

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 120125-PU

PROPOSED AMENDMENTS TO RULES
25-6.097, 25-7.083, AND
25-30.311, F.A.C., ON CUSTOMER
DEPOSITS.

PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 2

COMMISSIONERS
PARTICIPATING: CHAIRMAN RONALD A. BRISÉ
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER ART GRAHAM
COMMISSIONER EDUARDO E. BALBIS
COMMISSIONER JULIE I. BROWN

DATE: Tuesday, May 22, 2012

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

REPORTED BY: JANE FAUROT, RPR
Official FPSC Reporter
(850) 413-6732

DOCUMENT NUMBER DATE

03331 MAY 24 2012

P R O C E E D I N G S

1
2 **CHAIRMAN BRISÉ:** Now move on to Item
3 Number 2.

4 **MR. CICCHETTI:** Good morning, Mr. Chairman,
5 Commissioners.

6 Item 2 regards changing the rate on
7 customer -- I'm Mark Cicchetti with Finance and Tax
8 Staff -- Item 2 regards changing the rate on customer
9 deposits from 6 percent and 7 percent on nonresidential
10 deposits held more than 23 months to 2 percent and
11 3 percent on nonresidential deposits held more than 23
12 months.

13 I believe there are some parties that are here
14 that would like to be heard, and staff is available for
15 questions.

16 **CHAIRMAN BRISÉ:** Thank you very much.

17 At this time you may go right ahead.

18 **MR. WHITE:** Thank you, Chairman.

19 Jordan White on behalf of FPL. As an initial
20 matter, FPL fully supports the proposed rule changes.
21 We believe it's going to reduce costs and benefit
22 customers. I have been kind of penciling out a
23 potential effective date of mid-July, assuming that the
24 Commission approves staff's recommendation.

25 FPL is fully prepared to meet that effective

1 date. However, you know, based upon the current
2 workload of FPL's Information Management Department, we
3 believe it would be much more efficient and helpful to
4 be able to have a date certain implementation date. So,
5 for example, we would propose having an implementation
6 that would be required 45 days within the effective
7 date. We have spoken to some of the IOUs, and they
8 don't object to this, and we believe ultimately it's
9 just going to be a better use of -- a better, more
10 efficient process.

11 **CHAIRMAN BRISÉ:** Thank you very much.

12 Any further comments?

13 **MR. BEASLEY:** Mr. Chairman, Commissioners,
14 Jim Beasley for Tampa Electric Company.

15 We support the proposed rule change as well.
16 If there is by a date certain, we would like to have the
17 flexibility to implement as soon as the rule becomes
18 effective within that time frame. And we also think it
19 would be convenient for everyone, and the Commission, as
20 well, if you could clarify for us that the staff would
21 have the authority to administratively approve tariff
22 changes implementing the proposed change to the rule.

23 **CHAIRMAN BRISÉ:** Okay.

24 Commissioners, any comments or questions?

25 Staff, are there any other things that you

1 need to bring before us at this time with this issue?

2 **MS. MILLER:** Yes. We talked with Mr. White
3 this morning, and we have also checked with the Joint
4 Administrative Procedures Committee, and we're
5 comfortable that we could add to each of the rules,
6 "Such interest rates shall be applied within 45 days of
7 the effective date of the rule." And this way those
8 utilities that want to implement it more quickly can do
9 so, and those that need a little bit of lag time would
10 have a little bit more. So we're okay on that change.

11 **CHAIRMAN BRISÉ:** All right. Thank you very
12 much.

13 Commissioner Edgar.

14 **COMMISSIONER EDGAR:** Thank you, Mr. Chairman.

15 It sounds like a good addition to me. I would
16 ask, Ms. Miller, if you could read that one more time so
17 I can get the exact language, and then if you could tell
18 us where in the draft language, what page and line
19 number the staff would suggest that that addition be
20 made.

21 **MS. MILLER:** Yes. The language is, "Such
22 interest rates shall be applied within 45 days of the
23 effective date of the rule."

24 The first place that it would be inserted
25 would be on Page 7, Line 20. This would be in the

1 electric rule, so it would go after 23 months.

2 **COMMISSIONER EDGAR:** Okay.

3 **MS. MILLER:** The second place it would be
4 inserted would be on Page 10, Line 19. After 23 months
5 we would insert that language as discussed.

6 And the third place it would be inserted is on
7 Page 13, on Line 12 -- I'm sorry, on Line 5 after 23
8 months.

9 **COMMISSIONER EDGAR:** Thank you.

10 And realizing that there are other
11 administrative steps that need to go forward in the
12 process, if approved today, when do you think the rule
13 would go into effect, approximately?

14 **MS. MILLER:** Let's see. I don't have my
15 calculation here, but the way it would work, and let me
16 just play this through, if we file this today for the
17 FAW, it's published next Friday, so that's a week, and
18 then there is 21 days that you must allow for the
19 request for hearing or comments to be filed. So
20 basically that's one-month. Then you can file it with
21 the Department of State, if neither of those happen,
22 and then you allow 20 days after that for the -- they
23 have a required 20 days before the effective date.

24 So basically, I think, we're looking at 50
25 days.

1 **COMMISSIONER EDGAR:** Thank you.

2 **MS. MILLER:** Thank you.

3 **COMMISSIONER GRAHAM:** Was that an amendment
4 to the motion?

5 **COMMISSIONER EDGAR:** I had not made a motion
6 yet, but when the Chairman is ready I'll be glad to do
7 so.

8 **CHAIRMAN BRISÉ:** Commissioner Balbis.

9 **COMMISSIONER BALBIS:** Thank you, Mr.
10 Chairman.

11 I have a question for staff. And I support
12 this rule change; I think we need to accurately reflect
13 the market conditions. However, obviously these
14 conditions change rather frequently, if not daily. Is
15 there is a way we can add flexibility to the rule so
16 that if conditions change significantly we don't have to
17 go through this process? Is there more of a flexible
18 way to have the utilities match to some sort of
19 market-based interest rate?

20 **MR. CICHETTI:** Historically, we have looked
21 at that and the Commission has addressed that, and the
22 Commission historically has found that it's better to
23 wait till there is some change, and then either staff
24 or the Commission on its own motion or one of the other
25 parties could bring that forward.

1 Like you said, rates do change. If we set it
2 to a specific index or something of that nature, it may
3 trigger faster than you might have thought. For
4 example, we had thought about changing this earlier, and
5 we were thinking that we would wait until interest
6 conditions, interest rate conditions became more normal
7 to see if we needed to change it. Recently the fed has
8 said that they expect to keep rates low through 2014, so
9 it seemed like with market conditions being this low
10 that it would be a good time to bring it forward.

11 And changing it on an annual basis can be a
12 burden for some of the smaller companies, particularly
13 some of the smaller water and wastewater companies.
14 They have to make a number of changes in their billing
15 process to be able to implement this. So historically
16 it has been best for the Commission, I think, to wait
17 until they feel that the market has changed
18 sufficiently, and then address it at that time.

19 **COMMISSIONER BALBIS:** Thank you. That's all
20 I had.

21 **CHAIRMAN BRISÉ:** Thank you.

22 Commissioner Edgar.

23 **COMMISSIONER EDGAR:** Mr. Chairman, if you're
24 ready, I would move that we approve the item before us
25 with the additional language added as described by Ms.

1 Miller.

2 **COMMISSIONER GRAHAM:** Second.

3 **CHAIRMAN BRISÉ:** It has been moved and
4 second. All in favor say aye.

5 (Vote taken.)

6 **CHAIRMAN BRISÉ:** All right. Thank you very
7 much. The item is approved. Thank you very much for
8 your participation this morning on this item.

9 * * * * *

10 **CHAIRMAN BRISÉ:** On the last item, and I
11 wasn't sure if we missed it or I missed it, there were
12 two issues that were brought up by Mr. Beasley. One
13 was the administrative issue, and I don't know if we
14 wanted to incorporate that or we wanted to leave it the
15 way we left it, because we didn't address it at all.

16 **COMMISSIONER EDGAR:** Mr. Chairman, if I may,
17 I would ask our staff to comment on that suggestion by
18 Mr. Beasley.

19 **MR. WILLIS:** Commissioner Edgar, we were just
20 discussing that back here right after the vote. We
21 would like to have that direct authority to handle
22 those tariffs administratively. It's nothing more than
23 basically approving tariffs that comply with the rule,
24 which should not require us to bring those down to the
25 Commission.

1 **COMMISSIONER EDGAR:** Mr. Chairman, I know
2 that we've had some discussions at the bench in the
3 past, and certainly recently about how to make our
4 processes more efficient, and that if there are some
5 decisions that are strictly administrative to go ahead
6 and delegate to our staff. And so I would certainly be
7 interested in supporting that suggestion, and if we
8 need a motion making it, or if we just direct our staff
9 to administratively approve the tariffs on customer
10 deposits along the lines of the vote that we just took.

11 **CHAIRMAN BRISÉ:** Are there any further
12 comments on this issue, or questions, or are we ready
13 to entertain a motion? I think we could entertain a
14 motion to do that specifically to this item.

15 **COMMISSIONER EDGAR:** Mr. Chairman, I move
16 that we direct our staff to administratively approve
17 tariffs on customer deposits in line with the decision
18 that we made on the prior issue.

19 **CHAIRMAN BRISÉ:** All right. Is there a
20 second?

21 **COMMISSIONER GRAHAM:** Second.

22 **CHAIRMAN BRISÉ:** Okay. Seeing a second,
23 Commissioner Balbis.

24 **COMMISSIONER BALBIS:** Thank you. And I just
25 want to make sure that I understand the motion. So

1 this would provide staff the authority to make these
2 changes in the interest rates for customers more
3 closely matching the market conditions, correct?

4 **MR. WILLIS:** Correct. It would provide staff
5 with the authority to go ahead and approve the tariffs
6 administering the rule change.

7 **COMMISSIONER BALBIS:** Okay. Thank you.

8 **CHAIRMAN BRISÉ:** All right. It has been
9 moved and seconded. All in favor say aye.

10 (Vote taken.)

11 **CHAIRMAN BRISÉ:** All right. Seeing the
12 approval, the item carries.

13 Thank you very much. We now stand adjourned.
14
15
16
17
18
19
20
21
22
23
24
25

1 STATE OF FLORIDA)

2 : CERTIFICATE OF REPORTER

3 COUNTY OF LEON)

4

5 I, JANE FAUROT, RPR, Chief, Hearing Reporter
6 Services Section, FPSC Division of Commission Clerk, do
7 hereby certify that the foregoing proceeding was heard
8 at the time and place herein stated.

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

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

19 DATED THIS 24th day of May, 2012.

20

21

22

23

24

25



JANE FAUROT, RPR
Official FPSC Hearings Reporter
(850) 413-6732