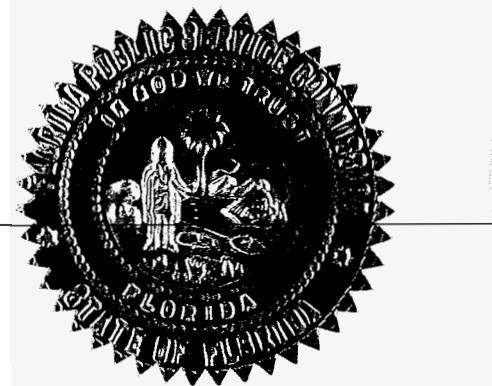


1 BEFORE THE
2 FLORIDA PUBLIC SERVICE COMMISSION

3 DOCKET NO.: 041291-EI

4 In the Matter of:

5 PETITION FOR AUTHORITY TO RECOVER
6 PRUDENTLY INCURRED STORM RESTORATION
COSTS RELATED TO 2004 STORM SEASON
THAT EXCEED STORM RESERVE BALANCE
BY FLORIDA POWER & LIGHT COMPANY.



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9
10 PROCEEDINGS: WEST PALM BEACH SERVICE HEARING

11

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

15 DATE: April 13, 2005

16 TIME: Commenced at 10:15 a.m.
Concluded at 12:35 p.m.

17

18 PLACE: Palm Beach County
Governmental Center
19 301 North Olive Avenue, 6th Floor
West Palm Beach, Florida

20

21 REPORTED BY: Maren M. Fawcett, RPR
Everman & Everman, Inc.
22 Court Reporting Services

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23

24

25

1

INDEX

2	PRESENTATIONS BY:	PAGE NO.
3	Karen Fleming	8
4	Ken Hoffman	11
5	Armando Olivera	13
6	Geisha Williams	17
7	Joe McGlothlin	26
8	Mike Twomey	31

9

WITNESSES

10	NAME:	PAGE NO.
11	Jerry Taylor	42
12	Edward M. Eissey	45
13	Kurt Bressner	50
14	Gail Nelson	52
15	Lee Kapp	61
16	Vince Bonvento	63
17	Alex Rodriguez	68
18	Diane Huff	68
19	Bill Wood	72
20	Seabron Smith	75
21	Julia Shivers	77
22	Mike Jones	82
23	Sid Poe	84
24	Marcus Johnson	85
25	Phyllis Badesch	88

	WITNESSES	
		PAGE NO.
2	NAME:	
3	Randy Bianci	88
4	Kevin Loughney	92
5	Bill Klein	94
6	Mr. Gundluch	97
7	David E. Randolph	100

8 David E. Randolph 102

9

10

11

12

13

14

15

16

17

18

19

20

21

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1 PROCEEDINGS

2 MR. BAEZ: Good morning. Call the meeting to
3 order. Counsel, will you read the notice?

4 MS. FLEMING: Pursuant to notice issued by the
5 Commission clerk on March 16th, 2005, a customer
6 service hearing has been set for this time and
7 place in docket number 041291-EI.

8 MR. BAEZ: Thank you, Ms. Fleming. Good
9 morning everyone. Once again, my apologies for the
10 slight delay. My name is Braulio Baez. I'm the
11 chairman of the Public Service Commission. With me
12 today are the other members. To my far left,
13 Commissioner Lisa Edgar; to my left, Commissioner
14 Rudy Bradley; to my right, Commissioner Terry
15 Deason; to my far right, Commissioner Charles
16 Davidson.

17 I want to thank you again all for taking time
18 out of your morning to be with us today. We're
19 hoping to get some good input from the customers
20 that are present.

21 As you well know, we are here as part of our
22 consideration on petition from Florida Power &
23 Light for recovery of storm costs for the 2004
24 hurricane season. I won't go into what the
25 hurricane season represented for everyone here. We

1 don't necessarily need to relive that. It was a
2 very trying time for everyone involved. And this
3 is sort of the tail end of the process, fortunately
4 or unfortunately.

5 I do want to thank you all for coming out
6 because this is a very important part of our
7 process nonetheless because it's one of the
8 opportunities, few opportunities, unfortunately,
9 that the Commission actually gets a chance to go
10 out into the impacted areas and hear from the
11 customers on what their impressions were of the
12 recovery efforts of the company and certainly what
13 their impressions are on the issues that are before
14 us, which is recovery of the costs for those
15 recovery efforts.

16 In a moment we're going to get started. I
17 want to briefly explain to you what the order of
18 business is going to be. This is part of an
19 official hearing. So you can see our court
20 reporter is just beyond the well there. She's
21 taking everything down. There is going to be a
22 transcript produced of this. Those of you that
23 have signed up to speak will be sworn in at some
24 point during the hearing so that you can give your
25 testimony. What that means is that you can be

1 subject to some cross-examination. Now, I don't
2 say that to intimidate or to frighten anyone. This
3 is a fairly, a fairly easy process and a fairly
4 amiable one, but I need to be candid with all of
5 you. This is really part of an official hearing
6 process. So, therefore, all the swearing of those
7 and so on.

8 Before we do that, we're going to have brief
9 opening remarks from the parties. And I see three
10 of the intervenors or three of the parties
11 involved, officially involved in the docket present
12 here today. We're going to hear from the company,
13 has a brief representation that they'll be giving
14 to all of us. Office of Public Counsel also has
15 opening remarks that they will be making to all of
16 us. I see Mr. Twomey is here today. I imagine he
17 has some opening remarks as well for AARP. Once we
18 get done with that, then we'll be able to swear in
19 the witnesses and get to your comments. I
20 appreciate your indulgence. I think it's about a
21 half hour tops before we actually get to the meat
22 of the matter.

23 So with that, we also have some brief
24 statements from our staff counsel, Ms. Fleming, who
25 is going to explain what the after process, after

1 we leave here today all the things that are going
2 to happen so that you can keep track of it.

3 Briefly, before I turn it over, when you were
4 walking in you saw a sign-up table. That's where
5 you go and sign up if you want to give testimony
6 today. You also can pick up, I believe the color
7 of the day is green, there is a green brochure says
8 "special report" on it. It also offers you an
9 opportunity to hear from some -- gentlemen at the
10 end are holding it up for you all. That has space
11 in the back to write your -- enter written
12 comments. If you don't want to stand up and speak
13 today, you still have several other avenues of
14 making your thoughts known to the Commission. If
15 you provide the written comments to us, you can
16 leave them behind with our staff members. You can
17 mail them in. You can write your own comments and
18 fax them in, or you can log into our web site, the
19 PSC web site, and enter them electronically.
20 They'll be part of the correspondence for our file
21 for our review. With that, Ms. Fleming.

22 MS. FLEMING: Thank you, Commissioner. As you
23 know, we are here today to hear from customers of
24 Florida Power & Light considering a request for
25 them to recover the 2004 storm season costs that

1 exceed their storm balance. FPL has set up a Storm
2 Reserve, and many of you may not know what the
3 Storm Reserve is. Each of the large investor-owned
4 utility companies in the state of Florida,
5 including FPL, are required to set aside a certain
6 amount of money from their revenues. Currently FPL
7 is accruing about \$20.3 million per year. And this
8 provides a sort of self-insurance program for storm
9 damage. In the event the utility's storm damage
10 exceeds the cost of the Storm Reserve, FPL may
11 request relief from the Commission.

12 FPL has petitioned the Commission for an
13 establishment of a surcharge on customer bills.
14 The purpose of this would be to recover the costs
15 that are in excess of their amount contained in
16 Storm Reserve. This slide shows you a breakdown of
17 FPL's total cost. FPL is requesting to recover
18 \$533 million.

19 The Commission approved FPL's proposed
20 surcharge on a preliminary basis. This amount is
21 subject to refund. The surcharge results in an
22 increase of \$2.09 in a monthly bill for a
23 residential customer using 1,000 kilowatt hours per
24 month. FPL proposed that the surcharge remain in
25 effect for a three-year period of time.

1 These next few slides are going to explain to
2 you the Commission process. First this process
3 started with FPL filing its petition for relief.
4 Then the Commission staff and the parties conducted
5 discovery, and that process is still ongoing today.
6 Service hearings have been scheduled like this one
7 ~~in which we listen to the customers and customers~~
8 testify regarding the petition. **Technical hearing**
9 is currently scheduled to begin April 20th in
10 Tallahassee.

11 The purpose of the service hearing today is to
12 hear from the customers. We're interested in
13 testimony concerning the company's request and the
14 company's efforts to restore electric service after
15 each hurricane.

16 As you heard from the chairman earlier,
17 because this is a sworn -- this is a hearing,
18 witnesses will be sworn in so that your comments
19 can become part of the record. As part of the
20 technical hearing, the parties will put forth their
21 own witnesses and cross-examine other parties'
22 witnesses. Once the hearing is completed, parties
23 will file legal briefs based on the evidence
24 presented.

25 After legal briefs have been filed, staff will

1 prepare a recommendation for the Commission to
2 consider. The commissioners will consider this
3 recommendation at a public meeting which is
4 currently scheduled for July 5th, 2005.

5 These three areas on this slide are just three
6 other areas that the Commission also looks at with
7 regard to hurricane activities. **Those three are**
8 underground power line, tree trimming and
9 reliability and quality of service.

10 Finally, as some of you may know, FPL filed an
11 application for a general rate increase. **This**
12 service hearing today, however, is solely to
13 discuss FPL's request to recover storm damage
14 costs. **Service hearings will be scheduled for the**
15 request for a general rate increase.

16 Commissioners, Chairman Baez, this concludes
17 staff's presentation.

18 MR. BAEZ: Thank you, Ms. Fleming. Now we'll
19 hear comments, opening remarks by Florida Power &
20 Light. Mr. Hoffman, go ahead, as we've done
21 before, enter your appearances for counsel. And as
22 the opening remarks come, we'll take opening
23 appearances that way. Go ahead, Mr. Hoffman.

24 MR. HOFFMAN: Thank you, Mr. Chairman.
25 Commissioners, good morning, members of the public,

1 my name is Ken Hoffman. To my left is Patrick
2 Bryan. We are appearing this morning on behalf of
3 Florida Power & Light Company.

4 Mr. Chairman, I'd like to begin by advising
5 the Commission that the company has received a
6 number of proclamations from local governments

7 attesting to the dedication and commitment of our
8 employees during the severe 2004 storm season,
9 thanking them for their heroic efforts and
10 confirming the excellent level of performance
11 during that very difficult time. We would like to
12 place those in the correspondence side of the
13 docket. And it would be our intention to provide
14 copies to, of course, to the staff and to counsel
15 for all parties.

16 MR. BAEZ: Mr. Hoffman, unless there is any
17 objection, we'll accept that proposal and I'm
18 assuming you don't have those available. You can
19 coordinate with staff counsel to make that happen.

20 MR. HOFFMAN: Thank you, Mr. Chairman. Next,
21 Mr. Chairman and members of the public, I'd like to
22 mention that for those customers who have specific
23 questions about their account, their service or
24 even the restoration activities that FPL performed
25 that affect them specifically, FPL has customer

1 service representatives here this morning who have
2 online terminals that can provide you specific
3 information concerning your account or your
4 particular issue. Those terminals are located on
5 the 12th floor of the building.

6 We have with us also this morning Marlene
7 Santos. Marlene, are you here? Right there behind
8 me, she's raising her hand. She is our vice
9 president of customer service. She is here. She's
10 available to direct you to the appropriate FPL
11 employee available this morning to assist you with
12 your specific concern.

13 Now, in the event that we do not have answers
14 available through the online facilities,
15 Mr. Chairman, we will of course attempt to assist
16 each customer with their particular concern within
17 24 hours. And we will provide our follow-up
18 information to the Commission.

19 With that, Mr. Chairman, before you hear this
20 morning from Geisha Williams, FPL's vice president
21 of distribution, it is my pleasure to introduce
22 Armando Olivera, the president of Florida Power &
23 Light Company for some preliminary words.

24 MR. OLIVERA: Good morning, Chairman Baez,
25 Commissioners. I want to thank all of you for

1 having the opportunity to address and say a few
2 words about our efforts during last year's
3 unprecedented hurricane season; to hear from our
4 customers about our performance; and, more
5 importantly, to let the people in this community
6 know that we understand the frustrations of last
7 ~~year's hurricane season and in some cases the~~
8 extended outages that you experienced.

9 At each of these hearings we're grateful to
10 our customers' input because it's an important part
11 of our learning process. At FP&L we have a culture
12 of continuous improvement. And with your feedback,
13 we will only get better. We have already heard
14 from many of our customers, from calls, e-mails,
15 letters, and we certainly appreciate all of that
16 feedback that we have received complimenting the
17 hard work of our employees and partners.

18 I am very proud of the 17,000-plus people who
19 worked 16 hours a day, seven days a week for nearly
20 six weeks to restore power as quickly as possible.
21 We got power back to 75 percent of the customers
22 that were out in less than three days, and
23 90 percent of the customers that were out in less
24 than five days. We are committed to providing
25 reliable service to all of our customers because we

1 know that you depend on us, and how indispensable
2 electricity is to your daily lives, not just
3 comfort from air conditioning in our tropical
4 climate, but also in your businesses and caring for
5 elderly loved ones.

6 We are truly committed to reliability. Over
7 the last five years, we have spent over four
8 billion dollars to enhance our services. Equally
9 important to getting the lights back on as soon as
10 possible for those who do lose power, for whatever
11 reason, last year that was really truly a challenge
12 for Florida when we got hit by four hurricanes.
13 Three of these hurricanes affected our service
14 territory directly. Charley packed the hardest
15 punch on the west coast of Florida, but spared most
16 of the southeast Florida area. Frances had the
17 largest impact. It affected all 35 counties that
18 we serve, more than 27,000 square miles of our
19 service territory and it kept our crews at bay
20 while it lingered over the state for three very,
21 very long days. It was a huge challenge for our
22 company. And then, of course, we did that all over
23 again when Jeanne hit a few days later.

24 After a hurricane, our goal is to restore
25 power to as many people as possible as quickly and

1 safely as we can. But doing so comes at a cost.
2 But the economic impact on the communities for not
3 restoring power as soon as possible is far more
4 greater.

5 Had Charley been the only hurricane that we
6 had last year, the Storm Reserve, cash fund that
7 we've been accumulating for a number of years,
8 including interest, that would have been enough to
9 cover the repairs. And that's what it was set up
10 to do. But with three hurricanes in six weeks, our
11 expenses to restore power and recover from the
12 storms as quickly as possible amounted to nearly a
13 billion dollars. It used up the Storm Reserve fund
14 and left us with a 533-million-dollar deficit. As
15 a result, we're seeking a temporary surcharge to
16 eliminate the deficit and allow us to begin
17 rebuilding the fund in anticipation of future
18 storms.

19 Ever since the storms last year, we have been
20 hard at work in getting ready for the 2005
21 hurricane season. And you have my continuing
22 commitment that FP&L will do whatever it takes, no
23 matter how severe the conditions, to restore power
24 and get our customers' families, homes and
25 businesses back to normal as soon as humanly

1 possible. It's all about reliability and we want
2 our customers to know that they can count on us.

3 In closing, let me thank the elected local
4 officials, the emergency operating personnel, the
5 business leaders for the tremendous job you did in
6 getting this community back together as quickly as
7 it did. It took all of us working together to get
8 things back to normal. And together, I know that,
9 excuse me, we will be ready for whatever this
10 hurricane season brings our way.

11 So with that, I'd like to introduce Ms. Geisha
12 Williams, who is our vice president of
13 distribution. And she will talk about, some of her
14 remarks will cover the hurricane season that we
15 just went through and some of the plans that we
16 have for the 2005 season to do an even better job.
17 Thank you very much.

18 MS. WILLIAMS: Good morning, everyone. My
19 name is Geisha Williams and I'm vice president of
20 distribution. I have the responsibility for the
21 infrastructure that delivers electricity to the
22 homes and businesses in our service territory. And
23 one of my key responsibilities is restoration of
24 powers after hurricanes.

25 This morning I want to talk to you, give you

1 an update of three areas. First, our restoration
2 efforts last year. Second, the costs of these
3 restoration efforts. And third, what we're
4 planning to do in the future, because we know there
5 will be a next time. And we also know that we can
6 do even better for the people that we serve.

7 Last year four major storms hit Florida within
8 six weeks. And three of them hit our service
9 territory directly. In the last hundred years
10 nothing like this has happened anywhere in America.
11 Now, even though mother nature can be
12 unpredictable, it's our responsibility to be
13 prepared for disasters in every way, operationally,
14 technologically and financially. We put a lot of
15 time and energy into this effort because, as a
16 matter of principle, getting power back to our
17 customers safely in the least amount of time is our
18 top priority. And, to that end, our storm
19 preparation begins well before storm season even
20 begins. Our employees have two jobs, their normal
21 jobs and then their storm job. And they plan and
22 train for the storm job every year.

23 Last year, during these hurricane events, we
24 had thousands of poles that were downed, hundreds
25 of miles of conductor that were downed. We had

1 literally half a million wires that had to be
2 spliced together to get power restored. Many of
3 these repairs were conducted in extremely difficult
4 conditions, many in water that was waist deep. And
5 through it all, through it all even though, even
6 though we had many, many thousands and thousands of
7 parts of our electric grid that had to be repaired,
8 less than one percent of our total million-plus
9 distribution poles actually had to be replaced, and
10 less than one-and-a-half percent of our
11 transformers had to be repaired.

12 Through it all, our focus on our customers
13 never wavered, even when our own families were
14 impacted. Our employees, even those whose homes
15 were really severely damaged or even who they lost
16 their homes, they came to work to help our
17 customers. Our goal was simply to get the lights
18 back on for our customers as soon as possible. We
19 understand how important electricity is to return a
20 community back to normalcy.

21 Now, as Armando mentioned, speed and
22 restoration does come at a price. Nearly
23 80 percent of the costs of the restoration process
24 is labor or labor related. Our restoration army of
25 17,000 people had to be paid. They worked 16 hours

1 a day every day during the restoration process.
2 Our 17,000 workers had to be fed. So we provided
3 meals, over 38,000 meals daily and over
4 20,000 gallons of water daily. Our workers had to
5 be housed. Thousands needed hotel rooms, even
6 though several, many slept in their trucks or in
7

~~tents particularly in the early parts of the~~
8 restoration effort.

9 It was a huge commitment in manpower and
10 resources, costing hundreds of millions of dollars,
11 nearly a billion, but it was worth it. We
12 understood that we were not just restoring power,
13 we were restoring communities.

14 On a personal level, I empathize with anyone
15 who had to struggle with the events last year. I'm
16 part of an organized effort that will be working to
17 reduce the future impact of hurricanes. We cannot
18 change the past. We can learn from it, but we can
19 continually seek to improve the future. And, as
20 you saw last year, we are committed to doing
21 everything that is humanly possible to restore
22 power as quickly as possible.

23 An issue that was brought to light last year
24 was how we go about restoring power to the central
25 functions of the community. Hospitals, police and

1 fire and other emergency facilities that are
2 critical to the welfare and safety of the
3 communities gets our top priority, but our process
4 is flexible. And we are very responsive to the
5 changing needs of the community. For example, many
6 of our communities have large or serve large

7 portions of large populations of elderly. So we're
8 working very closely with the emergency operations
9 centers, including having just met with the EOC
10 here in Palm Beach County, to make sure that we're
11 in alignment with our restoration priorities and to
12 make sure and to help our customers, including
13 nursing homes and assisted living facilities be
14 better prepared for the next storm season.

15 Another question that emerged as a result of
16 last year's storms is why don't you have more
17 underground wire? Well, about a third of our
18 electrical distribution system is underground. And
19 more than three-fourths of all new installations
20 for new customers is going in underground. So we
21 are very much in favor of underground. But it does
22 come at a much higher cost than traditional
23 over-head wiring.

24 Underground is also not the perfect solution.
25 A lot of people think it is. We really believe

1 underground has to be evaluated on a case-by-case
2 basis because, frankly, underground is more
3 susceptible to surge and to flooding, and the
4 repairs can take much longer than over-head wires.

5 Now, today you may hear from public counsel
6 about who should share in these storm costs or how
7 much should be covered. Let me assure you that

8 what we are asking for is only directly
9 attributable to hurricane restoration. We're
10 asking, as Armando mentioned, for a temporary
11 surcharge that amounts to about eight cents a day
12 per household. And we think this is a fair
13 request. We lost tens of millions of dollars in
14 revenues due to the storms. We have incurred and
15 continue to incur lots of costs associated with the
16 many hours that our employees are working overtime
17 to catch up on work that still needs to be done
18 that they couldn't do when they were restoring
19 power. These losses are borne by the company.

20 Storm restoration costs are extraordinary.
21 They're far beyond the costs of normal business and
22 are clearly not covered by the rates that our
23 customers pay in their normal bills every month.

24 Now, as you heard from the PSC staff,
25 insurance for poles and wires and other components

1 of our delivery system is just not available.
2 We're also, as a public utility, not eligible for
3 federal funds or FEMA assistance. So many years
4 ago the PSC established a requirement for a
5 well-defined process to address storm costs, the
6 Storm Reserve. And it has served our customers

7 well for decades. It provides a fair and fiscally
8 responsible solution.

9 Now, we don't know what the future holds for
10 Florida. What we do know is that the Storm Reserve
11 and the storm costs' approach that we have is the
12 best approach for customers. And that it ensures
13 that FPL will be ready to restore power after major
14 hurricanes every time, even if you have three
15 back-to-back hurricanes; even if, God forbid, we
16 have back-to-back storm seasons like the one we had
17 last year.

18 As you heard earlier, the Commission with its
19 regulatory oversight on these matters will make the
20 final determination after the technical hearings
21 later this month.

22 Meanwhile, I'm the operations person. We're
23 getting ready for the hurricane season of 2005.
24 And it starts, it's hard to believe, less than two
25 months from today. And we've begun our storm

1 planning already. And let me give you some
2 examples. Let me be specific. First, we're
3 continuing to upgrade the logistics and support
4 structures that are needed for rapid restoration.
5 We're checking inventories of supplies, securing
6 agreements and contracts for food, transportation
7 and lodging. Second, we're enhancing our computer,
8 telecommunications and satellite systems to help us
9 better communicate during disasters. Third, we're
10 examining and expanding our mutual aid contracts
11 with other utilities to ensure that we can continue
12 to get the army of people out of state when you
13 need them during these hurricanes. Fourth, we're
14 continuing to collaborate with the local and state
15 emergency operations centers, as I mentioned
16 earlier, to make sure that our restoration
17 priorities are aligned. Fifth, and perhaps most
18 important of all, we're continuing to enhance our
19 efforts to provide more information on a more
20 timely basis to our customers during the disaster
21 or in the aftermath of a disaster. And, finally,
22 we will soon be staging our annual full mock
23 hurricane exercise. We call it the dry run. This
24 is a great opportunity for us to refine our
25 processes. And we've been building on it and

1 really improving it for decades. All of this
2 pre-storm planning is essential in helping us
3 restore power as quickly as possible and also in
4 helping us provide the most meaningful information
5 to our customers as possible.

6 In closing, I want to echo Armando's

7 sentiments and applaud the efforts of the local
8 officials that are here, the local emergency
9 operation folks that couldn't be here for the
10 tremendous job that was done last year during these
11 very difficult hurricanes. It's never easy being
12 on the front lines when a disaster strikes and I
13 think this community did a phenomenal job.

14 We all wish that hurricanes would not come,
15 but it's beyond our control to stop them. Our job
16 is to respond quickly and safely to restore power
17 to the most number of customers as quickly as
18 possible. We will make the necessary investments,
19 apply the state-of-the-art technology and continue
20 to build on what we've already learned. And, most
21 importantly, we will continue to listen to our
22 customers and to learn about your expectations from
23 us. We will always strive to do more and to do it
24 better because we know you're counting on us. And
25 working together in partnership with our

1 communities, Florida will have an even stronger
2 future. Thank you.

3 MR. BAEZ: Thank you, Ms. Williams.

4 Mr. McGlothlin.

5 MR. McGLOTHLIN: Chairman Baez, Commissioners,
6 ladies and gentlemen, good morning. My name is Joe

7 McGlothlin Tim with the Office of Public Counsel

8 headquartered in Tallahassee. In the early '70s
9 the Florida Legislature created the Office of
10 Public Counsel to represent customers' interests in
11 proceedings before the Florida Public Service
12 Commission. The Office has intervened in this
13 docket.

14 My purpose this morning is to spend about four
15 minutes or so describing for you the positions that
16 we will be advancing during the technical hearings
17 that begin on the 20th of this month. **They're**
18 often referred to as technical hearings. Think of
19 them as the dollars and cents phase of this
20 proceeding.

21 At the outset, I would like to make clear that
22 our office does not dispute that Florida Power &
23 Light Company did a good job in managing the
24 restoration efforts. We won't say anything
25 different at the hearing. It appears to us that,

1 although probably with some exceptions, FPL worked
2 hard to provide quick and effective restoration
3 activities following each of the storms. Nor is
4 the issue in this case whether FPL will recover its
5 reasonable and prudent costs of restoring service.
6 Instead the issue is to what extent does FPL need
7 to increase rates for that purpose. And for three
8 fundamental reasons we will assert during the
9 dollars and cents phase during this hearing that
10 the \$533 million proposed surcharge is far too
11 high.

12 Reason number one, in the manner in which FPL
13 calculates the \$533 million, it includes costs that
14 customers are already bearing through the base
15 rates that we pay. I'll give you two quick
16 examples, each of which I'll boil down to fit
17 within a four-minute overview. The prior speaker
18 alluded to the 16-hour workdays of many workers
19 during the storm efforts. Well, with respect to
20 FPL's employees, FPL would have incurred the costs
21 of the normal eight-hour day anyway. We agree that
22 the incremental extraordinary overtime costs should
23 be charged to the storm damage reserve. But we
24 maintain that to include all payroll costs in the
25 storm damage reserve is to require -- and to

1 include those in the surcharge is to require
2 customers to pay those costs twice, once through
3 base rates and, if FPL's petition is approved in
4 the form it's presented, again in the surcharge.

5 Secondly, again the prior speaker alluded to
6 the transformers and conductors that were replaced
7 during restoration efforts. Based on the manner in

8 which FPL's base rates are set, FPL begins to
9 recover the costs of removing damaged plant from
10 the time it's placed in service and maintains a
11 reserve called the Cost of Removal Reserve for that
12 purpose. To pour into the storm damage reserve
13 100 percent of the cost of removing the damaged
14 plant would require customers to pay this cost
15 twice, once through the base rates they pay, which
16 includes that component which goes to the Cost of
17 Removal Reserve and again, if FPL's petition is
18 approved in the manner in which it's presented, a
19 second time in a surcharge that includes cost of
20 removal expense.

21 I'll move now to the second reason, and it is,
22 in terms of the dollars and cents involved, far
23 more significant. Based upon FPL's own reports
24 submitted periodically to the Commission,
25 notwithstanding the devastating storm events of

1 2004, FPL had impressive profits for that period of
2 time. The question for the Commission during the
3 technical aspects of the case will be what role
4 should that fact play in determining the size of
5 the surcharge?

6 FPL's position is to place all of the costs
7 and all of the burden and all of the risk of storms
8 on rate payers and to insulate its profits for the
9 period from any impact of the storms. At the
10 technical hearings we will say there is something
11 very wrong with that picture. FPL's customers
12 through the base rates they pay provide FPL's
13 investors with a return that is commensurate with
14 the risks they take. In Florida that includes the
15 risks of the potential for storm damages.

16 We maintain that FPL is in a position to
17 absorb through its earnings a significant portion
18 of the storm cost and still have a reasonable
19 return of 10 percent on equity for the period. And
20 we will be asking the Commission to adjust the
21 proposed 533-million-dollar surcharge by
22 \$270 million to reflect the share of the risk that
23 we maintain the company should absorb.

24 Reason number three, recently FP&L submitted a
25 new depreciation study to the Commission in which

1 FPL concluded that it has collected from customers
2 over time more than \$1 billion, that's billion with
3 a B, more than a billion dollars than it needs
4 currently to be on course to recover or recoup its
5 investment in plant. That puts the Commission in a
6 position of taking some corrective action with
7 respect to the depreciation reserve excess.

8 While on the one hand FPL maintains it
9 requires money to take care of the deficiency in
10 the storm damage reserve and begin to accumulate
11 money for the positive balance needed for the next
12 storm event, on the other hand FPL reports that it
13 has collected more than a billion dollars than it
14 needs currently for the depreciation reserves. It
15 appears to us that the Commission is in a position
16 perhaps to solve two problems simultaneously and in
17 a fashion that reduces and minimizes any need for a
18 surcharge on customers.

19 For those reasons we believe that the
20 Commission should adjust the amount of the proposed
21 surcharge to reflect, to eliminate possible double
22 recovery; to require FPL's investors to absorb
23 their fair share; and to take into account the fact
24 that FPL has excess reserves at the same time it
25 says it needs more money. Thank you for your

1 attention.

2 MR. BAEZ: Thank you, Mr. McGlothlin.

3 Mr. Twomey.

4 MR. TWOMEY: Mr. Chairman, Commissioners,
5 ladies and gentlemen, FPL officials, public
6 officials that may be here, my name is Mike Twomey.

7 I'm representing my two favorite FP&L customers who
8 are my parents Thomas and Genevieve Twomey who live
9 in Melbourne, Florida and are served by Florida
10 Power & Light. Additionally, I'm representing
11 AARP, the senior advocacy group, that has
12 2.7 million members in the state of Florida, many
13 of whom are served by FP&L.

14 I want to be brief, but I want to start my
15 presentation, excuse me, by relating a story or a
16 conversation yesterday I had with a reporter. A
17 reporter from this area called and said, "Mike,
18 FP&L people are telling me that in the customer
19 service hearings they've had so far like this one
20 that FP&L is receiving very little opposition to
21 the rate increases, the surcharges they're
22 requesting of the Public Service Commission. What
23 do you think about that?" I said, "Well, are they
24 praising FP&L's recovery from the storm and saying
25 they want to pay for all the rate increases?" He

1 said, "Yes, generally they're praising the recovery
2 of the storm and they're saying generally that the
3 customers should pay for the full cost of hurricane
4 restoration and that the company shareholders
5 should not." He said, "What do you say about
6 that?" And I said, "Well, first of all, my clients,

7 my parents, AARP are not here to speak against the
8 hurricane restoration efforts which by all accounts
9 appeared to go extremely well. We're not here
10 either to say that we fully endorse them as being
11 perfect because we don't want to be in a position
12 of criticizing someone else's, a customer's
13 testimony where they may have had problems or
14 foreseen that they had problems with slow
15 restoration and that type of thing."

16 But we're not here to criticize the company's
17 performance, alacrity, the manner in which they
18 went about repairing their electric system. I want
19 to emphasize it's their company. And, as
20 Mr. McGlothlin says, we're not here to do that.
21 The issue, ladies and gentlemen, at this technical
22 hearing that's going to take place in Tallahassee
23 soon is money and who pays the tremendous costs for
24 the repairs described to you by Ms. Williams.
25 So I said, "Well, if there are people in these

1 customer service hearings that came in and praised
2 the efforts of Florida Power & Light, it's fine and
3 well. Again, we're not here to criticize that."

4 I said, "If customers came in and reported
5 that they want to pay, if they're, in fact,
6 customers themselves that they want to pay and they

7 want to see the rest of the customers pay for the
8 full costs of these repairs," I said, "there is
9 probably a couple things we should consider. One,
10 they were most likely asked to appear on behalf of
11 FP&L by some FP&L officials they've worked with
12 over the years that's a friend of theirs, Chamber
13 of Commerce, that kind of thing." I said, "Two,
14 they probably don't understand, don't begin to
15 understand Florida utility regulatory law, okay."
16 And I said, "In addition to that, they probably
17 don't understand Florida Power & Light's current
18 profit situation."

19 And in that regard, excuse me, let me tell you
20 that the most recent surveillance earnings report
21 that Florida Power & Light is required to file with
22 the Public Service Commission, which they filed the
23 beginning of this month, that reported on what
24 their profits were for the 12-month period ending
25 January 31st, 2005, which necessarily of course

1 included the 2004 hurricane season, their reported
2 after-tax profits adjusted for adjustments the
3 Public Service Commission required in the last rate
4 case they had some 20 years ago, showed they earned
5 12.97 percent return on equity, ladies and
6 gentlemen, 12.97 percent after taking into effect

7 the lost sales that Ms. Williams talked about and
8 so forth.

9 Now, I don't know if you all, any of you are
10 businessmen and so forth, but that's a pretty
11 decent return. And in the technical hearings that
12 are going to take place later this year on their
13 base rate increase, which is roughly another half a
14 billion dollars they're seeking on top of this
15 surcharge and on top of the fuel adjustment
16 surcharge approved by the Public Service Commission
17 that started January 1st this year, we're probably
18 going to hear consumer witnesses testify that
19 equity for a company of this size at this point in
20 our economy, at this time should be in the range of
21 nine, maybe 10 percent maximum. They're earning
22 just shy of 13 percent. That's reported to the
23 Public Service Commission. And it's alluded to by
24 Ms. Williams and reported to you by Mr. McGlothlin
25 for Public Counsel.

1 Despite those earnings, this company doesn't
2 want to pay one thin dime of its shareholders
3 money, not one thin dime of their own money for the
4 purpose of fixing their utility, ladies and
5 gentlemen. Utility doesn't belong to the
6 customers. They receive service from it. Not one
7 thin dime to fix their system. They want the
8 customers to pay every penny, every dime, every
9 dollar of it. And we think that's wrong.

10 Now, whose the "we" I'm talking about? I
11 represent my parents. They're elderly. They're
12 members of the AARP. They're in their eighties.
13 They don't want to pay -- they're not opposed to
14 paying for a portion of the repairs. They don't
15 want to pay all of it. The AARP represents
16 primarily exclusively persons over 50 years of age,
17 many people that are retired, many people that live
18 on fixed incomes. The AARP is a huge organization,
19 advocates for the elderly. AARP is opposed to this
20 company getting all of this repair cost exclusively
21 from its customers. They would like to see this
22 company's shareholders pay for approximately half
23 of the repairs to their system.

24 Now, we're not alone on this. In fact, the
25 AARP and my parents are supporting and have adopted

1 the positions of Mr. McGlothlin's boss, the Public
2 Counsel with the State of Florida, Harold McLean,
3 who is by law -- who is an employee and appointee
4 of the Florida Legislature and is required by law
5 to represent all of the customers of Florida Power
6 & Light throughout his entire service territory.

7 He represents all of the customers by law and he's
8 decided that he thinks it's unfair, is opposed to
9 Commission precedent that the customer should have
10 to pay all the money. My client, who represents a
11 huge body of the elderly in this state, agrees.

12 Furthermore, there are other consumer parties
13 that are actively in this case, as opposed to the
14 people that testify individually and say, well,
15 it's only fair. They did a good job. They
16 shouldn't have to pay anything. The other parties
17 in this case that are opposed to the customers
18 paying the full costs for repairs include the
19 Florida Industrial Power Users Group, which is a
20 coalition of large industrial users of electricity,
21 as well as the Florida Retail Federation, which
22 purports to represent over 10,000 real businesses
23 that pay electric charges throughout the state
24 including many in FP&L's service territory. And
25 it's their position as well in accordance with all

1 of us supporting the Public Counsel that the
2 company should pay roughly half of the cost of
3 repairing its own system.

4 Now, as Mr. McGlothlin pointed out, there is a
5 means here, it's almost like a silver bullet. It's
6 something that when I first heard about it, I said

7 this appears to be too good to be true. And that
8 is that as he told you, Mr. McGlothlin said, Public
9 Counsel, the utility has conceded in a filing with
10 the Public Service Commission that they have
11 amassed some 1.24 billion dollars of excess
12 depreciation monies. That didn't just come out of
13 thin air. It came out of this utility's customers'
14 pockets through the rates they've been paying for
15 years, okay. Now, that's not just money, not over
16 1.2 billion dollars that can be just explained away
17 or disappear. It is essentially, in a utility
18 accounting sense, money held, it must be held in
19 trust for the customers. They're not going to
20 spend it on depreciation of their poles and their
21 transformers and their wires, which was the purpose
22 they're allowed to collect it for in the first
23 place by the Public Service Commission.

24 Now, we might ask eventually and you all might
25 ask if you're curious how it came to pass that the

1 Public Service Commission let this company collect
2 a billion dollars of money that they're not going
3 to need for the purpose they collected it for in
4 the first place. But that question aside, the
5 point is, as pointed out by Mr. McGlothlin and the
6 Public Counsel, who brought this issue -- they

7 found this issue, the Public Counsel did and they
8 should get full credit for it -- the point is they
9 have 1.24 billion dollars that they're not going to
10 need for the purpose they collected it. And they
11 have filed a motion with the Public Service
12 Commission saying time out, ladies and gentlemen of
13 the Public Service Commission, you started letting
14 this company collect \$2.09 a month from its
15 customers January 1st -- which, by the way, all of
16 the customer representatives, including my clients,
17 urged the Public Service Commission not to do
18 before having an evidentiary hearing and having
19 proof from this company that they deserve the
20 money. PSC went ahead and did it anyways, started
21 collecting \$2.09 per month on average from
22 customers. Initially it was going to be for two
23 years because the company said well, we have so
24 many hundreds of millions we've spent. Then they
25 said later, a month or two later, oops, we found a

1 lot more we spent. We want to extend that \$2.09
2 for another year to three years, okay. PSC
3 probably shouldn't, we don't believe, should have
4 approved the surcharge without a hearing first, but
5 they went ahead and did that.

6 So the Public Counsel is saying well, FP&L is
7 in with this depreciation filing, which is normally
8 pretty boring stuff, depreciation, until you find
9 an extra billion dollars laying around. And then
10 they have the rate case which has to be finished
11 this year in which they're asking for a lot more
12 money too, which at least on the surface baffles me
13 because I just told you they're earning almost
14 13 percent on common equity the last 12 months,
15 okay. But the Public Counsel said, Commissioners,
16 time out, let's look at the 1.2 billion dollars and
17 see if we can't use that money to, one, pay
18 whatever the legitimate costs are this company has
19 for repairing its system during the hurricane
20 season last year; and, two, let's see if there
21 isn't enough money left over to refund the
22 company's Storm Reserve which they wanted to do in
23 the course of the rate case, if not through
24 legislation they proposed.

25 Now, that's before the Public Service

1 Commission. And, unfortunately, their staff issued
2 a recommendation a couple days ago saying no, don't
3 do that. Just go ahead and have this hearing
4 starting the 20th and consider whether they should
5 get \$2.09 for the next 33 whatever months are left
6 and worry about whether it all jives up later in

7 the case.

8 The staff recommendation is wrong, it's
9 incomprehensible. And I would submit to you,
10 ladies and gentlemen, on behalf of my clients that
11 it would be irresponsible of the Florida Public
12 Service Commission not to stop the game right now
13 with this new evidence, the new disclosure of a
14 billion dollars and see if we can't stop the
15 surcharges immediately, pay the company its
16 legitimate costs and also restore the reserve funds
17 which you all pay for anyways.

18 Let me close by saying that with respect to
19 what their legitimate costs are, the Public Counsel
20 pointed out to you, and I'll say it again, Ms.
21 Williams said their crews were out working 16 hours
22 a day. Eight of those hours are already paid for
23 in the basic monthly rates that you pay, okay. By
24 putting them, not just the overtime, by putting the
25 base eight hours for all of these employees in the

1 surcharge, the company gets to recover it twice.
2 And in effect they manage to not only not pay for
3 their share of the recovery of their utility
4 system -- because I keep stressing their utility
5 system. They only have one product, ladies and
6 gentlemen. They're not a charitable. They're not
7 a nonprofit organization. If they don't connect
8 their lines back to their customers after a storm,
9 they can't sell the one product they have. It's in
10 their interest as well as their customers'
11 interests to fix their system. There shouldn't be
12 any double recovery. The utility should pay
13 roughly half of the total cost. And those of you
14 that are customers of the system should think
15 before you get up and say we want to pay more,
16 think about the fact that the company shareholders
17 earned close to 13 percent on equity last year.
18 And they should help pay. Thank you.

19 MR. BAEZ: Thank you, Mr. Twomey. Now we'll
20 begin taking testimony from those of you that have
21 signed up to speak. Those of you that did sign up
22 to speak, would you please stand up and raise your
23 right hand? In the matter before the Florida
24 Public Service Commission, do you swear to tell the
25 truth and nothing but the truth?

1 THE AUDIENCE: I do.

2 MR. BAEZ: Thank you. First we have Mayor
3 Jerry Taylor of Boynton Beach.

4 MR. TAYLOR: Is this mic. on? Yes. Good
5 morning, Chairman.

6 MR. BAEZ: Good morning.

7 MR. TAYLOR: Thank you for this opportunity to
8 share a few comments with you. The thought that's
9 running through my head this morning is I did not
10 come here to bury Caesar, but to praise Caesar. I
11 expected the lights to go out. I came to Miami in
12 1949 as a 13-year-old. I've been through many
13 hurricanes. So I know when the hurricane's coming,
14 you're probably, if you're hit, you're going to
15 lose your power. Unfortunately, unlike me,
16 thousands of people have come to Florida since then
17 who have not experienced a hurricane. And maybe
18 they didn't -- and even if they did expect them to
19 go out, today we live in an instant gratification
20 world. They expect they might have gone out, but
21 they ought to be back on in a couple hours. My
22 God, it's been three hours, where is the power?
23 They don't understand why it doesn't happen right
24 away.

25 Fortunately, FP&L contacted our city and asked

1 if we could give them a staging area in our city,
2 which we did at our Boynton Beach Mall. So I was
3 able to see firsthand their response. And they
4 were centered there, which helped them work very
5 diligently for the whole of south Palm Beach
6 County. And I saw the men and women do the

7 professional job that they did, long hours, 24
8 hours a day with little sleep, eating the same cold
9 food that we were eating, but they were out there
10 on the job a long ways from their homes, from
11 across the country they came here to help us to get
12 back on beat.

13 The only -- I heard people needed a fall guy.
14 They needed somebody to criticize. They were
15 uncomfortable. They were taking cold showers.
16 They didn't have any refrigeration. They didn't
17 have any air conditioning. FP&L was an easy person
18 to pick on. Why couldn't they make things happen
19 right away? Well, I can tell you that I have --
20 the one criticism I guess that I heard that maybe
21 could be legitimate, I have no way of knowing, was
22 the fact that FP&L had withdrawn money over the
23 past three years or so on their preventative
24 maintenance program and, therefore, the damage was
25 more extensive. It may or may not be true, I have

1 no way of knowing that. But I do know that
2 businessmen, business ladies, when you run a
3 business and you have to be efficiency and look
4 where you can cut costs, we sometimes fall in the
5 trap the first thing we look at is cutting
6 preventative maintenance costs. Which one of us

7 personally has not waited till our house air
8 conditioning unit blew out and then said gee, maybe
9 we should have paid that hundred dollars to have it
10 serviced a couple months ago? Which one of us
11 hasn't driven our car another thousand miles before
12 we had that oil change? You know, in fact you end
13 up paying for that down the line.

14 But I can tell you that that maybe is a lesson
15 learned. And the reason I think maybe there was
16 some of that is in my neighborhood I watched
17 transformers blow in my neighborhood. And after
18 Frances, it took a while for them to come back and
19 replace those transformers. Maybe they should have
20 been replaced earlier, I don't know.

21 But I know when Jeanne came along after they
22 had done that and they blew during Jeanne, the
23 power came back much quicker because these
24 transformers, the circuit breakers let off as they
25 should have. So then it was a matter of just

1 coming back and reapply the circuit breaker and the
2 power came back. So there may have been some truth
3 to that. But I still say there may be some reasons
4 for that.

5 I will tell you that the hundreds of calls
6 that I got from people saying, mayor, what are you
7 doing about getting my power back on? You know,
8 they all thought the mayor had the switch to turn
9 the power back on, which of course we didn't. But
10 I would have loved to have been able to say, you
11 know, I can get your power back, but it's going to
12 cost you another \$2.09 a month. Can you handle
13 that? And I'm sure they would have said go for it,
14 mayor. I didn't want to have them say I can't
15 afford to get your power back on.

16 FP&L is asking you for I think a small
17 surcharge to make sure that they can provide the
18 service that our communities want. I hope they can
19 look favorably upon that. Thank you.

20 MR. BAEZ: Thank you, Mr. Mayor. I for one am
21 surprised you don't have a switch to turn the power
22 back on. Mayor Eissey.

23 MR. EISSEY: Good morning, Mr. Chairman,
24 Commissioners, ladies and gentlemen, I do want to
25 thank the mayor for providing you with the

1 information he just did 'cause I wrote it for him.
2 And I could take your time and echo what he just
3 said. But if you will allow me to say that I agree
4 with what the mayor had said, but to further state
5 that, as a mayor, I do have the power to turn on
6 the electricity. No, I don't, but he didn't. I
7 thought I'd say I did.

8 Let me say to you that I don't know of any
9 activity or any serious damaging situation in our
10 county, much less North Palm Beach where I am the
11 mayor, that received greater service than what FP&L
12 and the people that they brought in provided to the
13 people in northern Palm Beach County. They did a
14 marvelous job.

15 And I'm not here to be a part of the debate as
16 to whether or not FP&L is receiving a certain
17 percentage and whether or not FP&L has the money to
18 pay for half of it and all that. I don't want to
19 get embroiled in that discussion because I don't
20 have the evidence before me to discuss that. I
21 simply want to state to you as commissioners that,
22 as a former mayor stipulated, that if I were to ask
23 the citizens in my community whether or not if we
24 could turn on the switch for \$2.09 or whatever it
25 is a month in order for them, FP&L, to continue

their service to the people, the citizens that I
2 serve, I don't believe there would be even the
3 poorest of the poor who would do that, who would
4 say no, I can't afford it. I am not in favor of
5 raising taxes. I'm not in favor of paying any more
6 money, but if that means the citizens in my

7 community are going to receive less service in
8 times of need, then I am for it.

9 So I just simply wanted to convey to you folks
10 you have an awesome responsibility. And I
11 recognize that. But in that responsibility you
12 also need to recognize, which I am sure that you
13 do, that in order to provide the services that we,
14 the citizens, expect from Florida Power & Light,
15 they have to have the wherewithal to do that.

16 I would like to improve some of the streets in
17 the North Palm Beach area. I'd like to improve the
18 cost of replacing sidewalks. And I'd like to
19 improve all of those things. But without the
20 money, without the ability to provide the financial
21 resources to do that, you're at a loss. And I
22 think you have to be responsible in allowing them
23 to provide those resources.

24 And in closing I wish to tell you that there
25 is an old Lebanese proverb that I made up, and it

1 is to the rest of the people who are going to
2 speak, blessed are the brief for they shall be
3 invited again. And in saying that, I do wish to
4 state once again you have an awesome
5 responsibility, but I commend you tremendously for
6 giving the citizens the opportunity, as their

7 right, to provide you with their concerns and to
8 provide you with their input as we try to do in the
9 area of North Palm Beach at our council meetings.

10 And I thank you for your attention. You may have
11 the rest of the day off with pay.

12 MR. TWOMEY: Mr. Chair. Mr. Mayor.

13 MR. BAEZ: Mr. Mayor, he has a question.

14 MR. TWOMEY: Just one, Mr. Mayor.

15 MR. EISSEY: I still love you.

16 MR. TWOMEY: Sir, do you have any polling
17 data, current polling data or polling data
18 subsequent to the storm restoration that shows the
19 percentage of your residents, your citizens that
20 are willing to pay for the full cost of this storm
21 recovery?

22 MR. EISSEY: Do I have any poll information in
23 that regard?

24 MR. TWOMEY: Yes, sir.

25 MR. EISSEY: No, sir, I do not. I do have a

1 considerable number of people that I have asked if,
2 in fact, they could have had their electricity on
3 sooner or have it put back on, would they be
4 willing to pay a small amount in order to have
5 those services, and a few people that I had spoken
6 to said yes.

7 MR. TWOMEY: One last question. Is it your
8 understanding that the rapidity of the FPL's
9 restoration of service was, in fact, dependent upon
10 them getting the surcharge?

11 MR. EISSEY: No. I do feel very strongly,
12 however, that we have to provide any organization,
13 whether it's medical services or whether it's
14 whomever, we have to provide them with the
15 wherewithal that they can do their job.

16 MR. TWOMEY: Sir, thank you.

17 MR. EISSEY: And I'm a member of AARP. I love
18 you. I think you're doing a great job. And I
19 understand your right and your responsibility
20 making your presentation this morning. And I
21 commend you for that. But I still feel as though
22 the citizens in my community would prefer to have
23 the services than the small amount of money, even
24 though I'm opposed to taxation increase.

25 MR. TWOMEY: Thank you.

1 MR. BAEZ: Thank you, Mr. Mayor. Mr. Kurt
2 Bressner.

3 MR. BRESSNER: Good morning. My name is Kurt
4 Bressner. I'm city manager in Boynton Beach. And
5 I'm not from Miami. I'm from Chicago. So I can
6 tell you I did not know what to expect with the two

7 hurricanes that hit Boynton Beach within the four
8 weeks last year. But what I did see, particularly
9 with the first storm, 95 percent of our power out
10 in our community at the end of that first storm.
11 And we recognize that FP&L faced tremendous
12 challenges in order to restore the power not only
13 in Boynton Beach but in Palm Beach County totally.
14 And we got out of their way. In fact, we
15 facilitated the repair center at Boynton Beach Mall
16 because we understood the need to have the power
17 restored to our citizens as quickly as possible.

18 I had the opportunity to spend a great deal of
19 time at the recovery center at the mall. And I
20 will tell you that, as a city manager who has been
21 doing this business for about 28 years, I can
22 identify a healthy organization and I can identify
23 an organization that needs help. And what I saw
24 was an organization where the staff was focused,
25 they were sincere, and they were effective in

1 trying to restore the power as quickly as possible.

2 So your job as a Commission is to determine
3 what's right and what's fair and what's equitable
4 as far as the amount of the surcharge. And I know
5 that's going to be a very difficult task for you to
6 sort out the numbers. I think the concept is good
7 and I do support the idea of the surcharge for
8 FP&L. I'm trying to be as brief as I can 'cause I
9 don't want the mayor to get mad at me. Thank you.

10 MR. BAEZ: Questions of Mr. Bressner?

11 MR. TWOMEY: Yes, sir. Again, likewise to the
12 previous speaker, do you have any polling data that
13 supports the notion that your residents, your
14 citizens want to pay this full surcharge?

15 MR. BRESSNER: No. The only thing I have is
16 those who used telephones during the storms said,
17 "When are we going to get power back?"

18 MR. TWOMEY: Do you have authorization from
19 your city officials to state on their behalf that
20 you're in favor of the surcharge?

21 MR. BRESSNER: Yes, I do.

22 MR. TWOMEY: Lastly, were you asked by any
23 employee of FP&L to come testify today?

24 MR. BRESSNER: Yes, I was.

25 MR. TWOMEY: Thank you.

1 MR. BAEZ: Thank you, Mr. Bressner. Gail
2 Nelson.

3 MS. NELSON: Good morning, Chairman Baez and
4 Commissioners. My name is Gail Nelson. I'm town
5 manager for the town of Juno Beach. I am also an
6 AARP member. I am here today to support the storm
7 cost recovery surcharge requested by FPL.

8 Last June 1st all of us in the service
9 provider business thought they were adequately
10 prepared for the upcoming hurricane season. We all
11 had money in the bank and a hurricane plan by our
12 sides. By the end of the season, we all found out
13 that mother nature dealt a blow that no one could
14 have foreseen or properly prepared for. Our plans
15 were inadequate, our reserves were depleted and our
16 employees were worn out. On top of everything
17 else, most cities came to the realization that
18 they've actually exacerbated FPL's problems.
19 Lulled into complacency by so many stormless years,
20 our landscaping codes not only required trees and
21 more trees, they encouraged trees that looked good
22 and were pretty but had no wind resistance. Cities
23 all shared a common vision of what tree-lined
24 streets and tree-canopied neighborhoods would look
25 like. Here in Palm Beach County, we saw what

1 happened to that vision when Frances hung over us
2 for days creating havoc for all of us as well as
3 for FPL.

4 With four storms hitting Florida, three in
5 FPL's service area, I know the company faced
6 tremendous challenges. After each storm thousands
7 were without power. And for most of those people
8 living without electricity for more than a couple
9 of hours had never happened to them before. When
10 we were deprived of air conditioning, refrigeration
11 and hot water, we did not cope well. People were
12 frustrated and impatient and eventually angry.

13 FPL's response was immediate. I felt very
14 privileged to be asked to visit an FPL staging area
15 after one of the storms. I was amazed at the scope
16 of the operation. The logistics of handling the
17 workloads, the sleeping arrangements, the meals and
18 the safety and well-being of the thousands of
19 workers were monumental. Add to that the challenge
20 of keeping all their vehicles serviced and stocked
21 and you have an operation that must have taken
22 tremendous coordination by FPL workers who were all
23 doing hurricane duty over and above their regular
24 jobs. I shudder to think of how long restoration
25 would have taken had we not had the tremendous

1 support of utility workers from all over our
2 country and Canada.

3 In closing, I know that we will all be a lot
4 smarter and wiser next time. And, unfortunately,
5 forecasters are telling us that there will be a
6 next time. When that time comes, I know that FPL
7 will be prepared. And, hopefully, I urge you to
8 approve the surcharge that they are requesting.

9 Thank you very much for your time.

10 MR. BAEZ: Thank you, Ms. Nelson.

11 Commissioners, questions? Mr. Twomey?

12 MR. TWOMEY: Mr. Chairman, thank you. Ms.
13 Nelson, the same question generally, do you have
14 any polling data showing whether the citizens of
15 Juno Beach are desirous of paying or not paying the
16 surcharge?

17 MS. NELSON: No, I do not.

18 MR. TWOMEY: Do you have the formal approval
19 of Juno Beach's elected officials to come here and
20 state that you're in favor of the surcharge?

21 MS. NELSON: No, I do not. I have a pretty
22 new council and mayor. At the close of hurricane
23 season though, we did write a very supportive
24 letter to FPL. And I'm sure they would have given
25 me had we had time to meet.

1 MR. TWOMEY: To?

2 MS. NELSON: Given me approval.

3 MR. TWOMEY: For the surcharge?

4 MS. NELSON: Yeah.

5 MR. TWOMEY: As with the previous speaker, at

6 any point in time were you asked by any FPL

7 employee to come and speak today?

8 MS. NELSON: Yes, I was.

9 MR. TWOMEY: Lastly, were any portion of your
10 prepared remarks today prepared by FPL?

11 MS. NELSON: Not at all.

12 MR. TWOMEY: Thank you.

13 MR. BAEZ: Mr. Hoffman.

14 MR. HOFFMAN: Thank you, Mr. Chairman, just
15 very quickly in an attempt to keep this process as
16 open and amiable as you would like it to be and
17 consistent with its purpose, I'm not sure what the
18 point is, and I think we can help move this thing
19 along if we just let everyone know to the extent
20 that they don't and make it very clear that what
21 FPL does every day of the week, every week of the
22 year, every month of the year is we talk to and we
23 communicate with our customers and with local
24 government stakeholders. We do it all the time,
25 particularly in connection with storm preparation

1 and storm restoration efforts.

2 So many of these people, so many of these
3 folks, as you know, are supportive of our efforts
4 and wanted to make their views known to the
5 Commission. Of course we encouraged them to attend
6 and make their views and real-life storm experience

7 with FPL known to the Commission. So we want to
8 put that out there for Mr. Twomey's benefit, for
9 the Commission's benefit, for the public's benefit
10 so there is no uncertainty about that at all. And
11 we think that's part of the process to some extent.
12 It may be no different than what the AARP has done
13 in sending a notice to their folks encouraging them
14 to attend to fully inform the Commission about the
15 issues in the docket. Thank you.

16 MR. TWOMEY: May I respond, please?

17 MR. BAEZ: If you must, Mr. Twomey. But
18 before you, before you speak, let me just tell you
19 this, none of -- it doesn't matter who asked who to
20 come with. None of that has any bearing on what
21 our considerations are going to be. And I hope I
22 can speak for my colleagues is that the information
23 of who was asked by whom to come and show up has no
24 bearing on this. And it doesn't matter to me who
25 showed up at whose request.

1 MR. TWOMEY: Fine.

2 MR. BAEZ: That goes for everyone. I mean, it
3 is so much, it is so much the same as establishing
4 anyone off the street how they were compelled to
5 come here. Really it's irrelevant.

6 MR. TWOMEY: Yes, sir. It may be and I'll
7 take your observation to heart. Notwithstanding
8 that, AARP, my clients believe that it's important
9 that if a public official comes and testifies
10 before you under oath not just that they're
11 favorably impressed with the rapidity of FPL's
12 hurricane restoration services, which is not really
13 at issue in this hearing for most of the parties,
14 that's fine, no objection there. What I find
15 troubling and what I think we have a right, an
16 obligation on my part for my clients to explore
17 just briefly is whether these public officials are,
18 in fact, authorized by their bosses, elected bosses
19 to come in and speak to the extent they're town
20 managers, city managers and so forth, if they're
21 authorized formally to say for their government
22 that they're in favor of the surcharge.

23 MR. BAEZ: Mr. Twomey, I don't mean to cut you
24 short. I understand where you're coming from. And
25 I agree with you. To the extent that any municipal

1 official who has been sworn is going to give
2 testimony that or any representation that their
3 constituents approve of the surcharge, I will tell
4 you now as witnesses you better be able to back it
5 up, otherwise Mr. Twomey's questions are proper.

6 So if you can save us all, if you can save us

7 all the time -- Mr. Hoffman, I hope you don't
8 misinterpret what I'm saying. But I think one of
9 the proper statements would be for those of you
10 that are on your way up if you're going to
11 represent that your constituents have generally
12 approved this, or certainly that your board has
13 approved this, state so clearly so that the
14 questions can be avoided and there can be no
15 misunderstanding. Mr. Twomey, I had interrupted
16 you.

17 MR. TWOMEY: Just briefly, with that, I
18 appreciate that. I will observe your observation
19 about who came at whose behest. And if the
20 witnesses do testify that they're in favor of the
21 surcharge and if they address my questions in
22 advance, then I'll be happy to stay in my seat.

23 MR. BAEZ: But don't mistake, don't mistake
24 that, Mr. Twomey, for a statement Ms. Nelson may
25 have made. I don't remember her making any

1 representation that she had -- that anyone of her
2 constituents were in favor or anything like that.
3 I believe she was speaking from her own personal
4 experience, yes, as a city official, but I don't
5 remember any representations that she made to that
6 effect. So I would appreciate if we don't get
7 caught up in all of those questions.

8 The witnesses that come and make those
9 representations, be prepared to state that you have
10 authority on behalf of your board or council
11 likewise if you're making such representations. I
12 would just remind the witnesses to say that.

13 Mr. Hoffman, you were going to --

14 MR. HOFFMAN: Yes.

15 MR. BAEZ: Ms. Nelson, I haven't forgotten.

16 MR. HOFFMAN: Thank you, Mr. Chairman. There
17 were a number of things that Mr. Twomey stated in
18 his opening remarks, particularly with respect to
19 the depreciation issue, that we strongly disagree
20 with. And we're not here to debate, Mr. Twomey.

21 MR. BAEZ: And, you know what, Mr. Hoffman,
22 and I appreciate that. Those battles, please,
23 gentlemen, those of you that are wearing ties as
24 part of your work here today, please refrain from
25 getting into legal arguments here. This is a

1 customer meeting. Customers come in many shapes
2 and sizes. They work for many employers, including
3 municipalities and including elected officials.
4 They are all customers here. Please respect their
5 time. Mr. Twomey, Mr. Hoffman -- and Mr.
6 McGlothlin luckily has not, has not had the urge to
7 speak as well -- but I urge you, let's respect the
8 time of the customers here.

9 MR. HOFFMAN: And all I was about to say, Mr.
10 Chairman, is the only reason I felt compelled to
11 get up again on this was the representation to
12 these folks that the rapidity of our storm
13 restoration service, the level of our performance
14 is not at issue. And that is if you look at the
15 notice that the Commission sent out on this, that
16 is precisely the purpose of these customer service
17 hearings.

18 MR. BAEZ: Commissioner Davidson. Are you
19 compelled, Commissioner?

20 MR. DAVIDSON: I am compelled, Chairman, just
21 as one commissioner, I don't want to speak for the
22 Chair, but we're grown-ups here. We're going to
23 take all this for what it's worth. We can digest
24 the arguments. And I'd like to hear from the
25 customers, corporate and individual, city

1 officials.

2 MR. BAEZ: Any way, any way they come from.

3 And to the attorneys, I respect, I respect your
4 need and your willingness to represent your
5 clients. I have no issue with that. But I feel
6 compelled to remind you that this is a customer

7 hearing. I promise you, you will have time ad
8 nauseam, all right, to enter into debate and
9 argument at the technical hearing in Tallahassee.

10 And I hope that it's the last time that we have to
11 get into this kind of discussion here. Ms. Nelson,
12 I apologize. We have kept a customer waiting.

13 MS. NELSON: No problem. I just wanted to say
14 that I did not speak for the residents of Juno
15 Beach. I spoke as a city manager who is in charge
16 of restoring city services back to our residents
17 and who worked closely with FPL during that time.
18 We all shared a lot of headaches and a lot of
19 laughs together. I'm here in my capacity as a
20 professional job.

21 MR. BAEZ: That was clear to me. Thank you.

22 MS. NELSON: Thank you.

23 MR. BAEZ: Lee Kapp.

24 MR. KAPP: Good morning. I represent School
25 District of Palm Beach County. I believe we are

1 the largest customer in Palm Beach County for FPL.

2 We have a short statement.

3 This past hurricane season caused widespread
4 power outages to the schools and administrative
5 buildings in the Palm Beach County School District.

6 Florida Power & Light, realizing the importance of

7 restoring electrical service to the school
8 district, worked diligently towards this goal.

9 While district personnel and FP&L relocated
10 hurricane headquarters, contacts, phones, faxes and
11 computers links were established between the
12 district and FP&L. We were in contact with each
13 other continually for the latest restorations.

14 Even one or two days FPL supplied an on-site person
15 to help us with the restorations. And we believe
16 this good working relationship helped to restore
17 our schools in a timely manner.

18 The only thing we would ask for is restraint
19 on the surcharges due to the fact that school
20 district budgets are strained already and this will
21 mean several hundred thousand dollars to our
22 operating budget next year. That's all we have.

23 MR. BAEZ: Commissioners, questions of
24 Mr. Kapp? Thank you, sir, for your comments this
25 morning. Nicole Blanten. Is Ms. Blanten here?

1 MS. BLANTEN: I didn't sign up to speak.

2 MR. BAEZ: I'm sorry, very well. And Ms.

3 Peck?

4 MS. PECK: No.

5 MR. BAEZ: Didn't either. After all of this,

6 you're diving under the seats, aren't you? Please

7 don't be scared. Mr. Vince Bonvento.

8 MR. BONVENTO: Good morning. Welcome to our

9 facility here in Palm Beach County.

10 MR. BAEZ: Thank you for having us.

11 MR. BONVENTO: My name is Vince Bonvento. I'm
12 assistant county administrator with Palm Beach
13 County. Part of my duties and responsibility is to
14 provide oversight and direction to our disaster
15 plan at the Palm Beach County emergency management
16 facility.

17 I was very involved working with our emergency
18 management officials this year. Obviously, we had
19 a very active season with Hurricane Frances and
20 Hurricane Jeanne. I had an opportunity to work
21 hand in hand with the FP&L officials that were
22 physically housed at the emergency operating center
23 during both of these storms. I know that there was
24 a lot of frustration and anxiety in the community.
25 A lot of elected officials were very frustrated

1 about the restoration of electricity. And I
2 received a lot of those calls and met a lot of the
3 elected officials to try to explain to them the
4 magnitude of the power outages that resulted from
5 these two hurricanes.

6 Hurricane Frances basically paralyzed Florida

7 for three days. We had our shelters open. The
8 hurricane just hung there, created a lot of debris
9 damage. We recognize that FP&L had an army of
10 reinforcements from Georgia waiting to get into
11 Florida, but, because of the track of the
12 hurricane, it delayed their response.

13 We worked very closely with FP&L in setting up
14 a staging area in the Boynton Beach Mall, the huge
15 facility at the fairgrounds and the North County
16 Airport. Everybody was taxed as far as their
17 resources to respond this year to this hurricane
18 season. It was phenomenal year. In over a hundred
19 years we had two hurricanes impact within about
20 30 miles of each other, which is unheard of. A lot
21 of our resources were used up.

22 We would like to encourage the support of the
23 Commission to give the financial resources to FP&L
24 to be prepared for future hurricanes. Just as well
25 as Palm Beach County has exhausted their resources,

1 we have allocated additional resources, financial
2 resources to be better prepared for hurricane
3 season this year. Palm Beach County officials are
4 working very closely with FP&L to update a list of
5 all of the critical infrastructure facilities in
6 Palm Beach County that, God forbid, if we had a

7 massive hurricane again and we had massive power
8 outages that public officials working in
9 conjunction with FP&L would have a list of critical
10 facilities that need to be restored as quickly as
11 possible. And for the first time trying to look at
12 large retirement communities where we really had a
13 problem with massive power outages, getting food
14 and meals to these areas.

15 So, once again, I would encourage the
16 Commission to support their request. I'm here on
17 behalf of a public safety department. I did not
18 ask the chairman of our board to be here today. I
19 was not invited to speak today. I knew the hearing
20 was being presented today. And I wanted to be here
21 to speak on behalf of the county in my professional
22 opinion and on behalf of FP&L's request. Thank
23 you.

24 MR. BAEZ: Commissioners, questions of
25 Mr. Bonvento?

1 MR. BRADLEY: I have a question. Just one
2 question, over here. You made mention of the fact
3 that the county has been meeting to discuss what
4 might be done in order to improve its response to
5 catastrophic events such as what the state of
6 Florida experienced last year and which hit Palm

7 Beach. Can you just briefly describe to me maybe
8 some of the outcome decisions that you all have
9 come to so that Palm Beach can be more responsive
10 and better prepared to deal with catastrophic
11 events such as we're discussing?

12 MR. BONVENTO: Yes, sir. We're looking at one
13 of the issues that came up during Hurricane Jeanne
14 was the housing of the thousands of employees in
15 Palm Beach County. Palm Beach County availed the
16 availability of the convention center to house a
17 lot of the FP&L employees to encourage them to stay
18 as opposed to leave the area and have to relocate
19 down here. So we're working with them on trying to
20 identify housing locations.

21 We're trying more clearly to find the staging
22 areas. We're trying to resolve some of the
23 logistical problems that we experienced at the
24 staging areas.

25 One of the areas that we've encouraged FP&L to

1 continue to work on is a computer software system
2 that can readily identify the areas that have --
3 the grid areas that have been powered up as their
4 power comes on. We had a problem in trying to
5 identify the geographical areas where the power had
6 been restored within the last 24 hours because,

7 based on that information, we were having to
8 distribute food and water to certain locations.
9 And obviously if we knew the power was up in
10 specific locations, we were diverting the food and
11 water from those locations to other locations that
12 had no power.

13 So we're really encouraging FP&L officials to
14 continue enhancing that software system to better
15 provide the information for the emergency
16 officials. And I think working with them in
17 conjunction with all the cities in Palm Beach
18 County -- we just had a meeting Monday. We've had
19 a meeting prior to that. We're going to have a
20 couple more meetings. We're trying to get
21 information from all the cities of all of their
22 critical infrastructure sites. We're trying to
23 identify the nursing homes, the assisted living
24 facilities so, God forbid, if we do have a massive
25 power outage, we can be a little bit better

2 prepared maybe to identify those facilities that
3 need to be powered up as quickly as possible.

3 MR. BAEZ: Any questions? Thank you, sir.
4 Can you pass on our appreciation to your chairman
5 and board for hosting us today? Mr. Alex
6 Rodriguez.

7 MR. RODRIGUEZ: Good morning. My name is Alex
8 Rodriguez and I live here in the acreage.

9 MR. BAEZ: Mr. Rodriguez, you can step up to
10 this podium here. I think it would be a little
11 easier for you.

12 MR. RODRIGUEZ: Thank you. My name is Alex
13 Rodriguez. I live here in the acreage. During the
14 season of hurricane, one of the poles came down on
15 the corner of my house. I'm so glad to see Florida
16 Power & Light two days after that pole went down
17 take care and repair. I'm here to justify that go
18 forward for the surcharges. Surcharges is less
19 than what parking meter cost here right now. It's
20 going to cost me more what the surcharges, whatever
21 surcharge will be, what the parking space here.
22 Thank you very much.

23 MR. BAEZ: We're sorry to keep you waiting,
24 Mr. Rodriguez. Ms. Diane Huff.

25 MS. HUFF: Mr. Baez, Commissioners, good

1 morning. I'm Diane Huff. And I'm the director of
2 the community services at 211 Palm Beach Treasure
3 Coast. That's the 24-hour-a-day-seven-day-a-week
4 telephone information and referral help line that's
5 available by dialing 211 in this community.

6 Our mission is to provide information,
7 referral, community education and crisis
8 intervention. And to help us fulfill this mission,
9 we've worked very closely with FP&L over the years.
10 And our primary interface with FP&L has been
11 through their special consumer services department.
12 And I'd like to say that I've never found a group
13 that was more helpful and more responsive and that
14 I liked more than that group of people.

15 Our relationship with FP&L has involved us in
16 many different facets of what we do. But what I'd
17 like to address today is specifically the care and
18 concern that I know that they have for the elder
19 population in our community. I heard a lot of
20 criticism during the event that they were not fast
21 enough to get power back on for elders. And I know
22 that they had to address some of the needs such as
23 hospitals and so on before they could try to get to
24 each individual elder customer.

25 But my history with this group of people has

1 been that they have an extremely sincere, dedicated
2 interest in helping the seniors of our community.
3 They, in fact, have worked with us to establish a
4 program known as AWARE, Always Watching For At-Risk
5 Elders, where we've actually trained a number of
6 their employees on how to recognize elders who were

7 in distress or trouble in the community. They then
8 turn around and report those situations to us so
9 that we can intervene. I think when we did that
10 training, I've never seen a group of people more
11 responsive. We trained the collectors and the
12 meter readers and so on. And since we've begun
13 that training, we've had several hundred referrals
14 from them about elders who are in trouble.

15 I know for a personal fact that FP&L has been
16 very concerned about the elders in our community.
17 And I felt it was important to get that testimony
18 on the record since one of the things, as I said,
19 I've been hearing is that they were not quick
20 enough to get the elders' electricity turned back
21 on. But when 27 percent of the community are
22 elders, some people had to wait. And I think it
23 was understandable. Also, I think as responsive,
24 as hard working, as dedicated, as professional as
25 FP&L people have been in their everyday activities

1 I can't believe that that stopped when a hurricane
2 started.

3 So I know that they were out there every
4 minute doing their absolute best to get the
5 electricity back on for us. And I think that that
6 addresses the issue of prudently incurred cost. I
7 think they were certainly prudently incurred and,
8 therefore, I would be supportive of the surcharge.

9 MR. BAEZ: Questions, Commissioners? I have a
10 quick question just try to understand a little bit
11 more about 211. First of all, were you operational
12 during the storms? Were you able to maintain
13 operations?

14 MS. HUFF: We were minimally operational. We
15 had a couple lines that were transferred over to
16 the emergency operations center because our
17 building is not hardened, but we were up
18 immediately after on generator.

19 MR. BAEZ: And did 211 either serve by design
20 or by default as some kind of intake or offer
21 access to customers, for instance, in terms of
22 intake problems that they may have been having?

23 MS. HUFF: Absolutely. Not so much with
24 electricity where we felt that the power company
25 had to be out there and do the job in the order

1 that they felt they needed to do it.

2 MR. BAEZ: Correct.

3 MS. HUFF: But we were operating as an intake
4 or as information and referral for all the
5 customers that what we knew about where the feeding
6 stations were, about how they could get water. And

7 we had a team that was specifically working with
8 elders to try to ensure their well-being and safety
9 and we worked with the area Agency on Aging about
10 that.

11 MR. BAEZ: Commissioner Bradley, you had a
12 question?

13 MR. BRADLEY: Yes. Just one quick question.
14 The elderly that you worked most with, are they
15 living primarily in congregate living facilities or
16 do they live in primary residences or combination
17 of the two?

18 MS. HUFF: Both, but primarily their own
19 personal homes or apartments.

20 MR. BRADLEY: Okay.

21 MR. BAEZ: Thank you, Ms. Huff. Mr. Bill
22 Wood.

23 MR. WOOD: Commissioners, good morning. My
24 name is Bill Wood. I'm president of the Greater
25 Delray Beach Chamber of Commerce and also a

1 customer of FP&L. My chamber has over 1,100
2 members. And, Mr. Twomey and Commissioners, I do
3 want you to know we did not poll the members,
4 actually nor has my board had a discussion about
5 the \$2.09 increase. However, of those 1,100
6 members, I have over the last several months talked
7 to many, many of them. And I believe I can safely
8 tell you that for the most part they were all very
9 happy with the quick response of FP&L's restoration
10 of power following the two hurricanes.

11 As you may surmise, I am here in support of
12 FP&L's application for storm cost recovery. In
13 truth, there were times in the first couple of days
14 when I heard, and this was really only from a very
15 few members, but I heard some grumbling and
16 frustration with FP&L. My favorite was I haven't
17 seen an FP&L truck yet. Where are they? But for
18 the most part it was pretty positive. Of course
19 some businesses were far more effected than others
20 because of the duration of power outage and how it
21 affected their particular business.

22 For the most part the comments I heard from my
23 members regarding FP&L was my power was up and
24 running in two or three days. It could have been a
25 lot worse. From my perspective given the enormity

1 of FP&L's -- the enormity of the problems, FP&L's
2 response in the area I have some direct knowledge
3 of and that's the greater Delray Beach area, was
4 remarkable.

5 If you're a resident and you have no health
6 problems being without power is a real

7 inconvenience. If you're a business, being without
8 power it can affect your entire livelihood, yours
9 and the people who depend upon you for jobs and
10 their own livelihoods. Schools and hospitals and
11 all other major services need to know they will
12 receive professional and responsive execution in
13 the restoration of their power.

14 This is Florida. We had four major storms in
15 this state last year. We pray we have none this
16 year, but this is Florida. And we know without a
17 doubt we will have storms again. Three storms in
18 six weeks cost FP&L over \$900 million. FP&L's
19 ability to recover costs through traditional
20 methods such as insurance and FEMA is limited.
21 This is the time to financially prepare, prepare
22 for the future. I support this temporary increase
23 to restore FP&L storm reserves now and recover cost
24 that is legitimately incurred by FP&L. And I thank
25 you.

MR. BAEZ: Thank you, Mr. Wood. Commissioner
2 Bradley, you had a question.

3 MR. BRADLEY: Yes. Just a brief description
4 of your members. Are your members, would you
5 consider them as being primarily retail,
6 businesses, industrial businesses?

7 MR. WOOD: They are primarily service related
8 and primarily small business.

9 MR. BRADLEY: Retail?

10 MR. WOOD: Small business is everything from
11 insurance companies to yes, certainly retail, but
12 not -- I mean retail probably constitutes less than
13 10 percent of my membership.

14 MR. BRADLEY: So you have a
15 high responsibility.

16 MR. WOOD: Yes.

17 MR. BAEZ: Commissioner, any other questions
18 of Mr. Wood? Thank you, Mr. Wood. Seabron Smith.

19 MR. SMITH: Good morning, Commissioners.
20 Myself, as Bill Woods stated earlier, is from the
21 Delray Beach area. And I'm here to support FP&L
22 and their recovery efforts as a consumer as well as
23 a professional.

24 As a professional, I support a lot of small
25 businesses also through technical assistance. And

1 when the storms hit, it was devastating to a lot of
2 these small businesses. And we had to help with
3 the recovery of those particular businesses. And I
4 have to commend FP&L staff for getting power back
5 in Delray Beach in my office in a matter of eight
6 hours. I mean, it was remarkable to be able to go

7 back to work. I mean, I was glad to go to work
8 because at home I was out for a week. So I spent a
9 lot of time in my office and I got a lot of work
10 done. I commend FP&L staff.

11 As a consumer, I have a renewed respect for
12 electricity. Being out of power for a week humbled
13 me a lot and made me realize that how important it
14 is for that profession to be able to go out there,
15 themselves probably not having power, to be able to
16 go back and provide services to the communities in
17 which we live. And I totally support the efforts
18 of FP&L trying to recoup their losses in this
19 effort.

20 And I want to close by saying my father always
21 told me whatever don't kill you make you stronger.
22 Thank you. Any questions?

23 MR. BAEZ: Questions of Mr. Smith?

24 MR. SMITH: Thank you.

25 MR. BAEZ: Thank you, sir. Julia Shivers.

1 MS. SHIVERS: Thank you. I don't usually do
2 this, but I am not for the increase. I'm against
3 that. I notice that the businesses have all
4 gathered today to say that they support it. I wish
5 you would have these meetings at night when more
6 customers could come in and speak. Businesses can
7 because they can take the time off. I think a lot
8 more people -- of course, I haven't got any polling
9 data, but from my neighbors, they don't want the
10 increase.

11 To some people it might not seem like a lot,
12 but when you have kids in college or you're going
13 to college back for yourself to improve yourself or
14 to get a better job, a lot of these people are
15 going to be hard hit. They're saying well, I can't
16 get a newer car. I can't get a newer house. I
17 might not be able to afford to send my kids to
18 college or I'll have to take a loan out to send
19 them. And this increase is going to hurt them.

20 I have -- Mr. Twomey and he also, I had a lot
21 of things and they hit every point that I was going
22 to make, okay. But what I don't understand is if
23 they need the money so bad, why did they spend
24 \$80.6 million to buy an energy company in Texas?
25 Okay. They also have a wind farm in Texas that's

1 going to be finished by the end of this year. They
2 asked the consumer voluntarily if they would donate
3 I think it was like nine dollars and some odd cents
4 to help with that research and to build it. We
5 haven't seen the cost of it, how much it was to
6 build it, how much of it was paid by the people who
7 volunteer on their bill. We should need to know
8 all that because we are the consumer.

9 Also, I've read all of their reports and I
10 have read on the Internet and I do have, I have
11 some documentation, I don't have it with me right
12 now, but they're going to ask for an increase for
13 2006, 2007, for the Turkey Point power plant unit
14 five. So you give it for three years. They come
15 back in 2006. They come back in 2007, want more
16 and more. And it's too much right now. Everybody
17 is hard hit with this hurricane. They need to
18 tighten their belts and give us consumers a break.

19 I do know about the 1.26 -- 24 billion
20 surplus. And I don't agree with the mayors that
21 spoke out. I have a little business common sense.
22 And you don't let your equipment go bad if you have
23 customers counting on that. If you drive a car for
24 a living, you're not going to let your brakes go.
25 You're not going to let your oil change go because

1 it's going to ruin your business. It's not going
2 to be good for your client. And it's going to put
3 you out of business if you do that.

4 I don't have the proof, but I have saw some of
5 the poles, one in particular that was rotten, and
6 it wouldn't stand up to any kind of winds that

7 Jeanne and Frances had. And that was on Florida
8 Mango Road between Lake Clarke Shores and Lake
9 Worth Gardens and it was rotten. They had to
10 replace it.

11 I believe also in my opinion that they have
12 not taken care of their power lines. I've lived
13 here 42 years. I was born and raised here. And
14 they used to go out and prune the trees away from
15 the power lines and they used to keep it well
16 maintained. For the last ten years or more they
17 have not done that. I've never seen the pruning
18 going on. Slight rain shower your electricity goes
19 out. Our electricity went out when it was a clear,
20 sunny day, no wind, electricity went out. That's
21 not good customer service. That's not giving us
22 prompt service. It took them an hour and a half to
23 get that electricity out on a clear, sunny day. I
24 usually come home at least once a week with my
25 lights on my clock blinking, my microwave saying

1 PF, power failure. So everything in the house has
2 to be changed.

3 So I don't -- I think they should absorb the
4 costs. I think they should take from the
5 1.24 billion, which was in the Palm Beach Post on
6 the 7th of April in the business section, 2-D. I

7 have it right here. That they should take the
8 money they need for recovery out of this 'cause
9 obviously that's a lot of money, billion. We're
10 talking billion, not million. We're talking
11 billion and they should be able to take some
12 expenses that businesses have to compensate.

13 Last night on Channel Five News had a good
14 program about where a client, a customer, she has a
15 gas station, a deli. She can't raise her prices
16 anymore on her food. And the prices on oils go up,
17 go up, go up. So she's got to absorb that cost.
18 They should have to absorb that cost also because
19 all of our gas is going up. Everybody is
20 tightening the belt.

21 And I feel sorry for people that have kids in
22 college. I've got family, they have kids in
23 college. My nephew, \$80 just to go to FAU every
24 week -- \$80 a month, I'm sorry, to go to FAU.
25 That's a big cost for him. He works part time.

1 He's trying to get his bachelor's degree.

2 Let them absorb the cost and give us a break.

3 We're all trying, I don't know about all of you,
4 but a lot of us have to pay for a roof. I mean, we
5 have insurance, but they still, we still have to
6 pay \$2,000 for that they won't pay for, okay. Some

7 people had to get new cars 'cause trees fell on
8 their cars, you know. Getting trees removed out of
9 their yard that fell over. So please listen to the
10 consumers.

11 And I'm not criticizing businesses, but my
12 opinion is give the consumer a break, okay. We
13 need a break right now. We can't get it from the
14 oil companies. We can't get it from -- the phone
15 wants to raise their rates. Give us a break here.

16 That's all we're asking. Give the consumer a
17 break. And please try to have these meetings when
18 more people can come, on a Saturday.

19 Unfortunately, I can't be there in Tallahassee when
20 you have your meeting. I would love to be there,
21 but I'm sure this gentleman here and this gentleman
22 here might be there. And I hope I'll be on the
23 Internet trying to find out what was going on.

24 Really it's very important at this time to let
25 the consumer know that you are thinking of them and

1 you are working with them and for them to say no
2 for this increase because right now that's the last
3 thing we need is another increase to pay for our
4 electricity. You can't live without it. And, you
5 know, you got children, kids, babies, schools,
6 please, give us a break.

7 MR. BAEZ: Thank you, Ms. Shivers.

8 Commissioners, questions? Thank you very much,
9 ma'am. Mike Jones.

10 MR. JONES: Thank you very much. My name is
11 Mike Jones. I'm the president and CEO of a group
12 called the Economic Council in Palm Beach County,
13 but I'm here today as an individual citizen
14 representing my family. We live in the coastal
15 evacuation zone. And last summer we evacuated our
16 home on two occasions because of the hurricanes.

17 I would like to leave you with three points.
18 First of all references I owned coastal property in
19 the Carolinas before I came down here. And I've
20 experienced a lot of hurricanes. And I would say
21 that the employees and FP&L deserve a lot of
22 credit, as does Vince Bonvento of the county. They
23 were our local heroes. They did a commendable job.
24 And I think if you talk to the citizens, most
25 people would agree with that.

1 My second point is that as someone interested
2 and concerned about the future growth and
3 development in the communities, it's absolutely
4 essential that we keep reliable, financially secure
5 utility companies in existence to assure for future
6 growth and development of our community, but also

7 maintain the quality of life that we expect. So
8 it's very important that we keep FP&L healthy
9 financially. And to that end, it seems to me that
10 last summer was an extraordinary year that requires
11 extraordinary actions. That reserve was put into
12 place for a purpose. If it was depleted because of
13 unusual events, acts of God, then we need to do
14 everything within your power as public servants to
15 restore those funds so that FP&L maintains its
16 motivation to restore service in the event of
17 emergencies. That should be their primary goal, I
18 think it was last summer. And I wouldn't want to
19 change that.

20 With regard to motivation for being here
21 today, I read about a week ago that you were coming
22 to town, for which I am grateful. And I personally
23 read that folks in Tallahassee were going to come
24 down here and argue about money. They weren't here
25 last summer when we were going through that

1 hurricane. I want you to know and appreciate how
2 important restoration of service and quality of
3 service is not only to my family but to businesses
4 that live and work down here. Appreciate your
5 attendance. And I would say for the record that no
6 FP&L employee could have prevented me from being

7 here today. Thank you.

8 MR. BAEZ: Questions of Mr. Jones? Thank you,

9 Mr. Jones. Sid Poe. Good morning, Mr. Poe.

10 MR. POE: Good morning, Chairman Baez and
11 Commissioners. My name is Sid Poe. I am a
12 resident here in West Palm Beach. I've lived in
13 Florida since 1969. And until this past summer
14 I've never seen anything like what my wife and I
15 went through.

16 We live in a condominium just down the road
17 here that got beaten up very badly. It's a
18 30-story condominium, which means having power to
19 the condominium is very important to us to run the
20 elevators, to run the air conditioning and so forth
21 and so on. Thank God for the fund that was
22 available for FPL to utilize to bring about power
23 as quickly as they did. I'm also employed by a
24 technical college here called New England Tech and
25 Florida Culinary Institute. Because of the power

1 that FPL provided to our Culinary Institute, we
2 were able to provide 20,000 meals to those in need
3 of food, prepared food after the storms.

4 I'm here obviously to urge your support for
5 what I consider do be a very small price to pay, a
6 three-year surcharge at \$2.09 a month is something

7 all of us should step up to the table and support
8 as citizens in Florida. Thank you very much.

9 I would like to add one thing though with
10 regard to a suggestion for Florida Power & Light
11 and that is that I think, like many businesses that
12 have a very large job to do, sometimes they don't
13 really tell their customers what it really takes to
14 provide that great service that they provide. And
15 I would urge them to be more forthcoming. That is
16 not a criticism. That is a positive suggestion.

17 Tell your story more effectively and I think people
18 would learn maybe to be a little bit more
19 understanding of what they're doing. Thank you.

20 MR. BAEZ: Questions of Mr. Poe? Thank you,
21 sir. Marcus Johnson.

22 MR. JOHNSON: Good morning, Chairman.

23 MR. BAEZ: Good afternoon, Mr. Johnson.

24 MR. JOHNSON: Is it afternoon already?

25 MR. BAEZ: We've been here that long.

1 MR. JOHNSON: Good afternoon, everyone. I'm
2 speaking on behalf of the area Agency On Aging for
3 the Palm Beach and Treasure Coast. I do have, I
4 can speak for them, their leadership and their
5 board of directors. I'm here to talk a little bit
6 about what we've done in our recovery effort not as

7 FP&L. We see ourselves as a brother or sister
8 agency to AARP. Within our five-county service
9 area we have over 500,000 seniors in our area.
10 That is the largest region within the state of
11 Florida for the five counties we serve. We are
12 federal, state, local and private funded to serve
13 seniors, administer service to seniors and speak on
14 their behalf as their welfare.

15 I'm here today, I'm not presumptuous enough to
16 say I speak for those 500,000 seniors. Every
17 senior is capable of speaking for themselves and
18 have their own mind. But we are here to speak on
19 behalf of the welfare of the seniors. Last year
20 during the hurricanes we were there at the EOC and
21 worked along with the county, officially each EOC
22 in the five counties we serve. And we know that
23 FPL had representatives there at each EOC. They
24 were working as hard as we were. We were there
25 delivering meals, ice and water to the seniors. As

1 a matter of fact, we delivered over 250,000 meals
2 to seniors in the five counties.

3 And we would like to say that our relationship
4 with FPL goes back to our organization 20 years.

5 Employees at FPL were on our board, our first board
6 that were established. They've always committed to

7 looking out for the needs of seniors, being
8 involved in the community. As an outreach and
9 education in the event that we're out there trying
10 to help seniors, FP&L is always there to support us
11 and they care for the needs of seniors who is most
12 at risk in our community. And as the senior
13 population grows and we seek to meet the needs of
14 those seniors, FPL continues to help us do that
15 endeavor.

16 I would like to go on record to say that as
17 for the price increase for the customers, like I
18 said, we cannot speak for our seniors and we do not
19 support or not, you know, support or not, we don't
20 have a stand on it one way or another. But we want
21 to let everybody know that FPL does care about the
22 seniors in the community. They come out. They
23 support all of our endeavors. And we greatly
24 appreciate their help.

25 MR. BAEZ: Questions of Mr. Johnson? Thank

1 you, sir, for coming this afternoon. Phyllis
2 Badesch.

3 MS. BADESCH: My name is Phyllis Badesch and
4 I'm a mother. I live at 1214 Lake, which is right
5 on the downtown West Palm Beach Howard Park. And I
6 do support FP&L. And I do support this increase
7 because I have four children. My oldest is
8 autistic. And after the hurricane we had no power.
9 I went in his room, went through the house opening
10 up windows, he refused to let me open his window.
11 In typical Asperger shape, he pulled the covers
12 over his head. It must have been about a hundred
13 and one degrees.

14 When the electricity came on about four or
15 five days later, my husband was out in the alley
16 practically trying to help at three a.m. We were
17 so delighted to see FP&L. Speed is very, very
18 important to us. And we need to know that it's
19 gonna -- that this hurricane season that we won't
20 be in bad shape. So I very much support this. And
21 I thank you.

22 MR. BAEZ: Questions of Ms. Badesch? Thank
23 you, ma'am. Randy Bianci.

24 MR. BIANCI: Good afternoon. My name is Randy
25 Bianci. I am a realtor here in West Palm Beach.

1 I'm a small business owner. I'm a landlord. And
2 I'm just a simple resident here.

3 I receive monthly several FP&L bills. And the
4 reason why I'm here today is because Phyllis
5 Badesch asked me to attend.

6 This is paradise. The name of my company is
7 called Paradise Properties of Florida. There is
8 sometimes a price to pay to live in paradise. It's
9 a free country. We can live anywhere we want.
10 Those of us who have chosen to live in the
11 hurricane alley chose it hopefully with our head
12 above the ground and not in the ground.

13 I also spent 16 years working for AT&T and
14 Illinois Bell. I understand what it's like to go
15 in front of a public commission and ask for a rate
16 increase. I know what it's like for your customers
17 to pound on your head when you sell those services
18 because you got a rate increase. However, as a
19 realtor, as a business owner, as a property owner,
20 as a landlord and as a simple resident, I'm willing
21 to pay the price for the light to be turned on. I
22 have an expectation, and I don't think there is a
23 consumer out there that does not have an
24 expectation to flip that switch and for the
25 electricity to come on. It's an unfortunate

1 expectation for the power company that provides it.
2 Because when the power does not come on, they did
3 not meet or exceed our expectations.

4 However, as a business owner, I also know
5 there is a cost to provide those services. And I
6 think it is your job to figure out how much that
7 is. Is it eight cents? Is it ten cents? Is it
8 \$2.08? Is it \$3.08? I don't know. I have seven
9 nieces and two grandnephews. I sympathize with the
10 woman who talks about additional monthly costs.
11 However, I'm sure she works just as I do. It has
12 cost me more to sit here for two hours to wait to
13 speak. If I'm not out on the streets or in my
14 office on South Dixie Highway, I'm not making
15 money. Today I'm not making money. However, I
16 didn't make money either when my electricity was
17 out for seven or ten days.

18 I'm not here to complain. I was glad to see
19 it go on. I realize this is a cost to live in
20 paradise. And if FPL needs that money to provide
21 the services that I expect when I flip that switch,
22 I urge you to give them that increase. But I also
23 urge you, as their docket states, to make sure that
24 that money is being spent prudently. And that if
25 perhaps at the end of three years we've given them

1 too much money, it is also your job to give that
money back to us.

I'm willing to pay for the price of paradise, to live in paradise. I'm willing to pay the price to have services that meet or exceed my expectations. I think that as we have the

7 Internet, we have communications and as we have a
8 growing community, our expectations increase with
9 every generation and every day. And let's not fool
10 ourselves that those services cost money. I love
11 it here in paradise. I wish to continue to live in
12 paradise. I'm willing to pay the price to live in
13 paradise.

14 As I mentioned earlier, I probably have five,
15 six, seven FP&L bills, I don't know. It's my job
16 to provide a good place for people to live as a
17 landlord, a good place for people to work as a
18 business owner. I need my power. I'm not here to
19 tell you what a good job or a bad job they did.
20 I'm just here to tell you that I am willing to pay
21 the money and I ask you to make sure that they
22 spend it prudently. Thank you.

23 MR. BAEZ: Questions of Mr. Bianci? Thank
24 you, sir, for your comments. Next I have, I know
25 I'm going to flub this, I have Kevin is it Lokrey

1 (phonetic)? I know I fumbled it.

2 MR. LOUGHNEY: It's Kevin Loughney, thank you.

3 MR. BAEZ: Loughney, I'm sorry.

4 MR. LOUGHNEY: My name is Kevin Loughney. I
5 work for the Boca Raton Resort and Club. I
6 represent the engineering department. We are one

7 of your heavier consumers of Florida Power & Light
8 in Palm Beach County. We are a significant
9 property as you well know.

10 I'm here to tell you that we have had a long,
11 healthy relationship with Florida Power & Light and
12 their support team. They're a great bunch of
13 individuals. I'm here to tell you that in the
14 course of the storm we were able to turn our
15 property around very rapidly. There was over a
16 thousand guest rooms, over 2,000 employees
17 involved. We were able to get them to go back to
18 work. I'm here to say also that by their efforts,
19 we were able to house some of the people who were
20 doing some of the restoration work. They're a
21 great organization. **They've been very effective**
22 with us over the years. And we're here to support
23 them. Thank you very much.

24 MR. BAEZ: Thank you, sir. I'm sorry.

25 MR. BRADLEY: Who do you work for?

1 MR. LOUGHNEY: I'm sorry?

2 MR. BAEZ: He missed who you work for.

3 MR. LOUGHNEY: Boca Raton Resort and Club,
4 sir. Boca Raton Resort and Club.

5 MR. BRADLEY: I'm sorry.

6 MR. LOUGHNEY: Okay.

7 MR. BAEZ: Questions of Mr. Loughney?

8 MR. DEASON: I have a question. You indicated
9 after the storm you were able to house the workers.
10 Out-of-state workers or who, who did you house?

11 MR. LOUGHNEY: Once the resort reopened, we
12 were able to invite guests back, our membership
13 that lived in the communities. We also made
14 arrangements with FPL to house some of their
15 service people because we had the utilities to
16 serve them and accommodate them.

17 MR. DEASON: Were you compensated for that?

18 MR. LOUGHNEY: I'm sure -- well, I can't
19 answer that question clearly actually. I know they
20 were there -- I'm sure there were arrangements
21 made. To what extent, I can't answer that. I'm
22 engineering.

23 MR. DEASON: That's fine. That's fair. Is
24 this part of a long-term plan that you have with
25 FPL or was it just, it was a matter of convenience

1 at the time to allow the housing to take place?

2 MR. LOUGHNEY: I'm not sure -- well, I'm not
3 sure I can answer all that except to say because
4 the utilities were available and the resort was
5 empty, the resort made every effort to accommodate
6 these people. They stayed for a number of weeks

7 and were able to work within the community.

8 MR. DEASON: Thank you very much.

9 MR. LOUGHNEY: I hope that answers your
10 question.

11 MR. BAEZ: Thank you, Mr. Loughney. Bob
12 Dovey. Mr. Dovey? Jerry Nolan. Mr. Nolan?
13 William Klein. Good afternoon, Mr. Klein.

14 MR. KLEIN: Thank you. Good afternoon. I'm
15 Bill Klein. I'm a resident of Jupiter, Florida.
16 I've lived in Florida since 1947. I've been a
17 utility engineer since 1968. During the 1980s, FPL
18 used to prepare for hurricanes with extensive storm
19 training and preventive maintenance of their
20 transmission and distribution systems and power
21 plants. I was a staff engineer at FPL. And once a
22 year I worked on storm training in St. Lucie
23 County. Engineers and office staff were assigned a
24 section of transmission lines to drive around and
25 inspect and assess condition of the system and

1 report any trees near the lines, rotted poles and
2 damage that needed repair.

3 Storm training was minimized and discontinued
4 for some departments around 1989. During the 1990s
5 FPL greatly reduced staff with rolling layoffs of
6 up to five to 10 percent a year. They've greatly

7 reduced storm training and eliminated it for some
8 departments. Staff in Florida was greatly reduced
9 from about 16,000 to 10,000 in about six years.
10 FPL used to have a much larger transmission and
11 distribution department.

12 During first layoffs, Mr. Broadhead demanded
13 all departments to layoff five percent of
14 employees. VP of the transmission and distribution
15 asked for his people to think of ways to save an
16 equivalent sum of money to their five percent
17 portion and he would not lay them off, the VP said.
18 They saved that amount of money. And Mr. Broadhead
19 said that the object was not saving the money, it
20 was laying off the five percent. And the vice
21 president took early retirement.

22 I feel FPL has demonstrated a lack of
23 maintaining their equipment, lack of preparedness
24 for storms and not building new efficient power
25 plants. They have not built a new major power

1 plant since '89. They laid off large numbers of
2 engineers and maintenance personnel in the 1990s.
3 FPL greatly reduced preventative maintenance to the
4 don't fix it till it's broke. They did not build
5 any major power plants. They did not make major
6 construction projects as they had in the past.

7 After Frances, out-of-state repair crews
8 stated every down pole we've seen has been rotten.
9 This was in the Palm Beach Post September 18 on
10 page 8-C. FPL's main goal was to maximize profits
11 and pay upper management bonuses.

12 It is always cheaper to maintain and repair
13 systems than it is to make rapid emergency repairs.
14 Equipment is cheaper if ordered and purchased on a
15 scheduled basis than on an expedited emergency
16 schedule. Labor costs are greatly reduced when
17 work is scheduled on a 40-hour week instead of
18 80-hour weeks that demand excessive overtime.
19 Planned engineer repairs last longer and require
20 less work than rushed compromised emergency
21 repairs. I would estimate the 890 million storm
22 repairs would have been less than the 200 million
23 if the maintenance had been properly performed.

24 PSC can help reduce electric costs by
25 implementing fines for a utility of each rotten

1 pole that is found after a storm and for every
2 power line that's down because trees were not
3 properly pruned. I've heard that some states do
4 this. And in particular I heard that Connecticut
5 had a lot of trouble with power outages. And after
6 they implemented a fine for downed power poles -- I

7 mean power lines due to not tree trimming, tree
8 trimming was done and their outages were reduced.

9 Thank you very much.

10 MR. BAEZ: Questions of Mr. Klein? Thank you,
11 Mr. Klein. Dr. Gundluch?

12 MR. GUNDLUCH: Good morning, Mr. Gundluch, and
13 I'm here as a customer of Florida Power & Light. I
14 heard a lot of these comments and the last one was
15 excellent. But I think we all have missed the
16 point. I grew up in Europe. It was five years
17 ago, it's the worst hurricane in Europe, much worse
18 than what we had seen here. The power was out for
19 two days. Why? The power lines are underground.
20 It's forbidden to have, except for the big
21 transmission lines, lines above ground.

22 Nothing has been done here. I live here for
23 25 years. In America I lived 40 years. In fact, I
24 lived in southern California in San Diego in the
25 late '70s. And the mayor of San Diego, Pete

1 Wilson, a close friend of mine, later on the
2 governor of California, asked me how do we put
3 these lines underground? I told him how it was
4 done in Europe. It was done simply through a
5 partial taking, which is a city ordinance or county
6 ordinance, that over ten years all lines have to be
7 underground. It was done. And in San Diego ten
8 years later there was not one power line above
9 ground.

10 I told our Palm Beach, Town of Palm Beach
11 Council members how to handle this. Rather than
12 have every single individual sign for an easement
13 for the power lines underground, you do it as an
14 ordinance as a partial taking, it goes very fast.

15 Now I'm dealing with the Florida Power & Light
16 people, the regulator people, they're wonderful.
17 They're really wonderful. I was here in the second
18 hurricane and I helped the people find the problems
19 and so forth, sweating like crazy. And they all
20 told me that under Mr. -- former CEO,
21 Mr. Broadhead, he cut everything down. You know
22 why? Because he wanted to take 30 million home for
23 having not done anything. The problem is not the
24 regulated FP&L Company. It is FPL Group. They got
25 the stock price up from 45 to 75 in almost three

1 years. I talked to an analyst on Wall Street who
2 follows them mostly because they say, well, they're
3 going out of Florida. They're going elsewhere.
4 They're using our cash flow we pay -- I pay my
5 Florida power bills the minute I get the bill the
6 next day since 25 years -- and use that for

7 extravagant things which has nothing to do with
8 Florida.

9 So it is your opportunity, gentlemen, they
10 need a billion dollars now. They may have to get
11 it, but under one condition that FP&L -- I'm sorry,
12 FPL Group is being regulated again and being forced
13 to disengage or disinvest all of its investment
14 outside of Florida.

15 Florida is today the third largest state in
16 the union. When I came here, we had 3.6 million
17 people, now it's 18. Of course Florida Power &
18 Light will grow. We need more power plants. We
19 need a more modern system. And regulate, give them
20 the money, but on one condition, FP&L would be
21 regulated. That means their salary would be cut
22 drastically, the FP&L Group. The money they have
23 diverted outside of Florida would come back in here
24 and then we will get a modern system.

25 This is criticism, severe criticism. I'm a

1 Wall Street banker. I know what's going on here.
2 They have been trying -- you have been too generous
3 to them over the time not to regulate FPL Company,
4 but to the FPL Group, and that must change. Thank
5 you.

6 MR. BAEZ: Questions of Mr. Gundluch? Thank
7 you, sir. Mrs. Fernandez.

8 MS. FERNANDEZ: Isis Fernandez. Good
9 afternoon, Chairman, Commissioners and the public.
10 And I live in Century Village, Bamboo Bay. And we
11 were very lucky during this four hurricanes. We
12 watch it on T.V. all the time. But I'm also
13 survivor of Hurricane Andrew in 1992. And I'm
14 telling you when we saw the trucks coming down the
15 street, we knew light is coming. So I know how
16 important it is.

17 I have relatives that live in Jupiter and Port
18 St. Lucie and Orlando. And we were so lucky where
19 we live that we were watching the hurricanes going
20 by. Especially that one that sit on Florida, they
21 were scaring around. In fact, the one friend went
22 to Georgia and when they come back, they found out
23 that they have the light. They have no reason to
24 leave, but that's the way it goes.

25 I'm surprised, you know, because all through

1 so many years that went by FPL managed to have
2 enough money to face this four hurricanes. So I
3 think they're spending money. I don't know about
4 those big numbers. But as a senior citizen, I
5 don't like to be taxed. But also as a senior
6 citizen, I wanted to be protected. Also, we have

7 our little investments in our pensions and we want
8 the company to be strong. So it's a big debate. I
9 think the \$2.09, whatever it is, is a very small
10 price to pay and I'm supporting the surcharge.
11 Thank you.

12 MR. BAEZ: Questions of Ms. Fernandez? Thank
13 you for coming.

14 MS. FERNANDEZ: You're welcome.

15 MR. BAEZ: Hernan Taguani? No comment. I'm
16 sorry, you didn't check it. I apologize, I should
17 look farther down on the list. Frank Janesick.
18 Mr. Janesick? Commissioners, Mr. Janesick is the
19 last witness that I have signed up. Is there
20 anyone here who did not sign up that wishes to
21 address the commission at this time?

22 Step right up, sir. If you raise your right
23 hand, I'll swear you in. In this matter before the
24 Florida Public Service Commission, do you swear to
25 tell the truth and nothing but the truth? Can you

1 state your name for the record, sir?

2 MR. RANDOLPH: Yes. Good afternoon. My name
3 is David E. Randolph, and I'm a resident of the
4 City of Delray Beach, former commissioner with the
5 City of Delray Beach, elected official in Palm
6 Beach County for over 14 years. I felt a need to

7 come up today and say a few things to the
8 Commission.

9 Inasmuch as I'm pretty much sort of like a
10 sounding board for my community, and that is the
11 midwest section of the City of Delray Beach, with
12 my address being 105 Northwest 11th Avenue, I'm
13 very close to Pompey Park, which is a recreational
14 facility, and having been elected, so many people
15 in that area rely on me, for whatever reason,
16 because they think I'm a voice of authority. Now,
17 during the hurricane season, we took people into
18 our home, an elderly we took in and tried to take
19 care of him as much as possible because one of the
20 things about hurricane is preparedness. If you're
21 not prepared, you can be -- it can be almost a
22 travesty for you. And with a generator we were
23 able to survive and help this person along with it.

24 One of the things when my son came over and he
25 lived in a different area from me and he said,

1 "Dad," he said, "how am I going to make it?" I
2 said, "Well, we can do a generator." And we did
3 have an additional generator in which he used. His
4 wife had indicated to him, I have not seen anything
5 of Florida Power & Light. Fortunately, I had gone
6 over to his residence at that time and Florida

7 Power & Light was working in the back area because
8 the people all in his community had had their power
9 restored. They did not have power restored because
10 the can was bad and Florida Power & Light restored
11 this and it worked very well for 'em.

12 Overall, I know Florida Power & Light had
13 their share of problems as we all did in Delray
14 getting the power restored. But once they did,
15 everything returned to normal. I think they did an
16 exceptional job of getting our city back in order.
17 I can't say this for other cities because I didn't
18 know, but I think that of all the things that they
19 did in the City of Delray, Delray survived and was
20 most proud of Florida Power & Light. I think that
21 increase is in order for them and I support it.

22 MR. BAEZ: Questions of Mr. Randolph? Thank
23 you, Mr. Randolph. Is there anyone else here that
24 did not sign up that wishes to speak? Seeing none,
25 I want to thank you all for coming out. We really

1 do appreciate your comments. I think we heard a
2 lot of good comments and some good suggestions as
3 well. And we appreciate that you took the time to
4 come out and make those known to us.

5 Counsel, can you go ahead and let everyone
6 know when the next service hearing, where it is?

7 Remind the public of the technical hearings in
8 Tallahassee as well.

9 MS. FLEMING: The next service hearing will be
10 this evening at 6:00 p.m. in Stuart, Florida at the
11 Holiday Inn downtown. You can find the information
12 in these green pamphlets that were handed out to
13 you. Just a reminder the technical hearing will be
14 held in Tallahassee beginning April 21st.

15 MR. BAEZ: Thank you very much. We are
16 adjourned. Thank you again.

17 (Hearing concluded.)

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1 CERTIFICATE OF REPORTER

2 THE STATE OF FLORIDA)

3)

4 COUNTY OF PALM BEACH)

5

6 I, Maren M. Fawcett, Registered Professional

7 Reporter, certify that I was authorized to and did
8 stenographically report the foregoing proceedings and
9 that pages 4 through pages 103 inclusive are a true and
10 complete record of my stenographic notes.11 I further certify that I am not a relative,
12 employee, attorney or counsel of any of the parties, nor
13 am I a relative or employee of any of the parties'
14 attorney or counsel connected with the action, nor am I
15 financially interested in the action.16 Dated this 19th day of April, 2005.

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Maren M. Fawcett, R.P.R.

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