



Florida Public Service Commission

# SPECIAL REPORT

DECEMBER 2003 NO. 16

## Petition for a Rate Increase by Florida Public Utilities Company

On August 14, 2003, Florida Public Utilities Company (FPUC) filed a petition for a permanent rate increase with the Florida Public Service Commission (PSC or Commission). The company's last rate increase was granted by the PSC in 1994 for the Northwest (Marianna) Division and in 1989 for the Northeast (Fernandina Beach) Division. FPUC has requested that these separate divisions be consolidated into a single entity for ratemaking purposes.

In its request to the Commission, FPUC cited several reasons for requesting higher rates: increased pension costs; increased insurance costs; increased safety/security costs; increased plant maintenance expenses; increased depreciation expenses; increased storm damage reserve requirements; and increased equity costs.

The staff of the PSC has scheduled two customer service hearings in north Florida as part of its investigation. The purpose of the hearings is to provide customers an opportunity to offer comments regarding the quality of service FPUC provides and the proposed rate increase.

PSC staff is scheduled to make a recommendation to the Commission for the final revenue requirements on March 18, 2004, with a Commission vote scheduled for March 30, 2004. A Commission vote on the final rates is scheduled for April 6, 2004.

### CUSTOMER HEARING

DOCKET NO. 030438-E1

**Wednesday, December 3, 2003**

6:00 p.m. (Eastern Time)

Fernandina Beach City Commission

City Commission Chambers

204 Ash Street

Fernandina Beach, Florida

**Thursday, December 4, 2003**

6:00 p.m. (Central Time)

Jackson County Administration Building

County Commission Meeting Room

2864 Madison Street

Marianna, Florida

### STAFF CONTACTS

**For technical questions, contact:**

John Slemkewicz

(850) 413-6420

David Wheeler

(850) 413-6670

**For legal questions, contact:**

Jennifer Brubaker

(850) 413-6228

**For general questions, contact:**

Bridget Hoyle

(850) 413-6111

Or call toll-free 1-800-342-3552

(1-800-511-0809 to fax)

E-mail: [contact@psc.state.fl.us](mailto:contact@psc.state.fl.us)

Internet Home Page: [www.floridapsc.com](http://www.floridapsc.com)

## PSC COMMISSIONERS



*Chairman Jaber*

**Lila A. Jaber** was appointed to the Florida Public Service Commission by Governor Jeb Bush in February 2000 to complete a term ending January 2001. She was reappointed by Governor Jeb Bush for a term ending in January 2005. Chairman Jaber serves as Co-Vice Chair of the National Association of Regulatory Utility Commissioners' (NARUC) Committee on Telecommunications. She is also a member of the Committee on Consumer Affairs. In July 2001, she was appointed to the Federal-State Joint Board on Universal Service created to promote the availability and access to quality telecommunications services as just, reasonable and affordable rates throughout the Nation. Chairman Jaber was appointed to the NARUC Triennial Review Implementation Process Task Force in March 2003, and the NARUC Telecommunications Committee Chair's Task Force on Major Federal Communications Commission (FCC) Proceedings. Chairman Jaber has served as chair of the Federal-State Joint Conference on Advanced Services created by the FCC to promote the rapid deployment of advanced services to all Americans. She has also served as co-chair of the e-Infrastructure Subcommittee for the Information Service Technology Development Task Force (ITFlorida.com). She is a current member of the Florida Research Consortium, the affiliate of ITFlorida.com created as a partnership between Florida's universities and technology sectors to focus on high-tech research and development and collaboration between researchers and Florida's high-tech entrepreneurs. Chairman Jaber is a court-certified mediator and a member of the Florida Bar. Chairman Jaber received a bachelor of arts degree in political science and business from Stetson University in DeLand, Florida, and received a juris doctorate from the Stetson University College of Law in St. Petersburg, Florida.



*Commissioner Deason*

**J. Terry Deason** was first appointed to the Commission by the Florida Public Service Commission Nominating Council in January 1991 for a term ending in January 1995. He was subsequently reappointed by the late Governor Lawton Chiles for a term ending in January 1999. Commissioner Deason was then reappointed by Governor Jeb Bush to a term ending in January 2003, and to his current term which ends in January 2007. Commissioner Deason has served as Chairman of the Commission on two occasions, from January 1993 to January 1995, and from July 2000 to January 2001. Commissioner Deason is an active member of the National Association of Regulatory Utility Commissioners (NARUC). He currently serves on NARUC's Board of Directors, its Finance and Technology Committee, and the Federal/State Joint Conference on Accounting. Commissioner Deason also serves on the executive committee for the Nuclear Waste Strategy Coalition. Prior to his appointment, he served as Chief Regulatory Analyst in the Office of Public Counsel. In that capacity, he was responsible for the coordination of accounting and financial analysis used by the Public Counsel in cases before the Public Service Commission, presented testimony as an expert witness, and consulted with the Public Counsel on technical issues and ratemaking policies concerning regulated utilities in the State of Florida. From 1981 to 1987, Commissioner Deason served as Executive Assistant to PSC Commissioner Gerald L. Gunter, during which time he reviewed and analyzed staff recommendations and advised the Commissioner on those recommendations and other pertinent policy determinations. From 1977 to 1981, he served as a Legislative Analyst with the Office of Public Counsel. He attended the U.S. Military Academy at West Point, and in 1975 received his bachelor of science degree in accounting, summa cum laude, from Florida State University. He also received his master of accounting degree from FSU in 1989.



*Commissioner Baez*

**Braulio L. Baez** was appointed to the Florida Public Service Commission by Governor Jeb Bush on August 23, 2000, to complete a term ending January 2002. He was then reappointed by the Governor to a four year term ending January 2006. Prior to his appointment, Commissioner Baez was an attorney in Miami, Florida, with a statewide practice representing municipal and county governments in telecommunications, cable franchising and other regulatory matters. He was Executive Assistant to Commissioner Joe Garcia from 1994 to 1998. A native of South Florida, Commissioner Baez received his undergraduate degree from Florida International University in 1988, and his Juris Doctorate degree from Nova University, Shepard Broad Law Center, in 1993. Commissioner Baez serves on the National Association of Regulatory Utility Commissioners' Committees on Electricity and International Relations and is Past-President of the Southeastern Association of Regulatory Utility Commissioners. He was appointed to the North American Electric Reliability Council, and is a member of the Florida Bar and American Bar Association. He is a past Director of the Hispanic Bar Association, 2nd Judicial District.



*Commissioner Bradley*

**Rudolph (Rudy) Bradley** was appointed to the Florida Public Service Commission by Governor Jeb Bush for a four year term beginning January 8, 2002. Commissioner Bradley serves on the National Association of Regulatory Utility Commissioner's Committees on Consumer Affairs, Water, and International Relations. He is also a member of the Energy Market Access Partnership Board which is a joint project between the Department of Energy and the National Association of Regulatory Utility Commissioners. Prior to his appointment to the Commission, Commissioner Bradley served as a member of the Florida Legislature for seven years representing District 55 which includes Pinellas, Manatee and Hillsborough Counties. As a member of the Legislature, he served as the Vice Chairman of the Utilities and Telecommunications Committee and as the Chairman of the Select Committee on Energy Restructuring. Commissioner Bradley also served as the Chairman of the Business Development and International Trade Committee and Chairman of the Economic Development Council. As a legislator, Commissioner Bradley maintained a special interest in improving Florida's educational system and expanding business opportunities for all citizens. Commissioner Bradley earned his Bachelor of Science Degree from the University of Tampa and his Masters Degree from the University of Michigan. He served as an educator in Pinellas County for several years and he developed several private enterprises involving real estate and livestock.



*Commissioner Davidson*

Following the unanimous recommendation of the PSC Nominating Council, Governor Bush appointed **Charles M. Davidson** to the Florida Public Service Commission for a four-year term ending January 2007. Commissioner Davidson relocated from New York to Florida in October 2000 to serve in the Office of Governor Jeb Bush, as the Executive Director of Florida's Information Technology Taskforce. In that role, he was responsible for developing public policies to help ensure that Florida maintains progressive economic development processes and rational regulatory regimes. In 2001, Commissioner Davidson was recruited by the Florida House of Representatives to launch the State's first-ever Committee on Information Technology. He serves ex officio as a member of the board of directors of ITFlorida, a statewide not-for-profit organization that is focused on developing sound technology-related public policy. From 1993 to 1999, Commissioner Davidson was an attorney resident in the New York Office of Baker & McKenzie. In 1999, he joined the New York Office of Duane Morris with other attorneys from Baker & McKenzie to form a new international dispute resolution practice group. In his practice, Davidson was responsible for an array of regulatory, commercial, international, and technology matters in the United States and abroad. His work included multi-jurisdiction antitrust disputes, compliance proceedings before the Department of Justice and the Securities & Exchange Commission, complex commercial dispute resolution, and international technology disputes. His work also included international commercial claims against the Government of Iran and the Government of Iraq. Commissioner Davidson has handled an array of domestic and international arbitrations and mediations. While in New York, Davidson served as Special Professor of Law at Hofstra University School of Law. A Phi Beta Kappa graduate, Commissioner Davidson holds a Masters of Law in Trade Regulation from New York University. He also holds a Masters in International Business from Columbia University. Davidson received his baccalaureate and juris doctorate degrees from the University of Florida.

## Consumer Comments at PSC Hearings

The Commissioners are interested in what consumers have to say about the petition for a rate increase by Florida Public Utilities Company. The main purpose of these hearings is to receive comments from the public.

Anyone may make a statement, and speaking is an effective way to let the Commissioners know how you feel about the case under review. Those consumers who wish to speak should arrive early. The hearings will begin as scheduled and continue until all the consumers have been heard.

At the beginning of the hearings, procedures will be set up to establish an order for comments. PSC staff will have sign-up sheets, and consumers will be called in the order of those sheets. PSC staff will be available to coordinate consumer comments and assist members of the public.

Any person who wishes to comment or provide information to the PSC staff, orally or in writing, may do so at the hearings. Written comments also may be sent to: Florida Public Service Commission, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850. Letters will be placed in the correspondence file of this docket (Docket No. 030438-EI). Although a comment form is attached to this Special Report, consumers may also call the PSC's toll-free number, **1-800-342-3552**, or dial **1-800-511-0809** to fax.

Any person who is unable to attend and who wishes to obtain a copy of the recommendation or the order may do so by writing to: Director, Division of the Commission Clerk and Administrative Services, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850.

Florida Public Service Commission

BUREAU OF  
**Consumer Outreach**

2540 Shumard Oak Boulevard  
Betty Easley Conference Center, Room 184  
Tallahassee, Florida 32399-0850

The Public Service Commission's Bureau of Consumer Outreach provides a staff of information specialists who are available to answer questions from Florida consumers.

To reach a PSC consumer representative, please call the Bureau of Consumer Outreach during business hours at (850) 413-6100, or send a fax to 1-800-511-0809. See the PSC's Internet home page at [www.floridapsc.com](http://www.floridapsc.com).

**Florida Public Utilities Company**  
**1,000 kilowatt-hour Monthly Residential Electricity Bill**  
**Current vs. Requested**

Shown below is a monthly electric bill comparison for a residential customer who uses 1,000 kilowatt-hours. The comparison shows what customers currently pay, and what they would pay based on the rate increase that FPUC has requested. The bills include the purchased power and conservation cost recovery factors that are effective for the period January through December of 2003, and do not include any local taxes or franchise fees.

	<b>Marianna Division Current</b>	<b>Marianna Division Requested</b>	<b>Fernandina Beach Division Current</b>	<b>Fernandina Beach Division Requested</b>
<b>Customer Charge</b>	\$ 8.30	\$ 10.84	\$ 7.00	\$ 10.84
<b>Energy Charge</b>	\$ 12.13	\$ 17.42	\$ 12.20	\$ 17.42
<b>Purchased Power*</b>	\$ 38.46	\$ 38.46	\$ 37.45	\$ 37.45
<b>Conservation*</b>	\$ 0.79	\$ 0.79	\$ 0.49	\$ 0.49
<b>Gross Receipts Taxes</b>	\$ 1.53	\$ 1.73	\$ 0.59	\$ 1.70
<b>Total Monthly Bill</b>	<b>\$ 61.21</b>	<b>\$ 69.24</b>	<b>\$ 57.73</b>	<b>\$ 67.90</b>

*\* Purchased Power and Conservation Factors effective for the period January - December 2003.*



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Florida Public Service Commission  
Division of the Commission Clerk and Administrative Services  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

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