

MEMORANDUM

March 1, 2005

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COMMISSION
CLERK

TO: DIVISION OF THE COMMISSION CLERK AND ADMINISTRATIVE SERVICES

FROM: OFFICE OF THE GENERAL COUNSEL (BRUBAKER) JAR for JSB *Watt*

RE: DOCKET NO. 041272-EI Petition for approval of storm cost recovery clause for recovery of extraordinary expenditures related to Hurricanes Charley, Frances, Jeanne, and Ivan, by Progress Energy Florida, Inc.

Attached is the COMMISSION'S PREHEARING STATEMENT, to be filed in the above-referenced docket. (Number of pages in order - 6)

DATE ORDER SENT ELECTRONICALLY TO CCA 3/1/05

JSB/pz
Attachment
I:2004/041272/041272PrehearingStatement.jsb.doc

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DOCUMENT NUMBER-DATE

02106 MAR-1 05

FPSC-COMMISSION CLERK

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition for approval of storm cost recovery clause for recovery of extraordinary expenditures related to Hurricanes Charley, Frances, Jeanne, and Ivan, by Progress Energy Florida, Inc.	DOCKET NO. 041272-EI ORDER NO. ISSUED:
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STAFF'S PREHEARING STATEMENT

Pursuant to Order No. PSC-04-1151-PCO-EI, issued November 18, 2004, the Commission (Staff) files its prehearing statement as follows:

A. Witnesses

Staff intends to call Joceyln Y. Stephens as a witness.

B. Exhibits

Staff intends to utilize Exhibit JYS-1 at hearing.

C. Basic Position

Staff's positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. Staff's final positions will be based upon all the evidence in the record and may differ from the preliminary positions stated herein.

D. Issues of Fact, Law and Policy

The following are issues identified by Staff and its positions on these issues. Staff's positions are preliminary, are based upon materials filed by the utility or obtained through discovery and are intended to inform the parties of Staff's preliminary positions. Staff's final positions will be based upon an analysis of the evidence presented at the hearing.

ISSUES 1 – 14 ARE STORM-RELATED COST ISSUES

ISSUE 1: Did PEF act reasonably and prudently prior to the storms to minimize storm-related costs? If not, to what extent should the proposed recovery amount be adjusted?

POSITION: Staff has no position at this time.

DOCUMENT NUMBER-DATE

02106 MAR-18

FPSC-COMMISSION CLERK

COMMISSION'S PREHEARING STATEMENT
DOCKET NO. 041272-EI

ISSUE 2: Has PEF quantified the appropriate amount of non-management employee labor payroll expense that should be charged to the storm reserve? If not, what adjustments should be made?

POSITION: Staff has no position at this time.

ISSUE 3: Has PEF properly treated payroll expense associated with managerial employees when determining the costs that should be charged to the storm reserve? If not, what adjustments should be made?

POSITION: Staff has no position at this time.

ISSUE 4: At what point in time should PEF stop charging costs related to the 2004 storm season to the storm damage reserve?

POSITION: Staff has no position at this time.

ISSUE 5: Has PEF charged to the storm reserve appropriate amounts relating to employee training for storm restoration work? If not, what adjustments should be made?

POSITION: Staff has no position at this time.

ISSUE 6: Has PEF properly quantified the costs of tree trimming that should be charged to the storm reserve? If not, what adjustments should be made?

POSITION: Staff has no position at this time.

ISSUE 7: Has PEF properly quantified the costs of company-owned fleet vehicles that should be charged to the storm reserve? If not, what adjustments should be made?

POSITION: Staff has no position at this time.

ISSUE 8: Has PEF properly determined the costs of call center activities that should be charged to the storm damage reserve? If not, what adjustments should be made?

COMMISSION'S PREHEARING STATEMENT
DOCKET NO. 041272-EI

POSITION: Staff has no position at this time.

ISSUE 9: Has PEF appropriately charged to the storm reserve any amounts related to advertising expense or public relations expense for the storms? If not, what adjustments should be made?

POSITION: Staff has no position at this time.

ISSUE 10: Has uncollectible expense been appropriately charged to the storm damage reserve? If not, what adjustments should be made?

POSITION: Staff has no position at this time.

ISSUE 11: Should PEF be required to offset its storm damage recovery claim by revenues it has received from other utilities for providing assistance in their storm restoration activities? If so, what amount should be offset?

POSITION: Staff has no position at this time.

ISSUE 12: Has PEF appropriately removed from the costs it seeks in its petition all costs that should be booked as capital costs associated with its retirement (including cost of removal) and replacement of plant items affected by the 2004 storms? If not, what adjustments should be made?

POSITION: Staff has no position at this time.

ISSUE 13: Has PEF appropriately quantified the costs of materials and supplies used during storm restoration that should be charged to the storm reserve? If not, what adjustments should be made?

POSITION: Staff has no position at this time.

ISSUE 14: Taking into account any adjustments identified in the preceding issues, what is the appropriate amount of storm-related costs to be charged against the storm damage reserve?

COMMISSION'S PREHEARING STATEMENT
DOCKET NO. 041272-EI

POSITION: Staff has no position at this time.

ISSUE 15: Does the stipulation of the parties that the Commission approved in Order No. PSC-02-0655-AS-EI affect the amount or timing of storm-related costs that PEF can collect from customers? If so, what is the impact?

POSITION: Staff has no position at this time.

ISSUE 16: In the event that the Commission determines the stipulation approved in Order No. PSC-02-0655-AS-EI does not affect the amount of costs that PEF can recover from ratepayers, should the responsibility for those costs be apportioned between PEF and retail ratepayers? If so, how should the costs be apportioned?

POSITION: Staff has no position at this time.

ISSUE 17: What is the appropriate amount of storm-related costs to be recovered from the customers?

POSITION: Staff has no position at this time.

ISSUE 18: If recovery is allowed, what is the appropriate accounting treatment for the unamortized balance of the storm-related costs subject to future recovery?

POSITION: Staff has no position at this time.

ISSUE 19: Should PEF be authorized to accrue and collect interest on the amount of storm-related costs permitted to be recovered from customers? If so, how should it be calculated?

POSITION: Staff has no position at this time.

ISSUE 20: What mechanism should be used to collect the amount of the storm-related costs authorized for recovery?

POSITION: Staff has no position at this time.

COMMISSION'S PREHEARING STATEMENT
DOCKET NO. 041272-EI

ISSUE 21: If the Commission approves recovery of any storm-related costs, how should they be allocated to the rate classes?

POSITION: Staff has no position at this time.

ISSUE 22: What is the proper rate design to be used for PEF to recovery storm-related costs?

POSITION: Staff has no position at this time.

ISSUE 23: What is the appropriate recovery period?

POSITION: Staff has no position at this time.

ISSUE 24: If the Commission approves a mechanism for the recovery of storm-related costs from the ratepayers, on what date should it become effective?

POSITION: Staff has no position at this time.

ISSUE 25: Should PEF be required to file tariffs reflecting the establishment of any Commission-approved mechanism for the recovery of storm-related costs from the ratepayers?

POSITION: Staff has no position at this time.

ISSUE 26: Should the docket be closed?

POSITION: Staff has no position at this time.

E. **Stipulated Issues**

There are no issues that have been stipulated at this time.

F. **Pending Matters**

There are no matters pending at this time.


COMMISSION'S PREHEARING STATEMENT
DOCKET NO. 041272-EI

G. Pending Confidentiality Claims or Requests

There are no pending confidentiality claims or requests at this time.

H. Requirements That Cannot Be Complied With

There are no requirements of Order No. PSC-04-1151-PCO-EI that cannot be complied with at this time.



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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: In re: Petition for approval of storm cost recovery clause for recovery of extraordinary expenditures related to Hurricanes Charley, Frances, Jeanne, and Ivan, by Progress Energy Florida, Inc.

DOCKET NO. 041272-EI .

FILED: March 1, 2005

CERTIFICATE OF SERVICE

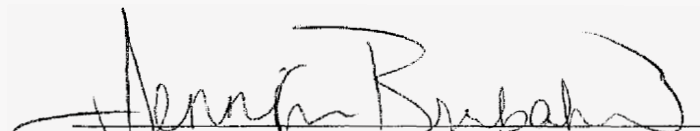
I HEREBY CERTIFY that a true and correct copy of the **COMMISSION'S PREHEARING STATEMENT** has been furnished by U.S. Mail, this 1st day of March, 2005, to the following:

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