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November 17, 2023

*VIA ELECTRONIC FILING*

Mr. Adam J. Teitzman  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

**Re: Docket No. 20230017-EI  
Petition of Florida Power & Light Company for Approval of the Actual  
Incremental Storm Restoration Costs Associated with Hurricanes Ian and  
Nicole and Associated True-Up Process**

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Dear Mr. Teitzman:

Enclosed for filing in the above-referenced docket, please find the following submitted on behalf of Florida Power & Light Company:

- Petition of Florida Power & Light Company for Approval of the Actual Incremental Storm Restoration Costs Associated with Hurricanes Ian and Nicole and Associated True-Up Process
- Direct Testimony of Michael Jarro, with attached Exhibits MJ-1 through MJ-6
- Direct Testimony of Amber De Lucenay
- Direct Testimony of Keith Ferguson, with attached Exhibits KF-1 through KF-5
- Direct Testimony of Tiffany Cohen

If you or your staff have any question regarding this filing, please contact me at (561) 691-7144.

Respectfully submitted,

/s/Christopher T. Wright  
Christopher T. Wright  
Fla. Auth. House Counsel No. 1007055

Enclosures  
cc: Kenneth Hoffman ([ken.hoffman@fpl.com](mailto:ken.hoffman@fpl.com))  
Certificate of Service

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Florida Power & Light Company  
700 Universe Boulevard, Juno Beach, FL 33408

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copies of the foregoing have been furnished by Electronic Mail to the following parties of record this 17th day of November 2023:

|  |  |
|--|--|
| <p>Shaw Stiller<br/>Daniel Dose<br/>Florida Public Service Commission<br/>2540 Shumard Oak Boulevard<br/>Tallahassee, FL 32399<br/><a href="mailto:ddose@psc.state.fl.us">ddose@psc.state.fl.us</a><br/><a href="mailto:ssiller@psc.state.fl.us">ssiller@psc.state.fl.us</a><br/><i>For Commission Staff</i></p> | <p>Office of Public Counsel<br/>Patricia A. Christensen<br/>c/o The Florida Legislature<br/>111 West Madison Street, Room 812<br/>Tallahassee, FL 32399-1400<br/><a href="mailto:rehwinkel.charles@leg.state.fl.us">rehwinkel.charles@leg.state.fl.us</a><br/><a href="mailto:christensen.patty@leg.state.fl.us">christensen.patty@leg.state.fl.us</a><br/><i>For Office of Public Counsel</i></p> |
| <p>Stephanie U. Eaton<br/>Florida Bar No.: 165610<br/>SPILMAN THOMAS &amp; BATTLE, PLLC<br/>110 Oakwood Drive, Suite 500<br/>Winston-Salem, NC 27103<br/><a href="mailto:seaton@spilmanlaw.com">seaton@spilmanlaw.com</a><br/><i>For Walmart Inc.</i></p>  | <p>Derrick Price Williamson<br/>Steven W. Lee<br/>SPILMAN THOMAS &amp; BATTLE, PLLC<br/>1100 Bent Creek Boulevard, Suite 101<br/>Mechanicsburg, PA 17050<br/><a href="mailto:dwilliamson@spilmanlaw.com">dwilliamson@spilmanlaw.com</a><br/><a href="mailto:slee@spilmanlaw.com">slee@spilmanlaw.com</a><br/><i>For Walmart Inc.</i></p>   |

*s/ Christopher T. Wright*  
Christopher T. Wright  
Fla. Auth. House Counsel No. 1007055

*Attorney for Florida Power & Light Company*

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition for limited proceeding for recovery of incremental storm restoration costs related to Hurricanes Ian and Nicole, by Florida Power & Light Company

Docket No. 20230017-EI

Filed: November 17, 2023

**PETITION OF FLORIDA POWER & LIGHT COMPANY FOR APPROVAL OF THE ACTUAL INCREMENTAL STORM RESTORATION COSTS ASSOCIATED WITH HURRICANES IAN AND NICOLE AND ASSOCIATED TRUE-UP PROCESS**

Florida Power & Light Company (“FPL” or the “Company”), pursuant to Section 366.076(1), Florida Statutes, Rules 25-6.0143 and 25-6.0431, Florida Administrative Code (“F.A.C.”), and the Stipulation and Settlement approved by the Florida Public Service Commission (“Commission”) in Order No. PSC-2021-0446-S-EI<sup>1</sup> (the “2021 Settlement”), respectfully requests the Commission: (i) find the actual retail incremental storm restoration cost of \$1.0 billion associated with Hurricane Ian was reasonable and prudent; (ii) find the actual retail incremental storm restoration costs of \$118.4 million associated with Hurricane Nicole was reasonable and prudent; (iii) find that the final total amount to be recovered through the Consolidated Interim Storm Restoration Recovery Charge (“Interim Storm Charge”), including the replenishment of the storm reserve and the remaining amounts to be collected for Hurricanes Michael, Sally, and Zeta, which have been previously approved by the Commission, is \$1.3 billion (the “Recoverable Storm Amount”); and (iv) approve the process for refunding any over-recovery or collecting any under-recovery of the Recoverable Storm Amount through the Interim Storm Charge. In support, FPL states:

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<sup>1</sup> Docket No. 20210015-EI, issued on December 2, 2021.

**I. INTRODUCTION**

1. The name and address of the Petitioner is:

Florida Power & Light Company  
700 Universe Boulevard  
Juno Beach, Florida 33408

2. Any pleading, motion, notice, order, or other document required to be served upon

FPL or filed by any party to this proceeding should be served upon the following individual(s):

Christopher T. Wright  
Managing Attorney  
Joel T. Baker  
Principal Attorney  
Florida Power & Light Company  
700 Universe Boulevard  
Juno Beach, Florida 33408-0420  
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Kenneth A. Hoffman  
Vice President Regulatory Affairs  
Florida Power & Light Company  
134 W. Jefferson Street  
Tallahassee, Florida 32301-1713  
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3. FPL is a corporation organized and existing under the laws of the State of Florida and is an electric utility as defined in Section 366.02(4), Florida Statutes.

4. The Commission has jurisdiction pursuant to Sections 366.04, 366.05, 366.06, and 366.076, Florida Statutes, and Rules 25-6.0143 and 25-6.0431, F.A.C.

5. This Petition is being filed consistent with Rule 28-106.201, F.A.C. The agency affected is the Commission, located at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399. This case does not involve reversal or modification of an agency or an agency's proposed action. Therefore, subparagraph (c) and portions of subparagraphs (b), (e), (f), and (g) of subsection (2) of that Rule are not applicable to this Petition. In compliance with subparagraph (d) of the Rule, FPL states that it is not aware at this time whether there will be any disputed issues of material fact

in this proceeding. The discussion below demonstrates how the Petitioner's substantial interests will be affected by the agency determination.

## II. BACKGROUND AND OVERVIEW

6. On January 23, 2023, FPL filed a petition in the above-captioned docket for approval to implement an Interim Storm Charge. As set forth therein, FPL proposed an Interim Storm Charge to recover an initial estimate of \$1.3 billion for the incremental storm restoration costs related to Hurricanes Ian and Nicole and to replenish the storm reserve. In that same filing, FPL also presented an alternate Interim Storm Charge to recover an initial estimate of \$1.5 billion. This alternate calculation combined the incremental restoration costs related to Hurricanes Ian and Nicole with the remaining amounts to be collected for Hurricanes Michael, Sally, and Zeta, which were previously approved for recovery by the former Gulf Power Company,<sup>2</sup> and to replenish the storm reserve.

7. Paragraphs 6 through 29 of FPL's January 23, 2023 Petition describe: the impacts of Hurricane Ian and FPL's restoration and response; the impacts of Hurricane Nicole and FPL's restoration and response; the preliminary estimate of the storm restoration costs associated with Hurricanes Ian and Nicole; and the calculation of the Interim Storm Charge. Paragraphs 6 through 29 of the January 23, 2023 Petition are incorporated by reference as though fully set forth herein.

8. On March 23, 2023, the Commission issued Order No. PSC-2023-0110-PCO-EI approving the alternate Interim Storm Charge to recover the estimated \$1.5 billion of combined incremental storm restoration costs and to replenish the storm reserve. The alternate Interim Storm Charge was approved for the twelve-month recovery period of April 2023 through March 2024, subject to true-up once the final total actual consolidated storm costs are known.

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<sup>2</sup> Order Nos. PSC-2020-0349-S-EI and PSC-2022-0406-FOF-EI.

9. On September 5, 2023, FPL filed a supplemental petition with the Commission requesting to reduce the Interim Storm Charge to reflect a decrease in the estimated incremental storm restoration costs related to Hurricanes Ian and Nicole. Based on the Company's internal review and finalization of the invoices and storm costs, the estimated total combined incremental storm restoration costs to be recovered through the Interim Storm Charge decreased from the original estimate of \$1.5 billion to \$1.3 billion. To mitigate the potential for material over-recovery and to provide these savings to customers on an expedited basis, FPL proposed to modify the Interim Storm Charge to reflect this decrease in the estimated total incremental storm restoration costs. At the November 9, 2023 Agenda Conference, the Commission approved the modified Interim Storm Charge to become effective on January 1, 2024 and continue through March 31, 2024, subject to true-up once the final total actual consolidated storm costs are known.

10. Pursuant to Section 18 of the Stipulation and Settlement of FPL's Hurricane Irma storm restoration costs approved by Commission Order No. PSC-2019-0319-S-EI in Docket No. 20180049-EI ("Irma Settlement"), FPL engaged an outside independent audit firm to examine FPL's storm restoration costs and processes associated with Hurricane Ian. Upon completion of its examination, the outside independent auditor issued its October 17, 2023 Attestation Report regarding the accuracy of the incremental storm restoration costs and internal controls associated with Hurricane Ian. Copies of the July 14, 2023 Engagement Letter with the auditor and the auditor's October 17, 2023 Attestation Report were provided with FPL's Supplemental Responses to Staff's Second Set of Data Requests Nos. 1-3 that were filed October 20, 2023 [DN 05732-2023].

11. In approving the Interim Storm Charge, the Commission ordered that the above-captioned docket should remain open and, "once the total actual consolidated storm costs are

known, the Company shall file documentation of the storm costs for our review and true up of any excess or shortfall.” See Commission Order No. PSC-2023-0110-PCO-EI, p. 6. Consistent therewith, FPL herein seeks approval of: (i) the actual incremental storm restoration associated with Hurricanes Ian and Nicole; (ii) the final total Recoverable Storm Amount; and (iii) the process to true-up any excess or shortfall of the Recoverable Storm Amount recovered through the Interim Storm Charge.

12. Submitted herewith in support of the final actual incremental storm restoration costs and proposed true-up process are the direct testimonies and exhibits of FPL witnesses Michael Jarro, Amber De Lucenay, Keith Ferguson, and Tiffany Cohen.

### **III. RECOVERABLE STORM AMOUNT AND FPL’S STORM ACCOUNTING PROCESSES AND CONTROLS**

13. FPL appropriately committed resources to the restoration effort and, thereafter, performed a thorough review in determining the incremental restoration costs incurred to respond to Hurricanes Ian and Nicole. The review of both storms was done consistently with the Company’s obligations under the Irma Settlement, and FPL’s calculation of and support for the Hurricane Ian storm restoration costs were analyzed and affirmed through an independent audit.

14. The direct testimony and supporting exhibits of FPL witness Jarro explain FPL’s emergency preparedness plan and restoration process and supports the reasonableness and prudence of FPL’s storm restoration activities and costs associated with Hurricanes Ian and Nicole. Mr. Jarro provides details regarding FPL’s preparations, response and restoration efforts, the follow-up work necessary to restore FPL’s facilities to their pre-storm condition, and the storm restoration costs associated with Hurricanes Ian and Nicole. Mr. Jarro also discusses FPL’s overall performance in restoring service to those customers that experienced an outage due to Hurricane Ian and Hurricane Nicole.

15. FPL witness De Lucenay explains FPL's process of reviewing, approving, and where applicable, adjusting invoices associated with Hurricanes Ian and Nicole. Ms. De Lucenay describes the responsibilities and activities of the cost finalization team and details the full scope of FPL's invoice review process, which included invoice receipt, individual invoice review, and follow-up analysis to ensure that invoices were paid in conformance with contractor-specific contract terms. Ms. De Lucenay also describes FPL's compliance with applicable provisions of the Irma Settlement, including the use of FPL's iStormed Application for recording and approving or rejecting contractor costs.<sup>3</sup> Ms. De Lucenay's testimony demonstrates that FPL followed a detailed, deliberate, and comprehensive process to review contractor invoices associated with Hurricanes Ian and Nicole in accordance with the Irma Settlement.

16. FPL witness Ferguson calculates and sponsors the final actual Recoverable Storm Amount and demonstrates it is consistent with the Incremental Cost and Capitalization Approach ("ICCA") prescribed in Rule 25-6.0143, Florida Administrative Code. Consistent with the Irma Settlement, Mr. Ferguson also describes the engagement of and results from the examination by the independent outside auditor of FPL's storm restoration costs and processes associated with Hurricane Ian. As detailed in Mr. Ferguson's testimony and supporting exhibits, FPL's actual Recoverable Storm Amount totals \$1.3 billion, which includes: (1) \$1.0 billion of incremental storm restoration costs associated with Hurricane Ian; (2) \$118.4 million of incremental storm restoration costs associated with Hurricane Nicole; (3) the remaining \$136.8 million to be collected

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<sup>3</sup> Each contractor's flat file is an extract from the iStormed App which contains the electronic timesheet and expense information for line and vegetation contractors. Each flat file contains detailed information for that contractor, including crew information and daily timesheets, crew expenses where applicable, approvals by responsible employees, documentation of exceptions, and, where appropriate, adjustments to vendor invoices. This information is used by the cost finalization team to review, adjust, and approve the final payment to the contractor.

for Hurricanes Michael, Sally, and Zeta, which were previously approved for recovery by Gulf Power Company; (4) \$18.6 million of accrued interest on the unrecovered storm costs for the period April 2023 through November 2023; and (5) \$219.9 million to replenish the storm reserve as allowed under paragraph 10 of the 2021 Settlement.<sup>4</sup> Mr. Ferguson’s testimony demonstrates that FPL’s control processes ensure proper storm accounting and ratemaking, and that the actual Recoverable Storm Amount was calculated in accordance with the ICCA methodology, the Irma Settlement, and the 2021 Settlement.

17. Together, FPL witnesses Jarro, De Lucenay, and Ferguson demonstrate that the Company’s actions and activities before, during, and after Hurricanes Ian and Nicole were prudent and consistent with “what a reasonable utility manager would do in light of the conditions and circumstances which he knew or reasonably should have known at the time the decision was made.” *In Re Fuel & Purchased Power Cost Recovery Clause*, Docket No. 080001-EI, Order No. PSC-2009-0024-FOF-EI, 2009 WL 692572 (FPSC Jan. 7, 2009). The collective testimony of these FPL witnesses further demonstrates the reasonableness of the storm restoration costs, processes, and controls associated with the FPL’s actual Recoverable Storm Amount for Hurricanes Ian and Nicole, as well as compliance with the Irma Settlement and Rule 25-6.0143, Florida Administrative Code.

#### **IV. DETERMINATION AND IMPLEMENTATION OF TRUE-UP**

18. FPL witness Cohen explains FPL’s process to true-up any excess or shortfall of the Recoverable Storm Amount recovered through the Interim Storm Charge.

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<sup>4</sup> See Exhibit KF-3 attached to the direct testimony of FPL witness Ferguson.

19. The Commission-approved Interim Storm Charge is subject to true-up once the final total actual consolidated storm costs are known. *See* Commission Order No. PSC-2023-0110-PCO-EI, p. 6.

20. As explained by Ms. Cohen, FPL will file a supplemental exhibit to the testimony of FPL witness Cohen on or before May 15, 2024, that provides the final total revenues collected through the Interim Storm Charge.

21. Once the Commission has made its final determination of the final actual Recoverable Storm Amount in this proceeding, FPL will compare that approved amount to the final total revenues collected through the Interim Storm Charge and determine any excess or shortfall in recovery. Consistent with Rule 25-6.109, Florida Administrative Code, interest will be applied to any excess or shortfall at the thirty-day commercial paper rate.

22. Thereafter, FPL will make a compliance filing with the Commission that sets forth the calculation of the appropriate one-time true-up to refund the excess or collect the shortfall. The true-up rates will be designed in a manner that is consistent with the cost allocation used for the original Interim Storm Charge rates filed and approved in this docket.

23. Consistent with that compliance filing, FPL will apply the one-time true-up through the non-fuel energy charge on customers' bills starting on Cycle Day 1 of the first month that is more than thirty days after Commission approval. FPL submits that it is appropriate to implement that true-up through a one-time credit as soon as reasonably practicable to minimize the interest accrued on any excess or shortfall.

24. FPL will provide customers with notice of the true-up through a bill message in customers' monthly bills issued at least thirty days in advance of the one-time true-up, as well as provide information on FPL's website.

WHEREFORE, FPL respectfully requests that the Commission:

- (a) Find the actual retail incremental storm restoration costs of \$1.0 billion associated with Hurricane Ian was reasonable and prudent;
- (b) Find the actual retail incremental storm restoration costs of \$118.4 million associated with Hurricane Nicole was reasonable and prudent;
- (c) Find that \$1.3 billion is the final total Recoverable Storm Amount to be recovered through the Interim Storm Charge, including the replenishment of the storm reserve and the remaining amounts to be collected for Hurricanes Michael, Sally, and Zeta, which have been previously approved by the Commission;
- (d) Find that FPL's Recoverable Storm Amount was calculated in compliance with the ICCA methodology required by Rule 25-6.0143, Florida Administrative Code;
- (e) Approve the Company's proposed process for determining and applying a one-time true-up of the actual revenues collected under the Interim Storm Charge;
- (f) Authorize the Commission Staff to review and verify the final true-up rates contained in FPL's proposed compliance filing; and
- (g) Grant such other relief the Commission deems appropriate and necessary for this docket.

Respectfully submitted this 17th day of November 2023.

By: *s/ Christopher T. Wright*  
Christopher T. Wright  
Fla. Auth. House Counsel No. 1007055  
Joel T. Baker  
Fla. Bar No. 0108202  
Florida Power & Light Company  
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**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

**FLORIDA POWER & LIGHT COMPANY**

**DIRECT TESTIMONY OF MICHAEL JARRO**

**DOCKET NO. 20230017-EI**

**NOVEMBER 17, 2023**

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1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Michael Jarro. My business address is Florida Power & Light Company,  
4 15430 Endeavor Drive, Jupiter, Florida 33478.

5 **Q. By whom are you employed and what is your position?**

6 A. I am employed by Florida Power & Light Company (“FPL” or the “Company”) as Vice  
7 President of Distribution Operations.

8 **Q. Please describe your duties and responsibilities in that position.**

9 A. As Vice President of Distribution Operations, I am responsible for the operation and  
10 maintenance of FPL’s distribution system that safely, reliably, and efficiently delivers  
11 electricity to more than 5.8 million customers accounts representing more than half of  
12 our state’s population. FPL’s service area is divided into nineteen (19) distribution  
13 management areas with approximately 78,800 miles of distribution lines and 1.4  
14 million distribution poles. The functions and operations within my area are quite  
15 diverse and include distribution operations, major projects and construction services,  
16 power quality, meteorology, and other operations that together help provide the highest  
17 level of service to FPL’s customers.

18 **Q. Please describe your educational background and professional experience.**

19 A. I graduated from the University of Miami with a Bachelor of Science Degree in  
20 Mechanical Engineering and Florida International University with a Master of Business  
21 Administration. I joined FPL in 1997 and have held several leadership positions in  
22 distribution operations and customer service, including serving as distribution  
23 reliability manager, manager of distribution operations for the south Miami-Dade area,

1 control center general manager, director of network operations, senior director of  
2 customer strategy and analytics, senior director of power delivery central maintenance  
3 and construction, and vice president of transmission and substations.

4  
5 I have over 26 years of storm restoration leadership experience, including performing  
6 many roles of increasing responsibility during the historic 2004-2005 storm season,  
7 serving as distribution incident commander during Tropical Storm Ernesto, and control  
8 center general manager during Tropical Storm Bonnie and Hurricane Matthew.  
9 Additionally, I helped coordinate FPL's response plans in support of Hurricane Maria,  
10 which devastated Puerto Rico, and I have provided storm restoration leadership for  
11 recent storms that impacted Florida, including Hurricane Irma, Hurricane Isaias,  
12 Tropical Storm Eta, Hurricane Sally, Tropical Storm Zeta, Tropical Storm Elsa,  
13 Tropical Storm Fred, Tropical Storm Alex, Hurricane Ian, Hurricane Nicole, and  
14 Hurricane Idalia.

15 **Q. Are you sponsoring any exhibits in this case?**

16 A. Yes. I am sponsoring the following exhibits:

- 17 • MJ-1 – Hurricane Ian – National Hurricane Center's Forecast Track
- 18 • MJ-2 – Hurricane Ian – Satellite View
- 19 • MJ-3 – Hurricane Nicole – National Hurricane Center's Forecast Track
- 20 • MJ-4 – Hurricane Nicole – Satellite View
- 21 • MJ-5 – FPL's T&D Hurricane Ian Restoration Costs
- 22 • MJ-6 – FPL's T&D Hurricane Nicole Restoration Costs

1 **Q. What is the purpose of your testimony?**

2 A. The purpose of my testimony is to provide an overview of FPL's emergency  
3 preparedness plan and restoration process and support the reasonableness and prudence  
4 of FPL's storm restoration activities and associated costs. I provide details for the work  
5 and costs incurred by FPL in connection with Hurricane Ian and Hurricane Nicole.  
6 Specifically, I describe FPL's storm preparations, response and restoration efforts,  
7 follow-up work activities necessary to restore FPL's facilities to their pre-storm  
8 condition, and details on the associated storm restoration costs. Finally, I discuss FPL's  
9 overall successful performance in restoring service to those customers that experienced  
10 an outage due to Hurricane Ian and Hurricane Nicole.

11

12 **II. EMERGENCY PREPAREDNESS PLAN & RESTORATION PROCESS**

13 **Q. What is the objective of FPL's emergency preparedness plan and restoration**  
14 **process?**

15 A. The primary objective of FPL's emergency preparedness plan and restoration process is  
16 to safely restore critical infrastructure and to restore power to the greatest number of  
17 customers in the least amount of time, which is a critical step for the customers and  
18 communities served by FPL to return to their normal, pre-storm lives and activities.  
19 Achieving this objective requires extensive planning, training, adherence to established  
20 storm restoration processes, and execution that can be scaled quickly to match each  
21 storm's particular challenges.

1 **Q. What are the key components of FPL’s emergency preparedness plan?**

2 A. FPL’s emergency preparedness plan is the product of years of planning, study, and  
3 refinement based upon actual experience. Key components of this plan include:

- 4 • Disaster response policies and procedures.
- 5 • Scalable internal organizational structures based on the required response.
- 6 • Planned timeline of activities to assure rapid notification and response.
- 7 • Mutual assistance agreements and vendor contracts and commitments.
- 8 • Plans and logistics for the staging and movement of resources, personnel,  
9 materials, and equipment to areas requiring service restoration.
- 10 • Communication and notification plans for employees, customers, community  
11 leaders, emergency operation centers, and regulators.
- 12 • An established centralized command center with an organization for command  
13 and control of emergency response forces.
- 14 • Checklists and conference call agendas to organize, plan, and report situational  
15 status.
- 16 • Damage assessment modeling and reporting procedures.
- 17 • Field and aerial patrols to assess the damage.
- 18 • Comprehensive circuit patrols to gather vital information needed to identify the  
19 resources required for effective restoration.
- 20 • Systems necessary to support outage management processes and customer  
21 communications.

1 This plan is comprehensive and well-suited for the purpose of facilitating prompt and  
2 effective responses to emergency conditions, such as hurricanes, to restore power safely  
3 and as quickly as possible.

4 **Q. Does FPL update its emergency preparedness plan?**

5 A. Yes. Prior to each annual storm season, FPL reviews its emergency preparedness plan.  
6 FPL's emergency preparedness plan incorporates comprehensive annual restoration  
7 process reviews and includes lessons learned, new technologies, and extensive training  
8 activities to ensure FPL's employees are well prepared. To ensure rapid restoration, key  
9 focus areas of updating the emergency preparedness plan are staffing the storm response  
10 organization, preparing logistics support, enhancing customer communication methods,  
11 and ensuring that required computer and telecommunication systems are in place. As  
12 part of this update process, all business units within FPL identify personnel for staffing  
13 the emergency response organization. In many cases, employees assume roles different  
14 than their regular responsibilities. Training is conducted for employees each year,  
15 regardless of whether they are in a new role or a role in which they have served many  
16 times. This includes training on processes that range from clerical and analytical to  
17 reinforcing restoration processes for our employees.

18 **Q. What else does FPL do to prepare for each storm season?**

19 A. In the logistics support area, preparations include: (1) increasing material inventory; (2)  
20 verifying and securing adequate lodging arrangements; (3) securing staging sites<sup>1</sup>; (4)  
21 verifying staging site plans; and (5) securing any necessary agreements and contracts

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<sup>1</sup> Staging sites are temporary work sites opened to serve as operational hubs for Incident Management Teams to plan, coordinate, and execute area restoration plans. Staging sites may provide parking, food, laundry service, medical care, hotel coordination, and, if necessary, housing for large numbers of external and internal restoration resources.

1 for these support services. These activities are important to ensure availability and on-  
2 time delivery of these critical items at a reasonable cost. All of this planning and  
3 preparation provides the foundation to begin any restoration effort.

4 **Q. Does FPL regularly test its emergency preparedness plan?**

5 A. Yes. Each year FPL tests its readiness during a hurricane “dry run” exercise. This event  
6 simulates a storm (or multiple storms/hurricanes) impacting FPL’s service area. The  
7 purpose is to provide a realistic, challenging scenario that causes the organization to  
8 react to situations and to practice functions not generally performed during normal  
9 operations. It is a full-scale exercise, executed with active participation by employees  
10 representing every business unit in the company, as well as with external organizations,  
11 local government officials, and media representatives. After months of preparation, the  
12 formal exercise activities begin 96 hours before the forecasted date and time of impact  
13 from the mock hurricane. FPL’s Command Center is fully mobilized and staffed. Field  
14 patrollers are required to complete simulated damage assessments that are then utilized  
15 by office staff to practice updating storm systems, acquiring resources, and developing  
16 estimated times of restoration. The exercise also includes simulating customer and other  
17 external communications, as well as updating our outage management system and other  
18 storm-specific applications. This preparatory exercise is conducted as part of FPL’s  
19 ordinary approach to business and the costs of these activities are not charged to storm  
20 costs.

1 **Q. How does FPL respond when a storm threatens its service area?**

2 A. FPL responds by taking well-tested actions at specified intervals prior to the expected  
3 impact of a storm. When a storm is developing in the Atlantic Ocean or the Gulf of  
4 Mexico, our staff meteorologist continuously monitors conditions and communicates  
5 to various departments throughout the company to initiate preliminary preparations for  
6 addressing internal and external resource requirements, logistics needs, and system  
7 operation conditions.

8  
9 At 96 to 72 hours prior to the projected impact to FPL's system, FPL's activities  
10 include: activating the FPL Command Center; alerting all storm personnel; forecasting  
11 resource requirements; developing initial restoration plans; activating contingency  
12 resources; and identifying available resources from mutual assistance utilities. In  
13 addition, all FPL work locations begin to prepare their facilities for the impact of the  
14 storm.

15  
16 At 72 to 48 hours, computer models are run based on the projected intensity and path  
17 of the storm and asset data of the T&D system to forecast expected damage, restoration  
18 workload, and potential customer outages. Based on the modeled results, commitments  
19 are confirmed for restoration personnel, materials, and logistics support. Staging site  
20 locations are then identified and confirmed based on the storm's expected path.  
21 Primary communication lines are established for the staging sites as well as backup  
22 communications, including via satellite, are implemented to improve communications  
23 efforts. External resources are activated and begin moving toward the FPL service

1 areas that are expected to be impacted by the storm and internal personnel may be  
2 moved closer to areas expected to be impacted.

3

4 At 24 hours, the focus turns to pre-positioning personnel and supplies to begin  
5 restoration as soon as it is safe to do so. As the path and strength of the storm changes,  
6 FPL regularly re-runs the damage model and adjusts its plans accordingly. Also, FPL  
7 contacts community leaders and County Emergency Operations Centers (“EOCs”) for  
8 coordination and to review and reinforce FPL’s restoration plans. This outreach  
9 includes confirming the assignment of FPL personnel to the County EOCs for the  
10 remainder of the storm and identifying restoration personnel to assist with road clearing  
11 and search-and-rescue efforts. FPL also has personnel assigned to the State EOC to  
12 coordinate support and provide information to State leaders. Throughout the process,  
13 FPL also provides critical information (*e.g.*, public safety messages, storm preparation  
14 tips, and guidance if an outage occurs) to customers, community leaders, and the media.

15 **Q. Has FPL previously executed its emergency preparedness plan and overall  
16 restoration process?**

17 A. Yes. FPL was required to implement its full-scale emergency preparedness plan and  
18 restoration process in response to numerous hurricanes and storms impacting FPL’s  
19 service area and customers during the 2016 through 2021 storm seasons.

20 **Q. Did FPL implement improvements to its emergency preparedness plans and  
21 restoration process based on its experiences from prior storms?**

22 A. Yes. Every restoration event is different, and each event presents opportunities to learn  
23 and continue to refine and improve our processes and planning. Consistent with FPL’s

1 culture of continuous improvement, FPL implemented several enhancements to its  
2 processes based upon the experiences and lessons learned during the 2016 through  
3 2021 storm seasons. Enhancements adopted and utilized by FPL during the recent  
4 hurricane seasons, including during Hurricane Ian and Hurricane Nicole, include, but  
5 are not limited to:

- 6 • Implemented improved tracking of vendor crews by having their FPL contacts  
7 whenever possible ascertain their starting time and location, ending time and  
8 location, and add miscellaneous comments associated with their mobilization  
9 to/from FPL service area.
- 10 • Implemented a more effective acquisition and redeployment of external  
11 resources (*e.g.*, committing to acquiring external resources and having them  
12 travel and pre-staging them closer, yet out of danger, to the areas expected to be  
13 affected by the approaching storm to enable FPL to begin restoration work more  
14 quickly).
- 15 • Supported pre-staged resources at processing and staging sites with port-o-lets,  
16 tower lights, and Container Foldout Rigid Temporary Shelters (“CFORTS”).  
17 Assisted with delivered meals when local restaurants were not available.
- 18 • Increased the utilization of advanced technology, such as using smart grid  
19 technology, drones, and mobile devices to facilitate damage assessments.  
20 Deployed FPL’s Mobile Command Centers and Community Response Vehicles  
21 (high-tech remote command posts and communication hubs that quickly relay  
22 crucial information, decisions, and logistical needs to/from FPL’s Command

1 Center) to impacted areas. These new technologies provide better, faster, and  
2 more efficient support to the restoration effort.

3 These enhancements are examples of FPL's culture of continuous improvement in storm  
4 preparation and response.

5 **Q. How does FPL ensure the emergency preparedness plan and restoration process  
6 are consistently followed?**

7 A. FPL has standardized many core field operations, including work-site organization,  
8 work preparation and prioritization, and damage assessment. For external crew  
9 personnel, FPL provides an orientation that includes safety rules, work practices, and  
10 engineering standards. Additionally, procedures to ensure rapid preparation and  
11 mobilization of remote staging sites have been developed to allow FPL to establish  
12 these sites in the most heavily damaged areas.

13  
14 Storm restoration plans are documented in a variety of media including manuals, on-  
15 line procedures, checklists, job aids, process maps, and detailed instructions. System  
16 data is continually monitored and analyzed throughout the storm. FPL conducts  
17 multiple daily conference calls, utilizing structured checklists and agendas, with FPL  
18 Command Center leadership and all FPL business units to confirm process discipline,  
19 discuss overall progress, and identify issues that can be quickly resolved. Conference  
20 calls are also held twice a day with all field restoration and logistics locations to ensure  
21 critical activities are performed as planned and timely communications occur at all  
22 levels throughout the organization. Also, each organization within FPL conducts its  
23 own daily conference call(s) to ensure plans are executed appropriately and issues are

1 being quickly identified and resolved. Overall monitoring and performance  
2 management of field operations are performed through the FPL Command Center. In  
3 addition, FPL Command Center personnel routinely conduct field visits once  
4 restoration has begun to validate restoration process discipline and application, assess  
5 progress at remote work sites, and identify any adjustments that may be required.

6 **Q. How does FPL assess its workload requirements?**

7 A. There are a variety of factors that impact restoration workload. Historical responses to  
8 similar events, team experiences with both on-system and off-system events, and the  
9 framework of the emergency preparedness plan are all utilized to determine preliminary  
10 workload requirements. In each storm, FPL utilizes its storm damage model to forecast  
11 system damage and hours of work required to restore service. These forecasts are based  
12 on the location and status/condition of FPL facilities, the weather forecast associated  
13 with the storm's projected path, and the effects of varying wind strengths on the electric  
14 infrastructure. As the storm conditions change, the damage model is updated. The  
15 workload projections are matched with resource factors, such as availability and  
16 location, and FPL's capacity to efficiently and safely manage and support available  
17 resources. As soon as the storm passes, certain employees are tasked with determining  
18 and assessing the damage. Additionally, FPL utilizes damage assessments obtained  
19 through aerial and field patrols and customer outage information contained in FPL's  
20 outage management system.

1 **Q. How does FPL begin to acquire resources?**

2 A. Normally, 96 to 72 hours prior to the expected storm impact, FPL begins to contact  
3 selected contractors to assess their availability. Additionally, as a member of the  
4 Southeastern Electric Exchange (“SEE”) and Edison Electric Institute (“EEI”), FPL  
5 begins to utilize the formalized industry processes to request mutual assistance  
6 resources. At 72 to 48 hours, depending on the storm track certainty and forecasted  
7 intensity, FPL may begin to financially commit to acquire necessary resources and  
8 request they initiate travel to and within Florida. Resource needs are continually  
9 reviewed and adjusted, if necessary, based on changes in the storm’s path, intensity,  
10 and corresponding damage model results.

11 **Q. Please provide details on how FPL acquires additional resources.**

12 A. As previously mentioned, an important component of each restoration effort is FPL’s  
13 ability to scale and adjust resources to match the anticipated workload. This includes  
14 acquiring external contractors and mutual assistance resources from affiliate  
15 companies, other utilities within the state of Florida (*e.g.*, other Florida investor-owned,  
16 municipal, and cooperative utilities), and other utilities outside the state of Florida.  
17 FPL is a participating member of the SEE Mutual Assistance Group. While this group  
18 is a non-binding entity, it provides FPL and other members with guidelines on how to  
19 request assistance from a group of approximately 57 utilities, primarily located in the  
20 southern and eastern United States. The guidelines require reimbursement for direct  
21 costs of payroll and other expenses, including roundtrip travel costs (*i.e.*,  
22 mobilization/demobilization), when providing mutual aid in times of an emergency. In  
23 addition, FPL participates with EEI and the National Response Event organization to

1 gain access to other utilities. Resource requests may include line and vegetation  
2 contractors, patrol personnel, crew supervisors, material-handling personnel, and, in  
3 some cases, logistics support.

4  
5 FPL's Integrated Supply Chain ("ISC") also has multiple contractual agreements with  
6 line and vegetation contractors throughout the U.S. Many of these agreements are with  
7 contractors utilized by FPL during normal operations. Depending on the severity of  
8 the storm and the resources needed, additional line and vegetation companies may be  
9 contracted to provide support pending their release from the utilities for which they  
10 normally work. If these additional line and vegetation contractors are needed, FPL  
11 negotiates rates with the new contractors on an as-needed basis prior to the  
12 commencement of work.

13 **Q. How does FPL take cost into account when acquiring resources for storm**  
14 **restoration?**

15 A. The objective of safely restoring electric service as quickly as possible is not a "least  
16 cost" proposition. Said in a different manner, restoration of electric service at the  
17 lowest possible cost will not result in the most rapid restoration. However, FPL is  
18 always mindful of costs and prudently acquires resources.

19  
20 For line and vegetation contractors, FPL seeks to acquire resources with pre-negotiated  
21 storm contracts based on a low-to-high cost ranking and, to the greatest extent  
22 practicable, releases these same resources from storm restoration assistance in reverse  
23 cost order subject to the overriding objective of safely and quickly restoring power to

1 customers. FPL also considers travel distance when procuring and releasing storm  
2 restoration resources, as longer distances require increased drive times and can result  
3 in higher mobilization/demobilization costs. Final contractor and mutual-aid resource  
4 decisions take into consideration the number, availability, relative labor costs, and  
5 travel distances of required resources. This information is then evaluated relative to  
6 the expected time to restore customers.

7 **Q. Describe FPL’s plan for the deployment and management of the incoming**  
8 **external resources.**

9 A. The deployment and movement of resources is coordinated through the FPL Command  
10 Center to monitor execution of the plan. Daily management of the crews is performed  
11 by the field operations organization, which is responsible for executing FPL’s  
12 restoration strategy. Decisions on opening staging sites to position the restoration  
13 workforce in impacted areas are based primarily on the arrival times of the external  
14 resources. Daily analysis of workload execution and restoration progress permits  
15 dynamic resource management. This enables a high degree of flexibility and mobility  
16 in allocating and deploying resources in response to changing conditions and  
17 requirements. Another critical factor is FPL’s ability to assemble trained and  
18 experienced management teams to direct field activities. As part of the storm  
19 organization, management teams include Incident Commanders and crew supervisors  
20 to directly oversee fieldwork.

1 **Q. What controls are in place for the acquisition of resources?**

2 A. FPL has centralized all external resource acquisition within the FPL Command Center  
3 organization. This organization approves resource acquisition targets, which are  
4 continually monitored by the Planning Section Chief, who reports to me and keeps me  
5 informed during the entire restoration process.

6 **Q. What processes and controls are in place to ensure the proper accounting of the  
7 work performed by these resources and the time charged for that work?**

8 A. The external resources initially report to a Processing Site for verification of rosters  
9 and equipment before being assigned to an FPL Storm Production Lead associated with  
10 a designated staging site. The Storm Production Lead is responsible for verifying crew  
11 rosters as FPL accepts these resources onto its system. The Storm Production Lead is  
12 then responsible for reviewing and electronically approving timesheets to ensure that  
13 time and personnel counts are recorded accurately. The timesheets are then  
14 electronically routed to the Finance Section Chief at the staging site and then sent to  
15 FPL's Cost Finalization team for the final validation of contractor invoices for  
16 payment. FPL witness Ferguson describes the role and responsibilities of the Finance  
17 Section Chief, and FPL witness De Lucenay describes the role and responsibilities of  
18 the Cost Finalization team.

19 **Q. What logistics support and activities are required to support the overall  
20 restoration effort?**

21 A. Logistics functions serve a key role in any successful restoration effort by ensuring  
22 basic needs and supplies are adequately available and provided to the thousands of  
23 restoration personnel involved. These functions include, but are not limited to, the

1 acquisition, preparation, and coordination of staging sites, environmental services,  
2 salvage, lodging, laundry, buses, caterers, ice and water, office trailers, light towers,  
3 generators, portable toilets, security guards, communications, and fuel delivery.  
4 Agreements with primary vendors are in place prior to the storm season as part of FPL's  
5 comprehensive storm-planning process. FPL personnel from all parts of the company  
6 meet additional logistics staffing needs. These employees are pre-identified, trained,  
7 and assigned to provide site logistics management and support other restoration  
8 workforce needs. FPL contracts for additional logistics resources for larger restoration  
9 efforts that exceed internal logistics support capabilities.

10 **Q. Does FPL have controls in place to ensure that necessary items for logistics are**  
11 **procured and appropriately accounted for?**

12 A. Yes. FPL's logistics organization is responsible for overseeing and coordinating the  
13 procurement of resources required at our staging sites. The Logistics Section Chief  
14 and logistics team ensure that each staging site's resource requirements are initially  
15 procured and received. The Finance Section Chief also provides guidance and  
16 assistance to help ensure active, real-time financial controls are in effect and adhered  
17 to during the restoration event. These processes are discussed in more detail by FPL  
18 witness Ferguson.

1 **III. HURRICANE IAN**

2 **Q. Please provide an overview of Hurricane Ian as it developed and began to threaten**  
3 **Florida.**

4 A. Hurricane Ian was the ninth named storm, fourth hurricane, and the second major  
5 hurricane of the 2022 hurricane season. Hurricane Ian was the strongest hurricane to  
6 impact Florida since Hurricane Michael in 2018 and tied the record for the fifth-  
7 strongest hurricane on record to strike the United States. Hurricane Ian was also the  
8 first Category 4 hurricane to impact Southwest Florida since Hurricane Charley in  
9 2004.

10  
11 The National Hurricane Center (“NHC”) began issuing advisories on Tropical Cyclone  
12 Ian on September 23, 2022, and projected that it would make landfall as a major  
13 hurricane in Florida. Florida Governor Ron DeSantis declared a state of emergency for  
14 24 counties, which was subsequently extended to all 67 counties of Florida due to the  
15 projected historic size and magnitude of the storm.

16  
17 On September 26, 2022, the storm became a hurricane with warnings from the NHC  
18 that further strengthening was anticipated. A Storm Surge Warning was issued by the  
19 NHC along Florida’s west coast, including Tampa Bay. On September 27, 2022, the  
20 storm became a Major Hurricane (Category 3, with windspeeds exceeding 111 mph)  
21 with the NHC warning of further rapid intensification. Due to the NHC’s hurricane  
22 track forecast shifting southward, the peak storm surge forecast was modified  
23 accordingly. In the morning hours of September 28, 2022, the National Oceanic and

1 Atmospheric Administration (“NOAA”) identified that Hurricane Ian had reached its  
2 peak intensity of 161 mph (a Category 5 hurricane) when it was only hours from  
3 making landfall. Hurricane Ian made landfall near Fort Myers Beach, Florida at 3:05  
4 p.m. with maximum sustained winds of 150 mph (a high-end Category 4 hurricane).<sup>2</sup>  
5 At the time Hurricane Ian made landfall, most of the Florida peninsula had been  
6 engulfed by the storm for hours as hurricane-force winds extended approximately 50  
7 miles outward from the center of the storm, and tropical storm-force winds extended  
8 up to 175 miles. The path and satellite image of Hurricane Ian are provided in Exhibits  
9 MJ-1 and MJ-2, respectively.

10

11 Due to its historic size and slow movement, Hurricane Ian battered nearly all of FPL’s  
12 peninsular service area for more than 72 hours and unleashed destructive winds,  
13 unprecedented storm surge, substantial flooding, and multiple tornadoes that impacted  
14 FPL’s customers. For example, storm surge on the west coast swelled to an  
15 unprecedented 10 to 15 feet above ground level in Fort Myers Beach and Estero Island.<sup>3</sup>  
16 The National Ocean Service tide gauge near downtown Fort Myers measured 7.26 feet,  
17 where storm surge reversed the direction of the river flow and flooded the streets of the  
18 city.<sup>4</sup>

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<sup>2</sup> According to NOAA, there is little practical difference between the peak intensity of Category 5 and a top-end Category 4 hurricane. For context, a Category 4 hurricane maxes out at 156 mph.

<sup>3</sup> See National Hurricane Center, Tropical Cyclone Report, Hurricane Ian (April 3, 2023), available at [https://www.nhc.noaa.gov/data/tcr/AL092022\\_Ian.pdf](https://www.nhc.noaa.gov/data/tcr/AL092022_Ian.pdf).

<sup>4</sup> See *id.* The devastating storm surge wasn’t limited to Fort Myers. Maximum inundation levels of 8 to 12 feet occurred in Estero, Bonita Beach, Bonita Springs, and North Naples. Maximum inundation of 6 to 9 feet occurred in Naples and 4 to 6 feet occurred in Marco Island.

1 On September 29, 2022, as Hurricane Ian crossed inland over Florida it was  
2 downgraded to a tropical storm. However, extreme rainfall and hurricane-force winds  
3 continued and became particularly destructive to multiple parts of the state, which  
4 hampered efforts of all first responders, including FPL's restoration response, due to  
5 downed vegetation, impassable roads, and flooding. The outer rain bands of Hurricane  
6 Ian produced 14 tornadoes in Florida on September 27-28, 2022, ranging in scale from  
7 EF 0 to EF 2 tornadoes, some of which caused injuries and considerable property  
8 damage.<sup>5</sup> Hurricane Ian produced a wide swath of heavy rainfall that led to  
9 considerable freshwater flooding. For example, the highest storm total rainfall  
10 recorded was 26.95 inches in Grove City, Florida, located just north of the landfall  
11 location on the western side of the state.<sup>6</sup> Rainfall totals reached a secondary peak as  
12 Hurricane Ian neared the Atlantic Ocean and brought 21.49 inches to Daytona Beach.<sup>7</sup>  
13 Even after Hurricane Ian exited Florida and strengthened back into a hurricane, its outer  
14 bands continued to impact Florida's east coast causing flooding, storm surge, and  
15 notable wind-damage miles from where the storm initially made landfall.

16 **Q. Please describe FPL's preparations to respond to the potential impacts of**  
17 **Hurricane Ian.**

18 A. Shortly after the NHC began issuing advisories on Tropical Cyclone Ian on September  
19 23, 2022, FPL's emergency preparedness teams closely monitored the storm and

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<sup>5</sup> *See id.*

<sup>6</sup> *See* NOAA National Centers for Environmental Information, Monthly National Climate Report for September 2022, (October 2022), *available at* <https://www.ncei.noaa.gov/access/monitoring/monthly-report/national/202209/supplemental/page-5>.

<sup>7</sup> *Id.* Central and eastern Florida saw rainfall totals of 10-20 inches, and south Florida saw isolated totals of 9+ inches of rainfall.

1 initiated early discussions and preliminary preparations. FPL’s first weather update call  
2 occurred on September 24, 2022, which was 96-hours before the projected landfall. On  
3 September 25, 2022, FPL activated its emergency response organization, staffed its  
4 Command Center, and initiated the cadence of daily planning and management meetings  
5 to ensure the efficient and timely execution of all pre-landfall checklists and preparation  
6 activities. Based on the NHC forecasts, FPL began pre-positioning resources across the  
7 state prior to the anticipated landfall. FPL also initiated customer communications and  
8 outreach, urging customers to prepare for Hurricane Ian, including potential for  
9 prolonged power outages.

10  
11 Through its pre-landfall planning activities and based on the forecasted path, size, and  
12 intensity of Hurricane Ian, FPL worked to anticipate projected outcomes and began to  
13 commit to resources for restoration support. In anticipation of landfall, FPL began  
14 opening staging sites and pre-positioning resources throughout its service area.

15 **Q. How did FPL respond to the impacts of Hurricane Ian?**

16 A. FPL understands that hurricanes cause a significant interruption to the lives of our  
17 customers and local communities. As a result, FPL sets out to restore power safely and  
18 as quickly as practicable so daily life can return to normal.

19  
20 FPL followed its well-developed, systematic, and well-tested plan to respond to  
21 Hurricane Ian, which includes obtaining and pre-staging resources in advance of the  
22 storm. As with any approaching storm, there was uncertainty in the ultimate path and  
23 intensity of Hurricane Ian. However, given that the forecasted path indicated that much

1 of FPL’s service area would be impacted by Hurricane Ian, including some of the most-  
2 populated regions of the state, FPL could not take a “wait and see” approach. FPL had  
3 to be prepared to respond to what was projected to be a historic and deadly impact to  
4 FPL’s customers.

5  
6 As FPL has learned through decades of restoration efforts, assembling, and properly  
7 positioning personnel and equipment is key to restoring power safely and as quickly as  
8 practicable. Hurricane Ian was a catastrophic storm that required a massive restoration  
9 workforce and logistics plan. FPL mobilized a workforce of more than 21,000  
10 personnel (including mutual assistance from 30 states) dedicated to the restoration  
11 effort. These crews worked around the clock and between feeder bands when  
12 conditions were safe to do so.

13  
14 Bridges were damaged and some major roads were impassable or washed away due to  
15 storm surge, torrential rain, and historic flooding throughout FPL’s service area. As a  
16 result, FPL implemented and deployed multiple innovative methods to survey damage,  
17 including widespread use of drones, riding airboats through DeSoto County, and  
18 utilizing a kayak to investigate the flooded Port Orange Substation. Along with the  
19 helicopters of the United States Coast Guard and Army National Guard, FPL deployed  
20 its fixed-wing drone FPLAir One to survey the widespread damage from Hurricane  
21 Ian. FPLAir One conducted numerous missions and streamed back live visuals to the  
22 FPL Command Center. The use of FPLAir One provided FPL’s emergency  
23 preparedness teams with focused and detailed information of the impacts to FPL’s

1 system and the surrounding conditions, including in areas that were inaccessible to the  
2 damage surveyors.

3 **Q. How did FPL's T&D system perform during Hurricane Ian?**

4 A. While no electrical system can be made completely resistant to the impacts of hurricanes  
5 and other extreme weather events, FPL's continued investments in its storm hardening  
6 programs and smart grid technology continue to provide increased T&D infrastructure  
7 resiliency and reduced restoration times. As a result of these efforts, FPL's T&D system  
8 performed well during Hurricane Ian.

9  
10 Since 2006, FPL has been removing wood structures from the transmission system and  
11 replacing them with concrete or steel structures. As a result of these transmission  
12 hardening efforts, there were zero transmission structures that failed and only 175  
13 transmission line sections became de-energized during Hurricane Ian due to a detected  
14 fault. Due to historic flooding and storm surge, FPL proactively de-energized five  
15 substations during Hurricane Ian to help reduce damage to substation equipment. Power  
16 to customers served from a de-energized substation could not be restored until the water  
17 subsided and any damage at the substation was repaired.

18  
19 Only 3,200 distribution poles failed (0.35% pole failure rate) during Hurricane Ian due  
20 primarily to wind-driven vegetation or debris. Hardened poles performed 10.25x better  
21 than non-hardened poles. Underground laterals performed 5.6x better than overhead  
22 laterals. Even on the west coast of Florida, which was directly impacted by historic  
23 storm surge, underground laterals performed 5.2x better than overhead laterals. In

1 addition, smart grid devices installed along FPL’s energy grid helped to restore service  
2 to customers before it was safe to send crews into the field, avoiding more than 400,000  
3 outages during Hurricane Ian.

4  
5 Lastly, as a result of the devastating and historic hurricane winds and storm surge,  
6 certain portions of the electric system in the Southwest Florida region were severely  
7 damaged and needed to be rebuilt rather than repaired.

8 **Q. Can you give an overview of the impact to FPL’s customers as a result of Hurricane**  
9 **Ian and FPL’s storm restoration response?**

10 A. Yes. In total, FPL restored service to more than 2.1 million customers. Approximately  
11 66% of these customers were restored within the first full day of restoration and 95%  
12 of these customers were restored within the first six full days of restoration. By October  
13 7, 2022 (*i.e.*, within eight full days of restoration), FPL restored power to 99% of the  
14 affected customers, essentially completing the restoration effort for all customers that  
15 could feasibly receive power.

16

17 **IV. HURRICANE NICOLE**

18 **Q. Please provide an overview of Hurricane Nicole as it developed and began to**  
19 **threaten Florida.**

20 A. Hurricane Nicole was the fourteenth named storm and eighth hurricane of the 2022  
21 hurricane season. Hurricane Nicole made landfall in Florida only six weeks after the  
22 devastating Hurricane Ian, impacting many of the same areas around the state, and  
23 exacerbated the flooding and storm surge levels in these areas due to saturated soil and

1 depleted coastline. Hurricane Nicole was only the third hurricane on record to make  
2 landfall in Florida during the month of November and the first since 1985. While  
3 Hurricane Nicole spared most of Southwest Florida, it had significant impacts on  
4 Florida's eastern coastlines, which were left vulnerable due to Hurricane Ian.

5  
6 On November 7, 2022, the NHC began issuing advisories on Tropical Cyclone Nicole,  
7 which included a hurricane watch for the eastern coast of Florida. Tropical Cyclone  
8 Nicole was forecasted to strengthen over the next few days and reach hurricane  
9 intensity upon landfall. A State of Emergency was declared by the Florida Governor  
10 for 34 counties, which was subsequently extended to all 67 Florida counties. On  
11 November 8, 2022, the NHC issued a hurricane warning for the east coast of Florida.  
12 On November 9, 2022, Hurricane Nicole strengthened into a Category 1 hurricane,  
13 while simultaneously making landfall on Grand Bahama.

14  
15 In the early morning hours of November 10, 2022, Hurricane Nicole made its first of  
16 three landfalls in Florida. The initial landfall occurred near Vero Beach as a Category  
17 1 Hurricane with sustained winds of 75 mph, torrential rain, and storm surge. The  
18 storm then crossed the state, briefly entering the Gulf of Mexico, before making a  
19 second landfall north of Cedar Key as a tropical storm. On November 11, 2022, the  
20 storm made its final landfall in Florida and thereafter entered Southeast Georgia as a  
21 tropical depression. The path and satellite image of Hurricane Nicole through Florida  
22 are provided in Exhibit MJ-3 and Exhibit MJ-4, respectively.

1 As Hurricane Nicole traversed the State of Florida it remained well-organized, with  
2 hurricane force winds extending outward to 25 miles and tropical storm force winds  
3 extending approximately 345 miles from the center. Hurricane Nicole brought cyclone  
4 force winds, heavy rain, storm surge, and flooding to a significant portion of FPL’s  
5 service territory. The Florida Division of Emergency Management, working with the  
6 NHC, determined there was a continuing risk of dangerous storm surge, heavy rainfall,  
7 flash flooding, strong winds, hazardous seas, and isolated tornadic activity.

8  
9 Hurricane Nicole’s immense size produced strong storm surge along the east coast of  
10 Florida from Vero Beach northward to the Jacksonville area.<sup>8</sup> The storm surge caused  
11 elevated water levels and significant waves along the impacted portions of the east  
12 coast. Due to the devastating impacts of Hurricane Ian, the beaches along the east coast  
13 were less protected from waves and the soil was oversaturated and prone to flooding  
14 during Hurricane Nicole, resulting in additional damage for customers near the eastern  
15 coastline. Additionally, Hurricane Nicole’s rainfall caused further freshwater flooding  
16 inland. Across the Florida peninsula, Hurricane Nicole produced rainfall totals mainly  
17 from 3 to 6 inches, with a maximum 7.11 inches total reported in Central Florida.<sup>9</sup>

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<sup>8</sup> See National Hurricane Center, Tropical Cyclone Report, Hurricane Nicole (March 17, 2023), available at [https://www.nhc.noaa.gov/data/tcr/AL172022\\_Nicole.pdf](https://www.nhc.noaa.gov/data/tcr/AL172022_Nicole.pdf).

<sup>9</sup> See *id.*

1 **Q. Please describe FPL’s preparations to respond to the potential impacts of**  
2 **Hurricane Nicole.**

3 A. FPL’s emergency preparedness teams closely monitored the storm and initiated early  
4 discussions and preliminary preparations. The storm formed on November 5, 2022, as  
5 a broad low-pressure system located in the Caribbean Sea south of Hispaniola. FPL’s  
6 first weather update call occurred on November 6 (72-hour call based on the NHC  
7 forecast track at the time). On November 7, 2022, the storm formally became a  
8 subtropical storm named “Nicole,” and quickly developed into a tropical storm on  
9 November 8, 2022. FPL activated its emergency response organization, staffed its  
10 Command Center, and initiated the cadence of daily planning and management meetings  
11 to ensure the efficient and timely execution of all pre-landfall checklists and preparation  
12 activities. On November 9, 2022, the storm had intensified into a Category 1 hurricane.  
13 Based on the NHC forecasts, FPL began pre-positioning resources across the state prior  
14 to the anticipated landfall. Additionally, FPL initiated customer communications and  
15 outreach, urging customers to prepare for Hurricane Nicole’s impacts, including  
16 potentially prolonged power outages.

17  
18 Through its pre-landfall planning activities and based on the NHC’s forecasted path,  
19 size, and intensity of Hurricane Nicole, FPL worked to anticipate projected outcomes  
20 and began to commit resources for restoration support. On November 10, 2022, FPL  
21 opened staging sites and positioned resources throughout its service area.

1 **Q. How did FPL respond to the impacts of Hurricane Nicole?**

2 A. Again, FPL understands the impact that hurricanes have on our customers and local  
3 communities. As a result, FPL sets out to restore power safely and as quickly as  
4 practicable so daily life can return to normal.

5  
6 For Hurricane Nicole, FPL followed the same well-developed, systematic, and well-  
7 tested plan described above for Hurricane Ian, which includes obtaining and pre-staging  
8 resources in advance of the storm. Hurricane Nicole made three landfalls in Florida,  
9 which required FPL to prepare for and respond to damage on both the east and west  
10 coasts of Florida. Regardless of the arrival of an uncharacteristically late hurricane,  
11 FPL was ready to execute a rapid restoration in response to Hurricane Nicole.

12 As FPL has learned through decades of restoration efforts, assembling and properly  
13 positioning personnel and equipment is key to restoring power safely and as quickly as  
14 practicable. To respond to the forecasted impacts of Hurricane Nicole, FPL pre-  
15 positioned necessary materials, equipment, and a workforce of approximately 13,000  
16 personnel (including mutual assistance from 16 states) to support the restoration effort.  
17 These crews worked around the clock and between feeder bands when conditions were  
18 safe to do so.

19 **Q. How did FPL's T&D system perform during Hurricane Nicole?**

20 A. Again, while no electrical system can be made completely resistant to the impacts of  
21 hurricanes and other extreme weather events, FPL's continued investments in its storm  
22 hardening programs and smart grid technology continue to provide increased T&D

1 infrastructure resiliency and reduced restoration times. As a result of these efforts,  
2 FPL's T&D system performed well during Hurricane Nicole.

3

4 During Hurricane Nicole, hardened transmission structures continued to demonstrate  
5 that they are more resilient with zero transmission structure failures. In addition, there  
6 were no substations out or major damages to substation equipment.

7 During Hurricane Nicole, overhead laterals and non-hardened feeders also performed  
8 well with a combined total of 30 poles requiring replacement due primarily to wind-  
9 driven vegetation or debris. Notably, Hurricane Nicole arrived just six weeks after the  
10 devastating impacts of Hurricane Ian, which left trees weakened and more susceptible  
11 to damage and falling during Hurricane Nicole. Underground laterals performed 15.5x  
12 better than overhead laterals. In addition, smart grid devices installed along FPL's  
13 energy grid helped to restore service to customers before it was safe to send crews into  
14 the field, avoiding more than 150,000 outages during Hurricane Nicole.

15 **Q. Can you give an overview of the impact to FPL's customers as a result of Hurricane**  
16 **Nicole and FPL's storm restoration response?**

17 A. Yes. Hurricane Nicole arrived just six weeks after Hurricane Ian, with many customers  
18 being impacted by both storms and still trying to recover from Hurricane Ian. In total,  
19 FPL restored service to more than 480,000 customers. When Hurricane Nicole made  
20 landfall, crews worked through the night in between feeder bands and over the Veterans  
21 Day holiday. FPL successfully restored power to essentially all customers impacted  
22 by Hurricane Nicole within the first full day of restoration. FPL's planning, drilling,

1 sustained investment, and unrelenting focus on restoration made a clear difference with  
2 Hurricane Nicole.

3

4 **V. T&D RESTORATION COSTS**

5 **Q. What were the final Hurricane Ian and Hurricane Nicole T&D restoration costs?**

6 A. As provided in Exhibits MJ-5 and MJ-6, FPL's total T&D restoration costs for  
7 Hurricane Ian and Hurricane Nicole were \$1.1 billion and \$116.3 million, respectively.

8

9 Hurricane Ian –T&D Restoration Costs by Category (\$000s)

|                                    | <u>Total T&amp;D</u> | <u>%</u>    |
|------------------------------------|----------------------|-------------|
| Regular Payroll and Related Costs  | \$ 13,216            | 1%          |
| Overtime Payroll and Related Costs | \$ 26,071            | 2%          |
| Contractors                        | \$ 772,915           | 70%         |
| Vehicle & Fuel                     | \$ 35,681            | 3%          |
| Materials & Supplies               | \$ 46,758            | 4%          |
| Logistics                          | \$ 203,007           | 18%         |
| Other                              | \$ 5,050             | 0%          |
| <b>Total</b>                       | <b>\$ 1,102,699</b>  | <b>100%</b> |

10

11 Hurricane Nicole –T&D Restoration Costs by Category (\$000s)

|                                    | <u>Total T&amp;D</u> | <u>%</u>    |
|------------------------------------|----------------------|-------------|
| Regular Payroll and Related Costs  | \$ 2,502             | 2%          |
| Overtime Payroll and Related Costs | \$ 5,486             | 5%          |
| Contractors                        | \$ 84,086            | 72%         |
| Vehicle & Fuel                     | \$ 3,878             | 3%          |
| Materials & Supplies               | \$ 1,967             | 2%          |
| Logistics                          | \$ 16,614            | 14%         |
| Other                              | \$ 1,770             | 2%          |
| <b>Total</b>                       | <b>\$ 116,304</b>    | <b>100%</b> |

1 In total, FPL’s combined cost including T&D follow-up work associated with  
2 Hurricanes Ian and Nicole was \$1.2 billion. While costs for T&D-related follow-up  
3 work are spread among most major cost categories, approximately \$905.7 million, or  
4 74% of these costs, were associated with the Contractors (\$857 million) and Materials  
5 & Supplies (\$48.7 million) categories. The major drivers for these two cost categories  
6 are associated with assessments (*e.g.*, overhead line inspections, thermovision,  
7 streetlights, etc.) to identify the repairs/replacements necessary to restore FPL’s  
8 facilities to their pre-storm condition and the labor, equipment, and materials required  
9 to complete the identified work.

10 **Q. Please provide a brief description of the T&D costs by categories for restoration**  
11 **work performed as a result of Hurricane Ian and Hurricane Nicole.**

12 A. The categories of T&D storm restoration costs incurred for Hurricane Ian and Hurricane  
13 Nicole are:

- 14 • T&D “Regular Payroll and Related Costs” and “Overtime Payroll and Related  
15 Costs” are costs associated with FPL employees who directly supported the  
16 T&D service restoration efforts and follow-up work as a result of Hurricane Ian  
17 and Hurricane Nicole. These include FPL linemen, patrollers, other field  
18 support personnel, and T&D staff personnel.
- 19 • T&D “Contractors” includes costs associated with external line contractors,  
20 mutual assistance utilities, FPL embedded contractors, vegetation contractors,  
21 and other contractors (*e.g.*, contractors performing overhead line patrols and  
22 environmental assessments), including mobilization and de-mobilization costs,

1 that supported FPL’s service restoration efforts and follow-up work to restore  
2 facilities to their pre-storm condition.

3 • T&D “Vehicle & Fuel” includes vehicle utilization and fuel costs for FPL and  
4 contractor vehicles in direct support of storm restoration.

5 • T&D “Materials & Supplies” includes costs associated with items such as wire,  
6 transformers, poles, and other electrical equipment used to restore electric  
7 service for customers and repair and restore storm-impacted FPL facilities to  
8 their pre-storm condition.

9 • T&D “Logistics” includes costs associated with staging and processing sites and  
10 other support needs, such as meals, lodging, buses and transportation, and rental  
11 equipment used by employees and contractors in direct support of storm  
12 restoration.

13 • T&D “Other” category includes costs not previously captured, such as freight  
14 charges and other miscellaneous costs, including payroll and related overheads  
15 from affiliate personnel directly supporting storm restoration.

16 **Q. Please describe the follow-up work required for the T&D facilities as a result of**  
17 **Hurricanes Ian and Nicole.**

18 A. As previously discussed, the primary objective of FPL’s emergency preparedness plan  
19 and restoration process is to safely restore critical infrastructure and the greatest number  
20 of customers in the least amount of time. At times, this means utilizing temporary fixes  
21 (*e.g.*, bracing a cracked pole or cross arm) and/or delaying certain repairs (*e.g.*, replacing  
22 lightning arrestors and repairing streetlights) that are not required to restore service  
23 expeditiously. However, these conditions must be subsequently addressed after the

1 initial restoration is complete during the restoration follow-up work phase in order to  
2 restore the assets to their pre-storm condition. FPL performed the required follow-up  
3 work for both Hurricane Ian and Hurricane Nicole.

4  
5 Restoring FPL's T&D facilities to their pre-storm condition is generally a two-step  
6 process: (1) assessing/identifying the necessary follow-up work to be completed; and  
7 (2) executing the identified work.

8 **Q. Were the T&D activities and associated costs incurred in response to Hurricanes**  
9 **Ian and Nicole reasonable and prudent?**

10 A. Yes. The T&D storm restoration activities, follow-up work, and associated costs were  
11 necessary and crucial components to safely restore critical infrastructure to the greatest  
12 number of customers in the least amount of time and to restore the T&D facilities to  
13 their pre-storm condition.

14

15 **VI. NON-T&D RESTORATION COSTS**

16 **Q. Please provide an overview of FPL's non-T&D business units that engaged in**  
17 **storm preparation and restoration activities related to Hurricanes Ian and Nicole.**

18 A. The great majority of the work associated with FPL's preparations for, response to, and  
19 restoration following Hurricanes Ian and Nicole were related to T&D restoration.  
20 However, virtually every other business unit within FPL was engaged in pre-storm  
21 planning and preparation, as well as post-storm restoration activities for both storms,  
22 all of which contributed to the overall success of the restoration efforts. The non-T&D  
23 business units that supported these efforts, together with the associated costs incurred

1 for Hurricanes Ian and Nicole, are referenced in FPL witness Ferguson’s Exhibits KF-  
2 1 and KF-2, respectively.

3

4 A breakdown of Non-T&D Restoration Costs for Hurricanes Ian and Nicole is shown  
5 in the tables below.

6

7 Hurricane Ian – Breakdown of the Non-T&D Restoration Costs

|                                   |                 |
|-----------------------------------|-----------------|
| General                           | \$16.10 million |
| Power Generation Division (“PGD”) | \$12.06 million |
| Customer Service                  | \$2.64 million  |
| Nuclear                           | \$0.737 million |

8

9 Hurricane Nicole – Breakdown of the Non-T&D Restoration Costs

|                                   |                 |
|-----------------------------------|-----------------|
| Nuclear                           | \$4.20 million  |
| General                           | \$1.26 million  |
| Power Generation Division (“PGD”) | \$0.848 million |
| Customer Service                  | \$0.257 million |

10

11 The majority of these costs are related to payroll and services provided by contractors.

12 **Q. Please summarize the storm restoration expenses incurred by PGD for**  
13 **Hurricanes Ian and Nicole.**

14 A. The majority of FPL’s PGD storm-related costs were related to payroll and contractors.  
15 PGD activated its site-specific procedures to secure equipment, bring in personnel to

1 ride out the storm at the plants, and expedite the storm restoration. Notably, these efforts  
2 included regular and overtime payroll expenses related to storm riders, storm  
3 preparation, fleet support, and pre-/post-landfall support.

4  
5 Specifically for Hurricane Ian, post-storm actions involved repairs and restorations at  
6 multiple Florida solar sites, including photovoltaic panel and module replacements.<sup>10</sup>  
7 The storm recovery efforts for Hurricane Ian also included expenses for drone  
8 surveillance, inverter replacement and electrical field restorations, erosion repairs, and  
9 infrastructure maintenance across various facilities.

10 **Q. Please describe expenses incurred by Nuclear for Hurricanes Ian and Nicole.**

11 A. FPL's Nuclear storm-related costs included storm preparation, deploying storm riders,  
12 and performing various repairs at the St. Lucie Nuclear Plant. These efforts involved  
13 regular payroll expenses for storm riders, storm preparation, fleet support, and pre-  
14 /post-landfall support, along with overtime payroll expenses in similar categories.  
15 Additionally, contractors were engaged for specific restoration and repair tasks.

16  
17 Specifically for Hurricane Nicole, these tasks included beach dune restoration at St.  
18 Lucie Nuclear Plant, water supply maintenance, and surveys for sediment buildup  
19 affecting operations at the plant. The associated material expenses, such as generator  
20 rentals and consumables, were factored into the total costs.

---

<sup>10</sup> Less than 0.04% of FPL's photovoltaic panels were damaged as a result of Hurricane Ian.

1 All of the costs incurred by Nuclear represent a comprehensive approach to hurricane  
2 preparation, response, and recovery. These pre- and post-storm activities are a critical  
3 part of FPL’s commitment to ensuring the safety and functionality of its nuclear  
4 facilities.

5 **Q. Please provide an overview of the “General” category related to Hurricanes Ian**  
6 **and Nicole.**

7 A. The business units grouped under the “General” category include Marketing and  
8 Communications (“Communications”), Information Technology (“IT”), Corporate  
9 Real Estate (“CRE”), Human Resources (“HR”), and External Affairs and Economic  
10 Development (“EA”).

11  
12 During Hurricanes Ian and Nicole, Communications was responsible for all aspects of  
13 communications, both internally with employees and externally with customers and  
14 stakeholders. Over 30 communication channels were utilized, including but not limited  
15 to email, automated calls, text messaging, social media updates, media events, news  
16 conferences, news releases to the media, and communications to local leaders, state and  
17 federal elected officials, regulators, and large commercial customers.

18  
19 IT was responsible for the delivery and support of system business solutions,  
20 technology infrastructure (client services, mobile services, servers, network, etc.), and  
21 both wired and wireless technology.

1 CRE was responsible for preparing all buildings and substations for potential storm  
2 impacts, assessing damage to buildings and sites following the storm, and repairing  
3 damage caused by the storm. CRE also provided all janitorial, facilities, and food  
4 service to critical storm support locations.

5  
6 HR supported the storm efforts with a large focus on employee support and  
7 communication. The HR compensation and payroll teams provided communication,  
8 policy, and procedure updates to employees and answered their inquiries.

9  
10 EA worked closely and coordinated with local government partners and county EOCs  
11 in FPL's service area.

12  
13 Additionally, contractors were engaged to support the Company's efforts under the  
14 "General" category. Communications employed contractors to support visual  
15 communication, media relations, social media staffing, and technical support for digital  
16 communications. IT utilized a contractor who provided services to support the Trouble  
17 Call Management System, which tracks outage tickets and trouble reports during  
18 restoration. CRE retained and managed contractors for building services and  
19 maintenance. Contractors were also retained for debris removal at corporate offices,  
20 substations, and service centers, as well as the replacing damaged vegetation in  
21 accordance with local regulations.

1 **Q. Please explain Customer Service’s role related to Hurricanes Ian and Nicole.**

2 A. The majority of FPL’s Customer Service storm-related costs were related to payroll  
3 and services provided by contractors. Customer Service employees, together with  
4 retained contractors, primarily handled communications from customers reporting  
5 outages and hazardous conditions, customer complaints, and communications with  
6 governmental entities. The FPL Customer Care centers extended the daily schedules  
7 to operate 24 hours a day. During restoration, Customer Service also assessed the  
8 impact of Hurricanes Ian and Nicole on the communication status of network devices,  
9 conducted back-office analyses and field investigations, and repaired or replaced non-  
10 communicating devices.

11 **Q. Were the activities of and associated costs incurred by the Non-T&D business**  
12 **units in response to Hurricanes Ian and Nicole reasonable and prudent?**

13 A. Yes. The activities and associated costs incurred by these non-T&D business units  
14 were a necessary component of storm preparation and the execution of storm  
15 restoration efforts and support functions.

16

17 **VII. EVALUATING FPL’S RESTORATION RESPONSE**

18 **Q. Were FPL’s storm restoration responses for Hurricane Ian and Hurricane Nicole**  
19 **effective in safely and quickly restoring power to customers?**

20 A. Yes. As mentioned previously, FPL’s primary goal is to safely restore critical  
21 infrastructure to the greatest number of customers in the least amount of time, which is  
22 a critical step for the customers and communities served by FPL to return to their  
23 normal, pre-storm lives and activities. Hurricane Ian impacted more than 2.1 million

1 FPL customers and FPL successfully restored power to all customers that could feasibly  
2 receive power within eight full days of restoration (95% of customers restored within  
3 six full days of restoration). Hurricane Nicole made landfall three times in Florida and  
4 impacted more than 480,000 FPL customers and the Company successfully restored  
5 power to all customers that could feasibly receive power within one full day of  
6 restoration. During both Hurricane Ian and Hurricane Nicole, FPL's restoration plans,  
7 preparedness, and execution were effective in quickly restoring power to the affected  
8 customers and communities served by FPL.

9 **Q. What factors contributed to the effective execution of FPL's Hurricane Ian and**  
10 **Hurricane Nicole restoration plans?**

11 A. The rapid restoration accomplished following both storms was in large part a result of  
12 FPL's pre-storm preparation for the expected damage to FPL's service area, based on  
13 forecasts by the National Hurricane Center. Key factors to the overall successful  
14 restoration effort included, but were not limited to:

- 15 • Strong centralized command, solid plans and processes, and consistent  
16 application of FPL's overall restoration strategy (*e.g.*, focusing first on restoring  
17 critical infrastructure and devices that serve the largest number of customers).
- 18 • Use of FPL's damage-forecasting model, along with aerial patrols and ground  
19 assessments, to promptly identify the number and location of needed resources.
- 20 • Aggressive and prudent acquisition, pre-positioning, and redeployment of  
21 restoration resources.
- 22 • Prepositioning of critical equipment and logistical support closer to the areas  
23 expected to be affected by the approaching storms.

- 1       •       Strong alliances with vendors, which assured an ample, readily available supply  
2       of materials.
- 3       •       Pre-staged mobile sleepers within service area for availability once the storm  
4       had passed with the goal of reducing travel time during the course of restoration,  
5       and thereby increasing restoration productivity.
- 6       •       Identified large, fixed facilities that were used as alternative lodging sites in  
7       areas with constrained hotel availability.
- 8       •       Increased physical fuel inventory and improved fuel delivery capabilities (both  
9       FPL and vendor-supplied resources).
- 10      •       Improved coordination with County EOCs, including designating restoration  
11      personnel pre-storm to assist with road-clearing efforts and ensuring key critical  
12      infrastructure facilities requiring restoration prioritization are identified.  
13      Established an online government portal that allows government officials to  
14      obtain the latest news releases and information on customer outages, estimated  
15      restoration times, FPL crew resources, outage maps, and other information.  
16      These improved features enable EOCs to better serve their respective  
17      communities' needs.
- 18      •       Added advanced new tools to improve customers communications, such as  
19      automated voice calls to customers. Increased outreach and storm updates  
20      utilizing social and broadcast media, daily news briefings, and embedded  
21      reporters at the FPL Command Center. These improvements help better  
22      communicate with and provide accurate, timely information to FPL customers.
- 23      •       Robust outage management through system functionality and real-time

1 information, which allowed FPL to continually gauge restoration progress and  
2 make adjustments as changing conditions and requirements warranted.

- 3 • Expanded the pool of drone pilots after the success of utilizing drones during  
4 recent years. FPL learned that the vegetation team benefited from the use of  
5 drones to better understand the volume and the need for additional crews. In  
6 addition, FPL was able to use an internal application that allowed the drone  
7 pilots to upload all their images and sort the pictures by location on a map to  
8 help improve the speed and quality of damage assessments.
- 9 • Retained a robust list of staging sites at multiple locations throughout the state  
10 and maintained contact with site owners to ensure availability and use.
- 11 • Expanded the pre-provisioning and capital enhancements (*e.g.*, paved parking  
12 lots, installed technology) of strategic staging site locations for faster set-up and  
13 activation, which enabled rapid activation of these sites to support restoration  
14 work.
- 15 • Previous storm restoration experience, application of lessons learned, process  
16 enhancements, regular practice and training, and employee skill and  
17 commitment.

18 **Q. What are your conclusions regarding FPL’s storm restoration efforts for**  
19 **Hurricane Ian and Hurricane Nicole?**

20 A. The 2022 Atlantic Hurricane season saw 14 named storms, with eight that became  
21 hurricanes and two that became major hurricanes. FPL prepared for and effectively and  
22 efficiently responded to Hurricane Ian and Hurricane Nicole. Hurricane Ian’s landfall  
23 in Florida caused substantial damage to the affected areas due to wind and wide-spread

1 flooding and resulted in more than 2.1 million FPL customers experiencing power  
2 outages. FPL responded with the required resources to affect a quick response to those  
3 experiencing outages, with FPL successfully restoring power to all customers that could  
4 feasibly receive power within eight full days of restoration. However, some FPL  
5 customers' homes and businesses were significantly damaged and unable to receive  
6 power. Through its Care to Share program, FPL provided financial assistance, up to  
7 \$1,000, available to eligible customers in need of repairs for damaged meter cans and  
8 weather heads in order to safely receive power.<sup>11</sup>

9  
10 Hurricane Nicole made a landfall in Florida three times, remaining within the NHC's  
11 forecasted cone from November 7 to November 11, 2022. Nicole's landfalls resulted  
12 in impacts to over 480,000 customers throughout FPL's service area, with FPL  
13 successfully restoring power to all customers that could feasibly receive power within  
14 one full day of restoration. In each case, FPL followed its well-developed and  
15 systematic plan to respond.

16  
17 Our commitment to continuous improvement was instrumental in achieving this  
18 excellent performance. Further, while no electrical system can be made completely  
19 resistant to the impacts of hurricanes and other extreme weather conditions, FPL's  
20 existing and ongoing storm hardening programs and smart grid technology provided  
21 increased T&D infrastructure resiliency during Hurricanes Ian and Nicole. For

---

<sup>11</sup> FPL's Care to Share program is made possible by the generosity of FPL employees, shareholders, and customers who donate to help individuals and families who are experiencing temporary difficulties.

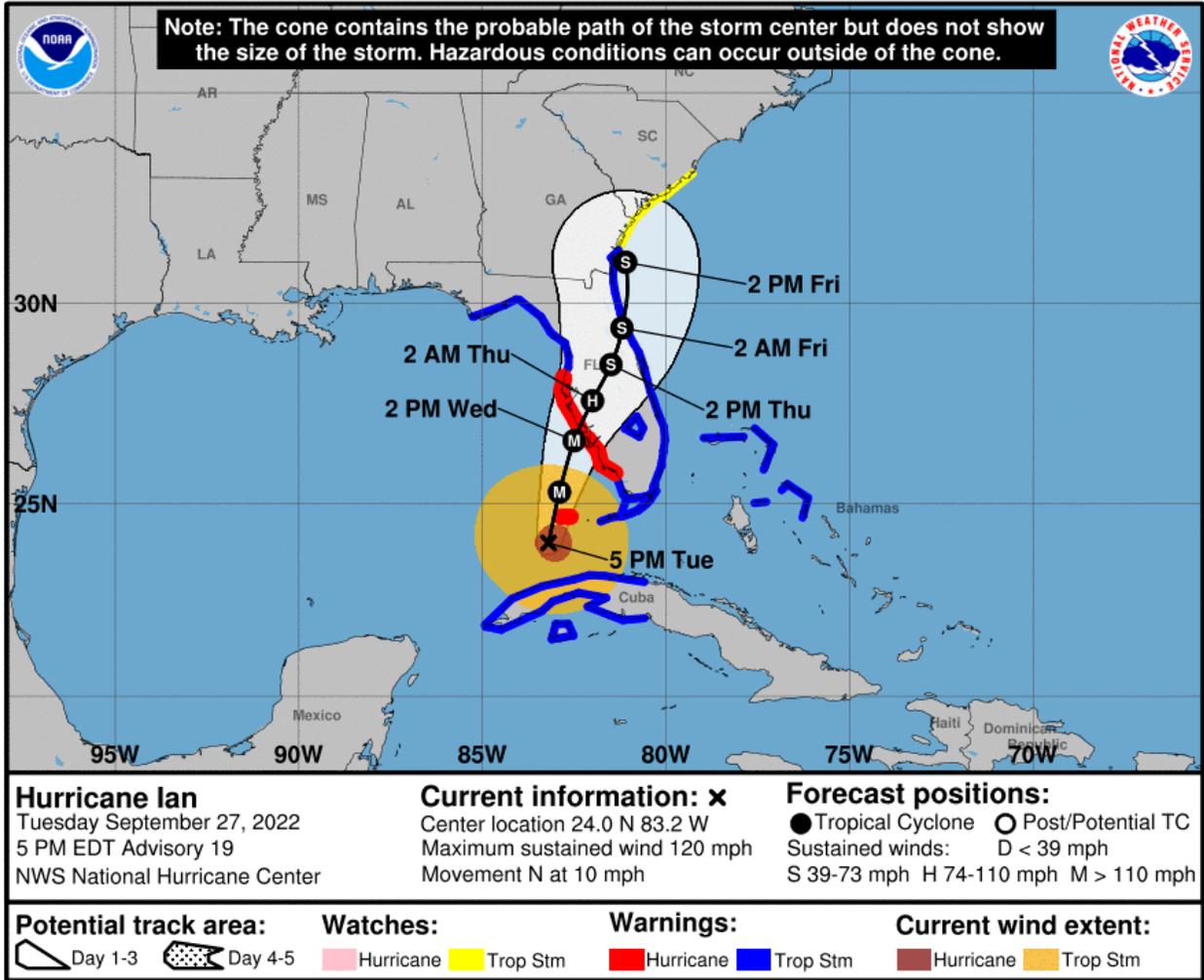
1 example, more than 550,000 outages were avoided during Hurricanes Ian and Nicole  
2 due to investments in smart grid technology (*e.g.*, automated feeder switches).  
3 Together, FPL's storm hardening programs and emergency preparedness plan and  
4 restoration process provided significant benefits and contributed to the remarkable  
5 achievement of quickly restoring service to the customers and communities affected by  
6 Hurricanes Ian and Nicole.

7  
8 I believe the entire restoration team, which included FPL employees, contractors, and  
9 mutual assistance utilities personnel, performed extremely well. This allowed FPL to  
10 meet our overarching objective to safely restore critical infrastructure and the greatest  
11 number of customers in the least amount of time. Storm restoration is a dynamic and  
12 challenging process that tests the fortitude of each person involved. I am exceptionally  
13 proud and extremely grateful to have been associated with such a committed and  
14 dedicated restoration team.

15 **Q. Does this conclude your direct testimony?**

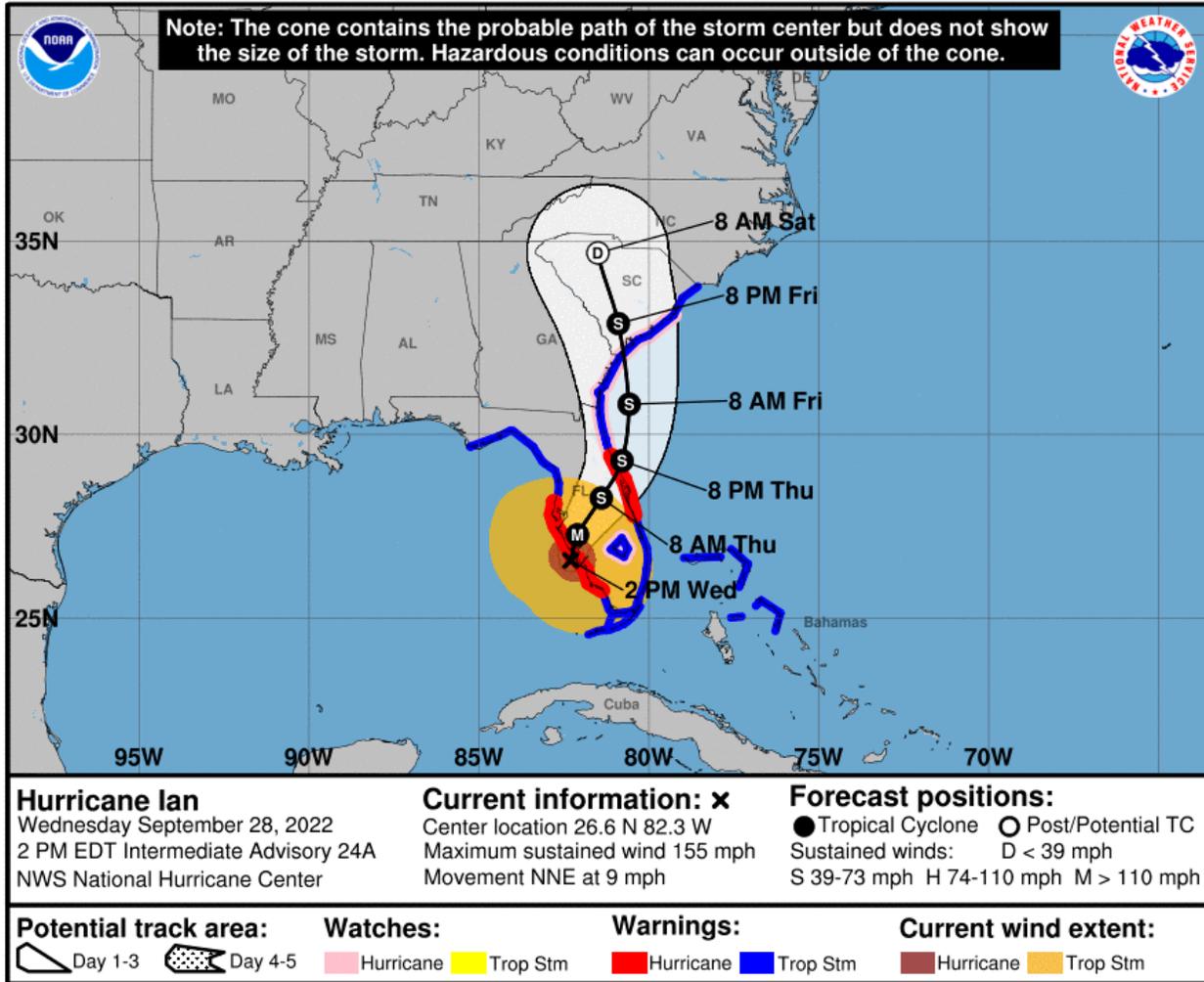
16 A. Yes.

**Hurricane Ian - National Hurricane Center's Forecast Track  
Tuesday, September 27, 2022**



Source: National Hurricane Center, Ian Graphics Archive, available at [https://www.nhc.noaa.gov/archive/2022/IAN\\_graphics.php](https://www.nhc.noaa.gov/archive/2022/IAN_graphics.php).

**Hurricane Ian - National Hurricane Center's Forecast Track  
Wednesday, September 28, 2022**



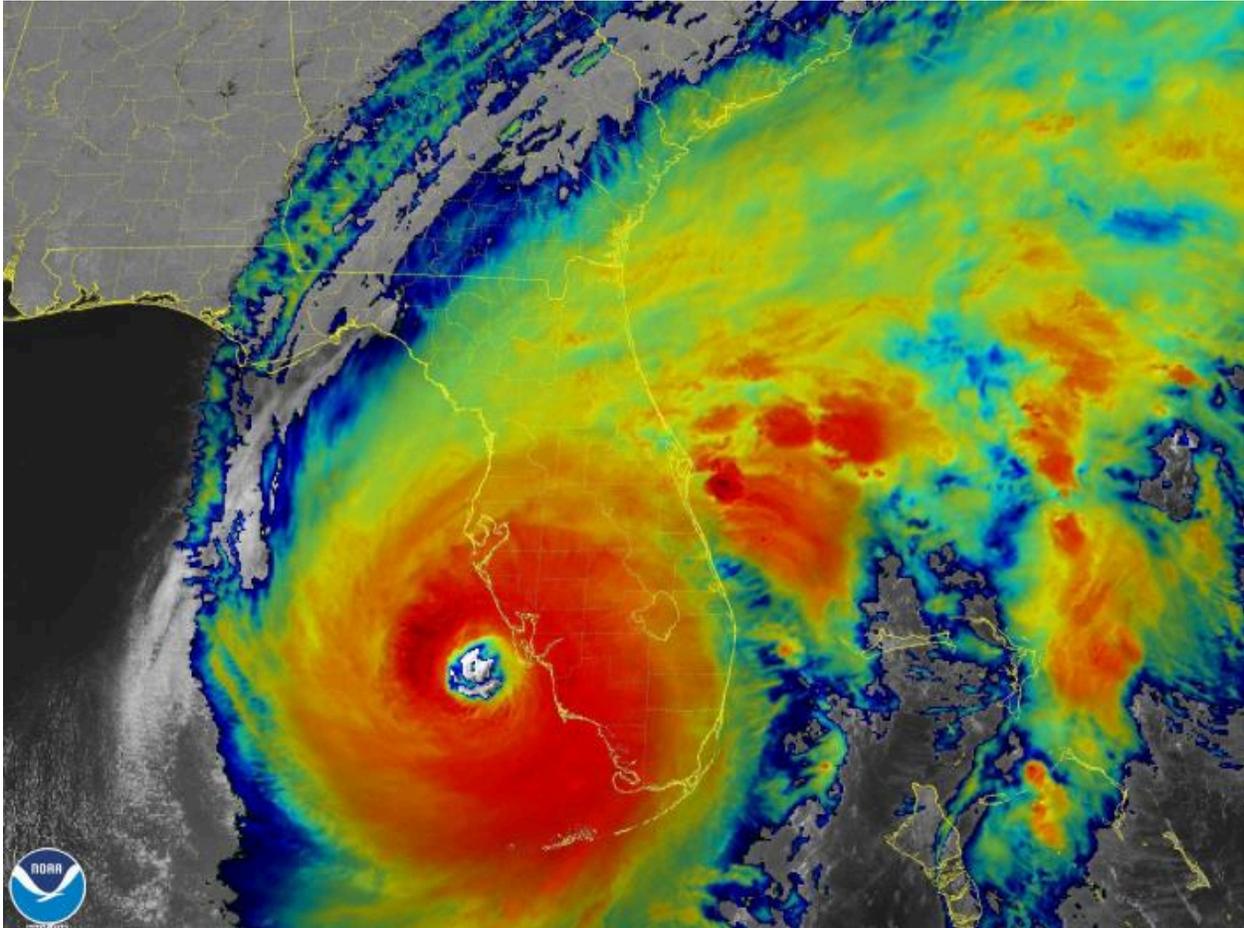
Source: National Hurricane Center, Ian Graphics Archive, available at [https://www.nhc.noaa.gov/archive/2022/IAN\\_graphics.php](https://www.nhc.noaa.gov/archive/2022/IAN_graphics.php).

**Hurricane Ian – Satellite View  
Wednesday, September 28, 2022**



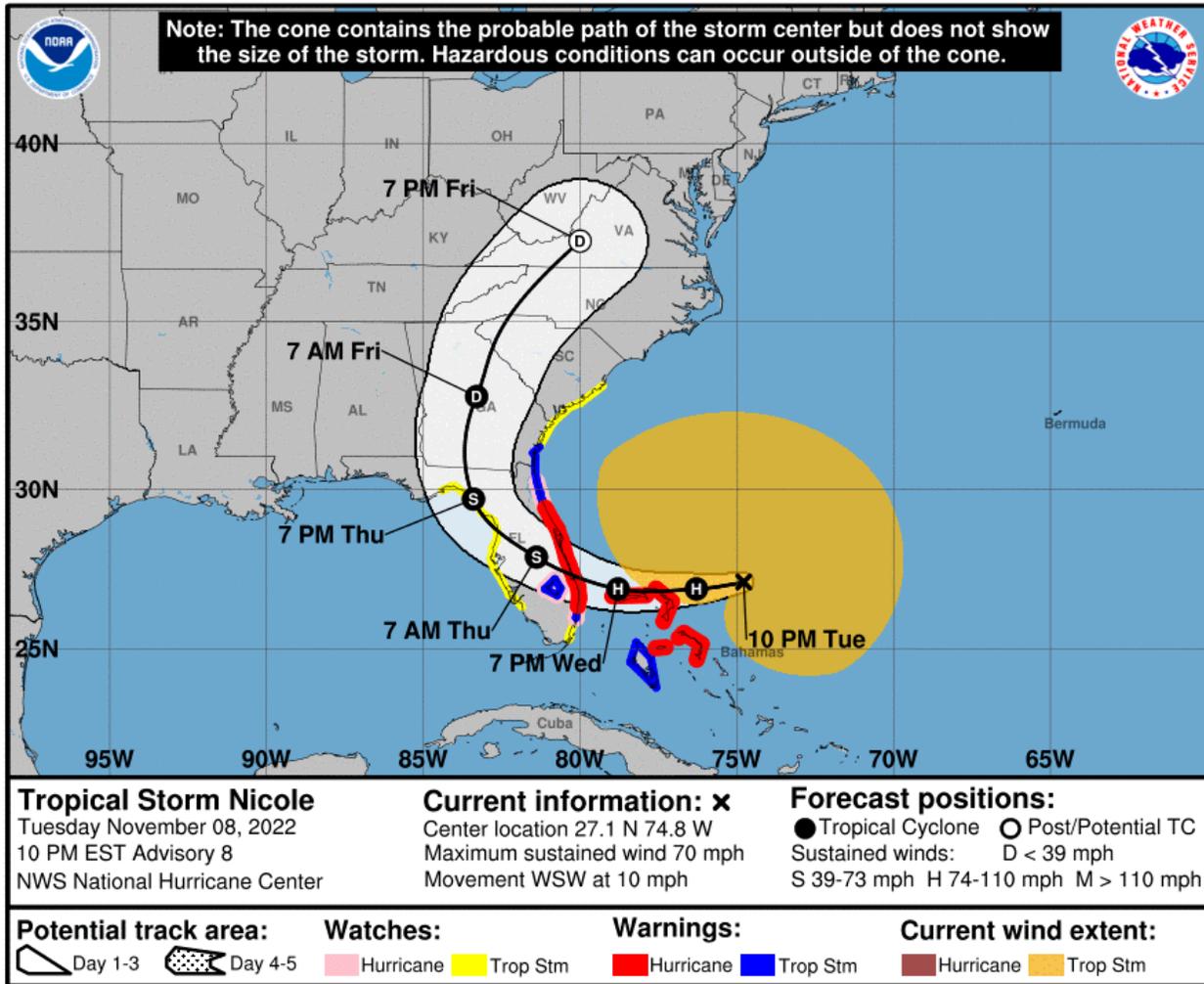
Source: Jeff George, Hurricane Ian upgraded to Category 5 before Florida landfall, WFSU PUBLIC MEDIA (April 3, 2023) <https://news.wfsu.org/2023-04-03/hurricane-ian-upgraded-to-category-5-before-florida-landfallJ>.

**Hurricane Ian – Satellite (IR) View  
Wednesday, September 28, 2022**



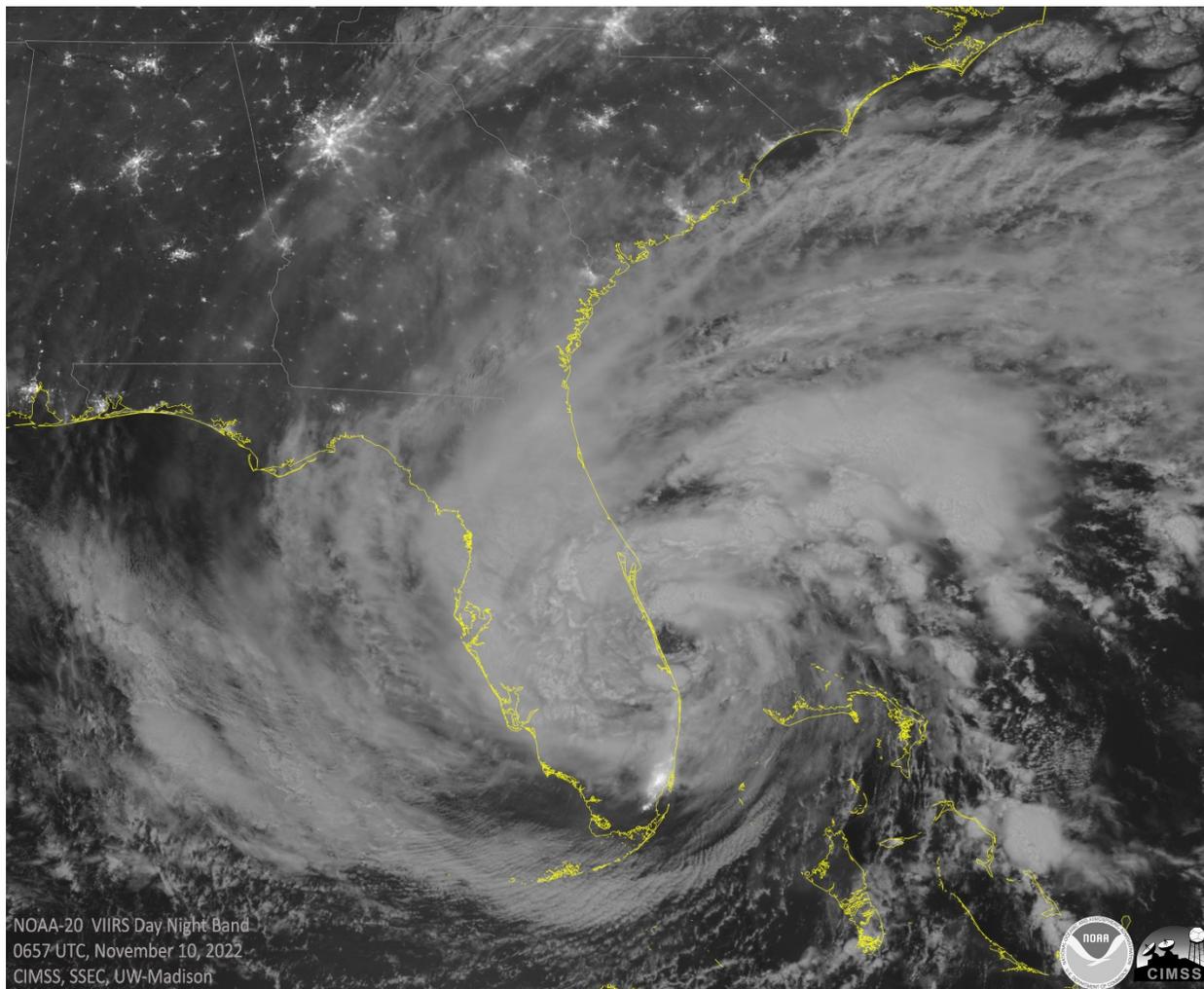
Source: Kimberly Miller, Hannah Phillips, [Hurricane Ian live updates Wednesday: Palm Beach under tropical storm warning as Ian hits coast](https://www.palmbeachpost.com/story/weather/2022/09/28/hurricane-ian-live-updates-tropical-storm-force-winds-expected-today/10445213002/), THE PALM BEACH POST (September 30, 2022), available at <https://www.palmbeachpost.com/story/weather/2022/09/28/hurricane-ian-live-updates-tropical-storm-force-winds-expected-today/10445213002/>.

**Hurricane Nicole - National Hurricane Center's Forecast Track  
 Tuesday, November 8, 2022**



Source: National Hurricane Center, Nicole Graphics Archive, available at [https://www.nhc.noaa.gov/archive/2022/NICOLE\\_graphics.php?product=3day\\_cone\\_with\\_line\\_and\\_wind](https://www.nhc.noaa.gov/archive/2022/NICOLE_graphics.php?product=3day_cone_with_line_and_wind)

**Hurricane Nicole – Satellite View**  
**Thursday, November 10, 2022**



Source: National Hurricane Center, [Tropical Cyclone Report, Hurricane Nicole](https://www.nhc.noaa.gov/data/tcr/AL172022_Nicole.pdf) (March 17, 2023), available at [https://www.nhc.noaa.gov/data/tcr/AL172022\\_Nicole.pdf](https://www.nhc.noaa.gov/data/tcr/AL172022_Nicole.pdf).

**FPL's T&D Hurricane Ian Restoration Costs (A) (\$000s)**  
*Storm Costs as of June 1, 2023*

|  | <u>Transmission</u> | <u>Distribution</u> | <u>Total T&amp;D (E)</u> | <u>% (E)</u> |
|--|---------------------|---------------------|--------------------------|--------------|
| Regular Payroll and Related Costs (B)  | \$ 1,146            | \$ 12,070           | \$ 13,216                | 1%           |
| Overtime Payroll and Related Costs (B) | \$ 2,458            | \$ 23,614           | \$ 26,071                | 2%           |
| Contractors (C)                        | \$ 27,554           | \$ 745,362          | \$ 772,915               | 70%          |
| Vehicle & Fuel                         | \$ 348              | \$ 35,333           | \$ 35,681                | 3%           |
| Materials & Supplies                   | \$ 1,346            | \$ 45,413           | \$ 46,758                | 4%           |
| Logistics                              | \$ 585              | \$ 202,422          | \$ 203,007               | 18%          |
| Other (D)                              | \$ 789              | \$ 4,261            | \$ 5,050                 | 0%           |
| <b>Total (E)</b>                       | <b>\$ 34,224</b>    | <b>\$ 1,068,474</b> | <b>\$ 1,102,699</b>      | <b>100%</b>  |

(A) Includes costs associated with follow up work

(B) Represents total payroll charged to business unit (function) being support – see KF-1(Ian) footnote (C)

(C) Includes line clearing - \$322 for Transmission and \$165,382 for Distribution

(D) Includes other miscellaneous costs, including payroll and related overheads from affiliate personnel directly supporting storm restoration

(E) Totals might not add due to rounding

**FPL's T&D Hurricane Nicole Restoration Costs (A) (\$000s)**  
*Storm Costs as of June 1, 2023*

|  | <u>Transmission</u> | <u>Distribution</u> | <u>Total T&amp;D (E)</u> | <u>% (E)</u> |
|--|---------------------|---------------------|--------------------------|--------------|
| Regular Payroll and Related Costs (B)  | \$ 180              | \$ 2,322            | \$ 2,502                 | 2%           |
| Overtime Payroll and Related Costs (B) | \$ 335              | \$ 5,151            | \$ 5,486                 | 5%           |
| Contractors (C)                        | \$ 1,631            | \$ 82,455           | \$ 84,086                | 72%          |
| Vehicle & Fuel                         | \$ 84               | \$ 3,794            | \$ 3,878                 | 3%           |
| Materials & Supplies                   | \$ 1                | \$ 1,966            | \$ 1,967                 | 2%           |
| Logistics                              | \$ 12               | \$ 16,603           | \$ 16,614                | 14%          |
| Other (D)                              | \$ 61               | \$ 1,710            | \$ 1,770                 | 2%           |
| <b>Total (E)</b>                       | <b>\$ 2,302</b>     | <b>\$ 114,001</b>   | <b>\$ 116,304</b>        | <b>100%</b>  |

(A) Includes costs associated with follow up work

(B) Represents total payroll charged to business unit (function) being support – see KF-2(Nicole) footnote (C)

(C) Includes line clearing - \$0 for Transmission and \$23,451 for Distribution

(D) Includes other miscellaneous costs, including payroll and related overheads from affiliate personnel directly supporting storm restoration

(E) Totals might not add due to rounding

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

**FLORIDA POWER & LIGHT COMPANY**

**DIRECT TESTIMONY OF AMBER DE LUCENAY**

**DOCKET NO. 20230017-EI**

**NOVEMBER 17, 2023**

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1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Amber De Lucenay. My business address is Florida Power & Light  
4 Company, 15430 Endeavor Drive, Jupiter, Florida 33478.

5 **Q. By whom are you employed and what is your position?**

6 A. I am employed by Florida Power & Light Company (“FPL” or the “Company”) as  
7 Director of Business Services Power Delivery.

8 **Q. Please describe your educational background and professional experience.**

9 A. I have a Bachelor of Science in Accounting and a Bachelor of Arts in Spanish from  
10 Oglethorpe University, as well as a Master of Business Administration from the  
11 University of South Florida. I have over 16 years of utility and energy sector  
12 experience, having served in various financial, managerial, and commercial roles for  
13 utilities over that time. I have been employed by FPL since 2019, where I have taken  
14 on roles with increasing responsibility within the Property Accounting and Power  
15 Delivery groups. Prior to joining FPL, I spent 12 years in the utility industry building  
16 leadership experience in roles that included leading the Property Accounting  
17 Department at TECO Energy and leading the Training Department at PowerPlan, Inc.  
18 I began my utility career with Progress Energy (Duke Energy) in 2007, where I served  
19 and advanced in regulatory and property accounting roles.

1 **Q. Please describe your duties and responsibilities as they relate to the 2022**  
2 **hurricane season.**

3 A. During the 2022 hurricane season, I served as the Director of Business Services in the  
4 Power Delivery Business Unit. As part of my role, I oversaw a team that was  
5 responsible for compliance and controls for the Power Delivery Business Unit. In this  
6 role, I led the team responsible for reviewing invoices submitted by line and vegetation  
7 contractors for the 2022 hurricane season, to assure compliance with contractor  
8 agreements and applicable provisions of the Stipulation and Settlement of FPL's  
9 Hurricane Irma storm restoration costs approved by Commission Order No. PSC-2019-  
10 0319-S-EI in Docket No. 20180049-EI ("Irma Settlement").

11 **Q. Please describe your supervision and oversight of the invoice review process**  
12 **during the 2022 hurricane season.**

13 A. The invoice review process for the 2022 hurricane season took place between October  
14 2022 and May 2023. During this period, I oversaw the FPL team that was responsible  
15 for reviewing and validating contractor invoices. Under my guidance and direction,  
16 the team either (i) validated and approved contractor invoices for payment, (ii)  
17 identified the need to reject the contractor invoices for payment, or (iii) identified  
18 modifications/adjustments that needed to be resolved before the contractor invoices  
19 were finalized for payment.

20 **Q. Please summarize your testimony.**

21 A. The purpose of my testimony is to provide a detailed overview of the process of  
22 reviewing, approving, and, where applicable, adjusting invoices for line and vegetation  
23 contractors during the 2022 hurricane season, including Hurricanes Ian and Nicole. My

1 testimony demonstrates that FPL followed a detailed, deliberate, and comprehensive  
2 process to review contractor invoices (which, for purposes of my testimony, include  
3 line and vegetation contractors) related to the 2022 hurricane season. My testimony  
4 details the full scope of FPL’s invoice review process, which included invoice receipt,  
5 individual invoice review, and follow-up analysis to ensure that invoices were paid in  
6 conformance with contractor-specific contract terms. This process also facilitated  
7 FPL’s ability to produce supporting data for the 2022 hurricane season costs in an  
8 electronic format, utilizing FPL’s iStormed Application (the “iStormed App”) for  
9 recording and approving or rejecting contractor costs.

10

11 **II. INVOICE REVIEW PROCESS**

12 **Q. Please describe the team responsible for FPL’s contractor invoice review process.**

13 A. FPL’s invoice review process for line and vegetation contractors is performed by the  
14 FPL cost finalization (“CF”) team. The CF team is responsible for the detailed review  
15 of the invoices to ensure compliance with the terms and conditions of the agreements  
16 with the line and vegetation contractors and the applicable provisions in the Irma  
17 Settlement. The CF team is also responsible for the reconciliation of the amount to be  
18 paid to each of the contractors and submission of the approved and reconciled payments  
19 to the appropriate contractors.

1 **Q. In the process of reviewing invoices, what support does the CF team receive?**

2 A. The CF team is supported by multiple FPL employees, including those who held  
3 several key storm response functions. For the 2022 hurricane season, assistance was  
4 provided to the CF team’s invoice review process by employees who held the following  
5 storm roles:

- 6 • Travel Coordinators – Individuals who were responsible for coordinating and  
7 tracking the progress of contractor crews during mobilization and  
8 demobilization.
- 9 • Storm Approvers – Individuals who were responsible for the more detailed  
10 oversight of contractor crews (*e.g.*, Production Leads, Arborists, Operations  
11 Section Chiefs), and who were responsible for electronically approving  
12 timesheets and expenses, including exceptions to the contractor agreements,  
13 where appropriate.
- 14 • Integrated Supply Chain (“ISC”) – The group responsible for entering the  
15 agreements with contractors and continuing relationships with those  
16 contractors. The group is also responsible for logistics functions during a storm  
17 event, which includes setting up and operating staging sites, lodging, and meals.
- 18 • Fleet – The group responsible for purchasing fuel and fueling vehicles at the  
19 staging sites.

20 Individuals in these functions had direct contact with the line and vegetation crews, had  
21 information that helped validate labor hours and/or expenses, and served as a source of  
22 information when verification for the 2022 hurricane season was required.

1 **Q. Prior to the 2022 hurricane season, did FPL provide training to assist employees**  
2 **in the real-time review of contractor timesheets and requests for approval of**  
3 **expenses?**

4 A. Yes. In April 2022, FPL’s annual storm training included participation in a “dry run”  
5 exercise that simulated a hurricane impacting FPL’s service area. Employees with  
6 certain storm assignments attended training sessions with a specific emphasis on the  
7 oversight and management of line and vegetation contractors. The training also  
8 addressed the importance of approving timesheets in the iStormed App and  
9 contemporaneously documenting approvals and exceptions to the terms of the  
10 agreements with contractors. This training included explanations of the differing  
11 statements of work governing FPL’s relationships with its line and vegetation  
12 contractors. FPL also provided training on the processes agreed to in the Irma  
13 Settlement, with a focus on paragraph 6 and paragraphs 9 through 13 as later described  
14 in my testimony.

15  
16 Further, before undertaking the actual review process, CF team members also reviewed  
17 and became familiar with the applicable line and vegetation contractor statements of  
18 work and the Irma Settlement and received additional training on the systems and  
19 processes used to record and validate costs during the restoration process.

20  
21 Lastly, a refresher training was conducted 72 to 48 hours before the storm made landfall  
22 for all employees responsible for the oversight and management of line and vegetation  
23 contractors. This training included a refresher on some terms related to the Irma

1 Settlement as well as the statements of work. Throughout the storms, these employees  
2 were able to directly reach out to the CF team members with questions, allowing real-  
3 time approval of timesheets and expenses while at the staging site or in the field.

4 **Q. Please describe the general process by which the CF team received, reviewed, and**  
5 **approved or adjusted line and vegetation contractor invoices for payment.**

6 A. The receipt, review, and approval or adjustment of line and vegetation contractor  
7 invoices involved the following processes:

8 • Cost Finalization – The CF team performed a detailed review of the approved  
9 electronic timesheet and expense information from the iStormed App for  
10 allowable charges. This formed the basis of what we refer to as contract-  
11 specific “flat files.” This detailed review placed emphasis on verifying the costs  
12 submitted by contractors were reimbursable per the line and vegetation  
13 contracts. Based on this detailed review, any applicable adjustments were made  
14 in the iStormed App and any approved exceptions were documented in the flat  
15 file.

16 • Reconciliation and Payment – The Accounts Payable team performed a  
17 reconciliation to ensure that the total calculated payment amount on the flat file  
18 was the same as the amounts indicated in the SAP system.

19 **Q. Please describe the data that is included in each contractor’s flat file.**

20 A. Each contractor’s flat file is an extract from the iStormed App, which contains the  
21 electronic timesheet and expense information for line and vegetation contractors.<sup>1</sup>

22 Each flat file contains detailed information for that contractor, including crew

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<sup>1</sup> Paragraph 16 of the Irma Settlement requires certain Storm Cost Documentation to be provided in virtual (sortable spreadsheet) or physical files.

1 information and daily timesheets, crew expenses where applicable, approvals by  
2 responsible employees, documentation of exceptions, and, where appropriate,  
3 adjustments to vendor invoices. This information is used by the CF team to review,  
4 adjust, and approve the final payment to the contractor.

5 **Q. Please explain the process used by the CF team to review contractors' timesheet**  
6 **hours.**

7 A. The timesheet review was conducted during the cost finalization review process. This  
8 portion of the process involved two verifications specific to hours recorded on the  
9 timesheets. One verification consisted of the review of hours charged for mobilization  
10 and demobilization ("mob/demob"), which is the time a crew spends traveling to FPL's  
11 processing site (mob) and the time spent traveling home (demob). The other  
12 verification involved a review of the timesheets reflecting the crews' working time and  
13 standby time.

14 **Q. Please explain the process for validation of timesheet hours related to mob/demob.**

15 A. The analysis of timesheet hours related to mob/demob is best explained by separating  
16 the activities that were undertaken by the CF team into three buckets. The first involved  
17 reviewing any comments on the contractor's iStormed timesheets, which would  
18 identify anything that could have impacted travel time. The second involved  
19 comparing the hours billed on the contractor's flat file to the hours recorded by the  
20 Travel Coordinator. If the hours on the contractor's flat file were different than the  
21 hours indicated by the Travel Coordinator, then the CF team member would request  
22 more information from the contractor to verify the mob/demob hours. The third and  
23 final activity involved a separate verification by a CF team member who confirmed

1 that the contractor was not billing hours as mob/demob after its arrival at the FPL  
2 processing site or following its return home or release to another utility, which was  
3 done by comparing the flat file hours to the Travel Coordinator's notes.

4 **Q. Please explain how timesheet hours related to working time were validated by the**  
5 **CF team.**

6 A. For timesheet hours related to working time, there is a series of verification activities  
7 by the CF team. The first required the CF team to verify an individual contractor's  
8 working days based on the Travel Coordinator's notes. Second, the CF team verified  
9 that the iStormed timesheets during storm working hours were reviewed and approved  
10 by the appropriate FPL Storm Approver. The results of this analysis were used to  
11 update the contractor's iStormed timesheet and flat file. Lastly, any applicable  
12 adjustments to the contractor's mob/demob hours were included in their iStormed  
13 timesheet and flat file.

14 **Q. Please explain the process for validation of timesheet hours related to standby**  
15 **time.**

16 A. Standby time is appropriately billed when a contractor crew is mobilizing but asked to  
17 hold or remain on-site, or not working while the storm is impacting the system and the  
18 contractor is waiting until conditions allow for restoration work to safely begin.  
19 Contractors were encouraged to familiarize themselves with FPL's standards and  
20 system during standby periods. If the invoice includes billing for standby time, the CF  
21 reviewer will verify that the standby time is coded correctly on the flat file and does  
22 not exceed the maximum allotted hours for standby time included in the vendor  
23 statement of work. If billing for standby time is not appropriate under the

1 circumstances, is coded incorrectly, or exceeds approved hours, the CF team will work  
2 with the contractor to adjust the iStormed timesheet and flat file as necessary.

3 **Q. How did the CF team review the expenses claimed by a contractor?**

4 A. A review of claimed expenses, such as lodging, per diem, and fuel, was conducted by  
5 the CF team to ensure adherence to the statement of work and with the applicable  
6 provisions in the Irma Settlement.

7 **Q. What process was used by the CF team to determine whether the contractor's**  
8 **expenditures for meals would be reimbursed?**

9 A. Per diem expenses were generally paid during mob/demob for up to three meals per  
10 day. However, if the per diem total could not be reconciled with the number of team  
11 members, or the number of meals expected did not correspond to the time traveled (*e.g.*,  
12 if a team did not leave their home base until the late afternoon), then the contractor's  
13 timesheet and flat file were updated to ensure that they were only reimbursed for the  
14 appropriate number of meals. If the contractor chose to purchase an offsite meal while  
15 they were onsite and FPL-provided meals were available, the cost of the contractor's  
16 meal was not reimbursed unless it was approved by the Storm Approver supervising  
17 that crew.

18 **Q. Please explain how the CF team addressed issues involving charges submitted by**  
19 **contractors for lodging expenses.**

20 A. The CF team confirmed that the total dollars on hotel receipts during mob/demob were  
21 consistent with the contractor's flat file and averaged approximately \$150 or less per  
22 team member per day. If hotel receipts were submitted for payment by a contractor  
23 during working days, the CF team member inquired if FPL provided rooms for the

1 members of the team for that day. If the contractor made alternate arrangements on a  
2 day when FPL provided a room, the cost was rejected by the CF team unless it was  
3 approved by the Storm Approver supervising that crew or if other sufficient supporting  
4 documentation was provided.

5 **Q. Did FPL follow the same invoice review process as described above for the storm**  
6 **restoration costs associated with Hurricanes Ian and Nicole?**

7 A. Yes.

8

9 **III. COMPLIANCE WITH THE IRMA SETTLEMENT**

10 **Q. During the 2022 hurricane season, did FPL utilize the iStormed App described in**  
11 **the Irma Settlement?**

12 A. Yes. FPL utilized the iStormed App for timesheet and expense reporting for the 2022  
13 hurricane season.

14 **Q. What were the benefits of using the iStormed App during the 2022 hurricane**  
15 **season?**

16 A. The iStormed App was developed to facilitate the processes of collecting, processing,  
17 and approving invoices for line and vegetation contractors providing storm restoration  
18 support. The most significant benefit of using the iStormed App is the elimination of  
19 the use of paper timesheets for invoice processing. Previously, the verification of these  
20 paper timesheets was conducted manually. Converting this to a digital process  
21 increased efficiency, improved data management, and facilitated the invoice review  
22 process. For example, due to the digital nature of invoices, it was much easier to

1 identify the individual who approved a timesheet (*i.e.*, handwritten signatures can  
2 sometimes be difficult to read) in order to ask any needed follow-up questions.

3 **Q. Did FPL establish invoice review criteria consistent with the Irma Settlement?**

4 A. Yes. Paragraph 6 and paragraphs 9 through 13 of the Irma Settlement include  
5 provisions related to the development of information pertinent to the invoice review  
6 process. The CF team incorporated the applicable provisions of the Irma Settlement  
7 into their review process.

8 **Q. Is FPL providing the supporting files for the incremental Hurricane Ian and  
9 Nicole storm restoration costs consistent with paragraph 16 of the Irma  
10 Settlement?**

11 A. Yes. FPL will make the iStormed App data (*e.g.*, crew, billing, exceptions, etc.)  
12 available in sortable and searchable Excel files to Staff and parties of record.  
13 Contemporaneously with the filing of its direct testimony, FPL will file a Notice of  
14 Filing in this docket to document compliance with this requirement.

15 **Q. Paragraphs 9 through 11 of the Irma Settlement address travel time and expenses  
16 of contractors travelling to and from FPL sites to assist with restoration. How did  
17 FPL monitor travel time and expenses incurred during the 2022 hurricane  
18 season?**

19 A. FPL relied upon information gathered by its Travel Coordinators as the most reliable  
20 data to monitor travel time and expenses during mobilization and demobilization. This  
21 process provided information such as the time a crew began traveling each day, where  
22 it started, where a crew ended its travel each day, and at what time it stopped for the  
23 night. This constant communication with the contractors provided FPL heightened

1 understanding of anticipated arrival times and explanations for delays, such as traffic  
2 or weather.

3 **Q. What steps did FPL take to monitor the pace of travel, time of travel, and related**  
4 **expenses addressed in paragraphs 9 through 11 of the Irma Settlement, and how**  
5 **was this information incorporated into the invoice review process?**

6 A. During mob/demob, Travel Coordinators were in regular contact with assigned crews  
7 and spoke with those crews several times each day to discuss the crew's current  
8 location. As a result of the information discussed during these communications, the  
9 Travel Coordinators documented impacts to travel, including but not limited to delays  
10 as a result of weather and traffic. The Travel Coordinator spoke to a crew several times  
11 throughout the day to determine the time a crew began traveling each day, where it left  
12 from, and when and where they stopped for the night. This same process was followed  
13 when the crews traveled back to their home base or were released to another utility.

14 **Q. In addition to the tools used to monitor travel and expenses as part of the invoice**  
15 **review process, were other tools used to geographically track the crews?**

16 A. Yes. Where it was reasonably practicable to do so, the Crew Tracking App helped to  
17 geographically track storm crews in real-time during mob/demob for operational  
18 purposes. However, the Crew Tracking App is not designed for and was not used to  
19 document exceptions to the line and vegetation contract provisions regarding travel and  
20 expenses.

1 **Q. How did the CF team confirm that contractors were compensated for actual travel**  
2 **time, including stops (e.g., for fuel, meals, weigh stations)?**

3 A. Verification of these costs and expenses was determined consistent with the timesheet  
4 analysis process described earlier in my testimony. Ultimately, the CF team verified  
5 travel time based on information collected and provided by Travel Coordinators.

6 **Q. As part of its invoice review process, how did the CF team ensure that contractors**  
7 **maintained the pace of travel addressed in paragraph 11 of the Irma Settlement?**

8 A. Travel Coordinators noted on a team-by-team basis the starting and ending times and  
9 locations for each day of travel to calculate the total time and distance a crew traveled  
10 on any given day. With this information, the CF team was able to determine whether  
11 the crew traveled at a rate equivalent to 500 miles in a 16-hour day as stipulated in the  
12 Irma Settlement. If the team travel rate was consistent with the provisions of the Irma  
13 Settlement, the reviewer approved the mobilization hours the contractor submitted. In  
14 the event the team encountered a delay, such as severe weather or traffic, it was noted  
15 in the travel log, and the information was factored into the determination of the  
16 acceptable pace of travel. If the travel rate was less than the equivalent of  
17 approximately 500 miles in 16 hours, and no supporting information was provided to  
18 the Travel Coordinator, the timesheet was adjusted, and the flat file was updated as  
19 necessary to meet the approved standard.

20

21 When available, the analysis of the contractor team's mobilization orders also included  
22 a comparison of the location and dates on the contractor's travel log, as well as lodging  
23 and fuel receipts. In the circumstance where the starting and ending locations were not

1 the same on the two sets of data, the CF team requested that the contractor provide  
2 additional mobilization and demobilization details and then adjusted accordingly.

3 **Q. Paragraph 12 of the Irma Settlement addresses management of external line and**  
4 **vegetation contracts to avoid paying double time rates. As part of its invoice**  
5 **review process, how did the CF team comply with this requirement and ensure**  
6 **double time rates were not paid to these contractors?**

7 A. FPL's contracts with line and vegetation contractors do not allow for double time rates.  
8 As such, iStormed does not allow an option to charge double time. The contractor can  
9 only choose from straight time and overtime.

10 **Q. Paragraph 13 of the Irma Settlement discusses contractors' meals and fueling,**  
11 **which are expected to be provided after a crew was onboarded. As part of its**  
12 **invoice review process, how did the CF team ensure compliance with this**  
13 **paragraph of the Irma Settlement?**

14 A. Once a crew was on-site, its meals were generally provided by FPL. If per diem was  
15 claimed when a crew was on-site, the CF team checked with the appropriate Storm  
16 Approver to confirm if a per diem was allowed due to an extenuating circumstance. If  
17 no extenuating circumstance was identified, then the expense was rejected.

18  
19 All fuel transactions required supporting receipts. If any fuel receipt dates fell within  
20 a crew's mob/demob time, the CF team automatically rejected the fuel transactions, as  
21 those costs were already incorporated into the contractor's mob/demob rates. If after  
22 onboarding, a crew submitted a receipt for fuel, that receipt would only be approved  
23 for payment if authorized as a permissible exception by the Storm Approver.

1 **Q. If any exceptions related to paragraphs 6 and 9 through 13 in the Irma Settlement**  
2 **were noted as part of the invoice review process, did the CF team confirm that**  
3 **they were appropriately documented?**

4 A. Yes. As discussed above, the CF team required documentation of exceptions or  
5 subsequent acknowledgment that the exceptions had been approved before the CF team  
6 would approve those items for payment.

7 **Q. Please explain the process of documenting these exceptions.**

8 A. Approval of exception items related to paragraphs 6 and 9 through 13 of the Irma  
9 Settlement was documented on a per transaction basis by crew and by the contractor  
10 for expenses, and on a per employee per day basis for hours worked and mob/demob  
11 time. If an exception was presented, the CF team documented the reason why the  
12 transaction was deemed appropriate or consulted with the appropriate FPL Storm  
13 Approver for confirmation that the exception had been approved.

14 **Q. How were invoice discrepancies resolved?**

15 A. For each identified discrepancy (*e.g.*, labor hours, charges not authorized by contract  
16 terms, unauthorized expenses, etc.), the CF team worked with the contractor to obtain  
17 additional information. If appropriate supporting documentation was thereafter  
18 provided to validate the invoice, the issue was documented as resolved and payment  
19 was approved. Otherwise, the CF team would modify invoices, as appropriate, to  
20 reflect only validated amounts.

21 **Q. Did FPL apply these same processes to the storm restoration costs associated with**  
22 **Hurricanes Ian and Nicole?**

23 A. Yes.

1 **Q. Did the invoice review process result in a reduction of the total payments made on**  
2 **invoices submitted in connection with the 2022 hurricane season?**

3 A. Yes. FPL engaged with the line and vegetation contractors throughout the invoice  
4 review process, addressing any potential open items or acquiring the necessary support  
5 before finalizing the invoices. In the absence of the necessary support, invoices were  
6 adjusted. As a result, the comprehensive review process undertaken by the CF team  
7 was successful in further confirming the actual costs associated with storm restoration  
8 during the 2022 hurricane season restoration.

9 **Q. What are your conclusions regarding FPL's storm invoice review process for line**  
10 **and vegetation contractors utilized during the 2022 hurricane season?**

11 A. The invoice review process was thorough and comprehensive and ensured that the  
12 payments for line and vegetation contractors were individually reviewed, verified,  
13 adjusted when appropriate, processed, and paid.

14 **Q. Does this conclude your direct testimony?**

15 A. Yes.

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

**FLORIDA POWER & LIGHT COMPANY**

**DIRECT TESTIMONY OF KEITH FERGUSON**

**DOCKET NO. 20230017-EI**

**NOVEMBER 17, 2023**

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1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Keith Ferguson, and my business address is Florida Power & Light  
4 Company, 700 Universe Boulevard, Juno Beach, Florida 33408.

5 **Q. By whom are you employed and what is your position?**

6 A. I am employed by Florida Power & Light Company (“FPL” or the “Company”) as Vice  
7 President, Accounting and Controller.

8 **Q. Please describe your duties and responsibilities in that position.**

9 A. I am responsible for financial accounting, as well as internal and external reporting for  
10 FPL. This includes ensuring that the Company’s financial reporting complies with  
11 requirements of Generally Accepted Accounting Principles (“GAAP”) and multi-  
12 jurisdictional regulatory accounting requirements.

13 **Q. Please describe your educational background and professional experience.**

14 A. I graduated from the University of Florida in 1999 with a Bachelor of Science Degree  
15 in Accounting and earned a Master of Accounting degree from the University of Florida  
16 in 2000. Beginning in 2000, I was employed by Arthur Andersen in their energy audit  
17 practice in Atlanta, Georgia. From 2002 to 2005, I worked for Deloitte & Touche in  
18 their national energy practice. From 2005 to 2011, I worked for Mirant Corporation,  
19 which was an independent power producer in Atlanta, Georgia. During my tenure  
20 there, I held various accounting and management roles and prior to joining FPL in  
21 September 2011, I was Mirant’s Director of SEC Reporting and Accounting Research.  
22 I joined FPL in 2011 as the Assistant Controller and was responsible for overseeing  
23 FPL’s property and general accounting functions. I am a Certified Public Accountant

1 (“CPA”) licensed in the State of Georgia and a member of the American Institute of  
2 CPAs.

3 **Q. Are you sponsoring any exhibits in this case?**

4 A. Yes. I am sponsoring the following exhibits:

- 5 • KF-1 – Hurricane Ian Incremental Cost and Capitalization Approach  
6 Adjustments, which provide the restoration costs for Hurricane Ian incurred as  
7 of June 1, 2023
- 8 • KF-2 – Hurricane Nicole Incremental Cost and Capitalization Approach  
9 Adjustments, which provide the restoration costs for Hurricane Nicole incurred  
10 as of June 1, 2023
- 11 • KF-3 – Total Storm Costs to be Recovered from Customers
- 12 • KF-4 – PwC Engagement Letter
- 13 • KF-5 – PwC Attestation Report

14 **Q. What is the purpose of your testimony?**

15 A. The purpose of my testimony is to present the amount of storm restoration costs  
16 incurred by FPL for Hurricanes Ian and Nicole and the accounting treatment for those  
17 costs. In addition, I demonstrate that FPL’s storm restoration and accounting processes  
18 and controls are well established, documented, and implemented by Company  
19 personnel who are trained to ensure proper storm accounting and ratemaking. I discuss  
20 how the Company incorporated certain provisions of the Stipulation and Settlement of  
21 FPL’s Hurricane Irma storm restoration costs approved by Commission Order No. PSC-  
22 2019-0319-S-EI in Docket No. 20180049-EI (“Irma Settlement”), including supporting  
23 documentation for storm expenses related to Hurricanes Ian and Nicole. I also explain

1 that FPL used a combined simple average of hourly internal Company and embedded  
2 contractor rates to determine the amount of costs to capitalize, as described in  
3 paragraph 20 of the Irma Settlement. My testimony also shows that FPL's calculation  
4 of the proposed recovery amount is in accordance with the provision of the Irma  
5 Settlement. Finally, consistent with paragraph 18 of the Irma Settlement, I present the  
6 Attestation Report issued by an independent outside audit firm,  
7 PricewaterhouseCoopers, LLP ("PwC") regarding the Hurricane Ian Incremental  
8 Storm Restoration Costs, supporting documentation, and internal controls.

9 **Q. Please summarize your testimony.**

10 A. FPL's long-standing control processes and procedures were utilized for the storm costs  
11 associated with Hurricanes Ian and Nicole to ensure proper storm accounting and  
12 ratemaking. Finance or Accounting representatives ("Finance Section Chiefs") and  
13 business unit finance representatives ("Business Unit Coordinators"), together with  
14 additional FPL employees, ensured active, real-time financial controls during the storm  
15 events. Post storm restoration, the Accounting department reviewed the storm loss  
16 estimates compiled by each functional business unit for reasonableness prior to  
17 recording to the financial statements. Additionally, FPL's accounting of the storm costs  
18 incurred for Hurricanes Ian and Nicole complies with the applicable provisions of the  
19 Irma Settlement. Through the application of FPL's well-established accounting  
20 processes and controls, the Company ensured proper accounting of all costs.

1 The resulting retail recoverable incremental costs for Hurricanes Ian and Nicole are  
2 \$1.0 billion and \$118.4 million, respectively, after removing capitalizable costs and  
3 accounting for jurisdictional factors and non-incremental costs pursuant to the  
4 Commission’s Incremental Cost and Capitalization Approach (“ICCA”) methodology  
5 prescribed in Rule 25-6.0143, Florida Administrative Code (“the Storm Rule”). The  
6 incremental amounts reflected on Exhibit KF-1 for Hurricane Ian and on Exhibit KF-2  
7 for Hurricane Nicole have been calculated in accordance with the ICCA methodology  
8 required by the Storm Rule. In addition, Exhibit KF-3 reflects the total amount to be  
9 recovered from customers, which includes incremental storm costs from other storms  
10 previously approved by the Commission and replenishment of FPL’s storm reserve.

11

12 **II. STORM ACCOUNTING PROCESS AND CONTROLS**

13 **Q. Please describe the accounting guidance and process that FPL uses for storm**  
14 **costs.**

15 A. FPL’s storm accounting process adheres to Accounting Standards Codification 450,  
16 Contingencies (“ASC 450”), which prescribes that an estimated loss from a loss  
17 contingency is recognized only if the available information indicates that (1) it is  
18 probable an asset has been impaired or a liability has been incurred at the reporting  
19 date, and (2) the amount of the loss can be reasonably estimated. FPL incurs a liability  
20 for a qualifying event, such as a hurricane, because it has an obligation to customers to  
21 restore power and repair damage to its system. Therefore, once a hurricane event has  
22 transpired, FPL assesses the estimated cost to restore the system to pre-event conditions  
23 and accrues that liability in full when the amount can be reasonably estimated under

1 ASC 450. FPL’s storm accounting process is well established and consistently applied.  
2 The Company’s storm accounting process was applied for the storm restoration costs  
3 associated with Hurricanes Ian and Nicole.

4 **Q. How does FPL track storm restoration costs?**

5 A. FPL establishes unique functional (*i.e.*, distribution, transmission, etc.) internal orders  
6 (“IOs”) for each storm to aggregate the total amount of storm restoration costs incurred  
7 for financial reporting and regulatory recovery or other reporting purposes. The  
8 Company uses these IOs to account for all costs directly associated with restoration,  
9 including costs that would not be recoverable from FPL’s storm reserve or through a  
10 surcharge based on the Commission’s requirements under the ICCA methodology  
11 described in the Storm Rule. All storm restoration costs charged to storm IOs are  
12 captured in FERC Account 186, Miscellaneous Deferred Debits. All costs charged to  
13 FERC Account 186 are subsequently cleared and charged to either the storm reserve,  
14 base O&M expense, capital, or below-the-line expense, as applicable.

15 **Q. When did FPL begin charging costs related to Hurricanes Ian and Nicole to the**  
16 **storm IOs?**

17 A. Due to the expected risk of significant outages and substantial infrastructure damages,  
18 FPL began making financial commitments associated with securing resources prior to  
19 the anticipated impacts from Hurricanes Ian and Nicole. In accordance with FPL’s  
20 Storm Accounting Policy and with authorization from FPL’s President and CEO, FPL  
21 established and activated storm IOs to begin tracking and charging costs for Hurricanes  
22 Ian and Nicole on September 24, 2022 and November 7, 2022, respectively. An email  
23 communication was sent to all FPL business units to inform them that storm IOs had

1           been activated for purposes of collecting and tracking storm restoration charges.  
2           Attached to the email, FPL also provided: (1) a listing of IOs by function and location,  
3           (2) guidance on recording time for payroll, and (3) guidance on the types of costs  
4           eligible to be charged to storm IOs. The pre-landfall costs charged to the storm IOs  
5           included the acquisition of external resources (*e.g.*, line and vegetation contractors),  
6           mobilization and pre-staging of internal and external resources, opening of staging and  
7           processing sites, reserving lodging, and securing FPL's existing operational facilities  
8           in preparation for the impacts of the storm.

9           **Q.    What operational internal controls are in place during a restoration event to**  
10           **ensure storm accounting procedures are followed?**

11          A.    Finance and Accounting employees are key to storm restoration accounting and  
12           controls. The FPL Command Center organization recognizes the critical role and  
13           responsibilities of these employees. Finance Section Chiefs are assigned to each  
14           staging and processing site to ensure active, real-time financial controls are in effect  
15           and adhered to during the restoration event. Responsibilities of the Finance Section  
16           Chief include ensuring procedural compliance with internal cost controls, providing  
17           guidance and oversight to ensure prudent spending, collecting and analyzing data in  
18           real-time, such as contractor timesheets, and assisting with the proper accounting of  
19           mutual aid resources. Representatives from FPL's Human Resources Department are  
20           also embedded at many sites and perform internal control support tasks, such as  
21           providing guidance on the proper information to include on employee timesheets.

1 In addition, Business Unit Coordinators perform a storm controllership function for  
2 their respective business units. The responsibilities of the Business Unit Coordinator  
3 include communicating the storm IO instructions to the personnel directly supporting  
4 storm restoration, ensuring that appropriate costs are charged to the storm IOs, and  
5 preparing cost estimates before, during, and after the restoration is complete.

6

7 FPL performs extensive training each year in advance of the storm season for both the  
8 Finance Section Chiefs and Business Unit Coordinators, which includes live training  
9 and drills during FPL's "dry run" storm event further described in the testimony of FPL  
10 witness Jarro. Costs associated with the annual training are not considered storm  
11 restoration costs and not included in the costs presented in this docket.

12 **Q. Did FPL utilize these processes in advance of and during its responses to**  
13 **Hurricanes Ian and Nicole?**

14 A. Yes. These controls were used to effectively ensure that storm accounting processes  
15 were followed.

16 **Q. Does FPL's Accounting Department complete a review of storm restoration costs**  
17 **recorded by each business unit once restoration is complete?**

18 A. Yes. Post storm restoration, the Accounting Department reviews the storm loss  
19 estimates compiled by each functional business unit for each storm for reasonableness  
20 prior to recording to the financial statements. Accounting will then charge these costs  
21 to either the storm reserve (or regulatory asset, if the storm reserve is depleted), base  
22 O&M expense, capital, or below-the-line expense, as applicable, to ensure proper  
23 ratemaking and recording to the financial statements.

1 **Q. Was this process followed for Hurricanes Ian and Nicole?**

2 A. Yes. The Accounting Department followed this process for both Hurricanes Ian and  
3 Nicole.

4

5 **III. COMPLIANCE WITH THE IRMA SETTLEMENT**

6 **Q. Please discuss the accounting-related provisions included in the Irma Settlement**  
7 **that were incorporated into the review of storm restoration costs associated with**  
8 **Hurricanes Ian and Nicole.**

9 A. FPL witness De Lucenay describes in detail the processes followed in the receipt,  
10 review, and approval or adjustments of line and vegetation contractor invoices related  
11 to both storms. I will address FPL's compliance with the following accounting  
12 requirements agreed to in the Irma Settlement:

- 13 • FPL's obligation to provide supporting expense documentation including a  
14 summary of expenses showing total expenses incurred by specified cost  
15 categories (Paragraph 16);
- 16 • FPL's obligation to provide searchable and sortable data for each storm  
17 exported from FPL's iStormed App (Paragraph 16);
- 18 • The requirement that "FPL will engage an independent outside audit firm to  
19 conduct an audit of the Company's filed recoverable storm costs of the first  
20 named tropical system named by the National Hurricane Center for which  
21 claimed damages exceed \$250 million" (Paragraph 18); and
- 22 • The requirement that "FPL will use a combined simple average of hourly  
23 internal Company and embedded contractor rates that are the type normally

1 incurred in the absence of a storm to determine amounts to capitalize to plant,  
2 property, and equipment along with the materials and other cost of equipment”  
3 (Paragraph 20).

4 **Q. Has FPL provided the supporting files for Hurricanes Ian and Nicole consistent**  
5 **with paragraph 16 of the Irma Settlement?**

6 A. Yes. Contemporaneously with the filing of its petition and direct testimony, FPL is  
7 providing sortable spreadsheets of line and vegetation contractor costs. The sortable  
8 spreadsheets of line and vegetation contractor costs represent the majority of the costs  
9 incurred in each of the storms and support the total costs incurred by cost category for  
10 Hurricanes Ian and Nicole on Exhibits KF-1 and KF-2, respectively.

11 **Q. Did FPL use the iStormed App during restoration for Hurricanes Ian and Nicole**  
12 **events consistent with paragraph 16 of the Irma Settlement?**

13 A. Yes. FPL utilized the iStormed App during the storm restoration for Hurricanes Ian  
14 and Nicole which, as discussed by FPL witness De Lucenay, formed the basis of the  
15 contract specific “flat files” being provided contemporaneously with the filing of FPL’s  
16 petition and direct testimony in this docket.

17 **Q. Did either the actual Hurricane Ian or Hurricane Nicole storm costs exceed the**  
18 **\$250 million threshold that would trigger the “Paragraph 18 Initial Independent**  
19 **Audit” provision?**

20 A. Yes. As reflected on Exhibit KF-1, Hurricane Ian was the first named tropical system  
21 after Hurricane Irma with storm restoration costs that exceeded \$250 million.

1 **Q. What is the purpose of the independent audit provision?**

2 A. Pursuant to paragraph 18 of the Irma Settlement Agreement, FPL engaged PwC as a  
3 third-party audit firm to complete an independent examination of storm costs. The  
4 independent audit is intended to validate that the storm restoration costs were  
5 accurately presented, appropriately supported, and incurred within the time period  
6 allowed for recovery. The audit is also intended to ensure that only actual and approved  
7 storm costs are recovered from customers under the provisions of the Storm Rule and  
8 the Irma settlement. Finally, the audit is intended to evaluate the adequacy and  
9 effectiveness of the Company's internal controls over the storm restoration costs. A  
10 copy of the engagement letter between FPL and PwC is provided as Exhibit KF-4.

11 **Q. What type of engagement did PwC complete in connection to the Hurricane Ian  
12 examination?**

13 A. An "audit" only applies to expressing an opinion on a company's full financial  
14 statements (*i.e.*, balance sheet, income statement, etc.). When looking at a subset of  
15 financial data, the auditors technically cannot call it an "audit." However, there are  
16 other examination methods, including the method being used for the Hurricane Ian  
17 storm restoration costs, whereby the procedures are the same as an audit for all intents  
18 and purposes, including the expression of an opinion on the accuracy of the storm costs  
19 and compliance with the Irma Settlement and Storm Rule.

20 **Q. Please further describe the examination conducted by PwC.**

21 A. The examination involved a detailed review of Hurricane Ian costs incurred by the  
22 Company. PwC sampled transactions across all categories of costs (*e.g.*, payroll,  
23 contractors, etc.) and functions (*e.g.*, distribution, transmission, etc.). The examination

1 by PwC included: (i) understanding the transactions and related internal controls; (ii)  
2 reviewing and finding that the transaction details tie to supporting documentation, such  
3 as rosters, timesheets, and invoices; and (iii) ensuring the payments are appropriately  
4 supported and approved. The examination also involved a review of the Company's  
5 compliance with the Storm Rule, including the application of the ICCA.

6 **Q. What were the results of the examination conducted by PwC?**

7 A. As reflected in PwC's Attestation Report issued on October 17, 2023, which is provided  
8 as Exhibit KF-5 to my testimony, PwC expressed an opinion that the Hurricane Ian  
9 incremental storm restoration costs as reflected in Exhibit KF-1 were an accurate  
10 presentation of the incremental storm restoration costs incurred as of June 1, 2023.  
11 Additionally, PwC opined on the appropriateness of the documentation to support the  
12 accompanying costs, as well as internal controls established and maintained over the  
13 incremental storm restoration costs.

14 **Q. Did FPL use these same internal controls and processes and documentation**  
15 **methods for storm restoration costs associated with Hurricane Nicole?**

16 A. Yes.

17 **Q. Paragraph 20 of the Irma Settlement provides a specific methodology for the**  
18 **capitalization of costs. Did FPL calculate capital costs pursuant to this**  
19 **methodology?**

20 A. Yes. In capitalizing the storm restoration costs incurred for Hurricanes Ian and Nicole,  
21 FPL used a combined simple average of hourly internal Company and embedded  
22 contractor rates that are the type normally incurred in the absence of a storm to

1 determine the amount of costs to capitalize to plant, property, and equipment along  
2 with the materials and other costs.

3

4 **IV. ACCOUNTING TREATMENT FOR HURRICANES IAN AND NICOLE**

5 **Q. How does FPL typically account for storm restoration costs?**

6 A. As described previously, FPL utilizes unique storm IOs for each function and location  
7 to record and track all storm restoration activities for each event, which are  
8 accumulated in FERC Account 186. All costs charged to FERC Account 186 are  
9 subsequently cleared and charged to either the storm reserve, base O&M expense,  
10 capital, or below-the-line expense, as applicable.

11

12 The amount of capital costs for each storm event are determined and removed by  
13 applying part (1)(d) of the Storm Rule, which states that "...the normal cost for the  
14 removal, retirement and replacement of those facilities in the absence of a storm"  
15 should be the basis for calculating storm restoration capital. As described above, per  
16 paragraph 20 of the Irma Settlement, the hourly rate utilized to calculate capital costs  
17 is the "combined simple average of hourly internal Company and embedded contractor  
18 rates that are the type normally incurred in the absence of a storm." The capital cost  
19 amount is credited from FERC Account 186 and debited to FERC Account 107,  
20 Construction Work in Progress ("CWIP"). FPL also reclassifies non-recoverable  
21 amounts to below-the-line expense if such costs were incurred.

1           When the storm restoration costs are charged to the storm reserve, the ICCA  
2 methodology under the Storm Rule is used to remove the non-incremental O&M  
3 expenses, which are subsequently credited from FERC Account 186 and debited to  
4 base O&M.

5  
6           After the capital costs, non-recoverable costs, and non-incremental O&M expenses are  
7 removed from FERC Account 186, the remaining balance, representing incremental  
8 storm charges, is jurisdictionalized by using retail separation factors authorized by the  
9 2021 Stipulation and Settlement Agreement approved by Commission Order No. PSC-  
10 2021-0446-S-EI in Docket No 20210015-EI (“2021 Stipulation and Settlement”), and  
11 credited from FERC Account 186 and debited to the storm reserve. The remaining  
12 non-retail component of the incremental storm charges is credited from FERC Account  
13 186 and debited to base O&M expense, leaving a zero balance in FERC Account 186.

14 **Q.   How did FPL account for the storm restoration costs associated with Hurricanes**  
15 **Ian and Nicole?**

16 A.   FPL accounted for all of the Hurricane Ian and Hurricane Nicole storm restoration costs  
17 in FERC Account 186. FPL then determined the amount of capital accumulated in  
18 FERC Account 186 and removed those costs from FERC Account 186 and recorded  
19 them to the appropriate FERC accounts.

20 **Q.   What categories of storm restoration costs did FPL charge to FERC Account 186**  
21 **for Hurricanes Ian and Nicole?**

22 A.   As reflected on line 10 of Exhibits KF-1 and KF-2, FPL charged \$1.1 billion and \$122.9  
23 million in storm restoration costs related to Hurricanes Ian and Nicole, respectively, to

1 FERC Account 186. The categories of costs outlined below are reflected on lines 1  
2 through 10 on Exhibits KF-1 and KF-2:

- 3 • **FPL Regular Payroll and Related Costs:** Reflects \$15.3 million and \$3.1  
4 million for Hurricanes Ian and Nicole, respectively, of regular payroll and  
5 related payroll overheads for FPL employee time spent in direct support of  
6 storm restoration. This amount excludes bonuses and incentive compensation.
- 7 • **FPL Overtime Payroll and Related Costs:** Reflects \$29.3 million and \$6.2  
8 million for Hurricanes Ian and Nicole, respectively, of overtime payroll and  
9 payroll tax overheads for FPL employee time spent in direct support of storm  
10 restoration.
- 11 • **Contractor and Line Clearing Costs:** Reflects \$787.2 million and \$88.6  
12 million for Hurricanes Ian and Nicole, respectively, of costs primarily related  
13 to line contractors, vegetation contractors, and mutual aid utilities, including  
14 mobilization and de-mobilization costs.
- 15 • **Vehicle and Fuel:** Reflects \$36.3 million and \$3.9 million for Hurricanes Ian  
16 and Nicole, respectively, for vehicle utilization and fuel used by FPL and  
17 contractor vehicles for storm restoration activities.
- 18 • **Materials and Supplies:** Reflects \$47.8 million and \$2.0 million for  
19 Hurricanes Ian and Nicole, respectively, in materials and supplies used to repair  
20 and restore service and facilities to pre-storm condition.
- 21 • **Logistics Costs:** Reflects \$204.8 million and \$16.8 million for Hurricanes Ian  
22 and Nicole, respectively, of costs for staging and processing sites, meals,

1 lodging, buses and transportation, and rental equipment used by employees and  
2 contractors in direct support of storm restoration.

- 3 • **Other:** Reflects \$13.6 million and \$2.2 million for Hurricanes Ian and Nicole,  
4 respectively, of other miscellaneous costs, including payroll and related  
5 overheads from affiliate personnel directly supporting storm restoration.

6 **Q. How did FPL determine the amount of capital costs it recorded on its books and**  
7 **records for Hurricanes Ian and Nicole?**

8 A. The amount of capital costs for each storm event is determined by applying part (1)(d)  
9 of the Storm Rule, which states that "...the normal cost for the removal, retirement and  
10 replacement of those facilities in the absence of a storm" should be the basis for  
11 calculating storm restoration capital. As described previously, all costs related to storm  
12 restoration work (including follow-up work) were initially charged to FERC Account  
13 186, and estimated capital costs were then reclassified to FERC Account 107, CWIP.

14  
15 For capital costs incurred during storm restoration, FPL employed a capital estimation  
16 process derived from the amount of materials and supplies issued during each storm  
17 less returns of such assets. As described in paragraph 20 of the Irma Settlement, FPL  
18 used a blended simple average internal employee and contractor hourly rate, under non-  
19 storm conditions, in its calculation of capital costs for Hurricanes Ian and Nicole. Once  
20 restoration was complete, FPL utilized its distribution estimation system to calculate  
21 the total amount of capital costs for the distribution function in accordance with FPL's  
22 capitalization policy, which includes materials, labor, and overheads. The capital costs  
23 for distribution follow-up work and all other capital related work were determined

1 based on an estimate of the actual work performed and then likewise recorded to the  
2 balance sheet in accordance with FPL's capitalization policy.

3

4 After the capital jobs were completed, the CWIP account was credited and the  
5 appropriate functional plant account in FERC Account 101, Plant in Service, was  
6 debited based on the estimated cost of installed units of property. Retirements of fixed  
7 assets removed during restoration were recorded when the new incurred capital costs  
8 were placed in service through a new discrete IO. As shown on line 17 of Exhibits KF-  
9 1 and KF-2, a total of \$95.6 million and \$1.9 million for Hurricanes Ian and Nicole,  
10 respectively, were recorded as capital costs.

11 **Q. Did FPL receive, or does it expect to receive, any insurance recoveries associated**  
12 **with storm damage resulting from Hurricanes Ian or Nicole?**

13 A. No. FPL does not have insurance for its transmission or distribution ("T&D") assets.  
14 In addition, FPL could not make a property insurance claim for non-T&D assets as a  
15 result of Hurricanes Ian or Nicole because no loss exceeded the deductible amount for  
16 insured assets.

17 **Q. What was the total amount of storm restoration costs for Hurricanes Ian and**  
18 **Nicole that was charged to the storm reserve?**

19 A. As reflected on line 50 of Exhibits KF-1 and KF-2, the amount of Hurricanes Ian and  
20 Nicole storm restoration costs charged to the storm reserve totaled \$1.0 billion and  
21 \$118.4 million, respectively. This amount represents \$1.1 billion and \$122.9 million  
22 of incurred storm restoration costs prior to June 1, 2023, for Hurricanes Ian and Nicole,  
23 respectively, less \$95.6 million and \$1.9 million of capital costs and \$11.3 million and

1           \$2.0 million of non-incremental costs, resulting in total incremental costs of \$1.0 billion  
2           and \$118.9 million for Hurricanes Ian and Nicole, respectively. Once jurisdictional  
3           factors are applied to the respective functional level, the total amount of storm costs  
4           eligible for recovery from retail customers associated with Hurricanes Ian and Nicole  
5           is \$1.0 billion and \$118.4 million, respectively (“Retail Recoverable Costs”).

6           **Q. Did FPL transfer the amount of Eligible Restoration Costs that exceeded the pre-**  
7           **storm balance of the retail storm reserve?**

8           A. Yes. As required under part 25-6.0143(1)(i) of the Storm Rule, FPL transferred the  
9           amount of Eligible Restoration Costs that exceeded the pre-storm balance of the retail  
10          Storm Reserve in FERC Account 228.1, Accumulated provision for property insurance,  
11          to FERC Account 182.3, Other Regulatory Assets.

12          **Q. Has FPL included the replenishment of its storm reserve balance in the amount**  
13          **to be collected from customers in this proceeding?**

14          A. Yes. Under the 2021 Stipulation and Settlement, FPL is entitled to replenish the Storm  
15          Reserve to the pre-storm balance, but in no event less than \$150 million (the “Storm  
16          Reserve Replenishment”). As shown in Exhibit KF-3, the storm reserve balance as of  
17          September 30, 2022, prior to the incremental storm costs incurred for Hurricane Ian,  
18          was \$219.9 million. Thus, the Storm Reserve Replenishment amount is \$219.9 million.

1       **V.    ICCA ADJUSTMENTS RELATED TO HURRICANES IAN AND NICOLE**

2       **Q.    Did FPL determine the amount of non-incremental storm costs associated with**  
3       **Hurricanes Ian and Nicole pursuant to the ICCA methodology?**

4       A.    Yes. FPL has calculated the non-incremental costs for Hurricanes Ian and Nicole  
5       consistent with the ICCA methodology prescribed by the Storm Rule. The non-  
6       incremental costs for Hurricanes Ian and Nicole are reflected on lines 24 through 34 of  
7       Exhibits KF-1 and KF-2, respectively.

8       **Q.    Please summarize FPL’s calculations of the non-incremental costs for Hurricanes**  
9       **Ian and Nicole.**

10      A.    Below is a summary of the non-incremental costs for Hurricanes Ian and Nicole that  
11      were charged to base O&M.

- 12      •    **FPL Regular Payroll and Related Costs:** Based on part (1)(e)(8) of the Storm  
13      Rule, incremental payroll and related costs charged to the storm reserve under the  
14      ICCA methodology, which are incurred in the month(s) in which storm damage  
15      restoration activities are conducted, must be greater than the actual monthly  
16      average of payroll and related costs charged to O&M expense for the same  
17      month(s) in the previous three calendar years.

18  
19      FPL determined the amount of non-incremental regular payroll and related costs  
20      by calculating the average of the prior three years for the months in which storm  
21      restoration activities were incurred for Hurricanes Ian and Nicole and compared  
22      the three-year average to actual regular payroll and related costs incurred in the  
23      months in which storm restoration activities were incurred for FPL. FPL then

1 compared the difference between the calculated three-year average and costs  
2 incurred for storm restoration activities to regular payroll and related costs  
3 incurred for FPL employees directly supporting storm restoration activities.  
4 Additionally, as permitted by the Storm Rule, FPL made certain adjustments to  
5 the calculated historical monthly averages to account for changes in the business  
6 mainly due to the merger of FPL and Gulf Power Company, exclusion of costs  
7 with their own cost recovery mechanisms, and costs related to plant outages  
8 because these items are not reflective of the ongoing costs reflected in base rates.

9  
10 In total, the average of regular payroll and related expenses of the prior three years  
11 for the months in which storm restoration activities were incurred for Hurricanes  
12 Ian and Nicole exceeded regular payroll and related costs charged to O&M in the  
13 months in which restoration work was performed for Hurricanes Ian and Nicole.  
14 Based on this methodology, of the total storm-related regular payroll and related  
15 costs, \$5.5 million and \$0.6 million, the difference between the average and the  
16 months of storm restoration activities, would be deemed non-incremental for  
17 Hurricanes Ian and Nicole, respectively.

- 18
- 19 • **FPL Overtime Payroll and Related Costs:** Based on part (1)(e)(8) of the Storm  
20 Rule, incremental overtime payroll and related costs charged to the storm reserve  
21 under the ICCA methodology were determined using the same methodology  
22 described above for Regular Payroll and Related Costs and included the same  
23 adjustments to the historical monthly averages.

1 In total, the average of overtime payroll and related expenses of the prior three  
2 years for the months in which storm restoration activities were incurred for  
3 Hurricanes Ian and Nicole exceeded overtime payroll and related costs charged to  
4 O&M in the months in which restoration work was performed for Hurricanes Ian  
5 and Nicole. Based on this methodology, of the total storm-related overtime payroll  
6 and related costs, \$0.6 million and \$0.1 million would be deemed non-incremental  
7 for Hurricanes Ian and Nicole, respectively.

- 8 • **Contractors:** Based on part (1)(e)(1) of the Storm Rule, incremental storm-  
9 related contractor labor costs charged to the storm reserve under the ICCA  
10 methodology were determined using a similar methodology described above for  
11 Regular Payroll and Related Costs.

12  
13 FPL determined the amount of non-incremental contractor labor costs related to  
14 restoration by calculating the average of the prior three years for the months in  
15 which storm restoration activities were incurred for Hurricanes Ian and Nicole and  
16 compared the three-year average to actual contract labor costs incurred in the  
17 months in which the storms occurred. FPL then compared the difference between  
18 the calculated three-year average and costs incurred in the month of the storms to  
19 contract labor costs related to restoration.

20  
21 In total, the average of contract labor costs of the prior three-years for the months  
22 in which storm restoration activities were incurred for Hurricanes Ian and Nicole  
23 exceeded contract labor costs charged to O&M in the months in which restoration

1 work was performed for Hurricanes Ian and Nicole. Based on this methodology,  
2 of the total storm-related contract labor costs related to restoration, \$1.2 million  
3 and \$0.4 million would be deemed non-incremental for Hurricanes Ian and Nicole,  
4 respectively.

- 5 • **Line Clearing:** Since FPL recovers all actual vegetation costs incurred through  
6 the storm charge or the Storm Protection Plan Cost Recovery Clause, an ICCA  
7 adjustment under part (1)(e)(11) of the Storm Rule is not required. All vegetation  
8 management costs charged to the storm IOs, totaling \$165.7 million and \$23.5  
9 million for Hurricanes Ian and Nicole, respectively, would be considered  
10 incremental.
- 11 • **Vehicle Utilization:** All FPL-owned vehicle utilization costs charged to storm  
12 IOs, totaling \$3.5 million and \$0.9 million for Hurricanes Ian and Nicole,  
13 respectively, would be considered non-incremental under the ICCA methodology.
- 14 • **Fuel:** Based on part (1)(e)(9) of the Storm Rule, incremental fuel costs for the  
15 company and contractor vehicles charged to the storm reserve under the ICCA  
16 methodology were determined using a similar calculation as Regular Payroll and  
17 Related Costs described above.

18  
19 FPL determined the amount of non-incremental fuel costs for company and  
20 contractor vehicles by calculating the average of the prior three years for the  
21 months in which storm restoration activities were incurred for Hurricanes Ian and  
22 Nicole and compared the three-year average to actual fuel costs incurred in the  
23 months in which the storms occurred. FPL then compared the difference between

1 the calculated three-year average and costs incurred in the month of the storms to  
2 fuel costs incurred for FPL employees directly supporting storm restoration  
3 activities. Additionally, as permitted by the Storm Rule, FPL made certain  
4 adjustments to the calculated historical monthly averages to account for changes  
5 in the business such as the merger of FPL and Gulf Power Company.

6  
7 Fuel costs for the prior three-years for the months in which storm restoration  
8 activities were incurred for Hurricanes Ian and Nicole did not exceed fuel costs  
9 charged to O&M in the months in which restoration work was performed for  
10 Hurricanes Ian and Nicole. Based on the methodology above, all fuel related costs  
11 charged to the storm IOs of \$31.3 million and \$3.0 million for Hurricanes Ian and  
12 Nicole, respectively, would be considered incremental under the ICCA  
13 methodology.

- 14 • **Employee Assistance:** The costs for assistance provided to employees during  
15 Hurricanes Ian and Nicole, totaling \$0.6 million and approximately \$28,000,  
16 respectively, would be considered non-incremental under the ICCA methodology.

17 **Q. What is the total amount of Retail Recoverable Incremental Costs for Hurricanes**  
18 **Ian and Nicole?**

19 A. As reflected on line 50 of Exhibit KF-1 and Exhibit KF-2, the total Retail Recoverable  
20 Incremental Costs for Hurricanes Ian and Nicole are \$1.0 billion and \$118.4 million,  
21 respectively.



Florida Power & Light Company  
Hurricane Ian Incremental Cost and Capitalization Approach Adjustments  
through June 1, 2023  
(\$000s)

| LINE NO. | Storm Costs By Function (A)   |             |                  |                  |                 |                      | Total (7) |             |
|----------|---|-------------|------------------|------------------|-----------------|----------------------|-----------|-------------|
|          | Steam & Other (1)   | Nuclear (2) | Transmission (3) | Distribution (4) | General (B) (5) | Customer Service (6) |           |             |
| 1        | <u>Storm Restoration Costs</u>  |             |                  |                  |                 |                      |           |             |
| 2        |   | \$172       | \$47             | \$1,146          | \$12,070        | \$1,197              | \$631     | \$15,263    |
| 3        |   | 392         | 27               | 2,458            | 23,614          | 1,744                | 1,044     | 29,277      |
| 4        |   | 8,428       | 660              | 27,232           | 579,979         | 4,833                | 357       | 621,490     |
| 5        |   | -           | -                | 322              | 165,382         | -                    | -         | 165,704     |
| 6        |   | 8           | -                | 348              | 35,333          | 583                  | 13        | 36,286      |
| 7        |   | 695         | -                | 1,346            | 45,413          | 210                  | 127       | 47,790      |
| 8        |   | 1,187       | -                | 585              | 202,422         | 571                  | 17        | 204,781     |
| 9        |   | 1,177       | 3                | 789              | 4,261           | 6,963                | 447       | 13,640      |
| 10       | Total Storm Restoration Costs   | \$12,058    | \$737            | \$34,224         | \$1,068,474     | \$16,101             | \$2,635   | \$1,134,230 |
| 11       |   |             |                  |                  |                 |                      |           |             |
| 12       | <u>Less: Capitalizable Costs</u>  |             |                  |                  |                 |                      |           |             |
| 13       |   | \$0         | -                | -                | \$3,584         | \$178                | \$28      | \$3,789     |
| 14       |   | 5,640       | -                | -                | 49,446          | 425                  | -         | 55,511      |
| 15       |   | 395         | -                | -                | 31,138          | 109                  | 124       | 31,766      |
| 16       |   | -           | -                | -                | 2,159           | 2,417                | -         | 4,576       |
| 17       | Total Capitalizable Costs   | \$6,035     | -                | -                | \$86,328        | \$3,128              | \$152     | \$95,642    |
| 18       |   |             |                  |                  |                 |                      |           |             |
| 19       | Less: Insurance Receivables   | -           | -                | -                | -               | -                    | -         | -           |
| 20       |   |             |                  |                  |                 |                      |           |             |
| 21       | Net Storm Restoration Costs Incurred  | \$6,024     | \$737            | \$34,224         | \$982,147       | \$12,973             | \$2,483   | \$1,038,588 |
| 22       |   |             |                  |                  |                 |                      |           |             |
| 23       | <u>Less: ICCA Adjustments</u>   |             |                  |                  |                 |                      |           |             |
| 24       |   | \$178       | \$0              | \$204            | \$3,514         | \$1,043              | \$534     | \$5,472     |
| 25       |   | -           | 27               | 3                | 381             | 36                   | 116       | 562         |
| 26       |   | 666         | 47               | 7                | 328             | 148                  | -         | 1,195       |
| 27       | Line Clearing:  |             |                  |                  |                 |                      |           |             |
| 28       | Vegetation Management (F)   | -           | -                | -                | -               | -                    | -         | -           |
| 29       | Vehicle & Fuel:   |             |                  |                  |                 |                      |           |             |
| 30       | Vehicle Utilization   | -           | -                | 347              | 3,105           | -                    | -         | 3,452       |
| 31       | Fuel  | -           | -                | -                | -               | -                    | -         | -           |
| 32       | Other   |             |                  |                  |                 |                      |           |             |
| 33       | Legal Claims  | -           | -                | -                | -               | -                    | -         | -           |
| 34       | Employee Assistance and Childcare   | -           | -                | -                | -               | 614                  | -         | 614         |
| 35       | Total ICCA Adjustments  | \$844       | \$74             | \$560            | \$7,328         | \$1,841              | \$650     | \$11,296    |
| 36       |   |             |                  |                  |                 |                      |           |             |
| 37       | <u>Incremental Storm Losses</u>   |             |                  |                  |                 |                      |           |             |
| 38       |   | -\$6        | \$47             | \$942            | \$4,972         | -\$24                | \$69      | \$6,001     |
| 39       |   | 392         | 0                | 2,455            | 23,233          | 1,708                | 928       | 28,715      |
| 40       |   | 2,123       | 614              | 27,225           | 530,205         | 4,261                | 357       | 564,784     |
| 41       |   | -           | -                | 322              | 165,382         | -                    | -         | 165,704     |
| 42       |   | 8           | -                | 2                | 32,228          | 583                  | 13        | 32,834      |
| 43       |   | 300         | -                | 1,346            | 14,275          | 101                  | 3         | 16,024      |
| 44       |   | 1,187       | -                | 585              | 202,422         | 571                  | 17        | 204,781     |
| 45       |   | 1,177       | 3                | 789              | 2,102           | 3,932                | 447       | 8,449       |
| 46       | Total Incremental Storm Losses (G)  | \$5,180     | \$663            | \$33,665         | \$974,819       | \$11,132             | \$1,834   | \$1,027,293 |
| 47       |   |             |                  |                  |                 |                      |           |             |
| 48       | Jurisdictional Factor (H)   | 0.9556      | 0.9431           | 0.9065           | 0.9999          | 0.9690               | 1.0000    |             |
| 49       |   |             |                  |                  |                 |                      |           |             |
| 50       | Retail Recoverable Costs  | \$4,950     | \$626            | \$30,517         | \$974,679       | \$10,787             | \$1,834   | \$1,023,393 |
| 51       |   |             |                  |                  |                 |                      |           |             |
| 52       |   |             |                  |                  |                 |                      |           |             |
| 53       | <u>Notes:</u>   |             |                  |                  |                 |                      |           |             |
| 54       | (A) Storm costs are as of June 1, 2023. Totals may not add due to rounding.   |             |                  |                  |                 |                      |           |             |
| 55       | (B) General plant function reflects restoration costs associated with FPL's Human Resources, External Affairs, Information Technology, Corporate Real Estate, Regulatory Affairs, Development, Corporate Security and Marketing and Communications departments.   |             |                  |                  |                 |                      |           |             |
| 56       | (C) Represents total payroll charged to the business unit (function) being supported. For example, an employee that works in FPL Development but is supporting Distribution during storm restoration would charge their time to Distribution.   |             |                  |                  |                 |                      |           |             |
| 57       | (D) Includes other miscellaneous costs, including payroll and related overheads from affiliate personnel directly supporting storm restoration.   |             |                  |                  |                 |                      |           |             |
| 58       | (E) Represents regular payroll normally recovered through base rate O&M and not charged to the Storm Reserve. The amounts are charged to the employee's normal business unit, which may not be the business unit that the employee supported during the storm. Therefore, in the example in Note C above, if the FPL Development employee had payroll which cannot be charged to the Storm Reserve, that amount would be charged to FPL Development (General) whereas the recoverable portion of their time would remain in Distribution. |             |                  |                  |                 |                      |           |             |
| 59       | (F) Since FPL recovers all actual vegetation costs incurred through the storm charge or the Storm Protection Plan Cost Recovery Clause, there is no ICCA applicable.  |             |                  |                  |                 |                      |           |             |
| 60       | (G) General function includes Audit Fees pursuant to Paragraph 18, of the Hurricane Irma Settlement.  |             |                  |                  |                 |                      |           |             |
| 61       | (H) Jurisdictional Factors are based on factors approved in Docket No. 20210015-EI.   |             |                  |                  |                 |                      |           |             |



**Florida Power & Light Company**  
**Calculation of Total Storm Costs to be Recovered from Customers**  
**(\$000s)**

| Line No. |  | (1)<br>Modified Interim Storm Charge (A) | (2)<br>Total Recoverable Storm Amount | Notes |
|----------|--|--|---------------------------------------|-------|
| 1        | Retail Recoverable Costs:  |  |                                       |       |
| 2        | Hurricane Michael  | -  | -                                     | (B)   |
| 3        | Hurricane Sally  | \$132,247                                | \$132,247                             | (C)   |
| 4        | Hurricane Zeta   | 4,552                                    | 4,552                                 | (D)   |
| 5        | Hurricane Ian  | 1,024,211                                | 1,023,393                             | (E)   |
| 6        | Hurricane Nicole   | 120,840                                  | 118,423                               | (F)   |
| 7        | Total Retail Recoverable Costs   | <u>\$1,281,849</u>                       | <u>\$1,278,614</u>                    |       |
| 8        |  |  |                                       |       |
| 9        | Less:  |  |                                       |       |
| 10       | Funded Storm Reserve Balance as of 9/30/22   | (114,872)                                | (114,872)                             | (G)   |
| 11       | Unfunded Storm Reserve Balance as of 9/30/22   | (105,034)                                | (105,034)                             | (H)   |
| 12       | Storm Reserve Activity for the period October 2022 through October 2023  | 1,010                                    | 781                                   | (I)   |
| 13       |  |  |                                       |       |
| 14       | Balance of Retail Recoverable Costs after Storm Reserve Funding ("Eligible Restoration Costs") (Line 7 + 10 + 11 + 12) | <u>\$1,062,953</u>                       | <u>\$1,059,490</u>                    |       |
| 15       |  |  |                                       |       |
| 16       | Plus:  |  |                                       |       |
| 17       | Interest on Unrecovered Storm Costs for the period April 2023 through November 2023                                    | \$19,043                                 | \$18,631                              | (J)   |
| 18       | Amount to Replenish Storm Reserve Pursuant to FPL's 2021 Settlement Agreement ("Storm Reserve Replenishment")          | 219,906                                  | 219,906                               | (K)   |
| 19       |  |  |                                       |       |
| 20       | Total Amount to be Recovered from Customers ("Recoverable Storm Amount") (Line 14 + 17 + 18)                           | <u>\$1,301,903</u>                       | <u>\$1,298,027</u>                    |       |
| 21       |  |  |                                       |       |

Notes:

- (A) Amounts reflected in column (1) represents amounts presented on Appendix C of FPL's Supplemental Petition to Modify the Interim Storm Surcharge Related to Hurricanes Ian and Nicole filed on September 5, 2023 and approved for recovery by the Commission at the November 9, 2023 Agenda Conference.
- (B) Incremental storm costs associated with the Hurricane Michael surcharge approved by the Commission in Order No. PSC-2020-0349-S-EI, Docket No. 20190038-EI were fully recovered as of March 31, 2023.
- (C) Amount represents the actual amount of the Hurricane Sally surcharge (approved by the Commission in Order No. PSC-2022-0406-FOF-EI, Docket No. 20200241-EI) remaining to be recovered as of March 31, 2023.
- (D) Represents the actual amount of Hurricane Zeta incremental costs approved by the Commission for recovery in Order No. PSC-2022-0406-FOF-EI, Docket No. 20210179-EI less additional Storm Accruals reflected on Gulf Power's books and records as of December 31, 2021.
- (E) Amount reflected in column (2) represents incremental storm costs for Hurricane Ian incurred as of June 1, 2023 as reflected on Exhibit KF-1.
- (F) Amount reflected in column (2) represents incremental storm costs for Hurricane Nicole incurred as of June 1, 2023 as reflected on Exhibit KF-2.
- (G) Represents funded storm reserve balance as of September 30, 2022 prior to Hurricanes Ian and Nicole.
- (H) Represents unfunded storm reserve balance as of September 30, 2022 prior to Hurricanes Ian and Nicole.
- (I) Represents the following: (1) \$2.3 million of losses upon liquidation of the storm fund in the fourth quarter of 2022, offset by (2) \$1.3 million of storm reserve accrual recorded during October through December 2022, which were authorized under paragraph 16 of FPL's 2021 Settlement Agreement approved by the Commission in Order No. PSC-2021-0446-S-EI, Docket No. 20210015-EI, and (3) \$0.2 million of true-ups for storm costs associated with storms that occurred prior to Hurricane Ian.
- (J) Amount reflected in column (2) includes actual interest recorded on FPL's books and records for the period April 2023 through October 2023, and forecasted interest for the month of November 2023. Incremental storm costs are forecasted to be recovered during the month of November 2023 and then FPL will begin to apply surcharge revenues to the replenishment of the storm reserve.
- (K) Represents storm reserve replenishment allowed under paragraph 10 of FPL's 2021 Settlement Agreement approved by the Commission in Order No. PSC-2021-0446-S-EI, Docket No. 20210015-EI.



July 14, 2023

Mr. Keith Ferguson  
Vice President, Accounting and Controller  
Florida Power & Light Company  
700 Universe Boulevard  
Juno Beach, Florida 33408-0420

Dear Mr. Ferguson:

The purpose of this letter is to confirm our understanding of the terms of our engagement to provide services to Florida Power & Light Company (the "Company").

Services and related report

We will examine management's assertion that the Summary of Hurricane Ian Storm Costs ("Storm Costs") is an accurate presentation of the incremental storm restoration costs incurred for the period from September 25, 2022 through June 30, 2023 in accordance with the Hurricane Irma settlement in Docket No. 20180049-EI, Order No. PSC-2020-0104-PAA-EI and Florida Public Service Commission Rule No. 25-6.0143 (the "subject matter").

A draft management assertion stating the subject matter is presented in accordance with the criteria is included as Exhibit I. The final management assertion, including the subject matter and criteria, will be acknowledged by management through the written representation letter and will also be attached to our report of independent accountants.

Upon completion of our examination, we will issue our report of independent accountants stating whether, in our opinion, management's assertion, referred to above, is fairly stated, in all material respects (or the subject matter, referred to above, is in accordance with the criteria, in all material respects). If for any reason we are unable to complete the engagement, we may decline to issue a report as a result of this engagement.

Our responsibilities and limitations

The objective of an examination is the expression of an opinion in a written practitioner's report about whether management's assertion, referred to above, is fairly stated, in all material respects (or the subject matter, referred to above, is in accordance with the criteria, in all material respects). We will perform this engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the subject matter as measured or evaluated against the criteria is free from material misstatement.

Because of the inherent limitations of an examination engagement, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements may not be detected, even though the examination is properly planned and performed in accordance with the attestation standards.

Our engagement cannot ensure that errors, fraud or other illegal acts, if present, will be detected. However, we will communicate to you, as appropriate, any illegal act, material errors, or evidence that fraud may exist that come to our attention.

The examination will not be planned or conducted in contemplation of reliance by any specific third party or with respect to any specific transaction. Therefore, items of possible interest to a third party will not be specifically addressed and matters may exist that would be assessed differently by a third party, possibly in connection with a specific transaction.



As required by professional standards, we will (i) make specific inquiries of management and others about the subject matter and (ii) request written representations relating to the subject matter from certain members of management. The results of our examination procedures, the responses to our inquiries and the written representations comprise the evidential matter we intend to rely upon in forming our opinion on the subject matter.

#### Management's responsibilities

The subject matter referred to above and the determination of whether the criteria are suitable are the responsibility of the management of the Company. Management also is responsible for making available to us, on a timely basis, access to all information necessary for purposes of the engagement and unrestricted access to personnel of the Company to whom we may direct inquiries.

Management also acknowledges and understands their responsibility for the design, implementation and maintenance of internal control relevant to the preparation of the subject matter that is free from material misstatement, whether due to fraud or error. Management is responsible for (i) disclosing all deficiencies in internal control relevant to the engagement of which they are aware, (ii) disclosing their knowledge of any actual, suspected, or alleged fraud or noncompliance with laws or regulations affecting the subject matter, (iii) if applicable, determining whether the effects of any uncorrected misstatements are immaterial, individually and in the aggregate, to the subject matter, and (iv) providing us a representation letter relating to the subject matter at the conclusion of the engagement.

#### Release and indemnification

Because of the importance of oral and written management representations to an effective examination, the Company releases and indemnifies PricewaterhouseCoopers LLP and its personnel from any and all claims, liabilities, costs and expenses attributable to any knowing misrepresentation by management.

In no event shall PricewaterhouseCoopers LLP be liable to the Company, whether a claim be in tort, contract or otherwise, for any consequential, indirect, lost profit or similar damages relating to PricewaterhouseCoopers LLP's services provided under this engagement letter, except to the extent finally determined to have resulted from the willful misconduct or fraudulent behavior of PricewaterhouseCoopers LLP relating to such services.

#### Dispute resolution procedures

Any controversy or claim between the parties arising out of or relating to this engagement letter or the services provided hereunder (a "Dispute") shall be submitted first to non-binding, confidential mediation, and if not resolved by mediation, then to binding arbitration as described herein. The mediation shall be conducted in accordance with these procedures and, except to the extent inconsistent with these procedures, the Mediation Procedure of International Institute for Conflict Prevention and Resolution ("CPR") then in effect.

A party shall submit a Dispute to mediation by written notice to the other party or parties. The mediator shall be selected by mutual agreement of the parties. If the parties cannot agree on a mediator, the CPR shall designate a mediator in accordance with its Mediation Procedure. Any mediator must be acceptable to all parties and must confirm in writing that he or she is not, and will not become during the term of the mediation, an employee, partner, executive officer, director, or substantial equity owner of PricewaterhouseCoopers LLP or any PricewaterhouseCoopers LLP audit client.

The mediator shall conduct the mediation as he/she determines, with the agreement of the parties. The mediation shall be treated as compromise and settlement negotiations under the standards set forth in the Federal Rules of Evidence and all applicable state counterparts, together with any applicable statutes protecting the confidentiality of mediations or settlement discussions. The mediator may not testify for either party in any later proceeding relating to the Dispute. The mediation proceeding shall not be recorded or transcribed. Each



party shall bear its own costs (including attorneys' fees) of the mediation. The parties shall share equally the fees and expenses of the mediator.

If the parties have not resolved a Dispute within 90 days after the written notice beginning the mediation process is served (or a longer period, if the parties agree to extend the mediation), the mediation shall terminate and the Dispute shall be settled by binding arbitration. The arbitration shall be conducted in accordance with these procedures and, except to the extent inconsistent with these procedures, the Rules for Non-Administered Arbitration of the International Institute for Conflict Prevention and Resolution ("Rules") then in effect. The arbitration shall be conducted before a panel of three arbitrators selected using the screened process provided in the Rules. The arbitration panel, and not any federal, state or local court or agency, shall have exclusive authority to resolve any dispute regarding the extent to which a Dispute is subject to arbitration, or relating to the interpretation, applicability, enforceability or formation of the engagement letter.

Any Dispute between the parties, including any claims or defenses asserted, and the interpretation of the engagement letter shall be governed by the law of New York State, without giving effect to its choice-of-law rules. The arbitrators may render early or summary disposition of some or all issues, after the parties have had a reasonable opportunity to make submissions on those issues. Discovery shall be conducted in accordance with the Rules. Upon a showing that the evidence sought is material to the Dispute, hearing sessions attended by one or more panel members may be convened to secure (i) documents from third-party witnesses, if the production cannot reasonably be obtained by other means; and/or (ii) testimony from third-party witnesses who could not be compelled to attend the arbitration hearing at its scheduled location.

Judgment on an arbitration award may be entered in any court having jurisdiction. All aspects of the arbitration shall be treated as confidential, except to the limited extent necessary to obtain entry of the award by a court. The arbitration panel shall have no power to award non-monetary or equitable relief of any sort.

The arbitration panel shall have no power to award damages that are punitive in nature, that do not measure a party's actual damages, or that are inconsistent with the Release and Indemnification provisions or any other terms of the engagement letter. The parties further agree that if the arbitration panel determines to award pre- or post-judgment interest, any such interest shall be computed on a simple basis at a rate of three percent. The parties accept and acknowledge that any demand for arbitration must be issued within one year from the date the demanding party becomes aware or should reasonably have become aware of the facts that give rise to the alleged liability and, in any event, no later than two years after the cause of action accrued.

#### Other PricewaterhouseCoopers firms and subcontractors

PricewaterhouseCoopers LLP is a U.S. firm of the global network of separate and independent PricewaterhouseCoopers firms (exclusive of PricewaterhouseCoopers LLP, the "Other PwC Firms"). PricewaterhouseCoopers LLP may, in its discretion, draw on the resources of and/or subcontract to its subsidiaries and affiliates, the Other PwC Firms and/or third party contractors and subcontractors (each, a "PwC Subcontractor"), in each case within or outside the United States in connection with the provision of the services and/or for internal, administrative and/or regulatory compliance purposes. The Company agrees that PricewaterhouseCoopers LLP may provide information PricewaterhouseCoopers LLP receives in connection with this agreement to the PwC Subcontractors for such purposes. PricewaterhouseCoopers LLP will be solely responsible for the provision of the services (including those performed by the PwC Subcontractors) and for the protection of the information provided to the PwC Subcontractors. You agree that neither you nor any group entity will bring any claim, whether in contract, tort (including negligence) or otherwise against any PwC Subcontractor in respect of this engagement letter or in connection with the services herein.



#### Timing and fees

Completion of our work is subject to, among other things, 1) appropriate cooperation from the Company's personnel including timely preparation of necessary information, 2) timely responses to our inquiries, and 3) timely communication of all significant matters relating to the subject matter. When and if for any reason the Company is unable to provide such information and assistance, PricewaterhouseCoopers LLP and the Company will mutually revise the fee to reflect additional services, if any, required of us to complete the examination.

Our fees for this examination engagement will be \$875,000 subject to the terms and conditions above. We will advise management should any circumstances arise which may require a change in scope and/or fee.

We also will bill the Company for our reasonable out-of-pocket expenses, any applicable sales, use or value added tax, and our internal per ticket charges for booking travel. Amounts billed for services performed by PricewaterhouseCoopers LLP or PwC Subcontractors shall be considered fees and not expenses.

Invoices rendered are due and payable upon receipt.

Any additional services that may be requested and we agree to provide will be the subject of separate arrangements.

#### Other matters

PricewaterhouseCoopers LLP is owned by professionals who hold CPA licenses as well as by professionals who are not licensed CPAs. Depending on the nature of the services we provide, non-CPA owners may be involved in providing services to you now or in the future.

In the event we are requested or authorized by you or required by government regulation, subpoena, or other legal process to produce our working papers or our personnel as witnesses with respect to our engagement for you, you will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such a request.

The Company agrees that it will not, directly or indirectly, agree to assign or transfer this engagement letter or any rights, obligations, claims or proceeds from claims against PricewaterhouseCoopers LLP arising out of or in any way relating to this engagement letter, any services provided hereunder, or any fees for this engagement or such services, to anyone, except to an entity with which the Company merges or an entity which acquires all or substantially all of the assets of the Company and where, in either case, the assignee entity agrees to be bound by this provision. Any assignment or transfer by the Company in violation of this paragraph shall be void and invalid.

This engagement letter reflects the entire agreement between us relating to the services covered by this letter. It replaces and supersedes any previous proposals, correspondence and understandings, whether written or oral. The agreements of the Company and PricewaterhouseCoopers LLP contained in this engagement letter shall survive the completion or termination of this engagement.

The Company agrees that PricewaterhouseCoopers may use the Company's name and logo in experience citations.

Notwithstanding any other provision of this engagement letter, PwC and the Other PwC Firms may use the information received under this engagement letter, including tax return information, to develop, enhance, modify and improve technologies, tools, methodologies, services and offerings, and/or for development or performance of data analysis or other insight generation. Information developed in connection with these purposes may be used or disclosed to you or current or prospective clients to provide them services or offerings. PwC



and the Other PwC Firms will not use or disclose the information in a way that would permit the Company to be identified by third parties without the Company's consent.

With respect to tax return information, the Company may request in writing a more limited use and disclosure than the foregoing. The foregoing consent is valid until further notice by the Company.



\* \* \* \* \*

We are pleased to have the opportunity to provide services to Florida Power & Light Company. If you have any questions about this letter, please discuss them with Dan McGill at (310) 872-8226 or daniel.r.mcgill@pwc.com. If the services and terms outlined in this letter are acceptable, please sign one copy of this letter in the space provided and return it to me. You may return the signed copy by hand, by mail or by air courier, attached to an email as a pdf, jpeg or similar file type sent to me at daniel.r.mcgill@pwc.com, or by electronic signature.

Very truly yours,

DocuSigned by:  
*PricewaterhouseCoopers LLP*  
71E95B8ED29540E...  
PricewaterhouseCoopers LLP

Date:

July 14, 2023

The services and terms as set forth in this letter are agreed to.

**Florida Power & Light Company**

DocuSigned by:  
*Keith Ferguson*  
2408BB14CFCC421...  
Keith Ferguson

Vice President, Accounting and Controller

Date:

July 14, 2023



Exhibit I – Draft Management Assertion

**Management Assertion on the Summary of Hurricane Ian Storm Restoration Costs**

Management of Florida Power and Light Company (“Florida Power and Light” or the “Company”) asserts that the accompanying Summary of Hurricane Ian Storm Restoration Costs is an accurate presentation of the incremental storm restoration costs incurred for the period from September 25, 2022 through June 30, 2023 based on the criteria described in Notes A and B.

Management also asserts that it has prepared the appropriate documentation to support the accompanying Summary of Hurricane Ian Storm Restoration Costs, as well as established and maintained internal controls over the Summary of Hurricane Ian Storm Restoration Costs, based on the criteria described in Note C and D, respectively.



## Report of Independent Accountants

To the Management of Florida Power & Light Company

We have examined the accompanying management assertion of Florida Power & Light Company that (i) the accompanying Summary of Hurricane Ian Incremental Storm Restoration Costs is an accurate presentation of the incremental storm restoration costs incurred for the period from September 24, 2022 through June 1, 2023 based on the criteria described in Notes 1 and 2 and (ii) that appropriate documentation to support the accompanying Summary of Hurricane Ian Incremental Storm Restoration Costs has been prepared, as well as that internal controls over the accompanying Summary of Hurricane Ian Incremental Storm Restoration Costs have been established and maintained, based on the criteria described in Note 3. Florida Power & Light Company's management is responsible for the assertion. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. In performing our examination, consistent with the Florida Power & Light Company Hurricane Irma settlement issued on August 1, 2019 (Docket No. 20180049-EI), our examination procedures included the following activities:

- i. Interviewed key personnel
- ii. Reviewed operating policies and procedures
- iii. Reviewed relevant documents, such as executed contracts, labor and equipment rates, established work day hours, over time and double time criteria, and vendor employee rosters
- iv. Compared vendor employee rosters to approved timesheets and expense receipts
- v. Inspected and compared paid invoices to submitted expense receipts and timesheets

We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements related to the engagement.

Management's assertion and our examination procedures were limited to evaluating the accuracy of the information presented in the Summary of Hurricane Ian Incremental Storm Restoration Costs and did not consider the completeness of the information presented in the Summary of Hurricane Ian Incremental Storm Restoration Costs.

The supplemental information to the Summary of Hurricane Ian Incremental Storm Restoration Costs, included on page 8, has been presented by Florida Power & Light Company for additional analysis. Florida Power & Light Company's filing on January 23, 2023 (Docket No. 20230017) was not part of our examination engagement, and accordingly, we do not express an opinion or provide any assurance on Florida Power & Light Company's filing on January 23, 2023 (Docket No. 20230017) or the supplemental information.

In our opinion, management's assertion is fairly stated, in all material respects.

*PricewaterhouseCoopers LLP*

Columbus, Ohio  
October 17, 2023

**Management Assertion on the Summary of Hurricane Ian Incremental Storm Restoration Costs**

Management of Florida Power & Light Company (“FPL” or the “Company”) asserts that the accompanying Summary of Hurricane Ian Incremental Storm Restoration Costs is an accurate presentation of the incremental storm restoration costs incurred for the period from September 24, 2022 through June 1, 2023 based on the criteria described in Notes 1 and 2.

Management also asserts that appropriate documentation to support the accompanying Summary of Hurricane Ian Incremental Storm Restoration Costs has been prepared, as well as that internal controls over the accompanying Summary of Hurricane Ian Incremental Storm Restoration Costs have been established and maintained, based on the criteria described in Note 3.

Florida Power & Light Company  
Summary of Hurricane Ian Incremental Storm Restoration Costs  
As of June 1, 2023

| <b><u>Incremental Storm Losses</u></b>           |                                    | <b><u>Amount</u></b>      |
|--|------------------------------------|---------------------------|
|  |                                    | <b><u>(\$000)</u></b>     |
| A  | Regular Payroll and Related Costs  | \$6,001                   |
| B  | Overtime Payroll and Related Costs | 28,715                    |
| C  | Contractors                        | 564,784                   |
| D  | Line Clearing                      | 165,704                   |
| E  | Vehicle & Fuel                     | 32,834                    |
| F  | Materials & Supplies               | 16,024                    |
| G  | Logistics                          | 204,781                   |
| H  | Other                              | 7,574                     |
| <b>Total Incremental Storm Restoration Costs</b> |                                    | <b><u>\$1,026,418</u></b> |

Note: Totals may not add due to rounding.

The accompanying notes are an integral part of this Summary of Hurricane Ian Incremental Storm Restoration Costs.

Florida Power & Light Company  
Notes to the Summary of Hurricane Ian Incremental Storm Restoration Costs  
As of June 1, 2023

## 1. Background

Florida Power & Light Company (“FPL” or the “Company”) is a public utility providing electric service to more than 5.8 million customers in Florida.

In September 2022, Hurricane Ian struck the Company’s service territory, severely damaging parts of the electrical system and causing power outages. In total, FPL restored service to more than 2.1 million customers. The accompanying Summary of Hurricane Ian Incremental Storm Restoration Costs includes the total incremental storm restoration costs incurred for the period September 24, 2022, through June 1, 2023 to repair FPL’s electrical system as a direct result of the effects of Hurricane Ian.

For purposes of this assertion, incurred costs are those for which 1) employees, or employees of affiliated companies, have delivered a service for which base pay, overtime, and related costs and overheads have been paid, or 2) vendors have delivered a service for which an amount has been paid or is owed to the vendor.

### Accounting Policies & Regulation

The Company’s accounting policies conform to generally accepted accounting principles in the United States of America (US GAAP), including the accounting principles for rate-regulated entities and are in accordance with the accounting requirements and ratemaking practices of the applicable regulatory authorities of the Florida Public Service Commission (FPSC). Specifically, the FPSC requires FPL to adhere to Florida Administrative Code (FAC) Rule 25-6.0143 and FPSC Order No. 2019-0319-S-EI, Docket No. 20180049-EI, issued on August 1, 2019 (hereinafter referred to as the “2019 Irma Storm Cost Settlement Agreement”), which resolved all issues related to the recovery of storm restoration costs associated with Hurricane Irma. FPL’s operations are subject to regulation by the Federal Energy Regulatory Commission (FERC) and FPL’s retail operations are also subject to regulation by the FPSC.

## 2. Cost Identification and Basis of Preparation

FPL is required to follow the Incremental Capital and Cost Approach (“ICCA”) Methodology set forth in Rule 25-6.0143 FAC and “proposed procedures for processing invoices from third-party storm restoration contractors” in the 2019 Irma Storm Cost Settlement Agreement. Based on these requirements, the incremental storm restoration costs for Hurricane Ian incurred during the period from September 24, 2022 through June 1, 2023 include the following:

- A. **Regular Payroll and Related Costs** represents labor costs (base pay and payroll overheads) incurred by employees of FPL for time spent related to storm restoration activities. Only those actual labor costs charged to the storm internal orders (i.e., charge codes) that were comprised of base pay plus overheads for employees of FPL whose cost would otherwise have been recovered via existing regulatory mechanisms (“base employees”) greater than the operation and maintenance expense three-year average for the same month, were deemed recoverable under the ICCA methodology set forth in FAC 25-6.0143\*.
- B. **Overtime Payroll and Related Costs** represents labor costs (overtime pay and payroll overheads) incurred by employees of FPL for time spent related to storm restoration; activities as governed by FPL’s bargaining unit employee compensation policy and FPL’s storm compensation policy. Only those actual labor costs charged to storm restoration internal orders (i.e., charge codes) that were comprised of overtime pay plus overheads for employees of FPL whose cost would otherwise have been recovered via existing regulatory mechanisms (“base employees”) greater than the operation and maintenance expense three-year average for the same month, were deemed recoverable under the ICCA methodology set forth in FAC 25-6.0143\*.

- C. **Contractors** represents labor costs (base pay, overtime) and other expenses (e.g., lodging, per diem, and fuel) incurred by third party overhead and underground line contractors hired for storm restoration activities. Contractors primarily relate to crews from Florida and out-of-state that are not employees of FPL or its affiliate entities. Contractor costs were evaluated on a monthly basis and only those actual contractor labor costs charged to storm restoration internal orders (i.e., charge codes) that were greater than the operation and maintenance expense three-year average for the same month, were deemed recoverable under the ICCA methodology set forth in FAC 25-6.0143\*. Contractors are third party vendors providing contract services in the utility industry.
- D. **Line Clearing** represents third party vendor costs incurred for vegetation management services related to storm restoration activities. Costs incurred for vegetation management were evaluated on a monthly basis and only those actual vegetation management costs charged to storm restoration internal orders (i.e., charge codes) that were greater than the operation and maintenance expense (excluding vegetation management costs recovered through existing regulatory mechanisms) three-year average for the same month, were deemed recoverable under the ICCA methodology set forth in FAC 25-6.0143\*. Since FPL recovers all actual vegetation costs incurred through the storm charge or the Storm Protection Plan Cost Recovery Clause, there is no need for an ICCA.
- E. **Vehicle and Fuel** represents costs incurred for fuel provided at staging sites by way of fueling trucks, miscellaneous fuel costs and costs associated with the utilization of FPL vehicles related to storm restoration activities. Fuel costs were evaluated on a monthly basis and only those actual fuel costs charged to storm reserve project work orders (i.e., charge codes) that were greater than the operation and maintenance expense three-year average for the same month, were deemed recoverable under the ICCA methodology set forth in FAC 25-6.0143\*. Per FAC 25-6.0143, vehicle utilization is prohibited from being charged to the storm reserve and therefore removed from total Vehicle and Fuel costs.
- F. **Materials and Supplies** represents costs of materials issued out of inventory and related transportation and other charges, net of returns.
- G. **Logistics** represent third party vendor costs incurred related to providing staging areas for employees of FPL, employees of affiliate entities of FPL, and contractors at locations throughout the service territory in which FPL provided storm restoration services to customers. Includes, but not limited to, hotel/lodging, catering, ice, water, tents, and generators.
- H. **Other** represents various other expenses not included in the above cost categories, including, but not limited to, employee related expenses (e.g., mileage and cell phone charge reimbursement), securing and repairing corporate facilities, and payroll and overheads associated with support provided by employees from FPL's affiliates.

*\*Under the ICCA methodology set forth in FAC 25-6.0143, additional internal and contract labor hired (or related costs) and fuel costs for storm restoration activities (i.e., transmission and distribution (T&D) utility field activities) (including vegetation management) were only charged to the storm reserve project work orders when greater than the actual monthly average of internal and contract labor (or related) costs and fuel costs, respectively, charged to operation and maintenance expense for the same month in the three previous calendar years. The three-year average was based on calendar years 2019-2021. As permitted by FAC 25-6.0143, and as applicable, management adjusted the historical monthly internal and contract labor (or related) costs and fuel costs charged to operation and maintenance expense from calculated monthly averages. Each adjustment was properly documented, including a detailed explanation of the nature and derivation of the adjustment.*

### 3. Documentation and Internal Controls

#### *Storm Cost Documentation*

For purposes of this assertion, “appropriate documentation to support the accompanying Summary of Hurricane Ian Incremental Storm Restoration Costs has been prepared” means the following:

- i. For all Hurricane Ian costs summarized in Note 2, a detailed listing of transactions from FPL’s general ledger.
- ii. For types A and B in Note 2, a labor analysis workpaper, which summarized the payroll costs presented in the Summary, including the inputs used to calculate the actual labor costs charged to storm restoration internal orders (i.e., charge codes) that were greater than the operation and maintenance expense three-year average for the same month.
- iii. For types C and D in Note 2, a reconciliation of files by third party vendor, which included electronic timesheets and expense information from the iStormed App or “flat files” containing detailed information by contractor including crew information and daily timesheets with billing and point of origin location, distance to travel, travel days, dates secured, date started travel, date arrived, date released, time released, released to whom and, if vendor travels home, the date arrived at home, and claimed expenses such as lodging, per diem, and fuel not otherwise provided by FPL.
- iv. For type C in Note 2, a contractor analysis workpaper, which summarized the contractor labor costs related to restoration presented in the Summary, including the inputs used to calculate the actual restoration contractor labor costs charged to storm restoration internal orders (i.e., charge codes) that were greater than the operation and maintenance expense three-year average for the same month.
- v. For third party services and out-of-pocket costs incurred in connection with types C through E and G through H in Note 2, a summary in a format that shows total billing by vendor.
- vi. For type E in Note 2, a fuel analysis workpaper, which summarized the fuel costs presented in the Summary, including the inputs used to calculate the actual fuel costs charged to storm restoration internal orders (i.e., charge codes) that were greater than the operation and maintenance expense three-year average for the same month.
- vii. The Company’s request and collection of support obtained for invoice payment was not limited to a pre-established materiality threshold therefore for types C through H in Note 2, storm restoration costs approved for payment are supported by the items described in 2) and 3) in Note 3.

### *Internal Controls*

For purposes of this assertion, “internal controls over the Summary of Hurricane Ian Incremental Storm Restoration Costs have been established and maintained” means the following:

#### Control objective

To ensure that storm restoration costs incurred and included in the Company’s Summary of Hurricane Ian Incremental Storm Restoration Costs are accurate and meet the criteria necessary for recovery under the 2019 Irma Storm Cost Settlement Agreement.

#### Control activities

- 1) For the analysis workpapers described in ii., iv and vi. in Note 3, an individual other than the preparer of the analysis reviewed the analysis and documented their approval of the analysis.
- 2) For each line clearing and overhead contractor (types C and D in Note 2), described in iii. in Note 3, “flat files” exported from the iStormed App containing timesheet and expense data. There are multiple levels of review/approval through the production lead overseeing the team in the field, finance and cost finalization review/approval for adherence to the contract. Additionally, the Company prepared a storm audit narrative, and check list summarizing the review process of the Cost Finalization team and the Company’s conclusions with respect to the accuracy of such costs, including but not limited to, the Company’s review for reasonableness, allowability and compliance with contract terms.
- 3) For each third-party vendor invoice described in iii. and v. in Note 3, an individual other than the preparer of the storm restoration costs approval documentation reviewed the invoice, supporting documentation, and where applicable, the storm audit narrative.
- 4) For the Summary of Hurricane Ian Incremental Storm Restoration Costs, the numerical schedules and accompanying notes have been reviewed and approved by the Company’s Vice President, Accounting and Controller.
- 5) The company determines its capitalized costs as follows. An individual other than the preparer of the amounts included in the calculations reviews and documents their approval.
  - a. Distribution storm restoration capital work is calculated utilizing the material issued to the storm internal orders. The material and related labor is identified as capital based on the predetermined classification in the work management system and mapping to retirement units.
  - b. For Distribution follow-up work and all other capital work across FPL, the process follows the same business process as it does under non-storm conditions where the necessary work is designed and engineered and bid out. The capitalized costs are removed from the storm internal orders and booked to capital internal orders at the respective business unit level.

Florida Power & Light Company  
Supplemental information to the Summary of Hurricane Ian Incremental Storm Restoration Costs (unaudited – not part of the examination engagement)  
As of June 1, 2023

The information to the Summary of Hurricane Ian Incremental Storm Restoration Costs is a roll forward of the incremental storm restoration costs recognized as of December 31, 2022 (the date of the Company’s original filing with the FPSC) to June 1, 2023 for costs incurred for the period from September 24, 2022 through June 1, 2023 plus recoverable costs related to the third party examination of the Summary of Hurricane Ian Incremental Storm Restoration Costs.

|  | <b>Incremental<br/>Storm<br/>Restoration<br/>Costs<br/>(\$000)</b> |
|--|--|
| <b>Recognized as of December 31, 2022 (presented in Petition filed on January 23, 2023, Docket No. 20230017)</b> | <b>\$ 1,137,313</b>  |
| <b><u>Adjustments subsequent to filing on January 23, 2023:</u></b>  |  |
| <b>Storm Restoration Costs Changes:</b>  |  |
| Change in Contractor Costs   | (165,216)  |
| Change in Line Clearing Costs  | 20,368   |
| Change in Logistics Costs  | (21,652)   |
| Change in Other Costs  | 2,001  |
|  | <b><u>(164,499)</u></b>  |
| <b>Less: Capital and ICCA Changes:</b>   |  |
| Change in Capitalizable Costs  | (56,907)   |
| Change in ICCA Adjustments   | 3,303  |
|  | <b><u>(53,604)</u></b>   |
| <b>Recognized as of June 1, 2023 (Presented in Management's Assertion)</b>                                       | <b>\$ 1,026,418</b>  |
| <b>Additional costs incurred after June 1, 2023 for Hurricane Ian Incremental Storm Restoration Costs:</b>       |  |
| Third Party Examination of Hurricane Ian Incremental Storm Restoration Costs Summary                             | \$875  |
| <b>Total Hurricane Ian Incremental Storm Restoration Costs</b>   | <b>\$ 1,027,293</b>  |

Note: Totals may not add due to rounding.

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

**FLORIDA POWER & LIGHT COMPANY**

**DIRECT TESTIMONY OF TIFFANY C. COHEN**

**DOCKET NO. 20230017-EI**

**NOVEMBER 17, 2023**

1 **Q. Please state your name and business address.**

2 A. My name is Tiffany C. Cohen, and my business address is Florida Power & Light  
3 Company, 700 Universe Boulevard, Juno Beach, Florida 33408.

4 **Q. By whom are you employed and what is your position?**

5 A. I am employed by Florida Power & Light Company (“FPL” or the “Company”) as  
6 Vice President of Financial Planning and Rate Strategy.

7 **Q. Please describe your duties and responsibilities in that position.**

8 A. I oversee and am responsible for FPL’s financial forecast, analysis of financial  
9 results, corporate budgeting, load forecast activities, rate strategy, developing the  
10 appropriate rate design, and for administration of the Company’s electric rates and  
11 charges.

12 **Q. Please describe your educational background and professional experience.**

13 A. I hold a Bachelor of Science Degree in Commerce and Business Administration,  
14 with a major in Accounting from the University of Alabama. I obtained a Master  
15 of Business Administration from the University of New Orleans. I am also a  
16 Certified Public Accountant. Since joining FPL in 2008, I have held positions of  
17 increasing responsibility, including Manager of Rate Development, Director of  
18 Rates and Tariffs, Senior Director, Regulatory Rates, Cost of Service and Systems,  
19 Executive Director, Rate Development & Strategy, and my current position as the  
20 Vice President of Financial Planning and Rate Strategy. Prior to joining FPL, I was  
21 employed at Duke Energy for five years, where I held a variety of positions in the  
22 Rates & Regulatory Division, including managing rate cases, Corporate Risk

1 Management, and Internal Audit departments. Prior to joining Duke Energy, I was  
2 employed at KPMG, LLP.

3 **Q. Are you sponsoring any exhibits with this testimony?**

4 A. Yes. As discussed below, I will submit Exhibit TCC-1 – Actual Revenues Under  
5 the Consolidated Interim Storm Restoration Recovery Charge as a supplement to  
6 my testimony, which will be filed on or before May 15, 2024.

7 **Q. What is the purpose of your testimony?**

8 A. My testimony provides the Company’s proposal to true-up any final over or under  
9 recovery amounts related to the Consolidated Interim Storm Restoration Recovery  
10 Charge (“Interim Storm Charge”), which terminates on April 1, 2024.

11 **Q. Please describe the Interim Storm Charge.**

12 A. The Interim Storm Charge was designed to recover: (1) the incremental restoration  
13 costs related to Hurricanes Ian and Nicole; (2) the remaining incremental  
14 restoration costs to be collected for Hurricanes Michael, Sally, and Zeta, which  
15 were previously approved by the Florida Public Service Commission<sup>1</sup>  
16 (“Commission”) for final recovery by Gulf Power Company; and (3) the  
17 replenishment of the storm reserve. The Interim Storm Charge was approved by  
18 the Commission in Order No. PSC-2023-0110-PCO-EI to become effective for the  
19 twelve-month recovery period beginning April 2023. The Commission stated in its  
20 Order that, “once the total actual consolidated storm costs are known, the Company  
21 shall file documentation of the storm costs for our review and true up of any excess  
22 or shortfall.”

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<sup>1</sup> Order Nos. PSC-2020-0349-S-EI and PSC-2022-0406-FOF-EI.

1 **Q. Has FPL proposed any changes to the Interim Storm Charge since it became**  
2 **effective?**

3 A. Yes. On September 5, 2023, FPL filed a supplemental petition with the  
4 Commission requesting to reduce the Interim Storm Charge to reflect a decrease in  
5 the estimated incremental storm restoration costs related to Hurricanes Ian and  
6 Nicole. At the November 9, 2023 Agenda Conference, the Commission approved  
7 the modified Interim Storm Charge to become effective on January 1, 2024 and  
8 continue through March 31, 2024.

9 **Q. Does the Commission-approved modification to the Interim Storm Charge**  
10 **affect how FPL is proposing to determine any final true-up amount and**  
11 **resulting refund or charge to customers for any excess or shortfall?**

12 A. No. The Commission-approved Interim Storm Charge, including the modification  
13 approved at the November 9, 2023 Agenda Conference to become effective on  
14 January 1, 2024 and continue through March 31, 2024, will be subject to true-up  
15 once the final actual Recoverable Storm Costs are known.

16 **Q. How will FPL determine any final true-up amount related to the Interim**  
17 **Storm Charge?**

18 A. FPL witness Ferguson calculates and sponsors the final actual Recoverable Storm  
19 Amount for the Commission to review and approve in this proceeding. Once the  
20 Commission has made its final determination of the final actual Recoverable Storm  
21 Amount in this proceeding, FPL will compare the approved Recoverable Storm  
22 Amount to the actual total revenues collected from the Interim Storm Charge in  
23 order to determine any excess or shortfall in recovery. Interest will be applied to

1 any excess or shortfall at the thirty-day commercial paper rate consistent with Rule  
2 25-6.109, Florida Administrative Code.

3 **Q. How will FPL notify the Commission of the actual revenue received from the**  
4 **Interim Storm Charge?**

5 A. On or before May 15, 2024, FPL will file a supplemental exhibit to my direct  
6 testimony (Exhibit TCC-1) that shows the final total revenues collected under the  
7 Interim Storm Charge.

8 **Q. What is the Company's proposal to refund or charge customers for any excess**  
9 **or shortfall?**

10 A. After the total excess or shortfall has been determined, FPL will make a compliance  
11 filing with the Commission that sets forth the calculation of the appropriate true-up  
12 rates to apply to customer bills for a one-month period in order to refund the excess  
13 or collect the shortfall. The true-up rates will be designed in a manner that is  
14 consistent with the cost allocation used for the Interim Storm Charge rates filed and  
15 approved in this docket. FPL will apply the true-up rates through the non-fuel  
16 energy charge on customers' bills starting on Cycle Day 1 of the first month that is  
17 more than thirty days after Commission approval.

18 **Q. How will FPL notify its customers of the billing change that is going to occur?**

19 A. FPL will notify customers of the change in their rates at least thirty days in advance  
20 in the form of a message on their bill, with more detailed information regarding the  
21 revised Interim Storm Charge tariff provided on FPL's website,  
22 [www.FPL.com/rates](http://www.FPL.com/rates).

1 Q. Does this conclude your direct testimony?

2 A. Yes.