

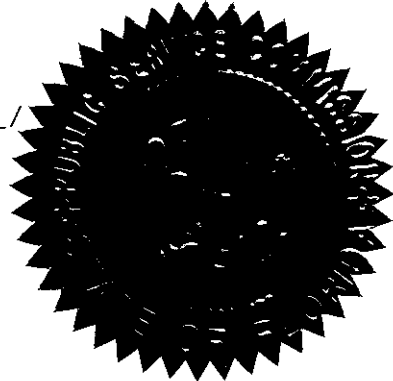
BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080152-GU

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In the Matter of:

PETITION FOR APPROVAL OF RECOGNITION OF  
A REGULATORY ASSET UNDER PROVISIONS OF  
STATEMENT OF FINANCIAL ACCOUNTING  
STANDARD (SFAS) NO. 71, BY FLORIDA  
CITY GAS.



PROCEEDINGS:                   AGENDA CONFERENCE  
ITEM NO. 20

BEFORE:                           CHAIRMAN MATTHEW M. CARTER, II  
COMMISSIONER LISA POLAK EDGAR  
COMMISSIONER KATRINA J. McMURRIAN  
COMMISSIONER NANCY ARGENZIANO  
COMMISSIONER NATHAN A. SKOP

DATE:                             Tuesday, September 4, 2008

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

REPORTED BY:                   LINDA BOLES, RPR, CRR  
Official FPSC Reporter  
(850) 413-6732

1 PARTICIPATING:

2 MATTHEW FEIL, ESQUIRE, and DAVID WEAVER, representing  
3 Florida City Gas.

4 JAN KYLE, representing the Florida Public Service  
5 Commission staff.

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

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2 CHAIRMAN CARTER: We are back on the record, and when  
3 we left we were getting ready to go into Item 20.

4 Staff, you're recognized.

5 MR. KYLE: Good morning, Commissioners. Jan Kyle for  
6 Commission staff.

7 Item 20 is a request by Florida City Gas in Docket  
8 Number 080152-GU for approval of recognition of a regulatory  
9 asset and deferral accounting to record a substantial one-time  
10 pension fund contribution resulting from decertification of a  
11 union representing some of its employees. Staff is  
12 recommending approval of the company's request. Staff is  
13 available for questions, and I believe the company's  
14 representatives are also available.

15 CHAIRMAN CARTER: Okay. You're recognized.

16 MR. FEIL: Thank you, Mr. Chairman. Matthew Feil  
17 with the Akerman Senterfitt Law Firm in Tallahassee. With me  
18 is Mr. David Weaver, Director of State Regulatory Affairs for  
19 AGL Resources, which is the parent company of Florida City Gas.  
20 We're here to support the staff recommendation and to answer  
21 any questions.

22 CHAIRMAN CARTER: Thank you.

23 Commissioner Argenziano.

24 COMMISSIONER ARGENZIANO: Yes. Thank you. And I'm  
25 not sure who this is for, but since the -- let me, I guess, go

1 back a step. The union was supposed to be collecting the dues,  
2 am I correct, the money that is due now?

3 MR. KYLE: Commissioner, my understanding is that the  
4 union employees were covered by a multiemployer pension fund  
5 and that this fund was underfunded for reasons unknown to me at  
6 least. And as a result, when the union employees are leaving  
7 coverage by that plan, there is an underfunded liability which  
8 the company asserts by law they are required to, to make up to  
9 this pension fund producing a one-time contribution.

10 COMMISSIONER ARGENZIANO: Maybe the company can  
11 answer. Was the union responsible? I mean, wasn't there some  
12 type of -- it seems to me that the union bugged out and now the  
13 consumers have to pay what the union was not collecting.

14 MR. FEIL: Well, Commissioner, it was the  
15 decertification of the union that has triggered the liability.  
16 The responsibility is on the company to pay that portion of the  
17 unfunded liability, as Mr. Kyle said.

18 And to be clear, the only thing that we're asking for  
19 the Commission to do today is to create a bucket where the  
20 dollars will go. We're not asking the Commission at this point  
21 to approve the level of the dollars. That's something that the  
22 Commission is going to look at later. So this has no impact on  
23 the ratepayers today. We're just asking you to create the  
24 bucket, create the account so that the dollars can go in it.

25 COMMISSIONER ARGENZIANO: I know and, Mr. Chair, I

1 understand that. I'm just trying to figure out, trying to put  
2 the whole thing into the proper perspective because it just  
3 seemed odd that, you know, now the union is gone and the, the  
4 consumer is going to be footing the bill. Would they have been  
5 footing the bill to begin with?

6 MR. FEIL: Yes, ma'am. The level of the company's  
7 portion of the contribution to the pension fund was included in  
8 base rates. Since -- and you can probably see that in the  
9 company's last rate case, which was from 2004, it was included  
10 in base rates.

11 COMMISSIONER ARGENZIANO: So it has been included all  
12 along?

13 MR. FEIL: The recurring contributions to the pension  
14 fund, yes, ma'am. What we're dealing with now is an accretive  
15 amount triggered by the decertification.

16 COMMISSIONER ARGENZIANO: Okay. Thank you.

17 CHAIRMAN CARTER: Let me kind of think aloud,  
18 Commissioner. I think what you're saying is that if we're  
19 already collecting the money, you know, and notwithstanding the  
20 decertification, wouldn't it, wouldn't it still be the same  
21 process of accounting and collecting it? I think that's what I  
22 read into your question. Is that, does that make sense to you  
23 guys?

24 MR. FEIL: I'm not sure I understand your question.  
25 The recurring amounts were paid and are included in base rates.

1 The amount we're talking about today is over and above.

2 CHAIRMAN CARTER: And it's over and above because?

3 MR. FEIL: Because the pension fund was underfunded.

4 CHAIRMAN CARTER: And in the process though, in  
5 the -- Commissioners, if you'll permit me. In the processes  
6 that, as you were funding it, do you put, set aside, you set  
7 aside a certain amount on a regular basis, whether quarterly,  
8 monthly, whatever the case may be, that was in the original  
9 base rate. Was that correct?

10 MR. FEIL: Correct.

11 CHAIRMAN CARTER: And you say whereas you're not  
12 asking for any proceeds yet in terms of funding this unfunded  
13 perspective, you're just asking for a, a, an accounting  
14 compartment?

15 MR. FEIL: Correct.

16 CHAIRMAN CARTER: And we don't know what this number  
17 will be.

18 MR. FEIL: We provided staff or, excuse me, the  
19 Commission in the petition an estimate of what it will be. As  
20 we sit here today, we understand that the final amount should  
21 be within a range of the estimate, but we do not know what that  
22 exact number is as I sit here today.

23 CHAIRMAN CARTER: Would it -- okay. I was going to  
24 ask would it be the same amount if you continued to collect it  
25 the way it was in the original base rates? But I guess that's

1 probably a rhetorical question.

2 COMMISSIONER ARGENZIANO: And I may have read this  
3 but forgotten. What is the deficit in the fund?

4 MR. FEIL: Excuse me?

5 COMMISSIONER ARGENZIANO: How much is the deficit?

6 MR. FEIL: I think the number is confidential, so I  
7 probably shouldn't utter it.

8 COMMISSIONER ARGENZIANO: Oh.

9 CHAIRMAN CARTER: Okay.

10 MR. FEIL: But it's in the file.

11 COMMISSIONER ARGENZIANO: Okay. I think, I think I  
12 read it.

13 CHAIRMAN CARTER: Okay. Thank you, Commissioner.

14 Commissioners, anything further? Hearing nothing  
15 further -- anything further from the parties?

16 MR. FEIL: No, sir.

17 CHAIRMAN CARTER: Commissioners, hearing nothing  
18 further, what is your disposition of this matter?

19 COMMISSIONER SKOP: Mr. Chairman.

20 CHAIRMAN CARTER: Commissioner Skop, you're  
21 recognized, sir.

22 COMMISSIONER SKOP: Thank you, Mr. Chairman. At the  
23 appropriate time I'd make a motion to approve staff  
24 recommendations for Issue 1 and 2.

25 CHAIRMAN CARTER: This is the appropriate time.

1 You're recognized.

2           COMMISSIONER SKOP: Thank you. I'd like to motion  
3 that we adopt the staff recommendation for Issues 1 and 2.

4           COMMISSIONER ARGENZIANO: Second.

5           CHAIRMAN CARTER: It's been moved and properly  
6 seconded. Commissioners, any further discussion or any further  
7 questions? Hearing none, all those in favor, let it be known  
8 by the sign of aye.

9           (Unanimous affirmative vote.)

10           All those opposed, like sign. Show it done. Thank  
11 you.

12           (Agenda Item 20 concluded.)

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1 STATE OF FLORIDA )  
2 COUNTY OF LEON )

CERTIFICATE OF REPORTER

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I, LINDA BOLES, RPR, CRR, Official Commission Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorneys or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 10<sup>th</sup> day of September

2008.

Linda Boles  
LINDA BOLES, RPR, CRR  
FPSC Official Commission Reporter  
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