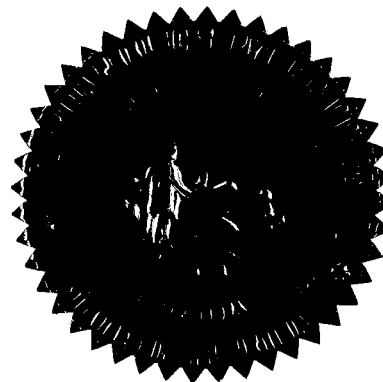


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 001148-EI

In the Matter of
REVIEW OF THE RETAIL RATES
OF FLORIDA POWER & LIGHT
COMPANY.



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PROCEEDINGS: SPECIAL AGENDA CONFERENCE

BEFORE: CHAIRMAN LILA A. JABER
COMMISSIONER J. TERRY DEASON
COMMISSIONER BRAULIO L. BAEZ
COMMISSIONER MICHAEL A. PALECKI
COMMISSIONER RUDOLPH "RUDY" BRADLEY

DATE: Friday, March 22, 2002

TIME: Commenced at 8:35 a.m.
Concluded at 10:05 a.m.

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

REPORTED BY: LINDA BOLES, RPR
Official FPSC Reporter
(850) 413-6734

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4 33408-0420, appearing on behalf of Florida Power & Light
5 Company.

6 KENNETH L. WISEMAN, Andrews & Kurth, L.L.P., 1701
7 Pennsylvania Avenue, N.W., Suite 300, Washington, D.C.
8 20006-5805, appearing on behalf of South Florida Hospital and
9 Health Care Association.

10 ROBERT SCHEFFEL WRIGHT, Landers & Parsons, P.A., 310
11 West College Avenue, Tallahassee, Florida 32302, appearing on
12 behalf of Lee County.

13 MICHAEL B. TWOMEY, Post Office Box 5256, Tallahassee,
14 Florida 32314-5256, appearing on behalf of Thomas and
15 Genevieve Twomey.

16 SEANN FRAZIER, Greenberg, Traurig, P.A., 101 East
17 College Avenue, Tallahassee, Florida 32302, appearing on
18 behalf of Florida Retail Federation.

19 VICKI GORDON KAUFMAN, McWhirter, Reeves, McGlothlin,
20 Davidson, Decker, Kaufman, Arnold and Steen, P.A., 117 South
21 Gadsden Street, Tallahassee, Florida 32301, appearing on
22 behalf of Florida Industrial Power Users Group.

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1 APPEARANCES CONTINUED:

2 JACK SHREVE, Public Counsel, Office of the Public
3 Counsel, c/o The Florida Legislature, 111 W. Madison Street,
4 Suite 812, Tallahassee, Florida 32399, appearing on behalf of
5 the Citizens of the State of Florida.

6 ED PASCHALL, 200 West College Avenue, Tallahassee,
7 Florida 32301, appearing on behalf of AARP.

8 ROBERT V. ELIAS, FPSC Division of Legal Services, 2540
9 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850,
10 appearing on behalf of the Commission Staff.

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P R O C E E D I N G S

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2 CHAIRMAN JABER: Good morning. We're going to go
3 ahead and get started with the Agenda. This is a special
4 agenda. There's no notice to be read or anything like that.

5 MR. ELIAS: No.

6 CHAIRMAN JABER: I suppose it would be appropriate to
7 say that we are here to consider the proposed settlement that
8 was filed by FP&L, et al. We are going to allow some time for
9 parties to make presentations. I have to tell you that I'm
10 going to allow you up to five minutes. We'll start with
11 Mr. Evanson over here and move this way. Feel free to take up
12 to five minutes, but we will be brief in the presentations.

13 Go ahead, Mr. Evanson.

14 MR. LITCHFIELD: Commissioner Jaber, if it would be
15 acceptable to you, we'd defer initially to Mr. Shreve, if
16 that's all right.

17 CHAIRMAN JABER: Absolutely.

18 MR. LITCHFIELD: Thank you.

19 CHAIRMAN JABER: Good morning.

20 MR. SHREVE: Good morning. We do appreciate the
21 Commission taking this matter up as early as you have so that
22 we can get these benefits to the customers. And I will be
23 brief. We have several Intervenors here that would like to
24 speak this morning.

25 I think you've all seen the settlement and I'm sure

1 the Staff has thoroughly reviewed it. It calls for a
2 \$250 million decrease in rates, which brings the total decrease
3 to \$600 million.

4 In addition to that, we have some protections in
5 there allowed to Florida Power & Light in case there are
6 anymore downturns which have to be covered. We have protection
7 for the customers in the way of a rebate and a sharing program
8 such as we did last time with what we feel very comfortable
9 with on the sharing points. The last agreement has produced or
10 will have produced when the agreement is up in April over
11 \$200 million in refunds. We feel this agreement will do just
12 as much, if not much more, as far as refunds go.

13 It's been a pleasure to work with all of the parties
14 in this case. And after Mr. Evanson completes his remarks, I
15 would like for the Commission, if we could, to give the parties
16 that are here an opportunity to speak and say what their
17 thoughts are on the agreement.

18 Here again, it's been a team effort. We've all
19 worked together on this and feel that we've produced a
20 settlement that is beneficial to the ratepayers in the State of
21 Florida. Thank you.

22 CHAIRMAN JABER: Thank you, Mr. Shreve. Mr. Evanson?

23 MR. EVANSON: Okay. Good morning. I'm delighted to
24 be here to seek your final order of approval of this settlement
25 agreement which I believe is in the best interest of all the

1 parties, including especially the FPL customers.

2 I'd first like to express our appreciation to the
3 Commission for encouraging the settlement and to end this
4 protracted, costly rate review proceeding. And I'd also like
5 to express my appreciation to Jack Shreve, the Office of Public
6 Counsel, and all the Intervenors for their constructive
7 approach in negotiating this agreement with us, sometimes
8 negotiating it too well, perhaps.

9 Reaching this agreement, reaching this settlement
10 agreement came after a very thorough and complete review of
11 FPL's operations by your Staff as well as all the Intervenors
12 in the case.

13 FPL filed or produced over 1,300 pages of minimum
14 filing requirements, 4,100 responses to discovery, 750 pages of
15 direct testimony from 13 expert witnesses with over 100,000
16 pages of documents attached. So the record, the record
17 demonstrates this was a comprehensive and exhaustive review of
18 our operations.

19 Now, as Mr. Shreve said, this agreement provides for
20 an annual permanent base rate reduction of \$250 million or
21 seven percent for all of our customers, and in addition a
22 midcourse fuel correction of \$200 million. This will put FPL's
23 rates about 18 to 20 percent below national averages.

24 The new agreement is patterned after the existing
25 agreement, which was entered into in 1999 and which cut base

1 rates by \$350 million. With the approval of this agreement,
2 base rates will then be \$600 million below the level of only
3 three years ago. And, frankly, we know of no company that has
4 ever cut rates by that order of magnitude.

5 Like its predecessor, the new agreement also provides
6 for future revenue sharing. And under the existing agreement,
7 we estimate that over \$200 million in special one-time refunds
8 to customers will be paid over the term of that agreement.

9 The agreement also continues the innovative
10 incentive-based regulatory structure championed by FPL, the
11 Office of Public Counsel and this Commission. The approach
12 offers FPL the opportunity to be rewarded to the extent that,
13 and really only to the extent that it improves operational
14 efficiencies and drives costs out of the system.

15 The FPL incentive during the term of the agreement
16 becomes the benefit to customers at the end of the agreement
17 through permanent rate cuts, which is exactly what this new
18 agreement is all about.

19 I believe the State of Florida and this Commission
20 are leading the nation in enlightened and progressive utility
21 regulation.

22 So in summary, I think this settlement is really a
23 win, win, win. I think it's a win for our customers, it's a
24 win for our shareholders and I think it's a win for the State
25 of Florida, and I urge your prompt, final order of approval of

1 it so that our customers may begin to enjoy these lower rates
2 beginning April 15th. Thank you very much.

3 CHAIRMAN JABER: Thank you, Mr. Evanson. Any other
4 parties to the settlement?

5 MR. SHREVE: Commissioner, if I might. We do have
6 several of the parties represented here, and I'll call on all
7 that I know that are represented here. And, once again, I
8 would like to point out that this is a docket that the
9 Commission opened. You elected to have this rate review. And
10 if the Commission had not opened it, then there's probably a
11 very good chance that we wouldn't be at the tables now with
12 this rate reduction. So I'd like to thank the Commission and
13 congratulate you on opening this docket. It is a different
14 situation than we normally have as far as a full-blown rate
15 case petitioned by the parties, but that's where we are.

16 I'd like to call, mention that we have had good
17 cooperation, excellent cooperation with everyone, and a few
18 people would like to make a few brief remarks. I'd like to
19 first call on Scheff Wright, if I could, who represents Lee
20 County. And this is one of the first times we've actually had
21 a county involved, and I think it's excellent that we have a
22 local government involved like this.

23 CHAIRMAN JABER: Mr. Wright.

24 MR. WRIGHT: Thank you, Madam Chairman. Scheff
25 Wright appearing on behalf of Lee County, Florida.

1 Lee County supports the stipulation and settlement.
2 I'd like to echo the comments of Mr. Shreve and Mr. Evanson;
3 thank the Commission very much for undertaking to hear the
4 settlement this quickly so that we can get the benefits of the
5 settlement in place for all of FPL's customers as soon as
6 possible.

7 This settlement is fair, reasonable and appropriate.
8 It provides a good incentive-based regulatory structure. It's
9 specifically beneficial to Lee County government as well as to
10 all FPL's residential, commercial, industrial and institutional
11 customers in Lee County and everywhere else in FPL's service
12 territory. We support the settlement. We thank you for your
13 prompt consideration of the settlement and we urge you to
14 approve it. Thanks.

15 MR. SHREVE: Publix Super Market is represented by
16 Tom Cloud. Mr. Cloud was on the road and I think unable to be
17 here. I'm not sure if anyone else had come in for Tom, but he
18 was, worked hard on all aspects of this case and the
19 settlement.

20 Ron LaFace representing the Florida Retail Federation
21 has worked diligently with us on this, and Seann Frazier, I
22 know, is here from the firm. I think Mr. LaFace is tied up in
23 the Legislature probably since this is the last day of the
24 session. So if, Seann, if you had any comments you wanted to
25 make.

1 MR. FRAZIER: We just want to echo the sentiments and
2 express our appreciation for this settlement. Thank you.

3 CHAIRMAN JABER: Thank you.

4 MR. SHREVE: Mr. McWhirter has worked diligently with
5 us in this, he is back in Tampa today, representing the Florida
6 Industrial Power Users Group. This is a group that we have in,
7 I guess, every single case and it's always good to have them in
8 here. They're real stalwart in their representation and work
9 in all of the cases. And although John is not here, Vicki
10 Kaufman is here representing FIPUG.

11 MS. KAUFMAN: Thank you, Madam Chairman, Mr. Shreve.
12 Vicki Gordon Kaufman on behalf of the Florida Industrial Power
13 Users Group. We echo all the comments that you have heard.

14 As Mr. Shreve said, FIPUG has a long history of
15 participation before this Commission in rate cases and other
16 matters that affect large consumers. We wish that all our
17 cases would have such a happy conclusion as this one.

18 We're very appreciative of the hard work of the
19 Commission Staff, the Commissioners and all the parties, and we
20 echo the comments that this is a settlement that's in the
21 interest of all the ratepayers of Florida. Not only does it
22 have tremendous benefits to all of the ratepayers, but it also
23 has resulted in the elimination of some protracted litigation
24 that has saved my clients and others as well a lot of costs.
25 We'd rather see that money coming back to the customers than

1 being expended on litigation before the Commission. So we
2 wholeheartedly support the settlement and also ask for your
3 final approval of it today. Thank you.

4 CHAIRMAN JABER: Ms. Kaufman, I just wanted you to
5 know that all your cases can conclude like this, if you want.
6 I couldn't let that go.

7 MR. SHREVE: Madam Chairman, one of our larger
8 clients we're going to have appear here today and make some
9 comments; Mr. Ed Paschall of AARP. Ed has come back from
10 Israel specifically for this hearing. I appreciate Ed coming
11 out. Ed always works with us, and we're happy to be able to
12 converse with them throughout these proceedings and have worked
13 with them and tried to cooperate with our, really with our
14 largest single consumer group in the state. And they've worked
15 with us on every case that we've had and it's always a
16 pleasure, and I appreciate Ed coming out.

17 CHAIRMAN JABER: Good morning.

18 MR. PASCHALL: Good morning, Madam Chairman, members
19 of the Commission. It's always a pleasure for us to have the
20 opportunity to come over here and speak to the Public Service
21 Commission, and especially in this case since it appears pretty
22 much that the deal has been done and it looks like a good deal
23 for everybody who is involved in it.

24 We would like to extend our compliments to all of the
25 parties who were involved in the deliberations that led to this

1 negotiated settlement, which does appear to be a very good one
2 for, as was mentioned a few minutes ago, a win, win, win
3 situation, that it should be a great benefit to everybody,
4 especially to a lot of the older people whom we represent and
5 who can certainly use every dollar that they can save as far as
6 their utilities are concerned because that's one of their
7 highest costs when it comes to their continuing their existence
8 either in the summer or in the winter. So we think this is
9 good, a good agreement and we hope that you will speedily
10 approve it. Thank you very much.

11 CHAIRMAN JABER: Thank you, Mr. Paschall.

12 MR. SHREVE: And of the parties that signed on the
13 agreement, last and by far from least, Mr. Mike Twomey. We
14 were wondering about Mike, but he did receive his fee from his
15 mother and dad last night, as I understand it. And I'd like to
16 ask if Mike would, if he has any comments he'd like to make.
17 Mike has worked with us hard on this and he's a hard man to
18 please, but he's up here.

19 CHAIRMAN JABER: Are you saying you saved Mr. Twomey
20 for last, is that what you're saying?

21 MR. TWOMEY: Not the best for last necessarily.

22 Madam Chairman, Commissioners, Mike Twomey on behalf
23 of Thomas and Genevieve Twomey. I'd like to just briefly
24 recognize some folks probably or chronologically, I guess, in
25 the order of this case.

1 First, I'd like to commend your Staff for bringing
2 this case to you and urging the filing that brings us to this
3 point. They deserve a lot of credit for that.

4 Next, y'all deserve credit for accepting the
5 recommendation and ordering the filing in this case and
6 sticking to that throughout.

7 Next, of course, would be the parties and Staff for
8 engaging in the very thorough discovery they engaged in, which
9 gave us reams of data Mr. Evanson spoke to moments ago, which
10 should have given confidence to all the parties that this
11 settlement is in the best interest of the consumers and the
12 company and give y'all confidence and your Staff confidence as
13 well that we had all the information we needed to make a
14 reasonable judgment of what the reduction should be.

15 Next, of course, I'd like to compliment Jack Shreve
16 and the management of the company for engaging in these
17 settlement negotiations and the other parties that played a
18 role in that, but particularly Jack Shreve for doing such a
19 great job for the consumers and for the company, being as
20 reasonable as they have been.

21 As one advocate in this case, I think the settlement
22 is excellent for the consumers of Florida, I assume it's good
23 for the company as well, and would urge your acceptance of it.
24 Thanks.

25 CHAIRMAN JABER: Thank you, Mr. Twomey.

1 MR. SHREVE: Okay. Madam Chairman, I think it's good
2 that Mr. Twomey pointed out the one thing that this Commission
3 did want and that everyone wanted was all the information that
4 was needed to review, and I think that has been thoroughly
5 reviewed, particularly by your Staff and all the parties and
6 the discovery that we've had in it.

7 South Florida Hospital Association is also a party.
8 Mr. Wiseman or the association has not signed on the agreement,
9 but I'd like to call on him, if he has any remarks at this
10 time.

11 CHAIRMAN JABER: Give me your name one more time.

12 MR. WISEMAN: Kenneth Wiseman for the South Florida
13 Hospital Health Care Association.

14 First of all, I want to express our appreciation to
15 Jack Shreve for the hard work that he's done in trying to craft
16 what would be a universal settlement of any support in the
17 concept of attempting to reach a settlement. Unfortunately, we
18 cannot support the settlement in this case and I guess I'm
19 feeling a little bit lonely over here, given the other
20 comments.

21 But that being said, let me also say at the outset,
22 and I say this with no disrespect whatsoever to the Commission,
23 but I'm somewhat chagrined that we have but five minutes to
24 present our position because we thought at least that we'd be
25 given the opportunity to present a thorough analysis to show

1 why this settlement should not be approved.

2 CHAIRMAN JABER: How much time do you need,
3 Mr. Wiseman?

4 MR. WISEMAN: I would need at least a half an hour.

5 CHAIRMAN JABER: Okay. Commissioners, what's your
6 pleasure? I mean, we've read the settlement. We really are
7 here to discuss the proposed settlement. It was a proceeding
8 that the Commission initiated. How about you do the best you
9 can with 15 minutes.

10 MR. WISEMAN: All right. I'll take a shot at that.
11 Thank you very much.

12 The first item that I'd like to point out that we
13 disagree with strenuously is the proposition that the
14 \$250 million cost-of-service reduction is adequate. We believe
15 that if we were given the opportunity to present evidence in
16 this case, we could show that a cost-of-service reduction more
17 along the lines of a minimum of \$500 million is what's needed
18 in this case, and we think the evidence would support that.

19 Now I don't have time, I don't believe, to go through
20 the items individually as I had intended. But we have
21 presented testimony concerning specific items that are included
22 in FPL's test year, projected test year cost-of-service that
23 are inappropriate. And when you compile those items together,
24 it amounts to, I believe it's approximately \$475 million in
25 cost-of-service reductions.

1 On top of that, certain items that we can quantify at
2 this time, but which were, we intended to develop through
3 cross-examination and on brief, relate to FPL's requested
4 return on equity, which we believed the evidence that's in the
5 case right now, if you simply look at the evidence presented by
6 Dr. Olivera, FPL's witness on return on equity, would support a
7 100 to 200 basis point reduction in the midpoint return on
8 equity that he's proposed. And that produces an additional
9 \$47 million reduction to FPL's test year cost-of-service.

10 On top of that, there are, there's an issue related
11 to the Sanford repowering project. Based upon the evidence
12 that is available to us right now, we know that there's a cost
13 overrun of approximately \$100 million on that project. FPL's
14 ratepayers shouldn't be required to pay for a cost overrun
15 that's caused by FPL's inefficient process of constructing the
16 repowering project. That would produce another \$13 million per
17 year reduction to the test year cost-of-service.

18 So when you add those items up together, and these
19 are items that we can quantify right now, we come up with
20 \$535 million in cost-of-service reductions. And to be honest,
21 when we compare that to the \$250 million reduction that's
22 called for in the settlement, the \$250 million reduction does
23 not seem adequate and we don't believe that it's, it will
24 result in just and reasonable rates.

25 One particular item that I want to talk about in the

1 cost-of-service reductions relates to FPL's capital structure.
2 FPL has an extraordinarily thick equity component in its
3 capital structure. It's 64 percent. That's excessive for an
4 A-rated utility. If you look at Standard & Poor's, Standard &
5 Poor's suggests that an A-rated utility facing, having a risk
6 profile similar to FPL's should have a capital structure of
7 approximately 50 percent common equity. That's, in fact -- by
8 the way, the 50 percent common equity is directly consistent
9 with a comparison group that Mr., I'm sorry, Dr. Olivera used
10 in his testimony on behalf of FPL.

11 Standard & Poor's and Moody's have both said that FPL
12 Group is engaged in high-risk business activities by its
13 nonregulated affiliates. Those nonregulated affiliates are
14 involved in building independent power projects in other
15 states. And it's because of those unregulated activities in
16 the high business risk that FPL Group has to have a very thick
17 equity component in order to provide credit protection.

18 Now the effect of having that equity component, that
19 thick equity component is FPL's ratepayers are subsidizing the
20 activities of unregulated affiliates. And, again, those
21 activities are the construction of power plants in other states
22 that in no way serve the ratepayers in Florida.

23 The effect of that item alone is approximately
24 \$173 million in the test year cost-of-service. So you take
25 that item alone and you're bumping right up against the

1 \$250 million reduction that the settlement provides without
2 even getting into the other items that I would include in our
3 quantification of \$500 million in cost-of-service reductions.

4 Now those are the items -- so far I've referred to
5 items that we can quantify, but I want to stress that there are
6 a lot of items that we can't quantify at this time. And,
7 frankly, that's because FPL has been stonewalling on discovery
8 in this case.

9 There's no question but that FPL has been engaged in
10 numerous transactions with unregulated business affiliates.
11 The law is clear that we have the right in discovery to obtain
12 information about those activities to find out whether they're
13 impacting rates or not.

14 In fact, as we're sitting here today, there's an
15 order from Commissioner Baez acting as presiding officer
16 requiring FPL to produce that information, but FPL hasn't done
17 it. Instead what it did is it filed what we regard as a
18 frivolous motion for reconsideration, which was a way of FPL
19 stonewalling and not providing the information to which we're
20 entitled.

21 Now what are those activities? First of all, there
22 is a -- FPL Group's 2000 annual report indicated that the FPL
23 Group owned interest in an entity called Adelpia
24 Communications Corp. It sold that at a \$150 million gain. The
25 annual report also indicated that FPL Group redeemed interest

1 in a cable TV partnership for a \$108 million gain. We know for
2 sure that FPL's been engaged in activities at least with
3 Adelphia, and we were trying to find out whether it was engaged
4 in activities, business activities with this other organization
5 as well.

6 The business activities with Adelphia, FPL admits
7 that Adelphia uses FPL property in conducting Adelphia's
8 business. Now FPL does get rentals, rent revenues from
9 Adelphia, but the question is are those adequate or not? Are
10 they covering the costs or are FPL's ratepayers subsidizing
11 Adelphia's investors?

12 We'd like to get discovery about that, but we have
13 been denied discovery at this point because FPL just hasn't
14 turned it over, notwithstanding the order from Commissioner
15 Baez.

16 FPL also sold property in 2000 to an affiliate called
17 FiberNet. Now those assets, and FPL admits this, those assets,
18 it was a fiber optic network, originally were constructed to
19 support FPL's utility operations. Since the transfer to
20 FiberNet, FPL's rental revenues have dropped precipitously. I
21 think that creates a clear question: What is going on with
22 this affiliate? Again, we've sought information about this and
23 FPL has stonewalled. We haven't gotten the information.

24 There's another affiliate named Land Resource
25 Investment Company. FPL surveillance reports clearly disclose

1 that millions of dollars of FPL property have been shed and
2 provided to that entity. But, again, we don't know what the
3 purpose of that is and whether that's resulting in a transfer
4 of ratepayer value over to the investors in the unregulated
5 business activities.

6 COMMISSIONER JABER: Mr. Wiseman, I just want to give
7 you a heads-up that you have just two or three minutes left.

8 MR. WISEMAN: All right. Thank you.

9 The point is that there's an inadequate record in
10 this proceeding. Neither the Commission nor really any members
11 that signed onto the stipulation have any knowledge of what the
12 impact is of the unregulated business activities on FPL's
13 rates.

14 Since I only have a couple of minutes, I'll cut to
15 the end. The bottom line is that we think there's inadequate
16 information about FPL's dealings with affiliates. We believe
17 that if you look at FPL's resource planning process, that also
18 is a matter that's not been disclosed on this record because
19 FPL stonewalled on providing discovery concerning it. And we
20 know at a minimum that it's resulted in a \$100 million overrun
21 in at least one case.

22 FPL's rates haven't been examined on a comprehensive
23 basis in 18 years. And, again, I don't say this -- well, I say
24 this with no disrespect to the Commission, but that has got to
25 be a record for a regulated public utility in this, in this

1 country.

2 It's time that FPL's rates be examined
3 comprehensively. What we would ask is that you defer ruling on
4 this stipulation; that what you do is you allow the discovery
5 process to be completed so that we obtain the information
6 concerning FPL's affiliate dealings and concerning its resource
7 planning process; that after obtaining that discovery, you hold
8 a hearing on the merits of the settlement proposal to find out
9 whether the settlement proposal, in fact, results in just and
10 reasonable rates. And that's a determination that we submit
11 can only be based upon a full and adequate administrative
12 record, and that's not something that the Commission has
13 currently before it. Thank you very much.

14 CHAIRMAN JABER: Thank you, Mr. Wiseman. Staff, I've
15 got -- and, parties, I know you probably want to respond, but
16 let's allow you to respond after the Commissioners ask
17 questions as well.

18 Staff, I have a series of questions. Some go to the
19 points raised by Mr. Wiseman, some go to your recommendation
20 and some really serve to clarify for me the terms of the
21 settlement.

22 I was trying to understand the revenue sharing
23 mechanism, first of all. And, Dale, I'm sorry to skip around
24 on you like this, but the revenue sharing mechanism, if I
25 understood it correctly, for the Year 2002, all revenues

1 between \$3,580,000 and \$3,740,000 would be shared one-third to
2 the shareholders and two-thirds to retail customers. Now
3 because we're, we've already started 2002, there's a cap, if I
4 understand it correctly, for the Year 2002 to 71.5 percent of
5 the revenues exceeding the cap.

6 MR. MAILHOT: That's correct.

7 CHAIRMAN JABER: For the Year 2003, revenues between
8 \$3,680,000 and \$3,840,000 are shared, again, one-third to
9 shareholders, two-thirds to the retail consumer.

10 MR. MAILHOT: That's right.

11 CHAIRMAN JABER: All -- and this is critical. I want
12 to make sure I'm doing this right. All revenue over \$3,840,000
13 will be refunded entirely to the retail customer. Is that your
14 understanding of this settlement?

15 MR. MAILHOT: Yes.

16 CHAIRMAN JABER: For the Year 2004, all revenues
17 between \$3,780,000 and \$3,940,000 are shared, again, one-third
18 to the shareholders, two-thirds to the retail customers, and
19 all revenue over the \$3,940,000 will be refunded entirely to
20 the consumers.

21 MR. MAILHOT: Yes.

22 CHAIRMAN JABER: In the Year 2005, which, if we
23 accept the settlement, will be the last year of the settlement;
24 right? That's all revenues between \$3,880,000 and \$4,040,000
25 will be shared one-third to shareholders and two-thirds to

1 retail consumers. All, all revenue over \$4,040,000 will be
2 refunded entirely to the retail consumer.

3 MR. MAILHOT: That's correct. But all those amounts
4 are billions, yes.

5 CHAIRMAN JABER: All right. Now I want to
6 understand -- what did you say?

7 MR. MAILHOT: They're all billions.

8 CHAIRMAN JABER: Oh, thank you. See.

9 MR. LITCHFIELD: We appreciate that clarification
10 from Staff.

11 CHAIRMAN JABER: So do I. So do I. So do I.

12 Now I want to understand the cost-of-service study.
13 It's my understanding that the cost-of-service study filed by
14 FP&L shows that some groups are below parity and some are above
15 parity.

16 MS. KUMMER: Yes, ma'am.

17 CHAIRMAN JABER: For the hospital group, it's your
18 representation that the Hospital Association is currently below
19 parity.

20 MS. KUMMER: I would assume without first-hand
21 knowledge that they would be served under one of the general
22 service demand classes, and those are all below parity to some
23 degree. Yes, ma'am.

24 CHAIRMAN JABER: What do you mean by parity?

25 MS. KUMMER: Parity is a bit of a short-hand term in

1 cost-of-service. The purpose of a cost-of-service study is to
2 determine if a class's revenue recovers the costs necessary to
3 serve that class.

4 A benchmark we use is to compare the rate of return
5 within a class to the system rate of return. That's what we
6 call a parity ratio. If the system, if the class rate of
7 return is higher than the system rate of return, it's above
8 parity. If it's below the system rate of return, it's below
9 parity.

10 CHAIRMAN JABER: And through the rate case
11 proceeding, as I recall when we initiated the proceeding, one
12 of the discussions we had was let's make sure that the rate
13 classes are at parity, they're where they need to be in terms
14 of contribution levels. And had -- if this Commission decides
15 to go forward with the rate proceeding, what that means for the
16 Hospital Association is we take them to parity, which in
17 dollars, and, again, correct me if I'm wrong, but in dollars
18 that equates to a rate increase.

19 MS. KUMMER: In a theoretical sense, that's correct,
20 that we do try to bring classes as close to parity as possible
21 in a rate case. In a case where we have a revenue reduction
22 across the board, what would likely happen is they would get
23 less of an increase perhaps than other classes are above parity
24 if -- for classes which are already below parity. And that, in
25 fact, is what happened with the lighting classes, as stated in

1 the stipulation, that they did not get a decrease for those
2 classes because they're already so far below parity, we didn't
3 feel that it was necessary.

4 CHAIRMAN JABER: Now how does the stipulation address
5 that? If I understand the stipulation correctly, it actually
6 keeps the classes right where they are and allows the rate
7 reduction to be shared with all classes regardless of the fact
8 that they're not at parity.

9 MS. KUMMER: That's the proposal. It is an
10 across-the-board reduction. This is different from what has
11 been proposed and accepted in the other stipulations offered by
12 the company and the parties in that those were allocated on
13 energy. If you allocate the decrease on energy, more of the
14 decrease goes to large customers simply because they have more
15 kilowatt hours to allocate it on.

16 This method of allocating on a percentage across the
17 board does not help parity, but it does not make it worse the
18 way an energy allocation would tend to do.

19 CHAIRMAN JABER: Now from the recommendation, just a
20 couple of things I need to understand, on Page 4 you make the
21 comparison of a percentage reduction in base rates to, in the
22 fashion that the stipulation sets forth, to sort of a base rate
23 reduction based on an energy allocation. And Staff's
24 recommendation is the settlement actually does it better, that
25 an allocation based on energy usage is, is, and I'm reading

1 into your sentence, is almost unfair.

2 MS. KUMMER: It tends --

3 CHAIRMAN JABER: Can you elaborate?

4 MS. KUMMER: That is correct. An energy allocation,
5 again, tends to give a larger percentage of the decrease to the
6 larger customer classes, the commercial classes which are
7 already below parity. The across-the-board increase gives
8 everybody a fairer shot at the pot of dollars to decrease
9 those, yes.

10 CHAIRMAN JABER: In the last stipulation was the rate
11 reduction done based on an energy allocation?

12 MS. KUMMER: Yes, ma'am. And we much prefer the
13 across-the-board.

14 CHAIRMAN JABER: On Page 5 of your recommendation,
15 when you're going through the individual items of the
16 stipulation, you make reference to the fact that Item 10
17 probably should be clarified.

18 MR. SLEMKEWICZ: Yes. That the -- that -- they can
19 take that credit of up to \$125 million against depreciation
20 expense, but it would be on a calendar year basis. So for 2002
21 it would just be over the rest of the year and then it would be
22 on an annual calendar year basis for the rest of the agreement.

23 CHAIRMAN JABER: But the purpose of your statement,
24 is that something we, if we accept the settlement, we should
25 clarify in the order or should we seek clarification from the

1 parties? What is it you need to accomplish this clarification?

2 MR. SLEMKEWICZ: Well, we've been looking at the, you
3 know, the plan -- the existing plan ends this April. And we
4 just wanted to make sure that it did not keep going from April
5 to April on an annual basis for their proposal. And we just
6 wanted to make sure they're doing it on a calendar year basis
7 rather than April to April.

8 COMMISSIONER DEASON: Under your proposal or the way
9 that you view this, what would be the maximum amount of credit
10 which could be taken in the Year 2002?

11 MR. SLEMKEWICZ: They could take the entire
12 \$125 million, if they decided to do that.

13 COMMISSIONER DEASON: But it would be from April to
14 December 31, and then after, every subsequent year it would be
15 a calendar year basis until the termination of the agreement,
16 which is in 2005.

17 MR. SLEMKEWICZ: That's correct.

18 COMMISSIONER DEASON: Okay. Is that the parties'
19 understanding as well?

20 MR. LITCHFIELD: That's correct.

21 CHAIRMAN JABER: Mr. Shreve?

22 MR. SHREVE: Yes.

23 CHAIRMAN JABER: All right. Finally, Staff, we heard
24 Mr. Wiseman's remarks. Do you have any concern that you didn't
25 have responses to your discovery or that there was stonewalling

1 on your discovery? The parties have represented that actually
2 there's adequate discovery and adequate information in the
3 case. I want to make sure that Staff agrees with that.

4 MR. MAILHOT: I believe the company has provided
5 responses to all of our questions so far.

6 CHAIRMAN JABER: And, Staff, if I've done my math
7 correctly and understand the revenue sharing mechanism, it's
8 actually a continuation of the revenue sharing plan that has
9 been existence, in existence that will expire April 15th of
10 this year. And do you have any idea of what that equates to in
11 dollars at the end of 2005? How big of a revenue refund, rate
12 refund are we talking about for the consumers of the State of
13 Florida at the end of 2005?

14 MR. MAILHOT: Beginning in April of 2002?

15 CHAIRMAN JABER: Yes.

16 MR. MAILHOT: Roughly, if you add in the midcourse
17 correction, it's probably to a billion dollars over three and
18 three-quarters years.

19 CHAIRMAN JABER: Dale, I can't hear you.

20 MR. MAILHOT: It's probably close to a billion
21 dollars over three and three-quarters years in total.

22 CHAIRMAN JABER: Commissioners, those are all the
23 questions I have right now. Any questions?

24 COMMISSIONER DEASON: Madam Chairman, I have just a
25 few questions concerning the agreement and Staff's

1 recommendation, more, I think, clarification than anything
2 else. If now is the appropriate time, I can ask those
3 questions.

4 CHAIRMAN JABER: Absolutely.

5 COMMISSIONER DEASON: Okay. I'll direct this at
6 Staff and then, if I need further amplification, I'll address
7 it to the parties. But I'm looking at the agreement itself,
8 which is Page 14 of the recommendation, and I'm looking at
9 Paragraph 12. And this is, this concerns amortization expense
10 that's recorded as an offset to the investment tax credit
11 interest synchronization adjustment.

12 I just need further understanding. Exactly what,
13 what does this accomplish and what's the reason for it?

14 MR. MAILHOT: Items 11 and 12 actually are very old
15 items from the company's last rate case, and they should have
16 been or they should be addressed at the time of the company's
17 next rate case. And this is really, it's somewhat of a cleanup
18 item for something that they've been recording for the last
19 probably 15 years at least.

20 COMMISSIONER DEASON: So this is something that if we
21 had actually taken this matter to hearing, this would have been
22 something that would have been accomplished, at least it would
23 have been Staff's recommendation to have accomplished this in
24 the final order?

25 MR. MAILHOT: That's correct.

1 COMMISSIONER DEASON: Okay. The, the other question
2 I have, I guess this is probably more appropriately addressed
3 to the company, and it has to do with the ability of the
4 company to, to book credit amounts to the depreciation expense
5 up to \$125 million per year. And we got, just got
6 clarification as to how that would work during the, during the
7 duration of this agreement.

8 I, I can understand the necessity for this. It gives
9 the company some, some flexibility. This agreement is over a
10 number of years and you cannot look into a crystal ball and
11 know exactly what's going to transpire during that period of
12 time. I guess it gives the company some ability to have some
13 consistency and stabilize earnings, if necessary.

14 I guess my question, I guess I'm looking for some
15 assurance from the company, is that this provision will not be
16 utilized unnecessarily. I think that I'm looking for a
17 commitment that the company will continue its, its stellar
18 track record in the past of being efficient in managing their
19 company effectively to the benefit of its stockholders and its
20 customers and that these amounts will not be utilized unless
21 necessary, and that's the kind of comfort I'm looking for. And
22 if someone can address that, I certainly would appreciate it.

23 MR. EVANSON: Well, Commissioner Deason, we certainly
24 intend to continue to operate the company in the same efficient
25 manner we have in the past and we certainly will be making

1 every effort to improve operational efficiency and
2 productivity. And I think that's also inherent in the
3 agreement that's giving us that incentive to continue to do it,
4 number one.

5 Number two, on the depreciation side, I think it's
6 likely that we would avail ourselves of that provision probably
7 to the fullest extent probably in every year. And I say that
8 for not, not primarily because of the earnings impact, but also
9 because when we actually compare ourselves, our depreciation
10 rates to all of our various peers in the industry, it's very
11 clear that our rates are far higher than most. In fact, they
12 may be the highest in the industry in terms of the depreciation
13 rate that we're taking.

14 So we've done a lot to do that, we've changed a lot
15 of policies, and I think perhaps we've gone too far in that
16 area. We did, as you know, in the '90s under the depreciation,
17 special depreciation program approved by the Commission take
18 perhaps an additional billion dollars of special depreciation
19 secondly. And then when we go back and look at the remaining
20 book value of our assets, they are extremely low and extremely
21 low compared to industry averages. The fossil is about, I
22 think it's almost a fourth of what the industry average is; the
23 nuclear is about the same order of magnitude. So in a sense
24 we've significantly -- it appeared to me relative to industry
25 and also relative to market value, those assets have been very

1 highly depreciated.

2 And indeed, as you know, when the 2020 Study
3 Commission was looking at issues of transferring assets out of
4 rate base unlike almost every jurisdiction in the country that
5 had a concern about stranded costs, the issue that, that raised
6 in the Commission was really stranded benefit because the
7 assets are depreciated to that degree.

8 So, frankly, we think it's appropriate to look at
9 that depreciation and that, and that this reduction is probably
10 bringing depreciation to an appropriate level. And since we
11 will not be having, I believe, not having a full review of
12 depreciation by the Staff during that period, we think the
13 review probably would have shown that we were overdepreciating.

14 So it serves a few purposes, but I think it certainly
15 would serve the purpose of bringing our depreciation more
16 in-line. And I think after we've taken that, to the extent
17 that we take the full \$125 million, we actually will be in-line
18 with peer groups.

19 So, first, I think we probably will be taking it but,
20 secondly and most importantly, it will have no impact
21 whatsoever on our intense effort to continue to improve
22 operations.

23 COMMISSIONER DEASON: When is, when is the next
24 depreciation study due to be filed?

25 MR. EVANSON: Depreciation study?

1 COMMISSIONER DEASON: Depreciation study, yes.

2 MR. EVANSON: I think it otherwise would have been
3 filed in 2003. And I believe, the attorneys can correct me, I
4 believe under this agreement that'll be postponed until --

5 CHAIRMAN JABER: Ms. Lee, you have the date?

6 MS. LEE: Yes. The company was granted a waiver to
7 file their depreciation study April 30th, 2003, unless there
8 was a settlement in the rate case, at which time it would come
9 forth that they would come forward.

10 CHAIRMAN JABER: Come forth when?

11 MS. LEE: That date would be relooked at, come
12 forward, it would be a lot sooner than the April 2003 date.

13 COMMISSIONER DEASON: So when do we anticipate that
14 the next study will be due?

15 MS. LEE: It is my understanding talking with the
16 company, they can file a study by October the 30th of this
17 year, recognizing the settlement goes through.

18 MR. ELIAS: And, Commissioners, if I might add, we
19 recognize that one of the explicit terms of the settlement is
20 that depreciation rates will not change during the term of the
21 settlement, but we still see validity to the study and getting
22 the information and keeping tabs on it on a regular basis.

23 COMMISSIONER DEASON: Well, I'm glad we're having
24 this discussion because it's clarifying to me the purpose of
25 this latitude which is given to the company that it's really

1 not a cushion to be able to absorb earnings or unforeseen
2 circumstances. This is really an effort to get depreciation,
3 at least in the view of the company, to a level to where it
4 needs to be. That's what I understand the explanation. Am I
5 oversimplifying it, Mr. Evanson?

6 MR. EVANSON: Well, I think there are two aspects.
7 That's clearly one, and I think one that otherwise is
8 overlooked. But the second is certainly it helps, it does
9 cushion the earnings impact to the company on, from a
10 \$250 million rate cut.

11 COMMISSIONER DEASON: I guess what I'm, I'm hopeful
12 that we can avoid, and it gives me some comfort in your
13 representation that this is really an effort to get
14 depreciation reserves, not the rates, the rates stay the same,
15 get the depreciation reserves in the long-term where they, they
16 need to be.

17 We know that if, if we underdepreciate or
18 overdepreciate, there has to be corrective measures taken after
19 the next study. And my effort, I mean, my concern is try -- I
20 want the depreciation reserves to be as accurate as possible.
21 I want to hopefully avoid though erratic changes in
22 depreciation rates. And I know that this agreement keeps rates
23 frozen, depreciation rates frozen during the entire period. I
24 would hope that after the conclusion of this settlement, if it
25 is approved, that we would not find ourselves in a situation

1 where depreciation reserves are way out of balance from where
2 they should, theoretically should be. And you've given me the
3 indication that you think this is a step in the right direction
4 to get those, actually to get those, as a positive thing to get
5 the reserves where they should be.

6 MR. EVANSON: Right.

7 COMMISSIONER DEASON: I'm looking for some feedback
8 from Staff. Does Staff share that view or does Staff feel like
9 that it's just too unpredictable at this point to forecast that
10 far ahead as to where depreciation reserves should be?

11 MS. LEE: Commissioner, I think it's too early to
12 tell, as the story goes.

13 I am concerned with the company's statement that all
14 of the sudden their plant is, quote, overdepreciated. My
15 personal opinion is this reversal of depreciation expense, if
16 you will, is a cushion, a management of, to help them manage
17 earning. And it's interesting, at least to me, that the prior
18 stipulation where the company was recording additional
19 depreciation expense, and I think it was in the magnitude of up
20 to \$100 million a year in discretionary amortization expense,
21 and the caveat was that that accelerated amount would not be
22 carried forward in the design of depreciation rates. Follow me
23 through, you're booking additional depreciation expense, which
24 would, if it was included in the reserve, would lower your
25 depreciation rate. That stipulation did not allow us to

1 include it in the depreciation rate design.

2 Now when it's going the other way, they're going to
3 credit the, the expense, they want that included in the
4 depreciation, depreciation rate design next time, which will
5 lower depreciation rates even further.

6 COMMISSIONER DEASON: We have -- under the previous
7 stipulation though we have accumulated some \$170 million in
8 recognition of that additional, additional depreciation.

9 MS. LEE: Right.

10 COMMISSIONER DEASON: And that that's going to be the
11 first item which is going to be addressed in the flexibility of
12 the company to book \$125 million per year; correct?

13 MS. LEE: Exactly. Essentially reversing that out.
14 Uh-huh.

15 COMMISSIONER DEASON: Okay.

16 CHAIRMAN JABER: Commissioners, any other questions?

17 COMMISSIONER BRADLEY: Yes, I have a question.

18 Item 13, and by no means am I encouraging an
19 increase, but I just need some explanation of Item 13. You
20 know, one of your service areas is Dade County, and I'm just
21 curious as to what the impact of Item 13 is going to be upon
22 your quality of service if, in fact, we have another no-name
23 storm come through South Florida. What are your plans to, to
24 deal with that, if we have another catastrophic event such as
25 what we had a couple of years ago?

1 MR. LITCHFIELD: We do have reserves. This is Wade
2 Litchfield on behalf of FPL. We do have a storm fund reserve
3 which would be used as well as insurance proceeds to finance
4 reconstruction of any portion of the system that happened to be
5 taken down by a major storm. We would hope that would be
6 sufficient.

7 To the extent that it wasn't and we needed additional
8 funds, we would make that request of the Commission at that
9 time. But that is our plan.

10 We had asked to increase the accrual in the reserve
11 in the storm fund, but as part of the give and take in the
12 course of reaching a settlement we had agreed to withdraw a
13 request in that regard. We feel, however, though that we have
14 the good faith of the Commission backing us, as well as, to
15 some extent, the reserves and the insurance proceeds to back us
16 in those instances.

17 COMMISSIONER BRADLEY: One other question.

18 CHAIRMAN JABER: Uh-huh. Go ahead.

19 COMMISSIONER BRADLEY: Now this is not going to
20 result in any layoffs within your labor force, is it? I'm
21 thinking about the crews that need to be available.

22 MR. LITCHFIELD: The agreement of the -- the
23 settlement agreement will not result in layoffs, is that your
24 question, Commissioner Bradley?

25 COMMISSIONER BRADLEY: Yes. Will it?

1 MR. LITCHFIELD: Will it?

2 COMMISSIONER BRADLEY: Yes.

3 MR. EVANSON: Well, I wouldn't say the settlement as
4 such would, but we continually and regularly look at improving
5 our operations and our productivity. And I'd say over the
6 whole decade of the '90s we have regularly perhaps made
7 reductions of one kind or another in personnel; some years
8 greater, some years not.

9 So this, this in and of itself doesn't change that,
10 although it certainly makes it more challenging to achieve what
11 people might consider satisfactory return because there will be
12 a lot of pressure on the company to try to make those
13 satisfactory returns. But we're not going to do it. We're not
14 going to jeopardize service in any way as a result of that.

15 COMMISSIONER BRADLEY: Okay.

16 CHAIRMAN JABER: Just to follow-up, just to drive
17 this point home, one of the things, frankly, I was impressed
18 with as I went to your service hearings in particular was the
19 amount of customers that came out in support of FP&L's service.
20 And only a handful in terms of -- you know, it's all relative,
21 I'm sure. But in terms of how many customers you serve, it was
22 just a handful of people that were not pleased with your
23 quality of service. And as I recall, those concerns were
24 immediately addressed by your staff, and there were a lot of
25 concerns with respect to the rate levels.

1 But similar to Commissioner Deason, I guess I'm
2 looking for your assurance that if we accept this settlement at
3 the end of the discussion, that the good quality of service
4 that you do provide will not be jeopardized in any manner.

5 MR. EVANSON: That's absolutely so. And the
6 agreement that we're entering into is really very similar and
7 analogous to the agreement that we entered into three years
8 ago. And I think, as you noted, the quality of service has
9 actually improved significantly during that three-year period.
10 So our intention is clearly to try to continue that going
11 forward, and this will in no way, signing this, approving this
12 agreement would in no way jeopardize that.

13 CHAIRMAN JABER: Commissioners, any other questions?

14 COMMISSIONER PALECKI: I'd just like to ask a
15 follow-up question to Commissioner Bradley's inquiry, inquiry
16 regarding the storm damage reserve.

17 I recollect that this reserve fund was created after
18 Hurricane Andrew because it was impossible to get reasonable,
19 reasonably-priced insurance after that disaster.

20 Has that situation changed in Florida Power & Light's
21 territory and do you have a situation now where you can
22 purchase insurance at a more reasonable rate?

23 MR. EVANSON: The insurance has improved a little
24 bit. Certainly right after Hurricane Andrew you could not get
25 any insurance coverage at almost any reasonable price. It has

1 improved, but I think the, the economics is such that to the
2 extent you can reasonably build the fund, it's more economic to
3 do that than to purchase insurance. And what we've tried to do
4 is get a mix of the two because the insurance gives you a big
5 benefit day one, big coverage day one; whereas, the fund builds
6 up over time.

7 COMMISSIONER PALECKI: What is the level of the fund?

8 MR. EVANSON: So we don't, we still don't have
9 insurance more, the levels necessarily that we'd like or the
10 rates the way they are. I think now it's about \$100 million of
11 insurance coverage. At the time of Hurricane Andrew it was
12 \$350 million with a premium of about, I believe it was
13 \$3 million, maybe even less. It was like a one percent. So
14 since then the percentage premiums have increased
15 significantly.

16 COMMISSIONER PALECKI: So your situation now is that
17 you're insured in the amount of \$100 million?

18 MR. EVANSON: \$100 million, \$100 million at certain
19 levels.

20 COMMISSIONER PALECKI: And that's in addition --

21 MR. EVANSON: It's kind of complicated because there
22 are deductibles and then it goes in certain levels.

23 COMMISSIONER PALECKI: And that's in addition to the
24 storm fund?

25 MR. EVANSON: Yes.

1 COMMISSIONER PALECKI: Thank you.

2 CHAIRMAN JABER: Commissioner Baez?

3 COMMISSIONER BAEZ: Just one follow-up on that
4 because this Section 13 of the -- is Section 13 creating a
5 right of recovery that didn't exist before? Does the
6 agreement, is the agreement offering you the ability to come
7 back and, and recover prudently incurred costs in excess of
8 whatever the storm reserve was that didn't exist before?

9 MR. EVANSON: Well, no, it doesn't change, I think,
10 what was there before. Actually what, what makes the most
11 economic sense, and I think what we came in and requested some
12 time ago from the Commission after Hurricane Andrew was, was an
13 agreement or a rule from the Commission that to the extent that
14 there were losses, significant losses from the storm, that we
15 would have the ability to recover them via a clause over a
16 three-to-five year period. That's probably -- that's more
17 economic, makes more economic sense, you might say, using that
18 word generally, than it is even to set up a fund.

19 But the Commission at that time said that that logic
20 made a lot of sense and, to the extent you are short, why don't
21 you come in and we'll talk about it then? And I think what
22 this is doing is continuing that same logic. So there's not a
23 change in my mind in the substance of where we were before that
24 provision.

25 COMMISSIONER BAEZ: Thank you.

1 CHAIRMAN JABER: Commissioner Bradley?

2 COMMISSIONER BRADLEY: Yes. Just to, not to belabor
3 the point, but so then the Commission should assume then that
4 you have sufficient funds to cover a catastrophic event at this
5 time in this particular reserve fund?

6 MR. EVANSON: No. We, we have, we have what we think
7 is adequate for most occurrences. But I could tell you surely
8 if a storm like Hurricane Andrew hit Miami and came right up
9 the east coast through Palm Beach, there would not be nearly
10 enough assets in that fund in insurance and it would be a
11 significant impact to the company, and there's no doubt I would
12 be here before you asking for some kind of special relief on it
13 because you could be talking about billions of dollars in that
14 case.

15 COMMISSIONER BRADLEY: Okay.

16 CHAIRMAN JABER: Mr. Shreve, we've had some
17 discussion this morning. Is there anything that you've heard
18 this morning that changes your opinion or your involvement in
19 this settlement being, in your opinion, a good settlement?

20 MR. SHREVE: No, Commissioner, there's not. And I do
21 have a couple of comments, if I may.

22 I don't really have any argument or disagreement with
23 Mr. Wiseman's statements on the issues that he made. As you
24 know, we come in with what we consider a strong case and put
25 forth every issue before this Commission that we feel is

1 justified and credible. I will have to say we have not always
2 won on the issues that we have, even though they're totally
3 justified, and we always intend to put on that strong case,
4 knowing we won't necessarily win on every issue and certainly
5 the company will not win on every issue. So we take that into
6 consideration.

7 Our case actually issue by issue would have called
8 for larger cuts in some issues than Mr. Wiseman's would, and I
9 think he did a good job in putting those issues together.

10 Some of the parties filed for less of a rate
11 reduction than we have in the settlement. So I think you have
12 to take it in perspective. If we could get some type of
13 assurance from the Commission that we could have our way on all
14 the issues, you'd be surprised what we'd have.

15 CHAIRMAN JABER: We'll see what we can do.

16 MR. SHREVE: But we don't have that assurance.

17 CHAIRMAN JABER: We'll see what we can do for you.

18 MR. SHREVE: Well, I appreciate that, and y'all have
19 done well. You've provided us an opportunity here to file and
20 get the discovery. And on the discovery, we, of course, have
21 had some arguments with Florida Power & Light, as we do with
22 all the utilities on the discovery, sometimes they're things
23 that we think we might be entitled to that they might disagree
24 and we come to you and have those straightened out. And I
25 think we have, we've certainly had arguments in this case. I

1 think we've availed ourselves of the procedures and done well
2 and had good cooperation with some disagreement on what we
3 should have.

4 Back to the point about the issues. We understand
5 that and we'll always continue to put forth the strongest
6 credible issues we can.

7 The Commission is not, does not lose any authority in
8 this. As you know, and the parties have discussed this, we do
9 not take away any of your authority to bring Florida Power &
10 Light back, if you deem to at some time in the future, just
11 like you did this last time. And Mr. Wiseman may have done the
12 wise thing -- that's a bad pun -- the correct thing here. I
13 mean, the other parties are bound by this that have signed on
14 the stipulation. Mr. Wiseman has not, so the Hospital
15 Association, I think if they decided they wanted to pursue
16 something in addition at a later time, they could. I don't
17 think they're bound in some ways the same way the other parties
18 are.

19 Just to go into a little of the logic or background
20 of this agreement and possibly some other agreements. And, you
21 know, we've had quite a few stipulations that have come out. I
22 guess the first really -- now we started having stipulations
23 with some refunds in cases before basically on overearnings.
24 Then we moved into really an incentive-type stipulation with
25 Bell was the first really large one where we had a \$300 million

1 rate cut with refunds that amounted to over, over \$300 million
2 during the four-year term of that agreement.

3 We then tailored things differently with Florida
4 Power & Light and with Gulf in the last one because I think
5 using the revenue as a measurement rather than ROE, it puts the
6 customers in a position to benefit from the funds while putting
7 the company, of revenues, while putting the company in a
8 position to go ahead and take advantage of whatever
9 efficiencies that they can. And even though they do that,
10 where in the past we might have had an argument about ROE, we
11 don't have that argument because we're dealing with revenues.

12 Some of the reasons that we're able to get the
13 decrease in the last case was because of the write down of the
14 assets which you had going on for several years. We were able
15 to take advantage of that and that's the reason we were able, a
16 large part of the reason we were able to get the decreases we
17 were last time.

18 I think that the settlement last time where we
19 received all the benefits on a revenue basis put the company in
20 a position to better manage, to be more efficient, while not
21 taking away any of the service oversight that you have, they
22 still have to tow the mark on that and everyone expects that,
23 but they had to be more efficient, cut costs. And by tailoring
24 the agreement the way we did, we now are able to take advantage
25 again at this point of those same efficiencies that were caused

1 by the last agreement. And I would look forward to this
2 happening in the future.

3 The Commission does not have the authority to order
4 refunds except in a situation where we have an interim rate
5 decrease, we come in and put the order in and get the stake in
6 the grounds. If you could come in here and order that the
7 company refund everything above the top of the range, I would
8 accept it in a minute and it would be great, but you don't have
9 that.

10 In this situation we have what I consider a very
11 large justified rate cut. The company's filing after 9/11,
12 which really impacted this case and Florida Power's case, we
13 had to take that into consideration because revenues dropped
14 and their estimates dropped by over \$100 million. We had to
15 take that into consideration.

16 Now what we've done is got a large increase here with
17 a safety net for the customers because if the, if we've left
18 money on the table, those sales come back, then we are going to
19 share in that two-thirds or a certain part of it and then get
20 everything back above that. This is one reason to tailor
21 agreements because you don't have that authority, and we can do
22 that, give the company some comfort and certainly give the
23 customers and all of our parties some comfort there. And
24 that's one of the reasons that I feel to go forward with a
25 settlement because we're in a position to go ahead and work

1 things both ways, where in your situation you could come out,
2 have a rate cut ordered, we'd have a bottom of the range, top
3 of the range, and the only way we'd get any money out of them
4 later is to bring them back in, bring them down to the top of
5 the range with another rate case. This way we're going to be
6 able to participate in that so that the rate cut is not the end
7 of it. If it is the end of it, then it means we probably got
8 as much as we possibly could have gotten under the
9 circumstances and they didn't bring anything else, didn't have
10 anything else fall out on the table and we didn't leave
11 anything there.

12 CHAIRMAN JABER: Mr. Shreve, also just on that point,
13 in terms of the rate case expense to go forward with a
14 proceeding, what was the company asking for in terms of
15 recovery for rate case expense? Do you recall?

16 MR. SHREVE: I don't recall and it had not been
17 completed, as I understand it.

18 CHAIRMAN JABER: FP&L, can you give me a number?

19 MR. SHREVE: \$10 to \$11 million, which --

20 CHAIRMAN JABER: \$10 to \$11 million in rate case
21 expense.

22 MR. SHREVE: Yes. Right.

23 CHAIRMAN JABER: So in terms of going forward with a
24 proceeding, it's the retail customers that pay the cost of
25 litigation.

1 MR. SHREVE: That's correct in all of the cases, not
2 just the power case. But that's right. And that would have
3 continued to increase. And, of course, that's something the
4 company is going to have to eat at this point.

5 So like I say, I understand Mr. Wiseman's positions.
6 We had positions that would be comparable, not less in any
7 situation. Some of the other parties accepted our position,
8 some of the other parties came in actually with lower than we
9 have in the final settlement.

10 So I'm very pleased with the settlement. I
11 understand where Mr. Wiseman is coming from. I don't think he
12 is precluded from bringing any actions in the future, as
13 certainly the Public Service Commission is not precluded and
14 you can do whatever you feel is necessary at any time. And we
15 feel -- I feel that this is a good result.

16 CHAIRMAN JABER: Staff, I want to ask you the same
17 question I asked Mr. Shreve. Is there anything you heard today
18 that changes your recommendation?

19 MR. MAILHOT: No, there's not.

20 CHAIRMAN JABER: Okay. Thank you. Commissioner
21 Bradley, did you have a question?

22 COMMISSIONER BRADLEY: I'd like to make a motion.

23 CHAIRMAN JABER: Okay. Let me set the stage for the
24 motion, if you don't mind.

25 COMMISSIONER BRADLEY: Okay.

1 CHAIRMAN JABER: Commissioners, I don't know what the
2 motion will be and I certainly don't know what the vote will be
3 at the end of the day, but I want to bring us back to how we
4 started this proceeding and have that be part of your
5 consideration and just sort of make a bare statement before we
6 conclude.

7 When we initiated the proceeding, I want to take you
8 back to what the circumstances had been, there was an interim
9 report coming out of the Energy Commission that made certain
10 recommendations and asked the Commission certain questions
11 that, frankly, we could not answer because it had been a number
12 of years since anyone looked at FPL's base rates and their
13 earnings levels. That's one factor.

14 There was the discussion of a Transco, original
15 transmission organization, but a broader RTO, and we couldn't
16 with comfort understand what the cost of transmission would be
17 and the impact on the retail ratepayers. There was the
18 discussion of a merger that subsequently failed, but we wanted
19 to understand where the efficiencies were to be gained by the
20 retail ratepayers and what benefits should be flowed through to
21 the retail ratepayers.

22 And finally I know as one Commissioner I had heard
23 many, many complaints and received many, many E-mails related
24 to what FP&L's rates were. And you may recall, we just felt
25 like that had gone on too long and it was time for the PSC to

1 take action and we did. And we set the course of initiating a
2 proceeding and our Staff has done a tremendous job in gathering
3 the data and giving me personally a comfort level that we have
4 thoroughly reviewed where the base rates are now and are
5 comfortable with the settlement.

6 The merger has failed and I know that we've looked at
7 where those efficiencies are and where the benefits to the
8 retail ratepayers belong and how incentive-based approaches can
9 accomplish what we were trying to accomplish from day one.

10 That's sort of the historical perspective that I've had to come
11 back to in analyzing this settlement. It's easy to get excited
12 about a settlement because it closes out a proceeding. It's
13 very, very easy for me to get excited about a good settlement
14 that I know benefits Florida citizens at the end of the day
15 because not only does it put money back in their pocket,
16 especially after September 11th and tough economic times, but
17 it gives us comfort in answering their questions, it gives us
18 comfort in saying to them quality of service at FP&L is good,
19 and it gives me comfort in saying all the parties, but for one,
20 and that's okay, have come to the table, the consumer advocates
21 have come to the table and represented that this is a good
22 settlement on the behalf of the citizens of the State of
23 Florida.

24 Commissioner, you have a motion?

25 COMMISSIONER DEASON: Madam Chairman, if you could

1 indulge me for just a moment before the motion and, please,
2 Commissioner Bradley, if I may.

3 I'm not going to make a motion but I just want to say
4 something. And I, I think that -- and like you, Madam
5 Chairman, I don't know what the motion is going to be or what
6 the vote is going to be at the end of today. But I think
7 that -- I think this Commission -- to some extent, the
8 Commission and obviously the Staff should recognize that in
9 order for a settlement to be brought forward, regardless of
10 whether this is voted up or down, but for a settlement to be
11 brought forward, I think it speaks volumes on the effectiveness
12 of regulation in this state because I do not think that unless
13 regulation is strong and effective, yet fair, you've got to
14 have those, that's a prerequisite for the parties to feel
15 comfortable coming forward with even proposing a stipulation.
16 And if this Commission was predisposed to favor one side or
17 another, I don't think we would ever see a settlement. We'd
18 always be in a hearing mode and we'd be making decisions that
19 way. And that's not a bad thing, but I think settlements offer
20 a lot. I think they offer parties the ability to be
21 innovative, look at things in a different light and provide
22 flexibilities that in a very strict regulatory role sometimes
23 we're prohibited from doing.

24 So I think the fact that the parties have brought
25 forth a settlement is a very positive thing. I think it speaks

1 well of the regulation that exists in this state and has
2 existed for a period of time, for a long period of time. I
3 think this Commission has been cognizant of the changes that
4 have been happening in the industry. We have tried to be
5 forward looking.

6 Florida Power & Light approached this Commission
7 years ago with the idea that there were a number of assets on
8 their books which really did not belong there as we approached
9 a more competitive environment, and I think this Commission
10 took action to try to recognize that and eliminate those
11 regulatory assets off the books. We also looked at their,
12 their depreciation levels and determined that the amount of
13 depreciation and the reserves needed to be looked at and to be
14 more reflective of companies that may be entering into a
15 competitive environment.

16 To some extent I'm comforted by the fact that
17 apparently we've reached our goals because the company now is
18 saying that, if anything, they may be in an overly depreciated
19 state, and I guess that's where the flexibility comes in to, to
20 address that.

21 I think Mr. Shreve has indicated that we certainly
22 retain our full ability to, to maintain our jurisdiction over
23 the quality of service of this company. And I, I recognize
24 the, the improvements that have been made, that Mr. Evanson
25 identified, and that we as a Commission, I think, would expect

1 that that high quality of service continue. And I think we've
2 gotten an indication from the management that it is their
3 desire to not only maintain but to constantly strive to improve
4 the quality of service that's provided to their customers.

5 So I, I also want to reiterate something that you
6 said, Madam Chairman, and it's something that is identified in
7 the, in the "whereases" to the stipulation, and that is the
8 fact that there has been a full set of minimum filing
9 requirements filed in this proceeding, there has been
10 comprehensive testimony filed, there's been extensive
11 discovery. I think that this, if this settlement is approved,
12 that it is consistent with the idea that we have conducted a
13 thorough rate review for this company. And I think it would be
14 unfair to say that this Commission has not conducted a thorough
15 rate review for this company because we would have. I think
16 that all of the information is there.

17 There's one other thing that I would like to mention,
18 too, and that is that parties, when they present their, their
19 positions to the Commission, I think that they, they take firm
20 positions and they do a very credible job advocating for their
21 particular clients and their positions, but it's advocacy. And
22 I don't think anyone really fully expects that when they file
23 testimony, that they're going to win on 100 percent of every
24 position that they filed. And that goes for intervenors as
25 well as the company. And I think that what we as a Commission

1 need to do, we need to balance what we have here in front of
2 us, the certainty that it brings and the immediate benefits
3 that it brings with the uncertainty that may be the result of a
4 full, a full hearing. So those are my comments.

5 CHAIRMAN JABER: I think we better take statements
6 before we take up the motion. So, Commissioner Baez, let me
7 defer to you for the next statement. But let me also recognize
8 that you are the prehearing officer on this case and, absent
9 your leadership, not to take away from the efforts of the
10 parties, the tremendous efforts of all the parties, but if it
11 wasn't for your leadership in bringing this case forward in the
12 time scheduling that you have and with the insistence that you
13 have that the issues be clearly defined and that all parties
14 have an opportunity to present their prefiled testimony in the
15 fashion that they did, I don't think we would have gotten that
16 far. So I'd take an opportunity to commend you and also
17 recognize you for comments.

18 COMMISSIONER BAEZ: Thank you, Madam Chairman. On
19 time and under budget, I guess.

20 CHAIRMAN JABER: Overworked and underpaid.

21 COMMISSIONER BAEZ: Overworked and underpaid. We
22 don't even have to talk about that.

23 You know, last night I was thinking about, you know,
24 how all this was going to happen and what I might have to say
25 about it. And I think when we opened the docket, I guess it

1 was back in July, June or July, I, I thought I might have
2 detected a tinge of nostalgia over the opening of some kind of
3 rate review. And I realized that that was just a cold chill
4 that -- I think back about Scrooge, you know, the ghosts of
5 rate cases past and so on.

6 Going back to something that Commissioner Deason had
7 said, which I think really expresses how I feel about this, I
8 think, you know, he makes the point that we do have a complete
9 record, and I think that in and of itself sort of expresses
10 what, what kind of role this Commission, this new Commission,
11 as the Chairman likes to say, has tried to carve out for
12 itself. And I think that's, that's a shining example of it.

13 And at this point I want to compliment the Staff.
14 I'm not given to do this, I'm not given to doing this publicly,
15 but I have a lot of residual guilt, so I want to, I want to say
16 it out loud.

17 Y'all have been terrific with this. Whatever nice
18 things the Chairman said about me I owe all to you because
19 you've kind of, you've always been there to answer my questions
20 and, and to tell me, tell me your, your reason, thoughts on, on
21 certain issues, and I think that in large part has been a
22 reason why this thing, you know, this, we've gotten to this
23 point today.

24 Again, going back to what Commissioner Deason said,
25 we don't get negotiated agreements if we don't have complete

1 records, if our Staff and the Commission hasn't sought out to
2 let's lay the issues bare and let's give everyone a, a
3 well-leveraged position to negotiate with. I think that's, I
4 think that's crucial to this, to this part. And what it really
5 all adds up to is a light touch of, of regulation, and I
6 commend the Staff and I commend the rest of the Commissioners
7 for that as well.

8 Let's not forget this lesson. Let's not forget this
9 feeling, because I think it can do us all some good. This is
10 the way, certainly from my perspective this is the way that I
11 would like things to proceed. And obviously nothing --
12 everything didn't go perfectly and there's always some, some
13 aspects of processes and aspects of dockets and how, how the
14 parties work together that we can always look to improve, but I
15 think we can all be proud of ourselves to this result. And I
16 guess everybody has been disclaiming the result of a vote and
17 so on, and I'll join them in that as well. But I think the
18 fact that we have a product that certainly a majority of the
19 participants have stood up and said they're proud of, that they
20 think is a good result certainly comforts me.

21 For one, I know how hard Mr. Shreve goes at it, so,
22 so the fact that, that his -- simply put, his opinion means a
23 lot on this because he does such a good job of representing the
24 ratepayers. And certainly the company coming forward in a
25 reasonable manner and also endorsing this agreement gives great

1 comfort as well. And I'd like to get a motion on the floor to
2 join. I want to thank you all.

3 CHAIRMAN JABER: I think Commissioner Palecki wanted
4 to make a statement.

5 COMMISSIONER PALECKI: I have just a very brief
6 statement. First, I'd like to thank all of the parties and our
7 Staff for the hard work that they've done in this docket. This
8 has been a very thorough, comprehensive and exhaustive review
9 of Florida Power & Light's operations. And I believe as a
10 result of the thoroughness of the discovery that was done in
11 this docket the parties were able to negotiate from a position
12 of strength. And I believe that's why we're here today with
13 what I think is a very favorable settlement.

14 I'd like to reiterate something that Chairman Jaber
15 pointed out earlier. We went to seven customer service
16 hearings in seven different communities and heard from the
17 customers of Florida Power & Light in those communities, and we
18 heard very few negative comments. Most customers who attended
19 those customer service hearings testified as to the high
20 quality of service they were receiving from Florida Power &
21 Light. I know that what we heard at the customer service
22 hearings is also borne out in the level of customer complaints
23 that we receive from Florida Power & Light. They have been
24 very low. And this is something that hasn't always been the
25 case. Five, seven years ago the quality of service was not

1 what we see today, and Florida Power & Light is to be commended
2 for showing tremendous improvements in the quality of service
3 in their territory. I know our own data that we collect from
4 the utility shows that the level of outages and interruptions
5 to Florida Power & Light's customers have decreased over the
6 last five years.

7 I believe that Florida Power & Light has shown that
8 they are an efficient, well-run company providing low cost,
9 high quality service, and I believe that the ratepayers of the
10 State of Florida will benefit from this settlement.

11 CHAIRMAN JABER: Thank you, Commissioner Palecki.

12 Commissioner Bradley, we're going to let you make the
13 motion. I hope you make the right one.

14 MR. LITCHFIELD: Madam Chairman, if I might before
15 that happens.

16 CHAIRMAN JABER: Go ahead, Mr. Litchfield.

17 MR. LITCHFIELD: For purposes of clarification, we
18 have two requests before the Commission today. One, to ask
19 that you accept and approve the, the stipulation and settlement
20 agreement, and the other, to implement the midcourse correction
21 in the fuel adjustment clause.

22 CHAIRMAN JABER: Right. Those are Issue 1 and
23 Issue 2 respectively, if I'm not mistaken. Yes.

24 MR. LITCHFIELD: Yes. Thank you.

25 CHAIRMAN JABER: We're voting out the recommendation.

1 Commissioner Palecki, would you like to make a motion on each
2 issue or do you want to do it in one?

3 COMMISSIONER DEASON: Commissioner Bradley.

4 CHAIRMAN JABER: What did I say?

5 COMMISSIONER DEASON: Palecki.

6 CHAIRMAN JABER: Okay. Commissioner Bradley, do you
7 want to make a motion on everything?

8 COMMISSIONER BRADLEY: I'd like to make a motion on
9 everything in block.

10 But, first of all, let me say this, with all due
11 respect to the Florida Hospital Association, it's very unusual
12 to have nine parties come together and to have everyone agree.
13 It's exceptional when you have eight of nine agree to the
14 proposed stipulation and agreement and to come in here today
15 and to be willing to sign that document.

16 Having served in the Florida Legislature for many
17 years and having dealt with many issues that were very, very
18 contentious and in some instances debated for long periods of
19 time, I grew to have a vast amount of respect for Mr. Paschall
20 and, and Mike Twomey. And believe you me, if they agree to the
21 settlement, it must be good for, for the ratepayers and the
22 consumers of Florida because I don't think I've ever had them
23 agree to, to anything that I've listened to debate about
24 because they were dead set against some things that were
25 involved in the process and they let it be known. So that in

1 itself sends a strong message to me.

2 Mr. Shreve, I can tell you that your reputation
3 preceded my first meeting with you and me getting acquainted
4 with you. You have a reputation for working to ensure that the
5 ratepayers of Florida get a fair shake in every proceeding.

6 That's, these -- just to have these three people here
7 today saying that this is a good agreement or a good situation
8 for the ratepayers of Florida sends a strong message to me and
9 hopefully it sends the same message to my counterparts on this
10 Commission.

11 Therefore, what I would like to do is this. I would
12 like to support Staff's recommendation, and that is to have the
13 Commission enter a final order today in block taking in both
14 issues. And I would urge my fellow Commissioners to vote with
15 me to, to, in support of that final order.

16 CHAIRMAN JABER: Thank you, Commissioner Bradley. We
17 have a motion to accept Staff's recommendation to approve the
18 proposed stipulation and settlement in Issue 1, and a motion to
19 accept Staff's recommendation to approve FP&L's petition for
20 adjustment to its fuel adjustment factors as contained in Issue
21 2, and a motion to close this docket by final agency action in
22 Issue 3. Need a second.

23 COMMISSIONER PALECKI: I would second the motion.

24 CHAIRMAN JABER: The motion and a second. All those
25 in favor, say aye.

1 (Simultaneous affirmative vote.)

2 CHAIRMAN JABER: Show Item 12A, Staff, approved
3 unaniously. That concludes this agenda conference.

4 MR. ELIAS: There is a fourth issue with respect to
5 --

6 CHAIRMAN JABER: Oh. After close the docket?

7 MR. ELIAS: It's a fuel docket.

8 CHAIRMAN JABER: And, Commissioner Bradley, your
9 motion included keeping the fuel docket open?

10 COMMISSIONER BRADLEY: Yes.

11 CHAIRMAN JABER: And we had a second to that and we
12 voted unaniously, Mr. Elias. Thank you.

13 I want to take an opportunity to congratulate all the
14 parties and to thank you for your cooperation in bringing this
15 all together.

16 Mr. Shreve, I wanted to close in particular with you
17 by telling you you are far too humble in your efforts. You are
18 an outstanding public servant and I congratulate you in
19 particular.

20 FP&L, I hope other companies take your lead. And,
21 also, now that I know that you are capable of coming to the
22 table, guess what? I'll expect it over and over again. Mr.
23 Shreve?

24 MR. SHREVE: Commissioners, if I may, and now that
25 the vote has been taken, this certainly can't be intended to

1 sway anyone. I wanted to tell you that I think this
2 Commission, all of you, thank you for your remarks, Mr. Bradley
3 and everyone, this result is in large, large part to your
4 credit. And the Staff of the Public Service Commission has
5 worked very hard on this. All of the parties without exception
6 have been a pleasure to work with and worked diligently. Paul
7 Evanson, Bill Walker and Bill Feaster (PHONETIC) have been
8 great to try and, although we didn't always agree, negotiate a
9 settlement with.

10 And I would like to last, we have a relatively small
11 staff, but Roger Howell and Billy Dee Smith, you couldn't
12 believe the work they put in and what they accomplished. Thank
13 you.

14 MR. EVANSON: Could I add my -- could I echo Mr.
15 Shreve's comments? I think it was, this is a fair settlement,
16 give and take on all sides, but I'm especially pleased that it
17 continues incentive-based regulation in the state that Jack and
18 FPL and the Commission and the Staff have really supported. I
19 think it makes Florida a model for how states ought to regulate
20 wires companies and I think it's a giant step forward. And I
21 thank the Commission and I thank the Staff for all its
22 constructive work and being part of this process, and we really
23 have enjoyed working with you, with all of you. Thank you.

24 CHAIRMAN JABER: Thank you, Mr. Evanson.

25 MR. SHREVE: And although I would like to have had

1 him have the last word --

2 CHAIRMAN JABER: I think Mr. Twomey should have the
3 last word.

4 MR. SHREVE: He usually does.

5 I would like to say that -- one thing I had wanted to
6 mention. This is a \$600 million rate reduction since '99 with
7 hundreds of millions of dollars of refunds and more to come,
8 and I don't know of any utility in the country that has
9 accomplished this and I don't know of any Public Service
10 Commission in the country that has accomplished this and you're
11 to be congratulated.

12 CHAIRMAN JABER: Thank you, sir. We're done. Go
13 home.

14 (Concluded at 10:05 a.m.)

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1 STATE OF FLORIDA)

2 : CERTIFICATE OF REPORTER

3 COUNTY OF LEON)

4

5 I, LINDA BOLES, RPR, Official Commission
6 Reporter, do hereby certify that the foregoing proceeding was
heard at the time and place herein stated.


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

10 I FURTHER CERTIFY that I am not a relative, employee,
11 attorney or counsel of any of the parties, nor am I a relative
or employee of any of the parties' attorneys or counsel
12 connected with the action, nor am I financially interested in
the action.

13 DATED THIS 27TH DAY OF MARCH, 2002.

14

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LINDA BOLES, RPR
FPSC Official Commissioner Reporter
(850) 413-6734

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