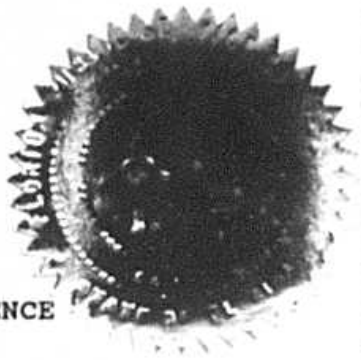


BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

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In the Matter of  
Fuel and Purchased Power Cost  
Recovery Clause with Generating  
Performance Incentive Factor.  
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: DOCKET NO. 950001-EI  
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PROCEEDINGS: PREHEARING CONFERENCE  
BEFORE: COMMISSIONER J. TERRY DEASON  
Prehearing Officer  
DATE: Monday, February 20, 1995  
TIME: Commenced at 1:30 p.m.  
Concluded at 4:17 p.m.  
PLACE: Fletcher Building  
FPSC Hearing Room 122  
101 East Gaines Street  
Tallahassee, Florida  
REPORTED BY: ROWENA NASH HACKNEY  
Official Commission Reporter

DOCUMENT NUMBER-DATE  
02304 FEB 28 1995  
FPSC-RECORDS/REPORTING

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6  
7 **ALSO PRESENT:**

8                   **ROBERTA BASS**, FPSC Division of Electric and  
9 Gas.

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## P R O C E E D I N G S

(Hearing convened at 1:35 p.m.)

COMMISSIONER DEASON: Call the prehearing conference to order.

First of all, let me apologize for the slight delay and the fact that we're meeting in a different room, but as I'm sure everyone is aware, the internal affairs that we had scheduled for today proceeded longer than we first envisioned. And with that, we'll begin with having the notice read.

MS. BROWN: By notice issued February 10th, 1995, this time and place was set for a prehearing conference in the following dockets: Docket No. 950001-EI, Fuel and Purchased Power Cost Recovery Clause with Generating Performance Incentive Factor; Docket No. 950002-EG, Energy Conservation Cost Recovery Clause; Docket No. 950003-GU, Purchased Gas Cost Recovery Clause; and Docket No. 950007-EI, Environmental Cost Recovery Clause. The purpose of the prehearing conference is described in the notice.

COMMISSIONER DEASON: Okay. We'll take appearances at this time.

MS. RUSH: Marian Rush, Salem, Saxon & Nielsen in Tampa, appearing on behalf of Florida Steel Corporation in the 950001 docket.

1 MR. KAUFMANN: Michael Kaufmann, Brickfield,  
2 Burchette & Ritts, Washington, D. C., for the Intervenor  
3 Florida Steel Corporation.

4 MR. HORTON: Norman H. Horton, Jr., Messer,  
5 Vickers, Caparello, Madsen, Goldman & Metz, P.O. Box  
6 1876, Tallahassee, appearing on behalf of Florida Public  
7 Utilities in the 01, 02 and 03 dockets.;

8 MR. BEASLEY: Commissioner, I'm Jim Beasley,  
9 P.O. Box 391, Tallahassee, Florida 32302, representing  
10 Tampa Electric Company in the 01 and 02 dockets.

11 MR. HOWE: Commissioner Deason, I'm Roger Howe  
12 with the Office of Public Counsel, appearing on behalf  
13 of the Citizens of the State of Florida in the 01, 02,  
14 03 and 07 dockets.

15 MS. KAUFMAN: Vicki Gordon Kaufman,  
16 McWhirter, Reeves, McGlothlin, Davidson and Bakas,  
17 315 South Calhoun Street, Suite 716, Tallahassee 32301.  
18 I'm appearing on behalf of the Florida Industrial Power  
19 Users Group in the 0001, 0002 and 0007 dockets.

20 MR. BADDERS: Russell A. Badders, Beggs &  
21 Lane, 3 West Garden Street, P.O. Box 12950, Pensacola,  
22 Florida 32576. I'm appearing on behalf of Gulf Power  
23 Company in the 0001, 02 and 07 dockets. I'm also making  
24 an appearance on behalf of Jeffrey Stone.

25 MR. MCGEE: James McGee, Post Office Box



1 14042, St. Petersburg 33733. With me is Ronald M.  
2 Bright, the Class B practitioner. We are both on  
3 behalf of Florida Power Corporation in the 01 and 02  
4 dockets.

5 MS. BROWN: Martha Carter Brown and Vicki D.  
6 Johnson for the Florida Public Service Commission Staff  
7 in the 01 and 07 dockets.

8 MR. PRUITT: And I'm Prentice P. Pruitt,  
9 counsel for the Commissioners.

10 MR. CHILDS: Commissioner, my name is Matthew  
11 Childs with the firm of Steel, Hector and Davis. I'm  
12 appearing on behalf of Florida Power & Light Company in  
13 the environmental cost recovery and fuel adjustment  
14 dockets.

15 COMMISSIONER DEASON: Okay, very well. Any  
16 other appearances?

17 Here again, I apologize for the cramped  
18 quarters, so we are going to have to be sharing  
19 microphones. But perhaps some of the dockets that are a  
20 little less controversial, we may get to proceed through  
21 those quite quickly.

22 Ms. Brown?

23 MS. BROWN: Commissioner Deason, it appears to  
24 us at this point that the 03 and 07 dockets may be the  
25 least controversial, and we suggest that we do those

1 first.

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3 COMMISSIONER DEASON: Ms. Brown, do you have a  
4 recommendation as to whether we go into 01 or 02 at this  
5 point?

6 MS. BROWN: I really don't. We might as well  
7 do 01.

8 COMMISSIONER DEASON: Very well. Does anyone  
9 have a particular reason why 02 should be taken at this  
10 time?

11 We'll just go into 01 then.

12 MS. BROWN: Commissioner, I think once  
13 everyone gets situated, it would be a good idea to go  
14 straight through the draft Prehearing Order in this  
15 docket.

16 COMMISSIONER DEASON: Very well.

17 MS. BROWN: There may be several corrections  
18 and changes to make.

19 COMMISSIONER DEASON: I hope everyone is  
20 either at a microphone or sufficiently close to one that  
21 we can proceed now with the 01 docket.

22 And I will take Staff's advice and we will  
23 proceed through the 01 order at this time beginning  
24 with Section I, "Case Background." I assume there are  
25 no questions or corrections to Section I.

1           Section II is the procedure for confidential  
2 information, which is standard in all Commission orders.  
3 The only question I have is concerning the notice of the  
4 use of confidential information which is contained in  
5 Section B.1) on Page 3 of the draft Prehearing Order.  
6 Are there any parties at this time that know that they  
7 will be utilizing confidential information?

8           MS. RUSH: Commissioner?

9           COMMISSIONER DEASON: Yes. Ms. Rush, is it?

10          MS. RUSH: Yes, it is.

11          COMMISSIONER DEASON: Yes, Ms. Rush.

12          MS. RUSH: In some of the discovery that we  
13 are seeking from Florida Power and Light at this  
14 particular time, there may be some issues regarding  
15 confidential information.

16          COMMISSIONER DEASON: Well, okay. Very well.  
17 According to the Prehearing Order, you will have seven  
18 days prior to the beginning of hearing, and I believe  
19 that would be March 1st. And I would just implore you  
20 to give notice of any information that you will be  
21 utilizing and that the Commission has -- I put you on  
22 notice that the Commission has a procedure set out in  
23 the order as far as the handling of confidential  
24 information so that we do not have to close our  
25 hearings.

1 MS. RUSH: Thank you.

2 COMMISSIONER DEASON: Section III addresses  
3 prefiled testimony and exhibits. Any questions or  
4 changes to Section III?

5 Section IV addresses the order of  
6 witnesses.

7 MR. BEASLEY: I have one, Commissioner.

8 COMMISSIONER DEASON: Yes.

9 MR. BEASLEY: On the top of Page 6,  
10 Ms. Townes' name is listed twice on that page. If we  
11 could strike "and E. A. Townes" after "M. J. Pennino,"  
12 at the top of the page, I think that would take care of  
13 that problem.

14 COMMISSIONER DEASON: Very well. We'll make  
15 that change.

16 MR. BEASLEY: Thank you.

17 COMMISSIONER DEASON: Any other changes or  
18 questions concerning the order of witnesses?

19 MR. BADDERS: Gulf Power does, sir.

20 COMMISSIONER DEASON: Yes.

21 MR. BADDERS: We need to make a change to  
22 Mr. Howell's testimony. He will address Issues 18, 19  
23 and 21, also. And on Cranmer, delete 23 and add 18.

24 COMMISSIONER DEASON: I'm sorry, delete 23 --

25 MR. BADDERS: Delete 23 and add 18.

1 Thank you.

2 COMMISSIONER DEASON: Okay.

3 Ms. Rush, do you know which specific issues  
4 your witness will be addressing?

5 MS. RUSH: I will defer to Mr. Kaufmann on  
6 that.

7 COMMISSIONER DEASON: Yes, Mr. Kaufmann?

8 MR. KAUFMANN: Specifically, there will be  
9 testimony regarding the fuel cost estimates for the  
10 latter period that's relevant to this docket and to the  
11 proposed inclusion of approximately \$2.8 million of  
12 plant betterment in the fuel clause.

13 COMMISSIONER DEASON: What I'm going to do is  
14 once we go through all of the issues and we have an idea  
15 of what the numbering scheme is going to be, if you will  
16 identify the specific issue by number that your witness  
17 will be addressing and give that information to  
18 Ms. Brown and she'll incorporate that into the final  
19 Prehearing Order.

20 MR. KAUFMANN: Yes, Commissioner.

21 COMMISSIONER DEASON: Any other questions or  
22 changes to the order of witnesses?

23 Very well. We'll proceed into Section V,  
24 which is the basic positions. Changes or corrections to  
25 basic positions?

1           Very well. We will proceed into Section VI,  
2 which are the specific issues, and we'll begin with  
3 Issue No. 1. And my question, basically, is Issue 1  
4 possible for a stipulation?

5           MR. HOWE: Public Counsel will agree with  
6 Staff on Issue 1.

7           COMMISSIONER DEASON: Ms. Kaufman?

8           MS. KAUFMAN: FIPUG will take no position.

9           COMMISSIONER DEASON: Very well. With that  
10 understanding, I believe that all of the company  
11 positions as well as Staff's position are the same; is  
12 that correct?

13          MS. BROWN: That's correct, Commissioner. We  
14 need a position, though, from Florida Steel.

15          MR. KAUFMANN: No position on that at this  
16 time.

17          MS. BROWN: All right. Then I think we do  
18 have a stipulated issue.

19          COMMISSIONER DEASON: Very well. Show Issue 1  
20 as a stipulation.

21                 Issue 2? The question for Issue 2 that I have  
22 was that Staff has no position for Gulf. Is that still  
23 your position?

24          MS. BROWN: Yes. Mr. Chairman, that is no  
25 position pending resolution of company-specific issues.

1 COMMISSIONER DEASON: Very well.

2 MR. HOWE: Commissioner Deason, with that  
3 understanding, Public Counsel will agree with Staff on  
4 Issue No. 2.

5 COMMISSIONER DEASON: Very well.

6 MR. BADDERS: And Gulf Power on Issue 2, it  
7 depends on whether -- it depends on the resolution of  
8 Issue 9. I can give you the figures for both or just  
9 wait until we resolve Issue 9.

10 COMMISSIONER DEASON: Just incorporate your  
11 position consistent with your position on Issue 9, as to  
12 whatever number that is, and just show that as your  
13 position for Issue 2.

14 MR. BADDERS: Okay. It would be an  
15 underrecovery of 577,273.

16 COMMISSIONER DEASON: Underrecovery?

17 MR. BADDERS: Yes, sir.

18 COMMISSIONER DEASON: Very well.

19 MS. BROWN: Commissioner Deason, I'd like to  
20 just take a minute to point out the fact that we have  
21 two weeks before the hearing commences in the case, and  
22 I will have some opportunity to work with the attorneys  
23 to iron out the glitches in the final Prehearing Order  
24 and to correct numbers and all. I just wanted to let  
25 everyone know that.

1           COMMISSIONER DEASON: Well, that is certainly  
2 the normal and established practice, especially for a  
3 docket with this many numbers and calculations involved.

4           MS. BROWN: Yes.

5           COMMISSIONER DEASON: Any time that we can  
6 identify and incorporate corrections, we're certainly  
7 invited to do so and urge you to do so.

8           Does Florida Steel have a position on Issue 2?

9           MR. KAUFMANN: Commissioner, we originally had  
10 stated, "No position." However, we he would like to  
11 wait to see. There are some filings which I have not  
12 checked to see whether they are filed, they either have  
13 just recently been filed or will be filed, showing the  
14 actual numbers for January of this year. We have also  
15 seen some numbers from December of last year which may  
16 be relevant to the hearing itself, and we may need to  
17 change our position on that if those show a substantial  
18 difference between the estimates and the actuals.

19           COMMISSIONER DEASON: So is this information  
20 -- do you already have this information in hand or are  
21 you awaiting discovery?

22           MR. KAUFMANN: Part of it we are waiting to be  
23 filed by Florida Power & Light. The original filing was  
24 based on some estimates, but the actuals will be in hand  
25 by the time of the hearing. So depending on what the



1 actuals show, we may need to change our position.

2 COMMISSIONER DEASON: Well, the concern I have  
3 is that if there are contrary positions to be taken,  
4 it's only fair to all parties in this case -- it would  
5 be to Florida Power & Light -- to know what is at issue.

6 Ms. Brown, how do we normally handle these  
7 situations?

8 MS. BROWN: I think Mr. Childs -- Mr. Childs  
9 looks like he's dying to say something. (Laughter)

10 COMMISSIONER DEASON: Mr. Childs?

11 MR. CHILDS: Well, I just would point out that  
12 this is an issue that deals with estimated true-up  
13 amounts. The numbers that counsel for Florida Steel may  
14 be trying to look at to get actuals deal with our  
15 estimated filing. That's the practice that we use. You  
16 go through the forecast, the estimated actual and then  
17 the final true-up. We are now at the estimated actual  
18 on this issue today, and I think the relevant inquiry  
19 would be if the estimates are correct, not to try to go  
20 back and true-up for another purpose.

21 COMMISSIONER DEASON: Well, is it Florida  
22 Steel's contention that the estimates somehow are  
23 incorrect or are based upon faulty information of some  
24 sort?

25 MR. KAUFMANN: That may be our theory,

1 although we are awaiting for discovery to support that.  
2 We have not received that yet.

3 MS. BROWN: Perhaps I can flesh this out a  
4 little bit, Commissioner Deason.

5 It's my understanding that Florida Power --  
6 Florida Steel is taking the position that Florida Power  
7 & Light has badly overestimated their projected natural  
8 gas costs, and they have -- I don't remember when they  
9 filed their discovery, you know, things happen very  
10 quickly in these dockets, and that's still pending in  
11 part because we have two weeks before the hearing. I'm  
12 sure that we can have discussions after the prehearing  
13 conference. And when Florida Steel gets its  
14 information, they can contact me to determine --

15 COMMISSIONER DEASON: Very well. Well,  
16 certainly, I'm going to allow Florida Steel to take no  
17 position at this time pending the review of information  
18 that's subject to discovery. But at the same time, I  
19 would just urge Florida Steel to make a quick  
20 determination as to whether there is going to be an  
21 issue here.

22 And you can communicate with Staff, and I  
23 would urge you to communicate with Mr. Childs, so that  
24 this matter can be fleshed out so that if there is an  
25 issue, it can be identified as an issue. And come

1 hearing time, we can be expedited to the extent possible  
2 to get the matter resolved one way or the other.

3 MR. KAUFMANN: We have been working even up  
4 until minutes before the hearing in trying to resolve  
5 whatever discovery issues that we have. So we can do  
6 that.

7 COMMISSIONER DEASON: Very well.

8 With the possible exception of Florida Power &  
9 Light and with Gulf Power, I take it that the amounts  
10 for the other companies can be stipulated?

11 MS. BROWN: Yes, Commissioner. And, also,  
12 since Gulf changed its number, we now are in agreement.  
13 Our number for Gulf is also 5,777,273 -- 177,273.

14 COMMISSIONER DEASON: Does Public Counsel also  
15 agree with that number?

16 MR. HOWE: I just need a little clarification.  
17 Did Gulf change their number, or did Gulf just provide  
18 an alternative number depending on the way the  
19 Commission decided Issue No. 9?

20 COMMISSIONER DEASON: Well, that does need to  
21 be clarified. I wanted what Gulf's number would -- the  
22 position Gulf is taking for Issue 2 which is consistent  
23 with whatever position they're taking on subsequent  
24 issues. Because that is their position.

25 MR. BADDERS: I guess the basis here is

1 whether or not we agree with Staff on Issue 9, and I  
2 believe we do. We are in agreement with Staff on Issue 9.

3 COMMISSIONER DEASON: So Issue 9 is the real  
4 substantive issue.

5 MR. BADDERS: Right.

6 COMMISSIONER DEASON: And Issue 2 is just a  
7 calculation reflecting your agreement with Staff on  
8 Issue No. 9?

9 MR. BADDERS: That is correct.

10 COMMISSIONER DEASON: Okay. Given that  
11 situation, Mr. Howe, do you still have a question or a  
12 position?

13 MR. HOWE: No. Public Counsel's position  
14 would be to agree with Staff. I would like to make it  
15 clear that I'm assuming, as we have in past fuel  
16 adjustment proceedings, that should a decision be made  
17 in a later issue that comes back and affects some  
18 true-up, future recovery, whatever, that that adjustment  
19 will be made.

20 MS. BROWN: Yes.

21 COMMISSIONER DEASON: The calculations which  
22 are fallouts, obviously, those calculations will be  
23 correct with issues or positions or decisions made on  
24 substantive issues which may follow.

25 MR. HOWE: We're on Issue 3, correct?

1 MS. BROWN: 2.

2 MR. HOWE: And Public Counsel will agree.

3 COMMISSIONER DEASON: We are on Issue 2.

4 MS. BROWN: 2.

5 MR. HOWE: 2? I'll agree with Staff on Issue 2.

6 COMMISSIONER DEASON: Very well. Any further  
7 questions or comments on Issue 2?

8 MS. KAUFMAN: Mr. Deason, FIPUG would take no  
9 position on Issue 2.

10 COMMISSIONER DEASON: Very well. That brings  
11 us to Issue No. 3.

12 MS. BROWN: Commissioner, Staff has a change,  
13 a correction to their position for Florida Power &  
14 Light. That should be, "No position at this time  
15 pending resolution of company-specific issues."

16 COMMISSIONER DEASON: And you have no position  
17 for Gulf Power as well; is that correct?

18 MS. BROWN: No. We have a position for Gulf  
19 Power.

20 COMMISSIONER DEASON: Okay. What is that  
21 position?

22 MS. BROWN: And that is 2,971,655  
23 underrecovery for Gulf.

24 MR. BADDERS: We are in agreement with that.

25 COMMISSIONER DEASON: And Gulf is in agreement

1 with that.

2           And is Florida Steel's position correctly  
3 stated in the draft Prehearing Order?

4           MR. KAUFMANN: Yes, Commissioner.

5           MR. CHILDS: Could I inquire then? Because  
6 I'm not sure I understand how the position relates to  
7 the issue.

8           COMMISSIONER DEASON: Well, my question was  
9 Issue 3 is a true-up amount --

10          MR. CHILDS: Right.

11          COMMISSIONER DEASON: And it seems to me that  
12 the position has to do with projections for future  
13 periods. Is that basically your question?

14          MR. CHILDS: That's my question.

15          COMMISSIONER DEASON: Okay. How does your  
16 position, Mr. Kaufmann, on Issue 3 relate to true-up  
17 amounts?

18          MR. KAUFMANN: Commissioner, again, part of  
19 the difficulty is not having in hand some of the  
20 discovery regarding how accurately we believe they are  
21 or are not in making these estimates.

22                 We put this issue here because, at least as  
23 far as we could tell for the months that we did have  
24 data for, we saw what we believe to be overestimations.  
25 If perhaps this is not the exact issue that these issues

1 should be discussed, we can move that to  
2 company-specific issues. But, again, part of the  
3 problem is we are not sure how it's going to shake out.  
4 This is the best that we can tell at this point.

5 COMMISSIONER DEASON: Well, I guess the  
6 problem I'm having is that, as I understand your  
7 position, it has to do with projections of natural gas  
8 prices and a fundamental issue as to the correct  
9 depreciation and capitalization practices for particular  
10 cost components which, basically, are forward-looking  
11 and I'm not so sure that they affect true-up amounts.  
12 But if they do affect true-up amounts, I certainly want  
13 it -- maybe Staff can give me some help. Are these  
14 issues which affect --

15 MS. BROWN: I have a suggestion, Commissioner,  
16 that I think will work, and that will be that we need a  
17 specific company-specific issue on Florida Power &  
18 Light's projected natural gas -- natural gas projections  
19 and if they are appropriate. And that way you get at  
20 the issue that you want to deal with, and we can leave  
21 these fallout issues to be resolved after that question  
22 is answered.

23 MR. KAUFMANN: That would satisfy us.

24 MS. BROWN: Does that work for Mr. Childs?

25 MR. CHILDS: If you have an issue that has to

1 do with whether the forecast of natural gas prices is  
2 correct, which I think is what Florida Steel has raised,  
3 it's perfectly fine with us to have the issue, that  
4 issue. My point simply is that this No. 3 relates to  
5 the true-up, not to the forecast.

6 MS. BROWN: Right.

7 MR. CHILDS: Okay.

8 MS. BROWN: What I was trying to get at, I  
9 think, was that if we could address Mr. Kaufmann's  
10 concerns in the other company-specific issues, then we  
11 would not have to deal with the concerns in this issue.

12 MR. KAUFMANN: That's correct.

13 COMMISSIONER DEASON: Well, let me say this.  
14 To the extent there is a substantive issue which is  
15 determined such that it impacts true-up amounts, it will  
16 be reflected in those calculations. At this point I  
17 just don't see a direct relationship between your  
18 specific issues and these true-up amounts. There may  
19 be; I'm not saying that there are not.

20 But obviously, to the extent you take  
21 positions on company-specific issues which will affect  
22 the true-up amount, it will be reflected in the true-up  
23 amount. And to that extent, I don't have a problem with  
24 the Florida Steel position being as stated. I'm just  
25 not sure at this point there's a direct relationship.



1 MS. BROWN: What is your feeling about having  
2 a company-specific issue that we could draft to address --

3 COMMISSIONER DEASON: I have no objection.  
4 Apparently, Mr. Childs has no objection.

5 MS. BROWN: All right. Well, I will -- after  
6 the prehearing conference, I'll discuss the wording of  
7 that issue with the parties and include it in the  
8 Prehearing Order.

9 COMMISSIONER DEASON: Well, now, let me ask.  
10 Isn't there an issue concerning the -- or maybe I'm  
11 incorrect -- an issue concerning whether there are  
12 certain costs which should be capitalized and  
13 depreciated as opposed to recovery through the fuel cost  
14 recovery factor?

15 MS. BROWN: Yes. Yes, that is an issue. But  
16 the natural gas question was not identified as a  
17 specific issue, and I think that might help in the  
18 reason that there was some confusion.

19 COMMISSIONER DEASON: Okay. Any objection  
20 then for there being a company-specific issue for  
21 Florida Power & Light as to the appropriateness of the  
22 projected cost of natural gas?

23 MR. KAUFMANN: No objection.

24 COMMISSIONER DEASON: Mr. Childs?

25 MR. CHILDS: I have no objection. The only

1 reason I made my prior comment is I assume if, you have  
2 a specific issue on projections, that that means no  
3 position on this Issue 3 for Florida Steel. But I don't  
4 know that. I was trying to resolve this issue.

5 MS. BROWN: Well, I think we need to get  
6 together. We need to look at the language.

7 MR. CHILDS: Okay. Fine.

8 COMMISSIONER DEASON: Perhaps that can be  
9 worked out by the parties. What I take it is that  
10 Florida Steel is not convinced at this point until they  
11 further look at information as to whether those issues  
12 may impact the true-up amounts. And if they do impact  
13 the true-up amounts, well, then, certainly they are free  
14 to take that position.

15 Issue No. 4.

16 MS. BROWN: Commissioner, Staff has a change  
17 to Issue No. 4's positions for Florida Power & Light.  
18 That change is, "No position at this time, pending  
19 resolution of company-specific issues."

20 And for Gulf we now have a position -- a  
21 number. It's 2.315.

22 COMMISSIONER DEASON: I'm sorry, it's 2 point  
23 what?

24 MS. BROWN: .315 cents per kilowatt-hour.

25 COMMISSIONER DEASON: That's close to Gulf's

1 position, but it's slightly different. Is there a  
2 rounding question?

3 MR. BADDERS: No, Commissioner. That's as a  
4 result of Issue No. 9. It affects all the numbers, I  
5 believe it's by .001. It will also affect the factors  
6 later. And we are in agreement with the 2.315 cents per  
7 kilowatt-hour figure.

8 COMMISSIONER DEASON: Very well. Then, does  
9 the only outstanding issue then relate to Florida Power  
10 & Light? I guess my question is, "Is there an agreement  
11 or stipulation for the other companies, other than  
12 Florida Power & Light?"

13 MS. BROWN: Yes.

14 COMMISSIONER DEASON: Mr. Howe, is that  
15 correct?

16 MR. HOWE: I believe it is, Commissioner.  
17 Commissioner Deason, I believe it is with the  
18 understanding -- we can agree with Staff with the  
19 understanding, as I said before, that if any of the  
20 future issues have an affect on the recovery factor,  
21 they will be recognized here.

22 MS. BROWN: Right.

23 COMMISSIONER DEASON: Very well. Mr. Howe,  
24 that's designed to keep your answers brief. (Laughter)  
25 And I would suggest that you continue to sit there in

1 the future.

2 Any other questions or comments on Issue 4?

3 MR. BEASLEY: Commissioner, Issue 3 would be  
4 the same, wouldn't it, stipulated as to all except for  
5 Florida Power & Light, I believe?

6 COMMISSIONER DEASON: I believe that it would  
7 be correct for Issue 3 as well.

8 Issue No. 5.

9 MS. BROWN: Commissioner, Issue No. 5 is our  
10 usual timing effective date issue that is stipulated.  
11 Everyone keeps changing their language around sometimes,  
12 which makes it hard for new secretaries to realize that  
13 they are really all saying the same thing. With Florida  
14 Steel's agreement, I think we can stipulate this issue.

15 COMMISSIONER DEASON: I think Florida Steel  
16 has no position at this time. I believe this is a  
17 pretty standard fundamental issue and is really not  
18 controversial. I think we can show that as a  
19 stipulation.

20 Issue No. 6. Staff, you've taken a position  
21 where previously you did not take a position; is that  
22 correct?

23 MS. BROWN: That's correct. Commissioner, if  
24 I could just have a second to discuss these numbers with  
25 my Staff person.

1 COMMISSIONER DEASON: Surely.

2 (Discussion off the record.)

3 Let me get to that page. We do have a  
4 position in the new Prehearing Order that I made  
5 corrections to this morning; and I want to add to that,  
6 as well.

7 On Page 13, it's Staff's position for Florida  
8 Power & Light, we have the appropriate factors are  
9 listed on Page 2 of 10 of Attachment A. These factors  
10 are different than those proposed by the Company because  
11 they reflect Staff's position on Issue 10A.

12 That would be our position at the moment.  
13 This is a fallout issue, as well. Once Issue 10A is  
14 decided, we will be in agreement with Florida Power and  
15 Light.

16 COMMISSIONER DEASON: Well, since there is an  
17 issue in 10A, I think it's appropriate for there to be a  
18 different position shown for Issue 6. Realizing,  
19 though, that when 10A is determined that the final  
20 calculation which is contemplated in Issue 6 will simply  
21 fall out.

22 Florida Power & Light is the only company for  
23 which there is a disagreement?

24 MS. BROWN: Yes.

25 COMMISSIONER DEASON: Okay. Any other parties

1 have any positions contrary to the company positions?

2 MR. HOWE: Commissioner Deason, the Office of  
3 Public Counsel could take no position on this and let it  
4 go forward. Again with the caveat that if any  
5 adjustments are made in future issues, it will fall back  
6 in here.

7 COMMISSIONER DEASON: Very well. We'll move  
8 right along then to Issue No. 7.

9 I had a question concerning Florida Power's  
10 position. I think it's the formatting of the numbers.  
11 I had difficulty understanding what was going where. I  
12 assume that will be corrected for the final Prehearing  
13 Order?

14 MS. BROWN: I'm sorry. Where are you?

15 COMMISSIONER DEASON: I'm on Page 14, Issue 7,  
16 Florida Power Corporation's position. I had difficulty  
17 understanding where the columns went.

18 MS. BROWN: I wonder why? We'll fix the  
19 formatting.

20 COMMISSIONER DEASON: Okay. Very well.

21 MS. BROWN: Commissioner, Staff's position for  
22 Florida Power & Light is the same as the previous  
23 position. "The appropriate factors are listed on Page 2  
24 of 10 of Attachment A. These factors are different than  
25 those proposed by the company because they reflect

1 Staff's position on Issue 10A."

2 COMMISSIONER DEASON: Very well. And there is  
3 agreement for all the other companies other than Florida  
4 Power and Light?

5 MS. BROWN: Yes.

6 MR. HOWE: Commissioner Deason, Public Counsel  
7 will take no position.

8 COMMISSIONER DEASON: Very well.

9 MR. BADDERS: Commissioner Deason, for Gulf  
10 Power, each of our factors listed under fuel cost  
11 factors --

12 COMMISSIONER DEASON: Sorry?

13 MR. BADDERS: Each of the factors for the fuel  
14 cost will increase by .001.

15 COMMISSIONER DEASON: That's as a result of  
16 positions on other issues?

17 MR. BADDERS: Yes.

18 COMMISSIONER DEASON: I think Staff will make  
19 that modification.

20 MS. BROWN: Yes. The Prehearing Order will  
21 reflect that modification.

22 MR. BADDERS: Okay.

23 MS. BROWN: I need to ask Florida Steel what  
24 their position is on this issue; and I think we may have  
25 overlooked them on the previous issue, as well.

1 MR. KAUFMANN: I didn't say anything because  
2 if the issue is -- I'm sorry. If the issue is open,  
3 again, to the degree that there is any flow-through from  
4 any changes because of our issues, then I'm sure that  
5 they will be appropriately adjusted.

6 MS. BROWN: Okay.

7 COMMISSIONER DEASON: I'm going to assume that  
8 that's going to be the basic position for Florida Steel,  
9 Public Counsel and for FIPUG. And if we get to an issue  
10 where there should be some different treatment, I think  
11 that they will not hesitate to bring that to my  
12 attention.

13 Mr. Childs?

14 MR. CHILDS: I'm sorry, but I am confused as  
15 it relates to Issue 6 and 7 for the Staff's position.

16 Issue 6 deals with the loss multipliers, Issue  
17 7 deals with the factor which also includes a loss  
18 multiplier. And I thought that Staff conditioned both  
19 of their -- or their position on both of those issues as  
20 to what may develop.

21 I am not aware of anything from the Staff  
22 relating to loss multipliers being at issue in this  
23 case. I thought the loss multipliers had already been  
24 approved, and that we may be talking about the price  
25 multiplier on Issue No 7.



1 COMMISSIONER DEASON: Well, We'll take a  
2 second and try to confirm that one way or the other.

3 MS. BROWN: We are in agreement with Florida  
4 Power & Light on Issue 6.

5 COMMISSIONER DEASON: That is the line loss  
6 multiplier?

7 MS. BROWN: Yes, the line loss multipliers,  
8 and I think that can be stipulated. We got our numbers  
9 ahead of ourselves. The position that I read for  
10 Issue 7 remains, however.

11 COMMISSIONER DEASON: Since you are going to  
12 be the one writing the order, I know that you will get  
13 it correct.

14 MS. BROWN: Thank you for that vote of  
15 confidence. (Laughter)

16 COMMISSIONER DEASON: I believe now we are on  
17 Issue No 8, is the revenue tax factor. Can this issue  
18 be stipulated for all companies? I believe it can.

19 MR. CHILDS: Insert a position for Florida  
20 Power of 1.0083. I think that will explain the  
21 stipulation.

22 COMMISSIONER DEASON: 1.00083?

23 MR. CHILDS: That's correct.

24 COMMISSIONER DEASON: And that is in agreement  
25 with Staff's position.

1 MR. CHILDS: And, Commissioner, we had  
2 previously given Staff as we went through various  
3 changes and corrections, and this is one which we have  
4 given them; and we are in agreement, so I think it is  
5 stipulatable.

6 COMMISSIONER DEASON: I believe it is a  
7 stipulation.

8 MS. BROWN: We don't have a position for Gulf  
9 on this issue.

10 MR. BADDERS: Oh, I'm sorry. Gulf's position  
11 would be 1.01609.

12 COMMISSIONER DEASON: That position is in  
13 agreement with Staff's?

14 MS. BROWN: Yes. It appears we have a  
15 stipulated issue.

16 COMMISSIONER DEASON: Very well. That can be  
17 reflected in the final Prehearing Order.

18 Issue No. 9 is an issue which you previously  
19 touched upon when we were in the 07 docket.

20 MS. BROWN: Yes, that's correct. This is an  
21 unusual but generic issue that Staff would like to have  
22 resolved in this fuel hearing. Staff's position on the  
23 issue remains the same. I don't know what the parties  
24 have.

25 MR. BADDERS: Could I ask a clarification on

1 that? The issue appears to be phrased in terms of  
2 referring to the cost of purchases of S02.

3 The question I had was whether we can properly  
4 assume that the issue would apply to the revenues from  
5 the sales. Is that Staff's intention?

6 MS. BROWN: Yes.

7 MR. MCGEE: We would agree with Staff's  
8 position there.

9 COMMISSIONER DEASON: I'm sorry. You want  
10 your position changed then to be in agreement with  
11 Staff's position?

12 MR. MCGEE: That's correct.

13 COMMISSIONER DEASON: And, Staff, the  
14 clarification that you gave concerning sales of  
15 allowances, what was that clarification again?

16 MS. BROWN: That it applies also to revenues  
17 from the sales of allowances.

18 COMMISSIONER DEASON: Okay. So the same  
19 treatment will be afforded sales as well as the  
20 utilization of allowances.

21 MS. BROWN: Yes. The purchases.

22 COMMISSIONER DEASON: Okay. Any other changes  
23 to position? I see that there are quite a few "No  
24 Positions" being taken.

25 MR. BADDERS: Gulf Power would like to change

1 their position to be in agreement with Staff.

2 COMMISSIONER DEASON: Okay.

3 MR. BEASLEY: As would Tampa Electric Company.

4 MR. CHILDS: Commissioner, with the prior  
5 clarification that Staff gave as to the application of  
6 this issue to purchases as opposed to generation, we  
7 will agree with Staff.

8 COMMISSIONER DEASON: Okay.

9 MR. HOWE: Commissioner Deason, I guess I need  
10 to ask a couple of questions on this one. As I  
11 understand it, the issue of SO2 allowances would come up  
12 as Mr. Childs mentioned earlier today with the purchased  
13 power where the cost of the allowance is embedded in the  
14 purchased power.

15 It may also come up with a utility that is not  
16 participating in an environmental cost recovery  
17 clause -- or a utility either is participating or is not  
18 participating.

19 For example, if we have a utility that is  
20 participating or has pleadings in the environmental cost  
21 recovery clause and that utility sells some allowances,  
22 would we just recognize the revenues wherever we are  
23 recognizing the costs?

24 MS. BROWN: Yes.

25 MR. HOWE: So if a utility is participating in

1 environmental cost recovery, everything will be there.  
2 And if they are not participating, everything will be in  
3 the fuel.

4 MS. BROWN: That's what we're trying to get  
5 to.

6 MR. CHILDS: Down in back. The reason I asked  
7 the question earlier is that you may, in fact, be  
8 participating in the environmental cost recovery clause  
9 or environmental costs you may include S02 credits in  
10 that calculation. Independently, however, the utility  
11 may be purchasing fuel or purchasing energy from another  
12 utility, the purchase price that may have reflected in  
13 it or embedded in it is something from the selling  
14 utility's S02.

15 What we are saying is, when you have that  
16 instance, you should recover your total cost of  
17 purchased power through fuel adjustment despite the fact  
18 that some component may relate to S02. But other than  
19 that, everything would go through the environmental.

20 COMMISSIONER DEASON: And I think Staff  
21 confirmed that position, was my understanding.

22 MR. CHILDS: Well, I thought they did earlier,  
23 but then I thought they said right now, "No."

24 MS. BROWN: No.

25 MR. CHILDS: Okay. (Laughter)

1           COMMISSIONER DEASON: Well, we're going to  
2 need to get it clarified one way or the other, and  
3 perhaps this can be addressed in hearing.

4           MS. BROWN: We'll discuss it.

5           MR. CHILDS: Okay.

6           COMMISSIONER DEASON: Well, let me ask. Is it  
7 your intent then that if there are purchases of power  
8 that has in it cost of SO2 allowances, that those costs  
9 would not be part of the purchased power, that they  
10 would be separated out and become cost in ECCR.

11           MS. BASS: No. If there is cost of emission  
12 allowances included in the embedded cost of purchased  
13 power that can not be separated out, then all that  
14 purchased power cost, including that embedded cost,  
15 should be recovered through fuel adjustment, regardless  
16 of whether the utility is participating in the  
17 environmental cost recovery clause or not.

18           MR. HOWE: Mr. Deason, I have one more  
19 question. As I read the environmental cost recovery  
20 statute, Section 366.8255, it is discretionary with a  
21 utility whether it chooses to request recovery of  
22 environmental costs.

23                   Are we perhaps here making it mandatory to  
24 what we are talking about here? By that, I mean, would  
25 a utility by any chance have a latitude to request

1 recovery of cost and not request to pass through  
2 revenues from sales? But what we are talking about  
3 here, are we essentially saying that we are going to  
4 treat it in the fuel or environmental, but we are going  
5 to treat it and no discretion lies with the utility.

6 COMMISSIONER DEASON: That would be my  
7 understanding, Mr. Howe. But it seems to me what Staff  
8 is saying is that if a company chooses to employ the  
9 energy -- I'm sorry, the environmental cost recovery,  
10 that would be the mechanism to reflect SO2 purchases as  
11 well as sales. And if they choose not to do that, if  
12 they sell SO2 allowances, it would then be reflected in  
13 the fuel adjustment.

14 I believe that's what Staff's position is.

15 MS. BROWN: It is. And I don't really see the  
16 problem that Mr. Howe sees in the statute.

17 I agree that it is at the company's discretion  
18 to choose to recover costs through the environmental  
19 cost recovery clause. But it's not my understanding  
20 that that discretion extends to hopping back and forth  
21 all over the place and picking and choosing -- this  
22 we're going to recover through environmental; that we  
23 are going to recover through fuel. It's if you choose  
24 it, that's what you do. Then I suppose at some future  
25 time a utility could say, "Well, we don't want to use

1 this anymore. We want to go back to what we did  
2 before."

3 So I think there is some requirement that they  
4 stick with it once they have chosen it. Does that help?

5 MR. HOWE: It helps, but I just want to be  
6 clear on what our interpretation. The environmental  
7 cost recovery statute in (2) begins with: "An electric  
8 utility may submit to the Commission a petition  
9 describing the utility's proposed environmental  
10 compliance activities." And then it continues.

11 There may be some situations where a utility  
12 for its own purposes, maybe to keep its rates down,  
13 chooses not to seek an additional cost either through  
14 the fuel adjustment or through environmental cost  
15 recovery. All right. So a certain amount of discretion  
16 under the statute lies with the utility.

17 Now, I don't want the customers to be placed  
18 in a position where it is recognized that the utilities  
19 have that discretion but it's applied in such a way that  
20 the utilities make the decision when to pass through  
21 revenues from the sale of SO2 allowances.

22 MS. BROWN: Well, I get a little hung up on  
23 hypotheticals anyway. Generally speaking, they leave me  
24 confused because I can't ever predict every possible  
25 permutation of something.



1 MR. HOWE: Nor can we.

2 MS. BROWN: So why don't we wait until we are  
3 faced with that problem to see what should be done with  
4 it then.

5 As far as this particular issue goes, I don't  
6 think that -- Staff is not saying you can flip back and  
7 forth. If you are in environmental now, recover the  
8 costs through environmental, if you choose to recover  
9 them at all.

10 MR. HOWE: I would state for the record that  
11 our interpretation would be that if a utility receives  
12 revenues from the sale of SO2 allowances or any other  
13 source, revenues from environmental compliance  
14 activities, if there could be such a thing, that it be  
15 mandatory that it be flowed through either the fuel  
16 adjustment or the environmental cost recovery clause.

17 MS. BASS: I think our position on that would  
18 be if the utility is recovering costs associated with  
19 environmental cost or/and environmental compliance  
20 actions or with the SO2 allowances, that any revenues  
21 associated with those same things would flow through the  
22 same mechanism, whether it be fuel or whether it be the  
23 environmental cost recovery clause. If they are  
24 recovering costs, then, likewise, the revenues should  
25 flow through there, too. And I think that that was the

1 point that you were trying to make, Roger, was if the  
2 costs are there, the revenues should be there.

3 MR. HOWE: That's fine.

4 MS. BASS: And that would be our position,  
5 too.

6 MR. HOWE: All right. Thank you.

7 COMMISSIONER DEASON: Okay. Any other  
8 comments on Issue No. 9?

9 MS. BROWN: We may be close to a stipulation  
10 on this issue if we have FPUC's position and Florida  
11 Steel's position and FIPUG's.

12 COMMISSIONER DEASON: Mr. Horton?

13 MR. HORTON: I don't think FPUC has a  
14 position. I will be more than happy to see if we can  
15 agree with Staff. I believe we can, but I need to --

16 COMMISSIONER DEASON: Okay. Make that inquiry  
17 and just inform Staff as soon as you can so they can  
18 incorporate that into the final order.

19 MS. BROWN: I'm sure that they won't --

20 MR. HORTON: I am, too.

21 MS. BROWN: They really shouldn't probably be  
22 in this issue at all.

23 MR. HORTON: That's right.

24 COMMISSIONER DEASON: Does Florida Steel have  
25 a position on this issue?

1 MR. KAUFMANN: No, Commissioner. This is not  
2 of concern to us.

3 COMMISSIONER DEASON: And FIPUG has no  
4 position?

5 MS. KAUFMAN: We have no position.

6 MR. HOWE: Public Counsel will agree with  
7 Staff with the explanation we received here today.

8 MS. BROWN: All right. Then I think we have a  
9 stipulated issue, Issue 9.

10 COMMISSIONER DEASON: Okay. We can move now  
11 into the company-specific issues. We began with Florida  
12 & Light in Issue 10A.

13 MS. BROWN: Commissioner, Staff has a position  
14 on this issue now.

15 COMMISSIONER DEASON: Okay. What is that  
16 position?

17 MS. BROWN: I have to take a deep breath. The  
18 position is: "No. The proposed fuel allocation  
19 methodology is inconsistent with the way that generating  
20 plant costs are allocated to the customer classes. This  
21 is important because an inverse relationship exists  
22 between the capital costs of the generating units and  
23 the cost of fuel needed to operate the generating units.  
24 Consequently, if the customer class is assigned a larger  
25 portion of the fuel costs because it contributes

1 relatively more to the higher peaking load hours, then  
2 the capital cost of the generating units should be  
3 allocated in the same fashion."

4 COMMISSIONER DEASON: All right. That Staff's  
5 position. Any other questions or clarifications for  
6 Issue 10A?

7 MR. HOWE: Public Counsel would take no  
8 position.

9 COMMISSIONER DEASON: Okay. Issue 10B.

10 MR. KAUFMANN: Excuse me.

11 COMMISSIONER DEASON: Yes.

12 MR. KAUFMANN: 10A is not stated here, but we  
13 would agree with FIPUG and FPL on that issue.

14 COMMISSIONER DEASON: Very well. Any other  
15 positions on 10A?

16 Issue 10B. Are the positions stated correctly  
17 there?

18 MR. HOWE: Public Counsel's position would be,  
19 "No".

20 Commissioner Deason, also for clarification, I  
21 would say that we don't have any dispute with the  
22 amount. We view this as kind of a policy issue. We  
23 don't plan on cross examining a witness on this issue if  
24 that helps in planning.

25 COMMISSIONER DEASON: Okay. We can move then

1 to the issues proposed by Florida Steel for Florida  
2 Power & Light. First unnumbered issue, Issue (a). This  
3 concerns return on equity.

4 MS. BROWN: Commissioner, Staff's  
5 recommendation on this issue is that it is not  
6 appropriate for this proceeding. This is a rate case  
7 issue that Florida Steel should address either by a  
8 petition to review Florida Power & Light's rates or some  
9 other rate case proceeding that would be before us.

10 COMMISSIONER DEASON: And I take it that would  
11 be the same for Issue (b).

12 MS. BROWN: Yes, that's correct.

13 COMMISSIONER DEASON: As well as Issue (c).

14 MS. BROWN: Yes.

15 COMMISSIONER DEASON: Okay. Mr. Kaufmann?

16 MR. KAUFMANN: Your Honor, without waiving  
17 Florida Steel's rights to raise these issues in some  
18 other docket, we will withdraw a request for  
19 consideration in this docket.

20 COMMISSIONER DEASON: Very well. Show then  
21 that Issues (a), (b) and (c) are withdrawn for purposes  
22 of this docket. And Florida Steel will be permitted to  
23 raise these issues in different proceedings if it is  
24 deemed to be appropriate at that time.

25 Issue No. 11. Can Issue 11 be stipulated?

1 MS. BROWN: I think so, Commissioner. Yes, it  
2 can.

3 COMMISSIONER DEASON: Very well.

4 MR. HOWE: Public Counsel will take no  
5 position.

6 COMMISSIONER DEASON: Okay. Issue No. 12.

7 MS. BROWN: Commissioner, Issue No. 12 appears  
8 to be stipulated also pending Public Counsel's --

9 MR. HOWE: Public Counsel takes no position.

10 COMMISSIONER DEASON: Is Staff taking a  
11 position now? In my draft you do not take a position.

12 MS. BROWN: Yes. We are taking a position.  
13 The factors are represented in the GPIF targets that are  
14 attached to Staff Attachment 1, the rewards and  
15 penalties, and they agree with the companies' numbers.

16 COMMISSIONER DEASON: For all companies?

17 MS. BROWN: Yes.

18 COMMISSIONER DEASON: Okay. Issue No. 13.  
19 Does Power & Light have a position?

20 MR. CHILDS: Yes. And we will furnish that to  
21 Staff.

22 COMMISSIONER DEASON: Okay. You have a  
23 position and you'll furnish it, but your position is not  
24 "Yes"?

25 MR. CHILDS: I was answering, Did we have a

1 position?

2 COMMISSIONER DEASON: Okay. You do have a  
3 position, and you will be furnishing that?

4 MR. CHILDS: We will.

5 MR. HOWE: Public Counsel takes no position on  
6 Issue 13.

7 COMMISSIONER DEASON: Does PIPUG take a  
8 position on this issue?

9 MS. KAUFMAN: No, Commissioner Deason.

10 COMMISSIONER DEASON: Issue No. 14.

11 MS. BROWN: Commissioner, I think these are  
12 stipulated issues, although I notice that a couple of  
13 the companies don't have positions right now. Oh, it's  
14 oil backout. I'm sorry.

15 COMMISSIONER DEASON: Okay. I believe we are  
16 on Issue 14.

17 MR. BEASLEY: Tampa Electric will accept  
18 Staff's numbers on that particular issue.

19 COMMISSIONER DEASON: Does Gulf have a -- this  
20 is oil backout, right? Okay.

21 MS. BROWN: Yes, it is, Commissioner. And we  
22 will make the correction of removing the companies that  
23 don't have oil backout factors.

24 COMMISSIONER DEASON: Very well.

25 MR. HOWE: Public Counsel will take no

1 position on Issue 14.

2 COMMISSIONER DEASON: TECO is agreeing with  
3 Staff's number, and that leaves Florida Power & Light.

4 MR. CHILDS: We have revised. I believe we  
5 are in agreement with Staff. We transposed numbers from  
6 issues here.

7 COMMISSIONER DEASON: Very well. Then Issue  
8 14 can be shown as a stipulation, I take it?

9 MS. BROWN: Yes, Commissioner.

10 COMMISSIONER DEASON: Is that also true for  
11 Issues 15 and 16?

12 MR. BEASLEY: Tampa Electric accepts the  
13 Staff's number on Issue 15 as well.

14 COMMISSIONER DEASON: Okay. And that would be  
15 the same for Issue 16? Issue 16 being the total  
16 true-up.

17 MS. BROWN: Yes, Commissioner.

18 COMMISSIONER DEASON: Any other changes or  
19 corrections to Issue 15 and 16? Was there a number  
20 transposition for Florida Power & Light in Issue 15?

21 MR. CHILDS: I'm not sure on that one.

22 MS. BROWN: Yes. I think Florida Power &  
23 Light made those corrections with me this morning.

24 COMMISSIONER DEASON: The correction has  
25 already been made. Okay. Very well.



1 for TECO?

2 MS. BROWN: Except for TECO, we have to  
3 resolve a couple of company-specific capacity cost  
4 issues.

5 COMMISSIONER DEASON: Very well. But then you  
6 can show a proposed stipulation for all companies other  
7 than TECO?

8 MS. BROWN: Yes.

9 COMMISSIONER DEASON: Issue No. 19.

10 MR. MCGEE: Commissioner Deason, I would like  
11 to modify Florida Power's position, if I may?

12 COMMISSIONER DEASON: Very well.

13 MR. MCGEE: Instead of 9,851,617, I'd like for  
14 it to read 10,515,204 underrecovery.

15 MS. BROWN: That gives us, I think, a  
16 stipulated issue for everyone but TECO. And Staff will  
17 agree with Florida Power Corporation's number,  
18 10,515,204.

19 COMMISSIONER DEASON: Okay. So then there  
20 would be a stipulation for all companies other than  
21 TECO?

22 MS. BROWN: Yes.

23 COMMISSIONER DEASON: Is that the same for  
24 Issue 20?

25 MS. BROWN: I'm sorry, what?

1           COMMISSIONER DEASON: Would there also be a  
2 stipulation for all companies other than TECO for Issue  
3 No. 20?

4           MR. MCGEE: I think that will be the case. If  
5 I can follow through on that correction that was made on  
6 Issue 19 into 20, we would change 2,908,435 to 3,572,022  
7 underrecovery.

8           COMMISSIONER DEASON: Staff agree with that  
9 number?

10          MS. BROWN: Staff agrees with that number.

11          COMMISSIONER DEASON: Okay, very well.

12          MR. BADDERS: And, Commissioner Deason, also  
13 on that, Gulf's position should state that it is an  
14 overrecovery? It looks like a typo that that was left  
15 off.

16          MS. BROWN: Okay.

17          COMMISSIONER DEASON: Very well. Show that  
18 correction for Gulf's position on Issue 20.

19                 Issue 21.

20          MR. MCGEE: Once again, Commissioner, carrying  
21 through that previous adjustment into our position on 21  
22 would result in figure of \$116,445,839.

23          COMMISSIONER DEASON: Could you repeat that  
24 again, please?

25          MR. MCGEE: 116,445,839.

1 MS. BROWN: Commissioner, it appears that we  
2 agree with Power Corp's numbers on that, and we have a  
3 stipulation except for TECO.

4 COMMISSIONER DEASON: Okay. Issue No. 22. I  
5 take it that these rates for Power Corp would change  
6 consistent with the change in the other numbers?

7 MR. MCGEE: Yes, that's correct. And I think  
8 this also reflects an allocation issue, but the bottom  
9 line is that Florida Power's position is that we agree  
10 with Staff.

11 MS. BROWN: We can fix this fallout issue  
12 after we determine the company-specific issues.

13 COMMISSIONER DEASON: Very well.

14 MS. BROWN: Though now that I look again, I  
15 see Florida Steel with a position here that we, I think,  
16 need to address. But we can do that when we get to your  
17 specific issues. Correct? But until we do, do you wish  
18 to keep your position the same?

19 MR. KAUFMANN: Unless we break it up, yes.

20 MS. BROWN: Well, I think we can probably talk  
21 about this before the final Prehearing Order is issued,  
22 depending on what's decided about your proposed issue.

23 COMMISSIONER DEASON: This position relates to  
24 issues which follow?

25 MS. BROWN: Yes. Hold on just a minute, and

1 I'll see if I can find it.

2 COMMISSIONER DEASON: We'll just leave Florida  
3 Steel's position as it is; and then when we get to the  
4 subsequent issues where this is more directly addressed  
5 to the extent it would affect what happens here, we'll  
6 come back and address it then.

7 MS. BROWN: Yes. All right.

8 COMMISSIONER DEASON: At least I'll give you  
9 the latitude of doing that in the final Prehearing  
10 Order.

11 MS. BROWN: Okay.

12 MR. CHILDS: I'm sorry, are we talking about  
13 Issue No. 22?

14 MS. BROWN: Yes.

15 COMMISSIONER DEASON: 22, yes.

16 MS. BROWN: We are talking about Florida  
17 Steel's position in Issue 22.

18 MR. CHILDS: Right. And what are we going to  
19 do about addressing that position on 22 for Florida  
20 Steel?

21 MS. BROWN: We are going to when we get to  
22 their company proposed issues.

23 MR. CHILDS: Thank you. I'm sorry. I  
24 apologize.

25 COMMISSIONER DEASON: Okay. Issue No. 23.

1 Can this issue be stipulated?

2 MR. MCGEE: I think with the modification of  
3 Florida Power's position, it can be, Commissioner. I  
4 would like Florida Power's position to read that FPC  
5 withdraws its proposal to combine capacity cost  
6 responsibility for its RS and GS nondemand rate classes.

7 COMMISSIONER DEASON: Well, then, do we even  
8 have an issue?

9 MS. BROWN: It's fine with us to have the  
10 issue withdrawn.

11 COMMISSIONER DEASON: Any objection to Issue  
12 23 being withdrawn? Very well, I show that Issue 23 is  
13 withdrawn.

14 Issue 24A.

15 MS. BROWN: We don't have a position for FIPUG  
16 or OPC.

17 COMMISSIONER DEASON: Either FIPUG or OPC wish  
18 to take a position on Issue 24A?

19 MR. HOWE: I would like to ask a question, if  
20 I could, Commissioner Deason. First of all, who is  
21 raising this issue?

22 MS. BROWN: Staff.

23 MR. HOWE: What is Staff's position?

24 MS. BROWN: Do you not have the recent draft  
25 Prehearing Order?

1 MR. HOWE: Oh, I'm sorry. I'm looking at the  
2 one I had marked up, so it's on --

3 MS. BROWN: There were some back there.  
4 Shall I read it? (Pause)

5 MR. HOWE: Public Counsel would agree with  
6 Staff.

7 COMMISSIONER DEASON: Does FIPUG wish to take  
8 a position on Issue 24A?

9 MS. KAUFMAN: Yes. FIPUG would agree with  
10 Staff.

11 COMMISSIONER DEASON: Okay. Issue 24B. Any  
12 changes or corrections to positions on Issue 24B?

13 MS. KAUFMAN: Commissioner Deason, FIPUG would  
14 take no position on this issue.

15 COMMISSIONER DEASON: And OPC takes no  
16 position?

17 MR. HOWE: Yes. Public Counsel takes no  
18 position.

19 MS. BROWN: Then I think we have a stipulation  
20 here with Staff and TECO.

21 COMMISSIONER DEASON: Then show Issue 24B as a  
22 proposed stipulation.

23 Okay. We are to Public Counsel's generic  
24 issue.

25 MS. BROWN: Yes. Commissioner, this is an

1 issue that appeared in OPC's preliminary list of issues  
2 and in their prehearing statement not very long ago.  
3 It's an issue that Staff hasn't really had time to think  
4 about very much, and would like the time to think about  
5 it and to do some research and perhaps either defer  
6 consideration of the issue to August or spin it off into  
7 a 120.57(2) paper hearing where everyone would brief the  
8 matter and the Commission could decide it in a separate  
9 docket.

10           Those are possible ways of dealing with it.  
11 I'm not sure that we've completely agreed that it could  
12 be handled as a paper hearing, and it might be better  
13 for to us explore that.

14           But for the purposes of this prehearing, Staff  
15 recommends that it not be considered now.

16           COMMISSIONER DEASON: Mr. Howe?

17           MR. HOWE: Mr. Deason, we would not object to  
18 this issue be deferred. I have talked with Ms. Brown  
19 about the issue. I guess it would be our preference  
20 that it not to be deferred to the next fuel adjustment  
21 hearing, that's -- two things. That's too far off, and  
22 perhaps this is a significant enough policy that should  
23 be determined by the full Commission.

24           Perhaps to clarify the issue and to put it  
25 properly into issue, our office could draft a formal

1 petition asking for this relief; lay out exactly what  
2 our position is; the parties could respond to it; we  
3 could then see whether it require fact finding or just a  
4 120.57(2) brief oral argument type of hearing.

5 MS. BROWN: That, I like that a lot better,  
6 actually.

7 COMMISSIONER DEASON: Very well.

8 MS. BROWN: I don't know how the parties feel  
9 about it, but it sounds good to me.

10 COMMISSIONER DEASON: Well, is there any  
11 objection to the withdrawal of this generic issue with  
12 the understanding that Public Counsel will be filing a  
13 separate petition with the Commission to address this  
14 issue, and then the Commission will dispose of it at  
15 that time in whatever the Commission deems is the  
16 appropriate manner?

17 MR. BEASLEY: That would be the issue as  
18 Public Counsel has stated it in this docket, sir?

19 COMMISSIONER DEASON: Right. The issue would  
20 just go away for purposes of this docket in this  
21 upcoming hearing. And I understand that it would be  
22 Public Counsel's intention of filing a separate  
23 petition, and it would probably go before the full  
24 Commission in some type of a form or fashion.

25 MR. BEASLEY: Just to clarify, that would be



1 raising the same issue that is stated in the draft  
2 Prehearing Order, only in a separate proceeding?

3 COMMISSIONER DEASON: That is my  
4 understanding.

5 MR. HOWE: Yes, I agree with that. I can't  
6 say that I wouldn't restate what I consider exactly the  
7 same issue in different words in a petition, but not to  
8 challenge any other issues but this one.

9 MR. BEASLEY: But it would be essentially a  
10 jurisdictional challenge?

11 MR. HOWE: Yes.

12 MR. BEASLEY: Thank you.

13 COMMISSIONER DEASON: I think there's no  
14 objection to withdrawing this generic issue.

15 MS. BROWN: All right.

16 COMMISSIONER DEASON: Issue (d), this is  
17 Florida Steel's issue concerning Florida Power and  
18 Light.

19 MS. BROWN: Yes. Commissioner, this issue,  
20 Staff recommends that it should not be considered in  
21 this proceeding. This was the subject of a rather  
22 lengthy and extensive generic proceeding a couple of  
23 years ago, and Staff doesn't think that it needs to be  
24 considered here again.

25 I spoke to Florida Steel about this at a

1 deposition that we had and suggested to them that the  
2 Commission could revisit the decision that it had made  
3 on this matter again if circumstances had changed or  
4 there was some reason to. The best way for Florida  
5 Steel to proceed would be to file a petition and open a  
6 separate docket.

7           Whether the Commission would want to consider  
8 that, since it did just recently decide this question, I  
9 don't know. But for purposes of this docket, I don't  
10 think it's appropriate to have it as an issue.

11           MR. KAUFMANN: Commissioner, I think this  
12 would also go for Issue (e). I believe Staff's response  
13 is the same. And, as Staff indicated, we did discuss  
14 this. It's Florida Steel's position that, without in  
15 any way being precluded from raising this issue again  
16 out of issues having to do with res judicata or  
17 collateral estoppel, we will withdraw Issues (d) and (e)  
18 for purposes of this hearing.

19           COMMISSIONER DEASON: Very well. With that  
20 understanding, Issues (d) and (e) will be withdrawn for  
21 purposes of this fuel adjustment hearing.

22           That concludes all specific issues that I have  
23 in my draft Prehearing Order. Are there any other  
24 issues to be raised by any party at this time?

25           MS. BROWN: None to my knowledge,

1 Commissioner.

2 COMMISSIONER DEASON: I believe that there are  
3 none. Very well. We'll proceed then into Section VII,  
4 which is the Exhibit list.

5 MR. CHILDS: Could I ask?

6 COMMISSIONER DEASON: Yes.

7 MR. CHILDS: If we were going to stipulate and  
8 we had certain issues, Commissioner, that we discussed  
9 that were subject to potential stipulation, if that  
10 would, in fact, permit a witness not to appear here,  
11 could it be understood that once the Prehearing Order is  
12 done that witnesses would be excused if, in fact, all of  
13 their issues ultimately turned out to be stipulated?

14 MS. BROWN: Staff has no problem with that.

15 COMMISSIONER DEASON: That would be the  
16 Commission's intention. And I'll ask any party if there  
17 is any objection to witnesses whose issues are fully  
18 stipulated being excused from appearing at the hearing?  
19 I assume that all cross examination would be waived and  
20 their testimony would simply be inserted into the record.

21 MR. CHILDS: Right.

22 COMMISSIONER DEASON: With that understanding.

23 Okay. Section VII addresses the exhibit list.  
24 Any changes or corrections or modifications to the  
25 exhibit list? I think there's been some slight

1 numbering changes and corrections from the original  
2 draft; is that correct?

3 MS. BROWN: Yes, that's correct. I don't  
4 expect to have the Prehearing Order put all together for  
5 another week or so, so if the parties come across any  
6 additional corrections that need to be made, they can  
7 contact me.

8 COMMISSIONER DEASON: Very well. That's the  
9 normal procedure.

10 Section VIII addresses proposed stipulations.  
11 We've addressed several here today, and those will be  
12 reflected accordingly.

13 MS. BROWN: Yes, Commissioner.

14 COMMISSIONER DEASON: Sections IX and X  
15 addresses pending motions and rulings. I assume there  
16 have been none at this point.

17 MS. BROWN: There have been none, although we  
18 do have some discovery still outstanding.

19 COMMISSIONER DEASON: Are there any pending  
20 discovery disputes?

21 MS. BROWN: No, not yet. (Laughter) Florida  
22 Power & Light has filed an objection to some of the  
23 discovery requests of Florida Steel. Florida Steel has  
24 been working with Florida Power & Light to try to  
25 resolve those between themselves. No motion to compel

1 has been filed at this time.

2 COMMISSIONER DEASON: Very well. Well, given  
3 the brief time between now and the hearing, if there is  
4 any type of discovery dispute I assume you will bring it  
5 to my attention if it's possible.

6 MS. BROWN: Yes, I will. And if there is  
7 going to be one and the parties can identify it, I would  
8 like to know about it very soon.

9 COMMISSIONER DEASON: Very well. Section XI  
10 addresses other matters, and that being Gulf raising the  
11 possibility of additional testimony if there are  
12 additional issues. Since there are no additional  
13 issues, I assume there will be no additional testimony.

14 MR. BEASLEY: Commissioner, Tampa Electric  
15 will be resubmitting its true-up and projection  
16 schedules to change the report format but not the  
17 content of it. The numbers will all stay the same and  
18 nothing will impact what has been discussed here today  
19 and I think the Staff has talked to the Company about that.

20 COMMISSIONER DEASON: Very well. Any other  
21 final comments or questions concerning the 01 docket?

22 Hearing none, that disposes of 01.

23 (Thereupon, the proceedings in the 95001-EI  
24 docket concluded at 3:00 p.m.)

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1 STATE OF FLORIDA)  
 :  
 2 COUNTY OF LEON )

CERTIFICATE OF REPORTER

3 I, ROWENA NASH HACKNEY, Commission Reporter,

4 DO HEREBY CERTIFY that the Prehearing  
 5 Conference in Docket No. 95001-EI was heard by the  
 6 Florida Public Service Commission at the time and place  
 herein stated; it is further

7 CERTIFIED that I stenographically reported the  
 8 said proceedings; that the same has been transcribed  
 9 under my direct supervision; and that this transcript,  
 consisting of 62 pages, constitutes a true transcription  
 of my notes of said proceedings.

10 DATED this 27th day of February, 1995.

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STATE OF FLORIDA)  
 :  
 COUNTY OF LEON )

The foregoing certificate was acknowledged  
 before me this 27th day of February, 1995, by Rowena  
 Nash Hackney, who is personally known to me.

*Patricia A. Church*

PATRICIA A. CHURCH  
 Notary Public - State of Florida  
 My Commission No. CC-90785  
 Notary Public, State of Florida  
 My Commission Expires April 20, 1995  
 Bonded Through Fain - Insurance Inc.