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FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 100437-EI

EXAMINATION OF THE OUTAGE AND
REPLACEMENT FUEL/POWER COSTS
ASSOCIATED WITH THE CR3 STEAM
GENERATOR REPLACEMENT PROJECT,
BY PROGRESS ENERGY FLORIDA, INC.

PROCEEDINGS: STATUS CONFERENCE

COMMISSIONER
PARTICIPATING: COMMISSIONER EDUARDO E. BALBIS
PREHEARING OFFICER

DATE: Thursday, July 14, 2011

TIME: Commenced at 9:30 a.m.
Concluded at 10:39 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

DOCUMENT NUMBER - DATE

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FPSC-COMMISSION CLERK

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4 Washington D.C., 20007 appearing on behalf of White Springs
5 Agricultural Chemicals, INC. d/b/a PSC PHOSPHATES.

6 JON C. MOYLE, JR., ESQUIRE, Keefe, Anchors, Gordon
7 and Moyle Law Firm, 118 North Gadsden Street, Tallahassee,
8 Florida 32301, appearing on behalf of Florida Industrial
9 Power Users Group.

10 CHARLES REHWINKEL, ESQUIRE, and ERIC SAYLER,
11 ESQUIRE, Office of Public Counsel, c/o The Florida
12 Legislature, 111 W. Madison St., Room 812, Tallahassee,
13 Florida 32399-1400, appearing on behalf of the Citizens of
14 Florida.

15 ALEX GLENN, ESQUIRE, and JOHN T. BURNETT, ESQUIRE,
16 Progress Energy Service Co., LLC, Post Office Box 14042, St.
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18 Progress Energy Service Co., LLC.

19 LISA BENNETT, ESQUIRE, KEINO YOUNG, ESQUIRE, and
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21 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850,
22 appearing on behalf of the Florida Public Service Commission
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24

25

1 APPEARANCES (continued):

2 MARY ANNE HELTON, Deputy General Counsel, Florida
3 Public Service Commission, 2540 Shumard Oak Boulevard,
4 Tallahassee, Florida 32399-0850, Advisor to the Florida
5 Public Service Commission.

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P R O C E E D I N G S

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COMMISSIONER BALBIS: Good morning. I'd like to call to this status conference for the CR-3 outage meeting to order.

Staff, has this meeting been properly noticed?

MS. BENNETT: Yes, Commissioner, it has been noticed by FAW and agency notice.

COMMISSIONER BALBIS: Okay, thank you. Now I'd like to take appearances. If we can just start from my left.

MR. GLENN: Alex Glenn and John Burnett on behalf of Progress Energy Florida.

MR. MOYLE: Jon Moyle on behalf of Florida Industrial Power Users Group, FIPUG.

MR. REHWINKEL: Charles Rehwinkel and Erik Sayler on behalf of the Office of Public Counsel on behalf of Florida customers.

MR. CAVROS: George Cavros on behalf of the Southern Alliance for Clean Energy. We have petitioned to intervene in the docket.

COMMISSIONER BALBIS: Thank you. And I did sign that order granting intervention status, so you should be getting that shortly. And we also have someone on the phone, as well?

MR. BREW: Yes, Commissioner, thank you. For

1 White Springs Agricultural Chemical and PCS Phosphate, I
2 am James W. Brew. Thank you.

3 **MS. BENNETT:** And for staff, Lisa Bennett Keino
4 Young, and Anna Norris.

5 **MS. HELTON:** And Mary Anne Helton, advisor to
6 the Commission.

7 **COMMISSIONER BALBIS:** Thank you. And I will
8 move on to the next item, which are opening remarks from
9 myself. And I just want to state for the record, as the
10 presiding officer, I have the authority granted by Rule
11 28-106.211 of Florida Administrative Code to issue any
12 orders necessary to effectuate discovery, to prevent
13 delay, and to promote the just, speedy, and inexpensive
14 determination of all aspects of this case, including
15 bifurcation of the proceeding. As such, the
16 responsibility for setting the testimony and hearing
17 schedule falls within my authority.

18 I don't need to remind everyone that this is a
19 complex case. The purpose of this status conference is
20 for me to gather sufficient information from the parties
21 to make an informed decision on the hearing schedule for
22 this docket. I also want to caution all the parties, this
23 is not the time for discovery. The sole purpose of this
24 proceeding is, again, to gather information to help me
25 determine the best hearing schedule for this docket.

1 And the next item, a status update from
2 Progress.

3 **MR. GLENN:** Yes, Commissioner.

4 Pursuant to the Prehearing Officer's order,
5 Progress Energy Florida filed a status update on June 27th
6 regarding Crystal River Unit 3 power plant, and the repair
7 options, and our initial decisions on that. I did not
8 intend to reiterate that status report, unless you had
9 specific questions about that, and I would be happy to
10 answer any questions that you may have on that.

11 **COMMISSIONER BALBIS:** Thank you. And my only
12 question would be is there any additional information?

13 **MR. GLENN:** At this time there is not. We have
14 completed our initial engineering design and
15 constructability analysis, and at the present time what we
16 are is doing is doing more detailed engineering work to
17 flesh out the scope and the schedule of the repairs.

18 **COMMISSIONER BALBIS:** Okay, thank you.

19 **MR. GLENN:** Just a couple of comments. I wanted
20 to thank staff who had a meeting on July 7th, where they
21 got all the parties together to try to talk about what are
22 the scopes of the issues and how we might proceed forward
23 with that docket. And I thought that was fruitful. We
24 continue to engage in discussions with some of the
25 intervenors, Public Counsel, for example, on that to try

1 and reach a resolution. And it would be our hope that we
2 could try to do that shortly and try to bring something
3 back to this -- to the Prehearing Officer, if that at all
4 worked.

5 **COMMISSIONER BALBIS:** Thank you.

6 The next item I'd like to go to is really allow
7 the parties an opportunity to comment on the scope of this
8 docket. Before that, just kind of a refresher. On
9 April 26th, I denied Progress' motion to bifurcate,
10 because I felt at that time it was premature due to the
11 lack of information at that time. Since that point, after
12 the second delamination, there has been additional
13 information. And the June 27th filing on the status
14 update, I feel that we can move forward now in determining
15 potential hearing schedules and including the bifurcation
16 of the docket.

17 In reviewing all of the information within this
18 docket, I've come up with what I feel are several distinct
19 phases with this project or this docket, and those are
20 listed in the draft agenda that I have provided to all the
21 parties. And what I'd like to do in order to focus us and
22 be as efficient and effective as possible is really go
23 through phase-by-phase and allow the parties an
24 opportunity to provide information as to when they would
25 be ready, the earliest they could be ready for a hearing

1 on individual phases of the docket.

2 There are other questions that are listed in the
3 draft agenda which I don't think would be fruitful at this
4 point to go into a debate on each one of those, so I'd
5 like to focus it on, again, when is the earliest each
6 party would be ready for a hearing on the individual
7 phases.

8 So the three distinct phases that I have
9 identified is one, the prudence of Progress' actions
10 leading up to the second delamination event on March 14th,
11 2011. And these are in no particular order. The second
12 would be the prudence of Progress' decision to repair CR-3
13 versus decommissioning. And the third would be the
14 prudence of Progress' actions from the second delamination
15 to when the time CR-3 is returned to service.

16 So going in that order, again, it doesn't mean
17 these phases couldn't occur concurrently, the hearings
18 couldn't occur concurrently, but I'd like to, again, offer
19 the opportunity for each party to discuss when the
20 earliest they could be ready for a hearing on -- if it's
21 decided that we are going to separate it into different
22 phases on Progress' actions leading up to the second
23 delamination event. And with that, I would start with
24 Progress.

25 **MR. REHWINKEL:** Commissioner Balbis, Charles

1 Rehwinkel with the Public Counsel's Office. May I be
2 heard before we embark on that path? Public Counsel has a
3 concern with respect to the timeliness of the request that
4 we have been asked to respond to. I'm not faulting the
5 staff. I agree with Mr. Glenn's remarks that the meeting
6 that we had last week was helpful to get the process
7 started.

8 The Public Counsel's Office in preparing for
9 this status conference sat down to set out a series of
10 principles that we wanted to bring to the Commission's
11 attention about how this docket ought to be handled just
12 purely as our position for your consideration. I
13 concluded a conference call around 4:30 yesterday, and I
14 found I had an e-mail with the questions laid out that was
15 sent out at 4:00 o'clock yesterday. And, quite honestly,
16 the questions that were laid out here really were not
17 brought to our attention in quick enough fashion for us to
18 really be prepared to address these in any detail.

19 And we also would like an opportunity, whether
20 it is now or at the end of this proceeding here today, to
21 address the slicing up of the docket or the phases or
22 whatever. We think that that is something that we should
23 be allowed to be heard on for you to take into
24 consideration to discharge the duties that you listed in
25 the rule. We have no problem with that, but we would like

1 to at least have an opportunity to be heard on that.

2 **COMMISSIONER BALBIS:** Okay. Thank you,
3 Mr. Rehwinkel. And I agree that one of the reasons why I
4 just wanted to focus on when each party could be ready for
5 a hearing on that phase was because of the fact that those
6 questions were provided late. It's a very fluid, complex,
7 and unique docket. And I agree with you, and that is why
8 I wanted the limit on, you know, if it's decided that we
9 are going to break it up into phases, what would be the
10 earliest you could be ready for those. Because I think
11 that the different phases that I had came up with, they
12 are clearly distinct, in that, again, the decisions
13 Progress made up to the second delamination, I mean, that
14 has -- all of those decisions have been made, all the
15 information is there. And whether or not we combine that
16 into others, you know, I will take into consideration.

17 And I will, perhaps, at the end of this status
18 conference, allow you the opportunity to provide input on
19 what you recommend. And, again, I'm not going to be
20 making a decision here from the dais as to how we are
21 going to proceed, but, again, I need as much information
22 as possible to make that decision and start scheduling
23 hearings. Because, as you know, scheduling of a hearing
24 takes place months prior to the hearing, and we're going
25 along in quite a bit of time here, so --

1 **MR. REHWINKEL:** If Public Counsel's Office can
2 be heard at the end, we will do our best to answer the
3 questions to the best of our ability with what we know
4 today, if that would be acceptable to you.

5 **COMMISSIONER BALBIS:** Okay. Thank you.

6 **MR. REHWINKEL:** Thank you.

7 **MR. MOYLE:** FIPUG would also like to be heard on
8 the issue of separate hearings versus consolidation, at
9 the appropriate time.

10 **COMMISSIONER BALBIS:** Okay. I will allow each
11 party to provide brief comments. So, again, back to
12 Progress on when the earliest you could be ready for the
13 actions leading up to the second delamination event.

14 **MR. GLENN:** Yes. We would be ready, and as a
15 preliminary matter, I think these are the three segregable
16 issues in this case to the extent on A1, which is the
17 prudence of our execution of the repairs, we would be, as
18 we have said in the past, able to file within -- our case
19 in chief within 60 days of any Prehearing Officer's order
20 setting a schedule. I think you could go to hearing on
21 this within 180 days. There has been, you know, six
22 months of discovery already in this docket. These
23 decisions are known. All of these decisions are known. I
24 think it's important to get that done quickly while all
25 the facts are fresh in everybody's mind.

1 Just for point of reference, Public Counsel had
2 filed a fuel refund case a few years ago with us that
3 involved 10 to 13 years of prudence of fuel costs. It was
4 a very complex case, and that was handled in six from
5 start to finish. The Levy need proceedings, which was a
6 very complex case, was handled within 180 days. So I
7 think those are reasonable time limits. A rate case,
8 which is much more complex than this, frankly, is eight
9 months. So we think that's a reasonable time period
10 within which to act.

11 With respect to the second issue, the prudence
12 of our decision to repair --

13 **COMMISSIONER BALBIS:** Well, I'd like to just
14 focus issue-by-issue and allow each party on each one.

15 **MR. GLENN:** Okay.

16 **COMMISSIONER BALBIS:** Thank you.

17 Mr. Moyle.

18 **MR. MOYLE:** You know, not to preview the point
19 at the end, but just picking up on your comment, I
20 believe, about this being very complex, I mean, this is
21 very complex. But, you know, it seems that there is a lot
22 of overlap on these issues between the three. And I think
23 FIPUG would advocate, and feel better having a
24 conversation about taking this in toto as compared to
25 taking one complex case and turning it into three complex

1 cases. Because I think also for administrative
2 efficiency, you know, there is going to be a lot of
3 overlap, a lot of the same witnesses. Rather than
4 bringing everybody in three times with all the costs
5 incurred associated with that, you know, we would think it
6 would make more sense to do it once. Particularly, if I
7 heard Mr. Glenn, he talked about the execution of the
8 repairs. He may have misspoke, but repairs are being made
9 as we speak. So it may be that we are getting a little
10 ahead of ourselves in some respects.

11 But, obviously, we'll be ready to go to hearing
12 when you decide it is appropriate, but we kind of harken
13 back and think that the better way to proceed is to do
14 this in one proceeding and identify these issues rather
15 than break it up, vulcanize it into a series of separate
16 proceedings. And, you know, just for one point being that
17 the costs that ultimately ratepayers are going to have to
18 incur with having three sets of witnesses come up three
19 times for three different proceedings, if that's the
20 direction in which you go.

21 **COMMISSIONER BALBIS:** Okay, thank you. And so I
22 guess to summarize the 180 days, you indicated you would
23 be ready, is that correct, just to kind of nail you down
24 on a time frame, if we were to break it up into this
25 phase.

1 **MR. MOYLE:** If that's the decision, we would do
2 our best to be ready. I mean, Mr. Glenn mentioned some of
3 those others. I think those are driven by statute. The
4 need determination process, I think, is a statutorily
5 driven process; and the rate case, I think, is a
6 statutorily driven process. I don't believe this is
7 similarly driven by a statute, but, you know, we would do
8 our best to be ready.

9 **COMMISSIONER BALBIS:** Okay, thank you.

10 Mr. Rehwinkel.

11 **THE WITNESS:** The Public Counsel's Office, just
12 to be clear, Commissioner, first of all, we don't concede
13 the appropriateness of the phases. But to work within the
14 paradigm that you have set out, on Item Roman numeral
15 IV(a), the scope that should be -- if this is the way the
16 docket were to be characterized, would not be from the
17 steam generator repair, but it would be from the inception
18 of the steam generator repair project, which goes back to
19 2002. So that's the scope for that phase, would be from
20 the decision-making that began with the repair. The
21 decision to do the steam generator repair, to how to
22 manage the project, to whether to cut the building or use
23 the available equipment hash, all that decision-making
24 happened prior to October of 2009. So that has to be part
25 of the consideration. And I don't think you intended to

1 exclude it, but just for clarity, I think that needs to be
2 the scope there.

3 With respect to the 180 days, the Public Counsel
4 has been working under the assumption that is based in the
5 February 8th order that had 60 days after whatever point
6 that Progress would file their testimony, then it had 180
7 days for intervenor testimony, 30 more days for staff
8 testimony, 30 more days beyond staff testimony for
9 rebuttal testimony, and then establish the hearing.

10 Public Counsel strenuously would object to a
11 hearing process that lasted 180 days. In other words, go
12 to hearing 180 days from whenever the docket was actually
13 kicked off. And the basis for our statement there is this
14 is a case like none you have ever seen. It involves civil
15 engineering and structural engineering issues. The
16 Commission has never dealt with those issues.

17 The important thing for the Commission, we
18 believe, is that the burden of proof be set out and
19 clearly enunciated, and expectations be set as to what the
20 testimony you expect to see from the company based on the
21 scope of the proceeding; what is going to be in, what is
22 going to be out. Only after that point would we know what
23 we would need to do to be able to respond to that with
24 experts that we would need to hire to engage.

25 These are experts that we are not normally

1 associated with hiring. Perhaps it would be nuclear
2 engineers, perhaps it would be engineers that would be
3 familiar with construction, utility construction time
4 lines. But civil engineering is something the Public
5 Counsel has never had a witness on. We believe that
6 crucial issues in this case would deal with the material
7 sciences issues, the physical properties of the concrete
8 that was used in the building and how it was considered in
9 the design engineering process. So there is a significant
10 amount of work there. I cannot give you -- and represent
11 the customers effectively -- an answer that says, you
12 know, a predesignated amount of time would be sufficient
13 for us. We think that the schedule that is laid out here
14 is doable. And I say here, I'm referring to your
15 February 8th Order PSC 11-010A. Once the scope of the
16 docket is set out, and I agree with Mr. Glenn, is that if
17 the scope of the docket was set out after whatever process
18 you dictated to us, then from the time that the company
19 filed their testimony, we believe this is a doable
20 schedule as set out in this order.

21 I don't know that 180 days was intended to be
22 start of the docket to conclusion of the hearing. I just
23 don't know if that was the intent there, but I certainly
24 think that is not enough time. We have done a significant
25 amount of discovery. We have been engaged in discovery

1 with the company since -- I think our first discovery was
2 served on us on January 11th of this year, and we have
3 been actively reviewing hundreds of thousands, if not
4 millions of pages of documents. We have also been
5 provided informal discovery since November by the company,
6 and we have taken advantage of that. We have taken, as I
7 mentioned the last time we were before you, we have taken
8 a two-day deposition of three of the crucial people that
9 planned the steam generator repair, the specific project.
10 But we believe that the civil engineering aspect of the
11 case, which is by far the most complex part of the case,
12 and it involves hundreds of thousands of pages of
13 calculations that we have already been reviewing, that
14 would require a significant amount of discovery, a
15 significant amount of depositions that we have not yet
16 taken. Because, first of all, some of the people who we
17 want to talk to have actively been engaged in the repair
18 process, the first round of repairs that were not
19 successful.

20 So this is a long way of saying to you we
21 believe it is complicated. I can't give you a pat answer
22 as far as when we would be available to go. But we are
23 certainly anticipating that we would hire and sponsor
24 witnesses, so our decision about the time frame is very
25 sensitive with respect to that.

1 So to answer the questions here, we believe that
2 properly phrased that this subject is within the scope of
3 the docket. Can it be combined with any other subject?
4 Yes, we believe that it can, depending on what they are,
5 because some of the issues with respect to the materials
6 and the physical properties of the concrete we believe are
7 definitely related. And we would urge that the docket be
8 as large as possible, so that parties are not precluded
9 from making arguments or putting on testimony that is
10 relevant as to the civil engineering and materials
11 properties. But, yes, we believe that it can be.

12 We do not believe that it can be combined with
13 the repair path going forward. That is -- those are two
14 different prudence issues. One is a forward-looking
15 prudence issue based on a bunch of factors that we still
16 don't know exactly what the repair methods are going to
17 be. The design engineering hasn't even been done, nor has
18 the construction process been designed as far as we know.
19 But the looking back, the prudence that are associated
20 with the cut in the building, you know, we think that can
21 be combined with other issues such as damages, et cetera,
22 so we would agree with that.

23 I have answered, to the best of my ability, Item
24 3 about additional time --

25 **COMMISSIONER BALBIS:** Again, sorry, Mr.

1 Rehwinkel, I just wanted to focus on Item 4, not go
2 through the whole list. But I think you have
3 summarized --

4 **MR. REHWINKEL:** Okay. I apologize. Yes.

5 **MR. CAVROS:** George Cavros on behalf of SACE.
6 You know, we certainly could be ready within a 180-day
7 time frame, if that's what the Commission required. You
8 know, in deference to OPC, they have been conducting
9 discovery in this docket since January 11th, and if they
10 feel that 180 days is simply too short a time frame, then,
11 I think, you know, especially regarding the civil
12 engineering aspects of the case, and if they feel they
13 need more time, having already conducted about six months
14 of discovery and feel that they, you know, meeting this
15 time line would be difficult, then, you know, we would
16 endorse something closer to the original time line that
17 PEF had originally suggested which is, you know, filing
18 their petition 60 days after some date at this point, I
19 guess an arbitrary date, it could be today, and then
20 sticking to the scheduled 180 days for intervenor
21 testimony, 210 days after that for staff testimony, 240
22 days for rebuttal testimony, and then having the actual
23 hearing 270 days after a predetermined date.

24 **COMMISSIONER BALBIS:** Okay, thank you. And from
25 PCS White Springs.

1 **MR. BREW:** Thank you, Commissioner. And I
2 apologize for being a disembodied voice on this, but I
3 would like to reiterate some of the points made by the
4 Public Counsel. We have got really two problems; when to
5 start the proceedings, and when to have the hearing. And
6 given the complexities of the issues, I think what you
7 will find from my experience in comparable dockets is that
8 the rebuttal issues are likely to be substantial. And so
9 my suggestion would be that before pinning down dates, we
10 follow through on the process that was scheduled --
11 suggested earlier, which is a series of informal meetings
12 among the parties to try to work through in more detail
13 the nature and scope of how we'd follow through. I think
14 we will really allow the record presented to the
15 Commission to have more focus through the proceedings.

16 Part of the problem with phases one and two as
17 outlined is that while you could disaggregate the prudence
18 questions, the damages and rate impact issues don't lend
19 themselves as easily to that. And I think it would be
20 helpful for the parties to spend some time working on
21 those issues informally before we lock down a schedule.
22 Thank you.

23 **COMMISSIONER BALBIS:** Okay, thank you. I don't
24 know if staff would like to comment as far as scheduling
25 of the first phase.

1 **MS. BENNETT:** Staff would be ready to proceed in
2 2012 on the original schedule that we outlined in the
3 February 8th order on this phase.

4 **COMMISSIONER BALBIS:** Okay, thank you.

5 And, again, with the same discussion, moving on
6 to the next item, which is the prudence of Progress'
7 decision to repair versus decommissioning CR-3.

8 Mr. Glenn.

9 **MR. GLENN:** Yes, Commissioner. We believe that
10 we could be prepared very quickly on that. That's a
11 pretty narrow issue on repair versus retire, and it is
12 really more of an economic analysis. I think that's, you
13 know, within 90 days, and we could have a hearing on
14 something like that. The only caveat to that is, you
15 know, is that particularly ripe right now. And the reason
16 I say that is because we are doing our detailed design
17 engineering work to look at, you know, cost of schedule
18 and repairs. And so it may be in a couple of months more
19 ripe at that point.

20 But once it is, that's a pretty quick, I
21 believe, hearing you could have on that. And they are
22 fairly, excuse me, they are fairly simple issues
23 associated with that.

24 **COMMISSIONER BALBIS:** Okay, thank you. Mr.
25 Moyle.

1 **MR. MOYLE:** See above with respect to, you know,
2 the breaking out of the issues. It seems that, you know,
3 that issue, particularly given Mr. Glenn's admission that
4 it is not ripe, I mean, if it's going to be a case
5 involving was it prudent to repair rather than replace and
6 an economic analysis is going to be there, and at this
7 point you don't even have detailed engineering which will
8 drive costs figures, you know, it seems that that is not
9 ready for prime time yet and would probably be properly
10 housed up under another one of these proceedings. Again,
11 just for the overarching point that it is going to cost
12 everyone more money to do these things broken out as
13 compared to combining them.

14 **COMMISSIONER BALBIS:** Okay, thank you.

15 Mr. Rehwinkel.

16 **MR. REHWINKEL:** Public Counsel's Office does not
17 at this point in time believe that its as simple as Mr.
18 Glenn says with respect to that hearing. First of all, we
19 believe that one of the things that we don't know is how
20 fuel will be treated again this year. And at the end of
21 this, I have some remarks about that. But we would
22 certainly not be in favor of advancing a hearing about the
23 prudence of the repair path and the repair -- the prudence
24 determinations related to the cut.

25 But beyond that, one of the issues that I think

1 the Commission is going to have to make with respect to
2 the prudence of the repair has to do with the interaction
3 of the insurance company's willingness and ability to pay
4 throughout the duration, even if the costs that are
5 estimated escalate close to the debt cap of the insurance
6 policy. We don't know about that, and we think that may
7 be more of a complicated issue than just the economics of
8 repair versus decommission the plant.

9 Certainly, if the customers are going to be able
10 to take a position on the prudence of that decision, the
11 insurance situation would play a big role in that, and I
12 don't know if we wouldn't need expert witnesses on that.

13 Certainly, the engineering that the company
14 would propose, the company has given the Public Counsel's
15 Office an early look at a draft of the scenarios that they
16 analyzed. We have not looked at anything since the
17 decision was made by the board of directors to go forward,
18 so we don't have a good feel for the issues that would be
19 bound up in the engineering. But the issues that we see
20 there would be -- and I think your Staff has sent some
21 discovery out on this this week, is to look at that
22 decision-making and how it was done and what are the
23 ramifications of the engineering analysis that they have
24 done, the construction time line and the assumptions they
25 have made on something that has never been done in the

1 world, and then the licensability of that at the NRC
2 level.

3 We certainly -- the customers will want this to
4 be a successful operation that the company undertakes, if
5 they follow through on the repair. But to say that it is
6 prudent for them to do it when there are a lot of
7 unknowns, I don't think is necessarily a quick hearing
8 process.

9 So that's our way of saying we can't really give
10 an answer on that. Again, I agree with Mr. Brew on the
11 phone that we need to sit down and have some more
12 discussions with the company, and the company has been
13 willing to do that, and we would recommend that at least
14 on that issue that you seek that input and take that input
15 before you make a decision on this. Thank you.

16 **COMMISSIONER BALBIS:** Okay, thank you.

17 SACE.

18 **MR. CAVROS:** Commissioner, we see sort of a
19 natural -- first of all, we do feel that Issue 1 and Issue
20 2 are appropriately subject matter for this docket. And
21 in a sense, the determination in -- with the first
22 question, that is, the prudence of the SGR project will
23 really help to inform the analysis of whether to repair or
24 retire the CR-3 unit, I think the prudence of the
25 repair/retire option will really kind of flow in part from

1 a prudence determination on the SGR project.

2 You know, for instance, if the SGR project up to
3 the second delamination is found to be imprudent, then it
4 logically follows that it would weigh very heavily against
5 a decision to commit more ratepayer dollars to an even
6 greater scope of repairs on the unit.

7 You know, I mean, it's conceivable the repair
8 versus the retirement question, you know, could be coupled
9 with the prudence on the SGR replacement determination in
10 this docket, and you presented it as such. And we feel
11 that, you know, there's sort of a natural connection
12 between the two. And in terms of order, I think that a
13 finding of prudence or imprudence on what led to the
14 original delamination might help inform the discussion, at
15 least in part on whether it's prudent or imprudent to
16 repair the unit or retire it.

17 So, that said, you know, Progress Energy is in
18 the process right now of planning for the repair,
19 significant repair activities next year. So, you know, in
20 terms of order, you know, we still haven't formulated a
21 really good opinion on that, but I believe that it is
22 something the Commission has to address in a rather timely
23 manner before those expenditures on that repair start.

24 Thank you.

25 **COMMISSIONER BALBIS:** Okay. Again, just to kind

1 of narrow you down, assuming when the issue is ripe, if
2 you will, as far as the timing on getting prepared for a
3 hearing, if it is separated into phases on that specific
4 subject, if you can discuss that?

5 **MR. CAVROS:** As far as the issue not being ripe,
6 you know, Mr. Glenn referred to it as a simple issue. You
7 know, again, I don't know if it's that simple. OPC
8 referred to the insurance issue. At this time, Progress
9 has no certainty whether NEIL will cover events after the
10 March delamination event. You know, it may be considered
11 a, quote/unquote, a second event, and PEF hasn't recovered
12 yet on anything related or growing out of a second
13 delamination, yet they are still planning to begin
14 significant repair operations next year, you know, with an
15 estimated price tag of 900 million to 1.3 billion.

16 So, you know, there are some issues still yet to
17 be resolved. And one important one, I think, would be
18 have they, in fact, come to an agreement with NEIL on the
19 recovery of any costs to repair the unit. And, you know,
20 I think that would weigh very heavily on a decision on
21 whether to repair or retire the unit. So it may not be
22 ripe at this time. I think it will be ripe very, very
23 quickly. And that if there was an order, I think that the
24 prudence of the SGR repair perhaps should go first,
25 followed by whether the unit should be repaired or

1 retired, but both done in somewhat of a timely fashion.

2 **COMMISSIONER BALBIS:** Okay, thank you. And to
3 PCS White Springs.

4 **MR. BREW:** Thank you, Commissioner. PCS would
5 agree with the statements earlier that the repair versus
6 retire decision is a distinct one, as well, as the fact
7 that that issue is not remotely ripe at this point. I
8 also think that the timing that has been suggested is not
9 right, either. I think Public Counsel is right that this
10 is hardly a simple economic issue. As you have already
11 heard, the interaction of the repair question with
12 insurance issues, the reasonableness of the assumptions
13 that will go into that both in terms of the engineering
14 involved and the risks assumed are not going to be simple.
15 And so I do think it would be inappropriate to assume that
16 this could be simply done as a spreadsheet showing the
17 economics of repair versus replace. It's going to be more
18 complicated than that. Thank you.

19 **COMMISSIONER BALBIS:** Okay, thank you. And to
20 staff.

21 **MS. BENNETT:** While staff believes that the two
22 phases, A and B, could be considered together, we also
23 believe that A and B could be separated, and that B could
24 be -- we disagree with PCS White Springs and believe that
25 it could be considered more quickly than the Phase A, if

1 that was the Commission's desire.

2 **COMMISSIONER BALBIS:** Okay, thank you.

3 Let's go on to the third phase, and that is the
4 prudence of Progress' actions from the second delamination
5 up until its return to service.

6 Mr. Glenn.

7 **MR. GLENN:** Yes, Commissioner. One
8 clarification, if I might, on one of the issues that I
9 heard before, which was, I think, and maybe I misheard it,
10 on the decision to replace the steam generators. That is
11 not a -- that is not within the scope of this docket.
12 That has already determined to be prudent by the
13 Commission in our prior rate case. So I just wanted to
14 clarify our position, for the record, on that.

15 Getting to --

16 **MR. REHWINKEL:** And I don't disagree with
17 Mr. Glenn. Just for the record, it's not the decision to
18 replace, but it is the decision-making about how to
19 replace.

20 **MR. GLENN:** How to replace, yes.

21 **COMMISSIONER BALBIS:** And I was clear with that,
22 as well.

23 **MR. GLENN:** Okay. I just wanted to clarify
24 that. On Item C, the prudence of PEF's actions after the
25 second delamination, I think that's going to necessarily

1 need to be done after the plant comes on-line. I think it
2 would be very difficult to do kind of a current prudence
3 review on that. As we go forward, there may be specific
4 issues that fall out that could be determined sooner than
5 that. But I think, at this stage, those issues would be
6 determined hopefully fairly quickly after the unit comes
7 back on.

8 **COMMISSIONER BALBIS:** Thank you.

9 And I can move along each party, but I would
10 assume that each party has similar comments that obviously
11 when it's back in service is when we would discuss, you
12 know, the potential hearing dates, as that approaches.
13 But I can offer an opportunity to each one you to make
14 comments.

15 So, Mr. Moyle.

16 **MR. MOYLE:** I would just suggest in terms of
17 coupling the issues that staff previously had said maybe A
18 and B could be put together, but it seems the repair or
19 replace decision may be more appropriately coupled if
20 there was going to be a decision to segregate and separate
21 the issues out, that it could be appropriately decide
22 under C. Because, you know, my understanding is the
23 repair/replace decision, that's, you know, a decision that
24 they will make in due course, and it can be considered
25 after the plant comes on-line, and we will be informed by

1 actions taken during that. I mean, it's kind of a hurry
2 up and let's get in the door and have a determination on
3 repair/replace. I'm not familiar with that kind of an
4 advanced prudence determination. My understanding is
5 typically those are done later in the process when they
6 come in.

7 So if you are looking to segregate or couple
8 certain ones, I would -- again, our preference is all of
9 them go at once. But if they were, I would think the
10 repair or replace could go later rather than earlier.

11 **COMMISSIONER BALBIS:** Okay, thank you.

12 Mr. Rehwinkel.

13 **MR. REHWINKEL:** The Public Counsel is in
14 agreement with Mr. Moyle with respect to the coupling. We
15 think that the actions after March 15th are intricately
16 involved with the decision about whether to repair or
17 decommission it. I mean, that is really what the company
18 is doing there. And certainly if they decide that it's
19 prudent, if there is a decision that it's prudent to go
20 forward with the repair, then what they do after that is
21 really the issue. I don't think -- I don't think there's
22 any dispute about whether they should consider whether to
23 decommission or repair once they discover the
24 delamination, and that's what they have been doing.

25 So I kind of think those issues are more bound

1 up. And we certainly aren't at a point about giving you
2 an opinion about the timing of either B or C. I just want
3 to be clear about. The Public Counsel's Office believes
4 that we need to sit down and learn more from the company
5 and have more discussions with the company about B and C
6 in order to be able to give you an informed decision about
7 where we're going to be on this.

8 And just to be clear, the Public Counsel's
9 Office is likely to be the party that hires and sponsors
10 witnesses on these issues. And we think that there may be
11 witnesses needed on both. So I would urge you to take
12 that into consideration as you make your decisions and
13 direct the parties accordingly. So that's kind of the
14 input that I have as far as B and C.

15 **COMMISSIONER BALBIS:** Thank you.

16 SACE.

17 **MR. CAVROS:** I don't have, you know, much to add
18 on the issue of C. You know, obviously, you know, it
19 seems like it will be an on-going repair scenario, if that
20 is, in fact, the prudent path that is chosen. And, you
21 know, it almost might best be handled through another
22 docket that is annually recurring, since a prudent --
23 perhaps a prudency determination on how that repair is
24 handled will have to be made year-by-year and Commission
25 oversight needed as conditions on the ground change. You

1 know, for instance, PEF states that the progress of the
2 repair can be affected by a whole host of factors,
3 including regulatory reviews. You know, what if the unit
4 doesn't garner its NRC license renewal? The ultimate work
5 scope, what if more delaminations are created in the
6 process of repairing the current delaminations, or the
7 company has to meet more stringent NRC regulations; you
8 know, structural regulations after the Fukushima event.
9 You know, weather and other developments have been cited.
10 So I think this is going to require on-going vigilance by
11 the Commission on behalf of ratepayers to ensure prudence
12 of that process moving forward.

13 **COMMISSIONER BALBIS:** Okay, thank you. And from
14 PCS White Springs.

15 **MR. BREW:** Thank you, Commissioner. I generally
16 don't need to add much more other than to say that this
17 will be an evolving saga where the company will be needing
18 to be make decisions as they go along. But in terms of
19 the linkage, I would generally support what both FIPUG and
20 OPC has said. Thank you.

21 **COMMISSIONER BALBIS:** Thank you. And to staff.

22 **MS. BENNETT:** I wasn't going to say anything,
23 but I do want to paint a little bit bigger, broader
24 picture. C obviously can't be prepared until CR-3 goes
25 into effect, or into service, and that would be 2014/2015.

1 What staff looks at when they are looking at these phases
2 is, for instance, the phase that's represented in
3 Subsection B has some effect on other dockets. The
4 Nuclear Cost Recovery Clause docket has an issue on it
5 that would have to be held in abeyance if we don't make a
6 decision on B.

7 Also, if there is a rate case, an intervening
8 rate case filed, it could complicate the rate case because
9 generally those costs for repair would be included as an
10 issue in the rate case, and so you would be, perhaps,
11 unable to make a complete decision in an intervening rate
12 case if this were not to be decided until 2015 and
13 Progress were to come in earlier.

14 So we believe that B should not be -- we should
15 not wait until 2015 to make a decision on B. We believe
16 that it needs to be sooner rather than later.

17 **COMMISSIONER BALBIS:** Okay. Thank you. And I'm
18 glad you brought that up, because I was kind of going to
19 go off script here and discuss -- the other option is
20 combining these all into one, you know, one single phase,
21 one comprehensive phase. And, again, would be -- at this
22 time the estimated date from when CR-3 is going to go back
23 into service is what date, Mr. Glenn?

24 **MR. GLENN:** It's in 2014.

25 **COMMISSIONER BALBIS:** 2014. And the estimated

1 repair costs?

2 **MR. GLENN:** At this time point between 900
3 million and 1.3 billion. Again, those, we believe, are
4 covered by insurance, and the customers do not bear those
5 costs.

6 **COMMISSIONER BALBIS:** And the replacement fuel
7 costs to date?

8 **MR. GLENN:** To date, I don't have that number
9 off the top of my head. I know the underrecovery to date,
10 I believe, is in the 120 to \$130 million range. That has
11 not been covered by insurance. I believe that is the
12 case, but I can verify it.

13 **COMMISSIONER BALBIS:** Okay. Thank you. And,
14 again, one of the reasons why, in looking at this and
15 seeing if there is a way that we could break this into
16 distinct phases is, one, it is somewhat clear to me that
17 there is distinct events that occur. Again, the decision
18 to -- or how to cut the containment structure, the
19 discovery of the first delamination, the second
20 delamination, et cetera, and then all the actions moving
21 forward. So looking at different options, one, to kind
22 of -- you know, waiting until 2015 to hold \$1.3 billion in
23 question, I don't know if that's the right thing to do or
24 not. But, you know, reducing the regulatory uncertainty
25 in addressing these issues that we can address now when

1 the information is available is one of the reasons why I
2 wanted to look and see if there were distinct phases that
3 we could tackle now rather than later. Try not to
4 complicate these on-going dockets and do things
5 effectively and efficiently.

6 I appreciate the comments from all of the
7 parties. I understand the additional administrative
8 costs. I will take those into account. The next step
9 will be an issue or an order establishing procedure at
10 this point, or, you know, having continued informal
11 meetings with staff to kind of hammer these things out. I
12 appreciate everyone's time and the information you have
13 provided, and if there aren't any other comments?

14 Mr. Rehwinkel.

15 **MR. REHWINKEL:** Yes, Commissioner. From Public
16 Counsel's Office, if I could indulge, and I won't make the
17 extensive remarks -- remarks as extensive as I had I
18 intended to, to give you the input that we feel is
19 appropriate, but the Public Counsel's Office at this point
20 would challenge the notion -- two notions that there are
21 just separate and distinct events, because we don't have
22 all the facts in. Crucial -- as I said earlier, crucial
23 to this case we believe are going to be some factual
24 determinations about the concrete. And everybody wants to
25 refer to the first and second delamination, but there are

1 three delaminations. There was one that occurred in
2 December of 1974 that was discovered in April of 1976, and
3 then there was a delamination that was discovered in
4 October of 2009. Ironically, that delamination occurred
5 probably on the last day of the Progress 2009 rate case.
6 And the third delamination, the third discovery of a
7 delamination occurred in March of this year.

8 So our concern about breaking the docket up
9 could be that you could foreclose arguments that really
10 get to the heart of the matter about the design
11 engineering decisions that were made by Progress, because
12 this is all going to be about decision-making by the
13 company. So what we are concerned about is preemptorily
14 making determinations about that at this point in time.

15 We would echo your comment about the parties
16 talking. I would echo Mr. Glenn's comments about the
17 parties talking, and Mr. Brew's. We think that is
18 appropriate. We would urge that there not be hasty
19 decisions made with respect to the structure of the
20 docket.

21 The second point that I would like to make is
22 that I don't know that there is any point of law or
23 regulatory precedent that the company is entitled to an
24 early determination or a predetermination about the path
25 of repair with respect to prudence. Because part of that

1 is doing to be -- part of what's going to be involved in
2 that is certain assumptions, certain leaps of faith, if
3 you will, and certain pieces of information that we don't
4 have. Specifically, what the NRC is going to do.

5 So at this point in time, absent some further
6 discussions with the parties, we would urge that there not
7 be any presumption that the company is entitled to a quick
8 determination about the prudence path. And I certainly
9 appreciate what Ms. Bennett said about other dockets that
10 are affected. We think that the fuel docket is affected.
11 We definitely think the NCRC docket is affected. The
12 decommissioning docket that you have on-going is affected,
13 and Progress' potential rate case that they have told
14 investors that they are going to file sometime in 2012,
15 all of those are affected. But just because they are
16 there does not mean that everyone has to go and rearrange
17 everything to meet that.

18 The final point that I would like to make to you
19 is that the parties' resources are limited. The Public
20 Counsel's Office, our ability to kind of do dockets on
21 different paths and kind of move things around so Progress
22 can get an early determination may or may not be the fair
23 thing to do. So we would urge that there, again, be an
24 opportunity for parties to sit down and have discussions
25 and bring you feedback.

1 We really appreciate the fact that you have
2 taken an active interest in having these status
3 conferences, because this is an inordinately complex
4 matter. It is a situation that is dire for the customers.
5 The customers -- there was a call where the CFO of PGN
6 said that they project a billion dollars of replacement
7 power costs of which 490 is the maximum, 490 million is
8 the maximum that insurance will cover, and he said five or
9 \$600 million that they would propose to recover from
10 customers. There is that issue.

11 He mentioned \$65 million of capital costs that
12 they would seek base rate recovery for. And on top of all
13 of this, and I mentioned -- that is why I mentioned the
14 delamination occurring during the rate case, there is
15 about \$200 million of revenue requirements associated with
16 Crystal River. That includes the return on the plant
17 depreciation and about \$100 million of O&M costs. You set
18 rates based on these MFRs about what was going into the
19 investment, what was going into the rate case, and what
20 was going into base rates, and we estimate it could be
21 between 150 and \$200 million. That plant never went into
22 service, and it will not go into service until 2014 at the
23 earliest, but the customers are paying for that and are
24 paying for replacement power costs. They paid 110 or so
25 million dollars in 2010. They paid for this plant that is

1 not generating any electricity and can't light a single
2 light bulb, and it won't be for five years. We believe
3 the customers are somehow paying double for this plant, so
4 we think this is an issue that needs to be teed up and
5 addressed.

6 We have a stipulation with the company, but we
7 think that there is a way that this is not contemplated in
8 that stipulation. All I'm saying is this is a very
9 complicated matter. I commend and urge that you stay as
10 active as you are on this, and that you ask the parties to
11 give you feedback after we have discussions.

12 Thank you.

13 **COMMISSIONER BALBIS:** Thank you,
14 Mr. Rehwinkel.

15 And, you know, in response, I take some offense
16 to the terms quick and hasty. And one of the reasons for
17 this status conference is to allow a discussion with the
18 parties on when you would be ready. I mean, that's the
19 entire point of this meeting. So any, you know, assertion
20 that this is jumping to a quick or hasty decision,
21 hopefully you didn't intend that.

22 **MR. REHWINKEL:** I wasn't suggesting that,
23 Commissioner. I would urge that you not make one. And
24 I'm not saying that you are. That is my feedback to you
25 is that we urge that there not be something done quick and

1 hasty. We really appreciate the deliberation and the
2 structure that you are putting in this process.

3 **COMMISSIONER BALBIS:** Okay, thank you.

4 Any other comments, final comments?

5 **MR. GLENN:** Just one. And this goes to
6 combining that, I guess, B and C issues, whether or not
7 it's prudent to repair or retire. We have been an open
8 book in this process with the parties, with Public
9 Counsel. To wait until 2015 to say whether or not you are
10 prudent in repairing I think is untenable. And if you
11 look at it, we're trying to do what is best for the
12 customers. We think right now, knowing what we know, that
13 repairing this plant is in the best interest of customers
14 because it is going to result in fuel savings to them over
15 the life of the unit. If the customers as represented by
16 OPC, by FIPUG, by PCS, by SACE are not on the same page,
17 and this Commission isn't on the same page as us, we need
18 to know it sooner rather than later before we spend a
19 billion dollars. And so that's why we think that decision
20 needs to be made at the right time and quickly before we
21 go forward with spending a lot of money that the customers
22 may ultimately have to bear. So that's it.

23 **COMMISSIONER BALBIS:** Thank you, Mr. Glenn.

24 Mr. Moyle.

25 **MR. MOYLE:** Just a couple, I guess, of closing

1 comments. I appreciate the willingness to have this
2 dialogue and this conversation. I think it is productive.
3 And I also think the productive -- that the conversation
4 that we are having with the utility has been very
5 productive. They have been very open, and I would like to
6 publicly commend them for doing that. They have shared
7 information, and we have had good discussions, and I think
8 there are suggestions of another future meeting, so maybe
9 some of these issues can be further refined and possibly
10 agreed to by the parties.

11 But I guess to the point about sort of this
12 docket and the segregation of the issues, I mean, I may be
13 missing something, it wouldn't be the first time, but it
14 seems to me that the issue with respect to the spend, the
15 capital spend on the repair, you know, which is 900 to
16 1.3 billion, I mean, that is not anything, as I understand
17 it, that we have got to decide it sooner rather than
18 later, and the fact that you have an insurance policy out
19 there for \$2 billion. So I would argue that that sort of
20 takes away the push to have an issue decided on that.

21 The repair/replace, again, to that point, you
22 know, they say it is economic to repair. Probably a large
23 part of that is the \$2 billion that is coming in to do
24 that. And that would be -- if they say, no, we are not
25 going to repair, but they are going to have to go build

1 some new power plants, that is going to be ratepayer
2 money, so that is probably the right path, but I don't
3 know that it has to be decided now. And then, you know,
4 the other costs, I mean, the fuel issue is decided in the
5 fuel docket, and this case was spun out of the fuel
6 docket, as I understand it. So I guess I'm struggling a
7 little bit to the overarching point about administrative
8 efficiency trying to keep these together. You know, I
9 would urge serious consideration of that, given some of
10 the points we have made, you know, and the fact that in
11 addition to resources of consumer groups, you know,
12 ultimately we are going to be funding the legal expense
13 and expert expense of the company, as well, through rate
14 cases. And so, you know, to the extent administrative
15 efficiencies can be obtained and found through
16 consolidation as compared to bifurcation, we would urge
17 that that path be seriously considered. But, again, we
18 appreciate the chance to have this conversation with you
19 in the status conference today.

20 **COMMISSIONER BALBIS:** Okay, thank you. And
21 before I jump to the next party, Mr. Moyle, you mentioned
22 additional meetings to kind of discuss the options. How
23 much time would the parties need to continue, you know,
24 one or two, or however many you need informal meetings to
25 kind of hammer out a scope and timetable. Because, again,

1 we have gone several months now, and I was slightly,
2 slightly surprised that the parties haven't come to
3 somewhat of an agreement. That is one of the reasons why
4 I pushed for this meeting and to kind of hammer out these
5 options.

6 So, again, for all the parties, and I will start
7 with Mr. Rehwinkel since you are kind of next in line, how
8 much time would the parties need to kind of somewhat agree
9 to a scope and timetable?

10 **MR. REHWINKEL:** Commissioner, I think that we
11 could probably meet within the next two weeks, and I think
12 at some point we might want to have a meeting with the
13 staff, as well. I don't know if it would be the first
14 one, but certainly the parties can meet, I believe, and
15 have that discussion.

16 The complication is that the same cast of
17 characters that you have before you today have been
18 involved in discovery and in providing testimony in the
19 NCRC docket. And I do commend Progress for making some
20 adjustments in their filing and asking that the CR-3
21 issues be deferred in that. I think they did the right
22 thing. We have been working diligently on that, and we
23 were somewhat bound by their ability to make their public
24 pronouncement that they did on June 27th. So to assure
25 you, we have been talking and we will talk again.

1 I think we can meet in the next two weeks and
2 bring something back to you. It may not be complete.
3 Part of the problem is that they are filing testimony and
4 we may have some more discovery to do in the NCRC docket.
5 We are trying to weave our way in and out there and move
6 as fast as possible. I would say in the next two weeks.

7 **COMMISSIONER BALBIS:** Mr. Cavros.

8 **MR. CAVROS:** Since we have just been granted
9 intervention, I am going to defer to the other parties.

10 **COMMISSIONER BALBIS:** PCS White Springs.

11 **MS. BRUBAKER:** Yes, Commissioner. Thank you.

12 It is difficult to get a handle on all of the things here.
13 Remember this time last year we were looking at the return
14 to service sometime in September/October and then it kept
15 slipping.

16 There are a couple of things that concern me.
17 One is the company's status report, even on the repair
18 versus retire decision, recognizes that there could be
19 lots of other factors that could come into play, so it is
20 not a one-time decision. That kind of forces our hand in
21 terms of timing.

22 I think the parties have been giving some
23 thought to and looking at how can we manage these issues
24 in a way that will allow the Commission to move forward on
25 dockets. And my suggestion would be that the parties work

1 diligently, you know, through for the rest of the month
2 and August to try to do our best to get a handle on that
3 overall, on both the related dockets and to get a better
4 handle on the scope of the proceedings.

5 **COMMISSIONER BALBIS:** Okay, thank you.

6 Mr. Glenn.

7 **MR. GLENN:** Thank you, Commissioner. I would
8 say two to three weeks to try to come back and hammer
9 something out. And if we can't, then, you know, either
10 the prehearing officer in his discretion can issue an
11 order or we can file motions.

12 **COMMISSIONER BALBIS:** And to staff.

13 **MS. BENNETT:** Two to three weeks would be fine
14 with staff.

15 **MR. MOYLE:** And on behalf of FIPUG, I think that
16 two to three time frame would work. And just an
17 observation, maybe a suggestion, if we are obligated to
18 jointly file something with you at the expiration of a
19 period of time, sort of an updated status report as to
20 process, procedure, you know, probably saying we agree, we
21 disagree, or we agreed on these things and we disagreed on
22 those, and that may be a vehicle to further the
23 conversation.

24 **COMMISSIONER BALBIS:** Okay. Thank you. And, I
25 guess, you know, just in closing, as you hold these

1 meetings and discuss potential scope and timetables, I
2 just want you to know where my personal thought process
3 is. If at any time we can identify very clear and
4 distinct phases, whereas looking back we have all the
5 information for the Commission to move forward with a
6 hearing and make a decision, because as of now reviewing
7 the information within the docket, I am somewhat
8 uncomfortable with waiting until 2015 and looking back and
9 determining prudence of actions when we could have made
10 that decision with the information that was available two
11 or three years prior.

12 So with that, I encourage you to meet and have
13 those meetings be productive, and in two to three weeks
14 move forward with some sort of proposal to me. And then
15 we can hold another meeting, if it is necessary, or just
16 issue an order at that point. But, again, I encourage all
17 the parties to come to somewhat of an agreement and move
18 forward on this docket.

19 So with that, unless there any other comments, I
20 guess we can adjourn this meeting. Thank you.

21 (The status conferenced concluded at
22 10:39 a.m.)

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25

1 STATE OF FLORIDA)
 2 : CERTIFICATE OF REPORTER
 3 COUNTY OF LEON)


4
 5 I, JANE FAUROT, RPR, Chief, Hearing Reporter
 6 Services Section, FPSC Division of Commission Clerk, do
 7 hereby certify that the foregoing proceeding was heard at
 8 the time and place herein stated.

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

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

19 DATED THIS 21st day of July, 2011.

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