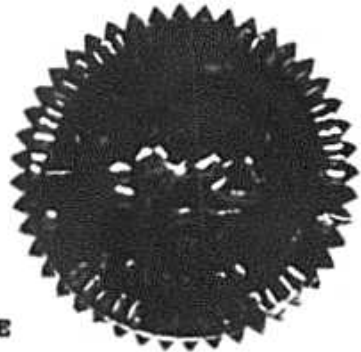


BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

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In the Matter of :  
Fuel and purchased :  
power cost recovery :  
clause and generating :  
performance incentive :  
factor. :  
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DOCKET NO. 980001-EI



PROCEEDINGS:           PREHEARING CONFERENCE  
  
BEFORE;                    COMMISSIONER SUSAN F. CLARK  
                              Prehearing Officer  
  
DATE:                      Monday, August 17, 1998  
  
TIME:                      Commenced at 1:30 p.m.  
                              Concluded at 2:35 p.m.  
  
PLACE:                     Betty Easley Conference Center  
                              Room 148  
                              4075 Esplanade Way  
                              Tallahassee, Florida  
  
REPORTED BY:             JOY KELLY, CSR, RPR  
                              Chief, Bureau of Reporting

DOCUMENT NUMBER-DATE  
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OFFICE REPORTING

1 **APPEARANCES:**

2           **KENNETH A. HOFFMAN**, Rutledge, Ecenia,  
3 Underwood Purnell and Hoffman, P. O. Box 511, 215  
4 South Monroe Street, Suite 420, Tallahassee, Florida  
5 32302-0551, appearing on behalf of **Florida Public**  
6 **Utilities Company (FPUC)**.

7           **ALEX GLENN**, Post Office Box 14042, 3201  
8 34th Street South, St. Petersburg, Florida 33733,  
9 appearing on behalf of **Florida Power Corporation**.

10           **JEFFREY A. STONE** and **RUSSELL A. BADDERS**,  
11 Beggs & Lane, 700 Blount Building, 3 West Garden  
12 Street, Post Office Box 12950, Pensacola, Florida  
13 32576-2950, appearing on behalf of **Gulf Power Company**.

14           **JAMES D. BEASLEY**, Ausley & McMullen, Post  
15 Office Box 391, Tallahassee, Florida 32302, appearing  
16 on behalf of **Tampa Electric Company (TECO)**.

17           **VICKI GORDON KAUFMAN**, McWhirter, Reeves,  
18 McGlothlin, Dvidson, Rief and Bakas, appearing on  
19 behalf of **Florida Inudstrial Power Users Group (FPIG)**.

20           **JOHN ROGER HOWE**, Deputy Public Counsel,  
21 Office of Public Counsel, 111 West Madison Street,  
22 Room 812, Tallahassee, Florida 32399-1400, appearing  
23 on behalf of the **Citizens of the State of Florida**.

24

25

1 **APPEARANCES CONTINUED:**

2                   **LESLIE J. PAUGH, Florida Public Service**  
3 **Commission, Division of Legal Services, 2540 Shumard**  
4 **Oak Boulevard, Tallahassee, Florida 32399-0870,**  
5 **appearing on behalf of the Commission Staff.**

6

7 **ALSO PRESENT:**

8                   **ROBERTA BASS, FPSC Electric & Gas**

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**P R O C E E D I N G S**

(Hearing convened at 1:30 p.m.)

**COMMISSIONER CLARK:** Is everybody ready?

Call the prehearing to order. Would you please read the notice?

**MS. PAUGH:** Pursuant to notice issued July 14, 1998, this time and place have been set for the prehearing in Docket 980001-EI, fuel and purchased power cost recovery clause and generating performance incentive facto and Docket 980007-EI, environmental cost recovery clause.

**COMMISSIONER CLARK:** We'll take appearances.

**MR. GLENN:** Alex Glenn.

**COMMISSIONER CLARK:** Alex.

**MR. GLENN:** Glenn. G-L-E-N-N.

**MR. BEASLEY:** I'm James D. Beasley with the law firm of Ausley McMullen, P. O. Box 391, Tallahassee, Florida 32302, representing Tampa Electric Comapny in both dockets.

**MR. STONE:** Jeffry A. Stone, and with me is Russell A. Badders. We're both with the law firm of Beggs & Lane, P. O. Box 12950, Pensacola, Florida, representing Gulf Power Company in both the 01 and 07.

**MR. HOFFMAN:** Kenneth A. Hoffman, of the law firm of Rutledge Encenia Underwood Purnell & Hoffman,

1 P. O. Box 551, Tallahassee, Florida 32302, appearing  
2 on behalf of Florida Public Utilities Company.

3 MR. HOWE: I'm Roger Howe with Public  
4 Counsel's Office appearing on behalf of the Citizens  
5 of the State of Florida in the 01 and 07 dockets.

6 MS. KAUFMAN: Vicki Gordon Kaufman of the  
7 McWhirter Reeves law firm, 117 South Gadsden Street,  
8 Tallahassee 32301. I'm appearing on behalf of the  
9 Florida Industrial Power Users Group.

10 MS. PAUGH: Leslie Paugh on behalf of Staff  
11 in both dockets.

12 COMMISSIONER CLARK: Ms. Paugh, are there  
13 any preliminary things we need to take up?

14 MS. PAUGH: No, there are not.

15 COMMISSIONER CLARK: Okay. Which docket  
16 would you like to start with?

17 MS. PAUGH: 01.

18 COMMISSIONER CLARK: Okay. How would you  
19 recommend we proceed? I notice there's agreement on a  
20 lot of these issues.

21 MS. PAUGH: It would probably be best to  
22 state for the record which issues have been agreed  
23 upon and take it issue-by-issue so there's no question  
24 about where we're standing with all of this.

25 COMMISSIONER CLARK: Okay.

1 MS. PAUGH: With respect to Issue 1.

2 COMMISSIONER CLARK: I should be on page --

3 MS. PAUGH: 6.

4 COMMISSIONER CLARK: Okay.

5 MS. PAUGH: Staff has reviewed the positions

6 of the parties and believe that they are reasonable

7 and can accept same.

8 With respect to Issue 2 --

9 COMMISSIONER CLARK: Leslie, so what are we

10 going to do next week?

11 MS. PAUGH: In all likelihood we will move

12 the testimony in and close down the hearing. We'll

13 see how this goes. There are a couple of small

14 outstanding issues, but in all likelihood everything

15 will be stipulated or deferred until November.

16 COMMISSIONER CLARK: On this one we will

17 show that the issues -- there's no dispute on the

18 issue?

19 MS. PAUGH: That's correct.

20 With respect to Issue 2 Staff has reviewed

21 the positions of the parties finds them reasonable and

22 therefore accepts same.

23 COMMISSIONER CLARK: Then there are no

24 disputes on Issue 2.

25 MS. PAUGH: With respect to Issue 3, I have

1 discussed that with Gulf Power Company. They've  
2 agreed with Staff's position that the remainder of the  
3 positions have been determined to be reasonable.

4 **COMMISSIONER CLARK:** Okay. So there's no  
5 dispute on Issue 3.

6 **MS. PAUGH:** With respect to Issue 4, the  
7 same is true, Gulf Power Company has stated that they  
8 will agree with Staff's position. There is,  
9 therefore, no dispute.

10 **COMMISSIONER CLARK:** Okay. Issue 5.

11 **MR. HOWE:** Excuse me, Commissioner Clark.  
12 On Issue 4, what is the agreement? I know it's like  
13 you said that Florida Power Corporation -- you've  
14 spoken with Florida Power and Tampa Electric Company,  
15 both stated that the appropriate recovery period was  
16 October through December 1998. Is that the period  
17 that we're using?

18 **MS. PAUGH:** That's correct.

19 **MR. HOWE:** Are we going to have a -- or  
20 collect or refund true-up amounts without changing a  
21 factor?

22 **MS. PAUGH:** The amounts will be reflected on  
23 the books and records of the company but the factors  
24 will remain the same for this period of time. The  
25 actual overrecoveries or underrecoveries will be had

1 during the next fuel period, which would be the first  
2 annual period in 1999.

3           **MR. HOWE:** I guess my question remains then,  
4 is it Staff's intent that the factor remain constant  
5 pursuant to the issue that's going to follow, Issue  
6 No. 5, but that the true-ups be collected or refunded  
7 without changing the factor? I don't see how this  
8 mechanism is going to work.

9           **MS. PAUGH:** There wouldn't be any  
10 collections or refunds at this time. That will happen  
11 in the 1999 docket. However, they will be reflected  
12 on the books of the companies. The factors for now  
13 will remain the same.

14           **MR. HOWE:** Then I have trouble with the way  
15 Issue 4 is worded. It says "What is the appropriate  
16 recovery period to collect or refund the fuel  
17 adjustment true-up amounts?" If I understand  
18 correctly, that no collection or true-up will happen  
19 over the next three months.

20           **MS. PAUGH:** That's correct. That's just to  
21 designate this special period of time necessitated by  
22 the transition to an annual docket.

23           **COMMISSIONER CLARK:** Well, I think what  
24 Mr. Howe is suggesting is it should say what is the  
25 appropriate period to account for the total fuel



1 adjustment true-up amounts. Because you're not  
2 suggesting that the factors be changed so you're not  
3 collecting or refunding anything.

4 MS. PAUGH: Staff could agree with the  
5 changed wording if Mr. Howe would agree with that.

6 MR. HOWE: Could I have that again, please?

7 COMMISSIONER CLARK: I can't repeat it.  
8 What is the appropriate --

9 MR. HOWE: To account for --

10 COMMISSIONER CLARK: -- period to account  
11 for the total fuel adjustment true-up amounts.

12 MR. HOWE: Does this mean when we get the  
13 pot right for the period January through December  
14 1999, it will be assumed that the true-up amounts were  
15 booked in the period October through December 1998?

16 MS. PAUGH: Yes, that's correct.

17 COMMISSIONER CLARK: Okay.

18 MS. PAUGH: With respect to Issue 5.

19 COMMISSIONER CLARK: Let me ask a question.  
20 Will you rework the issue?

21 MS. PAUGH: Yes. With respect to Issue 5,  
22 OPC had some concerns. Staff disagrees with OPC's  
23 position. Perhaps Mr. Howe would like to explicate  
24 that for the hearing officer.

25 MR. HOWE: Commissioner Clark, we have no

1 objection to the fuel factors being continued for the  
2 large utilities. However, because of the magnitude of  
3 the reduction that would occur for the  
4 Fernandina Beach division of Florida Public Utility  
5 Company, we would ask that FPUC implement their rate  
6 reductions for the next three months.

7           **COMMISSIONER CLARK:** Mr. Hoffman, the way I  
8 read what OPC says, that's a \$4.34 charge per thousand  
9 kilowatt hours, which would, I think, throw it into  
10 the category of a substantial difference. But I note  
11 whether or not you think this should be changed  
12 depends on what happens in January through December of  
13 next year.

14           **MR. HOWE:** I had asked Mr. Hoffman to check  
15 with his client. I was concerned that, for example,  
16 if it was going to be a \$4.34 reduction for 3 months  
17 to be followed by a \$4, \$5 increase in January, it  
18 might not be appropriate. But it's my understanding  
19 at this time that that is not likely to occur.

20           **MR. HOFFMAN:** Commissioner, I've talked with  
21 my client about this issue, and right now while they  
22 don't have the numbers yet for '99, I think in their  
23 words we're probably talking about another  
24 overrecovery.

25           Our position essentially is on the one hand

1 we would just as soon be rolled in with the other  
2 utilities in terms of the transition and in terms of  
3 rolling our refund into the 1999 calculations. But we  
4 don't have a strong objection to the position that  
5 Public Counsel is proposing if it's the Commission's  
6 pleasure to have us make the refunds now.

7           **COMMISSIONER CLARK:** Then let's make that  
8 something to bring up and maybe resolve at the  
9 hearing, at the beginning of the hearing.

10           **MS. PAUGH:** That will be acceptable.

11           **COMMISSIONER CLARK:** Who are the other  
12 Commissioners?

13           **MS. PAUGH:** Garcia and Jacobs.

14           **COMMISSIONER CLARK:** Okay. If you'd alert  
15 their offices to it. Do you think you'll need some  
16 time to address that at the hearing? I mean, I  
17 personally am willing to rely on your representation  
18 of what your clients say it would likely be. And I  
19 think that the Commission should probably make a  
20 decision as to whether it should go into effect.

21           I can tell you I'm inclined to think that if  
22 there is going to be an overrecovery continuing, that  
23 we might as well start refunding it now because that  
24 is a substantial amount. Okay.

25           **MR. HOFFMAN:** Commissioner, just for the

1 record, you're using the phrase "substantial amount."  
2 I also raise the issue with my client as to whether or  
3 not we're -- at this point we're beyond the 10%  
4 threshold. I understand that we are not. But if  
5 there is another overrecovery in 1999 we may well be.  
6 But, of course, that will be the process by which we  
7 will adjust the factor.

8 COMMISSIONER CLARK: That's the midcourse  
9 correction?

10 MR. HOFFMAN: Yes.

11 COMMISSIONER CLARK: Okay. Anything else on  
12 Issue 5?

13 MS. PAUGH: Not from Staff.

14 COMMISSIONER CLARK: Issue 6.

15 MS. PAUGH: With respect to FPUC on Issue 6,  
16 they have reflected figures that are correct if we had  
17 made the adjustments at this time for collection and  
18 refund.

19 Staff's figures carry through from the last  
20 fuel hearing, the same factors, and we would request  
21 FPUC to accept Staff's position. This may tie into  
22 Issue 5 so you may want to hold it out.

23 COMMISSIONER CLARK: Did you say FPUC?

24 MS. PAUGH: Yes.

25 COMMISSIONER CLARK: Oh, okay.

1           **MR. HOFFMAN:** Commissioner, I think I'm  
2 going to have to confer with my client before I'm able  
3 to do that, but will do so today or tomorrow and  
4 confer with Staff and be prepared prior to the  
5 hearing.

6           **COMMISSIONER CLARK:** So if we conclude that  
7 you should lower it, you will be prepared to give  
8 factors to us that you and the Staff have agreed upon.

9           **MS. PAUGH:** That would be the factors they  
10 are reflecting. They are correct, in other words.

11           **MR. HOFFMAN:** Commissioners, the numbers  
12 that we gave on Page 11 of the draft Prehearing Order  
13 under our position were on the assumption that we  
14 would be making these refunds as Mr. Howe has  
15 suggested.

16           **COMMISSIONER CLARK:** All right. Thank you.

17           **MS. PAUGH:** Also with respect to Issue 6,  
18 Gulf has indicated that they will agree with Staff's  
19 position. Having said that, all of the positions can  
20 be agreed to.

21           **COMMISSIONER CLARK:** All right. The  
22 positions are agreed to except as they may be modified  
23 by decision on 5 with respect to FPUC.

24           **MS. PAUGH:** That's correct. On Issue 7,  
25 again Gulf has indicated they will accept Staff's

1 position. And the remainder of the positions have  
2 been agreed to.

3 COMMISSIONER CLARK: Okay.

4 MR. HOWE: Could I get some clarification on  
5 this position also? The effective date of new fuel  
6 adjustment charges. Are we going to have new charges  
7 effective on October 1st, or are we saying that the  
8 old charges will continue on October 1st?

9 MS. PAUGH: We're going to maintain the  
10 factors from the last fuel hearing.

11 MR. HOWE: So when we're referring to the  
12 new factors, we really don't have new factors; isn't  
13 that correct?

14 MS. PAUGH: On the books of the companies we  
15 do, but we won't be engaging in the  
16 overrecovery/underrecovery. Those will be addressed  
17 at the November hearing.

18 MR. HOWE: I don't think I understand that.

19 My understanding was if we kept the old  
20 factors in place, that essentially we would really not  
21 be reaching substantive decisions on those aspects of  
22 fuel cost recovery that would be reflected in a change  
23 factor. So if there is an old factor to continue, how  
24 can we be approving a new factor?

25 MS. BASS: We're only saying new factor

1 because it's a factor that will be effective beginning  
2 October 1st. It just happens to be the same amount as  
3 the old factor that's being carried forward. If it  
4 makes it clear to you we can take out "new".

5 MR. HOWE: I would suggest that even the old  
6 ones aren't being made effective, they are being  
7 continued through December.

8 MS. BASS: I think it's six of one, half  
9 dozen of another. You have a factor which has been  
10 approved to be effective through the last billing  
11 cycle of September. So now we're saying the new  
12 factor which will be established by this proceeding  
13 will be effective for the first billing cycle in  
14 October.

15 MR. HOWE: I'm fine with that, Commissioner  
16 Clark. Just with the understanding that the new  
17 factor and old factor are the one and the same at this  
18 time, except with respect to Florida Public Utilities.

19 COMMISSIONER CLARK: Why don't we say "What  
20 should be the effective date of the fuel adjustment  
21 charge and capacity cost recovery charge established  
22 in this docket?"

23 MS. PAUGH: That's fine. We'll take out the  
24 word "new".

25 COMMISSIONER CLARK: Issue No. 8.

1           **MS. PAUGH:** Staff has reviewed the positions  
2 of the parties and can agree with the same on Issue 8.

3           **COMMISSIONER CLARK:** Is Issue 8 okay with  
4 you, Mr. Howe?

5           **MR. HOWE:** Just for clarification, are these  
6 line loss multipliers associated with what new factors  
7 would have been?

8           **MR. STONE:** Line loss multipliers would be  
9 the same regardless of whether --

10          **MR. HOWE:** That doesn't make any difference?

11          **MR. STONE:** That doesn't make any  
12 difference.

13          **MR. HOWE:** No problem.

14          **COMMISSIONER CLARK:** Issue 9.

15          **MS. PAUGH:** On Issue 9, FPUC has reflected  
16 their new rates which will determine at hearing  
17 whether we're going to implement. So with the  
18 exception of FPUC, Staff agrees with the positions of  
19 all the parties. FPUC to be determined at hearing.

20          **COMMISSIONER CLARK:** Okay. Issue 10.

21          **MS. PAUGH:** With respect to Issue 10, I  
22 believe TECO has a correction.

23          **MR. BEASLEY:** Yes. We lost a zero in our  
24 factor. It should be 1.00083, the same as Staff.

25          **MS. PAUGH:** With that correction, Staff



1 finds the position of the parties to be reasonable on  
2 Issue 10.

3 COMMISSIONER CLARK: So we'll show that as  
4 not being at issue.

5 MS. PAUGH: That is correct.

6 COMMISSIONER CLARK: Issue 11A.

7 MS. PAUGH: The same is true with respect to  
8 Issue 11A, Staff finds the positions of the parties to  
9 be reasonable.

10 COMMISSIONER CLARK: 1 Issue 11C --

11 MS. PAUGH: B.

12 COMMISSIONER CLARK: B. Yes thank you.

13 MS. PAUGH: Staff has found the position of  
14 the parties to be reasonable on Issue 11B and 11C.

15 COMMISSIONER CLARK: Thank you. 12A.

16 MS. PAUGH: With respect to Issue s 12A  
17 through 12D Staff finds the positions of the parties  
18 to be reasonable and, therefore, accepts same.

19 COMMISSIONER CLARK: Okay. Did you cover  
20 12E?

21 MS. PAUGH: Not yet.

22 COMMISSIONER CLARK: We're on 12E then,  
23 right?

24 MS. PAUGH: With respect to Issue 12E Tampa  
25 Electric Company has agreed to a change in wording of

1 Staff's position that you have before you as a  
2 separate document. With that change, I believe that  
3 that issue can be stipulated.

4 MR. BEASLEY: That's correct.

5 COMMISSIONER CLARK: So you'll change Staff  
6 positions to agree with TECO's?

7 MS. PAUGH: TECO will agree to change to  
8 Staff's position.

9 COMMISSIONER CLARK: Thank you. Issue 13.

10 MS. PAUGH: Staff's position on Issue 13 is  
11 that it should be deferred and we would request  
12 agreement or statements from the parties regarding the  
13 deferral.

14 COMMISSIONER CLARK: At least with respect  
15 to this one, I think it's just FIPUG and OPC. Is  
16 there any disagreement with referring this, and I  
17 guess subsequent issues to the November 1998 hearing?

18 MR. HOWE: There's no disagreement on my  
19 part, Commissioner Clark. I think one of the  
20 underlying issues with the GPIF is expressed in  
21 Florida Power's testimony; the issue of whether the  
22 Commission is going to be suspending the GPIF for the  
23 period of October through December, continuing the  
24 previous or setting a new one.

25 Even with a deferral I think you have the

1 question of what is going to happen with the GPIF  
2 that's currently in place. Does that need to be  
3 addressed before we can address the specific issues?

4 **MR. GLENN:** I think we would just prefer to  
5 defer and we can work that out in November.

6 **MR. BOHRMANN:** Staff would like to refer the  
7 GPIF issues to November. And by the November 1999  
8 hearing everything should be trued up for this time  
9 period

10 **MR. HOWE:** Would that include the question  
11 of whether there is a GPIF in place for the period of  
12 October through December of this year?

13 **MR. BOHRMANN:** There will be a GPIF in place  
14 for October through December of this year. Testimony  
15 in regard to that would be filed in early October.

16 **COMMISSIONER CLARK:** I think his question,  
17 though, is that issue going to go to whether a GPIF  
18 should be in place for the calendar year 1999, or does  
19 it also impact October '98 to December '98?

20 **MR. HOWE:** Yes. I thought Florida Power  
21 Corporation made good observations. There were three  
22 ways to address it. I think one they said was assume  
23 that there is no GPIF for the period October through  
24 December, or set a GPIF for the period October through  
25 December, or set a GPIF for the period October through

1 December 1999. I guess my view of deferring it until  
2 November, I just wondered in November are we going to  
3 come up with GPIF that somehow has retroactive effect  
4 until October, or are we going to operate under the  
5 assumption that the GPIF reward and penalty has been  
6 suspended for three months?

7 MR. BOHRMANN: No. The reward or penalty is  
8 not going to be suspended. The targets and ranges for  
9 GPIF are going to be filed in the first couple of days  
10 of October. There will not be any retroactive or  
11 looking backwards --

12 MR. HOWE: I guess on that point, are the  
13 companies going to file for a three-month period or --

14 MR. BOHRMANN: No. A 15-month period.

15 MR. HOWE: 15-month period. Okay. I didn't  
16 understand that that decision had been made.

17 MR. BOHRMANN: And the reason we wanted --

18 COMMISSIONER CLARK: I didn't either. Well,  
19 maybe Staff -- that's something that you're  
20 comfortable with, but I think what you're asking,  
21 Mr. Howe, is the Commission has to somehow make that  
22 decision, right?

23 MR. HOWE: That's part it. And part, too,  
24 is I just need to know what we're deferring to  
25 November. If it's to set a factor for January through

1 December of '99 I understand. But then that  
2 presupposes we've done something with the current  
3 award penalty, and I just wondered how that was to  
4 work.

5           **MR. BOHRMANN:** For the November hearing, the  
6 utilities will file testimony in early October for  
7 targets and ranges for GPIF from October '98 through  
8 December 99. And Staff will make a recommendation and  
9 the Commission will vote how it chooses to do so.

10           The reason we decided to defer until  
11 November is because the fuel factor has a component  
12 within it that is comprised of the GPIF. And we  
13 didn't want to keep the fuel factor the same, if at  
14 all possible. And that's the reason why we chose to  
15 defer it until November.

16           **MR. HOWE:** One of the problems I see  
17 potentially is that that would mean that when we go to  
18 this one-year cycle, we're going to have most things  
19 on one-year cycle except for GPIF, which is going to  
20 be on 15 month.

21           **MR. BOHRMANN:** It will be on a 15-month  
22 cycle for the first year, and then come November 1999  
23 it will go to a 12-month cycle to be consistent with  
24 the rest of the component of the fuel factor.

25           **MR. HOWE:** Could I ask how the companies'

1 have expressed an opinion on this?

2           **COMMISSIONER CLARK:** I think we need to get  
3 some clarification that everybody thinks this is what  
4 we're doing in November 1998.

5           **MR. STONE:** On behalf of Gulf Power Company,  
6 we had filed three-month targets and ranges for the  
7 period October 1998 through December 1998. We had  
8 expected to have those targets and ranges for that  
9 three-month period approved in the process that we're  
10 going through now.

11           **COMMISSIONER CLARK:** This process.

12           **MR. STONE:** We understood that our reward  
13 that we had for the period that we would normally have  
14 approved now, the actual reward or penalty, would be  
15 deferred; that collection or refund of that would be  
16 deferred until January 1999. But we have identified  
17 that number and we had no problem with deferring that  
18 issue until November.

19           I'm not sure whether we have a problem in  
20 going to the 15-month targets and ranges. I haven't  
21 really addressed that with my client. But I don't  
22 want to do anything interfering with having stipulated  
23 factors. Mr. Beasley.

24           **MR. BEASLEY:** We were under the impression,  
25 and agreed with Staff to defer until November. I

1 wasn't quite sure of the details of how it would be  
2 taken up in November. It sounds reasonable what the  
3 Staff is proposing. I haven't discussed it with my  
4 client and will do so and verify with the Staff, and  
5 that's the way we'll proceed.

6           **COMMISSIONER CLARK:** Mr. Glenn -- I can't  
7 pronounce his name -- has testified on it.

8           **MR. GLENN:** Yes. Nor can I pronounce his  
9 name either. We filed for three months, but really we  
10 will do whatever it is Staff recommends. 15 months is  
11 fine with us.

12           **COMMISSIONER CLARK:** You don't have that?

13           I think you make a good point. We need to  
14 be clear what we're deferring. And if we defer the  
15 whole thing, what are you going to be showing us? Are  
16 we going to be approving a 15-month, or are we going  
17 to be approving a 3- and then 12-month? I guess it  
18 doesn't sound like there's going to be that much  
19 conflict about it. But we have to agree to what it is  
20 we're deferring.

21           And it seems to me we could treat it the  
22 same way as the other factors. You could do three  
23 months, not change it -- I have to confess, I can't  
24 recall the intricacies of how that performance factor  
25 gets recovered -- but we might book it for the three

1 months and then collect it later as opposed to doing a  
2 15-month --

3           **MS. PAUGH:** That's essentially what we've  
4 done, is treated it the same that we did other items.  
5 I'm not quite sure why there's confusion on this one.

6           **MR. HOWE:** Well, I guess, for example, is  
7 Gulf Power going -- if we defer this, is Gulf Power  
8 going to be operating on the assumption that although  
9 the fuel factor remains the same, they have changed  
10 GPIF targets and ranges in place for three months?

11           **MR. BOHRMANN:** It was Staff's intention to  
12 defer the issue of targets and ranges until November  
13 '98. And we would have 15 months of targets and  
14 ranges that would be approved by the Commission at  
15 that time.

16           **COMMISSIONER CLARK:** The problem is I don't  
17 think that issue has been presented in that way; that  
18 everybody agrees that that's what the expectation is  
19 in November.

20           You know, I think we can move on, and you  
21 all can address this and then we'll clarify the issue  
22 as needed. Okay? I don't think we're going to reach  
23 a result here but I think --

24           **MR. STONE:** In the interest of making sure  
25 that we're as close to a stipulation as -- and



1 eliminate the need for an unnecessary hearing next  
2 week, Gulf has already proposed its three-month  
3 targets and ranges, and it was just to approve those,  
4 to have them in place. It doesn't have any monetary  
5 effect. So we don't have a problem with deferring  
6 those. And the net effect of deferring it would be  
7 that we would be submitting three-month factors and  
8 12-month factors. What I cannot resolve right now  
9 without consulting back in Pensacola, which we are  
10 trying to do as we speak, is whether or not we would  
11 be talking about a 15-month reward or penalty period  
12 or a three-month period followed by a 12-month period.  
13 If it's a three-month period followed by a 12-month  
14 period, then we would be dealing with a reward or  
15 penalty in November 1999. If it's a 15-month period,  
16 we would not deal with it again until November 2000.  
17 That's the only issue that remains, at least as far as  
18 I understand it.

19 **COMMISSIONER CLARK:** Ms. Paugh.

20 **MR. BOHRMANN:** The reward or penalty for  
21 October '97 through March '98 would be included in the  
22 factor set in November of this year. And then a year  
23 later --

24 **MR. STONE:** If you do a 15-month factor,  
25 then you will have nothing in November 1999 to set a

1 reward or penalty on because you will not have  
2 completed the period. So it will be two years later  
3 before we again address a reward or penalty in the  
4 GPIF.

5 MR. BOHRMANN: Yes.

6 MR. STONE: That was the wrinkle that I had  
7 not -- not appeared or not made clear to me until  
8 today.

9 COMMISSIONER CLARK: I think you need to get  
10 together with the Staff after this prehearing and  
11 resolve how that issue should be restated, if it's  
12 necessary, or just maybe sure the positions clearly  
13 state what it is that's going to happen in November.

14 MS. PAUGH: We'll do that.

15 COMMISSIONER CLARK: And I'll be here all  
16 week if something needs to be resolved.

17 Issue 14.

18 MS. PAUGH: Staff has recommended that this  
19 issue also be deferred until November. It dovetails  
20 with Issue 13. I suggest we take them up at the same  
21 time.

22 COMMISSIONER CLARK: Same thing for 15.

23 MS. PAUGH: For. 15A. Staff has found the  
24 positions of the parties to be reasonable and,  
25 therefore, accepts same.

1 COMMISSIONER CLARK: So Issue 15A is not at  
2 issue.

3 MS. PAUGH: That's correct.

4 COMMISSIONER CLARK: 15B.

5 MS. PAUGH: Staff has found the positions of  
6 the parties to be reasonable and accepts same.

7 COMMISSIONER CLARK: So it is not at issue.

8 MS. PAUGH: Correct.

9 COMMISSIONER CLARK: Issues 16A and B, can  
10 we do those together?

11 MS. PAUGH: Yes. Staff has found the  
12 positions of the parties to be reasonable and accepts  
13 same.

14 COMMISSIONER CLARK: Issue 17.

15 MS. PAUGH: Gulf has agreed with Staff's  
16 position in Issue 17 and, therefore, the issue can be  
17 stipulated.

18 MR. HOWE: Excuse me, is that Issue 17 or  
19 16B?

20 MS. PAUGH: 17. 16B was stipulated.

21 MR. HOWE: Okay. I'm sorry, have the  
22 numbers changed? Is 17 what is the total to be  
23 collected or refunded? I'm sorry, in reference to 17  
24 I thought you had referred to Gulf specifically.

25 MS. PAUGH: Are you on Issue 17?

1 MR. HOWE: I think I am.

2 MS. PAUGH: I did refer to Gulf in Issue 17.

3 We requested they accept our numbers and they did.

4 MR. HOWE: Okay. I see.

5 COMMISSIONER CLARK: So Issue 17 is not at  
6 issue.

7 MS. PAUGH: That's correct.

8 MR. HOWE: Excuse me. Except Issue 17 will  
9 have a similar problem as the prior fuel adjustment  
10 issue did. This is an accounting --

11 MS. PAUGH: I recognize that. Yes, we'll  
12 make that change.

13 COMMISSIONER CLARK: Issue 18.

14 MR. BEASLEY: Tampa Electric would like to  
15 change its position to read the same as the Staff's,  
16 October 1998 through December 1998.

17 MS. PAUGH: With that change, this issue can  
18 be stipulated.

19 COMMISSIONER CLARK: Okay. Issue 19.

20 MR. HOWE: Again, with Issue 18, it's an  
21 accounting issue, correct? I mean, there's no -- are  
22 we going to have any actual cost either collections or  
23 refunds?

24 MS. PAUGH: No.

25 COMMISSIONER CLARK: Issue 19.

1 MS. PAUGH: Gulf has agreed with Staff's  
2 position on Issue 19 and it, therefore, can be  
3 stipulated.

4 COMMISSIONER CLARK: Issue 20.

5 MS. PAUGH: The parties have agreed to  
6 Staff's position on Issue 20, I believe. If there's  
7 anyone who contests that, please let us hear from you.

8 MS. KAUFMAN: I don't think FIPUG would  
9 agree with Staff. We would just take no position.

10 COMMISSIONER CLARK: Issue 20B.

11 MR. GLENN: Is that 20A and 20B?

12 COMMISSIONER CLARK: So both of them are not  
13 at issue.

14 MS. PAUGH: That's correct.

15 COMMISSIONER CLARK: 21.

16 MR. BEASLEY: Tampa Electric would like to  
17 change its position on that issue to reflect the same  
18 factors as Staff has stated.

19 MS. PAUGH: That that change, this issue can  
20 be stipulated.

21 COMMISSIONER CLARK: Okay. Show it not at  
22 issue. Anything else on 001?

23 MS. PAUGH: No.

24 COMMISSIONER CLARK: Now to Docket

25 No. 980007.

1           **MR. BEASLEY:** Commissioner, one other point  
2 on the 01 docket. I'm assuming that the posthearing  
3 procedure language in the early of part of this order  
4 will not be include that's the part about posthearing  
5 statements, et cetera.

6           **MS. PAUGH:** That's correct.

7

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\* \* \* \* \*

9           **COMMISSIONER CLARK:** With respect to Florida  
10 Power Corporation, TECO and FP&L the same decision  
11 will apply; that unless a Commissioner requests your  
12 witnesses to be here, they are excused from testifying  
13 and we will just insert the testimony in the record  
14 along with the exhibits.

15           **MR. HOFFMAN:** Commissioner, what about with  
16 respect to Florida Public Utilities Company?

17           **COMMISSIONER CLARK:** It would be the same  
18 with respect to Florida Public Utilities Company in  
19 Docket 001.

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1 STATE OF FLORIDA)  
2 COUNTY OF LEON )

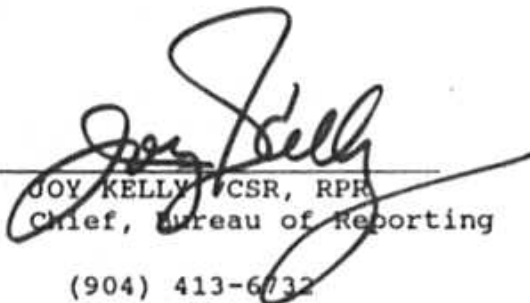
## CERTIFICATE OF REPORTER

3 I, JOY KELLY, CSR, RPR, Chief, Bureau of  
4 Reporting, Official Commission Reporter,

5 DO HEREBY CERTIFY that the Prehearing  
6 Conference in Docket No. 980001-EI was heard by the  
7 Prehearing Officer at the time and place herein  
8 stated; it is further

9 CERTIFIED that I stenographically reported  
10 the said proceedings; that the same has been  
11 transcribed by me; and that this transcript,  
12 consisting of 30 pages, constitutes a true  
13 transcription of my notes of said proceedings.

14 DATED this 18th day of August, 1998.

15   
16 JOY KELLY, CSR, RPR  
17 Chief, Bureau of Reporting

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