

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for  
authorization to increase  
Reserve for Storm Damage by  
making one-time expense accrual  
to Reserve before December 31,  
2002, by Florida Power & Light  
Company.

DOCKET NO. 021164-EI  
ORDER NO. PSC-02-1850-PAA-EI  
ISSUED: December 27, 2002

The following Commissioners participated in the disposition of  
this matter:

LILA A. JABER, Chairman  
J. TERRY DEASON  
BRAULIO L. BAEZ  
MICHAEL A. PALECKI  
RUDOLPH "RUDY" BRADLEY

NOTICE OF PROPOSED AGENCY ACTION  
ORDER GRANTING PETITION FOR A ONE-TIME EXPENSE ACCRUAL TO RESERVE  
FOR STORM DAMAGE

NOTICE is hereby given by the Florida Public Service  
Commission that the action discussed herein is preliminary in  
nature and will become final unless a person whose interests are  
substantially affected files a petition for a formal proceeding,  
pursuant to Rule 25-22.029, Florida Administrative Code.

On November 18, 2002, Florida Power & Light Company (FPL)  
filed a petition to make a one-time expense accrual of between \$25  
million to \$35 million to its Reserve for Storm Damage by December  
31, 2002.

In Order No. PSC-95-1588-FOF-EI, issued December 17, 1995, in  
Docket No. 951167-EI, FPL was authorized to increase its annual  
storm fund accrual to \$20.3 million commencing January 1, 1995.  
The annual accrual amount of \$20.3 million was reaffirmed in Order  
No. PSC-98-0953-FOF-EI, issued July 14, 1998, in Docket No. 971237-  
EI. This order also established that a reasonable level for the  
reserve was \$370 million in 1997 dollars.

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FPSC-COMMISSION CLERK

ORDER NO. PSC-02-1850-PAA-EI  
DOCKET NO. 021164-EI  
PAGE 2

The Minimum Filing Requirements (MFRs) FPL filed in its most recent rate case, assigned Docket No. 001148-EI, included an annual accrual of \$50.3 million to the Reserve for Storm Damage, a \$30 million increase over the currently authorized accrual amount. A Stipulation and Settlement was filed in Docket No. 001148-EI and was approved in Order No. PSC-02-0501-AS-EI, issued April 11, 2002. In Paragraph 13 of the Stipulation and Settlement, FPL withdrew its request for an increase in the annual accrual to the Reserve for Storm Damage.

FPL requests that it be authorized to make a one-time accrual of an additional \$25 million to \$35 million for 2002 to the Reserve for Storm Damage over and above the normal annual accrual of \$20.3 million. This additional one-time accrual would not increase customer rates nor would it affect either the revenue sharing thresholds or any potential refunds to FPL's customers under the Stipulation and Settlement. The current level of the Reserve for Storm Damage is \$261.6 million as of November 30, 2001.

We find that FPL's request to make an additional one-time accrual of between \$25 million to \$35 million is reasonable given that it does not affect the customers' rates or any potential refunds that might be due to them. In addition, there is a long term benefit to this one-time accrual because it will increase the amount of the reserve. This increase should help to reduce the amount of any future upward adjustments to the authorized annual accrual based on any future storm damage studies filed. Simply using CPI to inflate the target level, the reserve target would be approximately \$416 million in 2002 dollars. At the current annual accrual of \$20.3 million, it will take FPL approximately seven and a half years to reach the target reserve level of \$416 million, assuming that FPL does not sustain any significant storm damage during that time. The additional one-time expense accrual could shorten the time necessary to reach the target level by up to approximately one and a half years. We therefore approve FPL's request to make a one-time expense accrual of between \$25 million to \$35 million to the Reserve for Storm Damage.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Florida Power & Light Company's Petition to make a one-time expense accrual

ORDER NO. PSC-02-1850-PAA-EI  
DOCKET NO. 021164-EI  
PAGE 3

of between \$25 million to \$35 million to its Reserve for Storm Damage is granted. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that in the event this Order becomes final, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 27th day of December, 2002.

BLANCA S. BAYÓ, Director  
Division of the Commission Clerk  
and Administrative Services

By: Kay Flynn  
Kay Flynn, Chief  
Bureau of Records and Hearing  
Services

( S E A L )

MKS

ORDER NO. PSC-02-1850-PAA-EI  
DOCKET NO. 021164-EI  
PAGE 4

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on January 17, 2003.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.