BEFORE THE 1 FLORIDA PUBLIC SERVICE COMMISSION 2 In the Matter of: 3 DOCKET NO. 110009-EI 4 NUCLEAR COST RECOVERY CLAUSE. 5 6 7 8 9 PROCEEDINGS: ORAL ARGUMENT 10 COMMISSIONER 11 COMMISSIONER RONALD A. BRISÉ PARTICIPATING: PREHEARING OFFICER 12 Tuesday, May 10, 2011 DATE: 13 Betty Easley Conference Center PLACE: 14 Room 148 4075 Esplanade Way 15 Tallahassee, Florida 16 REPORTED BY: LINDA BOLES, RPR, CRR Official FPSC Reporter 17 (850) 413-6734 18 19 20 21 22 23 24

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JOSEPH A. MCGLOTHLIN, ESQUIRE, Office of Public Counsel, c/o The Florida Legislature, 111 West Madison Street, Room 812, Tallahassee, FL 32399-1400, appearing on behalf of the Citizens of the State of Florida.

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APPEARANCES (Continued):

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Commission.

PROCEEDINGS

COMMISSIONER BRISÉ: Good morning, everyone.

Thanks for being here. Today is May 10th, 2011. It is currently 9:30, and we are calling this status conference to order. I guess I've got to hit the gavel, so we'll do that. At this time we will take -- we'll ask Staff to read the notice.

MR. YOUNG: Good morning, Commissioner. By notice issued 2000 -- by notice issued May 3rd, 2011, this time and place has been set for oral argument in the motion to quash, the motion to quash deposition subpoena and notice of deposition by, for Mr. Rajiv Kundalkar in Docket Number 110009-EI, In Re: Nuclear Cost Recovery Clause. The purpose of the oral argument is set out in the notice.

COMMISSIONER BRISÉ: Thank you. At this time we will take appearances, and we will start left to right.

MR. ROSS: Good morning, Commissioner.

Mitchell Ross and Jessica Cano for Florida Power & Light
Company.

MR. FEIL: Matthew Feil with the Gunster,
Yoakley, Stewart Firm in Tallahassee. I'm representing
Mr. Kundalkar, the movant.

MR. McGLOTHLIN: Good morning. Joseph A.

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McGlothlin with the Office of Public Counsel, appearing for the citizens of the state of Florida. At the appropriate time, Commissioner, I have a preliminary matter to raise.

MR. MOYLE: Good morning. Jon Moyle, Keefe,
Anchors, Gordon & Moyle Law Firm. I'm representing the
Florida Industrial Power Users Group, more commonly
known as FIPUG.

COMMISSIONER BRISÉ: All right. Thank you.

MR. YOUNG: Good morning, Commissioner. Keino
Young, Commission Staff.

MS. HELTON: Mary Anne Helton, and also here today is Curt Kiser, the General Counsel, advisors to the Commission.

COMMISSIONER BRISÉ: Thank you. At this time we're going to talk about procedural matters, but I understand that there may be some preliminary matters. Would this be the appropriate time to deal with that?

MR. McGLOTHLIN: I raised that to make sure that there is a plan to address the pending motion of FP&L for leave to file comments. I wanted to make sure that that was treated before we continue further.

COMMISSIONER BRISÉ: Thank you. Okay. Now

I'm going to move into procedural matters. The purpose

of, the primary purpose of this oral argument is for the

parties to present their positions of Mr. Rajiv
Kundalkar's motion to quash subpoena and notice of
deposition. The parties will have ten minutes each for
their presentation. During their presentation I may ask
a few questions.

Before we get to the presentations, it is my understanding that FPL has filed a motion for leave to file comments in reference to the motion to quash. This motion for leave was filed about two weeks late, and I am not inclined to entertain that motion at this time, so it is denied. Notwithstanding the denial of the motion, I may have questions as things move along today.

Now let's proceed with Mr. Rajiv Kundalkar's motion to quash subpoena and notice of deposition. The presentations will be presented in the following order. I will allow each party that is present today with ten minutes to present their arguments. Mr. Kundalkar will go first, the Office of Public Counsel, then FIPUG, then Florida Power & Light -- the federal agencies are not present today -- and then the Commission Staff, if any.

MR. MOYLE: Just a point of clarification. Is Florida Power & Light going to have the opportunity to present an argument or just respond to questions?

Because I understood, you know, they were trying to be afforded full party status but that the late motion

doesn't give them that, that right.

COMMISSIONER BRISÉ: Okay. I will --

MR. ROSS: Commissioner, can I address the point by Mr. Moyle?

COMMISSIONER BRISÉ: Please.

MR. ROSS: The notice of oral argument specifically states that the purpose of this, this hearing is for the parties to present their positions on the motion to quash. So it's FPL's position that FPL should be able to participate in this matter as the other parties are participating. We are, of course, the petitioner in this matter, so it's a matter of significant importance for the company.

MR. YOUNG: Mr., Mr. Chairman, generally, given the fact -- we treat a, we treat this motion for oral argument and the motion to quash similar to a motion for reconsideration. Although sometimes parties do not file responses to a motion for reconsideration, when the Commission does allow parties to present oral arguments, we, it is the Commissioners' discretion to whether they want to hear from the parties who did not respond to the motion for oral arguments -- I mean, motion for reconsideration. So similar to that, we, we believe that it is appropriate to treat that, that failure to respond by FPL in a timely manner to a

similar situation as current here.

COMMISSIONER BRISÉ: Thank you. And I'll ask my advisor.

MR. McGLOTHLIN: May I be heard before you do?

COMMISSIONER BRISÉ: Oh, sure. Thank you.

MR. McGLOTHLIN: Commissioner, I, I saw the wording of the notice. I know that it mentioned parties, but I assumed that that notice was prepared prior to the time that the issue with respect to FPL's request to file comments was filed and prior to the time when we pointed out that the motion to quash and our response to that framed an issue that is specific to Mr. Kundalkar on the one hand and those of us who are seeking to discover through him on the other. So I do think that, that that should be taken into account.

Further, one of the points we made in our response is that through its timing, putting aside the question of whether they have an interest that entitles them to argue, through the timing FPL is setting itself up as some kind of a super party. We'll watch Mr. Kundalkar go forward, then we'll watch OPC and FIPUG go forward, and then in our own good time we'll weigh in, having the benefit of all that's gone before us.

Now even if you do permit FPL to participate today, it is clear that FPL has aligned itself with

Mr. Kundalkar, and to that end I suggest that if you're going to permit them to participate, they should do so at the same time Mr. Kundalkar goes forward so that we're not causing the situation where we have responded and then FPL, as they did in their written pleadings, is able to watch everything that goes before and somehow get in the last word. Because if they are aligned with Mr. Kundalkar, if you're going to in your discretion allow them to participate, they should be sharing some of that time and in that sequence.

MS. HELTON: First, Mr. Chairman, if I can ask a clarifying question to make sure I understand the process here. Is it contemplated that each party will give ten minutes or is it each side will have ten minutes?

MR. YOUNG: Each party.

MS. HELTON: Mr. Chairman, I in certain ways agree with Mr. Young and/or Mr. McGlothlin. I think that it is within your discretion to hear from Florida Power & Light; however, I agree with Mr. McGlothlin that if you choose to hear from Florida Power & Light, that they should follow immediately after Mr. Feil's argument, and then hear from OPC and FIPUG.

MR. ROSS: Commissioner, we have no objection to that order of presentation.

COMMISSIONER BRISÉ: Okay. With that in mind, then we will move forward in that order. So then we will have representation from Mr. Kundalkar, and then we will have FPL, then the Office of Public Counsel, then Florida Industrial Power Users Group, and then Commission Staff.

Okay. So at this time Mr. -- representation from Mr. Kundalkar.

MR. FEIL: Thank you, Commissioner. In the way of background, and I don't mean to be redundant of what's in the pleadings, my client is a former employee of a regulated company, FPL. He testified for FPL in a case over a year and a half ago, and has been retired for well over a year.

OPC served a blank Commission-issued subpoena on my client, then blank cross-notices came from FIPUG and Staff via e-mail. The subject of my motion is whether the Commission should enforce the subpoena and those piggybacking notices.

The foundation for my position is in large part jurisdictional. The source of the Commission's power comes from Chapter 350, Florida Statutes, with specific powers over different types of regulated entities coming through other provisions like Chapter 366. This Commission regulates utilities; you enforce

rules and statutes against utilities; you approve or disapprove of the rates, services of regulated utility companies. My client is not a regulated utility, does not work for a regulated utility. The Commission did not issue him any sort of license or a certificate and does not regulate him. He's a private citizen, a retired person.

My motion focuses on the Commission's power under 350, specifically Section 350.123. In 350.123 it states the Commission may issue subpoenas and compel attendance of witnesses necessary for the purpose of any investigation or proceeding. This case is a proceeding initiated by FPL under Section 366.93 and involves FPL as a regulated company. FPL is here today and has made its case in the filings that you have before you on the underlying request, and has made available ample witnesses to be deposed and to address the disputed issues and to support its filed request.

The subpoena issued to my client is unnecessary under Section 350.123, and any attempt to portray our debate with OPC as simply a discovery dispute doesn't change that, nor does it change that the Commission's authority is over FPL. And by blank, when I refer to that on the subpoenas and the notices, all I mean to say is that there's no basis stated in the

subpoena, there's no boundaries, there's no field of inquiry or identification of any kind regarding the subject matter of the deposition.

There's a few practical points I want to make sure you understand before I talk about legal arguments. The issue that OPC has said that they want my client to testify about is identified on page 4 of its response, and that issue is did FPL willfully withhold information that the Commission needed to make an informed decision during the September 2009 hearing in Docket 090009? Let's put aside the question for the time being of the PSC's authority over that issue and what it can and can't do. Let's talk about the issues of material fact within that issue.

And the first issue of material fact encapsulated within that issue is did my client state FPL's position during the September 2009 hearing? That fact is not in dispute. My client did state FPL's position, that was his testimony in the case, that's what his affidavit attached to the motion to quash states, that's what FPL's response to OPC interrogatory number 21 in this case states, that it was the company's position.

FPL witness Mr. Jones testified in the hearings you listened to last year, Commissioner, that

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it was the company's position. Mr. Stall, an FPL witness who prefiled testimony in this case, states that it was the company's position. This fact is not in dispute.

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The second material fact issue encapsulated within the OPC request or issue is did FPL executive management have knowledge prior to the September 2009 hearing that there were proposed cost and scope changes suggested by its EPC contractor, Bechtel? That fact is not in dispute either. It's already been established that in last year's hearing there was discussion about a July 25th, 2009, executive steering committee meeting at FPL where the preliminary Bechtel numbers were discussed. Mr. Jones and Mr. Reed both testified to that at length, as you'll recall, in last year's hearing.

At the July 25, 2009, executive steering meeting, committee meeting Mr. Jones was present; Mr. Stall was present; Mr. Olivera, the president of FP&L, was present. FPL's response to OPC interrogatory number 25 establishes who was there. All three of the people I named prefiled testimony in this case.

The only issue of material fact to consider and the only one disputed for OPC's concerns is whether FPL executive management adopted or accepted those

proposed Bechtel changes, and what significance did or should FPL's executive management should have attached to those proposed changes?

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The appropriate persons to ask that are FPL executive management. They run the company that you Mr. Jones, Mr. Stall, Mr. Olivera, again all prefiled testimony in this case, were all at the steering committee meeting, and all are available for deposition and none have been deposed. Even if discovery rules are the only rules that govern here, discovery is for the purpose of adducing facts, disputed issues of material fact. And the only disputed material fact here is something only FPL executive management can and should answer to. That is a big part of why the motion states that the subpoena should be quashed and that the necessity standard of Section 350.123 is not met, and why, even under discovery rules, the blank subpoena here is not facially relevant to the case and is really posed for the purpose of annoyance and harassment.

Often times when we discuss these issues it's best to talk about what points we have in agreement and what points we have in disagreement. We do have points, a few points of agreement with OPC. I think that those are three. And one is, the first one is more of a group

of facts which is what my client states in his affidavit. Those facts are not controverted. He's a nonparty private citizen. He testified a year and a half ago. He's been retired for over a year. He's had no involvement in this docket. And OPC has cited to and can cite to no facts that contradict what's in his affidavit.

We're in agreement, I believe, that it's unprecedented in the history of the Commission to enforce a subpoena on a nonparty citizen. And I recognize, as I noted in my motion, that the search tools are somewhat imprecise, and I'll talk about some of OPC's cases in a moment. But let's put the history in perspective.

The Commission has been around since the 1950s. And before that, it was the Railroad Commission in the 1800s, and all this time the PSC has not forced a citizen to appear. Not only that, if we look at also how uncommon this is, I think it's safe to say that 99.99 percent of all discovery in every PSC case is between the parties and the Staff.

Another point of agreement we have, the last point of agreement I think we have with OPC is that on a question of statutory interpretation. Different provisions of statutes which address a similar subject

must be read together to harmonize the provisions. I agree with that. But there's also a proviso:

Harmonizing different provisions cannot come at the expense of rendering a word or words in a statute a nullity. OPC seems to think that in my analysis I left something out, namely Chapter 120. I didn't. There's no mystery in my analysis, no hidden agenda.

Your power, Commissioner, comes from Chapter 350, and no interpretation which OPC has offered based on Chapter 120 would not render Section 350.123 meaningless.

I think that the OPC request to subpoena and depose my client is attenuated from every angle you look at it factually and legally.

I know the, the question of statutory interpretation is not an exciting one. But to sort of illustrate the issue, let me address it this way. Ex parte communications. Under Chapter 350, you're subject to rules regarding ex parte communications. There are also rules regarding ex parte under Chapter 120. Well, which ones do you follow? You follow both. You read the two together. You harmonize the two. But if you followed only 120 and not 350, you know who would be in here complaining regarding ex parte communications.

Section 350.123 already tells you how to

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harmonize 350 and 120. If the subpoena power of the PSC came from 120 and not from 350 or if only rules regarding discovery pertained, then 350.123 would tell you that, but it doesn't.

I looked prior to coming here today at the subpoena power for other state agencies. There are literally dozens of different provisions peppered throughout Florida Statutes. The language in each one is different. Some actually require supporting affidavits, like in 456.071 in the Department of Health, and some agencies do their own hearings, some do not. But the point I'm making is that each agency has a different provision regarding subpoena power tailored by the Legislature specifically to the needs and purposes of that agency, but many of those separate provisions would not be necessary if 120 was all that was needed.

On the question of harmonizing, harmonizing the two provisions, 350 and 120, let's test it. Let's take the word "necessary" out.

COMMISSIONER BRISÉ: You have about two minutes.

MR. FEIL: Okay. I'll, I'll sum up then.

I would have liked to have been able to go through all of OPC's cites, but I don't think any of them pertain anyway. There's -- none of the PSC orders

cited by OPC regard subpoenas that were nonparty citizens. All the PSC orders that they cited were for staff or for current company employees. There have been no cases where a former employee was subpoenaed, except I was once subpoenaed as a former employee of the Commission Staff. And in that case, the Commissioner weighed whether or not any of the information would have been relevant to a material issue in the case, and Commissioner Johnson at that time said no.

Balancing policy considerations is part of your determination here. OPC has suggested that, or seems to suggest that you're only allowed to balance policy considerations when it's a Staff subpoena. That is not the case. The Sugarmill Woods decision of the 1st DCA did not limit you only to balancing policy in cases with Staff.

But let's balance the policy considerations here. On the one hand, there's the interest of the private citizen to be left alone in his home away from the reach of government, removed from having to deal with the expense and burden of hiring an attorney, preparing for a deposition, going to a deposition and so forth, versus on the other hand here the interest of the government that lies with the utility that the government regulates, and that is the entity who should

answer for the disputed fact in this case.

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In summary and in closing, even if the necessity standard is utterly frail under 350.123, as OPC suggests, and only discovery rules govern, a blank subpoena to a nonparty is inappropriate; whereas, here only the company can and should answer to the disputed issue of fact. The subpoena serves no purpose other than inconvenience, annoyance and harassment. subpoena power cannot be and should not be unbridled. You should exercise moderation, restraint and caution in wielding such power. The subpoena power should not be exercised against the citizenry of the state merely for the sake of your showing that you have it when those asking you to exercise it have only suspect reasons. I ask that you look at and to the utility you regulate, exercise your sound discretion, and quash the subpoena.

COMMISSIONER BRISÉ: Thank you.

MR. ROSS: Good morning, Commissioner. Let me start with the company's bottom line position is that -- and we have a slight point of departure from Mr. Kundalkar in that we think that the issue that's been teed up here today is perhaps premature and that OPC should pursue information from the company and its witnesses before addressing the very significant legal issues and policy issues that present you today about

whether the Commission has the authority and should subpoena retired company witnesses or nonparties to the proceeding. Let me explain the basis for our, our position.

In 2010 in the previous docket, the company produced 153,000 pages in discovery to the parties, including responding to interrogatories, requests for production of documents, and some of that was on the issue before the Commission, the 2009 extended power uprate cost estimate.

2011 to date, the company has produced 40,000 pages of documents to OPC such, such -- thus far.

There's a set of document production requests that are outstanding. The company has responded to 25 interrogatories and 49 document production requests.

As Mr. Feil noted, last fall you heard the testimony of Mr. Jones, the vice president for the uprate project, and Mr. Reed, the company's outside witness, who testified both for several hours on this topic. You have the prefiled testimony of Mr. Stall; you have the prefiled testimony of Mr. Olivera, the president of the company. So our initial position is that OPC should be required to avail itself of those witnesses before it can demonstrate to this Commission that it has met the necessity requirement in the

statute. And in fact in the last few days the company and OPC have exchanged -- OPC proposed that they want to take depositions of some of these witnesses and the company has proposed dates for those depositions. So the issue is live, it's here today. Let's go through the discovery process. And if at that point OPC can make a finding that it needs to have Mr. Kundalkar testify in some way, then that issue can be heard by the, by the Commission. But at this point that, that standard has not been met.

One other -- two other points I'd like to make, and this goes to the issue of the Commission's jurisdiction over the issue that OPC seems to be pursuing. On page 5 of its May 5th filing in opposition to FPL's filing in this matter OPC is suggesting that the issue is whether FPL was straightforward with the Commission under the cost recovery rule. OPC further suggested that the Commission could penalize the company if the company willfully withheld the best, most current information on the subject required by the Commission's rule. While the company strongly disagrees with the suggestion that it withheld any information required to be provided to the Commission or the parties, the relief that OPC seems to be suggesting is not authorized by either the statutes or the cost recovery rule.

The longstanding case law is the Commission is a creation of the Legislature and the Florida Statutes, and the powers and duties of the Commission are only those conferred expressly or impliedly by statute. The Florida Statutes have penalty authority vested in the Commission at 366.095 to penalize entities under its jurisdiction found to have refused to comply with or have willfully violated any rule or order of the Commission or of the Florida Statutes, but there is no authority in the, in the Florida Statutes or in the cost recovery rule to authorize the penalty that OPC is apparently seeking.

The company is required to file its budgeted and actual costs as compared to estimate in-service costs as nonbinding estimates on an annual basis. The company has done this. Neither the statute nor the rule require the company to provide the update that OPC is apparently now seeking.

Now to the extent that there is a discrepancy in witness testimony that OPC wants to look into what Mr. Reed said versus what Mr. Kundalkar said and Mr. Stall said and so on, the Commission can resolve those discrepancies based on witness credibility. And it already has the testimony of all of the witnesses in the record, with the exception of Mr. Stall and

Mr. Olivera who have not yet testified live but will at hearings this year. The testimony of Mr. Reed,
Mr. Jones and Mr. Kundalkar are all already in the record for the Commission to evaluate.

One other point briefly. Mr. Kundalkar was a witness in the 2009 case, and all the pertinent facts in this issue occurred in 2009. The Prehearing Order in that case required that discovery be taken by August 21st, 2009, and OPC didn't take any discovery along these lines or by that deadline. So we don't believe that OPC should be given another opportunity to conduct the discovery that they should have conducted two years ago.

So for these reasons the company believes that OPC should follow the witnesses and seek discovery from the company on this point before they can demonstrate -- and the company believes that they have not demonstrated this to date -- that the necessity requirement has been met or that the balance of interest should weigh in favor of compelling Mr. Kundalkar's deposition. Thank you very much.

COMMISSIONER BRISÉ: Thank you. And I have a question for you. So from, from the company's perspective, all of the information that could be gleaned from Mr. Kundalkar should be able to -- they

should be able to glean it from the company?

MR. ROSS: Yes, sir. Mr. Kundalkar testified as to what the company's cost estimate was at that point in time, in September of 2009 where he brought down his prefiled testimony.

The, the position of the company that the, the Bechtel information had not been vetted to the point where it was in a, in a form or format that should or could have been presented to this Commission, that's a position that has been taken by every other company witness. And the facts underlying those assumptions are all, have all been made available to the parties in this case.

COMMISSIONER BRISÉ: Thank you. All right.

At this time we'll have the Office of Public Counsel.

MR. McGLOTHLIN: Commissioner, given the time limits of ten minutes, I'll devote those ten minutes to answering the specific arguments of the parties. But I ask you to bear in mind that in our written response to the motion to quash we did outline the background of the matters that brought us to this point, including the, the Concentric report, the Staff's audit report, both of which surfaced in 2010, not 2009, and the prefiled testimony of Mr. Kundalkar in May 2009, which he adopted without change in September of 2009. Again, I have

discussed that in, in sequence in the written response to the motion, and that frames the, the arguments that you're hearing today.

The first argument that counsel for Mr. Kundalkar makes is that Section 350.23 [sic] must be read to be restrictive in nature. Really? Well, let's look at how 350.23 fits in the larger scheme of things, something that Mr. Feil did not do in his motion to quash and that he's trying to add to this morning. That larger framework includes Section 120.569(2) of the Administrative Procedure Act. Under that provision the presiding officer has power to effect discovery by any means available in the (phonetic) course and in the manner provided in the Federal Rules of Civil Procedure.

Let's look at the model rule that implements that provision, 28-106.206. Parties may obtain discovery through means and in the manner provided in the Rules of Civil Procedure 1.280 to 1.400. I think, I think there's no argument by Mr. Kundalkar's attorney that that does not apply to PSC proceedings.

What about those Rules of Civil Procedure that are implemented through the uniform rule? 1.280, a party may engage in discovery if the matter is relevant to the subject matter. And in fact there's no grounds for objection to a discovery request if it is reasonably

calculated to lead to the discovery of admissible evidence.

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Rules of Civil Procedure 1.310, a party may take the deposition of any person, including a party, implicitly recognizing that the scope of the rule includes both parties and nonparty witnesses for a deposition. 1.310 also says that appearance at a deposition can be commanded by, through subpoena. The counsel did not cite, much less discuss anywhere in his motion to quash any of the provisions. These provisions establish a broad discovery right, and his argument depends on taking one phrase in 350.123 out of context and giving it a construction that conflicts and contradicts these larger, this larger framework that is in violation of the rules of statutory construction which require that one harmonize statutes. And the way to harmonize 350 is to recognize that the term "necessary" means necessary to effectuate the discovery either requested by a party entitled to that broad and liberal scope or necessary to the satisfactory investigation initiated by the Commission on its own motion.

Now counsel did cite the Prehearing Officer's order in the Sugarmill Woods/Southern States docket. I want to read to you the standard that the Prehearing

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Officer in that case concluded was applicable to the Prehearing Officer's role in such a dispute.

The job is to take the broadest view, quote, the broadest view as to the potential for eliciting information that will lead to the discovery of admissible information. And I agree that that, that that is your role under the provisions I've cited.

In that case the party seeking discovery attempted to depose Staff members, and Mr. Feil was also subpoenaed. But something he didn't mention was that the subpoenas attempted to depose Mr. Feil not with respect to matters in that case but with matters that he handled as a Staff attorney in a prior PSC case. For that case to have any application here, I would have to subpoena Mr. Feil and say produce documents that you worked on when you were Staff attorney. And that's clearly not what's going on here, and yet that's a fact pattern of the Southern States case that he cited.

In that case, the Prehearing Officer

determined that notwithstanding the very liberal

framework for conducting discovery and notwithstanding

the job of the Prehearing Officer to effectuate that

broad standard, efforts to depose Staff members and

former Staff members about prior cases was so disruptive

that it fell short of the standard. But that's not

what's going on here.

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And related to this point is the claim in the motion to quash that Mr. Kundalkar is a bystander. That's his term. That, that characterization is disingenuous. Mr. Kundalkar was the vice president of nuclear uprates through much of 2009. In that capacity he would have had a point person type of responsibility for the relationship with the principal contractor; he would have had responsibility over the reasonableness of the expenses incurred in 2009, so I think that's pending before the Commission as a result of a stipulation that defers certain issues; he would have had responsibility over either revising or supervising the revision of estimates to the cost of completing the, the uprate projects; he would have been involved in communications to higher management and to the steering committee with respect to the growing disparity between the May 2009 estimated prefiled testimony and the evolution of that estimate over time.

And last, but certainly not least, he was the person who testified, who submitted prefiled testimony in late 2009 and who took the stand in September 2009 and adopted that testimony without change. All of which is to say that we're not attempting to depose someone whose involvement was either peripheral or tangential.

Mr. Kundalkar was, if you would, at the epicenter of the things that are still before the Commission in an active docket and it is very reasonable for us to seek to take his deposition.

Now counsel for Mr. Kundalkar complains that there's no delineation of areas of inquiry. There's no requirement that there be one. And one danger in granting the motion to quash or trying to impose such delineation is that there is a danger of precedent. But if you look at the form that the Commission provides for subpoena, there's no requirement, there's no blank to be filled in with respect to what areas are you going to delve into.

This argument was tried in the Cargill self-service wheeling docket to which I alluded in my written response. In that case, TECO complained that the subpoena issued to its employees did not provide areas of inquiry, and the Prehearing Officer rejected that argument. Let me point out now that TECO also suggested that because the persons being subpoenaed were not being put forward as witnesses, the subpoena should be quashed. That also should be rejected.

I'm going to run out of time before I run out of arguments, but let me just say that with respect to the last argument that appears in his pleading, Mr. Feil

worries aloud about a parade of horribles: Oh, my goodness, this is going to lead to subpoenas being issued left and right to people who barely know each other and, before you know it, the Commission won't be able to recruit competent people for its staff. Well, counsel has a vivid imagination.

It would be -- it's easy for me to argue that if you quash the subpoena, then every rate case going forward, any time parties seek to depose utility employees there's going to be a rash of resignations, retirements and forced pink slips because obviously that's going to leave the utilities to put their people out of reach of discovery. Well, that's, that's equally absurd, and I think we should put flights of fancy to one side.

And I ask you to recognize that OPC is proceeding under the status quo. The rules permit subpoenas issued to parties and nonparty witnesses, and yet under the status quo these terrible things have not happened.

With respect to FPL's arguments, I would point out that in addition to the issue that we identified, there is Issue 3B that is being carried over as part of the deferral of the 2010 issues. That was a Staff issue, which, as I understand it, is related to the same

fact pattern. So, again, OPC is coming at it from a different angle, different perspective with different language in terms of a penalty as opposed to just allowance of, quote, rate case type expenses.

But the fact pattern that gives rise to both the issues that have been carried over, our opportunity to pursue discovery and the relevance of Mr. Kundalkar's testimony is something that is new, and we're entitled, under the liberal scope of discovery, to pursue our deposition with Mr. Kundalkar. Thank you.

COMMISSIONER BRISÉ: Thank you. I will ask you the same question that I asked the company. Do you think that Mr. Kundalkar is the only person that you can glean the information that you're seeking, considering the individuals that the company mentioned that you all have been in contact dealing with depositions for those individuals such as Mr. Reed, Mr. Olivera and people like him?

MR. McGLOTHLIN: Mr. Kundalkar is the individual who submitted prefiled testimony in May 2009. He is a person who took the stand and adopted that testimony in September 2009. As the person who testified, his role is unique, his perspective is unique. Others may have information, I'm not saying they don't, but I, I think that the involvement of

Mr. Kundalkar and the circumstances in which he participated and the communications in which he participated, only he can give adequate disclosure as to those matters.

And I would say something else, you know, this is similar to the Cargill situation in that TECO said you're trying to subpoena people that we haven't put forward. They're witnesses, go to them. And that's what FPL is saying here too. But in a sense FPL is trying to take the steering wheel away from OPC. We're conducting our case, we're preparing our case. We have the right to talk to the individuals who have information that we want to talk to, and so we decline their generous invitation to let them structure our case preparation.

COMMISSIONER BRISÉ: All right. Thank you.

At this time we'll hear from FIPUG.

MR. MOYLE: Thank you. And I'm not checking e-mails. I'm going to try to use this fancy stopwatch on my watch to monitor my time.

COMMISSIONER BRISÉ: I've been, I've been relatively liberal with the time, so.

MR. MOYLE: Again, for the record, Jon Moyle on behalf of FIPUG. And let me, let me start, I have prepared remarks that I'll get to, but just by making a

comment. I think the arguments that Mr. Feil made, they're, they're very creative, and I think they would be much stronger if OPC had served a subpoena on Mr. Kundalkar's brother who hypothetically might be a professor of physics at the University of Miami and you're like, well, why would you be serving a subpoena on, you know, a guy that we may not -- what does he have to do with anything? Then those arguments about, you know, not really necessary and, and harassment might hold weight.

But Mr. Kundalkar was a key player in this thing. He was the vice president of the nuclear uprate project. One of the issues that's been deferred is whether there were imprudent costs incurred in 2009 as a result of mismanagement. Well, what, what better person to ask than the vice president in charge of nuclear uprate? Clearly he has relevant information.

So to somehow kind of say, well, you know, you might be able to get it from some other people, you know, that's, that's telling us how to prepare our case, which there's a lot of precedent about, you know, legal strategy, work product. You can prepare your case as you see best.

Now the fact that Mr. Olivera may have information and Mr. Reed may have information, well,

that's, that's great. But Mr. Kundalkar, we don't know what information he may have. He's no longer working at FPL. You know, what happened? He, he was relieved of responsibilities. Maybe he has a different perspective. Maybe he'll say, well, this or that or the other. We don't know. And I think that's why, that's why we cross-noticed the deposition to have the conversation.

MR. FEIL: Mr. Chairman, if I may interject.

He -- my client was not relieved of responsibility and there's no proof of that. And I'm sorry to interrupt, but he just made a factually incorrect statement. I'm sorry, Mr. Moyle.

COMMISSIONER BRISÉ: Please continue.

MR. MOYLE: Well, I'm, I'm sorry if I, if I -I didn't mean to impugn him, but I understood that he
was, you know, when he took the stand he was no longer
vice president of nuclear uprates. So if I got that
wrong, I'm sorry. But, anyway, he's no longer there.
As we sit here today, he's not an employee of, of FPL.

And I don't know. We can ask him that question, sort of making the point. Was he relieved of responsibility? Did he resign? We don't know. But I think that's something that is, is fair game. And what are the circumstances surrounding that, you know, if he was?

I want to, I want to talk a little bit about, about some of the arguments that, that were made. The fact that there's no precedent for a subpoena, you know, that's never, never been issued -- I mean, usually these cases go where you, you look at the prefiled testimony. But the fact that, that there's never been one enforced, I'm not sure there's ever been one sought, but it doesn't mean it's not permissible. I mean the, the statute, the Rules of Civil Procedure, they all allow a party to, to obtain discovery.

And, for example, let's say -- let me give you a hypothetical. Let's say there's an issue in the future about a turbine and the ratepayers are going to be charged for a \$25 million turbine. There's an issue about is, is it a defective turbine? If it's defective, the ratepayers don't want to pay for it. FPL files their testimony, or not FPL but any IOU, and they file their testimony and say, no, it's a, it's a turbine that'll work. Let's say FIPUG comes into information that there might be a defect in the turbine and we want to talk to the manufacturer. Well, the manufacturer is not, not a party. But the head of engineering of the, of the turbine manufacturer, you know, maybe he had a memo that says, you know, we've got real problems with these turbines. Shouldn't FIPUG be able to, to take a

deposition of the head of manufacturing of the turbine?

You know, disputed issues of fact, y'all are calling

balls and strikes. That would be relevant information.

And if you set a precedent today and say, no, you really

can't issue subpoenas to nonparties, you know, it's

going to hamstring us, tie our hands behind our back,

and basically force us to, to tailor cases based on,

exclusively on testimony filed by our adversaries.

You know, it's baseball season, so I'm going to use a baseball analogy. And, you know, the job that the Commission has is, is to call balls and strikes on issues like, like this. I would, I would argue that this is a pitch that has hit the dirt before it reached the plate. It's an easy call. It's a ball. And that is, is because there is a fundamental right, due process for parties to be able to conduct discovery in preparing their case.

Mr. Feil suggested somehow that 350 does not allow depositions to be issued to nonparties. If you're going, if that's the road that he wants to take you down, then I would suggest, because, you know, it's set up disputed issues of fact, you can send them to the Division of Administrative Hearings where subpoenas are issued to nonparties all the time. But if somehow the Commission does not have that authority, you know, I

think it's a fundamental due process issue and I think it might prompt arguments that the Division of Administrative Hearings is the proper place to hear all these cases because they have full and complete subpoena authority under 120; whereas, Mr. Feil is saying, well, you have some subpoena authority but it really is not that broad, it's limited, you can't send subpoenas to nonparty witnesses. I think that would be a very, very dangerous precedent to go down.

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The argument about, well, they're, there's nothing in the subpoena that says what we're going to talk to him about. Well, you know, a lot of subpoenas don't have that information. That's what lawyers do, they prepare witnesses for depositions. I think you can always have an objection on relevancy, not likely to lead to discoverable evidence and those things. And he pointed out that he did a little research and maybe the Department of Health or others had requirements that you have to submit affidavits to say here's what, what I'm going to ask about. Well, I think it's important to note that the PSC doesn't have that requirement. Legislature wanted to say, well, you can issue nonparty subpoenas so long as you tell them clearly what you're going to ask questions about, they could have put it in the statute like what he cited in the Department of

Health. It's not here, so there's no requirement that you, that you do that.

The arguments by FPL about, about the documents, about the whole host of documents, I mean it's a little bit of a, of a red herring because, you know, the documents all speak for themselves. There's nothing like a deposition where you get to ask a live witness questions. You don't know what his answers are going to be. He may take you down another path that has relevant information and you use that information to prepare for hearing.

So, you know, this is a fight largely between Mr. Kundalkar and OPC. FIPUG has jumped in because we probably will have a few questions for Mr. Kundalkar. But we're very concerned about a precedent that might be set that would limit the ability of this Commission to, to issue subpoenas to nonparties, kind of back to my, my turbine example. We don't know when you might have that need. But if every time we wanted to conduct discovery of somebody who might have evidence, you know, we're going to have this kind of fight -- I mean, at some point in the future FIPUG may issue trial subpoenas and put people up here live and ask them questions like you do at the Division of Administrative Hearings. I mean, it's a disputed issue of fact. The purpose is, is to

get to the truth, and discovery is a, is a good tool to, to allow that. Let me just check my notes, if I could.

You know, Mr. McGlothlin in his brief did a very good job, I think, of pointing out the legal authorities: 120.569(2)(f) that authorizes the issuance of discovery, the model rules, the Rules of Civil Procedure. All of those are very clear that you have the ability. I think it would be improper to limit yourself unnecessarily in doing this.

Mr. Kundalkar's brother, the UM professor in physics, and it was like this is, this has no bearing or relevancy, then I think it would be appropriate to have this discussion. And why in the world would you want to take him, or if you go subpoena the, you know, the attendant at the gas station on the corner or somebody in Publix. I mean, that's not what's going on. This is a very key witness who has relevant, pertinent information, and the, and the discovery deposition ought to stand and you ought not to quash it. So with that, I'll wrap up. Thank you.

COMMISSIONER BRISÉ: Thank you.

At this time we'll have Staff.

MR. McGLOTHLIN: Commissioner, if I may, my colleague has just informed me that he was involved in a

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1987 case involving Ferncrest Utilities in which OPC subpoenaed a former manager of the utility who was a nonparty witness at that time, and that individual did comply with the subpoena.

MR. FEIL: But there's no order on it of whether or not the party objected, which is my point exactly. It's never been -- if somebody voluntarily appeared, they voluntarily appeared.

COMMISSIONER BRISÉ: Thank you.

one point? I -- for the record, I did not mean to, to disparage your client. I may have gotten that fact wrong. But, you know, my understanding was he was in a different position. So, anyway, I wanted to apologize on that point.

COMMISSIONER BRISÉ: Thank you.

To Commission Staff.

MR. YOUNG: Thank you, Mr. Chairman.

Mr. Chairman, we have heard a lot today and, quite frankly, Staff, given the fact of the parties' argument, Staff would appreciate additional time to consider some of the arguments that we've heard here today.

COMMISSIONER BRISÉ: Okay. Thank you.

MR. FEIL: Commissioner, if I, if I may just

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raise one key, key point, not a full rebuttal of what they said but just one key point, and that is the issue

COMMISSIONER BRISÉ: Wait one second. Let me ask my advisors if that's allowable.

MS. HELTON: Mr. Chairman, it's within your discretion. However, I would note at the beginning of the arguments that nobody asked for rebuttal, nobody reserved time for rebuttal. And as you noted, you were very liberal with the time that you provided to the parties, so.

MR. FEIL: It's in your discretion,
Commissioner.

commissioner Brisé: Thank you. If I, if I were to allow rebuttal, I would have to allow everyone with rebuttal. So to be fair to everyone, I will avoid that.

I am going to move to, to the next section, which is other matters. And if anyone has any other matters that they would like to address at this point, I will give you the opportunity to do so.

Yes, Jon.

MR. MOYLE: I have one. It's related a little bit to this, but, but I wanted to bring it up. The Commission has a long-standing practice of when somebody

is deposed that other parties are able to ask questions. In this case OPC filed the notice of deposition with a subpoena, Staff filed a cross-notice, as did FIPUG, and I think Mr. Feil has raised concerns about that.

If you decide to, to not quash the subpoena and allow that deposition to take place, FIPUG would like to ask some questions. If the other side is going to say, no, you can't because you cross-noticed and that's deficient, then I'll serve him with a subpoena at his deposition and take his deposition two weeks later. But I'd like to just kind of have that issue discussed a little bit, and if there is going to be a deposition, to make sure that FIPUG will be able to ask questions or set another deposition to ask questions if the cross-notice is somehow going to be argued as defective.

MR. FEIL: Commissioner, in response to that.

COMMISSIONER BRISÉ: Yes.

MR. FEIL: I can tell you what I told

Mr. Moyle when he first brought this up is, which is as

far as I'm concerned at our present state of affairs

here, as the subpoena goes, so will go the

cross-notices. So if you allow blank subpoenas, then a

blank cross-notice is no different. So as, as goes your

ruling on OPC, so goes your ruling on the, the FIPUG

notice.

COMMISSIONER BRISÉ: Okay. Thank you. MR. MOYLE: Thank you. COMMISSIONER BRISÉ: All right. Are there any other matters for anyone else? MR. YOUNG: Not that -- none that Staff is aware of, Mr. Chairman. COMMISSIONER BRISÉ: All right. Now as to my decision, I'm going to take a little bit of time to, to think about this, continue to review the information that I have before me, and in the next few days I will probably issue an order. So sit tight and sort of wait to see what happens there. And since there are no other issues before us at this time, we are adjourned. (Proceeding adjourned at 10:26 a.m.)

1 STATE OF FLORIDA 2 CERTIFICATE OF REPORTER 3 COUNTY OF LEON 4 5 I, LINDA BOLES, CRR, RPR, Official Commission Reporter, do hereby certify that the foregoing proceeding 6 was heard at the time and place herein stated. 7 IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been 8 transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings. 9 10 I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor 11 am I a relative or employee of any of the parties' attorneys or counsel connected with the action, nor am I 12 financially interested in the action. DATED THIS 16 day of 4 lou 13 14 15 16 17 FPSC Official Commission Reporter 18 (850) 413-6734 19 20 21 22 23 24 25