BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 120015-EI
FLORIDA POWER & LIGHT COMPANY

IN RE: PETITION FOR RATE INCREASE BY FLORIDA POWER & LIGHT COMPANY

COM 5
APA 1
ECR 10
GCL 1
RAD 1
SRC 1
ADM
OPC
CLK 1
Cht Rep. 1

TESTIMONY & EXHIBITS OF:

GEORGE K. HARDY

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY

DIRECT TESTIMONY OF GEORGE K. HARDY

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I. INTRODUCTION

Q. Please state your name and business address.

A. My name is George K. Hardy. My business address is Florida Power & Light Company, 700 Universe Blvd., Juno Beach, Florida, 33408.

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

A. I am employed by Florida Power & Light Company ("FPL" or the "Company") as Vice President of the Distribution Business Unit ("Distribution").

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

A. I am responsible for the planning, engineering, construction, operations, maintenance and restoration of Distribution's infrastructure.

Q. Please describe your educational background and professional experience.

A. I received a Bachelor of Science in Mechanical Engineering from North Carolina State University. I am also a graduate of the Leadership Institute of Boston University's School of Business. My professional background with FPL includes twenty four years of technical, managerial and commercial experience, with progressively more demanding assignments. I have served as Vice President within three FPL business units: Power Generation, Transmission and now Distribution.

Q. Are you sponsoring any exhibits in this case?

A. Yes. I am sponsoring the following exhibits:

- Exhibit GKH-1 Summary of Co-Sponsored MFRs
- Exhibit GKH-2 Distribution Reliability Program Initiatives

Q. Are you co-sponsoring any Minimum Filing Requirements ("MFRs") in this case?

A. Yes. Exhibit GKH-1 contains a listing of the MFRs that I am co-sponsoring.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to:

- provide an overview of Distribution's initiatives to strengthen and improve the storm resiliency and reliability of the distribution system infrastructure;
- demonstrate that Distribution provides excellent service reliability and customer service; and
- present an overview of Distribution's effectively managed capital expenditures and operation and maintenance ("O&M") expenses.

Q. Please summarize your testimony.

A. Distribution is responsible for the planning, engineering, construction, operation, maintenance and restoration of FPL's distribution infrastructure. Distribution's infrastructure storm hardening and preparedness initiatives include its storm hardening plan, pole inspection program and vegetation management program, all of which have been previously reviewed and approved by the Florida Public Service Commission ("FPSC"). These programs further strengthen and improve the distribution infrastructure and provide value and long term benefits to our customers. Distribution also continues to deliver excellent system reliability performance to our customers. Over the last decade (2002-2011), Distribution's reliability, as measured by the best overall indicator of reliability, the System Average Interruption Duration Index ("SAIDI"), has been extremely stable and

ranks the best among Florida's other investor owned utilities ("IOUs"). Additionally, FPL's Distribution 2006-2010 SAIDI performance ranks in the first quartile in a recently completed Davies Consulting Inc. reliability benchmarking study which included 31 utilities in approximately 30 states, each of which serves between 300,000 and 5 million customers.

Through the implementation of targeted initiatives, Distribution continually strives to improve and enhance our customer service processes. The cumulative success of these initiatives has resulted in a 48 percent reduction in distribution-related logged FPSC complaints per 10,000 customers over the last decade. In 2011, Distribution achieved its best-ever recorded results for this metric for the second consecutive year.

Distribution's superior reliability and customer service performance are also delivered while maintaining a continual focus on safety. Our safety performance over the last decade, as measured by the industry standard metric for reportable injuries, has improved by 53 percent. In 2011, Distribution achieved its best-ever recorded results for this metric.

Significantly, Distribution has achieved all of these operational performance improvements, while still effectively managing and controlling costs and helping FPL provide the lowest typical customer electric bill in Florida. In the face of ever-rising costs, Distribution's historical O&M expenses have remained stable. This trend is expected to continue through 2013 ("Test Year"). Additionally, this

stability was achieved while adding over 800,000 new service accounts over the last decade and meeting additional regulatory commitments (e.g., costs associated with approved storm hardening and storm preparedness initiatives).

Historically, Distribution's capital expenditures result primarily from the requirement to fund investments necessary to serve on-going customer growth, reliability programs, day-to-day restoration activities and regulatory commitments associated with the approved storm hardening and preparedness initiatives.

In short, Distribution has delivered excellent, efficient and balanced performance resulting in substantial value and benefits for our customers. This outstanding outcome was achieved as a direct result of Distribution's management and employee commitment to safely provide superior reliability and customer service at reasonable costs.

II. OVERVIEW OF DISTRIBUTION

Q. Please provide an overview of the Distribution organization and system.

A. Within FPL's 28,000 square mile service territory, there are approximately 67,000 miles of distribution electrical conductor, consisting of approximately 42,000 miles of overhead wire and approximately 25,000 miles of underground cable. Additionally, FPL's distribution system includes over 1.1 million poles and more than 800,000 transformers serving our customers. Distribution is organized into

four regions (North, East, West and Miami-Dade), which are further divided into 16 management areas that contain 35 service centers. There are also two network operations centers. As of December 2011, there were approximately 2,200 full-time Distribution bargaining and non-bargaining employees.

III. STRENGTHENING THE INFRASTRUCTURE

Q. Is Distribution taking actions to improve the strength and resiliency of its distribution infrastructure against major storms?

A. Yes. The seven hurricanes that affected FPL's service territory during 2004 and 2005 resulted in significant customer outages and required extraordinary efforts to rebuild and restore the system. As a result, the FPSC and FPL initiated actions to strengthen and improve the resiliency of the electrical distribution infrastructure. For example, the FPSC opened new dockets that resulted in orders and rules requiring, among other actions, an eight-year pole inspection program, plans to address ten new storm preparedness initiatives, as well as storm hardening plans. For FPL, its "Storm Secure Plan," filed with the FPSC in 2006, addressed similar initiatives.

Q. Please provide more specific details about Distribution's actions to strengthen and improve the storm resiliency of its infrastructure.

A. In compliance with FPSC orders and rules, Distribution filed and obtained approval of its plans and programs to satisfy the new storm preparedness and

hardening requirements. The following are summaries of these approved plans/actions:

Pole Inspections – Distribution's plan to implement an eight-year distribution pole inspection cycle was approved by the FPSC in 2006. Our 1.1 million-plus distribution poles are inspected to ensure they meet National Electrical Safety Code ("NESC") strength and loading requirements. Poles not meeting these requirements are either reinforced or replaced. Through 2011, Distribution has inspected approximately 800,000 distribution poles, and remains on schedule to complete its first eight-year cycle in 2013.

Storm Preparedness Initiatives – Distribution's plans to address the 10 FPSC storm preparedness initiatives were approved in 2006 (Initiatives 2-10) and 2007 (Initiative 1). The storm preparedness initiatives include plans for increased vegetation management, audits of joint use poles, improved asset management systems, gathering of storm damage forensics and the evaluation of overhead vs. underground facilities' storm performance. One key initiative, increased vegetation trimming, includes Distribution's plan to establish a six-year average cycle for its laterals by 2013 and maintain its three-year average cycle for feeders. Distribution remains on schedule to meet this plan.

Storm Hardening – Distribution's hardening plans, first for 2007-2009 and most recently for 2010-2012, were approved by the FPSC in 2007 and 2010,

respectively. The FPSC's "hardening rule" (Rule 25-6.0342) requires the filing, review and approval of detailed hardening plans every three years. These plans include the overall hardening strategy, proposed projects, expected costs and associated benefits. Additionally, annual updates filed with the FPSC each March specify hardening projects and associated costs planned for the current year, along with actual hardening projects and associated costs completed during the previous year. Distribution's approved hardening plan includes a three-prong approach that: (1) applies Extreme Wind-Loading criteria ("EWL") to infrastructure that serves critical customers (e.g., hospitals and 911 centers); (2) targets the strengthening of existing infrastructure, up to and including EWL, that serves key community needs (e.g., gas stations, grocery stores and pharmacies); and (3) employs revised design guidelines to apply EWL to new overhead construction, major planned work, relocation projects and daily work activities where feasible and practical. By the end of 2013, Distribution expects it will have hardened to EWL 292 feeders serving critical infrastructure customers, including 100 percent of all feeders serving hospitals, 911 centers and local government emergency operation centers, and 118 major highway crossings. Additionally, 110 feeders serving community needs will have been incrementally hardened, up to and including EWL.

Investing in Overhead to Underground Conversions – FPL's Government Adjustment Factor ("GAF") tariff was first approved by the FPSC in 2007 as a pilot program. In 2010, the tariff was approved on a permanent basis. The goal

of the GAF tariff is to lower storm restoration costs for all customers by providing a 25 percent incentive for applicable government-sponsored conversion projects. Through 2011, one county and 10 municipalities have signed a GAF tariff agreement and moved forward with conversion projects.

Q. What benefits do these approved initiatives and programs provide to FPL's customers?

A. Distribution's storm strengthening and preparedness initiatives will result in long-term improvements to the distribution system that not only improve the system's resilience against future storms and severe weather events, but also provide an increased level of day-to-day reliability for our customers, both now and in the future. The expected long-term benefits derived from these initiatives include fewer customer outages, reduced outage durations and reductions in storm and non-storm restoration costs.

IV. RELIABILITY

Q. Please provide a general description of Distribution's reliability program, initiatives and achieved results.

A. Distribution's comprehensive reliability program is comprised of multiple initiatives designed to improve reliability by preventing outages and reducing outage durations. The results and benefits of such initiatives include reduced customer inconvenience and overall restoration cost savings. Reduced restoration costs help keep our customers' electric bills the lowest in the state.

Distribution develops these reliability initiatives by identifying, analyzing and prioritizing causes of past interruptions and then targeting those causes that, if remedied and/or repaired, will yield the largest customer benefits. Distribution has designed an integrated set of initiatives to address the greatest areas of opportunity to further improve reliability. A list of reliability initiatives, with annual costs greater than $1 million, is provided in Exhibit GKH-2. The effectiveness of each initiative is evaluated on an on-going basis and resources are redeployed, as necessary, to maximize overall performance results.

As a result of these initiatives, Distribution has consistently delivered and maintained a superior level of reliability to its customers for more than a decade. As previously discussed, SAIDI measures customers' average annual outage time. It is the most relevant and best overall reliability indicator because it encompasses two other standard performance metrics for overall reliability: the System Average Interruption Frequency Index ("SAIFI") and the Customer Average Interruption Duration Index ("CAIDI"). Over the last decade, Distribution's SAIDI performance has remained extremely stable and ranks the best among the Florida IOUs. Additionally, FPL's Distribution 2006-2010 SAIDI performance ranks in the first quartile in a recently completed Davies Consulting Inc. reliability benchmarking study which included 31 utilities in approximately 30 states, each of which serves between 300,000 and 5 million customers.

Q. Please provide some specific examples of Distribution's reliability initiatives and how these programs benefit FPL's customers.

A. Vegetation Management Program – Vegetation-related outages represent one of the top causes of customer interruptions and present a particular challenge in Florida due to the year-round growth cycle. Distribution continues to maintain a three-year average trim cycle for feeders and is implementing its six-year average cycle for laterals through Initiative 1 of its approved FPSC Storm Preparedness Plan. Additionally, trimming on circuits serving critical customers, e.g., hospitals, is completed prior to the peak of each storm season; thereby reducing severe storm-related interruptions and damage to the facilities serving these critical customers.

In 2011, FPL was recognized for the ninth straight year as a Tree Line USA Utility by the National Arbor Day Foundation. To qualify for this recognition, utilities must adopt certain work practices associated with pruning and working around trees and conduct documented training on these work practices. In addition, utilities must sponsor a community tree-planting program and provide educational information about trees to customers (e.g., planting the appropriate tree species near utility lines). Long-term benefits associated with being a Tree Line USA Utility include lower vegetation management costs and improved customer and community relations.

Feeder/Lateral Cable Program – Another significant cause of distribution interruptions is underground cable failures. This program addresses "direct-buried" feeder and lateral cable through rehabilitation by either injecting the cable with silicone, which extends its life, or, when injection is not an option, by replacing the cable. Our experience shows that once a section of cable experiences several failures, replacing or injecting the cable is the best way to avoid increasingly frequent outages. For replacements, Distribution utilizes cable in conduit. This makes subsequent restoration and/or repair quicker and more efficient, thereby reducing water intrusion and decreasing the likelihood of future cable failure.

Priority Feeder Program – The purpose of this program is to address feeders experiencing the highest number of outages and momentary interruptions on our system. Annually, these feeders are identified and targeted for review and analysis to determine and implement the appropriate corrective measures.

In summary, Distribution's reliability initiatives significantly contribute to excellent reliability through the avoidance and minimization of outages and customer inconvenience. These initiatives have made a major contribution towards FPL's excellent reliability results historically and are expected to do the same in the future.

Q. Given the success of Distribution's reliability programs, what are its plans going forward?

A. Distribution will continue to seek ways to further improve the superior reliability provided to and expected by our customers. Although FPL's service territory has not recently been affected by major storm events like those experienced in 2004 and 2005, FPL must continue to invest in its hardening and storm preparedness initiatives to meet customer needs and expectations, now and in the future. This includes continuing to construct infrastructure to higher standards, increasing tree trimming through its six-year average vegetation management cycle for laterals and conducting its eight-year pole inspection cycle. These initiatives, coupled with Distribution's more established reliability initiatives, will continue to provide our customers with superior reliability, help avoid and minimize outages and reduce overall restoration costs.

V. STORM PREPAREDNESS

Q. As was evident from the unprecedented 2004 and 2005 seasons, restoration of service after hurricanes and tropical storms is an important issue in Florida. Please comment on FPL's emergency preparedness efforts.

A. As discussed earlier, Distribution's approved infrastructure hardening and storm preparedness initiatives will help reduce the amount of damage to the distribution system, reduce the number of outages and reduce overall restoration duration. Distribution also continues to hone its comprehensive plans for rapid and safe restoration of customers' service. After a major storm, FPL's primary mission is

to safely restore service to the greatest number of customers in the least amount of time, enabling the communities served by FPL to return to normal as rapidly as possible. Our restoration plans, which include working with county emergency preparedness officials to prioritize restoration of critical infrastructure facilities, are thoroughly tested and refined through annual "dry run" exercises and by performance analysis after each event. Our many years of experience have shown that extensive planning, training, process discipline, the expertise of on-site management teams and scalable implementation are critical. Planning and preparation include ensuring that: (1) storm roles and responsibilities are known; (2) adequate training is provided; (3) foreign crews are secured, including additional contractor support and mutual assistance from other electric utilities; (4) staging sites are identified, secured and ready; (5) all equipment and logistic needs are satisfied; and (6) communication plans and processes, for internal as well as external purposes, are in place.

FPL is recognized as an industry leader in storm restoration. Numerous other utilities have visited FPL to learn and implement our processes and practices. FPL has also received Edison Electric Institute ("EEI") awards for its emergency response performance in 2000, 2003, 2004 and 2005, further validating FPL's role as an industry leader in this area. In summary, Distribution's initiatives to strengthen its infrastructure and continuously improve its storm preparedness plans, systems and processes will allow FPL to continue to be an industry leader

in storm preparedness/restoration and provide benefits to our customers now and in the future.

VI. CUSTOMER SERVICE

Q. What measures has Distribution undertaken in order to continue its efforts to provide excellent customer service?

A. Distribution continually strives to improve customer service. One key area where we continue to focus our efforts is the improvement of communications with our customers. For example, our Estimated Time of Restoration ("ETR") information is provided to our customers when they experience an outage. We continually review and improve the quality of ETR information as well as its method of delivery. A continual review of the voice response unit and messaging used by Customer Care Center representatives ensures that the messaging is consistent, utilizes customer-friendly terms and provides information that is useful to customers. This information includes our crews' locations, outage cause, restoration status, ETR updates and area-specific emergency messages.

We also recently implemented our new FPL Power Tracker interactive online map which shows, in near real-time, the location of any power outage across FPL's service territory. Customers can access this system through FPL's web page and enter an address, city or ZIP code to find out if there are any power outages currently affecting an area. If a customer is currently experiencing an outage, they can access the map via a battery-powered laptop with internet

connection, smart phone, internet devices or by asking a friend or family member to go online from another location. The map information mirrors the information provided to customers who call FPL's Customer Care Center and is based on data that is updated every 15 minutes, 24 hours a day. By clicking on an outage icon, certain detailed information is provided, including the time an outage began or was reported, the number of customers affected, the cause, the latest status report on the progress of the restoration and an estimated time when power will be restored.

We've also implemented a dedicated email address that customers can now use to send pictures of our facilities where there is or may be an issue. This new visual tool provides customers and FPL another means to describe and discuss what the customer is seeing or experiencing. This allows for quicker resolution of issues.

Q. How do you ensure Distribution is consistently delivering excellent customer service throughout its service territory?

A. Distribution maintains a constant focus on process performance and execution of consistent standards and processes. This focus results in more efficient operations and ensures fair and equal treatment of all customers. For example, Distribution has implemented its Operational Model to standardize well-executed processes, replicate best practices and provide a centralized location for information that is readily accessible by all of our employees. This web-based tool is a "one-stop shop" for procedures, processes, forms and training materials.

Q. Can you further explain the role technology plays in delivering enhanced customer service?

A. Distribution continually develops improvements to expand existing computer system capabilities to provide customers better and more efficient service and information. Examples of recent enhancements, in addition to those previously discussed, include the implementation and deployment of such tools as the Restoration Spatial View ("RSV"), and sMobile. Below is a brief description of these recently implemented enhancements and their associated benefits to customers:

RSV – This technology is a Google Earth-based tool that is accessible to our office employees and our field crews, utilizing the computers installed in their trucks. RSV allows for the viewing and monitoring of field conditions; the location of facilities and equipment, including the location of recently installed smart grid technology (e.g., automated feeder switches, which automatically sectionalize lines and isolate faults to restore service), the location of outages, the types of outages being experienced and the location of crews nearest to the outages – all of which allow us to work more efficiently.

sMobile – This application is another step in modernizing tools utilized by Distribution's field workforce. Through the use of computers installed in their trucks and vehicles, field crews are now able to electronically receive work orders, receive and submit timesheets, receive turn-by-turn driving instructions

and view up-to-date information from various other systems (e.g., asset management and trouble call systems), all of which improve our crews' efficiencies and productivity.

We are also integrating smart meter data with our Trouble Call Management System, which provides real-time outage information/visibility and will decrease dependence on customer outage calls. Additionally, it provides outage and restoration verification, includes a "ping" button that provides real-time confirmation of a meter's current status and will allow us to provide customers more accurate estimated initial times of restoration.

Q. Have these actions resulted in improved customer service?

A. Yes. As previously noted, the cumulative success of our customer service initiatives has resulted in a 48 percent reduction in distribution-related FPSC logged complaints per 10,000 customers over the last decade. In 2011, Distribution achieved its best-ever recorded performance for this metric for the second consecutive year.

VII. SAFETY

Q. Previously you mentioned "safe restoration" and "safely restore the greatest number of customers" as priorities of Distribution. How is safety emphasized within Distribution?

A. Distribution considers safety to be integral to effective operations. The superior reliability and excellent customer service discussed earlier are delivered while maintaining a continual focus on employee safety. As a result of concerted and sustained efforts, over the last decade, we have improved our Occupational Safety & Health Administration's ("OSHA") industry-standard metric of reportable injuries per 200,000 man-hours by 53 percent. The absolute number of injuries has declined by 70 percent for this same period. In 2011, Distribution achieved best-ever recorded results for the OSHA reportable injury metric. A key reason for this dramatic improvement is our continued commitment to a Total Safety Culture. This program establishes a partnership with employees to institute an environment where actions are guided by the principles of trust, open communication, mutual respect and active caring. Some of the specific aspects of this program include crew visits by supervisors to ensure compliance with safety rules, peer-to-peer safety observations and coaching and constant communication of the safety plan through various means of communication. Additionally, Distribution continues to enhance and refresh its safety program, including initiatives such as the recent corporate-sponsored program Zero Today and Hazard Recognition Training for all Distribution employees. These programs serve to constantly reinforce the need for everyone's continued commitment to safety principles.

VIII. DISTRIBUTION COSTS

Q. Please provide an overview of Distribution's actual and forecasted capital expenditures and O&M expenses.

A. Recent history indicates that Distribution's capital expenditures have been driven primarily by four cost categories. These four cost categories are growth, hardening, restoration and reliability. Two remaining cost categories, customer response and field support, also contribute to total Distribution capital expenditures, but to a much lesser extent. Distribution forecasts this trend to continue for the Test Year.

Recent historical Distribution O&M expenses were driven primarily by two cost categories; restoration and reliability. The remaining cost categories (hardening, customer response, field support, and growth) also contribute to total O&M expenses, but to a much lesser extent. This trend is also expected to continue for the Test Year.

Q. Please provide more details regarding Distribution's forecasted capital expenditures for the Test Year.

A. Total Distribution capital expenditures are forecasted to be approximately $430 million for the Test Year. As previously discussed, the four cost categories that contribute most significantly to this total are growth ($112 million), hardening ($106 million), restoration ($92 million) and reliability ($58 million). Together,

they contribute $368 million or 86 percent of total Test Year Distribution capital expenditures. The remaining cost categories, customer response and field support, contribute $62 million or 14% of total Test Year Distribution capital expenditures.

Q. Please provide a description and explanation of these capital expenditures and long term infrastructure investments.

A. Customer and system growth related capital additions include: the addition of infrastructure (e.g., services) to serve new customers; increased capacity to accommodate the load growth (e.g., additional feeders, capacitor banks and transformers); and new streetlights. Hardening/strengthening activities include expenditures attributable to regulatory commitments such as Distribution's approved eight-year cycle pole inspection program and three-prong hardening plan. FPL makes long-term infrastructure investments to maintain and improve reliability. These expenditures include costs associated with underground feeder and lateral cable rehabilitation, automated feeder switches, thermovision follow-up repairs and replacements and improvements on those feeders experiencing the highest number of interruptions. Restoration expenditures include costs required to repair and restore facilities that have failed and need to be replaced or were damaged as a result of severe weather or other causes. Customer response expenditures are primarily associated with non-reimbursable facility relocation costs resulting from road construction projects. Field support expenditures include the purchase of vehicles and equipment to support construction activities as well as staff support functions.

Q. Please comment on Distribution's recent and forecasted Test Year O&M expenses.

A. The primary contributors to both recent and forecasted O&M expenses are associated with restoration and reliability cost categories. These are followed by expenses from hardening, customer response, field support, other business unit distribution related expenses and growth. For the Test Year, total Distribution O&M expenses are forecasted to be approximately $295 million (see MFR C-6).

Q. Please provide a description and explanation of the activities and programs included in Distribution's O&M expenses.

A. The cost categories contained within Distribution's capital expenditures, as described earlier, remain the same for O&M expenses. However, the annual amounts and ratios to total O&M expenses differ. First, the two largest cost categories for the Test Year, restoration ($92 million) and reliability ($66 million), account for 54 percent of Distribution's O&M expenses. Second, the costs associated with hardening/strengthening the infrastructure ($37 million), customer response ($31 million), field support ($30 million) and costs incurred or associated with other FPL business units that relate to operating and maintaining the distribution system ($27 million) account for 42 percent of Distribution's total O&M expenses for the Test Year. Lastly, the remaining 4 percent of Distribution's O&M Test Year expenses are associated with growth ($12 million).

Q. Comparing the 2013 Test Year to the 2012 Prior Year, are there any accounts in which the change to Distribution's non-fuel O&M expenses exceeds the threshold defined in MFR C-8?

A. No. None of the 19 Distribution Test Year non-fuel O&M expense accounts exceed the MFR C-8 threshold.

Q. How do Distribution's O&M expenses for the Test Year compare to the Commission's O&M benchmark (MFR C-41, O&M Benchmark Variance by Function)?

A. Distribution Test Year O&M expenses are $14 million under the Commission's O&M benchmark threshold.

Q. Has Distribution effectively managed its costs?

A. Yes. For the Test Year, capital expenditures are forecasted to be less than actual 2011 capital expenditures ($430 million vs. $432 million). This reduction is despite projecting to add 17,000 or 70 percent more new service accounts in the Test Year than in 2011 (2013 – 41,000 vs. 2011 – 24,000).

Distribution O&M expenses for the Test Year are forecasted to grow at an average annual rate of 1.9 percent over actual 2011 expenses ($295 million vs. $284 million), which is below the forecasted annual Consumer Price Index ("CPI") growth rate for this period. Additionally, as previously mentioned, all 19 Distribution O&M expense accounts as well as the Distribution O&M function total continue to remain under the Commission's established thresholds set forth in MFRs C-8 and C-41.

Q. Does this conclude your direct testimony?

A. Yes.

Summary of Co-Sponsored MFRs by George K. Hardy

MFR	PERIOD	TITLE
B-13	Test	Construction Work in Progress
B-15	Test / Prior	Property Held for Future Use – 13 Month Average
B-24	Test / Prior	Leasing Arrangements
C-15	Historic / Test	Industry Association Dues
C-34	Historic 5 Years	Statistical Information
C-41	Test	O&M Benchmark Variance by Function
E-7	Test	Development of Service Charges
E-14	Test	Proposed Tariff Sheets and Support for Charges

Distribution Reliability Programs*

Program	Program Description
Hardening Plan **	Approved 3-prong plan strengthens the distribution infrastructure
Pole Inspections **	Approved plan implements 8 year inspection cycle
Vegetation Management **	Approved 3-year average (feeders) and 6-year average cycles (laterals) minimize vegetation related interruptions
Feeder/Lateral Cable	Replace direct buried feeder/lateral cable to reduce failures and associated interruptions
Priority Feeders	Identify/remediate feeders experiencing a higher level of interruptions and momentaries
Overhead Line Inspections	Infrared predictive diagnostic technology detects signs of or potential for failures in overhead facilities; also includes visual condition assessment
Vault Inspections	Inspect/remediate non-compliant conditions in automatic throw-over systems and other vault equipment
Submarine Cable	Reduce submersible feeder cable failures and associated interruptions
VAR Management	Maintain/improve power factor performance, improve system efficiency, reliability and quality of service voltage
Switch Cabinets	Remove live front switch cabinets reaching the end of their service life
Handhole Inspections	Inspect/remediate non-compliant conditions
Small Wire Replacement	Replace/upgrade smaller overhead feeder wire to current standards
Cathodic Protection	Install low impedance grounding and Zinc to protect the lead jacket on paper and lead insulated cables
System Expansion	Provides necessary feeder capacity to serve all customers during normal and emergency periods and installs necessary infrastructure to meet new loads

* Reliability programs with annual costs > $1 million
** Hardening/Storm Preparedness programs which also provide day-to-day reliability benefits