

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 110138-EI

PETITION FOR INCREASE IN
RATES BY GULF POWER COMPANY.

_____ /

PROCEEDINGS: PREHEARING

COMMISSIONER
PARTICIPATING: COMMISSIONER LISA POLAK EDGAR
PREHEARING OFFICER

DATE: Monday, November 21, 2011

TIME: Commenced at 1:30 p.m.
Concluded at 4:46 p.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

08737 DEC-2 =

FLORIDA PUBLIC SERVICE COMMISSION

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1 APPEARANCES:

2 JEFFREY STONE, ESQUIRE, RUSSELL BADDERS,
3 ESQUIRE and STEVEN GRIFFIN, ESQUIRE, Beggs & Lane Law
4 Firm, Post Office Box 12950, Pensacola, Florida
5 32591-2950, appearing on behalf of Gulf Power Company.

6 RICHARD D. MELSON, ESQUIRE, 705 Piedmont
7 Drive, Tallahassee, Florida 32312, appearing on behalf
8 of Gulf Power Company.

9 CHARLES A. GUYTON, ESQUIRE, Gunster Law Firm,
10 215 S. Monroe Street, Suite 618, Tallahassee, Florida
11 32301, appearing on behalf of Gulf Power Company.

12 JOSEPH A. MCGLOTHLIN, ESQUIRE, and ERIK
13 SAYLER, ESQUIRE, Office of Public Counsel, c/o The
14 Florida Legislature, 111 W. Madison Street, Room 812,
15 Tallahassee, Florida 32393-1400, appearing on behalf
16 of the Citizens of the State of Florida.

17 KAREN S. WHITE, STAFF ATTORNEY AND MAJOR
18 CHRISTOPHER THOMPSON, ESQUIRE, Federal Executive
19 Agencies, c/o AFCESA-ULFSC139 Barnes Drive, Suite 1,
20 Tyndall AFB, Florida 32403-5319, appearing on behalf of
21 Federal Executive Agencies.

1 APPEARANCES (Continued):

2 ROBERT SCHEFFEL WRIGHT, ESQUIRE, and JOHN T.
3 LaVIA, III, ESQUIRE, Gardner, Bist, Wiener, Wadsworth,
4 Bowden, Bush, Dee, LaVia & Wright, P.A. 1300 Thomaswood
5 Drive, Tallahassee, Florida 32308, appearing on behalf
6 of Florida Retail Federation.

7 VICKI GORDON KAUFMAN, ESQUIRE and JON C.
8 MOYLE, JR., ESQUIRE, Keefe, Anchors, Gordon & Moyle Law
9 Firm, 118 North Gadsden Street, Tallahassee, Florida
10 32301, appearing on behalf of Florida Industrial Power
11 Users Group.

12 CAROLINE KLANCKE, ESQUIRE, FPSC General
13 Counsel's Office, 2540 Shumard Oak Boulevard,
14 Tallahassee, Florida 32399-0850, appearing on behalf of
15 the Florida Public Service Commission Staff.

16 MARY ANNE HELTON, Deputy General Counsel,
17 Florida Public Service Commission, 2540 Shumard Oak
18 Boulevard, Tallahassee, Florida 32399-0850, Advisor to
19 the Florida Public Service Commission.

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P R O C E E D I N G S

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2 **COMMISSIONER EDGAR:** Good afternoon. It looks
3 like we are all here. I have been designated to serve
4 as prehearing officer in this docket, and so I will call
5 us to order and ask our staff to read the notice.

6 **MS. KLANCKE:** By notice issued by the
7 Commission Clerk, this time and place has been set for a
8 prehearing in Docket Number 110138-EI.

9 **COMMISSIONER EDGAR:** Thank you. And we'll
10 take appearances.

11 **MR. STONE:** Thank you, Commissioner.

12 I'm Jeffrey A. Stone of the law firm of Beggs
13 and Lane. I would also like to enter an appearance on
14 behalf of my partners Russell A. Badders and Steven R.
15 Griffin. Also entering appearances on behalf of Gulf
16 Power Company in this proceeding are Charles A. Guyton
17 and Richard D. Melson.

18 I note from the draft prehearing order that we
19 had omitted Mr. Melson from that draft, and I will be
20 sure and get with staff to add that information. And I
21 also note that I had made a mistake in our prehearing
22 statement about the address for Mr. Guyton, and I will
23 also get that correction to the staff.

24 **COMMISSIONER EDGAR:** Okay. Thank you. And
25 our staff will get with you and we will have those

1 changes made as we work through the next draft of the
2 prehearing order.

3 Mr. Wright.

4 **MR. WRIGHT:** Thank you, Madam Chairman.

5 Robert Scheffel Wright appearing on behalf of
6 the Florida Retail Federation. I'd also like to enter
7 an appearance for my law partner, John T. LaVia, III.
8 Thank you.

9 **COMMISSIONER EDGAR:** Thank you.

10 **MR. SAYLER:** Erik Sayler on behalf of the
11 Office of Public Counsel.

12 **MR. MCGLOTHLIN:** Joe McGlothlin with OPC.

13 **COMMISSIONER EDGAR:** Thank you.

14 **MS. WHITE:** Good afternoon.

15 I'm Karen White on behalf of the Federal
16 Executive Agencies, and I'll also enter an appearance
17 for Major Christopher Thompson.

18 **MS. KAUFMAN:** Good afternoon, Commissioner.
19 Vicki Gordon Kaufman of the law firm Keefe Anchors
20 Gordon and Moyle. I'm appearing on behalf of the
21 Florida Industrial Power Users Group, and I would also
22 like to enter an appearances for John Moyle.

23 **COMMISSIONER EDGAR:** Thank you. And,
24 Commission staff.

25 **MS. KLANCKE:** Caroline Klancke, Commission

1 legal staff. Also with me is Mary Anne Helton, Advisor
2 to the Commission, and Jennifer Crawford.

3 **COMMISSIONER EDGAR:** Thank you.

4 Now, it's my understanding that there are a
5 couple of items that we will need to discuss or have
6 raised as we work our way through the draft prehearing
7 order, and that it is also my understanding that we are
8 all working from the same draft that has recently been
9 distributed. So aside from items dealing specifically
10 with the language before us, are there any other
11 matters, or what I would call preliminary matters that
12 it would be good for us to take up at this time?

13 I am seeing none from the parties. Any from
14 staff?

15 **MS. KLANCKE:** Staff is not aware of any
16 preliminary matters at this time.

17 **COMMISSIONER EDGAR:** Okay. Then what I would
18 ask is that as per standard procedure, we will slowly
19 work our way through the draft prehearing order. And if
20 there is a comment, a change, a question, anything like
21 that, just get my attention. I'm hoping some of these
22 will move fast. We will absolutely take the time that
23 we need to to work through any concerns or discussion.
24 And so with that, I note that Sections I, II, III, and
25 IV are all on Page 2 of the draft. Are there any

1 comments or discussion to be made on Sections I through
2 IV?

3 All right. I'm seeing none, so we will move
4 on to Section V, which is on Page 3, prefiled testimony
5 and exhibits, witness summaries. The draft reflects, as
6 is usual, five minutes a witness per summary. Is there
7 a desire to make any changes to that? Okay. Then we
8 will leave that as is.

9 And, Section VI, order of witnesses, which is
10 on Page 4.

11 **MR. WRIGHT:** Madam Chairman.

12 **COMMISSIONER EDGAR:** Mr. Wright.

13 **MR. WRIGHT:** Thank you.

14 I had last week circulated a request to all
15 parties that our witness, Mr. Steve W. Chriss, be
16 allowed to be either -- if necessary, taken out of
17 order, or be the first witness amongst the consumer
18 witnesses. He has to be in Utah on Thursday, and we are
19 hoping that he could conclude his cross-examination by
20 2:00 p.m. on Wednesday, December 14th. A couple of
21 folks said that was probably okay with them, but I just
22 wanted to call that to your attention and renew that
23 request.

24 **COMMISSIONER EDGAR:** Thank you, Mr. Wright.

25 And this is exactly the time to do that, so I

1 appreciate that. And, Ms. Kaufman, I understand that
2 you may have a similar request?

3 **MS. KAUFMAN:** I do, Commissioner. We would
4 ask that Mr. Pollock, who is FIPUG's only witness, be
5 permitted to follow directly after Mr. Chriss, and
6 hopefully -- I understand Mr. Chriss has to make, I
7 think, a 2:00 o'clock plane. Mr. Pollock would need to
8 get out of -- or leave Tallahassee by the end of the day
9 on Wednesday, so if that would be accommodated we would
10 appreciate it. Whether he moves up in the order, or as
11 Mr. Wright said, whether he is taken out of order,
12 depending on where we are.

13 **MR. WRIGHT:** And, Chairman, just to be clear.

14 **COMMISSIONER EDGAR:** Yes, Mr. Wright.

15 **MR. WRIGHT:** Mr. Pollock and Mr. Chriss'
16 flight is at 4:55, but we would like to give them out of
17 here around 2:00 o'clock to allow for getting to the
18 airport, and Professor Murphy. Thanks.

19 **COMMISSIONER EDGAR:** I understand. It is my
20 practice, and I believe the practice of the Commission
21 to try to accommodate schedules for the parties and for
22 witnesses. That cannot always be done, but we do try to
23 make those accommodations. And also, of course, ask for
24 the cooperation of all parties, and if there is a
25 concern for that to be raised so that nobody feels

1 disadvantaged. So let me ask the other parties --
2 excuse me. Mr. McGlothlin.

3 **MR. MCGLOTHLIN:** I think you were about to ask
4 the question I wanted to answer.

5 **COMMISSIONER EDGAR:** Okay. Well, my question
6 was going to be to the other parties, are there any
7 concerns with trying to accommodate the requests
8 regarding these two witnesses?

9 **MR. MCGLOTHLIN:** We want to cooperate in that
10 regard. We have four witnesses. Donna Ramas presently
11 is scheduled to be the first intervenor witness. Of the
12 four, she is the one that has some limitations on her
13 scheduling and her availability. We would coordinate
14 with the others with the understanding that she will be
15 able to be on and off so as to catch a flight on the
16 15th. She has another commitment the following day.

17 **COMMISSIONER EDGAR:** Okay. So just so I am
18 clear, then this is a third witness that there is a
19 desire for that testimony to be complete by the end of
20 the proceeding on Wednesday, the 14th.

21 **MR. MCGLOTHLIN:** Yes.

22 **COMMISSIONER EDGAR:** Okay. Anything else?

23 **MR. MCGLOTHLIN:** Of all of our witnesses, she
24 is the one that has some limitations.

25 **COMMISSIONER EDGAR:** I understand. Then let

1 me ask Gulf.

2 **MR. STONE:** Commissioner Edgar, perhaps I
3 misunderstood. I thought Mr. McGlothlin said that Ms.
4 Ramas had a conflict that required her to be through on
5 the 15th.

6 **COMMISSIONER EDGAR:** Did I misstate?

7 **MR. MCGLOTHLIN:** Yes. She needs to be
8 traveling on the 15th so as to be in place somewhere
9 else on the 16th.

10 **MR. STONE:** So you need to have her finished
11 on the 14th or --

12 **COMMISSIONER EDGAR:** Or is she available in
13 the morning? Excuse me, I did not mean to speak over
14 you.

15 **MR. MCGLOTHLIN:** I think she is available in
16 the morning on 15th. And if we crossed wires on that, I
17 apologize. Currently she is scheduled to be the first
18 intervenor, and she is the one who would be displaced by
19 the others going first. That's why I wanted to bring
20 her limitation to your attention.

21 **COMMISSIONER EDGAR:** Okay. Thank you for the
22 clarification.

23 **MR. STONE:** And my only concern is I know
24 there is also implicit in these requests that they be
25 taken out of turn. It is our hope that they would not

1 be interrupting our case in chief. We'll obviously have
2 to cross that bridge when we come to it, but it is our
3 preference not to have Gulf's case in chief interrupted
4 by taking intervenor witnesses in between Gulf
5 witnesses, if we could avoid that.

6 **COMMISSIONER EDGAR:** Are you committing to
7 have your witnesses through with their testimony by the
8 morning of the 14th?

9 **MR. STONE:** To the extent it is under my
10 power, yes.

11 **COMMISSIONER EDGAR:** I understand. Staff?

12 **MS. KLANCKE:** So for going forward with
13 respect to the draft prehearing order, it is my
14 understanding that the intervenors FIPUG and FRF had
15 proposed after the full culmination of all of Gulf's
16 witnesses then to bring those two respective witnesses
17 up immediately following Gulf Witness Thompson.

18 **COMMISSIONER EDGAR:** And so if I may, which I
19 think is exactly the same thing that you're saying, but
20 to restate, for purposes of the prehearing order what I
21 would propose for your consideration at this time would
22 be to move Witness Pollock -- excuse me, Witness Chriss
23 and then Pollock up after Witness Thompson, and then
24 continue with Witness Ramas and on down the line.
25 Having that be the order reflected in the prehearing

1 order, realizing that then during the course of the
2 hearing working with our staff and with the presiding
3 officer at the time, we can see how timing is going and
4 what more we can or cannot accommodate.

5 Ms. Kaufman.

6 **MS. KAUFMAN:** Yes. I was just going to ask, I
7 know nobody can predict how things are going to run,
8 obviously, but it would also help us if we didn't have
9 to bring Mr. Pollock any earlier. You know, I don't
10 want the client to have to pay for him to sit around
11 here for two days, so that he wouldn't take the stand
12 any earlier than the 15th, and then I guess we will see
13 where we are. That would be my request.

14 **COMMISSIONER EDGAR:** Mr. Wright.

15 **MR. WRIGHT:** Could you ask Ms. Kaufman to
16 clarify the 15th or the 14th on Mr. Pollock.

17 **MS. KAUFMAN:** I'm so sorry. Mr. McGlothlin
18 got me off track. The 14th.

19 **MR. WRIGHT:** And thank you very much. That's
20 fine. Mr. Chriss, by the way, will be present on the
21 13th as well as the 14th.

22 **COMMISSIONER EDGAR:** Okay.

23 **MR. WRIGHT:** So if we get lucky and Gulf
24 finishes its case in chief on Tuesday afternoon, he'll
25 be ready to go.

1 **COMMISSIONER EDGAR:** Okay. Then for our
2 purposes here today, all of those requests are noted for
3 the record, with, again, recognition of the statement I
4 made a few moments ago that the Commission will work
5 with all the parties to accommodate as many of those
6 requests as we can. However, I am not in a position to
7 commit to a time certain either way at this time, nor do
8 I want to get that type of specificity in the prehearing
9 order. But I will ask our staff to make the changes to
10 the order of witnesses as we have discussed, and then as
11 we move closer to hearing and at the beginning of the
12 proceedings and seeing how we go, again, work with staff
13 and with our presiding officer. And we will do our best
14 to accommodate, realizing that none of us can say for
15 certain.

16 **MR. WRIGHT:** Thank you.

17 **COMMISSIONER EDGAR:** Okay. Thank you.
18 Anything else with Section VI -- I may have misstated
19 earlier -- Section VI, order of witnesses. Okay. Then
20 we will move on.

21 That brings us to Section VII, basic
22 positions. Any changes that need to be brought to our
23 attention?

24 Mr. Wright.

25 **MR. WRIGHT:** Thank you, Madam Chairman.

1 In our statement of basic position, as well as
2 in a few of our positions, I have, in reviewing the
3 draft prehearing order, noticed some typographical
4 things that came up. I would rather not burden you and
5 this whole party with -- this whole assembled body with
6 those right now. If it's okay, I'll just get our
7 corrections to Ms. Klancke as soon as I can.
8 Hopefully -- well, before I leave the office tonight, if
9 that's okay.

10 **COMMISSIONER EDGAR:** Okay. So Mr. Wright's
11 characterization that he has some minor changes to FRF's
12 basic positions that are nonsubstantive and those will
13 be shared with our staff, and those changes will be
14 made. Anybody else with any comments about this
15 section? Okay. Seeing none, then we will move on.

16 That brings us to Section VIII, issues and
17 positions.

18 Mr. Wright.

19 **MR. WRIGHT:** Thanks. I apologize if this is
20 redundant or anything, but we will be making some
21 changes. Where we have no position at this time, we
22 will be changing to either no position or to a
23 substantive position. There are a few others that we
24 will be changing our positions. Will it be satisfactory
25 to give those to Ms. Klancke later today or do you want

1 to hear them as we go through?

2 **COMMISSIONER EDGAR:** I will direct that to the
3 parties.

4 Mr. Guyton.

5 **MR. GUYTON:** Gulf would like to hear them as
6 we go through so we can discern whether or not we can
7 narrow the issues.

8 **COMMISSIONER EDGAR:** Sure. Mr. Wright, can
9 you accommodate?

10 **MR. WRIGHT:** Oh, certainly.

11 **COMMISSIONER EDGAR:** All right.

12 **MR. WRIGHT:** And thus, with respect to Issue
13 1, we will be adding verbiage to be equivalent to OPC's
14 verbiage. But actually I think we have to talk about
15 the issue statement now, too. But that is up to
16 Mr. McGlothlin.

17 **COMMISSIONER EDGAR:** Mr. McGlothlin, did you
18 want to address concerns, questions, comments about the
19 wording of Issue 1 and/or the positions?

20 **MR. McGLOTHLIN:** Yes. And it requires a bit
21 of background. It will just take 30 seconds or so.
22 When we read Gulf's Direct Testimony, we were under the
23 impression that Gulf was relying on 366.93, the advance
24 recovery portion of 366 to support its request to place
25 certain property in rate base as plant held for future

1 use, and that was the genesis of the issue that we
2 identified and that staff formulated as Issue 1.

3 Since that time, primarily through rebuttal
4 testimony, Gulf has clarified as we understand it that
5 Gulf does not rely on 366.93 to support its request to
6 place property in rate base, plant held for future use,
7 but does rely on 366.93 for the proposition that it is
8 authorized to calculate or compute a carrying charge or
9 deferred charge on the property, on the site itself.

10 With that refined understanding of Gulf's
11 position request, over the weekend I edited Gulf's
12 proposed rewrite of Issue Number 1 and circulated it to
13 the parties. Staff reminded me that Gulf's proposed
14 rewrite has no status in terms of the starting point,
15 and so with that in mind, shortly before this prehearing
16 conference, I edited what now appears as Issue 1 to use
17 current Issue 1 as the point of departure for my desire
18 to reform this to include the point about carrying
19 charges as opposed to plant held for future use, and I
20 have that to distribute now.

21 **COMMISSIONER EDGAR:** Okay. I understand. And
22 if you would, and if somebody on staff would help so
23 that I can get a copy of that, as well.

24 **MR. STONE:** Commissioner Edgar, perhaps this
25 is out of place, but we were prepared to accept Mr.

1 McGlothlin's proposed changes to our rewording of Issue
2 1, so I'm not sure -- not having seen what his changes
3 are to the original Issue 1, I'm not sure how much
4 different that's going to be.

5 **COMMISSIONER EDGAR:** I understand. Well, I
6 haven't seen it either, and I wasn't yet prepared to
7 accept any of them, so we'll just all take a look at it
8 and go from there.

9 **MR. STONE:** There were several reasons we
10 proposed rewording of the original issue as proposed in
11 the preliminary list of issues and positions. We were
12 trying to get the issue more neutrally stated, and we
13 also were trying to make sure it was broad enough to
14 cover what is actually our position. Mr. McGlothlin's
15 proposal over the weekend accommodates our desires and
16 also his desire to make sure it frames up the particular
17 point of disagreement. We respectively suggest that the
18 proposed rewording circulated over the weekend is
19 preferable to the proposed rewording that has just been
20 circulated.

21 **COMMISSIONER EDGAR:** Which rewording? Because
22 I now have three, and I don't know that I have the one
23 that you are speaking to, although I might. So which --

24 **MR. STONE:** Mr. Melson has some copies, along
25 our revised position.

1 **COMMISSIONER EDGAR:** Ms. Klancke is going to
2 help you, Mr. Melson. Or is that -- give me just a
3 second.

4 All right. Thank you. I've got it.
5 Ms. Klancke has clarified for me that the language that
6 our staff had shared with me this morning is what I'm
7 now going to call the weekend language.

8 When I reviewed this issue and the pieces of
9 the two versions that had been shared with me, and now
10 we have a third that we'll talk about here in a moment,
11 for the what I will call the initial language, I had a
12 concern about the use of the word support. And I
13 realize that we may not -- we may be moving from that
14 language, but that was a concern of mine.

15 The language that we are now calling the
16 weekend language, I believe, and I will ask them to
17 speak to it in more detail, but that our legal staff,
18 Commission legal staff had a concern about the way the
19 issue proposed language would have shifted some of the
20 burden on the Commission for determining our legal
21 authority, which is not really the posture that we are
22 in.

23 The third version that Mr. McGlothlin has just
24 distributed, obviously this is the first that I have had
25 the opportunity to take a look at it, and not to speak

1 for you, Mr. McGlothlin, but I do believe I understand
2 and appreciate the clarification as to 366.93 and its
3 pertinence for this issue. And I do think that that is
4 a clarification, because I was a little confused with
5 the two versions as to pointing to just 366.93 if we
6 were limiting the discussion to a potential nuclear use,
7 and that was not my understanding. And I think that
8 that is what you have touched on. So let me turn to our
9 staff and see if you have any thoughts.

10 **MS. KLANCKE:** With respect to the issue -- not
11 the weekend circulated issue, but the issue that was
12 just circulated, staff supports the rewording of this
13 issue as referenced on this single sheet which was just
14 circulated.

15 **COMMISSIONER EDGAR:** We will come back to you,
16 Mr. Badders. But do any of the other parties have any
17 thoughts on what I'm going to call version three?

18 Yes, ma'am.

19 **MS. WHITE:** The FEA supports version three
20 that has just been circulated.

21 **COMMISSIONER EDGAR:** Okay. Ms. Kaufman.

22 **MS. KAUFMAN:** Yes, Commissioner. I would
23 agree with that, version three.

24 **COMMISSIONER EDGAR:** Mr. Wright.

25 **MR. WRIGHT:** I apologize. I'm a little fuzzy.

1 Is version three the one that includes type-and-strike
2 that Mr. McGlothlin distributed, or is it Gulf's new
3 one?

4 **COMMISSIONER EDGAR:** What I'm calling version
5 three, because it is the third iteration that I have
6 seen, is the one that Mr. McGlothlin just passed out a
7 few moments ago that does have the type-and-strike and
8 does insert the language regarding to calculate a
9 deferred carrying charge.

10 **MR. WRIGHT:** Thank you. The question I would
11 have with respect -- and this is for everybody. The
12 question that I would have with respect to that is that
13 it appears to just address the deferred carrying charge
14 issue and not to address the inclusion of the site as
15 plant held for future use. That's okay with me, if we
16 are going to deal with that at Issue 26 or 27 or
17 whatever it is. If you could ask Mr. McGlothlin whether
18 that was his thought.

19 **COMMISSIONER EDGAR:** Mr. McGlothlin.

20 **MR. MCGLOTHLIN:** Yes. This limitation to the
21 deferred carrying charge is dependent on what I
22 understand to be Gulf's position, which is that it is
23 not invoking 366.934, the rate base treatment, but only
24 for the deferred charge. I will ask Gulf to confirm if
25 that is the case. And if that is the case, then I think

1 Issue 24 takes care of the plant held for future use
2 aspects of it.

3 **MR. WRIGHT:** And with that, Madam Chairman, we
4 would support using the version three language for Issue
5 1. Thank you.

6 **COMMISSIONER EDGAR:** Thank you. Mr. Badders.
7 I'm back to you, Mr. Melson.

8 **MR. MELSON:** Commissioner, I think we would be
9 all right with version three, assuming that none of the
10 intervenors is taking the position that the Commission
11 lacks the legal authority to include the plant in plant
12 held for future use. We read some of the initial
13 positions as indicating maybe they were questioning that
14 broader legal authority. If that issue is off the
15 table, and the only issue is the narrow one of the scope
16 of 366.93, then I think we can live with Mr.
17 McGlothlin's version three.

18 **COMMISSIONER EDGAR:** Thank you.

19 Mr. McGlothlin.

20 **MR. MCGLOTHLIN:** We believe the Commission has
21 the legal authority to allow property as plant held for
22 future use if that property qualifies and meets the
23 criteria for such inclusion. We dispute that position
24 with respect to the North Escambia site, so I think
25 that's why we say we can address that in Issue 24.

1 **MR. MELSON:** If I'm understanding Mr.
2 McGlothlin, he's saying we do not have a dispute about
3 the Commission's legal authority, only about the factual
4 question of whether it qualifies for inclusion. And if
5 so, then I think the legal issue that he has stated here
6 would focus on the particular legal dispute we have.

7 **COMMISSIONER EDGAR:** Okay. Then, Mr. Melson,
8 your restatement of Mr. McGlothlin's response to your
9 question is what I understood Mr. McGlothlin's response
10 to be, so let me put it to Mr. McGlothlin.

11 **MR. MCGLOTHLIN:** I think we're there.

12 **COMMISSIONER EDGAR:** I think we're there, too.
13 Okay.

14 Any other concerns by any of the parties or by
15 our staff with the proposal per this discussion that for
16 the prehearing order and the proceeding to follow that
17 we substitute the language that Mr. McGlothlin
18 distributed as the language to be used for Issue 1?

19 **MS. KLANCKE:** Staff believes that that would
20 be prudent.

21 **COMMISSIONER EDGAR:** Okay. Then I will ask
22 our staff to do so, recognizing the discussion that we
23 have had about the agreement as to the Commission's
24 legal authority on the point that we have discussed.

25 Mr. Badders, before we move on, do you have

1 any other comments on this particular point?

2 **MR. STONE:** Commissioner Edgar, just for the
3 record, I'm Mr. Stone. Mr. Badders is behind me.

4 **COMMISSIONER EDGAR:** Mr. Badders, there you
5 are. I apologize. And I knew that. I did know that.
6 I am so sorry.

7 **MR. STONE:** No apology necessary. I just
8 wanted to make sure the record is straight.

9 **COMMISSIONER EDGAR:** If I get a fourth
10 version, I'm going to call somebody else by their
11 inappropriate name possibly, potentially.

12 **MR. STONE:** His parents would be upset if you
13 were referring to me.

14 **COMMISSIONER EDGAR:** But just wait, because I
15 haven't called you Mr. Wright.

16 (Laughter.)

17 **MR. STONE:** I think we have a clear
18 understanding on what the issue is. We will have a
19 revised position to match the new issue and we will
20 provide that to staff.

21 **COMMISSIONER EDGAR:** I would expect that, and
22 I think Mr. Badders maybe even agrees with you. Okay.
23 Then my understanding is that we have completed our
24 discussions surrounding the language for Issue 1 and the
25 positions that will be reflected with the understanding

1 that Gulf will submit a revised position. And that
2 brings us then to any other issues.

3 Mr. Wright, I'm going to look to you. There
4 were some other issues that you wanted to change your
5 position statement.

6 **MR. WRIGHT:** Thank you. On Issue 7 we will
7 change our position to no position.

8 **COMMISSIONER EDGAR:** Okay.

9 **MR. WRIGHT:** Issue 14, we would change our
10 position to agree with OPC.

11 **COMMISSIONER EDGAR:** Okay.

12 **MR. WRIGHT:** Issue 18. This is typographical.
13 There is a bunch of stuff that is underlined there which
14 is -- because I had left a placeholder before I typed in
15 the number. The underlining need not be there.

16 **COMMISSIONER EDGAR:** So, Mr. Wright, did I
17 understand you to say that for Issue 18, the FRF
18 position will be as reflected, but without the
19 underlining?

20 **MR. WRIGHT:** Our position is as stated by the
21 words; you just don't need the underlining. I said it
22 was just typographical. Issue 19, I understand subject
23 to what Mr. Sayler is about to say that the Public
24 Counsel's Office is changing their position to no
25 position.

1 **MR. SAYLER:** That would be correct,
2 Mr. Wright.

3 **MR. WRIGHT:** Thank you.

4 Madam Chairman, in which case we will also
5 change our position to no position.

6 **COMMISSIONER EDGAR:** Okay.

7 **MR. WRIGHT:** Madam Chairman, if the Public
8 Counsel is intending to take no position on Issue 20, we
9 would change our position to that. Otherwise, we'll
10 stick with agree with OPC.

11 **COMMISSIONER EDGAR:** Mr. McGlothlin, do you
12 have a change to Issue 20?

13 **MR. MCGLOTHLIN:** It remains no position.

14 **MR. WRIGHT:** Is it no position, or no position
15 at this time?

16 **MR. MCGLOTHLIN:** I will say we will take no
17 position on Issue 20.

18 **MR. WRIGHT:** Okay. In which case we also will
19 take no position on Issue 20.

20 **COMMISSIONER EDGAR:** Okay. So for Issue 20,
21 OPC, there will be a slight change, and it will be
22 reflected as no position, period, and FRF will be
23 reflected similarly.

24 **MR. WRIGHT:** Thank you. Issue 26, we will
25 also change our position on this issue to no position.

1 Issue 27, there is a typo in our position in
2 the third sentence where it says, "Moreover, Gulf," it
3 should be G-U-L-F-'-S, otherwise it is as stated.

4 **COMMISSIONER EDGAR:** I understand.

5 **MR. WRIGHT:** Issue 29, our position should
6 change from no to agree with OPC. Madam Chairman, I
7 apologize that I'm having to have some sidebars here,
8 but it has been kind of a busy time with a lot of
9 e-mails flying. I just haven't had an opportunity to
10 touch all the bases before this afternoon.

11 **COMMISSIONER EDGAR:** I understand.

12 **MR. WRIGHT:** Thank you very much.

13 **COMMISSIONER EDGAR:** So which issue are we
14 looking at now?

15 **MR. WRIGHT:** I'm looking at Issue 35, Madam
16 Chairman. Thank you.

17 **COMMISSIONER EDGAR:** 35. Okay. And so is the
18 question to OPC if they are going to revise their
19 position at this time?

20 **MR. WRIGHT:** Yes, ma'am.

21 **MR. McGLOTHLIN:** We have testimony on this
22 that has not changed, so we will go with what is
23 reflected here.

24 **COMMISSIONER EDGAR:** So on 35 all will be
25 reflected as is.

1 **MR. WRIGHT:** As is, yes, ma'am. Thank you.

2 **COMMISSIONER EDGAR:** Okay.

3 **MR. WRIGHT:** On Issue 42, I think somewhere
4 along the line there was just an inadvertent
5 transposition of a block-and-copy event. As shown in
6 the -- let's see if that got fixed here. I'm working on
7 the one that was sent out this morning, which I hope is
8 the same as this one. As you will see, our position on
9 Issue 42 is simply a restatement of the question posed
10 by the issue, and our position should be as it was
11 stated in our prehearing statement, "No. Agree with OPC
12 that the appropriate jurisdictional amount of operating
13 revenues is \$484,019,000."

14 **COMMISSIONER EDGAR:** Period, end of position?

15 **MR. WRIGHT:** Period, end of position. Yes,
16 ma'am. Thank you.

17 The next issue that I have anything with
18 respect to is Issue 52, and what appears to have
19 happened is it appears that our position statements on
20 Issue 52 and 53 got transposed. Our position statement
21 on Issue 52 should be, "Yes, agree with OPC that test
22 year expenses should be reduced by \$294,765," instead of
23 the 343,807. And then our position on Issue 53 is,
24 "Yes, agree with OPC that test year expenses should be
25 reduced by 343,807."

1 **COMMISSIONER EDGAR:** All right. I understand.

2 **MR. WRIGHT:** Thank you.

3 On Issue 65 -- no, nevermind. I don't have
4 anything on Issue 65. I just had a marginal note.

5 **COMMISSIONER EDGAR:** Okay. It took me a while
6 to get there, but I am now. I'm sorry. So for 65 --

7 **MR. WRIGHT:** I did not have any change.

8 **COMMISSIONER EDGAR:** Oh.

9 **MR. WRIGHT:** I had a marginal note that made
10 me think I had something to change, but that was not
11 correct.

12 (Phone ringing.)

13 **COMMISSIONER EDGAR:** I think that is Mr.
14 Badder's phone.

15 (Laughter.)

16 **MR. WRIGHT:** I think it might be Mr. Wright's
17 phone.

18 **COMMISSIONER EDGAR:** I think I have seen that
19 happen before.

20 **MR. WRIGHT:** That what?

21 **COMMISSIONER EDGAR:** I think I have seen that
22 happen before.

23 **MR. WRIGHT:** On Issue 85, we would change our
24 position to no position. On Issue 87, similarly change
25 our position to no position. On Issue 90, there is a

1 typo. The appropriate allowable level of -- this really
2 has a zero and M, and it should be capital O&M. To our
3 position on Issue 94, I would like to add the word yes
4 at the beginning, so the position would read, "Yes.
5 Agree with OPC," end of position.

6 And thank you for your indulgence. Those are
7 the ones that I wanted to change.

8 **COMMISSIONER EDGAR:** Thank you. Obviously, I
9 know our staff took notes, as did I, and we will have
10 the transcript to use, as well. And so I'll ask the
11 staff to make those changes. Any concerns or discussion
12 by any of the other parties about the changes that Mr.
13 Wright has requested to his position statements?

14 Okay. Any other parties with positions or
15 issues that you would like to discuss at this time?

16 Yes, Ms. Kaufman.

17 **MS. KAUFMAN:** We, like Mr. Wright, have a
18 number of changes, and I will do my best to walk through
19 them, if that would be your pleasure.

20 **COMMISSIONER EDGAR:** Okay.

21 **MS. KAUFMAN:** On Issue 1, I guess version
22 number three that you have incorporated, our position on
23 that would be to agree with OPC.

24 **COMMISSIONER EDGAR:** Okay.

25 **MS. KAUFMAN:** On Issue 2 we would take no

1 position, and on Issue 3 we would take no position, and
2 on Issue 4 we would take no position. Issue 5, no
3 position. Issue 6, no position. Issue 7, no position.
4 On Issue 10, our position would be, "No, see Issues 16
5 and 17."

6 On Issue 14 -- no, Issue 14 is correct. I'm
7 sorry. On Issue 19, we would change our position to no
8 position, and the same on Issue 20. On Issue 26, we
9 would take no position. And on Issue 39 our position
10 should be, "No, agree with OPC." And Issue 40 should
11 be, "Yes, agree with OPC." On Issues 43, 44, and 45 we
12 take no position. On Issue 46 also we take no position.
13 On Issue 47 our position should be changed to, "No. See
14 Issues 39 through 41, and 48 through 68."

15 **MS. KLANCKE:** May I have those issue numbers
16 one more time, please?

17 **MS. KAUFMAN:** Yes. It's 39 to 41 and 48 to
18 68.

19 **COMMISSIONER EDGAR:** Which is the same as the
20 OPC position?

21 **MS. KAUFMAN:** Right. I think my next changes
22 are in the cost of service, but I just wanted to be sure
23 I hadn't skipped anything.

24 Yes. On Issue 78.

25 **COMMISSIONER EDGAR:** Ms. Kaufman, what page is

1 that, please?

2 MS. KAUFMAN: That is on Page 58.

3 COMMISSIONER EDGAR: Thank you.

4 MS. KAUFMAN: I'm sorry, and this is not the
5 version that was handed out, but --

6 COMMISSIONER EDGAR: That will get me close.

7 MR. STONE: It is still Page 58.

8 COMMISSIONER EDGAR: Okay. Thank you.

9 MS. KAUFMAN: So, our position on Issue 78 on
10 Page 58 is agree with OPC. Issue 81 on Page 60, our
11 position is no position. On Issue 85 our position is no
12 position. Issue 86, FIPUG's position is agree with OPC.
13 Issue 87, no position. Issue 88, agree with OPC. Issue
14 91, agree with OPC. Issue 94, FIPUG's position is yes,
15 agree with OPC. Issue 95, agree with OPC. On Issue 100
16 our position is no. Issue 101, we take no position.

17 I understand there is a wording change to
18 Issue 102 that I think Gulf proposed. It was the result
19 of -- I don't know it was a typographical error or a
20 miswording, but I don't know if you want them to explain
21 their change before I give my position.

22 COMMISSIONER EDGAR: We can do that now, Mr.
23 Stone, if you would like to.

24 MR. STONE: Yes. We would like to -- in order
25 to clarify what the intent of the change is, we would

1 like to change the word minimum to maximum, and we would
2 like to change the rate schedule designation from GSD to
3 GS, so that the corrected issue would read, "Should the
4 maximum kW usage level to qualify for the GS rate be
5 increased from 20 kW to 25 kW."

6 **COMMISSIONER EDGAR:** That is a requested
7 change that staff brought to my attention earlier today,
8 and it seems to make sense to me. Are there any
9 concerns if that change is made? Okay. Then we will
10 ask our staff to make that change to the language for
11 Issue 102.

12 Ms. Kaufman, does that then --

13 **MS. KAUFMAN:** Yes. With that change we have
14 no position. I just wanted to be sure I had the issue
15 correct.

16 **COMMISSIONER EDGAR:** Yes. Thank you.

17 **MS. KAUFMAN:** On Issue 103 our position is
18 yes. Issue 104, our position is yes. Issue 105, our
19 position is yes. Issue 109, we have no position. Issue
20 110, we have no position. Issue 111, we have no
21 position.

22 **MR. STONE:** For 109 that was no position?

23 **COMMISSIONER EDGAR:** Correct.

24 **MS. KAUFMAN:** Yes.

25 **MR. STONE:** I'm sorry, I got behind.

1 **COMMISSIONER EDGAR:** That's okay.

2 Ms. Kaufman, correct me if I get this wrong.
3 For 109, 110, and 111, change the FIPUG position to no
4 position, period.

5 **MS. KAUFMAN:** Yes.

6 **MR. STONE:** I'm caught up.

7 **MS. KAUFMAN:** 112, no position. 113, no
8 position. 114, FIPUG's position is the Commission
9 should follow prior policy in setting standby rates.

10 **COMMISSIONER EDGAR:** Hold on. I'm sorry, Ms.
11 Kaufman, I want to make sure -- again, we are now on
12 Issue 114?

13 **MS. KAUFMAN:** Yes, ma'am.

14 **COMMISSIONER EDGAR:** And the language change
15 that you would like to have added?

16 **MS. KAUFMAN:** Rather than no position, it
17 should say, "The Commission should follow prior policy
18 in setting standby rates."

19 **COMMISSIONER EDGAR:** Any questions? Okay.
20 Next.

21 **MS. KAUFMAN:** And then 115 and 116, no
22 position. 117, our position should be yes, agree with
23 OPC. And the last issue, 119, our position would be --
24 I guess it would be yes, after Gulf has filed the
25 appropriate tariffs for approval.

1 **MS. KLANCKE:** May I have that language one
2 more time?

3 **MS. KAUFMAN:** Yes, after Gulf has filed the
4 appropriate tariffs for approval. And I think that's
5 it. I hope I have picked up all my changes. Thank you.

6 **COMMISSIONER EDGAR:** Okay. And the federal
7 agencies?

8 **MS. WHITE:** Yes. Likewise, we have changes.
9 I'm just going start from the beginning and work
10 through, if that works for you.

11 **COMMISSIONER EDGAR:** Okay.

12 **MS. WHITE:** For the new Issue 1, our position
13 is agree with OPC. Issue 2, no position. Issue 3, no
14 position. Issues 4 through 7, no position. Issues 8
15 and 9 --

16 **MS. KLANCKE:** Just a moment. So that was 4
17 through 17?

18 **MS. WHITE:** No, 4 through 7.

19 **COMMISSIONER EDGAR:** Four through 7.

20 **MS. KLANCKE:** Four through 7. Sorry. That
21 was change it to no position?

22 **MS. WHITE:** No position, correct. Issues 8
23 and 9 -- I'm sorry, 8 is agree with FIPUG. Issue 9,
24 agree with OPC. Issue 10, agree with FIPUG. Issue 11,
25 no position. Issue 12, agree with OPC. Issue 13, no,

1 agree with OPC.

2 **MR. STONE:** Commissioner Edgar, I believe Mr.
3 McGlothlin circulated a revised position on Issue 13
4 earlier today.

5 **COMMISSIONER EDGAR:** Mr. McGlothlin, I don't
6 believe that I have seen that, but this would be a fine
7 time to raise it.

8 **MR. McGLOTHLIN:** We indicated to staff and the
9 parties that we are prepared to stipulate to 13 and 15
10 which relate to the smart grid investments based upon
11 Gulf Power's representation that no grant funds have
12 been included in the plant-in-service for which they
13 want to earn a return.

14 **COMMISSIONER EDGAR:** Ms. Klancke.

15 **MS. KLANCKE:** Staff has no issues with respect
16 to the proposed stipulation to Issues 13 and 15.

17 **COMMISSIONER EDGAR:** And the other parties?
18 Ms. Kaufman.

19 **MS. KAUFMAN:** Yes. We will just change our
20 position to no position. We don't want to join in the
21 stipulation, but we will take no position on 13 and 15.

22 **MS. WHITE:** Likewise for FEA.

23 **COMMISSIONER EDGAR:** Okay.

24 **MR. WRIGHT:** And, Madam Chairman, likewise for
25 the Retail Federation. Thank you.

1 **MR. STONE:** We would suggest that if everyone
2 is in agreement that Issue 13 could simply be dropped
3 rather than being shown as a stipulated issue.

4 **COMMISSIONER EDGAR:** Ms. Klancke.

5 **MS. KLANCKE:** Staff has no issues with merely
6 reflecting Issues 13 and 15 as dropped.

7 **MR. STONE:** I think you still need 15, but 13
8 could be dropped.

9 **MS. KLANCKE:** Okay. Thirteen. And 15 would
10 be stipulated.

11 **MR. McGLOTHLIN:** Yes. We indicated we were
12 going to either drop or stipulate to 13. I see no
13 reason for it to remain. 15, I think, would be a
14 stipulation because Gulf made a correction to its
15 earlier position.

16 **COMMISSIONER EDGAR:** Okay. So what is before
17 us right now is the proposal that Issue 13 be removed
18 and that Issue 15 be shown as proposed stipulation, or
19 proposed stipulated. Any concerns about that proposal?

20 **MS. KAUFMAN:** Commissioner, I don't have any
21 concerns about it as long as my client's position is
22 reflected as no position.

23 **COMMISSIONER EDGAR:** As no position.

24 **MS. KAUFMAN:** Thank you.

25 **COMMISSIONER EDGAR:** Mr. Wright.

1 **MR. WRIGHT:** Thank you, Madam Chairman.

2 On Issue 15 our position should be no
3 position, so I guess that will make it a Type 2 or 2A
4 stipulation. Thanks.

5 **COMMISSIONER EDGAR:** Okay.

6 **MS. WHITE:** So FEA will change our position
7 then on 14 to no position, as well as on 15.

8 **COMMISSIONER EDGAR:** Okay.

9 **MS. WHITE:** And we do not object to 13 being
10 dropped.

11 **COMMISSIONER EDGAR:** Okay. So, Mr. Stone, are
12 you clear?

13 **MR. STONE:** Yes, ma'am, I am. And I apologize
14 for messing up the flow.

15 **COMMISSIONER EDGAR:** That's okay. That's
16 okay.

17 **MS. WHITE:** Issue 16, FEA -- our position is,
18 no, agree with OPC. Likewise on 17, our position is,
19 no, agree with OPC. Issue 18, agree with OPC. Issue
20 19, no position. Issue 21, no, agree with OPC. Issue
21 23, no position. Issue 26, no position. Issue 29,
22 agree with OPC. Issue 33, agree with OPC. Issue 39,
23 our position is no. Issue 40, agree with OPC. Issue
24 41, agree with OPC. Issue 43, no position. Issue 44,
25 no position. Issue 45, no position. Issue 46, no

1 position. Issue 47, agree with OPC. Issues 48 and 49,
2 agree with OPC. Issue 51, yes, agree with OPC. Issue
3 52, agree with OPC. Likewise for Issues 53 and 55,
4 change to agree with OPC. 56, 57, and 58 should all be
5 changed to agree with OPC. 59, yes, agree with OPC. As
6 well as 60, yes, agree with OPC. As well as 61 and 62,
7 yes, agree with OPC. 64, yes, agree with OPC. 65, yes,
8 agree with OPC. 66, no, agree with OPC. 67 and 68, no,
9 agree with OPC. 69, agree with OPC. 71, agree with
10 FIPUG. 77, yes, agree with OPC. And then 78 should be
11 agree with OPC. Sorry, I need to check on one back.
12 Okay. 79, agree with OPC. 80 -- I'm sorry?

13 **MR. STONE:** I apologize.

14 **COMMISSIONER EDGAR:** That's okay. This is the
15 time.

16 Mr. Stone.

17 **MR. STONE:** Apparently I made some bad notes
18 on Issue 78. FIPUG changed its position to agree with
19 OPC, is that correct?

20 **COMMISSIONER EDGAR:** That's what I have
21 written down.

22 **MR. STONE:** Evidently I had crossed through
23 OPC's position and wrote agree with OPC. So, I
24 apologize.

25 **COMMISSIONER EDGAR:** Okay. That's all right.

1 **MR. McGLOTHLIN:** Well, OPC does agree with
2 OPC.

3 (Laughter.)

4 **MR. STONE:** I'm glad to hear that, Joe.

5 **MS. WHITE:** Okay. So 80 -- did I say 80?

6 **COMMISSIONER EDGAR:** We are on 80.

7 **MS. WHITE:** Okay.

8 **COMMISSIONER EDGAR:** Well, you did 81. You
9 did not make a change to 80.

10 **MS. WHITE:** Okay. 80 is agree with OPC. 81
11 is no position. 84 is agree with OPC. 85 is no
12 position. 86 is agree with OPC. 87 is no position.
13 88, I thought we took a position, but it looks like that
14 is not here. May I just have a moment to look at this?
15 88 is agree with OPC. 89, agree with OPC. 91, agree
16 with OPC. 93, agree with OPC. 94, agree with OPC. 98,
17 agree with OPC. 100, no. 101, no position. 102, no
18 position. 104, no position. 105, no position. 109, no
19 position. 110, no position. 111, no position. 112 and
20 113, no position. 114, agree with FIPUG. 115, no
21 position. 116, no position. 117, agree with OPC. 118,
22 no position. And 119, agree with FIPUG.

23 Thank you for allowing us to go through that
24 one at a time.

25 **MR. STONE:** Commissioner Edgar, if I might

1 inquire of the Public Counsel with regard to Issue 78.

2 **COMMISSIONER EDGAR:** And, Mr. Stone, since you
3 are ahead of me there, what page are you on?

4 **MR. STONE:** 58.

5 **COMMISSIONER EDGAR:** Thank you.

6 **MR. STONE:** The issue as it's framed refers
7 exclusively to the injuries and damages reserve. OPC's
8 position, which is agreed to by other parties,
9 incorporates positions that do not relate to the
10 injuries and damages reserve, but relate instead to the
11 property insurance reserve. It appears to me that there
12 may be a misunderstanding, and that if we could
13 segregate the issue and only refer to the injuries and
14 damages reserve, we may be able to reach a stipulation.

15 **COMMISSIONER EDGAR:** Mr. McGlothlin.

16 **MR. WRIGHT:** Madam Chairman.

17 **COMMISSIONER EDGAR:** Mr. Wright.

18 **MR. WRIGHT:** I think Mr. Stone may well be on
19 the right track. We will see what my colleague has to
20 say. I think the confusion is I think that injuries and
21 damages is 228.2 is a FERC USOA subaccount, and storm
22 reserve accrual is 228.3, although I might have those
23 backwards. But if we can clarify that that doesn't
24 include any part of the storm accrual, we may be able to
25 get there.

1 **MR. MCGLOTHLIN:** Yes, I agree with that. I
2 think we were operating under the assumption that the
3 storm damage was a subset of the larger account that
4 included injuries and damages. If that's not the case,
5 then we can remove our position statement on 78 and take
6 no position.

7 **COMMISSIONER EDGAR:** Mr. Wright.

8 **MR. WRIGHT:** Just for clarity, if that's how
9 it goes, then we would also change our position to no
10 position. Thank you.

11 **COMMISSIONER EDGAR:** Okay. So I'm going to
12 start with you, Mr. Stone. There appears to be either
13 confusion or not confusion as to accounts or subaccounts
14 regarding the injuries and damage reserve. So --

15 **MR. STONE:** I hesitate to practice accounting
16 without a license --

17 **COMMISSIONER EDGAR:** You and me both.

18 **MR. STONE:** However, I believe that staff is
19 in agreement with us that there are two separate
20 accounts and that's the reason for two separate issues.

21 **MR. SLEMKEWICZ:** This is John Slemkewicz with
22 the staff. Yes, the injuries and damages reserve and
23 the property reserve, which includes the storm damage
24 reserve, are two separate accounts.

25 **COMMISSIONER EDGAR:** Okay. So where does that

1 leave us?

2 **MR. STONE:** I think we are at the point of a
3 stipulation on Issue 78. The only confusion is that
4 FIPUG said agree with OPC, which is no position.

5 **MS. KAUFMAN:** Well, I think I agree with OPC
6 and with Gulf if we are clear that that doesn't include
7 the storm damages, then. If they are two separate
8 accounts, as Mr. Slemkewicz has said, then we are fine
9 with, again, taking no position on that issue.

10 **COMMISSIONER EDGAR:** Okay. Then what I am
11 going to do at this time is ask our staff to note those
12 changes to the changes, and with the understanding that
13 we may be very close to a proposed stipulation on Issue
14 78. And I will ask our staff to work with all of the
15 parties after this to make sure that we are all clear.
16 And if, indeed, we can have a proposed stipulation, then
17 to so reflect.

18 Okay. Let's see. We have done Mr. Wright.
19 We have done -- yes. Mr. McGlothlin, did you have any
20 other -- realizing all of the changes that we have
21 discussed, do you have any other changes to issues or
22 positions?

23 **MR. MCGLOTHLIN:** I believe with the ruling on
24 Issue 1, and the stipulations that were accepted on 13
25 and 15, and I've checked, it appears that staff has

1 already picked up and reflected in this version of the
2 draft order some fairly late-arriving changes we made on
3 63, which has been dropped, and 101, to which we have a
4 position statement now. I believe that covers the
5 things that were on my list. I would note, though, I
6 have noticed that I may need to touch up OPC's statement
7 of basic position to reflect the same distinctions that
8 were made with the rulings on Issues 1 and 24, and I
9 would provide that language to staff in the next little
10 bit.

11 **COMMISSIONER EDGAR:** Okay. Mr. Stone.

12 **MR. STONE:** Commissioner, in light of all the
13 changes in positions, there are a number of issues that
14 I believe we could show as stipulations, because all the
15 parties have either taken no position or have -- well, I
16 guess they have taken no position, and I think it would
17 be helpful if we went through those. I have a list. I
18 don't have page numbers, but I have issue numbers.

19 **COMMISSIONER EDGAR:** Okay. I thought that
20 that might be the case. And, again, while we are
21 altogether and we can list those, I think that would be
22 a very useful and time-efficient thing to do. So let me
23 make sure everybody is ready.

24 Let me ask just Mr. Stone to go through his
25 list of issues that with the changes that have been

1 requested here today may be ripe for stipulation,
2 proposed stipulation. Before he does that, any
3 questions or comments? Yes, Ms. Kaufman.

4 **MS. KAUFMAN:** Yes. I told you --
5 unfortunately, I was working from an earlier draft, and
6 I see that Issue 63 has been dropped, which is the issue
7 that relates to the corporate leased aircraft on the
8 prior version, and FIPUG does not agree to drop that
9 issue at this point. So I guess we would ask that that
10 issue be included and that our position on it be
11 reflected as it is in the prior draft.

12 **COMMISSIONER EDGAR:** Okay. The draft that I
13 have, Ms. Klancke, does not show 63 being removed. What
14 I have for Issue 63 is should any adjustments be made to
15 expenses related to use of corporate leased aircraft.
16 Is that the issue, Ms. Kaufman, that you are referring
17 to?

18 **MS. KAUFMAN:** Yes, ma'am.

19 **COMMISSIONER EDGAR:** And what you are telling
20 me is you thought it may have been removed, but you
21 believe it should remain. And in my draft it does
22 remain.

23 **MS. KAUFMAN:** In the draft that was
24 distributed it's out.

25 **MS. KLANCKE:** I apologize. The very most

1 recent draft it is reflected as dropped, but staff will
2 work with FIPUG and the rest of the parties to ensure
3 that even if a stipulation is reached with respect to
4 it, your positions will be accurately reflected
5 thereunder.

6 **MS. KAUFMAN:** Well, at this point we don't
7 have a stipulation on that issue.

8 **COMMISSIONER EDGAR:** Right. So at this point,
9 Ms. Klancke, what I would ask is that Issue 63 remain as
10 it was, as it is, and as it will be for the foreseeable
11 future anyway, which is should any adjustments be made
12 to expenses related to use of corporate leased aircraft.
13 And I am showing OPC as no position; FIPUG as, yes, all
14 costs for leased aircraft should be removed. Ms.
15 Kaufman, is that accurate?

16 **MS. KAUFMAN:** Yes, ma'am.

17 **COMMISSIONER EDGAR:** FRF, agree with OPC.
18 FEA, no position at this time. Is that accurate for
19 FEA?

20 **MS. WHITE:** No. I was working off of the
21 dropped version, so I would change our position to agree
22 with FIPUG.

23 **COMMISSIONER EDGAR:** Okay. Anything else on
24 Issue 63? Okay. Anything else on any other issues
25 before I ask Mr. Stone to go forward?

1 Okay. You're up.

2 **MR. STONE:** The first one that I see is Issue
3 2 on Page 12.

4 **COMMISSIONER EDGAR:** Does staff have a comment
5 that they want to make?

6 **MR. SLEMKEWICZ:** Staff would like to add to
7 that somehow that with appropriate adjustments, that is
8 the appropriate test year. That is on Issue 2.

9 **COMMISSIONER EDGAR:** As to a position, or as
10 to a rephrasing of the issue itself?

11 **MR. SLEMKEWICZ:** That would be on the
12 position. If we are trying to work on a stipulation,
13 that staff would like to, you know, add basically to
14 Gulf's position that with appropriate adjustments that
15 it would reflect the appropriate test year. I would
16 have to work on that language a little bit, but --

17 **COMMISSIONER EDGAR:** Okay. So what I think
18 I'm hearing you say is a suggestion from staff would be
19 to slightly change the language in Issue 2, and add the
20 phrase with appropriate adjustments, and go on with the
21 issue --

22 **MR. SLEMKEWICZ:** Yes.

23 **COMMISSIONER EDGAR:** -- for consideration?

24 **MR. STONE:** And as I understand staff's
25 position, it's basically saying that we are taking the

1 2012 test year, subject to the adjustments that are on
2 remaining issues in the prehearing order.

3 **MR. SLEMKEWICZ:** That is correct.

4 **COMMISSIONER EDGAR:** Okay.

5 **MR. STONE:** We are in agreement with that and
6 we can work with staff to make sure that language is
7 clear.

8 **COMMISSIONER EDGAR:** Okay. That seems clear
9 to me, but we will go down the line.

10 Mr. Wright.

11 **MR. WRIGHT:** Thank you, Madam Chairman.

12 I'm just not understanding incorporating
13 accounting adjustments, the decisions into the issue
14 whether the test year period itself is the appropriate
15 test year. If I could either get some enlightenment or
16 reserve our right to comment on that before we sign off
17 on it. I mean, I thought we were stipulating that 2012
18 is the right test year period.

19 **MR. MCGLOTHLIN:** For what it's worth, I have
20 the same reaction.

21 **COMMISSIONER EDGAR:** I understand.

22 **MR. MCGLOTHLIN:** It's one thing to say we are
23 not at issue with respect to the time frame. But once
24 you introduce appropriate adjustments, that covers a lot
25 of territory that I don't think we can say are not at

1 issue.

2 COMMISSIONER EDGAR: Broader?

3 MR. MCGLOTHLIN: Yes.

4 COMMISSIONER EDGAR: Yes. Ms. Kaufman,
5 similar?

6 MS. KAUFMAN: Yes. I had that concern, as
7 well. But I was wondering if for purpose of process if
8 Mr. Stone could tell us the issues that he believes we
9 have all agreed to, and then we might work on the
10 language rather than try and craft it here.

11 COMMISSIONER EDGAR: Sure. That's where we
12 were headed, yes. Okay. So I understand that the staff
13 has a potential language suggestion. We will reserve
14 that for further discussion. And at this point Issue 2
15 is as we had discussed previously, which I am showing no
16 position for all parties other than Gulf. So, Mr.
17 Stone, for that reason you were saying that this is an
18 issue that could perhaps be discussed for stipulation.

19 MR. STONE: Yes.

20 COMMISSIONER EDGAR: Okay. And then go on, if
21 you would, with others.

22 MR. STONE: I suspect the next one may be
23 easier. Number 3, also on that page.

24 COMMISSIONER EDGAR: Go ahead. We'll take it
25 kind of quickly, but as long as we are all together, if

1 there is a question or comment, just get my attention
2 and we will see what we can do with it. Okay. So at
3 this point potentially 2, 3 --

4 **MR. STONE:** Four, 5, 6, 7. 13 we agreed to
5 drop. 15. 19, it's on Page 22. 26, found on Page 27.
6 29 found at the bottom of Page 29. I may have
7 overstated on that one. There seems to be a little bit
8 of difference of opinion between OPC and Gulf, so that
9 may need to be worked out between the parties.

10 **COMMISSIONER EDGAR:** Okay.

11 **MR. STONE:** 34, I think the only difference is
12 rounding. I'm sorry, I didn't pick up on FEA's
13 position, so I guess that's not. 35 also has a problem
14 with -- FEA's position is different than the others, so
15 I'll skip that one.

16 Mr. Melson has reminded me that our proposal
17 is a lower number, and that FEA probably would like to
18 change their position to agree with us in order to
19 stipulate.

20 **MS. WHITE:** I believe that that's true.

21 **COMMISSIONER EDGAR:** Okay. So 35 looks like
22 it belongs on the list for potential stipulation.

23 **MR. STONE:** That would be true for 34 and 35.

24 **MS. WHITE:** That's correct.

25 **MR. STONE:** 43 is the next one I show, and

1 that is on Page 38, 44, 45, and 46. The next I have is
2 50 on page -- I'm sorry, 50 was dropped. 53, I believe.
3 Yes, I think we are all in agreement on the number in
4 53.

5 **COMMISSIONER EDGAR:** So you have gone from 46
6 to 53?

7 **MR. STONE:** Yes. On Page 46, Issue Number 58.
8 There is a slight difference in the numbers. I think
9 the concept is the same. We may need to reconcile the
10 numbers.

11 **COMMISSIONER EDGAR:** And that's 58?

12 **MR. STONE:** On 58. On Issue 59, we are
13 representing to the Commission and to the parties that
14 the expenses on the work orders that are cited on this
15 issue are not a base rate item and have not been
16 included in our test year. Everyone's position -- let's
17 skip 59 for a moment.

18 Sixty-five. The only thing that is preventing
19 a stipulation on Issue 65 is OPC's position that the
20 number that they have identified in their position on
21 Issue 60 should be taken out of advertising expenses.
22 We are representing to the Commission and to the parties
23 that it is not part of advertising expenses. I don't
24 know if Public Counsel had a chance to react to my
25 suggestion with regard to the \$17,482.

1 **COMMISSIONER EDGAR:** Mr. McGlothlin.

2 **MR. MCGLOTHLIN:** If there is going to be a
3 break any time soon, I need to confer before we can
4 respond.

5 **COMMISSIONER EDGAR:** Okay. We will mark that
6 for discussion.

7 **MR. STONE:** I had earlier referred to Issue
8 59. We need to change our position slightly on Issue
9 59. That is on Page 46. We need to delete our last
10 sentence in our position, which means the issue is --
11 there is an issue to be resolved in this proceeding.

12 **COMMISSIONER EDGAR:** Okay. So I'm going to
13 remove 59 from my list at this time of potentially ripe
14 for stipulation.

15 **MR. STONE:** In Issue 68 on Page 51, we are
16 agreeing to take the extra money out that is at issue
17 here, so I think there is agreement between the parties.
18 Issue 73 on Page 55. As I understand the positions of
19 the parties, I think we are in agreement.

20 **MS. WHITE:** It looks to me like, as I look
21 over 73, that I missed a typo or something. Our
22 position doesn't make any sense. So I would change it
23 to agree with OPC.

24 **COMMISSIONER EDGAR:** Oh. On Issue 73, I see
25 what you mean.

1 **MS. WHITE:** On 73 it just says yes.

2 **COMMISSIONER EDGAR:** Okay. So the FEA
3 position as we are now will be amended to agree with
4 OPC. And then Mr. Stone has raised the possibility that
5 with that change, and FIPUG and FRF agreeing with OPC
6 that this may be one that would be ripe for potential
7 stipulation. Okay.

8 **MR. STONE:** The next one I have, I think we
9 may have already discussed, which was Issue 78. And
10 then the next one after that is on Page 59, Issue 81.
11 Issue 85 on Page 60, bottom of Page 60, top of Page 61.
12 87. 104 on Page 72. 105.

13 And the only other one is on Issue 118. The
14 issue is framed with the number 60 days. What we have
15 asked in our position is if we could agree to 90 days we
16 would be willing to stipulate. The 90 days is
17 consistent with the time that was granted Gulf in its
18 last case. I believe staff is in agreement with 90.

19 **MR. SLEMKEWICZ:** Yes, staff is in agreement
20 with the 90 days.

21 **COMMISSIONER EDGAR:** Ninety days instead of
22 60 is appropriate?

23 **MR. SLEMKEWICZ:** Yes, ma'am.

24 **COMMISSIONER EDGAR:** Mr. Stone, anything
25 further at this point?

1 **MR. STONE:** That's it on the issues that I saw
2 may be ripe for stipulations at this time.

3 **COMMISSIONER EDGAR:** Okay. Then from my notes
4 from what you have suggested, I show 29, 34, 35, 58, 65,
5 68, 73, and 118. It all looks close, but maybe there
6 need to be some discussions as to a wording or a number,
7 but pretty close. 2, 3, 4, 5, 6, 7, 15, 19, 26, 43, 44,
8 45, 46, 53, 78, 81, 85, 87, 104, 105, as from the
9 information that we have before us, appear to be
10 consistent positions.

11 So what I would like to do at this time is I
12 know we have all taken notes on that. Let's set that
13 aside for the moment, work our way through the rest of
14 the draft prehearing order, see where that leaves us,
15 and then discuss maybe taking a short break. We can
16 confer, and if there are decisions or issues that all
17 parties are comfortable stipulating today we can do
18 that. All others I will ask that you get with our
19 staff. So let's see if we can go from there.

20 That will bring us then to Section IX, the
21 exhibit list, which is on Page 83. Staff?

22 **MS. KLANCKE:** Staff would like to note for the
23 record that we will be preparing a Comprehensive Exhibit
24 List consisting of all prefiled exhibits for the
25 purposes of numbering and identifying the exhibits at

1 hearing. Staff will be providing the exhibit list to
2 the parties as soon as possible.

3 Staff also intends to prepare a proposed
4 stipulated exhibit composed of certain discovery
5 responses and deposition transcripts which we will
6 provide to the parties as soon as possible and far
7 enough in advance of the hearing to allow for effective
8 review and consideration. Staff would also request that
9 with respect to that composite exhibit that the parties
10 afford us with notice of any items on that list that
11 they take issue with.

12 **COMMISSIONER EDGAR:** Any comments or concerns?

13 **MR. STONE:** None from Gulf.

14 **COMMISSIONER EDGAR:** Okay. I'm seeing none.
15 Okay. That brings us obviously to Section X, proposed
16 stipulations. We will have that changed, per our
17 further discussion today.

18 Mr. Saylor.

19 **MR. SAYLER:** Commissioner, just to note that
20 there are two pending motions to strike --

21 **COMMISSIONER EDGAR:** You're ahead of me.

22 **MR. SAYLER:** -- I will mention later, but some
23 of these exhibits under Section VII are subject to those
24 motions to strike. Similarly, portions of testimony at
25 an earlier session. I just wanted to point that out.

1 **COMMISSIONER EDGAR:** Understood. Okay, thank
2 you. Mr. Wright.

3 **MR. WRIGHT:** Madam Chairman, I thought we were
4 still -- you jumped to X quicker than I expected.

5 **COMMISSIONER EDGAR:** Sorry.

6 **MR. WRIGHT:** I would ask if -- I think it
7 would be appropriate pursuant to your earlier
8 appropriately qualified directive that Mr. Chriss be
9 shown as the first consumer witness after Mr. Thompson,
10 that his exhibits, and similarly Mr. Pollock's, also be
11 moved up to follow Mr. Thompson's Direct Testimony and
12 exhibits in the order of exhibits.

13 **COMMISSIONER EDGAR:** Thank you. I did not
14 mean to race too far ahead. No, I agree with that, and
15 would ask our staff to show the exhibits in the same
16 order as would reflect from our discussion of changing
17 the witness order. Thank you.

18 Obviously, Section X we will revisit.
19 Section XI, pending motions. As Mr. Sayler has also
20 mentioned, I am aware of two motions that have been
21 filed. The joint motion to strike portions of the
22 rebuttal testimony of Gulf Power Company Witness Rhonda
23 J. Alexander filed by OPC, and then also earlier today
24 consumer intervenors' motion to strike portions of the
25 Direct Testimony of Gulf Witness Constance J. Erickson

1 and exhibit. Both of those, it is my understanding,
2 still have time for response -- motions or responses to
3 be filed, so each of those will be considered with the
4 responses and will be addressed by separate order.

5 Anything else on Section XI?

6 Okay. I believe that brings us to
7 Section XII, pending confidentiality motions. I do
8 understand that there are a number of requests for
9 confidential classification and for temporary protective
10 order. Similarly, those will be addressed by separate
11 order. It is my desire to have all of those issued
12 prior to the start of the hearing, if at all possible.
13 And I know that our staff will work with my office and
14 we will commit to try to do that.

15 Anything else on Section XII? Okay. That
16 brings us to Section XIII, post-hearing procedures.

17 **MR. STONE:** Commissioner Edgar.

18 **COMMISSIONER EDGAR:** Yes.

19 **MR. STONE:** The page limits in this section
20 appear to be more appropriate for other proceedings
21 other than a rate case. And, similarly, we would ask
22 that the word limits and page limits for the
23 post-hearing briefs be extended. It is my understanding
24 that in the last two cases, the page limit was 150
25 pages, and the word limit was at least 75 words, and in

1 some cases as many as 150 words.

2 **COMMISSIONER EDGAR:** I admit to not recalling.
3 I've blocked it out. However, I understand the point
4 that you are raising, although realize that we may be
5 stipulating a number of issues. But I am open to what I
6 hear as a request for additional words for post-hearing
7 positions and additional pages for post-hearing briefs.
8 Is there a specific request?

9 **MR. McGLOTHLIN:** I request 120 words per
10 position. That seems to have worked in other cases in
11 which I have been involved.

12 **MR. STONE:** I'm sorry, Joe, I didn't hear --

13 **COMMISSIONER EDGAR:** He said 120 for words for
14 post-hearing positions. Correct, Mr. McGlothlin?

15 **MR. McGLOTHLIN:** Yes.

16 **MR. STONE:** We have no objection to that.

17 **COMMISSIONER EDGAR:** Anything from staff?

18 **MS. KLANCKE:** Staff has no objection to that.

19 **MR. WRIGHT:** We would support the 150 pages
20 and 120 words, Madam Chairman. Thank you.

21 **COMMISSIONER EDGAR:** Up to.

22 **MR. WRIGHT:** Yes, ma'am. Up to.

23 **COMMISSIONER EDGAR:** Okay. I will ask my
24 staff to make that change, please. Thank you. So up to
25 120 words, up to 150 pages. Anything else for this

1 section?

2 Okay. That brings us to Section XIV dealing
3 with opening statements. Of course, customarily we do
4 up to ten minutes a party. However, realizing that we
5 have one party on one side and four parties basically on
6 the other side, with some, of course, unique
7 differences, is there a request or a proposal?

8 **MR. McGLOTHLIN:** I would request that each
9 intervenor be able to use up to ten minutes. I don't
10 object to Gulf having more than ten as compensation for
11 that.

12 **COMMISSIONER EDGAR:** Mr. Stone?

13 **MR. STONE:** That's fine with us.

14 **COMMISSIONER EDGAR:** Okay. How about this,
15 how about if -- does ten minutes suffice for your
16 client?

17 **MR. STONE:** We would like more than ten
18 minutes given that each of the intervenors is going to
19 have ten minutes apiece.

20 **COMMISSIONER EDGAR:** Well, that hasn't been
21 decided yet.

22 **MR. STONE:** I mean, if the others are given
23 ten per intervenor, we would like more time. If the
24 limit was ten minutes per side, then we would live
25 within 10 minutes.

1 **COMMISSIONER EDGAR:** I would like to suggest
2 that we meet somewhere in the middle. And let me put
3 this out there for your consideration. I would say 12
4 minutes for Gulf, 30 minutes for the consumer
5 intervenors combined to be divided per your agreement
6 between you, and the order, as well.

7 **MR. McGLOTHLIN:** We can work with that.

8 **COMMISSIONER EDGAR:** Okay.

9 **MR. WRIGHT:** Madam Chairman, that is fine with
10 the Retail Federation. If Gulf wanted more than 12
11 minutes, it would be okay with us, too. Fair is fair.

12 **COMMISSIONER EDGAR:** Mr. Stone?

13 **MR. STONE:** We would ask for 20 minutes, and
14 we hope not to use all of it.

15 **COMMISSIONER EDGAR:** How about 15?

16 **MR. STONE:** Sold. So, again, I will ask that
17 we reflect 15 minutes for Gulf, 30 minutes for the
18 customer intervenors to work out amongst themselves, and
19 to let the presiding officer know before we start how
20 you are going to divide your time and what order that
21 you are going to go in.

22 Okay. Now, I am thinking that at this point
23 it may be helpful and worth our time to take about a
24 ten-minute break and see if from the list of issues that
25 we have listed and all of the different position changes

1 that we have asked to be reflected, if while we are
2 together we can still come to agreement on some of
3 those. If not, there will be the opportunity between
4 now and then. But at this point it is quarter after.
5 Let's come back at 25 after 3:00. And during that break
6 I'll take a stretch, and if we are in a position to
7 propose some stipulations, then let's do so and see
8 where we are at. So thank you all for your cooperation
9 right now, and I will see you back here in ten minutes.

10 (Recess.)

11 **COMMISSIONER EDGAR:** Okay. Folks, let's go
12 back on the record.

13 Can I get a summary? Ms. Klancke, on the
14 record why don't you give us an update as to where we
15 are. And I'm open to suggestions.

16 **MS. KLANCKE:** Absolutely. At this time we are
17 up to proposed stipulated Issue Number 45. We have
18 about 15 left to go, but we are making really good
19 progress with respect to hammering out some language
20 that everybody can agree with respect to the
21 stipulations. So if we could possibly have a little bit
22 more time, that would be much appreciated.

23 **COMMISSIONER EDGAR:** Sure. Let me ask this,
24 and I'm going to put it to you, but, of course, for all
25 parties also to provide any input. What will be the

1 most useful and productive, to go off the record again
2 and give all parties and staff the chance to continue to
3 work together, and then to report back on the record, or
4 to just go ahead and adjourn with the understanding of
5 all of the good work that we have done to now, and ask
6 that all parties work with our staff today and give a
7 deadline for changes to be submitted to our staff so
8 that we can turn them around?

9 Mr. Stone.

10 **MR. STONE:** If I may be so bold, Commissioner,
11 I think it would be beneficial while we are all here
12 physically present today if we could have another ten
13 minutes. I think we would be able to finish the list,
14 and it might be productive.

15 **COMMISSIONER EDGAR:** Okay. Then in all
16 candor, to accommodate my schedule, I am going to --
17 will 4:15 work?

18 **MR. STONE:** Oh, absolutely.

19 **COMMISSIONER EDGAR:** Okay. I don't want to
20 keep anybody beyond where they have to be, but we will
21 at this point take a recess. We will come back at 4:15.
22 During that time, I'm going to step away and tend to
23 other business. I'm going to ask all parties to work
24 with our staff. We will come back on the record at
25 4:15, and see what we have reached agreement on and what

1 next steps are best so that we have all made good use of
2 our time. And with that, we are on break until 4:15.
3 Thank you.

4 (Recess.)

5 **COMMISSIONER EDGAR:** Okay. We are back on the
6 record. And I understand that while we took a break
7 there were discussions amongst the parties and staff.

8 Ms. Klancke, can you catch me up?

9 **MS. KLANCKE:** Certainly. During the break we
10 had a very productive discussion amongst all the
11 parties. On behalf of myself, I sincerely appreciate
12 the Prehearing Officer affording us with the ability and
13 the time to do this, and the flexibility with regard to
14 this prehearing.

15 If it pleases the Prehearing Officer, at this
16 time I would like to identify the issues which we have
17 reached stipulated language and read the stipulation
18 with respect to this. And then I would like to address
19 just the numerals of those stipulations that we can
20 identify as pending, pending additional information, or
21 some additional language, or something to that effect.
22 And then I would like to identify those issues that have
23 been dropped.

24 **COMMISSIONER EDGAR:** Okay. Before I ask
25 Ms. Klancke to work from her notes as to the discussions

1 that y'all had together, any comments or issues to be
2 raised prior to that?

3 Mr. McGlothlin?

4 **MR. MCGLOTHLIN:** Just that I agree that it was
5 a productive session.

6 **COMMISSIONER EDGAR:** Good. And thank you all
7 for staying and working through while we are all here
8 together. Okay.

9 Ms. Klancke.

10 **MS. KLANCKE:** Okay. With respect to the
11 proposed stipulations, please let us begin on Page 12
12 with Issue 2. The proposed stipulation language is --
13 and all of the ones that I am going to read with the
14 exception of 68 are Category 2 stipulations, meaning
15 that there is at least one party that does not agree
16 with respect to the stipulated language.

17 **COMMISSIONER EDGAR:** I'm sorry, there is at
18 least party that does not what?

19 **MS. KLANCKE:** That does not -- has taken no
20 position.

21 **COMMISSIONER EDGAR:** Has no position.

22 **MS. KLANCKE:** That's correct. I apologize.

23 **COMMISSIONER EDGAR:** That's fine.

24 **MS. KLANCKE:** Okay. Beginning with Issue 2,
25 the proposed language is Gulf's projected test year

1 period of the 12-months ending December 31st, 2012, is
2 appropriate.

3 **COMMISSIONER EDGAR:** One more time, please.

4 **MS. KLANCKE:** Gulf's projected test year
5 period of the 12-months ending December 31st, 2012, is
6 appropriate.

7 **COMMISSIONER EDGAR:** Okay.

8 **MS. KLANCKE:** I'd like to move on to Issue
9 Number 7. Issue Number 7, the proposed stipulation
10 language is the quality and reliability of electric
11 service provided by Gulf is adequate.

12 **COMMISSIONER EDGAR:** Okay.

13 **MS. KLANCKE:** Issue Number 15.

14 **COMMISSIONER EDGAR:** Okay.

15 **MS. KLANCKE:** Okay. The language of the
16 stipulation is going to be largely the Gulf position in
17 its entirety, thus it shall be reflected as Gulf's
18 requested level of distribution plant-in-service, of
19 1,029,829,000 (\$1,034,325,000 system) should be reduced
20 by \$803,000 (803,000 system) to reflect an error
21 identified by the company in the course of corresponding
22 to discovery. The corrected amount of distribution
23 plant-in-service, \$1,029,026,000 (\$1,033,522,000 system)
24 is appropriate to be included in rate base.

25 **COMMISSIONER EDGAR:** Okay.

1 **MS. KLANCKE:** We will move now to 43, issue
2 Number 43. With respect to Issue 43, the stipulation
3 language will be reflected as, "Gulf has made the
4 appropriate test year adjustments to remove fuel
5 revenues and fuel expenses recoverable through the fuel
6 adjustment clause."

7 **COMMISSIONER EDGAR:** Okay.

8 **MS. KLANCKE:** The next issue to be stipulated
9 is Issue 44, and it should be reflected as, "As
10 adjusted, Gulf has made the appropriate test year
11 adjustments to remove conservation revenues and
12 conservation expenses recoverable through the
13 conservation cost-recovery clause. As shown on Mr.
14 McMillan's Direct Testimony Exhibit RJM-1, Schedule 6,
15 Gulf's ECCR depreciation and property tax adjustments
16 were \$325,000 and \$146,000, respectively. The ECCR
17 depreciation expense adjustment should be increased to
18 \$375,000 and the ECCR property tax expenses should be
19 increased to \$156,000."

20 **COMMISSIONER EDGAR:** Okay. Let me ask you a
21 question. I think we may have transposed a number, but
22 I want to make sure. With the sentence that begin as
23 shown on Mr. McMillan's Direct Testimony, coming down to
24 the property tax adjustments, in the Gulf position
25 previously it was 352,000, and I think I heard you say

1 325,000.

2 MS. KLANCKE: I meant 352,000.

3 COMMISSIONER EDGAR: Okay. And is that --
4 okay. I am seeing no disagreement. That was Issue 44?

5 MS. KLANCKE: That was Issue 44.

6 COMMISSIONER EDGAR: Yes.

7 MS. KLANCKE: The next -- if we are all in
8 agreement, 45. And this one should reflect that Gulf
9 has made the appropriate test year adjustments to remove
10 capacity revenues and capacity expenses recoverable
11 through the capacity cost-recovery clause.

12 Okay. The next one is with respect to Issue
13 46, and this one should reflect both an amalgamation of
14 the issue statement as well as the latter sentences of
15 Gulf's current position, and I will take a stab at it
16 now. "As adjusted, Gulf has made the appropriate test
17 year adjustments to remove environmental revenues and
18 environmental expenses recoverable through the
19 Environmental Cost-Recovery Clause. Consistent with the
20 stipulation entered into by all the parties and approved
21 by the Commission on November 1st, 2011, the Crist Unit
22 6 and 7 turbine upgrades, upgrade investments, and
23 expenses were removed from the environment cost-recovery
24 clause and are now being included for recovery in base
25 rates in this proceeding."

1 **COMMISSIONER EDGAR:** Okay.

2 **MS. KLANCKE:** Okay. That brings us to Issue
3 Number 65. Okay. The stipulation language with respect
4 to Issue Number 65 should be reflected as the first
5 sentence of Gulf's position in that it should be the
6 appropriate amount of advertising expenses for the 2012
7 projected test year is 1,132,000. And there should also
8 be a parenthetical at the very end of that sentence that
9 specifies this is a system figure. And we are
10 anticipating that Gulf will provide us with the
11 jurisdictional figure, as well.

12 **MR. STONE:** That is correct.

13 **COMMISSIONER EDGAR:** Okay.

14 **MS. KLANCKE:** Okay. That takes us to 68, and
15 I am very pleased to identify this as a Category 1
16 stipulation, and it should be reflected as executive
17 financial planning expenses should not be included in
18 operating expenses.

19 **COMMISSIONER EDGAR:** And a Category 1 is
20 different than a Category 2 in what way?

21 **MS. KLANCKE:** This means that all of the
22 parties are in agreement with respect to this issue.

23 **MS. WHITE:** That's correct.

24 **COMMISSIONER EDGAR:** Okay. And I'm seeing
25 nods.

1 **MS. KLANCKE:** I wasn't quite finished, though.
2 We also pick up the first -- well, the only sentence
3 reflected in Gulf's position, so it would be, "Executive
4 financial planning expenses should not be included in
5 operating expenses. In the course of responding to
6 discovery, Gulf identified 84,000 (\$84,000 system) of --
7 48. I apologize, 48,000 (\$48,000 system) of executive
8 financial planning expenses that Gulf agrees need to be
9 removed from operating expenses and consequently
10 reflected in the adjustments to NOI."

11 **COMMISSIONER EDGAR:** Okay.

12 **MS. KLANCKE:** Okay. That brings us to 73,
13 Issue Number 73. The stipulation language with respect
14 to this issue should pick up the first sentence of
15 Gulf's position, so it should say the appropriate amount
16 of other post-employment benefits expense is 3,759,786
17 (3,840,710 system).

18 **COMMISSIONER EDGAR:** Okay.

19 **MS. KLANCKE:** That takes to Issue Number 78.
20 The stipulation language should reflect the sentence
21 contained within Gulf's current position, and should
22 specify the appropriate amount for the injuries and
23 damages reserve accrual of 1,566,288 jurisdictional
24 (1,600,000 system) is included in the 2012 projected
25 test year.

1 **COMMISSIONER EDGAR:** Okay.

2 **MS. KLANCKE:** And that takes us to Issue
3 Number 85. This issue should be -- the stipulation
4 language should be reflected as the appropriate amount
5 of Gulf's transmission O&M expense is 116,609,000 --
6 11,609,000, and that is on a system basis, and Gulf is
7 going to provide us with a jurisdictional figure with
8 respect to that issue, as well.

9 **MR. STONE:** That is correct. And that number
10 just for clarification is 11,609,000.

11 **MS. KLANCKE:** I apologize. That takes us to
12 Issue Number 104.

13 **COMMISSIONER EDGAR:** Okay.

14 **MS. KLANCKE:** The stipulated language should
15 reflect an amalgamation of the issue statement as well
16 as the latter sentences of Gulf's position, so it should
17 specify -- the first sentence should be, "The minimum kW
18 demand to qualify for the realtime pricing (RTP) rate
19 schedule be reduced from 2,000 kW to 500 kW. And then
20 starting with the 2,000 kW applicability threshold has
21 been in place since the initial implementation of
22 realtime pricing at Gulf in 1995. More than half the
23 customers who meet the 2,000-kilowatt threshold avail
24 themselves of realtime pricing. Gulf's experience,
25 metering and billing abilities, and the diversity of

1 customers indicate it is time to open it up to more and
2 smaller customers. Gulf presently has about 300 to 350
3 customers who would meet the 500 kW threshold."

4 **MR. STONE:** In her recitation of the
5 stipulation, I believe Ms. Klancke omitted the word
6 should after rate schedule in the very first sentence.
7 So the very first sentence of the statement of
8 stipulation would be the minimum kW demand to qualify
9 for the realtime pricing (RTP) rate schedule should be
10 reduced from 2,000 kW to 500 kW.

11 **MS. KLANCKE:** With that addition.

12 **COMMISSIONER EDGAR:** Yes.

13 **MS. KLANCKE:** I apologize.

14 **COMMISSIONER EDGAR:** That's okay. We've got
15 it.

16 **MS. KLANCKE:** With respect to -- that brings
17 us to 105 on the same page, and this one specifies the
18 minimum kW demand for new load to quality for the
19 commercial/industrial service rider (CISR) should be
20 reduced from 1,000 kW to 500 kW. And then we pick up
21 beginning at Gulf's statement, "This change is to
22 simplify the minimum size requirement by making the
23 qualifying load to be 500 kW in all cases. The current
24 size requirement treats new load and retained load
25 differently. The simplification will make the rate

1 easier for customers to understand and for Gulf to
2 administer."

3 **MR. STONE:** And just for clarification,
4 instead of quality it should have been qualify.

5 **MS. KLANCKE:** Qualify in the first sentence.

6 **COMMISSIONER EDGAR:** Yes.

7 **MS. KLANCKE:** Okay. That takes us to Issue
8 118. With respect to the stipulation language it should
9 reflect, "Gulf shall file, within 90 days after the date
10 of the final order in this docket, a description of all
11 entries or adjustments to its annual report, rate of
12 return reports, and books and records which will be
13 required as a result of the Commission's finding in this
14 rate case."

15 And that concludes the stipulations that we
16 have today. I also have for your consideration -- I
17 would like at this time to list the pending
18 stipulations. Staff is aware of several pending
19 stipulations which include stipulations with respect to
20 Issues 19, 26, 34, 35, 53, and 58. In addition, at this
21 time we have been able to reach an agreement with
22 respect to dropping Issue Numbers 81 and 87. That is
23 all the stipulations pending or actual that staff is
24 aware of at this time.

25 **MR. STONE:** It is my understanding that staff

1 is awaiting discovery on Issues 3, 4, 5, and 6. That
2 the parties are prepared for that to be a stipulation,
3 once staff has a chance to review the discovery.

4 **MS. KLANCKE:** That is correct.

5 **COMMISSIONER EDGAR:** Ms. Klancke, thank you.
6 And, Mr. Stone, thank you. From the parties, since I
7 have not heard any concerns expressed, I will ask you --
8 my understanding is that, as it has been described,
9 comports with the understanding of each of you on behalf
10 of your clients?

11 **MR. MCGLOTHLIN:** Yes, that was accurate.

12 **MR. WRIGHT:** Yes, Commissioner. Thank you.

13 **MS. WHITE:** That's accurate. Thank you.

14 **MS. KAUFMAN:** Yes, ma'am, that's correct.

15 **COMMISSIONER EDGAR:** Wonderful. Thank you.

16 Ms. Klancke, next steps.

17 **MS. KLANCKE:** Since we have gone through all
18 of the draft prehearing order and proposed stipulations,
19 staff at this time would like to ask the parties that
20 with respect to the extent that I'm going -- staff shall
21 make the adjustments and position changes which we have
22 discussed here, and ask the parties to review them
23 expeditiously. With respect to any additional changes,
24 corrections, or edits to the draft prehearing order,
25 please provide them to me no later -- or to staff no

1 later than Tuesday, December 6th, 2011.

2 **COMMISSIONER EDGAR:** So, to recap, Ms.
3 Klancke, you will put together a draft that reflects all
4 of the discussions and agreements and decisions that we
5 have made today. You will circulate that. We ask all
6 the parties to review and get changes, suggestions, and
7 perhaps even additional proposed stipulations to
8 Ms. Klancke's 's office by close of business, Tuesday,
9 December 6th.

10 **MS. KLANCKE:** That is correct.

11 **COMMISSIONER EDGAR:** Okay. Any concerns about
12 that?

13 **MR. MCGLOTHLIN:** No.

14 **COMMISSIONER EDGAR:** Wonderful.

15 **MR. STONE:** None from the company.

16 **MS. KLANCKE:** Staff has no further issues for
17 discussion at this time.

18 **COMMISSIONER EDGAR:** Okay. As long, again, as
19 we are all gathered together, any other items that would
20 be useful to discuss?

21 **MR. STONE:** Commissioner Edgar, there is the
22 possibility, as we get to the end of the discovery
23 period, that there may be an opportunity for the parties
24 to agree to excuse certain witnesses. We would like to
25 keep a place open for that possibility with the

1 Prehearing Officer's permission. And if we can reach
2 that agreement, perhaps we can reflect that in the
3 prehearing order, as well.

4 **COMMISSIONER EDGAR:** That is fine with me.
5 Thank you for raising it. If witnesses can be
6 stipulated, especially in light of the stipulations that
7 have agreed and/or be excused as we go, clearly we will
8 need to circulate that amongst the other Commissioners
9 for their review, for my review, but I am certainly
10 willing to accommodate that.

11 Mr. Wright, did you have another -- no? Okay.

12 **MR. WRIGHT:** There are a couple of other
13 lurking potential stipulations. We are working with
14 Gulf on 102.

15 **COMMISSIONER EDGAR:** Good. Yes, Mr. Sayler.

16 **MR. SAYLER:** The parties would, after
17 everything concludes, like a sidebar with staff to
18 discuss some other procedural matters.

19 **COMMISSIONER EDGAR:** Thank you. We'll make
20 them available. Anything else? Okay.

21 A longer prehearing than I was planning on,
22 but that's okay. I think it has been productive. I
23 very, very, very much appreciate everybody's cooperation
24 and working together. I would ask our staff to stay
25 after for a few moments to see if there are other things

1 that can be discussed that will help us move forward.

2 Thank you all.

3 We are adjourned.

4 (The Prehearing Conference concluded

5 at 4:46 p.m.)

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STATE OF FLORIDA)

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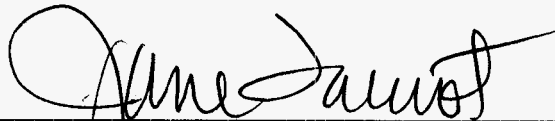
COUNTY OF LEON)

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, 2011.



JANE FAUROT, RPR
Official FPSC Hearings Reporter
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