

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

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 In the Matter of :
 :
 Environmental Cost Recovery :
 Clause. : DOCKET NO. 950007-EI

PROCEEDINGS: PREHEARING CONFERENCE

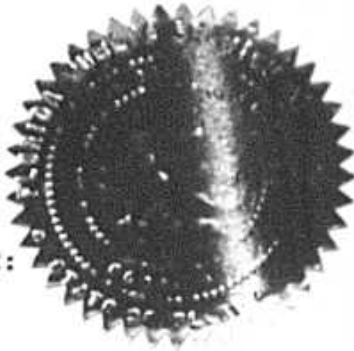
BEFORE: COMMISSIONER J. TERRY DEASON
Prehearing Officer

DATE: Monday, February 20, 1995

TIME: Commenced at 1:30 p.m.
Concluded at 1:55 p.m.

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

REPORTED BY: ROWENA NASH HACKNEY
Official Commission Reporter



1 APPEARANCES:

2 **MATTHEW M. CHILDS, P.A.**, Steel, Hector &
3 Davis, 215 South Monroe Street, Suite 601, Tallahassee,
4 Florida 32301, Telephone No. (904) 224-7595, appearing
5 on behalf of **Florida Power and Light Company**.

6 **RUSSELL A. BADDERS**, Beggs & Lane, 700 Blount
7 Building, 3 West Garden Street, P.O. Box 12950,
8 Pensacola, Florida 32576-2950, Telephone No. (904)
9 432-2451, appearing on behalf of **Gulf Power Company**.

10 **VICKI GORDON KAUFMAN**, McWhirter, Reeves,
11 McGlothlin, Davidson and Bakas, 315 South Calhoun
12 Street, Suite 716, Tallahassee, Florida 32301, Telephone
13 No. (904) 222-2525, appearing on behalf of the **Florida**
14 **Industrial Power Users Group**.

15 **JOHN ROGER HOWE**, Office of Public Counsel, 111
16 West Madison Street, Room 812, Tallahassee, Florida
17 32399-1400, Telephone No. (904) 488-9330, appearing on
18 behalf of the **Citizens of the State of Florida**.

19 **MARTHA CARTER BROWN**, Florida Public Service
20 Commission, Division of Legal Services, 101 East Gaines
21 Street, Tallahassee, Florida 32399-0863, Telephone No.
22 (904) 487-2740, appearing on behalf of the **Commission**
23 **Staff**.

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1 APPEARANCES CONTINUED:

2 **PRENTICE P. PRUITT, Florida Public Service**
3 **Commission, Office of General Counsel, 101 East Gaines**
4 **Street, Tallahassee, Florida 32399-0862, Telephone No.**
5 **(904) 488-7463, Counsel to the Commissioners.**

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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 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. HOWE: Commissioner Deason, I'm Roger Howe with the Office of Public Counsel, appearing on behalf of the Citizens of the State of Florida in the 01, 02,

1 03 and 07 dockets.

2 MS. KAUFMAN: Vicki Gordon Kaufman, McWhirter,
3 Reeves, McGlothlin, Davidson and Bakas, 315 South
4 Calhoun Street, Suite 716, Tallahassee 32301. I'm
5 appearing on behalf of the Florida Industrial Power
6 Users Group in the 0001, 0002 and 0007 dockets.

7 MR. BADDERS: Russell A. Badders, Beggs &
8 Lane, 3 West Garden Street, P.O. Box 12950, Pensacola,
9 Florida 32576. I'm appearing on behalf of Gulf Power
10 Company in the 0001, 02 and 07 dockets. I'm also making
11 an appearance on behalf of Jeffrey Stone.

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

22 Thank you.

23 COMMISSIONER DEASON: Okay, very well. Any
24 other appearances?

25 Here again, I apologize for the cramped

1 quarters, so we are going to have to be sharing
2 microphones. But perhaps some of the dockets that are a
3 little less controversial, we may get to proceed through
4 those quite quickly.

5 Ms. Brown?

6 MS. BROWN: Commissioner Deason, it appears to
7 us at this point that the 03 and 07 dockets may be the
8 least controversial, and we suggest that we do those
9 first.

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11 COMMISSIONER DEASON: We will move, then,
12 into the 07 docket.

13 MS. BROWN: Mr. Chairman, we have, I think,
14 almost a completely stipulated case in the environmental
15 cost recovery clause with one minor exception -- at
16 least Staff and the companies. We need to discuss with
17 OPC and FIPUG their positions with respect to 9A. That
18 issue is: "Should the Commission approve Gulf Power
19 Company's request to recover the cost for dismantlement
20 associated with ECRC investments through the
21 Environmental Cost Recovery Clause?"

22 It's my understanding that Gulf agrees with
23 Staff and is willing to defer this issue for
24 consideration in the August fuel hearing. We would like
25 the position of that issue to be Staff's wording, if

1 that's satisfactory with everyone.

2 COMMISSIONER DEASON: Is there any objection,
3 then, that the position for Issue 9A for both Gulf and
4 for Staff would be basically deferral? And I guess my
5 question is, are there any other positions contrary to
6 those which need to be included into the Prehearing
7 Order?

8 I take it, then, with that, the issue
9 basically will be deferred, and then there will be no
10 controversy, at least for this hearing coming up, for
11 Issue 9A.

12 MS. BROWN: That's correct.

13 COMMISSIONER DEASON: Okay.

14 MS. BROWN: And I would ask OPC and FIPUG if
15 they have any particular problems with any of the other
16 issues at this time.

17 MS. KAUFMAN: No, FIPUG doesn't, and we would
18 just maintain our "No position" on those issues.

19 COMMISSIONER DEASON: Mr. Howe?

20 MR. HOWE: I might need a little bit of
21 clarification. For example, Staff has taken the
22 position on these various issues with respect to Gulf.
23 For example, Issue No. 1 --

24 MS. BROWN: Yes.

25 MR. HOWE: -- Staff's position is, "No

1 position pending resolution of other issues." So
2 I'd like to know where Staff is on those other
3 issues.

4 MS. BROWN: Well, I'm not sure what -- I think
5 Staff and Gulf have agreed to the positions on the other
6 issues, and our numbers will be fallout numbers from
7 that.

8 MR. HOWE: Would that include -- let me find
9 the issue -- Issue 9D, recovery of meal costs through
10 the environmental cost recovery clause?

11 MS. BROWN: Yes.

12 Mr. Badders, do you want to address that?
13 It's my understanding that Gulf agrees with Staff's
14 language.

15 MR. BADDERS: That's correct, we do. We agree
16 with Staff's language on that.

17 COMMISSIONER DEASON: Mr. Howe, are you in
18 agreement with that position, or do you have a question
19 or a controversy?

20 MR. HOWE: I think on Issue 9D, Commissioner
21 Deason, Public Counsel would just change the position to
22 "No position," and let it go forward with the agreement
23 between the Staff and the utility.

24 COMMISSIONER DEASON: Well, then, can I make
25 the assumption that for both FIPUG and for the Public

1 Counsel's Office that their position is now currently
2 stating, "No position at this time," that that would be
3 changed to, "No position," period?

4 MR. HOWE: Yes, sir.

5 COMMISSIONER DEASON: Very well.

6 MS. BROWN: Mr. Chairman, I do need to mention
7 one other thing. There is sort of a combination issue
8 in fuel and in environmental. It has to do with the
9 proper place to recover SO2 emission allowances.

10 It's Staff's position in 01 that if a company
11 participates in the environmental cost recovery clause,
12 that those allowances should be recovered through that
13 clause. If a company does not participate in the
14 environmental cost recovery clause, those costs should
15 be recovered through fuel. The decision on that issue
16 will affect Gulf's factors.

17 COMMISSIONER DEASON: But it would be fallout
18 calculations.

19 MS. BROWN: It is a fallout calculation. I
20 just wanted to make you aware of that.

21 COMMISSIONER DEASON: Mr. Childs?

22 MR. CHILDS: Could I ask a question on that
23 issue and position?

24 COMMISSIONER DEASON: Could you come to a
25 microphone, please?

1 MR. CHILDS: I assume, as to your proposal for
2 the SO2 credits, that when we are talking about
3 purchased power that may include SO2 credits,
4 particularly when they are not independently itemized
5 but are included in the price, that those would continue
6 to be recovered through fuel?

7 MS. BROWN: Let me ask my Staff people on
8 that. (Pause)

9 The answer is yes.

10 COMMISSIONER DEASON: Any other questions or
11 clarifications or comments concerning the 07 docket?

12 I take it then, with the changes that we've
13 discussed, that essentially the 07 docket can be
14 stipulated?

15 MS. BROWN: Yes.

16 COMMISSIONER DEASON: So, therefore, the same
17 procedure that we just followed for 03 will be followed
18 for 07, that will be reflected in the Prehearing Order.
19 And the prefiled testimony will be inserted into the
20 record, and cross examination will be waived, and the
21 Commission will have a full and complete record upon
22 which to base its decision. And the witnesses which
23 have prefiled testimony in 07 may be excused and will
24 not have to appear at the hearing in the
25 07 docket.

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Anything further on 07?

Very well. That concludes 07.

(Thereupon, the proceedings in the 950007-EI
docket concluded at 1:55 p.m.)

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1 STATE OF FLORIDA)
 2 :
 2 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. 950007-EI was heard by the
 6 Prehearing Officer at the time and place herein stated;
 6 it is further

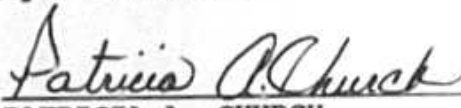
7 CERTIFIED that I stenographically reported the
 8 said proceedings; that the same has been transcribed
 8 under my direct supervision; and that this transcript,
 9 consisting of 11 pages, constitutes a true transcription
 9 of my notes of said proceedings.

10 DATED this 27th day of February, 1995.

11 
 12 ROWENA NASH HACKNEY
 13 Official Commission Reporter
 14 (904) 488-5981

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

17 The foregoing certificate was acknowledged
 18 before me this 27th day of February, 1995, by ROWENA
 18 NASH HACKNEY, who is personally known to me.

19 
 20 PATRICIA A. CHURCH
 20 Notary Public - State of Florida
 21 My Commission No. CC-90785
 21 Notary Public, State of Florida
 22 My Commission Expires April 20, 1995
 22 Bonded Through Fidelity Insurance Co.

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