

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Proposed Amendment of Rule 25-6.0143,  
F.A.C., and Proposed Adoption of Rule 25-7.0143

Docket No. 20200000

Filed: October 2, 2020

**FLORIDA POWER & LIGHT COMPANY AND GULF POWER  
COMPANY'S SECOND POST-WORKSHOP COMMENTS – RULE 25-6.0143, F.A.C.**

Florida Power & Light Company (“FPL”) and Gulf Power Company (“Gulf”) thank Staff for this opportunity to provide additional comments in response to Staff’s second proposed revision to Rule 25-6.0143, F.A.C. (the “Rule”) issued on September 11, 2020. At the time FPL and Gulf submitted their initial comments on July 27, 2020, both utilities were actively engaged in the litigation of dockets governed by the Rule.<sup>1</sup> Since that time, both companies have responded to hurricanes that have impacted Florida during the 2020 hurricane season.<sup>2</sup> These comments submitted in connection with the rulemaking should not be construed to suggest or imply an admission or concession on the part of FPL or Gulf that anything other than the current Rule and existing Commission precedent apply to the active Hurricane Dorian docket, or to the potential initiation of proceedings related to Hurricanes Isaias or Sally, or to any other qualifying event.

FPL and Gulf appreciated the opportunity to participate in Staff’s June 29, 2020 workshop, and to engage in discussions with all interested parties who attended. We believe that Staff’s most recent proposed formulation of the Rule further improves and in many respects simplifies certain provisions that engendered significant discussion in the earlier comments and at the workshop. As a result, FPL and Gulf address in these comments a few relatively minor proposed modifications to the current version of the proposed Rule. We have also attached as Exhibit A, in strike and type

<sup>1</sup> Docket 20190038-EI (Gulf’s Hurricane Michael proceeding), in which a settlement has now been approved by the Commission, and Docket 20200172-EI (FPL’s Hurricane Dorian proceeding).

<sup>2</sup> Hurricane Isaias and Hurricane Sally.

format, a version of the Rule leaving Staff's most recent edits highlighted, with FPL and Gulf's proposed edits in red.

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**Section 25-6.0143(1)(e) – Storm-related costs allowed to be charged to the reserve under the ICCA methodology**

FPL and Gulf suggest removing “storm related costs” and adding the phrase “non-cost recovery clause storm related operating expenses” in describing the categories of storm related costs allowed to be charged to the reserve under the ICCA methodology. This removes any doubt about whether that same language in Section 25-6.0143(1)(d) also applies to Section 25-6.0143(1)(e). This may be viewed as a “belt and suspenders” approach to assure that only the appropriate categories of costs are charged to the reserve. If, however, Staff believes this addition is unnecessary, FPL and Gulf have no objection to removing the suspenders and leaving the current formulation of this section of the Rule intact.

Because the great majority of the proposed revisions are found within Rule 25-6.0143(1)(e), FPL and Gulf will address each of the subsections individually. We will thereafter separately address only those additional subsections where we propose additional changes or where Staff has included additional revisions.

**Section 25-6.0143(1)(e)1. (Additional contract labor hired for storm restoration)**

FPL and Gulf previously proposed the use of the three-year average for this category of costs (additional contract labor) with a provision that was termed a “Prior qualifying event exception” for a qualifying event that occurred during the same month in any or all of the three previous years. We believe that Staff's current formulation, which allows the utility to adjust

historical costs charged to O&M from the calculated monthly average, provided the utility offers a detailed explanation of the nature and derivation of the adjustment, provides a fair and balanced approach to the concerns raised in our prior comments and at the workshop. FPL and Gulf agree with Staff's proposed revision to this subsection of the Rule.

**Section 25-6.0143(1)(e)2. (Logistics costs)**

FPL and Gulf agree that logistics costs are, by definition, incremental. We agree with Staff's proposed revision to this subsection of the Rule.

**Section 25-6.0143(1)(e)3. (Transportation of crews and other personnel for storm restoration)**

FPL and Gulf agree that costs incurred for transportation of crews and other personnel for storm restoration are, by definition, incremental. We agree with Staff's proposed revision to this subsection of the Rule. We do however suggest the addition of the word "activities" so that the sentence would read as follows:

"3. Transportation of crews and other personnel for storm restoration **activities.**"

This proposed edit is included in the text of Exhibit A.

**Section 25-6.0143(1)(e)4. (Vehicle costs for vehicles specifically rented for storm restoration activities)**

FPL and Gulf agree that vehicle costs for vehicles specifically rented for storm restoration activities are, by definition, incremental. We agree with Staff's proposed revision to this subsection of the Rule.

**Section 25-6.0143(1)(e)5. (Waste management costs specifically related to storm restoration activities)**

FPL and Gulf agree that waste management costs specifically related to storm restoration activities are, by definition, incremental. We agree with Staff’s proposed revision to this subsection of the Rule.

**Section 25-6.0143(1)(e)6. (Rental equipment specifically related to storm restoration activities)**

FPL and Gulf agree that rental equipment specifically related to storm restoration activities is, by definition, incremental. We agree with Staff’s proposed revision to this subsection of the Rule.

We do however suggest the addition of the word “costs” so that the sentence would read as follows:

“6. Rental equipment **costs** specifically related to storm restoration activities.”

This proposed edit is included in the text of Exhibit A.

**Section 25-6.0143(1)(e)7. (Material and supplies)**

Staff did not propose any modifications to this subsection of 25-6.0143(1)(e)7. FPL and Gulf agree that no modifications are needed.

**Section 25-6.0143(1)(e)8. (Payroll and payroll-related costs)**

FPL and Gulf previously proposed the use of the three-year average for this category of costs in its previous formulation (Overtime payroll and payroll-related costs for utility personnel) with a provision that was termed a “Prior qualifying event exception” for a qualifying event that occurred during the same month in any or all of the three previous years. We believe that Staff’s current formulation, which allows the utility to adjust historical costs charged to O&M from the calculated monthly average, provided the utility offers a detailed explanation of the nature and derivation of the adjustment, provides a fair and balanced approach to the concerns raised in our prior comments and at the workshop. FPL and Gulf generally agree with Staff’s proposed revision to this subsection of the Rule, with the following caveat.

FPL and Gulf note that Staff has removed the qualifier “overtime” from the caption of this subsection of the Rule, and instead refer only to “payroll and payroll-related costs.” However, within the body of the subsection, at line 21 of Exhibit A to these comments, Staff refers specifically to overtime (but not regular) payroll and payroll-related costs. At line 23 of Exhibit A, Staff refers to “payroll and payroll-related costs” without any modifier. FPL and Gulf contend that both regular and overtime payroll and payroll-related costs for utility personnel involved in storm restoration activities qualify as costs to be charged to the reserve under the ICCA methodology. We ask that Staff clarify the language consistent with subsection 25-6.0143(1)(e)8. of the attached Exhibit A.

**Section 25-6.0143(1)(e)9. (Fuel cost for company and contractor vehicles used in storm restoration activities)**

FPL and Gulf previously proposed the use of the three-year average for this category of costs (Fuel cost for company and contractor vehicles used in storm restoration activities) with a provision that was termed a “Prior qualifying event exception” for a qualifying event that occurred during the same month in any or all of the three previous years. We believe that Staff’s current formulation, which allows the utility to adjust historical costs charged to O&M from the calculated monthly average, provided the utility offers a detailed explanation of the nature and derivation of the adjustment, provides a fair and balanced approach to the concerns raised in our prior comments and at the workshop. FPL and Gulf agree with Staff’s proposed revision to this subsection of the Rule.

We do however suggest the addition of the word “for company and contractor vehicles” so that the sentence would read as follows:

“9. Fuel cost for company and contractor vehicles used in storm restoration activities incurred in any month in which storm damage restoration activities are conducted, that are greater than the actual monthly average of fuel costs **for company and contractor vehicles** charged to operation and maintenance expense for the same month in the previous three calendar years.”

This proposed edit is included in the text of Exhibit A.

**Section 25-6.0143(1)(e)10. (Cost of public service announcements)**

Staff did not propose any modifications to this subsection of 25-6.0143(1)(e)10.

FPL and Gulf agree that no modifications are needed.

**Section 25-6.0143(1)(e)11. (Vegetation management)**

FPL and Gulf agree that the continued use of the three-year average for this category of costs (vegetation management), consistent with the manner in which vegetation management costs have been treated historically in storm cost proceedings, is the appropriate methodology to identify costs to be charged to the reserve under the ICCA methodology. As with the other categories of costs determined in connection with the three-year average, FPL and Gulf previously proposed the use of the three-year average for this category of costs with a provision that was termed a “Prior qualifying event exception” for a qualifying event that occurred during the same month in any or all of the three previous years. We believe that Staff’s current formulation, which allows the utility to adjust historical costs charged to O&M from the calculated monthly average, provided the utility offers a detailed explanation of the nature and derivation of the adjustment, provides a fair and balanced approach to the concerns raised in our prior comments and at the workshop. FPL and Gulf agree with Staff’s proposed revision to this subsection of the Rule.

**Section 25-6.0143(1)(e)12. (Other Costs)**

FPL and Gulf agree with Staff’s formulation of this subsection.

**Section 25-6.0143(1)(f) – Storm-related costs prohibited from being charged to the reserve under the ICCA methodology**

FPL and Gulf offer comments related to three separate provisions within this subsection of the Rule, all of which are reflected in red strike and type on Exhibit A.

**Section 25-6.0143(1)(f)1. (Base rate recoverable regular payroll and regular payroll-related costs for utility managerial and non-managerial personnel)**

FPL and Gulf submit that section 25-6.0143(1)(f)1. should be removed in its entirety. Section 25-6.0143(1)(e)8. specifies in the affirmative the categories of payroll and payroll-related costs that qualify as costs to be charged to the reserve under the ICCA methodology. With Staff's formulation using the three-year average (with the caveat noted above for appropriate adjustments), section 25-6.0143(1)(f)1. is not only unnecessary and redundant, but it may be seen as inconsistent with the approach to determining payroll and payroll-related costs determined to be incremental under section 25-6.0143(1)(e)8. FPL and Gulf submit that deletion of this subsection will remove any doubt about the categories of payroll and payroll-related costs that qualify as costs to be charged to the reserve under the ICCA methodology.

**Section 25-6.0143(1)(f)3. (Depreciation expenses, insurance costs and lease expenses for utility-owned or utility-leased vehicles and aircraft)**

FPL and Gulf believe that the modifier "base rate recoverable" can be removed from this provision to recognize that these types of expenses may be recovered outside of base rates. In addition, this change will make clear, without qualification, that depreciation expenses, insurance costs and lease expenses for utility-owned or utility-leased vehicles and aircraft do not qualify as the types of storm-related costs to be charged to the reserve under the ICCA methodology.

**Section 25-6.0143(1)(f)8. (Tree trimming expenses)**

For the same reasons expressed above with reference to Section 25-6.0143(1)(f)1., FPL and Gulf submit that this provision should be removed in its entirety. The methodology for



determining the non-clause recoverable tree trimming expenses that qualify as costs to be charged to the reserve under the ICCA methodology is clearly described in Staff's proposed addition of subsection 25-6.0143(1)(e)11.<sup>3</sup> of the Rule. Section 25-6.0143(1)(f)8. is redundant, unnecessary, and should be deleted to remove any doubt about the non-clause recoverable tree trimming expenses that qualify as costs to be charged to the reserve under the ICCA methodology.

**Section 25-6.0143(1)(i) and (j)**

Staff proposes deletion of references to Account No. 228.1, to be replaced with references to Account No. 182.3. FPL and Gulf agree with Staff's proposed revisions.

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As outlined in these comments, FPL and Gulf generally support Staff's proposed revisions to Rule 25-6.0143, F.A.C. However, we believe that a few minor clarifications, as provided in Exhibit A to these comments, are appropriate and necessary to provide further clarity and avoid the potential for future confusion, disagreements, and litigation (and the time and expense associated therewith) about the meaning and application of the revised Rule. As a result, FPL and Gulf respectfully request that Commission Staff further modify its revised draft Rule consistent with these comments.

We would like to close by thanking Staff for its efforts to revise the Rule to further clarify the categories of costs appropriate to be charged to the storm reserve and eligible for recovery under the ICCA methodology. We also appreciate the opportunity to submit this second round of comments. We believe these modifications will provide more certainty and will simplify the process required as the Commission addresses requests for storm cost recovery.

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<sup>3</sup> Staff's proposed revision to the Rule, at subsection 25-6.0143(1)(e)11. now refers to these costs as "vegetation management costs."

FPL and Gulf look forward to further discussions with Staff regarding proposed revisions to Rule 25-6.0143, F.A.C.

Respectfully submitted this 2nd day of October 2020.

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**CERTIFICATE OF SERVICE**  
**Docket No. 20200000**

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic service on this 2nd day of October 2020 to the following:

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# Exhibit A

FPL and Gulf's Exhibit A

1       **25-6.0143 Use of Accumulated Provision Accounts 228.1, 228.2, and 228.4.**

2       (1) Account No. 228.1 Accumulated Provision for Property Insurance.

3       (a) This account may be established to provide for losses through accident, fire, flood,  
4 storms, nuclear accidents and similar type hazards to the utility's own property or property  
5 leased from others, which is not covered by insurance. This account would also include  
6 provisions for the deductible amounts contained in property loss insurance policies held by the  
7 utility as well as retrospective premium assessments stemming from nuclear accidents under  
8 various insurance programs covering nuclear generating plants. A schedule of risks covered  
9 must ~~shall~~ be maintained, giving a description of the property involved, the character of risks  
10 covered and the accrual rates used.

11       (b) Except as provided in paragraphs (1)(f), (1)(g) and (1)(h) charges to this account must  
12 ~~shall~~ be made for all occurrences in accordance with the schedule of risks to be covered which  
13 are not covered by insurance. Recoveries, insurance proceeds or reimbursements for losses  
14 charged to this account must ~~shall~~ be credited to the account.

15       (c) A separate subaccount must ~~shall~~ be established for that portion of Account No. 228.1  
16 which is designated to cover storm-related damages to the utility's own property or property  
17 leased from others that is not covered by insurance. The records supporting the entries to this  
18 account must ~~shall~~ be so kept that the utility can furnish full information as to each storm  
19 event included in this account.

20       (d) In determining the costs to be charged to cover storm-related damages, the utility must  
21 ~~shall~~ use an Incremental Cost and Capitalization Approach methodology (ICCA). Under the  
22 ICCA methodology, the costs charged to cover storm-related damages must ~~shall~~ exclude  
23 those costs that normally would be charged to non-cost recovery clause operating expenses in  
24 the absence of a storm. Under the ICCA methodology for determining the allowable costs to  
25 be charged to cover storm-related damages, the utility will be allowed to charge to Account

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from existing law.

FPL and Gulf's Exhibit A

1 No. 228.1 costs that are incremental to costs normally charged to non-cost recovery clause  
2 operating expenses in the absence of a storm. All costs charged to Account 228.1 are subject  
3 to review for prudence and reasonableness by the Commission. In addition, capital  
4 expenditures for the removal, retirement and replacement of damaged facilities charged to  
5 cover storm-related damages must ~~shall~~ exclude the normal cost for the removal, retirement  
6 and replacement of those facilities in the absence of a storm. The utility must ~~shall~~ notify the  
7 Director of the Commission Clerk in writing for each incident expected to exceed 1.5 percent  
8 of jurisdictional revenues for the most recent calendar year \$10 million.

9 (e) The types of non-cost recovery clause storm related operating expenses storm related  
10 ~~costs~~ allowed to be charged to the reserve under the ICCA methodology include, ~~but are not~~  
11 ~~limited to~~, the following:

12 1. Additional contract labor hired for storm restoration activities incurred in any month in  
13 which storm damage restoration activities are conducted, that are greater than the actual  
14 monthly average of contract labor costs charged to operation and maintenance expense for the  
15 same month in the three previous calendar years. The utility may adjust historical monthly  
16 contract labor costs charged to operation and maintenance expense from calculated monthly  
17 average. Each adjustment shall be accompanied by a detailed explanation of the nature and  
18 derivation of the adjustment;

19 2. Logistics costs of providing meals, lodging, and linens for tents and other staging areas  
20 incurred in any month in which storm damage restoration activities are conducted, that are  
21 greater than the actual monthly average of logistics costs charged to operation and  
22 maintenance expense for the same month in the three previous calendar years;

23 3. Transportation of crews and other personnel for storm restoration ~~activities~~ incurred in  
24 any month in which storm damage restoration activities are conducted, that are greater than  
25 the actual monthly average of transportation costs charged to operation and maintenance

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FPL and Gulf's Exhibit A

1 expense for the same month in the previous three calendar years;

2 4. Vehicle costs for vehicles specifically rented for storm restoration activities incurred in  
3 any month in which storm damage restoration activities are conducted, that are greater than  
4 the actual monthly average of vehicle costs charged to operation and maintenance expense for  
5 the same month in the previous three calendar years;

6 5. Waste management costs specifically related to storm restoration activities incurred in  
7 any month in which storm damage restoration activities are conducted, that are greater than  
8 the actual monthly average of waste management costs charged to operation and maintenance  
9 expense for the same month in the previous three calendar years;

10 6. Rental equipment costs specifically related to storm restoration activities incurred in any  
11 month in which storm damage restoration activities are conducted, that are greater than the  
12 actual monthly average of rental equipment costs charged to operation and maintenance  
13 expense for the same month in the previous three calendar years;

14 7. Materials and supplies used to repair and restore service and facilities to pre-storm  
15 condition, such as poles, transformers, meters, light fixtures, wire, and other electrical  
16 equipment, excluding those costs that normally would be charged to non-cost recovery clause  
17 operating expenses in the absence of a storm;

18 8. Regular Payroll and overtime payroll ~~Overtime payroll~~ and payroll-related costs for  
19 utility personnel included in storm restoration activities incurred in any month in which storm  
20 damage restoration activities are conducted, that are greater than the actual monthly average of  
21 regular and overtime payroll and payroll-related costs charged to operation and maintenance  
22 expense for the same month in the previous three calendar years. The utility may adjust  
23 historical monthly regular and overtime payroll and payroll-related costs charged to operation  
24 and maintenance expense from calculated monthly average. Each adjustment shall be  
25 accompanied by a detailed explanation of the nature and derivation of the adjustment;

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FPL and Gulf's Exhibit A

1 9. Fuel cost for company and contractor vehicles used in storm restoration activities  
2 incurred in any month in which storm damage restoration activities are conducted, that are  
3 greater than the actual monthly average of fuel costs ~~for company and contractor vehicles~~  
4 charged to operation and maintenance expense for the same month in the previous three  
5 calendar years. The utility may adjust historical monthly fuel costs charged to operation and  
6 maintenance expense from calculated monthly average. Each adjustment shall be accompanied  
7 by a detailed explanation of the nature and derivation of the adjustment; ~~and~~

8 10. Cost of public service announcements regarding key storm-related issues, such as  
9 safety and service restoration estimates;

10 11. Vegetation management costs specifically related to storm restoration activities  
11 incurred in any month in which storm damage restoration activities are conducted, that are  
12 greater than the actual monthly average of vegetation management costs charged to operation  
13 and maintenance expense for the same month in the previous three calendar years. The utility  
14 may adjust historical monthly vegetation management costs charged to operation and  
15 maintenance expense from calculated monthly average. Each adjustment shall be accompanied  
16 by a detailed explanation of the nature and derivation of the adjustment; and

17 12. Other costs or expenses not specifically identified in paragraph 1(e)(1) through  
18 1(e)(11), that are directly and solely attributable to a storm restoration event.

19 (f) The types of storm related costs prohibited from being charged to the reserve under the  
20 ICCA methodology include, ~~but are not limited to,~~ the following:

21 ~~1. Base rate recoverable regular payroll and regular payroll related costs for utility~~  
22 ~~managerial and non-managerial personnel;~~

23 2. Bonuses or any other special compensation for utility personnel not eligible for  
24 overtime pay;

25 3. ~~Base rate recoverable d~~ Depreciation expenses, insurance costs and lease expenses for

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FPL and Gulf's Exhibit A

- 1 utility-owned or utility-leased vehicles and aircraft;
- 2 4. Utility employee assistance costs;
- 3 5. Utility employee training costs incurred prior to 72 hours before the storm event;
- 4 6. Utility advertising, media relations or public relations costs, except for public service
- 5 announcements regarding key storm-related issues as listed above in subparagraph (1)(e)10.;
- 6 7. Utility call center and customer service costs, except for non-budgeted overtime or other
- 7 non-budgeted incremental costs associated with the storm event;
- 8 ~~8. Tree trimming expenses, incurred in any month in which storm damage restoration~~
- 9 ~~activities are conducted, that are less than the actual monthly average of tree trimming costs~~
- 10 ~~charged to operation and maintenance expense for the same month in the three previous~~
- 11 ~~calendar years;~~
- 12 9. Utility lost revenues from services not provided; and
- 13 10. Replenishment of the utility's materials and supplies inventories.
- 14 (g) Under the ICCA methodology for determining the allowable costs to be charged to
- 15 cover storm-related damages, certain costs may be charged to Account 228.1 only after review
- 16 and approval by the Commission. Prior to the Commission's determination of the
- 17 appropriateness of including such costs in Account No. 228.1, the costs may be deferred in
- 18 Account No. 186, Miscellaneous Deferred Debits. The deferred costs must be incurred prior to
- 19 June 1 of the year following the storm event. By September 30 a utility must ~~shall~~ file a
- 20 petition for the disposition of any costs deferred prior to June 1 of the year following the storm
- 21 event giving rise to the deferred costs. These costs include, ~~but are not limited to,~~ the
- 22 following:
- 23 1. Costs of normal non-storm related activities which must be performed by employees or
- 24 contractors not assigned to storm damage restoration activities ("back-fill work") or normal
- 25 non-storm related activities which must be performed following the restoration of service after

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FPL and Gulf's Exhibit A

1 a storm by an employee or contractor assigned to storm damage restoration activities in  
2 addition to the employee's or contractor's regular activities ("catch-up work"); and

3 2. Uncollectible accounts expenses.

4 (h) A utility may, at its own option, charge storm-related costs as operating expenses  
5 rather than charging them to Account No. 228.1. The utility must ~~shall~~ notify the Director of  
6 the Commission Clerk in writing and provide a schedule of the amounts charged to operating  
7 expenses for each incident exceeding 0.5 percent of jurisdictional revenues for the most recent  
8 calendar year \$5 million. The schedule must ~~shall~~ be filed annually by February 15 of each  
9 year for information pertaining to the previous calendar year.

10 (i) If the charges to Account No. 228.1 exceed the account balance, the excess must ~~shall~~  
11 be carried as a debit balance in Account No. 182.3228.1 and no request for a deferral of the  
12 excess or for the establishment of a regulatory asset is necessary.

13 (j) A utility may petition the Commission for the recovery of a debit balance in Account  
14 No. 182.3228.1 discussed in part (1)(i) plus an amount to replenish the storm reserve through  
15 a surcharge, securitization or other cost recovery mechanism.

16 (k) A utility must ~~shall~~ not establish or change an annual accrual amount or a target  
17 accumulated balance amount for Account No. 228.1 without prior Commission approval.

18 (l) Each utility must ~~shall~~ file a Storm Damage Self-Insurance Reserve Study (Study) with  
19 the Commission Clerk by January 15, 2011 and at least once every 5 years thereafter from the  
20 submission date of the previously filed study. A Study must ~~shall~~ be filed whenever the utility  
21 is seeking a change to either the target accumulated balance or the annual accrual amount for  
22 Account No. 228.1. At a minimum, the Study must ~~shall~~ include data for determining a target  
23 balance for, and the annual accrual amount to, Account No. 228.1.

24 (m) Each utility must ~~shall~~ file a report with the Director of the Commission Clerk  
25 providing information concerning its efforts to obtain commercial insurance for its

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## FPL and Gulf's Exhibit A

1 transmission and distribution facilities and any other programs or proposals that were  
2 considered. The report must ~~shall~~ also include a summary of the amounts recorded in Account  
3 228.1. The report must ~~shall~~ be filed annually by February 15 of each year for information  
4 pertaining to the previous calendar year.

5 (2) Account No. 228.2 Accumulated Provision for Injuries and Damages.

6 (a) This account may be established to meet the probable liability, not covered by  
7 insurance, for deaths or injuries to employees or others and for damages to property neither  
8 owned nor held under lease by the utility. When liability for any injury or damage is admitted  
9 or settled by the utility either voluntarily or because of the decision of a Court or other lawful  
10 authority, such as a workman's compensation board, the admitted liability or the amount of  
11 the settlement must ~~shall~~ be charged to this account.

12 (b) Charges to this account must ~~shall~~ be made for all losses covered. Detailed supporting  
13 records of charges made to this account must ~~shall~~ be maintained in such a way that the year  
14 the event occurred which gave rise to the loss can be associated with the settlement.  
15 Recoveries or reimbursements for losses charged to the account must ~~shall~~ be credited to the  
16 account.

17 (3) Account No. 228.4 Accumulated Miscellaneous Operating Provisions.

18 (a) This account may be established for operating provisions which are not covered  
19 elsewhere. This account must ~~shall~~ be maintained in such a manner as to show the amount of  
20 each separate provision established by the utility and the nature and amounts of the debits and  
21 credits thereto. Each separate provision must ~~shall~~ be identified as to purpose and the specific  
22 events to be charged to the account to ensure that all such events and only those events are  
23 charged to the provision accounts.

24 (b) Charges to this account must ~~shall~~ be made for all costs or losses covered. Recoveries  
25 or reimbursements for amounts charged to this account must ~~shall~~ be credited hereto.

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FPL and Gulf's Exhibit A

1 (4)(a) The provision level and annual accrual rate for each account listed in subsections (1)  
2 through (3) must ~~shall~~ be evaluated at the time of a rate proceeding and adjusted as necessary.  
3 However, a utility may petition the Commission for a change in the provision level and  
4 accrual outside a rate proceeding.

5 (b) If a utility elects to use any of the above listed accumulated provision accounts, each  
6 and every loss or cost which is covered by the account must ~~shall~~ be charged to that account  
7 and must ~~shall~~ not be charged directly to expenses except as provided for in paragraphs (1)(f),  
8 (1)(g) and (1)(h). Charges must ~~shall~~ be made to accumulated provision accounts regardless of  
9 the balance in those accounts.

10 (c) No utility must ~~shall~~ fund any account listed in subsections (1) through (3) unless the  
11 Commission approves such funding. Existing funded provisions which have not been  
12 approved by the Commission must ~~shall~~ be credited by the amount of the funded balance with  
13 a corresponding debit to the appropriate current asset account, resulting in an unfunded  
14 provision.

15 *Rulemaking Authority 366.05(1) FS. Law Implemented 350.115, 366.04(2)(a) FS. History—*  
16 *New 3-17-88, Amended 6-11-07, \_\_\_\_\_.*

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CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from existing law.