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BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

In The Matter of	:	DOCKET NO. 891345-81
	:	
IN RE: Petition of GULF POWER COMPANY for an increase in its rates and charges.	:	PREHEARING CONFERENCE
	:	

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Florida Public Service Commission

FPSC Hearing Room
Fletcher Building
101 E. Gaines Street
Tallahassee, Florida 32301

Tuesday, May 22, 1990

Met pursuant to notice at 9:30 a.m.

BEFORE: COMMISSIONER THOMAS M. BEARD
Prehearing Officer

APPEARANCES:

G. EDISON HOLLAND, JR., and JEFFREY A. STONE, of the law firm of Beggs and Lane, P.O. Box 12950, Brownsville, Florida 32576, Telephone No. (904) 432-2451, appearing on behalf of Gulf Power Company.

STEPHEN C. BURGESS, Office of the Public Counsel, The Florida Legislature, 111 West Madison Street, Room 813, Tallahassee, Florida 32399-1400, Telephone No. (904) 488-9330, appearing on behalf of the Citizens of the State of Florida.

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1 APPEARANCES CONTINUED:

2 MAJ. GARY A. ENDERS, and LT. COL. BRUCE BARNARD, USAF,
3 HQ USAF/ULT, Stop 21, Tyndall AFB, Florida 32403-6001, Telephone
4 No. (904) 283-6347, on behalf of the Federal Executive Agencies.

5 JOSEPH A. McG'OTHLIN, of the law firm of Lawson,
6 McWhirter, Grandoff & Reeves, 522 East Park Avenue, Suite 200,
7 Tallahassee, Florida 32301, Telephone No. (904) 222-2525, on
8 behalf of the Industrial Intervenors.

9 RONALD C. LaFACE, of the law firm of Roberts, Barquet,
10 LaFace & Richard, P. O. Drawer 1838, Tallahassee, Florida 32302,
11 Telephone No. (904) 222-6891, on behalf of the Florida Retail
12 Federation.

13 SUZANNE BROWNLESS, ROBERT VANDIVER and MICHAEL RAFFERTY,
14 Legal Division of the Florida Public Service Commission, 101 East
15 Gaines Street, Tallahassee, Florida 32301, Telephone No. (904)
16 487-2740, on behalf of the Staff of the Florida Public Service
17 Commission.

18 CINDY MILLER, Office of the General Counsel, Florida
19 Public Service Commission, 101 East Gaines Street, Tallahassee,
20 Florida 32301, Telephone No. (904) 488-7463, on behalf of the
21 Florida Public Service Commissioners.

22 ALSO PRESENT:

23

24 DON HALE, Public Council's Office

25 MARGARET MEETER, FPSC E&G

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REPORTED BY:

JOY KELLY, CSR, RPR
Official Commission Reporter

1 PROCEEDINGS

2 (Hearing convened at 9:30 a.m.)

3 COMMISSIONER BEARD: Okay. If we could bring everybody
4 on the record. Read the notice if you would, please, ma'am.5 MS. BROWNLESS: Yes, sir. Pursuant to notice issued on
6 March 5th, 1990, in Docket No. 891345 E1, application of Gulf
7 Power Company for an increase in rates and charges. The purpose
8 of this prehearing conference --9 COMMISSIONER BEARD: Excuse me. If you will have
10 conversations, please take them somewhere else. Go ahead. Thank
11 you.12 MS. BROWNLESS: Sure. The purpose of this prehearing
13 conference will be to consider the simplification of the issues,
14 the identification of the positions of the parties on the issues,
15 the possibility of obtaining admissions of fact and documents
16 which will avoid unnecessary proof, the identification of the
17 exhibits, the establishment of order of witnesses, and such other
18 matters as may aid in the disposition of this action.

19 COMMISSIONER BEARD: Take appearances.

20 MR. HOLLAND: Ed Holland and Jeff Stone with the law
21 firm of Beggs and Lane, 700 Blount Building, Pensacola, Florida
22 32510, appearing on behalf of Gulf Power Company.23 MR. BURGESS: Steve Burgess, appearing on behalf of
24 Public Counsel's Office.

25 MR. MCGLOTHLIN: Joe McGlothlin, Lawson, McWhitter,

1 Grandoff & Reeves. I appear for six customers who take service on
2 rate PX or PXT and we refer to them as Industrial Interveners.

3 MAJ. ENDERS: Maj. Enders and Lt. Col. Bruce Barnard on
4 behalf of the Federal Executive Agencies of the United States.

5 MR. LaFACE: Ronald C. LaFace, Roberts, Baggett, LaFace
6 and Richard, appearing for the Florida Retail Federation.

7 MR. VANDIVER: Rob Vandiver, Suzanne Brownless and
8 Michael Palecki appearing on behalf of Commission Staff.

9 MS. MILLER: Cindy Miller, Office of the General
10 Counsel on behalf of the Public Service Commission.

11 MS. BROWNLESS: At this time we have some parties with
12 us who have never been parties to a proceeding before the
13 Commission before. That's the Florida Retail Federation.

14 COMMISSIONER BEARD: My curiosity actually got the
15 better of me and I wanted to stop for just a moment this morning,
16 if I could, and find out who, in fact, that is.

17 MR. LaFACE: The Florida Retail Federation had appeared
18 before the Commission before. It intervened in the Bell rate
19 case and has appeared in prior electrical actions three or four
20 years ago, but it's composed basically of small businesses in the
21 state of Florida that are represented by the Retail Federation.

22 COMMISSIONER BEARD: Okay. I kind of surmised that but
23 I was trying to delineate between that and the industrial group.

24 MR. LaFACE: Some of the small businesses are Budines
25 and Maas Brothers.

1 COMMISSIONER BEARD: Okay. Good. Do we have any
2 outstanding motions that I'm not aware of as of yesterday?

3 MS. BROWNLESS: Here's what I think we have. I think
4 we have one confidentiality, outstanding confidentiality request
5 in Docket 890832-EU, which is the investigation docket. That
6 docket has not been closed, but to the extent that folks might
7 want to use the materials in that docket for which
8 confidentiality was requested in this one, I will issue that
9 order.

10 Gulf has withdrawn the request relative to most of the
11 materials there, and it's our understanding that the materials
12 for which the request has been withdrawn have been made available
13 to all the parties. That's our understanding, is that correct?

14 COMMISSIONER BEARD: Okay.

15 MS. BROWNLESS: The request was made in response to a
16 Staff Production of Documents Request in that investigation
17 docket so we will go ahead and do the housekeeping and issue that
18 order so folks can have those.

19 COMMISSIONER BEARD: Let me ask a question since this
20 is one of my pet projects/peeves, whatever you want to call it,
21 that the documents that you're talking about are either one,
22 clearly delineated in the statutes or it has been edited, and I
23 will get a chance to peruse that edited document.

24 CHAIRMAN WILSON: The original request included a bunch
25 of things, but what's left clearly does fall within 366.083; they

1 are specific audit reports which are named in the statute and
2 should be granted confidentiality but there is only a few of
3 them, I think.

4 COMMISSIONER BEARD: Okay.

5 MS. BROWNLESS: I mean this is a clear case, it's not
6 kind of tricky.

7 COMMISSIONER BEARD: Okay.

8 MS. BROWNLESS: I had asked the parties to see if there
9 were any other confidentiality orders or matters in either the
10 old rate case docket, 891167-EU or the investigation docket,
11 which they believe to be still outstanding, to make sure that we
12 had a ruling on everything so that everybody could use whatever
13 documents they have requested. Is anybody aware of anything
14 else?

15 MAJ. ENDERS: I'm not aware of it.

16 COMMISSIONER BEARD: Good. I guess the next thing to
17 take up then would be order of witnesses, do you have any
18 other preferences?

19 MS. BROWNLESS: Can we just talk about a few other
20 preliminary things?

21 COMMISSIONER BEARD: Sure. I'm sorry.

22 MS. BROWNLESS: To follow up on what Commissioner Beard
23 had asked before, are there any other motions or requests that
24 anyone has at this time?

25 We've already granted Mrs. LaFare's intervention. I don't

1 and that order has already come out and that's what I think the
2 most recent request is, is that all right? We got the orders all
3 issued to everybody's knowledge.

4 COMMISSIONER BEARD: Nobody has anything they have
5 outstanding that we need to deal with, to your knowledge, to
6 date.

7 MR. BURGESS: Not that I'm aware of.

8 COMMISSIONER BEARD: Knowing that tomorrow is always
9 another day.

10 MS. BROWNLESS: I'd like to take a minute to ask about
11 the rebuttal testimony. It was due yesterday, and I didn't
12 receive rebuttal testimony from anybody.

13 MR. McGLOTHLIN: We filed Mr. Pollock's with the Clerk
14 yesterday.

15 MS. BROWNLESS: Public Counsel.

16 MR. BURGESS: We didn't have any rebuttal. We filed
17 the rebuttal that we had on the original due dates.

18 MS. BROWNLESS: You've already filed what you were
19 going to file then.

20 MR. BURGESS: Yes.

21 MR. STONE: The Company filed the rebuttal testimony with
22 17 witnesses yesterday with the Clerk's Office, and if you
23 haven't gotten a copy yet, we'll certainly make sure you get a
24 copy.

25 MAJ. ENDERS: Ms. Brownless, we decided not to file any

1 rebuttal testimony.

2 MS. BROWNLESS: Mr. LaFace.

3 MR. LaFACE: We weren't invited to - we got in so late
4 we don't have any rebuttal testimony.

5 One thing I'd like to ask at this time, though, is most
6 of the positions we will take will be the same as Public Counsel.
7 I'd like to ask that I be allowed, if our position differs, to
8 put that in the record at some other time. We have an expert
9 now, our expert is looking at the positions but it looks like
10 we're consonant with Public Counsel.

11 COMMISSIONER BEARD: We will establish a date certainly.
12 It's going to be very, very quick, okay. So if your expert isn't
13 looking at it as we speak, it needs to be, or she or he needs to
14 be, because the positions are fairly narrow in that respect.
15 Before we leave here today, we will establish a time certain, I
16 don't want to give you the misimpression - it's going to be down
17 the road very far. I believe we can wrap this up.

18 MS. BROWNLESS: Maybe we can address that now and the
19 next thing I wanted to talk about - let me square away the
20 rebuttal testimony. So I should be getting rebuttal testimony
21 from Pollack for Industrial Intervenors, and I should be getting
22 additional rebuttal testimony from Gulf Power, and that's what
23 was filed yesterday, is that right?

24 MR. HOLLAND: Yes.

25 COMMISSIONER BEARD: 17 pieces of rebuttal testimony?

1 I think he said.

2 MS. BROWNLESS: Okay. The exhibit list, we have been
3 diligently trying to get it compiled. It's still in pretty rough
4 shape. We need Gulf Power Company to match up sponsors with the
5 interrogatories that you've identified you want to use. To the
6 extent that any other parties have not done that for the
7 exhibits, which they can identify now, if you could do that by
8 Friday, that would help a lot, and then we'll get a definitive
9 exhibit list to you. And I might also suggest that is the date
10 on which Mr. LaFace would have his final positions.

11 COMMISSIONER BEARD: On Friday.

12 MS. BROWNLESS: Yes. Friday the 25th.

13 COMMISSIONER BEARD: Okay. You all can work with that.

14 MS. BROWNLESS: Well, I won't.

15 COMMISSIONER BEARD: That's exactly what I'm thinking
16 about, so I'm looking at Rob.

17 MS. BROWNLESS: How about Thursday the 24th, and then
18 I'll spend Friday after I get out of the

19 COMMISSIONER BEARD: Let's go ahead and do Friday. As
20 far as matching the numbers up, that should be the responsibility
21 of the parties to which of the issues which of your witnesses
22 intend to testify, and do you accept those that are identified by
23 the parties, and that's not hard to add to.

24 MR. BURGESS: Commissioner, we have a list of ours that
25 we can hand out. We've got a list of the issues that each

1 identifies -- that identifies each of the issues that a
2 particular witness is going to address. We have underlined those
3 which apparently have not been included at this point. The only
4 hitch I see in it is we're tied to the numbers that we had most
5 recently.

6 COMMISSIONER BEARD: The thing to do is hold that list.
7 We'll finish issues essentially today with one minor problem that
8 we'll have to talk about, and based on those numbers, you may
9 have to fix it a little bit.

10 MS. BROWNLESS: Steve, as long as you all have put
11 people's names after your positions, when we finally, you know,
12 get the final draft, we can go back and do that so you all won't
13 have to do that.

14 MR. BURGESS: Okay.

15 MS. BROWNLESS: But if you could get your stuff in here
16 then by Friday the 25th, and we won't be accepting any changes in
17 positions after Friday the 25th, so whatever; you need to get it
18 cut bait by then. That would also be Gulf's identification of
19 the exhibits and anybody else that has any additional exhibits
20 that they want to identify, that's the cutoff date for that, OK.

21 Now, we need to talk about the audit work.

22 COMMISSIONER BEARD: Go ahead.

23 MS. BROWNLESS: We do not have a final audit report
24 yet. All we have is a draft audit report, which was sent to Gulf
25 on May 21st. I'll be happy to make copies and I think they are

1 right there.

2 COMMISSIONER BEARD: We had copies made.

3 MS. BROWNLESS: And give them to the parties. This is
4 not the final. As we discussed last week, the process is that
5 Gulf gets the final report and then they have ten days in which
6 to file their audit request, and it is already included, will be
7 included as part of the record through Mr. Freeman's exhibits,
8 and what will be in his exhibit is the current audit report
9 associated with this rate case, plus Gulf Power's response,
10 written reply, if any, to that, okay.

11 COMMISSIONER BEARD: Let's talk about this a minute,
12 the concerns that I have.

13 First let me ask this: Do we have a date or date
14 certain when the final audit report will be out, official date.

15 MS. BROWNLESS: We have not been given one, although we
16 have repeatedly asked.

17 COMMISSIONER BEARD: Okay. When we take a break today,
18 when I get back in here we'll have a date. I'll bring that with
19 me.

20 Now, what I had done yesterday was take the draft copy
21 and have copies made so that people could begin to look at it.
22 Okay, that's an inadequate alternative to having the final copy
23 but it's the best I can do under the circumstances.

24 Once the final copy is out, official copy, have you all
25 looked at the draft and made any kind of determination as far as

1 time for response on

2 MR. HOLLAND: Commissioner, we got it for review as we
3 walked in the door or as I got here this morning.

4 COMMISSIONER BEARD: That answers that question, okay.

5 The problem as I perceive it, the most immediate
6 problem, there are two, in fact. One is that to the extent that
7 this audit raises an issue that is not currently embodied in the
8 Prehearing Order, then I am prepared to continue that prehearing
9 to a future date to allow for that problem to be resolved, if you
10 will. Okay, I don't know that there is any issue that's not
11 already included in here that the audit wouldn't come under that
12 issue to some degree. That mechanically can be handled.

13 The second piece, and the more troubling to me, is
14 given the time frames, there is no opportunity to provide any
15 direct or rebuttal testimony associated with this audit. What
16 that means, in fact, is that I guess to the extent that there is
17 an allegation raised in this audit that was not raised in the
18 audit last year, okay; in other words, one that you would not have
19 been aware of, then you've got one, to have the opportunity to
20 deal with that in testimony; live and in person as the only way I
21 know that we have remaining, unless you all have something I
22 don't know. And consequently, the parties also have to be in
23 that position. It certainly is not the way I would like to do
24 business but I don't see any alternative at this stage of the
25 game to allow people appropriate due process. I'm certainly not

1 going to let an audit come in and then not have an opportunity to
2 respond. That's just totally inappropriate. That's the only way
3 I see to deal it.

4 It's going to create a little bit of a problem on the
5 testimony side. I'll be talking with the Chairman at length
6 about it. He's already aware of it so that will be his baby as
7 having to Chair the hearing, how to deal with those on a
8 case-by case basis, but I would like to keep that as neat and
9 clean as we possibly can. Okay.

10 MS. BROWNLESS: Following up on that I am hopeful we
11 will have a final audit before the hearing, and that you all will
12 have it early enough that you would be able, at the beginning on
13 the first day of the hearing, to identify any additional issues
14 associated with that audit. So if everybody could kind of try to
15 keep that in mind.

16 COMMISSIONER BEARD: What's the first date of the
17 hearing?

18 MS. BROWNLESS: June 11th is the first day.

19 COMMISSIONER BEARD: I have in my hands a statement
20 that says the final report date is June 5th, 1990. I'm only
21 telling you what I was handed.

22 MS. BROWNLESS: June 5th.

23 COMMISSIONER BEARD: It hasn't been discussed yet.
24 Now, if you start from that standpoint, let's just take that as
25 an assumpt on basis for the moment, what does that do to us.

1 MR. VANDIVER: I think the due process rights, quite
2 frankly, of Gulf Power, the people most impacted by this, by
3 having six days, five days to respond, I would be more
4 comfortable hearing from them.

5 COMMISSIONER BEARD: Yes, that's right.

6 MR. STONE: With us receiving the final audit report on
7 June 5th, we don't even have the normal 10 days that we'd
8 ordinarily have.

9 MR. HOLLAND: Commissioner, we would make best efforts
10 to have responses and have new issues identified by the opening
11 day.

12 COMMISSIONER BEARD: Well, I think what we're probably
13 going to have to do, and I'm kind of thinking out loud here as
14 establish the issues -- I don't see how we can establish them at
15 that late date.

16 MR. BURGESS: Commissioner, maybe I misunderstood. I
17 thought the ten days was the amount of time that Gulf has to meet
18 the date that they received the draft of the audit to respond,
19 which responses are included in the final audit itself.

20 MS. BROWNLESS: No, sir.

21 COMMISSIONER BEARD: No. The draft audit is not
22 complete.

23 MR. BURGESS: The draft audit is not complete.

24 COMMISSIONER BEARD: That's correct. There are
25 instances where conclusions aren't there. For example, I went

1 through it last night very, very quickly and briefly, okay, and
2 it is the draft that we basically got to get out, to try to get
3 information, and we have copies for everybody, so you could begin
4 working to try to mitigate some of the problems that come from
5 the report being this late.

6 Now, what I think is going to have to happen, and your
7 counsel, keep me on track, if we're going to have to establish
8 the issues based on what we see in draft.

9 MS. BROWNLESS: Or you just had to allow, except if, the
10 chance when they get the final product to, whenever they can, you
11 know, whenever they can identify an issue, to say, "We just got
12 this final product and here's what it is," and if that's on the
13 first day of the hearing, that's on the first day of the hearing;
14 and if it's not, it's not.

15 COMMISSIONER BEARD: Quite frankly, in skimming it I
16 didn't see anything in there that probably wouldn't fall into
17 issues that already exist. That's probably the least of our
18 problems. What it means is if you get the final report on June
19 the 5th, as you would, in effect, would have from the 5th to the
20 11th to clean up any additional testimony you wanted to be added
21 on final report as opposed to what you see in draft.

22 MR. HOLLAND: And I think that if we get to deal with
23 the 5th certainly we can identify the issues, the additional
24 issues over and above what's already been identified by the 11th.
25 The problem that I have is in adequately forming our response

1 between the 5th and the 11th. It may be that our response is
2 delayed until the 12th, 13th, 14th, 15th.

3 COMMISSIONER BEARD: I think the most immediate
4 response you need to be concerned about is your response in your
5 testimony. And secondarily a written response that is probably
6 less --

7 MS. BROWNLESS: I wouldn't worry about the written
8 response.

9 MR. HOLLAND: But the written response will be made a
10 part of the record.

11 MS. BROWNLESS: Oh, I see what you're saying. You mean
12 the audit. The reply to the audit.

13 MR. HOLLAND: Right. Right.

14 COMMISSIONER BEARD: And the ten days will certainly
15 expire within that two-week time frame, and even if you took a
16 few extra days because you have other things going on, as long as
17 it occurred within the two weeks, where we can put it in as a part
18 of the record, that's fine.

19 MS. BROWNLESS: Public Counsel, is that going to cause
20 you any problem if you don't see this reply until sometime in the
21 middle of the hearing, or is that going to cause anybody else
22 that problem?

23 MR. BURGESS: The honest answer has to be yes. We'll
24 just react to it the best we can.

25 MS. BROWNLESS: I guess what I'm trying to get a feel

1 for is there is an obvious procedural objection there. If
2 someone knows right now that they're going to make a procedural
3 objection to it, we might as well try to figure out something
4 else to do.

5 MR. BURGESS: Yeah. As I understand it, we're going to
6 be dealing with very few new issues, very few issues that have
7 not either been included in here or been included in a early
8 audit draft.

9 COMMISSIONER BEARDS: We're going to go through, within
10 the next 24 hours, 48 hours, me, okay, with Staff, to try to pick
11 out the pieces that appear to be new as opposed to the audit that
12 was done one year ago; the last rate case that was filed and
13 withdrawn, okay. And there is where I'm concentrating. Because
14 if it was in the last audit report, then it's not a new

15 MR. BURGESS: As long as we're scrupulous about trying
16 to identify that, and insisting that any new testimony or any new
17 responses that are included in the record are those that are in
18 response to new issues.

19 MR. HOLLAND: I don't think that this is a problem, but
20 I am somewhat troubled by the references to the '88 audit in the
21 '88 docket. We did not assume when we prefiled, and have not
22 assumed in rebuttal, that issues that were raised in the '88
23 audit are going to be necessarily issues in this docket. It was
24 my understanding that the '88 Audit Report and response which
25 needs to be appended to that but was not, and I think it's going

1 to be, was for the purpose of identifying the numbers used in
2 Mrs. Bass's testimony, and it was for that reason that that '88
3 audit was attached.

4 We are addressing the issues raised in Mrs. Bass's
5 audit so I have no problem with that. But to the extent that
6 there may be -- and I don't know that there are any because I
7 haven't reviewed it from that standpoint, additional issues in
8 that '88 audit, that parties deemed to be appropriate for this
9 proceeding, then we need to go back and take a look at that. It
10 may not be a problem.

11 COMMISSIONER BEARD: It may not be, and that's why I'm
12 prepared to continue this prehearing to a date two days, three
13 days, whatever we can fit in to reconvene to determine, once
14 people have had a chance to spend -- I mean it's not hard to take
15 the matrix and walk down and see where your major issues are.

16 MS. BROWNLESS: Let's discuss that a little bit.

17 If we all think that the audit report in its final form
18 is going to come out June the 5th, then for that to be
19 meaningful, if we continue this on to try to kind of make sure
20 there are no problems associated with the audit report, that
21 would have to be subsequent to that, right, so you're talking the
22 6th, 7th or the 8th.

23 MR. BURCESS: I apologize for this, but I'd like to
24 back up and understand the entire process a little bit better,
25 otherwise, I'm going to be off base with responses.

1 What all goes into this process of the audit, the exit
2 interview, the responses that Gulf has to the issues listed at
3 that point, that type of thing? I guess what I'm trying to find
4 out is when Gulf knows all the issues that will be in the audit?

5 MS. BROWNLESS: Okay. Here's the way I think it works,
6 and this is subject to, you know, if anybody else knows better,
7 maybe no -- but my idea is that what they do is they come up with
8 - like a final document, which they provide to Gulf, then they
9 have a final - like an exit interview or interview with Gulf in
10 which they discuss with Gulf things. They might change some of
11 their positions; they might not. And then they issue the final
12 thing, which apparently is going to be June 5th. And then Gulf
13 has ten days from June 5th in which to formalize a final written
14 reply to what -- audit exceptions to what's actually been written
15 there. I guess in practical terms it ends up being those things
16 which Gulf and the Staff could not agree to on the front end --
17 the final report.

18 MR. BURGESS: Right. All I'm getting to, and I
19 appreciate that, Suzanne, and what I'm getting to, Commissioner
20 Beard, with that is as far as trying to determine the amount of
21 time, if we see a draft today and it contains every issue that two
22 or something like that, you know, then we've got from this day
23 forward to react to it. By the same token, if Gulf has an exit
24 interview, at that point no more issues will be expanded. I mean
25 the issue list found in the audit won't be expanded; if anything

1 it will be contracted, as I understand it, so that's the date
2 from which they have the opportunity to begin any type of
3 response or reaction to it. And then as I understand it, after
4 the exit interview, the Staff audit team may change their final
5 recommendation or final number of exceptions and findings.

6 COMMISSIONER BEARD: That's correct. And I don't
7 guess I perceive differently about how far we had to continue
8 this prehearing in order to get issues identified. Now, what I
9 want to do right now, I think, is stand in recess for about ten
10 minutes and I want to go do a little resolution work myself and
11 we'll be able to talk more clearly about dates times and other
12 things. Okay. So we'll stand in informal recess for about ten
13 minutes.

14 (Brief recess.)

15 COMMISSIONER BEARD: Somebody stick your head out in
16 the hallway and round everybody up.

17 Okay. Back on the record. I do not have a date
18 certain for you yet. I suspect that before we finish here today
19 we will have a date certain. I'll either confirm the 5th or
20 we'll confirm earlier, so maybe we ought to postpone any further
21 discussion on whether to continue it or not.

22 MS. BROWNLESS: Whether to continue it or not.

23 COMMISSIONER BEARD: I suspect we will continue the
24 hearing strictly from the standpoint of confirming that there are
25 no other issues, for example, I just want to make sure. Keep it

1 as tight as we can.

2 MS. BROWNLESS: Okay. Do you want to go ahead and try
3 to pick a day to do that now that everybody is here so we won't
4 have notice problems with when to come back and all? Because it
5 looks like June 6th is available and that's about what looks like
6 is available looking at this most current Commission calendar.

7 COMMISSIONER BEARD: I really don't want to wait that
8 long, quit frankly. I don't have my calendar in front of me

9 COMMISSIONER BEARD: Okay. I'm looking at the perhaps
10 the 31st or 1st, I don't know what y'all's schedule looks like.
11 I will be here.

12 MS. BROWNLESS: The 31st is a what?

13 COMMISSIONER BEARD: It's a Thursday.

14 MS. BROWNLESS: 1st is a Friday. Does anybody have any
15 problem with any one of those days?

16 MR. BURGESS: I'm not sure I could be here but somebody
17 from the office will be here.

18 COMMISSIONER BEARD: Okay I suspect what little we have
19 to wrap up we can wrap up fairly shortly.

20 MR. HOLLAND: Commissioner, we would prefer the 31st or
21 the two dates.

22 COMMISSIONER BEARD: Okay. Why don't we -- I'll get a
23 time set on that. I'm just trying to think.

24 MS. BROWNLESS: It's usually a little bit more
25 convenient to the Gulf people if they have to come over to have

1 it no earlier than 9:30 because otherwise they get goofed up for
2 people who are coming from --

3 COMMISSIONER BEARD: Why don't we continue this to
4 10:00 on the 31st for any additional issue identification or
5 other extraneous matters that might have occurred. In case
6 anybody gets a wild hair and decides to file a motion of some
7 kind, we can deal with that there, just to keep things as tight
8 and orderly as we can.

9 MS. BROWNLESS: Okay. With that in mind, may I take my
10 paper back?

11 COMMISSIONER BEARD: Okay. Have you all gotten copies
12 of the audit? Everyone has gotten one? Okay. Or the draft,
13 excuse me, of the audit.

14 We set a continuation date. Now, let's don't be
15 mistaken about anything. Like I said, the majority of the data
16 is in the draft and this doesn't preclude anybody from getting to
17 work on responses, et cetera, to the extent they are in the
18 draft, okay. I'm going to be very uncomfortable with someone
19 coming in and saying, "We didn't get a chance to get started on
20 this until the first of June." Quite frankly, for the most part,
21 that would be hogwash, so everybody can get cranking on it now,
22 us included.

23 MS. BROWNLESS: Maybe this would be an appropriate time
24 to say if we continue this prehearing until the 31st, then Staff
25 would have the Prehearing Order filed by 5:00 on the 4th, and it

1 is the week before the actual hearing.

2 COMMISSIONER BEARD: Barring catastrophic events, we're
3 going to be timely on that. And that's one of the reasons I want
4 to keep that forward to the 31st.

5 MS. BROWNLESS: So that would be Monday, June 3th.

6 COMMISSIONER BEARD: Make a note we need to get with
7 Nanette as soon as we get out of here and lock up 10:00 on the
8 4th (sic).

9 MS. BROWNLESS: I think at this time we might kind of
10 go through the draft, start at the front. I'm sorry, Mr. LaFace,

11 MR. LaFACE: Commissioner, with your permission, I
12 forget to add additional appearance from my office of William
13 Hyde, H-Y-D E.

14 COMMISSIONER BEARD: Okay, Mr. Burgess, you didn't say
15 so, but Mr. Shreve is listed on here.

16 MR. BURGESS: We can go ahead and leave it up there.
17 He'll probably make an appearance at the hearing, so if you don't
18 mind leave him on.

19 COMMISSIONER BEARD: I'm trying to make sure I didn't
20 leave anything out. Okay. The next thing I see generally
21 speaking is order of witnesses.

22 MS. BROWNLESS: I tried to put everybody's witness in
23 here like the witness order, like we had identified, but you all
24 check up on me.

25 MR. STONE: Are you talking back in the background.

1 section or are you skipping past that? No, the background
2 section. I just tried to make sure everybody was included.

3 MR. STONE: We'd like to change the order of witnesses
4 beginning on Page 4 slightly.

5 MS. BROWNLESS: Okay. How do you want to do it?

6 COMMISSIONER BEARD: Okay.

7 MR. STONE: The easiest way for me to describe this is
8 if you were to take and move Mr. Parsons through Mr. Conner on
9 mass in the order they are presented to follow Mr. McMillan.

10 COMMISSIONER BEARD: So let me do this my way: Then
11 Gilbert would become 3, Bell would become 4, McMillan would
12 become 5, Parsons would become 6, Howell would become 7, Lee
13 would become 8, Jordan would become 9 and Conner would become 10.

14 MR. STONE: That is correct.

15 COMMISSIONER BEARD: Okay. Now, then the remaining
16 Gulf witnesses would be in the order that they show?

17 MR. STONE: Yes, that is correct.

18 COMMISSIONER BEARD: Okay.

19 MS. BROWNLESS: Did I get you're right, Public Counselor?

20 COMMISSIONER BEARD: Okay. And then

21 MS. BROWNLESS: I would bring to the attention of the
22 Prehearing Officer that we are identifying Mr. Dawson as an
23 adverse witness for Staff. Adverse, hostile, same thing, we
24 wouldn't necessarily put him up first. We'd kind of have to
25 float with the availability of Mr. Dawson, which I understand is

1 Monday and Tuesday of the second week.

2 MR. STONE: That is correct.

3 COMMISSIONER BEARD: Now, let me ask a question. What
4 about rebuttal?

5 MS. BROWNLESS: It's on the next page.

6 COMMISSIONER BEARD: I understand that. You did a
7 significant change, Gulf did, on your direct witnesses. Is that
8 impacted equally in your rebuttal.

9 MR. STONE: No. The only change we have in the order
10 of our rebuttal witnesses would appear on Page 7, Mr. Bushardt,
11 who is presently listed as No. 49 should be No. 45, and the last
12 four witnesses would follow in turn.

13 MS. BROWNLESS: Can you give me a short description of
14 what you want to say about Mr. Bushardt?

15 MR. STONE: Yes. It is economic evaluation of marketing
16 programs. Just to clarify that Mr. Bushardt would be 45, Bowers
17 would be 46, Hodges would be 47, Bell would be 48 and Mr. King
18 would be 49.

19 COMMISSIONER BEARD: Economic evaluation, marketing

20 MR. STONE: Programs.

21 MR. BURGESS: Commissioner, we might also bring up at
22 this point, the parties have been discussing the stipulation of
23 cost of capital testimony into the record without the need for
24 the cross examination, and as we left it, at the last conference,
25 correct me, please, Suzanne, if I'm wrong, was that we had to

1 look at a little bit of the testimony that would be coming in,
2 and some of that testimony was filed today, so I suppose that
3 decision will have to wait until the next time we get together.
4 Does that seem about right?

5 MR. VANDIVER: We'll stipulate that in today.

6 MR. BURGESS: We will, too.

7 COMMISSIONER BEARD: Anybody that won't? I mean you're
8 breaking my heart. I can give it as good as your witnesses can,
9 I've heard it so much.

10 MR. VANDIVER: It's cost of equity, right?

11 MR. BURGESS: It's cost of equity, but there are also
12 -- for example, I'll use my witness, he testifies to cost of
13 equity and testifies to a couple of other items. I was hoping
14 not to have to bring him down and that's what I was looking for,
15 the stipulation. Rothchild for us.

16 MS. BROWNLESS: Let's identify the people for Gulf
17 Power Company.

18 COMMISSIONER BEARD: Who is Gulf's witness in this
19 matter?

20 MR. STONE: One listed as No. 11, Roger Morin.

21 MS. BROWNLESS: For Public Counsel who would it be?

22 MR. BURGESS: Jim Rothchild.

23 COMMISSIONER BEARD: That would be Seery for Staff?

24 MS. BROWNLESS: Yes, sir.

25 MR. STONE: We pick up Mr. Morin again on No. 31 on

1 Page 6.

2 MS. BROWNLESS: So he would be for direct and rebuttal
3 also right?

4 MR. STONE: That is correct.

5 MAJ. ENDERS: Suzanne, on our witness, I envision on
6 rebuttal, No. 30, as I indicated earlier he is not filing
7 rebuttal testimony. We can scratch him there.

8 COMMISSIONER BEARD: We'll scratch witness 30. That
9 will bump everybody up.

10 MS. BROWNLESS: Joe, the part of Mr. Pollock's
11 testimony that deals with differential cost of capital, do you
12 have the testimony such that that can easily be severed and moved
13 in.

14 MR. McGLOTHLIN: Yes.

15 MS. BROWNLESS: So he'll be down there also, right?

16 MR. McGLOTHLIN: Mr. Pollock, in his rebuttal
17 testimony, devotes part of his testimony to cost of service
18 methodology and then the later part to Mr. Rothchild, a narrow
19 aspect of Rothchild's cost of capital testimony so it can be --

20 COMMISSIONER BEARD: We can stipulate as the parts
21 associated with that part?

22 MR. McGLOTHLIN: Yes. Mr. Pollock will have to be here
23 in any event, so he's not one of those people who has been
24 excused. But we would be willing for him not to address that
25 from the stand, so that his testimony, as the others would be, is

1 stipulated in.

2 MS. BROWNLESS: Can you get with me and tell me, Joe,
3 then the pages that we'll all stipulate in so it can be reflected
4 in the Prehearing Order.

5 COMMISSIONER BEARD: Okay. I'll put down then my
6 Pollock stip. I thought I heard some loud cheering from the
7 Commission suite a moment ago.

8 MS. BROWNLESS: Can you all hold on just a second
9 please. (Pause)

10 MS. BROWNLESS: Okay. We're cool.

11 Okay. Let's make sure for the record we have it
12 straight who is going to be in.

13 The direct and rebuttal testimony of Mr. Meridian
14 behalf of Gulf, the direct testimony of Mr. Rothschild, the
15 direct testimony of Mr. Seery, part of the rebuttal testimony of
16 Mr. Pollock, which deals with differential cost of capital, and
17 Joe will provide the actual pages and we'll have that identified
18 in the Prehearing Order. And if you could do that by Friday
19 also, Joe, that would be slick.

20 COMMISSIONER BEARD: Okay. And it is my understanding,
21 it would be my desire because the Chairman can do what he
22 wants -- that rebuttal would follow direct.

23 MS. BROWNLESS: Yes, sir. The way this has been set up
24 procedurally it's not going to be grouped by topic. Gulf puts on
25 the direct case, and then Public Counsel, I think we agreed that

1 Public Counsel would go next, FEA would go next, Industrial
2 Intervenor would go next, Staff would go last, then the rebuttal
3 goes. Public Counsel would be the first rebuttal witness,
4 Industrial Intervenor the second, Gulf would be the end; they
5 have the right to have the last word.

6 COMMISSIONER BEARD: Right. I just want to clarify
7 that. That is my preference always, and it seems to be a recent
8 trend. Okay.

9 MS. BROWNLESS: And let me just clean up for the record
10 procedurally by stipulating these witness' testimony into the
11 record, these witnesses, with the exception of Mr. Pollock, will
12 be speaking about another topic, will not appear and will not be
13 subject to cross examination; their testimony will be moved into
14 the record as though read and without objection, as will I
15 guess we should stipulate to their associated exhibits that are
16 attached to their testimony. Is that also okay with everybody.

17 MR. VANDIVER: And it may be just that we would move it
18 in at the time they are scheduled to do it. It's whatever is
19 easier for the court reporter, I would think.

20 MS. BROWNLESS: If we can take a little time out, Ms.
21 Court Reporter, what do you want us to do and we'll do whatever
22 is best for you.

23 (Discussion off the record.)

24 COMMISSIONER BEARD: Does that cover the witnesses? We
25 don't have any witnesses that are going to have a problem with an

1 airplane or anything like that that we're aware of.

2 MR. STONE: Other than Mr. Dawson, which we've already
3 mentioned. He has the two days available, Monday and Tuesday of
4 the second week.

5 MS. BROWNLESS: He would be available June 18th, and
6 19th.

7 MR. STONE: Mr. Dawson is listed under Staff No. 24.

8 COMMISSIONER BEARD: I understand. That is the --
9 which two days.

10 MS. BROWNLESS: 18th and 19th. Monday and Tuesday.
11 Okay.

12 COMMISSIONER BEARD: That will be interesting, the two-
13 week period of time to try to hit a two-day target, the way we
14 normally do business. It will be sheer luck if we make it.

15 MS. BROWNLESS: All you can do is your best. Okay. As
16 I mentioned before, the exhibits where we'll get you the final
17 word on that as soon as we get everything straightened out.

18 Now we're to the basic position.

19 COMMISSIONER BEARD: Let me say this much: We already
20 talked about positions being due, I guess, on Friday. To the
21 extent that you have a problem with a position in here, perhaps
22 you need to identify it today, but then have that position added,
23 restated or whatever it is you're going to do to us NLI Friday,
24 okay, as opposed to us trying to get verbatim into the court
25 reporter's record here, et cetera.

1 MR. STONE: Along that same line, Commissioner, we've
2 uncovered a few areas where one or two words have been omitted,
3 and rather than take up your time this morning, I've made
4 arrangement with Ms. Brownless to get together with her for her
5 copy.

6 COMMISSIONER BEARD: That's fine. And you will supply,
7 for example, the basic position or adopt Public Counsel's.

8 MR. LaFACE: Yes, sir.

9 COMMISSIONER BEARD: What is satisfactory to me is if
10 you will simply state we take a position in these, and on a
11 exception basis where we don't take that position we're adopting
12 Public Counsel's, is that okay?

13 MR. LaFACE: That's okay.

14 MS. BROWNLESS: What we've done here, if you look on
15 Page 9, is tried kind of a little different format to cut down on
16 the typing, which is if the initials of the party do not appear
17 below, the party has taken a "no position" on that issue.

18 COMMISSIONER BEARD: That's fine. Let me, for the
19 record, real quick, a typo that I saw so I don't get confused.
20 What should be Issue 127 is Issue 124. And we have a 124; it's
21 just a typo; the 124 that follows 126 should be 127.

22 MS. BROWNLESS: Thank you. It was late.

23 COMMISSIONER BEARD: Which leads me to, I guess, my
24 next thing. I identified eight issues with asterisks besides
25 them, which indicates the possibility of stipulation of those

1 issues.

2 MS. BROWNLESS: Yes, sir, I was thinking maybe we could
3 just go sequentially through the issues briefly and have
4 everybody just briefly check them out.

5 COMMISSIONER BEARD: Okay.

6 MR. LaFACE: All our positions will be under the list of
7 service and rate design; we're not taking positions on the
8 others.

9 COMMISSIONER BEARD: Right. Okay. You need to
10 guess what you need to do is identify any issue that you're going
11 to adopt of Public Counsel, just say, "We adopt Public Counsel on
12 the following issues, number, number, number number," and where
13 you have a different position, adopt that. And then to the
14 extent that you don't put that number down, we assume you take no
15 position in any other issue. Okay, just to help them and the
16 mechanics of getting it on paper. Okay.

17 MS. BROWNLESS: Okay. 1. 2.

18 COMMISSIONER BEARD: If you have no problem with it
19 then we'll just keep rolling, if you have a problem

20 MS. BROWNLESS: Just stop us. 1.

21 MR. HALE: Do you want me to go ahead and provide you
22 with a list later showing the additions as far as our witnesses
23 rather than try to stop you on every one?

24 MS. BROWNLESS: Yes, please. Oh, I need to say
25 something to Public Counsel.

1 You had given me two revisions, one on the 18th, one on
2 the 21st. You had one issue that was -- had different -- like
3 the old Issue 123, it had a different position on your later one
4 than it did on the early one. I took the latest one. If anybody
5 gave me things I always took the latest one, so when you're
6 checking through the stuff, if that's not what you intended

7 MR. BURGESS: Very good. If it turns out that that's
8 not right, we'll let you know, but I would agree with the logic.

9 MS. BROWNLESS: Okay, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13,
10 14, 15, 16, 17, 18, 19, 20, 21,

11 MR. STONE: Just a minute. On No. 21 I wanted to point
12 out for everyone's benefit, our statement of position on this
13 issue inadvertently duplicated our statement of position, No. 21,
14 and we will be providing that information. I believe it is
15 stated correctly in our prehearing statement so none of the other
16 parties are offset.

17 MS. BROWNLESS: Okay. So I'm just going to put out
18 your answer to 21 and you're going to let me know.

19 MR. STONE: Yes, that is correct.

20 MS. BROWNLESS: Okay. 22, 23, 24.

21 MR. VANDIVER: Okay. Staff now has a position on Issue
22 24, and just the numbers are system 52,833,000; jurisdictional,
23 46,936,217, and there is a lengthy written position which we will
24 provide to you all shortly.

25 MS. BROWNLESS: 25, 26, 27, 28, 29, 30, 31, 32, 33, 34,

1 35, 36, 37, 38, 39.

2 MR. VANDIVER: 39 appears to the Staff to be a possible
3 stipulated issue. I apologize that it wasn't asterisked.

4 MR. STONE: I don't think we're in agreement simply
5 because I don't think that the second part of our position has
6 been stipulated by Staff -- oh, okay in that case.

7 COMMISSIONER BEARD: We'll go down the line.

8 MR. BURGESS: We'll agree with that.

9 COMMISSIONER BEARD: Okay. So let me

10 MR. MCGLOTHLIN: We're not at issue on that.

11 COMMISSIONER BEARD: Let me read for the record, what I
12 I assume will be Gulf's position, it's the most extensive, "If
13 the preferred stock balance is reported net of discounts,
14 premium, and issuance expenses, a corresponding amount will be
15 removed from the common equity balance Gulf has reported and its
16 answer is, therefore, yes, the preferred stock balance will be
17 net of those three." Is there any question about what we're
18 stipulating to? I don't want any confusion.

19 MR. VANDIVER: We will stipulate to that.

20 COMMISSIONER BEARD: Staff stipulates.

21 MR. STONE: Gulf stipulates.

22 MR. BURGESS: Public Counsel stipulates.

23 COMMISSIONER BEARD: Public Counsel stipulates. Now,
24 you're not a party to the issue.

25 MR. MCGLOTHLIN: No.

1 MR. J. ENDERS: We're not a party to the issue.

2 COMMISSIONER BEARD: Issue 39 has just been stipulated
3 to.

4 MS. BROWNLESS: Nos. 40, 41, 42, 43, 44, 45.

5 MR. VANDIVER: The word "no" should be inserted in
6 front of Staff's position there.

7 MS. BROWNLESS: 46, 47, 48, 49, 50, 51, 52, 53, 54, 55,
8 56, 57, 58, 59, 60, 61, 62 -

9 MR. HOLLAND: Wait a minute, 62, 63, I'm not sure
10 that, in fact, the issue as stated, Gulf has budgeted \$1.8 m
11 incorrect. In our budget filed in this case we only budgeted
12 \$50,000, and of that 50, 25,000 is already included in issue 42.
13 We can deal with that in our response, or we can state the issue
14 correctly.

15 MS. BROWNLESS: Let's fix the number right. We get
16 this number from you all and that's why we put it in there. So
17 if you have a better number we'll put it in.

18 MR. HOLLAND: It's 50 is what it is.

19 MS. BROWNLESS: 50,000.

20 MR. HOLLAND: Yes.

21 MS. BROWNLESS: So the issue should read "Gulf has
22 budgeted 50,000 for the Good Cents Incentive Program. Is this
23 expense appropriate?" Do you need to change your answer.

24 MR. HOLLAND: We will need to change our answer to
25 clearly state that 25,000 of that 50 is already included in the

1 numbers at issue in Issue 63.

2 COMMISSIONER BEARD: We can provide that.

3 MR. HOLLAND: Yes.

4 MS. BROWNLESS: Anybody else need to change their
5 answer now that the issue has changed? 63, 64.

6 MR. STONE: Yes. I need to speak to 64 and 67 in
7 conjunction. The numbers appear to be reversed. That is the
8 budgeted number for No. 64 should be 7-7,609, and the budgeted
9 number for 67 should be the 145,652.

10 MS. BROWNLESS: Okay.

11 COMMISSIONER BEARD: A minor error.

12 MR. BURGESS: Well, since they are both going to be
13 disallowed, it really won't make a difference. (Laughter)

14 MR. HOLLAND: Assumptions, assumptions.

15 MS. BROWNLESS: Okay. 65, 66, 67, as amended with
16 the 145,652. 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79.
17 Are you all going to -- I'm talking to Public Counsel now -- are
18 you going to take a position on this thing, 79? In your latest
19 thing you gave me you didn't have a position.

20 MR. BURGESS: As I understand it, this is an issue
21 Staff raised and then subsequently agreed with the Utility?
22 Okay, we don't -- I mean at this time we're not contesting the
23 issue.

24 MS. BROWNLESS: You're just saying no position. Is
25 that what you want me to write down?

1 COMMISSIONER BEARD: Let's rephrase it, can we
2 stipulate this?

3 MR. BURGESS: We wouldn't stipulate to it
4 affirmatively, but we would remove ourselves as a party to a
5 particular issue.

6 MS. BROWNLESS: Let's make you a no position and that
7 we'll do that and the rest of us could stipulate.

8 MR. BURGESS: Just remove us from the issue.

9 COMMISSIONER BEARD: Just remove them from the issue,
10 strike them completely.

11 MS. BROWNLESS: Okay, we can stipulate to this, what
12 about you all?

13 COMMISSIONER GUNTER: We will stipulate to that.

14 MS. BROWNLESS: Does anybody have any problem with
15 that?

16 MR. STONE: Speaking on behalf of the Company, we'll be
17 happy to stipulate to recovery.

18 MS. BROWNLESS: The accounting people, is that okay
19 with you guys? Did you want to come back to this? Okay, let's
20 put a hold on 79 for the moment.

21 MS. BROWNLESS: Okay. Along that same vein, I skipped
22 it but -

23 COMMISSIONER BEARD: What about which one?

24 MS. BROWNLESS: 75. That's a pension expense.

25 MR. BURGESS: I think what has happened here is this is

1 an issue that might be affected by another issue that we've
2 raised in the case and in testimony. And I don't know the
3 specific dollars that would be affected. Can we explore that?

4 COMMISSIONER BEARD: Just put a hold on issue 79 as
5 well. If we can't do it by the end of the day, then we will be
6 together again breaking bread on the 31st.

7 MS. BROWNLESS: 80, 81, 82, 83, 84, 85, 86.

8 MR. STONE: Yes, would it be possible to reword the
9 issue in 86 so it's not quite so loaded, and I would suggest that
10 the proper wording would be "Should an adjustment be made to the
11 test year reference level for the Employee Relations Planning
12 Unit?"

13 MR. BURGESS: No problem. Do you have the amount
14 that's budgeted? I mean do you want to put the amount in there.
15 I don't have a problem with the rewording and I just didn't know
16 whether to take it one step further.

17 MR. STONE: I have no objection to putting the amount
18 in. I don't have that number handy.

19 COMMISSIONER BEARD: Probably the way it should be worded
20 is "Gulf Power has budgeted X number of dollars," okay. "Should
21 an adjustment be made?" which follows the format of many of the
22 other issues.

23 MR. BURGESS: That's what I was getting at.

24 MR. VANDIVER: We can get that number and incorporate
25 it into the draft of Mr. Stone.

1 MS. BROWNLESS: How about we word it as a copypaste
2 since I did the typing and I don't type a lot. "Should an
3 adjustment be made to the test year reference level of X number
4 of dollars," that will be whatever GULF has.

5 COMMISSIONER BEARD: That's fine.

6 MS. BROWNLESS: "For the Employee Relations Planning
7 Unit."

8 MR. VANDIVER: Commissioner, Staff is now prepared to
9 stipulate 79 out.

10 COMMISSIONER BEARD: Okay. Then stipulating to Staff
11 would stipulate, Gulf Power would stipulate, and there are no
12 other parties to that issue. To specifically the way we would
13 address that. And the stipulation is that GULF has incurred
14 \$332,000 for ash hauling at Plant Danrel. This is a reasonable
15 expense. Okay.

16 MS. BROWNLESS: 87, 88, 89, 90, 91, 92, 93, 94, 95, 96,
17 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110,
18 have a question about 109. That seems to be stipulated to
19 unless, you know, except for the where the periods are. Is
20 that right?

21 COMMISSIONER BEARD: If you take GULF's position and
22 remove the word "percent" and consequently move the decimal point
23 two places to the left, it appears to be identical.

24 MR. PURGESS: I don't see any issues. The only thing is
25 the bad debt factor is part of this, and if the bad debt

1 allowance is adjusted, then it would affect this amount. Of
2 itself it's not in controversy.

3 COMMISSIONER BEARD: The expansion factor is the only
4 issue in 109, right?

5 MR. BURGESS: Right. But the -- what the Commission
6 did a number of years ago was roll in bad debt, the bad debt
7 expectation, into the additional revenues of any rate increase by
8 including it as part of the expansion factor, and if the
9 Commission changes the bad debt factor, then it would adjust
10 this, at least as I understand it.

11 MR. VANDIVER: Could we possibly stipulate to that?

12 MR. BURGESS: I just wanted it understood we've got a
13 specific issue on bad debt and it would affect this. And I
14 wouldn't mind eliminating this because that's the only portion of
15 it that we have. I just want it understood.

16 MR. VANDIVER: And as I understand that, that would
17 then be that we would use this revenue expansion factor as an
18 adjustment to the bad debt.

19 MS. BROWNLESS: If the Commission voted to make that
20 bad debt allowance, everybody can agree that that would be made.

21 COMMISSIONER BEARD: It's a fallout number. Okay.
22 Then on Issue 109 we would have Staff stipulating, Golf Power
23 stipulating --

24 MS. BROWNLESS: we would stipulate with the OPC
25 position.

1 COMMISSIONER BEARD: Okay. Gulf Power would

2 MR. STONE: Wouldn't dare stipulate with the Company's
3 position.

4 MS. BROWNLESS: It's just you don't have the bad left
5 business in yours, that's all.

6 COMMISSIONER BEARD: The OPC position clarifies the net
7 adjustment.

8 MR. STONE: Yeah, I understand.

9 MR. VANDIVER: And this stipulation will reflect that
10 qualifier.

11 COMMISSIONER BEARD: Okay.

12 MR. STONE: Write an agreement.

13 COMMISSIONER BEARD: Public Counsel.

14 MR. BURGESS: We'll agree with that.

15 COMMISSIONER BEARD: And there are no other parties to
16 this issue. Good Lord, I hope we don't stipulate everything and
17 run out of issues.

18 MR. VANDIVER: No danger of that.

19 COMMISSIONER BEARD: I don't think so.

20 MS. BROWNLESS: 110, 111, 112. That's the only
21 identified before maybe.

22 COMMISSIONER BEARD: Right.

23 MS. BROWNLESS: Obviously we'll stipulate. It's just
24 issues.

25 MR. STONE: I'm sorry, which issues?

1 MS. BROWNLESS: 112. This is the Bill Talbott page.

2 MR. STONE: we indicated we would stipulate.

3 MR. BURGESS: We will stipulate also.

4 COMMISSIONER BEARD: Okay. Hang on just one second, I
5 have to double-check my notes here.

6 COMMISSIONER BEARD: Okay. So we were at Bill Talbott
7 would stipulate, Gulf Power would stipulate, right? We are
8 okay. Public Counsel would stipulate.

9 MR. BURGESS: Yes.

10 COMMISSIONER BEARD: And there are no other parties?
11 Okay. 112 looks good.

12 MS. BROWNLESS: 113.

13 Now, you all need to check this part real close because
14 there were positions that people changed, so make sure you have
15 the most current version of whatever it is. You want to say

16 MR. LaFACE: If I can stipulate today on my
17 concerns, do you want me to do that? It will affect my fees.

18 MS. BROWNLESS: Yes, please, then at the same time
19 there.

20 MR. LaFACE: 113, tentatively agree with that.

21 MS. BROWNLESS: Joe, are you going to have any questions
22 on this one?

23 MR. McCLOTHLIN: Suzanne, I think I may have to
24 know by Friday on that one. I don't think we're going to have a
25 problem.

1 MS. BROWNLESS: So this is a possible stipulation
2 maybe?

3 MR. McGLOTHLIN: Yes.

4 MR. BURGESS: Looks like there is not a real discrepancy
5 between Gulf and the Staff. I mean the Staff says yes, with an
6 exception, and Gulf says yes, unqualified.

7 MS. BROWNLESS: Maybe we should qualify that. Can you
8 look at Staff's position, Gulf, and see if that's okay by you.

9 COMMISSIONER BEARD: We're saying no, right?

10 MS. BROWNLESS: Top of Page 58.

11 MR. STONE: Just give me a moment.

12 COMMISSIONER BEARD: And now, you will know by

13 MR. McGLOTHLIN: Friday the latest, I may be able to
14 make a phone call during the break and if something.

15 MR. STONE: Our problem is with the 2500. We would be
16 able to stipulate at 2500. Short of that, we would not be able
17 to stipulate to Staff's positions.

18 MS. BROWNLESS: Okay. Maybe we should let that one go
19 then.

20 MR. STONE: I think that's probably best.

21 COMMISSIONER BEARD: 113 is not stipulated.

22 MS. BROWNLESS: Okay. 114.

23 MR. STONE: 114, I assume that the year should have
24 been 1990.

25 MS. BROWNLESS: I presume. Is that right?

1 COMMISSIONER BEARD: That's in the 1989 statement of

2 MS. BROWNLESS: Yes, sir.

3 COMMISSIONER BEARD: Okay. "The present and proposed
4 revenues for 1990 are calculated using a correction factor. Is
5 this appropriate?"

6 MS. BROWNLESS: And I forget to delete all that stuff
7 from your position, Gulf, but I would just smooth it down to
8 agree with Staff.

9 MR. BURGEON: Commissioner, in order to agree with Staff
10 this way: We would like to talk to our consultant, who is in town
11 town, who will be back in town sometime today. And if there is a
12 problem, to keep a position that does indicate the contract, but
13 but if not, agree at that point and have Staff include it as a
14 stipulation.

15 COMMISSIONER BEARD: What I'm going to do, I have Issue
16 75 and Issue 114 that we can address on the 11th. That gives
17 everybody ample time to finish up and so I'll determine that
18 because it will simply be a matter of putting in a letter and
19 tidying up.

20 MS. BROWNLESS: Okay. The new, this one changed a
21 lot, too, so look at this closely.

22 MR. STONE: I'm sorry.

23 MS. BROWNLESS: People changed their position on this
24 one a lot so please check this one out closely.

25 MR. STONE: You're talking about 11%,

1 MR. BURGESS: Suzanne, yours would change just a bit
2 slightly. If you'll look at over on Page 10, the word "primary"
3 the word "primary" should be followed by the words "and hereby"
4 and with that everything else is correct.

5 MS. BROWNLESS: Okay. And how do you have a water
6 for this one? Is this one going to be Jeffrey's?

7 MR. McGLOTHLIN: Jeffrey Pollock.

8 MS. BROWNLESS: And we done with that one then?

9 Okay. Now, guys, this 116, I guess you had it
10 listening. 116, this is the one that we rewrote the last time we
11 were together, and then Joe decided to talk to Bill says I mean,
12 and decided he had to have it exactly as it was stated to be and
13 that's why it's back in here like this.

14 MS. MEETER: Do you want a proposal?

15 MS. BROWNLESS: Yes, please.

16 MS. MEETER: No distribution costs other than meter
17 drops from meters to be eliminated.

18 COMMISSIONER BEARDS: when you get that done any effort
19 you then repeat it so the court reporter can have the pleasure of
20 knowing what was said.

21 MR. BURGESS: Suzanne, while she's coming up, can you
22 tell me what the old number was so I can go back and see if I
23 had a position in that.

24 MS. BROWNLESS: I will try.

25 MR. BURGESS: Otherwise, we can do it ourselves next day.

1 of two.

2 COMMISSIONER BEARD: If you will read it out the
3 record slowly. Suzanne, an copy and the court reporter at the
4 Get Staff's list.

5 MR. STONE: Commissioners, while they are doing that, I
6 just wanted to go back and retreat from our earlier position on
7 Issue 113. We can stipulate to it.

8 COMMISSIONER BEARD: How come.

9 MR. STONE: We can.

10 MS. BROWNNESS: Yes, sir, and no.

11 MR. STONE: Yes, we will stipulate to it.

12 COMMISSIONER BEARD: Okay. The stipulation is that
13 how about you all give me wording to the stipulation.

14 MR. VANDIVER: I think it's the Staff's business.

15 COMMISSIONER BEARD: "Yes, with the exception that the
16 Utility should have included billing determinants for the B&E
17 customer who used 3,959 kw of standby power in 1982, the
18 Company's estimated revenue for sales based on a reasonable
19 reasonable estimate, customer's kw and kw/hourly \$5.15/kwh by
20 by rate class are appropriate." Did I get it all.

21 MR. STONE: I thank you did, Commissioner. If we
22 simplify things for everyone if we were to refer to the Energy
23 Migration Cost of Service Study, which is the featured study we
24 performed in response to an interagency submitted by the
25 Industrial Interagency.

1 COMMISSIONER BEARD: I want to be clear what is
2 stipulated to.

3 MS. BROWNLESS: Why don't we just read in Staff's
4 position and that's what we'll all stipulate to.

5 COMMISSIONER BEARD: I tried to include it in the one
6 statement, which may have been inappropriate, but

7 MS. BROWNLESS: Why don't we just say that for that
8 issue we all adopt Staff's position.

9 COMMISSIONER BEARD: Okay.

10 MS. BROWNLESS: And we will understand that that refers
11 to the new study.

12 MS. BROWNLESS: Would you like to clarify the
13 stipulation by stating that the sentence that's down there
14 already, plus the fact that the billing defendants are back
15 the no migration filing.

16 MR. STONE: Yes.

17 MS. BROWNLESS: Scenario, okay. So I'm just going to
18 okay. So here should be the complete stipulations. It should
19 read like this: "That we all stipulate that the answer should be
20 as follows: Yes, with the exception that the billing defendants
21 included billing defendants for the PXE (and all will use 1000
22 kilowatts of standby power in 1989. The billing defendants are
23 based on the no migration filing." And everybody okay with
24 that?

25 MR. McLOUGHLIN: I think so, and I think I'll all say

1 yes, very quickly once I make a phone call.

2 COMMISSIONER BEARD: Well, now we'll have to negotiate
3 to the check on and then stipulate.

4 MS. BROWNLESS: Okay. Put a position mark by it.

5 COMMISSIONER BEARD: I currently show pending. I'm
6 labeling it pending stipulations as issue 7, 14, and 27 that
7 are to be resolved by various parties.

8 MS. BROWNLESS: Yes, sir. Now we're to 115. Oh,
9 that's right, 116. I'm sorry, and here's the Staff position: "The
10 distribution system cost other than service drops and meters
11 should be classified as customer related." Well, do you have a
12 position?

13 MR. STONE: We will have a new position by
14 Friday.

15 MS. BROWNLESS: Okay. Public Council.

16 MR. BURGESS: That was the one I was trying to bring up
17 it was in one of the earlier drafts.

18 MS. BROWNLESS: Oh, okay. Thank you.

19 MR. BURGESS: We can find some out.

20 MR. MCGLOTHLIN: No. I'm not sure he added by the
21 McGlothlin where we remarked the wording.

22 MR. BURGESS: I thought it actually amounted to
23 something he wanted to put in there that he originally talked.

24 MS. BROWNLESS: It is but I don't thank you all
25 originally answer that. Do you know what I'm saying? It was

1 new issue he added that we never put in the staff.

2 MR. BURGESS: Well, always been like that, 10 minutes.

3 MS. BROWNLESS: So you can just get with me by the way,

4 Joe, did we state your 4 1/2 hour right.

5 MR. McGLATHLIN: Yes.

6 MS. BROWNLESS: This would be 4 1/2 hours, right?

7 MR. McGLATHLIN: Yes.

8 MS. BROWNLESS: Okay, 10 minutes for a person to

9 attend for 10000, 5000 and the other 4000, that's what you want

10 class's revenues.

11 MR. BURGESS: I'm sorry, would you repeat that a piece

12 Suzanne.

13 MS. BROWNLESS: One of the other should be allocated

14 proportionately to each of the 4000, would you want some

15 some time on this, Gulf?

16 MR. BURGESS: Well, I think I can get with you, I think

17 no, see what.

18 MS. BROWNLESS: I would like your comments on the other side to

19 MR. McGLATHLIN: Yes, and Mr. BURGESS is the 4000.

20 COMMISSIONER BEARDS: And if I understand what you are

21 saying, these positions, better, that position, better, better, better.

22 MR. McGLATHLIN: That's correct.

23 MS. BROWNLESS: Yes.

24 MR. STONE: I have a question, just a question, is the

25 position of your 4000, is that correct?

1 MS. BROWNLESS: Sure, go ahead.

2 MR. STONE: It is "The level of fuel inventory allowed to
3 assigned to the rate plan, which amounted to the expense of fuel
4 allocated upon a cost-effective basis of 1.2."

5 MR. McARDLE: What was that last part?

6 MS. BROWNLESS: It is for fuel expenses should be
7 assigned.

8 COMMISSIONER BEARD: Talk back, you have a Southern
9 accent.

10 MR. STONE: Or allocated upon a cost-effective
11 allocator, and the problem is those words don't fit with a
12 Southern accent. (Laughter)

13 MS. BROWNLESS: Or allocated upon a cost-effective

14 MR. STONE: (Laughter) allocator.

15 MS. BROWNLESS: Okay.

16 COMMISSIONER BEARD: After allegations of a 1990
17 argument.

18 MR. STONE: The only allegation was what about in the
19 University of the Florida.

20 MS. BROWNLESS: Fair enough, yes, for 1990, but
21 with us.

22 COMMISSIONER BEARD: Yes.

23 MS. BROWNLESS: 118. This is also an issue. The
24 position is "The level of fuel inventory allowed in rate plan has
25 been based on a calculated number of days' inventory, which was

1 function of number of kWh to be generated. Therefore, fuel costs
2 should be classified as energy related."

3 MR. BURGESS: We'll agree with Staff.

4 MR. LaFACE: We'll agree with Staff also.

5 MS. BROWNLESS: Who else is agreeing with us, I didn't
6 hear.

7 MR. LaFACE: I better wait.

8 MR. McGLOTHLIN: Mr. Pollock is your witness on 118.

9 MR. STONE: We have a position. It's a little bit
10 longer than the last one, so I'll simply get with Staff later.
11 I'll tell you our witnesses on 117 and 118 are Mr. O'Sheary.

12 MS. BROWNLESS: Issue 118. Have you guys got a
13 position on that, Public Counsel, 119.

14 MR. BURGESS: No, I'm going to have to get to work with
15 you on that.

16 MR. McGLOTHLIN: On 119 you can show us an agreement.

17 COMMISSIONER BEARD: But you want to formalize that on
18 that issue.

19 MR. McGLOTHLIN: No.

20 COMMISSIONER BEARD: So we would simply strike that out of
21 the issue.

22 MS. BROWNLESS: Okay. 120, 121, 122 we identified them
23 as a possible stipulation.

24 COMMISSIONER BEARD: Okay. Galt takes Staff's
25 position.

1 MR. STONE: I'm having to find it with the new
2 numbering, if you'll bear with me a moment.

3 COMMISSIONER BEARD: Sure. Public Counsel wants to
4 withdraw to stipulate to Staff's position. Is your issue
5 position listed. Is this an issue for you or just Staff's
6 item 112?

7 MR. McGLOTHLIN: You can eliminate us from that.

8 COMMISSIONER BEARD: Okay. Let me tell you what I
9 think my intent would be to leave these names, although
10 stipulated, where they sit. That way we identify who stipulated
11 to each of the issues, as opposed to those who were not a party
12 to that issue. I think it will leave a cleaner record.

13 MS. BROWNLESS: And that's also a good idea because
14 sometimes it's hard when you take these things out of context, you
15 don't know if it's a rate base item, an NOI, whatever. It makes
16 it a little easier to follow.

17 MR. STONE: Yes, the Company does stipulate with
18 Staff's position on 121.

19 COMMISSIONER BEARD: So we will have Staff, Public
20 Counsel and Gulf stipulating to issue 122; Staff's position
21 122 and there are no other parties to that issue.

22 MS. BROWNLESS: 123. That looks like a stipulation.

23 MR. STONE: The Company is willing to stipulate.

24 MR. BURGESS: We'll stipulate.

25 MR. McGLOTHLIN: We'll remove our names.

1 COMMISSIONER BEARDS: Is it not a stipulated fact
2 MS. BROWNLESS: Is it not, they are paid for a
3 position?

4 MR. MCGLOTHLIN: The position is that the unit cost
5 charges should parallel the unit cost developed in the approved
6 cost of service study.

7 MR. BURGESS: And we can drop the first number of
8 positions.

9 MS. BROWNLESS: I am not sure that is what I heard.

10 MR. MCGLOTHLIN: The unit cost charge is equal to
11 the unit cost developed in the approved cost of service study.

12 MS. BROWNLESS: Unit cost is a different word
13 word.

14 MR. MCGLOTHLIN: Developed in the approved cost of
15 service study.

16 COMMISSIONER BEARDS: That is not fact, is it not
17 another position.

18 MR. MCGLOTHLIN: I think so.

19 MR. MCGLOTHLIN: I agree with that.

20 MS. BROWNLESS: That would be Mr. Phillips.

21 MR. MCGLOTHLIN: I don't think Mr. Phillips is a witness
22 that in his pre-filed testimony.

23 MS. BROWNLESS: Okay. 125, 126.

24 COMMISSIONER BEARDS: Am I missing something at 127, 128
25 in agreement? Call witness with Staffs of Board, any other witness

1 Staff. It support approach of Gulf.

2 MR. STONE: My notes indicate that we're willing to
3 stipulate but --

4 MR. BURGESS: We're basically willing to stipulate.

5 MS. BROWNLESS: We're not ready to stipulate that one.

6 COMMISSIONER BEARD: You're not.

7 MS. BROWNLESS: I don't know, that's what they say.

8 COMMISSIONER BEARD: I'm only looking at the position
9 and Gulf starts out "Agree with that Staff position on this issue
10 as set forth in Staff's prehearing statement in this docket."
11 Have you all changed your position?

12 MS. MEETER: The demand charges will in part depend on
13 the total increase granted to the Company so we can't sign off on
14 them at this point, and they list specific demand charges.

15 COMMISSIONER BEARD: I understand that. But what I'm
16 saying is if they are agreeing with you, we will not be
17 stipulating to Gulf's position, we would be stipulating to
18 Staff's position. I'm only trying to understand. I'm not trying
19 to force an issue to be stipulated.

20 MS. MEETER: Staff's position is a philosophical one. Gulf
21 has listed actual levels of demand charges, and we can
22 agree to the philosophical as we have it stated.

23 COMMISSIONER BEARD: Will the philosophical position
24 cause the numbers to simply fall out of the box and then
25 there is no stipulation, correct?

1 MS. BROWNLESS: Right, 126. Now, are you all going to
2 take a position on this one?

3 MR. MCGLOTHLIN: Are we on 126?

4 MS. BROWNLESS: Yes.

5 MR. MCGLOTHLIN: No, we will not.

6 MS. BROWNLESS: So do you want me to drop you from
7 here?

8 MR. MCGLOTHLIN: Yes.

9 MR. STONE: Going back to 12's at moment, we'll bring the
10 numbers out. We can stipulate to the philosophy.

11 COMMISSIONER BEARD: I'm not sure that helps the issue.
12 That's what I was trying to understand earlier. See, the key
13 problem is it says "what are the appropriate demand charges?"
14 And Staff's position is one of philosophy but it does not answer
15 the question.

16 MR. STONE: We understand that too. That's why we ended
17 up putting numbers in it.

18 MS. BROWNLESS: So I think we kind of fixed numbers
19 and obviously we can't get there until the revenues, etc.

20 COMMISSIONER BEARD: Leave 12's, it will be a not
21 stipulated but semicontroversial issue.

22 MR. STONE: I understand. Quasi.

23 MS. BROWNLESS: We already had 126, 127. Do you want
24 to be dropped from this one also? 127 on Page 192.

25 MR. MCGLOTHLIN: Yes.

1 MS. BROWNLESS: 128, 129, which looks like it might be
2 a stipulation.

3 COMMISSIONER BEARD: Okay, is Gulf willing to stipulate
4 to Staff's position?

5 MS. BROWNLESS: Can you look at yours and see if you
6 can do that?

7 MR. BURGESS: Can we put that as a tentative to our

8 COMMISSIONER BEARD: Drop 129 into the pending
9 stipulation review, which would give Gulf a chance to take a
10 second look.

11 MS. BROWNLESS: 130. This might be a stipulation, if
12 Public Counsel either is going to take no position or

13 MAJ. ENDERS: I don't know if we could stipulate that
14 issue at this time, Suzanne. I don't think you had a position
15 that before and I haven't had a chance to let my comments look
16 at your numbers here.

17 COMMISSIONER BEARD: Put 130 in take a look at side.

18 MAJ. ENDERS: Yes, sir.

19 MS. BROWNLESS: Joe, do you want us to drop you?

20 MR. McGLOTHLIN: Yes.

21 MS. BROWNLESS: Okay. Do you want to put him down as
22 one we look at again.

23 COMMISSIONER BEARD: Yeah, I've got it down.

24 MS. BROWNLESS: 131, 132, we thought might be a
25 possible stipulation.

1 MR. BURGESS: We can stipulate.

2 COMMISSIONER BEARD: I'm trying to quickly read 131,
3 tell if we're at odds there. I'm having trouble. It doesn't
4 look like it, I guess.

5 MS. BROWNLESS: 132.

6 COMMISSIONER BEARD: Public Counsel said they would
7 stipulate to Staff's position.

8 MR. BURGESS: Yes, sir.

9 MS. BROWNLESS: We will objectively.

10 COMMISSIONER BEARD: Gulf.

11 MR. STONE: Are we on 132 now?

12 MS. BROWNLESS: Yes.

13 MR. STONE: Yes, we stipulate to 132.

14 COMMISSIONER BEARD: 132 is out of here. Okay. There
15 are no other -- Joe, what about you all?

16 MR. McGLOTHLIN: We agree with Staff -- we're there.

17 COMMISSIONER BEARD: And you're in the stipulation.

18 MR. McGLOTHLIN: Yes.

19 MS. BROWNLESS: 133 another possible stipulation.

20 MR. BURGESS: We can stipulate.

21 MR. McGLOTHLIN: Let me look at that one.

22 MR. STONE: The Company stipulates.

23 MR. McGLOTHLIN: Commissioner, I think I better confer
24 before I commit on that but I think it's a tentative stipulation.

25 COMMISSIONER BEARD: We'll put 133 aside again.

1 MS. BROWNLESS: Okay. 134. You guys, both Public
2 Counsel and Industrial Interveners, are you going to take a
3 position on it? Because if you're not, that stipulates out too.

4 MR. MCGLOTHLIN: On 134 we'll agree with the Staff.

5 MR. BURGESS: We'd remove ourselves as a party.

6 MS. BROWNLESS: You just drop out of there.

7 MR. BURGESS: Yes.

8 MS. BROWNLESS: Okay. Then that is stipulated too, is
9 that right?

10 COMMISSIONER BEARD: 134 is stipulated by Staff, Staff,
11 and 11; there are no other parties to that issue. Okay.

12 MS. BROWNLESS: 135. Joe, are you going to take a
13 position on this one?

14 MR. MCGLOTHLIN: Yes, and I think the way we would do it,
15 Suzanne is this: In the letter I delivered to you yesterday we
16 had set out an additional issue, which was "How should the daily
17 standby service be determined?" I don't think that made it into
18 this draft, but after conferring with Mr. Pollock, we think we
19 can accomplish that by inserting that a certain position in response
20 to 135 here.

21 MS. BROWNLESS: Okay. Let me make sure I'm inserting
22 the right thing then, Joe. In response to 135 I should say "The
23 daily standby service demand should be based," blah, blah.

24 MR. MCGLOTHLIN: Yes. Then you won't have any more
25 additional issues you want to add.

1 MR. MCGLOTHLIN: That's right. 136. That's a
2 potential stipulated one.

3 COMMISSIONER BEARD: Is that a stipulation?

4 MS. BROWNLESS: Can we pass on this one to the Staff
5 can talk to Mr. Haskins?

6 COMMISSIONER BEARD: 136 is on standby stipulation
7 list.

8 MR. MCGLOTHLIN: I don't think I can stipulate to 136
9 because it incorporates the rate design specified in Order No.
10 17159, and here and there we've identified places where we think
11 that should not be applied.

12 COMMISSIONER BEARD: 136.

13 MS. BROWNLESS: That's a no go.

14 COMMISSIONER BEARD: Okay.

15 MS. BROWNLESS: 137. Joe, are you all going to take a
16 position?

17 MR. MCGLOTHLIN: No.

18 MS. BROWNLESS: So we can drop your

19 MR. MCGLOTHLIN: You can drop it from that one.

20 MS. BROWNLESS: 138. Joe, is that Mr. Pollack on your
21 behalf?

22 MR. MCGLOTHLIN: Mr. Pollack.

23 MS. BROWNLESS: 139. Where are you, Joe? On 139.

24 MR. MCGLOTHLIN: 139 you can remove us.

25 MS. BROWNLESS: 140. That looks like a possible

1 stipulation maybe.

2 MS. BROWNLESS: Although we answered both no. Let's
3 make him a "maybe 140."

4 COMMISSIONER BEARD: 140.

5 MS. BROWNLESS: 141, 142, 143.

6 MR. MCGLOTHLIN: 143 looks like a stipulation to me.
7 Can we all stipulate to that one?

8 MR. VANDIVER: Staff can stipulate.

9 MR. STONE: The Company can stipulate to 143.

10 MR. BURGESS: We can stipulate to 143.

11 COMMISSIONER BEARD: Joe.

12 MR. MCGLOTHLIN: Yes.

13 COMMISSIONER BEARD: 143 is 10.

14 MS. BROWNLESS: 144. Do you have a position on that,
15 Joe?

16 MR. MCGLOTHLIN: Yes. It's a middle of the road
17 position.

18 MS. BROWNLESS: Best kind. (Laughter)

19 COMMISSIONER BEARD: Is it lengthy?

20 MR. MCGLOTHLIN: It is.

21 MS. BROWNLESS: Why don't you just give it to me?

22 COMMISSIONER BEARD: Yeah, provide that later.

23 MR. MCGLOTHLIN: All right.

24 MS. BROWNLESS: 145. I'm going to drop you out of this
25 one, right, Joe?

1 MR. MCGLOTHLIN: Yes.

2 MS. BROWNLESS: 146.

3 COMMISSIONER BEARD: Have we got -- we still are on
4 "no position" with Staff and OPC.

5 MS. BROWNLESS: We have outstanding discovery. I'm
6 going to drop you out of 146 to Joe. Public Counsel, are you
7 going to take a position on this one, either 45 or 46?

8 MR. BURGESS: Well, on 45 we'll agree with Staff.

9 COMMISSIONER BEARD: Wow, go out on a limb.

10 MR. BURGESS: We'll agree with Staff at this time.
11 (Laughter) Do you know if you're going to take a position on
12 this, Steve, on this or 146?

13 MR. BURGESS: 146, I'm trying to find out what the old
14 one --

15 MS. BROWNLESS: If you want me to look it up, hold on a
16 minute, I can look it up.

17 MS. BROWNLESS: There was 142 in the old -- we were
18 going to --

19 MS. BROWNLESS: It's the old -- 142 is the old 142.

20 MR. BURGESS: 145.

21 MS. BROWNLESS: 145 was the old 142.

22 MR. BURGESS: That I just as soon wait for the
23 discovery.

24 MS. BROWNLESS: The new 146 is the old 143.

25 MR. BURGESS: Okay.

1 MS. BROWNLESS: On Page 64,

2 MR. BURGESS: Right. I see it.

3 I don't know, this fell into the category of the number
4 of things I was going to get together with Shelton and I haven't
5 been able to get him since we last met, if I can, Commissioner,
6 I'd like to keep that one open.

7 COMMISSIONER BEARD: That's not going to be a
8 stipulation.

9 MS. BROWNLESS: I was just curious.

10 COMMISSIONER BEARD: Get your position by Friday.

11 MS. BROWNLESS: Okay, 147. That could be a stipulation
12 if you all don't want to take a position.

13 MR. STONE: The Company is willing to stipulate to
14 Staff's position.

15 MS. BROWNLESS: Joe's out of this.

16 COMMISSIONER BEARD: Joe's out of 147.

17 MR. McGLATHLIN: Yes.

18 COMMISSIONER BEARD: Public Counsel.

19 MR. BURGESS: We'll get out of 147.

20 COMMISSIONER BEARD: So we have a stipulation between
21 Staff and Gulf. No other parties.

22 MS. BROWNLESS: Okay. 148. Drop Joe. Are you all
23 going to take a position on that one or do you need to check with
24 Shel?

25 COMMISSIONER BEARD: Did you say you were dropping 147

1 MS. BROWNLESS: We're dropping 11.

2 MR. BURGESS: We'll drop out of 148.

3 MS. BROWNLESS: And we don't know what we're doing, I
4 guess, since we haven't gotten all of our staff.

5 COMMISSIONER BEARD: Right.

6 MS. BROWNLESS: Okay. 149, 150.

7 COMMISSIONER BEARD: Wait a second. 149 Gulf says
8 okay, Gulf adopts the charges in the issue and Staff's are
9 different. I've got you. I'm sorry. Go ahead.

10 MS. BROWNLESS: Okay. 150. Oh, this is the stipulated
11 one.

12 COMMISSIONER BEARD: Gulf would stipulate to Staff's
13 position.

14 MR. STONE: Yes.

15 COMMISSIONER BEARD: Public Counsel.

16 MR. BURGESS: We stipulate.

17 COMMISSIONER BEARD: 11.

18 MR. McGLIBLIN: We're out of there.

19 COMMISSIONER BEARD: You're out of it. FEA.

20 MAJ. ENDERS: We'll stipulate to Commissioner's.

21 COMMISSIONER BEARD: FEA stipulates.

22 MS. BROWNLESS: 151, 152, 153. I assume you're going
23 to check with Staff on this one?

24 MR. BURGESS: Yes.

25 MS. BROWNLESS: 154.

1 This is for my benefit, and I'm asking Calf this
2 question: When I looked at we had some discussion at one of
3 the numerous pre-prehearing conferences about exactly what 154
4 and 155 were all about and what they were supposed to raise.

5 What I think we all agreed was the migration issue and
6 whether or not you ought to figure out if people would, you know,
7 change rate classes if it's cheaper to go into a rate class for
8 which they qualify. Another rate class for which they qualify.
9 Is that right? Is that what this is all about?

10 MR. STONE: Basically what it boils down to is that
11 once you set a revenue target and you have adjusted the rate
12 design, if the revenues that are set as a result of the
13 Commission vote are different than what the Company proposed when
14 it did its initial rate design, then it needs the opportunity to
15 do a rate design once again based on the revenue numbers that the
16 Commission has approved.

17 MS. BROWNLESS: Yeah, I understand that. But I think
18 what you're trying to address here is the fact that Commission
19 votes out X number of dollars for revenue. You have a Staff
20 Service Study which allocate those revenues in some way, designs,
21 you know, a certain basic charge for residential customers,
22 designs a certain demand charge, energy charge for industrial
23 customers, et cetera, right? You charge that big revenue block up
24 into rates. Okay. And then if I'm reading what's right here,
25 you want to once you step it up, then a customer would be that

1 service category might qualify for service in another rate class,
2 and obviously if he is classified he'll take the lower rate and
3 you're trying to have some recognition that that's going to occur
4 so that you can redesign the rates so when these migrations occur
5 you get the right pot of revenues at the end. Is that right?

6 MR. STONE: That's a fair summary of what we're doing.
7 It's an iterative process that we need the opportunity to do
8 between the Commission vote on revenues and the final rate
9 design.

10 MS. BROWNLESS: Okay. And I guess our Staff is going
11 to say our position, hold on. But I think our basic position is
12 we obviously believe that ought to be done because you don't want
13 to get a revenue and we've done it in every rate case, so the
14 question I think is who does it.

15 MS. MEETER: No, the attorneys has

16 (Discussion off the record.)

17 MS. BROWNLESS: Here's what we're going to say: "We
18 the shortfall from customers - " I would say "from the migration
19 of customers between rate classes should be recognized in the
20 final rate."

21 MR. BURGESS: Our position is yes.

22 MS. BROWNLESS: Hold on a minute. We're changing ours
23 slightly, so wait just a second before you agree. (Pause)

24 Okay. No, the shortfall from customers, from the
25 migration of customers between rate classes due to changes in the

1 rate structure should be recognized in the final rates. And I
2 guess what the Staff is trying to clarify here is that we're
3 perfectly willing to do what we've done in previous rate cases,
4 which is they run the migration studies, give them to the Staff
5 and the Staff pins up the rates. But apparently Gulf Power is
6 asking for an additional iteration after that and that's what
7 we're objecting to, and that's never been done.

8 COMMISSIONER BEARD: Their position is they pin up,
9 they would -- the difference of the position is they would
10 through the migration study and develop the rates; your position
11 is they do the migration study and you would do the rates, and
12 Public Counsel's position is that neither would occur. If it they
13 take what they get?

14 MR. BURGESS: Yes. That the assumption should be the
15 existing --

16 COMMISSIONER BEARD: Right. Pattern.

17 MS. BROWNLESS: Let me make sure I understand now where
18 everybody is coming from.

19 I think our basic difference on this issue between the
20 Staff and the Company is that we agree that migrations would
21 occur, and should be accounted for. We would just be the ones to
22 develop the rate once they've run the migration studies. And let
23 me make sure I understand the position Public Counsel is taking.
24 You're saying that the Cost of Service Study should not be run
25 again -- I'm sorry, that there shouldn't be iterations done --

1 account for these migrations, is that your position?

2 MR. BURGESS: Basically, this seems to me to be a
3 factor in revenue suppression, and as I understand it, we've made
4 a strong statement contrary to that.

5 MS. BROWNLESS: Why don't we do things because this is a
6 little complicated, why don't you come up with a written position
7 which you can provide to me by Friday.

8 MR. BURGESS: Sure.

9 MR. STONE: Suzanne, I would like to point out one
10 thing, that actually on Issue 154, the question is whether you
11 need to recognize those crossovers in a final rate design. Issue
12 155 is who should do the rate design if you do recognize the
13 crossovers.

14 COMMISSIONER BEARD: Let's start with 155 because I
15 have a question about how the issue is worded on 155.

16 MS. BROWNLESS: Okay. So then I think our answer can
17 be very simple. Is it appropriate to assume that if we keep
18 the present rates would remain on the same rate when the new
19 rates become effective? "No," I think, is the position we can
20 take.

21 COMMISSIONER BEARD: Okay. Well, OK, FEA -- FEA
22 positions on his this.

23 MAJ. ENDERS: We'll take no position on this one.

24 MS. BROWNLESS: And then you guys are going to do your
25 stuff perhaps, and then talk about all your negotiations on 155.

1 COMMISSIONER BEARD: We'll hang tough, let's finish
2 154. Is it going to have a position?

3 MR. MCGLOTHLIN: As I understand it from talking to my
4 consultant, we don't object to the additional analysis a consulting
5 firm for the possible migration being done. But regardless of who
6 does it, Staff or Company, in the rerunning of rates and taking
7 that into account with whatever assumptions or methodology there
8 is, there should be an opportunity for that to be circulated
9 among the parties just for review and possible response, whether
10 it's done by the Staff or the Company.

11 MS. BROWNLESS: Those are a different issue than either
12 one of these issues.

13 COMMISSIONER BEARD: Let's talk mechanically what
14 happens. We going to have two days of special agenda on a
15 Thursday and Friday and come back on a Tuesday to deal with pump
16 the numbers out and look at what happened, okay. And I don't
17 think there is any time there. You had a week on Thursday and
18 Friday on all the issues, and basically then you pump it, I
19 assume from there, the data, which is finalized on a Tuesday,
20 there is no time in there for responses, briefs, arguments or
21 what have you.

22 MR. BURGESS: Sounds like the only opportunity might be
23 a Motion for Reconsideration.

24 COMMISSIONER BEARD: Obviously, that option exists.

25 MR. MCGLOTHLIN: Either that or if there is some kind

1 of set formula or methodology that's going to be applied to
2 whatever falls out at the agenda conference, that can be
3 circulated beforehand? This idea of accounting for possible
4 migration, it seems to me that something mathematical that can be
5 circulated.

6 MS. BROWNLESS: As I understand what we've done in the
7 past, once the revenue dollars were voted on, the NOI issues,
8 rate base issues, whatever, cost of capital issues, and you got a
9 pot of dollars, then the Company has provided migration studies
10 and the Staff has done the rest. So we've never circulated
11 anything.

12 COMMISSIONER BEARD: But that occurs -- in this
13 instance is going to occur from Friday at quitting time to
14 Tuesday morning. And it has to occur and then Staff has to
15 redesign or whomever has to design rates and it has to be back by
16 Tuesday.

17 MS. BROWNLESS: That's exactly right.

18 COMMISSIONER BEARD: I think the answer to your
19 question, Joe, is going to have to be reconsideration.

20 MR. McGLOTHLIN: Perhaps so, unless this migration
21 study -- and I don't know what kind of animal that is, but it
22 seems to me the methodology is something that could be described
23 or made known.

24 MS. BROWNLESS: We could do this, I guess. We could
25 have Gulf Power provide it to everybody and you could look at it.

1 MR. MCGLOTHLIN: That's all I'm asking.

2 COMMISSIONER BEARD: You can look at it. Once you've
3 looked at it, you don't have a chance to respond to it except in
4 petition, I would assume. And we're talking from Friday quitting
5 time until Tuesday morning when you come back in to look at the
6 rates. And just mechanically and legally I don't see how, and
7 that's my understanding of how it's always occurred.

8 MS. BROWNLESS: That's how we've always done, but
9 you're certainly welcome to get a copy of whatever the Staff
10 gets.

11 COMMISSIONER BEARD: I don't think they can do the
12 migration study prior to Friday night or Saturday morning, if I
13 understand correctly, once the revenues have been disbursed.

14 MS. BROWNLESS: So let's go back to Issue 154 and limit
15 our answers to just what's being asked there; which essentially
16 is do we all concede that customers will migrate if they can get
17 a cheaper rate. If they qualify to get a cheaper rates. That's
18 all 154 says.

19 MR. STONE: It says one thing more than that. This is
20 not only can we concede that, but do we also concede that the
21 effect of that is to prevent the Company from reaching the
22 revenue target.

23 MS. BROWNLESS: No, that's not what 154 says. Maybe
24 that's what 155 said but just the phrasing of 154 says "Is it
25 appropriate to assume that customers on present rates would

1 remain on the same rate when proposed rates become effective.

2 I just want the issue to be do we all recognize that
3 customers will migrate to the cheapest rate for which they
4 qualify?

5 MR. BURGESS: Okay. And I would say our position
6 our position to how that is worded now is, is it appropriate to
7 assume that they won't migrate, I guess is basically it. Yes,
8 for ratemaking purposes, yes, it's appropriate to assume there
9 will be no migration, because we consider this to be subsumed
10 within the overall question of suppression stimulation of
11 revenues.

12 COMMISSIONER BEARD: Okay.

13 MS. BROWNLESS: Okay. Okay. We say no. What are you
14 going to say, Gulf?

15 MR. STONE: At this time I'd have to say I'd keep my
16 current position, but I will review it between now and Friday.

17 MS. BROWNLESS: Great.

18 MR. McGLOTHLIN: I think we agree with Staff. It's not
19 something our witness addresses but I know he thinks the
20 migration analysis is appropriate.

21 MS. BROWNLESS: FEA?

22 MAJ. ENDERS: No position.

23 MS. BROWNLESS: You're out of it.

24 MR. LaFACE: I'll know by Friday. I tend to think we
25 agree with Public Counsel.

1 MS. BROWNLESS: Okay. Now, I think that 195 is the
2 issue about --

3 COMMISSIONER BEARD: I've got to ask a question about
4 195 because I want to be clear on the wording here. It says
5 "Would it be appropriate to grant a rate increase without
6 allowing the Company to redesign the rates?" I want to
7 understand, if this is the Company's issue, is that what they
8 want or do, they want to say without allowing the rates to be
9 redesigned, and then on the positive determination -- in your
10 position, take a position on yes, they should be and who should
11 do that. Okay. Because, you know, as a Commissioner, to fairly
12 it's a very different animal to say "Yeah, I vote --" for
13 example, say, "No, because I don't think it's the Company," and
14 be limited to that, as opposed to saying, "Yeah, they ought to be
15 redesigned," but you narrow my focus, and I want to know if
16 that's truly the issue you all want?

17 MR. STONE: We have no problem with rewording that
18 issue in that fashion, Commissioner. In fact, you pointed out
19 something that had not occurred to me when we worded it. We
20 double-loaded the issue.

21 Our basic position, and if it needs another issue --
22 state this position I want to just get this out in the open here,
23 is we would like the opportunity to have our rates that result
24 from the revenues voted by the Commission before the Commission
25 for its consideration at the agenda conference that sets the

1 final rate design, and --

2 COMMISSIONER BEARD: well, I think perhaps maybe what
3 should happen here, let me run some words and see what you all
4 think. "Would it be appropriate to grant a rate increase without
5 allowing the redesign of rates to recover the approved revenue,
6 run the rates in competition and go through the same iteration
7 process as was done in the original filing of the case as the
8 revised portion of this case?" follow that with a second piece
9 of that, that is "take the 7th approved rate by" and state what
10 the right term is.

11 MS. BROWNLESS: They can put that in their position,
12 In other words, their position is correctly stated. "We, if not
13 allowed this opportunity then the Company," okay. Their position
14 obviously would be no, the Staff should do it. I mean that's the
15 bottom line.

16 COMMISSIONER BEARD: I'm saying add to the case the
17 question of who should redesign the rates.

18 MS. BROWNLESS: Why don't we have two issues then? One
19 is would it be appropriate, and one is who should do it.

20 COMMISSIONER BEARD: That's fine.

21 MR. STONE: We agree with separating the two issues.

22 MS. BROWNLESS: 155, "Would it be appropriate to grant
23 a rate increase without allowing the redesign of the rates to
24 recover the approved revenue, run the rates in competition and go
25 through the same iteration process as was done in the original

1 filing of the case and revised portion of the case." Then we
2 say, "No, that would not be appropriate. The Staff ought to do
3 it. No." And then you guys say, "no," right? What about you,
4 Public Counsel?

5 MR. BURGESS: The only thing I'd say is I think the
6 issue needs to also contemplate the possibility of a rate
7 decrease. Rate increase or decrease.

8 MS. BROWNLESS: Rate change let's say.

9 MR. BURGESS: Rate change, good, thank you.

10 COMMISSIONER BEARD: Because, in fact, you could have a
11 general revenue increase or decrease and differing classes could
12 go inverse to that specifically. And then we would have a new
13 Issue 156.

14 MS. BROWNLESS: Let's get through with 155. Is anybody
15 else going to take a --

16 MR. BURGESS: Yes, I'd say yes.

17 MS. BROWNLESS: Okay. Joe.

18 MR. MCGLOTHLIN: I think what you all have broken out
19 as the first part of 155, to me is the same as 154, is there any
20 difference? I think if we're indeed making this an iterative
21 process it seems to me you can combine 154 and 155.

22 MR. BURGESS: We're taking basically the same position.

23 MS. BROWNLESS: That's okay with me. Is that okay with
24 you all? And then we'll have another issue, a new issue which
25 says "who should actually run these iteratives?"

1 COMMISSIONER BEARD: Could we not, in fact, the way
2 issue 155 has been restated, could we not, in fact, strike 154?
3 Okay? Because I mean you're asking the first piece of the
4 question. The second piece follows, why would you ask the first
5 question and then say, "Well, okay, now that we've solved that,
6 forget the rest of it."

7 MS. BROWNLESS: I think 154 says migration, do you
8 think it occurs. 155 says -- it seems to say to me something a
9 little bit different, which is for whatever reasons should the
10 Company actually design the rates and prepare the rates, which
11 are voted on on the final day.

12 COMMISSIONER BEARD: No, 155 as it has been reworded
13 does not say that. It says "should they or not," and you state
14 there and go through the same iteration process.

15 MS. BROWNLESS: This one says, "Is it appropriate to
16 assume that customers on present rates would remain?" This is
17 the migration question, 154. 155 as -- builds on 154, which is
18 "Should Gulf Power be allowed to redesign the rates to take
19 account of migration?"

20 COMMISSIONER BEARD: Okay. Let's back up and be very
21 clear. 155, as it's reworded, does not say "should Gulf Power."
22 We're separating that question.

23 MS. BROWNLESS: Well, I mean "who should do that."

24 COMMISSIONER BEARD: "Should that occur" is what 155
25 says, and should the iteration process occur again, that

1 iteration process, I assume, subsumes migration, et cetera.

2 MS. BROWNLESS: Let's change this a little bit then.
3 Why don't we say something like "If a rate change is approved by
4 the Commission, who should redesign the rates?"

5 COMMISSIONER BEARD: Wait now. No, no, no.

6 MS. BROWNLESS: Who should redesign the rates? Well
7 can say --

8 COMMISSIONER BEARD: That's going to be the next
9 break out part of the question. Remember when we talked 155,
10 155 is saying "is it appropriate?" 155-B, for purposes now until
11 we get to the numbering, says "who should do it?"

12 MR. BURGESS: But as I understand what you're saying at
13 155 conceptually encompasses 154 since migration is the only
14 question to be dealt with.

15 COMMISSIONER BEARD: If you say yes, it's appropriate.

16 MS. BROWNLESS: I don't think migration is the only
17 question. That's where I disagree.

18 MR. STONE: Commissioner Beard, should you read in the
19 change you made to 155?

20 COMMISSIONER BEARD: 155, as I understood that, and
21 think in context of its subsuming 154. 154 is only a question I
22 agree. There are multiple things. But 155 subsumes it if you
23 answer yes. "Would it be appropriate to grant a rate change
24 without allowing the redesign of rates to recover the approved
25 revenue, run the rates in competition, go to the same iteration

1 process as was done in the original filing of the case and the
2 revised portion of the case." Now, that to me subsumes

3 MR. BURGESS: Migration.

4 COMMISSIONER BEARD: Migration and the other issues.
5 It simply says -- it's not saying why do you do this? it's
6 simply saying should you.

7 MR. MCGLOTHLIN: Then Gulf would say it would not be
8 appropriate because you've got to take migration in effect,
9 Public Counsel would say yeah, it's appropriate because this is
10 the way --

11 MS. BROWNLESS: Okay. Why don't we take a little time
12 out of these. And let's have these as something we're going to
13 talk about on May 31st and we'll see if we can do a little bit
14 better with what we're trying to express here.

15 MR. STONE: For our purposes, I would agree with
16 Commissioner Beard, that as he just stated it, 155 would take the
17 place of 154, and then we just simply need to have the breakout
18 question, who should do that process.

19 MR. BURGESS: It's fine with me.

20 COMMISSIONER BEARD: Okay. And I know you're being
21 subsumed in all these things right now, but for tentative
22 purposes, okay, for tentative purposes, the reworded -- and give
23 you time to look at that, between now and the 31st, let's assume
24 that the 155 reworded becomes the issue, subsuming 154.

25 MS. BROWNLESS: Drop 154 is what you're suggesting.

1 COMMISSIONER BEARD: Dropping 154, okay, and the net
2 effect is we could renumber there.

3 MS. BROWNLESS: That's for purposes of keeping things

4 COMMISSIONER BEARD: Right. And then you would add a
5 new issue, and let's call it for now 155 b.

6 MS. BROWNLESS: Read me what you want 155 to say.

7 COMMISSIONER BEARD: Issue 15a would read: "Would it
8 be appropriate to grant a rate change without allowing the
9 redesign of the rates to recover the approved revenue, plus the
10 rates in competition, and go through the same iteration process
11 as was done in the original filing of the case in the revised
12 portion of this case?"

13 MS. BROWNLESS: Okay. And then we would add what?

14 COMMISSIONER BEARD: Add a new issue 155 x for now
15 we'll call it.

16 MS. BROWNLESS: What would that say?

17 COMMISSIONER BEARD: Who should redesign the rates.
18 And you'll have to build in a lead statement, "to the extent that
19 the answer to 155 is no."

20 MS. BROWNLESS: If you answer 15b in the affirmative?

21 COMMISSIONER BEARD: In the negative.

22 MS. BROWNLESS: In the negative. Okay. Why don't we
23 make these affirmative questions as opposed to negative
24 questions? Why don't we say, "Is it appropriate?"

25 COMMISSIONER BEARD: I understand what you're saying.

1 But the next one that follows is who done it. We can look at the
2 words.

3 MR. VANDIVER: We will massage the words, we will bring
4 it back in our next meeting; give everybody a chance to step
5 back, look at this. We can all agree when we come back.

6 COMMISSIONER BEARD: So we will look at issues 154 and
7 155 --

8 MS. BROWNLESS: Old 154, 155 and your new addition.

9 COMMISSIONER BEARD: Okay, okay.

10 MR. STONE: Just so, and if there is a possibility of
11 resolving this I'd like to state, we don't have a problem with
12 the Staff doing their rate design. It's just we would like to
13 have an opportunity to have the Company's rate design presented
14 to the Commission at that final agenda, so that you could at
15 least see what we think needs to be done in order to recover the
16 revenues the Commission had just approved of the previous Friday.

17 COMMISSIONER BEARD: What I think in reality is going
18 to have to happen is that issue is going to have to be resolved
19 by the Commission on the two day special agenda, and we'll say
20 yes, we'll look at them both side by side, or no, we won't. I
21 don't think that's typically what's happened in the past. So to
22 the extent you're asking for a change, that's going to have to
23 happen on Thursday or Friday. And if granted, you can bring
24 yours back along with Staff's Tuesday.

25 MS. BROWNLESS: Okay, understanding, of course, if Gulf

1 Power gets an opportunity to bring theirs back, anybody else on
2 the table there who wants to do that gets to do that, too.

3 COMMISSIONER BEARD: That's why we're adding an issue,
4 who should. I can see a matrix here of about 13 different groups
5 here. We've got how many parties here. I have been through that
6 before.

7 MR. STONE: Again, we're not talking about changing the
8 concept of the rate design approved by the Commission, what
9 we're saying is --

10 COMMISSIONER BEARD: I understand what you're saying.
11 I'm saying it's a change from what has occurred in rate raises in
12 the past.

13 MS. BROWNLESS: And the position Staff would take is if
14 you want to crunch the numbers and produce the rate, then Public
15 Counsel gets a chance to do that, Joe get's a chance to do that,
16 Major Enders gets a chance to do that and the Retail Federation
17 folks get a chance to do that. That's something that needs to be
18 considered.

19 COMMISSIONER BEARD: That's a position that you can
20 take. You can take the position that it ought to be left and
21 Staff and nobody else. Public Counsel take their position, it's
22 simply stating that there will be an issue out there that says
23 who.

24 MR. STONE: Just for clarification, Commissioner, it's
25 my understanding that this process was followed in prior rate

1 cases up until 1984.

2 COMMISSIONER BEARD: Okay. Well, bring that usage out
3 then in the case, and, you know, I've only been here since '87
4 so my historic memory is extremely short.

5 MR. BURGESS: I'd like, if I could, before we leave
6 this subject, I hate to draw this out but I need to for the
7 purpose of attempting to develop a position on this for the 31st,
8 as I understand it, the only variable that's involved is
9 migration.

10 MS. BROWNLESS: No.

11 MR. BURGESS: What else is there?

12 MS. BROWNLESS: No. It's how you actually put the
13 rates together and crunch the rates so they produce the numbers
14 so it's not just migration.

15 MR. BURGESS: I understand that. But the only thing
16 that happens, the only factor that happens as a result of the
17 rate increase that we're dealing with is a company going from one
18 to the other.

19 MS. BROWNLESS: It's the iterations, it's the iterative
20 process and that doesn't necessarily have to do with the
21 migrations. The migrations are separate. There are other things
22 going on.

23 COMMISSIONER BEARD: The point I think mathematically
24 that I would perceive, migration begins the process. Okay. Once
25 you migrate, then the mathematical relationships between the

1 categories drive different things to occur and you have to look
2 at that and rebalance it.

3 MR. BURGESS: As I understand it, if there were no
4 migration, there would be no change.

5 COMMISSIONER BEARD: That probably is an accurate
6 statement. But once you change one unknown -

7 MR. BURGESS: Yes, yes, but that's all I'm getting to.
8 If you said there were no migration, there would be no change in
9 the process.

10 MS. BROWNLESS: No, Steve, that's not right. What they
11 want to do is figure out the rate of return. One of the things
12 that's involved in developing rates is figuring out the rate of
13 return for each rate class. Okay, who goes up, who goes down,
14 who stays at parity, all that stuff. So there is a lot of pieces
15 in there. It's not just the migration. It's not just what they
16 are seeking. Clearly the migration is one. But the migration
17 has always been included, okay. I'm sure when you talk it over
18 you will have a better understanding.

19 COMMISSIONER BEARD: Migration can do that as well as
20 the Commission vote on all the other issues that

21 MR. BURGESS: I understand that, I just wanted to make
22 sure, I've got a handle on those variables, and that's what I was
23 trying to find out.

24 COMMISSIONER BEARD: Now, I had something on my mind I
25 got lost.

1 MS. BROWNLESS: Let's move on here. 156. This is the
2 one we came up with and tried to resolve this at the
3 pre-prehearing. Can we have a position on that?

4 COMMISSIONER BEARD: Again, is this not -- I mean you
5 can ask this question and you could answer this question, but the
6 net effect is when you go in and you do rate design over the
7 weekend, if you will, you'll respond to this question. Let us
8 take this under advisement as well and get back with you on the
9 list about it.

10 COMMISSIONER BEARD: I'm putting 156 with 54 and 58 and
11 55 new. Okay.

12 MS. BROWNLESS: Now, this final one is -- that is the one I
13 think we added back in for Joe because it was dropped initially.
14 That was in the first issuing position statement which would name,
15 Joe.

16 MR. MCGLOTHLIN: Right.

17 COMMISSIONER BEARD: Okay. Will you have a twenty-minute
18 a brief position?

19 MR. MCGLOTHLIN: It will not be a long one but I'll
20 have to supply it, Commissioner.

21 MS. BROWNLESS: Okay. Why doesn't everybody just
22 supply whatever they are going to do with this one by Friday.

23 158. This is also one of Joe's issues. We have a fairly
24 rignamarole which we'll put in.

25 COMMISSIONER BEARD: Okay.

1 MS. BROWNLESS: What about Gulf, do you have

2 MR. STONE: Nothing.

3 MS. BROWNLESS: Public Counsel? Do you need to get
4 back with us?

5 MR. BURGESS: Yes, please.

6 COMMISSIONER BEARD: Okay. Are there other issues that

7 MS. BROWNLESS: I have a note to myself that Public
8 Counsel, on their latest has identified two potential additional
9 issues. Do you all still want to do that? That's in what you
10 handed out on Monday. You had identified them as 115-A, how
11 should Gulf's GS rates be designed and 123-A, "The Commission
12 elects to use the refined equivalent peaker cost of service
13 method to allocate costs to rate classes, what modifications
14 should be made?"

15 MR. BURGESS: You're saying those are not in here,

16 MS. BROWNLESS: Not in there. You indicate if you might
17 want them and that's only the additional issues we have
18 outstanding.

19 MR. BURGESS: Okay. Thanks for bringing that up.

20 Commissioner, is it possible - we're in the same
21 situation with this as we are with a couple of the positions we
22 would like to get with the consultant in this area. We started to
23 talking with him today.

24 COMMISSIONER BEARD: What's the 115-A issue again?

25 MS. BROWNLESS: How should Gulf's GS rates be designed?

1 And 123-A was "If the Commission elects to use the refined
2 equivalent peaker cost of service method to allocate costs to
3 rate classes, what modification should be made?"

4 MR. BURGESS: That's numbers, 115 A, they go back to
5 the original -- 115 and 123 A go back to the original, and it was
6 a question of whether we thought there was a subsumed specific
7 issue important enough for the Commission to look at as a
8 separate issue.

9 What I'd like to do is see how out of control of the
10 one hand says no, we'll just go ahead and use that. It would be
11 just as effective to put that in our position in response to
12 those issues and you won't hear about it again, and if on the
13 other hand we think it should be separate, then what would I go
14 ask you on May 31st.

15 COMMISSIONER BEARD: I would like to know by Friday.

16 MR. BURGESS: Okay. That would be fine. We can show

17 COMMISSIONER BEARD: That way we notify the public
18 that these will be coming in, positions can be gotten out. I
19 don't want to have too much left by the time we get to the 31st,
20 I think we'll have enough to do.

21 MR. BURGESS: And I will pledge to you if we can get
22 out sooner than that, if it's tomorrow it will be tomorrow, that
23 we'll let all the parties know.

24 MR. VANDIVER: I'd just like to mention that to any
25 extent you can get this stuff earlier or perhaps at 9:00 o'clock

1 on Friday as opposed to 4:58 would be greatly appreciated.

2 MS. BROWNLESS: Okay. Two other topics I'd like to
3 bring up.

4 COMMISSIONER BEARD: Before you do that, I'm going to
5 go down, read off the numbers of the issues that I see as
6 stipulated and then those that are pending stipulations.

7 My understanding of the following issues that have been
8 stipulated: 39, 79, 112, 109, 122, 123, 132, 134, 143, 147, 150.

9 I have the following issues pending responses that we
10 may stipulate: 75, 113, 114, 129, 130, 133, 140. We will look
11 at and review 154, 155, the new part of 155, 156, and OPO will
12 review 115-A and 124-A from there. Okay.

13 MS. BROWNLESS: Yes, sir, that agrees with my lists.
14 Anybody else have anything different?

15 COMMISSIONER BEARD: And what else?

16 MS. BROWNLESS: Two other things.

17 First of all, in the past when we've done lump rate
18 cases the Staff has always compared comparative rate sheets.
19 This was something Jim Cresce liked to have and what it was was a
20 rate base and it had, you know, per books, Gulf, Staff, OPO,
21 blah, blah, blah, blah, right across. There was also a NOI
22 sheet that looked like that, a cost of capital sheet that looked
23 like that.

24 Traditionally those were filed as an attachment to the
25 Prehearing Order. What is the will of the people vis a vis these

1 spread sheets?

2 COMMISSIONER BEARD: I don't know. I have not been
3 through one of these minor little exercises yet, so --

4 MS. BROWNLESS: It's a tremendous amount of work on the
5 part of the Staff to put all this stuff together, but, you know,
6 if the people speak, we'll attempt it.

7 COMMISSIONER BEARD: Well --

8 MR. STONE: I don't think we need it on behalf of the
9 Company. We'll start the ball rolling.

10 COMMISSIONER BEARD: The problem is probably the
11 person that will be responding to that question is the first of is
12 up here.

13 MS. BROWNLESS: Do you want to get back with me?

14 COMMISSIONER BEARD: Why don't I poll the other
15 Commissioners. My gut reaction is there is at least one that
16 likes spread sheets as equally well as Cresse. The option may be
17 that you get this pay-me-now-or-pay-me-later. So to that extent,
18 if you know it's going to be coming, you might as well get it
19 over with, but I will poll them. That will be my assignment.

20 MS. BROWNLESS: That is usually the areas that were
21 covered, rate base, MOI and cost of capital. There was not
22 usually any type of comparison made of any of the costs of
23 service to offer rates or anything like that.

24 MR. BURGESS: If you desire those Commissioners, we
25 could prepare these, and I agree, that's primarily what we had

1 done in the past and attached it as an exhibit in the Prehearing
2 Order.

3 COMMISSIONER BEARD: Are you volunteering to do all the
4 spread sheets?

5 MR. BURGESS: I'll be happy to present our spread
6 sheets and Gulf sheets.

7 MR. STONE: if we're going to do it, Gulf will provide
8 its own spread sheet.

9 COMMISSIONER BEARD: Things are getting so complicated
10 around here.

11 MS. BROWNLESS: There is one final thing which is the
12 format for the briefs.

13 Pursuant to the current CSAR, there will be daily
14 transcripts, there will be daily turnaround on the transcripts.
15 The briefs are due July 9th. Here's the way we want the format
16 for the briefs.

17 COMMISSIONER BEARD: FEA has requested we do a
18 five-part operation, military style and we can get along a lot
19 faster that way, and concisely.

20 MS. BROWNLESS: In the past the Staff has been called
21 upon to decipher briefs that were kind of in the form of
22 appellate briefs. That's very difficult to do. It's very
23 difficult to squish down another party's position into a short
24 concise statement of their position on each issue.

25 So here's what you ought to file: Every page at the top

1 should say issue, Issue 1, type the issue. Your position in one
2 paragraph or less. And then a discussion of your issue. Okay.
3 Because we really cannot synopsize your position on the issues.
4 If you want to write an appellate type brief in which you have
5 questions and discussions, that's fine. As long as you
6 understand that we will not develop a position for you. We're
7 trying very diligently to respond to the arguments made by every
8 party in each issue, but we won't pick your arguments out of your
9 discussion.

10 So, please, if you put it in that format, and we will
11 supply a copy of the format to you on the 31st so you'll have a
12 example to use, that really would help everybody. And make sure
13 that your arguments get addressed in the Staff recommendations.

14 COMMISSIONER BEARD: Okay. In some conference that has
15 been going on this morning while we have been meeting, if I
16 understand correctly, and I will confirm in writing to you, if
17 the Company can make themselves available, there will be an exit
18 conference, as I understand it, on the 25th of May, and there
19 will be a final document on the 31st of May.

20 MR. HOLLAND: Commissioner, again, we have not had time
21 to thoroughly review this, but

22 COMMISSIONER BEARD: Either I misunderstand the process
23 or you do. There is an exit briefing that Staff uses you on the
24 document.

25 MR. HOLLAND: That's right. Then we have a date.

1 COMMISSIONER BEARD: And then the document is issued,
2 the final document is issued, which I said was the 31st, at which
3 point you have 10 days to respond.

4 MR. HOLLAND: Yes, sir. That's the problem. The
5 problem is we can't be prepared for the exit conference by the
6 24th or the 25th. We need until at least the 30th. I thought we
7 had agreed on June 1st.

8 COMMISSIONER BEARD: Well, you had but you can't have
9 your cake and eat it too. We've got a rate case.

10 MR. HOLLAND: I understand that. I understand that.
11 And I think that we can be preparing our responses and have
12 timely responses probably ahead of the time period, but the
13 problem right now is being prepared for the exit conference.

14 COMMISSIONER BEARD: Perhaps I don't understand the
15 exit conference then.

16 MR. HOLLAND: It's my understanding that the way that
17 works is that the exit conference will be held on whatever date.
18 At that time, the parties will discuss the findings, needs and
19 responses to them, and then following that, a final document will
20 be issued.

21 And it's a discussion, a dialog, now here is our -- I
22 mean we sit there and we discuss whether there is merit to the
23 position that has been taken by the Staff, and at that point the
24 Staff would go back and evaluate, issue a final report and that
25 we would respond to that.

1 COMMISSIONER BEARD: I'm going to have a guest name
2 appearance here shortly. I'm caught in a little bit of a trap.

3 MR. HOLLAND: I understand that and we are, too. And
4 I'm sympathetic to the Commission's plight and I hope the
5 Commission will understand the plight we find ourselves in.

6 COMMISSIONER BEARD: I thought I was in effect
7 accommodating and apparently I can't. There is a rock on the
8 side and some kind of a hard place on this side. Understand I'm
9 not chastising you.

10 MR. HOLLAND: And I think that the way that we can work
11 it, and I thought that we had agreed that it would work, is that
12 we can be prepared, I think, by the first, to identify at the
13 next session of the prehearing conference those issues that
14 have not been addressed in the Prehearing order, and set out
15 positions on those issues, and all the parties can do that as
16 well, and we can be prepared and I think that agreed at the
17 hearings to address those with supplemental discovery by
18 us, by Public Counsel or any party who wished to do so, and
19 submit that witness for cross examination. I don't think it goes
20 from that standpoint. It is going to be a hard problem.

21 COMMISSIONER BEARD: Okay. Now we go to the next phase
22 of that, as I think Public Counsel raised the issue of their
23 reaction time. Maybe I overreacted and I'm misunderstanding and
24 there is not a problem.

25 MR. BURGESS: I don't think Public Counsel is saying that by

1 the 31st they will identify all the issues on which they intend
2 to supply additional testimony live at the hearing, then if there
3 is any disagreement we could hash that out, and I don't see there
4 being a great deal of problem.

5 COMMISSIONER BEARD: Okay. In that instance we would
6 revert to the 1st of your exit conference, and the 31st is the
7 final document due with that understanding. What I don't want is
8 to get caught up in a procedural shambles. Is the nicest way I
9 know how to say it -- over this thing, and I want a clear
10 understanding up-front.

11 MR. BURGESS: Basically if there is going to be any
12 additional testimony it will be identified at our next meeting.

13 COMMISSIONER BEARD: It will be identified in the 31st,
14 Okay. The testimony wouldn't be filed, but

15 MS. BROWNLESS: Let me just leave that up a little bit
16 we all understand what's going on.

17 I don't think you will have any additional testimony
18 identified, I think you will have any new issues which they
19 believe were raised by the audit report identified in the 31st.
20 And then pretty much it's going to have to be pretty bare with
21 with the actual testimony of these witnesses what is said as it
22 would be with your own.

23 COMMISSIONER BEARD: You all are saying the same thing.

24 MS. BROWNLESS: I just want to make sure you understand
25 they are not going to come forward with written testimony.

1 COMMISSIONER BEARD: They will come forward and say
2 this issue that was raised in the audit will require us to
3 provide live testimony to rebut, dispute, support, defend or
4 whatever.

5 MS. BROWNLENS: And it's not included in any other
6 issue that was already identified.

7 COMMISSIONER BEARD: In response to that you would do
8 the same thing because there may be something in there that you
9 don't like, that the Company might agree with. For example, the
10 trying to cover all the examples. Everybody has a rough draft
11 that should begin to at least target your focus.

12 MR. HOLLAND: Commissioner, what we would hope to have
13 to do, because your identification of the issues will be done
14 just before or after the exit conference, that we will discuss all
15 the issues that we derive from the document, and hopefully some
16 of those would drop out and we can do that at the hearing.

17 COMMISSIONER BEARD: The very situation is now the part
18 is now in effect before the hearing.

19 MR. HOLLAND: That's right.

20 COMMISSIONER BEARD: You have the continued prehearing
21 on the 31st and the exit conference on the 1st and, in fact, they
22 probably ought to reverse.

23 MR. HOLLAND: We can be prepared by the exit conference
24 exit conference so that we could have the exit conference on the
25 30th and extended prehearing on the 31st. That's fine with me.

1 COMMISSIONER BEARD: Okay. We're getting finer in our
2 negotiations. We're continuing this prehearing to the 31st,
3 Bill. The net effect is that puts the exit briefing one day
4 later. They are suggesting that they would be ready by the 30th,
5 which would be the day before.

6 MR. TALBOTT: We can't necessarily turn it around in
7 one day depending on what would happen.

8 COMMISSIONER BEARD: I'm not asking you to turn it
9 around but I think there would be some chance of doing it.

10 MR. TALBOTT: Absolutely, we would be prepared. This
11 Friday would be more preferable to us.

12 COMMISSIONER BEARD: They are saying they cannot be
13 prepared.

14 MS. BROWNLESS: Then if what I'm hearing here is
15 correct, you can be prepared on your end to conduct the exit
16 interview on the 30th. We can be prepared to do it on the 31st.
17 Let's do it on the 30th.

18 MR. HOLLAND: That's fine.

19 COMMISSIONER BEARD: The final report will go out on
20 the 5th as scheduled and we'll be operating from draft, we'll be
21 operating from impressions at the exit interview.

22 Now, the question that I have then from our perspective,
23 probably to you, Rob, is you're going to be here the next day
24 discussing issues, so you and or someone needs to be at the exit
25 briefing as well getting the final.

1 MR. VANDIVER: I'll be there.

2 COMMISSIONER BEARD: I don't know who else. Does
3 Public Counsel normally attend that or not?

4 MR. BURGESS: Talking about the exit interview, we
5 never have. We were just talking about it. It's interesting.
6 We'd like to attend it if we can.

7 MR. VANDIVER: I have no objections to their attending.

8 MS. BROWNLESS: Hold up for a minute. (Pause)

9 COMMISSIONER BEARD: Let's take a few minutes before
10 the court reporter keeps on me. Let's take about ten minutes,
11 you all talk about that for a minute.

12 COMMISSIONER BEARD: Okay. We're back on the record.

13 MS. BROWNLESS: Okay. I think we're done.

14 COMMISSIONER BEARD: We're continuing this hearing
15 until the 31st at 10:00.

16 MR. BURGESS: We ended with the question of attending
17 the exit interview.

18 COMMISSIONER BEARD: We ended with two questions.
19 That's one of them and the other is exactly when the exit
20 interview will be.

21 MS. BROWNLESS: And I think at this time we will wrap
22 that out, get with all parties.

23 COMMISSIONER BEARD: I think there needs to be some
24 discussion, talk about that.

25 MR. BURGESS: We'll be happy to discuss it.

1 COMMISSIONER BEARD: Okay. Now, you all will have some
2 discussions as well with the Company on the date.

3 MS. BROWNLESS: Yes, sir, we'll work that all out.

4 COMMISSIONER BEARD: I simply want to be comfortable
5 that on the 31st we can clean up a Prehearing Order and have a
6 idea what additional testimony needs to occur and move forth from
7 there.

8 MR. VANDIVER: We will keep you informed as to our
9 progress and our discussions with all the parties.

10 COMMISSIONER BEARD: Okay. Anything else?

11 MS. BROWNLESS: No, sir. Thank you.

12 (Hearing concluded at 12:35 p.m.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)

2 :
COUNTY OF LEON)

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I, JOY KELLY, CSR, RPR, CSR, RPR, Official Commission
Reporter

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DO HEREBY CERTIFY that the Prehearing, in the captioned
matter, Docket No. 891345-EI, was heard by the Florida Public
Service Commission Prehearing Officer at the time and place
herein stated; it is further

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CERTIFIED that I reported in shorthand the proceedings
held at such time and place; that the same has been transcribed
under my direct supervision, and that this transcript, consisting
of 96 pages, inclusive, constitutes a true and accurate
transcription of my notes of said proceedings; it is further

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CERTIFIED that I am neither of counsel nor related to
the parties in said cause and have no interest, financial or
otherwise, in the outcome of this docket.

IN WITNESS WHEREOF, I have hereunto set my hand at
Tallahassee, Leon County, Florida, this 24th day of May, A.D.,
1990.


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