In November of 2004, Florida Power & Light Company (FPL or the company) filed a petition (amended February of 2005) with the Florida Public Service Commission (PSC or Commission) for approval of a Storm Cost Recovery Surcharge to recover prudently incurred storm restoration costs related to the 2004 storm season that exceed the Storm Reserve Balance. Those costs would be recovered over a three-year period.

FPL petitioned the Commission for the establishment of a surcharge on customer bills. The Commission voted on January 18, 2005 to allow FPL to implement the surcharge on an interim basis. The surcharge will be subject to refund with interest should the Commission’s final action be to deny the surcharge or to reduce the amount of costs to be recovered by the utility.

FPL serves approximately 4.2 million retail customers in its service area in Florida. Its service area is comprised of approximately 27,000 square miles in 35 of the state’s 67 counties, encompassing the cities of Daytona Beach, Fort Lauderdale, Fort Myers, Miami, Naples and West Palm Beach and other densely populated areas on the east and west coasts of Florida. FPL also serves a number of less densely populated areas, including all or portions of Martin, Saint Lucie, Indian River, Brevard, Charlotte, Desoto, Columbia, Highlands, Okeechobee, Seminole and Union Counties.

Recognizing that full insurance for transmission and distribution facilities would result in unacceptably high electric rates after Hurricane Andrew, the Commission authorized FPL to accrue $20.3 million per year through base rates to provide a self-insurance program for storm damage. These funds are accumulated in FPL’s Storm Damage Reserve. In August and September 2004, Hurricanes Charley, Frances, and Jeanne struck FPL’s service area in the State of Florida, causing millions of customer outages and millions of dollars in damages which will be applied to the Storm Damage Reserve.

For FPL, the total storm related damages to date are currently estimated at $998 million. The company expects to receive an insurance reimbursement of $108 million for damage to generation assets. As a result, the total amount charged to the Storm Damage Reserve to date is $890 million on a total system basis. As of December 31, 2004, the Storm Damage Reserve excluding the $890 million of charges would have been a positive balance of $354 million. With the charges, the Storm Damage Reserve will have a negative retail balance of approximately $533 million at December 31, 2004.

FPL proposed to initiate recovery of the estimated deficit through a monthly surcharge to apply to customer bills based on a thirty-six month recovery period. The impact to the average residential customer bill (1,000 kWh per month) is expected to be $2.09 per month over the recovery period.

The PSC scheduled six customer service hearings to receive customer testimony regarding the utility’s petition to implement a Storm Recovery Surcharge and to receive comments on the utility’s recovery efforts for each hurricane event. In accordance with Florida Statutes, the PSC will consider the utility’s quality of service and other matters in this case.

The technical portion of the administrative hearing is scheduled for April 20, 21, and 22 in Tallahassee. A technical hearing is a legal proceeding, similar to a court proceeding or trial, that is held to gather technical evidence and testimony related to the utility’s petition. In making its final determination, the Commission will consider the evidence and testimony presented by both customers and other parties.

PSC staff is scheduled to file a recommendation with the Commission on June 23, 2005. The Commissioners are expected to vote on this matter at the July 5, 2005, Agenda Conference.
J. Terry Deason was first appointed to the Commission by the Governor for a term ending in January 1995. He was subsequently reappointed by the Governor in 1999 to serve a term ending January 1, 2003. Commissioner Deason has served as Chairman of the Commission on two occasions, from January 1993 to January 1995, and from July 2000 to January 2003. Commissioner Deason is an active member of the National Association of Regulatory Utility Commissioners (NARUC). He currently serves as the Chairman of NARUC’s Committee on Energy Restructuring, and he is a member of NARUC’s Committee on Finance and Technology. Commissioner Deason also serves on the executive committee for the Nuclear Waste Strategy Coalition. Prior to his appointment, he served as Chief of Staff for the House of Representatives and as Executive Assistant to Senator James Avent, Jr., from 1985 to 1993. Before that, he worked for the Florida House of Representatives as a Legislative Analyst with the Office of the Legislative Analyst. He attended the U.S. Military Academy at West Point, and in 1980 received a Bachelor of Arts degree in political science and minor in English. He served in the U.S. Army for several years and then served as an educator in New York and Connecticut before returning to Florida in 1995. He currently serves as a consultant to the Government of Florida and as a member of the board of directors of ITFlorida, a statewide not-for-profit organization that is focused on developing sound technology-related public policies.

Rudolph (Rudy) Bradley was appointed to the Commission by the Governor for a term ending January 1, 2003. Commissioner Bradley serves on the executive committee for the Nuclear Waste Strategy Coalition. Prior to his appointment, he served as Chief of Staff for the House of Representatives and as Executive Assistant to Senator James Avent, Jr., from 1985 to 1993. Before that, he worked for the Florida House of Representatives as a Legislative Analyst with the Office of the Legislative Analyst. He attended the U.S. Military Academy at West Point, and in 1980 received a Bachelor of Arts degree in political science and minor in English. He served in the U.S. Army for several years and then served as an educator in New York and Connecticut before returning to Florida in 1995. He currently serves as a consultant to the Government of Florida and as a member of the board of directors of ITFlorida, a statewide not-for-profit organization that is focused on developing sound technology-related public policies.
**Consumer Statements at PSC Hearings**

The Commissioners are interested in what consumers have to say about the petition for approval of a Storm Cost Recovery Surcharge to recover prudently incurred storm restoration costs related to the 2004 storm season that exceed the Storm Reserve Balance. Those costs would be recovered over a three-year period. The main purpose of these hearings is to receive comments from the public.

Anyone may make a statement, and speaking is an effective way to let the Commissioners know how you feel about the case under review. At the beginning of the hearings, procedures will be set up to establish an order for comments. PSC staff will have sign-up sheets that will be used to call consumers to speak. PSC staff will also be available to coordinate consumer comments and assist members of the public.

Any person who wishes to comment or provide information to the PSC staff, orally or in writing, may do so at the hearings. Written comments also may be sent to: Florida Public Service Commission, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, or fax at 1-800-511-0809. Correspondence will be placed in the file of this docket (Docket No. 041291-EI). For your convenience, a comment form is attached to this Special Report.

Any person who wishes to obtain a copy of the recommendation or the order may do so by writing to: Florida Public Service Commission, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, or on-line at www.floridapsc.com.

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**Florida Public Service Commission**

2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

The Public Service Commission provides a staff of information specialists who are available to answer questions from Florida consumers.

To reach a consumer representative, please call the Public Service Commission during business hours at **1-800-342-3552**, or send a fax to 1-800-511-0809. See the PSC's Internet home page at www.floridapsc.com.
Petition for Authority to Recover Prudently Incurred Storm Restoration Costs Related to the 2004 Storm Season That Exceed the Storm Reserve Balance by Florida Power & Light Company

DOCKET NO. 041291-EI

Name __________________________________________

Address _________________________________________

If you want to let the Public Service Commission know how you feel about this case, you may fill out this comment form and return it by mail, or send a fax to 1-800-511-0809. Correspondence will be placed in the file of this docket.

Fold and tape -- see back for address