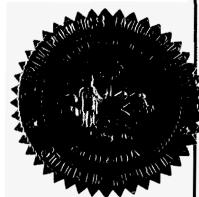
1 2 3 4 5 6 7 8 9 10 11 12 PROCEEDINGS: 13 14 15 16 17 18 19 20 21 22 23 24 25

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 030623-EI

In the Matter of:

COMPLAINTS BY OCEAN PROPERTIES, LTD., J.C. PENNEY CORP., TARGET STORES, INC., AND DILLARD'S DEPARTMENT STORES, INC. AGAINST FLORIDA POWER & LIGHT COMPANY CONCERNING THERMAL DEMAND METER ERROR.



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PREHEARING CONFERENCE

CHARLES M. DAVIDSON BEFORE:

Prehearing Officer

Monday, August 30, 2004 DATE:

Commenced at 1:40 p.m. TIME: Concluded at 2:36 p.m.

PLACE: Betty Easley Conference Center

Room 148

4075 Esplanade Way Tallahassee, Florida

REPORTED BY: TRICIA DEMARTE, RPR Official FPSC Reporter

(850) 413-6736

DOCUMENT NUMBER-DAT

FLORIDA PUBLIC SERVICE COMMISSION 09665 SEP-3;

FPSC-COMMISSION CLERN

APPEARANCES:

KENNETH A. HOFFMAN, ESQUIRE, and J. STEPHEN MENTON, ESQUIRE, Rutledge Law Firm, P. O. Box 551, Tallahassee, Florida 32302 and NATALIE F. SMITH, ESQUIRE, Florida Power & Light Company, 700 Universe Boulevard, Juno Beach, Florida 33408, appearing on behalf of Florida Power & Light Company.

JON C. MOYLE, JR., ESQUIRE, and WILLIAM H. HOLLIMON, Moyle Law Firm, 118 North Gadsden Street, Tallahassee, Florida 32301, appearing on behalf of Ocean Properties, Ltd., J.C. Penney Corp., Dillard's Department Stores, Inc., and Target Stores, Inc.

WM. COCHRAN KEATING, IV, ESQUIRE, FPSC Office of General Counsel, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, appearing of behalf of the Florida Public Service Commission Staff.

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PROCEEDINGS

COMMISSIONER DAVIDSON: Afternoon. Call this hearing to order. Staff, if you'd read the notice, please.

MR. KEATING: Pursuant to notice this time and place has been set for a prehearing conference in Docket Number 030623-EI, complaints by Ocean Properties, Ltd., J.C. Penney Corp., Target Stores, Inc., and Dillard's Department Stores, Inc. against Florida Power & Light Company concerning thermal demand meter error.

COMMISSIONER DAVIDSON: Take appearances, please.

MR. MOYLE: On behalf of the Customers, which includes Ocean Properties, Ltd., J.C. Penney, Dillard's, and Target, Jon Moyle with the Moyle, Flanigan Law Firm.

MR. HOLLIMON: On behalf of Customers, Bill Hollimon with the Moyle, Flanigan Law Firm.

MS. SMITH: On behalf of Florida Power & Light, Natalie Smith.

MR. HOFFMAN: And also on behalf of Florida Power & Light Company, Kenneth Hoffman, and I'd also like to enter an appearance for J. Stephen Menton.

MR. KEATING: And on behalf of the Commission, Cochran Keating.

COMMISSIONER DAVIDSON: Mr. Keating, any preliminary matters?

MR. KEATING: There are no preliminary matters that

FLORIDA PUBLIC SERVICE COMMISSION

I'm aware of. I don't know if the parties have any in mind, but --

COMMISSIONER DAVIDSON: We'll proceed through the draft prehearing order section by section.

Any edits, revisions, comments to Sections I, II, or III?

MR. MOYLE: I have a point of clarification with respect to Section III. An entity that filed a petition in this case, SUSI, Southeastern Utilities Services, Mr. Brown and Mr. Gilmore, they originally represented the Customers in this proceeding and are planning on being in attendance as the designated representatives for the Customers. And I just wanted to bring that to your attention and make sure that you were okay with that.

COMMISSIONER DAVIDSON: What's the -- is there an issue that I need to --

MR. MOYLE: No. It says that failure of a party, or that party's representative, to appear shall constitute waiver of that party's issues, and that party may be dismissed from the proceeding, so I just wanted to make clear that Mr. Brown and Mr. Gilmore were going to be here on behalf of the Customers.

COMMISSIONER DAVIDSON: And I assume they'll be -- somehow that will be duly noted in the record.

MR. MOYLE: Yeah, they have filed testimony.

1	COMMISSIONER DAVIDSON: We're going to skip
2	Section IV for the moment.
3	Any proposed stipulations?
4	MR. KEATING: None that I'm aware of.
5	COMMISSIONER DAVIDSON: Sections VI and VII,
6	confidentiality, any issues? Section VIII, opening statements?
7	Parties fine with 20 minutes per party?
8	MR. MOYLE: It should be more than sufficient.
9	COMMISSIONER DAVIDSON: Can we note that in the
10	record, please.
11	MR. MOYLE: Per customer.
12	COMMISSIONER DAVIDSON: Yeah, no. Section IX,
13	witnesses: Prefiled testimony, exhibits, and cross-exam, any
14	issues?
15	Order of the witnesses and issues to which the
16	witnesses will be testifying, parties will just work that out
17	with staff for the final prehearing.
18	MR. HOFFMAN: Commissioner Davidson, I do have an
19	issue or two under this section.
20	COMMISSIONER DAVIDSON: Yes.
21	MR. HOFFMAN: First of all, in our prehearing
22	statement we did provide the issue numbers for our respective
23	witnesses, so I can get together with Mr. Keating later on and
24	just make sure he's got those.
25	More importantly, we noticed here for the first time

when the Customers filed their prehearing statement that they were listing certain witnesses, primarily FPL employees, as live adverse witnesses. And, you know, we weren't sure where they were trying to go with that, but we take exception to that. And we don't know if they're actually just planning on using their deposition or whether they would actually intend to call them live, which, of course, would create another whole set of issues because at this point we've got one day set aside for this hearing, and we've got, I don't know, maybe five or six witnesses who have filed prefiled direct and prefiled rebuttal testimony consistent with the order establishing procedure. So I guess I wanted to just throw that out and see if Customers' counsel is actually planning on attempting to call these witnesses live or whether they were planning on just using depositions.

COMMISSIONER DAVIDSON: Are these the individuals who are identified as Customers' adverse witness in the second column?

MR. HOFFMAN: Yes, sir, beginning with Mr. Cain and going down the page through Ms. Williams.

COMMISSIONER DAVIDSON: Mr. Moyle, any response?

MR. MOYLE: Yeah. We were planning on calling some

of these folks as live witnesses. You know, if that presents

big issues from FPL, maybe we can talk about using a deposition

in lieu of it, but there are certain portions of the

depositions even if we use it in lieu we'd like to have published.

mean, couldn't the parties agree to simply have that portion of he deposition actually incorporated into the record? I mean, 'm not trying to deter a party from calling a witness that it needs to call, but we do have one day scheduled for this hearing, and if all of these witnesses are called, it will be ough to get through that.

MR. MOYLE: I'm not sure that we would call all of them, but some of them we think are important to our case in thief. And, you know, we would like to have them here so that we can ask them questions and the trier of fact can observe them answering those questions.

COMMISSIONER DAVIDSON: What's the discovery cutoff?

MR. HOFFMAN: Commissioner, the discovery cutoff is
the 14th.

COMMISSIONER DAVIDSON: Of August?

MR. HOFFMAN: September.

COMMISSIONER DAVIDSON: I'm sorry, September.

MR. HOFFMAN: September.

COMMISSIONER DAVIDSON: Well, we've already passed August, so --

MR. HOFFMAN: We would object to their calling these folks as live witnesses for a number of reasons. And, you

know, we can try to work this out with Mr. Moyle afterwards.

And we certainly believe we can reach an agreement for the use of depositions. But to the extent that they're now going to try to supplement their case in chief in a manner which we believe is inconsistent with the order establishing procedure's requirements for prefiled testimony, and there is some precedent on this which we can point to through a formal motion, we'd rather not put you through that issue.

COMMISSIONER DAVIDSON: I appreciate it.

MR. HOFFMAN: And I think that, you know, what we can try to do is see if we can reach some form of accommodation with Mr. Moyle on the use of depositions, but if we can't, I just want to give you a heads up, Commissioner Davidson, that what we would probably do is tee the issue up formally by filing a motion.

COMMISSIONER DAVIDSON: Why don't you all sort of work together and try and get as much of this resolved as possible? If you still have objections, just sort of go through the process to file that, the basis for the objections, and I will, on this issue, defer in large measure to

Mr. Keating as to how we should proceed. I mean, we don't want to deter a party from putting on its case, but we also don't want sort of a lot of last-minute surprises or changes to the procedure. But see if you can work it out as to as many of the witnesses as possible.

MR. HOFFMAN: We'll do that, yes, sir.

MR. MOYLE: And we will do that, I mean, but I just don't want there to be any misunderstanding to the extent that you think you have a star witness for your case in chief and, you know, the deposition, the cold transcript is not going to do justice compared to putting him up. You know, we may --

COMMISSIONER DAVIDSON: And I agree. I mean, I don't want to, again, impair any party's right to present their case. And I have no idea at this point as I sit here if adding additional witnesses in somehow contravenes the order establishing procedure. But work out whatever issues you can, and then it's up to whatever party is objecting on whatever issue to carry their burden, and we'll go from there.

Exhibit list, again, I'm assuming this is not final.

Just if the parties will work with staff to get the exhibit

list finalized as soon as it can. And I understand there's

still a couple of weeks left for discovery, so you won't have

this finalized probably until shortly thereafter.

MR. MOYLE: And, Commissioner, we have put together, I don't know if it's final, but it is a document that I'll distribute to staff and opposing counsel that sets forth, you know, the exhibits that were attached and descriptions of them. So I'll make that available.

MR. HOFFMAN: Attached to what?

MR. MOYLE: I'm sorry. Attached to the direct and

rebuttal testimony.

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MR. HOFFMAN: Okay.

COMMISSIONER DAVIDSON: Basic positions, Section XII, just parties work with staff to get those finalized. We don't need to sort of run through any of those now.

Mr. Keating, on issues and positions, Section XIII, have the parties agreed to the wording of the issues?

MR. KEATING: It appears that we don't have agreement on the wording of the issues. We received a prehearing statement from Florida Power & Light and staff's prehearing statement that addressed a list of four issues that set forth as a tentative list of issues and the order establishing procedure. The Customers presented a list of ten issues that there's probably a lot of overlap, I think, with the four that have been identified as tentative issues previously.

I think we could probably go through the Customers' list of issues, and I'm prepared to make recommendations, if you'd like to hear them, on whether some of those issues could stand alone or could be addressed under the four tentative issues that have previously been identified. But as of today, to answer your question, it doesn't appear that there's agreement on the issues.

COMMISSIONER DAVIDSON: All right. So we will take up -- after we get through the rest of this prehearing, we will take up issues, and then we will move to pending motions.

Post-hearing procedures, any comments, questions, revisions?

All right. Let's move to the statement of issues.

Mr. Keating, if you can just walk through what the issues to be resolved are and what your recommendations are.

MR. KEATING: Well, beginning on Page 12 of the draft prehearing order you'll see Issues 1, 2, 3, and 4 that were laid out as the tentative list of issues and the order establishing procedure. Following those, beginning on Page 14, are the issues as presented in the Customers' prehearing statement.

Page 14, I believe staff would recommend that this is an issue that could be argued under the previously listed Issues 1 and 2 that begin on Page 12 -- actually, under Issues 1, 2, 3, and 4 beginning on Page 12. Essentially, the Customers' Issue 1 asks whether the Customers in this docket should be treated the same way that FPL treated similarly situated Customers who did not bring a case to hearing. And I believe that the customers in this docket could argue that the way they should be treated under Issues 1 through 4, starting on Page 12, should be the way that other customers were treated, if they choose to argue that.

MR. MOYLE: If I could be heard briefly on this.

COMMISSIONER DAVIDSON: Briefly.

having, you know, these issues not match up to the issues that were identified as tentative issues. We had a meeting to work through these issues, which, you know, is PSC practice, and candidly, did not get very far in terms of framing the issues. And part of the reason that we framed these issues is, you know, the prehearing order states that each party is to provide a statement of each question of fact that the party considers at issue, the party's position on each issue. You know, and the 120 is a disputed issue of fact. We're the petitioner. We've had in effect a decision rendered by the PSC, as recommended by staff, which was a PAA order. You know, we're friends, but candidly, it's an adverse decision and in some respects we're adverse parties. And the Customers are a little troubled by traveling under a set of issues that are framed by, you know, the agency action in this case and there are distinctions. I mean, we could have one issue that says, you know,

MR. MOYLE: I probably bear some responsibility for

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I mean, we could have one issue that says, you know, was the PSC right in the PAA order, and everything could come under that. But we believe that there are distinct issues such as this first one which need to be decided, need to be teed up and clearly, you know, having you-all consider it. And that one, just by way of illustration, I don't want to take up a lot of your time and go through each particular issue, but we believe this is a key issue in that FPL, for customers who did

not avail themselves of the PSC, they went through one methodology to determine, you know, how much money should be owed or the percentage of error. They would look at the before and after of their bills or the meter error and use the higher of the two. Now, here in this proceeding, they're not wanting to do that. They're wanting to say, no, we can't do that. We have to follow this PSC rule. Well, we would argue that we ought to be treated the same way that all these other customers were who aren't up here in front of the PSC. And there's a statute that we think comes into play that says, you know, you've got to treat everybody similarly situated the same. So that's why we're trying to tee that up as a separate issue.

COMMISSIONER DAVIDSON: All right. Let's move on.

MR. HOFFMAN: It's an important issue for them,

Commissioner. We think it's a frivolous issue. This offer

that we made was part and parcel of some other components.

That offer, as a package, was made to the Customers. They

rejected it and they're complaining about it now.

Mr. Hoffman.

But in terms of the procedure before you, what we're doing now basically is the same exercise that we did at the issue ID. Tentative issues were established. The Customers chose not to object or seek reconsideration or clarification of those. We think that if the Customers really want to argue this issue, they can argue it within the framework of Issue 2.

If staff feels they can argue it within the framework of the other three issues, we don't have any objection to that either.

COMMISSIONER DAVIDSON: Here's how we're going to proceed. Staff, we're going to go issue by issue on each of the Customers' issues. We've covered Issue 1. We'll cover Issue 2. Then, Mr. Moyle, you can agree or disagree and in a nutshell state your reason for that; then, Mr. Hoffman, agree or disagree and in a nutshell your reason for that. And I'm not going to rule on these at this prehearing. I'll issue a ruling shortly thereafter taking into account the parties' comments. But really, I urge you, please keep the comments brief.

Mr. Keating.

MR. KEATING: Moving on to Issue 2. The Customers' Issue 2 asks, "What is the percentage of meter error for each meter that is in dispute in this docket?" I don't think staff has a problem in particular with this issue. It's a little vague for staff in that the way we've framed the issues, the tentative list of issues takes us step by step through what the PSC's rules require in terms of calculating a refund. You determine meter error at the first step to determine whether the meter is accurate or inaccurate, and if it's inaccurate, then a refund is available. You make another error determination under our rules to determine what the refund should be.

COMMISSIONER DAVIDSON: Well, is it your -- and 1 again, "please be brief" applies to staff as well. Is it your 2 recommendation that this issue can be subsumed with existing 3 issues? 4 MR. KEATING: I believe it could be subsumed in 5 6 Issues 1 and 2 as shown on Pages 12 and 13. 7 COMMISSIONER DAVIDSON: Mr. Moyle. 8 MR. MOYLE: Just so I'm clear, you were referring to 9 Customer Issue 2 --10 MR. KEATING: Yes. MR. MOYLE: -- in your description, or Staff Issue 2? 11 12 MR. KEATING: Customer Issue 2. 13 MR. MOYLE: Okay. Well, to be succinct, I mean, again, I think through the 120 process we have the right to 14 15 frame the issue. It's a key issue in the case. COMMISSIONER DAVIDSON: I understand that. 16 But my 17 question is, do you think it can be subsumed? Yes or no. 18 yes, great. If no, you need to tell me specifically why it's 19 not subsumed within the issue. I don't want to sort of get 20 into "we don't like the way it's worded" because everybody may 21 disagree as to how it's worded. I need to have your answer on that specific question. 22 23 Does the existing issue cover this issue or not? 24 if you're going to object to sort of each one of these, no, no,

no, then we don't even have to go through this exercise because

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1	there are some to me that seem clearly some Customer issues
2	that seem clearly addressed by the proposed issues; it's just a
3	vording difference.
4	MR. MOYLE: And I would agree with respect to the
5	interest like, to the interest issue, things like that.
6	COMMISSIONER DAVIDSON: Okay. Then we'll keep going
7	issue by issue.
8	MR. MOYLE: We were just trying I mean, this issue
9	in dispute, what's the percentage of error, we tried to tee it
10	up very clearly so it would be decided very clearly.
11	COMMISSIONER DAVIDSON: So you think Issue 2, you
12	lisagree with staff. Issue 2 is not covered by the current
13	Customer Issue 2 is not subsumed within any existing
14	MR. MOYLE: Like I said earlier, I think any issue
15	could be subsumed depending on how the master issue was
16	phrased, but
17	COMMISSIONER DAVIDSON: All right. What I'm asking
18	for we're going to go through this one more time. Hold on.
19	Do you agree or disagree with staff? What I'm trying to do is
20	narrow the scope of the issues at issue here.
21	MR. MOYLE: Right. I would indicate that I think
22	this position could be set forth in a staff issue.
23	COMMISSIONER DAVIDSON: Mr. Hoffman.
24	MR. HOFFMAN: We think it can be handled under Staff

25 Issue 1, Commissioner.

1	COMMISSIONER DAVIDSON: Customer Issue Number 3,
2	1r. Keating.
3	MR. KEATING: Again, I believe that Customer Issue
4	Number 3 could be addressed under the existing list of Issues
5	1 through 4.
6	COMMISSIONER DAVIDSON: Mr. Moyle.
7	MR. HOLLIMON: Commissioner, I'm going to address
8	this one. And we agree that it can be addressed that way.
9	COMMISSIONER DAVIDSON: Mr. Hoffman.
LO	MR. HOFFMAN: And we agree with that as well. We had
11	it pegged under Staff Issue 2.
12	COMMISSIONER DAVIDSON: Mr. Keating, Customer Issue
13	4.
14	MR. KEATING: Staff believes Customer Issue 4 could
15	be addressed under existing Issue 3.
16	COMMISSIONER DAVIDSON: Counsel.
17	MR. HOFFMAN: FPL agrees with that, Commissioner.
18	MR. MOYLE: I think we can manage on that one.
19	COMMISSIONER DAVIDSON: Mr. Keating, Customer Issue
20	5.
21	MR. KEATING: On Customer Issue 5, staff doesn't have
22	any problem with this being a separate issue. I don't think
23	it's easily subsumed in any of the issues identified as
24	1 through 4 in the tentative issue list.
25	COMMISSIONER DAVIDSON: Mr. Hoffman, you have a

problem with this being a separate issue?

So far Customer Issue Number 1 is at issue. We've reached agreement. We'll go with staff on Customers' Issues 2, 3, and 4. This, in staff's view, appears to be a stand-alone.

MR. HOFFMAN: Commissioner, we leave this one to you. We think that it's part of the method of calculating a customer refund because it's really asking which rate you use. So we had it pegged under Staff Issue 2. If this Commissioner feels that it needs to be separate, you know, we can work with it that way as well.

COMMISSIONER DAVIDSON: Mr. Moyle.

MR. MOYLE: We think it needs to be a separate issue, and would ask that it continue to remain as a separate issue.

COMMISSIONER DAVIDSON: Mr. Keating, Customers' Issue
Number 6.

MR. KEATING: Staff believes that Customers' Issue

Number 6 could be addressed under the existing Issues 1 through

COMMISSIONER DAVIDSON: Mr. Moyle.

MR. MOYLE: This is one that we feel strongly about because it's a key issue in the case given that these meters historically were tested at different points. And you have rules out there. You've been asked kind of in generic terms with respect to, well, how does this rule apply? We think the specific question, which is, if a meter tests once at, say,

25 percent and then it tests again at 80 percent, if it passes one test and fails another test, what should you do? How should you construe your rules to say is that meter okay? If it passed one test, it's okay so long as it passes one test, or if it fails one test, then it ought to be considered to be out of tolerance and refunds ought be provided. We think that's a pretty important issue of policy for you-all, and we'd like to see it separately considered.

COMMISSIONER DAVIDSON: And I'll get to you in a second, Mr. Hoffman.

Mr. Keating, on that, Mr. Moyle's concern, assuming for the sake of argument here it's a valid concern to be addressed, how does staff suggest that it could be addressed under the existing issues? Which issue? And how sort of as a procedural matter might Mr. Moyle address that?

MR. KEATING: Specifically, staff believes it could be addressed under Issue 1 that's shown on Page 12 from the tentative issue list that asks, "What is the appropriate method of testing the accuracy of the thermal demand meters subject to this docket?" It appears to staff that the Customers' Issue 6 really gets to that question, is what is the manner to determine whether these meters are accurate or not. I think they have stated it a bit differently.

COMMISSIONER DAVIDSON: And, Mr. Moyle, before I get to Mr. Hoffman, how is it that Issue 1, in your view, does not

ncompass the specific testing issue?

MR. HOLLIMON: Commissioner, I'm going to address hat point for you.

COMMISSIONER DAVIDSON: Okay.

MR. HOLLIMON: The rule that's referenced in Issue

Number 1 provides a performance standard for meters. It does

ot provide a testing standard. Therefore, if we try to

subsume our issue within Issue Number 1, we don't believe we

an get there because the rule that's cited does not directly

iddress how you test the meter.

COMMISSIONER DAVIDSON: What is the specific rule that addresses testing?

MR. HOLLIMON: Well, there is not one.

COMMISSIONER DAVIDSON: Well, if we're looking at performance, isn't whether a meter passes test or fails test given the lack of a specific rule on testing the very measure of performance at issue here?

MR. HOLLIMON: The rule addresses when the performance of a meter is acceptable. The rule does not address how you test a meter to determine when that acceptable performance has or has not occurred. So we believe the issue is, how do you test the meter? At what point of its full scale do you test the meter, and how you interpret the results of such a test.

COMMISSIONER DAVIDSON: Mr. Hoffman.

MR. HOFFMAN: We disagree with the fundamental predicate for his argument. The rule does address performance and test points, Commissioner, and so I want to make that point first.

Secondly, we think that this issue is captured under Issue 1, and would be fair game for testimony and briefing under Issue 1. I do want to point out, Commissioner, that this is really a nonissue for 12 of the 14 meters in this case. And for those 12, they were either initially tested at 40 percent or subsequently -- excuse me, initially tested at 80 percent of full scale initially or tested at 80 percent a second time. And FPL in its testimony has agreed to use the test point at 30 percent of full scale. So, you know, maybe it is of some academic value down the road, but for these meters, it's really not an issue for 12 of the 14 meters.

COMMISSIONER DAVIDSON: Mr. Keating, Customer Issue
Number 7.

MR. KEATING: Customer Issue Number 7 appears to be almost identical to the existing Issue Number 4 from the tentative issue list.

COMMISSIONER DAVIDSON: Mr. Moyle.

MR. MOYLE: We agree. We can handle it under 4.

COMMISSIONER DAVIDSON: Customer Issue Number 8,

Mr. Keating.

MR. KEATING: Customer Issue Number 8, I think

staff -- staff doesn't have any problem with identifying this as a separate issue. This is really, I think, the ultimate determination that gets made as sort of the fallout of all the other issues in this case. It's what amount is due as a refund to the customer. If we wanted to make the issue more neutral, I would suggest we add the words "if any" after the word "refund."

COMMISSIONER DAVIDSON: Mr. Moyle.

MR. MOYLE: This is the one I was hoping to be able to get stipulation on from my friends at Light, but we haven't been able to get there at this point. But seriously, it is sort of the key issue in the case, which is how much should be due to these customers, and we think it ought to be set forth separately.

COMMISSIONER DAVIDSON: So you agree with staff.

MR. MOYLE: Yes, sir.

COMMISSIONER DAVIDSON: Okay. Mr. Hoffman.

MR. HOFFMAN: We can concur with that, Commissioner.

COMMISSIONER DAVIDSON: Mr. Keating, Customers' Issue

20 Number 9.

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MR. KEATING: Issue Number 9 is probably the trickiest one for me. I can see where the Customers may want to argue that the effect -- that the sun or radiant heat may have some affect on the accuracy of the meters at issues in this case. I think they can do so within the existing issues.

COMMISSIONER DAVIDSON: Which one or which ones?

MR. KEATING: I think they could do so under Issue 2. And really, I think this is offered, if I'm not mistaken in the interest of pursuing a position under Issue 3, that perhaps these meters were in error -- reading in error more than 12 months ago, and that the refund period should extend back beyond the 12-month period. So it may be addressed in Issue 3 as well.

The concern I had with it is really and may be more from the position that's offered by the Customers in response to that issue which suggests that the Commission in this docket should order FPL to remove the thermal demand meters that are still in use and replace them. None of the customers who are parties to this docket have those thermal demand meters that are still in use. And this appears to, for that reason, broaden the scope of this docket beyond the Customers' complaints that we're dealing with here.

COMMISSIONER DAVIDSON: Mr. Moyle.

MR. MOYLE: Commissioner, I think this is a separate and distinct issue. There is testimony that's offered that indicates that the sun or heat does affect the accuracy of thermal demand meters. And it's kind of --

COMMISSIONER DAVIDSON: Of the specific thermal demand meters being used by the customers who are in this docket?

MR. MOYLE: That and as well as other thermal demand meters.

COMMISSIONER DAVIDSON: So, Mr. Keating, what was -you had a concern that meters at issue in Customers' Issue
Number 9 are not actually meters at issue in this docket.

MR. KEATING: Yeah, let me clarify. I can understand the confusion now. The Customers may wish to argue in this proceeding that the meters at issue in this docket -- that the accuracy of those meters was affected by the sun or radiant heat in some manner, and that, therefore, any refund due to those customers should be affected by that. My concern was that the issue appears -- from the Customers' position on this issue, they're asking for not some relief with respect to the specific meters in this case, but with respect to requiring FPL to remove all of their thermal demand meters on the system. And I think that's where we go beyond the scope of the meters at issue in this docket.

COMMISSIONER DAVIDSON: Is that an accurate characterization of what the Customers are asking for? Yes, no? And then explain.

MR. MOYLE: Now I know how the witnesses feel when you make them do the yes/no. I think, yes, with respect to what we filed because the sentence says, "The Commission should order FPL to remove the thermal demand meters still in use and replace them with more accurate electronic meters." So, yes,

there is an aspect of this that is broader than the actual meters in dispute, but that's not to say that the meters in dispute were similarly not affected by the sun or radiant heat. So I'm not sure it can be nicely segregated out that way.

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And from the Commission's perspective, the portion of the order establishing procedure that this came under, Commissioner Davidson, in your order you have a separate sentence that says you're seeking a statement of each policy question the party considers at issue, the party's position on each such issue, and which of the party's witnesses will address the issue. This probably is more of a policy issue, though it does have impacts in this docket. If we can establish that the sun affects these meters, you know, if it's a close call in the testimony and the evidence shows that the sun causes them to overregister, we would argue a close call ought to go in our favor. But I think the larger policy issue is, is that there is still a whole bunch of these meters out there being used, and to the extent that you conclude that, yes, the sun does have an adverse effect on these meters, maybe it's time that they be replaced.

COMMISSIONER DAVIDSON: I'll tell you, in my view, as I sit here, I'm not inclined to draft up an order that sort of goes beyond the specific meters at issue by these customers.

It just would unduly expand the scope of the proceeding.

Mr. Hoffman.

MR. HOFFMAN: Well, I think you're right. I mean, there is absolutely no, none, prefiled testimony that establishes any connection between the potential effect of sun or heat in these specific 14 meters at issue. In fact, the testimony of the Customers candidly admits that they have no vay of knowing. So I think this issue should be stricken, Commissioner. And to the extent that the Customers want to talk about this, you know, certainly they're free to do so, but to have it as a separate issue I think is totally inappropriate.

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COMMISSIONER DAVIDSON: Mr. Keating, if the Customers sought to establish that the specific meters at issue in this docket were somehow impacted by the sun or radiant heat, could they do that within the framework of the existing issues?

Their specific meters, not all other meters.

MR. KEATING: I believe they could. Again, and I may be mistaken, but I think this goes towards the existing Issue 3 as to how far back you go for purposes of determining a refund.

Part of the discomfort I had in reading that issue was even if we look at it in a more limited sense in the sense of how it applies just to the meters at issue in this case, you answer the question, does the sun or radiant heat affect the accuracy of those meters. If you answer the question yes, where do you go from there? I prefer, I guess, in framing

issues to have a set of issues that once you've answered the issue, you know where you're going to the next step to get to the end. The existing set of issues, 1 through 4, tries to do that by following the framework of the Commission's rules on testing meters and calculating refunds. So I believe that to the extent that any refund to a customer is affected by whether the sun or radiant heat affects the accuracy of meters, that that could be argued under the existing set of issues.

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COMMISSIONER DAVIDSON: Mr. Hoffman, would FPL object to the Customers arguing, if they can, that the specific meters at issue in this case were somehow impacted negatively by radiant heat, the sun?

MR. HOFFMAN: At this point, Commissioner, I guess the way I would answer you question is, we would object to them attempting to develop new evidence on that because there's nothing in their direct, prefiled direct case that even remotely makes that connection. Now, if they want to talk about this for whatever reasons they have -- I mean, I don't want to sit here and give you my summary of the testimony. I don't think you're interested in that. But there certainly is testimony about this subject, so to speak, in the prefiled. And if they want to talk about it, then I think they're free to do so. We don't think that there's any evidence supporting their position at all that these 14 meters have been affected by the sun. But if they want to make that argument, I don't --

COMMISSIONER DAVIDSON: Well, that's something for the parties to argue. But the general subject of these specific meters being impacted --

MR. HOFFMAN: I think they can do that within the framework of the existing issues, Commissioner. If they think that, for example, meter ABC overregistered to the tune of -- it registered 4.9 percent, then they can argue that that was caused by the sun or heat, I guess.

COMMISSIONER DAVIDSON: Well, somehow then let's just -- well, actually, I'm in a minute going to issue a ruling despite that I said I was going to wait, but I'm going to issue a ruling on these ten issues. So let's move on to Issue 10.

MR. KEATING: Staff believes that the Customers'

Issue 10 does go clearly beyond the scope of this proceeding by raising questions about classes of thermal demand meters other than the class that's specifically at issue in these complaints.

COMMISSIONER DAVIDSON: Mr. Moyle.

MR. MOYLE: Just by way of background, the --

COMMISSIONER DAVIDSON: Well, yes or no. Do you agree with Mr. Keating?

MR. MOYLE: I think that this is beyond the scope of the particular meters in the case. But I thought that we wanted to bring it to your attention with respect to there's a whole host of other meters that are lined up behind these,

including U meters, that SUSI has customers and clients, and we thought it would make sense to try to get this issue teed up sooner rather than later. I know in, I think, one of your earlier orders you had recognized that there were some other cases that are in the informal stage at this point and that discovery related to U matters and things could be had. We think this issue is an important issue with respect to the other classes of thermal meters.

COMMISSIONER DAVIDSON: All right. Mr. Hoffman.

MR. HOFFMAN: Commissioner, we think it's clearly outside the scope of the issues in this case of the 14 meters that are at issue in this case. There's no prefiled testimony addressing these issues, and we think this issue should be stricken.

COMMISSIONER DAVIDSON: All right. Here is my ruling on Customers' Issue 1. Staff, if you can, work with the parties to try and perhaps flesh out some specific wording within the context of the four issues that may address their concerns. If the parties can't work that out, I will issue a ruling.

Customer Issue 2, stricken, subsumed within existing issues; same with Customer Issue 3, Customer Issue 4.

Customer Issue 5 can be included as a separate stand-alone issue, and just work with the parties on the specific language. They may be fine with the language as

drafted.

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Customer Issue 6, stricken. Customer Issue 7, stricken. Customer Issue 8 can stand as a separate issue with staff's proposed modification, addition of the words "if any" to the end. Customer Issue 10, stricken as beyond the scope of this proceeding.

Customer Issue 9, staff, try and work with the parties to identify some specific language that can be added to one of the issues making clear that Customers have the right to argue that their specific meters were somehow impacted by the sun or radiant heat, but we're not going to, sort of, beyond to the whole scope of meters that may be out there.

Anything else on the issues?

All right. Let's move to pending motions, Section

IV of the prehearing order. All but one of the pending motions have been filed since August 18th. Most of these having been filed last week. I have been provided draft orders for FPL's stipulated motion to refile direct testimony and motion to withdraw notice of intent, and for Customers' motion for an extension of time to refile rebuttal testimony. Those two are pretty noncontroversial, some minor edits, and those should be filed today.

I will be drafting orders on FPL's two motions to compel sometime this week. The response to one of the motions is due August 30th. Customers filed a motion to compel on

August 27th, and I plan to draft an order after FPL has filed its response.

I will also begin drafting an order addressing FPL's motion to strike in the upcoming week. I will also begin drafting an order addressing Customers' motion for leave to inspect meters in the coming week. And when I say "I" will be that you can just put in the words "Mr. Keating." And we'll begin drafting an order addressing Customers' motion to compel next week; the response is due on September 3rd.

FPL's motion for partial summary final order will need to be addressed by the panel at the September 21st agenda. It's another item that staff and I will be working on this week. And I'd like to thank all the parties for dumping all of this on us at once.

The only motion I think we may be able to address here at the prehearing is Customers' motion for leave to file late testimony. FPL's response was due August 27th, but I don't -- have we received a response yet?

MR. KEATING: I don't believe FPL responded --

MR. HOFFMAN: Commissioner, we did not file a response. We just noted our objection.

COMMISSIONER DAVIDSON: Well, in that motion

Customers' counsel claims to have inadvertently failed to

include in Customers' rebuttal testimony a section addressing

staff's testimony. Customers filed the motion seeking

permission to late-file this portion but have not filed a new section. Do you have the new section drafted?

MR. HOLLIMON: It should have been attached to the motion.

MR. KEATING: Yeah, I need to clarify. I did find that that was attached to the motion.

COMMISSIONER DAVIDSON: Okay.

MR. KEATING: And, you know, my initial concern -for some reason, I did not believe that was attached to the
motion. My initial concern was that we'd be in a situation
where some depositions have just taken place and nobody
would've had the benefit of that prefiled testimony going into
those depositions, but since that was attached to the motion,
I'm not as concerned that there was any prejudice to the
parties there.

COMMISSIONER DAVIDSON: What is the nature of that rebuttal testimony? Does it clearly in staff's view address issues in the case and positions of the parties?

MR. KEATING: I know it's intended to rebut testimony provided by a staff witness in the case. I have not personally read through the rebuttal that was provided. I'm getting an indication from the staff that they believe that it does address what was in the staff testimony.

COMMISSIONER DAVIDSON: Mr. Hoffman, strong objections to this?

1	MR. HOFFMAN: No, sir. But let me explain to you why
2	we objected. When I had a chance to look at it, there were a
3	couple of issues that I had. One was that it very clearly to
4	us rebuts the rebuttal testimony of FPL witness Malemezian
5	which
6	COMMISSIONER DAVIDSON: So it's really surrebuttal.
7	MR. HOFFMAN: we think that's not fair game. Now,
8	I think it does rebut staff witness Matlock, as it says it
9	does, but what it doesn't say is that it rebuts, for example,
٥.	the test point testimony, the appropriate test point testimony
.1	of Mr. Malemezian. So we sort of ended up where I thought we
.2	wouldn't be, which was that we had one party filing rebuttal
L3	testimony. We both filed our rebuttal testimony on
L 4	August 18th, and then after that we had some more filed two
L5	days later, and we thought we had a stipulation that that
16	wouldn't occur. And I understand that there's been
۱7	representation by counsel that it was an inadvertent error, and
18	I don't want to minimize that, but we landed in a spot where we
19	think, you know, we sustained some prejudice there.
20	COMMISSIONER DAVIDSON: How long is this submission?
21.	MR. HOLLIMON: Commissioner, I have a copy if it
22	would
23	MR. KEATING: It's six pages. I'm sorry, it's
24	yes, six pages.

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MR. HOFFMAN: The other thing, Commissioner, is

:hat --

COMMISSIONER DAVIDSON: Would you be able to address that claimed prejudice with a three-page supplemental filing to address specifically that?

MR. HOFFMAN: What I would ask, Commissioner, is that one of the other concerns I had when I read this was that there's some discussion in Mr. Gilmore's additional rebuttal that talks about his use in their analysis of customer-specific billing data, the so-called before and after billing data, before and then after the meter was replaced. We have made a very significant argument, we think, in our motion to strike portions of Mr. Gilmore's timely filed rebuttal testimony and Mr. Brown's timely filed rebuttal testimony that go to this very issue because we think all of this billing data analysis had to be presented as part of their case in chief and didn't rebut anything that we filed.

So what I would ask, Commissioner, is that you suspend ruling on this, and rule on this motion to late-file this rebuttal in conjunction with our motion to strike because I think --

COMMISSIONER DAVIDSON: I'll give you an opportunity to respond here in a second.

On this, staff, is it staff's opinion that if the motion to strike was granted, it would strike all of this late-filed rebuttal testimony?

MR. KEATING: I mean, there's some portions of this, just flipping through it right now, that appear to be clearly rebutting the staff testimony. So I don't know that it would -- I don't think it would strike all of this. I don't think the motion to strike would necessarily relate to all of this.

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COMMISSIONER DAVIDSON: Well, let me ask -- and perhaps we can get through this because I think we'll need an opportunity to thoroughly review this, and there's no reason just to unnecessarily delay things -- would you object if FPL was given three pages to respond to the late-filed? Because I can make that my ruling. We'll admit it subject to whatever motion to strike is out there, but FPL has an opportunity to respond to that.

MR. HOLLIMON: And what type of response are you referring to?

COMMISSIONER DAVIDSON: Just a three-page response to the late-filed rebuttal testimony.

MR. HOLLIMON: No, Commissioner, I don't have a problem with that. But there is one point that I do want to address. And first off, I want to apologize to the Commission for having this issue raised at all because it was my error that brought this whole issue to the attention of the Commission.

COMMISSIONER DAVIDSON: That's no problem. We've

probably all been there more times than we have wanted to.

MR. HOLLIMON: There is one point that I do think that needs to be made clear, and that is, Mr. Hoffman referred to this testimony as being a rebuttal for the testimony filed by one of FPL's rebuttal witnesses. And I want to be absolutely clear and understood by you and the Commission that that testimony that was late-filed was finished and prepared prior to ever receiving Mr. Malemezian's testimony. So to the extent that it addresses some of the issues that are included in Mr. Malemezian's testimony, that's simply chance. There was no changes, revisions to that testimony that was made after receiving Mr. Malemezian's testimony.

COMMISSIONER DAVIDSON: And that's fine. I'm not holding anyone in judgment. Everyone is sort of entitled to sort of guess as to how it all played out. I think it's safe to allow FPL to have an opportunity to respond to this since they've raised a claim that it relates to testimony that you otherwise wouldn't be able to do, and I completely understand and accept that's pure chance. I don't think there's any sort of -- any bad intent here.

And how we'll proceed -- and, staff, you can just draft a ruling on this issue -- the late-filed testimony is admitted subject to whatever motions to strike are out there.

FPL is entitled to submit a three-page response to that. And I think if there are portions of that response that relate to any

testimony that may ultimately be stricken, we'll not consider that as well, but there's no harm in getting into the record.

We're not a jury here, and staff will figure out what to do with all of these motions.

Any other motions, Mr. Keating, that we can address today?

MR. KEATING: As you mentioned before, I believe most of the motions that are pending are very recent motions; many of which the response time has not run for yet. So I believe it would be premature to address most of the motions.

The only other one that's pending that has had a response, I believe, is one FPL's motions to compel. I don't think it would be probably the most efficient exercise to try to address that here. And that's also an excuse for me to say that we're not really prepared to address that one here today. I was planning on drafting an order for you.

COMMISSIONER DAVIDSON: Perfect. Anything else from the parties?

MR. HOFFMAN: Just to point out, Commissioner, on the list of motions, the Customers' motion for leave to inspect meters, I think you indicated that either a draft order, an order will be coming out perhaps this week. I wasn't quite sure what you said, but I just wanted to make you aware that our time for filing a response to that is tomorrow, and we will be filing a response.

COMMISSIONER DAVIDSON: Okay.

MR. MOYLE: There's probably one other thing that I just want to bring to your attention that was in the prehearing. You know, this is our first case involving these meters. There are a whole host of meters behind them that are in the informal stage, and we have 14 of these teed up for this hearing. We thought that was a manageable number. There's a lot of detail, you know, meters, test results, that kind of thing.

In our petition for a Target store, we referenced a Bonita Springs Target store when it should have been a Boca Raton Target store. Subsequently, in prefiled testimony, I think it's staff's testimony, we picked up the right one which is the Boca Raton one, not the Bonita Springs one, but in the petition itself it was misidentified as Bonita Springs.

know, agree that the one in dispute rather than putting in the ones to be determined later would be the Boca Raton. I'm not sure they were comfortable doing that. We indicated we'd allow them to file anything they needed to file to address that specific issue. But that is a little gnat that's hanging out there that I wanted to bring to your attention.

COMMISSIONER DAVIDSON: Have you filed anything to just correct that, which is really a typo in the record; right?

MR. MOYLE: Well, it says it's the Bonita Springs

neter store number where it should have said it's the Boca Raton store number --

COMMISSIONER DAVIDSON: Well, it should have said because there was a typo, or should have said because somebody has changed their mind and they now want to use another Target?

MR. MOYLE: No. The one that we put in there was not registering to the degree that the other -- the one, the Boca Raton was over 4 percent, which in accordance with your rule, we're entitled to a refund on it. It should have been the Boca Raton one, not the Bonita Springs one.

COMMISSIONER DAVIDSON: Well, what you just said it seems like you changed your mind because you found a better plaintiff. I mean, am I misreading that?

MR. MOYLE: Yeah, I think so.

COMMISSIONER DAVIDSON: Was this an accident when you filed the papers?

MR. MOYLE: Here's the deal. Target has, like, five or six meters in the case that have overregistered beyond 4 percent, so we were intending to put all five or six in. We ended up by putting a Boca store in that didn't have a meter that overregistered and we left out -- I'm sorry, we put in a Bonita Springs store and we left out the Boca store. We should have put the Boca store in and taken the Bonita Springs store out.

COMMISSIONER DAVIDSON: Because you feel the Boca

store was proving your case more than the Bonita Springs. I mean, am I misreading something here?

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MR. MOYLE: Well, look, we don't have to put it in.

We can tee it up later and have it go the other way. I think

that the testimony has been filed to the one we intended to put

in originally, the Boca one. It was, you know, an oversight,

but I just wanted to bring it to your attention. We haven't

filed anything to amend the petition to put it in, but it's an

issue out there that I wanted to just bring up and have a

discussion about it.

COMMISSIONER DAVIDSON: Mr. Hoffman.

MR. HOFFMAN: Commissioner, I just want to say, you know, if Mr. Moyle chooses to file a motion, then we will respond. But I do want to point out that the Boca meter was part of the original proceeding before the Commission. Part of the PAA order was not protested. So I don't think there's any bringing it back later if they choose to. That meter account was not protested, and I think as a matter of law it has become final.

COMMISSIONER DAVIDSON: Well, the issue, Mr. Moyle, it's not -- well, what is the issue again?

MR. MOYLE: The issue is, is that we mixed up Bonita | Springs with Boca.

COMMISSIONER DAVIDSON: All right. Staff, do we have a motion on this issue?

ı	MR. KEATING: It hasn't really been teed up with a
2	motion. I wasn't aware until this discussion today as to
3	whether there was any dispute about whether the Boca Raton
4	Target store meter should be fairly addressed as part of this
5	proceeding or not. How that error was going to be corrected
6	I'm not sure, and I would ask whether in the this doesn't
7	get really to Mr. Hoffman's point as to whether as a matter of
8	law it's precluded because it was part of a PAA and that
9	customer did not
10	COMMISSIONER DAVIDSON: Well, we'll have to I
11	mean, if there's a motion to be filed, then file that and we
12	will take a look at it. We'll take a look at it.
13	Anything else, staff?
14	MR. KEATING: Nothing that I'm aware of.
15	COMMISSIONER DAVIDSON: Parties?
16	MR. HOFFMAN: No, sir.
17	COMMISSIONER DAVIDSON: This hearing is adjourned.
18	(Prehearing conference concluded at 2:36 p.m.)
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1	STATE OF FLORIDA)
2	: CERTIFICATE OF REPORTER COUNTY OF LEON)
3	I, TRICIA DeMARTE, RPR, Official Commission Reporter,
4	do hereby certify that the foregoing proceeding was heard at the time and place herein stated.
5	IT IS FURTHER CERTIFIED that I stenographically
6	reported the said proceedings; that the same has been transcribed under my direct supervision; and that this
7	transcript constitutes a true transcription of my notes of said proceedings.
8	I FURTHER CERTIFY that I am not a relative, employee,
9	attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorneys or counsel
10 11	connected with the action, nor am I financially interested in the action.
12	DATED THIS 3rd DAY OF SEPTEMBER, 2004.
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	Fucea Demarta
14	TRICIA DeMARTE, RPR FPSC Official Commission Reporter
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