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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 150001-EI

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

_____ /

VOLUME 6

PAGES 1018 through 1073

PROCEEDINGS: HEARING

COMMISSIONERS
PARTICIPATING:

CHAIRMAN ART GRAHAM
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER RONALD A. BRISÉ
COMMISSIONER JULIE I. BROWN
COMMISSIONER JIMMY PATRONIS

DATE: Tuesday, November 3, 2015

TIME: Commenced: 3:55 p.m.
Concluded: 4:40 p.m.

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

REPORTED BY: Debbie Krick
Court Reporter

APPEARANCES: (As heretofore noted.)

PREMIER REPORTING
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EXHIBITS

NUMBER :	ID	ADMITTED
112 & 113	(as identified on Comprehensive Exhibit list)	1024
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1 P R O C E E D I N G S

2 (Transcript follows in sequence from
3 Volume 5.)

4 CONTINUED EXAMINATION

5 BY MR. MOYLE:

6 Q And they also indicate that volatility is
7 declining, yes, no?

8 A The indications are that volatility, per my
9 testimony, I am not contesting it, overall, that
10 volatility is declining.

11 Q So that would be a yes?

12 A That would be a yes.

13 MR. MOYLE: That's all I have. Thank you.

14 CHAIRMAN GRAHAM: Staff.

15 MS. BROWNLESS: Yes, sir.

16 CROSS EXAMINATION

17 BY MS. BROWNLESS:

18 Q Hey, how are you?

19 A Good afternoon.

20 Q You heard the discussion previously about
21 Florida Power & Light's VMM, the idea that if hedging
22 was done away with, another mechanism might be to take a
23 large under-recovery and spread it out over several
24 years, did you hear that?

25 A I did.

1 **Q Okay. What is your opinion of that option,**
2 **and how does it compare to continuing the current**
3 **proposed hedging programs?**

4 A Well, I would have to go way back. It's been
5 several years. I don't think that at the time -- like I
6 said, I am not sure what the company's input was on the
7 VMM, but certainly, that is an alternative. It wasn't a
8 Duke or a Progress Energy Florida proposal at the time.
9 We didn't have any input on its designs. So I think our
10 opinion would be we would have to look at it, study it
11 and discuss it internally and see if it made sense. I
12 mean, that's really all I can say on that particular
13 proposal.

14 **Q Does spreading an over-recovery of over**
15 **several years address the issue of price volatility?**

16 A Well, it's a recovery issue. It's a timing of
17 the recovery of actual fuel cost. Does it address
18 volatility? I don't think it removes volatility. I
19 think it addresses a potential recovery method that
20 could be used to spread a potential large under-recovery
21 out over a period of time to smooth it out for
22 consumers. That it does do.

23 But in terms of addressing volatility, you
24 know, I think we have said this before, the mechanisms
25 that you use to recover fuel costs, whatever design, you

1 know, whether we use a current design or some future
2 design, they are all about the timing of the recovery of
3 the cost. They are not really addressing the reduction
4 of volatility. It's certainly -- those are mechanisms
5 to address how you ultimately -- how the utilities
6 ultimately recover those costs from consumers. And
7 certainly, I think we could say there is probably more
8 than one method to do that.

9 We have an annual fuel clause currently, and
10 whether that gets changed, I think the company would
11 have to, along with the other constituents, would have
12 to look at it and annualize it and, you know, would want
13 some input on that if that were something that was being
14 considered.

15 **Q Okay. If, in fact, hedging was discontinued**
16 **and there was a large under-recovery that was passed on**
17 **to customers, would you agree that the likelihood that**
18 **you would have more customers who were unable to pay**
19 **their bill would increase?**

20 A Well, I have to be a little bit careful,
21 that's a little bit beyond my expertise. So I think,
22 you know, as Mr. Yupp indicated, I mean, it sounds
23 logical, but, you know, I can't give you a specific
24 opinion in terms of whether that would or would not
25 happen. It seems to make sense since that if you have higher

1 costs, that potentially it could lead to, you know,
2 certain customers not, you know, having more trouble
3 paying their bills, but it's probably a little bit out
4 of my expertise in terms of what sort of things really
5 trigger those events.

6 **Q Okay. And understanding your area of**
7 **expertise, is it logical to assume that a residential**
8 **customer would have a more difficult time paying a bill**
9 **that doubled in price than a large industrial customer?**

10 **A** Yes, that would seem logical. Yes.

11 **Q Thank you.**

12 MS. BROWNLESS: We have no further questions.

13 CHAIRMAN GRAHAM: Commissioners.

14 Redirect.

15 MR. BADDERS: None, Mr. Chairman. And we
16 would move Exhibits 112 and 113 into the record.

17 CHAIRMAN GRAHAM: 112 and 113?

18 MR. BADDERS: Yes.

19 CHAIRMAN GRAHAM: We will move those into the
20 record.

21 (Exhibit Nos. 112 and 113 admitted into the
22 record.)

23 CHAIRMAN GRAHAM: Any other exhibits?

24 MR. BADDERS: We would only ask that Mr.
25 McCallister be excused.

1 CHAIRMAN GRAHAM: Yes. Mr. McCallister, thank
2 you for your testimony.

3 THE WITNESS: Thank you.

4 CHAIRMAN GRAHAM: Travel safe.

5 (Witness excused.)

6 CHAIRMAN GRAHAM: Okay. Next witness.

7 MR. BADDERS: Good afternoon, Mr. Chairman,
8 the next witness is Mr. Ball on behalf of Gulf
9 Power. I will note for the record, Mr. Ball was
10 present when everyone was sworn yesterday morning.

11 CHAIRMAN GRAHAM: Okay.

12 DIRECT EXAMINATION

13 BY MR. BADDERS:

14 Q Please state your full name and business
15 address for the record.

16 A My name is Robert Russell Ball. I work for
17 Gulf Power Company located at One Energy Place,
18 Pensacola, Florida, 32520.

19 Q And are you the same H.R. Ball who testified
20 yesterday on direct?

21 A That's correct.

22 Q Or testified today on direct? I am sorry.

23 A Yes, sir.

24 Q Did you prefile rebuttal testimony on
25 October 9th consisting of six pages?

1 A Yes.

2 Q Do you have any changes or corrections to any
3 of that testimony?

4 A No.

5 Q And if I were to ask you the same questions
6 today, would your answers be the same?

7 A Yes.

8 MR. BADDERS: We ask that the prefiled
9 rebuttal testimony of Mr. Ball be inserted into the
10 record as though read.

11 CHAIRMAN GRAHAM: We will insert Mr. Ball's
12 prefiled rebuttal testimony into the record as
13 though read.

14 (Prefiled rebuttal testimony inserted into the
15 record as though read.)

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1 GULF POWER COMPANY

2 Before the Florida Public Service Commission
3 Prepared Rebuttal Testimony and Exhibit of

4 H. R. Ball

5 Docket No. 150001-EI

6 Date of Filing: October 9, 2015

7

8 Q. Please state your name and business address.

9 A. My name is H. R. Ball. My business address is One Energy Place,
10 Pensacola, Florida 32520-0335. I am the Fuel Manager for Gulf Power
11 Company.

12

13 Q. Are you the same H. R. Ball who filed direct testimony in this docket?

14 A. Yes.

15

16 Q. What is the purpose of your testimony in this docket?

17 A. The purpose of my testimony is to rebut the direct testimony of the Office of
18 Public Counsel's Witnesses Tarik Noriega and Daniel J. Lawton.

19

20 Q. Are you sponsoring any exhibits that contain information to which you will
21 refer in your testimony?22 A. Yes, I have one exhibit I am sponsoring as part of this testimony. Exhibit
23 (HRB-6) consists of an excerpt from Order No. PSC-02-1484-FOF-EI as well
24 as Gulf's response to the Office of Public Counsel's First Set of
25 Interrogatories Item No. 4.Counsel: We ask that Mr. Ball's exhibit as just described be
marked for identification as Exhibit No. _____ (HRB-6).

1 Q. Has Gulf Power Company properly reported the recoverable natural gas
2 hedging support and settlement costs for the period 2002 through 2014?

3 A. Yes. Gulf properly reported hedging costs, including allowable support costs
4 for this period. Witness Noriega erroneously omitted Gulf's allowable support
5 costs in Table 1, found on page 15 of his direct testimony. The amount of
6 hedging support costs that Gulf was allowed to recover during the period
7 2003 through 2006, per Commission Order No. PSC-02-1484-FOF-EI as
8 shown in Exhibit HRB-6, page 1 was \$185,315. These hedging support costs
9 were provided to the Office of Public Counsel during discovery in response to
10 its first set of interrogatories, Item No. 4b as shown in Exhibit HRB-6, page 2.
11

12 Q. Is Mr. Noriega's focus on past hedging results a proper basis for reviewing
13 the utility's natural gas financial hedging plans?

14 A. No. Although Witness Noriega recognizes that the "basic intent [of the
15 Commission is] that utility hedging programs are designed to reduce fuel price
16 volatility," he does not provide any factual evidence regarding fuel price
17 volatility. Instead, Mr. Noriega's primary focus is establishing that a hedging
18 loss occurred in the hedging program during the period. The fact that losses
19 occurred in the hedging program is clearly recognized as a potential outcome
20 of a utilities hedging program as stated in Order No. PSC-08-0667-PAA-EI
21 issued on October 8, 2008 ("Hedging Order"). The fourth guiding principle is:

22 d. The Commission acknowledges that hedging can result in
23 significant lost opportunities for savings in the fuel costs to
24 be paid by customers, if fuel prices actually settle at lower
25 levels than at the time that hedges were placed. The

1 Commission recognizes this as a reasonable trade-off for
2 reducing customers' exposure to fuel cost increases that
3 would result if fuel prices actually settle at higher levels
4 than when the hedges were placed. The Commission
5 does not expect an IOU to predict or speculate on whether
6 markets will ultimately rise or fall and actually settle higher
7 or lower than the price levels that existed at the time
8 hedges were put into place.

9
10 Q. Does Gulf agree with Witness Lawton's conclusions regarding the
11 continuation of Gulf's natural gas financial hedging programs?

12 A. No. Gulf believes that continued compliance with the "Hedging Order"
13 provides an appropriate fuel risk management tool for utilities to utilize to limit
14 natural gas price volatility.

15
16 Q. Does Gulf agree with Witness Lawton's conclusions related to future risk of
17 natural gas price volatility?

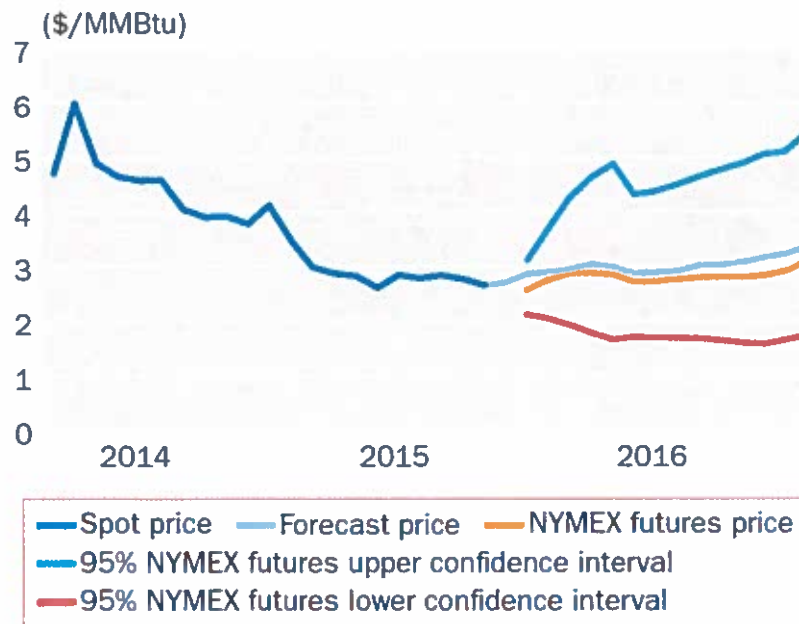
18 A. No. Notably absent from Witness Lawton's conclusion is any discussion of
19 future events that could disrupt the production of shale gas and thus the
20 future supply of natural gas in the market. These events could have a
21 substantial impact on natural gas price volatility if they were to occur.
22 Witness Lawton appears to conclude that the probability of occurrence of
23 such disruptive events in shale gas production is so low as to make their
24 impact irrelevant and unworthy of consideration. Also, he does not discuss
25 the impact of increased future demand for natural gas in the market and how

1 increased demand could impact gas price volatility. Likewise, he does not
2 discuss the impact of existing or proposed local, state, and federal
3 environmental regulations that would shift fuel use for electric generation from
4 coal to natural gas. It is logical to assume that, as demand for natural gas
5 increases, the increase in gas production that is evident in the market today
6 will become less of a protection against price volatility in the future. In short,
7 Witness Lawton's view of the future is remarkably free of any disruptive
8 events and not impacted by the interplay of the economic forces of supply
9 and demand.
10

11 Q. Does Gulf agree with Witness Lawton's conclusion that future gas price
12 volatility will be irrelevant and poses no financial risk to consumers?

13 A. No. Witness Lawton attempts to support his conclusions regarding future fuel
14 price volatility by using natural gas price forecasts and even a newspaper
15 article that discusses recent history showing a decline in price volatility.
16 However, Witness Lawton improperly relies on these sources of information in
17 reaching his conclusion that future gas price volatility and its impact on
18 customers are insignificant. First, there are other news articles, even from the
19 same newspaper that Witness Lawton cited as support, that indicate an
20 increase in future price volatility is possible. More importantly, historical data
21 is not a reliable predictor of future events and, in this case, is not reliable
22 evidence of the absence of future gas price volatility. The source of Witness
23 Lawton's fuel price forecast, EIA, recognizes this uncertainty and in its short
24 term forecast of future prices shows that actual future prices could be higher
25 than the forecast indicates as shown below.

Henry Hub natural gas price



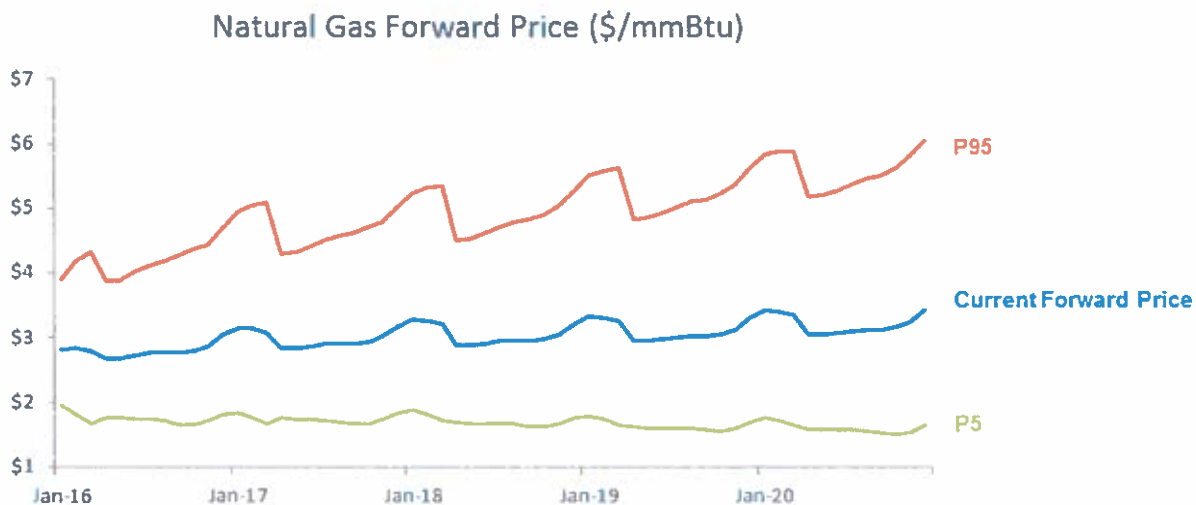
Note: Data for October 2015 and beyond are forecasts.

Source: EIA's Short-Term Energy Outlook

15 Q. Is there future financial risk to consumers due to gas price volatility?

16 A. Yes. As I have discussed previously, there is uncertainty in the U.S.
 17 regarding fuel policy and the projected financial impact of regulations recently
 18 enacted or proposed on both fuel production and use and how this will be
 19 reflected in future natural gas prices. This uncertainty is incorporated in the
 20 market's view of the distribution of likely future natural gas prices. Similar to
 21 EIA's short term forecast, in the following graph of longer term gas prices, the
 22 95% upper confidence level for forward prices for natural gas increases into
 23 the future.

MARKET FORWARD PRICES AND VOLATILITIES



13 Q. Should the Commission continue its natural gas financial hedging policy as
14 set forth in the "Hedging Order"?

15 A. Yes. Future market price risk and price volatility still exists for natural gas
16 purchases. Changes in the natural gas market have occurred and will
17 continue to occur in the future as gas producers and consumers adapt to both
18 regulatory and market price pressures and uncertainty. Gulf believes that the
19 "Hedging Order" provides an appropriate fuel risk management tool for use in
20 limiting future natural gas price volatility and should be continued going
21 forward. Gulf has demonstrated that implementation of its risk management
22 plan has accomplished the objective of the hedging order to limit price
23 volatility. Gulf's Risk Management Plan for Fuel Procurement is a reasonable
24 and prudent implementation of the Commission's hedging order and should
25 be approved. Finally, Gulf has accurately reported its financial hedging

1 settlement costs including allowable hedging support costs to the
2 Commission for the purpose of cost recovery.

3

4 Q. Mr. Ball, does this conclude your rebuttal testimony.

5 A. Yes.

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1 MR. BADDERS: I will note that he has one
2 exhibit that has been identified as hearing Exhibit
3 114.

4 CHAIRMAN GRAHAM: Duly noted.

5 BY MR. BADDERS:

6 Q Mr. Ball, would you please give a summary of
7 your rebuttal testimony?

8 A Yes. Commissioners, really to start with, Mr.
9 Noriega, in his direct testimony, there was testimony he
10 presented, I am specifically referring to page 15 of his
11 testimony, where he prepared a chart that indicated that
12 Gulf had a discrepancy on the costs that it submitted to
13 the Commission for recovery related to hedging expenses.

14 And a discovery response we provided to the
15 Office of Public Counsel, in which we provided them our
16 hedging gains and losses for the period 2002 through
17 2014, and there was a discrepancy noted of \$185,316. In
18 additional discovery responses to the Office of Public
19 Counsel, in I think conversations that we had with them,
20 we identified that discrepancy amount as the amount of
21 administrative costs that Gulf was allowed to recover
22 between 2002 and December 31st, 2006, which are
23 additionally exactly the same amount as the discrepancy
24 that's noted in Mr. Noriega's testimony. Also just
25 to -- I had a brief rebuttal of Witness Lawson's (sic)

1 conclusions in his testimony.

2 Number one, Gulf believes that future market
3 price risk and price volatility still exists for natural
4 gas purchases going forward. Changes in the natural gas
5 market have occurred in the past, and they will continue
6 to occur in the future.

7 Gas producers and gas consumers are still
8 trying to adapt to these changing market conditions and
9 all the regulatory edicts that are many coming down from
10 our friends at the Environmental Protection Agency, and
11 so we think there is still quite a bit of risk to prices
12 for natural gas going forward as a result of these
13 things.

14 We believe that the Commission's hedging order
15 provides an appropriate risk management tool to deal
16 with these issues around future natural gas price
17 volatility.

18 Now, Gulf has demonstrated over time that its
19 risk management plan is an adequate tool to respond to
20 this, and is an appropriate tool to address the
21 guidelines that were issued in the Commission's hedging
22 order. And we also believe that in disagreeing with
23 Witness Lawson, that our hedging plan should be approved
24 by the Commission.

25 That concludes my summary.

1 MR. BADDERS: We tender this witness for
2 cross-examination.

3 CHAIRMAN GRAHAM: Thank you.

4 Mr. Ball, welcome.

5 OPC.

6 CROSS EXAMINATION

7 BY MR. SAYLER:

8 Q Good afternoon. The last part of your
9 summary, you said you disagree with Mr. Lawson that your
10 plan should be approved or not approved? I was confused
11 by that last statement.

12 A I am sorry.

13 Q Mr. Lawson's testimony is that the plan should
14 not be approved, and is that what you are disagreeing
15 with?

16 A Yes.

17 Q Okay.

18 A Yes.

19 Q Okay. I was confused by your testimony.

20 A Okay. Sorry.

21 Q Would you refer to page two of your testimony,
22 lines 12 through 14?

23 A Page three, line 14?

24 Q Page two, lines 12 through 14.

25 A Okay.

1 **Q** You see in your testimony you stated the
2 continued compliance with the hedging order provides an
3 appropriate risk -- fuel risk management tool for
4 utilities to utilize to limit natural gas price
5 volatility. Do you see that?

6 A Yes.

7 **Q** What other tools, if any, did the company
8 consider to limit volatility besides financial hedging?

9 A What other tools have we considered?

10 **Q** Besides financial hedging.

11 A We have -- in the past we have looked at
12 physical hedges for natural gas. That's, you know,
13 signing long-term gas supply contracts at fixed prices.
14 However, there is some other risks associated with
15 physical hedging of natural gas, and those typically
16 amount to what we consider to be risk on the supply
17 side.

18 So we feel like, you know, physically hedging
19 natural gas also opens up some additional risk for us on
20 the supply. We think that financial hedging eliminates
21 the supply risk associated with physical hedging, and
22 also accomplishes the same objective when you enter into
23 financial swaps, in that you are essentially fixing the
24 price of the gas over a period of time.

25 Also, what we found when we discussed physical

1 hedging with, say, gas suppliers, is when you start
2 discussing future prices with them, they -- in every
3 case that I recall, the price that they would like for
4 their gas is much higher than the futures market that
5 you could go out and physically and financially hedge
6 those prices for.

7 So, in our opinion, you don't get a better
8 deal by entering into a physical price contract, and you
9 introduce more risk on the supply side by doing so. So
10 while we have considered that, we don't think it's a
11 superior program to the financial hedging program.

12 **Q Okay. What about sharing the savings and**
13 **costs between the shareholders and the customers, have**
14 **you considered that?**

15 A Well, if I remember back -- even though I was
16 not the fuel manager at the time the original order was
17 issued, if my memory serves me correct, Gulf Power did
18 offer a program similar to that at that time. Of
19 course, the things have changed quite a bit since 2002.
20 I -- my discussions in more recently about this kind of
21 a program with Gulf, and others, have not indicated
22 there is any interest in a program such as that going
23 forward. But, you know, I have not -- I am not sure
24 that that has advanced up to the highest levels in the
25 corporation for that discussion further.

1 Q All right. For 2016, what level of volatility
2 does Gulf expect?

3 A We have no forecast of what volatility may be
4 like in '16.

5 Q All right. Would you turn to page 13, line 11
6 and 12? There is a question that you had there. Are
7 you there?

8 A I am sorry, page?

9 Q Page three.

10 A Page three.

11 Q I am sorry, page three, line 11.

12 A Okay.

13 Q All right. In your question, you were asked,
14 "does Gulf agree with Witness Lawton's conclusion that
15 future price volatility will be irrelevant and poses no
16 financial risk to customers." Do you see that?

17 A I do.

18 Q Can you point to where -- can you point to
19 where in Mr. Lawton's testimony he made that statement,
20 that future gas price volatility will be irrelevant and
21 poses no financial risk to customers?

22 A No, I cannot. I cannot say that he directly
23 said that. That was, I guess, what I implied from his
24 overall testimony.

25 Q Okay. And you were here today when he was

1 **testifying on direct, is that correct?**

2 A That's correct.

3 **Q And did anywhere in that testimony today, did**
4 **he indicate that, that future price volatility is**
5 **irrelevant to customers?**

6 A I don't recall that specific phrase, no.

7 **Q All right. Well, thank you very much,**
8 **Mr. Ball. Safe travels.**

9 MR. SAYLER: No further questions.

10 CHAIRMAN GRAHAM: Mr. Wright.

11 MR. WRIGHT: I too will wish Mr. Ball safe
12 travels. I have no questions. Thank you.

13 CHAIRMAN GRAHAM: Mr. Moyle.

14 CROSS EXAMINATION

15 BY MR. MOYLE:

16 **Q Just a few similar to what you heard with the**
17 **other witnesses.**

18 You would agree that dollars and cents is a
19 meaningful metric by which the success of the hedging
20 program can be measured, the Commission asked for it,
21 and it's something the Commission is free to consider,
22 correct? Yes, no, and then explain it if you need to
23 explain it.

24 A No, I do not.

25 **Q You don't -- you don't -- so you think they**

1 **should just ignore whether there was a loss or a gain on**
2 **the hedging?**

3 A Well, if we're talking about the existing
4 hedging order, that is not a metric that's used to judge
5 the success or failure of the existing hedging order.

6 Q So would you recommend that they discontinue
7 asking to find out whether there was a gain or a loss
8 with respect to hedging, that that just be irrelevant
9 information? They don't even need to look at that?

10 A I did not say that. We -- we report hedging
11 gains and losses each period to the Commission, so
12 everyone is well aware of what the gains and losses are
13 associated with the hedging program. The commissioners
14 are certainly capable of making any judgment about the
15 hedging order based on the information that we provide
16 on hedging gains and losses.

17 Q All right. And you don't think they ask for
18 information that's meaningless to them, right, as a
19 matter of conducting their business, the Commission?

20 A I have never found that they ask for
21 information that's meaningless.

22 Q So you could assume, then, that the metric of
23 dollars and cents may be meaningful to them, correct?

24 A Yes, it may be.

25 Q You would agree that the amount of losses

1 since the inception of the hedging program by Gulf is a
2 significant sum of money?

3 A Yes, it is for me personally.

4 Q How about just in your general sense of the
5 world?

6 A Yes, hundreds of millions of dollars is a
7 significant amount of money.

8 Q And I am with you. We get in these
9 proceedings and talk about money, but, you know, to all
10 of us, most of us personally, it's significant sums,
11 even if it's a rounding error, correct?

12 A Yes.

13 Q And to talk a little bit about money, I
14 anticipate you may get asked a question by staff about
15 residential customers compared to industrial customers,
16 and who might be best able to afford something. The
17 company doesn't have any information about the financial
18 wherewithal of its customers, correct?

19 A Well, I certainly am not aware of that. In my
20 job, I don't -- I don't investigate into the financial
21 wherewithal of any individual or any corporation.

22 Q Right. And wouldn't it make sense to you
23 that -- I mean, just like anything, some industrial
24 customers may do well and some industrial customers may
25 go out of business. I mean, you don't -- you don't --

1 you have had industrial customers that have failed,
2 correct?

3 A I have no information regarding that
4 whatsoever.

5 Q Okay. And then do you have information about
6 people that live in like, South Walton County? Do you
7 know where South -- are you familiar with --

8 A I am familiar with South Walton County, yes.

9 Q And that's in Gulf's service territory, right?

10 A Yes, to some degree.

11 Q A lot of big houses on the ocean?

12 A I have driven by some of those at times, yes.

13 Q But you can't say, as a general rule, that
14 residential customers are likely to be more adversely
15 affected by an increase in an electric bill as compared
16 to an industrial customer, can you?

17 A I do -- have no information regarding that.

18 Q And part of that is because you have no
19 information, but utilities -- I mean, other, I think,
20 than the federal government for income taxes, you don't
21 correct information about your customers, correct?

22 Financial information.

23 MR. BADDERS: I am going to object. I mean,
24 he said he has no information about this whole line
25 of questions but it continues.

1 CHAIRMAN GRAHAM: I agree.

2 BY MR. MOYLE:

3 Q On page three of your testimony, and I
4 think -- I think this may fall into the same line of the
5 question that you were just asked, where you said you
6 made an assumption. But you say, on line six, that you
7 think Witness Lawton's view of the future is not
8 impacted by the interplay of economic forces of supply
9 and demand.

10 You heard him testify today, and he talked
11 about supply and market forces. I mean, do you maintain
12 that his testimony is -- disregards economic forces of
13 supply and demand?

14 A I didn't say it necessarily disregarded it.
15 What I said is it's free of much discussion about the
16 impact of potential disruptions in the market, or any
17 extreme increases in demand in the market that may
18 happen going forward as a result of events that are
19 happening in the market today.

20 Q So if there was anticipated increase in
21 demand, you would expect that to have an upward impact
22 on prices, correct?

23 A I would.

24 Q Okay. And the EIA documents that we have put
25 into evidence here, you would agree that those don't

1 **show a precipitous increase in price, do they?**

2 A I don't have any information on how EIA makes
3 its projections. I don't know what assumptions they
4 made regarding their projection. For instance, I don't
5 know if they assume that the clean power plant will have
6 any impact at all, because they may have assumed that
7 because that regulatory piece of -- well, that
8 regulatory document has not been enacted as of yet, they
9 may have assumed that it would not be enacted. I just
10 have no information about EIA's forecast.

11 **Q Do you rely on EIA?**

12 A No, we do not.

13 **Q Nobody at Southern up the chain does?**

14 A We look at EIA, but that's not the forecasting
15 tool that we use to project forecast or project prices
16 in the future.

17 **Q What do you rely on?**

18 A We have our own internal process, and we use a
19 consulting firm to help us with that.

20 **Q Which one?**

21 A You would ask me that. I think it's Charles
22 River & Associates is who we use.

23 **Q I asked the other witnesses a hypothetical**
24 **related to volatility, would you disagree to the answers**
25 **of the other -- to that hypo given by the other**

1 witnesses that suggested that they thought a 20-percent
2 move in \$2 gas would be more volatile than a 10-percent
3 move in \$5 gas?

4 A Well, I guess the only question I have about
5 your question is what time period are you talking about?
6 Are you talking about in a day? Are you talking over a
7 course of a year?

8 Q Same time period for each.

9 A Well, if you are talking about a price change
10 over a long period of time, volatility could be very
11 extreme in the case where you had a lower percent change
12 in the price, because prices could have gone up and down
13 significantly over that longer period of time; whereas,
14 the \$5 price you quoted, where you had a 10-percent
15 change in price, over that same period of time, you may
16 have had a much less extreme movement of prices over
17 that period of time. So volatility would be -- could be
18 significantly different even though the price change was
19 a smaller or greater percentage. It's hard to -- it's
20 hard to judge.

21 Now, if your talking about over the course of
22 a day that prices change that much, then, yes, I would
23 agree, the volatility is greater with the 40 cent move
24 on a \$2 price.

25 Q And maybe another way to ask it is, when you

1 are rendering opinions on volatility, do you -- what do
2 you consider to be more meaningful? A percentage move
3 in price or a net dollars and cents move in price?

4 A Well, when I think about price volatility, I
5 am looking over a longer period of time than maybe
6 what's being suggested here, and I am looking at the
7 movement of price over that course of that period of
8 time from one point to the other.

9 Q Okay. And you would agree with me that, as we
10 sit here today, since 2002, with respect to Gulf, that
11 the gains and losses of the hedging program have not
12 offset one another, correct?

13 A Over that entire period, they have not offset.

14 MR. MOYLE: That's all I have. Thank you.

15 CHAIRMAN GRAHAM: Staff.

16 CROSS EXAMINATION

17 BY MS. BROWNLESS:

18 Q Good afternoon.

19 The same question I have asked everybody else.
20 If the Commission decides that Gulf Power should bear a
21 percentage of any hedging losses that are incurred,
22 would Gulf continue its natural gas hedging program or
23 make any other modifications to it?

24 A If the hedging program was eliminated, would
25 Gulf continue hedging prices, is that the question?

1 **Q** **No, sir. The question is, if the Commission**
2 **should decide that any hedging losses that were incurred**
3 **should be borne by, in some percentage, by the company**
4 **and by the customers. In other words, that any**
5 **under-recovery, a portion of that under-recovery would**
6 **be not recovered from customers, would Gulf continue its**
7 **hedging program?**

8 **A** **Oh, I see. So a one-sided program where, if**
9 **their hedging gains, the customer gets all the gains,**
10 **but if there is a loss, the losses are shared between**
11 **the --**

12 **Q** **No. If there is gains, it's shared in the**
13 **same percentage; if it's losses, it's shared in the same**
14 **percentage.**

15 **A** **Okay. Well, as I mentioned before, Gulf, in**
16 **the early stages of the hedging order, they did offer a**
17 **program such as that. It was withdrawn as, I think it's**
18 **part of the settlement agreement. But I would not**
19 **anticipate at this time that Gulf would be interested in**
20 **participating in a program where gains and losses are**
21 **shared between ratepayers and customers.**

22 **Q** **Okay. Let's see. You have heard the**
23 **discussion about FP&L's volatility mitigation mechanism,**
24 **basically spreading a loss over a two-year period, or**
25 **longer, instead of recovering it the very next year.**

1 **What is your opinion of this option, and how does it**
2 **compare to continuing your current proposed hedging**
3 **program?**

4 A Well, I do remember when this was first
5 offered by FP&L, there were some discussions at Gulf
6 about this, and I don't recall any -- anyone at Gulf
7 that was interested in a program such as this. There
8 haven't been any discussions since that point in time,
9 since it was withdrawn by FP&L. So at this point in
10 time, I can't give you an answer if Gulf would be
11 interested or not in such a program going forward.

12 You know, I can say, it seems to me, just on
13 the surface, that a two-year cost recovery program for
14 gain -- for under- or over-recoveries, it potentially
15 could limit volatility of customers' rights. But then
16 again, you know, after year two, you are recovering half
17 of one year's and half of the next year's. You may be
18 right back where you started from. It just depends on
19 whether over-/under-recovery bounce is, essentially
20 balance each other out over that two-year period. It's
21 hard to make that, you know, that distinction that that
22 would actually happen.

23 **Q And it could be exacerbated if you have**
24 **continuous years of under-recovery, correct?**

25 A That's correct.

1 yesterday, correct?

2 A Yes.

3 Q Mr. Caldwell, did you prepare and submit an
4 11-page document in this proceeding entitled Rebuttal
5 Testimony of J. Brent Caldwell on October 9, 2015?

6 A Yes.

7 Q If I were to ask you the questions contained
8 in that rebuttal testimony, would your answers be the
9 same?

10 A Yes.

11 MR. BEASLEY: I would ask that Mr. Caldwell's
12 rebuttal testimony be inserted into the record as
13 though read.

14 CHAIRMAN GRAHAM: We will insert Mr.
15 Caldwell's direct rebuttal -- I am sorry, his
16 rebuttal testimony into the record as though read.

17 MR. BEASLEY: Thank you.

18 (Prefiled rebuttal testimony inserted into the
19 record as though read.)
20
21
22
23
24
25

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **PREPARED REBUTTAL TESTIMONY**

3 **OF**

4 **J. BRENT CALDWELL**

5

6 **Q.** Please state your name, address, occupation and employer.

7

8 **A.** My name is J. Brent Caldwell. My business address is 702
9 N. Franklin Street, Tampa, Florida 33602. I am employed
10 by Tampa Electric Company ("Tampa Electric" or "company")
11 as Director, Fuel Planning and Services.

12

13 **Q.** Are you the same J. Brent Caldwell who submitted direct
14 testimony on behalf of Tampa Electric in this proceeding
15 on September 1, 2015?

16

17 **A.** Yes, I am.

18

19 **Q.** What is the purpose of your testimony?

20

21 **A.** The purpose of my testimony is to respond to the
22 positions and recommendation of witnesses Daniel J.
23 Lawton and Tarik Noriega on behalf of the Office of
24 Public Counsel, which I refer to collectively as
25 "intervenor witnesses."

1 Q. How is your rebuttal testimony organized?

2

3 A. I will first discuss witness Lawton's testimony and the
4 risks his recommendation would impose on our customers if
5 implemented. I will then address witness Noriega's
6 testimony, pointing out some errors in the manner in
7 which he has attempted to calculate hedging losses.

8

9 Q. What do the intervenor witnesses recommend?

10

11 A. They recommend the Commission discontinue natural gas
12 hedging activities and that the 2016 Risk Management plan
13 proposed by each investor-owned utility ("Companies") be
14 rejected.

15

16 Q. Do you believe their recommendations are appropriate?

17

18 A. No, I do not. As I stated in my direct testimony filed
19 September 1, 2015 in this proceeding, statements by the
20 Commission in its orders addressing financial hedging and
21 statements made by the Commission's Staff in their
22 hedging audits support the fact that the utilities hedge
23 using systematic and prudent methods, that consumers
24 benefit from the utilities' financial hedging activities,
25 and no changes need to be made to the manner in which

1 electric utilities conduct their financial hedging
2 activities. Those orders and audit results are discussed
3 on pages 24 through 28 of my direct testimony.
4

5 **Q.** Do you believe the Florida utilities' programs for the
6 financial hedging of natural gas prices would be
7 challenged if natural gas prices were rising?
8

9 **A.** No. It is very doubtful we would be seeing criticisms of
10 financial hedging of natural gas prices if those prices
11 were rising. It is only because prices have declined
12 more than the prices built into the utilities' hedging
13 programs that we see opposition to the current hedging
14 model. It is important to put the issue in context. All
15 customers have benefitted from the decline of natural gas
16 prices. The issue raised by intervenor witnesses is that
17 customers haven't also received the difference between
18 the hedged prices and the lower market prices. That is a
19 natural consequence of a financial hedging program. Had
20 prices been rising over time, our hedging programs would
21 have protected customers from having to pay the amount by
22 which higher market prices exceeded the hedged prices.
23

24 **Q.** What would have to happen for customers to receive the
25 added benefit of the difference between the hedge price

1 for natural gas and the lower market price?
2

3 **A.** The Commission would have to eliminate the existing
4 hedging plans, as urged by intervenor witnesses, along
5 with the fuel price volatility mitigation protections
6 they provide, and simply "hope" that natural gas prices
7 continue to decline. This would necessitate reliance
8 upon speculation about the future direction of natural
9 gas market prices - something studiously avoided in the
10 administration of the utilities' Commission supervised
11 hedging programs.
12

13 **Q.** Witness Lawton focuses on the "lost opportunity costs"
14 caused by hedging. For example, on page 7 of his
15 testimony he states:

16 However, when the sole purpose is to
17 mitigate price volatility, there is no
18 built in ability to capture any of the
19 benefits associated with the climbing fuel
20 prices on the hedged portion of natural
21 gas. (Page 7, lines 21-23)
22

23 How do you respond?
24

25 **A.** The stated purpose for approving financial hedging plans

1 is to mitigate natural gas price volatility and the cost
2 recovery factor volatility that goes with it. The point
3 to be made is that one cannot enjoy the price volatility
4 mitigation benefits of hedging, and at the same time enjoy
5 the "lost opportunity costs" that may result from the
6 operation of a non-speculative hedging program.

7
8 **Q.** Witness Lawton concludes that the abundance of shale gas
9 has changed natural gas market dynamics to the extent
10 that financial hedging of natural gas purchases will no
11 longer be needed. How do you respond?

12
13 **A.** Witness Lawton has discounted the history of natural gas
14 pricing. There have been similar periods of natural gas
15 production growth and surplus such as the deepwater Gulf
16 of Mexico in the late 1990s and the promise of an
17 international bounty of liquefied natural gas (LNG) in
18 the early to mid-2000s. In both cases, natural gas
19 prices decreased at first, but, ultimately, demand
20 recovered and exceeded supply to the point that natural
21 gas prices spiked until new supply could restore balance.
22 I cannot say whether or not history will repeat itself
23 with non-conventional shale gas production; however, I
24 cannot be as certain as witness Lawton that the surplus
25 provided by shale gas is here for the foreseeable future.

1 Q. Are there any other key points about future natural gas
2 markets that will affect pricing, which witness Lawton
3 has omitted from his testimony?
4

5 A. Yes, I believe that witness Lawton also failed to give
6 full consideration to the changing electric generation
7 mix in Florida and nationally. This changing generation
8 increases the demand for natural gas as coal-fired and
9 dual-fuel natural gas units with oil backup are replaced
10 with gas-only generation, and the U.S. nuclear fleet ages
11 toward retirement. This increasing reliance on natural
12 gas for electric generation not only puts upward pressure
13 on prices due to demand growth, but it also increases the
14 total cost impact and volatility of prices. Natural gas
15 is a bigger percentage of the electric generation cost,
16 and there is little to no diversity or fuel alternative
17 during periods of high demand or supply constraint.
18

19 Q. Has the Commission previously considered opposition to
20 the Commission approved natural gas financial hedging
21 programs of the investor owned electric utilities?
22

23 A. Yes, I provided an overview of the Commission's reviews
24 of the utility hedging programs over the years, in my
25 2016 projection testimony, filed in this docket on

1 September 1, 2015.

2
3 **Q.** Does a non-speculative risk management hedging program
4 reduce customers' exposure to price volatility?

5
6 **A.** Yes, it does. Using a disciplined, methodical,
7 consistent natural gas financial hedging program ensures
8 that a portion of projected natural gas needs are being
9 hedged frequently, but never all at once. This provides
10 known future pricing that is a blend of future prices
11 acquired over a period of time.

12
13 **Q.** Has Tampa Electric's hedging program accomplished this?

14
15 **A.** Yes. Measured over the history of Tampa Electric's
16 hedging program, the standard deviation of monthly market
17 prices of natural gas has been 43 percent. The standard
18 deviation of monthly hedged prices has been 30 percent.
19 This is a significant "smoothing" of the price of natural
20 gas used for the projection and true-up of the fuel cost
21 recovery factor.

22
23 **Q.** Does a non-speculative risk management hedging program
24 reduce annual fuel cost recovery factor volatility?

25

1 **A.** Yes. When the price of natural gas is known for a
2 percentage of the projected year's natural gas supply,
3 the likelihood of a mid-course correction and a
4 significant over-recovery or under-recovery is
5 diminished.

6
7 **Q.** Do you agree with witness Lawton that the annual,
8 levelized fuel cost recovery factor with true-up and mid-
9 course correction provide customers with enough price
10 volatility mitigation?

11
12 **A.** No. Hedging provides the benefit of price volatility
13 mitigation to customers. A levelized fuel factor does not
14 mitigate price volatility. The annual fuel factor does
15 provide customers with some smoothing by levelizing the
16 cost recovery factor over a period of 12 months. However,
17 it does not limit the potential for fuel costs to
18 increase or decrease. Customers are still responsible for
19 the full amount of costs, including price increases and
20 decreases over time. Any party may request a mid-course
21 correction if projected fuel costs increase or decrease
22 by more than 10 percent, compared to the original
23 projections, so the fuel factor may be modified more
24 often than annually during times of high price
25 volatility. Furthermore, all fuel costs are subject to a

1 final true-up to reflect actual costs incurred, which can
2 result in a greater change in the factor from period to
3 period, with unmitigated fuel price volatility.
4

5 Hedging fuel purchases is different from implementing a
6 levelized factor because non-speculative hedging can
7 limit the potential for changes in these costs. Once a
8 financial natural gas hedge is placed, the price of that
9 portion of the company's fuel purchases is fixed, and
10 customers are not exposed to the risk of a change in that
11 price or cost. Hedging provides the benefit of price
12 volatility mitigation to customers, while a levelized
13 fuel factor does not provide such protection.
14

15 **Q.** If the utility natural gas financial hedging programs are
16 eliminated by Commission order, as recommended by witness
17 Lawton, how soon would the company be able to stop
18 hedging?
19

20 **A.** The company would be able to cease purchasing any new
21 financial hedge positions for natural gas when it
22 receives the Commission's order. The risk management
23 plans approved by the Commission in previous years
24 provide that Tampa Electric hedges natural gas up to 24
25 months in the future. The company will still have

1 existing hedges that were prudently implemented under
2 previous years' risk management plans, and those costs
3 should be recovered through the fuel clause. For example,
4 if the Commission were to order the utilities to cease
5 hedging effective January 1, 2016, then the hedges
6 entered into during 2014 and 2015, under those years'
7 respective risk management plans, should be included in
8 the company's future fuel cost recovery factors.

9
10 **Q.** Can you address OPC witness Noriega's statement that
11 there is a \$11,866,048 difference between Tampa
12 Electric's reported hedging losses and the losses
13 supplied in Tampa Electric's responses to OPC's
14 discovery?

15
16 **A.** Yes, I can. After we saw the calculated difference, Tampa
17 Electric and OPC conferred in an effort to reconcile the
18 difference. We readily determined that both parties had
19 made good faith efforts to calculate and present Tampa
20 Electric's hedging losses, based on the information
21 available to them. We were also able to reconcile the
22 differences in our respective calculations and conclude
23 that, once reconciled, no differential existed between
24 the losses reported to the Commission and those supplied
25 in response to OPC's discovery requests. In short, Tampa

1 Electric and OPC were able to informally resolve all of
2 their differences on this issue.

3

4 **Q.** Does this conclude your testimony?

5

6 **A.** Yes, it does.

7

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1 MR. BEASLEY: And Mr. Caldwell waives opening
2 statement, and we submit him for cross-examination.

3 CHAIRMAN GRAHAM: OPC.

4 CROSS EXAMINATION

5 BY MR. SAYLER:

6 Q Good afternoon, Mr. Caldwell. Good to see you
7 again today.

8 A Good afternoon.

9 Q Would you turn to page three of your
10 testimony, rebuttal testimony, line nine?

11 Do you see where it says, "it is very doubtful
12 we would be seeing criticisms of financial hedging of
13 natural gas prices if those prices were rising?"

14 A Yes.

15 Q All right. Is it your position that the
16 company can beat the market through financial hedging in
17 times of rising prices?

18 A I am sorry, say that again.

19 Q In times of rising prices, is it the company's
20 position that it can beat the market through financial
21 hedging?

22 A No, not at all.

23 MR. SAYLER: Okay. Thank you, no further
24 questions?

25 CHAIRMAN GRAHAM: Mr. Wright.

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

2 Thank you?

3 CHAIRMAN GRAHAM: Mr. Moyle.

4 MR. MOYLE: Thank you, just a few.

5 CROSS EXAMINATION

6 BY MR. MOYLE:

7 Q Same questions I asked the other witness. You
8 would agree that the Commission asks for gains and
9 losses on an annual basis from hedging programs,
10 correct?

11 A Yes.

12 Q And you would agree that that information is
13 relevant, at least to the Commission, because they asked
14 for it, correct?

15 A Of course.

16 Q Okay. And they are free if they look at this
17 case and go, you know, it's a lot of money, we want to
18 stop it, you wouldn't quarrel with that decision, you
19 would implement it as directed, correct?

20 A We certainly would follow Commission
21 directions. No doubt.

22 Q Okay. You don't have any information about to
23 the extent that there was an increase in electric rates,
24 either through an increase in fuel costs or a rate case
25 who would be more adversely affected by an increase in

1 rates, vis-a-vis each other, residential, industrial,
2 commercial, do you?

3 A No, I do not.

4 Q And with respect to the hypothetical used on
5 volatility, do you have a view on which -- you are
6 familiar with that hypothetical, right?

7 A Why don't you provide it again.

8 Q Okay. Assume \$2 gas, and there is a
9 20-percent move in \$2 gas, so it goes to \$2.40.

10 A So a 20-percent move, yes.

11 Q A 20-percent move. Assume \$5 gas, and there
12 is a 10-percent move, so it goes to 5.50.

13 A A 10-percent move, yes.

14 Q Yeah. So which is more volatile in your
15 opinion? Which move?

16 A I believe the correct answer which is more
17 volatile is the 20-percent move, but certainly recognize
18 that in terms of absolute terms, that 50 cents is
19 greater than the 40 cent.

20 Q So you would say that the percentage move, in
21 your judgment, indicates greater volatility than the
22 dollar move?

23 A Correct.

24 Q Okay. But you would agree that consumers
25 might look at it differently and say, you know,

1 percentage doesn't really matter to us, it's the
2 ultimate dollars, that that's just another way of
3 looking at it; correct?

4 A Yes. Certainly, when you think about setting
5 a fuel factor with a 10-percent over- or under-recovery
6 kind of threshold, the percentage does make a
7 difference.

8 Q Right. And with respect to that hypothetical,
9 you would agree that current market conditions are
10 closer to the \$2 gas than the \$5 gas, correct?

11 A Yes.

12 MR. MOYLE: Thank you.

13 CHAIRMAN GRAHAM: Staff.

14 MS. BROWNLESS: Yes, sir.

15 CROSS EXAMINATION

16 BY MS. BROWNLESS:

17 Q How are you, Mr. --

18 A Doing well. Thank you.

19 Q Thank you.

20 If the Commission should decide that TECO
21 should bear a percentage of any hedging losses, would
22 TECO continue its natural gas hedging program or modify
23 it in any way?

24 A Of course, that's bear losses or share in
25 gains?

1 **Q Yes, sir.**

2 A I don't know. I mean, obviously, the company
3 would have to give that a lot of consideration.

4 Real quick reaction on my part. If you got
5 the company with the opportunity to earn, but the real
6 objective is stability of prices for customers, there is
7 a potential for a conflict there. So in general, I
8 believe the current structure, where customers bear the
9 gain and loss of the hedges, as well as the benefit of
10 the stable prices, is working well.

11 **Q Okay. And you heard the discussion about the
12 2008 FP&L validation mitigation mechanism, did you not?**

13 A I did, yes.

14 **Q Okay. And if that were to be put in place, so
15 that a large under-recovery were spread over a period of
16 two years, or three years, what is your opinion of that
17 option, and how does it compare in limiting fuel price
18 volatility to your current hedging program?**

19 A Well, let me start with the second part first.
20 I don't believe the fixed levelized fuel price and
21 spreading that recovery over a period of time is the
22 same as hedging. When you hedge the underlying costs of
23 fuel, you are setting in your costs and you are setting
24 your fuel factor at a corresponding recovery factor. So
25 you are kind of locking in a known cost and a known sale

1 price. Really a purchase and a sale at the same time.

2 Now taking it to the, what if you have a
3 under-recovery for whatever the circumstances. Could be
4 the price of gas. It could be a unit outage. Could be
5 extreme weather. Spreading that out over more time, I
6 believe that has the definite risk of making things
7 worse to the extent, if it is rise in prices, so now you
8 have built up an under-recovery in year one, plus prices
9 are higher in year two, you have got the stacking
10 affect, and you kind of pushing that problem off into
11 the future potentially stacking it up making it even
12 worse. So in general, I don't favor the extended
13 recovery.

14 **Q And I assume that your company, if it did**
15 **defer a portion of an under-recovery over several years**
16 **would also charge the commercial paper rate for the**
17 **balance that was carried?**

18 A I believe this was done with over- or
19 under-recoveries currently, yes.

20 **Q Thank you.**

21 MS. BROWNLESS: We have no further questions.

22 Thank you.

23 CHAIRMAN GRAHAM: Commissioners.

24 Redirect?

25 MR. BEASLEY: No redirect, sir. Mr. Caldwell

1 has no rebuttal exhibits, and I would ask that he
2 be excused.

3 CHAIRMAN GRAHAM: Mr. Caldwell, you are
4 excused. Please travel safely, sir.

5 THE WITNESS: Will do.

6 (Witness excused.)

7 CHAIRMAN GRAHAM: Okay.

8 MR. SAYLER: Mr. Chairman, earlier today, I
9 don't remember if I moved Exhibit 118 in, the
10 stipulated TECO exhibit.

11 CHAIRMAN GRAHAM: I am not sure you moved it
12 in either. Yes, you did move it in.

13 MS. BROWNLESS: Yes.

14 MR. SAYLER: I did?

15 CHAIRMAN GRAHAM: Yes.

16 MR. SAYLER: And earlier, because I forgot to
17 move in some of our Public Counsel exhibits, I just
18 wanted to make sure that Exhibits 53 through 64
19 were moved into the record.

20 CHAIRMAN GRAHAM: They have been moved in
21 twice.

22 MR. SAYLER: Well, three times a charm. Thank
23 you.

24 CHAIRMAN GRAHAM: Okay. We're done with
25 witnesses, correct?

1 MS. BROWNLESS: Yes, sir.

2 CHAIRMAN GRAHAM: As far as I know, we have
3 all exhibits in, is that correct?

4 MS. BROWNLESS: Yes, sir, I believe so.

5 CHAIRMAN GRAHAM: So is it now the time that I
6 look forward to all the time of concluding this
7 hearing?

8 MS. BROWNLESS: Yes, sir.

9 CHAIRMAN GRAHAM: Briefs are due
10 November 25th, correct?

11 MS. BROWNLESS: 13th.

12 CHAIRMAN GRAHAM: 13th -- briefs are due on
13 the 13th. Word limit per page is 100 words. Limit
14 of 40 pages.

15 MS. BROWNLESS: Right.

16 CHAIRMAN GRAHAM: Everybody is familiar, okay
17 with all that? I am seeing everybody is nodding
18 their heads yes. Mr. Butler, I didn't see you nod
19 your head yes. Okay.

20 If there is nothing else to come before us on
21 this docket --

22 MR. MOYLE: Can I ask one question? I was
23 just looking at the 13th. It's a Friday. Is it a
24 big deal if we push it to Monday?

25 CHAIRMAN GRAHAM: We have already gone through

1 that in prehearing. We need to have it on the 13th
2 because there is a lot that staff needs to get done
3 before the end of the year. And they have
4 indicated they plan on working that weekend, so I
5 figured I would give them that weekend.

6 MS. BROWNLESS: Chairman, I just want to make
7 sure that the staff's Exhibits 75 through 104 have
8 been moved into the record. I believe they have,
9 but at this time, we would offer them again.

10 CHAIRMAN GRAHAM: Yeah. We moved it in early
11 on --

12 MS. BROWNLESS: That's what I thought.

13 CHAIRMAN GRAHAM: -- exhibits 75 through 104.

14 MS. BROWNLESS: I thought so, but I just
15 wanted to make sure. Thank you so much.

16 CHAIRMAN GRAHAM: Okay. Anything else to come
17 before us on the 01 docket? Seeing none, well,
18 then this docket we be adjourned.

19 I thank each and every one of you for your
20 time and your hospitality, we will say. We have
21 come a long way, but it's a lot more pleasant
22 running these hearings now than it was when I first
23 got here back in 2010, and I thank each and every
24 one of you for that. I know everybody is used to
25 running things differently, and you guys have all

1 adapted to, I guess, I would call my style, and so
2 I do appreciate that.

3 Ms. Brownless, I do appreciate everything you
4 guys did leading into this fuel clause. I know
5 things get very difficult at times, but you guys
6 have come a long way.

7 And for the intervenors and utilities for
8 working with staff and working together, it -- as
9 you have heard me say many times before, it always
10 works so much better when you guys come together
11 and sing Kumbaya than when I have to sit back and
12 sift through it all, so I do appreciate you guys
13 doing all that.

14 And I guess my --

15 COMMISSIONER EDGAR: We wanted to know how
16 long it was going to take before we heard Kumbaya.

17 CHAIRMAN GRAHAM: My colleagues are getting a
18 little punchy, so I guess, you know, it has been a
19 long hearing.

20 Once again, I do thank you all for all you do,
21 and I wish you all travel safely. And those of you
22 that are going to NARUC this weekend, I will see
23 you there, and we're adjourned.

24 (Whereupon, the proceedings were concluded at
25 4:37 p.m.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, DEBRA R. KRICK, Professional Court
Reporter, do hereby certify that the foregoing
proceeding was heard at the time and place herein
stated.

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

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

DATED THIS 4th day of November, 2015.



DEBRA R. KRICK
NOTARY PUBLIC
COMMISSION #EE212307
EXPIRES JULY 13, 2016