

<u>Docket No. 20160251-EI</u> Comprehensive Exhibit List for Entry into Hearing Record June 5, 2018					
EXH #	Witness	I.D. # As Filed	Exhibit Description	Issue Nos.	Entered
STAFF					
1		Exhibit List	Comprehensive Exhibit List		
FLORIDA POWER & LIGHT COMPANY (DIRECT)					
2	Manuel B. Miranda	MBM-1	FPL's T&D Hurricane Matthew Restoration Costs	2, 3, 4, 5, 6	
3	Kim Ousdahl	KO-1	Hurricane Matthew Final Costs and Incremental Costs and Capitalization Approach ("ICCA") Adjustments	1, 2, 3, 4, 5, 7, 8	
4	Kim Ousdahl	KO-2 ¹	Supplemental Hurricane Matthew Final Costs and Incremental Cost and Capitalization Approach ("ICCA") Adjustments	1, 2, 3, 4, 5, 7, 8	
5	Tiffany Cohen	TCC-1 ²	Actual Revenues Under 2017 Interim Storm Change	9, 10	
OFFICE OF PUBLIC COUNSEL (DIRECT)					
6	Helmuth W. Schultz III	HWS-1	Qualifications of Helmuth W. Schultz, III		

¹ Supplemental Exhibit KO-2, Filed March 15, 2018

² Supplemental Exhibits TCC-1, Filed March 15, 2018

7	Helmuth W. Schultz III	HWS-2	FPL Storm Restoration Costs: Schedule A - Summary Schedule B - Regular Payroll Schedule C - Contractors Schedule D - Line Clearing Schedule E - Vehicle & Fuel Cost Schedule F - Material & Supplies Schedule G - Logistics Schedule H - Other Schedule I - Capitalization Costs Confidential DN. 02778-2018	1, 2, 3, 4, 5, 6, 7, 8,	
STAFF (DIRECT)					
8	Donna B. Brown	DDB-1	Auditor's Report-Storm Recovery Cost Audit- Dec. 5, 2017	2-9	
9	Donna B. Brown	DDB-2	Auditor's Report- Supplemental April 4, 2018	2-9	
FLORIDA POWER & LIGHT COMPANY (REBUTTAL)					
10	Manuel B. Miranda	MBM-2	Hurricane Matthew Article Provided in OPC's Response to FPL's 1 st Production of Documents No. 2	4, 5, 6,	
11	Kim Ousdahl	KO-2 ³	Corrected Hurricane Matthew Final Costs and Incremental Cost and Capitalization Approach ("ICCA") Adjustments		
12	Kim Ousdahl	KO-3	Annual Transmission and Distribution Storm Damage Feasibility Reports for 2013-2017	1, 2, 3, 4, 5, 7, 8	
13	Kim Ousdahl	KO-4	Pre-Matthew Storm Reserve Activity for January 2013-September 2016	1, 2, 3, 4, 5, 7, 8	

³Corrected Exhibit KO-2, Filed on May 2, 2018.

STAFF HEARING EXHIBITS					
14	Manny Miranda(1, 17, 19, 25) (Co-sponsored – 2, 16, 26) Kim Ousdahl (3-9, 12-15, 18, 20, 23-24, 27-29, 34) (Co-sponsored – 2, 16, 26)		FPL's Responses to OPC's First Set of Interrogatories Nos.1(amended), 2-9, 12-20, 23-27, 28-29, 34 (See additional files contained on Staff Hearing Exhibit CD/USB for Nos. 2, 5, 12, 13, 15, 19, 23, 24, 26, 28, 29, 34) Confidential DN. 03655-2018 (18-20 and 34) <i>[Bates No. 00001-00036]</i>	1-6, 8	
15	Manny Miranda (1-2) (Co-sponsored, 9) Kim Ousdahl (5,)(Co-sponsored 9)		FPL's Responses to OPC's First Request for Production of Documents, Nos. 1-2, 5 amended, 9 (See additional files contained on Staff Hearing Exhibit CD/USB for No. 2) Confidential DN. 03652-2018 (9) <i>[Bates No. 00037-00045]</i>	4, 5, 6, 8	
16	Kim Ousdahl (Co-sponsored (1, 3-6) Manny Miranda (2, 7, 8)(Co-sponsored – 1, 3-6)		FPL's Responses to Staff's First set of Interrogatories, Nos. 1-4, 5 amended, 6-8 (See additional files contained on Staff Hearing Exhibit CD/USB for No. 2) <i>[Bates No. 00046-00056]</i>	4, 5, 6, 8	

17	Kim Ousdahl (36, 38-40, 44-48, 50-55, 58, 63, 64, 67, 71-72)(Co-sponsored - 37, 42) Manny Miranda - 62, 65-66, 69, 70, 74,76) (Co-sponsored – 37, 42)		FPL's Responses to OPC's Second Set of Interrogatories Nos. 36-38, 39 amended, 40, 42, 44-48, 50-55, 58, 62 amended, 63-65, 66 amended, 67, 69-72, 74, 76 (See additional files contained on Staff Hearing Exhibit CD/USB for Nos. 36, 40, 42, 45, 47) <i>[Bates No. 00057-00089]</i>	1-6, 8	
18	Manny Miranda – (12-13, 15-18) Kim Ousdahl- (19)		FPL's Responses to OPC's Second Request for Production of Documents Nos. 12-13, 15-19 Confidential Documents: DN. 03649-2018 (12) <i>[Bates No. 00090-00097]</i>	1, 4, 5, 6, 8	
19	Manny Miranda- (77-78, 83, 86-87, 89-90) (Co-sponsored -84) Kim Ousdahl – (92)(Co-sponsored – 84)		FPL's Responses to OPC's Third Set of Interrogatories, Nos. 77-78, 83-84, 86-87, 89-90, 92 Confidential Documents: DN. 03647-2018 (86 and 92) <i>[Bates No. 00098-00110]</i>	4, 5, 6, 8	
20	Manny Miranda – (21)		FPL's Response to OPC's Third Request for Production of Documents, No. 21. (See additional files contained on Staff Hearing Exhibit CD/USB for No. 21) <i>[Bates No. 00111-00112]</i>	4, 5, 6, 8	

COMPREHENSIVE EXHIBIT LIST

DOCKET NO. 20160251-EI

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21	Manny Miranda - (99-103) Kim Ousdahl (104)		FPL's Response to OPC's Fourth Set of Interrogatories, Nos. 99, 100, 101 amended, 102-104. (See additional files contained on Staff Hearing Exhibit CD/USB for No. 104) <i>[Bates No. 00113-00121]</i>	4, 5, 6, 8	
22	Kim Ousdahl (108-111)		FPL's Response to OPC's Fifth Set of Interrogatories, Nos. 108-111. (See additional files contained on Staff Hearing Exhibit CD/USB for No. 108) <i>[Bates No. 00122-00127]</i>	4, 5, 6, 8	
23	Manny Miranda - (9)		FPL's Response to Staff's Second Set of Interrogatories, Nos. 9. <i>[Bates No. 00128-00131]</i>	4, 5, 6, 8	
24	Helmuth Schultz (1-5, 12-25)		OPC's Responses to FPL's First Set of Interrogatories, Nos. 1-5, 12-25. <i>[Bates No. 00132-00152]</i>	4, 5, 6, 8	
25	Helmuth Schultz (1-5, 8-13, 16)		OPC's Responses to FPL's First Request for Production of Documents, Nos. 1-5, 8-13, 16. Confidential Documents: DN 02811-2018 (1) <i>[Bates No. 00153-00159]</i>	4, 5, 6, 8	
26	Kim Ousdahl (Nos. 11, 12)		FPL's Responses to Staff's Third Set of Interrogatories, Nos. 11, 12 (See additional files contained on Staff Hearing Exhibit CD/USB for No. 11) <i>[Bates No. 00160-00163]</i>	1-6, 8	

27	Kim Ousdahl (1,3) (Co-sponsored – 2) Manny Miranda (Co-sponsored – 2)		FPL's Responses to Staff's First Request of Production of Documents, Nos. 1-3. (See additional files contained on Staff Hearing Exhibit CD/USB for No. 3) <i>[Bates No. 00164-00167]</i>	1-6, 8	
28	Manny Miranda (Nos. 13, 14)		FPL's Response to Staff's Fourth Set of Interrogatory, Nos. 13-14. <i>[Bates No. 00168-00171]</i>		
29	Kim Ousdahl, Tiffany Cohen		Joint Motion for Approval of Settlement Agreement DN 03687-2018 <i>[Bates No. 00172-00185]</i>		
30	Kim Ousdahl (15) Tiffany Cohen (16-19)		FPL's Responses to Staff's Fifth Set of Interrogatories Nos. 15-19 <i>[Bates No. 00186-00198]</i>		
HEARING EXHIBITS					
LIVE Exhibit Number	Witness	Party	Description	Moved In/Due Date of Late Filed	
31	Miranda	FIPUG	Composite Exhibit of Staff Discovery Responses Bates		
32	Osdahl	Staff	Amended Responses to OPCs 1 st Request for POD No. 5 .		

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Florida Power & Light
Company for Limited Proceeding for Recovery
of Incremental Storm Restoration Costs
Related to Hurricane Matthew

Docket No. 20160251-EI

Filed: May 10, 2018

ERRATA SHEET OF MANUEL B. MIRANDA

February 20, 2018 - Direct Testimony

<u>PAGE #</u>	<u>LINE #</u>	<u>CHANGE</u>
21	20	\$299.3 to \$299.1
21	21	\$9.3 to \$9.4
22	11	\$266.9 to \$267.7
22	12	\$185.5 to \$186.4
22	18	\$81.4 to \$81.3
22	22	\$32.4 to \$31.4
23	1	\$17.0 to \$16.9
23	5	\$15.4 to \$14.5
24	4	\$9.3 to \$9.4
24	6	\$9.0 to \$9.2
24	6	97% to 98%
24	7	\$6.0 to \$6.9
24	7	\$3.0 to \$2.3

February 20, 2018 - Exhibit MBM-1

	<u>Transmission</u>	<u>Distribution</u>	<u>Total T&D</u>
Regular Payroll		\$5,170 to \$5,076	\$5,616 to \$5,522
Contractors*	\$1,493 to \$1,499	\$184,057 to \$184,886	\$185,550 to \$186,385
Materials & Supplies		\$7,010 to \$6,122	\$7,259 to \$6,371
Logistics		\$81,237 to \$81,215	\$81,360 to \$81,338
Other	\$228 to \$238	\$2,879 to \$2,843	\$3,107 to \$3,081
Total	\$3,338 to \$3,354	\$295,934 to \$295,724	\$299,272 to \$299,078

* Includes line clearing - \$27,597 to \$27,849

FPL's T&D Hurricane Matthew Restoration Costs

<u>(000's)</u>				
<u>Major Cost Category</u>	<u>Transmission</u>	<u>Distribution</u>	<u>Total T&D</u>	<u>% of Total T&D</u>
Regular Payroll & Related Costs	\$ 446	\$ 5,170	\$ 5,616	2%
Overtime Payroll & Related Costs	654	10,761	11,415	4%
Contractors*	1,493	184,057	185,550	62%
Vehicle & Fuel	145	4,820	4,965	2%
Materials & Supplies	249	7,010	7,259	2%
Logistics	123	81,237	81,360	27%
Other	228	2,879	3,107	1%
Total	\$ 3,338	\$ 295,934	\$ 299,272	100%

* Includes line clearing - \$11 for Transmission and \$27,597 for Distribution

**Florida Power and Light
Storm Restoration Costs Related to Hurricane Matthew
(\$000s)**

LINE NO.			Storm Costs By Function(A)						Total (7)	Calculation of Recoverable Storm Amount (8)
			Steam & Other (1)	Nuclear (2)	Transmission (3)	Distribution (4)	General (B) (5)	Customer Service (6)		
1	Storm Reserve Balance (Pre-Storm)									\$ (93,105)
2										
3	Storm Restoration Costs									
4	Regular Payroll and Related Costs (C)		\$33	\$206	\$446	\$5,170	\$364	\$175	\$6,394	
5	Overtime Payroll and Related Costs (C)		326	1,537	654	10,761	658	700	14,635	
6	Contractors		703	3,207	1,482	156,460	277	272	162,402	
7	Line Clearing		0	0	11	27,597	0	0	27,609	
8	Vehicle & Fuel		0	0	145	4,820	5	0	4,970	
9	Materials & Supplies		20	58	249	7,010	359	56	7,751	
10	Logistics		1	0	123	81,237	185	128	81,673	
11	Other		34	5	228	2,879	1,613	151	4,910	
12	Total Storm Related Restoration Costs	Sum of Lines 4 - 11	\$1,118	\$5,013	\$3,338	\$295,934	\$3,460	\$1,481	\$310,343	
13										
14	Less: Non-Incremental Costs									
15	Regular Payroll and Related Costs (D)		\$56	\$162	\$244	\$749	\$645	\$409	\$2,264	
16	Line Clearing:									
17	Vegetation Management		0	0	0	187	0	0	187	
18	Vehicle & Fuel:									
19	Vehicle Utilization		0	0	0	1,611	0	0	1,611	
20	Fuel		0	0	0	260	0	0	260	
21	Other									
22	Thank you Ads		0	0	0	0	322	0	322	
23	Legal Claims		0	0	0	0	160	0	160	
24	Childcare		0	0	0	0	24	0	24	
25	Total Non-Incremental Costs	Sum of Lines 15 - 24	\$56	\$162	\$244	\$2,808	\$1,151	\$409	\$4,829	
26										
27	Less: Third-Party Reimbursements (E)		0	0	0	295	0	0	295	
28										
29	Net Restoration Costs Incurred	Lines 12 - 25 - 27	\$1,062	\$4,851	\$3,094	\$292,831	\$2,308	\$1,072	\$305,219	
30										
31	Less: Capitalizable Costs (F)									
32	Regular Payroll and Related Costs		\$1	\$0	\$92	\$3,006	\$0	\$0	\$3,099	
33	Contractors		505	238	0	2,930	0	0	3,673	
34	Materials & Supplies		0	0	207	4,657	0	56	4,920	
35	Other		0	0	45	1,539	0	0	1,584	
36	Third-Party Reimbursements (E)		0	0	0	-295	0	0	-295	
37	Total Capitalizable Costs	Sum of Lines 32 - 36	\$507	\$238	\$344	\$11,838	\$0	\$56	\$12,982	
38										
39	Incremental Storm Losses									
40	Regular Payroll and Related Costs	Lines 4 - 15 - 32	-\$24	\$45	\$111	\$1,415	-\$281	-\$234	\$1,031	
41	Overtime Payroll and Related Costs	Line 5	326	1,537	654	10,761	658	700	14,635	
42	Contractors	Lines 6 - 33	198	2,969	1,482	153,531	277	272	158,728	
43	Line Clearing	Lines 7 - 17	0	0	11	27,410	0	0	27,421	
44	Vehicle & Fuel	Lines 8 - 19 - 20	0	0	145	2,949	5	0	3,098	
45	Materials & Supplies	Lines 9 - 34	20	58	41	2,352	359	0	2,831	
46	Logistics	Line 10	1	0	123	81,237	185	128	81,673	
47	Other	Line 11 - 22 - 23 - 24 - 35	34	5	183	1,339	1,106	151	2,819	
48	Total Incremental Storm Losses	Sum of Lines 40 - 47	\$555	\$4,613	\$2,751	\$280,994	\$2,308	\$1,016	\$292,237	
49										
50										
51	Jurisdictional Factor (G)		0.9819	0.9819	0.9029	0.9998	0.9848	1.0000		
52										
53	Retail Recoverable Costs	Line 48 * 51	\$ 545	\$ 4,529	\$ 2,484	\$ 280,951	\$ 2,273	\$ 1,016	\$ 291,799	
54										
55	Balance of Storm Reserve after Funding Estimated Storm Costs ("Eligible Restoration Costs") (Lines 1 + 53)								\$ 198,693	
56										
57	Plus: Interest on Unamortized Reserve Balance								599	
58										
59	Plus: Amount to Replenish Reserve to Level at Settlement Agreement Implementation Date, January 2, 2013 ("Implementation Storm Reserve Balance")								117,131	
60										
61	Subtotal - System Storm Losses to be Recovered from Customers (Lines 55 + 57 + 59)								316,424	
62										
63	Regulatory Assessment Fee Multiplier								1.00072	
64										
65	Total System Storm Losses to be Recovered from Customers ("Recoverable Storm Amount") (Lines 61 * 63)								\$ 316,652	

Notes:

(A) Storm costs are as of September 30, 2017, the cut-off date of the final cost report, adjusted for the items discussed on pages 18 & 19 of my testimony.

(B) General plant function reflects restoration costs associated with FPL's Human Resources, External Affairs, Information Management, Real Estate, and Marketing and Communications departments.

(C) Represents total payroll charged to the business unit (function) being supported. For example, an employee that works in Legal but is supporting Distribution during storm restoration would charge their time to Distribution.

(D) Represents regular payroll normally recovered through base rate O&M and not charged to the Storm Reserve. The amounts are charged to the employee's normal business unit, which may not be the business unit that employee supported during the storm. Therefore, in the example in Note B above, if the Legal employee had payroll which cannot be charged to the Storm Reserve, that amount would be charged to Legal (General) whereas the recoverable portion of their time would remain in Distribution.

(E) Reimbursement from AT&T for poles replaced by FPL during restoration as a result of the storm.

(F) Includes capital associated with follow-up work.

(G) Jurisdictional Factors are based on factors approved in Docket No. 20120015-EI.

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20160251-EI EXHIBIT: 3
PARTY: FLORIDA POWER & LIGHT
COMPANY (DIRECT)
DESCRIPTION: Kim Ousdahl KO-1

Florida Power and Light
Incremental Storm Restoration Costs Related to Hurricane Matthew
Interest Calculation
(\$000s)

LINE NO.	(1) MAR 2017	(2) APR 2017	(3) MAY 2017	(4) JUN 2017	(5) JUL 2017	(6) AUG 2017	(7) SEP 2017	(8) OCT 2017	(9) NOV 2017	(10) DEC 2017	(11) JAN 2018	(12) FEB 2018	TOTAL
1	Unrecovered Eligible Restoration Costs - Beg Bal	\$ 204,694	\$ 182,290	\$ 155,965	\$ 129,173	\$ 99,768	\$ 68,139	\$ 36,010	\$ 4,162	-	-	-	-
2	Additional Adjustments to Storm Reserve	(580)	(2,406)	459	931	527	(177)	(1,134)	(1)	-	-	-	\$ (2,381)
3	Less: Current Month Amortization (A)	(21,952)	(24,044)	(27,359)	(30,432)	(32,234)	(31,999)	(30,729)	(4,162)	-	-	-	\$ (202,912)
4	Unrecovered Eligible Restoration Costs - Before Cur Mo Int (Line 1 + 2 + 3)	\$ 182,162	\$ 155,839	\$ 129,064	\$ 99,672	\$ 68,062	\$ 35,963	\$ 4,147	\$ (2)	-	-	-	-
5	Average Unrecovered Eligible Restoration Costs ((Line 1 + 4) / 2)	193,428	169,064	142,515	114,422	83,915	52,051	20,078	2,080	-	-	-	-
6	Interest Rate - First day of Business Reporting Month (B)	0.64000%	0.94000%	0.86000%	0.95000%	1.08000%	1.12000%	1.06000%	0.73000%	0.00000%	0.00000%	0.00000%	0.00000%
7	Interest Rate - First day of Subsequent Reporting Month (B)	0.94000%	0.86000%	0.95000%	1.08000%	1.12000%	1.06000%	0.73000%	1.14000%	0.00000%	0.00000%	0.00000%	0.00000%
8	Total Interest Rate (Lines 6 + 7)	1.58000%	1.80000%	1.81000%	2.03000%	2.20000%	2.18000%	1.79000%	1.87000%	0.00000%	0.00000%	0.00000%	0.00000%
9	Average Interest Rate (50% of Line 8)	0.79000%	0.90000%	0.90500%	1.01500%	1.10000%	1.09000%	0.89500%	0.93500%	0.00000%	0.00000%	0.00000%	0.00000%
10	Monthly Average Interest Rate (1/12 of line 9)	0.06583%	0.07500%	0.07542%	0.08458%	0.09167%	0.09083%	0.07458%	0.07792%	0.00000%	0.00000%	0.00000%	0.00000%
11	Monthly Interest (Line 5 x 10)	127	127	107	97	77	47	15	2	-	-	-	\$ 599
12	Unrecovered Eligible Restoration Costs - End Bal (Line 4 + 11)	\$ 182,289	\$ 155,966	\$ 129,172	\$ 99,768	\$ 68,139	\$ 36,010	\$ 4,162	\$ -	\$ -	\$ -	\$ -	-

Notes:

(A) Based on actual billed kWh storm charge sales.

(B) Represents the then-prevailing commercial paper rate when recording actual interest on its books and records.

Florida Power and Light
Final Storm Restoration Costs Related to Hurricane Matthew
through February 28, 2018
(\$000s)

LINE NO.		Storm Costs By Function(A)						Total (7)	Calculation of Recoverable Storm Amount (8)
		Steam & Other (1)	Nuclear (2)	Transmission (3)	Distribution (4)	General (B) (5)	Customer Service (6)		
1	Storm Reserve Balance (Pre-Storm)								\$ (93,105)
2									
3	<u>Storm Restoration Costs</u>								
4	Regular Payroll and Related Costs (C)	\$32	\$206	\$446	\$5,076	\$362	\$175	\$6,297	
5	Overtime Payroll and Related Costs (C)	326	1,526	654	10,761	657	700	14,623	
6	Contractors	384	3,207	1,488	157,037	277	272	162,664	
7	Line Clearing	0	0	11	27,849	0	0	27,861	
8	Vehicle & Fuel	0	0	145	4,820	5	0	4,970	
9	Materials & Supplies	20	58	249	6,122	359	56	6,864	
10	Logistics	1	0	123	81,215	185	128	81,652	
11	Other	34	5	238	2,843	1,613	151	4,884	
12	Total Storm Related Restoration Costs Sum of Lines 4 - 11	\$797	\$5,002	\$3,354	\$295,724	\$3,458	\$1,481	\$309,815	
13									
14	<u>Less: Non-Incremental Costs</u>								
15	Regular Payroll and Related Costs (D)	\$56	\$162	\$244	\$749	\$645	\$409	\$2,264	
16	Line Clearing:								
17	Vegetation Management	0	0	0	187	0	0	187	
18	Vehicle & Fuel:								
19	Vehicle Utilization	0	0	0	1,611	0	0	1,611	
20	Fuel	0	0	0	260	0	0	260	
21	Other								
22	Thank you Ads	0	0	0	0	322	0	322	
23	Legal Claims	0	0	0	0	160	0	160	
24	Childcare	0	0	0	0	24	0	24	
25	Total Non-Incremental Costs Sum of Lines 15 - 24	\$56	\$162	\$244	\$2,808	\$1,151	\$409	\$4,829	
26									
27	Less: Third-Party Reimbursements (E)	0	0	0	295	0	0	295	
28									
29	Net Restoration Costs Incurred Lines 12 - 25 - 27	\$741	\$4,841	\$3,110	\$292,622	\$2,306	\$1,072	\$304,691	
30									
31	<u>Less: Capitalizable Costs (F)</u>								
32	Regular Payroll and Related Costs	\$3	\$0	\$92	\$2,372	\$0	\$0	\$2,467	
33	Contractors	300	238	0	5,528	0	0	6,066	
34	Materials & Supplies	0	0	207	3,792	0	56	4,055	
35	Other	1	0	45	309	0	0	354	
36	Third-Party Reimbursements (E)	0	0	0	-295	0	0	-295	
37	Total Capitalizable Costs Sum of Lines 32 - 36	\$303	\$238	\$344	\$11,707	\$0	\$56	\$12,647	
38									
39	<u>Incremental Storm Losses</u>								
40	Regular Payroll and Related Costs Lines 4 - 15 - 32	-\$27	\$45	\$111	\$1,955	-\$283	-\$234	\$1,567	
41	Overtime Payroll and Related Costs Line 5	326	1,526	654	10,761	657	700	14,623	
42	Contractors Lines 6 - 33	84	2,969	1,488	151,509	277	272	156,598	
43	Line Clearing Lines 7 - 17	0	0	11	27,662	0	0	27,673	
44	Vehicle & Fuel Lines 8 - 19 - 20	0	0	145	2,949	5	0	3,099	
45	Materials & Supplies Lines 9 - 34	20	58	41	2,331	359	0	2,809	
46	Logistics Line 10	1	0	123	81,215	185	128	81,652	
47	Other Line 11 - 22 - 23 - 24 - 35	34	5	193	2,534	1,106	151	4,023	
48	Total Incremental Storm Losses Sum of Lines 40 - 47	\$437	\$4,602	\$2,767	\$280,915	\$2,306	\$1,016	\$292,044	
49									
50									
51	Jurisdictional Factor (G)	0.9819	0.9819	0.9029	0.9998	0.9848	1.0000		
52									
53	Retail Recoverable Costs Line 48 * 51	\$ 430	\$ 4,519	\$ 2,498	\$ 280,872	\$ 2,271	\$ 1,016	\$ 291,606	\$ 291,606
54									
55	Balance of Storm Reserve after Funding Estimated Storm Costs ("Eligible Restoration Costs") (Lines 1 + 53)								198,501
56									
57	Plus: Interest on Unamortized Reserve Balance								599
58									
59	Plus: Amount to Replenish Reserve to Level at Settlement Agreement Implementation Date, January 2, 2013 ("Implementation Storm Reserve Balance")								\$ 117,131
60									
61	Subtotal - System Storm Losses to be Recovered from Customers (Lines 55 + 57 + 59)								316,232
62									
63	Regulatory Assessment Fee Multiplier								1.00072
64									
65	Total System Storm Losses to be Recovered from Customers ("Recoverable Storm Amount") (Lines 61 * 63)								\$ 316,459

Notes:

- (A) Storm costs are as of February 28, 2018 and include adjustments for items discussed on pages 17 & 18 of Witness Ousdahl's direct testimony.
 (B) General plant function reflects restoration costs associated with FPL's Human Resources, External Affairs, Information Management, Real Estate, and Marketing and Communications departments.
 (C) Represents total payroll charged to the business unit (function) being supported. For example, an employee that works in Legal but is supporting Distribution during storm restoration would charge their time to Distribution.
 (D) Represents regular payroll normally recovered through base rate O&M and not charged to the Storm Reserve. The amounts are charged to the employee's normal business unit, which may not be the business unit that employee supported during the storm. Therefore, in the example in Note C above, if the Legal employee had payroll which cannot be charged to the Storm Reserve, that amount would be charged to Legal (General) whereas the recoverable portion of their time would remain in Distribution.
 (E) Reimbursement from AT&T for poles replaced by FPL during restoration as a result of the storm.
 (F) Includes capital associated with follow-up work.
 (G) Jurisdictional Factors are based on factors approved in Docket No. 20120015-EI.

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20160251-EI EXHIBIT: 4
PARTY: FLORIDA POWER & LIGHT
COMPANY (DIRECT)
DESCRIPTION: Kim Ousdahl KO-2

Florida Power and Light
Final Storm Restoration Costs Related to Hurricane Matthew
through February 28, 2018
(\$000s)

LINE NO.		Total Costs from KO-1(B) (1)	Adjustments to Exhibit KO-1 By Function(A)					Total Costs from Page 1 (5)
			Steam & Other (2)	Nuclear (3)	Transmission (4)	Distribution (5)	General (B) (6)	
1								
2								
3	<u>Storm Restoration Costs</u>							
4	Regular Payroll and Related Costs	\$6,394	-\$1	\$0	\$0	-\$94	-\$2	\$6,297
5	Overtime Payroll and Related Costs	14,635	-1	-10	0	-1	0	14,623
6	Contractors	162,402	-320	0	6	576	0	162,664
7	Line Clearing	27,609	0	0	0	252	0	27,861
8	Vehicle & Fuel	4,970	0	0	0	1	0	4,970
9	Materials & Supplies	7,751	0	0	0	-887	0	6,864
10	Logistics	81,673	0	0	0	-21	0	81,652
11	Other	4,910	0	0	10	-36	0	4,884
12	Total Adjustments to Storm Related Restoration Costs Sum of Lines 4 - 11	\$310,343	-\$321	-\$10	\$16	-\$209	-\$2	\$309,815
13								
14	<u>Less: Non-Incremental Costs</u>							
15	Regular Payroll and Related Costs	\$2,264	\$0	\$0	\$0	\$0	\$0	\$2,264
16	Line Clearing:							
17	Vegetation Management	187	0	0	0	0	0	187
18	Vehicle & Fuel:							
19	Vehicle Utilization	1,611	0	0	0	0	0	1,611
20	Fuel	260	0	0	0	0	0	260
21	Other							
22	Thank you Ads	322	0	0	0	0	0	322
23	Legal Claims	160	0	0	0	0	0	160
24	Childcare	24	0	0	0	0	0	24
25	Total Non-Incremental Costs Sum of Lines 15 - 24	\$4,829	\$0	\$0	\$0	\$0	\$0	\$4,829
26								
27	Less: Third-Party Reimbursements	295	0	0	0	0	0	295
28								
29	Net Restoration Costs Incurred Lines 12 - 25 - 27	\$305,219	-\$321	-\$10	\$16	-\$209	-\$2	\$304,691
30								
31	<u>Less: Capitalizable Costs</u>							
32	Regular Payroll and Related Costs	\$3,099	\$2	\$0	\$0	-\$634	\$0	\$2,467
33	Contractors	3,673	-206	0	0	2,599	0	6,066
34	Materials & Supplies	4,920	0	0	0	-866	0	4,055
35	Other	1,584	0	0	0	-1,230	0	354
36	Third-Party Reimbursements	-295	0	0	0	0	0	-295
37	Total Capitalizable Costs Sum of Lines 32 - 36	\$12,982	-\$204	\$0	\$0	-\$131	\$0	\$12,647
38								
39	<u>Incremental Storm Losses</u>							
40	Regular Payroll and Related Costs Lines 4 - 15 - 32	\$1,031	-\$3	\$0	\$0	\$540	-\$2	\$1,567
41	Overtime Payroll and Related Costs Line 5	14,635	-1	-10	0	-1	0	14,623
42	Contractors Lines 6 - 33	158,728	-114	0	6	-2,022	0	156,598
43	Line Clearing Lines 7 - 17	27,421	0	0	0	252	0	27,673
44	Vehicle & Fuel Lines 8 - 19 - 20	3,098	0	0	0	1	0	3,099
45	Materials & Supplies Lines 9 - 34	2,831	0	0	0	-22	0	2,809
46	Logistics Line 10	81,673	0	0	0	-21	0	81,652
47	Other Line 11 - 22 - 23 - 24 - 35	2,819	0	0	10	1,194	0	4,023
48	Total Incremental Storm Losses Sum of Lines 40 - 47	\$292,237	-\$118	-\$10	\$16	-\$78	-\$2	\$292,044
49								
50								
51	Jurisdiction Factor		0.9819	0.9848	0.9029	0.9998	0.9998	
52								
53	Retail Recoverable Costs Line 48 * 51	\$ 291,799	\$ (116)	\$ (10)	\$ 14	\$ (78)	\$ (2)	\$ 291,606

Notes:

(A) Adjustments related to the completion of follow up work and a related materials and supplies true up.

(B) Represents amounts reflected on column 7 on Exhibit KO-1, page 1 of 2.

FLORIDA POWER & LIGHT COMPANY

March 2017-February 2018

Year	Month	Amount
2017	Mar	\$21,952,109
2017	Apr	\$24,044,294
2017	May	\$27,359,471
2017	Jun	\$30,431,583
2017	Jul	\$32,233,804
2017	Aug	\$31,999,392
2017	Sep	\$30,729,029
2017	Oct	\$29,087,645
2017	Nov	\$24,401,937
2017	Dec	\$23,435,139
2018	Jan	\$24,334,400
2018	Feb	\$22,440,364
Total Recovery		\$322,449,167

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20160251-EI EXHIBIT: 5
PARTY: FLORIDA POWER & LIGHT
COMPANY (DIRECT)
DESCRIPTION: Tiffany Cohen TCC-1

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Docket No. 20160251-EI
Resume of Helmuth W. Schultz, III
Exhibit _____ (HWS-1)

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QUALIFICATIONS OF HELMUTH W. SCHULTZ, III

Mr. Schultz received a Bachelor of Science in Accounting from Ferris State College in 1975. He maintains extensive continuing professional education in accounting, auditing, and taxation. Mr. Schultz is a member of the Michigan Association of Certified Public Accountants

Mr. Schultz was employed with the firm of Larkin, Chapski & Co., C.P.A.s, as a Junior Accountant, in 1975. He was promoted to Senior Accountant in 1976. As such, he assisted in the supervision and performance of audits and accounting duties of various types of businesses. He has assisted in the implementation and revision of accounting systems for various businesses, including manufacturing, service and sales companies, credit unions and railroads.

In 1978, Mr. Schultz became the audit manager for Larkin, Chapski & Co. His duties included supervision of all audit work done by the firm. Mr. Schultz also represents clients before various state and IRS auditors. He has advised clients on the sale of their businesses and has analyzed the profitability of product lines and made recommendations based upon his analysis. Mr. Schultz has supervised the audit procedures performed in connection with a wide variety of inventories, including railroads, a publications distributor and warehouse for Ford and GM, and various retail establishments.

Mr. Schultz has performed work in the field of utility regulation on behalf of public service commission staffs, state attorney generals and consumer groups concerning regulatory matters before regulatory agencies in Alaska, Arizona, California, Connecticut, Delaware, District of Columbia, Florida, Georgia, Kentucky, Kansas, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, New Jersey, New York, Nevada, North Dakota, Ohio, Pennsylvania, Rhode Island, Texas, Utah, Vermont and Virginia. He has presented expert testimony in regulatory hearings on behalf of utility commission staffs and intervenors on numerous occasions.

Partial list of utility cases participated in:

U-5331	Consumers Power Co. Michigan Public Service Commission
Docket No. 770491-TP	Winter Park Telephone Co.

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20160251-EI EXHIBIT: 6
PARTY: OFFICE OF PUBLIC COUNSEL
(DIRECT)
DESCRIPTION: Helmuth W. Schultz III

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Florida Public Service Commission

Case Nos. U-5125
and U-5125(R)

Michigan Bell Telephone Co.
Michigan Public Service Commission

Case No. 77-554-EL-AIR

Ohio Edison Company
Public Utility Commission of Ohio

Case No. 79-231-EL-FAC

Cleveland Electric Illuminating
Public Utility Commission of Ohio

Case No. U-6794

Michigan Consolidated Gas Refunds
Michigan Public Service Commission

Docket No. 820294-TP

Southern Bell Telephone and Telegraph Co.
Florida Public Service Commission

Case No. 8738

Columbia Gas of Kentucky, Inc.
Kentucky Public Service Commission

82-165-EL-EFC

Toledo Edison Company
Public Utility Commission of Ohio

Case No. 82-168-EL-EFC

Cleveland Electric Illuminating Company,
Public Utility Commission of Ohio

Case No. U-6794

Michigan Consolidated Gas Company Phase II,
Michigan Public Service Commission

Docket No. 830012-EU

Tampa Electric Company,
Florida Public Service Commission

Case No. ER-83-206

Arkansas Power & Light Company,
Missouri Public Service Commission

Case No. U-4758

The Detroit Edison Company - (Refunds),
Michigan Public Service Commission

Case No. 8836

Kentucky American Water Company,

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Kentucky Public Service Commission

Case No. 8839	Western Kentucky Gas Company, Kentucky Public Service Commission
Case No. U-7650	Consumers Power Company - Partial and Immediate Michigan Public Service Commission
Case No. U-7650	Consumers Power Company - Final Michigan Public Service Commission
U-4620	Mississippi Power & Light Company Mississippi Public Service Commission
Docket No. R-850021	Duquesne Light Company Pennsylvania Public Utility Commission
Docket No. R-860378	Duquesne Light Company Pennsylvania Public Utility Commission
Docket No. 87-01-03	Connecticut Natural Gas State of Connecticut Department of Public Utility Control
Docket No. 87-01-02	Southern New England Telephone State of Connecticut Department of Public Utility Control
Docket No. 3673-U	Georgia Power Company Georgia Public Service Commission
Docket No. U-8747	Anchorage Water and Wastewater Utility Alaska Public Utilities Commission
Docket No. 8363	El Paso Electric Company The Public Utility Commission of Texas

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Docket No. 881167-EI	Gulf Power Company Florida Public Service Commission
Docket No. R-891364	Philadelphia Electric Company Pennsylvania Office of the Consumer Advocate
Docket No. 89-08-11	The United Illuminating Company The Office of Consumer Counsel and the Attorney General of the State of Connecticut
Docket No. 9165	El Paso Electric Company The Public Utility Commission of Texas
Case No. U-9372	Consumers Power Company Before the Michigan Public Service Commission
Docket No. 891345-EI	Gulf Power Company Florida Public Service Commission
ER89110912J	Jersey Central Power & Light Company Board of Public Utilities Commissioners
Docket No. 890509-WU	Florida Cities Water Company, Golden Gate Division Florida Public Service Commission
Case No. 90-041	Union Light, Heat and Power Company Kentucky Public Service Commission
Docket No. R-901595	Equitable Gas Company Pennsylvania Consumer Counsel
Docket No. 5428	Green Mountain Power Corporation Vermont Department of Public Service
Docket No. 90-10	Artesian Water Company Delaware Public Service Commission
Docket No. 900329-WS	Southern States Utilities, Inc.

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Case No. PUE900034	Florida Public Service Commission Commonwealth Gas Services, Inc. Virginia Public Service Commission
Docket No. 90-1037* (DEAA Phase)	Nevada Power Company - Fuel Public Service Commission of Nevada
Docket No. 5491**	Central Vermont Public Service Corporation Vermont Department of Public Service
Docket No. U-1551-89-102	Southwest Gas Corporation - Fuel Before the Arizona Corporation Commission Southwest Gas Corporation - Audit of Gas Procurement Practices and Purchased Gas Costs
Docket No. U-1551-90-322	Southwest Gas Corporation Before the Arizona Corporation Commission
Docket No. 176-717-U	United Cities Gas Company Kansas Corporation Commission
Docket No. 5532	Green Mountain Power Corporation Vermont Department of Public Service
Docket No. 910890-EI	Florida Power Corporation Florida Public Service Commission
Docket No. 920324-EI	Tampa Electric Company Florida Public Service Commission
Docket No. 92-06-05	United Illuminating Company The Office of Consumer Counsel and the Attorney General of the State of Connecticut
Docket No. C-913540	Philadelphia Electric Co. Before the Pennsylvania Public Utility Commission

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Docket No. 92-47	The Diamond State Telephone Company Before the Public Service Commission of the State of Delaware
Docket No. 92-11-11	Connecticut Light & Power Company State of Connecticut Department of Public Utility Control
Docket No. 93-02-04	Connecticut Natural Gas Corporation State of Connecticut Department of Public Utility Control
Docket No. 93-02-04	Connecticut Natural Gas Corporation (Supplemental) State of Connecticut Department of Public Utility Control
Docket No. 93-08-06	SNET America, Inc. State of Connecticut Department of Public Utility Control
Docket No. 93-057-01**	Mountain Fuel Supply Company Before the Public Service Commission of Utah
Docket No. 94-105-EL-EFC	Dayton Power & Light Company Before the Public Utilities Commission of Ohio
Case No. 399-94-297**	Montana-Dakota Utilities Before the North Dakota Public Service Commission
Docket No. G008/C-91-942	Minnegasco Minnesota Department of Public Service
Docket No. R-00932670	Pennsylvania American Water Company Before the Pennsylvania Public Utility Commission
Docket No. 12700	El Paso Electric Company

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Public Utility Commission of Texas

Case No. 94-E-0334

Consolidated Edison Company
Before the New York Department of Public
Service

Docket No. 2216

Narragansett Bay Commission
On Behalf of the Division of Public Utilities and
Carriers,
Before the Rhode Island Public Utilities
Commission

Case No. PU-314-94-688

U.S. West Application for Transfer of Local
Exchanges
Before the North Dakota Public Service
Commission

Docket No. 95-02-07

Connecticut Natural Gas Corporation
State of Connecticut
Department of Public Utility Control

Docket No. 95-03-01

Southern New England Telephone Company
State of Connecticut
Department of Public Utility Control

Docket No.
U-1933-95-317

Tucson Electric Power
Before the Arizona Corporation Commission

Docket No. 5863*

Central Vermont Public Service Corporation
Before the Vermont Public Service Board

Docket No. 96-01-26**

Bridgeport Hydraulic Company
State of Connecticut
Department of Public Utility Control

Docket Nos. 5841/ 5859

Citizens Utilities Company
Before Vermont Public Service Board

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Docket No. 5983	Green Mountain Power Corporation Before Vermont Public Service Board
Case No. PUE960296**	Virginia Electric and Power Company Before the Commonwealth of Virginia State Corporation Commission
Docket No. 97-12-21	Southern Connecticut Gas Company State of Connecticut Department of Public Utility Control
Docket No. 97-035-01	PacifiCorp, dba Utah Power & Light Company Before the Public Service Commission of Utah
Docket No. G-03493A-98-0705*	Black Mountain Gas Division of Northern States Power Company, Page Operations Before the Arizona Corporation Commission
Docket No. 98-10-07	United Illuminating Company State of Connecticut Department of Public Utility Control
Docket No. 99-01-05	Connecticut Light & Power Company State of Connecticut Department of Public Utility Control
Docket No. 99-04-18	Southern Connecticut Gas Company State of Connecticut Department of Public Utility Control
Docket No. 99-09-03	Connecticut Natural Gas Corporation State of Connecticut Department of Public Utility Control
Docket No. 980007-0013-003	Intercoastal Utilities, Inc. St. John County - Florida
Docket No. 99-035-10	PacifiCorp dba Utah Power & Light Company Before the Public Service Commission of Utah

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Docket No. 6332 **	Citizens Utilities Company - Vermont Electric Division Before the Vermont Public Service Board
Docket No. G-01551A-00-0309	Southwest Gas Corporation Before the Arizona Corporation Commission
Docket No. 6460**	Central Vermont Public Service Corporation Before the Vermont Public Service Board
Docket No. 01-035-01*	PacifiCorp dba Utah Power & Light Company Before the Public Service Commission of Utah
Docket No. 01-05-19 Phase I	Yankee Gas Services Company State of Connecticut Department of Public Utility Control
Docket No. 010949-EI	Gulf Power Company Before the Florida Office of the Public Counsel
Docket No. 2001-0007-0023	Intercoastal Utilities, Inc. St. Johns County - Florida
Docket No. 6596	Citizens Utilities Company - Vermont Electric Division Before the Vermont Public Service Board
Docket Nos. R. 01-09-001 I. 01-09-002	Verizon California Incorporated Before the California Public Utilities Commission
Docket No. 99-02-05	Connecticut Light & Power Company State of Connecticut Department of Public Utility Control
Docket No. 99-03-04	United Illuminating Company State of Connecticut Department of Public Utility Control

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Docket Nos. 5841/ 5859	Citizens Utilities Company Probation Compliance Before Vermont Public Service Board
Docket No. 6120/6460	Central Vermont Public Service Corporation Before the Vermont Public Service Board
Docket No. 020384-GU	Tampa Electric Company d/b/a/ Peoples Gas System Before the Florida Public Service Commission
Docket No. 03-07-02	Connecticut Light & Power Company State of Connecticut Department of Public Utility Control
Docket No. 6914	Shoreham Telephone Company Before the Vermont Public Service Board
Docket No. 04-06-01	Yankee Gas Services Company State of Connecticut Department of Public Utility Control
Docket Nos. 6946/6988	Central Vermont Public Service Corporation Before the Vermont Public Service Board
Docket No. 04-035-42**	PacifiCorp dba Utah Power & Light Company Before the Public Service Commission of Utah
Docket No. 050045-EI**	Florida Power & Light Company Before the Florida Public Service Commission
Docket No. 050078-EI**	Progress Energy Florida, Inc. Before the Florida Public Service Commission
Docket No. 05-03-17	The Southern Connecticut Gas Company State of Connecticut Department of Public Utility Control

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Docket No. 05-06-04	United Illuminating Company State of Connecticut Department of Public Utility Control
Docket No. A.05-08-021	San Gabriel Valley Water Company, Fontana Water Division Before the California Public Utilities Commission
Docket NO. 7120 **	Vermont Electric Cooperative Before the Vermont Public Service Board
Docket No. 7191 **	Central Vermont Public Service Corporation Before the Vermont Public Service Board
Docket No. 06-035-21 **	PacifiCorp Before the Public Service Commission of Utah
Docket No. 7160	Vermont Gas Systems Before the Vermont Public Service Board
Docket No. 6850/6853 **	Vermont Electric Cooperative/Citizens Communications Company Before the Vermont Public Service Board
Docket No. 06-03-04** Phase 1	Connecticut Natural Gas Corporation Connecticut Department of Public Utility Control
Application 06-05-025	Request for Order Authorizing the Sale by Thames GmbH of up to 100% of the Common Stock of American Water Works Company, Inc., Resulting in Change of Control of California- American Water Company Before the California Public Utilities Commission
Docket No. 06-12-02PH01**	Yankee Gas Company State of Connecticut Department of Public Utility Control

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Docket No. 20160261-EI
Resume of Helmuth W. Schultz, III
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Case 06-G-1332**	Consolidated Edison Company of New York, Inc. Before the NYS Public Service Commission
Case 07-E-0523	Consolidated Edison Company of New York, Inc. Before the NYS Public Service Commission
Docket No. 07-07-01	Connecticut Light & Power Company Connecticut Department of Public Utility Control
Docket No. 07-035-93	Rocky Mountain Power Company Before the Public Service Commission of Utah
Docket No. 07-057-13	Questar Before the Public Service Commission of Utah
Docket No. 08-07-04	United Illuminating Company Connecticut Department of Public Utility Control
Case 08-E-0539	Consolidated Edison Company of New York, Inc. Before the NYS Public Service Commission
Docket No. 080317-EI	Tampa Electric Company Before the Florida Public Service Commission
Docket No. 7488**	Vermont Electric Cooperative, Inc. Before the Vermont Public Service Board
Docket No. 080318-GU	Peoples Gas System Before the Florida Public Service Commission
Docket No. 08-12-07***	Southern Connecticut Gas Company Connecticut Department of Utility Control
Docket No. 08-12-06***	Connecticut National Gas Company Connecticut Department of Utility Control
Docket No. 090079-EI	Progress Energy Florida, Inc. Before the Florida Public Service Commission

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Docket No. 7529 **	Burlington Electric Company Before the Vermont Public Service Board
Docket No. 7585****	Green Mountain Power Corporation Alternative Regulation Before the Vermont Public Service Board
Docket No. 7336****	Central Vermont Public Service Company Alternative Regulation Before the Vermont Public Service Board
Docket No. 09-12-05	Connecticut Light & Power Company Connecticut Department of Utility Control
Docket No. 10-02-13	Aquarion Water Company of Connecticut Connecticut Department of Utility Control
Docket No. 10-70	Western Massachusetts Electric Company Massachusetts Department of Public Utilities
Docket No. 10-12-02	Yankee Gas Services Company Connecticut Department of Utility Control
Docket No. 11-01	Fitchburg Gas & Electric Light Company Massachusetts Department of Public Utilities
Case No.9267	Washington Gas Light Company Maryland Public Service Commission
Docket No. 110138-EI	Gulf Power Company Before the Florida Public Service Commission
Case No.9286	Potomac Electric Power Company Maryland Public Service Commission
Docket No. 120015-EI	Florida Power & Light Company Before the Florida Public Service Commission

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Docket No. 11-102***	Western Massachusetts Electric Company Massachusetts Department of Public Utilities
Docket No. 8373****	Green Mountain Power Company Alternative Regulation Before the Vermont Public Service Board
Docket No. 110200-WU	Water Management Services, Inc. Before the Florida Public Service Commission
Docket No. 11-102/11-102A	Western Massachusetts Electric Company Massachusetts Department of Public Utilities
Case No.9311	Potomac Electric Power Company Maryland Public Service Commission
Case No.9316	Columbia Gas of Maryland, Inc. Maryland Public Service Commission
Docket No. 130040-EI**	Tampa Electric Company Before the Florida Public Service Commission
Case No.1103	Potomac Electric Power Company Public Service Commission of the District of Columbia
Docket No. 13-03-23	Connecticut Light & Power Company Connecticut Public Utility Regulatory Authority
Docket No. 13-06-08	Connecticut Natural Gas Corporation Connecticut Public Utility Regulatory Authority
Docket No. 13-90	Fitchburg Gas & Electric Light Company Massachusetts Department of Public Utilities
Docket No. 8190**	Green Mountain Power Company Before the Vermont Public Service Board

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Docket No. 8191**	Green Mountain Power Company Alternative Regulation Before the Vermont Public Service Board
Case No.9354**	Columbia Gas of Maryland, Inc. Maryland Public Service Commission
Docket No.2014-UN-132**	Entergy Mississippi Inc. Mississippi Public Service Commission
Docket No. 13-135	Western Massachusetts Electric Company Massachusetts Department of Public Utilities
Docket No. 14-05-26	Connecticut Light & Power Company Connecticut Public Utility Regulatory Authority
Docket No. 13-85	Massachusetts Electric Company and Nantucket Electric Company D/B/A/ as National Grid Massachusetts Department of Public Utilities
Docket No. 14-05-26RE01***	Connecticut Light & Power Company Connecticut Public Utility Regulatory Authority
Docket No.2015-UN-049**	Atmos Energy Corporation Mississippi Public Service Commission
Case No.9390	Columbia Gas of Maryland, Inc. Maryland Public Service Commission
Docket No. 15-03-01***	Connecticut Light & Power Company Connecticut Public Utility Regulatory Authority
Docket No. 15-03-02***	United Illuminating Company Connecticut Department of Public Utility Control
Case No.9418***	Potomac Electric Power Company Maryland Public Service Commission

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Case No.1135*** Docket No. 15-03-01***	Washington Gas Connecticut Light & Power Company Connecticut Public Utility Regulatory Authority
Case No.1137	Washington Gas Public Service Commission of the District of Columbia
Docket No. 160021-EI	Florida Power & Light Company Before the Florida Public Service Commission
Docket No. 160062-EI	Florida Power & Light Company Before the Florida Public Service Commission
Docket No. 15-149	Western Massachusetts Electric Company Massachusetts Department of Public Utilities
Docket No. 8710	Vermont Gas Systems Inc. Before the Vermont Public Service Board
Docket No. 8698	Vermont Gas Systems Inc. Alternative Regulation Before the Vermont Public Service Board
Docket No. 16-06-042	United Illuminating Company Connecticut Department of Public Utility Control
Docket No. A.16-09-001	Southern California Edison Before the California Public Utilities Commission
Case No. 17-1238-INV**	Vermont Gas Systems Inc. Before the Vermont Public Utility Commission
Case No. 17-3112-INV**	Green Mountain Power Company Before the Vermont Public Utility Commission
Docket No. 17-10-46**	Connecticut Light & Power Company Connecticut Public Utility Regulatory Authority

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Docket No. 20170141-SU

KW Resort Utilities Corp.
Before the Florida Public Service Commission

Docket No. 2017-0105

The Hawaii Gas Company
Before the Hawaii Public Utility Commission

- * Certain issues stipulated, portion of testimony withdrawn.
- ** Case settled.
- *** Assisted in case and hearings, no testimony presented
- **** Annual filings reviewed and reports filed with Board.

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Florida Power & Light
Storm Restoration Costs Related to Hurricane Matthew
Summary
(000's)

Docket No. 20160251-EI
Exhibit No. HWS-2
Schedule A

Line No.	Description	Steam & Other	Nuclear	Trans.	Distribution	General	Customer Service	Total
<u>Company Requested</u>								
1	Regular Payroll & Related Costs	(24)	45	111	1,417	(281)	(234)	1,034
2	Overtime Payroll & Related Costs	326	1,537	654	10,761	658	700	14,636
3	Contractors	82	2,969	1,488	153,894	277	272	158,982
4	Line Clearing	0	0	11	27,662	0	0	27,673
5	Vehicle & Fuel	0	0	145	2,949	5	0	3,099
6	Materials & Supplies	20	58	42	1,672	359	0	2,151
7	Logistics	1	0	123	81,237	185	128	81,674
8	Other	34	5	193	1,349	1,106	151	2,838
9	Incremental Storm Costs Per Co.	439	4,614	2,767	280,941	2,308	1,016	292,087
10	Jurisdictional Factor	0.9819	0.9819	0.9029	0.9998	0.9848	1.0000	
11	Requested Recoverable Retail Costs	431	4,529	2,498	280,899	2,273	1,016	291,647
<u>Per OPC</u>								
12	Regular Payroll & Related Costs	0	0	0	0	0	0	0
13	Overtime Payroll & Related Costs	324	1,537	485	5,237	658	700	8,941
14	Contractors	(1,530)	2,209	1,488	134,511	277	272	137,227
15	Line Clearing	0	0	11	27,662	0	0	27,673
16	Vehicle & Fuel	0	0	145	2,949	5	0	3,099
17	Materials & Supplies	20	58	42	1,673	359	0	2,152
18	Logistics	1	0	123	63,262	185	128	63,699
19	Other	34	5	193	1,349	1,107	151	2,839
20	Incremental Storm Costs Per OPC.	(1,151)	3,809	2,487	236,643	2,591	1,251	245,630
21	Jurisdictional Factor	0.9819	0.9819	0.9029	0.9998	0.9848	1.0000	
22	Requested Recoverable Retail Costs	(1,130)	3,740	2,245	236,595	2,552	1,251	245,253
23	OPC Retail Adjustment (L.22 - L.11)	(1,561)	(789)	(253)	(44,304)	279	235	(46,393)
24	Reserve Replenishment Adjustment							(24,026)
25	Total Adjustment							(70,419)

Note: Line 11 reflects the requested amount for distribution and not the corrected amount.

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20160251-EI EXHIBIT: 7
PARTY: OFFICE OF PUBLIC COUNSEL
(DIRECT)
DESCRIPTION: Helmuth W. Schultz III

CONFIDENTIAL

Florida Power & Light
Storm Restoration Costs Related to Hurricane Matthew
Regular Payroll
(000's)

Docket No. 20160251-EI
Exhibit No. HWS-2
Schedule B
Page 1 of 3

Line No.	Description	Steam & Other	Nuclear	Trans.	Distribution	General	Customer Service	Total
1	Regular Payroll & Related Costs	32	206	446	5,075	364	175	6,298
2	Company Update 2/20/18	1	0	0	95	0	0	96
3	Company Update 3/15/18				2			2
4	Co. Rev. Reg. PR & Related Costs	33	206	446	5,172	364	175	6,395
5	Less: Non-Incremental Costs	56	162	244	749	645	409	2,265
6	Less : Capitalized Costs	1	0	92	3,006	0	0	3,099
7	Company Requested Reg. PR	(24)	45	111	1,417	(281)	(234)	1,034
8	Jurisdictional Factor	0.9819	0.9819	0.9029	0.9998	0.9848	1.0000	
9	Retail Recoverable Cost Per Co.	(24)	44	100	1,417	(277)	(234)	1,027
10	Co. Rev. Reg. PR & Related Costs	33	206	446	5,172	364	175	6,395
11	Non-Incremental Costs	(33)	(206)	(446)	(5,172)	(364)	(175)	(6,395)
12	Capitalized Costs	0	0	0	0	0	0	0
13	Regular Payroll & Related Costs	0	0	0	0	0	0	0
14	Jurisdictional Factor	0.9819	0.9819	0.9029	0.9998	0.9848	1.0000	
15	Retail Costs Per OPC	0	0	0	0	0	0	0
16	OPC Retail Adjustment (L.15 - L. 9)	24	(44)	(100)	(1,417)	277	234	(1,027)
17	Capitalization Assigned to Overtime	(1)	0	(92)	(3,006)	0	0	(3,099)

Source: Line 1 is from attachment to October 16, 2017 letter.
Lines 4, 5, 6, 7 and 8 are from Company Exhibit KO-2, Page 1 of 2.

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Florida Power & Light
Storm Restoration Costs Related to Hurricane Matthew
Overtime Payroll
(000's)

Docket No. 20160251-EI
Exhibit No. HWS-2
Schedule B
Page 2 of 3

Line No.	Description	Steam & Other	Nuclear	Trans.	Distribution	General	Customer Service	Total
1	Overtime Payroll & Related Costs	326	1,537	654	11,658	658	700	15,533
2	Company Update 2/20/18	0	0	0	(897)	0	0	(897)
3	Company Update 3/15/18	0	0	0	0	0	0	0
4	Co. Rev. OT, PR & Related Costs	326	1,537	654	10,761	658	700	14,636
5	Less: Non-Incremental Costs	0	0	0	0	0	0	0
6	Less : Capitalized Costs	0	0	0	0	0	0	0
7	Company Requested OT, PR	326	1,537	654	10,761	658	700	14,636
8	Jurisdictional Factor	0.9819	0.9819	0.9029	0.9998	0.9848	1.0000	
9	Retail Recoverable Cost Per Co.	320	1,509	590	10,759	648	700	14,527
10	Co. Rev. OT, PR & Related Costs	326	1,537	654	10,761	658	700	14,636
11	OPC Reclassification Adjustment	(1)	0	(92)	(3,006)	0	0	(3,099)
12	OPC Added Adjustment	(1)	0	(77)	(2,518)	0	0	(2,596)
13	Overtime Payroll & Related Costs	324	1,537	485	5,237	658	700	8,941
14	Jurisdictional Factor	0.9819	0.9819	0.9029	0.9998	0.9848	1.0000	
15	Retail Costs Per OPC	318	1,509	438	5,236	648	700	8,849
16	OPC Retail Adjustment (L.15 - L. 9)	(2)	0	(153)	(5,523)	0	0	(5,677)

Source: Line 1 is from attachment to October 16, 2017 letter.
Line 2 is discussed in response to OPC Interrogatory No. 9.
Lines 4, 5, 6, 7 and 8 are from Company Exhibit KO-2, Page 1 of 2.

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Florida Power & Light
Storm Restoration Costs Related to Hurricane Matthew
Overtime Payroll

Docket No. 20160251-EI
Exhibit No. HWS-2
Schedule B
Page 3 of 3

Line No.	Description	Amounts	Amounts	Source
1	Regular Payroll & Related Costs Capitalized		3,099,000	Co. Exhibit KO-2
2	Hourly Labor Rate (LVM)		140.45	Citizens' ROG No. 84
3	Capitalized Hours		22,065	Line 1 / Line 2
4	Overtime Hourly Rate	\$61		Citizens' ROG No. 79
5	Overhead Rate 16.57%	1.1657		Citizens' ROG No. 10
6	Labor and Overhead	71		Line 4 x Line 5
7	FPL Employees	3		Citizens' ROG No. 78
8	Calculated Labor & Payroll Overhead Rate	213	213	
9	Estimated Labor & Overhead Cost		4,699,801	Line 3 x Line 8
10	Non-incremental Vehicle Expense per Co.	3,099,000		Co. Exhibit KO-2
11	Non-incremental Overtime Expense per Co.	14,636,000		Co. Exhibit KO-2
12	Estimated Vehicle Cost Percentage	21.17%	995,127	Line 10 / Line 11
13	OPC Estimated Loaded Overtime Cost (LVM)		5,694,928	
14	Co. Estimated Loaded Regular Payroll Rate (LVM)		3,099,000	
15	Additional Adjustment for Capitalized Overtime		(2,595,928)	

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Florida Power & Light
Storm Restoration Costs Related to Hurricane Matthew
Contractors
(000's)

Docket No. 20160251-EI
Exhibit No. HWS-2
Schedule C
Page 1 of 3

Line No.	Description	Steam & Other	Nuclear	Trans.	Distribution	General	Customer Service	Total
1	Contractors	705	3,207	1,482	159,713	332	272	165,711
2	Company Update 2/20/18	(2)	0	0	(3,253)	(55)	0	(3,310)
3	Company Update 3/15/18	(116)	0	6	3,507	0	0	3,397
4	Co. Revised Contractor Costs	587	3,207	1,488	159,967	277	272	165,798
5	Less: Non-Incremental Costs	0	0	0	0	0	0	0
6	Less : Capitalized Costs	505	238	0	6,072	0	0	6,815
7	Company Requested for Contractors	82	2,969	1,488	153,895	277	272	158,983
8	Jurisdictional Factor	0.9819	0.9819	0.9029	0.9998	0.9848	1.0000	
9	Retail Recoverable Cost Per Co.	81	2,915	1,344	153,864	273	272	158,748
10	Co. Revised Contractor Costs	587	3,207	1,488	159,967	277	272	165,798
11	Co. Capitalization Adjustment	(505)	(238)	0	(6,072)	0	0	(6,815)
12	OPC Capitalization Adjustment	(1,612)	(760)	0	(19,384)	0	0	(21,756)
13	OPC Contractor Costs	(1,530)	2,209	1,488	134,511	277	272	137,227
14	Jurisdictional Factor	0.9819	0.9819	0.9029	0.9998	0.9848	1.0000	
15	Retail Costs Per OPC	(1,502)	2,169	1,344	134,484	273	272	137,039
16	OPC Retail Adjustment (L.15 - L. 9)	(1,583)	(746)	0	(19,381)	0	0	(21,710)

Source: Line 1 is from attachment to October 16, 2017 letter.
Lines 4, 5, 6, 7 and 8 are from Company Exhibit KO-2, Page 1 of 2.

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Florida Power & Light
Storm Restoration Costs Related to Hurricane Matthew
Contractors

Docket No. 20160251-EI
Exhibit No. HWS-2
Schedule C
Page 2 of 3

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Line No.	Description	Amounts	Amounts	Source
1	Regular Payroll & Related Costs Capitalized		6,816,000	Co. Exhibit KO-2
2	Hourly Labor Rate (LVM)		140.45	Citizens' ROG No. 84
3	Capitalized Hours		48,530	Line 1 / Line 2
4	Average Contractor Rate			Schedule C, Page 3
5	Contractor Employees			
6	Calculated Labor & Payroll Overhead Rate			Line 4 x Line 5
7	Estimated Labor & Overhead Cost			Line 3 x Line 8
8	Vehicle Expense	0		
9	Meals, Per Diem	0		
10	Estimated Vehicle/ Miscellaneous Cost		0	
11	OPC Estimated Loaded Overtime Cost (LVM)			
12	Co. Estimated Capitalization Rate (LVM)		6,816,000	
13	Adjustment for Contractor Capitalization		(21,756,361)	

Florida Power & Light
Storm Restoration Costs Related to Hurricane Matthew
Contractor Billing Summary

Docket No. 20160251-EI
Exhibit No. HWS-2
Schedule C
Page 3 of 3

CONFIDENTIAL															P	Q
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O		
Line No.	Invoice Reference	Vendor	Hours	Average Rate	Labor/ Fringe	Corp. A&G	Materials	Expenses	Trans.	Misc.	Total	Duplicates	Description		MOB/ DEMOB	Standby
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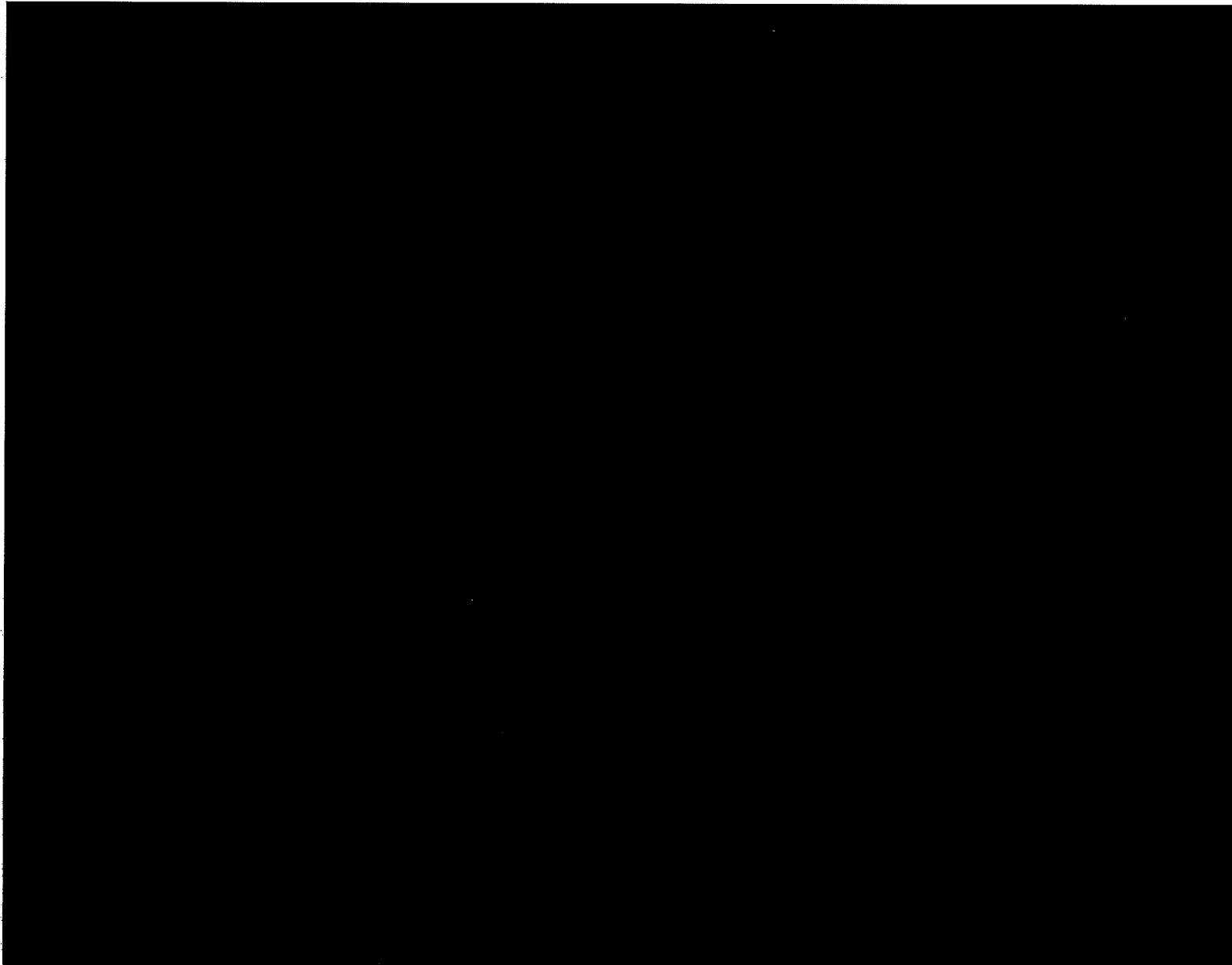
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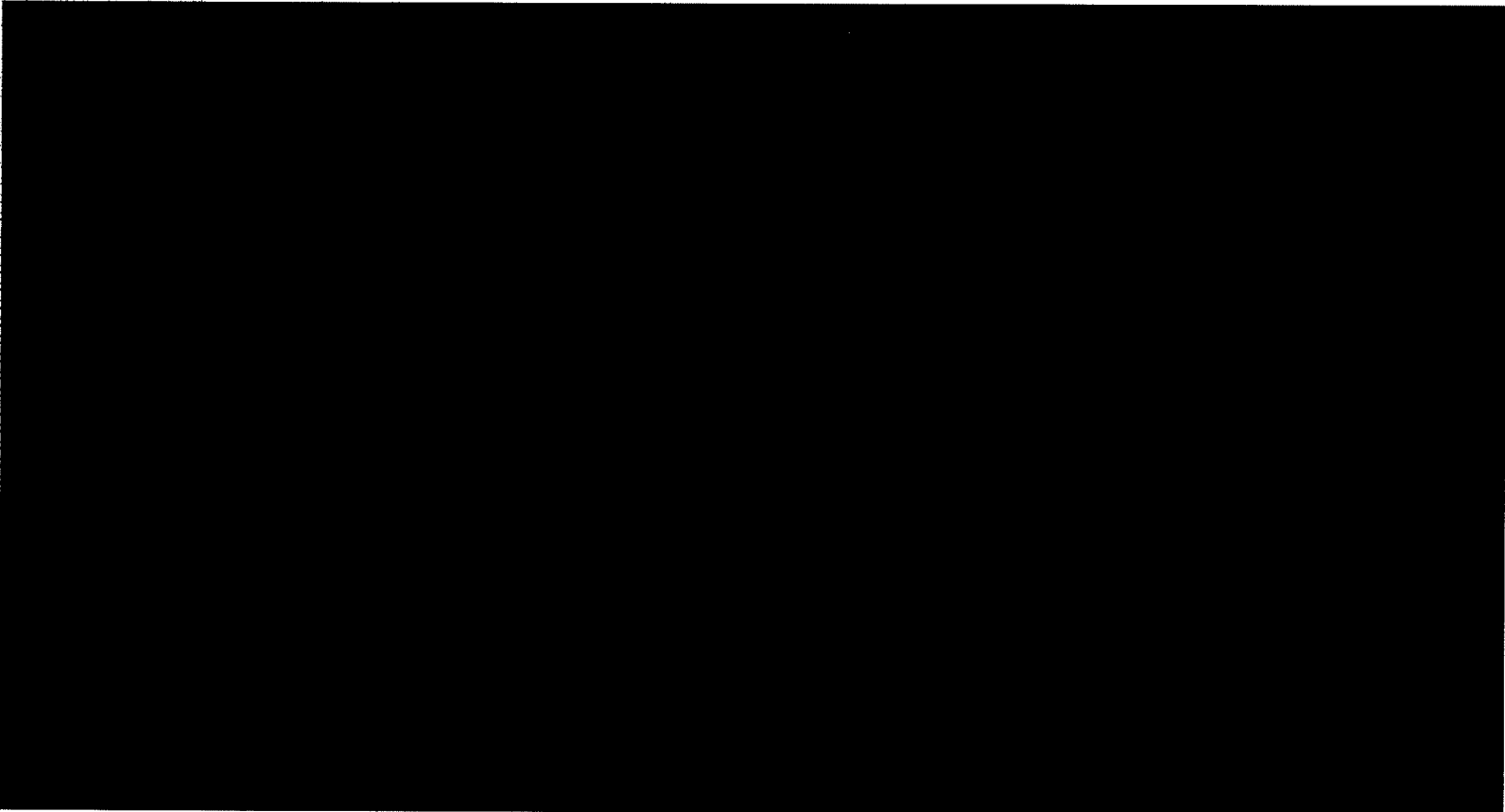
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Duplicated and Differences (17,083,854)
Costs Verified 129,184,087

(a) Services Not Needed p.18,19

X Reference number and amount match listing in Confidential OPC ROG No. 18
▪ Reference number matches, Internal Invoice and amount differs.
Y Reference number different but amount matches listing in Confidential OPC ROG No. 18
Sources: Company response to Confidential OPC POD No. 6 (428 Documents)

CONFIDENTIAL

Florida Power & Light
Storm Restoration Costs Related to Hurricane Matthew
Line Clearing
(000's)

Docket No. 20160251-EI
Exhibit No. HWS-2
Schedule D
Page 1 of 2

Line No.	Description	Steam & Other	Nuclear	Trans.	Distribution	General	Customer Service	Total
1	Line Clearing	0	0	11	27,497	0	0	27,508
2	Company Update 2/20/18	0	0	0	100	0	0	100
3	Company Update 3/15/18	0	0	0	252	0	0	252
4	Co. Revised Line Clearing Costs	0	0	11	27,849	0	0	27,860
5	Less: Non-Incremental Costs	0	0	0	187	0	0	187
6	Less : Capitalized Costs	0	0	0	0	0	0	0
7	Company Requested Line Clearing	0	0	11	27,662	0	0	27,673
8	Jurisdictional Factor	0.9819	0.9819	0.9029	0.9998	0.9848	1.0000	
9	Retail Recoverable Cost Per Co.	0	0	10	27,656	0	0	27,666
10	Co. Rev. Line Clearing Costs	0	0	11	27,849	0	0	27,860
11	Non-Incremental Costs	0	0	0	(187)	0	0	(187)
12	Capitalized Costs	0	0	0	0	0	0	0
13	Line Clearing	0	0	11	27,662	0	0	27,673
14	Jurisdictional Factor	0.9819	0.9819	0.9029	0.9998	0.9848	1.0000	
15	Retail Costs Per OPC	0	0	10	27,656	0	0	27,666
16	OPC Retail Adjustment (L15 - L 9)	0	0	0	0	0	0	0

Source: Line 1 is from attachment to October 16, 2017 letter.
Lines 4, 5, 6, 7 and 8 are from Company Exhibit KO-2, Page 1 of 2.

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Florida Power & Light
Storm Restoration Costs Related to Hurricane Matthew
Line Clearing

DocId:316-20160251-41
Exhibit 116, MYF-2
Schedule D
Page 2 of 2

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Line No.	Invoice Reference	Vendor	Hours	Average Rate	Labor/Expense	Corp. AGG	Materials	Equipment	Travel	Misc	Total	Duplicate	Description	Earliest and Latest Dates	AGG/DEMOL	Standard
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Duplicated and Differences
Costs Verified

(16,466,379)
16,466,379

K Reference number and amount match response to Confidential OPC ROG No. 20
* Reference number matched; amount different from Confidential OPC ROG No. 20
Y Reference number does not match; amount matches to Confidential OPC ROG No. 20
Sources: Company response to Confidential OPC PDD No. 7 (79 Documents)

(a) Profit Standown p. 50-52
(b) Working p. 135

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Florida Power & Light
Storm Restoration Costs Related to Hurricane Matthew
Vehicle & Fuel Costs
(000's)

Docket No. 20160251-EI
Exhibit No. HWS-2
Schedule E

Line No.	Description	Steam & Other	Nuclear	Trans.	Distribution	General	Customer Service	Total
1	Vehicle & Fuel	0	0	145	4,774	5	0	4,924
2	Company Update 2/20/18	0	0	0	45	0	0	46
3	Company Update 3/15/18	0	0	0	0	0	0	0
4	Co. Revised Vehicle & Fuel	0	0	145	4,820	5	0	4,970
5	Less: Non-Incremental Costs	0	0	0	1,871	0	0	1,871
6	Less : Capitalized Costs	0	0	0	0	0	0	0
7	Co. Requested Vehicle & Fuel	0	0	145	2,949	5	0	3,099
8	Jurisdictional Factor	0.9819	0.9819	0.9029	0.9998	0.9848	1.0000	
9	Retail Recoverable Cost Per Co.	0	0	131	2,948	5	0	3,084
10	Co. Rev. Vehicle & Fuel Costs	0	0	145	4,820	5	0	4,970
11	Non-Incremental Costs	0	0	0	(1,871)	0	0	(1,871)
12	Capitalized Costs	0	0	0	0	0	0	0
13	Vehicle & Fuel Costs	0	0	145	2,949	5	0	3,099
14	Jurisdictional Factor	0.9819	0.9819	0.9029	0.9998	0.9848	1.0000	
15	Retail Costs Per OPC	0	0	131	2,948	5	0	3,084
16	OPC Retail Adjustment (L15 - L 9)	0	0	0	0	0	0	0

Source: Line 1 is from attachment to October 16, 2017 letter.
Lines 4, 5, 6, 7 and 8 are from Company Exhibit KO-2, Page 1 of 2.

CONFIDENTIAL

Florida Power & Light
Storm Restoration Costs Related to Hurricane Matthew
Materials & Supplies
(000's)

Docket No. 20160251-EI
Exhibit No. HWS-2
Schedule F

Line No.	Description	Steam & Other	Nuclear	Trans.	Distribution	General	Customer Service	Total
1	Materials & Supplies	20	58	249	4,048	358	0	4,733
2	Company Update 2/20/18	0	0	0	2,962	1	56	3,019
3	Company Update 3/15/18	0	0	0	(680)	0	0	(680)
4	Co. Revised Materials & Supplies	20	58	249	6,330	359	56	7,072
5	Less: Non-Incremental Costs	0	0	0	0	0	0	0
6	Less : Capitalized Costs	0	0	207	4,657	0	56	4,920
7	Co. Requested Mat. & Supplies	20	58	42	1,673	359	0	2,152
8	Jurisdictional Factor	0.9819	0.9819	0.9029	0.9998	0.9848	1.0000	
9	Retail Recoverable Cost Per Co.	20	57	38	1,673	354	0	2,141
10	Co. Rev. Materials & Supplies	20	58	249	6,330	359	56	7,072
11	Non-Incremental Costs	0	0	0	0	0	0	0
12	Capitalized Costs	0	0	(207)	(4,657)	0	(56)	(4,920)
13	Materials & Supplies	20	58	42	1,673	359	0	2,152
14	Jurisdictional Factor	0.9819	0.9819	0.9029	0.9998	0.9848	1.0000	
15	Retail Costs Per OPC	20	57	38	1,673	354	0	2,141
16	OPC Retail Adjustment (L15 - L. 9)	0	0	0	0	0	0	0

Source: Line 1 is from attachment to October 16, 2017 letter.
Lines 4, 5, 6, 7 and 8 are from Company Exhibit KO-2, Page 1 of 2.

CONFIDENTIAL

Florida Power & Light
Storm Restoration Costs Related to Hurricane Matthew
Logistics
(000's)

Docket No. 20160251-EI
Exhibit No. HWS-2
Schedule G
Page 1 of 2

Line No.	Description	Steam & Other	Nuclear	Trans.	Distribution	General	Customer Service	Total
1	Logistics	1	0	123	81,247	185	128	81,684
2	Company Update 2/20/18	0	0	0	(10)	0	0	(10)
3	Company Update 3/15/18	0	0	0	0	0	0	0
4	Co. Revised Logistics	1	0	123	81,237	185	128	81,674
5	Less: Non-Incremental Costs	0	0	0	0	0	0	0
6	Less : Capitalized Costs	0	0	0	0	0	0	0
7	Company Requested Logistics	1	0	123	81,237	185	128	81,674
8	Jurisdictional Factor	0.9819	0.9819	0.9029	0.9998	0.9848	1.0000	
9	Retail Recoverable Cost Per Co.	1	0	111	81,221	182	128	81,643
10	Co. Rev. Logistics	1	0	123	81,237	185	128	81,674
11	Unjustified	0	0	0	(17,975)	0	0	(17,975)
12	Capitalized Costs	0	0	0	0	0	0	0
13	Logistics Cost	1	0	123	63,262	185	128	63,699
14	Jurisdictional Factor	0.9819	0.9819	0.9029	0.9998	0.9848	1.0000	
15	Retail Costs Per OPC	1	0	111	63,249	182	128	63,672
16	OPC Retail Adjustment (L.15 - L.9)	0	0	0	(17,971)	0	0	(17,971)

Source: Line 1 is from attachment to October 16, 2017 letter.
Lines 4, 5, 6, 7 and 8 are from Company Exhibit KO-2, Page 1 of 2.

CONFIDENTIAL

Florida Power & Light
Storm Restoration Costs Related to Hurricane Matthew
Logistics

Docket No. 20160251-EI
Exhibit No. HWS-2
Schedule G
Page 2 of 2

A	B	C	D	E	F	G	H	I	J	K	L	M
Line	Invoice	Vendor	Location	Labor	Catering	Staging	Trans	Other	Total	Duplicate	OnMob	
No.	Reference											
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									67,930,658			1,956,464

X Amount matches response to Confidential OPC ROG No. 24 totals
 * Amount different from Confidential OPC ROG No. 24 totals
 N Vendor not listed for amount in Confidential OPC ROG No. 24
 Sources: Company response to Confidential OPC POD No. 9

CONFIDENTIAL

Florida Power & Light
Storm Restoration Costs Related to Hurricane Matthew
Other
(000's)

Docket No. 20160251-EI
Exhibit No. HWS-2
Schedule H

Line No.	Description	Steam & Other	Nuclear	Trans.	Distribution	General	Customer Service	Total
1	Other	34	5	228	2,876	1,613	151	4,907
2	Company Update 2/20/18	0	0	0	3	0	0	3
3	Company Update 3/15/18	0	0	10	9	0	0	19
4	Co. Revised Other	34	5	238	2,888	1,613	151	4,929
5	Less: Non-Incremental Costs	0	0	0	0	506	0	506
6	Less : Capitalized Costs	0	0	45	1,539	0	0	1,584
7	Company Requested Other	34	5	193	1,349	1,107	151	2,839
8	Jurisdictional Factor	0.9819	0.9819	0.9029	0.9998	0.9848	1.0000	
9	Retail Recoverable Cost Per Co.	33	5	174	1,349	1,090	151	2,802
10	Co. Revised Other	34	5	238	2,888	1,613	151	4,929
11	Non-Incremental Costs	0	0	0	0	(506)	0	(506)
12	Capitalized Costs	0	0	(45)	(1,539)	0	0	(1,584)
13	Other Costs	34	5	193	1,349	1,107	151	2,839
14	Jurisdictional Factor	0.9819	0.9819	0.9029	0.9998	0.9848	1.0000	
15	Retail Costs Per OPC	33	5	174	1,349	1,090	151	2,802
16	OPC Retail Adjustment (L.15 - L. 9)	0	0	0	0	0	0	0

Source: Line 1 is from attachment to October 16, 2017 letter.
Lines 4, 5, 6, 7 and 8 are from Company Exhibit KO-2, Page 1 of 2.

CONFIDENTIAL

Florida Power & Light
Storm Restoration Costs Related to Hurricane Matthew
Capitalizable Costs
(000's)

Docket No. 20160251-EI
Exhibit No. HWS-2
Schedule I

Line No.	Description	Steam & Other	Nuclear	Trans.	Distribution	General	Customer Service	Total
1	Capitalizable Costs	507	238	344	11,838	0	56	12,983
2	Company Update 2/20/18	0	0	0	0	0	0	0
3	Company Update 3/15/18	0	0	0	3,142	0	0	3,142
4	Co. Revised Capital Costs	507	238	344	14,980	0	56	16,125
5	Jurisdictional Factor	0.9819	0.9819	0.9029	0.9998	0.9848	1.0000	
6	Retail Capital Cost Per Co.	498	234	311	14,977	0	56	16,075
7	Co. Revised Capital Costs	507	238	344	14,980	0	56	16,125
8	Payroll Adjustment	1	0	77	2,518	0	0	2,596
9	Contractor Adjustment	1,612	760	0	19,384	0	0	21,756
10	OPC Revised Capital Costs	2,120	998	421	36,882	0	56	40,477
11	Total Capital Cost Adjustment	1,613	760	77	21,902	0	0	24,352
12	Jurisdictional Factor	0.9819	0.9819	0.9029	0.9998	0.9848	1.0000	
13	Retail Capital Cost Per OPC.	1,584	746	70	21,898	0	0	24,297

Source: Line 1 is from attachment to October 16, 2017 letter.
Lines 4 and 5 are from Company Exhibit KO-2, Page 1 of 2.

State of Florida



Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing
Tallahassee District Office

Auditor's Report

Florida Power & Light Company
Storm Recovery Cost Audit – Hurricane Matthew

As of September 30, 2017

Docket No. 20160251-EI
Audit Control No. 2017-297-1-1
December 5, 2017

A handwritten signature in cursive script, reading "Donna D. Brown", written over a horizontal line.

Donna D. Brown
Audit Manager

A handwritten signature in cursive script, reading "Debra Dobiac", written over a horizontal line.

Debra Dobiac
Audit Staff

A handwritten signature in cursive script, reading "Marisa N. Glover", written over a horizontal line.

Marisa N. Glover
Reviewer

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20160251-EI EXHIBIT: 8
PARTY: STAFF (DIRECT)
DESCRIPTION: Donna B. Brown DDB-1

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Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the objectives set forth by the Division of Accounting and Finance in its audit service request dated October 25, 2017. We have applied these procedures to the attached schedules prepared by Florida Power & Light Company in support of its filing for storm recovery costs in Docket No. 20160251-EI.

This audit was performed following General Standards and Fieldwork Standards found in the AICPA Statements on Standards for Attestation Engagements. The report is intended only for internal Commission use.

Objectives and Procedures

General

Definitions

NARUC refers to the National Association of Regulatory Utility Commissioners.

USOA refers to the NARUC Uniform Systems of Accounts as adopted by Rule 25-30.115, Florida Administrative Code (F.A.C.)

FPL or Utility refers to Florida Power & Light Company.

Background

On December 29, 2016, Florida Power & Light Company (FPL) filed a petition for a limited proceeding seeking authority to implement an interim storm restoration recovery charge to recover a total of \$318.5 million for the incremental restoration costs related to Hurricane Matthew and to replenish its storm reserve. Commission Order PSC-2017-0055-PCO-EI, states that FPL incurred total retail recoverable costs of approximately \$293.8 million, less its pre-storm storm reserve balance of \$93.1 million, resulting in net recoverable costs of \$200.7 million. In addition, FPL proposes to replenish its storm reserve to the \$117.1 million balance that existed on January 2, 2013. Interest and the regulatory assessment fee gross-up add an additional \$0.6 million to the recoverable costs. This audit's focus was on FPL's request for incurred costs related to Hurricane Matthew.

Revenue

Revenues

Objectives: The objectives were to determine whether: 1) Utility charges were those approved by the Commission in accordance with Commission Order PSC-2017-0055-PCO-EI and 2) Storm restoration recovery revenues collected from October 1, 2016 to September 30, 2017 were recorded and properly classified in compliance with Commission rules.

Procedures: Audit staff requested all storm charge revenues by month from October 2016 through September 2017 by rate class. We requested storm charge revenues by FERC account from FPL'S general ledger for the period March 2017 through September 2017 and reconciled the revenues detail to the general ledger. We also requested a sample of two customer bills from each rate class during the period March 2017 through September 2017. We determined that the Utility used the appropriate interim storm restoration recovery charges per Commission Order No. PSC-2017-0055-PCO-EI. No exceptions were noted.

Expense

Payroll

Objectives: The objectives were to determine whether regular payroll, regular overtime, and related costs were properly stated, recorded in the period incurred, and were related to Hurricane Matthew.

Procedures: Audit staff determined regular payroll, regular overtime, and related costs from Account 186 – Deferred Storm Charges by function and reconciled the balances to the storm restoration costs filing. We required the Utility to reconcile the budgeted payroll to the storm restoration costs filing. We requested the policies and procedures for recording these costs and how they are separated from business as usual costs. We also selected a judgmental sample of costs to test. Finding 1 discusses our recommended adjustment to Payroll.

Contractors

Objectives: The objective was to determine whether contractor costs were properly stated, recorded in the period incurred, and were related to Hurricane Matthew.

Procedures: Audit staff determined contractor costs from Account 186 – Deferred Storm Charges by function and reconciled the balances to the storm restoration costs filing. We also selected a judgmental sample of costs to test. We determined that the items selected for testing were 1) specifically identifiable to the storm event and 2) directly associated with storm restoration. No exceptions noted.

Line Clearing

Objectives: The objective was to determine whether line clearing costs were properly stated, recorded in the period incurred, and were related to Hurricane Matthew.

Procedures: Audit staff determined line clearing costs from Account 186 – Deferred Storm Charges by function and reconciled the balances to the storm restoration costs filing. We also selected a judgmental sample of costs to test. We determined that the items selected for testing were 1) specifically identifiable to the storm event and 2) directly associated with storm restoration. No exceptions noted.

Vehicle & Fuel

Objectives: The objective was to determine whether vehicle and fuel costs were properly stated, recorded in the period incurred, and were related to Hurricane Matthew.

Procedures: Audit staff determined vehicle and fuels costs from Account 186 – Deferred Storm Charges by function and reconciled the balances to the storm restoration costs filing. We also selected a judgmental sample of costs to test. We determined that the items selected for testing were 1) specifically identifiable to the storm event and 2) directly associated with storm restoration. No exceptions noted.

Materials & Supplies

Objectives: The objective was to determine whether the material and supply costs were properly stated, recorded in the period incurred and were related to Hurricane Matthew.

Procedures: Audit staff determined materials and supply costs from Account 186 – Deferred Storm Charges by function and reconciled the balances to the storm restoration costs filing. We also selected a judgmental sample of costs to test. We determined that the items selected for testing were 1) specifically identifiable to the storm event and 2) directly associated with storm restoration. No exceptions noted.

Logistics

Objectives: The objective was to determine whether the logistics costs were properly stated, recorded in the period incurred and were related to Hurricane Matthew.

Procedures: Audit staff determined logistics costs from Account 186 – Deferred Storm Charges by function and reconciled the balances to the storm restoration costs filing.. We requested a detailed description of logistic costs as well as the policies and procedures for recording these costs. We determined that the policies and procedures for regarding these costs were reasonable. We also selected a judgmental sample of costs to test. We determined that the items selected for testing were 1) specifically identifiable to the storm event and 2) directly associated with storm restoration. No exceptions noted.

Other

Objectives: The objective was to determine whether the other costs were properly stated, recorded in the period incurred and were related to Hurricane Matthew.

Procedures: Audit staff determined other costs from Account 186 – Deferred Storm Charges by function and reconciled the balances to the storm restoration costs filing. We requested a detailed description of other costs as well as the policies and procedures for recording these costs. We determined that the policies and procedures for regarding these costs were reasonable. We also selected a judgmental sample of costs to test. We determined that the items selected for testing were 1) specifically identifiable to the storm event and 2) directly associated with storm restoration. Finding 2 discusses our recommended adjustment to Other.

Non-Incremental Costs

Objectives: The objective was to determine whether the non-incremental costs have been accounted for correctly and removed in their entirety from the recoverable costs as per Rule 25-6.0143, Florida Administrative Code (F.A.C.).

Procedures: Audit staff determined non-incremental costs from Account 186 – Deferred Storm Charges by function and reconciled the balances to the storm restoration costs filing. We requested a detailed description of non-incremental costs as well as the policies and procedures for recording these costs. We determined that the policies and procedures for regarding these costs were reasonable. We also selected a judgmental sample of costs to test. We determined that the items selected for testing were 1) not specifically identifiable to the storm event and 2)

not directly associated with storm restoration. Finding 3 discusses our recommended adjustment to Non-Incremental Costs.

Third-Party Reimbursements

Objectives: The objectives were to determine whether the third-party reimbursement costs have been accounted for correctly and removed in their entirety from the recoverable costs as per Rule 25-6.0143(b), F.A.C.

Procedures: Audit staff determined third-party reimbursements and reconciled the balances to the storm restoration cost filing. We requested a detailed description of third-party reimbursement costs as well as the policies and procedures for recording these costs. We determined that the policies and procedures for regarding these costs were reasonable. We also selected all costs to test. We determined that the items selected for testing were 1) not specifically identifiable to the storm event and 2) not directly associated with storm restoration. No exceptions were noted.

Capitalizable Costs

Objectives: The objectives were to determine whether the capitalizable costs have been accounted for correctly and removed in their entirety from the recoverable costs as per Rule 25-6.0143(1)(d), F.A.C. This rule states that the utility will be allowed to charge to Account No. 228.1, costs that are incremental to costs normally charged to non-cost recovery clause operating expenses in the absence of a storm. In addition, capital expenditures for the removal, retirement and replacement of damaged facilities charged to cover storm-related damages shall exclude the normal cost for the removal, retirement and replacement of those facilities in the absence of a storm.

Procedures: Audit staff determined capitalizable costs recorded in Account 186 – Deferred Storm Charges by function and reconciled the balances to the storm restoration costs filing. We requested a detailed description of these capitalizable costs as well as the policies and procedures for recording these costs. We tested the capitalizable costs to determine if the Utility included for recovery only those costs that are allowed by the applicable Rule. No exceptions were noted.

Other

Jurisdictional Factors

Objectives: The objectives were to determine whether the Utility used the appropriate jurisdictional factors for the filing.

Procedures: Audit staff requested a detailed explanation as to the basis of the jurisdictional factors. We obtained from the Utility calculated jurisdictional factors used in the final cost calculation for Hurricane Matthew. We reconciled the amounts per the Utility provided support to the MFR filing in Docket No. 20120015-EI. We determined that FPL used the appropriate jurisdictional factors. No exceptions noted.

Audit Findings

Finding 1: Overtime Payroll

Audit Analysis: In the Utility's filing, dated October 16, 2017, Line No. 1 had a balance of \$6,299,000 for regular payroll and PWTI (Pension Welfare Taxes and Insurance) costs and Line No. 2 had a balance of \$15,532,000 for overtime payroll and PWTI costs, which totals \$21,831,000. Audit staff reconciled the payroll, overtime, and related costs from the filing to Account 186 – Deferred Storm Charges. Subsequent to our testing of payroll, overtime, and PWTI costs, the Utility provided us with a schedule which noted that \$878,839 overtime payroll was not related to Hurricane Matthew restoration activities. In addition, the applicable amount of payroll taxes which should not be included is \$56,950 (\$878,839 times the payroll tax rate of 6.48%).

Effect on the General Ledger: The Utility should determine the effect on the general ledger.

Effect on the Filing: Overtime Payroll and Related Costs, Line 2 of the filing, should be reduced by \$935,789 (\$878,839 + \$56,950).

Finding 2: Other Costs

Audit Analysis: Audit staff selected a judgmental sample of Other costs to test. While gathering support, the Utility noted that some transactions were charged against the Hurricane Matthew Internal Orders (IOs) twice. Due to this discovery, FPL performed a review of all transactions that had been charged to Hurricane Matthew IOs, but not yet paid, and subsequently charged to Account 186. The Utility identified 12 duplicate transactions totaling \$19,410.83. Although these duplicate transactions were recorded in Account 186, only one payment for each transaction was made. The duplicate transactions are reflective on Line 8 of the filing and therefore should be removed.

As of the date of this audit report, the Utility had not made the necessary adjustment entry to the total amount of Retail Recoverable Costs reflected on Line 16 of the final cost report for Hurricane Matthew.

Effect on the General Ledger: The Utility should determine the effect on the general ledger.

Effect on the Filing: Other costs, Line 8 of the filing, should be reduced by \$19,410.83.

Finding 3: Non-Incremental Costs

Audit Analysis: The Utility provided a listing of detail transactions of Account 186 – Deferred Storm Charges and Account 228 – Storm Damage Reserve for Hurricane Matthew. They noted that \$81,000 of regular payroll and \$14,000 of related payroll overheads associated with follow-up work was not included in the non-incremental adjustment on Line 10 of the final cost report and should be included. Audit staff agrees that the \$95,000 should be included in Non-Incremental Costs

Effect on the General Ledger: The Utility should determine the effect on the general ledger.

Effect on the Filing: Non-Incremental Costs, line 10 of the filing, should be increased by \$95,000 (\$81,000 + \$14,000).

Exhibits

Exhibit 1: FPL's Final, Actual Hurricane Matthew Storm Restoration Costs

Florida Power and Light
Storm Restoration Costs Related to Hurricane Matthew
(\$000's)

LINE NO.	Storm Costs By Function						Total (7)
	Steam & Other (1)	Nuclear (2)	Transmission (3)	Distribution (4)	General (A) (5)	Customer Service (6)	
1 Regular Payroll and Related Costs	32	206	446	5,075	364	175	6,299
2 Overtime Payroll and Related Costs	326	1,537	654	11,658	658	700	15,532
3 Contractors	705	3,207	1,482	159,713	332	272	165,711
4 Line Clearing	0	0	11	27,497	0	0	27,509
5 Vehicle & Fuel	0	0	145	4,774	5	0	4,924
6 Materials & Supplies	20	58	249	4,048	358	0	4,734
7 Logistics	1	0	123	81,247	185	128	81,684
8 Other	34	5	228	2,876	1,613	151	4,906
9 Total Storm Related Restoration Costs	1,118	5,013	3,338	296,889	3,515	1,426	311,298
10 Less: Non-Incremental Costs Pursuant to Commission Rule 25-6.0143	55	162	244	2,453	1,089	731	4,734
11 Less: Third-Party Reimbursements (B)	0	0	0	295	0	0	295
12 Net Restoration Costs Incurred	1,063	4,851	3,094	294,141	2,426	695	306,269
13 Less: Capitalizable Costs (C)	507	238	344	11,838	0	56	12,982
14 Storm Losses (Total Company)	556	4,612	2,751	282,303	2,426	639	293,287
15 Jurisdictional Factor (D)	0.9819	0.9819	0.9029	0.9998	0.9848	1.0000	
16 Retail Recoverable Costs	\$ 546	\$ 4,529	\$ 2,484	\$ 282,260	\$ 2,389	\$ 639	\$ 292,847

State of Florida



Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing
Tallahassee District Office

Auditor's Report

Florida Power & Light Company
Storm Recovery Cost Audit – Hurricane Matthew
Revenues

As of February 28, 2018

Docket No. 20160251-EI
Audit Control No. 2017-297-1-1

**Supplemental
April 04, 2018**

A handwritten signature in black ink, appearing to read "Donna D. Brown", written over a horizontal line.

Donna D. Brown
Audit Manager

A handwritten signature in blue ink, appearing to read "Marisa N. Glover", written over a horizontal line.

Marisa N. Glover
Reviewer

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20160251-EI EXHIBIT: 9
PARTY: STAFF (DIRECT)
DESCRIPTION: Donna B. Brown DDB-2

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1: Actual Revenues Under 2017 Interim Storm Charge	3

Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the objectives set forth by the Division of Accounting and Finance in its audit service request dated October 25, 2017. We have applied these procedures to the attached schedule prepared by Florida Power & Light Company in support of its filing for storm recovery costs in Docket No. 20160251-EI.

This audit was performed following General Standards and Fieldwork Standards found in the AICPA Statements on Standards for Attestation Engagements. The report is intended only for internal Commission use.

Objectives and Procedures

General

Definitions

NARUC refers to the National Association of Regulatory Utility Commissioners.

USOA refers to the NARUC Uniform Systems of Accounts as adopted by Rule 25-30.115, Florida Administrative Code (F.A.C.)

FPL or Utility refers to Florida Power & Light Company.

Background

This report is a follow up to the Florida Public Service Commission Auditor's report, issued January 5, 2018; ACN 2017-297-1-1. That audit focused on the costs incurred and revenues received from October 31, 2016 to September 30, 2017. This supplemental auditor's report focuses on the revenue received from October 1, 2017 to February 28, 2018.

Revenue

Revenues

Objectives: The objectives were to determine whether: 1) Utility charges were those approved by the Commission in accordance with Commission Order PSC-2017-0055-PCO-EI and 2) Storm restoration recovery revenues collected from October 1, 2017 to February 28, 2018 were recorded and properly classified in compliance with Commission rules.

Procedures: We requested storm charge revenues by FERC account from FPL'S general ledger for the period October 1, 2017 through February 28, 2018. We determined that the Utility used the appropriate interim storm restoration recovery charges per Commission Order No. PSC-2017-0055-PCO-EI, and that the storm restoration recovery revenues collected were recorded and properly classified in compliance with the Commission rules. No exceptions were noted.

Exhibits

Exhibit 1: Actual Revenues Under 2017 Interim Storm Charge

Docket No. 20160251-EI
Actual Revenues Under 2017 Interim Storm Charge
Exhibit TCC-1, Page 1 of 1

FLORIDA POWER & LIGHT COMPANY
March 2017-February 2018

Year	Month	Amount
2017	Mar	\$21,952,109
2017	Apr	\$24,044,294
2017	May	\$27,359,471
2017	Jun	\$30,431,583
2017	Jul	\$32,233,804
2017	Aug	\$31,999,392
2017	Sep	\$30,729,029
2017	Oct	\$29,087,645
2017	Nov	\$24,401,937
2017	Dec	\$23,435,139
2018	Jan	\$24,334,400
2018	Feb	\$22,440,364
Total Recovery		\$322,449,167

Hurricane Matthew Recap: Destruction From the Caribbean to the United States | The We... Page 1 of 18



Notifications



NEWS



Hurricane Matthew Recap: Destruction From the Caribbean to the United States

Oct 9 2016 05:00 AM EDT | weather.com



Astros Bring Hope to Houston After Harvey

The Weather Channel's Concetta Callahan reports that the Houston Astros in the World Series is bring a big lift to the city of Houston which is still recovering from Hurricane Harvey.

Story Highlights

Matthew formed near the Windward Islands on Sept. 28, 2016.



It went on to leave a path of destruction from the Caribbean to the Southeast U.S.

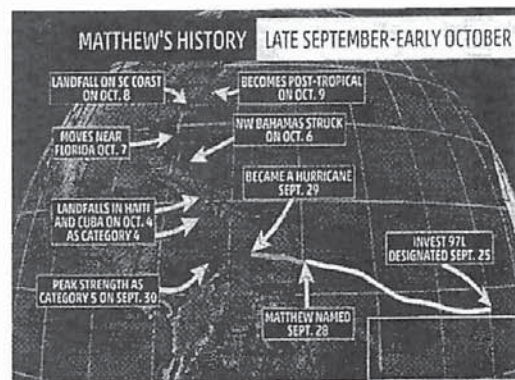
Hurricane Matthew Recap: Destruction From the Caribbean to the United States | The We... Page 2 of 18

On Oct. 9, 2016, Matthew finally moved away from the U.S. coastline and became post-tropical.

Matthew formed from a tropical wave that pushed off the African coast in late September. That tropical wave was dubbed Invest 97L just southwest of the Cape Verde Islands on Sept. 25.

(MORE: How to Help Matthew's Victims)

It took a few days for that system to organize as it moved westward in the Atlantic. About three days later, however, the system gained sufficient organization to be named Tropical Storm Matthew near the Windward Islands.



Matthew's track history.

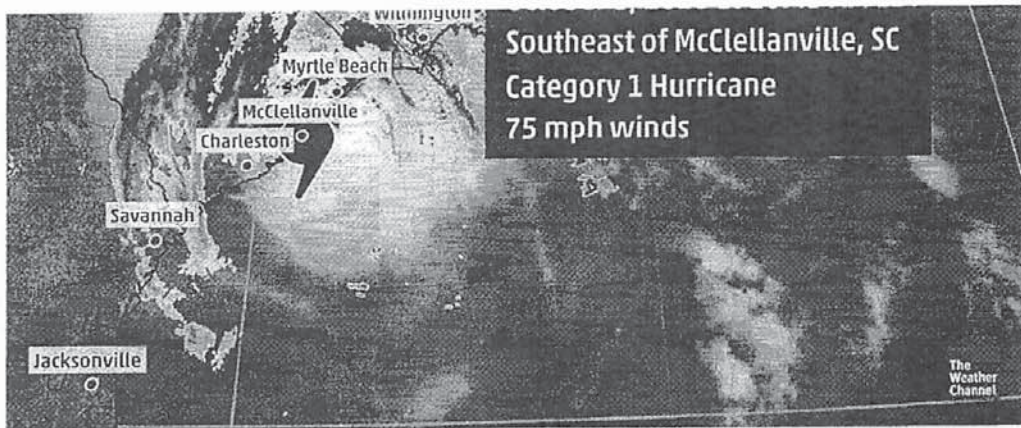
Once Matthew reached the eastern Caribbean, it became a hurricane and rapidly intensified. Its peak intensity was late Sept. 30 into early Oct. 1 when it reached Category 5 strength with 160 mph winds.

Matthew then made landfall in Haiti and eastern Cuba on Oct. 4 as a Category 4. From there, Matthew hammered the Bahamas Oct. 5-6 as a Category 3 and 4 hurricane.

The southeastern United States was then hit hard by Hurricane Matthew as it moved very close to the coasts of Florida, Georgia, South Carolina and North Carolina. Matthew made one official U.S. landfall on Oct. 8 southeast of McClellanville, South Carolina, as a Category 1 hurricane with 75 mph winds.



Hurricane Matthew Recap: Destruction From the Caribbean to the United States | The We... Page 3 of 18



Satellite, radar, and statistics on Hurricane Matthew's landfall on October 8, 2016.

Matthew was declared post-tropical by the National Hurricane Center as it moved away from North Carolina on Oct. 9.

Matthew's U.S. Storm Reports

Storm Surge

On Oct. 7 in Florida, a peak surge of 9.88 feet above normal was measured at an NOS tide gauge at Fernandina Beach, Florida.

Storm surge flooding affected the St. Augustine area, including major flooding on Anastasia Island where water was reported to be 2.5 feet above ground level. To the south in nearby Flagler Beach, Florida, parts of A1A were washed out by the storm surge.

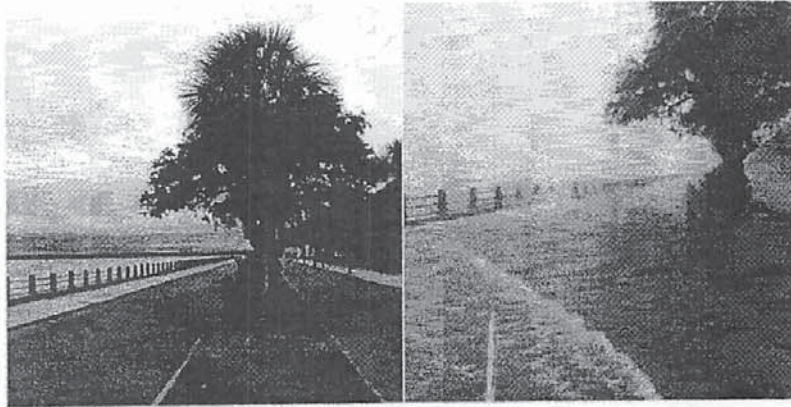


Hurricane Matthew Recap: Destruction From the Caribbean to the United States | The We... Page 4 of 18

The NWS-Jacksonville conducted a storm survey and found a new inlet was carved between Marineland and Matanzas Inlet, between Palm Coast and St. Augustine Beach, Florida.

The St. Johns River in northeast Florida reached its highest level on record at Shands Bridge, along with 3 to 4.3 feet of storm surge inundation reported at the Racy Point, Red Bay Point and I-295 bridge tide gauges. Early in the morning on Oct. 8, the St. Johns River was flowing backwards.

Matthew's storm surge coupled with high tide lead to a record tide level at Ft. Pulaski, Georgia, early Oct. 8, and storm surge inundation roughly waist-deep was reported in parts of Charleston, South Carolina.



Mark Sudduth
@hurricanetrack

Follow

Yesterday and right now. The Battery, Charleston South Carolina.

8:40 AM - Oct 8, 2016

11 1,119 933

A storm surge of just under 8 feet was recorded at Ft. Pulaski, Georgia, between Savannah and Tybee Island, according to NOAA/National Ocean Service data. Fort Pulaski set a new record tide level of 12.57 ft M.L.W (above normal low tide), which occurred two hours after high tide. This beats the old record going back to Hurricane David in 1979.

Hurricane Matthew Recap: Destruction From the Caribbean to the United States | The We... Page 5 of 18

Tide levels at the Charleston Harbor peaked at their third highest level on record with the morning high tide on Oct. 8, the highest levels, there, since Hurricane Hugo in 1989 and over a foot higher than the early October 2015 flood event. Water was entering homes on West Ashley in Charleston, according to the National Weather Service.



NWS Charleston, SC
@NWSCharlestonSC

Follow

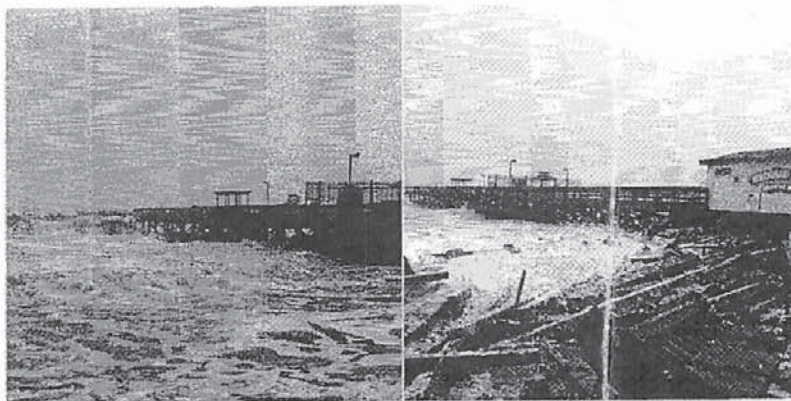
Tide level at Fort Pulaski has reached 12.22 ft MLLW, which sets a preliminary all-time record! #gawx #savwx

2:59 AM - Oct 8, 2016

2 75 25

On the afternoon of Oct. 8, water levels were topping 5 feet above normal at Oyster Landing, near Georgetown, South Carolina, and at Myrtle Beach. In southern North Carolina, water levels on the Cape Fear River at Wilmington shattered a record from Hurricane Hazel in 1954.

The Springmaid Pier in Myrtle Beach was heavily damaged, a section of the Oak Island (North Carolina) pier was also also damaged by waves, and the Jacksonville Beach pier was also damaged.



Kaitlin Wright
@wxkaitlin

Follow

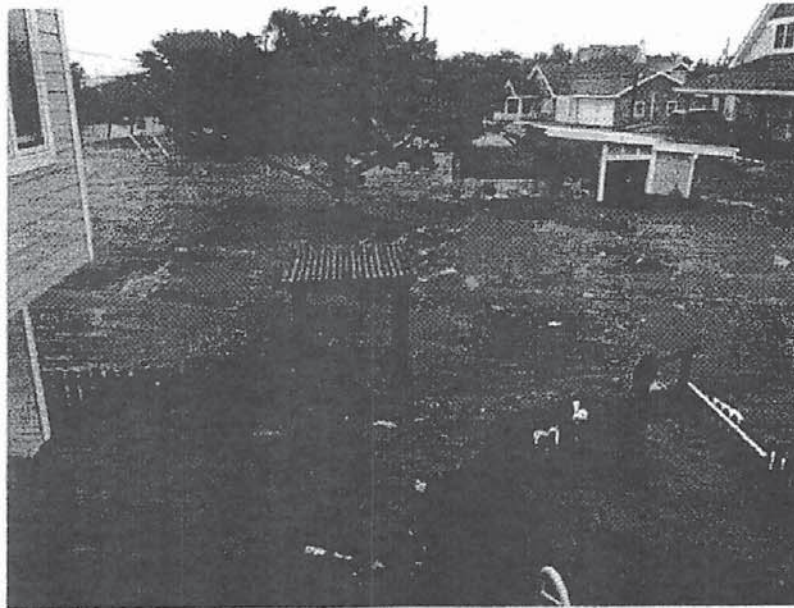
Pictures of the basically gone Springmaid Pier in Myrtle Beach.

Pictures by John Krajc

2:23 PM - Oct 8, 2016

Hurricane Matthew Recap: Destruction From the Caribbean to the United States | The We... Page 6 of 18

On the morning of Oct. 9, major sound side storm surge flooding affected the Outer Banks of North Carolina.



NHC_Surge
@NHC_Surge

Follow

Storm surge flooding from Hatteras Village this morning

8:30 AM - Oct 9, 2016

5 216 115

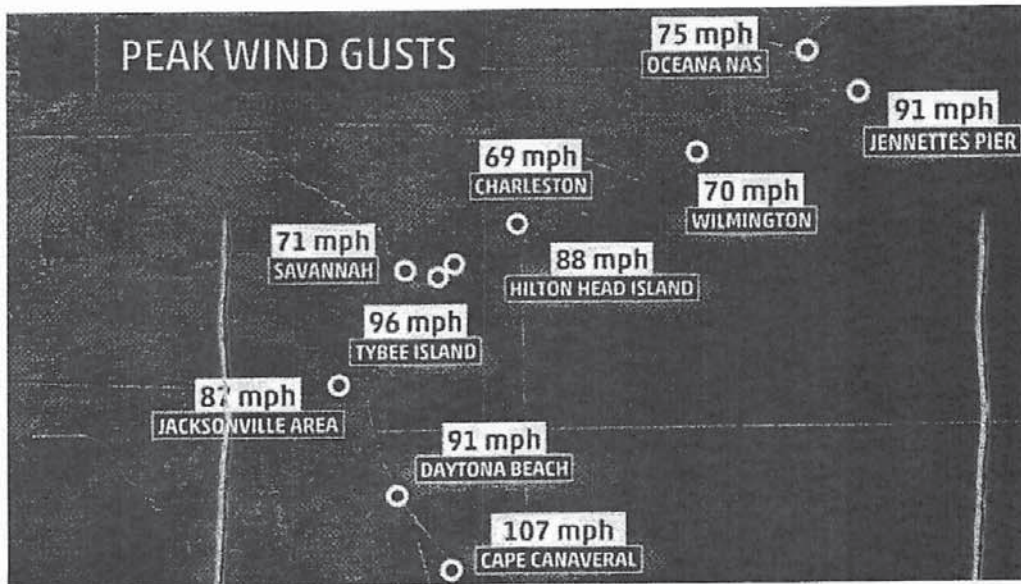
Wind Reports

Here are some of the top wind gust reports from Matthew:

- Cape Canaveral, Florida: 107 mph (on an elevated tower at 54 feet above the ground)
- Tybee Island, Georgia: 96 mph
- Jennette's Pier, North Carolina (Outer Banks): 91 mph
- Daytona Beach, Florida: 91 mph
- Hilton Head Island, South Carolina: 88 mph
- Jacksonville Area: 87 mph
- South Ponte Vedra Beach, Florida: 84 mph

Hurricane Matthew Recap: Destruction From the Caribbean to the United States | The We... Page 7 of 18

- Duck, North Carolina: 83 mph
- Beaufort, South Carolina: 83 mph
- Fort Pulaski, Georgia: 79 mph
- Folly Beach, South Carolina: 76 mph
- Oceana NAS, Virginia: 75 mph
- Myrtle Beach, South Carolina: 74 mph
- Savannah, Georgia: 71 mph
- Melbourne, Florida: 70 mph
- Charleston, South Carolina: 69 mph
- Florence, South Carolina: 67 mph
- Lumbertgon, North Carolina: 66 mph
- Fayetteville, North Carolina: 62 mph
- Sumter, South Carolina: 61 mph
- Orlando Area: Gusts over 60 mph



Interestingly, some of the strongest wind gusts in the Carolinas occurred after the center of Matthew passed by.

Hurricane Matthew Recap: Destruction From the Caribbean to the United States | The We... Page 8 of 18

Rainfall Reports

Fayetteville, North Carolina, picked up over 8 inches of rain in 6 hours on the morning of Oct. 8 and totaled over 14 inches of rain from this event. As you would expect, major flooding materialized.

The NWS office in Wilmington, North Carolina, issued its first ever flash flood emergency early Oct. 8 for Horry County, including the Myrtle Beach Grand Strand and Conway, South Carolina, due to the combination of rainfall and storm surge flooding. Flash flood emergencies are only issued during rare, exceptionally dangerous events.

Matthew brought widespread flash flooding and record river flooding to eastern North Carolina where hourly rainfall estimates from radar were as high as 7 inches per hour. Buildings were flooded, roads washed out, and sections of Interstates 95 and 40 were flooded in the Tar Heel State.



Derek Medlin
@DerekMedlin

Follow

From Johnston County, cars and trucks driving through water on I-95...be smart, people. Don't do this. #Matthew

5:03 PM - Oct 8, 2016

17 258 159

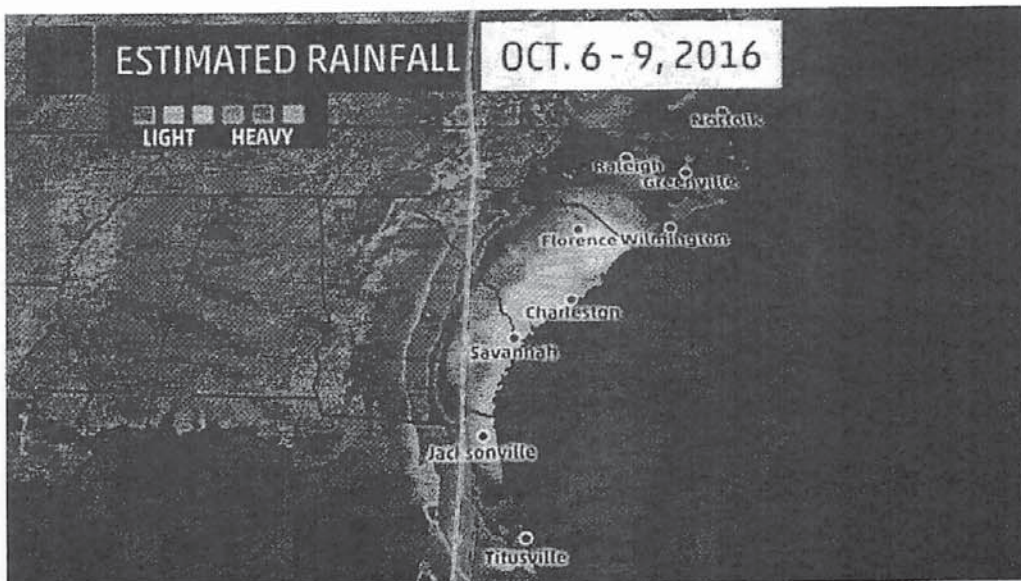
(MORE: Matthew's Record River Flooding)

Hurricane Matthew Recap: Destruction From the Caribbean to the United States | The We... Page 9 of 18

Here are some of the rainfall totals from Matthew, according to NOAA's Weather Prediction Center:

- Savannah (Hunter U.S. Army Airfield), Georgia: 17.49 inches
- William O Huske Lock 3, North Carolina: 15.65 inches
- Goldsboro, North Carolina: 15.24 inches
- Fayetteville, North Carolina: 14.82 inches
- Beaufort, South Carolina: 14.04 inches
- Reevesville, South Carolina: 12.90 inches
- Virginia Beach, Virginia area: 12.16 inches
- Suffolk, Virginia: 11.24 inches
- Hilton Head Island, South Carolina: 11.00 inches
- Charleston, South Carolina: 10.48 inches
- Folly Field, South Carolina: 9.82 inches
- Orlando, Florida (Sanford): 8.99 inches
- Jacksonville, Florida: 6.75 inches
- N. Myrtle Beach, South Carolina: 5.67 inches
- Daytona Beach, Florida: 5.29 inches

Savannah International Airport had their second wettest calendar-day rain on record dating to 1871 on October 7.



Estimated rainfall from Matthew.

Among the notable rainfall flooding reports, included:

- Johnston County, North Carolina: Multiple water rescues; people trapped in homes, on top of vehicles
- Fayetteville, North Carolina: I-95 flooded
- Near Coats Crossroads, North Carolina: Six-mile stretch of Interstate 40 closed
- Raleigh, North Carolina: Several feet of water on Atlantic Avenue and Hodges Street
- Near Clarkton, North Carolina: Vehicle swept away in road washout; 2 killed
- Guilford, Halifax, Harnett, Nash, Sampson, Wayne Counties, North Carolina: Numerous roads flooded and closed.
- Sellers, South Carolina: Cars, homes, town hall flooded
- Holly Hill, South Carolina: Water up to 3 feet deep flooded buildings.
- Near Cameron, South Carolina: Road washed out
- Columbia, South Carolina: Numerous roads closed due to flooding, downed powerlines, trees
- College Park, South Carolina: Water entering some homes



Will Kennedy
@willkennedynews

Follow

Caribbean and Bahamas Storm Reports, Recap

On the day Matthew was named (Sept. 28), George F.L. Charles Airport on St. Lucia picked up 9.21 inches of rain.

On the south side of the island, Hewanorra Int'l Airport picked up 13.19 inches of rain in just 12 hours from 8 p.m. Sept. 28 through 8 a.m. Sept. 29, according to the Antigua Met Service.




Antigua Met Service
@anumetservice

Follow

Flooding during Tropical Storm Matthew in St. Lucia
youtu.be/caZ0dkAFJ7s via @YouTube
6:56 AM - Sep 29, 2016

2 49 17

 wind gust to 89 mph was reported in St. Pierre, Martinique, Sept. 28. Sustained winds of 39 mph were reported on the island of Barbados.

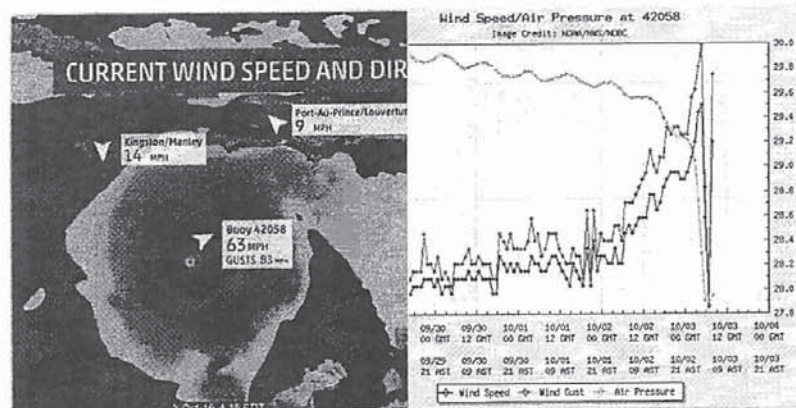


Matthew strengthened to a rare Category 5 late Sept. 30, becoming the first Category 5 Atlantic basin hurricane since Hurricane Felix in early September 2007.

(MORE: Category 5 Hurricanes Prior to Matthew)

According to Colorado State University tropical scientist Dr. Phil Klotzbach, Matthew became the lowest latitude Category 5 hurricane in the Atlantic on record (beating the old record set by Ivan in 2004).

Some outer rainbands triggered flash flooding in Jamaica Oct. 2, hundreds of miles away from the center of Matthew.



Jonathan ⚡🌧️
@JonathanBelles

Follow

4:20am ET: Buoy 42058 Winds rebounding quickly in the southern eyewall. #Matthew

Min pressure from the eye pass: 942.8mb.

4:21 AM - Oct 3, 2016

1 13 9



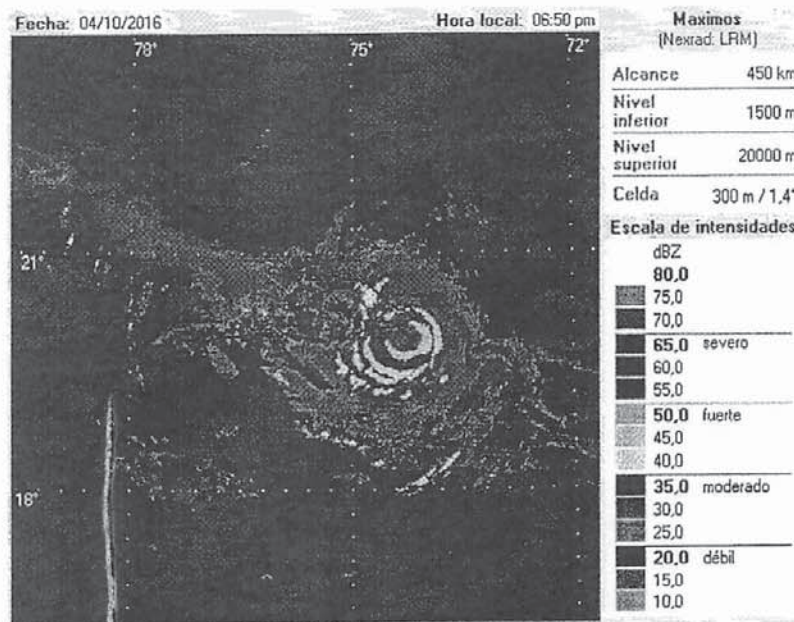
Hurricane Matthew's eye first came ashore in the Greater Antilles in the western Tiburon Peninsula of Haiti near the town of Les Anglais around 7 a.m. EDT Oct. 4, according to the National Hurricane Center.



Matthew was the first Category 4 Haiti landfall since Hurricane Cleo in 1964, and only the fourth such intensity or stronger hurricane to track within 65 nautical miles of southern Haiti's Tiburon Peninsula since the 1960s, according to NOAA's Best Tracks Database.

(MORE: Devastation in Haiti)

Hurricane Matthew made a second landfall near Juaco, Cuba, around 8 p.m. EDT Oct. 4. An unconfirmed wind gusts to 155 mph was reported in the town of Baracoa, Cuba, in Matthew's eyewall.



 **CycloforumsPR**
@CycloforumsPR

Follow

Huracán Matthew entra a Cuba por el pueblito de Jauco en Punta de Maisí, Guantánamo, con vientos de 140 mph.

7:56 PM - Oct 4, 2016 · Puerto Rico

1 40 8



After moving away from Cuba, Matthew passed through the Bahamas.



Late Oct. 5, a 119 mph sustained wind was clocked at Exuma International Airport. Sustained winds over 100 mph were also clocked at George Town, also on Exuma.

Winds gusted to 85 mph in Nassau on Oct. 6 as Matthew moved through.

Exuma International, Bahamas

✈ Change Station ▾

Forecast History Calendar Rain / Snow Health

Elev ft 0.00 °N, 0.00 °E Updated NaN sec ago [station offline]



Rain

82 °F

Feels Like 90 °F



Wind from SE
Gusts 144 mph

Today

High -- Low 79 °F

☁ 100% Chance of Precip.

Yesterday

High -- Low -- °F

Precip. -- in



Expect occasional rain to continue for the next several hours.



Jon Passantino
@passantino

Follow

Remarkable observation tonight from GGT Airport as #Matthew rakes the Bahamas

10:34 PM - Oct 5, 2016

5 158 84



Radar indicates that Matthew made landfall along the western tip of Grand Bahama Island prior to 8 p.m. EDT on Oct. 6 with extremely high winds battering that island in the eyewall.



Hurricane Matthew Recap: Destruction From the Caribbean to the United States | The ... Page 15 of 16

In the 9 p.m. hour on Oct. 6, Grand Bahama reported a sustained wind of 64 mph. Freeport in the northwest Bahamas reported sustained winds of 100 mph with gusts up to 121 mph as the northern eyewall lashed the area.

Settlement Point reported sustained winds of 79 mph and gusts as high as 105 mph.

MORE ON WEATHER.COM: Hurricane Matthew Photos

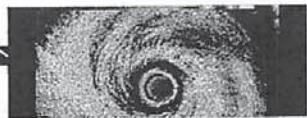
1 of 299



Chris Moore walks down Martin Luther King Blvd. on October 12, 2016 in Lumberton, North Carolina. Hurricane Matthew's heavy rains ended over the weekend, but flooding is still expected for days in North



RECOMMENDED ARTICLES



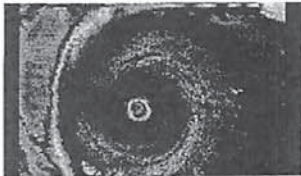
Hurricane Central

The 15 Most Iconic Hurricane Images of All Time

Hurricane Matthew Recap: Destruction From the Caribbean to the United States | The ... Page 16 of 18



These are the photos and images of tropical cyclones that are most burned into our minds.



Hurricane Central

Is a Category 6 Hurricane Possible?

Have we already had Category 6 hurricanes in the past? Do we have any in our future?



Hurricane Central

Monsters of the Atlantic: The Basin's Category 5 Hurricanes

An in-depth look the Atlantic's Category 5 hurricanes and the destruction they have caused.

The Weather Company's primary journalistic mission is to report on breaking weather news, the environment and the importance of science to our lives. This story does not necessarily represent the position of our parent company, IBM.

MOST POPULAR



Puerto Rico in the Last 24 Hours (PHOTOS)

2/3

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20160251-EI EXHIBIT: 11
PARTY: FLORIDA POWER & LIGHT
COMPANY (REBUTTAL)
DESCRIPTION: Kim Ousdahl KO-2

Docket No. 20160251-EI
Hurricane Matthew Final Costs and Incremental
Cost and Capitalization Approach ("ICCA") Adjustments
Exhibit KO-2, Page 1 of 2 (Corrected)

Florida Power and Light
Final Storm Restoration Costs Related to Hurricane Matthew
through February 28, 2018
(\$000s)

LINE NO.		Storm Costs By Function(A)						Total (7)	Calculation of Recoverable Storm Amount (8)
		Steam & Other (1)	Nuclear (2)	Transmission (3)	Distribution (4)	General (B) (5)	Customer Service (6)		
1	Storm Reserve Balance (Pre-Storm)								\$ (93,105)
2									
3	<u>Storm Restoration Costs</u>								
4	Regular Payroll and Related Costs (C)	\$32	\$206	\$446	\$5,076	\$362	\$175	\$6,297	
5	Overtime Payroll and Related Costs (C)	326	1,526	654	10,761	657	700	14,623	
6	Contractors	384	3,207	1,488	157,037	277	272	162,664	
7	Line Clearing	0	0	11	27,849	0	0	27,861	
8	Vehicle & Fuel	0	0	145	4,820	5	0	4,970	
9	Materials & Supplies	20	58	249	6,122	359	56	6,864	
10	Logistics	1	0	123	81,215	185	128	81,652	
11	Other	34	5	238	2,843	1,613	151	4,884	
12	Total Storm Related Restoration Costs Sum of Lines 4 - 11	\$797	\$5,002	\$3,354	\$295,724	\$3,458	\$1,481	\$309,815	
13									
14	<u>Less: Non-Incremental Costs</u>								
15	Regular Payroll and Related Costs (D)	\$56	\$162	\$244	\$749	\$645	\$409	\$2,264	
16	Line Clearing:								
17	Vegetation Management	0	0	0	187	0	0	187	
18	Vehicle & Fuel:								
19	Vehicle Utilization	0	0	0	1,611	0	0	1,611	
20	Fuel	0	0	0	260	0	0	260	
21	Other								
22	Thank you Ads	0	0	0	0	322	0	322	
23	Legal Claims	0	0	0	0	160	0	160	
24	Childcare	0	0	0	0	24	0	24	
25	Total Non-Incremental Costs Sum of Lines 15 - 24	\$56	\$162	\$244	\$2,808	\$1,151	\$409	\$4,829	
26									
27	Less: Third-Party Reimbursements (E)	0	0	0	295	0	0	295	
28									
29	Net Restoration Costs Incurred Lines 12 - 25 - 27	\$741	\$4,841	\$3,110	\$292,622	\$2,306	\$1,072	\$304,691	
30									
31	<u>Less: Capitalizable Costs (F)</u>								
32	Regular Payroll and Related Costs	\$3	\$0	\$92	\$2,372	\$0	\$0	\$2,467	
33	Contractors	300	238	0	5,528	0	0	6,066	
34	Materials & Supplies	0	0	207	3,792	0	56	4,055	
35	Other	1	0	45	309	0	0	354	
36	Third-Party Reimbursements (E)	0	0	0	-295	0	0	-295	
37	Total Capitalizable Costs Sum of Lines 32 - 36	\$303	\$238	\$344	\$11,707	\$0	\$56	\$12,647	
38									
39	<u>Incremental Storm Losses</u>								
40	Regular Payroll and Related Costs Lines 4 - 15 - 32	-\$27	\$45	\$111	\$1,955	-\$283	-\$234	\$1,567	
41	Overtime Payroll and Related Costs Line 5	326	1,526	654	10,761	657	700	14,623	
42	Contractors Lines 6 - 33	84	2,969	1,488	151,509	277	272	156,598	
43	Line Clearing Lines 7 - 17	0	0	11	27,662	0	0	27,673	
44	Vehicle & Fuel Lines 8 - 19 - 20	0	0	145	2,949	5	0	3,099	
45	Materials & Supplies Lines 9 - 34	20	58	41	2,331	359	0	2,809	
46	Logistics Line 10	1	0	123	81,215	185	128	81,652	
47	Other Line 11 - 22 - 23 - 24 - 35	34	5	193	2,534	1,106	151	4,023	
48	Total Incremental Storm Losses Sum of Lines 40 - 47	\$437	\$4,602	\$2,767	\$280,915	\$2,306	\$1,016	\$292,044	
49									
50									
51	Jurisdictional Factor (G)	0.9819	0.9819	0.9029	0.9998	0.9848	1.0000		
52									
53	Retail Recoverable Costs Line 48 * 51	\$ 430	\$ 4,519	\$ 2,498	\$ 280,872	\$ 2,271	\$ 1,016	\$ 291,606	\$ 291,606
54									
55	Balance of Storm Reserve after Funding Estimated Storm Costs ("Eligible Restoration Costs") (Lines 1 + 53)								198,501
56									
57	Plus: Interest on Unamortized Reserve Balance								599
58									
59	Plus: Amount to Replenish Reserve to Level at Settlement Agreement Implementation Date, January 2, 2013 ("Implementation Storm Reserve Balance")								\$ 117,131
60									
61	Subtotal - System Storm Losses to be Recovered from Customers (Lines 55 + 57 + 59)								316,232
62									
63	Regulatory Assessment Fee Multiplier								1.00072
64									
65	Total System Storm Losses to be Recovered from Customers ("Recoverable Storm Amount") (Lines 61 * 63)								\$ 316,459

Notes:

- (A) Storm costs are as of February 28, 2018 and include adjustments for items discussed on pages 17 & 18 of Witness Ousdahl's direct testimony.
(B) General plant function reflects restoration costs associated with FPL's Human Resources, External Affairs, Information Management, Real Estate, and Marketing and Communications departments.
(C) Represents total payroll charged to the business unit (function) being supported. For example, an employee that works in Legal but is supporting Distribution during storm restoration would charge their time to Distribution.
(D) Represents regular payroll normally recovered through base rate O&M and not charged to the Storm Reserve. The amounts are charged to the employee's normal business unit, which may not be the business unit that employee supported during the storm. Therefore, in the example in Note C above, if the Legal employee had payroll which cannot be charged to the Storm Reserve, that amount would be charged to Legal (General) whereas the recoverable portion of their time would remain in Distribution.
(E) Reimbursement from AT&T for poles replaced by FPL during restoration as a result of the storm.
(F) Includes capital associated with follow-up work.
(G) Jurisdictional Factors are based on factors approved in Docket No. 20120015-EI.

Florida Power and Light
Final Storm Restoration Costs Related to Hurricane Matthew
through February 28, 2018
(\$000s)

LINE NO.		Total Costs from KO-1(B) (1)	Adjustments to Exhibit KO-1 By Function(A)					Total Costs from Page 1 (5)
			Steam & Other (2)	Nuclear (3)	Transmission (4)	Distribution (5)	General (B) (6)	
1								
2								
3	<u>Storm Restoration Costs</u>							
4	Regular Payroll and Related Costs	\$6,394	-\$1	\$0	\$0	-\$94	-\$2	\$6,297
5	Overtime Payroll and Related Costs	14,635	-1	-10	0	-1	0	14,623
6	Contractors	162,402	-320	0	6	576	0	162,664
7	Line Clearing	27,609	0	0	0	252	0	27,861
8	Vehicle & Fuel	4,970	0	0	0	1	0	4,970
9	Materials & Supplies	7,751	0	0	0	-887	0	6,864
10	Logistics	81,673	0	0	0	-21	0	81,652
11	Other	4,910	0	0	10	-36	0	4,884
12	Total Adjustments to Storm Related Restoration Costs Sum of Lines 4 - 11	\$310,343	-\$321	-\$10	\$16	-\$209	-\$2	\$309,815
13								
14	<u>Less: Non-Incremental Costs</u>							
15	Regular Payroll and Related Costs	\$2,264	\$0	\$0	\$0	\$0	\$0	\$2,264
16	Line Clearing:							
17	Vegetation Management	187	0	0	0	0	0	187
18	Vehicle & Fuel:							
19	Vehicle Utilization	1,611	0	0	0	0	0	1,611
20	Fuel	260	0	0	0	0	0	260
21	Other							
22	Thank you Ads	322	0	0	0	0	0	322
23	Legal Claims	160	0	0	0	0	0	160
24	Childcare	24	0	0	0	0	0	24
25	Total Non-Incremental Costs Sum of Lines 15 - 24	\$4,829	\$0	\$0	\$0	\$0	\$0	\$4,829
26								
27	Less: Third-Party Reimbursements	295	0	0	0	0	0	295
28								
29	Net Restoration Costs Incurred Lines 12 - 25 - 27	\$305,219	-\$321	-\$10	\$16	-\$209	-\$2	\$304,691
30								
31	<u>Less: Capitalizable Costs</u>							
32	Regular Payroll and Related Costs	\$3,099	\$2	\$0	\$0	-\$634	\$0	\$2,467
33	Contractors	3,673	-206	0	0	2,599	0	6,066
34	Materials & Supplies	4,920	0	0	0	-866	0	4,055
35	Other	1,584	0	0	0	-1,230	0	354
36	Third-Party Reimbursements	-295	0	0	0	0	0	-295
37	Total Capitalizable Costs Sum of Lines 32 - 36	\$12,982	-\$204	\$0	\$0	-\$131	\$0	\$12,647
38								
39	<u>Incremental Storm Losses</u>							
40	Regular Payroll and Related Costs Lines 4 - 15 - 32	\$1,031	-\$3	\$0	\$0	\$540	-\$2	\$1,567
41	Overtime Payroll and Related Costs Line 5	14,635	-1	-10	0	-1	0	14,623
42	Contractors Lines 6 - 33	158,728	-114	0	6	-2,022	0	156,598
43	Line Clearing Lines 7 - 17	27,421	0	0	0	252	0	27,673
44	Vehicle & Fuel Lines 8 - 19 - 20	3,098	0	0	0	1	0	3,099
45	Materials & Supplies Lines 9 - 34	2,831	0	0	0	-22	0	2,809
46	Logistics Line 10	81,673	0	0	0	-21	0	81,652
47	Other Line 11 - 22 - 23 - 24 - 35	2,819	0	0	10	1,194	0	4,023
48	Total Incremental Storm Losses Sum of Lines 40 - 47	\$292,237	-\$118	-\$10	\$16	-\$78	-\$2	\$292,044
49								
50								
51	Jurisdiction Factor		0.9819	0.9848	0.9029	0.9998	0.9998	
52								
53	Retail Recoverable Costs Line 48 * 51	\$ 291,799	\$ (116)	\$ (10)	\$ 14	\$ (78)	\$ (2)	\$ 291,606

Notes:

(A) Adjustments related to the completion of follow up work and a related materials and supplies true up.

(B) Represents amounts reflected on column 7 on Exhibit KO-1, page 1 of 2.



February 17, 2014

Mr. Marshall Willis, Director
Division of Accounting & Finance
Florida Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

RE: Accumulated Provision for Property Insurance

Dear Mr. Willis:

Enclosed for filing please find Florida Power & Light Company's report, as required by Rule 25-6.0143(1)(m), Florida Administrative Code, Use of Accumulated Provision Accounts 228.1, 228.2, and 228.4, reflecting the Company's efforts to obtain reasonably priced Transmission & Distribution insurance coverage. Also enclosed for filing as Attachment 1 to the report is a summary schedule of the amounts recorded in Account 228.1 as of December 31, 2013.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Korel M. Dubin".

Korel M. Dubin
Director, Regulatory Affairs

Enclosures

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20160251-EI EXHIBIT: 12
PARTY: FLORIDA POWER & LIGHT
COMPANY (REBUTTAL)
DESCRIPTION: Kim Ousdahl KO-3

FLORIDA POWER & LIGHT COMPANY
Period Ending December 31, 2013

Update on Efforts to Obtain Commercial Insurance for Transmission and Distribution (T&D) Facilities

For a number of years following Hurricane Andrew in 1992, T&D insurance was totally unavailable. By 1999, the Company was able to obtain a very limited amount of T&D insurance (from \$20 to \$88 million in 1999 through 2001). In the years since September 11, 2001, there was a general unwillingness in the insurance markets to write T&D insurance coverage. In late 2006, a group of southeastern storm exposed utilities (including four in Florida) began efforts to develop an industry insurance program (see below). Through those efforts, it appears that there may be a limited potential for some commercial T&D coverage with very high deductibles (for the Company, in excess of \$750 million per occurrence for above ground distribution only, which exceeds the actual storm restoration damage incurred from any one storm in our history). At this time, the Company believes the products potentially available in the commercial market do not provide sufficient value to customers to warrant the cost. The company will continue to work to develop commercial insurance alternatives to improve the possibility that eventually, reasonably priced coverage that represents good value to the Company and its customers will become available.

Status of an Industry-Wide T&D Insurance Program and the Feasibility and Cost-Effectiveness of a Risk Sharing Plan among Investor Owned Electric Utilities in Florida

In 2006, the four Florida investor owned utilities (IOUs), in conjunction with other IOUs with hurricane exposed transmission and distribution facilities in the Gulf and Atlantic coastal regions, initiated a project to investigate a feasible risk financing alternative to cover transmission and distribution storm damage. The option of developing an industry mutual insurance company and/or risk purchasing group was appealing to the group. After initial discussions, the focus became to seek mutual coverage with premium cost, deductibles and loss payments based on modeled events. Modeled loss coverage was considered the most likely approach to attract insurance market interest. In an effort to simplify the model and to encourage group participation the members elected to explore coverage solely for overhead distribution assets. In addition, it became clear that the market would only be willing to supply coverage for more infrequent storms, those in the once in 75 year frequency category and above, hence the coverage focus was for catastrophic storms with a high deductible/self insured retention.

In May 2007, the Florida IOUs made a presentation on their progress to date to a Florida Public Service Commission ("Commission") staff workshop and then later provided the staff answers to some informal questions.

Possible risk financing alternatives explored by the group have included: group captives (a/k/a industry mutual) insurance, commercial insurance, capital market solutions and public/private insurance pools for natural catastrophes.

There have been numerous hurdles to the success of the project, including: understanding of coastal wind and flood exposures, developing an acceptable loss forecasting model, subjective perceptions and acknowledged limitations of predictive models, gaining participants' confidence in the equity of the underwriting model and cost allocations, seeking market underwriting of the risk, attempting to finance a "frequency of severity" risk profile, assembling a critical mass portfolio of companies willing to pool risk, size of premiums and exposure to retrospective calls.

This activity continued through 2008, and the four Florida IOUs continued to participate while several of the other IOUs dropped out of the group. The Florida IOUs and other participants in the group hired outside experts to model their respective overhead distribution risks and aggregate scenarios were modeled. One member of the group (i.e. a non-Florida member) elected to seek insurance coverage from the insurance market on a stand-alone basis using modeled results, and was successful for the 2007 and 2008 storm seasons. Some other members dropped from the group and at least one of those solicited the market on their own as well.

As the group lost membership and became smaller, the idea of a mutual company became untenable and the focus shifted to a buying group concept. However, even though it became more clear that the insurance market was becoming receptive to providing catastrophic insurance, the cost was still high.

The group periodically maintained communication in 2009, meeting as a group once in February. No members were able to support the buying group concept in 2009. One member of the group outside of Florida has purchased a limited amount of insurance based on modeled results for the past three storm seasons, inclusive of 2009.

2013 Update:

FPL discussed T&D insurance with its domestic, London and European insurers on the Company's operating property insurance program during underwriting renewal meetings in March and April. No incumbents on the FPL property insurance program were interested in providing T&D insurance for FPL's Florida transmission and distribution assets.

In 2013, a group of southeast coastal utilities convened to discuss T&D insurance. No members were purchasing T&D insurance, including the member outside of Florida who was purchasing a limited amount of insurance in 2009.

The Company will continue to monitor insurance market conditions and to seek T&D insurance that will provide value to its customers at a reasonable cost, and will periodically communicate with the remaining members of the IOU group with Atlantic and Gulf hurricane exposure.

Update on the Evaluation of the Company's Exposure to a Hurricane and the Adequacy of the Storm Reserve

The Storm Reserve is not adequate to cover the potential damage associated with Major Hurricanes (Category 3 and higher) or many lower level storms (depending on their size and location).

In December 2010, the Commission approved a settlement agreement that resolved all outstanding issues related to FPL's 2009 base rate proceeding. Per the agreement, FPL would be allowed to recover incremental storm costs over a 12 month recovery period, as long as the costs allocated to residential customers do not exceed \$4.00/1,000 kWh. In the event that storm costs exceed that level, any additional costs may be recovered in subsequent year(s), as determined by the Commission. In addition, FPL reserves the right to petition the Commission to increase the initial 12 month recovery beyond the \$4.00/1,000 kWh in the event FPL incurs storm damage in excess of \$800 million. The settlement agreement expired on December 31, 2012.

On December 13, 2012, the Commission approved a settlement agreement that resolved FPL's 2012 base rate proceeding. Under the 2012 settlement agreement, the storm recovery mechanism from the 2010 settlement agreement remains in effect. The 2012 settlement agreement became effective on the first billing cycle of January 2013 and will expire on the last billing cycle in December 2016.

ATTACHMENT 1

Summary Schedule of the Amounts Recorded in Account 228.1
as of December 31, 2013

Florida Power & Light Co.
Account 228.1
As of December 31, 2013

	Account 228.100 Retail Storm Reserve ⁽¹⁾	Account 228.101 FAS 115 Mark-to-Market ⁽²⁾	Account 228.106 Non-Retail Storm Reserve ⁽³⁾	Total
Proceeds from Securitization Bond Issuance - Pre-tax ⁽⁴⁾	\$ (1,048,815,983)	\$ -	\$ -	\$ (1,048,815,983)
Admin & Service Fees Recovered due to Securitization ⁽⁵⁾	(2,792,442)	-	-	(2,792,442)
Storm Costs:				
2004 Storm Costs	100,208,993	-	55,862	100,264,855
2005 Storm Costs	717,342,858	-	70,988	717,413,846
2006 Storm Costs	18,462,867	-	1,973	18,464,840
2007 Storm Costs	1,424,001	-	-	1,424,001
2008 Storm Costs ⁽⁷⁾	36,482,878	-	27,505	36,510,383
2009 Storm Costs ⁽⁸⁾	-	-	-	-
2010 Storm Costs ⁽⁸⁾	-	-	-	-
2011 Storm Costs ⁽⁹⁾	6,819,566	-	-	6,819,566
2012 Storm Costs ⁽¹⁰⁾	82,780,538	-	295,189	83,075,727
2013 Storm Costs ⁽¹¹⁾	2,115,551	-	1,939	2,117,490
	\$ 965,637,253	\$ -	\$ 453,456	\$ 966,090,709
Retail Storm Fund Earnings ⁽⁶⁾	\$ (34,092,062)		-	(34,092,062)
Mark-to-market adjustment in accordance with FAS 115 ⁽²⁾		(698,326)		(698,326)
Balances as of December 31, 2013	\$ (120,063,234)	\$ (698,326)	\$ 453,456	\$ (120,308,104)

Notes:

⁽¹⁾ Represents activity in storm reserve associated with retail jurisdictional customers.

⁽²⁾ Represents mark-to-market adjustment in accordance with Accounting Standards Codification 320-10 (FAS 115).

⁽³⁾ Represents storm damages allocated to non-retail operations using the following jurisdictional factors: 0.00103 for 2004, 0.00074 for 2005, 0.00077 for 2006, 0.00754 for 2008, 0.00357 for 2012 and .00092 for 2013.

⁽⁴⁾ Issuance authorized by FPSC in Order No. PSC-06-0464-FOF-EI to recover unrecovered 2004 and 2005 storm costs, and to replenish the storm reserve to cover future storm damages associated with retail customers.

⁽⁵⁾ Admin and service fees remitted to FPL per servicing agreement and required to be added to the storm fund pursuant to FPSC order noted in Note ⁽⁴⁾ above. Amounts are collected from retail customers through the Storm Bond Repayment Charge.

⁽⁶⁾ Represents pre-tax earnings reinvested in the Storm Fund.

⁽⁷⁾ Includes amounts for Tropical Storm Fay previously communicated to the Commission.

⁽⁸⁾ No deferrable events happened during 2009 and 2010.

⁽⁹⁾ Hurricane Irene

⁽¹⁰⁾ Includes amounts for Tropical Storms Beryl, Debby, Isaac and Sandy.

⁽¹¹⁾ Tropical Storm Andrea



February 16, 2015

Mr. Andrew L. Maurey
Director, Division of Accounting & Finance
Florida Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

RE: Accumulated Provision for Property Insurance

Dear Mr. Maurey:

Enclosed for filing please find Florida Power & Light Company's report, as required by Rule 25-6.0143(1)(m), Florida Administrative Code, Use of Accumulated Provision Accounts 228.1, 228.2, and 228.4, reflecting the Company's efforts to obtain reasonably priced Transmission & Distribution insurance coverage. Also enclosed for filing as Attachment 1 to the report is a summary schedule of the amounts recorded in Account 228.1 as of December 31, 2014.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Korel M. Dubin".

Korel M. Dubin
Director, Regulatory Affairs

Enclosures

FLORIDA POWER & LIGHT COMPANY
Period Ending December 31, 2014

Update on Efforts to Obtain Commercial Insurance for Transmission and Distribution (T&D) Facilities

For a number of years following Hurricane Andrew in 1992, T&D insurance was totally unavailable. By 1999, the Company was able to obtain a very limited amount of T&D insurance (from \$20 to \$88 million in 1999 through 2001). In the years since September 11, 2001, there was a general unwillingness in the insurance markets to write T&D insurance coverage. In late 2006, a group of southeastern storm exposed utilities (including four in Florida) began efforts to develop an industry insurance program (see below). Through those efforts, it appears that there may be a limited potential for some commercial T&D coverage with very high deductibles (for the Company, in excess of \$750 million per occurrence for above ground distribution only, which exceeds the actual storm restoration damage incurred from any one storm in our history). At this time, the Company believes the products potentially available in the commercial market do not provide sufficient value to customers to warrant the cost. The company will continue to work to develop commercial insurance alternatives to improve the possibility that eventually, reasonably priced coverage that represents good value to the Company and its customers will become available.

Status of an Industry-Wide T&D Insurance Program and the Feasibility and Cost-Effectiveness of a Risk Sharing Plan among Investor Owned Electric Utilities in Florida

In 2006, the four Florida investor owned utilities (IOUs), in conjunction with other IOUs with hurricane exposed transmission and distribution facilities in the Gulf and Atlantic coastal regions, initiated a project to investigate a feasible risk financing alternative to cover transmission and distribution storm damage. The option of developing an industry mutual insurance company and/or risk purchasing group was appealing to the group. After initial discussions, the focus became to seek mutual coverage with premium cost, deductibles and loss payments based on modeled events. Modeled loss coverage was considered the most likely approach to attract insurance market interest. In an effort to simplify the model and to encourage group participation the members elected to explore coverage solely for overhead distribution assets. In addition, it became clear that the market would only be willing to supply coverage for more infrequent storms, those in the once in 75 year frequency category and above, hence the coverage focus was for catastrophic storms with a high deductible/self insured retention.

In May 2007, the Florida IOUs made a presentation on their progress to date to a Florida Public Service Commission ("Commission") staff workshop and then later provided the staff answers to some informal questions.

Possible risk financing alternatives explored by the group have included: group captives (a/k/a industry mutual) insurance, commercial insurance, capital market solutions and public/private insurance pools for natural catastrophes.

There have been numerous hurdles to the success of the project, including: understanding of coastal wind and flood exposures, developing an acceptable loss forecasting model, subjective perceptions and acknowledged limitations of predictive models, gaining participants' confidence in the equity of the underwriting model and cost allocations, seeking market underwriting of the risk, attempting to finance a "frequency of severity" risk profile, assembling a critical mass portfolio of companies willing to pool risk, size of premiums and exposure to retrospective calls.

This activity continued through 2008, and the four Florida IOUs continued to participate while several of the other IOUs dropped out of the group. The Florida IOUs and other participants in the group hired outside experts to model their respective overhead distribution risks and aggregate scenarios were modeled. One member of the group (i.e. a non-Florida member) elected to seek insurance coverage from the insurance market on a stand-alone basis using modeled results, and was successful for the 2007 and 2008 storm seasons. Some other members dropped from the group and at least one of those solicited the market on their own as well.

As the group lost membership and became smaller, the idea of a mutual company became untenable and the focus shifted to a buying group concept. However, even though it became more clear that the insurance market was becoming receptive to providing catastrophic insurance, the cost was still high.

The group periodically maintained communication in 2009, meeting as a group once in February. No members were able to support the buying group concept in 2009. One member of the group outside of Florida has purchased a limited amount of insurance based on modeled results for the past three storm seasons, inclusive of 2009.

2014 Update:

FPL discussed T&D insurance with its domestic, London and European insurers on the Company's operating property insurance program during underwriting renewal meetings in March and April. No incumbents on the FPL property insurance program were interested in providing T&D insurance for FPL's Florida transmission and distribution assets.

In 2013, a group of southeast coastal utilities convened to discuss T&D insurance. No members were purchasing T&D insurance, including the member outside of Florida who was purchasing a limited amount of insurance in 2009.

The Company will continue to monitor insurance market conditions and to seek T&D insurance that will provide value to its customers at a reasonable cost, and will periodically communicate with the remaining members of the IOU group with Atlantic and Gulf hurricane exposure.

Update on the Evaluation of the Company's Exposure to a Hurricane and the Adequacy of the Storm Reserve

The Storm Reserve is not adequate to cover the potential damage associated with Major Hurricanes (Category 3 and higher) or many lower level storms (depending on their size and location).

In December 2010, the Commission approved a settlement agreement that resolved all outstanding issues related to FPL's 2009 base rate proceeding. Per the agreement, FPL would be allowed to recover incremental storm costs over a 12 month recovery period, as long as the costs incurred exceed the then current balance in the Storm Reserve and the costs allocated to residential customers do not exceed \$4.00/1,000 kWh. In the event that storm costs would cause the charge to residential customers to exceed that level, any additional costs may be recovered in subsequent year(s), as determined by the Commission. In addition, FPL reserves the right to petition the Commission to increase the initial 12 month recovery beyond the \$4.00/1,000 kWh in the event FPL incurs storm damage in excess of \$800 million.

The settlement agreement expired on December 31, 2012. On December 13, however, the Commission approved a settlement agreement that resolved FPL's 2012 base rate proceeding. Under the 2012 settlement agreement, the storm recovery mechanism from the 2010 settlement agreement remains in effect. The 2012 settlement agreement became effective on the first billing cycle of January 2013 and will expire on the last billing cycle in December 2016.

ATTACHMENT 1

Summary Schedule of the Amounts Recorded in Account 228.1
as of December 31, 2014

Florida Power & Light Co.
Account 228.1
As of December 31, 2014

	Account 228.100 Retail Storm Reserve (1)	Account 228.101 FAS 115 Mark-to-Market (2)	Account 228.106 Non-Retail Storm Reserve (3)	Total
Proceeds from Securitization Bond Issuance - Pre-tax (4)	\$ (1,048,815,983)	\$ -	\$ -	\$ (1,048,815,983)
Admin & Service Fees Recovered due to Securitization (5)	(3,017,942)	-	-	(3,017,942)
Storm Costs:				
2004 Storm Costs (6)	100,187,511	-	2,807	100,190,318
2005 Storm Costs	717,342,858	-	3,567	717,346,426
2006 Storm Costs	18,462,866	-	99	18,462,966
2007 Storm Costs	1,424,001	-	-	1,424,001
2008 Storm Costs (7)	36,482,878	-	27,505	36,510,383
2009 Storm Costs (8)	-	-	-	-
2010 Storm Costs (8)	-	-	-	-
2011 Storm Costs (9)	6,819,566	-	-	6,819,566
2012 Storm Costs (10)	82,780,807	-	295,190	83,075,997
2013 Storm Costs (11)	2,115,551	-	1,939	2,117,490
2014 Storm Costs (8)	-	-	-	-
	\$ 965,616,038	\$ -	\$ 331,108	\$ 965,947,146
Retail Storm Fund Earnings (12)	(35,470,476)	-	-	(35,470,476)
Mark-to-market adjustment in accordance with FAS 115 (2)	-	(465,323)	-	(465,323)
Balances as of December 31, 2014	\$ (121,688,362)	\$ (465,323)	\$ 331,108	\$ (121,822,577)

Notes:

- (1) Represents activity in storm reserve associated with retail jurisdictional customers.
- (2) Represents mark-to-market adjustment in accordance with Accounting Standards Codification 320-10 (FAS 115).
- (3) Represents storm damages allocated to non-retail operations using the following jurisdictional factors: 0.00475 for 2004, 0.00079 for 2005, 0.00077 for 2006, 0.00754 for 2008, 0.00357 for 2012 and .00092 for 2013.
- (4) Issuance authorized by FPSC in Order No. 06-0464-FOF-EI to recover unrecovered 2004 and 2005 storm costs, and to replenish the storm reserve to cover future storm damages associated with retail customers.
- (5) Admin and service fees remitted to FPL per servicing agreement and required to be added to the storm fund pursuant to FPSC order noted in Note (4) above. Amounts are collected from retail customers through the Storm Bond Repayment Charge.
- (6) Change in balance represents recoveries credited to the 2004 reserve (prior to securitization).
- (7) Includes amounts for Tropical Storm Fay previously communicated to the Commission.
- (8) No deferrable events happened during 2009, 2010 & 2014.
- (9) Includes amounts for Hurricane Irene
- (10) Includes amounts for Tropical Storms Beryl, Debby, Isaac and Sandy. The amounts associated with Tropical Storm Isaac were previously communicated to the Commission.
- (11) Includes amounts for Tropical Storm Andrea
- (12) Represents pre-tax earnings reinvested in the Storm Fund.



February 15, 2016

Mr. Andrew L. Maurey
Director, Division of Accounting & Finance
Florida Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

RE: Accumulated Provision for Property Insurance

Dear Mr. Maurey:

Enclosed for filing please find Florida Power & Light Company's report, as required by Rule 25-6.0143(1)(m), Florida Administrative Code, Use of Accumulated Provision Accounts 228.1, 228.2, and 228.4, reflecting the Company's efforts to obtain reasonably priced Transmission & Distribution insurance coverage. Also enclosed for filing as Attachment 1 to the report is a summary schedule of the amounts recorded in Account 228.1 as of December 31, 2015.

Please contact me if you have any questions regarding this filing.

Sincerely,

A handwritten signature in black ink, appearing to read 'Korel M. Dubin', written in a cursive style.

Korel M. Dubin
Director, Regulatory Affairs

Enclosures

cc: Bart Fletcher – Chief, Bureau of Surveillance & Rate Filings
Curt Mouring – Public Utilities Supervisor

FLORIDA POWER & LIGHT COMPANY
Period Ending December 31, 2015

Update on Efforts to Obtain Commercial Insurance for Transmission and Distribution (T&D) Facilities

For a number of years following Hurricane Andrew in 1992, T&D insurance was totally unavailable. By 1999, the Company was able to obtain a very limited amount of T&D insurance (from \$20 to \$88 million in 1999 through 2001). In the years since September 11, 2001, there was a general unwillingness in the insurance markets to write T&D insurance coverage. In late 2006, a group of southeastern storm exposed utilities (including four in Florida) began efforts to develop an industry insurance program (see below). Through those efforts, it appears that there may be a limited potential for some commercial T&D coverage with very high deductibles (for the Company, in excess of \$750 million per occurrence for above ground distribution only, which exceeds the actual storm restoration damage incurred from any one storm in our history). At this time, the Company believes the products potentially available in the commercial market do not provide sufficient value to customers to warrant the cost. The company will continue to work to develop commercial insurance alternatives to improve the possibility that eventually, reasonably priced coverage that represents good value to the Company and its customers will become available.

Status of an Industry-Wide T&D Insurance Program and the Feasibility and Cost-Effectiveness of a Risk Sharing Plan among Investor Owned Electric Utilities in Florida

In 2006, the four Florida investor owned utilities (IOUs), in conjunction with other IOUs with hurricane exposed transmission and distribution facilities in the Gulf and Atlantic coastal regions, initiated a project to investigate a feasible risk financing alternative to cover transmission and distribution storm damage. The option of developing an industry mutual insurance company and/or risk purchasing group was appealing to the group. After initial discussions, the focus became to seek mutual coverage with premium cost, deductibles and loss payments based on modeled events. Modeled loss coverage was considered the most likely approach to attract insurance market interest. In an effort to simplify the model and to encourage group participation the members elected to explore coverage solely for overhead distribution assets. In addition, it became clear that the market would only be willing to supply coverage for more infrequent storms, those in the once in 75 year frequency category and above, hence the coverage focus was for catastrophic storms with a high deductible/self insured retention.

In May 2007, the Florida IOUs made a presentation on their progress to date to a Florida Public Service Commission ("Commission") staff workshop and then later provided the staff answers to some informal questions.

Possible risk financing alternatives explored by the group have included: group captives (a/k/a industry mutual) insurance, commercial insurance, capital market solutions and public/private insurance pools for natural catastrophes.

There have been numerous hurdles to the success of the project, including: understanding of coastal wind and flood exposures, developing an acceptable loss forecasting model, subjective perceptions and acknowledged limitations of predictive models, gaining participants' confidence in the equity of the underwriting model and cost allocations, seeking market underwriting of the risk, attempting to finance a "frequency of severity" risk profile, assembling a critical mass portfolio of companies willing to pool risk, size of premiums and exposure to retrospective calls.

This activity continued through 2008, and the four Florida IOUs continued to participate while several of the other IOUs dropped out of the group. The Florida IOUs and other participants in the group hired outside experts to model their respective overhead distribution risks and aggregate scenarios were modeled. One member of the group (i.e. a non-Florida member) elected to seek insurance coverage from the insurance market on a stand-alone basis using modeled results, and was successful for the 2007 and 2008 storm seasons. Some other members dropped from the group and at least one of those solicited the market on their own as well.

As the group lost membership and became smaller, the idea of a mutual company became untenable and the focus shifted to a buying group concept. However, even though it became more clear that the insurance market was becoming receptive to providing catastrophic insurance, the cost was still high.

The group periodically maintained communication in 2009, meeting as a group once in February. No members were able to support the buying group concept in 2009. One member of the group outside of Florida has purchased a limited amount of insurance based on modeled results for the past three storm seasons, inclusive of 2009.

2015 Update:

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ATTACHMENT 1

Summary Schedule of the Amounts Recorded in Account 228.1 as of December 31, 2015

Florida Power & Light Co.
Account 228.1
As of December 31, 2015

	Account 228.100 Retail Storm Reserve (1)	Account 228.101 FAS 115 Mark-to-Market (2)	Account 228.106 Non-Retail Storm Reserve (3)	Total
Proceeds from Securitization Bond Issuance - Pre-tax (4)	\$ (1,048,815,983)	\$ -	\$ -	\$ (1,048,815,983)
Admin & Service Fees Recovered due to Securitization (5)	(3,468,942)	-	-	(3,468,942)
Storm Costs:				
2004 Storm Costs (6)	100,183,265	-	-	100,183,265
2005 Storm Costs	717,342,858	-	-	717,342,858
2006 Storm Costs	18,462,866	-	-	18,462,866
2007 Storm Costs	1,424,001	-	-	1,424,001
2008 Storm Costs (7)	36,482,878	-	27,507	36,510,385
2009 Storm Costs (8)	-	-	-	-
2010 Storm Costs (8)	-	-	-	-
2011 Storm Costs (9)	6,969,191	-	-	6,969,191
2012 Storm Costs (10)	82,744,567	-	295,189	83,039,756
2013 Storm Costs (11)	2,115,551	-	1,939	2,117,490
2014 Storm Costs (8)	-	-	-	-
2015 Storm Costs (13)	4,073,386	-	-	4,073,386
	<u>\$ 969,798,563</u>	<u>\$ -</u>	<u>\$ 324,635</u>	<u>\$ 970,123,198</u>
Retail Storm Fund Earnings (12)	(36,206,536)		-	(36,206,536)
Mark-to-market adjustment in accordance with FAS 115 (2)		91,083		91,083
Balances as of December 31, 2015	\$ (118,692,897)	\$ 91,083	\$ 324,635	\$ (118,277,179)

Notes:

- (1) Represents activity in storm reserve associated with retail jurisdictional customers.
- (2) Represents mark-to-market adjustment in accordance with Accounting Standards Codification 320-10 (FAS 115).
- (3) Represents storm damages allocated to non-retail operations using the following jurisdictional factors: 0.00475 for 2004, 0.00079 for 2005, 0.00077 for 2006, 0.00754 for 2008, 0.00357 for 2012 and .00092 for 2013.
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- (9) Includes amounts for Hurricane Irene
- (10) Includes amounts for Tropical Storms Beryl, Debby, Isaac and Sandy.
- (11) Includes amounts for Tropical Storm Andrea
- (12) Represents pre-tax earnings reinvested in the Storm Fund.
- (13) Includes amounts for Tropical Storm Erika



February 15, 2017

Mr. Andrew L. Maurey
Director, Division of Accounting & Finance
Florida Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

RE: Accumulated Provision for Property Insurance

Dear Mr. Maurey:

Enclosed for filing please find Florida Power & Light Company's report, as required by Rule 25-6.0143(1)(m), Florida Administrative Code, Use of Accumulated Provision Accounts 228.1, 228.2, and 228.4, reflecting the Company's efforts to obtain reasonably priced Transmission & Distribution insurance coverage. Also enclosed for filing as Attachment 1 to the report is a summary schedule of the amounts recorded in Account 228.1 as of December 31, 2016.

Please contact me if you have any questions regarding this filing.

Sincerely,

A handwritten signature in black ink that reads 'Korel M. Dubin'.

Korel M. Dubin
Director, Regulatory Affairs

Enclosures

cc: Bart Fletcher – Chief, Bureau of Surveillance & Rate Filings
Curt Mouring – Public Utilities Supervisor

FLORIDA POWER & LIGHT COMPANY
Period Ending December 31, 2016

Update on Efforts to Obtain Commercial Insurance for Transmission and Distribution (T&D) Facilities

For a number of years following Hurricane Andrew in 1992, T&D insurance was totally unavailable. By 1999, the Company was able to obtain a very limited amount of T&D insurance (from \$20 to \$88 million in 1999 through 2001). In the years since September 11, 2001, there was a general unwillingness in the insurance markets to write T&D insurance coverage. In late 2006, a group of southeastern storm exposed utilities (including four in Florida) began efforts to develop an industry insurance program (see below). Through those efforts, it appears that there may be a limited potential for some commercial T&D coverage with very high deductibles (for the Company, in excess of \$750 million per occurrence for above ground distribution only, which exceeds the actual storm restoration damage incurred from any one storm in our history). At this time, the Company believes the products potentially available in the commercial market do not provide sufficient value to customers to warrant the cost. The company will continue to work to develop commercial insurance alternatives to improve the possibility that eventually, reasonably priced coverage that represents good value to the Company and its customers will become available.

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2016 Update:

FPL discussed T&D insurance with its domestic, London and European insurers on the Company's operating property insurance program during underwriting renewal meetings in April. No incumbents on the FPL property insurance program were interested in providing T&D insurance for FPL's Florida transmission and distribution assets. In addition, the southeast coastal utilities convened to discuss the current status of T&D insurance in July 2016. There continued to be no members purchasing T&D insurance.

On January 12, 2017, AEGIS (an electric & gas utility insurance mutual) hosted a conference call with member utilities to discuss the current state of the T&D insurance market. The participating utilities included the FL IOUs and other utilities, 9 companies in total. AEGIS was exploring the potential for a small amount of T&D insurance capacity (up to \$100 million), but at a rate the participants did not find reasonable. One participant agreed to additional discussion on the potential product, but made no

commitment to purchase, as they have an approved method of recovery from their commission utilizing surcharge or securitization for storm costs.

The Company will continue to monitor insurance market conditions and to seek T&D insurance that will provide value to its customers at a reasonable cost, and will periodically communicate with the remaining members of the IOU group with Atlantic and Gulf hurricane exposure.

Update on the Evaluation of the Company's Exposure to a Hurricane and the Adequacy of the Storm Reserve

In December 2012, the Commission approved a settlement agreement that resolved all outstanding issues related to FPL's 2012 base rate proceeding (Order No. PSC-13-0023-S-EI, Docket No. 120015-EI). Per the agreement, FPL would be allowed to recover incremental storm costs over a 12 month recovery period, as long as the costs incurred exceed the then current balance in the Storm Reserve and the costs allocated to residential customers do not exceed \$4.00/1,000 kWh. In the event that storm costs would cause the charge to residential customers to exceed that level, any additional costs may be recovered in subsequent year(s), as determined by the Commission. In addition, FPL reserves the right to petition the Commission to increase the initial 12 month recovery beyond the \$4.00/1,000 kWh in the event FPL incurs storm damage in excess of \$800 million.

FPL's Storm Reserve is currently in a deficit position due to the charges against the reserve for eligible storm restoration costs associated with Hurricane Matthew in late 2016. As a result, on December 29, 2016, FPL petitioned the Commission for recovery of the incremental storm restoration costs related to Hurricane Matthew and replenishment of the Storm Reserve to \$117.1 million (Docket No. 160251-EI) pursuant to the storm recovery mechanism in approved in Order No. PSC-13-0023-S-EI.

Even after FPL's Storm Reserve is restored to \$117.1 million, it will not be adequate to cover the potential damage associated with Major Hurricanes (Category 3 and higher) or many lower level storms (depending on their size and location).

The 2012 settlement agreement expired on December 31, 2016. On December 15, 2016 however, the Commission approved a settlement agreement that resolved FPL's 2016 base rate proceeding (Order No. 16-0560-AS-EI, Docket No. 160021-EI). Under the 2016 settlement agreement, the storm recovery mechanism from the 2012 settlement agreement remains in effect. The 2016 settlement agreement became effective on the first billing cycle of January 2017 and has a minimum term that expires on the last billing cycle in December 2020.

ATTACHMENT 1

Summary Schedule of the Amounts Recorded in Account 228.1
As of December 31, 2016

Florida Power & Light Co.
Account 228.1
As of December 31, 2016

	Account 228.1 Retail Storm Reserve (1)	Account 228.101 FAS 115 Mark-to-Market (2)	Account 228.106 Non-Retail Storm Reserve (3)	Total
Proceeds from Securitization Bond Issuance - Pre-tax (4)	\$ (1,048,815,983)	\$ -	\$ -	\$ (1,048,815,983)
Admin & Service Fees Recovered due to Securitization (5)	\$ (3,919,942)	-	-	(3,919,942)
Storm Costs:				
2004 Storm Costs (6)	\$ 100,184,011	-	-	100,184,011
2005 Storm Costs	\$ 717,342,858	-	-	717,342,858
2006 Storm Costs	\$ 18,462,866	-	-	18,462,866
2007 Storm Costs	\$ 1,424,001	-	-	1,424,001
2008 Storm Costs (7)	\$ 36,482,878	-	27,507	36,510,385
2009 Storm Costs (8)	\$ -	-	-	-
2010 Storm Costs (8)	\$ -	-	-	-
2011 Storm Costs (9)	\$ 6,969,191	-	-	6,969,191
2012 Storm Costs (10)	\$ 82,744,567	-	295,189	83,039,756
2013 Storm Costs (11)	\$ 2,115,551	-	1,939	2,117,490
2014 Storm Costs (8)	\$ -	-	-	-
2015 Storm Costs (13)	\$ 4,085,970	-	11,795	4,097,765
2016 Storm Costs (14)	\$ 322,937,599	-	424,739	323,362,338
	\$ 1,292,749,493	\$ -	\$ 761,169	\$ 1,293,510,662
Retail Storm Fund Earnings (12)	\$ (37,171,080)	-	-	(37,171,080)
Mark-to-market adjustment in accordance with FAS 115 (2)		-	-	-
Deficit Balances as of December 31, 2016 (15)	\$ 202,842,488	\$ -	\$ 761,169	\$ 203,603,657

Notes:

- (1) Represents activity in storm reserve associated with retail jurisdictional customers.
- (2) Represents mark-to-market adjustment in accordance with Accounting Standards Codification 320-10 (FAS 115).
The Storm Fund was liquidated in the fourth quarter of 2016 as such there was no mark-to-market balance in this account as of December 31, 2016.
- (3) Represents storm damages allocated to non-retail operations using the following jurisdictional factor weighted averages: 0.00475 for 2004, 0.00079 for 2005, 0.00077 for 2006, 0.00754 for 2008, 0.00357 for 2012, 0.00092 for 2013, 0.00265 for 2015, and 0.00131 for 2016.
- (4) Issuance authorized by FPSC in Order No. 06-0464-FOF-EI to recover unrecovered 2004 and 2005 storm costs, and to replenish the storm reserve to cover future storm damages associated with retail customers.
- (5) Admin and service fees remitted to FPL per servicing agreement and required to be added to the storm fund pursuant to FPSC order noted in Note (4) above. Amounts are collected from retail customers through the Storm Bond Repayment Charge.
- (6) Change in balance represents recoveries credited to the 2004 reserve (prior to securitization).
- (7) Includes amounts for Tropical Storm Fay previously communicated to the Commission.
- (8) No deferrable events happened during 2009, 2010 & 2014.
- (9) Includes amounts for Hurricane Irene
- (10) Includes amounts for Tropical Storms Beryl, Debby, Isaac and Sandy.
- (11) Tropical Storm Andrea
- (12) Represents pre-tax earnings reinvested in the Storm Fund prior to liquidation. The Storm Fund was liquidated in the fourth quarter of 2016.
- (13) Tropical Storm Erika
- (14) Includes amounts for Martin Luther King, Jr. Weekend Tornadoic Weather System, Tropical Storm Colin, Hurricane Hermine and Hurricane Matthew.
- (15) FPL filed for recovery of a retail deficit balance of \$201M plus replenishment of the storm reserve of \$117M on December 29, 2016 (Docket No. 160251-EI) using cost estimates as of November 30, 2016. This filing was made pursuant to FPL's 2012 Stipulation and Settlement Agreement approved by the Commission in Order No. PSC-13-0023-EI.



February 15, 2018

Mr. Andrew L. Maurey
Director, Division of Accounting & Finance
Florida Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

RE: Accumulated Provision for Property Insurance

Dear Mr. Maurey:

Enclosed for filing please find Florida Power & Light Company's report, as required by Rule 25-6.0143(1)(m), Florida Administrative Code, Use of Accumulated Provision Accounts 228.1, 228.2, and 228.4, reflecting the Company's efforts to obtain reasonably priced Transmission & Distribution insurance coverage. Also enclosed for filing as Attachment 1 to the report is a summary schedule of the amounts recorded in Account 228.1 as of December 31, 2017.

Please contact me if you have any questions regarding this filing.

Sincerely,

A handwritten signature in black ink that reads 'Korel M. Dubin'.

Korel M. Dubin
Director, Regulatory Affairs

Enclosures

cc: Bart Fletcher – Chief, Bureau of Surveillance & Rate Filings
Curt Mouring – Public Utilities Supervisor

FLORIDA POWER & LIGHT COMPANY
Period Ending December 31, 2017

Update on Efforts to Obtain Commercial Insurance for Transmission and Distribution (T&D) Facilities

For a number of years following Hurricane Andrew in 1992, T&D insurance was totally unavailable. By 1999, the Company was able to obtain a very limited amount of T&D insurance (from \$20 to \$88 million in 1999 through 2001). In the years since September 11, 2001, there was a general unwillingness in the insurance markets to write T&D insurance coverage. In late 2006, a group of southeastern storm exposed utilities (including four in Florida) began efforts to develop an industry insurance program (see below). Through those efforts, it appears that there may be a limited potential for some commercial T&D coverage with very high deductibles (for the Company, in excess of \$750 million per occurrence for above ground distribution only, which exceeds the actual storm restoration damage incurred from any one storm in our history). At this time, the Company believes the products potentially available in the commercial market do not provide sufficient value to customers to warrant the cost. The company will continue to work to develop commercial insurance alternatives to improve the possibility that eventually, reasonably priced coverage that represents good value to the Company and its customers will become available.

Status of an Industry-Wide T&D Insurance Program and the Feasibility and Cost-Effectiveness of a Risk Sharing Plan among Investor Owned Electric Utilities in Florida

In 2006, the four Florida investor owned utilities (“IOUs”), in conjunction with other IOUs with hurricane exposed transmission and distribution facilities in the Gulf and Atlantic coastal regions, initiated a project to investigate a feasible risk financing alternative to cover transmission and distribution storm damage. The option of developing an industry mutual insurance company and/or risk purchasing group was appealing to the group. After initial discussions, the focus became to seek mutual coverage with premium cost, deductibles and loss payments based on modeled events. Modeled loss coverage was considered the most likely approach to attract insurance market interest. In an effort to simplify the model and to encourage group participation the members elected to explore coverage solely for overhead distribution assets. In addition, it became clear that the market would only be willing to supply coverage for more infrequent storms, those in the once in 75 year frequency category and above, hence the coverage focus was for catastrophic storms with a high deductible/self-insured retention.

In May 2007, the Florida IOUs made a presentation on their progress to date to a Florida Public Service Commission (“Commission”) staff workshop and then later provided the staff answers to some informal questions.

Possible risk financing alternatives explored by the group have included: group captives (a/k/a industry mutual) insurance, commercial insurance, capital market solutions and public/private insurance pools for natural catastrophes.

There were numerous hurdles to the success of the project, including: understanding of coastal wind and flood exposures, developing an acceptable loss forecasting model, subjective perceptions and acknowledged limitations of predictive models, gaining participants' confidence in the equity of the underwriting model and cost allocations, seeking market underwriting of the risk, attempting to finance a "frequency of severity" risk profile, assembling a critical mass portfolio of companies willing to pool risk, size of premiums and exposure to retrospective calls.

This activity continued through 2008, and the four Florida IOUs continued to participate while several of the other IOUs dropped out of the group. The Florida IOUs and other participants in the group hired outside experts to model their respective overhead distribution risks and aggregate scenarios were modeled. One member of the group (i.e., a non-Florida member) elected to seek insurance coverage from the insurance market on a stand-alone basis using modeled results, and was successful for the 2007 and 2008 storm seasons. Some other members dropped from the group and at least one of those solicited the market on their own as well.

As the group lost membership and became smaller, the idea of a mutual company became untenable and the focus shifted to a buying group concept. However, even though it became more clear that the insurance market was becoming receptive to providing catastrophic insurance, the cost was still high.

The group periodically maintained communication in 2009, meeting as a group once in February. No members were able to support the buying group concept in 2009. One member of the group outside of Florida has purchased a limited amount of insurance based on modeled results for the 2007-2009 storm seasons.

2017 Update:

FPL discussed the potential of T&D insurance on the Company's operating property insurance program with its domestic, London and European insurers during underwriting renewal meetings in April. No incumbents on the FPL property insurance program were interested in providing T&D insurance for FPL's Florida transmission and distribution assets. In addition, the southeast coastal utilities convened to discuss the current status of T&D insurance in July 2017. There continued to be no members purchasing T&D insurance.

The Company will continue to monitor insurance market conditions and to seek T&D insurance that will provide value to its customers at a reasonable cost, and will periodically communicate with the remaining members of the IOU group with Atlantic and Gulf hurricane exposure.

Update on the Evaluation of the Company's Exposure to a Hurricane and the Adequacy of the Storm Reserve

In December 2012, the Commission approved a settlement agreement that resolved all outstanding issues related to FPL's 2012 base rate proceeding (Order No. PSC-2013-0023- S-EI, Docket No. 20120015-EI). Per the agreement, FPL would be allowed to recover incremental storm costs over a 12 month recovery period, as long as the costs incurred exceed the then current balance in the Storm Reserve and the costs allocated to residential customers do not

exceed \$4.00/1,000 kWh. In the event that storm costs would cause the charge to residential customers to exceed that level, any additional costs may be recovered in subsequent year(s), as determined by the Commission. In addition, FPL reserved the right to petition the Commission to increase the initial 12-month recovery beyond the \$4.00/1,000 kWh in the event FPL incurs storm damage in excess of \$800 million in any given calendar year.

The 2012 settlement agreement expired on December 31, 2016. On December 15, 2016 however, the Commission approved a settlement agreement that resolved FPL's 2016 base rate proceeding (Order No. PSC-2016-0560-AS-EI, Docket No. 20160021-EI). Under the 2016 settlement agreement, the storm recovery mechanism from the 2012 settlement agreement remains in effect. The 2016 settlement agreement became effective on the first billing cycle of January 2017 and has a minimum term that expires on the last billing cycle in December 2020.

FPL's Storm Reserve went into a deficit position due to the charges against the reserve for eligible, incremental storm restoration costs associated with Hurricane Matthew in late 2016. As a result, on December 29, 2016, FPL petitioned the Commission for recovery of the deficit and replenishment of the Storm Reserve to \$117.1 million, together with the incremental storm restoration costs related to Hurricane Matthew, in Docket No. 20160251-EI pursuant to the storm recovery mechanism in approved by the Commission in Order No. PSC-2013-0023-S-EI, Docket No. 20160021-EI.

In September 2017, Hurricane Irma passed through Florida causing damage to much of FPL's service territory, resulting in approximately 4.4 million of FPL's customers losing electrical service. The incremental storm costs associated with Hurricane Irma of approximately \$1.3 billion were initially charged to FPL's Storm Reserve. However, in December 2017, in connection with the passage of the Tax Cuts and Jobs Act, FPL determined it would not seek recovery of Hurricane Irma storm restoration costs through a storm surcharge from customers and, as a result, the incremental storm costs originally charged to the Storm Reserve were removed and written off to operations and maintenance expense. Thus, FPL's Storm Reserve will remain at the \$117.1 million level to which it is being restored by the Hurricane Matthew storm recovery mechanism.

Once FPL's Storm Reserve is restored to \$117.1 million, it will remain inadequate to cover the potential damage associated with Major Hurricanes (Category 3 and higher) or many lower level storms (depending on their size and location).

ATTACHMENT 1

Summary Schedule of the Amounts Recorded in Account 228.1
As of December 31, 2017

Florida Power & Light Co.
Account 228.1 - Accumulated Provision for Property Insurance
As of December 31, 2017

Docket No. 20160251-EI
Annual Transmission and Distribution Storm Damage Feasibility Reports for 2013-2017
Exhibit KO-3, Page 30 of 30

ATTACHMENT 1

	Account 228.1 Retail Storm Reserve (1)	Account 228.101 FAS 115 Market to Market (2)	Total
Proceeds from Securitization Bond Issuance- Pre-tax (3)	\$ (1,048,815,983)	\$ -	\$ (1,048,815,983)
Proceeds from Hurricane Matthew Interim Storm Charge (4)	(275,673,677)		(275,673,677)
Admin & Service Fees Recovered due to Securitization (5)	(4,370,942)	-	(4,370,942)
Retail Storm Fund Earnings (6)	(37,171,343)	-	(37,171,343)
Mark-to-market adjustment in accordance with FAS 115 (2)	-	-	-
Subtotal	\$ (1,366,031,944)	\$ -	\$ (1,366,031,944)
Storm Costs Charged to the Storm Reserve:			
2004 Storm Costs (7)	\$ 100,184,011	\$ -	\$ 100,184,011
2005 Storm Costs	717,342,858	-	717,342,858
2006 Storm Costs	18,462,866	-	18,462,866
2007 Storm Costs	1,424,001	-	1,424,001
2008 Storm Costs (8)	36,482,878	-	36,482,878
2009 Storm Costs (9)	-	-	-
2010 Storm Costs (9)	-	-	-
2011 Storm Costs (10)	6,969,191	-	6,969,191
2012 Storm Costs (11)	82,744,567	-	82,744,567
2013 Storm Costs (12)	2,115,551	-	2,115,551
2014 Storm Costs (9)	-	-	-
2015 Storm Costs (13)	4,070,948	-	4,070,948
2016 Storm Costs (14)	320,530,032	-	320,530,032
2017 Storm Costs (15)	1,430,094	-	1,430,094
Subtotal	\$ 1,291,756,998	\$ -	\$ 1,291,756,998
Balance as of December 31, 2017 (16)	\$ (74,274,946)	\$ -	\$ (74,274,946)

Notes:

- (1) Represents activity in storm reserve associated with retail jurisdictional customers.
- (2) There were no mark-to-market adjustments in accordance with Accounting Standards Codification 320-10 (FAS 115).
- (3) Issuance authorized by FPSC in Order No. PSC-06-0464-FOF-EI to recover unrecovered 2004, and 2005, storm costs, and to replenish the storm reserve to cover future storm damages associated with retail customers.
- (4) FPL filed for recovery of a deficit storm reserve balance of \$201M, due to charges from Hurricane Matthew, plus replenishment of the storm reserves of \$117M on December 29, 2016 (Docket No. 160251-EI). This filing was made pursuant to FPL's 2012 Stipulation and Settlement Agreement approved by the Commission in Order No. PSC-13-0023-EI. The Commission approved an interim storm charge for a 12-month period beginning on March 1, 2018. On October 16, 2017, FPL filed its final costs in connection with Hurricane Matthew in Commission Order No. PSC-17-0055-PCO-EI consisting of \$292.8M of retail recoverable costs.
- (5) Admin and service fees remitted to FPL per servicing agreement and required to be added to the storm fund pursuant to FPSC order noted in Note (3) above. Amounts are collected from retail customers through the Storm Bond Repayment Charge.
- (6) Represents pre-tax earnings reinvested in the Storm Fund prior to liquidation. The Storm Fund was liquidated in the fourth quarter of 2016.
- (7) Change in balance represents recoveries credited to the 2004 reserve (prior to securitization).
- (8) Includes amounts for Tropical Storm Fay previously communicated to the Commission.
- (9) No deferrable events happened during 2009, 2010 & 2014.
- (10) Includes amounts for Hurricane Irene.
- (11) Includes amounts for Tropical Storms Beryl, Debby, Isaac and Sandy.
- (12) Tropical Storm Andrea
- (13) Tropical Storm Erika
- (14) Includes amounts for Martin Luther King, Jr. Weekend Tornadoic Weather System, Tropical Storm Colin, Hurricane Hermine, and Hurricane Matthew.
- (15) South Florida Tornado
- (16) Represents the balance as of 12/31/17. FPL will continue to collect under the Hurricane Matthew interim storm charge for two more months (January and February 2018), which will further replenish the Storm Reserve. FPL incurred approximately \$1.3 billion in incremental storm restoration costs due to the impacts of Hurricane Irma in September 2017, which FPL is not seeking to recover. These costs were charged to operations and maintenance expense in December 2017.

Exhibit KO-4

Pre-Matthew Storm Reserve Activity for Jan 2013 through Sept 2016

Account 228.1 - Storm Reserve

Retail Storm Reserve Activity	Other Activity	Prior Storm Adjustments ¹	Andrea	Erika	MLK Tornadoes	Colin	Hermine	Total
Beginning Balance - 1/1/2013	\$ (117,131,304)							\$ (117,131,304)
Storm Fund Earnings	(3,367,412)							(3,367,412)
Storm Fund Admin & Service Fees	(1,804,000)							(1,804,000)
Other	105,458							105,458
Storm Costs			2,100,280	4,455,244	2,869,722	5,007,005	20,006,005	34,438,255
Changes In Prior Storm Estimates		(5,346,146)						(5,346,146)
								-
Total Storm Reserve Activity	\$ (5,065,954)	\$ (5,346,146)	\$ 2,100,280	\$ 4,455,244	\$ 2,869,722	\$ 5,007,005	\$ 20,006,005	\$ 24,026,155
Ending Balance - 9/30/2016 - Pre- Matthew								\$ (93,105,149)

(1) Includes adjustments of incremental charges for storms that impacted FPL prior to 2013, including Sandy, Isaac and Debby.

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20160251-EI EXHIBIT: 13
PARTY: FLORIDA POWER & LIGHT
COMPANY (REBUTTAL)
DESCRIPTION: Kim Ousdahl KO-4

Docket No. 20160251-EI
Pre-Matthew Storm
Reserve Activity for Jan
2013 through Sept 2016
Exhibit KO-4, Page 1 of 8

2013-2016 Storms
Calculation of Incremental Storm Costs

Year of Storm		<u>Prior Storm</u> <u>Adjustments</u>	<u>Andrea</u> 2013	<u>Erika</u> 2015	<u>MLK Tornadoes</u> 2016	<u>Colin</u> 2016	<u>Hermine</u> 2016
Total Storm Costs							
	Distribution	\$ (6,440,968)	\$ 2,472,071	\$ 3,992,576	\$ 2,869,722	\$ 4,887,099	\$ 19,907,289
	Transmission	(297,450)	16,847	28,772	-	204,518	379,132
	Customer Service	1,211	16,897	375	-	55,756	141,518
	Nuclear	(701,961)	-	230,910	-	5,037	55,906
	PGD	(64,235)	337	38,075	-	156,303	53,198
	Other	(3,158)	11,522	229,802	-	174,501	657,903
		\$ (7,506,560)	\$ 2,517,673	\$ 4,520,510	\$ 2,869,722	\$ 5,483,215	\$ 21,194,945
Less: Capital Reclass							
	Distribution	2,138,249	(108,182)	-	-	-	(234,885)
	Transmission		-	-	-	-	-
		\$ 2,138,249	\$ (108,182)	\$ -	\$ -	\$ -	\$ (234,885)
Less: Non-incremental Costs							
	<i>Non-incremental Payroll</i>		(119,888)	(34,145)	-	(245,470)	(564,281)
	<i>Vehicle Utilization</i>		(187,404)	(4,305)	-	(194,573)	(320,655)
	Total Non-Incremental Costs	\$ -	\$ (307,292)	\$ (38,450)	\$ -	\$ (440,043)	\$ (884,935)
Total Incremental Costs		\$ (5,368,311)	\$ 2,102,200	\$ 4,482,060	\$ 2,869,722	\$ 5,043,172	\$ 20,075,125
Non Retail Costs		(22,165)	1,920	26,549	-	36,167	69,120
Retail Incremental Costs		\$ (5,346,146)	\$ 2,100,280	\$ 4,455,511	\$ 2,869,722	\$ 5,007,005	\$ 20,006,005

Docket No. 20160251-EI
Pre-Matthew Storm Reserve Activity
Jan 2013 through Sept 2016
Exhibit KO-4, Page 3 of 8

Type	Storm Costs						
Sum of Amount	JAN 2013-SEP 2016	Column Labels					
Row Labels	CUSTOMER	POWER					Grand Total
	SERVICE	DISTRIBUTION	NUCLEAR	OTHER	GENERATION	TRANSMISSION	
Debby		\$ (534,867)					\$ (534,867)
Contractor		(548,015)					(548,015)
Other		12,551					12,551
Overtime Payroll		-					-
PWTI		98					98
Regular Payroll		500					500
Isaac	\$ 1,211	\$ (5,340,713)	\$ 201		\$ (64,235)	\$ (297,441)	\$ (5,700,978)
Other	1,211	(5,340,713)	201		(64,235)	(297,441)	(5,700,978)
Sandy		\$ (565,387)	\$ (702,161)	\$ (3,158)		\$ (9)	\$ (1,270,715)
Contractor		(535,867)	(2,446,192)				(2,982,059)
Contractor Line Clearing		(15,277)					(15,277)
Logistics		7,460					7,460
Materials		(24,969)					(24,969)
Other		4,165	1,743,095	(3,158)			1,744,103
Overtime Payroll		(815)	783				(33)
PWTI		(159)	153				(6)
Regular Payroll		-					-
Vehicle & Fuel		75				(9)	66
Grand Total	\$ 1,211	\$ (6,440,968)	\$ (701,961)	\$ (3,158)	\$ (64,235)	\$ (297,450)	\$ (7,506,560)

Less: Non-Incremental Costs & Capital

Sum of Amount	JAN 2013-SEP 2016	Column Labels
Row Labels	DISTRIBUTION	
Debby	\$ 479,759	
Capital Reclassification	479,759	
Isaac	\$ 1,406,546	
Capital Reclassification	1,406,546	
Sandy	\$ 251,944	
Capital Reclassification	251,944	
Grand Total	\$ 2,138,249	

Incremental Storm Losses

Sum of Amount	JAN 2013-SEP 2016	Column Labels					
Row Labels	CUSTOMER	POWER					Grand Total
	SERVICE	DISTRIBUTION	NUCLEAR	OTHER	GENERATION	TRANSMISSION	
Debby		\$ (55,108)					\$ (55,108)
Contractor		(548,015)					(548,015)
Other		492,310					492,310
Overtime Payroll		-					-
PWTI		98					98
Regular Payroll		500					500
Isaac	\$ 1,211	\$ (3,934,167)	\$ 201		\$ (64,235)	\$ (297,441)	\$ (4,294,432)
Other	1,211	(3,934,167)	201		(64,235)	(297,441)	(4,294,432)
Sandy		\$ (313,444)	\$ (702,161)	\$ (3,158)		\$ (9)	\$ (1,018,771)
Contractor		(283,923)	(2,446,192)				(2,730,115)
Contractor Line Clearing		(15,277)					(15,277)
Logistics		7,460					7,460
Materials		(24,969)					(24,969)
Other		4,165	1,743,095	(3,158)			1,744,103
Overtime Payroll		(815)	783				(33)
PWTI		(159)	153				(6)
Regular Payroll		-					-
Vehicle & Fuel		75				(9)	66
Grand Total	\$ 1,211	\$ (4,302,719)	\$ (701,961)	\$ (3,158)	\$ (64,235)	\$ (297,450)	\$ (5,368,311)
Jurisdictional Adjustment							22,165
Retail Adjustments of Prior Storms							\$ (5,346,146)

Docket No. 20160251-EI
Pre-Matthew Storm Reserve Activity
Jan 2013 through Sept 2016
Exhibit KO-4, Page 4 of 8

Storm	Andrea
Type	Storm Costs

Sum of AmountJAN 2013-SEP 2016	Column Labels					
Row Labels	CUSTOMER			POWER		Grand Total
	SERVICE	DISTRIBUTION	OTHER	GENERATION	TRANSMISSION	
Contractor	\$ 4,798	\$ 768,070	\$ 966		\$ 5,566	\$ 779,401
Contractor Line Clearing		465,906				465,906
Logistics		13,821		337		14,158
Materials		105,395	9,716			115,112
Other	197	21,413				21,610
Overtime Payroll	9,167	478,829	702		7,265	495,963
PWTI	2,135	172,715	137		2,151	177,138
Regular Payroll	600	259,914	-		498	261,011
Vehicle & Fuel		186,008	-		1,367	187,374
Grand Total	\$ 16,897	\$ 2,472,071	\$ 11,522	\$ 337	\$ 16,847	\$ 2,517,673

Storm	Andrea
Less: Non-Incremental Costs & Capital	
Sum of AmountJAN 2013-SEP 2016	Column Labels
Row Labels	DISTRIBUTION
Non-Incremental Payroll	\$ (119,888)
Non-Incremental Vehicle	(187,404)
Capital Reclassification	(108,182)
Grand Total	\$ (415,474)

Storm	Andrea
Incremental Storm Losses	
Sum of AmountJAN 2013-SEP 2016	Column Labels
Row Labels	CUSTOMER
	DISTRIBUTION
Contractor	\$ 4,798
Contractor Line Clearing	766,714
Logistics	13,821
Materials	40,737
Other	197
Overtime Payroll	9,167
PWTI	2,135
Regular Payroll	600
Vehicle & Fuel	(5,013)
Grand Total	\$ 16,897
Jurisdictional Adjustment	1,920
Retail Incremental Costs as of 9/30/2016 - Andrea	\$ 2,100,280

Docket No. 20160251-EI
Pre-Matthew Storm Reserve Activity
Jan 2013 through Sept 2016
Exhibit KO-4, Page 5 of 8

Storm	Erika
Type	Storm Costs

Sum of Amount	JAN 2013-SEP 2016								
Row Labels	CUSTOMER SERVICE				POWER GENERATION				Grand Total
	DISTRIBUTION	NUCLEAR	OTHER	TRANSMISSION					
Contractor	\$ 375	\$ 2,272,473	\$ 20,253	\$ 31,366	\$ 2,785			\$	2,327,252
Contractor Line Clearing		1,175,512							1,175,512
Logistics		164,770	129,588	14,406	12,406				321,171
Materials		147,511	160	41,447	1,487				190,605
Other		16,608	352	108,821		698			126,480
Overtime Payroll	-	133,035	73,532	17,692	12,506	12,105			248,870
PWTI	-	19,220	7,025	1,839	2,335	3,160			33,579
Regular Payroll		54,623		3,289	6,556	9,628			74,096
Vehicle & Fuel		8,823		10,941		3,182			22,946
Grand Total	\$ 375	\$ 3,992,576	\$ 230,910	\$ 229,802	\$ 38,075	\$ 28,772	\$		4,520,510

Storm	Erika
Less: Non-Incremental Costs & Capital	
Sum of Amount JAN 2013-SEP 2016	Column Labels
Row Labels	DISTRIBUTION
Non-Incremental Payroll	\$ (34,145)
Non-Incremental Vehicle	(4,305)
Grand Total	\$ (38,450)

Storm	Erika						
Incremental Storm Losses							
Sum of AmountJAN 2013-SEP 2016	Column Labels						
	CUSTOMER						
Row Labels	SERVICE	DISTRIBUTION	NUCLEAR	OTHER	POWER GENERATION	TRANSMISSION	Grand Total
Contractor	\$ 375	\$ 2,272,473	\$ 20,253	\$ 31,366	\$ 2,785		\$ 2,327,252
Contractor Line Clearing		1,175,512					1,175,512
Logistics		164,770	129,588	14,406	12,406		321,171
Materials		147,511	160	41,447	1,487		190,605
Other		16,608	352	108,821		698	126,480
Overtime Payroll	-	133,035	73,532	17,692	12,506	12,105	248,870
PWTI	-	19,220	7,025	1,839	2,335	3,160	33,579
Regular Payroll		20,478		3,289	6,556	9,628	39,951
Vehicle & Fuel		4,518		10,941		3,182	18,641
Grand Total	\$ 375	\$ 3,954,126	\$ 230,910	\$ 229,802	\$ 38,075	\$ 28,772	\$ 4,482,060
Jurisdictional Adjustment							26,817
Retail Incremental Costs as of 9/30/2016 - Erika							\$ 4,455,244

Docket No. 20160251-EI
Pre-Matthew Storm Reserve Activity
Jan 2013 through Sept 2016
Exhibit KO-4, Page 6 of 8

Storm	MLK
Type	Storm Costs

Sum of AmountJAN 2013-SEP 2016	Column Labels
Row Labels	DISTRIBUTION
Contractor	\$ 1,208,915
Contractor Line Clearing	550,000
Overtime Payroll	1,043,207
PWTI	67,600
Grand Total	\$ 2,869,722

Retail Incremental Costs as of 9/30/2016 - MLK \$ 2,869,722

Storm	Colin
Type	Storm Costs

Sum of Amount	JAN 2013-SEP 2016	Column Labels							
Row Labels		CUSTOMER				POWER			
		SERVICE	DISTRIBUTION	NUCLEAR	OTHER	GENERATION	TRANSMISSION	Grand Total	
Contractor	\$	3,074	\$ 2,400,573	\$ 5,243	\$ 17,976	\$ 95,161	\$ 45,415	\$	2,567,442
Contractor Line Clearing			835,017				5,741		840,757
Logistics		4,071	53,495	3,141	69,908	438	1,199		132,250
Materials		2,249	23,323		44,580	6,337	13,369		89,859
Other		4,278	19,969	(5,035)	1,102	6,686	3,049		30,050
Overtime Payroll		31,883	804,159	1,585	13,083	31,347	52,289		934,346
PWTI		3,560	153,868	103	4,300	5,221	14,279		181,330
Regular Payroll		6,641	394,117		20,607	10,864	55,197		487,426
Vehicle & Fuel			202,578		2,945	250	13,982		219,755
Grand Total	\$	55,756	\$ 4,887,099	\$ 5,037	\$ 174,501	\$ 156,303	\$ 204,518	\$	5,483,215

Storm	Colin
Less: Non-Incremental Costs & Capital	
Sum of Amount	JAN 2013-SEP 2016
Row Labels	Column Labels
	DISTRIBUTION
Non-Incremental Payroll	\$ (245,470)
Non-Incremental Vehicle	(194,573.47)
Grand Total	\$ (440,043)

Storm	Colin
Incremental Storm Losses	
Sum of Amount	JAN 2013-SEP 2016
Row Labels	Column Labels
	CUSTOMER
	SERVICE
	DISTRIBUTION
	NUCLEAR
	OTHER
	POWER GENERAT
	TRANSMISSION
	Grand Total
Contractor	\$ 3,074 \$ 2,400,573 \$ 5,243 \$ 17,976 \$ 95,161 \$ 45,415 \$ 2,567,442
Contractor Line Clearing	835,017 5,741 840,757
Logistics	4,071 53,495 3,141 69,908 438 1,199 132,250
Materials	2,249 23,323 44,580 6,337 13,369 89,859
Other	4,278 19,969 (5,035) 1,102 6,686 3,049 30,050
Overtime Payroll	31,883 804,159 1,585 13,083 31,347 52,289 934,346
PWTI	3,560 153,868 103 4,300 5,221 14,279 181,330
Regular Payroll	6,641 148,647 20,607 10,864 55,197 241,956
Vehicle & Fuel	8,005 2,945 250 13,982 25,182
Grand Total	\$ 55,756 \$ 4,447,055 \$ 5,037 \$ 174,501 \$ 156,303 \$ 204,518 \$ 5,043,172
Jurisdictional Adjustment	36,167
Retail Incremental Costs as of 9/30/2016 - Colin	\$ 5,007,005

Storm	Hermine
Type	Storm Costs

Sum of Amount	JAN 2013-SEP 2016	Column Labels							
Row Labels	CUSTOMER SERVICE	DISTRIBUTION	NUCLEAR	OTHER	POWER GENERATION	TRANSMISSION	Grand Total		
Contractor	\$ 30,361	\$ 10,085,697	\$ 53,709	\$ 107,122	\$ 11,955	\$ 56,575	\$		10,345,419
Contractor Line Clearing		3,196,025		22,728					3,218,752
Logistics		1,615,413	789	7,739	39,200	67,115			1,730,257
Materials	(5,258)	1,346,279	1,015	80,562	2,043	18,117			1,442,758
Other	11,312	195,356		166,192	-	1,869			374,730
Overtime Payroll	78,655	1,844,860	368	102,853		95,304			2,122,041
PWTI	8,847	324,291	24	26,036		23,826			383,023
Regular Payroll	17,601	918,754		113,026		89,576			1,138,956
Vehicle & Fuel		380,614		31,646		26,750			439,009
Grand Total	\$ 141,518	\$ 19,907,289	\$ 55,906	\$ 657,903	\$ 53,198	\$ 379,132	\$		21,194,945

Storm	Hermine
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Less: Non-Incremental Costs & Capital

Sum of Amount	JAN 2013-SEP 2016	Column Labels				
Row Labels	CUSTOMER SERVICE	DISTRIBUTION	OTHER	POWER GENERATION	Grand Total	
Non-Incremental Payroll	\$ (155,104)	\$ (237,668)	\$ (167,307)	\$ (4,201)	\$	(564,281)
Non-Incremental Vehicle		(320,655)				(320,655)
Capital Reclassification		(234,885)				(234,885)
Grand Total	\$ (155,104)	\$ (793,208)	\$ (167,307)	\$ (4,201)	\$	(1,119,820)

Storm	Hermine
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Incremental Storm Losses

Sum of Amount	JAN 2013-SEP 2016	Column Labels							
Row Labels	CUSTOMER SERVICE	DISTRIBUTION	NUCLEAR	OTHER	POWER GENERATION	TRANSMISSION	Grand Total		
Contractor	\$ 30,361	\$ 10,085,697	\$ 53,709	\$ 107,122	\$ 11,955	\$ 56,575	\$		10,345,419
Contractor Line Clearing		3,196,025		22,728					3,218,752
Logistics		1,615,413	789	7,739	39,200	67,115			1,730,257
Materials	(5,258)	1,190,786	1,015	80,562	2,043	18,117			1,287,265
Other	11,312	115,964		166,192	-	1,869			295,338
Overtime Payroll	78,655	1,844,860	368	102,853		95,304			2,122,041
PWTI	8,847	324,291	24	26,036		23,826			383,023
Regular Payroll	17,601	354,473		113,026		89,576			574,675
Vehicle & Fuel		59,959		31,646		26,750			118,355
Grand Total	\$ 141,518	\$ 18,787,469	\$ 55,906	\$ 657,903	\$ 53,198	\$ 379,132	\$		20,075,125

Jurisdictional Adjustment									69,120
Retail Incremental Costs as of 9/30/2016 - Hermine								\$	20,006,005

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**FPL's Responses to OPC's First Set of
Interrogatories**

Nos.1(amended), 2-9, 12-20, 23-27, 28-29, 34

**(See additional files contained on Staff Hearing
Exhibit CD/USB for Nos. 2, 5, 12, 13, 15, 19, 23,
24, 26, 28, 29, 34)**

Confidential DN. 03655-2018

(18-20 and 34)

FLORIDA PUBLIC SERVICE COMMISSION DOCKET: 20160251-EI EXHIBIT: 14 PARTY: STAFF HEARING EXHIBITS DESCRIPTION: Manny Miranda(1, 17, 19, 25) (Co-sponsored – 2, 16, 26)Kim Ousdahl (3-9,

QUESTION:

Storm Timeline. Please provide a timeline summary, by district, indicating when the first costs were incurred, when the majority of the mobilization began, when the storm began, the peak storm time, when the storm ended, when demobilization started, when the majority of final costs were incurred and when the final cost was incurred (i.e. when followup work was completed).

RESPONSE:

Amended information highlighted in red.

All information provided in this response is associated with FPL's Power Delivery (Distribution & Transmission) business unit's management areas and restoration activities.

When the storm began, peaked and ended, by FPL management area, is provided below:

<u>Management Area</u>	<u>Began</u>	<u>Peak</u>	<u>Ended</u>
South Dade	10/6	10/6	10/6
Central Dade	10/6	10/6	10/6
West Dade	10/6	10/6	10/6
North Dade	10/6	10/6	10/7
Gulfstream	10/6	10/6	10/7
Wingate	10/6	10/6	10/7
Pompano	10/6	10/6	10/7
Boca Raton	10/6	10/6	10/7
West Palm	10/6	10/6	10/7
Naples	10/6	10/6	10/7
Toledo Blade	10/6	10/6	10/7
Manasota	10/6	10/6	10/7
Treasure Coast	10/6	10/7	10/7
Brevard	10/6	10/7	10/7
Central Florida	10/6	10/7	10/7
North Florida	10/6	10/7	10/8

Since FPL does not maintain the remaining requested storm information at a management area level, it is providing it at the system level. Additionally, since FPL does not maintain its records such that it can provide costs incurred on a daily basis, it has provided its best estimates for the requested items below:

When the first costs were incurred:	10/4/2016
When the majority of the mobilization began:	10/4 – 10/6/2016
When demobilization started:	10/9/2016
When the majority of final costs were incurred:	10/7 – 10/11/2016
When the final cost was incurred:	9/2017

QUESTION:

System. Please provide a summary of distribution miles that identifies the number of miles, the number of poles, the amount of conductor and the number of transformers by district and for each district provide the number of miles, the number of poles, the amount of conductor and the number of transformers that were impacted by Hurricane Matthew.

RESPONSE:

See Attachment No. 1 for number of poles and transformers and conductor in miles by location as at September 30, 2016. Note that all poles, transformers and conductor in FPL's service territory were exposed to Hurricane Matthew.

QUESTION:

Storm Accounting Policies and Procedures. Please provide a detailed explanation how the storm costs were accounted for (i.e. by cost code or other designation), including the following:

- a. the designation used;
- b. how the costs were charged to specific functions;
- c. how materials and supplies were accounted for (i.e. withdrawn from inventory and charged to the storm);
- d. how vehicle and fuel costs were tracked or assigned; and
- e. how contractors and vendors were instructed to account for capital work.

RESPONSE:

- a. FPL establishes work orders for each storm to aggregate costs for financial reporting and for regulatory recovery purposes associated with storm damage restoration of FPL's system. The Company uses the work order to account for all costs associated with restoration including some that will not be recoverable outside of base rates pursuant to FPSC rules.
- b. There are separate storm work orders for separate functions charged during restoration.
- c. As materials are requested at the staging sites, a "reservation" is created in SAP detailing the items and quantity requested. As Physical Distribution Command Center picks the material it is charged to the work order associated with the staging site in which it is being sent. Once the storm is complete, any materials returned are credited back to the same work order.
- d. Vehicle utilization and vehicle fuel costs are tracked by storm work order and are analyzed based on the Incremental Cost and Capitalization Approach (ICCA) methodology to remove costs already included in base rates.
- e. Specific instructions do not apply because capital materials are tracked through item c. described above. Labor is applied to capital materials installed during the storm event through FPL's Distribution Work Management System (WMS) and the total capital cost (labor + materials) is then removed from the storm reserve and reclassified to capital based on the ICCA methodology.

QUESTION:

Payroll. Please provide an explanation of what the related costs for regular and overtime payroll are, identifying each type of related costs and, to the extent available, the respective amounts.

RESPONSE:

The related costs for regular and overtime payroll that are included on Lines 1 and 2 of the final cost report for Hurricane Matthew include the following items:

1. FPL payroll overhead loadings – This represents pension, welfare, and taxes that are applied to each regular payroll dollar and payroll taxes applied to each overtime payroll dollar charged to the Hurricane Matthew internal orders. The loadings represent payroll overhead allocations for expenses such as, medical and dental insurance, thrift plan, life insurance, pension, long term disability benefits, social security, Medicare, and state and federal unemployment taxes. Pursuant to Rule 25-6.0143, FPL has not included any incentive compensation. See FPL's response to OPC's First Set of Interrogatories No. 11 for additional information on the payroll overhead loading rates and how they are determined. The total amount of payroll overhead loadings related to payroll included in FPL's final cost report for Hurricane Matthew is \$1,614,394. This amount was then allocated between regular and overtime proportionately based on pre-overhead totals resulting in \$403,114 included with regular payroll on Line 1 and \$1,211,280 included with overtime payroll on Line 2.

Note, in FPL's response to OPC's First Set of Interrogatories No. 18, FPL stated that it reported all costs for follow-up work under the Contractor cost category on its final cost report for Hurricane Matthew, which included items other than contractor costs. The amount of FPL payroll overhead loadings associated with the follow-up work of \$17,000 that was initially included in the total amount of Contractor costs reflected on Line 3 of the final cost report and has now been reassigned. Note, this reassignment of costs among cost categories does not affect the total amount of Retail Recoverable Costs reflected on line 16 in FPL's final cost report.

In addition, in FPL's response to OPC's First Set of Interrogatories No. 9, FPL noted that it inadvertently included \$880,000 of overtime payroll for the Distribution function in its final cost report that was not related to Hurricane Matthew restoration activities. As such, FPL inadvertently included approximately \$57,000 of payroll taxes related to the \$880,000 of overtime payroll on Line 2 of the final cost report for Hurricane Matthew.

As a result, the revised amount of FPL payroll loadings is \$1,574,000 with the amount associated with follow-up work added and the \$57,000 of payroll taxes has been removed.

Therefore, the costs in the Distribution function in the final cost report not related to Hurricane Matthew restoration activities totaled \$937,000 (\$880,000 + \$57,000). As reflected in FPL's response to OPC's First Set of Interrogatories No. 7, the adjusted

amount of Retail Recoverable Costs is \$291.815 million on Line 16 of the final cost report.

2. Non-FPL payroll overhead allocations – This represents allocations for benefits, payroll taxes, non-productive time, and/or administrative overhead associated with payroll charged to FPL from its affiliates for Hurricane Matthew restoration activities. The total amount of payroll overhead allocations related to non-FPL payroll included in FPL's final cost report for Hurricane Matthew is \$680,255. This amount was then allocated between regular and overtime proportionately based on pre-overhead totals resulting in \$537,814 included with regular payroll on Line 1 and \$142,441 included with overtime payroll on Line 2.
3. Other Labor – This represents the following items. Note, the total amount of other labor included in FPL's final cost report for Hurricane Matthew is \$484,683 and this amount was included with regular payroll reported on Line 1.
 - a. Shift differential pay, temporary relieving and time incurred during meals of \$392,945, and
 - b. Transmission labor component of capital work performed as part of storm restoration of \$91,738, which is later removed with all other capital costs on Line 13 of the final cost report for Hurricane Matthew.

QUESTION:

Payroll. Please explain why regular payroll should be included in the storm related costs and identify the amount of regular payroll included, by function, on lines 1, 10, 13, 14 and 16, respectively, for the schedules filed on October 16, 2017.

RESPONSE:

See Attachment No. 1 to this response for the regular payroll dollars included in the line items requested. Note, based on the ICCA, regular payroll normally recovered through base rate O&M cannot be charged to FPL's Storm Reserve. Regular payroll normally recovered through capital or clauses can be charged to the Storm Reserve based on paragraphs 21 and 22 of Order No. PSC-06-0464-FOF-EI.

QUESTION:

Payroll. Please identify the amount of any incentive compensation included in the costs charged to the storm by function.

RESPONSE:

Pursuant to Rule 25-6.0143(1)(f), FPL did not include any costs for incentive compensation in its Hurricane Matthew recoverable storm costs.

QUESTION:

Regular Payroll. Please provide a summary of the regular payroll by week by function (i.e. this would be just payroll and excludes overheads and/or other related costs).

RESPONSE:

Please see FPL's response in Attachment No. 1 for the requested information.

In addition, in FPL's response to OPC's First Set of Interrogatories No. 18, FPL stated that it reported all costs for follow-up work under the Contractor cost category on its final cost report for Hurricane Matthew, which included items other than contractor costs. Therefore, this response includes \$81,000 of regular payroll associated with the follow-up work that was initially included in the total amount of Contractor costs reflected on Line 3 of the final cost report and has now been reassigned. Please see Attachment No. 1 which includes the requested information in this request for the additional \$81,000 of regular payroll associated with the follow-up work. As a result, the revised amount of regular payroll costs, excluding payroll overheads, is \$5.1 million with the amount associated with follow-up work added. Note, this reassignment of \$81,000 regular payroll plus payroll overheads of \$14,000 totaling \$95,000 affects the total amount of Retail Recoverable Costs reflected on line 16 in FPL's final cost report as these costs are not incremental and should be removed from FPL's request.

Also, in FPL's response to OPC's First Set of Interrogatories No. 9, FPL stated that it inadvertently included \$880,000 of overtime payroll plus \$57,000 of payroll overheads for the Distribution function in its final cost report that was not related to Hurricane Matthew restoration activities, totaling \$937,000.

Therefore, based on the above adjustments, the adjusted amount of Retail Recoverable Costs is \$291.815 million.

QUESTION:

Regular Payroll and Payroll Related Costs. Pursuant to Rule 25-6.0143(l)(t), Florida Administrative Code, base rate recoverable regular payroll and regular payroll-related costs for utility managerial and non-managerial personnel are prohibited from being charged to the reserve under the Incremental Cost and Capitalization Approach (ICCA) methodology. FPL included \$6.043 million in Regular Payroll in its estimated costs for storm restoration.

- a. Please explain why FPL included these amounts in its requested storm recovery costs.
- b. Please provide a description of the types of employees whose salaries and costs were included in this amount and why those amounts are not included in base rates or otherwise recovered in existing rates.

RESPONSE:

- a. FPL included \$6.299 million of regular payroll and related costs in its final cost report for Hurricane Matthew filed on October 16, 2017. As shown in Attachment No. 1 to FPL's response to OPC's First Set of Interrogatories No. 5, FPL excluded \$2.169 million from the total amount of regular payroll as it represents costs normally recovered through base rate O&M. In addition, FPL also excluded \$3.099 million of regular payroll related to capitalized costs. The remaining \$1.031 million (\$1.024 million retail jurisdictional) relates to the capital or clause portion of regular payroll that would have normally been performed absent the storm but were not charged to those recovery mechanisms because the work associated with that payroll related to storm recovery. Thus, unless the \$1.031 million is recovered through the storm charge, FPL will not have a chance to recover it. This amount is recoverable under the incremental cost and capitalization approach as explained in paragraphs 21 and 22 of FPSC Order No. PSC-06-0464-FOF-EI.
- b. As provided in FPL's response to OPC's First Set of Interrogatories No. 4.

QUESTION:

Overtime Payroll. Please provide a summary of the overtime payroll by week by function (i.e. this would be just payroll and excludes overheads and/or other related costs). Please explain if any of the overtime requested was included in the storm cost for employees who have already had overtime pay included in base rate recovery.

RESPONSE:

Please see Attachment No. 1 for a summary of overtime payroll by week by function, excluding overheads and other related costs. Note, budgeted call center and customer service overtime is included in these amounts, but is removed from recoverable storm charges as a non-incremental cost on Line 10 of the final cost report for Hurricane Matthew in accordance with Rule 25-6.0143.

In addition, in FPL's response to OPC's First Set of Interrogatories No. 18, FPL stated that it reported all costs for follow-up work under the Contractor cost category on its final cost report for Hurricane Matthew, which included items other than contractor costs. Therefore, this response includes \$37,000 of overtime payroll associated with the follow-up work that was initially included in the total amount of Contractor costs reflected on Line 3 of the final cost report and has now been reassigned. Please see Attachment No. 1 which includes the requested information in this request for the additional \$37,000 of overtime payroll associated with the follow-up work. As a result, the revised amount of overtime payroll costs is \$13.2 million with the amount associated with follow-up work added. Note, this reassignment of costs among cost categories does not affect the total amount of Retail Recoverable Costs reflected on line 16 in FPL's final cost report.

Also, please note that FPL inadvertently included \$880,000 of overtime payroll for the Distribution function in its final cost report that was not related to Hurricane Matthew restoration activities. This amount is not included in information provided in Attachment No. 1 to this response nor does it include related payroll tax overheads of \$57,000. Please see FPL's response to OPC's First Set of Interrogatories No. 7 for FPL's revised total amount of Retail Recoverable Costs for Hurricane Matthew of \$291.815 million.

QUESTION:

Replacement costs – poles. Please provide a summary of the number of poles replaced, by function, by month and location, identifying whether the replacement was capitalized and, if capitalized, provide the cost capitalized.

RESPONSE:

See Attachment No. 1 to this response for the requested information, which reflects the capitalization of all pole replacements. Please note that this Attachment does not include information associated with follow-up work because FPL has not completed the unitization at the utility account level in its property accounting system at this time. However, the total capital cost associated with follow-up work is included in Line 13 in FPL's final cost report for Hurricane Matthew. In addition, the cost information reflected in Attachment No. 1 does not include retirements or cost of removal associated with the poles that were replaced.

QUESTION:

Replacement costs-conductors. Please provide a summary of the number of miles of conductor replaced, by function, by month and location, identifying whether the replacement was capitalized and, if capitalized, provide the cost capitalized.

RESPONSE:

See Attachment No. 1 to this response for the requested information, which reflects the capitalization of all conductor replacements. Please note that this Attachment does not include information associated with follow-up work because FPL has not completed the unitization at the utility account level in its property accounting system at this time. However, the total capital cost associated with follow-up work is included in Line 13 in FPL's final cost report for Hurricane Matthew. In addition, the cost information reflected in Attachment No. 1 does not include retirements or cost of removal associated with conductors that were replaced.

QUESTION:

Replacement costs-cross arms. Please provide a summary of the number of cross arms replaced, by function, by month and location, identifying whether the replacement was capitalized, and, if capitalized, provide the cost capitalized.

RESPONSE:

Please see below for the requested information. Note, cross arms are minor property based on FPL's Property Unit Retirement Catalog and therefore, not capitalized.

Function	Month	Location	Quantity
Distribution	October-17	Brevard Co	55
Distribution	November-17	Brevard Co	3
Distribution	October-17	Broward Co.	50
Distribution	October-17	Dade Co.	50
Distribution	October-17	Flager Co.	72
Distribution	October-17	Indian River Co	75
Distribution	October-17	Martin Co.	10
Distribution	October-17	Nassau Co.	5
Distribution	November-17	Nassau Co.	25
Distribution	October-17	North Florida	14
Distribution	October-17	Palm Beach Co	80
Distribution	November-17	Palm Beach Co	25
Distribution	October-17	Putnam Co	35
Distribution	October-17	Seminole Co.	4
Distribution	October-17	St. Johns Co	115
Distribution	October-17	St. Lucie Co	85
Distribution	October-17	Volusia Co	374
Total			1,077

QUESTION:

Replacement costs-cross transformers. Please provide a summary of the number of cross transformers replaced, by function, by month and location, identifying whether the replacement was capitalized, and, if capitalized, provide the cost capitalized.

RESPONSE:

See Attachment No. 1 to this response for the requested information, which reflects the capitalization of all transformer replacements. Please note that this Attachment does not include information associated with follow-up work because FPL has not completed the unitization at the utility account level in its property accounting system at this time. However, the total capital cost associated with follow-up work is included in Line 13 in FPL's final cost report for Hurricane Matthew. In addition, the cost information reflected in Attachment No. 1 does not include retirements or cost of removal associated with transformers that were replaced.

QUESTION:

Contractors. Please explain in detail, what services were performed by function by outside contractors (i.e. pole & wire work, plant repairs, etc.).

RESPONSE:

The explanations for services performed by outside contractors are below.

Steam & Other (Power Generation):

Outsides Services/ Equipment and Materials – Primarily related to costs with embankment stabilization at our Cape Canaveral Energy Center. These costs were for permitting, mobilization and demobilization, materials, project management and execution. There were approximately 1,000 tons of rip rap material deployed for shoreline restoration on the north side of the property near cooling pond C as well as fence repairs.

Outside Services/Building Services – Storm preparations and site cleanup contractor support for the Riviera Beach Energy Center and West County Energy Center.

Outside Services/Other – Primarily associated with cooling pond vegetation removal at the intakes at Martin Plant but also include design and survey costs for engineering on shoreline restoration and thermo-vision inspections for substations and arresters.

Nuclear:

Demineralized Water – Water utilized for blowdown of units during downpower and repower;

Hazardous Waste Disposal – Costs associated with material used during storm preparation and demobilization that required special disposal;

Security - Security Storm Riders support;

Meals – Meals for Storm Riders;

Site Tool & Equipment – Consumables required for storm preparations/mobilization and demobilization;

Outside Services - Support - manual labor for storm mobilization, demobilization, and follow-up repairs

Distribution:

Line Contractors – Repaired/replaced facilities (e.g., poles, wire, cable, transformers and other equipment) and restored service – performed by outside contractors;

Mutual Assistance – Repaired/replaced facilities (e.g., poles, wire, cable, transformers and other equipment) and restored service – performed by mutual assistance companies;

Other Contractors - Performed patrols of damaged facilities to assess, identify and document damage and supervised external crews; provided environment assessment and abatement services; operation of special equipment (e.g., cranes, drones); provided engineering services (e.g., assisted with engineering facilities needing to be replaced); performed maintenance of traffic control services; provided other staff/administrative/miscellaneous services

Follow up – Performed inspections/assessments and repaired/replaced facilities (e.g., poles, wire, cable, transformers, street lights, other equipment and necessary targeted line clearing) to restore FPL's facilities to their pre-storm condition (includes associated labor, equipment, vehicle/fuel and materials);

Transmission:

Line Contractors – Repaired/replaced facilities (e.g., poles, wire, cable, transformers and other equipment) and restored service – executed by outside contractors;

Other Contractors – Performed patrols of damaged facilities to assess, identify and document damage and supervise external crews; provided environment assessment and abatement services; operation of special equipment (e.g., cranes, drones); provided engineering services (e.g., assisted with engineering facilities needing to be replaced); performed maintenance of traffic control services; provide other staff/administrative/miscellaneous services.

General:

Engineering & Construction:

Contractor performed receiving, issuing and warehousing of material at the Physical Distribution Center and processing of return material through Corporate Recycling Services.

Corporate and External Affairs:

Solar site repairs and special crews' duties that clear debris and lines to help open roads immediately after a storm passes so that emergency and restoration personnel can get through at the Emergency Operations Center

Human Resources:

Building Services – Securing physical assets, such as corporate offices, substations and service centers, as necessary prior to the storm. After the storm passed, these assets were returned to normal after the damage was assessed.

Debris Removal – This including debris removal for corporate offices, substations and service centers and replacement of any damaged vegetation as required by the towns, cities and counties, including specific focus to avoid notice of violations (NOVs).

Other contractors – completed any repairs to the physical assets due to storm damage. This may have included fence repairs, gate repairs, leak repair and clean up, additional janitorial, temporary generator hook up

Information Management:

IT contractor services to support critical storm system TCMSII (Trouble Call Management System that tracks tickets and trouble reports for the Customer Service system) during restoration.

Customer Service:

Child Care - Vendor provides on-site childcare services for Customer Care employees working on restoration efforts. Childcare services provide screened, CPR/First Aid trained experienced employees that work with children.

Business Continuity Trailers - Vendor provides a complete mobile computing environment including pre-defined computer systems and telephone connectivity for Customer Care phone agents to take phone calls when building is unoccupiable during restoration efforts.

Call Outsourcer - Vendor handles inbound contacts from customers for transactions with FPL including outage reporting and inquiries.

Electrical Contractor Services – Vendors provide electrical contracting services to repair or replace smart meter network equipment (Access Points, Relays and Batteries) impacted as a result of Hurricane Matthew.

QUESTION:

Contractors. Please identify whether contractors set poles and provide the number of poles set by contractors.

RESPONSE:

While FPL knows that contractors installed some of the replaced distribution poles, FPL is unable to provide the specific number of poles set by contractors, as this information is not specifically identified/tracked during emergency response events.

QUESTION:

Materials & Supplies. Please provide a summary of material and supply costs incurred, by period charged, including the function type and a description of the costs incurred.

RESPONSE:

Please see FPL's response in Attachment No. 1 for the requested information.

In addition, in FPL's response to OPC's First Set of Interrogatories No. 18, FPL stated that it reported all costs for follow-up work under the Contractor cost category on its final cost report for Hurricane Matthew, which included items other than contractor costs. Therefore, this response includes \$3.017 million of materials and supplies costs associated with the follow-up work that was initially included in the total amount of Contractor costs reflected on Line 3 of the final cost report and has now been reassigned. Please see Attachment No. 1 which includes the requested information in this request for the additional \$3.017 million of materials and supplies costs associated with the follow-up work. As a result, the revised amount of materials and supplies costs should be \$7.806 million once the amount associated with follow-up work is added. Note, this reassignment of costs among cost categories does not affect the total amount of Retail Recoverable Costs reflected on line 16 in FPL's final cost report.

QUESTION:

Logistics. Please explain in detail what costs are charged to logistics and how the cost were determined. For each cost charged to logistics, please provide:

- a. a summary of costs by type, including listing each invoice, by function, by vendor; and
- b. a description and the amount such as meals, lodging, and linens for tents and other staging areas, etc.

RESPONSE:

The costs categorized as logistics relate to the establishment and operation of storm restoration sites, and support employees who are working on storm restoration (i.e., lodging, meals, buses). The invoices and costs are managed by personnel in FPL's supply chain organization that perform a logistics function during storms.

a. and b. See Attachment No. 1 for the requested information. Note, FPL does not track logistic costs at all the levels of detail requested in subpart (b), however, FPL does track some of the requested level of detail in logistic costs as well as at a high level in the following categories (1) restoration sites and other supporting facilities; 2) lodging; and 3) buses), which have been provided in Attachment No. 1.

QUESTION:

Mobilization/Demobilization. Please provide a summary, by function, of what contractor costs and line clearing costs were for mobilization and demobilization.

RESPONSE:

While mobilization/demobilization costs are included in total contractor costs, FPL is unable to provide the total costs associated with mobilization/demobilization, as these costs are not typically identified with specificity by contractors and/or tracked by FPL.

QUESTION:

Other. Please explain what type of costs are included in "Other" and provide a summary of costs, by type and by function.

RESPONSE:

The majority of "Other" costs represents freight, catering, communications, security, and other miscellaneous items. Please see FPL's response in Attachment No. 1 for a summary of Other costs function and type, and below for additional descriptions for the types of charges for each function

Steam & Other (Power Generation):

Storm preparations (securing critical equipment, storm riders) and associated cost of restoring the site to pre-storm status.

Nuclear:

Batteries needed to support the 139 emergency sirens at the St. Lucie nuclear site during storm restoration. Batteries were rotated to ensure power to sirens at all times during storm restoration.

Distribution and Transmission:

Other for Distribution and Transmission, primarily consists of freight/shipping charges and FPL employee expenses.

Customer Service:

Telecommunication cost for long distance (800 number) call usage for Matthew storm calls. Telecommunications partner to assist in handling high volume outage calls. The calls are routed to a vendor's interactive voice response (IVR) system for customers to report outages.

General:

Legal:

Repaired/replaced damage to customer property as a result of our restoration efforts. These amounts are removed from storm recovery in Line 10 of the final cost report for Hurricane Matthew.

Marketing and Communications:

Other Contractors: photography support – including various photos of lineman, staging sites, convoy of trucks, and video to communicate restoration efforts to customers.

Customer communications – production and placement of storm safety and restoration effort messaging. Radio communication of storm restoration efforts. Thank you advertisements to customers and restoration crews (these are removed from storm recovery in Line 10 of the final cost report for Hurricane Matthew and reclassified to below-the-line O&M expense).

Also, in FPL's response to OPC's First Set of Interrogatories No. 18, FPL stated that it reported all costs for follow-up work under the Contractor cost category on its final cost report for Hurricane Matthew, which included items other than contractor costs. Therefore, this response

includes \$10 thousand of other costs associated with the follow-up work that was initially included in the total amount of Contractor costs reflected on Line 3 of the final cost report and has now been reassigned. Please see Attachment No. 1 which includes the requested information in this request for the additional \$10 thousand of other costs associated with the follow-up work. As a result, the revised amount of other costs is \$4.916 million with the amount associated with follow-up work added. Note, this reassignment of costs among cost categories does not affect the total amount of Retail Recoverable Costs reflected on line 16 in FPL's final cost report. In addition, the "other" category is necessarily open-ended and its applicability is open to interpretation. Therefore, some of the costs reported in the "other" category arguably could have been reported in different, more specific categories. FPL has reviewed the costs reported in the "other" category and ensured they are properly recoverable under the ICCA methodology, however; FPL has not attempted to reassess whether they would better fit into a different category.

QUESTION:

Non-Incremental Costs. Please provide a summary of non-incremental costs by type, and function, and include an explanation of how the costs were determined.

RESPONSE:

Non-incremental costs represent costs which are not incremental to normal base rate operations per the Incremental Cost and Capitalization Approach (ICCA) methodology described in Rule 25-6.0143. Below is a summary of the types of non-incremental costs included on Line 10 of FPL's final cost report for Hurricane Matthew filed on October 16, 2017:

Payroll: FPL non-incremental payroll of \$2.169 million was calculated by applying the Company's payroll budget O&M percentage by cost center to payroll costs incurred for employees supporting storm restoration. The allocation of non-incremental payroll by function is shown in FPL's response to OPC's First Set of Interrogatories No. 5.

Vehicle Utilization: All FPL owned vehicle utilization costs charged to storm internal orders (IOs) are considered non-incremental. These costs supported the Distribution function and totaled \$1.611 million for Hurricane Matthew.

Vegetation Management: Based on the ICCA in Rule 25-6.0143(1)(f)(8), tree trimming costs that exceed the prior year three-year average for the month of an event may be recovered through the storm reserve. If the current year base rate tree trimming expense exceeds the prior year three year average, then the tree trimming storm costs would be in excess of the average and therefore recoverable through the storm reserve. If the current year base rate expense tree trimming cost does not exceed the prior year three year average, only the portion of the tree trimming storm costs that exceed the prior year three year average would be recoverable through the storm reserve, and the rest would be charged to O&M. FPL followed this methodology for Hurricane Matthew and determined that \$0.187 million was non-incremental, all of which were related to the Distribution function.

Fuel: Fuel costs incurred by FPL's fleet services directly related to storm restoration are charged directly to the storm IOs. Fuel costs that exceed the prior year three-year average for the month of an event are considered incremental for recovery through the storm reserve. If the current year base rate fuel expense exceeds the prior year three year average, then the fuel storm costs would be in excess of the average and therefore recoverable through the storm reserve. If the current year base rate fuel expense does not exceed the prior year three year average, only the portion of the fuel storm costs that exceed the prior year three year average would be recoverable through the storm reserve, and the rest would be charged to O&M. FPL followed this methodology for Hurricane Matthew and determined that \$0.260 million was non-incremental, all of which are reflected in General function.

Thank You Ads: Based on the ICCA, public service announcements regarding key storm-related issues such as safety and service restoration estimates are recoverable through the storm reserve; however, thank you ads to customers and foreign utilities should not be charged to the

storm reserve. Thank you advertising totaled \$0.322 million for Hurricane Matthew and was charged to below the line expense and is reflected in the Customer Service function.

Legal Claims: Certain claims were paid primarily related to property damage caused by FPL personnel and contractors incurred during the event. These claims totaled \$0.160 million which were charged to O&M and reflected in the General function.

Childcare: Childcare in the amount of \$0.024 million was considered a form of employee assistance and was considered non-incremental. These costs are reflected in the General function.

QUESTION:

Capitalized Cost. Please provide a detailed summary, by function that shows an itemization of plant costs by type (i.e. poles, conductor, cross arms, transformers, etc.) that were capitalized and the associated quantities.

RESPONSE:

See Attachment No. 1 to this response for the requested information. Please note that this Attachment does not include detailed information associated with follow-up work because FPL has not completed the unitization at the utility account level in its property accounting system at this time. However, the total capital cost associated with follow-up work is included in Line 13 in FPL's final cost report for Hurricane Matthew.

QUESTION:

Capitalized Cost. Please provide a detailed summary, by function that shows an itemization of costs by type (i.e. lines 1-8).

RESPONSE:

Please see FPL's response in Attachment No. 1 for the requested information.

In addition, in FPL's response to OPC's First Set of Interrogatories No. 18, FPL stated that it reported all costs for follow-up work under the Contractor cost category on its final cost report for Hurricane Matthew, which included items other than contractor costs. Therefore, Attachment No. 1 reflects the revised classification of capital costs associated with follow-up work included in various lines of the final cost report. Note, this reassignment of costs among cost categories does not affect the total amount of Retail Recoverable Costs reflected on line 16 in FPL's final cost report.

DECLARATION

I sponsored the answers to Interrogatory Nos. 1, 17, 19, 25, 30, and 31 and co-sponsored the answers to Nos. 2 and 16 from the Office of Public Counsel First Set of Interrogatories to Florida Power & Light Company in Docket No. 20160251-EI, and that the responses are true and correct based on my personal knowledge.

Under penalties of perjury, I declare that I have read the foregoing declaration and the interrogatory answers identified above, and that the facts stated therein are true.


Signature


David Bromley

Date: December 4, 2017

DECLARATION

I sponsored the answers to Interrogatory Nos. 3, 5, 6, 8, 10-15, 24, 27-28, 32-35 and co-sponsored the answers to Nos. 2 and 16 from the Office of Public Counsel First Set of Interrogatories to Florida Power & Light Company in Docket No. 20160251-EI, and that the responses are true and correct based on my personal knowledge.

Under penalties of perjury, I declare that I have read the foregoing declaration and the interrogatory answers identified above, and that the facts stated therein are true.


Signature

Elizabeth Fuentes

Date: _____

12/4/17

DECLARATION

I co-sponsored the answer to Interrogatory No. 26 from the Office of Public Counsel First Set of Interrogatories to Florida Power & Light Company in Docket No. 20160251-EI, and that the response is true and correct based on my personal knowledge.

Under penalties of perjury, I declare that I have read the foregoing declaration and the interrogatory answer identified above, and that the facts stated therein are true.


Signature

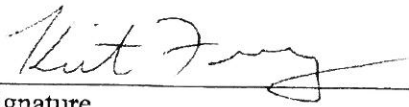
David Bromley

Date: December 8, 2017

DECLARATION

I sponsored the answers to Interrogatory Nos. 4, 7, 9, 18, 20-23, 26, 29 and co-sponsored the answer to No. 26 from the Office of Public Counsel First Set of Interrogatories to Florida Power & Light Company in Docket No. 20160251-EI, and that the responses are true and correct based on my personal knowledge.

Under penalties of perjury, I declare that I have read the foregoing declaration and the interrogatory answers identified above, and that the facts stated therein are true.



Signature

Keith Ferguson

Date: 12/8/2017

QUESTION:

Non-Incremental Costs (Line 10). Please explain and provide supporting calculations of how FPL estimated the \$4.734 million amount of non-incremental costs pursuant to Rule 25-6.0 143, FAC.

RESPONSE:

See FPL's response to OPC's First Set of Interrogatories No. 27 for a description of the costs. See Attachment Nos. 1-7 of this response for the supporting calculations.

Florida Power & Light Company

Docket No. 20160251-EI

OPC's First Set of Interrogatories

Interrogatory No. 34; Attachment No. 6; Page 1 of 2

Claims Summary for Matthew storm disallowance for Restoration Property Damage Claims - need to be reclass from I/O: 501000000023 to 6050006151

Name of offsetting account	Per	Sum of Val.in rep.cur.
EARL PEELER	012	24,533.49
EARL PEELER Total		24,533.49
GR/IR Clearing	011	305.54
	012	52,310.98
GR/IR Clearing Total		52,616.52
STATEWIDE CLAIMS	010	593.58
	011	31,249.44
	012	6,157.90
STATEWIDE CLAIMS Total		38,000.92
Grand Total		115,150.93

Journal entry to reclass claims from Property Damage related to Hurricane Matthew Restoration

SAP Doc. Type	GL Acct.	I/O	Cost Center	Debit (40)	Credit (50)	Description
SA	5750700	6050006151	640003	115,150.93		Matthew storm disallowance for RST Property Damage Claims
SA	5750700	501000000023	678000		115,150.93	Matthew storm disallowance for RST Property Damage Claims

From: Martelo, David
 To: Moise, Michelet
 Cc: Cherrez, Millie; Ulmer, Amy; Black, Amy
 Subject: FW: Matthew claims

Sent: Thu 12/22/2016 10:44 AM

Message [2] Legal Claims IO as of 12.20.16.xlsx (27 KB)

Mike,

As discussed, please prepare an entry to transfer \$115,150.93 from 501000000023 to 6050006151. This is related to claims from property damage related to Hurricane Matthew restoration and will be posted high level in distribution operations. The attached file and this e-mail are needed for the backup. Please send me the entry once it's ready so that we can forward to property accounting for review and approval before we post.

Thanks,

David Martelo

Business Services Manager, Operational Support
 O: 561-904-3648; C: 305-972-7315

From: Cherrez, Millie

Florida Power & Light Company
Docket No. 20160251-EI
OPC's First Set of Interrogatories
Interrogatory No. 34; Attachment No. 6; Page 2 of 2

From: Martelo, David
Sent: Friday, August 18, 2017 2:18 PM
To: White, Tiffany; Moise, Michelet
Cc: Aitken, Tania; Ulmer, Amy; Kitchener, Terry
Subject: RE: Legal Disallowance

Tiffany, not a problem.

Mike, please prepare an entry to transfer \$45,215.92 from S01000000023 to 6050006151 per the totals on the attached entry. This is similar to the entry that was done in December which I have attached as a reference along with the associated backup. Once the entry is prepared, please reply to this e-mail with the entry for formal approval from Property Accounting.

Thanks,

David Martelo

Business Services Manager, Operational Support
O: 561-904-3648; C: 305-972-7315

15

FPL's Responses to OPC's First Request for
Production of Documents, Nos. 1-2, 5, 9

(See additional files contained on Staff Hearing
Exhibit CD/USB for No. 2)

Confidential DN. 03652-2018 (9)

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20160251-EI EXHIBIT: 15
PARTY: STAFF HEARING EXHIBITS
DESCRIPTION: Manny Miranda (1-2) (Co-
sponsored, 9)Kim Ousdahl (5,)(Co-sponsored

QUESTION:

Studies. Please provide any assessment and/or study performed by the Company and/or for the Company that estimates the amount of storm cost savings the Company was able to achieve because of the storm hardening program work performed prior to Hurricane Matthew.

RESPONSE:

FPL does not have any assessments or studies that estimate the amount of storm cost savings the Company was able to achieve because of the storm hardening program work performed prior to Hurricane Matthew.

While not directly responsive to this discovery request, FPL notes that on several previous occasions it has presented to the Commission the results of a more general evaluation of the savings in storm restoration costs that could be expected as a result of hardening its distribution feeders. This evaluation acknowledges that the benefits of hardening the system consistent with FPL's hardening plans will be realized over the useful life of those investments rather than any one storm event or season. As stated on pages 21-22 of FPL's March 15, 2016 Electric Infrastructure Storm Hardening Plan that was filed in Docket No. 160061-EI,

FPL has estimated that, over an analytical study period of 30 years, the net present value of Restoration Cost Savings per mile of hardened feeder would be approximately 45 percent to 70 percent of the cost to harden that mile of feeder for future major storm frequencies in the range of once every three to five years.

It is also important to note that, in addition to Restoration Cost Savings, customers will benefit substantially, in many direct and indirect ways, from the reduced number and duration of storm and non-storm outages resulting from the planned hardening activities. As a result of the discussions with the Commission about storm hardening following the 2005 storm season, FPL understands that the Commission considers these customer benefits to be important. However, FPL expects that they vary substantially from customer to customer and FPL is not in a position to assign a monetary value to them. Therefore, FPL has not attempted to reflect the customer benefits in its quantitative benefit/cost analysis.

This same evaluation was also discussed in FPL filings in Docket Nos. 070301-EI, 100266-EI, 130132-EI and 160021-EI. It was based on forensic data gathered from the hurricanes that impacted FPL's electric system in the 2004-2005 storm seasons. FPL is currently working to update the evaluation of benefits from hardening its distribution feeders, taking into account among other things forensic data collected from Hurricanes Matthew and Irma.

QUESTION:

Studies. Please provide any assessment and/or study performed by the Company and/or for the Company that identifies the damage that occurred to infrastructure where storm hardening work had not yet been performed.

RESPONSE:

Please see file provided – “Matthew Final for Release 11-17-17”

QUESTION:

Capitalization Policy. Please provide a copy of the Company's capitalization policy.

RESPONSE:

Please see the file provided – “FPL – 1.1 Electric Utility Plant – Confidential”

QUESTION:

Contractors. Please provide the supporting invoices (including all supporting detail provided by the vendor) for contractor costs that exceed \$100,000 for steam & other, nuclear, transmission, and distribution, and contractor costs that exceed \$25,000 for general and customer service.

RESPONSE:

Because this request asks only for invoices and supporting detail, FPL has not included documents related to accruals. Please see the documents provided with this response.

QUESTION:

Line Clearing. Please provide the supporting invoices (including all supporting detail provided by the vendor) that exceed \$75,000 for line clearing costs.

RESPONSE:

Because this request asks only for invoices and supporting detail, FPL has not included documents related to accruals.

Please see the following documents provided with this response:

5101972595 Confidential.pdf
5101972604 Confidential.pdf
5101974074 Confidential.pdf
5101979664 Confidential.pdf
5101986729 Confidential.pdf
5101986730 Confidential.pdf
5101988375 Confidential.pdf
5101998141 Confidential.pdf
5101998146 Confidential.pdf
5102032629 Confidential.pdf
5102032632 Confidential.pdf
5102035628 Confidential.pdf
5102035629 Confidential.pdf
5102035630 Confidential.pdf
5102043078 Confidential.pdf
5102043430 Confidential.pdf
5102046589 Confidential.pdf
5102046590 Confidential.pdf
5102046592 Confidential.pdf
5102046593 Confidential.pdf
5102046594 Confidential.pdf
5102059230 Confidential.pdf
5102063461 Confidential.pdf
5102063462 Confidential.pdf
5102064647 Confidential.pdf
5102111482 Confidential.pdf
5102177114 Confidential.pdf
5102232450 Confidential.pdf
2000219810 Confidential.pdf
2000219819 Confidential.pdf
20002198190 Confidential.pdf
2000219841 Confidential.pdf
2000220062 Confidential.pdf
2000220150 Confidential.pdf

2000220221 Confidential.pdf
2000220510 Confidential.pdf
2000220862 1 of 3 Confidential.pdf
2000220862 2 of 3 Confidential.pdf
2000220862 3 of 3 Confidential.pdf
2000220889 1 of 2 Confidential.pdf
2000220889 2 of 2 Confidential.pdf
2000221664 2 of 2 Confidential.pdf
2000221774 Confidential.pdf
2000221811 Confidential.pdf
2000221821 Confidential.pdf
2000221824 Confidential.pdf
2000222484 part 1 of 2 Confidential.pdf
2000222484 part 2 of 2 Confidential.pdf
2000222632 Confidential.pdf
2000225802 mult inv Confidential.pdf
2000225890 mult inv Confidential.pdf
2000225957 mult inv Confidential.pdf
2000225958 mult inv Confidential.pdf
2000225971 mult inv Confidential.pdf
2000225972 mult inv Confidential.pdf
2000225972 mult inv0 Confidential.pdf
2000226206 mult inv Confidential.pdf
2000226208 part 2 of 2 Confidential.pdf
2000226253 mult inv Confidential.pdf
2000226717 mult inv Confidential.pdf
2000226772 mult inv Confidential.pdf
2000226773 mult inv Confidential.pdf
2000226814 mult inv Confidential.pdf
2000227107 mult inv Confidential.pdf
2000228111 mult inv Confidential.pdf
2000228460 mult inv Confidential.pdf
2000228855 mult inv Confidential.pdf
2000228859 mult inv Confidential.pdf
2000228907 mult inv Confidential.pdf
2000228908 mult inv Confidential.pdf
2000229031 mult inv Confidential.pdf
2000229034 mult inv Confidential.pdf
2000229036 mult inv Confidential.pdf
2000229037 mult inv Confidential.pdf
2000229040 mult inv Confidential.pdf
2000229134 mult inv Confidential.pdf
2000229138 mult inv Confidential.pdf
2000229300 mult inv Confidential.pdf
2000229302 mult inv Confidential.pdf

QUESTION:

Logistics. Please provide the supporting invoices (including all supporting detail provided by the vendor) that exceed \$75,000 for logistic costs incurred .

RESPONSE:

Because this request asks only for invoices and supporting detail, FPL has not included documents related to accruals.

Please see the following documents provided with this response:

FPL10022016A-REV-header
FPL10022016B-REV-header
FPL10022016C-REV-header
FPL10022016D-REV-header
FPL10022016E- REV-header
FPL10022016F-REV-header
FPL10022016G - REV-header
FPL10022016H-REV1-header
FPL10022016J-header
FPL100220161K-REV-header
FW_ Meals log Columbia-header
Site Count Sheet 1
Site Count Sheet 2
1900461493.pdf
1900461613.pdf
1900461703.pdf
1900461943.pdf
1900462612.pdf
1900465694.pdf
5102013587.pdf
5114149891.pdf
5114150020.tif
5114150022.tif
5114174742.tif
5114174743.tif
5114176879.tif
5114191861.tif
5114198525.tif
5114198526.tif
5114198530.tif
5114198561.tif
5114198562.tif
5114198563.tif
5114201012.tif

5114201013.tif
5114203377.tif
5114203378.tif
5114203379.tif
5114203380.tif
5114211180.tif
5114211201.tif
5114211202.tif
5114212572.tif
5114214479.tif
5114214480.tif
5114214501.tif
5114214504.tif
5114214505.tif
5114222986.tif
5114249686.tif
5114249688.tif
5114249702.tif
5114249704.tif
5114249705.tif
5114249772.tif
5114249773.tif
5114249774.tif
5114249775.tif
5114466408.tif
5114466409.tif
5114466410.tif
5114466564.tif
5114466565.tif
5114466566.tif
5114466567.tif
5114466568.tif
5114466570.tif
PO 4200000849 Bus Count.pdf
PO 4200000863 Invoice.pdf
PO 4200000865
PO 4200000866 Invoice Info-header.pdf
PO 4200000868 Bus Count.pdf
PO 4200000871 - Buses UNIQUE Matthew 5th-10th.xlsx
PO 4200000878 Bus Count.pdf
PO 4200000903 Invoice.xlsx

16

FPL's Responses to Staff's First set of
Interrogatories, Nos. 1-8

Attachments:

**(See additional files contained on Staff
Hearing Exhibit CD/USB for No. 2)**

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20160251-EI EXHIBIT: 16
PARTY: STAFF HEARING EXHIBITS
DESCRIPTION: Kim Ousdahl (Co-sponsored
(1, 3-6)Manny Miranda (2, 7, 8)(Co-sponsored

QUESTION:

Please refer to FPL's response to OPC's 1st set of Interrogatories.

Please refer to FPL's response to OPC's Interrogatory No. 1.

- a. Please describe the activities (i.e. mobilization, contractors) that resulted in the first costs being incurred on October 4, 2016.
- b. Please describe the activities that resulted in the final costs being incurred on September of 2017.
- c. Please describe the activities that resulted in FPL incurring costs for Hurricane Matthew almost a year after the storm ended.

RESPONSE:

- a. While FPL's accounting records do not specifically track the exact date of storm costs incurred, generally speaking, initial storm activities that result in initial costs charged to the Matthew storm cost work order would include: the acquisition of external resources (e.g., line and vegetation crews); mobilization and pre-staging of internal and external resources; opening of staging sites (which would include contracting for services such as meals, laundry, water, medical care, communication lines, satellite services), housing (e.g., hotels and other alternative housing) and securing FPL facilities.
- b. As mentioned in FPL's response to subpart (a) above, FPL's accounting records do not specifically track the exact date of storm costs incurred. However, the vast majority of final costs incurred in September 2017 were primarily associated with follow-up work, whereby FPL restored its facilities damaged during Matthew to their pre-storm condition. Restoring FPL's facilities to their pre-storm condition is generally a two-step process: (1) assessing/identifying the necessary follow-up work to be completed (e.g., through damage assessments or thermovision inspections); and (2) executing the identified work (e.g., repairing/replacing: poles; conductor; transformers; automated feeder and lateral switches; lightning arrestors; capacitors; and streetlights). It is important to remember that during restoration, FPL's first priority is to restore service safely and as quickly as possible. At times, this means utilizing temporary fixes (e.g., bracing a cracked pole or cross arm) and/or delaying certain repairs that are not required to restore service (e.g., replacing lightning arrestors) in order to expedite restoration. However, these conditions must be subsequently addressed during the restoration follow-up work phase. The follow-up work efforts associated with Matthew were substantial, as essentially all of FPL's facilities (e.g., approximately 42,000 miles of overhead distribution lines and 1.2 million distribution poles) were exposed to and impacted by Hurricane Matthew. Additionally, the one year time frame to complete follow-up work is not out of line with previous storms. For example, follow-up work associated with Hurricane Wilma took more than a year to complete.
- c. See FPL's response to subpart (b) above.

QUESTION:

Please refer to FPL's response to OPC's 1st set of Interrogatories.

Please refer to FPL's response to OPC's Interrogatory No. 2.

- a. Please elaborate on the statement "all poles, transformers and conductors in FPL's service territory were exposed to Hurricane Matthew." For example, were all poles in the Dade County- Southern Division impacted by hurricane force winds?

RESPONSE:

FPL's statement that "all poles, transformers and conductors in FPL's service territory were exposed to Hurricane Matthew" was based upon Matthew's size (see Attachment No. 1 for satellite picture) and its impacts on FPL's entire service territory, as demonstrated in FPL's responses to Staff's First Data Request Nos. 12 & 27 in Docket No 20170215-EU, Review of Electric Utility Hurricane Preparedness and Restoration Actions. As provided in FPL's response to Staff's First Data Request No. 12, 34 out of 35 counties in FPL's service territory experienced customer outages as a result of Hurricane Matthew. The one county in FPL's service territory that did not experience customer outages was Hardee County, where FPL serves only 40 customer accounts. FPL's response to Staff's First Data Request No. 27 shows that during Hurricane Matthew, counties within FPL's service territory had maximum sustained winds ranging from 20-80 miles per hour and maximum wind gusts ranging from 30-121 miles per hour. Therefore, while not all poles, transformers and conductors in FPL's service territory were exposed to hurricane force winds, FPL's entire service territory was exposed to and impacted by Hurricane Matthew.

QUESTION:

Please provide a summary table of the number of poles repaired by function, month, and Asset location.

- a. Please provide examples of the pole repairs performed by FPL.

RESPONSE:

Pole replacements are capitalized, and each pole is treated as a unit of property. Therefore, FPL maintains a record of each replacement because it represents a capital addition. In contrast, pole repairs are recorded as an O&M expense, and as is the case for other types of O&M repairs, there is not a separate record maintained for each repair. In response to subpart (a), straightening leaning poles and bracing poles are examples of pole repairs.

QUESTION:

Please provide a summary table of the number of transformers repaired by function, month, and Asset location.

- a. Please provide examples of the transformer repairs performed by FPL.

RESPONSE:

For the same reason discussed in FPL's response to Staff's First Set of Interrogatories No. 3 with respect to poles, FPL does not maintain separate records for each transformer repair. In response to subpart (a), re-fusing transformers and securing transformers to poles or pads are examples of transformer repairs.

QUESTION:

Capitalization Policy. Please provide a copy of the Company's capitalization policy.

RESPONSE:

Please see the file provided – “FPL - 1.1 Electric Utility Plant.pdf,” which was previously provided as a confidential file, and now is being provided in this amended response as non-confidential.

QUESTION:

Please provide a summary table of the number of cross-arms repaired by function, month, and Asset location.

- a. Please provide examples of the cross-arm repairs performed by FPL.

RESPONSE:

For the same reason discussed in FPL's response to Staff's First Set of Interrogatories No. 3 with respect to poles, FPL does not maintain separate records for each cross-arm repair. In response to subpart (a), securing, reattaching and bracing cross-arms are examples of cross-arm repairs.

QUESTION:

Please match the Asset location, which lists county and division to the appropriate Management Area (Interrogatory No. 1). For example, Brevard County-Northeastern Division would in the Brevard Management Area.

RESPONSE:

Below are the 16 FPL Distribution Management areas along with the counties served by each management area.

Management Area / Counties Served

South Dade / Miami-Dade; Monroe

Central Dade / Miami-Dade

West Dade / Miami-Dade; Monroe; Collier

North Dade / Miami-Dade

Gulfstream / Broward; Miami-Dade

Wingate / Broward

Pompano / Broward; Palm Beach

Boca Raton / Palm Beach; Broward; Hendry

West Palm / Palm Beach; Martin

Naples / Collier; Lee

Toledo Blade / Charlotte; Glades; Highlands; De Soto; Hardee; Sarasota; Hendry; Lee

Manasota / Sarasota; Manatee

Treasure Coast / Martin; St. Lucie; Indian River; Okeechobee; Highlands; Glades; Osceola; Palm Beach

Brevard / Brevard; Volusia; Indian River

Central Florida / Seminole; Volusia; Flagler; Orange; St. Johns; Putnam

North Florida / Putnam; Alachua; St. Johns; Flagler; Clay; Bradford; Union; Suwannee; Columbia; Baker; Duval; Nassau

FPL notes that the county references included in its accounting records are accurate however, division references (e.g., Northeastern Division) are system legacy descriptions that are no longer meaningful/applicable.

QUESTION:

In its response to OPC's Production of Documents No. 1, FPL indicates that it is currently working on updating the evaluation of benefits from hardening its distribution feeders with forensic data from Hurricane Matthew and Irma. When will this update be completed?

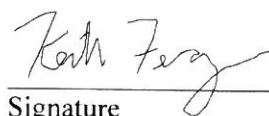
RESPONSE:

FPL expects to complete its update of the evaluation of benefits from hardening its distribution feeders by March 2018.

DECLARATION

I co-sponsored the answers to Interrogatory Nos. 1, 3-6 from the Staff's First Set of Interrogatories to Florida Power & Light Company in Docket No. 20160251-EI, and that the responses are true and correct based on my personal knowledge.

Under penalties of perjury, I declare that I have read the foregoing declaration and the interrogatory answers identified above, and that the facts stated therein are true.



Signature

Keith Ferguson

Date: 12/31/2017

DECLARATION

I sponsored the answers to Interrogatory Nos. 2, 7, 8 and co-sponsored the answers to Nos. 1, 3, 4-6 from the Staff's First Set of Interrogatories to Florida Power & Light Company in Docket No. 20160251-EI, and that the responses are true and correct based on my personal knowledge.

Under penalties of perjury, I declare that I have read the foregoing declaration and the interrogatory answers identified above, and that the facts stated therein are true.


Signature

David T. Bromley

Date: December 22, 2018

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FPL's Responses to OPC's Second Set of Interrogatories Nos. 36-38, 39 amended, 40, 42, 44-48, 50-55, 58, 62 amended 63-65, 66 amended, 67, 69-72, 74, 76

(See additional files contained on Staff Hearing Exhibit CD/USB for Nos. 36, 40, 42, 45, 47)

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20160251-EI EXHIBIT: 17
PARTY: STAFF HEARING EXHIBITS
DESCRIPTION: Kim Ousdahl (36, 38-40, 44-48, 50-55, 58, 63, 64, 67, 71-72)(Co-

QUESTION:

Storm Timeline. Refer to the FPL's response to OPC Interrogatory No. 1. Provide a summary of and a description of costs charged to the storm by day from October 4, 2016, through September 30, 2017, by the same asset location identified in FPL's response to OPC Interrogatory No. 2. For this response, please provide only a daily total amount.

RESPONSE:

FPL does not track detailed storm costs by day and asset location referenced in OPC's First Set of Interrogatories No. 2. However, FPL is able to provide the total amount of storm costs and Incremental Cost and Capitalization Approach adjustments to storm costs by month for the period October 2016 through September 2017, which is included in Attachment No. 1 to this response.

Note, FPL accumulates all storm charges initially in FERC Account 186, and subsequently clears all charges to the storm reserve, operations and maintenance expense, capital, or below-the-line expense.

QUESTION:

Outside Contractors. Please state whether all outside contractor time is approved by an FPL representative. If yes, what happens if time reports are not approved by FPL? If no, explain why not and how the Company is assured that the billed services were performed?

RESPONSE:

Yes, it is FPL's policy that outside contractor time is approved by an FPL representative. For example, during storm restoration, FPL's line and tree contractors submit timesheets for approval which are collected and approved by an FPL production lead. Timesheets are reviewed for accuracy and compliance to the applicable Storm Statement of Work guidelines by FPL's Payment Support Services, prior to processing for payment.

FPL has a robust process in place that is intended to ensure that only signed time sheets are paid, and that if a contractor timesheet is submitted for processing that has not been approved by FPL, it is rejected and rerouted for review and approval.

QUESTION:

System. Refer to FPL's response to OPC Interrogatory No. 2. Does information provided in Attachment 1 summarize FPL's entire system? If no, provide any asset location(s) and the respective pole, transformer and conductor information not impacted by Hurricane Matthew.

RESPONSE:

Yes. The information provided in Attachment No. 1 to FPL's response to OPC's First Set of Interrogatories No. 2 summarizes FPL's entire system at September 30, 2016.

QUESTION:

System. Refer to FPL's response to OPC Interrogatory No. 2. Please provide a summary and description by asset location of capitalized and deferred storm costs for which FPL is seeking recovery.

RESPONSE:

Amended information highlighted in **red**

FPL is not seeking recovery of capitalized assets in this docket. In addition, FPL assumes the request for information for deferred storm costs to be the incremental storm costs charged to the storm reserve related to Hurricane Matthew. Based on this assumption, FPL has included the total amount of incremental storm costs charged to the storm reserve in Attachment No. 1 to its response to OPC's Second Set of Interrogatories No. 36, which ties to FPL's final cost report filed in this docket on October 16, 2017. Note, FPL does not track its storm costs by asset location, therefore, this information is unavailable.

QUESTION:

Payroll. Refer to FPL's response to OPC Interrogatory No. 5. Please explain how the non-incremental amount on line 10 was determined and provide the calculation of that amount.

RESPONSE:

When there is a qualifying storm event, FPL creates Internal Orders (IOs) to track all costs associated with a given storm. Employees directly supporting storm restoration, charge their regular time and overtime to the appropriate storm IOs on their timesheets in accordance with FPL's storm compensation policy. Payroll overheads for pension, welfare, taxes and insurance ("overheads") are allocated based on the aforementioned timesheets via FPL's payroll system. Each employee has a home cost center where they conduct their normal (non-storm) work. Certain of these home cost centers have a capital/O&M split based on that department's/employee's normal (non-storm) work activities. The base percentage for each home cost centers' respective operations and maintenance expense budget is applied to each cost center's payroll cost for the storm event and is removed from total storm costs as non-incremental expenses. The remaining costs are considered incremental and are appropriately charged to the storm reserve.

Please see Attachment No. 1 for the calculation of non-incremental payroll associated with Hurricane Matthew. Please note, this calculation does not include the payroll follow-up work adjustments identified by FPL in response to OPC's First Set of Interrogatories Nos. 7, 9, and 18.

QUESTION:

Payroll. Provide, by account, for 2016, the amount of distribution base payroll included in O&M expense based on what was last approved in rates and provide, by account, the actual amount of base payroll included in O&M expense for 2016.

RESPONSE:

FPL assumes this request is asking for information related to regular payroll dollars reflected in distribution function O&M FERC accounts (i.e., FERC Accounts 580 through 598) for base rate recoverable costs only. As reflected in FPL's current base rate settlement agreement (Order No. PSC-16-0560-AS-EI), the periods that are the basis for FPL's last approved base rates are the 2017 Test Year and 2018 Subsequent Year, not the 2016 Prior Year as requested and provided herein.

Based on the assumptions listed above, please see Attachment No. 1 for the requested information. Note, the information provided does not include payroll overheads, incentives, and other types of payroll related expenses.

QUESTION:

Capitalized Cost. Refer to FPL's response to OPC Interrogatory No. 28. Identify when the follow-up work will be unitized, explain why approximately 66.5% of the capital costs are still unidentified and explain how the follow-up work is determined as capital if the costs are not unitized.

RESPONSE:

To clarify, the capital costs are identified but 66.5% of them have not yet been unitized. All capital follow-up work associated with Hurricane Matthew is scheduled to be unitized by the end of March 2018. This work was originally estimated to be completed by October 2017; however due to the impact of Hurricane Irma on FPL's system, the work was delayed and capital costs are still being unitized.

Please see FPL's response to OPC's Second Set of Interrogatories No. 47, which explains how FPL records capital costs, including follow-up work that is capital related.

QUESTION:

Capitalized Cost. Refer to FPL's responses to OPC Interrogatories Nos. 28 and 29. Explain the difference between follow-up costs as listed in the respective responses and provide a reconciliation.

RESPONSE:

Please refer to Attachment No. 1 for a reconciliation of the difference between total follow up work of \$8.6 million and follow-up work in progress as of 9/30/17, of \$3.7 million in the referenced responses. Follow up work in progress is a subset of the total follow up work.

QUESTION:

Capitalized Cost. Refer to FPL's responses to OPC Interrogatories Nos. 17 and 29. Explain how the contractor amounts were determined if the information is not specifically identified/tracked during emergency response events.

RESPONSE:

FPL assumes this request is asking for how FPL accounts for capital work completed by contractors for restoration follow-up work. Based on this assumption, FPL surveys damage remaining post restoration by using either visual patrols or thermovision. This identification of damage is used to create work requests in FPL's Work Management System to assign the work and, from the design of the repairs, FPL obtains an estimated CMH (construction man hour) to perform the work. FPL uses its current standard contractor dollar/CMH in order to develop its estimate for the contractor part of the follow-up restoration work. All follow-up work is incremental to FPL's normal workload, and the majority of this work is contracted out.

QUESTION:

Capitalized Cost. Refer to FPL's responses to OPC Interrogatories Nos. 28 and 29. Show how the capitalized amounts were determined by means of an example for pole replacement, for conductor replacement, for transformers and for breakers.

RESPONSE:

FPL's capitalization criteria are based on guidance established by generally accepted accounting principles ("GAAP"), as well as guidance provided by the FERC and FPSC. FASB Statement of Concepts 6 defines an asset as having probable future economic benefits obtained or controlled by a particular entity as a result of past transactions or events. Therefore, property, plant and equipment expenditures that will benefit an organization beyond the current period shall be capitalized (i.e., recorded as an asset), otherwise they shall be recorded to expense. To implement this concept, FPL utilizes its Property Retirement Unit Catalog ("PRUC") to define the details of its capitalization policy, which is filed with the Commission on an annual basis in accordance with FPSC Rule No. 25-6.0142, Uniform Retirement Units for Electric Utilities ("Retirement Unit Rule"). The PRUC specifically identifies, classifies and describes all fixed assets as either retirement units or minor items of property. The Retirement Unit Rule provides that when a retirement unit meeting the capitalization criteria is installed, the total installed cost shall be added to the appropriate plant account. The total installed cost includes the associated labor, material and installation costs. As addressed in Rule 25-6.0142, when a minor item which did not previously exist as a part of a retirement unit at a given location is added, the cost shall be accounted for in the same manner as for the addition of a retirement unit if the intent of such addition is to render the affected retirement unit more useful, of greater capacity or increased efficiency. Otherwise, the charge shall be made to the appropriate maintenance expense account.

During storm restoration, specific internal orders ("IOs") are established to track all storm related costs. Upon completion of restoration, FPL's business units, along with the Accounting department, review all work performed during restoration that would meet the criteria as described above.

As described in FPL's response to OPC's First Set of Interrogatories No. 3, labor and overhead (engineering) is applied to capital materials installed during the storm event through FPL's Work Management System's, WMS for Distribution and Project Update and Reporting (PUR) for Transmission. The total amount charged to capital cost is the sum of labor, materials, and overheads. See Attachment No. 1 for an example from WMS and PUR for how capitalized costs are determined for poles, breakers, conductors, and transformers.

QUESTION:

Capitalized Cost. Provide the calculation of the capitalized costs for replacement of each of the following during normal working hours and not storm-related: poles, conductors, transformers, and breakers.

RESPONSE:

There is no difference in calculation of capitalized costs for assets replaced during storm restoration or in the normal course of business, including pole replacement, conductor replacement, transformers and breakers. The calculation is the sum of materials, labor and overheads, which varies based on the work performed for each replacement.

QUESTION:

Overhead Costs. Refer to FPL's response to OPC Interrogatory No. 11. Based on the response should it be assumed that a simple application of the sum of the overhead rate to straight time payroll would result to the amount of overhead costs requested in the filing? If not, please explain why not.

RESPONSE:

No. The payroll overhead rates are applied to different payroll bases depending on the type of costs that are being charged. For example, the payroll tax overhead rate is applied to all payroll since all payroll is subject to payroll taxes. The benefits overhead rate, however, is only applied to eligible straight time payroll. In addition, the overhead rates are updated periodically. FPL's response to OPC's First Set of Interrogatories No. 11 included the overhead rates applied to 2016 payroll. For payroll charged in 2017, the following overhead rates were applied:

		2017 RATE			
OVERHEAD POOL	COSTS INCLUDED IN RATE	Jan-May	Jun	July-Nov	Dec
Funded Welfare	Medical, dental, 401k, life insurance, etc.	14.39%	16.53%	14.03%	24.69%
Unfunded Service	Pension Service Cost, Post-employment benefit costs, Retiree medical service costs	5.37%	0.37%	6.21%	0.86%
Unfunded Benefits	Pension credit, retiree medical costs	-13.22%	-16.32%	-12.70%	-28.35%
Payroll Taxes	FICA, FUTA and SUTA	6.52%	6.52%	6.52%	6.52%

QUESTION:

Replacement Costs- Poles. Refer to FPL's response to OPC Interrogatory No. 12. Are the costs reflected, the cost of the poles only or the entire cost (i.e., labor and other materials included) associated with replacing a pole?

RESPONSE:

The costs reflected in FPL's response to OPC's First Set of Interrogatories No. 12 represent the entire costs incurred to replace the poles including materials, labor, and overheads.

QUESTION:

Replacement Costs - Conductors. Refer to FPL's response to OPC Interrogatory No. 13. Are the costs reflected, the cost of the conductor only or the entire cost (i.e., labor and other materials included) associated with replacing conductor?

RESPONSE:

The costs reflected in FPL's response to OPC's First Set of Interrogatories No. 13 represent the entire costs incurred to replace conductor including the cost of the materials, labor, and overheads.

QUESTION:

Replacement Costs - Cross Arms. Refer to FPL's response to OPC Interrogatory No. 14. Are cross arms capitalized when poles are set initially? If yes, explain why they should be treated differently here.

RESPONSE:

Cross arms are minor property based on FPL's Property Unit Retirement Catalog and are only capitalized when a new pole is installed. Due to the volume of work during a storm event, these minor items are not capitalized because they are not able to be tracked in tandem with the new pole installation and therefore, must be charged to expense.

QUESTION:

Replacement Costs - Cross Arms. Refer to FPL's response to OPC Interrogatory No. 14. Provide the total cost (unit cost, labor and other) associated with the cross arm replacement for the storms and provide the average unit cost of the cross arms only that were replaced.

RESPONSE:

The requested information is not available. Cross arms are minor property based on FPL's Property Unit Retirement Catalog and are only capitalized when a new pole is installed. Due to the volume of work during a storm event, these minor items are not capitalized because they are not able to be tracked in tandem with the new pole installation and therefore must be charged to expense.

QUESTION:

Replacement Costs- Transformers. Refer to FPL's response to OPC Interrogatory No. 15. Are the costs reflected, the cost of the transformers only or the entire cost (i.e., labor and other materials included) associated with replacing a transformer?

RESPONSE:

The costs reflected in FPL's response to OPC's First Set of Interrogatories No. 15 represent the entire cost of replacing transformers including the cost for material, labor, and overheads.

QUESTION:

Non-Incremental Costs. Refer to FPL's response to OPC Interrogatory No. 27. Provide a summary separating the specific itemized dollars between functions.

RESPONSE:

Below is a summary of the non-incremental costs included on Line 10 of the final cost report filed on October 16, 2017, adjusted for the payroll follow-up work adjustments identified in FPL's responses to OPC's First Set of Interrogatories Nos. 7, 9, and 18:

Expense Group	IO BU	Total
Base Rate Fuel	General	260,013.46
Childcare/Other	General	23,612.70
Legal Claims	General	160,366.85
Thank you Ads	Customer Service	322,161.24
Vegetation	Distribution	187,913.78
Vehicle & Fuel	Distribution	1,610,899.98
Budgeted Payroll	Customer Service	408,828.74
Budgeted Payroll	General	645,398.70
Budgeted Payroll	Nuclear	161,930.67
Budgeted Payroll	Distribution	748,725.03
Budgeted Payroll	Transmission	243,548.40
Budgeted Payroll	Steam & Other	55,958.52
Grand Total		\$ 4,829,358.07

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Interrogatory No. 62 - Amended
Page 1 of 1

QUESTION:

Storm Timeline. Refer to FPL's response to OPC Interrogatory No. 1. The response indicates that demobilization started 10/13/2016. Provide by day a summary showing the number of contractors released and the number remaining until demobilization was completed.

RESPONSE:

Total External	10/09/16	10/10/16	10/11/16	10/12/16	10/13/16	10/14/16	10/15/16
On System	6,398	5,660	5,226	5,226	779	779	-
Released	130	868	1,302	1,302	5,749	5,749	6,528
Grand Total	6,528	6,528	6,528	6,528	6,528	6,528	6,528

QUESTION:

Logistics. Refer to FPL's response to OPC POD No. 9. Explain how the Company has verified prepayments for lodging were properly credited to invoices.

RESPONSE:

As part of the invoice reconciliation process, the Company reviews every invoice that is submitted post-storm for accuracy and proper credit against the prepayment amount prior to the transaction going through an additional on-line approval process.

QUESTION:

Mutual Assistance. Explain how mutual assistance contracts are developed and rates are determined.

RESPONSE:

Mutual assistance agreements are provided through several organizations (e.g. Southeastern Electric Exchange) to FPL and its members. There are no set rates for Mutual assistance agreements; however, responding member companies are reimbursed for all expenses incurred for the assistance they provide.

QUESTION:

Contractors. Explain what measures are taken to determine that contractors rates are reasonable and comparable from contractor to contractor.

RESPONSE:

All known potential overhead line contractors throughout the nation are sent a Request for Proposal (RFP) bid package and asked to provide blended hourly rates for all classifications of personnel that will be performing work. These rates (straight time, overtime, mobilization straight time, and mobilization overtime) are reviewed with Power Delivery along with other factors such as safety performance/rating and the distance to mobilize to Florida. Bids are compared to each other and compared against existing rates for contracts already in place. Typically, three year contracts are established to lock-in pricing. Every effort is made to keep pricing as close to market as possible.

In cases where pricing is higher than market, contracts may still be established/awarded as needed, but these suppliers are only called upon where disaster conditions and the need for resources is extreme, as a contract is not a guarantee of work.

QUESTION:

Standby. Does the Company have any information that would identify what costs were incurred for standby of contractors and mutual assistance? If not, explain why the Company does not analyze this cost and how the Company can assert that all the costs requested are reasonable.

RESPONSE:

Standby time (e.g., time associated with being pre-staged at an FPL facility waiting for the storm to pass/safe working conditions) for contractors is contractually limited (e.g., contracts establish a maximum cap for the number of standby hours per day that can be charged and the rate of pay for standby time for embedded contractors is lower than their rate of pay for non-standby time). For mutual assistance utilities, consistent with mutual aid agreements, standby time could be reimbursable should their specific work rules require payment for standby time. FPL notes that its efficient use of standby time has proven to be effective and beneficial for FPL customers. For example, the pre-staging of resources has been a key driver for reducing overall restoration time.

FPL oversees and manages all time charged (standby and non-standby) by contractors/mutual assistance utilities with the same oversight and approval requirements. Based on FPL's experience, standby time is limited, thus FPL has not had a need to track, aggregate or analyze these costs. Therefore, these costs are not available. However, since FPL's contracts, processes and oversight of standby time effectively minimize standby time/costs, FPL believes these costs to be reasonable.

QUESTION:

Payroll. Provide the amount of corporate office staff payroll (regular and overtime) charged to the storm, the amount identified as non-incremental and the amount include in the Company request for recovery.

RESPONSE:

FPL interprets corporate office staff as all business units with the exception of the operating units defined as customer service, distribution, transmission, power generation, and nuclear as defined in FPL's Storm Compensation Manual, provided in FPL's response to OPC's First Request for Production of Documents No. 4. See the below table for corporate office staff payroll charged to the storm, and the identified non-incremental amount. The payroll cost centers reflect an employee's home cost center charged in the normal course of business, not the business unit receiving the support, and the amounts shown do not include payroll related costs. Note, payroll for employees of FPL's affiliates who provided storm restoration support are deemed incremental and not subject to the ICCA methodology in Rule No. 25-6.0143.

	Overtime	Regular	Total Corporate Payroll
Total FPL Corporate Payroll	1,122,931	541,974	1,664,905
Total Affiliate Corporate Payroll	215,525	207,879	423,404
Total Corporate Payroll	1,338,456	749,853	2,088,309
Less Total Non-incremental Corporate Payroll	-	(424,159)	(424,159)
Total corporate payroll included in request for recovery	\$ 1,338,456	\$ 325,694	\$ 1,664,150

QUESTION:

Foreign Utility Crews. Refer to FPL's response to OPC POD No. 4. Explain why no forms are required for foreign utility crews similar to contractor requirements and explain how their work is monitored.

RESPONSE:

Foreign utility crews (also known as mutual assistance) are governed by the rules and processes provided in mutual assistance agreements and, therefore, their requirements differ from contractor requirements.

Foreign utility crews are assigned to an FPL representative who oversees the execution of their work assignments to ensure work is performed in a safe and efficient manner. The FPL representative also supports these crews with switching needs, securing of material and routing them to their work assignments. Throughout the day, the status of completed work and any operational challenges are reported back to and resolved by the FPL representative. If these crews are moved to another work center, the FPL representative moves with the crews to the newly assigned location.

QUESTION:

Contractors. Explain how the Company monitors crews during the restoration process to assure that work is progressing in an efficient manner.

RESPONSE:

Contract crews are assigned to an FPL representative that oversees the execution of their work assignments to ensure work is performed in a safe and efficient manner. The FPL representative also supports these crews with switching needs, securing of material and routing them to their work assignments. Throughout the day, the status of completed work and any operational challenges are reported back to and resolved by the FPL representative. If these crews are moved to another work center, the FPL representative moves with the crews to the newly assigned location.

QUESTION:

Vegetation Maintenance. Provide the cost of vegetation maintenance charged to the storm recovery costs by month.

RESPONSE:

FPL accrued for vegetation costs related to Hurricane Matthew when the services were incurred; however, the payment for these services occurred in the months following the storm event. In response to this request, FPL has provided the total vegetation costs charged to the storm internal orders by month when contractors were paid for services. Note, these amounts have not been adjusted for the Incremental Cost and Capitalization Approach ("ICCA") methodology prescribed in Rule 25-6.0143. The ICCA adjustment for vegetation costs for Hurricane Matthew is reflected in FPL's response to OPC's Second Set of Interrogatories No. 58.

<u>Month</u>	<u>Amount</u>
October-16	57,541.63
November-16	5,847,637.75
December-16	1,171,694.72
January-17	11,018,442.70
February-17	8,630,190.58
March-17	169,308.42
April-17	72,286.52
May-17	223,508.43
June-17	130,181.86
Grand Total	\$ 27,320,792.61

QUESTION:

Vegetation Maintenance. Provide the amount of tree trimming costs charged to O&M for October and November of each of the years 2013-2015.

RESPONSE:

The amounts below reflect base O&M expenses for vegetation maintenance for 2013 – 2015:

Year	October	November
2013	\$4,675,147.04	\$4,937,177.04
2014	\$5,367,783.54	\$4,199,464.21
2015	\$6,153,948.31	\$3,377,650.35

QUESTION:

Replacement Costs - Poles. Refer to FPL's responses to OPC Interrogatory No. 12 and OPC POD No. 2. Explain the discrepancy between poles replaced as OPC Interrogatory No. 12 indicates 656 poles were replaced and OPC POD No. 2 indicates that 408 were replaced.

RESPONSE:

The 408 distribution pole replacements contained in FPL's Power Delivery Performance Report for Hurricane Matthew (OPC's First Request for Production of Documents No. 2) represent distribution poles replaced during restoration, including poles owned by AT&T. The 656 distribution pole replacements contained in FPL's response to OPC's First Set of Interrogatories No. 12 represent the actual total count of distribution poles replaced during Hurricane Matthew, including distribution poles replaced during restoration, as a result of follow-up work, and the 115 AT&T poles FPL replaced on behalf of AT&T.

QUESTION:

System Poles. Refer to FPL's response to OPC Interrogatory No. 2. Please provide, by asset location, the number of poles owned by AT&T and also provide the number of poles listed in FPL's response to OPC Interrogatory No. 2 that AT&T has wires attached.

RESPONSE:

FPL's response to OPC First Set of Interrogatories No. 2 includes the total system count/location of distribution poles owned by FPL. FPL does not know/maintain the total system count/location of poles owned by AT&T. As of September 2016, AT&T was attached to approximately 408,000 FPL distribution poles.

DECLARATION

I sponsored the answers to Interrogatory Nos. 36, 38-40, 44-55, 57, 58, 63, 67, 68, 71-73 and co-sponsored the answers to Nos. 37 and 41-43 from the Office of Public Counsel Second Set of Interrogatories to Florida Power & Light Company in Docket No. 20160251-EI, and that the responses are true and correct based on my personal knowledge.

Under penalties of perjury, I declare that I have read the foregoing declaration and the interrogatory answers identified above, and that the facts stated therein are true.



Signature

Kim Ousdahl

Date: 1/26/2018

DECLARATION

I sponsored the answers to Interrogatory Nos. 56, 59-62, 64-66, 69, 70, and 74-76 and co-sponsored the answers to Nos. 37, 41-43, from the Office of Public Counsel Second Set of Interrogatories to Florida Power & Light Company in Docket No. 20160251-EI, and that the responses are true and correct based on my personal knowledge.

Under penalties of perjury, I declare that I have read the foregoing declaration and the interrogatory answers identified above, and that the facts stated therein are true.


Signature

David Bromley

Date: 1/26/18

FPL's Responses to OPC's Second Request for
Production of Documents Nos. 12-13, 15-19

Confidential Documents:

DN. 03649-2018 (12)

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20160251-EI EXHIBIT: 18
PARTY: STAFF HEARING EXHIBITS
DESCRIPTION: Manny Miranda – (12-13,
15-18)Kim Ousdahl- (19)

QUESTION:

Mutual Assistance. Please provide a copy of each mutual assistance contract for companies that provided assistance.

RESPONSE:

Please see FPL's responsive documents identified below as:

- SEE MA Guidelines - May 2016 Revision – Confidential.pdf

QUESTION:

Standby. Provide any analysis made that summarizes the costs were incurred for standby of contractors and mutual assistance aid.

RESPONSE:

FPL has no responsive documents.

QUESTION:

On-System Contractors. Refer to FPL's response to OPC POD No. 4. Provide, by day, a copy of Form S-0904 for storm crews charging costs to the storm work order.

RESPONSE:

Please refer to FPL's response to OPC's First Request for Production of Documents No. 6 for confidential attachment with the following bates stamps for the following 10 examples:

Document # 2000220961

FPL 015007 - 015008
FPL 015009 - 015010
FPL 015007 - 015008
FPL 015009 - 015010
FPL 015011 - 015012

Document # 2000222781

FPL 016747, FPL 016751, FPL 016750, FPL 016749, FPL 016748, FPL 016746
FPL 016757, FPL 016752, FPL 016753, FPL 016754, FPL 016755, FPL 016756
FPL 016758
FPL 016761
FPL 016759
FPL 016762 - 016763
FPL 016764-016765

QUESTION:

On-System Contractors. Refer to FPL's response to OPC POD No. 4. Provide, by day, a copy often, Form S-0904VM for crews charging costs to the storm work order.

RESPONSE:

Please refer to FPL's response to OPC's First Request for Production of Documents No.7 for confidential attachment with the following bates stamps:

Document # 2000219810

FPL 000510
FPL 000511
FPL 000564
FPL 000565
FPL 000566
FPL 000582
FPL 000583
FPL 000584
FPL 000597
FPL 000598

QUESTION:

Off-System Contractors. Refer to FPL's response to OPC POD No. 4. Provide, by day, a copy of Form S-0904 for storm crews charging costs to the storm work order.

RESPONSE:

Please refer to FPL's response to OPC's First Request for Production of Documents No. 6 for confidential attachment with the following bates stamps:

Document # 2000219400

FPL 012154
FPL 012155 - 012156
FPL 012157 - 012158
FPL 012159
FPL 012160
FPL 012161

Document # 2000219401

FPL 012168
FPL 012169 - 012170
FPL 012171
FPL 012172

QUESTION:

Off-System Contractors. Refer to the response to OPC POD No. 4. Provide, by day, a copy of ten, Form S-0904 VM for crews charging costs to the storm work order.

RESPONSE:

Please refer to FPL's response to OPC's First Request for Production of Documents No.7 for confidential attachments with the following bates stamps:

Document # 2000220862 1 of 3

FPL 001284-001290
FPL 001291-001297
FPL 001298-001304
FPL 001326
FPL 001327
FPL 001328

Document # 2000220862 2 of 3

FPL 001348
FPL 001349
FPL 001350
FPL 001351

QUESTION:

Payroll. Provide a summary of the payroll charged to the storm showing employee labor costs (no names) that totals to the regular and the overtime dollars included in the request.

RESPONSE:

Please see FPL's responsive documents identified below as:

- 20160251 - OPC's 2nd POD No. 19 - Detail for OPC 19.xlsx

19

FPL's Responses to OPC's Third Set of
Interrogatories, Nos. 77-78, 83-84, 86-87, 89-
90, 92

Confidential Documents:

DN. 03647-2018 (86 and 92)

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20160251-EI EXHIBIT: 19
PARTY: STAFF HEARING EXHIBITS
DESCRIPTION: Manny Miranda- (77-78, 83,
86-87, 89-90)(Co-sponsored -84)Kim Ousdahl

QUESTION:

Capital Work. In the normal course of business, please explain whether Company personnel generally perform pole replacement and conductor replacement or outside contractors, and if the capital work is done during normal business hours or during afterhours where overtime would be required.

RESPONSE:

In the normal course of business, both Company personnel and outside contractors perform pole and conductor replacements. Typically, this work is scheduled to be completed such that overtime is not required. However, there are instances when overtime to replace a pole/conductor may be required (e.g., service restoration work, identified safety issue, road right of way work mandated to be completed at night). In addition, there are instances where FPL accommodates customers who request that the planned outages be performed after hours so as to minimize the outage impact.

QUESTION:

Capital Work. To the extent day to day capital work is performed by Company personnel, what is the typical crew size for a pole installation and the typical crew size for transformer replacement?

RESPONSE:

To the extent day to day capital work is performed by Company personnel, the typical crew size for an accessible pole (up to a 45 foot, class 2 pole) installation or transformer (up to 50 kVA) replacement would be a three man crew. If the pole or transformer is of a larger size and/or the location is inaccessible and/or additional equipment is needed, the typical crew size would increase to a 4-6 man crew. Depending on the complexity, these jobs might also include a third party like maintenance of traffic (MOT) including flag personnel and police or troopers, cranes, special vehicles, etc. In addition, field conditions are important, such as whether the work is being performed within energized conductors and equipment; these conditions require additional personnel.

QUESTION:

Refer to the response to OPC Interrogatory No.46. Please explain where the referenced estimated CMH rate was obtained from and identify what percentage (actual or approximate) of capital storm restoration is performed by contractors.

RESPONSE:

The referenced estimated CMH rate is obtained by developing a blended rate for Company personnel and contractors. For capital storm restoration and follow-up work, the contractor percentages are approximately 83% and more than 97% respectively. The difference in capital storm restoration percentages between Company personnel and contractors is the result of the number of contractor line personnel being about five times higher than the number of Company personnel, as well as to the pay differential between Company personnel and contractors.

QUESTION:

Referring to the response to OPC Interrogatory No.47, please provide the following for the two examples given in FPL's response:

- a. Identify whether the Labor, Vehicle & Miscellaneous can be separated, and, if so, provide a separation for the amounts shown. If not separable, explain why not.
- b. Explain how the respective unit cost is developed, how the hours are determined and how often it is modified.
- c. Are both calculations representative cost for Hurricane Matthew capital work?
- d. Provide all applicable calculations for the two examples showing rates used.

RESPONSE:

The two capital cost examples FPL provided in response to OPC's Second Set of Interrogatories No. 47, relate to estimates for 1) distribution poles/conductors/transformers and 2) a transmission breaker. Please see responses below relating to these two examples.

1. Distribution Poles/Conductor/Transformers Example

- (a.) The costs for Labor, Vehicle, and Miscellaneous ("LVM") used for distribution capital estimates cannot be separated, as it is a system-generated amount calculated by FPL's Work Management System ("WMS"). LVM amounts are generated by WMS, utilizing an effective LVM rate, developed by dividing 12 months of actual LVM costs by actual as-built construction man hours. The effective LVM rate is updated annually. The construction man hours are based on labor studies for the type of work being performed.
- (b.) See FPL's response to subpart (a) above.
- (c.) Yes, the estimates are representative of Hurricane Matthew capital work.
- (d.) $\text{LVM} - 314 \text{ man hours} \times \$140.45/\text{hour labor rate} = \$44,100$

Materials – The exact calculations supporting material prices/costs used in the poles/conductor/transformers example previously provided in FPL's response to OPC's Second Set of Interrogatories No. 47 are not available, as material prices in WMS are continuously updated with current prices and FPL did not retain the material pricing details associated with that example. However, FPL is providing the material pricing/costs for the same example based on current pricing (Current pricing - \$51,200 vs. Original pricing - \$55,996) – see Attachment No. 1.

Other (overhead allocation applied to total capital cost) - $26\% \times \$100,096 = \$26,034$

2. Transmission Breaker Example

- (a.) The costs for Labor, Vehicle, and Miscellaneous ("LVM") used for transmission capital estimates cannot be separated, as it is a system-generated amount calculated by

FPL's Project Update and Reporting ("PUR") system. LVM amounts are generated by PUR, utilizing an effective LVM rate, developed by dividing 12 months of actual LVM costs by actual as-built construction man hours. The effective LVM rate is updated annually. The construction man hours are based on labor studies for the type of work being performed.

- (b.) See FPL's response to subpart (a) above.
- (c.) Yes, the estimates are representative of Hurricane Matthew capital work.
- (d.) LVM - 540 man hours x \$82.57 labor rate = \$44,587

Materials – The exact calculations supporting material prices/costs used in the transmission breaker example previously provided in OPC's Second Set of Interrogatories No. 47 are not available, as material prices in WMS are continuously updated with current prices and FPL did not retain the material pricing details associated with that example. However, FPL is providing the material pricing/costs for the same example based on current pricing (Current pricing - \$8,232 vs. Original pricing - \$8,219) – see Attachment No. 2.

Other (overhead allocation applied to total capital cost) - $23\% \times \$49,069 = \$11,181$

QUESTION:

Referring to the response to OPC Interrogatory No. 65, please provide a list of contractors that were paid more than \$1 million for Hurricane Matthew work and indicate which of these contractors are under the referenced three year contract.

RESPONSE:

Please see confidential Attachment No. 1 for FPL's response listing the contractors that were paid more than \$1 million for Hurricane Matthew work. All of these contractors had three year contracts.

QUESTION:

Refer to the response to OPC Interrogatory No. 66.

- a) Please explain how FPL believes that it does not pay standby time, if FPL does not specifically track or aggregate standby time.
- b) Also please explain why some contractor costs included in the FPL's response includes standby time (i.e. reference number 2000220808); and
- c) Whether this standby time should be excluded from the request and if not, why not.

RESPONSE:

- a. See FPL's amended response to OPC's Second Set of Interrogatories No. 66.
- b. See FPL's amended response to OPC's Second Set of Interrogatories No. 66.
- c. No this standby time should not be excluded from FPL's storm restoration costs. See FPL's amended response to OPC's Second Set of Interrogatories No. 66.

QUESTION:

Refer to the response to OPC Interrogatory No.70. Does the referenced FPL representative maintain any type of log and/or memo that can be utilized to verify time sheets submitted with the contractor's request for payment? If so, provide five sample copies of the logs or memos for five different contractors during the Hurricane Matthew restoration.

RESPONSE:

FPL does not maintain any separate log to verify timesheets, the signature on the timesheet is verification from the storm staging site that the work was actually performed.

QUESTION:

Referring to the response to OPC Interrogatory No.71, please provide the amount of tree trimming expense charged to base rate O&M (excluding storm restoration) during each of the respective months.

RESPONSE:

<u>Month</u>	<u>Amount</u>
Oct-16	\$5,404,653
Nov-16	\$2,800,329
Dec-16	\$5,196,620
Jan-17	\$5,121,896
Feb-17	\$4,905,005
Mar-17	\$3,886,744
Apr-17	\$4,893,920
May-17	\$5,100,407
Jun-17	\$6,688,488

QUESTION:

Refer to the response to OPC Interrogatory No.18 and OPC Production of Documents No. 6. Please explain why the following "amounts exceeding the invoice request amount" were not provided and/or identify where it was provided. If not provided, please provide as requested.

Document Reference Number	Amount	Function
0112595627	364,569	Nuclear
0112595627	795,009	Nuclear
0114023228	444,825	Distribution
5003058155	188,584	Nuclear
5003058080	323,840	Distribution
5003058081	237,821	Distribution
2000227191	212,570	Distribution
5003247495	633,995	Distribution
5003662510	100,319	Steam & Other

RESPONSE:

Please see the confidential documents provided, which were inadvertently omitted from FPL's response to OPC's First Request for Production of Documents No. 6. Note, document 5003662510 for \$100,319 is not being provided because it was subsequently reversed and not paid.

Please see below which includes an attachment number that corresponds to the attached documents provided in this response:

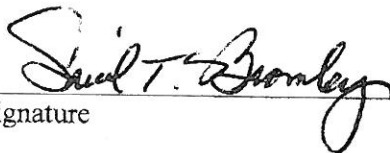
Doc Ref Number	Amount	Function	Attachment No.
0112595627	364,569	Nuclear	Attachment Nos. 1 & 2
0112595627	795,009	Nuclear	Attachment Nos. 1 & 2
0114023228	444,825	Distribution	Attachment No. 3
5003058155	188,584 ¹	Nuclear	Attachment No. 4
5003058080	323,840	Distribution	Attachment No. 5
5003058081	237,821	Distribution	Attachment No. 6
2000227191	212,570	Distribution	Attachment No. 7
5003247495	633,995 ²	Distribution	Attachment Nos. 8-11
5003662510	100,319	Steam & Other	Reversed

1. Invoice support provided in the attached totals \$177,910. The difference between the \$188,584 amount paid and the invoice amount is due to the inclusion of sales tax of 6%.
2. Amount included in the contractor details in FPL's response to OPC's First Set of Interrogatories No. 18 is \$633,595, not the \$633,995 that OPC shows in the question.

DECLARATION

I sponsored the answers to Interrogatory Nos. 77-80, 83, 84, 86, 87, 89, 90, and 91 from the Office of Public Counsel Third Set of Interrogatories to Florida Power & Light Company in Docket No. 20160251-EI, and that the responses are true and correct based on my personal knowledge.

Under penalties of perjury, I declare that I have read the foregoing declaration and the interrogatory answers identified above, and that the facts stated therein are true.



Signature


David Bromley

Date: 2/14/18

DECLARATION

I sponsored the answers to Interrogatory Nos. 81, 85, 88, and 92-98 and co-sponsored the answers to No. 84 from the Office of Public Counsel Third Set of Interrogatories to Florida Power & Light Company in Docket No. 20160251-EI, and that the responses are true and correct based on my personal knowledge.

Under penalties of perjury, I declare that I have read the foregoing declaration and the interrogatory answers identified above, and that the facts stated therein are true.



Signature

Kim Ousdahl

Date: 2/15/2018

20

FPL's Response to OPC's Third Request for
Production of Documents, No. 21.

**(See additional files contained on Staff Hearing
Exhibit CD/USB for No. 21)**

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20160251-EI EXHIBIT: 20
PARTY: STAFF HEARING EXHIBITS
DESCRIPTION: Manny Miranda – (21)

QUESTION:

Refer to the testimony of Manuel Miranda at page 9. Provide any projected resource requirement reports that were prepared that would show the external contractor and mutual assistance requirements as determined at 96 to 72 hours and then again at 72 to 48 hours.

RESPONSE:

Please see FPL's response provided in the documents provided with this response as described below:

MATTHEW - Executive Summary - 48HR.pdf
MATTHEW - Executive Summary - 72HR.pdf

21

FPL's Response to OPC's Fourth Set of
Interrogatories, Nos. 99-104.

**(See additional files contained on Staff Hearing
Exhibit CD/USB for No. 104)**

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20160251-EI EXHIBIT: 21
PARTY: STAFF HEARING EXHIBITS
DESCRIPTION: Manny Miranda -
(99-103)Kim Ousdahl (104)

QUESTION:

Refer to the testimony of Manuel Miranda at page 13. Identify the number of contractors contacted based on the assessment made at 96 to 72 hours prior to the expected storm and provide the number of external contractors financially committed to based on the 72 hour to 48 hour assessment.

RESPONSE:

For Hurricane Matthew, the earliest contractor (both line and vegetation) contacts and the earliest commitments occurred on October 4th - two days prior to when the storm's actual initial impacts began to affect FPL's service territory. In total, for Matthew, FPL contacted nearly 80 contractors, of which, nearly 50 provided resources to assist with FPL's restoration efforts.

QUESTION:

Refer to the testimony of Manuel Miranda at page 13. Provide a listing of the approximate 50 utilities the Company considered.

RESPONSE:

As a result of FPL's request to the Southeastern Electric Exchange (SEE) for mutual assistance, the following SEE companies offered to provide (and ultimately provided) mutual assistance to FPL: American Electric Power; Baltimore Gas & Electric; Dayton Power & Light; Dominion Energy; Entergy; First Energy Corp.; Oklahoma Gas & Electric; Oncor; PECO Energy; and Potomac Electric Power Company. FPL notes that other SEE members were unable to offer/provide assistance, as their service territories were also considered to be at risk from the storm.

QUESTION:

Refer to the testimony of Manuel Miranda at page 16. Identify the Planning Section Chief referenced and the Storm Production Leader(s) who review and approve timesheets.

RESPONSE:

This response was previously provided as confidential, and is now being provided as an amended non-confidential response.

Planning Section Chief: T. W. Gwaltney;

Storm Production Leads:

RONNIE,N	DAVID,F	JEFFREY,W
TODD,H	BROOKS,D	JEFFREY,D
CARMINE,B	DOUGLAS,T	NOEL,P
LINDA,J	REBECCA,C	DANIEL,D
MANUEL,S	RICHARD,P	ALAN,R
HENRY,M	CARLOS,L	WESLEY,M
WILLIAM,C	JOHNNY,J	DAVID,M
JUAN,G	JOSE,P	LATONYA,L
RICK,V	WALTER,R	TIMOTHY, F
WAYNE,W	PHILLIP,G	PATRICK,B
JOHN,W	MARIO,B	BRYAN,B
KEVIN,C	LARRY,V	ROBERT,P
CHRIS,D	NIGEL,P	MICHELE,J
JOSEPH,L	PAUL,L	EDGAR,D
RANDALL,C	ROBIN,K	CARLOS,M
ELIO,G	VICKY,H	CHRISTOPHER,M
JOHN,M	CHARLES,M	ALAN,P
ODALYS,G	DARRYL,C	PAMELA,D
CRISTIAN,L	RICHARD,S	FRANCISCO,D
ROQUE,G	CHARLES,B	LONNIE,D
MARK,K	JOHN,P	PAUL,D
JAMES,E	TERRY,H	DIEGO,P
JAMES,L	YOSLEY,G	ADRAIN,M
JASON,W	MARLON,F	RICHARD,W
RICHARD,D	HERMES,G	YMMAR,S
MOLINO,T	TROY,T	DANIEL,R
CHRISTOPHER,H	JACK,J	LEON,L
MICHAEL,S	ANDRAE,D	KELLI,G
CHARLES,A	LINDA,C	KRISTY,S
WILLIAM,G	ANTHONY,C	DOUGLAS,K
MICHAEL,B	MICHAEL,G	SEAN,O
SCOTT,B	CHARLES,S	ROY,T
ARVILL,B	ANTHONY,U	TYLER,G
ROBERT,R	DAVID,B	THEODORE,B
TIMOTHY, B	JERRY,B	KAREN,S
BRIAN,S	MATTHEW,S	LUIS,S

QUESTION:

Refer to the testimony of Manuel Miranda at page 29. Provide a discussion of the lessons learned from Hurricane Matthew as referenced on lines 8-9.

RESPONSE:

The testimony reference to lessons learned from Hurricane Matthew that have already been incorporated for future storms include: continue to invest in infrastructure hardening and smart grid, as these investments prevented damage and reduced overall restoration time; continue to pre-stage resources, as this can significantly reduce overall restoration time; continue to identify and utilize new/additional communication channels (e.g., social media and customer kiosks in the field) to improve communications for customers/stakeholders; further optimize staging sites/other FPL locations and utilize equipment such as sleeper trailers to mitigate lodging issues and improve restoration productivity (e.g., reduce crew travel time); expand hardening of staging sites by investing in improvements such as paved roadways and improving staging site traffic patterns to make it easier to enter/exit staging sites; and expand the pre-deployment of more critical equipment and material to reduce overall restoration time.

QUESTION:

Refer to Exhibit MBM-1, Page 1 of 1. Explain the significant increase in materials and supplies from the \$4.048 million listed in the October 16, 2017 letter to the \$7.01 million listed for distribution on Exhibit MBM-1.

RESPONSE:

The approximately \$3.0 million increase in the "Materials and Supplies" cost category in MBM-1 (vs. FPL's October 16, 2017 letter) results from reclassifying "Materials and Supplies" costs associated with follow-up work (e.g., replacing automated feeder switches, surge arrestors, overhead wire, underground cable, etc.) from the "Contractors" cost category (in the FPL's October 16, 2017 letter) to the "Materials and Supplies" cost category (in MBM-1). See also FPL's response to OPC First Set of Interrogatories No. 18.

QUESTION:

Refer to the testimony of Kim Ousdahl at page 12, lines 8-17. Provide the calculation described showing the averaging and the comparison resulting in the non-incremental amount of \$.2 million.

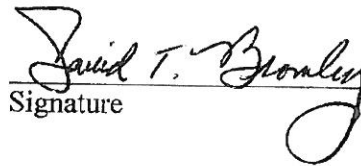
RESPONSE:

Please see Attachment No. 1 to this response for the calculation of FPL's vegetation maintenance non-incremental costs totaling \$0.2 million.

DECLARATION

I sponsored the answers to Interrogatory Nos. 99-103 and 106 from the Office of Public Counsel Fourth Set of Interrogatories to Florida Power & Light Company in Docket No. 20160251-EI, and that the responses are true and correct based on my personal knowledge.

Under penalties of perjury, I declare that I have read the foregoing declaration and the interrogatory answers identified above, and that the facts stated therein are true.


Signature

David T. Bromley

Date: March 8, 2018

DECLARATION

I sponsored the answers to Interrogatory Nos. 104, 105 and 107 from the Office of Public Counsel Fourth Set of Interrogatories to Florida Power & Light Company in Docket No. 20160251-EI, and that the responses are true and correct based on my personal knowledge.

Under penalties of perjury, I declare that I have read the foregoing declaration and the interrogatory answers identified above, and that the facts stated therein are true.



Signature

Kim Ousdahl

Date: 3/9/2018

FPL's Response to OPC's Fifth Set of
Interrogatories, No. 108-111.

**(See additional files contained on Staff
Hearing Exhibit CD/USB for No. 108)**

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20160251-EI EXHIBIT: 22
PARTY: STAFF HEARING EXHIBITS
DESCRIPTION: Kim Ousdahl (108-111)

QUESTION:

Refer to Exhibit K0-2, Page 1 of 2. The March 15, 2018 filing increased contractor costs by \$3.395 million and capitalized contractor costs by \$3.143 million from the respective amounts reflected on Exhibit K0-1, Page 1 of 2. Please explain how these increases were determined, including a) an explanation of how the capitalization was approximately dollar for dollar the amount of the change to contractor costs; b) and whether the CMH estimator used to determine the added amount capitalized.

RESPONSE:

As discussed in FPL witness Ousdahl's direct testimony, Exhibit KO-1 reflects costs recorded through September 30, 2017 (inclusive of certain adjustments identified after this date) and includes a net accrual totaling \$0.547 million for estimated remaining follow up work (total storm restoration costs of \$3.650 million less capitalizable costs of \$3.103 million). Once all costs were finalized, contractor costs were updated to reflect the actual follow-up work costs on a gross basis (\$4.051 million) less the capitalizable portion of those costs (\$3.607 million) resulting in an actual net recoverable amount of \$0.444 million for contractor costs, a small decrease from the estimated net amount. The majority of the small increase in the gross amount of contractor costs was due to additional restoration work, including feeder repairs and extensive reconductoring, that went beyond the fixed bid work that was known as of September 30, 2017. FPL has always expected the majority of contractor follow up work to be significantly capital related; therefore, the capitalizable portion closely tracks the restoration total. Please see Attachment No. 2, which summarizes the contractor cost adjustments to Exhibit KO-1.

Note, the amount of capitalizable contractor costs reflected on Line 33 of Exhibit KO-2 includes an adjustment of \$0.464 million to reduce capitalizable costs associated with the materials and supplies true-up on Line 9 in column 4 on page 2 of Exhibit KO-2. FPL has corrected this misclassification and is including as Attachment No. 1 to this response a revised Exhibit KO-2 with the proper categorization for this amount as Attachment No. 1. As reflected on the revised Exhibit KO-2, this adjustment did not change the amount of total retail recoverable costs. FPL will formally file the revised Exhibit KO-2 either with its rebuttal testimony or as part of a notice of identified adjustments prior to the technical hearing. The contractor cost adjustments detailed on Attachment No. 2 are reflected on Lines 6 and 33 of the revised Exhibit KO-2.

- a. See discussion above.
- b. The CMH estimator is not used to determine the actual amount of Contractor capitalizable costs for Hurricane Matthew. Instead, as explained in FPL's response to OPC's Second Set of Interrogatories No. 46, the CMH estimator is used to develop an estimate for the portion of *contractor costs* related to follow-up restoration work.

QUESTION:

Refer to Exhibit K0-2, Page 1 of 2. Please confirm whether that the capitalization increase for contractors was determined using the same CMH rate as previously explained in response to Citizens Interrogatories Nos. 46, 47, 48 and 83. If not confirmed, please provide a detailed explanation of how the CMH rate used was calculated differently or utilized a different hourly rate (i.e. the CMH rate is the same blended rate for Company personnel and for contractors per IR-83, it is the same rate during normal business and during restoration per IR-48, the labor cost (LVM) per hour for distribution poles/wires/transformers used is approximately the \$140 per hour per IR-47).

RESPONSE:

Amounts shown on Exhibit KO-2 reflect actuals through February 2018. Therefore, there is no need to estimate the capitalizable portion of follow up work nor is there a need to estimate how much work will be performed by contractors. Actual results are now known.

QUESTION:

Refer to Exhibit K0-2, Page 1 of 2. Based on the change in capitalization in the supplemental update, please clarify the response to Citizens Interrogatory No. 46 where it states "FPL uses its current standard contractor dollar/CMH in order to develop its estimate for the contractor part of the follow-up restoration work."

- a) Does this mean that a different rate is used per hour for capitalizing contractor labor than the blended rate referenced in the responses to Citizens Interrogatory Nos. 47 and 83?
- b) If yes, provide that rate, explain whether the Company typically uses a different CMH rate for FPL performed work from that used for contractor performed work and provide an explanation as to why a different rate is used.

RESPONSE:

FPL did not use a CMH rate to record actual capitalizable costs related to Hurricane Matthew reflected in Exhibit KO-2. Please refer to FPL's response to OPC's Fifth Set of Interrogatories No. 108 for how the capitalization increase on Exhibit KO-2 was determined and how the CMH estimator was only used to estimate the portion of follow up work to be performed by contractors. Now that actual costs are known, no estimation approach is necessary.

QUESTION:

Refer to Exhibit K0-2, Page 1 of 2. Based on the change in capitalization in the supplemental update, please clarify the response to Citizens Interrogatory No. 83 where it states "For capital storm restoration and follow-up work, the contractor percentages are approximately 83% and more than 97% respectively."

- a) Does this mean that when assigning capital costs to FPL labor and contractor costs, the respective percentages are applied to the total calculated capital costs for restoration and follow-up work that was determined based on the blended CMH rate (i.e. the blended CMH rate is used to calculate the total capital costs and then that total is allocated to contractor cost and FPL labor using the respective percentages)?
- b) If not, then explain what this statement means, how the percentages were calculated, and whether there are different hourly rate calculations for the CMH used.

RESPONSE:

- a) No, this is not how FPL determined final capitalizable costs associated with Hurricane Matthew reflected on Exhibit KO-2. Exhibit KO-2 reflects known costs and known cost categorization between contractor and employee. The estimation process referenced in FPL's response to OPC's Third Set of Interrogatories No. 83 was only required in the earlier filings since it included estimates.
- b) The statement referenced in this request means that during restoration for Hurricane Matthew, approximately 83% of the restoration work was performed by contractors and approximately 97% of the follow up work was performed by contractors. The percentages were calculated by comparing contractor headcount and payroll during restoration and follow up work to the total headcount and payroll. Note, as explained in the response to subpart (a) above, the contractor percentages and CMH rates referenced in this request were not used in determining capitalization amounts on Exhibit KO-2.

DECLARATION

I sponsored the answers to Interrogatory Nos. 108 - 111 from the Office of Public Counsel Fifth Set of Interrogatories to Florida Power & Light Company in Docket No. 20160251-EI, and that the responses are true and correct based on my personal knowledge.

Under penalties of perjury, I declare that I have read the foregoing declaration and the interrogatory answers identified above, and that the facts stated therein are true.



Signature

Kim Ousdahl

Date: 4/2/2018

23

FPL's Response to Staff's Second Set of
Interrogatories, No. 9.

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20160251-EI EXHIBIT: 23
PARTY: STAFF HEARING EXHIBITS
DESCRIPTION: Manny Miranda - (9)

QUESTION:

Please refer to Witness Miranda's direct testimony.

1. Please refer to page 20, lines 5 through 11. If FPL commits to external resources and adjustments are made to FPL's restoration plan, is FPL required to pay for those resources if it is determined they are no longer needed? Please explain your answer.
2. Please refer to page 23, lines 15 through 22, and page 24, lines 1 through 11.
 - a. Please explain how FPL determines when to begin follow-up work.
 - b. What is the time frame when follow-up work generally starts? (for example, 24 hours after 99% of customers are restored)
 - c. Please explain when FPL starts to release the external contractors.
3. Please refer to page 26, lines 8 through 17. Please explain the advantages and disadvantages of acquiring external resources earlier.
4. Please refer to Exhibit MBM-1. Does this exhibit include all of the follow-up costs reported on pages 23 through 24 of witness Miranda's direct testimony? If no, please explain why not.

RESPONSE:

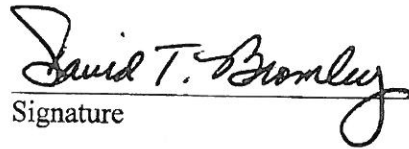
1. Per contractual agreement, FPL will pay for resources if: (1) FPL commits to the resources; and (2) those resources are mobilized (e.g., resources begin to travel). FPL continues to pay for those resources until it releases them. FPL is also responsible for the resources' demobilization costs (e.g., travel expenses back to the resources' home base), unless the resources are being released to another electric utility. If the resources are released to another electric utility, that electric utility is responsible for those resources' costs (e.g., travel, demobilization) from that point forward.
2.
 - a. The process to initiate follow-up work begins immediately after electric service in a management area has been essentially restored. Follow-up work is identified and captured through damage assessments and post-storm restoration sweeps. Activities/costs associated with repairing/restoring FPL's facilities to their pre-storm condition, after service is essentially restored, are designated as follow-up work.
 - b. See FPL's response to subpart (2)(a) above.

- c. In general, once the available resources exceed the remaining estimated restoration construction man hours, resources begin to be released. Other factors involved in releasing resources include being recalled by their providing company, the distance from their home base, resource costs and the current location vs. future restoration location need.
3. The primary advantages of acquiring external resources earlier are: (1) ensures the external resources are committed to FPL. This can be critical in the event that resource availability reduces as time passes (e.g., a storm's path changes affecting more utilities than originally expected and/or the intensity/size of the storm increases causing more infrastructure damage than originally expected); and (2) allows external resources to be pre-staged and closer to the expected affected areas, so that once the storm passes and it is safe to work, the external resources can immediately begin service restoration. The only disadvantage of acquiring external resources earlier is: (1) increases the risk of acquiring resources that may not be required (e.g., a storm's path changes and/or the intensity/size of the storm decreases and FPL's service territory is impacted less than originally expected). However, FPL exercises due diligence to mitigate this risk.
4. Yes. See page 21, lines 20-22, of witness Miranda's direct testimony. FPL notes that Exhibit MBM-1 does not reflect the accounting adjustments related to the completion of follow-up that is included in the recently filed supplemental exhibit KO-2 to the direct pre-filed testimony of FPL witness Ousdahl.

DECLARATION

I sponsored the answer to Interrogatory No. 9 from the Staff's Second Set of Interrogatories to Florida Power & Light Company in Docket No. 20160251-EI, and that the response is true and correct based on my personal knowledge.

Under penalties of perjury, I declare that I have read the foregoing declaration and the interrogatory answer identified above, and that the facts stated therein are true.


Signature

David T. Bromley

Date: March 29, 2018

24

OPC's Responses to FPL's First Set of Interrogatories, Nos. 1-5, 12-25.

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20160251-EI EXHIBIT: 24
PARTY: STAFF HEARING EXHIBITS
DESCRIPTION: Helmuth Schultz (1-5, 12-25)

INTERROGATORY RESPONSES

1. See page 5, lines 14-18 of the Direct Testimony of Mr. Schultz, where he states the following: "As part of my analysis, I relied on my experience in analyzing storm costs in other jurisdictions, past review of storm costs in Florida, and Rule 25-6.0143, Florida Administrative Code ("F.A.C.") which addresses what costs should be included and excluded from a utility's request for recovery of storm related costs." With reference to this statement, please identify each jurisdiction other than Florida in which Mr. Schultz has analyzed storm costs and provide the following information for each such matter:
 - a. The name of the applicable agency or court involved;
 - b. The docket number;
 - c. The name of the utility involved;
 - d. The date and geographical location of the storm event analyzed; and
 - e. A detailed description of the type of storm event involved.

OBJECTION: Citizens object to this discovery request as it is overly broad and unduly burdensome to the extent it requests his testimonies that are older than five years and address a specific topic. Notwithstanding the objection, Citizens will provide the information that is available for the specific topic from the past five years.

RESPONSE:

- a. The name of the applicable agency or court involved;

RESPONSE:

Without review of each and every case for those cases specifically analyzing storm costs, Mr. Schulz is providing a list of the proceedings he has participated in during the last five years as Attachment FPL 1-1.

- b. The docket number;

RESPONSE:

See response for 1 a.

- c. The name of the utility involved;

RESPONSE:

See response for 1a.

- d. The date and geographical location of the storm event analyzed; and

RESPONSE:

During the past five years, Mr. Schultz has analyzed storm event in the Northeastern USA and the Southeastern USA. The date and geographical location of the storm event analyzed is outlined in the testimonies identified in response to 1a. and is publicly available.

- e. A detailed description of the type of storm event involved.

RESPONSE:

During the past five years, Mr. Schultz has analyzed the following types of storm events such as snow storm/blizzard events, icing events, and hurricane events. The type of storm event involved in each case is described in the testimonies identified in response to 1a. and is publicly available.

- 2 See page 5, lines 15-18 of the Direct Testimony of Mr. Schultz, where he states the following: "As part of my analysis, I relied on my experience in analyzing storm costs in other jurisdictions, past review of storm costs in Florida, and Rule 25-6.0143, Florida Administrative Code ("F.A.C.") which addresses what costs should be included and excluded from a utility's request for recovery of storm related costs." With reference to this statement, please explain in detail all of the storm costs in Florida that Mr. Schultz reviewed and provide the docket number and name of the utility involved.

OBJECTION: Citizens object to this discovery request as it is overly broad and unduly burdensome to the extent it requests information that is older than five years. Notwithstanding the objection, Citizens will provide the information that is available from the past five years.

RESPONSE:

Docket No. 20120015-EI, Florida Power & Light – rate case: vegetation management/hardening plan; pole inspections; and storm recovery mechanism.

Docket No. 20130040-EI, Tampa Electric Company- rate case: storm accrual and target reserve and tree trimming.

Docket No. 20160021-EI, 160062-EI, Florida Power & Light rate-case: storm hardening plan; vegetation management/hardening plan, pole inspection/hardening plant, capital storm hardening, storm recovery mechanism.

Docket No. 20170141-SU, KW Resort Utilities Corp.- rate case: hurricane expenses.

3. See pages 8-9 of the Direct Testimony of Mr. Schultz. Do you contend that Rule 25-6.0143 describes how to calculate the amount of incremental payroll costs to be charged against the storm reserve? If so, please identify the specific language that includes such a requirement.

RESPONSE:

Yes, I believe that Rule 25-6.0143, F.A.C., outlines the methodology required to calculate the amounts which should be considered incremental payroll. The language on which I based my position, is identified in the following question and answers in my testimony:

Q. HAT RULE DID YOU REVIEW TO DETERMINE THE APPROPRIATE LEVEL OF PAYROLL TO BE INCLUDED IN STORM COST RECOVERY?

A. I reviewed Rule 25-6.0143, F.A.C., (the "Rule"), which identifies the costs that are allowed and excluded from storm cost recovery utilizing the Incremental Cost and Capitalization Approach methodology (ICCA). Rule 25-6.0143(1)(d) provides that "the utility will be allowed to charge to Account No. 228.1 costs that are incremental to cost normally charged to non-cost recovery clause operating expenses in the absence of the storm." Rule 25-6.0143(1)(f)1 prohibits "base rate recoverable payroll and regular payroll-related costs for utility managerial and non-managerial personnel" from being charged to the reserve.

Q. IN YOUR OPINION, HOW SHOULD THE COMMISSION DETERMINE WHAT ARE INCREMENTAL PAYROLL COSTS UNDER RULE 25-6.0143(1)(f)1., F.A.C.?

A. Based upon my years of experience as an accountant in the utility field, I believe the Rule requires that an evaluation of the amount of regular payroll

included in a utility's applicable base rates must be established before a determination of whether any of the regular payroll costs are incremental, and thus eligible for storm cost recovery.

Q. IS A BUDGETED LEVEL OF PAYROLL AN APPROPRIATE MEASURE FOR ESTABLISHING INCREMENTAL PAYROLL COSTS?

A. No, it is not. The Rule plainly states "[b]ase rate recoverable." (Emphasis added.) Thus, payroll included in a utility's established rates – not the utility's budgeted spending levels of payroll as FPL proposes – is the appropriate measurement.

See, Direct Testimony of Helmuth W. Schultz, III, filed April 5, 2018, pages 7-8.

4. See pages 8-9 of the Direct Testimony of Mr. Schultz. Please provide the definition for the terms incremental and non-incremental costs as used in Rule 25-6.0143.

RESPONSE:

Rule 25-6.0143(1)(d) provides that "the utility will be allowed to charge to Account No. 228.1 costs that are **incremental** to cost normally charged to non-cost recovery clause operating expenses in the absence of the storm." The term "non-incremental" is not used in Rule 25-6.0143, F.A.C., however, I use the term "non-incremental" to describe costs normally charged to non-cost recovery clause operating expense in the absence of a storm or otherwise recovered through base rates.

5. See pages 8-9 of the Direct Testimony of Mr. Schultz. Please explain in detail where in Rule 25-6.0143(1)(f)(1) or Florida Public Service Commission Orders there is a requirement that the "base rate recoverable payroll and regulator payroll-related costs" should be determined by using the amount reflected in the Minimum Filing Requirements from the Company's 2012 base rate case.

RESPONSE:

Rule 25-6.0143(1)(f)1 prohibits "base rate recoverable payroll and regular payroll-related costs for utility managerial and non-managerial personnel" from being charged to the reserve (Emphasis Added). As stated in the Direct Testimony of Helmuth W. Schultz, III,

incremental (i.e. already recovered through base rates); therefore there are no regular payroll costs that are incremental and could be capitalized. The appropriateness of regular payroll costs being capitalization for a storm event should be determined on a case by case basis, in accordance with Rule 25-6.0143, F.A.C.

11. See page 17, lines 8-10 of the Direct Testimony of Mr. Schultz. Please explain in detail whether you contend that all "increased work" after an extraordinary storm should be done at overtime rates.

RESPONSE:

The sentence cited in the question qualifies the prior sentence at lines 6-8, and states in context:

Under normal conditions, restoration is done at both regular pay rates and overtime pay rates because; restoration work under normal conditions is typically "scheduled to be completed such that overtime is not required."¹ However, after an extraordinary storm, the work is increased and the incremental work is done at overtime rates.

The testimony on page 17, line 8-10, is Mr. Schultz' expert opinion regarding the likelihood that, since the workload is increased, this increased work is incremental and would be overtime to which overtime rates should apply.

12. See page 23 of the Direct Testimony of Mr. Schultz. Do you contend that contractor crews should not be standing by until the storm event passes so that they may begin restoration once there are safe working conditions?

RESPONSE:

Mr. Schultz agrees that contractor crews should be eligible to incur standby time while the storm event is on-going and until storm restoration work may begin in safe working

¹ Company response to Citizens' Interrogatory No. 77.

conditions. However, Mr. Schultz believes that all standby time should be accurately tracked.

13. See page 24, lines 23-24 and page 25, lines 1-5 of the Direct Testimony of Mr. Schultz. Based on Mr. Schultz's review of storm costs in Florida and other jurisdictions, please identify all utilities that separately identify the amount of hours and costs that are associated with mobilization/demobilization and standby time.

RESPONSE:

Mr. Schultz has not performed a search of past cases to determine whether the mobilization/demobilization and standby times are separated by other companies. However, while Mr. Schultz acknowledges that some companies may not identify the amount of hours and costs associated with mobilization/demobilization and standby time in a summary format, in almost all cases there were contractor invoices and/or time sheets that identify mobilization/demobilization and standby time.

14. See pages 27-28 of the Direct Testimony of Mr. Schultz. Do you contend that it is more appropriate to use a CHM estimator to calculate the capitalized component of the contractor cost for Hurricane Matthew when FPL Exhibit KO-2 reflects the actual costs of the capitalized component of the contractor cost, as stated in the Company response to OPC Interrogatory No. 109?

RESPONSE:

As discussed by Mr. Schultz on pages 27-28, there appears to be an inconsistency regarding how the Company records its capital costs. The Company's response to OPC Interrogatory No. 109 states that costs of follow up work is based on actuals. (Due to the timing of the response to OPC Interrogatory No. 109, which was provide shortly before the Intervenor testimony due date, the accuracy of the dollar amounts for the follow up work performed could not be determined.) However, the Company stated in its response to Citizens'

Interrogatory No.17 that it does not specifically identify and/or track contractor capital work during emergency response events.

15. See page 28, lines 17-18 of the Direct Testimony of Mr. Schultz. Do you contend that the vast majority of capital work for Hurricane Matthew was performed during storm restoration rather than during follow-up work?

RESPONSE:

Yes.

16. See page 29, lines 8-10 of the Direct Testimony of Mr. Schultz. Please explain how FPL's statement in response to OPC Interrogatory No. 17 that it does not know the actual capital work performed by contractors during emergency response events "conflicts" with FPL's statement in response to OPC Interrogatory Nos. 83, 108-110 that it knows the actual costs for the capital work performed by contractors during follow-up work.

RESPONSE:

As explained in the sentence following lines 8-10 on page 29, Mr. Schultz states "[t]he only logical explanation for the inconsistent [conflicting] responses is that FPL may know what is capitalized as part of "follow up" work, but it has not fully evaluated the information to identify what capital work the contractors performed during the restoration time period, even though FPL claims that 83% of that capital restoration is performed by contractors."

See, Direct Testimony of Mr. Schultz page 29, lines 10-14.

17. See page 30, lines 19-21 of the Direct Testimony of Mr. Schultz. Please explain in detail how Mr. Schultz determined that the contractor crews performing the restoration work during Hurricane Matthew typically ranged from 4 to 5 crew members.

RESPONSE:

An examination of the accounts payable documentation and time reports clearly show that the various crew sizes typically range from 4 to 5 persons. In addition, Mr. Schultz's has

analyzed actual vendor invoices in other jurisdictions for some of the same vendors and has determined that based on those invoices the crew sizes were generally four or more.

18. Please provide the definition for the terms incremental and non-incremental costs as used in Rule 25-6.0143.

RESPONSE:

Rule 25-6.0143(1)(d) provides that “the utility will be allowed to charge to Account No. 228.1 costs that are **incremental** to cost normally charged to non-cost recovery clause operating expenses in the absence of the storm.” The term “non-incremental” is not used in Rule 25-6.0143, F.A.C.; however, I use the term “non-incremental” to describe costs normally charged to non-cost recovery clause operating expense in the absence of a storm or otherwise recovered through base rates.

19. See pages 40-44 of the Direct Testimony of Mr. Schultz. Do you contend that Rule 25-6.0143 requires companies to request Commission approval to charge incremental storm costs against the storm reserve for each event? If so, please cite where in the rule it states this and provide all instances in which the Commission has required this treatment.

RESPONSE:

Rule 25-6.0143(1)(c), F.A.C., states that “A separate subaccount shall be established for that portion of Account No. 228.1 which is designated to cover storm-related damages to the utility’s own property or property leased from others that is not covered by insurance. The records supporting the entries to this account shall be so kept that the utility can furnish full information as to each storm event included in this account.” (Emphasis added) Mr. Schultz is not aware of any Florida docket implementing Rule 25-6.0143, F.A.C.

20. See pages 40-44 of the Direct Testimony of Mr. Schultz. Do you contend that Order No. PSC-2013-0023-S-EI (approving FPL's 2012 Settlement Agreement) requires FPL to request Commission approval to charge incremental storm costs against the storm reserve for each event? If so, please cite where in the order it states this requirement.

RESPONSE:

Order No. PSC-2013-0023-S-EI, issued January 14, 2013, stated the following:
"ORDERED by the Florida Public Service Commission that the revised Stipulation and Settlement filed December 13, 2013, which is attached hereto as Attachment A and incorporated herein by reference, is approved." As stated in the Direct Testimony of Mr. Schultz page 42, lines 1-20:

In its response to Citizens' Interrogatory No. 107, the Company included some wording from Paragraph 5 of the 2012 Stipulation and Settlement Agreement (approved in Order No. PSC-2013-0023-S-EI, Docket No. 20120015-EI). However, the Company conveniently left out part of the paragraph that makes this an issue in this proceeding. The full statement is as follows:

All storm related costs subject to interim recovery under this Paragraph 5 shall be calculated and disposed of pursuant to Commission Rule 25-6.0143, F.A.C., and will be limited to costs resulting from a tropical system named by the National Hurricane Center or its successor, to the estimate of incremental costs above the level of storm reserve prior to the storm and to the replenishment of the storm reserve to the level as of the Implementation Date. *The Parties to this Agreement are not precluded from participating in any such proceedings and opposing the amount of FPL's claimed costs but not the mechanism agreed to herein.* (Emphasis added.)

The logical interpretation of this language is that, not only does Rule 25-6.0143, F.A.C., apply to specific storm requests, but it also applies to the generic request for replenishment, and the amount of any costs requested by FPL must be supported and may be opposed.

21. See pages 40-44 of the Direct Testimony of Mr. Schultz. Please explain whether Rule 25-6.0143 requires companies to request and obtain Commission approval to charge incremental storm costs against the storm reserve for each event? If so, please site where in the rule its states this and provide all instances in which the Commission has required this treatment.

RESPONSE:

Rule 25-6.0143(1)(c), F.A.C., states that "A separate subaccount shall be established for that portion of Account No. 228.1 which is designated to cover storm-related damages to the utility's own property or property leased from others that is not covered by insurance. The records supporting the entries to this account shall be so kept that the utility can furnish full information as to each storm event included in this account." (Emphasis added) Mr. Schultz is not aware of any Florida docket implementing Rule 25-6.0143, F.A.C.

22. See page 40, lines 17-21 of the Direct Testimony of Mr. Schultz. Do you contend that the Company is not entitled to restore the storm reserve to the \$117.131 million level as of January 2013?

RESPONSE:

FPL has the burden of proof to demonstrate and support its position that previously charged costs were appropriately charged to the storm reserve pursuant to Rule 25-6.0143, F.A.C. Specifically, Rule 25-6.0143(1)(c), F.A.C., requires that "[t]he records supporting the entries to this account [Account No. 228.1] shall be so kept that the utility can furnish full information as to each storm event included in this account." (Emphasis added) FPL has failed to justify the incremental \$24.026 million to bring the storm reserve to the January 2013 level.

23. See page 40, lines 17-21 of the Direct Testimony of Mr. Schultz. Do you dispute that the pre-Hurricane storm reserve was \$93.105 million as stated on FPL Exhibit KO-1. If so, please provide supporting details.

RESPONSE:

No.

24. See page 43 of the Direct Testimony of Mr. Schultz. Please explain whether you are aware that, consistent with Rule 25-6.0143(1)(m), FPL has provided the Commission with an annual report on the yearly storms that occurred and the resulting charges against the storm reserve. If so, please explain whether you reviewed any of these annual reports regarding the charges to the storm reserve.

RESPONSE:

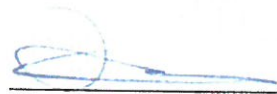
FPL has the burden of proof to demonstrate and support that previously charged costs were appropriately charged to the storm reserve pursuant to Rule 25-6.0143, F.A.C. Specifically, Rule 25-6.0143(1)(c), F.A.C., requires that “[t]he records supporting the entries to this account [Account No. 228.1] shall be so kept that the utility can furnish full information as to each storm event included in this account.” (Emphasis added) FPL has failed to include any documentation in its direct case including the annual reports to support the incremental \$24.026 million to bring the storm reserve to the January 2013 level.

25. Please explain whether you have participated in or observed a utility’s storm mobilization and restoration activities during a storm event. If so, please state the following:
- a. Identification of the utilities participated and/or observed;
 - b. Identification of the storm event, year occurred, and location; and
 - c. Description of your role, duties, and activities during the storm event

RESPONSE:

Mr. Schultz has not participated in the storm restoration activities on behalf of any utility. Mr. Schultz has observed restoration activities at various times and has interacted with restoration crews who performed restoration activities to familiarize himself with processes and procedures as well as whether damage caused could be attributed to any specific factors (i.e. vegetation management). Mr. Schultz has not maintained any record of the various observations or interactions.

Respectfully submitted this 30th day of April, 2018



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Attorneys for the Citizens
of the State of Florida

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Re: Petition for limited proceeding for
recovery of incremental storm restoration
costs related to Hurricane Matthew by
Florida Power & Light Company.

DOCKET NO. 20160251-EI

FILED: May 4, 2018

**THE OFFICE OF PUBLIC COUNSEL'S SUPPLEMENTAL RESPONSE
TO FLORIDA POWER & LIGHT COMPANY'S FIRST SET OF
INTERROGATORIES (NOS. 1a, 2 and 24)**

The Citizens of the State of Florida, by and through the Office of Public Counsel, ("Citizens" or "OPC"), and pursuant to the requirements set forth in Commission Order No. PSC-2017-0471-PCO-EI, Florida Administrative Code, and Rule 1.340, Florida Rules of Civil Procedure, hereby submit the following Supplemental response to Florida Power & Light's (FPL) First Set of Interrogatories (Nos. 1a, 2 and 24) on the following pages.

1. See page 5, lines 14-18 of the Direct Testimony of Mr. Schultz, where he states the following: "As part of my analysis, I relied on my experience in analyzing storm costs in other jurisdictions, past review of storm costs in Florida, and Rule 25-6.0143, Florida Administrative Code ("F.A.C.") which addresses what costs should be included and excluded from a utility's request for recovery of storm related costs." With reference to this statement, please identify each jurisdiction other than Florida in which Mr. Schultz has analyzed storm costs and provide the following information for each such matter:
 - a. The name of the applicable agency or court involved;

RESPONSE:

Without review of each and every case for those cases specifically analyzing storm costs, Mr. Schulz is providing a list of the proceedings he has participated in during the last five years as Attachment FPL 1-1.

To supplement the above response, the links to the previously identified testimonies are provided below:

CT

<http://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/7eb4998f662c651285257be2006e7823?OpenDocument>

MA

<http://170.63.40.34/DPU/FileRoomAPI/api/Attachments/Get/?path=11-01%2f4611agtssc.pdf>

<http://170.63.40.34/DPU/FileRoomAPI/api/Attachments/Get/?path=13-90%2f13-90-Testimony-5635.pdf>

http://170.63.40.34/DPU/FileRoomAPI/api/Attachments/Get/?path=13-85%2fAxelrod_Schultz_testimony_reda.pdf

<http://170.63.40.34/DPU/FileRoomAPI/api/Attachments/Get/?path=11-102%2f22213agtstsc.pdf>

http://170.63.40.34/DPU/FileRoomAPI/api/Attachments/Get/?path=15-149%2fSchultz_Testimony_82216.pdf

http://170.63.40.34/DPU/FileRoomAPI/api/Attachments/Get/?path=13-135%2fAG_Testimony_Schultz.pdf

<http://170.63.40.34/DPU/FileRoomAPI/api/Attachments/Get/?path=10-70%2f93010agtsthw.pdf>

MD

<http://www.psc.state.md.us/search-results/?keyword=9286&x.x=22&x.y=11&search=all&search=case>

(Item 41)

<http://www.psc.state.md.us/search-results/?keyword=9311&x.x=30&x.y=7&search=all&search=case>

(Item 76)

2. See page 5, lines 15-18 of the Direct Testimony of Mr. Schultz, where he states the following: "As part of my analysis, I relied on my experience in analyzing storm costs in other jurisdictions, past review of storm costs in Florida, and Rule 25-6.0143, Florida Administrative Code ("F.A.C.") which addresses what costs should be included and excluded from a utility's request for recovery of storm related costs." With reference to this statement, please explain in detail all of the storm costs in Florida that Mr. Schultz reviewed and provide the docket number and name of the utility involved.

OBJECTION: Citizens object to this discovery request as it is overly broad and unduly burdensome to the extent it requests information that is older than five years. Notwithstanding the objection, Citizens will provide the information that is available from the past five years.

RESPONSE:

Docket No. 20120015-EI, Florida Power & Light – rate case: vegetation

management/hardening plan; pole inspections; and storm recovery mechanism.

Docket No. 20130040-EI, Tampa Electric Company – rate case: storm accrual and target reserve and tree trimming.

Docket No. 20160021-EI, 160062-EI, Florida Power & Light – rate case: storm hardening plan; vegetation management/hardening plan, pole inspection/hardening plant, capital storm hardening, storm recovery mechanism.

Docket No. 20170141-SU, KW Resort Utilities Corp. – rate case: hurricane expenses.

To supplement the above response regarding explaining in detail all of the storm costs in Florida that Mr. Schultz reviewed, Mr. Schultz relied on the discovery produced in these dockets, specifically any discovery identified in his testimony or other documents identified in his testimony. However, he does not know whether any other additional information was relied on without a burdensome review of each of these

files which may not be complete, in part, due to confidential information having been destroyed or returned to the owner upon completion of the matter.

24. See page 43 of the Direct Testimony of Mr. Schultz. Please explain whether you are aware that, consistent with Rule 25-6.0143(1)(m), FPL has provided the Commission with an annual report on the yearly storms that occurred and the resulting charges against the storm reserve. If so, please explain whether you reviewed any of these annual reports regarding the charges to the storm reserve.

RESPONSE:

FPL has the burden of proof to demonstrate and support that previously charged costs were appropriately charged to the storm reserve pursuant to Rule 25-6.0143, F.A.C. Specifically, Rule 25-6.0143(1)(c), F.A.C., requires that “[t]he records supporting the entries to this account [Account No. 228.1] shall be so kept that the utility can furnish full information as to each storm event included in this account.” (Emphasis added) FPL has failed to include any documentation in its direct case including the annual reports to support the incremental \$24.026 million to bring the storm reserve to the January 2013 level.

To supplement the above response, Mr. Schultz was aware that Rule 25-6.0143, F.A.C., required FPL to file these annual reports. However, since FPL failed to provide them as supporting documentation with its direct testimonies and make it part of the record in this docket, Mr. Schultz did not have an obligation to review

these annual reports as part of preparing his testimony addressing FPL's filings in this docket.

Respectfully submitted this 4th day of May, 2018



Patricia A. Christensen
Associate Public Counsel
Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
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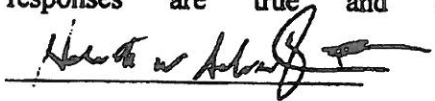
Attorneys for the Citizens
of the State of Florida

AFFIDAVIT

STATE OF Michigan)

COUNTY OF Wayne)

I hereby certify that on this 4th day of May, 2018, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Helmuth W Schultz III, who is personally known to me, and he/she acknowledged before me that he/she provided the answers to interrogatory number(s) 1a, 2 and 24 from in TO FLORIDA POWER AND LIGHT COMPANY CITIZENS FIRST SET OF INTERROGATORIES (NOS. 1a, 2 and 24) in Docket No. 20160251-EI, and that the responses are true and correct based on his/her personal knowledge.



In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 4th day of May, 2018.


Notary Public
State of Michigan, at Large

My Commission Expires:

HUGH LARKIN JR
NOTARY PUBLIC, STATE OF MI
COUNTY OF WAYNE
MY COMMISSION EXPIRES Sep 18, 2019
ACTING IN COUNTY OF

AFFIDAVIT

STATE OF Michigan)

COUNTY OF Wayne)

I hereby certify that on this _____ day of _____, 2018, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Helmuth W Schultz III, who is personally known to me, and he/she acknowledged before me that he/she provided the answers to interrogatory number(s) ____ 1-25 ____ from in TO FLORIDA POWER AND LIGHT COMPANY CITIZENS FIRST SET OF INTERROGATORIES (NOS. 1-25) in Docket No. 20160251-EI, and that the responses are true and correct based on his/her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this _____ day of _____, 2018.

Notary Public
State of Florida, at Large

My Commission Expires:

AFFIDAVIT

STATE OF MICHIGAN

COUNTY OF WAYNE

I hereby certify that on this 30th day of April, 2018, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Helmuth W Schultz III, who is personally known to me, and he/she acknowledged before me that he/she provided the answers to interrogatory number(s) 1-25 TO FLORIDA POWER AND LIGHT COMPANY CITIZENS FIRST SET OF INTERROGATORIES (NOS. 1-25) in Docket No. 20160251-EI, and that the responses are true and correct based on his/her personal knowledge. Helmuth W Schultz III

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 30th day of April, 2018.

Christine Miller

Notary Public
State of Michigan, at Large

CHRISTINE MILLER
NOTARY PUBLIC, STATE OF MI
COUNTY OF WAYNE
MY COMMISSION EXPIRES Nov 8, 2021
ACTING IN COUNTY OF Wayne

My Commission Expires:

11/8/2021

25

OPC's Responses to FPL's First Request for
Production of Documents, Nos. 1-5, 8-13, 16.

Confidential Documents:

DN 02811-2018 (1)

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20160251-EI EXHIBIT: 25
PARTY: STAFF HEARING EXHIBITS
DESCRIPTION: Helmuth Schultz (1-5, 8-13,
16)

DOCUMENTS REQUESTED

1. Please provide an electronic copy, in its original format and with all formulas intact and enabled, of all schedules attached to the Direct Testimony of Mr. Schultz.

RESPONSE:

Please see enclosed CD (OPCPOD1-1-0001).

2. Please provide all supporting documents for the Direct Testimony of Mr. Schultz.

RESPONSE:

To the extent Mr. Schultz' testimony relied on responses provided by FPL in response to OPC or Commission Staff discovery, those documents are already in the custody and control of FPL. For articles reviewed by Mr. Schultz, please see the enclosed CD (OPCPOD1-1-0002).

3. Please provide supporting documents for the response provided to FPL's First Set of Interrogatories, Question No. 2.

RESPONSE:

The testimonies identified in response to Interrogatory No. 2 are publicly available at Florida Public Service website.

4. Please provide supporting documents for the response provided to FPL's First Set of Interrogatories, Question No. 3.

RESPONSE:

The Direct Testimony of Mr. Schultz has already been provided to FPL. See, Direct Testimony of Helmuth W. Schultz, III, filed April 5, 2018. Rule 25-6.0143, F.A.C., is publicly available.

5. Please provide supporting documents for the response provided to FPL's First Set of Interrogatories, Question No. 5.

RESPONSE:

Rule 25-6.0143, F.A.C., is publicly available. Order No. PSC-2013-0023-S-EI, issued January 14, 2013, in Docket No. 20120015-EI is publicly available at Florida Public Service's website.

6. Please provide supporting documents for the response provided to FPL's First Set of Interrogatories, Question No. 7.

RESPONSE:

Rule 25-6.0143, F.A.C., is publicly available.

7. Please provide supporting documents for the response provided to FPL's First Set of Interrogatories, Question No. 8.

RESPONSE:

Mr. Schultz does not have any documents responsive to this request since he is not aware of any Florida docket implementing Rule 25-6.0143, F.A.C.

8. See page 5, lines 14-15 of the Direct Testimony of Mr. Schultz. Please provide a copy of any testimonies or exhibits sponsored or submitted by Mr. Schultz in each jurisdiction where he analyzed storm costs.

OBJECTION: Citizens object to this discovery request as it is overly broad and unduly burdensome to the extent it requests information that is older than five years. Notwithstanding the objection, Citizens notes that the most recent dockets or cases Mr. Schultz participated in are listed in FPL Attachment 1-1 to OPC Interrogatory Response No. 1a, and may be found on the respective jurisdictions web site.

RESPONSE:

The testimonies identified in response to Interrogatory No. 1 are publicly available at respective Public Service Commission's website.

9. See page 5, lines 15-16 of the Direct Testimony of Mr. Schultz. Please provide copies of any analyses, studies, statements, testimonies, exhibits, or other documents related to Mr. Schultz's review of storm costs in Florida.

RESPONSE:

To the extent Mr. Schultz' testimony relied on responses provided by FPL in response to OPC or Commission Staff discovery, those documents are already in the custody and control of FPL. Please see FPL's response to OPC POD No. 2.

10. See page 17, lines 3-11 of the Direct Testimony of Mr. Schultz. Please provide copies of all analyses, studies, evaluations, academic or professional articles, or other similar documents to support Mr. Schultz's position that a capitalization rate used in the normal course of business under normal conditions is not appropriate for restoration work after an extraordinary storm event.

RESPONSE:

There are no documents responsive to this request. It is Mr. Schultz' testimony that since conditions are different during and/or after storms than they are during normal course of business, the costs for restoration are higher. This is supported by the level of Company overtime reflected in the Company's filing and the fact that contractors' time are generally at overtime rates.

11. See page 24, lines 23-24 and page 25, lines 1-5 of the Direct Testimony of Mr. Schultz. Based on Mr. Schultz's review of storm costs in Florida and other jurisdictions, please provide documents demonstrating that other utilities separately identify the amount of hours and costs that are associated with mobilization/demobilization and standby time.

RESPONSE:

The documents that identify mobilization/demobilization and standby time in other jurisdiction are considered confidential just as they were identified by FPL to be confidential. The documents that demonstrate that level of mobilization/demobilization

and standby time are the time summaries and/or time sheets submitted by the respective contractors. Therefore those documents cannot be provided.

12. See page 28, lines 17-18 of the Direct Testimony of Mr. Schultz. Please provide all support for the statement that "FPL has ignored the fact that the vast majority of capital work was performed during the storm restoration" rather than during follow-up work.

RESPONSE:

To the extent Mr. Schultz' testimony relied on responses provided by FPL in response to OPC or Commission Staff discovery, those documents are already in the custody and control of FPL. The support for Mr. Schultz statement that "FPL has ignored the fact that the vast majority of capital work was performed during the storm restoration" rather than during follow-up work, can be found in the vendor invoices provided in response to Confidential OPC POD No. 6.

13. See page 30, lines 19-21 of the Direct Testimony of Mr. Schultz. Please provide all documents supporting the statement that the contractor crews performing the restoration work during Hurricane Matthew typically ranged from 4 to 5 crew members.

RESPONSE:

To the extent Mr. Schultz' testimony relied on responses provided by FPL in response to OPC or Commission Staff discovery, those documents are already in the custody and control of FPL. Please see FPL's response to Confidential OPC POD No. 6.

14. See page 39, lines 23-24 of the Direct Testimony of Mr. Schultz. Please provide all documents supporting the statement that vehicle costs for contractors were billed hourly for Hurricane Matthew.

RESPONSE:

To the extent Mr. Schultz' testimony relied on responses provided by FPL in response to OPC or Commission Staff discovery, those documents are already in the custody and

control of FPL. Mr. Schultz notes that included in the responses as part of the Company internal invoicing were time sheets identifying vehicle usage. Many of the contractors used by FPL provide restoration services in other jurisdictions. In the other jurisdictions where Mr. Schultz reviewed supporting documentation, the actual vendor invoices were provided even when the Company's internal bills were generated and those vendor invoices identified the vehicle charges. FPL did not provide the actual vendor invoices in most cases as additional support.

15. See page 39, line 23 through page 40, line 1 of the Direct Testimony of Mr. Schultz. Please provide all documents supporting the statement that contractors used two or more vehicles and possibly a trailer for Hurricane Matthew.

RESPONSE:

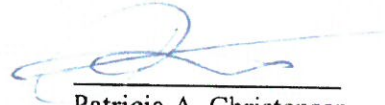
To the extent Mr. Schultz' testimony relied on responses provided by FPL in response to OPC or Commission Staff discovery, those documents are already in the custody and control of FPL. See FPL's response to OPC POD No. 14.

16. See page 46, lines 10-12 of the Direct Testimony of Mr. Schultz. Please provide documents supporting the claim that a company seeking recovery of storm costs in Massachusetts is required to include all supporting documentation at the time the petition for cost recovery is filed.

RESPONSE:

In Massachusetts Docket No. 11-102 Mr. Schultz served as a consultant in preparation of cross examination of the witnesses for Western Massachusetts Electric Co. request for recovery of storm costs associated with multiple storms. After initial cross examination of the Company witnesses by the Massachusetts Attorney General's office, the Commission ruled that the Company was required to resubmit its application and include supporting cost documentation with its filing. The Company refiled its request in Docket

No. 11-102(A). (The testimony by Mr. Schultz is included on the listing provided the in response to FPL's Interrogatory No. 1, FPL Attachment 1-1). After that filing it became standard practice for companies to provide supporting documentation for the requested storm costs with the initial filing.



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Attorneys for the Citizens
of the State of Florida

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FPL's Responses to Staff's Third Set of
Interrogatories, Nos. 11, 12.

**(See additional files contained on Staff
Hearing Exhibit CD/USB for No. 11)**

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20160251-EI EXHIBIT: 26
PARTY: STAFF HEARING EXHIBITS
DESCRIPTION: Kim Ousdahl (Nos. 11, 12)

QUESTION:

Please provide a monthly breakdown of the budgeted and actual regular and overtime payroll expenses for the calendar years 2013, 2014, 2015, 2016, and 2017.

RESPONSE:

See Attachment No. 1 to this response for monthly budgeted and actual regular and overtime payroll for the requested periods, including a breakdown of base, clause recovery, capital, charges to affiliates, and other types of categories. Note, the budgeted information included herein does not represent the same forecasted data that was included in either FPL's 2012 rate case (Docket No. 20120015-EI) or 2016 rate case (Docket No. 20160021-EI). It represents the budgets approved by FPL's board of directors during the annual budget cycle which are approved just prior to the start of the budgeted year, which are used to manage FPL's business on an annual basis.

QUESTION:

What is exact time period FPL incurred its incremental costs for Hurricane Matthew? In your response, please provide the beginning and ending day, month, and year.

RESPONSE:

FPL incurred costs for Hurricane Matthew from the date it opened internal orders to track storm costs on October 4, 2016 through the date when follow up work activities were completed on February 28, 2018.

DECLARATION

I sponsored the answers to Interrogatory Nos. 10-12 from the Staff's Third Set of Interrogatories to Florida Power & Light Company in Docket No. 20160251-EI, and that the responses are true and correct based on my personal knowledge.

Under penalties of perjury, I declare that I have read the foregoing declaration and the interrogatory answers identified above, and that the facts stated therein are true.



Signature

Kim Ousdahl

Date: 4/18/2018

FPL's Responses to Staff's First Request of
Production of Documents, Nos. 1-3.

**(See additional files contained on Staff
Hearing Exhibit CD/USB for No. 3)**

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20160251-EI EXHIBIT: 27
PARTY: STAFF HEARING EXHIBITS
DESCRIPTION: Kim Ousdahl (1,3)(Co-
sponsored – 2)Manny Miranda(Co-sponsored

QUESTION:

Please provide the electronic file with all formulas intact of FPL's calculations for 2016's and 2017's incremental and non-incremental monthly payroll expenses.

RESPONSE:

FPL does not calculate incremental payroll expenses on a monthly basis. Supporting calculations for FPL's regular payroll incremental calculation for Hurricane Matthew of \$2,264,000 is provided as follows: \$2,168,000 is reflected in the attached and \$95,000 was provided in FPL's response to OPC's First Set of Interrogatories No. 7.

QUESTION:

Please provide support documentation for the \$17.971 million of logistics costs highlighted by OPC Witness Schultz in Confidential Exhibit No. HWS-2, Schedule G, Page 2-2, Lines 1-6.

RESPONSE:

Please refer to FPL's response to OPC's First Request for Production of Documents No. 9 in Docket No. 20160251-EI for confidential attachments with the following bates numbers:

FPL 000449-000483 (Invoices FPL10022016A-Rev, FPL10022016B-Rev, FPL10022016C-Rev, FPL10022016D-Rev, FPL10022016E-Rev, FPL10022016F-Rev, FPL10022016G-Rev, FPL10022016H-Rev1, FPL10022016J, FPL10022016K-Rev)

FPL 000251-000258 (Invoices 1900461493, 1900461613, 1900461703, 1900461943, 1900462612, 1900465694)

QUESTION:

Please provide support documentation for all non-Hurricane Matthew costs charged to FPL's storm reserve, in the amount of \$24.026 million.

RESPONSE:

See the Attachment 1 to this response for FPL storm activity charged to the reserve between January 2013 and September 2016.

FPL's Response to Staff's Fourth Set of
Interrogatory, Nos. 13-14.

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20160251-EI EXHIBIT: 28
PARTY: STAFF HEARING EXHIBITS
DESCRIPTION: Manny Miranda (Nos. 13, 14)

QUESTION:

Please refer to FPL witness Miranda's rebuttal testimony. On page 8, lines 13 through 23, witness Miranda testified that FPL arranged for mobile sleepers and cots to provide alternative lodging needs.

- a. What were the total costs of the mobile sleepers and cots?
- b. Please compare the cost of the mobile sleepers and cots to the hotels rooms that FPL acquired for the contractors.
- c. Were the mobile sleepers and cots utilized?
- d. Please compare the number and/or percentage of mobile sleepers and cots that were utilized to the number and/or percentage of hotel rooms acquired.
- e. Were the mobile sleepers and cots rented? If no, does FPL still have the mobile sleepers and cots for future use?

RESPONSE:

- a. The total costs of mobile sleepers/cots acquired during Hurricane Matthew were \$16.5 million. Total costs for mobile sleepers/cots include air conditioning, lighting, generators, shower and bathroom facilities, potable water, linens, laundry, and mobilization/demobilization.
- b. Total costs for hotel rooms paid to FPL's hotel vendor and for mobile sleepers/cots were \$21.8 million and \$16.5 million, respectively.

As provided in witness Miranda's rebuttal testimony, alternative lodging was acquired in response to the uncertainty that existed with the availability and location of lodging needs, which resulted from the considerable competition for hotel rooms. FPL planned for alternative lodging due to the risk of being in a position where there was inadequate hotel lodging near the areas where the restoration resources were most needed.

- c. Yes. The mobile sleepers/cots were utilized.
- d. In total, for Hurricane Matthew, FPL provided 27,148 vouchers for restoration personnel to utilize mobile sleepers/cots. In comparison, FPL acquired a total of 127,087 hotel room nights.
- e. Yes. The mobile sleepers/cots were rented.

QUESTION:

Please refer to FPL's witness Miranda's rebuttal testimony. On page 11, lines 4 through 16, witness Miranda testified that FPL reviewed its records on non-mutual aid utility contractor line resources for the mobilization and demobilization costs.

- a. Did mutual-aid utility contractors have mobilization/demobilization costs similar to the non-mutual-aid utility contractors' costs?
 - i. If no, please explain.
 - ii. If yes, please explain why these costs were not included in witness Miranda's analysis.

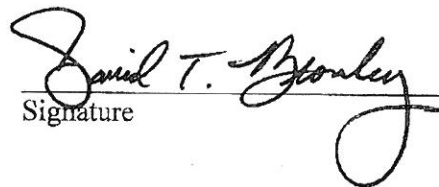
RESPONSE:

- a. Yes. Mutual aid utility contractors also have mobilization/demobilization costs.
 - i. Not applicable.
 - ii. While FPL was able to create an extract to obtain the non-mutual aid utility contractors' mobilization/demobilization costs, it was unable to do the same for mutual aid utility contractors because mobilization/demobilization time/costs are not always specifically identified on their invoices nor does FPL track/aggregate these particular costs.

DECLARATION

I sponsored the answers to Interrogatory Nos. 13 and 14 from the Staff's Fourth Set of Interrogatories to Florida Power & Light Company in Docket No. 20160251-EI, and that the responses are true and correct based on my personal knowledge.

Under penalties of perjury, I declare that I have read the foregoing declaration and the interrogatory answers identified above, and that the facts stated therein are true.


Signature

David T. Bromley

Date: May 11, 2018

Joint Motion for Approval of Settlement
Agreement
DN 03687-2018

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20160251-EI EXHIBIT: 29
PARTY: STAFF HEARING EXHIBITS
DESCRIPTION: Kim Ousdahl, Tiffany Cohen

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Florida Power & Light
Company for Limited Proceeding for Recovery
of Incremental Storm Restoration Costs
Related to Hurricane Matthew

Docket No: 20160251-EI

Date: May 15, 2018

JOINT MOTION FOR APPROVAL OF SETTLEMENT AGREEMENT

Florida Power & Light Company ("FPL") and the Office of Public Counsel ("OPC"; collectively, FPL and OPC are the "Signatories") jointly move the Florida Public Service Commission ("Commission") to review and approve on an expedited basis the attached Stipulation and Settlement ("Agreement") as full and complete resolution of all matters pending in Docket No. 20160251-EI (the "Proceedings") in accordance with Section 120.57(4), Florida Statutes, and to enter a final order reflecting such approval to effectuate implementation of the Agreement. In support of this Joint Motion, the Signatories state:

1. The Signatories have been engaged in negotiations for the purpose of reaching a comprehensive stipulation and settlement of all issues pending in the Proceedings, thereby avoiding the uncertainty associated with the outcome on the issues. These negotiations have culminated in the Agreement attached hereto as Exhibit A. The Signatories request that, following the Commission's review of this Joint Motion and the Agreement, the Commission grant the Joint Motion and approve the Agreement in order to allow for orderly implementation thereof and provide certainty to the parties and their respective constituents and customers with respect to the outcome of the Proceedings.

2. The Agreement provides, among other things:

- a. The Agreement will become effective upon Commission approval of the Settlement Agreement.

- b. FPL's claimed Recoverable Storm Amount for Hurricane Matthew is \$316.459 million (jurisdictional).
- c. FPL has collected \$322,449,167 pursuant to the authorized interim storm restoration charge.
- d. The Recoverable Storm Amount will be reduced by a total of \$21,700,000, such that the total amount to be recovered from customers is \$294,759,000.
- e. Of the \$21.7 million total reduction:
 - i. \$20 million will be reclassified as capital and added to FPL's retail Plant in Service balance in Account 364.1 - Poles, Towers and Fixtures (Wood), for all surveillance and future rate setting purposes. OPC agrees not to dispute the reasonableness or prudence of this additional \$20 million of capital in any future rate proceeding.
 - ii. \$1.7 million will be transferred to base rate O&M expense in 2018 and reflected as such on FPL's earnings surveillance reports.
- f. FPL will refund to customers \$27,690,167, plus interest at the 30-day commercial paper rate, as a one-time refund, in the manner described in FPL witness Tiffany Cohen's direct testimony filed on February 20, 2018. Exhibit 1 to the Agreement consists of a tariff sheet reflecting the refund. FPL will apply the refund tariff sheet to customer bills for one month of consumption starting no later than Cycle Day 1 of the first month that is more than 30 days after Commission approval.
- g. FPL and OPC agree that nothing in the Agreement will have precedential value.

3. Each of the Signatories agrees that it has entered into the Agreement voluntarily, that it fairly and reasonably balances the various positions of the Parties on issues in these proceedings, and that it serves the best interests of the customers they represent and the public interest in general. The Signatories believe that the Agreement is reasonable and in the public interest for several reasons, including the following:

- a. The Agreement would provide for a reasonable recovery by FPL of incremental Hurricane Matthew storm restoration costs.
- b. As a result of this settlement, FPL's customers will be refunded \$27,690,167, plus interest, as a one-time refund starting no later than Cycle Day 1 of the first month that is more than 30 days after Commission approval.

4. For these reasons, approving the Agreement is fully consistent with the Commission's long-standing policy of encouraging the settlement of contested proceedings in a manner that benefits the customers of utilities subject to the Commission's regulatory jurisdiction.

5. The Signatories to the Agreement request that the Commission rule on this Joint Motion for Approval of Settlement Agreement as soon as possible, so that FPL may implement the refund promptly.

6. FPL is authorized to represent that the Intervenor, FRF and FIPUG, take no position at this time and reserve the right to file a response within the time allowed by Rule 28-106.204(1), F.A.C.

WHEREFORE, FPL and OPC respectfully request that the Commission approve the Stipulation and Settlement attached hereto as Exhibit A.

Respectfully submitted,

R. Wade Litchfield, Vice President and
General Counsel
John T. Butler, Assistant General Counsel-
Regulatory
Kenneth M. Rubin, Senior Counsel
Kevin I.C. Donaldson, Senior Attorney
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Patricia A. Christensen
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111 West Madison Street, Room 812
Tallahassee, FL 32399-1400
*Attorneys for the Citizens
of the State of Florida*

By: s/ R. Wade Litchfield

By: s/ J.R. Kelly

CERTIFICATE OF SERVICE

I **HEREBY CERTIFY** that a true and correct copy of the foregoing has been furnished
by electronic mail this 15th day of May, 2018, to the following parties:

Suzanne Brownless
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-1400
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Office of the General Counsel
Florida Public Service Commission

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jlavia@gbwlegal.com
Attorneys for Florida Retail Federation

By: **s/ R. Wade Litchfield**
R. Wade Litchfield

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Florida Power & Light
Company for Limited Proceeding for Recovery
of Incremental Storm Restoration Costs
Related to Hurricane Matthew

Docket No: 20160251-EI

Date: May 14, 2018

STIPULATION AND SETTLEMENT

WHEREAS, Florida Power & Light Company ("FPL" or the "Company") and the Office of Public Counsel ("OPC") have signed this Stipulation and Settlement (the "Agreement"; unless the context clearly requires otherwise, the term "Signatory" or "Signatories" means a signatory to this Agreement); and

WHEREAS, FPL incurred significant costs to enable the rapid restoration of electric service to its customers in connection with Hurricane Matthew; and

WHEREAS, on December 29, 2016, FPL petitioned the Florida Public Service Commission ("Commission") for a limited proceeding for recovery of incremental storm restoration costs related to Hurricane Matthew pursuant to the Revised Stipulation and Settlement Agreement approved by Commission in Order No PSC-13-0023-S-EI¹; and

WHEREAS, on February 20, 2017, the Commission entered Order No. PSC-17-0055-PCO-EI approving FPL's interim storm restoration recovery charge of \$3.36 on a monthly 1,000 kWh residential bill effective March 1, 2017, to remain in effect for a 12-month period; and

WHEREAS, FPL has filed direct and rebuttal testimony and exhibits, and OPC has filed testimony and exhibits reflecting competing positions on cost recovery issues in this docket; and

¹ Docket No. 120015-EI, issued on January 14, 2013.

WHEREAS, on March 15, 2018, FPL filed the Supplemental Exhibit TCC-1 of Tiffany Cohen reflecting total collections of \$322,449,167 pursuant to the authorized interim storm restoration recovery charge; and

WHEREAS, on May 2, 2018, FPL filed Exhibit KO-2 (Corrected) of Kim Ousdahl reflecting Total System Storm Losses to be Recovered from Customers ("Recoverable Storm Amount") of \$316,459,000 (jurisdictional); and

WHEREAS, the Signatories have entered into this Agreement in compromise of positions taken in accord with their rights and interests under Chapters 350, 366 and 120, Florida Statutes, as applicable, and as a part of the negotiated exchange of consideration among the Signatories to this Agreement each has agreed to concessions to the others with the expectation that all provisions of the Agreement will be enforced by the Commission as to all matters addressed herein with respect to the Signatories, upon acceptance of the Agreement as provided herein and upon approval in the public interest;

NOW THEREFORE, in consideration of the foregoing and the covenants contained herein, the Signatories hereby stipulate and agree:

1. This Agreement will become effective upon Commission approval (the "Implementation Date").
2. The Recoverable Storm Amount of \$316,459,000 (jurisdictional) will be reduced by a total of \$21,700,000 (the "Reduction"), such that the total amount to be recovered from customers (the "Reduced Recoverable Storm Amount") is \$294,759,000.
3. \$20 million of the Reduction will be reclassified as capital and added to FPL's retail Plant in Service balance in Account 364.1 - Poles, Towers and Fixtures (Wood), for all surveillance and future rate setting purposes. OPC agrees not to dispute the

reasonableness or prudence of this additional \$20 million of capital in any future rate proceeding.

4. The remaining \$1.7 million of the Reduction will be transferred to base rate O&M expense in 2018 and reflected as such on FPL's earnings surveillance reports.
5. FPL will refund to customers \$27,690,167, plus interest at the 30-day commercial paper rate, as a one-time refund, in the manner described in FPL Witness Tiffany Cohen's direct testimony filed on February 20, 2018. Attached as Exhibit 1 to this Agreement is a tariff sheet reflecting the revised base rates that will be applied in order to effect the refund.
6. FPL will apply the refund tariff sheet in Exhibit 1 to customer bills for one month of consumption starting no later than Cycle Day 1 of the first month that is more than 30 days after Commission approval.
7. The provisions of this Agreement are contingent upon approval of this Agreement in its entirety without modification. The Signatories agree that approval of this Agreement is in the public interest. No Signatory agrees, concedes or waives any position with respect to any of the issues identified in the Prehearing Order and this settlement does not specifically address any such issue. The Signatories will support approval of the Agreement and will not request or support any order, relief, outcome or result in conflict with it. No Signatory to the Agreement will request, support or seek to impose a change to any provision of the Agreement. Approval of the Agreement in its entirety will resolve all matters and issues in this docket. This docket will be closed effective on the date the Commission Order approving this

Agreement is final, and no Signatory shall seek appellate review of any order issued in this docket.

8. The resolutions contained herein are consistent with the applicable terms of the 2012 Settlement Agreement approved by Order No PSC-13-0023-S-EI.
9. The Signatories agree that nothing in this Agreement shall have any precedential value.
10. This Agreement may be executed in counterpart originals, and a scanned .pdf copy of an original signature shall be deemed an original. Any person or entity that executes a signature page to this Agreement shall become and be deemed a Signatory with the full range of rights and responsibilities provided hereunder, notwithstanding that such person or entity is not listed in the first recital above and executes the signature page subsequent to the date of this Agreement, it being expressly understood that the addition of any such additional Signatory(ies) shall not disturb or diminish the benefits of this Agreement to any current Signatory.

In Witness Whereof, the Signatories evidence their acceptance and agreement with the provisions of this Agreement by their signature.

Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408

By:



Eric E. Silagy
FPL President & CEO

Office of Public Counsel
J.R. Kelly
The Florida Legislature
111 West Madison Street
Room 812
Tallahassee, FL 32399-1400

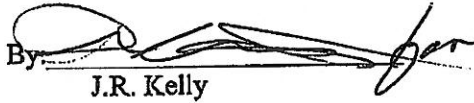
By 
J.R. Kelly

EXHIBIT 1

Third Revised Tariff Sheet No. 8.042 2018 Interim Storm Restoration Recovery Refund

2018 Interim Storm Restoration Recovery Refund

The following reductions are applied to the Monthly Rate of each rate schedule as indicated and are calculated in accordance with the formula specified by the Florida Public Service Commission. The 2018 Interim Storm Restoration Recovery Refund shall be applied for a period of one (1) month from the effective date of this tariff.

<u>Rate Schedule</u>	<u>¢/kWh</u>
ALL KWH -- RS-1, RTR-1	(0.318)
GS-1, GST-1	(0.295)
GSD-1, GSDT-1, HLTF-1, SDTR-1	(0.222)
GSLD-1, GSLDT-1, CS-1, CST-1, HLFT-2, SDTR-2	(0.257)
GSLD-2, GSLDT-2, CS-2, CST-2, HLFT-3, SDTR-3	(0.184)
GSLD-3, GSLDT-3, CS-3, CST-3	(0.079)
OS-2	(1.354)
MET	(0.235)
CILC-1(G)	(0.375)
CILC-1(D)	(0.201)
CILC-1(T)	(0.062)
SL-1, SL-1M, PL-1	(1.853)
OL-1	(1.661)
SL-2, SL-2M, GSCU-1	(0.133)
SST-1(T), ISST-1(T)	(0.046)
SST-1(D1), SST-1(D2) SST-1(D3), ISST-1(D)	(1.269)

Issued by: Tiffany Cohen, Director, Rates and Tariffs
Effective:

FPL's Responses to Staff's Fifth Set of
Interrogatories Nos. 15-19

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20160251-EI EXHIBIT: 30
PARTY: STAFF HEARING EXHIBITS
DESCRIPTION: Kim Ousdahl (15)Tiffany
Cohen (16-19)

QUESTION:

In compliance with Paragraph 5 of FPL's 2012 Rate Case Settlement Agreement, will the storm reserve balance be set at \$117.2 million?

RESPONSE:

The storm reserve balance will be set in compliance with Paragraph 5 of FPL's 2012 Rate Case Settlement Agreement, *i.e.*, it will be set to the balance as of the implementation date of that Agreement. As detailed in Appendix B to FPL's December 29, 2016 petition initiating this proceeding, the storm reserve balance on the implementation date was \$117,131,304.

QUESTION:

Will the refund in the Settlement Agreement be applied to customer bills in the same manner in which the storm charge was collected?

RESPONSE:

Yes. As stated in witness Cohen's testimony on page 4 line 6, "The true-up rates will be designed in a manner that is consistent with the cost allocation used in the original 2017 Interim Storm Charge rates filed and approved in this docket." Additionally, the refund will reduce the non-fuel energy charge line on the customer's bill, which was the same approach used for the original charge. FPL is working on a bill message that will print on the customer's bill in the month of the refund and will inform the customer the amount of their refund.

QUESTION:

Since the refund will be applied to customer bills for one month of consumption, please explain how FPL will refund \$27,690,167 plus interest as the exact customer usage for the month of June won't be known until the end of the month.

RESPONSE:

Because the hearing in this proceeding has been postponed to June 5, 2018, the earliest FPL will be able to make the refund is in July 2018. To calculate the rates for a July refund, FPL will average forecasted sales for June 2018 and July 2018 to reflect customer billings that will include usage from June, July, or both. FPL expects that any remaining over or under recovery amount that exists at the end of the refund period will be small and proposes that it be debited or credited to the storm reserve.

QUESTION:

Please provide an updated Exhibit No. 1, Third Revised Tariff Sheet No. 8.042, 2018 Interim Storm Restoration Recovery Refund, to reflect a July refund.

RESPONSE:

See Attachment No. 1 for an updated tariff sheet. Note this tariff sheet assumes a Commission decision approving the Settlement agreement early enough in June 2018 to allow for a July 2018 refund. The attached calculation may need to be updated for a later refund if the Commission decision were delayed beyond that point.

FLORIDA POWER & LIGHT COMPANY

Third Revised Sheet No. 8.042
 Cancels Second Sheet No. 8.042

2018 Interim Storm Restoration Recovery Refund

The following reductions are applied to the Monthly Rate of each rate schedule as indicated and are calculated in accordance with the formula specified by the Florida Public Service Commission. The 2018 Interim Storm Restoration Recovery Refund shall be applied for a period of one (1) month from the effective date of this tariff.

<u>Rate Schedule</u>	<u>¢/kWh</u>
ALL KWH -- RS-1, RTR-1	(0.301)
GS-1, GST-1	(0.285)
GSD-1, GSDT-1, HLTF-1, SDTR-1	(0.217)
GSLD-1, GSLDT-1, CS-1, CST-1, HLFT-2, SDTR-2	(0.255)
GSLD-2, GSLDT-2, CS-2, CST-2, HLFT-3, SDTR-3	(0.180)
GSLD-3, GSLDT-3, CS-3, CST-3	(0.079)
OS-2	(1.381)
MET	(0.234)
CILC-1(G)	(0.367)
CILC-1(D)	(0.197)
CILC-1(T)	(0.063)
SL-1, SL-1M, PL-1	(1.950)
OL-1	(1.664)
SL-2, SL-2M, GSCU-1	(0.135)
SST-1(T), ISST-1(T)	(0.046)
SST-1(D1), SST-1(D2) SST-1(D3), ISST-1(D)	(1.156)

Issued by: Tiffany Cohen, Director, Rates and Tariffs
 Effective:

QUESTION:

Please provide a schedule showing the amount and calculation of a July refund which includes a calculation of the commercial paper interest rate used.

RESPONSE:

See Attachment No. 1. Note this calculation assumes a Commission decision approving the Settlement agreement early enough in June 2018 to allow for a July 2018 refund. The interest calculation may need to be updated for a later refund if the Commission decision were delayed beyond that point.

Florida Power & Light Company
Docket No. 20160251-EI
Staff's Fifth Set of Interrogatories
Interrogatory No. 19
Attachment No. 1
Page 1 of 2

2018 INTERIM STORM RESTORATION RECOVERY REFUND
DERIVATION OF RATE SCHEDULE CREDITS

Line No. Rate Schedule	Allocation % ¹	Allocated Refund \$ with Interest ²	Forecasted kWh Sales July 2018 ³	July 2018 cents/kWh
	[A]	[B] = [A] x Line 17	[C]	[D] = [B] / [C] x 100
1 CILC-1(D)	1.583%	(\$444,508)	225,404,570	(0.197)
2 CILC-1(G)	0.112%	(\$31,408)	8,551,645	(0.367)
3 CILC-1(T)	0.277%	(\$77,675)	124,265,442	(0.063)
4 GS-1, GST-1	5.829%	(\$1,636,925)	574,511,031	(0.285)
5 GSD-1, GSDT-1, HLFT-1, SDTR-1	18.629%	(\$5,231,293)	2,414,615,268	(0.217)
6 GSLD-1, GSLDT-1, CS-1, CST-1, HLFT-2, SDTR-2	8.000%	(\$2,246,568)	882,527,832	(0.255)
7 GSLD-2, GSLDT-2, CS-2, CST-2, HLFT-3, SDTR-3	1.412%	(\$396,401)	219,919,776	(0.180)
8 GSLD-3, GSLDT-3, CS-3, CST-3	0.047%	(\$13,307)	16,767,105	(0.079)
9 MET	0.068%	(\$19,146)	8,176,088	(0.234)
10 OL-1	0.487%	(\$136,778)	8,220,133	(1.664)
11 OS-2	0.039%	(\$10,995)	796,099	(1.381)
12 RS-1, RTR-1	60.529%	(\$16,996,979)	5,643,948,546	(0.301)
13 SL-1, PL-1, SL-1M	2.897%	(\$813,550)	41,728,241	(1.950)
14 SL-2, GSCU-1, SL-2M	0.045%	(\$12,643)	9,344,361	(0.135)
15 SST-1(T), ISST-1(T)	0.012%	(\$3,477)	7,581,708	(0.046)
16 SST-1(D1), SST-1(D2), SST-1(D3), ISST-1(D)	0.033%	(\$9,127)	789,768	(1.156)
17 Total Retail	100.000%	(\$28,080,782)	10,187,147,610	

¹ Allocation is same as approved in Appendix C of the initial filing.

² Total refund is equal to the settlement refund of \$27,690,167 and \$390,615 of interest.

³ FPL averaged forecasted sales for June 2018 and July 2018 to reflect customer billings that will include usage from June, July or both.

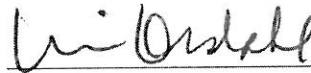
**2018 INTERIM STORM RESTORATION RECOVERY REFUND
PROVISION FOR REFUND INTEREST**

	<u>REFUND ACCRUAL</u>	<u>CUMULATIVE REFUND</u>	<u>INTEREST RATE</u>	<u>CUM. REFUND WITH INTEREST</u>	<u>MONTHLY INTEREST</u>	<u>CUMULATIVE INTEREST</u>
Mar-17	\$1,074,274	\$1,074,274	0.06583%	\$1,074,628	\$353.60	\$354
Apr-17	\$2,201,266	\$3,275,540	0.07500%	\$3,277,525	\$1,631.45	\$1,985
May-17	\$3,164,115	\$6,439,655	0.07542%	\$6,445,305	\$3,665.10	\$5,650
Jun-17	\$3,611,281	\$10,050,936	0.08458%	\$10,063,565	\$6,978.65	\$12,629
Jul-17	\$3,032,164	\$13,083,101	0.09167%	\$13,106,345	\$10,615.06	\$23,244
Aug-17	\$2,443,666	\$15,526,767	0.09083%	\$15,563,025	\$13,014.28	\$36,258
Sep-17	\$1,667,133	\$17,193,900	0.07458%	\$17,242,387	\$12,228.58	\$48,487
Oct-17	\$3,157,966	\$20,351,866	0.07792%	\$20,415,019	\$14,665.61	\$63,152
Nov-17	\$1,537,574	\$21,889,441	0.09958%	\$21,973,688	\$21,094.83	\$84,247
Dec-17	\$2,295,276	\$24,184,717	0.11792%	\$24,296,229	\$27,264.67	\$111,512
Jan-18	\$1,439,249	\$25,623,966	0.12667%	\$25,767,165	\$31,686.75	\$143,199
Feb-18	\$2,066,201	\$27,690,167	0.12833%	\$27,867,758	\$34,392.78	\$177,591
Mar-18	\$0	\$27,690,167	0.14500%	\$27,908,167	\$40,408.25	\$218,000
Apr-18	\$0	\$27,690,167	0.15458%	\$27,951,308	\$43,141.37	\$261,141
May-18	\$0	\$27,690,167	0.15417%	\$27,994,400	\$43,091.60	\$304,233
Jun-18	\$0	\$27,690,167	0.15417%	\$28,037,558	\$43,158.03	\$347,391
Jul-18	\$0	\$27,690,167	0.15417%	\$28,080,782	\$43,224.57	\$390,615
TOTAL	<u>\$27,690,167</u>				<u>\$390,615</u>	
Total Cumulative Refund with Interest					<u>\$28,080,782</u>	

DECLARATION

I sponsored the answer to Interrogatory No. 15 from the Staff's Fifth Set of Interrogatories to Florida Power & Light Company in Docket No. 20160251-EI, and that the response is true and correct based on my personal knowledge.

Under penalties of perjury, I declare that I have read the foregoing declaration and the interrogatory answer identified above, and that the facts stated therein are true.



Signature

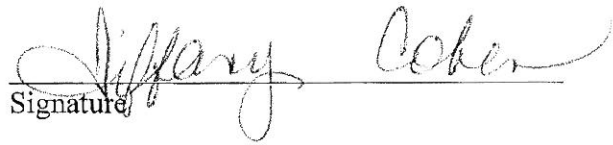
Kim Ousdahl

Date: 5/20/2018

DECLARATION

I sponsored the answers to Interrogatory Nos. 16-19 from the Staff's Fifth Set of Interrogatories to Florida Power & Light Company in Docket No. 20160251-EI, and that the responses are true and correct based on my personal knowledge.

Under penalties of perjury, I declare that I have read the foregoing declaration and the interrogatory answers identified above, and that the facts stated therein are true.


Signature

Tiffany Cohen

Date: 5/21/18

DECLARATION

I sponsored the answer to Interrogatory No. 15 from the Staff's Fifth Set of Interrogatories to Florida Power & Light Company in Docket No. 20160251-EI, and that the response is true and correct based on my personal knowledge.

Under penalties of perjury, I declare that I have read the foregoing declaration and the interrogatory answer identified above, and that the facts stated therein are true.



Signature

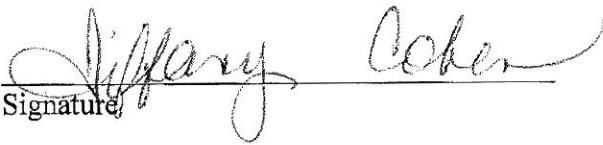
Kim Ousdahl

Date: 5/20/2018

DECLARATION

I sponsored the answers to Interrogatory Nos. 16-19 from the Staff's Fifth Set of Interrogatories to Florida Power & Light Company in Docket No. 20160251-EI, and that the responses are true and correct based on my personal knowledge.

Under penalties of perjury, I declare that I have read the foregoing declaration and the interrogatory answers identified above, and that the facts stated therein are true.


Signature

Tiffany Cohen

Date: 5/21/18

EXHIBIT NO. 31

DOCKET NO: 20160251

WITNESS:

PARTY: FLORIDA INDUSTRIAL POWER USERS GROUP


DESCRIPTION: EXCERPTS FROM STAFF HEARING EXHIBITS

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20160251-EI EXHIBIT: 31
PARTY: FIPUG
DESCRIPTION: Miranda/Composite of Staff's
Discovery Responses

QUESTION:

Storm Timeline. Please provide a timeline summary, by district, indicating when the first costs were incurred, when the majority of the mobilization began, when the storm began, the peak storm time, when the storm ended, when demobilization started, when the majority of final costs were incurred and when the final cost was incurred (i.e. when followup work was completed).

RESPONSE:

Amended information highlighted in .

All information provided in this response is associated with FPL's Power Delivery (Distribution & Transmission) business unit's management areas and restoration activities.

When the storm began, peaked and ended, by FPL management area, is provided below:

<u>Management Area</u>	<u>Began</u>	<u>Peak</u>	<u>Ended</u>
South Dade	10/6	10/6	10/6
Central Dade	10/6	10/6	10/6
West Dade	10/6	10/6	10/6
North Dade	10/6	10/6	10/7
Gulfstream	10/6	10/6	10/7
Wingate	10/6	10/6	10/7
Pompano	10/6	10/6	10/7
Boca Raton	10/6	10/6	10/7
West Palm	10/6	10/6	10/7
Naples	10/6	10/6	10/7
Toledo Blade	10/6	10/6	10/7
Manasota	10/6	10/6	10/7
Treasure Coast	10/6	10/7	10/7
Brevard	10/6	10/7	10/7
Central Florida	10/6	10/7	10/7
North Florida	10/6	10/7	10/8

Since FPL does not maintain the remaining requested storm information at a management area level, it is providing it at the system level. Additionally, since FPL does not maintain its records such that it can provide costs incurred on a daily basis, it has provided its best estimates for the requested items below:

When the first costs were incurred:	10/4/2016
When the majority of the mobilization began:	10/4 – 10/6/2016
When demobilization started:	10/9/2016
When the majority of final costs were incurred:	10/7 – 10/11/2016
When the final cost was incurred:	9/2017

QUESTION:

Payroll. Please explain why regular payroll should be included in the storm related costs and identify the amount of regular payroll included, by function, on lines 1, 10, 13, 14 and 16, respectively, for the schedules filed on October 16, 2017.

RESPONSE:

See Attachment No. 1 to this response for the regular payroll dollars included in the line items requested. Note, based on the ICCA, regular payroll normally recovered through base rate O&M cannot be charged to FPL's Storm Reserve. Regular payroll normally recovered through capital or clauses can be charged to the Storm Reserve based on paragraphs 21 and 22 of Order No. PSC-06-0464-FOF-EI.

QUESTION:

Contractors. Please identify whether contractors set poles and provide the number of poles set by contractors.

RESPONSE:

While FPL knows that contractors installed some of the replaced distribution poles, FPL is unable to provide the specific number of poles set by contractors, as this information is not specifically identified/tracked during emergency response events.

QUESTION:

Mobilization/Demobilization. Please provide a summary, by function, of what contractor costs and line clearing costs were for mobilization and demobilization.

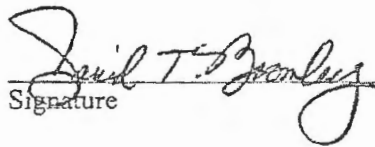
RESPONSE:

While mobilization/demobilization costs are included in total contractor costs, FPL is unable to provide the total costs associated with mobilization/demobilization, as these costs are not typically identified with specificity by contractors and/or tracked by FPL.

DECLARATION

I sponsored the answers to Interrogatory Nos. 1, 17, 19, 25, 30, and 31 and co-sponsored the answers to Nos. 2 and 16 from the Office of Public Counsel First Set of Interrogatories to Florida Power & Light Company in Docket No. 20160251-EI, and that the responses are true and correct based on my personal knowledge.

Under penalties of perjury, I declare that I have read the foregoing declaration and the interrogatory answers identified above, and that the facts stated therein are true.


Signature

David Bromley

Date: December 4, 2017

DECLARATION

I sponsored the answers to Interrogatory Nos. 3, 5, 7, 9, 10-11, 24, 27-33, 32-33 and co-sponsored the answers to Nos. 2 and 16 from the Office of Public Counsel for the Set of Interrogatories to Florida Power & Light Company et al. Case No. 20-00251-EL and that the responses are true and correct based on my personal knowledge.

Under penalties of perjury, I declare that I have read the foregoing declaration and the Interrogatory answers identified above and that the facts stated therein are true.

Signature

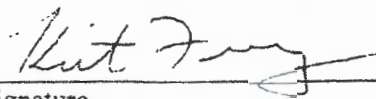
Elizabeth Fucini

Date: _____

DECLARATION

I sponsored the answers to Interrogatory Nos. 4, 7, 9, 18, 20-23, 26, 29 and co-sponsored the answer to No. 26 from the Office of Public Counsel First Set of Interrogatories to Florida Power & Light Company in Docket No. 20160251-EI, and that the responses are true and correct based on my personal knowledge.

Under penalties of perjury, I declare that I have read the foregoing declaration and the interrogatory answers identified above, and that the facts stated therein are true.



Signature

Keith Ferguson

Date: 12/8/2017

QUESTION:

Studies. Please provide any assessment and/or study performed by the Company and/or for the Company that estimates the amount of storm cost savings the Company was able to achieve because of the storm hardening program work performed prior to Hurricane Matthew.

RESPONSE:

FPL does not have any assessments or studies that estimate the amount of storm cost savings the Company was able to achieve because of the storm hardening program work performed prior to Hurricane Matthew.

While not directly responsive to this discovery request, FPL notes that on several previous occasions it has presented to the Commission the results of a more general evaluation of the savings in storm restoration costs that could be expected as a result of hardening its distribution feeders. This evaluation acknowledges that the benefits of hardening the system consistent with FPL's hardening plans will be realized over the useful life of those investments rather than any one storm event or season. As stated on pages 21-22 of FPL's March 15, 2016 Electric Infrastructure Storm Hardening Plan that was filed in Docket No. 160061-EI,

FPL has estimated that, over an analytical study period of 30 years, the net present value of Restoration Cost Savings per mile of hardened feeder would be approximately 45 percent to 70 percent of the cost to harden that mile of feeder for future major storm frequencies in the range of once every three to five years.

It is also important to note that, in addition to Restoration Cost Savings, customers will benefit substantially, in many direct and indirect ways, from the reduced number and duration of storm and non-storm outages resulting from the planned hardening activities. As a result of the discussions with the Commission about storm hardening following the 2005 storm season, FPL understands that the Commission considers these customer benefits to be important. However, FPL expects that they vary substantially from customer to customer and FPL is not in a position to assign a monetary value to them. Therefore, FPL has not attempted to reflect the customer benefits in its quantitative benefit/cost analysis.

This same evaluation was also discussed in FPL filings in Docket Nos. 070301-EI, 100266-EI, 130132-EI and 160021-EI. It was based on forensic data gathered from the hurricanes that impacted FPL's electric system in the 2004-2005 storm seasons. FPL is currently working to update the evaluation of benefits from hardening its distribution feeders, taking into account among other things forensic data collected from Hurricanes Matthew and Irma.

QUESTION:

Please provide a summary table of the number of poles repaired by function, month, and Asset location.

- a. Please provide examples of the pole repairs performed by FPL.

RESPONSE:

Pole replacements are capitalized, and each pole is treated as a unit of property. Therefore, FPL maintains a record of each replacement because it represents a capital addition. In contrast, pole repairs are recorded as an O&M expense, and as is the case for other types of O&M repairs, there is not a separate record maintained for each repair. In response to subpart (a), straightening leaning poles and bracing poles are examples of pole repairs.

QUESTION:

In its response to OPC's Production of Documents No. 1, FPL indicates that it is currently working on updating the evaluation of benefits from hardening its distribution feeders with forensic data from Hurricane Matthew and Irma. When will this update be completed?

RESPONSE:

FPL expects to complete its update of the evaluation of benefits from hardening its distribution feeders by March 2018.

QUESTION:

Storm Timeline. Refer to the FPL's response to OPC Interrogatory No. 1. Provide a summary of and a description of costs charged to the storm by day from October 4, 2016, through September 30, 2017, by the same asset location identified in FPL's response to OPC Interrogatory No. 2. For this response, please provide only a daily total amount.

RESPONSE:

FPL does not track detailed storm costs by day and asset location referenced in OPC's First Set of Interrogatories No. 2. However, FPL is able to provide the total amount of storm costs and Incremental Cost and Capitalization Approach adjustments to storm costs by month for the period October 2016 through September 2017, which is included in Attachment No. 1 to this response.

Note, FPL accumulates all storm charges initially in FERC Account 186, and subsequently clears all charges to the storm reserve, operations and maintenance expense, capital, or below-the-line expense.

QUESTION:

Logistics. Refer to FPL's response to OPC POD No. 9. Explain how the Company has verified prepayments for lodging were properly credited to invoices.

RESPONSE:

As part of the invoice reconciliation process, the Company reviews every invoice that is submitted post-storm for accuracy and proper credit against the prepayment amount prior to the transaction going through an additional on-line approval process.

QUESTION:

Mutual Assistance. Explain how mutual assistance contracts are developed and rates are determined.

RESPONSE:

Mutual assistance agreements are provided through several organizations (e.g. Southeastern Electric Exchange) to FPL and its members. There are no set rates for Mutual assistance agreements; however, responding member companies are reimbursed for all expenses incurred for the assistance they provide.

QUESTION:

Standby. Does the Company have any information that would identify what costs were incurred for standby of contractors and mutual assistance? If not, explain why the Company does not analyze this cost and how the Company can assert that all the costs requested are reasonable.

RESPONSE:

Standby time (e.g., time associated with being pre-staged at an FPL facility waiting for the storm to pass/safe working conditions) for contractors is contractually limited (e.g., contracts establish a maximum cap for the number of standby hours per day that can be charged and the rate of pay for standby time for embedded contractors is lower than their rate of pay for non-standby time). For mutual assistance utilities, consistent with mutual aid agreements, standby time could be reimbursable should their specific work rules require payment for standby time. FPL notes that its efficient use of standby time has proven to be effective and beneficial for FPL customers. For example, the pre-staging of resources has been a key driver for reducing overall restoration time.

FPL oversees and manages all time charged (standby and non-standby) by contractors/mutual assistance utilities with the same oversight and approval requirements. Based on FPL's experience, standby time is limited, thus FPL has not had a need to track, aggregate or analyze these costs. Therefore, these costs are not available. However, since FPL's contracts, processes and oversight of standby time effectively minimize standby time/costs, FPL believes these costs to be reasonable.

QUESTION:

Foreign Utility Crews. Refer to FPL's response to OPC POD No. 4. Explain why no forms are required for foreign utility crews similar to contractor requirements and explain how their work is monitored.

RESPONSE:

Foreign utility crews (also known as mutual assistance) are governed by the rules and processes provided in mutual assistance agreements and, therefore, their requirements differ from contractor requirements.

Foreign utility crews are assigned to an FPL representative who oversees the execution of their work assignments to ensure work is performed in a safe and efficient manner. The FPL representative also supports these crews with switching needs, securing of material and routing them to their work assignments. Throughout the day, the status of completed work and any operational challenges are reported back to and resolved by the FPL representative. If these crews are moved to another work center, the FPL representative moves with the crews to the newly assigned location.

QUESTION:

Standby. Provide any analysis made that summarizes the costs were incurred for standby of contractors and mutual assistance aid.

RESPONSE:

FPL has no responsive documents.

QUESTION:

Capital Work. In the normal course of business, please explain whether Company personnel generally perform pole replacement and conductor replacement or outside contractors, and if the capital work is done during normal business hours or during afterhours where overtime would be required.

RESPONSE:

In the normal course of business, both Company personnel and outside contractors perform pole and conductor replacements. Typically, this work is scheduled to be completed such that overtime is not required. However, there are instances when overtime to replace a pole/conductor may be required (e.g., service restoration work, identified safety issue, road right of way work mandated to be completed at night). In addition, there are instances where FPL accommodates customers who request that the planned outages be performed after hours so as to minimize the outage impact.

QUESTION:

Refer to the response to OPC Interrogatory No. 66.

- a) Please explain how FPL believes that it does not pay standby time, if FPL does not specifically track or aggregate standby time.
- b) Also please explain why some contractor costs included in the FPL's response includes standby time (i.e. reference number 2000220808); and
- c) Whether this standby time should be excluded from the request and if not, why not.

RESPONSE:

- a. See FPL's amended response to OPC's Second Set of Interrogatories No. 66.
- b. See FPL's amended response to OPC's Second Set of Interrogatories No. 66.
- c. No this standby time should not be excluded from FPL's storm restoration costs. See FPL's amended response to OPC's Second Set of Interrogatories No. 66.

QUESTION:

Refer to the testimony of Manuel Miranda at page 13. Provide a listing of the approximate 50 utilities the Company considered.

RESPONSE:

As a result of FPL's request to the Southeastern Electric Exchange (SEE) for mutual assistance, the following SEE companies offered to provide (and ultimately provided) mutual assistance to FPL: American Electric Power; Baltimore Gas & Electric; Dayton Power & Light; Dominion Energy; Entergy; First Energy Corp.; Oklahoma Gas & Electric; Oncor; PECO Energy; and Potomac Electric Power Company. FPL notes that other SEE members were unable to offer/provide assistance, as their service territories were also considered to be at risk from the storm.

QUESTION:

Refer to the testimony of Manuel Miranda at page 29. Provide a discussion of the lessons learned from Hurricane Matthew as referenced on lines 8-9.

RESPONSE:

The testimony reference to lessons learned from Hurricane Matthew that have already been incorporated for future storms include: continue to invest in infrastructure hardening and smart grid, as these investments prevented damage and reduced overall restoration time; continue to pre-stage resources, as this can significantly reduce overall restoration time; continue to identify and utilize new/additional communication channels (e.g., social media and customer kiosks in the field) to improve communications for customers/stakeholders; further optimize staging sites/other FPL locations and utilize equipment such as sleeper trailers to mitigate lodging issues and improve restoration productivity (e.g., reduce crew travel time); expand hardening of staging sites by investing in improvements such as paved roadways and improving staging site traffic patterns to make it easier to enter/exit staging sites; and expand the pre-deployment of more critical equipment and material to reduce overall restoration time.

QUESTION:

What is exact time period FPL incurred its incremental costs for Hurricane Matthew? In your response, please provide the beginning and ending day, month, and year.

RESPONSE:

FPL incurred costs for Hurricane Matthew from the date it opened internal orders to track storm costs on October 4, 2016 through the date when follow up work activities were completed on February 28, 2018.

QUESTION:

Please provide support documentation for all non-Hurricane Matthew costs charged to FPL's storm reserve, in the amount of \$24.026 million.

RESPONSE:

See the Attachment 1 to this response for FPL storm activity charged to the reserve between January 2013 and September 2016.

QUESTION:

Please refer to FPL witness Miranda's rebuttal testimony. On page 8, lines 13 through 23, witness Miranda testified that FPL arranged for mobile sleepers and cots to provide alternative lodging needs.

- a. What were the total costs of the mobile sleepers and cots?
- b. Please compare the cost of the mobile sleepers and cots to the hotels rooms that FPL acquired for the contractors.
- c. Were the mobile sleepers and cots utilized?
- d. Please compare the number and/or percentage of mobile sleepers and cots that were utilized to the number and/or percentage of hotel rooms acquired.
- e. Were the mobile sleepers and cots rented? If no, does FPL still have the mobile sleepers and cots for future use?

RESPONSE:

- a. The total costs of mobile sleepers/cots acquired during Hurricane Matthew were \$16.5 million. Total costs for mobile sleepers/cots include air conditioning, lighting, generators, shower and bathroom facilities, potable water, linens, laundry, and mobilization/demobilization.
- b. Total costs for hotel rooms paid to FPL's hotel vendor and for mobile sleepers/cots were \$21.8 million and \$16.5 million, respectively.

As provided in witness Miranda's rebuttal testimony, alternative lodging was acquired in response to the uncertainty that existed with the availability and location of lodging needs, which resulted from the considerable competition for hotel rooms. FPL planned for alternative lodging due to the risk of being in a position where there was inadequate hotel lodging near the areas where the restoration resources were most needed.

- c. Yes. The mobile sleepers/cots were utilized.
- d. In total, for Hurricane Matthew, FPL provided 27,148 vouchers for restoration personnel to utilize mobile sleepers/cots. In comparison, FPL acquired a total of 127,087 hotel room nights.
- e. Yes. The mobile sleepers/cots were rented.

QUESTION:

Please refer to FPL's witness Miranda's rebuttal testimony. On page 11, lines 4 through 16, witness Miranda testified that FPL reviewed its records on non-mutual aid utility contractor line resources for the mobilization and demobilization costs.

- a. Did mutual-aid utility contractors have mobilization/demobilization costs similar to the non-mutual-aid utility contractors' costs?
 - i. If no, please explain.
 - ii. If yes, please explain why these costs were not included in witness Miranda's analysis.

RESPONSE:

- a. Yes. Mutual aid utility contractors also have mobilization/demobilization costs.
 - i. Not applicable.
 - ii. While FPL was able to create an extract to obtain the non-mutual aid utility contractors' mobilization/demobilization costs, it was unable to do the same for mutual aid utility contractors because mobilization/demobilization time/costs are not always specifically identified on their invoices nor does FPL track/aggregate these particular costs.

Joint Motion for Approval of Settlement
Agreement
DN 03687-2018

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Florida Power & Light
Company for Limited Proceeding for Recovery
of Incremental Storm Restoration Costs
Related to Hurricane Matthew

Docket No: 20160251-EI

Date: May 15, 2018

JOINT MOTION FOR APPROVAL OF SETTLEMENT AGREEMENT

Florida Power & Light Company ("FPL") and the Office of Public Counsel ("OPC"; collectively, FPL and OPC are the "Signatories") jointly move the Florida Public Service Commission ("Commission") to review and approve on an expedited basis the attached Stipulation and Settlement ("Agreement") as full and complete resolution of all matters pending in Docket No. 20160251-EI (the "Proceedings") in accordance with Section 120.57(4), Florida Statutes, and to enter a final order reflecting such approval to effectuate implementation of the Agreement. In support of this Joint Motion, the Signatories state:

1. The Signatories have been engaged in negotiations for the purpose of reaching a comprehensive stipulation and settlement of all issues pending in the Proceedings, thereby avoiding the uncertainty associated with the outcome on the issues. These negotiations have culminated in the Agreement attached hereto as Exhibit A. The Signatories request that, following the Commission's review of this Joint Motion and the Agreement, the Commission grant the Joint Motion and approve the Agreement in order to allow for orderly implementation thereof and provide certainty to the parties and their respective constituents and customers with respect to the outcome of the Proceedings.

2. The Agreement provides, among other things:

- a. The Agreement will become effective upon Commission approval of the Settlement Agreement.

- b. FPL's claimed Recoverable Storm Amount for Hurricane Matthew is \$316.459 million (jurisdictional).
- c. FPL has collected \$322,449,167 pursuant to the authorized interim storm restoration charge.
- d. The Recoverable Storm Amount will be reduced by a total of \$21,700,000, such that the total amount to be recovered from customers is \$294,759,000.
- e. Of the \$21.7 million total reduction:
 - i. \$20 million will be reclassified as capital and added to FPL's retail Plant in Service balance in Account 364.1 - Poles, Towers and Fixtures (Wood), for all surveillance and future rate setting purposes. OPC agrees not to dispute the reasonableness or prudence of this additional \$20 million of capital in any future rate proceeding.
 - ii. \$1.7 million will be transferred to base rate O&M expense in 2018 and reflected as such on FPL's earnings surveillance reports.
- f. FPL will refund to customers \$27,690,167, plus interest at the 30-day commercial paper rate, as a one-time refund, in the manner described in FPL witness Tiffany Cohen's direct testimony filed on February 20, 2018. Exhibit 1 to the Agreement consists of a tariff sheet reflecting the refund. FPL will apply the refund tariff sheet to customer bills for one month of consumption starting no later than Cycle Day 1 of the first month that is more than 30 days after Commission approval.
- g. FPL and OPC agree that nothing in the Agreement will have precedential value.

3. Each of the Signatories agrees that it has entered into the Agreement voluntarily, that it fairly and reasonably balances the various positions of the Parties on issues in these proceedings, and that it serves the best interests of the customers they represent and the public interest in general. The Signatories believe that the Agreement is reasonable and in the public interest for several reasons, including the following:

- a. The Agreement would provide for a reasonable recovery by FPL of incremental Hurricane Matthew storm restoration costs.
- b. As a result of this settlement, FPL's customers will be refunded \$27,690,167, plus interest, as a one-time refund starting no later than Cycle Day 1 of the first month that is more than 30 days after Commission approval.

4. For these reasons, approving the Agreement is fully consistent with the Commission's long-standing policy of encouraging the settlement of contested proceedings in a manner that benefits the customers of utilities subject to the Commission's regulatory jurisdiction.

5. The Signatories to the Agreement request that the Commission rule on this Joint Motion for Approval of Settlement Agreement as soon as possible, so that FPL may implement the refund promptly.

6. FPL is authorized to represent that the Intervenor, FRF and FIPUG, take no position at this time and reserve the right to file a response within the time allowed by Rule 28-106.204(1), F.A.C.

WHEREFORE, FPL and OPC respectfully request that the Commission approve the Stipulation and Settlement attached hereto as Exhibit A.

Respectfully submitted,

R. Wade Litchfield, Vice President and
General Counsel
John T. Butler, Assistant General Counsel-
Regulatory
Kenneth M. Rubin, Senior Counsel
Kevin I.C. Donaldson, Senior Attorney
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Tallahassee, FL 32399-1400
*Attorneys for the Citizens
of the State of Florida*

By: s/ R. Wade Litchfield

By: s/ J.R. Kelly

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished
by electronic mail this 15th day of May, 2018, to the following parties:

Suzanne Brownless
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-1400
sbrownle@psc.state.fl.us
Office of the General Counsel
Florida Public Service Commission

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Attorneys for Florida Retail Federation

By: *s/ R. Wade Litchfield*
R. Wade Litchfield

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Florida Power & Light
Company for Limited Proceeding for Recovery
of Incremental Storm Restoration Costs
Related to Hurricane Matthew

Docket No: 20160251-EI

Date: May 14, 2018

STIPULATION AND SETTLEMENT

WHEREAS, Florida Power & Light Company ("FPL" or the "Company") and the Office of Public Counsel ("OPC") have signed this Stipulation and Settlement (the "Agreement"; unless the context clearly requires otherwise, the term "Signatory" or "Signatories" means a signatory to this Agreement); and

WHEREAS, FPL incurred significant costs to enable the rapid restoration of electric service to its customers in connection with Hurricane Matthew; and

WHEREAS, on December 29, 2016, FPL petitioned the Florida Public Service Commission ("Commission") for a limited proceeding for recovery of incremental storm restoration costs related to Hurricane Matthew pursuant to the Revised Stipulation and Settlement Agreement approved by Commission in Order No PSC-13-0023-S-EI¹; and

WHEREAS, on February 20, 2017, the Commission entered Order No. PSC-17-0055-PCO-EI approving FPL's interim storm restoration recovery charge of \$3.36 on a monthly 1,000 kWh residential bill effective March 1, 2017, to remain in effect for a 12-month period; and

WHEREAS, FPL has filed direct and rebuttal testimony and exhibits, and OPC has filed testimony and exhibits reflecting competing positions on cost recovery issues in this docket; and

¹ Docket No. 120015-EI, issued on January 14, 2013.

EXHIBIT A

20160251-EI Staff Hearing Exhibits 00178

WHEREAS, on March 15, 2018, FPL filed the Supplemental Exhibit TCC-1 of Tiffany Cohen reflecting total collections of \$322,449,167 pursuant to the authorized interim storm restoration recovery charge; and

WHEREAS, on May 2, 2018, FPL filed Exhibit KO-2 (Corrected) of Kim Ousdahl reflecting Total System Storm Losses to be Recovered from Customers ("Recoverable Storm Amount") of \$316,459,000 (jurisdictional); and

WHEREAS, the Signatories have entered into this Agreement in compromise of positions taken in accord with their rights and interests under Chapters 350, 366 and 120, Florida Statutes, as applicable, and as a part of the negotiated exchange of consideration among the Signatories to this Agreement each has agreed to concessions to the others with the expectation that all provisions of the Agreement will be enforced by the Commission as to all matters addressed herein with respect to the Signatories, upon acceptance of the Agreement as provided herein and upon approval in the public interest;

NOW THEREFORE, in consideration of the foregoing and the covenants contained herein, the Signatories hereby stipulate and agree:

1. This Agreement will become effective upon Commission approval (the "Implementation Date").
2. The Recoverable Storm Amount of \$316,459,000 (jurisdictional) will be reduced by a total of \$21,700,000 (the "Reduction"), such that the total amount to be recovered from customers (the "Reduced Recoverable Storm Amount") is \$294,759,000.
3. \$20 million of the Reduction will be reclassified as capital and added to FPL's retail Plant in Service balance in Account 364.1 - Poles, Towers and Fixtures (Wood), for all surveillance and future rate setting purposes. OPC agrees not to dispute the

reasonableness or prudence of this additional \$20 million of capital in any future rate proceeding.

4. The remaining \$1.7 million of the Reduction will be transferred to base rate O&M expense in 2018 and reflected as such on FPL's earnings surveillance reports.
5. FPL will refund to customers \$27,690,167, plus interest at the 30-day commercial paper rate, as a one-time refund, in the manner described in FPL Witness Tiffany Cohen's direct testimony filed on February 20, 2018. Attached as Exhibit 1 to this Agreement is a tariff sheet reflecting the revised base rates that will be applied in order to effect the refund.
6. FPL will apply the refund tariff sheet in Exhibit 1 to customer bills for one month of consumption starting no later than Cycle Day 1 of the first month that is more than 30 days after Commission approval.
7. The provisions of this Agreement are contingent upon approval of this Agreement in its entirety without modification. The Signatories agree that approval of this Agreement is in the public interest. No Signatory agrees, concedes or waives any position with respect to any of the issues identified in the Prehearing Order and this settlement does not specifically address any such issue. The Signatories will support approval of the Agreement and will not request or support any order, relief, outcome or result in conflict with it. No Signatory to the Agreement will request, support or seek to impose a change to any provision of the Agreement. Approval of the Agreement in its entirety will resolve all matters and issues in this docket. This docket will be closed effective on the date the Commission Order approving this

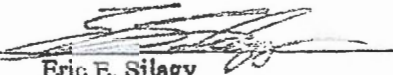
Agreement is final, and no Signatory shall seek appellate review of any order issued in this docket.

8. The resolutions contained herein are consistent with the applicable terms of the 2012 Settlement Agreement approved by Order No PSC-13-0023-S-EI.
9. The Signatories agree that nothing in this Agreement shall have any precedential value.
10. This Agreement may be executed in counterpart originals, and a scanned .pdf copy of an original signature shall be deemed an original. Any person or entity that executes a signature page to this Agreement shall become and be deemed a Signatory with the full range of rights and responsibilities provided hereunder, notwithstanding that such person or entity is not listed in the first recital above and executes the signature page subsequent to the date of this Agreement, it being expressly understood that the addition of any such additional Signatory(ies) shall not disturb or diminish the benefits of this Agreement to any current Signatory.

In Witness Whereof, the Signatories evidence their acceptance and agreement with the provisions of this Agreement by their signature.

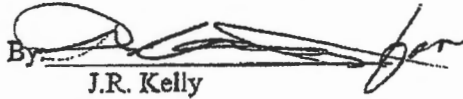
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408

By:



Eric E. Silagy
FPL President & CEO

Office of Public Counsel
J.R. Kelly
The Florida Legislature
111 West Madison Street
Room 812
Tallahassee, FL 32399-1400

By 
J.R. Kelly

QUESTION:

In compliance with Paragraph 5 of FPL's 2012 Rate Case Settlement Agreement, will the storm reserve balance be set at \$117.2 million?

RESPONSE:

The storm reserve balance will be set in compliance with Paragraph 5 of FPL's 2012 Rate Case Settlement Agreement, *i.e.*, it will be set to the balance as of the implementation date of that Agreement. As detailed in Appendix B to FPL's December 29, 2016 petition initiating this proceeding, the storm reserve balance on the implementation date was \$117,131,304.

EXHIBIT NO. 32

DOCKET NO: 20160251-EI

WITNESS:

PARTY: PSC

DESCRIPTION: Amended Response to the Office of Public Counsel's First Request for Production of Documents (No. 5)

DOCUMENTS:

PROFFERED BY:


FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 20160251-EI EXHIBIT: 32
PARTY: STAFF HEARING EXHIBITS
DESCRIPTION: Amended Response to
OPC's 1st Request for POD No. 5

QUESTION:

Capitalization Policy. Please provide a copy of the Company's capitalization policy.

RESPONSE:

Please see the file provided – “FPL - 1.1 Electric Utility Plant.pdf,” which was previously provided as a confidential file, and now is being provided in this amended response as non-confidential.

	Electric Utility Plant	Policy #: FPL – 1.1
		Rev Date: 1/3/2017
		Former Policy #3.1

1. Scope & Overview

This document outlines FPL's accounting policies for significant accounts that are included in Electric Utility Plant (PPE) in FPL's consolidated balance sheets. Policies and procedures for Property Records and the Work Order System of Accounts are discussed in Property Procedures 601 through 604 located on the INFPL website at the Corporate Policies and Procedures website. This policy is organized as follows:

- Section 2 – Electric Utility Plant – FERC account descriptions
- Section 3 – Capitalization criteria and thresholds
- Section 4 – Construction Work in Progress, AFUDC and CIAC
- Section 5 – Additions, Betterments, Replacements and Retirements
- Section 6 – Specific Items

Detail processes and procedures are outlined in procedure manuals and Sarbanes-Oxley documents maintained by Property Accounting. Questions regarding the appropriate accounting for PPE should be directed as follows:

- Transmission, Distribution, General Plant and Land – Manager, Power Delivery Accounting
- Power Generation, Nuclear and Engineering & Construction – Manager, Power Generation Accounting

2. Electric Utility Plant - FERC account descriptions


Plant in Service (101) – This account shall include the original cost of electric plant, included in accounts 301 to 399 owned and used by the utility in its electric utility operations, and having an expectation of life in service of more than one year from date of installation, including such property owned by the utility but held by nominees. This account is included in rate base unless otherwise directed by the commission.

Property under Capital Leases (101.1) – This account shall include the amount recorded under capital leases for plant leased from others and used by the utility in utility operations. The electric property included in this account shall be classified separately according to the detailed accounts (301 to 399) prescribed for electric plant in service.

Electric Plant Purchased or Sold (102) – This account shall be charged with the cost of electric plant acquired as an operating unit or system by purchase, merger, consolidation, liquidation, or otherwise, and shall be credited with the selling price of like property transferred to others pending the distribution to appropriate accounts. Within six months from the date of acquisition or sale of property recorded herein, the utility shall file with the Federal Energy Regulatory Commission (FERC) the proposed journal entries to clear from this account the amounts recorded herein.

FPL defines an operating unit or system as a group or network of interconnected assets in a specific location or territory that are integrated with or dependent on one another in performing a specific function, whether production, transmission or distribution of electricity.

Plant Held for Future Use (105) – This account shall include the original cost of electric plant and land and land rights owned and held for future use in electric service under a definite plan respectively for such use, to include: (1) property acquired but never used by the utility in electric service, but held for such

	Electric Utility Plant	Policy #: FPL – 1.1
		Rev Date: 1/3/2017
		Former Policy #3.1

service in the future under a definite plan, and (2) property previously used by the utility in service, but retired from such service and held pending its reuse in the future, under a definite plan, in electric service. **Completed Construction not Classified/Electric (106)** – This account shall include the total of the balances of work orders for electric plant which has been completed and placed in service but for which work orders have not been classified for transfer to the detailed electric plant accounts. The classification of electric plant in service by detailed account is required for purposes of reporting to the FERC. The utility shall also report the balance in this account as accurately as practicable according to prescribed account classifications. The purpose of this provision is to avoid any significant omission in Electric Plant in Service. There are three sub accounts used:

- Utility Plant in Review (106.1) - This account is used for work orders that will be transferred out to Utility Plant in Service Account 101.
- Nonutility Property in Review (106.2) – This account is used for work orders that will be transferred out to Nonutility Property Account 121.
- Future Use in Review (106.5) – This account is used for work orders that will be transferred out to Plant held for Future Use Account 105.

Electric Plant Acquisition Adjustments (114) – This account shall include the difference between (1) the cost to the accounting utility of electric plant acquired as an operating unit or system by purchase, merger, consolidation, liquidation, or otherwise to the extent it is less than or equal to fair value, and (2) the original cost, estimated, if not known, of such property, less the amount or amounts credited by the accounting utility at the time of acquisition to accumulated provisions for depreciation and amortization and contributions in aid of construction with respect to such property (i.e. net book value). To the extent the purchase price exceeds fair value, that portion must be recorded to goodwill in Account 186 (Miscellaneous deferred debits) pursuant to FERC policy as stated in 122 FERC ¶ 61,177 (2008).

Asset Retirement Costs – See Policy #3.6, Asset Retirement Obligations


Nuclear Fuel – See Policy #1.4, Nuclear Fuel

Nonutility Property (121) – This account shall include the book cost of land, structures, equipment, or other tangible or intangible property owned by the utility, but not used in utility service and not properly includible in account 105, Electric Plant Held for Future Use.

Construction Work in Progress (107) – This account shall include the total of the balances of work orders for electric plant in process of construction. Work orders shall be cleared from this account as soon as practicable after completion of the job and the asset being placed in-service. Further, if a project, such as a hydroelectric project, a steam station or a transmission line, is designed to consist of two or more units or circuits which may be placed in service at different dates, any expenditures which are common to and which will be used in the operation of the project as a whole shall be included in electric plant in service upon the completion and readiness for service of the first unit. Any expenditure that is identified exclusively with units of property not yet in service shall be included in this account. Expenditures on research, development, and demonstration projects for construction of utility facilities are to be included in a separate subdivision in this account. Records must be maintained to show separately each project along with detail of nature and purpose together with related costs.

Accumulated Provision for depreciation of electric utility plant (108) – See Policy 3.3, Depreciation

Accumulated Provision for amortization of electric utility plant (111) – See Policy 3.3, Depreciation

	<p align="center">Electric Utility Plant</p>	Policy #: FPL – 1.1
		Rev Date: 1/3/2017
		Former Policy #3.1

Note: The above FERC accounts are further described and defined in the FERC Code of Federal Regulations.

Plant Accounts and Property Units

The FERC has specified a **uniform system of accounts** that requires that the plant accounts “be stated on the basis of cost to the utility of plant constructed by it and the original cost, estimated if not known, of plant acquired as an operating unit or system.” The FERC further defines original cost as “the cost of such property to the person first devoting it to the public service”.

FPL's facilities are grouped by primary plant accounts according to five functional groups as stated below. These primary accounts are suffixed with 3 or 4 digit numbers, to create property retirement unit accounts as described in the appropriate Property Retirement Unit Catalog (PRUC) for each business area. (There are additional accounts in the plant account series which are used for accounting controls and for allocation and overhead purposes, but are not used for property retirement unit purposes.)


- Intangible Plant
- Production Plant
 - Steam
 - Nuclear
 - Other
- Transmission
- Distribution
- General Plant

The Property Retirement Unit Catalog (PRUC) identifies the individual retirement units that comprise the fixed assets of the Company. A retirement unit is defined as the smallest distinct component of property that is identified and costed individually in the plant records. **If an asset or component is not defined as a retirement unit, generally it cannot be capitalized and must be expensed in the appropriate Operations and Maintenance expense account.**

3. Capitalization criteria and thresholds

The criterion for the recording of costs as either capital or expense is established by generally accepted accounting principles (GAAP). FASB Concepts Statement No. 6 defines assets as probable future economic benefits obtained or controlled by a particular entity as a result of past transactions or events. Therefore, PPE expenditures that will benefit an organization beyond the current period shall be capitalized, i.e., recorded as an asset. An expenditure that benefits the operations of only the current period is recorded as an expense. A “current period” is defined as one fiscal year. The exceptions to this guideline are as follows:

- Generally, immaterial items, which otherwise qualify as capital costs, are not capitalized (**FPL threshold - \$1,000**).
- Research and development costs are expensed as incurred. For example the design, construction and testing of a prototype truck. If these costs were not considered research and development costs, they could be capitalized.

	Electric Utility Plant	Policy #: FPL – 1.1
		Rev Date: 1/3/2017
		Former Policy #3.1

- The ratemaking action of a regulator can determine that an item which otherwise qualifies for expense treatment can be capitalized (*Regulated Operations*, ASC 980, see policy #9.1, Accounting for Regulated Operations).
- Developments of software costs have specific guidelines outlining capital vs. expense treatment. See policy #1.7, Accounting for Costs Related to Internal Use Software.
- Leases have specific guidelines under ASC 840.

ASC 970-360 – *Real Estate – General, Property, Plant and Equipment*, provides guidance on accounting for direct and indirect costs associated with the development or construction of a real estate project. It specifically excludes from its scope real estate developed by an enterprise for its own operations. However, due to the lack of any specific guidance regarding the capitalization of costs in developing PPE for use in a company's own operations, the guidance in ASC 970-360 is referenced by analogy.

In addition, FERC allows all overhead construction costs, such as engineering, supervision, general office salaries and expenses, construction engineering and supervision by others than the accounting utility, law expenses, insurance, injuries and damages, relief and pensions, taxes and interest, to be charged to the applicable jobs using a reasonable allocation method.

Direct Costs:

In accordance with the guidance in ASC 970-360, all costs that are clearly associated with the construction of a real estate project should be capitalized. These costs include the portion of payroll-related costs attributable to personnel working directly on the project. Bonuses paid to employees should be included in the total compensation for purposes of allocating payroll-related costs to the project.


Indirect Costs:

Indirect costs that do not clearly relate to projects under development or construction, including most general and administrative expenses, are expensed as incurred. Capitalization of indirect costs is only appropriate when such costs are specifically identifiable with a particular project(s) and are identifiable in the accounting records. FPL considers severance payments made to employees who were hired to work on capital projects to be an indirect project cost. In order for severance payments to be capitalized, the payments must be clearly associated to a particular project(s), which is evidenced by appropriate documentation. For example, FPL believes it would be appropriate to capitalize severance costs paid to an employee who was hired to work on one specific job and was subsequently terminated at the end of that project. However, it would not be appropriate to capitalize severance paid to an employee who was originally hired for a specific capital project, but who was subsequently transferred to another project after the completion of the first project.

Indirect project costs that benefit more than one project should be allocated to the projects benefited based on appropriate statistical bases. For example, construction overhead should be allocated on the basis of construction labor costs.

FERC requires a "provable relationship" in order to capitalize indirect costs and disallows use of percentage distribution based on an assumed relationship between operating expense and cost of construction. If not incremental, an annual study supporting a provable relationship is required. The provable relationship study consists of:

- Relationship of particular function to construction activities
- Proportion of employee's time
- Method of determination – time studies, daily time reports, etc; not allocations.

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Examples of indirect costs include engineering, supervision, insurance, pensions, and taxes.

Additionally, some of the recurring fixed costs of *internal* development departments including *internal* payroll and related benefits for employees who work *directly* on construction stage projects are *capitalizable* if they are necessary costs to get the project to its intended use and place the asset in service. The timing of when these costs are incurred impacts whether or not costs can be capitalized. It must be determined that the capital project is probable and has been approved by accounting. See **Appendix A** for listing of the departments and examples of related activities that are considered capitalizable.

Prepaid Capital:

Prepaid capital consists of amounts paid to vendors for capital items that will not be received within the normal time frame for such items. In exchange for this advanced payment, FPL receives a discounted price on the capital items purchased.

Prepaid capital should be charged to Account 186 (*miscellaneous deferred debits*) when the payment is made. The cash outflow should be classified as an investing activity in the statement of cash flows.

When the capital asset is delivered the payment should be re-classified to one of the following FERC accounts:

1. Account 107 (*construction work in progress-Electric*) if the asset is delivered to a specific project site, or;
2. Account 101 (*electric plant in service*) if the asset goes straight into service or meets the definition of a capital spare part, or;
3. Account 154 (*plant materials and operating supplies*) if the asset is delivered and held for future use on a capital project.


Deposits or advanced payments for capital items

Any deposits or progress payments disbursed on behalf of a construction contract to secure the acquisition of assets that have a long construction lead times should be charged to Account 107 (*construction work in progress-Electric*).

General Plant Furniture, Tools and Equipment

Florida Public Service Commission (FPSC) Rule 25-6.0142 established a minimum capitalization criterion of \$1,000 per unit for each retirement unit recorded to Office Furniture and Equipment, Stores Equipment, Tools, Shop and Garage, Laboratory Equipment, and Communication Equipment Accounts. The account distribution is outlined as follows:

- Tools, shop and garage equipment \geq \$1,000 each item
- Stores Equipment \geq \$1,000 each item
- Laboratory Equipment \geq \$1,000 each item
- Communication Equipment, non fiber optic accounts – refer to the PRUC catalog for fiber optic property units.
- Office furniture and equipment, including miscellaneous power plant office furniture equipment, computer equipment and other miscellaneous equipment are generally capitalized. These items are charged to expense if they meet one of the following criteria:
 - are of small value (less than \$1,000), or

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- have a short life (less than one year), or
- can not be easily controlled/identified

The initial purchase of a complete office furniture set (including, but not limited to book case, desk, cabinet, chair, sofa, table, etc.) is considered the retirement unit. Replacement of or subsequent purchases of individual items of office furniture are to be expensed to the appropriate operations or maintenance account. Retirement units are identified in the PRUC Catalogs. In addition, computer equipment that can be bundled along with the labor costs needed to program, image and deliver the computer equipment may be capitalized.

The cost of small portable tools and safety equipment that are used directly in construction work, but do not meet the definition of a retirement unit shall be allocated to the work that directly benefits from the purchase of these items. This will result in the cost of these tools and equipment being allocated to both capital and O&M, dependent upon the nature of the work performed. The cost of such tools and equipment shall be capitalized to the plant accounts directly benefited as part of the construction.

4. Construction Work in Progress , AFUDC and CIAC

Definition of a Construction Project

A **Project** is defined as an identifiable unit of capital work including all associated labor, material, and other expenses which result in additions to and/or retirements from utility plant in service. Projects with different plant in-service dates **must** be recorded separately on unique work orders/internal orders. The scope of a work order/internal order **must** include all related retirement units required to make the project ready for service.

In certain instances and on an exception basis, some smaller jobs may be grouped together into a single ER if those jobs were projected with a high level of confidence to be completed within the same month.

If such additions and/or retirements, when completed, only become functional or useful when related or additional units of work are complete, then the group of related activities is considered a project. A project may include and involve the installation of numerous retirement units.


Preliminary Project Costs

GL Account 183, Preliminary Survey and Investigation Charges, is used for the recording of preliminary feasibility studies. CFR 18 Pt. 101 states "This account shall be charged with all expenditures for preliminary surveys, plans, investigations, etc. made for the purpose of determining the feasibility of utility projects under contemplation." Generally, this account is used for the larger projects under consideration that are anticipated to be capitalized and after they are approved all costs are transferred to the construction work order. If it is considered probable that the project will not be completed then costs are transferred to O&M. The costs should be transferred to O&M in the month the decision is made that the project will not be completed.

If a project qualifies as capital and construction is certain, Phase I Engineering costs (conceptual and design engineering studies) may be charged directly to capital work orders.

Land and Right-Of-Way Purchases

If land or right-of-way is purchased and construction on the land or right-of-way will commence within 1 year of the completion of the purchase, then the land or right-of-way work order shall remain in Account

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107, Construction Work in Progress, until the construction is completed. Only when the construction of the facility is completed and being used for its intended purpose will both the land and construction work orders be placed in-service. If the construction will commence more than one year from the completion of the land purchase, the land work order should be put in-service to Account 105, Plant Held for Future Use. Land purchases requiring more than 1 year for construction should be reviewed with Property Accounting.

When a land or right-of-way work order is opened, information on the related construction (current or future, budget activity of construction, etc.) is needed in order to determine the accounting treatment for the work order. In addition, land work orders must be properly segmented by its related construction. Land for a transmission line project that consists of more than one work order (where portions of the line will go in-service at different times) must be segmented into different work orders by the portions of land that relate to each line segment work order. Land for the segmented project should not be recorded in only one work order as this will violate regulatory rules.

When a transmission line, substation site prep or substation construction work order is opened, information regarding the related land is needed so that the land can be properly linked to the specific construction activity for accounting purposes and reporting to the regulatory commissions. This is especially important when the land is purchased more than 1 year before the construction commences and is placed in Account 105 for future use.

Site Preparation Costs of Substations

If the construction of a facility consists of more than one work order, i.e. work order #1 is for the clearing and erection of the fence on a substation site and work order #2 is for the structural and electrical portion of the substation, and the construction of work order #2 will commence within 1 year of the completion of work order #1 then both work orders shall remain in Account 107, Construction Work in Progress, until the substation is energized. If the construction of work order #2 will commence more than 1 year from the completion of work order #1 then work order #1 shall be put in-service to Account 105, Plant Held for Future Use.


The construction of a substation should not be split into 2 work orders until it is definitely known that the structural and electrical portion will not commence within 1 year of the site preparation activities. A single construction work order should be created instead. If due to changes in planning, the structural portion becomes delayed so that it will not commence within 1 year of the site preparation, the work order can be re-estimated and closed to Account 105, Plant Held for Future Use.

When a substation is placed in-service and the costs in the construction work order are moved out of account 107, information on the related site preparation work order (if any) and the related land work order is needed in order to move the costs accumulated in these work orders to in-service status at the same time the substation is placed in-service.

Contaminated Soil

Unless the below criteria are met, the removing and disposing of contaminated soil related to environmental regulations would be charged to O&M.

- Removal of Contaminated Soil directly caused to be removed as part of the construction of a new facility shall be capitalized as part of the cost of the new facility.
- Contaminated Soil removed as part of the removal of a retirement unit shall be charged to Account 108.3, Removal Cost, on the work order retiring the retirement unit.

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- Contaminated soil removed as part of the dismantlement of a generating facility shall be charged to the Dismantlement Reserve, Account 108.132.

Any questions related to how to account for contaminated soil should be directed to Property Accounting.

In-Service Date Of Projects

The Company defines a project as all the costs of the activities necessary to install or replace a system or a segment thereof, or to bring the condition of a specific asset to its intended use. A project can include one work order but in most cases it includes many work orders. A project is deemed in service when it is ready for its intended use. The FERC requirements use the term "ready for service".

Land purchased for a substation site is technically ready for service when FPL closes on the property, but if construction of the substation is not complete, then in the context of a project, the land is not ready for service until the substation is completed. Another example would be the construction of a new power plant. The completion of the water treatment and the waste water facilities are not ready for service until the unit which they serve is complete and producing electricity.

Substation and Transmission Line and New Power Plant In-Service Determination: A facility shall be determined ready for service when it is functioning as an integrated facility to serve customers of FPL. A substation or transmission line is not ready for service **until energized** for the purpose of supplying electricity to customers of FPL.

Transmission line projects that consist of more than one line segment (where portions of the line will go in-service at different times) must be separated into different work orders by line segment. A work order with one or more line segments cannot be proportionally placed in-service and placing incomplete portions of a line in-service before it is completed and energized violates regulatory rules.


Construction of a new power plant and its related switchyard and interconnections: The switchyard and interconnections would not be built if the plant was not constructed and the plant cannot properly function without the switchyard and the interconnections. Therefore the total project must include the plant and its related switchyard and interconnections which should be placed in service at the same time.

Allowance For Funds Used During Construction – AFUDC

Allowance for Funds Used During Construction is recorded monthly in the retail power plant ledger according to FPSC rule 25-6.0141 which states that CWIP or Nuclear Fuel in Process not under lease agreement that is not included in rate base may accrue AFUDC under the following conditions:

Eligibility test:

1. A work order or project becomes eligible once it receives charges if it meets the following requirements: a) estimated additions exceed 0.5 percent of the sum of the total balance in general ledger accounts 101.000 and 106.100 as of the prior month (See step 2 below) and b) the construction period is greater than a year. Note: Projects originally estimated to be completed in less than one year but are suspended for six months or more, or are not ready for service after one year become eligible for AFUDC on a prospective basis only.
2. Each month, Property Accounting will supply the business units with the current project threshold in order to qualify for AFUDC. Work orders that meet the criteria have the AFUDC button flagged within the fixed asset system, PowerPlant, so that the amount of AFUDC can be systematically calculated and applied.

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For FERC purposes, AFUDC is accrued on all capital work orders/projects that are expected to be under construction for more than one year.

An AFUDC rate is calculated annually as per FPSC rule and the FERC regulations including the monthly discounted AFUDC rate, the debt/equity split for the income statement and the debt/equity split to be used in calculating deferred income taxes. The Debt component is credited to AFUDC-Interest Sources and the Equity Component is reflected as a credit to Other Sources of Income. **Any questions regarding the currently approved AFUDC rate should be directed to Regulatory Accounting.**

Time Test:

The construction period must exceed 12 months to be eligible for AFUDC under rule #25-6.0141.

- The AFUDC time test is performed the month the work order has its first eligible charge (cash voucher, payroll or engineering – includes applied engineering).
- If the calculation of the estimated construction period in months equals or exceeds thirteen (13) months the work order would qualify for the AFUDC time period criteria.

Application of AFUDC on Land and Site Preparation:

AFUDC is not applied on land work orders which are to be transferred to Account 105, Plant Held for Future Use. AFUDC is applied to land work orders when the related on-going construction is eligible for AFUDC. AFUDC is applied to site preparation work orders that are either eligible for AFUDC on their own or eligible under the project concept. If the work order is subsequently transferred to Account 105, Plant Held for Future Use, no AFUDC is reversed. AFUDC is applied on all related land, site preparation and construction work orders when the first work order becomes eligible for AFUDC either on its own or through the project concept.

The AFUDC application is to be suspended prospectively when:

- Construction activity will cease for a period greater than six months due to circumstances within FPL's control. Construction activity is defined to include all preconstruction engineering, legal fees, licensing requirements, etc.
- A work order/project has not received charges for cash voucher, payroll or engineering for a period of six months. Suspension will be automatic on the seventh month.


Note that the FPSC Rule 25-6.0141 requires Commission notification when a capital project is expected to be suspended.

The AFUDC application is not suspended when:

- The construction delay is caused by circumstances beyond FPL's control. (i.e. government action, vendors, acts of God. etc.)
- The work order is part of a larger project and all activities for that project have not ceased.

Accounting Standards Codification 835-20, Capitalization of Interest:

In applying AFUDC, FPL considers the guidance provided in ASC 835-20, *Capitalization of Interest*. Under ASC 835-20-25-5, the capitalization period shall end when the asset is substantially complete and ready for its intended use. Some assets are completed in parts, and each part is capable of being used

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independently while work is continuing on other parts. An example is the RCB coatings. As the painting or coating of each fuel storage container is completed, that asset can be placed in service. For such assets, interest capitalization shall stop on each part when it is substantially complete and ready for use. Some assets must be completed in their entirety before any part of the asset can be used. An example is a facility designed to manufacture products by sequential processes. For such asset, interest capitalization shall continue until the entire asset is substantially complete and ready for use. Some assets cannot be used effectively until a separate facility has been completed. An example is a switchyard and a power plant. One asset can not function without the other; therefore, both assets must be placed in service at the same time. For such assets, interest capitalization shall continue until the separate facility is substantially complete and ready for use. Assets equal to or greater than \$10 million receive AFUDC until the day preceding the in service day. Property Accounting should be notified when an asset(s) of this magnitude exists.

FERC Requirements:

In 1968, the office of the Chief Accountant of FERC issued Accounting Release Number 5 addressing the proper period for capitalization of AFUDC. AR-5 states the following:

“Capitalization of AFUDC stops when the facilities have been tested and are placed in, or ready for, service. This would include those portions of construction projects completed and put into service although the project is not fully completed.”


Contribution in Aid of Construction (CIAC):

Requests for new facilities, upgrades of existing facilities or relocations of electric plant resulting in a cost that is incremental to the normal cost of such service will necessitate a cash contribution from the customer known as a contribution in aid of construction (“CIAC”). (Note: The FPSC prescribes the minimum standards of service that FPL must adhere to when providing electric service to a customer.) CIAC is most often required when installing or relocating electrical lines underground or for upgraded highway street lighting and related facilities for government/municipal entities. These requests are made through the distribution, transmission and engineering departments who develop the estimate for the requested scope of work. The engineer designs the job within the respective Work Management System, which develops an estimate that is interfaced to PowerPlant. The PowerPlant system has a reimbursable billing module that utilizes the estimate to develop a bill for the customer, which includes overheads and the related tax, if applicable. The business unit initiating the work is responsible for the CIAC contract and the subsequent billing and collection. All proceeds are due prior to work commencing and are recorded as a customer deposit (government agencies such as FDOT do not have to pay in advance and are billed at the end of the project). Upon completion of the work and closure of the work order, the proceeds are cleared to the appropriate capital or expense accounts to offset the cost of work performed.

5. Additions, Betterments, Replacements and Retirements **(After Acquisition or Construction)**

Addition – represents cost of additions to units of utility property added to existing plant, whether or not as replacements. Additions are capitalized if the addition meets the definition of a retirement unit and results in the affected property being either more useful, more efficient, of greater durability (increased service life) or of greater capacity.

Betterment – an enlargement or improvement of existing structures, facilities, or equipment by the replacement or improvement of parts without replacement of a complete unit. When a betterment consists of the substitution of a superior part for an inferior part of the same kind, the amount of the betterment is the excess cost of the new part over the cost of the part removed, less net salvage. This

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betterment amount is only capitalized if the addition results in the affected property being either more useful, more efficient, of greater durability (increased service life) or of greater capacity.

Replacement – the substitution of a new component for existing components that are worn out, damaged beyond repair, or have become inadequate in service. The substitution has substantially no greater capacity or benefit than the component for which it replaced. When it becomes necessary to replace some part of a unit and if the replacement does not result in substantial change of identity, or physical character of the item, the replacement is considered a repair and charged to operating expense. Replacement is applicable unless the component is defined as a retirement unit, at which point it would be treated as an addition and the replaced item would be retired.

Retirement – the removal of property from service, whether or not in the course of replacement. As an accounting transaction, a retirement may or may not coincide with either the removal from service or the physical removal of the plant affected. The system of accounts requires that the book cost of property permanently removed or not used or useful in service, whether or not replaced, be credited to the electric utility plant account and charged to the Accumulated Provision for Depreciation or Amortization of Electric Utility Plant. Retirement Units are prescribed by FERC although a lower level of detail may be maintained if practice is consistent. (Changes to or additions of retirement units must be filed annually with the FPSC). Any related costs to remove the utility plant from service should be charged to the Accumulated Provision for Depreciation and any proceeds received from the sale of the utility plant should be credited to the Accumulated Provision for Depreciation.


Buildings and Land retired or sold

If a building or land is retired, the net book value (NBV) is credited to the building or land account. If the building or land is sold, the difference between NBV and the sales price (less commissions and other expenses) is recorded as a Gain/Loss from disposition of Utility Plant. The Gain/Loss from the disposition of the property shall be deferred as a regulatory asset or liability and amortized as a gain or loss over a five year period in accordance with FPSC policy. Losses shall be accounted for as regulatory assets in Account 182.3 and amortized to Account 407.3 (Regulatory Debits). Gains will be recorded as regulatory liabilities in Account 254 and amortized to Account 407.4 (Regulatory Credits). The gain or loss from the sale of non-utility property is recorded to 421.1 or 421.2, if the property had never been included in future use or plant in service. Gains and losses associated with transactions where the building or land is currently or was previously recorded in Utility Plant In-Service or Future Use (Rate Base) are required by FPSC policy to be amortized over a 5 year period.

When any property recorded as intangible, such as franchises, intangibles, or other items of limited-term interest in land which are included in land and/or land rights are sold, relinquished or otherwise retired, Account 111 (Accumulated Provision for Amortization of Electric Utility Plant) shall be charged with the amount previously credited as related to such property. The book cost of the property retired, less the amount charged to Account 111 and the net proceeds realized, shall be deferred as a regulatory asset or liability and amortized as a gain or loss over a five year period in accordance with FPSC policy. Losses shall be accounted for as regulatory assets in Account 182.3 and amortized to Account 407.3 (Regulatory Debits). Gains will be recorded as regulatory liabilities in Account 254 and amortized to Account 407.4 (Regulatory Credits).

Unusual or significant utility plant sales

In accordance with FPSC historical practice, gains and losses arising from unusual or significant utility plant sales shall be deferred as regulatory assets or liabilities and amortized as gains or losses over a five year period. Losses shall be accounted for as regulatory assets in Account 182.3 and amortized to Account 407.3 (Regulatory Debits). Gains will be recorded as regulatory liabilities in Account 254 and amortized to Account 407.4 (Regulatory Credits).

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Additions and retirements of minor items of property

In accordance with FPSC rules, a minor item is any part or element of plant which is not designated as a retirement unit, but is a component part of the retirement unit. The addition of a minor item that did not previously exist that results in a substantial addition or betterment should be accounted for in the same manner as for the addition of a retirement unit. If the addition of the minor item does not result in a substantial addition or betterment, the costs would be charged to the appropriate operations and maintenance expense account.

When a minor item of property is retired and not replaced, no entry is recorded to the plant account as the item is being accounted for by its inclusion in the retirement unit of which it is a part.

When a minor item is replaced independently of the retirement unit, the cost of replacement shall be charged to the maintenance account, except that if the replacement results in a substantial betterment the excess of the cost of the replacement over the estimated cost at current prices of replacing without betterment shall be charged to the appropriate utility plant account.

6. Specific Items


The following outlines the accounting policy for specific issues that have arisen over time related to items within the PPE account. The information below reflects excerpts from previous memos (modified where necessary to reflect changes in GAAP or other changes in company policy) written to address the accounting in certain situations and is not comprehensive. Questions regarding the appropriate accounting for specific issues should be directed to the FPL Property Accounting group.

A. Engineering and Construction Overheads (Applied Engineering/EO's)

All engineering and associated costs that can be assignable to a specific capital work order are charged directly. The exceptions are the Distribution, Transmission, Power Generation and Information Management Business Units which allocate engineering costs and executive overhead costs to eligible capital projects based on a standard rate determined through a forecast of projected costs. The costs are charged to an overhead pool which is allocated to open projects using the standard rate. The overhead pool is monitored on a monthly basis and cleared on an annual basis.

B. Capitalized Spare Parts

Refer to Policy #1.6, Capital Spare Parts

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Appendix A

MATRIX OF EXPENDITURE EXAMPLES

Expenditure Type	Not probable or undetermined project	Probable Capital Project with accounting approval*	Construction***	Commercial Operations
Salaries, benefits & bonuses (Except as noted below)	Expense	Expense	Expense	Expense
Construction and Project Development Departments				
➤ Salaries, benefits & bonuses	Expense	Capitalize	Capitalize	Expense
Legal (Commercial)				
➤ Negotiations of project specific engineer, procurement, construction (EPC) and supply agreements, to the extent the contracts are not based on a pre-negotiated master form.	Expense	Capitalize	Capitalize	N/A
➤ Due diligence of construction and procurement related issues.	Expense	Capitalize	Capitalize	N/A
➤ Assistance during construction process with disputes, change orders, contract interpretation.	Expense	Capitalize	Capitalize	N/A
➤ Assistance with project financing.	Expense	Expense	Expense	Expense
➤ Assistance with general construction and procurement contract and project management.	Expense	Capitalize	Capitalize	N/A
Legal (Real Estate)				
➤ Order and review Title Reports or Commitments for drafted Agreements for Projects that have a high likelihood of getting built	Expense	Capitalize	N/A	N/A
➤ Order and review Preliminary Surveys for Projects that have a high likelihood of getting built	Expense	Capitalize	N/A	N/A
➤ Cure all Title Defects affecting the Projects (e.g. obtaining Subordination Non-Disturbance Agreements from landowner lenders, obtaining Title Affidavits, drafting Amendments based on new information received)	Expense	Capitalize	Capitalize	N/A
ISC Costs - during procurement of the EPC process				
➤ ISC works with Engineering to get the specifications on Capital job requirements.	Expense	Capitalize**	Capitalize**	Expense
➤ ISC bids the work and negotiates with the suppliers to mitigate construction and contract risks	Expense	Capitalize**	Capitalize**	Expense
➤ ISC processes change order to the construction jobs	Expense	Capitalize**	Capitalize**	Expense
➤ ISC helps with dispute resolution on construction jobs in relation to contract issues	Expense	Capitalize**	Capitalize**	Expense
➤ ISC moves the material to the jobs or oversees delivery to the construction site	Expense	Capitalize**	Capitalize**	Expense
Transmission Service Group				
➤ Engineering support for project construction & development processes (various engineering-related inputs into individual project construction and development processes)	Expense	Capitalize	Capitalize	N/A
➤ Required reactive studies on new generation projects to determine project is in compliance with regulatory requirements	Expense	Capitalize	Capitalize	N/A
Property Accounting				
➤ PowerPlan Master Data Set Up	N/A	N/A	Capitalize	N/A
➤ Internal order life cycle activities (including review	N/A	N/A	Capitalize	N/A



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and approval, in-service activities, unitization & close processes)				
➤ Business Unit Capital Support (including capitalization requests and analytics)	N/A	N/A	Capitalize	N/A
➤ Other Capital Support Activities (including providing accounting guidance & oversight related to proper recording of prepaids & accelerated purchases)	N/A	N/A	Capitalize	N/A
Environmental				
➤ Preconstruction Surveys (avian, bat monitoring, habitat assessments) can span 2-3 years, but typically >1 year	Expense	Capitalize***^	Capitalize***^	N/A
➤ Completion of pre-construction avian/bat/wildlife surveys/raptor nest surveys	Expense	Capitalize***^	Capitalize***^	N/A
➤ Micrositing support with E&C (wetlands, cultural, biological surveys, etc. during construction)	Expense	Capitalize	Capitalize	N/A
➤ Agency Consultation (during final permitting)	Expense	Capitalize	Capitalize	N/A
➤ Litigation Support	Expense	Capitalize	Capitalize	Expense
➤ financing support	Expense	Expense	Expense	Expense
➤ Compliance assurance	Expense	Capitalize	Capitalize	Expense

*Refers to project costs that are deferred in FERC Account 183, Preliminary Survey and Investigation Charges

**Must be related to a specific project. Not just general procurement of items for projects in the future.

*** Includes activities that qualify for capital treatment once the assets are in construction phase.

^if required by law/permit to get the asset ready for use