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May 2, 2018

**-- Via Electronic Delivery --**

Ms. Carlotta S. Stauffer  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

**RE: Docket No.: 20160251-EI -- Petition for limited proceeding for recovery of incremental storm restoration costs related to Hurricane Matthew by Florida Power & Light Company.**

Dear Ms. Stauffer:

Please find enclosed, for electronic filing in the above docket, the prefiled Rebuttal Testimony and Exhibits of Florida Power & Light Company witnesses Manuel B. Miranda and Kim Ousdahl.

If you should have any questions, please do not hesitate to contact me.

Sincerely,

/s/ John T. Butler  
John T. Butler

Enclosure

Cc: Counsel for parties of record (w/encl.)

**CERTIFICATE OF SERVICE**

**Docket No. 20160251-EI**

**I HEREBY CERTIFY** that a true and correct copy of the foregoing has been furnished by electronic service on this 2<sup>nd</sup> of May, 2018 to the following:

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By: s/ John T. Butler  
John T. Butler

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**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

**FLORIDA POWER & LIGHT COMPANY**

**REBUTTAL TESTIMONY OF MANUEL B. MIRANDA**

**DOCKET NO. 20160251-EI**

**MAY 2, 2018**

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1 **I. INTRODUCTION**

2

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

4 A. My name is Manuel B. Miranda. My business address is Florida Power &  
5 Light Company, 700 Universe Boulevard, Juno Beach, Florida 33408.

6 **Q. Did you previously submit direct testimony in this proceeding?**

7 A. Yes.

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

9 A. Yes. I am sponsoring the following exhibit:

- 10 • MBM-2 – Hurricane Matthew Article Provided in OPC’s Response to  
11 FPL’s 1<sup>st</sup> Request Production of Documents No. 2.

12 **Q. What is the purpose of your rebuttal testimony?**

13 A. The purpose of my rebuttal testimony is to refute the direct testimony of  
14 Office of Public Counsel (“OPC”) witness Helmuth W. Schultz, which  
15 recommends that FPL’s Hurricane Matthew Distribution logistics, contract  
16 labor and line clearing costs be reduced based on his contention that there is  
17 insufficient supporting detail for FPL’s Hurricane Matthew hotel costs and  
18 contractor mobilization, demobilization and standby costs.

19 **Q. Please summarize your rebuttal testimony.**

20 A. My testimony demonstrates that, contrary to Mr. Schultz’s claims, FPL has  
21 provided supporting details for its hotel lodging costs and that these costs as  
22 well as FPL’s Hurricane Matthew contractor mobilization, demobilization and  
23 standby costs were prudently incurred and are reasonable. Therefore, Mr.

1 Schultz's proposed reductions and adjustments are unwarranted and should be  
2 rejected.

3

4

## II. LOGISTICS COSTS - LODGING

5

6 **Q. Mr. Schultz recommends that the entire amount "paid to a single vendor"**  
7 **for hotel lodging, \$17.975 million (\$17.971 million, jurisdictional), be**  
8 **disallowed and that FPL's Distribution logistics costs be reduced by that**  
9 **amount because of what he claims to be insufficient supporting detail to**  
10 **justify that these costs were prudently incurred and reasonable. Do you**  
11 **agree with Mr. Schultz's recommended adjustment?**

12 A. No. One of the news articles that Mr. Schultz reviewed in preparing his  
13 testimony describes how Hurricane Matthew was a massive and destructive  
14 storm that had devastated parts of the Caribbean and heavily impacted the  
15 State of Florida. That article is attached as my Exhibit MBM-2. Hotel  
16 lodging plays a critical element of any significant storm restoration event.  
17 Without hotel rooms, securing external resources and/or moving internal  
18 resources from their homes to other areas to support restoration needs would  
19 become very challenging and most likely extend restoration time. Mr.  
20 Schultz's recommendation to disallow 100% of what he believed was the total  
21 cost FPL paid to its hotel vendor for hotel rooms is offered without any basis  
22 and is unreasonable.

23

1 Mr. Schultz had ample detail available to him to review the hotel lodging  
2 costs he is challenging, but he does not even mention the supporting detail that  
3 was available to him, let alone address it. That detail was included in FPL's  
4 response to OPC POD No. 9, which was provided to OPC on December 4,  
5 2017.

6 **Q. What were the total hotel lodging costs for Hurricane Matthew paid to**  
7 **FPL's hotel vendor?**

8 A. Hotel lodging costs for Hurricane Matthew that FPL paid to its hotel vendor  
9 totaled \$21.790 million (\$21.786 million jurisdictional). This total reflects the  
10 adjustment to lodging costs described and provided in FPL witness Ousdahl's  
11 rebuttal testimony.

12 **Q. Based on the total hotel lodging costs and the total room-nights that FPL**  
13 **paid to its hotel vendor, what was the average cost per day of a hotel**  
14 **room for Hurricane Matthew?**

15 A. The average total hotel room cost per night was approximately \$171 (\$21.790  
16 million/127,087 room-nights).

17 **Q. How do the total costs, number of rooms and cost per room night**  
18 **compare to those utilized by Mr. Schultz in his testimony?**

19 A. Mr. Schultz's testimony included an illustrative example using the total cost  
20 of \$17.975 million (\$17.971 million jurisdictional), which he then divided by  
21 his assumed \$200 per room per night cost to arrive at his calculated 89,875  
22 rooms.

1 **Q. What accounts for the differences in FPL's total costs, rooms and cost per**  
2 **room vs. the amounts contained in Mr. Schultz's testimony?**

3 A. It appears Mr. Schultz only utilized the initial prepayments made to FPL's  
4 hotel vendor that FPL provided in its response OPC POD No. 9, which he  
5 cited as the source for his Confidential Exhibit No. HSW-2, Schedule G, page  
6 2 of 2. However, in that response, FPL provided not only the invoices  
7 reflecting the initial prepayments it made to its hotel vendor (which Mr.  
8 Schultz used and identified in his confidential exhibit) but also subsequent  
9 invoices that reflected additional payments for the final total actual billing  
10 amount due for all hotel rooms booked on behalf of FPL. The total for these  
11 additional invoices was \$3.846 million.

12  
13 Also, FPL's response to OPC POD No. 9 included supporting details for these  
14 invoices. This included a cover sheet/summary for each of the ten invoices  
15 that provided: the total number of room nights included in the invoice; the  
16 charge for each of the room nights; taxes; the hotel vendor's commission; the  
17 total amount due; the amount credited due to the initial prepayment; and the  
18 net additional amount due to the vendor. Also, each invoice had attached a  
19 detailed Excel spreadsheet that included: the name and address of each hotel;  
20 the number of rooms and room nights booked; arrival and departures dates;  
21 room rates; taxes; the hotel vendor's commission; and a total charge for each  
22 room booked. Had Mr. Schultz utilized the information contained on the ten  
23 cover sheets that were included in FPL's response to OPC POD No. 9, he



1 could have quickly and accurately determined the actual total cost of FPL's  
2 hotel lodging, the number of rooms/room nights and an average cost per room  
3 – instead of relying on the estimated \$200 per room per day he utilized to  
4 obtain his estimated number of rooms used.

5 **Q. Do you believe the Hurricane Matthew \$171 average per room per night**  
6 **hotel lodging cost is reasonable?**

7 A. Yes. Excluding state and local taxes (approximately 12%), which is the  
8 manner in which hotel rates are typically quoted and compared, the average  
9 per room per night hotel lodging cost is only about \$153. This is a reasonable  
10 average rate, considering that these rooms were booked when there was  
11 significant competition for hotel rooms. For example, residents living on  
12 barrier islands and along the east coast of Florida were being evacuated, other  
13 utilities and first responders were also trying to secure hotel rooms and large  
14 blocks of rooms in certain areas within Florida were already booked as a  
15 result of large events (e.g., college football games).

16 **Q. Do you believe the Hurricane Matthew number of room nights for which**  
17 **FPL was charged is reasonable?**

18 A. Yes. The cumulative daily totals of storm restoration resources for which FPL  
19 needed to acquire lodging was close to the total number of room nights  
20 booked. This shows that the number of rooms that FPL booked was  
21 reasonable in relation to the scope of the restoration effort.

22

1 **Q. In his testimony, Mr. Schultz also criticizes the hotel lodging costs**  
2 **because, in addition to lodging costs paid to FPL's hotel vendor, FPL**  
3 **paid for lodging costs that were included in various contractors/tree**  
4 **crews' and a staging site vendor's bills. Do you agree?**

5 A. No. Mr. Schultz did not specifically identify the contractor bills that included  
6 overnight lodging that he referenced in his testimony, so FPL is unable to  
7 address those instances directly. However, in general, it would not be  
8 unexpected or unusual for contractor bills to include charges for overnight  
9 lodging beyond that provided by FPL. For example, during contractor  
10 mobilization and demobilization, contractors are responsible for securing their  
11 own respective lodging needs while they are travelling to or from FPL's  
12 service territory.

13 **Q. Finally, Mr. Schultz criticizes FPL's incurring other lodging costs (e.g.,**  
14 **mobile sleepers in staging sites). Were these other lodging needs and**  
15 **associated costs necessary?**

16 Yes. FPL arranged for mobile sleepers and cots to provide alternative lodging  
17 needs. This was in response to the uncertainty that existed with the  
18 availability and location of lodging needs. As mentioned earlier, there was  
19 considerable competition for hotel rooms and FPL could not risk being in a  
20 position where there was inadequate hotel lodging near the areas where the  
21 restoration resources were most needed. Therefore, arranging for mobile  
22 sleepers and cots at staging sites was a prudent decision and an essential  
23 response to that uncertainty.

1 **Q. In summary, are the Hurricane Matthew hotels lodging costs incurred**  
2 **and paid to FPL's hotel vendor prudent and reasonable?**

3 A. Yes, I believe FPL's Hurricane Matthew hotel lodging costs were prudently  
4 incurred and are reasonable.

5

6 **III. MOBILIZATION, DEMOBILIZATION AND STANDBY COSTS**

7

8 **Q. Based on OPC witness Schultz's review of certain FPL interrogatory**  
9 **responses, he expresses concerns with how contractor costs were tracked**  
10 **and recommends that reductions should be considered for contractor**  
11 **mobilization and demobilization time/costs because there is a lack of**  
12 **documentation and justification for those specific activities. Do you agree**  
13 **with his concerns and recommendation?**

14 A. No. Mr. Schultz's concerns are unfounded and may result from his  
15 misinterpretation of those interrogatory responses. To be clear, mobilization  
16 and demobilization time/costs are incurred by contractors as they travel to and  
17 from FPL's service territory to support storm service restoration efforts.  
18 Mobilization and demobilization time and costs can be substantial (and in a  
19 shorter restoration event like Hurricane Matthew disproportionate to the total  
20 cost of restoration), as contractors' travel time to and from the restoration  
21 effort can cover several days each way. But, those costs are unavoidable. For  
22 example, because of the uncertainty of Hurricane Matthew's path, some of the  
23 utilities that could have been potentially impacted by Hurricane Matthew

1 (e.g., utilities in the southeast) were not willing to release resources to FPL.  
2 As a result, FPL's external contractors included resources that came from  
3 Texas, the Midwest and the Northeast, for which travel time was substantial.

4  
5 As stated in its response to OPC Interrogatory No. 25, FPL was unable to  
6 provide the "total costs associated with mobilization/demobilization" because  
7 total contractor mobilization/demobilization costs (e.g., mutual aid utilities)  
8 are not always specifically itemized or identified on their invoices. However,  
9 when FPL stated that mobilization/demobilization costs are not "tracked by  
10 FPL," this meant only that FPL does not, as a part of its normal course of  
11 business, aggregate and/or break out as a specific line item on a report these  
12 types of costs. It does not mean that FPL has not overseen, reviewed and  
13 approved mobilization/demobilization time and costs.

14 **Q. Are FPL's mobilization/demobilization and standby costs reviewed and**  
15 **approved by FPL personnel?**

16 A. Yes. In fact, mobilization/demobilization time is recorded on all non-mutual  
17 aid contractor time sheets and reviewed/approved by FPL personnel. This can  
18 be seen on the timesheets that FPL produced in response to OPC's First Set of  
19 Production of Documents, No. 6. Additionally, through its continual  
20 discussions with external contractors when obtaining their commitment to  
21 support FPL's restoration efforts, FPL is well aware of the contractors' travel  
22 plans and estimated time of arrival. Furthermore, on many occasions, FPL  
23 continues to have discussions with these contractors as they are actually

1 travelling. In some cases, FPL is able to release contractors to other utilities  
2 to support their restoration efforts, which then allows FPL to completely avoid  
3 those contractors' demobilization time/costs.

4 **Q. Does FPL have data that corroborate your conclusions about the**  
5 **reasonableness of FPL's oversight and controls for mobilization/**  
6 **demobilization costs?**

7 A. Yes. After receiving Mr. Schultz's testimony, FPL reviewed its records on  
8 non-mutual aid utility contractor line resources (approximately 85% of all  
9 contractor line resources) and created an extract which identifies the  
10 mobilization and demobilization costs for those resources. Based on this  
11 extract, the cost of mobilization and demobilization for non-mutual aid utility  
12 contractor line resources was approximately \$40 million, out of a total of \$120  
13 million paid to those contractors. This is a reasonable portion of the total  
14 costs for mobilization and demobilization, when one considers the distance  
15 and time associated with contractors travelling to and from FPL's service  
16 territory.

17 **Q. Mr. Schultz also expressed concerns with FPL's accountability for**  
18 **contractor standby time/costs and, as a result, recommends that the**  
19 **Commission consider reductions to these costs. Do you agree with his**  
20 **concerns/recommendation?**

21 A. No. Again, it appears Mr. Schultz has misinterpreted FPL's interrogatory  
22 responses. Storm-related contractor standby time/costs are incurred when  
23 contractors have arrived in advance of a storm's impacts, are pre-staged and

1 waiting for the storm to pass. Pre-staging restoration resources is essential to  
2 reducing overall restoration time.

3

4 When FPL stated in its response to OPC Interrogatory No. 66 that it “does not  
5 specifically track or aggregate standby costs,” it meant that FPL does not, as a  
6 part of its normal course of business, aggregate and/or report on these specific  
7 types of costs – not that FPL does not obtain, oversee and approve these costs.  
8 Standby time is recorded on all non-mutual aid contractor time sheets, which  
9 are reviewed and approved by FPL representatives.

10 **Q. Are the standby costs that FPL paid as part of the Hurricane Matthew**  
11 **restoration effort prudent and reasonable?**

12 A. Yes. Again, after receiving Mr. Schultz’s testimony, FPL reviewed its records  
13 to develop an estimate of contractor standby time and costs for Hurricane  
14 Matthew utilizing the number of resources pre-staged, average line and  
15 vegetation contractor rates and estimated contractor standby time per day.  
16 This resulting estimate provides insight into the magnitude of standby costs  
17 incurred during Hurricane Matthew. In this estimate, the contractor standby  
18 costs incurred were less than \$4 million for Hurricane Matthew, out of total  
19 contractor costs of \$186.4 million. This shows that standby costs were small  
20 compared to the total contractor costs and, as I stated earlier, essential to  
21 getting customers’ power back on as quickly as possible.

22 **Q. Does this conclude your rebuttal testimony?**

23 A. Yes.

Hurricane Matthew Recap: Destruction From the Caribbean to the United States | The We... Page 1 of 18



Notifications



NEWS



## Hurricane Matthew Recap: Destruction From the Caribbean to the United States

Oct 9 2016 05:00 AM EDT | weather.com



### Astros Bring Hope to Houston After Harvey

The Weather Channel's Concetta Callahan reports that the Houston Astros in the World Series is bring a big lift to the city of Houston which is still recovering from Hurricane Harvey.

### Story Highlights

Matthew formed near the Windward Islands on Sept. 28, 2016.



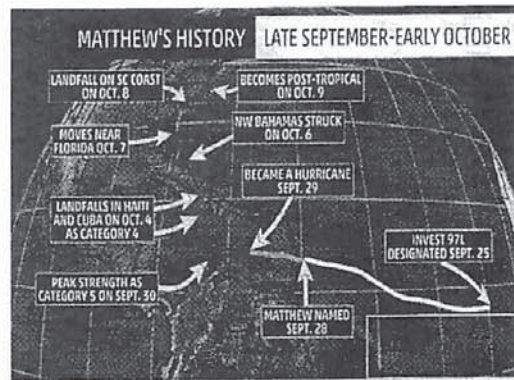
It went on to leave a path of destruction from the Caribbean to the Southeast U.S.

On Oct. 9, 2016, Matthew finally moved away from the U.S. coastline and became post-tropical.

Matthew formed from a tropical wave that pushed off the African coast in late September. That tropical wave was dubbed Invest 97L just southwest of the Cape Verde Islands on Sept. 25.

**(MORE: How to Help Matthew's Victims)**

It took a few days for that system to organize as it moved westward in the Atlantic. About three days later, however, the system gained sufficient organization to be named Tropical Storm Matthew near the Windward Islands.



Matthew's track history.

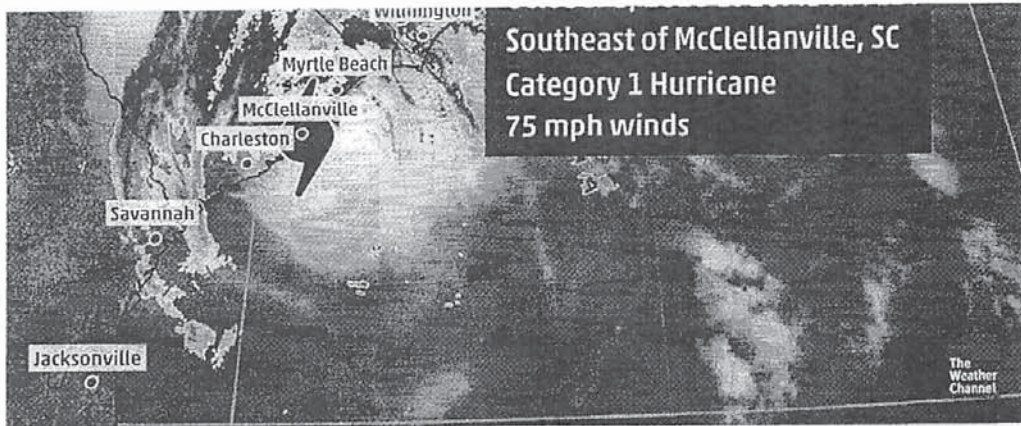
Once Matthew reached the eastern Caribbean, it became a hurricane and rapidly intensified. Its peak intensity was late Sept. 30 into early Oct. 1 when it reached Category 5 strength with 160 mph winds.

Matthew then made landfall in Haiti and eastern Cuba on Oct. 4 as a Category 4. From there, Matthew hammered the Bahamas Oct. 5-6 as a Category 3 and 4 hurricane.

The southeastern United States was then hit hard by Hurricane Matthew as it moved very close to the coasts of Florida, Georgia, South Carolina and North Carolina. Matthew made one official U.S. landfall on Oct. 8 southeast of McClellanville, South Carolina, as a Category 1 hurricane with 75 mph winds.







Satellite, radar, and statistics on Hurricane Matthew's landfall on October 8, 2016.

Matthew was declared post-tropical by the National Hurricane Center as it moved away from North Carolina on Oct. 9.

### Matthew's U.S. Storm Reports

#### Storm Surge

On Oct. 7 in Florida, a peak surge of 9.88 feet above normal was measured at an NOS tide gauge at Fernandina Beach, Florida.

Storm surge flooding affected the St. Augustine area, including major flooding on Anastasia Island where water was reported to be 2.5 feet above ground level. To the south in nearby Flagler Beach, Florida, parts of A1A were washed out by the storm surge.

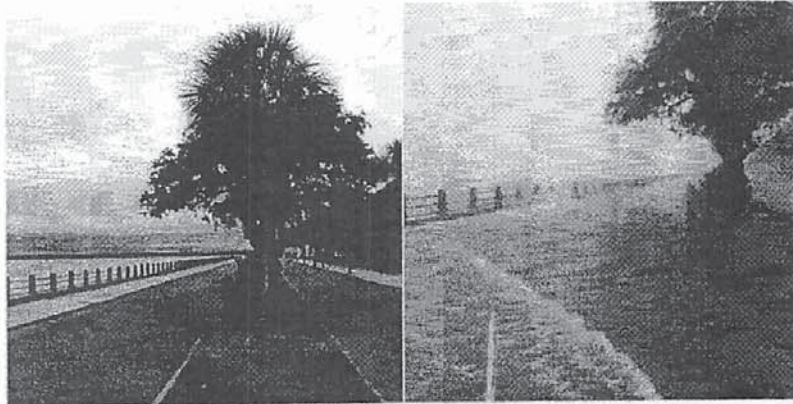


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The NWS-Jacksonville conducted a storm survey and found a new inlet was carved between Marineland and Matanzas Inlet, between Palm Coast and St. Augustine Beach, Florida.

The St. Johns River in northeast Florida reached its highest level on record at Shands Bridge, along with 3 to 4.3 feet of storm surge inundation reported at the Racy Point, Red Bay Point and I-295 bridge tide gauges. Early in the morning on Oct. 8, the St. Johns River was flowing backwards.

Matthew's storm surge coupled with high tide lead to a record tide level at Ft. Pulaski, Georgia, early Oct. 8, and storm surge inundation roughly waist-deep was reported in parts of Charleston, South Carolina.



**Mark Sudduth**  
@hurricanetrack

Follow

Yesterday and right now. The Battery, Charleston South Carolina.

8:40 AM - Oct 8, 2016

11 1,119 933

A storm surge of just under 8 feet was recorded at Ft. Pulaski, Georgia, between Savannah and Tybee Island, according to NOAA/National Ocean Service data. Fort Pulaski set a new record tide level of 12.57 ft M.LW (above normal low tide), which occurred two hours after high tide. This beats the old record going back to Hurricane David in 1979.



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Tide levels at the Charleston Harbor peaked at their third highest level on record with the morning high tide on Oct. 8, the highest levels, there, since Hurricane Hugo in 1989 and over a foot higher than the early October 2015 flood event. Water was entering homes on West Ashley in Charleston, according to the National Weather Service.



**NWS Charleston, SC**  
@NWSCharlestonSC

Follow

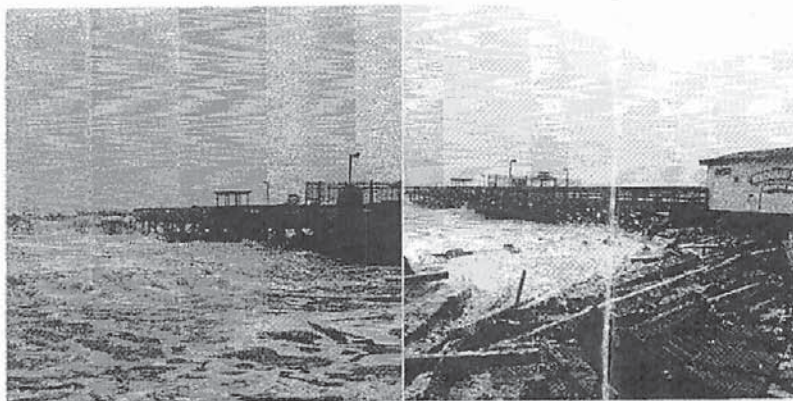
Tide level at Fort Pulaski has reached 12.22 ft MLLW, which sets a preliminary all-time record! #gawx #savwx

2:59 AM - Oct 8, 2016

2 75 25

On the afternoon of Oct. 8, water levels were topping 5 feet above normal at Oyster Landing, near Georgetown, South Carolina, and at Myrtle Beach. In southern North Carolina, water levels on the Cape Fear River at Wilmington shattered a record from Hurricane Hazel in 1954.

The Springmaid Pier in Myrtle Beach was heavily damaged, a section of the Oak Island (North Carolina) pier was also also damaged by waves, and the Jacksonville Beach pier was also damaged.



**Kaitlin Wright**  
@wxkaitlin

Follow

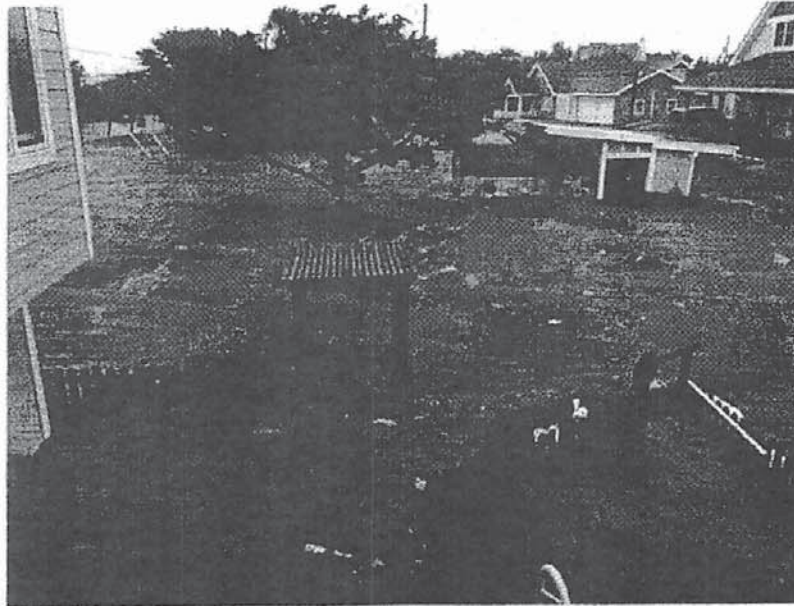
Pictures of the basically gone Springmaid Pier in Myrtle Beach.

Pictures by John Krajc

2:23 PM - Oct 8, 2016

Hurricane Matthew Recap: Destruction From the Caribbean to the United States | The We... Page 6 of 18

On the morning of Oct. 9, major sound side storm surge flooding affected the Outer Banks of North Carolina.



NHC\_Surge  
@NHC\_Surge

Follow

Storm surge flooding from Hatteras Village this morning

8:30 AM - Oct 9, 2016

5 216 115

### Wind Reports

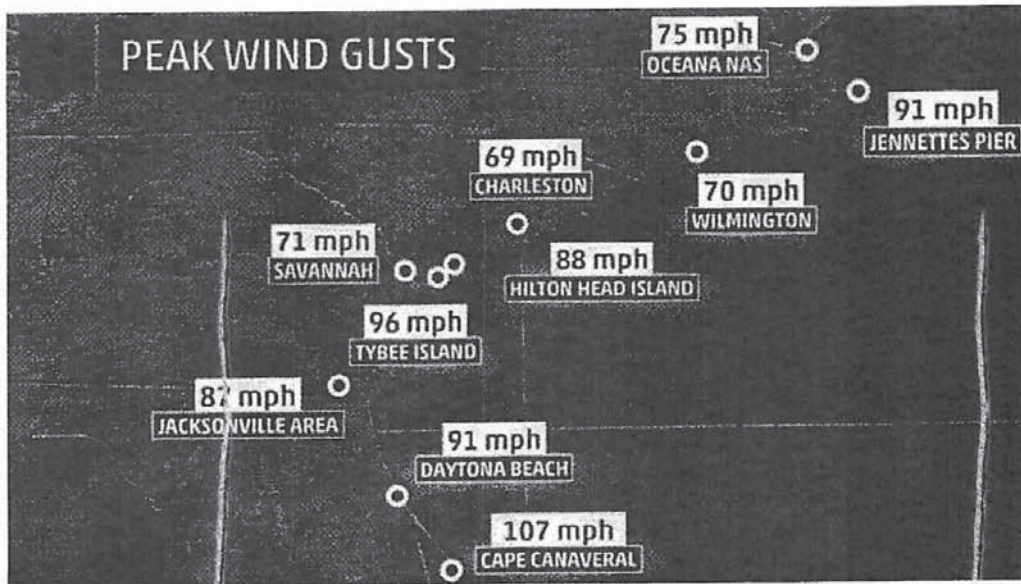
Here are some of the top wind gust reports from Matthew:

- Cape Canaveral, Florida: 107 mph (on an elevated tower at 54 feet above the ground)
- Tybee Island, Georgia: 96 mph
- Jennette's Pier, North Carolina (Outer Banks): 91 mph
- Daytona Beach, Florida: 91 mph
- Hilton Head Island, South Carolina: 88 mph
- Jacksonville Area: 87 mph
- South Ponte Vedra Beach, Florida: 84 mph



Hurricane Matthew Recap: Destruction From the Caribbean to the United States | The We... Page 7 of 18

- Duck, North Carolina: 83 mph
- Beaufort, South Carolina: 83 mph
- Fort Pulaski, Georgia: 79 mph
- Folly Beach, South Carolina: 76 mph
- Oceana NAS, Virginia: 75 mph
- Myrtle Beach, South Carolina: 74 mph
- Savannah, Georgia: 71 mph
- Melbourne, Florida: 70 mph
- Charleston, South Carolina: 69 mph
- Florence, South Carolina: 67 mph
- Lumbertgon, North Carolina: 66 mph
- Fayetteville, North Carolina: 62 mph
- Sumter, South Carolina: 61 mph
- Orlando Area: Gusts over 60 mph



Interestingly, some of the strongest wind gusts in the Carolinas occurred after the center of Matthew passed by.

### Rainfall Reports

Fayetteville, North Carolina, picked up over 8 inches of rain in 6 hours on the morning of Oct. 8 and totaled over 14 inches of rain from this event. As you would expect, major flooding materialized.

The NWS office in Wilmington, North Carolina, issued its first ever flash flood emergency early Oct. 8 for Horry County, including the Myrtle Beach Grand Strand and Conway, South Carolina, due to the combination of rainfall and storm surge flooding. Flash flood emergencies are only issued during rare, exceptionally dangerous events.

Matthew brought widespread flash flooding and record river flooding to eastern North Carolina where hourly rainfall estimates from radar were as high as 7 inches per hour. Buildings were flooded, roads washed out, and sections of Interstates 95 and 40 were flooded in the Tar Heel State.



**Derek Medlin**  
@DerekMedlin

Follow

From Johnston County, cars and trucks driving through water on I-95...be smart, people. Don't do this. #Matthew

5:03 PM - Oct 8, 2016

17 258 159



**(MORE: Matthew's Record River Flooding)**

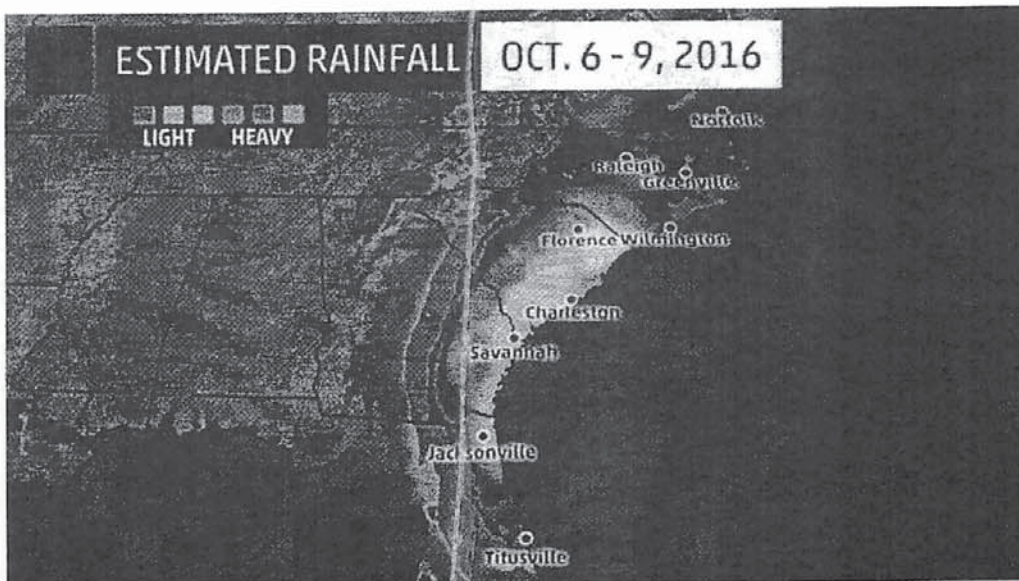


Hurricane Matthew Recap: Destruction From the Caribbean to the United States | The We... Page 9 of 18

Here are some of the rainfall totals from Matthew, according to NOAA's Weather Prediction Center:

- Savannah (Hunter U.S. Army Airfield), Georgia: 17.49 inches
- William O Huske Lock 3, North Carolina: 15.65 inches
- Goldsboro, North Carolina: 15.24 inches
- Fayetteville, North Carolina: 14.82 inches
- Beaufort, South Carolina: 14.04 inches
- Reevesville, South Carolina: 12.90 inches
- Virginia Beach, Virginia area: 12.16 inches
- Suffolk, Virginia: 11.24 inches
- Hilton Head Island, South Carolina: 11.00 inches
- Charleston, South Carolina: 10.48 inches
- Folly Field, South Carolina: 9.82 inches
- Orlando, Florida (Sanford): 8.99 inches
- Jacksonville, Florida: 6.75 inches
- N. Myrtle Beach, South Carolina: 5.67 inches
- Daytona Beach, Florida: 5.29 inches

Savannah International Airport had their second wettest calendar-day rain on record dating to 1871 on October 7.



Estimated rainfall from Matthew.

Among the notable rainfall flooding reports, included:

- Johnston County, North Carolina: Multiple water rescues; people trapped in homes, on top of vehicles
- Fayetteville, North Carolina: I-95 flooded
- Near Coats Crossroads, North Carolina: Six-mile stretch of Interstate 40 closed
- Raleigh, North Carolina: Several feet of water on Atlantic Avenue and Hodges Street
- Near Clarkton, North Carolina: Vehicle swept away in road washout; 2 killed
- Guilford, Halifax, Harnett, Nash, Sampson, Wayne Counties, North Carolina: Numerous roads flooded and closed.
- Sellers, South Carolina: Cars, homes, town hall flooded
- Holly Hill, South Carolina: Water up to 3 feet deep flooded buildings.
- Near Cameron, South Carolina: Road washed out
- Columbia, South Carolina: Numerous roads closed due to flooding, downed powerlines, trees
- College Park, South Carolina: Water entering some homes



**Will Kennedy**  
@willkennedynews

Follow



## Caribbean and Bahamas Storm Reports, Recap

On the day Matthew was named (Sept. 28), George F.L. Charles Airport on St. Lucia picked up 9.21 inches of rain.

On the south side of the island, Hewanorra Int'l Airport picked up 13.19 inches of rain in just 12 hours from 8 p.m. Sept. 28 through 8 a.m. Sept. 29, according to the Antigua Met Service.




**Antigua Met Service**  
@anumetservice

Follow

Flooding during Tropical Storm Matthew in St. Lucia  
[youtu.be/caZ0dkAFJ7s](https://youtu.be/caZ0dkAFJ7s) via @YouTube

6:56 AM - Sep 29, 2016

2 49 17

 wind gust to 89 mph was reported in St. Pierre, Martinique, Sept. 28. Sustained winds of 39 mph were reported on the island of Barbados.

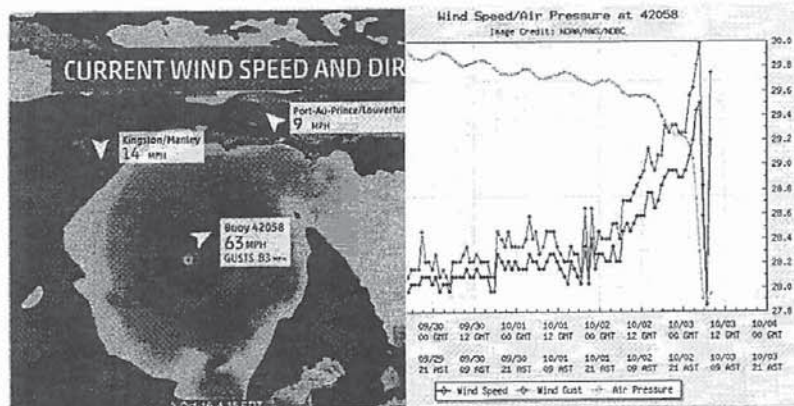


Matthew strengthened to a rare Category 5 late Sept. 30, becoming the first Category 5 Atlantic basin hurricane since Hurricane Felix in early September 2007.

**(MORE: Category 5 Hurricanes Prior to Matthew)**

According to Colorado State University tropical scientist Dr. Phil Klotzbach, Matthew became the lowest latitude Category 5 hurricane in the Atlantic on record (beating the old record set by Ivan in 2004).

Some outer rainbands triggered flash flooding in Jamaica Oct. 2, hundreds of miles away from the center of Matthew.



**Jonathan** ⚡🌧️  
@JonathanBelles

Follow

4:20am ET: Buoy 42058 Winds rebounding quickly in the southern eyewall. #Matthew

Min pressure from the eye pass: 942.8mb.

4:21 AM - Oct 3, 2016

1 13 9



Hurricane Matthew's eye first came ashore in the Greater Antilles in the western Tiburon Peninsula of Haiti near the town of Les Anglais around 7 a.m. EDT Oct. 4, according to the National Hurricane Center.

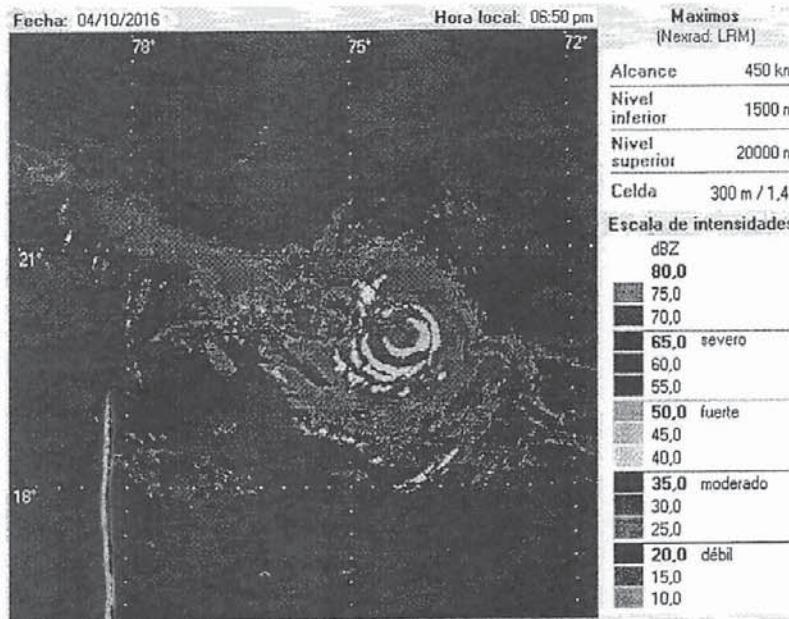




Matthew was the first Category 4 Haiti landfall since Hurricane Cleo in 1964, and only the fourth such intensity or stronger hurricane to track within 65 nautical miles of southern Haiti's Tiburon Peninsula since the 1960s, according to NOAA's Best Tracks Database.

**(MORE: Devastation in Haiti)**

Hurricane Matthew made a second landfall near Juaco, Cuba, around 8 p.m. EDT Oct. 4. An unconfirmed wind gusts to 155 mph was reported in the town of Baracoa, Cuba, in Matthew's eyewall.



 **CycloforumsPR**  
@CycloforumsPR

Follow

Huracán Matthew entra a Cuba por el pueblito de Jauco en Punta de Maisí, Guantánamo, con vientos de 140 mph.

7:56 PM - Oct 4, 2016 · Puerto Rico



1 40 8



After moving away from Cuba, Matthew passed through the Bahamas.



Late Oct. 5, a 119 mph sustained wind was clocked at Exuma International Airport. Sustained winds over 100 mph were also clocked at George Town, also on Exuma.

Winds gusted to 85 mph in Nassau on Oct. 6 as Matthew moved through.

## Exuma International, Bahamas

✈ Change Station ▾

Forecast History Calendar Rain / Snow Health

Elev ft 0.00 °N, 0.00 °E Updated NaN sec ago [station offline]



Rain

82 °F

Feels Like 90 °F



Wind from SE  
Gusts 144 mph

Today

High -- Low 79 °F

☔ 100% Chance of Precip.

Yesterday

High -- Low -- °F

Precip. -- in



Expect occasional rain to continue for the next several hours.



**Jon Passantino**  
@passantino

Follow

Remarkable observation tonight from GGT Airport as #Matthew rakes the Bahamas

10:34 PM - Oct 5, 2016

5 158 84



Radar indicates that Matthew made landfall along the western tip of Grand Bahama Island prior to 8 p.m. EDT on Oct. 6 with extremely high winds battering that island in the eyewall.



Hurricane Matthew Recap: Destruction From the Caribbean to the United States | The ... Page 15 of 16

In the 9 p.m. hour on Oct. 6, Grand Bahama reported a sustained wind of 64 mph. Freeport in the northwest Bahamas reported sustained winds of 100 mph with gusts up to 121 mph as the northern eyewall lashed the area.

Settlement Point reported sustained winds of 79 mph and gusts as high as 105 mph.

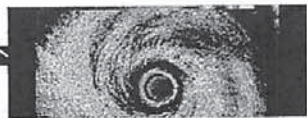
MORE ON WEATHER.COM: Hurricane Matthew Photos

1 of 299



Chris Moore walks down Martin Luther King Blvd. on October 12, 2016 in Lumberton, North Carolina. Hurricane Matthew's heavy rains ended over the weekend, but flooding is still expected for days in North

**f** RECOMMENDED ARTICLES



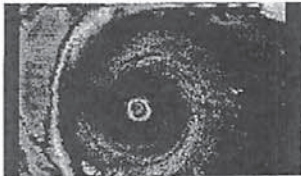
Hurricane Central

The 15 Most Iconic Hurricane Images of All Time





These are the photos and images of tropical cyclones that are most burned into our minds.



Hurricane Central

### Is a Category 6 Hurricane Possible?

Have we already had Category 6 hurricanes in the past? Do we have any in our future?



Hurricane Central

### Monsters of the Atlantic: The Basin's Category 5 Hurricanes

An in-depth look the Atlantic's Category 5 hurricanes and the destruction they have caused.

*The Weather Company's primary journalistic mission is to report on breaking weather news, the environment and the importance of science to our lives. This story does not necessarily represent the position of our parent company, IBM.*

### MOST POPULAR



Puerto Rico in the Last 24 Hours (PHOTOS)

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**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

**FLORIDA POWER & LIGHT COMPANY**

**REBUTTAL TESTIMONY OF KIM OUSDAHL**

**DOCKET NO. 20160251-EI**

**MAY 2, 2018**

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1 **I. INTRODUCTION**

2

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

4 A. My name is Kim Ousdahl, and my business address is Florida Power & Light  
5 Company (“FPL or “the Company”), 700 Universe Boulevard, Juno Beach,  
6 Florida 33408.

7 **Q. Did you previously submit direct testimony in this proceeding?**

8 A. Yes.

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

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

- 11 • KO-2 (Corrected) – Corrected Hurricane Matthew Final Costs and  
12 Incremental Cost and Capitalization Approach (“ICCA”) Adjustments;
- 13 • KO-3 – Annual Transmission and Distribution Storm Damage  
14 Feasibility Reports for 2013 – 2017; and
- 15 • KO-4 – Pre-Matthew Storm Reserve Activity for January 2013-  
16 September 2016.

17 **Q. What is the purpose of your rebuttal testimony?**

18 A. The purpose of my rebuttal testimony is to address certain adjustments to  
19 FPL’s recoverable storm costs recommended by Office of Public Counsel  
20 (“OPC”) witness Schultz. The recommended adjustments are inconsistent  
21 with Rule 25-6.0143, Use of Accumulated Provision Accounts 228.1, 228.2  
22 and 228.4, Florida Administrative Code (“F.A.C”) (“the Rule”), prior Florida  
23 Public Service Commission (the “Commission” or “FPSC”) orders, and

1 historical practice, and should be rejected. In addition, I am providing a  
2 corrected Exhibit KO-2 which reflects additional immaterial reductions to  
3 recoverable costs and corrections to the categorization of costs that have been  
4 identified in the course of discovery and the preparation of my rebuttal  
5 testimony.

6 **Q. Please summarize your rebuttal testimony.**

7 A. I will demonstrate that, contrary to witness Schultz's assertions, the Company  
8 has accounted for and presented Hurricane Matthew storm costs for recovery  
9 in accordance with the Rule and FPL's 2012 Settlement Agreement.  
10 Specifically, I will address recommendations by witness Schultz to adjust  
11 FPL's requested storm cost recovery in this docket related to: 1) costs charged  
12 to the storm reserve for storm events prior to Hurricane Matthew; 2) the  
13 calculation of incremental regular payroll; and 3) increasing the capitalization  
14 of storm costs. Lastly, I will describe and provide the impact of FPL's  
15 identified adjustments reflected on my corrected Exhibit KO-2.

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1 **II. REPLENISHMENT OF THE STORM RESERVE**

2

3 **Q. On page 44, lines 6 through 17 of witness Schultz’s testimony, he**  
4 **recommends removing \$24.026 million from FPL’s requested storm cost**  
5 **recovery that relate to costs charged to the storm reserve for storms prior**  
6 **to Hurricane Matthew, because FPL allegedly failed to meet its burden of**  
7 **proof regarding these costs. Is this adjustment appropriate?**

8 A. No. FPL has fully complied with the Rule and the 2012 Settlement  
9 Agreement with respect to the recording of costs for prior storms and the  
10 calculation of the recoverable amount in this proceeding. It is important to  
11 first review and understand the Rule and historical practice to ascertain the  
12 process for incremental storm cost recovery in Florida. The Rule, effective in  
13 2007, established an orderly process for recovery of incremental storm costs  
14 by utilities. Part (1)(b) of the Rule directs that charges to the storm reserve be  
15 made for costs not recoverable by insurance. Part (1)(c) explains that utilities  
16 must maintain records of the charges to the account. Part (1)(d) describes how  
17 to apply the ICCA methodology and includes a notice provision in the event  
18 storm costs are expected to exceed \$10 million. There is no requirement in  
19 the Rule for a utility to submit detailed documentation for those storms.

20

21 Part (1)(g) outlines the conditions for which approval for recording certain  
22 specific and limited types of charges to the account must be granted in  
23 advance by the Commission. However, this provision makes clear that all

1 other costs previously listed in part (1)(e) are chargeable to the storm reserve  
2 using the ICCA methodology *without* preapproval. Finally, in part (1)(m), the  
3 Rule provides for the annual reporting of amounts recorded to the storm  
4 reserve. Each year that the Rule has been in effect, FPL has prepared and  
5 submitted to the Commission the required annual report, referred to as the  
6 Annual Transmission and Distribution Storm Damage Feasibility Report. The  
7 annual reports for the period 2013 through 2017 are provided in Exhibit KO-  
8 3. These same reports were also included in FPL's response to OPC's 4<sup>th</sup> Set  
9 of Interrogatories, Question No. 107.

10 **Q. On pages 40 through 42, witness Schultz states that FPL's filing in this**  
11 **docket did not clearly state FPL's request to replenish the storm reserve**  
12 **for \$24.026 million associated with prior storm events prior to Hurricane**  
13 **Matthew in this filing. Do you agree?**

14 A. No. Appendix A in FPL's December 29, 2016 petition that initiated this  
15 proceeding clearly identified a \$93.1 million pre-storm debit balance in the  
16 storm reserve and asked to replenish the reserve to the \$117.1 million level  
17 that existed on the implementation date of the 2012 Settlement Agreement. In  
18 fact, witness Schultz himself acknowledges in his response to FPL's First Set  
19 of Interrogatories No. 23, that he does not dispute that FPL's pre-Hurricane  
20 storm reserve balance was \$93.105 million. The difference between those  
21 figures is the \$24.026 million that witness Schultz is now challenging. In  
22 Order No. PSC-2017-0055-PCO-EI (the "Interim Storm Order"), the  
23 Commission approved FPL's recovery request, including replenishment of the

1 storm reserve. At the February 7, 2017 Commission Conference Agenda,  
2 OPC stated that “the hearing process cannot move forward until those costs  
3 for *Hurricane Matthew* are finalized and complete,” and FPL agreed they  
4 would provide final costs for *Hurricane Matthew* for a “review of the actual  
5 costs that FPL incurred for reasonableness and compliance with the rule  
6 requirements on which costs are eligible for recovery.” (See pages 4 and 5 of  
7 February 7, 2017 agenda conference transcript; emphasis added). Neither the  
8 Commission nor OPC took issue with FPL’s request to include the storm  
9 reserve replenishment for recovery in this docket, nor did OPC seek  
10 supporting documentation. The Commission only required additional detail  
11 regarding the costs associated with Hurricane Matthew, which was  
12 subsequently provided on October 16, 2017.

13 **Q. On page 43, lines 6 through 10 of witness Schultz’s testimony, he states**  
14 **that FPL is required to provide supporting documentation for the proper**  
15 **level of storm reserve replenishment in this proceeding. Do you agree**  
16 **that FPL’s filing is deficient?**

17 A. No, I do not. As explained above, the Rule provides an orderly and timely  
18 process for the Company to report its charges to the storm reserve. FPL has  
19 followed that process each and every year as it recorded charges to the storm  
20 reserve. As previously explained, the Rule makes clear that no preapproval  
21 for these charges is required. Likewise, the 2012 Settlement Agreement  
22 provides no support for witness Schultz’s position. The 2012 Settlement

1 Agreement clearly states that FPL is authorized to replenish its storm reserve  
2 to the level that existed as of the implementation date (\$117.1 million).  
3 The interim storm recovery mechanism originated in FPL's base rate case  
4 settlement agreement in 2010. As part of its review of the then-new  
5 mechanism, Staff posed a series of data requests asking both FPL and the  
6 intervenor signatories (including OPC) how they would interpret and apply it.  
7 In response to Question 2 of Staff's Data Request No. 5 in Docket No.  
8 20080677-EI, FPL and the intervenor signatories agreed that, when the storm  
9 reserve was fully depleted by a storm, FPL would be entitled to utilize the  
10 mechanism both to recover the storm costs in excess of the available reserve  
11 and to replenish the storm reserve to the level at the implementation date. No  
12 party asserted that this recovery was conditioned on including in FPL's storm  
13 charge petition detail about how the storm reserve had been depleted before  
14 that storm. In effect, witness Schultz is requesting the addition of a new term  
15 to the 2012 Settlement Agreement.

16 **Q. Has the Company provided additional information regarding the \$24.026**  
17 **million of activity in the storm reserve from January 1, 2013 to just prior**  
18 **to Hurricane Matthew?**

19 A. Yes. FPL recently responded to Staff's First Request for Production of  
20 Documents, Question No. 3, which requested support for the \$24.026 million  
21 of non-Hurricane Matthew charges against FPL's storm reserve. Exhibit KO-  
22 4 is the detail of pre-Matthew storm reserve activity for the period January 1,  
23 2013 to just prior to Hurricane Matthew that was included in this discovery

1 response. It contains support for the \$24.026 million including incremental  
2 costs by storm and cost type, and other activity recorded to the storm reserve.

3 This storm reserve activity is summarized as follows:

- 4 • \$34.4 million reduction in the reserve for incremental storm costs for  
5 five storms that occurred between 2013 and September 2016 of which  
6 \$20.1 million relates to Hurricane Hermine.
- 7 • \$5.4 million increase in the reserve for adjustments to incremental  
8 costs related to Tropical Storm Debby, Hurricane Sandy, and  
9 Hurricane Isaac, which all occurred prior to January 1, 2013.  
10 Accounting for one storm event may occur over multiple years  
11 requiring FPL to record adjustments after the fact. Months, if not  
12 years, may elapse before FPL will receive all third party invoices and  
13 reimbursements.
- 14 • \$5.0 million increase in the reserve mainly due to earnings on storm  
15 fund investments, and administrative and service fees associated with  
16 servicing FPL's storm securitization bonds.

17 **Q. Should the Commission approve FPL's request for the replenishment of**  
18 **the storm reserve to \$117.1 million?**

19 A. Yes. The Company has complied with the Rule and the 2012 Settlement  
20 Agreement, and has consistently followed its own storm policies and practices  
21 which conform to the Rule and prior storm orders. Therefore, FPL should be  
22 authorized to recover its incremental storm costs charged against the reserve  
23 in accordance with those requirements.

1 **III. INCREMENTAL STORM COSTS**

2

3 **Q. Witness Schultz asserts throughout his testimony that FPL has not**  
4 **appropriately applied the ICCA methodology under the Rule to calculate**  
5 **incremental costs related to Hurricane Matthew. Do you agree with his**  
6 **assertions?**

7 A. No, I do not. FPL has appropriately accounted for storm restoration costs for  
8 Hurricane Matthew consistent with the Rule, which codifies its ICCA  
9 methodology. The calculations performed by FPL are in accordance with the  
10 Rule and consistent with the accounting for every storm event charged to the  
11 storm reserve for over ten years.

12 **Q. Did the FPSC conduct an audit to review FPL’s application of the ICCA**  
13 **methodology related to Hurricane Matthew storm costs?**

14 A. Yes. As reflected in Staff witness Brown’s testimony, the FPSC conducted an  
15 audit to review incremental storm costs and revenues collected under the  
16 interim storm charge related to Hurricane Matthew. The final audit report,  
17 which is attached as Exhibit DDB-1 to witness Brown’s testimony, reflects no  
18 findings regarding the Company’s application of the ICCA methodology for  
19 Hurricane Matthew storm costs.<sup>1</sup> Therefore, the Commission auditors have  
20 acknowledged and validated that FPL followed the requirements of the ICCA

---

<sup>1</sup> The Commission audit included three findings -- all self-identified by the Company -- which resulted in a reduction in recoverable costs due to recording errors. None of these issues involved the proper application of the ICCA methodology.



1 methodology to calculate incremental storm costs for recovery in this  
2 proceeding.

3 **Q. Does the Rule provide guidance on how to calculate incremental regular**  
4 **payroll storm costs under the ICCA methodology?**

5 A. Not specifically. However, the Rule provides general direction in part  
6 (1)(f)(1) which prohibits “base rate recoverable regular payroll and regular  
7 payroll-related costs for utility managerial and non-managerial personnel”  
8 from being charged to the reserve as well as part (1)(d) which states in  
9 pertinent part that “....costs charged to cover storm-related damages shall  
10 exclude those costs that normally would be *charged* to non-cost recovery  
11 clause operating expenses in the absence of a storm.” (Emphasis added)

12 **Q. What guidance did the Company rely on to support its use of current**  
13 **period budgeted data for calculating non-incremental costs?**

14 A. The Company relied upon the Rule and multiple Commission Orders which  
15 support the appropriateness of the calculations of non-incremental costs,  
16 including:

- 17 • Order No. PSC-2005-0937-FOF-EI, Docket No. 20041291-EI, which  
18 required FPL to use the budgeted amount of regular payroll for the  
19 year in which the storm occurred as the baseline to determine the  
20 incremental amount of regular payroll for the 2004 storms;
- 21 • Paragraphs 21 and 22 of Order No. PSC-2006-0464-FOF-EI, Docket  
22 No. 20060038-EI, which allowed recovery of regular payroll  
23 normally recovered through capital or cost recovery clauses; and



1 (Emphasis added). This methodology was first prescribed in the Final Order  
2 in FPL’s 2004 Storm Docket No. 20060038-EI, was subsequently codified in  
3 the instant Rule, and has been consistently applied in each of the following  
4 years. Mr. Schultz completely ignores this requirement of the Rule in his  
5 testimony.

6 **Q. If the Commission were to consider revising the ICCA methodology to**  
7 **eliminate the limitation to normal capitalizable storm costs, do you agree**  
8 **the approach presented by witness Schultz in Exhibit HWS-2 is**  
9 **appropriate?**

10 A. No. Witness Schultz erred in the calculations on Schedules B and C in his  
11 Exhibit HWS-2. Those errors include:

- 12 • Estimating actual capital contractor costs for the entire Hurricane  
13 Matthew event based on the total FPL estimate of capital contractor  
14 costs, which includes both restoration capital and follow up capital. In  
15 order to develop a reasonable estimate of total capital cost incurred in  
16 a storm event, one must develop separate estimates of restoration  
17 capital and follow up capital, as the labor costs and construction man  
18 hours (“CMH”) hours are different and not consistent for the two types  
19 of work.
- 20 • Deriving total capitalizable CMH by using a “normal” FPL hourly  
21 labor rate. There is no need to resort to a derivation, as the capital  
22 CMH for restoration is readily available in FPL’s Work Management  
23 System and should be utilized directly as the basis for capital

1 determination. In addition, if one were to rely on a derivation, it  
2 would be inappropriate to use the FPL labor rate to derive capital  
3 CMH for contractors.

- 4 • Using an anecdotally estimated crew size in the calculation. Witness  
5 Schultz’s use of a crew size of four in his calculation is arbitrary and  
6 unnecessary. A proper calculation could instead utilize all-in capital  
7 cost per CMH by employees versus contractors, without having to rely  
8 on an unsubstantiated crew size estimate.

9

10 **V. IDENTIFIED ADJUSTMENTS**

11

12 **Q. Has FPL identified any adjustments to the final costs and ICCA that was**  
13 **filed on March 15, 2018?**

14 **A.** Yes. Since the filing of Exhibit KO-2 on March 15, 2018, FPL has identified  
15 and incorporated the following immaterial adjustments totaling \$41 thousand  
16 into the corrected Exhibit KO-2 that is attached to my rebuttal testimony.

- 17 • Adjustments for Pre-Matthew storm charges
  - 18 ○ Logistics – FPL incorrectly included \$21 thousand in lodging  
19 costs associated with Hurricane Matthew that were incurred  
20 prior to October 4, 2016, the date when FPL opened the  
21 Hurricane Matthew internal order to which storm costs could  
22 be charged. Based on FPL’s storm accounting policy, these  
23 costs should not have been included for storm cost recovery

1 purposes and have been removed from FPL's storm recovery  
2 request in corrected Exhibit KO-2.

3 ○ Payroll – FPL incorrectly included \$7 thousand of regular  
4 payroll and \$12 thousand of overtime payroll associated with  
5 Hurricane Matthew which was incurred prior to the opening of  
6 the Hurricane Matthew internal order. These costs have been  
7 removed from FPL's storm recovery request in this proceeding.

8 • Reporting misclassification for capitalized follow-up work  
9 ○ As stated in FPL's response to OPC's 5<sup>th</sup> Set of Interrogatories,  
10 Question No. 108, "...the amount of capitalizable contractor  
11 costs reflected on Line 33 of Exhibit KO-2 includes an  
12 adjustment of \$0.464 million to reduce capitalizable costs  
13 associated with the materials and supplies true-up on Line 9 in  
14 column 4 on page 2 of Exhibit KO-2." This reporting  
15 misclassification has been corrected, which has no impact on  
16 the total amount of recoverable storm costs.

17 ○ FPL inadvertently overstated both total contractor follow up  
18 storm restoration costs by \$2.9 million and capitalized costs  
19 related to the Distribution function on Exhibit KO-2 by the  
20 same amount. The amount of capital costs of \$2.9 million was  
21 misclassified across various cost types. FPL has corrected  
22 these offsetting misclassifications resulting in no impact to its  
23 requested recovery.

1                                   o FPL inadvertently overstated both total contractor costs and  
2                                   capitalized costs related to the Steam & Other function on  
3                                   Exhibit KO-2 by the same amount. FPL has corrected these  
4                                   offsetting misclassifications resulting in no impact to its  
5                                   requested recovery.

6   **Q.    Does this conclude your rebuttal testimony?**

7   A.    Yes.

**Florida Power and Light**  
**Final Storm Restoration Costs Related to Hurricane Matthew**  
**through February 28, 2018**  
**(\$000s)**

LINE NO.		Storm Costs By Function(A)						Total (7)	Calculation of Recoverable Storm Amount (8)
		Steam & Other (1)	Nuclear (2)	Transmission (3)	Distribution (4)	General (B) (5)	Customer Service (6)		
1	Storm Reserve Balance (Pre-Storm)							\$	(93,105)
2									
3	<b>Storm Restoration Costs</b>								
4	Regular Payroll and Related Costs (C)	\$32	\$206	\$446	\$5,076	\$362	\$175	\$6,297	
5	Overtime Payroll and Related Costs (C)	326	1,526	654	10,761	657	700	14,623	
6	Contractors	384	3,207	1,488	157,037	277	272	162,664	
7	Line Clearing	0	0	11	27,849	0	0	27,861	
8	Vehicle & Fuel	0	0	145	4,820	5	0	4,970	
9	Materials & Supplies	20	58	249	6,122	359	56	6,864	
10	Logistics	1	0	123	81,215	185	128	81,652	
11	Other	34	5	238	2,843	1,613	151	4,884	
12	Total Storm Related Restoration Costs	\$797	\$5,002	\$3,354	\$295,724	\$3,458	\$1,481	\$309,815	
13									
14	<b>Less: Non-Incremental Costs</b>								
15	Regular Payroll and Related Costs (D)	\$56	\$162	\$244	\$749	\$645	\$409	\$2,264	
16	Line Clearing:								
17	Vegetation Management	0	0	0	187	0	0	187	
18	Vehicle & Fuel:								
19	Vehicle Utilization	0	0	0	1,611	0	0	1,611	
20	Fuel	0	0	0	260	0	0	260	
21	Other								
22	Thank you Ads	0	0	0	0	322	0	322	
23	Legal Claims	0	0	0	0	160	0	160	
24	Childcare	0	0	0	0	24	0	24	
25	Total Non-Incremental Costs	\$56	\$162	\$244	\$2,808	\$1,151	\$409	\$4,829	
26									
27	Less: Third-Party Reimbursements (E)	0	0	0	295	0	0	295	
28									
29	Net Restoration Costs Incurred	\$741	\$4,841	\$3,110	\$292,622	\$2,306	\$1,072	\$304,691	
30									
31	<b>Less: Capitalizable Costs (F)</b>								
32	Regular Payroll and Related Costs	\$3	\$0	\$92	\$2,372	\$0	\$0	\$2,467	
33	Contractors	300	238	0	5,528	0	0	6,066	
34	Materials & Supplies	0	0	207	3,792	0	56	4,055	
35	Other	1	0	45	309	0	0	354	
36	Third-Party Reimbursements (E)	0	0	0	-295	0	0	-295	
37	Total Capitalizable Costs	\$303	\$238	\$344	\$11,707	\$0	\$56	\$12,647	
38									
39	<b>Incremental Storm Losses</b>								
40	Regular Payroll and Related Costs	-\$27	\$45	\$111	\$1,955	-\$283	-\$234	\$1,567	
41	Overtime Payroll and Related Costs	326	1,526	654	10,761	657	700	14,623	
42	Contractors	84	2,969	1,488	151,509	277	272	156,598	
43	Line Clearing	0	0	11	27,662	0	0	27,673	
44	Vehicle & Fuel	0	0	145	2,949	5	0	3,099	
45	Materials & Supplies	20	58	41	2,331	359	0	2,809	
46	Logistics	1	0	123	81,215	185	128	81,652	
47	Other	34	5	193	2,534	1,106	151	4,023	
48	Total Incremental Storm Losses	\$437	\$4,602	\$2,767	\$280,915	\$2,306	\$1,016	\$292,044	
49									
50									
51	Jurisdictional Factor (G)	0.9819	0.9819	0.9029	0.9998	0.9848	1.0000		
52									
53	Retail Recoverable Costs	\$ 430	\$ 4,519	\$ 2,498	\$ 280,872	\$ 2,271	\$ 1,016	\$ 291,606	\$ 291,606
54									
55	Balance of Storm Reserve after Funding Estimated Storm Costs ("Eligible Restoration Costs") (Lines 1 + 53)								198,501
56									
57	Plus: Interest on Unamortized Reserve Balance								599
58									
59	Plus: Amount to Replenish Reserve to Level at Settlement Agreement Implementation Date, January 2, 2013 ("Implementation Storm Reserve Balance")								\$ 117,131
60									
61	Subtotal - System Storm Losses to be Recovered from Customers (Lines 55 + 57 + 59)								316,232
62									
63	Regulatory Assessment Fee Multiplier								1.00072
64									
65	Total System Storm Losses to be Recovered from Customers ("Recoverable Storm Amount") (Lines 61 * 63)								\$ 316,459

**Notes:**

- (A) Storm costs are as of February 28, 2018 and include adjustments for items discussed on pages 17 & 18 of Witness Ousdahl's direct testimony.
- (B) General plant function reflects restoration costs associated with FPL's Human Resources, External Affairs, Information Management, Real Estate, and Marketing and Communications departments.
- (C) Represents total payroll charged to the business unit (function) being supported. For example, an employee that works in Legal but is supporting Distribution during storm restoration would charge their time to Distribution.
- (D) 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 employee supported during the storm. Therefore, in the example in Note C above, if the Legal employee had payroll which cannot be charged to the Storm Reserve, that amount would be charged to Legal (General) whereas the recoverable portion of their time would remain in Distribution.
- (E) Reimbursement from AT&T for poles replaced by FPL during restoration as a result of the storm.
- (F) Includes capital associated with follow-up work.
- (G) Jurisdictional Factors are based on factors approved in Docket No. 20120015-EI.

**Florida Power and Light**  
**Final Storm Restoration Costs Related to Hurricane Matthew**  
**through February 28, 2018**  
**(\$000s)**

LINE NO.	Total Costs from KO-1(B) (1)	Adjustments to Exhibit KO-1 By Function(A)					Total Costs from Page 1 (5)
		Steam & Other (2)	Nuclear (3)	Transmission (4)	Distribution (5)	General (B) (6)	
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
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43							
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46							
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50							
51							
52							
53							

Notes:

(A) Adjustments related to the completion of follow up work and a related materials and supplies true up.

(B) Represents amounts reflected on column 7 on Exhibit KO-1, page 1 of 2.





February 17, 2014

Mr. Marshall Willis, Director  
Division of Accounting & Finance  
Florida Public Service Commission  
Capital Circle Office Center  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

**RE: Accumulated Provision for Property Insurance**

Dear Mr. Willis:

Enclosed for filing please find Florida Power & Light Company's report, as required by Rule 25-6.0143(1)(m), Florida Administrative Code, Use of Accumulated Provision Accounts 228.1, 228.2, and 228.4, reflecting the Company's efforts to obtain reasonably priced Transmission & Distribution insurance coverage. Also enclosed for filing as Attachment 1 to the report is a summary schedule of the amounts recorded in Account 228.1 as of December 31, 2013.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Korel M. Dubin".

Korel M. Dubin  
Director, Regulatory Affairs

Enclosures

**FLORIDA POWER & LIGHT COMPANY**  
**Period Ending December 31, 2013**

**Update on Efforts to Obtain Commercial Insurance for Transmission and Distribution (T&D) Facilities**

For a number of years following Hurricane Andrew in 1992, T&D insurance was totally unavailable. By 1999, the Company was able to obtain a very limited amount of T&D insurance (from \$20 to \$88 million in 1999 through 2001). In the years since September 11, 2001, there was a general unwillingness in the insurance markets to write T&D insurance coverage. In late 2006, a group of southeastern storm exposed utilities (including four in Florida) began efforts to develop an industry insurance program (see below). Through those efforts, it appears that there may be a limited potential for some commercial T&D coverage with very high deductibles (for the Company, in excess of \$750 million per occurrence for above ground distribution only, which exceeds the actual storm restoration damage incurred from any one storm in our history). At this time, the Company believes the products potentially available in the commercial market do not provide sufficient value to customers to warrant the cost. The company will continue to work to develop commercial insurance alternatives to improve the possibility that eventually, reasonably priced coverage that represents good value to the Company and its customers will become available.

**Status of an Industry-Wide T&D Insurance Program and the Feasibility and Cost-Effectiveness of a Risk Sharing Plan among Investor Owned Electric Utilities in Florida**

In 2006, the four Florida investor owned utilities (IOUs), in conjunction with other IOUs with hurricane exposed transmission and distribution facilities in the Gulf and Atlantic coastal regions, initiated a project to investigate a feasible risk financing alternative to cover transmission and distribution storm damage. The option of developing an industry mutual insurance company and/or risk purchasing group was appealing to the group. After initial discussions, the focus became to seek mutual coverage with premium cost, deductibles and loss payments based on modeled events. Modeled loss coverage was considered the most likely approach to attract insurance market interest. In an effort to simplify the model and to encourage group participation the members elected to explore coverage solely for overhead distribution assets. In addition, it became clear that the market would only be willing to supply coverage for more infrequent storms, those in the once in 75 year frequency category and above, hence the coverage focus was for catastrophic storms with a high deductible/self insured retention.

In May 2007, the Florida IOUs made a presentation on their progress to date to a Florida Public Service Commission ("Commission") staff workshop and then later provided the staff answers to some informal questions.

Possible risk financing alternatives explored by the group have included: group captives (a/k/a industry mutual) insurance, commercial insurance, capital market solutions and public/private insurance pools for natural catastrophes.

There have been numerous hurdles to the success of the project, including: understanding of coastal wind and flood exposures, developing an acceptable loss forecasting model, subjective perceptions and acknowledged limitations of predictive models, gaining participants' confidence in the equity of the underwriting model and cost allocations, seeking market underwriting of the risk, attempting to finance a "frequency of severity" risk profile, assembling a critical mass portfolio of companies willing to pool risk, size of premiums and exposure to retrospective calls.

This activity continued through 2008, and the four Florida IOUs continued to participate while several of the other IOUs dropped out of the group. The Florida IOUs and other participants in the group hired outside experts to model their respective overhead distribution risks and aggregate scenarios were modeled. One member of the group (i.e. a non-Florida member) elected to seek insurance coverage from the insurance market on a stand-alone basis using modeled results, and was successful for the 2007 and 2008 storm seasons. Some other members dropped from the group and at least one of those solicited the market on their own as well.

As the group lost membership and became smaller, the idea of a mutual company became untenable and the focus shifted to a buying group concept. However, even though it became more clear that the insurance market was becoming receptive to providing catastrophic insurance, the cost was still high.

The group periodically maintained communication in 2009, meeting as a group once in February. No members were able to support the buying group concept in 2009. One member of the group outside of Florida has purchased a limited amount of insurance based on modeled results for the past three storm seasons, inclusive of 2009.

### **2013 Update:**

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The Storm Reserve is not adequate to cover the potential damage associated with Major Hurricanes (Category 3 and higher) or many lower level storms (depending on their size and location).

In December 2010, the Commission approved a settlement agreement that resolved all outstanding issues related to FPL's 2009 base rate proceeding. Per the agreement, FPL would be allowed to recover incremental storm costs over a 12 month recovery period, as long as the costs allocated to residential customers do not exceed \$4.00/1,000 kWh. In the event that storm costs exceed that level, any additional costs may be recovered in subsequent year(s), as determined by the Commission. In addition, FPL reserves the right to petition the Commission to increase the initial 12 month recovery beyond the \$4.00/1,000 kWh in the event FPL incurs storm damage in excess of \$800 million. The settlement agreement expired on December 31, 2012.

On December 13, 2012, the Commission approved a settlement agreement that resolved FPL's 2012 base rate proceeding. Under the 2012 settlement agreement, the storm recovery mechanism from the 2010 settlement agreement remains in effect. The 2012 settlement agreement became effective on the first billing cycle of January 2013 and will expire on the last billing cycle in December 2016.

**ATTACHMENT 1**

Summary Schedule of the Amounts Recorded in Account 228.1  
as of December 31, 2013

Florida Power & Light Co.  
Account 228.1  
As of December 31, 2013

	Account 228.100 Retail Storm Reserve <sup>(1)</sup>	Account 228.101 FAS 115 Mark-to-Market <sup>(2)</sup>	Account 228.106 Non-Retail Storm Reserve <sup>(3)</sup>	Total
Proceeds from Securitization Bond Issuance - Pre-tax <sup>(4)</sup>	\$ (1,048,815,983)	\$ -	\$ -	\$ (1,048,815,983)
Admin & Service Fees Recovered due to Securitization <sup>(5)</sup>	(2,792,442)	-	-	(2,792,442)
<b>Storm Costs:</b>				
2004 Storm Costs	100,208,993	-	55,862	100,264,855
2005 Storm Costs	717,342,858	-	70,988	717,413,846
2006 Storm Costs	18,462,867	-	1,973	18,464,840
2007 Storm Costs	1,424,001	-	-	1,424,001
2008 Storm Costs <sup>(7)</sup>	36,482,878	-	27,505	36,510,383
2009 Storm Costs <sup>(8)</sup>	-	-	-	-
2010 Storm Costs <sup>(8)</sup>	-	-	-	-
2011 Storm Costs <sup>(9)</sup>	6,819,566	-	-	6,819,566
2012 Storm Costs <sup>(10)</sup>	82,780,538	-	295,189	83,075,727
2013 Storm Costs <sup>(11)</sup>	2,115,551	-	1,939	2,117,490
	<b>\$ 965,637,253</b>	<b>\$ -</b>	<b>\$ 453,456</b>	<b>\$ 966,090,709</b>
Retail Storm Fund Earnings <sup>(6)</sup>	\$ (34,092,062)	-	-	(34,092,062)
Mark-to-market adjustment in accordance with FAS 115 <sup>(2)</sup>	-	(698,326)	-	(698,326)
<b>Balances as of December 31, 2013</b>	<b>\$ (120,063,234)</b>	<b>\$ (698,326)</b>	<b>\$ 453,456</b>	<b>\$ (120,308,104)</b>

**Notes:**

- <sup>(1)</sup> Represents activity in storm reserve associated with retail jurisdictional customers.
- <sup>(2)</sup> Represents mark-to-market adjustment in accordance with Accounting Standards Codification 320-10 (FAS 115).
- <sup>(3)</sup> Represents storm damages allocated to non-retail operations using the following jurisdictional factors: 0.00103 for 2004, 0.00074 for 2005, 0.00077 for 2006, 0.00754 for 2008, 0.00357 for 2012 and .00092 for 2013.
- <sup>(4)</sup> Issuance authorized by FPSC in Order No. PSC-06-0464-FOF-EI to recover unrecovered 2004 and 2005 storm costs, and to replenish the storm reserve to cover future storm damages associated with retail customers.
- <sup>(5)</sup> Admin and service fees remitted to FPL per servicing agreement and required to be added to the storm fund pursuant to FPSC order noted in Note <sup>(4)</sup> above. Amounts are collected from retail customers through the Storm Bond Repayment Charge.
- <sup>(6)</sup> Represents pre-tax earnings reinvested in the Storm Fund.
- <sup>(7)</sup> Includes amounts for Tropical Storm Fay previously communicated to the Commission.
- <sup>(8)</sup> No deferrable events happened during 2009 and 2010.
- <sup>(9)</sup> Hurricane Irene
- <sup>(10)</sup> Includes amounts for Tropical Storms Beryl, Debby, Isaac and Sandy.
- <sup>(11)</sup> Tropical Storm Andrea



February 16, 2015

Mr. Andrew L. Maurey  
Director, Division of Accounting & Finance  
Florida Public Service Commission  
Capital Circle Office Center  
2540 Shumard Oak Blvd.  
Tallahassee, Florida 32399-0850

**RE: Accumulated Provision for Property Insurance**

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Korel M. Dubin  
Director, Regulatory Affairs

Enclosures

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**Period Ending December 31, 2014**

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as of December 31, 2014

Florida Power & Light Co.  
Account 228.1  
As of December 31, 2014

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Proceeds from Securitization Bond Issuance - Pre-tax (4)	\$ (1,048,815,983)	\$ -	\$ -	\$ (1,048,815,983)
Admin & Service Fees Recovered due to Securitization (5)	(3,017,942)	-	-	(3,017,942)
<b>Storm Costs:</b>				
2004 Storm Costs (6)	100,187,511	-	2,807	100,190,318
2005 Storm Costs	717,342,858	-	3,567	717,346,426
2006 Storm Costs	18,462,866	-	99	18,462,966
2007 Storm Costs	1,424,001	-	-	1,424,001
2008 Storm Costs (7)	36,482,878	-	27,505	36,510,383
2009 Storm Costs (8)	-	-	-	-
2010 Storm Costs (8)	-	-	-	-
2011 Storm Costs (9)	6,819,566	-	-	6,819,566
2012 Storm Costs (10)	82,780,807	-	295,190	83,075,997
2013 Storm Costs (11)	2,115,551	-	1,939	2,117,490
2014 Storm Costs (8)	-	-	-	-
	<b>\$ 965,616,038</b>	<b>\$ -</b>	<b>\$ 331,108</b>	<b>\$ 965,947,146</b>
Retail Storm Fund Earnings (12)	(35,470,476)	-	-	(35,470,476)
Mark-to-market adjustment in accordance with FAS 115 (2)	-	(465,323)	-	(465,323)
<b>Balances as of December 31, 2014</b>	<b>\$ (121,688,362)</b>	<b>\$ (465,323)</b>	<b>\$ 331,108</b>	<b>\$ (121,822,577)</b>

**Notes:**

- (1) Represents activity in storm reserve associated with retail jurisdictional customers.
- (2) Represents mark-to-market adjustment in accordance with Accounting Standards Codification 320-10 (FAS 115).
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- (6) Change in balance represents recoveries credited to the 2004 reserve (prior to securitization).
- (7) Includes amounts for Tropical Storm Fay previously communicated to the Commission.
- (8) No deferrable events happened during 2009, 2010 & 2014.
- (9) Includes amounts for Hurricane Irene
- (10) Includes amounts for Tropical Storms Beryl, Debby, Isaac and Sandy. The amounts associated with Tropical Storm Isaac were previously communicated to the Commission.
- (11) Includes amounts for Tropical Storm Andrea
- (12) Represents pre-tax earnings reinvested in the Storm Fund.



February 15, 2016

Mr. Andrew L. Maurey  
Director, Division of Accounting & Finance  
Florida Public Service Commission  
Capital Circle Office Center  
2540 Shumard Oak Blvd.  
Tallahassee, Florida 32399-0850

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Karel M. Dubin  
Director, Regulatory Affairs

Enclosures

cc: Bart Fletcher – Chief, Bureau of Surveillance & Rate Filings  
Curt Mouring – Public Utilities Supervisor

**FLORIDA POWER & LIGHT COMPANY**  
**Period Ending December 31, 2015**

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Account 228.1  
As of December 31, 2015

	Account 228.100 Retail Storm Reserve (1)	Account 228.101 FAS 115 Mark-to-Market (2)	Account 228.106 Non-Retail Storm Reserve (3)	Total
Proceeds from Securitization Bond Issuance - Pre-tax (4)	\$ (1,048,815,983)	\$ -	\$ -	\$ (1,048,815,983)
Admin & Service Fees Recovered due to Securitization (5)	(3,468,942)	-	-	(3,468,942)
<b>Storm Costs:</b>				
2004 Storm Costs (6)	100,183,265	-	-	100,183,265
2005 Storm Costs	717,342,858	-	-	717,342,858
2006 Storm Costs	18,462,866	-	-	18,462,866
2007 Storm Costs	1,424,001	-	-	1,424,001
2008 Storm Costs (7)	36,482,878	-	27,507	36,510,385
2009 Storm Costs (8)	-	-	-	-
2010 Storm Costs (8)	-	-	-	-
2011 Storm Costs (9)	6,969,191	-	-	6,969,191
2012 Storm Costs (10)	82,744,567	-	295,189	83,039,756
2013 Storm Costs (11)	2,115,551	-	1,939	2,117,490
2014 Storm Costs (8)	-	-	-	-
2015 Storm Costs (13)	4,073,386	-	-	4,073,386
	<u>\$ 969,798,563</u>	<u>\$ -</u>	<u>\$ 324,635</u>	<u>\$ 970,123,198</u>
Retail Storm Fund Earnings (12)	(36,206,536)	-	-	(36,206,536)
Mark-to-market adjustment in accordance with FAS 115 (2)	-	91,083	-	91,083
<b>Balances as of December 31, 2015</b>	<b><u>\$ (118,692,897)</u></b>	<b><u>\$ 91,083</u></b>	<b><u>\$ 324,635</u></b>	<b><u>\$ (118,277,179)</u></b>

**Notes:**

- (1) Represents activity in storm reserve associated with retail jurisdictional customers.
- (2) Represents mark-to-market adjustment in accordance with Accounting Standards Codification 320-10 (FAS 115).
- (3) Represents storm damages allocated to non-retail operations using the following jurisdictional factors: 0.00475 for 2004, 0.00079 for 2005, 0.00077 for 2006, 0.00754 for 2008, 0.00357 for 2012 and .00092 for 2013.
- (4) Issuance authorized by FPSC in Order No. 06-0464-FOF-EI to recover unrecovered 2004 and 2005 storm costs, and to replenish the storm reserve to cover future storm damages associated with retail customers.
- (5) Admin and service fees remitted to FPL per servicing agreement and required to be added to the storm fund pursuant to FPSC order noted in Note (4) above. Amounts are collected from retail customers through the Storm Bond Repayment Charge.
- (6) Change in balance represents recoveries credited to the 2004 reserve (prior to securitization).
- (7) Includes amounts for Tropical Storm Fay previously communicated to the Commission.
- (8) No deferrable events happened during 2009, 2010 & 2014.
- (9) Includes amounts for Hurricane Irene
- (10) Includes amounts for Tropical Storms Beryl, Debby, Isaac and Sandy.
- (11) Includes amounts for Tropical Storm Andrea
- (12) Represents pre-tax earnings reinvested in the Storm Fund.
- (13) Includes amounts for Tropical Storm Erika



February 15, 2017

Mr. Andrew L. Maurey  
Director, Division of Accounting & Finance  
Florida Public Service Commission  
Capital Circle Office Center  
2540 Shumard Oak Blvd.  
Tallahassee, Florida 32399-0850

**RE: Accumulated Provision for Property Insurance**

Dear Mr. Maurey:

Enclosed for filing please find Florida Power & Light Company's report, as required by Rule 25-6.0143(1)(m), Florida Administrative Code, Use of Accumulated Provision Accounts 228.1, 228.2, and 228.4, reflecting the Company's efforts to obtain reasonably priced Transmission & Distribution insurance coverage. Also enclosed for filing as Attachment 1 to the report is a summary schedule of the amounts recorded in Account 228.1 as of December 31, 2016.

Please contact me if you have any questions regarding this filing.

Sincerely,

A handwritten signature in black ink that reads "Korel M. Dubin".

Korel M. Dubin  
Director, Regulatory Affairs

Enclosures

cc: Bart Fletcher – Chief, Bureau of Surveillance & Rate Filings  
Curt Mouring – Public Utilities Supervisor

**FLORIDA POWER & LIGHT COMPANY**  
**Period Ending December 31, 2016**

**Update on Efforts to Obtain Commercial Insurance for Transmission and Distribution (T&D) Facilities**

For a number of years following Hurricane Andrew in 1992, T&D insurance was totally unavailable. By 1999, the Company was able to obtain a very limited amount of T&D insurance (from \$20 to \$88 million in 1999 through 2001). In the years since September 11, 2001, there was a general unwillingness in the insurance markets to write T&D insurance coverage. In late 2006, a group of southeastern storm exposed utilities (including four in Florida) began efforts to develop an industry insurance program (see below). Through those efforts, it appears that there may be a limited potential for some commercial T&D coverage with very high deductibles (for the Company, in excess of \$750 million per occurrence for above ground distribution only, which exceeds the actual storm restoration damage incurred from any one storm in our history). At this time, the Company believes the products potentially available in the commercial market do not provide sufficient value to customers to warrant the cost. The company will continue to work to develop commercial insurance alternatives to improve the possibility that eventually, reasonably priced coverage that represents good value to the Company and its customers will become available.

**Status of an Industry-Wide T&D Insurance Program and the Feasibility and Cost-Effectiveness of a Risk Sharing Plan among Investor Owned Electric Utilities in Florida**

In 2006, the four Florida investor owned utilities (IOUs), in conjunction with other IOUs with hurricane exposed transmission and distribution facilities in the Gulf and Atlantic coastal regions, initiated a project to investigate a feasible risk financing alternative to cover transmission and distribution storm damage. The option of developing an industry mutual insurance company and/or risk purchasing group was appealing to the group. After initial discussions, the focus became to seek mutual coverage with premium cost, deductibles and loss payments based on modeled events. Modeled loss coverage was considered the most likely approach to attract insurance market interest. In an effort to simplify the model and to encourage group participation the members elected to explore coverage solely for overhead distribution assets. In addition, it became clear that the market would only be willing to supply coverage for more infrequent storms, those in the once in 75 year frequency category and above, hence the coverage focus was for catastrophic storms with a high deductible/self insured retention.

In May 2007, the Florida IOUs made a presentation on their progress to date to a Florida Public Service Commission ("Commission") staff workshop and then later provided the staff answers to some informal questions.



Possible risk financing alternatives explored by the group have included: group captives (a/k/a industry mutual) insurance, commercial insurance, capital market solutions and public/private insurance pools for natural catastrophes.

There were numerous hurdles to the success of the project, including: understanding of coastal wind and flood exposures, developing an acceptable loss forecasting model, subjective perceptions and acknowledged limitations of predictive models, gaining participants' confidence in the equity of the underwriting model and cost allocations, seeking market underwriting of the risk, attempting to finance a "frequency of severity" risk profile, assembling a critical mass portfolio of companies willing to pool risk, size of premiums and exposure to retrospective calls.

This activity continued through 2008, and the four Florida IOUs continued to participate while several of the other IOUs dropped out of the group. The Florida IOUs and other participants in the group hired outside experts to model their respective overhead distribution risks and aggregate scenarios were modeled. One member of the group (i.e. a non-Florida member) elected to seek insurance coverage from the insurance market on a stand-alone basis using modeled results, and was successful for the 2007 and 2008 storm seasons. Some other members dropped from the group and at least one of those solicited the market on their own as well.

As the group lost membership and became smaller, the idea of a mutual company became untenable and the focus shifted to a buying group concept. However, even though it became more clear that the insurance market was becoming receptive to providing catastrophic insurance, the cost was still high.

The group periodically maintained communication in 2009, meeting as a group once in February. No members were able to support the buying group concept in 2009. One member of the group outside of Florida has purchased a limited amount of insurance based on modeled results for the 2007-2009 storm seasons.

#### **2016 Update:**

FPL discussed T&D insurance with its domestic, London and European insurers on the Company's operating property insurance program during underwriting renewal meetings in April. No incumbents on the FPL property insurance program were interested in providing T&D insurance for FPL's Florida transmission and distribution assets. In addition, the southeast coastal utilities convened to discuss the current status of T&D insurance in July 2016. There continued to be no members purchasing T&D insurance.

On January 12, 2017, AEGIS (an electric & gas utility insurance mutual) hosted a conference call with member utilities to discuss the current state of the T&D insurance market. The participating utilities included the FL IOUs and other utilities, 9 companies in total. AEGIS was exploring the potential for a small amount of T&D insurance capacity (up to \$100 million), but at a rate the participants did not find reasonable. One participant agreed to additional discussion on the potential product, but made no

commitment to purchase, as they have an approved method of recovery from their commission utilizing surcharge or securitization for storm costs.

The Company will continue to monitor insurance market conditions and to seek T&D insurance that will provide value to its customers at a reasonable cost, and will periodically communicate with the remaining members of the IOU group with Atlantic and Gulf hurricane exposure.

**Update on the Evaluation of the Company's Exposure to a Hurricane and the Adequacy of the Storm Reserve**

In December 2012, the Commission approved a settlement agreement that resolved all outstanding issues related to FPL's 2012 base rate proceeding (Order No. PSC-13-0023-S-EI, Docket No. 120015-EI). Per the agreement, FPL would be allowed to recover incremental storm costs over a 12 month recovery period, as long as the costs incurred exceed the then current balance in the Storm Reserve and the costs allocated to residential customers do not exceed \$4.00/1,000 kWh. In the event that storm costs would cause the charge to residential customers to exceed that level, any additional costs may be recovered in subsequent year(s), as determined by the Commission. In addition, FPL reserves the right to petition the Commission to increase the initial 12 month recovery beyond the \$4.00/1,000 kWh in the event FPL incurs storm damage in excess of \$800 million.

FPL's Storm Reserve is currently in a deficit position due to the charges against the reserve for eligible storm restoration costs associated with Hurricane Matthew in late 2016. As a result, on December 29, 2016, FPL petitioned the Commission for recovery of the incremental storm restoration costs related to Hurricane Matthew and replenishment of the Storm Reserve to \$117.1 million (Docket No. 160251-EI) pursuant to the storm recovery mechanism in approved in Order No. PSC-13-0023-S-EI.

Even after FPL's Storm Reserve is restored to \$117.1 million, it will not be adequate to cover the potential damage associated with Major Hurricanes (Category 3 and higher) or many lower level storms (depending on their size and location).

The 2012 settlement agreement expired on December 31, 2016. On December 15, 2016 however, the Commission approved a settlement agreement that resolved FPL's 2016 base rate proceeding (Order No. 16-0560-AS-EI, Docket No. 160021-EI). Under the 2016 settlement agreement, the storm recovery mechanism from the 2012 settlement agreement remains in effect. The 2016 settlement agreement became effective on the first billing cycle of January 2017 and has a minimum term that expires on the last billing cycle in December 2020.



**ATTACHMENT 1**

Summary Schedule of the Amounts Recorded in Account 228.1  
As of December 31, 2016

Florida Power & Light Co.  
Account 228.1  
As of December 31, 2016

	Account 228.1 Retail Storm Reserve (1)	Account 228.101 FAS 115 Mark-to-Market (2)	Account 228.106 Non-Retail Storm Reserve (3)	Total
Proceeds from Securitization Bond Issuance - Pre-tax (4)	\$ (1,048,815,983)	\$ -	\$ -	\$ (1,048,815,983)
Admin & Service Fees Recovered due to Securitization (5)	\$ (3,919,942)	-	-	(3,919,942)
<b>Storm Costs:</b>				
2004 Storm Costs (6)	\$ 100,184,011	-	-	100,184,011
2005 Storm Costs	\$ 717,342,858	-	-	717,342,858
2006 Storm Costs	\$ 18,462,866	-	-	18,462,866
2007 Storm Costs	\$ 1,424,001	-	-	1,424,001
2008 Storm Costs (7)	\$ 36,482,878	-	27,507	36,510,385
2009 Storm Costs (8)	\$ -	-	-	-
2010 Storm Costs (8)	\$ -	-	-	-
2011 Storm Costs (9)	\$ 6,969,191	-	-	6,969,191
2012 Storm Costs (10)	\$ 82,744,567	-	295,189	83,039,756
2013 Storm Costs (11)	\$ 2,115,551	-	1,939	2,117,490
2014 Storm Costs (8)	\$ -	-	-	-
2015 Storm Costs (13)	\$ 4,085,970	-	11,795	4,097,765
2016 Storm Costs (14)	\$ 322,937,599	-	424,739	323,362,338
	<b>\$ 1,292,749,493</b>	<b>\$ -</b>	<b>\$ 761,169</b>	<b>\$ 1,293,510,662</b>
Retail Storm Fund Earnings (12)	\$ (37,171,080)	-	-	(37,171,080)
Mark-to-market adjustment in accordance with FAS 115 (2)	-	-	-	-
<b>Deficit Balances as of December 31, 2016 (15)</b>	<b>\$ 202,842,488</b>	<b>\$ -</b>	<b>\$ 761,169</b>	<b>\$ 203,603,657</b>

**Notes:**

- (1) Represents activity in storm reserve associated with retail jurisdictional customers.
- (2) Represents mark-to-market adjustment in accordance with Accounting Standards Codification 320-10 (FAS 115).  
The Storm Fund was liquidated in the fourth quarter of 2016 as such there was no mark-to-market balance in this account as of December 31, 2016.
- (3) Represents storm damages allocated to non-retail operations using the following jurisdictional factor weighted averages: 0.00475 for 2004, 0.00079 for 2005, 0.00077 for 2006, 0.00754 for 2008, 0.00357 for 2012, 0.00092 for 2013, 0.00265 for 2015, and 0.00131 for 2016.
- (4) Issuance authorized by FPSC in Order No. 06-0464-FOF-EI to recover unrecovered 2004 and 2005 storm costs, and to replenish the storm reserve to cover future storm damages associated with retail customers.
- (5) Admin and service fees remitted to FPL per servicing agreement and required to be added to the storm fund pursuant to FPSC order noted in Note (4) above. Amounts are collected from retail customers through the Storm Bond Repayment Charge.
- (6) Change in balance represents recoveries credited to the 2004 reserve (prior to securitization).
- (7) Includes amounts for Tropical Storm Fay previously communicated to the Commission.
- (8) No deferrable events happened during 2009, 2010 & 2014.
- (9) Includes amounts for Hurricane Irene
- (10) Includes amounts for Tropical Storms Beryl, Debby, Isaac and Sandy.
- (11) Tropical Storm Andrea
- (12) Represents pre-tax earnings reinvested in the Storm Fund prior to liquidation. The Storm Fund was liquidated in the fourth quarter of 2016.
- (13) Tropical Storm Erika
- (14) Includes amounts for Martin Luther King, Jr. Weekend Tornadoic Weather System, Tropical Storm Colin, Hurricane Hermine and Hurricane Matthew.
- (15) FPL filed for recovery of a retail deficit balance of \$201M plus replenishment of the storm reserve of \$117M on December 29, 2016 (Docket No. 160251-EI) using cost estimates as of November 30, 2016. This filing was made pursuant to FPL's 2012 Stipulation and Settlement Agreement approved by the Commission in Order No. PSC-13-0023-EI.



February 15, 2018

Mr. Andrew L. Maurey  
Director, Division of Accounting & Finance  
Florida Public Service Commission  
Capital Circle Office Center  
2540 Shumard Oak Blvd.  
Tallahassee, Florida 32399-0850

**RE: Accumulated Provision for Property Insurance**

Dear Mr. Maurey:

Enclosed for filing please find Florida Power & Light Company's report, as required by Rule 25-6.0143(1)(m), Florida Administrative Code, Use of Accumulated Provision Accounts 228.1, 228.2, and 228.4, reflecting the Company's efforts to obtain reasonably priced Transmission & Distribution insurance coverage. Also enclosed for filing as Attachment 1 to the report is a summary schedule of the amounts recorded in Account 228.1 as of December 31, 2017.

Please contact me if you have any questions regarding this filing.

Sincerely,

A handwritten signature in cursive script that reads "Korel M. Dubin".

Korel M. Dubin  
Director, Regulatory Affairs

Enclosures

cc: Bart Fletcher – Chief, Bureau of Surveillance & Rate Filings  
Curt Mouring – Public Utilities Supervisor

**FLORIDA POWER & LIGHT COMPANY**  
**Period Ending December 31, 2017**

**Update on Efforts to Obtain Commercial Insurance for Transmission and Distribution (T&D) Facilities**

For a number of years following Hurricane Andrew in 1992, T&D insurance was totally unavailable. By 1999, the Company was able to obtain a very limited amount of T&D insurance (from \$20 to \$88 million in 1999 through 2001). In the years since September 11, 2001, there was a general unwillingness in the insurance markets to write T&D insurance coverage. In late 2006, a group of southeastern storm exposed utilities (including four in Florida) began efforts to develop an industry insurance program (see below). Through those efforts, it appears that there may be a limited potential for some commercial T&D coverage with very high deductibles (for the Company, in excess of \$750 million per occurrence for above ground distribution only, which exceeds the actual storm restoration damage incurred from any one storm in our history). At this time, the Company believes the products potentially available in the commercial market do not provide sufficient value to customers to warrant the cost. The company will continue to work to develop commercial insurance alternatives to improve the possibility that eventually, reasonably priced coverage that represents good value to the Company and its customers will become available.

**Status of an Industry-Wide T&D Insurance Program and the Feasibility and Cost-Effectiveness of a Risk Sharing Plan among Investor Owned Electric Utilities in Florida**

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In May 2007, the Florida IOUs made a presentation on their progress to date to a Florida Public Service Commission (“Commission”) staff workshop and then later provided the staff answers to some informal questions.

Possible risk financing alternatives explored by the group have included: group captives (a/k/a industry mutual) insurance, commercial insurance, capital market solutions and public/private insurance pools for natural catastrophes.

There were numerous hurdles to the success of the project, including: understanding of coastal wind and flood exposures, developing an acceptable loss forecasting model, subjective perceptions and acknowledged limitations of predictive models, gaining participants' confidence in the equity of the underwriting model and cost allocations, seeking market underwriting of the risk, attempting to finance a "frequency of severity" risk profile, assembling a critical mass portfolio of companies willing to pool risk, size of premiums and exposure to retrospective calls.

This activity continued through 2008, and the four Florida IOUs continued to participate while several of the other IOUs dropped out of the group. The Florida IOUs and other participants in the group hired outside experts to model their respective overhead distribution risks and aggregate scenarios were modeled. One member of the group (i.e., a non-Florida member) elected to seek insurance coverage from the insurance market on a stand-alone basis using modeled results, and was successful for the 2007 and 2008 storm seasons. Some other members dropped from the group and at least one of those solicited the market on their own as well.

As the group lost membership and became smaller, the idea of a mutual company became untenable and the focus shifted to a buying group concept. However, even though it became more clear that the insurance market was becoming receptive to providing catastrophic insurance, the cost was still high.

The group periodically maintained communication in 2009, meeting as a group once in February. No members were able to support the buying group concept in 2009. One member of the group outside of Florida has purchased a limited amount of insurance based on modeled results for the 2007-2009 storm seasons.

### **2017 Update:**

FPL discussed the potential of T&D insurance on the Company's operating property insurance program with its domestic, London and European insurers during underwriting renewal meetings in April. No incumbents on the FPL property insurance program were interested in providing T&D insurance for FPL's Florida transmission and distribution assets. In addition, the southeast coastal utilities convened to discuss the current status of T&D insurance in July 2017. There continued to be no members purchasing T&D insurance.

The Company will continue to monitor insurance market conditions and to seek T&D insurance that will provide value to its customers at a reasonable cost, and will periodically communicate with the remaining members of the IOU group with Atlantic and Gulf hurricane exposure.

### **Update on the Evaluation of the Company's Exposure to a Hurricane and the Adequacy of the Storm Reserve**

In December 2012, the Commission approved a settlement agreement that resolved all outstanding issues related to FPL's 2012 base rate proceeding (Order No. PSC-2013-0023- S-EI, Docket No. 20120015-EI). Per the agreement, FPL would be allowed to recover incremental storm costs over a 12 month recovery period, as long as the costs incurred exceed the then current balance in the Storm Reserve and the costs allocated to residential customers do not

exceed \$4.00/1,000 kWh. In the event that storm costs would cause the charge to residential customers to exceed that level, any additional costs may be recovered in subsequent year(s), as determined by the Commission. In addition, FPL reserved the right to petition the Commission to increase the initial 12-month recovery beyond the \$4.00/1,000 kWh in the event FPL incurs storm damage in excess of \$800 million in any given calendar year.

The 2012 settlement agreement expired on December 31, 2016. On December 15, 2016 however, the Commission approved a settlement agreement that resolved FPL's 2016 base rate proceeding (Order No. PSC-2016-0560-AS-EI, Docket No. 20160021-EI). Under the 2016 settlement agreement, the storm recovery mechanism from the 2012 settlement agreement remains in effect. The 2016 settlement agreement became effective on the first billing cycle of January 2017 and has a minimum term that expires on the last billing cycle in December 2020.

FPL's Storm Reserve went into a deficit position due to the charges against the reserve for eligible, incremental storm restoration costs associated with Hurricane Matthew in late 2016. As a result, on December 29, 2016, FPL petitioned the Commission for recovery of the deficit and replenishment of the Storm Reserve to \$117.1 million, together with the incremental storm restoration costs related to Hurricane Matthew, in Docket No. 20160251-EI pursuant to the storm recovery mechanism in approved by the Commission in Order No. PSC-2013-0023-S-EI, Docket No. 20160021-EI.

In September 2017, Hurricane Irma passed through Florida causing damage to much of FPL's service territory, resulting in approximately 4.4 million of FPL's customers losing electrical service. The incremental storm costs associated with Hurricane Irma of approximately \$1.3 billion were initially charged to FPL's Storm Reserve. However, in December 2017, in connection with the passage of the Tax Cuts and Jobs Act, FPL determined it would not seek recovery of Hurricane Irma storm restoration costs through a storm surcharge from customers and, as a result, the incremental storm costs originally charged to the Storm Reserve were removed and written off to operations and maintenance expense. Thus, FPL's Storm Reserve will remain at the \$117.1 million level to which it is being restored by the Hurricane Matthew storm recovery mechanism.

Once FPL's Storm Reserve is restored to \$117.1 million, it will remain inadequate to cover the potential damage associated with Major Hurricanes (Category 3 and higher) or many lower level storms (depending on their size and location).

**ATTACHMENT 1**  
Summary Schedule of the Amounts Recorded in Account 228.1  
As of December 31, 2017



**Florida Power & Light Co.**  
**Account 228.1 - Accumulated Provision for Property Insurance**  
**As of December 31, 2017**

	Account 228.1 Retail Storm Reserve (1)	Account 228.101 FAS 115 Market to Market (2)	Total
Proceeds from Securitization Bond Issuance- Pre-tax (3)	\$ (1,048,815,983)	\$ -	\$ (1,048,815,983)
Proceeds from Hurricane Matthew Interim Storm Charge (4)	(275,673,677)	-	(275,673,677)
Admin & Service Fees Recovered due to Securitization (5)	(4,370,942)	-	(4,370,942)
Retail Storm Fund Earnings (6)	(37,171,343)	-	(37,171,343)
Mark-to-market adjustment in accordance with FAS 115 (2)	-	-	-
Subtotal	\$ (1,366,031,944)	\$ -	\$ (1,366,031,944)
<b>Storm Costs Charged to the Storm Reserve:</b>			
2004 Storm Costs (7)	\$ 100,184,011	\$ -	\$ 100,184,011
2005 Storm Costs	717,342,858	-	717,342,858
2006 Storm Costs	18,462,866	-	18,462,866
2007 Storm Costs	1,424,001	-	1,424,001
2008 Storm Costs (8)	36,482,878	-	36,482,878
2009 Storm Costs (9)	-	-	-
2010 Storm Costs (9)	-	-	-
2011 Storm Costs (10)	6,969,191	-	6,969,191
2012 Storm Costs (11)	82,744,567	-	82,744,567
2013 Storm Costs (12)	2,115,551	-	2,115,551
2014 Storm Costs (9)	-	-	-
2015 Storm Costs (13)	4,070,948	-	4,070,948
2016 Storm Costs (14)	320,530,032	-	320,530,032
2017 Storm Costs (15)	1,430,094	-	1,430,094
Subtotal	\$ 1,291,756,998	\$ -	\$ 1,291,756,998
<b>Balance as of December 31, 2017 (16)</b>	<b>\$ (74,274,946)</b>	<b>\$ -</b>	<b>\$ (74,274,946)</b>

**Notes:**

- (1) Represents activity in storm reserve associated with retail jurisdictional customers.
- (2) There were no mark-to-market adjustments in accordance with Accounting Standards Codification 320-10 (FAS 115).
- (3) Issuance authorized by FPSC in Order No. PSC-06-0464-FOF-EI to recover unrecovered 2004, and 2005, storm costs, and to replenish the storm reserve to cover future storm damages associated with retail customers.
- (4) FPL filed for recovery of a deficit storm reserve balance of \$201M, due to charges from Hurricane Matthew, plus replenishment of the storm reserves of \$117M on December 29, 2016 (Docket No. 160251-EI). This filing was made pursuant to FPL's 2012 Stipulation and Settlement Agreement approved by the Commission in Order No. PSC-13-0023-EI. The Commission approved an interim storm charge for a 12-month period beginning on March 1, 2018. On October 16, 2017, FPL filed its final costs in connection with Hurricane Matthew in Commission Order No. PSC-17-0055-PCO-EI consisting of \$292.8M of retail recoverable costs.
- (5) Admin and service fees remitted to FPL per servicing agreement and required to be added to the storm fund pursuant to FPSC order noted in Note (3) above. Amounts are collected from retail customers through the Storm Bond Repayment Charge.
- (6) Represents pre-tax earnings reinvested in the Storm Fund prior to liquidation. The Storm Fund was liquidated in the fourth quarter of 2016.
- (7) Change in balance represents recoveries credited to the 2004 reserve (prior to securitization).
- (8) Includes amounts for Tropical Storm Fay previously communicated to the Commission.
- (9) No deferrable events happened during 2009, 2010 & 2014.
- (10) Includes amounts for Hurricane Irene.
- (11) Includes amounts for Tropical Storms Beryl, Debby, Isaac and Sandy.
- (12) Tropical Storm Andrea
- (13) Tropical Storm Erika
- (14) Includes amounts for Martin Luther King, Jr. Weekend Tornadic Weather System, Tropical Storm Colin, Hurricane Hermine, and Hurricane Matthew.
- (15) South Florida Tornado
- (16) Represents the balance as of 12/31/17. FPL will continue to collect under the Hurricane Matthew interim storm charge for two more months (January and February 2018), which will further replenish the Storm Reserve. FPL incurred approximately \$1.3 billion in incremental storm restoration costs due to the impacts of Hurricane Irma in September 2017, which FPL is not seeking to recover. These costs were charged to operations and maintenance expense in December 2017.

Exhibit KO-4

Pre-Matthew Storm Reserve Activity for Jan 2013 through Sept 2016

Account 228.1 - Storm Reserve

Retail Storm Reserve Activity	Other Activity	Prior Storm Adjustments <sup>1</sup>	Andrea	Erika	MLK Tornadoes	Colin	Hermine	Total
<b>Beginning Balance - 1/1/2013</b>	\$ (117,131,304)							\$ (117,131,304)
Storm Fund Earnings	(3,367,412)							(3,367,412)
Storm Fund Admin & Service Fees	(1,804,000)							(1,804,000)
Other	105,458							105,458
Storm Costs			2,100,280	4,455,244	2,869,722	5,007,005	20,006,005	34,438,255
Changes In Prior Storm Estimates		(5,346,146)						(5,346,146)
								-
<b>Total Storm Reserve Activity</b>	\$ (5,065,954)	\$ (5,346,146)	\$ 2,100,280	\$ 4,455,244	\$ 2,869,722	\$ 5,007,005	\$ 20,006,005	\$ 24,026,155
<b>Ending Balance - 9/30/2016 - Pre- Matthew</b>								\$ (93,105,149)

(1) Includes adjustments of incremental charges for storms that impacted FPL prior to 2013, including Sandy, Isaac and Debby.

2013-2016 Storms  
Calculation of Incremental Storm Costs

Year of Storm		<u>Prior Storm</u> <u>Adjustments</u>	<u>Andrea</u> 2013	<u>Erika</u> 2015	<u>MLK Tornadoes</u> 2016	<u>Colin</u> 2016	<u>Hermine</u> 2016
<b>Total Storm Costs</b>							
	Distribution	\$ (6,440,968)	\$ 2,472,071	\$ 3,992,576	\$ 2,869,722	\$ 4,887,099	\$ 19,907,289
	Transmission	(297,450)	16,847	28,772	-	204,518	379,132
	Customer Service	1,211	16,897	375	-	55,756	141,518
	Nuclear	(701,961)	-	230,910	-	5,037	55,906
	PGD	(64,235)	337	38,075	-	156,303	53,198
	Other	(3,158)	11,522	229,802	-	174,501	657,903
		<b>\$ (7,506,560)</b>	<b>\$ 2,517,673</b>	<b>\$ 4,520,510</b>	<b>\$ 2,869,722</b>	<b>\$ 5,483,215</b>	<b>\$ 21,194,945</b>
<b>Less: Capital Reclass</b>							
	Distribution	2,138,249	(108,182)	-	-	-	(234,885)
	Transmission		-	-	-	-	-
		<b>\$ 2,138,249</b>	<b>\$ (108,182)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (234,885)</b>
<b>Less: Non-incremental Costs</b>							
	<i>Non-incremental Payroll</i>		(119,888)	(34,145)	-	(245,470)	(564,281)
	<i>Vehicle Utilization</i>		(187,404)	(4,305)	-	(194,573)	(320,655)
	<b>Total Non-Incremental Costs</b>	<b>\$ -</b>	<b>\$ (307,292)</b>	<b>\$ (38,450)</b>	<b>\$ -</b>	<b>\$ (440,043)</b>	<b>\$ (884,935)</b>
<b>Total Incremental Costs</b>		<b>\$ (5,368,311)</b>	<b>\$ 2,102,200</b>	<b>\$ 4,482,060</b>	<b>\$ 2,869,722</b>	<b>\$ 5,043,172</b>	<b>\$ 20,075,125</b>
Non Retail Costs		(22,165)	1,920	26,549	-	36,167	69,120
<b>Retail Incremental Costs</b>		<b>\$ (5,346,146)</b>	<b>\$ 2,100,280</b>	<b>\$ 4,455,511</b>	<b>\$ 2,869,722</b>	<b>\$ 5,007,005</b>	<b>\$ 20,006,005</b>



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Storm	Andrea
<b>Type</b>	<b>Storm Costs</b>

Sum of Amount JAN 2013-SEP 2016 Row Labels	Column Labels						Grand Total
	CUSTOMER			POWER			
	SERVICE	DISTRIBUTION	OTHER	GENERATION	TRANSMISSION		
Contractor	\$ 4,798	\$ 768,070	\$ 966		\$ 5,566	\$	779,401
Contractor Line Clearing		465,906					465,906
Logistics		13,821		337			14,158
Materials		105,395	9,716				115,112
Other	197	21,413					21,610
Overtime Payroll	9,167	478,829	702		7,265		495,963
PWTI	2,135	172,715	137		2,151		177,138
Regular Payroll	600	259,914	-		498		261,011
Vehicle & Fuel		186,008	-		1,367		187,374
<b>Grand Total</b>	<b>\$ 16,897</b>	<b>\$ 2,472,071</b>	<b>\$ 11,522</b>	<b>\$ 337</b>	<b>\$ 16,847</b>	<b>\$</b>	<b>2,517,673</b>

Storm	Andrea
<b>Less: Non-Incremental Costs &amp; Capital</b>	
<b>Sum of Amount JAN 2013-SEP 2016 Row Labels</b>	<b>Column Labels DISTRIBUTION</b>
Non-Incremental Payroll	\$ (119,888)
Non-Incremental Vehicle	(187,404)
Capital Reclassification	(108,182)
<b>Grand Total</b>	<b>\$ (415,474)</b>

Storm	Andrea						
<b>Incremental Storm Losses</b>							
<b>Sum of Amount JAN 2013-SEP 2016 Row Labels</b>	<b>Column Labels CUSTOMER</b>	<b>POWER</b>					
	SERVICE	DISTRIBUTION	OTHER	GENERATION	TRANSMISSION	Grand Total	
Contractor	\$ 4,798	\$ 766,714	\$ 966		\$ 5,566	\$	778,045
Contractor Line Clearing		465,906					465,906
Logistics		13,821		337			14,158
Materials		40,737	9,716				50,454
Other	197	(17,138)					(16,941)
Overtime Payroll	9,167	478,829	702		7,265		495,963
PWTI	2,135	172,715	137		2,151		177,138
Regular Payroll	600	140,026	-		498		141,124
Vehicle & Fuel		(5,013)	-		1,367		(3,646)
<b>Grand Total</b>	<b>\$ 16,897</b>	<b>\$ 2,056,597</b>	<b>\$ 11,522</b>	<b>\$ 337</b>	<b>\$ 16,847</b>	<b>\$</b>	<b>2,102,200</b>
Jurisdictional Adjustment							1,920
<b>Retail Incremental Costs as of 9/30/2016 - Andrea</b>						<b>\$</b>	<b>2,100,280</b>

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Storm	Erika
<b>Type</b>	<b>Storm Costs</b>

Sum of Amount	Column Labels							Grand Total
	CUSTOMER SERVICE	DISTRIBUTION	NUCLEAR	OTHER	POWER GENERATION	TRANSMISSION		
Contractor	\$ 375	\$ 2,272,473	\$ 20,253	\$ 31,366	\$ 2,785		\$ 2,327,252	
Contractor Line Clearing		1,175,512					1,175,512	
Logistics		164,770	129,588	14,406	12,406		321,171	
Materials		147,511	160	41,447	1,487		190,605	
Other		16,608	352	108,821		698	126,480	
Overtime Payroll	-	133,035	73,532	17,692	12,506	12,105	248,870	
PWTI	-	19,220	7,025	1,839	2,335	3,160	33,579	
Regular Payroll		54,623		3,289	6,556	9,628	74,096	
Vehicle & Fuel		8,823		10,941		3,182	22,946	
<b>Grand Total</b>	<b>\$ 375</b>	<b>\$ 3,992,576</b>	<b>\$ 230,910</b>	<b>\$ 229,802</b>	<b>\$ 38,075</b>	<b>\$ 28,772</b>	<b>\$ 4,520,510</b>	

Storm	Erika
<b>Less: Non-Incremental Costs &amp; Capital</b>	
Sum of Amount	Column Labels
Row Labels	DISTRIBUTION
Non-Incremental Payroll	\$ (34,145)
Non-Incremental Vehicle	(4,305)
<b>Grand Total</b>	<b>\$ (38,450)</b>

Sum of Amount	Column Labels							Grand Total
	CUSTOMER SERVICE	DISTRIBUTION	NUCLEAR	OTHER	POWER GENERATION	TRANSMISSION		
Contractor	\$ 375	\$ 2,272,473	\$ 20,253	\$ 31,366	\$ 2,785		\$ 2,327,252	
Contractor Line Clearing		1,175,512					1,175,512	
Logistics		164,770	129,588	14,406	12,406		321,171	
Materials		147,511	160	41,447	1,487		190,605	
Other		16,608	352	108,821		698	126,480	
Overtime Payroll	-	133,035	73,532	17,692	12,506	12,105	248,870	
PWTI	-	19,220	7,025	1,839	2,335	3,160	33,579	
Regular Payroll		20,478		3,289	6,556	9,628	39,951	
Vehicle & Fuel		4,518		10,941		3,182	18,641	
<b>Grand Total</b>	<b>\$ 375</b>	<b>\$ 3,954,126</b>	<b>\$ 230,910</b>	<b>\$ 229,802</b>	<b>\$ 38,075</b>	<b>\$ 28,772</b>	<b>\$ 4,482,060</b>	
Jurisdictional Adjustment							26,817	
<b>Retail Incremental Costs as of 9/30/2016 - Erika</b>							<b>\$ 4,455,244</b>	

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Storm Type	MLK Storm Costs
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Sum of Amount Row Labels	JAN 2013-SEP 2016	Column Labels DISTRIBUTION
Contractor	\$	1,208,915
Contractor Line Clearing		550,000
Overtime Payroll		1,043,207
PWTI		67,600
<b>Grand Total</b>	<b>\$</b>	<b>2,869,722</b>

Retail Incremental Costs as of 9/30/2016 - MLK      \$      2,869,722





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Storm	Hermine
<b>Type</b>	<b>Storm Costs</b>

Sum of Amount	Column Labels							
JAN 2013-SEP 2016	CUSTOMER							Grand Total
Row Labels	SERVICE	DISTRIBUTION	NUCLEAR	OTHER	POWER GENERATION	TRANSMISSION		
Contractor	\$ 30,361	\$ 10,085,697	\$ 53,709	\$ 107,122	\$ 11,955	\$ 56,575	\$	10,345,419
Contractor Line Clearing		3,196,025		22,728				3,218,752
Logistics		1,615,413	789	7,739	39,200	67,115		1,730,257
Materials	(5,258)	1,346,279	1,015	80,562	2,043	18,117		1,442,758
Other	11,312	195,356		166,192	-	1,869		374,730
Overtime Payroll	78,655	1,844,860	368	102,853		95,304		2,122,041
PWTI	8,847	324,291	24	26,036		23,826		383,023
Regular Payroll	17,601	918,754		113,026		89,576		1,138,956
Vehicle & Fuel		380,614		31,646		26,750		439,009
<b>Grand Total</b>	<b>\$ 141,518</b>	<b>\$ 19,907,289</b>	<b>\$ 55,906</b>	<b>\$ 657,903</b>	<b>\$ 53,198</b>	<b>\$ 379,132</b>	<b>\$</b>	<b>21,194,945</b>

Storm	Hermine
<b>Less: Non-Incremental Costs &amp; Capital</b>	

Sum of Amount	Column Labels				
JAN 2013-SEP 2016	CUSTOMER		POWER GENERATION		Grand Total
Row Labels	SERVICE	DISTRIBUTION	OTHER	GENERATION	
Non-Incremental Payroll	\$ (155,104)	\$ (237,668)	\$ (167,307)	\$ (4,201)	\$ (564,281)
Non-Incremental Vehicle		(320,655)			(320,655)
Capital Reclassification		(234,885)			(234,885)
<b>Grand Total</b>	<b>\$ (155,104)</b>	<b>\$ (793,208)</b>	<b>\$ (167,307)</b>	<b>\$ (4,201)</b>	<b>\$ (1,119,820)</b>

Storm	Hermine
<b>Incremental Storm Losses</b>	

Sum of Amount	Column Labels							
JAN 2013-SEP 2016	CUSTOMER							Grand Total
Row Labels	SERVICE	DISTRIBUTION	NUCLEAR	OTHER	POWER GENERATION	TRANSMISSION		
Contractor	\$ 30,361	\$ 10,085,697	\$ 53,709	\$ 107,122	\$ 11,955	\$ 56,575	\$	10,345,419
Contractor Line Clearing		3,196,025		22,728				3,218,752
Logistics		1,615,413	789	7,739	39,200	67,115		1,730,257
Materials	(5,258)	1,190,786	1,015	80,562	2,043	18,117		1,287,265
Other	11,312	115,964		166,192	-	1,869		295,338
Overtime Payroll	78,655	1,844,860	368	102,853		95,304		2,122,041
PWTI	8,847	324,291	24	26,036		23,826		383,023
Regular Payroll	17,601	354,473		113,026		89,576		574,675
Vehicle & Fuel		59,959		31,646		26,750		118,355
<b>Grand Total</b>	<b>\$ 141,518</b>	<b>\$ 18,787,469</b>	<b>\$ 55,906</b>	<b>\$ 657,903</b>	<b>\$ 53,198</b>	<b>\$ 379,132</b>	<b>\$</b>	<b>20,075,125</b>
Jurisdictional Adjustment								69,120
<b>Retail Incremental Costs as of 9/30/2016 - Hermine</b>							<b>\$</b>	<b>20,006,005</b>