

1 BEFORE THE
2 FLORIDA PUBLIC SERVICE COMMISSION

3 In the Matter of:

4 DOCKET NO. 160039-EI

5 PETITION FOR APPROVAL OF
6 REGULATORY ASSET RELATED TO
7 THE RETIREMENT OF PLANT SMITH
8 UNITS 1 AND 2, BY GULF POWER
9 COMPANY.
10 /

11 PROCEEDINGS: COMMISSION CONFERENCE AGENDA
12 ITEM NO. 4

13 COMMISSIONERS
14 PARTICIPATING: CHAIRMAN JULIE I. BROWN
15 COMMISSIONER LISA POLAK EDGAR
16 COMMISSIONER ART GRAHAM
17 COMMISSIONER RONALD A. BRISÉ
18 COMMISSIONER JIMMY PATRONIS

19 DATE: Tuesday, August 9, 2016

20 PLACE: Betty Easley Conference Center
21 Room 148
22 4075 Esplanade Way
23 Tallahassee, Florida

24 REPORTED BY: LINDA BOLES, CRR, RPR
25 Official FPSC Reporter
 (850) 413-6734

P R O C E E D I N G S

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CHAIRMAN BROWN: Circling back to Item 4 now.

Good morning.

MR. SLEMKEWICZ: Good morning. John Slemkewicz for staff.

Item No. 4 is Gulf Power Company's petition to establish a regulatory asset for the amounts related to the early retirement of Plant Smith Units 1 and 2. Gulf is also seeking to defer any recovery of these amounts until the term of its most recent rate case stipulation expires at the end of June 2017. The regulatory asset would be included in Gulf's depreciation study in Docket No. 160170-EI, which was just recently filed.

The recommendation has been revised to include the actual amount of the regulatory asset, which is approximately \$63.1 million. Staff would note that no customers commented concerning this docket.

Staff has reviewed Gulf's request and recommends that it be approved. Representatives from Gulf and the Office of Public Counsel are present to address the Commission. Staff is prepared to answer any questions that the Commissioners might have.

CHAIRMAN BROWN: Thank you. And, Gulf, would you like to reserve a moment for after Office of Public Counsel speaks?

1 **MR. STONE:** Certainly. If I may set the
2 stage, Commissioner.

3 **CHAIRMAN BROWN:** Sure.

4 **MR. STONE:** We're here in support of the staff
5 recommendation. And we have been in discussions with
6 the Office of Public Counsel, and I believe it's fair to
7 say that they agree with the result of the staff
8 recommendation. Their concern stems with the potential
9 precedent beyond the facts of our particular case.
10 Gulf's petition is before you because of the stipulation
11 we're operating under, and so we certainly have no
12 objection to a limitation in the order that restricts
13 the precedential value to the facts of the cases before
14 you.

15 One aspect of the case, I think, is worth
16 commenting on. There is a concern, I believe, about some
17 proposed language that Public Counsel has suggested be
18 included in the order, and that language is about
19 representations about our discussions in the settlement.
20 We support -- we do not oppose their language. It is, in
21 fact, accurate. But I would also point to the fact that
22 there is a matter of record that would be helpful to the
23 Commission, and that is the stipulation was an outgrowth
24 of our plan in the rate case dealing with transmission
25 assets which were designed to facilitate a decision about

1 whether we could either retire or control Smith 3 -- I'm
2 sorry, Smith 1 and 2, and comply with MATS. The
3 transmission asset, which, in fact, we were -- we
4 stipulated to as part of their settlement stipulation,
5 gave us the flexibility to continue our economic
6 evaluation in order to make a determination whether
7 retirement was the best option. And, in fact, at the
8 conclusion of that economic evaluation, that is the
9 decision we made.

10 So everything that Public Counsel has suggested
11 is correct with regard to the record of our particular
12 case, and we have no objection to including language in
13 the order that addresses their concern about its
14 potential precedential value beyond the facts that are
15 before you.

16 **CHAIRMAN BROWN:** Thank you. And before I get
17 to you, real quickly, Public Counsel, I want to make
18 sure that my fellow Commissioners have that proposed
19 language that was filed in the docket before us before
20 you begin. I just wanted to confirm that. Okay. Thank
21 you.

22 Mr. Rehwinkel, you've got the floor.

23 **MR. REHWINKEL:** Thank you, Madam Chairman and
24 Commissioners. My name is Charles Rehwinkel, Deputy
25 Public Counsel. And today is fortuitous for me to make

1 my remarks after the Chair introduced three new
2 attorneys with the Commission because I'm here to
3 introduce Stephanie Morris, who is our newest attorney.
4 Comes to us from the Florida Senate, and before that
5 from the Attorney General's Office and private practice,
6 and brings a wealth of experience. And we are happy to
7 have her. She -- this is her case, and so she is going
8 to make our presentation. And I am also here to answer
9 questions and provide any representations that may be
10 needed for the record.

11 **CHAIRMAN BROWN:** Thank you. And welcome to
12 the Commission.

13 **MS. MORRIS:** Thank you. Good morning, Madam
14 Chair and Commissioners. I'm Stephanie Morris with the
15 Office of Public Counsel appearing on behalf of the
16 customers of Gulf Power.

17 **CHAIRMAN BROWN:** Could you hold the mike a
18 little bit closer, please.

19 **MS. MORRIS:** Sure. Better?

20 **CHAIRMAN BROWN:** Better.

21 **MS. MORRIS:** Okay. OPC supports the staff's
22 recommendation and the result sought by Gulf. OPC
23 speaks to emphasize that the relief sought is unique to
24 the specific circumstances regarding Plant Smith as it
25 relates to the obligations outlined in the stipulation

1 filed November 22nd, 2013, in Gulf's last rate case.
2 The clarifying language OPC proposed is designed to
3 specify that the early retirement of Plant Smith was
4 contemplated as a possibility during the discussions
5 around the stipulation and is consistent with and
6 contemplated by the stipulation, and, accordingly, the
7 relief sought today is limited to the highly specific
8 facts of this case.

9 While we are in complete agreement with the
10 outcome of the staff's recommendation, we are asking that
11 any order that is issued incorporate the language we
12 suggested for the avoidance of any doubt as to the
13 specific nature of the appropriate relief that Gulf seeks
14 and your staff recommends. We are here to make
15 representations on the record in support of the language
16 modifications as needed.

17 In summary, OPC supports staff's
18 recommendation. Mr. Rehwinkel is available to answer any
19 questions you have, as he was directly involved in the
20 negotiation of the stipulation. Thank you.

21 **CHAIRMAN BROWN:** Thank you.

22 Mr. Stone, do you have any follow-up?

23 **MR. STONE:** No, Commissioner. No, my comments
24 have already covered the situation. I'm here to answer
25 any questions.

1 **CHAIRMAN BROWN:** Thank you.

2 Mr. Rehwinkel.

3 **MR. REHWINKEL:** Thank you, Madam Chairman.

4 The remarks by Mr. Stone are very accurate in our view.
5 The Public Counsel hired, I think for the first time in
6 our history, a transmission expert because of the
7 negotiations we were in in a case that we faced, as
8 Mr. Stone represented, about the transmission issues
9 that were in front of the company and their retirement
10 options that were before the company.

11 Plant Smith was a must-run unit and it was
12 intricately involved in whether the transmission fixes
13 that they had were the right things to do or not. We
14 reached a settlement agreement. We did have provisions
15 in there dealing with depreciation, and the retirement of
16 Plant Smith was specifically discussed and negotiated
17 during the settlement negotiations. And the retirement
18 was contemplated as a possibility, and it did come to
19 fruition a couple of years after our discussion. So we
20 are entirely in accord that the result here is
21 contemplated by the stipulation and that these costs are
22 appropriate for deferral.

23 **CHAIRMAN BROWN:** Okay. Thank you.

24 Staff.

25 **MR. SLEMKEWICZ:** Staff would note that the

1 language in staff's analysis for Issue 1 is -- as filed
2 is completely accurate. However, based on our review,
3 and recognizing that Gulf is amenable to OPC's suggested
4 language, staff does not have -- does not object to the
5 modified language being included in the order.

6 **CHAIRMAN BROWN:** Okay. Well, that's clear.
7 All right. It makes it a little bit easier for us here
8 today. So, Commissioners, any questions of the parties
9 or of staff on anything in the recommendation or the
10 additional proposed language that staff has agreed is
11 acceptable?

12 Then can I get a motion to that effect?

13 **COMMISSIONER PATRONIS:** So moved.

14 **CHAIRMAN BROWN:** Is there a second?

15 I believe, to clarify, the motion is to include
16 the additional language proposed by Office of Public
17 Counsel; is that right?

18 **COMMISSIONER PATRONIS:** Correct.

19 **CHAIRMAN BROWN:** All right. Is there a
20 second?

21 Commissioner Edgar.

22 **COMMISSIONER EDGAR:** I did have some comments,
23 but we've gone straight to the motion. That was very
24 quick. So I would second it as well.

25 **CHAIRMAN BROWN:** And at this time, you can

1 make some additional comments or questions. That will
2 be appropriate. Go ahead. No?

3 All right. Commissioners, any further comments
4 or questions? Okay. All those in favor of the motion
5 with the amended language, say aye.

6 (Vote taken.)

7 Any opposed? No?

8 The motion passes. Thank you for all the
9 parties that are involved.

10 (Agenda item concluded.)

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1 STATE OF FLORIDA)
 : CERTIFICATE OF REPORTER
2 COUNTY OF LEON)

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4 I, LINDA BOLES, CRR, RPR, Official Commission
5 Reporter, do hereby certify that the foregoing
6 proceeding was heard at the time and place herein
7 stated.

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

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

18 DATED THIS 16th day of August, 2016.

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