

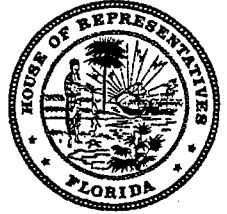
ORIGINAL

TOM LEE
President

ALLEN BENSE
Speaker



STATE OF FLORIDA
OFFICE OF PUBLIC COUNSEL



c/o THE FLORIDA LEGISLATURE
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May 9, 2006

Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

RECEIVED-FPSC
MAY -9 PM 3:57
COMMISSION
CLERK

Re: Docket No. 060154-EI

Dear Ms. Bayo:

Enclosed for filing, on behalf of AARP and the Citizens of the State of Florida, are the original and 15 copies of the Direct Testimony of Stephen A. Stewart.

Please indicate the time and date of receipt on the enclosed duplicate of this letter and return it to our office.

Sincerely,

Patricia A. Christensen
Associate Public Counsel

- MP _____
- OM 5
- TR 5/9
- CR 1
- CL 1
- PC _____ Enclosures
- CA _____
- CR _____ PAC:pd
- GA _____
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DOCUMENT NUMBER-DATE
04090 MAY-9 8
FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for issuance of storm
recovery financing order pursuant to
section 366.8260, F.S. (2005), by Gulf
Power Company.

Docket No. 060154-EI
Filed: May 9, 2006

DIRECT TESTIMONY
OF
STEPHEN A. STEWART
ON BEHALF OF AARP AND
OFFICE OF PUBLIC COUNSEL

DOCUMENT NUMBER-DATE

04090 MAY-9 8

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for issuance of storm)
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section 366.8260, F.S. (2005), by Gulf)
_____)

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OF
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DOCUMENT NUMBER-DATE

04090 MAY-9 06

FPSC-COMMISSION CLERK

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DIRECT TESTIMONY OF STEPHEN A. STEWART
ON BEHALF OF AARP AND THE OFFICE OF PUBLIC COUNSEL
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
GULF POWER COMPANY
DOCKET NO. 060154-EI

Q. Please state your name, address and occupation?

A. My name is Stephen A. Stewart. My address is 2904 Tyron Circle, Tallahassee, Florida, 32309. I am testifying as a consultant to AARP and the Office of the Public Counsel in this docket.

Q. Please describe your educational background and business experience?

A. I graduated from Clemson University with a Bachelor of Science degree in Electrical Engineering in December 1984. I received a Master's degree in Political Science from Florida State University in August 1990.

From January 1985 to October 1988, I was employed by Martin Marietta Corporation and Harris Corporation as a Test Engineer. In July 1989, I accepted an internship with the Science and Technology Committee in the Florida House of Representatives. Upon expiration of the internship I accepted employment with the Office of the Auditor General in August 1990, as a program auditor. In this position I was responsible for evaluating and analyzing public programs to determine their impact and cost-effectiveness.

1 In October 1991, I accepted a position with the Office of Public Counsel ("Public
2 Counsel") with the responsibility for analyzing accounting, financial, statistical,
3 economic and engineering data of Florida Public Service Commission
4 ("Commission")-regulated companies and for identifying issues and positions in
5 matters addressed by the Commission. I left the Public Counsel in 1994 and
6 worked as a consultant for the Florida Telephone Association for one year.

7
8 Since 1995 I have been employed by two privately held companies, United States
9 Medical Finance Company ("USMED") and Real Estate Data Services Inc. I
10 worked with USMED for approximately four years as Director of Operations. I
11 founded Real Estate Data Services in 1999 and I am currently its President and
12 CEO.

13
14 Over the last ten years I have worked for the Public Counsel on a number of
15 utility related issues. In the last several years I have also served as a consultant to,
16 and provided testimony for, AARP.

17
18 **Q. Have you previously testified before the Florida Public Service Commission?**
19 A. Yes. I have filed testimony with the Commission on nine occasions.

20
21 **Q. Have you prepared an exhibit detailing your qualifications and experience?**
22 A. Yes. I have attached exhibit SAS-1 which details my qualifications and regulatory
23 experience.

1 **Q. What is the purpose of your testimony?**

2 A. I am appearing on behalf of AARP and the Office of Public Counsel in opposition
3 to Gulf Power's request for \$70 million to fund a Storm Damage Reserve at a
4 level of \$80 million through the securitization process. I believe Gulf Power has
5 failed to take into account a number of important factors, including a significant
6 change in utility regulatory policy, when determining the appropriate level for the
7 Storm Damage Reserve. My analysis shows that a Storm Damage Reserve Level
8 of \$15 million would have been large enough to cover Gulf Power's storm
9 damage costs for most, but not all, storm seasons over the last 13 years. Any
10 Storm Damage Reserve deficiencies resulting from excessive losses could be
11 dealt with by a separate surcharge. Keeping the Storm Damage Reserve level as
12 low as is reasonably possible will reduce interest, bond issuance costs and
13 minimize the financial impact on customers' rates, while still allowing Gulf
14 Power and the Commission the flexibility to address Gulf's prudent storm
15 recovery costs from year to year.

16

17 **STORM DAMAGE RESERVE**

18 **Q. Please summarize Gulf Power's recommendation for the appropriate level of**
19 **the Storm Damage Reserve.**

20 A. Gulf Power proposes to add approximately \$70 million to the Storm Damage
21 Reserve using funds obtained through the storm-recovery bonds to be issued
22 under the authority of the financing order requested in their petition. The desired
23 Storm Damage Reserve level is \$80 million.

1 Q. How do you understand that Gulf Power arrived at its requested Storm
2 Damage Reserve level of \$80 million?

3 A. Gulf Power's request is based on the testimony of Mr. Harris and Mr. McMillan.
4 Mr. Harris' testimony in this case provides a detailed Storm Loss and Solvency
5 Analysis based on historical data. He states at page 4, lines 1-6 of his prefiled
6 direct testimony that

7 The Loss Analysis concluded that the total expected annual
8 uninsured cost to Gulf's system from all hurricanes is estimated to
9 be \$6.4 million annually. The Solvency Analysis demonstrated
10 that, an \$80 million initial Reserve balance and an accrual level of
11 \$3.5 million would result in an expected Reserve Balance of \$63
12 million and a probability of insolvency of 15% at the end of the
13 eight-year simulation time horizon.
14

15 Mr. McMillan lists five factors he believes support Gulf Power's request. On
16 pages 12-13 of his prefiled direct testimony he states that the:

17 . . . request to add \$70 million is reasonable based upon (1) the
18 actual storm-recovery costs incurred after the two recent Category
19 3 storms; (2) expert forecasts of projected hurricane activity that
20 conclude we are in a period of increased storm activity and higher
21 probabilities of hurricane landfall; (3) the conclusions of Mr.
22 Harris' analysis that the expected average annual cost for
23 uninsured storm losses associated with Gulf's transmission and
24 distribution facilities is \$6.4 million; (4) as discussed by Mr.
25 Harris, an initial Reserve balance of \$80 million and the expected
26 Reserve balance of \$63 million at the end of the 8-year recovery
27 period should be adequate to cover the damage to transmission and
28 distribution facilities for one Category 3 hurricane for most but not
29 all landfall areas in our service area; and (5) Mr. Harris' analysis
30 did not include an estimate for damage to insured property.

1 Beyond that explanation, Witness McMillan does not provide much in the way of
2 numerical analysis. For example, his testimony is absent any rational explanation
3 of how a \$6.4 million expected annual loss translates into a \$80 million Storm
4 Damage Reserve.

5

6 **Q. Do you object to Mr. McMillan's five factors or deny that the selection of an**
7 **appropriate Reserve may involve subjective considerations?**

8 A. No, I agree that the analysis is inherently subjective, but believe that Gulf Power's
9 request is substantially too high. I think Mr. McMillan's list of factors is
10 incomplete and that his analysis fails to give appropriate weight to other factors
11 that are likely of greater concern to Gulf Power's customers.

12

13 **Q. Would you please address the problems you have with each of the five factors**
14 **Witness McMillan uses to support the Storm Damage Reserve level?**

15 A. Yes. Factors (1) and (4) reflect that Gulf Power wants its Storm Damage Reserve
16 to be set at a level high enough to cover the costs associated with the "strongest
17 hurricane on record." Witness McMillan cites FPSC Order No. PSC-96-1334-
18 FOF-EI as support for the position that the Reserve level should be based on the
19 "strongest hurricane on record." While this goal may have been the position of the
20 Commission in 1996, storm events and the Commission's reaction to them have
21 changed dramatically in the last 10 years. In view of the Commission's changed
22 regulatory policy with respect to granting interim storm surcharges, my position is

1 that the Reserve level should not be set based upon the costs associated with the
2 “strongest hurricane on record,” but rather, at a substantially lower level.

3

4 **Q. Do you find the reasoning in factors (1) and (4) consistent with the findings of**
5 **Gulf Power witness Harris detailed in factor (3)?**

6 A. No. Mr. Harris, who did not offer testimony as to the appropriate level of a
7 reserve himself, completed a longitudinal study based on historic hurricane
8 activity and found that the annual expected loss due to hurricanes is \$6.4 million.
9 It appears that Gulf Power has chosen the “strongest hurricane on record”
10 approach to justify a \$70 million Reserve level over the more reasonable “annual
11 expected loss” presented by Mr. Harris. While it is true that an \$80 million
12 Reserve will cover the costs of all but one of the strongest hurricanes on record to
13 impact Gulf Power’s service territory, it is equally true that a Reserve of as little
14 as \$15 million will cover the costs of repairs for most hurricane seasons Gulf
15 Power has experienced. A \$15 million Storm Damage Reserve would seem to be
16 supported by Witness Harris’ findings of an annual expected loss due to
17 hurricanes of \$6.4 million.

18

19 **Q. Do you have any evidence that indicates a \$15 million Storm Reserve Fund**
20 **would be large enough to withstand the storm damage from most but not all**
21 **storm seasons?**

22 A. Yes. In Exhibit SAS-2 I have constructed a table with 3 columns. Column 1
23 provides the actual storm damage experienced by Gulf Power from 1993 thru

1 2005. Column 2 and Column 3 indicate whether the actual storm expense would
2 have been covered by the reserve levels of \$80 million and \$20 million,
3 respectively. The table shows that for the 13 years studied, a reserve level of \$80
4 million would cover the expense levels of 12 years. However, the table also
5 shows that a level of \$15 million would have covered the expense levels of 10 of
6 the 13 years.

7

8 **Q. What other reservations do you have regarding Mr. McMillan's**
9 **methodology and recommended Reserve?**

10 A. In addition to my problems with Gulf Power's "strongest hurricane on record"
11 approach and the failure to link Witness Harris' expected annual loss calculation
12 of \$6.4 million to the Reserve level of \$80 million, I find it problematic to link the
13 probability of increased storm activity to a specific Reserve level as detailed in
14 factor (2). Further, the mere fact that Mr. Harris' analysis did not include an
15 estimate for damage to insured property, as described in factor (5) does not lead to
16 the conclusion that customers should support an \$80 million Reserve.

17

18 Additionally the Commission's ability to revisit this issue in future proceedings
19 should argue for approving a smaller, not larger, Reserve.

20

21 **Q. Are there factors not mentioned by Witness McMillan that would indicate a**
22 **lower Reserve is appropriate?**

1 A. Yes. First, the Commission in early 2005 approved Florida Power & Light
2 Company's ("FPL") request for interim storm damage surcharges. In FPL's case,
3 the interim surcharge approval, which was made without a prior evidentiary
4 hearing, was granted within three months of the utility's motion requesting it.
5 The apparent availability of the new interim storm surcharge relief provides
6 electric utilities with a valuable tool in restoration efforts after a storm and, I
7 believe, is another reason for leaning toward the smaller end of a given Reserve
8 range.

9
10 Second, I believe last year's Securitization legislation should make the level of
11 the Reserve less important to the utility. Before the Securitization legislation,
12 most utilities collected a Commission-approved storm accrual each year to help
13 pay for storm damage. The approved accruals were not designed to guarantee
14 recovery of every penny of storm damage costs. In fact, prior to the several storm
15 damage cases as a result of the 2004 storm season, utilities might only recover
16 storm damage expenses that caused them to earn less than a fair rate of return.
17 Under the prior policy, utilities had a potential financial risk from storms and
18 were understandably interested in keeping the reserve level as high as possible.
19 However, the Securitization legislation guarantees the recovery of reasonable and
20 prudent expenses from storm damage. Therefore, no matter the amount of storm
21 damage, Gulf Power is statutorily guaranteed recovery of its storm expenses so
22 long as they are deemed prudent by the Commission.

1 **Q. Do you have any additional concerns with Gulf Power's request?**

2 A. Yes. First, history indicates that the review of storm damage expenses are less
3 stringent when the expenses are paid from an existing reserve versus when the
4 utility must document the expenses in an evidentiary hearing addressing an
5 additional recovery mechanism. Second, I believe, the current annual storm
6 accrual and the recent discretionary accrual contributions of Gulf Power are
7 mitigating circumstances that should be considered when determining the proper
8 Storm Damage Reserve level.

9
10 **Q. What evidence supports your review that storm damage expenses are less**
11 **stringent when the expenses are paid from a reserve versus when the utility**
12 **must document the expenses in a hearing?**

13 A. It is my understanding that when Gulf Power recovered storm damage expenses
14 with funds from an existing Storm Reserve, there were no public hearings and
15 consequently little chance for a review of claimed storm expenses by affected
16 customer parties. Apparently the review of the prudence of the charges to the
17 storm reserve consisted primarily of some level of "staff audit." Requiring a
18 hearing for all but the most minimal storm damage occurrences should guarantee
19 a more thorough review of the prudence of the storm costs and the reduced
20 likelihood that non-storm and imprudent expenditures will be charged to the
21 Reserve and be paid for by customers.

1 **Q. Do you have other reservations about the size of the Reserve or the**
2 **methodology used to support it?**

3 A. Yes. Given that Gulf Power always has the option of seeking surcharges for
4 storm costs that exceed its Reserve balance, it strikes me that a larger Reserve will
5 necessarily incur significantly more interest expense over the proposed 8-year life
6 of the bonds than a smaller Reserve. Additionally, reducing the level of the
7 Reserve should necessarily proportionately reduce the already substantial costs
8 and fees of the bond issuance.

9
10 **Q. Based on your reasoning, why does Gulf Power need a Reserve at all?**

11 A. Given the passage of the Securitization legislation subsequent to this
12 Commission's earlier orders addressing the level of Reserve funding, it is not
13 entirely clear to me that a positive Reserve balance is essential. However, I
14 believe it is prudent for the Commission to approve a Reserve that meets the
15 historically-stated threshold of covering the costs of most, but not all storms.
16 Additionally, given the general acceptance that hurricane activity is more likely
17 the next decade or so than in the past, the Commission may wish to include a
18 small margin above the amount that would cover most storm years.

19
20 **Q. What do you think is the proper level of the Storm Damage Reserve?**

21 A. Based on my analysis I think an adequate and appropriate Storm Damage Reserve
22 should be \$15 million. However, based on the projected increase in hurricane

1 activity, the Commission could reasonably include a “safety margin” raising the
2 approved Reserve to \$20 million.

3 **Q. What is this recommendation based on?**

4 A. I calculated the average storm damage incurred by Gulf Power over the last
5 thirteen years to be approximately \$14 million. Additionally, as shown in Exhibit
6 SAS-2 a Storm Damage Reserve of \$15 million would be large enough to
7 withstand the storm damage for 10 of the 13 storm seasons. The safety margin
8 provided by a larger \$20 million storm reserve would still cover the storm costs of
9 10 of the last 13 years while giving Gulf Power a third more financial flexibility
10 in addressing increased hurricane activity. In the event the Reserve were ever
11 depleted by damages exceeding the Reserve balance, Gulf Power could
12 immediately file for interim and permanent surcharge relief and, given recent
13 Commission precedent, expect to get it within a matter of a few months.

14
15 **Q. How does your recommendation of a Storm Damage Reserve level affect the
16 amount of bonds to be financed?**

17 A. I have detailed the annual contributions to the Storm Damage Reserve since Gulf
18 Power’s last rate case in 2001 in SAS-3. The contributions come from two
19 sources: the annual accrual in base rates and the discretionary accrual made by
20 Gulf Power. SAS-3 indicates that the average contribution to the Storm Damage
21 Reserve over the last 4 years is approximately \$10 million. This trend coupled
22 with the Storm Damage Reserve balance at the end of December 2005 of \$10
23 million would indicate that a Storm Damage Reserve of \$20 million could be

1 achieved within another year without the \$70 million infusion Gulf Power is
2 requesting.

3

4 **Q. Please explain the impact of this approach?**

5 A. Without the \$70 million infusion Gulf Power is requesting for Reserve funding,
6 the total amount of storm-recovery and reserve replenishment costs subject to
7 storm-recovery bond financing is reduced from \$137.8 million to \$67.8 million.
8 The total amount of storm-recovery bonds, as detailed by Gulf Power witness
9 Ritenour in SDR-1, would be reduced from \$87.2 million to \$44.2 million. In
10 addition, financing costs, interest and tax payments would necessarily be reduced
11 proportionately. This approach would result in significant savings to Gulf Power
12 customers and still provide Gulf Power with a sufficient Storm Damage Reserve
13 and the flexibility to timely address storm restoration costs

14

15 **Q. Does this conclude your testimony?**

16 A. Yes.

DOCKET NO. 060154-EI

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing has been furnished by U.S. Mail and electronic mail to the following parties on this 9th day of May, 2006.

Jennifer Brubaker
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

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Florida Cable Telecommunications
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Tallahassee, FL 32303

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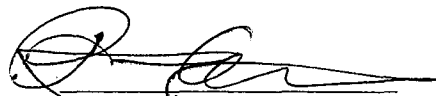
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Patricia A. Christensen
Associate Public Counsel

Docket No. 060038-EI

EXHIBITS

Stephen A. Stewart
2904 Tyron Circle
Tallahassee, FL 32309
850-893-8973

SUMMARY

Over the last eleven years I have private sector business experience through the entrepreneurial development of two companies. Prior to my entrance into the private sector, I spent approximately five years with the Florida Legislature where I was responsible for the analysis and evaluation of financial and economic data. After graduating with an engineering degree in 1985, I spent four years as a test engineer with government defense contractors.

PROFESSIONAL EXPERIENCE

REAL ESTATE DATA SERVICES, INC., Tallahassee, FL 11/99-Present

As President of this start-up real estate marketing company, my responsibility is to ensure that all functions of the business are successfully implemented by the employees. These functions include production, customer service, and sales and marketing. In addition, I have a fiduciary responsibility to the shareholders.

UNITED STATES MEDICAL FINANCE COMPANY, Tallahassee, FL 1/95 - 8/98

During my employment at USMed I was involved in all major business functions of this private label credit card company. The last two years I served as the Director of Operations reporting directly to the CEO. My responsibilities in this position included liaison with credit card processing vendor, on-site program implementation, financial analysis, client support, business development and supervision of operations staff.

REGULATORY SERVICES, Tallahassee, FL 3/94- Present

As the owner of this sole proprietorship, my activities included the development and production of *Utility News*, a news information service, consulting services, and real estate appraisals.

FLORIDA TELEPHONE ASSOCIATION, Tallahassee FL 3/94 - 2/95

I was responsible for developing and evaluating policy positions during rewrite of the Florida Telecommunications statute. This included bill analysis and development of presentations to be made at legislative committee meetings. Reported to the Executive Director of the FTA.

OFFICE OF PUBLIC COUNSEL – FLORIDA LEGISLATURE, Tallahassee, FL 10/91 - 2/94

I assisted the Public Counsel in representing the interests of the citizens of Florida before the Florida Public Service Commission. Duties included analyzing financial, economic, and engineering data of investor owned utilities. Represented the Public Counsel before the Public Service Commission as a Class B Practitioner and have prepared and filed testimony on a number of occasions.

OFFICE OF AUDITOR GENERAL – FLORIDA LEGISLATURE, Tallahassee, FL 8/90 - 10/91

I assisted the Office of the Auditor General with applying auditing, management, and social science research methods for the review and analysis of public programs to evaluate their impact, effectiveness, and operating efficiency.

HARRIS CORPORATION and MARTIN MARIETTA CORPORATION, Orlando, FL 1/85 - 10/88

I was responsible for engineering tasks associated with the development of Test Program Sets for digital and analog avionics. My duties included the development of test strategy reports, diagnostic flow charts, interface requirements, and computer source code.

EDUCATION

M.S., Political Science, 1991; **Florida State University, Tallahassee, FL**
Principles and Practices of Appraisal, AB - I, October 1998; **The Real Estate School, Tallahassee, FL**
House of Representatives Internship Program, 1990; **Florida Legislature, Tallahassee, FL**
B.S., Electrical Engineering, December 1984; **Clemson University, Clemson, SC**

REFERENCES

Available Upon Request

Utility Regulation Experience
Stephen A. Stewart

Florida Public Service Commission, Docket No. 060038-EI: Florida Power & Light Company's Petition for Issuance of a Storm Recovery Financing Order.

Provided testimony on behalf of AARP and the Office of Public Counsel. The testimony disputed the level of Storm Damage Reserve being requested by the utility.

Resolution: The case went to full hearing and I provided testimony before the Commission.

Florida Public Service Commission, Docket No. 050078-EI: Petition for rate increase by Progress Energy Florida, Inc.

Provided testimony on behalf of AARP. The testimony disputed the ROE being requested by the utility and argued for a lower storm damage reserve than being requested.

Resolution: The case was settled by the parties prior to hearing.

Florida Public Service Commission, Docket No. 050045-EI: Petition for rate increase by Florida Power & Light Company.

Provided testimony on behalf of AARP. The testimony disputed the ROE being requested by the utility and argued for a lower storm damage reserve than being requested.

Resolution: The case was settled by the parties prior to hearing.

Florida Public Service Commission, Docket No. 050001-EI: Fuel and Purchased Power Cost Recovery Clause with Generating Performance Incentive Factor.

Provided testimony on behalf of AARP. The testimony disputed FPL's entitlement to between \$25 million and \$30 million in steam generator sleeving repairs as "fuel related" and, thus, recoverable through the fuel clause.

Resolution: The matter went to hearing and the Commission denied FPL recovery of the monies sought for the steam generator sleeving repairs.

Florida Public Service Commission, Docket No. 041272-EI: Petition for approval of storm cost recovery clause for recovery of extraordinary expenditures related to Hurricanes Charley, Frances, Jeanne, and Ivan, by Progress Energy Florida, Inc.

Provided testimony on behalf of SugarMill Woods Civic Association. The testimony supported an approach that would have resulted in a sharing of prudently incurred expenses between the utility and consumers.

Resolution: The case went to full hearing and I provided testimony before the Commission

Florida Public Service Commission, Docket No. 001148-EI: Review of Florida Power & Light earnings.

As a consultant for the Office of Public Counsel, I developed direct testimony addressing the operation and maintenance expenses requested by FPL.

Resolution: The Office of Public Counsel and FPL settled the case before testimony was filed with the FPSC.

Florida Public Service Commission, Docket No. 010503-WS: Investigation of Aloha Utilities rates.

As a consultant for the Office of Public Counsel, I provided direct testimony filed with the FPSC that addressed the methodology used by Aloha Utilities to project test year water consumption.

Resolution: The case went to full hearing and I provided testimony before the Commission.

Florida Public Service Commission, Docket No. 000824-EI: Review of Florida Power Corporation Earnings.

As a consultant for the Office of Public Counsel, I provided direct testimony filed with the FPSC that addressed the prudence of the Operation and Maintenance (O&M) expenses requested by Florida Power Corporation (FPC).

Resolution: Testimony was filed with FPSC. The Office of Public Counsel and FPC settled the case before hearing.

Florida Public Service Commission, Docket No. 930001-EI: Tampa Electric fuel cost recovery case.

As an employee of the Office of Public Counsel, I assisted lead counsel with negotiations between TECO and the Office of Public Counsel. The case centered around TECO's cost recovery from consumers of fuel purchased by a TECO affiliate.

Resolution: The Office of Public Counsel and TECO settled the case before testimony was filed with the FPSC.

Florida Public Service Commission, Docket No. 920655-WS: Investigation of Southern Utilities rates.

My responsibilities as an employee of the Office of Public Counsel included providing direct testimony, assisting counsel with formulation of cross examination questions for utility witnesses, and assisting utility customers during the hearing.

Resolution: The case went to full hearing and I provided testimony before the Commission.

Florida Public Service Commission, Docket No. 920324-EI: Investigation into Tampa Electric rates.

My responsibilities as an employee of the Office of Public Counsel included providing direct testimony, assisting counsel with formulation of cross examination questions for utility witnesses, and assisting utility customers during the hearing.

Resolution: The case went to full hearing and I provided testimony before the Commission.

Florida Public Service Commission, Docket No. 910890-EI: Review of Florida Power Corporation earnings.

My responsibilities as an employee of the Office of Public Counsel included providing direct testimony, assisting counsel with formulation of cross examination questions for utility witnesses, and assisting utility customers during the hearing.

Resolution: The case went to full hearing.

STORM DAMAGE RESERVE LEVEL SCENARIOS

YEAR	ACTUAL STORM COSTS	STORM COSTS COVERED BY \$15M RESERVE	STORM COSTS COVERED BY \$80M RESERVE
1993	\$383,045	YES	YES
1994	\$422,863	YES	YES
1995	\$20,840,561	NO	YES
1996	\$369,402	YES	YES
1997	\$1,344,261	YES	YES
1998	\$4,200,525	YES	YES
1999	\$1,583,477	YES	YES
2000	\$297,177	YES	YES
2001	\$1,056,044	YES	YES
2002	\$2,755,987	YES	YES
2003	\$435,546	YES	YES
2004	\$94,402,892	NO	NO
2005	\$54,793,189	NO	YES
TOTAL STORM SEASONS COVERED		10	12

AVERAGE ANNUAL STORM DAMAGE CALCULATION

$$\text{Average} = \$182,884,969 / 13 = \$14,068,074$$

STORM DAMAGE RESERVE CONTRIBUTIONS BY GULF POWER

YEAR	Source: Annual Accural	Source: Discretionary Accural	TOTAL
1993	\$1,200,000	\$0	\$1,200,000
1994	\$1,200,000	\$0	\$1,200,000
1995	\$1,775,000	\$0	\$1,775,000
1996	\$3,500,000	\$1,000,000	\$4,500,000
1997	\$3,500,000	\$416,670	\$3,916,670
1998	\$3,500,000	\$3,000,000	\$6,500,000
1999	\$3,500,000	\$2,000,000	\$5,500,000
2000	\$3,500,000	\$0	\$3,500,000
2001	\$3,500,000	\$1,000,000	\$4,500,000
2002	\$3,500,000	\$0	\$3,500,000
2003	\$3,500,000	\$7,100,000	\$10,600,000
2004	\$3,500,000	\$15,000,000	\$18,500,000
2005	\$3,500,000	\$6,000,000	\$9,500,000
ANNUAL AVERAGE SINCE LAST RATE CASE(2001)			\$10,525,000