BEFORE THE FLORIDA
PUBLIC SERVICE COMMISSION

DOCKET NOS. 050045-EI AND 050188-EI
FLORIDA POWER & LIGHT COMPANY

JULY 28, 2005

IN RE: PETITION FOR RATE INCREASE BY FLORIDA POWER & LIGHT COMPANY
AND
IN RE: 2005 COMPREHENSIVE DEPRECIATION STUDY BY FLORIDA POWER & LIGHT COMPANY

REBUTTAL TESTIMONY & EXHIBIT OF:

GEISHA J. WILLIAMS

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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INTRODUCTION AND SUMMARY

Q. Please state your name and business address.

A. My name is Geisha J. Williams. My business address is 9250 West Flagler Street, Miami, Florida 33174.

Q. Did you previously submit direct testimony in this proceeding?

A. Yes.

Q. What is the purpose of your rebuttal testimony?

A. I will respond to portions of the testimonies submitted on behalf of the Staff of the Florida Public Service Commission by Sidney W. Matlock, regarding FPL's reliability indexes for the years 1992 through 2004 and Carl S. Vinson and Robert "Lynn" Fisher, regarding the results of their review of FPL's vegetation management, lightning protection and pole inspection processes. I will also address testimony submitted on behalf of the Office of Public Counsel (OPC) by Donna DeRonne regarding FPL's increased vegetation management expenses in 2006.

Q. Are you sponsoring an exhibit to your rebuttal testimony?

A. Yes. I am sponsoring an exhibit consisting of two documents, GJW-4 and GJW-5, which is attached to my rebuttal testimony.

RELIABILITY INDEX COMPARISONS (MATLOCK)

Q. Do you agree with Mr. Matlock's conclusion that FPL's reliability performance has not been exceptional because "the index values are practically the same as they were thirteen years ago"?

A. No, his conclusion is based upon a comparative review that is less comprehensive and, therefore, less meaningful than the one contained in page 1 of Document GJW-2, attached to my direct testimony. Mr. Matlock's review only compares FPL's performance to one company (FPL vs. itself) and to only one year (1992). Document GJW-2, which contains the average of over sixty U.S. utilities and includes comparisons over multiple years, is a more valid comparison. Document GJW-2 indicates that FPL's overall reliability, as measured by SAIDI, has not only been better than the national average; it has been substantially better.

This excellent performance has also been sustained. Over the last five years, FPL's SAIDI has averaged 45% better than the national average, and over the last three years, it has been 51% better than the national average. Additionally, reliability challenges today are quite different from those encountered 13 years ago. For example, FPL has added almost 1 million customers since 1992. This kind of growth creates infrastructure planning and design challenges which can greatly impact reliability if not properly addressed. For instance, customer growth in areas that were once more rural creates increased outage exposure for the electrical system until the entire electrical infrastructure is completed. Also, as FPL's urban areas have been and continue to be redeveloped and revitalized, the installation of new facilities,

relocation of existing facilities, and building of temporary facilities during the construction phase of these projects, creates more instability for the electrical system than it would if things remained static.

Q. Mr. Matlock suggests that improvements in FPL's reliability index values occurred "only after the data indicated marked deterioration from 1992 to 1996 or 1997, and after this deterioration received regulatory attention". Do you agree that FPL only began to act once this issue received regulatory attention?

A. No. As described in several sections of the Staff's December 1997 Review of Electric Service Quality and Reliability, by the beginning of 1997, FPL had already recognized the need for reliability improvement and had already begun to take actions to address reliability concerns, before Staff notified FPL of their intention to initiate their review. These actions included re-organizing the distribution business unit, conducting an environmental assessment, developing recommendations to address the environmental assessment's findings and establishing tactical teams to address key areas of focus. In fact, in the conclusions contained in that 1997 report, Staff noted that FPL's actions were already yielding some promising results. Mr. Matlock's suggestion that marked deterioration and regulatory attention were the only reasons for reliability improvements is not accurate.

VEGETATION MANAGEMENT, LIGHTNING PROTECTION, AND POLE INSPECTIONS FINDINGS (VINSON/FISHER)

Q. Do you have any comments regarding the findings on FPL's vegetation management, lightning protection and pole inspection processes included in Mr. Vinson's and Mr. Fisher's report attached, as Exhibit No. CSV/RLF-1, to their testimony?

A. Yes. Prior to the issuance of the report's first draft, FPL was provided preliminary findings and asked to submit comments on those findings. FPL's initial comments are included in the report attached to Mr. Vinson's and Mr. Fisher's testimony. FPL was then subsequently provided a draft of the report and asked to review the report for accuracy. Along with corrections and other suggested changes, FPL also provided revised comments to the findings to Mr. Fisher. Mr. Vinson and Mr. Fisher did not include FPL's revised comments with their testimony. I have included the revised comments in my Document GJW-4. They confirm that: (1) although there were relatively small increases in vegetation related outages during 2000-2003, FPL's overall reliability, as measured by SAIDI, actually improved during this period; and (2) FPL's pole inspection initiatives are effective and its pole infrastructure is well maintained and resilient. Pole related outages account for only 0.2% of total outages and 1% of SAIDI, and FPL had to replace only approximately 1% of its poles after the 2004 hurricanes.

FPL's 2006 VEGETATION MANAGEMENT EXPENSES (DERONNE)

Q. On page 24 of her testimony, Ms. DeRonne, on behalf of OPC, has recommended a deferral and return to ratepayers of any of the $48,128,000 vegetation management costs "under-spent" due to the amount of the projected increase and an alleged lack of supporting detail. Do you agree that there is a lack of supporting detail for the increase in vegetation management costs for 2006?

A. No. In my direct testimony I make several specific references to increased lateral trimming efforts (pages 5, 8, and 18). On page 2 of my direct testimony, I also provide the MFRs that I am sponsoring. MFR C-8 provides details of changes in expenses for the test year, 2006, compared to the prior year, 2005. The variance explanation (Footnote K) for Account 580 notes that the primary reason for the increase in the account is due to proactive reliability initiatives, including increasing the number of lateral miles trimmed. Also, there have been several interrogatories that have requested information related to our vegetation management spending, for instance, Staff's 1st Set of Interrogatories, No. 38, which Ms. DeRonne used in developing Schedule C-7 attached to her testimony.

Q. Do you have any additional comments concerning FPL's response to Staff's First Set of Interrogatories, No. 38?

A. Yes. My Document GJW-5 provides a year by year comparison of FPL's actual vegetation spending versus its budgeted spending for the period 1998 – 2004. As can be seen in this document, over the past seven years FPL has averaged spending 99.9% of its vegetation management budget. No annual variance is greater than 2%. I

1 believe this historical performance demonstrates FPL's commitment to its vegetation
2 management plans and spending.

3 **Q. Does this conclude your rebuttal testimony?**

4 A. Yes, it does.

FINDING 1

FPL distribution vegetation outages increased in 2000-2003 and may indicate a reduction in reliability during those years.

FPL Response – FPL disagrees that there has been a reduction in reliability during this period. In fact, FPL's overall distribution SAIDI, which encompasses both the average frequency and duration of outages, and therefore is the most relevant overall measure of reliability, improved during the 2000-2003 period (see Section 1.4, Reliability Results). Additionally, FPL's 2003 SAIDI was achieved despite record lightning levels experienced in its service area. FPL also notes that in 2003, as well 2004, FPL's SAIDI was the lowest of all the Florida IOU's. Additionally, to determine if there has been an increase in the level of outages, FPL believes it is more appropriate to review this in conjunction with the number of total customers, e.g., outages per customer or SAIFI. This would then take into consideration customer growth, which, for the period reviewed, averaged almost 100,000 customers per year for FPL. In reviewing outages per customer and SAIFI for the period above, FPL notes that the increases have been relatively small – less than a 1.5% increase in outages per customer and a .05 increase in SAIFI.

FINDING 2

FPL's specific pole inspections do not appear to be conducted throughout every service area in sufficient number, are not completed in a timely cyclical manner, and may allow degraded poles to go unidentified.

FPL Response – FPL disagrees. As discussed in Section 4.1.1, FPL's pole inspection program consists of three major initiatives: (1) the "targeted" pole inspection program; (2) pole inspections performed as part of FPL's thermovision program; and (3) pole inspections performed as part of daily construction, maintenance, and restoration work. Pole inspections completed as a result of FPL's thermovision program and pole inspections performed in conjunction with construction, maintenance and restoration work are conducted daily throughout FPL's entire service territory. FPL's targeted pole inspection program, which is the smallest of FPL's pole inspection initiatives, is the only program that specifically tracks individual pole inspections. However, while FPL's thermovision program only tracks exceptions, i.e., facilities requiring repair or replacement, FPL estimates that its thermovision pole inspection initiative has resulted in approximately 368,000 pole inspections over the last five years. The combination of the thermovision and the targeted pole inspection programs would result in an over 469,000 wooden pole inspections, which translates to an 11 year inspection cycle. This does not take into account pole inspections performed in conjunction with daily work activities, FPL's largest pole inspection initiative, which is not specifically tracked.

FPL believes the results indicate that the initiatives that FPL has in place are quite effective and that degraded poles are not allowed to go unidentified. As can be seen in

Section 1.4, pole related outages during 1999 – 2004 have a very small impact on FPL's reliability. Pole related outages account for less than 0.2% of total outages and 1% of FPL's overall SAIDI. Additionally, outages associated with deterioration are only a fraction of the pole related outages. For instance, in 2004, 28 of the 158 (18%) pole related outages resulted from fire. Additionally, FPL notes that during the 3 hurricanes (category 2, 3, and 4 storms) that made direct landfall in FPL's service territory in 2004, FPL replaced only 12,705 wood poles, approximately 1% of its total wood pole population (most of which were lost as a result of flying debris), even though over 150,000 poles experienced winds exceeding their design criteria and FPL's entire service territory was impacted.

Finding 3 - FPL has no documented distribution procedures stating the accepted company cycle time for specific distribution pole inspections.

FPL response:
FPL agrees that it does not have a procedure stating a cycle time for pole inspections, however, FPL believes that its current pole inspection processes and initiatives are more than adequate and sufficient and stating a company cycle time for specific distribution pole inspections is not required. This is supported by the outage results which demonstrate that pole outages are insignificant to FPL's overall reliability - 0.2% of total outages, approximately 1% of FPL's total SAIFI, and pole related outages in 1999-2004 ranging from 98 – 158 out of a pole population exceeding 1 million poles. Additionally, as mentioned in FPL's response to Finding 2, FPL's pole infrastructure demonstrated that it is well maintained and resilient, even when experiencing 3 back-to-back-to-back hurricanes.

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Geisha J. Williams, Exhibit No.___
Document No. GJW-5, Page 1 of 1
Distribution Vegetation Management Expenses

Distribution Vegetation Management Expenses

Year	(000) Actual	(000) Budget	% Actual/Budget
1998	$28,500	$28,500	100.0%
1999	$31,249	$31,500	99.2%
2000	$32,002	$31,500	101.6%
2001	$35,576	$35,225	101.0%
2002	$38,783	$39,011	99.4%
2003	$36,937	$37,053	99.7%
2004	$38,561	$39,291	98.1%
		Average	99.9%