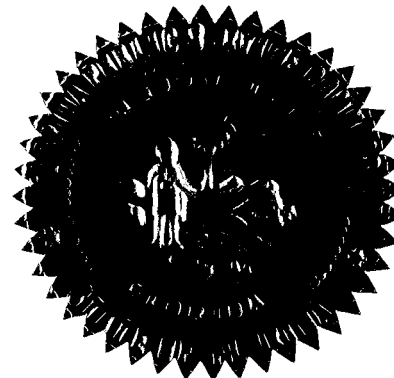


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 060572-EC

In the Matter of:

REQUEST FOR APPROVAL OF INCREASE IN
RATES BY CENTRAL FLORIDA ELECTRIC
COOPERATIVE, INC.



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PROCEEDINGS: AGENDA CONFERENCE
ITEM NO. 8

BEFORE: CHAIRMAN LISA POLAK EDGAR
COMMISSIONER J. TERRY DEASON
COMMISSIONER ISILIO ARRIAGA
COMMISSIONER MATTHEW M. CARTER, II
COMMISSIONER KATRINA J. TEW

DATE: Tuesday, October 3, 2006

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: LINDA BOLES, CRR, RPR
Official Commission Reporter
(850) 413-6734

1 PARTICIPATING:

2 MIKE LEVERETT, representing Central Florida Electric
3 Cooperative.

4 MARTHA CARTER BROWN, ESQUIRE, and ELISABETH DRAPER,
5 representing the Florida Public Service Commission Staff.

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P R O C E E D I N G S

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2 MS. DRAPER: Commissioners, Elisabeth Draper with
3 Commission staff.

4 Item 8 is a filing by Central Florida Electric
5 Cooperative for a new minimum monthly charge of \$20 for
6 residential customers. Because it is a new pricing concept, we
7 have brought this for you for approval pursuant to Section 2.07
8 of the APM. We recommend that you approve the new charge.
9 Staff is here to answer your questions, and Mr. Mike Leverett
10 is here representing the utility. Thank you.

11 CHAIRMAN EDGAR: Thank you, Ms. Draper.

12 MR. LEVERETT: I have nothing to present. I'm here
13 just to answer any questions that you might have.

14 CHAIRMAN EDGAR: All right. Thank you very much.
15 Commissioners, any questions of our staff or the
16 utility? Commissioner Arriaga.

17 COMMISSIONER ARRIAGA: A very brief question. I'm in
18 the process of learning. This is to me only one year, so I
19 have a lot of things to learn. And I was extremely surprised
20 when I saw this issue about rate structure and rates. And I
21 know you have sent some material to me to understand the
22 difference, but would you kindly explain how is it that we have
23 jurisdiction to set rate structure? Isn't that an indirect way
24 of setting rates? I'm a little bit confused there.

25 MS. BROWN: Well, they are confusing concepts and

1 they're, of course, interrelated because they both deal with
2 rates. But one involves the amount of revenue to be collected
3 that the utility needs. The other involves how that need is
4 distributed among different classes of customers. The statute
5 provides that we, that the Commission has jurisdiction over the
6 rate structure, the way that revenue need is, is spread over
7 classes of customers to make sure that it's fair, just and
8 reasonable, but it does not provide rate setting authority over
9 municipals and co-ops. Does that help?

10 COMMISSIONER ARRIAGA: It does -- and may I please?
11 And you just said two words that hit my attention immediately:
12 "To make sure that they are fair and reasonable."

13 MS. BROWN: Yes.

14 COMMISSIONER ARRIAGA: So let's say the co-op here
15 says -- is it a co-op or a muni? A co-op says it's going to
16 be \$25 or something, whatever. And then we say, no, that's not
17 fair and reasonable; it's going to be \$35. Aren't we setting
18 rates?

19 MS. BROWN: Well, I think in that instance we
20 wouldn't, we wouldn't say that. We would disapprove the
21 tariff, and then we would say, we don't believe this is fair,
22 and then have discussions with the, with the co-op to come up
23 with another proposal based on cost of service studies, all of
24 the other principles that are in our rule regarding tariff
25 filings for municipals and co-ops.

1 COMMISSIONER ARRIAGA: If I was a co-op -- may I
2 continue, please?

3 If I was a co-op and you told me that, based on
4 arguments that I have heard over and over and over, I would
5 turn around and say, you don't have jurisdiction to tell me
6 what's fair and reasonable.

7 MS. BROWN: Well, as the cases that I provided --

8 COMMISSIONER ARRIAGA: I'm just trying to point out
9 the contradiction in this jurisdictional issue, which is always
10 something that I have on my mind. There is a contradiction of
11 this jurisdictional issue.

12 MS. BROWN: Yes, because the concepts are very
13 closely related.

14 COMMISSIONER ARRIAGA: That's the only comment I
15 have. Thank you so much.

16 Thank you, Commissioners, for your time.

17 CHAIRMAN EDGAR: Commissioners, any other questions
18 for our staff or for the utility? Commissioner Carter?

19 COMMISSIONER CARTER: Move staff.

20 COMMISSIONER DEASON: Second.

21 CHAIRMAN EDGAR: Any further discussion? Seeing
22 none, all in favor of the motion, say aye.

23 (Unanimous affirmative vote.)

24 Opposed? Show the motion adopted. Thank you.

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