1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION 2 3 In the Matter of: DOCKET NO. 090505-EI 4 REVIEW OF REPLACEMENT FUEL COSTS 5 ASSOCIATED WITH THE FEBRUARY 26, 2008 OUTAGE ON FLORIDA POWER & 6 LIGHT'S ELECTRICAL SYSTEM. 7 8 9 10 11 12 13 14 PROCEEDINGS: PREHEARING CONFERENCE 15 COMMISSIONER PARTICIPATING: COMMISSIONER NATHAN A. SKOP 16 PREHEARING OFFICER 17 DATE: Wednesday, March 3, 2010 18 TIME: Commenced at 9:30 a.m. Concluded at 9:57 a.m. 19 PLACE: Betty Easley Conference Center 20 Room 148 4075 Esplanade Way 21 Tallahassee, Florida 22 REPORTED BY: JANE FAUROT, RPR Official FPSC Reporter 23 (850) 413-6732 24 25

APPEARANCES:

JOHN T. BUTLER, ESQUIRE, Florida Power & Light Company, 700 Universe Boulevard, Juno Beach, Florida 33408-0420, appearing on behalf of Florida Power & Light Company.

VICKI GORDON KAUFMAN, ESQUIRE, and JON C.

MOYLE, JR., ESQUIRE, Keefe Law Firm, 118 North Gadsden

Street, Tallahassee, Florida 32301, appearing on behalf

of the Florida Industrial Power Users Group.

CECILIA BRADLEY, ESQUIRE, Office of Attorney General, The Capitol, PL01, Tallahassee, Florida 32399-1050, appearing on behalf of the Citizens of the State of Florida.

CHARLES J. BECK, ESQUIRE and JOE McGLOTHLIN, ESQUIRE, Office of Public Counsel, 111 W. Madison Street, Tallahassee, Florida 32399-1400, appearing on behalf of the Citizens of the State of Florida.

LISA BENNETT, ESQUIRE, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, appearing on behalf of the Florida Public Service Commission Staff.

MARY ANNE HELTON, Deputy General Counsel,
Florida Public Service Commission, 2540s Shumard Oak
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Florida Public Service Commission.

PROCEEDINGS

COMMISSIONER SKOP: Okay. Good morning, everyone. I'd like to call this prehearing to order. Commissioner Skop presiding.

If staff could please read the notice.

MS. BENNETT: Yes, Commissioner. By notice duly given, this time and date was set for Docket Number 090505-EI, review of replacement fuel costs associated with the February 26, 2008, outage on FPL's electric system. This is the prehearing conference in that docket.

COMMISSIONER SKOP: Thank you. If we could now take appearances of counsel.

MR. BUTLER: Thank you, Commissioner. John Butler appearing on behalf of Florida Power and Light Company.

COMMISSIONER SKOP: Good morning, Mr. Butler.

MR. BUTLER: Good morning.

MR. BECK: Good morning, Commissioner.

Charlie Beck and Joe McGlothlin, Office of Public

Counsel, appearing on we behalf of the Citizens of

Florida.

MS. KAUFMAN: Good morning, Commissioner Skop.

Vicki Gordon Kaufman appearing on behalf of the Florida

Industrial Power Users Group, and I'd like to enter an

appearance for Jon Moyle, Jr., as well.

COMMISSIONER SKOP: And, Staff.

MS. BENNETT: Lisa Bennett on behalf of Commission staff. I do note that Cecilia Bradley is also on this docket.

COMMISSIONER SKOP: Okay. I will enter her appearance.

MS. HELTON: Mary Anne Helton, advisor to the Commission.

COMMISSIONER SKOP: Thank you.

That bring us to preliminary matters. Are there any preliminary matters that we need to address before we get to the draft prehearing order?

MS. BENNETT: Yes, Commissioner Skop.

There was an errata sheet filed last night from FPL on the testimony of Mr. Stall. In staff's opinion, it is a little bit more than an errata sheet, and so I have talked with the counsel and asked that they file a written motion for leave to amend the testimony of Mr. Stall, giving perhaps two or three days for the intervenors to respond before you rule on that motion for leave to amend.

I understand from OPC that they do not have an objection. Also, if that amendment -- leave to amend is granted, staff would need some additional time to

conduct discovery and to take the deposition of Mr. Stall again. We've already deposed him once.

from the parties on that, how would that effect the hearing dates as would be entered in the prehearing order? Would those have to adjust accordingly, or could that be accomplished within the proposed dates?

MS. BENNETT: We will proceed as though the hearing will continue on March 17th. I think if we can have discovery extended until March 15th, and absent any surprises from that discovery, the hearing should be able to occur on the 17th.

COMMISSIONER SKOP: Okay, great. I'd like to hear from the parties on that.

Mr. Butler.

MR. BUTLER: Thank you, Commissioner.

FPL doesn't object to filing a written motion for leave to amend. You know, we frankly believe that the errata, the changes to the testimony could be handled less formally and don't believe there are any objections from the parties. We certainly will accommodate staff or any parties' desire for additional discovery on the turbine trip that is the subject of that amendment, and actually have agreed with OPC to provide documents that address that subject on an

expedited basis. Certainly cooperate with staff in their additional discovery. But if it is your desire for us to file a written motion for leave to amend, certainly we will do so promptly and accommodate that.

COMMISSIONER SKOP: Very well.

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Mr. Beck, if you could just speak to that, or what is Public Counsel's preference in light of the proposed errata versus supplemental testimony? Would you prefer moving forward with a motion for leave to amend, or are you comfortable just hearing the testimony and subject to cross-examination, or how does Public Counsel wish to proceed on this?

MR. BECK: We're fine either way. You know, we received the errata and changes at 5:00 o'clock yesterday. Before the prehearing this morning, I sent FPL two requests for documents; in an e-mail, not on a formal service. They've agreed to provide those documents by the end of the week, and if the discovery is extended, as Ms. Bennett has suggested, you know, we wouldn't oppose it. I could tell you our position right now, that we would be fine with that.

COMMISSIONER SKOP: Okay. So you feel that Public Counsel would not be prejudiced by the amendment of the testimony?

MR. BECK: That's correct.

COMMISSIONER SKOP: Okay. Ms. Kaufman.

MS. KAUFMAN: Commissioner, we are fine with whichever way you want to go at your pleasure, the motion or the errata. Like Public Counsel, we just received the errata. We're going to take a look at it, but I think that we'll be fine with either process.

COMMISSIONER SKOP: Okay. And, good morning, Ms. Bradley. Just to catch you up to speed, there has been an errata sheet that our legal staff considers to be supplemental testimony. So, basically, the posture we are in is FPL is requesting leave to amend the testimony subject to cross-examination and additional discovery. So I just wanted to get your position, if any, on that.

MS. BRADLEY: We're in the same position that the other parties are about getting it last night, but we would concur as long as it is provided timely.

COMMISSIONER SKOP: Okay. All right. Thank you.

Ms. Bennett, in light of hearing from the parties, and noting that I don't want to make a whole lot of work for staff or anyone else, would staff reconsider its position just to informally grant leave to amend subject to additional discovery and extending the discovery date to March 15th, and subject to the

parties being able to cross-examine that additional testimony of the witness at hearing?

MS. BENNETT: Yes, Commissioner, as long as we could have an additional time, say until March 15th, and the ability to depose Mr. Stall.

not going to do it the formal way. We are going to do it informal based on the parties. It seems that we have consensus that FPL should be liberally granted leave to amend its testimony subject to additional discovery and subject to cross-examination of the witness on that issue at hearing. So I'm going to grant FPL leave to amend that specific testimony on that specific issue for Mr. Stall on a blanket approval just on that one issue related to the turbine trip, if I understand it correctly.

MR. BUTLER: Thank you, Commissioner.

And we certainly will accommodate the request for the discovery as Ms. Bennett had indicated.

commissioner skop: Okay. And that should make a little bit less work for the parties, noting that we have consensus and agreement. To staff, the discovery date when we get to it will be extended to March 15th to accommodate staff taking additional depositions, should that be required. So any other

preliminary matters?

MS. BENNETT: Staff has none.

COMMISSIONER SKOP: Okay. All right. At this point we are going to proceed through the draft prehearing order. To the parties, I will identify the sections, and if anyone has any concerns, please speak up and let me know so we can make a change or correction as necessary.

But at this point we'll proceed with Section

I, Case Background. Hearing no concerns by the parties,

Section I will be approved as written.

Section II, conduct of proceedings. Hearing no concerns, Section II will remain as written.

Section III, jurisdiction. Hearing no concerns by the parties, Section III will remain as written.

Section IV, procedure for handling confidential information. Hearing no concerns by the parties, Section IV will be remaining as written.

Section V, prefiled testimony, exhibits, witnesses. And, Staff, at this point do we need to formally extend the discovery date?

MS. BENNETT: The discovery date is set forth in the order establishing procedures, so we're fine with your ruling.

COMMISSIONER SKOP: All right. No concerns on the parties for Section V, so prefiled testimony, exhibits, and witnesses will remain the same.

Section VI, order of witnesses.

MR. BECK: Commissioner.

COMMISSIONER SKOP: Yes, Mr. Beck.

MR. BECK: On Section V, we have a concern, and we shared this with the parties on Monday, about the five-minute summaries for each witness. FPL has four witnesses in direct, we have one witness in rebuttal, then for their rebuttal they have the same four witnesses again. And under the five-minute summaries, that gives them 40 minutes for summaries and it gives us five.

And what I suggested is that we have a time limit for each side. One side being FPL, one side being the intervenors. And that a certain time be allotted to each side, and that the parties determine how to allocate that time between witness summaries and opening statements.

I had suggested 20 to 25 minutes. I think Mr. Butler would prefer 30 from our discussions this morning. But I think we have an agreement in concept, at least between Florida Power and Light and ourselves, that that would be an agreeable way to address that

issue.

COMMISSIONER SKOP: Okay. And, Ms. Kaufman, Ms. Bradley, and then I will go to Mr. Butler.

MS. KAUFMAN: Yes, Commissioner, we are in agreement with that approach. It seems appropriate, given how the case is laying itself out.

COMMISSIONER SKOP: Ms. Bradley.

MS. BRADLEY: I would certainly concur as far as helping out, as long as we get a few minutes to talk.

COMMISSIONER SKOP: Okay. Mr. Butler.

MR. BUTLER: We also concur with the approach. I think it is a good idea. I do think that 30 minutes is about the minimum that we could have to accomplish all that we need to on our side of the case, but if we can agree on 30 minutes as the total amount of time, then we're not only okay with, but support the proposal of Public Counsel.

COMMISSIONER SKOP: Okay.

MR. BECK: Commissioner Skop, given that, we would agree to 30 minutes, if that's agreeable to everybody else.

commissioner skop: To Mr. Butler's point about 30 versus 40, so long as both sides get equal time, is that appropriate? I mean, this seems to be a limited number of issues, but a lot of technical

information may be coming out in terms of the witness testimony, so I don't want to limit anyone's time, but I want to be fair to both sides. So if the Public Counsel and the other intervenors are not opposed to 40, I think that we could do it that way with the expectation if we can get closer to 30 we'd appreciate it.

MR. BECK: I think originally I proposed 20 to 25, and Florida Power and Light wanted 30, and we agreed to 30, I think.

commissioner skop: All right. Fine. Based on the above, it will be 30 minutes for both sides to be used as they deem to be fit. Again, if there is something that arises and we need to go over a few minutes, the Commission is pretty open about that. But, again, I want to be fair to both parties; and if that is what the parties have agreed to, then 30 minutes will be the time afforded to both sides.

MS. BENNETT: Commissioner Skop, for clarification, the 30 minutes is for witness summary and opening statements, is that correct?

MR. BECK: Yes.

MR. BUTLER: That's how we understand it, yes.

COMMISSIONER SKOP: Yes; that's my

understanding, witness summaries and opening statements.

MR. BUTLER: And we would propose to provide

at the beginning of the hearing to all of the parties and staff and the Commission kind of what our intention is on how we would use the time and hope the other side would do the same.

MR. BECK: Yes. We will, as well.

COMMISSIONER SKOP: All right. Very well.

Thank you. So having agreement from the parties, show that done.

Any other concerns as to Section V?

Hearing none, we will move into Section VI,

order of witnesses. At this point are there any
witnesses who may be excused?

MR. BUTLER: I don't think there are at this point. We don't have agreement on either of the issues. I remain somewhat optimistic we might be able to reach agreement on the -- especially the issue of how the refund would be made. And if that occurred, I think we might be able to stipulate Mr. Keith's testimony, at least his direct testimony. But at this point I think that's all I can say on the stipulation of witnesses.

COMMISSIONER SKOP: All right.

Mr. Beck, any further comments?

MR. BECK: I have nothing to add.

COMMISSIONER SKOP: All right. As always, I will encourage the parties to try and work together

1 amicably to streamline the hearing process in those 2 areas where it may be achievable to reach compromise, to 3 stipulate witnesses, but in this case, I'll leave that 4 to the parties. But, again, if the parties would just 5 work in good faith, I think that would be appreciated by 6 everyone. 7 Any witnesses that needed to be taken out of order as those proposed? 8 MR. BUTLER: I'm not aware of any. 9 COMMISSIONER SKOP: Okay. All right. 10 11 that, hearing no further questions, we'll move on to 12 Section VII, basic positions. MS. BRADLEY: Mr. Commissioner? 13 COMMISSIONER SKOP: Yes, ma'am. 14 MS. BRADLEY: Can I backtrack just I minute, 15 because --16 COMMISSIONER SKOP: Ms. Bradley, you're 17 18 recognized. MS. BRADLEY: -- you passed one of my 19 statements real quick. 20 21 **COMMISSIONER SKOP:** Okay. MS. BRADLEY: In Section V, I would just note 22 we have an ongoing objection from case-to-case about the 23 friendly cross limitations, and also we usually address 24 the late-filed, and ask that that be addressed so that 25

the parties are allowed time to respond to any late-filed exhibits.

commissioner skop: Yes, ma'am. And a standing objection is duly noted as has been previously entered. So, again, we'll try and respect that and address those concerns. Thank you.

All right. Any other concerns before we move on to Section VII, basic positions? Section VII, basic positions. Any concerns?

MR. BUTLER: No.

commissioner skop: Hearing none from the parties, move on to Section VIII, issues and positions. And hearing none, again, I would like to remind the parties that they must take a position at the prehearing conference or show good cause why they cannot yet take a position on each issue. If they do not take a position, the prehearing order will reflect the party takes no position. So just please take that under advisement. And move on to Section IX, which is the exhibit list.

MS. KAUFMAN: Excuse me, Commissioner Skop.
We had an addition to our position on Issue Number 2.

COMMISSIONER SKOP: Okay.

MS. KAUFMAN: It's just an additional sentence to follow the sentence that already appears on Page 8 under our position, and I could just read it into the

record if you would like.

COMMISSIONER SKOP: Okay.

MS. KAUFMAN: The additional sentence would read no additional charges for the refund administration should be assessed to customers.

COMMISSIONER SKOP: Staff, were you able to get that?

MS. KAUFMAN: And I'd be happy to e-mail that, if you would like.

commissioner skop: If you would, that would probably be a little bit better to help our staff out.

All right. So show that position amended on behalf of FIPUG, and noting that FIPUG will e-mail that additional language to staff to be incorporated.

Any other issues or concerns regarding

Section VIII? Hearing none, we going to move to

Section IX, the exhibit list. And, Staff, any concerns
on the exhibit list?

MS. BENNETT: No, Commissioner Skop. We will be preparing a Comprehensive Exhibit List, which includes the Staff's composite exhibit list. We have provided both to the parties in draft form, and we will continue to work with the parties so that by the time of the hearing we will have a stipulated comprehensive and composite exhibit list.

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COMMISSIONER SKOP: Very well. Any other concerns on Section IX, exhibits list? Ms. Kaufman.

MS. KAUFMAN: Commissioner Skop, this isn't a concern. We will work with staff on the stipulated list. A number of the items that were on the list are items that we have not seen, and so we have discussed that with Ms. Bennett and Mr. Butler and understand that we will be provided with all the documents that are suggested for stipulation so that we can review them prior to the hearing.

COMMISSIONER SKOP: Very well. Thank you.

Any other concerns? That takes us to Section X,

proposed stipulations. And, Staff?

MS. BENNETT: We do note that one issue was already presented to the Commission for stipulation. It was agreed to by the parties and approved by the Commission, and it is basically that FPL has agreed to refund the amount of replacement power costs attributable to the February 26th, 2008, outage. So remaining for the Commission's decision are the two issues in the docket. You don't need to take any action today on that.

COMMISSIONER SKOP: All right. Very well.

And that was decided at the agenda conference.

MS. BENNETT: Correct.

1 COMMISSIONER SKOP: Thank you. All right. 2 Any other concerns on Section X? 3 Hearing none, let's move to Section XI, 4 pending motions. 5 MS. BENNETT: I was going to tell you that the 6 Attorney General had indicated they were going to file a 7 motion on friendly cross, and I think they did just now. 8 COMMISSIONER SKOP: Okay. Show that noted. 9 And do we need that formally or verbally? 10 MS. BENNETT: I think verbal was fine. **COMMISSIONER SKOP:** Is sufficient? Okay. All 11 12 right. Any other concerns on Section XI, pending 13 motions? 14 15 MR. BUTLER: No. COMMISSIONER SKOP: Hearing none, let's move 16 on it to Section XII, pending confidentiality requests. 17 MS. BENNETT: There appears to be one pending 18 confidentiality request outstanding. We will either 19 return the document to FPL or have the order prepared to 20 21 be addressed later. COMMISSIONER SKOP: Okay. Very well. 22 other concerns on Section XII? Hearing none, let's move 23 to Section XIII, post-hearing procedures. And, Staff? 24 MS. BENNETT: Staff recommends that position 25

1 statements and post-hearing briefs be no more than 50 2 words and post-hearing statements and briefs together 3 should be no longer than 40 pages. 4 COMMISSIONER SKOP: Okay. Are all parties in 5 agreement to that? 6 MR. McGLOTHLIN: Commissioner Skop. 7 COMMISSIONER SKOP: Mr. McGlothlin. 8 MR. McGLOTHLIN: I have no objection to the 9 40-page limit, but with respect to the articulation of 10 positions, the 50 words is always, in my experience, 11 binding in terms of our ability to communicate anything 12 useful to the reader, and especially in this case where 13 we have only a couple of crucial issues. I would 14 request some relief from that 50 words. I would 15 recommend 120, and I think under the circumstances this is not going to be a burdensome thing for the 16 17 Commissioners. COMMISSIONER SKOP: All right. Ms. Kaufman, 18 19 anything to add to that? 20 MS. KAUFMAN: No, sir. 21 **COMMISSIONER SKOP:** Ms. Bradley? MS. BRADLEY: I would concur. 22 COMMISSIONER SKOP: Okay. Mr. Butler. 23 MR. BUTLER: Mr. McGlothlin has stolen my 24 thunder. That is the exactly what I was going to 25

1 request. We have very few issues. The couple that are 2 there are relatively complicated, so it would be better 3 to have a higher word limit, and no objection to his 4 proposal. 5 COMMISSIONER SKOP: Okay. Based on hearing 6 from the parties, the position statements and the 7 post-hearing briefs shall be no more than 120 words, and 8 the post-hearing statement and briefs together should be 9 no longer than 40 pages. And I believe that will 10 accommodate the parties' request. 11 All right. Any other concerns on 12 Section XIII? Hearing none, I will move on to 13 Section XV, rulings. And, Staff? 14 MS. BENNETT: You have previously ruled on the 15 summary and the opening statements at 30 minutes, and that will appear in the ruling section. I believe also 16 the ruling on the friendly cross will appear here. 17 **COMMISSIONER SKOP:** Okay. Very well. 18 show that done. And any other concerns on Section XIV 19 20 on the rulings? 21 MS. BRADLEY: Just for the record, can we include the late-filed exhibit, as well? 22 23 COMMISSIONER SKOP: Yes. Thank you, Ms. Bradley. 24 And, Staff, if you can make a notation of 25

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that. So the AG's position would be, again, late-filed exhibits and friendly cross for their concerns.

All right. Any other concerns? Any other matters? Any other matters to address, Staff, before we adjourn?

MS. BENNETT: None from staff.

MR. BUTLER: Commissioner Skop.

COMMISSIONER SKOP: Mr. Butler, you're recognized.

MR. BUTLER: Sorry. Just to Ms. Bennett's and Ms. Bradley's exchange there, and to make it clear on the record, FPL does continue to feel that the Commission appropriately expresses the view in the prehearing order on proper limits on friendly cross-examination, and certainly that would be our position at hearing if the issue were to come up there.

As to late-filed exhibits, we share the Attorney General's concern that that process not be misused, and we will certainly do everything we can to limit the use of late-filed exhibits and provide any that are necessary as promptly as possible and to accommodate examination with respect to them. But, you know, we agree with them that that is something that is problematic and really should be used only as an exception.

1	COMMISSIONER SKOP: Okay. And, Ms. Bradley
2	thank you, Mr. Butler. Ms. Bradley, correct me if I'm
3	wrong, I think the AG's office has expressed a standing
4	objection to this, and typically the Commission handles
5	late-filed on a case-by-case basis as they arise in the
6	hearing, but I will let the Commission Chairwoman deal
7	with that when we get to it. But I just wanted to
8	properly note that I believe that you are entering a
9	standing objection based on as you have done in the
10	past.
11	MS. BRADLEY: We have raised that at all the
12	hearings, and it's just a matter of allowing each party
13	due process and an opportunity to address late-filed
14	exhibits that they haven't seen.
15	COMMISSIONER SKOP: Okay. Very well. We will
16	note that for the record.
17	And, Mr. Butler, any other concerns?
18	MR. BUTLER: No, sir.
19	COMMISSIONER SKOP: Okay.
20	Staff?
21	MS. BENNETT: We have nothing else.
22	COMMISSIONER SKOP: Okay. At this point we
23	will stand adjourned.
24	MR. BUTLER: Thank you, Commissioner.
25	(The prehearing conference concluded at

1 2 STATE OF FLORIDA 3 CERTIFICATE OF REPORTER 4 COUNTY OF LEON) 5 I, JANE FAUROT, RPR, Chief, Hearing Reporter 6 Services Section, FPSC Division of Commission Clerk, do hereby certify that the foregoing proceeding was heard 7 at the time and place herein stated. 8 IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the 9 same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings. 10 I FURTHER CERTIFY that I am not a relative, 11 employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' 12 attorney or counsel connected with the action, nor am I financially interested in the action. 13 14 DATED THIS 10th day of March, 2010. 15 16 17 Official FPSC Hearings Reporter (850) 413-6732 18 19 20 21 22 23 24 25