

State of Florida



Public Service Commission
CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: NOVEMBER 7, 2001

TO: DIRECTOR, DIVISION OF THE COMMISSION
ADMINISTRATIVE SERVICES (BAYÓ)

FROM: DIVISION OF ECONOMIC REGULATION (BRINKLEY)
DIVISION OF SAFETY AND ELECTRIC RELIABILITY (BREMAN)
DIVISION OF LEGAL SERVICES (STERN) *MKS RJE*

RE: DOCKET NO. 011298-EI - PETITION BY FLORIDA POWER & LIGHT
COMPANY TO INCREASE THE ANNUAL STORM FUND ACCRUAL.

AGENDA: 11/19/01 - REGULAR AGENDA - INTERESTED PERSONS MAY
PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\ECR\WP\011298.RCM

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COMMISSION CLERK
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CASE BACKGROUND

On September 28, 2001, Florida Power & Light Company (FPL) filed a petition for authorization to increase the annual storm fund accrual beginning January 1, 2002, from \$20.3 million to \$50.3 million and to establish a corresponding storm fund reserve objective of \$500 million over five years.

Order No. PSC-01-1346-PCO-EI, issued June 19, 2001, established that FPL should provide full Minimum Filing Requirements (MFRs) as a part of a rate proceeding to determine that rates are fair, just, and reasonable on a going-forward basis. This recommendation addresses whether FPL's petition for an increase to its annual storm fund accrual should be subsumed into FPL's rate proceeding in Docket No. 001148-EI.

DOCUMENT NUMBER-DATE
14131 NOV-7 5
FPSC-COMMISSION CLERK

DOCKET NO. 011298-EI
DATE: November 7, 2001

DISCUSSION OF ISSUES

ISSUE 1: Should FPL's petition for an increase to its storm damage fund accrual be considered in the rate proceeding in Docket No. 001148-EI established through Order No. PSC-01-1346-PCO-EI?

RECOMMENDATION: Yes, FPL's petition for an increase to its storm damage fund accrual should be considered in the rate proceeding in Docket No. 001148-EI. (BRINKLEY, BREMAN)

STAFF ANALYSIS: FPL self-insures for damage to certain transmission and distribution assets and maintains a funded storm reserve to account for the costs of storm damage to its assets. Order No. PSC-95-1588-FOF-EI, issued December 27, 1995, set the current annual accrual amount at \$20.3 million. That amount is reflected in Account 228.1 - Property Insurance, Historic Year in FPL's MFRs.

In this docket, FPL requests a \$30 million increase to its annual accrual beginning January 1, 2002, with the goal of increasing the reserve to approximately \$500 million by the year ending 2006. This request has a significant effect on the evaluation of FPL's 2002 earnings and should therefore be addressed within the rate proceeding in Docket No. 001148-EI.

ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes, this docket should be closed. If the Commission approves Staff's recommendation in Issue 1, the subject matter of the petition filed in this docket will be addressed in Docket No. 001148-EI and nothing will remain to be addressed in this docket. (STERN)

STAFF ANALYSIS: If the Commission approves Staff's recommendation in Issue 1, the subject matter of the petition filed in this docket will be addressed in Docket No. 001148-EI and nothing will remain to be addressed in this docket. Thus, this docket should be closed.