

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Evaluation of storm restoration costs
for Florida Power & Light Company related
to Hurricane Irma

DOCKET NO. 20180049-EI

FILED: May 6, 2019

PREHEARING STATEMENT OF THE FLORIDA RETAIL FEDERATION

The Florida Retail Federation (“FRF”), pursuant to the Order Establishing Procedure in this docket, Order No. PSC-2018-0290-PCO-EI, issued June 7, 2018, and as amended by Order No. PSC-2018-0539-PCO-I, issued November 16, 2018, hereby submits this Prehearing Statement.

APPEARANCES:

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On behalf of the Florida Retail Federation.

1. **WITNESSES:**

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

2. EXHIBITS:

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

3. STATEMENT OF BASIC POSITION

Subject to meeting its burden of proof, FPL is entitled to recover incremental costs, calculated and determined consistently with the Commission's rules, of restoring service following Hurricane Irma. Excessive costs are not reasonable or prudent. Costs claimed by FPL for which FPL has not supplied adequate documentation should be disallowed: failure to supply adequate documentation is a failure to meet its burden of proof. Ultimately, the Commission must ensure that customers do not bear, either directly or indirectly, in either the short term or the long term, any excessive or imprudently incurred costs. The appropriate protection of customers from such undue burdens will depend on the accounting treatment applied to FPL's Hurricane Irma restoration costs in the first instance.

Based on the available evidence, FPL's recoverable Hurricane Irma restoration costs should be reduced by \$486 million as recommended by the Citizens' witness Helmuth W. Schultz, III.

4. STATEMENT OF FACTUAL ISSUES AND POSITIONS

ISSUES

ISSUE 1: Should the incremental cost and capitalization approach (ICCA) found in Rule 25-6.0143, F.A.C., be used to determine the reasonable and prudent amounts to be included in the Hurricane Irma restoration costs?

FRF: Yes.

ISSUE 2: What is the reasonable and prudent amount of regular payroll expense to be included in the Hurricane Irma restoration costs?

FRF: Agree with OPC.

ISSUE 3: What is the reasonable and prudent amount of overtime payroll expense to be included in the Hurricane Irma restoration costs?

FRF: Agree with OPC.

ISSUE 4: What is the reasonable and prudent amount of contractor costs to be included in the Hurricane Irma restoration costs?

FRF: Agree with OPC.

ISSUE 5: What is the reasonable and prudent amount of vegetation and line clearing costs to be included in the Hurricane Irma restoration costs?

FRF: Agree with OPC.

ISSUE 6: What is the reasonable and prudent amount of employee expenses to be included in the Hurricane Irma restoration costs?

FRF: Agree with OPC.

ISSUE 7: What is the reasonable and prudent amount of materials and supplies expense to be included in the Hurricane Irma restoration costs?

FRF: Agree with OPC.

ISSUE 8: What is the reasonable and prudent amount of logistics costs to be included in the Hurricane Irma restoration costs?

FRF: Agree with OPC.

ISSUE 9: What is the reasonable and prudent total amount of costs to be included in the Hurricane Irma restoration costs?

FRF: Agree with OPC.

ISSUE 10: What is the reasonable and prudent amount of storm-related costs that should be capitalized?

FRF: Agree with OPC.

ISSUE 11: What is the appropriate accounting treatment associated with any storm costs found to have been imprudently incurred?

FRF: All imprudently incurred costs should be disallowed from direct or indirect cost recovery, and the Commission should otherwise ensure that customers do not bear, directly or indirectly, in the short term or long term, any cost burden of imprudently incurred costs. The actual accounting treatment necessary to ensure that customers bear no burden of imprudently incurred costs will depend on the accounting treatment applied to FPL's storm costs in the first instance.

ISSUE 12: Should this docket be closed?

FRF: When the final order has been issued and any appeals have been finally determined, this docket should be closed.

CONTESTED ISSUES

OPC CONTESTED ISSUES

ISSUE 4A: What is the reasonable and prudent amount of contractor costs associated with standby time, mobilization time, and demobilization time to be included in the Hurricane Irma restoration costs?

FRF: Agree with OPC.

ISSUE 4B: Should the incremental cost recovery and capitalization approach (ICCA) be applied to determine the reasonable and prudent amount of contractor costs associated with embedded crew expense (crews working year-round for FPL) to be included in the Hurricane Irma restoration costs?

FRF: Yes.

ISSUE: As a result of the evidence in this case, what action should the Florida Public Service Commission take to ensure contractor rates charged to utilities are reasonable and prudent?

FRF: The Commission should initiate generic proceedings, which might include rulemaking or other formal generic investigative proceedings, to ensure that, on a going-forward basis, contractor rates and costs charged to utilities, and thus borne by utility customers, are reasonable and prudent.

FRF CONTESTED ISSUE

ISSUE 1A: Was FPL required to use the Storm Cost Recovery Mechanism (SCRM) described in Order No. PSC-2016-0560-AS-EI for the recovery of FPL's reasonable and prudent Hurricane Irma restoration costs?

FRF: Yes.

5. **STIPULATED ISSUES:**

None at this time.

6. **PENDING MOTIONS:**

The FRF has no pending motions.

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

The FRF has no pending requests or claims for confidentiality.

8. OBJECTIONS TO QUALIFICATION OF WITNESSES AS AN EXPERT:

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

9. STATEMENT REGARDING SEQUESTRATION OF WITNESSES:

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

10. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE:

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

Respectfully submitted this 6th day of May, 2019.

/s/ Robert Scheffel Wright

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic mail on this 6th day of May, 2019, to the following:

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