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October 20, 2023

VIA ELECTRONIC FILING

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

Re: Docket No. 20230017-EI
Petition for limited proceeding for recovery of incremental storm restoration costs
related to Hurricanes Ian and Nicole, by Florida Power & Light Company –
Supplemental Responses to Staff's Second Set of Data Requests

Dear Mr. Teitzman:

On behalf of Florida Power & Light Company (FPL), enclosed for filing in the above referenced matter are FPL's supplemental responses to Staff's Second Set of Data Requests Nos. 1-3.

Copies of this filing are being served in accordance with the attached certificate of service. If you or your staff have any question regarding this filing, please contact me at (561) 691-7255.

Respectfully submitted,

/s/ Joel T. Baker

Joel T. Baker
Fla. Bar No. 0108202

Enclosures

cc: Ken Hoffman (ken.hoffman@fpl.com)
Certificate of Service

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copies of the foregoing have been furnished by Electronic Mail to the following parties of record this 20th day of October 2023:

Shaw Stiller Daniel Dose Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399 ddose@psc.state.fl.us ssiller@psc.state.fl.us <i>For Commission Staff</i>	Office of Public Counsel c/o The Florida Legislature 111 West Madison Street, Room 812 Tallahassee, FL 32399-1400 rehwinkel.charles@leg.state.fl.us christensen.patty@leg.state.fl.us <i>For Office of Public Counsel</i>
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/s/ Joel T. Baker _____
Joel T. Baker
Fla. Bar No. 0108202

Attorney for Florida Power & Light Company

**Florida Power & Light Company
Docket No: 20230017-EI
Staff's Second Data Request
Request No: 1 Supplemental
Page 1 of 1**

QUESTION:

Section 18 states that the independent audit will utilize generally accepted sampling techniques. Please detail the specific sampling techniques being utilized in FPL's independent audit of storm costs in Docket No. 20230017-EI.

RESPONSE:

The information requested in Staff's Second Set of Data Requests, No. 1 is provided in the July 14, 2023 Engagement Letter between FPL and PricewaterhouseCoopers LLP and the October 17, 2023 Attestation Report from PricewaterhouseCoopers LLP for the Hurricane Ian Incremental Storm Restoration Cost. A copy of the Engagement Letter is provided as Attachment 1 to this supplemental response and a copy of the Attestation Report is provided as Attachment 2 to this supplemental response.



July 14, 2023

Mr. Keith Ferguson
Vice President, Accounting and Controller
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, Florida 33408-0420

Dear Mr. Ferguson:

The purpose of this letter is to confirm our understanding of the terms of our engagement to provide services to Florida Power & Light Company (the "Company").

Services and related report

We will examine management's assertion that the Summary of Hurricane Ian Storm Costs ("Storm Costs") is an accurate presentation of the incremental storm restoration costs incurred for the period from September 25, 2022 through June 30, 2023 in accordance with the Hurricane Irma settlement in Docket No. 20180049-EI, Order No. PSC-2020-0104-PAA-EI and Florida Public Service Commission Rule No. 25-6.0143 (the "subject matter").

A draft management assertion stating the subject matter is presented in accordance with the criteria is included as Exhibit I. The final management assertion, including the subject matter and criteria, will be acknowledged by management through the written representation letter and will also be attached to our report of independent accountants.

Upon completion of our examination, we will issue our report of independent accountants stating whether, in our opinion, management's assertion, referred to above, is fairly stated, in all material respects (or the subject matter, referred to above, is in accordance with the criteria, in all material respects). If for any reason we are unable to complete the engagement, we may decline to issue a report as a result of this engagement.

Our responsibilities and limitations

The objective of an examination is the expression of an opinion in a written practitioner's report about whether management's assertion, referred to above, is fairly stated, in all material respects (or the subject matter, referred to above, is in accordance with the criteria, in all material respects). We will perform this engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the subject matter as measured or evaluated against the criteria is free from material misstatement.

Because of the inherent limitations of an examination engagement, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements may not be detected, even though the examination is properly planned and performed in accordance with the attestation standards.

Our engagement cannot ensure that errors, fraud or other illegal acts, if present, will be detected. However, we will communicate to you, as appropriate, any illegal act, material errors, or evidence that fraud may exist that come to our attention.

The examination will not be planned or conducted in contemplation of reliance by any specific third party or with respect to any specific transaction. Therefore, items of possible interest to a third party will not be specifically addressed and matters may exist that would be assessed differently by a third party, possibly in connection with a specific transaction.



As required by professional standards, we will (i) make specific inquiries of management and others about the subject matter and (ii) request written representations relating to the subject matter from certain members of management. The results of our examination procedures, the responses to our inquiries and the written representations comprise the evidential matter we intend to rely upon in forming our opinion on the subject matter.

Management's responsibilities

The subject matter referred to above and the determination of whether the criteria are suitable are the responsibility of the management of the Company. Management also is responsible for making available to us, on a timely basis, access to all information necessary for purposes of the engagement and unrestricted access to personnel of the Company to whom we may direct inquiries.

Management also acknowledges and understands their responsibility for the design, implementation and maintenance of internal control relevant to the preparation of the subject matter that is free from material misstatement, whether due to fraud or error. Management is responsible for (i) disclosing all deficiencies in internal control relevant to the engagement of which they are aware, (ii) disclosing their knowledge of any actual, suspected, or alleged fraud or noncompliance with laws or regulations affecting the subject matter, (iii) if applicable, determining whether the effects of any uncorrected misstatements are immaterial, individually and in the aggregate, to the subject matter, and (iv) providing us a representation letter relating to the subject matter at the conclusion of the engagement.

Release and indemnification

Because of the importance of oral and written management representations to an effective examination, the Company releases and indemnifies PricewaterhouseCoopers LLP and its personnel from any and all claims, liabilities, costs and expenses attributable to any knowing misrepresentation by management.

In no event shall PricewaterhouseCoopers LLP be liable to the Company, whether a claim be in tort, contract or otherwise, for any consequential, indirect, lost profit or similar damages relating to PricewaterhouseCoopers LLP's services provided under this engagement letter, except to the extent finally determined to have resulted from the willful misconduct or fraudulent behavior of PricewaterhouseCoopers LLP relating to such services.

Dispute resolution procedures

Any controversy or claim between the parties arising out of or relating to this engagement letter or the services provided hereunder (a "Dispute") shall be submitted first to non-binding, confidential mediation, and if not resolved by mediation, then to binding arbitration as described herein. The mediation shall be conducted in accordance with these procedures and, except to the extent inconsistent with these procedures, the Mediation Procedure of International Institute for Conflict Prevention and Resolution ("CPR") then in effect.

A party shall submit a Dispute to mediation by written notice to the other party or parties. The mediator shall be selected by mutual agreement of the parties. If the parties cannot agree on a mediator, the CPR shall designate a mediator in accordance with its Mediation Procedure. Any mediator must be acceptable to all parties and must confirm in writing that he or she is not, and will not become during the term of the mediation, an employee, partner, executive officer, director, or substantial equity owner of PricewaterhouseCoopers LLP or any PricewaterhouseCoopers LLP audit client.

The mediator shall conduct the mediation as he/she determines, with the agreement of the parties. The mediation shall be treated as compromise and settlement negotiations under the standards set forth in the Federal Rules of Evidence and all applicable state counterparts, together with any applicable statutes protecting the confidentiality of mediations or settlement discussions. The mediator may not testify for either party in any later proceeding relating to the Dispute. The mediation proceeding shall not be recorded or transcribed. Each



party shall bear its own costs (including attorneys' fees) of the mediation. The parties shall share equally the fees and expenses of the mediator.

If the parties have not resolved a Dispute within 90 days after the written notice beginning the mediation process is served (or a longer period, if the parties agree to extend the mediation), the mediation shall terminate and the Dispute shall be settled by binding arbitration. The arbitration shall be conducted in accordance with these procedures and, except to the extent inconsistent with these procedures, the Rules for Non-Administered Arbitration of the International Institute for Conflict Prevention and Resolution ("Rules") then in effect. The arbitration shall be conducted before a panel of three arbitrators selected using the screened process provided in the Rules. The arbitration panel, and not any federal, state or local court or agency, shall have exclusive authority to resolve any dispute regarding the extent to which a Dispute is subject to arbitration, or relating to the interpretation, applicability, enforceability or formation of the engagement letter.

Any Dispute between the parties, including any claims or defenses asserted, and the interpretation of the engagement letter shall be governed by the law of New York State, without giving effect to its choice-of-law rules. The arbitrators may render early or summary disposition of some or all issues, after the parties have had a reasonable opportunity to make submissions on those issues. Discovery shall be conducted in accordance with the Rules. Upon a showing that the evidence sought is material to the Dispute, hearing sessions attended by one or more panel members may be convened to secure (i) documents from third-party witnesses, if the production cannot reasonably be obtained by other means; and/or (ii) testimony from third-party witnesses who could not be compelled to attend the arbitration hearing at its scheduled location.

Judgment on an arbitration award may be entered in any court having jurisdiction. All aspects of the arbitration shall be treated as confidential, except to the limited extent necessary to obtain entry of the award by a court. The arbitration panel shall have no power to award non-monetary or equitable relief of any sort.

The arbitration panel shall have no power to award damages that are punitive in nature, that do not measure a party's actual damages, or that are inconsistent with the Release and Indemnification provisions or any other terms of the engagement letter. The parties further agree that if the arbitration panel determines to award pre- or post-judgment interest, any such interest shall be computed on a simple basis at a rate of three percent. The parties accept and acknowledge that any demand for arbitration must be issued within one year from the date the demanding party becomes aware or should reasonably have become aware of the facts that give rise to the alleged liability and, in any event, no later than two years after the cause of action accrued.

Other PricewaterhouseCoopers firms and subcontractors

PricewaterhouseCoopers LLP is a U.S. firm of the global network of separate and independent PricewaterhouseCoopers firms (exclusive of PricewaterhouseCoopers LLP, the "Other PwC Firms"). PricewaterhouseCoopers LLP may, in its discretion, draw on the resources of and/or subcontract to its subsidiaries and affiliates, the Other PwC Firms and/or third party contractors and subcontractors (each, a "PwC Subcontractor"), in each case within or outside the United States in connection with the provision of the services and/or for internal, administrative and/or regulatory compliance purposes. The Company agrees that PricewaterhouseCoopers LLP may provide information PricewaterhouseCoopers LLP receives in connection with this agreement to the PwC Subcontractors for such purposes. PricewaterhouseCoopers LLP will be solely responsible for the provision of the services (including those performed by the PwC Subcontractors) and for the protection of the information provided to the PwC Subcontractors. You agree that neither you nor any group entity will bring any claim, whether in contract, tort (including negligence) or otherwise against any PwC Subcontractor in respect of this engagement letter or in connection with the services herein.



Timing and fees

Completion of our work is subject to, among other things, 1) appropriate cooperation from the Company's personnel including timely preparation of necessary information, 2) timely responses to our inquiries, and 3) timely communication of all significant matters relating to the subject matter. When and if for any reason the Company is unable to provide such information and assistance, PricewaterhouseCoopers LLP and the Company will mutually revise the fee to reflect additional services, if any, required of us to complete the examination.

Our fees for this examination engagement will be \$875,000 subject to the terms and conditions above. We will advise management should any circumstances arise which may require a change in scope and/or fee.

We also will bill the Company for our reasonable out-of-pocket expenses, any applicable sales, use or value added tax, and our internal per ticket charges for booking travel. Amounts billed for services performed by PricewaterhouseCoopers LLP or PwC Subcontractors shall be considered fees and not expenses.

Invoices rendered are due and payable upon receipt.

Any additional services that may be requested and we agree to provide will be the subject of separate arrangements.

Other matters

PricewaterhouseCoopers LLP is owned by professionals who hold CPA licenses as well as by professionals who are not licensed CPAs. Depending on the nature of the services we provide, non-CPA owners may be involved in providing services to you now or in the future.

In the event we are requested or authorized by you or required by government regulation, subpoena, or other legal process to produce our working papers or our personnel as witnesses with respect to our engagement for you, you will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such a request.

The Company agrees that it will not, directly or indirectly, agree to assign or transfer this engagement letter or any rights, obligations, claims or proceeds from claims against PricewaterhouseCoopers LLP arising out of or in any way relating to this engagement letter, any services provided hereunder, or any fees for this engagement or such services, to anyone, except to an entity with which the Company merges or an entity which acquires all or substantially all of the assets of the Company and where, in either case, the assignee entity agrees to be bound by this provision. Any assignment or transfer by the Company in violation of this paragraph shall be void and invalid.

This engagement letter reflects the entire agreement between us relating to the services covered by this letter. It replaces and supersedes any previous proposals, correspondence and understandings, whether written or oral. The agreements of the Company and PricewaterhouseCoopers LLP contained in this engagement letter shall survive the completion or termination of this engagement.

The Company agrees that PricewaterhouseCoopers may use the Company's name and logo in experience citations.

Notwithstanding any other provision of this engagement letter, PwC and the Other PwC Firms may use the information received under this engagement letter, including tax return information, to develop, enhance, modify and improve technologies, tools, methodologies, services and offerings, and/or for development or performance of data analysis or other insight generation. Information developed in connection with these purposes may be used or disclosed to you or current or prospective clients to provide them services or offerings. PwC



and the Other PwC Firms will not use or disclose the information in a way that would permit the Company to be identified by third parties without the Company's consent.

With respect to tax return information, the Company may request in writing a more limited use and disclosure than the foregoing. The foregoing consent is valid until further notice by the Company.



* * * * *

We are pleased to have the opportunity to provide services to Florida Power & Light Company. If you have any questions about this letter, please discuss them with Dan McGill at (310) 872-8226 or daniel.r.mcgill@pwc.com. If the services and terms outlined in this letter are acceptable, please sign one copy of this letter in the space provided and return it to me. You may return the signed copy by hand, by mail or by air courier, attached to an email as a pdf, jpeg or similar file type sent to me at daniel.r.mcgill@pwc.com, or by electronic signature.

Very truly yours,

DocuSigned by:
PricewaterhouseCoopers LLP
71E95B5ED29540E...
PricewaterhouseCoopers LLP

Date:

July 14, 2023

The services and terms as set forth in this letter are agreed to.

Florida Power & Light Company

DocuSigned by:
Keith Ferguson
2408BB14CFGG421...
Keith Ferguson

Vice President, Accounting and Controller

Date:

July 14, 2023



Exhibit I – Draft Management Assertion

Management Assertion on the Summary of Hurricane Ian Storm Restoration Costs

Management of Florida Power and Light Company (“Florida Power and Light” or the “Company”) asserts that the accompanying Summary of Hurricane Ian Storm Restoration Costs is an accurate presentation of the incremental storm restoration costs incurred for the period from September 25, 2022 through June 30, 2023 based on the criteria described in Notes A and B.

Management also asserts that it has prepared the appropriate documentation to support the accompanying Summary of Hurricane Ian Storm Restoration Costs, as well as established and maintained internal controls over the Summary of Hurricane Ian Storm Restoration Costs, based on the criteria described in Note C and D, respectively.

Report of Independent Accountants

To the Management of Florida Power & Light Company

We have examined the accompanying management assertion of Florida Power & Light Company that (i) the accompanying Summary of Hurricane Ian Incremental Storm Restoration Costs is an accurate presentation of the incremental storm restoration costs incurred for the period from September 24, 2022 through June 1, 2023 based on the criteria described in Notes 1 and 2 and (ii) that appropriate documentation to support the accompanying Summary of Hurricane Ian Incremental Storm Restoration Costs has been prepared, as well as that internal controls over the accompanying Summary of Hurricane Ian Incremental Storm Restoration Costs have been established and maintained, based on the criteria described in Note 3. **Florida Power & Light Company's management is responsible for the assertion. Our responsibility is to express an opinion on management's assertion based on our examination.**

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. **An examination involves performing procedures to obtain evidence about management's assertion.** The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. In performing our examination, consistent with the Florida Power & Light Company Hurricane Irma settlement issued on August 1, 2019 (Docket No. 20180049-EI), our examination procedures included the following activities:

- i. Interviewed key personnel
- ii. Reviewed operating policies and procedures
- iii. Reviewed relevant documents, such as executed contracts, labor and equipment rates, established work day hours, over time and double time criteria, and vendor employee rosters
- iv. Compared vendor employee rosters to approved timesheets and expense receipts
- v. Inspected and compared paid invoices to submitted expense receipts and timesheets

We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements related to the engagement.

Management's assertion and our examination procedures were limited to evaluating the accuracy of the information presented in the Summary of Hurricane Ian Incremental Storm Restoration Costs and did not consider the completeness of the information presented in the Summary of Hurricane Ian Incremental Storm Restoration Costs.

The supplemental information to the Summary of Hurricane Ian Incremental Storm Restoration Costs, included on page 8, has been presented by Florida Power & Light Company for additional analysis. **Florida Power & Light Company's filing on January 23, 2023 (Docket No. 20230017) was not part of our examination engagement, and accordingly, we do not express an opinion or provide any assurance on Florida Power & Light Company's filing on January 23, 2023 (Docket No. 20230017) or the supplemental information.**

In our opinion, management's assertion is fairly stated, in all material respects.

PricewaterhouseCoopers LLP

Columbus, Ohio
October 17, 2023

Management Assertion on the Summary of Hurricane Ian Incremental Storm Restoration Costs

Management of Florida Power & Light Company ("FPL" or the "Company") asserts that the accompanying Summary of Hurricane Ian Incremental Storm Restoration Costs is an accurate presentation of the incremental storm restoration costs incurred for the period from September 24, 2022 through June 1, 2023 based on the criteria described in Notes 1 and 2.

Management also asserts that appropriate documentation to support the accompanying Summary of Hurricane Ian Incremental Storm Restoration Costs has been prepared, as well as that internal controls over the accompanying Summary of Hurricane Ian Incremental Storm Restoration Costs have been established and maintained, based on the criteria described in Note 3.

Florida Power & Light Company
Summary of Hurricane Ian Incremental Storm Restoration Costs
As of June 1, 2023

<u>Incremental Storm Losses</u>		<u>Amount</u>
		<u>(\$000)</u>
A	Regular Payroll and Related Costs	\$6,001
B	Overtime Payroll and Related Costs	28,715
C	Contractors	564,784
D	Line Clearing	165,704
E	Vehicle & Fuel	32,834
F	Materials & Supplies	16,024
G	Logistics	204,781
H	Other	7,574
Total Incremental Storm Restoration Costs		<u>\$1,026,418</u>

Note: Totals may not add due to rounding.

The accompanying notes are an integral part of this Summary of Hurricane Ian Incremental Storm Restoration Costs.

Florida Power & Light Company
Notes to the Summary of Hurricane Ian Incremental Storm Restoration Costs
As of June 1, 2023

1. Background

Florida Power & Light Company ("FPL" or the "Company") is a public utility providing electric service to more than 5.8 million customers in Florida.

In September 2022, Hurricane Ian struck the Company's service territory, severely damaging parts of the electrical system and causing power outages. In total, FPL restored service to more than 2.1 million customers. The accompanying Summary of Hurricane Ian Incremental Storm Restoration Costs includes the total incremental storm restoration costs incurred for the period September 24, 2022, through June 1, 2023 to repair FPL's electrical system as a direct result of the effects of Hurricane Ian.

For purposes of this assertion, incurred costs are those for which 1) employees, or employees of affiliated companies, have delivered a service for which base pay, overtime, and related costs and overheads have been paid, or 2) vendors have delivered a service for which an amount has been paid or is owed to the vendor.

Accounting Policies & Regulation

The Company's accounting policies conform to generally accepted accounting principles in the United States of America (US GAAP), including the accounting principles for rate-regulated entities and are in accordance with the accounting requirements and ratemaking practices of the applicable regulatory authorities of the Florida Public Service Commission (FPSC). Specifically, the FPSC requires FPL to adhere to Florida Administrative Code (FAC) Rule 25-6.0143 and FPSC Order No. 2019-0319-S-EI, Docket No. 20180049-EI, issued on August 1, 2019 (hereinafter referred to as the "2019 Irma Storm Cost Settlement Agreement"), which resolved all issues related to the recovery of storm restoration costs associated with Hurricane Irma. FPL's operations are subject to regulation by the Federal Energy Regulatory Commission (FERC) and FPL's retail operations are also subject to regulation by the FPSC.

2. Cost Identification and Basis of Preparation

FPL is required to follow the Incremental Capital and Cost Approach ("ICCA") Methodology set forth in Rule 25-6.0143 FAC and "proposed procedures for processing invoices from third-party storm restoration contractors" in the 2019 Irma Storm Cost Settlement Agreement. Based on these requirements, the incremental storm restoration costs for Hurricane Ian incurred during the period from September 24, 2022 through June 1, 2023 include the following:

- A. **Regular Payroll and Related Costs** represents labor costs (base pay and payroll overheads) incurred by employees of FPL for time spent related to storm restoration activities. Only those actual labor costs charged to the storm internal orders (i.e., charge codes) that were comprised of base pay plus overheads for employees of FPL whose cost would otherwise have been recovered via existing regulatory mechanisms ("base employees") greater than the operation and maintenance expense three-year average for the same month, were deemed recoverable under the ICCA methodology set forth in FAC 25-6.0143*.
- B. **Overtime Payroll and Related Costs** represents labor costs (overtime pay and payroll overheads) incurred by employees of FPL for time spent related to storm restoration; activities as governed by FPL's bargaining unit employee compensation policy and FPL's storm compensation policy. Only those actual labor costs charged to storm restoration internal orders (i.e., charge codes) that were comprised of overtime pay plus overheads for employees of FPL whose cost would otherwise have been recovered via existing regulatory mechanisms ("base employees") greater than the operation and maintenance expense three-year average for the same month, were deemed recoverable under the ICCA methodology set forth in FAC 25-6.0143*.

- C. **Contractors** represents labor costs (base pay, overtime) and other expenses (e.g., lodging, per diem, and fuel) incurred by third party overhead and underground line contractors hired for storm restoration activities. Contractors primarily relate to crews from Florida and out-of-state that are not employees of FPL or its affiliate entities. Contractor costs were evaluated on a monthly basis and only those actual contractor labor costs charged to storm restoration internal orders (i.e., charge codes) that were greater than the operation and maintenance expense three-year average for the same month, were deemed recoverable under the ICCA methodology set forth in FAC 25-6.0143*. Contractors are third party vendors providing contract services in the utility industry.
- D. **Line Clearing** represents third party vendor costs incurred for vegetation management services related to storm restoration activities. Costs incurred for vegetation management were evaluated on a monthly basis and only those actual vegetation management costs charged to storm restoration internal orders (i.e., charge codes) that were greater than the operation and maintenance expense (excluding vegetation management costs recovered through existing regulatory mechanisms) three-year average for the same month, were deemed recoverable under the ICCA methodology set forth in FAC 25-6.0143*. Since FPL recovers all actual vegetation costs incurred through the storm charge or the Storm Protection Plan Cost Recovery Clause, there is no need for an ICCA.
- E. **Vehicle and Fuel** represents costs incurred for fuel provided at staging sites by way of fueling trucks, miscellaneous fuel costs and costs associated with the utilization of FPL vehicles related to storm restoration activities. Fuel costs were evaluated on a monthly basis and only those actual fuel costs charged to storm reserve project work orders (i.e., charge codes) that were greater than the operation and maintenance expense three-year average for the same month, were deemed recoverable under the ICCA methodology set forth in FAC 25-6.0143*. Per FAC 25-6.0143, vehicle utilization is prohibited from being charged to the storm reserve and therefore removed from total Vehicle and Fuel costs.
- F. **Materials and Supplies** represents costs of materials issued out of inventory and related transportation and other charges, net of returns.
- G. **Logistics** represent third party vendor costs incurred related to providing staging areas for employees of FPL, employees of affiliate entities of FPL, and contractors at locations throughout the service territory in which FPL provided storm restoration services to customers. Includes, but not limited to, hotel/lodging, catering, ice, water, tents, and generators.
- H. **Other** represents various other expenses not included in the above cost categories, including, but not limited to, employee related expenses (e.g., mileage and cell phone charge reimbursement), securing and repairing corporate facilities, and payroll and overheads associated with support provided by employees from FPL's affiliates.

**Under the ICCA methodology set forth in FAC 25-6.0143, additional internal and contract labor hired (or related costs) and fuel costs for storm restoration activities (i.e., transmission and distribution (T&D) utility field activities) (including vegetation management) were only charged to the storm reserve project work orders when greater than the actual monthly average of internal and contract labor (or related) costs and fuel costs, respectively, charged to operation and maintenance expense for the same month in the three previous calendar years. The three-year average was based on calendar years 2019-2021. As permitted by FAC 25-6.0143, and as applicable, management adjusted the historical monthly internal and contract labor (or related) costs and fuel costs charged to operation and maintenance expense from calculated monthly averages. Each adjustment was properly documented, including a detailed explanation of the nature and derivation of the adjustment.*

3. Documentation and Internal Controls

Storm Cost Documentation

For purposes of this assertion, “appropriate documentation to support the accompanying Summary of Hurricane Ian Incremental Storm Restoration Costs has been prepared” means the following:

- i. For all Hurricane Ian costs summarized in Note 2, a detailed listing of transactions from FPL’s general ledger.
- ii. For types A and B in Note 2, a labor analysis workpaper, which summarized the payroll costs presented in the Summary, including the inputs used to calculate the actual labor costs charged to storm restoration internal orders (i.e., charge codes) that were greater than the operation and maintenance expense three-year average for the same month.
- iii. For types C and D in Note 2, a reconciliation of files by third party vendor, which included electronic timesheets and expense information from the iStormed App or “flat files” containing detailed information by contractor including crew information and daily timesheets with billing and point of origin location, distance to travel, travel days, dates secured, date started travel, date arrived, date released, time released, released to whom and, if vendor travels home, the date arrived at home, and claimed expenses such as lodging, per diem, and fuel not otherwise provided by FPL.
- iv. For type C in Note 2, a contractor analysis workpaper, which summarized the contractor labor costs related to restoration presented in the Summary, including the inputs used to calculate the actual restoration contractor labor costs charged to storm restoration internal orders (i.e., charge codes) that were greater than the operation and maintenance expense three-year average for the same month.
- v. For third party services and out-of-pocket costs incurred in connection with types C through E and G through H in Note 2, a summary in a format that shows total billing by vendor.
- vi. For type E in Note 2, a fuel analysis workpaper, which summarized the fuel costs presented in the Summary, including the inputs used to calculate the actual fuel costs charged to storm restoration internal orders (i.e., charge codes) that were greater than the operation and maintenance expense three-year average for the same month.
- vii. The Company’s request and collection of support obtained for invoice payment was not limited to a pre-established materiality threshold therefore for types C through H in Note 2, storm restoration costs approved for payment are supported by the items described in 2) and 3) in Note 3.

Internal Controls

For purposes of this assertion, "internal controls over the Summary of Hurricane Ian Incremental Storm Restoration Costs have been established and maintained" means the following:

Control objective

To ensure that storm restoration costs incurred and included in the Company's Summary of Hurricane Ian Incremental Storm Restoration Costs are accurate and meet the criteria necessary for recovery under the 2019 Irma Storm Cost Settlement Agreement.

Control activities

- 1) For the analysis workpapers described in ii., iv and vi. in Note 3, an individual other than the preparer of the analysis reviewed the analysis and documented their approval of the analysis.
- 2) For each line clearing and overhead contractor (types C and D in Note 2), described in iii. in Note 3, "flat files" exported from the iStormed App containing timesheet and expense data. There are multiple levels of review/approval through the production lead overseeing the team in the field, finance and cost finalization review/approval for adherence to the contract. Additionally, the Company prepared a storm audit narrative, and check list summarizing the review process of the Cost Finalization team and the Company's conclusions with respect to the accuracy of such costs, including but not limited to, the Company's review for reasonableness, allowability and compliance with contract terms.
- 3) For each third-party vendor invoice described in iii. and v. in Note 3, an individual other than the preparer of the storm restoration costs approval documentation reviewed the invoice, supporting documentation, and where applicable, the storm audit narrative.
- 4) For the Summary of Hurricane Ian Incremental Storm Restoration Costs, the numerical schedules and accompanying notes have been reviewed and approved by the Company's Vice President, Accounting and Controller.
- 5) The company determines its capitalized costs as follows. An individual other than the preparer of the amounts included in the calculations reviews and documents their approval.
 - a. Distribution storm restoration capital work is calculated utilizing the material issued to the storm internal orders. The material and related labor is identified as capital based on the predetermined classification in the work management system and mapping to retirement units.
 - b. For Distribution follow-up work and all other capital work across FPL, the process follows the same business process as it does under non-storm conditions where the necessary work is designed and engineered and bid out. The capitalized costs are removed from the storm internal orders and booked to capital internal orders at the respective business unit level.

Florida Power & Light Company
Supplemental information to the Summary of Hurricane Ian Incremental Storm Restoration Costs (unaudited – not part of the examination engagement)
As of June 1, 2023

The information to the Summary of Hurricane Ian Incremental Storm Restoration Costs is a roll forward of the incremental storm restoration costs recognized as of December 31, 2022 (the date of the Company's original filing with the FPSC) to June 1, 2023 for costs incurred for the period from September 24, 2022 through June 1, 2023 plus recoverable costs related to the third party examination of the Summary of Hurricane Ian Incremental Storm Restoration Costs.

	Incremental Storm Restoration Costs (\$000)
Recognized as of December 31, 2022 (presented in Petition filed on January 23, 2023, Docket No. 20230017)	\$ 1,137,313
<u>Adjustments subsequent to filing on January 23, 2023:</u>	
Storm Restoration Costs Changes:	
Change in Contractor Costs	(165,216)
Change in Line Clearing Costs	20,368
Change in Logistics Costs	(21,652)
Change in Other Costs	2,001
	(164,499)
Less: Capital and ICCA Changes:	
Change in Capitalizable Costs	(56,907)
Change in ICCA Adjustments	3,303
	(53,604)
Recognized as of June 1, 2023 (Presented in Management's Assertion)	\$ 1,026,418
Additional costs incurred after June 1, 2023 for Hurricane Ian Incremental Storm Restoration Costs:	
Third Party Examination of Hurricane Ian Incremental Storm Restoration Costs Summary	\$875
Total Hurricane Ian Incremental Storm Restoration Costs	\$ 1,027,293

Note: Totals may not add due to rounding.

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QUESTION:

Please provide documentation from FPL's independent audit, such as the audit program, that reflects the purpose, scope, and activities specified in Section 18 (a) and (c).

RESPONSE:

See FPL's supplemental response to Staff's Second Set of Data Requests, No. 1.

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QUESTION:

If not included in the Company's response to Item 2, please list the key personnel interviewed or to be interviewed for the audit.

RESPONSE:

The following key personnel were interviewed by the outside independent auditor, PricewaterhouseCoopers LLP, as part of its examination and evaluation of the Hurricane Ian Incremental Storm Restoration Cost:

<u>Name</u>	<u>Title</u>	<u>Business Unit</u>
Keith Ferguson	VP Accounting and Controller	FPL Finance
Liz Fuentes	Executive Director Regulatory Accounting	FPL Finance
Loretta Duran	Accounting Manager	FPL Finance
Monica Vargas	Principal Accountant	FPL Finance
Katerina Kramarchuk	Regulatory Issues Manager	Regulatory Affairs
Jennifer Walker	Director of Property Accounting	Accounting
Marisa Suarez	Director Finance Operations	Accounting
Dianne Lavado	Senior Manager Accounting	Accounting
Karla Barnes	Senior Accounting Technician	Accounting
Jeanne Catron	ISC Business Unit Strategy Senior Manager	Supply Chain
Benjamin Brodbeck	Senior Manager Emergency Preparedness	Supply Chain
Max Avila	ISC Business Unit Strategy Senior Manager	Supply Chain
Charlene Damron	Senior Emergency Preparedness Specialist	Power Delivery
Michael Mccurdy	Manager Payroll	Human Resources
Debra Moye	Tax Manager	Tax
Amber De Lucenay	Director Business Services	Power Delivery
Marianna Preston	Principal Business Analyst	Power Delivery
Nicole Desposati	Manager of Finance	Power Delivery
David Martelo	Director Business Services	Power Delivery
Corey Kramer	Manager Business Services	Power Delivery