1		BEFORE THE	
	FLORIDA	A PUBLIC SERVICE COMMISSION	
2			
3			
4	In the Matter	of : DOCKET NO. 000001-EI	
5	FUEL AND PURCHASED :		
6	GENERATING PERFORMAL INCENTIVE FACTOR.		
7			
8		*********	
9	*	*	
	* ELECTRO	NIC VERSIONS OF THIS TRANSCRIPT *	
10		ONVENIENCE COPY ONLY AND ARE NOT *	
		ICIAL TRANSCRIPT OF THE HEARING *	
11	* AND DO	NOT INCLUDE PREFILED TESTIMONY. *	
12	*****	***********	
13			
14	PROCEEDINGS:	PREHEARING CONFERENCE	
15			4
16	BEFORE:	COMMISSIONER LILA A. JABER Prehearing Officer	10,5
17	DATE:	Friday, November 3, 2000	
18			
19	TIME:	Commenced at 1:30 p.m. Concluded at 4:05 p.m.	
20			
21	PLACE:	Betty Easley Conference Center Room 148	빌 (
22		4075 Esplanade Way Tallahassee, Florida	70
**********		rarranapsec, riorra	ENT NUMBER-DATE
23			<u>-</u>
24	REPORTED BY:	TRICIA DEMARTE	E -

Official FPSC Reporter

APPEARANCES:

NORMAN H. HORTON, JR., Messer, Caparello & Self, P.A., Post Office Box 1876, Tallahassee,
Florida 32302-1876, appearing on behalf of Florida
Public Utilities Company (FPUC).

JAMES A. McGEE, Post Office Box 14042,
3201 34th Street South, St. Petersburg, Florida
33733, appearing on behalf of Florida Power
Corporation (FPC).

JEFFREY A. STONE and RUSSELL A. BADDERS,
Beggs & Lane, 700 Blount Building, 3 West Garden
Street, Post Office Box 12950, Pensacola, Florida
32576-2950, appearing on behalf of Gulf Power
Company (GULF).

JAMES D. BEASLEY, Ausley & McMullen, Post Office Box 391, Tallahassee, Florida 32302, appearing on behalf of Tampa Electric Company (TECO).

VICKI GORDON-KAUFMAN, McWhirter Reeves Law Firm, 117 South Gadsden Street, Tallahassee, Florida 32301, appearing on behalf of Florida Industrial Power Users Group (FIPUG).

APPEARANCES CONTINUED:

MATTHEW M. CHILDS, Steel, Hector & Davis,
215 South Monroe Street, Suite 601, Tallahassee,
Florida 32301, appearing on behalf of Florida Power
& Light Company (FPL).

STEPHEN C. BURGESS, Deputy Public Counsel,
Office of Public Counsel, 111 West Madison Street,
Room 812, Tallahassee, Florida 32399-1400, appearing
on behalf of the Citizens of the State of Florida
(OPC).

COCHRAN KEATING, Florida Public Service

Commission, Division of Legal Services, 2540 Shumard

Oak Boulevard, Tallahassee, Florida 32399-0870,

appearing on behalf of the Commission Staff (STAFF).

PROCEEDINGS

COMMISSIONER JABER: Mr. Keating, why don't you go ahead and read the notice?

MR. KEATING: Pursuant to notice issued

September 29th, 2000, and amended October 6th, 2000, this

time and place have been set for a prehearing conference
in Docket Number 000001-EI, fuel and purchased power cost
recovery clause and generating performance incentive
factor; Docket Number 000002-EG, energy conservation cost
recovery clause; Docket Number 000003-GU, purchased gas
adjustment true-up; and Docket Number 000007-EI,
environmental cost recovery clause.

COMMISSIONER JABER: Docket 1, let's take appearances.

MR. HORTON: Norman H. Horton, Jr., of Messer, Caparello & Self, Post Office Box 1876, Tallahassee, on behalf of Florida Public Utilities Company.

MR. BEASLEY: I'm James D. Beasley with the law firm of Ausley & McMullen, P. O. Box 391, Tallahassee, Florida 32302. I'm representing Tampa Electric Company.

MR. McGEE: James McGee, Post Office Box 14042, St. Petersburg, 33733, on behalf of Florida Power Corporation.

MR. STONE: Jeffrey A. Stone and Russell A. Badders of Beggs & Lane. The address is as listed in the

draft prehearing order, and we're appearing on behalf of 1 2 Gulf Power Company. MR. CHILDS: Matthew Childs, firm of Steel, 3 Hector & Davis, appearing on behalf of Florida Power & 4 5 Light Company. MR. BURGESS: Steve Burgess with the Office of 6 Public Counsel, representing the citizens of the state of 7 Florida. 8 MS. GORDON-KAUFMAN: Vicki Gordon-Kaufman of the 9 McWhirter Reeves Law Firm, 117 South Gadsden Street, 10 Tallahassee, 32301, appearing on behalf of the Florida 11 12 Industrial Power Users Group. 13 MR. KEATING: Cochran Keating, appearing on behalf of Commissioner Staff. 14 15 COMMISSIONER JABER: All right. Mr. Keating, 16 any preliminary matters in this docket? 17 MR. KEATING: I don't believe so. I know TECO 18 filed some modifications to the prehearing statement 1.9 yesterday. Those aren't reflected in the draft prehearing I suppose we could get to those changes as we go 20 order. through the issues in the draft prehearing order. 21 Staff has also been able to take some updated 22 positions based on discovery just received in the last few 23

FLORIDA PUBLIC SERVICE COMMISSION

the draft prehearing order. I believe those have all been

It's not reflected in the prehearing order -- in

24

handed out. Copies of those have been handed out to the 1 parties, to the court reporter, and hopefully to you as 2 well. 3 COMMISSIONER JABER: Let's make sure so that 4 5 we're not -- we don't interrupt the middle of this. MR. KEATING: All right. 6 7 COMMISSIONER JABER: You handed me revised positions on -- Staff -- revised positions on 13E, 13G? 8 9 MR. KEATING: Yes. COMMISSIONER JABER: Issue 7? 10 MR. KEATING: Yes. 11 COMMISSIONER JABER: Issue 20? 12 MR. KEATING: Yes. 13 COMMISSIONER JABER: And Issue 21? 14 15 MR. KEATING: That's correct. COMMISSIONER JABER: Any parties need those 16 17 revised positions? Do we need additional copies; is that -- do you mind if we take five minutes off the 18 19 record? 20 (Brief recess.) 21 COMMISSIONER JABER: Let's go back on the 22 record. All right. Mr. Keating, you could read the 23 position for Issue 20, the revised position, when we get 24 to Issue 20.

FLORIDA PUBLIC SERVICE COMMISSION

I will.

MR. KEATING:

1	COMMISSIONER JABER: All right. Any changes to
2	Page 2 of the draft prehearing order? Page 3. Page 4.
3	Page 5.
4	MR. KEATING: If you'll note just for
5	informational purposes on Page 5, we have included
6	language similar to the other dockets that have come up
7	thus far discussing the possibility of witnesses being
8	excused if no Commissioners on the panel have questions
9	for those witnesses. Right now, we can't identify until
10	we go through the issues any of the issues are
1 1	stipulated, so none of those witnesses are yet marked for
12	being excused.
13	COMMISSIONER JABER: Okay. Any changes to
14	Page 6?
15	MR. BEASLEY: Commissioner, on the issues list
16	for Witness J. Denise Jordan at the bottom of the page
17	COMMISSIONER JABER: Yes.
18	MR. BEASLEY: we can insert Issue 10, I
19	believe, next to Issue 13D.
20	COMMISSIONER JABER: That's fine. Any other
21	changes to that page? Page 7.
22	MR. BEASLEY: Commissioner, on
23	COMMISSIONER JABER: Jim, you need to put your
24	mic on.
25	MR. BEASLEY: Thank you. If you would, please
	FLORIDA PUBLIC SERVICE COMMISSION

1	add Issue 4 in front of Issue 14 for Mr. Buckley; strike
2	Issue 9 for Mr. Brown. And then as Cochran Keating
3	indicated, we filed some revised corrections to our
4	issues. I have an extra copy of that if you do not have
5	it there.
6	COMMISSIONER JABER: I have it. Thank you.
7	MR. BEASLEY: In our statement of position,
8	basic position, about a little close to halfway down where
9	that number is 0.202, that needs to be changed to 0.199.
10	COMMISSIONER JABER: All right. The corrections
11	are noted.
12	MR. BURGESS: Commissioner, for OPC, I would
13	prefer to just have none as our
14	COMMISSIONER JABER: Basic position?
15	MR. BURGESS: basic position, yes. Thank
16	you.
17	COMMISSIONER JABER: Any other changes to Page
18	7?
19	Mr. Keating, so that I don't forget to do this
20	later, the correct positions filed by TECO November 2nd
21	need to be incorporated in the prehearing order.
22	MR. KEATING: They will.
23	COMMISSIONER JABER: Changes to Page 8? Changes
24	to Page 9?
25	MR. BURGESS: To Page 8, Commissioner, I would
	FLORIDA PUBLIC SERVICE COMMISSION

like OPC's position to accept Staff's position.

COMMISSIONER JABER: Under Issue 1, OPC accepts Staff position.

MR. STONE: Commissioner, under Gulf, there's an apparent typo. The -- instead of a decimal point, it should be a comma in front of the 661.

COMMISSIONER JABER: Thank you.

MS. GORDON-KAUFMAN: Commissioner, FIPUG takes no position on Issue 1.

COMMISSIONER JABER: No position, period?

MS. GORDON-KAUFMAN: Yes, ma'am.

MR. KEATING: Commissioner Jaber, if we could go through the pages containing the issues, I think we can perhaps get an indication from the parties if we can stipulate to those issues. I think it would be maybe easier to go through issue by issue from here on.

COMMISSIONER JABER: All right. Fine. Any other changes to Issue 1?

MR. KEATING: I believe that Staff is in agreement with the -- well, Staff believes that we can stipulate Issue 1 as to all the utilities. We had taken no position for Florida Power & Light, and it's my understanding that we now agree with the position that was taken by Florida Power & Light listed in -- listed above there in this page.

1	So unless TECO or I'm sorry, unless FIPUG or
2	Public Counsel have an objection I believe FIPUG has
3	taken no position, and Public Counsel agrees with Staff.
4	COMMISSIONER JABER: What he's saying is, the
5	numbers seem to match now. So unless the two of you have
6	any objections, we're going to reflect that Issue 1 is a
7	stipulated issue.
8	MS. GORDON-KAUFMAN: I have no objection.
9	MR. BURGESS: No objection.
10	COMMISSIONER JABER: All right. Mr. Keating,
11	Issue 2, changes, corrections?
12	MR. BURGESS: Commissioner, OPC would accept
13	Staff's position.
14	MR. BEASLEY: Commissioner, Tampa Electric has
15	filed yesterday the corrected number for that issue for
16	Tampa Electric. It's \$34,058,660 underrecovery.
17	MR. KEATING: And with that correction, Staff
18	will change its position as to Florida Power & Light to
19	the position stated by Florida Power & Light, \$518,005,376
20	underrecovery, and I believe that issue could be shown as
21	stipulated as well.
22	COMMISSIONER JABER: Ms. Kaufman, did you have a
23	change to your position on Issue 2? Does it need to say
24	no position?
25	MS. GORDON-KAUFMAN: Yes, ma'am, we take no

1	position.
2	COMMISSIONER JABER: And with that, do you and
3	Mr. Burgess object to reflecting Issue 2 as a stipulated
4	issue?
5	MS. GORDON-KAUFMAN: No objection.
6	MR. BURGESS: We do not.
7	COMMISSIONER JABER: Mr. Keating, that's a
8	stipulated issue. Issue 3.
9	MR. KEATING: Staff would change its position as
LO	to Florida Power & Light it's on Page 10 to read
11	\$518,005,376 underrecovery. If the Commission approves
12	Staff's position in Issue 11A, FPL should collect
13	\$259,002,688 during calendar year 2001. And with that
14	change, I believe Issue 3 could be shown as stipulated.
15	COMMISSIONER JABER: All right. Hold on.
16	Mr. Burgess, do you have any changes to your position?
17	MR. BURGESS: We would accept Staff's position.
18	MS. GORDON-KAUFMAN: And we would take no
19	position for FIPUG.
20	COMMISSIONER JABER: Parties, any changes to
21	Issue 3? Okay. Mr. Burgess and Ms. Kaufman, I think with
22	that we can reflect Issue 3 as a stipulated issue.
23	MR. BURGESS: Correct.
24	COMMISSIONER JABER: Changes to Issue 4?
25	MR. BURGESS: Issue 4, Public Counsel accepts

Staff's position.

MS. GORDON-KAUFMAN: FIPUG takes no position.

MR. KEATING: And perhaps before Public Counsel accepts Staff's position, I better make our change on that one. With respect to Florida Power Corporation, we will be changing our position to no position at this time. It's my understanding that Florida Power will be submitting some new schedules reflecting a smaller GPIF reward and that this number is affected -- I believe we can -- I believe that's something that can be stipulated to. And perhaps if we get agreement after the prehearing, if we could show that as a -- if we agree with Florida Power Corporation, we could show that as stipulated as to them.

We still have no position with respect to

Florida Power & Light. So I believe as far as Issue

4 goes, it could be shown as stipulated as to all the

companies except for Florida Power Corporation and Florida

Power & Light as of today.

COMMISSIONER JABER: Mr. Burgess, do you want to go back to no position pending evidence adduced at hearing or --

MR. BURGESS: It could be -- it sounds like it can be stipulated. We don't have a position.

COMMISSIONER JABER: If you have a change in the

next couple of days based on what Staff finds out, just 1 articulate that to Mr. Keating. 2 MR. BURGESS: Thank you. 3 COMMISSIONER JABER: And all the positions can 4 be reflected in the prehearing order, Cochran. 5 MR. KEATING: And let me make a correction to 6 Staff's position with regard to FPL. It's my 7 understanding that we agree with Florida Power & Light's 8 position stated on this issue, and it's 2.925 cents per 9 kilowatt hour. 10 COMMISSIONER JABER: All right. 11 MR. KEATING: So that could be shown as 12 stipulated with respect to everyone but Florida Power 13 Corporation right now. 14 COMMISSIONER JABER: And what are you waiting on 15 from Florida Power Corporation? 16 MR. KEATING: It's my understanding that Florida 17 Power will be submitting some new schedules that reflect a 18 smaller GPIF reward amount that has some fall-out effect 19 on the levelized fuel cost recovery factor that we're --20 COMMISSIONER JABER: When do you expect that 21 information? 22 I can provide that number today. MR. McGEE: 23 The filing will either be here this afternoon or on Monday 24 25 morning.

_	COMMISSIONER DABER: THIS afternoon of comortow
2	morning?
3	MR. McGEE: Monday
4	COMMISSIONER JABER: Monday morning.
5	MR. McGEE: Monday morning; right. I think when
6	we get to that GPIF issue if we can reach a stipulation
7	with Staff, and I think there's a pretty good chance of
8	that, then this Issue 4 is really kind of a fall-out
9	issue.
10	COMMISSIONER JABER: All right. We'll leave it
11	as it is, Mr. Keating, for now, and if a stipulation
12	results, just make the changes in the prehearing order.
13	MR. KEATING: Okay.
14	COMMISSIONER JABER: Issue 5.
15	MR. BURGESS: Commissioner, we'll agree with
16	Staff or any number of the parties here that seem to be in
17	pretty much a substantive agreement.
18	COMMISSIONER JABER: Any other changes to Issue
19	5?
20	MS. GORDON-KAUFMAN: Yes, FIPUG will agree with
21	Staff as well.
22	MR. KEATING: Issue 5 then, I believe, could be
23	shown as stipulated.
24	COMMISSIONER JABER: Any objections to showing
25	Issue 5 as a stipulated issue? Issue 6.

1	MR. BURGESS: Commissioner, we'll accept Staff's
2	position on this as well.
3	MS. GORDON-KAUFMAN: FIPUG takes no position.
4	COMMISSIONER JABER: Any other changes?
5	MR. KEATING: I believe that issue could be
6	shown as stipulated as to all of the utilities.
7	COMMISSIONER JABER: Any objection to that?
8	Issue 6 would be a stipulated issue. Mr. Burgess, you
9	don't have an objection to that? Ms. Kaufman?
LO	MS. GORDON-KAUFMAN: Huh-uh.
L1	MR. BURGESS: No, Commissioner.
L2	COMMISSIONER JABER: All right. Issue 7.
13	MR. BURGESS: Commissioner, we take no position.
14	MS. GORDON-KAUFMAN: And FIPUG takes no position
1.5	also.
16	COMMISSIONER JABER: Is Issue 7 a stipulated
17	issue, Mr. Keating?
18	MR. HORTON: Commissioner?
19	COMMISSIONER JABER: Uh-huh.
20	MR. HORTON: As to Florida Public Utilities, on
21	Page 17, the factors shown on Page 17, those should be
22	changed to reflect the factors as shown in the Staff's
23	position in their handout.
24	COMMISSIONER JABER: Yes. Do you have that,
25	Mr. Keating?

_ <u> </u>	MR. KEATING: Yes. And Stall's position in the
2	handout, just to be clear, indicates that we have no
3	position with respect to Florida Power Corporation, but
4	with respect to each of the other utilities, I believe
5	they can be shown as a stipulated issue.
6	COMMISSIONER JABER: Are you waiting for
7	outstanding discovery from Florida Power Corporation and
8	Florida Power & Light?
9	MR. KEATING: I believe that's a fall-out issue
10	that's also affected by Issue 4. And I believe with Issue
11	4, we had that we are waiting for the same information
12	from Florida Power Corporation to resolve Issue 4 and
13	Issue 7.
14	COMMISSIONER JABER: All right. So it's quite
15	possible this would be a stipulated issue in the next
16	couple of days?
17	MR. KEATING: I believe so.
18	COMMISSIONER JABER: All right. Issue 8, Page
19	19.
20	MR. BURGESS: Commissioner, on Issue 8, we
21	accept Staff's position.
22	MS. GORDON-KAUFMAN: FIPUG takes no position.
23	MR. KEATING: I believe Issue 8 could then be
24	shown as stipulated.
25	COMMISSIONER JABER: Any objections? Okay. It

will be reflected as a stipulated issue. Issue 9. 1 MR. BEASLEY: Commissioners, Tampa Electric 2 would change its position to simply agree with the Staff's 3 memorandum attached. 4 MR. McGEE: That would be the position of 5 Florida Power. We would be willing to revise our position 6 to indicate that conformance with Staff's in the interest 7 of a stipulation on this issue. 8 Thank you. What's the --COMMISSIONER JABER: 9 what's Staff's memorandum, September 20th, 2000, 10 memorandum to the parties? 11 MR. KEATING: What's included in that? What's 12 1.3 the substance of that memorandum? COMMISSIONER JABER: Uh-huh. 14 MR. KEATING: We met with the parties to the 15 16 fuel docket after -- well, it was actually just before the Commission shareholder incentive order was issued but 17 after the decision was made at agenda. We felt that we 18 needed to work out an implementation methodology, how we 19 were going to put into practice the shareholder incentive 20 21 mechanism that the Commission had approved. What we've done, beginning with the numbered paragraphs -- this is on 22 Page 45, marked Exhibit A of the draft prehearing order. 23 COMMISSIONER JABER: Cochran, I can't hear you. 24

FLORIDA PUBLIC SERVICE COMMISSION

25

MR. KEATING: I'm sorry. The second set of

1	numbered paragraphs starting at the bottom of the
2	first page beginning with 1, going on to the second page,
3	two, three, four, five, six, and on the third page,
4	seven, sets forth the methodology that Staff proposed at
5	that meeting, and actually this memorandum came out of the
6	meeting after discussion with the companies. This is
7	essentially what Staff had proposed, and we believe it's
8	an appropriate methodology to implement that shareholder
9	incentive mechanism.
LO	COMMISSIONER JABER: Should this be an exhibit,
11	or have you all identified it and agreed to it coming into
L2	the record as an exhibit?
13	MR. KEATING: As a hearing exhibit?
14	COMMISSIONER JABER: Uh-huh.
15	MR. KEATING: We have identified it in the
16	exhibits portion of the draft prehearing order as an
17	exhibit.
18	COMMISSIONER JABER: Point that out to me when
19	we get there. All right.
20	MS. GORDON-KAUFMAN: Commissioner Jaber, just so
21	it's clear on Issue 9, we do not agree with that
22	memorandum. We don't have a stipulation. In fact, we
23	have filed a protest of the order that is supposed to be

All right.

being implemented through this memorandum.

COMMISSIONER JABER:

24

1 MS. GORDON-KAUFMAN: And we do not agree. 2 were at that meeting, but I think as Mr. Keating said, the order came out after the meeting, and after we reviewed 3 it, we did file a protest to it. 4 5 COMMISSIONER JABER: Well, it's not going to be a stipulated issue, but thanks. 6 MS. GORDON-KAUFMAN: Well, I just raised that 7 8 because in discussing it I don't know that it's an issue on which there's any testimony. It's more of a legal 9 issue in terms of what the effect of our protest is and 10 11 whether or not the Commission can implement a PAA order 12 that has been protested. And, of course, we would say 13 that you could not and that matter remains pending. 14 MR. CHILDS: One observation, I don't think my 15 comment is going to resolve it, but I would point out that only a portion of that order was PAA. 16 MS. GORDON-KAUFMAN: Right, I agree. 17 MR. CHILDS: And so it was --18 19 MS. GORDON-KAUFMAN: Yeah, I agree, only a 20 portion of it was PAA, and it's the portion that seeks to 21 implement it, and that's what we protested. 22 COMMISSIONER JABER: All right. Well, with 23 respect to the issue, obviously, it's staying in, and it's not a stipulated issue, but I understand your point. 24 25 MS. GORDON-KAUFMAN: Thank you.

1	COMMISSIONER JABER: And I think that you
2	appreciate that only a portion of the order is PAA.
3	Mr. Childs, I think that's exactly what she was talking
4	about.
5	MR. CHILDS: Okay.
6	COMMISSIONER JABER: Mr. Burgess, it looked like
7	you had something you were going to say.
8	MR. BURGESS: No, I was coughing.
9	COMMISSIONER JABER: All right. Any other
LO	changes to Issue 9? Issue 10.
LI	MR. BEASLEY: Commissioners, the PAA portion of
L2	that order is the treatment of this and not how to
L3	implement it, and we would urge that this issue can, in
14	fact, go forward and be decided by the Commission without
15	intruding upon FIPUG's rights under the protest that it
16	filed against that portion of the order.
17	COMMISSIONER JABER: You mean as a bench
18	decision?
19	MR. BEASLEY: Yes, ma'am.
20	COMMISSIONER JABER: That will be decided at the
21	hearing.
22	MR. BURGESS: Commissioner, with regard to Issue
23	10, OPC would agree with FIPUG.
24	COMMISSIONER JABER: Let me come back to Staff.
25	I didn't mean to leave you out on Issues 9 and 10. It's

my inclination to leave Issues 9 and 10 the way they are, and however they will be resolved, we'll resolve at the hearing.

MR. KEATING: Okay. Yeah. We believe that the issues are appropriate for resolution at the hearing as they are stated. I think we have some disagreement with FIPUG as to the effect of their motion for clarification and protested portion of -- the PAA portion of the order implementing or adopting the shareholder incentive mechanism. And I suppose -- it seems to me that when I first read through FIPUG's positions on these issues, to me it raised the question of whether these should be issues in the hearing or not. It's sort of a threshold question, and maybe -- I'm just throwing this out. I don't know if we want to identify a separate issue.

COMMISSIONER JABER: For?

MR. KEATING: For -- should we go forward implementing the shareholder incentive mechanism given that there's a protest or just hear that under the existing issues?

COMMISSIONER JABER: Oh, as a sperate legal issue? I think it's inherent in Issues 9 and 10, I really do. I think it's in there.

MR. KEATING: Okay.

COMMISSIONER JABER: And certainly Ms. Kaufman

1	is capable of bringing it out. No, I'd leave it in, and
2	I'm not inclined to add any more issues. To the degree
3	that there are legal parts to that issue, you know, I
4	think that you can bring it out.
5	When are you all taking a recommendation to
6	agenda on the motion for reconsideration and motion for
7	clarification?
8	MR. KEATING: On the November I believe it's the
9	28th agenda is the next agenda that we can take it to. So
10	that is the week following the hearing in this docket.
11	COMMISSIONER JABER: Okay. Anything else on
12	Issues 9 or 10? Issue 11A.
13	MR. BEASLEY: Commissioner, if I could inquire
14	as to FIPUG and OPC's position on Issue 10?
15	COMMISSIONER JABER: OPC agreed with FIPUG on
16	Issue 10.
17	MR. BURGESS: Correct.
18	COMMISSIONER JABER: Mr. Burgess, did you file a
19	motion for reconsideration of that order?
20	MR. BURGESS: No. We filed a response to
21	FIPUG's motion for reconsideration.
22	COMMISSIONER JABER: All right. Issue 11A.
23	MR. KEATING: Commissioner, before we go on to
24	Issue 11A, it is my understanding that and I hate to
25	speak for Gulf, but they may have a change to their

1 position on that issue. 2 COMMISSIONER JABER: On Issue 11A? 3 MR. KEATING: On Issue 10. COMMISSIONER JABER: Oh, Issue 10. Mr. Stone, 4 do you have a different position on Issue 10 now? 5 6 MR. STONE: We agree with Staff. We will change 7 our number to agree with Staff. COMMISSIONER JABER: Thank you. 8 9 MR. BEASLEY: Commissioner, one further clarification on Issue 10. Given OPC and FIPUG's 10 position, and that is whether their concern about Issue 10 11 is solely the legal argument that was presented, or 12 13 whether they have any difficulty with the numbers, or just the raw calculations that produced those numbers? 14 MR. BURGESS: I don't -- I mean, if the question 15 16 is posed to me, my understanding is that at this point, we have a controversy on the issue as stated. We've taken a 17 position to give an indication as to where we stand on the 18 issue, but if it's an open issue, that aspects -- all 19 aspects of the issue are open. 20 COMMISSIONER JABER: Well, that brings up a good 21 question then. Is the issue worded as concisely as it 22 I understand Mr. Beasley's point. If it's, you 23 could be? know -- let's try to narrow it down. Your concern, is it 24

one of implementation or --

MR. BURGESS: No. At this point it is as
FIPUG's position states it, but it's my understanding that
then as we go forward through a hearing with the general
process, as we go forward through the hearing with an open
issue, that parties who have an issue stated are not
precluded from taking some other approach subsequent to
the evidence that's produced at the hearing.

MS. GORDON-KAUFMAN: I would agree with that.

COMMISSIONER JABER: But in the next couple of days, why don't you all talk and see if there is a change to the issue that is necessary that may accommodate what some of your concern is.

MR. BEASLEY: All we're wanting to do is avoid bringing people up here if there's not going to be any question about the calculation, and the only concern is that -- the concern expressed by FIPUG in the prehearing statement.

COMMISSIONER JABER: Yeah, I think Mr. Burgess and Ms. Kaufman understood that.

MR. KEATING: I'd like to make one correction before we go on to the company-specific fuel issues. I apologize for this. I need to go back to Issue 4 and to Issue 7. I've been informed that those are fall-out --well, that those issues may be affected by the resolution of Issues 9 and 10. And because those issues are not

stipulated, perhaps we shouldn't -- we can't show those as stipulated yet, although I can convey that the Staff agrees with the companies' positions on the issues, but depending on what happens with Issues 9 and 10 --

COMMISSIONER JABER: Okay. Issues 4 and 7 are dependent upon the resolution of Issues 9 and 10; is that correct?

MR. KEATING: That's my understanding.

COMMISSIONER JABER: All right. And in that regard, Issues 4 and 7 will not be reflected as stipulated issues but rather fall-out issues dependent upon issues 9 and 10.

MR. BEASLEY: Commissioner Jaber, I'm informed that Tampa Electric doesn't have any impact from 9 and 10 on the actual cost recovery amounts because we don't have any impact to the gains, and therefore, there is no reason to hold up 4 and 7 depending on the outcome of 9 and 10.

MR. KEATING: Commissioner Jaber, what I propose is, Staff instead of trying to work through that here at the prehearing, perhaps after the prehearing we can speak with the companies and narrow down, you know, try to pin down as many stipulated issues and witnesses as possible.

I don't know. We may need to talk a little more about the exact fall-out effect of Issues 9 and 10.

COMMISSIONER JABER: That's fine.

MR. HORTON: Commissioner, I was just going to 1 point out, Florida Public Utilities is not -- doesn't have 2 anything in those issues you're talking about. So I think 3 to the extent that the issues are stipulated, as to FPUC 4 they would not be affected by 9 and 10. 5 MR. KEATING: That's correct. 6 COMMISSIONER JABER: Right. 7 MR. CHILDS: I apologize, was Staff saying that 8 they were going to attempt to evaluate the extent to which 9 10 9 and 10 affected these other issues and get with the parties? 11 COMMISSIONER JABER: No. I think they -- let me 12 try to understand what Mr. Keating is saying. As 4 and 13 7 are worded now and as the positions are worded now, they 14 think it's a stipulated issue with respect to the numbers, 15 but they are hesitant to call it a stipulated issue until 16 they see the resolution to Issues 9 and 10. And in that 17 regard, they would like a little bit of time to meet with 18 the parties and talk about 4, 7, 9, and 10. 19 Thank you. 20 MR. CHILDS: Okay. COMMISSIONER JABER: All right. We're leaving 21 22 Issue 10. 11A. MS. GORDON-KAUFMAN: On 11A, FIPUG would agree 23 with Staff. 24 MR. KEATING: And, Commissioner, I'd point out 25

1	on 11A that I believe FPL and Public Counsel's positions
2	respond to a previous version of Issue 11A. It used to
3	read, should the Commission authorize FPL to collect the
4	estimated underrecovery over a two-year period? Well, I'm
5	paraphrasing, and now the issue is worded as, how should
6	the Commissioner authorize FPL to collect its estimated
7	underrecovery? So I think the positions from FPL and
8	Public Counsel that begin with "yes" may be confusing.
9	MR. CHILDS: We should strike the "yes." We
10	would strike the "yes."
11	COMMISSIONER JABER: Mr. Burgess, do you have
12	MR. BURGESS: For OPC, we would strike the "yes"
13	and say, "over a two-year period or longer."
14	COMMISSIONER JABER: Thank you. Any other
15	changes to 11A?
16	MR. KEATING: I don't believe so. I would
17	ask I'm hesitant, but I would ask if we could show this
18	issue as stipulated. And Public Counsel's position is the
19	only one that leads me to believe it may not be
20	stipulated.
21	MR. BURGESS: Yes, we can.
22	COMMISSIONER JABER: When he says, "over a
23	two-year period or longer," it's a stipulated issue. 11B.
24	MR. BURGESS: Commissioner, we would agree with
25	Florida Power & Light.

1 MS. GORDON-KAUFMAN: FIPUG has no position. COMMISSIONER JABER: Staff. 2 MR. KEATING: Staff would like to propose a 3 4 rewording of the issue, and I believe the positions that are stated would respond to the revised issue as well. 5 6 And if any of the parties would like to -- that are affected by this would like to think about that a little 7 longer, perhaps we could come back to it. But what we 8 would propose is to remove the words beginning in the 9 second line of the position, "remainder of the." After 10 December 31st, 2000, we would end the sentence with a 11 question mark and delete the remainder of the issue. 12 the issue --13 COMMISSIONER JABER: For the record, 14 Mr. Keating, why don't you read the new issue? 15 MR. KEATING: The new issue would read," What is 16 the appropriate regulatory treatment for the estimated 17 underrecovery balance projected for December 31st, 2000?" 18 I don't know that there's --19 COMMISSIONER JABER: Does that make it a generic 20 issue now? 21 22 MR. KEATING: No. It's still with respect to --23 I guess we could reword it to, "What is the appropriate regulatory treatment for Florida Power & Light Company's 24

FLORIDA PUBLIC SERVICE COMMISSION

estimated underrecovery balance projected for

1	December 31st, 2000?"
2	COMMISSIONER JABER: Yeah, let's do that
3	well, assuming there are no objections to the rewording of
4	the issue. Mr. Childs.
5	MR. CHILDS: We would put a period after 2000
6	and strike the rest, is that how it would go?
7	MR. KEATING: A question mark.
8	COMMISSIONER JABER: Mr. Keating, why don't you
9	read it again?
10	MR. KEATING: "What is the appropriate
11	regulatory treatment for Florida Power & Light's estimated
12	underrecovery balance projected for December 31st, 2000,"
13	question mark.
14	COMMISSIONER JABER: Mr. Burgess. Ms. Kaufman.
15	MS. GORDON-KAUFMAN: I have no objection to the
16	rewording.
17	MR. BURGESS: I don't object to the rewording.
18	I might have to think a little bit through as to whether
19	that changes the response.
20	MR. CHILDS: I would like to come back to that.
21	I'm not sure I
22	COMMISSIONER JABER: Why don't we do that?
23	We'll do that.
24	Staff, at the end of this docket, we'll come
25	back to Page 23, Issue 11B. 11C.

MR. KEATING: I don't believe there are any 1 2 changes. There are none for Staff. 3 MR. BURGESS: Commissioner, excuse me. Ι'm sorry. 4 5 MR. KEATING: Go ahead. 6 MR. BURGESS: For Public Counsel, we would 7 accept Staff's position. COMMISSIONER JABER: On 11C? 8 MR. BURGESS: Correct. 9 10 MR. KEATING: And as I think the position is made clear, if there is no protest of the Commission's 11 12 order approving the settlement agreement between FPL and Okeelanta and Osceola cogenerators, this issue should be 13 withdrawn. The protest period ends next Thursday, 14 November 9th, and I believe you had said earlier you would 15 like to have the prehearing orders issued the 13th. 16 can delete that issue on the 9th or at the close of 17 business on the 9th if there's no protest. 18 COMMISSIONER JABER: All right. Mr. Burgess, 19 Ms. Kaufman, you understand that? That if there is no 20 protest, we're removing this issue. 21 MR. BURGESS: Yes. 22 MS. GORDON-KAUFMAN: That's fine. 23 MR. BURGESS: I agree with that. 24 25 COMMISSIONER JABER: Issue 11D.

MR. KEATING: Commissioner, on 11D, Staff met with Florida Power & Light and Public Counsel. I think what we resolved to do is to remove that issue, and we have proposed stipulation language that we believe would address Florida Power & Light's concerns with raising that issue, and I believe we'll pass that language out right now.

COMMISSIONER JABER: Mr. Childs, do you agree

COMMISSIONER JABER: Mr. Childs, do you agree with that?

MR. CHILDS: Yes, we do. And my understanding is that this would be -- we would drop this issue, and this language would be shown as -- elsewhere in the order as a stipulation.

COMMISSIONER JABER: Mr. Burgess.

MR. BURGESS: Yes, we stipulate to this language in response to the issue.

COMMISSIONER JABER: Ms. Kaufman, I don't know if you have a position --

MS. GORDON-KAUFMAN: We have no position on this issue.

COMMISSIONER JABER: All right. Mr. Keating, why don't you go ahead and read this language since it's short into the record as a stipulation to be reflected at the end of the prehearing order? And Issue 11D will be dropped.

_	MR. KEATING: THE SCIPULACION WOULD read: FPL
2	will be incurring costs beginning in 2001 necessary for
3	the St. Lucie Spent Fuel Storage Project. However, FPL is
4	in the process of exploring which alternative or
5	alternatives to use to accomplish this project. All
6	parties agree that FPL is not precluded from seeking
7	recovery of costs associated with the St. Lucie Spent Fuel
8	Storage Project at a later date. However, this does not
9	and is not intended to prejudge the merits of the costs or
٥.	the appropriate recovery mechanism.
.1	COMMISSIONER JABER: Okay. Thank you.
2	Issue 12A.
L3	MR. BURGESS: Commissioner, Public Counsel takes
L 4	no position.
L5	COMMISSIONER JABER: Any other changes to 12A?
16	MS. GORDON-KAUFMAN: Commissioner, FIPUG takes
L7	no position on any of the 12 issues, the sub-issues for
18	Florida Power Corporation.
L9	COMMISSIONER JABER: Thank you.
20	MR. KEATING: I believe Issue 12A can be shown
21	as stipulated.
22	COMMISSIONER JABER: Florida Power; is that
23	correct?
24	MR. McGEE: Yes, that's correct. I think that
25	will be true of B, C, D as well.

	COMMISSIONER JABER: Any objections to snowing
2	12A, 12B, and 12C as stipulated issues?
3	MR. BURGESS: No objections from Public Counsel.
4	MS. GORDON-KAUFMAN: We have no objection.
5	MR. KEATING: And Staff agrees that they can be
6	shown as stipulated issues.
7	COMMISSIONER JABER: All right. That brings us
8	to 12D, Page 27.
9	MR. BURGESS: Commissioner, OPC would agree with
10	Staff.
11	COMMISSIONER JABER: Thank you. FIPUG.
12	MS. GORDON-KAUFMAN: We will agree with Staff as
13	well.
14	COMMISSIONER JABER: Staff.
15	MR. KEATING: I believe that Issue 12D can be
16	shown as stipulated.
17	COMMISSIONER JABER: Any objections?
18	Stipulated. Issue 12E.
19	MR. McGEE: Commissioner, 12E changed from the
20	time we put our position together, and it reflects a
21	Seminole contract that no longer is subject to the issue.
22	I have some revised wording to insert there. I could read
23	it for you now, or I could just get with Cochran after the
24	prehearing and
25	COMMISSIONER JABER: Well, for the record, why
	II

1	don't you go ahead and read it? We have the court
2	reporter here, and then make sure that Mr. Keating has the
3	language later.
4	MR. McGEE: Sure. Florida Power's position
5	would read: Yes. FPC's proposed regulatory treatment
6	includes necessary safeguards to ensure that retail
7	customers are protected from any potential adverse
8	consequences associated with the sale.
9	COMMISSIONER JABER: Any other changes to 12E?
LO	MR. BURGESS: Commissioner, OPC would take no
11	position.
12	MS. GORDON-KAUFMAN: And FIPUG would take no
13	position.
L 4	MR. KEATING: Commissioner, I believe this is an
15	issue that once Staff and Public Counsel have a chance to
16	just agree on the language, it can be shown as stipulated,
17	and I think that's a very good possibility.
18	COMMISSIONER JABER: Do you need more time to
19	think about this language, or do you want him to read it
20	again?
21	MR. KEATING: Well, we were hoping that they
22	would just agree with our position and adopt that as the
23	stipulated position.
24	COMMISSIONER JABER: Sounds like an offer to me.
25	MR McGEE: How about if we just say, "ves," and

	put the rest of it in parenthesis?
2	COMMISSIONER JABER: I think we will leave 12E
3	the way it is with the revised position and let you all
4	think about it.
5	MR. McGEE: We will work this out.
6	COMMISSIONER JABER: Great. Issue 13A.
7	MR. BURGESS: Commissioner, OPC takes no
8	position.
9	MS. GORDON-KAUFMAN: And FIPUG takes no
10	position.
11	MR. KEATING: Commissioner
12	COMMISSIONER JABER: All right. TECO, this
13	looks like a stipulated issue.
14	MR. BURGESS: Commissioner, if I might add,
15	Public Counsel takes no position on 13A, B, C, or any of
16	the 13s down through G.
17	COMMISSIONER JABER: Thank you, Mr. Burgess.
18	FIPUG.
19	MS. GORDON-KAUFMAN: We take no position on 13A,
20	B, C, and D, but our positions are stated for E, and I
21	guess we can talk about those when we get to them.
22	COMMISSIONER JABER: All right. Staff.
23	MR. KEATING: We have no change to our position,
24	so I believe that Issues 13A through D could be shown as
25	stipulated.

MR. BEASLEY: You said A through D? 1 MR. KEATING: A through D. 2 COMMISSIONER JABER: Now, do you actually leave 3 the issue in place in the prehearing order and just have 4 it reflected as a stipulated issue, or do you move it to 5 the stipulations at the end? 6 MR. KEATING: We've usually shown it as a 7 stipulated issue in the prehearing order in the order that 8 they are set forth right now. 9 COMMISSIONER JABER: All right. 10 MR. KEATING: And I believe we could also show 11 it -- we could reference that -- we could list all the 12 stipulated issues under proposed stipulations at the end 13 of the prehearing order as well. 14 COMMISSIONER JABER: No, I don't want it done 15 both ways. I want you to pick one and do one thing. 16 17 MR. KEATING: Okay. COMMISSIONER JABER: Okay. So 13A is a 18 stipulated issue. 13B is a stipulated issue. 13C is a 19 20 stipulated issue and 13D. Ms. Kaufman, you said you had comments on 21 13E. 13E? 22 No. My position is 23 MS. GORDON-KAUFMAN: correctly reflected there; it's yes. 24 25 COMMISSIONER JABER: Mr. Burgess.

MR. BURGESS: We have no position on any of the 1 2 13s. COMMISSIONER JABER: All right. Staff. 3 MR. KEATING: And Staff would change its 4 5 position to say, "yes," and that's shown in the --6 everybody should have a handout reflecting Staff's 7 positions on 13E and 13G. COMMISSIONER JABER: Okay. 8 9 MR. BEASLEY: Commissioner, I would suggest that 10 13E and G should be considered together because they are both parts of the same proposal. It's a package proposal, 11 12 and I do have some questions about Staff's position on Issue 13G. 13 14 COMMISSIONER JABER: Let's jump to 13G. 15 there any changes to the positions? 16 MS. GORDON-KAUFMAN: Yes, Commissioner. On 13G, 17 FIPUG would agree with Tampa Electric. 18 COMMISSIONER JABER: OPC, no position? 19 MR. BURGESS: Correct. COMMISSIONER JABER: What is the difference 20 21 between 13E and 13G, Staff? 22 MR. KEATING: 13E asks whether TECO's 23 experimental pilot program for seasonally-differentiated 24 fuel factors for interruptable customers should be 25 approved. We felt that Issue 13G was appropriate as well,

that it asks if there is a revenue differential that may occur due to this pilot program, what is the appropriate regulatory treatment for that revenue differential. I think TECO has proposed that the differential should be recovered from the general body of ratepayers through the normal true-up process and fuel clause.

1.9

As Staff's position in the handout states, we believe that at this time the Commission should not allow TECO to recover any revenue shortfall from the general body of ratepayers, and that the Commission should review the information provided in TECO's April 2002 true-up filing to determine whether the general body of ratepayers has benefited from the pilot program and whether TECO should be permitted to recover the revenue differential from them.

MR. BEASLEY: Commissioner, I guess our concern is, the way Staff has worded their issue, it looks as though they think that this should be approved as an experimental pilot program which means the Staff considers it to be a good program. We don't -- because it is an experimental pilot program, we don't know now what the effect is going to be, whether there's going to be a shortfall or otherwise, as with any other experimental pilot program, but we don't want to be -- I think the policy of whether it should be treated through the true-up

should be decided now on the front end rather than later.

That suggests Monday morning quarterbacking, and we wouldn't want to have that be required to guarantee the outcome of an experimental program.

That's why you experiment on R&D or have programs like this, is to determine what the effect will be, but it could be positive from the ratepayers. It could be somewhat negative. We don't know, but we think it should be treated through the true-up.

COMMISSIONER JABER: What you want -- let me understand your point. You want a protection for the company that to the degree there's a revenue shortfall, it will be collected through the clause?

MR. BEASLEY: If it's a shortfall. It might not be a shortfall. It might be something that benefits the ratepayers, but we don't want to have a no-win proposition --

COMMISSIONER JABER: And to the degree -- and to the degree there's a windfall, then your position would be that that flow through through the clause?

MR. BEASLEY: Exactly, exactly.

MR. BURGESS: I had forgotten that this was the one that Staff had filed the changed language -- with the changed language. Public Counsel agrees with Staff. And I would suggest that Mr. Beasley is arguing the merits of

the case, and it would be -- the proper time would be at the hearing.

COMMISSIONER JABER: Staff.

MR. KEATING: I would agree that, I mean, it sounds like we're getting into the merits of how Issue 13G should be answered. I suppose that we could leave the issues as they are and have the Commission -- I don't know if there's any harm in leaving them as they are because either way I think there's an issue as to how the shortfall is recovered.

COMMISSIONER JABER: Yeah, well, I think

Mr. Beasley did get into the merits, but I think his

point, his original point was the wording of the issue.

If not anything, you need it to fall right under 13E that

it was part of 13E.

You know, Mr. Beasley, I think to handle that concern, the vote -- to the degree there will be a vote at the hearing, we could certainly take up 13E and 13G together.

MR. BEASLEY: That would be fine. And I would suggest that 13G is really a policy issue for the Commission which I think would be more appropriately handled through oral argument at the hearing, just brief oral argument on that issue as opposed to having a witness testify on it because --

COMMISSIONER JABER: It's a legal issue, in your 1 In your opinion, it's a legal issue? 2 opinion? MR. BEASLEY: Yes, ma'am. 3 COMMISSIONER JABER: Staff. 4 MR. KEATING: It seems to be more of a policy 5 6 issue. COMMISSIONER JABER: If it's policy, it's not 7 legal. What is the appropriate regulatory treatment? 8 mean, you know, I suppose it has legal ramifications. 9 10 Let's do this: We're leaving the issues the way they are. 11 If you, you know, believe that oral argument is necessary, you're certainly not precluded from asking for that at the 12 beginning of the hearing. But to the degree you're going 13 to ask for that, I would ask that you contact the 14 15 parties --16 MR. BEASLEY: Sure. COMMISSIONER JABER: -- and let them know well 17 in advance so that they can prepare, and if your request 18 for an argument at the beginning of the hearing is 19 granted, they are adequately prepared. 20 Mr. Burgess, is that sufficient? 21 MR. BURGESS: That's fine. And I just want to 22 confirm that we are not taking no position as I indicated 23 twice earlier to you, but rather we are agreeing 24

FLORIDA PUBLIC SERVICE COMMISSION

affirmatively with Staff's language in their position on

25

1	Issue 13G.
2	COMMISSIONER JABER: I made a notation on my
3	copy that OPC was agreeing with Staff on Issue 13G.
4	MR. BURGESS: Thank you.
5	COMMISSIONER JABER: Make sure that's
6	incorporated, Mr. Keating.
7	MR. BURGESS: Thank you.
8	COMMISSIONER JABER: Ms. Kaufman, do you have
9	any objection to any of that?
10	MS. GORDON-KAUFMAN: No. And as I said, we
11	agree with Tampa Electric.
12	COMMISSIONER JABER: All right. Let's go back
13	to 13F. TECO, I don't see a position for you all on 13F.
14	MR. BEASLEY: I have it here, Commissioner. And
15	I can if it will save time, I can supply this to the
16	Staff for incorporation into the prehearing statement
17	or prehearing order.
18	COMMISSIONER JABER: That's good. Make sure the
19	court reporter has one, though.
20	MR. BEASLEY: Sure.
21	COMMISSIONER JABER: Have the parties seen your
22	change?
23	MR. BEASLEY: I'll tell you what, it might be
24	better just to go ahead and read now that I think about
25	it to read it into the record.

COMMISSIONER JABER: Go ahead. 1 MR. BEASLEY: The proposed seasonal fuel and 2 purchased power cost recovery factors for rate schedules 3 IS1, IS3, SBI1, SBI3, the fuel charge expressed in factors 4 cents per kilowatt hour would be for nonsummer 2.345 cents 5 per kilowatt hour, and in the summer, 2.626 cents per 6 kilowatt hour. 7 For rate schedules IST-1 and IST-3, on-peak, the 8 factor for nonsummer would be 2.777 cents per kilowatt, 9 and the summer would be 4.020 cents per kilowatt hour. 10 And off-peak the rates for those schedules would be 11 nonsummer 2.173 cents per kilowatt hour, and for summer, 12 the rate would be 1.941 cents per kilowatt hour. 13 COMMISSIONER JABER: Mr. Burgess. 14 MR. BURGESS: We have no position on that issue. 15 Thank you. 16 COMMISSIONER JABER: Staff. 13F. 17 MR. KEATING: We just received the discovery 18 responses from TECO that relate to this issue. We'll need 19 just a day or two or maybe a few days to go through those 20 and verify the positions that TECO has taken. So I 21 believe that we'll be able to stipulate that. 22 COMMISSIONER JABER: That's fine. All right. 23 13G we've done. Changes to Issue 14? 24

FLORIDA PUBLIC SERVICE COMMISSION

25

MR. BURGESS: Commissioner, OPC has no position.

MS. GORDON-KAUFMAN: FIPUG has no position on Issue 14.

MR. McGEE: The dollar figure reflected for Florida Power Corporation is in error. This is the one I referred to earlier, an error in the calculation for one of the plants was discovered. That filing is made either this afternoon or Monday morning. The revised figure will change the \$2,597,148 to \$2,183,063.

MR. KEATING: Commissioner Jaber, Staff's position is reflected in Exhibit B to the draft prehearing order. It's a four-page table. Since the draft prehearing order was put together and provided to the parties, we have filled in several -- I believe all of the blanks that there were in our positions.

It's my understanding that this issue could most likely be shown as stipulated. This table was just completed during the prehearing. We're passing it out to the parties now. Perhaps because it is fairly lengthy if the parties would like to look through it and get back with us, then we can show that issue as stipulated after the prehearing.

COMMISSIONER JABER: That's fine. Is there any objection to that? All right. Any other changes to that issue? We're on Issue 15 now, Page 32.

MS. GORDON-KAUFMAN: Commissioner, FIPUG has no

position. 1 MR. BURGESS: OPC has no position on 15. 2 MR. KEATING: And, Commissioner, again Staff's 3 position on Issue 15 is reflected in that same Exhibit B. 4 Again, I believe that that issue will most likely be shown 5 as stipulated once the parties have had a chance to look 6 through Staff's revised positions. And, again, I would 7 ask that we be permitted to show that as stipulated after 8 the parties have had a chance to do that and confirm that. 9 COMMISSIONER JABER: That's fine. After you 10 have incorporated the new numbers, confirmed with the 11 parties that it could be reflected as a stipulated issue, 12 you may reflect it as a stipulated issue in the prehearing 13 order. Any other changes to Issue 15? Issue 16. 14 MR. BURGESS: We have no position. 15 16 MS. GORDON-KAUFMAN: We have no position as 17 well. MR. KEATING: I believe then that Issue 16 can 18 19 be shown as stipulated. COMMISSIONER JABER: Any objections to showing 20 Issue 16 as a stipulated issue? 21 22 MR. BURGESS: No. COMMISSIONER JABER: 23 Issue 17. MR. BURGESS: OPC takes no position. 24 MR. BEASLEY: Commissioners, we submitted a 25

1	correction on our position on that issue. The number that
2	is shown there should be changed to \$2,072,182
3	overrecovery. And I believe that's the same as the
4	Staff's position.
5	MR. KEATING: That is.
6	MS. GORDON-KAUFMAN: FIPUG takes no position.
7	COMMISSIONER JABER: Mr. Keating.
8	MR. KEATING: That issue can be shown as
9	stipulated.
10	COMMISSIONER JABER: Any objection? Okay.
11	Issue 18.
12	MR. BURGESS: We have no position.
13	MS. GORDON-KAUFMAN: FIPUG has no position.
14	MR. KEATING: I believe that issue can also be
15	shown as stipulated.
16	COMMISSIONER JABER: Any objection? All right.
17	Issue 19.
18	MR. BURGESS: No position.
19	MS. GORDON-KAUFMAN: FIPUG has no position.
20	MR. KEATING: On Issue 19, Staff would change
21	its position to agree with each of the positions stated by
22	the utilities under that issue. So for Florida Power
23	Corp I'm sorry, with the exception of Tampa Electric
24	Company. For Tampa Electric Company, we still take no
25	position at this time.

COMMISSIONER JABER: Are you waiting for additional information?

MR. KEATING: I believe we have the information now, but again, it was just recently received and we're reviewing it. And I don't want to give the impression that TECO has been late with their discovery. They have actually provided it to us early so we could try to resolve this prior to the prehearing.

COMMISSIONER JABER: All right. We'll leave it as it is now, and in the next couple of days if it can be reflected as a stipulated issue, that's fine. Well, I'm assuming there are no objections. Okay. Issue 20.

MR. BURGESS: We have no position, Commissioner.

MS. GORDON-KAUFMAN: FIPUG has no position.

MR. BEASLEY: Commissioner, we changed our position for Tampa Electric from the number shown there to 95.93916 percent.

COMMISSIONER JABER: Staff, you have a revised position as I recall?

MR. KEATING: Again, with respect to -- only with respect to TECO do we take no position, and that's simply to allow us additional time to review the discovery responses with respect to Florida Power & Light, Florida Power Corporation, and Gulf. Let me read those positions into the record. This is the handout that we didn't have

1	enough copies of. For Florida Power & Light, our position
2	is 99.01014 percent. For Florida Power Corporation, our
3	position is Base - 97.232 percent,
4	Intermediate - 70.241 percent, Peaking - 85.056 percent.
5	And for Gulf, our position should read 96.50747 percent.
6	And I believe with those changes, we can show
7	Issue 20 as stipulated with respect to Florida Power
8	Corporation, Florida Power & Light, and Gulf at this time,
9	and potentially with TECO once we've had a chance to
10	review the discovery.
11	COMMISSIONER JABER: That's fine. Issue 21.
12	MR. McGEE: I have a minor correction on 20,
13	just in the interest of accuracy. Our position lists a
14	filing in a FERC docket, and it's come to my attention
15	that that may not be accurate. I would ask that you put
16	the period after December 2000 and strike the remainder of
17	that.
18	COMMISSIONER JABER: All right. The third line
19	after December 2000, we will insert a period, Mr. Cochran,
20	and strike "as filed in FERC Docket Number ER 005 PRO
21	000."
22	MR. McGEE: Thank you.
23	MR. BURGESS: Commissioner, on Issue 21, OPC
24	takes no position.

COMMISSIONER JABER: Thank you.

25

1	MS. GORDON-KAUFMAN: And FIPUG takes no
2	position.
3	MR. BEASLEY: And Tampa Electric's position on
4	that has changed from 0.202 cents per kWh to 0.199 cents
5	per kWh.
6	COMMISSIONER JABER: You had a revised position
7	on Issue 21, it was a handout?
8	MR. BEASLEY: That's correct.
9	MR. KEATING: Yes, and Staff has a handout of
10	the revised position on Issue 21.
11	COMMISSIONER JABER: Did you give a copy to the
12	court reporter?
13	MR. KEATING: I believe so, yes.
14	COMMISSIONER JABER: All right. We will insert
15	your revised Issue 21 into the prehearing order.
16	MR. KEATING: Okay. And I believe that Issue
17	21 can be shown as stipulated with respect to Florida
18	Power Corporation, Florida Power & Light, and Gulf.
19	Again, with respect to Tampa Electric Company, we'll need
20	to review discovery responses.
21	COMMISSIONER JABER: Okay. With no objection,
22	we'll reflect it as a stipulated issue when you verify the
23	information with TECO.
24	MR. KEATING: And just for clarification, on
25	some of these issues involving more than one utility, what

we've done in the past is, where we've stipulated with respect to certain companies but not others, indicated that in the issue number where we show it stipulated and in the event -- in the unlikely event that we can't reach agreement on those, we would, with your permission, show it as stipulated just with respect to those three companies that are stipulated.

COMMISSIONER JABER: And excuse the witnesses from the other companies?

MR. KEATING: Yes.

COMMISSIONER JABER: Okay. Great. Let's go back to Issue 11B. Have you had enough time to consider Issue 11B, Mr. Childs?

MR. CHILDS: We have considered it. Our view is that the changes that Mr. Keating read out do not change the sense of the issue, do not change the position. I think we're in agreement with the Staff.

COMMISSIONER JABER: All right. Mr. Burgess, you had earlier indicated you didn't expect to have any problems with the changes in the issue.

MR. BURGESS: Yeah. I'm not sure where -- what the agreement is at this point. There's some of the -- as I understand it, that we're simply speaking of changing how the issue is framed. And the positions still have some difference, although they appear to have a good bit

in which they are in agreement. But my understanding is 1 we're not speaking of a stipulation at this point. We're 2 speaking simply of agreeing to recasting the issue in the 3 new language. I don't have a problem with that. 4 5 COMMISSIONER JABER: That's correct. 6 Mr. Keating, you have not changed Staff's position to 7 Issue 11B. You only changed the wording of the issue; is that correct? 8 9 MR. KEATING: That's correct. Our position would remain the same. 10 COMMISSIONER JABER: Why did you change the 11 wording of the issue? 12 MR. KEATING: Could I have just a moment? 13 COMMISSIONER JABER: Sure. 14 MR. KEATING: I think I can explain now. 15 COMMISSIONER JABER: That might help the 16 17 parties. MR. KEATING: Staff had originally taken a 18 position that the unrecovered portion of the underrecovery 19 amount as of December 31st, 2001, should be left -- or the 20 recovery of that amount, the timing of the recovery of 21 that amount should be left for the Commission to decide at 22 the 2001 fuel hearing. We've since revised that position. 23

And there's -- the way the issue was previously worded, it

took into account the possibility that given a Commission

24

25

decision at next year's fuel hearing that created regulatory asset beyond the period contemplated -- well, that that language is no longer necessary.

COMMISSIONER JABER: All right. Mr. Burgess,
Mr. Childs, we're going to leave Issue 11B the way it's
been changed, the issue. And the only positions that have
been changed are OPC's to reflect that they agree with
FP&L. And FIPUG, you take no position.

MS. GORDON-KAUFMAN: Yes, ma'am.

COMMISSIONER JABER: All right. Let's go back to Page 39, the exhibit list. Any changes to Page 39?

Page 40. 41.

MR. STONE: Commissioner Jaber, on Page 41 under the exhibit identified as TAD-2, "Calculation of Estimated True-Up for Fuel and Capacity," the year was apparently inadvertently left off. It should be reflected for capacity 2000.

COMMISSIONER JABER: Thank you. Any other changes to Page 41? Page 42.

MR. KEATING: On Page 42, we have listed Staff's memorandum regarding implementation of the shareholder incentive mechanism. We would also like to include -- in order to allow the parties time to determine whether they have any objection prior to hearing, our intent is to ask that the Commission identify as exhibits at the hearing

certain of the discovery responses we have received as of today.

The discovery responses we believe we would like to move into the record for Florida Power Corporation would be responses to Interrogatories 1 through 3 and 11, and the response to the Document Request Number 3; with respect to Florida Power & Light, Interrogatories 12 through 14 and Document Request 2; and with respect to Gulf, Document Request 2; and with respect to TECO, Interrogatory 16 through 17 and Document Request 2 and 3.

COMMISSIONER JABER: Have you provided the parties with a list of those numbers?

MR. KEATING: I have not. This is the first time that we have provided that information to the parties, and we can continue to work with them to see if there's any objection.

COMMISSIONER JABER: Why don't you go ahead and do that, and make sure that they know what the numbers are. And to the degree the parties have any objections, they need to let you know.

MR. CHILDS: We appreciate being told. I have one concern. I think maybe one of the numbers that you mentioned may contain some confidential information, and so we will need to address that.

COMMISSIONER JABER: Yeah. And to the degree

you will use exhibits that contain confidential information, I just remind you that there are procedures set forth in this order and in the order on procedure that you all need to follow.

MR. KEATING: And we will determine whether we believe it's essential to use that. This is -- we wanted to provide this information now to allow the parties time to take a look at these to determine if they'd have any objections to those exhibits being put in the record.

COMMISSIONER JABER: And I don't know if you all do this or not in this hearing, but to the degree you will seek official recognition of any orders, I ask that you put that information in a list and share the orders, at least order numbers with each other so we're not doing that at the hearing. All right.

MR. KEATING: What I'd like to do in the exhibit section is simply add a Staff 2 as a composite exhibit including those discovery responses.

COMMISSIONER JABER: Okay. So a stipulated exhibit is what you really are trying to achieve that contain certain discovery responses?

MR. KEATING: Correct.

COMMISSIONER JABER: Okay. Mr. Keating, we will go ahead and identify it preliminarily in the prehearing order, and I would expect that you just modify it to the

degree there are any objections.

MR. KEATING: I will. I would also like to indicate that Staff would intend to use the deposition transcript of Florida Power & Light's Witness Yupp in lieu of cross-examination at the hearing, and that is also a potential exhibit. If that's something that can be

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

COMMISSIONER JABER: All right. So you are seeking to enter FPL Witness Yupp's deposition transcript into the record in lieu of cross-examination along with his prefiled testimony.

stipulated, I believe Witness Yupp could be excused if no

other Commissioners or parties have questions for him.

MR. KEATING: Correct.

COMMISSIONER JABER: Mr. Childs, do you have any problems with that?

MR. CHILDS: No. That's fine.

COMMISSIONER JABER: So Staff 3, Mr. Keating?

MR. KEATING: Yes.

COMMISSIONER JABER: Yupp deposition transcript?

MR. KEATING: Yes. I believe there will be late-filed exhibits to that deposition and --

COMMISSIONER JABER: Wait a minute. Any parties object to Mr. Yupp's prefiled testimony coming into the record as though read without cross-examination?

MS. GORDON-KAUFMAN: No, ma'am.

MR. BURGESS: We do not. 1 COMMISSIONER JABER: All right. 2 MS. GORDON-KAUFMAN: Commissioner Jaber, can we 3 go back to Staff's Exhibit 1, which is the memorandum that 4 we discussed when we talked about Issues 9 and 10? 5 COMMISSIONER JABER: Hang on to that thought. 6 Were we done with Staff 3? 7 MR. KEATING: Yes. I was just going to indicate 8 that the deposition transcript, there is a late-filed 9 deposition exhibit to be included in that, and I 10 wanted to -- Mr. Childs was agreeing that that transcript 11 could be moved into the record, and I wanted to make sure 12 that he was agreeing to the late-filed exhibits as well. 13 If not, we can address that at a later time. I really 14 just wanted to let --15 MR. CHILDS: Yes, subject to concern about 16 confidentiality on any of the late-filed. I just do not 17 know whether that's -- I don't anticipate it, but it may 18 be there. And we'll just deal with that if it's 19 confidential the way we're supposed to. 20 MR. KEATING: That's fine. My goal really is 21 22 just to let the parties know that this is -- what we are intending to introduce as exhibits. 23 COMMISSIONER JABER: All right. That will be 24

FLORIDA PUBLIC SERVICE COMMISSION

Staff 3, and you also need to make a notation next to

25

Mr. Yupp listed as a witness that he won't be needed at the hearing, that the parties have stipulated that his testimony would be inserted into the record without cross.

Ms. Kaufman, you had a concern on Staff 1?

MS. GORDON-KAUFMAN: I do, Commissioner. And I guess my concern may go away depending on how the Commission disposes of our concerns with Issues 9 and 10. But the Staff memorandum, I don't understand Staff to have a witness in that case, so I'm not exactly certain how they are going to sponsor an exhibit. And if we're going to be involved in discussing Issues 9 and 10 in this memorandum, which is the alleged implementation, I'm just a little bit confused about how we're going to proceed in that regard.

COMMISSIONER JABER: Staff.

MR. KEATING: What we had discussed -- I believe this was touched on when we met with the parties to discuss an implementation methodology was that Staff would sort of memorialize what we believed was the appropriate mechanism into a memorandum, and if the parties agree with that, they would -- I think they have agreed in their positions on Issue 9 that they adopt that memorandum.

COMMISSIONER JABER: Not all parties agree.

MR. KEATING: Correct. I'm saying the utilities that have agreed with the methodology set forth in the

memorandum have said, we agree with this methodology. And I believe that they have -- that there are witnesses that they have sponsored to -- there are witnesses in this case that have addressed the methodology and simply refer to the Staff memorandum.

COMMISSIONER JABER: So you intend to use the memorandum as an exhibit for cross-examination?

MR. KEATING: Yes, if that's necessary to have it identified and moved into the record.

COMMISSIONER JABER: I picked up on this back in your position that you identified a memorandum, and I was wondering myself how you were going to get it into the record absent a witness. Why don't you all meet with the parties and see if you can reach a stipulation with respect to the exhibit?

Ms. Kaufman brings up a very good point. The other side of that, Mr. Keating, is if the parties have testified to the calculation, you may not need the memorandum, so think about that too.

MR. CHILDS: One of the things that we discussed at the meeting -- and I guess I was happy that the Staff did this memo. In fact, I think I -- when we discussed it, it was suggested. The reason being is that the Commission left the Staff and the parties with a task of getting together and figuring out a way to implement their

decision. And we had the meeting, and one of the practical problems was, well, how do we come to some common ground? And Staff threw out for discussion what they thought could be done, and it was suggested if they put it in a memorandum, then everybody could respond to the memorandum.

2.2

And, I mean, I didn't think that it was intended that it was being offered as a judgment, but it was being offered as a basis for discussion, and that's what I thought the Staff was doing, so that we didn't have seven or eight parties independently trying to come up with their own way to implement the Commission's decision. I just thought it was a common ground. It was a point of reference. It is what we discussed.

MR. KEATING: And, Commissioner, I believe what we've -- we referred to the memorandum in lieu of spelling that entire procedure out in our position. We've taken the position that that's the correct procedure, and I believe that some of the utilities' witnesses have agreed with that.

COMMISSIONER JABER: All right. Ms. Kaufman, let's do this: We don't have to decide the admissibility or the appropriateness of this as an exhibit today. We'll leave the exhibit identified in the prehearing order, and how Staff attempts or chooses to try to get it into the

record is really a decision that they can make a different day.

MS. GORDON-KAUFMAN: That's fine, Commissioner.

I just wanted to -- I didn't want my silence to be

construed to mean that I was agreeing that that was an

appropriate exhibit without a witness.

commissioner Jaber: All right. Thank you. I'm on Page 43, pending confidentiality matters. There is a TECO request for confidential classification for Exhibit RB-1. And is there a pending request for confidentiality filed by Gulf Power?

MR. STONE: I believe we have a notice of intent to request confidentiality, and if after Staff has had an opportunity to review the material, if it's returned, we will not have to file a formal motion. If it is not returned within that time frame, we will follow up with formal motion.

COMMISSIONER JABER: All right. Staff, the -- when do you expect a ruling on TECO? Is it something that can wait until the beginning of the hearing?

MR. KEATING: I received a recommendation from technical staff today concerning whether that information should be treated as confidential, and I will draft an order based on that recommendation for you.

COMMISSIONER JABER: Okay. Good.

1	MR. STONE: And, Commissioner, I have been
2	informed that since Staff has not identified the
3	confidential material as an exhibit, that I guess it is
4	Staff's intent to return that material to Gulf.
5	MR. KEATING: I haven't I'll have to check on
6	that, and I will get back with Gulf and let them know.
7	But that's the procedure that we intended to use, was to
8	return that to Gulf if we did not determine that we needed
9	to keep that discovery response.
10	COMMISSIONER JABER: Is there anything else on
11	Docket 1 before we move to the next one? Mr. Childs.
12	MR. CHILDS: There is. Commissioner, on 11B,
13	I'd like to I don't recall whether it was left as an
14	issue that we could attempt to reach resolution on. I
15	think perhaps we could, and so if that's in the category
16	that if we do it can be shown as stipulated, I'd
17	appreciate it.
18	COMMISSIONER JABER: Absolutely. And actually,
19	that goes with respect to any issue.
20	MR. CHILDS: Okay. And as to Issues 14 and 15,
21	we have reviewed the Staff handout. They agree with our
22	numbers, and so as to us, we are in agreement.
23	COMMISSIONER JABER: 14 and 15?
24	MR. CHILDS: Correct.
25	COMMISSIONER JABER: Yes, I think Staff
	<u> </u>

acknowledged that they were waiting on some other information.

Mr. Keating, what did you say on Issues 14 and 15?

MR. KEATING: On 14 and 15, that was one of our handouts today, and we realize that the parties had not had -- that was handed out just at the prehearing, had not had time to look through that. So it's my understanding that those are most likely positions that can be stipulated, and I just wanted to allow the parties time to look at those new positions first.

MR. STONE: As to Gulf, they can be stipulated on 14 and 15.

COMMISSIONER JABER: Great.

MR. STONE: Commissioner, as to Issues 9 and 10, I'm wondering if this is an appropriate time to inquire of Public Counsel. As I understand their position that they are taking with regard to those issues, it relates to the motion for reconsideration and/or protest or clarification, however it is styled, by FIPUG. They have not actually -- other than they disagree with the implementation of any incentive factor at all or incentive mechanism at all, they have not really taken issue with the benchmark calculation.

It is my understanding that in Gulf's case, the

amount of shareholder incentive that is reflected in the factor is so small based on the current benchmark that if it was removed in its entirety, it would not have any impact on the factors.

With that information, I'm wondering if we could then resolve the question as to whether or not the witnesses identified for Issues 9 and 10 and then consequently the following Issues 4 and 7 could be excused pending whatever resolution the Commission reaches on those issues.

COMMISSIONER JABER: So I think the question,
Mr. Burgess, is: Do you expect any cross-examination of
those witnesses as it relates to Gulf Issues 9 and 10?

MR. BURGESS: No. And I think this is the same issue Mr. Beasley has raised as well. We don't have any intention to challenge the actual numbers. It's more a matter of the legal position, and so I don't have any problem stipulating. Gulf's not providing the witness to support the actual numbers involved.

COMMISSIONER JABER: Sounds like your witness's testimony can be inserted without cross-examination.

MS. GORDON-KAUFMAN: Commissioner, I just want to raise one question now that Staff has discussed what they plan to do with that memorandum. I can't recall if any of Gulf's witnesses refer to that memorandum in their

testimony. If they do not, then I don't have a problem excusing them either, but if they do and that's going to be the vehicle, then I probably would need to talk to them.

COMMISSIONER JABER: Mr. Stone, do you know that now, or do you need to get back to Ms. Kaufman?

MR. STONE: Even if they did not make specific reference to the memorandum, the methodology was referred to in their testimony, and it did square with the memorandum.

COMMISSIONER JABER: Let's do this: I would expect that every party actually confer with respect to what witnesses can be stipulated into the record without cross-examination. Why don't we leave it at that? Provide that list to Staff, and Staff will incorporate those names and that information into the prehearing order. You need to do that anyway.

MR. KEATING: I have a proposed list here, but it may be better to wait until the parties have had a chance to sort that out.

COMMISSIONER JABER: Yeah, I'd prefer that. Let them digest the information you have passed out; confer. You can do it right after the prehearing conference. You have my permission to include that information, Cochran, in the prehearing order.

MR. KEATING: Okay. And could that go to all 1 the witnesses in this case beyond even witnesses related 2 3 to 9 and 10? COMMISSIONER JABER: That's what I'm talking 4 about. 5 6 MR. KEATING: Okay. COMMISSIONER JABER: Anything else? 7 MR. BEASLEY: Commissioner, Tampa Electric has 8 9 reviewed the handout that the Staff gave us on Issues 14 10 and 15, and can stipulate with them on those numbers. COMMISSIONER JABER: Thank you. 11 MR. KEATING: Commissioner, I do have one 12 If the parties are going to discuss which 13 request. witnesses can possibly be stipulated and we're using a 14 procedure whereby we inform the other Commissioners on the 15 panel that certain witnesses will be excused, it would be 16 very helpful to get that information as soon as possible 17 so that the other Commissioners don't spend any time 18 unnecessarily preparing for the hearing. 19 COMMISSIONER JABER: 20 21 MR. KEATING: Okay. COMMISSIONER JABER: You know, and I think that 22 that goes without saying it. The Commissioners will be 23 contacted, and you will return that information to the 24

FLORIDA PUBLIC SERVICE COMMISSION

parties by November 13th. I don't know that we need to

25

set a deadline for you all getting back to Staff. It's in your best interest to let the Staff know which parties can be stipulated. Anything else on Docket 1? All right. The prehearing as it relates to Docket 1 is concluded. (Prehearing conference concluded at 4:05 p.m.)

1	STATE OF FLORIDA)
2	: CERTIFICATE OF REPORTER
3	COUNTY OF LEON)
4	I, TRICIA DeMARTE, Official FPSC Commission Reporter,
5	do hereby certify that the Prehearing Conference in Docket No. 000001-EI was heard by the Florida Public Service
6	Commission at the time and place herein stated.
7 8	It is further certified that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this
9	transcript, consisting of 66 pages, constitutes a true transcription of my notes of said proceedings.
10	I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a
11 12	relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.
13	DATED this 8th day of November, 2000.
14	
15	TRICIA DEMARTE
16	FPSC Official Commission Reporter (850) 413-6736
17	
18	
19	
20	
21	
22	
23	
24	
25	