

IN RE: PROPOSED ADOPTION OF RULE 25-6.030, F.A.C., STORM PROTECTION PLAN AND RULE 25-6.031, F.A.C., STORM PROTECTION COST RECOVERY CLAUSE, AND PROPOSED AMENDMENT OR REPEAL OF Rule 25-6.0143, Use of Accumulated Provision Accounts 228.1, 228.2, and 228.4, Rule 25-6.034, Standard of Construction, Rule 25-6.0341, Location of the Utility’s Electric Distribution Facilities, Rule 25-6.0342, Electric Infrastructure Storm Hardening, Rule 25-6.0343, Municipal Electric Utility and Rural Electric Cooperative Reporting Requirements, Rule 25-6.0345, Safety Standards for Construction of New Transmission and Distribution Facilities, Rule 25-6.044, Continuity of Service, Rule 25-6.0455, Annual Distribution Service Reliability Report, Rule 25-6.061, Relocation of Poles, Rule 25-6.064, Contribution-in-Aid-of-Construction for Installation of New or Upgraded Facilities, Rule 25-6.077, Installation of Underground Distribution Systems within New Subdivisions, Rule 25-6.078, Schedule of Charges, Rule 25-6.081, Construction Practices, Rule 25-6.115, Facility Charges for Conversion of Existing Overhead Investor-owned Distribution Facilities

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FLORIDA POWER & LIGHT COMPANY’S POST-WORKSHOP COMMENTS

FPL thanks Staff for conducting a very useful and informative second workshop on August 20, 2019 to continue discussions of proposed rules to implement the storm protection plan provisions of newly enacted Section 366.96, Florida Statutes. The comments by Staff and other participants at the workshop have been quite beneficial in helping FPL to further refine its positions and develop these specific, written comments on the rulemaking. FPL notes that it filed extensive written comments on July 15, 2019 following Staff’s first workshop in this docket. Most, if not all, of those comments are still relevant to this rulemaking, and FPL incorporates the July 15 comments herein by reference.

These comments are divided into two parts. On August 8, 2019, Staff published a notice of the second workshop that included revised versions of its proposed Rules 25-6.030 (“Rule 030”) and 25-6.031 (“Rule 031”). FPL has reviewed Staff’s revised Rules 030 and 031 and believes that they are

clearly on the right track toward providing an appropriate and effective mechanism to implement Section 366.96, Florida Statutes. There are, however, some remaining areas of concern for FPL about Staff's revised Rules 030 and 031. The first section of these comments addresses the modifications that FPL believes should be made to revised Rules 030 and 031 to address FPL's remaining areas of concern. In addition, FPL would like to comment briefly on four general issues that were addressed at the August 20 workshop but are not specifically reflected in Rules 030 and 031 or FPL's suggested modifications to those rules. The second section of these comments provides FPL's comments on those issues.

Staff's Revised Rules 030 and 031

Revised Rules 030 and 031 go a long way toward addressing the concerns that FPL raised in its July 15 comments, and we appreciate Staff's hard work in refining them. There remain, however, a few minor modifications that FPL believes would be needed in order for the revised rules to provide a fully workable mechanism for implementing Section 366.96. Attached hereto are redlined versions of Rules 030 and 031 showing FPL's proposed modifications, each of which will be explained briefly below.

Rule 030

- Subsection (2)(b) defines "storm protection project." While this definition is generally appropriate, FPL is concerned that limiting it to projects that enhance "a specified portion" of the existing transmission or distribution facilities could be unduly restrictive. Some projects might involve technology upgrades or monitoring/support systems that benefit the transmission and distribution system overall. The beginning of the definition requires that a utility identify the "specific activity" that comprises a project, so the definition would remain sufficiently focused without the phrase "a specified portion." FPL has deleted "of a specified portion" in the attached redlined version.

- Subsection (2)(c) contains an expanded definition of “transmission and distribution facilities” that enumerates a wider range of assets that would fall within the definition. FPL has no objection to using this approach rather than incorporating by reference the Uniform System of Accounts (“USOA”) as FPL proposed in its July 15 comments. However, FPL believes that, in order to ensure that the complete range of transmission and distribution assets included in the USOA is covered, this definition should start out by broadly applying to all “transmission and distribution system land, structures and equipment” and then using the enumerated list as illustrative, by saying that it includes the listed types of assets. In addition, there are a few additional types of assets that should be enumerated in this list: structures and improvements, station equipment, underground conductors and devices, battery storage equipment, transformers, meters, services, installations on customers’ premises, street lighting and devices, and related communications equipment. Additionally, FPL proposes to remove “substations and related facilities” as these assets are included within the station equipment accounts. FPL has modified the definition of “transmission and distribution facilities” in the attached redlined version to reflect this expanded scope.
- Subsection (3)(a) provides for a utility to describe how implementation of its proposed Storm Protection Plan (or “Plan”) will strengthen electric utility infrastructure. As discussed in its July 15 comments, FPL believes that there is an important role in storm protection for the addition and replacement of equipment and facilities within the existing infrastructure, technology improvements, pole inspection programs and grid monitoring and support systems. FPL has added to Subsection (3)(a) an express reference to these activities in the attached redlined version.

- Subsection (3)(d)3 requires a description and explanation for any storm protection programs that were considered but not included in a utility’s Storm Protection Plan. FPL believes that this requirement is vague, open-ended and unnecessary, in view of the provision in Subsection (3)(d)6 for a utility to include in its Storm Protection Plan a description of the criteria used to select and prioritize proposed storm protection programs. Additionally, compliance with subsection (3)(d)6 will fully satisfy the statutory mandate included in Section 366.96(3), Florida Statutes, requiring the utility to “explain the systematic approach the utility will follow to achieve the objectives of reducing restoration costs and outage times associated with extreme weather events and enhancing reliability.” Accordingly, FPL has deleted Subsection (3)(d)3 in the attached redlined version.
- Subsection (3)(d)4 requires cost estimates for operating expenses, separated into fixed and variable. FPL does not currently track transmission and distribution fixed and variable costs separately, as this concept is not applicable to either of these functions. In addition, that breakdown is not required for other adjustment clause filings. Accordingly, FPL has deleted the requirement to break down operating expenses into fixed and variable in the attached redlined version.
- The subsection specifying the detail required for storm protection plan programs and projects in a Storm Protection Plan (identified as Subsection (3)(d), but it should be (3)(e)) envisions identification of project-level detail for each of the first three years of the Plan. This is not feasible for FPL, nor is it desirable. The specifics of program implementation inevitably change as one gets closer to implementation due to a host of issues including access and customer acceptance, and changing priorities based on more current reliability data. FPL believes that it is more realistic to require project-level detail for the first year of a Plan, and then more general

information for Years 2 and 3 that is nonetheless sufficiently detailed (e.g., type and number of projects and program costs) to support the development of annual rate-impact estimates for the first three years. FPL recommends that project-level detail also be provided annually for the current year in the actual/estimated true-up filings discussed in Rule 031 below. FPL has modified the requirements for project-level detail in the attached redlined version to apply only to Year 1, with more general detail supporting the rate impact estimate provided in Years 2 and 3.

- The subsection specifying the detail required for vegetation management in a Storm Protection Plan (identified as Subsection (3)(e), but it should be (3)(f)) requires detail about the vegetation management plans for each of the first three years of the Plan, down to the specific locations to be trimmed. FPL does not believe that it would be feasible or desirable to try to specify all the locations where vegetation management is anticipated over a three-year period. For example, for FPL, it would mean providing tens of thousands of feeder and lateral locations annually. Additionally, decisions on the specific trim locations are appropriately informed by field inspection at the time the vegetation management is to take place. Specifying the intended frequency (trim cycle) for vegetation management on different types of facilities (e.g., feeders and laterals) is a more appropriate level of detail. Similarly, requiring a utility to separate out its vegetation management cost estimates between labor and equipment and between utility and contractor personnel is unrealistic and counterproductive. Those are decisions to be made at the time of implementation, in order to maximize efficiency. Finally, Staff's proposal requires a description of how vegetation management "will" reduce outage times and restoration costs, which presumes knowledge that no utility would have. FPL believes it would be more appropriate to require a description of how vegetation management "is expected" to have those

beneficial impacts. FPL has modified the required description of vegetation management activities in the attached redlined version to address these concerns.

- The subsection addressing rate-impact estimates (identified as Subsection (3)(g), but it should be (3)(h)) is ambiguous as to the basis for those estimates. FPL has clarified in the attached redlined version that rate-impact estimates will be prepared for typical 1,000 kWh residential, and typical commercial and industrial customers.
- Section (4) addresses the information that is to be provided in a utility's annual status report submitted to the Commission. FPL has no objection in principle to the types of information that is required, but believes it would be useful to clarify that completed projects would be reported for the calendar year prior to a report, projects to be completed would be reported for the calendar year in which the report is submitted, and estimated costs and rate impacts would be reported for the calendar year following the report. These clarifications are reflected in the attached redlined version.

Rule 031

- Section (2) provides that a utility may not file its cost recovery petition until after a final order has been issued approving the utility's Storm Protection Plan. This restriction would make it extremely difficult if not impossible to process cost recovery petitions in the first year of a Storm Protection Plan for cost recovery factors to go into effect at the beginning of the following calendar year because of the unavoidable delay in filing the petitions. It also would be inconsistent with Subsection (6)(a), which allows utilities to seek cost recovery for costs incurred after the Storm Protection Plan petition has been filed, if the Plan is approved as filed. Additionally, requiring a utility to wait up to 180 days for approval of a Storm Protection Plan

before it may file its cost recovery petition would by definition significantly alter an otherwise orderly annual process every time a new Plan or a revised Plan is filed. FPL proposes instead that a cost recovery petition may be filed once a utility's Storm Protection Plan has been filed, with provisions to modify the cost recovery filing in the event that the Commission makes changes to the Plan. The attached redlined version reflects this change.

- Section (3) addresses the role of the annual cost recovery proceeding in determining the reasonableness of a utility's projected/estimated costs and the prudence of its actual costs incurred under an approved Storm Protection Plan. FPL proposes in the attached redlined version to clarify that the reasonableness determination for current year will be based on the filing made for the current-year estimated true-up addressed in Subsection (7)(b). As noted below, FPL proposes that the estimated true-up filing will include project-level information.
- Subsection (6)(c) provides for utilities to earn their weighted average cost of capital on capital expenditures made pursuant to an approved Storm Protection Plan. FPL has proposed in the attached redlined version to clarify that this applies to CWIP as well as plant in service with respect to capital projects that are part of the approved Plan.
- Because capital projects undertaken pursuant to a Storm Protection Plan may entail the removal and replacement of existing property, FPL has proposed adding a Subsection (6)(d) in the attached redlined version to clarify that a utility may request recovery through the clause of the cost of removal and any remaining investment for retirements associated with Plan investments.
- Subsection (7)(b) addresses the filing requirements for the current-year estimated true-up. As noted above, FPL proposes in the attached redlined version to clarify that this filing would include project-level information for the current year.

- Section (8) provides for utilities to seek base rate recovery of future Storm Protection Plan costs instead of requesting recovery through the clause. FPL proposes in the attached redlined version to clarify that future costs also include revenue requirements for existing Storm Protection Plan investments.

General Comments on Issues Addressed at the August 20 Workshop

There are four issues about the rulemaking that are of interest to FPL but not captured by FPL's specific comments and suggested modifications to Staff's revised Rules 030 and 031. They are briefly discussed below.

Storm Protection Plan Cost Recovery Should be Based on Projected Costs. Staff has appropriately modeled its cost recovery mechanism on the three-year cycle used in all of the existing cost recovery clauses: costs are initially projected for the year following a clause proceeding; there is an actual/estimated true-up in the following year; and then the final, actual costs are determined in a final true-up one year after that. This mechanism has worked very well for a wide variety of costs – fuel, capacity, conservation, environmental, and nuclear – because it allows utilities to begin recovery of costs as those costs are projected to be incurred, while providing Staff and intervenors with essentially three opportunities to review the costs before their recovery is finalized. There is no reason that the same mechanism would not work well for Storm Protection Plan costs. The Office of Public Counsel (“OPC”) has suggested that Section 366.96 requires that Storm Protection Plan costs be recovered only on a historical, after-the-fact basis because Section 366.96 does not refer specifically to recovery on a projected basis as is case in the statutes providing for conservation and environmental cost recovery. However, FPL believes that is an unduly restrictive reading of the statute as the true-up filing process contemplated by staff's draft rules ensures that, under Sec. 366.96(7), there is a determination by the Commission regarding “the utility's prudently incurred transmission and distribution storm protection

plan costs....” Moreover, it is worth noting that the Commission has allowed recovery of projected costs, subject to true-up with actual costs, with other cost recovery clauses implemented by statute including the most recent of these other clauses—the nuclear cost recovery clause—which provides generally by statute for recovery of “costs incurred” and only refers to projected costs in connection with carrying costs on a utility’s projected construction cost balance. See Sec. 366.93(2), Fla. Stat.

Base-Rate Recovery Baseline for Determining Incremental Storm Protection Plan Costs. This topic is not addressed in detail by Staff’s revised Rules 030 and 031. FPL takes no position at this time on whether the rules need to include a detailed mechanism or protocol for determining the baseline. However, FPL would like to respond briefly to suggestions by OPC at the August 20 workshop that costs a utility has projected to incur under a storm hardening plan approved pursuant to Rule 25-6.0342 should be treated automatically as already being recovered through base rates. OPC’s assertion is simply untrue. There is nothing in Rule 25-6.0342 that provides any mechanism for recovery of storm hardening plan costs, through base rates or otherwise. In fact, in its order approving FPL’s 2019 Petition for Approval of Storm Hardening Plan, the Commission expressly stated that “We note that approval of FPL’s plan does not mean approval for cost recovery.”¹ Prior to the enactment of Section 366.96, when a utility implemented storm hardening measures that were not already included in the test year used in its last rate case, it increased its costs with no corresponding increase in revenues. The costs of those measures were “recovered in base rates” only in the sense that there was no other source of revenues to cover them. Now that Section 366.96 has provided an explicit recovery mechanism for storm protection costs that are not recovered through base rates, there is no reason that costs initially projected to be incurred pursuant

¹ See page 14 of Order No. PSC-2019-0301-PAA-EI issued July 29, 2019 in Docket No. 20180144-EI.

to a storm hardening plan should not be recovered through that mechanism if the Commission approves them as part of a utility's Storm Protection Plan.²

Schedule for Storm Protection Plan Cost Recovery Proceedings. Staff's revised Rules 030 and 031 do not discuss a timetable for the annual storm protection plan cost recovery proceeding, and FPL has no objection to leaving this procedural detail out of the rules. FPL believes that, whether or not specified by rule, the following schedule would be most appropriate:

- March – final true-up filed for prior calendar year.
- May – actual/estimated true-up for current calendar year and projected costs for upcoming calendar year filed, together with proposed cost recovery factors to go into effect in the upcoming calendar year.
- August/September – hearing held to review projected costs and true-ups, and to approve cost recovery factors for the upcoming calendar year.
- January 1 – factors approved pursuant to August/September hearing go into effect for one calendar year (or until modified).

This is essentially the schedule that has been used for the nuclear cost recovery clause proceedings, where FPL believes that it has worked well.³ FPL has a strong preference for applying the new storm protection plan cost recovery factors on a calendar year basis. All of the Commission's other cost

² As noted below, FPL recommends that the Commission ultimately consider repealing the storm hardening plan requirements of Rule 25-6.0342, because they are duplicative of the requirements for Storm Protection Plans under Section 366.96.

³ The only significant challenge of which FPL is aware in using this schedule for the nuclear cost recovery clause proceedings has been in approving nuclear cost recovery amounts in time for them to be incorporated into the capacity cost recovery factors that were reviewed in the November cost recovery proceeding. There is no counterpart to that phenomenon (i.e., recovering amounts approved in one cost recovery proceeding via a factor approved for a different clause in a separate proceeding) that would affect the timing of approving storm protection plan cost recovery factors in August/September, to be implemented at the beginning of the following calendar year.

recovery factors apply on a calendar year basis, and FPL believes that applying the new clause factors on a mid-year cycle would cause customer confusion and introduce unnecessary complexity into the billing process.

Impact on Existing Rules. FPL understands that, due to the tight statutory deadline for proposing rules to implement Section 366.96, Staff does not want to address changes to existing storm hardening/reliability rules at the same time. FPL has no objection to addressing those rule changes later, but would like to reiterate here the following from its July 15 comments:

FPL believes that provisions for filing and approval of infrastructure hardening plans in existing Rule 25-6.0432 are superseded by the SPP process of Rule 030 and should be deleted. Any remaining provisions on reporting in that rule could either be left intact or transferred to Rule 030. Existing Rule 25-6.115 should be amended to provide credits to applicants for underground distribution conversions, where all or part of their desired conversion is specifically identified in an approved SPP or annual projection filing under Rules 030 or 031. Existing Rule 25-6.0143 should be amended to include both non-cost recovery clause operating expenses and the storm protection cost recovery clause expenses in the absence of a storm when determining incremental vegetation management costs to charge to the storm reserve.

FPL notes that it included with its July 15 comments redlined versions of Rules 25-6.0143 and 25-6.115 showing the recommended changes. FPL continues to believe that those changes would be appropriate.

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PROPOSED COMMENTS TO RULE 25-6.030 STORM PROTECTION PLAN (UPDATED 8_8_2019) – FOR DISCUSSION

Proposed Comments
<p>25-6.030 Storm Protection Plan.</p>
<p>(1) Application and Scope. Each investor-owned electric utility (utility) must file a petition with the Commission for the approval of a Transmission and Distribution Storm Protection Plan (Storm Protection Plan) that covers the utility’s immediate 10-year planning period. Each utility must file, for Commission approval, an updated Storm Protection Plan at least every 3 years.</p>
<p>(2) For the purpose of this rule, the following definitions apply:</p> <p>(a) “Storm protection program” – a category or type of activity that is undertaken to enhance the utility’s existing infrastructure for the purpose of reducing restoration costs, reducing outage times, and improving overall service reliability.</p> <p>(b) “Storm protection project” – a specific activity within a storm protection program designed for the enhancement of a specified portion of existing electric transmission or distribution facilities for the purpose of reducing restoration costs, reducing outage times, and improving overall service reliability.</p> <p>(c) “Transmission and distribution facilities” – all <u>transmission and distribution system land, structures and equipment including: utility owned poles and fixtures, towers and fixtures, overhead conductors and devices, structures and improvements, station equipment, battery storage equipment, substations and related facilities</u>, land and land rights, roads and trails, underground conduits, and underground conductors <u>and devices, transformers, meters, services, installations on customer’s premises, street lighting and devices, and related communications equipment.</u></p>
<p>(3) Contents of the Storm Protection Plan. For each Storm Protection Plan, the following information must be provided:</p> <p>(a) A description of how implementation of the proposed Storm Protection Plan will strengthen electric utility infrastructure to withstand extreme weather conditions by promoting the overhead hardening of electrical transmission and distribution facilities, the undergrounding of certain electrical distribution lines, and vegetation management. <u>Strengthening and increased resilience of electric transmission and distribution facilities includes the addition and replacement of equipment and facilities within the existing infrastructure, technology improvements, pole inspection programs and grid monitor and support systems.</u></p>
<p>(b) A description of how implementation of the proposed Storm Protection Plan will reduce restoration costs and outage times associated with extreme weather events and improve overall service reliability.</p>
<p>(c) A description of the utility’s service area, including areas prioritized for enhancement and any areas where the utility has determined that enhancement of the utility’s existing transmission and distribution facilities would not be feasible, reasonable, or practical. Such description must include a general map, number of customers served within each area, and the utility’s reasoning for prioritizing certain areas for enhanced performance and for designating other areas of the system as not feasible, reasonable, or practical.</p>
<p>(d) A description of each proposed storm protection program that includes:</p> <p>1. A description of how each proposed storm protection program is designed to enhance the utility’s existing transmission and distribution facilities including an estimate of the resulting reduction in outage times and restoration costs due to extreme weather</p>

<p>events;</p> <p>2. If applicable, the actual or estimated start and completion dates of the program;</p> <p>3. A description of any storm protection programs that were considered but not included in the Storm Protection Plan, and an explanation for why the program was not included;</p> <p>34. A cost estimate including capital and operating expenses, both fixed and variable;</p> <p>45. A comparison of the costs identified in subparagraph (3)(d)34. and the benefits identified in subparagraph (3)(d)1-; and</p> <p>56. A description of the criteria used to select and prioritize proposed storm protection programs.</p>
<p>(d) For each of the first three years in a utility's Storm Protection Plan, the utility must provide <u>the following information:</u></p> <p><u>1. For the first year of the plan,</u> a description of each proposed storm protection project that includes:</p> <p><u>i. 1.</u> The actual or estimated construction start and completion dates;</p> <p><u>ii. 2.</u> A description of the affected existing facilities, including number and type(s) of customers served, historic service reliability performance during extreme weather events, and how this data was used to prioritize the proposed storm protection project; and</p> <p><u>iii. 3.</u> A cost estimate including capital and operating expenses, both fixed and variable; and</p> <p><u>iv. 4.</u> A description of the criteria used to select and prioritize proposed storm protection projects.</p> <p><u>2. For the second and third years of the plan, project related information such as estimated number and cost of projects under a specific program, in sufficient detail, to allow the development of preliminary estimates of rate impacts as required under subsection 3(h) of this rule.</u></p>
<p>(e) For each of the first three years in a utility's Storm Protection Plan, the utility must provide a description of its proposed vegetation management activities including:</p> <p>1. The projected locations and frequency (<u>trim cycle</u>);</p> <p>2. The projected miles of affected transmission and distribution overhead facilities;</p> <p>3. The estimated annual labor and equipment costs for both (utility and contractor) personnel; and</p> <p>4. A n description of how the vegetation management activity <u>is expected to will</u> reduce outage times and restoration costs due to extreme weather events.</p>
<p>(f) An estimate of the annual jurisdictional revenue requirements for each year of the Storm Protection Plan.</p>
<p>(g) An estimate of rate impacts for each of the first three years of the Storm Protection Plan for <u>a typical 1,000 kWh</u> residential customer, <u>and for typical</u> commercial, and industrial customers.</p>
<p>(h) A description of any implementation alternatives that could mitigate the resulting rate impact for each of the first three years of the proposed Storm Protection Plan.</p>
<p>(i) Any other factors the utility requests the Commission to consider.</p>
<p>(4) By June 1, each utility must submit to the Commission Clerk an annual status report on the utility's Storm Protection Plan programs and projects. The annual status report shall include:</p>

- (a) Identification of all Storm Protection Plan programs and projects completed in the prior calendar year or planned for completion in the current calendar year;
- (b) For the prior calendar year, ~~A~~ actual costs and rate impacts associated with completed programs ~~and projects~~ as compared to the estimated costs and rate impacts for those programs ~~and projects~~; and
- (c) Estimated costs and rate impacts associated with programs ~~and projects~~ planned for completion during the next calendar year of the Storm Protection Plan.

**PROPOSED COMMENTS TO RULE 25-6.031 STORM PROTECTION PLAN COST RECOVERY CLAUSE –
(UPDATED 8_8_2019) FOR DISCUSSION**

Proposed Comments
25-6.031 Storm Protection Plan Cost Recovery Clause.
(1) Application and Scope. This rule applies to each investor-owned electric utility (utility).
(2) After a utility has filed its the Commission has issued a final order approving a utility's Transmission and Distribution Storm Protection Plan (Storm Protection Plan), at <u>the</u> utility may file a petition for recovery of associated costs through the Storm Protection Plan cost recovery clause. The utility's petition shall be supported by testimony that provides details on the annual Storm Protection Plan implementation activities and associated costs, and how those activities and costs are consistent with its filed approved Storm Protection Plan. <u>If the Commission approves the Storm Protection Plan with modifications, the utility shall promptly file an amended petition and supporting testimony reflecting the Commission-approved modifications.</u>
(3) An annual hearing to address petitions for recovery of Storm Protection Plan costs will be limited to determining the reasonableness of projected Storm Protection Plan costs, the prudence of actual Storm Protection Plan costs incurred by the utility, and to establish Storm Protection Plan cost recovery factors consistent with the requirements of this rule. <u>The Commission shall determine the reasonableness of the lists of projects (by applicable program) filed by the utility pursuant to subsection (7)(b) of this rule based on whether such projects are consistent with the program criteria for such projects approved by the Commission under the utility's Storm Protection Plan.</u>
(4) Deferred accounting treatment. Storm Protection Plan cost recovery clause true-up amounts shall be afforded deferred accounting treatment at the 30-day commercial paper rate.
(5) Subaccounts. To ensure separation of costs subject to recovery through the clause, the utility filing for cost recovery shall maintain subaccounts for all items consistent with the Uniform System of Accounts prescribed by this Commission, pursuant to Rule 25-6.014, F.A.C.
(6) Recoverable costs.
(a) The utility's petition for recovery of costs associated with its Storm Protection Plan may include costs incurred after the filing of the utility's Storm Protection Plan.
(b) Storm Protection Plan costs recoverable through the clause shall not include costs recovered through the utility's base rates or any other cost recovery mechanism.
(c) The utility may recover the annual depreciation expense on capitalized Storm Protection Plan expenditures using the utility's most recent Commission-approved depreciation rates. The utility may recover a return on the undepreciated balance of the costs calculated at the utility's weighted average cost of capital using the return on equity most recently approved by the Commission, <u>including a return on capital expenditures while they are included in construction work in progress.</u>
<u>(d) The utility may request recovery of cost of removal and any remaining investment associated with retirements of Storm Protection Plan investments recovered through the clause.</u>

(7) Pursuant to the order establishing procedure in the annual cost recovery proceeding, a utility shall submit the following for Commission review and approval as part of its cost recovery filings:

(a) Final True-Up for Previous Year. The utility shall submit its final true-up of Storm Protection Plan revenue requirements based on actual costs for the prior year and previously filed costs and revenue requirements for such prior year and a description of the work actually performed during such year.

(b) Estimated True-Up for Current Year. The utility shall submit its actual/estimated true-up of Storm Protection Plan revenue requirements based on a comparison of current year actual/estimated costs and the previously-filed projected costs and revenue requirements for such current year and a description of the work projected to be performed during such year. This filing shall include a list of the current year projects (by applicable program) under the utility's Storm Protection Plan approved by the Commission.

(c) Projected Costs for Subsequent Year. The utility shall submit its projected Storm Protection Plan costs and revenue requirements for the subsequent year and a description of the work projected to be performed during such year.

(d) True-Up of Variances. The utility shall report observed true-up variances including sales forecasting variances, changes in the utility's prices of services and/or equipment, and changes in the scope of work relative to the estimates provided pursuant to subparagraphs (7)(b) and (7)(c). The utility shall also provide explanations for variances regarding the implementation of the approved Storm Protection Plan.

(e) Proposed Storm Protection Plan Cost Recovery Factors. The utility shall provide the calculations of its proposed factors and effective 12-month billing period.

(8) Recovery of costs under this rule does not preclude a utility from proposing inclusion of future Storm Protection Plan costs (including the future revenue requirements for existing Storm Protection Plan investments) in base rates in a subsequent rate proceeding.