BEFORE THE FLORIDA
PUBLIC SERVICE COMMISSION

DOCKET NO. 060038-EI
FLORIDA POWER & LIGHT COMPANY

IN RE: FLORIDA POWER & LIGHT COMPANY'S PETITION FOR ISSUANCE OF A STORM RECOVERY FINANCING ORDER

APRIL 10, 2006

REBUTTAL TESTIMONY & EXHIBITS OF:

GEISHA J. WILLIAMS

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Q. Please state your name and business address.

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

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

A. Yes.

Q. Are you sponsoring an exhibit in this case?

A. Yes. I am sponsoring an exhibit consisting of four documents, GJW-7 through GJW-10, which is attached to my rebuttal testimony.

Q. What is the purpose of your rebuttal testimony?

A. I will respond to the portions of the testimony submitted on behalf of the Office of Public Counsel (OPC) by James S. Byerley that relate to his opinions on FPL's pole inspection and vegetation management programs as well as his associated proposed disallowances of pole and conductor storm restoration costs. Additionally, I will respond to the portions of the testimonies of Hugh Larkin, Jr. and Donna DeRonne, also of OPC, regarding certain proposed adjustments to FPL's storm restoration costs.

FPL's POLE INSPECTION AND VEGETATION MANAGEMENT PROGRAMS (BYERLEY)

Q. Mr. Byerley criticizes FPL's distribution pole inspection and vegetation management programs and calculates pole and conductor restoration costs incurred as a result of Hurricane Wilma that he contends should be disallowed because they allegedly relate to pole deterioration or to "preventable" vegetation damage to poles. Do you agree with Mr. Byerley's contentions?

A. No. First, Mr. Byerley's criticism of the pole inspection and vegetation programs is unsupported by any credible evidence and is completely at odds with FPL's strong reliability in both hurricane and non-hurricane conditions. Specifically with respect to Hurricane Wilma, FPL's poles performed excellently, consistent with what one would expect in a hurricane of Wilma's intensity, and better than other utilities' poles under similar conditions. Moreover, vegetation management is essentially a non-issue with respect to pole damage in Hurricane Wilma, as KEMA concluded that only an insignificant percentage of poles broke due to preventable tree damage during that storm.

Second, Mr. Byerley's quantification of costs that he would disallow is preposterously inflated, even if one were to accept his flawed rationale for disallowance. Using the logic of his calculations but with realistic inputs, his proposed disallowance for pole deterioration would be reduced by over 90%,

and his proposed disallowance for vegetation-related pole damage would be reduced even more, to less than 0.1% of his figure. And even these reduced figures do not reflect the netting of added costs that would be concomitant with Mr. Byerley's proposals.

POLE INSPECTIONS

Q. Does FPL have an effective pole inspection program?

A. Yes. FPL's pole inspection program, consisting of three initiatives, has produced excellent pole performance for many years under both non-hurricane and hurricane conditions. Document No. GJW-7 shows historical non-hurricane outages related to pole conditions from 1993-2005. As can be seen, these outages were negligible, averaging 125 outages per year, or just 0.14% of FPL's total outages per year. For each of the last two years, when FPL's service territory was impacted by an unprecedented seven hurricanes, the percentage of poles that had to be replaced due to these storms was less than 1% per year. This clearly demonstrates that FPL's poles, throughout its entire system, have performed consistently well. Any reliability program ultimately should be measured by the results that it achieves, and I would conclude from these results that FPL's pole inspection program has successfully ensured that FPL's pole infrastructure is sound, well-maintained and resilient.

Q. How does FPL's pole performance in hurricane conditions compare to the pole performance of other utilities facing similar hurricanes?

A. Very well. In February 2006, Davies Consulting, Inc. (Davies) prepared an independent analysis for FPL that addressed the impact of hurricanes of varying strength on pole replacements for FPL and ten other utilities. For FPL, the Davies study used pole failure rates (i.e., percentage of poles replaced) from Hurricanes Andrew (1992), Charley, Frances and Jeanne (2004), and Katrina and Wilma (2005). It compared that data to pole failure rates for the other utilities resulting from Hurricanes Hugo (1989), Floyd (1999), Isabel (2003), Ivan (2004), and Katrina and Wilma (2005). The Davies results are depicted on Document No. GJW-8. They show that (i) there is a strong correlation between the percentage of poles requiring replacement and the strength of the storms, and (ii) FPL's pole replacement rates have been consistently lower than those of other utilities for storms of comparable strength. FPL's strong pole performance relative to other utilities is a testament to the effectiveness of its pole inspection program as well as FPL's more stringent construction standards .

Q. What are the three initiatives that comprise FPL's pole inspection program?

A. First, FPL has a targeted initiative of intensive pole inspections that are performed by a contractor (Osmose) in certain geographic areas with high populations of older, creosote poles. Second, FPL routinely conducts visual inspections of its feeder poles in conjunction with its Thermovision initiative

(which detects "hot spots" on electrical equipment). Finally, FPL's line crews perform careful hazard assessments of poles on which they are preparing to do work. Together, these three pole inspection initiatives help ensure the exemplary pole performance I just described.

Q. Mr. Byerley criticizes FPL for not having extended the Osmose initiative to the entire FPL pole population on a regular inspection cycle. In your opinion, would this have been appropriate for FPL to implement?

A. No. FPL wants to provide reliable electric service at the lowest possible cost for its customers. Each year, we review and evaluate numerous initiatives before selecting the ones that deliver the best value to our customers, optimizing the balance between reliability and cost. We do not fund all of the initiatives, nor should we, as the benefits of some initiatives are low relative to their costs. FPL has been extremely successful in applying this balance, as our base rates are considerably lower than they were seven years ago, reliability has improved, and our reliability results compare favorably to other utilities within the state as well as nationally.

FPL's selective implementation of the Osmose initiative is a good example of this approach. The Osmose initiative provides very thorough pole inspections, at a higher cost per pole. It made sense to incur a higher inspection cost per pole in areas where there was a population of older, creosote poles that particularly warranted close inspection. For newer poles, however, the likelihood of deterioration is low and hence it was hard to justify the higher

cost per pole for an Osmose-type inspection. Accordingly, FPL limited its Osmose initiative to areas with a high percentage of older, creosote poles where the higher inspection cost would do the most good.

Q. Mr. Byerley criticizes the visual pole inspections that are performed as part of the Thermovision intiative as ineffective in identifying pole deterioration. Is this criticism warranted?

A. No. They are conducted by individuals who have a great deal of experience in evaluating the condition of poles. The thermographers and inspectors in the Thermovision initiative program have extensive training and utility experience. Almost all of them have been in the Thermovision initiative since its inception in 1998, and their FPL experience averages 24 years, with a range of 19-31 years.

Q. On page 20 of his testimony, Mr. Byerley suggests that the pole inspections performed as part of FPL's Thermovision initiative must not have been effective, because they did not identify as high a percentage of deteriorated poles as the Osmose initiative? Is this a valid comparison?

A. No. It is apples to oranges. FPL's Thermovision initiative program targets feeders, whereas the Osmose initiative does not. Because a feeder outage can impact a greater number of customers than a lateral outage, FPL's feeders are inspected more frequently than laterals. Therefore, the likelihood of finding a previously unidentified deteriorated pole on a feeder is inevitably lower than on a lateral. Additionally, approximately 80% of the poles utilized in our feeders are either concrete or copper chromium arsenate (CCA), which

historically have shown virtually no signs of deterioration. The percentage of either CCA or concrete poles used in laterals is much lower. Finally, as I previously mentioned, the Osmose initiative is intentionally targeted at pole populations that are known to be older. It is hardly surprising that the percentage of such poles showing deterioration would be higher than would be the case for an inspection of the general pole population. As a result of all these factors, one would naturally expect the percentage of deteriorated poles identified in the Osmose initiative to be considerably higher than those identified through the Thermovision initiative.

Q. Do you agree with Mr. Byerley's conclusion, on page 22 of his direct testimony, that the inspections conducted by FPL's linemen through hazard assessments before they perform work on poles cannot "truly be classified as pole inspections"?

A. No. In fact, it is mystifying to me how someone with Mr. Byerley's prior experience in the electric utility industry could make such a statement.

FPL's work practices require checks to be performed prior to climbing or working on a pole. This would include work performed in a bucket truck, if that work might result in additional stress on the pole. The hazard assessment includes visual checks for issues like buckling at the ground line, unusual angle in respect to the ground, cracks, holes, hollow spots, shell rot, decay, knots, soil conditions, and burn marks. A hammer test from the ground level all the way around the pole up to six feet from ground is performed to check

for decay pockets. Additionally, a screwdriver is used to prod the pole as near the ground level as possible to identify decay. Finally, in order to check the pole's stability, the pole is rocked back and forth by a pike pole or pulled with a rope. If any issues are identified, they are noted on the hazard assessment form, which crews must submit daily. Contrary to Mr. Byerley's suggestion, these steps are part of FPL crews' daily work habits. Non-compliance issues are appropriately addressed by local management.

In summary, I believe that any reasonable person would conclude that these inspections and the documentation of the inspection findings constitute a legitimate pole inspection.

Q. Mr. Byerley notes that the KEMA report and FPL internal documents make reference to "pole deterioration" as a contributing factor to pole breakage. Does Mr. Byerley correctly understand the use of that term by KEMA and FPL?

A. Clearly not. Mr. Byerley has misconstrued references to "deterioration" to mean that the poles in question had such extensive deterioration that they failed because of it. In fact, as used by both KEMA and FPL, the term simply indicates that there was visible evidence of deterioration on a broken pole when it was inspected as part of FPL's post-hurricane forensics efforts. The forensics teams made simple, binary determinations of whether or not they saw deterioration. They were not attempting to determine, and did not

determine, that particular poles broke due to the visible deterioration that they observed.

Q. Does the presence of deterioration indicate that a pole should not have been in service or that it broke because of the deterioration?

A. No. It is expected that wooden poles will deteriorate over time, but so long as they continue to meet the applicable strength requirements, there is no reason to take them out of service. The National Electrical Safety Code (NESC), as well as FPL's internal standards, expressly recognize and allow for the natural fact of pole deterioration. I analogize pole deterioration to wear on a car tire, which is designed to wear over time. Only brand new tires show no sign of wear. Indeed, almost all car tires show signs of wear, but that does not mean they are deemed unsafe or require replacement; only when the wear exceeds established limits does one need to replace the tire. Similarly, a wooden pole is expected to deteriorate slowly over time, and the mere fact that one can see this deterioration does not mean it is unsafe or should be replaced.

Q. Mr. Byerley made a "windshield tour" of a small portion of FPL's system in Palm Beach County, which he says helped him to conclude that FPL has an inadequate pole inspection and maintenance program. Do the results of this "windshield tour" provide a credible basis for such a conclusion?

A. Not at all. The "windshield tour" covered far too small an area and was conducted with no sampling protocols that would allow its results to be statistically meaningful or even to provide useful qualitative insights.

Moreover, Mr. Byerley ignored pole ownership, as some of his pictures are of non-FPL facilities. There is, however, one observation that I would like to make about Mr. Byerley's "windshield tour." It was clearly intended to seek out and document evidence of deteriorated poles. Certainly some of the photographs Mr. Byerley took show visible deterioration. As I discussed above, deterioration is both expected and planned for within the design and operating standards and does not indicate that a pole should be replaced. Indeed, what is important to keep in mind is that poles in Mr. Byerley's photographs *withstood* Hurricane Wilma, in spite of their "deteriorated" condition as perceived by Mr. Byerley on his "windshield tour". It would be hard to find more convincing proof of the point I made earlier, that the mere presence of visible deterioration does not mean that the deterioration will cause a pole to break, even under hurricane conditions.

Q. On page 24 of his direct testimony, Mr. Byerley concludes that some of the poles he observed "may have been set at too shallow a depth, because the birthmarks were located 8-10' above the ground line, rather than at or slightly above the eye level of height." Do you agree with Mr. Byerley's conclusion?

A. No. While historically it was a fairly common rule of thumb that "birthmarks" will be placed on poles at a distance from the end of the pole that would allow them to be viewed at eye level when the pole is set, FPL has found that this rule of thumb can no longer be relied upon. Pole manufacturers today place their "birthmarks" at different locations on the pole. FPL's distribution poles

are typically set at depths of five to seven feet, depending on the length of the pole installed. That may or may not put the "birthmark" at eye level, depending on the pole manufacturer.

Q. What comments do you have about Mr. Byerley's observations of FPL's pole retention yard and his determination that 20-25% of the poles he observed were deteriorated?

A. Again, Mr. Byerley inspected far too few poles for his conclusions to be meaningful. At deposition, Mr. Byerley acknowledged that he looked at only five to seven percent of the poles, and that he chose the ones to inspect based upon convenience and accessibility. Moreover, Mr. Byerley has acknowledged that his observations included no knowledge of pole ownership. As is noted in the KEMA report, approximately 45% of the poles included in the forensic sample were non-FPL poles. In any event, as I have explained, the fact there is deterioration on a pole does not mean it will fail under hurricane conditions.

Q. On page 27 of his direct testimony, Mr. Byerley has proposed to disallow $22.6 million of restoration costs that he says were associated with the breakage of "deteriorated" poles during Hurricane Wilma. Do you agree with Mr. Byerley's proposal?

A. No. It is fatally flawed at several levels. First, Mr. Byerley's proposal is premised on a conclusion that FPL's pole inspection program was inadequate. That conclusion is simply insupportable. Let me summarize the facts about the performance of FPL's and its pole inspection program:

(1) FPL's non-hurricane pole performance is excellent;

(2) FPL's pole performance in hurricanes has been consistent with expectations given the intensity of the hurricanes, and it compares favorably to other utilities' pole performance in hurricanes; and

(3) FPL has thorough pole inspection and maintenance programs, which have contributed to these excellent pole performance results.

In short, the evidence shows that FPL's pole inspection and maintenance record is exemplary, not deficient as Mr. Byerley's disallowance proposal would suggest.

Second, Mr. Byerley's proposal is necessarily premised upon the assumption that poles for which visible deterioration had been reported, in fact, broke because of that deterioration. However, he has no evidence to support this premise. His entire calculation is based upon the notations made by FPL's forensics teams when they inspected broken poles after Hurricane Wilma. As I explained earlier, the forensics teams recorded the presence of deterioration every time they saw it on a broken pole, irrespective of the role, if any, that the deterioration may have played in causing the pole to break. Simply put, there is no information available indicating that any pole failed due to deterioration - only that some of the poles showed a level of deterioration, a natural and expected fact among any wood pole population.

Finally, even if one accepted Mr. Byerley's insupportable conclusion that FPL's pole inspection program was inadequate and one overlooked the absence of any established link between the reported presence of deterioration and pole breakage, Mr. Byerley's calculation is based on faulty assumptions that result in a gross overstatement of his recommended disallowance. These faulty assumptions are:

(1) Over-estimating the number of FPL distribution poles replaced by approximately 900 poles. Mr. Byerley says that 7,400 FPL-owned poles failed and were replaced after Wilma. In fact, FPL estimates it replaced approximately 11,400 distribution poles, of which 4,900 were non-FPL poles and 6,500 were FPL poles.

(2) Using 1/3 and 2/3, respectively, to determine the proportion of feeder and lateral poles that are creosote. In fact, FPL's statistics show that creosote poles are approximately 20% of total feeder poles and 35% of total lateral poles.

(3) Using $6,800 as the cost of replacing a pole in storm recovery conditions (i.e., $1,700 normal replacement cost times a "storm recovery" multiplier of four). He has incorrectly used a figure for the normal replacement cost that includes other costs, e.g., costs to transfer facilities, which are not part of the pole cost. In addition, he provides no basis for his inflated "storm recovery" multiplier of four. FPL currently estimates the replacement cost for poles in storm recovery conditions to be approximately $2000, based on its 2005 storm restoration costs.

(4) His approach of using the 2004 relationship between total conductor replacement costs (Account 365) and total pole replacement costs (Account 364) to estimate the amount of conductor damage that would be associated with pole breakage results in a gross overstatement of the associated conductor damage. Account 365 includes the costs for *all* conductor restoration costs, whether or not they were associated with pole breakage. FPL's reporting systems do not specifically capture or track conductor damage caused by pole failures; however, based on FPL's experience, approximately 90% of damage to conductor during a storm results from wind, trees, and debris. Additionally, most conductor that is replaced due to pole breakage, is attached to feeder poles, which are overwhelmingly newer CCA poles. It is an accepted and common practice for conductor attached to fallen poles to be spliced and reused. In fact, the overhead guidelines that are used to give direction to foreign crews repairing facilities after a storm, state for feeder and lateral conductor that splicing is to be considered as the first option. For all these reasons, Mr. Byerley's conductor-to-pole cost ratio is substantially overstated.

Combining the effects of these adjustments to Mr. Byerley's disallowance proposal, I calculate that, using his same logic but more realistic inputs, the disallowance would be approximately $1.8 million instead of $22.6 million. Moreover, even this $1.8 million figure would be inflated, because Mr. Byerley's disallowance is premised upon the notion that the "deteriorated"

poles which broke in Hurricane Wilma should have been detected and replaced earlier by more aggressive inspections. If one were to follow this logic, then the cost of the earlier more aggressive inspections, and of the pre-storm detection and replacement of the poles, should be netted against the amount he calculates for replacing the poles post-storm in order to arrive at the true incremental cost of not replacing the deteriorated poles before the storm. There are too many unknowns to calculate the precise amount that would be netted, but I am confident that it would equal or exceed the $1.8 million disallowance amount I just calculated.

VEGETATION MANAGEMENT

Q. Does FPL have a successful vegetation management program?

A. Yes. FPL's vegetation management performance (i.e., the percentage of total outages represented by vegetation-related outages) has been and is in line with other utilities in the state as well as nationally. Most recently, vegetation-related outages have decreased 21% in 2004 and another 31% in 2005. As a result, vegetation-related outages in 2005 were 45% lower than in 2003 and 14% lower than in 1999. This performance has been achieved despite some difficult challenges. Tree density (trees per mile) in FPL's service territory is twice the national average. Additionally, Florida's climate and 12 month growing season result in some of the highest tree re-growth rates in the nation.

Moreover, FPL's vegetation management program is an important component of FPL's overall maintenance and reliability program, which has achieved excellent results. FPL's SAIDI, the most relevant reliability indicator for customers since it encompasses both the average frequency and average duration of outages, compares favorably within the state and ranks in the top quartile nationally – a level of performance that could only be achieved with an effective vegetation management program.

Q. Has Mr. Byerley offered any meaningful criticism of FPL's vegetation management program?

A. No. All he has pointed to is an increase in vegetation-related outages in the 1999-2003 period. He disregards the substantial reductions in FPL's 2004 and 2005 vegetation-related outages that I just described, as well as the fact that FPL's vegetation-related outages in 2004 were below the national average and that FPL's overall reliability improved throughout the 1999-2003 period.

Q. On page 31 of his direct testimony, Mr. Byerley has proposed to disallow $11.3 million of restoration costs that he says were associated with the "preventable" breakage of poles during Hurricane Wilma. Do you agree with Mr. Byerley's proposal?

A. Absolutely not. As with his disallowance proposal concerning "deteriorated" poles, it is fatally flawed at several levels.

First, Mr. Byerley's disallowance proposal is premised on his conclusion that FPL's vegetation management program was inadequate. For the reasons I just

discussed, Mr. Byerley offers no credible support for that conclusion. In fact, the reality is just the opposite: FPL has a strong program that deals effectively with the special challenges of vegetation management in Florida and is part of an overall reliability program that delivers excellent results for our customers.

Second, Mr. Byerley's proposal misunderstands FPL's use of the term "preventable" in categorizing vegetation-related pole damage. He correctly quotes the definition of "preventable" to be "standard trimming would have eliminated tree contact with distribution equipment." However, FPL often must seek permission from the owners of trees in order to trim them, and that permission is often denied. Mr. Byerley fails to recognize that damage caused by vegetation that could be trimmed using standard trimming practices is categorized as "preventable" even when it has not been trimmed because permission to do so has been refused. Clearly, it would be unfair to penalize FPL for damage caused by vegetation that it has been denied permission to trim, but that is exactly what Mr. Byerley's disallowance proposal would do. Mr. Byerley also fails to accept reality – when hurricanes strike, vegetation outages will occur, even if 100% of FPL's lines are cleared to standard. Our experience over the last two storm seasons confirms this.

Finally, even if one accepted Mr. Byerley's insupportable conclusion that FPL's vegetation management program was inadequate and one overlooked his misunderstanding of how FPL has used the term "preventable," Mr.

Byerley's disallowance calculation is again grossly overstated because of faulty assumptions:

(1) As I discussed earlier, Mr. Byerley used a pole count of 7,400, when the appropriate figure is 6,500. He again used a storm restoration cost for pole replacement of $6,800 when the correct figure is $2,000. Finally, he again used an improper ratio of conductor damage to pole damage of 88%, when the proper ratio is 10%.

(2) Mr. Byerley used a preliminary draft of FPL's Hurricane Wilma forensic team report instead of the KEMA report to identify the percentage of poles that failed with a contributing factor of trees. The KEMA report states that 21%, not 24%, of pole failures had a contributing factor of trees;

(3) Mr. Byerley has assumed that 50% of the tree-related pole failures in Wilma were "preventable." He arrived at this figure by relying on a preliminary report based on Hurricane Katrina data, which was superseded by the KEMA report. As can be seen in the KEMA report, the characteristics and damage of Hurricanes Katrina and Wilma were very different. KEMA concluded that there were only *three* pole breakages, a 0.3% preventable tree-related pole failure rate, in Hurricane Wilma.

Combining the effects of these adjustments to Mr. Byerley's disallowance proposal, I calculate that, using his same logic but more realistic inputs, the disallowance would be negligible -- approximately $10,000 -- instead of the $11.3 million that Mr. Byerley claims. As before, this figure would need to

have netted against it the incremental cost of whatever more extensive vegetation management program Mr. Byerley has in mind.

Q. Are there any other issues raised by Mr. Byerley that you would like to address?

A. Yes. Mr. Byerley makes reference to an FPL document that is contained in his Document No. JSB-17. This document was developed at my request and presented to me during the beginning of the Hurricane Wilma restoration effort. It was prepared after Hurricane Katrina but before Hiurricane Wilma, and it was intended to evaluate hurricane impacts on FPL's distribution infrastructure and explore possible alternatives for hardening that infrastructure. Because of when it was prepared, the document focused on Hurricane Katrina forensics data only and was thus somewhat overtaken by events when Hurricane Wilma struck. Near the beginning of the Hurricane Wilma restoration effort, the team that prepared the document presented its conclusions and recommendations. In reviewing the document and after hearing the presentation, I determined that this initial report provided some useful information but was not conclusive. Also, in many cases the team was unable to identify financial savings for the hardening alternatives. Simply put, FPL needed more time and information in order to conduct a thorough review and analysis.

After the presentation, the team was disbanded, as all of the members were needed to support the Hurricane Wilma restoration effort. Subsequently,

KEMA was hired by FPL to conduct its review of Hurricanes Katrina and Wilma. KEMA's comprehensive report was filed as part of this proceeding. Additionally, FPL filed its 5 Point "Storm Secure" Plan with the Commission and is continuing its efforts to develop a 10-year hardening roadmap.

EMPLOYEE ASSISTANCE AND EXEMPT EMPLOYEE OVERTIME (LARKIN)

Q. Do you agree with Mr. Larkin's position that costs to secure employees' damaged homes should not be charged to the storm reserve?

A. No. By assisting significantly impacted employees with basic needs, e.g., roof tarps for damaged roofs, ice, water, child care services, etc., employees are able to immediately focus their attention to their storm assignment. This is absolutely essential to me in being able to promptly and effectively meet the demands of our customers. This cost is directly related to the storm restoration effort and is consistent with FPL's objective to restore customers' service safely and as soon as possible.

Q. Do you agree with Mr. Larkin that exempt employees who typically do not get paid overtime should not be paid overtime for their storm restoration efforts?

A. No. FPL's policy for paying overtime to these employees during certain storm restoration efforts is appropriate. In general, the decision to pay or not pay for overtime is primarily based on the length of the restoration effort. For Wilma, an 18 day restoration effort, many of our employees worked sixteen hour days

continuously for the entire restoration period. It would be unfair to not compensate them for their extraordinary effort. Additionally, it is possible for two people, who normally are in different paygrade classifications, to be performing the same function during the restoration period. As a result of their normal paygrade classification, one might be eligible for overtime while the other is not. Again, it would not be fair for only one to be compensated for their overtime. I would also note that the these overtime payments were determined in a manner consistent with overtime payments computed for those employees eligible for overtime, was limited to the amount necessary to avoid inequities, and accounted for only 1.3% ($0.8 million) of total storm related overtime.

Q. Mr. Larkin asserts that catch-up work is not directly related to storm restoration. Do you agree with this assertion?

A. No. I disagree with this assertion since, even now, my business unit continues to experience the effects of the 2005 storms. For example, at the end of March 2006, the Distribution operations unit is currently exceeding its O&M budget by almost $4 million, due to increased workload from backlogs in the areas of new service, customer inquiries, and relocations. Additionally, because our system is still experiencing the after effects of the storm, our restoration workload has increased by approximately 25% from 2004 levels and 13% over the already increased workload from 2005. This has caused a $5.2 million O&M variance in restoration activities, primarily consisting of

overtime and contractor expense. The total impact to our first quarter spending is a $9 million variance from budget.

Q. How are you assured that these impacts are storm related?

A. We examined variances against both budget and prior year spending. We have seen an increase of approximately $7.2 million beyond our 2004 spending levels in the activities I noted above. Further examining these increases we have seen an increase in the volume of activities and their associated costs. To meet the increased workload and meet customer expectations due to the backlogs we have had to use off-system contractors at higher rates.

STORM ESTIMATES, CONTINGENCY, FOLLOW-UP PROJECTS, ADVERTISING & FLEET COSTS (DERONNE)

Q. Ms. DeRonne comments that as of March 14, 2006, FPL's total request of $906 million still contained approximately $245 million of estimates. Has this number been updated?

A. Yes. Document No. GJW-9, updates Document No. GJW-5, which was filed with my direct testimony. Additionally, GJW-9 includes a more refined cost breakdown of actual and estimated costs. As of March 31, 2006, total 2005 storm costs are now estimated to be $885.6 million. Of this total, $696.8 million (79%) is actual, $109.6 million (12%) is associated with pending invoices, and $79.2 million (9%) is associated with remaining work.

Q. Is there any remaining contingency amount included in FPL's storm restoration costs as of March 31, 2006?

A. Yes. As of March 2006, there was $7.5 million of contingency included in the 2005 storm estimate, with the majority of this amount, $6.9 million, associated with Hurricane Wilma distribution follow-up restoration work being performed by contractors. The $7.5 million contingency represents only 0.8% of our total 2005 storm cost estimate.

Q. Do you agree with Ms. DeRonne's proposed cut-off date and her other associated parameters that would require FPL to only be able to charge expenses associated with projects known today, with project start dates prior to December 31, 2006?

A. No. All projects and associated costs directly related to restoring FPL's facilities to their pre-storm condition should be charged to the Storm Reserve, whether they are known now or not. FPL attempts to quickly identify storm follow-up projects in order to restore storm-affected facilities to their pre-storm condition as soon as possible. I believe that a review of FPL's 2004 storm follow-up work would indicate that FPL has successfully achieved this. However, as further discussed in the testimonies of Messrs. Davis and Warner, there are unique circumstances and good business reasons to delay the timing of restoring FPL's damaged generating unit facilities to later dates that coincide with planned overhaul schedules. I have provided in Document No. GJW-10 a listing of projects for Hurricane Wilma that are yet to be

completed, their total current estimated costs, and their project start and completion dates.

Q. Ms. DeRonne has proposed an adjustment to remove all utility advertising, media relations or public relations costs. Do you agree with her proposed adjustment?

A. No. These costs would not have been incurred had it not been for the storms and they are associated with keeping customers informed of our storm restoration status and extraordinary dangers that exist during storm restoration. In fact, after the 2004 storm season, one key lesson learned was our customers want and expect us to communicate more often with them during these events. This type of communication actually facilitates our restoration efforts.

Additionally, "thank you" advertising, designed to recognize foreign crews that assisted us in restoring service to our customers helps to encourage their continued support. Given the likelihood of continued hurricanes impacting our service territory and customers, this encouragement is a very prudent step for FPL to take. The other companies that provide the assistance find this encouragement meaningful, and it helps their regulators understand the benefits that result from allowing their manpower to be diverted away from normal operations in their service areas. Therefore, these costs are appropriately charged to the storm restoration effort.

Q. On page 10 of Ms. DeRonne's testimony, she recommends an adjustment to remove fleet vehicle costs from the 2005 storm costs. Do you agree with this adjustment?

A. No. While Mr. Davis is the appropriate witness to address these ratemaking type adjustments, I would note that FPL's actual 2005 fleet vehicle costs exceeded its 2005 budget by $3.2 million. Approximately $1.2 million of this overrun was specifically associated with increased maintenance required on our fleet as a direct result of the 2005 storms. This incremental work was accomplished by establishing a second shift and extending overtime hours at our maintenance facilities. The additional maintenance also required more parts and materials than originally budgeted. In addition to the increased maintenance work required, there are long term impacts on the fleet that are not quantifiable. As with any mechanical device, excessive usage shortens their ultimate lives.

Q. Please summarize your rebuttal testimony.

A. My rebuttal testimony responds to Mr. Byerley's unfounded criticism of FPL's pole inspection and vegetation management programs. Those programs are sound and effective, and they help ensure the solid performance of FPL's distribution system in both non-hurricane and hurricane conditions. Mr. Byerly has proposed disallowances related to the pole inspection and vegetation management programs, which are not only unwarranted but also grossly overstated. My rebuttal testimony also shows that the adjustments proposed by Mr. Larkin with respect to employee assistance and exempt

employee overtime and the adjustments proposed by Ms. DeRonne for storm estimates, contingencies, follow-up projects and advertising are inappropriate and improper.

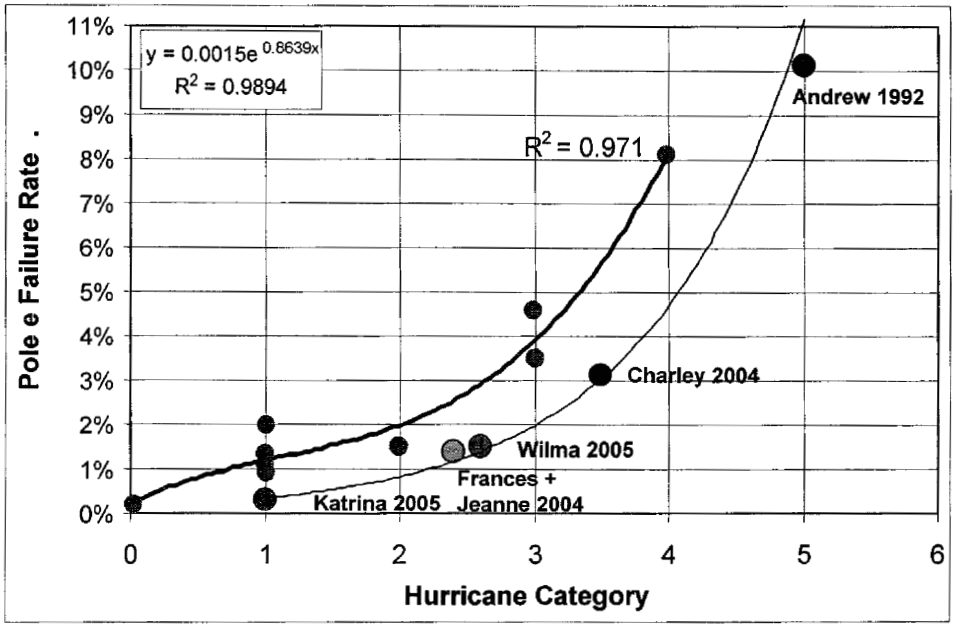
Q. Does this conclude your rebuttal testimony?

A. Yes.

Non-Hurricane Pole-Related Outages
1993 -2005

	Pole Outages Related to Pole Conditions	Total Outages	%
1993	130	74,552	0.17%
1994	101	82,026	0.12%
1995	87	83,902	0.10%
1996	159	89,959	0.18%
1997	115	96,529	0.12%
1998	101	90,060	0.11%
1999	117	86,647	0.14%
2000	121	86,728	0.14%
2001	151	87,927	0.17%
2002	132	94,559	0.14%
2003	98	96,255	0.10%
2004	158	88,966	0.18%
2005	161	93,836	0.17%
Average	125	88,611	0.14%

Pole Replacements



Davies Consulting benchmarks

- Benchmarks include 6 hurricanes and 10 utilities
- FPL met or exceeded performance of other utilities
- FPL has experienced lower pole failure rates versus those of other utilities during hurricane events

Docket No.
G. J. Williams Exhibit No.
Document No. GJW-9
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2005 Updated Storm Cost

Florida Power and Light Company
2005 Updated Storm Estimate - March 31, 2006
($000's)

	Dennis	Katrina	Rita	Wilma	Total
Payroll					
Regular	$ 517	$ 4,914	$ 1,045	$ 19,137	$ 25,614
Overtime	3,926	14,076	1,325	39,133	$ 58,461
Contractor & Line Clearing					
External Line & Contractor	2,458	73,142	5,229	451,635	$ 532,464
Line Clearing	1,241	17,630	1,381	42,105	$ 62,357
Vehicle & Fuel					
Vehicles & Equipment	454	1,305	240	4,928	$ 6,928
Fuel	144	4,846	461	10,210	$ 15,661
Material	465	7,933	577	48,029	57,004
Logistics					
Lodging	195	6,151	336	26,610	$ 33,292
Equipment Rentals	64	2,608	77	6,431	$ 9,180
Meals	161	6,662	453	24,049	$ 31,325
Busing & Vehicle Rental	6	1,328	119	9,126	$ 10,579
Other	550	6,858	399	34,940	$ 42,747
TOTAL	**$ 10,181**	**$ 147,453**	**$ 11,643**	**$ 716,335**	**$ 885,613**

Actual Costs as of March 31, 2006	10,181	145,366	11,602	529,670	$ 696,820
Pending Invoices	-	1,882	40	107,677	$ 109,600
Remaining work	-	205	-	78,988	$ 79,193
TOTAL	**$ 10,181**	**$ 147,453**	**$ 11,643**	**$ 716,336**	**$ 885,613**

2005 Storm Follow-Up Work	Current Estimate 3/31/06	Project Start Date	Project Completion Date
2005 Storm Tower Damage Restoration - Inspect, Repair And/Or Replace Radio Communication Components Destroyed/Damaged - Hurricane Wilma. Approximately 40 Radio Tower Sites Sustained Damage.	$ 353,000	12/15/05	7/31/06
Corporate Office Repairs - Roof, Windows, Fencing & Gates, Landscaping Restoration	5,457,180	9/1/05	12/1/06
Service Center Repairs - Roof, Windows, Fencing & Gates, Landscaping Restoration	3,719,493	9/1/05	10/1/06
Substation Repairs - Roof, Windows, Fencing & Gates, Landscaping Restoration	3,291,412	9/1/05	10/1/06
Admin - Restoration Support, Storm Prep, Assessments, Misc	858,130	9/1/05	10/1/06
Indiantown Central Distribution Facility Damage	770,872	1/4/06	7/19/06
Repair & Replacement Of Damage To Transmission And Substation Structures	589,255	2/1/06	5/30/06
Conservation-Corbett 500Kv –Restore 8 Miles Of Line; Replace Braces, Arms, Repair Conductor, Replace	11,939,678	1/1/06	5/30/06
Customer Response/Reconnects, Damage Claims	12,665,000	11/14/05	TBD
Inspection And Follow-Up Repairs For Feeders And Laterals Affected By Hurricane Wilma	24,790,095	1/2/06	4/30/06
Replace/Repair Damaged Capacitors & Automated Fuse Switches (AFS)	5,493,591	10/31/05	6/1/06
Street Light Sweeps & Repairs, AMS Data Verification, Joint Use True-Up	35,262,865	11/14/05	12/1/06
Disposal Of Damaged Poles, Clean-Up	704,000	12/1/05	TBD
Repair Damaged UG - US 41 - County Line To Jetport; Replace Damaged OH Pole Line - US 41	2,566,759	3/1/06	7/17/06
Street Light Survey In Storm Affected Areas	1,000,000	3/20/06	7/31/06
Transfers To New Bell South Poles, Damaged Due to Storms	9,000,000	1/25/06	6/30/06
St. Lucie Plant Dune Restoration - Repairs Necessary To Comply With Site Licensing Requirements	3,200,000	11/1/06	1/31/07
Cutler Plant - Repair Damage - Electrical, Mold, Buildings/Grounds, HRSG/Boilers	112,199	3/1/06	3/31/06
Ft. Lauderdale Plant - Repair Damage - Buildings/Grounds, Electrical, Cooling Ponds/Towers, Insulation Lagging, Contractor Demobilize/Mobilize, Site Prep/Restoration, Misc. Materials,	955,951	10/25/05	4/30/06
Port Everglades - Repair damage - Buildings/Grounds, Electrical, Cooling Ponds/Towers, Insulation Lagging, Contractor Demobilize/Mobilize, Site Prep/Restoration, Misc. Materials/Supplies, Tanks, HRSG/Boilers, Chimney Stack,	6,031,644	9/6/05	6/6/06
Turkey Point Plant - Repair Damage - Buildings/Grounds, Electrical, Insulation/Lagging, HRSG/Boilers	1,009,747	10/1/05	5/15/06
FOS - Repair Damage - Buildings/Grounds, Electrical	70,860	2/1/06	5/28/06
Manatee Plant - Repair Damage - Insulation/Lagging, Contractor Demobilize/Mobilize/Prep	385,045	10/30/05	4/6/06
Martin Plant - Repair Damage - Buildings/Grounds, Electrical, Cooling Ponds/Towers/Basins, Insulation Lagging, Contractor Demobilize/Mobilize, Site Prep/Restoration, Misc. Materials, Chimney Stack, HRSG/Boilers, Instruments & Controls, Intake Systems, Tanks,	5,374,649	10/25/05	5/31/08
Martin Terminal - Repair Damage - Buildings/Grounds, Electrical, Instruments and Controls	29,137	11/1/05	7/1/06
Riveria Plant - Repair Damage - Buildings/Grounds, Electrical, Insulation Lagging, Chimney Stack, HRSG/Boilers, Instruments/Controls, Intake System, Tanks	427,760	10/1/05	9/1/06
	$ 136,058,321		

There are amounts which may not be covered by the NEIL insurance policy or other insurance for various reasons (e.g., storm damage outside the NEIL boundary line, NEIL limitations on payment for certain costs such as overhead, insurance deductible, etc.). Also because of the extensive damage to nuclear facilities and the need to coordinate damage assessment and repairs of certain items with planned outages, detailed time frames for all remaining nuclear site restoration work has not been completed. FPL will submit claims packages following completion of this restoration work until the NEIL insurance claim is completely resolved. FPL expects to have all of the 2005 nuclear site damage repaired by 2008. Once all claim processes are complete, FPL will credit the Reserve to the extent it recovers more from insurance than it expects.
These amounts do not include contingencies.