

ORIGINAL

MEMORANDUM

March 28, 2005

RECEIVED-FTSC

MAR 28 PM 2:27

COMMISSION
CLERK

TO: DIVISION OF THE COMMISSION CLERK AND ADMINISTRATIVE SERVICES

FROM: OFFICE OF THE GENERAL COUNSEL (C. KEATING) *WCK*

RE: DOCKET NO. 041291-EI - 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.

Attached is STAFF'S PREHEARING STATEMENT to be filed in the above-referenced docket.

DATE ORDER SENT ELECTRONICALLY TO CCA

3/28/05

WCK/pz
Attachment
I:2004/041291PrehearingStatement.wck.doc

- CMP _____
- COM 5
- CTR _____
- ECR _____
- GCL _____
- OPC _____
- MMS _____
- RCA _____
- SCR _____
- SEC 1
- OTH _____

DOCUMENT NUMBER-DATE

02984 MAR 28 05

FLORIDA COMMISSION OF ELECTRICITY

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 Company.	DOCKET NO. 041291-EI FILED: March 28, 2005
---	---

STAFF'S PREHEARING STATEMENT

Pursuant to Order No. PSC-04-1150-PCO-EI, issued November 18, 2004, the Staff of the Florida Public Service Commission files its Prehearing Statement.

A. All Known Witnesses

Iliana H. Piedra

B. All Known Exhibits

Exhibit IHP-1 – FPL Storm Cost Recovery Audit (Piedra)

C. Staff's Statement of 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. Staff's Positions on the Issues

ISSUE 1: What is the legal effect, if any, of FPL's 1993 storm cost study and Order No. PSC-95-0264-FOF-EI entered in Docket No. 930045-EI on the decisions to be made in this docket?

POSITION: Staff has no position at this time.

ISSUE 2: Is the methodology in Order No. PSC-95-0264-FOF-EI, issued in Docket No. 930405-EI, for booking costs to the Storm Damage Reserve the appropriate methodology to be used in this docket? If not, what is the appropriate methodology that should be used?

POSITION: Staff has no position pending evidence adduced at hearing.

ISSUE 3: Were the costs that FPL has booked to the Storm Damage Reserve consistent with the methodology in the study filed on October 1, 1993, by the Company in Docket No. 930405-EI?

POSITION: Staff has no position pending evidence adduced at hearing.

ISSUE 4: Has FPL 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 pending evidence adduced at hearing.

ISSUE 5: Has FPL 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 pending evidence adduced at hearing.

ISSUE 6: At what point in time should FPL stop charging costs related to the 2004 storm season to the storm reserve?

POSITION: Staff has no position pending evidence adduced at hearing.

ISSUE 7: Has FPL 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 pending evidence adduced at hearing.

ISSUE 8: Has FPL 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 pending evidence adduced at hearing.

ISSUE 9: Has FPL 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 pending evidence adduced at hearing.

ISSUE 10: Has FPL properly determined the costs of call center activities that should be charged to the storm reserve? If not, what adjustments should be made?

POSITION: Staff has no position pending evidence adduced at hearing.

ISSUE 11: Has FPL 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 pending evidence adduced at hearing.

ISSUE 12: Has uncollectible expense been appropriately charged to the storm reserve? If not, what adjustments should be made?

POSITION: Staff has no position pending evidence adduced at hearing.

ISSUE 13: Of the costs that FPL has charged or proposes to charge to the storm reserve, should any portion(s) instead be booked as capital costs associated with its retirement (including cost of removal) and replacement of plant items affected by the 2004 storms? If so, what adjustments should be made?

POSITION: Staff has no position pending evidence adduced at hearing.

ISSUE 14: Has FPL 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 pending evidence adduced at hearing.

ISSUE 15: If the Commission does not apply, in this docket, the methodology applied by FPL for charging expenses to the storm reserve pursuant to the study filed on October 1, 1993 by the Company and addressed by the Commission in Order No. PSC-95-0264-FOF-EI in Docket No. 930405-EI should the Commission take into account:

- a. Revenues lost by the Company due to the disruption of customer service during the 2004 storm season or the absence of customers after the storms;
- b. Overtime incurred by Company personnel in work areas not directly affected by the storm due to loss of some personnel to storm assignments (backfill work);
- c. Costs associated with work which must be postponed due to the urgency of the storm restoration and accomplished after the restoration was completed (catch-up work);
- d. Uncollectible accounts receivable write-offs directly related to the storms; and
- e. Incremental contractor, outside professional services and temporary labor costs due to work postponed due to the urgency of the storm restoration and accomplished after the restoration was completed.

POSITION: Staff has no position pending evidence adduced at hearing.

ISSUE 16: 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 reserve?

POSITION: Staff has no position pending evidence adduced at hearing.

ISSUE 17: Were the costs FPL has booked to the storm reserve reasonable and prudently incurred?

POSITION: Staff has no position.

ISSUE 18: Is FPL's objective of safe and rapid restoration of electric service following tropical storms and hurricanes appropriate?

POSITION: Staff has no position.

ISSUE 19: Does the stipulation of the parties that the Commission approved in Order No. PSC-02-0501-AS-EI affect the amount or timing of storm-related costs that FPL can collect from customers through the proposed surcharge? If so, what is the impact?

POSITION: Staff has no position at this time.

ISSUE 20: In the event that the Commission determines the stipulation approved in Order No. PSC-02-0501-AS-EI does not affect the amount of costs that FPL can recover from ratepayers, should the responsibility for those costs be apportioned between FPL and retail ratepayers? If so, how should the costs be apportioned?

POSITION: Staff has no position pending evidence adduced at hearing.

ISSUE 21: What is the appropriate amount of storm-related costs to be recovered from the customers?

POSITION: Staff has no position pending evidence adduced at hearing.

ISSUE 22: 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 pending evidence adduced at hearing.

ISSUE 23: Should FPL 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 pending evidence adduced at hearing.

ISSUE 24: Should FPL be required to normalize the tax impacts associated with 2004 tax losses that will be recovered over time through year end 2007? If so, what adjustment should be made?

POSITION: Staff has no position pending evidence adduced at hearing.

ISSUE 25: If the Commission approves recovery of any storm-related costs, how should they be allocated to the rate classes?

POSITION: Staff has no position pending evidence adduced at hearing.

ISSUE 26: What is the appropriate recovery period?

POSITION: Staff has no position pending evidence adduced at hearing.

ISSUE 27: If the Commission approves a storm cost recovery surcharge, should the approved surcharge factors be adjusted annually to reflect actual sales and revenues?

POSITION: Staff has no position pending evidence adduced at hearing.

ISSUE 28: 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 pending evidence adduced at hearing.

ISSUE 29: What is the appropriate disposition of the revenue collected as an interim storm cost recovery surcharge?

POSITION: Staff has no position pending evidence adduced at hearing.

ISSUE 30: Would revenues collected through the proposed surcharge be included for purposes of performing any potential retail base rate revenue refund calculation under the Stipulation and Settlement approved by Commission Order PSC-02-0501-AS-EI in Docket 001148-EI?

POSITION: Staff has no position.

ISSUE 31: 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 Motions

Florida Retail Federation's petition to intervene is pending.

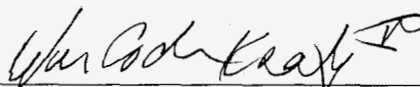
G. Pending Confidentiality Claims or Requests

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

H. Compliance with Order No. PSC-04-1150-PCO-EI.

Staff has complied with all requirements of the Order Establishing Procedure entered in this docket.

Respectfully submitted this 28th day of March, 2005.



WM. COCHRAN KEATING IV
Senior Attorney
FLORIDA PUBLIC SERVICE COMMISSION
Gerald L. Gunter Building
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0863
Telephone: (850) 413-6193

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 Company. DOCKET NO. 041291-EI
FILED: March 28, 2005

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Staff's Prehearing Statement was furnished to the following, by U.S. Mail, on this 28th day of March, 2005.

John W. McWhirter, Jr., Esq.
McWhirter, Reeves Law Firm
400 North Tampa Street, Suite 2450
Tampa, FL 33601-3350

Bill Walker, Esq.
215 S. Monroe Street, Suite 810
Tallahassee, FL 32301-1859

R. Wade Litchfield, Esq./Natalie Smith, Esq.
700 Universe Blvd.
Juno Beach, FL 33408-0420

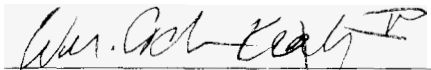
Michael B. Twomey, Esq.
P.O. Box 5256
Tallahassee, FL 32314-5256

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

Timothy Perry, Esq.
McWhirter Reeves Law Firm
117 South Gadsden Street
Tallahassee, FL 32301

Thomas and Genevieve E. Twomey
3984 Grand Meadows Blvd.
Melbourne, FL 32934

Rutledge Law Firm
Kenneth Hoffman, Esq.
P.O. Box 551
Tallahassee, FL 32302



WM. COCHRAN KEATING IV
Senior Attorney
FLORIDA PUBLIC SERVICE COMMISSION
Gerald L. Gunter Building
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850
Telephone No. (850) 413-6193