

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

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In the Matter of:

DOCKET NO. 120022-EI

PETITION FOR LIMITED PROCEEDING
TO APPROVE STIPULATION AND
SETTLEMENT AGREEMENT BY PROGRESS
ENERGY FLORIDA, INC.

VOLUME 1
(Pages 1 through 95)

PROCEEDINGS: LIMITED PROCEEDING HEARING

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

DATE: Monday, February 20, 2012

TIME: Commenced at 1:00 p.m.
Concluded at 3:20 p.m.

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

REPORTED BY: LINDA BOLES, RPR, CRR
Official FPSC Reporter
(850) 413-6732

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5 appearing on behalf of Progress Energy Service Company,
6 LLC.

7 CHARLES J. REHWINKEL, ESQUIRE, and J. R.
8 KELLY, PUBLIC COUNSEL, Office of Public Counsel, c/o The
9 Florida Legislature, 111 West Madison Street, Room 812,
10 Tallahassee, Florida 32399-1400, appearing on behalf of
11 the Citizens of the State of Florida.

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24 Service Commission Staff.

25

1 APPEARANCES (Continued):

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3 HELTON, DEPUTY GENERAL COUNSEL, Florida Public Service
4 Commission, 2540 Shumard Oak Boulevard, Tallahassee,
5 Florida 32399-0850, advisors to the Florida Public
6 Service Commission.

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I N D E X

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EXHIBITS

NUMBER: ID. ADMTD.

**** No exhibits were marked in this proceeding****

P R O C E E D I N G S

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2 **CHAIRMAN BRISÉ:** Good afternoon, everyone. We
3 are going to convene this hearing and open Docket No.
4 120022, and I'm going to ask staff to read the notice.

5 **MS. BENNETT:** Commissioners and members of the
6 audience, subject to notice duly given, this docket was
7 advertised for this date and time, Docket No. 120022-EI,
8 petition for a limited proceeding to approve stipulation
9 and settlement agreement by Progress Energy Florida. It
10 was also noticed in Docket No. 100437-EI, examination of
11 the outage and replacement fuel power costs associated
12 with the CR3 steam generator replacement project; Docket
13 No. 100461-EI, petition for approval of Nuclear
14 Decommissioning Cost Study by Progress Energy Florida;
15 Docket No. 120001-EI, fuel and purchased power cost
16 recovery clause with generating performance incentive
17 factor; Docket No. 120007-EI, environmental cost
18 recovery clause; and Docket No. 120009-EI, nuclear cost
19 recovery clause.

20 **CHAIRMAN BRISÉ:** Thank you very much. At this
21 time we will take appearances.

22 **MR. GLENN:** Alex Glenn and John Burnett on
23 behalf of Progress Energy Florida in all three
24 referenced dockets.

25 **MR. REHWINKEL:** Charles Rehwinkel, J.R. Kelly,

1 and Erik Sayler on behalf of the citizens of Florida,
2 Florida's Office of Public Counsel.

3 **MR. WRIGHT:** Robert Scheffel Wright, appearing
4 on behalf of the Florida Retail Federation in all three
5 dockets.

6 **MR. MOYLE:** Jon Moyle and Vicki Kaufman
7 appearing on behalf of FIPUG.

8 **MR. BREW:** James Brew appearing for White
9 Springs Agricultural Chemicals-PCS Phosphate in all
10 three dockets.

11 **MS. BENNETT:** And Lisa Bennett on behalf of
12 Commission staff.

13 **MS. HELTON:** Mary Anne Helton, advisor to the
14 Commission. And I'd also like to make an appearance for
15 our General Counsel, Curt Kiser.

16 **CHAIRMAN BRISÉ:** All right. Thank you.

17 Are there any preliminary matters?

18 **MS. BENNETT:** Mr. Chairman, with your
19 indulgence, I'll go ahead and walk through this process
20 before we begin.

21 This is a hearing pursuant to 120.57(2) of the
22 *Florida Statutes*, meaning there's no material issues of
23 disputed fact regarding the stipulation and settlement
24 agreement. This is still an evidentiary proceeding and
25 a record is opened. Witness testimony will be taken, as

1 well as public testimony.

2 We've organized this a little differently to
3 better facilitate the questions that may arise from the
4 agreement. Commission staff has prepared and will
5 present a PowerPoint presentation of its understanding
6 of the stipulation and settlement agreement. This
7 presentation is not a recommendation. It is merely
8 staff's view of what the agreement is and what it does.
9 We hope that this review will stimulate conversation on
10 areas that may need to be clarified. It will then be
11 up to the parties to affirm or correct staff's
12 interpretation of the agreement.

13 After staff has done the PowerPoint
14 presentation, we suggest that the witnesses, including
15 any members of the public who wish to testify, be sworn
16 in. The next step will be for Progress and the
17 signatories to the agreement to present evidence and
18 arguments in support of the petition and the agreement.
19 The parties should also address the PowerPoint
20 presentation to identify any corrections to staff's
21 presentation. After Progress and the signatories speak,
22 then the public will be given an opportunity to speak
23 and to provide testimony.

24 Finally, the signatories to the agreement will
25 respond to questions that were raised during the public

1 testimony and will also respond to the questions from
2 the Commissioners. Staff anticipates that the hearing
3 will conclude on Monday.

4 Once the Chairman concludes the hearing and
5 closes the record, participation will be limited to
6 Commission and staff. However, we do have the
7 opportunity to continue the hearing until Wednesday. We
8 do have time reserved for that.

9 **CHAIRMAN BRISÉ:** Thank you very much. At this
10 time, we will go into the staff presentation.

11 **MR. MAUREY:** Good afternoon, Chairman,
12 Commissioners. I'm Andrew Maurey, and along with Tom
13 Ballinger to my right, we will be going over the
14 PowerPoint presentation which outlines staff's
15 understanding of the proposed stipulation and settlement
16 agreement that's before you today.

17 As you know, this agreement touches on several
18 dockets and is quite extensive. At any time during the
19 presentation if you have any questions or would like
20 further elaboration on a point, please stop us.

21 In addition, the agreement was reached through
22 lengthy negotiations between and among the signatories.
23 Staff did not participate in these negotiations. At any
24 point during the presentation if a party believes staff
25 has stated something that is inconsistent with their

1 understanding of the terms of the agreement, we please
2 ask that they get the Chairman's attention. We can
3 pause and discuss the matter so that -- make sure all
4 the provisions are described accurately.

5 Unless there are any preliminary questions,
6 staff is prepared to begin.

7 **CHAIRMAN BRISÉ:** Please proceed.

8 **MR. MAUREY:** We'll begin with some general
9 information regarding the agreement. It was filed on
10 January 20th, 2012. The general disclaimer that the
11 parties attest that the agreement is in the public
12 interest.

13 The term of this agreement will be from the
14 date of its approval by the Commission through the last
15 billing cycle of December 2016, except for certain
16 provisions related to the Levy Nuclear Project, which
17 will extend through December 31, 2017.

18 This agreement must be approved in its
19 entirety -- the parties involved, which were previously
20 introduced, and the dockets involved, which were
21 previously read into the record.

22 These next couple of slides deal with Sections
23 3 through 6 of the agreement related to the Levy Nuclear
24 Project, or LNP.

25 Effective with the first billing cycle in

1 January 2013, the LNP portion of the nuclear cost
2 recovery clause, or NCRC, will be set at \$3.45 per 1,000
3 kWh for a period of approximately five years. This
4 factor is intended to recover approximately
5 \$350 million, subject to true-up.

6 Also effective with the first billing cycle in
7 January 2013, the revenue requirement associated with
8 the carrying costs on the nuclear related deferred tax
9 asset of approximately 21 million will be removed from
10 the NCRC and placed in base rates. This adjustment is
11 revenue neutral to the company.

12 In addition, for surveillance purposes the
13 wholesale piece of the LNP will be included in base
14 rate -- in rate base as a regulatory asset and
15 amortized. The LNP land will be moved to land held for
16 future use, and the amortization of the regulatory asset
17 will not be considered for purposes of determining
18 whether PEF may seek a base rate adjustment during the
19 term of this agreement.

20 Continuing with the LNP, the signatories do
21 not oppose PEF's efforts to obtain a combined operating
22 license. The costs incurred pursuing the COL will
23 continue to be addressed in the NCRC proceedings, and
24 PEF is prohibited from filing for any additional LNP
25 nuclear cost recovery before March 1st, 2017.

1 These next several slides will address
2 provisions of the agreement related to the Crystal River
3 Unit 3, or CR3 nuclear unit. We'll begin with Section
4 7.

5 PEF will file a motion to dismiss Phase 1 and
6 to stay Phases 2 and 3 of Docket No. 100437-EI related
7 to the extended outage of CR3. The parties make no
8 determination of fault, prudence, or reasonableness
9 related to PEF's actions taken in connection with the
10 steam generator replacement, or SGR, program.

11 The parties waive the right to challenge the
12 prudence of PEF's actions from the inception of the SGR
13 program through the implementation date of this
14 agreement.

15 Absent evidence of fraud, intentional
16 misrepresentation, or intentional misconduct, the
17 parties cannot challenge the prudence of PEF's actions
18 over the same period in any judicial proceeding.

19 Addressing Section 8. Effective January 1,
20 2011, all depreciation and other accruals related to
21 CR3 will be suspended and/or reversed until such time
22 the unit returns to commercial service or is retired.

23 Effective with the first billing cycle of
24 January 2013, CR3 will be removed from rate base and the
25 associated revenue requirement will be excluded from

1 base rates. These assets will accrue a carrying charge
2 at the AFUDC rate of 7.44%.

3 When CR3 returns to commercial service, PEF
4 will be permitted to increase base rates based on the
5 revenue requirement associated with this investment,
6 including the cost of repairs and carrying costs based
7 on a return on equity, or ROE, of 10.7%. The impact of
8 the 10.7% ROE will be discussed later in this
9 presentation.

10 Section 9.a. related to mandatory refunds.
11 PEF will refund \$288 million through the fuel clause.
12 129 million will be refunded in both 2013 and 2014. The
13 remaining 30 million will be refunded to the residential
14 and general service customers at 10 million per year in
15 2014, 2015, 2016.

16 Section 9.b., contingency refunds. If PEF
17 commences repairs on CR3 by December 31, 2012, the
18 company will have no obligation to refund CR3
19 replacement power costs in 2015 or 2016. If repairs do
20 not commence by December 31, 2012, PEF will refund a
21 pro-rated amount not to exceed 40 million in 2015 and
22 not to exceed 60 million in 2016 if CR3 remains out of
23 commercial service.

24 If CR3 is not in commercial service in 2015 or
25 2016, PEF will be required to include the amount of the

1 refund in the projected fuel cost recovery filings for
2 those years.

3 Section 9.c., replacement purchased power
4 costs. PEF will recover prudently incurred replacement
5 power costs through the earlier of December 2016, or the
6 date CR3 returns to commercial service.

7 Such recovery will be net of any reimbursement
8 from NEIL. The parties reserve the right to test the
9 reasonableness of these costs. And if CR3 is not in
10 commercial service by December 31, 2016, the parties may
11 contest PEF's right to recover replacement power costs
12 incurred after 2016.

13 **MR. BALLINGER:** Moving on to the next section.
14 Section 10 sets up a framework that basically allows for
15 negotiations to continue with the parties regarding CR3.
16 Before PEF's board of directors approves a final repair
17 plan, they must take in comments from the intervening
18 parties and -- take written comments from the
19 intervening parties. Then the board of directors must
20 also show they have taken those comments into
21 consideration.

22 The decision to repair CR3 rests solely with
23 Progress Energy's management. They'll conduct meetings
24 quarterly with the parties, and they agree to keep staff
25 informed of these ongoing negotiations. However, I'll

1 point out to you that the documents considered in these
2 negotiations are considered confidential because they
3 are, are ongoing settlement negotiations. But PEF has
4 agreed, as I said earlier, that they will provide the
5 Commission with an update as to the quarterly meetings.

6 This gets into a waiver of rights of what the
7 parties have agreed to. If PEF commences the repair by
8 December of 2012, the parties have agreed to waive their
9 rights with regard to the decision to repair or retire
10 the unit. Again, this goes back to the decision to
11 repair or replace the unit is entirely within PEF's
12 management.

13 These rights will remain in effect until they
14 get total coverage or a resolution with NEIL, or until
15 the year 2013. What this section does is giving
16 Progress Energy some time to work with NEIL to try to
17 come to some resolution about insurance claims.

18 After resolution of the claims, the parties
19 may get together again, if it does not cover the entire
20 cost, to see if they can reach resolution of any
21 outstanding issues.

22 Again, while they may waive the right to
23 challenge the decision to repair or replace the unit,
24 they do not waive the right to challenge the execution
25 of that repair plan. So the prudence of the costs would

1 be determined at a later date, and the parties retain
2 that right to challenge those costs. And, again, this
3 second bullet just kind of reiterates that fact.

4 Moving on to claims from NEIL, the insurance
5 coverage. Similar framework as the other one with the
6 repair; they are to meet with the parties and advise the
7 Intervenors of resolution status in any negotiations
8 with NEIL. And, again, the Intervenors will notify PEF
9 in writing of any concerns they have with any proposed
10 resolutions. PEF is required to take these concerns to
11 their senior management and the board of directors, and
12 they must show the Intervenors that they have been acted
13 upon.

14 Finally on some cost recovery. Again, if the
15 resolution from NEIL does not cover the total cost of
16 repairs, the parties agree to meet to best address these
17 deficiencies. If resolution cannot be reached among the
18 parties, they will bring it to the Commission for
19 resolution.

20 Again, we do not waive the right to challenge
21 any potential double recovery of CR3 O&M costs. This is
22 something in the accounting of what's being pulled out
23 of rate base and not, and they're making sure that
24 they're retaining that right to challenge those costs.

25 This next section of the stipulation sets up a

1 cap, if you will, on the expenses. If the initial
2 estimate that's done in 2012 is exceeded by
3 \$400 million, the parties have agreed to split that
4 overage, if you will, 50/50: 50% going to PEF's
5 shareholders and 50% to PEF's ratepayers.

6 In the event the repair cost exceeds the \$400
7 million overage, the parties will try to reach an
8 agreement. If not, they will come to the Commission for
9 a final resolution.

10 This last slide I'll be handling will be about
11 CR3 retirement. Again, the decision to retire or
12 decommission CR3 rests solely with the utility. If PEF
13 does decide to commission or decommission CR3, all
14 proceeds from NEIL will be applied towards replacement
15 fuel costs first, and then any remaining capital items.

16 If PEF does decide to decommission CR3, a
17 regulatory asset will be created, and it'll accrue AFUDC
18 at a percentage of their AFUDC rate, 70% of the 7.44%, I
19 believe it was. This sets up basically an incentive
20 to -- it leans a little bit more towards repairing the
21 unit versus retiring it. Because if it's retired, the
22 accumulation is going to be at a lower rate.

23 The parties maintain their right to contest
24 the actual calculation of this regulatory asset. And
25 with this, if it is decommissioned, PEF will not seek a

1 rate base proceeding to include the cost of that until
2 2017. With that, I'll turn it back to Andrew.

3 **MR. MAUREY:** Thank you.

4 This slide deals with Section 12 of the
5 agreement related to recovery of CR3 uprate costs. PEF
6 may recover CR3 uprate related costs through the NCRC.
7 However, PEF is prohibited from petitioning for
8 in-service cost recovery related to CR3 uprate prior to
9 nine months following the return of CR3 to commercial
10 service. The carrying costs accrued on the CR3 uprate
11 costs will be recovered through the NCRC.

12 The next three slides discuss certain base
13 rate matters addressed in the agreement. We'll begin
14 with Section 13.

15 Effective with the first billing cycle in
16 January '13, PEF will increase base rates by
17 150 million. Base rates will increase by a uniform
18 percentage. Except where it's provided elsewhere in
19 this agreement, PEF's base rates will be frozen through
20 the last billing cycle of January 2016.

21 Section 14 dealing with environmental cost
22 recovery. Certain Clean Air Interstate Rule, or CAIR,
23 investments will be moved from the Environmental Cost
24 Recovery Clause, or ECRC, to rate base. In addition,
25 the revenue requirement associated with the investments

1 will be removed from the ECRC and included in base
2 rates. This adjustment is revenue neutral to the
3 company. Base rates will increase by a uniform
4 percentage. The adjustment will be effective with the
5 first billing cycle of January 2014.

6 Section 15 deals with return on equity and
7 AFUDC. PEF's authorized return on equity is 10.5%, with
8 a range of plus or minus 100 basis points. As discussed
9 earlier in this presentation, if CR3 returns to
10 commercial service, PEF will be permitted to increase
11 base rates by the revenue requirement associated with
12 the CR3 accrued balance based on an ROE of 10.7%. At
13 such time, PEF's authorized ROE will be 10.7%, plus or
14 minus 100 basis points for all regulatory purposes.

15 PEF's current AFUDC rate is 7.44%. In the
16 month following CR3's return to commercial service, the
17 AFUDC rate will be 7.53%.

18 Section 16 -- well, let me see. Yeah. The
19 next five slides we're going to discuss other matters
20 addressed in the agreement beginning with Section 16,
21 deferred taxes and equity ratio.

22 During the term of this agreement, PEF may
23 accelerate the amortization of a number of regulatory
24 assets. PEF will be permitted to make a specific
25 adjustment to its common equity balance. This is an

1 imputed equity ratio adjustment related to off balance
2 sheet obligations, principally purchase power
3 agreements.

4 While this equity ratio adjustment will be
5 recognized for surveillance reporting, it will not be
6 considered for purposes of determining if PEF is
7 entitled to a base rate change. In addition, the
8 parties agree that this adjustment will have no
9 precedential value going forward and will be phased out
10 at the end of the agreement.

11 Section 18 related to depreciation. PEF will
12 have the discretion to record a credit to depreciation
13 expense booked against the cost of removal regulatory
14 asset. Such reductions in depreciation expense will be
15 limited to the remaining balance in the cost of removal
16 reserve, and may not result in PEF exceeding an ROE of
17 11.5% or 11.7%, if applicable.

18 Continuing with depreciation. The cost of
19 removal reserve will be addressed in PEF's next base
20 rate proceeding or its depreciation study, whichever
21 comes first.

22 The filing date of PEF's next Depreciation
23 Study, Fossil Fuel Dismantlement Study, Nuclear
24 Decommissioning Study will be deferred until on or
25 before July 31, 2017.

1 Section 19 and 20. Consistent with terms
2 included in prior settlement agreements, the parties
3 will not seek a base rate reduction during the term of
4 this agreement unless PEF's ROE exceeds 11.5% or 11.7%,
5 if applicable. Similarly, PEF will not seek a base rate
6 increase during the term of this agreement unless its
7 ROE falls below 9.5% or 9.7%, if applicable.

8 Section 21, cost recovery and storm damage.
9 These terms are also consistent with provisions included
10 in prior settlement agreements. PEF is not precluded
11 from requesting recovery of costs typically recovered
12 through the various cost recovery clauses.

13 PEF is not precluded from requesting recovery
14 of storm damage costs resulting from named storms. PEF
15 may begin recovery of storm damage costs within 60 days
16 of filing its petition.

17 Storm costs will be recovered over a 12-month
18 period and will be subject to true-up. Storm costs will
19 be determined pursuant to the provisions of the
20 Commission's storm damage rule. In addition to storm
21 costs, PEF will be permitted to recover costs sufficient
22 to replenish its Storm Damage Reserve to the balance as
23 of the date of this agreement.

24 These last two slides show the estimated bill
25 impact for 2013 and 2014 respectively based on current

1 information. This slide shows the bill impact from 2012
2 to 2013 related to the provisions of this agreement
3 represent an increase of approximately \$4.93 on a 1,000
4 kWh basis.

5 This slide shows the estimated bill impact
6 from 2013 to 2014 based on provisions of the agreement.
7 It represents a decrease of 21 cents on a 1,000 kWh
8 basis. The rates shown on both of these last two slides
9 are subject to change due to possible storms, changes in
10 fuel prices, or other changes in costs recovered through
11 the various cost recovery clauses.

12 That concludes our presentation.

13 **CHAIRMAN BRISÉ:** Thank you very much.

14 Commissioners, any questions on the
15 presentation?

16 Commissioner Brown.

17 **COMMISSIONER BROWN:** Thank you, Mr. Chairman.

18 A question for staff regarding the Levy
19 Nuclear Plant. In the presentation and in the
20 settlement agreement, Section 3 and 6, it says that
21 costs incurred for pursuing the COL for the Levy Nuclear
22 Plant would continue to be addressed through the NCRC.
23 Does the settlement and stipulation agreement preclude
24 any of the Intervenor parties from protesting costs
25 associated with obtaining the COL?

1 **MR. MAUREY:** It's our understanding that the
2 signatories will not oppose the efforts to pursue the
3 COL. Now they can test the reasonableness of those
4 costs, but not the fact that they pursued those costs.

5 **COMMISSIONER BROWN:** Is that correct? Just
6 for the record, do the parties have anything to add to
7 that?

8 **MR. REHWINKEL:** I think, consistent with
9 paragraph 22, we, we would not take any action
10 inconsistent with this agreement that would preclude us
11 from challenging the Levy portion of the NCRC.

12 **COMMISSIONER BROWN:** Okay. May I continue
13 asking?

14 **CHAIRMAN BRISÉ:** Sure.

15 **COMMISSIONER BROWN:** Okay. I have a couple of
16 questions for Progress.

17 Under paragraph 3 of the settlement agreement,
18 again with the Levy, with regard to the Levy Nuclear
19 Plant, there is a sentence in there half, midway through
20 on page 3, paragraph 3. It says, "Any future PEF
21 actions concerning the LNP shall not be attributed to
22 this agreement or to the Intervenor parties' agreement
23 to the terms and conditions herein."

24 Does this mean that Progress is prohibited
25 from seeking LNP costs above those delineated in the

1 settlement agreement? I kind of didn't understand what
2 that sentence really referred -- meant.

3 **MR. GLENN:** In paragraph 3?

4 **COMMISSIONER BROWN:** Paragraph 3, beginning
5 with -- halfway through, "Any future PEF actions."

6 **MR. GLENN:** Yeah. I think what that was --
7 you want to address that, Charles, because I think
8 that's more of a provision that was requested by Public
9 Counsel's Office?

10 **MR. REHWINKEL:** I think the Intervenors,
11 Commissioner, wanted to make sure that whatever actions
12 that were taken in accordance with this paragraph here
13 would be management of Progress's decision and would not
14 be a determination that the parties requested that, that
15 action to be taken. So this says that management's
16 decision-making with respect to LNP is solely Progress's
17 decision-making.

18 **COMMISSIONER BROWN:** Okay. Thank you.

19 Two more questions?

20 **CHAIRMAN BRISÉ:** Let me sort of interject
21 here.

22 I think that this section really anticipated
23 questions to staff based upon their understanding of the
24 presentation based on the agreement. I think maybe
25 later on we could have an opportunity to --

1 **COMMISSIONER BROWN:** Okay.

2 **CHAIRMAN BRISÉ:** -- after public comment and
3 so forth, then we can probably get into the meat of the
4 actual stipulation.

5 **COMMISSIONER BROWN:** Okay.

6 **CHAIRMAN BRISÉ:** Hopefully that, that works.

7 **COMMISSIONER BROWN:** That'll -- that's great.

8 **CHAIRMAN BRISÉ:** All right. All right. If
9 there are any other questions, or no other questions on
10 the presentation as presented by staff, then we're ready
11 to move on to the next section.

12 All right. Thank you very much. At this time
13 I'm going to ask for all of those who are from the
14 public or from any of the parties who are going to
15 provide any sort of testimony, if you would stand at
16 this time, raise your right hand so we can swear you in.

17 (Witnesses collectively sworn.)

18 At this time we're going to ask the
19 signatories to the agreement to present evidence and
20 argument in support of the agreement and discuss staff's
21 presentation.

22 Progress, you can go first.

23 **MR. GLENN:** Thank you, Mr. Chairman.

24 The settlement agreement before you is fair,
25 just, and reasonable. It resolves significant issues

1 facing our customers and the company and is in the
2 public interest. The settlement agreement provides the
3 company, the parties, and the customers that they
4 represent certainty and benefits in what remains an
5 exceedingly difficult time in the Florida economy for
6 many individuals and businesses who have been severely
7 affected by the economic climate.

8 The agreement helps mitigate the impact of
9 energy prices by, among other things, refunding
10 \$288 million to customers between 2013 through 2016, and
11 potentially up to an additional \$100 million through
12 2016.

13 Removing the CR3 Nuclear Plant from rate base,
14 pending the potential repair of that plant, and limiting
15 the costs customers can be charged for the Levy Nuclear
16 Project, as a result, the agreement fairly and
17 reasonably balances the positions of the parties and
18 serves the best interests of the customers they
19 represent and the public interest in general.

20 Finally, approval of the agreement promotes
21 administrative efficiency and avoids the time and
22 expense associated with litigating the settled issues in
23 the various existing and continuing Commission dockets.
24 It's further consistent with the Commission's
25 long-standing practice and policy of encouraging parties

1 to settle proceedings whenever possible. So Progress
2 Energy Florida respectfully requests that the Commission
3 approve and grant our pending petition and the
4 settlement agreement in its entirety. Thank you.

5 **CHAIRMAN BRISÉ:** OPC.

6 **MR. REHWINKEL:** Thank you, Mr. Chairman and
7 Commissioners.

8 I'm going to take a bit of a different
9 approach. But, first of all, the Public Counsel, and I
10 believe the other ratepayer representatives here before
11 you, agree with Progress and the remarks of Mr. Glenn,
12 as you've just heard.

13 But we also feel it's important to explain the
14 scope of information upon which our decision to reach
15 settlement is based. The Public Counsel and the other
16 parties, FIPUG, Florida Retail Federation, PCS
17 Phosphate, jointly conducted discovery alongside your
18 staff. The Intervenor parties collaborated and pooled
19 resources and conducted an unprecedented amount of
20 discovery.

21 In the case that was pending, a hearing, in
22 other words, the delamination case in Docket 100437, the
23 parties took 4,400 pages of sworn deposition testimony
24 related to highly complex engineering matters. We
25 deposed 12 people, 11 engineers, and one expert

1 construction manager highly skilled in nuclear plant
2 repair and construction.

3 After spending months reviewing and digesting
4 hundreds of thousands of pages of documents, beginning
5 in Crystal River we took the following -- and I would
6 just ask your indulgence to go through this for purposes
7 of the record and the clients that we represent.

8 We spent two days deposing three engineers who
9 played key roles in planning and executing the steam
10 generator, or SGR, repair. These were one professional
11 engineer, an electrical engineer, and a civil engineer.

12 We spent two more days deposing the PEF
13 engineer supervisor, who is a civil engineer, and who
14 directly oversaw the design and civil engineering of the
15 SGR project.

16 We spent another day deposing the PEF engineer
17 supervisor, a civil engineer, who had overall
18 engineering supervisory responsibility for the SGR
19 project.

20 We spent another day deposing two in-house
21 third party reviewers, one civil engineer and another
22 civil engineer.

23 We spent a half a day deposing the veteran
24 construction manager who oversaw the containment
25 building cut. He was the only non-engineer that we

1 deposed.

2 We spent another full day deposing PEF's chief
3 nuclear officer and engineer, an electrical engineer who
4 was the senior Progress Energy executive who approved
5 and oversaw the SGR cut.

6 We then went to Chicago and we spent a day and
7 a half deposing the Sargent & Lundy engineer, a civil
8 engineer who was responsible for the engineering
9 calculations and supporting the construction of the
10 opening in the containment building.

11 We spent another half a day deposing the
12 Sargent & Lundy civil engineer, who was a concrete
13 expert. Finally, we spent a half a day deposing the S&L
14 managing engineer, a civil engineer.

15 We then returned to Crystal River, and we
16 spent three full days, 1,000 pages of deposition
17 testimony, deposing the CR3 station vice president, a
18 mechanical engineer and the designated company witness.
19 And we finished it off with two more full days deposing
20 PEF's chief engineer, a nuclear and mechanical engineer
21 in charge of the CR3 repairs and a designated company
22 witness.

23 These depositions were based on a thorough
24 review of hundreds of thousands of pages of documents
25 over a period of many, many months that were the product

1 of extensive discovery, and they were taken of
2 individuals who possessed a very sophisticated level of
3 experience and knowledge. In this regard, we also
4 served 86 interrogatories and 62 document requests that
5 yielded well over 1 million pages of documents, many
6 more electronically stored. As a result, we read and
7 reviewed hundreds of thousands of pages of documents.
8 But that wasn't where it ended.

9 The Public Counsel, in conjunction with the
10 other parties, also engaged and extensively consulted
11 with three engineering experts as a part of this effort.
12 These experts are the only independent construction
13 monitor currently monitoring the construction and budget
14 of a nuclear power plant construction project; a nuclear
15 engineer who oversaw the construction of a CR3 era
16 nuclear plant, including the containment structure; and,
17 finally, a world-renowned civil engineering expert and
18 professor of civil engineering at MIT with expertise in
19 nuclear containment systems, concrete materials, finite
20 element analysis, and nondestructive testing.

21 As a result, Commissioners, the Public Counsel
22 and other consumer parties have a thorough understanding
23 of the facts, circumstances, and engineering factors
24 related to the delamination and ongoing future repairs.

25 I took the time to explain the process that we

1 went through this, in this because this discovery formed
2 the core basis for the settlement in the only truly
3 pending docketed matter that was the subject of the
4 settlement. However, it is instructive to understand
5 the basis for the overall settlement because this
6 discovery was emblematic of PEF's, the company's
7 forthcoming unprecedented, unfettered, and extensive
8 provision of information that was necessary to resolve
9 the other issues related to Levy, to base rates, and the
10 CR3 uprate.

11 Upon our request, Progress informally provided
12 highly confidential information in briefings in
13 conjunction with all aspects of the settled issues,
14 including requested access to financial and other
15 confidential information relating to base rates.

16 In short, the company provided the parties
17 informal and unprecedented access to the financial and
18 ratemaking support information that we requested. The
19 totality of information made available to parties
20 provides the ratepayer representatives with a very high
21 degree of comfort that the overall settlement, including
22 the refund and settlement of the CR3 issues, and the
23 agreements related to the Levy Nuclear Project, as well
24 as the limited base rate increase compared to what we
25 know the company would have requested are all in the

1 best interests of our, of our clients and the customers.
2 For these reasons, we urge approval of the settlement.
3 Thank you.

4 **CHAIRMAN BRISÉ:** Thank you.
5 Mr. Wright.

6 **MR. WRIGHT:** Thank you, Mr. Chairman.

7 Good afternoon, Commissioners. Again, I'm
8 Scheff Wright, and I have the privilege to be here today
9 representing the Florida Retail Federation. For the
10 record and for the record of this hearing, I'll repeat
11 what you've heard before.

12 The Retail Federation is a statewide
13 organization with more than 9,000 members, from the
14 largest department, grocery, pharmacy chain stores to
15 literally thousands of mom and pop operations. Many
16 of our members are Progress Energy customers, and our
17 members depend on Progress providing safe, adequate,
18 reliable, and reasonably priced electric power to run
19 our businesses and to serve our customers.

20 Commissioners, we, the Florida Retail
21 Federation, join Progress Energy and the Public Counsel
22 and the other consumer parties to the settlement
23 agreement in supporting this comprehensive and unique
24 settlement agreement. And note that I stressed
25 comprehensive and unique. This solves a bunch of

1 issues, and it is a unique combination of circumstances.

2 It is unique in that it provides for the
3 largest refund in electric utility history that we know
4 of, somewhere between 288 million to 388 million to
5 consumers, depending on what happens with the
6 CR3 repairs. It resolves issues relating to the very
7 just profoundly unfortunate events at Crystal River 3.
8 And, as between Progress and all of the major consumer
9 parties who appear before you regularly, it resolves
10 many issues relating to the treatment of CR3 repair,
11 retirement, and costs going forward.

12 It resolves for -- the settlement agreement
13 resolves at least for the next five years the consumers'
14 profound issues relating to the Levy Nuclear Project in
15 a way that maintains long-term flexibility, getting the
16 COL, for Progress Energy to potentially add new nuclear
17 capacity to its system, but at the same time that avoids
18 the dramatic short-term and medium-term rate increases
19 that would have otherwise occurred had we not been able
20 to enter into this settlement agreement.

21 Finally, this agreement resolves what would
22 otherwise have been a vigorously contested general rate
23 case, with Progress asking for a bunch and us arguing
24 for a lot less than that.

25 The settlement agreement was extensively

1 discussed by the parties, reviewed, negotiated, and
2 vetted by all of these parties you see before you today
3 over a period of months. The way I look at it and the
4 way I characterize it, every party gave a little, but
5 every party will get a lot of value through this
6 settlement in terms of certainty and knowing where we
7 are going forward.

8 This is why the Florida Retail Federation, the
9 other consumer parties, and Progress have all signed and
10 support this settlement agreement. The results, the
11 terms and conditions, and the rates that will result
12 from this comprehensive settlement agreement are fair,
13 just, reasonable, and in the public interest.

14 The Florida Retail Federation joins the Public
15 Counsel, the other consumer parties, and Progress Energy
16 in respectfully urging you to approve the settlement
17 agreement. Thank you very much.

18 **CHAIRMAN BRISÉ:** Mr. Moyle.

19 **MR. MOYLE:** Thank you, Mr. Chairman.

20 You all heard a lot from me this morning in
21 another docket, and I'm going to take this opportunity
22 to be very brief and succinct and to the point and say
23 that we support the agreement. It's a good deal. I
24 think it took a whole lot of complex issues, and we
25 negotiated long and hard and in good faith. All of the

1 parties, I want to commend them for the attitude they
2 had at the table. And I think the settlement is a fair
3 one, and would commend that you approve it. Thank you.

4 **CHAIRMAN BRISÉ:** Thank you.

5 Mr. Brew.

6 **MR. BREW:** Thank you, Mr. Chairman.

7 Just to reiterate very quickly, all of the
8 parties, including PCS, were very aware that 2012 was
9 shaping up to be a very difficult and litigious year
10 involving CR3, a new base rate case, and what would be a
11 resurgent increase in Levy spending based on the
12 documents filed in last year's case.

13 No matter how you sliced it, there was
14 enormous uncertainty, and the probable impact for
15 consumers and businesses would be unacceptable in an
16 economic climate that is very unforgiving.

17 The Commission normally would be forced to
18 take up these matters seriatim in the various dockets
19 and issues as they came to you. And these are
20 circumstances that really compelled that the utility and
21 interested parties take a comprehensive and broader look
22 at these issues, and that's exactly to their credit that
23 Progress and Public Counsel brought the parties together
24 to discuss these.

25 Certainly from our perspective the agreement

1 is remarkably balanced, given its complexity and scope.
2 It leaves the decisions concerning the management of the
3 utility to Progress Energy, particularly relating to
4 CR3 in Levy, but it adopts several costs and risk
5 sharing approaches that likely we would never have
6 gotten to in litigation that safeguards consumer
7 interests. And so Progress -- PCS Phosphate strongly
8 supports the agreement as a comprehensive package.
9 Thank you.

10 **CHAIRMAN BRISÉ:** Thank you.

11 Staff.

12 **MS. BENNETT:** I believe Progress Energy has a
13 witness that it would like to present to talk about
14 staff's presentation at this time.

15 **CHAIRMAN BRISÉ:** Before we do that, I think
16 Commissioner Brown has an introduction.

17 **COMMISSIONER BROWN:** Thank you very much. And
18 although this is a very serious and important matter, I
19 wanted to take the opportunity to recognize some very
20 important people here in the audience.

21 In the back of the room we have some folks
22 from, college students from the University of South
23 Florida here to watch this very interesting hearing that
24 we have here today, and I just wanted to recognize them.
25 If you all can stand up, that would be great. Don't be

1 shy. Thank you for coming.

2 (Applause.)

3 Thank you, Mr. Chair.

4 **CHAIRMAN BRISÉ:** Thank you very much.

5 Progress.

6 **MR. GLENN:** I hope they speak favorably for
7 the settlement.

8 At this point, we would call Mr. Javier
9 Portuondo.

10 **JAVIER PORTUONDO**

11 was called as a witness and, having been duly sworn,
12 testified as follows:

13 **EXAMINATION**

14 **BY MR. GLENN:**

15 **Q** Good afternoon. Mr. Portuondo, could you
16 state your name and spell it for the record, please.

17 **A** It's Javier Portuondo, J-A-V-I-E-R, Portuondo,
18 P, as in Paul, O-R-T-U-O-N-D, as in David, O.

19 **Q** And what is your position with the company?

20 **A** I'm the director of regulatory planning for
21 both Progress Energy utilities.

22 **Q** And what is your responsibility in that role?

23 **A** My responsibilities in that role are to
24 monitor and react to any Commission proceeding in
25 Florida, North Carolina, and South Carolina; responsible

1 for planning and executing general rate cases for all
2 three jurisdictions, as well as addressing pass-through
3 clauses; and any other ratemaking matter before those
4 three jurisdictions.

5 Q And how long have you been employed by
6 Progress Energy Florida?

7 A I've been employed with Progress for 27 years.

8 Q And how many Florida Public Service Commission
9 dockets have you been involved in?

10 A Pretty much every docket since '92.

11 Q And how many rate cases would that have
12 involved?

13 A Four rate cases: '92, 2000, 2005, and 2009.

14 Q And you were here, weren't you, for the staff
15 presentation regarding this settlement agreement?

16 A Yes, I was.

17 Q And you've had an opportunity to review that
18 presentation?

19 A Yes, I have.

20 Q And has the staff accurately described the
21 settlement agreement in that presentation?

22 A Generally they did. The only item that I
23 would point to, just to add some clarity, would be to
24 Section 11. The third bullet down where it references
25 the regulatory asset will accrue AFUDC based on 70% of

1 the approved AFUDC rate, that's not exactly correct.
2 The 70% pertains to the cost of equity component
3 utilized in that rate. It will be at 70%, and all the
4 other components of the AFUDC rate would not change.

5 Q Okay. Now during this process the staff
6 issued two sets of data requests; is that correct?

7 A Yes, they did.

8 Q And in two of those requests the staff
9 discovered two typos. And just for the record, can we
10 correct those now on the settlement agreement so that
11 we're all on the same page?

12 And, Commission, we discussed these with the
13 parties, who I can represent agree to these changes.
14 The first would be on page 19 of the settlement, the
15 last line. I think it was accurately reflected in the
16 staff's presentation but not in the settlement
17 agreement. That "or" between the decommissioning study
18 should be an "and." Is that correct, Mr. Portuondo?

19 A Yes, it is.

20 Q Okay. And then if you go to Exhibit 5 of the
21 settlement agreement -- do you have that?

22 A Yes, I do. On that exhibit there's a footnote
23 at the bottom of the exhibit. Staff's thoroughness in
24 their review revealed that we had not updated the
25 paragraph number correctly. So instead of "paragraph

1 4," it should be "paragraph 5."

2 Q And with those, are there any other changes to
3 that document?

4 A No.

5 Q Okay. And is the settlement agreement fair,
6 just, and reasonable, and in the public interest?

7 A Yes, it is.

8 Q Thank you. We tender the witness for
9 cross-examination, if any.

10 CHAIRMAN BRISÉ: Mr. Rehwinkel?

11 MR. REHWINKEL: No questions.

12 CHAIRMAN BRISÉ: Mr. Wright?

13 MR. WRIGHT: No questions, Mr. Chairman.

14 Thank you.

15 CHAIRMAN BRISÉ: Mr. Moyle?

16 MR. MOYLE: No questions.

17 CHAIRMAN BRISÉ: Mr. Brew?

18 MR. BREW: No questions, Mr. Chairman.

19 CHAIRMAN BRISÉ: Staff?

20 MS. BENNETT: No questions.

21 MR. MAUREY: Staff agrees with the correction
22 that Mr. Portuondo made to the presentation.

23 CHAIRMAN BRISÉ: All right. Thank you.

24 Commission? All right. Seeing none, thank
25 you very much for your testimony.

1 **MR. PORTUONDO:** Thank you.

2 **MR. REHWINKEL:** Mr. Chairman, if I might state
3 for the record that the Public Counsel agrees with the
4 corrections that were made and attested to by
5 Mr. Portuondo, as well as the correction he made to the
6 staff description.

7 **CHAIRMAN BRISÉ:** Thank you very much.

8 At this time, we're going to move to public
9 participation. We thought that it made sense, since
10 this case was so important to so many people, that we
11 provide an opportunity for the public to express their
12 sentiment and their thoughts on this issue. We also
13 provided a work station for several weeks so that anyone
14 who wanted information that normally they would require
15 a public records request, that that information was
16 available here at the Commission through, through a work
17 station at no cost and without the additional burden of
18 going through the process of going through a public
19 records request. So I think that we have taken into
20 account the fact that this is a very important issue to
21 many people, so we wanted to make sure that we are as
22 transparent and as open as possible so that all those
23 who have an interest in participating have that
24 opportunity.

25 So with that, I'm going to ask our attorney,

1 Lisa Bennett, to walk us through the individuals who
2 have already been sworn in to provide public
3 participation or public testimony. Just know that you,
4 after you testify, you may receive some questions from
5 the Commissioners and maybe some of the parties as well.
6 Thank you very much.

7 **MS. BENNETT:** The first individual who's
8 requested to speak is George Cavros. He represents the
9 Southern Alliance for Clean Energy.

10 **CHAIRMAN BRISE:** Thank you very much.
11 Mr. Cavros, if you'd come forward.

12 And just so that everyone is clear, there is a
13 little light mechanism there that we have; it's a green
14 light, yellow light, and red light. The green light
15 means that, just as you're driving, you can keep on
16 talking. Yellow light, you might want to start thinking
17 about wrapping it up. And then when the red light comes
18 on, it's time for you to stop. And if it's blinking,
19 you should have sat down already. All right?

20 So with that, Mr. Cavros, thank you very much.
21 You may proceed.

22 **GEORGE CAVROS**
23 was called as a witness and, having been duly sworn,
24 testified as follows:

25 **DIRECT STATEMENT**

1 **MR. CAVROS:** Okay. Commissioners, George
2 Cavros on behalf of Southern Alliance for Clean Energy.

3 On July 14th, 2011, SACE was granted party
4 status in Docket 100437. And while the parties were in
5 the discovery phase of the docket, PEF obviously reached
6 a stipulation and settlement agreement with the Office
7 of Public Counsel, FIPUG, the Florida Retail Federation,
8 PCS-White Springs, and FEA. Now SACE respects the fact
9 that the non-PEF parties believe that this is an
10 agreement that strikes a balance and perhaps a better
11 deal than they could have gotten for their constituents
12 if the various dockets had run their course before the
13 Commission.

14 PEF also provided an opportunity for SACE to
15 sign on to the final or near final version of the
16 agreement, but SACE declined to, to sign on, and here's
17 why.

18 As it relates to CR3, the agreement provides
19 an incentive to repair the critically damaged
20 CR3 nuclear unit because if repair doesn't commence by
21 the end of the year, the company will be responsible for
22 more fuel and replacement power purchase cost refunds to
23 customers. Additionally, the parties could challenge
24 the decision if the repair does not commence by year's
25 end.

1 You know, the question is is it a good idea to
2 rush a decision in favor of repairing a critically
3 damaged nuclear reactor containment building that has
4 suffered three significant delaminations in October of
5 2009, March 2011, and also the summer of 2011? We think
6 not.

7 And here's why the Commission should be
8 concerned about the structure of the agreement as it
9 relates to CR3. First, the agreement takes the
10 Commission out of the picture as an oversight body, and
11 we feel that that's bad public policy. We feel that the
12 public and the Commission need to be involved and be
13 kept up-to-date on the progress of the repair. The
14 insurer, NEIL, has paid out 298 million, but has stopped
15 making payments last year. So, you know, shouldn't the
16 Commission and PEF customers know how much NEIL is
17 willing to pay, if anything, towards repair costs of
18 CR3 before the company commences construction? Without
19 that knowledge, no one sitting here today can tell the
20 PEF customers what repairing CR3 will actually cost
21 them.

22 PEF also has not made a decision on whether to
23 self-manage the repair of the CR3 unit. That means they
24 might actually self-manage this repair. And you might
25 recall what happened the last time the company chose to

1 self-manage a construction project at the, at CR3. It
2 botched the job pretty badly.

3 Also, Progress continues to analyze costs and
4 engineering options for the repair of CR3 as we stand
5 here today, and they're not expecting those to be
6 completed for at least a couple of months, according to
7 Progress and -- Progress president and CEO Bill Johnson,
8 yet the company is being incited to commence
9 construction by the end of the year. And that's a very
10 ambitious deadline fraught with all kinds of
11 repercussions for PEF customers, and this agreement
12 could lead to throwing a lot of good customer money
13 after bad.

14 Also, the company offers a 30-month time
15 repair estimate, at the same time acknowledging that
16 this is not the worst-case scenario. So what if the
17 repair takes 70 months instead of, instead of 30 months?
18 How much more will that cost customers and how does that
19 change the cost benefit analysis between repairing and
20 retiring the unit?

21 And the repair of CR3 has been projected to
22 cost over \$1 billion. And if it is repaired and comes
23 online by 2016, it will have been out of service for
24 seven years. Commissioners, nuclear power has been
25 billed as cheap and reliable power, but certainly in

1 this case it is neither. And while the agreement
2 provides a replacement power cost refund over three
3 years of 288 million to PEF customers due to the
4 CR3 outage, it comes packaged with a base rate increase
5 of 150 million. But, more importantly, it precludes the
6 parties from challenging up to 1.9 billion, with a B,
7 fuel and replacement power costs from 2009 to 2016. And
8 we hope that the company and the Commission will
9 consider ramping up energy efficiency efforts as a
10 low-cost way to reduce those fuel and replacement power
11 costs the customers will have to bear.

12 And lastly, as it relates to the Levy
13 component of, Levy component of the agreement, the
14 agreement allows the company to recover another
15 350,000,000 from customers for the purchase of -- for
16 the pursuance, rather, of the combined operating
17 license. We believe this is wrong on several fronts.

18 First, Progress Energy hasn't committed to
19 actually building a plant. Having customers paying for
20 the company to maintain the option at a later date to
21 build a plant is unfair to customers and it runs counter
22 to the Commission's intent to build standard.

23 Also, the additional 350 million that will be
24 recovered from customers will not be subject to a
25 prudency review. And, you know, we have no idea,

1 outside of what PEF says, where that number came from
2 and what it's paying for. Is it paying for the COL or
3 is it paying for cancellations related to the EPC?

4 And it's also clear that the project is in
5 trouble. It's been repeatedly delayed and its projected
6 cost is spiking. It's now estimated to cost 22.5
7 billion, and the plant isn't expected to come online for
8 at least another decade.

9 So it's clear that PEF is strategically
10 retreating from its commitment to build the Levy nuclear
11 unit. And PEF's retreat -- on a larger scale, PEF's
12 retreat of the, on the Levy Nuclear Project is an
13 indication that the so-called nuclear renaissance has
14 finally hit economic reality.

15 For all the above reasons, SACE opposes the
16 agreement that's on the table. I thank you for your
17 time.

18 **CHAIRMAN BRISÉ:** Thank you. Commissioners,
19 any questions?

20 All right. Intervenors, any questions?
21 Staff?

22 **MS. BENNETT:** Staff has no questions.

23 **CHAIRMAN BRISÉ:** Thank you very much. If you
24 would call the next witness.

25 **MS. BENNETT:** Mary Wilkerson is next, followed

1 by Susan Glickman, and then Olivia Williams.

2 **CHAIRMAN BRISÉ:** Okay. Just so that you
3 budget the time, you have three minutes. Okay?

4 **MARY WILKERSON**

5 was called as a witness and, having been duly sworn,
6 testified as follows:

7 **DIRECT STATEMENT**

8 **MS. WILKERSON:** I'm in fear of the red light,
9 so I'm going to cover it up.

10 **CHAIRMAN BRISÉ:** All right.

11 **MS. WILKERSON:** My name is Mary Wilkerson.
12 For 24 years my husband, Lee, and I have owned and
13 managed Beachfront Vacation Rentals in Indian Rocks
14 Beach. I'm also the former past president of the Gulf
15 Beaches Chamber of Commerce. It's a three-generation
16 business that we have, including my parents and now my
17 daughter, who just graduated from hospitality school. I
18 pay 16 electric bills each month, and that amounts to
19 tens of thousands of dollars a year in electricity
20 bills.

21 I appreciate the opportunity to comment on
22 this settlement plan. And please understand that as a
23 small business person, I'm incredibly frustrated by a
24 number of things that have been said.

25 First, the bungled, in my opinion,

1 self-managed repair job on the Crystal River nuclear
2 reactor could eventually cost Florida Progress or
3 Progress Energy ratepayers over \$2 billion. That is
4 money that's coming directly out of Florida's slowly
5 recovering economy.

6 Going forward, do we really trust Progress
7 Energy to make the right decision to repair or retire
8 this reactor? Shouldn't you, the PSC, be determining
9 what's best for us? If I'm to understand, and I've
10 listened and I've read a lot, but if I understand that
11 according to this agreement the PSC will not consider
12 whether it's prudent to repair or decommission the
13 reactor.

14 From what I have read, the agreement states
15 that you will not question the repair decision. If it's
16 started before the end of the year, where is the
17 oversight? And this is just from looking at it from the
18 outside. I'm certainly not on the inside. I'm not on
19 the panel. Obviously I'm not up there. Where's the,
20 where's the oversight? Are you going to allow Progress
21 Energy to self-manage the next repair too? A little
22 frightening, again, from the outside.

23 On the ongoing early cost recovery for the
24 proposed Levy reactors, why do current customers have to
25 pay anything for the option if they may or may not

1 build? Has Progress Energy fully committed to even
2 building the units? I've read that the agreement allows
3 to, them to recover 1.1 billion they've spent on the
4 development of planning of the nuclear project. If they
5 don't build it, do I get a refund? It just, again,
6 doesn't make a lot of sense.

7 Furthermore, it just seems like everybody is
8 in on the deal except for the little guy, except for the
9 small businesses. I constantly read about advances in
10 energy efficiency and renewable energy that are bringing
11 costs down. If I am to give you and the Florida
12 Legislature the benefit of the doubt, maybe we needed
13 the nuclear plants when the economy was more robust and
14 booming, but now with the cost of nuclear going up and
15 renewables going down -- oops -- shouldn't we be
16 doubling our efforts to allow for a distributed
17 generation and truly prudent investments and serious
18 energy efficiency?

19 I understand that you just threw out the
20 conservation goals of Progress Energy and that they
21 submitted a particularly costly program ignoring the
22 least expensive measures. I mean, go figure. You're
23 okay with the super expensive nukes, but then if we look
24 at solid, you know, investments and energy efficiency --
25 I realize they enjoy a monopoly that rewards them with a

1 guaranteed rate of return, but when they build power
2 plants, I'm just not sure it's in the best of our
3 interest.

4 Lastly, small businesses are the heart of
5 Florida's economy and they create most of the nation's
6 net jobs. That said, it's more than a little unsettling
7 to realize that they are not specifically mentioned in
8 the settlement agreement and, as far as I can tell, do
9 not have the same stated abilities to petition the
10 Commission to amend their base rates, my base rates
11 during this agreement.

12 So my question to you is who's looking out for
13 me, the small business owner? And who doesn't have
14 millions of dollars -- obviously I don't -- to pay for
15 lobbyists, attorneys, and other various deal makers?
16 Just asking, just saying, so as quick as I could read.
17 Man.

18 **CHAIRMAN BRISÉ:** Thank you.

19 **MS. WILKERSON:** Thank you very much, and I do
20 appreciate the opportunity.

21 **CHAIRMAN BRISÉ:** Any questions or comments
22 from Commissioners?

23 **MS. WILKERSON:** Questions? No?

24 **CHAIRMAN BRISÉ:** Thank you very much.

25 **MS. WILKERSON:** Okay. Thanks.

1 **MS. BENNETT:** Susan Glickman, and then Olivia
2 Williams, and then Jessica Blackband.

3 **SUSAN GLICKMAN**

4 was called as a witness and, having been duly sworn,
5 testified as follows:

6 **DIRECT STATEMENT**

7 **MS. GLICKMAN:** Good afternoon, Commissioners.
8 I'm Susan Glickman. I work today, as you probably know,
9 with a number of NGOs, Southern Alliance for Clean
10 Energy, Natural Resources Defense Council. But really
11 I'm here today -- you already heard from my colleague,
12 George Cavros -- as a Progress Energy customer. I'm a
13 ratepayer. I pay two Progress Energy bills, one at my
14 home and one at a small rental property that I own where
15 seven people live. I'm concerned, as you know, with the
16 larger issues of energy and energy policy, but I'm also
17 concerned whether those individuals can afford to
18 continue to live in our community as their bills
19 continue to go up and paying each month for a nuclear
20 power plant in this case that doesn't appear that it's
21 going to be getting built.

22 I heard Andrew Maurey say something to the
23 effect of this settlement is revenue neutral to Progress
24 Energy, but it's not revenue neutral to me and it's not
25 revenue neutral to those folks where \$50 a month or

1 \$10 a month is a lot. And I know the question is
2 whether this is fair and just, as Mr. Glenn said, for
3 Progress Energy, but we want to talk about what's fair
4 and just for the customers. So we're going to refund
5 the two -- I'm sorry. Did you tell me I had two
6 minutes?

7 **CHAIRMAN BRISÉ:** You have three minutes. Now
8 you're midway through.

9 **MS. GLICKMAN:** Three minutes. Okay. That's
10 the quickest minute and a half I've ever had.

11 So let's review the end result here. So what
12 is happening is this issue over the repair of the
13 Crystal River plant is going to be now taken out of the
14 public eye. And I understand there was an enormous
15 amount of pressure over what happened there. You have a
16 steam generator, and that particular procedure done in
17 34 other places was done by one of two companies, and
18 Progress Energy decided to take that repair in-house.
19 And so we went from a \$14 million savings to a \$2.5
20 billion or perhaps even \$3 billion problem. And then we
21 go to the other side of the agreement, which is about
22 the new nuclear and the early cost recovery.

23 So in 2006, and I was very involved at the
24 time in that process, the Florida Legislature decided to
25 allow the investor-owned utilities to begin to charge --

1 you want to call it early cost recovery or pay as you
2 go -- for, first, new nuclear and then new transmission
3 lines. And in 2008, the Public Service Commission gave
4 approval for these plants. So the NGOs that I worked
5 with were here arguing that we didn't need that new
6 expensive power, that we could meet that need with less
7 expensive energy efficiency. But at the time,
8 unfortunately, the PSC didn't see the wisdom of that and
9 preferred instead a business-as-usual approach.

10 So I think that really what this settlement
11 says to me and to people who are looking in is that it's
12 time for a different approach. As Ms. Wilkerson talked
13 about, you're talking about taking \$3 or \$4 billion out
14 of the Florida economy for this repair and also for the
15 new nukes. That is a huge amount of money coming out of
16 the Progress Energy territory. And it seems -- but, of
17 course, Progress Energy, you know, will continue to be
18 revenue neutral for that.

19 The fact of the matter is investor-owned
20 utilities are incentivized to build power plants that we
21 may or may not need because they get a guaranteed rate
22 of return. It is time to look at the fundamental
23 structure and let's incentivize these utilities to help
24 people use less energy. It would be a terrific thing
25 for them to make money doing that. But the path that

1 we've gone down is what's brought us here today, and,
2 frankly, for Progress Energy customers, it's a mess.
3 I'm happy to answer any questions.

4 **CHAIRMAN BRISÉ:** Thank you. Thank you.

5 All right. Seeing no questions or comments,
6 thank you very much for your testimony.

7 **MS. BENNETT:** Olivia Williams, then Jessica
8 Blackband, and then Collette Le Bienvenu.

9 **OLIVIA WILLIAMS**

10 was called as a witness and, having been duly sworn,
11 testified as follows:

12 **DIRECT STATEMENT**

13 **MS. WILLIAMS:** Hi. I'm Olivia Williams
14 appearing on behalf the Environmental Service Program at
15 FSU and the wider student network of Florida YES.
16 Thanks for hearing our questions today. We appreciate
17 this opportunity.

18 I'm mostly concerned about the part of the
19 agreement which says that the decision to repair the
20 plant rests solely on PEF's management. I'm not sure
21 that this is really in the public's interest since the
22 last three times repairs were attempted, PEF made
23 mistakes resulting in the cracks in the plant. PEF
24 still has not decided if it would self-manage the repair
25 as it did when those mistakes were made.

1 So in a normal business situation, these costs
2 would be covered by the company, but here we see those
3 mistakes mostly covered by the cost recovery. So it's
4 not really fair that there would be no oversight of this
5 decision by the PSC or customers paying for it. Why
6 should we trust PEF to make this decision if so much of
7 the costs are covered directly by their customers?

8 Since the repairs of the critically damaged
9 unit will no doubt be costly, shouldn't PSC determine if
10 it would be better for customers to retire the unit than
11 to repair it? I'm just confused about how this waiver
12 of rights -- the PSC got into this agreement and how it
13 was still considered fair, just, and reasonable in the
14 public interest. So thank you.

15 **CHAIRMAN BRISÉ:** Thank you very much. Thank
16 you.

17 **MS. BENNETT:** Next would be Jessica Blackband,
18 followed by Collette Le Bienvenu, and then Gladys
19 Nobriga.

20 **JESSICA BLACKBAND**
21 was called as a witness and, having been duly sworn,
22 testified as follows:

23 **DIRECT STATEMENT**

24 **MS. BLACKBAND:** Good afternoon. My name is
25 Jessica Blackband, and I'm with FSU's Environmental

1 Service Program. And I thank you very much for allowing
2 the public to come and speak today.

3 Although I'm glad that Progress Energy's
4 ratepayers will be refunded, I must question why
5 Progress Energy can continue to charge its customers for
6 speculative nuclear power plants without proving the
7 need for such plants to the Public Service Commission.
8 Without nuclear cost recovery itself, it is not likely
9 that any utility would invest in such financially risky
10 projects as the Crystal River and Levy County Nuclear
11 Plants.

12 Scientists propose that nuclear cost recovery
13 is the leading force behind Progress Energy and Florida
14 Power & Light's willingness to pursue nuclear power.
15 Why isn't Florida investing in energy efficiency and
16 truly clean energy alternatives such as solar power
17 instead? Thank you.

18 **CHAIRMAN BRISÉ:** Thank you.

19 **MS. BENNETT:** Next will be Collette Le
20 Bienvenu, I believe, and then Gladys Nobriga and Mandy
21 Hancock.

22 **COLLETTE LE BIENVENU**
23 was called as a witness and, having been duly sworn,
24 testified as follows:

25 **DIRECT STATEMENT**

1 **MS. LE BIENVENU:** Good afternoon. My name is
2 Collette Le Bienvenu. You did a really good job
3 pronouncing my name actually. I'm a member also of the
4 Environmental Service Program, which is a recognized
5 student organization at the Florida State University

6 My question is directed to Progress. Your
7 insurance company, NEIL, has committed to reimburse a
8 certain amount of the repair costs for the CR3 reactor,
9 and the rest of the repair costs would be covered by
10 customers. So -- sorry -- if insurance coverage were to
11 increase in the future for whatever reason, I'm
12 wondering if customers would expect to receive a refund
13 for the money that they have paid or if the rates would
14 go down? That's my question.

15 **CHAIRMAN BRISÉ:** Thank you very much.

16 **MS. BENNETT:** And Progress has been taking
17 notes and will be able to answer some of these questions
18 at the appropriate time.

19 Gladys Nobriga, Mandy Hancock, and then Emily
20 Casey.

21 **GLADYS NOBRIGA**

22 was called as a witness and, having been duly sworn,
23 testified as follows:

24 **DIRECT STATEMENT**

25 **MS. NOBRIGA:** Hi. I wanted to say thank you

1 again for allowing comments from such impactful issues.
2 I feel that transparency is of utmost importance when it
3 comes to dealing with customers' monies. Customers
4 should not have to bear the risks of an unbuilt plant.
5 We've seen the price exponentially increase from 2006,
6 as well as the production date. And customers in
7 Florida should have security like renewable energy
8 instead of insecurity.

9 I also wanted to mention that from Progress
10 Energy, he said it was fairly and reasonable --
11 favors -- fairly and reasonably favors public interest.
12 But how is that justified if there are no other entities
13 or companies looking over them?

14 And also from the Retail Federation, he
15 mentioned that it would be the largest refund, which is
16 great, I like that you guys are giving refund to the
17 customers, but it's also the largest damage costs since
18 Three Mile Island; 2.5 to 2.9 billion in initial damage
19 costs. And how do we know that this won't increase even
20 further? Thank you.

21 **CHAIRMAN BRISÉ:** Thank you very much.

22 **MS. BENNETT:** Mandy Hancock, Emily Casey,
23 Barbara Seling.

24 **MANDY HANCOCK**

25 was called as a witness and, having been duly sworn,

1 testified as follows:

2 **DIRECT STATEMENT**

3 **MS. HANCOCK:** Thank you. My name is Mandy
4 Hancock. I'm also with the Southern Alliance for Clean
5 Energy. I won't reiterate the things that my colleagues
6 have said, although I do echo their concerns and share
7 them.

8 I am also in favor of the \$288 million refund,
9 and I -- but I do have some reservations, just as my
10 colleagues do. I do appreciate the opportunity to speak
11 today. I would like to say that I have been coming to
12 this very room since 2009 in regards to nuclear cost
13 recovery issues, and this is the first time that I've
14 been able to address the Commission. I do appreciate
15 that.

16 So I have spoken with concerned citizens all
17 around the State of Florida throughout especially this
18 past week as they're asking questions and wanting to
19 know more information about the settlement. The main
20 concern that I hear reiterated over and over again is
21 how can Progress Energy pay their way out of answering
22 questions about the botched job at Crystal River? And
23 that is the public's perceived view of what's happening
24 here.

25 The next question that often comes up is how

1 can we trust Progress Energy with two new nuclear
2 reactors when they've made such egregious mistakes with
3 the one that exists? And we've seen extensive coverage
4 on how Progress Energy's own internal decision-making
5 process has led to these mistakes, as well as them
6 ignoring their outside contractors' recommendations as
7 to how to proceed with the repairs at Crystal River.

8 That's primarily it. I just wanted to stand
9 here and give some comment based from the customers that
10 I've talked with across the state that aren't able to
11 make it all the way to Tallahassee, but they are
12 watching on video today. So thank you for your time.

13 **CHAIRMAN BRISÉ:** Thank you very much.

14 Commissioner Brown.

15 **COMMISSIONER BROWN:** Thank you. And if this
16 is an appropriate time, now the University of South
17 Florida students are standing right in the corner. They
18 have blessed us with their presence today to listen in
19 on our hearing, and we are at the public hearing
20 juncture. And thank you all for coming, and appreciate
21 it.

22 **CHAIRMAN BRISÉ:** Ms. Hancock, if you could
23 come forward. I think Commissioner Edgar has a question
24 for you.

25 **COMMISSIONER EDGAR:** Thank you, and thank you,

1 Mr. Chairman. I just -- I listened closely to your
2 comments, but I did not catch who you said you were
3 representing. Are you representing another organization
4 or alliance and --

5 **MS. HANCOCK:** I'm with Southern Alliance for
6 Clean Energy as well, as Susan Glickman and George
7 Cavros are.

8 **COMMISSIONER EDGAR:** Thank you.

9 **MS. HANCOCK:** Thank you.

10 **MS. BENNETT:** Emily Casey, followed by Barbara
11 Seling, and then Mark Klutho.

12 **EMILY CASEY**

13 was called as a witness and, having been duly sworn,
14 testified as follows:

15 **DIRECT STATEMENT**

16 **MS. CASEY:** Hello. My name is Emily Casey. I
17 do thank you for the privilege of being here today. It
18 is one of the first times that we, as just normal
19 citizens, have had the opportunity to be in front of
20 you. I do not represent any one particular group. I
21 just represent a group of concerned citizens from Citrus
22 and Levy County. I have just a few things to say
23 without trying to reiterate what has already been said.

24 We do like the sound of the summary agreement
25 on the surface. It does sound good. It sounds like

1 we'll get some money back. And I thank you all for
2 putting the time and the energy and the research into
3 this. But where were the people? Where were we? We
4 don't know. We've never had a say-so into this matter.

5 To make it really brief, the summary may
6 reduce the rate of the nuclear cost recovery for a few
7 years. But, as I said, as a representative of many
8 concerned citizens in Citrus and Levy County, we
9 should -- we feel that they should never have been
10 allowed to collect any money from us in the first place.
11 Allowing this nuclear cost recovery to continue is not
12 fair and just and in the public interest. We're opposed
13 to that section in its totality, and recommend that any
14 nuclear recovery costs be removed and ultimately be
15 repealed from the law.

16 The second thing is that it seems to us that
17 the public will be left out of any decision, and also
18 the Commissioners will be left in the dark as to what
19 will be really happening to CR3. And it seems as if in
20 the summary you're willing to take as a payoff for the
21 public in small increments to not have anything
22 explained to us as far as what's going on with CR3.
23 We're going to pay for that in more ways than monetary
24 ways. What's going to happen with the water, what's
25 going to happen with our health, and ultimately the

1 environment? We won't know.

2 And I didn't have any other thing to really
3 say here except for a reference that was made earlier
4 about paragraph three, and there was some discussion
5 about that. And both -- one of the gentlemen with the
6 PSC and a gentleman over there said, "I think that this
7 is what's going to happen." And I feel real
8 uncomfortable with that. And it was made mention that
9 after public comment, we can get to the meat of the
10 matter and what this means. Why should we not be
11 allowed to understand exactly what that means? So with
12 that, I thank you all for letting us be here and finally
13 having a voice in this matter. Thank you.

14 **CHAIRMAN BRISÉ:** Thank you.

15 **MS. BENNETT:** Barbara Seling, and then Mark
16 Klutho.

17 **BARBARA SELING**

18 was called as a witness and, having been duly sworn,
19 testified as follows:

20 **DIRECT STATEMENT**

21 **MS. SELING:** And you did good on my name, too.

22 Well, first thing, I'd like to say that it
23 shows how important the public comment is because the
24 cameras are packing up and leaving. So that speaks a
25 lot to me.

1 I'm just kind of speaking off the cuff here.
2 I don't understand why when you have a monopoly like an
3 electric company, which is what it is, they would -- you
4 would want less regulation instead of more. We don't
5 get to choose our electric company, so it seems they
6 should have a lot of oversight. I don't understand how
7 you can repair the nuclear power plant, because the, if
8 I understand correctly, the, the storage facility that
9 needs to be replaced, not repaired -- because I learned
10 at a different meeting that it is supposed to be a
11 monolith, so I don't understand how you can cut a hole
12 in something and then repair it, if by federal
13 regulation it's supposed to be a monolith. I may be
14 wrong about that. But if it's true, why don't they say
15 what it is, and that's not a repair?

16 And since I don't like corporations, I wish I
17 could have worn my T-shirt that says, "If crime doesn't
18 pay, why do corporations have so much money?" But
19 nobody seems to care about the little people anyway, and
20 I'm hoping that this is a different Public Service
21 Commission.

22 **CHAIRMAN BRISÉ:** Thank you very much.

23 I don't know if there's any questions or
24 comments from the Commission. All right.

25 **MS. BENNETT:** The last speaker who has signed

1 up is Mark Klutho.

2 **MARK KLUTHO**

3 was called as a witness and, having been duly sworn,
4 testified as follows:

5 **DIRECT STATEMENT**

6 **MR. KLUTHO:** Mark Klutho, 14496 120th Avenue
7 North, Largo.

8 I come from a unique perspective. Here's my
9 Form DA-3180. It tells you I was on a nuclear weapons
10 assembly team when I was in the Army. And here's the
11 editorial from the *New York Times* 2-16-12, "After
12 Yucca." And it says we need this interim waste disposal
13 for the highly radioactive fuel rods that are going to
14 be radioactive for hundreds of thousands of years.
15 Well, this plant will mean that pile is even bigger if
16 it's allowed to continue.

17 And never have I seen a concrete wall 42
18 inches thick with just one layer of rebar. Something's
19 wrong there with that picture. Something's wrong.

20 And I call here and I get a recording and you
21 talk about conservation. Now here, last summer, the
22 NRC, they had a hearing. And what they say, "Energy
23 conservation, energy efficiency, though often used
24 interchangeably, energy conservation and energy
25 efficiency are different concepts. Energy efficiency

1 typically means deriving a similar level of service by
2 using less energy, while energy conservation simply
3 indicates a reduction in energy conservation." You
4 people don't even know what these words mean.

5 Now the stupid morons from the NRC, and I
6 probably could have quizzed more of them, but these
7 idiots that say we need nuclear didn't know that a
8 10-gauge wire was bigger than a 12-gauge wire, but yet
9 they say we need nuclear. And this guy over here with
10 all his expert testimony from the engineers -- well,
11 Amory Lovins, who helped lead the retrofit of the White
12 House, the Pentagon, and in here you can read about the
13 retrofit of America's favorite skyscraper, the White --
14 the Empire State Building, to make it more than
15 one-third more energy efficient, says the engineers need
16 to be reeducated.

17 And I was here before and said, "Look at the
18 dumb lighting system in here. Look at the dumb lighting
19 system." And if you had imaging specular reflectors,
20 half of the bulbs leave and you still have the same
21 lighting. You don't see three bulbs here. One bulb,
22 imaging specular reflectors.

23 Now my point is this is illegitimate. This is
24 a fraud. And if we look here, you use the word
25 "prudent" all the time.

1 **CHAIRMAN BRISÉ:** Sir, if you could begin to
2 wrap it up in five seconds.

3 **MR. KLUTHO:** I will very quickly, very
4 quickly. Prudent. Do you know what I find in my
5 thesaurus here? It says, "Wise." Now what's happening
6 here is nothing that resembles being wise, nothing.

7 What Amory Lovins says in *Climate Making*
8 *Sense, Making Money*, in a typical building lighting
9 circuit, if you went from code, 12 -- 10-gauge --
10 12-gauge to this 10-gauge wire, you would get a 193%
11 annual return on your, on your investment because the
12 electrons flow more freely. No nuclear.

13 **CHAIRMAN BRISÉ:** Thank you.

14 **MR. KLUTHO:** You people are imbeciles.

15 **CHAIRMAN BRISÉ:** Thank you very much, sir.

16 I don't know if there's any comments or
17 questions from the Commission.

18 Thank you very much. Is there any more
19 testimony?

20 **MS. BENNETT:** No. There have not been any
21 others sign up to speak.

22 **CHAIRMAN BRISÉ:** All right. Thank you very
23 much. At this time, we will provide for the parties to
24 respond to any of the issues that were brought up by the
25 public. So we will begin with, with Progress.

1 **MR. GLENN:** Just one point. There seemed to
2 be a theme of some of the speakers that there will be a
3 lack of oversight by this Commission, and nothing,
4 nothing could be further from the truth in this
5 settlement agreement.

6 We are resolving specific issues related to
7 Phase 1 of the 437 docket. Phase 2, which is the
8 decision to repair or retire, will be before this
9 Commission with the oversight and whether or not we are
10 prudent in repairing the plant.

11 In addition, we will be before this Commission
12 in Phase 3 of the docket, which is the meat, which is
13 the execution of any repairs, which will be a year's
14 long process. So that is significant oversight by this
15 Commission looking over our shoulder and determining
16 were we prudent in managing the outage, in implementing
17 and executing and repairing the, the plant.

18 So to the extent that there is some
19 misunderstanding that there is no oversight, nothing
20 could be further from the truth. Thank you.

21 **CHAIRMAN BRISÉ:** Mr. Rehwinkel.

22 **MR. REHWINKEL:** Thank you, Mr. Chairman.

23 In my opening remarks, and this goes to the
24 same point, in my opening remarks I mentioned three
25 engineering experts that the Public Counsel has

1 retained, and we retained these experts to testify in
2 100437. We've settled that matter. Their focus now
3 will be to assist the Public Counsel on behalf of the
4 customers and the other ratepayer representatives here
5 in participation in the quarterly meeting process.

6 These, these individuals are probably the
7 foremost experts in this area that are available to the
8 Public Counsel's office in the world, and they will be
9 working on behalf of the customers to provide whatever
10 input that we provide to the board. Certainly the
11 decisions that are provided -- decision-making points
12 that are provided for in the, in the stipulation are all
13 subject to being brought before this Commission. And we
14 believe that in addition to that process and the, the
15 fact that your staff will be kept apprised of what's
16 going on will give more than adequate oversight over a
17 situation that has never before occurred in the world,
18 and we are, we are on the cutting edge of making this
19 work. And so the decision-making process will be before
20 the Commission. Thank you.

21 **CHAIRMAN BRISÉ:** Thank you.

22 Mr. Wright, if you have any comments.

23 **MR. WRIGHT:** Thank you, Mr. Chairman. I, I
24 specifically agree with what both Mr. Glenn and
25 Mr. Rehwinkel said. I don't have anything to add.

1 Thanks.

2 **CHAIRMAN BRISÉ:** Okay. Mr. Brew.

3 **MR. BREW:** Just one, Mr. Chairman. With
4 respect to, to Levy and overall rate impacts, the
5 Commission is well aware that PCS has been actively
6 involved in the Levy docket since the need determination
7 in 2008 where we've consistently expressed the concern
8 about overall rate impacts. And there's been some focus
9 in the comments on the advantageous nature of the
10 CR3 related fuel refund. But I would point you to the,
11 the Levy provisions with respect to confining the rate
12 impacts through 2018 compared to what you see in the
13 company's filing from last year's NCRC, specifically
14 Schedule TOR-3, where the benefits of the settlement
15 agreement relative to the expected rate impacts are
16 truly stunning. Thank you.

17 **CHAIRMAN BRISÉ:** Thank you.

18 Staff, I don't know if you have any comments
19 that you all have to make.

20 **MS. BENNETT:** Staff didn't have any additional
21 comments.

22 **CHAIRMAN BRISÉ:** All right. At this time
23 we're coming to the Commission board to begin our
24 process of questions to the signatories. Just so that
25 everyone is aware, we will begin the process today, and

1 we will have an opportunity to continue the process on
2 Wednesday, if, if necessary, with, with questions. So I
3 see a light, so I'm going to ask Commissioner Balbis to
4 go ahead.

5 **COMMISSIONER BALBIS:** Thank you, Mr. Chairman.
6 Before we get into the Commissioner questions portion of
7 it, I'd like to have the Intervenors explain to the
8 public -- there seemed to be another theme with those
9 that spoke that they're not represented. So if I may,
10 could I have, you know, starting with the Office of
11 Public Counsel, you know, a clear explanation as to who
12 the Public Counsel represents, and then go on down the
13 line so that the public does know who is represented
14 here.

15 **MR. REHWINKEL:** Thank you, Commissioner, for
16 that opportunity. I think you pointed out probably an
17 oversight in my response to the public's remarks because
18 I wanted to focus on that specific issue. But, yes, the
19 Office of Public Counsel is the statutory representative
20 of the customers. This office was established in 1974.
21 J. R. Kelly, the Public Counsel, is here and the
22 signatory to the agreement. We have the expertise and
23 the experience to represent customers before the
24 Commission in ratepayer matters, and we have done so for
25 the past, let me see if I can do my math on the fly

1 here, 20 -- 38 years, and we'll continue to do so. So
2 we are the Legislature's designated representatives
3 before the Public Service Commission.

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

5 Commissioner, as I said earlier, I represent
6 the Florida Retail Federation. The Florida Retail
7 Federation describes itself as the voice of Florida's
8 retailers. We have more than 9,000 members statewide,
9 literally from the largest chain stores, groceries,
10 pharmacies, big box stores and so on, to literally
11 thousands of mom and pop operations.

12 In more technical terms, this means that we
13 represent larger high load factor commercial customers
14 who take service under the general service demand or
15 general service large demand rates, and we represent
16 hundreds and thousands of -- not hundreds of thousands,
17 but hundreds and thousands of small customers who take
18 service under the small general service rate schedules.
19 So that's the mom and pop businesses.

20 **CHAIRMAN BRISÉ:** Mr. Moyle.

21 **MR. MOYLE:** Thank you. I, I represent, I
22 think I referred to them as FIPUG in my comments, but
23 it's the Florida Industrial Power Users Group, and it's
24 comprised of large users of electricity. Many of them
25 go 24/7 in some of the big companies in, in the state

1 and big interests: Phosphate interests; cement
2 companies; grocery stores have facilities where they
3 cool product and keep it frozen, they're a part of
4 FIPUG; chemical companies. So that's kind of the nature
5 of the interests that I represent.

6 **CHAIRMAN BRISÉ:** Thank you.

7 Mr. Brew.

8 **MR. BREW:** Thank you, Mr. Chairman,
9 Commissioners.

10 In contrast to Mr. Wright and Mr. Moyle, I
11 represent one single customer. But it's a phosphate
12 mining and fertilizing operation that operates in
13 100,000 acres in Hamilton County in north Central
14 Florida, and it uses as much power as a small city. It
15 is extremely electricity intensive. We are very
16 concerned about the cost of power as it's central to our
17 business, and that's why we are here.

18 And during the time that we've been involved
19 in these Commission proceedings, we've always worked
20 very closely with the Public Counsel and other parties
21 on issues relating to -- that concern all consumers.

22 Thank you.

23 **CHAIRMAN BRISÉ:** Thank you.

24 Commissioner, do you have any further
25 questions?

1 **COMMISSIONER BALBIS:** I do have one question
2 for the Office of Public Counsel. I just thought it was
3 important to remind everyone here that pretty much all
4 of the customers are being represented in this matter.

5 And, Mr. Rehwinkel, this is something that I
6 wanted to ask you specifically, and it has to do with
7 the -- Progress's -- the Intervenors waiving their right
8 to protest if they cancel the EPC contract for the Levy
9 units. And my concern, and I would like to hear your
10 response to this, is when we went through the NCRC
11 proceeding, there was a lot of discussion on the
12 scheduling of those projects or that project and float
13 time associated with it, et cetera. And the discussion
14 was that the sooner these units come online, the sooner
15 the customers receive the fuel savings benefit.

16 What is the Office of Public Counsel's
17 position with this stipulation and how it affects the
18 schedule? If they're allowed to cancel the EPC contract
19 and the schedule slips, what is OPC's position on how
20 that affects the overall Levy projects, and how is it in
21 the best interest of who you represent?

22 **MR. REHWINKEL:** Let me think how to answer
23 that. I, I think, first of all, in the last proceeding,
24 in the 2011 proceeding, our office's position was based
25 on whether we thought the company could meet that

1 deadline or the timeline of 2021 and 2022.

2 Progress has a difficult and complex set of
3 decisions to make with respect to the timing of
4 proceeding with the project, with the construction
5 schedule, and what they do if they have delays or they
6 decide not to do that. That's ultimately a decision
7 that is on the shoulders of management, and they bring
8 it to you, the Commission, for purposes of a prudence
9 determination about their, their decision-making there.

10 What we wanted to achieve in this aspect of
11 the agreement was to make sure that the company got the
12 value that they already committed and that the
13 Commission had already committed to, to approving in the
14 prior orders, which was to get the license. The license
15 is the only thing that the customers right now have,
16 have an investment in. So we did not specifically focus
17 on whether it was a good thing or a bad thing for them
18 to get out of the project if they decided to, or to
19 defer it or delay it. What we were looking for, as
20 Mr. Brew indicated, was certainty on the bill. And we
21 certainly got at least 'til 2018 before there would be
22 any changes to the bill based on the decisions that the
23 company made.

24 I don't know if specifically I'm answering
25 your question, but that's kind of the best I can do.

1 Because we were not trying to make them make a decision
2 to cancel it or to go forward with it. We recognize
3 that that's something that's driven by world economic
4 conditions, the price of gas, the carbon tax issues in
5 Washington. So those issues we couldn't sit here and
6 decide how we thought they should turn out. We were
7 trying to get ratepayer certainty. And certainly with
8 their projection of \$20 monthly bill impacts starting in
9 2014, \$3.45 was, as Mr. Brew indicated, a very, a very
10 good deal.

11 **COMMISSIONER BALBIS:** Okay. Thank you.
12 That's all I have.

13 **CHAIRMAN BRISÉ:** Commissioner Graham.

14 **COMMISSIONER GRAHAM:** Thank you, Mr. Chair.

15 I just have one question today. I may have
16 some more -- you said we're going to continue this 'til
17 Wednesday. I may have some more on Wednesday.

18 The question I have, and this is for Progress,
19 you guys may not have the answer, but if I can get you
20 to -- or get somebody to get it together by Wednesday,
21 this stipulation, in my opinion, will probably handle
22 several different potential dockets. And with all those
23 different potential dockets, there's all kinds of rate
24 case expense and legal expense and all those other
25 expenses that would be later rolled back into being paid

1 by the customer. Do we know or have an idea of what
2 we'd be saving as far as those different expenses by
3 doing the stipulation?

4 **MR. GLENN:** Yes. I mean, as a rate case, for
5 example, incremental costs, that would be outside
6 counsel, expert witnesses, all of those expenses roughly
7 run around \$2.5 million for Progress Energy to put on a
8 rate case.

9 The nuclear cost recovery clause docket is, is
10 expensive as well. So -- and the 437 docket, again, to
11 put on that kind of case would be probably in the
12 millions of dollars. So I would say roughly probably \$4
13 or \$5 million, and that does not include our internal
14 time. For example, in a rate case, we generally have,
15 say, 18, 20 witnesses, and their time and investment in
16 that is very expensive. So this will afford us the
17 opportunity to focus on what I think we should be
18 focusing on, which is reliability, service, and keeping
19 the lights on.

20 **CHAIRMAN BRISÉ:** Thank you.

21 **COMMISSIONER GRAHAM:** Thank you, Mr. Chair.

22 **CHAIRMAN BRISÉ:** You're welcome.

23 Commissioner Edgar.

24 **COMMISSIONER GRAHAM:** Thank you, Mr. Chairman.

25 Two questions at this point. The first,

1 generally just for clarification of the status, and I'll
2 pose this to Progress at this point. FEA or the
3 representatives of the Federal Executive Agencies have
4 participated in at least some of the dockets that are
5 kind of rolled into portions of this overall more
6 comprehensive agreement. Can you clarify for me what
7 the status of that organization is regarding the
8 settlement and stipulation that is before us, if indeed
9 there is one?

10 **MR. GLENN:** Yes. They are signatories to the
11 settlement agreement, so they were involved in the
12 discussions and ultimately signed the agreement. And
13 the Federal Executive Agencies are just that, agencies
14 who represent some of the government arms, military
15 bases and things like that, large users of electricity.
16 So they are a signatory. And, and I know the attorneys
17 who work for the Federal Executive Agencies travel all
18 over the country, and I believe that's why they're not
19 here today.

20 **COMMISSIONER EDGAR:** I just wanted to make
21 sure for the record that the fact that they are not
22 represented here today is not a statement of anything
23 other than that type of travel or logistics type
24 requirement.

25 And then on a more specific question, I'm

1 looking at -- and actually I'm going to direct this to
2 our staff to begin with. I'm looking at language that
3 is specifically on my page 22 of the agreement, and it
4 is contained within Section 21C. This has to do with
5 the storm cost recovery potentiality. It's about the
6 seventh and eighth line down, and this was also
7 referenced in the PowerPoint presentation at the
8 beginning.

9 But the language here says that, or my read of
10 it says that in the instance of a named storm, that the
11 Commission authorizes direct storm cost cost recovery.
12 And then it says here that that time period for recovery
13 will be based on a 12-month recovery period.

14 So my question to staff is in the instance
15 that an issue is before us along these lines, would the
16 Commission's authority to prescribe a longer recovery
17 period or for the company to consider the securitization
18 option that is outlined in the statutes, would either of
19 those two options be foreclosed?

20 **MS. BENNETT:** Commissioner, as I read it, and
21 as Marshall was, and I were discussing it, we think it
22 is foreclosed. The Commission is limited to the 12
23 months in this agreement. You might want to confirm
24 that that's the parties' also interpretation of that
25 section of the agreement.

1 **COMMISSIONER EDGAR:** Okay. Thank you.

2 Then I would pose that, that to the parties.
3 And I certainly recognize that in instances in the past
4 when this Commission has approved storm cost recovery
5 amounts, that 12 months is generally the time period.
6 However, I believe there's been at least one, if not
7 more, times that we have prescribed a different period
8 of recovery for a variety of reasons. I'm just
9 wondering what the options would be. Certainly I hope
10 that we're not ever in that storm situation again, but
11 remembering the past.

12 **MR. GLENN:** Yes. And I think what this does
13 is it binds the parties to the agreement of the 12
14 months. But certainly we cannot divest this Commission
15 with jurisdiction if in your discretion you chose a
16 longer period of time or a shorter period of time.

17 **COMMISSIONER EDGAR:** That would be my read,
18 but I did want to ask the question and hear a response
19 on the record. And I would pose that to the other
20 parties just to see if that is similarly your
21 understanding.

22 **MR. REHWINKEL:** The Public Counsel concurs
23 with what Mr. Glenn said.

24 **MR. WRIGHT:** Yes, Mr. Chairman. Commissioner
25 Edgar, that's exactly right. The sentence starts, "The

1 parties agree." This is what we agreed to, and we
2 agreed to it for a very specific reason. If there were
3 to be a catastrophic storm event that were to impact
4 Progress to the point of depleting their, their storm
5 reserve -- we actually negotiated this in the previous
6 settlement agreement, I think, in '05 -- so that they
7 could come get money on an interim basis, subject to
8 later true-up, later securitization or whatever, and we
9 can participate in all that, but when they need the
10 money on the short end, they can come ask for it on an
11 interim basis, they can start getting it 60 days after,
12 after they file, and we will not object to it. It does
13 not bind you in any way.

14 **MR. MOYLE:** And I guess the only point I was
15 going to make was that this was not something that was
16 critical. This was a provision that had been picked up
17 in the previous rate case settlement, and we thought it
18 made sense to roll it over into this. So I think the
19 language is pretty much tracking what was in the
20 previous agreement.

21 **COMMISSIONER EDGAR:** And I realize that's kind
22 of a fine point, considering some of the larger issues,
23 but yet there it is.

24 **MR. BREW:** PCS agrees with the statement by
25 Mr. Glenn as to its effect.

1 **COMMISSIONER EDGAR:** Okay. Thank you.

2 **CHAIRMAN BRISÉ:** Commissioner Brown.

3 **COMMISSIONER BROWN:** Thank you. Just a few
4 questions for Progress.

5 With regard to the CR3 repair, the settlement
6 agreement contemplates a process whereby the Intervenor
7 parties can participate in some informal fashion. Has
8 that been thoroughly developed, the process? Is it --
9 I'd like to hear a little bit more about it.

10 **MR. GLENN:** Yeah. It hasn't been completely
11 defined, but I think we have a clear meeting of the
12 minds where we're going to meet at least quarterly. And
13 this is going to be a collaborative process where all of
14 the customer and consumer interests are represented so
15 that we sit down before we make a big decision, put the
16 facts on the table, talk to folks about it, and see what
17 kind of concerns they may or may not have so that we can
18 factor that into our decision-making. Then we'll take
19 it to our board of directors and we'll respond to the
20 Intervenors. And so what we wanted to do is get
21 everyone aligned so that we are, have the best success
22 possible for Crystal River 3.

23 **COMMISSIONER BROWN:** Thank you. And SACE,
24 during public comment they addressed or expressed some
25 concerns that commencement of repairs of the CR3 has an

1 ambitious deadline. At least -- can you address those
2 concerns as well?

3 **MR. GLENN:** Yeah. I don't agree. I think
4 there was a statement made that it forces the company to
5 rush into a repair decision. Nothing could be further
6 from the truth. This is a complex repair process.
7 We're approximately 30% to 40% complete in our
8 engineering design work, and we're going to get to 70%
9 complete before we make a decision ultimately on repair
10 or retire. So we're going to have a pretty good idea on
11 what the risks are, what the schedules are, and what the
12 costs are. So we're not going to rush anything. We're
13 first and foremost going to do what's right, and we're
14 going to talk to all of our consumer partners in this in
15 determining what's the right course of action. So, no,
16 I think I would disagree with that characterization.

17 **COMMISSIONER BROWN:** Okay. Thank you.

18 Finally, what happens if Progress decides to
19 go ahead and pursue the repairs of CR3 but the costs
20 exceed the estimated costs and deadline? I know there
21 is an opportunity, the settlement preserves some of the
22 rights of the intervening parties, but can you address
23 that issue?

24 **MR. GLENN:** Sure. The way the settlement
25 agreement is structured is that we will have a

1 board-approved estimate of our cost. And to the extent
2 that we go over that cost estimate, then there's a
3 sharing mechanism up to the first \$400 million over
4 that. And that's a dollar for dollar sharing on day one
5 where shareholders take the risk on 50% and customers
6 would fund the other 50%.

7 So above that, then once you go above the 400
8 million, then we're going to sit down back to these
9 parties and we're going to talk about how do we address
10 any potential overruns above that, which we don't
11 expect, but that's just kind of a safety valve
12 mechanism.

13 If we cannot agree to how those costs will be
14 allocated, if at all, then we're going to be back before
15 this Commission. And the Commission, remember that in
16 Phase 3, you had the full oversight of our execution of
17 the outage and whether we had been reasonable and
18 prudent in meeting our schedules, our costs, and
19 executing the repair in a reasonable and prudent manner.
20 So that's the way this settlement is really -- tries to
21 approach that issue.

22 **COMMISSIONER BROWN:** Mr. Rehwinkel.

23 **MR. REHWINKEL:** Thank you, Commissioner. I
24 would like to add to that, and consistent with what
25 Mr. Glenn is saying is that the key is that the meetings

1 will be quarterly at least. So I think there's a high
2 probability that we will have more, more frequent than
3 quarterly meetings.

4 And, again, I want to reiterate, we will have
5 our experts, who have the ability to evaluate
6 construction budget timelines and detail. There's a
7 fairly detailed list of documents that we will receive
8 at least. And on page 9 of the agreement in 10A we talk
9 about a process that we -- we have not invested time in
10 this process because we needed to see how this process
11 goes first. If, if we receive approval, then we will
12 sit down very quickly and develop that process.

13 But these conversations won't just be some
14 lawyers talking to some lawyers. There will be
15 engineers who are skilled in this very arcane but
16 important aspect of engineering to understand what's
17 ahead. We'll be evaluating the budget. And we'll be
18 looking not at the overall budget, but the components.
19 Are the components out of line? And we will have early
20 warning knowledge about whether this is a project that's
21 getting into trouble. Because just because we have that
22 \$400 million sharing thing doesn't mean we want to incur
23 \$400 million, the first 200 is just free. We want to
24 know ahead of time, and we will know that based on this
25 process.

1 **COMMISSIONER BROWN:** Thank you.

2 **CHAIRMAN BRISE:** Thank you. I think now would
3 be a good time for us to take a break, give the court
4 reporter a break, and give our minds a break.

5 All right. So we will take a ten-minute
6 break, and we will be back here at 3:05.

7 (Recess taken.)

8 Okay. We're going to reconvene. Give
9 everybody about 30 seconds to find a place to sit.

10 (Pause.)

11 All right. Thank you very much. Now that we
12 have reconvened, coming back to the Commission to see if
13 there are any other questions. And I see a light.
14 Commissioner Edgar.

15 **COMMISSIONER EDGAR:** Thank you, Mr. Chairman.
16 I did at this point just have one additional question to
17 kind of round out some of the earlier discussion that we
18 had.

19 There were questions raised by some of the
20 public testimony about PSC oversight and if this
21 agreement impacts our statutory authority and role. And
22 there also was discussion about the quarterly meetings
23 that the Intervenors and Progress will have as analysis
24 and then decisions are moving forward.

25 So my question at this point, and I'll pose it

1 right now to Mr. Rehwinkel and then ask if any others
2 would like to add to it, is what is the mechanism that
3 the agreement envisions or the signatories envision as
4 to how that information, as that analysis and decisions
5 are moving forward, how will that information flow back
6 to the Commission so that our staff are appropriately
7 educated and knowledgeable for when issues will be
8 coming to us?

9 **MR. REHWINKEL:** Thank you. Commissioner
10 Edgar, I would answer that question this way. That
11 process or the specific mechanism has not been
12 developed. I know the staff had asked -- I think it was
13 question 27 in the first data request. The question was
14 asked, "Would PEF be willing to report to the Commission
15 what resulted from the quarterly status updates between
16 the parties?" And the response was that the parties
17 always contemplated briefing staff periodically
18 throughout the repair process apart from the meetings
19 among the parties referenced in paragraph 10 of the
20 agreement. The meetings referenced in paragraph 10 are
21 intended to be an ongoing -- intended to be ongoing
22 settlement meetings among only the parties to the
23 agreement.

24 The mechanism for that communication I don't
25 believe has been developed yet. There's also a

1 mechanism that we need to develop not only with respect
2 to these quarterly meetings that relate to the repair,
3 but there's a quarterly meeting related -- there's a
4 quarterly meeting subject content that would be related
5 to the NEIL process, as well as if there was any
6 decision about repair versus retire.

7 Each of those specific aspects contemplates
8 that there will be a process developed whereby the
9 parties will communicate their concerns in writing, if
10 they choose to, to Progress for the board to consider.

11 That process we need to sit down with the
12 company and develop. And I think also implicit in that,
13 and the answer to data request number 27, which
14 Mr. Portuondo confirmed on the stand, needs to be
15 develop. So that's the best I can do is we did not
16 spell that out in the agreement because we knew it would
17 take meeting with the parties to, to do.

18 **COMMISSIONER EDGAR:** Mr. Glenn.

19 **MR. GLENN:** I would concur with what
20 Mr. Rehwinkel said, and I would add just a couple of
21 things. One is audit staff. Audit staff has the
22 ability and I believe is undertaking audits of, of Levy,
23 of -- and I believe CR3 as well. So they are fully
24 apprised in the, in the audit staff.

25 Second is what Commissioner Balbis has already

1 done as the Prehearing Officer in the open docket of the
2 437 has set forth a number of times in which we come
3 before the Prehearing Officer and provide an update.

4 Now the last update, less information because
5 we didn't really have a lot of information. But as this
6 year goes forward, we're going to have more and more as
7 the repair becomes more and more focused. So that's a
8 second avenue.

9 The third avenue is obviously the 437 docket,
10 you know, in itself, and to the extent that we brought a
11 petition before the Commission on our repair versus
12 retire decision or anything like that.

13 And then the fourth aspect, I think, is the
14 one that was covered by Mr. Rehwinkel, which is -- that
15 hasn't been worked out yet, but is after these kind of
16 internal meetings is does it make sense for us to brief
17 staff in a more detailed fashion about project status,
18 where we are? You know, maybe it's keyed off of key
19 decisions and things like that. So I think there's at
20 least four avenues of, of significant involvement.

21 **COMMISSIONER EDGAR:** Thank you. That's
22 helpful to me as I try to kind of envision the next
23 months and, and beyond of this process, if indeed it is
24 approved.

25 I would ask -- to me it is clearly

1 inappropriate, or would be inappropriate for any of us
2 as Commissioners to delve too far into any of those
3 details. And I do not believe that the agreement
4 contemplates, nor should contemplate our staff
5 participating in many of those meetings between the
6 company and the Intervenors. But yet I would ask that,
7 as appropriate and as worked out, that briefings for our
8 staff, coordination with our audit staff, et cetera, be
9 coordinated through the Executive Director's Office and,
10 as appropriate, through our legal office such that our
11 staff are not put in a place unintentionally but of
12 having to kind of, you know, not have the advantage of
13 the time that may otherwise have been appropriate for
14 them. Thank you.

15 **CHAIRMAN BRISÉ:** Thank you, Commissioner.

16 Commissioner Balbis.

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

18 I have just one final question for Mr. Glenn on an
19 important issue.

20 Obviously the payments by NEIL to the company
21 are something that would benefit both the ratepayers and
22 Progress. I'm sure you have, but I'd like you to
23 confirm that you've contemplated this agreement, and to
24 make sure that it did not negatively affect Progress's
25 position with their negotiations with NEIL on any

1 payment.

2 **MR. GLENN:** I think it aligns all of the
3 parties' interests, the consumer parties and Progress,
4 to move forward with, with NEIL to obtain the coverage
5 which we rightfully believe is due to the company and
6 its customers.

7 An individual who spoke, I can't recall her
8 name, but asked a question, which I did not respond to,
9 about NEIL coverage. The dollars that we get from NEIL
10 are used to offset the capital repairs and any outage
11 cost to offset that. The settlement agreement
12 specifically addresses how some of those will be
13 handled. But you should know that any money that we go,
14 that we get from NEIL goes to reduce the cost of this
15 repair. It does not go to Progress Energy. So it goes
16 back to our customers to reduce the cost of any repairs
17 of this plant.

18 So, so I think the settlement does an
19 excellent job in aligning all of the parties' interests
20 to get the best outcome we can.

21 **COMMISSIONER BALBIS:** Okay. Thank you. And
22 then just a follow-up. Specifically to the terms and
23 conditions of the NEIL insurance policy itself, this
24 stipulation would not negatively affect Progress's
25 position or the terms and conditions with NEIL.

1 **MR. GLENN:** No, it would not. It would not.
2 In fact, we continue to work with NEIL right now. It's,
3 again, it's their most complex claim that they have,
4 that they've ever seen. So we continue to work with
5 NEIL in a positive way on these coverage issues. But
6 nothing in this settlement agreement would adversely
7 impact our coverage.

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

9 **CHAIRMAN BRISÉ:** Thank you. Seeing no more
10 lights, at this time I want to thank the Commissioners
11 for their participation and hard work so far on this,
12 these issues and all of the issues of the day. I want
13 to thank the parties for their hard work up to this
14 point.

15 We are going to recess and reconvene on
16 Wednesday morning at 9:30. And we're not seeking to
17 close the record, so that if there are further
18 questions, that there will be the opportunity for, for
19 questions on Wednesday morning. And at that point we
20 will be in a posture to potentially render a decision
21 that morning as well.

22 So we thank all of those who have come to
23 participate from the public. We certainly appreciate
24 your input. And if you can make it back on Wednesday,
25 we would certainly appreciate you being here so you can

1 watch the rest of the process go forward. But if not,
2 you're always welcomed to watch us online.

3 And we certainly hope that your participation
4 today has, you know, maybe added to your education
5 process as to how the process works. And that's part of
6 our mission is to make sure that all of those who
7 benefit from the work of this Commission always have the
8 information that they need so that they can understand
9 how this process works.

10 Mr. Rehwinkel.

11 **MR. REHWINKEL:** Mr. Chairman, I want to thank
12 you. And I want to echo what you said, because I think
13 the questions and the comments from the public today
14 were very helpful, and we stand ready to answer any
15 questions that the public raised to you back to us.
16 Because we, we specifically contemplated many, if not
17 all, of the issues that were raised by the public, and I
18 would be happy to explain them to the Commission within
19 the confines of our agreement.

20 **CHAIRMAN BRISÉ:** Thank you very much. And
21 with that, we will recess.

22 (Proceeding recessed at 3:20 p.m.)

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

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

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

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

18 DATED THIS 27th day of February, 2012.

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LINDA BOLES, RPR, CRR
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