with actual data. And to the
7 Florida ratepayers, the benefits will be providing an increased
8 reliability and basically a go-to place for policymakers,
9 government agencies, and citizens to explore practices and
10 solutions.

11 The products will be a permanent and transparent
12 monitoring and analysis database from a central source that's
13 continually updated with weather and reliability information,
14 not a static contingency study which would be absolutely wrong
15 for our state to continue. We need to look at empirical
16 information on-line to be able to flexibly adjust our
17 performance and to be able to harden the system effectively.
18 That's a very important point.

19 And, then, with regard to my second recommendation
20 about collaborative work with PURC and the engineering
21 community through our power center, I suggest thirteen
22 potential coordinated subscriber studies which would be funded
23 by the utilities or other organizations. The subscriber
24 studies would use -- it is, in essence, kind of like throwing a
25 rock in a pond with catching this database that we would have,

1 and then the database can be used for all of these subscriber
2 studies from determining actual needs and locations for
3 vegetation management, crew allocation, and manpower needs for
4 fast restoration, hot spot localization, but more important,
5 what are the feasible solutions for those hot spots.

6 Undergrounding versus overhead lines. Actually
7 provide the data that we need to determine where we should put
8 underground lines and how much that will cost. Load factor and
9 quality service improvement. Coastal monitoring during
10 hurricanes with the University of Florida. And then, finally,
11 collaborations with a number of other groups in our state,
12 including the Florida Solar Energy Center, looking at renewable
13 incorporation, the Caps (phonetic) program at the Florida State
14 University looking at energy storage techniques, and the
15 Friends Group looking at collaborations with Taiwan and Japan,
16 and then looking at grid optimization and demand response
17 efforts with Spain and the European Union. So there's a lot of
18 information we can draw on, and these drafts of the
19 collaborative studies are attached to the document that you
20 have in front of you. Thank you very much for your time.

21 CHAIRMAN EDGAR: Professor Domijan, thank you. And
22 thank you for your participation in our workshop and for giving
23 us this additional information for consideration. I hope you
24 can stay for the rest of the discussion here this morning.

25 PROFESSOR DOMIJAN: I will.

1 CHAIRMAN EDGAR: Thank you. And our next signed-up
2 speaker is Martin Rollins.

3 Mr. Rollins.

4 MR. ROLLINS: Good morning, Madam Chairman and fellow
5 Commissioners. My name is Martin Rollins, and I'm from
6 Gulfport, Mississippi, so I know something of the storm issues
7 that we are talking about today.

8 I'm a consulting engineer, and I'm here this morning
9 on behalf of three organizations to address some issues that
10 were identified in some of the proposed staff recommendations.
11 These organizations are the Southern Pressure Treaters
12 Association, and that organization is composed of
13 manufacturers, chemical suppliers, and allied industries that
14 are involved in the production of industrial treated wood
15 products in the eastern portion of the United States. This
16 would include wood utility poles. There are several members of
17 this organization with manufacturing plants in the state of
18 Florida.

19 Another organization that I'm here on behalf of is
20 the Treated Wood Council. This is an international association
21 composed of more than 250 member organizations, and it is
22 devoted to regulatory and legislative issues involving the
23 manufacture and use of all treated wood products.

24 And, finally, the North American Wood Pole Council is
25 an organization involved in the manufacture of treated wood

1 utility poles in the U.S. and Canada. I, myself, and my firm,
2 H.M. Rollins Company, Inc., provide technical assistance to
3 these organizations on various code and standards issues, such
4 as the American National Standard Institute Specification
5 Committee on Wood Poles, the National Electrical Safety Code
6 that we have heard discussed earlier, and the American Society
7 of Civil Engineers.

8 These organizations are concerned about one of the
9 staff recommendations contained in Attachment 3, which are to
10 be considered for adoption by the Florida Public Service
11 Commission. Included in these recommends as Item 1(2)(c) is,
12 and I quote, replacement of wooden use structures with concrete
13 and steel. From conversations with PSC staff, it was
14 determined that this language was only intended to apply to
15 transmission structures, not distribution structures, and that
16 the utilities had indicated that they had already elected to
17 structure all new transmission lines using steel or concrete.
18 Given this, the staff did not see this language as
19 controversial. However, the decision by a utility to choose
20 one product over another is clearly different than the PSC
21 making a formal determination to require the use of one product
22 over a structurally equivalent product.

23 Obviously, the adoption of a provision essentially
24 banning the use of wood transmission structures would have
25 serious free market implications, not only within the state of

1 Florida, but nationwide. The organizations represented here
2 today believe that such an action would be technically
3 unsupportable, unnecessary to accomplish the goal of the
4 Commission, and potentially detrimental to the rapid
5 restoration of power in future storms.

6 After becoming aware of this proposed action, wood
7 pole industry representatives contacted various PSC staff
8 personnel to discuss this issue. Mr. Jim Breman was
9 particularly helpful in explaining the intent of the
10 recommendation. As it is now understood, the real goal of this
11 provision is to force utilities to evaluate old transmission
12 lines designed under what Mr. Breman termed legacy design
13 standards, and if these lines do not meet the present design
14 standard, to require their replacement by a date certain in the
15 future. Although most old transmission lines are constructed
16 of wood, it is likely that there are lines constructed of other
17 materials that were designed to the same legacy standards.

18 Poles constructed of steel or concrete are not
19 structurally superior to wood. This is an important point.
20 Lines can be designed with equal strength and reliability using
21 any of the materials presently found in the National Electrical
22 Safety Code, which controls the safety of overhead utility line
23 construction. These materials are wood, steel, concrete, and
24 fiber reinforced composites. Of these, wood is the dominant
25 material of choice by utilities, although steel and concrete

1 have a large share of transmission line construction. Some
2 utility engineers prefer steel or concrete for transmission
3 lines because they can be manufactured to a specific design
4 capacity rather than design having to be developed to utilize
5 an available wood pole capacity.

6 Utilities have the prerogative to use their own line
7 design parameters and to pick pole materials based on their own
8 set of criteria so long as the end product meets the
9 requirements of the National Electrical Safety Code. Some
10 utilities standardize on steel or concrete while others prefer
11 wood. Although each material has its own positive attributes,
12 one is not superior to the other from an engineering
13 perspective, and the Florida Public Service Commission should
14 not prohibit the use of wood transmission structures when there
15 is no technical basis for the prohibition. And future
16 conditions such as material shortages or severe price
17 escalation as we have seen recently with steel may cause
18 utilities to reevaluate pole material determinations.

19 A prohibition on wood transmission poles is not
20 necessary and it does not accomplish the underlying goal, which
21 is to upgrade all older transmission lines in order to improve
22 their performance in future storms. The stated goal can be
23 better accomplished by changing the recommendation in
24 Item I(2)(C) to, and I quote, evaluate all transmission lines
25 to determine if they meet current design standards and replace

1 all lines not meeting the current standard. This would
2 accomplish the objective without limiting future alternatives
3 or damaging free market relationships.

4 It has been reported that not only wood poles failed
5 in Hurricane Wilma, and that, in fact, some key transmission
6 lines failed that were constructed of steel or concrete. One
7 of the negatives of these materials is that it takes a long
8 time to manufacture a large number of poles, which can result
9 in an extended time period to restore power.

10 This is one of the advantages of wood poles. Large
11 inventories of wood poles are maintained at manufacturing
12 plants across the country. In the aftermath of Hurricane
13 Katrina, almost 100,000 wood distribution and transmission
14 poles were provided to the affected utilities within a period
15 of a few weeks.

16 In the recent past, Bonneville Power (phonetic), the
17 governmental power authority in the west, lost a 345 kV line
18 built of steel or concrete to an extreme weather event. Due to
19 the long lead times for replacement poles, the line was
20 reconstructed using wood poles, which were readily available in
21 the sizes needed to support a 345 kV line. It is possible that
22 consideration of a wood alternative may have offered
23 opportunities to reduce the length of the outage after
24 Hurricane Wilma, but Commission restriction on the use of wood
25 transmission poles would eliminate this viable option in the

1 future.

2 In summary, the Southern Pressure Treaters
3 Association, the Treated Wood Council, and the North American
4 Wood Pole Council, and the manufacturers of wood poles that
5 exist in the state of Florida ask that you not adopt the
6 staff's recommendation, Item I(2)(C) as written, and that you
7 modify the language in this recommendation to more clearly
8 accomplish the stated goal as provided by the staff personnel.
9 These organizations would request the following or similar
10 wording be adopted for Item I(2)(C): Evaluate all transmission
11 lines to determine if they meet current design standards and
12 replace all transmission lines not meeting the current
13 standards.

14 Thank you for the opportunity to present these
15 comments respectfully submitted by the above organizations.

16 CHAIRMAN EDGAR: Mr. Rollins, thank you. And, again,
17 we appreciate also you coming and sharing your concerns with us
18 during our discussion and our deliberations. The suggested
19 language changes that you just described to us, have you given
20 those to our staff?

21 MR. ROLLINS: No, ma'am, I haven't, but I have copies
22 of my comments if you would like to have them.

23 CHAIRMAN EDGAR: If you could, as our discussion
24 proceeds, if you do have extra copies, if you could please give
25 those to our staff here down the line at the table. I think

1 that would be helpful to them. And I'm sure that we will have
2 some comments and questions as we proceed with our discussion
3 this morning.

4 Next on my list of speakers who have asked for a few
5 minutes of time on the agenda today is Mr. LaVia.

6 MR. LaVIA: I will just be very brief. I'm here on
7 behalf of the Town of Palm Beach and the Town of Jupiter
8 Island. We generally and strongly support staff's
9 recommendations. We have one point with regard to the
10 long-term actions. We would like to see the two dockets opened
11 simultaneously and run parallel. One is the -- right now I
12 believe staff is recommending opening the hardening docket and
13 then opening the undergrounding docket after completion of the
14 hardening docket. We think they are important issues and our
15 clients believe they should be opened simultaneously and run
16 parallel, and that way we don't have months and months of
17 delay. Thank you.

18 CHAIRMAN EDGAR: Mr. LaVia, thank you.

19 Commissioners, Mr. LaVia's comments go to Roman
20 numeral II, and I expect that we will have some discussion
21 about procedurally how we may be moving forward on those items.
22 And, with that, those are the lists -- that concludes the list
23 of people who had signed up in advance to address us on this
24 item. I have names that have let us know that they are
25 available to participate if we have questions to ask of them,

1 and that is Mr. Glenn with Progress Energy, Mr. Willis with
2 TECO, Mr. Stone with Gulf, and Mr. Walker with FPL. Thank you,
3 gentlemen, for being here for our discussion, as well. And,
4 with that, I'm going to open it up to Commissioners to
5 questions and discussions.

6 And, Mr. Arriaga.

7 COMMISSIONER ARRIAGA: Thank you, Madam Chairman. I
8 just want to make a brief clarifying comment on my part so that
9 when the discussion goes on, I don't have to intervene every
10 time. And, fellow Commissioners and members of the staff,
11 these are my own personal point of views, and in no way do they
12 reflect any kind of judgment on the work that you are doing or
13 on the opinion of the Commissioners. It is a very genuine and
14 heartfelt situation that I need to put forward.

15 Two weeks ago during the agenda conference I made a
16 very strong case by voting with a dissenting vote on my own
17 proposal. Kind of strange, but it was my only way at the time
18 to make a very strong position. I would like to clarify that a
19 little bit, because I see that the whole issue is coming up
20 again.

21 If I read Florida Statutes, Chapter 366, Section 4,
22 Subsection 6, and please bear with me, it clearly states the
23 Commission shall further have exclusive -- underline mine --
24 jurisdiction to prescribe and enforce safety standards for
25 transmission and distribution facilities of all -- underline

1 mine -- public electric utilities. Cooperatives organized
2 under the Rural Electric Cooperative Law and electric utilities
3 owned and operated by municipalities in adopting safety
4 standards, the Commission shall, and then it goes on.

5 I just wanted to, again, indicate that we have
6 exclusive jurisdiction. Now, if my English classes when I was
7 learning the language don't fool me, exclusive jurisdiction
8 means that we're the only ones that have the jurisdiction. In
9 other words, there is nobody else that has the jurisdiction
10 except this Commission. Exclusive.

11 Now, that is a very strong word, exclusive
12 jurisdiction. Exclusive. I think the legislature in its
13 infinite wisdom when they used the word exclusive, I think they
14 knew exactly what it meant. It meant that nobody else has it,
15 and it meant that we have to apply it. We have to exercise it.
16 Because if we don't, we are leaving it empty. A vacation. We
17 are leaving action that is not taken and that could be
18 prejudicial or harmful to the general public, to the safety.

19 Now, I have spoken to our general counsel, and he has
20 indicated to me that some of my concerns which were are we
21 failing in our responsibility by not exercising our
22 jurisdiction, and he clarified to me that no, we are not. And
23 I'm satisfied with his legal opinion, which is always bright
24 and enlightening. But, nevertheless, I just wanted to bring
25 this to the attention of the Commission because, again, I see

1 in the staff summary sheet that they gave us, in number one,
2 the second bullet point, they go, again, munies and co-ops, and
3 I put a big interrogation, a question mark. And then we go to
4 Number 3, which is this rulemaking docket. Again they say all
5 electric utilities. So it would seem to me that the staff is
6 also at this time asking for our guidance.

7 Now, again, Commissioners, I'm not trying to
8 influence anybody, I'm not asking you to consider my position,
9 I am just making my point that I think we have a responsibility
10 to make this an across-the-table recommendation and exercise of
11 jurisdiction to all electric utilities as prescribed in Florida
12 Statutes 366.46.

13 As we move on today, and it has been my practice that
14 when I don't agree with something, I drop it immediately and I
15 continue voting, I will vote today and I will make some
16 affirmative decisions, whichever they may be. Please do not
17 misinterpret my affirmations today to signify that this should
18 not be applied to municipalities and co-ops. Whatever the
19 decisions the majority of this Commission makes today on
20 certain items on which I will vote affirmatively, I would like
21 for all of you to understand for the record that I believe that
22 this should all be applied to all electric utilities as was the
23 intent of the legislature. Thank you, Madam Chairman.

24 CHAIRMAN EDGAR: Thank you, Commissioner Arriaga.
25 And I do note that the item before us is for approval and for

1 guidance, so I think the staff is looking to us for some
2 guidance as to how to proceed on these items. And I, for one,
3 am very interested in each of your thoughts as to how we
4 proceed from this point. And, Commissioner Arriaga, I think
5 that the points that you have raised we will, even beyond
6 today, continue to have much discussion and much positive
7 discussion about.

8 I've got a few brief kind of comments to help kick us
9 off, as well, and mine at the moment are directed to the first
10 Roman numeral of the recommendations -- let me get the right
11 paper in front of me here -- which is Roman numeral I,
12 recommended short-term actions. I note that the first
13 short-term action is a briefing that would occur at an Internal
14 Affairs meeting to all of us in early June on hurricane
15 preparedness, and then the second item would be for electric
16 utilities to file implementation plans, and do note the word
17 plan there on a number of items that the staff has listed A
18 through I. We have had at least one suggestion already this
19 morning to perhaps add a J, and I have one item that I think I
20 would like to put out for discussion to possibly be added to
21 that list, as well.

22 My two comments go, at this moment, anyway, to the
23 second item under Roman numeral I, and I have two thoughts.
24 The first is that, you know, everything has a cost in life.
25 Everything has a cost. And, of course, all businesses have

1 budgets and all businesses need to live within their budgets.
2 As we look toward these plans, and those things that are listed
3 to be included in the plans, and I think it is a good list, a
4 thoughtful list, but I would look for information to be
5 included as to cost estimates over the next one to three years.
6 I would like information on cost estimates to go with the
7 implementation to be included in the plans and in the further
8 discussion that we have. I think it's important to have
9 further discussion and further information about cost, about
10 cost schedules, and, quite frankly, who is going to pay those
11 costs. What the options are, what the thinking is. And I
12 would look over these next few months and for the discussion on
13 those plans in June, if indeed we do adopt these
14 recommendations, to include further discussion and further
15 information on that point.

16 And, my second thought is that we have a lot of
17 discussion here, a lot of good discussion about making our
18 electric infrastructure more robust, about strengthening, about
19 hardening. We will be moving in that direction, but I think
20 one of the things that we all know intuitively, but we also had
21 testimony at our workshop, is that is no matter how much
22 hardening, no matter how much money invested, electrical
23 distribution systems cannot be made totally immune to
24 hurricanes or to other emergencies. Things happen.

25 And so it is our responsibility and the

1 responsibility of our service providers to do all that we
2 prudently can to best be prepared for hurricanes and for other
3 emergencies, but it is also very important that we are as
4 prepared as we possibly can be to respond and recover to those
5 outages when they do occur. And they will occur.

6 So my thinking for a J is to add additional reporting
7 and another item to the plans that would be coming before us
8 that would include information about our recovery plans, and I
9 know that all of our utilities have very detailed recovery
10 plans that have been updated as lessons have been learned after
11 each hurricane that we have had in this state. We also have
12 had information provided to us through a National Governor's
13 Association, Department of Energy, Energy Leadership Forum
14 earlier this year, that laid out best practices and
15 recommendations for recovery efforts that included things like
16 a common language for -- a common language, a standard
17 protocol, use of similar technology for data gathering, for the
18 appointment of a disaster recovery responsible individual
19 within each of the companies.

20 We have, generally, somebody that is in charge of
21 transmission, somebody who is in charge of generation. There
22 usually is an identified person for disaster recovery, but for
23 that to be at a very high level. And so we can have more
24 discussion about this. I've got some thoughts. But as we talk
25 about the plans and over the next few months I would like to

1 add disaster recovery as a very specific item that would be
2 included in that, as well. Those are my thoughts and I open it
3 up to further discussion.

4 COMMISSIONER CARTER: Madam Chairman.

5 CHAIRMAN EDGAR: Commissioner Carter.

6 COMMISSIONER CARTER: Is there in your mind an order
7 to how we should proceed on these? I mean, there are a lot of
8 issues in here that we are talking about, and some things like
9 what you were saying, the uniformity of the language seems to
10 be a paramount issue to me. Is there some order? Maybe we can
11 reorder this. Or do you have in your mind some order that we
12 should proceed in terms of how we deal with these issues? And
13 not that any one issue is of more significance than the other,
14 but there should be some kind of overarching where we proceed
15 from the greater to the lesser.

16 CHAIRMAN EDGAR: Okay. It is my very strong hope
17 that we can get through this item before the lunch break. I
18 think that we can. We have got a good amount of time to cover
19 it if we do it in an orderly and a keep-it-moving kind of way.
20 So that gives us about an hour and fifteen minutes. There is a
21 lot of information, and I'm glad to spend as much time on it as
22 we need. But do recognize that we have a number of meetings
23 ahead of us that these items will be coming back to us if we
24 move forward in the direction that is laid out to us. So I
25 guess my suggestion would be that we take up the

1 recommendations before us by Roman numeral, and go through it
2 that way. I don't think we need to go through each point. Mr.
3 Trapp has given us an overview. If there are specific
4 questions about any of them, I certainly will recognize you for
5 those questions and try to get those questions answered. And,
6 again, I note that we do have representatives from the four
7 large IOUs who are here to participate and try to answer
8 questions, as well. How does that sound as a way to proceed?

9 COMMISSIONER CARTER: Yes, ma'am. That's fine with
10 me.

11 CHAIRMAN EDGAR: Okay. So I have raised a couple of
12 comments on Roman numeral I. Are there other questions or
13 comments on that one? Commissioner Carter.

14 COMMISSIONER CARTER: Madam Chairman, if I may, I
15 would suggest that we look at the issue raised by Commissioner
16 Arriaga is that a pole is a pole is a pole. It doesn't matter
17 whether it is owned by the city, or it is owned by the county,
18 or it is owned by an investor-owned utility. And if we have
19 jurisdiction to do that, I mean, unless General Counsel's
20 Office says that that chapter of the statutes has been
21 overruled, then it seems to me just from listening that we have
22 jurisdiction, so I don't see why we can't -- if we are going
23 to, you know, use this from a public safety standpoint, maybe
24 we should consider that, as well.

25 CHAIRMAN EDGAR: Commissioner Carter, I think what

1 I'm hearing you say, but I want to make sure that I do
2 understand is that for those recommendations under Roman
3 numeral I, there are basically two, the first is for there to
4 be a briefing on hurricane preparedness at the Internal Affairs
5 meeting on June 5th, which would be right at the very beginning
6 of hurricane season for this calendar year. And the second is
7 for our electric service providers to file implementation plans
8 that include certain items that have been listed. And I think,
9 again, that I may have added one to that list here a few
10 minutes ago. Again, so that I'm clear, are you suggesting that
11 for the briefing on June 5th and then also for the plans to be
12 filed that we ask the munies and the co-ops to participate in
13 both of those?

14 COMMISSIONER CARTER: Yes, ma'am, I am.

15 CHAIRMAN EDGAR: Other thoughts?

16 Commissioner Tew.

17 COMMISSIONER TEW: I have one question. Under Number
18 1, it says in preparation for the June 5th Internal Affairs
19 each should be required to complete and report on the following
20 prehurricane preparation activities. And you raised the issue
21 of cost a minute ago, and I was wanting to make sure that I
22 understood that your call for cost estimates on the plans, was
23 that just for the Number 2 for filing implementation plans or
24 was that also to try to get some kind of idea of the cost
25 before June 5th as to those Numbers A, B, and C that utilities

1 would be reporting on at the Internal Affairs? And the reason
2 I bring that up, because I think it also goes to his point
3 about what they would be prepared to report on if they come on
4 June 5th.

5 CHAIRMAN EDGAR: Commissioner Tew, I am always going
6 to ask the question how much is this going to cost and how are
7 we going to pay for it, or what are our options for paying for
8 it. I mean, I'm probably going to raise that at almost every
9 meeting that we have on almost any issue. I don't know -- you
10 know, I don't know how accurate those estimates can be between
11 now and June, but I would ask for as full and complete and
12 thorough and speedy data on those points as we can get.

13 MR. TRAPP: Chairman, if I could just --

14 CHAIRMAN EDGAR: Mr. Trapp.

15 MR. TRAPP: -- make a clarification from a staff
16 perspective.

17 CHAIRMAN EDGAR: Please.

18 MR. TRAPP: Going to Commissioner Carter's question
19 with respect to inclusion of the munies and co-ops, I want to
20 make it clear that in the recommendation we may have said
21 investor-owned utilities, we are changing that now with respect
22 to the briefing, the Internal Affairs briefing. We think that
23 all electric utilities should come to the June 5th Internal
24 Affairs and tell us what they have done to prepare for the
25 upcoming season.

1 Now, with respect to the specific plans that we have
2 asked to be filed on June 1st, I think staff's position there
3 is we fully regulate the rates and services of the
4 investor-owned utilities. Therefore, whatever they do and
5 whatever it costs the Commission has jurisdiction over.
6 Therefore, the plans that we were asking for were directed to
7 the investor-owned utilities.

8 Historically, the munies and co-ops have followed
9 along with what we do with the investor-owned utilities and
10 typically try to parallel that activity. But the distinction
11 in staff's mind, and this is what I wanted to clarify, was that
12 we don't control their rates. They have specific boards and
13 review processes to do ratemaking within the munies and co-ops.
14 So whatever plans they develop, whatever cost is associated
15 with those plans, they really have to deal with that bottom
16 line billing to the consumers. So that's the reason,
17 basically, from a policy standpoint, if you would, that staff
18 did not recommend that the munies and co-ops file formal plans
19 with the Commission. Although I think we want to hear what
20 they plan to do in the long-term sense, too, but that decision
21 is kind of up to them, because they hold the purse string, if
22 you would.

23 COMMISSIONER CARTER: Madam Chairman.

24 CHAIRMAN EDGAR: Commissioner Carter. I note, I am
25 recently informed that we do have representatives here from the

1 municipals and co-ops who are available to speak. And so if
2 you want to go ahead, or if it is all right that may help.

3 COMMISSIONER CARTER: Yes.

4 CHAIRMAN EDGAR: Mr. Moline and Mr. Bryant. Thank
5 you.

6 MR. MOLINE: Thank you, Madam Chair. Thank you,
7 Commissioners. I'm Barry Moline with the Florida Municipal
8 Electric Association.

9 And I want you to know we take reliability seriously
10 and the storm hardening seriously. Municipal electricians have,
11 you know, learned many lessons from the recent hurricanes and
12 we discussed a lot of those at the January workshop, which was
13 excellent, and we are taking actions to improve our
14 reliability.

15 We are also committed to working with the PSC to take
16 good ideas that work for our communities to harden our system.
17 Accountability is an extremely important part of this entire
18 process. And one thing I want you to be aware of is that every
19 two weeks in our communities, our cities have to appear before
20 their local public bodies to talk about the operations of their
21 electric utilities. And it is their elected officials as well
22 as anyone in the community, kind of like what you are doing
23 next week in going down to south Florida, and they hear a lot
24 from their customers. Problems are generally addressed head
25 on, in public, as they happen. And I want to emphasize that

1 there is a lot of local oversight going on in our communities
2 in a very direct way.

3 And we haven't even gotten into the proposal, but I
4 want you to know that we saw the proposal for the first time on
5 Friday and reviewed it over the weekend, so I am not prepared
6 today to discuss the details of it. But Fred Bryant and I, our
7 general counsel, talked about it over the weekend, and I would
8 like to ask Fred to just share a few thoughts with you about
9 the municipal perspectives.

10 CHAIRMAN EDGAR: Mr. Bryant.

11 MR. BRYANT: Thank you, Madam Chairman. Fred Bryant,
12 General Counsel for the Florida Municipal Electric Association.

13 I would like, Commissioner Arriaga, also, to bring to
14 your attention to another part of the statutes, 366.05(7) and
15 (8), both of which give under the Grid Bill jurisdiction the
16 authority of the Commission to require reports of all electric
17 utilities, so certainly that would include the municipal
18 electric utilities.

19 Also, Section (8) gives the Commission, if they
20 determine that there is probable cause to believe that
21 inadequacies exist with respect to the energy grid, to order
22 all electric utilities to take certain actions. So, certainly,
23 I think your attorneys have told you that the Commission under
24 this longstanding grid bill jurisdiction has some certain
25 powers over the municipals and the co-ops.

1 But as Barry has pointed out, with that jurisdiction
2 the Commission must also recognize what jurisdiction the
3 Commission does not have, and that is jurisdiction over the
4 rates of the municipal electric utilities. So there has always
5 been this balancing act in Chapter 366 as the Commission has
6 tried to exercise its jurisdiction to differentiate between the
7 investor-owned utilities, over which they have total
8 jurisdiction, including rate jurisdiction, and the municipal
9 electrics and the co-ops where they do not have such rate
10 jurisdiction.

11 Thus, if the Commission enters certain orders that
12 require expenditures from the municipal electric utilities, in
13 fact, they are ordering the electric councilmen and women of
14 our municipal electric utilities to raise rates to implement
15 Commission jurisdiction. For, after all, our municipal
16 electric utilities do not have large cash reserves to do such
17 things, but must fund these types of programs from the rates of
18 municipal utilities and the citizens of the municipalities who
19 own those utilities.

20 Commissioner Deason, I know that you probably
21 remember fondly Commissioner Cresse. You and I had many, many
22 years of dealing with Commissioner Cresse and his wisdom, I
23 think, in implementing this jurisdiction was always the
24 admonishment that he gave to municipal electrics and the co-ops
25 that he was going to jawbone us, jawbone the municipals and the

1 co-ops into following what the Commission wanted to do as far
2 as all electric utilities in the state of Florida. And I think
3 that jawboning jurisdiction worked very effectively and has
4 worked very effectively.

5 Let me give you a case in point. Let's take our
6 little municipal utility of Havana, approximately 20 minutes to
7 the north of us as the crow flies. Less than 1,500 customers.
8 Part of the Commission staff's recommendations in this docket
9 proposal is that all utilities have a GIS system. I have
10 ridden the totality of Havana's electric distribution system
11 several times. It takes approximately 45 minutes to ride the
12 entire system. I don't think that they need a GIS system to
13 know where all of their poles are, all of their transformers.
14 There is one substation. So there is a difference in the
15 complexity of the Commission's exercise of their jurisdiction
16 as to a Florida Power and Light or a Town of Havana, so one
17 template simply may not be appropriate.

18 We talk about hardening the facilities to withstand a
19 Category 3 storm. I believe my recollection, and I have been
20 around a long time, and I don't think there has ever been a
21 Category 3 storm to hit Havana. We hope and pray it never
22 does. But to try to dictate through a rule that is applicable
23 to all those who might be on the coast and those who might be
24 at the very northern boundary of the state of Florida, that
25 their system be hardened to a Category 3, may not be an

1 appropriate exercise of the jurisdiction of the Commission when
2 it involves that type of system.

3 So I would encourage the Commission, and,
4 Commissioner Arriaga, I agree totally with your concerns about
5 municipal utilities being left out of the Commission purview
6 over these items. But I would suggest to you, sir, that while
7 you have many areas of jurisdiction and many areas in this
8 statute that give you that authority, that the true wisdom of
9 the exercise of the authority of this Commission is in the
10 method in which it exercises that authority. So I would urge
11 you to think through the difference between a Florida Power and
12 Light and the Town of Havana 20 miles to your north as the crow
13 flies.

14 Thank you, Commissioners.

15 CHAIRMAN EDGAR: Thank you, Mr. Bryant. And we have
16 Mr. Willingham with the cooperatives.

17 MR. WILLINGHAM: Thank you, Madam Chairman. My name
18 is Bill Willingham, Executive Vice President of the Florida
19 Electric Cooperative Association. Again, we found out Friday
20 that we were supposed to be here today, and I'm sorry that I am
21 not better prepared than I am, but I would like to make a
22 couple of points.

23 First of all, I certainly agree with what Mr. Bryant
24 just told everybody. Second of all, I would like to note that
25 the cooperatives are under the rural utility services, and they

1 have several guidelines that we have to follow there. You all
2 saw the pole inspection rule, that was from the RUS that we are
3 required to comply with. So we do have -- and hopefully they
4 won't be competing, but we do have some other restrictions that
5 we have to keep in mind when we follow you all's
6 recommendations.

7 And the other point I want to bring up is the density
8 issue that we have. The cooperatives serve in the very rural
9 areas. We have at least six cooperatives in the state that
10 have only five customers per mile of line. Anything that we do
11 that is a cost item is spread only among, you know, a few
12 customers per mile of line so it can wind up being a very high
13 cost per customer. So we think that that has to be taken into
14 account in whatever you do that would potentially apply to us.
15 And that's all I have.

16 CHAIRMAN EDGAR: I would point out that the workshop
17 which was duly noticed and received a great deal of attention
18 in advance was held on January 23rd and that these
19 recommendations have been out for over a week, and on January
20 23rd it was stated quite clearly that we would be having this
21 discussion today. So, Commissioner Carter, I think you had a
22 question.

23 COMMISSIONER CARTER: Yes, ma'am, Madam Chairman. I
24 think that Mr. Trapp brought a modicum of succinctness to this
25 issue to where we're asking primarily for a briefing on

1 hurricane preparedness, and that is really the issue is public
2 safety. And regardless of whether it is municipal or
3 investor-owned is that as Public Service Commissioners our
4 responsibility is the public safety. And I think we could just
5 get the briefing at Internal Affairs, we can see what everyone
6 is doing in terms of what they are trying to do to protect the
7 public safety as it relates to hurricane preparedness. I don't
8 think it requires us to have multiple polysyllabic
9 interpretations of the statute or anything like that. I think
10 we have got jurisdiction for that, and I think that is what we
11 are asking for.

12 CHAIRMAN EDGAR: Thank you, Commissioner Carter.
13 Commissioner Deason.

14 COMMISSIONER DEASON: Yes, ma'am. I have a question
15 concerning -- we are dealing with Roman numeral I at this
16 point, correct?

17 CHAIRMAN EDGAR: Yes, sir.

18 COMMISSIONER DEASON: I have a question to staff
19 concerning the presentation by Mr. Rollins. And I know that we
20 have had clarification in staff's recommendation that the Item
21 (2)(C) is directed at transmission, but the points raised by
22 Mr. Rollins, it appears to me seem to be valid, but I want
23 staff's reaction to his presentation. My concern is mandating
24 one type of resource, wood versus steel or concrete, over
25 another, if that is going to take away flexibility from

1 companies. We have heard the Chairman's concern, which I
2 share, by the way, concerning costs. Are we mandating
3 increased costs but not necessarily a commensurate amount of
4 increased reliability. I don't have that information at this
5 point. I'm concerned that if we do something that at this
6 point that it seems is just mandating one over another that
7 that may be a short-sighted view. So I would like staff's
8 reaction, if I could, Madam Chair.

9 CHAIRMAN EDGAR: Mr. Trapp.

10 MR. TRAPP: Yes, ma'am. I, too, was impressed by the
11 comments from the industry and would not be opposed to
12 flexibility in this area. Staff heard at the workshop that the
13 utilities were already in the process -- or at least we think
14 we heard at the workshop they were in the process of phasing
15 out wood structures for transmission facilities. So the idea
16 came to us, well, if they are already in the process of phasing
17 them out, shouldn't we see a plan of action for the replacement
18 of existing facilities perhaps on a little more aggressive
19 scale than just as they become noticed or available.

20 I think what I heard, though, was that to the extent
21 that facilities don't meet code, they should be made to meet
22 code and in a cost-effective manner. And, you know, to the
23 extent that that's a management decision about the materials to
24 be used and the flexibility in design and how it conforms to
25 design process, I think that's acceptable.

1 COMMISSIONER DEASON: So the concern is to meet
2 standards.

3 MR. TRAPP: Yes.

4 COMMISSIONER DEASON: And leave it to the discretion
5 of management and the information they get from vendors and
6 their engineers as to the best way to meet those standards and
7 the reliability and flexibility that that would -- and cost
8 considerations that would all go into that management decision.

9 MR. TRAPP: Yes, I believe that. I would defer,
10 however, to my experts. You know, this is the brain bunch over
11 here, but I think that certainly the comments made sense to me.

12 MR. BREMAN: I agree with Bob and everything
13 everybody has said on this side and wait for your vote.

14 COMMISSIONER DEASON: So is there any particular
15 problem with the language that Mr. Rollins suggested to be
16 changed concerning evaluation of standards and that we don't
17 mandate a particular type material?

18 MR. TRAPP: The language that was proposed referenced
19 transmission lines. We would propose to change that language
20 to transmission poles and structures, so that it would read,
21 "Evaluate all transmission poles and structures to determine if
22 they meet current design standards and replace all transmission
23 poles and structures not meeting the current standards."

24 CHAIRMAN EDGAR: Mr. Trapp, where exactly are you on
25 the recommendation before us?

1 MR. TRAPP: I'm sorry, we're addressing item Roman
2 numeral I(2)(C), and I'm reading the language from the comments
3 that were just submitted by Mr. Rollins and offering some
4 suggested changes to the language submitted by Mr. Rollins.

5 CHAIRMAN EDGAR: Okay. And for those following
6 along, further discussion of that is on Page 5, I believe.

7 MR. TRAPP: Yes, ma'am.

8 CHAIRMAN EDGAR: And, Mr. Trapp, we are going to ask
9 you to say that for us one more time, please.

10 MR. TRAPP: Yes, ma'am. This is Mr. Rollins'
11 suggested language and we are amending slightly, and it reads
12 evaluate all transmission, and strike the words lines, and
13 substitute poles and structures to determine if they meet
14 current design standards, and replace all transmission, strike
15 lines, replace poles and structures not meeting the current
16 standards. Again, because our recommendation addressed
17 transmission poles and structures, not the lines or the wires
18 themselves.

19 COMMISSIONER DEASON: Let me ask another question.
20 It is just a question, I'm not saying we should or shouldn't do
21 it. When you say replace, should we give further flexibility
22 to strengthening to standard or replacing or is that what you
23 envision when you use the term replace? It seems to me that if
24 there is an existing transmission pole or structure that
25 doesn't meet a standard, there may be a very cost-effective way

1 to bring it to standard without actually replacing the entire
2 structure.

3 MR. TRAPP: Yes, I agree with you 100 percent, and
4 I'm struggling with a word now. Replace or repair, does that
5 sound reasonable?

6 COMMISSIONER DEASON: Whatever words convey that
7 concept. I think we should have some flexibility. It should
8 not be interpreted that if there is a pole or structure that
9 doesn't meet a standard that it has to be replaced. There may
10 be a better cost-effective way that is just as sound
11 engineering-wise as a replacement.

12 MR. TRAPP: I agree.

13 CHAIRMAN EDGAR: Mr. Rollins, are you getting some
14 comfort?

15 MR. ROLLINS: Yes, ma'am. I would like to reinforce
16 your thoughts here in terms of upgrades, et cetera. In other
17 words, it would be possible, I'm not saying it is likely, it
18 would be possible that you might have a line out there that was
19 designed for a certain wind speed, that the current code would
20 require a higher designed wind speed. A possible, maybe not
21 necessarily viable, but a possible alternative might be to
22 simply add an intermediate structure between the existing
23 structures. In other words, something that would bring the
24 overall line back to code or to meet the current code. So I
25 would support your upgrade or repair methodology or

1 recommendation. Thank you.

2 CHAIRMAN EDGAR: Okay. And, Mr. Glenn.

3 MR. GLENN: Yes. Alex Glenn on behalf of Progress
4 Energy Florida. Our concern with that, and maybe there is a
5 clarification, is when you talk about code, we have many
6 facilities, transmission and distribution, that are 5, 10, 15,
7 20, 30, 40 years old. And they met code at the time when they
8 were constructed. And that is perfectly appropriate, and that
9 is how the NESC works. To then say that you are going to
10 upgrade all of your facilities to current code is a monumental
11 undertaking with an extraordinary amount of costs involved.
12 And so we would not -- we would caution the Commission to
13 undertake that.

14 COMMISSIONER CARTER: Madam Chairman, may I ask a
15 question?

16 CHAIRMAN EDGAR: Commissioner Carter.

17 COMMISSIONER CARTER: Using what you just said, if
18 during the course of a storm or a significant impact, weather
19 or whatever, one of those structures that were under the
20 previous standards were to become damaged, if you were to
21 replace it or improve it, then what standards would you use?

22 MR. GLENN: To current code.

23 COMMISSIONER CARTER: Okay. Thank you, Madam
24 Chairman.

25 COMMISSIONER DEASON: Madam Chairman.

1 CHAIRMAN EDGAR: Commissioner Arriaga and then
2 Commissioner Deason.

3 COMMISSIONER ARRIAGA: I think one of the dilemmas
4 that staff has is that they are trying to get clarification or
5 even suggesting legislation to upgrade the current code, is
6 that correct, Mr. Trapp, to go beyond the NESC standards?

7 MR. TRAPP: I think that is one -- that is what the
8 overhead docket is to look at, yes.

9 COMMISSIONER ARRIAGA: So you are looking at a
10 possibility of upgrading, of going beyond what we have now. So
11 pursuant to Commissioner Carter's questions just now, they
12 would be upgrading, if we don't do anything else, to current
13 code, not to what you are trying to establish in a potential
14 docket that we would open.

15 MR. TRAPP: Let me make two points, if I might.
16 First of all, the language that I read to you says meet current
17 design standards. Now, design standards can be code or above,
18 in my interpretation of that language. The second point is we
19 will bring this back to you as a PAA order, and there will be
20 an opportunity for parties to have another shot at that time.
21 But, if you agree with the concept that we -- I mean, on Page 5
22 of our recommendation we said specifically, staff recommends
23 that the IOUs be required to prepare and file plans
24 implementing a program that replaces existing wood transmission
25 structures. And what I'm hearing in terms of guidance is to

1 strike that part of that recommendation and replace it with a
2 program that evaluates all transmission poles and structures to
3 determine if they meet -- and maybe we do have a problem with
4 the word current, we might eliminate it and say determine if
5 they meet design standards and replace or repair all
6 transmission poles and structures not meeting the standards.

7 COMMISSIONER ARRIAGA: But the problem is what are
8 the design standards that you are aiming at, which design
9 standards?

10 MR. TRAPP: Well, you have a chicken and an egg
11 problem. Right now we have the National Electric Safety Code
12 is what is generally accepted as being what the Commission
13 rules require. Staff has proposed a docket to look at whether
14 or not to go beyond that code. But until we get there, until
15 the Commission makes a decision in that docket, if we have that
16 docket, we are kind of stuck with what we have got. So right
17 now we would ask for plans that meet the current design
18 standards of the company in the code addressing the issue of
19 wood pole structure versus metal structure. When we get to the
20 docket where we change the design standards, we will have to
21 have a revision to that plan.

22 COMMISSIONER ARRIAGA: May I pursue one more
23 question, Madam Chairman?

24 CHAIRMAN EDGAR: Commissioner Arriaga.

25 COMMISSIONER ARRIAGA: That clarifies a lot to me,

1 and I now will see the sequence. But let's go to a technical
2 question based on what Mr. Rollins said. I think I heard over
3 the course of the workshop that concrete is better than wood.
4 Is that safe to say, or did I hear correctly? I mean, is
5 concrete structurally superior to wood? I would like to hear
6 you, and maybe the industry.

7 MR. TRAPP: In my technical opinion concrete can be
8 made to be superior than wood. But, again, listening to the
9 comments here, and, quite frankly, I wish we had heard these at
10 the workshop because it would have given more for us to work
11 with in terms of the plan. We did hear those comments,
12 concrete is generally better than wood. There is a movement
13 for transmission structures to move to metal and concrete as
14 opposed to wood. But, it was only a one-day workshop. We, I'm
15 sure, didn't hear the full body of evidence on the subject.

16 Wood has been used for transmission for many, many
17 years. And I think, as Mr. Rollins said, the limitations are
18 that wood has a known strength factor, you must design the
19 facilities to that. If you want more flexibility in your
20 transmission design, you might go to concrete or to steel or
21 some other manufactured material so that you can make the
22 material conform to your design. So it really comes down to
23 what is the utility trying to accomplish in their design plan
24 and in their system configuration.

25 So I really, perhaps, should apologize for being too

1 literal in our recommendation with respect to the replacement
2 of the wood structures. What we are really trying to get here
3 is we heard there was a problem with transmission structures,
4 and that problem could affect -- be wood. What we are asking
5 for is the utility to come back with some more information on
6 that, a plan that looks at their transmission structures and
7 gives us a plan of action of what they think is the most
8 cost-effective prudent means of keeping those structures
9 standing, you know, during normal and storm circumstances. So,
10 hopefully that's the direction we are trying to get.

11 CHAIRMAN EDGAR: Mr. Trapp, thank you. I think that
12 clarification is useful, and I reemphasize that from the
13 information we have before all of us that what we are looking
14 at is having a PAA order come before us in April that will
15 flesh out many of these things in more detail, that there will
16 be the opportunity for all interested to share their thoughts
17 with staff as we go into these next few weeks and for a full,
18 open discussion at that April 4th meeting, and that, again, we
19 are talking about plans to help us all get our arms around all
20 of these issues. And, Commissioner Deason, you had a question
21 earlier?

22 COMMISSIONER DEASON: Yes, I have a question, and I
23 guess it is trying to get a better understanding of what is
24 meant by staff's recommendation to file implementation plans.
25 Now, correct me if I'm wrong, I interpreted that to mean a

1 plan, a plan of action that the utilities would be required --
2 not to say that if they file it, it is going to happen. It is
3 a plan that we hope they put a lot of time and thought into
4 with cost estimates, a plan that would comply with what staff
5 is suggesting, but that it may be their recommendation that
6 while this is the plan that there may be recommendations from
7 the utility concerning time frames, or concerning what codes,
8 or concerning all of the details, that that would come to the
9 Commission and we would have the flexibility to either
10 implement it as filed or to make changes to that. What is your
11 understanding of the plan?

12 MR. TRAPP: I believe plans are the first step in a
13 flexible process. I think what we have really tried to do is
14 identify areas of concern, try to get those focused into
15 recommended courses of action, if you would, or areas of
16 action. But, like I said, it was only a one-day workshop. And
17 to the extent that flexibility can be put into the process, I
18 think it should. The utility should address what we have
19 identified as recommendations. They should address the
20 specifics with which we have addressed these recommendations
21 until we hear different and decide different. But, quite
22 frankly, if they don't agree with these recommendations, they
23 should give us a plan anyway, but then they should tell us that
24 they don't agree and then they should give us an alternative.

25 It is kind of like rulemaking in my mind. We go

1 through rulemaking here at the Commission, and when we get to
2 the final agenda where the Commission gets to adopt the rule or
3 not adopt the rule, staff is free to recommend adopt the rule
4 or don't adopt the rules. And there have been a number of
5 occasions where we have got all the way through the rulemaking
6 process and said, you know, after we went through it, it's not
7 that good an idea after all. We recommend that you don't adopt
8 the rule.

9 So, we want to see these plans, but we also want to
10 see alternatives. And we want to put the full body of
11 information before the Commission and let you make a decision
12 that is in the best interest of the ratepayers of Florida.

13 COMMISSIONER DEASON: May I follow up?

14 CHAIRMAN EDGAR: Commissioner Deason.

15 COMMISSIONER DEASON: And it seems to me that perhaps
16 Item II(B) is a good example. There is a recommendation
17 concerning a transmission distribution geographic information
18 system. It sounds like a good idea, particularly for larger
19 utilities. And we want to see a plan on that filed. But it
20 may be that the specific facts or circumstances of the utility,
21 that there may be a better way to accomplish the end result as
22 opposed to a specific geographic information system. Is that
23 an example of something there could be flexibility?

24 MR. TRAPP: Gulf had an idea at the workshop. They
25 said we are putting together this type of system. Now, we

1 didn't get into the nuts and bolts of that system, so it's hard
2 for us to recommend the actual nuts and bolts, but the words
3 geographic information system tells me that you have got to
4 know where every piece of your facility is and you have got to
5 have a system to do that. Now, the City of Havana, that could
6 be a single piece of paper that says down by the old oak tree,
7 you know, on Main Street there is a primary circuit and it's a
8 wood pole right there on that corner. That could be their
9 geographic information system.

10 I would expect a Florida Power and Light, a Progress,
11 a Tampa Electric, or a Gulf to have something a little more
12 refined. It may be, you know, use satellite information
13 systems and things of that nature. But we think the utilities,
14 we heard at the workshop, need to know where their facilities
15 are so they can, you know, not only know where it's broken,
16 what's broken, how to get a replacement out there, but also do
17 forensic analysis after the fact to determine, you know, cause
18 and effect of some of these things.

19 DR. BANE: Madam Chairman, could I just clarify?

20 CHAIRMAN EDGAR: Doctor Bane.

21 DR. BANE: Thank you. On Item (C), I think Mr.
22 Rollins' language goes a totally different slant than what
23 staff explained just a few moment ago. So I would like for the
24 Commissioners just to consider not adopting the language Bob
25 read earlier, which would require the companies to go out and

1 do a current evaluation and make sure they meet current
2 standards. I think it's cleaner just to do what Bob described
3 later. We're asking the companies to tell us their plans for
4 strengthening the transmission system. That's it.

5 CHAIRMAN EDGAR: A comment. We asked our staff to
6 cast a broad net asking for, you know, as full and from as
7 varied an array of interested parties as possible to
8 participate in our information-gathering process. And we will
9 take good ideas from anywhere and everywhere. And, Mr. Melson,
10 I will be asking you in a minute here procedurally how we deal
11 with them of these things. But my thinking is that the item
12 before us asked for guidance. We are having a good discussion.
13 And there will be the opportunity, again, over the next few
14 weeks before the order comes before us, or the proposed draft
15 order comes before us in April to continue to kind of flesh
16 these things out. And so at that point, hopefully we will have
17 additional clarity. And Mr. Willis has asked for a brief
18 comment.

19 MR. WILLIS: First of all, I want to thank both the
20 Commission and the staff for your involvement in this. It is
21 obvious that you all have given this a great deal of thought
22 and spent a lot of time on it. I think that the matters that
23 were placed in the Attachment Three, the memorandum that is
24 before you, are all things that should be discussed and
25 considered and reviewed. But as you mentioned early on,

1 Commissioner Edgar, it's important to know the cost of these,
2 it is important to know any physical limitations with respect
3 to how these various processes can be implemented, the time,
4 the optimum time for any implementations that are made, and a
5 thorough discussion. I think that we have seen that the
6 matters before us are immediate and pressing, but they are also
7 complex and interactive.

8 And that if we are too hasty in adopting one
9 particular method, we may be causing difficulties in the other.
10 So the discussion that you have had here today has been very
11 comforting in that it appears to me that what you are doing
12 today is putting on the table certain things that you want to
13 know and receive more information about, to hear our ideas
14 about whether and how they should be implemented, and, above
15 all, to provide flexibility in this process. So, I hope that
16 that continues to be made clear as you proceed with this.

17 And I understand -- I would think that what you are
18 doing today is giving the staff direction for a future
19 recommendation to come back to you at an agenda where there is
20 an additional process. You have had one very good day of a
21 workshop. We have had a lot of discussion, but probably not
22 the same kind of detail that you have where you would make
23 decisions that involve a whole lot of capital expenditures and
24 a whole lot of operations and maintenance. Thanks.

25 CHAIRMAN EDGAR: Mr. Willis, thank you. I think that

1 it sounds to me like we are all pretty much on the same page.
2 And, Mr. Rollins, very briefly, please.

3 MR. ROLLINS: Thank you, Madam Chairman. I just
4 wanted to clarify and make sure that I wasn't misunderstood in
5 terms of the fact that I'm not coming before you, nor am I
6 representing the entities having to do with the wood pole
7 industry advocating the replacement of transmission lines that
8 were installed in accordance with the National Electrical
9 Safety Code at the time they were installed.

10 My point was that should this body elect to require
11 reevaluation and upgrade to new standards, that that should be
12 done without regard to material. It should be a structural
13 analysis, not specifically targeted towards wood. I just
14 didn't want people to misunderstand that we were advocates of
15 removing lines that had been designed and installed in
16 accordance with the code. Thank you.

17 CHAIRMAN EDGAR: Thank you.

18 Commissioners, we do have a good amount of material
19 to continue to cover. I'm going to, let's see, shift for at
20 least a moment here. And I want to at least highlight the
21 recommendation that is H under Roman numeral I, Sub 2, that we
22 are talking about which asked for increased utility
23 coordination with local governments. This is also an issue
24 that was discussed at the workshop. I know that there is good
25 coordination and good communication, but I think there is also

1 some lessons that can be learned and some progress that can be
2 made. And so I highlight that point, as well, and I look
3 forward to seeing plans that will continue to flesh that one
4 out.

5 And then under I, where the summary of the
6 recommendation is collaborative research through PURC, we have
7 heard from Professor Domijan about some of the good work and
8 some of the good ideas coming out of the University of South
9 Florida. I'm sure that some of our other excellent academic
10 institutions may have some work, as well, so I would ask that
11 on that one, Mr. Trapp, when we are looking at the language
12 that we maybe consider broadening it a little bit.

13 I know that we had an item back before us, I'm going
14 to say maybe summer on the water conservation consortium, a
15 gathering together of best practices and good ideas. There may
16 be some lessons to be learned from how that process is working
17 that we could bring into this. I'm not directing specifically
18 how to do it, but I would ask that we take a look at how to
19 again cast a little broader but yet focused net and taking
20 advantage of the academic credentials and expertise that are
21 out there. Are there other comments, Commissioners, under
22 Roman numeral I?

23 Commissioner Deason.

24 COMMISSIONER DEASON: A clarifying question. Where
25 are we then on I(2)(C)? Doctor Bane, I know you made a

1 suggestion. I'm just trying to find out what is staff's
2 recommendation today at this point, considering all that we
3 have heard thus far.

4 DR. BANE: I understood Mr. Trapp to clarify that
5 what we were asking the companies to do was to file their plans
6 for addressing the transmission infrastructure. Is that what
7 you said, Mr. Trapp?

8 MR. TRAPP: Yes, specifically with regard to poles
9 and structures.

10 COMMISSIONER DEASON: So we are requiring the
11 utilities to file plans to harden their existing transmission
12 infrastructure, but primarily poles and structures.

13 MR. TRAPP: That's correct.

14 COMMISSIONER DEASON: And we are not dictating one
15 material over another, it would be just incorporating -- now,
16 if a utility files a plan saying that they should replace and
17 they have a cost estimate and they justify that cost by the
18 added reliability that generates, that would just be part of
19 their plan and then we would evaluate that at that time.

20 MR. TRAPP: Yes.

21 COMMISSIONER DEASON: Okay.

22 CHAIRMAN EDGAR: Commissioner Arriaga.

23 COMMISSIONER ARRIAGA: It's evident that we don't
24 have all the answers and that we need to continue to pursue the
25 quest for information. So I do encourage the dialogue with

1 industry, but one thing concerns me. Do we have a deadline?
2 Because we do have a headline for hurricane season. So I'm
3 worried that these conversations may drag and drag and drag and
4 then we don't come up with an answer. So I think that
5 whichever conversation needs to be had and whichever
6 interaction needs to be had, I welcome it, but please put a
7 deadline on it. That would be one comment.

8 And the second one is what the chairlady just said
9 regarding the collaboration with our universities. During the
10 workshop this was pointed out very frequently, that the
11 industry is not looking at our very magnificent institutes that
12 we have at the University of South Florida and the University
13 of Florida.

14 During the time that I was a candidate to be a
15 Commissioner, I went in front of the nominating council and the
16 oversight committee, and one of the things I said very proudly
17 as an engineer with a major in operations research, and I also
18 said that to our executive director my first day here at the
19 Commission, that I would love to see the kind of studies that
20 is being proposed, trying to simulate from what is going to
21 happen if a specific type of weather pattern is going to hit
22 us, how the infrastructure would behave at a certain rate of
23 miles of winds, or winds of certain miles an hour. What would
24 happen? What would be the chaos? What has to be done in a
25 mathematical model simulation.

1 I think that this is a wonderful idea. And TECO
2 Energy proposed it in the recommendations from the workshop.
3 They also came up with this kind of suggestion. So I would
4 encourage -- now, who is going to fund it is a question, but I
5 understand that these institutes are also funded by industry in
6 a certain manner. I would encourage the industrial to look
7 seriously at the possibility of commissioning these two
8 magnificent institutes at the universities to proceed with
9 studies like that and take the burden off the consumer of
10 something that would really help everyone in getting some good
11 simulation techniques that would allow us to prepare better.
12 Thank you.

13 MR. TRAPP: If I may respond. I don't know if you
14 want a response or not.

15 CHAIRMAN EDGAR: Mr. Trapp.

16 MR. TRAPP: I just wanted to clarify for you we
17 intend to bring this back to you as a PAA recommendation on the
18 March 21st agenda, so that goes to your first question. On the
19 university situation, we agree, staff agrees that not only
20 within the state of Florida, but nationally we would like to
21 attract academic thought in the areas of hurricane
22 preparedness. Our only point in recommending the PURC was to
23 identify a focal point in academia for that to take place. I
24 don't know, being simple-minded, I figured a business college
25 could put together a business plan and pull together all the

1 engineers, economists, and even accountants in academia to work
2 in cooperation with the electric utilities. We were just
3 really trying to pinpoint a leader, if you would, in the
4 university system to do that. And we thought since we had
5 dealt with PURC in the past that that would be a good place,
6 but we are certainly not wed to that.

7 And then, finally, I need to make a point on
8 clarification. Staff is still a little unclear with respect to
9 the munies and co-ops on these plans. I know that you wanted
10 them to come to the -- you kind of gave us direction on the
11 briefing for June 5th, but are we still only asking these plans
12 of IOUs?

13 CHAIRMAN EDGAR: Commissioners --

14 COMMISSIONER CARTER: Madam Chair.

15 CHAIRMAN EDGAR: Commissioner Carter, go ahead.

16 COMMISSIONER CARTER: Based upon Mr. Trapp's
17 representation to us, I think that from the perspective of
18 Paren 1 under Roman numeral I, is that they already were going
19 to come to bring us their briefing on the hurricane
20 preparedness, and what we're talking about is public safety, I
21 think that covers the issue for us. Because they are going to
22 tell us what they are going to do for hurricane season, and I
23 think that gets us where we need to be in the context of public
24 safety.

25 CHAIRMAN EDGAR: Commissioner Carter, those echo my

1 thoughts.

2 Commissioner Tew, a comment.

3 COMMISSIONER TEW: I have a clarification question on
4 that point, too. And I hate to belabor it, but under Paren 1,
5 do I understand your recommendation, Mr. Trapp, that you want
6 all electric utilities to complete A, B, and C under Paren 1
7 and report on that back on June 5th?

8 MR. TRAPP: Yes. Recognizing that A, B, and C are
9 extremely aggressive actions, and I would be a little surprised
10 if they get all of it done, but we wanted to set a very high
11 bar for them to report on at the June 5th Internal Affairs.

12 COMMISSIONER TEW: I just want to make sure we are
13 all on the same page about what it is we are asking them to do,
14 and I had some of that remaining confusion there after that
15 discussion, so, I just wanted to get that out there.

16 CHAIRMAN EDGAR: Thank you.

17 MR. GLENN: Chairman Edgar.

18 CHAIRMAN EDGAR: Yes, sir.

19 MR. GLENN: If I might, this is Alex Glenn for
20 Progress Energy. As a follow-up to Commissioner Tew's
21 clarification, and with respect to flexibility, a couple of
22 those, A, and in particular B, are extremely aggressive. Now,
23 Progress Energy with respect to C, we have verified through all
24 of our sweeps and backlog work that we have none of that right
25 now from the '04/'05 season.

1 But with respect to inspecting all of our
2 transmission lines down to the nuts and bolts of those lines
3 within a three-month period is likely to be physically
4 impossible for us to do, and we are not sure that that is the
5 best use of funds in any event.

6 But in B, in reinspect and clear all primary
7 distribution and transmission feeder lines, again, that is an
8 incredibly aggressive time frame within which to do that. Now,
9 Progress, we have increased tree-trimming funding for the last
10 four years. In fact, from '05 to '06 we have increased our
11 transmission tree-trimming and distribution tree-trimming by
12 more than 30 percent. And we frontloaded those dollars to
13 prior to storm season to get the best bang for the buck on that
14 so that we are prepared for storm season.

15 But to require the utility to within a three-month
16 period trim all primary distribution and transmission feeder
17 lines is an extremely, extremely aggressive task that may not
18 be physically able to be completed. So we wanted to raise that
19 as far as flexibility is concerned, that we think we are
20 targeting those key areas, to Commissioner Carter's point, on
21 public health and safety, those key areas where we think there
22 would be the most problems and we are trimming those. And we
23 are inspecting, as we do every year, our transmission
24 facilities and our lines. After the hurricanes, we did 100
25 percent inspection of all of our transmission structures. So

1 we have a lot of that in place. But, to specify to do all of
2 those by June 1st is a very, very aggressive task, and I'm not
3 sure we could complete.

4 CHAIRMAN EDGAR: Commissioner Arriaga.

5 COMMISSIONER ARRIAGA: And I do appreciate your point
6 of view. And as I said before, we need to be flexible and we
7 will be flexible. I think Mr. Trapp has indicated that he will
8 be surprised if you can complete this whole thing in the period
9 that we are asking. But the problem is that we need to set a
10 standard. We need to ask you to do what you have to do. Now,
11 you come back and three months from now you tell me I was only
12 able to do 60 percent, well, the Commission would know that you
13 have got 40 percent to do, and that is the only way we can
14 measure you and set benchmarks. So I would ask you to strive
15 for 100 percent. And I would understand if you cannot complete
16 100 percent, but I would know then how much you have to do, how
17 much is left to be done. Thank you.

18 CHAIRMAN EDGAR: I think the consensus here is that
19 under Item I, A, B, and C, and, Commissioner Tew, thank you for
20 asking for the clarification on those points, is that those are
21 things that we all have an expectation that have been ongoing
22 and continue to be ongoing and that we will get a detailed
23 report as to where we are on those at that briefing in June.

24 Commissioners, are we ready to move on? Okay. Then,
25 we are going to look at the specific --

1 COMMISSIONER CARTER: Madam Chairman, with just one
2 understanding, that the briefing would be all electric
3 utilities; and on your comments on Paren (I) under Roman
4 numeral II, as well as the comments on the collaboration with
5 the educational institutions and your comments about cost?

6 CHAIRMAN EDGAR: Cost and the disaster recovery steps
7 that I mentioned when we first began the discussion. And I
8 would encourage each of my colleagues and all interested
9 parties have the opportunity, do they not, Mr. Melson, to work
10 with staff over these next few weeks?

11 MR. MELSON: Yes, ma'am.

12 CHAIRMAN EDGAR: Thank you.

13 MR. MELSON: And, if you are moving away from Roman
14 numeral I --

15 CHAIRMAN EDGAR: We are moving on.

16 MR. MELSON: One thing that staff had recommended was
17 that we bring that back as a PAA. And at least the current
18 draft anticipated the PAA recommendation would recommend that
19 the plans come in for administrative approval by Staff. As I
20 have been hearing the discussion, it sounds to me like several
21 of the Commissioners may anticipate a little more formal
22 review. And I would just like staff to have the flexibility,
23 as we bring that PAA recommendation back, to try to follow the
24 guidance I think we are hearing from the bench on that.

25 CHAIRMAN EDGAR: Yes, Mr. Melson, I think that there

1 is a great deal of interest. And it's the time frame I'm
2 trying to think through. And rather than having to set on it
3 right here, I would hope that over these next few weeks as we
4 are working on the PAA order that would come before us for
5 consideration and discussion that time lines would be laid out,
6 and, if appropriate, options, as well.

7 MR. MELSON: All right. Thank you.

8 MR. TRAPP: Chairman, may I interject one more point?
9 I apologize, in the handout I gave you this morning there were
10 some edits that we made that -- I picked up the wrong file this
11 morning. And the discussion we have had this morning
12 reinforces it. We had committed to the March 21st agenda. We
13 think we might need a little more time and would like to
14 propose the April 4th agenda for that PAA.

15 CHAIRMAN EDGAR: Mr. Trapp, the information that we
16 have before us has April 4th as the agenda for the PAA, it has
17 March 21st for the recommendation on rulemaking, which is under
18 Roman numeral II, which we are just about to discuss.

19 MR. TRAPP: Yes. You have the correct copy. I
20 picked up the wrong file this morning.

21 CHAIRMAN EDGAR: We have a lot of dates, and
22 clarification is what we are always striving for.

23 MR. TRAPP: Yes, ma'am. We're asking for plans on --
24 excuse me, to bring the preparedness plans PAA order to you on
25 April 4th.

1 CHAIRMAN EDGAR: That is my understanding. That is
2 our understanding. Okay. Then, Commissioners, as you know, in
3 the recommendation on this item, we had two additional
4 portions, pieces, pieces-parts, Roman numeral II and Roman
5 numeral III. I think there may be some overlap in discussion,
6 so I say we take those up together, what way will work best to
7 answer your questions and to get us to where we need to be.
8 So, Mr. Trapp, I'm going to ask you very briefly to summarize
9 what is before us in Roman numeral II and Roman numeral III and
10 then we will discuss it.

11 MR. TRAPP: Number II and Number III. Well, Number
12 II is proposing two dockets, and we spoke a little bit about
13 that this morning. A little more precision than what is in the
14 recommendation was on the handout sheet. What we are proposing
15 at this time is a rulemaking docket on overhead distribution
16 standards that looks at initiating rulemaking to address going
17 beyond the National Electric Safety Code with respect to
18 construction standards for overhead facilities, and we have
19 proposed a time frame for that.

20 On the undergrounding, we need to sit down with this
21 some more to do the scheduling. We haven't quite got our time
22 frames in this. We view this as a little more longer term
23 proposal, but basically it is a look at underground facilities
24 and the costs and effects on the reliability of the system in
25 Florida to look at several case studies and to revisit

1 contribution in aid policies, and to look at alternative
2 funding and billing methodologies and cost-recovery. That was
3 Roman numeral II.

4 Roman numeral III is legislation, and here we heard a
5 number of legislative proposals at the workshop, kind of in
6 summary form. The ones that we grasp were to, number one,
7 while we think we have jurisdiction over our safety and
8 reliability standards under the rules and laws of Florida now,
9 certainly it wouldn't hurt to support some of the legislation
10 that is being discussed on the hill to clarify that even
11 better. And we heard a lot of discussion during the workshop
12 about the need for vegetation management and the freedom to do
13 that.

14 We would be supportive, and we understand there are
15 bills that are being discussed over there about giving
16 utilities more authority to trim trees, both in right-of-way,
17 public right-of-way and on private land, and we would be
18 supportive of that. Recognizing that when you get on the
19 private land side of things, you probably need to do a little
20 more talking with the landowner before you just go cut the
21 tree.

22 CHAIRMAN EDGAR: Thank you, Mr. Trapp.

23 Again, just to help us frame the discussion, and at
24 least for my thought process, the two items under Roman numeral
25 II are items that would be action items for this Commission.

1 And I am hopeful that here in the next 20 minutes or so we can
2 have a consensus and give clarity to all as to how we want to
3 proceed procedurally. And Roman numeral III would not be
4 actions of this Commission. Those would be suggestions and
5 discussion that would be had at the legislative level. I
6 believe, and, Doctor Bane, correct me if I'm wrong here, that
7 the first one under Roman numeral III is included in
8 recommendations that have been made by the Governor in the
9 energy plan that he released in January. Again, that would be
10 clarification of authority that currently resides in our
11 statutes.

12 And Items 2 and 3, as Mr. Trapp pointed out, there
13 will be discussions I'm sure by the legislature during the
14 impending legislative session, and there are bills and future
15 bills probably that will address those in more specifics. But
16 I guess the larger point is that Roman numeral II would be
17 action taken by this Commission, and Roman numeral III would be
18 do we have discussion or thoughts that we want to put into the
19 mix as the legislature is looking more closely at these issues.

20 Commissioner Tew.

21 COMMISSIONER TEW: I have another clarification
22 question for Mr. Trapp. These rulemaking dockets you are
23 proposing on the summary sheet, do they replace the
24 recommendations for dockets that were in --

25 MR. TRAPP: Yes, ma'am.

1 COMMISSIONER TEW: Okay.

2 CHAIRMAN EDGAR: Commissioner Arriaga.

3 COMMISSIONER ARRIAGA: I want to take up a
4 recommendation by the representative of the town of Palm Beach
5 and Jupiter Island, and it was a concern that I had myself and
6 I did ask you this question before. Are these subsequent
7 dockets, or are they going to go in parallel, and what is your
8 answer on that?

9 MR. TRAPP: They will start in parallel.

10 COMMISSIONER ARRIAGA: You'll start in parallel.

11 MR. TRAPP: We'll start in parallel in the sense that
12 staff still needs to sit down with the underground docket and
13 map out some schedules for it. But, quite frankly, we envision
14 that the overhead docket is likely to go faster. Quite
15 frankly, we have a petition before us in the overhead arena
16 from Florida Power and Light for rulemaking. And as I
17 understand the laws, we have to do some actions within 90 days
18 and that type of thing. So I kind of see that docket going
19 faster.

20 It may start out the same, but it will go faster than
21 the undergrounding one, which is not bad in my mind. Because
22 if you have nailed down what we are doing with overhead
23 hardening, then you will have a quicker idea of the cost impact
24 of overhead hardening that then is a factor that goes into the
25 calculating of a contribution in aid difference for

1 undergrounding. Because now you have got a higher cost
2 overhead you are comparing to a higher cost overhead which may
3 actually reduce the cost of underground to developers. So, I
4 guess while we haven't really nailed down dates for it, we're
5 anticipating having some type of rulemaking, hearing, workshops
6 proceedings more toward, you know, the end part of the year for
7 undergrounding as opposed to overhead, which we would
8 anticipate taking place in the next couple of months.

9 COMMISSIONER ARRIAGA: Would you be willing to
10 eliminate the word sequential process from your
11 recommendations?

12 MR. TRAPP: Oh, did I put sequential in there?

13 COMMISSIONER ARRIAGA: Yes. It says sequential
14 process and I think that --

15 MR. TRAPP: Yes, we would eliminate that.

16 COMMISSIONER ARRIAGA: And another question, Madam
17 Chairman. May I?

18 CHAIRMAN EDGAR: Commissioner Arriaga.

19 COMMISSIONER ARRIAGA: Mr. Melson, help me out with
20 this. Number 3, Roman numeral III, legislation. What is the
21 procedure, the legal procedure for this Commission to get
22 involved in recommending legislative action formally?

23 MR. MELSON: If the Commission thought that they
24 believed legislation on a particular issue would be necessary,
25 I think we would work with the chairmen of the substantive

1 committees and the staffs of those committees to work with them
2 on language and specific proposals. It really -- in some years
3 we have been almost purely reactive and have provided input
4 when asked on, you know, bills or ideas for bills. In other
5 years we have been more active and have developed language that
6 typically has come to the Commission at an Internal Affairs as
7 this is a package we think is important. And, if so, we then
8 take that to the appropriate committee chair and staff and try
9 to make our views known as to why we think we would like either
10 additional authority or clarified authority.

11 COMMISSIONER ARRIAGA: So what is specifically staff
12 recommending that we do, that we take a reactive position or a
13 proactive position formally with the committee chairs? What is
14 it that you want us to do?

15 DR. BANE: Commissioner, this was just for your
16 information to let you know that we would be -- and it will be
17 up to the Chairman to decide exactly how we will approach
18 legislators. We were just wanting to make you aware that there
19 is already legislation out there that clarifies the
20 Commission's authority to pursue some of these actions that are
21 before you today, and that there is also a number, are also a
22 number of other bills out there that address tree trimming, and
23 cooperation among the utilities and the local governments.

24 This was just to inform you, but you don't need to
25 vote at Internal Affairs on how you are going to pursue the

1 legislative strategy. That is done under the coordination of
2 the Chairman. And this was just for your information.

3 We are putting together, though, a list of the
4 specific bills that are out there that fall under these various
5 categories so that when members are meeting with legislators
6 that you can say this bill would seem to be one that would
7 really help in terms of addressing the hurricane problems.

8 CHAIRMAN EDGAR: Commissioner Arriaga, to follow up
9 on Doctor Bane's comments and on your question, as you know,
10 when we scheduled the workshop, we did share with the
11 legislature as a whole in a variety of ways that we would be
12 having a workshop, that we would be working toward short-term
13 and long-term strategies, and that we would be providing them
14 our analysis, some recommendations, and next steps both that we
15 would be taking and next steps for consideration for areas that
16 were perhaps outside of our direct ability to act on.

17 We have sent a letter to the chairman and to the
18 members of the committees on both the House and Senate side,
19 the two committees on each side that are addressing these
20 issues, letting them know where we are in the process, and I
21 have meetings personally scheduled tomorrow with the
22 substantive chairs of the committees to let them know what we
23 have done today and what our next steps will be, and we will
24 that ongoing dialogue with those members.

25 Okay. I think what I would like us to focus on

1 during this next 15 minutes or so are the recommendations under
2 Roman numeral II, which are to open a docket on these two
3 points and to see if we have consensus, comfort that we want to
4 move in this direction or if we need additional clarification.

5 Commissioners, I'm opening it up to you.

6 Commissioner Deason.

7 COMMISSIONER DEASON: Madam Chairman, I saw that Mr.
8 Walker came up. I didn't know if he had something to -- I
9 mean, I am willing to go forward.

10 CHAIRMAN EDGAR: Mr. Walker, do you have a comment
11 that you would like to share with us at this time?

12 MR. WALKER: Yes, ma'am. We don't have any problem
13 at all with opening up a docket to look at whether or not the
14 standards for design ought to be higher. In fact, last week we
15 filed a proposal with you to do exactly that. We do have a
16 concern with using Category 3. The definition of Category 3 is
17 what our concern is. And I think you all would agree that
18 there is usually a difference in interpretation as to what
19 category the hurricane was. It took ten years before they
20 finally decided that Hurricane Andrew was a Category 5. We're
21 still debating over what Hurricane Wilma was.

22 What we would suggest is that you maybe look at a
23 standard that exists that we have been designing by and that
24 everybody goes by, including the building codes, and that's the
25 American National Standards Institute. They have wind criteria

1 that goes into the National Electric Safety Code, and I have a
2 map here if you would like to look at it, if it would be
3 helpful. But it is something that has been built on years and
4 years of data, everybody knows what the definition is, it's
5 what utilities have used to design their wind loading design by
6 for years. And to suddenly switch and use a new measure to
7 look at these things by is maybe not the best thing to do.

8 It is better that everybody stick to the same
9 standard. And, again, as I said, even building codes use that
10 ANSI standard, if you will. And rather than get into a debate
11 over what Category 3 means and so forth, it would be good to be
12 consistent with what the design standards have been over the
13 years. Again, I do have a map that illustrates it, if that is
14 helpful to you.

15 COMMISSIONER DEASON: Madam Chairman, could we look
16 at that map?

17 CHAIRMAN EDGAR: Commissioner Deason is interested in
18 seeing the map.

19 MR. WALKER: While she is bringing that up, I would
20 point out that it may not make sense to, you know, have a
21 statewide Category 3 standard. It may make more sense to take
22 a look at what the wind expectations are in Lake City as
23 contrasted to the southeast coastline of Florida. If you stick
24 to a single statewide standard, you may be overbuilding in Lake
25 City and underbuilding in Miami Beach.

1 And we think a better approach is to turn around and
2 use this projected data, historical and projected data to
3 design the system by. And, you know, if you are going to
4 increase the standards for construction, we think this makes a
5 lot more sense from an engineering perspective and also a cost
6 perspective.

7 What you are looking at is two pages there. One came
8 directly out of the National Electric Safety Code showing
9 extreme wind velocities which we are recommending that we
10 design to. And the second is a blown up map of that that gives
11 you an idea of what the differences are just within the state
12 of Florida of those. In other words, my example of Lake City.
13 It may be 100 mile-an-hour wind speed and design whereas down
14 in south Florida it would be 150. To us it just makes a lot
15 more sense to put the money in the right place if you're going
16 to increase the infrastructure to withstand hurricane winds.

17 MR. TRAPP: Would you like a response?

18 CHAIRMAN EDGAR: Mr. Trapp.

19 MR. TRAPP: I'm in a pretty agreeable mood today, and
20 I don't disagree with the intent of what was stated, but the
21 sheet that we handed out this morning, again, kind of trumps,
22 or preempts, or is a better thought than what was expressed in
23 the recommendation, so I would suggest that the utilities keep
24 Category 3 in their mind, but recognize what we are proposing
25 now is to go to a rulemaking and we have not offered a proposed

1 rule at this time. And I don't really want my hands tied about
2 what staff can put in that proposed rule. Wind is one things
3 that happens in a hurricane, but there are other things that
4 happen in a hurricane, too, and we want to make sure that the
5 rule that we bring to you is a comprehensive rule that
6 addresses process, procedure, and intent of getting the system
7 hard in a cost-effective manner. Thank you.

8 CHAIRMAN EDGAR: Mr. Trapp, thank you. And, Mr.
9 Walker, thank you for your comments and the additional
10 illustrative information. Really, I appreciate that. I do
11 echo Mr. Trapp's comments that the recommendation before us is
12 to open a docket that would, I think, provide a formal
13 opportunity for data gathering and for further analysis on all
14 of the points that Mr. Walker has raised and others related, as
15 well.

16 Commissioner Tew.

17 COMMISSIONER TEW: I just had one more clarification
18 for Mr. Trapp. Along those lines, too, I assume that you
19 intend for a cost analysis to be part of that rulemaking docket
20 as well as the other?

21 MR. TRAPP: It is required by the rulemaking process
22 to have a statement of economic impact.

23 COMMISSIONER TEW: Okay. Thank you.

24 CHAIRMAN EDGAR: Commissioner Arriaga.

25 COMMISSIONER ARRIAGA: The process of rulemaking, you

1 are more experienced than me here, and is this a never-ending
2 process? Again, I'm looking at deadlines and I'm worried, you
3 know. When does it start, we know. When does it end, do we
4 know?

5 MR. TRAPP: I think that we will definitely expedite
6 this rulemaking and make every attempt to make it as short a
7 process as possible. But rules are rules. They can be what
8 you make of them. They can drag on forever or they can get
9 done, and we intend to get this one done.

10 COMMISSIONER ARRIAGA: Can you control the dragging
11 on?

12 MR. TRAPP: With Mary's help.

13 DR. BANE: Yes. We are going to make every effort.
14 You'll see that we are going to the rule development workshop
15 on April 17th. There are things we can do to expedite it. We
16 have already met with David Smith in the General Counsel's
17 Office to see exactly how far we can go. We're going to make
18 every effort to move it as quickly as possible.

19 CHAIRMAN EDGAR: Commissioner Deason, just one
20 second.

21 Mr. Melson, could you, perhaps, give us very briefly
22 just a sampling of the potential things that can happen in
23 rulemaking that can perhaps stretch out a time period beyond
24 what is initially envisioned?

25 MR. MELSON: The first stage is typically a rule

1 development workshop, which as Mary noted we have got targeted
2 for April 17th. After that workshop, the staff brings a draft
3 rule back to the Commission to be formally proposed. Once that
4 is proposed, there is an opportunity for written comments, and
5 if a party desires it for a hearing. One thing you can do to
6 expedite the process, if you anticipate a hearing is likely, is
7 to go ahead and schedule the hearing at the outset so you get
8 all the legal notices done and don't drag that process out.

9 At the conclusion of the hearing, you have got a
10 couple of options. One way that things are frequently done is
11 to have a recommendation, a post-hearing recommendation come
12 back as you would in many other settings. On the other hand,
13 in a rulemaking if the Commissioners themselves sat and heard
14 the rulemaking docket, you have the potential to vote from the
15 bench at the conclusion of that rulemaking hearing either to
16 adopt the rule or to adopt it with modifications. And
17 depending on whether there are changes or not, there are
18 certain associated notice requirements.

19 In any rulemaking, if a party believes you do not
20 have the legal authority to adopt the rule, they have the right
21 to petition the Division of Administrative Hearings, DOAH, to
22 hold a hearing on the Commission's legal authority. And if
23 that happens, that can add time to the process. When you are
24 looking, though, you have got a statute that specifies the
25 National Electric Safety Code essentially as the standard. If

1 the intent here is to adopt a more stringent standard, even
2 with all of its timetables, it seems to me rulemaking is
3 procedurally the vehicle you need to follow.

4 CHAIRMAN EDGAR: Thank you, Mr. Melson.

5 Commissioner Deason.

6 COMMISSIONER DEASON: My only comment was in answer
7 to the Commissioner's question was that there are certain
8 things that we can do to expedite, but a lot of it depends on
9 the parties and what their requirements are. But I'm sure that
10 staff knows how to move a rulemaking along, and I'm sure that
11 they are getting a sense that we feel like that should be the
12 ultimate goal.

13 CHAIRMAN EDGAR: Commissioners, any further thoughts,
14 questions, discussion, guidance?

15 Yes, Commissioner Deason.

16 COMMISSIONER DEASON: Madam Chairman, I appreciate
17 Mr. Walker's comments, and I think that we all would agree that
18 a rule before you propose it and adopt it that it needs to be
19 understandable, it needs to be measurable, it needs to be
20 enforceable, and lots of times that means that you end up with
21 some type of an understood criteria, such as the National
22 Electric Code, and that may be the end result. And I think
23 staff is indicating they certainly are willing to look at that.
24 But at this point I think what I'm hearing staff saying is at
25 least at the proposal stage they just want to continue with the

1 greater amount of flexibility going in to try to structure
2 something that we think is going to be the most beneficial.

3 So, Mr. Trapp, it is still your recommendation that
4 we continue to use that terminology Category 3 with the
5 understanding that it is just for the proposal stage, and that
6 we do realize that we need a standard of such that can be
7 understood, measured, and enforced.

8 MR. TRAPP: Yes, sir.

9 CHAIRMAN EDGAR: Commissioner Deason, thank you. I
10 appreciate your clarification, and I agree completely with
11 everything that you have said. Commissioners?

12 Commissioner Arriaga.

13 COMMISSIONER ARRIAGA: Something was left in the air.
14 Staff has pointed out through the workshop and just repeated
15 today that the participation of industry with the university is
16 important. I think we have a good proposal here of something
17 that can be done. And I threw out something in the air, and I
18 don't know if industry picked it up, I presume they did. Can
19 they discuss with these institutes a way to pursue the studies
20 without burdening the consumer? That was my question that I
21 threw out there, and I didn't -- because I don't want this to
22 be an additional cost that will be passed on to the consumer.
23 This is a study that will benefit everybody. And you may want
24 to discuss it with the institutes and see if it can be worked
25 out. Is that what staff is looking for?

1 MR. TRAPP: I don't think staff has addressed
2 specific funding mechanisms for this. We're open to
3 suggestion. You know, nobody does any work without being paid
4 for it, and I'm sure the universities are no different. So to
5 me there are only two sources of funding, from the industry
6 that is going to benefit from it, which means that it would be
7 a cost that consumers would ultimately bear through the
8 ratemaking process, or, through some type of legislative
9 funding. And, you know, I would be open to a suggestion to the
10 utilities and the universities to seek that government funding.

11 COMMISSIONER ARRIAGA: And TECO did propose a
12 specific legislation in that area, but I don't see it in your
13 legislative recommendations.

14 MR. TRAPP: We did not include it.

15 COMMISSIONER ARRIAGA: So is it going to be left
16 there and nothing is going to happen?

17 DR. BANE: Commissioner, we are going to bring that
18 item back to you at the agenda conference, and then we will
19 have an opportunity to discuss more specifics. Those
20 recommendations -- we will be bringing a recommendation to you
21 on which agenda, April 4th?

22 CHAIRMAN EDGAR: Yes, ma'am.

23 DR. BANE: And by then hopefully we will have a
24 little more information for you.

25 CHAIRMAN EDGAR: And, Commissioner Arriaga, I

1 encourage you over these next few weeks to work with Doctor
2 Bane and Mr. Trapp to continue to kind of put some meat on the
3 bones of some of the ideas that you have suggested for our
4 consideration when that does come back before us.

5 Professor Domijan, very briefly.

6 PROFESSOR DOMIJAN: Yes. I think one thread that I
7 find in common amongst all the parties here at this meeting is
8 the need for information. And, to rely on information, for
9 example, from a map that is static, you hold it in your hand,
10 we need dynamic information and we need to start looking at the
11 application of those standards in a reasonable way that is
12 based on actual empirical measurements, not simulations. We
13 can extend to simulations, but those should be maybe funded by
14 industry if looking at specific areas for tree trimming and so
15 forth on their systems. But we need to act now.

16 And, you know, if you wait until April, time is
17 approaching for the next hurricane season. So if we can have
18 an informational database that can look at the reliability and
19 the weather that is actually empirically recorded, then we can
20 make the decisions, for example, on tree trimming, doing a time
21 series analysis for rainfall. Obviously where there is more
22 rainfall you need more tree trimming in that specific area. So
23 those are sorts of studies that could be done as an outgrowth.
24 But we can't proceed unless we have the solid information to
25 make our decisions by.

1 CHAIRMAN EDGAR: Thank you.

2 Commissioners, we have covered a lot of material here
3 this morning. I think we have had an excellent discussion. I
4 want to thank our staff again for all the very, very hard work
5 that they have done over these past few weeks in particular.
6 And thank you, also, to all of the parties who, again,
7 participated in the workshop, participated today, and please
8 continue to join us as we try to work and focus on these
9 issues.

10 Commissioners, do we have any other comments?
11 Commissioner Carter.

12 COMMISSIONER CARTER: Madam Chairman, I just have one
13 comment to both our staff, to those from the university
14 community, and from the industry. Commissioner Arriaga made a
15 statement several months ago about this being a new Commission,
16 and we are committed to doing what is in the best interest of
17 the citizens of Florida, and we are pleased we don't have an
18 axe to grind, we are not on one side of the other, we are
19 trying to provide for the best interest of our citizenry, so we
20 are hoping that you will come to us not with a preconceived
21 idea, some notion, or anything like that, but come to us with
22 quality information so we can make a decision.

23 Thank you.

24 CHAIRMAN EDGAR: Thank you.

25 Commissioner Deason.

1 COMMISSIONER DEASON: I was just going to ask, Madam
2 Chairman, do we need to actually have a motion to adopt what
3 staff is recommending with all of the clarifications? What
4 type of formal action are you looking for?

5 CHAIRMAN EDGAR: Well, I was going to ask Mr. Melson.
6 We have given guidance, we have items coming back before us, do
7 we need a motion to move forward?

8 MR. MELSON: I think probably a vote to give us
9 guidance as you have clarified it this morning so that we can
10 all move forward.

11 CHAIRMAN EDGAR: Okay. Well, then I will look to my
12 colleagues for a motion.

13 COMMISSIONER DEASON: Well, I would move that we
14 would adopt staff's recommendation. Express our appreciation
15 to them for yeoman's work. I mean, this is quality work here.
16 Staff has taken some aggressive positions. It has all been
17 done in a very short period of time, but obviously we need to
18 recognize it couldn't have been done without the workshop or
19 the participation by industry and by the universities and other
20 interested folks. And we look forward to continuing with that
21 cooperative dialogue and exchange of ideas that we hope will
22 take place.

23 So I would move staff's recommendations with all of
24 the discussion and clarifications that we have addressed here
25 today.

1 COMMISSIONER CARTER: Second.

2 COMMISSIONER ARRIAGA: I'll second it.

3 CHAIRMAN EDGAR: Thank you. Please show Commissioner
4 Deason's motion carried unanimously.

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2 : CERTIFICATE OF REPORTER

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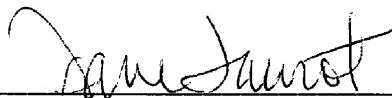
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