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Matilda Sanders1

ORIGINAL

Matilda Sanders

From: Natalie_Smith@fpl.com
 Sent: Friday, November 19, 2004 4:48 PM
 To: Filings@psc.state.fl.us
 Cc: Cochran Keating; christensen.patty@leg.state.fl.us; tperry@mac-law.com;
 Wade_Litchfield@fpl.com
 Subject: Docket No. 041291-EI



FPL Petition
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Enclosed for filing in Docket No. 041291-EI, In re: Petition of Florida Power & Light Company for Authority to Recover Prudently Incurred Storm Restoration Costs Related to the 2004 Storm Season that Exceed the Storm Reserve Balance, is a PDF file of Florida Power & Light Company's Petition to Implement Storm Surcharge Subject to Refund, original Tariff Sheet No.

8.033 and a copy of the affidavit of K. Michael Davis in support of FPL's petition, as well as the certificate of service (8 pages total). The original affidavit will be submitted under separate cover Monday, November 22, 2004. This filing is being electronically served contemporaneously on all parties of record in this docket.

Thank you for your assistance.

Natalie F. Smith, Attorney
 Florida Power & Light Company
 700 Universe Blvd.
 Juno Beach, FL 33480
 (561) 691-7207
 natalie_smith@fpl.com

(See attached file: FPL Petition to Implement Storm Surcharge.041291-EI.pdf)

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R. Wade Litchfield
Senior Attorney
Florida Authorized House Counsel
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408-0420
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November 19, 2004

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

Re: Petition of Florida Power & Light Company for Authority to Recover Prudently
Incurred Storm Restoration Costs Related to the 2004 Storm Season that Exceed
the Storm Reserve Balance – Docket No. 041291-EI

Dear Ms. Bayó:

Enclosed for filing on behalf of Florida Power & Light Company ("FPL") is an original and fifteen (15) copies of FPL's Petition to Implement Storm Surcharge Subject to Refund in the above-referenced docket, original Tariff Sheet No. 8.033, and a copy of the Affidavit of K.M. Davis. The original affidavit will be submitted under separate cover Monday, November 22, 2004.

Please contact me should you or your Staff have any questions regarding this filing.

Sincerely,

A handwritten signature in cursive script, appearing to read 'R. Wade Litchfield', is written over a light-colored rectangular background.

R. Wade Litchfield

RWL:ec
Enclosures

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

ORIGINAL

In re: Petition for authority to recover)
prudently incurred storm restoration costs)
related to 2004 storm season that exceed)
storm reserve balance, by Florida Power &)
Light Company.)

Docket No: 041291-EI

Filed: November 19, 2004

**PETITION OF FLORIDA POWER & LIGHT COMPANY
TO IMPLEMENT STORM SURCHARGE
SUBJECT TO REFUND**

NOW, BEFORE THIS COMMISSION, through undersigned counsel, comes Florida Power & Light Company ("FPL" or the "Company"), and pursuant to Sections 366.04, 366.05, and 366.06, Florida Statutes, Rule 25-6.0143, Florida Administrative Code, and in furtherance of its Petition for Authority to Recover Prudently Incurred Storm Restoration Costs Related to the 2004 Storm Season that Exceed the Storm Reserve Balance filed November 4, 2004, in the above-entitled and numbered proceeding, hereby submits its Petition to Implement Storm Surcharge Subject to Refund ("Petition"). In support of the Petition, FPL states as follows:

1. On November 4, 2004, FPL filed its Petition for Authority to Recover Prudently Incurred Storm Restoration Costs Related to the 2004 Storm Season that Exceed the Storm Reserve Balance ("Petition for Cost Recovery"). Subsequently, the Commission has adopted a Case Assignment and Scheduling Record and issued an Order Establishing Procedure, calling for pre-filed testimony and setting this matter for hearing April 20-22, 2005. See Order No. PSC-04-1150-PCO-EI, at 11, Docket No. 041291 (issued Nov. 18, 2004). In a Joint Motion to Dismiss filed November 17, 2004 ("Joint Motion"), the Florida Industrial Power Users Group

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and the Office of Public Counsel have expressed opposition to the Company's Petition for Cost Recovery. FPL will file a response contesting the Joint Motion, but submits this Petition in the interest of ensuring the timely implementation of an appropriate mechanism to recover prudently incurred storm costs without prejudice to the Joint Motion or to the Commission's right to review the prudence of such costs in connection with this docket.

2. FPL incorporates herein by reference paragraphs 1 through 24 of the Petition for Cost Recovery. In the Petition for Cost Recovery, FPL proposed the implementation of a storm surcharge to recover the prudently incurred restoration costs related to the 2004 Storm Season that exceed the Company's storm reserve balance. Given that the Commission has set this matter directly for hearing in 2005 and, therefore, the issues presented by the Company's Petition for Cost Recovery may not be fully resolved for some time, and considering the need for timely implementation of the collection mechanism as discussed in FPL's Petition for Cost Recovery, FPL respectfully requests that the Commission implement the proposed surcharge, subject to refund, effective January 1, 2005, or as soon as practicable.¹ A tariff sheet implementing the surcharge is attached hereto as Exhibit A. Also attached hereto and incorporated herein in support of FPL's request is Exhibit B, the affidavit of K. Michael Davis, FPL's Vice President, Controller and Chief Accounting Officer.

3. Jurisdiction to implement the surcharge, subject to refund, is vested in this Commission by virtue of its general powers over the rates and charges of the Company. See, e.g., Chapter 366, Florida Statutes, Sections 366.04, 366.05, and 366.06. Moreover, such an

¹ FPL proposes to implement the storm surcharge with one modification to the mechanism described in the Petition for Cost Recovery: the mechanism would remain in place for twenty-four months or the time to fully collect the applicable revenue requirements associated with the Storm Reserve Deficit, whichever period is shorter. The surcharge would be effective for meter readings on or after the implementation date.

approach is consistent with Commission precedent in such analogous circumstances as the mid-course correction process for fuel and purchased power cost recovery factors. See, e.g., Order No. PSC-03-0381-PCO-EI, Docket No. 030001-EI (issued March 19, 2003); Order No. PSC-98-0691-FOF-PU, Docket No. 980269-PU (issued May 19, 1998).

4. There is good reason to authorize FPL to collect the deficiency in its Storm Reserve through a monthly surcharge to apply, subject to refund, beginning January 1, 2005, or as soon as practicable. First, prompt recovery is consistent with the basic principle of ratemaking which seeks to match the timing of the incurrence of costs with the timing of their recovery. See, e.g., Order No. PSC-03-PCO-EI, at 3, Docket No. 030001-EI (issued March 19, 2003). If the Commission waits until after the April hearings to implement a surcharge, the surcharge likely would not be implemented until some time during the 2005 storm season. A timely implemented surcharge, subject to refund, will better match the timing of the surcharge with the timing of the 2004 storm restoration costs with reference to the customers who benefited from FPL's restoration efforts.

5. Should the Commission wait until after the April hearings to implement a surcharge, the 2005 hurricane season will be imminent and FPL would remain in the unfavorable position of having spent \$354 million in excess of its Storm Reserve without having recovered the first dollar, and facing yet another storm season, -- a prospect that is in neither the Company's nor its customers' interests. Further, customers will benefit from the prompt implementation of the surcharge because it will minimize the bill impact of the surcharge by reducing the amount of interest that would be recoverable if implementation is delayed.

6. In response to the devastating impact of three major storms that made landfall in the FPL's service territory resulting in millions of customer power outages, FPL promptly

undertook the most massive restoration effort in the history of electric utility service in this country, deploying thousands of personnel and requiring enormous quantities of materials and supplies. Understanding that "time to restoration" was the crucial objective for its customers, FPL engaged contractors and imported utility crews from as far away as California and Canada. Despite the broad geographic scope and intensity of these storms, as well as the strains imposed on the process as a result of having to deal with three such major storms in rapid succession, by any reasonable measure FPL's performance in restoring power was stellar. Having restored service as safely and quickly as possible under the most extreme circumstances, and having spent hundreds of millions in doing so, FPL now requests timely implementation of its proposed surcharge mechanism, subject to refund based on the outcome of this proceeding.

7. Allowing the establishment of a reasonable mechanism enabling the Company to begin to recover the Storm Reserve Deficit, subject to refund, will benefit FPL's customers and will provide appropriate signals to the investment community while fully accommodating the Commission's right to review the prudence and reasonableness of such costs and protecting customers in the event of any disallowance.

WHEREFORE, for the above and foregoing reasons, Florida Power & Light Company respectfully requests that the Commission grant this Petition and authorize the implementation of the storm surcharge effective January 1, 2005, or as soon as practicable, subject to refund.

Respectfully submitted,

By: 

R. Wade Litchfield

Natalie F. Smith

Attorneys for Florida Power & Light
Company

700 Universe Boulevard

Juno Beach, Florida 33408-0420

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic mail and United States Mail this 19th day of November, 2004, to the following:

Florida Public Service Commission
Cochran Keating, Esquire
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Florida Industrial Power Users Group
(McWhirter)
c/o John W. McWhirter, Jr.
McWhirter Reeves
400 North Tampa Street, Suite 2450
Tampa, FL 33601-3350

McWhirter Law Firm
Vicki Kaufman/ Tim Perry
117 S. Gadsden St.
Tallahassee, FL 32301

Patricia A. Christensen
Associate Public Counsel
Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, FL 32399-1400

By: 

R. Wade Litchfield
Natalie F. Smith
Attorneys for Florida Power & Light
Company
700 Universe Boulevard
Juno Beach, Florida 33408-0420

EXHIBIT A

STORM RESTORATION SURCHARGE

The following charges are applied to the Monthly Rate of each rate schedule as indicated and are calculated in accordance with the formula specified by the Florida Public Service Commission. The Storm Restoration Surcharge shall be charged monthly for a period of twenty-four (24) months from the effective date of this tariff or for such shorter period as may be sufficient to fully recover the applicable revenue requirements.

<u>Rate Schedule</u>	<u>¢/kWh</u>
RS-1, RST-1	0.207
GS-1, GST-1, WIES-1	0.192
GSD-1, GSDT-1	0.161
GSLD-1, GSLDT-1	0.147
CS-1, CST-1	0.132
GSLD-2, GSLDT-2	0.140
CS-2, CST-2	0.141
GSLD-3, GSLDT-3, CS-3, CST-3	0.091
OS-2	0.405
MET	0.166
CILC-1(G)	0.133
CILC-1(D)	0.127
CILC-1(T)	0.083
SL-1, PL-1	0.764
OL-1	0.603
SL-2	0.119
SST-1(T), ISST-1(T)	0.100
SST-1(D1), SST-1(D2) SST-1(D3), ISST-1(D)	0.193

**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition for authority to recover)
prudently incurred storm restoration costs)
related to 2004 storm season that exceed)
storm reserve balance, by Florida Power &)
Light)

Docket No: 041291-EI

Filed: November 19, 2004

EXHIBIT B

STATE OF FLORIDA)
)
COUNTY OF PALM BEACH)


AFFIDAVIT OF K. MICHAEL DAVIS

BEFORE ME, the undersigned authority, personally appeared K. Michael Davis who, being first duly sworn, deposes and says:

1. My name is K. Michael Davis. I am employed by Florida Power & Light Company (FPL) as Vice President, Controller and Chief Accounting Officer. My business address is 9250 West Flagler Street, Miami, Florida. I have personal knowledge of the matters stated in this affidavit.

2. In my capacity as Vice President, Controller and Chief Accounting Officer, I believe to the best of my knowledge that FPL has incurred and appropriately recorded the costs of \$710 million (system) associated with Hurricanes Frances, Jeanne and Charley in account 228.1 Provision for Storm Damages, which is expected to result in a deficiency of \$356 million (system) and \$354 million (jurisdictional) as of December 31, 2004.

3. Affiant says nothing further.



K. Michael Davis

~~SWORN TO AND SUBSCRIBED~~ before me this 19th day of Nov. 2004, by K. Michael Davis, who is personally known to me or who has produced _____ (type of identification) as identification and who did take an oath.



Notary Public, State of Florida

My Commission Expires:



Elizabeth Carrero
My Commission DD002041
Expires February 18, 2005