

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 010949-EI

In the Matter of

REQUEST FOR RATE INCREASE BY
GULF POWER COMPANY.

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PROCEEDINGS: SPECIAL AGENDA CONFERENCE
(Continuation from 4-26-02)

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

DATE: Wednesday, May 8, 2002

TIME: Commenced at 8:35 a.m.
Concluded at 8:43 a.m.

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

REPORTED BY: TRICIA DeMARTE
Official FPSC Reporter
(850) 413-6736

DOCUMENT NUMBER - DATE

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FPSC-COMMISSION CLERK

1 PARTICIPATING:

2 MARLENE STERN, Florida Public Service Commission,
3 General Counsel's Office, representing the Commission Staff.

4 DAVID WHEELER, Florida Public Service Commission,
5 Division of Economic Regulation.

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P R O C E E D I N G S

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2 CHAIRMAN JABER: Good morning. Let's go ahead and
3 get started.

4 MS. STERN: This morning the purpose of this special
5 agenda is to set new rates for Gulf Power. The new rates
6 proposed by Staff are based on the revenue requirements that
7 were set at the last special agenda in this docket on April 26.
8 We have a preliminary matter that we'd like to address.

9 CHAIRMAN JABER: Sure.

10 MS. STERN: With respect -- during the hearing in
11 this docket, the parties stipulated to an issue, Issue 78, and
12 the Commission approved that stipulation. The stipulation was
13 to remove gross receipts tax, part of which is embedded in base
14 rates -- from base rates. Some of the reasons for that were
15 that it would make the bill clearer by just having all the
16 gross receipts tax on one line, and it would also make
17 monitoring of the monthly surveillance reports easier for
18 Staff. It would take less time. It would be more efficient.

19 After the hearing -- after the stipulation was
20 approved, Gulf began reprogramming its billing software to
21 comport with the stipulation. And in addition to removing the
22 base -- the gross receipts tax from base rates, they removed
23 the tax from the recovery clause factors. And as a result of
24 that, the tariff sheets that Gulf will be submitting will show
25 the tax removed from both base rates and the clause factors.

1 Staff agrees that the tax should be removed from both
2 of those types of rates because we believe it's within the
3 spirit and the intent of the stipulation, and it just helps
4 it -- it accomplishes really what the goals of the stipulation
5 were. Typically, our problem at this point is that the tariff
6 sheets are usually approved administratively. After the
7 Commission approves rates, we just get the tariff sheets and
8 approve them administratively.

9 In this case, the Staff doesn't feel that it's
10 entirely appropriate unless we get expressed permission from
11 the Commission. And at this point, what we'd like to ask is
12 that if the Commission agrees that the tax should be removed
13 from both the base rates and the recovery clause, that is, it
14 comports with and is in accord with the stipulation, then we
15 would suggest that the Commission move and vote to allow Staff
16 to administratively approve the tariff sheets that show the tax
17 removed from both the base rates and the clause factors.

18 CHAIRMAN JABER: Okay. I understand. Do you need
19 us, though -- we don't need to revote on the stipulation, it
20 would just be a clarification that the stipulation included the
21 removal from the clause as well, gross receipts tax from the
22 clause.

23 MS. STERN: Yes.

24 CHAIRMAN JABER: Okay. And the parties have agreed
25 to that, Marlene?

1 MS. STERN: Yes. None of the parties object.

2 CHAIRMAN JABER: Okay. Commissioners, what's your
3 pleasure? Do you have any questions on the recommendation?
4 What Staff is requesting is that we add to the recommendation a
5 motion that gives Staff administrative authority to approve the
6 tariff sheets.

7 COMMISSIONER DEASON: I have just two questions.

8 CHAIRMAN JABER: Let's address the questions first.

9 COMMISSIONER DEASON: First question. When there is
10 a change in fuel adjustment recovery, will there automatically
11 be a change in the gross receipts taxes associated with that
12 change in fuel adjustment?

13 MR. WHEELER: I'm not sure I understand that
14 question.

15 COMMISSIONER DEASON: Well, as I understand your
16 recommendation, that right now there is a gross receipts tax
17 component affiliated with fuel cost recovery.

18 MR. WHEELER: Right. There's currently 1-1/2 percent
19 that's embedded in both the clauses and base rates.

20 COMMISSIONER DEASON: And this recommendation would
21 be taking that out of the fuel cost recovery and putting it
22 into one location, which is --

23 MR. WHEELER: Right.

24 COMMISSIONER DEASON: -- the gross receipts tax. All
25 gross receipts tax will be recovered through that one

1 mechanism --

2 MR. WHEELER: Right, and shown as a --

3 COMMISSIONER DEASON: -- for both base revenues and
4 fuel revenue.

5 MR. WHEELER: Right, and shown as a separate line
6 item on the bill.

7 COMMISSIONER DEASON: Right. So my question is, once
8 a year and sometimes more often than once a year, depending if
9 there are midcourse corrections, we change the amount of
10 revenue the company derives from the fuel adjustment
11 proceedings. And the question is simple. When we change that
12 revenue amount, is this going to be an automatic adjustment to
13 the amount of gross receipts taxes which are recovered in the
14 separate line item on the bill?

15 MR. WHEELER: Yeah. When the new factors are set
16 next time, the -- there's a revenue tax multiplier that's
17 applied to the revenues that are approved for recovery.
18 Currently that multiplier includes both the regulatory
19 assessment fee and the gross receipts tax, so it's grossed up.

20 COMMISSIONER DEASON: And will it be a part of this
21 separate line item on the bill?

22 MR. WHEELER: Right.

23 COMMISSIONER DEASON: Or will we be putting more back
24 into -- for example, if fuel revenues go up, would we then be
25 just including whatever gross receipts are associated with that

1 increment back in fuel adjustment, or from now on, everything
2 is going to be -- associated with gross receipts tax is going
3 to be a separate line item on the bill?

4 MR. WHEELER: Right.

5 COMMISSIONER DEASON: The latter. It's all going to
6 be separate? You're looking at me like I -- I think the
7 question is very clear. I'm not -- what's the problem?

8 MR. WHEELER: Yeah, the entire 2-1/2 percent will be
9 shown as a separate line item from here forward.

10 COMMISSIONER DEASON: And when there are changes in
11 fuel adjustment, it's going to be automatic, and it's going to
12 be on that one location on the bill; correct?

13 MR. WHEELER: Correct.

14 COMMISSIONER DEASON: Okay. It's not that
15 complicated of a question.

16 MR. WHEELER: Okay. I'm sorry. I was trying to make
17 it more complicated than it was. I'm sorry.

18 CHAIRMAN JABER: Any more questions?

19 COMMISSIONER DEASON: No, no more questions.

20 COMMISSIONER BRADLEY: Just one question.

21 CHAIRMAN JABER: Okay. Commissioner Bradley.

22 COMMISSIONER BRADLEY: Well, a question of the
23 Commissioner. So basically your concern is that if this is
24 embedded someplace else and -- is the concern that it may cause
25 a problem as it relates to the fuel adjustment clause if it

1 goes down, that may not be reflected in a reduction to the
2 ratepayer, or if it goes up, I mean, is it --

3 COMMISSIONER DEASON: I'm not really so much
4 concerned about double recovery as long as we're -- my concern
5 is that if we're going to change this procedure, that this is
6 going to be automatic in the sense that if we change fuel
7 adjustment revenues, there's going to be an automatic effect on
8 the gross receipts taxes, and we're not going to fall back into
9 the situation where we're going to have partial recovery in
10 this line item and then having more embedded in fuel in the
11 future; that from now, we have got a clean break, and
12 everything is going to be done by this mechanism in the future.
13 That was the basis of the question. And then --

14 MR. WHEELER: That's correct.

15 COMMISSIONER DEASON: -- Staff has indicated that
16 that is the case. So my concern is --

17 COMMISSIONER BRADLEY: Okay. So you're comfortable
18 with it?

19 COMMISSIONER DEASON: Yes.

20 COMMISSIONER BRADLEY: Okay.

21 CHAIRMAN JABER: Any other questions, Commissioners?
22 Okay. Motion.

23 COMMISSIONER PALECKI: Madam Chairman, I would move
24 to give Staff permission to administratively approve the tariff
25 sheets with the gross receipts tax removed from base rates and

1 from the recovery clause factors.

2 CHAIRMAN JABER: All right. And does your motion
3 address the entire recommendation or --

4 COMMISSIONER PALECKI: Yes.

5 CHAIRMAN JABER: So in addition to that, you move the
6 entire Staff recommendation?

7 COMMISSIONER PALECKI: I can do that at this -- I was
8 not doing that, but, yes, I would do that --

9 CHAIRMAN JABER: Okay. Let me ask the Commissioners.

10 COMMISSIONER PALECKI: -- unless there are other
11 questions.

12 CHAIRMAN JABER: I'm assuming you don't have
13 questions on this recommendation.

14 COMMISSIONER BRADLEY: Will we need to amend the
15 recommendation?

16 CHAIRMAN JABER: No, that's what Commissioner Palecki
17 just did. He added to the motion.

18 COMMISSIONER BRADLEY: Okay. Which is the same as
19 amending?

20 CHAIRMAN JABER: Right.

21 COMMISSIONER BRADLEY: Okay.

22 CHAIRMAN JABER: But, Commissioners, do you have
23 questions on the recommendation?

24 COMMISSIONER DEASON: Madam Chairman, I don't. It
25 appears to me that everything is basically fallout from the

1 substantive issues which we voted out earlier.

2 CHAIRMAN JABER: Okay. So Commissioner Palecki?

3 COMMISSIONER PALECKI: So I would move the entire
4 Staff recommendation.

5 CHAIRMAN JABER: Is there a second?

6 COMMISSIONER DEASON: Second.

7 CHAIRMAN JABER: There's been a motion and a second
8 to approve Staff's recommendation with the addition of giving
9 Staff administrative authority to approve the tariff sheets
10 consistent with the removal of gross receipts tax from the fuel
11 adjustment clause as well.

12 All those in favor, say aye.

13 (Simultaneous affirmative vote.)

14 CHAIRMAN JABER: Oppose, nay.

15 The recommendation is approved unanimously. Thank
16 you, Staff.

17 (Special Agenda concluded at 8:43 a.m.)

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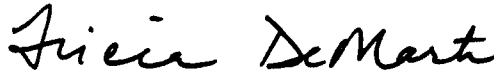
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2 : CERTIFICATE OF REPORTER
3 COUNTY OF LEON)

4
5 I, TRICIA DeMARTE, Official Commission Reporter, do hereby
6 certify that the foregoing proceeding was heard at the time and
7 place herein stated.

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

13 I FURTHER CERTIFY that I am not a relative, employee,
14 attorney or counsel of any of the parties, nor am I a relative
15 or employee of any of the parties' attorneys or counsel
16 connected with the action, nor am I financially interested in
17 the action.

18 DATED THIS 8th DAY OF MAY, 2002.

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