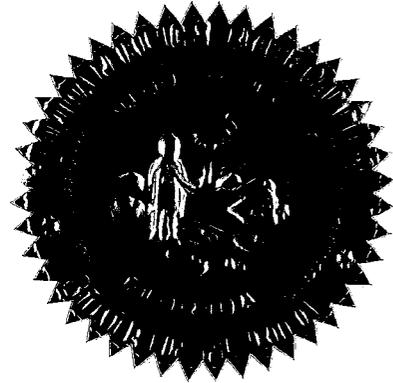


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 060198-EI

In the Matter of:

REQUIREMENT FOR INVESTOR-OWNED ELECTRIC
UTILITIES TO FILE ONGOING STORM
PREPAREDNESS PLANS AND IMPLEMENTATION
COST ESTIMATES.



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PROCEEDINGS: AGENDA CONFERENCE
ITEM NO. 14

BEFORE: CHAIRMAN LISA POLAK EDGAR
COMMISSIONER J. TERRY DEASON
COMMISSIONER ISILIO ARRIAGA
COMMISSIONER MATTHEW M. CARTER, II
COMMISSIONER KATRINA J. TEW

DATE: Tuesday, October 24, 2006

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

REPORTED BY: JANE FAUROT, RPR
Official Commission Reporter
(850)413-6732

1 PARTICIPATING:

2 RUSSELL BADDERS, ESQUIRE, representing Gulf Power
3 Company.

4 JOHN BURNETT, ESQUIRE, representing Progress Energy.

5 ROSANNE GERVASI, ESQUIRE, and DANIEL LEE,
6 representing the Florida Public Service Commission Staff.

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CHAIRMAN EDGAR: We will be on Item 14.

MR. LEE: Commissioners, my name is Daniel Lee with Staff.

Item 14 addresses the revised vegetation management plans filed by Progress Energy Florida and Gulf Power Company. Staff believes the revised plans filed by the two companies are reasonable for initial implementation. Staff recommends the plans be reevaluated annually based on actual cost and benefit data, consistent with the requirement of Order Number PSC-06-0781-PAA-EI, issued September 19, 2006.

Staff and the company representatives are here to answer any questions you may have.

CHAIRMAN EDGAR: Thank you.

Would you like to make a statement?

MR. BADDERS: Actually, I'm Russell Badders on behalf of Gulf Power. We're here to answer questions, if the Commission has any.

CHAIRMAN EDGAR: Thank you.

MR. BURNETT: Good morning, Commissioners. John Burnett, Progress Energy Florida. We're here to answer any questions that the Commission may have, and we support the staff recommendation.

CHAIRMAN EDGAR: Thank you.

Commissioners, other questions?

1 Commissioner Arriaga.

2 COMMISSIONER ARRIAGA: I wanted to first thank you
3 and congratulate you on the fact that you came back with a very
4 concrete and acceptable proposal. I do remember the last time
5 we had this issue in front of us I made some comments regarding
6 your decision not to comply at that time, or to not formally
7 accept what we were asking you to do, but I think that you went
8 back, did your homework, and what I see in front of me is very
9 acceptable. And I appreciate the fact that you tried and you
10 came back with a very reasonable proposal.

11 To staff, I think we spoke about this before, but I'm
12 still concerned with the fact that the City of North Miami has
13 filed a request for a hearing on an issue regarding FPL's
14 vegetation plan. And the reason that concerns me is because
15 the plan that they filed, even though it is a six-year plan,
16 this is a five-year plan, it is more or less the same
17 technique, the same methodology to arrive at the cost per
18 avoided storm. I'm referring to that methodology. We seem to
19 be -- we're trying to be consistent, and we have approved FPL's
20 methodology, and I'm going to propose that we approve this one,
21 but they seem to be consistent in the fact that they are
22 arriving at a cost per avoided storm.

23 If the City of North Miami succeeded in their hearing
24 protesting the six-year plan because of the facts they may
25 present, whatever they are, will that in any way put at harm,

1 at risk the decision we will make today approving this plan?
2 Would that allow the possibility for other cities or other
3 intervenors to come out and say exactly the same that the City
4 of North Miami said in order to bring this down to a three-year
5 cycle for whatever reason?

6 MS. GERVASI: Commissioner, Rosanne Gervasi on behalf
7 of Legal Staff. What the staff is recommending is that you
8 approve these plans for initial implementation only, and the
9 plans will be reviewed from year to year. If during the course
10 of the hearing with North Miami and FPL a different methodology
11 is discovered and could be applied consistently throughout the
12 industry, then that's something we could certainly take a look
13 at and bring to the full Commission's attention when the plans
14 are being reviewed from year to year.

15 CHAIRMAN EDGAR: Commissioner Tew.

16 COMMISSIONER TEW: I just wanted to follow-up on
17 that.

18 So still with respect to these issues we have before
19 us today with respect to Progress and Gulf, even if there was a
20 different outcome ultimately after a hearing with the City of
21 North Miami, it would still be up to any party to come and
22 protest these issues with respect to Progress and Gulf. So we
23 could have a situation where Progress' and Gulf's methodology
24 moves forward, perhaps, without a protest and the City of North
25 Miami succeeds on the merits, and we ultimately do something

1 different for FPL. Is that correct?

2 MS. GERVASI: Yes, Commissioner, that is correct.

3 And the plans are all company-specific at this point. We are
4 at the very beginning stages of trying to get consistency in
5 terms of how to evaluate the plans and what the actual cycles
6 should be for each company. So you may end up with a different
7 result, or there may be a protest to one of these two companies
8 plans and the Commission's decision will be based on the
9 evidentiary record of that particular case. So we could
10 conceivably end up with different plans and a different
11 decision for each of these companies based on what the evidence
12 of record shows.

13 CHAIRMAN EDGAR: Commissioner Arriaga.

14 COMMISSIONER ARRIAGA: I would like to move staff on
15 this issue.

16 COMMISSIONER CARTER: Second.

17 CHAIRMAN EDGAR: Okay. We have a motion and a
18 second. Is there further discussion? Seeing none, all in
19 favor of the motion say aye.

20 (Unanimous affirmative vote.)

21 CHAIRMAN EDGAR: Opposed?

22 Show the motion adopted. Thank you.

23 COMMISSIONER ARRIAGA: Could I make a correction,
24 Madam Chair?

25 CHAIRMAN EDGAR: I'm sorry?

1 COMMISSIONER ARRIAGA: There are two issues.

2 CHAIRMAN EDGAR: I'm sorry, I understood your motion
3 to be for both.

4 COMMISSIONER ARRIAGA: I wanted to make sure, yes.

5 CHAIRMAN EDGAR: Okay.

6 COMMISSIONER ARRIAGA: Thank you, Madam Chairman.

7 CHAIRMAN EDGAR: Absolutely.

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STATE OF FLORIDA)

COUNTY OF LEON)

CERTIFICATE OF REPORTER

I, JANE FAUROT, RPR, Chief, Hearing Reporter Services Section, FPSC Division of Commission Clerk and Administrative Services, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

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

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

DATED THIS 30th day of October, 2006.



JANE FAUROT, RPR
Official FPSC Hearings Reporter
FPSC Division of Commission Clerk and
Administrative Services
(850) 413-6732