

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

In the Matter of : **UNDOCKETED**
:
Undocketed merchant :
plant study :

VOLUME 2



PROCEEDINGS: WORKSHOP

BEFORE: CHAIRMAN JOE GARCIA
 COMMISSIONER J. TERRY DEASON
 COMMISSIONER SUSAN F. CLARK
 COMMISSIONER JULIA L. JOHNSON
 COMMISSIONER E. LEON JACOBS, JR.

DATE: **Thursday, May 13, 1999**

TIME: Commenced at 10:10 a.m.
 Concluded at 4:40 p.m.

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

REPORTED BY: JOY KELLY, CSR, RPR
 Bureau Chief, Reporting
 KIM BERENS, CSR, RPR
 FPSC Division of Records & Reporting

I N D E X

	ITEM	PAGE NO.
1		
2		
3		
4		
5	Presentation by Dave Cruthirds Dynegy	100
6	Presentation by Dick Basford Enron	108
7		
8	Presentation by Gary Sasso Florida Power Corporation	119
9	Presentation by Joe Cresse Florida Power & Light	167
10		
11	Presentation by Joe McGlothlin Reliant Energy	204
12	Presentation by Jack Hawks U.S. Generating	222
13		
14	Presentation by Gerard Kordecki Potential Merchant Power Producers	235
15	Presentation by Terry Kammer IBEW	246
16		
17	Presentation by Gail Kamaras LEAF	247
18	CERTIFICATE OF REPORTERS	260
19		
20		
21		
22		
23		
24		
25		

P R O C E E D I N G S

(Hearing reconvened at 12:40 p.m.)

CHAIRMAN GARCIA: Let's start again. Maybe if you notice I have been trying to ask as few questions myself because I want to hurry along. But, of course, Commissioner Clark's have all been very relevant and so we want to continue that.

If you can, cut your presentations down a little bit. It will be helpful because we're less than a quarter of the way through it, and we're almost halfway through the day.

The next presentation is Dynegy. Go right ahead.

MR. CRUTHIRDS: Dave Cruthirds, Senior Director and Regulatory Counsel of Dynegy. And it's no "r" in Dynegy. D-Y-N-E-G-Y. Today I'm accompanied by Ben Trammell, Senior Director of Project Development at Dynegy.

I'm not sure how familiar you are -- or the people in the audience are about Dynegy. We're not a household name, but those within the industry, people are very familiar with us. NGC Corporation was our former company. We changed our name last summer to the Dynegy. We're in the top five wholesale power marketing, gas marketing and natural gas liquids in

1 North America. We had \$14.5 billion of revenue last
2 year. Publicly traded. We're a sizeable company as
3 an independent power producer. We're one of the
4 leading developers right now. We've got -- 6800 of
5 megawatts on the ground operating right now, and with
6 the number of plants that are being contemplated,
7 we've got three that's announced in SERC, and we are
8 looking at sites in Florida.

9 We welcome the opportunity to be here. We
10 have provided comments. Hope those have been read.
11 We're certainly happy to answer any questions on that.

12 I'd also like to make an appearance today
13 for -- Dynegy is a member of National Energy Marketers
14 Association, NEMA, which represents producers of oil
15 and gas marketers throughout the country. They have
16 authorized us to indicate that NEMA has subscribed to
17 the comments Dynegy has submitted in the proceeding.

18 We took a different approach, and I'm sure
19 quite different from some of the comments that we had
20 seen provided early on. And we didn't go through and
21 answer all of the exact questions and get immersed in
22 that.

23 One of the things that we were, I guess,
24 startled by is the approach that the commenters and
25 most of the dialog was all looking at -- and you do

1 have a practical problem; you do have statutes and
2 laws on the books today that you have to deal with.
3 But what we would encourage the people to understand
4 that competition is coming, wholesale competition;
5 while it's quite imperfect and we need some progress
6 both at federal and state level to improve the
7 wholesale market, wholesale competition is here.
8 Retail competition is kind of one way or the other,
9 and we don't know when, exactly what flavor, but it is
10 coming.

11 So we would prefer that the parties and
12 Commission approach the matter from a perspective of
13 competition is coming. How do we get there? What do
14 we -- like Commissioner Clark's question, what do we
15 do to get there?

16 Rather than we have the existing regulatory
17 paradigm that we're dealing with, and grapple and
18 get -- you do have to deal with it, but try to get
19 stuff out of the muck and examine the issues and look
20 at them from that perspective.

21 So that's how we provided our comments. We
22 did provide a set of principles that we think have
23 very solid foundation and would be very appropriate
24 for the Commission to consider, and certainly you
25 won't adopt them verbatim the way we provide them, but

1 we certainly think it would be a good starting point.

2 One of the questions that came up,
3 Commissioner Clark, you were looking at how do we
4 assure reliability and reserves. And the analogy that
5 I was thinking of -- a lot of us here, competitive
6 power producers, came out of the gas industry, natural
7 gas. There is no federal or state reserve requirement
8 on natural gas reserves. You have a fairly well
9 functioning natural gas market. People depend on
10 natural gas in winter in Boston and winter in New York
11 and winter in Chicago, they depend on natural gas for
12 their lives just in the same way you would depend on
13 air conditioning on the 4th of July in Florida.

14 In a competitive market you have -- it's
15 Economics 101: Law of Supply and Demand. You're not
16 here -- you don't obviously have that market here in
17 Florida, but we would certainly like you to view it,
18 understand the laws of the economics and approach the
19 merchant plants and see their role and see how the
20 wholesale market operates within that.

21 **COMMISSIONER CLARK:** Let me interrupt you
22 for just a minute. Are you suggesting that we not set
23 a margin of reserve even for utilities that have the
24 obligation to serve load and that we simply let the
25 market determine what the appropriate reserve is?

1 **MR. CRUTHIRDS:** Eventually, yes. You do
2 have a transition problem where right now you're --
3 you call it half pregnant -- you're half regulated,
4 half unregulated; maybe a little different percentage
5 here in Florida. But eventually you will be in a
6 situation where the Commission's role will be
7 considerably reduced in terms of the need
8 determination, you know, for what capacity is need.

9 Now, clearly do have --

10 **COMMISSIONER CLARK:** Is it your position
11 that the market should determine how much capacity
12 should be built to serve retail customers in Florida
13 ultimately?

14 **MR. CRUTHIRDS:** Yes, it is.

15 **COMMISSIONER CLARK:** Okay.

16 **MR. CRUTHIRDS:** Looking at the analogy on
17 the gas side, you have price signals that are
18 transmitted to the Chevrons, the Exxons, BP, Amacos,
19 the producers, who see the prices, they look at the
20 forward price curves, the gas equivalent as Mr. Green
21 explained, and they decide when to go out and when
22 it's in their economic interest to produce and go out
23 and explore and develop a field. And an offshore
24 production platform is not unlike the size of
25 investment that a major electric generation plant

1 would be. And they're competing with other producers.
2 They don't get together and say, "Well, okay, Shell,
3 you're going to build the next plant, you're going to
4 drill the next platform, and Chevron, you'll do the
5 next one. They are all at risk and they're competing
6 with each other. But from a macro viewpoint, you do
7 end up with a supply and demand curve. As supply is
8 shrinking -- right now you're seeing in the gas
9 industry people are talking about "Natural gas
10 suppliers, the bubble is over. You may have tighter
11 gas prices in the next three, four years." Well, you
12 can bet the producers are out there looking at that
13 and saying, "We need to step up production," even
14 though prices are low today. And I think you'll
15 eventually have -- if you do have an open competitive
16 power market, you'll have the exact same dynamic where
17 it may be a Duke will say, "Okay. I'm the one today."
18 Tomorrow it may be Dynegy. Tomorrow -- you know,
19 Enron may build the next increment. And we will be
20 the ones that will be essentially at risk for that
21 investment.

22 I endorsed the comments that were made today
23 by Constellation and Duke in terms of their
24 explanation of the competitive market.

25 But in terms of -- from the reliability

1 perspective, we do see if allowed to work and if those
2 price signals are allowed to get through to producers,
3 they will build the appropriate number of power
4 plants.

5 **COMMISSIONER DEASON:** Let me ask a question
6 in that regard.

7 Do you see that there would be risk placed
8 upon ratepayers in the sense that if there is
9 inadequate capacity or there's capacity that is put on
10 the grid only when there's an emergency situation or
11 reserves are tight and prices go up, that there's risk
12 being placed on the ratepayer that they are going to
13 be confronted with prices higher than what we've seen
14 in the past, and the reason, because in the past, is
15 that our incumbent utilities are cost-based regulated
16 and they have to have reserves. And when the capacity
17 is needed, they have to generate. And all they get is
18 what it cost them to generate. It's part of the
19 regulatory impact. Do you see any potential conflicts
20 or risk movement in that regard?

21 **MR. CRUTHIRDS:** I think there are some
22 short-term risks.

23 The laws of supply and demand don't work
24 perfectly. You will see imbalances of supply and
25 demand occur periodically. Look, for example, at the

1 price spikes that occurred in the Midwest this past
2 summer. There were some structural problems with the
3 operation of the grid, people didn't have some
4 capacity on line. But the market -- the prices came
5 through and the market has responded. People are --
6 including Dynegy, we have a plant, we're looking to
7 put one in Chicago; Reliant has announced a plant in
8 Chicago. There's people tripping all over themselves
9 trying to get capacity down to -- in response to that
10 price signal.

11 And one of the points we made in our
12 comments, in our principles, is that you may have a
13 short-term price spike that may be in total cost to
14 consumers, less cost than building a new 400-megawatt
15 generation peaking capacity. You look at maybe a
16 \$400 million investment to build a new plant and your
17 total cost of the price spike to consumers may be
18 100 million or 50 million. While prices for a few
19 days may have gotten very high, the total cost to the
20 system -- that may be the appropriate response. And
21 if you don't -- and the other side is if you don't
22 allow the prices to get transmitted -- as sent by
23 supply and demand and get transmitted to the
24 marketplace -- say if you put a price cap -- well, we
25 think that, you know, \$50 is all that people should be

1 able to receive -- then you're going to mute the
2 incentive of a Dynegy or a Duke or an Enron to come in
3 and build in that market and provide supplies if they
4 don't see that they're going to be -- they are going
5 to take all of the risk -- their prices might be \$5
6 but there's no opportunity for them to receive the
7 reward on the upside.

8 **CHAIRMAN GARCIA:** Any other questions?

9 Thank you very much.

10 **MR. CRUTHIRDS:** Thank you.

11 **MS. PAUGH:** Enron.

12 **MR. BASFORD:** Dick Basford representing
13 Enron. This is Cathy Giddings, our attorney.

14 In order not to be redundant, a lot has
15 already been said and we agree with that.

16 Merchant plants are more efficient than much
17 of the existing capacity in the state. The result of
18 that is you're going to have lower cost to the
19 consumer because merchant plants are going to sell
20 wholesale energy to load-serving utilities. Merchant
21 plants are going to be cleaner than much of the
22 generation in the state. They're going to increase
23 the air quality in the state using merchant plants.
24 This has already been discussed.

25 We do believe that there's no need to cap

1 the amount of merchant plant capacity. The critical
2 thing is no one is going to come to Florida and spend
3 \$200- \$300 million if they have not already determined
4 that they can produce energy and sell it in the state
5 of Florida.

6 If we -- if a merchant plant wanted to sell
7 power in Georgia, it would build the generation in
8 Georgia. It is much easier to build generation in
9 Georgia or Alabama or Mississippi than it is in
10 Florida. So there's no incentive to build generation
11 in Florida and sell power out of the state.

12 So I'm just repeating and recapping what
13 Rick and Mike have already said. We endorse that. We
14 think that merchant plants are important to the state.
15 And we believe that the Commission should proceed with
16 their workshops and make determinations of how best to
17 incorporate merchant plants into the mix of generation
18 in Florida.

19 **CHAIRMAN GARCIA:** Any questions?

20 **COMMISSIONER CLARK:** Let me ask you a
21 question with respect to having -- continuing to have
22 a regulated retail market and a wholesale competitive
23 market.

24 One way it could work is that you require
25 the utilities who have an obligation to serve as

1 retail, carry enough capacity to serve that at peak
2 periods plus a margin of reserve, and then allow a
3 certain amount of merchant capacity? Do you think
4 there should be a cap on that, or do you think the
5 market should decide how much extra capacity?

6 **MR. BASFORD:** I think the market should
7 decide. As Mike Green said, the market is going to
8 examine what is in Florida and they are not going to
9 make an investment here. We alluded to the example of
10 McDonalds. If you get a proliferation of McDonalds
11 and Burger Kings and Taco Bells, what they do in order
12 to get business is they get promotions and they cut
13 prices and they do things that ultimately is to the
14 benefit of the consumer. The same thing will happen
15 with merchant plants except you're dealing with a much
16 larger investment. They are going to make sure --
17 merchant plant developers are going to make sure that
18 before they make the investment, that their ability to
19 sell energy competitively in Florida is better than
20 what the traditional utilities can do with their older
21 generation that will be replaced by the new merchant
22 plant generation.

23 And by the way, it wasn't in our comments
24 and I haven't heard it said, but we don't have a
25 problem with traditional utilities in the state

1 building merchant plants if they are not in the rate
2 base. If Florida Power and Light or TECO or Florida
3 Power Corp want to build a merchant plant and compete
4 in the wholesale market and not put it in the rate
5 base, there's absolutely nothing wrong with that, in
6 our opinion.

7 **COMMISSIONER CLARK:** What about the plants
8 that are in retail rate base, shouldn't they be
9 allowed to compete in the wholesale market?

10 **MR. BASFORD:** Well, they do.

11 **COMMISSIONER CLARK:** My question is should
12 they continue to be? Is it fair -- you know, what's
13 been represented to me it wouldn't be fair to have the
14 ratepayers subsidize that plant and then it can be --
15 whatever extra they get in the wholesale market is
16 gravy to them and you have to cover all your costs.

17 **MR. BASFORD:** That's true. And that's
18 probably something that should be addressed during the
19 docket.

20 The situation, as I understand it now, is
21 that if a utility, investor-owned utility builds
22 generation in Florida, he puts it in the rate base but
23 has excess capacity in that plant, they can sell it in
24 the wholesale market and I don't know how they divvy
25 up those revenues between shareholders and ratepayers.

1 I don't know how that works.

2 **COMMISSIONER CLARK:** Mr. Cresse can tell us
3 that. I can't -- it's on a cost basis and it's on a
4 split the savings between the buyer and the seller,
5 and then I think it's a 20/80% split between the
6 ratepayers and the stockholders. It's been a while.

7 **MR. BASFORD:** And perhaps that should be
8 addressed, that a portion of a plant could be merchant
9 and the other portion be regulated, and that portion
10 that is merchant falls outside of the regulation.

11 **COMMISSIONER CLARK:** Well, what would be
12 your reaction to letting plants that are in the rate
13 base be bid into the wholesale market?

14 **MR. BASFORD:** If they can bid into the
15 wholesale market competitively, I think they should be
16 allowed to do it.

17 **COMMISSIONER CLARK:** If they can come in at
18 the lowest price, they should be able to do that.

19 **MR. BASFORD:** Yes, ma'am.

20 **COMMISSIONER CLARK:** Okay.

21 **CHAIRMAN GARCIA:** Any questions?

22 **COMMISSIONER CLARK:** Let me just ask one
23 other question.

24 If we determine that for environmental
25 reasons we did not want a proliferation of merchant

1 plants -- to meet other state policy objectives we
2 thought the amount of merchant plants should be
3 limited, and I think Staff has suggested there should
4 be a cap -- how would we determine what should be the
5 criteria for determining who gets to build the
6 merchant plant? Do you have an open season and you
7 compare the plants to each other or is it a
8 first-come-first-serve basis?

9 **MR. BASFORD:** First, I don't believe there
10 should be a cap. But given there is a cap, I would
11 say that that first-come-first-serve probably would be
12 the way to go. I wouldn't hold out part for somebody
13 down the road to come in and fill.

14 On the other hand, if you decide to put a
15 cap, you may want to then look at the efficiency of
16 one unit versus the other and where that unit is going
17 to be located. All of those things would come in if
18 you're going to narrow the margin of how much merchant
19 plant capacity -- you may want to start considering
20 those other things as not different than what you
21 consider in a utility's need hearing.

22 **COMMISSIONER JACOBS:** Can I ask a question
23 similar to that.

24 One of the assumptions for the successful
25 operation of merchant plants is that the principle of

1 supply and demand operate in the wholesale market. If
2 you don't have a cap, aren't those principles
3 distorted? It would appear to me that you're going to
4 always have supply driving the curve because you're
5 going to probably have more than enough applicants of
6 capacity than what you presently have demand for.

7 **MR. BASFORD:** I think you want the supply
8 driving the curve. The more liquidity you have, the
9 lower the cost to the ultimate consumer. If you put a
10 limit, you may be reducing the amount of energy
11 available to lower the cost to the load serving
12 entity.

13 **COMMISSIONER JACOBS:** Okay. If you have --
14 if you have those circumstances, it appears to me
15 ultimately then you're going to arrive at a place
16 where the costs are not going to be truly -- I'm
17 sorry, the cost -- the prices are not going to be
18 truly reflected. How do you avoid that? Let me ask
19 that question. How to you avoid that?

20 **MR. BASFORD:** The price may not be truly
21 reflective of the cost. And if Duke's unit has to
22 sell energy lower than his cost, he may have to do
23 that.

24 **COMMISSIONER JACOBS:** Sounds like a good
25 proposition. I don't see you guys building those size

1 plants if that scenario exists though.

2 **MR. BASFORD:** I don't think so either. When
3 a developer looks at Florida they are thinking of
4 several things. The load growth here in Florida is
5 very rapid. The second is the declining amount of
6 capacity ratio to the load. We know our capacity
7 ratio to load is declining. So we need new capacity.
8 We see load growth. There's much of our existing
9 capacity that's old; it's inefficient. Obviously, you
10 look -- a merchant is going to look at those things,
11 they're going to look at the demographics of the
12 state. The -- all of that is taken into
13 consideration. And, again, these folks are not going
14 to invest \$100-, \$200-, \$300 million if they don't
15 truly believe that their sale potential here is going
16 to give them the return on those investments.

17 **COMMISSIONER JACOBS:** And, I guess, what I'm
18 beginning to understand is the answer to me we is:
19 It's not so much new demand. Your objective is really
20 to replace -- I think you said that already -- you're
21 going to be replacing the existing demand -- I'm
22 sorry. You're going to be serving -- you're going to
23 bring new generation supply to serve existing demand
24 and whatever growth that occurs.

25 **MR. BASFORD:** Exactly. Exactly. And many

1 units that operate in Florida are 40 years old. They
2 have heat rates that are 11,000. These new combined
3 cycle units have heat rates at 7500, and are much more
4 economically friendly, and there's nothing wrong with
5 closing down those old units, or at least letting the
6 energy out of new merchant plants replace the energy
7 out of those old plants even if we don't want to
8 retire them. There's nothing wrong with that.

9 **COMMISSIONER JACOBS:** So then building upon
10 the scenario described by Commissioner Clark, as
11 opposed to simply reserving some part of reserve
12 margin for merchant plants, you would argue we should
13 dig in a little bit into our demand to find some part
14 of that existing demand that should be replaced, i.e.
15 the aging plants that we should be replacing with
16 merchant capacity as well. Is that a fair statement?

17 **MR. BASFORD:** I think that will be a natural
18 result. I don't think the Commission will have to do
19 anything to make that happen. As number generation
20 comes on line, whether it's merchant or whether it's
21 typical traditional utilities, the difference is so
22 staggering between the cost of energy produced on
23 these new combined cycle and the old fossil units --
24 that difference is so staggering that it just makes
25 sense. That's what's going to happen. I think that

1 business will take care of doing that; that a lot of
2 that old capacity will be retired.

3 **COMMISSIONER CLARK:** Let me ask one other
4 question. Do you think we need to worry about fuel
5 diversity?

6 **MR. BASFORD:** Well, that's a question that
7 doesn't have much to do with merchant plants, but fuel
8 diversity certainly is important -- and you can deal
9 with that in several ways. If you're talking about
10 fuel diversity at a plant, whether it's a dual fuel
11 plant, I think the answer to that is yes. That we
12 should consider that plants should have the ability to
13 have a primary and an alternate fuel. If you're
14 talking about as far as within the state, gas versus
15 coal versus oil, while that's important, I don't
16 believe you're going to see anybody building any coal
17 plants in the state. They are just not economically
18 competitive with the other plants.

19 At some point in time, if we project and
20 forecast that there's going to be -- that the reserves
21 in the natural gas are going to decline, it may force
22 us back to coal plants. But I don't see coal plants
23 having much opportunity of being built in Florida now.
24 So there's two pieces to diversity: The overall state
25 and --

1 **COMMISSIONER CLARK:** I'm talking about the
2 overall state. And you say it doesn't have anything
3 to do about merchant plants. But I think it does to
4 the extent you're indicating that the merchant plants,
5 which presumably at this point will be all gas-fired,
6 if your scenario is true -- it will probably backout
7 some coal-fired plant.

8 **MR. BASFORD:** It could in the long term. Of
9 course, coal-fired is much more economical than the
10 old oil units. We still have a lot of this around.

11 **COMMISSIONER CLARK:** My question is -- one
12 of the reasons we were concerned about diversity was
13 the Arab oil embargo, and more recently we had
14 lightning strike the only pipeline serving the
15 peninsula, or the southern part of the peninsula
16 anyway, and we were in danger of not meeting load
17 because that gas wasn't there. So there are public
18 safety reasons to be concerned about fuel diversity.

19 Is it your position that the market would
20 take care of that too? That we shouldn't -- don't
21 need to worry about having coal-fired units, having
22 nuclear units, having gas. We have all gas; if that's
23 what the market says, that's fine?

24 **MR. BASFORD:** I think that question should
25 always be before the Commission and you should not

1 ignore it. And we're talking about diversity. Are we
2 talking about method of supplying pipeline or are we
3 talking about the commodity itself? I think the
4 commodity is one issue. The pipeline is another
5 issue.

6 **COMMISSIONER CLARK:** Okay.

7 **CHAIRMAN GARCIA:** Okay. Thank you.

8 **MS. PAUGH:** Florida Industrial Cogeneration
9 Association.

10 **CHAIRMAN GARCIA:** Are they here?

11 **MS. PAUGH:** I don't believe so. I was not
12 certain.

13 **CHAIRMAN GARCIA:** Okay. We're making great
14 time.

15 **MS. PAUGH:** Florida Power Corporation is
16 next.

17 **MR. SASSO:** Good afternoon. Gary Sasso for
18 Florida Power Corporation, and with me again is Vinney
19 Dolan, also with Florida Power Corporation.

20 We'd like to begin by mentioning, of course,
21 that we're not here to talk about the legal issues
22 associated with the Duke case or the appeal, but
23 obviously the outcome, the ultimate outcome of those
24 issues will have a significant impact on where we go
25 from here, and, in fact, on what we're attempting to

1 accomplish with this workshop and any successive
2 workshops.

3 For example, we've already heard that at
4 least certain of the developers are operating on the
5 assumption that we're here to talk about the
6 implementation of that Duke decision, and, of course,
7 that presents a distinct set of issues.

8 In the Staff workshop, Joe Jenkins mentioned
9 that perhaps in the event the Duke decision were
10 reversed, the workshop might serve the purpose of
11 providing a means to gather information to make
12 recommendations to the Legislature. Of course, if
13 that's the purpose, we think the discussion would take
14 on a wholly different character, beginning with the
15 determination whether there's anything wrong with the
16 status quo? And we believe that that would have to be
17 demonstrated after a thorough on-going investigation
18 of the existing generation system in Florida, and,
19 frankly, we don't think that has occurred.

20 Commissioner Clark has asked the question,
21 in the course of today's workshop, what should the law
22 be? Well, of course, in some sense that may
23 presume -- I don't think she meant to presume -- that
24 the law should be changed. But from our point of view
25 the law should be what the law is, or at least what it

1 was before the Duke decision, absent some demonstrated
2 reason to change it, and we don't think one has been
3 shown.

4 But having said that, let me turn to some of
5 the issues that we have raised in our submissions for
6 today's workshop.

7 As a threshold matter, we have had the
8 concern, which actually predates the Duke ruling, of
9 what is the impetus behind the interest of the
10 Commission and its Staff in merchant plants and it's
11 been apparent for some time that there's been an
12 interest on the part of -- at least the Commission
13 Staff and merchant plants.

14 Now, the developers who have participated in
15 this workshop have indicated that the impetus should
16 be to seize opportunity; that we shouldn't need to
17 identify a problem. We should be talking about
18 seizing an opportunity. But we have two responses to
19 that. First, we have some difficulty in seizing the
20 opportunity. We think there has been a false premise
21 to many of the assertions made about the advantages of
22 merchant plants, those fictions being that merchant
23 plants are going to bring the state cleaner and more
24 efficient plants. Well, that's a false premise
25 because what we're doing is we're taking a snapshot at

1 time at what new construction will look like in the
2 state of Florida. And the fact is whether merchants
3 build new power plants or the investor-owned utilities
4 build new power plants, they are all going to be
5 state-of-the-art. They are all going to be more
6 efficient. They are all going to be cleaner. And the
7 issue isn't whether merchants are going to contribute
8 a different kind of plant but whether they are going
9 to displace utility plants.

10 We have a bid rule in the state that works
11 quite well in our view in providing a reasonable
12 balance between the interest of independent power
13 producers and entering the state and competing for
14 opportunities within the state. And in the interest
15 we have heard discussed today about reliability;
16 ensuring that capacity that's built in the state is
17 committed and will be available to the retail
18 utilities when they need it.

19 The second thing we would say in response to
20 the argument what we're about here is to seize an
21 opportunity, again, we must return to the fact, as we
22 see it, that the statutes in Florida currently do not
23 provide for the construction of new plants based on
24 economic opportunity.

25 That's fundamentally at odds with FEECA and

1 the Siting Act, as we see them, which embody the
2 legislative policy of restraint. You build a plant as
3 a last resort after you've shown you've exhausted
4 conservation measures. You don't build a plant
5 because there may be an economic opportunity for the
6 developer to build a plant. So the question in our
7 mind is what need --

8 **COMMISSIONER DEASON:** Let me ask a question
9 in that regard.

10 **MR. SASSO:** Yes.

11 **COMMISSIONER DEASON:** Do you interpret the
12 statutes to allow an incumbent utility to come forward
13 with a determination of need, not for reliability
14 purposes, but because that utility can reduce its
15 overall cost by building a new state-of-the-art plant
16 and having it in its dispatch as opposed to older less
17 efficient plants?

18 **MR. SASSO:** Yes. I hesitate to give a
19 definitive yes to that because there are a whole
20 variety of considerations that a retail utility takes
21 into account in building a new plant.

22 One of them would be efficiencies to be
23 gained with the construction of a new plant. But
24 unlike a merchant plant developer who may be looking
25 the a stand-alone opportunity, the utility is looking

1 at its entire fleet, its overall needs, reliability
2 issues, as well as economic issues. But certainly a
3 retail utility should be able to come forward and seek
4 to build a plant based on opportunities to lower cost.

5 **COMMISSIONER DEASON:** Would you agree that
6 the retail utility not only has that opportunity but
7 has an obligation --

8 **MR. SASSO:** Yes, sir.

9 **COMMISSIONER DEASON:** -- to look at what its
10 ratepayers are paying and to put the most
11 cost-effective efficient fleet of plants out there?

12 **MR. SASSO:** In fact, that's our point. We
13 don't think that merchant plants are offering the
14 state something that doesn't already exist in terms of
15 the prospect for new construction.

16 Now, in that connection, trying to identify
17 what the impetus behind this issue is, a couple of
18 factors have emerged in discussions with Staff and in
19 the Staff workshops and so on. And one that is --
20 that the Staff or the Commission may have a concern
21 about reserve margins in Florida, and the other is
22 that there may be a concern about how to make an
23 appropriate transition to a deregulated environment.

24 In taking the second one first, if what
25 we're talking about is the best way to transition to a

1 deregulated environment, we're on record as saying --
2 and we believe -- that it is inappropriate to do this
3 in a piecemeal fashion. That one has to take a
4 comprehensive look at the all of the cross impacts and
5 related issue.

6 **CHAIRMAN GARCIA:** You want us to open up a
7 docket to look at those things and make a suggestion
8 to the Legislature?

9 **MR. SASSO:** I don't think we're there yet.
10 Again, you may have been out of the room, but we began
11 by saying -- the first step is to conduct an
12 investigation of the existing generation market.
13 Determine if there's anything broken with it. We
14 think it's been operating quite well.

15 **CHAIRMAN GARCIA:** Assume then the rest of
16 the nation is broken and so they are fixing it.

17 **MR. SASSO:** Well, in some instances that's
18 true. And Mr. Dolan can address the issues in other
19 states. New England, for example, had very high
20 prices and they had to respond to that. The Florida
21 system has been operating quite well, and as I
22 understand it, the prices have been fairly reasonable.
23 Reliability has been fairly strong.

24 So we just don't think we're there yet. And
25 if we're talking about that type of transition, we

1 have a concern about doing it in a piecemeal manner.

2 Alternatively, if the Commission perceives
3 that there's an issue associated with reserve margins
4 in the state that gives rise to other questions.
5 First, is there, in fact, a problem? Second, is there
6 a factual basis to conclude that existing Ten Year
7 Site Plans and FRCC methodology are inappropriate or
8 inadequate? Third, if the Commission does have a
9 concern, what is the most appropriate and direct means
10 to address it? Isn't one way to deal with it to
11 review the Ten Year Site Plans that will be filed by
12 the utilities this year in the normal course and work
13 through those issues, determine whether the Commission
14 is satisfied, has concerns; and if there's any
15 residual questions, then think about addressing those
16 through some appropriate docket or other means.

17 The Staff has suggested, and we've heard
18 discussion today, about a possibility that, "Well,
19 maybe we'll just leave the utilities alone. Let them
20 have their 15% reserve margin, however they define it,
21 however the FRCC deals with it. We won't second-guess
22 their Ten Year Site Plan submissions and we'll deal
23 with any concerns we have on reserve margin by adding
24 a 10% merchant fringe." We've heard that suggestion.

25 But the problem with that is merchant plant

1 developers will not construct new plants to leave them
2 idle. They're not going to build them to hold them in
3 reserve in the event we need them. So what they are
4 contemplating is that they will build them to run to
5 displace current utility generation capacity. And so
6 what is the impact of that on utility construction?

7 Are utilities expected then to go ahead anyway and
8 build a redundant fleet of new gas-fired combined
9 cycle plants even though the merchants are doing it?

10 By hypothesis what we're talking about is
11 adding more capacity to serve the same load -- if
12 you're talking about adding to reserves or additional
13 capacity for reserve purposes -- and so that means
14 that if we're expected to buy from the merchants, that
15 means that existing plants are not going to be running
16 fully; they're not going to be dispatched. Are we to
17 put in mothballs old units that would otherwise be
18 replaced in the state by more efficient units
19 constructed by utilities? And if so, is that a net
20 benefit or a net detriment? If utilities, in fact,
21 are going to be asked to shoulder this additional
22 burden of maintaining reserves, while they are still
23 expected to buy from these merchant plants, who is
24 going to pay for that? In effect, isn't that asking
25 the utilities to increase their reserves at some cost?

1 **CHAIRMAN GARCIA:** Clarify for me what you
2 mean by expected to buy this merchant plant. Tell me
3 what you mean by that.

4 **MR. SASSO:** Who is going to purchase the
5 energy from the merchants that we're talking about
6 having to build plants in the state. They are
7 proposing to you and representing to you that they are
8 going to sell to the utilities. They are telling you
9 that by rule, you shouldn't require utilities to buy
10 from them, but you should second-guess and inspect any
11 utility purchases under a prudence standard to make
12 darn sure they buy from the merchants.

13 **CHAIRMAN GARCIA:** Are you worried about the
14 prudence standard? Are you worried that you can't
15 compete with them?

16 **MR. SASSO:** We're concerned about what this
17 all means. The existing frame work worked quite well.
18 If a utility needed new capacity, they would build a
19 new plant themselves or they would issue an RFP, or
20 they would accept proposals. They would be able to do
21 a cost-effectiveness valuation; enter into a contract;
22 they knew where they stood.

23 **CHAIRMAN GARCIA:** But, Mr. Sasso, that's a
24 good example. You came in here -- I don't know if you
25 did -- someone from your company came in here a few

1 months ago and said, "No, we shouldn't put up
2 something for bid because we can beat it," even before
3 you had taken bids.

4 **MR. SASSO:** That's true.

5 **CHAIRMAN GARCIA:** If the existing system
6 worked and I've yet to see the existing system even
7 run its full course.

8 **MR. SASSO:** The existing system does provide
9 for a waiver if the applicant can demonstrate that
10 it's warranted. And the Commission reviewed that, as
11 is its right and prerogative, and denied the waiver.
12 That's part of the existing system.

13 **CHAIRMAN GARCIA:** Within that existing
14 system, you're saying where in that existing system
15 are you or your company required to purchase the power
16 that is produced, for example, by Duke?

17 **MR. SASSO:** That remains to be seen.
18 Frankly, that remains to be seen. Because what we're
19 being told --

20 **CHAIRMAN GARCIA:** That remains to be seen.
21 The next question will be where in the existing system
22 is there anywhere that ratepayers of Florida are going
23 to be on the hook for Duke's construction?

24 **MR. SASSO:** One after the other the
25 developers have come in here and told us that they

1 intend to enter into the contracts with the utilities.
2 When they negotiate those contracts, they are going to
3 be trying to cut the best deal they can for their
4 shareholders and shift the risk to the utilities.

5 **CHAIRMAN GARCIA:** I hope you will be doing
6 the same for your shareholders.

7 **MR. SASSO:** Absolutely.

8 **COMMISSIONER CLARK:** Mr. Sasso, how does the
9 shift the risk to the utilities? It strikes me that
10 it shifts it to the customers.

11 **MR. SASSO:** The customers are the utilities,
12 and ultimately to the ratepayers of the utilities.

13 **COMMISSIONER CLARK:** Yeah. It shifts it not
14 to the utilities but the ratepayers.

15 **MR. SASSO:** Exactly.

16 **COMMISSIONER CLARK:** But it would seem to me
17 that your obligation is to run the cheapest power at
18 any time, and that doesn't mean if the power plant
19 from your plant that's in rate base -- you're not
20 going to get the return on your investment and of your
21 investment even when it's not running.

22 **MR. SASSO:** There are two issues, and that
23 is, what's going to be the cheapest available power.
24 And by hypothesis it's going to be coming from these
25 new plants, whether they are built by merchants or

1 they are built by the utilities.

2 **COMMISSIONER CLARK:** And if it is, shouldn't
3 the utilities be buying from them?

4 **MR. SASSO:** And the utilities will be buying
5 from them. And now the question is what does this
6 mean for their reserve margins? Are they still
7 expected to maintain a 15% reserve margin even though
8 they're buying a lot of their energy needs from
9 uncommitted merchant plants? Doesn't that suggest
10 that the utilities are going to be expected to keep
11 idle existing plant and equipment and to maintain
12 that; maintain plants that would otherwise be replaced
13 by new gas-fired efficient utility plants?

14 These are unanswered questions in our mind
15 because to us, the idea of having a 10% merchant
16 fringe to enhance reserve margins in this state is an
17 oxymoron because merchant capacity does not count
18 toward reserve margin, so they cannot enhance reserve
19 margin.

20 **COMMISSIONER CLARK:** Just so I'm clear,
21 you're saying that because these merchant plants might
22 come in -- and if they provide cheaper power, you
23 would buy from them. Whereas, otherwise, you might
24 have taken your plant out of service and put in the
25 cheaper plant yourself?

1 **MR. SASSO:** That's one possibility.

2 **COMMISSIONER CLARK:** Why aren't you doing it
3 now?

4 **MR. SASSO:** Pardon me?

5 **COMMISSIONER CLARK:** Why aren't you doing it
6 now?

7 **MR. SASSO:** We are proposing to do it now.
8 The Ten Year Site Plans of the utilities show that
9 8,000 megawatts of capacity of new construction would
10 be added over the ten year planning horizon, which is
11 the same amount we've heard from the developers that
12 they would like to add on the ground in Florida.
13 That's our point. What they are proposing to do is
14 not offer a new opportunity to the state, but to
15 displace one that already exists and that would be
16 provided by the utilities.

17 **CHAIRMAN GARCIA:** They haven't built
18 anything. They are not displacing a thing. This is
19 new generation which you say you're going to bring to
20 the state. We're not displacing your generation.
21 We're just simply saying there's new generation in the
22 state, and, obviously, they want a piece of that.

23 **MR. SASSO:** Let's suppose by hypothesis they
24 are right and we're right in that 8,000 megawatts are
25 needed. Then the question is are they going to build

1 eight and we're going to build eight? And what's the
2 cost to the environment? How is that reconcilable?

3 **CHAIRMAN GARCIA:** In our rule, if you beat
4 them -- if you beat them every time. If every time
5 you need an another four or five hundred megawatts, or
6 a thousand megawatts, you put it out to bid and they
7 can't compete, I expect you to build it. But I'll
8 tell you what, if they come in here and they say to
9 us, "We're going to give FPC a five-year contract.
10 We're going to sell it at \$22 a megawatt," I don't
11 know. I'd question whether you could beat that. But
12 if you could beat it, and the ratepayers of Florida
13 were protected, why not?

14 **MR. SASSO:** Aren't they circumventing the
15 bid rule? Currently, a utility first identifies its
16 need and then puts out an RFP to satisfy that need.

17 What we've seen instead is proposals to put
18 plants on the ground without any demonstrated need,
19 hoping to one-up the utilities or get there ahead and
20 essentially position themselves to avoid the bidding
21 process.

22 **COMMISSIONER DEASON:** I'm sorry. How do
23 they avoid the bidding process? They have to submit a
24 bid and you have the responsibility and the obligation
25 to evaluate it and make a determination is it the

1 least-cost alternative to meet your demonstrated need.

2 **MR. SASSO:** Yes, sir. But they avoid the
3 bidding process in this sense. Conventionally, and
4 prior to the Duke decision, the horse was before the
5 cart. First, there would be a demonstrated identified
6 need by the utility. We'd issue an RFP. Then there
7 would be proposals. And the winning proposal would
8 build the plant.

9 Now what we're talking about is putting a
10 lot of plants on the ground before we know they will
11 be under contract or what those contracts look like.

12 **COMMISSIONER DEASON:** How are you, you being
13 Florida Power Corporation, and your stockholders
14 harmed by that if they build a plant, and they come in
15 and submit the bid and it's the lowest alternative,
16 well, then that's good because it's the lowest
17 alternative. If they come in and they submit a bid
18 for your need and it's not, and you build the plant
19 yourself, that's good too; that benefits the
20 customers. And Duke and their stockholders are on the
21 hook if they cannot dispatch that plant, either with
22 an account or else dispatch it in the wholesale
23 market.

24 **MR. SASSO:** There are a whole variety of
25 issues, Commissioner Deason. In any isolated case you

1 can say there's no harm to a utility if they enter
2 into a contract with one plant. And that was, in some
3 sense, the fiction of the Duke proceeding. We were
4 ostensibly talking about one plant. But what we've
5 seen since then, and in the comments submitted to the
6 Commission today, is we're talking about a
7 proliferation of plants; not just one plant.

8 **COMMISSIONER DEASON:** What if there are a
9 hundred plants out there and you submit -- open up an
10 RFP and you get a hundred bids and none of them are
11 the least cost; you're the least cost and you build
12 it.

13 **MR. SASSO:** Again, on one transaction basis
14 there may be no harm. But the question is what impact
15 is this going to have on our reserve margins? I mean,
16 there have been a number of proposals floating around
17 and we're not sure we understand them. We're not sure
18 we understand how we're --

19 **CHAIRMAN GARCIA:** You're setting up, though,
20 this scenario. You're setting it up for us. You've
21 taken us here. Now we're standing here. And let's
22 take that scenario.

23 There's hundred plants on the ground that
24 were built and you didn't contract with them because
25 you beat them every time. What do I care? I might

1 care -- an environmentalist might care because we have
2 a hundred plants in the state, although, I doubt that
3 that would ever happen, as I'm sure that you know that
4 that would never happen. So why does that put you at
5 risk?

6 **MR. SASSO:** I'm sorry. I don't agree with
7 that premise, that that will never happen. What we've
8 been told repeatedly by the developers in the written
9 comments submitted here today is that they want that
10 to happen. They want to encourage a proliferation.
11 They want these plants to be as prevalent as the
12 ubiquitous McDonalds. And we're not talking just
13 about a stand-alone facility. We're talking about
14 transmission lines, gas pipelines. And you recall
15 Dr. Nesbitt's testimony in the Duke case about how
16 Louisiana is made of steel. You can't dig down in
17 that state without hitting steel from a gas pipeline.
18 They want the market to decide this.

19 You know, in the Duke proceeding we heard
20 how the Commission will have a meaningful role to
21 play. But now the Commission is being told time and
22 time again in all these written comments just please
23 stand out of the way. You really can't meaningfully
24 be involved in this process. This is a market issue.
25 You can't mix regulation and market decision-making.

1 They've told you that repeatedly in these comments.

2 So we have some very fundamental questions
3 about where this is going to end up. If we're going
4 to mix deregulation with regulation and we're going to
5 be expected to maintain reserve margins, which are
6 calculated based on committed capacity, at the same
7 time as all of these new plants are being built by the
8 market, and we're under nonmarket restrictions, what
9 impact is this going to have on us, on our ratepayers?
10 Are we going to be expected to maintain our own
11 plants --

12 **CHAIRMAN GARCIA:** Why don't you --

13 **MR. SASSO:** -- just to have them there?

14 **CHAIRMAN GARCIA:** Why don't you tell me what
15 impact you see it having on your ratepayers. Let's
16 get to that.

17 **MR. SASSO:** Well --

18 **CHAIRMAN GARCIA:** I mean, I don't want to
19 cut you off. But what I'm saying is you're alluding
20 that there's a hurt somehow created here to Florida
21 ratepayers.

22 **MR. SASSO:** Yes, sir. We did go through
23 this in sort of a microcosm in the Duke proceeding,
24 and Mr. Dolan is anxious to say something, so I
25 certainly want to let him have the opportunity to.

1 **MR. DOLAN:** Well, one issue, I think, was
2 addressed already: The current system, the
3 incremental sales that utilities make, we talked about
4 earlier, flow back to ratepayers. That's going to go
5 away. And on the broker sales they are shared 80/20.
6 But on as-available sales off-broker, it's 100% of
7 that that comes out of utility generation, goes back
8 to retail ratepayers.

9 I think the other dynamic that's changing
10 here is what is going to be the framework that we're
11 going to decide how the price risk is going to
12 transfer to the customer? If we sit here and say that
13 we are going to build -- when we evaluate building a
14 power plant -- this is not about -- the dynamics of
15 the market aren't about long-term planning. If we
16 have to make decisions on an as-available basis, we
17 have to somehow think about how the market is going to
18 make those decisions. Right now all plants don't run
19 at 100% capacity; different plants dispatch at
20 different rates.

21 So to the extent we have a plant today that
22 is economical to dispatch at 10% availability, if it's
23 a peaker, and the market displaces that, at some point
24 the overhead for keeping that plant open is going to
25 become uneconomical -- it may not be uneconomical

1 today -- and, therefore, that's the reason that we
2 continue to have those plants available. But if that
3 energy gets displaced by another plant, at some point
4 the plant is going to be uneconomical to keep, and
5 it's going to be stranded and we're going to have to
6 deal with that cost, and that's a current cost in the
7 system. So the plant is either going to get shut down
8 and the cost is going to have to be dealt with, or
9 it's going to stay there and we may, in fact, have
10 duplicate costs for that capacity.

11 And we heard from Constellation, I think --
12 we got two definitions floating around about what a
13 merchant plant is.

14 When merchants enter into contracts, the
15 risk is transferred to ratepayers. To the extent that
16 it's a prudent buying decision, that risk transfers
17 through the utility to our ratepayers. We're talking
18 about moving to a different model. I think we ought
19 to ask ourselves whether we're comfortable with doing
20 that.

21 **CHAIRMAN GARCIA:** Isn't that the model, to
22 some degree, we have with you now? The contracts
23 you've entered into with independent power purchasers
24 and the others that require you -- and this
25 Commission, I think, has made several decisions

1 agreeing with you that you have to -- you know, we
2 have to recognize that because it's part of the system
3 we have in place.

4 **MR. DOLAN:** I think we have -- if you're
5 speaking about QF contracts, that's approximately
6 maybe 10% of our supply. We have a system today that
7 has some degree of risk taken away from the consumer.
8 We have regulated, levelized pricing. We have
9 reliability standards. And we're hearing a lot of
10 commentary today about shifting the risk of who
11 enforces those standards to the marketplace. Let the
12 market decide what the appropriate amount of capacity
13 is. Let the market decide about how prices are set.

14 I think, as Mr. Sasso said, before we set
15 out on that course, we ought to ask ourselves is that
16 really what we're setting out to do here? To
17 determine how to set up that type of a marketplace?
18 If we are, I think we ought to stop and question what
19 is it about the existing marketplace that we don't
20 like?

21 **COMMISSIONER CLARK:** Let me ask a question.
22 It really sounds to me like what it boils down to, you
23 may lose the opportunity to build and own the plant.
24 That's really what the concern is. Because given the
25 scenario where a merchant plant is built and it is

1 dispatched economically and it has the effect of
2 causing one of your peakers to no longer run,
3 presumably if it is more economic, then it should
4 backout that peaker no matter who owns it. If you had
5 built it, it should back it out. The issue is really
6 do you get cost recovery for that peaker?

7 **MR. DOLAN:** I -- certainly that's one of the
8 issues, Commissioner Clark. The other issue is how do
9 we -- do we wait for the market to make that
10 determination for us? How can we sit here today and
11 say that we need to move and replace existing
12 generation when we're operating under a set of rules
13 today that don't contemplate merchant plants?

14 **COMMISSIONER CLARK:** I agree with that. But
15 why shouldn't we let the market decide what gets
16 backed out?

17 **MR. DOLAN:** Why shouldn't we?

18 **COMMISSIONER CLARK:** Yes.

19 **MR. DOLAN:** Well, again, that assumes that
20 the model that exists today on how we run this
21 business in Florida today needs to be changed. And I
22 think we struggle with -- we're agreeing that we're
23 saying we ought to move in that direction.

24 **COMMISSIONER CLARK:** Well, you know, one of
25 the concerns I have is we've seen utilities cut back

1 significantly on their operating and maintenance and
2 overhead costs as a result of the threat of
3 competition. That indicates to me that the system
4 that was in place, to some extent, encouraged
5 inefficiency. And that by introducing competition
6 into the wholesale market, we may get some more
7 efficiencies. We will require you to be more
8 efficient and those plants that are uneconomic to run
9 will, in fact, be backed out. And if you get
10 appropriate cost recovery for that -- I guess if it is
11 shown that running the new plant and allowing the
12 existing plant to be backed out and costs to be
13 recovered is cheaper than running the existing plant,
14 that's what you ought to do. If that scenario arises,
15 that's what we ought to do. We ought to backout the
16 plant, give you the recovery for that and run the new
17 plant, whoever owns the new plant, so long as it is
18 committed in the sense that they have to run to serve
19 the retail load. What's wrong with that?

20 **MR. DOLAN:** I'm not finding any fault with
21 that. If that's the way to deal with that individual
22 issue, I think that's an appropriate way to deal with
23 it. But if you're going to make the changes that
24 we're talking about here, there are a lot of other
25 issues that are going to come with that. I mean,

1 we've talked about a number of them here this morning
2 and this afternoon, and I don't need to repeat those.
3 But we're talking about price volatility, price risk
4 transfer, reliability. There are a number of issues.
5 We don't take them lightly. We think the existing
6 model today deals with them very effectively.

7 **COMMISSIONER CLARK:** From my perspective,
8 there were a number of things that were brought up in
9 the Duke plant that caused me to think we ought to
10 look at this because this could be a better way to
11 deliver electricity to the people of Florida.

12 It's not to say that what currently we had
13 didn't work well. The question is: Can it work
14 better? At least from my perspective it was presented
15 to me that there are some benefits to be gained. And
16 we need to look at those benefits and then we need to
17 decide what's the downside to doing it, quantify that
18 to the extent we can, or at least go into this knowing
19 what the potential downsides are.

20 **MR. DOLAN:** Commissioner Clark, I think we
21 agree with that. What I guess what we struggle with a
22 little bit -- let's not call this how do we implement
23 merchant plants; let's call it how do we make the
24 generation system in Florida better. Because it's
25 more than just merchant plants. There's environmental

1 issues. There's price issues. There's bid rules.
2 There's Ten Year Site Plans -- I mean, you can go down
3 the list. We submitted three pages of issues. There
4 are a number of things that we would be concerned
5 about. To the extent we want to look at those
6 comprehensively, and we find there is a net benefit to
7 making changes from today, we support that. We have
8 always supported that, and we will continue to work --
9 if that's the Commission's desire, we'll work in that
10 direction. But we are going to continue to oppose
11 piecemeal alteration, and we certainly are on record
12 as to how we feel about, you know, the previous
13 decision. And we would be opposed to other piecemeal
14 alterations to whether it's generation or any other
15 part of the business.

16 **MR. SASSO:** I'll just add one final comment.
17 We've taken up more than our fair share, I suppose,
18 but there's been another fiction, that merchant
19 developers assume all of the risks of these projects.
20 And when that's being said, we're talking about
21 financial risk. But we're not talking about
22 environmental risk.

23 The comments repeatedly point out that if a
24 merchant plant fails, they will shut down. It's no
25 big deal. But, of course, it is a big deal. Is this

1 state to be turned into a graveyard for failed
2 speculative merchant plant projects?

3 **FROM THE AUDIENCE:** (Unintelligible)

4 **CHAIRMAN GARCIA:** How could you say that?

5 That almost -- it boggles the mind that we would make
6 an assertion of that sort.

7 You actually think that Wall Street would
8 liter Florida with merchant plants because they think
9 it's a good idea and all of this money would show up?

10 **MR. SASSO:** The comments submitted by the
11 developers themselves assume the possibility of
12 overbuilding. They say there may be overbuilding;
13 there may be redundancy. And the Commission can look
14 at that after the fact and deal with it. And they
15 contemplate that there may be plant failures. And
16 they say the consequence will be shut down.

17 And all I point out is that there's more at
18 issue here than economic opportunity; that the
19 existing policies of the state contemplate that plants
20 are not being put on the ground with all their related
21 infrastructure unless they are demonstrably needed.
22 And the excesses of building are not just economic
23 issues; they are environmental issues.

24 **COMMISSIONER CLARK:** See, I agree with him
25 to some extent. There's always a risk that these

1 plants will fail and will be stranded. And, you know,
2 the way I have resolved that is you require some
3 obligation of reclamation of the site, just like you
4 all are required to decommission sites; as a condition
5 to building the plant you may require that. That can
6 be addressed. But I agree with you that we need to be
7 clear about the potential environmental impacts so
8 that those entities who are required to look at that
9 can make a judgment as to whether they think the
10 economic benefits that we may believe come about are
11 worth the environmental risks.

12 **MR. SASSO:** And it comes down to whether the
13 policy is going to be "more is better" or "less is
14 better," and currently it's, to some extent, less is
15 better.

16 **CHAIRMAN GARCIA:** It almost -- it sort of
17 begs the question: Should this state be involved in
18 all sorts of regulation? Should this state control
19 all sorts of aspects just in case we may overbuild, we
20 may overinvest? The natural consequence of letting
21 the market decide these things is, yes, every once in
22 a while we overbid. Yes, as we found in other parts
23 of this country, sometimes there isn't enough, and
24 clearly the prices bring us to that balance. But that
25 balance -- I don't care how good we are as regulators,

1 we're not going to beat the market. And we sit
2 here -- I think in theory we sit here to try to
3 simulate some type of market to bring the best
4 advantages we can to the Florida ratepayers. But if
5 you step back from that, with the technology in place
6 today and we're seeing across the country, where we
7 can allow the market to participate, I would assume
8 that Florida Power Corp and its business entity would
9 like the market to participate. It's a better decider
10 of these things, correct?

11 **MR. SASSO:** Fundamentally, it comes down to
12 whether we want to change the existing system. I
13 mean, if that's what we're talking about.

14 **COMMISSIONER CLARK:** And I concur, that we
15 ought to -- the way we ought to -- well, I guess maybe
16 you won't agree with it -- I thought what we should do
17 is say here's how it's currently done. Here's one way
18 to do it. Here are the benefits and here are the
19 downsides.

20 **CHAIRMAN GARCIA:** I think if the
21 investor-owned utilities want us to open up dockets on
22 those issues -- or any Commissioner wants us to look
23 at those -- that would be fine.

24 Throughout this process, you know, we
25 want -- we're here, I think -- I hope -- to get a

1 better understanding of where we are. But if that's
2 the issue, and if, you know -- that's fine. I don't
3 disagree with it.

4 **COMMISSIONER JACOBS:** Several states were
5 mentioned today that have engaged already in merchant
6 plants. I'd be interested -- if anyone has this
7 information, I'd be interested in knowing what
8 ramifications are evident on the price transfer issue
9 that you talk about, i.e. is there any trend that's
10 becoming evident as to what impact the availability of
11 the extra capacity has ultimately had on the market
12 clearing price?

13 **MR. DOLAN:** Commissioner Jacobs, I'll
14 certainly give Mr. Green a chance to answer this as
15 well, but I think if you look at the statistics on
16 merchant plants, I think we will find that the vast
17 majority of those are just existing plants that have
18 changed hands and are now merchants because they are
19 in a different ownership position. There's been some
20 incremental generation built, but I'm not sure that
21 the market is mature enough, you know, with new
22 merchant construction -- you know, there's been
23 discussion, you know, vast expansions up in New
24 England that, you know, have not occurred yet. I'm
25 not so sure that's a result of the merchants' lack of

1 desire to build more so than it is just siting,
2 permitting, transmission studies and the like. But
3 I'm not so sure that we have seen a large incremental
4 amount of merchant that's actually up and running
5 today where we're experiencing the dynamic where we
6 could draw conclusions about price.

7 I think the markets where we've a lot of
8 merchant -- the California, they have restructured the
9 entire market out there. They have a power exchange,
10 and an ISO and a number of different things, that it
11 would be something that you'd have to look at
12 carefully before you attempt to draw conclusions about
13 the impacts of merchants, new merchants in those
14 particular markets. That's just my opinion. I'm
15 certainly --

16 **COMMISSIONER JACOBS:** One of issues that
17 continues to come to mind for me is last summer, while
18 I know that it wasn't just capacity that drove the
19 price spikes, it had a lot to do with transmission and
20 some other things, it would appear to me that if you
21 allow this -- for lack of a better term -- this
22 proliferation of merchant plants, you're going to have
23 a lot of capacity trying to get at wherever new demand
24 shows up.

25 And you're going to have to have parallel

1 initiatives to deal with those transmission
2 constraints, or else you run the risk of probably some
3 of those same conditions occurring, i.e. the price
4 spike conditions occurring. It was my understanding
5 it wasn't just the capacity. It was the idea that
6 capacity could reach the demand that had a large part
7 in those spikes. How do you avoid that if you are
8 going to allow this new extra demand on the markets?
9 I may be wrong. If I'm wrong in that analysis, I'd be
10 very open to hearing that correction, but it's my
11 understanding that's how some of those spikes
12 occurred.

13 If that is the case, it would appear to me
14 that by allowing a good bit of new capacity on the
15 marketplace, without addressing some of the
16 transmission constraints, you open up a large risk for
17 those kinds of conditions. Is that a reasonable
18 conclusion?

19 **MR. DOLAN:** I'm not sure I'm in the best
20 position to comment on that. I'm not that familiar
21 with the specifics of the situation in the Midwest to
22 say.

23 **COMMISSIONER CLARK:** I had understood it to
24 be the function of what was called a "thin market."
25 There was concern that there was not enough capacity

1 out there to serve, and it may have been the effect of
2 not being able to get the capacity where it was or not
3 generating it.

4 But I have some reason to believe that if
5 you have a robust market, it provides some cushion
6 against volatility. And I know the gentlemen from
7 U. S. Generating is here and probably can answer that
8 question.

9 **MR. HAWKS:** The short answer is more is
10 better: More liquidity, more transactions, more
11 buyers and sellers, more products, more day-to-day
12 competition; less volatility.

13 **COMMISSIONER JACOBS:** So here's an instance
14 where we have a discrete, very intense demand, okay.
15 And you have this host of potential suppliers out
16 there unrestrained -- essentially unrestrained in what
17 they can do, and they're trying to get at that. And
18 there's this bottleneck. You're saying that there
19 will be no impact on price?

20 **MR. HAWKS:** I wouldn't quite look at it that
21 way. If you have this bottleneck demand, all of those
22 purchasers -- and I'm talking about wholesale
23 purchasers.

24 **COMMISSIONER JACOBS:** No, the purchaser is
25 probably a few. You have a whole bunch of suppliers

1 trying to reach that purchaser, trying to get through
2 a bottleneck.

3 **MR. HAWKS:** It's a buyer's market there.
4 That's going to dampen prices more than anything else
5 if you have a dozen different suppliers chasing a
6 single purchaser.

7 **COMMISSIONER JACOBS:** That's what I would
8 have thought in the case of the spike. Where you have
9 these instances where you have a fairly few number of
10 purchases, lost capacity and power marketers -- I may
11 be wrong -- I don't want to defer too long -- but it's
12 my understanding power marketers came into that
13 market. Once they recognized their capacity had been
14 lost, power marketers showed up big time. There was
15 capacity being served to that market.

16 **MR. HAWKS:** The power marketers were already
17 there. We're talking about the Midwest spikes, last
18 June 25th.

19 **COMMISSIONER JACOBS:** Right.

20 **MR. HAWKS:** What happened there was the 15%
21 reserve margin that the Midwest had generally was all
22 wiped out by virtue of planned outages, forced
23 outages, storms; large transmission lines went out.
24 The Cook nuclear power plants in southwest Michigan
25 were out. And there was no reserve margin right

1 there. And then you had the extreme --

2 **COMMISSIONER JACOBS:** The power marketers
3 came in, they brought capacity with them, did they
4 not?

5 **MR. HAWKS:** No. The power marketers were
6 searching for a capacity and energy at the same time
7 as the utilities.

8 **COMMISSIONER JACOBS:** Okay. I thought that
9 was -- outside of that region there were an ample
10 number of potential sellers to that region.

11 **MR. HAWKS:** There could have been but there
12 were transmission constraints. That was another
13 problem that --

14 **COMMISSIONER JACOBS:** That's exactly my
15 point. Exactly my point.

16 If you have that scenario exist, do we have
17 the potential for those same results?

18 **MR. HAWKS:** Not if you have a generation --
19 a generating station at the end of that transmission
20 line, you can relieve the constraints by virtue of the
21 additional generation as well as the additional
22 transmission.

23 **COMMISSIONER JACOBS:** Okay.

24 **THE REPORTER:** Can I have your name?

25 **MR. HAWKS:** Oh, I'm sorry. My name is Jack

1 Hawks. H-A-W-K-S. Vice president, U.S. Generating
2 Company. Should I go ahead and finish the
3 introduction, who we are?

4 **COMMISSIONER DEASON:** Are you planning on
5 making a presentation later?

6 **MR. HAWKS:** Jon Moyle and I were going
7 to --

8 **MR. MOYLE:** We submitted joint comments and
9 I think we're going to be given an opportunity at that
10 time --

11 **COMMISSIONER DEASON:** We'll just wait.

12 **MR. MOYLE:** -- so we'll just hold it until
13 then.

14 **COMMISSIONER DEASON:** Right.

15 **COMMISSIONER JOHNSON:** I have a question for
16 Mr. Sasso, and it's following up -- I came in at the
17 tail end of your comments when you said the Commission
18 should consider more than just, I guess, economic
19 impacts. And you talked about if plants were built
20 and abandoned and the impact that that might have on
21 the environment.

22 And you raised that point, but I don't know
23 if you made a -- therefore we should what? Or is
24 there no process -- process that we have now isn't
25 sufficient to take that into consideration? Is there

1 something more the Commission should be doing here in
2 this process? Is that not handled when you get to the
3 DEP side? Where were you going with that? Because
4 you left it and went into a dialogue, and I didn't
5 hear your wrap-up.

6 **MR. SASSO:** It's a complex issue. What I
7 was attempting to address is the assertion that
8 merchant developers are assuming all of the risks of
9 these projects.

10 What we're talking about is a completely
11 different world from the one that currently exists in
12 Florida. And I understand Chairman Garcia had some
13 difficulty with this idea, but Wall Street has let a
14 lot of banks fail in Florida, savings and loan, after
15 deregulation, which in turn failed because of failures
16 of developers --

17 **COMMISSIONER JOHNSON:** I was trying to give
18 you a chance while he was out of the room, darn it.
19 (Laughter)

20 **MR. SASSO:** I didn't get it all out. But
21 the point is, Wall Street makes a lot of mistakes.
22 And there may be a certain halo over the market from
23 where the Commission sits, but it's a wild and woolly
24 place out there. And from where I sit, I see failures
25 every day. And that's something that needs to be

1 taken into account.

2 Whether a plant fails or succeeds, we're
3 talking about additional impact on the environment.
4 But if it fails, yes, there may be a reclamation
5 obligation. But how do you enforce it against a
6 failed corporation which may have been set up just to
7 run a particular plant, which may have no assets or
8 resources?

9 It's easy to be sanguine about these risks.
10 But we're moving -- we're talking about moving from a
11 regime where we think the Legislature has said these
12 are special kinds of factories with a lot of attendant
13 infrastructure. And we don't want them built unless
14 there's a demonstrable need. They can have an
15 environmental impact every time you put one down.
16 We're talking about moving from that regime to a
17 regime where we're talking about a proliferation -- I
18 mean, those are words that are being thrown around --
19 and commended by the developers. We're talking about
20 a proliferation, "more is better," of a type of
21 structure and related infrastructure which can have a
22 serious impact on the state.

23 And I simply meant to say -- without
24 suggesting that there are no solutions -- I simply
25 meant to say that we can't glide by that issue by

1 adopting the mantra that the developers are assuming
2 all of the risks, because they are not.

3 **COMMISSIONER JOHNSON:** So you're just asking
4 us in whatever forum we're using that we be cognizant
5 of the fact that there are other risks, and that the
6 developer and shareholders are not assuming all of
7 those risks.

8 **MR. SASSO:** Absolutely. I mean, we've
9 talked about the transference of price risk through
10 contracts. I mean, there are a lot of complexities to
11 the economic issues, but there are also environmental
12 issues.

13 **COMMISSIONER JOHNSON:** Would you have any
14 solutions -- I mean, particularly now that we've made
15 our primary decision, what could we do to mitigate --
16 Commissioner Clark talked about one process she might
17 have in mind perhaps we should consider. Are there
18 other things you would suggest that we consider in
19 order to mitigate or balance the risk, or at least
20 acknowledge the risk?

21 **MR. SASSO:** Of the Duke decision?

22 **COMMISSIONER JOHNSON:** No, the more global
23 issue. What could we change in the process? What
24 would we need to do?

25 **MR. SASSO:** I can't possibly answer that,

1 Commissioner Johnson.

2 Our point is that we're way down the road
3 without perhaps having taken the first step of
4 conducting a investigation of the existing generation
5 system and finding any fault or opportunities for
6 improvement.

7 I know that Commissioner Clark has said by
8 virtue of her participation in the one proceeding
9 where we heard a few days of testimony from one
10 developer that she saw some benefits. I'm not sure
11 what they are. I fully respect her opinions and her
12 perceptions in that regard, but we're not sure what
13 she has in mind as the benefits.

14 But to begin the dialogue is to put on the
15 table what we do see as problems, what we do see as
16 benefits, and then talk about maybe the most direct
17 way of addressing them, and I'm not sure we're there.

18 **COMMISSIONER JOHNSON:** Okay. Thank you.

19 **COMMISSIONER CLARK:** Mr. Sasso, I guess I
20 wonder why do we have to look at the existing system
21 and decide it's not broke to do something else? It
22 strikes me we could say that we think there's room for
23 improvement and we can improve upon it by doing this,
24 and these are the benefits and these are the
25 downsides.

1 **MR. SASSO:** Yeah. They may be flip sides of
2 the same coins. But I think that it would be helpful
3 to be specific.

4 It's very difficult for any participant to
5 take a position on a moving target. And one could
6 identify any aspect of the current system that may be
7 broken or may need improvement or may be just fine
8 where it is -- these are very complex issues. And to
9 address them in a meaningful way, it helps to be
10 specific and identify what we're trying to improve or
11 fix.

12 **COMMISSIONER CLARK:** I would agree with
13 that. And I think I said to the Chairman I think this
14 is the first step, the workshop, to hear sort of the
15 range of issues that are implicated in deciding to
16 move to a merchant plant.

17 It's clear that I would have preferred going
18 through those range of options, identifying the
19 impacts, identifying ways to mitigate the impact and
20 drawing an overall conclusion that yes, this is the
21 way we ought to go. Not just look at an individual
22 plant. And I still think that's what we should be
23 doing, and that's my objective here.

24 And I think we have gotten some -- a range
25 of issues, and they tend to be somewhat pre-formed at

1 this point. But I think after this workshop that
2 those issues can be sort of further clarified and more
3 formed, provided to a subsequent proceeding which
4 deals with the implications of introducing merchant
5 plants into the electric power delivery structure in
6 Florida.

7 **COMMISSIONER DEASON:** I have a question.
8 Mr. Sasso, you indicated that FPC opposes the
9 piecemeal alterations to the system, I think was
10 something along those lines.

11 First of all, what have we done that's
12 piecemeal? And how would you propose that we proceed
13 from this point?

14 **MR. SASSO:** Well, again, I don't want to
15 belabor the legal issues. Obviously, we disagree with
16 the decision the Commission reached in the Duke case.
17 And we feel that amounts to a departure from existing
18 law. One piece of it, a significant piece, but one
19 piece in isolation, and we don't expect --

20 **COMMISSIONER DEASON:** Let me address that
21 for just a second.

22 I respect what you're saying. And there is
23 a difference of opinion as to what the current law
24 provides. And, hopefully, we'll get guidance on that
25 and that matter will be settled.

1 But the Commission interpreted that law a
2 certain way. I know you disagree with that. But with
3 that interpretation of the law, the applicant had a
4 standing to have an application process by this
5 Commission, and we did not have the luxury to say,
6 "Duke, sure you meet -- three Commissioners said you
7 meet the statutory definition of a utility, but we're
8 not going to process your application because we don't
9 want to do this piecemeal. We want to have some
10 widespreading generic docket and invite everybody in
11 the country to participate. And then we may do
12 something from that point. So come back in two years
13 if you still want to do your project."

14 We, with our -- and perhaps incorrect
15 interpretation of the law -- we did not have that
16 luxury. We had the obligation to proceed. And I
17 believe within that statutory framework, there are
18 time frames within which we must act.

19 So I disagree to some extent with the
20 characterization that this Commission is trying to
21 formulate policy on a piecemeal when we interpret the
22 law a certain way and we have no alternative but to
23 process that application with that interpretation of
24 the law.

25 **MR. SASSO:** I understand that, Commissioner.

1 And I certainly wouldn't ask the Commissioner, any
2 Commissioner, to agree with our position at this point
3 on the issue. But I guess the disagreement is so
4 fundamental that that explains the difference in
5 opinion or perspective on this point.

6 If I may, Mr. Dolan had a comment to make in
7 response to your question too.

8 **MR. DOLAN:** Commissioner Deason, I think we
9 certainly agree with the position you were in in terms
10 of having to make that decision, and respect that
11 process that had to take place.

12 I think when we talk about piecemeal, what
13 troubles me a little bit is we spent the lion's share
14 of the time in that proceeding arguing legal issues
15 and a very limited time arguing policy issues. And I
16 think -- with the exception of Florida Power -- we
17 were the only ones that argued policy issues, and I
18 think there are a lot of other stakeholders in this
19 process that have something to say about that. A lot
20 of them are here today: DEP, LEAF. Certainly they
21 have environmental concerns. The developers have
22 their position. And I think what we said is we'll
23 deal with those issues another day.

24 And if we continue to let them linger and we
25 do this one at a time, at some point it's going to

1 have an impact on how we run our business as these
2 plants come in, if we have a march of these plants
3 into Florida. And I don't think we can ignore those
4 issues. And I think those warrant discussion. And I
5 think it needs to be a comprehensive look.

6 I think of it in terms of, you know, we have
7 maybe three different points of view in this room.
8 There are a number of folks in this room that would
9 probably argue that the existing system works very
10 well and why should we change it? And that may, in
11 fact, be what our argument might be.

12 We heard discussion during the course of
13 that proceeding that argued for a hybrid-type
14 situation. Leave the existing retail utilities alone
15 and let's introduce a merchant fringe with a cap. And
16 now we're hearing that that's an unacceptable outcome
17 for the developers. And then there are others in this
18 room that would argue let the market decide it all.

19 And I think that those are three very
20 different models that bring with them three very
21 different sets of issues. We need to establish what
22 model are we talking about? We keep bouncing back and
23 forth between these different models. And I don't
24 think we're gaining any ground. In the meanwhile
25 we're going to come in one plant at a time and you're

1 going to make one decision at a time, and at some
2 point it's going to have impacts that are going to
3 upset someone -- be it the environmental groups or be
4 it -- we're going to have price spikes or something
5 else, and we haven't really dealt with the issue.

6 And I would say again, I don't think we
7 should call this a how do we implement a merchant
8 plant docket. I think it's about what do we think is
9 the right way to run the generation business in
10 Florida. I don't think we should presume anything.
11 There's folks today have said we should presume that
12 competition is coming. Should we presume wholesale?
13 Retail? This Commission is on record saying they
14 oppose retail competition. We heard that during the
15 course of the proceeding. I think we should get some
16 clarity about where we're headed here, and then I
17 think we'll have a much more beneficial discussion
18 about the issues.

19 **COMMISSIONER DEASON:** One follow-up
20 question.

21 I believe you filed a letter in support of
22 TECO's letter asking for postponment until after of
23 the Supreme Court rules; is that correct?

24 **MR. DOLAN:** Yes, we did.

25 **COMMISSIONER DEASON:** And I guess I have a

1 little bit of difficulty reconciling that with your
2 concern about piecemeal policymaking. I guess my
3 concern is this: If we delay everything until the
4 Court rules, we're still subject to someone else
5 coming into this Commission and filing for a need
6 determination, which is going to be another one of
7 these piecemeal problems that you've identified. And
8 under the current Commission's interpretation, most
9 likely that individual, if they are an EWG, probably
10 will be determined to be an electric utility and at
11 least have standing to go forward with that
12 application. Now, whether that determination is
13 granted or not, I guess, rests upon the facts that
14 they present. But if we delay, aren't we subjecting
15 ourselves to further piecemeal interpretation, or at
16 least piecemeal implementation, that's going to, at
17 some point -- under your own terminology -- at some
18 point is going to reach the point to where it is going
19 to have significant impacts; perhaps adverse impacts?

20 **MR. DOLAN:** Commissioner Deason, if that's a
21 concern that that's an unreasonable delay if that
22 decision is six to 12 months and we want to proceed
23 now, as long as we establish what the basis is upon
24 which we're proceeding.

25 What we would object to is that we're

1 proceeding to solve issues on how to implement
2 merchant plants. I think what we need is to proceed
3 on a much broader basis than that, and that's our
4 point.

5 **COMMISSIONER DEASON:** Is that relevant
6 regardless of what the Court rules?

7 **MR. DOLAN:** I think merchants are a relevant
8 part of the discussion, absolutely. But I don't think
9 that's at only part of the discussion. That's my
10 point.

11 **COMMISSIONER CLARK:** Let me just ask a
12 question.

13 You say that a question should be what is
14 the right way to run the generation in Florida? How
15 much of that is our call as opposed to FERC's call?

16 **MR. DOLAN:** Commissioner Clark, I would say
17 that the lion's share of that is your call today under
18 the existing system.

19 **COMMISSIONER CLARK:** I guess I have some
20 concerns that if we take the position that there will
21 be no merchant plants, and that only entities with an
22 obligation to serve can build plants, that FERC may
23 preempt us. They may say that is at odds with our
24 objective of introducing competition into the
25 wholesale market and they'll preempt us if we take

1 that hard line.

2 **MR. DOLAN:** Certainly that's possible. I
3 think we're seeing -- facing the same dynamic with
4 transmission. But I think before we make that step we
5 ought to make sure that the benefits outweigh the
6 cost.

7 **CHAIRMAN GARCIA:** Any questions? All right.
8 There being no questions, we're going to
9 take a 15-minute break and then we'll resume with
10 Florida Power and Light.

11 (Brief recess.)

12

- - - - -

13 **CHAIRMAN GARCIA:** We're going to get started
14 again.

15 **MS. PAUGH:** Florida Power & Light Company is
16 next.

17 **CHAIRMAN GARCIA:** Okay. Mr. Childs.

18 **MR. CHILDS:** Mr. Cresse is going to be
19 making some comments for Florida Power & Light.

20 **MR. CRESSE:** Thank you, Commissioner. My
21 name is Joe Cresse. I'm here on behalf of Florida
22 Power & Light. I'm going to try to keep my comments
23 fairly brief, and I hope, to the point.

24 I want to make a few observations which I
25 think are relevant to the issue and some conclusions I

1 reached about the advisability of merchant plants. By
2 way of background, I want to maybe remind you why
3 we're here. Why is this an issue? Why was it not an
4 issue 15 years ago?

5 The reason it's an issue is because of
6 change in technology. You can now build new capacity
7 and sell the output of that new capacity at a rate
8 that could be less than the average embedded cost for
9 some of the existing generating units. If, in fact,
10 new capacity had a higher cost than the average cost
11 of embedded units, we wouldn't be holding this meeting
12 today because nobody could come in and compete with
13 the existing utilities. So we're here primarily
14 because of technological change. And the issue, I
15 think, in the long run is who is going to be the
16 primary beneficiaries of the technology change. Is it
17 going to be all the consumers in Florida or is it
18 going to be some people who are providing electricity
19 in Florida without an obligation to serve Florida
20 citizens?

21 I want to talk to you a minute about what my
22 definition of a merchant plant is and then I'm going
23 to read from your order. Your order says, "the term
24 merchant plant as used in this order is a power plant
25 with no rate base, no captive retail customers." And

1 I would add one other thing. And no obligation to
2 provide firm service to a utility or to the citizens
3 of the State of Florida. If it, in fact, has a firm
4 contract with a utility, I don't view that as being a
5 merchant plant.

6 The other fact that I want you to keep in
7 mind constantly, because it's very important, that a
8 utility's lowest cost generation is reserved for its
9 retail and firm wholesale customers. Excess capacity
10 of a utility is made available to other utilities in
11 the short-term are known for economy sales.

12 Matter of fact, Joe Jenkins, some 15 years
13 ago, received one of the rarest things the Florida
14 Legislature has ever done. They provided a bonus for
15 him for promoting the broker system and it's brought
16 about many of millions of dollars of benefits to the
17 ratepayers in this state.

18 And they only let Joe have a \$10,000 bonus
19 and I thought the Legislature was pretty cheap in what
20 they did, but notwithstanding that, Joe took the
21 money. (Laughter.)

22 Another basic point that I think is very
23 important and I hope I could convince you of this, is
24 that the only economic benefit of a merchant plant is
25 if it sells at a cost lower than the incremental cost

1 of an existing utility who would otherwise make the
2 sale.

3 I want to repeat that because I think it's
4 very important and it's at the crux of whether or not
5 merchant plants are beneficial to the people of this
6 state. In repeating I'm saying, the only economic
7 benefit of a merchant plant is if it sells at a cost
8 lower than the incremental cost of an existing utility
9 who would otherwise make the sale.

10 **COMMISSIONER CLARK:** Can I interrupt you?

11 **MR. CRESSE:** Certainly. You can always
12 interrupt, Commissioner.

13 **COMMISSIONER CLARK:** Isn't it also
14 beneficial if it forces those utilities to operate
15 more efficiently such that they can lower their costs?

16 **MR. CRESSE:** Anything that permits or forces
17 or requires a utility to operate more efficiently is
18 beneficial to the general body of customers.

19 **COMMISSIONER CLARK:** So it doesn't have --

20 **MR. CRESSE:** The benchmark that you use is
21 beneficial.

22 **COMMISSIONER CLARK:** Well, it strikes me
23 then, the only economic benefit is if it sells. I
24 don't think that's true. I think the economic benefit
25 is, if it forces all providers to be more efficient

1 and the least cost generation runs.

2 **MR. CRESSE:** Could I maybe amend that?
3 Maybe you'd agree with me. Say the only measurable
4 economic benefit. Would that make you happier? I
5 hope it will.

6 **COMMISSIONER CLARK:** No. I think there has
7 been a benefit just to the notion of economic plants
8 because the incumbent utilities have been forced to
9 become more efficient and we've seen the benefit of
10 that recently with Florida Power & Light and Gulf
11 Power and TECO.

12 **MR. CRESSE:** And probably you've seen the
13 benefit of that, but I don't know that I would
14 contribute all that to the potential competition in
15 the generation of electricity.

16 **COMMISSIONER CLARK:** That's fair. But some
17 of it, anyway.

18 **MR. CRESSE:** My next proposition is, if
19 utilities -- if existing utilities have adequate
20 reserve margins, by definition merchant plants are not
21 needed for reliability. And they're not needed for
22 economy, unless they sell at less than the displaced
23 seller's incremental cost.

24 Now, I want to give you some charts. If I
25 can get those charts passed out. They kind of

1 demonstrate to you, I think, what I'm talking about
2 and there's two illustrations and I hope those charts
3 are -- yes, they are.

4 I'm sure you're familiar with the first
5 chart which has "broker" on the third line of it.
6 This is what happens.

7 **CHAIRMAN GARCIA:** Does everyone sort of have
8 this in the audience?

9 **MR. CRESSE:** I think we're in the process of
10 passing some out.

11 **CHAIRMAN GARCIA:** Why don't you have your
12 assistant put it on the overhead so that people can
13 watch what you're doing. It might make it a little
14 bit easier.

15 **MR. CRESSE:** All right. I could put up a
16 larger chart, but probably if it's up there it would
17 be better. Whatever you want to do.

18 **CHAIRMAN GARCIA:** I think there everybody
19 would be able to see it. (Pause in proceedings.)

20 **MR. CRESSE:** Mr. Chairman, we've handed out
21 70 copies. If there are more than 70 people here,
22 somebody is going to have to do without.

23 **CHAIRMAN GARCIA:** Go ahead, Joe.

24 **MR. CRESSE:** At the top of that page if you
25 notice on the left-hand side of the page, we start

1 with the investor-owned utility making the sale and
2 the purchase under the broker system. If Utility A's
3 marginal production cost is \$20, and B's marginal cost
4 of production is \$30, that sale is made at \$25
5 because they just split the difference. Utility A's
6 gain is \$5 and B's gain is \$5.

7 Under an incentive policy adopted years
8 back, 20% of that benefit to the selling utility flows
9 to the shareholders, 80% goes to the customers. The
10 benefit of all Florida customers is \$9 from that
11 particular transaction.

12 On the merchant plant, if it displaces that
13 broker sale, comes in and they offer it at \$24, which
14 the purchasing utility would want -- they would want
15 it at \$24 because it's less than \$25.

16 Utility B, the purchasing utility, would
17 save \$6. The gain above that cost would go to the
18 merchant stockholders. Net benefit to all Florida
19 customers is \$6 under that scenario and Florida
20 customers lose the benefit of three bucks.

21 That's the reason I said that unless a
22 merchant plant sells its product at a cost lower than
23 the incremental cost of the existing utility, there
24 will be no benefit to shareholders in Florida, to
25 customers in Florida and, in fact, would be a

1 detriment.

2 The second page talks about --

3 **COMMISSIONER DEASON:** Mr. Cresse, before you
4 leave that page, let me ask a fundamental question.
5 If there is a robust wholesale market -- and I'm
6 understanding this is the way it worked under
7 regulation and this system has worked extremely well,
8 and I'm not trying to be critical of it. But if there
9 is a robust wholesale market and there is another
10 participant out there whose marginal cost is something
11 less than \$25, why isn't it such that the market will
12 work so that Utility A is competing against the
13 merchant plant, and if the merchant plant's marginal
14 cost is \$24 and Utility A's is \$20, why then wouldn't
15 they just cut a deal to sell it at \$23?

16 **MR. CRESSE:** If the merchant plant's cost is
17 \$24?

18 **COMMISSIONER DEASON:** And Utility A's is
19 \$23, wouldn't the market work where Utility A would be
20 the one that would sell at \$23?

21 **MR. CRESSE:** Yes. It would decrease the
22 price that the purchasing utility would have to pay.
23 There's no question about that. I'm not arguing that
24 point.

25 **COMMISSIONER DEASON:** And isn't that then

1 beneficial?

2 **MR. CRESSE:** There is no benefit to -- there
3 is benefit to the purchasing utility. But there's not
4 as much benefit for the selling utility. There's no
5 benefit at all to the general body of customers of
6 Florida as a whole. It would remain the same.

7 **COMMISSIONER DEASON:** Yes, but the
8 ratepayers of the utility who is efficient and has the
9 marginal production cost of \$20 and sells it at \$23,
10 they benefit a little bit more than under the current
11 broker system, is that correct?

12 **MR. CRESSE:** No. If they sold at \$20 -- the
13 cost at \$20 and they sold at \$23?

14 **COMMISSIONER DEASON:** No, they would not
15 benefit as much.

16 **MR. CRESSE:** They'd lose \$2.

17 **COMMISSIONER DEASON:** But the utility then
18 that benefits would be the one that was purchasing?

19 **MR. CRESSE:** The purchasing utility would
20 benefit. Yes, sir.

21 **COMMISSIONER DEASON:** Okay. All right.

22 **COMMISSIONER CLARK:** And wouldn't the
23 benefit be exactly the same? Utility A would sell it
24 at \$23. Utility B would buy it at \$23. They get a
25 benefit of \$7.

1 **MR. CRESSE:** No. I think -- let me go back
2 to the hypothesis again. You said if the merchant
3 plant would sell at \$24. Okay. Well, the merchant
4 plant would not make the sale, and assume that the
5 utility sold at \$23, then the utility that sold would
6 make \$3 and the utility who purchased would make \$7.
7 Benefit would be a little bit different because of the
8 80% factor. Do you follow that?

9 **COMMISSIONER CLARK:** Yes. But how much
10 would it be?

11 **MR. CRESSE:** Well, 80% of 3 is 2.4. So the
12 benefit to the consumer in that scenario would be --

13 **COMMISSIONER CLARK:** 9.4.

14 **MR. CRESSE:** Yes.

15 **COMMISSIONER DEASON:** So in that situation,
16 having the merchant plant even there and not making
17 the sale, but just existing, would result in a greater
18 net benefit.

19 **MR. CRESSE:** Pardon?

20 **COMMISSIONER DEASON:** Under that scenario
21 then, just having the merchant plant existing and
22 being there, able to sell at \$24 but not being able to
23 make the sale at \$24, and Utility A making the sale at
24 \$23, there's a greater net benefit than under the
25 current system, under those assumptions. Maybe my

1 calculation is wrong.

2 **MR. CRESSE:** If Utility A, the selling
3 utility, tried to charge more than 24 cents, they
4 wouldn't make a sale.

5 **COMMISSIONER DEASON:** We've assumed that
6 they can sell it at \$23 and that's what the market
7 comes down to and the sale takes place at \$23; because
8 merchant plant is there, his marginal cost is \$24.
9 And for Utility A to make this sale he's got to come
10 down in his price from \$25 to \$23 and he does that and
11 he makes the sale at \$23. The net benefit is \$9.40
12 under that scenario.

13 **MR. CRESSE:** Yes.

14 **COMMISSIONER DEASON:** Okay.

15 **MR. CRESSE:** The second chart shows what
16 happens if you have a capacity proposition. And
17 simply put, it's the same thing over again. The sale
18 is made at \$29. The benefit entirely flows to the
19 consumer because of the capacity clause, recovery
20 clause, as well as the fuel recovery clause.

21 I won't take anymore time except as to say
22 that the -- either case, the only benefit to all of
23 Florida's consumers would be if the utility -- if the
24 merchant plant sold capacity at less than incremental
25 cost of the utility selling it.

1 There's been discussion about old,
2 inefficient plants. Let me remind you --

3 **COMMISSIONER CLARK:** Mr. Cresse, these
4 examples suggest to me that the merchant plant has --
5 in all of these scenarios, has a beneficial effect.

6 **MR. CRESSE:** Well, I sure wish I could see
7 it. Could you explain that to me, Commissioner?

8 **COMMISSIONER CLARK:** Well, in the first
9 scenario, the existence of the merchant plant was
10 beneficial to the tune of 40 cents.

11 **MR. CRESSE:** That's under your assumption as
12 to what the price would be.

13 **COMMISSIONER CLARK:** Well, if Utility A's
14 marginal production cost is \$20 and the merchant wants
15 to charge \$24, I presume if the market is working, it
16 is Utility A that will make the sale, say, at \$23.

17 **MR. CRESSE:** Yes.

18 **COMMISSIONER CLARK:** So in this scenario,
19 it's beneficial to the customers to have the merchant
20 plant to the tune of 40 cents.

21 **MR. CRESSE:** Yes, and that's just a split.
22 That's the way the broker works because the split is
23 different on -- the benefit to the purchasing utility
24 is still seven bucks difference between \$23 and \$7.
25 The total benefit is \$10. The difference is that 80%

1 factor that makes it \$9.4.

2 Let me go to one where the broker is not
3 involved.

4 **COMMISSIONER DEASON:** Let's go to the next
5 one, Mr. Cresse.

6 **COMMISSIONER CLARK:** Do you agree me that
7 in all scenarios it's beneficial to the customer?

8 **COMMISSIONER DEASON:** Let's go to the second
9 one, because I think so.

10 Mr. Cresse, under the second one, you're
11 assuming that the merchant would sell at \$28 because
12 the sale is made at \$29 and the assumption you've made
13 for --

14 **MR. CRESSE:** Correct.

15 **COMMISSIONER DEASON:** -- Utility A and
16 Utility B. I guess my question is, if the market is
17 working, instead of foregoing that sale and foregoing
18 all that benefit, why doesn't Utility A, if their
19 marginal production cost is \$20, simply undercut the
20 merchant and sell at \$27?

21 **MR. CRESSE:** They could do that.

22 **COMMISSIONER DEASON:** And then the net
23 benefit is not \$10, it's \$12. No, I guess it would
24 still be \$10. But there is not a loss benefit. The
25 benefit is there because the market has worked and

1 Utility A has bid down to where they maximize their
2 gain, but they're still the utility that is making the
3 sale because they have the lowest marginal production
4 cost.

5 **MR. CRESSE:** If that's what happens, then
6 that is correct.

7 **COMMISSIONER DEASON:** Okay.

8 **MR. CRESSE:** There was discussion earlier
9 that the existing utilities are operating a lot of
10 inefficient plants and these new plants would bring
11 great savings to the consumers in Florida. I've kind
12 of summarized that discussion.

13 But the fact of the matter is, if new plants
14 total cost is less than the variable cost of the
15 existing facilities, the utility should replace the
16 existing facilities with a new plant. And the measure
17 is not what the total cost is of the existing
18 facilities, but what the incremental cost is of the
19 existing facilities to produce that electricity. That
20 is what you have to measure against the cost of a new
21 plant, not the total embedded cost.

22 **COMMISSIONER CLARK:** Would you say that
23 again?

24 **MR. CRESSE:** Yes. There's been discussion,
25 and I've considered some of it criticism, that

1 existing utilities are continuing to operate some old
2 inefficient plants. And my proposition is fairly
3 simple. And that is, unless the existing plants
4 variable cost exceeds the cost of new plant including
5 fuel and O&M expenses and so forth, then the utility
6 should not replace the existing plant because it
7 provides electricity cheaper to its customers than it
8 would if it replaced that plant because you've got
9 that fixed cost that has to be recovered. It's
10 brought great benefits over the years, and any
11 criticism of that nature, I think, is unfounded.

12 **COMMISSIONER CLARK:** Well, but I think the
13 point that was of concern to the utilities was if the
14 merchant plant continues to be the least cost unit to
15 run and the incumbent utility finds that their plant
16 is not running because it is not beneficial, then it
17 seems to me the next step to undertake is, is it going
18 to be cheaper to the ratepayers to pay for that power
19 and back out the existing unit and, in effect, recover
20 the undepreciated plant? And if that is cheaper than
21 running the plant, that's what they ought to do.

22 **MR. CRESSE:** If they have an alternative
23 that this cheaper than the existing situation, they
24 should adopt the alternative.

25 **COMMISSIONER CLARK:** Yes. And, in fact, we

1 have done that.

2 **MR. CRESSE:** I don't think anybody would
3 question that. We have mothballed plants, where
4 there's been plants that retired that were no longer
5 efficient, that the incremental cost was greater than
6 the new capacity would be, and we've taken advantage
7 of that. We've tried to certify some orimulsion
8 because it was cost-effective. You certified the need
9 for it.

10 **COMMISSIONER CLARK:** Well, I guess my
11 question is then, that should be done whether or not
12 the utility builds it or whether or not a merchant
13 plant steps in and, in effect, becomes the firm
14 capacity for that utility.

15 **MR. CRESSE:** Utility should build it or have
16 it under firm contract. And then you know what is
17 cost-effective. You don't know what is cost effective
18 if there is a plant there that is just playing the
19 market. And if it denies a utility some sales that
20 would otherwise in total be beneficial to the
21 consumers of Florida, then that is detrimental if it
22 denies a revenue that would otherwise be beneficial.

23 **CHAIRMAN GARCIA:** I'm sorry, Joe. I don't
24 understand. It would be better for Florida to have an
25 inefficient plant run, than to have a least cost

1 provider run?

2 **MR. CRESSE:** No.

3 **CHAIRMAN GARCIA:** I'm sorry. I lost that
4 last step.

5 **MR. CRESSE:** Well, I just repeated what I
6 said from the beginning. If a merchant plant makes a
7 sale that's in excess of the incremental cost of the
8 utility, it charges an excess of the incremental cost
9 of the utility, makes the same sale, that is not
10 beneficial to the citizens of the State of Florida.

11 **COMMISSIONER DEASON:** Under what scenario
12 would that happen?

13 **MR. CRESSE:** Well, it could happen in sales
14 to a nongenerating utility. It could happen --

15 **CHAIRMAN GARCIA:** Why would it happen?

16 **MR. CRESSE:** Well, they can sell firm
17 capacity to a nongenerating utility and leave excess
18 capacity with the generating utility. And if I was a
19 nongenerating utility in Florida, I'd be telling you
20 to certify as many plants as you can because that
21 gives me all the options. And the more options I
22 have, the better off I am.

23 But the purchasing utility is not the only
24 one impacted by these transactions. The displaced
25 utility has a cost that it then has to be recovered

1 from the existing captive customers, using their
2 language.

3 **COMMISSIONER DEASON:** But it's already in
4 the rate base. There's no change in that. It
5 continues in rate base. The customers still have an
6 obligation to pay for that investment.

7 **MR. CRESSE:** Because you lost a wholesale
8 sale, it increases the cost to existing customers if
9 you have adequate capacity to meet that wholesale
10 sale.

11 Next point I want to make is merchant plants
12 should not be permitted in the state unless they can
13 demonstrate benefits to the entire state. The theory
14 that just because they propose no obligation for rate
15 base treatment does not necessarily prove they're in
16 the best interest of Florida electric consumers.

17 Now, I would remind you that Florida has a
18 process -- a competitive process for acquiring any
19 needed new generation and that process has served the
20 state very well. We haven't made the mistakes that
21 many states have throughout the country, both in
22 having unlimited ability to build power plants --
23 we've had a cap on the capacity that you could build
24 in the state since 1973, 26 years. Some states
25 followed Florida's lead late in life and started

1 having the kind of hearings you have to determine
2 whether or not additional capacity is necessary. But
3 many states didn't have that up until the late 70's,
4 long after Florida established that principle.

5 So we were out alone when we did that and
6 many states have come to copy it. So it doesn't hurt
7 to be standing alone and not following all the horses
8 running in the race.

9 I want to close by saying that if merchant
10 plants displaced the short-term economic sales that
11 FP&L made in 1998, it would cost FP&L ratepayers
12 approximately \$70 million.

13 **CHAIRMAN GARCIA:** How much?

14 **MR. CRESSE:** \$70 million.

15 **COMMISSIONER CLARK:** Say that again.

16 **MR. CRESSE:** If merchant plants displaced
17 short-term economic sales that FP&L made in 1998, it
18 would cost FP&L ratepayers approximately \$70 million.

19 **COMMISSIONER CLARK:** Um --

20 **MR. CRESSE:** Now, \$50 million of that would
21 say you can't build a plant in Florida and compete and
22 sell in Georgia. \$50 million of those sales is out of
23 state.

24 **COMMISSIONER CLARK:** Out of state?

25 **MR. CRESSE:** Yes.

1 Another statistic that you need to keep in
2 mind --

3 **COMMISSIONER CLARK:** Were they broker sales?

4 **MR. CRESSE:** No. The out-of-state sales,
5 I'm sure, were not broker sales, but Mr. Sam Waters is
6 here and he can verify that.

7 **MR. WATERS:** Commissioner, good afternoon.
8 My name is Sam Waters from Florida Power & Light. The
9 majority of the sales --

10 **CHAIRMAN GARCIA:** Lift the mike.

11 **MR. WATERS:** Oh, I'm sorry. I will lean
12 down a little farther. The majority of the sales by
13 far were nonbroker sales. They were what are called
14 opportunity sales or other short-term arrangements.

15 **COMMISSIONER CLARK:** How short-term were
16 they?

17 **MR. WATERS:** Generally daily. Some hourly.
18 But usually daily. Not much longer than that.

19 **COMMISSIONER CLARK:** Okay.

20 **COMMISSIONER JACOBS:** Any idea what the
21 numbers are on that?

22 **COMMISSIONER CLARK:** He said \$70 million.

23 **COMMISSIONER JACOBS:** Percentage-wise?

24 **MR. WATERS:** I'm sorry. I didn't catch the
25 whole question.

1 **COMMISSIONER JACOBS:** What percentage of
2 your sales occur under those contracts?

3 **MR. WATERS:** What we're talking about, I
4 guess, to be clear, is the gains on sales rather than
5 just the sales. That's the figure that we're using
6 because that is what would actually be lost. Of the
7 figures that were given, \$70 million, probably more
8 than that 90% of that would be nonbroker sales. It
9 would be more the opportunity sales and short-term
10 sales and the minority would be broker-type
11 transactions.

12 **COMMISSIONER DEASON:** That's under the
13 assumption that merchant plants would displace 100% of
14 those sales, is that correct?

15 **MR. WATERS:** That's 100% of the gain.
16 That's correct.

17 **COMMISSIONER DEASON:** In reality though, you
18 would have to compete against those merchant plants
19 and you might make some of those sales and you might
20 not make others, and those that you make may have to
21 be a little bit of a lesser price, but you still may
22 make some?

23 **MR. WATERS:** That's true.

24 **COMMISSIONER DEASON:** Okay. And then also,
25 offsetting against that would be those times when you

1 find yourselves in a capacity shortfall situation, and
2 you have the capacity from the merchant plant
3 available and you are able to -- since it was there in
4 the market, you could buy it at a lower price than
5 what the otherwise going rate would be and you would
6 need to make an assumption about that and net it
7 against your \$70 million to find out if you're a net
8 winner or loser?

9 **MR. WATERS:** Well, I guess that's true,
10 Commissioner. We're kind of mixing apples and oranges
11 now because we've taken an actual number and now we're
12 trying to say that under a hypothetical it might
13 change. That's true.

14 If I'm going to do a hypothetical, I would
15 suggest to you that the merchant plant be in the
16 business of maximizing profit rather than providing
17 aid to the nearest person in need.

18 If we were the only ones that had a capacity
19 shortage, sure, we'd have to buy from them at whatever
20 price they chose to offer. If there were a shortage
21 in Florida and a shortage in, say, Chicago, similar to
22 the types of things that were going on last summer,
23 then the highest bidder will prevail. I don't think
24 you can presume that we would be the buyer. It would
25 be the highest bidder.

1 **COMMISSIONER DEASON:** But you would agree
2 that to the extent that there is another participant
3 in the market, that everything else being equal, that
4 that would have a downward effect on what the then
5 going rate would be when you find yourself in a
6 situation of having to purchase?

7 **MR. WATERS:** I think that's right, if
8 there's enough of a market.

9 **MR. CRESSE:** Commissioner, my concluding
10 statement is to kind of put this into perspective. If
11 a merchant plant of 484 megawatts sold its entire
12 capacity right at the incremental change, one-tenth of
13 one cent below the incremental cost of the existing
14 capacity, it would save Florida's consumers about
15 \$4 million.

16 If the market is going to be as competitive
17 as they say and they sold at one-tenth of one cent
18 above the next unit, it would save Florida's customers
19 \$4 million. That's not a lot of money.

20 I'd be happy to answer any questions.

21 **CHAIRMAN GARCIA:** That's not a lot of money?
22 It's money we don't have to invest. It's money that
23 our ratepayers aren't on the hook for. It's --

24 **MR. CRESSE:** That's true. But what I'm
25 trying to get you to understand, Commissioner, is that

1 you have to look at this, and to know what is going to
2 be in the best interest of consumers, you have to have
3 some idea as to what price you're going to have to pay
4 for merchant capacity.

5 Merchant plants aren't going to come down
6 here and sell their capacity at the incremental cost
7 slightly below what a utility can generate it for.
8 The math don't work at those prices. It just don't
9 work. And they're hoping to anticipate getting more
10 than that. I would bet you if you asked them what
11 their business plan looks like, they would say that
12 the average price is going to be more than the
13 incremental cost of generating electricity in Florida.
14 And if they say they're going to sell at the
15 incremental cost -- below the incremental cost of
16 generating electricity, they ought to sign some
17 contracts to that effect.

18 **CHAIRMAN GARCIA:** You all may get an
19 opportunity to do that.

20 **COMMISSIONER JACOBS:** This is something that
21 has been of interest to me. One of the witnesses this
22 morning mentioned the idea that -- I think it was one
23 of the first speakers. That assets -- generating
24 assets are being sold at multiples of the book value,
25 or at least above the book value, which implies to me

1 that what you're just saying is that they will be able
2 to sell at above their, I guess, it was variable cost,
3 for that facility somehow, otherwise it would have no
4 value. Nobody would buy it, would they?

5 **MR. CRESSE:** I don't think anybody would buy
6 anything unless they thought they could make some
7 money at it, Commissioner.

8 **COMMISSIONER JACOBS:** And then what I'm
9 hearing is that -- the premise of a robust wholesale
10 market with merchant plants is that ultimately that
11 whole community of assets will have no use or purpose.
12 There is a disconnect there somewhere. Why in the
13 world are people paying above the value if they're
14 ultimately going to be gone?

15 **MR. CRESSE:** I can't answer that question.
16 Somebody else would have to answer that. I have no
17 idea why -- I've read some of the prices that have
18 been paid for existing plants, substantially in excess
19 of what, to a layman like myself, would appear
20 reasonable. But they got the price. There may be
21 some people in the business making bad business
22 decisions or they know more about it.

23 **COMMISSIONER CLARK:** Be careful, Mr. Cresse.
24 Remember who your client is.

25 **MR. CRESSE:** I understand. I said it may

1 be. But I can assure you that everybody that's in
2 this business or trying to get into this business is
3 doing so because they think they can make more money
4 that way than any other business opportunity they
5 have.

6 **COMMISSIONER JACOBS:** Which is why, you
7 know, I know there is going to have to be some
8 equilibrium on the other side. I mean, I can't
9 believe that merchant plants are going to come over
10 here and just drive down market prices to some level
11 and there not be some demand that's going to -- some
12 equilibrium on the demand side. I think we
13 understand that they're expected to replace these
14 plants that are being purchased at above market price.
15 Somewhere the formula is not clicking for me. I know
16 I'm behind the curve. Were you going to -- Susan,
17 were you -- sorry, Commissioner Clark.

18 **COMMISSIONER CLARK:** No. I mean, I think
19 you make a good point and I was going to ask that
20 question. With respect to merchant plants I would
21 like to know -- get some information. How much is
22 newly built plant and how much is plant that's been
23 divested? I just -- I'm not clear on that and I'm not
24 sure that that distinction has been made.

25 I want to follow-up on some questions and

1 you -- the indication is that there may be some
2 wholesale sales that might have been made by a retail
3 selling company that, by making those wholesale sales,
4 you contribute to keeping prices down for the retail
5 ratepayers. And I guess my question is, how much
6 of -- is all of Florida Power & Light's plant in the
7 retail rate base or is there a plant in the wholesale?
8 Is it --

9 **MR. CRESSE:** Can I ask Mr. Waters to answer
10 that question? I think there is some in wholesale as
11 well as in retail.

12 **COMMISSIONER CLARK:** Okay.

13 **MR. WATERS:** I'm sorry, Commissioner. My
14 beeper went off right as you were asking that
15 question.

16 **COMMISSIONER CLARK:** What is -- are all your
17 plants in the retail rate base currently?

18 **MR. WATERS:** For surveillance purposes, yes,
19 just to make that distinction. I don't think we've
20 gone through a full rate case since several plants
21 have been added. So yes, I believe that's true.

22 **COMMISSIONER CLARK:** So that --

23 **MR. WATERS:** Now, there's a jurisdiction
24 split --

25 **COMMISSIONER CLARK:** The retail ratepayers

1 are carrying the whole load?

2 **MR. WATERS:** Well, they're carrying a
3 jurisdiction portion, say 98% for the sake of
4 argument.

5 **COMMISSIONER CLARK:** Okay. There is some
6 portion of your plant that is allocated to wholesale?

7 **MR. WATERS:** Yes.

8 **COMMISSIONER CLARK:** And whether you lose
9 sales in that arena does not impact the retail
10 ratepayers?

11 **MR. WATERS:** There are two types of
12 wholesale transactions. The way the jurisdictional
13 split is done is more on firm or long-term
14 commitments, native load-type transactions.
15 Requirements sales is the specific type of
16 transactions we're making the wholesale.

17 **COMMISSIONER CLARK:** But if the plant is
18 in -- that portion is allocated to the wholesale sale,
19 whether or not you make a sale out of that plant does
20 not affect the retail rate base, does it?

21 **MR. WATERS:** Hourly sales, it does, because
22 the hourly sales are not part of the
23 jurisdictionalization of cost.

24 **COMMISSIONER CLARK:** Okay.

25 **MR. WATERS:** If we make additional sales

1 beyond what we had anticipated when we did the
2 jurisdictional split -- and that's done on long-term
3 commitments. If we make hourly sales, short-term
4 sales, the benefits of those are credited back to the
5 customers, the retail customers, because they were
6 not -- those sales were not broken out when we did the
7 cost allocation.

8 **COMMISSIONER CLARK:** Okay.

9 **MR. WATERS:** If I could, while I'm here. On
10 the broker, I think there was a misunderstanding.
11 There was some question about what happens if the
12 broker price moves down to \$23 from \$25 and so on. I
13 think, to be clear, the broker transaction that we had
14 on the first page is a subset really of the second
15 page. The broker transaction and the rules of a
16 broker transaction are more defined.

17 If you have an incremental cost of \$20 and
18 \$30 and they're quoted to the broker, the computer is
19 going to match those up at \$25. There's not going to
20 be bidding and counter bidding. So it's -- I think
21 it's kind of a misconception that all of a sudden the
22 benefits will go -- to the customers go from \$9 to
23 \$9.40. That's not what's going to happen to the
24 broker.

25 The fact is, there's \$10 of total benefits.

1 The broker happens to split some of those out to
2 shareholders. But ignoring that for the moment,
3 there's always \$10 of benefits in those transactions.
4 And if a merchant plant sells for anything more than
5 \$20, you've reduced the benefits back to customers. I
6 mean, that's the basic math that we were trying to
7 show.

8 **COMMISSIONER DEASON:** If Utility A's
9 marginal cost is \$20, why doesn't Utility A bid
10 against to where, if they are the low cost provider,
11 they are the one making the sale?

12 **MR. WATERS:** I think they would. They would
13 bid down the price to a point. They want a
14 contribution back to fixed cost, as we all do. They'd
15 bid the price down to about, probably \$21. That's
16 the -- one dollar is kind of the break point in
17 today's market.

18 So, you still have \$10 of total benefits.
19 Nine dollars now goes to the buyer instead of the
20 50/50 split we had before, but it's still \$10 total to
21 customers because we're all returning both the gains
22 and the savings to our customers through the clauses.

23 If the merchant comes in and bids down to
24 \$20.50, you know, you can keep going this extension.
25 There's a logical limit to this. But unless -- even

1 if the merchant bids at \$20, I guess you could say
2 under the ultimate scenario, there is no gain in
3 benefits to customers. You've just broken even if the
4 merchant sells for \$20.

5 A utility, I'm assuming there that their
6 incremental cost is less than \$20 in this example
7 because they are going to maximize their profit. So
8 they won't go down below what they know the
9 competition will go below.

10 They go down to \$20. Customers still have
11 ten benefits -- \$10 in benefits. And fine, we've
12 broke even. If they bid \$20.50 we only lost 50 cents,
13 but we still -- the customer still lost 50 cents. I
14 mean, I think that's what we were trying to get at.

15 And the transaction is that both gains and
16 savings now go to Florida's customers. In a merchant
17 scenario, savings go to customers. Gains go to the
18 shareholders of the merchant plant. So the profits
19 that come out of that transaction for a merchant plant
20 are being taken out of the equation and not returned
21 to Florida ratepayers.

22 **COMMISSIONER CLARK:** That didn't make sense
23 to me. I think you're going to have to rework your
24 chart. I guess what it suggests to me what the
25 problem is, the broker system requires you to bid in

1 cost as opposed to price.

2 **MR. WATERS:** That's basically correct.
3 That's the way it's done today is on incremental cost.

4 **COMMISSIONER CLARK:** So it strikes me that
5 one thing you might want to do is change the broker
6 system.

7 **MR. WATERS:** Well, what's happening,
8 Commissioner, when I mentioned the \$70 million in
9 gains and that most of that is nonbroker sales, well,
10 that is precisely the reason. Everybody is looking to
11 do side deals; whether it's for several -- the broker
12 is also hourly.

13 If I can sell for four hours -- in the
14 example we said \$25 was the strike price in the
15 broker. If I can sell for four hours for \$24, I might
16 do that because then I've got four hours worth of
17 sales. The buyer sees a little extra benefit. I see
18 a benefit of a longer sale. I may do that, and that's
19 what is going on in the real market.

20 **COMMISSIONER CLARK:** As I understand it, the
21 broker system is no longer working. That sales are
22 being made off the broker system more and more. And
23 in fact, we had Tampa Electric come in and want us to
24 continue to allocate part of a plant to the retail
25 rate base and let them make long-term sales out of it

1 and give them some incentive to make those because it
2 wasn't -- they were concerned that they couldn't
3 maximize the benefit out of the broker system.

4 **MR. WATERS:** And that's possible. Each
5 situation may be different. Everybody is trying to
6 maximize the benefits, I think, on both sides.

7 We're primarily a buyer, frankly, in the
8 overall market, especially off peak, the cheaper
9 economy energy, and we would try and maximize our
10 benefits there, too.

11 I don't think that changes though. If you
12 we threw the broker example out all together and just
13 looked at the other example. The split price falls
14 anywhere between \$20 and \$30. It doesn't matter where
15 it is. There's \$10 dollars of benefits. If somebody
16 is making a profit that's not being returned to
17 customers, that's coming out of the \$10. I think
18 that's the only point.

19 **COMMISSIONER DEASON:** You lost me on that
20 one. If there is \$10 of potential benefit and
21 regardless of who makes the sale, if there is still
22 \$10 of benefit, it's still \$10 of benefit.

23 **MR. WATERS:** Except when the merchant makes
24 the same sale. Let's say it's at \$20. Okay. \$10 we
25 broke even. There's still \$10 of benefit. If they

1 make the sale at \$21, the dollar they made, the gain,
2 is not being returned to customers. It's going to
3 their shareholders.

4 **COMMISSIONER DEASON:** And you're saying you
5 would be indifferent -- if your marginal cost of
6 production is \$20 and the merchant bids it down to
7 \$21, at that point, you'd be indifferent whether you
8 made the sale or not?

9 **MR. WATERS:** No. I don't think so.

10 **COMMISSIONER DEASON:** You're looking for at
11 least a dollar to --

12 **MR. WATERS:** Well, we would look for at
13 least a dollar to try and have some contribution back
14 to our customers. But that's the difference. We're
15 looking for a contribution to customers. They're
16 looking for a contribution to shareholders. That
17 dollar, if we sell at \$21, there are \$10 of benefits
18 to Florida. Not just to us, but to Florida. If a
19 merchant sells at \$21, there are \$9 of benefit to
20 Florida customers.

21 **COMMISSIONER DEASON:** But I don't -- why
22 would you let -- if you're cost is \$20, I know you
23 would prefer to have a contribution to fixed cost, but
24 if you're cost is \$20, why would you forego that sale
25 and let somebody else sell at \$21?

1 **MR. WATERS:** Well, there is an ultimate
2 limit. Let's say it's less than a dollar. You're
3 asking, would I go down to \$20. There are costs that
4 are not quantified. You know, the additional wear and
5 tear on a unit. There are all sorts of arguments I'm
6 sure you've heard over the years of making additional
7 sales. There is a point below you just don't want to
8 go that. You get too close to your pure incremental
9 fuel cost. There's some unquantified costs and so on.

10 **COMMISSIONER DEASON:** Well, then you're
11 saying you're real true marginal cost is not \$20.
12 It's something in excess of that?

13 **MR. WATERS:** Probably.

14 **COMMISSIONER DEASON:** Okay.

15 **MR. WATERS:** I think that's true for any
16 generating unit. You know your fuel cost. You can
17 quantify variable O&M to a point. There are other
18 costs you would like to be able to cover. You're just
19 not sure exactly what they are.

20 **COMMISSIONER DEASON:** And the merchant plant
21 would have to consider those things as well? They
22 could say, "Well, we'll forego it because we don't
23 want the wear and tear on our plant."

24 **MR. WATERS:** Right. The difference is it
25 would be very unlikely they would sell it at

1 incremental cost plus the unknown margin, whatever
2 that is, if they can get higher. I mean, they will
3 push it as high as they can.

4 **COMMISSIONER DEASON:** And you would do the
5 same too, if you were the low cost producer. If you
6 were at \$20 and a merchant was at \$24, you'd want to
7 sell at \$23.98 or whatever to get the -- to maximize
8 your profit. I mean, that's the way the market works.

9 **MR. WATERS:** Maximize the return to the
10 customers. We don't get any profit on the deal,
11 unless -- a straight broker deal. You know, I've kind
12 of thrown that one out because there is a split there
13 that's been done.

14 **COMMISSIONER DEASON:** You maximize your
15 margin?

16 **MR. WATERS:** Right.

17 **COMMISSIONER DEASON:** And however that
18 margin is utilized, that's a regulatory question.

19 **MR. WATERS:** Yes.

20 **CHAIRMAN GARCIA:** Any other questions?

21 **MS. PAUGH:** Mr. Chairman, Staff has a
22 question of Mr. Waters.

23 **CHAIRMAN GARCIA:** Glad he came up for us.
24 Go right ahead then.

25 **MS. PAUGH:** Staff is wondering if Mr. Waters

1 knows what the percentage of total revenues is
2 reflected by the broker revenues?

3 **MR. WATERS:** Total revenues?

4 **MS. PAUGH:** Yes, sir.

5 **MR. WATERS:** No, not off the top of my head.
6 The figure that we're working with is the gain.

7 **MS. PAUGH:** I'm sorry?

8 **MR. WATERS:** The figure we're working with
9 is just the gain on sales, not the -- just the total
10 revenue from the sales.

11 **MS. PAUGH:** Okay. Thank you.

12 **MR. MOYLE:** Are you entertaining questions
13 from others besides the Commissioners?

14 **CHAIRMAN GARCIA:** Sure. But we're running
15 out of time, so I ask that you be brief.

16 **MR. MOYLE:** Just a couple of quick questions
17 with respect to the obligation to serve. I think in
18 the comments that that was pointing to is a
19 distinguishing factor. That's a statutory obligation
20 to serve, is that correct?

21 **MR. CRESSE:** Is that question to me?

22 **MR. MOYLE:** Whoever.

23 **MR. CRESSE:** Yes. I think the obligation to
24 serve is both statutory and regulatory.

25 **MR. MOYLE:** And if that obligation is not

1 met, are there any monetary penalties that result from
2 failing --

3 **MR. CRESSE:** Yes. The Commission has the
4 authority under the regulatory law to take quality of
5 service into consideration in establishing rates. And
6 if you take it -- if they're not providing adequate
7 service, they could penalize them in the status of the
8 rates. It's monetary.

9 **MR. MOYLE:** Let me ask you this question.
10 I've been told then, a lot of the long-term contracts
11 and even some of the short-term contracts, which are
12 not statutory obligations but contractual obligations,
13 that they are liquidated damages provisions if you
14 fail to provide, consistent with your contractual
15 obligations. Are you aware if Florida Power & Light
16 contracts for those sales have liquidated damages?

17 **MR. CRESSE:** No, I'm not aware.

18 **CHAIRMAN GARCIA:** All right. Any other
19 questions? All right.

20 **MS. PAUGH:** The joint response.

21 **MR. MCGLOTHLIN:** Okay. My name is Joe
22 McGlothlin. Duke Energy New Smyrna Beach,
23 Constellation Power Development, Reliant Energy and
24 U.S. Generating Company determined that their
25 positions were aligned with respect to the most

1 fundamental questions that were being presented.
2 That's why they jointly prepared the document that is
3 included in your package.

4 It represents a basic position paper and my
5 plan was to highlight the document. I'm going to
6 shorten my comments in view of the time that's been
7 spent already because I think it's very important that
8 Mr. Meyer of Reliant and Mr. Hawks of U.S. Gen, have
9 an opportunity to address some of the specific items
10 that have come up today.

11 But very briefly, in the Duke New Smyrna
12 case the Commissioners recognized that merchant
13 capacity can play a valuable role. In the many issues
14 that the Staff work so hard to categorize, it appeared
15 to us that some of the questions seemed to ask, how
16 can the Commission limit or control or cap the amount
17 of a merchant capacity.

18 As you hear the presentations today, we urge
19 you to consider which arguments serve ratepayers'
20 interests, consumers' interests. Because if you do
21 that, we think that you'll recognize that the more
22 appropriate question is, what market structure can we
23 facilitate that will maximize the benefits that
24 merchants can provide to ratepayers.

25 One of the questions posed is the definition

1 of a merchant. And while that's a basic question, I'm
2 glad it's there because we think the answer drives
3 everything that is pertinent to your policy direction.

4 Specifically, the essence of the definition
5 is that the merchant takes on all the risk, all the
6 investment, business, operating risk. And ultimately
7 the risk the merchant takes is the risk that the
8 merchant will be able to provide the wholesale market
9 what it wants on an economically viable basis. What
10 does a market want? It wants low costs. It wants
11 high reliability. That's why if the merchant
12 succeeds, then ratepayers benefit.

13 As to the question, what market is necessary
14 to facilitate the integration of merchants in this
15 more competitive market, the market would have these
16 characteristics.

17 It would have open access -- genuine open
18 access overseen by an independent transmission
19 administrator. It would have ease of market entry.
20 There would be numerous providers and numerous
21 products and price transparency, all of which would
22 lead toward the more competitive wholesale market.
23 And as the questions from the Commissioners have
24 indicated -- have demonstrated that more competitive
25 market will put downward pressure on wholesale prices

1 to the benefit of ratepayers.

2 To my right is Mr. John Meyer, who's an
3 executive vice president with Reliant. He wants to
4 add his own comments.

5 **MR. MEYER:** Today I'd like to address three
6 specific things where Reliant both may differ a little
7 from exact comments in the filing, as well I think we
8 have a unique experience of having operated in a
9 wholesale market for over 15 years in Texas.

10 Specifically I want to address a lot of the
11 issues we've raised on a wholesale market, as well as
12 a specific stand on reserve margin; and then lastly
13 just answer, I think, Commissioner Clark's question of
14 what is required for a vibrant wholesale market.

15 First of all, can the coexistence of
16 utilities and EWGs or QFs exist in a wholesale market,
17 and I'd have to answer, certainly, yes.

18 In the early 80's and mid 80's, in Reliant's
19 service territory about 5,000 megawatts of
20 cogeneration was built. Much of this cogeneration was
21 PURPA put cogeneration which basically means they met
22 the minimum efficiency requirements and had
23 considerable power to sell into the marketplace.

24 That merchant activity, while at the time we
25 had many battles over it, turned out to be very

1 important to the consumers in Texas. In fact, about
2 8,000 megawatts of QF power actually got developed in
3 Texas.

4 Today that represents the reserve margin
5 going into last summer and this summer in Texas. In
6 other words, our reserve margin requirement is also
7 about 15% and almost all of that can be expressed that
8 the QFs that were built provide that.

9 Now, actually they provide power really more
10 on a higher capacity factor basis and much of the
11 utility generators have that reserve, but the amount
12 is a reserve margin.

13 And somebody mentioned earlier that Texas
14 even has more merchant activity going on because of
15 this. As Texas goes down the reserve margin -- and
16 it's getting tighter every summer. In fact, in the
17 year 2000 many new plants will start coming on
18 somewhere around 3,000 megawatts, and even though
19 we've seen 20,000 announced, we don't believe more
20 than six or seven will end up getting built. Because
21 simply, it's self-limiting. And I'm going to address
22 that just a little more in the reserve margin
23 requirements.

24 So, I feel that the merchant plants in Texas
25 are very important to deal with the utilities -- and

1 with the utilities in making reserve margin. Very few
2 plants were built in Texas after this. Reliant built
3 a couple of cogen plants. Also a local industry that
4 did the similar purpose and provided the same
5 efficiencies that ended up going into rate base, but
6 not too many plants were built in rate base with this.

7 As far as the utilities, can the utility
8 continue to sell it's rate base plants in the
9 wholesale market when merchants start coming in? The
10 answer is definitely yes. I mean, basically you want
11 the wholesale market to be as many buyers and sellers
12 as you can. You want liquidity. In fact, we imported
13 the broker system from Florida some 16 years ago. And
14 that really had a big bearing at the time and it's
15 kind of gone down the same line now as we do it
16 outside the broker typically that sells.

17 **COMMISSIONER CLARK:** Mr. Meyer, let me ask
18 you a question. Should the incumbent utility be
19 permitted to bid in its plant -- any of its plants at
20 whatever price it wants to, if it is a plant in rate
21 base?

22 **MR. MEYER:** That's a hard question. I think
23 our rule in Texas, and I think probably from a rate
24 base perspective as a consumer, I would want them to
25 bid in such they don't lose money. Because it's my

1 money, it's really my plants they're bidding in, and I
2 expect to get either all the benefit or the majority
3 of the benefit when they're bidding those in.

4 But I think they should be allowed to bid
5 in. They obviously -- they don't have to recover any
6 fixed costs usually those plants. Except in some
7 states, and Texas isn't one of them, they do include
8 sales as part of the rate base and actually reduce the
9 rate base and then they're under the gun to make these
10 sales.

11 **COMMISSIONER CLARK:** Well, they impute the
12 income from them.

13 **MR. MEYER:** Right.

14 Going on, I guess, I want to address a
15 couple of Florida Power & Light's comments.

16 First of all, they said that if a merchant
17 plant makes sales in Florida nobody benefits, even if
18 they're economic, that the ratepayer loses.

19 I'm assuming if two utilities get
20 together -- in fact, the broker system insures this --
21 that they both get about half the difference in their
22 cost if they are good negotiators, if they're
23 equal-type negotiators. If the merchant plant happens
24 to make the sale of exactly the same cost, half of
25 the -- the guy purchasing still gets the benefit, his

1 consumers. The guy selling, he doesn't get that
2 benefit anymore because someone else has it.

3 Now, the question is, is that fair? The
4 reason that it's fair is because the ratepayers have
5 borne the cost of that plant which the seller's going
6 out of, and a merchant plant, he's bearing none. So
7 in the future, it's very fair.

8 He also stated that 60% of the sales went to
9 Georgia. Reliant isn't in a position to build plants
10 in Georgia, but I know many others are. Those sales
11 may evaporate anyway, and I think, have nothing to do
12 with the Florida merchant plant question.

13 As far as a broker, one thing we did change
14 in the broker system when we got it is, we let QFs or
15 IPPs bid into the system also to sell power, which is
16 a little different, because we thought they would be
17 important to include their economic sales in the
18 wholesale market.

19 Let me move on now. As far as, I think
20 there was a comment made about the -- that when a
21 utility buys from a merchant plant they transfer the
22 responsibility to the ratepayer. Well, that's true
23 once they buy. However, usually those purchases are
24 of a short duration. Whenever a utility builds a
25 plant the ratepayers are on the hook forever in the

1 rate base for that plant or until it's sold to
2 somebody else, which until recently that never really
3 has occurred.

4 They -- a utility can buy two or three or
5 four or five years from a merchant plant, and yes,
6 during that time the ratepayers are paying it, but we
7 assume that that deal was made as a least cost
8 alternative. In fact, I think in all states it's
9 required the Commission bless those contracts usually
10 anyway. So they have determined, either by the facts
11 of the evidence presented or even a docket, that
12 that's the least cost alternative.

13 It also gives a utility flexibility two or
14 three years from now. If more plants come on and it
15 gets cheaper, they can buy those instead. They don't
16 have to go back to the same one.

17 Reliability needs. I think one of the
18 questions that came up -- and this one. What is a PC
19 or the PSC role in this reliability? I think you're
20 very involved in the reliability needs. Merchant
21 plants subscribe to the rules of the road. NERC is
22 very specific on this. Most regional council rules
23 are very specific.

24 Every interconnection agreement I've signed
25 in about 10 or 12 different states require a merchant

1 plant to meet the needs of the utility or the grid in
2 emergency situations. I know when we had our major
3 freeze in '89 and I was in the control center, our
4 Commission put out a request of all generators and
5 industrials, whether they're utility or not -- utility
6 certainly -- but all the others to also output
7 everything possible and industrials cut back load as
8 much as possible, and they did. Of all the many
9 arguments we had with QFs over pricing, when it came
10 down to we had to have it for liability, they all
11 jumped in and did everything they could to deliver.

12 Obligation to serve. I think U.S. Gen said
13 a few comments about that. The utility -- I think
14 the -- in a wholesale environment, wholesale market
15 we're talking about, the utility will have the
16 obligation to serve, because he has a monopoly to
17 serve the retail customer in that case. So he should
18 bear that obligation to serve.

19 When a QF or merchant plant is contracted
20 they take on an obligation to serve during the time of
21 that contract.

22 Now, I'd like to address a little bit about
23 reserve margin, because I think this question came up
24 and I want to make sure Reliant's view is quite clear
25 here.

1 I think the PSC has the obligation, as long
2 as you have a wholesale market, to require
3 load-serving entities to have a certain reserve
4 margin. They can set that minimum standard, I think,
5 anywhere they want.

6 If you had a regional transmission
7 organization, you might even consider deferring to
8 them or you may want to still set it yourself or you
9 may want to set a cap, or I mean a minimum, and let
10 them vary it as needs arise.

11 As far as setting a cap that deals with
12 reserve margin, Reliant's general position is we don't
13 think caps are necessary. You can look at all the
14 examples. Like if you set a 20% reserve margin and
15 let's say you set a reasonable cap with maybe 40%, I
16 can't think of an example where you'll see 40%
17 overbuild by merchant plant activity. At some point
18 the economics and the financing will not bear it out.

19 **COMMISSIONER DEASON:** Let me ask you this.

20 **MR. MEYER:** Okay.

21 **COMMISSIONER DEASON:** Should merchant plant
22 capacity be included in reserve margin if it is not
23 under contract for a retail utility?

24 **MR. MEYER:** You mean to meet the
25 load-serving entity's minimum obligations?

1 **COMMISSIONER DEASON:** Right. Assume that
2 the merchant plant is in the state, is generating, but
3 it's just generating without any type of a long-term
4 contract. Should that capacity be figured in the
5 reserve margin calculation?

6 **MR. MEYER:** The why I've laid it out where
7 you would require minimum from LSEs, I do not think,
8 if that LSE hadn't contracted for it, it should be
9 counted for that obligation. When you look at the
10 overall regional reliability situation, you look at
11 all generation in that, that goes and sells into the
12 grid. But I mean, those are two different scenarios.
13 One is meeting a statutory obligation or rules
14 obligation, and the other is addressing what you
15 believe the adequacy is like from a NERC or NAERO
16 perspective in a given region.

17 **COMMISSIONER DEASON:** So for calculating an
18 individual utility's reserve margin it should not be
19 included, but looking at an entire generating area for
20 reliability purposes, it can be considered?

21 **MR. MEYER:** Yes. Definitely.

22 **COMMISSIONER JACOBS:** What if -- you have
23 the decision as to whether or not you provide that
24 capacity, correct? It's solely at your discretion?

25 **MR. MEYER:** If I don't have any contracts as

1 a merchant plant or an EWG, I have the decision when I
2 run. That is correct. However, I have obligated
3 myself that in an emergency, and then which is usually
4 defined as a threat -- imminent threat to shedding a
5 firm load, that I will come up and run as long as my
6 costs are protected. In other words, I don't
7 necessarily make money, but I'm not going to lose.
8 I'm not going to run for free. I want to have my
9 costs covered, but I will come up and run.

10 I've made those obligations in all other
11 places and I certainly would make the same obligation
12 here.

13 **COMMISSIONER JACOBS:** Let's say in a
14 non-emergency situation, if you use as your discretion
15 not to operate, the theory is that somebody else will
16 fill that slot?

17 **MR. MEYER:** Somebody else will fill that
18 slot.

19 **COMMISSIONER JACOBS:** Why?

20 **MR. MEYER:** Why would I make the decision
21 not to operate? I would make the decision not to
22 operate because the price would be too low. And that
23 is, that I can't generate the power -- my marginal
24 cost to generate would be more than the cost of the
25 energy I'd sell. In other words, my marginal cost may

1 be \$16 and the market is \$15. I will not run unless
2 I'm required to under a contract or under the
3 obligation I made with the reliability council.

4 **COMMISSIONER JACOBS:** And what we're saying
5 is that there will be somebody there who can generate
6 at \$15 and make a profit?

7 **MR. MEYER:** Sure. Well, either they will
8 make a profit or they're required to by rate base
9 because they're profit has already been paid for.
10 There are times in a Florida market that the -- I'm
11 sure the price is \$15, which is probably the price
12 generally of coal resources on a marginal basis.

13 **COMMISSIONER JACOBS:** Okay. Thank you.

14 **MR. MEYER:** I guess the only other thing I
15 had to add, there was a large consideration. We
16 talked about reserve margin and whether both a
17 utilities unregulated sub could bid on that. And I
18 think I would agree with Enron in general on that,
19 that they should be allowed to bid if they want to.
20 But two things have to happen when that occurs,
21 because we've been in that situation ourselves.

22 One is, if the unregulated sub of utilities
23 is bidding, it should be in a situation where it does
24 not assign any of the risk associated with that
25 generation back to the ratepayer. And also -- and to

1 do that you have to have a stiff set of codes of
2 conduct and affiliated rulemaking. And those aren't
3 necessarily easy tests to pass.

4 I think that the load-serving entities
5 should be required to seek proposals to serve their
6 load and I think they could bid on them also.
7 However, I think that they should have to identify who
8 they chose and generally at what price, including
9 themselves. And I'd go a step further and say, if
10 they can't build it for that price, then it shouldn't
11 be at the ratepayer's risk because they made that
12 choice.

13 That's really a true test then to see that
14 they really evaluated it fully, that they didn't just
15 put in a price and say everybody else lost.

16 I guess the last question I'd like to
17 address, or one of the thoughts is, what changes would
18 be needed to make a vibrant wholesale market in
19 Florida?

20 I think Reliant's been involved in many of
21 these things going on now. First of all, I believe
22 there should be an independent planning and scheduling
23 agent that controls or administers a transmission
24 resources, such that a liquid wholesale market would
25 be encouraged.

1 Also, I think there should be encouragement
2 of merchant plants and the load-serving entities to
3 meet. In fact, I think it's an obligation that they
4 have to meet their demands and reserve margins in the
5 least expensive way to the consumers.

6 I think the elimination of pancake
7 transmission rates should take place. And by that,
8 that will definitely encourage a vibrant wholesale
9 market. And I think this independent entity or agency
10 or whoever is assigned that, needs to determine
11 incentives that would encourage siting a new
12 generation in the proper locations which would be most
13 beneficial to the consumer.

14 And I think that's the comments that I have
15 to say, if there is no further questions.

16 **CHAIRMAN GARCIA:** Yes, sir. There is no
17 questions. Next.

18 **MR. MOYLE:** Thank you, Mr. Chairman. Jon
19 Moyle on behalf of U.S. Generating. I want to just
20 take a minute or two and make some general comments
21 and then have Jack Hawks of the company respond to a
22 couple of points that had been raised earlier today.

23 We've been getting into a lot of detail on
24 this issue and I'd like to just kind of take a step
25 back and look at it from a bit of a broader

1 perspective. Maybe a 10,000-foot view, if you will.

2 It's been suggested earlier I think that
3 part of the reason that we're here, the impetus for
4 being here, was changes in technology. I would
5 respectfully disagree with that and say that the
6 reason that merchant plants are being discussed and
7 considered in Florida is because, quite frankly,
8 Florida needs the power.

9 There was discussion about last summer and
10 some price spikes out in the Midwest. I would ask
11 that we not forget that also last summer we had some
12 critical situations in Florida where a lot of big
13 businesses were -- who were on interruptible rates
14 were being denied power, causing them economic
15 damages, sending their workers home and what not.

16 And that that happened, I think, with IMC
17 Agrico. They were here in an earlier proceeding and
18 testified dozens of times I think in the month of June
19 or July. I may not have the dates correctly. And I'm
20 not sure that it can be disputed that Florida has a
21 need for the power. Just in the past spring when
22 certain plants were down for maintenance we saw that
23 there were some times where interruptible customers
24 had to be called on because there was a need there.

25 Given that, I disagree, I think, with the

1 statement that has been made that less is better with
2 respect to this. I would argue that more is better.
3 And that if businesses can have the availability of
4 power from merchant plants, that that's a good thing
5 for the state, not a bad thing.

6 We have a bunch of people who want to come
7 to Florida and invest hundreds of million of dollars
8 into this state to provide power to Florida with no
9 cost to the ratepayers. I didn't say risk. I said
10 cost. They're going to go ahead and invest money into
11 the state to provide that power and it's not going to
12 be at cost to the ratepayers.

13 I'm not going to belabor all the points I
14 think that have been made about the benefits of
15 merchant plants with respect to providing additional
16 energy and reliability.

17 More competition in the wholesale market. I
18 think in an earlier comment Florida Power & Light
19 indicated they were primarily a buyer in the wholesale
20 market.

21 If that's the case and merchants want to
22 come in and participate in that wholesale market, I
23 think that would be a positive thing, particularly
24 given the downward pressure on rates.

25 We've had discussion about the benefits to

1 the environment as a result of this new, cleaner
2 technology.

3 So, in my view, it kind of distills down to
4 a fundamental question of, on the one hand, markets
5 and competition; on the other hand, continuing with a
6 monopolistic frame work. And I think, given the
7 course of history, that markets and competition win
8 out in the end. So just a few general comments.

9 Jack Hawks from U.S. Generating is here to
10 respond specifically to some points that were made and
11 I will turn it over to him.

12 **MR. HAWKS:** Thank you, Mr. Chairman. Just
13 as a point of reference, U.S. Generating today has
14 about 5,000 megawatts of merchant power in operation.
15 We've got about 1,100 megawatts of merchant generation
16 in construction and we've got about 8,000 megawatts of
17 merchant generation in development.

18 I talked a little while ago about -- trying
19 to respond to Commissioner Clark's question, about
20 what is needed to make a competitive wholesale market.
21 Joe McGlothlin elaborated on that. All of those
22 things -- I'm trying also to speak to Commissioner
23 Johnson's question about the global model here.

24 All of those things we talked about in
25 market structure would constitute a competitive

1 wholesale market. So we don't need to revisit that
2 issue.

3 Regarding competing against rate based
4 utility generation, I have a little bit stronger view
5 on that. I have no desire to compete against rate
6 based utility generation in the wholesale market
7 unless there are market power mitigation measures
8 taken such as what was done in California, whereby,
9 they created a power exchange that required the
10 utilities to bid their rate based generation and their
11 QF power into the power exchange and accept the price
12 that -- the market clearing price that resulted from
13 the daily activity in the power exchange.

14 As far as a situation down here, if you
15 moved the rate based generation into the market, and
16 the utilities or their affiliates then went to FERC,
17 applied for market based rate authority, went through
18 the necessary market power mitigation activities to
19 receive market based rate authority, then, of course,
20 we would be more than willing to compete in the
21 wholesale market.

22 In regards to this issue on risk; yes, it's
23 true that the utilities can build the same types of
24 gas combined cycle generating facilities that we can.
25 Yes, they would be required to adhere to the same

1 permit levels and, yes, --

2 **COMMISSIONER CLARK:** Before you go to that,
3 I'm still trying to puzzle through the notion of them
4 needing to bid into the market. They would have to
5 bid all their rate based generation into the market
6 and their customers would have to take whatever the
7 bid price is. Is that right?

8 **MR. HAWKS:** Yeah. This is at the wholesale
9 level though. It's not -- their utility customers are
10 still paying their regulated rates for transmission
11 and distribution. We're just talking about the supply
12 component of the bundled rate right now. Not all of
13 it. Just the supply part.

14 **COMMISSIONER CLARK:** How much of the
15 supply -- how much of the bundled rate is --

16 **MR. HAWKS:** Depends on the utility. Ranges,
17 I don't know, 30% to 40% up to 60% to 70%, depending
18 on the utility, depending on how much the age and the
19 depreciation schedules of the stock of generation --

20 **COMMISSIONER CLARK:** Sounds a little bit
21 like virtual divestiture to me.

22 **MR. HAWKS:** For what?

23 **COMMISSIONER CLARK:** If --

24 **MR. HAWKS:** Oh, for what they're doing in
25 California?

1 **COMMISSIONER CLARK:** Yes.

2 **MR. HAWKS:** They did divest, as you know,
3 their fossil generation, their oil and gas generation.
4 I don't know if I would characterize it as virtual
5 divestiture, but yes, since they went ahead in the
6 California market, when they did their retail
7 restructuring legislation, they also did wholesale
8 legislation in the same bill. And, so yes, they do
9 bid into it.

10 **COMMISSIONER CLARK:** Well, but I understand
11 your comments to be that if they want to -- your
12 position would be, is if they want to be in the
13 wholesale market, they have to bid all their
14 generation into the wholesale market.

15 **MR. HAWKS:** No. Only if I'm going to be
16 required to compete against it. But if I'm not, you
17 know, what is going to happen here and other regions
18 of the country during the transition period here is
19 that you're going to have a time period whereby,
20 regulated rate based generation will continue to
21 exist. And as a matter of fact, Texas is about to
22 pass a bill that is going to create an unregulated
23 generation affiliate for each of the investor-owned
24 utilities. And that unregulated affiliate then will
25 be competing against us in the wholesale market. The

1 difference is that the Texas bill also is going to
2 have a number of these market power mitigation
3 measures we're talking about, the code of conduct that
4 Jon just mentioned.

5 There's a lot of safeguards that will occur,
6 such that, we can compete in the wholesale market in
7 Texas.

8 **COMMISSIONER CLARK:** Well, but as I
9 understand, your position is that it would be your
10 view that they shouldn't be allowed to compete in that
11 wholesale market, unless --

12 **MR. HAWKS:** It depends on how deep -- you're
13 right. Depends on how deep that wholesale market --
14 that competitive wholesale market is.

15 Again, here in Florida right now it's a very
16 thin wholesale market. And it will grow depending on
17 the growth and demand, depending on the decisions made
18 by the utilities to look to other supply options other
19 than their own generation, and we'll just have to wait
20 and see how it evolves down here in Florida as to
21 where we end up on how we're competing.

22 I'm just saying that as a starting point,
23 it's very difficult for us to recover our capital
24 investment, our fuel costs, our operating and our
25 variable costs from the market price when the

1 utilities are only recovering their fuel and variable
2 operating cost. Their fixed costs are being covered
3 in the rate base.

4 **COMMISSIONER CLARK:** It represents a barrier
5 to your entry.

6 **MR. HAWKS:** Right. It's a barrier to entry,
7 that's correct.

8 As far as I'm concerned, I was talking about
9 who can build all this new generation. One of the
10 chief benefits that we offer consumers is this risk
11 element. We are assuming all of the development risk,
12 all of the permitting risk, all of the fuel risk, all
13 of the interest rate risk, all of the construction
14 risk, all of the operating risk, and all of the
15 general business risk.

16 The only risk that's going to be
17 transferred -- that could be transferred to the
18 ratepayer is the difference between the price that we
19 might have under a two-year contract with a utility
20 and what that utility would have to pay if we weren't
21 there, if we didn't perform under our contract. And
22 that small price risk is what could be transferred.

23 But in any contract that we would sign there
24 would be liquidated damages in the contract such that
25 the -- at least the delta between what the utility

1 would have to -- or I shouldn't say utility -- the
2 wholesale customer would have to go out and find from
3 the next supplier if that's the high price, would
4 certainly be covered in the liquidated damages for not
5 performing under that contract.

6 So, I did take issue with this -- the point
7 made earlier about all of the risks associated with
8 the development of merchant generation being
9 transferred to the ratepayer, because if we go
10 bankrupt and our plants close down -- it hasn't
11 happened yet, but you could play out the scenario,
12 that the original developer, the original owner is
13 going to take the write-off on the capital investment
14 and that plant will likely be sold to another party
15 and the new owner won't have to recover all of that
16 capital investment -- the original capital investment,
17 the market price, and that plant could continue to
18 then compete and possibly succeed in the marketplace.

19 Commissioner Jacobs, you asked about market
20 value and about the value and how is it that these
21 acquirers of generation are paying so much more over
22 the value. And the difference is, the book value of
23 the plants under the standard utility accounting
24 practices versus the perceived market value that we as
25 acquirers have ascertained in our own internal market

1 assessments.

2 In our case, the book value of the roughly
3 4,000 megawatts of a physical plant we bought in New
4 England was about \$1.1 billion. And our bid price,
5 our winning bid was \$1.59 billion. So it's about a
6 45% premium to book.

7 We, of course, have looked at the New
8 England market, just as FPL has as a matter fact
9 because they did the same thing with the Central Maine
10 Power assets. They took the same view that we did.
11 They bought a very valuable chunk of hydropower up in
12 Maine. And we got a mix of coal, natural gas and
13 hydropower in our acquisition and we determined that
14 we created -- we created forward price curves for as
15 far as we could. And right now you can only do that
16 for a relatively short period of time, couple three
17 years.

18 But we believed that the market value and
19 the market prices that will occur in New England will
20 sustain our investment in the New England -- in our
21 case, the New England Electric System's generating
22 plants. That's the difference between this. We're
23 talking about two types of value. One is book value
24 and one is market value.

25 **COMMISSIONER JACOBS:** And in that instance,

1 you're going to have two different functioning -- two
2 ways the market will function. The price will be
3 driven there by that. It won't be driven by all of
4 this new capacity coming in.

5 **MR. HAWKS:** Actually, New England,
6 historically oil has set the marginal price for
7 electricity in New England. Hydro is at the bottom.
8 And you're right, when I say we have 5,000 megawatts
9 of merchant generation in operation, that operation
10 has been occurring for 13 days now. It just started
11 on May 1st. And so every day now we're bidding, and
12 everybody is bidding their assets in and there is
13 different products that you bid for.

14 I talked about products earlier. Capacity
15 is one product. Energy is another product. You have
16 several different types of ancillary products. You
17 can structure a product with a wholesale customer such
18 that they take the power for five days a week, eight
19 hours a day. That's another product. You can do
20 another one 16 hours a day. There's lots of products
21 that are being created in the wholesale market. All
22 of that is occurring mostly in New England and
23 Pennsylvania, New Jersey, Maryland, Delaware,
24 Washington D.C., that PJM market, and to a lesser
25 extent, the New York power pool. But all of that

1 gives us enough confidence that we can plunk down \$200
2 million, \$300 million or \$400 million and recover that
3 investment over time.

4 **COMMISSIONER DEASON:** Let me interrupt for
5 just a second before you go on to a different point.

6 You indicated that you opposed the concept
7 of allowing an incumbent utility to bid in the
8 wholesale market based upon just it's variable cost of
9 production. Is that correct?

10 **MR. HAWKS:** Yes. We have to recover
11 everything from our bid price into the wholesale
12 market.

13 **COMMISSIONER DEASON:** Well, the incumbent
14 utility has an obligation to serve and we make them
15 meet that demand, that requirement, with their least
16 cost generation. So if they have anything to bid it's
17 going to be those plants that are lower down in the
18 dispatch curve. And quite frankly, the investment in
19 those plants is a sunk cost, it's already in the rate
20 base, the ratepayers have an obligation to pay for
21 that.

22 So it seems to me the ratepayers would be
23 better off if the utility recovers all variable cost
24 and has any contribution whatsoever towards its fixed
25 cost. So why would we want to tie the hand of the

1 utility behind it's back and not let it compete on
2 that basis?

3 **MR. HAWKS:** I'm not sure that the customer,
4 the ratepayer, is getting that great of a benefit if
5 once you add that contribution to the fixed side of
6 their investment.

7 **COMMISSIONER DEASON:** Isn't any contribution
8 better than none?

9 **MR. HAWKS:** Actually, I wasn't sure when the
10 gentleman from FPL came forward. I wondered that too,
11 how much the contribution to fix they were getting out
12 of their current wholesale sales.

13 I'm just -- our problem is that I'm talking
14 about a completely open wholesale market. And I'm
15 talking about the end state as opposed to where we are
16 now or the transition stage.

17 Certainly, during the transition we're going
18 to have to make accommodations to get to the end
19 state. I'm just talking about at the end of the day,
20 and the end of the day could be 10 years from now or
21 12 years from now or 7 years from now, depending --
22 we're almost at the end of the day in New England
23 because most of the utilities up in New England are
24 divested.

25 **COMMISSIONER DEASON:** Let me tell you this.

1 I don't know what the result of all of this is going
2 to be, but I can tell you this. Most likely, at least
3 coming from one Commissioner, the bottom line test is
4 going to be what's in the best interest of the end
5 consuming customer. It's not what's best for the new
6 entrant. It's not what's best for the incumbents.
7 That's what the test is going to be.

8 And what I just heard you say, I don't
9 think -- and I have an open mind about it, and if you
10 can convince me otherwise, that's fine. But what I
11 heard you say is not in the best interest of the
12 customer.

13 **MR. HAWKS:** Well, if I have a fleet of
14 merchant generation here and if the whole state is --
15 all the generation in the state is converted to
16 merchant generation, and we're competing against each
17 other on a daily basis, and we have -- we're going to
18 push that wholesale price down every day such that we
19 can be dispatched and --

20 **COMMISSIONER DEASON:** But you're not going
21 to push it down any more than you have to and you're
22 going to maximize your profit on that, and if you're
23 forced to, though, you're going to be in a situation
24 where you're going to make the sale as long as it
25 covers all of your variable cost and you get any

1 contribution towards your fixed cost because once
2 you're here in the state and you got that concrete in
3 the ground, that's a sunk cost, just like it's a sunk
4 cost for the incumbent utility.

5 **MR. HAWKS:** And I believe that price will be
6 the lowest possible price to the consumers.

7 **MR. MOYLE:** I think the point, Commissioner
8 Deason, is long range in terms of if and when you get
9 to the point, if you're competing whereas you have a
10 fixed cost on interest with respect to the assets you
11 have in the ground and the other person does not,
12 well, that is an advantage that the other person has
13 that you don't have. Now, how you got there through
14 the rate base and what not -- but that is, I think,
15 the comment in terms of the long-term view of the
16 world and what's happening in some other states like
17 the New England market.

18 **CHAIRMAN GARCIA:** All right. The next
19 presenter is?

20 **MS. PAUGH:** Mr. Kordecki.

21 **CHAIRMAN GARCIA:** Mr. Kordecki.

22 **MR. KORDECKI:** Good afternoon. I will try
23 to be brief. I understand no one is really interested
24 in my comments, just who I'm working for.

25 Actually I am now an independent consultant.

1 I have been hired by another consulting firm who has
2 clients who are looking at building -- possibly
3 building some merchant plants or doing some business
4 in Florida and I actually do not know exactly what
5 their relationships are and I cannot divulge any of
6 their names.

7 **COMMISSIONER DEASON:** I thought you were
8 here for the Conservation Goals docket.

9 **MR. KORDECKI:** Is that hearing still going
10 on?

11 **COMMISSIONER DEASON:** It has never ended.

12 **COMMISSIONER CLARK:** But, Mr. Kordecki, who
13 is the consulting firm you're working for?

14 **MR. KORDECKI:** Please, I prefer not to
15 answer that either.

16 **COMMISSIONER CLARK:** Well, you know, that
17 presents some difficulty in sort of understanding any
18 bias you may have with respect to this proceeding.

19 **MR. KORDECKI:** Well, my bias, at this point,
20 is towards the merchant plant so I think, take it at
21 face value.

22 I think the most important thing the
23 Commission can do in the near term is to derive a
24 definition of merchant plants. I've heard a different
25 set of comments. I guess the leanest version would be

1 those plants that require a need hearing who do not
2 have a utility obligation. The broadest definition
3 would be, I think, those plants that are not in the
4 rate base of a load-serving utility who has an
5 obligation to serve. I think in the long-run you're
6 going to want to deal with the latter, not the former.

7 There are a number of plants right now that
8 do not need hearings and who I personally would
9 consider to be merchant plants; cogenerators. There
10 is some IPPs that may be fully subscribed. These are
11 basically generation operations who are not in
12 anyone's rate base. That is not to say that the
13 Commission, as least as far as investor-owned
14 utilities, doesn't have some jurisdiction over what
15 happens.

16 You have a fuel clause. You have a capacity
17 clause in the fuel clause. You get to examine those.
18 I guess, is it annually now or semi-annually? So to
19 that extent, those purchases are examined -- are
20 available to you.

21 They also, if they're long-term, are in the
22 reserve margins, or may be in the reserve margins.
23 But I do not believe merchant plants bring a
24 requirement of a reserve margin. Like I said, that
25 are a number of units that escaped your need hearings;

1 combustion turbines. I think the first speaker this
2 morning talked about 900 megawatts and CTs, that you
3 will not have, basically, any oversight over.

4 There are possible steam units under 75
5 megawatts. I mentioned cogenerators. I guess it
6 could be as narrow as their sales out of units, which
7 are not covered by contract or by, as available power,
8 or it could be as large as a QF itself. And there are
9 existing generating units that have changed ownership
10 and changed relationships.

11 For instance, Seminole. I believe, Seminole
12 1, I believe is owned by GE Capital, not by Seminole.
13 In my estimation that's a merchant plant.

14 Hopefully having dealt with the Commission
15 for over 30 years and taking on a new career, maybe I
16 can bring on a little bit of at least my knowledge of
17 how the Commission functions and the state functions
18 to this topic.

19 As far as reserve margins, they should
20 reserve only to load-serving utilities. They have the
21 obligation to serve and they should also meet the
22 obligation of the reserves. I don't believe any
23 merchant plant or anyone selling power should be
24 required to support those reserves or count as
25 reserves. In other words, I don't think there is any

1 such thing as a supplemental reserve. That's not to
2 say that they can't be helpful in terms of
3 reliability. To the extent that they are firm sales
4 to load-serving utilities and counted as resources,
5 then they're reserves or counted at least in the
6 reserve calculations.

7 I do believe there is one area in
8 reliability which I think is paramount in the
9 Commission's mind that is ripe for some discussion and
10 that's on the emergency conditions, and I think
11 there's different feelings about what the merchant
12 plants would like. But I believe that is an area that
13 when there is a state emergency, that there are
14 potential for requirements for merchant plants to sell
15 that power that's not under firm sale conditions to
16 sell into the market.

17 Now, I understand that there's significant
18 worry about price gouging, particularly under those
19 conditions. One, frequency, obviously, means
20 something. But there's no requirement that merchant
21 plants not have bilateral agreements or couldn't have
22 bilateral agreements with other load-serving utilities
23 for emergency sales.

24 In fact, load-serving utilities could be
25 supporting merchant plant sales themselves in terms of

1 backup power contracts. So there's no prerequisite
2 that if there's a merchant plant there can't be any
3 type of contractual -- bilateral contractual
4 arrangements between load-serving utilities and
5 merchant plants.

6 I'm not sure the Commission has jurisdiction
7 over those, but I believe they're there, and I believe
8 under a statewide emergency situation, I think the
9 Commission and the Governor may have a much greater
10 latitude in terms of how those plants are used or may
11 be used.

12 Like I mentioned earlier, I don't believe
13 the introduction of merchant plants changes any of the
14 obligations of the load-serving utilities. That's in
15 reference to reserve margins. That's in reference to
16 conservation goals. I believe they're just another
17 element that may go into an avoided calculation term
18 of conservation goals.

19 As far as the problems associated with
20 environmental -- with the environment, I suspect that
21 all merchant plants will, in fact, be meeting whatever
22 appropriate laws there are. To the extent that
23 merchant plants run, and let's say, IOU or other
24 load-serving units in the state don't run, the
25 difference in terms of their output in terms of

1 pollution is going to be the pollution effect.

2 To the extent that the merchant plants are
3 more benign environmentally, then I suspect you'll see
4 less energy -- less negative environmental effect and
5 converse if they aren't.

6 I think the Commission has made some
7 findings relative to environmental equipment and those
8 findings specifically were that it's devoted to
9 energy -- environmental equipment has been devoted to
10 energy. That's how it's dealt with rate base-wise,
11 and to the extent that it's collected on energy. So I
12 think primarily it's driven by energy.

13 So because you have more merchant plants
14 does not mean there is going to be more load in the
15 state. The state load will stay the same, all things
16 being equal, or relatively the same depending on the
17 economic effects of the pricing. And to that extent
18 it's just going to be the difference between what now
19 runs and what is being sold versus what is not
20 running. I don't see where there's a great windfall
21 of significant pollution in terms of detriment to the
22 environment.

23 Earlier there was some questions about
24 market power issues and I believe that market power
25 issues are primarily a FERC jurisdictional issue. To

1 the extent that an incumbent utility is in the
2 merchant function and wants market base rates, which I
3 think is the market power issue, they are required to
4 file their -- either a mitigation if they do have
5 market power or prove that they do not have market
6 power in order to charge market power rates.

7 I think there may be some misunderstanding.
8 There are utilities in the State of Florida who can
9 charge market power rates. I believe every municipal
10 G and T co-op can charge market based rates. And I
11 believe TECO has filed for them. I don't know if
12 they've gotten a ruling yet.

13 Only Power and Light Incorp. cannot charge
14 market base rates in the State of Florida. To my
15 knowledge can only charge it outside the State of
16 Florida. And I believe they stipulated to that in
17 their filing with FERC. So to that extent I don't
18 think there is a market power issue in terms at this
19 juncture.

20 I believe that in the space of time, I will
21 conclude my remarks.

22 **COMMISSIONER JOHNSON:** What do you mean by
23 TECO can charge market power rates?

24 **MR. KORDECKI:** I think they filed to charge
25 market base rates for wholesale transactions. I don't

1 know if it's been ruled on or not.

2 **COMMISSIONER CLARK:** Mr. Kordecki, if I
3 understand you correctly, then what was passed out to
4 us by Florida Power & Light, they could not -- they
5 would have to -- they would have to use the broker
6 system and bid it in at \$20 and the sale would be made
7 at \$25 and there would not be the opportunity for the
8 utilities to negotiate on a price less than \$25, is
9 that correct?

10 **MR. KORDECKI:** No. I believe that's not
11 correct. I mean, if they're selling in the -- quoting
12 into the broker, I believe that's correct. But I
13 think the preponderance for sales now in the State of
14 Florida that are nonfirm are not broker sales. I
15 believe they're opportunity sales or "J" sales,
16 basically other nonfirm sales.

17 **COMMISSIONER CLARK:** And what is the -- what
18 can they charge for those opportunity sales?

19 **MR. KORDECKI:** I think outside the State of
20 Florida they can charge whatever they want.

21 **COMMISSIONER CLARK:** All right. Inside the
22 State of Florida.

23 **MR. KORDECKI:** Inside the State of Florida,
24 I believe they have a tariff. You'd have to ask them.
25 I think they have a tariff that has a cap.

1 **COMMISSIONER CLARK:** So you would not be
2 able to, unless you are permitted to charge market
3 base prices -- what is it -- you have to go to FERC
4 and get an approval to charge a certain rate? Okay.
5 So you could not simply meet whatever the merchant
6 plant is bidding without going to FERC and getting
7 approval of it?

8 **MR. DOLAN:** Commissioner Clark, in the case
9 of Florida Power Corp., that's correct. We do not
10 have authority for market based rates in Florida.

11 **COMMISSIONER CLARK:** Neither does FP&L, is
12 that right?

13 **MR. DOLAN:** That's correct. And given --
14 and it's unlikely that we would get them given our
15 current understanding of the FERC rules.

16 **COMMISSIONER CLARK:** What about Tampa
17 Electric?

18 **UNIDENTIFIED SPEAKER:** I think we have filed
19 for them.

20 **COMMISSIONER CLARK:** You have filed for
21 market based rates on the theory that you don't own
22 enough transmission to be --

23 **MR. DOLAN:** Enough generation.

24 **COMMISSIONER CLARK:** Enough generation.
25 Okay.

1 **MR. KORDECKI:** I think most of the comments
2 about market based rates go to the fact that people
3 will sell above cost, not so much that they will sell
4 below cost. I think FERC couldn't care less if you
5 wanted to give it away.

6 **COMMISSIONER CLARK:** Well, I think they do
7 care in the case --

8 **MR. KORDECKI:** No. As long as it's not
9 subsidized by ratepayers, I don't think they care.

10 **COMMISSIONER CLARK:** It seems they care if
11 they have market power.

12 **MR. KORDECKI:** Well, I think if they have
13 market power, they don't have market based rates, they
14 just have a tariff of some sort that -- either an
15 interchange agreement with another utility or some
16 type of capacity tariff.

17 **COMMISSIONER CLARK:** I think that's my
18 point. FERC does care if they have market power.

19 **MR. KORDECKI:** Yes, but what I alluded to is
20 I don't think FERC cares if they sell below cost as
21 long as it's not a cross subsidy to regulate
22 utilities. In other words, the difference being a
23 burden to other regulated utilities.

24 **COMMISSIONER DEASON:** But isn't the
25 assumption that if they can sell below cost for them

1 to be viable and stay in business they're getting a
2 subsidy from somewhere?

3 **MR. KORDECKI:** In the short run they could
4 eat it out of their pockets because they want market
5 shares. That's what a lot of, I think, utilities with
6 market based rates, EWGs, merchant plants, whatever,
7 may actually sell at cost -- at below the variable
8 cost for a short period of time to derive a market
9 share. That's what airlines do. I mean, it's not an
10 uncommon thing.

11 **MR. VILLAR:** Commissioner, my name is Mario
12 Villar, Florida Power & Light Company. I wanted to
13 clarify, for FPL we do have a floor which is our
14 marginal cost, and a ceiling, which is a cost-based
15 ceiling. We can negotiate a price somewhere in
16 between the two.

17 **CHAIRMAN GARCIA:** Okay.

18 **COMMISSIONER DEASON:** Could you -- you
19 cannot go below -- obviously, you cannot go below your
20 floor. That's why it's defined as a floor. So you
21 cannot exercise market power to the detriment of
22 competitors?

23 **MR. VILLAR:** Correct.

24 **CHAIRMAN GARCIA:** Thank you. Any other
25 questions?

1 **COMMISSIONER CLARK:** It strikes me we
2 wouldn't really want them to make the sale if it
3 violated that floor.

4 **CHAIRMAN GARCIA:** Okay. Thank you.

5 **MS. PAUGH:** Mr. Willis has indicated that.
6 Tampa Electric will pass on making a presentation. Our next
7 presenter would be Mr. Kammer of IBEW, if he wishes to present.

8 **CHAIRMAN GARCIA:** Leslie, how many more do
9 we have after this? Two after this? LEAF and --

10 **MS. PAUGH:** And Florida Wildlife Federation.

11 **CHAIRMAN GARCIA:** Very good. Go right
12 ahead, Mr. Kammer.

13 **MR. KAMMER:** Terry Kammer with IBEW Council
14 U4. As others have said, I will be brief, but I will
15 be.

16 Our main concern in this whole area, of
17 course, is employment. One of the questions in the
18 presentation is employment enhancement and creation.
19 Looking at the power industry as itself we feel that
20 this would not create jobs, it would take jobs away.

21 On the global view where, if indeed the
22 power was cheaper and we brought industry to Florida,
23 that may actually occur. Our members, we have
24 approximately 9,000 to 10,000 workers in bargaining
25 units throughout the state with the various utilities

1 and municipalities. We're paid a fair wage. We have
2 fair benefits. We're not sure that will happen with
3 merchants.

4 Constellation in Brevard, according to the
5 paper there, 12 employees for 900 megawatts, which
6 means to me they're going to have operating employees.
7 The maintenance will be contracted out. That may come
8 from Georgia, Alabama, Florida, wherever. I have no
9 idea.

10 We have a real concern with the jobs in
11 Florida that do pay well. They're getting fewer and
12 fewer and our concern is that, and we want to stay at
13 the table with this issue as it goes along. Thank
14 you.

15 **CHAIRMAN GARCIA:** Very well. And I think
16 you have been at the table as this issue has been
17 developing. All right. Good. Thank you. Next
18 presenter.

19 **MS. PAUGH:** Ms. Kamaras with LEAF.

20 **MS. KAMARAS:** Thank you, Commissioners, for
21 affording me the opportunity. I know it's late in the
22 day and my comments are brief.

23 The Commission suggested a cap on plants
24 based on the number of proposed megawatts of solar
25 photovoltaic capacity as one of its items in the Duke

1 order.

2 LEAF, of course, is pleased to see the
3 Commission give recognition to the value of solar
4 generation and the need to incorporate mechanisms to
5 encourage it. However, we don't see a particular
6 rationale to treat one power plant different from
7 another in this regard. If the Commission is going in
8 this direction, then any new power supply, merchant or
9 utility, should be held to that same standard.

10 Likewise, with the suggested criteria for
11 review based on the efficiency ratings of new plants
12 it should apply across the board if it is to be used
13 at all.

14 The Commission also expressed concerns about
15 the potential impacts of merchant plants on the
16 environment, and particularly, the use of ambient air
17 pollution increments and the use of plants sites and
18 other finite resources. I think the air pollution
19 increment was addressed earlier today.

20 Again, LEAF is pleased to see the
21 Commission's environmental concern, but suggests that
22 to some extent it is misdirected. As you know, LEAF
23 has a deep concern regarding air pollution and we
24 would prefer to see nonpolluting resources, including
25 energy efficiency, over any polluting ones.

1 However, the most damaging power plants are
2 the ones that are already here, many of which are
3 operating far beyond their design life.

4 Finally, the Commission expressed concern
5 about the potential impacts of merchant plants on
6 conservation goals and plans. LEAF believes that the
7 availability and cost of merchant plants applies, and
8 should be taken into account the same as any other
9 supply option by utilities in assessing the need for
10 conservation. We recognize that if those supply costs
11 are lower than other utility options, that less DSM
12 may become cost-effective.

13 However, how and what the Commission decides
14 concerning DSM cost-effectiveness is a subject of
15 another docket. So, we won't belabor it here. Thank
16 you.

17 **CHAIRMAN GARCIA:** Thank you.

18 **COMMISSIONER CLARK:** Just so I understand.
19 You're comfortable with the notion that merchant
20 plants may have the effect of driving down the cost of
21 electricity which may back out some demand side
22 conservation measures?

23 **MS. KAMARAS:** I'm not comfortable with it,
24 but I think it may be a fact as power plants --
25 whether merchant or otherwise, if they are lower in

1 cost to build, there is a relationship there and we
2 must, obviously, recognize that relationship.

3 **COMMISSIONER CLARK:** Okay.

4 **MS. PAUGH:** The Florida Wildlife Federation.

5 **COMMISSIONER CLARK:** I think he left.

6 **CHAIRMAN GARCIA:** We will let nature speak
7 for itself. That is it, correct?

8 **MS. PAUGH:** As far as I know, yes,
9 Mr. Chairman.

10 **CHAIRMAN GARCIA:** Okay. All right. Is
11 there anything you want to announce or anything?

12 **MS. PAUGH:** No. I suppose the next step is
13 to decide what the Commission wishes Staff to do with
14 respect to this issue.

15 **CHAIRMAN GARCIA:** Right. I think we've got
16 to digest what we've gone through today. FPC wants us
17 to do more to study this issue. FPL doesn't think we
18 need to do anything at all, and everyone else thinks
19 we're doing just fine. So we'll think about it and
20 then I hope that Staff will think about it and meet
21 with the Commissioners and get some feeling or
22 consensus on where we need to go next and what issues
23 fall out from what we've discussed here, and maybe
24 some specific areas where there may be some trouble if
25 the Court does rule in our favor, that we should at

1 least some idea or maybe a few more workshops to hash
2 that out. And I know Commissioner Clark is interested
3 in exploring some of those things, so I would assume
4 that we will let her take the lead here.

5 **COMMISSIONER CLARK:** Mr. Chairman, it seems
6 to me that there have been some issues that have been
7 raised and maybe some of them have been answered, too.
8 But, I guess, I think it's important for us to make
9 some inquiry into what it does mean for planning
10 purposes. What it means for -- well, should we have
11 some set aside in merchant plants for a specific kind
12 of plant? Should there be a cap on merchant plants or
13 should we let competition dictate how much is fair?

14 I think we have to look at those issues and
15 make some recommendations on them. And to that
16 extent, you know, I think what would be appropriate is
17 to work with Staff and develop, I guess, it would be a
18 generic docket.

19 **CHAIRMAN GARCIA:** All right. Well, why
20 don't we --

21 **COMMISSIONER DEASON:** Well, let me, I guess,
22 put in my comments. I think that to the extent that
23 we have any priorities it should be on reserve margins
24 and get that matter considered. I'm not opposed to
25 going forward. I think that should be the higher

1 priority. I think there is some merit to the argument
2 that we just need to wait and see what the Court is
3 going to do. And I'm not opposed to that either. But
4 I make that statement with some caution, and that
5 caution is, those entities who think that we're doing
6 piecemeal policymaking here, realize that if we delay
7 this and don't go forward with opening a docket on
8 this, and we get another application, we are going to
9 have to process it. We don't have the liberty to tell
10 an applicant or anyone else that we're going to put it
11 on hold because we want to conduct a generic
12 investigation after the Court rules. So that's where
13 I am on it.

14 **CHAIRMAN GARCIA:** Okay.

15 **COMMISSIONER JACOBS:** In deference to that
16 concern though, I think that it's very valid, that we
17 will have to deal with all the applications, but I
18 think it's a very valid concern that we take a very
19 deliberate approach to addressing these issues. Not
20 just to solve the question of whether merchant plants
21 will be here, but to make sure they fit into the
22 public policy paradigm that exists and that we're
23 following what's called for.

24 **CHAIRMAN GARCIA:** Commissioners, from my
25 point of view, I think we should -- I mean, clearly

1 there's some issues that have come up today, and I
2 guess I don't feel committed either way. But I think
3 Susan does make some good points. There is some
4 issues here that are out there, and I think
5 Commissioner Deason is echoing them to some degree
6 that we need to work on because when someone applies
7 we still have to process that application.

8 And understanding that, we want to make sure
9 that when we process that application it's not to the
10 detriment of Florida's ratepayers and if, you know,
11 anywhere that Staff finds that there may be a problem
12 in, then that's an area we need to address now. It
13 may be work for naught if the Court rules against this
14 Commission. That being the case, you know, so it was
15 work for naught. But --

16 **COMMISSIONER CLARK:** See, I don't
17 necessarily think it's work for naught because,
18 obviously, the Duke decision wasn't just because they
19 were allowed to be an applicant. It was the
20 conclusion of this Commission that they should --
21 there was a need for it, too.

22 **CHAIRMAN GARCIA:** Right.

23 **COMMISSIONER CLARK:** And, it strikes me that
24 there are implications of allowing merchant plants
25 into the generation market in Florida and we need to

1 go forward and identify those and reach some
2 conclusions as to whether the current law needs to be
3 changed to accommodate those plants or if -- you know,
4 there is a dilemma because we already made the
5 decision that they should be part of it.

6 **COMMISSIONER DEASON:** I think that there's a
7 very valid point that's been made here today in that I
8 don't think the focus of this should be merchant
9 plants per se. I think that it is a question as to
10 how we -- if we're going to have a competitive
11 wholesale market, how that entire matter is going to
12 be structured and that there are relevant questions
13 that involve our incumbent utilities just as much as
14 it does merchant plants.

15 And one of my bottom-line concerns is that
16 if we are going to have competition, I want to see
17 competition. I don't want there to be any advantages
18 to the new entrants. I don't want there to be any
19 disadvantages to the new entrants. And probably more
20 importantly, I don't want to see our incumbent
21 utilities somehow advantaged in the wholesale market
22 because they are incumbent. But just as important, I
23 don't want them to be disadvantaged because they've
24 got certain requirements, like having an obligation to
25 serve and those types of things and we're going to

1 have to weigh all of that out.

2 For there to be a viable wholesale market,
3 we're going to have to weigh all of those things, and
4 there are some very serious questions that are going
5 to have to be answered in that regard.

6 One of those questions is, is that if this
7 Commission is upheld at the court, it seems to me that
8 we're going to have to be upheld on our finding that
9 Duke, as an EWG, is an electric utility. That was one
10 of the fundamental decisions that we made. And if we
11 are upheld, well, then that means they're an electric
12 utility. Do we have the authority then to somehow
13 treat them differently than we do our other utilities
14 to put a cap on that type of generation?

15 And squarely -- obviously, it's not in our
16 statute to do that. We just -- we have requirements
17 that apply to utilities. We do have certain classes
18 of utility, some are rate base regulated, we set the
19 retail rates and those types of things, which
20 certainly would not apply to merchants.

21 There are a lot of questions that are going
22 to have to be answered and I certainly -- I can't sit
23 here today and tell you I know all of the answers, but
24 there are a lot of questions.

25 **COMMISSIONER CLARK:** I just think we need to

1 move forward regardless of where we are with the court
2 case. And Commissioner Deason, you mentioned the
3 margin of reserve, and I guess, there is -- I tried to
4 resolve, which is the thing you should do first.
5 Should you do the marginal reserve or should you look
6 into what is the right way to run the generation
7 market in Florida? I think that's really the correct
8 identification of what we want to do.

9 And, you know, my thought was kind of, you
10 would sort of make a conclusion that those retail --
11 those entities required to serve load, in order to
12 assure reliability, you might require them to reach
13 a -- to maintain capacity to serve that plus a certain
14 margin. And then you will go to the -- the next step
15 would be to determine what that margin would be.

16 **COMMISSIONER DEASON:** Well, I don't
17 necessarily disagree with that. I'm not sure that's
18 the answer, but I'm not making a judgment on that
19 today. It seems to me that regardless of who is going
20 to be generating in this state, whether that mix
21 includes merchants or not, we know that we've got to
22 answer the very critical question as to what we want
23 to do from a policy perspective as to reserve margins.
24 And we know that's a question we've got to answer.
25 And it seems to me that it's very critical and

1 extremely high priority, and that's where I think we
2 need to devote our resources and our time and put our
3 priority there.

4 If we need to review that issue in terms of
5 two scenarios; one being how do we do reserve margins
6 if merchants are in the mix, and how do we do reserve
7 margins if merchants are not in the mix, so be it. I
8 don't see how we can avoid that.

9 But to look at restructuring the wholesale
10 market when we don't even know how the Court is going
11 to rule, knowing that we've got the task in front of
12 us concerning reserve margins, I just think that needs
13 to be the little higher priority.

14 **COMMISSIONER CLARK:** Well, you know, I think
15 that implicit in this Commission's decision with
16 respect to the merchant plant was it was a good thing
17 and regardless of how the Supreme Court rules, I would
18 assume that we would be -- if they say they are not --
19 can't be an applicant, we would be over in the
20 Legislature saying they should be an applicant.

21 **COMMISSIONER DEASON:** Well, I don't know as
22 I agree with that. You're taking that decision much
23 further than what I decided in my one vote, one out of
24 three.

25 I voted that they met the definition and in

1 applying the statutory criteria to them, they meet
2 that criteria and that they passed the test. We
3 granted the determination. I did not make any
4 prevailing policy statement that we need to be
5 endorsing merchant plants and that we need to do
6 everything we can, over advocating the Legislature,
7 whatever, to have merchant plants in this state.

8 That was not -- the issue of merchant plants
9 was not the issue in the need determination docket to
10 me. It was simply, we had one entity who expressed
11 that they felt they met the statutory definition of a
12 utility and that they had a proposal and they wanted
13 to know if their proposal met the test within the
14 statute. I said yes to both of these questions, but I
15 didn't answer anything more other than that.

16 I can only speak for myself. You know, I
17 don't think it was a question of -- merchant plants
18 were not on trial. It was one application from one
19 entity who wanted to build a merchant plant.

20 **CHAIRMAN GARCIA:** All right. Staff, you try
21 to figure a consensus from that and I think we'll get
22 together again. We may have some issues that we need.
23 Maybe we'll set up some more workshops to hash out
24 some of these issues and maybe we can do some of those
25 in internal affairs and make a decision from that

1 point of view.

2 Again, if a Commissioner wants to open a
3 docket --

4 **MR. JENKINS:** In the meantime, we are moving
5 ahead with the reserve margin docket without the
6 consideration of the merchant plant option or cushion
7 in it.

8 **CHAIRMAN GARCIA:** Well, I think Commissioner
9 Deason just made a good point. I know we're a little
10 bit down the road from there. But I think it's a good
11 point. Maybe we should discuss it.

12 **MR. JENKINS:** All right.

13 **CHAIRMAN GARCIA:** All right. Thank you.
14 Thank you very much. Thank you for coming.

15 (Thereupon, the workshop concluded at
16 4:40 p.m.)

17 - - - - -

18

19

20

21

22

23

24

25

1 STATE OF FLORIDA)
2 COUNTY OF LEON)

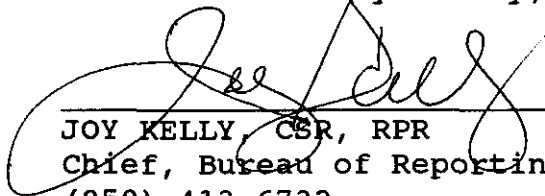
CERTIFICATE OF REPORTERS


3 We, JOY KELLY, CSR, RPR, Chief, Bureau of
4 Reporting and KIMBERLY BERENS, CSR, RPR, Official
5 Commission Reporter,

6 DO HEREBY CERTIFY that the Undocketed
7 Workshop was heard by the Florida Public Service
8 Commission at the time and place herein stated; it is
9 further

10 CERTIFIED that we stenographically reported
11 the said proceedings; that the same has been
12 transcribed by us; and that this transcript,
13 consisting of 259 pages, constitutes a true
14 transcription of our notes of said proceedings

15 DATED this 21st day of May, 1999.

16 
17 _____
18 JOY KELLY, CSR, RPR
19 Chief, Bureau of Reporting
20 (850) 413-6732

21 
22 _____
23 KIMBERLY BERENS, CSR, RPR
24 FPSC Commission Reporter
25 (850) 413-6736

\$	20,000 208/19 20/80% 112/5 2000 208/17 204 99/10 21st 260/11 222 99/12 235 99/13 24 177/3 246 99/15 247 99/16 259 260/9 25th 152/18 26 184/24 260 99/18	activity 207/24, 208/14, 214/17, 223/13 add 132/12, 144/16, 169/1, 207/4, 217/15, 232/5 added 132/10, 193/21 adding 126/23, 127/11, 127/12 address 125/18, 126/10, 155/7, 159/9, 160/20, 205/9, 207/5, 207/10, 208/21, 210/14, 213/22, 218/17, 253/12 addressed 111/18, 112/8, 138/2, 146/6, 248/19 addressing 126/15, 150/15, 158/17, 215/14, 252/19 adequacy 215/15 adequate 171/19, 184/9, 204/6 adhere 223/25 administers 218/23 administrator 206/19 adopt 102/25, 181/24 adopted 173/7 adopting 157/1 advantage 182/6, 234/12 advantaged 254/21 advantages 121/21, 147/4, 254/17 adverse 165/19 advisability 168/1 advocating 258/6 affairs 258/25 affiliate 225/23, 225/24 affiliated 218/2 affiliates 223/16 affording 247/21 afternoon 119/17, 143/2, 186/7, 234/22 age 224/18 agency 219/9 agent 218/23 aging 116/15 agree 108/15, 124/5, 136/6, 141/14, 143/21, 145/24, 146/6, 147/16, 189/12, 162/2, 162/9, 171/3, 179/6, 189/1, 217/18, 257/22 agreeing 140/1, 141/22 agreement 212/24, 244/15 agreements 238/21, 238/22 Agrico 220/17 aid 188/17 air 103/13, 108/23, 248/16, 248/18, 248/23 airlines 245/9 Alabama 109/9, 247/8 aligned 204/25 allocate 198/24 allocated 194/6, 194/18 allocution 195/7 allow 107/22, 110/2, 123/12, 147/7, 149/21, 150/8 allowed 106/1, 106/2, 111/9, 112/16, 210/4, 217/19, 226/10, 253/19 allowing 142/11, 150/14, 231/7, 253/24 alluded 110/9, 244/19 alluding 137/19 alteration 144/11 alterations 144/14, 160/9 alternate 117/13 alternative 134/1, 134/15, 134/17, 161/22, 181/22, 181/24, 212/8, 212/12 Amacos 104/18 ambient 248/16 amend 171/2 America 101/1 amount 109/1, 110/3, 113/2, 114/10, 115/5, 132/11, 140/12, 149/4, 205/16, 208/11 amounts 160/17 ample 153/9 analogy 103/4, 104/16 analysis 150/9 ancillary 230/16 announce 250/11 announced 101/7, 107/7, 208/19 annually 236/18 answer 101/11, 101/21, 115/18, 117/11, 148/14, 151/7, 151/9, 157/25, 189/20, 191/15, 191/16, 193/9, 206/2, 207/13, 207/17, 209/10, 235/15, 256/18, 256/22, 256/24, 258/15 answered 251/7, 255/5, 255/22 answers 255/23 anticipate 190/9 anticipated 195/1 anxious 137/24 appeal 119/22 appearance 101/12 apples 188/10 applicant 129/9, 161/3, 252/10, 253/19, 257/19, 257/20 applicants 114/5 application 161/4, 161/8, 161/23, 165/12, 252/8, 253/7, 253/9, 258/18 applications 252/17 applied 223/17 applies 249/7, 253/6 apply 248/12, 255/17, 255/20
3	3 176/11 3,000 208/18 30 237/15 30% 224/17	
4	4,000 229/3 40 116/1, 178/10, 178/20 40% 214/15, 214/16, 224/17 400-megawatt 107/14 4075 98/20 413-6732 260/14 45% 229/6 484 189/11 4:40 98/17, 259/16 4th 103/13	
5	5,000 207/19, 222/14, 230/8 50 107/18, 197/12, 197/13 50/50 196/20	
6	60% 211/8, 224/17 6800 101/4	
7	7 232/21 70 172/21 70% 224/17 70's 185/3 75 237/4 7500 116/3	
8	8,000 132/9, 132/24, 208/2, 222/16 80% 173/9, 176/8, 176/11, 178/25 80's 207/18 80/20 138/5 850 260/14	
9	9,000 246/24 9.4 176/13 90% 187/8 900 237/2, 247/5 98% 194/3	
A	A's 173/2, 173/5, 174/14, 174/18, 178/13, 196/8 a.m. 98/17 abandoned 154/20 ability 110/18, 117/12, 184/22 absent 121/1 accept 128/20, 223/11 access 206/17, 206/18 accommodate 254/3 accommodations 232/18 accompanied 100/16 accomplish 120/1 account 123/21, 134/22, 156/1, 249/8 accounting 228/23 acquirers 228/21, 228/25 acquiring 184/18 acquisition 229/13 Act 123/1, 161/18 activities 223/18	
2	2 98/8 2.4 176/11 20% 173/8, 214/14	
&	& 98/23, 99/9, 167/15, 167/19, 167/22, 171/10, 186/8, 193/6, 204/15, 210/15, 221/18, 242/4, 245/12	
1	1 237/12 1,100 222/15 10 212/25, 232/20 10% 126/24, 131/15, 138/22, 140/6 10,000 246/24 10,000-foot 220/1 100 99/4, 107/18 100% 138/6, 138/19, 187/13, 187/15 101 103/15 108 99/6 10:10 98/17 11,000 116/2 119 99/7 12 165/22, 212/25, 232/21, 247/5 12:40 100/2 13 98/15, 230/10 148 98/19 15 168/4, 169/12, 207/9 15% 126/20, 131/7, 152/20, 208/7 15-minute 167/9 16 209/13, 230/20 167 99/9 1973 184/24 1998 185/11, 185/17 1999 98/15, 260/11 1st 230/11	

applying 258/1
 approach 101/18, 101/24, 102/12, 103/18, 252/19
 appropriate 102/23, 103/25, 106/3, 107/20, 124/23,
 126/9, 126/16, 140/12, 142/10, 142/22, 205/22, 239/22,
 251/16
 approval 243/4, 243/7
 Arab 118/13
 area 215/19, 238/7, 238/12, 246/16, 253/12
 areas 250/24
 arena 194/9
 argue 116/12, 163/9, 163/18, 221/2
 argued 162/17, 163/13
 arguing 162/14, 162/15, 174/23
 argument 122/20, 163/11, 194/4, 252/1
 arguments 201/5, 205/19, 213/9
 arise 214/10
 arises 142/14
 arrangements 186/14, 239/4
 arrive 114/15
 as-available 138/6, 138/16
 ascertained 228/25
 aspect 159/6
 aspects 146/19
 assertion 145/6, 155/7
 assertions 121/21
 assessing 249/9
 assessments 229/1
 assets 156/7, 190/23, 190/24, 191/11, 229/10, 230/12,
 234/10
 assign 217/24
 assigned 219/10
 assistant 172/12
 associated 119/22, 126/3, 217/24, 228/7, 239/19
 Association 101/14, 119/9
 assumption 120/5, 178/11, 179/12, 187/13, 188/6,
 244/25
 assumptions 113/24, 176/25
 assure 103/4, 192/1, 256/12
 attempt 149/12
 attempting 119/25, 155/7
 attendant 156/12
 attorney 108/13
 audience 100/20, 145/3, 172/8
 authority 204/4, 223/17, 223/19, 243/10, 255/12
 authorized 101/16
 availability 138/22, 148/10, 221/3, 249/7
 available 114/11, 122/17, 130/23, 139/2, 169/10,
 188/3, 236/20, 237/7
 average 168/8, 168/10, 190/12
 avoid 114/18, 114/19, 133/20, 133/23, 134/2, 150/7,
 257/8
 avoiding 239/17

B

B's 173/3, 173/6
 backed 141/16, 142/9, 142/12
 background 168/2
 backout 118/6, 141/4, 142/15
 backup 239/1
 bad 191/21, 221/5
 balance 122/12, 146/24, 146/25, 157/19
 ball 182/3
 bankrupt 228/10
 banks 155/14
 bargaining 246/24
 barrier 227/4, 227/6
 base 111/2, 111/5, 111/8, 111/22, 112/13, 130/19,
 168/25, 184/4, 184/5, 184/15, 193/7, 193/17, 194/20,
 198/25, 209/5, 209/6, 209/8, 209/21, 209/24, 210/8,
 210/9, 212/1, 217/8, 227/3, 231/20, 234/14, 236/4,
 236/12, 241/2, 241/14, 241/25, 243/3, 255/18
 base-wise 240/10
 based 122/23, 124/4, 137/6, 223/3, 223/6, 223/10,
 223/15, 223/17, 223/19, 224/5, 225/20, 231/8, 241/10,
 243/10, 243/21, 244/2, 244/13, 245/6, 247/24, 248/11
 Basford 99/6, 108/12
 basis 112/3, 113/8, 126/6, 135/13, 138/16, 165/23,
 166/3, 206/9, 208/10, 217/12, 232/2, 233/17
 battles 207/25
 Beach 204/22
 bear 213/18, 214/18
 bearing 209/14, 211/6
 beat 129/2, 133/3, 133/4, 133/11, 133/12, 135/25,
 147/1
 beeper 193/14
 begs 146/17
 belabor 160/15, 221/13, 249/15
 Bells 110/11
 Ben 100/17
 benchmark 170/20
 beneficial 164/17, 170/5, 170/14, 170/18, 170/21,
 175/1, 178/5, 178/10, 178/19, 179/7, 181/16, 182/20,

182/22, 183/10, 219/13
 beneficiaries 168/16
 benefit 110/14, 127/20, 144/6, 169/24, 170/7, 170/23,
 170/24, 171/4, 171/7, 171/9, 171/13, 173/8, 173/10,
 173/18, 173/20, 173/24, 175/2, 175/3, 175/4, 175/5,
 175/10, 175/15, 175/20, 175/23, 175/25, 176/7, 176/12,
 176/18, 176/24, 177/11, 177/18, 177/22, 178/23,
 178/25, 179/18, 179/23, 179/24, 179/25, 198/17,
 198/18, 199/3, 199/20, 199/22, 199/25, 200/19, 206/12,
 207/1, 210/2, 210/3, 210/25, 211/2, 232/4
 benefits 134/19, 143/15, 143/16, 146/10, 147/18,
 158/10, 158/13, 158/16, 158/24, 167/5, 169/16, 175/18,
 181/10, 184/13, 195/4, 195/22, 195/25, 196/3, 196/5,
 196/18, 197/3, 197/11, 199/6, 199/10, 199/15, 200/17,
 205/23, 210/17, 221/14, 221/25, 227/10, 247/2
 benign 240/3
 BERENS 98/23, 260/3
 bet 105/12, 190/10
 Betty 98/19
 bias 235/18, 235/19
 bid 112/13, 112/14, 122/10, 129/2, 133/6, 133/15,
 133/24, 134/15, 134/17, 144/1, 180/1, 196/9, 196/13,
 196/15, 197/12, 197/25, 209/19, 209/25, 210/4, 211/15,
 217/17, 217/19, 218/6, 223/10, 224/4, 224/5, 224/7,
 225/9, 225/13, 229/4, 229/5, 230/13, 231/7, 231/11,
 231/16, 242/6
 bidder 188/23, 188/25
 bidding 133/20, 133/23, 134/3, 195/20, 210/1, 210/3,
 217/23, 230/11, 230/12, 243/6
 bids 129/3, 135/10, 196/23, 197/1, 200/6
 big 144/25, 152/14, 209/14, 220/12
 bilateral 238/21, 238/22, 239/3
 bill 225/8, 225/22, 226/1
 billion 101/1, 229/4, 229/5
 bit 100/9, 116/13, 143/22, 150/14, 162/13, 165/1,
 172/14, 175/10, 176/7, 187/21, 213/22, 219/25, 223/4,
 224/20, 237/16, 259/10
 bless 212/9
 board 248/12
 body 170/18, 175/5
 boggles 145/5
 boils 140/22
 bonus 169/14, 169/18
 book 190/24, 190/25, 228/22, 229/2, 229/6, 229/23
 books 102/2
 borne 211/5
 Boston 103/10
 bottleneck 151/18, 151/21, 152/2
 bottom 230/7, 233/3
 bottom-line 254/15
 bought 229/3, 229/11
 bouncing 163/22
 BP 104/18
 break 167/9, 196/16
 Brevard 247/4
 Brief 167/11, 167/23, 203/15, 234/23, 246/15, 247/22
 bring 115/23, 121/23, 132/19, 146/24, 147/3, 163/20,
 180/10, 236/23, 237/16
 broader 166/3, 219/25
 broadest 236/2
 broke 158/21, 197/12, 199/25
 broken 125/13, 125/16, 159/7, 195/6, 197/3
 broker 138/5, 169/15, 172/5, 173/2, 173/13, 175/11,
 178/22, 179/2, 186/3, 186/5, 195/10, 195/12, 195/13,
 195/15, 195/16, 195/18, 195/24, 196/1, 197/25, 198/5,
 198/11, 198/15, 198/21, 198/22, 199/3, 199/12, 202/11,
 203/2, 209/13, 209/16, 210/20, 211/13, 211/14, 242/5,
 242/12, 242/14
 broker-type 187/10
 brought 143/8, 153/3, 169/15, 181/10, 246/22
 bubble 105/10
 bucks 173/20, 178/24
 build 105/3, 105/19, 106/3, 107/16, 108/3, 109/7,
 109/8, 109/10, 111/3, 113/5, 122/3, 122/4, 123/2,
 123/4, 123/6, 124/4, 127/2, 127/4, 127/8, 128/6,
 128/18, 132/25, 133/1, 133/7, 134/8, 134/14, 134/18,
 135/11, 138/13, 140/23, 149/1, 166/22, 168/6, 182/15,
 184/22, 184/23, 185/21, 211/9, 218/10, 223/23, 227/9,
 250/1, 258/19
 building 107/14, 111/1, 114/25, 116/9, 117/16,
 123/15, 123/21, 138/13, 145/22, 146/5, 235/2, 235/3
 builds 111/21, 182/12, 211/24
 built 104/12, 117/23, 122/16, 130/25, 131/1, 132/17,
 135/24, 137/7, 140/25, 141/5, 148/20, 154/19, 156/13,
 192/22, 207/20, 208/8, 208/20, 209/2, 209/6
 bunch 151/25, 221/6
 bundled 224/12, 224/15
 burden 127/22, 244/23
 Bureau 98/22, 260/3, 260/13
 Burger 110/11
 business 110/12, 117/1, 141/21, 144/15, 147/8, 163/1,
 164/9, 188/16, 190/11, 191/21, 192/2, 192/4, 206/6,
 227/15, 235/3, 245/1

C

businesses 220/13, 221/3
 buy 127/14, 127/23, 128/2, 128/9, 128/12, 131/23,
 175/24, 188/4, 188/19, 191/4, 191/5, 211/23, 212/4,
 212/15
 buyer 112/4, 188/24, 196/19, 198/17, 199/7, 221/19
 buyer's 152/3
 buyers 151/11, 209/11
 buying 131/3, 131/4, 131/8, 139/16
 buys 211/21

calculated 137/6
 calculating 215/17
 calculation 177/1, 215/5, 239/17
 calculations 238/6
 California 149/8, 223/8, 224/25, 225/6
 call 104/3, 143/22, 143/23, 164/7, 166/15, 166/17
 came 103/2, 103/6, 107/4, 128/24, 128/25, 152/12,
 153/3, 154/16, 202/23, 212/18, 213/9, 213/23, 232/10
 cap 107/24, 108/25, 110/4, 113/4, 113/10, 113/15,
 114/2, 163/15, 184/23, 205/16, 214/9, 214/11, 214/15,
 242/25, 247/23, 251/12, 255/14
 capacity 104/8, 104/11, 106/9, 106/16, 107/4, 107/9,
 107/15, 108/17, 109/1, 110/1, 110/3, 110/5, 111/23,
 113/19, 114/6, 115/6, 115/7, 115/9, 116/16, 117/2,
 122/16, 127/5, 127/11, 127/13, 128/18, 131/17, 132/9,
 137/6, 138/19, 139/10, 140/12, 148/11, 149/18, 149/23,
 150/5, 150/6, 150/14, 150/25, 151/2, 152/10, 152/13,
 152/15, 153/3, 153/6, 168/6, 168/7, 168/10, 169/9,
 177/16, 177/19, 177/24, 182/6, 182/14, 183/17, 183/18,
 184/9, 184/23, 185/2, 188/1, 188/2, 188/18, 189/12,
 189/14, 190/4, 190/6, 205/13, 205/17, 206/10, 214/22,
 215/4, 215/24, 230/4, 230/14, 236/16, 244/16, 247/25,
 256/13
 capital 168/25, 226/23, 228/13, 228/16, 237/12
 caps 214/13
 captive 184/1
 care 117/1, 118/20, 135/25, 136/1, 146/25, 244/4,
 244/7, 244/9, 244/10, 244/18
 career 237/15
 careful 191/23
 carefully 149/12
 cares 244/20
 carry 110/1
 carrying 194/1, 194/2
 cart 134/5
 case 119/22, 134/25, 136/15, 146/19, 150/13, 152/8,
 160/16, 177/22, 193/20, 205/12, 213/17, 221/21, 229/2,
 229/21, 243/8, 244/7, 253/14, 256/2
 catch 186/24
 categorize 205/14
 Cathy 108/13
 caused 143/9
 causing 141/2, 220/14
 caution 252/4, 252/5
 ceiling 245/14, 245/15
 cent 189/13
 Center 98/19, 213/3
 Central 229/9
 cents 177/3, 178/10, 178/20, 197/12, 197/13
 CERTIFICATE 99/18, 260/1
 certified 182/8, 260/8
 certify 182/7, 183/20, 260/5
 CHAIRMAN 98/12, 100/3, 108/8, 109/19, 112/21,
 119/7, 119/10, 119/13, 125/6, 125/15, 128/1, 128/13,
 128/23, 129/5, 129/13, 129/20, 130/5, 132/17, 133/3,
 135/19, 137/12, 137/14, 137/18, 139/21, 145/4, 146/16,
 147/20, 155/12, 159/13, 167/7, 167/13, 167/17, 172/7,
 172/11, 172/18, 172/23, 182/23, 183/3, 183/15, 185/13,
 186/10, 189/21, 190/18, 202/20, 202/23, 203/14,
 204/18, 219/16, 234/18, 234/21, 245/17, 245/24, 246/4,
 246/9, 246/12, 247/15, 249/17, 250/6, 250/10, 250/15,
 251/19, 252/14, 252/24, 253/22, 258/20, 259/8, 259/13
 chance 148/14, 155/18
 change 121/2, 147/12, 157/23, 163/10, 168/6, 168/14,
 168/16, 184/4, 188/13, 189/12, 198/5, 211/13
 changed 100/23, 120/24, 141/21, 148/18, 237/9,
 237/10, 254/3
 changes 142/23, 144/7, 199/11, 218/17, 220/4, 239/13
 changing 138/9
 character 120/14
 characteristics 206/16
 characterization 161/20
 characterize 225/4
 charge 177/3, 178/15, 241/6, 241/9, 241/10, 241/13,
 241/15, 241/23, 241/24, 242/18, 242/20, 243/2, 243/4
 charges 183/8
 chart 172/5, 172/16, 177/15, 197/24
 charts 171/24, 171/25, 172/2
 chasing 152/5
 cheap 169/19
 cheaper 131/22, 131/25, 142/13, 181/7, 181/18,

181/20, 181/23, 199/8, 212/15, 246/22
cheapest 130/17, 130/23
Chevron 105/4
Chevrans 104/18
Chicago 103/11, 107/7, 107/8, 188/21
Chief 98/22, 227/10, 260/3, 260/13
choice 218/12
chose 188/20, 218/8
chunk 229/11
circumstances 114/14
circumventing 133/14
citizens 168/20, 169/2, 183/10
clarified 160/2
Clarify 128/1, 245/13
clarity 164/16
CLARK 98/13, 103/3, 103/21, 104/10, 104/15,
109/20, 111/7, 111/11, 112/2, 112/11, 112/17, 112/20,
112/22, 116/10, 117/3, 118/1, 118/11, 119/6, 120/20,
130/8, 130/13, 130/16, 131/2, 131/20, 132/2, 132/5,
140/21, 141/8, 141/14, 141/18, 141/24, 143/7, 143/20,
145/24, 147/14, 150/23, 157/16, 158/7, 158/19, 159/12,
166/11, 166/16, 166/19, 170/10, 170/13, 170/19,
170/22, 171/6, 171/16, 175/22, 176/9, 176/13, 178/3,
178/8, 178/13, 178/18, 179/6, 180/22, 181/12, 181/25,
182/10, 185/15, 185/19, 185/24, 186/3, 186/15, 186/19,
186/22, 191/23, 192/17, 192/18, 193/12, 193/16,
193/22, 193/25, 194/5, 194/8, 194/17, 194/24, 195/8,
197/22, 198/4, 198/20, 209/17, 210/11, 224/2, 224/14,
224/20, 224/23, 225/1, 225/10, 226/8, 227/4, 235/12,
235/16, 242/2, 242/17, 242/21, 243/1, 243/8, 243/11,
243/16, 243/20, 243/24, 244/6, 244/10, 244/17, 246/1,
249/18, 250/3, 250/5, 251/2, 251/5, 253/16, 253/23,
255/25, 257/14
Clark's 100/6, 102/14, 207/13, 222/19
classes 255/17
clause 177/19, 177/20, 236/16, 236/17
clauses 196/22
cleaner 108/21, 121/23, 122/6, 222/1
clear 131/20, 146/7, 159/17, 187/4, 192/23, 195/13,
213/24
clearing 148/12, 223/12
clearly 104/9, 146/24, 252/25
clicking 192/15
client 191/24
clients 235/2
close 185/9, 201/8, 228/10
closing 116/5
co-op 241/10
coal 117/15, 117/16, 117/22, 217/12, 229/12
coal-fired 118/7, 118/9, 118/21
code 226/3
codes 218/1
coexistence 207/15
cogen 209/3
Cogeneration 119/8, 207/20, 207/21
cogenerators 236/9, 237/5
cognizant 157/4
coins 159/2
collected 240/11
combined 116/2, 116/23, 127/8, 223/24
combustion 237/1
comfortable 139/19, 249/19, 249/23
Commenced 98/17
commended 156/19
comment 144/16, 150/20, 162/6, 211/20, 221/18,
234/15
commentary 140/10
commenters 101/24
comments 101/10, 101/17, 101/19, 102/21, 105/22,
107/12, 110/23, 135/5, 136/9, 136/22, 137/1, 144/23,
145/10, 154/8, 154/17, 167/19, 167/22, 203/18, 205/6,
207/4, 207/7, 210/15, 213/13, 219/14, 219/20, 222/8,
225/11, 234/24, 235/25, 244/1, 247/22, 251/22
COMMISSION 98/1, 102/12, 102/24, 109/15,
116/18, 118/25, 121/10, 121/12, 124/20, 126/2, 126/8,
126/13, 129/10, 135/6, 136/20, 136/21, 139/25, 145/13,
154/17, 155/1, 155/23, 160/16, 161/1, 161/5, 161/20,
164/13, 165/5, 204/3, 205/16, 212/9, 213/4, 235/23,
236/13, 237/14, 237/17, 239/6, 239/9, 240/6, 247/23,
248/3, 248/7, 248/14, 249/4, 249/13, 250/13, 253/14,
253/20, 255/7, 260/4, 260/6
Commission's 104/6, 144/9, 165/8, 238/9, 248/21,
257/15
COMMISSIONER 98/12, 98/13, 98/14, 100/6,
102/14, 103/3, 103/21, 104/10, 104/15, 106/5, 109/20,
111/7, 111/11, 112/2, 112/11, 112/17, 112/20, 112/22,
113/22, 114/13, 114/24, 115/17, 116/9, 116/10, 117/3,
118/1, 118/11, 119/6, 120/20, 123/8, 123/11, 124/5,
124/9, 130/8, 130/13, 130/16, 131/2, 131/20, 132/2,
132/5, 133/22, 134/12, 134/25, 135/8, 140/21, 141/8,
141/14, 141/18, 141/24, 143/7, 143/20, 145/24, 147/14,
147/22, 148/4, 148/13, 149/16, 150/23, 151/13, 151/24,
152/7, 152/19, 153/2, 153/8, 153/14, 153/23, 154/4,

154/11, 154/14, 154/15, 155/17, 157/3, 157/13, 157/16,
157/22, 158/1, 158/7, 158/18, 158/19, 159/12, 160/7,
160/20, 161/25, 162/1, 162/2, 162/8, 164/19, 164/25,
165/20, 166/5, 166/11, 166/16, 166/19, 167/20, 170/10,
170/12, 170/13, 170/19, 170/22, 171/6, 171/16, 174/3,
174/18, 174/25, 175/7, 175/14, 175/17, 175/21, 175/22,
176/9, 176/13, 176/15, 176/20, 177/5, 177/14, 178/3,
178/7, 178/8, 178/13, 178/18, 179/4, 179/6, 179/8,
179/15, 179/22, 180/7, 180/22, 181/12, 181/25, 182/10,
183/11, 184/3, 185/15, 185/19, 185/24, 186/3, 186/7,
186/15, 186/19, 186/20, 186/22, 186/23, 187/1, 187/12,
187/17, 187/24, 188/10, 189/1, 189/9, 189/25, 190/20,
191/7, 191/8, 191/23, 192/6, 192/17, 192/18, 193/12,
193/13, 193/16, 193/22, 193/25, 194/5, 194/8, 194/17,
194/24, 195/8, 196/8, 197/22, 198/4, 198/8, 198/20,
199/19, 200/4, 200/10, 200/21, 201/10, 201/14, 201/20,
202/4, 202/14, 202/17, 207/13, 209/17, 210/11, 214/19,
214/21, 215/1, 215/17, 215/22, 216/13, 216/19, 217/4,
217/13, 222/19, 222/22, 224/2, 224/14, 224/20, 224/23,
225/1, 225/10, 226/8, 227/4, 228/19, 229/25, 231/4,
231/13, 232/7, 232/25, 233/3, 233/20, 234/7, 235/7,
235/11, 235/12, 235/16, 241/22, 242/2, 242/17, 242/21,
243/1, 243/8, 243/11, 243/16, 243/20, 243/24, 244/6,
244/10, 244/17, 244/24, 245/11, 245/18, 246/1, 249/18,
250/3, 250/5, 251/2, 251/5, 251/21, 252/15, 253/5,
253/16, 253/23, 254/6, 255/25, 256/2, 256/16, 257/14,
257/21, 259/2, 259/8
Commissioners 161/6, 203/13, 205/12, 206/23,
247/20, 250/21, 252/24
commitments 194/14, 195/3
committed 122/17, 137/6, 142/18, 253/2
commodity 119/3, 119/4
community 191/11
company 100/23, 101/2, 128/25, 129/15, 154/2,
167/15, 193/3, 204/24, 219/21, 245/12
compare 113/7
compete 111/3, 111/9, 128/15, 133/7, 168/12, 185/21,
187/18, 223/5, 223/20, 225/16, 226/6, 226/10, 228/18,
232/1
competing 105/1, 105/5, 122/13, 174/12, 223/3,
225/25, 226/21, 233/16, 234/9
competition 102/4, 102/7, 102/8, 102/13, 142/3,
142/5, 151/12, 164/12, 164/14, 166/24, 171/14, 197/9,
221/17, 222/5, 222/7, 251/13, 254/16, 254/17
competitive 103/5, 103/14, 105/15, 105/24, 109/22,
117/18, 184/18, 189/16, 206/15, 206/22, 206/24,
222/20, 222/25, 226/14, 254/10
competitively 110/19, 112/15
competitors 245/22
complex 155/6, 159/8
complexities 157/10
component 224/12
comprehensive 125/4, 163/5
computer 195/18
concept 231/6
concern 121/8, 124/20, 124/22, 126/1, 126/9, 140/24,
150/25, 165/2, 165/3, 165/21, 181/13, 246/16, 247/10,
247/12, 248/21, 248/23, 249/4, 252/16, 252/18
concerned 118/12, 118/18, 128/16, 144/4, 199/2,
227/8
concerns 126/14, 126/23, 141/25, 162/21, 166/20,
248/14, 254/15
conclude 126/6, 241/21
Concluded 98/17, 259/15
concluding 189/9
conclusion 150/18, 159/20, 253/20, 256/10
conclusions 149/6, 149/12, 167/25, 254/2
concrete 234/2
concur 147/14
condition 146/4
conditioning 103/13
conditions 150/3, 150/4, 150/17, 238/10, 238/15,
238/19
conduct 125/11, 218/2, 226/3, 252/11
conducting 158/4
Conference 98/19
confidence 231/1
conflicts 106/19
confronted 106/13
connection 124/16
consensus 250/22, 258/21
consequence 145/16, 146/20
conservation 123/4, 235/8, 239/16, 239/18, 249/6,
249/10, 249/22
considerable 207/23
consideration 115/13, 154/25, 204/5, 217/15, 259/6
considerations 123/20
consistent 204/14
Constellation 105/23, 139/11, 204/23, 247/4
constitute 222/25
constitutes 260/9
constraints 150/2, 150/16, 153/12, 153/20
construct 127/1

constructed 127/19
construction 122/1, 122/23, 123/23, 124/15, 127/6,
129/23, 132/9, 148/22, 222/16, 227/13
consultant 234/25
consulting 235/1, 235/13
consumer 108/19, 110/14, 114/9, 140/7, 176/12,
177/19, 209/24, 219/13
consumers 107/14, 107/17, 168/17, 177/23, 180/11,
182/21, 184/16, 189/14, 190/2, 208/1, 211/1, 219/5,
227/10, 234/6
consumers' 205/20
consuming 233/5
contemplate 141/13, 145/15, 145/19
contemplating 101/6
contemplating 127/4
continue 100/7, 111/12, 139/2, 144/8, 144/10,
162/24, 198/24, 209/8, 225/20, 228/17
continues 149/17, 181/14, 184/5
continuing 109/21, 181/1, 222/5
contract 128/21, 133/9, 134/11, 135/2, 135/24, 169/4,
182/16, 213/21, 214/23, 215/4, 217/2, 227/19, 227/21,
227/23, 227/24, 228/5, 237/7
contracted 213/19, 215/8, 247/7
contracts 130/1, 130/2, 134/11, 139/14, 139/22,
140/5, 157/10, 187/2, 190/17, 204/10, 204/11, 204/16,
212/9, 215/25, 239/1
contractual 204/12, 204/14, 239/3
contribute 122/7, 171/14, 193/4
contribution 196/14, 200/13, 200/15, 200/16, 200/23,
231/24, 232/5, 232/7, 232/11, 234/1
control 146/18, 205/16, 213/3
controls 218/23
converse 240/5
converted 233/15
convince 169/23, 233/10
Cook 152/24
copies 172/21
copy 185/6
Corporation 99/8, 100/22, 119/15, 119/18, 119/19,
134/13, 156/6
correct 147/10, 164/23, 175/11, 179/14, 180/6,
187/14, 187/16, 198/2, 203/20, 215/24, 216/2, 227/7,
231/9, 242/9, 242/11, 242/12, 243/9, 243/13, 245/23,
250/7, 256/7
correction 150/10
correctly 220/19, 242/3
cost 106/18, 107/13, 107/14, 107/17, 107/19, 108/18,
112/3, 114/9, 114/11, 114/17, 114/21, 114/22, 116/22,
123/15, 124/4, 127/25, 133/2, 135/11, 139/6, 139/8,
141/6, 142/10, 167/6, 168/8, 168/10, 169/8, 169/25,
170/7, 170/8, 171/1, 171/23, 173/3, 173/17, 173/22,
173/23, 174/10, 174/14, 174/16, 175/9, 175/13, 177/8,
177/25, 178/14, 179/19, 180/4, 180/14, 180/17, 180/18,
180/20, 180/21, 181/4, 181/9, 181/14, 182/5, 182/17,
182/25, 183/7, 183/8, 183/25, 184/8, 185/11, 185/18,
189/13, 190/6, 190/13, 190/15, 191/2, 194/23, 195/7,
195/17, 196/9, 196/10, 196/14, 197/6, 198/1, 198/3,
200/5, 200/22, 200/23, 200/24, 201/9, 201/11, 201/16,
202/1, 202/5, 210/22, 210/24, 211/5, 212/7, 212/12,
216/24, 216/25, 221/9, 221/10, 221/12, 227/2, 231/8,
231/16, 231/19, 231/23, 231/25, 233/25, 234/1, 234/3,
234/4, 234/10, 244/3, 244/4, 244/20, 244/25, 245/7,
245/8, 245/14, 249/7, 249/20, 250/1
cost-based 106/15, 245/14
cost-effective 124/11, 182/8, 182/17, 249/12
cost-effectiveness 128/21, 249/14
costs 111/16, 114/16, 139/10, 142/2, 142/12, 170/15,
201/3, 201/9, 201/18, 206/10, 210/6, 216/6, 216/9,
226/24, 226/25, 227/2, 249/10
council 212/22, 217/3
Counsel 100/15
count 131/17, 237/24
counted 215/9, 238/4, 238/5
counter 195/20
country 101/15, 146/23, 147/6, 161/11, 184/21, 225/18
COUNTY 260/2
couple 124/17, 203/16, 209/3, 210/15, 219/22, 229/16
course 100/6, 118/9, 119/20, 120/6, 120/12, 120/21,
120/22, 126/12, 129/7, 140/15, 144/25, 163/12, 164/15,
222/7, 223/19, 229/7, 246/17, 248/2
Court 164/23, 165/4, 166/6, 250/25, 252/2, 252/12,
253/13, 255/7, 256/1, 257/10, 257/17
cover 111/16, 201/18
covered 216/9, 227/2, 228/4, 237/7
covers 233/25
create 225/22, 246/20
created 137/20, 223/9, 229/14, 230/21
creation 246/18
credited 195/4
Crease 99/9, 167/21
criteria 113/5, 248/10, 258/1, 258/2
critical 109/1, 174/8, 220/12, 256/22, 256/25
criticism 180/25, 181/11

cross 125/4, 244/21
Cruthirds 99/4, 100/14
crux 170/4
CSR 98/22, 98/23, 260/3, 260/13
CTs 237/2
currently 122/22, 133/15, 143/12, 146/14, 147/17, 155/11, 193/17
curve 105/7, 114/4, 114/8, 192/16, 231/18
curves 104/20, 229/14
cushion 151/5, 259/6
customer 138/12, 179/7, 197/13, 213/17, 228/2, 230/17, 232/3, 233/5, 233/12
customers 104/12, 130/10, 130/11, 134/20, 168/25, 169/9, 170/18, 173/9, 173/10, 173/19, 173/20, 173/25, 175/5, 178/19, 181/7, 184/1, 184/5, 184/8, 189/18, 195/5, 195/22, 196/5, 196/21, 196/22, 197/3, 197/10, 197/16, 197/17, 199/17, 200/2, 200/14, 200/15, 200/20, 202/10, 220/23, 224/6, 224/9
cut 100/8, 110/12, 130/3, 137/19, 141/25, 174/15, 213/7
cycle 116/3, 116/23, 127/9, 223/24

D

D-Y-N-E-G-Y 100/16
D.C. 230/24
daily 186/17, 186/18, 223/13, 233/17
damages 204/13, 204/16, 220/15, 227/24, 228/4
damaging 249/1
dampen 152/4
danger 118/16
darn 128/12, 155/18
DATE 98/15
DATED 260/11
dates 220/19
Dave 99/4, 100/14
day 100/11, 155/25, 162/23, 230/11, 230/19, 230/20, 232/19, 232/20, 232/22, 233/18, 247/22, 260/11
days 107/19, 158/9, 230/10, 230/18
deal 102/2, 102/18, 117/8, 126/10, 126/22, 130/3, 139/6, 142/21, 142/22, 144/25, 145/14, 150/1, 162/23, 174/15, 202/10, 202/11, 208/25, 212/7, 236/6, 252/17
dealing 102/17, 110/15
deals 126/21, 143/6, 160/4, 198/11, 214/11
dealt 139/8, 164/5, 237/14, 240/10
DEASON 98/12, 106/5, 123/8, 123/11, 124/5, 124/9, 133/22, 134/12, 134/25, 135/8, 154/4, 154/11, 154/14, 160/7, 160/20, 162/8, 164/19, 164/25, 165/20, 166/5, 174/3, 174/18, 174/25, 175/7, 175/14, 175/17, 175/21, 176/15, 176/20, 177/5, 177/14, 179/4, 179/8, 179/15, 179/22, 180/7, 183/11, 184/3, 187/12, 187/17, 187/24, 189/1, 196/8, 199/19, 200/4, 200/10, 200/21, 201/10, 201/14, 201/20, 202/4, 202/14, 202/17, 214/19, 214/21, 215/1, 215/17, 231/4, 231/13, 232/7, 232/25, 233/20, 234/8, 235/7, 235/11, 244/24, 245/18, 251/21, 253/5, 254/6, 256/2, 256/16, 257/21, 259/9
decide 104/21, 110/5, 110/7, 113/14, 136/18, 138/11, 140/12, 140/13, 141/15, 143/17, 146/21, 158/21, 163/18, 250/13
decided 257/23
decider 147/9
decides 249/13
deciding 159/15
decision 120/6, 120/9, 121/1, 134/4, 139/16, 144/13, 157/15, 157/21, 160/16, 162/10, 164/1, 165/22, 215/23, 216/1, 216/20, 216/21, 253/18, 254/5, 257/15, 257/22, 258/25
decision-making 136/25
decisions 138/16, 138/18, 139/25, 191/22, 226/17, 255/10
decline 117/21
declining 115/5, 115/7
decommission 146/4
decrease 174/21
deep 226/12, 226/13, 248/23
defer 152/11
deferring 214/7
define 126/20
defined 195/16, 216/4, 245/20
definition 161/7, 168/22, 171/20, 205/25, 206/4, 235/24, 236/2, 257/25, 258/11
definitions 139/12
definitive 123/19
degree 139/22, 140/7, 253/5
Delaware 230/23
delay 165/3, 165/14, 165/21, 252/6
deliberate 252/19
deliver 143/11, 213/11
delivery 160/5
delta 227/25
Demand 103/15, 105/7, 106/23, 106/25, 107/23, 114/1, 114/6, 115/19, 115/21, 115/23, 116/13, 116/14, 149/23, 150/6, 150/8, 151/14, 151/21, 192/11, 192/12,

226/17, 231/15, 249/21
demands 219/4
demographics 115/11
demonstrable 156/14
demonstrate 129/9, 172/1, 184/13
demonstrated 120/17, 121/1, 133/18, 134/1, 134/5, 206/24
denied 129/11, 220/14
denies 182/19, 182/22
DEP 155/3, 162/20
departure 160/17
depend 103/9, 103/11, 103/12
Depends 224/16, 226/12, 226/13
depreciation 224/19
deregulated 124/23, 125/1
deregulation 137/4, 155/15
derive 235/23, 245/8
described 116/10
design 249/3
desire 144/9, 149/1, 223/5
detail 219/23
determination 104/8, 120/15, 123/13, 133/25, 141/10, 165/6, 165/12, 258/3, 258/9
determinations 109/16
determine 103/25, 104/11, 112/24, 113/4, 125/13, 126/13, 140/17, 185/1, 219/10, 256/15
determined 109/3, 165/10, 204/24, 212/10, 229/13
determining 113/5
detriment 127/20, 174/1, 240/21, 245/21, 253/10
detrimental 182/21
develop 104/23, 251/17
developed 208/2
developer 115/3, 123/6, 123/24, 157/6, 158/10, 228/12
developers 101/4, 110/17, 120/4, 121/14, 127/1, 129/25, 132/11, 136/8, 144/19, 145/11, 155/8, 155/16, 156/19, 157/1, 162/21, 163/17
developing 247/17
Development 100/18, 204/23, 222/17, 227/11, 228/8
devote 257/2
devoted 240/8, 240/9
dialog 101/25
dialogue 155/4, 158/14
Dick 99/6, 108/12
dictate 251/13
differ 207/6
difference 116/21, 116/24, 160/23, 162/4, 173/5, 178/24, 178/25, 200/14, 201/24, 210/21, 226/1, 227/18, 228/22, 229/22, 239/25, 240/18, 244/22, 252/15
difficult 159/4, 226/23
difficulty 121/19, 155/13, 165/1, 235/17
dig 116/13, 136/16
digest 250/16
dilemma 254/4
direct 126/9, 158/16
direction 141/23, 144/10, 206/3, 248/8
Director 100/15, 100/17
disadvantaged 254/23
disadvantages 254/19
disagree 148/3, 160/15, 161/2, 161/19, 220/5, 220/25, 256/17
disagreement 162/3
disconnect 191/12
discrete 151/14
discretion 215/24, 216/14
discuss 259/11
discussed 108/24, 122/15, 220/6, 250/23
discussion 120/13, 126/18, 148/23, 163/4, 163/12, 164/17, 166/8, 166/9, 178/1, 180/8, 180/12, 180/24, 220/9, 221/25, 238/9
discussions 124/18
dispatch 123/16, 134/21, 134/22, 138/19, 138/22, 231/18
dispatched 127/16, 141/1, 233/19
displace 122/9, 127/5, 132/15, 187/13
displaced 139/3, 171/22, 183/24, 185/10, 185/16
displaces 138/23, 173/12
displacing 132/18, 132/20
disputed 220/20
distills 222/3
distinction 192/24, 193/19
distinguishing 203/19
distorted 114/3
distribution 224/11
diversity 117/5, 117/8, 117/10, 117/24, 118/12, 118/18, 119/1
divest 225/2
divested 192/23, 232/24
divestiture 224/21, 225/5
Division 98/23
divulge 235/5
divvy 111/24
docket 111/19, 125/7, 126/16, 161/10, 164/8, 212/11, 235/8, 249/15, 251/18, 252/7, 258/9, 259/3, 259/5

dockets 147/21
document 205/2, 205/5
doesn't 117/7, 118/2, 124/14, 130/18, 131/9, 170/19, 179/18, 185/6, 196/9, 199/14, 211/1, 236/14, 250/17
Dolan 119/19
dollar 196/16, 200/1, 200/11, 200/13, 200/17, 201/2
dollars 169/16, 196/19, 199/15, 221/7
doubt 136/2
downside 143/17
downsides 143/19, 147/19, 158/25
dozen 152/5
dozens 220/18
Dr. Nesbitt's 136/15
draw 149/6, 149/12
drawing 159/20
drill 105/4
drive 192/10
driven 230/3, 240/12
drives 206/2
driving 114/4, 114/8, 249/20
drove 149/18
DSM 249/11, 249/14
dual 117/10
Duke 105/17, 105/23, 108/2, 119/22, 120/6, 120/9, 121/1, 121/8, 129/16, 134/4, 134/20, 135/3, 136/15, 136/19, 137/23, 143/9, 157/21, 160/16, 161/6, 204/22, 205/11, 247/25, 253/18, 255/9
Duke's 114/21, 129/23
duplicate 139/10
duration 211/24
during 111/18, 163/12, 164/14, 212/6, 213/20, 225/18, 232/17
dynamic 105/16, 138/9, 149/5, 167/3
dynamics 138/14
Dynegy 99/5, 100/12, 100/15, 100/16, 100/18, 100/20, 100/24, 101/13, 101/17, 105/18, 107/6, 108/2

E

ease 206/19
easier 109/8, 172/14
Easley 98/19
easy 156/9, 218/3
eat 245/4
echoing 253/5
economic 104/22, 122/24, 123/5, 124/2, 141/3, 145/18, 145/22, 146/10, 154/18, 157/11, 169/24, 170/6, 170/23, 170/24, 171/4, 171/7, 185/10, 185/17, 210/18, 211/17, 220/14, 240/17
economical 118/9, 138/22
economically 116/4, 117/17, 141/1, 206/9
Economics 103/15, 103/18, 214/18
economy 169/11, 171/22, 199/9
effect 127/24, 141/1, 151/1, 178/5, 181/19, 182/13, 189/4, 190/17, 194/20, 240/1, 240/4, 249/20
effective 182/17
effects 240/17
efficiencies 123/22, 142/7, 209/5
efficiency 113/15, 207/22, 248/11, 248/25
efficient 108/16, 121/24, 122/6, 123/17, 124/11, 127/18, 131/13, 142/8, 170/25, 171/9, 175/8, 182/5
efficiently 170/15, 170/17
eight 133/1, 230/18
elaborated 222/21
electric 104/25, 160/5, 165/10, 184/16, 198/23, 229/21, 243/17, 246/6, 255/9, 255/11
electricity 143/11, 168/18, 171/15, 180/19, 181/7, 190/13, 190/16, 230/7, 249/21
element 227/11, 239/17
elimination 219/6
embargo 118/13
embedded 168/8, 168/11, 180/21
embody 123/1
emerged 124/18
emergency 106/10, 213/2, 216/3, 238/10, 238/13, 238/23, 239/8
eminent 216/4
employees 247/5, 247/6
employment 246/17, 246/18
encourage 102/3, 136/10, 219/8, 219/11, 248/5
encouraged 142/4, 218/25
encouragement 219/1
end 105/7, 137/3, 153/19, 154/17, 208/20, 222/8, 226/21, 232/15, 232/18, 232/19, 232/20, 232/22, 233/4
ended 209/5, 235/11
endorse 109/13
endorsed 105/22
endorsing 258/5
Energy 99/11, 101/13, 108/20, 109/4, 110/19, 114/10, 114/22, 116/6, 116/22, 128/5, 131/8, 139/3, 153/6, 199/9, 204/22, 204/23, 216/25, 221/16, 230/15, 240/4, 240/9, 240/10, 240/11, 240/12, 248/25
enforce 156/5

enforces 140/11
 engaged 148/5
 England 125/19, 148/24, 229/4, 229/8, 229/19,
 229/20, 229/21, 230/5, 230/7, 230/22, 232/22, 232/23,
 234/17
 enhance 131/16, 131/18
 enhancement 246/18
 Enron 99/6, 105/19, 108/2, 108/11, 108/13, 217/18
 ensuring 122/16
 enter 128/21, 130/1, 135/1, 139/14
 entered 139/23
 entering 122/13
 entertaining 203/12
 entities 146/8, 166/21, 214/3, 218/4, 219/2, 252/5,
 256/11
 entity 114/12, 147/8, 219/9, 258/10, 258/19
 entity's 214/25
 entrant 233/6
 entrants 254/18, 254/19
 entry 206/19, 227/5, 227/6
 environment 124/23, 125/1, 133/2, 154/21, 156/3,
 213/14, 222/1, 239/20, 240/22, 248/16
 environmental 112/24, 143/25, 144/22, 145/23,
 146/7, 146/11, 156/15, 157/11, 162/21, 164/3, 239/20,
 240/4, 240/7, 240/9, 248/21
 environmentalist 136/1
 environmentally 240/3
 equal 189/3, 240/16
 equal-type 210/23
 equation 197/20
 equilibrium 192/8, 192/12
 equipment 131/11, 240/7, 240/9
 equivalent 104/20
 escaped 236/25
 Esplanade 98/20
 essence 206/4
 establish 163/21, 165/23
 established 185/4
 establishing 204/5
 estimation 237/13
 evaluate 133/25, 138/13
 evaluated 218/14
 evaporate 211/11
 event 120/9, 127/3
 evidence 212/11
 evolves 226/20
 EWG 165/9, 216/1, 255/9
 EWGs 207/16, 245/6
 examine 102/19, 110/8, 236/17
 examined 236/19
 exceeds 181/4
 exception 162/16
 excess 111/23, 169/9, 183/7, 183/8, 183/17, 191/18,
 201/12
 excesses 145/22
 exchange 149/9, 223/9, 223/11, 223/13
 executive 207/3
 exercise 245/21
 exhausted 123/3
 exist 124/14, 153/16, 207/16, 225/21
 existence 178/9
 existing 102/16, 108/17, 115/8, 115/21, 115/23,
 116/14, 120/18, 125/12, 126/6, 127/15, 128/17, 129/5,
 129/6, 129/8, 129/12, 129/13, 129/14, 129/21, 131/11,
 140/19, 141/11, 142/12, 142/13, 143/5, 145/19, 147/12,
 148/17, 158/4, 158/20, 160/17, 163/9, 163/14, 166/18,
 168/9, 168/13, 170/1, 170/8, 171/19, 173/23, 176/17,
 176/21, 180/9, 180/15, 180/16, 180/17, 180/19, 181/1,
 181/3, 181/6, 181/19, 181/23, 184/1, 184/8, 189/13,
 191/18, 237/9
 exists 115/1, 132/15, 141/20, 155/11, 252/22
 expansions 148/23
 expect 133/7, 160/19, 210/2
 expected 127/7, 127/14, 127/23, 128/2, 131/7,
 131/10, 137/5, 137/10, 192/13
 expenses 181/5
 expensive 219/5
 experience 207/8
 experiencing 149/5
 explanation 105/24
 explore 104/23
 exploring 251/3
 expressed 208/7, 248/14, 249/4, 258/10
 extension 196/24
 extreme 153/1
 Exxons 104/18

F

face 235/21
 facilitate 205/23, 206/14
 facilities 180/15, 180/16, 180/18, 180/19, 223/24
 facility 136/13, 191/3

facing 167/3
 fact 119/25, 122/2, 122/21, 124/12, 126/5, 127/20,
 139/9, 142/9, 145/14, 157/5, 163/11, 168/9, 169/3,
 169/6, 169/12, 173/25, 180/13, 181/25, 195/25, 198/23,
 208/1, 208/16, 209/12, 210/20, 212/8, 219/3, 225/21,
 229/8, 238/24, 239/21, 244/2, 249/24
 factor 176/8, 179/1, 203/19, 208/10
 factories 156/12
 factors 124/18
 facts 165/13, 212/10
 factual 126/6
 fail 146/1, 155/14, 204/14
 failed 145/1, 155/15, 156/6
 failing 204/2
 fails 144/24, 156/2, 156/4
 failures 145/15, 155/15, 155/24
 fair 111/12, 111/13, 116/16, 144/17, 171/16, 211/3,
 211/4, 211/7, 247/1, 247/2, 249/3, 251/13
 fall 250/23
 falls 112/10, 199/13
 false 121/20, 121/24
 fashion 125/3
 fault 142/20, 158/5
 favor 250/25
 federal 102/6, 103/7
 Federation 246/11, 250/4
 FEECA 122/25
 feelings 238/11
 FERC 166/22, 223/16, 240/25, 241/17, 243/3, 243/6,
 243/15, 244/4, 244/18, 244/20
 FERC's 166/15
 fiction 135/3, 144/18
 fictions 121/22
 field 104/23
 figure 187/5, 203/6, 203/8, 258/21
 figures 187/7
 file 241/4
 filed 126/11, 164/21, 241/11, 241/24, 243/18, 243/20
 filing 165/5, 207/7, 241/17
 fill 113/13, 216/16, 216/17
 financial 144/21
 financing 214/18
 find 116/13, 144/6, 148/16, 188/1, 188/7, 189/5, 228/2
 finding 142/20, 158/5, 255/8
 findings 240/7, 240/8
 finds 181/15, 253/11
 fine 118/23, 147/23, 148/2, 159/7, 197/11, 233/10,
 250/19
 finish 154/2
 finite 248/18
 firm 169/2, 169/3, 169/9, 182/13, 182/16, 183/16,
 194/13, 216/5, 235/1, 235/13, 238/3, 238/15
 first-come-first-serve 113/8, 113/11
 fit 252/21
 five 100/24, 133/5, 212/5, 230/18
 five-year 133/9
 fix 159/11, 232/11
 fixed 181/9, 196/14, 200/23, 210/6, 227/2, 231/24,
 232/5, 234/1, 234/10
 fixing 125/16
 flavor 102/9
 fleet 124/1, 124/11, 127/8, 233/13
 flexibility 212/13
 flip 159/1
 floating 135/16, 139/12
 floor 245/13, 245/20, 246/3
 FLORIDA 98/1, 98/20, 99/8, 99/9, 101/8, 103/13,
 103/17, 104/5, 104/12, 109/2, 109/5, 109/10, 109/11,
 109/18, 110/8, 110/19, 111/2, 111/22, 115/3, 115/4,
 116/1, 117/23, 119/8, 119/15, 119/18, 119/19, 120/18,
 122/2, 122/22, 124/21, 125/20, 129/22, 132/12, 133/12,
 134/13, 137/20, 141/21, 143/11, 143/24, 145/8, 147/4,
 147/8, 155/12, 155/14, 160/6, 162/16, 163/3, 164/10,
 166/14, 167/10, 167/15, 167/19, 167/21, 168/17,
 168/19, 169/3, 169/13, 171/10, 173/10, 173/18, 173/19,
 173/24, 173/25, 175/6, 180/11, 182/21, 182/24, 183/10,
 183/19, 184/16, 184/17, 185/4, 185/21, 186/8, 188/21,
 190/13, 193/6, 197/21, 200/18, 200/20, 204/15, 209/13,
 210/15, 210/17, 211/12, 217/10, 218/19, 220/7, 220/8,
 220/12, 220/20, 221/7, 221/8, 221/18, 226/15, 226/20,
 235/4, 241/8, 241/14, 241/16, 242/4, 242/14, 242/20,
 242/22, 242/23, 243/9, 243/10, 245/12, 246/11, 246/22,
 247/8, 247/11, 250/4, 253/25, 256/7, 260/1, 260/6
 Florida's 177/23, 184/25, 189/14, 189/18, 197/16,
 253/10
 flow 138/4
 flows 173/8, 177/18
 focus 254/8
 folks 115/13, 163/8, 164/11
 follow 176/8
 follow-up 164/19, 192/25
 followed 184/25
 force 117/21

forced 152/22, 171/8, 233/23
 forces 170/14, 170/16, 170/25
 forecast 117/20
 forego 200/24, 201/22
 formed 160/3
 formula 192/15
 formulate 161/21
 forum 157/4
 fossil 116/23, 225/3
 found 146/22
 foundation 102/23
 four 105/11, 133/5, 198/13, 198/15, 198/16, 212/5
 FP&L 185/11, 185/17, 185/18, 243/11
 FPC 133/9, 160/8, 250/16
 FPL 229/8, 232/10, 245/13, 250/17
 FPSC 98/23
 frame 128/17, 222/6
 frames 161/18
 framework 138/10, 161/17
 FRCC 126/7, 126/21
 free 216/8
 freeze 213/3
 frequency 238/19
 friendly 116/4
 fringe 126/24, 131/16, 163/15
 front 257/11
 fuel 117/4, 117/7, 117/10, 117/13, 118/18, 177/20,
 181/5, 201/9, 201/16, 226/24, 227/1, 227/12, 236/16,
 236/17
 function 150/24, 230/2, 241/2
 functioning 103/9, 230/1
 functions 237/17
 fundamental 137/2, 162/4, 174/4, 205/1, 222/4,
 255/10
 future 211/7

G

Gail 99/16
 gain 173/6, 173/17, 180/2, 187/15, 197/2, 200/1,
 203/6, 203/9
 gained 123/23, 143/15
 gaining 163/24
 gains 187/4, 196/21, 197/15, 197/17, 198/9
 GARCIA 98/12, 100/3, 108/8, 109/19, 112/21, 119/7,
 119/10, 119/13, 125/6, 125/15, 128/1, 128/13, 128/23,
 129/5, 129/13, 129/20, 130/5, 132/17, 133/3, 135/19,
 137/12, 137/14, 137/18, 139/21, 145/4, 146/16, 147/20,
 155/12, 167/7, 167/13, 167/17, 172/11, 172/18,
 172/23, 182/23, 183/3, 183/15, 185/13, 186/10, 189/21,
 190/18, 202/20, 202/23, 203/14, 204/18, 219/16,
 234/18, 234/21, 245/17, 245/24, 246/4, 246/9, 246/12,
 247/15, 249/17, 250/6, 250/10, 250/15, 251/19, 252/14,
 252/24, 253/22, 258/20, 259/8, 259/13
 Gary 99/7, 119/17
 gas 100/25, 101/15, 103/6, 103/7, 103/8, 103/9,
 103/10, 103/11, 104/17, 104/20, 105/8, 105/9, 105/11,
 117/14, 117/21, 118/17, 118/22, 136/14, 136/17,
 223/24, 225/3, 229/12
 gas-fired 118/5, 127/8, 131/13
 gather 120/11
 GE 237/12
 Gen 205/8, 213/12
 generate 106/17, 106/18, 190/7, 216/23, 216/24, 217/5
 Generating 99/12, 151/3, 151/7, 153/19, 154/1,
 168/9, 183/18, 190/13, 190/16, 190/23, 201/16, 204/24,
 215/2, 215/3, 215/19, 219/19, 222/9, 222/13, 223/24,
 229/21, 237/9, 256/20
 generation 104/25, 107/15, 108/22, 109/7, 109/8,
 109/10, 109/17, 110/21, 110/22, 111/22, 115/23,
 116/19, 120/18, 125/12, 127/5, 132/19, 132/20, 132/21,
 138/7, 141/12, 143/24, 144/14, 148/20, 153/18, 153/21,
 158/4, 164/9, 166/14, 169/8, 171/1, 171/15, 184/19,
 215/11, 217/25, 219/12, 222/15, 222/17, 223/4, 223/6,
 223/10, 223/15, 224/5, 224/19, 225/3, 225/14, 225/20,
 225/23, 226/19, 227/9, 228/8, 228/21, 230/9, 231/16,
 233/14, 233/15, 233/16, 236/11, 243/23, 243/24, 248/4,
 253/25, 255/14, 256/6
 generators 200/11, 213/4
 generic 161/10, 251/18, 252/11
 gentleman 232/10
 gentlemen 151/6
 genuine 206/17
 Georgia 109/7, 109/8, 109/9, 185/22, 211/9, 211/10,
 247/8
 Gerard 99/13
 Giddings 108/13
 Glad 202/23, 206/2
 glide 156/25
 global 157/22, 222/23, 246/21
 Goals 235/8, 239/16, 239/18, 249/6
 gouging 238/18
 Governor 239/9

granted 165/13, 258/3
 grapple 102/17
 graveyard 145/1
 gravy 111/16
 greater 176/17, 176/24, 182/5, 239/9
 Green 110/7
 grid 106/10, 107/3, 213/1, 215/12
 ground 101/5, 132/12, 133/18, 134/10, 135/23, 145/20, 163/24, 234/3, 234/11
 groups 164/3
 grow 226/16
 growth 115/4, 115/8, 115/24, 226/17
 guess 101/23, 115/17, 142/10, 143/21, 147/15, 154/18, 158/19, 162/3, 164/25, 165/2, 165/13, 166/19, 179/16, 179/23, 182/10, 187/4, 188/9, 191/2, 193/5, 197/1, 197/24, 210/14, 217/14, 218/16, 235/25, 236/18, 237/5, 251/8, 251/17, 251/21, 253/2, 256/3
 guidance 160/24
 Gulf 171/10
 gun 210/9
 guy 210/25, 211/1
 guys 114/25

H

H-A-W-K-S 154/1
 half 104/3, 104/4, 210/21, 210/24
 halo 155/22
 hand 113/14, 222/4, 222/5, 231/25
 handed 172/20
 handled 155/2
 hands 148/18
 happier 171/4
 happy 101/11, 189/20
 hard 167/1, 205/14, 209/22
 harm 135/1, 135/14
 harmed 134/14
 hash 251/1, 258/23
 Hawks 99/12, 154/1, 219/21, 222/9
 head 203/5
 headed 164/16
 hearings 185/1, 236/8, 236/25
 heat 116/2, 116/3
 held 248/9
 helpful 100/9, 159/2, 238/2
 helps 159/9
 hesitate 123/18
 high 107/19, 125/19, 202/3, 206/11, 228/3, 257/1
 higher 106/13, 168/10, 202/2, 208/10, 251/25, 257/13
 highest 188/23, 188/25
 highlight 205/5
 hired 235/1
 historically 230/6
 history 222/7
 hitting 136/17
 hold 113/12, 127/2, 154/12, 252/11
 holding 168/11
 home 220/15
 hook 129/23, 134/21, 189/23, 211/25
 Hope 101/10, 130/5, 147/25, 167/23, 169/23, 171/5, 172/2, 250/20
 hoping 133/19, 190/9
 horizon 132/10
 horse 134/4
 horses 185/7
 host 151/15
 hourly 186/17, 194/21, 194/22, 195/3, 198/12
 hours 198/13, 198/15, 198/16, 230/19, 230/20
 household 100/21
 hundred 133/5, 135/9, 135/10, 135/23, 136/2
 hundreds 221/7
 hurry 100/5
 hurt 137/20, 185/6
 hybrid-type 163/13
 Hydro 230/7
 hydropower 229/11, 229/13
 hypothesis 127/10, 130/24, 132/23, 176/2
 hypothetical 188/12, 188/14

I

i.e 116/14, 148/9, 150/3
 IBEW 99/15, 246/7, 246/14
 idea 131/15, 145/9, 150/5, 155/13, 186/20, 190/3, 190/22, 191/17, 247/9, 251/1
 identification 256/8
 identified 134/5, 165/7
 identifies 133/15
 identify 121/17, 124/16, 159/6, 159/10, 218/7, 254/1
 identifying 159/18, 159/19
 idle 127/2, 131/11
 ignore 119/1, 163/3

ignoring 196/2
 illustrations 172/2
 imbalances 106/24
 IMC 220/16
 immersed 101/21
 impact 106/19, 119/24, 127/6, 135/14, 137/9, 137/15, 148/10, 151/19, 154/20, 156/3, 156/15, 156/22, 159/19, 163/1, 194/9
 impacted 183/24
 impacts 125/4, 146/7, 149/13, 154/19, 159/19, 164/2, 165/19, 248/15, 249/5
 imperfect 102/5
 impetus 121/9, 121/15, 124/17, 220/3
 implement 143/22, 164/7, 166/1
 implementation 120/6, 165/16
 implicated 159/15
 implications 160/4, 253/24
 implicit 257/15
 implies 190/25
 imported 209/12
 improve 102/6, 158/23, 159/10
 improvement 158/6, 158/23, 159/7
 impute 210/11
 inadequate 106/9, 126/8
 inappropriate 125/2, 126/7
 incentive 108/2, 109/10, 173/7, 199/1
 incentives 219/11
 income 210/12
 Incorp 241/13
 incorporate 109/17, 248/4
 incorrect 161/14
 increase 108/22, 127/25
 increases 184/8
 increment 105/19, 248/19
 incremental 138/3, 148/20, 149/3, 169/25, 170/8, 171/23, 173/23, 177/24, 180/18, 182/5, 183/7, 183/8, 189/12, 189/13, 190/6, 190/13, 190/15, 195/17, 197/6, 198/3, 201/8, 202/1
 increments 248/17
 incumbent 106/15, 123/12, 171/8, 181/15, 209/18, 231/7, 231/13, 234/4, 241/1, 254/13, 254/20, 254/22
 incumbents 233/6
 independent 101/3, 122/12, 139/23, 206/18, 218/22, 219/9, 234/25
 indicate 101/16
 indicated 121/15, 160/8, 206/24, 221/19, 231/6, 246/5
 indicates 142/3
 indicating 118/4
 indication 193/1
 indifferent 200/5, 200/7
 Industrial 119/8
 industrials 213/5, 213/7
 industry 100/21, 103/6, 105/9, 209/3, 246/19, 246/22
 inefficiency 142/5
 inefficient 115/9, 178/2, 180/10, 181/2, 182/25
 information 120/11, 148/7, 192/21
 infrastructure 145/21, 156/13, 156/21
 initiatives 150/1
 inquiry 251/9
 inspect 128/10
 insures 210/20
 integration 206/14
 intense 151/14
 interchange 244/15
 interconnection 212/24
 interest 104/22, 121/9, 121/12, 122/12, 122/14, 184/16, 190/2, 190/21, 227/13, 233/4, 233/11, 234/10
 internal 228/25, 258/25
 interpret 123/11, 161/21
 interpretation 161/3, 161/15, 161/23, 165/8, 165/15
 interpreted 161/1
 interrupt 103/21, 170/10, 170/12, 231/4
 interruptible 220/13, 220/23
 introduce 163/15
 introducing 142/5, 160/4, 166/24
 introduction 154/3, 239/13
 invest 115/14, 189/22, 221/7, 221/10
 investigation 120/17, 125/12, 158/4, 252/12
 investment 104/25, 105/21, 107/16, 110/9, 110/16, 110/18, 130/20, 130/21, 184/6, 206/6, 226/24, 228/13, 228/16, 229/20, 231/3, 231/18, 232/6
 investments 115/16
 investor-owned 111/21, 122/3, 147/21, 173/1, 225/23, 236/13
 invite 161/10
 IOU 239/23
 IPPs 211/15, 236/10
 ISO 149/10
 isolated 134/25
 isolation 160/19
 issue 119/4, 119/5, 122/7, 124/17, 125/5, 126/3, 128/19, 134/6, 136/24, 138/1, 141/5, 141/8, 142/22, 145/18, 148/2, 148/8, 155/6, 156/25, 157/23, 162/3,

164/5, 167/25, 168/3, 168/4, 168/5, 168/14, 219/24, 223/2, 223/22, 228/6, 240/25, 241/3, 241/18, 247/13, 247/16, 250/14, 250/17, 257/4, 258/8, 258/9
 issues 102/19, 119/21, 119/24, 120/7, 121/5, 124/2, 125/18, 126/13, 130/22, 134/25, 141/8, 142/25, 143/4, 144/1, 144/3, 145/23, 147/22, 149/16, 157/11, 157/12, 159/8, 159/15, 159/25, 160/2, 160/15, 162/14, 162/15, 162/17, 162/23, 163/4, 163/21, 164/18, 166/1, 205/13, 207/11, 240/24, 240/25, 249/22, 251/6, 251/14, 252/19, 253/1, 253/4, 258/22, 258/24
 ITEM 99/3
 items 205/9, 247/25

J

Jack 99/12, 153/25, 219/21, 222/9
 JACOBS 98/14, 113/22, 114/13, 114/24, 115/17, 116/9, 148/4, 148/13, 149/16, 151/13, 151/24, 152/7, 152/19, 153/2, 153/8, 153/14, 153/23, 186/20, 186/23, 187/1, 190/20, 191/8, 192/6, 215/22, 216/13, 216/19, 217/4, 217/13, 228/19, 229/25, 252/15
 Jenkins 120/8, 169/12
 Jersey 230/23
 jobs 246/20, 247/10
 JOE 98/12, 99/9, 99/10, 120/8, 167/21, 169/12, 169/18, 169/20, 172/23, 182/23, 204/21, 222/21
 John 219/18, 226/4
 JOHNSON 98/13, 154/15, 155/17, 157/3, 157/13, 157/22, 158/1, 158/18, 241/22
 Johnson's 222/23
 joint 154/8, 204/20
 jointly 205/2
 Jon 154/6
 JOY 98/22, 260/3, 260/13
 judgment 146/9, 256/18
 JULIA 98/13
 July 103/13, 220/19
 jumped 213/11
 juncture 241/19
 June 152/18, 220/18
 jurisdiction 193/23, 194/3, 236/14, 239/6
 jurisdictional 194/12, 195/2, 240/25
 jurisdictionalization 194/23

K

Kamaras 99/16
 Kammer 99/15, 246/14
 KELLY 98/22, 260/3, 260/13
 KIM 98/23
 KIMBERLY 260/3
 Kings 110/11
 knowledge 237/16, 241/15
 known 169/11
 knows 203/1
 Kordecki 99/13

L

lack 148/25, 149/21
 laid 215/6
 language 184/2
 large 149/3, 150/6, 150/16, 152/23, 217/15, 237/8
 larger 110/16, 172/16
 later 154/5
 latitude 239/10
 Laughter 155/19, 169/21
 Law 103/15, 120/21, 120/24, 120/25, 160/18, 160/23, 161/1, 161/3, 161/15, 161/22, 161/24, 204/4, 254/2
 laws 102/2, 103/18, 106/23, 239/22
 layman 191/19
 lead 184/25, 206/22, 251/4
 leading 101/4
 LEAF 99/17, 162/20, 246/10, 247/19, 248/2, 248/20, 248/22, 249/6
 lean 186/11
 leanest 235/25
 least-cost 134/1
 leave 126/19, 127/1, 163/14, 174/4, 183/17
 left 155/4, 250/5
 left-hand 172/25
 legal 119/21, 160/15, 162/14
 legislation 225/7, 225/8
 legislative 123/2
 Legislature 120/12, 125/8, 156/11, 169/14, 169/19, 257/20, 258/6
 LEON 98/14, 260/2
 Leslie 246/9
 letter 164/21, 164/22
 level 102/6, 192/10, 224/9
 leveled 140/8
 levels 224/1

200/12, 201/1, 201/13, 201/15, 201/24, 202/9, 202/16, 202/19, 202/22, 202/25, 203/3, 203/5, 203/8
 Mr. Willis 246/5
 Ms. Kamaras 247/19, 247/20, 249/23
 MS. PAUGH 108/11, 119/8, 119/11, 119/15, 167/15, 202/21, 202/25, 203/4, 203/7, 203/11, 204/20, 234/20, 246/5, 246/11, 247/19, 250/4, 250/8, 250/12
 muck 102/19
 multiples 190/24
 municipal 241/9
 municipalities 247/1
 mute 108/1

N

NAERO 215/15
 name 100/21, 100/23, 153/24, 153/25, 167/21, 186/8, 204/21, 245/11
 names 235/6
 narrow 113/18, 237/6
 nation 125/16
 National 101/13
 native 194/14
 natural 100/25, 103/6, 103/8, 103/9, 103/10, 103/11, 105/9, 116/17, 117/21, 146/20, 229/12
 nature 181/11, 250/6
 nearest 188/17
 necessary 185/2, 206/13, 214/13, 223/18
 need 102/5, 104/7, 104/8, 105/13, 108/25, 113/21, 115/7, 117/4, 118/21, 121/16, 122/18, 123/7, 123/13, 127/3, 133/5, 133/16, 133/18, 134/1, 134/6, 134/18, 141/11, 143/2, 143/16, 146/6, 156/14, 157/24, 159/7, 163/21, 165/5, 166/2, 182/8, 186/1, 188/6, 188/17, 220/21, 220/24, 223/1, 236/1, 236/8, 236/25, 248/4, 249/9, 250/18, 250/22, 252/2, 253/6, 253/12, 253/21, 253/25, 255/25, 257/2, 257/4, 258/4, 258/5, 258/9, 258/22
 needed 106/17, 128/18, 132/25, 145/21, 171/21, 184/19, 218/18, 222/20
 needing 224/4
 needs 124/1, 131/8, 141/21, 155/25, 163/5, 212/17, 212/20, 213/1, 214/10, 219/10, 220/8, 254/2, 257/12
 negative 240/4
 negotiate 130/2, 242/8, 245/15
 negotiators 210/22, 210/23
 Neither 243/11
 NEMA 101/14, 101/16
 NERC 212/21, 215/15
 net 127/19, 127/20, 144/6, 173/18, 176/18, 176/24, 177/11, 179/22, 188/6, 188/7
 New 103/10, 107/14, 107/16, 110/21, 115/7, 115/19, 115/23, 116/2, 116/6, 116/23, 122/1, 122/3, 122/4, 122/8, 123/15, 123/21, 123/23, 124/15, 125/19, 127/1, 127/8, 128/18, 128/19, 130/25, 131/13, 132/9, 132/14, 132/19, 132/21, 137/7, 142/11, 142/16, 142/17, 148/21, 148/23, 149/13, 149/23, 150/8, 150/14, 168/6, 168/7, 168/10, 180/10, 180/13, 180/16, 180/20, 181/4, 182/6, 184/19, 204/22, 205/11, 208/17, 219/11, 222/1, 227/9, 228/15, 229/3, 229/7, 229/19, 229/20, 229/21, 230/4, 230/5, 230/7, 230/22, 230/23, 230/25, 232/22, 232/23, 233/5, 234/17, 237/15, 248/8, 248/11, 254/18, 254/19
 NGC 100/22
 Nine 196/19
 non-emergency 216/14
 nonbroker 186/13, 187/8, 198/9
 nonfirm 242/14, 242/16
 nongenerating 183/14, 183/17, 183/19
 nonmarket 137/8
 nonpolluting 248/24
 normal 126/12
 North 101/1
 notes 260/10
 notice 100/4, 172/25
 notion 171/7, 224/3, 249/19
 nuclear 118/22, 152/24
 number 101/6, 106/3, 116/19, 135/16, 143/1, 143/4, 143/8, 144/4, 149/10, 152/9, 153/10, 163/8, 188/11, 226/2, 236/7, 236/25, 247/24
 numbers 186/21

237/21, 237/22, 254/24
 obligations 204/12, 204/15, 214/25, 216/10, 239/14
 observations 167/24
 occurring 150/3, 150/4, 230/10, 230/22
 odds 122/25, 166/23
 off-broker 138/6
 offer 132/14, 173/13, 188/20, 227/10
 offering 124/13
 Official 260/3
 offsetting 187/25
 offshore 104/23
 oil 101/14, 117/15, 118/10, 118/13, 225/3, 230/6
 old 115/9, 116/1, 116/5, 116/7, 116/23, 117/2, 118/10, 127/17, 178/1, 181/1
 older 110/20, 123/16
 on-going 120/17
 one-tenth 189/12, 189/17
 one-up 133/19
 open 105/15, 113/6, 125/6, 135/9, 138/24, 147/21, 150/10, 150/16, 206/17, 232/14, 233/9, 259/2
 opening 252/7
 operate 114/1, 116/1, 170/14, 170/17, 181/1, 216/15, 216/21, 216/22
 operated 207/8
 operates 103/20
 operating 101/5, 120/4, 125/14, 125/21, 141/12, 142/1, 180/9, 206/6, 226/24, 227/2, 227/14, 247/6, 249/3
 operation 107/3, 113/25, 222/14, 230/9
 operations 236/11
 opinion 111/6, 149/14, 160/23, 162/5
 opinions 158/11
 opportunities 122/14, 124/4, 158/5
 opportunity 101/9, 108/6, 117/23, 121/16, 121/18, 121/20, 122/21, 122/24, 123/5, 123/25, 124/6, 132/14, 137/25, 140/23, 145/18, 154/9, 186/14, 187/9, 190/19, 192/4, 205/9, 242/7, 242/15, 242/18, 247/21
 oppose 144/10, 164/14
 opposed 116/11, 123/16, 144/13, 166/15, 198/1, 231/6, 232/15, 251/24, 252/3
 opposes 160/8
 option 249/9, 259/6
 options 159/18, 183/21, 226/18, 249/11
 oral 182/7
 oranges 188/10
 order 108/14, 110/11, 157/19, 168/23, 168/24, 241/6, 248/1, 256/11
 organization 214/7
 original 228/12, 228/16
 ostensibly 135/4
 out-of-estate 186/4
 outages 152/22, 152/23
 outcome 119/23, 163/16
 output 168/7, 213/6, 239/25
 outweigh 167/5
 overbid 146/22
 overbuilt 146/19, 214/17
 overbuilding 145/12
 overhead 138/24, 142/2, 172/12
 overinvest 146/20
 overseen 206/18
 oversight 237/3
 owned 237/12
 owner 228/12, 228/15
 ownership 148/19, 237/9
 owns 141/4, 142/17
 oxymoron 131/17

P

p.m 98/17, 100/2, 259/16
 package 205/3
 pages 144/3, 260/9
 paid 191/18, 217/9, 247/1
 pancake 219/6
 paper 205/4, 247/5
 paradigm 102/17, 252/22
 parallel 149/25
 paramount 238/8
 Pardon 132/4, 176/19
 part 106/18, 113/12, 116/11, 116/13, 118/15, 121/12, 129/12, 140/2, 144/15, 150/6, 166/8, 166/9, 194/22, 198/24, 210/8, 220/3, 224/13, 254/5
 participant 159/4, 174/10, 189/2
 participate 147/7, 147/9, 161/11, 221/22
 participated 121/14
 participation 158/8
 parties 102/11
 parts 146/22
 party 228/14
 pass 218/3, 225/22, 246/6
 passed 171/25, 242/3, 258/2
 passing 172/10
 Pause 172/19

pay 127/24, 174/22, 181/18, 184/6, 190/3, 227/20, 231/20, 247/11
 paying 124/10, 191/13, 212/6, 224/10, 228/21
 PC 212/18
 peak 110/1, 199/8
 peaker 138/23, 141/4, 141/6
 peakers 141/2
 peaking 107/15
 penalize 204/7
 penalties 204/1
 peninsula 118/15
 Pennsylvania 230/23
 perceived 228/24
 perceives 126/2
 percentage 104/4, 187/1, 203/1
 Percentage-wise 186/23
 perceptions 158/12
 perform 227/21
 performing 228/5
 period 225/18, 225/19, 229/16, 245/8
 periods 110/2
 permit 224/1
 permits 170/16
 permitted 184/12, 209/19, 243/2
 permitting 149/2, 227/12
 personally 236/8
 perspective 102/12, 102/20, 106/1, 143/7, 143/14, 162/5, 189/10, 209/24, 215/16, 220/1, 256/23
 photovoltaic 247/25
 physical 229/3
 piece 132/22, 160/18, 160/19
 piecemeal 125/3, 126/1, 144/11, 144/13, 160/9, 160/12, 161/9, 161/21, 162/12, 165/2, 165/7, 165/15, 165/16, 252/6
 pieces 117/24
 pipeline 118/14, 119/2, 119/4, 136/17
 pipelines 136/14
 PJM 230/24
 PLACE 98/19, 114/15, 140/3, 142/4, 147/5, 155/24, 162/11, 177/7, 219/7, 260/6
 placed 106/7, 106/12
 places 216/11
 Plan 126/22, 190/11, 205/5
 planned 152/22
 planning 132/10, 138/15, 154/4, 218/22, 251/9
 Plans 126/7, 126/11, 132/8, 144/2, 249/6
 plant 98/6, 104/25, 105/3, 107/6, 107/7, 107/16, 109/1, 109/6, 110/17, 110/22, 111/3, 111/14, 111/23, 112/8, 113/6, 113/19, 117/10, 117/11, 118/7, 122/8, 123/2, 123/4, 123/6, 123/15, 123/21, 123/23, 123/24, 124/4, 126/25, 128/2, 128/19, 130/18, 130/19, 131/11, 131/24, 131/25, 134/8, 134/14, 134/18, 134/21, 135/2, 135/4, 135/7, 138/14, 138/21, 138/24, 139/3, 139/4, 139/7, 139/13, 140/23, 140/25, 142/11, 142/12, 142/13, 142/16, 142/17, 143/9, 144/24, 145/2, 145/15, 146/5, 156/2, 156/7, 159/16, 159/22, 163/25, 164/8, 168/22, 168/24, 169/5, 169/24, 170/7, 173/12, 173/22, 174/13, 176/3, 176/4, 176/16, 176/21, 177/8, 177/24, 178/4, 178/9, 178/20, 180/16, 180/21, 181/4, 181/6, 181/8, 181/14, 181/15, 181/20, 181/21, 182/13, 182/18, 182/25, 183/6, 185/21, 188/2, 188/15, 189/11, 192/22, 193/6, 193/7, 194/6, 194/17, 194/19, 196/4, 197/18, 197/19, 198/24, 201/20, 201/23, 209/19, 209/20, 210/17, 210/23, 211/5, 211/6, 211/12, 211/21, 211/25, 212/1, 212/5, 213/1, 213/19, 214/17, 214/21, 215/2, 216/1, 228/14, 228/17, 229/3, 235/20, 237/13, 237/23, 238/25, 239/2, 243/6, 248/6, 251/12, 257/16, 258/19, 259/6
 plant's 174/13, 174/16
 plants 101/6, 103/19, 106/4, 108/16, 108/19, 108/21, 108/23, 109/14, 109/17, 110/15, 111/1, 111/7, 112/12, 113/1, 113/2, 113/7, 113/25, 115/1, 116/6, 116/7, 116/12, 116/15, 117/7, 117/12, 117/17, 117/18, 117/22, 118/3, 118/4, 121/10, 121/13, 121/22, 121/23, 121/24, 122/3, 122/4, 122/9, 122/23, 123/17, 124/11, 124/13, 127/1, 127/9, 127/15, 127/23, 128/6, 130/25, 131/9, 131/12, 131/13, 131/21, 133/18, 134/10, 135/7, 135/9, 135/23, 136/2, 136/11, 137/7, 137/11, 138/18, 138/19, 139/2, 141/13, 142/8, 143/23, 143/25, 145/8, 145/19, 146/1, 148/6, 148/16, 148/17, 149/22, 152/24, 154/19, 160/5, 163/2, 166/2, 166/21, 166/22, 168/1, 170/5, 171/7, 171/20, 178/2, 180/10, 180/13, 181/2, 181/3, 182/3, 182/4, 183/20, 184/11, 184/22, 185/10, 185/16, 187/13, 187/18, 190/5, 191/10, 191/18, 192/9, 192/14, 192/20, 193/17, 193/20, 208/17, 208/24, 209/2, 209/3, 209/6, 209/8, 209/19, 210/1, 210/6, 211/9, 212/14, 212/21, 219/2, 220/6, 220/22, 221/4, 221/15, 228/10, 228/23, 229/22, 231/17, 231/19, 235/3, 235/24, 236/1, 236/3, 236/7, 236/9, 236/23, 238/12, 238/14, 238/21, 239/5, 239/10, 239/13, 239/21, 239/23, 240/2, 240/13, 245/6, 247/23, 248/11, 248/15, 248/17, 249/1, 249/5, 249/7, 249/20, 249/24, 251/11, 251/12, 252/20, 253/24, 254/3, 254/9, 254/14, 258/5, 258/7, 258/8, 258/17

O

O&M 181/5, 201/17
 object 165/25
 objective 115/19, 159/23, 166/24
 objectives 113/1
 obligated 216/2
 obligation 103/24, 109/25, 124/7, 130/17, 133/24, 146/3, 156/5, 161/16, 166/22, 168/19, 169/1, 184/6, 184/14, 203/17, 203/19, 203/23, 203/25, 213/12, 213/16, 213/18, 213/20, 214/1, 215/9, 215/13, 215/14, 216/11, 217/3, 219/3, 231/14, 231/20, 236/2, 236/5,

platform 104/24, 105/4
 play 136/21, 205/13, 228/11
 playing 182/18
 plunk 231/1
 plus 110/2, 202/1, 256/13
 pockets 245/4
 point 103/1, 117/19, 118/5, 120/24, 124/12, 132/13, 138/23, 139/3, 144/23, 145/17, 153/15, 154/22, 155/21, 158/2, 160/1, 160/13, 161/12, 162/2, 162/5, 162/25, 164/2, 165/17, 165/18, 166/4, 166/10, 167/23, 169/22, 174/24, 181/13, 184/11, 192/19, 196/13, 196/16, 199/18, 200/7, 201/7, 201/17, 214/17, 222/13, 226/22, 228/6, 231/5, 234/7, 234/9, 235/19, 244/18, 252/25, 254/7, 259/1, 259/9, 259/11
 pointing 203/18
 points 107/11, 163/7, 219/22, 221/13, 222/10, 253/3
 policies 145/19
 policy 113/1, 123/2, 146/13, 161/21, 162/15, 162/17, 173/7, 206/3, 252/6, 252/22, 256/23, 258/4
 policymaking 165/2
 polluting 248/25
 pollution 240/1, 240/21, 248/17, 248/18, 248/23
 pool 230/25
 portion 112/8, 112/9, 194/3, 194/6, 194/18
 posed 205/25
 position 104/10, 118/19, 133/20, 148/19, 150/20, 159/5, 162/2, 162/9, 162/22, 166/20, 205/4, 211/9, 214/12, 225/12, 226/9
 positions 204/25
 positive 221/23
 possibility 126/18, 132/1, 145/11
 possible 167/2, 199/4, 213/7, 213/8, 234/6, 237/4
 postponement 164/22
 Potential 99/14, 106/19, 115/15, 143/19, 146/7, 151/15, 153/10, 153/17, 171/14, 199/20, 238/14, 248/15, 249/5
 Power 99/8, 99/9, 99/14, 100/24, 101/3, 103/6, 105/16, 106/3, 109/7, 109/11, 111/2, 111/3, 119/15, 119/18, 119/19, 122/3, 122/4, 122/12, 129/15, 130/17, 130/18, 130/23, 131/22, 134/13, 138/14, 139/23, 147/8, 149/9, 152/10, 152/12, 152/14, 152/16, 152/24, 153/2, 153/5, 160/5, 162/16, 167/10, 167/15, 167/19, 167/22, 168/24, 171/10, 171/11, 181/18, 184/22, 186/8, 193/6, 204/15, 204/23, 207/23, 208/2, 208/9, 210/15, 211/3, 216/23, 220/8, 220/14, 220/21, 221/4, 221/8, 221/11, 221/18, 222/14, 223/7, 223/9, 223/11, 223/13, 223/18, 226/2, 229/10, 230/18, 230/25, 237/7, 237/23, 238/15, 239/1, 240/24, 241/3, 241/5, 241/6, 241/9, 241/13, 241/18, 241/23, 242/4, 243/9, 244/11, 244/13, 244/18, 245/12, 245/21, 246/19, 246/22, 248/6, 248/8, 249/1, 249/24
 practices 228/24
 pre-formed 159/25
 predates 121/8
 preempt 166/23, 166/25
 prefer 102/11, 200/23, 235/14, 248/24
 preferred 159/17
 pregnant 104/3
 premise 121/20, 121/24, 136/7, 191/9
 premium 229/6
 prepared 205/2
 preponderance 242/13
 prerequisite 239/1
 prerogative 129/11
 Presentation 99/4, 99/6, 99/7, 99/9, 99/10, 99/12, 99/13, 99/15, 99/16, 100/12, 154/5, 246/6, 246/18
 presentations 100/8, 205/18
 presented 143/14, 205/11, 212/11
 presenter 234/19, 246/7, 247/18
 presents 120/7, 235/17
 president 154/1, 207/3
 pressure 206/25, 221/24
 pretty 169/19
 prevail 188/23
 prevailing 258/4
 price 104/17, 104/20, 106/2, 107/1, 107/10, 107/13, 107/17, 107/24, 112/18, 114/20, 138/11, 143/3, 144/1, 148/8, 148/12, 149/6, 149/19, 150/3, 151/19, 157/9, 164/4, 174/22, 177/10, 178/12, 187/21, 188/4, 188/20, 190/3, 190/12, 191/20, 192/14, 195/12, 196/13, 196/15, 198/1, 198/14, 199/13, 206/21, 209/20, 216/22, 217/11, 218/8, 218/10, 218/15, 220/10, 223/11, 223/12, 224/7, 226/25, 227/18, 227/22, 228/3, 228/17, 229/4, 229/14, 230/2, 230/6, 231/11, 233/18, 234/5, 234/6, 238/18, 242/8, 245/15
 prices 104/19, 105/11, 105/14, 106/11, 106/13, 107/4, 107/18, 107/22, 108/5, 110/13, 114/17, 125/20, 125/22, 140/13, 146/24, 152/4, 190/8, 191/17, 192/10, 193/4, 206/25, 229/19, 243/3
 pricing 140/8, 213/9, 240/17
 primary 117/13, 157/15, 168/16
 principle 113/25
 principles 102/22, 107/12, 114/2

priorities 251/23
 priority 252/1, 257/1, 257/3, 257/13
 problem 102/1, 104/2, 110/25, 121/17, 126/5, 126/25, 153/13, 197/25, 232/13, 253/11
 problems 107/2, 158/15, 165/7, 239/19
 proceed 109/15, 160/12, 161/16, 165/22, 166/2
 proceeding 101/17, 135/3, 136/19, 137/23, 158/8, 160/3, 162/14, 163/13, 164/15, 165/24, 166/1, 220/17, 235/18
 PROCEEDINGS 98/10, 172/19, 260/8, 260/10
 process 133/21, 133/23, 134/3, 136/24, 147/24, 154/24, 155/2, 157/16, 157/23, 161/4, 161/8, 161/23, 162/11, 162/19, 172/9, 184/18, 184/19, 252/9, 253/7, 253/9
 produce 104/22, 109/4, 180/19
 produced 116/22, 129/16
 producer 101/3, 202/5
 Producers 99/14, 101/14, 103/6, 104/19, 105/1, 105/12, 106/2, 122/13
 product 173/22, 230/15, 230/17, 230/19
 production 104/24, 105/13, 173/3, 173/4, 175/9, 178/14, 179/19, 180/3, 200/6, 231/9
 products 151/11, 206/21, 230/13, 230/14, 230/16, 230/20
 profit 188/16, 197/7, 199/16, 202/8, 202/10, 217/6, 217/8, 217/9, 233/22
 profits 197/18
 progress 102/5
 Project 100/17, 117/19, 161/13
 projects 144/19, 145/2, 155/9
 proliferation 110/10, 112/25, 135/7, 136/10, 149/22, 156/17, 156/20
 promoting 169/15
 promotions 110/12
 proposal 134/7, 258/12, 258/13
 proposals 128/20, 133/17, 134/7, 135/16, 218/5
 propose 160/12, 184/14
 proposed 247/24
 proposing 128/7, 132/7, 132/13
 proposition 114/25, 171/18, 177/16, 181/2
 prospect 124/15
 protected 133/13, 216/6
 prove 184/15, 241/5
 provide 102/22, 102/25, 108/3, 122/23, 129/8, 131/22, 169/2, 204/14, 205/24, 206/8, 208/8, 208/9, 215/23, 221/8, 221/11
 provider 183/1, 196/10
 providers 170/25, 206/20
 provides 151/5, 160/24, 181/7
 provisions 204/13
 prudence 128/11, 128/14
 prudent 139/16
 PSC 212/19, 214/1
 PUBLIC 98/1, 118/17, 252/22, 260/6
 Publicly 101/2
 purchase 128/4, 129/15, 173/2, 189/6
 purchased 176/6, 192/14
 purchaser 151/24, 152/1, 152/6
 purchasers 139/23, 151/22, 151/23
 purchases 128/11, 152/10, 211/23, 236/19
 purchasing 173/14, 173/16, 174/22, 175/3, 175/18, 175/19, 178/23, 183/23, 210/25
 pure 201/8
 PURPA 207/21
 purpose 120/10, 120/13, 191/11, 209/4
 purposes 123/14, 127/13, 193/18, 215/20, 251/10
 push 202/3, 233/18, 233/21
 put 106/9, 107/7, 107/24, 111/4, 113/14, 114/9, 124/10, 127/17, 129/1, 131/24, 133/6, 133/17, 136/4, 145/20, 156/15, 158/14, 172/12, 172/15, 177/17, 189/10, 206/25, 207/21, 213/4, 218/15, 251/22, 252/10, 255/14, 257/2
 puts 111/22, 133/16
 putting 134/9
 puzzle 224/3

Q
 QF 140/5, 208/2, 213/19, 223/11, 237/8
 QFs 207/16, 208/8, 211/14, 213/9
 quality 108/23, 204/4
 quantified 201/4
 quantify 143/17, 201/17
 quarter 100/10
 question 102/14, 106/5, 109/21, 111/11, 112/23, 113/22, 114/19, 117/4, 117/6, 118/11, 118/24, 120/20, 123/6, 123/8, 129/21, 131/5, 132/25, 133/11, 135/14, 140/18, 140/21, 143/13, 146/17, 151/8, 154/15, 160/7, 162/7, 164/20, 166/12, 166/13, 174/4, 174/23, 179/16, 182/3, 182/11, 186/25, 191/15, 192/20, 193/5, 193/10, 193/15, 195/11, 202/18, 202/22, 203/21, 204/9, 205/22, 206/1, 206/13, 207/13, 209/18, 209/22, 211/3, 211/12, 213/23, 218/16, 222/4, 222/19, 222/23, 252/20, 254/9,

256/22, 256/24, 258/17
 questions 100/5, 101/11, 101/21, 103/2, 108/8, 109/19, 112/21, 126/4, 126/15, 131/14, 137/2, 167/7, 167/8, 189/20, 192/25, 202/20, 203/12, 203/16, 204/19, 205/1, 205/15, 205/25, 206/23, 212/18, 219/15, 219/17, 240/23, 245/25, 246/17, 254/12, 255/4, 255/6, 255/21, 255/24, 258/14
 quick 203/16
 quoted 195/18
 quoting 242/11

R

race 185/8
 raised 121/5, 154/22, 207/11, 219/22, 251/7
 ramifications 148/8
 range 159/15, 159/18, 159/24, 234/8
 Ranges 224/16
 rapid 115/5
 rarest 169/13
 rate 111/1, 111/4, 111/8, 111/22, 112/12, 130/19, 168/7, 168/25, 184/4, 184/5, 184/14, 188/5, 189/5, 193/7, 193/17, 193/20, 194/20, 198/25, 209/5, 209/6, 209/8, 209/20, 209/23, 210/8, 210/9, 212/1, 217/8, 223/3, 223/5, 223/10, 223/15, 223/17, 223/19, 224/5, 224/12, 224/15, 225/20, 227/3, 227/13, 231/19, 234/14, 236/4, 236/12, 240/10, 243/4, 255/18
 ratepayer 106/12, 210/18, 211/22, 217/25, 227/18, 228/9, 232/4
 ratepayers 218/11
 ratepayers 106/8, 111/14, 111/25, 112/6, 124/10, 129/22, 130/12, 130/14, 133/12, 137/9, 137/15, 137/21, 138/4, 138/8, 139/15, 139/17, 147/4, 169/17, 175/8, 181/18, 185/11, 185/18, 189/23, 193/5, 193/25, 194/10, 197/21, 205/24, 206/12, 207/1, 211/4, 211/25, 212/6, 221/9, 221/12, 231/20, 231/22, 244/9, 253/10
 ratepayers' 205/19
 rates 116/2, 116/3, 138/20, 204/5, 204/8, 219/7, 220/13, 221/24, 224/10, 241/2, 241/6, 241/9, 241/10, 241/14, 241/23, 241/25, 243/10, 243/21, 244/2, 244/13, 245/6, 255/19
 ratings 248/11
 ratio 115/6, 115/7
 rationale 248/6
 reach 150/6, 152/1, 165/18, 254/1, 256/12
 reached 160/16, 168/1
 reaction 112/12
 read 101/10, 168/23, 191/17
 reality 187/17
 reason 106/14, 121/2, 139/1, 151/4, 168/5, 173/21, 198/10, 211/4, 220/3, 220/6
 reasonable 122/11, 125/22, 150/17, 191/20, 214/15
 reasons 112/25, 118/12, 118/18
 recall 136/14
 recapping 109/12
 receive 108/1, 108/6, 223/19
 received 169/13
 recess 167/11
 reclamation 146/3, 156/4
 recognition 248/3
 recommendations 120/12, 251/15
 reconcilable 133/2
 reconciling 165/1
 reconvened 100/2
 record 125/1, 144/11, 164/13
 Records 98/23
 recover 181/19, 210/5, 226/23, 228/15, 231/2, 231/10
 recovered 142/13, 181/9, 183/25
 recovering 227/1
 recoverers 231/23
 recovery 141/6, 142/10, 142/16, 177/19, 177/20
 reduce 123/14, 210/8
 reduced 104/7, 196/5
 reducing 114/10
 redundancy 145/13
 redundant 108/14, 127/8
 reference 222/13, 239/15
 reflected 114/18, 203/2
 reflective 114/21
 regime 156/11, 156/16, 156/17
 region 153/9, 153/10, 215/16
 regional 212/22, 214/6, 215/10
 regions 225/17
 regulate 244/21
 regulated 104/3, 106/15, 109/22, 112/9, 140/8, 224/10, 225/20, 244/23, 255/18
 regulation 112/10, 136/25, 137/4, 146/18, 174/7
 regulators 146/25
 Regulatory 100/15, 102/16, 106/19, 202/18, 203/24, 204/4
 related 125/5, 145/20, 156/21
 relationship 250/1, 250/2
 relationships 235/5, 237/10

relative 240/7
reliability 103/4, 105/25, 122/15, 123/13, 124/1,
125/23, 140/9, 143/4, 171/21, 206/11, 212/17, 212/19,
212/20, 215/10, 215/20, 217/3, 221/16, 238/3, 238/8,
256/12
Reliant 99/11, 107/7, 204/23, 205/8, 207/3, 207/6,
209/2, 211/9
Reliant's 207/18, 213/24, 214/12, 218/20
relieve 153/20
remain 175/6
remains 129/17, 129/18, 129/20
remarks 241/21
Remember 191/24
remind 168/2, 178/2, 184/17
repeat 143/2, 170/3
repeated 183/5
repeating 109/12, 170/6
replace 115/20, 116/6, 141/11, 180/15, 181/6, 192/13
replaced 110/21, 116/14, 127/18, 131/12, 181/8
replacing 115/21, 116/15
REPORTED 98/22, 260/8
REPORTER 153/24, 260/4
REPORTERS 99/18, 260/1
Reporting 98/22, 98/23, 260/3, 260/13
represented 111/13
representing 108/12, 128/7
represents 101/14, 205/4, 208/4, 227/4
request 213/4
require 109/24, 128/9, 139/24, 142/7, 146/2, 146/5,
212/25, 214/2, 215/7, 236/1, 256/12
required 129/15, 146/4, 146/8, 207/14, 212/9, 217/2,
217/8, 218/5, 223/9, 223/25, 225/16, 237/24, 241/3,
256/11
requirement 103/7, 208/6, 231/15, 236/24, 238/20
Requirements 194/15, 207/22, 208/23, 238/14,
254/24, 255/16
requires 170/17, 197/25
reserve 103/7, 103/23, 103/25, 110/2, 116/11, 124/21,
126/3, 126/20, 126/23, 127/3, 127/13, 131/6, 131/7,
131/16, 131/18, 135/15, 137/5, 152/21, 152/25, 171/20,
207/12, 208/4, 208/6, 208/11, 208/12, 208/15, 208/22,
209/1, 213/23, 214/3, 214/12, 214/14, 214/22, 215/5,
215/18, 217/16, 219/4, 236/22, 236/24, 237/19, 237/20,
238/1, 238/6, 239/15, 251/23, 256/3, 256/5, 256/23,
257/5, 257/6, 257/12, 259/5
reserved 169/8
reserves 103/4, 103/8, 106/11, 106/16, 117/20,
127/12, 127/22, 127/25, 237/22, 237/24, 237/25, 238/5
reserving 116/11
residual 126/15
resolve 256/4
resolved 146/2
resort 123/3
resources 156/8, 217/12, 218/24, 238/4, 248/18,
248/24, 257/2
respect 109/21, 158/11, 160/22, 162/10, 192/20,
203/17, 204/25, 221/2, 221/15, 234/10, 235/18, 250/14,
257/16
respond 125/20, 219/21, 222/10, 222/19
responded 107/5
response 107/9, 107/20, 122/19, 162/7, 204/20
responses 121/18
responsibility 133/24, 211/22
rest 125/15
restraint 123/2
restrictions 137/8
restructured 149/8
restructuring 225/7, 257/9
rests 165/13
result 108/17, 116/18, 142/2, 148/25, 176/17, 204/1,
222/1, 233/1
results 153/17
resume 167/9
Retail 102/8, 104/12, 109/22, 110/1, 111/8, 122/17,
123/20, 124/3, 124/6, 138/8, 142/19, 163/14, 164/13,
164/14, 168/25, 169/9, 193/2, 193/4, 193/7, 193/11,
193/17, 193/25, 194/9, 194/20, 195/5, 198/24, 213/17,
214/23, 225/6, 255/19, 256/10
retire 116/8
retired 117/2, 182/4
return 115/16, 122/21, 130/20, 202/9
returned 197/20, 199/16, 200/2
returning 196/21
revenue 101/1, 182/22, 203/10
revenues 111/25, 203/1, 203/2, 203/3
reversed 120/10
review 126/11, 248/11, 257/4
reviewed 129/10
revisit 223/1
reward 108/7
rework 197/23
RFP 128/19, 133/16, 134/6, 135/10
Rick 109/13

ripe 238/9
rise 126/4, 227/13
risk 105/5, 105/20, 106/7, 106/11, 106/20, 108/5,
130/4, 130/9, 136/5, 138/11, 139/15, 139/16, 140/7,
140/10, 143/3, 144/21, 144/22, 145/25, 150/2, 150/16,
157/9, 157/19, 157/20, 206/5, 206/6, 206/7, 217/24,
218/11, 221/9, 223/22, 227/10, 227/11, 227/12, 227/14,
227/15, 227/16, 227/22
risks 106/22, 144/19, 146/11, 155/8, 156/9, 157/2,
157/5, 157/7, 228/7
road 113/13, 158/2, 212/21, 259/10
robust 151/5, 174/5, 174/9, 191/9
role 103/19, 104/6, 136/20, 205/13, 212/19
Room 98/19, 125/10, 155/18, 158/22, 163/7, 163/8,
163/18
RPR 98/22, 98/23, 260/3, 260/13
rule 122/10, 128/9, 133/3, 133/15, 209/23, 250/25,
257/11
ruled 242/1
rulemaking 218/2
rules 141/12, 144/1, 164/23, 165/4, 166/6, 195/15,
212/21, 212/22, 215/13, 243/15, 252/12, 253/13, 257/17
ruling 121/8, 241/12
run 127/4, 129/7, 130/17, 138/18, 141/2, 141/20,
142/8, 142/16, 142/18, 150/2, 156/7, 163/1, 164/9,
166/14, 168/15, 181/15, 182/25, 183/1, 216/2, 216/5,
216/8, 216/9, 217/1, 239/23, 239/24, 245/3, 256/6
running 127/15, 130/21, 142/11, 142/13, 149/4,
181/16, 181/21, 185/8, 203/14, 240/20
runs 171/1, 240/19

S

safeguards 226/5
safety 118/18
sale 115/15, 170/2, 170/9, 173/1, 173/4, 173/13,
176/4, 176/17, 176/23, 177/4, 177/7, 177/9, 177/11,
177/17, 178/16, 179/12, 179/17, 180/3, 183/7, 183/9,
184/8, 184/10, 194/18, 194/19, 196/11, 198/18, 199/21,
199/24, 200/1, 200/8, 200/24, 210/24, 233/24, 238/15,
242/6, 246/2
sales 138/3, 138/5, 138/6, 169/11, 182/19, 183/13,
185/10, 185/17, 185/22, 186/3, 186/4, 186/5, 186/9,
186/12, 186/13, 186/14, 187/2, 187/4, 187/5, 187/8,
187/9, 187/10, 187/14, 187/19, 193/2, 193/3, 194/9,
194/15, 194/21, 194/22, 194/25, 195/3, 195/4, 195/6,
198/9, 198/17, 198/21, 198/25, 201/7, 203/9, 203/10,
204/16, 210/8, 210/10, 210/17, 211/8, 211/10, 211/17,
232/12, 237/6, 238/3, 238/23, 238/25, 242/13, 242/14,
242/15, 242/16, 242/18
Sam 186/8
sanguine 156/9
Sasso 99/7, 119/17
satisfied 126/14
satisfy 133/16
save 173/17, 189/14, 189/18
savings 112/4, 155/14, 180/11, 196/22, 197/16, 197/17
saw 158/10, 220/22
scenario 115/1, 116/10, 118/6, 135/20, 135/22,
140/25, 142/14, 153/16, 173/19, 176/12, 176/20,
177/12, 178/9, 178/18, 183/11, 197/2, 197/17, 228/11
scenarios 178/5, 179/7, 215/12, 257/5
schedules 224/19
scheduling 218/22
searching 153/6
season 113/6
second 115/5, 122/19, 124/24, 126/5, 160/21, 174/2,
177/15, 179/8, 179/10, 195/14, 231/5
second-guess 126/21, 128/10
seek 124/3, 218/5
seize 121/16, 122/20
seizing 121/18, 121/19
self-limiting 208/21
sell 108/19, 109/4, 109/6, 109/11, 110/19, 111/23,
114/22, 128/8, 133/10, 168/7, 171/22, 174/15, 174/20,
175/23, 176/3, 176/22, 177/6, 179/11, 179/20, 183/16,
185/22, 190/6, 190/14, 191/2, 198/13, 198/15, 200/17,
200/25, 201/25, 202/7, 207/23, 209/8, 211/15, 216/25,
238/14, 238/16, 244/3, 244/20, 244/25, 245/7
seller 112/4
seller's 171/23, 211/5
sellers 151/11, 153/10, 209/11
selling 173/8, 175/4, 177/2, 177/25, 193/3, 211/1,
237/23, 242/11
sells 169/25, 170/7, 170/23, 173/22, 175/9, 196/4,
197/4, 200/19, 209/16, 215/11
semi-annually 236/18
Seminole 237/11, 237/12
sending 220/15
Senior 100/14, 100/17
sense 106/8, 116/25, 120/22, 134/3, 135/3, 142/18,
197/22
sent 107/22

SERC 101/7
serious 156/22, 255/4
serve 103/24, 104/12, 109/25, 110/1, 115/23, 120/10,
127/11, 142/18, 151/1, 166/22, 168/19, 203/17, 203/20,
203/24, 205/19, 213/12, 213/16, 213/17, 213/18,
213/20, 218/5, 231/14, 236/5, 237/21, 254/25, 256/11,
256/13
served 152/15, 184/19
SERVICE 98/1, 131/24, 169/2, 204/5, 204/7, 207/19,
260/6
serving 114/11, 115/22, 118/14
set 102/22, 103/22, 126/7, 140/13, 140/14, 140/17,
141/12, 156/6, 214/4, 214/8, 214/9, 214/14, 214/15,
218/1, 230/6, 235/25, 251/11, 255/18, 258/23
sets 163/21
setting 135/19, 135/20, 140/16, 214/11
settled 160/25
seven 178/24, 208/20
share 144/17, 162/13, 166/17, 245/9
shared 138/5
shareholders 111/25, 130/4, 130/6, 157/6, 173/9,
173/24, 196/2, 197/18, 200/3, 200/16
shares 245/5
shedding 216/4
Shell 105/2
shift 130/4, 130/9
shifting 140/10
shifts 130/10, 130/13
short 151/9, 211/24, 229/16, 245/3, 245/8
short-term 106/22, 107/13, 169/11, 185/10, 185/17,
186/14, 186/15, 187/9, 195/3, 204/11
shortage 188/19, 188/20, 188/21
shorten 205/6
shortfall 188/1
shoulder 127/21
show 132/8, 145/9, 196/7
shows 149/24, 177/15
shrinking 105/8
shut 139/7, 144/24, 145/16
side 104/17, 107/21, 155/3, 172/25, 192/8, 192/12,
198/11, 232/5, 249/21
sides 159/1, 199/6
sign 190/16, 227/23
signal 107/10
signals 104/17, 106/2
signed 212/24
simple 181/3
simulate 147/3
single 152/6
sit 138/12, 141/10, 147/1, 147/2, 155/24, 255/22
Site 126/7, 126/11, 126/22, 132/8, 144/2, 146/3
sites 101/8, 146/4, 248/17
Siting 123/1, 149/1, 219/11
sits 155/23
situation 104/6, 106/10, 111/20, 150/21, 163/14,
176/15, 181/23, 188/1, 189/6, 199/5, 215/10, 216/14,
217/21, 217/23, 223/14, 233/23, 239/8
situations 213/2, 220/12
six 165/22, 208/20
size 104/24, 114/25
sizeable 101/2
slot 216/16, 216/18
small 227/22
Smyrna 204/22, 205/11
snapshot 121/25
solar 247/24, 248/3
sold 175/12, 175/13, 176/5, 177/24, 189/11, 189/17,
190/24, 212/1, 228/14, 240/19
solid 102/23
solutions 156/24, 157/14
solve 166/1, 252/20
sort 137/23, 145/6, 146/16, 159/14, 160/2, 172/7,
235/17, 244/14, 256/10
Sounds 114/24, 140/22, 224/20
southern 118/15
southwest 152/24
space 241/20
speaker 237/1, 243/18
speakers 190/23
speculative 145/2
spend 109/2
spent 162/13, 205/7
spike 107/13, 107/17, 150/4, 152/8
spikes 107/1, 149/19, 150/7, 150/11, 152/17, 164/4,
220/10
split 112/4, 112/5, 173/5, 178/21, 178/22, 193/24,
194/13, 195/2, 196/1, 196/20, 199/13, 202/12
spring 220/21
squarely 255/15
Staff 113/3, 120/8, 121/10, 121/13, 124/18, 124/19,
124/20, 126/17, 202/21, 202/25, 205/14, 250/13,
250/20, 251/17, 253/11, 258/20
stage 232/16

staggering 116/22, 116/24
 stakeholders 162/18
 stand 136/23, 207/12
 stand-alone 123/25, 136/13
 standard 128/11, 128/14, 214/4, 228/23, 248/9
 standards 140/9, 140/11
 standing 135/21, 161/4, 165/11, 185/7
 start 100/3, 113/19, 172/25, 208/17, 209/9
 started 167/13, 184/25, 230/10
 starting 103/1, 226/22
 startled 101/24
 state 102/6, 103/7, 108/17, 108/22, 108/23, 109/4, 109/11, 109/14, 110/25, 113/1, 115/12, 117/14, 117/17, 117/24, 118/2, 121/23, 122/2, 122/10, 122/13, 122/14, 122/16, 124/14, 126/4, 127/18, 128/6, 131/16, 132/14, 132/20, 132/22, 136/2, 136/17, 145/1, 145/19, 146/17, 146/18, 156/22, 169/3, 169/17, 170/6, 183/10, 184/12, 184/13, 184/20, 184/24, 185/23, 185/24, 215/2, 221/5, 221/8, 221/11, 232/15, 232/19, 233/14, 233/15, 234/2, 237/17, 238/13, 239/24, 240/15, 241/8, 241/14, 241/15, 242/13, 242/19, 242/22, 242/23, 246/25, 256/20, 258/7, 260/1
 state-of-the-art 122/5, 123/15
 state-wide 239/8
 statement 116/16, 189/10, 221/1, 252/4, 258/4
 states 125/19, 148/4, 184/21, 184/24, 185/3, 185/6, 210/7, 212/8, 212/25, 234/16
 station 153/19
 statistic 186/1
 statistics 148/15
 status 120/16, 204/7
 statute 255/16, 258/14
 statutes 102/1, 122/22, 123/12
 statutory 161/7, 161/17, 203/19, 203/24, 204/12, 215/13, 258/11
 stay 139/9, 240/15, 245/1, 247/12
 steam 237/4
 steel 136/16, 136/17
 stenographically 260/8
 step 105/13, 125/11, 147/5, 158/3, 159/14, 167/4, 181/17, 183/4, 218/9, 219/24, 250/12, 256/14
 steps 182/13
 stiff 218/1
 stipulated 241/16
 stock 224/19
 stockholders 112/6, 134/13, 134/20, 173/18
 stood 128/22
 stop 140/18
 storms 152/23
 straight 202/11
 stranded 139/5, 146/1
 Street 145/7, 155/13, 155/21
 strike 118/14, 198/14
 strikes 130/9, 158/22, 170/22, 198/4, 246/1, 253/23
 strong 125/23
 stronger 223/4
 structural 107/2
 structure 156/21, 160/5, 205/22, 222/25, 230/17
 structured 254/12
 struggle 141/22, 143/21
 studies 149/2
 study 98/6, 250/17
 stuff 102/19
 sub 217/17, 217/22
 subject 165/4, 249/14
 subjecting 165/14
 submissions 121/5, 126/22
 submit 133/23, 134/15, 134/17, 135/9
 submitted 101/17, 135/5, 136/9, 144/3, 145/10, 154/8
 subscribe 212/21
 subscribed 101/16, 236/10
 subset 195/14
 subsidize 111/14
 subsidized 244/9
 subsidy 244/21, 245/2
 succeed 228/18
 succeeds 156/2, 206/12
 successful 113/24
 successive 120/1
 sufficient 154/25
 suggestion 125/7, 126/24
 summarized 180/12
 summer 100/23, 107/2, 149/17, 188/22, 208/5, 208/16, 220/9, 220/11
 sunk 231/19, 234/3
 supplemental 238/1
 supplier 228/3
 suppliers 105/10, 151/15, 151/25, 152/5
 supplies 108/3
 Supply 103/15, 105/7, 106/23, 106/24, 107/23, 114/1, 114/4, 114/7, 115/23, 140/6, 224/11, 224/13, 224/15, 226/18, 248/8, 249/9, 249/10
 supplying 119/2

support 144/7, 164/21, 237/24
 supported 144/8
 supporting 238/25
 Supreme 164/23, 257/17
 surveillance 193/18
 SUSAN 98/13, 192/16, 253/3
 suspect 239/20, 240/3
 sustain 229/20
 system 107/20, 120/18, 125/21, 129/5, 129/6, 129/8, 129/12, 129/14, 129/21, 138/2, 139/7, 140/2, 140/6, 142/3, 143/24, 147/12, 158/5, 158/20, 159/6, 160/9, 163/9, 166/18, 169/15, 173/2, 174/7, 175/11, 176/25, 197/25, 198/6, 198/21, 198/22, 199/3, 209/13, 210/20, 211/14, 211/15, 242/6
 System's 229/21

T

table 158/15, 247/13, 247/16
 Taco 110/11
 tail 154/17
 talk 119/21, 120/5, 148/9, 158/16, 162/12, 168/21
 talked 138/3, 143/1, 154/19, 157/9, 157/16, 217/16, 222/18, 222/24, 230/14, 237/2
 talking 105/9, 117/9, 117/14, 118/1, 119/1, 119/2, 119/3, 121/17, 124/25, 125/25, 127/10, 127/12, 128/5, 134/9, 135/4, 135/6, 136/12, 136/13, 139/17, 142/24, 143/3, 144/20, 144/21, 147/13, 151/22, 152/17, 155/10, 156/3, 156/10, 156/16, 156/17, 156/19, 163/22, 172/1, 187/3, 213/15, 224/11, 226/3, 227/8, 229/23, 232/13, 232/15, 232/19
 talks 174/2
 Tallahassee 98/20
 Tampa 198/23, 243/16, 246/6
 target 159/5
 tariff 242/24, 242/25, 244/14, 244/16
 task 257/11
 tear 201/5, 201/23
 technological 168/14
 technology 147/5, 168/6, 168/16, 220/4, 222/2
 TECO 111/2, 171/11, 241/11, 241/23
 TECO's 164/22
 Ten 126/6, 126/11, 126/22, 132/8, 132/10, 144/2, 197/11
 tend 159/25
 term 118/8, 149/21, 168/23, 235/23
 terminology 165/17
 terms 104/7, 105/23, 105/25, 124/14, 162/9, 163/6, 234/8, 234/15, 238/2, 238/25, 239/10, 239/17, 239/25, 240/21, 241/18, 257/4
 territory 207/19
 TERRY 98/12, 99/15, 246/14
 test 218/13, 233/3, 233/7, 258/2, 258/13
 testified 220/18
 testimony 136/15, 158/9
 tests 218/3
 Texas 207/9, 208/1, 208/3, 208/5, 208/13, 208/15, 208/24, 209/2, 209/23, 210/7, 225/21, 226/1, 226/7
 Thank 108/9, 108/10, 119/7, 158/18, 167/20, 203/11, 217/13, 219/18, 222/12, 245/24, 246/4, 247/13, 247/17, 247/20, 249/15, 249/17, 259/13, 259/14
 theory 147/2, 184/13, 216/15, 243/21
 Thereupon 259/15
 They've 137/1, 241/12, 254/23
 thin 150/24, 226/16
 Third 126/8, 172/5
 thousand 133/6
 threat 142/2, 216/4
 three 101/7, 105/11, 144/3, 161/6, 163/7, 163/19, 163/20, 173/20, 207/5, 212/4, 212/14, 229/16, 257/24
 threshold 121/7
 threw 199/12
 thrown 156/18, 202/12
 Thursday 98/15
 tie 231/25
 tight 106/11
 tighter 105/10, 208/16
 TIME 98/17, 117/19, 119/14, 121/11, 122/1, 130/18, 133/4, 135/25, 136/21, 136/22, 137/7, 152/14, 153/6, 154/10, 156/15, 161/18, 162/14, 162/15, 162/25, 163/25, 164/1, 177/21, 203/15, 205/6, 207/24, 209/14, 212/6, 213/20, 225/19, 229/16, 231/3, 241/20, 245/8, 257/2, 260/6
 times 187/25, 217/10, 220/18, 220/23
 top 100/24, 172/24, 203/5
 topic 237/18
 traded 101/2
 traditional 110/20, 110/25, 116/21
 Trammell 100/17
 transaction 135/13, 173/11, 195/13, 195/15, 195/16, 197/15, 197/19
 transactions 151/10, 183/24, 187/11, 194/12, 194/14, 194/16, 196/3, 241/25

U

transcribed 260/9
 transcript
 transcription 260/10
 transfer 136/12, 143/4, 148/8, 211/21
 transference 157/9
 transferred 139/15, 227/17, 227/22, 228/9
 transfers 139/16
 transition 104/2, 124/23, 124/25, 125/25, 225/18, 232/16, 232/17
 transmission 136/14, 149/2, 149/19, 150/1, 150/16, 152/23, 153/12, 153/19, 153/22, 167/4, 206/18, 214/6, 218/23, 219/7, 224/10, 243/22
 transmitted 104/18, 107/22, 107/23
 transparency 206/21
 treat 248/6, 255/13
 treatment 184/15
 trend 148/9
 trial 258/18
 tripping 107/8
 trouble 250/24
 troubles 162/13
 true 111/17, 118/6, 125/18, 129/4, 170/24, 187/23, 188/9, 188/13, 189/24, 193/21, 201/11, 201/15, 211/22, 218/13, 223/23, 260/9
 tune 178/10, 178/20
 turbines 237/1
 turn 121/4, 155/15, 222/11
 turned 145/1, 207/25
 two 117/24, 121/18, 130/22, 139/12, 161/12, 172/2, 194/11, 210/19, 212/4, 212/13, 215/12, 217/20, 219/20, 227/19, 229/23, 230/1, 245/16, 246/10, 257/5
 type 125/25, 140/17, 147/3, 156/20, 194/15, 215/3, 239/3, 244/16, 255/14
 types 188/22, 194/11, 223/23, 229/23, 230/16, 254/25, 255/19

U.S 99/12, 154/1, 204/24, 205/8, 213/12, 219/19, 222/9, 222/13
 ubiquitous 136/12
 Um 185/19
 unacceptable 163/16
 unanswered 131/14
 uncommitted 131/9
 uncommon 245/10
 undepreciated 181/20
 undercut 179/19
 UNDOCKETED 98/5, 98/6, 260/5
 uneconomic 142/8
 uneconomical 138/25, 139/4
 unfounded 181/11
 UNIDENTIFIED 243/18
 Unintelligible 145/3
 unit 113/16, 114/21, 181/14, 181/19, 189/18, 201/5, 201/16
 units 116/1, 116/3, 116/5, 116/23, 118/10, 118/21, 118/22, 127/17, 127/18, 168/9, 168/11, 236/25, 237/4, 237/6, 237/9, 246/25
 unknown 202/1
 unlike 104/24, 123/24
 unlimited 184/22
 unquantified 201/9
 unreasonable 165/21
 unregulated 104/4, 217/17, 217/22, 225/22, 225/24
 unrestrained 151/16
 upheld 255/7, 255/8, 255/11
 upset 164/3
 urge 205/18
 utilities 103/23, 106/15, 108/20, 109/25, 110/20, 110/25, 116/21, 122/3, 122/18, 126/12, 126/19, 127/7, 127/19, 127/20, 127/25, 128/8, 128/9, 130/1, 130/4, 130/9, 130/11, 130/12, 130/14, 131/1, 131/3, 131/4, 131/10, 132/8, 132/16, 133/19, 138/3, 141/25, 147/21, 153/7, 163/14, 168/13, 169/10, 170/14, 171/8, 171/19, 180/9, 181/1, 181/13, 207/16, 208/25, 209/1, 209/7, 210/19, 217/17, 217/22, 223/10, 223/16, 223/23, 225/24, 226/18, 227/1, 232/23, 236/14, 237/20, 238/4, 238/22, 238/24, 239/4, 239/14, 239/24, 241/8, 242/8, 244/22, 244/23, 245/5, 246/25, 249/9, 254/13, 254/21, 255/13, 255/17
 utility 111/21, 122/9, 123/12, 123/14, 123/20, 123/25, 124/3, 124/6, 127/5, 127/6, 128/11, 128/18, 131/13, 133/15, 134/6, 135/1, 138/7, 139/17, 161/7, 165/10, 169/2, 169/4, 169/10, 170/1, 170/8, 170/17, 173/1, 173/2, 173/5, 173/8, 173/14, 173/16, 173/23, 174/12, 174/14, 174/18, 174/19, 174/22, 175/3, 175/4, 175/8, 175/17, 175/19, 175/23, 175/24, 176/5, 176/6, 176/23, 177/2, 177/3, 177/9, 177/23, 177/25, 178/13, 178/16, 178/23, 179/15, 179/16, 179/18, 180/1, 180/2, 180/15, 181/5, 181/15, 182/12, 182/14, 182/15, 182/19, 183/8, 183/9, 183/14, 183/17, 183/18, 183/19, 183/23, 183/25, 190/7, 196/8, 196/9, 197/5, 208/11, 209/7, 209/18,

211/21, 211/24, 212/4, 212/13, 213/1, 213/5, 213/13,
213/15, 214/23, 223/4, 223/6, 224/9, 224/16, 224/18,
227/19, 227/20, 227/25, 228/1, 228/23, 231/7, 231/14,
231/23, 232/1, 234/4, 236/2, 236/4, 241/1, 244/15,
248/9, 249/11, 255/9, 255/12, 255/18, 258/12
utility's 113/21, 169/8, 215/18
utilized 202/18

V

valid 252/16, 252/18, 254/7
valuable 205/13, 229/11
valuation 128/21
value 190/24, 190/25, 191/4, 191/13, 228/20, 228/22,
228/24, 229/2, 229/18, 229/23, 229/24, 235/21, 248/3
variable 180/14, 181/4, 191/2, 201/17, 226/25, 227/1,
231/8, 231/23, 233/25, 245/7
variety 123/20, 134/24
vary 214/10
vast 148/16, 148/23
verbatim 102/25
verify 186/6
version 235/25
viable 206/9, 245/1, 255/2
vibrant 207/14, 218/18, 219/8
Vice 154/1, 207/3
view 103/17, 120/24, 122/11, 163/7, 169/4, 205/6,
213/24, 220/1, 222/3, 223/4, 226/10, 229/10, 234/15,
246/21, 252/25, 259/1
viewpoint 105/6
Villar 245/12
Vinney 119/18
violated 246/3
virtual 224/21, 225/4
virtue 152/22, 153/20, 158/8
volatility 143/3, 151/6, 151/12
VOLUME 98/8
vote 257/23
voted 257/25

W

wage 247/1
wait 141/9, 154/11, 226/19, 252/2
waiver 129/9, 129/11
Wall 145/7, 155/13, 155/21
warrant 163/4
warranted 129/10
Washington 230/24
watch 172/13
Waters 186/5, 186/8
wear 201/4, 201/23
week 230/18
weigh 255/1, 255/3
welcome 101/9
wherever 149/23, 247/8
wholesale 100/24, 102/4, 102/7, 103/20, 108/20,
109/22, 111/4, 111/9, 111/15, 111/24, 112/13, 112/15,
114/1, 134/22, 142/6, 151/22, 164/12, 166/25, 169/9,
174/5, 174/9, 184/7, 184/9, 191/9, 193/2, 193/3, 193/7,
193/10, 194/6, 194/12, 194/16, 194/18, 206/8, 206/22,
206/25, 207/9, 207/11, 207/14, 207/16, 209/9, 209/11,
211/18, 213/14, 214/2, 218/18, 218/24, 219/8, 221/17,
221/19, 221/22, 222/20, 223/1, 223/6, 223/21, 224/8,
225/7, 225/13, 225/14, 225/25, 226/6, 226/11, 226/13,
226/14, 226/16, 228/2, 230/17, 230/21, 231/8, 231/11,
232/12, 232/14, 233/18, 241/25, 254/11, 254/21, 255/2,
257/9
widespreading 161/10
wild 155/23
Wildlife 246/11, 250/4
willing 223/20
win 222/7
windfall 240/20
winner 188/8
winning 134/7, 229/5
winter 103/10, 103/11
wiped 152/22
wish 178/6
wishes 246/8, 250/13
witnesses 190/21
wonder 158/20
wondered 232/10
wondering 202/25
woolly 155/23
words 156/18, 208/6, 216/6, 216/25, 237/25, 244/22
work 106/1, 106/23, 109/24, 126/12, 128/17, 143/13,
144/8, 144/9, 174/12, 174/19, 190/8, 190/9, 205/14,
222/6, 251/17, 253/6, 253/13, 253/15, 253/17
worked 128/17, 129/6, 174/6, 174/7, 179/25
workers 220/15, 246/24
working 178/15, 179/17, 198/21, 203/6, 203/8,

234/24, 235/13
works 112/1, 122/10, 163/9, 178/22, 202/8
WORKSHOP 98/10, 120/1, 120/8, 120/10, 120/21,
121/6, 121/15, 159/14, 160/1, 259/15, 260/6
workshops 109/16, 120/2, 124/19, 251/1, 258/23
world 155/11, 191/13, 234/16
worried 128/13, 128/14
worry 117/4, 118/21, 238/18
worth 146/11, 198/16
wrap-up 155/5
write-off 228/13
written 136/8, 136/22
wrong 111/5, 116/4, 116/8, 120/15, 142/19, 150/9,
152/11, 177/1

X

X 99/1

Y

year 101/2, 126/6, 126/11, 126/12, 126/22, 132/8,
132/10, 144/2, 208/17, 227/19
years 105/11, 116/1, 161/12, 168/4, 169/12, 173/7,
181/10, 184/24, 201/6, 207/9, 209/13, 212/5, 212/14,
229/17, 232/20, 232/21, 237/15
York 103/10, 230/25