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Sent: Monday, April 10, 2006 4:50 PM
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Cc: Charles Beck; Bill Feaster; Bill Walker; Bryan Anderson; Capt. Damund Williams; Christopher Kise; Cochran Keating; Jack Leon; Jack Shreve; Jennifer Brubaker; John McWhirter; Lt. Col. Karen White; Mary Anne Helton; Natalie Smith; Patrick Bryan; Rosanne Gervasi; Schef Wright; Tim Devlin; Tim Perry; Wade Litchfield
Subject: Re: Docket 060038-EI; OPC Prehearing Statement
Attachments: 060038 AARPs Prehearing Statement Final.doc

1. Mike Twomey, P.O. Box 5256 Tallahassee, FL 32314-5256, (850) 421-9530, miketwomey@talstar.com is the person responsible for

this electronic filing;

2. The filing is to be made in Docket 060038-EI;
3. The filing is made on behalf of AARP;
4. The total number of pages is 6; and
5. The attached document is AARP's Prehearing Statement

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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

AARP'S PREHEARING STATEMENT

Pursuant to Order No. PSC-06-0069-PCO-EI, issued January 26, 2006, AARP, by and through its undersigned counsel, files this prehearing statement.

Witnesses

AARP prefiled testimony by the following witness:

- (1) Stephen A. Stewart (sponsored jointly with OPC). Mr. Stewart addresses the appropriate level for the storm damage reserve.

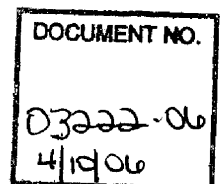
Prefiled Exhibits

The witness for AARP prefiled the following exhibit:

Stephen A. Stewart

(SAS-1) Storm Damage Reserve Level Scenarios

AARP may use other exhibits during cross examination of the company's witnesses. AARP will file a notice in accordance with the orders governing procedure identifying any documents Florida Power & Light Company claims to be confidential which AARP may use during cross examination.



Statement of Basic Position

Hurricane Wilma would have caused less damage to FPL's facilities, and FPL would be seeking far less compensation from its customers in this case, if its inspection and maintenance practices had been more adequate. This is especially true with respect to its transmission and distribution facilities. It appears that the failures of portions of two transmission lines were the result of FPL's inadequate construction management and maintenance practices. FPL's customers should not be held financially responsible for these inadequacies.

FPL's historic failure to properly inspect its over one million pole inventory led to greater storm damage than otherwise would have occurred had the utility properly and timely inspected its poles, maintained those capable of repair and replaced those requiring it. FPL's inadequate pole and inspection efforts led directly to increased damages, the costs of which are imprudent and, therefore, should not be recovered from customers. The same is true of FPL's inadequate tree-trimming, or vegetation management program, the failures of which led to a greater level of storm damage occurring than would have been the case with a prudent inspection and trimming program. None of the costs resulting from the failure to inspect and replace poles or from wind damage caused by inadequate vegetation management should be borne by customers.

There should also be no "double-counting" with the result that FPL's customers are charged for costs already reflected in base rates. AARP agrees with the approach advocated by the Office of Public Counsel ("OPC"), which is that recoverable costs must be "incremental" to those already in base rates. There are substantial double-counting

reductions, as advocated by OPC, that are endorsed by AARP and which should be removed from charges to be recovered from customers.

Furthermore, the Commission should deny FPL recovery of any monies not spent directly on repairing facilities damaged by the storm.

Lastly, AARP believes the Commission should limit the costs customers must bear through a storm securitization surcharge by approving a storm damage reserve of no more than \$200 million. A \$200 million storm damage reserve is large enough to withstand the storm damage from most, but not all, storm seasons over the last 16 years. Any storm damage costs in excess of the reserve balance could be addressed with a separate surcharge, as with 2004's storm damages. Keeping the storm damage reserve level as low as is reasonably possible will reduce interest and bond issuance costs and minimize the financial impact on customers' rates, while still allowing FPL and the Commission the flexibility to address FPL's prudent storm recovery costs from year to year.

Issues and Positions

AARP has reviewed OPC's draft Prehearing Statement and adopts the positions OPC has taken on each issue. Accordingly, to save time and expense associated with this pleading, the position of AARP should be stated as "The same as the Office of Public Counsel" for each issue on which OPC has stated a position. Where OPC has not expressed a position on an issue, AARP's position should be stated as "No position at this time." AARP reserves the right, consistent with the Commission's rules and applicable procedural orders, to change or otherwise restate its positions up until the time of the Prehearing Conference or as otherwise permitted by the Prehearing Officer.

Stipulated Issues

AARP has not stipulated to any issues other than issue 87.

Pending Motions

AARP has no pending motions at this time.

Pending Requests or Claims for Confidentiality

AARP has no pending requests or claims for confidentiality.

Notice of Intent to Use Confidential Documents at Hearing

AARP currently expects to use no documents at hearing which are subject to motions for temporary protective orders by FPL.

Objections to Qualifications of Witnesses as Experts

AARP does not expect to challenge the qualifications of any witness.

Requirements of Order Establishing Procedure

AARP believes it has complied with the requirements of the order establishing procedure.

Respectfully submitted,

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Attorney for AARP

DOCKET NO. 060038-EI

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing has been furnished by U.S.

Mail and electronic message to the following parties on this 10th day of April, 2006.

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