

STEELE  
HECTOR  
DAVIS

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Matthew M. Childs, P.A.

January 9, 1998

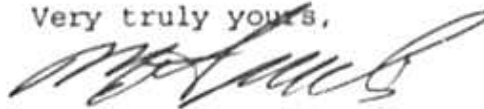
Ms. Blanca S. Bayó, Director  
Division of Records and Reporting  
Florida Public Service Commission  
4075 Esplanade Way, Room 110  
Tallahassee, FL 32399

RE: DOCKET NO. 971237-EI

Dear Ms. Bayó:

Enclosed for filing please find the original and fifteen (15) copies of Florida Power & Light Company's Notice of Intent to Request Confidential Classification in the above matter.

Very truly yours,



Matthew M. Childs, P.A.

MMC:ml

Enclosure

cc: Robert V. Elias, Esq. FPSC  
Jack Shreve, Esq., Office of Public Counsel

This Notice of Intent was filed with Confidential Document No. 00474-98. The document has been placed in the confidential files pending receipt of a request for confidential treatment.

Miami  
305 577 7000  
305 577 7001 Fax

West Palm Beach  
561 650 7200  
561 655 1509 Fax



BUREAU OF RECORDS

DOCUMENT NUMBER DATE

00473 JAN-98

FPSC-RECORDS/REPORTING

Orlando  
582 951 4105  
582 951 4106 Fax

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Petition of Florida Power )  
& Light Company to Increase ) DOCKET NO. 971237-EI  
the Annual Storm Fund Accrual ) FILED: JANUARY 9, 1998  
\_\_\_\_\_ )

**NOTICE OF INTENT TO REQUEST  
CONFIDENTIAL CLASSIFICATION**

Pursuant to Rule 25-22.006(3)(a)(1) of the Florida Administrative Code, Florida Power & Light Company ("FPL") hereby gives notice of intent to request confidential classification of FPL's Response to Staff's Interrogatory No. 7 of Staff's First Set of Interrogatories to FPL (Numbered 1 through 35) dated December 5, 1997. ("Interrogatory No. 7"). In accordance with Rule 25-22.006(3)(a)(1), a copy of Staff's First Set of Interrogatories is attached hereto, and a copy of this notice is being provided to the Commission.

1. Rule 25-22.006(3)(a) provides in material part "Prior to the staff obtaining any material, a utility or other person may receive temporary exemption from 119.07(1), F.S., by filing a notice of intent to request confidential classification." Rule 25-22.006(3)(d) provides in material part, "All material that...is subject to a notice of intent to request confidential classification...shall be exempt from Section 119.07(1), F.S., and will be accorded stringent internal procedural safeguards against public disclosure."

2. The confidential material that is the subject of Staff's Interrogatory No. 7 is herewith submitted to the Commission in a sealed envelope marked "CONFIDENTIAL." FPL requests that the Commission maintain the confidentiality of this material as pursuant to Rule 25-22.006(3)(d).

DATED this 9th day of January, 1998.

Respectfully submitted,

STEEL HECTOR & DAVIS LLP  
Suite 601  
215 South Monroe Street  
Tallahassee, FL 32301  
Attorneys for Florida Power  
& Light Company

By:   
Matthew M. Childs, P.A.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for authority to increase annual storm fund accrual commencing January 1, 1997 to \$35 million by Florida Power & Light Company.

DOCKET NO. 971237-EI

DECEMBER 5, 1997

DEC  
HAND DELIVERY

STAFF'S FIRST SET OF INTERROGATORIES TO  
FLORIDA POWER & LIGHT COMPANY (NOS. 1 - 35)

The Staff of the Florida Public Service Commission, by and through its undersigned attorney, propounds the following interrogatories, pursuant to Rule 1.340, Florida Rules of Civil Procedure, to Florida Power & Light Company (FPL or Company). These interrogatories shall be answered under oath by you or your agent, who is qualified and who will be identified, with the answers being served as provided by the Rules of Civil Procedure. As provided by Rule 1.340(a), Florida Rules of Civil Procedure, each interrogatory shall be answered separately and fully in writing under oath unless it is objected to. Each answer shall be signed by the person making it.

Give the name, address and relationship to the company of those persons providing the answers to each of the following interrogatories.

If an interrogatory contained herein asks for information that has already been provided or is in the process of being provided to

STAFF'S FIRST SET OF INTERROGATORIES TO FLORIDA POWER & LIGHT  
COMPANY (NOS. 1 - 35)  
DOCKET NO. 971237-EI

the Commission through a Commission audit, please so state,  
indicating the date provided and the audit document/record request  
number.

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COMPANY (NOS. 1 - 35)  
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INTERROGATORIES

1. Please provide an update of the Property Insurance Reserve schedule detailing the transactions by year from 1946 through October 1997, if available.
2. In the Property Insurance Reserve schedule, beginning in 1991 through 1997, the "Ending Reserve Balance" column does not add across. Please provide additional columns in the schedule, if necessary, to make this possible or provide a detailed explanation of the calculation.

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3. Does the Property Insurance Reserve schedule reflect charges to the Reserve for losses other than storms? If not, please explain. If so, where are they reflected in the Property Insurance Reserve schedule?
  
  
  
  
  
  
  
  
  
  
  
  
  
4. Please explain why the 1996 ending balance of the Reserve per FPL's schedule is not identical to the 1996 ending balance reported in FPL's 1996 Form 1 on page 112, line 25.
  
  
  
  
  
  
  
  
  
  
  
  
  
5. Please provide the Schedule of Risks Covered required in Rule 25-6.0143(1)(a).

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6. Please explain under what circumstances expenses can be charged against the reserve.
  
  
  
  
  
  
7. What was the cost of FPL's storm damage study prepared by EQE International, Inc.?
  
  
  
  
  
  
8. Does the \$35 million requested accrual represent the retail amount or is this a system amount?



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9. If the \$35 million represents the retail amount, has the Federal Energy Regulatory Commission approved an insurance reserve for FPL to recover losses related to its wholesale operations? If so, what is the amount of the annual accrual, the balance in the Reserve, and the balance of any Fund?
  
  
10. How were the expenses related to Hurricane Andrew separated between retail and wholesale?
  
  
  
  
  
  
  
  
  
  
  
11. Are the accruals recorded as 100% retail for Earnings Surveillance Report purposes?

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15. What is FPL's position on discontinuing the funding of its Reserve?
16. Has FPL considered putting a cap on the Reserve? What does FPL consider a reasonable level for its Reserve?
17. Please explain FPL's investment strategy for its storm damage fund. Please discuss in detail the objectives and guidelines governing the trust fund such as dollar-portfolio size limitations, maturity constraints, limitations on issuers, and any other restrictions or constraints.

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18. Please provide a detailed breakdown of the trust fund portfolio by type of securities held, maturity composition (average maturity), credit rating of fixed income investments, and other relevant categories.

19. Please explain why a 3.5% after-tax rate of return was used in the Storm Reserve Solvency Analysis.

20. Please discuss what FPL projects to earn on the fund.

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21. Please discuss the relationship FPL has with the trustee of its storm damage fund from the inception of the fund through the present. Please include in this discussion an explanation of how the trustee was selected, whether or not the trustee is affiliated with the utility, and whether the trustee or its role has changed over time.
22. Please discuss the relationship FPL has with the investment fund manager of its storm damage fund from the inception of the trust fund through the present. Please include in this discussion an explanation of how the fund manager was selected, whether or not the fund manager is affiliated with the utility, and whether the fund manager or its role has changed over time.
23. Please provide a schedule detailing the trustee fee (all costs as a percentage of average asset balance as of 12/31/96) for FPL's pension fund, employee savings fund, storm damage fund, and nuclear decommissioning trust fund. Please show the calculation. Please include an explanation of the differences, if any, in the trustee fees for each of these funds.

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24. Please provide a schedule detailing the investment manager fee (all costs as a percentage of average asset balance as of 12/31/96) for the fixed portion of FPL's pension fund, employee savings fund, storm damage fund, and nuclear decommissioning trust fund. Please show the calculation. Please include an explanation of the differences, if any, in the investment manager fees for each of these funds.
25. Please provide a schedule detailing the total administrative costs (all costs as a percentage of average asset balance as of 12/31/96) for FPL's pension fund, employee savings fund, storm damage fund, and nuclear decommissioning trust fund. Please show the calculation. Please include an explanation of the differences, if any, in the total administrative costs (all costs as a percentage of average asset balance as of 12/31/96) for each of these funds.
26. Please provide a schedule detailing the performance (calculated net of administrative costs on an after-tax, time weighted rate of return basis as of 12/31/96) relative to the Consumer Price Index (CPI) for the past 1 year, 2 years, 3 years, 5 years, 10 years, and since inception for FPL's pension fund, employee savings fund, storm damage fund, and nuclear decommissioning trust fund. Please show the calculation.

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COMPANY (NOS. 1 - 35)  
DOCKET NO. 971237-EI

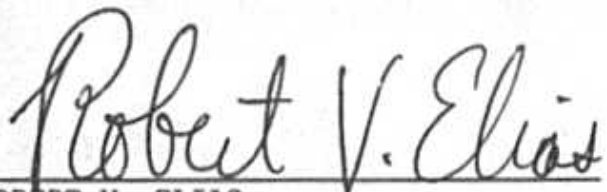
27. In the Storm Reserve Solvency Analysis, two lines of credit (LOC) were assumed to be available to FPL: the first LOC limit was assumed to be \$300 million and the second LOC was assumed to be unlimited. What is the total amount in lines of credit that are available to FPL?
  
  
  
  
  
  
  
  
  
  
28. Please itemize the uses of the lines of credit by dedicated purposes and their respective amounts providing actual amounts as of 12/31/96 and projected amounts for 12/31/97.
  
  
  
  
  
  
  
  
  
  
29. Please specify what restrictions, if any, apply to the use of funds accumulated in the storm damage fund.

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30. Please explain the additional \$135 million which appears in the footnote to Table 2-1 on page 2-3 of "Florida Power and Light Company Hurricane Loss Estimation Study for Transmission and Distribution Assets". In your response include the respective amounts for transmission and distribution assets. Also explain why the allocation method is appropriate.
31. Please provide a table of the probability of exceeding a gross loss threshold for just FPL's transmission assets. Please format your response similar to Appendix F of "Florida Power and Light Company Hurricane Loss Estimation Study for Transmission and Distribution Assets" with separate tables for the respective assets.
32. Please provide a table of the probability of exceeding a gross loss threshold for just FPL's distribution assets. Please format your response similar to Appendix F of "Florida Power and Light Company Hurricane Loss Estimation Study for Transmission and Distribution Assets".

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33. Please define "a very long sampling period." as it is used in section 5.4, page 5-3 of "Florida Power and Light Company Hurricane Loss Estimation Study for Transmission and Distribution Assets".
34. Please list all criteria, references, studies, and escalation rates used in FPL's T&D asset growth forecasts for purposes of "Florida Power and Light Company Hurricane Loss Estimation Study for Transmission and Distribution Assets".
35. Please explain why FPL's distribution system is expected to have an annual damage level of \$35 million while transmission annual damages are an estimated \$7 million, as indicated in Appendix E of "Florida Power and Light Company Hurricane Loss Estimation Study for Transmission and Distribution Assets".



ROBERT V. ELIAS  
Chief, Bureau of Electric and Gas

Florida Public Service Commission  
Gerald L. Gunter Building  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399  
(904) 413-6199



BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for authority to increase annual storm fund accrual commencing January 1, 1997 to \$35 million by Florida Power & Light Company.

DOCKET NO. 971237-EI

FILED: DECEMBER 5, 1997

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the original and one true and correct copy of Staff's First Set of Interrogatories to Florida Power & Light Company (Nos. 1 - 35) have been furnished via **Hand Delivery** to Mr. Matthew Childs, Steel Hector & Davis, 215 S. Monroe Street, Suite 601, Tallahassee, Florida 32301, on behalf of Florida Power & Light Company and that one true and correct copy has been furnished by U.S. Mail this 5th day of December, 1997, to the following:

Florida Power & Light Company  
Mr. Bill Walker  
215 South Monroe Street, Suite 810  
Tallahassee, Florida 32301



ROBERT V. ELIAS  
Chief, Bureau of Electric and Gas

Florida Public Service Commission  
Gerald L. Gunter Building  
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