

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 020001-EI

In the Matter of

FUEL AND PURCHASED POWER COST  
RECOVERY CLAUSE WITH GENERATING  
PERFORMANCE INCENTIVE FACTOR.

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PROCEEDINGS: PREHEARING CONFERENCE

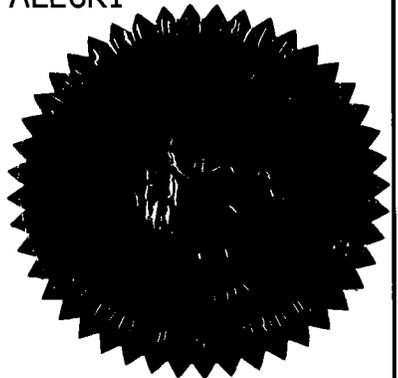
BEFORE: COMMISSIONER MICHAEL A. PALECKI  
Prehearing Officer

DATE: Monday, November 4, 2002

TIME: Commenced at 1:30 p.m.  
Concluded at 4:11 p.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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## 1 APPEARANCES:

2 NORMAN H. HORTON, JR., Messer, Caparello & Self,  
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4 appearing on behalf of Florida Public Utilities Company (FPUC).

5 JAMES A. McGEE, Post Office Box 14042, 3201 34th  
6 Street South, St. Petersburg, Florida 33733, appearing on  
7 behalf of Florida Power Corporation.

8 JEFFREY A. STONE, RUSSELL BADDERS and R. ANDREW KENT,  
9 Beggs & Lane, 700 Blount Building, 3 West Garden Street, Post  
10 Office Box 12950, Pensacola, Florida 32576-2950, appearing on  
11 behalf of Gulf Power Company.

12 JAMES D. BEASLEY, Ausley & McMullen, Post Office Box  
13 391, Tallahassee, Florida 32302, appearing on behalf of Tampa  
14 Electric Company (TECO).

15 JOHN W. MCWHIRTER, JR., McWhirter, Reeves,  
16 McGlothlin, Davidson, Decker, Kaufman, Arnold & Steen, P.A, 117  
17 South Gadsden Street, Tallahassee, Florida 32301, appearing on  
18 behalf of Florida Industrial Power Users Group (FIPUG).

19 JOHN T. BUTLER, Steel, Hector & Davis, LLP, 200 South  
20 Biscayne Boulevard, Suite 4000, Miami, Florida 33131-2939, and  
21 R. WADE LITCHFIELD, Florida Power & Light Company, 700 Universe  
22 Boulevard, Juno Beach, Florida 33408-0420, appearing on behalf  
23 of Florida Power & Light Company (FPL).

24  
25

1 APPEARANCES CONTINUED:

2           ROBERT D. VANDIVER, Associate Public Counsel, Office  
3 of Public Counsel, 111 West Madison Street, Room 812,  
4 Tallahassee, Florida 32399-1400, appearing on behalf of the  
5 Citizens of the State of Florida.

6           WILLIAM COCHRAN KEATING, IV, Florida Public Service  
7 Commission, General Counsel's Office, 2540 Shumard Oak  
8 Boulevard, Tallahassee, Florida 32399-0870, appearing on behalf  
9 of the Commission Staff.

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## P R O C E E D I N G S

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2 COMMISSIONER PALECKI: Call the prehearing conference  
3 to order at this time.

4 Would staff counsel please read the notice on all  
5 dockets.

6 MS. ECHTERNACT: Pursuant to notice issued by the  
7 Clerk of the Commission on October 7th, 2002, this time and  
8 place have been set for a prehearing conference in Docket  
9 Number 020001-EI, 020002-EG, 020003-GU, 020004-GU and Docket  
10 Number 020007-EI.

11 COMMISSIONER PALECKI: At this time we'll take  
12 appearances for all dockets. And rather than taking  
13 appearances several times, we'll go ahead and ask each counsel  
14 to please identify the docket numbers for which you are  
15 appearing, and we'll start with Mr. Vandiver.

16 MR. VANDIVER: My name is Rob Vandiver. I'm  
17 appearing on behalf of the Citizens of the State of Florida.  
18 I'm appearing in the 01 docket, the 02 docket, the 03 docket  
19 and the 07 docket.

20 MR. HORTON: Norman H. Horton, Jr., Messer, Caparello  
21 & Self. I'm appearing in the 01, 02, 03, 04 dockets for  
22 Florida Public Utilities, and in the 03 docket for Sebring,  
23 Sebring Gas.

24 MR. BEASLEY: I'm James D. Beasley with the Law Firm  
25 of Ausley & McMullen. I'm appearing on behalf of Tampa

1 Electric Company in the 01, 02 and 07 dockets.

2 MR. GUYTON: Charles A. Guyton with the law firm of  
3 Steel, Hector & David appearing on behalf of Florida Power &  
4 Light Company in the 02 docket.

5 MR. BADDERS: Russell Badders, and with me is Jeffrey  
6 A. Stone and R. Andrew Kent appearing on behalf of Gulf Power  
7 Company in the 01, 02 and 07 dockets.

8 MR. BUTLER: John Butler of Steel, Hector and Davis  
9 appearing on behalf of Florida Power & Light Company in dockets  
10 01 and 07.

11 MR. MELSON: Richard Melson and Gary Perko of the law  
12 firm Hopping, Green & Sams appearing on behalf of City Gas  
13 Company of Florida in the 03 and 04 dockets, and also appearing  
14 on behalf of Florida Power Corporation in the 07 docket.

15 MR. MCGEE: Jim McGee appearing on behalf of Florida  
16 Power Corporation in the 01 and 02 dockets.

17 MR. COSTA: Matt Costa appearing on behalf of Peoples  
18 Gas in the 03 and 04 dockets.

19 MR. SCHIEFELBEIN: Wayne Schiefelbein with the firm  
20 Rose, Sundstrom & Bentley appearing on behalf of the Florida  
21 Division of Chesapeake Utilities Corporation in the 03 and  
22 04 dockets.

23 MR. McWHIRTER: John McWhirter of the firm of  
24 McWhirter and Reeves appearing on behalf of the Florida  
25 Industrial Power Users Group with respect to 01, 02 and 07, and

1 on behalf of the Florida Industrial Gas Users Group with  
2 respect to Docket Number 03.

3 MS. STERN: Marlene Stern on behalf of the Commission  
4 in the 07 docket.

5 MS. ECHTERNACT: Katherine Echternact on behalf of  
6 the Commission on the 03 docket.

7 MS. HOLLEY: Lorena Holley on behalf of the  
8 Commission in Dockets 02 and 04.

9 MR. KEATING: Cochran Keating on behalf of the  
10 Commission in Docket 01.

11 COMMISSIONER PALECKI: Okay. Before we decide on the  
12 order in which we take up the dockets, I have a matter I need  
13 to put on the record, and that is that I have excused St. Joe  
14 Natural Gas from the prehearing conference in the 03 and  
15 04 dockets, and also have excused them from the hearing in  
16 those two dockets. And I've excused Indiantown from the  
17 prehearing as well as the hearing in the 03 docket.

18 Now I've been advised by staff that it would prefer  
19 to take up the dockets in the following order: 03, 04, 02, 07  
20 and 01. Do any parties have an objection or a different  
21 preference?

22 Hearing none, let's proceed at this time to the  
23 0003 docket.

24 \* \* \* \* \*

25 COMMISSIONER PALECKI: And we will move on to Docket

1 020001, the fuel docket.

2 Let me ask the court reporter, would you like to take  
3 a break? This next item is by far the most complicated, and  
4 we've been going for about almost an hour and a half now.

5 THE COURT REPORTER: No. I'm fine.

6 COMMISSIONER PALECKI: Okay. Well, the court  
7 reporter tells me that, that she's ready to go, so we'll go  
8 directly to the fuel docket, 0001 docket.

9 First, preliminary matters. And it's my  
10 understanding that Florida Power & Light has or will be filing  
11 changes in its testimony and they will be quite extensive in  
12 this docket; is that correct?

13 MR. BUTLER: We will be filing testimony that  
14 reflects revisions. I think the revisions in terms of the  
15 dollar amounts are more of an impact here than they are in the  
16 other dockets. I think actually the number of things changed  
17 may not be a whole lot different than it is in the others;  
18 perhaps a little bit more so. And basically it's a matter of  
19 changing the factors to reflect the impacts of a revised fuel  
20 forecast and a revised sales forecast, and then, as Mr. Guyton  
21 had said, picking up in the process two months of additional  
22 actual data.

23 COMMISSIONER PALECKI: Just out of curiosity, what do  
24 those most recent revised forecasts reflect? What are the  
25 trends you're looing at? That's just for my own - -

1 MR. BUTLER: I'm sorry. I didn't hear the --

2 COMMISSIONER PALECKI: Just out of my own curiosity,  
3 what are the trends that we're looking at with regard to your  
4 revised forecast?

5 MR. BUTLER: Basically the fuel forecast is an  
6 increase that reflects sort of an increasing war risk premium  
7 from when the company was doing its assessment of fuel costs  
8 back in the July time frame that was used for the September  
9 filing.

10 And on the sales forecast side, as Mr. Guyton had  
11 mentioned, there is about a one percent increase in the total  
12 sales. And those are the two, by far, the predominant drivers  
13 of the changes. Together they result in a roughly six and a  
14 half percent change, and we felt it was appropriate to bring  
15 that to the Commission's attention.

16 COMMISSIONER PALECKI: Thank you. Now technically  
17 it's my understanding that FPL should file a request for leave  
18 to amend its testimony. But as far as I'm concerned, as long  
19 as none of the parties have any objection, I don't really think  
20 that that needs to be an issue we need to address. And I'd  
21 like to ask the parties at this time is there any objection to  
22 the amended testimony that has been filed? And you said it is  
23 being filed --

24 MR. BUTLER: Yes.

25 COMMISSIONER PALECKI: -- this afternoon?

1           MR. BUTLER: By now -- our goal was to get it in by  
2 this afternoon, you know, well before your Clerk's office  
3 closes. So I expect within the last -- next half hour it will  
4 be filed. And we will, before the end of this proceeding, make  
5 available to staff and Public Counsel and FIPUG a copy of the  
6 testimony that's being filed so that they can go ahead and be  
7 taking a look at it.

8           COMMISSIONER PALECKI: Now I believe in one of the  
9 previous dockets you had provided staff with some of the  
10 summaries of the changes. Have you done that in this docket as  
11 well?

12           MR. BUTLER: Yes. On Friday I e-mailed to  
13 Mr. Keating the prehearing order draft with our positions  
14 revised in it.

15           COMMISSIONER PALECKI: And have you provided that to  
16 the other parties as well?

17           MR. BUTLER: I e-mailed that to Public Counsel and to  
18 FIPUG as well.

19           COMMISSIONER PALECKI: Thank you. And as in the  
20 previous dockets we've discussed, obviously that will change a  
21 number of the issues that we thought we had stipulations on.

22           I'll ask staff counsel whether the process that we  
23 discussed in the preceding dockets wherein the parties will get  
24 together immediately after this prehearing conference is  
25 satisfactory?

1 MR. KEATING: Yes.

2 COMMISSIONER PALECKI: All right.

3 MR. KEATING: And, Commissioner, I don't know if  
4 we're going to move on from there yet. I don't know if the,  
5 any of the parties had indicated whether they had an objection  
6 or not yet.

7 COMMISSIONER PALECKI: I think I asked the parties if  
8 they had any objection --

9 MR. KEATING: Okay.

10 COMMISSIONER PALECKI: -- and I didn't hear any. But  
11 I'll ask again, do any of the parties have any objection to the  
12 filing by Florida Power & Light amended testimony that reflects  
13 some of the more current forecasts that they have available to  
14 them?

15 MR. McWHIRTER: FIPUG has no objection.

16 COMMISSIONER PALECKI: Thank you, Mr. McWhirter. I  
17 have heard no objections from any of the parties, and FIPUG has  
18 specifically stated they have no objection.

19 MR. KEATING: Okay.

20 COMMISSIONER PALECKI: So with that I believe we can  
21 proceed on to the prehearing order, unless, staff, are there  
22 any other preliminary matters at this time?

23 MR. KEATING: I don't believe there are any other  
24 preliminary matters. I would point out that unlike the  
25 07 docket prehearing order, the draft for this prehearing order

1 does not reflect Florida Power & Light's revised positions on  
2 the issues that are affected by the revised testimony. Some of  
3 these include tables that probably include a full page of  
4 numbers three columns across. I don't know if it would be  
5 practical to read those into the record. So if you feel that  
6 we don't need to read those into the record, that would  
7 probably move things along faster.

8 COMMISSIONER PALECKI: Well, I think it would be  
9 preferable not to read them into the record. I wonder if there  
10 is a means of getting them into the record by providing a copy  
11 of the amended positions, et cetera, to the court reporter.

12 MR. KEATING: I believe I have an additional copy  
13 here with the revised positions.

14 COMMISSIONER PALECKI: And, Florida Power & Light, is  
15 that satisfactory?

16 MR. BUTLER: Yes, that would be fine, Commissioner.

17 COMMISSIONER PALECKI: All right. Staff, if you  
18 could make sure the court reporter has that available to attach  
19 to the transcript.

20 MR. KEATING: Okay. And if I could raise just one  
21 point with respect to the revised testimony. I don't want to  
22 take too much time, and staff isn't objecting to it, but I did  
23 want to raise the concern that as we get closer to hearing,  
24 obviously there's less time to analyze the numbers that we get.  
25 And there's, there's a proceeding within the last few years in

1 the fuel docket where we looked at the balance between how much  
2 time we had to prepare for hearing and how accurate the numbers  
3 we got were in projection testimony, and the balance was struck  
4 at providing projection testimony 60 days prior to hearing.  
5 Obviously the closer you get to hearing, the more accurate your  
6 projections get, but also the less time that staff and the  
7 parties have to analyze the newer numbers.

8           So it's just a concern I wanted to raise. And it's a  
9 concern not so much with respect to what FPL is requesting now,  
10 but as we go forward in future fuel dockets that perhaps as  
11 parties get more accurate, more actual data and accurate  
12 information to go on for the projections, that we don't see a  
13 regular trend toward getting revisions very close to hearing.  
14 That's just my sort of practical concern.

15           COMMISSIONER PALECKI: I understand your concerns and  
16 I share the same concerns. And I would just like to state to  
17 all of the parties that in, in this particular case we are  
18 allowing the amended testimony in all of the dockets in which  
19 amended testimony has been filed. But that does not mean in  
20 future dockets, in fuel and any of the 000 dockets, that we  
21 will allow late changes like this in the future.

22           And I especially would want to state with regard to  
23 forecasts and projections, we never have an accurate projection  
24 until after history has passed and we see what happens. So  
25 this is not to encourage changes at the last minute.

1           And I do sympathize with our staff. It's a  
2 tremendous amount of work for our staff to have to review these  
3 in a very short period of time.

4           So we're not setting any precedent at all, but I  
5 would just state that in these particular dockets we will allow  
6 the amended testimony to be filed. It appears in this case  
7 that we're getting the most recent and the freshest information  
8 that's available, and hopefully that will make the forecasts  
9 the most accurate that they can be.

10           Moving on to the draft prehearing order, first we'll  
11 go through Sections I through V. And, Mr. Butler, you've  
12 already suggested some, a proposed change to Section V that I  
13 believe is an appropriate one. So if you could read that into  
14 the record one more time for purposes of this docket.

15           MR. BUTLER: Yes. Thank you, Commissioner. I think  
16 it's actually Section IV.

17           COMMISSIONER PALECKI: I'm sorry. Yes, it is  
18 Section IV on posthearing procedures.

19           MR. BUTLER: And it goes at the end of the first  
20 paragraph. It would continue that sentence by adding a  
21 semicolon and then putting, "Provided, however, that the  
22 parties do not need to file posthearing statements as to any  
23 issue that is resolved by the Commission at the end of the  
24 hearing."

25           COMMISSIONER PALECKI: Thank you.

1 MR. BUTLER: My pleasure.

2 COMMISSIONER PALECKI: Are there any other changes to  
3 Sections I through V?

4 Hearing none --

5 MR. McWHIRTER: With respect to --

6 COMMISSIONER PALECKI: Mr. McWhirter?

7 MR. McWHIRTER: -- Issue 3, FIPUG would like to  
8 change its statement to "FIPUG reiterates its previous  
9 positions with respect to Issues 1 and 2."

10 COMMISSIONER PALECKI: Mr. McWhirter, you're a little  
11 bit ahead of us. We're still, we're still -- we still  
12 haven't --

13 MR. McWHIRTER: Oh, I'm sorry. You haven't gotten  
14 into the issues. I apologize.

15 COMMISSIONER PALECKI: We're not up to the issues  
16 yet. We'll be there in a few minutes, I hope. But let's try  
17 to take care of some of the other sections.

18 And the first one that we need to discuss is Section  
19 VI, which is the order of the witnesses and the issues to be  
20 addressed by each, and that starts on Page 5 of the draft  
21 prehearing order. Are there any changes?

22 On my copy of the draft prehearing order we have no  
23 issues reflected for Witness W. Lynn Brown for TECO.

24 MR. BEASLEY: Yes, Commissioner. Those issues would  
25 be Issues 1, 2 and 3.

1           COMMISSIONER PALECKI: And do any of the other  
2 parties have any changes either to the order of the witnesses  
3 or the issues to which they will testify?

4           Hearing none, we're now up to Sections VII and VIII,  
5 the positions of the parties.

6           I note that this is a more extensive prehearing order  
7 and there are more issues than on the previous prehearings that  
8 we've heard. Staff, do you think perhaps we should take up the  
9 issues in order just to make sure we, we get all of the  
10 changes?

11           MR. KEATING: I think that would probably be best in  
12 this docket.

13           COMMISSIONER PALECKI: All right. We'll go ahead  
14 individually. First, we'll go with the basic positions of the  
15 parties. Do any of the parties have any changes to their basic  
16 position?

17           MR. BADDERS: Commissioner Palecki, we have one  
18 change for Gulf Power.

19           COMMISSIONER PALECKI: Yes, sir.

20           MR. BADDERS: In that paragraph the word "fuel"  
21 appears twice. After the word "fuel," we need to insert the  
22 words "and capacity." So the paragraph would read, "It is the  
23 basic position of Gulf Power Company that the fuel and capacity  
24 factors proposed by the company present the best estimate of  
25 Gulf's fuel and capacity expense," continuing to the end.

1           COMMISSIONER PALECKI: Thank you, Mr. Badders. Do  
2 any other parties have any changes to their basic positions?  
3           Hearing none, we'll go to Issue 1.

4           MR. KEATING: Commissioner, if I could just go back  
5 to Section VI, order of witnesses, real quickly so I don't  
6 forget to do it later.

7           COMMISSIONER PALECKI: Yes.

8           MR. KEATING: There are some witnesses here who we  
9 know only cover stipulated issues. Similar to the draft  
10 prehearing orders in the other dockets we've discussed today,  
11 staff would like to include language at the beginning of that  
12 section that indicates that the witnesses whose names are  
13 marked with an asterisk can be excused if no Commissioner has a  
14 question or wishes to have them present. And the witnesses  
15 that, that we can identify at least at this point that fall  
16 into that category are Witness Jacob for FPC, Witness Irizarry  
17 for FPL, I believe Witness Bachman for FPUC, Witness Noack for  
18 Gulf and Witness Smotherman for Tampa Electric.

19           MR. BADDERS: If I may, I believe Mr. Oaks with  
20 regard to Gulf might be on that list. He does show for Issue  
21 4, but he is not testifying to the part of Issue 4 that may be  
22 at issue still.

23           MR. KEATING: Okay.

24           COMMISSIONER PALECKI: All right. And I would  
25 encourage staff and the parties to try to identify as many of

1 the issues that you agree upon and as many of the witnesses  
2 that then would not be necessary to bring to the hearing unless  
3 a Commissioner wishes to ask that witness some questions.

4 MR. KEATING: Thank you.

5 COMMISSIONER PALECKI: All right. Under issues and  
6 positions, Issue 1, any changes or corrections?

7 MR. KEATING: Commissioner, I believe -- it's my  
8 understanding, at least as things stood a few hours ago, we  
9 could show Issue 1 as stipulated with respect to all parties.  
10 But Tampa Electric -- I know FIPUG has an outstanding position  
11 with Tampa Electric that they were still looking into.

12 COMMISSIONER PALECKI: And what about with regard to  
13 Florida Power & Light? I think you've stated earlier that you  
14 have not yet put in their amended positions. Have you had a  
15 chance to look at those positions to determine whether or not  
16 you agree with them?

17 MR. KEATING: We have not had the chance to do that  
18 yet. But with respect to Issue 1, I don't believe Issue 1 is  
19 affected by the revisions they've made.

20 Beginning with Issue 2 there are some effects on the  
21 revisions that we won't be able to agree to at this point.

22 COMMISSIONER PALECKI: All right. Thank you. All  
23 right. Issue 2, any changes and/or modifications?

24 MR. MCGEE: Commissioner, Florida Power's position on  
25 Issue 2 needs to be revised. The current figure for the

1 overrecovery should be changed to \$5,261,851. I believe with  
2 that change we will be in a position to stipulate that amount  
3 with staff.

4 COMMISSIONER PALECKI: Thank you.

5 MR. KEATING: And, Commissioner, I believe Issue 2  
6 is, can be shown as stipulated with respect to Florida Power  
7 Corporation, given their revised number, and Gulf Power and  
8 Florida Public Utilities. With respect to TECO, I believe that  
9 FIPUG has an outstanding issue with TECO there. And with  
10 respect to FPL, it's simply a matter of going through the  
11 revised numbers.

12 COMMISSIONER PALECKI: And, Mr. Butler, with respect  
13 to FPL, rather than reading all the modifications into the  
14 record. it's my understanding that a writing either will be or  
15 has been provided to the court reporter that reflects all the  
16 changes made by FPL?

17 MR. BUTLER: That's right. I think that would be  
18 best. I agree.

19 (Florida Power & Light's Revisions to Issues 2, 3, 4,  
20 5, 10, 25, 26, 27 and 29 attached as part of the record.)

21 COMMISSIONER PALECKI: Thank you. So as we go  
22 through the prehearing in each issue, FPL, it won't be  
23 necessary for you to indicate a change on each of these. It's  
24 already been indicated in writing.

25 MR. BUTLER: Thank you.

1           COMMISSIONER PALECKI: Issue 3, Mr. McWhirter, I  
2 think you already mentioned that FIPUG has a change on Issue 3.

3           MR. McWHIRTER: Yes, sir. "The appropriate true-up  
4 for Tampa Electric will be a fallout from the determinations  
5 made with respect to Issues 1 and 2."

6           COMMISSIONER PALECKI: Thank you.

7           MR. McGEE: Commissioner, on Issue 3, Florida Power's  
8 position needs to be adjusted consistent with the revision that  
9 was just made to Issue Number 2. The new number would be an  
10 overrecovery of \$30,402,945.

11          COMMISSIONER PALECKI: Thank you.

12          MR. KEATING: And, Commissioner, with that change, I  
13 believe that Issue 3 could be shown as stipulated with respect  
14 to Florida Power Corporation, Florida Public Utilities and Gulf  
15 Power. And, again, FPL has the revision to their position on  
16 that issue that we'll continue to look at.

17          COMMISSIONER PALECKI: Thank you, Mr. Keating.  
18 Issue 4.

19          MR. McWHIRTER: FIPUG wants to change its position to  
20 "No position."

21          COMMISSIONER PALECKI: Thank you. Any other parties  
22 have changes on Issue 4?

23                Issue 5 is reflected as a proposed stipulation. Does  
24 that remain a proposed stipulation, despite the filing of  
25 amended testimony by Florida Power & Light?

1 MR. KEATING: Yes, it does.

2 COMMISSIONER PALECKI: Is it the same case with Issue  
3 6?

4 MR. KEATING: Yes.

5 COMMISSIONER PALECKI: Issue 7, any changes to the  
6 positions of any parties?

7 MR. KEATING: I would just note again that FPL's  
8 position on Issue 7 will change due to the revisions.

9 COMMISSIONER PALECKI: Thank you.

10 MR. KEATING: And just for the record, it's changed  
11 for Issue 4 as well.

12 COMMISSIONER PALECKI: Thank you. All right.  
13 Hearing no further changes to Issue 7 or the positions of the  
14 parties, I will move on to Issue 8, which is also reflected as  
15 a proposed stipulation.

16 MR. KEATING: And I believe that can remain shown as  
17 a proposed stipulation.

18 COMMISSIONER PALECKI: Thank you. Issue 9.

19 MR. BEASLEY: Tampa Electric would revise its  
20 position to reflect the same number as staff shows for Tampa  
21 Electric: \$2,129,628.

22 COMMISSIONER PALECKI: Could you repeat that number  
23 for me, please?

24 MR. BEASLEY: Yes. \$2,129,628.

25 COMMISSIONER PALECKI: Thank you.

1 MR. McWHIRTER: FIPUG takes no position on Issue 9.

2 MR. KEATING: At this point, Commissioner, I believe  
3 staff, we're in agreement with the numbers provided by Gulf and  
4 Tampa Electric.

5 With respect to Florida Power Corporation and Florida  
6 Power & Light, we are still working on pretty much just  
7 crunching the numbers and seeing if we agree there. So perhaps  
8 by the time the prehearing order is ready it can be shown as a  
9 proposed stipulation with respect to all parties.

10 COMMISSIONER PALECKI: Thank you. Issue 10, any  
11 changes to any of the positions of the parties?

12 MR. KEATING: I believe that's a -- that one is going  
13 to reflect a change to FPL's position based on the revised  
14 testimony.

15 COMMISSIONER PALECKI: Thank you.

16 MR. KEATING: And, again, it appears that that issue  
17 could be shown as stipulated with respect to Florida Power,  
18 Gulf and Tampa Electric at this time, and we will just have to  
19 go through the numbers that Florida Power, Florida Power &  
20 Light has provided to see if that could be shown as stipulated  
21 by the time we get to the prehearing order.

22 COMMISSIONER PALECKI: Thank you, Mr. Keating. Issue  
23 11, any changes?

24 MR. KEATING: Commissioner, we've had discussions  
25 with the parties this morning regarding Issue 11, and I believe

1 that Issue 11 can be eliminated. This is an issue that staff  
2 raised in last year's fuel docket, deferred it for resolution  
3 in this fuel docket. And it appears that none of the utilities  
4 at this point are making voluntary payments to GRI, thus it  
5 appears that there's no need to address the issue.

6 COMMISSIONER PALECKI: And I'll ask the parties, this  
7 is not then a stipulated issue. We're talking about completely  
8 withdrawing the issue.

9 MR. KEATING: That's correct.

10 COMMISSIONER PALECKI: And I'd like to find out if  
11 the parties have any objections. Are there --

12 MR. VANDIVER: No objection.

13 MR. MCGEE: No.

14 COMMISSIONER PALECKI: Mr. McWhirter?

15 MR. McWHIRTER: No objection.

16 COMMISSIONER PALECKI: And you said that none of the  
17 utilities are making any voluntary payments at all to GRI?

18 MR. KEATING: Right. That's our understanding. Our  
19 understanding is that each of the utilities pays FGT the  
20 invoice amount due. And that invoice amount only includes  
21 whatever, I know whatever mandatory funding of GRI is required.  
22 And as I understand, that, even that mandatory funding gets  
23 phased out this year or next year. They would have to be  
24 making a separate payment to GRI to be making a voluntary  
25 payment.

1           COMMISSIONER PALECKI: If I'm not mistaken, wasn't it  
2 something like a five-year phase out where each year it's  
3 become smaller and smaller to the point where now it's more or  
4 less de minimus and then will be eliminated, I believe, next  
5 year?

6           MR. KEATING: That's my understanding.

7           COMMISSIONER PALECKI: Has staff looked at what other  
8 states have done with regard to GRI funding and whether or not  
9 there are any states that have continued to require their  
10 utilities to contribute to GRI?

11          MR. KEATING: I don't believe so. I don't believe we  
12 have looked at that.

13          COMMISSIONER PALECKI: I'm all in favor of  
14 eliminating an issue that the parties all agree should be  
15 eliminated. But I would like staff to take a look at, at what  
16 other states have done with regard to GRI funding and whether  
17 or not there should continue to be any mandated GRI funding.

18                 Do you know whether or not in the, in any of the  
19 other dockets -- this is the only docket that had a GRI issue  
20 in it; is that correct?

21          MR. KEATING: Of the dockets that have been addressed  
22 today?

23          COMMISSIONER PALECKI: Yes, of the dockets that have  
24 been addressed today.

25          MR. KEATING: Yes. Yes.

1           COMMISSIONER PALECKI: I'm just surprised that none  
2 of the local distribution companies -- well, this is, this is  
3 only the electric companies. In the gas docket there's no,  
4 there was no issue with regard to GRI funding?

5           MR. KEATING: There is an issue that -- it was raised  
6 last year in the PGA docket, the 03 docket. And I believe  
7 there was only one of the gas LDCs that was still -- I don't  
8 recall if they were, if they were -- if more than one was  
9 making the voluntary payment but only one was seeking recovery  
10 of the voluntary payment through the PGA.

11           COMMISSIONER PALECKI: Thank you. All right. We'll  
12 go ahead and eliminate Issue 11.

13           Issue 12, any changes to the positions of the  
14 parties?

15           Hearing none, we'll move on to Issue 13A, which are  
16 the company-specific fuel adjustment issues.

17           First of all, with Florida Power Corporation, I show  
18 that Issues 13A, 13B and 13C appear to be stipulated; is that  
19 correct?

20           MR. McGEE: That's correct from Florida Power's  
21 standpoint.

22           COMMISSIONER PALECKI: Any changes on Issue 13D?  
23 Hearing none --

24           MR. KEATING: Actually, staff does have a, a change  
25 to make to its position on 13D. Staff would add the sentence,

1 "Florida Power should assume no material reduction in  
2 operational reliability takes place in the changed case  
3 scenario." And that would be added at the end of staff's  
4 position on 13D.

5 COMMISSIONER PALECKI: Thank you. Any other changes  
6 in Issue 13D?

7 Issue 13E is reflected as a proposed stipulation.  
8 13F, any changes?

9 MR. KEATING: Commissioner, staff conducted a meeting  
10 with the, with the parties this morning, as I mentioned before,  
11 to go through the issues and positions.

12 One thing that, that has come up that staff would  
13 like to propose that we didn't get to talk about this morning  
14 is rewording Issue 13F. And there are similar issues for  
15 Florida Power -- Florida Power & Light and Tampa Electric  
16 regarding security cost recovery.

17 In each of those issues, and I'll address this when  
18 we get to each of the following issues, we'd like to strike the  
19 phrase following "2003," we'd like to strike the phrase  
20 "operation and maintenance expenses associated with."

21 And simply the reason for the change, it does appear  
22 that not all of the, the costs that are being sought for  
23 recovery through the fuel clause with respect to security are  
24 O&M expenses.

25 COMMISSIONER PALECKI: So basically what we're trying

1 to do is reword the issue to reflect all expenditures that are  
2 sought through the fuel clause and not limit that to operation  
3 and maintenance expenses?

4 MR. KEATING: Well, I think from, from what we've  
5 seen, at least in our opinion it appears that not all of those  
6 costs are O&M expenses. So to include the word "O&M expenses"  
7 in the issue isn't quite accurate. It doesn't, doesn't match  
8 the dollar amount that's in the issue.

9 COMMISSIONER PALECKI: And do any of the parties have  
10 any objection to the statement of the issue as modified or  
11 suggested by our staff?

12 MR. McGEE: Florida Power has no objection.

13 MR. BUTLER: Would it be possible to hear the wording  
14 again? I didn't catch the change.

15 MR. KEATING: I can read the entire issue as staff  
16 proposes to reword it.

17 MR. BUTLER: Yes, please.

18 MR. KEATING: "Should the Commission authorize  
19 Florida Power to recover through the Fuel and Purchased Power  
20 Cost Recovery Clause expenditures of \$7,825,500 for incremental  
21 2002 and 2003 security costs?"

22 MR. BUTLER: FPL would have no objection to that  
23 wording as it applies to our issue.

24 COMMISSIONER PALECKI: Do any of the parties have any  
25 objection to the issue as reworded?

1 MR. McWHIRTER: No objection from FIPUG.

2 MR. McGEE: No objection.

3 COMMISSIONER PALECKI: Thank you. And with the  
4 change in the wording of the issue, do any of the parties have  
5 a different position? And we're only taking up Issue 13F for  
6 Florida Power Corporation at this time.

7 MR. McWHIRTER: Commissioner Palecki, FIPUG would  
8 like to change its position to adopt the position of OPC on  
9 13F, and also with respect to Issue 12. It slipped by me.

10 COMMISSIONER PALECKI: On Issue 12 FIPUG's position  
11 will be "Adopts the position of OPC."

12 MR. McWHIRTER: Correct.

13 COMMISSIONER PALECKI: And also for Issue 13F.

14 MR. KEATING: And, Commissioner, staff also has a  
15 modification to its position on 13F. We still, still don't  
16 have a position yet with respect to recovery of the security  
17 costs through the fuel clause or through the clause.

18 Staff would add to its existing position the  
19 following sentence: "If the Commission approves recovery of  
20 these costs through a cost recovery clause, the utility should  
21 recover those costs through the capacity clause, which  
22 allocates costs to the rate classes on a demand basis."

23 COMMISSIONER PALECKI: Thank you. Any other changes  
24 on 13F on positions?

25 Hearing none, we move to Issue 13G.

1 MR. KEATING: Commissioner, I believe we need to  
2 modify the language in Issue 13G. Currently it includes the  
3 number \$3 million. Florida Power Corporation has subsequently  
4 revised that number. The appropriate number to include is  
5 \$554,312.

6 Staff would also like to change -- like to strike the  
7 words "operation and maintenance" from Issue 13G, so that the  
8 entire issue would read, "Is Florida Power's expenditure of  
9 \$554,312 for incremental 2002 and 2003 expenses associated with  
10 its hedging program prudent?"

11 COMMISSIONER PALECKI: Thank you. And with the  
12 rewording of Issue 13G, do any of the parties have any changes  
13 to their positions?

14 Well, before I ask you that, do any of the parties  
15 have any objection to the rewording of the issue?

16 Hearing no objection, we will go ahead and reword the  
17 issue as suggested by our staff. And at this time does anyone  
18 have any changes in their position to the issue as amended?

19 Hearing none, we'll move on to Issue 13H.

20 MR. KEATING: Commissioner, I believe that 13H can  
21 probably be shown as a stipulated issue.

22 COMMISSIONER PALECKI: Do the parties believe that  
23 this is stipulated? I show that OPC has no position, and at  
24 this time the same with FIPUG.

25 MR. McWHIRTER: I'm having some difficulty with 13H

1 because I don't think there's sufficient evidence in the record  
2 to demonstrate that that's the appropriate amount. It was  
3 explained at our earlier session today that there really wasn't  
4 an attempt to do that because it's guesswork anyway until the  
5 plant comes on line. Is that a fair statement of it?

6 MR. McGEE: Well, I think I indicated that, that this  
7 amount won't be trued up as final per the stipulation until  
8 after actual data for 2005 is available. But Mr. Portuondo has  
9 a specific exhibit that deals with the costs that are included  
10 in this issue.

11 COMMISSIONER PALECKI: Well, it appears to me from --  
12 Mr. McWhirter, would your position then be no at this time? I  
13 would encourage you to take this discussion up after this  
14 prehearing conference. But it sounds to me as if you're saying  
15 you're not comfortable with a stipulation.

16 MR. McWHIRTER: I would say "No" as opposed to "No  
17 position at this time." Yes, sir.

18 COMMISSIONER PALECKI: All right. For the record,  
19 FIPUG will change its position on 13H to "No."

20 MR. McWHIRTER: And I'd like to clarify my statement  
21 because we did stipulate that the costs for depreciation and a  
22 return on the Hines 2 plant could be collected through the fuel  
23 clause, and we agree with that. It's the amount of money that  
24 we would like to see a demonstration of.

25 COMMISSIONER PALECKI: I would encourage you to, to

1 discuss this matter further after the prehearing conference.  
2 And, Mr. McGee, hopefully you can convince FIPUG of the  
3 correctness of your dollar amount.

4 Any other changes on Issue 13H?

5 We'll move on to Issue 13I. Any changes to the  
6 positions of the parties?

7 MR. McWHIRTER: FIPUG says, "Yes."

8 COMMISSIONER PALECKI: Thank you. Moving on to  
9 Florida Power & Light Company's issues.

10 Well, before I move on, are there any other changes  
11 to any of the positions of the parties on Florida Power  
12 Corporation issues?

13 Hearing none, we'll move on to the Florida Power &  
14 Light Company issues. And first we'll take up Issue 14A.  
15 We've already told Florida Power & Light that they didn't have  
16 to make the, on the record today, the changes that result from  
17 their filing of amended testimony. Do we still have some  
18 issues that we can identify as stipulated issues or are they  
19 all pretty much up in the air as a result of the amended  
20 filing?

21 MR. KEATING: No. I believe there are a few more.  
22 The only ones remaining from this point on that are up in the  
23 air with respect to FPL that may have previously been shown as  
24 stipulated or in the capacity, the capacity cost recovery  
25 issues, I believe 25 and 26 are shown as stipulated in this

1 draft as to all parties. With the change in the numbers, we'll  
2 have to go back and look at that for FPL.

3 COMMISSIONER PALECKI: All right. Why don't -- as we  
4 go through these then, FPL, just identify the ones that would  
5 change as a result of your amended testimony. And if they will  
6 not change, indicate that as well.

7 With regard to Issue 14A.

8 MR. BUTLER: Issue 14A, I think we had talked about  
9 this earlier today, the correct dollar amount is \$13.5 million,  
10 which is already shown in FPL's position. It's really not a  
11 change in the amended testimony. But the, it would be more  
12 appropriate, we think, to change the issue so that it reflects  
13 \$13.5 million instead of \$11.6 million.

14 COMMISSIONER PALECKI: And do any parties have any  
15 objection to that change to Issue 14A?

16 MR. KEATING: Staff agrees with that. And staff  
17 would also just for the record note that they would like to  
18 make the change to Issue 14A that it made to Issue 13F for  
19 Florida Power Corporation, to strike the words "operation and  
20 maintenance expense associated with."

21 COMMISSIONER PALECKI: I'll read the issue as I have  
22 it at this time.

23 The issue now stands as, "Should the Commission  
24 authorize FPL to recover through the Fuel and Purchased Power  
25 Cost Recovery Clause expenditures of \$13.5 million for

1 incremental 2002 and 2003 expenses associated with security  
2 costs?" With that amended issue, are there any changes to the  
3 positions of the parties?

4 MR. McWHIRTER: "FIPUG adopts the position of OPC."

5 COMMISSIONER PALECKI: Thank you. Moving to Issue  
6 14B, are there any changes to either the issue and/or the  
7 positions of the parties?

8 MR. McWHIRTER: "FIPUG adopts the position of OPC."

9 MR. BUTLER: Commissioner Palecki, on 14B similarly  
10 to 14A FPL would like to change the dollar amount shown in the  
11 issue. The proper dollar amount is the \$3,278,147 that's shown  
12 in our position and not the \$3,448,147 shown in the issue.

13 COMMISSIONER PALECKI: Does anyone have any objection  
14 to the change in the dollar amount as proposed by Florida Power  
15 & Light?

16 MR. KEATING: That change was to 278,147; is that  
17 correct?

18 MR. BUTLER: Yes, \$3,278,147.

19 COMMISSIONER PALECKI: And, staff, would you want to  
20 strike the "operation and maintenance" on this issue as well?

21 MR. KEATING: Yes. We'd like to make that issue  
22 similar to the Florida Power Corporation-specific issue on the  
23 subject so that it would read, "Is FPL's expenditure of  
24 \$3,278,147 for incremental 2002 and 2003 expenses associated  
25 with its hedging program prudent?"

1           COMMISSIONER PALECKI: Thank you. With that change,  
2 do any of the parties have any change to their position? And I  
3 would state that FIPUG has already reflected that it adopts the  
4 position of OPC.

5           MR. KEATING: And, Commissioner, before we go on to  
6 14C, I need to for the record make clear for staff's position  
7 on Issue 14A, we would like to revise our position to the  
8 position that we took with respect to Florida Power  
9 Corporation's specific Issue 13F where we have indicated that,  
10 in our position that security costs, if they are to be  
11 recovered through a cost recovery clause, be recovered through  
12 the capacity clause and be allocated on a demand basis  
13 accordingly.

14           COMMISSIONER PALECKI: Thank you. Any other changes?

15           MR. McWHIRTER: FIPUG would like to go back to 13G  
16 and adopt the position of OPC. I thought I had done that, but  
17 apparently I hadn't.

18           COMMISSIONER PALECKI: Thank you. Are there any  
19 further changes to any of the issues or positions on the  
20 Florida Power & Light Company-specific issues?

21           MR. McWHIRTER: 14A, did I say that I agreed with  
22 OPC, and 14B?

23           COMMISSIONER PALECKI: I have that reflected on 14A  
24 and on 14B.

25           MR. McWHIRTER: Thank you, sir.

1 COMMISSIONER PALECKI: Under FIPUG's position,  
2 "Adopts the position of OPC."

3 MR. McWHIRTER: Thank you.

4 MR. KEATING: Commissioner, on Issue 14C, which is  
5 done as a proposed stipulation, I would just like to point out  
6 in the language that's on Page 46 of the draft prehearing order  
7 that includes the stipulated position, staff would like to add  
8 a sentence to that language that reads, "This treatment has  
9 been stipulated by the parties as spelled out in greater detail  
10 in Attachment B to this order." And staff would like to attach  
11 the proposed stipulation as Attachment B because it does  
12 provide greater detail than what's in this position as to what  
13 the, what the stipulation between the parties is.

14 COMMISSIONER PALECKI: Thank you. Do any of the  
15 parties have any objection to attaching the stipulation itself  
16 to explain the details of the treatment?

17 MR. McWHIRTER: No. It's a good idea.

18 COMMISSIONER PALECKI: Thank you.

19 MR. KEATING: I give credit to Mr. Butler. It was  
20 his idea.

21 MR. BUTLER: Thank you.

22 COMMISSIONER PALECKI: Thank you, Mr. Butler.

23 All right. I believe that we're ready to move on to  
24 the Florida Public Utilities Company issues. And as reflected  
25 in the prehearing statement, no company-specific issues for

1 Florida Public Utilities has been identified at this time.

2 Is there any change to, to the prehearing, draft  
3 prehearing order?

4 MR. KEATING: No. We've been trying to come up with  
5 some, but we just can't.

6 COMMISSIONER PALECKI: Good. Then we're ready to  
7 move on to Gulf Power.

8 Issue 16A, any changes to either the issue or the  
9 stipulation -- or the position? Excuse me.

10 MR. KEATING: Commissioner, I believe Issue 16A is  
11 one that could potentially be shown as a stipulated issue prior  
12 to, prior to the time that the prehearing order is issued.  
13 It's just --

14 COMMISSIONER PALECKI: So this is an issue you would  
15 like to discuss with all of the parties afterwards or do you  
16 think we can reach an agreement at this time?

17 MR. KEATING: I think -- I think staff is just still  
18 reviewing some discovery and that was the reason we don't have  
19 a stipulation yet.

20 COMMISSIONER PALECKI: All right. All right.

21 MR. KEATING: But I think it's something that we can  
22 hope to achieve in the very near future.

23 COMMISSIONER PALECKI: Good. Well, as already I've  
24 stated, we encourage the parties to, to explore these matters  
25 and to come up with stipulations where they can.

1 Any other changes on Issue 16A?

2 Issue 16B.

3 MR. BADDERS: With regard, with regard to the  
4 question itself, it describes or discusses "wholesale firm  
5 capacity." That should be "wholesale nonfirm capacity."

6 COMMISSIONER PALECKI: Is there any objection to that  
7 change? It would seem to have a major impact on the position.

8 Hearing none -- did the parties all understand that  
9 prior to the change or --

10 MR. BADDERS: I believe it was just an error in the  
11 question itself.

12 COMMISSIONER PALECKI: Just a typo more or less.  
13 Thank you.

14 MR. KEATING: Staff does have a position to take on  
15 Issue 16B that I can read into the record. The issue is, "No.  
16 Gulf Power expects to receive average energy revenue from these  
17 two contracts at a price between its incremental system fuel  
18 costs but not necessarily greater than its average system fuel  
19 costs by Order Number PSC-97-0262-FOF-EI and Docket 970001-EI  
20 issued March 11th, 1997. The Commission stated that 'a utility  
21 shall credit average system fuel revenues through the fuel  
22 adjustment clause unless (the utility) demonstrates on a  
23 case-by-case basis that each new sale does, in fact, provide  
24 overall benefits to the retail ratepayers.' Gulf Power has not  
25 shown that these two new wholesale energy sales are in the

1 public interest."

2 COMMISSIONER PALECKI: And, Mr. Keating, do you have  
3 the changes to, to these positions in writing that you could  
4 provide to the court reporter?

5 MR. KEATING: I do.

6 (Staff's Revision to Issue 16B attached as part of the  
7 record.)

8 COMMISSIONER PALECKI: I encourage you to read them  
9 into the record also, but just for the sake of accuracy, I'd  
10 appreciate it if you could provide her with a copy of the  
11 written issue.

12 Do any of the other parties have any changes on Issue  
13 16B?

14 Hearing none, Issue 16C.

15 MR. VANDIVER: Public Counsel has a revised position  
16 on 16C, Commissioner Palecki. I can read that into the record.

17 COMMISSIONER PALECKI: Yes, please.

18 MR. VANDIVER: "Gulf Power has submitted no direct  
19 testimony to support the expenses associated with the hedging  
20 program. There is no competent substantial evidence to support  
21 recovery of these costs." I'd previously provided this to Gulf  
22 Power and to staff, and I'll provide it now to the court  
23 reporter and to the other parties.

24 (Gulf Power's Revision to Issue 16C attached as part  
25 of the record.)

1 COMMISSIONER PALECKI: Thank you, Mr. Vandiver.

2 Any other changes to 16C?

3 MR. KEATING: Consistent with the changes to FPL and  
4 Florida Power Corporation-specific issues, staff would like to  
5 strike the words "operation and maintenance" from Issue 16C.

6 COMMISSIONER PALECKI: Are there any objections to  
7 the issue being restated to strike the words "operation and  
8 maintenance"?

9 MR. BADDERS: No objection.

10 COMMISSIONER PALECKI: Hearing no objection, we'll  
11 move --

12 MR. McWHIRTER: Commissioner Palecki, to be  
13 consistent with the positions we've taken with respect to the  
14 other utilities, FIPUG will adopt OPC's position on Gulf  
15 Power's hedging. We've stipulated that they can recover the  
16 costs, but the amount has to be proven.

17 COMMISSIONER PALECKI: Thank you. Issue 17A.

18 Well, first, let's see, does -- do we have any other  
19 changes, modifications to any of the issues and positions on  
20 the Gulf Power Company-specific issues?

21 Hearing none, we will move to Tampa Electric Company.  
22 The first issue is 17A and B, which are shown as proposed  
23 stipulations.

24 Issue 17C, any changes to either the issue or the  
25 positions of the parties?

1 MR. McWHIRTER: "FIPUG agrees with OPC."

2 MR. KEATING: Staff would like to revise the language  
3 of Issue 17C, again, consistent to the changes made to the FPL  
4 and Florida Power-specific issues and strike the words  
5 "operation and maintenance expenses associated with."

6 COMMISSIONER PALECKI: Any objections to the change  
7 in the wording of the issue?

8 MR. McGEE: No objection.

9 MR. McWHIRTER: No objection.

10 COMMISSIONER PALECKI: Hearing none, we'll move on to  
11 Issue 17D.

12 MR. KEATING: Commissioner --

13 COMMISSIONER PALECKI: Once again, you would strike  
14 the words "operation and maintenance"?

15 MR. KEATING: Yes. And with respect to 17C, I'm  
16 sorry, I needed to for the record indicate that staff's  
17 position, again similar to its position for Florida Power  
18 Corporation, Florida Power & Light, will be changed to reflect  
19 that if the Commission approves cost recovery through a  
20 recovery clause, staff believes it should be through the  
21 capacity clause.

22 COMMISSIONER PALECKI: Thank you. All right. And  
23 now we're ready to move on to Issue 17D.

24 MR. McWHIRTER: With respect to -- oh, I'm sorry. D.

25 COMMISSIONER PALECKI: And, first, Mr. Keating, with

1 respect to the issue itself, would we strike the words  
2 "operation and maintenance"?

3 MR. KEATING: Yes. That's, that's what staff  
4 proposes.

5 COMMISSIONER PALECKI: Any objection to the issue as  
6 reworded?

7 MR. VANDIVER: No objection.

8 MR. McWHIRTER: No objection.

9 COMMISSIONER PALECKI: And any changes on positions?

10 MR. McWHIRTER: "FIPUG adopts OPC."

11 COMMISSIONER PALECKI: Thank you. Issue 17E.

12 MR. McWHIRTER: FIPUG changes its position to "Yes."

13 COMMISSIONER PALECKI: Any other changes? All right.  
14 That would complete the company-specific issues for Tampa  
15 Electric Company. We're now up to the generic.

16 MR. McWHIRTER: Commissioner Palecki, there's another  
17 issue, Issue 17F, that was inadvertently omitted. I guess you  
18 ought to speak to it, Mr. Keating.

19 MR. KEATING: Yes. Issue 17F is a Tampa  
20 Electric-specific fuel issue that was raised in FIPUG's  
21 prehearing statement. That was unintentionally left off of  
22 this draft.

23 The issue reads, "What actions should the Commission  
24 take to protect retail customers from fuel cost increases that  
25 result from the sale of the Polk 1 gasifier?" I believe we

1 have in the parties' prehearing statements positions from Tampa  
2 Electric, FIPUG and Public Counsel on that issue that we can  
3 include in the prehearing order. I can provide those to the,  
4 to the court reporter, if that would be helpful.

5 And staff also has a position to take that I can read  
6 into the record or simply provide to the court reporter.

7 COMMISSIONER PALECKI: Would providing those to the  
8 court reporter adequately take care of the record? And let me  
9 ask before we move forward, is there an objection to the  
10 inclusion of the issue itself by any party?

11 MR. BEASLEY: Commissioner Palecki, Tampa Electric  
12 objects for the reasons set forth in the position that we  
13 stated with respect to that issue. And in this regard what  
14 FIPUG is attempting to do is to create a remedy without  
15 anything that needs remediating. There is no contract in  
16 existence. There's been no sale of the gasifier. There's been  
17 no impact on the fuel and purchased power cost recovery.

18 The proposed cost recovery is predicated on business  
19 as usual, no sale of the gasifier, and there will not be any  
20 impact on the fuel adjustment cost recovery unless and until  
21 the Commission approves it in a future proceeding.

22 So we think the cart is being placed in front of the  
23 horse, that we would be shooting in the dark if we attempted to  
24 address this issue, and we would urge that it not be included  
25 as an issue in this proceeding.

1           COMMISSIONER PALECKI: In past Commission proceedings  
2 I've seen where the Commission would first have a threshold  
3 issue as to whether or not an issue is ripe for decision, and  
4 then afterwards would have the issue itself that would be  
5 whether it was decided or not, would be determined by, first,  
6 determining the ripeness issue. Is that something that we  
7 could do here or isn't it necessary to -- I hate to turn one  
8 issue into two. But is that something that would make the  
9 process cleaner?

10           MR. BEASLEY: Well, I think the staff's position  
11 addresses the ripeness question. It might be useful to have  
12 that read into the record for the benefit of you, Commissioner  
13 Palecki. We think, we think this is certainly not a ripe  
14 issue. I don't know that FIPUG would disagree with me on that  
15 point.

16           COMMISSIONER PALECKI: I'm not sure if it's up for  
17 the prehearing, up to the prehearing officer to decide a  
18 question of ripeness. It seems to me that it's up to the full  
19 Commission.

20           My feeling is that, you know -- and just all I've  
21 heard thus far is that you have yet to sell the gasifier, that  
22 you don't have -- you have not taken any action with regard to  
23 signing a contract or completing any sale, and that's the  
24 reason that you don't believe that this issue is appropriate at  
25 this time. But why would that be something that the prehearing

1 officer should decide? Shouldn't that be decided by the full  
2 Commission?

3 MR. BEASLEY: I believe you have, you have the  
4 ability to say what should or shouldn't be an issue in the, in  
5 the prehearing order. And we would urge you to recognize that  
6 this is not ripe and that we would be shooting in the dark  
7 unless and until a sale is made.

8 COMMISSIONER PALECKI: Well, just on a preliminary,  
9 you know, basis, I think I agree with you that it's not ripe.  
10 I would just feel more comfortable to have the entire  
11 Commission to decide that. I would feel comfortable if we had  
12 two issues here: One, whether it is ripe for the Commission to  
13 decide the issue. And then if the Commission decides that in  
14 the affirmative, yes, and then we would move on to the issue on  
15 its merits. If the Commission decides, no, it's not ripe, then  
16 there would be no need to move on to the, to the issue on its  
17 merits.

18 Mr. Butler, do you have some words of wisdom you can  
19 share with us on this?

20 MR. BUTLER: I'm sorry. I was hitting the off  
21 button, not the on button.

22 COMMISSIONER PALECKI: Oh, okay.

23 MR. BEASLEY: Commissioner, that would be fine. If  
24 you want to have that separate question about whether it's ripe  
25 for being addressed, that would, that would suit us.

1           COMMISSIONER PALECKI: Staff, I would feel more  
2 comfortable if the entire Commission decided on the issue of  
3 ripeness. So I would -- Mr. McWhirter?

4           MR. McWHIRTER: I didn't mean to interrupt you, sir.  
5 FIPUG has no objection to that. We'd like to state a position  
6 with respect to that, however.

7           COMMISSIONER PALECKI: Well, I guess we should allow  
8 all of the parties on this issue to state their position on  
9 that issue.

10           Let me -- before I actually make a ruling, staff, am  
11 I causing difficulties that are difficult to surmount by  
12 inserting an issue on ripeness at this time?

13           MR. KEATING: I don't, I don't think so. As far as  
14 the administrative difficulties of putting it in a prehearing  
15 order, we can simply just add Issue 17, add an Issue 17G and  
16 just get positions from the parties within the next few days to  
17 include in the prehearing order on the new issue.

18           COMMISSIONER PALECKI: Well, if we put it as Issue  
19 17G, it would be out of order.

20           MR. KEATING: I would suggest, yeah, make 17F 17G.

21           COMMISSIONER PALECKI: Change 17F to 17G, and then  
22 insert an issue on whether or not it's ripe for the Commission  
23 to decide as 17F. And I'll let you come up with the exact  
24 wording, unless you have some wording at this time that you  
25 could read.

1 MR. KEATING: I will, I will give it a quick shot.

2 "Is it ripe for the Commission to determine whether  
3 it should take any action to protect retail customers from fuel  
4 cost increases that result from the sale of the Polk 1  
5 gasifier?" And that sort -- that's using the same language  
6 from the FIPUG issue.

7 COMMISSIONER PALECKI: Well, there hasn't been a sale  
8 yet. Could you change that to the future sale, the proposed  
9 sale? I know that it has -- it's something that  
10 representatives of TECO have actually discussed, but I don't  
11 think there is a sale. So would proposed sale be more  
12 accurate, Mr. Beasley?

13 MR. BEASLEY: A potential or any sale, since none  
14 exists currently, proposed sale.

15 COMMISSIONER PALECKI: Proposed is satisfactory?

16 MR. BEASLEY: Yes.

17 COMMISSIONER PALECKI: I just want a word that  
18 reflects that it hasn't actually happened. Let's change it to  
19 "proposed sale," unless there's any objection.

20 MR. KEATING: And should we change what's now Issue  
21 17G, the original issue, to also use the term "proposed sale"?

22 COMMISSIONER PALECKI: Yes. I would like to see both  
23 issues being consistent.

24 Mr. Beasley?

25 MR. BEASLEY: I was going to suggest, if possible,

1 could we have that heard at the outset of the hearing, the  
2 ripeness issue as a preliminary matter?

3 COMMISSIONER PALECKI: I don't have any problem with  
4 that, but I'm not sure that that's not something the Chairman  
5 should decide at the time of the hearing.

6 Mr. Keating, why don't you make a note to inquire of  
7 the Chairman prior to the hearing whether she would like to  
8 have that heard as a preliminary matter at the hearing. And  
9 I'll leave that up to the Chairman to make that call.

10 Okay. Now the parties will need to provide their  
11 positions on these two issues. Can they do so at this time, or  
12 would you prefer having a period of time to provide your  
13 positions?

14 MR. KEATING: If, if the parties are, are ready to  
15 give a position, we can, we can take them now.

16 COMMISSIONER PALECKI: It would seem that it would be  
17 pretty easy to come up with positions. I think I've already  
18 heard Tampa Electric Company's position.

19 MR. BEASLEY: It would essentially be what we've said  
20 in response to 17F, sir, that it shouldn't be a hearing -- it  
21 shouldn't be -- it should not be an issue for the upcoming fuel  
22 adjustment hearing, that no action is warranted at this time  
23 as no sale has taken place. And there's no indication that  
24 Tampa Electric's retail customers will experience any fuel cost  
25 increase if such a sale does occur. In the event the gasifier

1 is sold, the Commission would have jurisdiction in a future  
2 fuel and purchased power cost recovery hearing to address the  
3 fuel adjustment impact, if any, of the sale. So for those  
4 reasons we suggest to you that it is not ripe for being heard  
5 at this time.

6 COMMISSIONER PALECKI: And with regard to FIPUG, are  
7 FIPUG and Tampa Electric the only two parties involved in this  
8 issue? Does the Office of Public Counsel have a position?

9 MR. VANDIVER: I think we would agree with  
10 Mr. McWhirter's position.

11 COMMISSIONER PALECKI: And, Mr. McWhirter, we have  
12 your position on the previous 17F, which is now 17G, with  
13 regard to the ripeness issue. I think I can assume that your  
14 position is that this is an issue that is ripe for the  
15 Commission to decide?

16 MR. McWHIRTER: I'm ready to read our position into  
17 the record.

18 COMMISSIONER PALECKI: Thank you.

19 MR. McWHIRTER: "After it filed its testimony in this  
20 case for the projected fuel costs in 2003, TECO made a public  
21 announcement on September 25th that it planned to sell its  
22 gasifier before December 31st of 2002. On October 8th it made  
23 a public announcement that it had entered into a memorandum of  
24 understanding with respect to the sale of the unit. The sale  
25 price of -- it also stated at that time that TECO would operate

1 the unit and that it would purchase the gas, the manufactured  
2 gas that the unit would produce. The Polk Power Number  
3 1 gasifier is a, an expensive capital investment that was  
4 approved at the time Tampa Electric's determination of need was  
5 approved for the construction of this unit, and it was the  
6 least -- most cost-effective unit because of the net present  
7 values that would be realized from using coal and pet coke as a  
8 fuel over the life of the system."

9 MR. BEASLEY: Commissioner Palecki, I don't want to  
10 interrupt, but this doesn't sound like an issue. It sounds  
11 like testimony.

12 COMMISSIONER PALECKI: Well, it is a position on the  
13 issue and I will allow some leeway on this since it's a new  
14 issue that we've just created. But if you could try to keep it  
15 as brief as possible, Mr. McWhirter.

16 MR. McWHIRTER: I'll wind it up in a sentence. "The  
17 announced sale of the unit will undoubtedly affect the fuel  
18 cost that was projected to be passed along to customers in the  
19 year 2003. It is, therefore, ripe for consideration."

20 COMMISSIONER PALECKI: Thank you. And this is  
21 another question just out of curiosity, but, Mr. Beasley, if  
22 Tampa Electric Company sells the gasifier, do they intend to  
23 have it continue to be on site and used with the power plant or  
24 would it be carted away by the purchaser?

25 MR. BEASLEY: No. No. It would be used at that

1 facility.

2 COMMISSIONER PALECKI: So you would contract with the  
3 purchaser for, for services, for gasifier service?

4 MR. BEASLEY: Yes, sir.

5 COMMISSIONER PALECKI: And, Mr. McWhirter, is FIPUG  
6 planning on making a purchase of that gasifier?

7 MR. McWHIRTER: It depends on the price.

8 COMMISSIONER PALECKI: Let's move on to Issue Number,  
9 let's see, Issue Number 18. And, first, all of the Tampa  
10 Electric issues have been covered at this time; is that  
11 correct?

12 MR. BEASLEY: Yes, they have.

13 MR. KEATING: I believe so.

14 COMMISSIONER PALECKI: We'll move on to the generic  
15 operating performance incentive factor issues first, 18 and 19.  
16 I believe they've both been stipulated.

17 MR. KEATING: That's correct, Commissioner. There is  
18 one error or a column of numbers that's in error in Attachment  
19 A to the draft prehearing order that reflects the, the  
20 stipulated positions on Issues 18 and 19.

21 On the last page, that's Page 4 of 4 of that  
22 attachment, the column for Tampa Electric titled "EUOF"  
23 contained erroneous numbers in the original draft. The correct  
24 numbers going down that column are 24.4, 33.2, 28.9, 12.7,  
25 28.1, 24.1 and 13.4. And with those changes I believe Issues

1 18 and 19 are, can be shown as stipulated.

2 COMMISSIONER PALECKI: Thank you. Any objection to  
3 any of those changes as read into the record?

4 MR. BEASLEY: No objection.

5 COMMISSIONER PALECKI: The company-specific  
6 generating performance incentive factor issues, we had none for  
7 Florida Power Corporation, none for Florida Power & Light, and  
8 none for Gulf Power Company; is that accurate?

9 MR. BADDERS: That's correct.

10 MR. BUTLER: Yes.

11 MR. KEATING: That's correct.

12 COMMISSIONER PALECKI: All right. Moving on to Tampa  
13 Electric Company, we have Issues 23A and B, which are reflected  
14 as proposed stipulations.

15 MR. KEATING: That's correct. The language in Issue  
16 23A does need to be slightly modified. It references the year  
17 2000. It should reference the year 2001. But that does not  
18 change the stipulation.

19 COMMISSIONER PALECKI: Why don't you go ahead and  
20 read the entire issue into the record.

21 MR. KEATING: Issue 23A would now read, "Should the  
22 actual 2001 heat rates for Big Bend Units Number 1 and Number  
23 2 be adjusted for the flue gas desulfurizations (FGD) impact on  
24 Tampa Electric's 2000 reward/penalty?"

25 COMMISSIONER PALECKI: Thank you. And there are no

1 objections to that issue as modified and it still appears that  
2 we have a stipulation on both issues, correct, 23A and B?

3 MR. KEATING: Yes.

4 COMMISSIONER PALECKI: All right. Moving on to the  
5 generic capacity cost recovery factor issues, Issues 24 and 25  
6 and 26, all reflected as proposed stipulations. Any changes on  
7 any of those?

8 MR. KEATING: Commissioner, with FPL's revisions to  
9 its testimony, I believe its numbers in Issues 25 and 26 will  
10 change. Again, we'll, we'll just need the time to look through  
11 those to be able to determine if those could still be shown as  
12 stipulated in the prehearing order.

13 COMMISSIONER PALECKI: Thank you.

14 MR. KEATING: But with respect to Issue 24 there  
15 should be no change there.

16 COMMISSIONER PALECKI: Moving to Issue 27, any  
17 changes to the issue or any of the positions?

18 MR. KEATING: Again, Florida Power and Light's  
19 number, I believe, will change based on the revised testimony  
20 for Issue 27.

21 Staff's position also should, should be changed here.  
22 For Florida Power Corporation, Florida Power & Light and Tampa  
23 Electric Company our position should be changed to read, "No  
24 position pending resolution of whether security costs are  
25 recovered through the fuel or capacity clause." I don't think

1 we have any disagreement with the numbers. But if the security  
2 costs are approved for recovery and the Commission decides to  
3 put those through the capacity clause, that will change those  
4 numbers.

5 COMMISSIONER PALECKI: Thank you.

6 MR. KEATING: With respect to Gulf Power, I have a  
7 somewhat lengthy position that I can provide to the court  
8 reporter, unless you'd like me to read it into the record.

9 COMMISSIONER PALECKI: How lengthy?

10 MR. KEATING: I can get through it in a minute.

11 COMMISSIONER PALECKI: A minute?

12 MR. KEATING: Yes.

13 COMMISSIONER PALECKI: All right. We won't give you  
14 a second more.

15 MR. KEATING: "The projected net purchased power  
16 capacity cost recovery amount to be included in the recovery  
17 factor for the period January 2003 through December 2003 is  
18 \$8,395,872. This amount includes the projected net Southern  
19 Intercompany Interchange contract (IIC) cost for 2003 of  
20 \$7,596,458 compared with the reprojected net IIC cost for 2002  
21 of \$2,544,246. The company needs to demonstrate in the 2003  
22 true-up process that the IIC cost is prudently incurred and is  
23 allocated to Gulf and its customers equitably."

24 COMMISSIONER PALECKI: And if you could please  
25 provide that in writing to the court reporter.

1 (Staff's Revision to Issue 27 attached as part of the  
2 record.)

3 MR. BADDERS: And Gulf can agree with that position,  
4 and we will get with the Commission staff to provide them  
5 further information.

6 COMMISSIONER PALECKI: Thank you? FIPUG.

7 MR. McWHIRTER: "No position."

8 COMMISSIONER PALECKI: Moving on to Issue 28. We  
9 have Issue 28 reflected as a proposed stipulation. Any changes  
10 to the issue or positions of the parties?

11 Hearing none, Issue 29, any changes to the issue or  
12 the positions?

13 MR. BADDERS: I believe Issue 29 is possibly  
14 stipulated with regard to Gulf Power now that Issue 27 is  
15 stipulated.

16 MR. KEATING: I believe that's probably the case.  
17 And I'll just go back and make sure that we can show that with  
18 respect to Gulf as being a stipulated issue.

19 COMMISSIONER PALECKI: Thank you.

20 MR. KEATING: And I would just also note that FPL's  
21 numbers here on Issue 29 have been revised.

22 COMMISSIONER PALECKI: When you say they have been  
23 revised, they are not yet revised in the prehearing order but  
24 they are being revised.

25 MR. KEATING: Correct.

1           COMMISSIONER PALECKI: Thank you. All right. If  
2 there are no further changes, we can move to Page 35 of the  
3 draft prehearing order.

4           Basically the first thing I see is that there are no  
5 company-specific capacity cost recovery factor issues. Does  
6 that remain the case today?

7           MR. KEATING: Yes.

8           COMMISSIONER PALECKI: All right. Are there any  
9 other changes whatsoever with regard to the issues or the  
10 companies' positions on the issues?

11           If not, I think we can move to the exhibit list. And  
12 why don't we take this up on a company-by-company basis since  
13 it's a relatively exhausted, exhaustive list. Florida Power  
14 Corporation, do you have any changes?

15           MR. MCGEE: I have none. They're correctly stated.

16           COMMISSIONER PALECKI: Florida Power & Light?

17           MR. BUTLER: There are a couple of changes we  
18 discussed earlier this morning to how the existing exhibits for  
19 Ms. Dubin are listed.

20           In addition to that, there is an additional exhibit  
21 for Mr. Yupp that would be GY, GY-2, and then two additional  
22 exhibits for Ms. Dubin, KMD-7 and KMD-8, because of the  
23 revised, revision filing. And I will just provide the titles  
24 for those to Mr. Keating, if that's acceptable.

25           COMMISSIONER PALECKI: Thank you. Gulf Power?

1 MR. BADDERS: We have no corrections.

2 COMMISSIONER PALECKI: Tampa Electric Company?

3 MR. BEASLEY: We have some minor corrections to the  
4 descriptions of Ms. Jordan's exhibits, and I have previously  
5 provided those to staff.

6 COMMISSIONER PALECKI: Thank you. Okay. Section X  
7 is proposed stipulations. I note that staff has inserted  
8 staff's language as the proposed stipulated, stipulated  
9 language, so the parties probably don't want to tinker with  
10 that. The Commission will vote on whether to approve the  
11 stipulations at the hearing. But if the parties have had a  
12 chance to review this language and you do have any disputes  
13 with the staff's language, now would be the time to, to raise  
14 that. Are there any changes, modifications? I don't want to  
15 go through this on an issue-by-issue basis unless it's  
16 absolutely necessary. And I see everyone is shaking their  
17 heads that it's not, it's not necessary. So if there are any  
18 changes on any of the proposed stipulations.

19 Hearing none, we'll move on to Page 49 of the draft  
20 prehearing order, Section XI, pending motions. I see our draft  
21 prehearing order shows a TECO motion to shorten time for  
22 discovery responses. It's my understanding this motion is  
23 unopposed. Is there any objection by any of the parties to  
24 TECO's motion?

25 MR. BADDERS: No objection.

1           COMMISSIONER PALECKI: Hearing none, the motion of  
2 Tampa Electric Company to shorten time for discovery responses  
3 is granted.

4           Any other pending motions?

5           Section XII, pending confidentiality matters. There  
6 are several listed in the draft prehearing order, which would  
7 be ruled on by separate order later. Are there any  
8 confidentiality matters that need to be decided here at the  
9 prehearing conference? Hearing none --

10          MR. BUTLER: Commissioner Palecki, I provided Mr.  
11 Keating earlier today with a summary of a request for  
12 confidentiality that FPL has filed that's not on the list, but  
13 it doesn't need to be ruled on today.

14          COMMISSIONER PALECKI: All right. We'll just decide  
15 on that motion in the ordinary course.

16          MR. BUTLER: Okay.

17          MR. KEATING: And, Commissioner, I'm sorry.

18          COMMISSIONER PALECKI: Yes, Mr. Keating.

19          MR. KEATING: It's my understanding that we will  
20 probably have a few more confidentiality requests before this  
21 order gets issued. Perhaps we can knock some off and then  
22 maybe add some more by that time.

23          COMMISSIONER PALECKI: Let's hope we can knock some  
24 off anyway. I like that part of it.

25          Section XIII, rulings. There are none shown in the

1 draft, but we'll incorporate those that have been made here  
2 today.

3 And is there anything else whatsoever that the  
4 parties would like to rule at this time or would like to raise?

5 All right. Well, that would then conclude the  
6 prehearing conference in Dockets 01, 02, 03, 04 and 07.  
7 Specifically we're adjourning the prehearing, prehearing  
8 conference at this time for Docket Number 020001.

9 (Thereupon, the portion of the Prehearing Conference  
10 pertaining to Docket Number 020001 was concluded.)

11 COMMISSIONER PALECKI: I would like to ask the  
12 parties to continue to work with the staff to finalize the  
13 prehearing order, especially with regard to issues where the  
14 positions are stipulated or agreed upon by the parties.

15 Is there anything else that anyone would like to  
16 bring up at this time?

17 MR. HORTON: Commissioner Palecki, for Florida Public  
18 Utilities Company I believe that all of the issues have been  
19 stipulated as to us.

20 MR. KEATING: Yes.

21 MR. HORTON: And then probably Mr. Bachman would not  
22 need to appear unless one of the Commissioners has a question.

23 COMMISSIONER PALECKI: Absolutely. And staff will  
24 let you know on that after they've had a chance to poll the  
25 Commissioners.

1 MR. HORTON: Thank you.

2 COMMISSIONER PALECKI: Well, thank you very much. I  
3 appreciate it. The prehearing conference is adjourned.

4 (The Prehearing Conference was adjourned at 4:11  
5 p.m.)

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STATE OF FLORIDA )

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CERTIFICATE OF REPORTER

COUNTY OF LEON )

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

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

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

DATED THIS 12TH DAY OF NOVEMBER, 2002.

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

STAFF: No position pending review of discovery.

ISSUE 2: What are the appropriate estimated fuel adjustment true-up amounts for the period January 2002 through December 2002?

POSITIONS:

FPC: \$4,771,808 over-recovery. (Portuondo)

FPL: \$15,080,676 underrecovery. (DUBIN) **REVISED**

FPU: Marianna: \$59,133 (under-recovery)  
Fernandina Beach: \$194,807 (over-recovery)

GULF: Under recovery \$16,703,076. (Oaks, Bell, Davis)

TECO: \$5,818,569 over-recovery. (Witness: Jordan)

FIPUG: FIPUG contends that for the months of January and June through September, TECo's fuel cost revenues should be adjusted to credit retail customers with the difference between the fuel cost charged to Hardee Power Partners (HPP) and system average fuel cost; or in the alternative, TECo should provide proof that retail customers are continuing to benefit from the sales to an unregulated affiliate at less than average fuel cost. FIPUG further contends that purchases from HPP should be adjusted to average fuel cost.

OPC: No position at this time.

STAFF: No position pending review of discovery.

ISSUE 3: What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2003 to December 2003?

POSITIONS:

FPC: \$29,912,902 over-recovery. (Portuondo)

FPL: \$15,080,676 underrecovery. (DUBIN) **REVISED** ←

FPU: Marianna: \$147,999 to be collected  
Fernandina Beach: \$328,323 to be refunded

GULF: Collect \$29,071,198. (Davis)

TECO: \$3,165,591 under-recovery. (Witness: Jordan)

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

OPC: No position at this time.

STAFF: No position pending resolution of Issues 1 and 2.

ISSUE 4: What are the appropriate levelized fuel cost recovery factors for the period January 2003 to December 2003?

POSITIONS:

FPC: 2.348 cents per kWh (adjusted for jurisdictional losses). (Portuondo)

FPL: 2.740 cents/kWh is the levelized recovery charge to be collected during the period January, 2003 through December, 2003. (DUBIN) **REVISED**

FPU: Marianna: 2.248¢/kwh  
Fernandina Beach: 2.272¢/kwh

GULF: 2.348¢/KWH. (Oaks, Bell, Davis)

TECO: The appropriate factor is 3.009 cents per KWH before the normal application of factors that

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**FPL: REVISED**

GROUP	RATE SCHEDULE	AVERAGE FACTOR	FUEL RECOVERY LOSS MULTIPLIER	FUEL RECOVERY FACTOR
A	RS-1,GS-1,SL2	2.740	1.00206	2.746
A-1*	SL-1,OL-1,PL-1	2.689	1.00206	2.695
B	GSD-1	2.740	1.00199	2.746
C	GSLD-1 & CS-1	2.740	1.00083	2.743
D	GSLD-2,CS-2,OS-2 & MET	2.740	.99417	2.724
E	GSLD-3 & CS-3	2.740	.95413	2.615

GROUP	RATE SCHEDULE	AVERAGE FACTOR	FUEL RECOVERY LOSS MULTIPLIER	FUEL RECOVERY FACTOR
A	RST-1,GST-1			
	ON-PEAK	2.981	1.00206	2.987
	OFF-PEAK	2.633	1.00206	2.638
B	GSDT-1,CILC-1(G)			
	ON-PEAK	2.981	1.00199	2.987
	OFF-PEAK	2.633	1.00199	2.638
C	GSLDT-1 & CST-1			
	ON-PEAK	2.981	1.00083	2.983
	OFF-PEAK	2.633	1.00083	2.635
D	GSLDT-2 & CST-2			
	ON-PEAK	2.981	.99417	2.963
	OFF-PEAK	2.633	.99417	2.618
E	GSLDT-3,CST-3			
	CILC-1(T)&ISST-1(T)	2.981	.95413	2.844
	ON-PEAK	2.633	.95413	2.512
	OFF-PEAK			

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F	CILC-1(D) & ISST-1(D)			
	ON-PEAK	2.981	.99300	2.960
	OFF-PEAK	2.633	.99300	2.615

\*WEIGHTED AVERAGE 16% ON-PEAK AND 85% OFF-PEAK

DUBIN **REVISED**

**FPU:**

Marianna:

<u>Rate Schedule</u>	<u>Adjustment</u>
RS	\$.03846
GS	\$.03797
GSD	\$.03533
GSLD	\$.03335
OL	\$.02707
SL	\$.02711

Fernandina Beach:

<u>Rate Schedule</u>	<u>Adjustment</u>
RS	\$.03745
GS	\$.03624
GSD	\$.03445
CSL	\$.02955
OL	\$.02955
SL	\$.02955

**GULF:**

See table below: (Davis)

Group	Rate Schedules*	Fuel Cost Factors ¢/KWH		
		Standard	Time of Use	
			On-Peak	Off-Peak
A	RS, RSVP, GS, GSD, SBS, OSIII, OSIV	2.359	2.749	2.193

ISSUE 10:           What are the appropriate estimated benchmark levels for calendar year 2003 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

POSITIONS:

FPC:                   \$8,238,615   (Portuondo)

FPL:                   \$21,165,387 subject to adjustments in the April 2003 filing to include all actual data for the year 2002. (DUBIN) REVISED

FPU:                   No position at this time.

GULF:                  \$1,174,292.   (Davis, Bell)

TECO:                  \$1,640,452.   (Witness: Jordan)

FIPUG:                 FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

OPC:                   No position at this time.

STAFF:                 FPC:                 \$ 8,238,615  
                      FPL:                 No position pending review of discovery.  
                      Gulf:                \$ 1,174,292  
                      TECO:                \$ 1,640,452

ISSUE 11:           Should the Commission authorize each utility to recover voluntary payments of the Gas Research Institute (GRI) surcharge through the fuel and purchased power cost recovery clause?

POSITIONS:

FPC:                   This issue is not applicable to FPC, since it has not and will not make any such payments to GRI during the periods relevant to this proceeding. (Portuondo)

FPL: \$567,561,227 (DUBIN) **REVISED**

GULF: \$8,395,872. (Bell, Davis)

TECO: The purchased power capacity cost recovery amount to be included in the recovery factor for the period January 2003 through December 2003, adjusted by the jurisdictional separation factor, is \$38,251,461. The total recoverable capacity cost recovery amount to be collected, including the true-up amount and adjusted for the revenue tax factor, is \$39,808,156. (Witness: Jordan)

FIPUG: FIPUG has no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

OPC: No position at this time.

STAFF: FPC: \$357,252,657  
FPL: \$570,138,284  
GULF: No position pending review of discovery and resolution of Issue 16B.  
TECO: \$39,808,156

ISSUE 28: Proposed Stipulation. See Section X.

ISSUE 29: What are the appropriate capacity cost recovery factors for the period January 2003 through December 2003?

POSITIONS:

FPC:	<u>Rate Class</u>	<u>CCR Factor</u>
	Residential	1.163 cents/kWh
	General Service Non-Demand	.872 cents/kWh
	@ Primary Voltage	.863 cents/kWh
	@ Transmission Voltage	.855 cents/kWh
	General Service 100% Load Factor	.639 cents/kWh
	General Service Demand	.757 cents/kWh

@ Primary Voltage	.750 cents/kWh
@ Transmission Voltage	.742 cents/kWh
Curtailable	.538 cents/kWh
@ Primary Voltage	.533 cents/kWh
@ Transmission Voltage	.528 cents/kWh
Interruptible	.629 cents/kWh
@ Primary Voltage	.622 cents/kWh
@ Transmission Voltage	.616 cents/kWh
Lighting	.185 cents/kWh
	(Portuondo)

FPL:

RATE CLASS	CAPACITY RECOVERY FACTOR (\$/KW)	CAPACITY RECOVERY FACTOR (\$/KWH)
RS1	-	.00638
GS1	-	.00586
GSD1	2.30	-
OS2	-	.00385
GSLD1/CS1	2.29	-
GSLD2/CS2	2.26	-
GSLD3/CS3	2.27	-
CILCD/CILCG	2.39	-
CILCT	2.30	-
MET	2.39	-
OL1/SL1/PL1	-	.00301
SL2	-	.00417

RATE CLASS	CAPACITY RECOVERY FACTOR (RESERVATION DEMAND CHARGE) (\$/KW)	CAPACITY RECOVERY FACTOR (SUM OF DAILY DEMAND CHARGE) (\$/KW)
ISST1D	.29	.14
SST1T	.28	.13
SST1D	.29	.14

(DUBIN) **REVISED**

adjustment hearings, these adjustments will be necessary for the actual heat rate data for the years 2002 and 2003.

**ISSUE 23B:** Should the heat rate targets for the year 2003 for Big Bend Units #1 and #2 be adjusted for the FGD's impact on Tampa Electric's eventual 2003 reward/penalty?

**POSITION:** Yes. Adjustments to the heat rates for these units ensures comparability between heat rate targets, which are modeled using historical data, and the actual data for the same periods.

**ISSUE 24:** What are the appropriate final capacity cost recovery true-up amounts for the period January 2001 through December 2001?

**POSITION:**

FPC:	\$7,787,524 underrecovery.
FPL:	\$2,528,058 underrecovery.
GULF:	\$ 819,509 underrecovery.
TECO:	\$2,416,932 overrecovery.

**ISSUE 25:** What are the appropriate estimated capacity cost recovery true-up amounts for the period January 2002 through December 2002?

**POSITION:**

FPC:	\$ 3,022,637 overrecovery.
FPL:	\$51,676,697 overrecovery. REVISED
GULF:	\$ 353,333 overrecovery.
TECO:	\$ 3,944,986 underrecovery.

**ISSUE 26:** What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2003 through December 2003?

**POSITION:**

FPC:	\$ 4,764,887 underrecovery.
FPL:	\$ 49,148,639 overrecovery. REVISED

**STAFF POSITION**

**ISSUE 16B**

No. Gulf Power expects to receive average energy revenue from these two contracts at a price between its incremental system fuel costs, but not necessarily greater than its average system fuel costs. By Order No. PSC-97-0262-FOF-EI, issued March 11, 1997, in Docket No. 970001-EI, the Commission stated that "a utility shall credit average system fuel revenues through the fuel adjustment clause unless [the utility] demonstrates, on a case-by-case basis, that each new sale does in fact provide overall benefits to the retail ratepayers." Gulf Power has not demonstrated that these two new wholesale energy sales are in the public interest.

Docket No. 020001-EI

## OPC Revised Position

**ISSUE 16C:** Gulf Power has submitted no direct testimony to support the expenses associated with the hedging program. There is no competent substantial evidence to support recovery of these costs.

**STAFF POSITION**

**ISSUE 27**

FPC: No position pending resolution of Issue 13F.

FPL: No position pending resolution of Issue 14A.

GULF: The projected net purchased power capacity cost recovery amount to be included in the recovery factor for the period January 2003 through December 2003 is \$8,395.872. This amount includes the projected net Southern Intercompany Interchange Contract (IIC) cost for 2003 of \$7,596,458, compared with the reprojected net IIC cost for 2002 of \$2,544,246. The company needs to demonstrate in the 2003 true-up process that the IIC cost is prudently incurred and is allocated to Gulf and its customers equitably.

TECO: No position pending resolution of Issue 17C.