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Florida Power & Light Company, P.O. Box 14000, Juno Beach, FL 33408-0420

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September 9, 2004

COMMISSION
CLERK

VIA HAND DELIVERY

Ms. Blanca S. Bayó, Director
Division of the Commission Clerk and
Administrative Services
Florida Public Service Commission
Betty Easley Conference Center, Room 110
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 04 - 1057 -EI
In re: Florida Power & Light Company Petition for Approval to Establish A
Regulatory Asset

Dear Ms. Bayo:

Enclosed for filing on behalf of Florida Power & Light Company ("FPL") are the original and fifteen (15) copies of FPL's Petition for Approval to Establish A Regulatory Asset. Also included herewith is a computer diskette containing FPL's Petition in Word format.

Please note that FPL requests that this Petition be addressed at the Commission Agenda Conference scheduled for September 21, 2004. If you have any questions regarding this transmittal, please contact me at (561) 691-7101.

Sincerely,

R. Wade Litchfield

RWL:ec

Enclosures

cc: Harold McLean, Public Counsel (Via Hand-Delivery)

**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

In re: Florida Power & Light Company's)
Petition for Approval)
to Establish a Regulatory Asset)

Docket No: _____

Filed September 9, 2004

**PETITION OF FLORIDA POWER & LIGHT COMPANY
FOR APPROVAL TO ESTABLISH A REGULATORY ASSET**

NOW, BEFORE THIS COMMISSION, through undersigned counsel, comes Florida Power & Light Company ("FPL" or the "Company") and, for its Petition to Establish a Regulatory Asset, states as follows:

1. FPL is a public utility subject to the jurisdiction of the Florida Public Service Commission ("Commission") under Chapter 366, Florida Statutes (2002). FPL's General Offices are located at 9250 West Flagler Street, Miami, FL 33174.

2. Any pleading, motion, notice, order or other document required to be served upon the petitioner or filed by any party to this proceeding should be served upon the following individuals:

William G. Walker, III
Vice President
Florida Power & Light Company
215 South Monroe Street
Suite 810
Tallahassee, FL 32301-1859
(850) 521-3910
(850) 521-3939 (telecopier)

R. Wade Litchfield
Senior Attorney
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, Florida 33408-0420
(561) 691-7101
(561) 691-7135 (telecopier)

3. FPL is not aware of any disputed issue of material fact. This Petition is not filed in response to any agency decision.

4. Pursuant to prior Commission orders and consistent with Rule 25-6.0143, Florida Administrative Code, FPL has established a storm and property insurance reserve (“Storm Reserve”). Account No. 228.1, Accumulated Provision for Property Insurance, which is intended to provide the reserve necessary to cover the costs of damage from storms. As of August 31, 2004, the Storm Reserve was approximately \$345 million.

5. To date, FPL has not yet drawn upon the Storm Reserve as the costs associated with Hurricanes Charley and Frances continue to be collected. FPL expects that the costs of Hurricane Charley will deplete roughly half of the Storm Reserve. While not as intense a storm, the geographic scope of damage caused by Hurricane Frances was much broader, resulting in power outages to more than three times the number of customers who lost power during Hurricane Charley. Therefore, it is very likely that FPL will incur expenditures in excess of the Storm Reserve and insurance coverage. Consequently, FPL is requesting that the Commission enter an order that FPL can recover prudently incurred costs in excess of the Storm Reserve balance. Such an order will allow FPL to record these costs as a regulatory asset in conformance with Statement of Financial Accounting Standards No. 71, Accounting for the Effects of Certain Types of Regulation. FPL requests that this Petition be addressed at the Commission Agenda Conference scheduled for September 21, 2004.

6. On August 13, 2004, Hurricane Charley struck the Southwest Florida coast at Port Charlotte with sustained winds of 125 miles per hour. It continued through 22 of the 35 counties served by FPL before exiting at Daytona Beach on the East coast, resulting in a loss of power to 874,000 FPL customers. Hurricane Charley inflicted extensive damage throughout FPL’s service territory, completely destroying portions of the Company’s electric distribution system. Port Charlotte, Punta Gorda and Arcadia, all communities just north of Fort Meyers, experienced

severe damage similar to that incurred during Hurricane Andrew. Most of FPL's electrical facilities in these areas have been or are in the process of being completely rebuilt. Significant restoration efforts also were required in other areas hard hit by Hurricane Charley, including counties on the East coast as far south as Brevard and as far north as St. Johns near Jacksonville.

7. Restoration efforts involved enormous quantities of materials and supplies and a dedicated work force of more than 10,000 individuals in the field performing repairs and reconstruction or directly supporting those tasks. As an example, more than 6,000 poles, 5,400 transformers, and 3.2 million feet of conductor were required to repair and rebuild the system following Hurricane Charley.

8. On September 4th, Hurricane Frances struck the Eastern coast of Florida with sustained winds of up to 105 miles per hour, a strong category two hurricane. As reported by the National Weather Service, hurricane force winds extended 85 miles from the eye of the storm, and tropical storm force winds extended outward up to 200 miles from its center, making Frances' reach immense, affecting the entire East coast of Florida and virtually all 35 counties within FPL's service territory. The slow moving storm sat on top of much of the state for more than 48 hours, allowing winds to batter the electric distribution system over an extended period of time, toppling hundreds of poles and downing miles of power lines. The damage inflicted was extensive. 2.8 million of FPL's 4.2 million customers lost power during the storm.

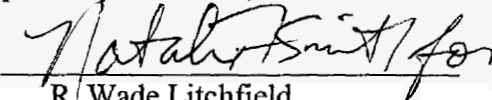
9. **Again, restoration efforts will require enormous quantities of materials and supplies.** Currently, more than 14,000 personnel are working throughout FPL's service territory to effect repairs to the electrical distribution system. As of the date of this filing, over 2.2 million customers have had their power restored and efforts to complete full restoration are ongoing.

10. At this time, FPL cannot estimate with certainty the total restoration costs associated with Hurricanes Charley and Frances, or predict what additional costs might be incurred in connection with Hurricane Ivan or additional storms that may strike FPL's service territory during the remainder of 2004. However, FPL fully expects that the combined costs of Hurricanes Charley and Frances will exceed the Storm Reserve and insurance coverage. Accordingly, FPL is requesting the Commission enter an order that the Company can recover prudently incurred storm restoration costs in excess of the Storm Reserve balance, thus allowing the Company to establish as a regulatory asset any costs incurred which are charged to Account No. 228.1 in excess of the Storm Reserve.

11. Following its completion of restoration efforts associated with Hurricanes Charley and Frances, FPL will be in a better position to estimate the total restoration costs of both major storms. At that time, FPL will submit a specific proposal to amortize the regulatory asset and to replenish the Storm Reserve.

WHEREFORE, for the above and foregoing reasons, Florida Power & Light Company respectfully requests that the Commission grant this Petition for Approval to Establish a Regulatory Asset, by entering an order that FPL can recover prudently incurred costs in excess of the Storm Reserve balance allowing the establishment of a regulatory asset, and granting such other appropriate relief as the law may permit.

Respectfully submitted,

By: 
R. Wade Litchfield
Florida Authorized House Counsel
Attorney for
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, Florida 33408-0420