

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

 In the Matter of : DOCKET NO. 960001-EI
 :
 Fuel and Purchased :
 Power Cost Recovery :
 Clause and Generating :
 Performance Incentive :
 Factor. :



PROCEEDINGS: PREHEARING CONFERENCE

BEFORE: COMMISSIONER J. TERRY DEASON
Prehearing Officer

DATE: Tuesday, August 20, 1996

TIME: Commenced at 9:35 a.m.
Concluded at 10:10 a.m.

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

REPORTED BY: H. RUTHE POTAMI, CSR, RPR
Official Commission Reporter

1 **APPEARANCES:**

2 **MATTHEW M. CHILDS**, Steel, Hector & Davis,
3 215 South Monroe Street, Suite 601, Tallahassee,
4 Florida 32301, Telephone No. (904) 224-7595, appearing
5 on behalf of **Florida Power & Light Company**.

6 **JEFFREY A. STONE**, Beggs & Lane, P. O. Box
7 12950, Pensacola, Florida 32576-2950, Telephone No.
8 (904) 432-2451, appearing on behalf of **Gulf Power**
9 **Company**.

10 **VICKI GORDON KAUFMAN**, McWhirter, Reeves,
11 McGlothlin, Davidson, Rief and Bakas, 117 South
12 Gadsden Street, Tallahassee, Florida 32301, Telephone
13 No. (904) 222-2525, appearing on behalf of **Florida**
14 **Industrial Power Users Group**.

15 **HAROLD McLEAN**, Deputy Public Counsel, Office
16 of Public Counsel, 111 West Madison Street, Room 812,
17 Tallahassee, Florida 32399-1400, Telephone No. (904)
18 488-9330, appearing on behalf of the **Citizens of the**
19 **State of Florida**.

20 **LEE L. WILLIS**, Ausley & McMullen, Post
21 Office Box 391, Tallahassee, Florida 32302, Telephone
22 No. (904) 224-9115, appearing on behalf of **Tampa**
23 **Electric Company**.

24 **NORMAN H. HORTON, JR.**, Messer, Vickers,
25 Caparello, Madsen, Goldman & Metz, P. O. Box 1876,

1 Tallahassee, Florida 32302-1876, Telephone No.
2 (904) 222-0720, appearing on behalf of Florida Public
3 Utilities Company.

4 JAMES MCGEE, 3201 34th Street South, St.
5 Petersburg, Florida 33711, Telephone No. (813)
6 866-5786, appearing on behalf of Florida Power
7 Corporation.

8 VICKI JOHNSON, Florida Public Service
9 Commission, Division of Legal Services, 2540 Shumard
10 Oak Boulevard, Tallahassee, Florida 32399-0870,
11 Telephone No. (904) 413-6199, appearing on behalf of
12 the Commission Staff.

13
14
15
16
17
18
19
20
21
22
23
24
25

P R O C E E D I N G S

(Hearing convened at 9:35 a.m.)

COMMISSIONER DEASON: I call the prehearing conference to order. Can I have the notice read, please?

MS. JOHNSON: By notice issued July 31st, 1996, a prehearing conference was set in Docket Numbers 960001-EI, Fuel and purchased power cost recovery clause and generating performance incentive factor, and 96007-EI, Environmental cost recovery clause.

COMMISSIONER DEASON: Thank you. I'll take appearances.

MS. JOHNSON: My name is Matthew Childs of the firm of Steel, Hector & Davis appearing on behalf of Florida Power & Light Company.

MR. MCGEE: James McGee, Post Office Box 14042, St. Petersburg, 33733, on behalf of Florida Power Corporation. With me is Ron Bright, Class B practitioner, also of Florida Power Corporation.

MR. STONE: Jeffrey A. Stone and Russell A. Badders of the law firm Beggs & Lane in Pensacola, Box 12950. We're appearing on behalf of Gulf Power Company, both in the 01 and in the 07 dockets.

MR. WILLIS: I'm Lee L. Willis appearing

1 together with James D. Beasley of the firm of Ausley &
2 McMullen, Post Office Box 391, Tallahassee, Florida,
3 32302, appearing on behalf of Tampa Electric Company
4 in both the 960001 and 960007 dockets.

5 **MR. HORTON:** Norman H. Horton, Jr., Messer,
6 Caparello, Madsen, Goldman & Metz, P.O. Box 1876,
7 Tallahassee, appearing on behalf of Florida Public
8 Utilities Company in the 01 docket.

9 **MS. KAUFMAN:** Vicki Gordon Kaufman,
10 McWhirter, Reeves, McGlothlin, Davidson, Rief and
11 Bakas, 117 South Gadsden, Tallahassee 32301, appearing
12 on behalf of the Florida Industrial Power Users Group
13 in the 01 and 07 dockets.

14 **MR. McCLEAN:** Harold McLean, Office of
15 Public Counsel. Roger Howe will probably appear at
16 the hearing. 111 West Madison Street, Tallahassee,
17 Florida, 32399.

18 **MS. JOHNSON:** Vicki Johnson, appearing on
19 behalf of the Commission Staff.

20 **COMMISSIONER DEASON:** Thank you.
21 Ms. Johnson, do we have any preliminary matters we
22 need to address?

23 **MS. JOHNSON:** Yes, Commissioner Deason.
24 Florida Power & Light informed us this morning that
25 they will be filing new factors and A schedules which

1 will identify an approximately \$6 million additional
2 underrecovery which is based on their actual numbers
3 for July, 1996.

4 So the numbers that are indicated in the
5 draft prehearing orders for Issues 2, 3, 4 and 7 for
6 Florida Power & Light will change, based upon this
7 supplemental filing.

8 Staff would request at this time that we
9 would be given leave to get together with the Company
10 following the prehearing conference to see whether or
11 not we're in agreement with the updated numbers, and
12 have that reflected in the prehearing order.

13 **COMMISSIONER DEASON:** Mr. Childs, do you
14 have anything to add?

15 **MR. CHILDS:** Except that I have some extra
16 copies of that testimony and have distributed it to
17 FIPUG and the Office of Public Counsel this morning,
18 but if there's anyone else that needs it, it's right
19 here on the corner. And what it relates to is using
20 actual numbers for June and July instead of the
21 estimated numbers which were in our original filing.

22 **COMMISSIONER DEASON:** All right. Any other
23 preliminary matters?

24 **MS. JOHNSON:** No.

25 **COMMISSIONER DEASON:** Any of the parties

1 have any preliminary matters? (No response)

2 Very well. Is there a preference as to
3 whether we do 01 or 07 first?

4 **MS. JOHNSON:** I think that there probably is
5 at least one party who is not a party to the 07
6 docket, so proceeding with 01 would be preferable.

7 **COMMISSIONER DEASON:** Very well. That's
8 suitable with me. We'll proceed, then, into the draft
9 prehearing order for the 01 docket.

10 Now, I have a number of pages that I find
11 here before me. Are these pages that are changes to
12 the draft prehearing order?

13 **MS. JOHNSON:** That's correct. Those are
14 changes that Staff is aware of. The parties may have
15 additional changes as well.

16 **COMMISSIONER DEASON:** Okay. And as we
17 proceed through the order where those changes need to
18 be made, you'll identify that; is that correct?

19 **MS. JOHNSON:** That's correct.

20 **COMMISSIONER DEASON:** Very well. We'll
21 proceed through the draft prehearing order.

22 Section I, Case Background. It seems fairly
23 straightforward.

24 Section II is the procedure for handling
25 confidential information. And as is customary

1 practice, to the extent confidential information is to
2 be utilized at the hearing, there's a requirement for
3 that information to be so identified and parties be
4 put on notice.

5 Is there any such information that's going
6 to be utilized at the hearing in the 01 docket? (No
7 response) Apparently not. Very well.

8 Section III addresses prefiled testimony and
9 exhibits. That also appears to be fairly
10 straightforward.

11 Section IV, Order of Witnesses, are there
12 any questions or changes, corrections to Section IV?

13 MS. JOHNSON: I'm aware of two changes for
14 Florida Power & Light's witness. Witness Silva will
15 testify to the additional issue, Issue 16a, and
16 Witness Morley, which is on Page 5 of the order, will
17 testify to Issues 20 through 24, and Issue 19a should
18 be deleted.

19 COMMISSIONER DEASON: 19a deleted from --

20 MS. JOHNSON: For Morley.

21 COMMISSIONER DEASON: For Witness Morley.

22 MR. WILLIS: Commissioner, Tampa Electric
23 has a rebuttal witness which should be reflected on
24 Page 5, which is Mr. Ramil, and it's Issue 9.

25 COMMISSIONER DEASON: Issue 9. That

1 testimony was prefiled; is that correct?

2 MR. WILLIS: Yes, it was.

3 MS. JOHNSON: Just so that it's clear, I
4 think what happened was Ramil was listed above as
5 direct testimony, and he should be indicated as
6 rebuttal? Is that correct?

7 MR. WILLIS: Well, he should be -- he filed
8 both.

9 MS. JOHNSON: And that's correct.

10 COMMISSIONER DEASON: Any other changes or
11 corrections?

12 MR. McCLEAN: Yes, sir. Mr. Larkin, Page 5
13 down there at the bottom of the list, Mr. Larkin is
14 testifying to Issue 9, as I understand.

15 COMMISSIONER DEASON: Issue 9 for
16 Mr. Larkin; very well.

17 With that we'll move, then, into Section V,
18 the basic positions. Any changes or corrections? (No
19 response)

20 Section VI is the issues themselves. We'll
21 begin with Issue 1, and let me ask; I understand there
22 that there were going to be changes for Florida Power
23 & Light for some of the issues. Issue 1 is not one of
24 those. Given that, Issue 1, is that capable of being
25 stipulated?

1 **MS. JOHNSON:** We're awaiting positions from
2 FIPUG and OPC.

3 **COMMISSIONER DEASON:** Okay. I notice
4 throughout many of the issues in the 01 docket, as
5 well as many of the issues in the 07 docket, FIPUG and
6 Office of Public Counsel is taking no position at this
7 time. And I guess my question is, do those parties
8 intend to take positions today or intend to take no
9 position on some of these issues?

10 **MS. KAUFMAN:** Commissioner Deason, FIPUG
11 does intend to take positions on some of the issues,
12 and we thought as we went through, we would advise.
13 On this first issue, however, we do have no position.

14 **COMMISSIONER DEASON:** Okay. Would it be
15 safe to assume that in the draft where it's stated "No
16 position at this time," unless you notify me
17 otherwise, you basically will be taking no position on
18 that issue?

19 **MS. KAUFMAN:** I think that's a safe
20 assumption, yes.

21 **COMMISSIONER DEASON:** Very well.
22 Mr. McLean?

23 **MR. McCLEAN:** The same is true for Public
24 Counsel.

25 **COMMISSIONER DEASON:** Very well. Thank you,

1 Mr. McLean.

2 MR. McCLEAN: Okay. So then FIPUG and OPC
3 is not taking a position on Issue 1, and I believe
4 Staff and the companies are in agreement for those
5 numbers; is that correct?

6 MS. JOHNSON: That's correct.

7 COMMISSIONER DEASON: So Issue 1 can be
8 shown as a stipulation.

9 Okay. Now, for Issue 2, I understand that
10 there are going to be some changed numbers for Florida
11 Power & Light. With that, though, that there is
12 agreement between Staff and the other companies, can
13 Issue 2 then be stipulated for the others?

14 MS. JOHNSON: Yes, it may.

15 COMMISSIONER DEASON: Very well. Issue 3,
16 likewise, I think falls into the same category; is
17 that correct?

18 MS. JOHNSON: Yes.

19 COMMISSIONER DEASON: As we proceed through
20 these issues, if any parties have any comments or
21 questions or changes, let me know.

22 Issue 4.

23 MS. JOHNSON: Staff has a change for Florida
24 Public Utilities Company. We're in agreement with the
25 numbers that are shown for the company. That's

1 Marianna, 2.995 cents per Kwh and Fernandino Beach,
2 3.252 cents per Kwh.

3 **COMMISSIONER DEASON:** Very well. Then for
4 all companies other than Florida Power & Light there
5 can be shown as a stipulation in Issue 4?

6 **MS. JOHNSON:** That's correct.

7 **COMMISSIONER DEASON:** Very well. Issue 5,
8 likewise, I believe can be stipulated; is that
9 correct?

10 **MS. JOHNSON:** Staff has an updated position
11 on that issue.

12 **COMMISSIONER DEASON:** Very well.

13 **MS. JOHNSON:** It's one of the handouts. It
14 should be the very first copy in your stack.

15 **COMMISSIONER DEASON:** Yes, I have that.
16 Could you explain to me briefly what the change is?

17 **MS. JOHNSON:** The change reflects that
18 Florida Power & Light and Gulf's capacity factors are
19 now annualized, and with that we are in agreement with
20 both Florida Power & Light, Gulf and the other
21 companies.

22 **MS. KAUFMAN:** Commissioner Deason, we cannot
23 stipulate to this issue. There's an issue further
24 on -- and I don't have the number right in front of
25 me -- that asks whether FPL's capacity factor should

1 be changed to an annual basis. And our position on
2 that issue is going to be that it should not, that it
3 should remain a six-month factor. So that will affect
4 Issue 5.

5 COMMISSIONER DEASON: Very well. That will
6 be reflected in the prehearing order.

7 MR. STONE: Commissioner Deason, would it be
8 possible to show there's a stipulation to all
9 companies other than Florida Power & Light?

10 COMMISSIONER DEASON: Is that consistent
11 with Staff's position?

12 MS. JOHNSON: That is.

13 COMMISSIONER DEASON: Then it can be shown
14 as such; is that correct, Ms. Kaufman?

15 MS. KAUFMAN: Yes, Commissioner.

16 COMMISSIONER DEASON: Very well. Issue 6.

17 MS. JOHNSON: Staff has a change for FPUC on
18 Page 14 of the prehearing order. It should indicate
19 for Marianna all rate schedules are 1.0000, and the
20 same for Fernandino Beach; and with that, Staff is in
21 agreement with all the companies.

22 COMMISSIONER DEASON: And therefore it can
23 be shown as a stipulation?

24 MS. JOHNSON: Yes.

25 COMMISSIONER DEASON: Very well. Issue 17.

1 MS. JOHNSON: Staff has a change for FPUC,
2 which is the second page of your packet. Our numbers
3 are now in agreement with FPUC for both divisions of
4 the company, Marianna and Fernandino Beach; and with
5 that change -- (pause) -- I've just been notified that
6 that's not correct.

7 COMMISSIONER DEASON: Do you need a moment?

8 MS. JOHNSON: Yes.

9 COMMISSIONER DEASON: Okay. Very well.

10 (Pause)

11 MS. JOHNSON: We're ready to proceed.
12 Staff's updated positions for FPUC are indicated on
13 the handout that was distributed this morning, and
14 it's my understanding that the Company is now in
15 agreement with those numbers.

16 MR. HORTON: That's correct, Commissioner;
17 we agree with Staff.

18 COMMISSIONER DEASON: So then there can be a
19 stipulation for all companies other than Florida Power
20 & Light?

21 MS. JOHNSON: That's correct.

22 COMMISSIONER DEASON: Very well. Issue 8.

23 MS. JOHNSON: Issue 8 can be stipulated.

24 COMMISSIONER DEASON: Very well. Show Issue
25 8 as a stipulation. Issue 9, I see you have a change

1 for that.

2 MS. JOHNSON: Staff has handed out our
3 change this morning; that's correct.

4 COMMISSIONER DEASON: What is the nature of
5 that change?

6 MS. JOHNSON: Issue 9 for Staff should read:
7 "Normally the average fuel costs of the generating
8 units from which the sale is made should be used for
9 fuel cost recovery purposes, unless the utility has
10 demonstrated to the Commission that an alternative
11 treatment provides net benefits to the general body of
12 ratepayers."

13 COMMISSIONER DEASON: So that is Staff's
14 position on Issue 9. Does Florida Power & Light have
15 an Issue 9?

16 MR. CHILDS: Our position is no position.

17 MS. KAUFMAN: Commissioner Deason, FIPUG has
18 a position on Issue 9, and our position would be: "No.
19 Agree with OPC."

20 COMMISSIONER DEASON: Okay. Does Florida
21 Public Utilities have a position on Issue 9?

22 MR. HORTON: No, sir.

23 COMMISSIONER DEASON: So it should simply
24 read "No position"?

25 MR. HORTON: No position. That's correct.

1 **COMMISSIONER DEASON:** Very well. Issue 10.

2 **MR. STONE:** Commissioner Deason, if I may go
3 back to Issue 9 for just a moment.

4 **COMMISSIONER DEASON:** Yes.

5 **MR. STONE:** Gulf has stated a position. We
6 will not be producing witnesses on that issue, and we
7 can delete the reference to Mr. Howell and Mr. Oaks.

8 **COMMISSIONER DEASON:** Well, will you just
9 give revised language to Staff to incorporate?

10 **MR. STONE:** Our position would be as stated.
11 We just would delete the witnesses.

12 **COMMISSIONER DEASON:** Oh; okay. I'm sorry.
13 In parentheses --

14 **MR. STONE:** That's correct.

15 **COMMISSIONER DEASON:** Okay. Other changes
16 for Issue 9?

17 **MS. JOHNSON:** Mr. Stone, if I might; will I
18 need to make a correction on the order of witnesses?

19 **MR. STONE:** You should.

20 **COMMISSIONER DEASON:** That change also will
21 be made.

22 Issue 10, can this issue be stipulated?

23 **MS. JOHNSON:** It's my understanding that
24 FP&L has now taken the position of yes.

25 **MS. KAUFMAN:** And FIPUG's position would

1 also be yes.

2 COMMISSIONER DEASON: Does Florida Public
3 Utilities have a position?

4 MR. HORTON: It would be yes.

5 COMMISSIONER DEASON: Given that, can this
6 issue then be stipulated?

7 MS. JOHNSON: I believe that OPC has not
8 taken a position at this time.

9 COMMISSIONER DEASON: I assume they're not
10 taking a position unless we hear otherwise.

11 MR. McCLEAN: That's correct, sir.

12 COMMISSIONER DEASON: Okay. Anything
13 further on Issue 10? (No response)

14 MS. JOHNSON: No, sir.

15 COMMISSIONER DEASON: Issue 11a.

16 MS. JOHNSON: Staff is not prepared at this
17 time to take a position. However, if the company
18 would ask for any direction regarding the nature of
19 our inquiry and concerns on this issue, we're prepared
20 at this time to discuss that.

21 MR. CHILDS: I'm sorry. You said "if"
22 something.

23 MS. JOHNSON: I said that we're not prepared
24 to take a position at this time. However, we're
25 concerned about a number of instances of outages, that

1 we're prepared to give you at least some notice of
2 what we'll be inquiring of at the hearing.

3 **COMMISSIONER DEASON:** Well, I mean, is this
4 an issue that's being raised by Staff?

5 **MS. JOHNSON:** Yes, it is.

6 **COMMISSIONER DEASON:** And Staff at this
7 point is not prepared to take a position on the issue?

8 **MS. JOHNSON:** That's correct. And, also, I
9 want to note that the issue should be modified. It
10 indicates on the third line that its outages at Plant
11 St. Lucie and Plant Turkey Point; "and Plant Turkey
12 Point" should be deleted.

13 All of our discovery and all of the
14 Company's testimony relates to the St. Lucie plant
15 exclusively.

16 **COMMISSIONER DEASON:** Okay. I understand
17 that change. But it's your desire to maintain this as
18 an issue but have no position at this time?

19 **MS. JOHNSON:** That's correct.

20 **COMMISSIONER DEASON:** Mr. Childs?

21 **MR. CHILDS:** Well, I don't know what the
22 position of other parties might be. I understand
23 Staff taking that action, but I would appreciate there
24 being some indication, as I think Staff has offered,
25 so that if there's a way to narrow what we're talking

1 about, we can narrow what we're talking about at the
2 hearing. And you don't have to do that today, but I'd
3 like that, and if other parties have a similar
4 position, I would like to get that from them.

5 **COMMISSIONER DEASON:** Very well. Given that
6 this is Staff's issue and they're not going to be
7 taking a position today, I will allow, if they desire,
8 FIPUG and OPC to maintain no position at this time,
9 realizing that you may take a position either prior
10 to, at the hearing or subsequent to the hearing.

11 **MS. KAUFMAN:** That would be our preference,
12 Commissioner Deason.

13 **COMMISSIONER DEASON:** Very well. Anything
14 further on Issue 11a? (No response)

15 Issue 11b, Staff, I see you have some
16 changed language.

17 **MS. JOHNSON:** That's correct. We handed out
18 a sheet which is Issue 11b. It's rather lengthy, so
19 rather than reading it, I'll just make note that it's
20 included in the packets that I've given you,
21 Commissioner Deason, and the court reporter, as well
22 as the parties.

23 **COMMISSIONER DEASON:** Very well.

24 **MS. JOHNSON:** Our basic position is "yes".

25 **COMMISSIONER DEASON:** Mr. Childs, do you

1 have any questions about Staff's position? Have you
2 had time to review that?

3 MR. CHILDS: I think we're in agreement. I
4 think the parties are in agreement on that issue.

5 MS. KAUFMAN: Commissioner Deason, FIPUG is
6 not in agreement on this issue, and our position for
7 11b would be no, that these are capital costs not
8 appropriate for recovery through the fuel cost.

9 COMMISSIONER DEASON: Very well.
10 Ms. Johnson, did you get that change?

11 MS. JOHNSON: Yes, I did.

12 COMMISSIONER DEASON: Public Counsel, just
13 "no position"?

14 MR. McCLEAN: Correct.

15 COMMISSIONER DEASON: Very well. No
16 position for Public Counsel.

17 Issue 11c.

18 MS. JOHNSON: On Issue 11c it's my
19 understanding that FP&L's position is now "yes".

20 MR. CHILDS: Yes.

21 COMMISSIONER DEASON: So that would be
22 consistent with Staff's position.

23 MS. JOHNSON: That's correct.

24 COMMISSIONER DEASON: And given that, issue
25 11c can then be stipulated?

1 MS. JOHNSON: Yes.

2 COMMISSIONER DEASON: Very well. Issue 12a.
3 There is agreement between Florida Power Corporation
4 and Staff; is that correct?

5 MS. JOHNSON: That's correct.

6 COMMISSIONER DEASON: And I assume, then,
7 that Issue 12a can be shown as a stipulation.

8 Issue 12b, likewise, there is agreement
9 between the Company and Staff, and I assume 12b, then,
10 can be shown as a stipulation. And I think it's the
11 same situation with 12c; is that correct?

12 MS. JOHNSON: That's correct.

13 COMMISSIONER DEASON: Very well. Issue 13a.

14 MS. JOHNSON: Here again Staff and the
15 Company are in agreement, and that can be stipulated
16 as well.

17 COMMISSIONER DEASON: Very well. And then
18 does that make Issue 13b moot?

19 MS. JOHNSON: 13 --

20 COMMISSIONER DEASON: 13b.

21 MS. JOHNSON: 13b, the Company and Staff are
22 in agreement, and it may be stipulated, yes.

23 COMMISSIONER DEASON: Issue 13c, I think, is
24 in a similar situation; is that correct?

25 MS. JOHNSON: Yes.

1 **COMMISSIONER DEASON:** And likewise, then,
2 13d; is that correct?

3 **MS. JOHNSON:** Yes, it is, as well as 13e.

4 **COMMISSIONER DEASON:** 13e, very well. Issue
5 14.

6 **MS. JOHNSON:** For Issue 14 Staff has handed
7 out Staff attachment 1 which is composed of four
8 pages. Our position for Issue 14 should read "See
9 Staff attachment 1, Pages 3 and 4 of four," and with
10 that, Staff's numbers and the Company numbers are all
11 in agreement.

12 **COMMISSIONER DEASON:** Then that can be shown
13 as a stipulation. Issue 15.

14 **MS. JOHNSON:** Staff attachment 1, Pages 1
15 and 2 address this issue, and our position should
16 read: "See Staff attachment 1, Pages 1 and 2," and
17 with that we're in agreement with the companies.

18 **COMMISSIONER DEASON:** And then Issue 15 can
19 be shown as a stipulation.

20 **MS. JOHNSON:** That's correct.

21 **MS. KAUFMAN:** Commissioner Deason, I need to
22 ask a question about 15.

23 **COMMISSIONER DEASON:** Okay.

24 **MS. KAUFMAN:** Later on in Issue 18 we're
25 talking about how Tampa Electric is going to be

1 calculating their factor, and we are in disagreement
2 with what's stated on Tampa Electric's position for
3 No. 18, so I believe that might affect No. 15.

4 **COMMISSIONER DEASON:** Staff, is that
5 correct, that 15 is the calculations as a result of
6 Issue 18?

7 **MS. JOHNSON:** That's correct.

8 **MS. KAUFMAN:** So that we could stipulate
9 except as to Tampa Electric.

10 **COMMISSIONER DEASON:** Very well.

11 **MR. STONE:** Mr. Deason, I appreciate Staff's
12 representation that they're in agreement with the
13 companies, and I suspect that that's the case.

14 I do find a slight discrepancy in the
15 number, and I suspect that's due to differences in
16 rounding; and we will accept the stipulation, assuming
17 that we can reconcile our rounding errors.

18 **COMMISSIONER DEASON:** Very well. If there
19 is a real problem, then I'm sure that will be
20 reflected in the prehearing. If it's just a question
21 of rounding, then it can be shown as a stipulation.

22 Issue 16a.

23 **MS. JOHNSON:** For Issue 16a there was a
24 handout that was distributed. It was distributed by
25 Florida Power & Light company. And Staff would adopt

1 the position of Florida Power & Light Company in this
2 case, and we would be in agreement with the Company on
3 that issue.

4 **COMMISSIONER DEASON:** Then it can be shown
5 as a stipulation.

6 **MS. JOHNSON:** That's correct.

7 **COMMISSIONER DEASON:** Issue 16b.

8 **MS. JOHNSON:** Staff's position on Issue 16b
9 is "yes," and with that we're in agreement with the
10 Company.

11 **COMMISSIONER DEASON:** And, likewise, it can
12 be shown as a stipulation.

13 Issue 17. There has been a change; is that
14 correct?

15 **MS. JOHNSON:** That's correct. Staff handed
16 out a sheet this morning with our updated position,
17 which I can read. It should read, "Staff: Yes. The
18 historical series of weekly data generated in periods
19 when low-BTU coal was being burned at Plant Daniel are
20 now long enough to make projections using that type of
21 data exclusively. This makes it possible to return
22 the Daniel units to the program by using seasonal heat
23 rate data."

24 **COMMISSIONER DEASON:** Is that consistent
25 with Gulf's position?

1 **MR. STONE:** Commissioner, it is. With
2 what -- we would like to emphasize the fact that there
3 may be reasons for variance between seasonal, but
4 rather the point is to use relevant burn data in
5 forming the data base to set the targets. It may be
6 seasonal, it may not be seasonal, but the point is it
7 should be based on relevant burn data using coal
8 that's consistent. And with that, we think we're in
9 agreement with Staff.

10 **COMMISSIONER DEASON:** Does Staff agree with
11 that?

12 **MS. JOHNSON:** Yes.

13 **COMMISSIONER DEASON:** Very well. That can
14 be shown as a stipulation, then.

15 Issue 18.

16 **MS. JOHNSON:** On Issue 18 Staff would now
17 take the position of "Yes. This type of adjustment
18 was stipulated to and approved in the February, 1996
19 fuel hearing. Such an adjustment will ensure
20 continuity of data both before and after the scrubber
21 integration of Big Bend Units 3 and 4, until
22 sufficient operational history has been developed."
23 And with that we're in agreement with the Company.

24 **COMMISSIONER CLARK:** Ms. Kaufman.

25 **MS. KAUFMAN:** Yes. FIPUG is not in

1 agreement, and our position on Issue 18 would be, "No,
2 that actual data should be used."

3 COMMISSIONER DEASON: Very well. And I
4 assume Public Counsel has no position.

5 MR. McCLEAN: That's correct.

6 COMMISSIONER DEASON: Issue 19.

7 MS. JOHNSON: Issue 19, it appears that the
8 companies and Staff are in agreement, and that can be
9 shown as a stipulated issue.

10 COMMISSIONER DEASON: Very well. Issue 19a.

11 MS. JOHNSON: It's my understanding that
12 Florida Power & Light should not have been shown under
13 this issue, so that the number that's reflected there
14 should be deleted; and with that we have a stipulation
15 as well.

16 COMMISSIONER DEASON: Very well. Issue 20.

17 MS. JOHNSON: On Issue 20, Florida Power &
18 Light's position should be the position that was
19 indicated for 19a, which is 13,378,068 overrecovery,
20 and the witness sponsoring this is Morley; and with
21 that we are in agreement.

22 COMMISSIONER DEASON: And, likewise, Issue
23 20, then, can be stipulated?

24 MS. JOHNSON: Yes.

25 COMMISSIONER DEASON: Issue 20a.

1 MS. JOHNSON: The companies are in agreement
2 with Staff. The Company, rather. And that should be
3 shown as a stipulation.

4 COMMISSIONER DEASON: Same for Issue 21; is
5 that correct?

6 MS. JOHNSON: That's correct.

7 COMMISSIONER DEASON: And Issue 21a as well?

8 MS. JOHNSON: Yes.

9 COMMISSIONER DEASON: Issue 22, also a
10 stipulation?

11 MS. JOHNSON: That's correct.

12 COMMISSIONER DEASON: Issue 22a, also a
13 stipulation?

14 MS. JOHNSON: Yes.

15 COMMISSIONER DEASON: As is Issue 23?

16 MS. JOHNSON: That's correct.

17 COMMISSIONER DEASON: And Issue 23a is also
18 a stipulation?

19 MS. JOHNSON: That's correct.

20 MS. KAUFMAN: Commissioner Deason, I guess I
21 just need to bring up again that now I see that it's
22 Issue 24a as to whether we're going to go to an annual
23 capacity cost recovery. Maybe I'm jumping ahead.

24 I just wanted us to bear that in mind, that
25 we're approving, it looks to me like, or stipulating

1 FP&L's factors on an annual basis when that issue is
2 still open.

3 COMMISSICHER DEASON: This is Issue 24a.

4 MS. KAUFMAN: Yes, sir.

5 COMMISSIONER DEASON: So it's your position
6 that it should not be done on an annual basis?

7 MS. KAUFMAN: That's right. We don't
8 quarrel with the numbers, but until we have the annual
9 versus semiannual resolved, those factors are still
10 open.

11 COMMISSIONER DEASON: Very well. Issue 24
12 and 24a -- well, let's go back to Issue 24. Is there
13 a stipulation for 24?

14 MS. JOHNSON: Yes, there is.

15 COMMISSIONER DEASON: And then there's not a
16 stipulation for 24a, and FIPUG is taking the position
17 of "no," and I assume Public Counsel is taking no
18 position.

19 MS. JOHNSON: I think, if I may ask,
20 Ms. Kaufman has indicated that Issue 23a is the fuel
21 factors on an annual basis. We had indicated that
22 that was the stipulation.

23 COMMISSIONER DEASON: Well, I think she's
24 indicating she doesn't have a problem with the
25 numbers, assuming it's going to be on an annual basis,

1 but that it's her position it should not be on an
2 annual basis.

3 MS. KAUFMAN: That's correct. So if the
4 Commission were to agree with FIPUG, then it would
5 have to be calculated as we have done it, on a
6 semiannual basis.

7 COMMISSIONER DEASON: That, I believe,
8 concludes all issues. Are there any other issues by
9 any other parties to be addressed at this time? (No
10 response)

11 Very well. Section VII is the exhibit list.
12 Changes or corrections to the exhibit list?

13 MR. STONE: Commissioner Deason, on Page 44,
14 the top of the page, the ID number for the exhibit for
15 Mr. Oaks should be MFO-2.

16 COMMISSIONER DEASON: Very well. Other
17 changes to the exhibit list? (No response)

18 Section VIII is Proposed Stipulations.
19 We've addressed a number today. I assume the order
20 will reflect that.

21 MS. JOHNSON: That's correct.

22 COMMISSIONER DEASON: And Section IX
23 indicates there are no pending motions; is that
24 correct?

25 MS. JOHNSON: That is correct.

1 **COMMISSIONER DEASON:** And there have been no
2 rulings on any motions.

3 Anything further to bring before the
4 prehearing officer in the 01 docket?

5 **MR. STONE:** Mr. Deason, in light of the fact
6 that all of our issues have been stipulated, we would
7 ask that Witnesses Oaks, Howell, Cranmer and Fontaine
8 be excused from attendance at the hearing.

9 **COMMISSIONER DEASON:** Any objection to that
10 motion? (No response)

11 That motion is granted.

12 **MR. HORTON:** Commissioner Deason, the same
13 is true for FPUC, and we would make the same request
14 for our witnesses; Mr. Bachman.

15 **COMMISSIONER DEASON:** Any objection? (No
16 response)

17 Hearing none, the motion is granted.

18 **MR. WILLIS:** Commissioner, I would request
19 that Tampa Electric's Witnesses Pennino and Cantrell,
20 all of whose issues have been stipulated, be excused.

21 **COMMISSIONER DEASON:** Any objection to the
22 motion? (No response)

23 Hearing none, the motion is granted.

24 **MR. WILLIS:** I would also like to know that
25 we will discuss with FIPUG the one issue that's

1 outstanding for Witness Keselowsky, and determine
2 whether or not we can stipulate that issue; and, if
3 so, we would like to have that witness excused in the
4 event we come to a stipulation.

5 **COMMISSIONER DEASON:** Is there any objection
6 to that request? (No response)

7 If that matter can be stipulated, that
8 witness, likewise, can be excused.

9 **MR. MCGEE:** On behalf of Florida Power, we
10 have a stipulation on all issues except No. 9.

11 Witness Wieland is responsible. So I would ask that
12 Witnesses Develle and Turner be excused.

13 **COMMISSIONER DEASON:** Any objection? (No
14 response) That motion is granted.

15 **MR. CHILDS:** Commissioner, Florida Power &
16 Light has several issues which are outstanding, some
17 of which may be stipulated. And what I'd propose to
18 do, if it is acceptable, depending upon the outcome of
19 those discussions, perhaps we can identify for the
20 prehearing order which witnesses for Florida Power &
21 Light were excused.

22 **COMMISSIONER DEASON:** Very well. That would
23 be satisfactory.

24 Any other matters in the 01 docket? (No
25 response)

1 Thank you all. That concludes the
2 prehearing conference for the 01 docket. We will now
3 proceed into 07.

4 **MS. JOHNSON:** Commissioner Deason, Staff
5 would request a five-minute recess.

6 (Thereupon, the hearing concluded at 10:10
7 a.m.)

8 - - - - -

9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

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

3 I, H. RUTHE POTAMI, CSR, RPR Official
4 Commission Reporter,

5 DO HEREBY CERTIFY that the Prehearing
6 Conference in Docket No. 960001-EI was heard by the
7 Florida Public Service Commission at the time and
8 place herein stated; it is further

9 CERTIFIED that I stenographically reported
10 the said Proceedings; that the same has been
11 transcribed under my direct supervision; and that this
12 transcript, consisting of 32 pages, constitutes a true
13 transcription of my notes of said proceedings.

14 DATED this 21st day of August, 1996.

15

16

17

18

19

20

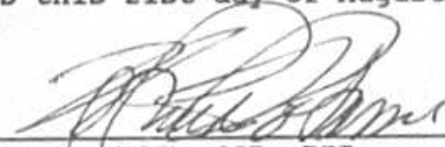
21

22

23

24

25


H. RUTHE POTAMI, CSR, RPR
Official Commission Reporter
(904) 413-6732