

**Miranda Rate Case Rebuttal Testimony Work Papers**

**(15 Pages)**

*WORKPAPER  
 1/6/15*

Distribution Vegetative Management - Tree Trimming

Line No.	Year	Budgeted Miles	Actual Miles	\$000's		Variance
				Actual	Budgeted/Projected	
1	2011	12,225	14,840	60,600	60,000	101.0%
2	2012	12,700	15,271	61,700	59,400	103.9%
3	2013	15,400	15,861	63,100	65,700	96.0%
4	2014	15,000	15,178	58,500	62,200	94.1%
5	2015	15,100	15,244	62,900	63,100	99.7%
6	2016				64,700	
7	2017	15,100		<i>306,800</i>	<u>65,600</u>	<i>310,400</i>
8	2018	15,100			69,600	
9	Five Year Average 2011-2015			61,360	<i>62,080</i>	<i>0.988402</i>
10	Three Year Actual to Budget 2013-2015			61,500	63,667	<u>Variance</u> 0.965969
12	2017 Recommended Per Citizen's (line 5 x 96.6%)				60,953	<i>s/b 63,368</i>
13	2017 Requested <i>s/b LINE 7</i>				65,600	
14	Citizen's Recommended Adjustment 2017				<u>(4,647)</u>	<i>s/b (2,232)</i>
15	Jurisdictional Adjustment @ 100.0000% 2017				<u>(4,647)</u>	<i>s/b (2,232)</i> <u>52% REDUCTION</u>

Source: Dollars are from Company response to OPC Interrogatory 9.  
 Miles are from Company response to OPC Interrogatory 10.  
 Jurisdictional allocation is from Company MFR Schedule C-4 lines 9 and 22.  
 2016 miles are from Company response to OPC Interrogatory 259.

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FLORIDA POWER & LIGHT COMPANY  
Projected Test Year Ended December 31, 2018

Docket No. 160021-EI  
Exhibit No. HWS-6  
Vegetation Management  
Page 2 of 2

Distribution Vegetative Management - Tree Trimming

Line No.	Year	Budgeted Miles	Actual Miles	\$000's		Variance
				Actual	Budgeted/Projected	
1	2011	12,225	14,840	60,600	60,000	101.0%
2	2012	12,700	15,271	61,700	59,400	103.9%
3	2013	15,400	15,861	63,100	65,700	96.0%
4	2014	15,000	15,178	58,500	62,200	94.1%
5	2015	15,100	15,244	62,900	63,100	99.7%
6	2016				64,700	
7	2017	15,100		306,800	65,600	310,400
8	2018	15,100			69,600	
9	Five Year Average 2011-2015			61,360	62,080	0.988402
						<u>Variance</u>
10	Three Year Actual to Budget 2013-2015			61,500	63,667	0.965969
12	2018 Recommended Per Citizen's (line 5 x 96.6%)				62,172	s/b 64,635
13	2018 Requested				69,600	
14	Citizen's Recommended Adjustment 2018				(7,428)	s/b 4,965
15	Jurisdictional Adjustment @ 100.0000% 2018				(7,428)	s/b 4,965

63,368 (2012)  
x 1.02  
64,635

Source: Dollars are from Company response to OPC Interrogatory 9.  
Miles are from Company response to OPC Interrogatory 10.  
Jurisdictional allocation is from Company MFR Schedule C-4 lines 9 and 22.  
2016 miles are from Company response to OPC Interrogatory 259.  
2018 cost is based on projected 2017 escalated 2%.

FLORIDA POWER & LIGHT COMPANY  
 Projected Test Year Ended December 31, 2017

Docket No. 160021-EI  
 Exhibit No. HWS-7  
 Pole Inspection Adjustment  
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*3/6/15*

Pole Inspection Expense 2017

Line No.	Year	Poles Inspected	Pole Failures	\$000's		Cost Per Pole	Failure Rate
				Actual	Budgeted/Projected		
1	2007	141,332	9,801	8,578		60.69	6.93%
2	2008	143,319	10,040	12,654	14,417	88.29	7.01%
3	2009	138,970	15,243	10,896	13,024	78.41	10.97%
4	2010	141,423	15,636	10,662	15,064	75.39	11.06%
5	2011	137,315	16,585	17,517	15,300	127.57	12.08%
6	2012	139,426	16,740	14,800	15,000	106.15	12.01%
7	2013	138,310	16,715	14,200	14,900	102.67	12.09%
8	2014	146,325	17,137	3,900	12,600	26.65	11.71%
9	2015	151,679	11,384	6,000	6,300	39.56	7.51%
10	2016	145,250			6,100	42.00	
11	2017	145,250			5,800	39.93	
12	2018	145,250			5,900	40.62	
13	Actual	1,278,099	129,281	99,208			10.12%
14	5 Year Average 2011-2015			11,284	12,820	0.880109	
15	3 Year Actual to Budget			8,033	11,267	Variance 0.713018	
16	2017 Recommended Per Citizen's				4,136	5,105	5,524
17	2017 Requested				5,800		
18	Citizen's Recommended Adjustment 2017				(1,664)	(695)	(276)
19	Jurisdictional Adjustment @ 99.9356% 2017				(1,663)	58% REDUCTION	83%

Source: Lines 1-5 actual are from Company response to OPC Interrogatory 224 in Docket No. 120015-EI.  
 Lines 1-5 budgeted are from Company response to Staff Interrogatory 235 in Docket No. 120015-EI.  
 Lines 5-9 actual is from Company response to OPC Interrogatories 13 and 14 in Docket No. 160021-EI.  
 Lines 10-12 budgeted is from Company response to OPC Interrogatory 13 and 14 in Docket No. 160021-EI.  
 Jurisdictional allocation from Company MFR Schedule C-4.

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Pole Inspection Expense 2018

Line No.	Year	Poles Inspected	Pole Failures	\$000's		Cost Per Pole	Failure Rate
				Actual	Budgeted/Projected		
1	2007	141,332	9,801	8,578		60.69	6.93%
2	2008	143,319	10,040	12,654	14,417	88.29	7.01%
3	2009	138,970	15,243	10,896	13,024	78.41	10.97%
4	2010	141,423	15,636	10,662	15,064	75.39	11.06%
5	2011	137,315	16,585	17,517	15,300	127.57	12.08%
6	2012	139,426	16,740	14,800	15,000	106.15	12.01%
7	2013	138,310	16,715	14,200	14,900	102.67	12.09%
8	2014	146,325	17,137	3,900	12,600	26.65	11.71%
9	2015	151,679	11,384	6,000	6,300	39.56	7.51%
10	2016	145,250			6,100	42.00	
11	2017	145,250			5,800	39.93	
12	2018	145,250			5,900	40.62	
13	Actual	1,278,099	129,281	99,208			10.12%
14	5 Year Average 2011-2015			11,283	12,820	0.880109	
15	3 Year Actual to Budget			8,033	11,267	Variance 0.713018	
16	2018 Recommended Per Citizen's				4,207	5,193 5,619	
17	2018 Requested				5,900		
18	Citizen's Recommended Adjustment 2018				(1,693)	(707) (281)	
19	Jurisdictional Adjustment @ 99.9422% 2018				(1,692)	58% 83% REDUCTION	

*0.952381*  
*142*

Source: Lines 1-5 actual are from Company response to OPC Interrogatory 224 in Docket No. 120015-EI.  
 Lines 1-5 budgeted are from Company response to Staff Interrogatory 235 in Docket No. 120015-EI.  
 Lines 5-9 actual is from Company response to OPC Interrogatories 13 and 14 in Docket No. 160021-EI.  
 Lines 10-12 budgeted is from Company response to OPC Interrogatory 13 and 14 in Docket No. 160021-EI.  
 Jurisdictional allocation from Company MFR Schedule C-4.

FLORIDA POWER & LIGHT COMPANY  
 Projected Test Year Ended December 31, 2017

Docket No. 160021-EI  
 Exhibit No. HWS-9  
 Storm Hardening  
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Storm Hardening Capital

		\$000's						
Line No.	Description	2012	2013	2014	2015	2016	2017	2018
1	Feeders	50,500	105,600	155,300	201,000	357,200	487,200	675,300
2	Laterals	0	0	0	0	0	0	75,800
3	Storm Surge	0	1,000	2,400	2,600	0	0	0
4	Replacements	24,400	27,700	41,400	49,000	45,100	50,200	50,300
5	Insulators	1,200	4,900	2,900	700	0	0	0
	Inspections							
6	Distribution	87,500	69,700	70,100	73,000	45,700	47,500	49,800
7	Transmission	27,500	31,000	31,200	36,200	32,000	32,500	33,800
8	Over/Under Conversions	4,400	2,700	2,600	1,700	7,500	7,700	8,000
9	Subtotal	175,500	242,600	305,900	364,200	487,500	625,100	893,000
10	Expensed	(35,500)	(29,600)	(5,900)	(16,200)	(16,500)	(21,100)	(25,000)
11	Capital	140,000	213,000	300,000	348,000	471,000	604,000	868,000
12	Budgeted	130,000	142,000	273,000	297,000	471,000	604,000	868,000
13	Change		152.14%	140.85%	116.00%	135.34%	128.24%	143.71%
14	2016 YTD Annualized		<i>136% AVG</i>			448,400	<i>136% AVG</i>	
15	2016 Variance					94.78%		
16	Citizens Recommended Plant Adjustment 2017 and 2018						<u>(31,546)</u>	<u>(45,335)</u>
17	Depreciation Adjustment @ 2.7147% 2017 and 2018						<u>(856)</u>	<u>(1,231)</u>
18	Accumulated Depreciation Adjustment 2017 and 2018						<u>(428)</u>	<u>(615)</u>

Source: Lines 1-8 are from response to SFHHA Interrogatory (IR) No. 99.  
 Line 11 is from response to OPC IR No. 276.  
 Line 12 is from response to OPC IR Nos. 111, 362, and 366.  
 Line 14 is based on response to OPC IR No. 363 which shows actual May YTD spending of \$186 million.

FPSC Hardening June 2016 YTD Budget vs. Actual

	<u>Actual</u>	<u>Budget</u>	
T&D Inspections	\$48.6	\$35.4	
T&D Hardening	\$179.6	\$193.7	
OH/UG Conversions	<u>\$0.4</u>	<u>\$3.6M</u>	
Total	228.6	\$232.7	1.8%

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NEW YORK STATE  
PUBLIC SERVICE COMMISSION

Proceeding on Motion of the Commission as to the  
Rates, Charges, Rules and Regulations of  
Consolidated Edison Company New York, Inc.  
for Electric Service

Case 07-E-0523

DIRECT TESTIMONY AND EXHIBITS OF  
HELMUTH W. SCHULTZ, III, CPA  
and  
DONNA M. DeRONNE, CPA  
ON BEHALF OF THE  
NYS CONSUMER PROTECTION BOARD

Dated: September 7, 2007  
Albany, New York

MINDY A. BOCKSTEIN  
CHAIRPERSON AND EXECUTIVE DIRECTOR  
NYS CONSUMER PROTECTION BOARD  
5 EMPIRE STATE PLAZA  
SUITE 2101  
ALBANY, NEW YORK 12223-1556  
<http://www.nysconsumer.gov>



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1 rate of return requested by the Company and its proposed revenue  
2 conversion factor. This does not, in any way, mean that we support the  
3 rate of return or revenue conversion factor incorporated in Con Edison's  
4 filing. Schedules 2 - 8 support several of our proposed adjustments to the  
5 Company's filing.

6 Exhibit\_\_\_(LA2), Schedule 1 consists of a list of all information  
7 responses that we reference in this testimony and the corresponding page  
8 number of our testimony. Exhibit\_\_\_(LA2), Schedule 2 consists of the  
9 actual responses to those information requests.

10

11 Q. On whose behalf are you appearing?

12 A. Larkin & Associates, PLLC was retained by the New York State Consumer  
13 Protection Board ("CPB").

14

15 GENERAL OVERVIEW

16 Q. Do you have any general observations regarding the Company's filing?

17 A. Con Edison's filing reflects significant increases in proposed spending on  
18 various operations and maintenance categories when compared to the  
19 limited historical information made available by the Company. In many  
20 cases, the Company, in its filing and in their responses to discovery, failed  
21 to provide adequate supporting documentation for the requested  
22 expenses in the rate year. In addition, the filing itself lacks proper  
23 organization and cross referencing that would facilitate review by the

1 Commission, Staff of the Department of Public Service ("DPS Staff") and  
2 interveners.

3

4 Q. What do you mean when you said that the historical information was  
5 limited?

6 A. In numerous requests, the Company was asked to provide comparable  
7 historic costs for the period 2002-2006. Except for one instance of which  
8 we are aware where historical cost information was provided, the  
9 Company only provided the information for 2004-2006. In some cases,  
10 even that limited historical cost information was not provided. It is not  
11 appropriate for the Company to limit the scope of review by those charged  
12 with the responsibility of analyzing the Company's request for an increase  
13 in rates.

14

15 Q. Why is it necessary to have the five years of information you requested?

16 A. Five years of information provides an opportunity to evaluate spending  
17 over a period of time in which fluctuations in any one year or two can be  
18 identified. It also allows for a comparison of requested costs to historical  
19 data to assess whether the request is reasonable. In fact, a number of  
20 jurisdictions use five or more years of data to develop an average for  
21 expenses such as uncollectibles, storms and tree trimming, which are then  
22 used in determining the utility's revenue requirement.

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1           In our review of the DPS Staff report in Case 06-E-0894 concerning  
2           the extended outage in July 2006 in Con Edison's Long Island City  
3           Network, we noted that five years of cost data were analyzed. This  
4           amount of information greatly helped DPS Staff and CPB in that case, to  
5           analyze Con Edison's O&M expense levels – which remained relatively  
6           flat over the 2001 to 2005 period. This is an important observation when  
7           assessing changes in cost. When a comparison is made of the 2004-  
8           2006 costs, the 2007 budget and the rate year request for many of the  
9           costs in the filing, we note that the rate year costs spike significantly. An  
10          example of this comparison is shown on Exhibit\_\_\_(LA), Schedule 2. This  
11          raises a concern because the Company's testimony emphasizes the need  
12          for an increase, yet the historical costs do not reflect an annual increase of  
13          the magnitude proposed by the Company. Further, even the budgeted  
14          costs do not reflect the increase that is proposed for the rate year.

15  
16   Q.    Could you explain your statement that the Company failed to supply  
17          supporting documentation?

18   A.    Supporting documentation to an analyst, is a document that can  
19          substantiate a claim and/or an expense. The Company's filing and  
20          responses to discovery consistently include only a description that  
21          sometimes is accompanied with numbers and/or a calculation. There is a  
22          difference between supporting documentation (i.e., invoices, quotes,  
23          studies, etc.) and numbers on a piece of paper and/or a calculation. A

*WDR/KP/ER  
11/6/15*

1           We are also concerned about the Company's proposed adjustment  
2           of \$632,000 for danger tree removal under the program caption "Storm  
3           Hardening and Response". The concern is not with the Company's  
4           expenditure of funds for this line maintenance, but with the fact that this is  
5           being reflected as a new program for distribution maintenance. Danger  
6           tree removal is a common practice by electric utilities that apparently has  
7           not been practiced by Consolidated Edison. In addition, the Company's  
8           estimated cost of removal per tree for danger trees appears overstated.  
9           The Company is using an estimate for this new program of \$702 per tree.  
10          In a current case in Vermont, the average cost for removal over the last  
11          five years is \$158.16 per tree.

12  
13   Q.    Do you have a recommendation regarding the Company's proposed  
14          spending for tree trimming?

15   A.    Yes. It is very common for tree trimming costs included in rates to be  
16          based on an historical average. Although there is a preference to utilize a  
17          five-year average if an average were to be used, we can only recommend  
18          a three-year average because the Company did not provide the five years  
19          of expenditures requested. Using the three years of spending provided in  
20          response to CPB IR 4, it spent an average of \$8.025 million on the  
21          program. Based on the fact that this information includes the additional  
22          \$4.332 million cost not considered in the Company's Exhibit\_\_ (IIP-8) and  
23          not adequately explained, the estimate is generous. That would require a

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1 reduction of \$5.73 million (\$13.755 million - \$8.025 million) to the  
2 Company's request.

3

4 Q. Are you recommending an adjustment for the Danger Tree Removal  
5 request made by the Company?

6 A. Yes. The cost per tree is considered excessive compared to neighboring  
7 Vermont. Assuming a very generous cost per tree of \$325, the cost for  
8 the removal of 900 trees would be \$292,500. With this estimate, the cost  
9 for danger trees should be reduced by \$339,500.

10

11 Q. Do you have any other recommendations regarding distribution line  
12 clearance and danger tree removal?

13 A. Yes. We also recommend that the Company be required to maintain an  
14 annual summary of the costs expended for these programs. If the  
15 Company fails to expend \$292,500 for danger tree removal and \$8.025  
16 million for distribution tree trimming in any year during which the new rates  
17 are in affect, then a deferred liability will be set up to ensure that the funds  
18 are spent as intended. The liability can be utilized in future years until  
19 rates are reset, and if not expended, the funds would be used for the  
20 benefit of ratepayers. Similarly, if the Company chooses to expand those  
21 projects, it should be permitted to defer the associated costs that are in  
22 excess of the amounts reflected in rates.

23

DISTRIBUTION PROPERTIES

Ariel Substation (\$0.8 million) – This property is geographically and strategically located along US 1, south of New Smyrna Beach, to support initiatives to improve reliability for high exposure distribution feeders at the closest substation which is near capacity. The projected in-service date for this substation is December 2028.

Chester Substation (\$0.4 million) – This property is geographically and strategically located north of Jacksonville, near the north end of FPL’s service territory, to support initiatives to improve reliability for high exposure distribution feeders. The projected in-service date for this substation is December 2028.

Deerwood Substation – (\$0.8 million) – This property is geographically and strategically located near St. Augustine and is expected to be utilized for reliability purposes and/or future load growth. The projected in-service date for this substation is December 2028.

Ely Substation Expansion (\$0.6 million) – This parcel is adjacent to existing FPL property and will be needed to support the proposed 269 acre downtown Pompano redevelopment, new railroad transit hub and beach redevelopment. The projected in-service date for this property is December 2028.

Hargrove Substation (\$0.9 million) - This property is geographically and strategically located just west of Palm Coast and is expected to be utilized for reliability purposes and/or future load growth. The projected in-service date for this substation is December 2028.

Minton Substation (formerly Henry) (\$1.0 million) – This property is geographically and strategically located adjacent to transmission in Melbourne to support initiatives to improve reliability for high exposure distribution feeders. The projected in-service date for this substation is December 2028.

Pacetti (\$0.2 million) - This property is geographically and strategically located north of St. Augustine and is expected to be utilized for reliability purposes and/or future load growth for stations nearing capacity. The projected in-service date for this substation is December 2028.

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Sartori (\$0.1 million) – This property is geographically and strategically located west of Palm Bay to support initiatives to improve reliability for high exposure distribution feeders. The projected in-service date for this substation is December 2028.

Speedway Substation (formerly Pelican) (\$0.5 million) - This property is geographically and strategically located just south of the Daytona Speedway racetrack and is expected to be utilized for reliability purposes and/or future load growth. The projected in-service date for this substation is December 2028.

Timucan Substation (\$1.7 million) - This property is geographically and strategically located in Bradenton to support load growth and initiatives to improve reliability for high exposure distribution feeders at stations which are reaching capacity. The projected in-service date for this substation is December 2028.

Township – (\$0.01 million) - This property is geographically and strategically located adjacent to transmission southeast of Palm Bay near US1 to support initiatives to improve reliability for high exposure distribution feeders. The projected in-service date for this substation is December 2028.

Pennsucco Expansion (\$1.6 million) – This parcel is needed for expansion to accommodate a new 230kV line associated with the Turkey Point 6 and 7 project. The expected in-service date for this property is June 2027.

Vermont Substation (\$0.7 million) – This property is geographically and strategically located west of St. Augustine and is expected to be utilized for reliability purposes and/or future load growth. The projected in-service date for this substation is December 2028.

Challenger (formerly Harrison St.) (\$0.3 million) - This property is geographically and strategically located in Titusville to support initiatives to improve reliability for high exposure distribution feeders at a nearby station reaching capacity. The projected in-service date for this substation is December 2028.

Southwest Substation (\$0.6 million) – Property currently is supporting a storage unit pilot that is already in service. Property is also being considered as part of a land swap with local railroad company. The projected in-service date for this substation is December 2028.

## TRANSMISSION PROPERTIES

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15/16/15

Galloway-South Miami Loop to Southwest Sub (\$1.8 Million): Land rights for this right-of-way are required to provide service to the proposed Southwest distribution substation and relieve two existing substations serving the area, which are projected to have summer loads exceeding their capacity.

Harbor-Punta Gorda #2 – Easements (\$0.7 million): These transmission line property easements are for construction of an additional transmission line in Charlotte County to allow for dual, continuous feeds to several existing distribution substations. FPL acquired the property rights to accommodate the remaining three mile section of 138kV overhead transmission between Harbor and Punta Gorda substations, of which approximately one mile has been constructed. In addition to the completed one mile section between Harbor and Punta Gorda, a significant portion of the overall Charlotte-Harbor 138kV #2 project south of Punta Gorda has already been completed. The project will be completed to improve reliability by providing continuous looped service to three existing distribution substations serving customer load.

Rima Sub and Rima-Volusia 230kV R/W Line (\$0.6 million): The Rima Substation property and associated transmission right-of-way was acquired for construction of a 500/230kV transmission substation west of Daytona Beach. The property is strategically located adjacent to and underneath a current 500kV transmission corridor. The Rima-Volusia right-of-way is planned to accommodate up to six 230kV lines to tie the new substation into our 230kV grid in eastern Volusia County. This project's strategic location positions FPL well for load growth response, and it will be completed when load growth materializes in the area.

Turkey Point-Levee (Levee-South Dade) (\$1.4 million): This right-of-way is required for new transmission lines to integrate additional generation at the Turkey Point site into our 500kV transmission backbone, along the southeast coast of peninsular Florida. FPL currently plans to build two 500kV lines and one 230kV line in the right-of-way.