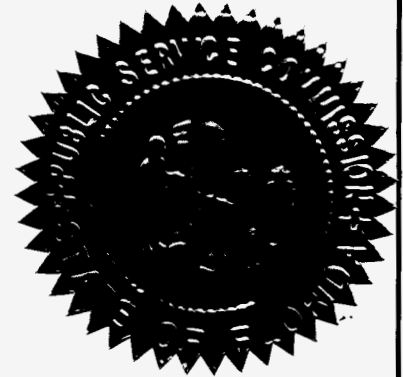


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 110001-EI

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



PROCEEDINGS: AGENDA CONFERENCE
ITEM NO. 11

COMMISSIONERS
PARTICIPATING: CHAIRMAN ART GRAHAM
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER RONALD A. BRISÉ
COMMISSIONER EDUARDO E. BALBIS
COMMISSIONER JULIE I. BROWN

DATE: Tuesday, June 14, 2011

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

REPORTED BY: LINDA BOLES, RPR, CRR
Official FPSC Reporter
(850) 413-6734

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P R O C E E D I N G S

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3 **CHAIRMAN GRAHAM:** Item Number 11.

4 **MR. LEE:** Thank you, Chairman. Commissioners,
5 I'm Daniel Lee with Staff.

6 Item 11 is the request by Florida Public
7 Utilities Companies for a midcourse adjustment of its
8 fuel factors. The company's request includes two
9 options. Both options will reduce fuel factors for
10 customers of its northwest division starting next month.
11 Staff recommends the second option or Option B.

12 Staff notes since filing its request the
13 company reported under-recoveries in March and April
14 which substantially offset the savings. With that Staff
15 believes Option B gives customers some level of rate
16 stability as well as rate relief.

17 Representatives of the company and the City of
18 Marianna are here. They and Staff -- and OPC are also
19 here. They are -- they and Staff are available to
20 answer questions.

21 **CHAIRMAN GRAHAM:** OPC.

22 **MS. CHRISTENSEN:** We just wanted to support
23 Staff's recommendation to approve the midcourse
24 correction. We're supportive of anything that gets the
25 most money back to the customers and is in the

1 customers' best interest in the long run.

2 **CHAIRMAN GRAHAM:** Mr. Wright.

3 **MR. WRIGHT:** We support the Staff's specific
4 recommendation that you approve Option B. This is
5 consistent with our position that the PPA amendment that
6 was the subject of Item 10, Docket 110041, is not in the
7 best interest of customers. If you do ultimately
8 approve it after hearing, then you can, as the Staff
9 correctly pointed out in their recommendation, you can
10 flow back whatever additional funds are through the
11 true-up in next year's fuel charge. We support Staff's
12 recommendation to approve Option B. Thank you.

13 **CHAIRMAN GRAHAM:** Ms. Keating.

14 **MS. KEATING:** We appreciate your Staff's very
15 expeditious handling of this item and we're generally
16 supportive of the recommendation. We would like to see
17 Scenario A approved. We think that gets the most amount
18 of money back to consumers. And we think at the end of
19 the day any over or under-recovery that may, may result
20 in other proceedings will get tried up through the
21 regular clause process. And there's enough uncertainty
22 either way that approving Scenario A is not any more or
23 less a sure thing as opposed to approving Scenario B.
24 But either way we're happy to be able to get money back
25 to customers. And we've got Mr. Geoffrey and

1 Mr. Camfield here on behalf of the company as well to
2 answer any questions you might have.

3 **CHAIRMAN GRAHAM:** A question for OPC,
4 Ms. Christensen. You didn't state which one, which
5 direction you want to go. And I guess the question I
6 have, because you said whatever is going to get the
7 money back, it appears to me that Option A will give you
8 greater savings today and may, may not make things
9 smoother as you move forward. But if you're looking for
10 the immediate bang for your buck, Option A is going to
11 do that, and I didn't hear a recommendation one way or
12 the other from you.

13 **MS. CHRISTENSEN:** Well, and that, that's
14 certainly true. And I think we're supportive of
15 whatever gives the customers the most monetary relief at
16 the present. You know, if -- long-term, you know, and
17 we want to ensure that they're not going to be paying a
18 high price later on in the long-term.

19 As the company pointed out, there is the
20 true-up provision, and we think that that -- there is
21 the ability to true-up later on and that it may not be
22 any more or less risky than Option B, although we do
23 suspect that the City is going to protest the underlying
24 agreement. I think the City is currently operating
25 under the agreement and they're already having the

1 benefit of that agreement coming in. So, you know,
2 given that, the customers should at least be able to
3 participate in that.

4 **CHAIRMAN GRAHAM:** I wasn't quite sure what
5 side of the fence you stepped down on.

6 **MS. CHRISTENSEN:** I'm sure in the Commission's
7 infinite wisdom you can weigh those options.

8 (Laughter.)

9 **CHAIRMAN GRAHAM:** Commissioner Balbis.

10 **COMMISSIONER BALBIS:** Thank you, Mr. Chairman.

11 And I agree with your comments in that, you
12 know, having a 10 percent reduction or almost a
13 \$15 reduction in a current residential bill, you know, I
14 would tend to believe that the customers would want that
15 immediately rather than later on.

16 And I'm just curious, a question for
17 Mr. Wright, if you can kind of explain why you would,
18 you would rather see Option B, if you can just elaborate
19 on that a little bit, because I was surprised to hear
20 that.

21 **MR. WRIGHT:** Certainly, Mr. Chairman.
22 Commissioner Balbis, thank you for the opportunity.

23 We oppose the PPA amendment. We believe that
24 it is a bad deal for customers. We believe that the
25 long-term cost, the costs in the eighth and ninth year

1 of the amendment are going to be so great that they will
2 vastly outweigh by several times the benefits that would
3 be realized through the modifications in the first seven
4 years. It's pay me now, pay me later. The price tag
5 later is way too high.

6 There are extensive risks, and we'll bring
7 this out in the, in the case, the hearing on the PPA
8 amendment itself, which we will protest. You know,
9 there are serious risks that, that may make, may make
10 the risk and the long-term costs even greater. Because
11 we believe it is a bad deal, we think it would be
12 inconsistent and inappropriate to start refunding money
13 now when we are going to be litigating in very good
14 faith our protest that this is a bad deal for customers.
15 So it's, it's specifically consistent with our position
16 on the PPA amendment. It's a bad deal. You shouldn't
17 have -- you should not approve it. The PAA order will
18 be protested, and, accordingly, it doesn't make good
19 sense to flow through that reduction to customers now.

20 **COMMISSIONER BALBIS:** A follow-up question.
21 Then regardless of Option A or Option B, you would still
22 think that the PPA is a, quote, bad deal for the
23 customers; correct?

24 **MR. WRIGHT:** Yes, sir. That's, that's Item
25 10, another docket. But, yes, sir, that's correct.

1 **COMMISSIONER BALBIS:** Okay. So, again, I
2 agree with the comments you made. I would think that,
3 you know, refunding or lowering the customers' bill as
4 much as possible now, I just personally think that would
5 be better than, you know, doing it 7 percent instead of
6 10 percent and correcting it if needed. But I'll leave
7 the other comments up to the other Commissioners.

8 **CHAIRMAN GRAHAM:** Commissioner Brown.

9 **COMMISSIONER BROWN:** I'd like to ask a
10 question for Staff to address the recommendation for
11 Option B or, or the analysis. What are the pros and
12 cons of Option B versus Option A and the reason for
13 Option B?

14 **MR. LESTER:** Pete Lester with Staff.

15 We chose Option B because the company since
16 its filing has two more months, two more months of
17 actual data have come in, and the company underrecovered
18 significantly during those months. And as Mr. Lee
19 mentioned, they -- that substantially offsets the
20 savings, anticipated savings from the amendment.
21 Secondly, as you know, the amendment has uncertainty
22 surrounding it.

23 You know, one good -- the Commission could go
24 with either option, but we felt like Option B was
25 probably a little more, leaned more toward the stability

1 of the rates this year and next.

2 **COMMISSIONER BROWN:** Uh-huh. But given the
3 fact that the Commission already approved the amendment
4 under Item 10, Option A is definitely a viable option,
5 even though we know it's going to be protested.

6 **MR. LESTER:** Yes, ma'am.

7 **COMMISSIONER BROWN:** Uh-huh. I would
8 recommend -- I would move that we approve Option A.

9 **CHAIRMAN GRAHAM:** It's been moved and seconded
10 Option A. Any further discussion? Seeing none, all in
11 favor, say aye.

12 (Affirmative vote.)

13 Any opposed? By your action for Issue Number
14 1 you've approved Option A.

15 Issue Number 2, should this docket be closed?

16 **COMMISSIONER EDGAR:** Move Staff.

17 **CHAIRMAN GRAHAM:** It's been moved and seconded
18 Staff recommendation on Issue Number 2. Any further
19 discussion? Seeing none, all in favor, say aye.

20 (Affirmative vote.)

21 Any opposed? By your action you've approved
22 Staff recommendation on Issue 2 under Item Number 11.

23 (Agenda item concluded.)

24 * * * * *

1 STATE OF FLORIDA)
2 COUNTY OF LEON)


CERTIFICATE OF REPORTER

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

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

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

18 DATED THIS 17th day of June, 2011.

19 
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21 FPSC Official Commission Reporter
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