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**DATE:** March 7, 2007  
**TO:** Ann Cole, Chief of Records, Division of the Commission Clerk & Administrative Services  
**FROM:** Elisabeth J. Draper, Economic Analyst, Division of Economic Regulation *ED*  
**RE:** Docket No. 060150-EI - Petition for approval of revisions to contribution-in-aid-of-construction definition in Section 12.1 of First Revised Tariff Sheet No. 6.300 by Florida Power & Light Company.

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Please place in the above docket the attached responses to Staff's First and Second Data Requests.

ED:kb  
Attachments

DOCUMENT NUMBER-DATE  
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FPSC-COMMISSION CLERK

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July 10, 2006

- VIA ELECTRONIC DELIVERY -

Rosanne Gervasi, Esq.  
Office of General Counsel  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399

**Re: Docket No. 060150-EI**

Dear Ms. Gervasi:

I am enclosing FPL's responses to the Data Requests that were contained in your June 9, 2006 letter to Messrs. Bryan and Walker.

As you know, FPL filed its proposed revision to Section 12.1 of First Revised Tariff Sheet 6.300 (the "GAF Tariff") in February 2006, as part of its five-point Storm Secure plan to increase the resilience of its electric system to severe weather impacts. FPL has continued to evaluate the economics of the GAF Tariff, in connection with both the rulemaking in Docket Nos. 060172-EU and 060173-EU and Staff's Data Requests in this docket. FPL has concluded that the GAF Tariff will need to be refined slightly to include qualification criteria that reflect the assumptions underlying the economic justification discussed in the enclosed response to Request 3. Moreover, the Commission has proposed amendments to Rule 25-6.115 ("the Proposed 115 Amendments") that, if they become final, will require changes to the underground conversion CIAC formula to which the GAF applies. Those changes to the CIAC formula will, in turn, necessitate revisions to the GAF Tariff.

Written comments and requests for a hearing on the Proposed 115 Amendments must be submitted by July 28. FPL expects there to be greater certainty as to the status of the Proposed 115 Amendments thereafter. Assuming that there are no protests to the Proposed 115 Amendments by July 28, FPL will file during the following week an updated GAF Tariff and accompanying standard form agreement specifying the qualification criteria for the GAF Tariff. FPL will ask the Commission to review and approve the updated GAF Tariff and accompanying standard form agreement in lieu of

Rosanne Gervasi, Esq.  
Florida Public Service Commission  
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Page 2

the GAF Tariff that was filed in February. If there is a protest to the Proposed 115 Amendments, FPL will confer with Staff and evaluate its options for expeditiously continuing to pursue the GAF Tariff at that time.

Please feel free to call me at 305-552-3867 if you have any questions about FPL's responses to Staff's Data Requests.

Sincerely,

/s/ John T. Butler

John T. Butler

Enclosure

Cc: Ms. Elizabeth Draper. (w/encl.)  
Counsel for Parties of Record (w/encl.)

**In re: Petition for approval of revisions to  
contribution-in-aid-of-construction  
definition in Section 12.1 of First Revised  
Tariff Sheet No. 6.300, by  
Florida Power & Light Company** )  
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**Docket No. 060150-EI**

**FLORIDA POWER & LIGHT COMPANY'S  
RESPONSES TO STAFF'S JUNE 9, 2006 DATA REQUESTS**

- 1. If the Commission approves FPL's request to invest 25% of a local government's conversion project in rate base, how will the 25% investment for specific projects be collected from the general body of ratepayers in the utility's next rate setting proceeding?**
  - A. As prescribed in the Uniform System of Accounts, all capital expenditures related to underground conversion projects are recorded on a gross basis in the appropriate plant account, Any Contributions-In-Aid-of-Construction (CIAC) for these projects are recorded in plant-in-service as a credit (i.e., in an offsetting contra-account). This "net" plant-in-service amount (gross expenditures less the CIAC) is reflected in rate base. Approval of FPL's request to invest 25% of the cost of local government-sponsored underground conversions (the Government Adjustment Factor, or "GAF") will result in a commensurate reduction of CIAC received for those conversions and hence a higher amount of net plant-in-service. In turn, this will result in a higher rate base upon which future base rates will be determined. From an allocation standpoint, this rate base would be collected from the general body of customers consistent with the methods used to recover expenditures for other comparable distribution assets.
  
- 2. What methodology did FPL use to decide the 25% reduction in CIAC proposed in the tariff was the appropriate discount?**
  - A. Analysis from the 2004 and 2005 hurricanes indicated that underground facilities incurred a lower rate of interruptions during each hurricane. While it is possible that some future hurricanes will involve weather conditions that do not favor underground facilities as much as was the case in 2004 and 2005 (e.g., less wind, but more rain causing inland flooding and/or storm surges in coastal areas), FPL concluded that conversion of overhead to underground facilities generally can be an effective mitigation strategy in spite of the longer restoration times associated with underground facility outages when they do occur. Accordingly, FPL proposed an investment for government-sponsored projects to encourage community-wide underground conversions that would otherwise not occur. The need for an incentive was based on input from community leaders, who indicated that cost is a major barrier to conversion. The need for an incentive is further supported by the fact that few conversions have been performed at customer request during the past few years. FPL concluded that 25% would provide a significant incentive to encourage conversions, and thus help reduce the potential impact to all customers from future storms.
  
- 3. Please discuss in detail and quantify the benefits of undergrounding limited geographical areas to the general body of ratepayers who reside outside of the specific areas receiving underground construction, and explain how those benefits would be quantified.**
  - A. Based on the fewer number of interruptions experienced by underground facilities than by overhead facilities during the 2004 and 2005 hurricanes, FPL expects that converting existing overhead facilities to underground will reduce the amount of infrastructure damage requiring

repair and thereby restoration cost. The general body of customers would benefit from these avoided cost savings through the reduction in aggregate storm restoration costs shared by all. This restoration benefit would only be produced by undergrounding generally contiguous facilities so that overhead restoration crews could be deployed elsewhere. If conversions in a given area are scattered, restoration savings would not be realized.

As discussed in the response to Request 2, FPL established the GAF amount at a level deemed significant enough to overcome the cost barrier which customers had indicated kept them from pursuing desired conversion projects. FPL has subsequently performed a macro-level economic evaluation, which is described below. The approach taken was dictated by the significant limitations of amount and granularity of data currently available to perform such an analysis. In the future, as more information is collected, FPL expects to be able to further hone our evaluations and would revise results if warranted. While recognizing this inherent level of uncertainty, FPL believes that the analysis supports the 25% GAF level, such that there is a reasonable expectation that adequate savings will accrue to the general body of customers to cover the GAF adjustments to rate base.

The Commission's standard Low Density Subdivision model of 210 homes was used as a basis for FPL's analysis. The average CIAC cost for converting the subdivision's overhead infrastructure was calculated. Two scenarios were created by varying the vintage of the existing overhead facilities being replaced – 10 and 20 years. This resulted in CIACs for the subdivision of approximately \$420,000 and \$320,000 respectively. The GAF is derived from avoided storm restoration cost savings to the general body of customers as a result of these facilities being placed underground. The cost basis used is the average of actuals from restoring the overhead distribution facilities after the 2004 and 2005 hurricanes (representing about 90% of the total distribution restoration costs). These costs were then unitized on a per affected customer basis and multiplied by 210 to match the subdivision size. The analysis used a 30-year forecast period for the avoided restoration costs. An assumed average storm frequency of one event every three years was used as the base case, reflecting the expected ongoing heightened incidence of storm activity and recent experience. A sensitivity case was also evaluated using the 100-year average storm frequency of about one event every five years. Base case results showed a savings range of approximately 30-40% of the CIAC amount. The range of savings for the 100-year average sensitivity case was 20-26%. These ranges bracket FPL's originally proposed GAF amount of 25% and thus demonstrate that there is reasonable assurance of a quantifiable benefit to the general body of customers.

4. **Please provide the following information: (a) the name of each local government that has contacted FPL in the past 24 months regarding the conversion of its facilities; (b) the name of each local government that has requested and paid for a binding cost estimate in the past 24 months; (c) the status of the negotiations between FPL and each local government listed in (a) and (b); and (d) an estimate of the conversion costs for each local government listed in (a) and (b).**

A. See Attachment A.

5. **Please state the total estimated conversion costs FPL will incur if the Town of Palm Beach enters into a contract with FPL to convert its overhead facilities to underground and the estimated cost to each homeowner. Has the Town of Palm Beach requested and paid for a binding cost estimate from FPL?**

A. The Town has not yet requested a binding cost estimate for the projects currently under consideration. See the response to Request 4 for ballpark estimates.

**6. Has any city discussing conversion requested that FPL impose a surcharge on the affected customers' bills to pay for the conversion? If so, would all residents within the boundaries of the governmental entity be required to pay the surcharge?**

A. No.

**7. The Town of Jupiter Island states in its Petition to Intervene in Docket No. 060150-EI that it has requested and paid for a binding cost estimate from FPL for a conversion project. Please state the cost of the estimate, the total cost of the conversion project, and the cost to each homeowner. Please state whether the actual work has begun and the projected completion date.**

A. The binding cost estimate FPL provided for converting the entire Town's existing overhead facilities was approximately \$8.2 million. This would translate to approximately \$15,400 per customer account. The Town paid \$95,500 as an engineering deposit for this estimate. The first phase of this project is currently planned to begin within the next couple months. The final completion timetable has not yet been established.

**8. At the May 19, 2006 rule development workshop in Docket Nos. 060172-EU and 0601730-EU, FPL represented that it can justify an investment in the CIAC if FPL undergrounds an area that results in a significant reduction in storm restoration costs. See transcript, p 36. Please discuss and quantify the reduction in storm restoration costs resulting from the conversion project for (a) the Town of Palm Beach, and (b) the Town of Jupiter Island.**

A. FPL has performed an analysis of the benefits of governmental underground conversion projects which meet the criteria we intend to file in our tariff (refer to the Request 3 response). However, FPL has not conducted, and does not plan to conduct, separate analyses that are specific to the circumstances of these two projects nor for any other projects which qualify for the GAF.

**9. At the May 19, 2006 rule development workshop, FPL referred to a model. See page 37 of the transcript lines 6-7. Please provide a detailed description of this model, including all inputs and assumptions.**

A. The approach FPL has used for developing the expected savings from avoided storm restoration costs which underlie the GAF, is discussed in the response to Request 3. In the cited reference below from page 37 of the transcript, the term "model" was being used to describe FPL's conceptual approach, not a quantitative, economic model:

"That is our model, save money based on the storm restoration cost reductions of having this contiguous area that you no longer have to go in and sort of do the hand-to-hand combat of getting back to service on an overhead basis, and you can justify making some sort of investment for that community...."

**Local Government Requests for Underground Conversions**

**Attachment A**

	Requesting Party	Status	Ballpark Cost Estimate	Engineering Deposit Paid?	Binding Cost Estimate	Binding Estimate Paid?
1	Bay Harbor Islands	Under review by Customer	\$5,800,000	No	No	No
2	Brevard County	Under review by Customer	\$206,000	No	No	No
3	Broward County - 9 portions	All - Customer reviewing, put projects on hold pending GAF decision	\$1,775,000 \$1,630,500 \$1,342,500 \$1,332,500 \$1,161,000 \$956,000 \$939,000 \$760,500 \$408,000	No	No	No
4	City of Atlantis	Project no longer being pursued	No	No	No	No
5	City of Cape Canaveral	Under review by Customer	\$837,000	No	No	No
6	City of Coconut Creek	Under review by Customer	\$1,845,000	No	No	No
7	City of Coral Gables - Entire & Portion	Under review by Customer	\$115,000,000 \$11,000,000	No	No	No
8	City of Deerfield Beach - 2 portions	Under review by Customer	\$1,066,000 \$702,000	Yes No	\$664,491 No	No No
9	City of Flagler Beach	Customer has asked FPL to decrease project scope	\$400,000	Yes	\$368,388	No
10	City of Ft Myers Bch	Right-of-Way Agreement under review by Customer	No	No	No	No
11	City of Ft. Lauderdale - 16 portions	All - Customer reviewing, but projects on hold pending GAF decision #14 - FPL waiting for engineering deposit payment #16 - ballpark estimate under development	\$5,833,000 \$5,500,000 \$5,166,000 \$4,500,000 \$3,510,000 \$3,000,000 \$1,660,000 \$1,574,000 \$1,500,000 \$1,417,000 \$1,250,000 \$824,000 \$673,000 \$400,000 \$200,000 TBD	No	No	No
12	City of Ft. Pierce	FPL presentation - estimate not yet requested	No	No	No	No
13	City of Hallandale Beach	Under review by Customer	\$1,030,000	Yes	TBD	No
14	City of Hollywood - Phase 1	FPL developing new estimate based on revised scope	\$2,500,000	No	No	No
15	City of Lauderdale by the Sea - A1A section, other portion	A1A - completed in 2005 Other portion - customer put project on hold pending GAF decision	N/A No	Yes No	\$1,905,262 No	Yes No
16	City of Lauderhill	Customer put project on hold pending GAF decision	No	No	No	No
17	City of Lighthouse Point	Under review by Customer	\$25,500,000	No	No	No
18	City of Margate	Under review by Customer	\$48,000,000	No	No	No
19	City of Miami	FPL presentation scheduled for 7/11	No	No	No	No
20	City of Miami Beach - 4 islands	2 - Customer evaluating placement of facilities 2 - Ballpark estimates requested	N/A TBD	2 - Yes 2 - No	TBD No	No
21	City of Naples	Under review by Customer	\$74,500,000	No	No	No
22	City of North Bay Village - 2 portions	Under review by Customer	\$2,860,000 \$960,000	No	No	No
23	City of Palm Beach Gardens	FPL presentation made - no further action to-date	No	No	No	No
24	City of Pembroke Pines	Project no longer being pursued	\$270,380	No	No	No
25	City of Plantation - 2 portions	All - Under review by Customer	\$834,000 \$90,000	No	No	No
26	City of Rockledge	Customer put project on hold pending GAF decision	\$235,250	No	No	No
27	City of S. Daytona Beach	Under construction	\$1,500,000	Yes	\$813,562	Yes
28	City of Sarasota	Under review by Customer	\$697,500	No	No	No
29	City of Satellite Beach - 2 portions	#1 - Customer put project on hold pending GAF decision #2 - under review by Customer	\$3,600,000 \$110,000	Yes No	TBD No	No
30	City of South Miami	Project no longer being pursued	\$43,000,000	No	No	No
31	City of Stuart	Under review by Customer	\$412,250	No	No	No

TBD = to be developed, N/A = not available

**Local Government Requests for Underground Conversions**

**Attachment A**

	<b>Requesting Party</b>	<b>Status</b>	<b>Ballpark Cost Estimate</b>	<b>Engineering Deposit Paid?</b>	<b>Binding Cost Estimate</b>	<b>Binding Estimate Paid?</b>
32	City of Sunny Isles Beach - First 3 of multiple phases	Phase 1 - Under review by Customer Phases 2 & 3 - FPL developing binding estimates	N/A \$435,000 \$425,000	All - Yes	\$559,142 TBD TBD	No
33	Collier County - 2 portions	Under review by Customer	\$6,151,000 \$5,905,000	No	No	No
34	Indian River County - multiple portions	5 Phases - ballpark estimate provided. Separate portion - FPL presentation made 6/20/06 - no further action to-date	\$2,732,750 No	No	No	No
35	Jupiter Inlet Colony	Customer put project on hold pending GAF decision	\$2,100,000	No	No	No
36	Martin County - 2 portions	Customer reviewing estimates	\$800,000 \$566,700	Yes No	\$467,457	No
37	Miami Shores Village	Under review by Customer	\$7,500,000	No	No	No
38	Miami-Dade County - 5 portions	- 4 under review by Customer - 5th portion - customer preparing ballpark request letter	\$1,750,000 \$190,000 \$160,000 \$150,000 No	No	No	No
39	Miami-Dade County / Coral Gables (Snapper Creek Lakes)	Customer reviewing estimate & taxing district options	\$2,289,100	No	No	No
40	Sarasota County - Portion, Siesta Village & crossing	Portion - Customer revising project boundaries Siesta Key - FPL developing on binding estimate Crossing - FPL presentation requested	\$5,800,000 \$872,000 No	No Yes No	No TBD No	No
41	St. Johns County	Waiting for Customer approval to proceed	\$657,625	Yes	\$336,547	No
42	Town of Cutler Bay - Entire & 2 portions	Entire - no longer being pursued Portions - both under review by customer	\$45,100,000 \$1,250,000 \$375,000	No	No	No
43	Town of Gulf Stream	FPL developing binding cost estimate	\$2,459,000	Yes	TBD	No
44	Town of Haverhill - Entire	Ballpark estimate under development	TBD	No	No	No
45	Town of Hillsboro Beach	Under review by Customer	\$2,700,000	No	No	No
46	Town of Juno Beach	FPL presentation made - no further action to-date	No	No	No	No
47	Town of Jupiter Island - Entire & Phase 1	Entire - Binding cost provided Phase 1 - binding cost estimate being adjusted to reflect Customer installing conduit	\$10,000,000 N/A	Yes	\$8,213,446 \$263,938	No
48	Town of Longboat Key	Customer is reevaluating project boundaries	No	No	No	No
49	Town of Manalapan	Customer developing detailed map of project boundaries	No	No	No	No
50	Town of Miami Lakes	Under review by Customer	\$4,825,000	No	No	No
51	Town of Palm Beach - Entire, Phase 1	Entire - split into phases Phase 1 - waiting for Customer decision to proceed	\$32,000,000 \$7,000,000	No	No	No
52	Town of Palm Beach Shores - 2 portions	All - Customer put project on hold pending GAF decision	\$3,200,000 \$281,500	No	No	No
53	Town of Sewall's Point	FPL awaiting engineering deposit from Customer	\$6,600,000	No	No	No
54	Village of Key Biscayne	Under review by Customer	\$11,200,000	No	No	No
55	Village of North Palm Beach	Customer reduced project scope, expected construction start within 4 months	\$182,700	Yes	\$18,955	No
56	Village of Palmetto Bay	Project no longer being pursued	\$61,000,000	No	No	No
57	Village of Pinecrest - Entire & Portion	Under review by Customer	\$72,000,000 \$17,500,000	No	No	No
58	Village of Tequesta	Customer passed a "Right Tree Right Place" ordinance instead of pursuing conversion	No	No	No	No
59	Village of Wellington	Ballpark estimate under development	TBD	No	No	No



## Docket 060150-EI – 2<sup>nd</sup> Staff Data Request

1. **Please provide in electronic format the analysis discussed in FPL's response to staffs June 9, 2006, data request No. 3.**

See Attachment A.

2. **In its response to staffs data request No. 3, FPL states that a restoration benefit would only be produced by undergrounding generally contiguous facilities. Has FPL determined a minimum size area that would be necessary for undergrounding to provide benefits to the general body of ratepayers? If no objective size criterion has been set, please describe the methodology FPL will use to determine if a specific requested project would be eligible for the discount.**

FPL plans to provide Staff the proposed revisions to its GAF Tariff for preliminary review in the near future. These revisions will address the eligibility criteria.

3. **Please explain why FPL's proposed tariff is only available to local governments, as opposed to, for example, homeowners associations. Please explain how limiting the proposed tariff to local governments is not unduly discriminatory to other entities that may wish to avail themselves of such a program under the proposed tariff.**

The goal of the GAF tariff is to lower storm restoration costs to all customers by providing an incentive for community-wide conversions. Local governments are in the best position to fulfill the GAF requirements. For example, they are best able to guarantee the needed 100% customer conversion participation, while other entities face significant logistical, and potentially legal, obstacles to ensuring such compliance. In order to deliver the storm restoration cost reductions as quickly as possible, FPL wants to pursue projects in the near-term that have the highest chance for successful completion. Local governments are also best positioned to facilitate the construction through managing permitting, securing locations for the underground facilities, and the negotiations with other utility providers. In the future, as FPL and customers gain more experience in underground conversion construction, the opportunity for extending incentives to other customer groups may present itself. In the meantime, entities such as homeowners associations may request sponsorship from their local government to gain access to the GAF.

4. **Please clarify whether FPL proposes to set the government adjustment factor (GAF) at 25% in every instance, or whether the GAF will vary among local governments requesting conversion, up to 25% as a maximum GAF. If FPL proposes to vary the GAF, please explain how FPL will determine the appropriate GAF for each local government.**

FPL proposes to set the GAF at 25% for all eligible Local Government Applicants.

## Docket 060150-EI – 2<sup>nd</sup> Staff Data Request

5. The following questions refer to Attachment A included with FPL's responses to staffs June 9, 2006 data request.

a. Please explain how FPL developed the ball park cost estimates for all the local governments listed in the attachment.

The ballpark estimates are high-level figures designed to provide order-of-magnitude guidance to help the applicant decide whether to pursue a given conversion before committing substantial resources. They are calculated by multiplying a count of the affected existing devices (e.g., conductor feet, switches, transformers, etc) times unit costs per device. The unit costs are based on engineering estimates for converting a "typical" overhead line incorporating all the various CIAC components – new underground, hypothetical new overhead, existing overhead net book value, and existing overhead removal and salvage. Of course, all of these components can be subject to significant variation due to actual physical conditions, age or design factors.

b. The attachment shows that certain local governments received a binding cost estimate (Deerfield Beach, Flagler Beach, Daytona Beach, Martin County, St. Johns County). Please explain why in every instance the binding cost estimate is lower than the ballpark cost estimate.

First, as noted in the response to Request 5.a., at the time ballpark estimates are developed, numerous critical factors for any given project – such as subsurface obstructions, the ability to secure locations for above ground equipment, and the like – will be unknown. Therefore, it is appropriate in the ballpark estimate to allow for the likelihood of unforeseen circumstances that can affect these types of projects. In addition, the binding estimates can be affected by various factors that cause it to be lower than the ballpark estimate. For example, applicants may reduce the project scope after receiving the ballpark estimate. Additionally, applicants may choose to contract some of the work to a third-party. Typical types of such activities are the installation of the conduit and the associated trenching or directional boring. This lowers the CIAC payment to FPL, though it may or may not significantly change the total project cost for the applicant. Finally, FPL may, through negotiating the exact project specifics with the applicant, identify efficiencies and construction alternatives that result in lower costs.

c. Assume all local governments listed pursue the conversion and the ballpark cost estimates shown equal the actual conversion costs. Please state the total conversion costs for all local governments listed and the impact on the 1,000 kWh residential bill if FPL were to put

## Docket 060150-EI – 2<sup>nd</sup> Staff Data Request

**25% of the conversion costs in rate base at the end of 2006 (assuming no base rate stipulation is in effect).**

FPL has performed the requested calculation, which is described below. At the outset, however, FPL would like to point out that the inherent assumption in this question – that such a large volume of conversions can and will be implemented in one year – appears unrealistic. 80% of the aggregate total estimated conversion costs are from only 11 cities, which have requested ballpark cost estimates for undergrounding their entire infrastructures (e.g., \$115 million for the City of Coral Gables). After seeing the costs, most subsequently requested ballpark estimates for subsets of their municipalities. At this point, only two have indicated a desire to move forward with full conversion, and both will be doing so in multiple phases (e.g., Town of Palm Beach's tentative plans call for about 13 phases over 10 years beginning in 2007).

The estimated cost of the listed conversions is approximately \$700 million. Please note that in cases where a binding cost estimate had also been provided, those estimates were used in lieu of the ballpark estimate. Additionally, if an estimate for the entire municipality had been provided, the estimates for the smaller segments were not included in the calculations to avoid double counting. Further, this figure significantly exceeds FPL's current total annual distribution plant additions.

The associated amount of the GAF at a 25% rate would be approximately \$175 million. The impact on the 1<sup>st</sup> year 1,000 kWh residential bill would be an approximate increase of only 0.2% (this excludes any future year effects of depreciation, etc). Of course, FPL would expect an offset against this increase over time due to reduced storm restoration costs. Moreover, given the more likely scenario that the aggregate expenditures will be much lower and spread out over a number of years, it is reasonable to expect that any residential customer rate impact from reflecting the GAF amount in rate base will probably be de minimis.

**Attachment A**

**Government Adjustment Factor v. Storm Restoration Costs**

**CIAC Scenarios**  
20-Year On    10-Year On  
**Vintage**      **Vintage**

**I. Low Density Subdivision (LDS):**

1	New Underground Facilities - Conversion	537,000	537,000
2	+ Existing Overhead Facilities Net Book Value	10,000	110,000
3	+ Overhead Removal Cost	104,000	104,000
5	- Overhead Salvage Value	-	-
4	- New Hypothetical Overhead Facilities	(334,000)	(334,000)
6	<b>Subtotal CIAC</b>	<b>317,000</b>	<b>417,000</b>

**II. Avoided Storm Restoration Costs:**

		2004			2005				
		Base Case 2-Yr Total	Charley	Frances	Jeanne	Dennis	Katrina	Rita	Wilma
7	<b>Total Distribution Cost (000s)</b>	<b>1,448,308</b>	207,457	237,402	246,256	9,024	135,427	10,487	602,255
8	<b>Overhead Distribution Cost (000s)</b>	<b>1,303,477</b>	186,711	213,662	221,630	8,122	121,884	9,438	542,030
9	<b>Customers Affected</b>	<b>10,740,000</b>	874,000	2,786,000	1,737,000	509,000	1,453,000	140,000	3,241,000
10	<b>Average Cost / Customer</b>	<b>121</b>	<b>214</b>	<b>77</b>	<b>128</b>	<b>16</b>	<b>84</b>	<b>67</b>	<b>167</b>
11	<b>Average Cost / LDS</b>	<b>25,487</b>	<b>44,862</b>	<b>16,105</b>	<b>26,795</b>	<b>3,351</b>	<b>17,616</b>	<b>14,157</b>	<b>35,121</b>

**III. 30-Year NPV of LDS Costs (line 11):**

		Base Case 2-Yr Total
12	<b>Base Case - Average 1 Storm Every 3 Years</b>	<b>129,269</b>
13	<b>Sensitivity - 100-Year Average (1 Every 5 Yrs)</b>	<b>82,120</b>

**IV. NPV of LDS as Effective % of CIAC (line 6):**

		Base Case 2-Yr Total
14	<b>Base Case - Average 1 Storm Every 3 Years</b>	
15	20-Year Overhead Converted	41%
16	10-Year Overhead Converted	31%
17	<b>Sensitivity - 100-Year Average (1 Every 5 Yrs)</b>	
18	20-Year Overhead Converted	26%
19	10-Year Overhead Converted	20%

**Attachment A**

**Government Adjustment Factor v. Storm Restoration Costs**

	<b>Base Case - Every 3 Years</b>						<b>Sensitivity - Every 5 Years</b>						<b>Annual Escalation</b>						
	<b>Charley</b>	<b>Frances</b>	<b>Jeanne</b>	<b>Katrina</b>	<b>Wilma</b>	<b>2-Yr Total</b>	<b>Charley</b>	<b>Frances</b>	<b>Jeanne</b>	<b>Katrina</b>	<b>Wilma</b>	<b>2-Yr Total</b>	<b>Charley</b>	<b>Frances</b>	<b>Jeanne</b>	<b>Katrina</b>	<b>Wilma</b>	<b>2-Yr Total</b>	<b>CPI</b>
	<b>227,538</b>	<b>81,685</b>	<b>135,901</b>	<b>89,346</b>	<b>178,130</b>	<b>129,269</b>	<b>144,547</b>	<b>51,892</b>	<b>86,334</b>	<b>56,759</b>	<b>113,160</b>	<b>82,120</b>							
1	44,862	16,105	26,795	17,616	35,121	25,487	44,862	16,105	26,795	17,616	35,121	25,487	44,862	16,105	26,795	17,616	35,121	25,487	2.46%
2	-	-	-	-	-	-	-	-	-	-	-	-	45,678	16,398	27,282	17,936	35,760	25,951	1.82%
3	-	-	-	-	-	-	-	-	-	-	-	-	46,592	16,726	27,828	18,295	36,475	26,470	2.00%
4	47,482	17,046	28,360	18,645	37,172	26,975	-	-	-	-	-	-	47,482	17,046	28,360	18,645	37,172	26,975	1.91%
5	-	-	-	-	-	-	-	-	-	-	-	-	48,394	17,373	28,904	19,003	37,885	27,493	1.92%
6	-	-	-	-	-	-	49,357	17,719	29,479	19,381	38,639	28,040	49,357	17,719	29,479	19,381	38,639	28,040	1.99%
7	50,413	18,098	30,110	19,795	39,466	28,641	-	-	-	-	-	-	50,413	18,098	30,110	19,795	39,466	28,641	2.14%
8	-	-	-	-	-	-	-	-	-	-	-	-	51,527	18,498	30,776	20,233	40,338	29,274	2.21%
9	-	-	-	-	-	-	-	-	-	-	-	-	52,635	18,896	31,437	20,668	41,206	29,903	2.15%
10	53,745	19,294	32,100	21,104	42,075	30,534	-	-	-	-	-	-	53,745	19,294	32,100	21,104	42,075	30,534	2.11%
11	-	-	-	-	-	-	54,858	19,694	32,765	21,541	42,946	31,166	54,858	19,694	32,765	21,541	42,946	31,166	2.07%
12	-	-	-	-	-	-	-	-	-	-	-	-	56,004	20,105	33,450	21,991	43,844	31,817	2.09%
13	57,181	20,527	34,152	22,453	44,764	32,485	-	-	-	-	-	-	57,181	20,527	34,152	22,453	44,764	32,485	2.10%
14	-	-	-	-	-	-	-	-	-	-	-	-	58,410	20,969	34,886	22,936	45,727	33,184	2.15%
15	-	-	-	-	-	-	-	-	-	-	-	-	59,654	21,415	35,630	23,424	46,701	33,891	2.13%
16	60,972	21,889	36,417	23,942	47,733	34,640	60,972	21,889	36,417	23,942	47,733	34,640	60,972	21,889	36,417	23,942	47,733	34,640	2.21%
17	-	-	-	-	-	-	-	-	-	-	-	-	62,314	22,370	37,218	24,469	48,783	35,402	2.20%
18	-	-	-	-	-	-	-	-	-	-	-	-	63,697	22,867	38,044	25,012	49,866	36,188	2.22%
19	65,111	23,375	38,889	25,567	50,973	36,991	-	-	-	-	-	-	65,111	23,375	38,889	25,567	50,973	36,991	2.22%
20	-	-	-	-	-	-	-	-	-	-	-	-	66,557	23,893	39,752	26,135	52,105	37,812	2.22%
21	-	-	-	-	-	-	68,041	24,426	40,639	26,717	53,267	38,655	68,041	24,426	40,639	26,717	53,267	38,655	2.23%
22	69,572	24,976	41,553	27,318	54,465	39,525	-	-	-	-	-	-	69,572	24,976	41,553	27,318	54,465	39,525	2.25%
23	-	-	-	-	-	-	-	-	-	-	-	-	71,144	25,540	42,492	27,936	55,696	40,418	2.26%
24	-	-	-	-	-	-	-	-	-	-	-	-	72,766	26,123	43,461	28,573	56,966	41,340	2.28%
25	74,447	26,726	44,465	29,233	58,282	42,295	-	-	-	-	-	-	74,447	26,726	44,465	29,233	58,282	42,295	2.31%
26	-	-	-	-	-	-	76,204	27,357	45,514	29,923	59,657	43,293	76,204	27,357	45,514	29,923	59,657	43,293	2.36%
27	-	-	-	-	-	-	-	-	-	-	-	-	78,025	28,011	46,602	30,638	61,083	44,328	2.39%
28	79,898	28,683	47,721	31,373	62,549	45,392	-	-	-	-	-	-	79,898	28,683	47,721	31,373	62,549	45,392	2.40%
29	-	-	-	-	-	-	-	-	-	-	-	-	81,824	29,374	48,871	32,129	64,057	46,486	2.41%
30	-	-	-	-	-	-	-	-	-	-	-	-	83,787	30,079	50,044	32,900	65,594	47,601	2.40%
<b>Discount Rate:</b>	<b>8.4%</b>																		