	FILED NOV 18, 2015 DOCUMENT NO. 073 FPSC - COMMISSION	
1		BEFORE THE
2	FLORIDA	A PUBLIC SERVICE COMMISSION
3	In the Matter of:	
4		DOCKET NO. 150196-EI
5	PETITION FOR DETERMINATION OF NEED FOR OKEECHOBEE CLEAN ENERGY CENTER UNIT 1, BY FLORIDA POWER & LIGHT COMPANY. /	
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9	PROCEEDINGS:	PREHEARING CONFERENCE
10	COMMISSIONER	
11	PARTICIPATING:	COMMISSIONER RONALD A. BRISÉ PREHEARING OFFICER
12	DATE:	Tuesday, November 17, 2015
13	TIME:	Commenced at 2:00 p.m. Concluded at 3:30 p.m.
14	PLACE:	Betty Easley Conference Center
15		Room 148 4075 Esplanade Way
16		Tallahassee, Florida
17	REPORTED BY:	LINDA BOLES, CRR, RPR Official FPSC Reporter
18		(850) 413-6734
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	FLORIDA	PUBLIC SERVICE COMMISSION

APPEARANCES:

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WILLIAM COX, ESQUIRE, 700 Universe Boulevard, Juno Beach, Florida 33408-0420, and CHARLES A. GUYTON, ESQUIRE, Gunster Law Firm, 215 South Monroe Street, Suite 601, Tallahassee, Florida 32301-1839, appearing on behalf of Florida Power & Light Company.

JON C. MOYLE, JR., and KAREN PUTNAL, ESQUIRES, Moyle Law Firm, P.A., 118 North Gadsden Street, Tallahassee, Florida 32301, appearing on behalf of the Florida Industrial Power Users Group.

BRADLEY MARSHALL, ALISA COE, and DAVID GUEST, ESQUIRES, Earth Justice, 111 South Martin Luther King Boulevard, Tallahassee, Florida 32301, appearing on behalf of Environmental Confederation of Southwest Florida.

J.R. KELLY, PUBLIC COUNSEL, and PATRICIA CHRISTENSEN, ESQUIRES, Office of Public Counsel, c/o the Florida Legislature, 111 W. Madison Street, Room 812, Tallahassee, Florida 32399-1400, appearing on behalf of the Citizens of the State of Florida.

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APPEARANCES (Continued):

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GARY A. DAVIS and JAMES S. WHITLOCK, ESQUIRES, 21 Battery Park Avenue, Suite 206, Asheville, North Carolina, 28801, and GEORGE CAVROS, ESQUIRE, 120 East Oakland Park Boulevard, Suite 105, Fort Lauderdale, Florida 33334, appearing on behalf of Southern Alliance for Clean Energy.

KELLEY CORBARI and LESLIE AMES, ESQUIRES, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850.

MARY ANNE HELTON, ESQUIRE, Deputy General Counsel, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399, appearing as Advisor to the Florida Public Service Commission.

CHARLIE BECK, ESQUIRE, General Counsel, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399, appearing as General Counsel to the Florida Public Service Commission.

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PROCEEDINGS

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COMMISSIONER BRISÉ: Good afternoon. I'm going to go ahead and call this hearing to order -- I mean, prehearing to order, Docket No. 150196-EI, petition for determination of need for the Okeechobee Clean Energy Center Unit 1 -- that's a mouthful -- by Florida Power & Light. Today is November 17th. It is approximately 2:00.

Mr. Whitlock, are you on the phone?

MR. WHITLOCK: Commissioner Brisé, good afternoon. I am. Can you hear me okay?

COMMISSIONER BRISÉ: Very loud and clearly. All right. Thank you. So, staff, would you read the notice, please?

MS. CORBARI: By notice issued October 23rd, 2015, this time and place was set for this prehearing in Docket No. 150196-EI, petition for determination of need for Okeechobee Clean Energy Center Unit 1 by Florida Power & Light. The purpose of this prehearing was set forth in that notice.

COMMISSIONER BRISÉ: Thank you. At this time we'll go ahead and take appearances.

MR. COX: William Cox with Florida Power & Light Company, Charles Guyton with the Gunster Law Firm here today representing Florida Power & Light Company.

COMMISSIONER BRISÉ: Okay. Thank you. 1 MR. MOYLE: Jon Moyle with the Moyle Law Firm 2 appearing on behalf of the Florida Industrial Power 3 Users Group, FIPUG. And I'd like to also enter an 4 appearance for Karen Putnal, who's with our firm. 5 COMMISSIONER BRISÉ: Okay. Thank you. 6 7 MR. MARSHALL: Bradley Marshall from the Earthjustice Law Firm entering an appearance on behalf 8 9 of the Environmental Confederation of Southwest Florida. COMMISSIONER BRISÉ: Okay. Thank you. Do you 10 want to enter an appearance for anyone else? 11 MR. MARSHALL: Yes. Also for David Guest and 12 Alisa Coe. 13 14 COMMISSIONER BRISÉ: All right. Thank you. 15 MS. CHRISTENSEN: Patty Christensen with the Office of Public Counsel, and I'd also like to make an 16 appearance for J. R. Kelly, the Public Counsel. 17 18 COMMISSIONER BRISÉ: Okay. Mr. Whitlock? MR. WHITLOCK: Jamie Whitlock entering an 19 appearance on behalf of the Southern Alliance for Clean 20 21 Energy, and would also make an appearance for George 22 Cavros, who I believe might be joining y'all in person 23 there shortly, and also my law partner, Gary Davis. 24 COMMISSIONER BRISÉ: All right. Thank you. 25 MS. CORBARI: Kelley Corbari and Leslie Ames

for Commission staff.

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MS. HELTON: And Mary Anne Helton. I'm here as your advisor today.

MR. BECK: Charlie Beck, General Counsel.

COMMISSIONER BRISÉ: Thank you very much. Hope you feel better, Mary Anne.

All right. Preliminary matters, are there any that we need to address at this time before we proceed through the draft Prehearing Order?

MS. CORBARI: Staff will note that there are proposed additional issues and a pending motion which we can address now or as we proceed through the draft Prehearing Order.

COMMISSIONER BRISÉ: Okay. What is our pleasure?

MS. CORBARI: Staff would recommend addressing it once we get to that section of the Prehearing Order.

COMMISSIONER BRISÉ: Perfect. Thank you. Does any party have any preliminary matter that they want to address at this time?

MR. COX: No, Commissioner.

COMMISSIONER BRISÉ: Okay. Thank you. All right. I see heads nodding no.

Mr. Whitlock, I can't see your head nodding. MR. WHITLOCK: Not at this time, Commissioner.

Thank you.

COMMISSIONER BRISÉ: All right. Thank you. So let's go through the draft Prehearing Order now. I will identify sections and I will -- I want the parties or you all to let me know if there are any corrections or changes that need to be made. We may go through this pretty quickly, so please speak up and let me know if you have a change or correction that you would like to make.

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Section I, case background.

MR. COX: Commissioner, just one small change on the first page of the Prehearing Order, just a correction to the zip code for Charles Guyton with the Gunster Law Firm. It should be listed as 32301. And that's it. Thank you.

COMMISSIONER BRISÉ: Okay. Duly noted. Thank you.

Anyone else on Section I, case background?Okay. Section II, conduct of proceedings.Okay. Section III, jurisdiction.

All right. Section IV, procedure for handlingconfidential information.

MS. CORBARI: As will be discussed under Section IX, staff hopes to have a stipulated composite exhibit list which includes specific discovery

000008 responses. Some of the discovery responses staff hopes 1 to include have been granted confidential 2 3 classification. Staff will ensure all procedures are followed with respect to these hearing exhibits. 4 COMMISSIONER BRISÉ: All right. Thank you. 5 Any parties have anything that they need to address in 6 7 this section? All right. Moving on, Section V, prefiled 8 9 testimony and exhibits and witnesses. Okay. Order of witnesses, Section VI. Are any 10 parties willing to stipulate to any witnesses at this 11 12 point? MR. MARSHALL: This isn't a stipulation, 13 14 Commissioner. COMMISSIONER BRISÉ: Okay. 15 MR. MARSHALL: But if no party has an 16 17 objection, we would ask that Karl Rábago be allowed to 18 testify after SACE's witnesses. 19 COMMISSIONER BRISÉ: Okay. Do any parties have any objection or issue with that? 20 21 MR. COX: FPL has no objection. 22 COMMISSIONER BRISÉ: Okay. 23 MR. MOYLE: No. As is precedent, we work with 24 each other on that, so no problem. 25 COMMISSIONER BRISÉ: Okay.

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1	MS. CHRISTENSEN: No objection from OPC.		
2	COMMISSIONER BRISÉ: Okay. Mr. Whitlock.		
3	MR. WHITLOCK: SACE has no objection,		
4	Mr. Commissioner.		
5	COMMISSIONER BRISÉ: All right.		
6	MS. CORBARI: Staff has no objection.		
7	COMMISSIONER BRISÉ: Okay. Perfect. So		
8	Mr. Rábago will testify after SACE's witnesses.		
9	MR. MARSHALL: Thank you.		
10	COMMISSIONER BRISÉ: All right. Thank you.		
11	So do we have any stipulations in terms of witnesses at		
12	this time? No?		
13	MR. COX: None that we're aware of. FPL at		
14	this point would plan to cross-examine the other		
15	parties' witnesses, but would certainly be open to		
16	stipulations if they arise.		
17	COMMISSIONER BRISÉ: All right. So if they do		
18	arise, please let us know. Please work to that end as		
19	much as possible. Okay.		
20	MR. MOYLE: Can I ask a question on this		
21	section on order of witnesses? Sometimes parties opt to		
22	do both direct and rebuttal at the same time.		
23	COMMISSIONER BRISÉ: Sure.		
24	MR. MOYLE: Is there any intention to do that		
25	in this case?		
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COMMISSIONER BRISE: Not that I'm aware of. 1 MS. CORBARI: Staff would recommend, due to 2 3 the specific nature of the rebuttal testimony, that the order of witnesses be direct, intervenor, and rebuttal. 4 COMMISSIONER BRISÉ: Okay. 5 MR. MOYLE: Okay. So just for planning 6 7 purposes, we're not going to have rebuttal and direct at the same time, it sounds like. 8 9 MS. CORBARI: Unless the parties feel 10 otherwise, that's what -- that would be staff's 11 preference. COMMISSIONER BRISÉ: I think we'll keep it 12 straight. 13 14 MR. MOYLE: Yeah. Yeah. I mean, FPL, usually they're the ones that say, yeah, we want to do it or --15 I assume, Charlie and Will, you guys do not want to do 16 17 it? 18 MR. COX: We support the way that staff has 19 presented it. 20 MR. MOYLE: Okay. 21 COMMISSIONER BRISÉ: Okay. 22 MR. MOYLE: Thank you. 23 COMMISSIONER BRISÉ: No problem. Thank you. 24 Section VII, basic positions. Is everyone 25 comfortable with their statements for their basic

positions at this time?

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MR. COX: Yes. FPL is. COMMISSIONER BRISÉ: Okay. MR. MOYLE: We're good. COMMISSIONER BRISÉ: All right. MR. MARSHALL: Yes. MS. CHRISTENSEN: OPC is fine. COMMISSIONER BRISÉ: All right. Mr. Whitlock? MR. WHITLOCK: SACE is fine, Mr. Commissioner. Thank you.

COMMISSIONER BRISÉ: All right. You're welcome.

Okay. Section VIII, issues and positions. At this time it is my understanding that SACE has proposed three additional issues and ECOSWF has proposed five additional issues in this docket. So, staff, can you walk us through that?

MS. CORBARI: Sure, Commissioner. FPL opposes the inclusion of all additional issues proposed by SACE and ECOSWF. OPC does not object to the inclusion of the proposed additional issues. FPL, ECOSWF, and SACE have provided comments supporting or objecting to the inclusion of the proposed additional issues. Staff would recommend that the parties should be allowed to present their arguments on the inclusion of the proposed

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issues. You may rule from the bench as desired or you may take the arguments under advisement and issue a ruling in the Prehearing Order or issue a separate order.

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Staff would note that the Order Establishing Procedure requires that a party take a position at the prehearing conference unless good cause is shown as to why that party cannot take a position at this time. Accordingly, if a party's position in the draft Prehearing Order is currently no position at this time or no position, that party must change its position or show good cause why it cannot take a position. If a party fails to take a position by that time, the Prehearing Order will reflect no position for that party for such issues.

COMMISSIONER BRISÉ: All right. So at this time let me hear from the parties with the issues, the newly proposed issues, and we'll go ahead and start with ECOSWF.

MR. MARSHALL: I'm not going to go through all of our comments and specific support of each proposed issue unless you would like us to do that. Generally, we are proposing these additional issues to ensure that testimony regarding these issues is allowed to be presented during the hearing and that cross-examination

000013 on these issues is also allowed. We believe that these 1 issues are relevant under the statute in determining 2 3 whether the petition for need determination should be granted by the Commission. 4 COMMISSIONER BRISÉ: Okay. Thank you. 5 All right. And your proposed issues are Issues 8, 9, 10, 6 7 and 11? MR. MARSHALL: And 12. 8 9 **COMMISSIONER BRISÉ:** And 12. Okay. All 10 right. Okay. Staff? MR. GRAVES: Commissioner, I'd just start with 11 12 the agreed upon issues come directly from the Florida 13 Statutes which governs the determination of need proceedings. 14 COMMISSIONER BRISÉ: Actually, give me second. 15 I think let me hear from some of the other parties as 16 17 well. Go ahead, FPL. 18 MR. COX: Thank you, Commissioner Brisé. The 19 issues proposed by ECOSWF I think largely fit into two 20 categories. One is addressing reserve margin criteria 21 and also the idea of whether FPL should be able to use a 22 generation-only reserve margin criteria. They do frame 23 it in a slightly different way than SACE does on that 24 issue, but those are Issues 8, 9, and 12. And then they 25 have several issues, 10 and 11, that address demand

response programs, which is a type of conservation measure.

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The issues that you have before you in your Order Establishing Procedure as tentative issues are the standard issues in need determination proceedings before the Commission. They've been used in every need determination that we're aware of under 403.519.

You know, to the extent that the issues that have been raised by ECOSWF are relevant to those issues, I think they will get full consideration. In fact, if you look at their prehearing statements and their testimony, they have already addressed those issues.

Specifically when you look at Issue No. 1 as proposed in the Order Establishing Procedure and then again confirmed in the staff list of tentative issues on September 21st, you'll see the issue of what total reserve margin criteria should be used for FPL. Well, that's clearly subsumed in part of the issue that says is there a need for the proposed plant, in this case the Okeechobee unit, taking into account the need for electric system reliability and integrity? In every proceeding those issues have been addressed under that issue, what is the appropriate reserve margin?

And specifically in this case their second issue goes to should FPL be able to use a reliability

criterion that's not used by other utilities? That issue has come up before the Commission in the sense that in TECO's last need determination they do have a utility-specific reliability criterion, the supply side reliability criterion. In that case, the Commission did not call it a separate issue. It allowed the parties to address the reliability issue under the standard Issue 1, which does address the need for the proposed electrical plant taking into account system reliability and integrity.

The fact of the matter is the other issues raised by ECOSWF really are framed more as arguments in terms of demand response programs and how they compare to generation. Those issues can clearly be addressed under the standard Issue 2, which addresses conservation measures reasonably available. It also can be addressed under Issue 5, whether what we've proposed in terms of the Okeechobee unit is the most cost-effective alternative.

So, again, we see no need for these issues to be taken up separately when they're clearly subsumed within the issues. And if the Commission decides the issues that it's laid out in the Order Establishing Procedure, it will take into account and decide the underlying issues that have been raised by ECOSWF. Thank

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COMMISSIONER BRISÉ: Okay. Thank you. OPC.

MS. CHRISTENSEN: As we said before, we don't have an objection to inclusion of additional issues. Τn fact, we support that idea. While we acknowledge that these -- the issues that staff presented in its original tentative issues list is the standard issues that are raised in need determinations, similar to a rate case, that doesn't exclude the need or the appropriateness of raising additional specific issues that are specific to that individual case. And I think that's really the issue in this case is that we're not saying that the generic need determination issues do not need a determination. What we're saying here is there were specific additional issues that were raised through FPL's pleading and developed through testimony that were filed by the parties that require or should have their own separate issue.

Specifically what is the appropriate reserve margin to be approved or that should be applied to this need determination and whether or not the additional criteria that FPL has proposed being used in this context of the 10 percent reserve margin only, should that be applied in this need determination?

I just want to clarify for the record, while we do support the idea of readdressing 20 percent reserve margin in a generic proceeding as it should be applied to all of the IOUs, for this case we do think it is appropriate to look at what reserve margin criteria should be applied in this need determination.

And whether or not the Commission wants to address a specific legal issue or address them as a factual issue, I think either way can be appropriate because I think there is certainly an issue of whether or not that stipulation that the company refers to that was adopted in 1999 applies in a need determination context. So that can be approached either as a legal issue, whether or not that stipulation is binding on this need determination, or as a factual issue of whether or not a 20 percent reserve margin should be applied in this case, and then you can keep the remaining standard issues. And that would be OPC's position. Thank you.

> **COMMISSIONER BRISÉ:** Okay. FIPUG.

MR. MOYLE: FIPUG would just seek clarity on this, and I've heard two things that I think warrant some comment.

One, I wasn't 100 percent sure whether FP&L is saying this issue is not relevant, the reserve margin issue is not relevant, or they're saying, no, it is

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relevant but it's subsumed within Issue 1, and I think that makes a difference in terms of preparing for the case. So that's one point that I would hope FPL could clarify.

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And then the second point from OPC about is this a factual issue or is it a legal issue, in a similar vein, that's an important call that we would suggest needs to be made before we get ready for hearing because if it's legal, then there's probably not much need to go through cross-examining witnesses on that. If it's factual, then it would change your preparation. So two points but a similar vein with respect to, you know, how we're going to handle the 20 percent reserve margin issue.

COMMISSIONER BRISÉ: Okay. SACE, I don't know if it's going to be Mr. Cavros or Mr. Whitlock.

MR. WHITLOCK: Mr. Commissioner, I'll speak on that, if I could.

COMMISSIONER BRISÉ: Sure. Go right ahead.

MR. WHITLOCK: Thank you, sir. SACE largely agrees with much of what OPC just had to say, and it kind of ties into a couple of, if not all of, SACE's proposed issues.

We certainly believe what reserve margin criterion should be used to determine FPL's need in this

document or ECOSWF Issue 8 should be a separate -- a separate and relevant -- is a relevant issue and should be a separate issue in this docket. Both SACE and ECOSWF have submitted testimony, you know, to the effect that the 20 percent is not correct. And the same goes to ECOSWF's proposed Issue 9. And that kind of leads me back into -- and, Mr. Commissioner, we might want to wait until we get to the SACE issues on this where we have raised some legal issues regarding the legal effect of this 16-year-old stipulation that FPL relies on for the 20 percent. And I don't know if now would be the proper time to address that or if we should go ahead and get through ECOSWF's issues first.

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COMMISSIONER BRISÉ: Yeah, we're going to get through ECOSWF's issues first, and then we'll come over to SACE's issues.

MR. WHITLOCK: Okay. Well, Mr. Commissioner, I would just say that I do believe in particular ECOSWF's proposed Issues 8 and 9 do need to be separate issues in this docket. I think all the parties, all the, most of the Intervenors anyway, even those who have not provided prefiled testimony of witnesses, have questioned whether or not a 20 percent reserve margin is necessary in this case, and, furthermore, have serious questions about the 10 percent generation-only reserve

margin and don't want to see those issues simply get subsumed into a larger, broader issue. Thank you.

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COMMISSIONER BRISÉ: Okay. Thank you. Okay. Any further comments from parties? I don't know if FPL wanted to address the issue that Mr. Moyle raised.

MR. COX: If I could just respond briefly to Mr. Moyle.

COMMISSIONER BRISÉ: Sure.

MR. COX: He asked whether it was subsumed or not. And I think we think to the extent it's relevant and appropriate, the 20 percent reserve margin or the reserve margin criteria issue, I'll call it, you know, is subsumed in Issue 1.

The Commission has consistently found that the '99 stipulation applies and it can only be changed in a generic proceeding. And, in fact, OPC's own prehearing statement states that, that it can only be changed in a prehearing -- in a generic proceeding.

That being said, I mean, to the extent that it's a relevant and appropriate issue for Issue 1, which, again, the reliability criteria that FPL uses to establish its need is relevant to Issue 1. Okay? We don't dispute that those issues are relevant to Issue 1. We think they can be addressed there. In fact, they have been addressed there. But, again, we don't think that

this is the proceeding to change the 20 percent reserve margin reliability criteria and that's our position. We understand that their position is different. But we wanted to make that clear and just say that we think to the extent it's relevant and appropriate, the issue can be addressed under Issue 1.

COMMISSIONER BRISÉ: Mr. Moyle?

MR. MOYLE: So he's saying to the extent it's relevant. I just want to make sure that he's not challenging its relevancy. Am I correct?

MR. COX: The reliability criteria that FPL uses to establish its need in this case, those issues are relevant to Issue 1.

MR. MOYLE: Okay. Thanks.

MR. WHITLOCK: Mr. Chairman, if I could just briefly respond to Mr. Cox.

COMMISSIONER BRISÉ: Sure. Go right ahead.

MR. WHITLOCK: Mr. Chairman, I'd just like to point out that, you know, it is Florida Power & Light coming before this Commission with the burden of proof to, you know, to demonstrate that it has the need for this proposed power plant, and it bases that at least in part on a 20 percent reserve margin. And, you know, again, I just don't -- SACE does not believe that this issue is subsumed. This 20 percent reserve margin is

based on a 16-year-old stipulation which we can discuss in a minute. You know, I think it's at issue whether or not that stipulation even applies in the proceeding. And, you know, I think it should be -- the burden should be placed where it's appropriate, which is on FPL to show that that 20 percent is proper in this proceeding. Thank you.

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COMMISSIONER BRISÉ: All right. Thank you.

MR. COX: We accept that burden under Issue 1. COMMISSIONER BRISÉ: Thank you. Mr. Graves or

Ms. Corbari.

MS. CORBARI: Actually I'm going to take it from here. With the extent that the different reserve margin criterion can be subsumed in Issue 1, staff believes they can be addressed under Issue 1 and have been in prior proceedings. All the issues, the language are taken pretty much directly from the statute and generally used in every need proceeding. The language is broad enough to encompass the multiple facets of the specific utility's individual need.

While FPL may have raised the 10 percent generation-only reserve margin, that is a criterion under Issue 1. Issue 1 does not specify reserve margin. It could be anything, it could be transmission, and that's why the parties -- staff believes the parties are welcome

to address the 20 percent reserve margin, loss of load probability, generation reserve only margin, reserve margin all within Issue 1, and that has been done in past proceedings.

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COMMISSIONER BRISÉ: Okay. So just to be clear, you're saying that the proposed Issues 8, 9, and 12 can be addressed from staff's perspective in Issue 1.

MS. CORBARI: Yes, Commissioner.

COMMISSIONER BRISÉ: Okay. All right. Did we address 10 and 11 yet, the proposed Issues 10 and 11 from staff's perspective?

MS. CORBARI: With regard to Issues 10 and 11, staff agrees that the issues can be discussed under Issue 2. Again, the language is from the statute and broad enough to encompass a specific utility's individual need. And as the demand-side management resources can all fall, can all fall under there and, again, have various -- similar issues have been discussed under Issue 2 in past need determination proceedings.

COMMISSIONER BRISÉ: Okay. All right. Okay. Let me -- let's move on to SACE's issues, and then I'll rule on all of them together.

Okay. Mr. Whitlock or Mr. Cavros, which one isgoing to take this?

MR. WHITLOCK: I'll address these, Commissioner Brisé. SACE has proposed Issue 1 is a legal issue which is a separate and distinct issue which I don't believe could be subsumed into any existing factual issue now present in the case.

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As you can see, what the issue basically asked is if the 1999 stipulation requires the Commission to review FPL's petition in this docket based on a 20 percent reserve margin. And, Commissioner Brisé, it would, just to be short, it would be SACE's position that the Commission needs to decide as a matter of law whether it's required by the plain language of this stipulation to consider FPL's petition in this docket based on a 20 percent reserve margin.

Again, you know, some of the other parties, not just SACE, I believe Ms. Christensen from OPC just spoke on it, have raised some issues about what the plain language of this stipulation actually states and what it legally requires or doesn't of the Florida Public Service Commission. And SACE believes that the Commission needs to render a legal ruling on this issue. Thank you.

COMMISSIONER BRISÉ: Okay. I think you have another proposed issue.

MR. WHITLOCK: We do, Commissioner Brisé. Our proposed Issue 2 goes back to -- it states, "If the

Commission does not address the appropriateness of FPL's 20 percent reserve margin criterion in this docket, should the Commission establish a generic docket to address what the appropriate reserve margin criteria are for FPL and other IOUs?"

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This kind of goes back to the conversation we were just having, should the Commission decide, I believe as it has in the past, that the need determination is not the proper venue for consideration of a specific utility's reserve margin, then SACE believes that a generic docket ought to be established to consider what FPL's appropriate reserve margin is.

Again, FPL is relying on a 16-year-old stipulation for this 20 percent and, quite simply, it's time for this to be updated with new analysis and study. And if a generic docket is where that needs to be done, we believe there needs to be an issue put out there for Commission consideration.

COMMISSIONER BRISÉ: Okay. Before we move on to the third issue, I want to hear from any other parties.

MR. COX: For FPL, thank you, Commissioner Brisé. Again, this issue addresses the reliability issue that's raised in Issue -- in the standard Issue 1 for need determination. It's what reliability

criterion should FPL use? It's calling into question a Commission stipulation. It was approved in a Commission order, participation of -- an industry-wide participation, and all of the relevant parties that are represented here by and large were a part of that proceeding for the most part, not all, but most, established the 20 percent reserve margin.

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Since that time, the Commission has used it in every single need determination. In fact, in one case, the FPC, Florida Power Corp. Hines 3 in 2003, the issue was raised specifically, can we change it in an individual utility's need determination proceeding? And the Commission found, no, it can only be changed in a generic proceeding, again, which is what OPC has told us in their prehearing statement here today.

So to the extent this issue is relevant in terms of what's the appropriate reserve margin criterion to establish reliability for FPL's system, to establish the need for the unit that FPL has the burden to put forward before you in this case for approval, we think that it's clearly subsumed in Issue 1. The Commission has looked at this issue before, whether it would do it in an individual utility's proceeding, and they've said, no, we don't think it should be teed up as a separate issue.

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To the extent it's relevant and the parties have, thinking it's relevant, addressed it in their testimony, in their prehearing statements, again, there is no need to have it as a separate issue.

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And then looking at Issue 2, which is really part and parcel of the same thing, it says, well, if you don't find that it can be changed in this proceeding or -- actually I'll use the words they used. "If the Commission does not address the appropriateness of FPL's 20 percent reserve margin criterion in this docket, should the Commission establish a generic docket?"

Well, again, it's the Commission's prerogative any time to open a generic docket or investigation of any issue that's under its jurisdiction. Okay. The Commission can do that at any time. In this case, we're under a statutory time frame for a hearing in 90 days, a Commission decision in 135 days. It really doesn't seem appropriate to have this as a separate issue. But, again, at any time the Commission could decide it wants to have a generic proceeding and FPL would clearly participate in that. Thank you.

COMMISSIONER BRISÉ: All right. OPC. MS. CHRISTENSEN: Commissioner, let me respond briefly to some of the things raised by FPL's counsel. To note for the record, the stipulation was

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entered into by the IOUS. OPC, while participating in the docket, did not sign onto the stipulation. And the reason we support SACE's issues and specifically as a separate legal issue is because FPL, again, has raised their position that the stipulation is binding on this Commission in this proceeding. And I think we need to look at what the actual language of the stipulation requires and have the Commission acknowledge what the language of the stipulation does and does not require of the Commission.

I think the language is, from our reading of it, fairly explicit that it does not pertain necessarily to need determinations and, therefore, it's appropriate to raise what the margin reserve criteria is that should be applied in this need determination, and that's why I was very specific about stating what reserve margin criteria should be applied to this need determination. As we agree with FPL, if you're trying to change the 20 percent reserve margin as it applies to all IOUs, then that would be appropriately addressed through a generic proceeding. However, this Commission is not bound and does not have its hands tied to a 20 percent reserve margin for this need determination. And then the question becomes what is the appropriate reserve margin that needs to be applied? And we can have various

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positions on that.

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FPL obviously would take the position that the 20 percent and 10 percent reserve margin was appropriate. Our position has been clearly stated that it's the Commission's rule, and we can have an argument over that. But to have that argument, it is appropriately teed up as a separate legal issue. And we would support the inclusion of a separate issue on reserve margin and also, for the same reasons, a separate issue on whether or not the generation reserve margin criteria that's been proposed is -- should be adopted by the Commission. Because I don't think the Commission has ever made a determination either in a need determination or other proceeding that that's a criteria that should be applied in making the determination of whether or not a plant, a proposed plant should go forward. Those are the reasons that these are separate distinct issues from Issue 1, which is much more broad and generic of whether or not they need the plant for system reliability and integrity. I think that's more of -- that doesn't encompass the crux of the issue, and I think we need a separate issue to do that or separate issues. Thank you.

COMMISSIONER BRISÉ: Okay. ECOSWF.

MR. MARSHALL: ECOSWF supports the inclusion of the SACE proposed issues. I'm not going to repeat

everything counsel for OPC so eloquently stated, but this clearly has become an issue here. Florida Power & Light almost seems to be arguing that since they project that their reserve margin will fall below 20 percent by 2019, that as a matter of law the petition for need needs to be granted. And we certainly -- we believe that that's simply not true, that that's not what the stipulation requires and that's not what the law requires, which specifically requires the Commission to take into account the need for electric system reliability and integrity, and that's a factual finding regarding whether there is a system reliability issue. Not all reserve margins are created equal, and we believe that the Commission needs to look at this issue, and that since this has become an issue, it should be separately stated.

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COMMISSIONER BRISÉ: Okay. FIPUG?

All right. Staff.

MS. CORBARI: With regard to the comments of OPC and ECOSWF with having the generation-only reserve margin criterion broken out, again, staff would just reiterate what it said before, that that falls under Issue 1 and can be addressed separately just as FPL set it out separately in its petition.

With regard to SACE's proposed Issues 1 and 2,

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staff is -- staff's concerns are -- deal with the finality of an order. With regard to this stipulation, whether it was 16 years ago, the Commission has already answered this question in essence in another need determination proceeding.

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In 2002, this issue was raised by an intervenor and the Commission stated that it approved the stipulation. By approving the proposed stipulation, the IOUS -- by the IOUS, we have already determined that 20 percent is the appropriate reserve margin criterion and that the IOUs are required to utilize this criteria unless modified in a subsequent proceeding.

Now whether or not the issue of is the stipulation binding, the language -- past Commission orders since that stipulation find it so, and it's been used in every proceeding.

And the concern is whether or not you say if this applies only to FPL is -- there is a potential impact to the other IOUs involved in that stipulation, and those IOUs are not parties to this proceeding and are unable to comment on that issue.

So, therefore, with regard to the legal issues posed, staff believes these two issues are not appropriate for this docket and should be answered in a generic proceeding.

COMMISSIONER BRISÉ: Okay. Thank you. MS. CHRISTENSEN: Commissioner? COMMISSIONER BRISÉ: Sure.

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MS. CHRISTENSEN: Can I just respond real briefly? I'm not sure what happened in the 2002 Hines need determination, but I do know that the stipulation in and of itself states that all current and future proceedings under the electrical Power Plant Siting Act, including those for consideration of merchant plants and all statutes, rules, regulations, and policies bearing on the Commission's determination of need for new generation, including the need determination criteria in Section 403.519, Florida Statutes, the IOUs' obligation to solicit proposals for generating capacity, and obligations of the IOUs to otherwise prudently avail themselves of a reasonable availability of conservation alternatives and cost-effective resource options, and the obligations of the IOUs to best serve their retail customers through the respective resource planning processes are unaffected by the stipulation and, therefore -- and the approval thereof.

So the stipulation language itself I think clearly says it's not applicable to need determination. I don't know how you -- I think that an issue would be appropriate to reconcile the Hines order with the actual

language of the stipulation, so I think it would be appropriate to have a separate legal issue.

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And, you know, I don't think that we have reached administrative finality on the issue because it may be that it was that issue -- that order in the Hines case was applicable only to the Hines need determination and not appropriately applied to this one. So I think a separate legal issue that can be addressed by all the parties, including staff, who have differing opinions on how the stipulation should be applied would be appropriate. Thank you.

COMMISSIONER BRISÉ: All right. Thank you. I think, SACE, you have one other issue.

MR. WHITLOCK: Thank you, Commissioner Brisé. I know staff has already expressed its opinion on this issue. This one deals with FPL's generation-only reserve margin criterion. I would note that in FPL's comments it submitted in response to the inclusion of these issues it did note that if these issues were going to be included as subissues, that it would -- and Mr. Cox, I'm sure, will correct me if I'm mistaken, but I believe they've said that they would support SACE's wording.

So, again, you know, this is a brand new reliability criterion that FPL has created itself, and

SACE simply does not believe it is proper to have that subsumed into a broader issue. This is the first time the Commission will consider this criterion, and it's -the decision that the Commission makes, it's going to be precedent setting and it's going to be very important, and it's simply not something that should be buried under another issue. At the very least it should be a sub-issue. And as I've said before, I believe FPL has stated that if it was a sub-issue, it would perhaps be agreeable to the way SACE has worded it in our proposed Issue 3.

Again, I just think this is too important of an issue to have a utility create its own reliability criterion and then let Commission review of it go kind of masked under another issue. Thank you.

COMMISSIONER BRISÉ: Okay. Let's hear from FPL.

MR. COX: Thank you, Commissioner Brisé. First of all, let me just comment on one thing that he said. He said that this issue shouldn't be masked or hidden or something to that effect. Clearly it's not. If you look at the testimony filed in the case, if you look at the prehearing statements, every party has addressed that under Issue 1, so it's clearly in front of the Commission.

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In the recent DSM goals case last year the Commission said that to the extent that this generation-only reserve margin factor became a factor in FPL's next need determination case, the Commission would review it at that time. So that's where we find ourselves. And clearly under Issue 1 you can review. There's no question. And I think staff largely agreed with that.

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I mean, just to be clear, FPL uses three different reliability criteria to establish reliability needs for its system. There is the reserve margin, the 20 percent reserve margin; there is the generation-only reserve margin, the 10 percent that was focused on in this issue; and there's also loss of load probability criterion.

The loss of load probability criterion has never been part of an express proceeding that I'm aware of where the Commission has approved it per se, but certainly in every need determination it is a criteria that all of the utilities in Florida utilize. So it was not necessarily established in a generic proceeding like the 10 percent reserve margin, but, nonetheless, it's considered in every need determination under Issue 1. So we think that these issues again are appropriate to address under Issue 1. The parties have done that.

There's no need for a separate issue. Thank you.

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COMMISSIONER BRISÉ: Okay. Thank you. Mr. Cavros.

MR. CAVROS: Good afternoon, Commissioner Brisé. I would only add that -- assume the practice of subsuming issues under larger issues is for administrative economy and administrative efficiency. We have, by my count, what, about 11 issues? I have seven issues in this docket. If we have eight, I don't think it would really impact our administrative economy that much. And, you know, it is a precedent setting -would be a precedent setting decision if the Commission were to approve this, and, you know, we just feel it needs to be elevated to the point where it can be argued as a separate issue.

COMMISSIONER BRISÉ: By my count, we're talking 12 issues; right? That's what we're looking at in terms of proposed; right?

MR. COX: Commissioner Brisé, there was one point I forgot to mention in response to what SACE's other counsel said in terms of our position on this issue.

COMMISSIONER BRISÉ: Uh-huh.

MR. COX: He mentioned that we were willing to accept SACE's Issue 3. Really what our position is, we

don't think the issue is necessary. If the Commission does decide it is necessary, our first choice would be an appropriately worded issue consistent with what we proposed with Issue 1A, and it's fairly close to what SACE is proposing with Issue 3. So as an alternative, again, if the Commission decides it thinks the issue is needed, we certainly could live with that. But, again, our first position is we don't think it's needed. Thank you.

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COMMISSIONER BRISÉ: Okay. What's SACE's take on the language as proposed by FPL on Issue 1A?

MR. WHITLOCK: Commissioner Brisé, I'm trying to locate that. I think that would essentially be what ECOSWF's proposed Issue 9 was; correct?

MR. COX: From FPL's perspective, that's not correct.

MR. WHITLOCK: Not correct. Oh, okay. Is it -- Will, would it be stated "Is the generation-only reserve margin used by FPL an appropriate reliability criterion"?

MR. COX: Yes. And it's found on page 17 of the draft Prehearing Order.

MR. WHITLOCK: I see it now.

Commissioner Brisé, SACE would certainly be acceptable to that language in lieu of our -- the

language in SACE's proposed Issue 3.

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COMMISSIONER BRISÉ: Okay. I'll take that into advisement. All right. Are those all the -- OPC, I'm sorry.

MS. CHRISTENSEN: Commissioner, I would just -- I think either SACE's proposed issue or FPL's proposed issue gets to the heart of the issue on the generation-only. I would ask that we be more specific and just add the additional language for determining the need for the proposed OCEC Unit 1 since we're talking about the criteria that's being applied in this proceeding. I don't know if FPL would have any objection to adding that additional language for determining the need for proposed OCEC Unit 1 to the end of its issue. But I think with the addition of that language, it's clear that we're talking about applying it in this proceeding.

COMMISSIONER BRISÉ: Okay. Let me hear from FPL, and then we'll go to staff.

MR. COX: Just to clarify, that would make it pretty much almost the same wording as the SACE issue?

MR. WHITLOCK: Which is why we worded it like that.

MR. COX: Again, that would be our second choice if the Commission wants to go forward with an

issue there. Thank you.

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COMMISSIONER BRISÉ: All right. Staff. MS. CORBARI: Again, staff would reiterate that Issue 1 is broad enough to encompass a multitude of criterion a utility may use to show its need, and it's the utility's burden to put forth the evidence as to each criterion it uses. The generation-only reserve margin criteria is only one of the criteria FPL outlines in its petition. Therefore, staff again would state -would recommend that this can be subsumed and addressed in Issue 1.

COMMISSIONER BRISÉ: All right. Thank you. So I'm ready to rule on a few of these, and some I'm going to take into advisement and you'll get a ruling hopefully by Thursday or Friday. Okay?

So the proposed Issue 8, 9, 10, 11, and 12 by ECOSWF I think can be subsumed, so 8, 9, and 12 I think can be appropriately subsumed in Issue 1. Issues 10 and 11 can be appropriately subsumed in Issue 2.

The legal issue brought up by SACE in terms of does the stipulation entered into in Docket No. 981890-EU 22 and approved by the Commission in Order No. 23 PSC-99-2507-S-EU require the Commission to review FPL's 24 petition in this docket based on a 20 percent margin, I'm going to take that one under advisement. Okay?

I'm also going to take the following issue to that under advisement, which is if the Commission does not address the appropriateness of the -- of FPL's 20 percent margin, reserve margin criterion in this docket, should the Commission establish a generic docket to address the appropriate reserve margin criteria for FPL and other IOUs, so I'm going to take that into advisement.

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And the last issue in terms of the language in terms of the generation-only reserve margin, that too I'm going to take into advisement. So those are the three I'm going to take into advisement, and we will have a decision on that as soon as I make it.

So -- but for the proposed Issues 8, 9, 10, 11, and 12, I think everybody got where I'm at on that.

MR. MARSHALL: Commissioner Brisé, I would just ask that your holding be reflected in the order that they are, in fact, subsumed by those issues.

COMMISSIONER BRISÉ: Okay. Duly noted. Okay.

MR. MOYLE: And since we'll have your ruling coming out, particularly as it relates to that generation-only reserve margin issue, it's a new issue that is before you. I don't think FIPUG has done this since I've been representing them, but I think, just thinking ahead a little bit, we would like to be able to

comment on that issue but would like to see what the evidence presented at hearing is before doing so. So with your permission, we'd like to take a position that staff usually does, which is, you know, let's see what the evidence says on that issue.

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So since I don't think we'll have a chance to talk live prior to that --

COMMISSIONER BRISÉ: Okay. Sure. Sure. MR. MOYLE: -- I just thought I'd bring that up and make sure it didn't cause any big problems if we took that position.

COMMISSIONER BRISÉ: Okay. Staff, help me out here.

MS. CORBARI: Staff would recommend that should -- that the parties, as they do normally, if the issues are allowed in, that depending on the date the order is issued, that the parties should provide a position by close of business the next day or at least no later than -- what is it -- Wednesday, is it the 24th -- the Wednesday prior to Thanksgiving as the hearing starts the following Tuesday --

COMMISSIONER BRISÉ: Sure.

MS. CORBARI: -- as is customary. COMMISSIONER BRISÉ: All right. Thank you. MR. MOYLE: Okay. Well, so we'll probably

just take the position, which I think is a legitimate position to take to say we're going to have live witnesses and intend to have some questions about that, and we'll see what the evidence presents before taking our final position.

COMMISSIONER BRISÉ: Okay. Now you're complicating it for me.

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MR. MOYLE: Well, I guess what I'm kind of getting at, I would rather, if staff will take a position, they're a party, if they'll say yes or no, you know, then it should be good for the goose, good for the gander.

COMMISSIONER BRISÉ: Okay. Mary Anne, did you want to chime in?

MS. HELTON: As you've already noted, Mr. Chairman, I'm not at my best today.

COMMISSIONER BRISÉ: Sure.

MS. HELTON: And I want to make sure I understand exactly which issue it is that Mr. Moyle is addressing as far as his inability to take a position at this time should you decide that it is an issue in the case.

MR. MOYLE: It's the generation reserve margin only. It's the issue that has never been in front of this Commission. We've got witnesses that filed some

testimony, but they're going to be here live and I know they'll get a lot of questions and there will be a lot of evidence on it. And I think, you know, until you get a witness live and on cross, in this particular instance we would just like the ability to reserve the right to take a position until after the live hearing.

MS. HELTON: I guess where my confusion is, it's my understanding that Power & Light really has not used a different methodology in this case than it has in any other previous need case with respect to presenting evidence to the Commission that there is a need for the plant at issue here. I understand that Mr. Moyle doesn't know at this time whether there will be a legitimate issue or not, and I think it would be fair to give him a little bit of time to develop --

COMMISSIONER BRISÉ: A position.

MS. HELTON: -- a position, but I'm not sure, other than the fact that this is potentially being laid out as a specific issue, what really is new here.

COMMISSIONER BRISÉ: Okay.

MR. MOYLE: I think -- respectfully I think factually it is new. I mean, I don't think we have a debate about that. I mean, TECO may have used it once. But my sense is that this generation reserve margin only is a criterion that this is the first time the

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Commission will have it before it in a contested evidentiary proceeding. I think it was in some Ten-Year Site Plans. But as we saw, you know, this morning, those aren't where you can have live witnesses talking about it.

COMMISSIONER BRISÉ: OPC.

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MS. CHRISTENSEN: Can I -- yeah. Can I offer a friendly suggestion that possibly Mr. Moyle could take the position, "no, pending the evidence adduced at hearing," and that way he's taken a position but he's also caveated it depending upon what the evidence at the hearing produces, and maybe that would satisfy staff's wish to have a position taken and Mr. Moyle's need to hear the live testimony before finalizing a position on that issue.

COMMISSIONER BRISÉ: Mary Anne, what are your thoughts?

MS. HELTON: It doesn't have to be an essay. I mean, I think a "no at this time" is sufficient or "yes."

COMMISSIONER BRISÉ: Okay.

MR. MOYLE: And I don't want to take us down the rabbit trail, but, you know, I do want to know more about the issue and plan to learn more about the issue.

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So I feel like the witness where I'm saying

000045 "yes or no, yes or no," I think I want to say maybe, but I'm not sure I have that ability. COMMISSIONER BRISÉ: The latitude. MR. YOUNG: Mr. Chairman? COMMISSIONER BRISÉ: Yes. MR. YOUNG: If I could interject. I would point out for the record these issues have been proposed by ECOSWF, by SACE during the prehearing statements. There's -- testimony has been filed in this docket from the beginning. Also, Mr. Moyle had an opportunity to file comments on these issues. So for him to say that these are new issues and he can't take a position, that's troubling to me in terms of him not being able to take a position or trying to delay taking a position as outlined in the OEP. And we understand that there is possibly good cause for him to take a position later because you have not ruled on these issues, whether these issues should be included or excluded, but I think he should take -- it's my belief that I think he should take a position.

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COMMISSIONER BRISÉ: Okay.

MR. MOYLE: I didn't mean to suggest that they were not issues that had been out there, but they've been contested. And most of the time contested issues don't have a long shelf life, so I wanted to see what

happens on this.

COMMISSIONER BRISÉ: Sure. So I guess our expectation is that you're going to assume a position one way or the other and by the appropriate deadlines that we currently have, and after that it's a matter of latitude provided by the Chair for the questions.

MS. CHRISTENSEN: Commissioner?

COMMISSIONER BRISÉ: Yes.

MS. CHRISTENSEN: I didn't know whether we were leaving the issues and positions section, but I did have some changes to some of the issues that are not contested --

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COMMISSIONER BRISÉ: Sure.

MS. CHRISTENSEN: -- that I'd like to make at this time when it's appropriate.

COMMISSIONER BRISÉ: Yes, let's do that. MS. CHRISTENSEN: Okay. On OPC -- on

Issue 2, OPC would ask to change the position to yes, period. And on Issue 3, OPC would ask to change the position to no, period. And those are all the changes in positions that I have.

22 COMMISSIONER BRISÉ: Okay. Okay. So 2, no,
 23 period, and 5, no, period?

24 MS. CHRISTENSEN: I believe 2 was an 25 affirmative, yes --

COMMISSIONER BRISÉ: Oh, yes.

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MS. CHRISTENSEN: -- the way the question was worded.

COMMISSIONER BRISÉ: Sure.

MS. CHRISTENSEN: Yes, period. And, otherwise, we've taken positions on all the other issues, so that's --

COMMISSIONER BRISÉ: Okay.

MS. CHRISTENSEN: We've now taken positions on all issues.

COMMISSIONER BRISÉ: All right. Thank you. Yeah. So we haven't gone through the positions. We've just addressed the issues.

So let's do it this way. If you have positions that are different from the positions that are in the document, please let us know at this time. And so we're going to go ahead and start with FPL.

MR. COX: FPL does not have any changes. Thank you.

20 COMMISSIONER BRISÉ: Okay. FIPUG.
21 MR. MOYLE: No changes.
22 COMMISSIONER BRISÉ: Okay. ECOSWF.
23 MR. MARSHALL: ECOSWF has no changes.
24 COMMISSIONER BRISÉ: Okay. SACE.
25 MR. WHITLOCK: Commissioner Brisé, SACE just

000048 has one minor change, which would be on Issue 7. 1 COMMISSIONER BRISÉ: Okay. Go right ahead. 2 MR. WHITLOCK: Where we had previously taken 3 no position at this time. We would change that to an 4 affirmative yes. 5 COMMISSIONER BRISÉ: Okay. OPC. 6 7 MS. CHRISTENSEN: And we've already --COMMISSIONER BRISÉ: Addressed your issues. 8 9 MS. CHRISTENSEN: -- addressed our issues that 10 we had changes to. Thank you. COMMISSIONER BRISÉ: Okay. Staff. 11 12 MS. CORBARI: We have no changes. 13 COMMISSIONER BRISÉ: All right. So are we done with Section VIII, issues and positions? 14 15 MS. CORBARI: Commissioner, I just wanted to 16 just make sure --COMMISSIONER BRISÉ: Sure. 17 18 MS. CORBARI: -- clarify that should you rule SACE's additional issues be included, the deadline for 19 20 filing positions in writing would be close of business -- could we say noon on the Wednesday, the 21 22 holiday -- before the holiday? COMMISSIONER BRISÉ: Yes. 23 24 MS. CORBARI: Okay. Thank you. 25 COMMISSIONER BRISÉ: Okay. All right. Moving FLORIDA PUBLIC SERVICE COMMISSION

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on to Section IX, exhibit list.

MS. CORBARI: Staff will note a preliminary draft Comprehensive Exhibit List has been prepared, which includes prefiled -- all prefiled exhibits and includes exhibits staff wishes to include in the record as identified as of yesterday. Staff has circulated the preliminary draft list to the parties for review and to determine if there are any objections to the draft Comprehensive Exhibit List or any of staff's exhibits being entered into the record. Staff will -- plans on updating the list and circulating it no later than close of business tomorrow.

MR. MOYLE: Thanks for the hard work on the exhibit list. Can I assume that depositions won't be on the exhibit list that'll be circulated tomorrow?

COMMISSIONER BRISÉ: All right. Mr. Moyle.

MS. CORBARI: At this time staff has no depositions.

MR. MOYLE: Okay. Thank you.

COMMISSIONER BRISÉ: Okay. So are we good with the exhibit list? Okay. I'm seeing --

MR. COX: Yes.

COMMISSIONER BRISÉ: All right. Very good. I'm seeing heads nod, so I think we're good. Mr. Whitlock, are we good with the exhibit list?

MR. WHITLOCK: SACE is good, Mr. Commissioner. Thank you.

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COMMISSIONER BRISÉ: All right. Thank you. Section X, proposed stipulations. And is my assumption correct that there are no stipulations at this point?

MR. COX: None that FPL is aware of at this time.

COMMISSIONER BRISÉ: Okay. No stipulations. All right. Section XI. Pending motions, staff.

MS. CORBARI: On November 6th FPL filed a motion to strike or exclude portions of the direct testimony of Natalie A. Mims filed on behalf of the Southern Alliance for Clean Energy. On November 16th SACE filed its response in opposition to FPL's motion. Staff would recommend the parties should be allowed to present their arguments on the proposed motion. You may rule from the bench as desired, or you may take the arguments under advisement and issue a ruling in the Prehearing Order or issue a separate order.

COMMISSIONER BRISÉ: Okay. So at this time let me hear from the parties. I think SACE goes first; right? FPL, sorry, you -- it was your motion to strike. I'm sorry. Go right ahead.

MR. GUYTON: Charles Guyton on behalf of

Florida Power & Light Company.

Commissioner Brisé, despite the 30 some pages of motions and responses that you have before you today, the issue that we're asking you to rule on is relatively simple, and it is should SACE be allowed to relitigate in this proceeding what the Commission determined in the recent DSM goals proceeding, i.e., the amount of conservation that is reasonably available to FPL?

And just as the issue is simple, the answer is simple, no. Relitigation of the same issue by the same parties using the same evidence would violate the doctrines of administrative finality and collateral estoppel. It would ultimately be an inappropriate reconsideration of the DSM goals order well out of time and it would be a waste of time. It would not promote administrative efficiency.

Eleven months ago, 11 months and a day ago the Commission ruled in the DSM goals proceeding. It issued Order PSC No. 14-0696. That order was the culmination of an 18-month Commission-supervised process to establish DSM goals. It ended with a three-day contested hearing.

Under the Commission's rule that was being implemented, the Commission's obligation was to establish utility goals, quote, based on an estimate of the total cost-effective kilowatt and kilowatt hour savings

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reasonably achievable, end quote. And that is precisely what this Commission did in setting the DSM goals; it identified the DSM that was cost-effective for and reasonably achievable by Florida Power & Light Company.

In that proceeding, SACE presented the testimony of Witness Mims, who extensively argued that the analysis of a reasonably achievable DSM by FPL was deficient. And FPL, in response, thoroughly rebutted Ms. Mims' testimony, and the Commission ultimately rejected Ms. Mims' testimony and SACE's arguments and relied instead upon FPL's DSM potential analysis.

In this case SACE sponsors the same witness addressing the same alleged deficiencies of the same DSM goal analysis. And if there is any doubt that we're talking about the same analysis, just look at the passage that begins and ends the passage in Ms. Mims' testimony that we seek to strike. At page 5 she says, "FPL relies upon its energy efficiency goals from the 2014 FEECA docket to determine the level of efficiency that's used as 'all cost-effective efficiency' in this docket. In the FEECA docket, the company used an erroneous methodology to calculate its DSM potential, and thus vastly underestimated the amount of cost-effective DSM available." That's her quote. Clearly she is talking about the DSM goals analysis in the DSM docket.

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Then she gives us 13 pages of a synopsis of 40 or so pages that she gave in the DSM goals analysis, and she concludes with this statement. "Quite simply, FPL had the opportunity to seek and obtain much higher levels of energy efficiency and it did not do so." Clearly, once again, she was talking about the DSM goals analysis.

Commissioner Brisé, the proper way to challenge an issue decided by the Commission is either to request reconsideration or is to take an appeal of a docket. SACE, a party to the DSM goals proceeding, did neither; therefore, SACE has forfeited its ability to request that the Commission effectively or essentially reconsider SACE's stale evidence.

Now under the doctrine of administrative finality there is a terminal point in every proceeding when the parties and the public may effectively rely on the Commission's determination. That's standard black letter case law in Florida. FPL respectfully submits that that time has come and gone in terms of a DSM goal holding. We are entitled, given the finality of that decision, to rely on that decision and the Commission's decision therein, and SACE has not been able to show -hasn't even attempted to show any change of circumstances.

Now under the doctrine of collateral estoppel

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there are four essential elements: One, there must be an identity of issue; two, the issue must have been litigated in a prior proceeding; three, the determination of that issue was critical to the outcome of the proceeding; and, four, there was a fair and full opportunity for the parties to litigate the issue. All four of those conditions are met in this circumstance.

In the DSM goals proceeding, as in this case, the issue is what is the level of DSM reasonably achievable or available to FPL? That issue was thoroughly litigated in an 18-month process and a three-day hearing. The determination at issue led to the establishment of the DSM goals. SACE had a full and fair opportunity to litigate the issue. They just lost it. FPL has every right to rely on that decision by this Commission in assessing whether the conservation reasonably available to it negates the need for Okeechobee Unit 1.

Commissioner Brisé, it makes no sense to relitigate an issue with the same issues and the same tired arguments in this case. We are under a very strict rule-driven deadline of 90 days to hearing. It would be a waste of your time, and time is of the essence in this proceeding.

Finally, it would be inconsistent with at least

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11 prior Commission decisions that we cite in our motion to revisit in a determination of need case the level of reasonably achievable DSM that has been set in prior goal proceedings. This case, just like those 11 cases we cite, is no different, particularly since SACE is arguing the same unconvincing arguments that you've already heard and rejected.

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Commissioner, I appreciate your attention. I'd like to reserve a few moments to respond to any arguments that SACE's counsel might make. Thank you.

COMMISSIONER BRISÉ: Thank you. Who's handling this? Okay. Mr. Whitlock.

MR. WHITLOCK: Thank you, Mr. Commissioner. Mr. Commissioner, I'd agree with Mr. Guyton on one thing, and that's that the issue here is quite simple. SACE is not trying to litigate FPL's most recent DSM goals proceeding or to request reconsideration of the Commission's decision or order in that proceeding. Had SACE wanted to do so, Mr. Commissioner, I respectfully submit SACE would have done so through proper procedural means and in a timely fashion and not through prefiled direct testimony of a witness in a need determination approximately a year later. So I want to put that to rest right away. SACE is not trying to relitigate the DSM goals order of the Commission or in any way trying

to open that docket back up. That argument is simply disingenuous.

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Now Mr. Guyton likes to -- Commissioner, Mr. Guyton likes to use the words "reasonably achievable" and "reasonably available" like they mean the same thing. They don't. They're simply different issues at hand in this need determination versus what the Commission had to deal with in the DSM goals case.

In the DSM goals case, the Commission, by statute and by the rules interpreting that statute, was required to set appropriate or reasonably achievable DSM goals for FPL. That was the issue: What are appropriate or reasonably achievable DSM goals?

Now, Commissioner Brisé, as you can look at Issue 2, the issue is are there conservation measures reasonably available to FP&L which might mitigate the need for the proposed Okeechobee Clean Energy Center Unit 1? These are simply different issues, and thus they aren't litigated in the DSM goals docket.

And, Commissioner, I would respectfully submit what FPL is trying to do here is to get a precedential decision from the Commission that it hasn't gotten before, and FPL misrepresents the 11 need -- what the Commission actually held in those 11 need determinations it cites in its brief, and, in fact, SACE has actually

cited language from several of those need determinations in its response brief which shows what the Commission has actually held. But what FPL wants is for the Commission to find that its reasonably achievable DSM goals are, per se, its reasonably available conservation measures which might mitigate the need for a proposed power plant in the subsequent need determination, and that's simply not what Commission precedent says.

What Commission precedent says, and it's set out in detail in SACE's brief, is that a utility's DSM goals are evidence of whether there are reasonably available conservation measures which might mitigate the need for a proposed plant. However, those reasonably achievable DSM goals are not conclusive to that question, nor are they preclusive to a party offering testimony to show that there are additional conservation measures.

And, Commissioner Brisé, that is exactly what SACE is doing through the testimony of Ms. Mims. SACE is offering testimony showing there are additional reasonably available, within the meaning of Section 403.519, *Florida Statutes*, conservation measures which -available to FPL which might mitigate the need for this proposed power plant.

FPL has submitted rebuttal testimony, and now it's simply up to the Commission to weigh the evidence.

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FPL is not the trier of fact here, Mr. Commissioner. That's up to the Commission.

None of the legal doctrines cited by FPL, administrative finality, collateral estoppel, they all sound good, none of them apply here. SACE is not trying to litigate the DSM goals docket. We are simply, through Ms. Mims' testimony, offering evidence on an issue that was not at issue in the DSM goals docket.

And, Commissioner Brisé, I would respectfully ask, since I probably won't get a chance to respond to Mr. Guyton, that the Commission does carefully consider the briefs filed in this matter. Thank you, sir.

COMMISSIONER BRISÉ: Thank you.

Mr. Guyton.

MR. GUYTON: Two brief responses because I think there's a two-pronged argument here. Well, I'll add a third. We don't suggest that we're the trier of fact. We're arguing legal precedent to you, the trier of fact, to suggest that we ought to have an efficient disposition of the issues in this case.

Counsel for SACE suggests that there are two entirely different issues in these two cases. One, the Commission was deciding what DSM was reasonably achievable. In this case, the Commission is called upon to address the dramatically different issue of what is

reasonably achievable. It's the same statute, it's FEECA. Both the sections at issue were adopted by the Legislature at the same time. This is a distinction without a difference. But I think if I just state or restate our position fairly succinctly, it'll be easily understood.

If DSM is not achievable, it is not available. You've already decided what DSM is achievable by FPL. That necessarily says what's available for FPL to implement.

SACE also suggests that they're arguing about additional measures. There are no additional measures. We're talking about the same measures that Ms. Mims talked about over and above FPL's analysis in the DSM goals proceeding. They haven't identified a single additional measure in her testimony.

You considered the evidence there. You said that they were not appropriate and you decided to base the DSM goals on the measures that were in FPL's analysis. There are no additional SACE measures in this case, and the portion of Ms. Mims' testimony that attempts to relitigate what's already been decided by the Commission should be excluded from the record. Thank you.

COMMISSIONER BRISÉ: Thank you. All right.

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So we -- I got the response on yesterday, wasn't it? 1 MS. CORBARI: Yes, Commissioner. 2 COMMISSIONER BRISÉ: Yesterday. So I've been 3 going over it, and we will have a decision out on that 4 not right now. So we will respond to that as well. I 5 think there are some interesting arguments on both sides 6 7 on this issue, so I will take that into advisement as well. 8 9 We intend to have all of these decisions out ideally between Thursday and Friday. Okay. So we will 10 work very hard towards that end. 11 12 All right. Section XII, pending 13 confidentiality motions. 14 MS. CORBARI: Commissioner, there are a couple 15 of pending confidentiality motions which will be addressed by separate orders. 16 COMMISSIONER BRISÉ: Yeah. There's a few 17 18 sitting on my desk, so. 19 MS. CORBARI: I didn't want to say that. **COMMISSIONER BRISÉ:** Post-hearing procedures. 20 21 MS. CORBARI: The parties should prepare 22 post-hearing briefs for this docket. Staff would 23 recommend the briefs be no longer than 40 pages. 24 COMMISSIONER BRISÉ: Okay. 25 MS. CHRISTENSEN: Commissioner, might I ask if

000061 our position -- our positions may be 100 words? 1 **COMMISSIONER BRISÉ:** Okay. Yeah. I think 2 we'll be fine with that. 3 Okay. So all parties understand 40 pages and 4 the positions, 100 words. Everybody is good with that? 5 Okay. 6 7 MS. CORBARI: Staff would note that the briefs will be due on December 9th, 2015, which is the week 8 9 after the hearing. COMMISSIONER BRISÉ: Okay. 10 MS. CHRISTENSEN: May I ask for clarification? 11 Are we expecting daily transcripts? 12 13 MS. CORBARI: Yes. Staff has requested daily transcripts. 14 15 MS. CHRISTENSEN: Thank you. COMMISSIONER BRISÉ: All right. Anything else 16 17 in terms of post-hearing proceedings -- procedures that 18 we have questions on or need clarity on? 19 Okay. Rulings. Opening statements shall be limited to seven minutes, and you are welcome to waive 20 21 your opening statements, if you so desire. As stated, 22 briefs will be limited to 40 pages. 23 The additional issues that have been brought up 24 today, we've already addressed the time frame as to when 25 that will be out. And the motion to strike, we've

already addressed as to when we will address that. Are there any other matters that we need to address at this prehearing conference? Mr. Moyle.

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MR. MOYLE: FIPUG has one. In our prehearing statement that we filed we registered an objection to any FPL witnesses who would be testifying as expert witnesses, so we're assuming they're all fact witnesses at this point but just wanted to -- because FPL hasn't said they're not. So to the extent that that's the case, fine, they're fact witnesses. If they're expert witnesses, then we would like the opportunity to voir dire them if FPL takes some action to let us know that they're changing their mind as to how they view them.

COMMISSIONER BRISÉ: Okay. FPL.

MR. COX: Mr. Guyton will respond for FPL on that. Thank you.

COMMISSIONER BRISÉ: Mr. Guyton?

MR. GUYTON: With all due respect to Mr. Moyle, I think he may have waived it. There was an Order Establishing Procedure that said if you're going to move to strike any or a portion of a witness's testimony, you need to do it by the -- file the motion by the time of the prehearing conference. That would include trying to suggest that someone is an inappropriate witness and his testimony should be struck

because Mr. Moyle doesn't consider them to be an expert. 1 We filed our motion to strike consistent with 2 the Order Establishing Procedure. He should have as 3 There are several expert witnesses that FPL is 4 well. offering in this case, and no one has suggested that 5 they're not an expert. We think it would be 6 7 inappropriate at this time -- at this late date. There's no motion to strike. 8 COMMISSIONER BRISÉ: Okay. Mr. Moyle, before 9 10 I go to Mary Anne. MR. MOYLE: Let Mary Anne go first, if that's 11 12 okay. COMMISSIONER BRISÉ: Okay. Mary Anne, go 13 right ahead. 14 15 MS. HELTON: I think Mr. Moyle might be 16 talking about the process that we followed in the fuel 17 docket where I think he may have made a similar, if not 18 the same objection, and the staff counsel for the 19 01 docket specifically made sure that all of the parties 20 filed notices in the docket file specifically listing

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As Mr. Moyle knows, staff has promised at its last process workshop, which was two or three weeks ago, that we are looking at this process based on, you know,

the areas of expertise of each witness. That didn't

happen in this docket.

an evaluation of what happened in the fuel docket. Also, we are looking at what other states do trying to come up with what we think might be the best process that we can work out with all utilities that you regulate as well as all regular intervenors in the process, and we haven't fleshed all of that out yet.

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COMMISSIONER BRISÉ: So I'll just tell you what's going to happen. We're not going to have a voir dire process in this -- in this hearing moving forward, especially if we haven't had those issues -- I mean, had that identification made in advance. And as far as we know, it hasn't happened.

MR. MOYLE: Okay. Thank you. Thank you for that ruling. With respect to moving to strike, I mean, I don't know that you have to do that with an expert. I mean, an expert gets up and, as I mentioned, says he's an expert in agriculture and can't tell the difference between a pig and a cow. You know, I don't think the Commission is entitled to make a finding on such testimony. So, you know, I don't think a motion to strike drives the issue.

But, you know, for the record, we would like to conduct voir dire on anybody that is deemed an expert. FPL hasn't designated anybody an expert. In the last proceeding the designation was done shortly before

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000065 hearing. So, you know, we'll try to sort through this, 1 but we would not waive our right to conduct voir dire 2 3 and -- but we understand the ruling and respect it. COMMISSIONER BRISÉ: Okay. Thank you. 4 5 Any other matters? MS. CORBARI: Staff has none. 6 7 COMMISSIONER BRISÉ: Okay. Any of the parties with any other matters? 8 MR. COX: FPL has none. Thank you. 9 COMMISSIONER BRISÉ: Okay. FIPUG, we just 10 addressed your other matter? 11 12 MR. MOYLE: I think we're good for now. I know that you will get the order out on those other 13 14 issues. COMMISSIONER BRISÉ: Sure. 15 MR. MOYLE: We said noon on Wednesday, so I 16 17 expect we'll be getting it before that. COMMISSIONER BRISÉ: Sure. 18 MR. MARSHALL: ECOSWF has no other issues. 19 COMMISSIONER BRISÉ: All right. 20 21 MR. CAVROS: I think we're good for now. 22 Thank you, Chairman. COMMISSIONER BRISÉ: Okay. 23 24 MS. CHRISTENSEN: And OPC has no additional 25 issues.

COMMISSIONER BRISÉ: All right. Thank you very much, everyone. Thank you for your participation today. And we expect to have an uneventful hearing but one that we glean a lot of information so that we're able to make a solid decision. So with that, we are adjourned. Travel safely. (Prehearing Conference adjourned at 3:30 p.m.)

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1	STATE OF FLORIDA)
2	COUNTY OF LEON) CERTIFICATE OF REPORTER
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4	I, LINDA BOLES, CRR, RPR, Official Commission
5	Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein
6	stated.
7	IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the
8	same has been transcribed under my direct supervision; and that this transcript constitutes a true
9	transcription of my notes of said proceedings.
10	I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor
11	am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.
12	
13	DATED THIS 18th day of November, 2015.
14	
15	Linda Boles
16	LINDA BOLES, CRR, RPR FPSC Official Hearings Reporter
17	(850) 413-6734
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