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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: PROPOSED AMENDMENT OF RULE 25-6.0143, F.A.C., AND PROPOSED ADOPTION OF RULE 25-7.0143, F.A.C.	Docket No. 20200000-OT Submitted: October 2, 2020

SECOND POST-WORKSHOP COMMENTS OF FLORIDA CITY GAS

I. INTRODUCTION

On June 10, 2020, the Florida Public Service Commission ("Commission") Staff initiated a rulemaking to amend Rule 25-6.0143, Florida Administrative Code ("F.A.C."), Use of Accumulated Provision Accounts 228.1, 228.2, and 228.4 (hereinafter, the "Electric Storm Rule"), to add clarity and specificity to rule language and requirements and to create Rule 25-7.0143, F.A.C., Use of Accumulated Provision Accounts 228.1, 228.2, and 228.4 (hereinafter, referred to as the "Gas Storm Rule"), to provide an industry-specific standard for the application in the natural gas industry similar to the Electric Storm Rule. Staff conducted a rulemaking workshop on June 29, 2020, to solicit input and comments from interested parties on the proposed rulemaking. At the conclusion of the workshop, Staff invited interested parties to submit written comments and redlined suggested edits to the proposed rules.

On July 27, 2020, Florida City Gas ("FCG") submitted Post-Workshop Comments regarding the proposed new Gas Storm Rule for Staff's consideration. Therein, FCG agreed with Staff's proposal to develop an industry-specific storm rule for natural gas local distribution companies ("LDCs"), but proposed several modifications or clarifications to the Gas Storm Rule based on the experiences and lessons learned by FCG's electric utility affiliates, Florida Power & Light Company ("FPL") and Gulf Power Company ("Gulf"), and to account for certain differences between the gas and electric industries.

Following the workshop and review of post-workshop comments, Commission Staff circulated revised drafts of Rules 25-6.0143 and 25-7.0143, F.A.C., on September 11, 2020, and invited interested parties to submit written comments and redlined suggested edits to the proposed Rules as revised. FCG herein submits these Second Post-Workshop Comments regarding the proposed new Gas Storm Rule as revised for Staff's consideration.

At the outset, it is important to note that FCG agrees with Staff's proposal to develop an industry-specific storm rule for the gas LDCs, and to provide greater guidance and clarity to the implementation of such a rule.[1] Further, FCG appreciates Staff's consideration of FCG's first Post-Workshop Comments submitted on July 27, 2020, and efforts to address some of the issues and concerns in the revised draft Gas Storm Rule. For Staff's consideration, FCG herein offers a few minor suggested clarifications to the revised draft Gas Storm Rule, which FCG believes will provide further clarity to the Rule and reduce the potential for future disagreements about the requirements of the proposed Gas Storm Rule. FCG directs its comments to those suggested clarifications to the Gas Storm Rule.

II. COMMENTS TO REVISED DRAFT RULE 25-7.0143, F.A.C.

A. Section 25-7.0143(1)(a)

FCG agrees with Staff's proposed revisions/deletions to Section 25-7.0143(a) of the proposed new Gas Storm Rule, which properly recognize that nuclear accidents are not applicable to gas LDC operations.

B. Section 25-7.0143(1)(b) – (d)

[1] Unlike the electric investor-owned utilities, there currently is not a specific storm rule and surcharge mechanism authorized for the gas LDCs.

Staff did not propose any additional revisions to these sections of the Gas Storm Rule and, therefore, FCG has no further comments.

C. Section 25-7.0143(1)(e)

1. Section 25-7.0143(1)(e)(1)

In its first Post-Workshop Comments submitted on July 27, 2020, FCG recommended that Section 25-7.0143(1)(e)(1) be revised to reflect that additional contract labor hired for storm restoration activities are incremental if specifically related to storm restoration activities and, therefore, the comparison to the three-year monthly average was unnecessary. Staff's proposed revisions to Section 25-7.0143(1)(e)(1) retain the comparison to the three-year monthly average but add the ability to make appropriate adjustments to the historic contract labor costs included in the three-year monthly average.

FCG agrees with Staff's revisions and believes it appropriately contemplates and balances the need to ensure that these contractor costs are incremental costs with the fact that there may be situations where such contractor costs in a given month are outliers and not appropriate to be included in the monthly average. FCG submits that Staff's revision appropriately places the burden on the utility seeking such an adjustment to explain any such adjustment in detail. For these reasons, FCG agrees with and supports Staff's revised Section 25-7.0143(1)(e)(1).

2. Section 25-7.0143(1)(e)(2)

FCG agrees with Staff's proposed revision to Section 25-7.0143(1)(e)(2). FCG submits that Staff's revision appropriately removes the three-year average requirement to reflect that all logistics costs during storm restoration are specifically related to storm restoration activities. By definition, these costs are incremental costs that would not be incurred by an LDC in the absence of a storm.

3. Section 25-7.0143(1)(e)(3)

FCG agrees with Staff's proposed revision to Section 25-7.0143(1)(e)(3). FCG submits that Staff's revision appropriately removes the three-year average requirement to reflect that transportation of crews and other personnel for storm restoration activities are incremental costs that would not be incurred by an LDC in the absence of a storm. Staff's proposed revision also properly accounts for the fact that transportation costs associated with the work performed by contractors during blue-sky conditions would be included in the contractor costs for the blue-sky project and not separately tracked. Therefore, FCG agrees with Staff's proposed revision to Section 25-7.0143(1)(e)(3) with one minor wording clarification as show in redline on Appendix A to these Comments.[2]

4. <u>Section 25-7.0143(1)(e)(4)</u>

FCG agrees with Staff's proposed revision to Section 25-7.0143(1)(e)(4). FCG submits that Staff's revision appropriately removes the three-year average requirement to reflect that costs for vehicles specifically rented for storm restoration activities are incremental costs that would not be incurred by an LDC in the absence of a storm. Staff's proposed revision also properly accounts for the fact that vehicle rental costs in the normal course of business would be included in the contractor costs for the blue-sky project and not separately tracked.

5. <u>Section 25-7.0143(1)(e)(5)</u>

FCG submits that Staff's proposed revision to Section 25-7.0143(1)(e)(5) appropriately removes the three-year average requirement to reflect that waste management costs specifically related to storm restoration activities are incremental costs that would not be incurred by an LDC

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[2] For purposes of providing a marked version of the proposed new Gas Storm Rule, FCG has accepted Staff's proposed revisions (including deletions), removed all highlighting, and added suggested modifications in redline on Appendix A to these Comments. Thus, the suggested changes shown in Appendix A reflect only those additional changes to Staff's revised version of the Gas Storm Rule that FCG is proposing herein.

in the absence of a storm. However, as provided in FCG's first Post-Workshop Comment submitted on July 27, 2020, waste management costs specifically related to storm restoration activities are included in the storm restoration logistics costs and are not separately tracked.

6. Section 25-7.0143(1)(e)(6)

FCG agrees with Staff's proposed revision to Section 25-7.0143(1)(e)(6). FCG submits that Staff's revision appropriately removes the three-year average requirement to reflect that rental equipment costs specifically related to storm restoration activities are incremental costs that would not be incurred by an LDC in the absence of a storm. Staff's proposed revision also properly accounts for the fact that equipment rental costs in the normal course of business would be included in the contractor costs for the blue-sky project and not separately tracked. Therefore, FCG agrees with Staff's proposed revision to Section 25-7.0143(1)(e)(6) with one minor wording clarification as show in redline on Appendix A to these Comments.

7. Section 25-7.0143(1)(e)(7)

Staff did not propose any additional revisions to this section of the Gas Storm Rule and, therefore, FCG has no further comments.

8. Section 25-7.0143(1)(e)(8)

In its first Post-Workshop Comments submitted on July 27, 2020, FCG recommended that Section 25-7.0143(1)(f)(1) of the proposed new Gas Storm Rule be deleted and, instead, that regular payroll and regular payroll-related costs be addressed in Section 25-7.0143(1)(e) of the proposed Gas Storm Rule to make it clear that regular payroll and regular payroll-related costs for utility managerial and non-managerial personnel that are specifically related to storm restoration activities may be charged to the reserve under the ICCA methodology. FCG's proposed modification for regular payroll and regular payroll-related costs was consistent with the treatment of overtime payroll and payroll-related costs in Section 25-7.0143(1)(e)(8).

Staff has proposed to revise Section 25-7.0143(1)(e)(8) to apply to all payroll and payroll-related costs by deleting the term overtime. FCG appreciates Staff's efforts to revise Section 25-7.0143(1)(e)(8) to include both regular and overtime payroll. However, to avoid the potential for future disputes regarding the meaning and application of Section 25-7.0143(1)(e)(8), FCG recommends that this section be revised to either: (i) clearly identify both "regular and overtime payroll and regular and overtime payroll-related costs"; or (ii) modify to include "all payroll and all payroll-related costs." Additionally, because regular payroll and regular payroll-related costs are addressed in Staff's revised draft of Section 25-7.0143(1)(e)(8), FCG submits that Section 25-7.0143(1)(f)(1) of the proposed new Gas Storm Rule is redundant, unnecessary, and should be deleted in its entirety. FCG believes that these modifications to Sections 25-7.0143(1)(e)(8) and 25-7.0143(1)(f)(1) will provide further clarity and avoid the potential for future disputes on the meaning and application of the Rule. This suggested modification is reflected in the marked version of the Gas Storm Rule included as Appendix A to these Comments.

Staff has also proposed to revise Section 25-7.0143(1)(e)(8) to add the ability to make appropriate adjustments to the historic payroll and payroll-related costs included in the three-year monthly average. FCG agrees with Staff's revisions and believes it appropriately contemplates and balances the need to ensure that these payroll costs are incremental costs with the fact that there may be situations where such payroll costs in a given month are outliers and not appropriate to be included in the monthly average. FCG submits that Staff's revision appropriately places the burden on the utility seeking such an adjustment to explain any such adjustment in detail.

9. Section 25-7.0143(1)(e)(9)

FCG generally agrees with Staff's proposed revisions to Section 25-7.0143(1)(e)(9), with one minor clarification. Staff has proposed to revise Section 25-7.0143(1)(e)(9) to add the ability to make appropriate adjustments to the historic fuel cost for company and contractor vehicles included in the three-year monthly average. FCG agrees with Staff's revisions and believes it appropriately contemplates and balances the need to ensure that these fuel costs are incremental costs with the fact that there may be situations where such fuel costs in a given month are outliers and not appropriate to be included in the monthly average. FCG submits that Staff's revision appropriately places the burden on the utility seeking such an adjustment to explain any such adjustment in detail.

To provide further clarity to Section 25-7.0143(1)(e)(9), FCG also recommends that the phrase "for company and contractor vehicles" be added to the historic monthly three-year average to ensure that there is an apples-to-apples comparison to the fuel cost for company and contractor vehicles used in storm restoration activities. This suggested modification is reflected in the marked version of the Gas Storm Rule included as Appendix A to these Comments.

10. Section 25-7.0143(1)(e)(10)

Staff did not propose any additional revisions to this section of the Gas Storm Rule and, therefore, FCG has no further comments.

11. Proposed New Section 25-7.0143(1)(e)(11) for Vegetation-Related Expense

In its first Post-Workshop Comments submitted on July 27, 2020, FCG recommended a new Section 25-7.0143(1)(e)(11) to the proposed Gas Storm Rule that reflects gas LDCs may incur vegetation-related expenses following extreme weather events and that such costs are incremental for purposes of gas LDCs' storm restoration activities.

Staff's revised Gas Storm Rule proposes to add a new Section 25-7.0143(1)(e)(11) to include vegetation management expenses specifically related to storm restoration activities, along with a three-year average requirement to reflect that vegetation management expenses specifically related to storm restoration activities are incremental costs that would not be incurred by an LDC in the absence of a storm. For the reasons explained in FCG's first Post-Workshop Comments submitted on July 27, 2020, FCG submits that such costs are by definition incremental to FCG's base O&M expenses and, therefore, Staff's proposed use of a three-year average to determine the trimming costs charged to operation and maintenance expense is not appropriate. Notwithstanding, because Staff has also proposed to add the ability to make appropriate adjustments to the historic vegetation management expenses included in the three-year monthly average, FCG agrees with Staff's proposed new Section 25-7.0143(1)(e)(11). FCG submits that this addition appropriately contemplates and balances the need to ensure that these vegetation expenses are incremental costs with the fact that there may be situations where such vegetation expenses in a given month are outliers and not appropriate to be included in the monthly average. FCG also submits that Staff's revision appropriately places the burden on the utility seeking such an adjustment to explain any such adjustment in detail.

12. Proposed New Section 25-7.0143(1)(e)(12) for Other Costs and Expenses

Staff's revised Gas Storm Rule proposes to add a new Section 25-7.0143(1)(e)(12) to include "other costs or expenses not specifically identified in paragraph 1(e)(1) through 1(e)(11), which are directly and solely attributable to a storm restoration event." Extreme weather events by their very nature are unpredictable and beyond the utilities' control. Although general categories or types of storm activities are known, the exact storm restoration activities that are necessary to respond to the impacts from a specific storm may not be predictable with 100%

accuracy. Depending on the strength, path, duration, and type of storm, additional storm restoration activities above and beyond those listed in paragraphs 1(e)(1) through 1(e)(11) of the proposed Gas Storm Rule may be necessary to reduce customer outages, restore gas supply to customers, and ensure safe and reliable service to customers. FCG submits that Staff's proposal to add a new Section 25-7.0143(1)(e)(12) to the Gas Storm Rule is reasonable and appropriately reflects that storms and the associated storm restoration activities may be unpredictable and not suitable to being reduced to a prescribed list of permitted activities. FCG acknowledges that in the event any such additional storm restoration activities above and beyond those listed in paragraphs 1(e)(1) through 1(e)(11) of the proposed Gas Storm Rule are incurred in response to an extreme weather event, the LDC would have the burden to demonstrate that the costs associated with such storm restoration activities are incremental costs that would not have been incurred but for the storm.

D. Section 25-7.0143(1)(f)

1. Section 25-7.0143(1)(f)(1)

As explained above in Section II(C)(8) of these Comments, FCG recommends the deletion of Section 25-7.0143(1)(f)(1) in its entirety, and to address both regular and overtime payroll and payroll-related costs Section 25-7.0143(1)(e)(8) of the Gas Storm Rule as revised by Staff and with certain clarification explained in Section II(C)(8) of these Comments. This suggested modification is reflected in the marked version of the Gas Storm Rule included as Appendix A to these Comments.

2. Section 25-7.0143(1)(f)(2)

Staff did not propose any additional revisions to this section of the Gas Storm Rule and, therefore, FCG has no further comments.

3. Section 25-7.0143(1)(f)(3)

Consistent with its first Post-Workshop Comments submitted on July 27, 2020, FCG generally agrees with this section of the proposed new Gas Storm Rule, but suggests that "base rate recoverable" be deleted from this section to provide additional clarity and to recognize that depreciation may be recovered outside of base rates (e.g., depreciation for certain mains and associated facilities that have been relocated under FCG's SAFE program are recovered through a surcharge). This suggested modification is reflected in the marked version of the Gas Storm Rule included as Appendix A to these Comments.

4. Sections 25-7.0143(1)(f)(4)-(9)

Staff did not propose any additional revisions to these sections of the Gas Storm Rule and, therefore, FCG has no further comments.

E. Sections 25-7.0143(1)(g)-(h)

Staff did not propose any additional revisions to these sections of the Gas Storm Rule and, therefore, FCG has no further comments.

F. Sections 25-7.0143(1)(i)-(j)

FCG agrees with Staff's proposed revision to Sections 25-7.0143(1)(i) and (j) to be consistent with Rule No. 25-7.014, F.A.C., and the requirement for LDCs to maintain accounts and records in conformity with the Uniform System of Accounts for Natural Gas Companies as found in the Code of Federal Regulations, Title 18, Subchapter F, Part 201.

G. Sections 25-7.0143(1)(k)-(l)

Staff did not propose any additional revisions to these sections of the Gas Storm Rule and, therefore, FCG has no further comments.

H. Sections 25-7.0143(2)-(4)

Staff did not propose any additional revisions to these sections of the Gas Storm Rule and, therefore, FCG has no further comments.

III. CONCLUSION

As stated above, FCG generally supports Staff's proposed new Gas Storm Rule, Rule 25-7.0143, F.A.C., as revised by Staff. However, as discussed in the foregoing Comments, FCG believes that a few minor clarifications, as provided in Appendix A to these Comments, are appropriate and necessary to provide further clarity and avoid the potential for future confusion and/or disagreements about the meaning and application of the new Gas Storm Rule. Accordingly, FCG respectfully requests that Commission Staff further modify its revised draft Gas Storm Rule consistent with these Comments. Again, FCG thanks Staff for its efforts to develop an industry-specific storm rule for the gas LDCs, its consideration of FCG's first Post-Workshop Comments and efforts to revise the proposed Gas Storm Rule, and FCG appreciates the opportunity to further comment on the proposed new Gas Storm Rule as revised by Staff.

Respectfully submitted this 2nd day of October, 2020.

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APPENDIX A

Redline Version of FCG’s Proposed Modifications to Staff’s Revised Rule 25-7.0143, F.A.C., Use of Accumulated Provision Accounts 228.1, 228.2, and 228.4

25-7.0143 Use of Accumulated Provision Accounts 228.1, 228.2, and 228.4.

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

(a) This account may be established to provide for losses through accident, fire, flood, storms and similar type hazards to the utility's own property or property leased from others, which is not covered by insurance. A schedule of risks covered must be maintained, giving a description of the property involved, the character of risks covered and the accrual rates used.

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

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

(d) In determining the costs to be charged to cover storm-related damages, the utility must use an Incremental Cost and Capitalization Approach methodology (ICCA). Under the ICCA methodology, the costs charged to cover storm-related damages must exclude those costs that normally would be charged to non-cost recovery clause operating expenses in the absence of a storm. Under the ICCA methodology for determining the allowable costs to be charged to cover storm-related damages, the utility will be allowed to charge to Account No. 228.1 costs that are incremental to costs normally charged to non-cost recovery clause operating expenses in the absence of a storm. All costs charged to Account 228.1 are subject to review for prudence and reasonableness by the Commission. In addition, capital expenditures for the removal, retirement and replacement of damaged facilities charged to cover storm-related damages must exclude the normal cost for the removal, retirement and replacement of those facilities in the absence of a storm. The utility must notify the Director of the Commission Clerk in writing for each incident expected to exceed 1.5 percent of jurisdictional revenues for the most recent calendar year.

(e) The types of storm related costs allowed to be charged to the reserve under the ICCA methodology include the following:

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

2. Logistics costs of providing meals, lodging, and linens for tents and other staging areas;

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

4. Vehicle costs for vehicles specifically rented for storm restoration activities;

5. Waste management costs specifically related to storm restoration activities;

6. Rental equipment costs specifically related to storm restoration activities;

7. Materials and supplies used to repair and restore service and facilities to pre-storm condition, excluding those costs that normally would be charged to non-cost recovery clause operating expenses in the absence of a storm;

8. Regular and overtime payroll ~~Payroll~~ and payroll-related costs for utility personnel included in storm restoration activities incurred in any month in which storm damage restoration activities are conducted, that are greater than the actual monthly average of regular and overtime payroll and payroll-related costs charged to operation and maintenance expense

for the same month in the three previous calendar years. The utility may adjust historical monthly regular and overtime payroll and payroll-related costs charged to operation and maintenance expense from calculated monthly average. Each adjustment shall be accompanied by a detailed explanation of the nature and derivation of the adjustment;

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

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

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

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

(f) The types of storm related costs prohibited from being charged to the reserve under the ICCA methodology include the following:

~~1. Base rate recoverable regular payroll and regular payroll-related costs for utility~~

~~managerial and non-managerial personnel~~;

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

3. ~~Base rate recoverable depreciation~~ Depreciation expenses, insurance costs and lease expenses for utility-owned or utility-leased vehicles and aircraft;

4. Utility employee assistance costs;

5. Utility employee training costs incurred prior to 72 hours before the storm event;

6. Utility advertising, media relations or public relations costs, except for public service announcements regarding key storm-related issues as listed above in subparagraph (1)(e)10.;

7. Utility call center and customer service costs, except for non-budgeted overtime or other non-budgeted incremental costs associated with the storm event;

8. Utility lost revenues from services not provided; and

9. Replenishment of the utility's materials and supplies inventories.

(g) Under the ICCA methodology for determining the allowable costs to be charged to cover storm-related damages, certain costs may be charged to Account 228.1 only after review and approval by the Commission. Prior to the Commission's determination of the appropriateness of including such costs in Account No. 228.1, the costs may be deferred in Account No. 186, Miscellaneous Deferred Debits. The deferred costs must be incurred prior to June 1 of the year following the storm event. By September 30 a utility must file a petition for the disposition of any costs deferred prior to June 1 of the year following the storm event giving rise to the deferred costs. These costs include the following:

1. Costs of normal non-storm related activities which must be performed by employees or contractors not assigned to storm damage restoration activities ("back-fill work") or normal non-storm related activities which must be performed following the restoration of service after a storm by an employee or contractor assigned to storm damage restoration activities in

addition to the employee's or contractor's regular activities ("catch-up work"); and

2. Uncollectible accounts expenses.

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

(i) If the charges to Account No. 228.1 exceed the account balance, the excess must be carried as a debit balance in Account No. 182.3 and no request for a deferral of the excess or for the establishment of a regulatory asset is necessary.

(j) A utility may petition the Commission for the recovery of a debit balance in Account No. 182.3 discussed in part (1)(i) plus an amount to replenish the storm reserve through a surcharge, securitization or other cost recovery mechanism.

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

(l) Each utility must file a Storm Damage Self-Insurance Reserve Study (Study) with the Commission Clerk by January 15, 2021 and at least once every 5 years thereafter from the submission date of the previously filed study. A Study must be filed whenever the utility is seeking a change to either the target accumulated balance or the annual accrual amount for Account No. 228.1. At a minimum, the Study must include data for determining a target balance for, and the annual accrual amount to, Account No. 228.1.

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

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

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

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

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

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

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

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

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

Rulemaking Authority 366.05(1) FS. Law Implemented 350.115, 366.04(2)(a) FS. History - New______.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was served by electronic delivery to the following parties of record this 2nd day of October, 2020:

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