

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

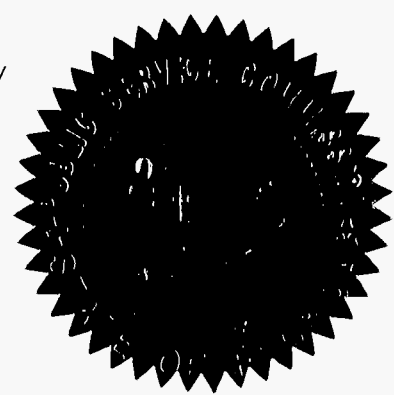
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IN THE MATTER OF: DOCKET NO. 070231-EI

PETITION FOR APPROVAL OF 2007 REVISIONS
TO UNDERGROUND RESIDENTIAL AND COMMERCIAL
DISTRIBUTION TARIFF, BY FLORIDA POWER &
LIGHT COMPANY.
_____ /

IN THE MATTER OF: DOCKET NO. 080244-EI

PETITION FOR APPROVAL OF UNDERGROUND
CONVERSION TARIFF REVISIONS, BY FLORIDA
POWER & LIGHT COMPANY.
_____ /



PROCEEDINGS: AGENDA CONFERENCE
ITEM NOS. 14 AND 15

BEFORE: CHAIRMAN MATTHEW M. CARTER, II
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER KATRINA J. McMURRIAN
COMMISSIONER NANCY ARGENZIANO
COMMISSIONER NATHAN A. SKOP

DATE: Thursday, November 13, 2008

TIME: Commenced at 9:30 a.m.

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

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

1 PARTICIPATING:

2 JOHN BUTLER, representing Florida Power & Light
3 Company.

4 SCHEF WRIGHT, ESQUIRE, representing Municipal
5 Underground Utilities Consortium and City of Coconut Creek,
6 Florida.

7 DAVID TUCKER, representing the City of South Daytona.

8 RALPH JAEGER, ESQUIRE, and CONNIE KUMMER,
9 representing the Commission Staff.

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P R O C E E D I N G S

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2 **CHAIRMAN CARTER:** We are now -- Commissioners,
3 I'm not going to entertain any questions about nutrition
4 until we get through the next two cases.

5 Staff, get prepared for Item 14. (Pause.)

6 Staff, you're recognized.

7 **MS. KUMMER:** Commissioners, Connie Kummer with
8 staff.

9 You may note that staff had requested that Items
10 14, 15, and 16 be held sequentially. We felt that they
11 were connected and involve the same concept. Item 16 has
12 already been approved, and I think it may be more
13 efficient to provide a single overview of the remaining
14 two items since they are very similar.

15 **CHAIRMAN CARTER:** I like the way you think,
16 Connie.

17 **MS. KUMMER:** As part of the rulemaking docket
18 addressing storm hardening that became effective in
19 February of 2007, the Commission required utilities to
20 include operating costs and benefits, including avoided
21 storm restoration costs, when calculating the CIAC charged
22 for the installation of underground facilities. These
23 dockets before you today propose modifications of tariffs
24 to include those new elements.

25 Docket 070231 addresses the differential for new

1 construction, while Docket 080244 addresses conversions
2 which are constructed by the utility. In both dockets,
3 FPL started with the old differential calculations, which
4 was essentially just the upfront construction costs, and
5 then added factors to account for the operating costs.

6 The operating cost adjustments were calculated
7 by using historical booked O&M costs and adding a
8 calculated avoided storm restoration element, and that
9 calculation was consistent with what the Commission
10 approved in the government adjustment factor, or the GAF
11 tariff. The costs and benefits were projected over a
12 30-year period and discounted back to arrive at a net
13 present value for calculating the proposed charges.

14 One significant component of FPL's differential
15 is the inclusion of lost pole attachment revenues. Since
16 these revenues in a rate case offset the revenue
17 requirements used to set rates for all customers, staff
18 believes that it is appropriate to include this cost in
19 calculating underground differential. And we can proceed
20 with more detailed discussions of each document, but I
21 understand that both the utility and we have several
22 intervenors here who may wish to address the Commission on
23 these points.

24 **CHAIRMAN CARTER:** Let's do this. Commissioners,
25 I'm going to identify the parties and then come back to

1 the bench, but I want to remind everyone that we are
2 dealing with both Items 14 and 15. So when you make your
3 comments, please comment on both of those.

4 Mr. Butler, you're recognized.

5 **MR. BUTLER:** Thank you, Mr. Chairman. John
6 Butler appearing on behalf of Florida Power and Light
7 Company. Tom Coke of FPL is also here with me if you have
8 any technical questions that you need answered.

9 We support staff's recommendation. I think this
10 is the right way to go to hopefully move this forward to
11 an ultimate resolution as quickly as possible and get the
12 rule implemented with respect to reflecting the
13 operational cost differential in these two undergrounding
14 tariffs.

15 Thank you.

16 **CHAIRMAN CARTER:** Thank you.

17 Mr. Wright.

18 **MR. WRIGHT:** Thank you, Mr. Chairman,
19 Commissioners. Schef Wright on behalf of the Municipal
20 Underground Utilities Consortium and the City of Coconut
21 Creek, Florida, an intervenor in one of two dockets.

22 We have no objection to the staff's primary
23 recommendation that these tariffs be allowed to go into
24 effect. We agree with Mr. Butler that this is the
25 appropriate procedural mechanism to keep us moving toward

1 an ultimate resolution of all the undergrounding issues,
2 including these and the other issues relating to overhead
3 type costs in Docket 080522.

4 I did want to let you all know that we still
5 have differences of professional opinion regarding certain
6 calculations and methodologies of applying the
7 differentials that are in the tariffs, and accordingly we
8 will be protesting these and setting them for hearing. We
9 do intend -- and I have conferred with my colleague,
10 Mr. Butler, about this. We do intend to get us hopefully
11 in the not too distant future to an omnibus hearing on all
12 remaining outstanding undergrounding issues so that we can
13 get them all resolved once and for all and go forward
14 knowing what exactly the rules are.

15 So, we have no objection to the tariffs going
16 into effect, I just wanted to let you know where we are on
17 this.

18 Thank you, Mr. Chairman.

19 **CHAIRMAN CARTER:** Thank you, Mr. Wright.

20 You're recognized.

21 **MR. TUCKER:** Thank you, Mr. Chairman. I am
22 David Tucker. I am here on behalf of the City of South
23 Daytona, another intervenor in this matter.

24 In the interest of brevity, we concur with Mr.
25 Wright. We reserve our right to protest your decision.

1 And although I could say more, I won't. Our rights are
2 reserved, and thank you for your time.

3 **CHAIRMAN CARTER:** Brilliant. Thank you so
4 kindly.

5 Commissioners, we have heard from staff and we
6 have heard from the parties. Any questions, or
7 discussion, or debate? Obviously, Mr. Wright and the City
8 of Daytona are well within their rights to say they don't
9 have any issue with where we are today, but they reserve
10 their right to protest to try to bring this whole thing
11 into one omnibus perspective, because we have had some
12 undergrounding down in southeast Florida, some up in
13 northwest Florida, and then I guess it does make sense
14 that there will be a common language spoken by all the
15 people as we deal with the undergrounding issues.

16 So with that, Commissioners, any questions as it
17 relates to Item 14 or Item 15? Hearing none. The chair
18 is now open for a motion on Item 14.

19 Commissioner McMurrin, you're recognized.

20 **COMMISSIONER McMURRIAN:** I move the staff
21 recommendation on Item 14.

22 **COMMISSIONER EDGAR:** Second.

23 **CHAIRMAN CARTER:** Moved and properly seconded.

24 Any questions, any discussion, any debate, or any comment?

25 Hearing none. All those in favor, let it be known by the

1 sign of aye.

2 (Simultaneous aye.)

3 **CHAIRMAN CARTER:** All those opposed, like sign.

4 Commissioner Edgar, on Item 15, you're

5 recognized.

6 **COMMISSIONER EDGAR:** I make a motion in favor of
7 the staff recommendation.

8 **COMMISSIONER SKOP:** Second.

9 **CHAIRMAN CARTER:** Moved and properly seconded.

10 Any questions, any debate, any comments on Item
11 15? Hearing none. All those in favor, let it be known by
12 the sign of aye.

13 (Simultaneous aye.)

14 **CHAIRMAN CARTER:** All opposed, like sign. Show
15 it done.

16 And with that, Commissioners, we are adjourned.

17 Thank you.

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STATE OF FLORIDA)

: CERTIFICATE OF REPORTER

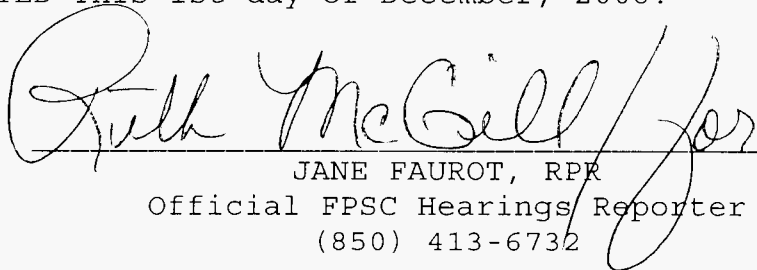
COUNTY OF LEON)

I, JANE FAUROT, RPR, Chief, Hearing Reporter Services Section, FPSC Division of Commission Clerk, 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 1st day of December, 2008.



JANE FAUROT, RPR
Official FPSC Hearings Reporter
(850) 413-6732