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COMMISSION  
CLERK

April 10, 2006

**VIA HAND DELIVERY**

Blanca S. Bayo, Director  
Division of Records and Reporting  
Betty Easley Conference Center  
4075 Esplanade Way  
Tallahassee, Florida 32399-0870

Re: Docket No.: 060038-EI

Dear Ms. Bayo:

On behalf of the Florida Industrial Power Users Group (FIPUG), enclosed for filing and distribution are the original and 15 copies of the following:

- The Florida Industrial Power Users Group's Prehearing Statement of Issues and Positions

CMP \_\_\_\_\_  
COM 5 \_\_\_\_\_ In addition, I have also enclosed a diskette containing a copy of the same in Microsoft Word format.

CTR \_\_\_\_\_  
ECR \_\_\_\_\_ Please acknowledge receipt of the above on the extra copy and return the stamped copy to me. Thank you for your assistance.

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Enclosures


OTH \_\_\_\_\_

Sincerely,



Timothy J. Perry, Esq.

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FPSC-COMMISSION CLERK

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Florida Power & Light Company's  
Petition for Issuance of a Storm Recovery  
Financing Order

Docket No: 060038-EI  
Filed: April 10, 2006

**THE FLORIDA INDUSTRIAL POWER USERS GROUP'S  
PREHEARING STATEMENT OF ISSUES AND POSITIONS**

The Florida Industrial Power Users Group (FIPUG), pursuant to Order No. PSC-06-0069-PCO-EI, hereby files its Prehearing Statement of Issues and Positions.

**A. APPEARANCES:**

**JOHN W. MCWHIRTER, JR.**, McWhirter, Reeves & Davidson, P.A., 400 North Tampa Street, Suite 2450, Tampa, Florida 33601-3350,  
and  
**TIMOTHY J. PERRY**, McWhirter, Reeves & Davidson, P.A., 117 South Gadsden Street, Tallahassee, Florida 32301.

**On Behalf of the Florida Industrial Power Users Group.**

**B. WITNESSES:**

None.

**C. EXHIBITS:**

None. However, FIPUG reserves the right to introduce exhibits during cross-examination.

**D. STATEMENT OF BASIC POSITION:**

FIPUG agrees with the positions of the Office of Public Counsel (OPC) in general, and the revenue sharing position of Staff on revenue issues. FIPUG supports the incremental cost recovery methodology set forth in the testimony of OPC witnesses Hugh Larkin and Donna DeRonne, and the risk sharing approach of Staff witness Joe Jenkins. The incremental cost approach is a fair method of storm cost recovery for both the ratepayers and the utility. It allows the utility to recover the cost of storm restoration activities while shielding ratepayers from any double recoveries by removing costs that are covered via the utility's base rate revenues. FIPUG strongly opposes FPL's proposal to diminish the OPC's incremental accounting approach by plugging in "lost revenues." Adjusting for lost revenues negates the incremental cost approach and, in effect, accomplishes the same result as FPL's proposed actual restoration cost approach, which results in double recoveries. Further, adjustments for lost revenues are unnecessary in light of the fact that FPL's electric sales, and thus its revenues, during the storm period actually

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exceeded its projections even though some customers received no service. Moreover, according to surveillance reports filed by FPL with the Commission, FPL's normal O&M costs and its full authorized rate of return were collected from its customers during the July-December 2005 time period.

It appears that all parties are attempting to insure that present customers are not unfairly treated with respect to income taxes by developing a procedure that matches storm expenses with revenue collected to cover these expenses. FIPUG encourages this effort, and seeks a treatment that will ensure that every dollar collected from ratepayers for storm damage is available to pay for such costs free from any adverse tax consequences. It should be made clear that income taxes do not reduce the level of the storm reserve.

With respect to allocating costs between customer classes, FIPUG endorses the approach that matches revenue collections to storm costs incurred — that is, customers taking service from the transmission system should not be charged for damages to the distribution system. However, FPL proposes instead to allocate the costs based on the cost of service methodology the company proposed in its last rate case, Docket No. 050045-EI. There were material disputes over FPL's cost of service studies in the 2005 base rate case. The case was settled without the Commission approving the studies. This is evidenced by the fact that the order approving the settlement and stipulation — Order No. PSC-05-0902-S-EI — and the settlement and stipulation, which is an attachment to the order, uses the words “current” or “currently” nineteen times in the document. The use of “current” or “currently” is intended maintain the circumstances in place at the time the base rate case was filed, not approve the disputed testimony and exhibits filed in the case. Instead, the costs should be allocated based on the cost of service methodology last filed with and approved by the Commission in Docket No. 830465-EI.

#### **E. STATEMENT OF ISSUES AND POSITIONS:**

##### **CHARGES TO STORM RESERVE**

###### **2004 Storm Costs**

Issue 1: Did FPL stop charging 2004 storm-related costs to the storm reserve by July 31, 2005, for restoration work related to the 2004 storm season, as required by Order No. PSC-05-0937-FOF-EI? If not, what adjustments should be made?

FIPUG: Agree with OPC.

Issue 2: Should the 2004 storm costs be adjusted for other items? If so, what is the appropriate adjustment?

FIPUG: Agree with OPC.

Issue 3: Should an adjustment be made to reflect the actual December 31, 2005 storm cost deficiency related to the 2004 costs. If so, what is the amount of the adjustment?

FIPUG: Agree with OPC.

Issue 4: Has FPL properly accounted for the after-tax effects of interest on unrecovered storm costs?

FIPUG: Agree with OPC.

### **2005 Storm Costs**

Issue 5: What is the legal effect, if any, of Order No. PSC-05-0937-FOF-EI on the decisions to be made in this docket?

FIPUG: Agree with OPC.

Issue 6: What is the appropriate methodology to be used for booking the 2005 storm damage costs to the Storm Damage Reserve?

FIPUG: Agree with OPC.

Issue 7: Has FPL charged to the storm reserve any costs associated with replacements or improvements that would have been needed in the absence of 2005 storms, and so should be charged to regular O & M or placed in rate base and accounted for accordingly? If so, what adjustments should be made?

FIPUG: Agree with OPC.

Issue 8: Has FPL quantified the appropriate amount of non-management employee labor payroll expense that should be charged to the storm reserve for 2005? If not, what adjustments should be made?

FIPUG: Agree with OPC.

Issue 9: Has FPL quantified the appropriate amount of managerial employees payroll expense that should be charged to the storm reserve for 2005? If not, what adjustments should be made?

FIPUG: Agree with OPC.

Issue 10: Has FPL charged to the storm reserve appropriate amounts related to employee training for storm restoration work for 2005? If not, what adjustments should be made?

FIPUG: Agree with OPC.

Issue 11: Has FPL properly quantified the cost of tree trimming that should be charged to the storm reserve for 2005? If not, what adjustments should be made?

FIPUG: Agree with OPC.

Issue 12: Has FPL properly quantified the costs of company-owned fleet vehicles that should be charged to the storm reserve for 2005? If not, what adjustments should be made?

FIPUG: Agree with OPC.

Issue 13: Has FPL properly quantified the costs of call center activities that should be charged to the storm reserve for 2005? If not, what adjustments should be made?

FIPUG: Agree with OPC.

Issue 14: Has FPL appropriately charged to the storm reserve any amounts related to advertising expense or public relations expense for the 2005 storms? If not, what adjustments should be made?

FIPUG: Agree with OPC.

Issue 15: Has uncollectible expense been appropriately charged to the storm reserve for 2005? If not, what adjustments should be made?

FIPUG: Agree with OPC.

Issue 16: Has FPL properly charged the normal cost of replacement to rate base and the normal cost of removal to the cost of removal reserve for the 2005 storms? If not, what adjustments should be made?

FIPUG: Agree with OPC.

Issue 17: If the Commission applies in this docket the methodology applied in Order No. PSC-05-0937-FOF-EI should the Commission take into account:

- a. Amounts not recovered through base rates due to the disruption of service due to the 2005 storm season or the absence of customers after the storms;

FIPUG: No. The evidence discloses that during the storm period, FPL sold more electricity to retail customers than it anticipated it would sell according to documents filed in Docket No. 050001-EI. The estimated sales provided enough money to meet ordinary O&M expenses. In calculating retail revenues, the revenues from all retail customers is the controlling factor, not the revenues received from a relatively small number of customers who FPL was unable to serve during the period of storm restoration. FIPUG also agrees with OPC.

- 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);

FIPUG: Agree with OPC.

- c. Costs associated with work that must be postponed due to the urgency of storm restoration and accomplished after the restoration was completed (catch-up work);
- FIPUG: Agree with OPC.
- d. Uncollectible accounts receivable write-offs directly related to the storms;
- FIPUG: Agree with OPC.
- e. Incremental contractor, outside professional services and temporary labor costs due to work postponed due to the urgency of storm restoration and accomplished after the restoration was completed;
- FIPUG: Agree with OPC.
- f. Costs that would have otherwise been charged to clauses; and
- FIPUG: Agree with OPC.
- g. Costs that would have otherwise been charged to capital.
- FIPUG: Agree with OPC.
- Issue 18: Have landscaping costs been appropriately charged to the storm reserve for 2005? If not, what adjustments should be made?
- FIPUG: Agree with OPC.
- Issue 19: Have lawsuit settlement charges been appropriately charged to the storm reserve for 2005? If not, what adjustments should be made?
- FIPUG: Agree with OPC.
- Issue 20: Have contingency portions of estimated storm costs been appropriately charged to the storm reserve for 2005? If not, what adjustments should be made?
- FIPUG: Agree with OPC.
- Issue 21: Should FPL be required to true-up approved 2005 storm related costs? If so, how should this be accomplished?
- FIPUG: Agree with OPC.
- Issue 22: Have the costs of repairing other entities' poles been charged to the storm reserve for 2005? If so, what adjustments should be made?

FIPUG: Agree with OPC.

Issue 23: Should the 2005 storm costs be adjusted for overbillings from outside contractors? If so, what is the appropriate adjustment?

FIPUG: Yes. The storm costs should be reduced by the overbilled amount.

Issue 24: Has FPL charged any other costs to the storm reserve that should be expensed or capitalized? If so, what adjustment should be made?

FIPUG: The Commission should make an adjustment to offset FPL's storm damage costs by the proceeds received from assisting other utilities with storm restoration since 2003. In the future, FPL should credit such revenues to the storm damage reserve. Agree with OPC as to any other adjustments.

Issue 25: Taking into account any adjustments identified in the preceding issues, what is the appropriate amount of 2005 storm related costs to be charged against the storm reserve, subject to a determination of prudence in this proceeding?

FIPUG: Agree with OPC.

Issue 26: At what point in time should FPL stop charging costs related to the 2005 storm season to the storm reserve?

FIPUG: Agree with OPC.

#### **PRUDENCE OF 2005 STORM CHARGES**

Issue 27: Did FPL adequately inspect and maintain its distribution and transmission system for deterioration and overloading of poles prior to June 1, 2005? If not, what amount, if any, should be adjusted from the costs that FPL proposes to charge to the storm reserve and recover through securitization or a surcharge?

FIPUG: Agree with OPC.

Issue 28: Did FPL adequately control vegetation around its distribution and transmission system prior to June 1, 2005? If not, what amount, if any, should be adjusted from the costs that FPL proposes to charge to the storm reserve and recover through securitization or a surcharge?

FIPUG: Agree with OPC.

Issue 29: Did FPL adequately inspect and maintain its distribution and transmission system prior to June 1, 2005? If not, what action should the Commission take with regard to any surcharges it may approve as a result of this docket?

FIPUG: Agree with OPC.

Issue 30: Did FPL adequately inspect and maintain its distribution and transmission system for deterioration and overloading of poles prior to October 23, 2005? If not, what amount, if any, should be adjusted from the costs that FPL proposes to charge to the storm reserve and recover through securitization or a surcharge?

FIPUG: Agree with OPC.

Issue 31: Did FPL adequately control vegetation around its distribution and transmission system prior to October 23, 2005? If not, what amount, if any, should be adjusted from the costs that FPL proposes to charge to the storm reserve and recover through securitization or a surcharge?

FIPUG: Agree with OPC.

Issue 32: Did FPL adequately inspect and maintain its distribution and transmission system prior to October 23, 2005? If not, what amount, if any, should be adjusted from the costs that FPL proposes to charge to the storm reserve and recover through securitization or a surcharge?

FIPUG: Agree with OPC.

Issue 33: What adjustment, if any, should the Commission make associated with the failure of 30 transmission towers of the 500 KV Conservation-Corbett transmission line and the failure of six structures on the Alva-Corbett 230 transmission line?

FIPUG: Agree with OPC.

Issue 34: Should FPL be authorized to accrue and collect interest on the amount of 2005 storm-related costs permitted to be recovered from customers? If so, how should it be calculated?

FIPUG: Agree with OPC.

Issue 35: Should the Commission require FPL's storm recovery costs for 2005 be shared between FPL's retail customers and FPL and, if so, to what extent?

FIPUG: Yes. FIPUG supports the sharing of responsibility for the cost of storm restoration as discussed in the testimony of Staff witness Joseph D. Jenkins. In Order No. PSC-93-0918-FOF-EI,<sup>1</sup> this Commission recognized: (1) that ratepayers have never been required to indemnify utilities from storm damage, (2) that even with traditional insurance, utilities are not free from the risk of storm damage, and (3) storm damage is a normal business risk in Florida.

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<sup>1</sup> See Order No. PSC-93-0918-FOF-EI, Docket No. 930405-EI, *In Re: Petition to implement a self-insurance mechanism for storm damage to transmission and distribution system and to resume and increase annual contribution to storm and property insurance reserve fund by Florida Power and Light Company* (issued June 17, 1993).



Issue 36: Taking into account any adjustments identified in the preceding issues, what is the amount of reasonable and prudently incurred 2005 storm related costs that should be recovered from customers?

FIPUG: The appropriate amount of adjustments should be the total of OPC's proposed adjustments, and an adjustment for the sharing of costs as discussed in the testimony of Staff witness Joseph D. Jenkins.

### **STORM DAMAGE RESERVE**

Issue 37: What is the appropriate level of funding to replenish the storm damage reserve to be recovered through a mechanism approved in this proceeding?

FIPUG: Agree with OPC.

Issue 38: What portion, if any of the Reserve must be held in a funded Reserve and should there be any limitations on how the Reserve may be held, accessed or used?

FIPUG: Agree with OPC.

### **RECOVERY MECHANISM**

Issue 39: Is the issuance of storm-recovery bonds and the imposition of the Storm Charge, as proposed by FPL, reasonably expected to result in lower overall costs or avoid or significantly mitigate rate impacts to customers as compared with alternative methods of financing or recovering storm-recovery costs and storm-recovery reserve?

FIPUG: Agree with Staff.

Issue 40: Does funding the reserve meet the definition of a cost within the meaning of Internal Revenue Service Revenue Procedure 2005-62? If not, what action should the Commission take with respect to the storm reserve?

FIPUG: Agree with Staff.

Issue 41: Should the unamortized balance of 2004 storm costs continue to be recovered through the current surcharge or should the balance be added to any amounts to be securitized?

FIPUG: The unamortized balance of the 2004 storm costs should be added to the amounts to be securitized.

Issue 42: Based on resolution of the preceding issues, what amount, if any, should the Commission authorize FPL to recover through securitization?

FIPUG: The appropriate amount to be securitized should be based on the following: (1)

the recovery of the unamortized balance of the 2004 storm costs; (2) the replenishment of the storm reserve to \$150 million, and; (3) the recovery of FPL's 2005 storm costs minus OPC's proposed adjustments, and utilization of the risk sharing approach recommended by Staff witness Joseph D. Jenkins.

Issue 43: Based on resolution of the preceding issues, what amount, if any, should the Commission authorize FPL to recover through a traditional surcharge or other form of recovery?

FIPUG: The Commission should approve recovery via securitization. However, if the Commission approves recovery via a surcharge, the surcharge should be designed to recover the following: (1) the replenishment of the storm reserve to \$150 million and; (2) the recovery of FPL's 2005 storm costs minus OPC's proposed adjustments, and utilization of the risk sharing approach recommended by Staff witness Joseph D. Jenkins.

Issue 44: Should the Commission approve FPL's alternative request to implement a surcharge to be applied to bills rendered on or after June 15, 2006 for a period of three years for the purpose of recovering its prudently incurred 2005 storm costs and attempting to replenish the Reserve? If so, how should the Commission determine the following:

FIPUG: See FIPUG's position below subsection (b).

a. The amount approved for recovery; and

FIPUG: See FIPUG's position below subsection (b).

b. The cost allocation to the rate classes.

FIPUG: The Commission should approve recovery via securitization. However, if the Commission approves recovery via a surcharge, the surcharge should be designed to recover the following: (1) the replenishment of the storm reserve to \$150 million, and; (2) the recovery of FPL's 2005 storm costs minus OPC's proposed adjustments, and utilization of the risk sharing approach recommended by Staff witness Joseph D. Jenkins. With respect to allocating costs between customer classes, FIPUG endorses the approach that matches revenue collections to storm costs incurred — that is, customers taking service from the transmission system should not be charged for damages to the distribution system. These costs should be allocated based on the cost of service methodology last filed with and approved by the Commission in Docket No. 830465-EI.

### **Terms and Conditions of Financing Order for Securitized Amounts**

Issue 45: What adjustment, if any, should be made so that the treatment of the deferred tax liability is revenue neutral from the ratepayer's perspective?

FIPUG: The Commission should make all appropriate adjustments to ensure that the treatment of the deferred tax liability is revenue neutral from the ratepayer's perspective. It appears that all parties are attempting to ensure that present customers are not unfairly treated with respect to income taxes by developing a procedure that matches storm expenses with revenue collected to cover these expenses. FIPUG encourages this effort, and seeks a treatment that will ensure that every dollar collected from ratepayers for storm damage is available to pay for such costs free from any adverse tax consequences.

Issue 46: Is the recovery of income taxes a financing cost eligible for recovery under Section 366.8260, Florida Statutes?

FIPUG: To the extent that income taxes are eligible for recovery under Section 366.8260, the Commission should approve a treatment that will protect consumers. The surcharge appears to be subject to income tax, but it should be clearly stated that income taxes do not reduce the storm damage reserve. If FPL received a benefit from reduced income taxes in 2004 and 2005 due to the storms, customers should receive 100% of any such benefits as they provide the funds to pay FPL's income taxes. One method for achieving this would be to direct that customer income tax payments in base rates for 2004 and 2005 should be added to gross revenue in 2006 and 2007 for regulatory purposes.

Issue 47: If recovery of the taxes assessed on the storm recovery charges are not securitized, should the tax charge be included in the irrevocable financing order?

FIPUG: The Commission should approve a treatment that will ensure that every dollar collected from ratepayers for storm damage is available to pay for such costs free from any adverse tax consequences.

Issue 48: Should FPL indemnify its ratepayers against an increase in the servicer fee in the event of the servicer's default due to negligence, misconduct, or termination for cause?

FIPUG: Yes.

Issue 49: What remedies should the PSC employ to protect customers in the event of a servicer's default?

FIPUG: Agree with Staff.

Issue 50: What is the appropriate up-front and ongoing fee for the role of servicer throughout the term of the bonds?

FIPUG: Agree with Staff.

Issue 51: How much should FPL be permitted to recover from ratepayers for its role as servicer in this transaction?

- FIPUG: FPL should not be compensated by the ratepayers for its role as servicer in this transaction.
- Issue 52: What is the appropriate up-front and ongoing fee for the role of administrator throughout the term of the bonds?
- FIPUG: Agree with Staff.
- Issue 53: How much should FPL be permitted to recover from ratepayers for its role as administrator in this transaction?
- FIPUG: FPL should not be compensated by the ratepayers for its role as administrator in this transaction.
- Issue 54: How frequently should FPL in its role as servicer be required to remit funds collected from ratepayers to the SPE?
- FIPUG: FPL should be required to remit funds collected from ratepayers to the SPE on a daily basis.
- Issue 55: In the event any amounts remain in the Collection Account after all storm recovery bonds have been retired, what should be the disposition of these funds?
- FIPUG: The funds should be added to the storm reserve or refunded to FPL's customers.
- Issue 56: How should the Commission determine that the upfront bond issuance costs are appropriate?
- FIPUG: Agree with Staff.
- Issue 57: How should the Commission determine that the on-going costs associated with the bonds are appropriate?
- FIPUG: Agree with Staff.
- Issue 58: Is FPL's process for determining whether the upfront bond issuance costs satisfy the statutory standard of Section 366.8260(2)(b)5. reasonable and should it be approved?
- FIPUG: Agree with Staff.
- Issue 59: Is FPL's process for determining whether the on-going costs satisfy the statutory standard of Section 366.8260(2)(b)5 reasonable and should it be approved?
- FIPUG: Agree with Staff.

Issue 60: If the issuance of storm-recovery bonds is approved, should the bonds be sold through a negotiated or competitive sale?

FIPUG: Agree with Staff.

Issue 61: What additional terms, conditions or representations should be made in the financing order to enhance the marketability of the bonds and achieve the lowest possible cost?

FIPUG: Agree with Staff.

Issue 62: Should all legal opinions and other transaction documents and subsequent amendments be filed and approved by the Commission before becoming operative?

FIPUG: Agree with Staff.

Issue 63: Is FPL's proposed Staff Pre-Issuance Review Process reasonable and should it be approved?

FIPUG: Agree with Staff.

Issue 64: Should the Financing Documents be approved in substantially the form proposed by FPL, subject to modifications as addressed in the draft form of financing order?

FIPUG: Agree with Staff.

Issue 65: Should the Issuance Advice Letter be approved in substantially the form proposed by FPL?

FIPUG: Agree with Staff.

Issue 66: Should the Initial True-up Letter be approved in substantially the form proposed by FPL?

FIPUG: Agree with Staff.

Issue 67: How should the Commission ensure that the structure, marketing, and pricing of the storm recovery bonds result in the lowest possible burden on FPL's ratepayers?

FIPUG: Agree with Staff.

Issue 68: Is the proposed structure, expected pricing and financing costs of the storm-recovery bonds reasonably expected to result in lower overall costs or avoid or significantly mitigate rate impacts to customers as compared with alternative

methods of recovery?

FIPUG: Agree with Staff.

Issue 69: Should the Commission approve the use of floating rate securities and interest rate swaps if their use is reasonably expected to provide customer savings?

FIPUG: Agree with Staff.

Issue 70: Should FPL be afforded flexibility to include call provisions if their use is reasonably expected to provide customer savings?

FIPUG: Agree with Staff.

Issue 71: What additional flexibility should FPL be afforded in establishing the terms and conditions of the storm-recovery bonds, including, but not limited to, repayment schedules, interest rates, and other financing costs?

FIPUG: Agree with Staff.

Issue 72: If the Commission approves FPL's proposed financing order, should FPL be allowed to establish a regulatory asset for the amount to replenish the Reserve?

FIPUG: Agree with Staff.

Issue 73: Should the Commission authorize FPL to establish a separate regulatory asset for the storm recovery property sold to the SPE and a separate regulatory asset for income taxes payable on the storm-recovery costs to be financed?

FIPUG: Agree with Staff.

Issue 74: Based on resolution of the preceding issues, should a financing order in substantially the form proposed by FPL be approved, including the findings of fact and conclusions of law as proposed?

FIPUG: Agree with Staff.

Issue 75: If the Commission approves the substance of FPL's primary recommendation, should the financing order require FPL to reduce the aggregate amount of the bond issuance in the event market rates rise to such an extent that the initial average retail cents per kWh charge associated with the bond issuance would exceed the average retail cents per kWh 2004 storm surcharge currently in effect?

FIPUG: Agree with Staff.

Issue 76: Should the Commission approve FPL's request that a surcharge be applied to bills rendered on or after August 15, 2006 to enable FPL to recover its prudently

incurred 2005 storm costs in the event the issuance of storm-recovery bonds is delayed? If so, how should the Commission determine the following:

FIPUG: Yes.

- a. The amount approved for recovery;

FIPUG: The amount approved for recovery via a temporary should be the same as the amount approved for securitization.

- b. The calculation of the surcharge;

FIPUG: With respect to calculating the surcharge and allocating costs between customer classes, FIPUG endorses the approach that matches revenue collections to storm costs incurred — that is, customers taking service from the transmission system should not be charged for damages to the distribution system. These costs should be allocated based on the cost of service methodology last filed with and approved by the Commission in Docket No. 830465-EI.

- c. The cost allocation to the rate classes; and

FIPUG: With respect to calculating the surcharge and allocating costs between customer classes, FIPUG endorses the approach that matches revenue collections to storm costs incurred — that is, customers taking service from the transmission system should not be charged for damages to the distribution system. These costs should be allocated based on the cost of service methodology last filed with and approved by the Commission in Docket No. 830465-EI.

- d. The surcharge's termination date.

FIPUG: Agree with Staff.

#### **Terms for Traditional Recovery of Non-Securitized Amounts**

Issue 77: If the Commission approves a recovery mechanism other than securitization, should an adjustment be made in the calculation of interest to recognize the storm-related deferred taxes?

FIPUG: Yes. Each month FPL should calculate interest on the outstanding net-of-tax balance of the storm damage account, which shall be the outstanding balance of the storm damage account less 38.575% taxes.

Issue 78: If the Commission approves a recovery mechanism other than securitization, what is the appropriate accounting treatment for the unamortized balance of the storm-related costs subject to future recovery?

FIPUG: The storm damage account should be credited each month with the actual amount

recovered from ratepayers.

### RATES

Issue 79: Are the energy sales forecasts used to develop the bond amortization schedules and the recovery mechanism appropriate?

FIPUG: Agree with OPC.

Issue 80: If the Commission approves recovery of any storm-related costs through securitization, how should the recovery of these costs be allocated to the rate classes?

FIPUG: With respect to allocating costs between customer classes, FIPUG endorses the approach that matches revenue collections to storm costs incurred — that is, customers taking service from the transmission system should not be charged for damages to the distribution system. These costs should be allocated based on the cost of service methodology last filed with and approved by the Commission in Docket No. 830465-EI.

Issue 81: If the Commission approves recovery of any storm-related costs through securitization, what is the appropriate recovery period for the Storm Recovery Charge?

FIPUG: Agree with OPC.

Issue 82: Is FPL's proposed Storm Charge True-Up Mechanism appropriate and consistent with 366.8260, Florida Statutes and should it be approved? If not, what formula-based mechanism for making expeditious periodic adjustments to storm-recovery charges should be approved?

FIPUG: Agree with OPC.

Issue 83: How frequently should the Storm Charge True-up Mechanism be conducted?

FIPUG: Agree with OPC.

Issue 84: If the Commission approves the securitization of unrecovered 2004 storm costs, on what date should the 2004 Storm Restoration Surcharge be terminated?

FIPUG: Agree with OPC.

Issue 85: If the Commission approves an amount to be securitized, on what date should the Storm Recovery Charge become effective?

FIPUG: Agree with OPC.



Issue 86: Should the Storm Recovery Charge be recognized as a separate line item on the customers' bill?

FIPUG: Yes.

**OTHER**

Issue 87: Are revenues collected through the approved mechanism for recovery (securitization or surcharge) excluded for purposes of performing any potential retail base rate revenue refund calculation under the Stipulation and Settlement approved by Commission Order PSC-05-0902-S-EI?

FIPUG: Yes.

Issue 88: Should this docket be closed?

FIPUG: No position.

**F. STIPULATED ISSUES:**

Issue 87 is the only issue stipulated by FIPUG.

**G. PENDING MOTIONS OR OTHER MATTERS:**

FIPUG has no pending motions or other matters.

**H. PENDING REQUESTS OR CLAIMS OF CONFIDENTIALITY:**

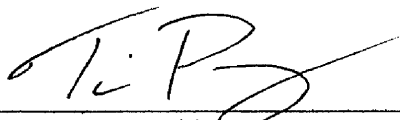
FIPUG has no pending confidentiality requests or claims.

**I. OBJECTIONS TO WITNESS' QUALIFICATIONS AS AN EXPERT**

None at this time pending review of rebuttal testimony to be filed on April 10, 2006.

**J. COMPLIANCE WITH ORDER NO. PSC-05-0281-PCO-EI:**

FIPUG has not at this time identified any portion of the procedural order that cannot be complied with.



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**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing The Florida Industrial Power Users Group's Prehearing Statement of Issues and Positions has been furnished by electronic mail and U.S. Mail this 10th day of April 2006, to the following:

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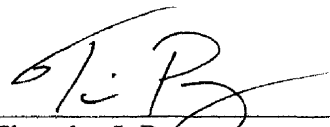
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