

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for establishment of regulatory assets for expenses not recovered during restoration for Hurricane Michael, by Florida Public Utilities Company.	DOCKET NO. 20190155-EI
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In re: Petition for a limited proceeding to recover incremental storm restoration costs, capital costs, revenue reduction for permanently lost customers, and regulatory assets related to Hurricane Michael, by Florida Public Utilities Company.	DOCKET NO. 20190156-EI
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In re: Petition for approval of 2019 depreciation study by Florida Public Utilities Company.	DOCKET NO. 20190174-EI FILED: July 24, 2020
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OPC's NOTICE OF SERVICE OF ERRATA TO THE TESTIMONY AND EXHIBIT OF WITNESS HELMUTH W. SCHULTZ

Pursuant to Section 350.0611, Florida Statutes, the Citizens of the State of Florida, by and through J. R. Kelly, Public Counsel, hereby give notice of service of the attached Errata Sheet to the Direct Testimony of Helmuth W. Schultz, filed on June 26, 2020 and the Redacted Version filed on July 9, 2020. In addition, HWS-1 was inadvertently omitted from the Redacted Version of the Direct Testimony of Helmuth W. Schultz which is attached hereto.

J. R. Kelly
Public Counsel

/s/Patricia A. Christensen
Patricia Christensen
Associate Public Counsel

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Attorneys for the Citizens
of the state of Florida

CERTIFICATE OF SERVICE

Docket No. 20190155-EI,

Docket No. 20190156-EI

Docket No. 20190174-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic mail to the following parties on this 24th day of July, 2020:

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ERRATA SHEET

WITNESS: Helmuth W. Schultz

The following table contains the corrected errata in his direct testimony.

<u>Page</u>	<u>Line</u>	<u>Original</u>	<u>Revision</u>
Page 5	Line 16	WAAC	WACC
Page 12	Line 22	WAAC	WACC
Page 19	Line 2	WAAC	WACC
Page 26	Line 21	WHERE	WERE
Page 27	Line16	\$116,469	\$166,469

QUALIFICATIONS OF HELMUTH W. SCHULTZ, III

Mr. Schultz received a Bachelor of Science in Accounting from Ferris State College in 1975. He maintains extensive continuing professional education in accounting, auditing, and taxation. Mr. Schultz is a member of the Michigan Association of Certified Public Accountants

Mr. Schultz was employed with the firm of Larkin, Chapski & Co., C.P.A.s, as a Junior Accountant, in 1975. He was promoted to Senior Accountant in 1976. As such, he assisted in the supervision and performance of audits and accounting duties of various types of businesses. He has assisted in the implementation and revision of accounting systems for various businesses, including manufacturing, service and sales companies, credit unions and railroads.

In 1978, Mr. Schultz became the audit manager for Larkin, Chapski & Co. His duties included supervision of all audit work done by the firm. Mr. Schultz also represents clients before various state and IRS auditors. He has advised clients on the sale of their businesses and has analyzed the profitability of product lines and made recommendations based upon his analysis. Mr. Schultz has supervised the audit procedures performed in connection with a wide variety of inventories, including railroads, a publications distributor and warehouse for Ford and GM, and various retail establishments.

Mr. Schultz has performed work in the field of utility regulation on behalf of public service commission staffs, state attorney generals and consumer groups concerning regulatory matters before regulatory agencies in Alaska, Arizona, California, Connecticut, Delaware, District of Columbia, Florida, Georgia, Hawaii, Kentucky, Kansas, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, New Jersey, New Hampshire, New York, Nevada, North Dakota, Ohio, Pennsylvania, Rhode Island, Texas, Utah, Vermont and Virginia. He has presented expert testimony in regulatory hearings on behalf of utility commission staffs and intervenors on numerous occasions.

Partial list of utility cases participated in:

U-5331

Consumers Power Co.
Michigan Public Service Commission
Winter Park Telephone Co.

Docket No. 770491-TP

	Florida Public Service Commission
Case Nos. U-5125 and U-5125(R)	Michigan Bell Telephone Co. Michigan Public Service Commission
Case No. 77-554-EL-AIR	Ohio Edison Company Public Utility Commission of Ohio
Case No. 79-231-EL-FAC	Cleveland Electric Illuminating Public Utility Commission of Ohio
Case No. U-6794	Michigan Consolidated Gas Refunds Michigan Public Service Commission
Docket No. 820294-TP	Southern Bell Telephone and Telegraph Co. Florida Public Service Commission
Case No. 8738	Columbia Gas of Kentucky, Inc. Kentucky Public Service Commission
82-165-EL-EFC	Toledo Edison Company Public Utility Commission of Ohio
Case No. 82-168-EL-EFC	Cleveland Electric Illuminating Company, Public Utility Commission of Ohio
Case No. U-6794	Michigan Consolidated Gas Company Phase II, Michigan Public Service Commission
Docket No. 830012-EU	Tampa Electric Company, Florida Public Service Commission
Case No. ER-83-206	Arkansas Power & Light Company, Missouri Public Service Commission
Case No. U-4758	The Detroit Edison Company - (Refunds), Michigan Public Service Commission
Case No. 8836	Kentucky American Water Company,

Kentucky Public Service Commission

Case No. 8839	Western Kentucky Gas Company, Kentucky Public Service Commission
Case No. U-7650	Consumers Power Company - Partial and Immediate Michigan Public Service Commission
Case No. U-7650	Consumers Power Company - Final Michigan Public Service Commission
U-4620	Mississippi Power & Light Company Mississippi Public Service Commission
Docket No. R-850021	Duquesne Light Company Pennsylvania Public Utility Commission
Docket No. R-860378	Duquesne Light Company Pennsylvania Public Utility Commission
Docket No. 87-01-03	Connecticut Natural Gas State of Connecticut Department of Public Utility Control
Docket No. 87-01-02	Southern New England Telephone State of Connecticut Department of Public Utility Control
Docket No. 3673-U	Georgia Power Company Georgia Public Service Commission
Docket No. U-8747	Anchorage Water and Wastewater Utility Alaska Public Utilities Commission
Docket No. 8363	El Paso Electric Company The Public Utility Commission of Texas

Docket No. 881167-EI	Gulf Power Company Florida Public Service Commission
Docket No. R-891364	Philadelphia Electric Company Pennsylvania Office of the Consumer Advocate
Docket No. 89-08-11	The United Illuminating Company The Office of Consumer Counsel and the Attorney General of the State of Connecticut
Docket No. 9165	El Paso Electric Company The Public Utility Commission of Texas
Case No. U-9372	Consumers Power Company Before the Michigan Public Service Commission
Docket No. 891345-EI	Gulf Power Company Florida Public Service Commission
ER89110912J	Jersey Central Power & Light Company Board of Public Utilities Commissioners
Docket No. 890509-WU	Florida Cities Water Company, Golden Gate Division Florida Public Service Commission
Case No. 90-041	Union Light, Heat and Power Company Kentucky Public Service Commission
Docket No. R-901595	Equitable Gas Company Pennsylvania Consumer Counsel
Docket No. 5428	Green Mountain Power Corporation Vermont Department of Public Service
Docket No. 90-10	Artesian Water Company Delaware Public Service Commission

Docket No. 900329-WS	Southern States Utilities, Inc. Florida Public Service Commission
Case No. PUE900034	Commonwealth Gas Services, Inc. Virginia Public Service Commission
Docket No. 90-1037* (DEAA Phase)	Nevada Power Company - Fuel Public Service Commission of Nevada
Docket No. 5491**	Central Vermont Public Service Corporation Vermont Department of Public Service
Docket No. U-1551-89-102	Southwest Gas Corporation - Fuel Before the Arizona Corporation Commission Southwest Gas Corporation - Audit of Gas Procurement Practices and Purchased Gas Costs
Docket No. U-1551-90-322	Southwest Gas Corporation Before the Arizona Corporation Commission
Docket No. 176-717-U	United Cities Gas Company Kansas Corporation Commission
Docket No. 5532	Green Mountain Power Corporation Vermont Department of Public Service
Docket No. 910890-EI	Florida Power Corporation Florida Public Service Commission
Docket No. 920324-EI	Tampa Electric Company Florida Public Service Commission
Docket No. 92-06-05	United Illuminating Company The Office of Consumer Counsel and the Attorney General of the State of Connecticut
Docket No. C-913540	Philadelphia Electric Co. Before the Pennsylvania Public Utility Commission

Docket No. 92-47	The Diamond State Telephone Company Before the Public Service Commission of the State of Delaware
Docket No. 92-11-11	Connecticut Light & Power Company State of Connecticut Department of Public Utility Control
Docket No. 93-02-04	Connecticut Natural Gas Corporation State of Connecticut Department of Public Utility Control
Docket No. 93-02-04	Connecticut Natural Gas Corporation (Supplemental) State of Connecticut Department of Public Utility Control
Docket No. 93-08-06	SNET America, Inc. State of Connecticut Department of Public Utility Control
Docket No. 93-057-01**	Mountain Fuel Supply Company Before the Public Service Commission of Utah
Docket No. 94-105-EL-EFC	Dayton Power & Light Company Before the Public Utilities Commission of Ohio
Case No. 399-94-297**	Montana-Dakota Utilities Before the North Dakota Public Service Commission
Docket No. G008/C-91-942	Minnegasco Minnesota Department of Public Service
Docket No. R-00932670	Pennsylvania American Water Company Before the Pennsylvania Public Utility Commission
Docket No. 12700	El Paso Electric Company

Public Utility Commission of Texas

Case No. 94-E-0334

Consolidated Edison Company
Before the New York Department of Public
Service

Docket No. 2216

Narragansett Bay Commission
On Behalf of the Division of Public Utilities and
Carriers,
Before the Rhode Island Public Utilities
Commission

Case No. PU-314-94-688

U.S. West Application for Transfer of Local
Exchanges
Before the North Dakota Public Service
Commission

Docket No. 95-02-07

Connecticut Natural Gas Corporation
State of Connecticut
Department of Public Utility Control

Docket No. 95-03-01

Southern New England Telephone Company
State of Connecticut
Department of Public Utility Control

Docket No.
U-1933-95-317
Docket No. 5863*

Tucson Electric Power
Before the Arizona Corporation Commission
Central Vermont Public Service Corporation
Before the Vermont Public Service Board

Docket No. 96-01-26**

Bridgeport Hydraulic Company
State of Connecticut
Department of Public Utility Control

Docket Nos. 5841/ 5859

Citizens Utilities Company
Before Vermont Public Service Board

Docket No. 5983	Green Mountain Power Corporation Before Vermont Public Service Board
Case No. PUE960296**	Virginia Electric and Power Company Before the Commonwealth of Virginia State Corporation Commission
Docket No. 97-12-21	Southern Connecticut Gas Company State of Connecticut Department of Public Utility Control
Docket No. 97-035-01	PacifiCorp, dba Utah Power & Light Company Before the Public Service Commission of Utah
Docket No. G-03493A-98-0705*	Black Mountain Gas Division of Northern States Power Company, Page Operations Before the Arizona Corporation Commission
Docket No. 98-10-07	United Illuminating Company State of Connecticut Department of Public Utility Control
Docket No. 99-01-05	Connecticut Light & Power Company State of Connecticut Department of Public Utility Control
Docket No. 99-04-18	Southern Connecticut Gas Company State of Connecticut Department of Public Utility Control
Docket No. 99-09-03	Connecticut Natural Gas Corporation State of Connecticut Department of Public Utility Control
Docket No. 980007-0013-003	Intercoastal Utilities, Inc. St. John County - Florida

Docket No. 99-035-10	PacifiCorp dba Utah Power & Light Company Before the Public Service Commission of Utah
Docket No. 6332 **	Citizens Utilities Company - Vermont Electric Division Before the Vermont Public Service Board
Docket No. G-01551A-00-0309	Southwest Gas Corporation Before the Arizona Corporation Commission
Docket No. 6460**	Central Vermont Public Service Corporation Before the Vermont Public Service Board
Docket No. 01-035-01*	PacifiCorp dba Utah Power & Light Company Before the Public Service Commission of Utah
Docket No. 01-05-19 Phase I	Yankee Gas Services Company State of Connecticut Department of Public Utility Control
Docket No. 010949-EI	Gulf Power Company Before the Florida Office of the Public Counsel
Docket No. 2001-0007-0023	Intercoastal Utilities, Inc. St. Johns County - Florida
Docket No. 6596	Citizens Utilities Company - Vermont Electric Division Before the Vermont Public Service Board
Docket Nos. R. 01-09-001 I. 01-09-002	Verizon California Incorporated Before the California Public Utilities Commission
Docket No. 99-02-05	Connecticut Light & Power Company State of Connecticut Department of Public Utility Control
Docket No. 99-03-04	United Illuminating Company

State of Connecticut
Department of Public Utility Control

Docket Nos. 5841/ 5859	Citizens Utilities Company Probation Compliance Before Vermont Public Service Board
Docket No. 6120/6460	Central Vermont Public Service Corporation Before the Vermont Public Service Board
Docket No. 020384-GU	Tampa Electric Company d/b/a/ Peoples Gas System Before the Florida Public Service Commission
Docket No. 03-07-02	Connecticut Light & Power Company State of Connecticut Department of Public Utility Control
Docket No. 6914	Shoreham Telephone Company Before the Vermont Public Service Board
Docket No. 04-06-01	Yankee Gas Services Company State of Connecticut Department of Public Utility Control
Docket Nos. 6946/6988	Central Vermont Public Service Corporation Before the Vermont Public Service Board
Docket No. 04-035-42**	PacifiCorp dba Utah Power & Light Company Before the Public Service Commission of Utah
Docket No. 050045-EI**	Florida Power & Light Company Before the Florida Public Service Commission
Docket No. 050078-EI**	Progress Energy Florida, Inc. Before the Florida Public Service Commission
Docket No. 05-03-17	The Southern Connecticut Gas Company

State of Connecticut
Department of Public Utility Control

Docket No. 05-06-04

United Illuminating Company
State of Connecticut
Department of Public Utility Control

Docket No. A.05-08-021

San Gabriel Valley Water Company, Fontana
Water Division
Before the California Public Utilities Commission

Docket NO. 7120 **

Vermont Electric Cooperative
Before the Vermont Public Service Board

Docket No. 7191 **

Central Vermont Public Service Corporation
Before the Vermont Public Service Board

Docket No. 06-035-21 **

PacifiCorp
Before the Public Service Commission of Utah

Docket No. 7160

Vermont Gas Systems
Before the Vermont Public Service Board

Docket No. 6850/6853 **

Vermont Electric Cooperative/Citizens
Communications Company
Before the Vermont Public Service Board

Docket No. 06-03-04**
Phase 1

Connecticut Natural Gas Corporation
Connecticut Department of Public Utility Control

Application 06-05-025

Request for Order Authorizing the Sale by
Thames GmbH of up to 100% of the Common
Stock of American Water Works Company, Inc.,
Resulting in Change of Control of California-
American Water Company
Before the California Public Utilities Commission

Docket No. 06-12-02PH01**

Yankee Gas Company

State of Connecticut
Department of Public Utility Control

Case 06-G-1332**	Consolidated Edison Company of New York, Inc. Before the NYS Public Service Commission
Case 07-E-0523	Consolidated Edison Company of New York, Inc. Before the NYS Public Service Commission
Docket No. 07-07-01	Connecticut Light & Power Company Connecticut Department of Public Utility Control
Docket No. 07-035-93	Rocky Mountain Power Company Before the Public Service Commission of Utah
Docket No. 07-057-13	Questar Before the Public Service Commission of Utah
Docket No. 08-07-04	United Illuminating Company Connecticut Department of Public Utility Control
Case 08-E-0539	Consolidated Edison Company of New York, Inc. Before the NYS Public Service Commission
Docket No. 080317-EI	Tampa Electric Company Before the Florida Public Service Commission
Docket No. 7488**	Vermont Electric Cooperative, Inc. Before the Vermont Public Service Board
Docket No. 080318-GU	Peoples Gas System Before the Florida Public Service Commission
Docket No. 08-12-07***	Southern Connecticut Gas Company Connecticut Department of Utility Control
Docket No. 08-12-06***	Connecticut National Gas Company Connecticut Department of Utility Control
Docket No. 090079-EI	Progress Energy Florida, Inc.

Before the Florida Public Service Commission

Docket No. 7529 **	Burlington Electric Company Before the Vermont Public Service Board
Docket No. 7585****	Green Mountain Power Corporation Alternative Regulation Before the Vermont Public Service Board
Docket No. 7336****	Central Vermont Public Service Company Alternative Regulation Before the Vermont Public Service Board
Docket No. 09-12-05	Connecticut Light & Power Company Connecticut Department of Utility Control
Docket No. 10-02-13	Aquarion Water Company of Connecticut Connecticut Department of Utility Control
Docket No. 10-70	Western Massachusetts Electric Company Massachusetts Department of Public Utilities
Docket No. 10-12-02	Yankee Gas Services Company Connecticut Department of Utility Control
Docket No. 11-01	Fitchburg Gas & Electric Light Company Massachusetts Department of Public Utilities
Case No.9267	Washington Gas Light Company Maryland Public Service Commission
Docket No. 110138-EI	Gulf Power Company Before the Florida Public Service Commission
Case No.9286	Potomac Electric Power Company Maryland Public Service Commission
Docket No. 120015-EI	Florida Power & Light Company Before the Florida Public Service Commission

Docket No. 11-102***	Western Massachusetts Electric Company Massachusetts Department of Public Utilities
Docket No. 8373****	Green Mountain Power Company Alternative Regulation Before the Vermont Public Service Board
Docket No. 110200-WU	Water Management Services, Inc. Before the Florida Public Service Commission
Docket No. 11-102/11-102A	Western Massachusetts Electric Company Massachusetts Department of Public Utilities
Case No.9311	Potomac Electric Power Company Maryland Public Service Commission
Case No.9316	Columbia Gas of Maryland, Inc. Maryland Public Service Commission
Docket No. 130040-EI**	Tampa Electric Company Before the Florida Public Service Commission
Case No.1103	Potomac Electric Power Company Public Service Commission of the District of Columbia
Docket No. 13-03-23	Connecticut Light & Power Company Connecticut Public Utility Regulatory Authority
Docket No. 13-06-08	Connecticut Natural Gas Corporation Connecticut Public Utility Regulatory Authority
Docket No. 13-90	Fitchburg Gas & Electric Light Company Massachusetts Department of Public Utilities
Docket No. 8190**	Green Mountain Power Company Before the Vermont Public Service Board

Docket No. 8191**	Green Mountain Power Company Alternative Regulation Before the Vermont Public Service Board
Case No.9354**	Columbia Gas of Maryland, Inc. Maryland Public Service Commission
Docket No.2014-UN-132**	Entergy Mississippi Inc. Mississippi Public Service Commission
Docket No. 13-135	Western Massachusetts Electric Company Massachusetts Department of Public Utilities
Docket No. 14-05-26	Connecticut Light & Power Company Connecticut Public Utility Regulatory Authority
Docket No. 13-85	Massachusetts Electric Company and Nantucket Electric Company D/B/A/ as National Grid Massachusetts Department of Public Utilities
Docket No. 14-05-26RE01***	Connecticut Light & Power Company Connecticut Public Utility Regulatory Authority
Docket No.2015-UN-049**	Atmos Energy Corporation Mississippi Public Service Commission
Case No.9390	Columbia Gas of Maryland, Inc. Maryland Public Service Commission
Docket No. 15-03-01***	Connecticut Light & Power Company Connecticut Public Utility Regulatory Authority
Docket No. 15-03-02***	United Illuminating Company Connecticut Department of Public Utility Control
Case No.9418***	Potomac Electric Power Company Maryland Public Service Commission
Case No.1135***	Washington Gas

Public Service Commission of the District of
Columbia

Docket No. 15-03-01***	Connecticut Light & Power Company Connecticut Public Utility Regulatory Authority
Case No.1137	Washington Gas Public Service Commission of the District of Columbia
Docket No. 160021-EI	Florida Power & Light Company Before the Florida Public Service Commission
Docket No. 160062-EI	Florida Power & Light Company Before the Florida Public Service Commission
Docket No. 15-149	Western Massachusetts Electric Company Massachusetts Department of Public Utilities
Docket No. 8710	Vermont Gas Systems Inc. Before the Vermont Public Service Board
Docket No. 8698	Vermont Gas Systems Inc. Alternative Regulation Before the Vermont Public Service Board
Docket No. 16-06-042	United Illuminating Company Connecticut Department of Public Utility Control
Docket No. A.16-09-001	Southern California Edison Before the California Public Utilities Commission
Case No. 17-1238-INV**	Vermont Gas Systems Inc. Before the Vermont Public Utility Commission
Case No. 17-3112-INV**	Green Mountain Power Company Before the Vermont Public Utility Commission
Docket No. 17-10-46**	Connecticut Light & Power Company

Connecticut Public Utility Regulatory Authority

Docket No. 20170141-SU	KW Resort Utilities Corp. Before the Florida Public Service Commission
Docket No. 2017-0105	The Hawaii Gas Company Before the Hawaii Public Utility Commission
Docket No. 20160251-EI**	Florida Power & Light. Company Before the Florida Public Service Commission
Case No. 18-0409-TF**	Vermont Gas Systems Inc. Before the Vermont Public Utility Commission
Docket No. 2018-00008	Maine Water Company (Tax Docket). Before the Maine Public Utility Commission
Docket No. 18-05-16**	Connecticut Natural Gas Company Connecticut Public Utility Regulatory Authority
Docket No. 18-05-10**	Yankee Gas Services Company Connecticut Public Utility Regulatory Authority
Docket No. 20170272-EI**	Duke Energy Florida LLC. (Storm Case) Before the Florida Public Service Commission
Docket No. 20170271-EI**	Tampa Electric Company. (Storm Case) Before the Florida Public Service Commission
Docket No. 20180039-EI***	Gulf Power Company (Tax Docket).
Docket No. 20180044-EI***	Peoples Gas System (Tax Docket).
Docket No. 20180045-EI***	Tampa Electric Company (Tax Docket).
Docket No. 20180046-EI***	Florida Power & Light Company (Tax Docket).
Docket No. 20180047-EI***	Duke Energy Florida LLC (Tax Docket).
Docket No. 20180048-EI***	Florida Public Utilities Company (Tax Docket). Before the Florida Public Service Commission
Docket No. 20180061-EI	Florida Public Utilities Company. (Storm Case)

	Before the Florida Public Service Commission
Docket No. 20180049-EI**	Florida Power & Light Company. (Storm Case) Before the Florida Public Service Commission
Case No. 19-0513-TF***	Vermont Gas Systems Inc. Before the Vermont Public Utility Commission
RPU-2019-0001	Interstate Power & Light Before the Iowa Utilities Board
D.P.U. 18-153	Massachusetts Electric Company and Nantucket Electric Company each d/b/a National Grid Massachusetts Department of Public Utilities
Case No.9605***	Washington Gas Light Company Maryland Public Service Commission
Docket No. 20200069-EI	Duke Energy Florida LLC. (SPP) Before the Florida Public Service Commission
Docket No. 2019-0085**	Hawaiian Electric Company, Inc. Before the Hawaii Public Utilities Commission
Docket No. 20190110-EI	Duke Energy Florida LLC. (Storm Restoration) Before the Florida Public Service Commission

- * Certain issues stipulated, portion of testimony withdrawn.
- ** Case settled.
- *** Assisted in case and hearings, no testimony presented
- **** Annual filings reviewed and reports filed with Board.

1 A. Yes, I will be. The type of costs requested will be discussed by classification as well
2 as the overall appropriateness of FPUC's unusual requests. First, I will discuss the
3 appropriateness of the single-issue rate case approach. This will include FPUC's
4 request for a return on new plant and a regulatory asset for unrecovered accumulated
5 depreciation. Next, I will discuss the requested recovery of the lost revenue, then the
6 alleged unrecovered expenses and finally the storm costs regulatory asset. As part of
7 my analysis, I relied on my experience in analyzing storm costs in other jurisdictions,
8 my past review of storm costs in Florida, and Rule 25-6.0143, Florida Administrative
9 Code ("F.A.C"), which addresses what costs should be included and excluded from a
10 utility's request for recovery of storm related costs. To the extent any of the storm
11 costs are determined to be inappropriate, the request for recovery should be reduced.

12 My recommended adjustments to FPUC's storm recovery requests are
13 contained in my Exhibits labeled HWS-2 through HWS-8 attached to this testimony.
14 On Exhibit HWS-2, I reflect my analysis of FPUC's requests and my recommendations
15 for adjusting the requests. Exhibit HWS-3 provides a calculation that shows FPUC's
16 requested revenue requirement using its ~~WAAC~~ WACC is \$2,387,149 higher than what
17 FPUC's revenue requirement would be if its short-term debt rate was appropriately
18 applied to the requested rate base treatment. Exhibit HWS-4 provides a calculation that
19 shows FPUC's revenue requirement would be \$2,493,271 lower if plant costs were
20 appropriately excluded from FPUC's request. On Exhibit HWS-5, I have calculated
21 an adjustment to line contractor costs for excessive charges billed by Florida Power
22 and Light Company ("~~FPUC~~ FPL") when compared to all the other vendors' costs,
23 including the related costs for logistics and other costs. Exhibit HWS-6 provides a

1 **Q. IF THE COMPANY INCURRED ADDITIONAL COSTS NOT CHARGEABLE**
2 **TO ACCOUNT 228.1 DUE TO THE STORMS, WHAT IS THE APPROPRIATE**
3 **RECOVERY MECHANISM FOR THOSE COSTS?**

4 A. If FPUC accumulated legitimate costs not chargeable to Account 228.1, then the
5 Company could request regulatory asset treatment for consideration in a future base
6 rate proceeding. Since the timing of recovery is at a cost to the Company, FPUC should
7 be allowed to accrue interest at the short-term cost of debt until fully recovered. The
8 cost incurred, if determined to be appropriate, plus interest would then be amortized
9 into rates over a period of time but excluded from rate base. This approach would
10 ensure ratepayers are not penalized by having to pay a profit margin to FPUC, and the
11 Company is not penalized because it will be compensated for the additional costs it
12 incurred that were associated with the storms.

13 **Q. HOW WOULD THE REQUESTED 2020 PROJECTED ANNUAL REVENUE**
14 **REQUIREMENT OF \$11,884,648 BE IMPACTED IF THE DEBT-ONLY**
15 **APPROACH WAS APPLIED TO FPUC'S REQUEST?**

16 A. On Exhibit No. HWS-3, I have recalculated the annual revenue requirement, assuming
17 no cost adjustments to FPUC's request. The difference between the return based on
18 WACC and the short-term debt rate is \$2,387,149, annually. That change would have
19 a significant impact on reducing the annual revenue requirement customers will pay
20 when compared to FPUC's requested \$11,884,648 based on the application of WACC.
21 I would note that this calculation is only to show the significance of the application of
22 ~~WAAC~~ WACC compared to the use of the short-term debt rate and is in no way
23 suggesting that the overall costs as requested are reasonable and appropriate.

1 A. Assuming no changes to any other costs in FPUC's request or in the inappropriate
2 application of a ~~WAAC~~ WACC, removal of the new plant results in a revenue
3 requirement for 2020 of \$9,391,377, as shown on Exhibit No. HWS-4. The \$2,493,271
4 reduction in annual revenue requirements due to the difference between including the
5 new plant based on WACC and the calculated return using WACC excluding the new
6 plant is significant when compared to the Company's requested \$11,884,648 annual
7 requirement. Again, it should be noted here that my calculation is in no way suggesting
8 that all the costs requested or the use of WACC is reasonable and/or appropriate.

9 **Q. WHAT IS YOUR RECOMMENDATION AS TO HOW THE COST OF FPUC'S**
10 **STORM RESTORATION EFFORTS SHOULD BE RECOVERED?**

11 A. The Company's storm cost recovery should be limited to the costs of restoration efforts
12 deemed to be reasonable and prudent. This is consistent with past storm recovery
13 requests approved by the Commission. The recovery of the cost of new plant and
14 recovery of the cost of removal/retired plant regulatory assets should be excluded from
15 this request and deferred to FPUC's next base rate proceeding. Any concern with
16 double recovery will be eliminated because FPUC's base rate filing will reflect plant
17 accounting consistent with traditional ratemaking accounting. Therefore, I am
18 recommending a reduction to rate base of \$18,798,487 for new plant and a reduction
19 to rate base of \$7,838,898 for the Regulatory Asset Unrecovered Accumulated
20 Depreciation. This adjustment will reduce depreciation expense in the amount of
21 \$696,680 and amortization expense in the amount of \$825,147.

1 previously determined to be inappropriate for recovery. Similar to the lost revenue
2 recommendation, the Commission should reduce amortization expense by \$196,857.
3 Moreover, FPUC's request violates long-standing principles against retroactive
4 ratemaking. For these reasons, FPUC's requests for lost revenue and recovery of
5 expenses that were not recovered through base rates are inappropriate and should be
6 denied.

7 **VII. STORM RESTORATION COSTS**

8 **Q. HOW HAVE YOU PRESENTED YOUR ANALYSIS OF STORM**
9 **RESTORATION COSTS?**

10 A. My analysis of storm costs is presented in a format similar to the Company's summary
11 provided on Revised Exhibit MDN-4 which separates the costs by type of cost. My
12 analysis also includes separate schedules analyzing the various cost categories.

13 **Q. PLEASE BRIEFLY DESCRIBE THE RESTORATION COST ISSUES YOU**
14 **WILL BE ADDRESSING IN THIS PROCEEDING.**

15 A. I am addressing the appropriateness of FPUC's proposed recovery of costs related to
16 payroll, overhead, benefits, contractors, line clearing, materials and supplies, logistics
17 and other items as reflected in its petition. As part of my analysis, I relied on my
18 experience in analyzing storm costs in other jurisdictions, past review of storm costs in
19 Florida, and Rule 25-6.0143, F.A.C., which addresses what costs should be included
20 and excluded from a utility's request for recovery of storm related costs.

21 **Q. WHERE WERE THERE ANY PARTICULAR CONCERNS THAT**
22 **NEGATIVELY IMPACTED YOUR REVIEW OF THE STORM COSTS?**

1 A. Yes, there were. One concern was the method of invoice delivery by some vendors
2 and another concern was the method of billing by some vendors. I observed that some
3 vendors were allowed to bill a bulk rate for equipment and employees instead of having
4 these billed per piece of equipment and per employee with corresponding time sheets
5 for verification. How can FPUC ensure that these vendors are billing correctly and
6 how can they verify the hours and expenses submitted for payment by these vendors?
7 This is a matter of transparency and accountability on behalf of customers.

8 **Q. PLEASE SUMMARIZE YOUR RECOMMENDED ADJUSTMENTS TO**
9 **STORM RESTORATION COSTS?**

10 A. I am recommending a reduction of \$120,800 to FPUC's request for payroll expense
11 associated with prohibited bonus payments pursuant to Rule 25-6.0143, F.A.C. I
12 recommend a reduction of \$24,703 related to benefits and overhead costs that also are
13 prohibited bonus payments pursuant to Rule 25-6.0143, F.A.C. I recommend a
14 reduction of \$4,788,243 related to contractor costs to adjust for excessive rates and
15 \$273,768 for an excessive amount of mobilization/demobilization payments. I
16 recommend a reduction of ~~\$116,469~~ \$166,469 related to other contractor costs where
17 no support was located. Finally, I am recommending an adjustment to logistics of
18 \$316,884 for lack of support. In total, I recommend a reduction of \$5,690,868 to
19 FPUC's overall storm restoration request. My Exhibit HWS-2 contains these
20 adjustments.

21 **Q. WHAT IS YOUR OVERALL RECOMMENDATION FOR RECOVERY OF**
22 **STORM RESTORATION COSTS?**