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090079-EI

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Subject: FPSC Docket 090079 - PCS Phosphate Comments on Motion for Reconsideration
Attachments: PCS Response to Reconsideration Motion - FINAL.doc

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b. Docket No. 090079-EI, In re: Petition for Rate Increase by Progress Energy Florida

c. Filed on behalf of White Springs Agricultural Chemicals, Inc. d/b/a PCS Phosphate – White Springs

d. Total Pages = 4

e. The document being filed is PCS Phosphate's Response to Motion for Reconsideration

DOCUMENT NUMBER-DATE

02193 MAR 29 2010

FPSC-COMMISSIONER OFFICE

3/29/2010

**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

**In re: Petition for Rate Increase by
Progress Energy Florida**

**Docket No. 090079-EI
Filed: March 26, 2010**

**RESPONSE OF
WHITE SPRINGS AGRICULTURAL CHEMICALS, INC.
d/b/a PCS PHOSPHATE – WHITE SPRINGS TO PROGRESS ENERGY
FLORIDA MOTION FOR RECONSIDERATION**

Pursuant to the Florida Public Service Commission's Rule 25.22.060,¹ Florida Administrative Code, White Springs Agricultural Chemicals, Inc. d/b/a PCS Phosphate – White Springs ("PCS Phosphate"), through its undersigned attorney, files this response to Progress Energy Florida's ("Progress" or "PEF") March 18, 2010 Motion for Reconsideration of Order No. PSC-10-0131-FOF-EI to Correct Calculation Mistakes in the Commission's Depreciation Expense, Accumulated Depreciation Reserve, and Revenue Requirements ("Reconsideration Motion").

I. INTRODUCTION

The Commission conducted evidentiary hearings in September and October 2009 concerning the Progress petition to increase base retail rates. On January 11, 2010, the Commission held a Special Agenda Conference to address all elements of the proposed rate increase at which it determined to deny any further increase in base rates. On March 5, 2010, the Commission issued its Final Order in this matter denying the rate increase. Order No. PSC-10-0131-FOF-EI.

¹ Rule 25-22.060(e)(3) requires a response to a motion for reconsideration to be filed within seven days. In this instance, counsel for PEF advised active parties on March 23, 2010, that PEF agreed to extend the time for filing such replies to March 29.

On March 18, 2010, Progress filed its Reconsideration Motion, in which it identified nine alleged “mathematical mistakes in the calculation of the Company's depreciation expense and accumulated depreciation reserve . . .” Reconsideration Motion at 1. If accepted by the Commission, PEF asserts that the proposed modifications result in an increase in Progress revenue requirements of \$36.2 million. PEF seeks a corresponding increase in base rates of \$36.2 million to be imposed as a uniform percent increase to all customer classes. PCS Phosphate opposes any change in retail rates based on the errors alleged in the utility’s Reconsideration Motion.

II. DISCUSSION

PCS Phosphate participated as an active participant throughout this proceeding. PCS did not sponsor testimony on the depreciation expense issues and adjustments that are the focus of the PEF Reconsideration Motion. With respect to the merits of the purported errors in the Final Order that PEF claims, PCS Phosphates defers to and supports the assessment of the Office of Public Counsel. Further, PCS Phosphate strongly agrees with FIPUG, in its response to the Reconsideration Motion, that ascertaining the extent of any computational, transcription or other errors related to depreciation expense and depreciation reserve, is not dispositive of whether an increase in revenue requirements and base rates should be ordered. As FIPUG accurately relays, ratemaking is not a piecemeal, serial process of simply adding up discrete revenue and expense components. The Commission has broad discretion in the rate setting process to balance and consider all factors necessary to determine just and reasonable rates. In this docket, as FIPUG also discusses, the Commission took pains to balance the presence of a substantial excess depreciation reserve, among other factors, in ultimately determining

that no further increase in PEF base retail rates was warranted.

Similarly, the Commission should assess what bearing, if any, that these errors, if shown to be accurate, should have on the ultimate Commission determination to deny any increase to base rates. This should require further consideration of any factors presented in the record of this docket that the Commission deems pertinent to whether any change in revenue requirements should be authorized. PCS Phosphate agrees with FIPUG that, to the extent that any of the claimed \$36 million in errors are found to be accurate, that the appropriate response is to adjust the excess depreciation reserve as necessary and appropriate. There should be no increase to PEF customer base rates.

Respectfully submitted the 26th day of March, 2010.

BRICKFIELD, BURCHETTE, RITTS & STONE, P.C.

s/ James W. Brew _____

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CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing has been furnished by electronic mail and/or U.S. Mail this 26th day of March 2010 to the following:

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