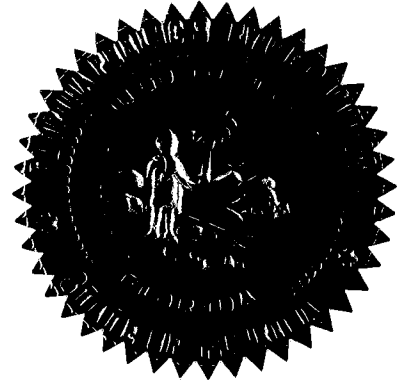


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 070011-EI

In the Matter of:

PROPOSED AMENDMENT OF RULE 25-6.0143,
F.A.C., USE OF ACCUMULATED PROVISION
ACCOUNTS 228.1, 228.2, AND 228.4.



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PROCEEDINGS: AGENDA CONFERENCE
 ITEM NO. 3

BEFORE: CHAIRMAN LISA POLAK EDGAR
 COMMISSIONER MATTHEW M. CARTER, II
 COMMISSIONER KATRINA J. MCMURRIAN

DATE: Tuesday, April 10, 2007

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

REPORTED BY: JANE FAUROT, RPR
 Official FPSC Reporter
 (850) 413-6732

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FLORIDA PUBLIC SERVICE COMMISSION 03215 APR 16 5

FPSC-COMMISSION CLERK

1 PARTICIPATING:

2 LARRY HARRIS, ESQUIRE and KATHERINE FLEMING, ESQUIRE,
3 representing the Florida Public Service Commission Staff.

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CHAIRMAN EDGAR: And we are on Item 3.

MR. HARRIS: Good morning, Commissioners. Larry Harris on behalf of the Commission.

Item 3 is staff's recommendation that the Commission propose amendments to Rule 25-6.0143. Specifically, the amendments would be for storm accounting purposes. Staff recommends that the Commission propose several amendments to Account 228.2.

We're available to answer any questions you might have. I believe parties are available, but no one has asked to speak.

CHAIRMAN EDGAR: Thank you, Mr. Harris.

Commissioners, questions for our staff?

Commissioner McMurrian.

COMMISSIONER McMURRIAN: I have a few questions and comments sort of mixed in.

Staff, I wanted to make sure that I'm clear about the deferred accounting treatment section. And I realize that is basically for cause which the Commission has not yet established the appropriate disposition or accounting treatment.

Do I understand correctly that after the Commission has decided on these items that are listed there, again, in the future that they may be moved to either the (1)(e) for the

1 items that are included in the subaccount, or to (1)(f), the
2 items that are excluded? And I guess Part B is would that
3 necessitate a rule change, or is that something we can do by
4 order, or is it that these costs that are listed there are
5 something we will just litigate each time? Sorry for the
6 compound question.

7 MR. SLEMKEWICZ: Well, I can answer part of that
8 question. Most of those costs would be ones that really need
9 justification each time to be included, and we would need to
10 see the rationale for including those items. Now, it's
11 possible that after numerous times that we have gone through
12 these items, we may decide that they may be moved either to be
13 excluded all the time or included all the time. But I think
14 that needs -- you know, we need to wait to see how future
15 commissions decide on these issues. And they were kind of
16 controversial in the hearings that we had on the prior storms.

17 COMMISSIONER McMURRIAN: Thank you. I think that
18 answered that.

19 And I guess the next thing is related to that. I'm
20 not sure if it fits, but can the concept of the risk management
21 pool or the capture as raised by FIPUG and Gulf, is that
22 something that could be included in this deferred accounting
23 method, or is that just something -- I realize that staff has
24 recommended to have a workshop on those items, but did staff
25 look at whether or not that concept could go into that deferred

1 accounting since these are, sort of, items in limbo?

2 MR. SLEMKEWICZ: I believe with something like that
3 that they would have to come before the Commission anyway to
4 propose it. And whether or not it's in the rule or not in the
5 rule, that it could be approved for inclusion in the property
6 insurance reserve. And I think it needs some further study
7 before we would want to say one way or the other whether we
8 think it should be included.

9 COMMISSIONER McMURRIAN: Okay. I guess I should just
10 say that I'm really encouraged by the concept. I think that we
11 have heard a lot from the public in the past about questioning
12 whether or not there is insurance for these companies, and we
13 know that there is a lot of impediments to that, but it seems
14 like there is some hope that we might be able to put something
15 in place that will mitigate the costs to the ratepayers in this
16 area. And I very much appreciate staff bringing that concept
17 to our attention and recommending that if we propose these
18 amendments and they are adopted, that you will conduct a
19 workshop to fully explore it.

20 But that sort of raised a question. There was a
21 recommendation within the staff analysis there about that. Is
22 that something that staff thinks that we need to vote on, or by
23 voting on Issue 1 and proposing the rule amendments, do we
24 incorporate that recommendation and approve that?

25 MR. HARRIS: I do not believe you all -- it's

1 incorporated in Item 1, which is should you propose the rule
2 amendments. As staff conceives it at this point, we would be
3 having some type of information gathering, whether it's a staff
4 workshop, a staff workshop that the Commissioners want to be
5 present at, a conference call, we don't have those details
6 fleshed out yet. But what staff needs to know is sort of what
7 this idea is, what we're talking about, the scope, the
8 parameter, things like that. And then staff can make a
9 decision as to sort of which way it needs to go.

10 So, at this point we're not asking for a vote from
11 you all on should -- we're not asking you to vote that staff
12 should go forward with this. We are planning to do it -- part
13 of staff's responsibility is to gather this type of information
14 and bring it to you all, so we are planning to do that. Your
15 vote would be to propose the amendments. Part of that is
16 staff's advising you that we plan to take this next step of
17 having a workshop. So I don't think you're voting to authorize
18 us to have a workshop or ordering us to.

19 COMMISSIONER McMURRIAN: Okay. I didn't think it was
20 necessarily something that needed a vote; but, at the same
21 time, the way it was worded, it was sort of staff recommends
22 that. And I wondered if we needed to make sure that we let you
23 know that we thought that was a good idea, if we all do. I, of
24 course, do.

25 MR. HARRIS: I suppose you could instruct us from the

1 bench to do it, yes, or to not do it, that you don't think it's
2 a good idea and would prefer we don't have that workshop. Or,
3 something else, you could say we think there should be a
4 Commission workshop, or something. So, I guess that's why we
5 used the language recommends.

6 Our intent is to go forward and gather this
7 information and bring it back to you all in some way. If you
8 all would like us to do something else, we would be happy to do
9 that at your direction.

10 COMMISSIONER McMURRIAN: I guess that brings up one
11 more question. If it's not a Commission workshop, we still
12 could listen in to it at least, right?

13 MR. HARRIS: Yes, ma'am.

14 COMMISSIONER McMURRIAN: There may be issues about
15 attending it, or at least all of us attending it, but we could
16 listen in.

17 MR. HARRIS: Yes, ma'am. And you would be able to
18 attend. It would be noticed as Commissioners may be present.
19 The distinction I see is a Commission workshop, you all are up
20 there at the bench and people are addressing you. A staff
21 workshop, we're gathering the information. If you are there
22 and asking questions, that's one thing, but it's not primarily
23 for you all's benefit. People aren't on notice that it's the
24 Commission sitting in your formal capacity taking this
25 information.

1 COMMISSIONER McMURRIAN: Chairman, that's all the
2 questions I have. If we are ready for a motion, I can do that,
3 too.

4 CHAIRMAN EDGAR: Commissioner Carter, do you have
5 questions or comments?

6 COMMISSIONER CARTER: Just a brief comment, Madam
7 Chairman. I was going through the -- I started to say litany,
8 but the chronology of this rule. And I think that based upon
9 the level of detail and the amount of input from all of the
10 parties, as well as staff working with the parties and
11 gathering the information, I think they have captured the
12 essence of what we decided as well as incorporated a lot of the
13 great recommendations that we got. So I just wanted to go on
14 record as saying I support staff's recommendation on this. I
15 think they have done a very comprehensive job on it.

16 Thank you.

17 CHAIRMAN EDGAR: Thank you, Commissioner.

18 And I guess I would just take the opportunity to say
19 that I agree with both of your statements. You know, I think
20 we all, the Commission, our staff, and I think the utilities
21 and consumers all learned a lot as we dealt with the storms in
22 '04 and '05, and as we addressed the issues that arose after
23 the fact. And I think that to have the rule in place, the
24 proposed amendments in place that clearly lay out some of the
25 things that we learned, and some of the incipient policies, I

1 guess, that were developed through that process is useful. And
2 I think staff has done a good job.

3 I also, Commissioner McMurrian, agreed with I think
4 what I think you are saying was your reading of the way the
5 recommendation was written, that a vote to adopt the proposed
6 amendments wasn't necessarily a vote to proceed looking at
7 possible issues with insurance, commercial availability,
8 pooling, and some of those. But I think that is an excellent
9 thing for us to pursue and for our staff to work on, and we can
10 certainly work with them to see procedurally what's the best
11 way to bring that information forward. So I'm pleased with the
12 product, and if there's no further comment we can have a
13 motion.

14 Commissioner McMurrian.

15 COMMISSIONER McMURRIAN: Thank you.

16 With that clarification, I'll move staff's
17 recommendation in its entirety.

18 COMMISSIONER CARTER: Second.

19 CHAIRMAN EDGAR: And I agree. So all in favor say
20 aye.

21 (Unanimous affirmative vote.)

22 CHAIRMAN EDGAR: Opposed? Show it adopted.

23 And, Commissioners, that is our last item of business
24 for today.

25 * * * * *

1 STATE OF FLORIDA)

2 : CERTIFICATE OF REPORTER

3 COUNTY OF LEON)

4

5 I, JANE FAUROT, RPR, Chief, Hearing Reporter Services
6 Section, FPSC Division of Commission Clerk, do hereby certify
7 that the foregoing proceeding was heard at the time and place
8 herein stated.

7

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

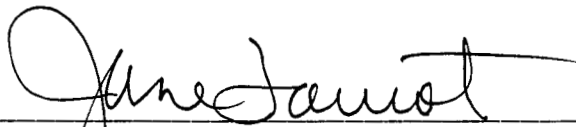
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11 I FURTHER CERTIFY that I am not a relative, employee,
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DATED THIS 16th day of April, 2007.

14



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JANE FAUROT, RPR

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Official FPSC Hearings Reporter
FPSC Division of Commission Clerk

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