

TOM LEE
President



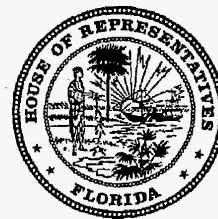
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ALLAN BENSE
Speaker



Joseph A. McGlothlin
Associate Public Counsel

February 11, 2005

Ms. Blanca S. Bayó, Director
Division of the Commission Clerk
and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0870

RE: Docket No. 041291-EI, In Re: Florida Power & Light Company's petition for authority to recover prudently incurred storm restoration costs related to 2004 storm season that exceed storm reserve balance.

Dear Ms. Bayó:

On February 8, 2004, our office filed the direct testimony and exhibits of Michael J. Majoros. I am enclosing several corrected pages, which I ask you to substitute for the originals. They include page 26 from testimony and exhibits MJM-4 (page 1 of 4) and MJM-6.

Corrected page 26 of the testimony corrects the erroneous reference to "PEF" in line 15 to "FPL".

There are no substantive changes to the exhibit pages. Rather, they have been recopied to eliminate extraneous notes that were inadvertently included with the originals.

We will provide the corrected pages to parties today.

Thank you for your assistance.

DOCUMENT NUMBER-DATE

01507 FEB 11 05

FPSC-COMMISSION CLERK

Sincerely,

A handwritten signature in black ink that reads "Joe McGlothlin". The signature is written in a cursive style with a prominent loop at the end of the last name.

Joseph A. McGlothlin
Associate Public Counsel

JM/pwd
Enclosures

cc: Parties of Record

1 Further, FPL objects in that the interrogatory requires
2 FPL to conduct an analysis or create information not
3 prepared by FPL in the normal course of business.
4 Finally, the information needed to perform the
5 requested calculation is readily available to OPC
6 through normal procedures, or is not yet available.
7

8 **Q, Have you made this calculation?**

9 A. Yes. By my calculations, FPL could apply \$271 million to reduce the negative
10 balance of the storm reserve and still earn 10% return on equity capital for
11 calendar year 2004. My calculation is shown on Exhibit__(MJM-8).

12 **VIII. Summary**

13 **Q. Please summarize your recommendations.**

14 A. In this case, FPL has claimed that storm-related costs have resulted in a
15 negative storm reserve balance of \$356 million (system), which FPL wants to
16 collect from customers over a period of two years. However, this amount should
17 be reduced to remove O&M and capital costs that should not have been charged
18 to the storm reserve to begin with. To date I have estimated about \$38.6 million
19 (system) of those types of expenses. In addition to these reductions, FPL should
20 apply \$271 million (system), whether to satisfy the legal requirement of the 2002
21 ratemaking stipulation or to implement the recommendation of James Rothschild
22 to reflect an appropriate sharing of storm-related risks. **As shown in**
23 **Exhibit__(MJM-7),** the impact of my adjustments is to reduce FPL's proposed
24 surcharge from \$356 million to \$46.9 million. I recommend the Commission
25 emphasize its approval of a surcharge is limited to the specific 2004 events, and
26 does not authorize FPL to charge further amounts of storm related costs to the
27 reserve without specific Commission approval.

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Page 1 of 1

Q.

- (a) Please provide a detailed breakdown of all costs related to company-owned vehicles that the company has booked, or proposes to book, to the storm reserve. Please include, among other categories of costs, amounts for depreciation, maintenance, overheads, and fuel.
- (b) Of the amounts shown in the breakdown provided in response to (a) above, please identify all of the costs that the company would have incurred in the normal course of business, whether or not there were hurricanes in 2004.
- (c) Of the amounts shown in the breakdown provided in response to (a) above, identify (1) the level of costs that was included in the company's budget for 2004 and (2) the amount by which actual costs exceeded the amount that was included in the budget for 2004.
- (d) Show all accounting adjustments that would be necessary to remove, from the amount of vehicle expense booked or proposed to be booked to the storm reserve, all expenses and overheads with the exception of 50% of the cost of gasoline. Quantify and state the impact, in dollars, such adjustments would have on the amount booked to the storm reserve.

A.

(a)	Depreciation	\$1,683,803
	Maintenance	\$4,615,272
	Fuel	\$ 947,140
	Overhead/Support	<u>\$ 841,902</u>
	Total	\$8,088,117
(b)		\$5,261,887
(c)(1)		\$5,261,887
(c)(2)		\$2,826,230

- (d) See FPL's objections filed February 2, 2005, in Docket No. 041291-EI. Notwithstanding and without waiving its objection, 50% of the fuel cost in (a) above would be \$473,570.

**Florida Power & Light
Docket No. 041291-EI**

Salt Spray and Vegetation Studies

<u>Project Name</u>	<u>Estimated Amount</u>
3rd party system assessment to determine the relative state of vegetative conditions post storm	\$ 341,000
Identify salt spray, sand and water intrusion problems in costal communities	<u>1,035,520</u>
Total	<u>\$ 1,376,520</u>

Source: OPC Second Request for Production of Documents, Request No. 19