

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

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 In the Matter of :  
 :  
 Energy Conservation Cost :  
 Recovery Clause. : DOCKET NO. 950002-EU  
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PROCEEDINGS: PREHEARING CONFERENCE

BEFORE: COMMISSIONER J. TERRY DEASON  
Prehearing Officer

DATE: Monday, February 20, 1995

TIME: Commenced at 1:30 p.m.  
Concluded at 4:17 p.m.

PLACE: Fletcher Building  
FPSC Hearing Room 122  
101 East Gaines Street  
Tallahassee, Florida

REPORTED BY: ROWENA NASH HACKNEY  
Official Commission Reporter

FLORIDA PUBLIC SERVICE COMMISSION

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18 appearing on behalf of **Florida Power Corporation.**

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23 **Utilities Company and West Florida Natural Gas Company.**

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**MISCELLANEOUS**

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## 1 APPEARANCES CONTINUED:

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7 310 West College Avenue, Tallahassee, Florida 32302,  
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10           **JAMES D. BEASLEY**, Macfarlane, Ausley, Ferguson  
11 and McMullen, P.O. Box 391, Tallahassee, Florida 33302,  
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13 **Tampa Electric Company**.

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15 West Madison Street, Room 812, Tallahassee, Florida  
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17 behalf of the **Citizens of the State of Florida**.

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1 APPEARANCES CONTINUED:

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11

12 ALSO PRESENT:

13                   **CHERYL BULECZA-BANKS,** FPSC Division of  
14 Electric and Gas.

15                   **PAT BRADY,** FPSC Division of Electric and Gas.

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

(Hearing convened at 1:35 p.m.)

COMMISSIONER DEASON: Call the prehearing conference back to order.

First of all, let me apologize for the slight delay and the fact that we're meeting in a different room; but as I'm sure everyone is aware, the internal affairs that we had scheduled for today proceeded longer than we first envisioned. And with that, we'll begin with having the notice read.

MS. BROWN: By notice issued February 10th, 1995, this time and place was set for a prehearing conference in the following dockets: Docket No. 950001-EI, Fuel and Purchased Power Cost Recovery Clause with Generating Performance Incentive Factor; Docket No. 950002-EG, Energy Conservation Cost Recovery Clause; Docket No. 950003-GU, Purchased Gas Cost Recovery Clause; and Docket No. 950007-EI, Environmental Cost Recovery Clause. The purpose of the prehearing conference is described in the notice.

COMMISSIONER DEASON: Okay. We'll take appearances at this time.

MR. SCHIEFELBEIN: Wayne Schiefelbein, with Gatlin, Woods, Carlson & Cowdery, appearing on behalf of Chesapeake Utilities Corporation.

1 MR. WRIGHT: Robert Scheffel Wright, Landers &  
2 Parson, 310 West College Avenue, Tallahassee 32301,  
3 appearing on behalf of Peoples Gas System in 950002.

4 MR. HORTON: Norman H. Horton, Jr., Messer,  
5 Vickers, Caparello, Madsen, Goldman & Metz, P.O. Box  
6 1876, Tallahassee, appearing on behalf of Florida Public  
7 Utilities in the 01, 02 and 03 dockets, and West Florida  
8 Natural Gas in the 02 and 03.

9 MR. BEASLEY: Commissioner, I'm Jim Beasley,  
10 P.O. Box 391, Tallahassee, Florida 32302, representing  
11 Tampa Electric Company in the 01 and 02 dockets.

12 MR. HOWE: Commissioner Deason, I'm Roger Howe  
13 with the Office of Public Counsel, appearing on behalf  
14 of the Citizens of the State of Florida in the 01, 02,  
15 03 and 07 dockets.

16 MS. KAUFMAN: Vicki Gordon Kaufman, McWhirter,  
17 Reeves, McGlothlin, Davidson and Bakas, 315 South  
18 Calhoun Street, Suite 716, Tallahassee 32301. I'm  
19 appearing on behalf of the Florida Industrial Power  
20 Users Group in the 0001, 0002 and 0007 dockets. And I'm  
21 appearing on behalf of City Gas Company of Florida in  
22 the 0002 and the 0003 dockets.

23 MR. BADDERS: Russell A. Badders, Beggs &  
24 Lane, 3 West Garden Street, P.O. Box 12950, Pensacola,  
25 Florida 32576. I'm appearing on behalf of Gulf Power

1 Company in the 0001, 02 and 07 dockets. I'm also making  
2 an appearance on behalf of Jeffrey Stone.

3 MR. MCGEE: James McGee, Post Office Box  
4 14042, St. Petersburg 33733. With me is Ronald M.  
5 Bright, the Class B practitioner. We are both on behalf  
6 of Florida Power Corporation in the 01 and 02 dockets.

7 MR. GUYTON: Commissioner Deason, my name is  
8 Charles Guyton with the law firm of Steel, Hector &  
9 Davis, 215 South Monroe Street, Tallahassee, Florida  
10 32301, appearing on behalf of Florida Power & Light  
11 Company in 950002.

12 MS. BROWN: Martha Carter Brown and Vicki D.  
13 Johnson for the Florida Public Service Commission Staff  
14 in the 01 and 07 dockets.

15 MR. PRUITT: And I'm Prentice P. Pruitt,  
16 counsel for the Commissioners.

17 MS. ERSTLING: Sheila L. Erstling and Beth  
18 Culpepper for the Florida Public Commission Staff in the  
19 02 and 03 dockets.

20 MR. CHILDS: Commissioner, my name is Matthew  
21 Childs with the firm of Steel, Hector and Davis. I'm  
22 appearing on behalf of Florida Power & Light Company in  
23 the environmental cost recovery and fuel adjustment  
24 dockets.

25 MR. SCHIEFELBEIN: And, Commissioner Deason,

1 if I may, for the record, state my appearance on behalf  
2 of Chesapeake is in the 02 and 03 docket.

3 Thank you.

4 COMMISSIONER DEASON: Okay, very well. Any  
5 other appearances?

6 Here again, I apologize for the cramped  
7 quarters, so we are going to have to be sharing  
8 microphones. But perhaps some of the dockets that are a  
9 little less controversial, we may get to proceed through  
10 those quite quickly.

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12 COMMISSIONER DEASON: I believe now we are in  
13 the 02 docket, conservation cost recovery clause docket.

14 MS. ERSTLING: Yes, Commissioner. I think  
15 perhaps we should take this docket issue by issue as  
16 we've done the prior one.

17 COMMISSIONER DEASON: Very well.

18 MR. BEASLEY: Commissioner, I have a  
19 preliminary matter, if I may?

20 COMMISSIONER DEASON: Yes.

21 MR. BEASLEY: We have rebuttal testimony  
22 that we received the actual supplemental testimony on  
23 Friday afternoon and our rebuttal testimony, based on an  
24 earlier order, is due this afternoon. And Mr. Wright  
25 has agreed on behalf of Peoples for us to have an

1 additional day until close of business tomorrow, and I  
2 would like to have that request approved if I could.

3 COMMISSIONER DEASON: Does Staff object?

4 MS. ERSTLING: We have no objection to that.

5 MR. WRIGHT: That's correct.

6 COMMISSIONER DEASON: Very well.

7 MR. BEASLEY: Thank you.

8 COMMISSIONER DEASON: Mr. Wright has no  
9 objection. Show, then, that that extension will be  
10 granted.

11 Any other preliminary matters?

12 MS. ERSTLING: No, there are none.

13 COMMISSIONER DEASON: Okay. We can proceed  
14 then into the draft Prehearing Order.

15 MS. ERSTLING: Okay. On Issue No. 1, Staff  
16 would like to --

17 COMMISSIONER DEASON: Before we get to  
18 Issue 1, let's just go through some of the preliminaries  
19 here.

20 MS. ERSTLING: Oh, I'm sorry.

21 COMMISSIONER DEASON: Normally, there are no  
22 questions or corrections, but sometimes there are.

23 Section I is Case Background. Changes or  
24 corrections?

25 II is Procedure for Handling Confidential

1 Information. I believe all parties are adequately aware  
2 of the Commission's confidential information procedures.

3 III is Prefiled Testimony and Exhibits.

4 Section IV is Order of Witnesses. Any changes  
5 or corrections to the order of witnesses as contained in  
6 the draft Prehearing Order?

7 MS. KAUFMAN: Commissioner Deason, City Gas  
8 would simply like to add Issue No. 3 by  
9 Mr. Householder's name. He will address that issue as  
10 well.

11 COMMISSIONER DEASON: Very well. Any other  
12 changes?

13 MR. BADDERS: Yes, Commissioner Deason. Gulf  
14 Power would like to just go ahead and add Neyman for all  
15 of the issues. I'm not really sure of the numbering of  
16 the issues, I just got the Prehearing Order, but she's  
17 our witness for all issues.

18 COMMISSIONER DEASON: Very well.

19 Mr. Wright?

20 MR. WRIGHT: Thank you, Commissioner Deason.  
21 Peoples would like to add toward the end of or at the  
22 end of the witness list Maury J. Blalock, appearing for  
23 Peoples, addressing Issue 3A. Mr. Blalock is the  
24 witness who filed the supplemental direct intervenor  
25 testimony as permitted by your preliminary order on

1 Friday.

2 COMMISSIONER DEASON: Okay. Now, let me ask  
3 this. Since this is supplemental testimony, is it your  
4 desire to have Mr. Blalock appear as the last witness,  
5 or would it be more appropriate to include him following  
6 Mr. Krutsinger?

7 MR. WRIGHT: Yes, sir, that's right.

8 COMMISSIONER DEASON: Which? Would you want  
9 it at the very end or after Krutsinger?

10 MR. WRIGHT: I think after Krutsinger would be  
11 appropriate for the logic of the hearing. Because his  
12 testimony is of the nature of direct intervenor  
13 testimony, not rebuttal per se, so I think your  
14 suggestion is right. Let's put him after Krutsinger.

15 COMMISSIONER DEASON: Any objection? All  
16 right, very well. Show that Blalock then will follow  
17 Krutsinger and that Blalock will be addressing Issue 3A.

18 MR. GUYTON: Commissioner Deason, as to  
19 Witness M. I. Arias, perhaps Issues 3 and 4 should be  
20 added to the issues that she's addressing, although we  
21 are hopeful that one of those, at least, will be  
22 stipulated.

23 COMMISSIONER DEASON: Very well. Any other  
24 changes?

25 MR. BEASLEY: Commissioner, Tampa Electric

1 will be, as I indicated earlier, filing testimony  
2 tomorrow afternoon. We are not quite certain yet  
3 exactly who is going to testify; but if you want to put  
4 a placeholder right after Mr. Carrier for Tampa Electric  
5 addressing Issue 3A, we will, of course, notify the  
6 Staff as soon as we identify who that person will be.

7 MS. ERSTLING: Satisfactory.

8 COMMISSIONER DEASON: Let me ask this  
9 question. The West Florida Natural Gas witnesses, is it  
10 anticipated that they will be appearing, or are those  
11 issues going to be stipulated?

12 MS. ERSTLING: Presently it looks as if most  
13 of those issues will be stipulated.

14 COMMISSIONER DEASON: Is that correct,  
15 Mr. Horton?

16 MR. HORTON: Yes, I believe that's correct.

17 COMMISSIONER DEASON: My only concern was  
18 having those witnesses wait around while the Peoples  
19 witnesses and TECO witnesses address some of their  
20 specific issues. That was my only concern. But if they  
21 are probably not going to be appearing anyway --

22 MR. HORTON: I'm not aware of any issues that  
23 will be not be able to be stipulated at this point, as  
24 we go through.

25 COMMISSIONER DEASON: Very well. Okay. Basic

1 some calculations; and until we completely check them,  
2 we would like to put that in.

3 COMMISSIONER DEASON: That would be for Power  
4 Corp and Gulf Power?

5 MS. ERSTLING: And Florida Power & Light.

6 MR. GUYTON: Commissioner Deason, Florida  
7 Power & Light has some concern as to just what this  
8 issue is attempting to identify in terms of a number.  
9 We think we understand the number that's attempting to  
10 be identified here. We would suggest that perhaps it is  
11 not the final true-up amount, but is the actual true-up  
12 amount as of the end of the period September 1994 and  
13 would suggest that this issue be changed to read  
14 "actual" rather than "final."

15 COMMISSIONER DEASON: Is that Staff's  
16 understanding?

17 MS. ERSTLING: That's Staff's understanding.  
18 We've had no difficulty with anyone else understanding,  
19 but we have no opposition to using actual  
20 end-of-the-period true-up amounts.

21 COMMISSIONER DEASON: Okay. We'll just change  
22 the wording of the issue such that it will read what is  
23 the actual end-of-period true-up as opposed to final.

24 MR. GUYTON: With that change, the numeric  
25 value that FPL shows would change to read \$3,509,472

1 overrecovery.

2 COMMISSIONER DEASON: Any other changes?

3 MR. BADDERS: Commissioner Deason, Gulf  
4 Power's position on that should be changed to read "an  
5 overrecovery of 98,385."

6 MS. ERSTLING: If that is Gulf's position,  
7 then we can take it they are in agreement with Staff's  
8 position of 98,385 overrecovery, and we can clear that  
9 up right now.

10 COMMISSIONER DEASON: So then you can state  
11 that is your position for Gulf, as well?

12 MS. ERSTLING: Yes.

13 COMMISSIONER DEASON: All right. I would note  
14 that there are a number of companies whose positions  
15 agree with Staff and vice versa, and then there are a  
16 number of companies where there appears to be  
17 disagreement. I guess the positions will just state  
18 that for themselves. There's no way to have these  
19 issues stipulated. I mean, perhaps for some companies  
20 it can be stipulated, but there is --

21 MS. ERSTLING: At the present time, we can for  
22 all accept FPC and FPL, I believe, and West Florida  
23 Natural Gas.

24 COMMISSIONER DEASON: So that could be  
25 stipulated for all except Florida Power, Florida Power &

1 Light and West Florida.

2 MS. ERSTLING: West Florida Natural Gas, yes.

3 MR. HORTON: Commissioner, as far as West  
4 Florida is concerned, I will check those numbers and get  
5 back with Staff. Its only about \$200 difference.

6 COMMISSIONER DEASON: Very well. Well, what  
7 about TECO? I see that there is a difference between  
8 Staff's position and TECO's position.

9 MS. ERSTLING: Sure is.

10 COMMISSIONER DEASON: And isn't there a  
11 difference for Peoples Gas, as well as St. Joe Natural  
12 Gas?

13 MS. BULECZA-BANKS: The \$2 difference in  
14 St. Joe Natural Gas, we can just remove as a -- I'm not  
15 going to take the \$2 difference. It doesn't change the  
16 fact that it's just a rounding difference.

17 COMMISSIONER DEASON: Okay. And what about  
18 Peoples?

19 MS. BULECZA-BANKS: Peoples definitely is not  
20 in agreement.

21 COMMISSIONER DEASON: All right.

22 MS. ERSTLING: And neither is TECO's.

23 COMMISSIONER DEASON: And neither is TECO's.

24 MR. BEASLEY: We will check with that. And If  
25 we can resolve it, I would like to have it where we

1 don't have to have a witness up here.

2 COMMISSIONER DEASON: Very well.

3 MR. BEASLEY: Thank you.

4 COMMISSIONER DEASON: That is good incentive,  
5 isn't it?

6 MR. BEASLEY: Yes.

7 COMMISSIONER DEASON: Okay. Issue No. 2.  
8 Changes or corrections?

9 MR. MCGEE: For Florida Power's position,  
10 Commissioner, we would insert for the first three  
11 factors listed for Florida Power the first four listed  
12 by Staff under Florida Power.

13 COMMISSIONER DEASON: Staff, do you have that  
14 correction?

15 MS. ERSTLING: Yes. They want to insert the  
16 first four that we list in their place for the first  
17 three that they are showing.

18 MR. MCGEE: And I think with that change that  
19 will cause Florida Power's position and Staff's to be  
20 consistent.

21 COMMISSIONER DEASON: Very well. Any other  
22 changes?

23 What about Gulf's position? There may have  
24 been a typographical error in the draft? At least maybe  
25 in my draft.

1 MR. BADDERS: Gulf's position is that it  
2 should be .026 cents per kilowatt-hour.

3 COMMISSIONER DEASON: Okay. See, I have an  
4 overrecovery of 59,000, which was not even an  
5 appropriate response in this issue in my draft. So your  
6 number is what?

7 MR. BADDERS: .026 cents per kilowatt-hour.

8 MS. ERSTLING: We are in agreement. I think  
9 you're looking at the draft that was before the morning  
10 change that I gave.

11 COMMISSIONER DEASON: Yes. And I'm sorry, I  
12 didn't have time to look at your changes and I'm just  
13 having to work from the draft that I reviewed over the  
14 weekend.

15 MS. ERSTLING: Okay. We are in agreement.

16 COMMISSIONER DEASON: Okay. Very well.

17 MR. WRIGHT: Commissioner Deason?

18 COMMISSIONER DEASON: Yes.

19 MR. WRIGHT: On Peoples' position on Issue 2,  
20 there's a row missing between "Small Commercial" and  
21 "Commercial Large Volume 1," there should be a row that  
22 just reads "Commercial" and the applicable factor  
23 according to Peoples' position is 2.072 cents per therm.

24 And I apologize for not calling this to your  
25 attention when we were on the basic position, but the

1 same omission was made in our position statement on  
2 "Basic Position," back on Page 7.

3 COMMISSIONER DEASON: Staff, do you have those  
4 corrections?

5 MS. ERSTLING: Yes.

6 COMMISSIONER DEASON: Very well. Any other  
7 changes or comments concerning Issue 2?

8 Issue No. 3.

9 MS. KAUFMAN: Excuse me, Commissioner Deason.

10 COMMISSIONER DEASON: Yes.

11 MS. KAUFMAN: I believe, at least as to City  
12 Gas, there is agreement on Issue 2; and we would like to  
13 try and avoid bringing our witnesses as well if we don't  
14 need to.

15 COMMISSIONER DEASON: Is that correct, Staff?

16 MS. BULECZA-BANKS: That's correct. All gas  
17 utilities, with the exception of Peoples, have the same  
18 factors on Issue 2.

19 COMMISSIONER DEASON: Very well.

20 Okay. Issue No. 3.

21 I understand Florida Power & Light has a  
22 concern with the wording of the issue?

23 MR. GUYTON: Commissioner Deason, I want to  
24 look for guidance as to whether anybody takes issue with  
25 Florida Power & Light's advertisements; and If so, which

1 one? It doesn't appear to me from the positions of the  
2 parties that they do; and if they should take issue with  
3 FPL's advertisements, we can look at the voiding of the  
4 issue.

5 COMMISSIONER DEASON: Is anyone here taking  
6 issue with any of the specific advertisements conducted  
7 by Florida Power & Light that they are requesting  
8 recovery during this proceeding?

9 I take it no one is taking issue with any of  
10 your advertisements, Mr. Guyton.

11 MR. GUYTON: Very good.

12 MR. WRIGHT: Commissioner Deason?

13 COMMISSIONER DEASON: Yes.

14 MR. WRIGHT: Peoples' position on Page 15  
15 should read, "Yes, with respect to Peoples Gas." The  
16 remainder of the issue statement remains as is.

17 MS. ERSTLING: Is that on Page 15?

18 MR. WRIGHT: Yes. It just says, "Yes, with  
19 respect to Peoples Gas." And then the sentence that  
20 begins, "The amount of" remains as it is.

21 MS. ERSTLING: Okay. I think the amount is a  
22 typo in there. I think we have to drop a zero. It  
23 should be \$6,852.50; is that correct? Mr. Wright?

24 MR. WRIGHT: I'm sorry?

25 MS. ERSTLING: On that statement I think we

1 have a typo in there. I just want to clarify it with  
2 you. I think "seeks to recover is \$6,852.50"; is that  
3 correct?

4 MR. WRIGHT: It's 6,852.50, yes. That's  
5 correct. Thank you.

6 MS. ERSTLING: Okay.

7 COMMISSIONER DEASON: Let me make an  
8 announcement. It may be too late. But, apparently,  
9 someone's car is being towed. It's in one of the  
10 metered spots out on the parking garage deck. And I  
11 don't know the make or model, all I was told was that it  
12 is a silver car. So if you need to make a mad dash --

13 All right. I'm sorry. Where were we?

14 MS. ERSTLING: Issue 3.

15 COMMISSIONER DEASON: We're on Issue 3, and we  
16 have discovered that no one is taking issue with Florida  
17 Power & Light's position. And Peoples has modified  
18 their position with some additional language. Any other  
19 changes on Issue 3?

20 MR. BADDERS: Yes, Commissioner Deason. Gulf  
21 Power now has a position. That would be, "Yes, as to  
22 Gulf Power Company. Gulf's advertisements comply with  
23 all FPSC rules and orders. The advertisements for the  
24 period have been audited by the FPSC and found to be in  
25 compliance. Therefore, the expenses are entitled to

1 rcovery."

2 MS. ERSTLING: Okay. If you would give me a  
3 copy of that statement afterwards, I would appreciate  
4 it.

5 COMMISSIONER DEASON: Okay. Any other changes  
6 or corrections for Issue 3?

7 MR. SCHIEFELBEIN: Commissioner Deason, on  
8 Issues 1 through 3, Public Counsel had not taken a  
9 position at this time. Are they going to be taking no  
10 position?

11 COMMISSIONER DEASON: Mr. Howe?

12 MR. HOWE: I guess, since there is  
13 disagreement between the Staff and at least one of the  
14 utilities on each of these, I'll maintain no position at  
15 this time with respect to, I believe, it's Florida Power  
16 Corporation, Florida Power & Light, and Gulf Power  
17 Company on Issue 1. And on the others, I can agree with  
18 Staff.

19 COMMISSIONER DEASON: Staff, do you have that?

20 MS. ERSTLING: Then he's taking no --

21 COMMISSIONER DEASON: Whatever is in  
22 controversy, he's maintaining his flexibility. If there  
23 is no controversy identified, then he is taking no  
24 position.

25 MR. HOWE: That would be true with each of the

1 first three issues.

2 MR. SCHIEFELBEIN: And the same question,  
3 Commissioner Deason, for FIPUG.

4 MS. KAUFMAN: FIPUG is taking no position on  
5 the first three issues.

6 COMMISSIONER DEASON: Very well.

7 MR. MCGEE: Just for clarification,  
8 Commissioner, I believe that Florida Power, on Issue  
9 No. 3, is in a stipulated position. Staff has qualified  
10 its yes with two issues, neither one of which, I  
11 believe, relate to Florida Power. I just wanted to make  
12 sure that was the understanding Staff had.

13 MS. ERSTLING: My understanding on Position  
14 No. 1 is that we are taking no position at this time  
15 until we just verify the figures.

16 MR. MCGEE: Right. I was just referring to  
17 Issue No. 3.

18 MS. ERSTLING: Oh, just to issue -- then we're  
19 okay.

20 COMMISSIONER DEASON: Okay.

21 MR. BADDERS: Commissioner Deason, with regard  
22 to Issue 3, Gulf Power -- I guess I read that a little  
23 bit fast -- we are in agreement with Staff basically, so  
24 we can reach a stipulation on that.

25 MS. KAUFMAN: And I believe that's true for

1 City Gas, as well.

2 COMMISSIONER DEASON: Staff, can you confirm  
3 that?

4 MS. ERSTLING: I think the only two that are  
5 in conflict there would be Peoples' and TECO's, and we  
6 can stipulate it as to the other parties.

7 COMMISSIONER DEASON: Very well.

8 MS. BULECZA-BANKS: No. I believe we're in  
9 agreement with Peoples. Peoples just says, yes, they  
10 didn't qualify their position with anybody else. The  
11 only one in question would be TECO, who addressed  
12 Peoples' testimony -- advertising. So it would be a  
13 stipulation with respect to all but TECO.

14 COMMISSIONER DEASON: Okay.

15 MR. BEASLEY: We addressed Peoples in our  
16 response, and we are looking at some information that we  
17 got Friday afternoon. So we do raise an issue regarding  
18 Peoples in our response to this issue.

19 MS. ERSTLING: Okay.

20 COMMISSIONER DEASON: It appears that Peoples'  
21 and TECO's are in question.

22 MS. BULECZA-BANKS: They're in question as  
23 opposed to Peoples' and TECO's mind, not Staff's. Staff  
24 has accepted the advertising expenses for all the  
25 utilities in conservation.

1           COMMISSIONER DEASON: I understand that. But  
2 there is at least controversy -- it's a little different  
3 in that normally it's Staff that identifies a potential  
4 area of concern. Staff is in agreement with the filings  
5 of both Peoples and TECO, but there is disagreement  
6 between Peoples and TECO.

7           MS. ERSTLING: That is correct.

8           COMMISSIONER DEASON: So I think it's still at  
9 issue.

10          MS. BULECZA-BANKS: Right.

11          COMMISSIONER DEASON: And cannot be  
12 stipulated.

13          MS. BULECZA-BANKS: Right. To the next issue,  
14 the 3A, where Peoples has a specific issue. So would it  
15 be appropriate just to toss this out to make a separate  
16 issue for TECO, and then this issue could be possibly  
17 stipulated?

18          COMMISSIONER DEASON: I'll get feedback from  
19 Mr. Wright and Mr. Beasley on that possibility.

20          MR. BEASLEY: I think we can probably get with  
21 the Staff and word it in such a way where we are both  
22 preserving our opportunities to address the other  
23 party's advertising without involving Staff.

24          MS. ERSTLING: My understanding, though, is  
25 that TECO has tied their question as to Peoples'

1 advertising with recovery, which is slightly different  
2 than what the issue in 3A is, is where they are not  
3 tying it to recovery at all. They are just asking a  
4 statement as to whether or not they have gone into false  
5 advertising.

6 So I think that, insofar as TECO is raising  
7 the issue in regard to Peoples, I don't think we can  
8 stipulate out Issue 3 in regards to TECO and Peoples at  
9 this point. We can as far as all the other utilities  
10 are concerned, but not --

11 COMMISSIONER DEASON: Well, let's just show it  
12 as an issue, and that way we know that we are correct.

13 Okay. Issue No. 3A is the Peoples Gas issue.

14 MR. BEASLEY: Tampa Electric's position on  
15 this issue, which I will provide in writing to the  
16 Staff, is, "No. All of Tampa Electric's proposed  
17 advertising expenses should be approved." With the  
18 witnesses being Mr. Bryant, and the  
19 as-yet-to-be-determined rebuttal witness. But I'll  
20 provide that to Ms. Erstling in writing.

21 COMMISSIONER DEASON: And Peoples' position  
22 stays as stated?

23 MR. WRIGHT: Peoples' position stays as  
24 stated. We should go ahead and add Mr. Blalock's name  
25 as the witness, witnesses in parens at the end of the

1 issue statement.

2 COMMISSIONER DEASON: Very well. Do any of  
3 the parties have a position on Issue 3A? Okay. Neither  
4 FIPUG or Public Counsel have a position?

5 MR. HOWE: Public Counsel does not have a  
6 position.

7 MS. ERSTLING: And the Staff's position is,  
8 "No."

9 COMMISSIONER DEASON: Staff position is, "No."  
10 Okay. Issue No. 4.

11 MR. SCHIEFELBEIN: Commissioner, there's just  
12 a typo on Chesapeake's position, five lines down,  
13 "standardizing." That's it, otherwise as stated.

14 COMMISSIONER DEASON: Okay.

15 MR. GUYTON: Commissioner Deason, Florida  
16 Power & Light has some concern about the issue as it has  
17 been identified. We are not entirely sure what the  
18 scope of this potential docket that's being asked about  
19 would be. And if we are to try to address this in terms  
20 of testimony as to whether or not the Commission should  
21 have a docket, we would like to request a little bit  
22 better understanding or a little clearer definition of  
23 what are the types of things that this docket would or  
24 could potentially address.

25 COMMISSIONER DEASON: Ms. Erstling?

1 MS. ERSTLING: It's my understanding that the  
2 basic concept of opening this docket is to look at  
3 specific standards that can be used to set to,  
4 particularly, residential heating units and various  
5 types of things of that nature in which we can make a  
6 determination, when the gas industry and the electric  
7 industry are both using these standards to measure in  
8 their advertising to the public, that the standards they  
9 are using are the same. And to that effect, which  
10 particular variables will be considered might be the  
11 variables that these companies normally would put forth  
12 in their advertising.

13 And I think that by keeping the docket more  
14 generic, we give them the opportunity to tell us what  
15 they are going to use in their advertising and which  
16 standards should be set. We did not want to limit it or  
17 to limit their ability to advertise by telling them  
18 which specific things we were going to look at.

19 COMMISSIONER DEASON: Mr. Guyton, does that  
20 give you any assistance?

21 MR. GUYTON: Commissioner, I am afraid it  
22 doesn't give us much definition as to what standards are  
23 going to be considered. I mean, the Staff has  
24 identified, for instance, in the language, energy  
25 claims. And then it says some related variables are

1 energy efficiency, energy consumption equipment costs.  
2 We don't understand, for instance, if dollar savings  
3 would be energy claims. We don't understand how  
4 equipment cost relates to the term "energy claims."

5           If this is the list of all of the potential  
6 factors that might potentially be considered in a  
7 generic proceeding, that would probably suffice. But we  
8 are somewhat uncertain as to whether or not the  
9 Commission is going to consider standards for each and  
10 every one of the factors that are currently mentioned in  
11 the issue -- or at least that Staff can propose to the  
12 Commission to open a docket to consider those factors.

13           MS. BULECZA-BANKS: If I might help clarify it  
14 some?

15           What the Staff is interested in looking at is  
16 when a company is doing advertising where it is  
17 comparing different fuel applications, if you have for  
18 residential water heating, you'll have and a lot of  
19 times the ad will show, "Use electricity or use gas,  
20 save X percentage." And sometimes it will list usage  
21 levels, a therm usage or kilowatt-hour. Sometimes it  
22 doesn't, it just gives you a dollar savings value. But  
23 you had to use all those variables as consumption levels  
24 and a lot of assumptions that you made to get this  
25 savings.

1           And the problem that Staff is seeing is that  
2 for a consumer who opens a newspaper, if he's on Page 3,  
3 he says, "Oh, if I use electricity, I'll save X  
4 percent." And he looks three pages over to a gas ad,  
5 and it says. "Save a different percentage using gas."  
6 And each one is more favorable to whatever application  
7 is being advertised at that time.

8           So what we are attempting to do is to get a  
9 typical unit that would be reasonable to advertise, the  
10 efficiency of that unit and the consumption level of  
11 that unit, so that at least they look comparable when  
12 you are doing it from whatever perspective, whether it  
13 be FPC's or Chesapeake's, and have some kind of base as  
14 standard that one would use.

15           Most of the ads we've seen are generally  
16 targeting residential, and I think that data would be  
17 widely available. And what Staff is interested in is  
18 coming up with some standards for the north, central and  
19 south regions where it would be more applicable where  
20 some have heating load and some do not. But that was  
21 the cause for why we wanted to address and open this  
22 docket.

23           MR. GUYTON: Would that change over time? I  
24 mean, are you envisioning a rule here?

25           MS. BULECZA-BANKS: Yes. We have envisioned a

1 rule. I don't think there's anything set where we said  
2 we have to have a rule; but it would be good for us to  
3 have a basis on which to judge these ads and which to  
4 see that no one is being misled, whether intentionally  
5 or unintentionally, so that the consumer is -- at least  
6 he has a good basis upon which to judge and make a  
7 choice of which fuel source he wants to use.

8 I don't envision this being very broad-based  
9 because the advertisements are generally targeting  
10 residential usage.

11 MR. SCHIEFELBEIN: Commissioner Deason, we  
12 share some of the same concerns as FPL does on this.  
13 I'm wondering if it would make sense to go automatically  
14 into a spin-off docket mode or if it would make more  
15 sense to have some sort of an informal workshop where we  
16 might narrow down the scope of this proceeding. We  
17 certainly won't agree on what the answers to the issues  
18 are, but we might narrow the scope of it.

19 MS. ERSTLING: We have no opposition to going  
20 immediately into a spin-off, if that's what everyone  
21 would agree to, and to withdraw this issue from this  
22 docket and just immediately, if it goes with the  
23 Commission's approval, to open a generic docket.

24 COMMISSIONER DEASON: No, I think  
25 Mr. Schiefelbein was saying that perhaps we shouldn't

1 automatically go into a spin-off, that perhaps we should  
2 have some type of a workshop or something along those  
3 lines to perhaps better flesh out what the subject  
4 matter of the investigation would be.

5 MR. BEASLEY: We'd certainly be willing to  
6 participate in such a workshop.

7 MR. GUYTON: We have some fundamental concerns  
8 as to whether the Commission would want to entertain  
9 this standard or whether we might actually be able to  
10 set standards if we go to hearing. And I think a  
11 workshop climate might be an easier climate to lay some  
12 of those concerns out on the table.

13 It is these very types of concerns that led to  
14 not coming to a Commission resolution on gas  
15 substitution measures for electricity in the goals  
16 docket. And we think the Commission would have the same  
17 kind of difficulty in this type of a generic proceeding  
18 as it did in the most recent goals docket because of the  
19 difference in opinion as to these basic assumptions.

20 And, certainly, before we talk about going to  
21 hearing in front of the Commission, perhaps we ought to  
22 talk about the extent to which we could agree among  
23 ourselves. We would encourage Staff to withdraw the  
24 issue and see if we can't pursue it through a workshop  
25 and then make some assessment as to whether we need to

1 go to hearing.

2 COMMISSIONER DEASON: Ms. Erstling?

3 MS. ERSTLING: Well, Staff is willing to  
4 withdraw this if we do open a workshop, if we can be  
5 assured of full cooperation from all the utilities that  
6 are sitting here today in going forward with that  
7 workshop and trying to find some common basis. And with  
8 that understanding, we would not be opposed to  
9 withdrawing this as an issue today.

10 COMMISSIONER DEASON: Is there any objection  
11 to having this issue withdrawn with the understanding  
12 that it would be Staff's intent to conduct a workshop to  
13 further explore the possibility of having some type of  
14 an investigation in seeing what common ground that may  
15 exist in this general area? Any objection?

16 MR. GUYTON: No.

17 MR. MCGEE: No.

18 MR. WRIGHT: No.

19 COMMISSIONER DEASON: All right. Issue 4,  
20 then, would be withdrawn with that understanding. And  
21 it may be the result of that workshop then that there  
22 would be a recommendation to open a formal  
23 investigation, either a rulemaking or an investigation  
24 in lieu of a rulemaking with the idea that there may  
25 eventually be a rulemaking, just would appropriate. But

1 right now for the purposes of this docket and this  
2 upcoming hearing, Issue 4 will be deleted.

3 COMMISSIONER DEASON: Issue No. 5.

4 MR. HOWE: Public Counsel's position on Issue  
5 No. 5 would be "No."

6 COMMISSIONER DEASON: Does FIPUG have an  
7 position on Issue 5?

8 MS. KAUFMAN: No, no position.

9 MR. SCHIEFELBEIN: Chesapeake would have no  
10 position.

11 MR. BADDERS: Gulf has no position.

12 MR. WRIGHT: Peoples Gas has no position.

13 COMMISSIONER DEASON: Any further changes or  
14 corrections?

15 MR. BEASLEY: Tampa Electric did not propose  
16 this; and I will provide a written position, but  
17 generally, we would not propose this.

18 COMMISSIONER DEASON: Well, you are not  
19 proposing it, but you are going to provide a position  
20 then to Staff to include it? Is that what you're  
21 saying?

22 MR. BEASLEY: Yes, sir.

23 COMMISSIONER DEASON: Okay.

24 MR. MCGEE: Does Staff have a position on this  
25 issue?

1 MS. ERSTLING: No, we do not have. We are  
2 looking to this at this particular time more as a policy  
3 issue, and we have not stated a position.

4 MR. GUYTON: Commissioner Deason, Florida  
5 Power & Light Company, since this hasn't come out with a  
6 stipulation that we thought perhaps it might, would  
7 request leave to file testimony on this issue.

8 COMMISSIONER DEASON: Staff?

9 MS. ERSTLING: To get a full picture of this,  
10 I can see no reason why that would be objectionable if  
11 they wish to file testimony on the issue.

12 COMMISSIONER DEASON: Well, my concern is we  
13 are two weeks away from hearing. Filing testimony and  
14 then allowing parties which may take a contrary position  
15 to then file responsive testimony, I'm just not so sure  
16 that we have adequate time to accommodate that.

17 If there are no objections by any of the other  
18 parties, I would be inclined to allow you that  
19 flexibility. If there is an objection, well, then, we  
20 may have to look at some other means, maybe even  
21 postponing litigation of this issue to some subsequent  
22 time.

23 But let me ask a question: Is there any  
24 objection to Florida Power & Light filing additional  
25 testimony to address Issue No. 5?

1 MR. MCGEE: Commissioner, may I add that  
2 Florida Power would also like that same opportunity.  
3 This issue didn't exist at the time that we filed our  
4 testimony.

5 COMMISSIONER DEASON: I understand.

6 Staff, is there any objection? Okay. When  
7 would be the appropriate time for this testimony to be  
8 filed?

9 MS. ERSTLING: I would say that, since it's  
10 one particular issue, that if we can keep this at no  
11 later than seven days.

12 MR. GUYTON: That's certainly acceptable for  
13 Florida Power & Light.

14 COMMISSIONER DEASON: The close of business  
15 one week from today?

16 MS. ERSTLING: Yes.

17 MR. GUYTON: And, Commissioner Deason, if  
18 anybody has a counterposition, I'm not sure that  
19 simultaneous testimony filing at this point in time  
20 might not be appropriate. The issue is fairly well  
21 phrased.

22 COMMISSIONER DEASON: Okay. Very well.

23 Mr. Howe.

24 MR. HOWE: Commissioner Deason, first of all,  
25 I have one question to begin with.

1           Where did this issue come from?

2           COMMISSIONER DEASON: I'm not sure. Where did  
3 this issue originate?

4           MS. ERSTLING: It was originated from the  
5 rate -- the systems section and the audit section.

6           MR. HOWE: The Staff's section?

7           MS. ERSTLING: Yes. Staff originated this.

8           MR. HOWE: Commissioner Deason, my problem  
9 with testimony is that, first, it appears to be a Staff  
10 issue, and it appears to be purely a policy issue. What  
11 has the Commission -- what do they intend to allow --  
12 what have they allowed for recovery in the past, and  
13 what do they intend to allow for recovery in the future?

14           Given the policy nature of the issue, I don't  
15 see what is to be accomplished by filing testimony. It  
16 seems like the type of thing that the attorneys can make  
17 their arguments to the Commission at the conservation  
18 hearing and you can make a policy decision. It isn't a  
19 fact-finding kind of issue at all. I would suggest that  
20 the parties just argue their position to the Commission  
21 and you make a decision at that time.

22           COMMISSIONER DEASON: The possibility has been  
23 raised to just allow some type of a limited oral  
24 argument in lieu of testimony. What is the reaction to  
25 that suggestion?

1           MR. GUYTON: My understanding of, at least the  
2 Administrative Procedures Act, is if the Commission is  
3 going to make a policy, it should be based on the record  
4 and the evidence of record. It seems to me that if it's  
5 a policy issue, it lends itself to testimony as opposed  
6 to legal argument.

7           MR. HOWE: If I might comment on that. I  
8 think the APA says to receive evidence on issues of fact  
9 and argument on matters of law and policy.

10           I don't dispute that you can't establish a  
11 record for a policy decision by putting on the facts.  
12 Quite often, the facts underlie the policy. But in this  
13 particular case, I think we know what the facts are;  
14 they aren't going to be in dispute. The facts are  
15 should the utilities be allowed to recover the cost that  
16 they incurred in the conservation goals docket?

17           I don't think there's any dispute of fact that  
18 they actually incurred costs in those dockets. It's  
19 purely a policy issue not dependent upon the facts that  
20 the Commission is being asked to reach here.

21           COMMISSIONER DEASON: Okay. What I'm going to  
22 do is, for those persons or parties who wish to file  
23 testimony, I'm going to allow that testimony to be  
24 filed. It will be due at the Commission by close of  
25 business one week from today. Parties are not required

1 to file testimony, but those wishing to do so, may.

2 For those parties who do not wish to file  
3 testimony but do wish to make an argument on the policy,  
4 I'm going to allow parties at the conclusion of the  
5 hearing to make a closing argument to basically  
6 summarize their position and to detail why they think  
7 the policy is good or is bad, and that would be in lieu  
8 of testimony. You can do either, but you are not going  
9 to be allowed to do both. And you can make your choice.

10 Mr. Wright.

11 MR. WRIGHT: In view of the fact that the  
12 parties will be allowed to file testimony and  
13 considering the potential precedent that this might have  
14 when we get around to gas goal-setting and recovery of  
15 our cost area, I'd like to request that we be permitted  
16 to change our position back to, "No position at this  
17 time," pending review of the testimony and reserve the  
18 opportunity to make argument at the end of the hearing.

19 COMMISSIONER DEASON: Okay. Now that would be  
20 for City Gas?

21 MR. WRIGHT: Peoples Gas.

22 COMMISSIONER DEASON: I'm sorry, Peoples Gas.  
23 Okay.

24 So right now you are taking no position at  
25 this time.

1 MR. WRIGHT: That's right.

2 COMMISSIONER DEASON: And you may wish to  
3 offer some closing argument at the end of the hearing?

4 MR. WRIGHT: Correct. We will not file  
5 testimony.

6 COMMISSIONER DEASON: Very well. You will be  
7 given that flexibility.

8 MR. WRIGHT: Thank you, sir.

9 COMMISSIONER DEASON: And let me add to that  
10 that closing arguments will be limited to five minutes.

11 MR. HOWE: With a noisy microphone, no doubt.

12 COMMISSIONER DEASON: Correct.

13 Ms. Erstling, you'll need to include that  
14 somewhere in the Prehearing Order, how that's to be  
15 handled.

16 MS. ERSTLING: Yes.

17 Okay. Issue No. 6.

18 MR. SCHIEFELBEIN: Chesapeake will take no  
19 position.

20 COMMISSIONER DEASON: Your position is No  
21 position."

22 MR. SCHIEFELBEIN: Yes.

23 COMMISSIONER DEASON: Very well.

24 MR. WRIGHT: No position.

25 MR. GUYTON: FPL takes no position.

1 COMMISSIONER DEASON: Any other changes?

2 MR. HOWE: Excuse me, Commissioner Deason.

3 This is -- we're on Issue 6; is that correct?

4 COMMISSIONER DEASON: That's correct.

5 MR. HOWE: May I ask, is this factor that is  
6 appropriate for Florida Power Corporation affected by  
7 Florida Power Corporation's petition to reduce -- to  
8 change the residential load management program such that  
9 in the future they are expecting a different level of  
10 participation than what is reflected in this factor?

11 MR. MCGEE: I'm not sure if I can answer that  
12 question.

13 MR. HOWE: Do you understand what I'm getting  
14 at, Jim? As I understand it, the Company's petition  
15 changed their residential load management program. So I  
16 believe that the Company is anticipating the credits  
17 they will be paying in the future will change quite a  
18 bit. Is this factor tied to historical experience, or  
19 is it tied to the proposed changes in the Company's  
20 residential load management program?

21 MR. MCGEE: Pat, you may understand that  
22 better than I. I think it's related to past changes.

23 MS. BRADY: Yes. That's a good question.  
24 It's tied to what they currently have, I would imagine,  
25 in the petition. If something changes one way or the

1 other substantially, that you have to go back and make  
2 -- well, this is in a projected filing, so it may not  
3 affect it enough, but it would a 15% where you would  
4 have to come in for midcourse correction. That could be  
5 a possibility.

6           There's a substantial amount of money in those  
7 credits. And, basically, all this calculation is is a  
8 simplified way of -- it's the same factor, but it's just  
9 taking into consideration that you are not taxing a  
10 certain amount. You know that ahead of time. The  
11 factor becomes reduced. The multiplier becomes reduced.

12           If something gets changed in another filing  
13 and it causes a midcourse correction, we might have to  
14 revisit it. That's a very good question.

15           MR. HOWE: Is this revenue tax expansion  
16 factor, if you call it that, subject to being trued up  
17 at subsequent proceedings?

18           MS. BRADY: Oh, absolutely.

19           MR. HOWE: Public Counsel would take no  
20 position.

21           MR. MCGEE: I think in that event,  
22 Commissioner, we have a stipulated issue.

23           MS. ERSTLING: Yes.

24           COMMISSIONER DEASON: Is it correct then to  
25 show this as a stipulated issue?

1 MS. ERSTLING: Yes, I believe so.

2 COMMISSIONER DEASON: Okay. It will be shown  
3 as such.

4 Issue No. 7.

5 MR. GUYTON: Florida Power & Light takes no  
6 position.

7 MR. MCGEE: Commissioner, this relates to a  
8 similar issue in the fuel adjustment, the 01 docket.  
9 And as Florida Power did there, we will here withdraw  
10 the proposal to combine the GS nondemand in the RS rate  
11 classes.

12 COMMISSIONER DEASON: Any objection to the  
13 withdrawal of Issue 7? Hearing no objection, show Issue  
14 7 as withdrawn.

15 Issue No. 8.

16 MR. GUYTON: Commissioner Deason, Florida  
17 Power & Light Company has a wording change to its  
18 position. On the first line, the words "and  
19 development" should be struck. And on the third line,  
20 between "RTP" and "funds," the word "program" should be  
21 inserted. That sentence would then read, "These funds  
22 were spent in research of an anticipated conservation  
23 research project before Staff raised any concerns about  
24 the recovery of RTP program funds through ECCR."

25 COMMISSIONER DEASON: Okay. Any other changes

1 or corrections to positions?

2 MR. HOWE: Public Counsel would change their  
3 position to "No."

4 MS. KAUFMAN: And FIPUG would change our  
5 position to, "Agrees with Staff."

6 MR. SCHIEFELBEIN: Commissioner Deason, on  
7 this issue and the remainder of the issues, Chesapeake  
8 will be taking no position.

9 CHAIRMAN DEASON: Very well. Are there any  
10 parties that have a position for Issue 8, other than  
11 Florida Power & Light, Staff, Public Counsel and FIPUG?  
12 I believe those are the only parties that have a  
13 position for Issue 8.

14 Issue No. 9?

15 Does Gulf have a position for Issue 9?

16 MR. BADDERS: Yes, Commissioner Deason. We  
17 provided that position to Staff in writing.

18 CHAIRMAN DEASON: Okay.

19 MR. BADDERS: And I'm not sure, we may be able  
20 to stipulate.

21 MS. ERSTLING: Okay. We've just received this  
22 position today, and we may later on be able to stipulate  
23 it once you review it with the auditors.

24 CHAIRMAN DEASON: Very well. If it's possible  
25 this can be stipulated, that can be shown in the final

1 Prehearing Order.

2 Are there any parties that have a position on  
3 Issue 9 other than Gulf and Staff?

4 I believe there are no other positions.

5 Issue No. 10?

6 MR. BADDERS: Gulf has provided a position to  
7 Staff in writing. I'm not really sure if we can reach a  
8 stipulation on that.

9 MS. ERSTLING: We, again, the same thing, we  
10 need to review that and carefully decide whether we want  
11 to change our position and get a stipulation.

12 CHAIRMAN DEASON: Very well. Issue 10 then  
13 will be treated consistent with Issue 9.

14 MS. ERSTLING: Okay.

15 CHAIRMAN DEASON: And I believe no other  
16 parties have a position on Issue 10 other than Gulf and  
17 Staff.

18 MR. HOWE: Commissioner Deason, Public Counsel  
19 might once we see Gulf's position and Staff's position.  
20 We don't fully understand the dispute.

21 CHAIRMAN DEASON: Okay. So you are going to  
22 maintain no position at this time?

23 MR. HOWE: Yes.

24 CHAIRMAN DEASON: Very well. What about  
25 FIPUG?

1 MS. KAUFMAN: We have no position.

2 CHAIRMAN DEASON: No position.

3 Issue No. 11?

4 MR. BEASLEY: We're agreeing with the Staff on  
5 that one.

6 CHAIRMAN DEASON: Issue 11 can be shown as a  
7 stipulation?

8 MS. ERSTLING: Yes.

9 CHAIRMAN DEASON: Issue 12, likewise, can it  
10 be shown as a stipulation?

11 MR. BEASLEY: Yes.

12 CHAIRMAN DEASON: Very well.

13 Issue 13? Does Staff have a position on  
14 Issue 13?

15 MS. ERSTLING: At this time we have not  
16 received anything from FPUC that would make us take a  
17 position at this time. We would like to discuss it with  
18 them further. Is that possible?

19 CHAIRMAN DEASON: Okay. Then Issue 13 will  
20 remain as an issue. And Staff will be receiving  
21 additional information, and we'll conduct further  
22 discussion. Are there any parties that have a position  
23 on Issue 13 other than FPUC?

24 MR. HORTON: Commissioner? Excuse me. Might  
25 I inquire as to what we can be expecting? This is kind

1 of new, a new issue.

2 MS. ERSTLING: Well, from what I understand,  
3 the position that we've gotten was a single word  
4 position of just "Yes."

5 MR. HORTON: That it's appropriate.

6 MS. ERSTLING: That it's appropriate. Again,  
7 this amounts to basically being a policy issue as to  
8 where we go with this.

9 MS. BRADY: Well, actually, what I was hoping  
10 to get from FPUC is I have -- through discovery, what we  
11 have is a number of advertisements that have public  
12 service announcements attached to them. I see no  
13 explanation for why you feel this is cost-effective for  
14 ratepayers and conservation to assume the cost. It's a  
15 wonderful thing, but why should the ratepayers -- I'm  
16 looking for something that's maybe they didn't charge  
17 you anything more for the advertising. You know, I  
18 don't know. I just don't have any information.

19 MR. HORTON: Then you do have a position at  
20 this time that we should not be allowed to?

21 MS. BRADY: With no more information, probably  
22 a position --

23 MR. HORTON: All right.

24 MS. BRADY: -- but I would be willing to keep  
25 an open mind if we get more information.

1 MR. HORTON: All right. Thank you.

2 MR. HOWE: Commissioner Deason, I think you'd  
3 asked if anybody else was taking a position. I guess I  
4 would like to reserve the "No position at this time"  
5 until I see what shakes out on this one. If Staff were  
6 to take a position against the recovery, I think I would  
7 agree with Staff; but I understand Staff wants to  
8 maintain its "No position at this time," so I would like  
9 to do the same also.

10 CHAIRMAN DEASON: Any other positions on  
11 Issue 13?

12 Very well. Then I'm assuming that only FPUC,  
13 Staff and Public Counsel will have stated positions; and  
14 that for Public Counsel and Staff, it's basically, "No  
15 position at this time."

16 MS. ERSTLING: Was Peoples a "No position" or  
17 "No position at this time," as well?

18 MR. WRIGHT: On 13?

19 MS. ERSTLING: Yes.

20 MR. WRIGHT: No position.

21 MS. ERSTLING: No position. Okay.

22 CHAIRMAN DEASON: Issue No. 14?

23 MR. WRIGHT: Commissioner Deason?

24 CHAIRMAN DEASON: Yes.

25 MR. WRIGHT: From conversations with Staff, I

1 think we are in agreement on this. What I would propose  
2 is that we agree to a stipulation as stated in the first  
3 sentence of Peoples' position only.

4 MS. ERSTLING: Staff can agree with that.

5 CHAIRMAN DEASON: All right. Show Issue 14 as  
6 a proposed stipulation consistent with the position as  
7 described by Mr. Wright.

8 MR. HOWE: Excuse me. Commissioner Deason, in  
9 that first sentence that was just referenced, I notice  
10 it says effective July 1, 1995. Is there any  
11 significance to that date, given that the recovery  
12 periods we use are cost recovery?

13 MS. BANKS: No. It doesn't affect any  
14 incentive payments. It's just a matter of how long  
15 they've told me that it will take to change the system  
16 over and design a new system for payment. There is no  
17 disallowance of anything wrong here. They were just a  
18 different matter of payment.

19 MR. HOWE: Public Counsel will take no  
20 position.

21 CHAIRMAN DEASON: Issue No. 15? Any changes  
22 or corrections to positions as stated?

23 MR. HOWE: Public Counsel will take no  
24 position.

25 MR. GUYTON: FPL will take no position.

1 CHAIRMAN DEASON: Does FIPUG have a position?

2 MS. KAUFMAN: No, Commissioner Deason. We'll  
3 take no position.

4 MR. BEASLEY: The same with Tampa Electric.

5 CHAIRMAN DEASON: That's the last issue. Are  
6 there any other issues by any party which need to be  
7 raised or addressed at this time?

8 There being none, we can move into Section  
9 VII, which is the exhibit list. Any changes or  
10 corrections to the proposed exhibit list?

11 MS. KAUFMAN: Commissioner Deason, I don't  
12 know if I might be getting ahead of you, but I believe  
13 that all of City Gas' issues have been stipulated and so  
14 we'd ask that Mr. Householder's exhibits and testimony  
15 be entered and that he be excused from appearing.

16 CHAIRMAN DEASON: Okay. That will be the  
17 procedure for all companies whose issues have been  
18 stipulated, and perhaps we need to confirm which  
19 companies fall into that category. Apparently, it is  
20 City Gas as well as Chesapeake. Any other utilities  
21 fall into that category?

22 MS. KAUFMAN: St. Joe.

23 CHAIRMAN DEASON: St. Joe. Very well.

24 Staff, when you review, if you do find others,  
25 you can obviously indicate that those companies

1 witnesses can be excused and will not have to appear at  
2 the hearing.

3           Okay. Section VII is the exhibit list.  
4 Changes or corrections to the proposed exhibit list?

5           MR. WRIGHT: Commissioner Deason,  
6 Mr. Krutsinger has submitted four sets of testimony; and  
7 associated with those, he has four exhibits. These are  
8 identified on our prehearing statements. I think the  
9 reason that they probably didn't get on the Prehearing  
10 Order is that I was not aware of the requirement to file  
11 a diskette with the prehearing statement and so I didn't  
12 do it until late on Tuesday afternoon. But the pleading  
13 is less than five pages so I didn't think a diskette was  
14 required. Mr. Krutsinger's exhibits are as shown on  
15 Page 1 of Peoples prehearing statement.

16           CHAIRMAN DEASON: Staff, you can make that  
17 modification.

18           MR. WRIGHT: And additionally, Commissioner  
19 Deason, Mr. Blalock has one exhibit to his testimony  
20 which will be simply called the Exhibit of Maury J.  
21 Blalock and designated MJB-1.

22           CHAIRMAN DEASON: Very well. Section VIII  
23 addresses proposed stipulations. Staff will be  
24 incorporating those into the final version of the  
25 Prehearing Order.

1           Section IX addresses pending motions. I take  
2 it there are no pending motions.

3           MS. ERSTLING: No.

4           CHAIRMAN DEASON: And there are no rulings,  
5 likewise. And since there have been no additional  
6 issues raised, there will be no additional testimony  
7 other than that that was discussed concerning the  
8 flexibility of either of filing some additional  
9 testimony or else engaging in brief closing argument.  
10 And I've forgot what issue that was, but --

11           MR. SCHIEFELBEIN: 5.

12           CHAIRMAN DEASON: Issue 5. Okay.

13           Anything else to come before the Prehearing  
14 Officer in Docket 02? Staff, nothing else?

15           MS. ERSTLING: No.

16           CHAIRMAN DEASON: Okay. I think that  
17 concludes the prehearing conference. Thank you all.

18           (Thereupon, the hearing concluded at 4:17  
19 p.m.)

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1 STATE OF FLORIDA)  
 2 :  
 3 COUNTY OF LEON )

CERTIFICATE OF REPORTER

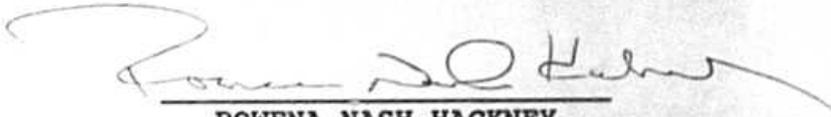
3 I, ROWENA NASH HACKNEY, Official Commission  
 4 Reporter,

5 DO HEREBY CERTIFY that the Prehearing  
 6 Conference in Docket No. 95002-EG was heard by the  
 7 Florida Public Service Commission at the time and place  
 8 herein stated; it is further

9 CERTIFIED that I stenographically reported the  
 10 said proceedings; that the same has been transcribed  
 11 under my direct supervision; and that this transcript,  
 12 consisting of 53 pages, constitutes a true transcription  
 13 of my notes of said proceedings.

14 DATED this 28th day of February, 1995.

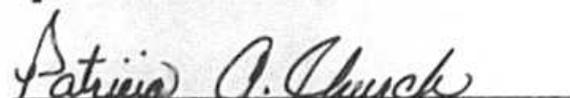
11  
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 ROWENA NASH HACKNEY  
 Official Commission Reporter  
 (904) 488-5981

15 STATE OF FLORIDA)  
 16 :  
 17 COUNTY OF LEON )

18 The foregoing certificate was acknowledged  
 19 before me this 28th day of February, 1995, by Rowena  
 20 Nash Hackney, who is personally known to me.

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 PATRICIA A. CHURCH  
 Notary Public - State of Florida  
 My Commission No. CC-90785  
 My Commission Expires April 20, 1995  
 Bonded The Troy Fair - Insurance Inc.