

P R O C E E D I N G S

(Transcript continues in sequent from Volume 1)

COMMISSIONER KIESLING: We'll come back to order on this. And I am now prepared to deal with the supplemental list of witnesses.

To the extent that you indicted that these witnesses were to corroborate, Ida Roberts, I'm not going to permit you to supplement; however, I'm in no way precluding your right to call live witnesses at the hearing to rebut what we haven't heard yet, which is going to be the examination of the OPC witnesses as to the alleged misconduct and mismanagement. Since we don't know what we're going to say yet, I don't know how you could know who you are going to have to have to rebut them. But I'm going to deny it as to any prefiled. I mean, it seems to me that that would have to be speculative. Either that or it's introducing something new. And either way I'm not going to permit that. But we'll see at the hearing after they present theirs. As soon as you know what they presented, identify if there are people you need to call live to rebut that.

MR. BECK: Commissioner, I'm confused.

COMMISSIONER KIESLING: Yes.

MR. BECK: The witnesses we're calling, are

1 their witnesses. You're going to allow them to call
2 witnesses to rebut their witnesses that we're calling?

3 COMMISSIONER KIESLING: No. The witnesses
4 of theirs that you are calling as adverse witnesses in
5 order to establish misconduct, I'm going to permit
6 them. Once those people have been made adverse
7 witnesses, if they have to call someone on rebuttal to
8 respond to what is introduced by you through your
9 examination of those witnesses, I think they have an
10 absolute right to do that.

11 MR. SHREVE: But if it is rebuttal, they
12 would not be called to bolster that witness's
13 testimony.

14 COMMISSIONER KIESLING: I agree.

15 MR. SHREVE: They would be called to --

16 COMMISSIONER KIESLING: That was my point.

17 MR. SHREVE: Because they would have to
18 rebut whoever was on there.

19 COMMISSIONER KIESLING: Exactly. That was
20 my point. It is not to corroborate some previously
21 filed testimony. It is to respond to something that
22 was not known until it was presented at the hearing.

23 MR. SHREVE: Because we don't have any
24 witnesses other than theirs.

25 COMMISSIONER KIESLING: I understand that,

1 but you're calling some of them as adverse witnesses
2 to the extent that you're going to make them your own
3 and ask them questions on direct.

4 MR. FEIL: Commissioner, I don't have
5 prescience as to what additional customer testimony is
6 going to be allowed at the beginning of the hearing.
7 But to the extent that any of those customers speak as
8 to those issues, we would at that time probably
9 request a right to rebut any testimony from those
10 customers.

11 COMMISSIONER KIESLING: You can raise that
12 when it happens.

13 MR. FEIL: Yes, ma'am. Although I'm
14 certainly hoping that we are not going to have too
15 much customer testimony at the beginning. I mean,
16 heaven only knows, we went out and did most of those
17 twice and have had customer testimony from hundreds of
18 people. If they just were totally unable to get to
19 any of those hearings and what they have has just got
20 to be said, then, you know, we'll be hearing it, but
21 it's not an opportunity for anyone who has already
22 testify to testify again or, you know, to bring up
23 anything new.

24 MR. FEIL: Yes, ma'am.

25 COMMISSIONER KIESLING: Okay. Basic

1 positions. And I'm going to reserve ruling. I think
2 I had indicated on OPC's request to file supplemental
3 testimony until I get to that issue, so --

4 MR. ARMSTRONG: Commissioner, just to be
5 sure that we would have an opportunity to respond to
6 that motion at that time before you rule?

7 COMMISSIONER KIESLING: Yeah. I'm just
8 going to tie it to the issue, as opposed to trying to
9 deal with it in a vacuum.

10 MR. ARMSTRONG: Okay.

11 COMMISSIONER KIESLING: Basic positions.
12 Any changes, corrections or updates from SSU?

13 MR. ARMSTRONG: No, Commissioner.

14 COMMISSIONER KIESLING: Mr. Twomey, any
15 changes to yours?

16 MR. TWOMEY: No, ma'am.

17 COMMISSIONER KIESLING: I'm a little bit
18 unclear on the first sentence of yours where it says
19 "all parties except concerned citizens." Do you mean
20 all intervenors and not all parties?

21 MR. TWOMEY: Yes. Yeah, all my intervenors.

22 COMMISSIONER KIESLING: Okay.

23 Okay. We'll make a change just to clarify
24 that.

25 MR. TWOMEY: That's good. Since the Staff

1 delivery, which is okay, of referring to them as Marco
2 Island et al, although I'll probably catch it from
3 somebody.

4 COMMISSIONER KIESLING: You've got to pick
5 one of them.

6 MR. TWOMEY: I think I should just call them
7 Twomey.

8 COMMISSIONER KIESLING: Twomey intervenors?

9 MR. TWOMEY: Yes, ma'am.

10 COMMISSIONER KIESLING: Any problem?

11 MS. O'SULLIVAN: Are you saying you're a
12 party in the case then, or --

13 MR. TWOMEY: No.

14 COMMISSIONER KIESLING: No.

15 MR. TWOMEY: I can just see Sugarmill Woods
16 objecting to Marco, etcetera.

17 COMMISSIONER KIESLING: If you can think of
18 a better way to deal with it, since we can't call them
19 intervenors because there are also other intervenors,
20 if you'll just try to get your clients to understand
21 that they are not being slighted.

22 MR. TWOMEY: I will.

23 COMMISSIONER KIESLING: Okay. Well,
24 Mr. Jacobs is gone. But now that Amelia Island has --
25 I'm a little unclear still on what we are going to

1 call them. Has there been a motion to substitute
2 parties?

3 MS. O'SULLIVAN: I believe when we
4 intervened his clients, we were going to call them
5 Nassau Associations. We got away from that by calling
6 them Amelia, but we could just refer to them as Nassau
7 et al.

8 COMMISSIONER KIESLING: Okay. You'll make
9 that clear, too, earlier when it's in terms of the
10 appearances.

11 MS. O'SULLIVAN: Yes.

12 COMMISSIONER KIESLING: Okay.

13 MS. O'SULLIVAN: Mr. Jacobs indicated in a
14 statement that he wishes to adopt the positions of
15 Office of Public Counsel as far as basic position and
16 issues.

17 COMMISSIONER KIESLING: So, you know, I'd --
18 they were still called Amelia Island. I just wanted
19 to clarify that would be fixed.

20 And any changes in position or additions or
21 corrections, etcetera, that OPC needs to make?

22 MR. BECK: No, Commissioner.

23 COMMISSIONER KIESLING: And Staff?

24 MS. O'SULLIVAN: No changes. I would note
25 that Collier County -- I'm sorry, Citrus County has

1 filed a prehearing statement, this fax. And they are
2 adopting the positions of Public Counsel with the
3 exception of rate design issues. But they have not
4 provided a basic statement.

5 COMMISSIONER KIESLING: Okay. Let me see if
6 I understand. When did they intervene? Was it after
7 prehearing statements were already due?

8 MS. O'SULLIVAN: That's correct.

9 COMMISSIONER KIESLING: So they took the
10 case as they find it, and they are not raising any
11 issues of their own, they are simply going to tag onto
12 issues, etcetera, that are raised by Mr. Twomey's
13 clients and OPC?

14 MS. O'SULLIVAN: That's correct.

15 COMMISSIONER KIESLING: Okay. As long as it
16 doesn't introduce anything new, I don't care.

17 Issue 1. It's indicated here that there's a
18 possible stipulation. Is there any stipulation at all
19 on either the Enterprise or the River Park plants and
20 facilities?

21 MS. O'SULLIVAN: Commissioner, I believe the
22 parties could stipulate to River Park, but not as to
23 Enterprise.

24 COMMISSIONER KIESLING: Okay. And we can
25 make that appropriately clear in the stipulations

1 section and clarify this issue?

2 MS. O'SULLIVAN: Yes.

3 MR. FEIL: As long as we're clear that the
4 removal of River Park would also involve the
5 reallocation of the remaining common costs; we
6 stipulate to that.

7 MS. O'SULLIVAN: Yes, we can stipulate to
8 that. That's part of our position.

9 COMMISSIONER KIESLING: And Marco and OPC
10 have taken no position on this, so do you have any
11 problem with that stipulation?

12 MR. BECK: Right, we have no position.
13 We're not opposing the stipulation between Staff and
14 the Company.

15 COMMISSIONER KIESLING: Okay. And neither
16 are you?

17 MR. TWOMEY: The same as Public Counsel.

18 COMMISSIONER KIESLING: Okay. Issue 2.
19 Anything we need to talk about on that one? From SSU?
20 No.

21 Marco? On any of these, if you have filed
22 since this draft updated positions, please let me know
23 that and remind me of that because, you know, it's
24 simply just not possible for me to look back and forth
25 between three different, four different documents. So

1 nothing on Issue 2 from anyone?

2 MS. O'SULLIVAN: Commissioner, we do have --
3 I'm sorry, I was speaking to Staff.

4 COMMISSIONER KIESLING: Yeah, go ahead.

5 MS. O'SULLIVAN: Just one slight correction
6 to Staff position, second line of our position, that
7 we have that there are facilities. I would like to
8 state that there may be facilities. Pending
9 testimony.

10 COMMISSIONER KIESLING: Okay. Issue 3.

11 MS. O'SULLIVAN: I'm sorry, could I go back
12 to Issue 1? I'm sorry.

13 COMMISSIONER KIESLING: Yeah, yeah.

14 MS. O'SULLIVAN: Marco and PC have stated no
15 position. Should I indicate that in the order that
16 they have no position?

17 COMMISSIONER KIESLING: Yes.

18 MS. O'SULLIVAN: Thank you.

19 COMMISSIONER KIESLING: Issue 3. Any
20 changes in either the wording of the issue or the
21 parties' positions, other than I do note on Marco's
22 position that on Issue 3 that there's a typo.

23 MR. TWOMEY: Right, I caught that. It
24 should be "where" instead of "were."

25 COMMISSIONER KIESLING: Yes.

1 MR. TWOMEY: And the same occurs in Issue 4
2 which you may have caught as well.

3 COMMISSIONER KIESLING: Yes.

4 MR. FEIL: Commissioner, On Issue 3, SSU's
5 position, Mr. Denny should be added as a witness.

6 MR. BECK: We've given a memo to
7 Ms. O'Sullivan concerning a number of issues and
8 that's one of them, that give our position on the
9 issue.

10 MS. O'SULLIVAN: That's correct. Since the
11 completion of this draft, OPC filed on diskette
12 several updated positions. They were not made part of
13 this draft.

14 COMMISSIONER KIESLING: Am I supposed to
15 have that?

16 MS. O'SULLIVAN: I believe we discussed it
17 on --

18 COMMISSIONER KIESLING: Yes.

19 MS. O'SULLIVAN: Yes.

20 COMMISSIONER KIESLING: But I don't know
21 where it is anymore.

22 MS. O'SULLIVAN: Okay.

23 COMMISSIONER KIESLING: Let me see if this
24 is it. Yes, this is it. I found it.

25 MS. O'SULLIVAN: It's the one that I

1 renumbered in several spots.

2 COMMISSIONER KIESLING: Yes, that was the
3 one that I had trouble following the original numbers.

4 Okay. Okay. And OPC's statement there will
5 be inserted in their position?

6 MS. O'SULLIVAN: Yes.

7 COMMISSIONER KIESLING: Okay.

8 On Issue 4, I had a lot of trouble trying to
9 understand the wording of the issue. And I think I've
10 come up with wording that captures it, and I had also
11 asked Staff to see if they could come up with
12 something. Have you come up with any? Because if you
13 hadn't, I'll propose mine.

14 MS. O'SULLIVAN: This is a possible
15 rewording, "Should the Commission reduce SSU's return
16 on equity based on the findings as to the value and
17 quality of SSU's service? If so, by how much?"

18 COMMISSIONER KIESLING: Well, mine was a
19 little different than that. I had put before the
20 "'should,' Based on the findings as to the value and
21 quality of SSU's services, should the Commission
22 reduce SSU's return on equity? And if so, how much?"

23 Does either of those wordings capture what
24 the parties are trying to capture?

25 MR. BECK: Either wording is fine with me.

1 MS. O'SULLIVAN: I'll go with yours.

2 COMMISSIONER KIESLING: Well, I don't care.
3 That's okay with you, too, Mr. Twomey, since you
4 had -- that was also an issue of yours?

5 MR. TWOMEY: Either one is fine with me.

6 MS. O'SULLIVAN: Okay.

7 COMMISSIONER KIESLING: I mean, I'm just
8 trying to make it so that I could follow it. Okay.
9 And any changes to the positions, other than the
10 correction of the word "where" in Marco's position on
11 Issue 4?

12 MR. TWOMEY: Yes, ma'am.

13 COMMISSIONER KIESLING: Okay.

14 MR. TWOMEY: At the end -- I can submit this
15 to the Staff on disk by Monday, but I would add
16 "Likewise 50 basis points should be --

17 COMMISSIONER KIESLING: I'm sorry, I'm
18 having trouble hearing you.

19 MR. TWOMEY: I'm sorry. At the end say --
20 and I'll submit this in writing if you want --
21 "Likewise 50 basis points should be taken from SSU's
22 return on equity in calculating the rates to be
23 charged at Marco Island where excessive levels of lead
24 were found. Period. "

25 It's essentially the same issue as for

1 Beacon Hills, but at Marco. But not the education
2 effort, as we understand it.

3 COMMISSIONER KIESLING: Okay. Any problem
4 with that addition? Does that raise anything that
5 anyone didn't know about?

6 MR. HOFFMAN: Just a question. Who are
7 Marco's witnesses, or Mr. Twomey's client's witnesses
8 on this issue?

9 COMMISSIONER KIESLING: Mr. Twomey?

10 MR. TWOMEY: On that issue? My position on
11 that issue?

12 COMMISSIONER KIESLING: No, your witnesses.
13 You didn't list who the witnesses are for that issue.

14 MR. TWOMEY: Right. Well, my witnesses, I
15 don't have witnesses. I'm going to have to get this
16 through. Aside from Mr. -- or whoever person, Chris
17 Carter, would be the witness.

18 COMMISSIONER KIESLING: I thought Chris
19 Carter was from Jacksonville.

20 MR. TWOMEY: Beacon Hills is in
21 Jacksonville.

22 COMMISSIONER KIESLING: No, Marco.

23 MR. TWOMEY: Right. And I'll probably have
24 to get it from Terrero.

25 COMMISSIONER KIESLING: Okay. But you don't

1 have a witness?

2 MR. TWOMEY: No.

3 COMMISSIONER KIESLING: Okay. And Issue 5
4 is the issue that I think the Commission determined
5 the language for in its agenda conference, and I
6 believe it was different than what is here, so why
7 don't you restate the issue as it was at agenda.

8 MS. O'SULLIVAN: From that recommendation
9 the wording is "Has there been misconduct on the part
10 of SSU? And if so, what is the appropriate sanction?"

11 COMMISSIONER KIESLING: No, but we amended
12 that at agenda. "Has there been misconduct or
13 mismanagement" were the terms used. Do you have that,
14 Mr. Jaeger?

15 MR. JAEGER: What is the appropriate
16 sanction or remedy?

17 COMMISSIONER KIESLING: Okay. Would you
18 restate the issue one more time then?

19 MS. O'SULLIVAN: Okay. "Has there been
20 misconduct or mismanagement on the part of SSU? And
21 if so, what is the appropriate sanction or remedy?"

22 COMMISSIONER KIESLING: Okay. Any problems
23 with that wording? Any changes to the positions that
24 are set forth here?

25 I had one question for OPC which somewhat

1 concerned me. At this late time in the proceeding,
2 I'm a little bit uncomfortable with you saying that
3 mismanagement penalties should be assessed for
4 misconduct that includes -- I think if at this point
5 you don't know what misconduct you're alleging, I'm
6 not willing to leaves the door open for you to bring
7 up something new that we've never heard about.

8 MR. BECK: Those are the three misconducts
9 that we cited in our motion to do that.

10 COMMISSIONER KIESLING: I understand that.
11 If you just said a mismanagement penalty should be
12 assessed for misconduct of 1, 2 and 3, but when you
13 say "including," that leave the door open for you to
14 add new grounds.

15 MR. BECK: I have no problem "for the
16 following misconduct."

17 COMMISSIONER KIESLING: Okay. We'll make
18 that change then.

19 Mr. Twomey, do you have a problem with the
20 statement of the issue for you?

21 MR. TWOMEY: I do not.

22 COMMISSIONER KIESLING: Okay.

23 MR. HOFFMAN: Commissioner Kiesling?

24 COMMISSIONER KIESLING: Yes.

25 MR. HOFFMAN: A slight amendment to our

1 position on the top of Page 20.

2 COMMISSIONER KIESLING: The one you have
3 already submitted?

4 MR. HOFFMAN: No ma'am, that's why I'm
5 articulating it. We would say, "No, there is no
6 evidence of SSU misconduct or mismanagement."

7 COMMISSIONER KIESLING: Okay.

8 MR. BECK: Commissioner, with respect to
9 ours under 1 where it says "ex parte," we probably
10 ought to add the word soliciting, "soliciting ex parte
11 contacts."

12 COMMISSIONER KIESLING: All right. Any
13 other changes to 5?

14 MS. O'SULLIVAN: Can I get OPC's last change
15 there? I'm sorry.

16 MR. BECK: Before the word "ex", put
17 "soliciting."

18 MS. O'SULLIVAN: Thank you.

19 COMMISSIONER KIESLING: 6.

20 MS. O'SULLIVAN: Staff has one slight
21 addition to the issue wording. "Are any adjustments
22 necessary to rate base." To reflect any --

23 COMMISSIONER KIESLING: Or are there any
24 adjustments to the rate base necessary? I mean no
25 offense, but I think that the rate base modifies the

1 adjustments are not necessary. Right?

2 MS. O'SULLIVAN: That's correct.

3 COMMISSIONER KIESLING: Okay. Yeah, I had a
4 question on this one because it looked like everyone
5 was using not just different amounts, but also was
6 including within that amount different things. And so
7 I'm -- it was listed as a possible stipulation. Were
8 the parties able to kind of get together so that they
9 were comparing apples and apples?

10 You had the possibility of a stipulation as
11 to parcels 1, 2 and 3, and it was parcel 4 there was a
12 problem with?

13 MR. HOFFMAN: Commissioner.

14 COMMISSIONER KIESLING: Yes.

15 MR. HOFFMAN: My understanding of where
16 Southern States now sits on that issue is that we
17 agree with the Staff's position. But we are still
18 trying to ascertain the correct number.

19 MS. O'SULLIVAN: At this time we're still
20 trying to break down the numbers in terms of what
21 Ms. Dismukes testified to. I think perhaps if we
22 could spend some more time and do that, we'd be happy
23 to try and reach a stipulation on the. The difference
24 might just be looking at different numbers.

25 COMMISSIONER KIESLING: Okay.

1 MS. O'SULLIVAN: We can get parties the
2 information.

3 COMMISSIONER KIESLING: Yeah. Can OPC --

4 MR. MCLEAN: Yes, ma'am. Ms. Merchant
5 discussed that with me shortly before the prehearing.
6 And a brief phone call to Ms. Dismukes, and I can find
7 out whether we can go. I think the only disagreement
8 we have are the numbers and perhaps their application
9 in one package. It looks very likely for a
10 stipulation, but I need to talk to Ms. Dismukes first.

11 COMMISSIONER KIESLING: Okay. Can you all
12 have an answer to that and whether there is going to
13 be a stipulation by Monday at noon?

14 MR. MCLEAN: Yes, ma'am. I should think
15 we'll even have it today.

16 COMMISSIONER KIESLING: Okay. 7, again
17 adjustment to water rate base would be appropriate, I
18 think.

19 MS. O'SULLIVAN: Yes.

20 COMMISSIONER KIESLING: With that restated,
21 are there any corrections, other than in SSU's
22 position in the second to the last line where it says
23 "they must be redistributed" as opposed to
24 "redistributed."

25 MR. FEIL: Yes, ma'am, that should be

1 inserted.

2 COMMISSIONER KIESLING: That's the only one.
3 Anyone else any changes or corrections or additions?

4 All right. Issue 8. I'm proposing a change
5 in the wording just so that it's absolutely clear what
6 the issue is, that following the words "The Collier
7 property for Marco Island" I would insert "from rate
8 base to nonutility property," so we know what we're
9 reclassifying it from, or what the issue is. Is that
10 acceptable to Staff and to the rest of the parties?

11 MS. O'SULLIVAN: Yes.

12 COMMISSIONER KIESLING: Okay. Any changes
13 in position on that, other than that one?

14 Okay. Issue 9, I was a little confused
15 because I had two different positions for SSU.

16 MS. O'SULLIVAN: That was because we had
17 combined issues. I think the utility wanted to give
18 us one.

19 COMMISSIONER KIESLING: I just want someone
20 to clarify what it's actually going to be.

21 MR. FEIL: Commissioner, as to SSU, the two
22 positions stated there on Issue 9, the first position
23 is the correct one. The second one should be deleted.

24 COMMISSIONER KIESLING: Okay. Do you want
25 Witness Dilg, D-I-L-G, included?

1 MR. FEIL: No, ma'am. Teasley and Dilg
2 should not be included there.

3 COMMISSIONER KIESLING: Hartman should.

4 MR. FEIL: Yes, ma'am.

5 COMMISSIONER KIESLING: And Terrero should.

6 MR. FEIL: Yes, ma'am. With respect to
7 Issue 7, though, I neglected to mention that the
8 witnesses should be, in addition to Mr. Bencini, the
9 same witnesses listed on our position for Issue 8,
10 because those issues are very similar and parallel one
11 another to a degree.

12 COMMISSIONER KIESLING: So we need to
13 include Teasley, Dilg -- is that how you pronounce it.

14 MR. FEIL: Yes, ma'am.

15 COMMISSIONER KIESLING: Dilg, Hartman and
16 Terrero.

17 MR. FEIL: And also, if I may, Mr. Vierima
18 also addresses it on rebuttal. Vierima is spelled
19 V-I-E-R-I-M-A.

20 COMMISSIONER KIESLING: Do you also want Mr.
21 Vierima included in Issue 8.

22 MR. FEIL: No, ma'am, I don't believe he
23 addresses that specifically.

24 COMMISSIONER KIESLING: And no other changes
25 to Issue 9 then?

1 Issue 10. I think I've managed to figure
2 out a couple of things on this issue, and please
3 correct me if I'm incorrect. Since it was a combining
4 of an OPC issue and a Marco issue, I think the Marco
5 answer now should be yes instead of no.

6 MR. TWOMEY: Yes.

7 COMMISSIONER KIESLING: And I also have been
8 led to believe that there is a typographical in both
9 the Marco and the OPC position in that the number is
10 253 as opposed to 235,885.

11 MS. O'SULLIVAN: That was provided by OPC to
12 Staff, that's correct.

13 MR. TWOMEY: To make this a little bit
14 shorter, you could just say "Marco adopts OPC."

15 COMMISSIONER KIESLING: Okay.

16 Okay. Issue 11. It was indicated this
17 could be stipulated. And I'm a little bit -- this is
18 another one of those Kim Dismukes questions that you
19 may have to just get clarified since she identified it
20 by schedule instead of by dollar amounts. I don't
21 know if what she reflected in her schedule is the same
22 as what Staff has number-wise. And if so, whether it
23 can be a stipulated issue.

24 MS. O'SULLIVAN: Staff did note in looking
25 at her schedule that Ms. Dismukes used the year 1994,

1 and Staff's number are 1996, so we may have to do some
2 more discussion with OPC.

3 COMMISSIONER KIESLING: All right. I mean,
4 once you actually true it up for the same year or
5 whatever, will you two at least have some discussion
6 about whether if the numbers are all in agreement that
7 this can be stipulated?

8 MR. McLEAN: Yes, ma'am, of course.

9 COMMISSIONER KIESLING: Okay.

10 MS. O'SULLIVAN: We need to have a position
11 from Marco on that issue.

12 MR. TWOMEY: Adopt Public Counsel.

13 COMMISSIONER KIESLING: Issue 12.

14 MS. O'SULLIVAN: Commissioner, Staff
15 proposes to drop Issue 12.

16 COMMISSIONER KIESLING: Okay. Issue 12
17 dropped. Are we going to, since everyone has
18 identified the issues by number that relate to
19 different things, are we going to leave an Issue 12 in
20 here and just say the issue is dropped so we don't
21 have to renumber everything.

22 MS. O'SULLIVAN: That would be an excellent
23 idea.

24 COMMISSIONER KIESLING: Everybody is happy
25 with that? Okay.

1 13. Any changes? I think there was one
2 that was submitted by OPC to include the word "plant
3 in service" in the first line of theirs after the word
4 "to". An adjustment made to plant in service,
5 accumulated depreciation." Anything else?

6 MR. FEIL: Commissioner a typo in SSU's
7 position. There's a quotation mark there at the end.

8 COMMISSIONER KIESLING: There certainly is.
9 All right. I missed that one entirely.

10 Issue 14, SSU had no position in the draft I
11 had. Have you since filed a position?

12 MR. FEIL: Commissioner, SSU is a bit
13 confused as to what the purpose of the issue is. And
14 even if these classifications which Mr. Hansen opines
15 of and which Mr. Twomey raises, then what? What is
16 the significance of the issue?

17 COMMISSIONER KIESLING: All right. It would
18 seem to me that Marco in their position on Issue 14,
19 have kind of made it clear what the so what is. And
20 the so what is that it tends to shift capital
21 expenditures over to regulatory mandate when they
22 aren't appropriately classified.

23 MR. FEIL: But it does not in any way change
24 the amount of the capital additions, the plant in
25 service. That's my point, is that even if one agreed,

1 that a particular project that was classified as
2 regulatory mandate perhaps should not have been, then
3 what adjustments does one make?

4 COMMISSIONER KIESLING: Mr. Twomey.

5 MR. TWOMEY: Well, I'm not sure what
6 adjustments that you'd make except for the way they
7 classify things, and I can't put a dollar amount on
8 it. And I would request that you leave the issue in.
9 And if Marco -- SSU's presumed answer would be yes.
10 And let it go at that. Given all you have to discuss
11 yet this afternoon, might as well leave it like that
12 instead of having a blank Item 14.

13 COMMISSIONER KIESLING: Oh, it doesn't
14 offend me at all to have a blank issue.

15 MR. TWOMEY: I know it doesn't.

16 COMMISSIONER KIESLING: And I want to be
17 clear why we have issues included, and if they are
18 relevant, there's something that we are doing in this
19 case.

20 MR. TWOMEY: The Company constantly is --
21 I'm sure you're well aware having read the testimony
22 if you have, refers to times they'll put off
23 expenditures for growth. And Mr. Hansen and Sugarmill
24 Woods think that's questionable at times. Whether
25 something is described as growth, may determine

1 whether it properly goes into future use or not, or
2 whether it's appropriate for current rate base.

3 The primary one they use lately is the
4 regulatory, which they like to use, I think, as a
5 cover, if you will, for saying that they are meeting
6 all of the state's requirements. And we think some of
7 those aren't necessarily the case.

8 COMMISSIONER KIESLING: And when you say
9 they are classifying them, you're talking about in the
10 MFRs where they are projecting what they are going to
11 do in the future or what they did in the past as to
12 certain expenditures.

13 MR. TWOMEY: Yes, ma'am.

14 COMMISSIONER KIESLING: By facility.

15 MR. TWOMEY: Yes.

16 MR. BECK: I think we're going to agree with
17 Marco on this, and I think it goes to credibility of
18 the Company and that there would be an inference if
19 they are not credible here, they might not be
20 credible elsewhere. Further, Southern States has put
21 on testimony specifically on this point.

22 COMMISSIONER KIESLING: Does that mean OPC
23 now has a position on this?

24 MR. BECK: Yes, we agree with Marco and
25 adopt their position.

1 COMMISSIONER KIESLING: Okay. Let me just
2 write that in. If I keep the issue I want to --

3 And SSU, if it stays in, do you have a
4 position? Is it yes?

5 MR. FEIL: Yes, ma'am. It would be yes, and
6 I have a list of witnesses.

7 COMMISSIONER KEISLING: Okay. They are
8 Westrick, Bailey, Goucher, Paster.

9 COMMISSIONER KIESLING: Goucher?

10 MR. FEIL: Goucher, yes, ma'am. Paster,
11 Terrero.

12 COMMISSIONER KIESLING: All right. Well, I
13 do have some question about the "so what" that should
14 follow this, but to the extent that it may go to
15 credibility, I'm going to permit them to leave it in.
16 But unless someone identifies specific adjustments
17 that they think need to be made in this regard, I'm
18 not going to include that within it since we don't
19 know what those suggested adjustments are at this
20 point.

21 Issue 15.

22 MR. REILLY: OPC suggests dropping 15.

23 COMMISSIONER KIESLING: Drop, okay. 16.

24 MS. O'SULLIVAN: Commissioner, Staff has a
25 proposal to reword the issue to clarify it.

1 COMMISSIONER KEISLING: Okay.

2 MS. O'SULLIVAN: Just changing on the first
3 line, "Is the Utility's methodology for determining
4 the conversion of ERCs."

5 COMMISSIONER KIESLING: Just because
6 nominalizations like that drive me crazy, can I change
7 it to, "Is the Utility's methodology of converting
8 ERCs to connected lots," is that okay?

9 MS. O'SULLIVAN: Yes.

10 COMMISSIONER KIESLING: Is that one okay
11 with everybody else?

12 MR. FEIL: Yes, ma'am.

13 COMMISSIONER KIESLING: Marco, you didn't
14 have a position. Do you have one now?

15 MR. TWOMEY: Whatever Public Counsel does.

16 COMMISSIONER KIESLING: Public Counsel, this
17 is one of those that you did file.

18 MR. REILLY: We do have a position that
19 we've written, and I don't believe it would change as
20 a result of the change in the wording of the issue, so
21 that's already been supplied to Staff.

22 COMMISSIONER KIESLING: Was that supplied in
23 the April 16th or subsequently?

24 MR. BECK: It's Issue 19 in the memo, and
25 there's going to be variances.

1 COMMISSIONER KIESLING: Actual connected lot
2 numbers or customers should be used as your answer.

3 MR. REILLY: That's correct.

4 COMMISSIONER KIESLING: And, again, I would
5 just indicate this is kind of an ongoing thing for
6 Staff that we have no position pending development of
7 the record on a lot of these. If there are any as we
8 get to them that you feel you can now take some
9 position to, just let me know.

10 MR. REILLY: And you can list Bidy after
11 that position.

12 COMMISSIONER KEISLING: Okay. B-I-D-D --

13 MR. REILLY: B-I-D-D-Y.

14 COMMISSIONER KIESLING: I'm sorry. I left
15 the Y off. 17. I currently have no position for
16 Marco or OPC, although OPC you did file one.

17 MR. REILLY: That's correct, that's also in
18 that same memo.

19 MR. TWOMEY: We take OPC on that.

20 MR. REILLY: And you should list Bidy as
21 well after that position.

22 MR. FEIL: Commissioner, if I may?

23 COMMISSIONER KIESLING: Yes.

24 MR. FEIL: On Issue 17 for SSU's position --

25 COMMISSIONER KIESLING: Mr. Sowerby's name

1 is misspelled.

2 MR. FEIL: Yes, ma'am. And we should add
3 Potts and Hoofnagle. That sounds like the name for a
4 new law firm.

5 COMMISSIONER KEISLING: Nothing else on 17.
6 18. OPC, I think you added to your position in that
7 same memo.

8 MR. REILLY: That's correct.

9 COMMISSIONER KIESLING: And you added the
10 name Bidy in that one. Is that the only change?

11 MR. REILLY: That's correct.

12 COMMISSIONER KIESLING: 19.

13 MR. FEIL: Again, for 18, excuse me.

14 COMMISSIONER KIESLING: Mr. Sowerby's name
15 is misspelled.

16 MR. FEIL: And Potts and Hoofnagle again.

17 COMMISSIONER KIESLING: Okay. 19 there was
18 a possible stipulation. Do we have one?

19 MR. REILLY: We agree with Staff's position.
20 It appears that Southern States does as well, so we
21 couldn't see where there was an issue here.

22 COMMISSIONER KIESLING: Mr. Twomey.

23 MR. TWOMEY: I'd go with Public Counsel's.

24 COMMISSIONER KIESLING: Okay. So there is a
25 stipulation?

1 MR. TWOMEY: Yes.

2 COMMISSIONER KIESLING: Okay. 20, any
3 changes?

4 MR. FEIL: Commissioner, SSU's position
5 should change somewhat. I think it needs to be
6 clarified a little bit. Before the sentence beginning
7 "In general," please insert the following.
8 "Unaccounted-for water should be evaluated on a
9 system-wide basis."

10 COMMISSIONER KIESLING: Is that written
11 someplace?

12 MR. FEIL: No, ma'am, it is not.

13 COMMISSIONER KIESLING: All right.

14 MR. FEIL: Since it was short I didn't think
15 it was --

16 COMMISSIONER KIESLING: Okay. Then let me
17 start writing it again.

18 MR. FEIL: All right, I apologize.
19 "Unaccounted-for water should be evaluated on a
20 system-wide basis." Then leave "In general 12.5%,"
21 and after "the 12.5%" but before the dash insert
22 "Unaccounted for water is without explanation
23 acceptable."

24 COMMISSIONER KIESLING: Did you all get
25 that, or do you need it read again?

1 MS. O'SULLIVAN: Read again.

2 MR. FEIL: I can submit it in writing before
3 Monday, I'll do that, to speed things along.

4 COMMISSIONER KIESLING: It will be on your
5 disk that you give us on Monday?

6 MR. FEIL: Yes, ma'am.

7 COMMISSIONER KIESLING: Any change in the
8 witnesses on that?

9 MR. FEIL: No, ma'am.

10 COMMISSIONER KIESLING: 21.

11 MR. REILLY: On that issue, we'll add Bidy.

12 COMMISSIONER KIESLING: On 20?

13 MR. REILLY: For OPC's position.

14 COMMISSIONER KIESLING: On 20.

15 MR. REILLY: On 20.

16 MR. TWOMEY: We would adopt Public Counsel's
17 view.

18 COMMISSIONER KIESLING: You already had a
19 position.

20 MR. TWOMEY: I'm sorry, I thought you jumped
21 to 21.

22 COMMISSIONER KIESLING: I think I'm still on
23 20 because we weren't finished.

24 MR. TWOMEY: I apologize.

25 COMMISSIONER KIESLING: That's okay. On 21

1 I'll go ahead and put in "agree with OPC for Marco."

2 MS. O'SULLIVAN: Staff has an addition to
3 its position. It will be rather long, I'll read it
4 into the record.

5 COMMISSIONER KIESLING: Do you have it in
6 writing, or are you going to be able to distribute it
7 in writing?

8 MS. O'SULLIVAN: I'll provide it on Monday
9 morning to the parties. At the end of this position
10 "the following 18 water systems appear to have
11 unaccounted-for water which exceeds the recommended
12 12.5%. Final determination will be made upon further
13 development of the record." Then we've listed the 18
14 systems.

15 COMMISSIONER KIESLING: Okay.

16 MS. O'SULLIVAN: Amelia Island, Carlton
17 Village, Druid Hills, Golden Terrace, Intercession
18 City, Leisure Lakes, Picciola Island, Pamona Park,
19 St. Johns Highland, Tropical Park, Buena Ventura
20 Lakes, Keystone Club, Lehigh, Springs Garden,
21 Beecher's Point, Citrus Spring, Fountains, Holiday
22 Haven, Interlachen Lakes, Oak Forest, Point O'Woods,
23 Skycrest, Stone Mountain, Woodmere, Geneva Lakes,
24 Lakeside, Remington Forest and Valencia Terrace.

25 COMMISSIONER KIESLING: Okay.

1 MR. FEIL: If I may, get that list before I
2 leave today, please?

3 MS. O'SULLIVAN: Sure, I can give you a
4 handwritten list if you don't mind.

5 COMMISSIONER KIESLING: And I would just
6 indicate when I was going through this I asked Staff
7 to be specific, since they were simply making an
8 allegation that there were water facilities that did
9 have these, I thought it was only fair to everyone
10 that you know which systems they were speaking of.

11 MR. FEIL: Yes, ma'am. Thank you.

12 COMMISSIONER KIESLING: Issue 22. Any?
13 Marco?

14 MR. TWOMEY: Public Counsel.

15 COMMISSIONER KIESLING: Okay. Public
16 Counsel any change to the one you submitted in your
17 memo of April 16th?

18 MR. REILLY: No change. All right. 23.
19 Marco again?

20 MR. TWOMEY: Public Counsel.

21 COMMISSIONER KEISLING: Any other changes?
22 If there aren't -- if there are just stop me, I'm just
23 going to keep going until someone yells out, or says
24 uncle, I'm not sure which.

25 Issue 24. Issue 25 I did have several

1 questions on this one. First of all, on Marco and
2 OPC's answer, I can't tell. I mean, it's such a
3 general question, "Should adjustments be made?" I'd
4 like to know what adjustments you think should be made
5 and why, if you're able to contribute that.

6 MR. REILLY: I don't have those exact
7 adjustments today.

8 COMMISSIONER KIESLING: Can you have it for
9 noon on Monday with the rest of the updated?

10 MR. REILLY: I need to refine our answer,
11 yes.

12 MR. TWOMEY: I'll try to do the same.

13 COMMISSIONER KIESLING: Okay. At this point
14 we're close enough to the hearing, I think, that if
15 there are adjustments you think need to be made, you
16 need to be able to identify them.

17 MR. FEIL: Commissioner, did you intend to
18 ask the same with respect to Issue 26?

19 COMMISSIONER KIESLING: Yes, I do. I have
20 several of those that are coming up where I am going
21 to be asking that. And on 26 the same thing. What's
22 the adjustment and why? 27 anything?

23 MR. HOFFMAN: Madam Chair?

24 COMMISSIONER KIESLING: Yeah.

25 MR. HOFFMAN: 27, we have revised our

1 position, and it's part of that written submission
2 that we handed out today.

3 COMMISSIONER KIESLING: Okay. Let me find
4 it. Oh, good. I'm so glad you did that. I have a
5 number of these where it says per MFRs, and I'm like
6 so where.

7 MR. HOFFMAN: And we attempted to respond to
8 each and every one of those.

9 MR. FEIL: Commissioner, for clarity, on the
10 typewritten addition here, the witnesses are not
11 included. But the witness would be the same as listed
12 in the draft Prehearing Order.

13 COMMISSIONER KIESLING: Okay.

14 MR. REILLY: We do have a position, it's on
15 our memo, April 15 memo.

16 COMMISSIONER KIESLING: You don't have a
17 witness listed.

18 MR. REILLY: Bidy would be the witness.

19 COMMISSIONER KIESLING: Okay. 29. 30.

20 MR. FEIL: I'm sorry, I didn't speak for 28.
21 Did you call for 28?

22 COMMISSIONER KIESLING: Yes, I called 28.
23 Maybe I didn't. No, I didn't, I'm sorry. It was at
24 the bottom of the page, and I just jumped it.

25 MR. FEIL: We will be revising our position.

1 Rather than read it, I will provide it Monday noon.

2 But for the time being, you may want to add as
3 witnesses Kimball and Bliss.

4 COMMISSIONER KIESLING: All right. OPC any
5 change to yours? And if not, Marco is adopting?

6 MR. TWOMEY: Yes, ma'am.

7 COMMISSIONER KIESLING: 29. SSU, I was a
8 little confused with yours because --

9 MR. FEIL: Yes, ma'am.

10 COMMISSIONER KIESLING: Okay, fix it.

11 MR. FEIL: After the word "justified,"
12 insert a period, cross out "per SSU Witness Terrero. "
13 Leave as Witnesses Terrero, Harvey, and then strike
14 the rest.

15 COMMISSIONER KIESLING: Okay.

16 MR. FEIL: Although the DEP witnesses will
17 testify about reuse generally, they need not be listed
18 under this issue.

19 COMMISSIONER KEISLING: And, OPC, on yours,
20 again, can you tell me either where it is -- or what
21 the dollar amount is, I mean, in Schedule 40 so we can
22 have something a little more specific? The answer
23 just simply says "The adjustments reflected in Kim
24 Dismukes Schedule 40 should be made." There were a
25 whole lot of adjustments reflected in her schedules,

1 and I'd like to have some further identification of
2 what those are.

3 MR. McLEAN: Before noon Monday no matter
4 what.

5 COMMISSIONER KIESLING: 30.

6 MR. FEIL: SSU's witnesses, Mr. Edmunds
7 should be included. Also, for the purposes of
8 clarity, my assumption here would be we're talking
9 about fire flow; would be fire flow as to all water
10 plant components. In other words, high service pumps,
11 storage, wells, everything.

12 COMMISSIONER KIESLING: It was your issue.
13 Does that comport with your understanding?

14 MR. REILLY: It does. I wanted to add Bidy
15 to our position on 30.

16 COMMISSIONER KIESLING: Marco, are you
17 adopting OPC?

18 MR. TWOMEY: Yes.

19 COMMISSIONER KIESLING: 31, any change?

20 MR. FEIL: SSU's position is updated as in
21 writing. The witnesses the same as listed in the
22 draft Prehearing Order.

23 COMMISSIONER KIESLING: Okay. Anything
24 else?

25 MR. REILLY: Just add Bidy to the position

1 for OPC.

2 COMMISSIONER KIESLING: All right. 32.

3 MR. FEIL: SSU's position should have
4 Hartman listed as a witness.

5 COMMISSIONER KIESLING: Hartman?

6 MR. FEIL: Yes, ma'am.

7 MR. TWOMEY: We'll take OPC.

8 MR. REILLY: And add Bidy to the position.

9 COMMISSIONER KIESLING: I just had one,
10 again, little picky thing in the issue. I think DEP
11 calls them "operating permits" and not "operation
12 permits", so make that change.

13 33. I do have one question for SSU. Is
14 there some kind of confiscation besides pure
15 confiscation? I mean, are we talking about impure?
16 Are we talking about --

17 MR. FEIL: I suppose it's a sliding scale.
18 The word "pure" could be stricken.

19 COMMISSIONER KIESLING: I'm taking it out
20 then.

21 And, Marco, you are with OPC? Any change?
22 Bidy?

23 MR. REILLY: Yes.

24 COMMISSIONER KIESLING: 34.

25 MR. FEIL: Commissioner, on Issue 34, SSU

1 will be revising its position to agree with the Staff
2 position to the extent that emergency storage should
3 be added to the numerator rather than removed from the
4 denominator, but I'll put that in writing for Monday.

5 COMMISSIONER KIESLING: Okay. Does that --
6 and OPC your position is still that none should be
7 allowed?

8 MR. REILLY: That's right. And add Bidy.

9 COMMISSIONER KIESLING: And, Mr. Twomey,
10 you're on with them?

11 MR. TWOMEY: Yes.

12 COMMISSIONER KIESLING: Is it just fair for
13 me to understand all the way through here anywhere
14 that OPC has a position, and Marco does not, that I
15 should adopt --

16 MR. TWOMEY: For the next -- yes, through
17 41.

18 COMMISSIONER KIESLING: Okay. All right.
19 If nothing else on 35 then -- Marco, it would be
20 helpful if you could tell me what the number is.

21 MR. TWOMEY: Okay. Let's see.

22 COMMISSIONER KIESLING: Everybody else
23 included something in a range from 1.3 to 2.0, but you
24 just tell me the one they used isn't appropriate, but
25 you don't tell me what you think is appropriate.

1 MS. O'SULLIVAN: Staff has a change to their
2 position.

3 COMMISSIONER KIESLING: Staff wants to
4 change their position?

5 MS. O'SULLIVAN: Just to make a correction.
6 Strike out the entire second line starting with
7 "historical data is unavailable," and substitute "when
8 instantaneous demands are not known."

9 MR. TWOMEY: And, Commissioner Kiesling,
10 I'll agree with OPC. That will shorten the document
11 and keep me from giving you something else.

12 COMMISSIONER KIESLING: All right. 36.

13 MR. REILLY: Let me just add Bidly.

14 COMMISSIONER KIESLING: On 35?

15 MR. REILLY: On 35.

16 MR. FEIL: On 36, Madam Commissioner.

17 COMMISSIONER KIESLING: Yes.

18 MR. FEIL: We agree with Staff's position,
19 so I suppose it could be reworded to say agree with
20 Staff and the witness would be Hartman.

21 COMMISSIONER KIESLING: Okay. Any change in
22 OPC's?

23 MR. REILLY: No change in OPC, but just add
24 Bidly.

25 COMMISSIONER KIESLING: And Mr. Twomey

1 adopts OPC. 37. Marco adopts OPC? 38.

2 MR. FEIL: We should add for SSU's,
3 witnesses Hartman.

4 COMMISSIONER KIESLING: All right. Marco
5 adopts OPC on 38?

6 MR. TWOMEY: Yes.

7 COMMISSIONER KIESLING: 39.

8 MR. REILLY: Add Bidy to OPC at 37.

9 COMMISSIONER KIESLING: 38? Is that where
10 you are? Add Bidy to 38 or 37?

11 MR. REILLY: Both 37 and 38.

12 COMMISSIONER KIESLING: Yes.

13 MR. HOFFMAN: On Issue 39 if we're there,
14 Commissioner?

15 COMMISSIONER KIESLING: We're there.

16 MR. HOFFMAN: SSU has revised its position
17 in writing today.

18 COMMISSIONER KIESLING: It identifies where
19 in the MFRs so that --

20 MR. HOFFMAN: I'll read it to you.

21 COMMISSIONER KIESLING: That's okay. I was
22 just going to save my time of skipping back and forth.

23 MR. FEIL: It is a methodology issue; it is
24 not a number issue.

25 COMMISSIONER KIESLING: Yes.

1 MS. O'SULLIVAN: Staff has a slight
2 correction to their position. Strike the word "each"
3 on the third line from the bottom, and place "each" on
4 the second line of the bottom before the word
5 "wastewater." So it will be "Calculation should be
6 performed for each wastewater treatment plant."

7 MR. REILLY: Okay. And OPC has a new
8 position that's been given in the memo and add Bidy.

9 COMMISSIONER KIESLING: Bidy is on it in
10 the memo.

11 MR. REILLY: Okay.

12 COMMISSIONER KEISLING: 40.

13 MS. O'SULLIVAN: Commissioner, could we go
14 back to, I'm sorry, to Issue 39.

15 COMMISSIONER KIESLING: Sure.

16 MS. O'SULLIVAN: Staff has advised me that
17 my correction there, which I thought was a clarifying
18 language, actually changes the meaning of our
19 position. So let me strike my correction and go back
20 to the way we had it before.

21 Well, what if you put different
22 calculations, and I believe --

23 COMMISSIONER KIESLING: Well, then I would
24 have a problem with it then because what it says is
25 further Staff believes that a separate calculation

1 should -- you can't have a separate calculation and
2 then have each. I mean, if there's a separate
3 calculation, then there's not two to pick among.

4 MS. O'SULLIVAN: I think we're saying --
5 they can correct me if I'm wrong here -- that we want
6 a calculation for wastewater treatment plant and
7 effluent disposal, but not for each wastewater
8 treatment plant. I think the way we had suggested to
9 be wording it would say each wastewater treatment
10 plant. We could strike "each."

11 COMMISSIONER KIESLING: Just completely.

12 MS. O'SULLIVAN: Right.

13 COMMISSIONER KIESLING: That solves it even
14 better.

15 MS. O'SULLIVAN: Thank you.

16 COMMISSIONER KIESLING: And Issue 40, I
17 think there was word missing after "used and useful,"
18 I think of the word "percentage" needs to be there.
19 Yes?

20 MS. O'SULLIVAN: That's correct.

21 COMMISSIONER KEISLING: SSU, this was a new
22 Staff issue. Do you have a position?

23 MR. HOFFMAN: Commissioner, we didn't
24 understand the issue as written --

25 COMMISSIONER KIESLING: Okay.

1 MR. HOFFMAN: -- by the addition of that
2 word. If you would just give me a moment.

3 COMMISSIONER KEISLING: Okay.

4 MR. HOFFMAN: Commissioner, we still need a
5 little help and clarification from the Staff on this
6 issue to help us respond.

7 COMMISSIONER KIESLING: Staff.

8 MS. O'SULLIVAN: Just one moment, please;
9 I'm talking with our Staff. (Pause)

10 The Utility calculated used and useful for
11 reverse osmosis and lime softening, but did not do so
12 our iron filtration and Staff believes they should do
13 that for iron filtration, and that was the purpose of
14 the position. Perhaps if we could pass on this and
15 come back after a break and we could talk with the
16 Utility, we could explain it further and try to reword
17 the issue appropriately.

18 COMMISSIONER KEISLING: I'll leave Issue 40
19 just marked then. And until we clarify the issue, we
20 won't know what anyone's position is.

21 41. Is it only me, or does anyone else feel
22 like it's necessary to put the word "percentage" after
23 used and useful in these?

24 MS. O'SULLIVAN: That's fine. It's more
25 specific that way. Staff has a new position on Issue

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1 41.

2 COMMISSIONER KIESLING: Okay.

3 MS. O'SULLIVAN: We're going to strike our
4 position as written, and our position is now "No
5 position pending further development of the record."

6 COMMISSIONER KIESLING: I'm sorry, you're
7 going so fast, I couldn't --

8 MS. O'SULLIVAN: Sorry. We're going to
9 strike the current position that's there. Our new
10 position is "No position pending further development
11 of the record."

12 COMMISSIONER KIESLING: All right.

13 MR. REILLY: OPC has a position that we
14 supplied in the memo.

15 COMMISSIONER KIESLING: Did you list a
16 witness, too?

17 MR. REILLY: Yes.

18 COMMISSIONER KIESLING: Okay. And Marco,
19 adopt?

20 MR. TWOMEY: Adopt.

21 MR. FEIL: Commissioner, on Issue 41, SSU's
22 position is going to have to be modified somewhat
23 because it's not very clear, but we'll put that in
24 writing for Monday.

25 COMMISSIONER KIESLING: Okay. 42. I had a

1 little trouble understanding this so I've come up with
2 a rewording. Just let me know if it comports with
3 what you all want. My rewording is that after the
4 citations to the two statutes, there be a period. The
5 "and" be deleted, and then say, a new sentence, "If
6 not 100%, what are the appropriate used and useful
7 percentages?" Any problem with that?

8 MR. HOFFMAN: I'm not sure I was following
9 that, Commissioner.

10 COMMISSIONER KIESLING: I'll read the whole
11 thing then. "What wastewater plant component should
12 be considered as reuse components, if not 100% used
13 and useful pursuant to Sections 267.0817 and 403.064
14 period. If not 100%, what are the appropriate used
15 and useful percentages?"

16 MS. O'SULLIVAN: Commissioner, this is a
17 minor point, but should there be a question mark or a
18 period after that first sentence? This is an inquiry.

19 COMMISSIONER KIESLING: I could care less.
20 Put whatever you want. Okay, you have a go at it.

21 MR. FEIL: I would word it such, as follows:
22 "What wastewater plant components should be considered
23 as reuse components, and if not 100% used and useful
24 pursuant to Sections 367 and 403.064, what are the
25 appropriate used and useful percentages for such

1 components?" Do you want me to read that again?

2 COMMISSIONER KIESLING: Yes.

3 MR. FEIL: "What wastewater plant component
4 should be considered as reuse components."

5 COMMISSIONER KIESLING: Is there a period
6 there or a question mark?

7 MR. FEIL: I would put a question mark.

8 COMMISSIONER KIESLING: Question mark after
9 "components," okay.

10 MR. FEIL: "And if not 100% used and useful
11 pursuant to Sections 367.0817 and 403.064, what are
12 the appropriate used and useful percentages for such
13 components?"

14 COMMISSIONER KIESLING: Okay. Everybody
15 like that one?

16 MS. O'SULLIVAN: Staff would agree to that.

17 COMMISSIONER KEISLING: OPC, any problem.

18 MR. REILLY: No problems with the wording,
19 but the issue we may need to rethink our position.
20 Let me see.

21 COMMISSIONER KEISLING: Marco, did you have
22 any --

23 MR. TWOMEY: No. I heard that we owe you a
24 number; is that right?

25 COMMISSIONER KIESLING: Well, it seems like

1 as worded, you would probably have to reword your
2 position.

3 MR. TWOMEY: Okay. I'll get you that by
4 Monday.

5 MR. REILLY: We're going to have to get you
6 that reworded position.

7 MR. FEIL: Commissioner, for Issue 42 given
8 the change to the wording, SSU's also going to have to
9 modify its position somewhat.

10 We'll probably include adding witnesses,
11 some of the DEP witnesses, Sowerby, Potts, Hoofnagle.
12 I'll put that in the writing as well.

13 COMMISSIONER KIESLING: Okay, and on disk or
14 whatever. Whatever gets filed by noon on Monday is
15 going to be included.

16 MR. FEIL: Yes, ma'am.

17 COMMISSIONER KIESLING: Okay. Any change on
18 43 then?

19 MS. O'SULLIVAN: Yes. I'm sorry,
20 Commissioner. Staff's position on 43, strike what we
21 currently have there, and add the following: "The
22 nonused and useful adjustment lines should correspond
23 to the amount for the advances for construction so
24 that this results in a zero rate base impact."

25 COMMISSIONER KIESLING: Okay. And in Marco

1 and OPC's, have you provided anything new or more
2 specific on this as it relates to what the dollar
3 amount in Ms. Dismukes schedule is?

4 MR. McLEAN: Commissioner, I think on all
5 these it references schedule, I will be happy to plug
6 in the number instead of just the reference to
7 schedule.

8 COMMISSIONER KIESLING: That would be great.
9 Since I have them all marked in the margin, I probably
10 will bring them up again, but just tell me.

11 MR. McLEAN: That's fine, I'll do it.

12 MR. TWOMEY: And we can shorten the document
13 by having us say "adopt OPC." And when they give you
14 the number, we'll have it.

15 COMMISSIONER KIESLING: Okay.

16 MR. FEIL: Commissioner, if I may, may I ask
17 Staff to repeat the brief sentence they recited.

18 Could you please repeat the Staff position.

19 MS. O'SULLIVAN: "The nonused and useful
20 adjustment to lines should correspond to the amount of
21 the advances for construction so that this results in
22 a zero rate base impact."

23 MR. FEIL: Thank you.

24 COMMISSIONER KIESLING: All right. 44.

25 MS. O'SULLIVAN: We have a proposal to

1 reword the issue.

2 COMMISSIONER KIESLING: Okay.

3 MS. O'SULLIVAN: The second line from the
4 bottom of the issue, strike -- let me just read the
5 issue; it would be better that way. "If the used and
6 useful calculations in this rate proceeding result in
7 the used and useful percentages lower than those
8 allowed in previous rate cases, what percentages
9 should be used?"

10 COMMISSIONER KIESLING: Okay. And any --
11 OPC, you had a position in your April 16th? Anything
12 new to that.

13 MR. REILLY: I didn't hear. Did the issue
14 get changed on us?

15 COMMISSIONER KIESLING: Just the wording of
16 it instead of the last part --

17 MR. REILLY: No material change?

18 COMMISSIONER KIESLING: Yeah. Instead of it
19 saying "What are the appropriate percentages to use,"
20 it now says "what percentage should be used."

21 MR. REILLY: Okay. That being the case, our
22 position would be reflected in the April 15.

23 COMMISSIONER KIESLING: 16, I hope.

24 MR. REILLY: April 15th memo.

25 COMMISSIONER KIESLING: 16.

1 MR. REILLY: I'm sorry, 16. All right.
2 That was my memo to you.

3 COMMISSIONER KIESLING: Okay.

4 MR. REILLY: And then Biddy.

5 MS. O'SULLIVAN: Commissioner, just to
6 clarify the wording of that new language, perhaps the
7 word "which percentage" should be used, would be more
8 appropriate.

9 COMMISSIONER KIESLING: Well, that was the
10 word I had, but then you didn't use it so I didn't
11 want to argue.

12 MR. FEIL: Commissioner, if I may ask a
13 question of Public Counsel.

14 COMMISSIONER KIESLING: Yes.

15 MR. FEIL: I thought Public Counsel said
16 Biddy is the witness, but my reading of this position
17 on the statement has Dismukes listed at the end. Am I
18 misunderstanding this? The issue number on OPC's
19 submittal is 47.

20 MS. O'SULLIVAN: Those have been renumbered.

21 COMMISSIONER KIESLING: Yeah, it's 44 now,
22 right?

23 MR. FEIL: Well, it's Issue 44 in the draft
24 Prehearing Order, but I believe it say position.

25 COMMISSIONER KIESLING: Do you want Biddy or

1 Dismukes?

2 MR. REILLY: You can put both down.

3 MR. FEIL: Well, I don't believe

4 Ms. Dismukes testifies about this, but I guess we can
5 deal with that later.

6 COMMISSIONER KIESLING: If you find in
7 looking back over Ms. Dismukes, if she's not the
8 appropriate witness, you could just indicate we can
9 strike her.

10 MR. REILLY: Okay.

11 COMMISSIONER KIESLING: And, Staff, I had
12 some questions or problems on the Staff position on
13 this. Do we have any update or change to the
14 position?

15 MS. O'SULLIVAN: Staff has not supplied me
16 with one since the filing of a prehearing statement.
17 Let me just double-check quickly.

18 COMMISSIONER KIESLING: If there's a
19 question, I can tell you what my concern was. My
20 concern was that this seemed to me to reflect a policy
21 change from how we've done it in other cases. And if
22 it is a policy change, I just want to be sure that
23 it's clear that you are proposing to the Commission,
24 and I guess to the parties, that there be a policy
25 change.

1 MS. O'SULLIVAN: It's not a policy change,
2 Commissioner.

3 COMMISSIONER KIESLING: On 44?

4 MS. O'SULLIVAN: I guess at this point we're
5 not sure. That's why we have taken no position.

6 COMMISSIONER KIESLING: You don't have no
7 position. You have "The appropriate percentage to use
8 must be determined on a component-by-component and
9 case-by-case basis.

10 MS. O'SULLIVAN: There are several scenarios
11 that can happen based upon the calculations that are
12 at issue here, such as decreasing demands, or separate
13 systems that were now interconnected in this rate
14 case.

15 COMMISSIONER KIESLING: Excuse me, is there
16 any change reflected here in policy from how we have
17 done it traditionally?

18 MS. O'SULLIVAN: I'm not sure Staff can
19 answer that right now. Just one moment, please.

20 MR. LOWE: Commissioner, let me try. I
21 don't know that there is -- number one, there's not
22 any real policy that's ever been established. There's
23 been practice.

24 COMMISSIONER KIESLING: When I use policy, I
25 mean also incipient policy as it's been developed in

1 other cases.

2 MR. LOWE: What I'm getting to is that I can
3 show you different cases where we've had almost the
4 same facts and circumstances and done different things
5 because of other reasons outside of this specific
6 issue. And I'm not sure we right now know exactly how
7 to word our response. But if you'll give us some
8 time, I think we can come up with a better response.

9 COMMISSIONER KIESLING: Okay. It's just
10 that it makes it sound like, in my mind, that we
11 have -- that there is no other point of view, but that
12 we have always determined it on a component-by-
13 component and case-by-case basis. And I think that
14 reflects one set of cases, but that there are other
15 cases in which we have not done that.

16 MR. LOWE: That's correct.

17 COMMISSIONER KIESLING: That's all I want to
18 do is just make sure that's it's clear that if picking
19 and choosing among all of the cases Staff is now
20 advocating one position as a position and not -- and
21 getting away from the other way the Commission has
22 done it. No? Okay.

23 Well, why don't you all do what you can to
24 reword it so that I can understand it. And we'll have
25 further discussion on it then.

1 MR. FEIL: Commissioner, is this something
2 that Staff would provide us also by Monday noon if
3 they revise their position.

4 COMMISSIONER KIESLING: I would assume so.
5 Monday noon?

6 MS. O'SULLIVAN: Yes.

7 MR. FEIL: Thank you.

8 COMMISSIONER KIESLING: 45. And the reason
9 that came up was because on initial reading it
10 appeared to me that Issues 44 and 45 were the same.
11 And in trying to understand why they were different,
12 that's where I started understanding that there seemed
13 to be a policy reflected in one and a specific number
14 that would be reflected in the other.

15 Has SSU updated their answer to 45 as to
16 MFRs?

17 MR. HOFFMAN: Yes, ma'am. We've provided a
18 detailed response in writing today.

19 COMMISSIONER KIESLING: Okay. And any
20 change to OPC?

21 MR. REILLY: Just adding Bidy.

22 COMMISSIONER KIESLING: And Marco adopts
23 OPC?

24 MR. TWOMEY: Yes, ma'am.

25 MR. FEIL: Commissioner, I want to get a

1 clear understanding among the parties that this issue
2 is designed basically to -- for the Commission to
3 decide on the numbers, effectively a fallout issue,
4 and that there's not going to be any other methodology
5 questions that are going to come up under the rubric
6 of this issue.

7 COMMISSIONER KIESLING: Everybody is in
8 agreement to that?

9 MR. REILLY: That's my understanding.

10 MS. O'SULLIVAN: 45 is a fallout issue,
11 that's correct.

12 COMMISSIONER KIESLING: Okay. I didn't have
13 that written on mine. Okay. Then we move into
14 accumulated depreciation.

15 Let's see. Any rewording of the issue on
16 46? I was a little bit -- if I understood SSU's
17 response correctly, it seemed there was some irony
18 here. Because you're saying that this reflects a
19 correction of past errors and isn't retroactive,
20 whereas in other instances correction of past errors
21 has been treated somewhat differently? Am I having
22 any confusion here about SSU's position?

23 MR. FEIL: I don't think you're confused. I
24 don't believe that there's any inconsistency, though.
25 It's going to depend on the issue that you're

1 referring to in the way of comparison to this.

2 COMMISSIONER KIESLING: Okay. It seemed a
3 little ironic to me when I first read it.

4 MR. FEIL: At first blush I can understand
5 that, yes, ma'am.

6 COMMISSIONER KIESLING: OPC, any change to
7 yours.

8 MR. BECK: No?

9 COMMISSIONER KIESLING: And if not, Marco do
10 you adopt?

11 MR. TWOMEY: Yes.

12 COMMISSIONER KIESLING: I guess you do. 46.
13 Do you adopt, Mr. Twomey?

14 MR. TWOMEY: (Nods head.)

15 COMMISSIONER KIESLING: Okay. 47.

16 MR. HOFFMAN: Commissioner, we revised our
17 position on 47 in writing today.

18 COMMISSIONER KIESLING: Okay. OPC, you also
19 reworded it in the April 16th memo?

20 MR. BECK: Yes. And Marco adopts?

21 MR. FEIL: Commissioner, if I may on Issue
22 47 suggest a rewording in light of SSU's former
23 position. And I would suggest removing "being booked
24 prior," and replace it with just the word "related."

25 COMMISSIONER KIESLING: In the issue itself?

1 MR. FEIL: Yes, ma'am, I'm sorry.

2 COMMISSIONER KIESLING: Tell me what you
3 think the issue should say.

4 MR. FEIL: At the end of the third line of
5 the issue, strike "being booked prior," and just
6 insert the word "related."

7 COMMISSIONER KIESLING: Any problems on that
8 with anyone? Does it change anyone's position.

9 MS. O'SULLIVAN: Staff needs just a moment
10 to look at that proposed change. (Pause)

11 Staff believes that wording "being booked
12 prior" is an important part of issue. We believe they
13 did book those items prior.

14 MR. FEIL: You can leave the wording of the
15 issue as it is then. I don't agree. My only point
16 was that's not completely the case, but --

17 COMMISSIONER KEISLING: Well, you can make
18 that clear in your position then.

19 MR. FEIL: Yes, ma'am. Anything also on
20 that one?

21 Mr. Twomey, what time are you going to have
22 to leave? If you have any pressing issues, I'd like
23 to be sure that I look at anything of yours that --

24 MR. TWOMEY: I apologize. It probably is
25 apparent, I'm getting ready to pack now. I don't have

1 any pressing issues. What I'd like to do is by Monday
2 supply a list. While you can assume for the most part
3 that all of the blanks that appear, that I'll take
4 Public Counsel's issues. Let me supply a listing
5 saying "these numbers, Public Counsel, Public Counsel.
6 " And there are a few minor corrections I would like
7 to make in some of the positions as we come later on.
8 I don't think anybody will take offense to those,
9 though. I'd like to be excused now if I could.

10 COMMISSIONER KIESLING: All right. I will
11 excuse you with the understanding that if something
12 transpires that you're not here for, you know, I'll
13 muddle through without your excellent advice.

14 MR. TWOMEY: Yes, ma'am, I appreciate that.

15 MS. JABER: Commissioner Kiesling,
16 Mr. Twomey did bring to my attention a change that
17 he'd like to make on Issue 146 that you may want to go
18 ahead and read into the record.

19 MR. TWOMEY: Okay.

20 COMMISSIONER KIESLING: Yeah, a legal issue.

21 MR. TWOMEY: Yes, and it's just a minor.

22 COMMISSIONER KIESLING: It's on Page 82.

23 MR. TWOMEY: I think the way it should
24 probably be worded is say, "Are uniform rates as
25 proposed by SSU in the instant case," strike "either"

1 and say "both statutorily legal," strike "or" and put
2 in "and" under the assumption that it needs to be
3 both.

4 COMMISSIONER KIESLING: Well, I guess I'm
5 confused about how something could be statutorily
6 constitutional. Do we need the word "statutorily" in
7 there? Isn't it just whether it's both legal and
8 constitutional.

9 MR. TWOMEY: That would be good.

10 COMMISSIONER KIESLING: Okay.

11 MS. O'SULLIVAN: Commissioner, Staff has a
12 few more questions. Some issues, we have some
13 questions.

14 COMMISSIONER KIESLING: On this issue.

15 MS. O'SULLIVAN: Some Marco issues and some
16 Marco exhibits. Can we go over those as well right
17 now?

18 COMMISSIONER KIESLING: Yes. I mean, if
19 Mr. Twomey is leaving --

20 MR. HOFFMAN: Just real quick while
21 Mr. Twomey is still here, if they are legal how could
22 they be unconstitutional?

23 MR. TWOMEY: Pardon me?

24 MR. HOFFMAN: If they are legal, how could
25 they not be constitutional?

1 MR. TWOMEY: They could be in accord with
2 the statute arguably and still be unconstitutional, I
3 would submit.

4 MR. HOFFMAN: Well, I would agree with that.

5 COMMISSIONER KIESLING: Are you trying to
6 say, are they both consistent with statute and
7 constitutional?

8 MR. TWOMEY: Yes. To be clear on it, and I
9 think it comes out in our position, that we maintain
10 that uniform rates are not statutorily legal in the
11 sense that they are unduly discriminatory among other
12 things. And I think we list those. Therefore, they
13 are not in accord with the statute. In addition to
14 that, I think they are unconstitutional as well.

15 COMMISSIONER KEISLING: So both in accord
16 with statute and constitutional?

17 MR. TWOMEY: That would be good.

18 COMMISSIONER KIESLING: Is that okay? All
19 right. What other ones does anyone have?

20 MS. O'SULLIVAN: Staff had questions about
21 Issue 139 which referred to the Utility making refunds
22 of prepaid CIAC to Sugarmill Woods lot owners.

23 COMMISSIONER KIESLING: Yeah, I was going to
24 ask you to reword that one because I couldn't
25 understand even what the issue was.

1 Is it should SSU be required to make
2 refunds? Well, first of all, is it will -- I mean,
3 "should" instead of "will"?

4 MR. TWOMEY: Yeah, should SSU --

5 COMMISSIONER KIESLING: Well, I got "should
6 SSU be required to make refunds," but from there on, I
7 could not -- I couldn't understand what you were
8 asking.

9 MS. O'SULLIVAN: Was it in reference to a
10 previous order? That's what Staff's questions were.

11 MR. TWOMEY: I apologize for this. But I'll
12 have to go back and reread and probably talk to
13 Mr. Hansen to -- the issue is, and I can't speak to it
14 in as proper detail. There are people that have
15 paid -- there are people that have paid, as suggested,
16 prepaid CIAC, who have lots who have not yet built.
17 And the CIAC paid previously is too much, really,
18 because there as close to a negative rate base.

19 So Mr. Hansen's point was if they bill by a
20 certain date, should they get a partial refund? I'm
21 not sure how to rewrite it. I could probably give is
22 more definitive position, but I'm not sure how to
23 rewrite it.

24 COMMISSIONER KIESLING: I mean, I'm not
25 trying to be argumentative, but I don't even

1 understand what the issue is as it's worded right now.
2 I'm trying. If somebody else has some other, perhaps,
3 assistance to rewrite it, but I don't even understand
4 it.

5 "Should SSU be required to make refunds of
6 prepaid CIAC to Sugarmill Wood lot owners who will
7 have built a house -- " and that's where I start
8 getting lost.

9 MR. TWOMEY: We can go ahead -- we can drop
10 it.

11 COMMISSIONER KIESLING: The whole issue.

12 MR. TWOMEY: Sure, go ahead.

13 COMMISSIONER KIESLING: I'm really trying to
14 understand it. I'm not trying to coerce you in
15 dropping an issue by any means, but I just simply
16 couldn't understand it. Okay. Anything else?

17 MS. O'SULLIVAN: One more brief --

18 COMMISSIONER KIESLING: Yes.

19 MS. O'SULLIVAN: Staff pointed out that
20 Mr. Woelffer's direct testimony indicated he may file
21 a late-filed exhibit regarding some pending discovery,
22 and we have not received an exhibit list from Marco at
23 all.

24 MR. TWOMEY: We'll have that by noon Monday.

25 MS. O'SULLIVAN: Okay.

1 MR. TWOMEY: As far as Woelffer, we just got
2 some testimony or some exhibits and documents from SSU
3 in this box that's in front of me this morning. We'll
4 have that resolved by Monday morning as well.

5 COMMISSIONER KIESLING: I'm a little alarmed
6 that there may be an exhibit that we're not -- no
7 one's even going to know about, let alone have seen by
8 Monday. Can you be a little more specific about what
9 that exhibit might relate to?

10 MR. TWOMEY: Well, my recollection is it
11 related to the cost of bond indebtedness from the
12 industrial revenue bonds issued out of Collier County,
13 is my recollection. And I'm not sure that we have it,
14 if the information we have will give us the answer.
15 So why don't you let us see if we're going to have
16 anything at all by Monday. And if we do, if it's
17 objectionable, then -- I don't think we're going to
18 have anything objectionable is what I'm saying. We
19 may not have anything at all. Will you give us until
20 noon Monday to see if we have anything and then take
21 it subject to objection?

22 COMMISSIONER KIESLING: What page of the
23 prehearing in the exhibit section would this relate
24 to, first of all? I mean, were there any exhibits
25 attached to Mr. Woelffer's.

1 MS. O'SULLIVAN: I believe there were some,
2 yes.

3 COMMISSIONER KIESLING: So there's got to be
4 some someplace.

5 MS. O'SULLIVAN: I don't believe Mr. Twomey
6 provided us with an exhibit list.

7 MR. TWOMEY: I've not given an exhibit list
8 that goes with the witness list yet.

9 MS. O'SULLIVAN: We've requested a couple
10 times that they do it.

11 COMMISSIONER KIESLING: And is Monday at
12 noon soon enough for you?

13 MS. O'SULLIVAN: As long as it's on
14 diskette. But this has got to be formatted in a very
15 certain way with the Internet requirements, so it's
16 going to take us a long time to plug in the list, so
17 yes.

18 MR. TWOMEY: I'll have it to you on
19 diskette.

20 COMMISSIONER KIESLING: The end of the day?
21 Is that what you said?

22 MR. TWOMEY: No. No, I didn't. I said I'll
23 have it on diskette as requested.

24 COMMISSIONER KIESLING: Okay. And until you
25 file it, if there's anything that you have a problem

1 with or that's objectionable, we'll take that up.

2 MR. TWOMEY: Okay. Thank you.

3 MR. HOFFMAN: Commissioner, excuse me,
4 before Mr. Twomey takes off, I have one more
5 Mr. Twomey question.

6 MR. TWOMEY: Why don't you just pile them
7 on, go ahead.

8 COMMISSIONER KIESLING: Pile them on?

9 MR. HOFFMAN: On Page 78 we're having a hard
10 time figuring out what is intended by Issue 134, so
11 that we did not provide a response to that because we
12 don't understand where that one is going.

13 MR. TWOMEY: My understanding from
14 Mr. Hansen is that it's his position that your sewer
15 extension charge that I believe you're charging now,
16 \$280, has never been approved in an order, and that
17 those charges are required to be approved by order.

18 MR. HOFFMAN: So all that issue is asking is
19 whether or not that charge has been approved by order.

20 MR. TWOMEY: Yes.

21 COMMISSIONER KIESLING: Okay. Anyone else,
22 before he goes? All right. We'll do what we can
23 without you.

24 MR. TWOMEY: Thank you very much.

25 COMMISSIONER KIESLING: CIAC. Issue 48.

1 SSU, you've taken two positions with a different
2 witness added. Which position do you want, or do you
3 want to rewrite both of them, or what?

4 MR. FEIL: Excuse me, I believe the first
5 position is the correct position, the second can be
6 deleted.

7 COMMISSIONER KIESLING: Okay. Then if the
8 first position is the right one, then I'm just a
9 little confused. If I leave out all the unnecessary
10 words, the first sentence of your position essentially
11 says the imputation of CIAC places the public health
12 at risk. And I simply cannot -- I mean, it says "The
13 imputation of CIAC is, one, counter to economic
14 construction of facilities; two, places the public
15 health and environment at risk, and third, results in
16 increased levels of administration and increased
17 costs."

18 And I simply have no concept of how the
19 imputation of CIAC can place the public health or the
20 environment at risk.

21 MR. FEIL: Well, perhaps some clarification
22 on my part would help.

23 COMMISSIONER KIESLING: That would help.

24 MR. FEIL: The reason those statements are
25 there is because the imputation effectively impairs

1 the margin reserve. And if one impairs the margin
2 reserve, that is what results. So perhaps we should
3 rephrase the wording and submit that by noon Monday.

4 COMMISSIONER KEISLING: That would be good.
5 Because what you said there makes it make sense, but
6 it didn't make it here.

7 MR. FEIL: Yes, ma'am, I apologize for that.

8 COMMISSIONER KIESLING: All right. Anything
9 else on 48? OPC has a position which is yes.
10 Anything to add to that?

11 MR. BECK: No.

12 COMMISSIONER KIESLING: I like it short and
13 sweet. Yes, no.

14 MS. O'SULLIVAN: Are there any witnesses to
15 that position.

16 COMMISSIONER KIESLING: Now if we could just
17 get the witnesses to do that. 49.

18 MS. O'SULLIVAN: Staff has a position
19 change.

20 COMMISSIONER KIESLING: Okay.

21 MS. O'SULLIVAN: Strike our current
22 position, and replace it with the following which we
23 will provide to the parties on Monday as well. It's
24 pretty lengthy. "In Order No. PSC-93-0301-FOF-WS, the
25 Commission made no adjustments to rate base for Lehigh

1 Corporation escrowed funds. However, modifications
2 have be made to the escrow provisions since that case.
3 Pending further development of the record in this
4 proceeding, Staff has no further position."

5 COMMISSIONER KEISLING: Okay. Does that
6 affect anyone else's? Anyone care? All right. Then
7 50, I would only in the issue itself change the words
8 "on account of" to the word "for." OPC no change.
9 Marco, I assume, adopts OPC. Anything else? 51.

10 MR. FEIL: 51, Madam Commissioner, our
11 position is as stated on the revised or written
12 submittal.

13 COMMISSIONER KIESLING: Then you're ahead of
14 me because I couldn't even figure out Issue 51 because
15 it was so general. "Should miscellaneous adjustments
16 be made" -- I have to have something a little more
17 than that so I know at least what they relate to, what
18 these adjustments are.

19 MS. O'SULLIVAN: Staff tried to propose what
20 we thought the position might be, but, again, the
21 issue might be, but we're not sure either. We've set
22 forth, looking at our schedule what it might be.

23 COMMISSIONER KIESLING: It's an OPC issue,
24 so let me start with OPC. Can you be any more
25 specific about --

1 MR. McLEAN: The reason we handled it that
2 way, Commissioner, is because, I think, there's like
3 ten issues. Those are ten small issues which are
4 reflected on the schedule, and rather than set them
5 out individually as individual issues, we just thought
6 of them as miscellaneous adjustments. I think based
7 in part on the materiality.

8 In order to clear up the ambiguity that
9 you're talking about, which I see, we would have to
10 add issues to the issue list.

11 COMMISSIONER KIESLING: Or can you break
12 this down into however many you said, ten.

13 MR. McLEAN: I didn't count.

14 COMMISSIONER KIESLING: Okay. Can you
15 reword the issue so that I can tell -- I mean, Staff
16 advised me that they had looked at it, and were trying
17 to figure out from that schedule what those individual
18 miscellaneous adjustments were.

19 MR. McLEAN: How about this, "Should
20 miscellaneous adjustments proposed by Witness Dismukes
21 for the following --" let me see.

22 "Should miscellaneous adjustments proposed
23 by Witness Dismukes addressing the following issues,
24 or addressing the following items be made." And we'll
25 simply list those items down the left-hand side of her

1 exhibit.

2 COMMISSIONER KIESLING: Okay. Would that
3 help?

4 MS. O'SULLIVAN: I think Staff might want to
5 talk to OPC during a break. I think our concern was
6 that some of the adjustments proposed in that schedule
7 have been addressed elsewhere in other issues, and we
8 were trying to figure out -- (Simultaneous
9 conversation.)

10 MR. McLEAN: That's not our intention, we'll
11 help clear it up.

12 COMMISSIONER KIESLING: Okay. Well, then --

13 MS. O'SULLIVAN: I think our rewording of
14 our issue proposed takes that into account.

15 COMMISSIONER KIESLING: Why don't you all
16 discuss it. I'll just mark 51 as an unresolved one
17 until we take a break so that everybody can start from
18 the same point. 52, is there a stipulation?

19 MR. FEIL: I believe so.

20 MS. O'SULLIVAN: Yes.

21 COMMISSIONER KIESLING: From everyone? OPC?

22 MR. BECK: Yes.

23 COMMISSIONER KIESLING: Okay. Mr. Twomey,
24 you adopt all of OPC's positions even when they
25 stipulate?

1 MR. TWOMEY: Yes.

2 COMMISSIONER KEISLING: Okay. Acquisition
3 adjustments. 53. Okay, first of all, I think that
4 the issue needs to be reworded to call them
5 "facilities" instead of "systems". I don't know if
6 anyone is trying to sneak one through, but it didn't
7 get past me. And on OPC's, I could use some
8 clarification of the amounts because 13 million is a
9 big number, Marco has one number, OPC has a number
10 that's \$10 million bigger, and it's unclear to me what
11 those adjustments are intended to reflect.

12 MR. BECK: On the exhibit that our position
13 refers to associated with the 13 million there's a
14 listed of 47 facilities, facility areas, with numbers
15 attached to each one of them that add up to that
16 number, you know, with an adjustment.

17 COMMISSIONER KIESLING: So this comes
18 from --

19 MR. BECK: Schedule 17. If you go to
20 Schedule 17 that's referred to by there. I'm looking
21 at a list, and there's 47 facility areas, come up to a
22 number, and the MFR offset, and come up with our
23 number that's listed there. It's very specific.
24 There's a number associated with each of those areas.

25 COMMISSIONER KIESLING: I guess probably my

1 problem is when I read the issue it says, "What amount
2 should the Commission allow in rate base for the
3 systems purchased at less than book value?" SSU's
4 answer says no -- no, it says, "No negative
5 acquisition adjustment is appropriate."

6 MR. FEIL: Actually, Commissioner, we
7 revised that position in the submittal.

8 COMMISSIONER KIESLING: Okay, maybe that
9 will help me.

10 Well, you did revise that one.

11 Staff, as further -- elucidated by OPC. Do
12 we need anything further than just looking at the
13 schedules that are attached to see what that number
14 takes up, clarify the amount or anything?

15 MS. O'SULLIVAN: We could also, perhaps,
16 change the wording of the issue to, "Should any
17 negative acquisition adjustment be granted." That
18 might simplify it a bit.

19 COMMISSIONER KIESLING: Well, this was an
20 OPC and Marco issue, so I didn't want to change it too
21 much until, obviously, they had input into it. Does
22 "Should any negative acquisition adjustment be allowed
23 or be granted" satisfy what you're trying to get in
24 that issue.

25 MR. BECK: I guess you could say, "Should

1 the Commission recognize negative acquisition
2 adjustments?" And our position would be, yes, there
3 are -- see the schedule that has 47 of them.

4 COMMISSIONER KIESLING: That would help me a
5 little bit more than --

6 Should the Commission recognize -- is that
7 what the word was?

8 MR. BECK: Yes.

9 COMMISSIONER KIESLING: Any acquisition,
10 negative acquisition adjustments. Okay.

11 MS. O'SULLIVAN: And then "for those
12 facilities purchased at less than book value."

13 MR. BECK: That's fine.

14 COMMISSIONER KIESLING: "For facilities
15 purchased at less than book value."

16 MS. O'SULLIVAN: To clarify that even,
17 perhaps, better to say "any acquisition adjustment in
18 rate base," to make that clear.

19 COMMISSIONER KIESLING: Any negative
20 acquisition adjustment or any acquisition adjustment?

21 MS. O'SULLIVAN: I'm sorry. Any negative
22 acquisition adjustment in rate base.

23 COMMISSIONER KIESLING: "Negative
24 acquisition adjustment in rate base for facilities
25 purchased at less than book value." Okay. That's the

1 new wording, so I guess SSU now would be -- you would
2 just need to insert a "no." So that would be "No,
3 no."

4 MR. FEIL: "No, no." It would be a no-no.

5 COMMISSIONER KIESLING: And Marco, I guess,
6 is really saying yes as to Lehigh. And OPC --

7 MR. BECK: I think it's exactly as it
8 states.

9 COMMISSIONER KIESLING: Okay. With a yes in
10 front of it.

11 MS. O'SULLIVAN: Staff has an updated
12 position for that issue. Striking what we have now,
13 and inserting, "The Commission has previously
14 addressed the issue of acquisition adjustments
15 regarding the facilities included in this docket."

16 Staff had a question which I guess goes to
17 OPC's position on 53, and it's questions on 53(a) and
18 (b). We are not clear whether or not (a) and (b)
19 break out facilities that are also included in 53.

20 MR. BECK: Yes, it does. I think you could
21 probably delete 53(a) and (b).

22 COMMISSIONER KIESLING: I mean, I had all of
23 these amounts were tied together because I was trying
24 to understand if the 13 million that you used in 53
25 should be the total that adds up in 53(a) and 53(b),

1 or if 53(a) and 53(b) were in addition to that
2 13 million.

3 MR. BECK: No, they are a part of. So I
4 would propose that we drop 53(a) and (b).

5 COMMISSIONER KEISLING: Any objection, any
6 problem with that?

7 MS. O'SULLIVAN: No.

8 MR. FEIL: No, ma'am.

9 COMMISSIONER KIESLING: And just use
10 whatever the numbers are on Schedule 17, those are the
11 numbers that you want?

12 MR. BECK: Yes.

13 COMMISSIONER KIESLING: Why don't we take a
14 break before we start working capital. And I'll make
15 it a 15-minute break so that you have actually time
16 for a break, as well as time to talk about those
17 issues that we have left pending up to now, and I'll
18 be back at 3:00.

19 (Brief recess taken.)

20

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21 COMMISSIONER KIESLING: Has everyone had a
22 chance to discuss all of the things they needed to
23 discuss, or is there any benefit to taking another
24 couple of minutes? Otherwise, we'll reconvene.

25 Let's see, we're in working capital, Issue

1 54. There is a possibility of a stipulation. Do we
2 have a stipulation?

3 MR. BECK: Yes.

4 COMMISSIONER KIESLING: Yes from OPC. SSU?
5 Staff?

6 MS. O'SULLIVAN: Yes.

7 COMMISSIONER KIESLING: Okay. Issue 55.

8 MS. O'SULLIVAN: Commissioner, could we go
9 back a few issues since we've tried to clarify, I
10 think, with OPC.

11 COMMISSIONER KIESLING: All right.

12 MS. O'SULLIVAN: Issue 51, my Staff person
13 just left the room, I'm sorry. I'm going to wait
14 until she comes back, because she was going to give me
15 the information. I'm sorry, I thought she was back.

16 COMMISSIONER KIESLING: Okay. Could we just
17 keep going then until she gets back?

18 MS. O'SULLIVAN: Okay.

19 COMMISSIONER KIESLING: Or is there
20 something else we need to take up.

21 MS. O'SULLIVAN: We want to go back and make
22 a correction to that issue to clarify.

23 COMMISSIONER KIESLING: 55, SSU, did you
24 update this one?

25 MR. HOFFMAN: Yes, ma'am. Tell us where the

1 money is or something. Yeah, we put in numbers.

2 COMMISSIONER KIESLING: Okay.

3 MS. O'SULLIVAN: Commissioner, Staff
4 proposes to agree with OPC. I'm not sure if, perhaps,
5 we can agree with SSU; I haven't looked at their
6 numbers yet. Are they the same?

7 MR. HOFFMAN: Our number is different than
8 OPC's.

9 COMMISSIONER KIESLING: How different? Just
10 out of curiosity, since I haven't had a chance to
11 look.

12 MR. HOFFMAN: About a \$30,000 difference.
13 We're saying that the reductions in test year expense
14 should only be \$63,817.

15 COMMISSIONER KIESLING: Okay. So there's
16 nothing that we can stipulate here.

17 MS. O'SULLIVAN: Commissioner, we would also
18 propose to move this issue to the O&M portion of the
19 order. I think we put it as a capital, working
20 capital expense. We weren't quite sure what the issue
21 meant. Now, that we've looked at it again, we think
22 it is an O&M issue.

23 COMMISSIONER KIESLING: So how are we going
24 to do that without renumbering?

25 MS. O'SULLIVAN: We could Make it like

1 86(a). Whatever the last O&M issue is, making it an
2 (a).

3 COMMISSIONER KIESLING: And where Issue 55
4 appears, we'll just say see Issue 83(a). Was it
5 83(a)?

6 MS. O'SULLIVAN: 86.

7 COMMISSIONER KIESLING: 86, sorry.

8 MS. O'SULLIVAN: And, again, our position
9 would be to agree with OPC.

10 COMMISSIONER KIESLING: 86(a).

11 MS. O'SULLIVAN: Can we go back to 51 if
12 we're ready?

13 COMMISSIONER KIESLING: If we're ready to,
14 we can.

15 MS. O'SULLIVAN: Staff proposes to use the
16 issue we proposed in the Order, which is, "Should CIAC
17 be increased to a flat cost share funds for the Marco
18 Island ASR project." And Staff believes that the
19 positions would not change.

20 COMMISSIONER KIESLING: Wait a minute. Let
21 me just start with it. It's an OPC issue. Is that
22 rewording acceptable to you?

23 MR. McLEAN: Yes, ma'am.

24 COMMISSIONER KEISLING: So the new Issue
25 51(a), is really, "Should CIAC be increased to reflect

1 cost share funds for the Marco Island ASR project?"

2 MS. O'SULLIVAN: That would be Issue 51. It
3 wouldn't be an (a).

4 COMMISSIONER KIESLING: I'm sorry.

5 MS. O'SULLIVAN: You would be supplanting
6 what is there now.

7 COMMISSIONER KIESLING: That's now Issue 51.

8 MS. O'SULLIVAN: Correct.

9 COMMISSIONER KIESLING: Yeah, I said the
10 issue will be restated to be this.

11 MS. O'SULLIVAN: I thought you said 51(a)
12 for a moment there, I'm sorry.

13 COMMISSIONER KIESLING: No. If I did, I'm
14 sorry. I may have.

15 And then position wise, to that restated
16 issue, does SSU have a position?

17 MR. HOFFMAN: We have to supply one.

18 COMMISSIONER KIESLING: Okay.

19 MS. O'SULLIVAN: As will Staff.

20 MR. HOFFMAN: Commissioner, we had supplied
21 an issue on what I'll call the original Issue 51. Now
22 that we're replacing it, we'll have to provide that
23 with our Monday submission.

24 COMMISSIONER KEISLING: So the one that was
25 in here under 51 is no more. The one that was in your

1 list is no longer the one. It's no longer your
2 statement of --

3 MR. HOFFMAN: Yeah, we have a different
4 issue. I guess that raises a question. Is what is
5 currently reading as Issue 51 still an issue in this
6 case?

7 CHAIRMAN CLARK: No. I think they just
8 agreed that it's going to be restated. Am I correct,
9 there's no longer Issue 51 as you had originally
10 proposed it. Is that right, Mr. Beck or Mr. McLean?

11 MR. McLEAN: Yes, ma'am, that's correct, but
12 there's more to it than that because the remainder of
13 Issue 51, which was identified on the Dismukes
14 schedule, those issues are listed at other places in
15 the prehearing -- in the draft of this order.

16 COMMISSIONER KIESLING: Right.

17 MR. McLEAN: So I think Issue 51, as it is
18 worded there, goes away; but the constituent items
19 which were in that issue remain in other places in the
20 order.

21 COMMISSIONER KIESLING: That I agree with.

22 MR. HOFFMAN: Okay, that answer my question.

23 COMMISSIONER KIESLING: Yeah, the only one
24 of the ones that were listed there on that schedule
25 that are not addressed in another issue are now

1 addressed in the reworded issue.

2 MR. McLEAN: Yes, ma'am.

3 COMMISSIONER KIESLING: So somewhere in here
4 there's an issue for every item that makes up that --
5 those adjustments.

6 MR. McLEAN: Yes, ma'am. And the Staff has
7 correctly reflected -- and suggested, rather, a new
8 wording of our position as well, and we accept that.

9 COMMISSIONER KIESLING: Okay. They have?

10 MR. McLEAN: Right there under where it
11 says -- under where they reword the issue, they also
12 reword our position.

13 COMMISSIONER KIESLING: "Yes, the Commission
14 should increase CIAC by \$225,100?"

15 MR. McLEAN: That's my understanding; is
16 that correct?

17 MS. O'SULLIVAN: Yes.

18 COMMISSIONER KEISLING: And does Staff have
19 a position then?

20 MS. O'SULLIVAN: Staff will provide it on
21 Monday morning.

22 COMMISSIONER KEISLING: Okay. Going back to
23 where I was, 56. Isn't that where we are? Issue 56.
24 Has SSU done a --

25 MR. HOFFMAN: Yes.

1 COMMISSIONER KIESLING: So it completely
2 changes this one.

3 And OPC you did not have a position to 56?

4 MR. BECK: We agree with Staff.

5 COMMISSIONER KIESLING: Okay. And I guess
6 that means that since Marco agrees with OPC, then OPC
7 agrees with Staff, then Marco agrees with Staff. But
8 I'll just put it as agrees with Staff for you.

9 And let me just look at the revised one.
10 Okay. And no change to Staff's position then?

11 MS. O'SULLIVAN: That's correct.

12 COMMISSIONER KIESLING: 57.

13 MS. O'SULLIVAN: Staff proposes to drop
14 Issue 57. We realize that the subject was included in
15 Issue 55, so we were going to drop 57.

16 COMMISSIONER KEISLING: All right. 58.
17 I'm a little bit confused on OPC's response first
18 which is, "This falls under the working capital
19 section." And your answer says, "Yes, test year
20 expenses should be reduced by \$3,214."

21 What about working capital, should it be
22 reduced? And if so, by how much?

23 MR. BECK: We'll need a moment to look at
24 her schedule.

25 COMMISSIONER KIESLING: And Staff.

1 MS. O'SULLIVAN: We have a new position on
2 that, Commissioner, which may be helpful to reviewing
3 it. Our new position is, "The \$75,000 budgeted for
4 the aquifer performance test should be reduced to
5 reflect the revised cost of \$24,300. Therefore, an
6 adjustment should be made to reduce working capital by
7 \$43,454 to reflect the 13-month average balance as of
8 December 31, 1996. A corresponding adjustment should
9 also be made to reduce amortization expense by
10 \$1,990."

11 COMMISSIONER KIESLING: Mr. Beck, have you
12 had a chance to look at --

13 MR. BECK: Yes, commissioner. It looks to
14 us like an expense item, but it's an amortization
15 schedule and amortization. And we can check with our
16 consultant further, but offhand it looks like it ought
17 to be as it is, expense. And the issue moved to the
18 expense side.

19 COMMISSIONER KIESLING: But it's under
20 working capital.

21 MR. McLEAN: It probably shouldn't be.

22 COMMISSIONER KIESLING: Oh, okay. So that's
23 what you're saying is that your position is you can't
24 answer this as to working capital, you can only answer
25 it as to an expense item?

1 MS. O'SULLIVAN: I believe Staff thought you
2 had to adjust both, working capital and expense, and
3 we did put it in the working capital section, but we
4 do feel it needs to be adjusted for working capital
5 and expense. And our position, I think, clarifies
6 that.

7 COMMISSIONER KIESLING: Okay. Does OPC
8 agree that you need to adjust for both, or you think
9 you only have to adjust for one?

10 MR. BECK: I say that we ought to add to
11 there, "and an associated adjustment should be made to
12 working capital." I don't know the answer offhand,
13 Commissioner, but it seems to me that --

14 COMMISSIONER KIESLING: Why don't you update
15 that answer now that there's a clearer understanding
16 of the issue.

17 MR. McLEAN: Yes, ma'am. We'll talk to a
18 consultant, and they'll square it.

19 COMMISSIONER KEISLING: All right. 59.
20 It's a Staff issue. And I guess just for my purposes,
21 SSU, is your answer a yes or a no answer?

22 MR. HOFFMAN: Commissioner, I think our
23 answer is a yes answer.

24 COMMISSIONER KIESLING: Okay. And OPC do
25 you have an answer?

1 MR. BECK: We will agree with Staff.

2 COMMISSIONER KIESLING: And Marco agrees
3 with OPC. Any change to Staff's answer?

4 MS. O'SULLIVAN: Yes, Commissioner. Strike
5 the second sentence of our position.

6 COMMISSIONER KIESLING: Beginning with?

7 MS. O'SULLIVAN: A corresponding adjustment.

8 COMMISSIONER KIESLING: That's the third
9 sentence.

10 I didn't want to cross out the wrong one. A
11 corresponding adjustment should also be made to reduce
12 projected test year -- okay, that sentence is deleted.

13 MS. O'SULLIVAN: Replace that with the
14 following sentence. "No expense adjustment is
15 necessary because this facility is not included in
16 this proceeding."

17 COMMISSIONER KIESLING: Then why do you have
18 the issue in there? I mean, it's your issue.

19 MS. O'SULLIVAN: It affects working capital
20 on the total-company basis, I believe.

21 COMMISSIONER KIESLING: Okay. Okay. And
22 does that have any impact on SSU's position? If it's
23 not even in here, is that an issue everyone can
24 stipulate?

25 MR. HOFFMAN: I don't think it's an issue

1 that we can stipulate because I don't think that we
2 agree with the last statement that Ms. O'Sullivan
3 made.

4 COMMISSIONER KIESLING: "That no expense
5 adjustment is necessary because this facility is not
6 included in this proceeding?"

7 MR. HOFFMAN: I don't believe that we would
8 agree that there ought to be an adjustment to working
9 capital. I think that's what she was saying.

10 MS. O'SULLIVAN: Our concern is working
11 capital is allocated to all systems based upon
12 customers. That's why we had included the adjustment
13 as an issue.

14 COMMISSIONER KIESLING: Then it can't be. I
15 think everyone's position is clear then. 60. OPC,
16 have you have you filed --

17 MR. BECK: We'll agree with Staff.

18 MS. O'SULLIVAN: Did OPC have a position on
19 59?

20 MR. BECK: We'll agree with your revised.

21 COMMISSIONER KIESLING: Well, he already
22 indicated he agreed with Staff. And anywhere in here
23 that Marco agrees with OPC, we'll reflect that they
24 agree with OPC, and you can draw your own conclusions.
25 61.

1 MR. HOFFMAN: We revised our position in
2 Issue 61 in our witness submission today.

3 COMMISSIONER KIESLING: Okay. And, OPC, do
4 you have a position on that one?

5 MR. BECK: I think that's simply a fallout.

6 MR. HOFFMAN: I think that's right.

7 COMMISSIONER KIESLING: It is.

8 MR. HOFFMAN: We understand that it's a
9 fallout issue.

10 COMMISSIONER KIESLING: Okay. 62, starting
11 under the heading of Other Rate Base Components. 62.

12 MR. HOFFMAN: Commissioner, again we revised
13 SSU's position in writing today.

14 COMMISSIONER KIESLING: Okay. I have just
15 one very quick question, even though Mr. Twomey is not
16 here. Can anyone explain to me why Mr. Twomey's
17 figure is \$2 different than SSU's? Is there a typo in
18 one or the other? Does anyone know? Okay. I'll
19 leave them the way they are then.

20 OPC you had filed something that said you
21 wanted to change '92 and '93 to 1992 through 1994,
22 right?

23 MR. BECK: Yes.

24 COMMISSIONER KIESLING: Or 1990 through
25 1994, I'm sorry. All right. Any other changes? If

1 not, 63 is a fallout issue. Anything we need to say
2 on that?

3 MR. HOFFMAN: We revised our position,
4 expanded on it.

5 COMMISSIONER KIESLING: Okay. Anybody else
6 have anything they want to put on it since it's a
7 fallout? 64. Possible stipulation do we have one or
8 not? Yes?

9 MR. BECK: Yes.

10 COMMISSIONER KIESLING: Okay. 65. Is this
11 one been reworded, it was one of the ones I indicated
12 to Staff I couldn't understand? Staff, it wasn't your
13 issue, so --

14 MS. O'SULLIVAN: We have proposed wording if
15 you want to hear it.

16 COMMISSIONER KIESLING: Let's try it out.

17 MS. O'SULLIVAN: Just add to the end of the
18 issue, "Should any adjustments be made to the equity
19 component of the Company's capital structure regarding
20 gains on sale, or gain on sale?"

21 COMMISSIONER KIESLING: Does that --

22 MR. BECK: Just adding regarding gains on
23 sale?

24 MS. O'SULLIVAN: Correct.

25 MR. BECK: I have no problem with that. It

1 just seems to me it's on account of. Whatever you
2 like is fine, that's what this is about. That's what
3 our position reflects.

4 COMMISSIONER KIESLING: You always like to
5 use "on account of," and I always like to use "for."

6 MR. BECK: That's fine.

7 COMMISSIONER KIESLING: So instead of
8 "regarding", can we all agree on the word "for gains
9 on sale"?

10 MR. BECK: Yes.

11 COMMISSIONER KIESLING: Okay. Any changes
12 in SSU's position? OPC's or Staff? No? I guess this
13 is one of those where Marco is going to agree with
14 OPC.

15 66. Other than taking the word "testimony"
16 out from after "Rothchild" OPC, any change to 66?

17 MR. BECK: No.

18 COMMISSIONER KIESLING: 67. I needed a
19 little bit of clarification from SSU. Have you filed
20 anything else on this one?

21 MR. HOFFMAN: We revised it, and hopefully
22 everybody got it.

23 COMMISSIONER KIESLING: That makes it a
24 whole lot easier. Okay. OPC, any position?

25 MR. BECK: No, we have no position.

1 COMMISSIONER KIESLING: No position is what
2 you want entered there?

3 MR. BECK: At this time.

4 COMMISSIONER KEISLING: Okay. Let me know,
5 Staff, if there was any change to yours, otherwise
6 I'll just keep on going. 68, SSU, you've updated your
7 revised?

8 MR. HOFFMAN: Yes. OPC, any position?

9 MR. BECK: No position.

10 COMMISSIONER KIESLING: 69. Again SSU
11 revised.

12 MR. HOFFMAN: Yes.

13 COMMISSIONER KIESLING: And no position?

14 MR. BECK: That's correct.

15 MR. FEIL: Commissioner, if I may, on Issue
16 69 it appears from Staff's position, as it appeared to
17 me also from Issue 67, that Staff is contemplating
18 adjustments other than weighted average cost rate for
19 ITCs with regard to 69 if you read through their
20 position. I mean, as I read it, they're talking about
21 blending the ITC options. Strike that, I guess as
22 long as we know where Staff is coming from that's
23 sufficient. It's just that the wording of the issue
24 didn't seem to match the position, but that's fine.

25 COMMISSIONER KIESLING: Okay. So we're okay

1 on 69 then?

2 MR. FEIL: On 69. But with regard to 67,
3 Staff made a statement that further adjustments should
4 be made with the development of the record without
5 really indicating what further adjustments. I mean,
6 they mentioned specifically one adjustment, then they
7 talk about allocation methodology. But in between
8 those two statements, they say further adjustments
9 should be made. And I don't know what type of
10 adjustments they are referring to there.

11 COMMISSIONER KIESLING: Would it make you
12 happier if it said further adjustments may be made?

13 MR. FEIL: No, it would just be --
14 principally because I don't understand where they are
15 coming from.

16 COMMISSIONER KIESLING: Does Staff have
17 anything they can add on this one? Do you have
18 anything else in mind besides the ones you've laid out
19 here?

20 MS. O'SULLIVAN: Just one moment, I'll
21 confer with Staff.

22 Staff just advised me that there is some
23 outstanding discover -- or discovery we just received
24 we need to go through. And other adjustments in other
25 parts of the case may cause adjustments under this

1 issue as well.

2 MR. FEIL: I understand adjustments made in
3 another issue that impacts this issue, but if it does
4 pertain to discovery, then that's fine. I guess I
5 would appreciate it if by Monday noon Staff could
6 clarify that position, or at least before the hearing
7 so that we know and can advise the witness on the
8 issue where Staff is coming from.

9 COMMISSIONER KEISLING: Any problem with
10 that, Staff?

11 MS. O'SULLIVAN: I believe we're still
12 waiting on some discovery, so we can't give it to you
13 by Monday noon.

14 MR. FEIL: It may be stuff that I have on my
15 desk, but any time before the hearing then, that's
16 fine.

17 COMMISSIONER KEISLING: 70 is a fallout
18 issue, but SSU you did file a revised. Yes. Anything
19 else on that one? 71.

20 MR. HOFFMAN: Commissioner, we did not on
21 Issue 70.

22 COMMISSIONER KIESLING: You didn't? Oh,
23 okay.

24 MR. HOFFMAN: We will. We may have missed
25 that one.

1 COMMISSIONER KIESLING: Oh, it's a fallout
2 issue so I don't know that you need to.

3 MR. HOFFMAN: Oh, okay.

4 COMMISSIONER KIESLING: Now that I look at
5 it.

6 MR. HOFFMAN: Our position is 10.32% overall
7 rate of return, and 12.25% return on equity.

8 COMMISSIONER KIESLING: I think you've
9 already given those answers elsewhere, so if you want
10 to in any way change this answer do it in your Monday
11 filing.

12 MR. HOFFMAN: Okay.

13 COMMISSIONER KIESLING: Anybody else want
14 to -- OPC hasn't taken a position, but it's a fallout
15 so you don't care. 71, any position from OPC?

16 MS. O'SULLIVAN: On 71 we have a proposed
17 rewording of the issue to clarify our position.

18 COMMISSIONER KIESLING: All right.

19 MS. O'SULLIVAN: Keeping the current
20 language and continuing, "What is the appropriate
21 methodology used to establish test year operating
22 revenues on a per-plant basis for those facilities
23 previously included in Docket No. 920199-WS."

24 COMMISSIONER KIESLING: For those facilities
25 previously included in Docket No. -- what was the

1 number?

2 MS. O'SULLIVAN: 920199-WS.

3 COMMISSIONER KEISLING: Does that in any way
4 change SSU's position?

5 MR. HOFFMAN: Could she repeat that one more
6 time, please?

7 MS. O'SULLIVAN: Sure. "What is the
8 appropriate methodology to use to establish test year
9 operating revenues on a per plant basis for those
10 facility previously included in Docket No. 920119-WS?"

11 MR. HOFFMAN: I don't believe that would
12 cause us to change our position.

13 COMMISSIONER KIESLING: And, OPC, any
14 position?

15 MR. BECK: I don't think so, but I don't
16 even understand the dispute. Is there a difference
17 between the Company and Staff?

18 MS. O'SULLIVAN: I think we wanted to
19 clarify the issue to make it clear that we're just
20 talking about those plants.

21 MR. BECK: I have no position because
22 there's no dispute.

23 COMMISSIONER KIESLING: Does that mean you
24 agree with Staff?

25 MR. BECK: I don't dispute it.

1 No position, I guess, you could put for us.
2 I didn't see what the issue was, though.

3 COMMISSIONER KIESLING: All right. I'll put
4 down no position.

5 MS. O'SULLIVAN: Commissioner, I think we
6 just realized that this might be a stipulation, if the
7 Utility and Staff have similar position and there's no
8 position from OPC, it may be a stipulation.

9 COMMISSIONER KIESLING: All right. Let's
10 start over on 71. Now that we've reworded the issue,
11 is Staff's position and SSU's position consistent?

12 MS. O'SULLIVAN: Yes.

13 MR. HOFFMAN: I think it is.

14 COMMISSIONER KIESLING: So you would
15 stipulate to Staff's position?

16 MR. HOFFMAN: Yes.

17 MR. BECK: We don't dispute it.

18 COMMISSIONER KIESLING: Does that mean
19 you're willing to stipulate out this issue?

20 MR. BECK: Sure.

21 COMMISSIONER KEISLING: 92. I really had a
22 hard time with this one, and it's a Marco's issue, and
23 he's not here.

24 MS. O'SULLIVAN: I think Staff was
25 questioning whether or not you can combine this one

1 with Issue 76 which talks about revenues in general.
2 We weren't quite sure what he was trying to get at by
3 that issue either.

4 COMMISSIONER KIESLING: I wish we'd
5 remembered that before he left because I'm hesitant to
6 strike an issue of Mr. Twomey's with the assumption
7 that it is part of a different issue.

8 MR. BECK: Commissioner, I would like to
9 speculate, I really don't know the answer up front.
10 But I think on 76 he adopts our position, and on 72
11 he's referring specifically to Mr. Woelffer's
12 testimony which makes me think they may be different.
13 I'm just guessing.

14 COMMISSIONER KIESLING: Well, at least at
15 this point to the extent that Issue 72 is in here,
16 it's simply a yes or no question. I would assume that
17 SSU's answer is yes?

18 MR. HOFFMAN: Correct.

19 COMMISSIONER KIESLING: And, OPC, you have
20 no position?

21 MR. BECK: No position at this time.

22 COMMISSIONER KIESLING: If anyone can get
23 with Mr. Twomey, either this afternoon, on Monday, or
24 whatever, and reach anything more definitive on these,
25 then feel free. But I am not going to strike his

1 issue until I have some input from him.

2 MR. HOFFMAN: Commissioner, if I could take
3 you back briefly to Issue 71 where we have a
4 stipulation, I think. We would stipulate to our
5 position. The difference between our position and
6 Staff's position is that the Company's position states
7 that present revenues should be corrected using
8 modified stand-alone rates. The Staff's position says
9 projected test year revenues should be determined
10 using the modified stand-alone rates in the interim
11 order. So we would stipulate as to SSU's position.
12 Maybe that's what the Staff intends. I'm not sure.

13 MS. O'SULLIVAN: It is 1996 revenues.
14 Annualized.

15 COMMISSIONER KIESLING: Can you help me to
16 understand what the difference is as it responds to
17 that question to that issue?

18 MR. LUDSEN: It is '96 revenues, but it's
19 the present level of revenues. It's what you project
20 for 1996 for present revenues, so it's not the
21 proposed revenues. Like we proposed uniform rates in
22 the filing for proposed revenues, but the present
23 revenues we'd measure that against would be the --

24 COMMISSIONER KIESLING: But they're not
25 proposed, it's projected.

1 MR. LUDSEN: Right. But it doesn't say what
2 the revenues are. All we want is a clarification that
3 it's present revenues as projected, not proposed.
4 Before any increase.

5 COMMISSIONER KIESLING: I think I'm having
6 trouble because the word "proposed" isn't in here
7 anywhere. That's what I'm trying to understand. If
8 the word "proposed" isn't in here, then --

9 MR. LUDSEN: We just want to make it clear
10 that it's present, that's all, under present rates.

11 MS. O'SULLIVAN: I think Staff's concern is
12 that we're talking about annualized here because
13 present only means up to a certain point, and we wish
14 to annualize the entire thing. That was our
15 difference, I think, in wording.

16 MR. LUDSEN: Well, you'd annualize the
17 present revenues before the increase, and those
18 present revenues would be based on modified
19 stand-alone rates.

20 MS. O'SULLIVAN: If we could take a minute
21 to talk about it, or take it up at a break. I think
22 it may take up a little more discussing.

23 COMMISSIONER KIESLING: Yeah, why don't you
24 take it up at break.

25 MR. HOFFMAN: Commissioner, also on Issue

1 66, which is the cost of common equity issue --

2 COMMISSIONER KIESLING: Yeah.

3 MR. HOFFMAN: We can stipulate to Staff's
4 position. We stipulated those witnesses in, but we
5 have not reached a stipulation on the issue itself.

6 MS. O'SULLIVAN: Are you agreeing with
7 Staff -- oh, we're not stipulating to that issue. I
8 believe you're agreeing with our position?

9 MR. HOFFMAN: We're willing to stipulate to
10 the 11.83 cost of equity which is in the Staff
11 position.

12 MS. O'SULLIVAN: I don't think OPC would
13 agree to that. Are you agreeing with our position?

14 MR. HOFFMAN: No.

15 COMMISSIONER KIESLING: If you want to
16 change your position, then --

17 MR. HOFFMAN: No. No.

18 COMMISSIONER KIESLING: Then just leave it
19 the way it is then.

20 MR. HOFFMAN: Yes. I was offering a
21 stipulation which I think has been rejected.

22 COMMISSIONER KIESLING: Well, you're not
23 growing to get it from OPC.

24 MR. HOFFMAN: Okeydoke.

25 MR. BECK: We'll propose that they stipulate

1 to our proposal.

2 COMMISSIONER KIESLING: I don't think you're
3 going to get that one either. Where was I? What was
4 the last issue that I did? 72, right? Okay.

5 73. Any change? Okay. 74 this is a new
6 Staff issue. And is the wording of Issue 74 clear to
7 all of you, because I had a little trouble with it.
8 But it may just mean that I don't understand all of
9 the wording -- I mean, the concepts. Okay. In that
10 case, OPC, do you have a position on 74?

11 MR. BECK: Could I ask Staff a question?
12 Where do you have the David Dismukes issues?

13 MS. O'SULLIVAN: Kim or David?

14 MR. BECK: David Dismukes who talks about
15 repression.

16 MS. O'SULLIVAN: Are you asking us what
17 number those are?

18 MR. BECK: I guess I'm not prepared to
19 answer this. It seems like we have a position on
20 this, but I'm not -- it's not -- have to think about
21 it.

22 MS. O'SULLIVAN: That's in the rate section,
23 I believe.

24 MR. BECK: I think the easiest thing is no
25 position at this time.

1 COMMISSIONER KIESLING: Let me tell you why
2 I'm having a little bit of problem, Mr. Beck, is
3 because you keep sort of shifting down the table and
4 your mike is back behind you, and you're not talking
5 into, and I can't understand anything you're saying.

6 MR. BECK: No position at this time.

7 COMMISSIONER KIESLING: No position at this
8 time. Okay. Thank you. And Staff, any change in
9 yours, your no position?

10 MS. O'SULLIVAN: No, Commissioner. We don't
11 have a position regarding the repression adjustment
12 and, therefore, can't have a position on this issue.

13 COMMISSIONER KIESLING: Okay.

14 MS. O'SULLIVAN: We have considered it
15 but --

16 COMMISSIONER KIESLING: All right. Issue
17 75, I don't understand the issue. Will the issues
18 mean the same thing to Staff if we were to take out
19 the parenthesis and simply have it say, "What are the
20 appropriate billing determinants for the projected
21 test year in this case, e.g., growth or customers --"
22 see, I couldn't figure out -- I don't know what the
23 information in the parenthesis means. Is it just
24 meaning as an example, or is it --

25 MS. O'SULLIVAN: We could just take out the

1 second portion of that sentence altogether.

2 COMMISSIONER KIESLING: Okay, and put the
3 question mark after "case"?

4 MS. O'SULLIVAN: Correct.

5 COMMISSIONER KIESLING: That would probably
6 help me.

7 MS. O'SULLIVAN: Staff has a new position on
8 this issue as well.

9 COMMISSIONER KEISLING: Let me see SSU's.
10 Anything new from SSU on this one?

11 MR. FEIL: I don't believe we submitted
12 anything new because at the last pre-pre we didn't
13 understand the issue. And now that Staff has provided
14 us a position, we have a little bit better idea of
15 where Staff is coming from. But not a completely
16 clear idea of where they are coming from.

17 We may have to revise our position in the
18 Monday filing. My concern with the issue initially is
19 although you identify those areas of the billing
20 determinants that you may need to adjust, we didn't
21 know what exactly the problem was with respect to a
22 methodology, a particular calculation, math or what it
23 was.

24 COMMISSIONER KIESLING: Well, it would
25 appear Mr. Twomey had the same problem. Because as I

1 read his response, it doesn't bear any relationship to
2 the issue, as far as I can tell. Does anybody
3 understand this issue enough for me to -- is Marco's
4 position even responsive to the issue?

5 It is? What are the appropriate billing
6 determinants?

7 MS. O'SULLIVAN: I think price elasticity is
8 one of those determinants, and I think they are
9 attacking or criticizing that particular factor.

10 COMMISSIONER KIESLING: I should construe
11 their answer to mean that price elasticity is one of
12 those billing determinants, and SSU's price elasticity
13 program isn't appropriate.

14 MS. O'SULLIVAN: Right. Price elasticity
15 does affect billing determinants.

16 MR. FEIL: Commissioner, it appears as
17 though 75 is sort of covering two issues really. The
18 first being the price elasticity or repression
19 adjustment to billing determinants. And then sort of
20 a miscellaneous methodology type of issue, which Staff
21 apparently posits in its position which they've handed
22 out a little while ago.

23 MS. O'SULLIVAN: Part of what happened at
24 the pre-pre, Mr. Twomey had to leave early at that
25 meeting as well, so we don't have a chance to go over

1 his positions with the new issues, so --

2 COMMISSIONER KEISLING: Why don't you tell
3 me Staff's new position so maybe it will help some of
4 this make sense.

5 MS. O'SULLIVAN: "Based on Staff's
6 preliminary analysis with regard to the number of
7 bills, the Utility's methodology for calculating the
8 growth rates for the respective systems appears
9 appropriate. However, the Utility may not applied the
10 methodology consistently between systems."

11 Based on Staff's --

12 COMMISSIONER KIESLING: Facilities or
13 systems?

14 MS. O'SULLIVAN: Between facilities.

15 "Based on Staff's preliminary analysis with
16 regard to consumption, we are not persuaded at this
17 time the Utility's methodology for projecting usage is
18 appropriate or that this a price elasticity adjustment
19 is warranted. With regard to an adjustment to
20 consumption for conservation, Staff has no position at
21 this time pending further analysis and development of
22 the record."

23 COMMISSIONER KIESLING: Does that help?

24 MR. FEIL: Perhaps, let me suggest this.
25 Since it appears from the first portion of Staff's

1 position that they're talking about how the growth
2 rates affect the billing determinants, why can't we
3 have two issues, one pertaining to the repression
4 adjustment, and the other pertaining to the growth
5 adjustment?

6 MS. O'SULLIVAN: We do have an issue on
7 repression, but it's not as part of billing
8 determinants. We could split it out in this case.

9 COMMISSIONER KIESLING: Well, the one just
10 before it was --

11 MS. O'SULLIVAN: If we were to break it out
12 it would have three issues. There's repression,
13 growth and conservation, not just two. That's why our
14 issue as worded now is fairly generic. It just asks
15 the question, which ones are appropriate. But the
16 issue is what are the appropriate determinants.

17 COMMISSIONER KIESLING: Which includes two
18 decisions. What are the determinants, and are they
19 appropriate -- where are the determinants that were
20 used, and are they appropriate.

21 MS. O'SULLIVAN: No, I think we're just
22 asking generally what are the appropriate
23 determinants.

24 MS. CHASE: Commissioner, perhaps I can
25 help. What we mean by billing determinants are the

1 number of bills and the gallons. And in order to come
2 up with the appropriate billing determinants, you have
3 to consider repression, growth and conservation.

4 But this issue is what are the number of
5 gallons we're supposed to use to calculate rates, what
6 are the number of bills we're going to use to
7 calculate rates, that's what this issue is.

8 COMMISSIONER KIESLING: Okay. Assuming we
9 could find a way to reword it so it says that, SSU, is
10 your response then appropriate, or do you need to redo
11 it?

12 MR. FEIL: I think it would need to be
13 redone since we only address the conservation and the
14 elasticity. We do not address the growth methodology.
15 And even as Staff's position is stated here, I guess
16 they apparently haven't formulated a firm position, so
17 we have some idea where they are coming from. But not
18 a pellucid idea of where they are coming from.

19 COMMISSIONER KIESLING: All right. And
20 Mr. Beck or Mr. McLean, now that you understand the
21 issue that Staff was trying to get at and, I guess,
22 how they've perhaps inartfully combined Marco and SSU
23 and OPC and Staff issues --

24 MR. BECK: We could provide a response by
25 noon Monday. That would be the best for us.

1 COMMISSIONER KIESLING: And Staff, how can
2 we -- how exactly can we reword this one so that
3 it's --

4 MS. CHASE: Can we work on that,
5 Commissioner?

6 COMMISSIONER KIESLING: Sure. And to the
7 extent that it gets reworded, you know, I'm not going
8 to go out of my way to try to get ahold of Mr. Twomey
9 and tell him everything that we've done, but on ones
10 like this where he clearly does have to file some kind
11 of response, would someone -- I recognize putting the
12 onus on any of you is just probably more than you can
13 bear, but how am I going to get his responses if
14 somebody doesn't tell him.

15 MR. McLEAN: On No. 75, Commissioner.

16 COMMISSIONER KIESLING: Yes.

17 MR. McLEAN: I'll undertake to communicate
18 with him and figure it out.

19 COMMISSIONER KIESLING: Great, after Staff
20 rewords it. And they're going to work on the
21 rewording.

22 MR. McLEAN: Yes, ma'am.

23 COMMISSIONER KEISLING: Issue 76. Any
24 change?

25 MR. FEIL: SSU should add as a witness,

1 Bencini.

2 COMMISSIONER KIESLING: Who?

3 MR. FEIL: Bencini.

4 COMMISSIONER KIESLING: Oh, yeah. Okay.

5 77. This is back to those miscellaneous revenue
6 adjustments. Can you clarify any, OPC, about which
7 ones are included here and which ones may have been
8 included elsewhere, or what.

9 MR. FEIL: Commissioner, although SSU
10 submitted a revised response in today's written
11 submittal --

12 COMMISSIONER KIESLING: 77. Okay.

13 MR. FEIL: -- in light of the wording change
14 that Staff, OPC and SSU agreed to, I'm going to have
15 to check on that.

16 COMMISSIONER KIESLING: Okay. And you're
17 talking about two -- what one are you on?

18 MR. FEIL: I'm on Issue 77 unless I jumped
19 ahead.

20 COMMISSIONER KIESLING: Well, I didn't know
21 that we had agreed to a language change, that's --

22 MR. FEIL: I thought we had.

23 COMMISSIONER KIESLING: Are we going to use
24 the same kind of language change that we did back in
25 55?

1 MS. O'SULLIVAN: We discussed at our break,
2 I could read that.

3 COMMISSIONER KIESLING: Somebody do that
4 since I didn't know it.

5 MS. O'SULLIVAN: "Should the miscellaneous
6 revenue adjustments proposed by Witness Dismukes for
7 billing adjustments and nonutility income be made?"

8 COMMISSIONER KEISLING: And you're going to
9 file a revised response to that issue on Monday then?

10 MR. FEIL: Yes, ma'am.

11 COMMISSIONER KIESLING: Okay. OPC, no
12 change to yours?

13 MR. McLEAN: I believe that's correct.

14 COMMISSIONER KIESLING: And, Staff, no
15 change to yours?

16 MS. O'SULLIVAN: That's correct.

17 COMMISSIONER KIESLING: 78. Do we have a
18 stipulation? Since SSU and Staff stipulated, and I
19 didn't have a position for OPC. Yes, we do have a
20 stip? Thank you.

21 MS. O'SULLIVAN: Staff's got an addition to
22 their position which may change things. 178.

23 COMMISSIONER KIESLING: Okay. That's
24 probably good to know.

25 MR. FEIL: Before we stipulate. It just

1 gives a dollar amount, it clarifies it.

2 To add to the end of Staff's position,
3 Therefore, salaries and wages should also be decreased
4 by \$40,923. Corresponding adjustments should be --"

5 COMMISSIONER KIESLING: Wait a minute,
6 you're going too fast.

7 MS. O'SULLIVAN: I'm sorry. Therefore,
8 salaries and wages should be --

9 COMMISSIONER KIESLING: Yeah, fine. The
10 dollar amount.

11 MS. O'SULLIVAN: \$40,923.

12 COMMISSIONER KIESLING: \$40,923?

13 MS. O'SULLIVAN: Right, period.

14 "Corresponding adjustments should be made to decrease
15 pensions and benefits and workmen's compensation by
16 \$10,227, and \$700 respectively."

17 MR. FEIL: Could you repeat that, please?
18 Excuse me, just the numbers. The numbers for
19 corresponding adjustments.

20 MS. O'SULLIVAN: \$10,227 and \$700.

21 COMMISSIONER KIESLING: In light of that, do
22 we still have a stipulation?

23 MR. FEIL: We have to check the numbers,
24 sorry. It's not very much money, but we will have to
25 check.

1 COMMISSIONER KIESLING: That's from the
2 audit, I believe? Staff's telling me.

3 MS. O'SULLIVAN: I'm sorry, what?

4 COMMISSIONER KIESLING: That's from the
5 audit.

6 MR. FEIL: Oh, it is in the audit? Let me
7 have a moment to look, if you just continue on.

8 COMMISSIONER KIESLING: 79. Do we have a
9 stip on that one? Mr. Hoffman, yes?

10 MR. HOFFMAN: We have a stipulation as to
11 our position.

12 MS. O'SULLIVAN: Staff will agree to that.

13 MR. HOFFMAN: Learned that from Mr. Beck.

14 COMMISSIONER KIESLING: So who is
15 stipulating to whose position?

16 MS. O'SULLIVAN: Staff will stipulate to the
17 utility's position.

18 COMMISSIONER KIESLING: And then OPC?

19 MR. BECK: No position.

20 COMMISSIONER KEISLING: So we don't have a
21 stipulation on this one?

22 MR. BECK: Oh, it's fine. There's no
23 dollars. Yes, we'll stipulate to that.

24 COMMISSIONER KIESLING: Okay. 80. And just
25 remind me to go back to 78 whenever --

1 MR. FEIL: I'm sorry, Commissioner, I wasn't
2 able to check since I didn't have that disclosure
3 here, so we will have to stipulate it, subject to
4 check. And we'll let Staff know by Monday noon if
5 there's a problem.

6 COMMISSIONER KIESLING: Okay, stip. 80.

7 MR. BECK: Our position is no, and the
8 witness is Katz.

9 COMMISSIONER KIESLING: Well, I couldn't
10 even understand the issue. Do we need to do any
11 rewording on this?

12 MS. O'SULLIVAN: Staff has some ideas that
13 might be helpful for the next three issues, 80 through
14 82.

15 We're proposing a revision to Issue 82 which
16 is a bit more specific, and to move 82 before Issue
17 80. Our proposed wording to Issue 82 would be,
18 "Should the Commission accept the projected wage
19 increases of SSU regarding market -- market, equity,
20 merit, licensure and promotion adjustments?"

21 COMMISSIONER KIESLING: Why does that one
22 need to be moved before 80?

23 MS. O'SULLIVAN: There are three different
24 adjustments proposed. And I believe that Issue 82
25 encompasses -- let me double-check with Staff for a

1 minute.

2 MR. FEIL: Commissioner, maybe I can help.
3 There are basically three issues here. First, there
4 is 1996 wage increases associated with those things
5 that Ms. O'Sullivan read, which was equity, promotion,
6 merit, licensing. The second issue is if the
7 Commission accepts 1996 wage adjustments for those
8 things, what is the proper percentage to use. The
9 third issue is the Hewitt Study adjustments which are
10 market based adjustments that we've proposed in the
11 way of a pro forma adjustment for 1996. So there are
12 three issues.

13 With regard to the second issue, which is
14 how the percentage is to be calculated, Staff and SSU
15 agree with what the percentage is. The problem
16 here -- well, not the problem -- but with respect to
17 the first issue SSU and OPC disagree. And with regard
18 to the third issue SSU and OPC disagree. And I don't
19 know what OPC's position is with respect to the second
20 issue, I suppose.

21 COMMISSIONER KIESLING: When you're saying
22 first, second and third, you're not saying the 80 is
23 first, 81 is second and 82 is third. You're rewording
24 all three.

25 MR. FEIL: In the order with which I

1 described them. Effectively, where Issue 82 was what
2 I described as the first. The second that I described
3 would, it appear, be Issue 80. And then the third I
4 described would be 81. So I believe I did it in the
5 order within -- which Staff did it.

6 MS. O'SULLIVAN: That's because we propose
7 in Issue 80 to say "If the Utilities '96 projected
8 salary wage attrition adjustment is granted, what
9 adjustments are necessary, or what amounts are
10 appropriate?" Because I think Issue 80 talks about a
11 correction to a percentage. That's why we propose to
12 move Issue 82 before that.

13 MR. FEIL: In terms of the logical sequence
14 of issues, I would agree with that.

15 COMMISSIONER KIESLING: Okay. I think I
16 followed all that. Did you follow all of that?

17 MR. BECK: I believe so.

18 COMMISSIONER KEISLING: Then as long as you
19 make the changes consistent with that --

20 MS. O'SULLIVAN: Could I have Mr. Feil read
21 what he said again about Issue 82. I think his
22 wording might have been better than ours.

23 MR. FEIL: My wording?

24 MS. O'SULLIVAN: Yes.

25 MR. FEIL: I don't believe I proposed

1 wording for the issues. I was just describing that
2 the sequence of the issues and what the issues were
3 for Commissioner Kiesling to understand.

4 MS. O'SULLIVAN: All right, that's fine. I
5 thought you were proposing wording.

6 MR. FEIL: No, I don't have anything
7 prepared.

8 COMMISSIONER KIESLING: Okay. But when you
9 reword these, you'll have the benefit of the
10 transcript so you'll at least be able to see how he
11 broke them out and make those into issues.

12 MS. O'SULLIVAN: Certainly.

13 MR. FEIL: One thing we do have an issue
14 with concerned the second in the sequence of three,
15 which was the percentage of the calculation. Staff
16 and SSU agree. I don't know whether or not OPC has a
17 position -- no position or something it would
18 stipulate to.

19 COMMISSIONER KIESLING: That's the one he
20 said his answer was no and cited to caps, right?

21 MR. BECK: Yes, but of course it's been
22 changed because as it is from here the question
23 whether you agree with any or not.

24 With respect to if you narrow the issue, as
25 Mr. Feil said, so that as I understand the way he

1 worded it the second part would be, if you give an
2 increase what should the percent be. I'm very
3 reluctant to agree with that, that we may have a
4 different number. So my position would be none is
5 appropriate. I'm not willing to stipulate or let go
6 by what the calculation is if some is granted.

7 MS. O'SULLIVAN: Staff's advised me that
8 Ms. Dismukes might have discussed that in Schedule 35,
9 and we thought those might be the same numbers so
10 maybe we could talk about that at the break.

11 COMMISSIONER KIESLING: Okay. I would just
12 point out it's 4:00, I don't know how many more breaks
13 we're going to have to cover all of these. So if it's
14 possible to resolve it now, I'm getting a little bit
15 concerned about how many paper clips I have. And we
16 are not even half way through the issues.

17 MS. O'SULLIVAN: We'll show it to them right
18 now. Staff has got it in hand.

19 COMMISSIONER KIESLING: Thank you.

20 Do you stipulate now?

21 MR. BECK: Yes. Of course, our underlying
22 position is none is appropriate. And so that the
23 issue is worded that if one is granted, should
24 adjustment be made, we will agree with that.

25 MS. O'SULLIVAN: That would be a stipulation

1 then.

2 MR. FEIL: The other thing I want to make
3 clear to Staff so that Staff and OPC understand is the
4 percentage which we're stipulating to, I believe the
5 5.75 -- yes, 5.75, is a percentage based on total
6 salaries. In other words, a percentage of total
7 salaries not before officers and directors salary was
8 taken out if it's based on total salaries.

9 MS. O'SULLIVAN: That was Staff's
10 understanding, our position.

11 COMMISSIONER KIESLING: It must have been
12 Ms. Dismukes, too, if she had the same number. Okay.

13 MS. O'SULLIVAN: A couple of small changes
14 to the motion, I guess, you're on right now.

15 COMMISSIONER KIESLING: Well, to which one?

16 MS. O'SULLIVAN: To Issue 81.

17 COMMISSIONER KIESLING: Okay. Which is now
18 going to be Issue 82, under the reworded issues,
19 right?

20 MS. O'SULLIVAN: That's true, although if we
21 do stipulate it out -- that's true. Okay.

22 Staff wants to change their position
23 slightly. The second line of their position, after
24 the word "increase," add the phrase "based on the
25 Hewitt Study."

1 COMMISSIONER KIESLING: Oh, okay, yeah.
2 Yeah. Okay. It doesn't change anything it just
3 clarifies.

4 MS. O'SULLIVAN: That's correct.

5 COMMISSIONER KIESLING: And then 82 we've
6 already agreed is going to become 80 and how we're
7 going to change that, so that puts us on 83. Any
8 changes?

9 MS. O'SULLIVAN: I think on 83, the Utility
10 proposed a stipulation based on Staff's position. But
11 I think our positions differ, and we can't stipulate.

12 COMMISSIONER KIESLING: All right. 84. 85.
13 Any stipulation there? Since SSU and Staff didn't use
14 a dollar amount and Ms. Dismukes did, I'm just
15 confused because the question is should it be removed
16 and not how much. And Staff and SSU both say yes. I
17 assume OPC's answer is also a yes since Ms. Dismukes
18 gives a number. Is this one we can stipulate, or is
19 everyone in agreement that some should be removed but
20 the hang up is over the dollar amount.

21 MS. O'SULLIVAN: I think Staff is conferring
22 with OPC. I think that was one of the ones that was
23 one of the generic adjustments Ms. Dismukes proposed
24 that we might be able to stipulate to at this time.

25 MR. BECK: If they are agreeing to our

1 number, yes.

2 COMMISSIONER KIESLING: Is that what's
3 happening? Staff is agreeing to OPC's number.

4 MS. O'SULLIVAN: Yes.

5 COMMISSIONER KIESLING: And is SSU agreeing
6 to Staff's number -- I mean, to OPC's number?

7 MR. HOFFMAN: We need to look further on the
8 number.

9 COMMISSIONER KIESLING: Okay. 86. There
10 was no position stated by OPC on this one. Have you
11 now?

12 MR. BECK: I think we can agree with Staff.

13 COMMISSIONER KIESLING: You think, or you're
14 sure.

15 MR. BECK: We will agree with Staff.

16 COMMISSIONER KIESLING: Okay. I'm sorry,
17 but I need something real definite here. I realize
18 Mr. Shreve isn't here, and you've learned from him,
19 but --

20 And, SSU, you can't agree with Staff though?
21 I mean, I don't know.

22 MR. FEIL: Apparently, I don't believe so.
23 I'm assuming that adjustment stated there is directly
24 from the audit report, and I know we did not agree
25 with that.

1 COMMISSIONER KIESLING: Okay. 87.

2 MR. HOFFMAN: Commissioner, excuse me. On
3 85 since Staff and OPC are together, we will go back
4 and look at the numbers and report on Monday if we can
5 stipulate.

6 COMMISSIONER KIESLING: Okay. I just marked
7 that as one to --

8 MR. FEIL: While we're on the subject of
9 going back and checking, we did check the numbers for
10 corresponding adjustments on Issue 78, and they are
11 fine as Staff stated and read on the record.

12 COMMISSIONER KIESLING: Let me see here. So
13 we do have a stipulation from everyone on 78 then?

14 MR. FEIL: Yes, ma'am.

15 COMMISSIONER KIESLING: Okay. 87. I don't
16 have a OPC position.

17 MR. BECK: Agree with Staff.

18 COMMISSIONER KIESLING: 88. The same thing?

19 MR. BECK: We'll agree with Staff.

20 COMMISSIONER KIESLING: 89? I didn't
21 understand your response, OPC, so.

22 MS. O'SULLIVAN: Commissioner, that wasn't
23 OPC's response.

24 COMMISSIONER KIESLING: You inserted that
25 trying to help him out. Now, I understand.

1 MS. O'SULLIVAN: I meant to put Staff
2 comment there, and I forgot to delineate that. Staff
3 went and looked at Schedule 35, and it appears that
4 that number is the same as Staff's number. OPC, so
5 you agree with Staff?

6 MR. BECK: Yes.

7 COMMISSIONER KIESLING: 90. This was
8 another one that I was unclear, because each one of
9 the parties addressed it somewhat differently. OPC
10 talked about test year expense, Staff talked about A&G
11 expenses, and Marco talked about shareholder expenses.
12 And I've just been trying to see if we all are at
13 least in agreement on what this issue means.

14 MS. O'SULLIVAN: I think they are subsets.
15 They are all talking about the same thing, but just
16 using different terminology. But with different
17 amounts. I mean, I think people have different
18 positions as to what the correct amount should be.

19 COMMISSIONER KIESLING: That still confuses
20 me. The question is, "Should an adjustment be made to
21 remove the Utility's allocated share of shareholders'
22 services?"

23 MS. O'SULLIVAN: Perhaps to clarify it --

24 COMMISSIONER KIESLING: SSU says no. Marco
25 says yes, and gives a number. OPC says yes, and gives

1 a number, but it's nothing close to the number that
2 Marco or Staff gives.

3 MR. MCLEAN: And Staff and Marco are
4 remarkably similar, but not entirely.

5 COMMISSIONER KIESLING: Yes. That's why I
6 didn't know if -- can you understand why I'm trying to
7 just make sure that everyone is using the same
8 terminology and the same calculation, or the same
9 number?

10 MS. O'SULLIVAN: Staff would propose to
11 perhaps add the phrase at the end of the issue, "to
12 remove the utility's allocated shareholders' services
13 from A&G expenses."

14 COMMISSIONER KIESLING: To remove the
15 utility's allocated share of shareholders services
16 from A&G?

17 MS. O'SULLIVAN: Expenses, correct.

18 COMMISSIONER KIESLING: Expenses. Okay. If
19 that amendment is made -- would the addition of that
20 phrase then to the issue from A&G expenses, does OPC
21 need to check with its consultant?

22 MR. BECK: We're in agreement. It's just
23 different ways of expressing it, which part of the
24 calculation you're using. Go ahead. I mean, we'll
25 agree with you.

1 COMMISSIONER KIESLING: So you want to
2 change your response to, yes, the 1996 A&G expenses
3 should be reduced to 208,776, so you agree with Staff?

4 MR. BECK: Yes.

5 COMMISSIONER KIESLING: Agree with Staff,
6 all right.

7 MR. BECK: As long as they don't change
8 their position. We're all in agreement.

9 COMMISSIONER KIESLING: Okay.

10 MS. O'SULLIVAN: Should we change Mr.
11 Twomey's position as well, or Marco's?

12 COMMISSIONER KIESLING: I think you're all
13 talking about the same number, and I'm not going to
14 rephrase his. But I think that it's clear that if we
15 rephrase the issue and that's his answer that he's
16 using the same number you are. I mean, am I wrong?

17 MS. O'SULLIVAN: No.

18 COMMISSIONER KIESLING: Okay. 91. Any
19 position for OPC?

20 MR. FEIL: On Issue 91 we can stipulate as
21 to the adjustment in Staff's position, but in so doing
22 our understanding would be that whatever else is in
23 the MFRs for costs regarding hurricane preparedness
24 would not be an issue. Because as I understand,
25 Staff's proposed adjustment, it just relates to those

1 things stated in the position, and we can stipulate to
2 what's in Staff's position.

3 MS. O'SULLIVAN: We would agree with that.

4 COMMISSIONER KIESLING: Does OPC agree with
5 that?

6 MR. BECK: We agree also.

7 COMMISSIONER KIESLING: So everybody is
8 going to stipulate. Issue 91, yes?

9 MR. FEIL: Yes, ma'am, to Staff's position.
10 Also, I suppose that since this does involve an
11 amortized expense, the unamortized portion should be
12 included in working capital.

13 MS. O'SULLIVAN: Yes.

14 COMMISSIONER KEISLING: We will include
15 that.

16 MS. O'SULLIVAN: We will include that in the
17 stipulation.

18 COMMISSIONER KIESLING: You're going to
19 reword this, or revise yours to say that.

20 92, any change? No change. 93. Is this
21 one that SSU has made any change to?

22 MS. O'SULLIVAN: Staff has a request in that
23 regard. We have a reworded Staff issue -- I'm sorry,
24 Staff position.

25 COMMISSIONER KIESLING: On 93.

1 MS. O'SULLIVAN: Right. We'd also like to
2 request that the Utility file a monthly rate case
3 expense summary prior to the hearing.

4 COMMISSIONER KEISLING: You can do that,
5 yes?

6 MR. FEIL: We're working on it now, but I
7 don't think I can make a commitment to a date certain
8 here and now.

9 COMMISSIONER KIESLING: Your request was
10 before the hearing?

11 MS. O'SULLIVAN: Yes.

12 COMMISSIONER KIESLING: So up to the
13 hearing.

14 MS. O'SULLIVAN: That's correct.

15 COMMISSIONER KIESLING: Obviously, not
16 including anything incurred during the hearing.

17 MS. O'SULLIVAN: It would be revised again,
18 I would understand after the hearing.

19 MR. FEIL: Commissioner, we are making
20 efforts to provide an exhibit prior to the hearing
21 that will show expenses that are as current as
22 possible to that date. But unfortunately, I cannot
23 make a commitment that we will have it to Staff and to
24 the parties prior to the hearing. We are actively
25 working on it, however.

1 COMMISSIONER KEISLING: I guess depending
2 upon when you get it to them, if they have a problem
3 with that, they'll let us know.

4 And Staff you had a reworded issue?

5 MS. O'SULLIVAN: I'm sorry, reworded
6 position.

7 COMMISSIONER KIESLING: That's what I meant.

8 MS. O'SULLIVAN: We'd like to add the
9 following sentence to our position: "Further, the
10 amounts of prior unamortized rate case expense
11 previously approved in Docket Nos. 911188-WS and
12 9201 -- 920199-WS and 920655-WS should remain in rate
13 case expense and amortized over the remaining
14 four-year period originally approved. The unamortized
15 balances should not be increased or added to current
16 rate case expense to be reamortized over the next four
17 years."

18 COMMISSIONER KIESLING: Does that cause you
19 any heartburn?

20 MR. HOFFMAN: No.

21 COMMISSIONER KIESLING: Does OPC have any
22 change? Part of my question with OPC is it's not
23 responsive. It says "What is the appropriate amount
24 of current rate case expense?" Your answer says "Test
25 year expense should be reduced by 96,000," and it says

1 no. Could you just reword yours?

2 MR. BECK: Since we will be responded to the
3 document that the Company is working on. I don't
4 think we can give a firm position on the amount that
5 should be disallowed.

6 COMMISSIONER KIESLING: I agree that's
7 basically what everybody is saying. But you had taken
8 a specific position and that's why I thought you might
9 want to modify it.

10 MR. BECK: Either we could just put a period
11 before the number or say "at least." Either way that
12 will be --

13 COMMISSIONER KIESLING: Maybe I'm not being
14 clear. The question is not a yes or no question, but
15 you answer it no.

16 MR. BECK: Okay.

17 COMMISSIONER KIESLING: So am I striking the
18 no?

19 MR. BECK: Strike the no. Say "Test year
20 expenses should be reduced."

21 COMMISSIONER KIESLING: Period.

22 MR. BECK: Period.

23 COMMISSIONER KIESLING: Okay. 94.

24 MS. O'SULLIVAN: Staff proposes a rewording
25 of the issue to clarify it.

1 COMMISSIONER KIESLING: Okay, good.

2 MS. O'SULLIVAN: We propose to reword it
3 follows: "Should the expense associated with Docket
4 No. 930880-WS uniform rate docket be considered
5 regulatory commission expense-other? And if so, what
6 is the appropriate treatment and amount?"

7 COMMISSIONER KEISLING: Did everybody get
8 that reworded issue? Okay. And then you'll reword --
9 SSU, you'll reword yours so that it's consistent with
10 that? Since Staff for one thing is calling it
11 regulatory commission expense, as opposed to rate case
12 expense, because it can't be rate case expense if it
13 wasn't in a rate case.

14 MR. HOFFMAN: Well, it was in a case in
15 which rates were subject to change. That 930880 case.

16 MS. O'SULLIVAN: That was an investigation
17 docket, I believe.

18 MR. HOFFMAN: Yeah.

19 MR. FEIL: Actually, this is almost a legal
20 issue.

21 MR. McLEAN: Nobody is suggesting that what
22 you call it is going to determine whether it's
23 allowed.

24 COMMISSIONER KIESLING: Yeah, that's why I'm
25 trying to figure out. I mean, Staff is calling it one

1 thing, your answer is calling it something else.

2 MR. FEIL: Our position is that it should be
3 treated as rate case expense and not regulatory
4 commission expense-other. So I guess our answer to
5 Staff's issue as framed is, no, it should not be
6 treated as regulatory expense-other; it should be
7 treated as rate case expense as included in the MFRs.

8 COMMISSIONER KIESLING: With that answer I
9 at least understand what your position is. Does that
10 answer clarify it for Staff as to SSU's position then?

11 MS. O'SULLIVAN: I believe so. Staff would
12 like to update their position as well.

13 COMMISSIONER KIESLING: Let me do OPC's
14 first. You agree with Staff's.

15 MR. BECK: Yes.

16 MR. FEIL: Commissioner, so that we're
17 clear, what I said, those two sentences would go in
18 front of the position as it's stated here in 94.

19 COMMISSIONER KIESLING: You can reword it
20 and give it to us.

21 MR. FEIL: Yes, ma'am.

22 COMMISSIONER KIESLING: Staff, what is
23 yours?

24 MS. O'SULLIVAN: "Yes, these amounts do not
25 relate to a rate case proceeding and should be removed

1 from current rate case expense. Only prudently
2 incurred costs associated with this docket should be
3 allowed and amortized over five years to those
4 facilities included in Docket No. 930880-WS."

5 COMMISSIONER KIESLING: Is it fair for me to
6 assume that your rewording of 94, is that you're also
7 going to reword 95 consistent with it?

8 MS. O'SULLIVAN: That's correct. I believe
9 we have.

10 COMMISSIONER KIESLING: What's your
11 rewording of 95?

12 MS. O'SULLIVAN: "Should the expense
13 associated with Docket No. 930945-WS, jurisdiction
14 docket, be considered regulatory commission
15 expense-other. And if so, what is the appropriate
16 treatment and amount?"

17 COMMISSIONER KEISLING: And Staff -- not
18 Staff, SSU, you're going to update your response so it
19 goes to that.

20 MR. FEIL: Actually, our current position
21 may reflect that. One moment, please.

22 COMMISSIONER KIESLING: Okay.

23 MR. FEIL: Our position reflects the wording
24 of the issue.

25 COMMISSIONER KIESLING: Okay. OPC, any

1 position?

2 MR. MCLEAN: Yes, ma'am. We had agreed with
3 Staff. But Staff has changed its position
4 substantially.

5 COMMISSIONER KIESLING: It has? I haven't
6 seen it, have I?

7 MS. O'SULLIVAN: I was just about to read
8 it. I wanted to wait until you got to that point.
9 Staff's position would be," yes, these amounts do not
10 relate to a rate case proceeding and should be removed
11 from the current rate case expense. Only prudently
12 incurred costs associated with this docket should be
13 allowed and amortized over five years to those --"
14 actually, I'm sorry. Let me strike that and start
15 over again. I was reading from the wrong issue.

16 Issue 95.

17 COMMISSIONER KIESLING: 97. 95, yes, you're
18 right. I had turned the page already. I apologize.

19 MS. O'SULLIVAN: Staff's position on 95.
20 "The costs associated with Docket No. 930945-WS are
21 nonrecurring expenses. Only those costs prudently
22 incurred should be amortized over five years to all
23 SSU plants."

24 COMMISSIONER KEISLING: Okay. What?

25 MR. FEIL: I don't believe I heard all of

1 that, but it sounded as though it was akin to our
2 position, perhaps except with the exception of the
3 amount. And to screw up the works, I'd like to throw
4 in one other subset issue, and that is when the
5 amortization period should begin. SSU's position is
6 the amortization period should begin with the
7 effective date of final rates at the end of this case.

8 MR. McLEAN: Staff never said they were
9 prudently incurred. Or did you?

10 MS. O'SULLIVAN: I'm sorry, I didn't hear
11 that suggestion.

12 MR. McLEAN: I don't think your position
13 encompassed the notion that the costs were prudently
14 incurred, or did it? I understood what you said to be
15 only those incurred should be amortized.

16 MS. O'SULLIVAN: That's correct.

17 MR. McLEAN: That doesn't suggest whether
18 they are or were not.

19 MS. O'SULLIVAN: Or what the numbers should
20 be, that's correct.

21 MR. FEIL: I guess what we're saying,
22 Commissioner, is we may have some stipulations as to
23 the methodology for calculating an amount, but we
24 don't are an amount, so perhaps the amount is the only
25 issue.

1 COMMISSIONER KIESLING: Except that we don't
2 have a question on the methodology for calculating it.
3 There's not an issue. This is broken out by cases and
4 not by methodology.

5 MR. FEIL: I guess by methodology I meant
6 that it should be treated as regulatory commission
7 expense-other; that it should be amortized over five
8 years. Perhaps methodology wasn't the proper term.

9 MS. O'SULLIVAN: I think we would also have
10 some difference of opinion as to when the effective
11 date of the amortization would begin. I think we're
12 not going to be able to stipulate to that either.

13 COMMISSIONER KIESLING: Is Staff in
14 agreement to add that as a subset of Issue 95, when it
15 should begin?

16 MS. O'SULLIVAN: I imagine the issue itself
17 talks about the appropriate treatment. I think that
18 encompasses all of the subissues. I'm not quite sure
19 we'd have to sub out everything associated with the
20 treatment.

21 COMMISSIONER KIESLING: Then I guess it
22 would come under you filing a restated position so
23 that you make that clear.

24 MR. HOFFMAN: Right.

25 COMMISSIONER KIESLING: And, Staff, you're

1 doing a restated position?

2 MS. O'SULLIVAN: We will add that to our
3 position to discuss the amortization.

4 COMMISSIONER KIESLING: OPC, are you going
5 to agree with Staff again on this one, or do you have
6 a whole different answer?

7 MR. McLEAN: I would like to preserve for us
8 the notion that at least some of the costs, if not the
9 majority, were not prudently incurred. So I think our
10 position should read something like this, "Only that
11 part of the identified expenses which were prudently
12 incurred should be recovered." As to methodology for
13 recovery, we agree with Staff.

14 COMMISSIONER KIESLING: Okay. And you're
15 going to file that on Monday?

16 MR. McLEAN: Yes, ma'am.

17 COMMISSIONER KEISLING: 96. I had some
18 trouble understanding this one, too.

19 MS. O'SULLIVAN: Staff has proposed some new
20 wording for this one as well, if I could clarify.
21 "What is the appropriate treatment for additional rate
22 case expense incurred subsequent to the final order in
23 Docket No. 920199-WS, the prior rate case?"

24 COMMISSIONER KEISLING: And then if that's
25 the issue, does SSU's position need to be changed?

1 MR. HOFFMAN: I don't think so. We'll go
2 back and take a look at it. If so, we'll revise it.

3 COMMISSIONER KIESLING: OPC, you did have a
4 position set out in your April 16th, but does that
5 change any based on the rewording?

6 MR. BECK: I don't know. (Pause)

7 No, it does not change our position on the
8 memo.

9 COMMISSIONER KIESLING: Does Staff have a
10 new position?

11 MS. O'SULLIVAN: Yes, Commissioner.

12 "Prudently incurred costs associated with Docket
13 No. 920199-WS, which were incurred subsequent to the
14 issuance of Order No. PSC-93-0423-FOF-WS, should be
15 amortized over four years as rate case expense to all
16 facilities included in Docket No. 920199-WS."

17 COMMISSIONER KEISLING: Okay. Anybody else
18 got anything on 96 then?

19 97. This was an OPC issue that I'm having a
20 little trouble understanding. Did Staff make any
21 attempt to reword this one? If not, what I need to
22 understand from OPC is what the adjustments that --
23 what they are for and what is the inefficiency.

24 Because I read the issue, and then when I
25 read the answer all it says is test year expenses

1 should be reduced by an amount that's set out there.
2 And I don't know why your expert thinks that they
3 should be or what exactly those are. Any help?

4 MR. BECK: Commissioner, there's a fair
5 amount of testimony by Ms. Dismukes about this and a
6 fairly complicated schedule accompanying it. It
7 generally goes to diseconomies of scale. Perhaps we
8 could say "Test year expenses should be reduced by
9 that amount for diseconomies of scale." I don't know
10 if that helps or not.

11 COMMISSIONER KIESLING: Or refer to the
12 schedule -- well, you've done that.

13 COMMISSIONER KEISLING: Okay. Does that
14 clarify it for everybody?

15 MS. O'SULLIVAN: I'm sorry, Commissioner, I
16 was not listening.

17 COMMISSIONER KIESLING: If they make it
18 clear that they're talking about, instead of just
19 inefficiencies, that they're talking about
20 diseconomies of scale and refer to the schedule, does
21 that clarify more what OPC was talking about in this
22 issue?

23 MS. O'SULLIVAN: Yes, it would clarify it.
24 I think Staff would have no position on the issue,
25 though, at this time, pending further development of

1 the record.

2 MR. HOFFMAN: Okay. And having had that
3 clarified, do you have anything that you would need to
4 add to your statement of the issue? SSU?

5 MR. FEIL: I don't believe so, no, ma'am.

6 COMMISSIONER KIESLING: Okay. 98. Nothing
7 on 98 other than fixing the formatting of it.

8 99, no change. Okay.

9 100. Is there a rewording for this one?
10 Again, if I understand correctly, Staff inserted the
11 parenthetical material, but it didn't do anything to
12 clarify it for me. So I guess I need to look to OPC
13 and see if there's anything that you have any interest
14 in adding to that to clarify the miscellaneous
15 adjustments that you're speaking of.

16 MR. McLEAN: I'm at a loss. I think
17 probably the best thing to do is confer with Kim and
18 see what the detail is. This is not among the ones we
19 discussed?

20 MS. O'SULLIVAN: (Shakes head.)

21 MR. McLEAN: Then what's the consequence?

22 (Pause)

23 Let's just remove the parens from Staff's
24 statement of the issue, and that statement of the
25 issue is satisfactory with us.

1 COMMISSIONER KIESLING: I know that was the
2 first one you turned in. They were trying to clarify.

3 MR. McLEAN: Not with the paren, and the
4 number should change to 137,759.

5 MR. FEIL: Excuse me, Mr. McLean, can you
6 say that number again?

7 MR. McLEAN: 137,759.

8 COMMISSIONER KIESLING: Okay. With that,
9 does SSU have any position?

10 MR. FEIL: We're going to have to put it in
11 Monday.

12 COMMISSIONER KEISLING: Okay.

13 MR. FEIL: I would anticipate it being no,
14 however.

15 COMMISSIONER KIESLING: I mean I was
16 anticipating that, too, but I didn't know if there
17 were any of those that you could agree to or not.

18 Okay. I'm going to take a minute here
19 before we go on. We just finished Issue 100, and we
20 have 46 more to go. And without, you know, meaning
21 anything other than just what I'm saying, it seems
22 like we're all kind of fading in and out. And I have
23 a concern about that because we're not going to get
24 done, or we're not going to get done at any reasonable
25 hour.

1 Does anyone have a suggestion for any way
2 that we can go any faster, and, you know, still get
3 this cranked out, or do we need to go to a time
4 certain and then, you know, come back Monday morning.
5 I mean, I don't know. I don't have an answer. And
6 believe me, I saw the look Staff just gave me, so I'm
7 sorry I even said those words.

8 MS. O'SULLIVAN: I was planning to use the
9 weekend to start working on the order.

10 COMMISSIONER KIESLING: You have hundred
11 issues you can definitely start with.

12 MS. O'SULLIVAN: That's true.

13 COMMISSIONER KIESLING: I'm not ready to
14 quit now. I mean --

15 MS. O'SULLIVAN: It might be a good idea to
16 take an early meal break or take half an hour and come
17 back and crank for another two or three hours to get
18 it done.

19 COMMISSIONER KIESLING: Two or three hours?

20 MS. O'SULLIVAN: I'm not sure.

21 COMMISSIONER KIESLING: I'm not cranking a
22 another two or three hours tonight. I'll go until
23 6:00. I have had the sum total of like 20 hours sleep
24 this entire week and I just can't do it.

25 MR. HOFFMAN: I think -- I'll throw this out

1 as a suggestion. I think that, for example, what we
2 could do is we can look at our positions this
3 afternoon or over the weekend, for purposes of
4 clarifying anything that needs to be clarified by noon
5 on Monday. Where we would need some help is if we
6 were going to be seeing some changes on the remaining
7 issues.

8 It might be expedient, in terms of trying to
9 get through today, to have Staff provide any change or
10 any other party proposed changes in language on
11 issues. And with that, I mean I don't know why, at
12 least, speaking for SSU, we can't go back and just
13 clean up anything that needs to be cleaned up on the
14 remaining issues so long as we know what the issue is
15 going to state.

16 MS. O'SULLIVAN: I have a working draft
17 draft of the order which sets forth our proposed
18 changes, any comments or questions. I could look
19 through it and make sure everything was correct and
20 clear. I could always provide copies of that to the
21 party. They can contact me. I'll be here all weekend
22 if you all have any questions.

23 COMMISSIONER KIESLING: Like I said, I'm not
24 saying I'm going to quit now. These last few
25 questions, it's like I feel like I'm talking to the

1 vapors or something.

2 MS. O'SULLIVAN: Deer caught in headlights.

3 COMMISSIONER KIESLING: On all of us. This
4 is not just one person fading. We're all fading.

5 So would taking a five-minute break so
6 everybody can get up and walk around help any? I'm
7 willing to do that.

8 MS. O'SULLIVAN: Sure.

9 COMMISSIONER KIESLING: Anyone want to take
10 a break?

11 MR. HOFFMAN: Sure.

12 COMMISSIONER KIESLING: Okay. Why don't we
13 do that. Why don't we take a break until quarter of
14 by that clock, just enough to get up, stretch your
15 legs. Maybe try to get back to it. Thank you.

16 (Brief recess.)

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19 (Transcript continues in sequent in Volume 3.)

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