

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for limited proceeding for recovery of incremental storm restoration costs related to Hurricane Matthew by Florida Power & Light Company. | DOCKET NO. 20160251-EI
| DATED: MAY 2, 2018

**THE FLORIDA RETAIL FEDERATION'S
PREHEARING STATEMENT**

The Florida Retail Federation (“FRF”), pursuant to the Order Establishing Procedure in this docket, Order No. PSC-2017-0471-PCO-EI, issued December 15, 2017, and modified by Order No. PSC-2018-0189-PCO-EI, issued April 19, 2018, hereby submits this Prehearing Statement.

APPEARANCES:

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On behalf of the Florida Retail Federation.

1. **WITNESSES:**

The Florida Retail Federation does not intend to call any witnesses for direct examination, but reserves its rights to cross-examine all witnesses and to rely upon the prefiled testimony of witnesses in this docket, as well as testimony on their cross-examination.

2. EXHIBITS:

The Florida Retail Federation will not introduce any exhibits on direct examination, but reserves its rights to introduce exhibits through cross-examination of other parties' witnesses.

3. STATEMENT OF BASIC POSITION

Subject to meeting its burden of proof, FPL is entitled to recover incremental costs of restoring service following Hurricane Matthew, including restoration of its storm reserve to the level immediately before Hurricane Matthew impacted FPL's service areas on the East Coast of Florida. Since FPL's operation and maintenance ("O&M") costs in 2016 were less than the O&M costs embedded in FPL's base rates, there can have been no incremental O&M costs, and therefore no recovery for O&M costs is appropriate. The FRF agrees with adjustments recommended by the Citizens' witness, Helmuth Schultz, to disallow certain costs that should be capitalized and certain costs that are not appropriately verifiable. Based on OPC's recommended adjustments, FPL's Hurricane Matthew cost recovery request should be reduced by \$84,123,000. The true-up refund should be made promptly on the same cents-per-kilowatt-hour basis that FPL used to recover costs pursuant to its Interim Storm Restoration Recovery Charge.

4. STATEMENT OF FACTUAL ISSUES AND POSITIONS

Issue 1: What is the appropriate baseline from which incremental costs are derived?

FRF: The appropriate baseline from which incremental costs are to be calculated or derived is the amount of costs that are normally charged to non-cost-recovery clause accounts. The appropriate baseline for O&M costs is the amount of O&M expense included in the utility's base rates for the year in which the storm occurred. The appropriate baseline for capital expenditures is the amount of normal removal, retirement, and replacement of damaged facilities incurred by the utility in the absence of a storm or storms.

Issue 2: What is the appropriate amount of FPL regular payroll expense to be included in storm recovery?

FRF: No position at this time.

Issue 3: What is the appropriate amount of FPL overtime payroll expense to be included in storm recovery?

FRF: Agree with OPC.

Issue 4: What is the appropriate amount of contractor costs to be included in storm recovery?

FRF: \$134,511,000.

Issue 5: What is the appropriate amount of logistic costs that should be included in storm recovery?

FRF: \$63,702,000.

Issue 6: Are the standby and mobilization/demobilization costs that are included in FPL's storm recovery appropriate? If not, what adjustments, if any, should be made?

FRF: No, because the costs are not verifiable. Agree with OPC that an adjustment should be made to disallow non-verifiable claimed expenses.

Issue 7: What is the appropriate amount to include in storm recovery to replenish the level of FPL's storm reserve?

FRF: The appropriate amount to be included in allowed recovery of Hurricane Matthew storm restoration costs is \$93.105 million, based on restoration of the reserve to the pre-Hurricane Matthew level as contemplated by the stipulation approved by the Commission in Docket No. 20120015-EI.

Issue 8: What is the appropriate amount of storm-related costs and storm reserve replenishment FPL is entitled to recover for Hurricane Matthew?

FRF: Agree with OPC.

Issue 9: What is the total amount of storm-related revenues that FPL collected for Hurricane Matthew through their approved interim storm restoration recovery charge?

FRF: \$322,449,167.

Issue 10: If applicable, how should any under-recovery or over-recovery be handled?

FRF: Depending on the magnitude of any under-recovery or over-recovery, any such correction should be credited back to customers as promptly as practicable on the basis of the same cents-per-kWh rate structure as was used to collect the storm surcharge revenues for Hurricane Matthew restoration costs.

Issue 11: Should this docket be closed?

FRF: Yes, after the issuance of a final order from which all opportunities for appeal have expired, this docket should be closed.

CONTESTED ISSUES

OPC

Issue A: Should FPL be required to separately track and account for costs associated with standby time, mobilization and demobilization work?

FRF: Agree with OPC.

5. **STIPULATED ISSUES:**

None at this time.

6. **PENDING MOTIONS:**

The FRF has no pending motions.

7. **STATEMENT OF PARTY'S PENDING REQUESTS OR CLAIMS FOR CONFIDENTIALITY:**

The FRF has no pending requests or claims for confidentiality.

8. OBJECTIONS TO QUALIFICATION OF WITNESSES AS AN EXPERT:

The FRF does not expect to challenge the qualifications of any witness to testify, although the FRF reserves all rights to question witnesses as their qualifications as related to the credibility and weight to be accorded their testimony.

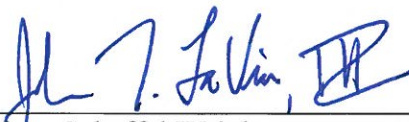
9. STATEMENT REGARDING SEQUESTRATION OF WITNESSES:

The FRF does not intend to invoke the rule requiring sequestration of witnesses.

10. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE:

There are no requirements of the Order Establishing Procedure with which the Florida Retail Federation cannot comply.

Respectfully submitted this 2nd day of May, 2018.



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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished

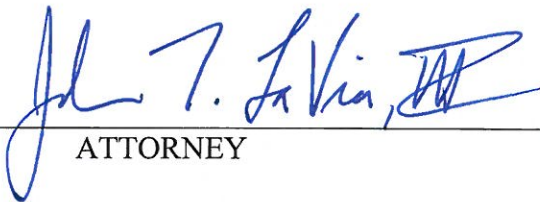
by electronic mail on this 2nd day of May, 2018, to the following:

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