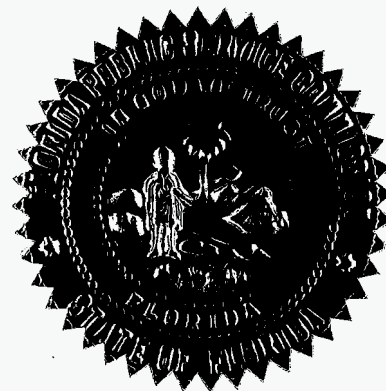


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 041272-EI

In The Matter of:

PETITION FOR APPROVAL OF STORM
COST RECOVERY CLAUSE FOR RECOVERY
OF EXTRAORDINARY EXPENDITURES
RELATED TO HURRICANES CHARLEY,
FRANCES, JEANNE, AND IVAN, BY
PROGRESS ENERGY FLORIDA, INC.



PROCEEDINGS: ST. PETERSBURG SERVICE HEARING

BEFORE: CHAIRMAN BRAULIO L. BAEZ
COMMISSIONER J. TERRY DEASON
COMMISSIONER RUDOLPH "RUDY" BRADLEY
COMMISSIONER CHARLES M. DAVIDSON
COMMISSIONER LISA POLAK EDGAR

DATE: Wednesday, March 16, 2005

TIME: Commenced at 6:00 p.m.
Concluded at 8:15 p.m.

PLACE: City Council Chambers
City Hall, 2nd Floor
175 Fifth Street North
St. Petersburg, Florida

REPORTED BY: DONNA W. EVERHART, RMR

ORIGINAL

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6 LLC.

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14 appearing on behalf of the Office of Public Counsel.

15 MICHAEL B. TWOMEY, ESQUIRE, P.O. Box 5256,
16 Tallahassee, Florida 32314, appearing on behalf of
17 Buddy Hansen, Sugarmill Woods Civic Association.

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P R O C E E D I N G S

(Hearing commenced at 6:00 p.m.)

CHAIRMAN BAEZ: I want to welcome you to the service hearing. I will officially call it to order. Ms. Brubaker, would you read the notice, please.

MS. BRUBAKER: Certainly. Pursuant to notice, this time and place has been scheduled for the purpose of taking customer testimony and conducting a service hearing in Docket 041272-EI. The purpose of the notice is set forth -- the purpose of the service hearing is set forth more fully in the notice.

CHAIRMAN BAEZ: Thank you, Ms. Brubaker. Let me take appearances now quickly.

MR. GLENN: Alex Glenn, Deputy General Counsel, Progress Energy.

CHAIRMAN BAEZ: Thank you, Mr. Glenn.

MS. CHRISTENSEN: Good evening. Patricia Christensen with the Office of Public Counsel.

CHAIRMAN BAEZ: Ms. Christensen, we'll go ahead and enter an appearance for Mr. McLean, who is in transit and will be here shortly.

MS. CHRISTENSEN: Momentarily.

CHAIRMAN BAEZ: Go ahead.

MS. BRUBAKER: Jennifer Brubaker on behalf of Florida Public Service Commission.

1 CHAIRMAN BAEZ: You forgot about it, didn't
2 you? See, it's not me now. I swore on the drive over
3 I'd get it all right. Welcome. Thank you all for
4 coming out. The weather is not agreeing with us today,
5 so it is especially -- we're especially appreciative of
6 those customers that came out and have signed up to
7 give testimony today.

8 As you well know, we are here as part of our
9 service hearing process or our hearing process in
10 consideration of a petition by Progress Energy Florida
11 for recovery of some storm-related costs. This is a
12 part of our official hearing process. Those of you
13 that are going to testify before the Commission today
14 will be sworn in, but we'll get to that a little later.

15 First I want to introduce myself. My name is
16 Braulio Baez. I'm Chairman of the Commission. My
17 colleagues are all here today. To my left, extreme
18 left is Commissioner Lisa Edgar, Commissioner Rudy
19 Bradley. To my right, Commissioner Terry Deason and
20 Commissioner Charles Davidson. Once again, thank you
21 all for coming.

22 By way of laying out the sort of program for
23 today, we're going to hear a staff presentation which
24 will go through the process that this Commission goes
25 through in terms of considering the petitions by the

1 company so that you can get a little bit better
2 understanding of all the steps along the way and how it
3 would work. And I'm sure there are certain time lines
4 or dates, target dates that are mentioned along.

5 Also we'll hear from the parties as well some
6 brief comments, and then we will take public testimony.
7 As I said, those that are going to give public
8 testimony, you should have -- if you haven't already,
9 you should have filled out a sign-up sheet. There's a
10 table outside that's staffed by employees of the Public
11 Service Commission just outside the chambers. If you
12 haven't done so already, please go outside and sign a
13 sheet. The Public Counsel will use that to call the
14 witnesses in order.

15 Also, as you were walking in, also on that
16 table you may have seen or received a blue -- a blue
17 document titled "Special Report" that summarizes the
18 case before the Commission and gives you a little bit
19 of information about it.

20 Also, you can use this Special Report, if you
21 go to the back page, there is an opportunity for those
22 of you who may not want to give sworn testimony today
23 and prefer to write it down, you can go ahead and use
24 the back page to place your written comments. You can
25 leave them with the PSC staffers just outside or you

1 can mail them to the Public Service Commission.

2 And one other way that you can access or make
3 your opinions or your views heard for our consideration
4 is also you can access us through PSC Web site, and
5 that Web site is also listed on the blue document.

6 Also the company has also informed me -- and
7 I'm hoping that's still the case -- Progress also has
8 several of its customer service representatives. I
9 don't know where -- are they outside? Are they set up
10 anywhere? They're downstairs, okay, on the first
11 floor.

12 Those of you that came and have any billing
13 issues or any service issues that you need addressed
14 immediately that may not have any relation to what
15 we're here actually talking about, the company
16 employees, representatives are downstairs, and they can
17 help you with whatever problems billing or otherwise
18 that you may have, they'll be happy to try and help you
19 as far as that.

20 And the same goes for our employees as well.
21 So you can just pull one of the PSC staff members over
22 and talk to them. I think that pretty much covers it
23 all. We can go ahead and start. Ms. Brubaker.

24 MS. BRUBAKER: You have some additional
25 appearances.

1 CHAIRMAN BAEZ: I'm sorry. I know I got
2 Mr. McLean in the record. I don't know if Mr. Twomey
3 is even --

4 MS. CHRISTENSEN: He's here.

5 CHAIRMAN BAEZ: Is he here?

6 MS. CHRISTENSEN: I saw him.

7 CHAIRMAN BAEZ: Can someone get him in here?
8 I don't want to take liberties with Mr. Twomey's
9 appearances. Mr. Twomey, go ahead and enter your
10 appearance for the record.

11 MR. TWOMEY: Mike Twomey on behalf of Bud
12 Hansen and Sugarmill Woods Civic Association, Inc.

13 CHAIRMAN BAEZ: Thank you. At this point I
14 think we can hear from Ms. Brubaker, who is going to
15 walk us through a staff presentation.

16 MS. BRUBAKER: Thank you, Chairman. As I read
17 from the notice earlier, we are here today to take
18 customer testimony in Docket 041272-EI, which is a
19 petition filed by Progress Energy Florida for approval
20 of a storm cost recovery clause. The clause is being
21 requested to recover expenditures incurred from
22 Hurricanes Charley, Frances, Jeanne and Ivan.

23 Progress has requested to recover the excess
24 storm damage cost over a two-year period. The clause
25 is also designed to recover the storm damage costs that

1 are in excess of the amount that's contained in the
2 utility's storm reserve.

3 All of the large investor-owned electric
4 utilities or IOU's have accrued an annual amount each
5 year through its base rates which goes into the
6 company's storm reserve. After the damage caused by
7 Hurricane Andrew, the Commission allowed the electric
8 companies like Progress to establish the storm reserves
9 because insurance for transmission and distribution
10 systems became unaffordable. Progress has been
11 accruing \$6 million per year into its storm reserve.

12 Progress is requesting recovery of
13 approximately \$251.9 million. And in this slide you
14 can see how the company has arrived at that amount.
15 The total damage amounted to \$366.3 million, from which
16 the company has removed 54.9 million which it
17 capitalized. The company is not requesting recovery
18 through this petition for this capitalized portion.

19 The company also removed the nonretail portion
20 of 12.6 million. It then subtracted the amount that it
21 has accrued in storm reserve over time in the amount of
22 \$46.9 million. The final amount is the amount in
23 excess of storm reserve, which is at issue in this
24 proceeding.

25 Progress included what they believe to be the

1 expected impact on the average residential customer's
2 bill based on the usage of 1,000 kilowatt hours per
3 month. The first 12 months was expected to be
4 approximately \$3.81 per month. The second year would
5 be slightly less at \$3.59 per month.

6 I'd also like to talk a little bit about the
7 Commission hearing process, and this is how the
8 Commission will process the company's petition to
9 arrive at a final decision. The process starts by the
10 company filing its petition. After the petition is
11 filed, the Commission staff begins its discovery
12 process.

13 There have been intervenors in this docket
14 including the Office of Public Counsel, the Florida
15 Industrial Power Users Group, and the Sugarmill Woods
16 Civic Association, who also conducted discovery of
17 their own.

18 Service hearings have been scheduled, and
19 they're held for the purpose to hear from customers.
20 Also a technical hearing will be held and that is
21 scheduled for March 30, 31, and April 1 in Tallahassee.
22 During the technical hearing, the company and the
23 opposing parties will present evidence through
24 witnesses as to how the issue should be decided for the
25 case.

1 The purpose of the service hearing today is to
2 hear from the customers of Progress Energy Florida.
3 The Commission is very interested in their testimony
4 concerning the company's request. The Commission is
5 also interested in their opinion as to the company's
6 efforts to recover from each hurricane and restore
7 electric service in your area.

8 The company and intervenors have their
9 opportunity to present their case through sworn
10 testimony and evidence at the technical hearing in
11 Tallahassee.

12 As Chairman Baez mentioned earlier, because
13 this is a hearing, it's much like a court proceeding.
14 You will be asked to be sworn in as a witness so that
15 your comments or testimony can be used in this
16 proceeding and any future court challenges that might
17 occur.

18 Talking a little bit more about what happens
19 at the technical hearing in Tallahassee, before the
20 hearing each party will be responsible for pre-filing
21 testimony for any witnesses they intend to present at
22 the hearing. And as I mentioned before, they will be
23 responsible for conducting their own discovery such as
24 deposition of those witnesses. They must attend the
25 technical hearing and present their witnesses, who will

1 be subject to cross-examination by all parties.

2 Once the hearing is completed, the parties are
3 responsible for filing legal briefs which are a summary
4 of the evidence as they see it and how they believe the
5 Commission based on that evidence should decide the
6 case.

7 When the hearing is concluded, Commission
8 staff puts together a recommendation for the
9 Commissioners based on the evidence that's been
10 presented at the service hearings and at the technical
11 hearing. The recommendation is filed with the Clerk of
12 the Commission and set for final agenda before the
13 Commissioners. There is no participation by parties at
14 the final agenda conference. Only staff participates
15 before the Commissioners. The final agenda for this
16 docket is currently scheduled for June 14, 2005.

17 Once the Commission makes its decision, it's
18 set forth in an order. And at that point any party who
19 wants to seek review of the order does so before the
20 Florida Supreme Court if they believe that action is
21 warranted.

22 I also want to briefly comment on some other
23 hurricane-related activities currently ongoing at the
24 Commission. The first deals with underground power
25 lines. Currently customers' existing rates are based

1 on the cost of overhead facilities. The cost of
2 converting to underground has always been borne by the
3 requesting customers to avoid subsidization.

4 Currently the Commission is conducting a study
5 of costs of IOUs converting to underground, and the
6 result of that study has been given to the Legislature
7 at the start of the March 2005 session.

8 The second area relates to tree trimming. The
9 Commission monitors tree trimming practices of IOUs,
10 and each IOU is required to file an annual distribution
11 reliability report. The areas scrutinized include
12 vegetation management, compliance with voltage
13 standards, electric outage causation, and customer
14 complaints.

15 In addition to the annual reliability review,
16 the Commission initiated a service -- a quality of
17 service audit of all IOUs in September 2004. The
18 management audit will provide a comprehensive report on
19 current utility management practices affecting
20 reliability and quality of service. Progress' review
21 is targeted for completion October 2005.

22 Finally, I'd like to mention that Progress
23 notified the Commission in January of this year that it
24 will be filing an application for a general rate
25 increase to its base rates. They intend to file this

1 application by May 1, 2005. The service hearing
2 tonight has nothing to do with that request. When that
3 petition is filed, it will be handled in a separate
4 docket as a separate filing and separate service
5 hearings will be scheduled in the future for that
6 docket.

7 Chairman Baez, that concludes my
8 presentation.

9 CHAIRMAN BAEZ: Thank you, Ms. Brubaker. And
10 we'll hear from the parties now. The company.

11 MR. GLENN: Thank you, Chairman. Again, Alex
12 Glenn for Progress Energy. I wanted to amplify one
13 thing that the Chairman mentioned earlier this evening,
14 and that is that we have six customer service
15 representatives downstairs on the first floor to
16 address any customer's specific issues that they might
17 have on a realtime basis. We have access to the
18 customer accounts that we can pull up and hopefully
19 address any issues the customers have tonight.

20 In the event that we can't address those
21 issues tonight, we're going to work promptly and try to
22 get back with the customer within 24 hours to resolve
23 the issue. And we will be filing a written response to
24 all of those inquiries.

25 With that, I would like to introduce our

1 president and chief executive officer, who will give
2 some brief opening remarks tonight, Mr. Bill
3 Habermeyer.

4 MR. HABERMEYER: Thank you, Mr. Chairman,
5 Commissioners. I am Bill Habermeyer. And thank you
6 very much for giving me the opportunity to speak with
7 you tonight. I'd also like to thank our customers and
8 public officials who are here joining us.

9 My purpose really is threefold. First of all,
10 to discuss the state of the company leading up to the
11 2004 hurricane season. Secondly, to discuss briefly
12 our response to the hurricanes that we experienced last
13 year. And finally, to discuss the filing that we've
14 made for storm cost recovery.

15 About four years ago shortly after we
16 concluded our merger with then Florida Progress, we set
17 about to put in place a program to ensure that our
18 customers were delivered superior service. We call
19 that our Commitment to Excellence.

20 The program involved the expenditure of more
21 than \$120 million above and beyond that which we would
22 normally spend on our system to build new transmission
23 lines, construct new operating centers, purchase new
24 vehicles, purchase new tools for our employees, new
25 technology, new training, all with the expectation and

1 with the purpose of ensuring that we would improve
2 reliability and customer satisfaction.

3 That program, the Commitment to Excellence,
4 concluded in December of 2004, just three short months
5 ago. The results are in. We are in the top quartile
6 in all of the areas that we endeavored to achieve. We
7 are top quartile among investor-owned utilities in
8 Florida. We improved our reliability by 20 percent.
9 We are top quartile on nationally based customer
10 satisfaction. Reliability is better. Customer
11 satisfaction is better.

12 But that certainly is not where we want to
13 stop. And, in fact, we embarked on another three-year
14 program. That program is to further improve customer
15 satisfaction and reliability in our service area.

16 One of the responsibilities that we have
17 directed from the Public Service Commission is our
18 ability to respond to storms. We take this
19 responsibility very seriously. Because although we
20 certainly don't look forward to storms, it is something
21 that we have to deal with in Florida. **And being the**
22 lightning capital of the world and being in an area
23 which is very, very subject to hurricanes, we feel that
24 this is an obligation that we must deliver on.

25 We have somewhat the dubious honor as a

1 company of being in an area which is highly subject to
2 hurricanes. And as a consequence of that, we and our
3 sister utility in the Carolinas have experienced
4 numerous hurricanes over the last eight years.

5 In five of those eight years, we have been
6 awarded the top award for hurricane response by our
7 peers and the Edison Electric Institute. This is
8 something no other utility can claim. We train for our
9 hurricane response, we prepare for it, and we feel that
10 while we don't wish to have this circumstance, it is
11 something that we certainly are ready for.

12 Our storm preparation typically takes place
13 far, far in advance of the storm because it involves
14 our training of our employees. Each of our employees
15 has two jobs. One job is the job that most of us are
16 familiar with, the job that requires a traditional use
17 of our skill sets. The other job is our storm
18 response.

19 And in our storm response, while some skill
20 sets are used consistent with practice in normal
21 everyday life, such as our linemen, they are practiced
22 under much different conditions. Our linemen are
23 encountering severe weather. They're encountering
24 storm debris. They're encountering situations which
25 are not at all normal.

1 So the rest of us, our skill sets are often
2 very different. We have attorneys who are leading line
3 crews. We have administrative assistants who are
4 assisting with feeding our crews. We have presidents
5 who are handling laundry on occasion. So the storm
6 skills, while not practiced in truth on a regular
7 basis, are, in fact, very, very highly honed skills
8 that we depend on in these kind of circumstances.

9 We work very closely with our Emergency
10 Operating Centers both at the state level as well as
11 county level because there we feel that we can practice
12 in advance very effectively to prepare for the storms.

13 When we see a storm on the horizon, generally
14 72 hours before we would expect to see tropical storm
15 force winds, we begin our plan. And that involves
16 identifying resources, identifying places to billet
17 those resources, identifying food supplies, identifying
18 gasoline, bringing all of the resources into play that
19 we know will be needed during a storm.

20 48 hours before the storm, we really begin
21 full mobilization; that is, moving resources to the
22 areas that we feel we need to stage in such that upon
23 immediate passage of the storm we can immediately move
24 our resources into the areas affected. 24 hours, we
25 resume our mobilization plan. And then finally, of

1 course, as the storm passes, we begin to restore.

2 Our restoration typically involves three
3 things. First of all, we go out and we assess the
4 damage. We find that it is virtually impossible to
5 accurately and efficiently use resources until you
6 correctly identify and assess the nature of the damage.

7 We work our damage in priority order initially
8 starting with those services that are necessary for
9 health, safety, and also for revitalizing the
10 community. We work in priority order oftentimes in
11 very, very close coordination with the priorities of
12 the EOC. And, in fact, we take a very strong lead from
13 the EOC in terms of our restoration efforts.

14 And finally, we communicate. We recognize
15 that during storms communication is essential and often
16 difficult because in many cases our customers don't
17 have TVs or radios, so we communicate via EOC. We
18 communicate via newspaper. We communicate sometimes in
19 hard copies that we distribute through EOC. But we do
20 use television and radio as well because today we find
21 that many customers are using battery powered
22 televisions, battery powered radios to get information.

23 We find this is essential particularly to give
24 our customers an estimated time of restoration; that
25 is, to give them something upon which to plan. It is

1 frustrating not to know when storm damage will be
2 repaired and your power is expected to be back on. It
3 is better to know that it may be two days or three days
4 out. And, in fact, this communication is very, very
5 essential.

6 The hurricane season was truly monumental.
7 Not since 1886 has any state experienced four
8 hurricanes, and that was Texas in 1886 shortly after it
9 became a state, and you can imagine the population
10 density in Texas at that time was nothing like Florida
11 today.

12 We found that not only did we have to restore
13 power to 5 million people in 35 counties that we serve,
14 we mobilized 25,000 people in support of Progress
15 Energy restoration. We had over 2,700 miles of our
16 transmission line down. Over 270 transmission
17 substations very, very badly damaged. This was truly a
18 very, very monumental and historic storm that this
19 state and really no other has experienced in modern
20 times.

21 Through these storms we did refine our
22 processes and, in fact, we found we learned in every
23 storm. We would like to say that we would like to have
24 had a little more time to assimilate the learning
25 process, but we didn't. We were simply being put upon

1 storm after storm.

2 Here in Pinellas County, we found that both
3 Frances and Jeanne were of particular consequence to
4 these areas. Pinellas County, Pasco County, which is
5 our Suncoast area, were hard hit by both of those
6 storms. We're thankful that Ivan and Charley, both of
7 which were predicted to come here, did not. But Jeanne
8 and Frances did.

9 Frances in particular because it was such a
10 slow-moving storm lumbering across the state continuing
11 to buffet the state, requiring us not only to restore
12 power once but oftentimes twice or three times in the
13 same storm. We found, though, that we were able to
14 give estimated times of restoration to our customers
15 and we were either on or we were able to exceed; that
16 is, to better those estimated times of restoration 99.5
17 percent of the estimated times of restoration that we
18 gave.

19 Additionally, we were able to restore all of
20 Pinellas County schools within two days. And this is
21 critical. Because not only are we trying to get the
22 economy back on its feet again but we must have the
23 schools open to get children back in school to enable
24 parents who have children and both parents work to get
25 back to work and get life back to normal. So we put a

1 high emphasis on school restoration as well.

2 I would be remiss if I didn't mention that we
3 have great support from Mayor Baker, the city council
4 here in St. Petersburg as well as Pinellas County
5 Commission, great support throughout, and we certainly
6 appreciate that.

7 Four hurricanes in six weeks. We handled
8 those hurricanes quickly, efficiently, and effectively.
9 Today, however, you may hear that the storms, while
10 they may have been handled well, the cost should be
11 borne by our shareholders as opposed to our customers.

12 I will say that we do have a very established
13 process. After Hurricane Andrew a process was
14 established that enabled us to establish a storm
15 reserve. It enabled us to not only put money into that
16 reserve but to petition the Public Service Commission
17 for restoration from dollars that we would use over and
18 above those dollars that we had not reserved. As was
19 pointed out earlier, we utilized a lot of dollars, more
20 than \$366 million, of which 252 million is what we have
21 petitioned to be restored through storm recovery
22 hearings.

23 This process is one that has worked since 1993. It has
24 worked through Hurricane Floyd. It has worked through
25 Hurricane Erin and Tropical Storm Gabrielle. We feel

1 that the process is sound. And if there is a desire to
2 change the process, we would be happy to discuss it,
3 but we feel that it should be discussed on the basis of
4 a new process as opposed to changing the rules in
5 midstream.

6 In closing, this is the calendar. Four
7 hurricanes, six weeks. Impact was substantial not just
8 here in Pinellas County but really throughout the
9 state. Our system was prepared. We ensured that
10 through our Commitment to Excellence. Our people did
11 respond, working often 16 to 18 hours a day. And I'm
12 very, very proud of them for their expert professional
13 response as well as for what they did oftentimes
14 ignoring their own families.

15 And finally, I think the finding we made is
16 consistent with all past practice and past processes.
17 And I certainly look forward to hearing from our
18 customers today and would say that we always take any
19 constructive criticism to heart because we do want to
20 get better. That's the only way that we hope to
21 continue to improve, and that is our objective.

22 I thank you all very much. Mr. Chairman, that
23 concludes my statement.

24 CHAIRMAN BAEZ: Thank you, Mr. Habermeyer. We
25 really do appreciate you coming and talking to us

1 today. Ms. Christensen. Let us take a moment to
2 adjust to the lights on. All right. Go ahead.

3 MS. CHRISTENSEN: Good evening. My name is
4 Pat Christensen. I'm with the Office of Public
5 Counsel. The Office of Public Counsel has been created
6 by the Florida Legislature to argue before the Public
7 Service Commission against rate increases. We
8 represent the citizens of the state of Florida in this
9 matter.

10 As you heard, Progress is asking the
11 Commission to allow it to collect \$252 million from the
12 customers for costs Progress says are associated with
13 the hurricanes. As citizens representatives, we are
14 actively looking at those costs and looking at the
15 costs Progress is asking to collect from the customers.

16 We don't believe that all of the costs
17 Progress wants to collect through an additional charge
18 on the customers' bills should be allowed. We have two
19 major issues with these costs.

20 First, it is our position that the customer
21 should only have to pay once for a service or activity
22 that Progress performs. We believe that the evidence
23 will show that some of the costs Progress asks to
24 collect through an additional storm charge have already
25 been paid for by customers through base rates.

1 An example of this is Progress employees
2 regular salaries. This is an example of double dipping
3 because Progress employees who worked on the
4 storm-related repairs would have been on the job for a
5 portion of that time anyway their normal workday even
6 without the storms. So the cost of Progress employees'
7 regular salaries already built into base rates should
8 not be charged to the customers again through an
9 additional storm charge. This example and others of
10 double dipping should not be allowed.

11 Second, we believe that the cost of the
12 hurricanes should be shared fairly between the company
13 and its customers. We disagree with Progress' position
14 in this case which would pass on almost 100 percent of
15 the cost associated with the 2004 hurricanes to
16 customers. We believe that Progress should contribute
17 a portion of its earnings, its profits to pay for the
18 cost of the storms.

19 There are several reasons for this. One,
20 Progress signed a settlement in its last rate
21 proceeding in 2002 that said it would not ask for an
22 increase in its base rates unless its return on its
23 investment first fell to 10 percent. Even with the
24 2004 hurricanes, Progress earned well above 10 percent
25 return on its investment in 2004. Because of this

1 settlement, Progress should use its earnings above the
2 10 percent return on investment towards the storm cost.

3 Second, even without the settlement, customers
4 should not have to bear close to 100 percent of costs
5 for the 2004 hurricanes. Progress is paid in base
6 rates for the risk of doing business in Florida. This
7 risk includes the risk of hurricanes.

8 So we believe that customers should not have
9 to insure the company against all hurricane losses. It
10 is only fair and reasonable that the company should use
11 its earnings above the 10 percent return on its
12 investment towards storm cost.

13 If the Commission agrees with all the citizens
14 positions, this will result in a reduction of storm
15 recovery request from 252 million to 123 million
16 retail, a reduction of 128 million. Thank you.

17 CHAIRMAN BAEZ: Thank you, Ms. Christensen.
18 Mr. Twomey, do you have comments?

19 MR. TWOMEY: Yes, Mr. Chairman. Thank you.
20 Mr. Chairman, may I ask just briefly if the customers
21 would identify themselves? There's a lot of company
22 people here and public officials. Thank you.

23 Mr. Chairman, ladies and gentlemen, my name is
24 Mike Twomey. I'm an attorney in Tallahassee. I'm
25 representing Buddy Hansen individually and his civic

1 association, the Sugarmill Woods Civic Association,
2 Inc., which is located in Citrus County and the bulk of
3 the customers or the residents there are served by
4 Progress Energy.

5 I'm not here, Mr. Chairman, Commissioners, to
6 discuss the -- or criticize the efforts of the company
7 or the timeliness of them repairing their system during
8 these many hurricanes suffered in 2004, but rather to
9 talk about who pays for the cost of those repairs to
10 the utility's system. And I want to highlight that,
11 remind everybody that the repairs were to the utility's
12 shareholders' system business, not repairs to the
13 customers' systems. They don't have any interest in
14 the system except, of course, being served by it.

15 As suggested by Public Counsel, Commissioners,
16 we think what you should see in technical hearings is
17 first an examination of the expenses requested by the
18 company to ferret out those expenses that would be
19 double counting. Things that -- costs that would be
20 paid for by customers rates, base rates throughout the
21 year that would typically be annual maintenance and
22 they shouldn't be recovered twice.

23 I understand as an example of an expense that
24 Public Counsel and all of us on the consumer side
25 thinks should come out, and just an example, one is

1 that the president's office, Admiral Habermeyer's
2 office, apparently has requested \$20,000 of their time
3 for activities spent during storm recovery.

4 I think we collectively believe that the
5 president is there, is paid an annual salary. There
6 shouldn't be additional monies sought from the
7 customers during a time of need when everyone else is
8 suffering financial hardships.

9 So you should get the pot right in terms of
10 eliminating unnecessary, imprudent, unreasonable
11 expenses. Once you get that pot of money right and
12 find that those expenses were legitimately placed
13 toward hurricane restoration, then what we'd ask you to
14 do is figure out which part, if any, should be borne by
15 the customers and which part should be borne by the
16 company for fixing its own facilities.

17 I would disagree with the Admiral when he says
18 that there's a suggestion on our part of changing the
19 rules. Your precedent has been since 1993, as best I
20 understand it from your orders, is that you've allowed
21 companies over the years when they've suffered a
22 reduction or complete exhaustion of their hurricane
23 storm reserves, to have an increased accrual as their
24 profits would allow it. As their profits would allow
25 it.

1 I'm not aware of a single instance in which
2 this Commission has gone back and surcharged customers
3 for expenses already made, for example, in this case in
4 the year 2004. No example of that. You have no orders
5 saying that a company can be made whole completely in a
6 cost-plus manner.

7 As you know, regulated utilities are not
8 cost-plus. You set rates in a rate case or you approve
9 settlements by which the rates are established to give
10 this company an opportunity to recover its reasonable
11 and prudent expenses as well as make the opportunity
12 for a fair return on its profits. You don't say after
13 storms you can come in and tally up the expenses to
14 restore your system and we'll give you all that so your
15 profit will be maintained exactly the same way.

16 And as the Admiral said, that's exactly what
17 they're asking you to do is this company doesn't want
18 to spend a dollar of its own shareholders' money on
19 fixing its facilities, its business, which it had to do
20 anyway. In addition to serving its customers, they're
21 in the business of selling electricity. They have to
22 repair the system before they can.

23 Now, this is not a poor company. Let me read
24 just briefly from a news release I took from their Web
25 site this morning, Progress Energy. It's dated March

1 3, 2005. And it says, "Progress Energy today reported
2 ongoing earnings of \$741 million or \$3.06 per share in
3 2004 compared with earnings of 844 or 3.53 per share
4 for 2003."

5 It goes on in a quoted statement, "Our core
6 business has had a strong year. Operational
7 excellence, revenue growth and cost management
8 initiatives ensured our core businesses all performed
9 well despite enduring four hurricanes that struck our
10 service territory."

11 So the company has got the money. And unlike
12 Gulf Power up in the Panhandle, who entered into a
13 stipulation agreement with the Public Counsel and the
14 FIPUG organization which you-all approved within the
15 last several weeks, Gulf Power agreed to share, have
16 their shareholders bear part of the cost of repairing
17 their system.

18 Progress Energy for whatever reason, doesn't
19 want to do that. And that's -- that's wrong,
20 Commissioners. And we say that they should be allowed
21 to still earn a fair profit in this process, which is
22 the 10 percent Ms. Christensen spoke to, but this
23 company should be required, its shareholders should be
24 required to pay for the recovery of its system at least
25 to the point that they're still allowed to make

1 10 percent. I appreciate your time.

2 CHAIRMAN BAEZ: Thank you, Mr. Twomey. At
3 this point I would like those customers that are here
4 and have signed up to give testimony to please stand
5 up. We're going to swear you all in at once.

6 (Witnesses collectively sworn.)

7 CHAIRMAN BAEZ: Thank you. When you do come
8 up and give testimony, if you'd kindly give your name
9 and address for the record and speak into the
10 microphone so the court reporter can take us down
11 correctly. Ms. Christensen. Oh, before -- before,
12 Ms. Christensen, I pass it over, I do have two city and
13 county officials here that I want to recognize, and I
14 know they wanted to make comments. First, Pinellas
15 County Commissioner Ronnie Duncan. Mr. Duncan. Did
16 you have comments, sir?

17 WITNESS DUNCAN: Yes, please.

18 CHAIRMAN BAEZ: Okay. Come on.

19 COMMISSIONER RONNIE DUNCAN
20 was called as a witness on behalf of the Citizens of
21 the State of Florida and, having been duly sworn,
22 testified as follows:

23 WITNESS DUNCAN: Thank you. My name is Ronnie
24 Duncan. I'm a County Commissioner here in Pinellas
25 County. I reside at 287 Cypress Trace, Tarpon Springs,

1 Florida. And on behalf of the Pinellas County
2 Commission, let me welcome you, Chairman and
3 Commissioners and staff, to Pinellas County. It
4 usually doesn't rain here. And I will tell you my tie
5 was all red before I came in here, but the colors have
6 obviously run by being in the rain.

7 Nevertheless, I want to welcome you here and
8 thank you for coming because I'm speaking to you
9 tonight not as someone in the utility business but
10 someone in public service whose responsibility lies for
11 and is focused on the some 1 million people that call
12 Pinellas County their home, the men, women, children,
13 parents, grandparents, and workers and employers that
14 all call Pinellas County their home and, quite frankly,
15 make their living here. And I'm also here as a
16 taxpayer and a concerned citizen.

17 You know, as I look back over the hurricane
18 season, quite frankly, as it's been reported today and
19 I think you all know this, it was somewhat of a unique
20 year. And having said that, my responsibility as
21 elected official is to ensure that our citizens, the
22 people here not just in the unincorporated county but
23 the 24 municipalities, that we work together so that
24 when we have a storm, one or more which was the case
25 this past session -- this past season, that we indeed

1 do provide them with the resources and get them not
2 only back to work and to play and get their lives back
3 to normal but to also work with them on a day-to-day
4 basis after that to ensure that they have comfort and
5 they feel secure about the next season, if you will, of
6 hurricanes that will be upon us here very shortly. So
7 it's in that respect that I speak with you tonight.

8 I look back at the hurricane season -- in
9 fact, you're going to hear tonight from Mr. Gary
10 Vickers, who is the director of our Emergency
11 Management System here in Pinellas County. I watched
12 this. I saw it. I happened to be also on the campaign
13 trail during the storms and shortly thereafter, and I
14 was out walking neighborhoods.

15 I saw the men and women, professionals from
16 Progress Energy who were out there working those 18-
17 and 20-hour days. I saw them out there not only
18 putting poles back in the ground and running lines and
19 making risk assessments but also working with the
20 customers, communicating with the customers, trying to
21 allay some fears of what has just passed and what might
22 be before them as they went forward.

23 And as I saw that, I recognized that there
24 were really three perspectives from which I was
25 looking. One was as a customer myself concerned for my

1 own family, its welfare, its safety and the safety and
2 security of our home. I saw the people in our
3 community not doing it for any reason of thanks or
4 appreciation or even, frankly, the men and women of
5 Progress Energy not walking the streets trying to get
6 power back on just because it was their job but that,
7 in fact, they were there beyond that.

8 They came to my house. They came to my
9 street. And they walked up and down and they assessed
10 the situation. They came and offered their services
11 frankly -- probably I shouldn't say this -- but to some
12 degree even beyond the scope of their initial work
13 because they wanted to make us feel comfortable that we
14 were safe and that we would have power very shortly.
15 And, in fact, that was what did occur.

16 I also looked at it from the commercial
17 standpoint, the employers, the people that run this
18 economic engine of our community here. You know, they
19 were -- they were displaced, many of them. And, in
20 fact, business was shut down for many days not so much
21 because of a lack of power but in some cases in our
22 community and our cities and our unincorporated county
23 they were shut down because roads were still impassible
24 and the like. They weren't able to do business. They
25 weren't able to get their employees in safely.

1 It was important that we were working together
2 as a community with this utility, with these people,
3 these team of professionals, to ensure that they too
4 were able to open their doors in a timely fashion but
5 in a secure manner and one that, quite frankly, they
6 had some certainty as much as could possibly be had at
7 that time that indeed they were going to be able to
8 open their doors and have their customers back and
9 their employees there.

10 But I also looked at it as a government. It
11 was important for us that just as quickly as the storm
12 passed, that our people, our transportation people, our
13 health and social services folks that take care of the
14 homeless in our community, that deal with the medical
15 needs of our community, that they were back on the
16 streets as well. Quite frankly, my friends, they could
17 not do their job without having power and having
18 getting restored as quickly as possible.

19 So this government was very much concerned.
20 And we were working closely, I think you'll hear from
21 our director of emergency management tonight, we were
22 working very closely with Progress Energy as a team as
23 partners trying to move this community back to some
24 sense of normalcy between the two that did hit us here.

25 Communication was terribly important. And I

1 will tell you as someone that prides himself, as I
2 think many of us in this room do, that we live in a
3 region not just a very isolated peninsula here in
4 Pinellas County. We are indeed a peninsula amongst the
5 peninsula.

6 I looked across the Bay and I saw some of our
7 sister counties and how they handled and worked with
8 their local utilities and other storm management
9 groups. I will tell you here in this county I think --
10 and I perhaps am biased -- but I think we did a much
11 better job of communicating with the citizens of this
12 county as it related to not only restoration of
13 utilities but restoration of life. And I think
14 communication was second to none in this region.

15 But now I look to the future. Again, not
16 being in the utility business but being in public
17 service, I look to the future, and I know it's terribly
18 important that our people here in this community feel
19 like that there is a plan out there, they feel like
20 that there are people that do care and care beyond just
21 the jobs that they fill and for which they're paid.

22 They are concerned about the upcoming
23 hurricane season, and unfortunately there's not a whole
24 lot of time between the last and the next. But I think
25 we're better prepared today. I know this county is

1 better prepared. And we're working with our 24
2 municipalities and very closely with the city of
3 St. Petersburg, I might add, to ensure that as we go
4 through this. And God forbid we should have another
5 hurricane, but indeed we have to be prepared for it and
6 we have to try to mitigate the risks and be responsive
7 in the recovery as much as possible.

8 So I'm here tonight to tell you that on behalf
9 of this county, we are deeply appreciative of what
10 Progress Energy has done in the past, the plans they
11 put into place and the extra mile, if you will, that
12 they went to the citizens of Pinellas County. Because
13 it's not just to the homeowners. It's not just to the
14 people that reside here.

15 Frankly, we have people that are on the
16 streets and people that need all sorts of social
17 services. And they were the ones that could have
18 fallen through the cracks more than anybody. But they
19 didn't. They didn't because we all worked together.

20 So I appreciate your being here in Pinellas
21 County both tonight and I know you have a hearing
22 tomorrow in Clearwater. Certainly I would tell you
23 that the rain will be gone tomorrow, but that would
24 be -- call me a -- well, you'd call me a politician,
25 perhaps, for making that comment.

1 So I won't make that comment or commitment,
2 but what I will say to you is while you're here I think
3 you'll hear from a broad base of citizens, and I hope
4 you get the testimony that you want to hear, honest,
5 diverse, and the complete story because I think it's
6 terribly important for the future of our community.
7 Thank you very much. Be happy to entertain any
8 questions.

9 CHAIRMAN BAEZ: Thank you, Commissioner.
10 Commissioners, any questions? Thank you so much for
11 your comments. We appreciate you coming.

12 WITNESS DUNCAN: Thank you.

13 CHAIRMAN BAEZ: Next -- and although
14 Commissioner Duncan was kind enough to welcome us to
15 the community, I think what we have now is a true host
16 or hostess, Council Member Littrell. Thank you for
17 letting us use your building today. I always marvel at
18 the beauty of the chambers. And we really appreciate
19 you having us.

20 VIRGINIA LITTRELL
21 was called as a witness on behalf of the Citizens of
22 the State of Florida and, having been duly sworn,
23 testified as follows:

24 WITNESS LITTRELL: Thank you. And we're very
25 appreciative of having you here amongst us. And we

1 love this council chamber as well. This is a landmark
2 historic building in the city of St. Petersburg, and
3 we're very, very proud of it. It's a pleasure to come
4 to work in this council chamber. So we hope that and
5 you're very comfortable here, as comfortable as we are,
6 and we welcome you.

7 My name is Virginia Littrell. I'm a member of
8 the City Council of St. Petersburg. I represent
9 primarily the downtown area, Baywalk, The Pier, Museum
10 of Fine Arts area, up into the northern section up into
11 Allendale and on up into Haines Road.

12 The city of St. Petersburg is 250,000
13 residents strong. We're the fourth largest city in the
14 state of Florida. In my council district I represent
15 approximately 30,000 individuals. And as you all know,
16 politics is really local.

17 I have looked around this room tonight and I
18 will tell you that there are probably a dozen and a
19 half people that I have interacted with on individual
20 issues. They feel free to call their council members.
21 They feel free to talk to us about a lot of things. So
22 I do get concerns about utilities and about things that
23 happen in St. Petersburg.

24 And I will tell you at the time of the
25 hurricanes last year, I received one complaint about

1 Progress Energy. One. And that's it. From 30,000
2 people. I will tell you that I sent that complaint on
3 to Mr. Habermeyer directly. And Mr. Habermeyer himself
4 responded to my constituent. And I think that's a real
5 caring position to take.

6 I am very pleased with what has gone on with
7 Progress Energy in the City of St. Petersburg, their
8 response time, their professionalism. I think it can't
9 be beat. We were very pleased when we watched all of
10 the reports coming back from all over the state about
11 the rate with which electricity was coming back on line
12 to find out that Progress Energy's rate was the highest
13 in the state. And we were very pleased with that.

14 It struck terror in my heart to see that
15 calendar that was put up there. You may recall that
16 Hurricane Charley, the first of the hurricanes, was
17 headed directly at St. Petersburg. You also may
18 recognize that we are a peninsula. We would have been
19 an island. Getting that response time out of Progress
20 Energy in particular is hugely important to us.

21 Because of emergencies, because of all of the
22 service providers in the City of St. Petersburg and in
23 Pinellas County as well, this is very, very important
24 to us. So we monitored it methodically. And I will
25 tell you that we were very, very pleased with what we

1 saw from Progress Energy.

2 You in your wisdom will decide about a rate
3 hike. I am here tonight to tell you that my
4 relationship with Progress Energy is very excellent. I
5 believe the entire city's relationship with Progress
6 Energy is very excellent. And I'm very pleased to have
7 them in St. Petersburg as a taxpayer and citizen who
8 lives here.

9 I'm also pleased to have them here because I
10 know that if we are faced with another hurricane
11 season, even if it's only one hurricane this year
12 instead of all of the hurricanes we had last year, that
13 I know that my residence will come back on line very
14 quickly, if, in fact, it goes out. I know that my
15 family will be well-served by Progress Energy.

16 So I'm glad to be here tonight to put my two
17 cents in the pot as far as relationship with Progress
18 Energy and how I believe that this community views
19 Progress Energy. And I thank you for your time.

20 CHAIRMAN BAEZ: Thank you, Councilwoman
21 Littrell. Are there any questions of the Councilwoman?

22 WITNESS LITTRELL: Thank you.

23 CHAIRMAN BAEZ: Once again, thank you for
24 having us.

25 WITNESS LITTRELL: You're welcome.

1 CHAIRMAN BAEZ: We appreciate your comments.

2 WITNESS LITTRELL: You are welcome to come
3 back any time you like.

4 CHAIRMAN BAEZ: Well, let's hope under better
5 circumstances. Ms. Christensen.

6 MS. CHRISTENSEN: Chris Hoekzema.

7 CHRIS HOEKZEMA

8 was called as a witness on behalf of the Citizens of
9 the State of Florida and, having been duly sworn,
10 testified as follows:

11 WITNESS HOEKZEMA: My name is Chris Hoekzema.
12 I live at 521 47th Avenue North in St. Petersburg. And
13 this is not an issue really about how good or great
14 company Progress is. I have no complaints about their
15 service. This really deals specifically with what
16 they're asking for. And I do know that parts of
17 Florida are still recovering, but I do believe it to be
18 unreasonable for Progress to require its customer to
19 reimburse them for the storm costs.

20 I'd like to cite a couple of articles from the
21 St. Petersburg Times on the subject. First December
22 31, 2004, in an article titled "Progress Can Fix Its
23 Own Problem," is a statement that is most concerning to
24 me. "Most Wall Street observers expect the utility to
25 recover most of the storm costs. The Florida Public

1 Service Commission has a reputation of working with
2 utilities."

3 The only way I can interpret this is that this
4 hearing may be a waste of time because the conclusion
5 is already foregone. I really hope that's not the
6 case.

7 On December (sic) 4, 2005, in an article
8 titled "Consultant Queries Progress Surcharges."
9 Opening line, "Progress is cheating its customers by
10 including ordinary operating expenses in its hurricane
11 cost. Including such expenses would be tantamount to
12 double dipping." This is a quote by Ms. Brown, Utility
13 Advisors Network of Orlando.

14 "Full recovery of the storm cost would
15 effectively transfer all risk associated with storm
16 damage directly to the ratepayer. The Commission has
17 never required ratepayers to indemnify utilities from
18 storm damage." This is quoted from Mr. Rothschild, a
19 utility regulatory consultant.

20 "It is simply unfair to conclude that the
21 customers should bear even greater expense solely so
22 Progress and its shareholder are completely insulated
23 and suffer no financial loss. Aside from being
24 blatantly unfair, such an outcome appears to be clearly
25 inconsistent with the Commission's precedents on the

1 subject." This is stated by Mr. Stewart, former Public
2 Counsel staff member.

3 The only thing I can conclude from these is,
4 No. 1, it's possible that not all the costs are related
5 to hurricane recovery. Also, Progress would then
6 assume no risk. And the Commission has previously
7 ruled against such requests.

8 And on November 30, 2004, in an article titled
9 "Progress Determined in its Rate Increase," it says,
10 "Progress is mounting a spirited defense of its plans
11 to pass \$252 million in hurricane recovery costs to its
12 customers. Progress -- Progress states because the
13 damage was unforeseeable, they are fully eligible to be
14 passed on to customers. Insurance didn't cover any of
15 the estimated storm cost because Progress couldn't get
16 adequate cost effective insurance."

17 The only thing I can conclude from these is as
18 we live in the state of Florida, Progress was unable to
19 perceive hurricanes striking the state of Florida. I
20 think what is basically the case is they couldn't
21 perceive four, actually five named storms hitting the
22 state, because Bonnie seems to be left out of this
23 equation.

24 But Progress made the decision not to acquire
25 this insurance due to cost considerations. It was

1 their gamble, their risk. Unfortunately, they lost.
2 Now they are asking that we customers be asked to foot
3 the bill. We customers are not in insurance recovery
4 business.

5 Progress recovers normal operating expenses
6 through base rates. I submit that the cost of the
7 insurance would be passed along in that base rate,
8 would it not?

9 Now, I also wonder has there even been any
10 consideration to those people on fixed limited incomes
11 such as seniors and retirees because they are going to
12 be devastated by this impact.

13 It also seems that any request for an increase
14 to recover costs associated with these hurricanes
15 should be temporary. I have seen nothing or heard
16 nothing to suggest that these increases will be
17 temporary. We will soon be entering into another
18 hurricane season. I wonder is Progress taking the
19 necessary steps to prevent a recurrence or request for
20 additional increases? Thank you.

21 CHAIRMAN BAEZ: Thank you, sir.
22 Commissioners, do you have any questions? Sir, I did
23 not catch your name. Can I --

24 WITNESS HOEKZEMA: Chris Hoekzema.

25 CHAIRMAN BAEZ: Hoekzema?

1 WITNESS HOEKZEMA: Hoekzema.

2 CHAIRMAN BAEZ: Hoekzema.

3 WITNESS HOEKZEMA: I spoke at the last
4 hearing.

5 CHAIRMAN BAEZ: I remember -- I remember. You
6 look familiar. Mr. Hoekzema, you asked a couple of
7 questions that perhaps Mr. Raymond can -- and I didn't
8 mean to catch you off guard, Jim, but Mr. Hoekzema
9 maybe expressed some level of unclearness as to what
10 the insurance situation is. If you can, you know, take
11 some time and help him understand that.

12 WITNESS HOEKZEMA: Might have been his quote
13 that was in the article.

14 CHAIRMAN BAEZ: Well, then he's the right
15 guy -- he's the right guy to ask.

16 WITNESS HOEKZEMA: And I understand insurance
17 costs are going to be high due to Andrew and the
18 location, but still -- and also in that article it did
19 cite that the damage to their transmission lines and
20 other areas didn't meet the deductible. Well, they set
21 the deductible level when they did the rate.

22 CHAIRMAN BAEZ: And I think although I would
23 love to discuss it with you, that's probably some of
24 our limitations. You did ask another question or you
25 did make another statement that -- and I'm careful to

1 use the word rate increases necessarily but the
2 surcharges have no duration.

3 And it's my understanding -- and someone stop
4 me if I'm wrong or correct me if I'm wrong -- that the
5 petition does -- I just wanted to clarify for you that
6 the petition does contemplate a surcharge, whatever
7 that winds up being, if it winds up being, would be for
8 a duration of two years. So just by way of clarifying
9 for you, if it will help.

10 WITNESS HOEKZEMA: All right.

11 CHAIRMAN BAEZ: Mr. Hoekzema, thank you for
12 your comments. We appreciate it. Ms. Christensen.

13 MS. CHRISTENSEN: Mr. Tunstill.

14 JACK TUNSTILL

15 was called as a witness on behalf of the Citizens of
16 the State of Florida and, having been duly sworn,
17 testified as follows:

18 WITNESS TUNSTILL: I'm Jack W. Tunstill. I
19 live at 9132 124th Way North in Seminole. I'd like to
20 just preface my remarks by just saying that I am a
21 Florida Power retiree, and if I slip up and say Florida
22 Power rather than Progress Energy, you will understand.
23 I worked for the company for 13 years, so it's a little
24 hard to change the acronym.

25 CHAIRMAN BAEZ: We slip up too all the time.

1 WITNESS TUNSTILL: Okay. And I also
2 was intrigued by Mr. Habermeyer's comment about second
3 jobs. When I was with Florida Power, my primary job
4 was a senior nuclear licensing engineer. And I'm a
5 highly qualified airplane pilot, and I thought maybe
6 they could use my talents on power line patrols. No,
7 they made me a cook. So did you get any training for
8 handling laundry?

9 MR. HABERMEYER: On the job.

10 WITNESS TUNSTILL: Okay. OJT. That's the way
11 it would have been with mine. The fact that I am a
12 retiree does mean I get a pension check once a month
13 from Florida Progress and Progress Energy, but -- and
14 my income is not as limited as a lot of other folks
15 that I interface with.

16 And so consequently the size of this increase,
17 which is based on power usage, I would assume, and not
18 just a flat rate. You put numbers up there for 1,000
19 kilowatts, which tells me it's a sliding scale. I use
20 about 1,700 kilowatts per month in my house. It's a
21 total electric home.

22 Yes, I enjoy the amenities of a swimming pool
23 and its pumps and so forth, so I understand I have to
24 pay for it. It's just not real clear to me from the
25 information that I've read by looking at the Web site

1 of the PSC or Progress Energy site what that scale is
2 going to be for a guy like me and what I can budget for
3 in the future. But you have some other folks out there
4 who are truly on real limited incomes where their
5 pension check is their only income.

6 So I would suggest that consideration be given
7 maybe to, No. 1, stretching out of this thing. The
8 other part that I find intriguing was the Public
9 Counsel remarks about the amount of money above the ROI
10 that the Public Service Commission has allowed the
11 PSC -- the PSC has allowed Progress Energy to earn that
12 the shareholders need to, I think, bear some of the
13 burden in this.

14 Granted, don't want them going out of
15 business. Then we're all up a creek. Okay? Then
16 we'll have some other power company coming in and all
17 that goes along with a new power company. Because we
18 need electricity. That's going to be -- that's a
19 given. We're not going to be able to operate without
20 power.

21 I, like I said, worked in the business of
22 trying to make part of that power the nuclear side. So
23 I understand the desire on the part of management to
24 continue to produce the product. And, of course, here
25 I am as the consumer saying, yeah, I want to use it.

1 You know, I've got to run my computer to surf the Net
2 and run my DVD and everything else that we do with
3 electricity.

4 So I think a balance has to be worked out here
5 between the side the company has got a vested interest
6 and the public. And I'm the public at this point.

7 I will tell you about two other things that I
8 wanted to point out here that I think are related to
9 this -- to the post hurricane implementation. I know
10 on my street the major street by me is 125th Street
11 going north of Park Boulevard, that tree trimming along
12 there wasn't done until after the second hurricane.
13 And then there was a massive effort with out-of-town
14 crews that came through because their names are on the
15 side of the truck, that they started doing tree
16 trimming.

17 Now, I don't know how much tree trimming was
18 in the plans before the hurricane. I mean, and they
19 had a program, but there was a lot of trees that thank
20 God they came in before the third one came along -- or
21 actually, the fourth hurricane of the season but the
22 one that could have done more damage here too -- and
23 trimmed the trees.

24 And finally, the other comment. And I was
25 here before this Commission, I think it was 2001, the

1 last rate hearing, discussing the street light
2 maintenance program. Now, as a part of the recovery
3 from the hurricanes, there were street lights out.
4 Both power line went down, knocks out the street light,
5 and then the street light for whatever reason just quit
6 working.

7 And several -- the last time I testified, I
8 worked closely with one of your staff members,
9 Mr. Durbin, and with Florida Progress -- sorry,
10 Progress Energy -- young lady to have a dialogue going
11 on to have these things fixed.

12 Progress Energy has implemented a program on
13 their Web site where I can report the street light
14 outages. And it gets pretty specific. I can tell them
15 what pole it is on, the exact street location, address
16 or whatever.

17 The one problem that I see with that program
18 is there is no notification to me with a control
19 number. I get an e-mail after I punch the button and
20 say submit that there's a set of street lights out, I
21 get a message saying thank you for submitting your
22 report.

23 Well, in two cases that to this day I reported
24 back in January and have not been fixed, when I call
25 customer service trying to see what the status of it

1 is, the first thing I'm asked is: Did you report it?
2 Yes, ma'am, I sure did. Did it on your Web site. And
3 I mean, I got down to the pole number. Well, do you
4 have a record of it? No, because the record that I got
5 said thank you for submitting the report. It didn't
6 tie it to a specific code number.

7 I mean, when you call in to America Online and
8 you've got a problem, they give you a case number.
9 When you call in do an order and get a reservation,
10 they give you a confirmation number. Well, I'm just
11 suggesting that the one more step has got to be done in
12 this system that I appreciate having it there on-line.
13 Don't get me wrong. I just think there's some better
14 things that can be done as they progress forward on
15 this thing.

16 Because I would like to have that e-mail
17 message come back to me with some kind of code number
18 on it so when I call and find out why it's now been
19 more than the minimum requirement that the PSC
20 specified, why I don't see the light being replaced.

21 And again, I'm not a systems analyst to tell
22 somebody how to do that, but I think that's
23 something -- I hope they're listening tonight -- that
24 they can maybe improve the system so we have the lights
25 out. And I'll be happy to work with Mr. Tomlinson, who

1 we know each other outside this place, to identify the
2 two specifics that I know they're still out.

3 But I appreciate the opportunity to come down
4 and talk to you folks about the company that I worked
5 for, the company that sends me the check every month,
6 and the company that is here serving us now. I have no
7 complaints with the personnel that come out. I mean,
8 I've been one of those guys on the other end, so I
9 understand, you know. And I'm really thankful that
10 these guys are willing to do this.

11 I mean, the linemen especially, Admiral, you
12 know, those guys are risking life and limb. And I
13 don't think there's enough thanks given to them when
14 they're out there. The long hours and what they do for
15 restoring our service, Mr. Duncan touched on it from
16 the governmental standpoint. I'm glad they're out
17 there. Like I said, it's something that needs to be
18 said.

19 And I want to say thank you, even though it
20 does sound somewhat I said as a complaint, it is the
21 fact that I do -- I do enjoy using electricity, okay?
22 It provides a benefit to me and my family that I'm
23 grateful for. So thank you very much. And if you have
24 any questions, I'll be happy to answer them.

25 CHAIRMAN BAEZ: Questions for Mr. Tunstill?

1 You mentioned -- you mentioned that those street lights
2 may still be out or you haven't seen any repairs for
3 them. My suspicion is that someone may be ready to
4 talk to you. Nod you're going to have --

5 WITNESS TUNSTILL: Like I said, I know
6 Mr. Tomlinson has already said we can talk about it.

7 CHAIRMAN BAEZ: If you'd go ahead and --

8 WITNESS TUNSTILL: It didn't change what I
9 wanted to say as far as the program.

10 CHAIRMAN BAEZ: We do appreciate your
11 comments. And you have a very interesting perspective.
12 Mr. Twomey is raising his hand he has a question.

13 MR. TWOMEY: Yes, sir, just one question. If
14 you know, how long an interval had passed between the
15 tree trimming you spoke of and when it had been done
16 previously?

17 WITNESS TUNSTILL: Well, I don't remember them
18 doing it. The tree trimming that took place was south
19 of 86th Avenue and 125th Street because there's not
20 very many trees north of there up towards my house on
21 91st Avenue, but south of 86th Avenue on 125th Street,
22 there's a significant number of trees. And after the
23 first -- second hurricane, I noticed the crews were out
24 there trimming the trees, which helped us with the next
25 one coming along and maybe for this season, God forbid

1 we have any more like we did.

2 MR. TWOMEY: But was it your impression that
3 it hadn't been done for some --

4 WITNESS TUNSTILL: Oh, yes, sir. It had not
5 been done for a number of years, but I can't tell you
6 how far back. I mean, it's one of those things you
7 don't pay attention to it until you see them out there
8 hanging in the bucket truck cutting stuff off.

9 MR. TWOMEY: Yes, sir. Thank you.

10 WITNESS TUNSTILL: Thank you, sir.

11 CHAIRMAN BAEZ: Thank you, Mr. Tunstill.

12 RUSS SLOAN

13 was called as a witness on behalf of the Citizens of
14 the State of Florida and, having been duly sworn,
15 testified as follows:

16 WITNESS SLOAN: Russ Sloan, president the
17 St. Petersburg Area Chamber of Commerce. Commissioner
18 Bradley, good to see you back in St. Pete. When the
19 weather rains, I blame it on the mayor. When the
20 weather is good, it's the Chamber that did it.

21 We're probably the oldest customer of what is
22 now Progress Energy, formerly Florida Power. Both of
23 us started in 1899. So we've been a customer for 106
24 years. And to show you hopefully that there's some
25 consistency in why I'm here tonight, I didn't have to

1 be recruited. This is an e-mail I sent Bill Habermeyer
2 September 14, 2004. "Dear Bill, as best I can tell,
3 Progress Energy has done a superhuman job restoring
4 power to your customers. I am very, very proud of your
5 efforts and of your preparedness. Appreciatively
6 yours, Russ Sloan."

7 One of the equations that's not been
8 mentioned, we talked about what Florida Power or
9 Progress Energy shareholders should pay or not pay. I
10 do know this, that all of the preparation for things
11 like this happening was on their nickel. And that
12 preparation, there's no way to calculate whether that
13 preparation saved the state 25 million a day, 50
14 million a day, how much it saved by restoring power
15 quicker to our schools, quicker to our hospitals,
16 quicker to our business community.

17 There's no way to calculate that because I
18 think they restored power about as fast as humanly
19 could be done. That didn't happen by accident. That
20 comes through preparation. And so that is something
21 that seems to be missing in the discussions of what
22 they -- what they owe.

23 And I'm not an expert in this, but I would
24 guess that if Progress Energy was a publicly owned
25 company and they experienced this kind of cost, that

1 probably between FEMA and the state largely would
2 compensate them for their losses. And I don't think
3 that you reward a company that performed so admirably
4 with four hurricanes by not offsetting what has been an
5 absolutely extraordinary cost to them. And I don't
6 think it's the way of restoring the preparation they
7 had to respond that quickly. Again, that preparation
8 was on their nickel.

9 And so I compliment them for the training, for
10 the preparation, and for what their employees had to be
11 going through because those employees that were risking
12 oftentimes their life to restore power, they had homes
13 that were damaged.

14 And one of the things that Mr. Habermeyer did
15 not mention but I think the Commission needs to know, I
16 don't know of a more conscientious company in all of
17 Florida who attempted to help their own employees whose
18 residences were affected by the hurricane through
19 grants and loans because we were part of the conduit to
20 help those employees. I don't know of another company
21 in all of Florida that was more responsive in trying to
22 be a good corporate citizen to their own employees than
23 Progress Energy was.

24 So I would hope that, God forbid, that if
25 we're hit again, that they can respond as admirably as

1 they did this time.

2 CHAIRMAN BAEZ: Thank you, Mr. Sloan. Any
3 questions?

4 COMMISSIONER BRADLEY: Just a comment.

5 CHAIRMAN BAEZ: Commissioner Bradley.

6 COMMISSIONER BRADLEY: Mr. Sloan, it's nice to
7 see you, but another tidbit of history. My family
8 moved to St. Petersburg in 1899 also.

9 WITNESS SLOAN: We're tied for the second
10 oldest customer.

11 CHAIRMAN BAEZ: That's competition. Thank
12 you, Mr. Sloan. Thank you for your comments.

13 MR. TWOMEY: Mr. Chairman?

14 CHAIRMAN BAEZ: Mr. Twomey. Mr. Sloan, can
15 you hold on a second.

16 MR. TWOMEY: Mr. Sloan, good to see you again,
17 sir.

18 WITNESS SLOAN: Thank you.

19 MR. TWOMEY: Do you understand, Mr. Sloan,
20 that if the Commission decides that the utility's
21 shareholders have to bear a portion of the storm
22 recovery expenses, that the surcharges that the
23 residential and business customers of the company,
24 including presumably your Chamber members, will be
25 smaller than they otherwise would be if they had to pay

1 all the cost? So is your testimony that you don't want
2 the company shareholders to have to pay?

3 WITNESS SLOAN: I wish everything was a free
4 lunch. It's not. I would like for -- you know, I'd
5 always like to pass a dollar on to somebody else.
6 That's not the reality of life. **And I can't begin to**
7 tell you, as I mentioned, how many millions of dollars
8 we might have paid as a business community and as a
9 residential community if they had not responded as
10 quickly as they did. **That did not happen by accident.**
11 That was preparation.

12 So I can't -- you know, I'm not God. I can't
13 figure that part of it out. I just know that I don't
14 think they could have responded any better or quicker
15 than they did and that likely saved the business
16 community and the residential community millions and
17 millions of dollars.

18 MR. TWOMEY: Thank you.

19 CHAIRMAN BAEZ: Thank you, Mr. Sloan.
20 Ms. Christensen.

21 MS. CHRISTENSEN: Ms. Pierson.

22 BECKY PIERSON

23 was called as a witness on behalf of the Citizens of
24 the State of Florida and, having been duly sworn,
25 testified as follows:

1 WITNESS PIERSON: Good evening, Mr. Chairman,
2 Commissioners, and staff. I'm Becky Pierson, the
3 finance director of the Salvador Dali Museum, which is
4 located at 1000 Third Street South in St. Pete. I do
5 have a letter that's been drafted by our executive
6 director, and I've been nominated to read this.

7 It says, "Last year the Dali Museum was forced
8 to take down and store the entire collection twice due
9 to the danger of hurricanes. This is every time a
10 massive project requiring all of our staff strength to
11 bring down the works and store them safely. Paintings
12 and our other works of art are extremely sensitive to
13 temperature and moisture. Without the power to
14 maintain temperatures in the museum, serious and
15 irrevocable damage could have occurred.

16 "We are immensely grateful that through the
17 exceptional efforts of Progress Energy in the
18 protracted periods of warnings, storms, and aftermaths,
19 our electrical power never went out. While we were in
20 our museum and others were in their homes, Progress
21 Energy staff was manning a command center.

22 On the other side, many not-for-profits have
23 had the support for community initiatives from Progress
24 Energy. Without this funding, many programs would
25 suffer and the burden of that funding would fall on the

1 citizens to be burdened either with the cost of those
2 programs or the absence of those programs.

3 "So this point is made simply to remind the
4 Commission that the citizens of our community are the
5 ultimate beneficiaries of a utility company that is
6 financially robust. Sincerely Yours, Dr. Hank Hine,
7 the executive director."

8 CHAIRMAN BAEZ: Thank you, Ms. Pierson. Any
9 questions? Appreciate your comments. Thank you. Next
10 witness.

11 MS. CHRISTENSEN: Mr. Ron Bugg.

12 RON BUGG

13 was called as a witness on behalf of the Citizens of
14 the State of Florida and, having been duly sworn,
15 testified as follows:

16 WITNESS BUGG: Ron Bugg. I've got the
17 shortest statement, I think, for the evening. Maybe
18 not. I'm with the University of South Florida. I'm
19 the director of the physical plant services. We have
20 been a longtime customer of Florida Power, Florida
21 Progress, and Progress Energy. They have served our
22 campus well.

23 During the recent hurricane we never lost
24 power. We had one limb. We have much research. So
25 like our neighbor the Dali Museum, we were proud that

1 we didn't lose power. We did have very few people to
2 staff the place, but we did keep research going.
3 Progress Energy restored anything that we had. You
4 know, the momentary stuff that went on and off during
5 the day and night, they immediately got the stuff back
6 on.

7 Their service was exceptional during the last
8 summer period. We are happy to be a customer and to
9 have been a customer of Progress Energy. Any
10 questions?

11 CHAIRMAN BAEZ: Questions? No questions.
12 Thank you, sir.

13 MS. CHRISTENSEN: Mr. James Wimberly.

14 JAMES WIMBERLY

15 was called as a witness on behalf of the Citizens of
16 the State of Florida and, having been duly sworn,
17 testified as follows:

18 WITNESS WIMBERLY: Good evening. James
19 Wimberly. I'm the rescue division chief for the City
20 of St. Petersburg Fire Rescue. And I can imagine
21 tonight you'll probably hear some rather persuasive
22 arguments both for and against this storm cost recovery
23 proposal being made by Progress Energy.

24 But my purpose in being here tonight is not
25 necessarily to speak to that issue but to more or less

1 talk about the quality and the responsiveness of
2 Progress Energy both in preparation, during the event,
3 and during the recovery. As you can imagine, the fire
4 department is involved in all of those phases involving
5 a storm.

6 And primarily our concern is for life safety.
7 And during the event while tropical storm force winds
8 and heavy rain, downpour is occurring, it is certainly
9 a refreshing sight to see a Progress Energy truck
10 pulling up on a downed wire while one of our fire
11 rescue or engines are actually standing by.

12 We actually prioritize those calls as low
13 priority. However, it does take one of our units away
14 from the ability to respond to more critical calls.
15 And if a call does come in, they'll respond to it, but
16 we just need to make sure that those downed wires are
17 not live. And, again, just to see those faces show up
18 is a refreshing sight.

19 It's often been said that fire fighting is a
20 crazy profession, but there's something wrong with the
21 mix of water, wind, and electricity in the middle of
22 the night that I wonder who really is a crazy person in
23 all of this.

24 But we appreciate the efforts of Florida
25 Progress -- or Progress Energy. And just wanted to

1 offer those comments in their behalf.

2 CHAIRMAN BAEZ: Thank you, Mr. Wimberly. Any
3 questions of the witness? Thank you, sir.

4 MS. CHRISTENSEN: Ms. Sally Zeh.

5 SALLY ZEH

6 was called as a witness on behalf of the Citizens of
7 the State of Florida and, having been duly sworn,
8 testified as follows:

9 WITNESS ZEH: Hi. My name is Sally Zeh, and I
10 reside at 1119 11th Avenue North in St. Pete. I'm the
11 executive director of Pace Center For Girls in Pinellas
12 County. And I'm here to talk about what a great
13 community partner that Progress Energy has been for
14 Pace or with Pace for many years.

15 Pace is an education and counseling center for
16 girls who are considered at risk. We consider them at
17 promise for doing great things with their lives.
18 They're between the ages of 11 and 18. And they come
19 to school with us every day from 9:30 in the morning
20 until 3:30 in the afternoon. And we really don't start
21 at 9:30 because we have no faith that the lights will
22 come on earlier because they come on every day, and we
23 really rely on that. And the computers start roaring.

24 Our girls have many, many burdens, and they
25 need just about everything. Most of them are at or

1 below poverty. They have been physically, emotionally,
2 or sexually abused. And as a result, they have a lot
3 of emotional mental health problems and often
4 self-medicate their emotional pain with alcohol and
5 other drugs.

6 So a program like ours cannot exist without
7 wonderful community partners like Progress Energy. And
8 not only has Progress Energy supported our Pace
9 graduations and our annual breakfast events where we
10 really showcase the accomplishments of the girls, but I
11 think the most important thing of all is that they have
12 created a spirit of giving and general -- and
13 generalized charity coming from the hearts of their
14 employees. And I'd just like to say we are really
15 happy to be the recipients of all the volunteer hours.

16 Last summer 20 men and women who were Progress
17 Energy employees came from many different plants to
18 paint a few of our rooms. And we definitely don't
19 reside in the Taj Mahal. And they didn't even get
20 upset when one of the rooms was painted Kermit the Frog
21 green and the other one was bright berry blast blue.
22 And they didn't complain. They even had lunch with the
23 girls.

24 The other things that they've done are collect
25 items for our school store. And that's everything from

1 personal hygiene items to cameras so that the girls can
2 start their own memories. And we had so many boxes
3 coming from so many different offices of Progress
4 Energy, we started having a storage problem. And
5 believe me, that's a great problem to have.

6 The other thing that they have done, which I
7 think really touched my heart, and that is giving
8 wonderful big Christmas baskets to our girls at
9 Christmas. And many of our Pace girls, the only
10 Christmas they have is the Christmas they experience
11 with us at Pace.

12 One of the questions that's always asked when
13 our Progress Energy partners have come there laden with
14 beautiful gifts and big stuffed animals and gift
15 certificates and even lunch from great restaurants that
16 the kids like, they ask, "Why would people do something
17 like this for us? They don't even know us. What do
18 they want?"

19 And as you can probably imagine, many of our
20 girls are asked to do things, and there's always a
21 price to pay. So it's been a real joy for me to be
22 able to tell them that there are people in this world
23 that really care about you, that hope you can be the
24 best you can be, and believe that you deserve the best
25 and hope that some day you'll also give back to your

1 community.

2 So I just wanted you to know about what
3 Progress Energy has done for us. Thank you.

4 CHAIRMAN BAEZ: Thank you, Ms. Zeh. Any
5 questions? Thank you for your comments, ma'am.
6 Ms. Christensen.

7 MS. CHRISTENSEN: Mr. Watson Haynes.

8 WATSON HAYNES
9 was called as a witness on behalf of the Citizens of
10 the State of Florida and, having been duly sworn,
11 testified as follows:

12 WITNESS HAYNES: Chairman, I want to welcome
13 my friend Rudy Bradley and say to the rest of the
14 Commissioners before you leave that there is a drug
15 treatment center in south St. Petersburg that bears his
16 name because of his efforts in this community to
17 establish a drug treatment center, the first in 30
18 years in south St. Pete. So we thank you,
19 Representative Bradley and now Commissioner.

20 I represent a couple of organizations where I
21 serve. And one I serve who has not officially taken a
22 position, and I want to say that. And another that
23 we've worked with Progress Energy over the time that
24 they've been here.

25 I serve as the president and CEO of the

1 Coalition For a Safe and Drug-Free St. Petersburg. And
2 about four years ago when Progress Energy came to our
3 city, we had some folks who had some concerns, concerns
4 that every time there was a storm, no trucks came to
5 the inner city of St. Petersburg to deal with the power
6 problems.

7 We called Progress Energy and said, You're the
8 new kid on the block. We got a challenge for you.
9 Tell us what are you going to do about the inner city
10 when the next storm hits? They directed us to a lady
11 named Nancy Loehr. I don't know if Nancy is here.
12 Nancy Loehr and Mike Lewis.

13 We sat down with both of them. They said,
14 Here is what we want you to do. Pull together some of
15 your neighborhood association presidents, people in the
16 community, and we'll sit down with them in the
17 community and talk about issues they have with Progress
18 Energy. At that time, of course, preceding Progress
19 Energy was the other company.

20 Those residents sat down. Neighborhood
21 association presidents who normally don't agree with
22 too much at the same time. But they sat down, told
23 Progress Energy exactly those concerns they had about
24 the trucks not coming in. They ride around past the
25 community. They never get attention when the storms

hit. They're the ones who wait the longest.

2 And Progress Energy said to those residents of
3 that community that we have a program called Commitment
4 to Excellence. And we will assure you today, four
5 years ago, that the next time a storm hits this
6 community, that if you have a problem, you have direct
7 access to us, not only the residents but neighborhood
8 association presidents, but you also have an
9 opportunity to point out to us over the period of time,
10 not just a storm, issues that you might have with
11 Progress Energy.

12 And these last storms that we had to hit here
13 and since that time, I have not heard one complaint
14 from one of those neighborhood association presidents.
15 And I see them all the time. I'm not talking about --
16 I live and breathe midtown St. Petersburg. And so we
17 know the response that Progress Energy has done to the
18 midtown community that was neglected.

19 And here is a group of people who point to
20 Progress Energy and say they promised and they
21 responded. That costs money. When you say to somebody
22 what you're traditionally doing, we're asking you to
23 point some attention to our community. And they did
24 so.

25 The other is I represent -- I serve on the

1 governing board of the Southwest Florida Water
2 Management District. I'm the chairman of that
3 governing board called Swiftmud. And as chairman of
4 Swiftmud, I had the opportunity of having our staff who
5 were in some of the operation centers to call and
6 they'd have to give me reports as to what was
7 happening.

8 That staff called me when Charley was coming
9 and said, Watch it, it's headed to your house. I said,
10 that's fine. I finally went and got all these boards
11 and had boarded up the house and sitting in the dark
12 waiting for it to come. Then they called me and said
13 it didn't, it took a turn and it's going into Highlands
14 County and some of the other areas.

15 And while there was joy in my heart that it
16 was not coming directly at Pinellas County as a
17 hurricane, it came as a storm, the other part was
18 Swiftmud, who I served as chairman, I represent 16
19 counties, about 4 million people. And so it did affect
20 me because those are the people that I represented.

21 And when I got up in the helicopter to see the
22 devastation of those hurricanes on this community and
23 on the district that I served, I had to thank God, No.
24 1, that it did not hit St. Petersburg, but I also had
25 to breathe a prayer for the people whose houses and

1 trailers who were on one side, the trailer was lifted
2 up and taken to the other side.

3 And then look at the workers who had to show
4 up day after day and not only restore power in my home
5 where the storm came but to restore power in those
6 areas where the hurricane hit. To do that and satisfy
7 all of us is a challenge. And I commend Progress
8 Energy for doing that. Because their employees took
9 some risk.

10 Yes, you could say, yeah, they're supposed to
11 do that. They're supposed to be out there in those
12 trucks. But when you're taking a risk during a storm
13 and another storm is coming and another storm is coming
14 and you've got lives out there whose homes have
15 families in it and those families are not covered
16 because the breadwinners are oftentimes out trying to
17 restore power, we have to think about that. Families
18 that are left to fend and fend for themselves while
19 their family members are out taking care of us. That's
20 what we're talking about.

21 Now, when Swiftmud sent our staff out to deal
22 with some of the flooding issues and some of the dams
23 that we had challenges with, the first storm came
24 through, we covered these dams. While we was going to
25 work the others, another storm hit. We had to go right

1 back to another dam that had flooded over and had to
2 look at some of the desal plants and all those kind of
3 things.

4 And we looked at our employees who had to do
5 those things in that emergency. We knew that we had
6 costs. We had costs that we incurred as the Southwest
7 Florida Water Management District. And those costs
8 were not borne by the district. And we knew that
9 somehow we had to recoup those costs because the
10 taxpayer dollars that we had did not provide for us for
11 four emergencies, for three emergencies, for two
12 emergencies. It provided for one emergency.

13 And so we went to recoup those costs on behalf
14 of the people in this district from FEMA. And we
15 submitted that bill to FEMA and said, Look here,
16 taxpayers have a responsibility to help us out in this
17 thing because we didn't plan for this many emergencies.

18 And I'm saying that because Progress Energy
19 probably did plan for one emergency. But it did not
20 plan for this many storms to hit continuously in some
21 of the same areas. And so they deserve -- they can't
22 come to us as taxpayers and say, Taxpayers, help us out
23 on this through FEMA. They've got to use another
24 opportunity. And they've got to go to us, to me as a
25 ratepayer.

1 And when I'm sitting there as a ratepayer and
2 I recognize that Progress Energy pays attention to the
3 inner city community where I was born and raised, where
4 Rudy Bradley and I were born and raised, when I see
5 they pay attention to that, when I see the labor that's
6 put into those workers to go out and do those kinds of
7 things, then as a ratepayer I say, You know what? I
8 need to take care of that.

9 It does become our responsibility. We can
10 shirk it and we can pass it on, but it is my
11 responsibility as a ratepayer. I don't know how much
12 you'll allow them to assess me, but whatever you allow
13 them to assess me as a taxpayer, I'm willing to pay it
14 because I've seen their Commitment to Excellence happen
15 in the neighborhood where I live where it's not
16 happened before. And I've seen that Commitment to
17 Excellence happen when their employees put their necks
18 on the line for more than just a paycheck but for the
19 future of that company.

20 And I ask you this in closing: Picture
21 yourselves responding to an emergency and the money you
22 may have set aside in your own homes for an emergency.
23 And I ask you if that emergency came four times in less
24 than three weeks, can you pay for it without help?
25 Thank you.

1 CHAIRMAN BAEZ: Thank you, Chairman Haynes.
2 Any questions? Commissioner Deason.

3 COMMISSIONER DEASON: Mr. Haynes, appreciate
4 you being here. And when we come to these hearings, we
5 learn lots of things, and it's always interesting to
6 learn something about one of our own. I did not know
7 that there was a drug treatment center named after
8 Commissioner Bradley. He's a humble man, as I'm sure
9 you know. He didn't even tell us that.

10 WITNESS HAYNES: It's a 64,000-square-foot
11 facility right in the inner city. It has right now 150
12 persons court ordered by the Department of Corrections.
13 Another 75 beds thanks to the mayor of St. Petersburg
14 have been awarded for people to get drug treatment off
15 the street who can just walk in and receive those
16 services. And it's because of his efforts that that
17 treatment facility is there. It's the Bradley Davis
18 Facility. Rudy Bradley and Goliath Davis.

19 COMMISSIONER DEASON: Well, thank you for
20 sharing that with us.

21 CHAIRMAN BAEZ: Thank you, Chairman Haynes.
22 Ms. Christensen, is there a next witness?

23 MS. CHRISTENSEN: Yes. Mr. Roger Zeh.

24 ROGER ZEH
25 was called as a witness on behalf of the Citizens of

1 the State of Florida and, having been duly sworn,
2 testified as follows:

3 WITNESS ZEH: Good evening. My name is Roger
4 Zeh. I'm at 1119 11th Avenue North in St. Petersburg.
5 I did not have any prepared remarks. I'm sure there's
6 been a lot of inspiration and enthusiasm the comments
7 that have been already made.

8 As a citizen of the community and it's been
9 said on multiple, multiple occasions this evening, do
10 not think that it can be said too many times, that we
11 need to have an appreciation that we're talking about
12 catastrophic multiple events on subsequent weeks of
13 four major hurricanes and that we're not just talking
14 about one event. And I think reminding ourselves of
15 that as often times as it takes to comprehend and
16 understand the magnitude of that.

17 I live in a very typical average neighborhood
18 in this community. And we had all of our neighbors in
19 the community putting up plywood a whole lot of
20 weekends, and we have a deep appreciation for the
21 frequency of the events.

22 As a person also in the community, I'd like to
23 state that I represent along with the board of trustees
24 and 6,000 members, a fine arts institution which is
25 responsible and entrusted in the care of 4500 years of

1 art in the community. And I'd like to speak to the
2 fact that I'd like to reference two issues, if I could.

3 One, my personal experience with distribution
4 and assignment of Progress Energy employees during this
5 number of events. Their community involvement and the
6 work that they've done with many community groups, a
7 number of which you've already heard from this evening.

8 But on a day-to-day basis through all of these
9 events, I had the opportunity to work with a large
10 number of their employees who were reassigned working
11 double shifts and triple shifts, days, nights, and
12 weekends, and were asked to serve their company far
13 exceeding a typical expectation. And my sense of being
14 immensely impressed and having firsthand knowledge of
15 what's asked of them as employees far beyond their
16 typical assignments.

17 You could talk to the same person at 7:00 a.m.
18 or 7:00 p.m. or 2:00 a.m. and have their assignments
19 readjusted and changed to meet need in the community.
20 I also have personal knowledge of many employees who
21 were reassigned to provide staff assistance in
22 departments in areas that they were not accustomed to
23 having performed in but were asked to respond because
24 of need and not specific responsibility on a day-to-day
25 basis.

1 The last point that I would like to make is I
2 have had the personal fortune and opportunity in this
3 community for the last number of years to work with a
4 multitude of corporate partners. And there are many,
5 many dedicated, committed corporate partners in this
6 community.

7 But on the occasion where it could have been
8 very easy, in my view, for a company to suggest that
9 they had something else to do or that they were
10 preoccupied with other much more important
11 responsibilities, I was immensely impressed with their
12 unwavering and steadfast commitment to a multitude of
13 community projects of which our institutions and other
14 community service groups you've heard about tonight,
15 they're involved in many projects. They continued to
16 be there for all of us, ours being one.

17 And I fully expected -- and I genuinely say to
18 you I fully expected on numerous occasions to say we
19 had a task or a project that they suggested they would
20 be involved in and that they couldn't do it, they
21 couldn't fulfill that commitment, they couldn't be
22 there for us as they hoped. But they were on every
23 occasion.

24 We as community programs and a lot of services
25 in the community were immensely grateful even though

1 during the most difficult of times they continued to be
2 a strong and committed community partner. Their
3 investment in all of us in the community continued to
4 be strong under less-than-ideal circumstances. We
5 appreciate them and all that they continue to do.
6 Thank you.

7 CHAIRMAN BAEZ: Thank you, Mr. Zeh. Any
8 questions? Thank you, sir.

9 MS. CHRISTENSEN: Mr. Stephen Rodriguez.

10 STEPHEN RODRIGUEZ

11 was called as a witness on behalf of the Citizens of
12 the State of Florida and, having been duly sworn,
13 testified as follows:

14 WITNESS RODRIGUEZ: Good evening. My name is
15 Stephen Rodriguez. I'm a resident of Pinellas County.
16 I live at 14280 Passage Way in Seminole. I'm also the
17 2005 Chairman of the Tampa Bay Beaches Chamber of
18 Commerce. I'm also a co-owner of Travel Resort
19 Services of Redington Beach and the Beaches of
20 St. Petersburg. The president of the Chamber will be
21 speaking as to the commitment to our businesses that
22 the Chamber responds to for Progress Energy responded
23 to them.

24 I'd like to speak about the over 700 condos
25 and homes that we rent out as vacation rentals to our

1 tourists every year. We represent those vacation homes
2 and condos up and down the beaches from Clearwater
3 Beach to St. Pete Beach. We service tens of thousands
4 of tourists every year. And on behalf of Travel Resort
5 Services, we are the largest in Pinellas County
6 management company.

7 We appreciate the response time and the
8 workmanship and the quality of work that Progress
9 Energy did not just for us but for our many tourists
10 that were staying in our properties. Because without
11 electricity, we don't have tourists staying with us.
12 And we would have lost thousands and thousands of
13 dollars in revenue if we would have lost those
14 tourists.

15 Tourism is the lifeblood of our economy. It
16 affects every aspect of this county. They spend money
17 in our restaurants. They spend money in our stores.
18 They buy our gas. They spend money every -- each and
19 every place in this county. And they are very
20 important to us.

21 So I would much prefer to spend a little more
22 money for the quality of service than to go the less
23 expensive way out and save a dollar for the company and
24 lose thousands of dollars for the company. I saved
25 hundreds of dollars personally in residential from not

1 having food spoil because my electric was turned on in
2 hours, not days or weeks.

3 So on behalf of our company and behalf of the
4 tourists that visit our county and the monies that they
5 bring in, we appreciate Progress Energy and would
6 support them. Thank you.

7 CHAIRMAN BAEZ: Thank you, Mr. Rodriguez. Any
8 questions? No questions. Thank you, sir, for your
9 comments. Ms. Christensen, next witness.

10 MS. CHRISTENSEN: Ms. Missy Pike.

11 MISSY PIKE

12 was called as a witness on behalf of the Citizens of
13 the State of Florida and, having been duly sworn,
14 testified as follows:

15 WITNESS PIKE: Good evening, Chairman and
16 Commissioners. My name is Missy Pike. I'm president
17 of Tampa Bay Beaches Chambers of Commerce, which is
18 what you most know as the Beaches Chamber. And I'm
19 here to talk on behalf of about 800 members.

20 Four storms and it seems like seven years ago,
21 I will tell you that I received -- I received one
22 complaint the entire time that we went through that. I
23 am proud to say that Progress Energy is a great partner
24 to work with.

25 The Chamber itself was without power for

1 perhaps a day. And we were thanking our lucky stars
2 because that was easy compared to the 30 gallons of
3 water that we took on through our roof. So we had our
4 challenges, but in that having only one member complain
5 that they were without power, Progress Energy is a
6 great partner to work with because they did respond to
7 us.

8 We did e-mail them and just kind of
9 tongue-in-cheek ask, Well, when do you think we're
10 going to have the power back? And they were kind
11 enough to respond back to us and saying, We are doing
12 the best that we can, and we will continue to contact
13 you. And it was less than 24 hours that one of our
14 offices was down.

15 So I am here to say that, yes, we will
16 probably bear some of that cost. If that kept that
17 electric on and the air conditioning going, so be it.
18 Thank you.

19 CHAIRMAN BAEZ: Thank you, Ms. Pike. Any
20 questions? No questions. Thank you so much.
21 Ms. Christensen.

22 MS. CHRISTENSEN: Mr. Edward Shaughnessy.

23 EDWARD SHAUGHNESSY

24 was called as a witness on behalf of the Citizens of
25 the State of Florida and, having been duly sworn,

1 testified as follows:

2 WITNESS SHAUGHNESSY: Good evening, ladies and
3 gentlemen. I'm kind of just a citizen here from
4 Pinellas County. I didn't expect the response that
5 everybody is giving but certainly appreciate it. I
6 live at 217 Millstone Drive in Palm Harbor. I don't
7 have any relatives in Progress Energy and I don't have
8 any stock in Progress Energy, so I think that my
9 feedback to you is going to be very, very candid.

10 I've lived in other areas, so I can appreciate
11 what other utility companies are like. And I just want
12 to say that in my judgment, I believe that Progress
13 Energy did an outstanding job during that time period
14 that we had four storms upon us. And I'll tell you why
15 I think they did that.

16 First, their response to the threat of
17 hurricane was proactive. We heard that earlier
18 tonight. I saw it on the news that there were trucks
19 coming here before the storms were actually scheduled
20 to land. And it's intuitive on their part. And that's
21 what they should be doing, which is great. There were
22 times when they called in crews and hurricanes didn't
23 hit land. And I've never heard squawking that they had
24 to pay for those crews, but I'm sure they had to pay
25 for them to come here as well as to mobilize for them.

1 They do an excellent job in creating --
2 communicating hurricane preparedness also. If you read
3 the fliers that come out with your bills and the
4 e-mails that they sent out on their Web site, it talks
5 about things that we can do so that we can be better
6 prepared for when hurricanes hit. And people have
7 talked about earlier tonight about power lines and
8 trees and things like that.

9 And I would urge you all to use your influence
10 to try to get any power lines that are on private lands
11 or municipal lands for them to cut the trees so that
12 you don't have problems in advance where Progress
13 Energy can't go into those areas and cut those trees or
14 urge the owners to trim down their trees or replace
15 them with more power-line-friendly trees because it
16 does impact other areas.

17 I was without power on two different days.
18 And I remember the frustration that it caused me at the
19 time. I remember it very vividly. But I think that
20 considering the four hurricanes that we had at that
21 time, that, again, the response was very, very quick,
22 and I was very, very pleased. My thought is that I
23 don't want to see us get into a situation like they had
24 in California where there is no vision towards the
25 future as far as planning and providing the funds for

1 that planning.

2 I don't know a lot about the storm related
3 line item costs for the restoration costs during the
4 power, but this I do know: I work very hard for my
5 money. And though I work very hard for my money, when
6 the power is out, I don't mind paying a little bit
7 extra to have it turned back on.

8 You don't get better service by paying less.
9 In fact, I've found when you pay less, you get worse
10 service. So how we handle this situation today is
11 going to impact how responsive Progress Energy is in
12 the future. And I think that there's certainly a
13 lesson to be learned here, and I'm probably not as
14 educated as most of the people here in the room or as
15 gifted a speaker, but that I've learned, that much I've
16 learned.

17 So for the future I hope that you take this
18 into consideration so that we can keep them not only
19 responsive because that's not going to be good enough
20 in the future. They really need to not just be
21 reactive but proactive. And in order to do that,
22 they're going to need some funding and they're going to
23 need a team of people like yourselves with the vision
24 to understand it to get it approved. Thank you.

25 CHAIRMAN BAEZ: Thank you, Mr. Shaughnessy.

1 Any questions of the witness? No questions. Thank
2 you, sir. Ms. Christensen.

3 MS. CHRISTENSEN: Commissioner, the last
4 speaker I have signed up for this evening is Mr. Craig
5 Sher.

6 CRAIG SHER

7 was called as a witness on behalf of the Citizens of
8 the State of Florida and, having been duly sworn,
9 testified as follows:

10 WITNESS SHER: Good evening. My name is Craig
11 Sher. I live at 9055 Baywood Park Drive, Seminole,
12 Florida. I come to you wearing a variety of hats
13 tonight.

14 First off, I'm president and CEO of The
15 Sembler Company. I think The Sembler Company is one of
16 the largest shopping center owners and developers in
17 the state of Florida. We have some 40-plus centers and
18 countless buildings, I think, in the Progress Energy
19 service area comprising some 800 or 900 tenants. And I
20 would say as one who gets to field the calls that the
21 calls were overwhelmingly in support of the efforts
22 made by Progress Energy and all the utility companies.

23 For every hour that my tenants are open, it's
24 huge to them. And the few dollars that they would have
25 to pay more in maybe monthly energy costs would be

1 insignificant to the profit that they would make by
2 staying open, let alone servicing all the residents in
3 need whether it's Publix Supermarket, Home Depot,
4 Lowe's, CVS Drugs, Walgreen's, or to the lowest mom and
5 pop store.

6 So I can say categorically on behalf of The
7 Sembler Company Progress Energy responded masterfully
8 during this time period.

9 Secondly, I'm chairman of the St. Petersburg
10 Area Chamber of Commerce, some 2,100 members. You
11 heard previously from Russ Sloan, our executive. I
12 clearly cannot speak for all 2,100 members but at board
13 of governors meetings and through my conversations
14 throughout the community, the businesses, to me, were
15 almost unanimously in support of the efforts of
16 Progress Energy.

17 We need to have our businesses open. It's the
18 same comment as I made previously about my role at The
19 Sembler Company would apply here to the Chamber. And
20 especially we salute the corporate and community
21 efforts of Progress Energy throughout the year, not
22 just during the hurricane period but they could be one
23 of our top two or three key corporate citizens in the
24 St. Petersburg area and through the St. Petersburg
25 Chamber of Commerce.

1 A couple other things. I wear a couple other
2 hats. I'm vice chairman of Signature Bank. We have
3 three branches in Pinellas County. We didn't lose a
4 minute. Our customers were able to get their money to
5 pay for the emergency goods and services they needed
6 during this time period. And on behalf of Signature
7 Bank, I salute Progress Energy as well and can clearly
8 say that if it costs us a few pennies or dollars more,
9 we'd be happy to pay.

10 I'm the chairman of Buildings and Grounds
11 Committee at All Children's Hospital. Enough said
12 about that. Our children were safe, sound, getting
13 better throughout that period. And what can I say
14 other than Progress Energy again performed quite well.

15 And finally, just myself as a citizen. My
16 house was safe, secure, as was my neighborhood. It's
17 gratifying to see 24 hours a day Progress Energy trucks
18 and all their partner vehicles around. And I was just
19 gratified to see that happening and myself as a private
20 citizen would be happy to pay a few dollars more if
21 that meant continued great service not only during
22 regular times but during emergencies.

23 And I'm not smart enough to do the math of all
24 this. You guys are much smarter than I am, and I'm
25 sure you have computers that crunch this, but I think

1 overriding on behalf of all these roles that I wear,
2 nobody likes to pay more money, but when you get what
3 you pay for, that's very important. And I feel that
4 through our utilities, through Progress Energy's
5 efforts, if it costs us a little more, we get what we
6 pay for. And we urge that you do the right thing and
7 consider their request. Thank you.

8 CHAIRMAN BAEZ: Questions of Mr. Sher? Thank
9 you, Mr. Sher. I think you've got somewhere to go, I'm
10 sure. Thank you. We appreciate your comments.
11 Ms. Christensen, you had said this was the last
12 witness?

13 MS. CHRISTENSEN: That's correct.

14 CHAIRMAN BAEZ: That's the last one that you
15 have signed up?

16 MS. CHRISTENSEN: That's correct.

17 CHAIRMAN BAEZ: Is there anyone else that came
18 in who wants to address the Commission and did not sign
19 up?

20 MS. CHRISTENSEN: Commissioner.

21 CHAIRMAN BAEZ: Oh, sir. Okay. You want to
22 come on up? We're going to swear you in quickly. If
23 you'd raise your right hand.

24 (Witness sworn.)

25 CHAIRMAN BAEZ: Thank you. State your name,

1 please.

2 WILLIAM STOVER

3 was called as a witness on behalf of the Citizens of
4 the State of Florida and, having been duly sworn,
5 testified as follows:

6 WITNESS STOVER: Thank you for allowing me the
7 time. My name is Bill Stover. I live on Coffee Pot
8 Boulevard, 2152 Coffee Pot Boulevard Northeast. I'm
9 simply a retired citizen here in the community.

10 The observation that I have and I bring
11 tonight is that this was not business as usual for
12 Florida Power. Four hurricanes are not business as
13 usual. I've been an investor all my life in the stock
14 market, and as such I know what business is prepared to
15 do and what business is prepared to do in the course of
16 their ordinary business.

17 The return on investment is from ordinary
18 preparation. This was an extraordinary event. Four
19 hurricanes, two of which devastated our area here. And
20 I noticed from the Special Report that you're going to
21 be holding hearings throughout the area of devastation,
22 and so Pinellas County really was the least hurt as you
23 go around. I happen to travel this state. The areas
24 that you go to in Bartow and so forth are going to have
25 a totally different story. And the people's -- the

1 people's reaction obviously is going to be different
2 because of what's happened here.

3 I own two homes, neither one of which lost
4 power really at all during any of these events. I'm
5 simply making an observation and an appreciation of the
6 fact that when an extraordinary events occurs as this
7 has, extraordinary things must take place. If you want
8 to have power, you've got to pay for power.

9 Florida Power/Progress Energy did not prepare
10 to have four hurricanes that they had to deal with in
11 personnel, in equipment, in the time and the energy.

12 And all the other appropriate and approved and
13 wonderful things that Florida Power does in our
14 community. The thing that they really do that we
15 depend upon them for is to be able to flip the switch
16 on and have our lights and electricity when we want it.
17 And to have it when we want it, we have to pay for
18 that.

19 And when these extraordinary events happen,
20 250 or \$311 million depending on how you want to read
21 it, we're going to have to pay for that. If you want
22 to spread it over a couple years, add it to our bills
23 every month, we ought to have to pay for that for the
24 privilege of being able to turn on our power when we
25 want to bring it on. Thank you.

1 CHAIRMAN BAEZ: Thank you, Mr. Stover. Any
2 questions? No questions. I'm getting a signal that
3 there's someone else. Hello. I'm sorry. I didn't see
4 you. You can't see through the sign.

5 GARY VICKERS

6 was called as a witness on behalf of the Citizens of
7 the State of Florida and, having been duly sworn,
8 testified as follows:

9 WITNESS VICKERS: My name is Gary Vickers.
10 I'm the director of Pinellas County Emergency
11 Management.

12 CHAIRMAN BAEZ: Mr. Vickers, would you mind if
13 I swear you in real quick?

14 (Witness sworn.)

15 CHAIRMAN BAEZ: Go ahead, sir.

16 WITNESS VICKERS: I was going to sign up
17 earlier when I first got here, but I really didn't have
18 the opportunity. I didn't want to miss any of the
19 testimony. I am the director of Pinellas County
20 Emergency Management. I work for the Board of County
21 Commissioners through the county administrator. I am
22 also the operations chief of the Pinellas County
23 Emergency Operations Center, and under that we're
24 responsible for the Citizens Information Center, which
25 during this past storm season was overtaxed absolutely.

1 I have to tell you honestly, and really about
2 the only thing I can really provide to you is an
3 insider's view of how Progress Energy worked with the
4 Pinellas County Emergency Operations Center and with
5 the Citizens Information Center through the four storms
6 that impacted.

7 We actually only had impact from two
8 particular storms, but Charley was all but making
9 landfall in Pinellas County until the last minute, and
10 Ivan was definitely a consideration for us because we
11 had a lot of citizens that after the storms that had
12 already impacted us or threatened to impact us, there
13 were a lot of people that really felt that Ivan was
14 going to come here as well.

15 I have to tell you that Progress Energy
16 throughout the entire event maintained a herculean
17 effort, I think, in the Emergency Operations Center.
18 They had staff there around the clock. And when we
19 were starting to ramp down the Emergency Operations
20 Center staff, they were having to maintain two desk
21 officers in the Emergency Operations Center to answer
22 questions not only from individuals who had power
23 outages but also casting that we were providing to them
24 as well as municipalities. The municipal Emergency
25 Operations Centers coordinate through the county EOC,

1 and they were providing casting for Progress Energy.

2 I was thoroughly impressed with their
3 preparedness at the very outset to be there for the
4 entire time. They came to work prepared to work for
5 ever how long it took to get power restored. They had
6 planned in advance to pre-stage the personnel and
7 equipment in Pinellas County to be able to do power
8 restoration in Pinellas County as quickly as possible.
9 And then, of course, they would have moved those
10 resources to other spots that were heavily hit.

11 But there was never any lack of commitment on
12 the part of Progress Energy to serve Pinellas County
13 even though we could see that, for example, with
14 Charley, Charlotte County got hit a whole lot worse and
15 Hardee County and all the counties inland and then on
16 across the state with Charley.

17 But that never changed how Progress Energy was
18 responding in Pinellas County. They weren't at any
19 time prepared to pull all of their resources from
20 Pinellas County to more harder hit counties. Their
21 commitment stayed with Pinellas County to take care of
22 our residents.

23 And I have to tell you honestly we were in the
24 EOC changing priorities constantly for Progress Energy.
25 We had nursing homes. We had assisted living

1 facilities that were in danger of having to be
2 evacuated because of loss of power where we were
3 looking at having to evacuate unplanned-for evacuation
4 of health care facilities to alternate facilities.

5 And Progress Energy honestly would ask us,
6 well, what's your priority? And we would identify for
7 them we don't want to have to move these health care
8 facilities if we don't have to because it's going to be
9 really difficult for the patients, for the humans
10 involved in this if we have to evacuate them to an
11 alternate facility.

12 I mean, we could have gotten them to an
13 alternate facility. We could get them taken to
14 alternate nursing homes, but that still would have had
15 a terrific impact on the residents who were having to
16 be moved. And honestly, we identified for them nursing
17 homes that had to have power restored, and they made it
18 happen. So that we didn't end up having to on-the-fly
19 at the 11th hour end up having to try to move these
20 people to alternate facilities.

21 We also had during the course of Hurricane
22 Frances impacting Pinellas County, we lost power at our
23 Emergency Medical Services facility, which is also the
24 primary site for the county's 800 megahertz
25 communication system, which is the primary site for not

1 just ambulance communications but emergency management
2 communications, 911 emergency communications, radio
3 dispatch of all fire and EMS services in Pinellas
4 County but also all law enforcement in Pinellas County.

5 We lost power there. We had backup
6 generators. We started having a problem with the
7 backup generators. We identified that at about 4:00 in
8 the morning for Progress Energy as a very, very high
9 priority. And I mean, we couldn't place any higher
10 priority on the need to restore electrical service to
11 that facility.

12 And they took care of it in between feeder
13 bands moving through the area. They had crews out at
14 their Walsingham -- at their Walsingham station who
15 would be out trying to restore power there. A feeder
16 band would come through. They'd have to pull in off
17 the street. And then they were right back there.

18 There was no hesitation or apprehension on the
19 part of any of their line crews to do as much if not
20 more than they possibly could to restore service to
21 our -- to that EMS facility so that we could maintain
22 the 800 megahertz system. And, in fact, they did. And
23 we were able to maintain our communications capability
24 for all of our first responder systems.

25 Lou Santilli was working in the EOC around the

1 clock for all of these storm events and long after the
2 storm events were over answering calls from their
3 client base. There was no lack of effort on their part
4 to keep us informed at the EOC of what was going on and
5 what kind of impact there was not just in the
6 commercial providers out there that they were providing
7 power to but also the residential customers.

8 So I just can't say enough good things about
9 Progress Energy, their ability to be storm ready and
10 their ability to involve us and stay involved with us
11 throughout the entire process and even afterwards.

12 Several times they had after-action critiques,
13 if you will, at several facilities and invited
14 emergency managers, my counterparts from all the
15 municipalities to come and be involved. And those
16 emergency managers did take advantage of that. And I
17 have the distinct impression from Progress Energy that
18 they are going to continue to do this.

19 And, you know, not once throughout the entire
20 operation was there ever any consideration on their
21 part that I ever heard about who would pay for it.
22 There was never a question about that. The cost was
23 not an issue while they were doing it. **If you have** any
24 questions, I'd be more than happy to answer them.

25 CHAIRMAN BAEZ: Thank you, Mr. Vickers.

1 Questions? No questions. Mr. Vickers, thank you for
2 your comments.

3 WITNESS VICKERS: Thank you.

4 CHAIRMAN BAEZ: Is there anyone else that had
5 not signed up that wishes to testify? Seeing none, I
6 want to thank you all, all of you who got up to speak
7 and gave the Commission some input. It's a very
8 important process for us. We really do appreciate your
9 input. It's very important. And we've heard a lot of
10 good comments today. And thank you all again for
11 coming. Have a good night. Drive home safely. We're
12 adjourned.

13 (Whereupon, the hearing concluded at 8:15
14 p.m.)

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1 CERTIFICATE OF COURT REPORTER

2 STATE OF FLORIDA)

3
4 COUNTY OF PINELLAS)

5
6 I, Donna W. Everhart, RMR, Court Reporter,
7 DO HEREBY CERTIFY that the hearing in this
8 cause, Docket No. 041272-EI, was heard by the Florida
Public Service Commission at the time and place herein
stated; it is further

9 CERTIFIED that I reported in shorthand the
10 said proceedings; that the same has been transcribed
11 under my direct supervision, and that this transcript,
consisting of 98 pages, constitutes a true and accurate
transcription of my notes of said proceedings; it is
further

12 CERTIFIED that I am neither of counsel nor
13 related to the parties in said cause and have no
interest, financial or otherwise, in the outcome of
this docket.

14 IN WITNESS WHEREOF, I have hereunto set my
15 hand at St. Petersburg, Pinellas County, Florida, this
16 22nd day of March, 2005.

17
18 

19 Donna W. Everhart, RMR