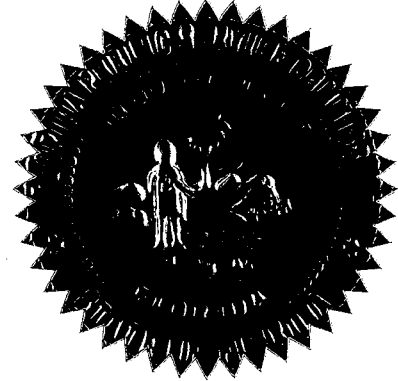


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 060198-EI

In the Matter of:

REQUIREMENT FOR INVESTOR-OWNED ELECTRIC
UTILITIES TO FILE ONGOING STORM
PREPAREDNESS PLANS AND IMPLEMENTATION
COST ESTIMATES.



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PROCEEDINGS: AGENDA CONFERENCE
ITEM NO. 7

BEFORE: CHAIRMAN LISA POLAK EDGAR
COMMISSIONER J. TERRY DEASON
COMMISSIONER ISILIO ARRIAGA
COMMISSIONER MATTHEW M. CARTER, II
COMMISSIONER KATRINA J. TEW

DATE: Tuesday, August 29, 2006

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

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FPSC-COMMISSION CLERK

1 PARTICIPATING:

2 JOHN BUTLER, ESQUIRE, representing FPL.

3 LEE WILLIS, ESQUIRE, representing TECO.

4 RUSSELL BADDERS, ESQUIRE, representing Gulf.

5 JOHN BURNETT, ESQUIRE, Progress Energy.

6 MARK CUTSHAW, ESQUIRE, representing FPUC.

7 ROSANNE GERVASI, ESQUIRE, JIM BREMAN, BILL McNULTY

8 and BOB TRAPP, representing the Florida Public Service

9 Commission Staff.

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P R O C E E D I N G S

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2 CHAIRMAN EDGAR: Welcome back. We will go back on
3 the record, and we're going to begin with Item 7. Before I ask
4 staff to start us off with that, I do believe we have somebody
5 participating by phone. So if you're by phone, could you go
6 ahead and make us aware of your presence.

7 MR. BUTLER: Yes. Thank you. This is John Butler on
8 behalf of Florida Power and Light company.

9 CHAIRMAN EDGAR: Thank you, Mr. Butler.

10 I'm going to ask staff to give us an overview, a
11 brief overview on Item 7. There are a number of issues. I
12 don't know that we need to ask them to go through each of them
13 one-by-one, but we will give a general overview. And then we
14 can jump in with questions and discussion. And, of course,
15 hear from the industry representatives that have joined us for
16 this item.

17 MR. BREMAN: Commissioners, my name is Jim Breman.

18 We're here to address staff's recommendation on the
19 electric utilities filings in response to the ten storm
20 initiatives you identified in Order Number PSC-06-0351-PAA-EI.
21 That order was not protested. It's my understanding, and I
22 think everybody's here, that due to recent hurricane activities
23 and the level of damage to the infrastructure, these ten
24 initiatives were ordered. And this Commission initiated this
25 based on the substance of a January 23 workshop where we

1 solicited information from the industry and governmental
2 representatives to report on their experiences and suggest
3 options.

4 You further codified your action on February 23rd at
5 an Internal Affairs -- excuse me, February 27th at an Internal
6 Affairs where you discussed a multi-pronged approach. In the
7 short term, you requested all parties to report their storm
8 readiness status on June 5th, at Internal Affairs on June 5th.
9 In the long-term, the Commission initiated two activities. The
10 first part consists of rulemaking, and those rulemaking efforts
11 are underway. And we're here to address the second part, which
12 is these storm initiatives.

13 The storm initiatives for the investor-owned electric
14 utilities are addressed in Issues 1 through 8. The contentious
15 issue, Commissioners, will be the vegetation issue and that
16 will be Issue 1. It is contentious because staff doesn't
17 believe that all utilities met the requirements of going
18 forward and showing that they should do a three-year trim cycle
19 for all distribution circuits.

20 In Issue 2, we bring up the subject matter of joint
21 use attachment audits. Effectively all the investor-owned
22 utilities are planning to implement the stress assessments of
23 third-party attachments on their poles in conjunction with
24 their pole inspection programs. The pole inspection programs
25 is Item 8 today.

1 Issue 3 addresses the six-year transmission
2 inspection program, and in that all the electric utilities meet
3 or exceed the requirement to inspect all transmissions
4 structures within a six-year period.

5 In Issue 4, we address the hardening of existing
6 structures. In that item the Commissioners requested the
7 utilities to report plans for hardening of existing structures.
8 The utilities provided such plans, and all plans do result in
9 the hardening of transmission facilities over time.

10 In Issue 5, we address initiatives for collection
11 of -- for establishing information systems that we call
12 geographic information systems, forensic analysis, increased
13 level of detailed reliability, and to capture the performance
14 of overhead and underground systems. These are three
15 initiatives, and we group them together because it's hard to
16 analyze any one initiative and ignore the other two.

17 In Issue 6, we address Initiative 8, which is
18 increased coordination with local government. In this case we
19 found that each utility responded to the Commission's
20 admonition to increase coordination with governmental entities
21 where there was evidence that increases were needed.

22 In Issue 7, we address Initiative 9, which is
23 statewide collaborative research effects on wind and hurricane.
24 At the time that staff drafted its recommendation, we reported
25 what we knew that the utilities had accomplished. At that time

1 they had not accomplished certain things and -- for example,
2 they had not identified specific research projects and dates of
3 deliverables. I believe today you're going to hear that they
4 have made some progress on that.

5 Issue 8 addresses Initiative 10, which is having a
6 natural disaster preparedness and recovery plan. All electric
7 utilities, investor-owned electric utilities, have these plans.
8 They are updated annually, and they comply with the
9 requirements.

10 In Issue 9, staff recommends the Commission require
11 annual reports from investor-owned utilities, and to require
12 its staff to review each of the hardening plans and updates to
13 those plans on an annual basis and then provide that
14 information to you on an annual Internal Affairs presentation,
15 or something of that nature.

16 Issue 10 is informational only. It does not require
17 the Commission to take action. It's simply being presented so
18 that the package is complete, so that you have a picture of all
19 electric utilities in the state of Florida with respect to
20 their level of activity on the ten initiatives you have
21 identified.

22 Commissioners, as you said, we are prepared to go
23 issue-by-issue or address the specific issues and questions
24 that you actually have.

25 CHAIRMAN EDGAR: Thank you. I would like to go ahead

1 and hear briefly from the industry representatives who have
2 joined us for this item, and then I will open it up to
3 questions, and we will see where that takes us.

4 MR. BADDERS: Thank you. Good afternoon. My name is
5 Russell Badders, and I'm appearing on behalf of Gulf Power
6 Company. I do not have general comments on Items 2 through 9.
7 However, I will have some specific comments on Item Number 1,
8 the vegetation management plan. I can give those comments now,
9 or would you like to take those in turn as we do each
10 individual issue?

11 CHAIRMAN EDGAR: Let's go ahead and go down the line
12 so we all know who we have. And, again, we may have more
13 people participating by phone than we do at some of our other
14 meetings. So with that, let's just go ahead and introduce one
15 another, and we will go from there.

16 MR. BURNETT: Thank you. Good afternoon,
17 Commissioners. John Burnett on behalf of Progress Energy
18 Florida. I'm similarly situated with Mr. Badders. No general
19 comments, but we do have specific comments on Issue 1 when the
20 Commission is ready.

21 CHAIRMAN EDGAR: Okay.

22 MR. WILLIS: I'm Lee Willis representing Tampa
23 Electric Company. I don't have any general comments, but will
24 make some comments with respect to Issue 7 on the collaborative
25 research.

1 CHAIRMAN EDGAR: Thank you.

2 Mr. Butler.

3 MR. BUTLER: Yes. Hi. I also don't have general
4 comments, really on any of them. I'm happy to answer questions
5 on whichever issues the Commissioners may have questions or
6 concerns, but FPL is generally satisfied with staff's
7 recommendation.

8 CHAIRMAN EDGAR: Thank you, Mr. Butler.

9 Commissioners, any general comments or questions
10 before we go in and ask for more detail on Item 1, Issue 1?

11 No. Okay.

12 Then, Mr. Badders, let's begin our discussions on the
13 first issue.

14 MR. BADDERS: Thank you. Gulf Power has filed a plan
15 in response to Item 1. Gulf's vegetation management plan is a
16 reliability-based program. It is not a three-year cycle, a
17 two-year cycle, or a six-year cycle. It is purely based on
18 targeted trimming in areas where trimming is needed the most, I
19 guess. Some areas you would see a one or a two-year cycle.
20 Some areas you may see a five or a six-year cycle. It would
21 not necessarily average out to a three-year cycle across our
22 system, because not all areas of the system would necessarily
23 need trimming on a three-year cycle.

24 We believe that -- obviously, this is different than
25 what many of the other utilities have offered. I believe when

1 your audit staff looked at our plan in relation to the other
2 plans, reliability based, not -- this is before the storm
3 hardening docket, there was some issues with them trying to
4 understand how ours would be the same or as effective as some
5 of the other cycle-based plans.

6 And in the end, when they issued their report to the
7 Commission, they did find that our plan was very effective as
8 far as reliability-based vegetation management. We would like
9 to continue that along with some modifications as provided to
10 staff to address the storm hardening initiatives that we have
11 all been tasked with going forward and trying to find a good,
12 effective, cost-effective and effective plan.

13 We believe it does meet that intent, and it is our
14 best effort at this point to try to come up with an alternative
15 to a three-year cycle, that is as effective as the three-year
16 cycle. Again, I'm here and available for questions.

17 CHAIRMAN EDGAR: Thank you.

18 Mr. Burnett.

19 MR. BURNETT: Thank you, Madam Chairman. Progress
20 Energy Florida has put forth what is called the IVM, or the
21 integrated vegetation management plan. As way of background,
22 that plan is an effective cycle on backbones and feeders of at
23 least three years, if not better, and a five-year on lateral.
24 That plan comports with the -- we believe, the intent of the
25 Commission and is at least as equal to, if not more aggressive,

1 than another plan that has been approved in the staff
2 recommendation. The issue with Progress Energy Florida as
3 raised in the staff recommendation was a quantitative analysis
4 to justify the plan which was a requirement that was raised in
5 the initial Commission order.

6 We are certainly here today to answer any questions,
7 but I wanted to briefly offer that we initially had provided a
8 cost-based benefit quantitative analysis. We came back and
9 with some exchanges from staff worked on a reliability
10 indicator-based quantitative analysis, and then have recently
11 worked out with staff, as suggested in the staff
12 recommendation, some quantitative analysis that mirrors, as
13 staff suggested, data like Florida Power and Light put forth to
14 justify their plan, and that has been provided to staff.

15 I'm certainly not wanting to speak for staff, but my
16 understanding is that the supplemental data that we have
17 provided has raised staff's comfort level to where they may
18 feel that they could favorably recommend our plan at this time.
19 But just by way of background, that is where we started at and
20 how we came to be here, and we are certainly here to answer any
21 questions. We have technical people here available, also.

22 Thank you.

23 CHAIRMAN EDGAR: And I know, Mr. Willis, that you had
24 indicated Item 7, do you have further comments?

25 MR. WILLIS: No.

1 CHAIRMAN EDGAR: Thank you. Okay. And I want to
2 make sure I haven't overlooked anybody.

3 Please.

4 MR. CUTSHAW: Good afternoon. I'm Mark Cutshaw
5 representing Florida Public Utilities Company. I do have some
6 general comments on vegetation, if you're ready.

7 CHAIRMAN EDGAR: Go right ahead. Thank you.

8 MR. CUTSHAW: We did propose an overall three-year
9 trim cycle. We have, in addition to that, the ability within
10 our program to address reliability issues that may arise during
11 the three-year cycle, mainly regarding the main feeders. If we
12 identify reliability issues that need to be addressed, we do
13 have the flexibility in our program to address those issues as
14 needed, but overall it is a three-year trim style.

15 CHAIRMAN EDGAR: Thank you.

16 Mr. Butler, do you have any general comments on Issue
17 1 at this time?

18 MR. BUTLER: I really don't, Madam Chairman. I'm
19 certainly happy to answer questions, but I think that staff has
20 captured the essence of why we are proposing what we are
21 proposing, and we'll be happy to try to support it as you need.

22 CHAIRMAN EDGAR: Okay. Thank you.

23 Commissioners, discussion? Do we have any questions
24 for our industry representatives or our staff on the
25 information in the alternatives that have been put before us on

1 vegetation management?

2 Commissioner Deason.

3 COMMISSIONER DEASON: This is a question for staff.

4 In regard to Progress Energy, it was indicated that they have
5 provided supplemental data. Staff, you have received that.

6 Have you analyzed that?

7 MR. LEE: Yes. We do -- this is Daniel Lee with
8 staff. We think Progress Energy's additional data does address
9 the concern that staff raised in the recommendation as the
10 method, the quantitative approach cost and benefits. But we
11 still have some question about the data, I think, the validity
12 of the data.

13 MR. BREMAN: Let me put this in context,
14 Commissioners. We received this information on Friday or
15 Thursday, late Thursday. And we're still in the process of
16 sorting out all of our questions, we're still reviewing it.
17 And I agree with Daniel, I think it is an improvement over what
18 we did have.

19 And I would also like to bring out a point that is
20 very different between Gulf Power and Progress with respect to
21 some of the other things, or some of the other utilities. In
22 the instance of Gulf Power and Progress, both utilities are
23 using normal everyday data as the fundamental characteristic of
24 where they are going with their overall vegetation management
25 program. And that goes outside of the four corners of your

1 order.

2 The order specifically addresses for purposes of
3 storm outages and reducing storm outages and storm recovery
4 costs. But the programs that Progress and Gulf Power are
5 asking you to consider as viable and consistent with the intent
6 of your order go to not only just storms, but everyday --
7 everyday day-to-day characteristics. So there is -- there is a
8 different analysis and a little bit of a different theory, and
9 staff is working that one through. So I just thought that I
10 would put that in context for you.

11 COMMISSIONER DEASON: So based upon that, you are
12 still in the process of reviewing the Progress Energy filing.
13 But I guess -- what do you -- what do you expect the Commission
14 to do with this issue that is in front of us at this time?

15 MR. BREMAN: Allow us to have another 30 days to
16 resolve whatever differences exist.

17 COMMISSIONER DEASON: For Progress and what about
18 Gulf.

19 MR. BREMAN: Gulf Power, also.

20 COMMISSIONER DEASON: Okay. You're in the process of
21 working with Gulf to make -- are you in the process of seeking
22 additional information and support for the methodology that
23 Gulf proposes to utilize?

24 MR. BREMAN: Yes, Commissioner.

25 COMMISSIONER DEASON: Mr. Badders, so you've agreed

1 to work with staff to provide this additional information over
2 the next 30 days, is that correct?

3 MR. BADDERS: Yes, Commissioner. We will endeavor to
4 get the information to staff. We are proposing, I guess, a
5 different animal. It is a little -- it is different. It's a
6 different way of looking at approaching the vegetation
7 management issue. And we will do our best to get information
8 to staff that they can draw parallels to the others and make a
9 good decision.

10 COMMISSIONER DEASON: Now, you characterize your
11 approach as reliability based. Do you agree with staff's
12 characterization that it is based upon data both, I guess,
13 business as usual data as well as storm data? Explain to me
14 your understanding of the approach.

15 MR. BADDERS: I agree. We are using, of course, our
16 everyday outage, tree outage information. We don't have a lot
17 of storm-specific data. I know FPL has offered some
18 information that is very storm specific. We don't necessarily
19 have it to that level. We are trying to go back and look at
20 the information that we do have, trying to put it in the proper
21 context with the storm when it occurred. We just don't have
22 the -- I guess the fine level of detail I think that staff is
23 seeing from FPL and some of the other utilities. That has been
24 a little bit of our struggle in trying to show that ours is
25 valid as far as for storm hardening and for everyday

1 reliability.

2 COMMISSIONER DEASON: You say you don't have the
3 data. How are you going to address that? Are you going to try
4 to reconstruct events from past hurricanes, or do you have a
5 model, or are you just going to try to use your normal
6 vegetation control procedures as a surrogate for what is
7 appropriate for storm preparedness?

8 MR. BADDERS: At this point, our best data is the
9 third position that you expressed. We are trying to go back
10 and see if we can extrapolate some information from our past
11 storms. It's just we didn't capture it in the same way. So we
12 are not sure that that information will be particularly valid
13 or useful at this point. But, given 30 days, we should be able
14 to exhaust that. And, hopefully, if we are not able to come to
15 that information, that level of information, to provide some
16 level of comfort to staff that ours is a valid basis, that that
17 information for regular reliability does extrapolate to the
18 hurricane hardening.

19 COMMISSIONER DEASON: Thank you.

20 CHAIRMAN EDGAR: Commissioner Arriaga.

21 COMMISSIONER ARRIAGA: I want to first congratulate
22 TECO Energy and FPUC for your immediate compliance to a
23 Commission order. I certainly appreciate that. It's a very
24 important step forward, so my appreciation and my
25 congratulations. What you are doing, you are doing on behalf

1 of the general public, especially today that we are celebrating
2 the bad remembered first anniversary of Katrina. And we have a
3 tropical storm sitting right on top of the Keys, ready to cut
4 Florida right through the center. So, again, my appreciation.

5 We started this process, as the record states, on
6 January 23. We issued an order on April 25, and we are sitting
7 here today saying that we need 30 more days. I don't
8 understand. Honestly, I don't understand. Can staff explain
9 to me why we need 30 more days? We have been going at this for
10 nine months now.

11 MR. BREMAN: Commissioners, we brought this
12 recommendation to you because it was time to let you express
13 your desires. We had dialogue with the utilities, and we
14 reached a situation where there were differences that we needed
15 to highlight to you and let you make your choice. Also, one
16 thing that is interesting is that when staff files a
17 recommendation, sometimes that causes actions that for some
18 reason or another didn't get done. So we are here because we
19 needed to get further action and further direction from you.

20 COMMISSIONER ARRIAGA: So are you saying that for
21 some reason one or two of the companies chose not to comply
22 with the order, is that what I'm understanding from you?

23 MR. BREMAN: Their view of the order is very
24 different.

25 COMMISSIONER ARRIAGA: And in the meetings you had

1 with the companies, were you not able to guide them through the
2 process so they understood what the order read?

3 MR. BREMAN: Commissioner, I'm just technical staff,
4 I'm not going to do the legal arguments, but I could
5 characterize it this way: The order says to base your
6 vegetation program on avoiding storm related outages and
7 reducing storm costs. And both Progress and Gulf Power said
8 they don't really have a lot of degree of comfort with the
9 level of data that they have for those types of events to
10 project or justify changes in their vegetation programs. So in
11 those instances it becomes extremely frustrating. And for all
12 intents and purposes, the utilities then go outside the four
13 corners of the order. They go into everyday activity. And if
14 you view that as not complying with the order, that's one view.
15 And I --

16 COMMISSIONER ARRIAGA: I'm not viewing anything. I
17 am just trying to understand, and help me understand. As I
18 said, we started this process nine months ago. And the last
19 two hurricanes seasons, the 2004 and coming forward, have
20 created issues that we should have had some data. So am I
21 understanding then that we do not have any data for the
22 2004/2005 hurricane seasons?

23 MR. BREMAN: One utility has better data, more
24 detailed data than the others, and that is the situation of
25 facts. And so staff is trying to address the differences of

1 facts on a fair basis. But we're trying to bring all of them
2 to you all at once, rather than piecemealing them all to you.

3 COMMISSIONER ARRIAGA: So is it fair, then, to assume
4 that TECO and FPUC have the necessary data, but the other two
5 companies don't have the data.

6 MR. BREMAN: We didn't even go that far with those
7 two companies, Commissioners. They just swallowed the bullet
8 or the pill, if you will.

9 COMMISSIONER ARRIAGA: I wouldn't say swallow the
10 bullet; I would say they complied with the order.

11 MR. BREMAN: Yes, sir. We didn't pursue what they
12 relied on to make that determination. They just went all the
13 way.

14 COMMISSIONER ARRIAGA: I do hope, Commissioners, that
15 you understand where I'm coming from. As I said earlier, I
16 went home and had a Kool-Aid. But I'm concerned. I mean, we
17 have a tropical storm sitting on the doors of Florida today.
18 Fortunately, it's a tropical storm. But could you imagine for
19 a second that that would be a Category 3 cutting Florida right
20 through the center, and we are sitting here today, nine months
21 later, saying that we do not have data and the companies have
22 not complied with our order? I'm concerned.

23 MR. McNULTY: Commissioner, if I may, I would just
24 like to mention that these storm plans were due June 1, and the
25 utilities complied in getting the storm plans filed on that

1 date. On July 14th we met with the investor-owned utilities,
2 and we gave them a question to answer, and they had 12 days in
3 which to answer, July 26th. That gave us enough time for us to
4 be able to review their response and make our recommendation.
5 In that question that we asked the utilities on July 14th, we
6 asked each utility to please provide an analysis of the
7 projected annual customer interruption data and the annual cost
8 data, because we were tying those concepts back to the order.

9 If you are not going to do a three-year, you are
10 going to be able to justify it in terms of both cost and
11 reliability. And in addition, in each of the utility's cost
12 analysis, we asked them to incorporate the anticipated
13 offsetting storm restoration costs savings associated with the
14 proposed expanded program in vegetation management and explain
15 the methodology and the assumptions in full.

16 So we were able to piece together enough information
17 from Florida Power and Light's filing to be able to say they
18 have made a reasonable representation of the impacts in both
19 costs and reliability and a justification for the program that
20 they had put forth. We were able to see that. We were not
21 able to see that with the other utilities who had alternative
22 plans. And that's essentially what brings us here today.

23 COMMISSIONER ARRIAGA: And I thank you. And I
24 noticed that I have mentioned the two companies that have
25 complied. I have mentioned the two companies that have not

1 complied. And I haven't said anything about FPL, because I
2 know that the order was flexible enough to allow for a
3 representation that staff was satisfied with them. From what I
4 see from the proposals today, you seem to be satisfied with the
5 proposal made by FPL because they brought you sufficient
6 information for us to understand that they are doing the
7 three-year transmission, the three-year laterals, and they want
8 some kind of flexibility in the distribution system, and they
9 prove it with numbers.

10 And I understand that. But I'm just getting no
11 answer from the two other companies, and I am worried. Why?
12 And this can be addressed to you. I mean, I am not picking on
13 you specifically. I'm just saying why? The other four
14 companies have -- three companies have complied.

15 MR. BURNETT: Thank you, Commissioner. John Burnett
16 on behalf of Progress Energy Florida.

17 Commissioner, to your questions, on behalf of my
18 company, just a very quick background. In 2004 when we saw the
19 first of the extreme hurricane activities, we began to get
20 ahead of the game then and start modifying our vegetation
21 management plan and implementing IVM. At that point we looked
22 at three-year cycles. We looked at what worked best within our
23 service territory, and that's certainly all we could speak of,
24 and we are very proactive.

25 The plan that we put before the Commission, we

1 believe was totally in compliance. Without mincing words, it's
2 more aggressive than some of the other plans that have been
3 suggested to be approved, and we think more effective for our
4 service territory. And, again, that is rooted in what we
5 experience within our particular service territory.

6 The problem that we have always had is quantifying
7 data that staff would be comfortable with. And we've looked at
8 it, we feel like, looking at it at a 365-day basis. What is
9 the customer going to see every single day, not just in
10 hurricane season. And in addition to hurricane season, can we
11 provide data that can convince this Commission, not only in
12 June through September, but for the rest of the year as well
13 that we are putting forth the best cost-effective plan, the
14 best plan on a total reliability basis, and we have been doing
15 the absolute best we can to work with staff to provide data on
16 a hurricane-specific basis.

17 But, again, with our particular -- with our
18 particular service territory, we have some difficulty getting
19 exactly to the level of data that staff has requested. There
20 have been several times within the process where staff has,
21 with all respect, requested a way of evaluating a plan that
22 simply cannot be done. And we have talked, and we've
23 interfaced with that. And in instances, for instance in the
24 local government coordination, staff was really reaching out
25 for a metric that could work to monitor this, but we are not

1 able to give them that. And there was recognized in the plan.

2 So we have done everything that we believe we can do
3 to give staff the comfort level and give the data that mimics
4 as close as possible as we could do to the Power and Light data
5 that was requested, but still that we could say that is valid
6 data. We are giving you data from our system that we can back
7 up and stand behind.

8 So we do feel like we are in compliance,
9 Commissioner, and just want to give you that perspective from
10 our view is our concern has never been quality, I believe. And
11 I don't think I have ever heard from staff quality. It is just
12 simply give us something -- a metric that we are comfortable
13 with, and we feel like we have done it, better than what was
14 requested, but we are certainly working with staff to try to
15 give any data that we can that makes them comfortable.

16 CHAIRMAN EDGAR: Just a few thoughts, random thoughts
17 perhaps.

18 Commissioner Arriaga, I understand some of your
19 frustration. I know that, you know, we all want to move
20 forward. But, you know, a little context. If we think back to
21 the end of hurricane season last year, and we had your
22 investiture and you joined us, and we all kind of said, aah,
23 okay, that season is over, and we have another one coming.
24 What do we need to do?

25 And I think that the utilities have worked very hard.

1 I know our staff has worked very hard. It's just not a process
2 that we snap our fingers and it's going to be done in a few
3 weeks. And if you think back to all of the work and the steps
4 that we have taken, there is frustration that we are not much,
5 much further down the road, that our data is not complete, that
6 it doesn't allow perfect irrefutable analysis.

7 But on the other hand, at the end of hurricane season
8 last year, in January we had a workshop, in February our staff
9 brought recommendations to us. We requested that the companies
10 submit very detailed plans to us within three months after that
11 fact. That was in June. And I know early, early this summer,
12 at the beginning of hurricane season, when we had the briefing
13 from the utility providers as to how they were approaching this
14 hurricane season and the steps that had been taken prior to the
15 last hurricane season, I asked, and I think others here did as
16 well, what is the status of review of the ten-point plans and
17 can we have something come back to us for discussion in August?
18 And here we are. So if you think back to all of the steps that
19 have happened during that eight months, I, for one, think that
20 a lot of good work has been done.

21 One of the concerns that we all expressed in February
22 was that we had different -- you know, different levels,
23 degrees and type of data collection and analysis going on. And
24 one of the things that I think we wanted was to try to provide
25 some consistency to that statewide, not just for the IOUs, but

1 statewide so that at each iterative step as we, as a
2 Commission, take action, and as our utilities take action that
3 will then come before us in a variety of forums, that we can do
4 good analysis and good cost/benefit analysis.

5 And I think that is part of the key. We are taking
6 steps, we have all year. We will working hand-in-hand with the
7 utilities that we regulate to try to do good analysis and good
8 decision-making based as much as we can on the data that we
9 have and look at the cost/benefit as we move forward. As we
10 move forward, as I say often, thoughtfully and yet timely.

11 So, Commissioner Tew, I believe you had a comment or
12 a question.

13 COMMISSIONER TEW: Some of both, actually. I
14 appreciate what you have said and I'm probably going to go out
15 on a limb even a little bit. I'm going to go out on a limb a
16 little bit farther and say that I voted for the three years --
17 the three-year cycle. I don't know if that is the right
18 answer. And I think that the order correctly provided for
19 utility-specific flexibility for the very reasons we are
20 talking about here. I think some companies have more data than
21 others. And we can all sit here and talk about whether they
22 should have more data and should have seen some of these
23 problems coming, but I just think that we are where we are, and
24 like the Chairman said, I think we have come a long way so far.
25 And it is going to take a little more time. It is not as

1 simple as snapping our fingers. And, you know, I hope that
2 three years is the right answer. I hope that we at least come
3 to what the right answer is. But I think we do have to provide
4 for that utility-specific flexibility that we talked about, and
5 as Commissioner Arriaga pointed out, is in the order.

6 So with that, I wanted to ask a question of Mr.
7 Badders. You had mentioned in your comments that you had one
8 to two-year cycles in some areas and five to six in others. Is
9 the five to six sort of the outward bound of the cycle, or are
10 there some situations where you have longer than six-year
11 cycles?

12 MR. BADDERS: As a little background, what we had
13 initially proposed, we didn't really discuss cycles as far as
14 one-year, two-year or three-year or anything like that. The
15 way our plan has been developed, it really doesn't use cycles.
16 It doesn't track cycles. Staff had expressed some concern with
17 that. We have come back and offered as an alternative that we
18 will look at all of our facilities and determine what is the
19 appropriate cycle for individual facilities. If you have a
20 pole line along a certain road or to a feeder, we will look at
21 that facility and determine what is the appropriate cycle for
22 that feeder. It may be a year. It may be ten years. And if
23 it is ten years or eight years, that is one that has very
24 little vegetation around it, no trees, open field, it really
25 wouldn't be an issue. In some areas it may be heavily, very

1 densely forested, and you are looking at a one-year or two-year
2 cycle.

3 So what I'm saying, you may have a one-year or a
4 two-year or five-year or a six-year, it really will depend on
5 the facility and where it is located and what it would
6 experience. And we really believe that if you look at it on a
7 daily, 365-day reliability basis, and see what you are doing as
8 far as impacting that, that it will correlate to at least a
9 measurable impact with regard to a storm. We are not talking
10 about just a hurricane; we are talking about a tropical storm
11 or another high wind event.

12 So back to your question. We will have, if you were
13 to lay it out and just show when did you look at these
14 facilities, you will have some two years, some five years. And
15 you may go out as far as eight or ten years in some instances,
16 and that would probably be the rare situation. You are
17 probably looking at more three to five years for most
18 facilities.

19 COMMISSIONER TEW: You know, I, too -- and I probably
20 should clarify. I, too, have some concerns about not having
21 the data, and I think that I am encouraged by the fact that you
22 said that you would go back and look at what data you do have
23 to try to compile similar analysis that some of the other
24 companies have, and perhaps that will move you, you know,
25 closer toward the three years or some kind of split approach

1 where three years, six years, five years in some cases,
2 something that we can sort of put our arms around and analyze
3 and see if we can come up with the right thing. And I do hope
4 and believe that 30 days will be enough for you all to do that
5 and provide something beyond what you have provided at this
6 point to staff, so that we do have something additional to look
7 at over what we have now.

8 MR. BADDERS: I do believe over the next 30 days that
9 we can get together some more data and provide more information
10 to staff. I do not believe we will get to the same point that
11 FPL is with their data. I mean, we don't have that. Now, one
12 benefit of allowing Gulf to go -- to continue with this
13 reliability-based plan, we will be able to compare how
14 effective this is versus a three-year plan that someone else
15 does. And that way, hopefully, over the next few years in
16 Florida we will have a much better idea of what really does
17 work. We'll actually have information that backs it up,
18 completely backs it up, rather than just having to take the
19 available information and maybe extrapolate from that.

20 CHAIRMAN EDGAR: Commissioner Carter.

21 COMMISSIONER CARTER: Thank you, Madam Chair.

22 I'm really encouraged by staff's recommendation in
23 this whole process that all plans and the implementation of
24 those plans be evaluated on an annual basis. That's part of
25 staff's recommendation. And I think the thrust of this was we

1 wanted to get ahead of the hurricane season as fast as
2 possible. And I think by the chronology that you have laid
3 out, we have got as far and as fast as we can. But by the same
4 token, is that we have an annual measuring tool where we can
5 have an assessment if we need to go back and tweak this or go
6 back and tweak that.

7 And I think the staff has made a great recommendation
8 in that, because some things may or may not work according to
9 plan, but at least we can go back and adjust it. Because that
10 way, based upon staff's recommendation, we can, with that
11 assessment, have a basis for making an adjustment to those
12 respective plans. So I'm consistent with staff's
13 recommendation in that whatever we do, I want to make sure that
14 we stay focused on staff's recommendation, because they do give
15 us an annual process to assess this. This is something new.
16 Yes, we had the '04 and '05 season were abnormalities. But by
17 the same token, is that now that we have been through that, we
18 put things in place. All of the companies came and presented a
19 plan in a timely manner. We are looking at that plan now. And
20 where we are now in this process is to be able to look at it at
21 the end of each year. Because each year we may have an up
22 season or we may have a down season, but this gives us a
23 measuring tool where we can do an annual assessment on that.
24 And I'm encouraged by staff's recommendation on this.

25 Thank you, Madam Chair.

1 CHAIRMAN EDGAR: Thank you, Commissioner Carter.
2 Commissioner Arriaga.

3 COMMISSIONER ARRIAGA: I certainly appreciate your
4 comments, Madam Chairman, and your comments, Commissioner Tew.
5 And I don't disagree with them at all because I recognize the
6 fact, one, that the order allows for flexibility; two, that the
7 plans have been presented and have been analyzed and that we
8 have done a lot of things here in the last six, seven, eight
9 months.

10 CHAIRMAN EDGAR: Eight.

11 COMMISSIONER ARRIAGA: Eight months. I have heard
12 comments such as snap of the finger. I don't think nine months
13 is a snap of a finger. And I have not at all insinuated in any
14 case that things need to be done at the snap of a finger. I
15 have met with staff on several opportunities, and staff has
16 expressed to me the same frustration that I'm expressing from
17 this podium right now. They need guidance from this Commission
18 as to are we serious enough about this data gathering? They
19 want to know if we really mean that this order needs to be
20 complied with. And that is the message I have gotten from the
21 staff.

22 I have no question on the excellent job that staff is
23 doing, and I don't want that perception to be thrown out there.
24 The fact is, is that we asked for some kind of information,
25 whatever it is, and some explanation as to why it doesn't

1 comply. And staff doesn't have that information. And I think
2 they are coming to us and saying, Commissioners, what do we do?
3 Thirty more days, 60 more days? Tell Ernesto to wait. And I
4 know this is not going to effect Ernesto or any hurricane that
5 happens this year. But we owe the public, we owe the state an
6 explanation as to why we are not moving forward. And the state
7 isn't going to accept the fact that we are not able to gather
8 the information that we are requesting. That is my only
9 comment.

10 I mean it, I feel it, and I'm compelled to say it.
11 It is not a criticism of whatever we decide as a majority, and
12 I will always comply with the decision and respect the
13 decisions of this Commission, but there is frustration in the
14 general public, in our staff, and in me.

15 Thank you.

16 CHAIRMAN EDGAR: Commissioners, further questions on
17 this now?

18 Okay. Then let's go ahead and take up some of the
19 other items that are included in this issue, and we can
20 certainly come back, if need be, for further discussion.

21 Mr. Willis, I know you had mentioned when we first
22 started that you wanted to have some further comment on
23 Issue 7.

24 MR. WILLIS: That's correct, Commissioner.

25 This is the issue with respect to collaborative

1 research. I believe that you will find that the utilities have
2 complied both with the letter of your order and the spirit of
3 your order through aggressively pursuing the matters that you
4 set out in your original order, which was to consolidate
5 utility resources through a centrally coordinated research
6 effort with universities.

7 You also asked each utility to establish a plan that
8 increases collaborative research, establishes continuing
9 collaboration, identifies objectives, promotes cost sharing and
10 funds the necessary work.

11 Also, in the order you asked us to reach out to both
12 the REAs and municipalities to join with us in this effort.

13 Within six weeks of that order, there was a workshop
14 held under the auspices of PURC in Gainesville where different
15 research projects were discussed, different researchers
16 presented. It was attended by staff, and it set the framework
17 for what might come later. All through this period, the
18 companies worked together with PURC, with each other to come up
19 with a memorandum of understanding among them to accomplish the
20 plan for coordination, a continuing model for coordination, and
21 all of the things that you had mentioned in the order.

22 That memorandum of understanding was executed with
23 all the investor-owned utilities, the REAs and municipalities.
24 It provided for a steering committee to consider research
25 projects and priorities. In July, we received at a workshop

1 some indication from staff of research projects that should be
2 considered by the steering committee. The steering committee
3 now has met with PURC and have given PURC direction to work out
4 a work plan, resources, timetable, and implementation and
5 budget for four different initiatives.

6 The first one is the underground study that the staff
7 mentioned, which is a methodology for quantifying overhead and
8 underground electric distribution costs for utilities and
9 community planners. The other one was for granular wind data,
10 and that was the second project that the steering committee
11 asked PURC to help them with this work plan.

12 There was also, very pertinent to the discussion that
13 you just had, was to study vegetation management and to look at
14 research on the best ways to go about this. Just as we have
15 said, we have kind of a standard that has been adopted, but we
16 want to look at it to see what is the best way that that could
17 be done.

18 The fourth thing was material development where you
19 could look at the different proposals by various vendors on
20 materials that might help with this.

21 So with that, we expect and hope that by next week we
22 are going to get this information back from PURC and be able to
23 continue to proceed with these initiatives or have the data for
24 the steering committee to consider what to do next. In this
25 process, we are very mindful that the Commission has a report

1 due to the legislature, I believe it is July of 2007, and that
2 staff needs some advance analysis time before that, and we are
3 doing everything that we can to keep that in mind and still
4 accomplish the objectives of having a good work product come
5 out of this effort.

6 So with that, I think that you will find that the
7 companies are in compliance with what you asked us to do, and
8 we will continue to proceed and work on that.

9 CHAIRMAN EDGAR: Thank you, Mr. Willis.

10 Commissioners, any questions on that?

11 Commissioner Tew.

12 COMMISSIONER TEW: Mr. Willis, you said that by next
13 week the info would be back from PURC, and I probably missed
14 exactly what would be back. Is it a time line or estimates?

15 MR. WILLIS: Well, what they asked them to do was to
16 do a work plan, to look at the resources available to conduct
17 the work plan, a timetable for implementation and a budget.
18 And we are hopeful that they will be able to deliver that next
19 week.

20 CHAIRMAN EDGAR: Commissioner Arriaga.

21 COMMISSIONER ARRIAGA: Mr. Willis, one of the issues
22 that came up a few agendas ago was the fact that different
23 companies collected different type of data specifically of the
24 advantages or disadvantages of changing from overground to
25 underground. In this memorandum of understanding, is the data

1 collection for that type of issue being included, is it
2 included?

3 MR. WILLIS: Honestly, Commissioner, I don't know.

4 COMMISSIONER ARRIAGA: Would you look into that for
5 me, please?

6 MR. WILLIS: Yes.

7 COMMISSIONER ARRIAGA: The conversion to
8 undergrounding, is it or not something worthwhile doing and --
9 to standardize the collection of data basically.

10 MR. WILLIS: I am told that all of that will be what
11 PURC will do in a comprehensive look of that issue.

12 COMMISSIONER ARRIAGA: Thank you.

13 CHAIRMAN EDGAR: Thank you.

14 Commissioner Carter.

15 COMMISSIONER CARTER: Thank you, Madam Chairman. For
16 staff, what is the specific nature of your concern on Issue 7?

17 MR. McNULTY: Commissioner, the specific concern we
18 have is that we felt like we needed to have in hand before
19 saying that a plan was complete for collaborative research
20 projects and time lines for those projects at some level, some
21 understanding of what the budget was. Exactly what Mr. Willis
22 just was speaking to. We feel as though those things are sort
23 of -- you know, if all we have done is establish an
24 administrative structure and then an administrative budget, if
25 you will, without kind of an understanding of what those

1 projects are because within the order that brought us here
2 today there was a discussion about looking at wind and surge
3 type of research that would be helpful to the entire state to
4 be able to address the ongoing research needs to address storm
5 hardening. And so we thought that for this to be complete, we
6 should at least have coming out of the box at least one or more
7 projects available with a time line that has been established.
8 And that is all we want to do is make sure that we had
9 something more complete.

10 COMMISSIONER CARTER: I noticed that you mentioned
11 the MOU with PURC, is it a vague MOU or does it specifically
12 delineate the perspectives?

13 MR. WILLIS: I don't think it is vague in any
14 respect. It is a memorandum of understanding of all the
15 utilities plus the REAs and municipalities. It does provide an
16 administrative function for PURC. It provides for a funding
17 mechanism of how costs will be shared, and it also provides for
18 a steering committee to specifically look at specific projects
19 And that is what they have done at their initial meeting. They
20 have set out these four projects that they want to look at, and
21 have tasked PURC to come back to them with this specific
22 information so they can make an informed decision about how to
23 proceed.

24 MR. McNULTY: Yes, I agree with what Mr. Willis has
25 said. My understanding was that the first steering committee

1 meeting was August 21st. So, at the time we filed our
2 recommendation, we still didn't have this information. And
3 today they look like they are very close to having this. We
4 are very encouraged by what we hear. This is the kind of
5 information that we felt like we needed to have in hand to be
6 able to say for this initiative that we have an established
7 plan.

8 CHAIRMAN EDGAR: We haven't really touched on Issue
9 6, and I don't have a specific question, but just would like to
10 make the comment that I was very pleased reading the
11 recommendation. I know, again, going back to earlier in the
12 year and some of the opportunities that we have had
13 collectively to discuss these items, and we have heard from
14 representatives of local government who participated in our
15 workshop and other opportunities here to work with our staff,
16 that that continued emphasis on coordinating closely with local
17 governments I think is a really good thing. And I applaud each
18 of our utilities for embracing that, as I know they did before
19 and continue to.

20 Commissioners, specific questions? Further
21 discussion.

22 Commissioner Arriaga.

23 COMMISSIONER ARRIAGA: It is a general question.
24 Most of the issues, staff indicates staff will keep the
25 Commission informed of the progress of these activities. Staff

1 will continue to work with the companies to bring them into
2 compliance, and that is repeated through the recommendation
3 several times. My question to you is for how long?

4 MR. McNULTY: Commissioner, I think we have just had
5 discussion on Issue 1. There was an open-ended time frame with
6 that issue. It didn't say specifically, but we just talked
7 about 30 days for a time frame for Progress and Gulf to bring
8 us additional data that was --

9 COMMISSIONER ARRIAGA: Sorry to interrupt you a
10 minute. I'm sorry. I'm not talking about Issue 1. I'm just
11 saying in general through every one -- most of the issues where
12 there is not compliance, you indicate that you will continue to
13 work with the companies to bring them into compliance. Is it
14 30 days all through these items specifically or to Issue 1
15 specifically? What is it you are proposing? What is it you
16 need?

17 MR. TRAPP: I would like to address this if I might,
18 Bill.

19 CHAIRMAN EDGAR: Mr. Trapp.

20 MR. TRAPP: The time frame for us to continue to
21 monitor and bring this back to you, as long as there is a
22 Florida. That is our intent. I think this recommendation
23 addresses two things, a short-term come back in this docket, no
24 more than 30 days, for them to make us happy, satisfied with
25 the data that will bring them in conformance with the order

1 that we could bring back to you at an agenda. And if 30 days
2 is too long, you know, if they can get that information to us
3 this week, we can get to probably the October 3rd agenda with
4 that closure for the specific docket that we have here before
5 us.

6 But it is staff's intent in this recommendation by
7 the perpetual promise that we will monitor and bring back
8 information to the Commission to bring storm-related incidents,
9 whether it be a hurricane storm or a tropical storm or just a
10 thunderstorm, to you on an annual basis as part of our regular
11 annual distribution reliability reporting to the Commission.

12 Now, the Commission has already taken steps toward
13 that end. You have allowed us to modify the Commission's rules
14 with respect to reporting and distribution reliability. We no
15 longer have to run to agenda every time we need an exception
16 for a storm, because the philosophy has changed to an ongoing
17 review process with reports annually to the Commission, like we
18 do in the ten-year site plan, where it brings these issues to
19 the public viewpoint, and it shows where problem areas may be
20 or may not, and we can move as we need to move.

21 So that's our goal, basically, to report to you
22 annually the effects of hurricane-related outages,
23 nonhurricane-related outages. We need to get -- we need to
24 bring all of these efforts, in my opinion, about hurricanes or
25 not back to the bottom line, are we keeping the lights on in

1 Florida.

2 And so that is what our overall objective is in this
3 recommendation. Short-term, 30-day, get this docket, you know,
4 resolved and closed, but an ongoing look at the issue of
5 service reliability.

6 COMMISSIONER ARRIAGA: Thank you.

7 CHAIRMAN EDGAR: Commissioner Arriaga, your question
8 raised a question in my mind. And I think you and I are on the
9 same page on this.

10 COMMISSIONER ARRIAGA: Aren't we always?

11 CHAIRMAN EDGAR: Absolutely.

12 But when I am looking through the -- so that I've got
13 it all here in front of me on one or two or three pages, the
14 issue and recommendation summary for each of the 11 issues that
15 are contained in this item. Of those 11 on Issue 1, which we
16 have talked about and certainly can continue to about
17 vegetation management of the five IOUs. The recommendation
18 that came to us from our staff was that two of the plans filed
19 were in compliance. One file proposed an alternative which our
20 staff is recommending as acceptable. And then the two that we
21 have talked about that we have set a time frame for 30 days to
22 have additional data and will come back to us.

23 And then Item 7 that we have also talked about with
24 the collaborative research and the discussion that we have had,
25 that although in the staff recommendation they found that those

1 plans were incomplete, we have received more information and
2 are making very good progress on that point.

3 The others, I think from the recommendation, as I
4 look down the summary, do find all other items to be in
5 compliance. Is that accurate?

6 MR. BREMAN: Yes, ma'am.

7 CHAIRMAN EDGAR: Okay. So I heard your question to
8 be when will we be in compliance. And I just wanted to make
9 sure there weren't other points that you had a concern about.

10 COMMISSIONER ARRIAGA: Absolutely. And I appreciate
11 your summary. I really appreciate it, because that is exactly
12 what it is.

13 CHAIRMAN EDGAR: Okay.

14 Commissioner Carter.

15 COMMISSIONER CARTER: Madam Chairman, if I am in
16 order, rather than taking them issue-by-issue, I would move
17 staff's recommendations on this case.

18 COMMISSIONER ARRIAGA: I will second.

19 CHAIRMAN EDGAR: Okay. Commissioners, we have a
20 motion and a second. I'll open it up for any further
21 discussion.

22 COMMISSIONER DEASON: Well, I have a question.

23 CHAIRMAN EDGAR: Commissioner Deason.

24 COMMISSIONER DEASON: Is it staff's recommendation
25 that the plans provided by Progress Energy and Gulf in relation

1 to vegetation management are inappropriate or just
2 unsubstantiated at this point, and we are reserving judgment on
3 the appropriateness of the plans until additional information
4 is provided?

5 MR. BREMAN: I would suggest it is the latter.

6 COMMISSIONER DEASON: And that is your
7 recommendation?

8 MR. BREMAN: Yes, sir.

9 COMMISSIONER DEASON: Okay. And then in relation to
10 Issue 7, it's your recommendation that the plans do not
11 establish a sufficiently detailed schedule. Do you have
12 additional information now that would change that
13 recommendation, or is it still your recommendation that we
14 don't have a sufficiently detailed schedule?

15 MR. BREMAN: You have heard the assertion of the
16 utility representative today. I think that can be taken to the
17 bank. And as related to somebody in Missouri, I would wait for
18 the paper on next week showing the details.

19 COMMISSIONER DEASON: So we are --

20 MR. BREMAN: We are in compliance on Issue 7.

21 COMMISSIONER DEASON: We are awaiting additional
22 information to reach compliance on Issue 7, is that correct?

23 MR. BREMAN: That's sort of the posture I would like
24 to be in, yes, sir.

25 COMMISSIONER DEASON: Mr. Willis, is that your

1 understanding, as well?

2 MR. WILLIS: Well, we had hoped that we had provided
3 that information here for you today. But we certainly
4 understand that this whole area is an interactive process where
5 we will take actions and inform you of the actions, interact
6 with staff with respect to individual projects, and that is
7 going to be ongoing. But we had hoped that you, having heard
8 what I have presented to you, were satisfied that we -- we have
9 been diligent, that we have complied with what you placed in
10 the order, both literally and in spirit, and that you would
11 find that satisfactory for this purpose.

12 COMMISSIONER DEASON: And it is your anticipation we
13 would make that finding based upon what you represented here
14 today?

15 MR. WILLIS: Yes. And, of course, we are going to
16 provide additional information as it is available to show how
17 we are making progress through this.

18 COMMISSIONER DEASON: And what type of information
19 does staff seek to ascertain as to whether the collaborative
20 process, collaborative research, that those activities are
21 proceeding on a suitable schedule?

22 MR. BREMAN: I think you have heard today,
23 Commissioners, new information. So we are very comfortable
24 saying that it looks like the utilities have complied with your
25 requirements for collaborative research. And we agree -- if

1 you are comfortable with the information you heard today, we
2 would recommend that you absolutely approve what the utilities
3 have done to date as compliant with the requirements of the
4 order. Staff will continue to collect information, as
5 Mr. Willis indicated. And, Commissioners, if we find something
6 that makes us nervous, we will bring it back to you.

7 COMMISSIONER DEASON: Then the motion is consistent
8 with that explanation?

9 COMMISSIONER CARTER: Exactly. That is exactly the
10 sense of the motion.

11 COMMISSIONER DEASON: I can second -- well, I think
12 the motion has already been seconded.

13 COMMISSIONER CARTER: It's been seconded.

14 CHAIRMAN EDGAR: Okay. We have a motion and we have
15 a second for the staff recommendation that is before us with
16 the clarification on Item 7 for -- excuse me, Issue 7, and per
17 the discussion that we have had --

18 Yes, ma'am.

19 MS. GERVASI: I'm sorry. Just as a point of
20 clarification, because in Issue 1 the staff didn't recommend a
21 time certain by which Progress and Gulf should submit their
22 additional data, including a time certain of 30 days would be a
23 modification to Issue 1.

24 CHAIRMAN EDGAR: Yes. And my understanding is that
25 is wrapped in again per the discussion that we have had. Thank

1 you, Ms. Gervasi.

2 Okay. Is everybody clear? Okay. Then all in favor
3 of the motion that we have just discussed say aye.

4 (Unanimous affirmative vote.)

5 CHAIRMAN EDGAR: Opposed? Show it adopted.

6 Thank you, everyone, for your participation in this
7 discussion.

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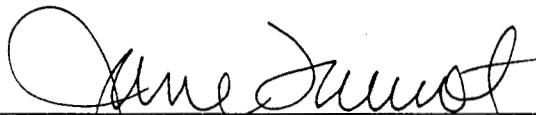
COUNTY OF LEON)

I, JANE FAUROT, RPR, Chief, Hearing Reporter Services Section, FPSC Division of Commission Clerk and Administrative Services, 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' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 6th day of September, 2006.



JANE FAUROT, RPR
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