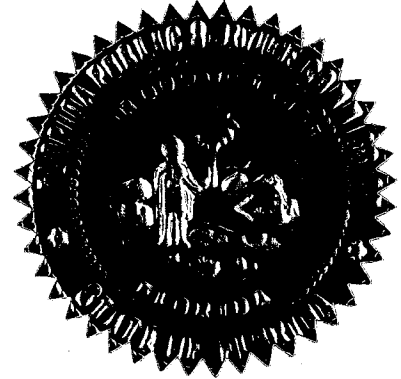


BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 060038-EI

In the Matter of:

PETITION FOR ISSUANCE OF A STORM  
RECOVERY FINANCING ORDER, BY FLORIDA  
POWER & LIGHT COMPANY.



ELECTRONIC VERSIONS OF THIS TRANSCRIPT ARE  
A CONVENIENCE COPY ONLY AND ARE NOT  
THE OFFICIAL TRANSCRIPT OF THE HEARING,  
THE .PDF VERSION INCLUDES PREFILED TESTIMONY.

PROCEEDINGS: MIAMI SERVICE HEARING

BEFORE: CHAIRMAN LISA POLAK EDGAR  
COMMISSIONER J. TERRY DEASON  
COMMISSIONER ISILIO ARRIAGA  
COMMISSIONER MATTHEW M. CARTER, II  
COMMISSIONER KATRINA J. TEW

DATE: Friday, March 3, 2006

TIME: Commenced at 10:10 a.m.  
Concluded at 1:18 p.m.

PLACE: Miami City Hall (Dinner Key Hall)  
City Commission Chambers,  
3500 Pan American Drive  
Miami, Florida

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

DOCUMENT NUMBER-DATE

02392 MAR 7 8

FLORIDA PUBLIC SERVICE COMMISSION

FPSC-COMMISSION CLERK

1 PARTICIPATING:

2           PATRICK BRYAN, ESQUIRE, and GEISHA WILLIAMS, 700  
3 Universe Boulevard, Juno Beach, Florida 33408-0420, appearing  
4 on behalf of Florida Power & Light Company.

5           CHARLES J. BECK, ESQUIRE, Office of Public Counsel,  
6 c/o The Florida Legislature, 111 W. Madison St., Room 812,  
7 Tallahassee, Florida 32399-1400, appearing on behalf of the  
8 Citizens of the State of Florida.

9           R. SCHEFFEL WRIGHT, ESQUIRE, Young Law Firm, 225  
10 South Adams Street, Suite 200, Tallahassee, Florida, appearing  
11 on behalf of Florida Retail Federation.

12           MICHAEL B. TWOMEY, ESQUIRE, Post Office Box 5256,  
13 Tallahassee, Florida 32314-5256, appearing on behalf the AARP.

14           JENNIFER BRUBAKER, ESQUIRE, FPSC General Counsel's  
15 Office, 2540 Shumard Oak Boulevard, Tallahassee, Florida  
16 32399-0850, appearing on behalf of the Florida Public Service  
17 Commission staff.

18           ALSO IN ATTENDANCE:

19           ELENA MENENDEZ, Translator

20

21

22

23

24

25

1 I N D E X

| 2 | PRESENTATIONS BY: | PAGE NO. |
|---|-------------------|----------|
| 3 | JENNIFER BRUBAKER | 11       |
| 4 | PATRICK M. BRYAN  | 15       |
| 5 | GEISHA WILLIAMS   | 15       |
| 6 | CHARLIE BECK      | 19       |
| 7 | SCHEFFEL WRIGHT   | 23       |
| 8 | MICHAEL B. TWOMEY | 26       |

9

10

11

WITNESSES

12

NAME:

PAGE NO.

13

REPRESENTATIVE JULIO ROBAINA

14

Direct Statement

37

15

REPRESENTATIVE MARCELO LLORENTE

16

Direct Statement

37

17

REPRESENTATIVE CARLOS LOPEZ-CANTERA

18

Direct Statement

39

19

MAYOR EUGENE P. FLINN, JR.

20

Direct Statement

40

Cross Examination by Mr. Twomey

45

21

COUNCILMAN LAWRENCE D. KENNEDY, JR.

22

Direct Statement

46

23

COMMISSIONER TOMAS P. REGALADO

24

Direct Statement

48

25

I N D E X

WITNESSES

| 3  | NAME:                           | PAGE NO. |
|----|---------------------------------|----------|
| 4  | ELAINE ADLER                    |          |
| 5  | Direct Statement                | 52       |
| 6  | ENRIQUE LOPEZ                   |          |
| 7  | Direct Statement                | 53       |
| 8  | WALTER BALDWIN                  |          |
| 9  | Direct Statement                | 56       |
| 10 | JOE CHI                         |          |
| 11 | Direct Statement                | 58       |
| 12 | Cross Examination by Mr. Twomey | 59       |
| 13 | TESSIE RIVERA                   |          |
| 14 | Direct Statement                | 60       |
| 15 | JOSE MASSANA                    |          |
| 16 | Direct Statement                | 62       |
| 17 | WILBERT CANNON                  |          |
| 18 | Direct Statement                | 62       |
| 19 | DON DERESZ                      |          |
| 20 | Direct Statement                | 64       |
| 21 | ALBERTO HERRERA                 |          |
| 22 | Direct Statement                | 68       |
| 23 | MARIO HERNANDEZ-FUMERO          |          |
| 24 | Direct Statement                | 69       |
| 25 |                                 |          |



## I N D E X

## WITNESSES

|    | NAME:                 | PAGE NO. |
|----|-----------------------|----------|
| 1  |                       |          |
| 2  |                       |          |
| 3  |                       |          |
| 4  | CLARA WATERMAN POWELL |          |
| 5  | Direct Statement      | 70       |
| 6  | TANISHA PITTER        |          |
| 7  | Direct Statement      | 71       |
| 8  | DELORES TURNER        |          |
| 9  | Direct Statement      | 73       |
| 10 | KATRINA MURPHY        |          |
| 11 | Direct Statement      | 75       |
| 12 | FRANK REDDISH         |          |
| 13 | Direct Statement      | 77       |
| 14 | ROSA LEWIS            |          |
| 15 | Direct Statement      | 79       |
| 16 | DONNA WEAVER          |          |
| 17 | Direct Statement      | 80       |
| 18 | GLADYS FERNANDEZ      |          |
| 19 | Direct Statement      | 82       |
| 20 | RITA MORA             |          |
| 21 | Direct Statement      | 86       |
| 22 | ESPERANZA GALINDO     |          |
| 23 | Direct Statement      | 86       |
| 24 | MIRTA MORA            |          |
| 25 | Direct Statement      | 87       |

## I N D E X

## WITNESSES

| NAME :                          | PAGE NO. |
|---------------------------------|----------|
| LUZ PERDOMO                     |          |
| Direct Statement                | 87       |
| MIKE RICHARDSON                 |          |
| Direct Statement                | 88       |
| BEVERLY JAMES                   |          |
| Direct Statement                | 92       |
| ANA MARTINEZ                    |          |
| Direct Statement                | 94       |
| CARLOS TRUEBA                   |          |
| Direct Statement                | 96       |
| JOHN NESSMAN                    |          |
| Direct Statement                | 98       |
| SYLVESTER JACKSON               |          |
| Direct Statement                | 99       |
| Cross Examination by Mr. Twomey | 101      |
| DANIEL HERNANDEZ                |          |
| Direct Statement                | 102      |
| Cross Examination by Mr. Twomey | 104      |
| EMMA DEL CASTILLO               |          |
| Direct Statement                | 105      |
| MARGARITA DELGADO               |          |
| Direct Statement                | 106      |

## I N D E X

## WITNESSES

| 3  | NAME:                   | PAGE NO. |
|----|-------------------------|----------|
| 4  | MAXIMO FAJARDO          |          |
| 5  | Direct Statement        | 107      |
| 6  | JOHN RILEY              |          |
| 7  | Direct Statement        | 108      |
| 8  | SYLVIA THORPE           |          |
| 9  | Direct Statement        | 112      |
| 10 | MICHAEL JOHNSON         |          |
| 11 | Direct Statement        | 116      |
| 12 |                         |          |
| 13 |                         |          |
| 14 |                         |          |
| 15 |                         |          |
| 16 |                         |          |
| 17 |                         |          |
| 18 |                         |          |
| 19 | CERTIFICATE OF REPORTER | 118      |
| 20 |                         |          |
| 21 |                         |          |
| 22 |                         |          |
| 23 |                         |          |
| 24 |                         |          |
| 25 |                         |          |

EXHIBITS

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

NUMBER:

ID.

ADMTD.

2 Minutes of City of Coral Gables Utility  
Service Reliability Task Force Public  
Meetings

56

56

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

1  
2 CHAIRMAN EDGAR: Good morning. Thank you all for  
3 coming. We will call this service hearing to order. And we're  
4 going to start; I'm going to ask our staff counsel to read the  
5 notice.

6 MS. BRUBAKER: Certainly. Pursuant to notice, this  
7 time and place has been set aside for the purpose of conducting  
8 a customer service hearing in Docket 060038-EI. The purpose of  
9 the service hearing is set forth more fully in the notice.

10 CHAIRMAN EDGAR: Thank you. Again, welcome. My name  
11 is Lisa Edgar, and I serve as Chairman of the Florida Public  
12 Service Commission. With me today are my colleagues: To my  
13 right, Commissioner Carter, Commissioner Deason, Commissioner  
14 Tew and Commissioner Arriaga.

15 The next thing we're going to do is I'm going to take  
16 appearances from the attorneys for the parties, and then I will  
17 describe for a few minutes how we're going to proceed with the  
18 rest of the proceeding. So if I could have appearances from  
19 the attorneys for the parties, please.

20 MR. BRYAN: Good morning. My name is Patrick Bryan  
21 representing FPL.

22 MR. TWOMEY: Good morning. My name is Mike Twomey.  
23 I'm appearing on behalf of AARP.

24 MR. BECK: Good morning. Charlie Beck with the  
25 Office of Public Counsel.

1 MR. WRIGHT: Good morning. My name is Schef Wright.  
2 I'm appearing on behalf of the Florida Retail Federation.

3 MS. BRUBAKER: Jennifer Brubaker on behalf of the  
4 Commission.

5 CHAIRMAN EDGAR: Thank you. We are here today to  
6 hear from customers about the petition that has been filed by  
7 Florida Power & Light. We are glad to see so many in  
8 attendance because we do want to hear from the customers.  
9 Those of you who would like to speak this morning, I ask that  
10 you sign up on the sign-up sheet that's right outside the door.  
11 We will use that sign-up sheet to call names for people to come  
12 to the microphone and speak here in just a short period of  
13 time.

14 I'd also like to point out that there are some green  
15 sheets that are available at the door. For those of you who  
16 would like to provide written comments, you can use these green  
17 sheets to fill out and then give them to one of our staff who  
18 are also right outside, or they can be mailed into the  
19 Commission and they will become a part of the record.

20 This is an official hearing. The court reporter is  
21 transcribing. After you make your comments to us, there will  
22 be the opportunity for the Commissioners or for attorneys for  
23 the parties to ask questions. If they do so, it's just for  
24 clarification at some point.

25 You will also be sworn in because, as I mentioned,

1 this is a part of the official record, and we will do that as a  
2 group here in just a few minutes.

3 I'd also like to note that we have a translator here.  
4 Her name is Elena Menendez. Ms. Menendez, thank you for  
5 coming. If there is anyone who would like to use a translator  
6 in your comments to us, please let us know, and Ms. Menendez  
7 will be glad to help you. And that will help us as well.

8 We are going to hear brief presentations from each of  
9 the parties and also from our staff. Then I will swear in  
10 those who would like to speak, make a few more comments, and  
11 then we'll start calling from the list.

12 And so I'm going to go ahead now and ask Ms. Brubaker  
13 to give us a brief presentation.

14 MS. BRUBAKER: Thank you. As I read from the notice  
15 earlier today, we're here to conduct a service hearing for the  
16 customers of Florida Power & Light to discuss the petition they  
17 filed for recovery of a storm cost refinancing order, as well  
18 as to talk about their efforts to recover from hurricanes.

19 In 2005, the Florida Legislator addressed the issue  
20 of recovering storm damage restoration costs by creating  
21 Section 366.8260, Florida Statutes. And the statute authorizes  
22 the Commission to approve the issuance of bonds for  
23 replenishing the utility's storm damage reserve, both for  
24 damages that have already occurred as well as for anticipation  
25 of future damages from catastrophic events. All storm-related

1 costs arising from named storms that occurred from 2004 onward  
2 are eligible for recovery under the statute, and this is the  
3 statute that FPL has filed its petition under.

4           Now this next slide will kind of break down for you  
5 how FPL came up with the amount which it's requesting to  
6 recover through the bonds. First, FPL determined that its  
7 total costs for storm damage in 2005 are \$826.9 million. They  
8 then added the unrecovered costs associated with 2004 storms in  
9 the amount of \$213.3 million. They then added \$650 million to  
10 replenish the storm reserve. And then the bond issuance cost  
11 itself is estimated to be \$11.4 million. They then subtracted  
12 the expected income tax of \$652 million, and this results in  
13 the total requested bond amount of \$1,049.6 million.

14           FPL has requested to recover the bonds over a 12-year  
15 period. The utility estimates that recovering them over a  
16 12-year period will result in a reduction of the current storm  
17 recovery charge of \$1.65 to \$1.58 in the monthly bill for a  
18 residential customer using 1,000 kilowatt hours.

19           I'd also like to talk to you briefly about the  
20 Commission hearing process. The process started with FPL  
21 filing its petition. And after the petition was filed, the  
22 Commission staff and the parties have engaged in an ongoing  
23 fact-finding process called discovery, and that is the process  
24 we continue with at this time.

25           Service hearings have been scheduled like this one in



1 order to hear from FPL's customers. And there's also going to  
2 be a technical hearing which is scheduled to take place in  
3 Tallahassee beginning April 19th.

4 As I mentioned, the purpose of the service hearings  
5 is to hear from FPL's customers, and the Commission is very  
6 interested to hear what they have to say. We are interested in  
7 knowing both about the petition that the Commission -- the  
8 utility has requested, as well as the company's efforts to  
9 restore electric service after each hurricane.

10 The company and the other parties will have an  
11 opportunity to present their testimony of witnesses at the  
12 technical hearing in Tallahassee. Because this is a hearing,  
13 as the Chairman mentioned, it's very much like a court  
14 proceeding, you will be asked to be sworn in as a witness if  
15 you wish to testify, and that way your comments can be used as  
16 part of the official record of this proceeding.

17 Now at the technical hearing in Tallahassee parties  
18 will put forth their own witnesses, cross-examine the other  
19 parties' witnesses. And once the hearing is completed, the  
20 parties will draft legal briefs, which is essentially a summary  
21 of the evidence as the parties see it and how they think the  
22 Commission should rule on FPL's request. Once the briefs are  
23 filed, the Commission staff will draft a staff recommendation.  
24 It basically summarizes the evidence and it provides a  
25 recommendation of how staff thinks the Commission should rule

1 in the case. And the Commissioners, based on the evidence  
2 presented, will make a final vote on the recommendation at a  
3 public meeting which is currently scheduled for May 15th, 2006.

4 Now, last, I'd like to talk just briefly about some  
5 of the ongoing hurricane-related activities that are taking  
6 place at the Commission. The Commission recently held a  
7 workshop, which includes state and local governments, include  
8 electric utilities and technical experts. The purpose of the  
9 workshop was to discuss ways to minimize storm damage and its  
10 impact on the utility customers.

11 Some of the short-term actions that were discussed  
12 include pursuing a three-year vegetation management cycle that  
13 includes things like tree trimming, replacing the wood poles  
14 with steel and concrete, and audits of joint use pole  
15 attachment agreements. That's such as when a single pole is  
16 used both by an electric utility and another company such as a  
17 telephone or cable TV company.

18 Lastly, on February 7th of this year the Commission  
19 ordered electric utilities to establish an eight-year pole  
20 inspection program. The poles must meet the National Electric  
21 Safety Code of Florida and the poles must be strengthened or  
22 replaced if they lose over one-third of their total strength.  
23 The utilities must also perform certain types of inspections  
24 and evaluate pole attachments. And, again, these are not only  
25 the electric wires and transformers, but also wires and cables

1 associated with telephone and cable TV lines.

2 And with that, I conclude my comments and I thank  
3 everyone for their time.

4 CHAIRMAN EDGAR: Thank you, Ms. Brubaker. We'll now  
5 move into brief presentations from the parties, and we are  
6 going to start with Mr. Bryan.

7 MR. BRYAN: Thank you, Madam Chair, Commissioners,  
8 staff. Again, good morning. My name is Patrick Bryan. I  
9 represent Florida Power & Light Company. I wanted to let you  
10 know that we have several customer service representatives here  
11 in the building. They're located outside the hearing room.  
12 They're available to meet with you if you have a question or a  
13 problem with your electric service or account. I encourage you  
14 to take advantage of this opportunity. If you're interested,  
15 just go to the back of the room. We have folks who will direct  
16 you to the customer service representatives.

17 At this time I would like to introduce Geisha  
18 Williams. She is FPL's Vice President of Distribution. She is  
19 responsible for the infrastructure that delivers electricity to  
20 your home or business. She's also responsible for hurricane  
21 readiness, restoration and recovery. Geisha.

22 MS. WILLIAMS: Thank you. Madam Chair, members of  
23 the Commission, PSC staff, ladies and gentlemen, good morning.  
24 I'd like to thank our customers, public officials and emergency  
25 managers who are here today. This is an important part of the

1 process and we all appreciate you being here.

2           Since today the hearing is being conducted in Miami,  
3 I'd like to greet in Español those of you in the audience who  
4 are Hispanic like me.

5           (Speaking Spanish.)

6           Good morning again. In 2005, our communities were  
7 impacted by Hurricanes Dennis, Katrina, Rita and Wilma. These  
8 hurricanes caused significant damage and millions of customer  
9 outages. We understand the hardship that these outages  
10 occurred on our customers.

11           Every hurricane was different, each posed unique  
12 challenges, and we adjusted our plans and restoration efforts  
13 accordingly. Take Hurricane Wilma, for example. As a  
14 Category 3 hurricane when it made landfall just south of Naples  
15 and as a Category 2 when it exited just south of Jupiter, it  
16 hit our most heavily populated area, leaving 3.2 million  
17 customers without power and making it the most significant and  
18 most challenging restoration effort that FPL has ever faced.

19           How did we perform? By Day 3 we restored power to  
20 1 million customers, by Day 5 we had restored power to  
21 2 million customers, and by Day 18 we essentially restored  
22 service to everyone.

23           Independent third-party benchmarking on both  
24 restoration speed as well as infrastructure performance  
25 indicated that we performed well when compared to other

1 utilities. And just as we do everywhere, we reviewed our  
2 hurricane restoration in 2005. We collected extensive data to  
3 help us understand the underlying causes of the damage. We  
4 also engaged KEMA, an internationally renowned engineering  
5 consulting firm, to help us assess our system, our process and  
6 our performance.

7           What did we learn from KEMA? They validated that our  
8 system is designed and built to meet and, in most cases, exceed  
9 all required standards, and that our system performed as  
10 designed and as expected during Hurricane Wilma. Less than  
11 1.5 percent of the poles in Hurricane Wilma's path sustained  
12 damage. And KEMA noted that the primary cause of the damage  
13 was wind, hurricane-force wind, not deterioration as some have  
14 suggested.

15           We have had two horrific years of multiple  
16 back-to-back-to-back hurricanes, and unfortunately the forecast  
17 is for similar weather for the next decade or two. Clearly,  
18 the weather in Florida has changed, is changing and, therefore,  
19 so must we. That means that while our system has performed as  
20 it is designed to, we will undertake significant changes to  
21 make it even stronger.

22           Recently we requested approval from the Commission to  
23 implement our storm secure fund, a five-point improvement plan  
24 to increase reliability and preparedness for future hurricane  
25 seasons. Let me be specific about these initiatives.

1           First, we will harden the system by building to a  
2 higher extreme wind standard. Second, we will encourage  
3 underground conversions by investing in a portion of the cost.  
4 Third, we will inspect our poles on an eight-year cycle in  
5 accordance with the Public Service Commission recommendation.  
6 Fourth, we're increasing our line clearing and promoting the  
7 Right Tree, Right Place program, a program to help our  
8 customers plant trees in a way that allows them to grow safely  
9 away from our power lines. And, finally, we will complete our  
10 repairs for the 2005 season and strengthen our targeted  
11 facilities in preparation for the 2006 storm season. We're  
12 confident that these initiatives will help us provide a more  
13 resilient electric system to face future hurricanes.

14           Unfortunately, the technology does not exist today to  
15 make any electric system anywhere totally hurricane proof. The  
16 reality is that when hurricanes strike, there will be outages.  
17 And when outages occur, we will be there for our customers  
18 again, ready to respond, ready to restore service as quickly  
19 and as safely as possible. Because of this, the cost of storm  
20 restoration is a reality too. Since Hurricane Andrew we have  
21 not been able to get insurance to cover our electric system  
22 hurricane damage, so the Florida Legislature has created a  
23 mechanism to recover costs associated with hurricane damage and  
24 to prepare for future hurricanes by selling bonds. The cost  
25 recovery mechanism is known as securitization. It spreads the

1 recovery over multiple years, minimizing the impact on our  
2 customers, particularly those on fixed income.

3 (Speaking Spanish.)

4 We all wish that hurricanes wouldn't come, but this  
5 is beyond anyone's ability to stop them. Our top priority is  
6 to respond quickly and safely to restore power to our customers  
7 in the least amount of time. To do that, we will make the  
8 necessary investments, apply state of the art technology and  
9 continue to build on what we've already learned. Most  
10 importantly, we will continue to listen to you, our customers,  
11 because in the end we know that you're really counting on us.  
12 Thank you for being here.

13 (Speaking Spanish.)

14 CHAIRMAN EDGAR: Thank you, Ms. Williams. And next  
15 we'll hear from Mr. Beck with the Office of Public Counsel.

16 MR. BECK: Thank you, Madam Chairman, Commissioners.  
17 Good morning, everyone. Thank you for coming this morning. It  
18 is a beautiful day outside and we appreciate you being here.

19 I'm with the Office of Public Counsel, which is  
20 completely separate from the Florida Public Service Commission.  
21 Our office was created by the Florida Legislature to represent  
22 consumer interests as an advocate before the Commission. So we  
23 will be a party in this proceeding, just as the AARP and the  
24 Florida Retail Federation is a party. We're in the midst right  
25 now of preparing our case. We're going through tens of

1 thousands of pages of Florida Power & Light documents, as well  
2 as hundreds of interrogatories that were responded to, and we  
3 will be filing our case four weeks from today. And all of this  
4 will be available on the Public Service Commission's website  
5 for anybody who's interested.

6           But we are very supportive of the efforts made by the  
7 Commission to put in requirements, not just recommendations,  
8 but requirements that the company inspect their poles every  
9 eight years and supports hardening their system. But as  
10 important as those issues are, those really aren't the issues  
11 that are present in this case. The issue in this case is what  
12 did Florida Power & Light do or what didn't they do for the  
13 past hurricane seasons that might have affected the extent of  
14 the damage from the hurricanes?

15           The legislation under which Florida Power & Light  
16 filed requires that any charges to customers must be based on  
17 prudent actions and rates must be reasonable. And all our  
18 efforts are geared toward those two requirements in the  
19 statute.

20           First of all, with respect to the prudence of their  
21 actions, there's a number of issues that we're looking at right  
22 now. One of them is the pole inspection program. Prior to the  
23 requirements the Commission issued earlier this year, Florida  
24 Power & Light didn't inspect their poles at all. From 1991 to  
25 1999 they had no formal pole inspection program at all. When



1 they reinstated it in 1999, they inspected their poles at a  
2 rate of 1 percent per year. You can see that's vastly  
3 different from what they're going to be doing on a  
4 going-forward basis.

5           We've retained an engineering firm, R. W. Beck, which  
6 is not associated with me, but they're a nationwide engineering  
7 firm, and they will be reviewing Florida Power & Light's pole  
8 inspection program, as well as the report that they had  
9 prepared by KEMA, to determine whether those are prudent  
10 actions on Florida Power & Light's part and whether it's  
11 consistent with good utility practice.

12           Another issue concerns the transmission poles that  
13 fell down. During the storms there was one event where 28  
14 transmission poles, and these are the very big ones, 500  
15 kilovolt poles, fell down in a cascading fashion. And the  
16 cause of that was loose bolts. Florida Power & Light tells us  
17 that they hand tightened those bolts, plus an extra little bit  
18 on top of that, and that that was consistent with what was  
19 required at that time, the installation guidelines. Our  
20 engineers are looking at that and seeing if that, what they're  
21 claiming, is consistent with the actual configuration of the  
22 poles of Florida Power & Light. And if it determines that that  
23 contributed to the extent of the damage and it was part, not  
24 part of good engineering practice, then we'll be recommending  
25 to the Commission that they disallow from the customer charges

1 any damages to which that contributed.

2 A third issue on prudence we're looking at is the  
3 tree trimming and clearing the lines. They've -- Florida Power  
4 & Light has recently committed to increasing that  
5 significantly. Again, the issue is what had they been doing  
6 before the hurricanes? Did that contribute to the extent of  
7 the damage?

8 With respect to the other issues, whether the rates  
9 are reasonable, we've retained an accounting firm. They will  
10 be providing expert testimony to the Commission as well. We  
11 have an issue with the way Florida Power & Light is coming up  
12 with the numbers and the extent of the damage. They are  
13 charging all of their hurricane costs, including the salaries  
14 of their regular employees, the normal budgeted overtime, as  
15 well as the incremental expense to the hurricane charge. But  
16 you're already paying in your base rates an amount to cover the  
17 normal expenses, the normal salary, normal overtime that FPL  
18 incurs. We feel that by counting that as a hurricane and then  
19 trying to charge that on top of their base rates is a double  
20 charge. You're paying for it once in base rates, and then they  
21 want to charge you again for the same expenses in hurricane  
22 charges. We'll be filing testimony opposing that by Florida  
23 Power & Light. And it's not just salaries. There's other  
24 issues there too: The vehicle expense, the tree trimming  
25 expense, the call center expense. All those occasions, they're

1 charging all the normal costs in addition to the hurricane  
2 incremental costs. So we will be addressing that.

3 Thank you all for coming, and we look forward to  
4 hearing your testimony today.

5 CHAIRMAN EDGAR: Thank you, Mr. Beck.

6 (Applause.)

7 CHAIRMAN EDGAR: Mr. Wright.

8 MR. WRIGHT: Thank you, Madam Chairman and  
9 Commissioners. Good morning. My name is Schef Wright, and I  
10 was lucky enough to be born in Jackson Hospital in 1950, and  
11 I've lived all but nine of my 56 years in this wonderful state.  
12 I'm glad to be back home. I thank the Commission for letting  
13 me be here to speak to you all. Thank you all for coming.

14 I represent the Florida Retail Federation, which is a  
15 statewide organization with more than 10,000 members, including  
16 the very largest purchasers of electricity throughout this  
17 state and some of the very smallest mom and pop retail  
18 operations.

19 We have -- and we are actively participating in this  
20 case. We have the same issues with what FPL has asked for as  
21 the Public Counsel's Office does. We have the same interest in  
22 this case as all of FPL's customers, and that is to have the  
23 lowest possible rates consistent with fairness to the customers  
24 and to FPL and consistent with having reliable electric  
25 service.

1           And here's what's on the table in this case. FPL is  
2 asking for a total recovery of \$1.7 billion, of which  
3 \$1.5 billion is what I call new money. \$200 million has  
4 already been approved by the Commission, and FPL is actually  
5 proposing to roll that into the overall financial mechanism in  
6 this case. But there's a billion and a half dollars that  
7 they're asking for that is new money. Now we have no  
8 objection, no issue, no quarrel with FPL recovering its  
9 reasonable, prudent, necessary costs associated with storm  
10 restoration activities, but there are a number of issues that  
11 have to be addressed in determining what is fair and  
12 reasonable.

13           Our basic positions on these key issues are as  
14 follows. First, the Public Service Commission should  
15 thoroughly scrutinize all of FPL's claimed costs and allow  
16 recovery only of those costs determined to be reasonable and  
17 prudent. The PSC should ensure that there's no double counting  
18 of costs that are already being recovered through FPL's base  
19 rates. As Mr. Beck said, if you've got a staff person who's  
20 already getting paid his or her salary and that person gets  
21 assigned a storm surge -- storm recovery, they're getting paid  
22 once. It's not right to roll their costs into the storm  
23 surcharge as well.

24           The PSC should thoroughly scrutinize all of FPL's  
25 prestorm maintenance activities and ensure that any restoration

1 costs for which they're seeking recovery are, in fact, due to  
2 the storm and not due to inadequate prestorm maintenance. The  
3 PSC should not let Florida Power & Light recover any amounts  
4 for electric sales they didn't make. It's called lost revenue  
5 recovery. In the 2005 case for the 2004 storms the Public  
6 Service Commission allowed FPL to recover \$34 million of lost  
7 revenues. That is money they didn't get from y'all because  
8 they weren't able to sell you any electricity because their  
9 lines were down.

10           Now FPL has proposed in this case to recover the  
11 funds they want, the \$1.7 billion, through a slightly reduced  
12 charge from the current surcharge. The current surcharge  
13 is \$1.65 per 1,000 kilowatt hours. That's about \$2 a month for  
14 an average customer because an average customer uses about  
15 1,250 kilowatt hours. They're proposing to reduce that very  
16 slightly from that \$1.65 to \$1.58, but where they're going to  
17 get the money is they're going to extend it for another ten  
18 years after it otherwise expired. Right now the surcharge will  
19 expire in just about two more years. FPL is proposing to  
20 extend it for about a total of 12 years, or ten extra years.  
21 No matter how you cut it, a billion and a half dollars of  
22 y'all's money is a billion and a half dollars of y'all's money.  
23 This is a rate increase, folks.

24           The PSC needs to ensure that whatever it allows FPL  
25 to recover implements the most cost-effective method, all

1 things considered, and that's their job, they're the judges  
2 here, all things considered, for that recovery.

3           Finally, it is our very strong position that FPL does  
4 not need anything like the staggering \$650 million storm  
5 reserve that they are asking for in this case. We believe, we  
6 advocated this position in last year's general rate case in  
7 which we participated, that something like a \$100 million is  
8 plenty adequate for minor storms. And if there is another  
9 major storm, and God forbid that there will be, but everybody  
10 says we're looking at a cycle of increased hurricane activity,  
11 if there is another catastrophic storm and if they do incur  
12 \$300 or \$400 million of legitimate restoration costs, they can  
13 come back to the Commission and seek recovery of those costs  
14 just as they are doing in this docket and just as they did last  
15 year for the 2004 storms.

16           Thank y'all for listening. Thank you, Commissioners.  
17 Have a great day.

18           (Applause.)

19           CHAIRMAN EDGAR: Thank you, Mr. Wright.

20           Mr. Twomey.

21           MR. TWOMEY: Madam Chairlady, Commissioners, ladies  
22 and gentlemen, good morning. As I said before, my name is Mike  
23 Twomey. I'm a Tallahassee attorney. I represent AARP, a  
24 national organization of some 35 million members, 2.75 -- 2.7  
25 million approximately who reside in Florida, and many of whom

1 are served by this utility, Florida Power & Light.

2 I'll be brief. AARP for the last two years has  
3 participated in a number of Public Service Commission cases  
4 involving FP&L. They were involved in the 2004 storm case.  
5 They were involved in the 2005 rate case. They were involved  
6 as well in the 2005 fuel adjustment case.

7 The 2004 case, as suggested to you by Mr. Wright,  
8 wasn't as satisfactory as it might have been because we believe  
9 the Commission gave the company too much money, specifically  
10 the \$34 million in lost revenues Mr. Wright referred to. That  
11 was a mistake. We're hopeful that that kind of thing won't  
12 occur in this proceeding. We're confident that it won't.

13 The 2005 rate case, AARP was party to a settlement  
14 with the utility, Public Counsel, Retail Federation and other  
15 parties to essentially freeze rates for four years. It was an  
16 excellent decision, outcome. It was good on the part of the  
17 utility; we believe it was good for consumers as well. Pardon  
18 me.

19 We were in the 2005 fuel adjustment case. Not a lot  
20 of discretion there for the Commission because of the fuel  
21 costs that were analyzed. Unfortunately, the cost resulted in  
22 those of you that are residential customers receiving increased  
23 fuel charges by 19 percent, and greater for most of the  
24 commercial and industrial customers. Pardon me.

25 So now we're here in the 2005 storm case, and AARP is

1 supportive of the same type of adjustments, has the same  
2 concerns as does the Office of Public Counsel and the Retail  
3 Federation with respect to double counting of salary and other  
4 expenses, areas that costs may have been incurred because of  
5 deferred maintenance, failed maintenance, the transmission  
6 towers that fell over that were mentioned. We expect the  
7 Public Service Commission to take a close look at all those  
8 areas -- excuse me again -- and to only give this company the  
9 reasonable and prudent expenses that it's entitled to under the  
10 law. And AARP, like the others, recognizes that the Commission  
11 by law has to give the company its reasonable and prudent  
12 expenses that were, and this is an important part, that were  
13 incurred as a direct result of the storm damage, not deferred  
14 maintenance, failure to tree trim, failure to inspect their  
15 poles and that type of thing, which are going to be at issue.

16           AARP applauds both Florida Power & Light and the  
17 Florida Public Service Commission with respect to the  
18 corrective measures that are going to be undertaken going  
19 forward that include the hardening that you heard about, the  
20 increased frequency of tree trimming, vegetation management,  
21 pole inspections, that type of thing. Both are good. The  
22 measures undertaken, the orders issued by the Public Service  
23 Commission are great going forward. As Mr. Beck said, this  
24 case is not about the going forward but looking at what  
25 happened essentially in 2005.



1           With respect to the Storm Damage Reserve, AARP  
2 doesn't have a number yet, but we're probably going to be in  
3 the range of \$200 million thereabouts, down substantially from  
4 the \$650 million that the utility is requesting. We recognize  
5 that they have to have some measure of reserve. But, as  
6 Mr. Wright said, if the reserve they're given is tapped out by  
7 additional storms, which we hope we don't have, they can always  
8 come back and ask the Commission for more money through your  
9 rates, which the Commission will have to give them that. So we  
10 want to keep the initial hit on your rates, whether it's the  
11 next ten years or 12 years, down lower than what the company is  
12 asking for now.

13           Lastly, I want to touch on the hearing procedure here  
14 today. As the Chairlady said, this is an evidentiary hearing.  
15 It becomes part of the official record in this case so that,  
16 for example, if a lot of people come in and say, I had trouble  
17 with my distribution lines and my service was off for 17 days,  
18 the company ignored my pleas for communication for repairs and  
19 so forth, that should, in an evidentiary sense, because you're  
20 all sworn witnesses, impact the proceeding potentially. We  
21 could, consumers, use that fact.

22           Likewise, if people come in and testify on the other  
23 hand and say, the company did nothing wrong, they did  
24 everything great, they were very communicative with us, our  
25 power was back on after a short period of time and we think you

1 should give them everything they ask for, that becomes part of  
2 the record too. And the company can properly refer to that in  
3 the brief they write to the Public Service Commission on what  
4 the outcome should be, and perhaps even the brief they write to  
5 the Supreme Court if the decision is appealed.

6 I mention that because the Retail Federation  
7 represents some 10,000 large, small, middle-sized businesses,  
8 as Mr. Wright said. They're taking -- they're not taking the  
9 position that this utility should get everything they ask for.  
10 Public Counsel represents all of FPL's customers in the state.  
11 They're not taking the position that they should get everything  
12 they're asking for. Neither is AARP.

13 In the last two days we've had three previous  
14 hearings throughout the state and we have had, we have had some  
15 witnesses that I found problematic in the sense that we had on  
16 at least two occasions school board employees who came up and  
17 spoke in glowing terms about the company, suggesting that they  
18 had authority by their supervisors or their boards to speak and  
19 suggest that the company should get everything they ask for or  
20 any certain amount of money. And I cross-examined some of  
21 those people. And that was not proper. Okay? Because they,  
22 in my view, had a bias.

23 In addition, there were people that -- there was a  
24 hotel, a resort owner that had gained money by receiving and by  
25 having rooms rent to the company's storm, out-of-state storm

1 workers, which they have to do, but he didn't disclose that.  
2 He came in and spoke in glowing terms about what the company  
3 should get. Things of that nature.

4 So I feel as an advocate in this case that it's my  
5 responsibility to probe, and if there is possible bias in a  
6 witness's testimony, to try and bring it out so that we can  
7 counter any glowing things they say later.

8 So I would ask you, if you're here on behalf of a  
9 government, indicate that you have the permission of your  
10 superiors, your board to be here, and if you're not going to --  
11 and specifically if you're going to, if you're going to ask the  
12 Commission to give the company a bunch of money or any money at  
13 all. And, likewise, if you're a business that is a vendor with  
14 the company, disclose that so I don't have to ask you about it.  
15 And I'm not going to try to be mean or anything, I just want to  
16 try and do my job.

17 So, ladies and gentlemen, once again, we all  
18 appreciate you being here. Thank you very much.

19 (Applause.)

20 CHAIRMAN EDGAR: Thank you, Mr. Twomey. We are just  
21 about at the point where we will begin to take customer  
22 comments, so just bear with us for one or two more minutes for  
23 a few more preliminaries.

24 As I mentioned earlier, we will be using the sign-up  
25 sheets that are outside the door. So I would ask again, for

1 those of you who would like to come before us during this  
2 proceeding, to please sign up on the sheets outside. I'd also  
3 like all of you to know that the Commission, the Public Service  
4 Commission has staff that are here. If you have questions  
5 about the proceeding that is before us, about the work of our  
6 agency, about your utility service, our staff is here. They  
7 can help you. They will be glad to try to provide some  
8 assistance. And I'm going to ask, gentlemen, if you'll wave  
9 your hand, Mr. Jenkins, Mr. Lee, and Mr. Durbin is outside. If  
10 you have questions, please look for these gentlemen, because I  
11 know that they can be very helpful to you.

12 As it was mentioned earlier, those of you who will be  
13 making comments need to be sworn. We will do that as a group  
14 to save time. So I'm going to ask everybody who would like to  
15 make comments today to please stand together. Everybody raise  
16 their right hand.

17 (Witnesses collectively sworn.)

18 Thank you. When you are called to come to the  
19 podium, if you would, tell us your name. If it is perhaps  
20 difficult for us to know how to spell it correctly, if you  
21 would spell your last name for us, that would be helpful. If  
22 you could also give us your address, that would also be very  
23 helpful to us and to the court reporter, who is taking --  
24 keeping the record for us.

25 I'm going to begin by saying thank you to

1 Representative Robaina. Thank you for joining us.

2 Representative Robaina, would you like to make a few comments?

3 Whereupon,

4 REPRESENTATIVE JULIO ROBAINA

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

7 DIRECT STATEMENT

8 REPRESENTATIVE ROBAINA: Good morning. Good morning.  
9 Can you hear me now? Good morning, Madam Chair, Commissioners,  
10 all the people that are here. Thank you for taking the time  
11 this morning to be here. And I'm sorry that my back is to you,  
12 but I need to address this board this morning, hoping that they  
13 will do the right thing. And to Mike Twomey, who gave me  
14 permission? My constituents gave me permission to be here this  
15 morning to speak on their behalf.

16 Madam Chair, Commissioners, the issue in front of us  
17 is about fairness. Let's talk about fairness. What do us as  
18 elected officials, what do the citizens want to bring to your  
19 attention today is that when you make these decisions, that you  
20 consider that word "fairness." What is fair to the people in  
21 this community and to the entire State of Florida?

22 I've been at odds with Florida Power & Light for  
23 probably, I'd say, six months or so, since the storm season  
24 started last year. And I'm going to try to be very brief  
25 because I really also want to hear from people in the audience.

1           But I want to talk about that KEMA report that was  
2 brought up. And I want to say that the KEMA report  
3 commissioned by Florida Power & Light did bring one thing up,  
4 and that is that the network, their network could not withstand  
5 not even a Class 2 category storm. Could not withstand not  
6 even a Class 2 category storm. To me that is unfair, with the  
7 money that we pay these days, we have that type of network in  
8 this day and age. We are lagging, we are way behind the way  
9 the infrastructures need to be set up for the State of Florida.

10           Here's my comments to the PSC. I commend, I really  
11 do commend Florida Power & Light for stepping up to the plate  
12 with their five-point plan. Let's talk about this plan. I am  
13 asking you that in order to even consider any kind of new  
14 adjustments to Florida Power & Light, I'm asking that the  
15 five-point plan be basically made official, executed. It's a  
16 plan. If it's not agreed, if it's not in writing, if it's not  
17 approved through the Public Service Commission, it will be just  
18 the same old, same old. And I don't think that, that I speak  
19 out of line when I tell you that a lot of people want to see it  
20 in writing. Words are no longer any good. We must see it in  
21 writing.

22           This plan, which will build a stronger grid for the  
23 future once made an official document, then I believe you have  
24 an opportunity to start considering any type of increases. And  
25 let me be very clear for the record. I also believe that

1 Florida Power & Light should absorb a portion of the cost. It  
2 is their network, they own the network, and I think it's unfair  
3 for the consumer to absorb the entire cost.

4 (Applause.)

5 Last couple of comments. As a State Representative,  
6 you know, I'd ask you as a group on the whole to talk to me.  
7 Actually this is a first for me also. I don't have the  
8 opportunity to address you as a Commission in Tallahassee  
9 because we're often very busy. So what I'm asking you to do  
10 is, please, for the future, bring me ideas for legislation so  
11 that I can empower you to rule in these cases really in the  
12 best interest of consumers. You know, at times -- you know, I  
13 know that your hands are basically tied behind your back  
14 because of the way you are established. And I as a legislator,  
15 along with my colleagues, would like to empower you through  
16 legislation to give you the power that you really need.  
17 Because I know you make decisions up there at times when you  
18 feel I have to follow these guidelines and I really am  
19 struggling with my decision. I would like to be able to help  
20 you with that particular situation. And that is because of the  
21 limited powers and restrictions that have been left to you as a  
22 Commission.

23 I'll basically end by saying again that we, everybody  
24 in the State of Florida, everybody in these chambers deserves a  
25 better grid. Let's talk about the grid. I keep using the area

1 of Weston. I hear Florida Power & Light say all the time that  
2 there is no panacea, that there is really no great network.  
3 But you know what, there's a lot of things that are really,  
4 really close to giving us what we are paying for, because we  
5 are paying for this, and that is what Weston has. They pay for  
6 it. They have no panacea, but any time anybody wants to do  
7 their homework, go look at what that area has in comparison to  
8 us, look at their outages. We're asking for this grid to be  
9 improved. Why? Because bottom line is with the recovery costs  
10 that they're now allowed to recover year after year, why should  
11 we have to pay year after year to do it wrong every time, to  
12 watch it come down again?

13 (Applause.)

14 And then have to do it again. I call that putting a  
15 Band-Aid on the problem. Consumers are smart people. They  
16 know that there will be a portion that they'll have to absorb,  
17 but they want it done right the first time. They want it to be  
18 right.

19 (Applause.)

20 So on that note, Madam Chair, again, I would just ask  
21 that, that you really consider this, consider making absolutely  
22 sure that they also absorb a portion of the cost, and that this  
23 five-point plan is official so that we can improve this  
24 particular situation in the State of Florida. Thank you.

25 (Applause.)



1           CHAIRMAN EDGAR: Thank you, Representative Robaina.  
2 And thank you for your support of the work that we are trying  
3 to do.

4           Representative Llorente, I believe, is with us.  
5 Welcome. Please join us up at the front. Would you like to  
6 make some comments? Either is fine.  
7 Whereupon,

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

11                                       DIRECT STATEMENT

12           REPRESENTATIVE LLORENTE: Good morning, members of  
13 the Commission. It's a pleasure seeing you here in Miami.  
14 Welcome. Commissioner Arriaga, welcome home.

15           I know there are a lot of members of the public  
16 waiting to talk, and so I'll be very brief in my comments. I'm  
17 here certainly as a member of the Legislature. I have the  
18 privilege of representing part of this community up in  
19 Tallahassee in the Legislature. And also as a member of the  
20 Joint Select Committee on the PSC oversight, I've had a chance  
21 to meet with many of you during that, during that very  
22 interesting process.

23           The only thing I would like to urge you all today as  
24 you move forward and make important decisions that affect many,  
25 many people across the state, consumers across the state over

1 the next year, is to fairly balance and weigh the burden being  
2 placed on the consumer whose costs seem to be escalating every  
3 single year and every single day almost with the costs being  
4 borne by the companies as well.

5 I think it's incredibly important to realize that  
6 times have changed and electrical services and utility services  
7 have become an essential part of our daily lives. We've come  
8 to rely on that in so many different ways. And with that, many  
9 people are seeing an increasing burden on their pocketbooks  
10 every single day for service that at times, in times of crisis  
11 perhaps isn't as reliable and as efficient as they'd like it to  
12 be. And so I'd urge you to be very mindful of that as you, as  
13 you make some very important decisions that impact the  
14 pocketbooks of Floridians across the state, especially those  
15 and perhaps disproportionately those that reside in communities  
16 that face the threat of hurricane season every single year.

17 We, we went through some difficult times, we've gone  
18 through some difficult times especially in this community as it  
19 relates to hurricanes and the aftermath of hurricanes. And,  
20 you know, overall the company has provided essential  
21 services -- an essential service in a very reliable way. But  
22 in light of those hurricanes and in light of the escalating  
23 costs, it's important to bear, bear and look at what the  
24 balance is between those costs faced by the consumer and those  
25 being borne by the companies as well. So I'd urge you to

1 please fairly look at those decisions carefully, cautiously  
2 over the next few months. I certainly hope to continue our  
3 dialogue as we go back up to Tallahassee and convene the  
4 session next week, and I look forward to your work here today  
5 and listening to those people that face that burden that we've  
6 talked about on a daily basis. Thank you.

7 (Applause.)

8 CHAIRMAN EDGAR: Thank you, Representative Llorente.  
9 And Representative Cantera, I believe, is also with us. Would  
10 you like to make some comments? Welcome.

11 Whereupon,

12 REPRESENTATIVE CARLOS LOPEZ-CANTERA

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

15 DIRECT STATEMENT

16 REPRESENTATIVE CANTERA: Thank you very much. I just  
17 want to welcome you to District 113. This is my district. I  
18 want to thank you for giving the public the opportunity to  
19 speak their mind. And I ask you that you listen to them and  
20 really burn their words into your heads because these are the  
21 people that we represent. And though you are not elected  
22 officials, we are. And it's them that FPL serves, it's them  
23 that we serve, it's them that you serve.

24 (Applause.)

25 So please listen to them, hear what they have to say,

1 and remember that they're your fellow Floridians as well.

2 Thank you.

3 (Applause.)

4 CHAIRMAN EDGAR: Thank you, Representative Cantera.

5 And we appreciate you joining us here this morning.

6 Mayor Eugene Flinn from the Village of Palmetto Bay.

7 Whereupon,

8 MAYOR EUGENE FLINN

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

11 DIRECT STATEMENT

12 MAYOR FLINN: I want to thank you, Madam Chair,  
13 Public Service Commission members, I want to thank everyone who  
14 is a member of the public for my chance to be here, and it's  
15 great that we're having this very public process. I'm here, my  
16 name is Gene Flinn, and I'm here in support of FP&L's  
17 five-point plan because our village has worked hard with FP&L  
18 to try to take reasonable action in regards to lessening the  
19 impact of future hurricanes. And I want to explain that there.  
20 And by the way, I just want to say I'm proud to be one of Julio  
21 Robaina's constituents, as I hope he's proud to represent the  
22 Village of Palmetto Bay.

23 But I want to digress for just a second because, as  
24 everyone is aware, we in South Florida don't mind taking the  
25 time out to remind everyone our South Bay area was struck very

1 hard by Hurricane Andrew on August 24th, 1992. And we've often  
2 felt, and the Council has taken specific action in regards to  
3 our South Florida areas continue to be hit hard every year in  
4 the form of what we feel to be singled out with the artificial  
5 insurance line that severely detrimentally affects those of us  
6 east of US 1. There's no relief in sight even after Florida  
7 has been hit with the unprecedented seven hurricanes in only 15  
8 months, which, by the way, has spread out significantly over  
9 more of the state. Since then hurricane coverage is a precious  
10 commodity, far too expensive to obtain for many. All of us  
11 here are facing, it's not just FP&L with power issues, it's not  
12 just the phone issues, it's insurance issues, it's water  
13 issues. There's a lot that the Village of Palmetto Bay is  
14 trying to do for our residents. So we're going to be back up  
15 in Tallahassee soon, and I'm going up the first day of session,  
16 we're going to be back up on the 15th through the 17th. All of  
17 these representatives here are going to be seeing a lot of us  
18 local people because wind storm insurance, power, it's a big  
19 priority for this coming year; not only the artificial line of  
20 US 1 and citizens' insurance, but there's a lot of issues.

21 But we're here today obviously on the issue regarding  
22 FPL and the cost recoupment. And obviously it's us, the  
23 residents, that are the insurers of the losses of FP&L because,  
24 as we understand the presentations made here today, there's no  
25 way to insure this infrastructure, there's no state or federal

1 FEMA money to mitigate these losses. And, of course, we know  
2 where that money comes from anyway; it comes from us, the  
3 taxpayers. We're the end users, we're the ones ultimately  
4 responsible to shoulder the losses. But we do need FP&L to  
5 create a reasonable catastrophe fund, set it aside so we don't  
6 keep every year coming back and back and back. And that's what  
7 you're here for, and I'm sure, I have the utmost confidence  
8 you're going to do the best job in this.

9           But I do want to say I do appreciate the actions  
10 taken by FP&L over the numerous storms and trying to keep us  
11 local officials up on the status of restoration. We're the  
12 ones that get the phone calls. And though we don't run the  
13 power companies, I sure felt responsible for the power during  
14 much of that storm. I was the guy who was out on the street  
15 driving around. And our public officials of the Village of  
16 Palmetto Bay were out driving around, were out helping assess  
17 our public works and that. So we look at this in some respects  
18 as a shared responsibility, and I did want to go into that.

19           And, by the way, I myself lost -- though I had  
20 relatively many years of, of power loss, three years, let me  
21 just put it that way, since 1992 when I lost my power for six  
22 weeks, I did lose power for Dennis, and one of my neighbors is  
23 here, for about three days. I lost it in Katrina, Rita and  
24 Wilma. And, by the way, Wilma, I was one of the last  
25 18 percent in the Village of Palmetto Bay to get my power up.

1 That doesn't make the remaining 17 percent feel any better.

2 But we all have to make some changes. This is a new  
3 world we live in at least for the next decade. That's what  
4 we're told. Every board, every government, every utility,  
5 every business, every resident, we all have to make changes in  
6 yearly preparation. And I think FPL has kind of moved in  
7 regards to making that here today.

8 And I just want to talk about what we've done in  
9 shared responsibility. We started that work in 2004 after  
10 Hurricane Frances made its close call. It knocked out power to  
11 far too many homes in the village due solely to excessive  
12 vegetation growth. So many of the communities down here in  
13 South, South Dade, I'm not going to name them here, but  
14 Palmetto Bay is one of them, in an attempt to control the  
15 vegetation overgrowth we've worked with FP&L to create an  
16 ordinance to make sure they have proper access to clear these  
17 lines. Because there should be no power outages that are due  
18 solely to the vegetation that's overgrown. I'm sure FP&L  
19 didn't plant the trees. And, by the way, we're a new  
20 municipality. We're in our land use code writing stage now,  
21 and we want to make sure we get our code in place with our  
22 landscaping code. We also worked with FP&L in the Right Tree,  
23 Right Place program, again, proactively to try to stop these  
24 problems. So if you don't start to address these problems  
25 proactively, where are we going to be? We're going to be back

1 here every major storm period, and none of us have that crystal  
2 ball.

3 FP&L has come out, they've participated with our  
4 sister cities, South Miami and Pine Crest, in a forum that  
5 South Miami was gracious enough to host. They started  
6 presenting that five-point plan. State Representative Julio  
7 Robaina was there. We felt we had a very good working  
8 relationship going.

9 In regards to assisting them in their public works,  
10 I think one of the most important things we did is we presented  
11 them with local ordinances and tools to help them do their  
12 preventative maintenance. And it's my, my, my opinion that  
13 FP&L has done a great job in regards to the self-attempt to  
14 work out a solution that my representative seems to be very  
15 happy with as well.

16 But besides our standing offer to provide the past  
17 experience and providing municipal assistance, we also are  
18 looking into undergrounding. That's going to be expensive. I  
19 think our estimate was around \$61 million for our community.  
20 FP&L has stepped forward and offered 25 percent. That still  
21 doesn't leave a small sum. And that's why it's, we're in the  
22 looking phase and not the implementation.

23 I want to see these restoration costs spread out. I  
24 want to see a proper, I want to see a proper buffer so we  
25 aren't coming back every time, we seem to have some certainty.



1 I like to be able to budget every year. My income doesn't  
2 wildly fluctuate with my expenses. And I know I had a huge  
3 increase this year in my insurance. Even though, even though I  
4 had damage, I wasn't able to make a claim through my windstorm.  
5 So even though we're not here to talk about windstorm, we're  
6 all looking, all homeowners, and I'm one, I'm a taxpayer and a  
7 homeowner and I never forget that, the windstorm went up, my  
8 income didn't go up, and, you know, I had to pay for my own  
9 damage that I still haven't finished fixing. So that came  
10 solely due to my location, and all that's imposed irrespective  
11 of the fact whether or not I had a deductible claim.

12 But I want FP&L to recover these costs in a manner  
13 with the least financial impact to us. I do support bonding.  
14 Municipalities do bonding. And if bonding is the best way to  
15 do it and the most effective, then I want it done through  
16 bonding. But, again, I do support the FP&L plan. I look  
17 forward to them moving forward. They were very cooperative  
18 with us, they did provide me with constant updates in regards  
19 to where they were. That's how I know I was in the 18 percent.  
20 So let me be respectful at this time and let everybody else  
21 have a chance to speak. But I thank you and I thank everyone  
22 here for the opportunity for me to be here today.

23 (Applause.)

24 CHAIRMAN EDGAR: Thank you, Mayor Flinn.

25 CROSS EXAMINATION

1 BY MR. TWOMEY:

2 Q Mr. Mayor, when you say you support FP&L's plan, do  
3 you mean your village supports the recovery of the dollars  
4 they're asking for?

5 A I haven't stated anything in regards to the actual  
6 recovery of the dollars. I'm not familiar with it. But I am  
7 here to say that they have worked with us, and what I want is  
8 for them to go in there and be proactive. And I think they've  
9 really done a great job. I have not studied the numbers and  
10 I'm not an expert on the numbers. But I will say that they've  
11 done a darn good job in planning for the future at this point.

12 And, by the way, no one north of the Dade-Broward  
13 line seemed to be interested in helping us plan for any future  
14 hurricanes after Andrew.

15 MR. TWOMEY: Thank you.

16 CHAIRMAN EDGAR: Thank you.

17 Councilman Lawrence Kennedy. Councilman Kennedy,  
18 please.

19 Whereupon,

20 COUNCILMAN LAWRENCE D. KENNEDY, JR.

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

23 DIRECT STATEMENT

24 COUNCILMAN KENNEDY: Good morning, everyone. I'm  
25 going to turn this around so I can see everybody here. I'm

1 Dr. L. D. Kennedy, Jr., from the Village of El Portal. I'm  
2 looking at a young man that I've known for a long, long time.  
3 In spite of the fact that he is Republican, I will support him.  
4 Thank you.

5 I'm here as a grass root effort, not as a councilman,  
6 but as a grass rooter. I am sick and tired of El Portal -- FPL  
7 in El Portal (phonetic). I'm sick and tired of them being like  
8 other grass rooters asking for monies that they don't deserve.  
9 And this is unfair. Now I don't know about the young man that  
10 smoke -- not smoke, but spoke -- anyway, I'll get my  
11 terminology correct, that just spoke. My salary didn't go up  
12 either. If he's making over \$100,000 a year, he's making more  
13 money than most of us are making. I make approximately \$60,000  
14 a year. I'm a retired teacher of Dade County. So don't tell  
15 me about salary. And I don't want to hear about the lobbyists  
16 in Tallahassee. They get paid good money. FPL is an  
17 annunciation pragmatic (phonetic) organization. That's the  
18 first letter of the alphabet, A. FPL is getting too much  
19 money. They are paying their lobbyists too much money -- the  
20 shareholders, that's the terminology I want. This is  
21 ridiculous. Like the mayor said, citizen insurance has gone  
22 through the ceiling.

23 I hope -- I'm an honest politician. I have that  
24 policy. I hope you're the same, Chairman Edgar and your  
25 committee. But I'm telling you, don't do things like forget

1 about the grass rooters who are out here. We're poor people.  
2 Well, I'm not poor; I make a comfortable living. But these,  
3 these grass rooters never get their money's worth.

4 FPL comes through, they cut the trees -- because we  
5 have a, we are a bird sanctuary and the birds need somewhere to  
6 live, of course, and house themselves. But they come through  
7 and they cut the center out of the trees and it looks like --  
8 it looks awful. They don't do anything that they're supposed  
9 to be doing.

10 Talking about he was out lights for about 14 weeks,  
11 when we have these storms, everybody looks for their lights to  
12 be out. That usually -- that's going to happen. So if you  
13 don't stock your home with candles, your lights are going to be  
14 out. Thank you. Thank you for even listening and taking your  
15 time.

16 (Applause.)

17 CHAIRMAN EDGAR: Thank you, Councilman Kennedy.

18 And I believe we have Commissioner Regalado. Are you  
19 with us? Commissioner.

20 Whereupon,

21 COMMISSIONER TOMAS P. REGALADO

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

24 DIRECT STATEMENT

25 COMMISSIONER REGALADO: Thank you very much. Good

1 morning. Welcome to City Hall. And it's a pleasure to have  
2 you here in the City of Miami. And I was watching, and I'm  
3 very, very grateful for the work that some of my elected  
4 officials and colleagues are doing. I see Representative Julio  
5 Robaina, who has been a leader in trying to represent the  
6 consumers and we, the taxpayers, in this area.

7           And all I can tell you is our experience in the City  
8 of Miami. We had terrible days. And most of the problems, we  
9 were told afterwards, is because of the trees and the wires.  
10 And this is why we support Representative Robaina's bill to  
11 have the utilities bury the lines. But we know that this is  
12 long-term. I think that you're discussing here the surcharge  
13 that we -- being presented, being presented to you. And I can  
14 tell you that a lot of people in the City of Miami, which even  
15 with the big condos still is a poor city, are having difficult  
16 times to meet their needs with their salaries and the Social  
17 Security checks, and any raise is bad for them. But we know,  
18 we know that it's going to happen, so if you're going to do it,  
19 do it the easy way.

20           I read through the media that Florida Power & Light  
21 is asking for a bond issue which will include a surcharge of  
22 \$1.58 in our monthly bill, and the alternative to that is \$5.69  
23 for three years every month. Well, the difference between  
24 almost \$2 and almost \$6 could make or break a retired person's  
25 budget. And I'd urge you to inflict the less pain on us, the

1 consumer, the people we represent.

2           But I think also that you have had the wisdom of  
3 ordering several studies, and especially the City of Miami,  
4 which is an old city, which is a city that has neighborhoods  
5 where we only have light poles and air wiring. We, we need the  
6 Florida Public Service Commission to be more proactive and  
7 force the, the utility companies to do what they have to do and  
8 what they used to do, which is trim the trees around the wires.  
9 They, apparently they used to do that in the past. It was very  
10 expensive and they didn't do it. You know, it makes sense.  
11 It's a no-brainer. It saves a lot of money. Every month at my  
12 house we have a meter reader that goes to the back, but that  
13 person, which is pressed for time, just go and look at the  
14 meter, write something and leave. He doesn't look around and  
15 see how many trees are tangled in the wires. If that person  
16 only would look around and report, you know, we need to, we  
17 need to cut some branches around, that would save the company a  
18 lot of money in the future and that would save hardship for us.  
19 In my area, which is close to here, we were 11 days without,  
20 without power, and it was because of, of trees.

21           So I would tell you that the City of Miami is willing  
22 to cooperate, and I hope that the State of Florida will press  
23 for the utilities to be more proactive on the branches, on the  
24 wiring, and that the state Legislature also would press the  
25 governments, the local governments to be more proactive

1 because, you know, after it happens -- you know, Forrest Gump  
2 said, "It happens." Then, you know, we have to run and wait  
3 and wait for the electricity. So if there is something that I  
4 can say on behalf of my residents, please ask the utilities to  
5 work to bury as much lines as they can, at least, at least in  
6 the, in the commercial corridors so people will have places to  
7 go buy gas and buy food and buy ice and water. And be more  
8 proactive with the branches. And if we have to pay the  
9 surcharge, well, we have to. But the people that I've talked  
10 to feel that the bond issue will be a less rate increase than  
11 the other option.

12           So I thank you, and we all are looking at you and to  
13 you to help make our lives better because hurricane season is  
14 only 90 days away. Thank you very much.

15           (Applause.)

16           CHAIRMAN EDGAR: Thank you, Commissioner.

17           It is 11:15 by the clock I have. We have this room  
18 until 1:00, and I think we have somewhere between 30 and 40  
19 people who have signed up. So on behalf of my colleagues I  
20 tell you that we want to hear from everybody that has signed up  
21 on the list, from everybody that has come here today to talk to  
22 us, so I'd just ask if you would please be mindful with your  
23 comments of the time frame that we have.

24           And, Mr. Beck, if you will call the next speaker.

25           MR. BECK: Thank you, Madam Chairman. The first

1 witness is Elaine Adler.

2 Whereupon,

3 ELAINE ADLER

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

6 DIRECT STATEMENT

7 MS. ADLER: Thank you and good morning, Madam  
8 Chairman, members of the Commission and members of the  
9 community. I'm Elaine Adler, President of the Aventura  
10 Marketing Council, a not-for-profit business organization  
11 similar to a chamber of commerce. We have about 500 different  
12 businesses from throughout Dade and Broward Counties.

13 Yes, Aventura felt the effects of the hurricane.  
14 However, our local government and our individual business  
15 owners worked very closely with Florida Power & Light. We  
16 found them to be very responsive and very creative. And for us  
17 perhaps it wasn't quite as bad as people in other communities,  
18 and we understand that. But we do have people that take  
19 responsibility; if there are wires in the trees, they do report  
20 it to our local government, which gets in touch right away with  
21 our Florida Power & Light representatives and it is taken care  
22 of. So being proactive on our part is important as well.

23 We felt they handled themselves incredibly well under  
24 incredibly, extraordinary circumstances during and following  
25 all the hurricanes we had, and we do want to applaud them.



1 I am not addressing the issue of the, the fund, the  
2 raise, but I'm certainly addressing the quality of service  
3 issue. And for us and for our businesses, they were proactive,  
4 creative and very responsive, and I thank them for that. And I  
5 do believe that a long-term solution as is proposed in the bond  
6 issue is the way to go so, as our previous speaker said, it is  
7 not something that they will have to come back again and again  
8 and again. They have a wonderful plan in place, and I think we  
9 need to support them to the best of our ability. Thank you.

10 CHAIRMAN EDGAR: Thank you, Ms. Adler.

11 MR. BECK: Enrique Lopez.

12 Whereupon,

13 ENRIQUE LOPEZ

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

16 DIRECT STATEMENT

17 MR. LOPEZ: Good morning, Madam Chair, members,  
18 Commissioners, members of the Florida Public Service  
19 Commission, government officials, members of the power utility  
20 and my fellow residents of our community here today to  
21 participate in this customer service hearing regarding the  
22 power utility's petition. I am Enrique Lopez, a resident at  
23 1312 Sorolla Avenue, Coral Gables, Florida, one of the nation's  
24 first fully planned communities created in 1925. I am here  
25 today in my capacity as chairperson of the City of Coral Gables

1 Utility Service Reliability Task Force.

2           The task force was formed via resolution by our  
3 city's proactive elected officials in November of 2005 in  
4 response to the residents' and businesses' concerns pertaining  
5 to reliability of utility services and the impact of the same  
6 on our city's quality of life.

7           The function of the task force is to serve as an  
8 advisory panel to the City Commission and administrative staff  
9 in evaluating the issues related to electrical service  
10 reliability resulting from natural disasters and other  
11 occurrences. Our mayor, Don Slesnick, serves in a Mayor's Blue  
12 Ribbon Committee for the Miami-Dade League of Cities addressing  
13 similar utility issues.

14           THE COURT REPORTER: Could you put the mike closer?  
15 Thank you.

16           MR. LOPEZ: Yes, ma'am. I'm so sorry.

17           The task force is comprised of seven City of Coral  
18 Gables resident members, five of whom earned engineering  
19 degrees prior to diversifying into the fields of law, finance,  
20 technology and business with expertise in regulated industries,  
21 distribution and technical systems, as well as engineering.

22           The task force has met on five different occasions  
23 since its inception, in addition to a public meeting held to  
24 receive input from our residents, businesses and the utilities  
25 serving our city. The minutes of the task force meetings I am

1 submitting here today on behalf of the referenced task force  
2 and the residents of our city reflect the issues and concerns  
3 within the City of Coral Gables as it pertains to the power  
4 utility's service reliability and safety issues within --  
5 resulting from natural recent disasters and other occurrences  
6 and its impact on the financial aspects of its operations. I  
7 respectfully submit them on our residents' and businesses'  
8 behalf for your review as our input to this process.

9 We commend the Florida Public Service Commission for  
10 holding hearings that pertain to all parties that serve our  
11 state as utility service providers. Thank you for this  
12 opportunity. Madam Chair, I'd like to give you these.

13 CHAIRMAN EDGAR: Ms. Brubaker.

14 MS. BRUBAKER: I suppose I should ask Public Counsel  
15 whether they intend to sponsor the exhibit?

16 MR. BECK: We would.

17 MS. BRUBAKER: So you would like to have it in the  
18 file as Exhibit 2?

19 MR. BECK: Sure. Mark it as an exhibit.

20 CHAIRMAN EDGAR: So we will accept this as Exhibit 2?

21 MS. BRUBAKER: Mark that as Exhibit 2. And, Charlie,  
22 I'm sorry, did you say you wanted to go ahead and have it  
23 admitted into the record?

24 MR. BECK: Yes, we would move it.

25 CHAIRMAN EDGAR: With no objection, please move this

1 into the record. That's Exhibit 2. Thank you.

2 (Exhibit 2 marked and admitted into the record.)

3 Mr. Beck.

4 MR. BECK: Maria Ofelia Parajon. Maria Ofelia  
5 Parajon.

6 Walter Baldwin.

7 Whereupon,

8 WALTER BALDWIN

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

11 DIRECT STATEMENT

12 MR. BALDWIN: Good morning, Madam Chairman,  
13 Commissioners. My name is Walter Baldwin. I am the Senior  
14 Facilities Engineer for MCI, which is now Verizon Business.  
15 I've come here not to speak about Florida Power & Light's rate  
16 hike but the reliability that we get from Florida Power &  
17 Light. Excuse me. I'm not a speaker.

18 As most people know, the telecommunications industry  
19 is one of the largest users of electricity probably in the  
20 world. Based on square footage I don't think anyone uses more  
21 power than we do. I currently have responsibility for  
22 approximately 100 sites from Cocoa Beach to Ft. Myers to Key  
23 West, and I am personally in charge of electric distribution,  
24 emergency generation power and all aspects of (inaudible).

25 First, I'd like to talk a little bit about my

1 history. I worked for approximately five years for Aspen Tree  
2 Experts, which is the tree trimming company that usually is  
3 working for the utilities, which is never a friendly thing when  
4 people come in and, what we call in the industry, half hack  
5 (phonetic) your trees so they look ridiculous. From there I  
6 went on to work for the Long Island Land Company for  
7 approximately 15 years, and I was in the power plant generation  
8 division and electrical distribution stage. So I know what it  
9 takes to be there when we have a hurricane.

10 In all fairness to FPL, I don't think anyone in here  
11 knows what it takes to get power back once you lose power. We  
12 lost power to 90 percent of our buildings during the storm. We  
13 had it back to most of them within the first three days. Now  
14 we did have generation power, so we never lost power. We  
15 support the traffic of the Department of Defense, the FAA, the  
16 state, the federal government and other what we consider to be  
17 high priority customers. We had constant communication with  
18 our account managers, and I think FP&L did a great job. No one  
19 has any idea what it takes to get your power back. That's  
20 basically all I have to say. Thank you.

21 CHAIRMAN EDGAR: Thank you, Mr. Baldwin.

22 MR. BECK: Joe Chi.

23 Whereupon,

24 JOE CHI

25 was called as a witness on behalf of the Citizens of the State

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

2 DIRECT STATEMENT

3 MR. CHI: My name is Joe Chi. I'm here representing  
4 Camacol, the Latin Chamber of Commerce. Address, 1417 West  
5 Flagler Street, Miami, Florida.

6 Our position here today is that we are in favor of  
7 the five-point plan and securitization. Our chamber of  
8 commerce represents approximately 2,000 businesses in the very  
9 local, local Miami area. We are very much concerned about this  
10 situation.

11 Talking about fairness, I know the word "fairness"  
12 has been bandied around quite a bit earlier today. I would  
13 also like to say that in your position you have to balance off  
14 the many interests between the, what FPL needs and also the,  
15 what the groups that are against FPL's position, positions need  
16 as well. You have to look into the present and into the  
17 future, and also I would urge you to be proactive versus  
18 reactive. Being proactive, you address the situation ahead of  
19 time, you address it today. You deal with FP&L's concerns and  
20 the concerns which affect all of us for the future. If you are  
21 reactive, what's going to happen is in the future year after  
22 year, and, God forbid, we have a ten-year cycle of hurricanes  
23 coming at us, you're going to be dealt every year with the same  
24 problem year after year, and the blame will be laid at your  
25 doorstep for not giving FP&L the necessary tools to work with.

1 I'm a private businessman. If FP&L is not, is not  
2 given the adequate resources and the reserves to work our  
3 situation and to correct it, the first thing I'm going to do is  
4 I'm going to go into the generator business because there's  
5 going to be a lot of profit there. I would urge you not to  
6 sacrifice the long-term future of all for the short-term cost  
7 considerations. Thank you.

8 CHAIRMAN EDGAR: Thank you, Mr. Chi. Excuse me, Mr.  
9 Chi. Mr. Twomey has a question for you.

10 MR. CHI: Yes.

11 CROSS EXAMINATION

12 BY MR. TWOMEY:

13 Q Very briefly. Your, your board is not supporting the  
14 increase being requested by FP&L though, is it?

15 A We are -- yes, we are. We are supporting that in the  
16 securitization process --

17 Q And the dollar amount?

18 A -- that we believe which is very important.

19 Q And the dollar amount they're asking for?

20 A Yes, we are.

21 Q Did your board vote on that?

22 A Yes, we did.

23 Q Okay.

24 A February 22nd. Thank you.

25 CHAIRMAN EDGAR: Thank you.

1 Mr. Beck.

2 MR. CHI: Am I dismissed?

3 CHAIRMAN EDGAR: Yes, sir. Thank you.

4 MR. BECK: Tessie Rivera.

5 Whereupon,

6 TESSIE RIVERA

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

9 DIRECT STATEMENT

10 MS. RIVERA: Good morning. I first would like to say  
11 that I feel extremely fortunate that the residents of South  
12 Florida have a representative like Mr. Julio Robaina, who's  
13 backing up not only his constituents, but also all of the  
14 Florida consumers.

15 My name is Tessie Rivera, and I'm here as an advocate  
16 of AARP, but also as a concerned consumer.

17 The Public Service Commission approved a 2004 storm  
18 damage surcharge for Florida Power & Light in the amount  
19 of \$1.65 per 1,000 kilowatt usage, which we are already paying  
20 until the Year 2007. Florida Power & Light has also again gone  
21 to the Commission to ask for an additional monthly surcharge of  
22 \$1.58 again for 1,000 kilowatt usage for an additional 12 years  
23 to recover millions of dollars of 2004 storm, storm charges,  
24 plus also recover more millions of claimed 2005 recovery costs,  
25 additional millions of dollars, making the total storm-related



1 costs for storm recovery financing at approximately  
2 \$1,690.2 million.

3 AARP will oppose tens of millions of dollars of FPL's  
4 claimed costs on the basis that they were not storm related but  
5 incurred through FPL's mismanagement. AARP will argue on  
6 behalf of the consumers that Florida Power & Light's storm  
7 reserve should not be greater than \$230 million, if, in fact,  
8 any reserve is required.

9 The Public Service Commission should strictly review  
10 FPL's claimed expense for prudence. The reserve fund should be  
11 limited to the smallest reasonable amount. The residential  
12 consumer should not have to pay more than is absolutely  
13 necessary. Florida citizens should not have to shoulder this  
14 whole burden since the power companies have other assets. The  
15 PSC should ask the power companies if they are doing this to  
16 protect the profits of their shareholders. They should be,  
17 they should be sharing the cost of losses with the consumers.

18 At this point I would like to emphasize that what you  
19 need to do is to adopt a policy wherein Florida citizens would  
20 not have to shoulder the entire burden of storm costs because  
21 at the end of the day it is their network. Thank you all for  
22 listening to me.

23 (Applause.)

24 CHAIRMAN EDGAR: Thank you.

25 MR. BECK: Pedro Capó. Pedro Capó.

1 Jose Massana.

2 Whereupon,

3 JOSE MASSANA

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

6 DIRECT STATEMENT

7 MR. MASSANA: Good morning, Chair, Commissioners. I  
8 represent Perko, Inc., a marine hardware manufacturing company.  
9 I'd like to thank FPL for getting us up and running within five  
10 days, business days after the storm. We were able to get  
11 500 employees back to work, and also keep our other supplier --  
12 the people we supply running and operating.

13 We support the plan, the long-term plan, whatever the  
14 dollar amount comes out to be. I leave that up to the people  
15 that know what they're doing there. And we're very happy with  
16 the service and the information that we receive from them.

17 Thank you.

18 CHAIRMAN EDGAR: Thank you, sir.

19 MR. BECK: Wilbert Cannon.

20 Whereupon,

21 WILBERT CANNON

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

24 DIRECT STATEMENT

25 MR. CANNON: Good morning. My name is Wilbert

1 Cannon. I live at 8370 Southwest 157th Street down in Palmetto  
2 Bay. I came to South Florida in the late 1980s, so I've had  
3 the opportunity to experience every storm that has come through  
4 here since that time. The last storm, our power was out  
5 something like just about two weeks, so I'm in that 18 percent  
6 section.

7 I support the company's effort to recover direct  
8 costs. I emphasize the term "direct." I think it should be  
9 only those costs that are directly associated with that  
10 recovery effort. There should not be any effort to get profit  
11 or any effort to recover any transfer of normal operating  
12 costs. Those costs should be easily identifiable and measured.  
13 For example, an employee that does not go to their regular job  
14 but goes to a storm recovery effort during that period, that is  
15 a storm-related cost, not a regular operating cost to me. We  
16 should be able to identify those costs and only allow recovery  
17 of those costs. Somebody is going to have to pay. As a  
18 customer I am willing to pay for that because I would like to  
19 have my service restored as soon as possible. I know the  
20 company has to incur that cost. I want an enthusiastic effort  
21 to make that recovery. That recovery will not be enthusiastic  
22 if they're losing money. So I know that I'm going to have to  
23 pay something.

24 I suggest that we spread the costs out to all the  
25 people it will benefit; residential customers, business

1 customers. If there's an opportunity to allow tourists who  
2 benefit from having that power restored as quickly as possible,  
3 they can participate in this, they should participate.  
4 Investors with the bond issue should participate if there's an  
5 opportunity for them to do so. So whatever mix of options that  
6 you can have to allow them to spread the cost out and minimize  
7 the direct cost and still get the power back up as quickly as  
8 possible, that is the option that I would recommend that you  
9 take. I thank you very much.

10 CHAIRMAN EDGAR: Thank you, Mr. Cannon.

11 Mr. Beck.

12 MR. BECK: Don Deresz.

13 Whereupon,

14 DON DERESZ

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

17 DIRECT STATEMENT

18 MR. DERESZ: My name is Don Deresz. I live at  
19 1852 Southwest 24th Street, Miami, Florida. I'm here as a  
20 resident.

21 Good morning, members of the Public Service  
22 Commission. Up until last night I was going to begin my  
23 comments urging you to bury the FPL electric lines, television,  
24 cable and phone lines as a better use for FPL's request for  
25 \$1.6 billion. I was going to mention that my wife and I are

FLORIDA PUBLIC SERVICE COMMISSION

1 FPL shareholders, and we live just a few blocks away on the  
2 Miami Rock Ridge, high above the water table in an established  
3 neighborhood called Silver Bluff. I was going to provide you  
4 with evidence of FPL's historical negligence in maintaining  
5 what amounts to a thin wire between two stakes in this age of  
6 technology. We have a row of poles and lines behind our house  
7 for electrical and cable and another row of poles and lines in  
8 front of our house for phone service. In even the mildest  
9 tropical storm they break and we suffer without utilities for  
10 days and weeks; over six times over the past two years.

11 I was going to say, just think, with full power  
12 existing after a storm by burying the lines there would be no  
13 need for the purchase and maintenance of residential  
14 generators, no need to go for ice to preserve food, suffer  
15 severe heat effects, experience gas shortages and lines,  
16 support the cost of generators for gas stations, experience  
17 long lines at food stores, economically suffer the power surge  
18 and destruction of our appliances, witness the immediate  
19 economic instability due to job unavailability, becoming  
20 servants to the tyranny of FPL hurricane restoration expenses  
21 and so on. I was going to say it's worth the effort and cost  
22 of burying the lines as the loss of power negatively affects  
23 our economy for most Miami citizens.

24 I discovered that the cost to bury the utility lines  
25 is not prohibitive if properly spread over a period of time.

1 One of my neighbors recently had to bury the electrical lines  
2 through his property, through his backyard in order to comply  
3 with swimming pool installation code requirements. This cost  
4 him less than \$1,500, including union shop electrical  
5 connections. So to do the same and bury the lines across a  
6 50-foot piece of property probably would cost less than \$2,000  
7 per home or probably a lot less than that. What that amounts  
8 to then is just about \$60 per year spread over a 30-year period  
9 with some kind of a bond issue. I believe sewer access and  
10 sewage trunk line installations cost more. FPL is charging us,  
11 the customers, for all hurricane-related costs and their  
12 corporate losses anyway.

13 I was going to note that they're required to bury the  
14 lines in new developments such as Weston in western Dade  
15 County, and it's a lot lower in the water table out there in  
16 western Dade County or western Broward County than in our  
17 neighborhood, as they're literally building homes in a swamp.  
18 But the underground system works. Be creative leaders and use  
19 the money to bury the lines like in our own Miami neighborhood.

20 What changed my mind last night about what I was  
21 going to say, I went online and I looked at the mission  
22 statement of the Public Service Commission. I realized that  
23 the goals of the appointed Commission does not serve the  
24 public. In fact, the words "public" or "resident" or "citizen  
25 of Florida" are not even mentioned. The PSC serves to promote,

1 according to the mission statement, the utility markets. We  
2 are described as customers.

3           As a homeland security precaution, I trust that you  
4 agree that we must seriously have contingency plans in place  
5 for the predicted increase in hurricane frequency, not over the  
6 next ten years -- I don't know where they're getting that  
7 statistic because according to the National Oceanic and  
8 Atmospheric Administration they're going to be, the increase  
9 and frequency of hurricanes is going to exist for the next 30  
10 to 40 years. Not one decade; three to four decades. I hope  
11 that this does not mean, and I'm under oath, I hope that this  
12 does not mean an increase in hurricane intensity. We really  
13 need to have our government and utilities prepared to help the  
14 average Florida citizen overcome the results of a devastating  
15 actual event, a Category 5 hurricane. To achieve the goal of  
16 this -- to achieve this prudent goal in this age of remarkable  
17 technology, bury the lines, for example, in our Silver Bluff  
18 neighborhood. With the time that I have had away from work  
19 these past two years because of no electricity, I could have  
20 dug the ditches myself to bury the lines in my backyard. Thank  
21 you very much.

22           (Applause.)

23           CHAIRMAN EDGAR: Thank you, Mr. Deresz. And I would  
24 also like to say I appreciate your comment about the mission  
25 statement because I -- it is my personal opinion that our

1 mission statement is outdated and one of the things that I'm  
2 hoping to work with my colleagues on.

3 (Applause.)

4 So thank you for that.

5 MR. PERKO: Thank you for being here today.

6 CHAIRMAN EDGAR: Mr. Beck.

7 MR. BECK: Alberto Herrera.

8 Whereupon,

9 ALBERTO HERRARA

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

12 DIRECT STATEMENT

13 MR. HERRARA: Good morning, Madam Chairman, and the  
14 rest of the Commissioners. I'll be brief. I'll just read my  
15 comments.

16 First of all, I urge you to continue to take the  
17 measures to assure that we will be as ready as possible for the  
18 upcoming hurricane season, and also, probably the most  
19 important, to let you know that I am most pleased to learn  
20 about the five-point action plan which has been proposed by  
21 FP&L. I think it will affect our lives in the most dramatic  
22 manner and in a positive fashion.

23 I'm here to also let you know that I understand that  
24 there are costs involved in such endeavors, and I wish to let  
25 you know that I'm willing to bear a portion of those costs.



1 Furthermore, it seems to me that power companies should be  
2 permitted to recover the expenses associated with the  
3 restoration of power and also to have enough funding available  
4 to prepare for future expenses. To that effect, it seems  
5 reasonable to me to spread such a cost, a very reasonable  
6 amount of cost over the 12 months that has been proposed.  
7 Thank you.

8 CHAIRMAN EDGAR: Thank you.

9 MR. BECK: Mario Hernandez-Fumero.

10 Whereupon,

11 MARIO HERNANDEZ-FUMERO

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

14 DIRECT STATEMENT

15 MR. HERNANDEZ-FUMERO: Good morning, Madam Chair and  
16 Commissioners. Thank you for being here to listen. My name is  
17 Mario Hernandez-Fumero. I live at 7525 Southwest 72nd Court.

18 I will be brief. I'm here to say that I support the  
19 bond issue. I think it's a very sensible measure to secure  
20 funds for a rainy day, no pun intended. But I do believe that  
21 it will secure the funds for, for expenses that are unexpected.  
22 And the cost to the consumer is fair. I believe \$1.58 a month  
23 is not a large amount of money.

24 I also want to say that FP&L has served me very well.  
25 I'm very satisfied with their service. The energy at my house,

1 the power has been restored very, very quickly. I'm in the  
2 insurance business, and I hate to tell you that I'm still  
3 struggling with the insurance company to pay for the damages at  
4 my house. And if my insurance company would have handled the  
5 expenses or the damages as quickly as FP&L did, I would be very  
6 happy. Thank you very much.

7 CHAIRMAN EDGAR: Thank you.

8 MR. BECK: Clara Waterman Powell.

9 Whereupon,

10 CLARA WATERMAN POWELL

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

13 DIRECT STATEMENT

14 MS. POWELL: Good morning. My name is Clara Waterman  
15 Powell. I reside at 2274 Southeast Drive, Homestead, Florida  
16 33035. I've been a resident of Miami and a satisfied electric  
17 power user for over 28 years in Miami. Coming from the  
18 northeast, I endured the 1965 -- I'm aging myself -- multistate  
19 blackout and many days without power due to ice storms. Here  
20 in Miami I've lived through Andrew and the recent hurricanes.

21 I commend FP&L for their dedication to restoring  
22 power after all of those hurricanes. I commend FP&L's  
23 dedication to apply the lessons learned to future programs. Of  
24 specific interest is their phone and Internet reporting and  
25 status updating. It was reassuring to know that they knew of

1 my power outage and how long we had before it would be  
2 restored, and it was restored within that guideline they gave  
3 me on the phone. Plus I was out of state during one of the  
4 hurricanes and it helped me plan for my cold storage food and  
5 my pets that were still left behind.

6 I support the \$1.58 surcharge for 12 years, the FP&L  
7 bonding program. My support is determined by many factors, two  
8 of which are, as someone who will be soon retired and on fixed  
9 Social Security, which is about 16K for some of you who are  
10 making a lot more, it's going to help me budget knowing that  
11 it's going to be a small amount for 12 years. And also as a  
12 professional who has worked with insurance actuarials, I  
13 support the financial reasoning by FP&L. Again, I support the  
14 FP&L -- I can't say this word -- securitization plan. Thank  
15 you.

16 CHAIRMAN EDGAR: Thank you.

17 MR. BECK: Tanisha Pitter.

18 Whereupon,

19 TANISHA PITTER

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

22 DIRECT STATEMENT

23 MS. PITTER: Good morning. My name is Tanisha  
24 Pitter. I live at 516 Northeast 166th Street, North Miami  
25 Beach, Florida 33161.

1 ACORN is a membership organization with over 10,000  
2 families in South Florida who are angry about FPL. The PSC  
3 must deny FPL's request to pass on the cost of Hurricane Wilma  
4 damage to customers.

5 FPL is asking for \$1.5 billion. FPL top executives  
6 earn millions of dollars in salaries and stock options. Almost  
7 one-third of Floridians earn less than \$20,000 as a family.  
8 Many, many South Floridians cannot afford their electric bills.  
9 These include single parents, children and seniors of fixed  
10 incomes. How dare FPL not pay for the cost of their company  
11 doing business.

12 (Applause.)

13 FPL's stockholders should pay for some of the costs  
14 of hurricane damages. FPL should have -- excuse me. FPL  
15 should have used the money they had for maintenance to update  
16 poles and power lines. They wait until after a natural  
17 disaster hits and then get customers to pay for the damages.  
18 FPL customers are captives. They have no other energy  
19 companies to choose from. The PSC must protect them from  
20 another surcharge. Families will lose necessary electricity if  
21 they can't pay their bills. Thank you very much.

22 CHAIRMAN EDGAR: Thank you.

23 (Applause.)

24 MR. BECK: Delores Turner.

25 Whereupon,

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

DELORES TURNER

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

DIRECT STATEMENT

MS. TURNER: Good afternoon. My name is Delores Turner. I'm the president of ACORN in Miami and the co-chair for the State of the Florida.

We're here today for two reasons. Number one, our members cannot have anymore increase in their bills. Do not pass, do not pass along hurricane costs to us. FPL is trying to merge with a Maryland company. You guys have a responsibility, a responsibility for holding hearings. And Maryland is holding hearings, and so why not you? To hold hearings just like the ones that, on the issue, the merger will affect us even more. You guys have a responsibility in the future, if you want the public to have input, you should have hearings in the evening instead of 10:00 in the morning because the majority of people are working, are working people. We have collected signatures from people, about 600 or more today. Since the people cannot be here this morning, it was too early, so we brought the signatures for you today.

(Applause.)

(Showing signatures.)

These are signatures from people that wanted to be here this morning but they --

1 THE COURT REPORTER: I'm sorry. I can't, I can't  
2 hear.

3 CHAIRMAN EDGAR: Ms. Turner, I need to ask you to  
4 speak a little more into the microphone.

5 MS. TURNER: Okay. These signatures here are from  
6 people that are working that would like to be here today but  
7 could not, so they signed their signatures so y'all could see  
8 them here. So we brought them here for you today.

9 We have talked to FPL, we are meeting with them, but  
10 we are not going to -- we need your help to hold hearings. We  
11 need your help in our meetings with FPL. We were told there  
12 that no more increase, and yet they continue to ask for more  
13 money from us. You -- we need your help and to help with us to  
14 step in and fight for the little guys. So we'd ask you people  
15 please to help us there. Deny the request and hold hearings on  
16 the merger. Thank you very much.

17 (Applause.)

18 CHAIRMAN EDGAR: Commissioner Carter.

19 COMMISSIONER CARTER: I was just wondering if it  
20 would be possible for, Charlie, the Public Counsel's Office to  
21 get a copy of these signatures for the record.

22 MS. TURNER: Yes. Yes, we'd be glad to.

23 MR. BECK: Please.

24 MS. TURNER: Yes. We can give you a copy of these  
25 here.

1 CHAIRMAN EDGAR: Okay. So the Office of Public  
2 Counsel will work with you to get copies. Okay.

3 MS. BRUBAKER: Just for clarification of the record,  
4 please, Mr. Beck, you'll have those identified for the record  
5 at the time you have those copies available?

6 MR. BECK: Yes.

7 MS. BRUBAKER: Okay.

8 CHAIRMAN EDGAR: Thank you.

9 MS. TURNER: Thank you very much.

10 CHAIRMAN EDGAR: Mr. Beck.

11 MR. BECK: Katrina Murphy.

12 Whereupon,

13 KATRINA MURPHY

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

16 DIRECT STATEMENT

17 MS. MURPHY: Good morning, Madam Chairman and other  
18 Commissioners. And by the way, my name is Katrina. I see we  
19 have another Katrina here today. And, no, I'm not like the  
20 Hurricane Katrina. I'm nice, I'm mild mannered and not like  
21 Katrina.

22 I've also -- I wondered if my, the lady that is named  
23 Katrina here, did she get the same kind of comments that I got?  
24 Because one of my comments -- I live in North Dade. And my  
25 daughter-in-law took me down south and, behold, Katrina

1 followed us. And they said, my son said, "Oh, my goodness.  
2 Why did my wife bring you here? Your little namesake followed  
3 you and we're in trouble." I just wanted to say that because  
4 so many faces look so sad. Thank you.

5 I am a senior citizen with a limited income, and I  
6 can't pay my bills. My family have to help me with my light  
7 bill because it seems like it goes up every month. Also it's  
8 inconceivable that, that FPL wants to raise the people's bills  
9 again.

10 I was out of power for 15 days. And earlier, some  
11 years ago, I was out of power for six weeks. And I was almost  
12 electrocuted walking down the street when one of the pole men  
13 dropped a line, and God fixed it so that a truck was coming by  
14 under there and the truck kept the line from hitting me  
15 completely. It just hit my foot. So I thank God for that.

16 And during the, during the time of those 15 days it  
17 was not easy because I did not have nothing to cook on and I  
18 couldn't afford a generator.

19 So anyway I don't want to say very much more. But,  
20 anyway, for FPL to ask for more, I think, is unreasonable. And  
21 a lot of people that's here that says that, to give FPL a  
22 certain comment (phonetic), wait until your bill is coming.

23 (Applause.)

24 CHAIRMAN EDGAR: Thank you.

25 MR. BECK: Frank Reddish.



1 Whereupon,

2 FRANK REDDISH

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

5 DIRECT STATEMENT

6 MR. REDDISH: My name is Frank Reddish and I  
7 officially represent the Miami-Dade County Office of Emergency  
8 Management.

9 CHAIRMAN EDGAR: Mr. Reddish, if you would pull the  
10 microphone to you. Thank you.

11 MR. REDDISH: Is that better? Okay. My name is  
12 Frank Reddish, and I'm here officially representing the  
13 Miami-Dade County Office of Emergency Management, which  
14 incidentally is neutral as far the money part of this is  
15 concerned.

16 We work with Florida Power & Light routinely through  
17 the year preparing this community for hurricanes and the  
18 aftermath. When a hurricane is out there in the Atlantic,  
19 several days before it gets here FPL is in our emergency  
20 operations center, the EOC. They're there through the storm,  
21 they're there after the storm 24 hours a day advising us. To  
22 most people lost power is an inconvenience. We have to deal  
23 with people who are electrically dependent on ventilators.  
24 Florida Power helps us make sure (inaudible.) We are able to  
25 get these people evacuated to hospitals. We work closely to

1 make sure we take care of those people.

2 More people were killed in Hurricane Andrew by  
3 traffic signals being out than were ever killed by Hurricane  
4 Andrew, traffic signals out with no electricity. We get with  
5 Florida Power & Light continuously to help us to get that power  
6 back on so you can drive safely.

7 When the mayor goes on TV and starts telling  
8 everybody what to do, if cable television doesn't work, you  
9 don't get the message. And if the power doesn't work, then the  
10 cable television doesn't work either. Likewise, everyone now  
11 has telephones. Those phones need power, unless you're smart  
12 enough to have an Internet (phonetic) phone.

13 Our entire traffic pattern is messed up because  
14 Miami-Dade County has 24 draw bridges that may go up and may go  
15 down, but they run off power. None of you had gas stations  
16 operating. We were worried about emergency vehicles having  
17 fuel. The fuel didn't work because they were without power.  
18 There was three gasoline tankers sitting offshore from Port  
19 Everglades. They couldn't unload because there was no power in  
20 Port Everglades. But all the time Florida Power & Light people  
21 were being a good corporate citizen, working all the intricate  
22 things far beyond just household power. And I didn't have  
23 power either, but that wasn't something we worried about.

24 So I came here representing our office to tell you  
25 that Florida Power & Light people are excellent corporate

1 citizens. They work with us constantly, they cooperate with  
2 us. We have a program for mitigation that's in place, probably  
3 one of the best in the United States. Incidentally, when  
4 Hurricane Wilma came over, just so you understand, in  
5 Miami-Dade County there was 574 structures declared unsafe.  
6 Most of them were mobile homes. All the rest were safe because  
7 they had shutters up, they had other protections. Florida  
8 Power & Light helps with that program as well. They don't ever  
9 advertise it, they don't tell everybody they did it, but  
10 they're there helping us step by step. They're good corporate  
11 citizens. Thank you.

12 CHAIRMAN EDGAR: Thank you, Mr. Reddish.

13 MR. BECK: Rosa Lewis.

14 Whereupon,

15 ROSA LEWIS

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

18 DIRECT STATEMENT

19 MS. LEWIS: Good afternoon. My name is Rosa Lewis.

20 I am here on behalf of Hialeah residents. As we all know, that  
21 we, we -- we know that Florida Power & Light is going to match  
22 jobs with Maryland/Florida, that we are expecting this charging  
23 more surcharges in our billing. I have my -- I have a  
24 experience with a resident and citizen that cannot afford to  
25 pay the bills. I am begging you on behalf of that resident to,

1 to investigate, to make a better decision about more charges in  
2 our bills. Thank you. And I want to say thank you for the  
3 opportunity to raise my voice on behalf of a person on a low,  
4 very low income. Thank you.

5 (Applause.)

6 MR. BECK: Donna Weaver.

7 Whereupon,

8 DONNA WEAVER

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

11 DIRECT STATEMENT

12 MS. WEAVER: Hi. Good morning. My name is Donna  
13 Weaver. I live at 2167 Southwest 13th Street in the City of  
14 Miami. I noticed when I came here that this is a petition to  
15 approve the storm charge to recover prudently incurred storm  
16 restoration costs, et cetera. And I think with respect to  
17 Representative Robaina, I think we should talk about prudence  
18 before we talk about fairness. I think anyone's definition of  
19 prudence would mean to take precautions. And the concern I  
20 have is that, you know, the storms that we had this year were  
21 Category 1 storms. And I think it's reasonable to expect that  
22 FPL, their infrastructure would be able to survive a Category 1  
23 storm.

24 I lived before the storms at 3110 South Miami Avenue,  
25 which is just up the road in Coconut Grove, and it took me

1 nearly a year to get FPL to come and do line clearing even  
2 though I was telling them that the lines were sparking and  
3 smoking. When the contractor finally arrived, I worked with  
4 them and they cut, and they would only cut the branches that  
5 were actually touching the lines. If a branch was an inch away  
6 from the lines, they were told, they were instructed not to  
7 touch it. Now look at the folly of that. Does that, does that  
8 make prudence? They were planning on a storm that had no wind.

9           Then we were told this morning by the FPL  
10 representative that our power poles didn't fail because they  
11 were weak. The power poles failed because of high winds. We  
12 go back to this again. It was a Category 1 storm. Is it  
13 reasonable, is it prudent to expect that our infrastructure  
14 will survive a Category 1 storm?

15           FP&L is a good corporate citizen and they're involved  
16 in the emergency management meetings all over town. I've been  
17 a disaster recovery specialist. I know about these things.  
18 But, golly whiz, when you know you have a Category 2 or 3 storm  
19 coming in off the coast and you already know that all your  
20 poles are only certified to go up to Category 1 winds, don't  
21 you think you ought to tell somebody that they need to be  
22 planning to be out for three weeks?

23           (Applause.)

24           This is a management problem. They scaled back on  
25 maintenance and now they're asking us to make up the

1 difference. I think it is outrageous. It is a management  
 2 problem. Now I, I, I don't know what the dollars are. I'm  
 3 just a private citizen that's just outraged with what is just  
 4 illogical.

5 What I'm asking you to do, please, Public Service  
 6 Commission, is to take a look at this and scale this back down.  
 7 And, yes, we'll pay reasonable costs. But you can't forget the  
 8 fabulous guys that came and restored power, they worked  
 9 overtime, they did everything, I gave them cookies and Coke. I  
 10 mean, you know, but they were paid and they were paid overtime,  
 11 they were paid well, they did great jobs. FPL is a great  
 12 employer. And their job is to maintain our electric service  
 13 and that's what we want them to do. That's fair. Thank you  
 14 very much.

15 (Applause.)

16 CHAIRMAN EDGAR: Thank you, Ms. Weaver.

17 MR. BECK: Gladys Fernandez.

18 Whereupon,

19 GLADYS FERNANDEZ

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

22 DIRECT STATEMENT

23 MS. FERNANDEZ: Ladies and gentlemen, Commission, my  
 24 name is Gladys Fernandez. I live at 5327 Palm Avenue in the  
 25 City of Hialeah.

1           Last year I was, I suffered without electricity about  
2 three times that I can remember during the season. That  
3 doesn't include the other times during the year that I lose  
4 power.

5           The infrastructure in the City of Hialeah is old and  
6 outdated. I saw many of the neighboring communities around  
7 Hialeah, which are also poor -- my city, the City of Hialeah  
8 has a lot of poor, low income, elderly individuals who cannot  
9 call Florida Power & Light. Basically they can't speak to or  
10 understand the language to call Florida Power & Light to tell  
11 them that they need the trees trimmed or something like that.  
12 I saw them suffer. I suffered two weeks without electricity  
13 with Wilma and so did all my neighbors; one week without  
14 electricity during Katrina. I think that at this time and age  
15 in the, in the State of Florida, in the United States of  
16 America, I don't think that citizens in such a pro-hurricane  
17 state should suffer days and days without electricity.

18           I would like to tell the Commission that I was able  
19 to get through to Florida Power & Light, speak to somebody who  
20 would give me an answer when the power would be restored. I  
21 got the same old, same old. I have to go through and talk and  
22 rant and rage and try to get a supervisor, and they would not  
23 tell me any definite answers. I think that is not, that is  
24 absurd. And Florida Power & Light should be better -- have a  
25 system where they can speak to the consumer and let them know

1 what is actually going on in their neighborhood instead of  
2 these wide answers that they give to everybody -- it'll take,  
3 the power will be restored between such and such a time. I  
4 think there comes a point and a time where they know what is  
5 wrong and when the individuals can expect service.

6           And I just don't agree -- I mean, the power, the area  
7 that I live in, it looks like a third world country. The power  
8 system, the infrastructure is so old and outdated, the poles  
9 are bent and have been bent for years. I drive by a pole in,  
10 in my, in the City of Hialeah every morning that I can see from  
11 the street where it's rotting out on the bottom, and it's still  
12 there and it's bent and it's been bent. And does anyone ever  
13 go by and check it? Who has gone by and checked this?

14           We were lucky we had so many years that we didn't  
15 suffer through a big hurricane or a hurricane with substantial  
16 damage. What did Florida Power & Light do during that time? I  
17 didn't -- I mean, that's the -- those are the answers that I  
18 want from Florida Power & Light. What did they do in all that  
19 time? They want money.

20           In 90 days we will be in hurricane season again.  
21 What will happen to us? I'm scared. I'm scared of going  
22 through weeks and days without power again. And I don't see an  
23 answer. I know they want more money, but I don't get, I don't  
24 get answers from them. And that's what I want the Commission  
25 to look into and get a definite answer from Florida Power &



1 Light. What are their plans? What are they planning to do  
2 with the infrastructure of these older cities that need  
3 updating? Thank you.

4 CHAIRMAN EDGAR: Ms. Fernandez -- Commissioner Tew,  
5 did you have a question?

6 MR. TWOMEY: Just briefly. I'm sorry.

7 CHAIRMAN EDGAR: Excuse me. Thank you.  
8 Commissioner.

9 COMMISSIONER TEW: I just wanted to suggest that  
10 Ms. Fernandez talk to Joe Jenkins in the back of the room back  
11 here about the rotten pole issue you have, just so that we  
12 perhaps can send an engineer to look at it.

13 CHAIRMAN EDGAR: Mr. Jenkins is a member of our  
14 staff. And if he can get your information, maybe we can do  
15 something to be helpful. Before that, Mr. Twomey, did you have  
16 a question?

17 MR. TWOMEY: Only to ask her if she was willing to  
18 do -- to talk to Mr. Jenkins and point out the rotten pole.

19 CHAIRMAN EDGAR: Thank you. Thank you,  
20 Ms. Fernandez.

21 MR. BECK: Rita Mora.

22 Whereupon,

23 RITA MORA

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

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

DIRECT STATEMENT

MS. MORA: Good afternoon, Commissioners, Madam. I'm speaking on behalf of the ladies behind me because they are not bilingual and there is no translator here to translate for them. And they're --

CHAIRMAN EDGAR: Ma'am, we do have a translator. And if somebody would like to speak to us using the translator, we are glad to accommodate that.

MS. MORA: Okay. (Speaking Spanish.)

CHAIRMAN EDGAR: Ms. Menendez, if you would please make sure they're aware that it is their choice. If they would like to speak to us and for you to translate, that's fine. And if they would prefer to have their friend -- whatever is their pleasure is what we want to accommodate.

MS. MENENDEZ: (Speaking Spanish.)

Whereupon,

ESPERANZA GALINDO

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

DIRECT STATEMENT

MS. GALINDO: My name is Esperanza Galindo. My bill, I was supposed to pay \$79 through a financial program, and I'm getting it for \$104 every month. I called and they said that, no, that you pay along the way with that.

1 Whereupon,

2 MIRTHA MORA

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

6 DIRECT STATEMENT

7 MS. MORA: My name is Mirta Mora. And in my house,  
8 hardly any electricity expense, I don't turn on the air, I  
9 don't turn on everything, and I get my light for a hundred and  
10 something. It's increased for me. I live from a salary from  
11 the government. My house rent has increased to \$600. I have  
12 to pay a hundred and something for the light. And I feel very  
13 overwhelmed, choking. I have to pay for my car, and I hardly  
14 have enough to live on to see if everything can be fixed. I am  
15 disabled. Thank you.

16 Whereupon,

17 LUZ PERDOMO

18 was called as a witness on behalf of the Citizens of the State  
19 of Florida and, having been duly sworn, testified as follows  
20 through a translator:

21 DIRECT STATEMENT

22 MS. PERDOMO: My name is Luz Perdomo (phonetic).  
23 I'm here representing disabled people, retired people, over 65,  
24 the elderly. And we need a better study to be done in the  
25 consumption of electricity for -- because, unfortunately, the

1 income they have to live on is too low. And to have to pay for  
2 energy consumption so high they're unable to live and to meet  
3 all of their needs. Thank you.

4 CHAIRMAN EDGAR: Thank you.

5 (Applause.)

6 MR. BECK: Mike Richardson.

7 COMMISSIONER CARTER: Madam Chair, before he comes --

8 CHAIRMAN EDGAR: Excuse me. Commissioner Carter.

9 COMMISSIONER CARTER: Could we have staff, the young  
10 lady that was on the payment program, I didn't get her name,  
11 but have one of our staffers get with her and follow up on that  
12 case?

13 CHAIRMAN EDGAR: Ms. Menendez, could you help the  
14 ladies that just spoke with us with Mr. Jenkins on our staff so  
15 that our staff can get the information about her bill and  
16 questions and see if we can follow up with her? Thank you.

17 COMMISSIONER CARTER: Thank you, Madam Chair. .  
18 Whereupon,

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

22 DIRECT STATEMENT

23 MR. RICHARDSON: Madam Chairman, members of the  
24 Commission, ladies and gentlemen here today, my name is Mike  
25 Richardson. I'm the president of Vision Council, which is an

1 economic development corporation not for profit who serves the  
2 area of Homestead, Florida City and surrounding areas of  
3 unincorporated Dade County. As you remember, we were ground  
4 zero for Hurricane Andrew. We're well familiar with the issues  
5 of loss of power during hurricanes.

6 In the spirit of full disclosure -- well, go back.  
7 Our business location is at 43 North Krome Avenue in Homestead,  
8 Florida. In the spirit of full disclosure, I should tell you  
9 that Florida Power & Light is a member of Vision Council and  
10 that I have testified on their behalf at at least two previous  
11 hearings: One dealing with the extension of the service life  
12 of the nuclear facilities at Turkey Point and, secondly,  
13 supporting their proposal to add another generation facility at  
14 Turkey Point based on natural gas. You can ask why I do that.  
15 I will tell you that they are exceptional corporate citizens  
16 within our community. The Turkey Point generation facility  
17 adds significant amounts to our local economy, as well as  
18 people who contribute to the day-to-day life of our cities.

19 Additionally, they are a strong ally in Vision  
20 Council's effort to bring sound, sustainable development to  
21 Homestead, Florida City and the south end of Dade County. They  
22 do that primarily by providing a reliable energy system for our  
23 residences and our businesses.

24 Now in deference to the gentleman over here, I should  
25 tell you today that what you will hear are my opinions. This

1 issue has not been addressed by my board of directors, nor is  
2 it endorsed by the Vision Council board of directors in any  
3 manner.

4           With that said, my recommendation is that I support  
5 at least conceptually the FP&L request to issue bonds to pay  
6 for the damage, the hurricane damages, and to establish a  
7 viable hurricane reserve against potential losses in the  
8 future.

9           I think the primary issue here is that the bond issue  
10 provides us the opportunity to spread the cost over a longer  
11 time period, thus reducing the day-to-day impact on the  
12 customer base. Having said that, I would urge you to at least  
13 look at a couple of constraints within that process. Number  
14 one, I would ask that this issuance of bonds be a one-time  
15 event. We need to structure this so that we won't back in 2006  
16 and 2007 and 2008 or, as the gentlemen said, the next 30 or 40  
17 years coming back to look at additional bonds layered one on  
18 top of the other transferring the costs back to the consumers.

19           To do that, I suggest you as the Public Service  
20 Commission needs to do a couple of things. I think you need to  
21 start on FPL's five-point plan, perhaps build on it and  
22 establish the construction and maintenance standards that will  
23 assure that our electrical generation and distribution  
24 facilities are capable of withstanding reasonable amounts of  
25 hurricane damage. And I would probably agree that a reasonable

1 amount is someplace around a Category 3 storm. There will be  
2 damage, but we need to be able to minimize it through wise  
3 construction and maintenance processes.

4 I'd also urge you, and here I certainly take  
5 difference with the representatives of the AARP, I think your  
6 hurricane reserve that needs to be established needs to be  
7 significant. It needs to cover the cost of recovery from a  
8 large storm. It should not be a minimum requirement only. We  
9 have to be prepared for the possibility of that Category 4,  
10 Category 5 storm that we know is going to be coming sometime in  
11 the future.

12 Having supported the issuance of the bonds, I would  
13 also like to ask you to assure that there is corporate  
14 contribution to the payoff of the bonds, that the total cost of  
15 the bond payoff not be transferred totally to the customer  
16 base. And in this I'm sure I speak for those -- my members who  
17 are users of FP&L power. I would tell you that FP&L on a broad  
18 scale, its officers, shareholders and even its employees,  
19 benefited from the management decisions that brought us to the  
20 situation that we're in today. In all fairness, I think the  
21 corporation also needs to contribute to the solution and not  
22 pass all of those costs back to the consumer. I would expect  
23 from that standpoint that they would be diverting portions of  
24 their corporate revenues for the period of the bond period to  
25 contribute to paying off of the bonds, even if that means

1 reducing the dividend payoffs to their corporate shareholders.

2 Now I don't, I don't envy you your job because you've  
3 got to balance the needs of the community for a strong, viable  
4 electrical generation and distribution system against the  
5 capability of the community to pay for it. And as onerous as  
6 any raise in our rates will be, we've got to realize that the  
7 damage has occurred and it needs to be paid for, and basically  
8 the consumer base and the corporation are the sources of money  
9 to do that.

10 I certainly urge you to ensure that balance is  
11 established, to ensure FP&L, who has been a good corporate  
12 citizen in our community, is able to recoup the fair, prudent  
13 and direct costs associated with hurricane damages, and at the  
14 same time to minimize the impact of the consumer by spreading  
15 those damages for a longer time period due to the issuance of  
16 those 12-year bonds. Thank you. Are there any questions for  
17 me?

18 CHAIRMAN EDGAR: Thank you, Mr. Richardson.

19 MR. BECK: Beverly James.

20 Whereupon,

21 BEVERLY JAMES

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

24 DIRECT STATEMENT

25 MS. JAMES: Good afternoon. My name is Beverly James



1 and I'm speaking on behalf of Bill Diggs, President and CEO of  
2 the Miami-Dade Chamber of Commerce.

3 THE COURT REPORTER: Ma'am, I'm having trouble  
4 hearing. Could you repeat, please?

5 MS. JAMES: Today I'm not here to address the issue  
6 of the surcharge but to address the quality of service. The  
7 Miami-Dade Chamber of Commerce supports the quality of service  
8 that FP&L has continued to provide to South Florida.

9 Specifically mention is being made to the recent  
10 hurricane season, especially Hurricane Wilma. FP&L was able to  
11 restore services for the residents and businesses in a timely  
12 and effective manner. We believe FP&L has been able to develop  
13 and execute strategies that allowed them to deliver a high  
14 quality of service to its constituents. The Miami-Dade Chamber  
15 of Commerce will continue to support the efforts of FP&L.  
16 Thank you.

17 CHAIRMAN EDGAR: Thank you.

18 Mr. Beck, I think that a short recess, short break,  
19 it's about that time. So my watch says 12:20. I'm going to  
20 ask that we all come back and be ready to go at 12:30. That's  
21 ten minutes. Thank you.

22 (Recess taken.)

23 CHAIRMAN EDGAR: Thank you. We -- I am told that we  
24 have a little over 20 or so people who have signed up. We did  
25 have the meeting noticed until 1:00, but I am also told that we

1 can keep the room for a while longer. So we have every  
2 intention of trying to get through the list so that we can hear  
3 from everybody who has asked for some time to speak to us. And  
4 I just do ask again though that our speakers be mindful of the  
5 time frame that we have. And Mr. Beck.

6 MR. BECK: Thank you, Madam Chair.

7 The next witness is Ana Martinez.

8 Whereupon,

9 ANA MARTINEZ

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

12 DIRECT STATEMENT

13 MS. MARTINEZ: Madam Chairperson, Commissioners,  
14 and -- excuse me. Madam Chairperson, Commissioners,  
15 Representatives and distinguished members of the community,  
16 good afternoon. My name is Ana Martinez. I represent United  
17 Way of Miami-Dade located at 3250 Southwest 3rd Avenue. During  
18 the month of March I will celebrate my 17-year anniversary  
19 serving as an employee of United Way of Miami-Dade.

20 I am here today to talk about Florida Power & Light's  
21 corporate citizenship. It is simply outstanding. This past  
22 year has been difficult for all of us, and Florida Power &  
23 Light as an organization and its employees have pledged  
24 \$1 million or so for all the community services and programs  
25 that help United Way and different members of the community.

1 You should know that those programs and services are directed  
2 to provide assistance for children, families, teens, the  
3 elderly and people with disabilities. There are thousands of  
4 individuals who will receive assistance through these programs  
5 thanks to the generosity of Florida Power & Light and its  
6 employees, and I truly wish that I could have brought them with  
7 me today so you could hear their appreciation.

8           It is not just about the dollars. You should also  
9 know that many of the employees and individuals who are part of  
10 Florida Power & Light serve proudly on our board of directors,  
11 our many councils, our committees, and also volunteer on a  
12 constant basis throughout the entire community to do renovation  
13 programs and different types of activities.

14           Beyond that, it continues to be about the people.  
15 These individuals are on a day-to-day basis helping out in our  
16 community and providing assistance. We are extremely proud of  
17 Florida Power & Light as a corporate citizen. You have heard  
18 that stated here previously. I echo it. And I augment it by  
19 also letting you know that it's imperative to remember that in  
20 this community the number of large organizations is quite  
21 limited. We're mostly made up of medium and small businesses.  
22 It takes the power of an organization of this magnitude to move  
23 forward community action and support, and that is precisely  
24 what Florida Power & Light has done. Their partnership with  
25 the union and their representation, collaboration with labor is

1 exemplary. I am very pleased to talk about their absolute  
2 outstanding as a corporate citizen. Thank you very much. Have  
3 a wonderful day.

4 CHAIRMAN EDGAR: Thank you, Ms. Martinez.

5 Mr. Beck.

6 MR. BECK: Maureen Johnson. Maureen Johnson.

7 Gus Gil. Gus Gil.

8 Carlos Trueba. I'm probably messing up the name.

9 CPAs.

10 Whereupon,

11 CARLOS TRUEBA

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

14 DIRECT STATEMENT

15 MR. TRUEBA: Hi. Good afternoon. I'm Carlos Trueba.  
16 I'm a business owner at 1985 Northwest 88th Court. I have a  
17 small CPA firm with two partners and a few employees.

18 I have a couple of points that I want to bring to  
19 your attention. One is the issues related to the bond issue,  
20 issues to make the reserve, and lastly about FP&L. I'll start  
21 with that I pay my light bill, they give me service. They,  
22 they do the best they can. They, they've been nice to me. You  
23 know, some people haven't had that experience, but I've had a  
24 pretty good customer service treatment from, from the company.

25 Having said that, I want to truly emphasize that the

1 bond issue provides a very effective means to, to have the  
2 funds necessary to do what is right. I'm very happy that I  
3 came here because I heard Representative Robaina speak about  
4 the future. I heard the advocates that opposed, not that  
5 opposed the rate, but the folks advocating the AARP, the  
6 Florida customer relations -- customer -- the Commission -- the  
7 Retail Federation, those, those folks are great advocates for  
8 me and for everyone else. FP&L is crunching the numbers and  
9 they'll come up with that.

10 I think the challenge before you is one of policy  
11 that can be regulated through the bond issue. Personally, I  
12 think the more research you have, the better. Through the  
13 covenants of the bond you have the ability to create and  
14 regulate the five-point plan. Why not make it a ten-point  
15 plan? (Inaudible) Representative Robaina, having in place some  
16 of the new infrastructure. Make it a 30-year bond. If it's  
17 \$1.6 billion, make it \$8 billion or \$7 billion and, and do what  
18 it takes now or at least start the dialogue now for what is the  
19 future, what should be the best for the future of Florida. I  
20 think you have an outstanding challenge before you. I'm very  
21 happy to see that there's great advocates on both sides, and I  
22 think that the right decision will be made. But I would  
23 encourage you to shoot high and not to, and not to, not to  
24 compromise because of, because of the money. There's ways to  
25 do things and let's do it right this time. Thank you so much.

1 CHAIRMAN EDGAR: Thank you.

2 MR. BECK: John Nessman.

3 Whereupon,

4 JOHN NESSMAN

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

7 DIRECT STATEMENT

8 MR. NESSMAN: Good afternoon. I'm John Nessman. I  
9 live 849 Northwest 74th Street. And this is the first time  
10 I've had the privilege to be here and this is the first time I  
11 ever was fortunate enough to get a group like you to listen.  
12 I've been coming here for quite a number of years. I've lived  
13 at that address 50 years. And at the end of the, at the end of  
14 the service it was 5:00. I didn't get heard. And I found out  
15 the reason for that. We as a group that don't have a lawyer to  
16 represent us -- you know what the old saying say? A group that  
17 don't have a lawyer has a fool for a lawyer. So we had to have  
18 a lawyer to be heard. Crazy.

19 And I just want to say this, I live on a fixed income  
20 and I'm 80 years old. I'm totally blind but I don't give up.  
21 And I was just wondering if there is some way that you can talk  
22 to Florida Light Company and see if they can fix any kind of  
23 fixed plan for the disabled. That's what, that's what I'm here  
24 for. If you're getting \$800 and my home bill now is \$250, and  
25 I don't use my lights because it's kind of cool, I thought I

1 would get a little break without using my lights, my bill, my  
2 home bill is \$250 now. And this summer I won't be able to pay  
3 it. And what I would like for you to do is to just try to see  
4 is there any way that they can give the crippled people,  
5 disabled people, the misfortunate people any kind of break on a  
6 fixed income. I thank you.

7 CHAIRMAN EDGAR: Thank you, Mr. Nessman.

8 (Applause.)

9 MR. BECK: Sylvester Jackson.

10 Whereupon,

11 SYLVESTER JACKSON

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

14 DIRECT STATEMENT

15 MR. JACKSON: Madam Chair, members of the Commission,  
16 my name is Sylvester Jackson. I represent Mayor Otis T.  
17 Wallace with the City of Florida City, Florida, 404 West Palm  
18 Drive. The mayor has asked that I be present before you this  
19 morning to read a letter into the record, and at this time I'd  
20 like to do that. The letter has been forwarded to your  
21 Tallahassee office naturally. So I'd like to read for the  
22 record, into the record today, this morning a letter that he  
23 has prepared for your consideration.

24 "I write to you today personally and in my capacity  
25 as mayor, representing the residents of my community and the

1 public in support of Florida Power & Light's securitization  
2 request.

3 "We do not view our relationship of many years with  
4 FP&L as a relationship between a provider and a consumer, but  
5 as a partnership. We have experienced firsthand the horror of  
6 a major hurricane and have witnessed the remarkable performance  
7 of FP&L in assisting the community to get back on its feet  
8 after being devastated.

9 "We need a financially healthy electric company that  
10 is able to be responsive and adapt to local needs especially  
11 during natural emergencies.

12 "Individual customers and businesses normally have  
13 insurance available to cover extraordinary costs related to  
14 hurricanes; we understand that this is not available to FP&L.  
15 Our city is eligible for and at times has received relief  
16 funding from FEMA and other agencies for hurricane costs. We  
17 have reviewed FP&L's proposal and find that FP&L is simply  
18 seeking to recover its costs from the very customers it serves.  
19 Through securitization the impact of storm cost recovery is  
20 minimal to customers and well worth it in light of the value of  
21 speedy restoration." Signed Otis T. Wallace, the Mayor of  
22 Florida City. And I'd like it to be placed in the record,  
23 Madam Chairman.

24 CHAIRMAN EDGAR: If you could give a copy of the  
25 letter, I think, to Mr. Beck.



1 MR. BECK: I'll make sure it's distributed and gets  
2 in the record.

3 MR. JACKSON: I'll get you a copy.

4 CHAIRMAN EDGAR: Thank you, sir.

5 And, Mr. Jackson, a question for you, I believe, from  
6 Mr. Twomey.

7 MR. JACKSON: Yes, sir.

8 CROSS EXAMINATION

9 BY MR. TWOMEY:

10 Q Mr. Jackson, does your city have a city commission?

11 A Yes, we do. We're a strong mayor form of government,  
12 but the mayor serves as the chief administrative officer.

13 Q Yes, sir. My question is then did the city  
14 commission vote to support the, the letter?

15 A Yes, they have.

16 Q They have?

17 A Yes.

18 Q Thank you.

19 A Okay.

20 CHAIRMAN EDGAR: Thank you.

21 MR. JACKSON: Thank you.

22 MR. BECK: Odalys Medina. Odalys, I'm probably  
23 mispronouncing the first name, last name Medina.

24 Eliu Moliner.

25 Daniel Hernandez.

1 Whereupon,

2 DANIEL HERNANDEZ

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

5 DIRECT STATEMENT

6 MR. HERNANDEZ: Madam Chairman, ladies and gentlemen,  
7 good afternoon early. I'm the president of the Hialeah Chamber  
8 of Commerce & Industries, and throughout the years Florida  
9 Power & Light has been involved directly with the Hialeah  
10 Chamber. And since Hurricane Andrew the Hialeah Chamber had a  
11 person that contacted the chamber on a yearly basis to be sure  
12 we have the resources to meet the most important, the lights  
13 restored at their location. And in these past three months, as  
14 soon as the hurricane happened, they were there calling us, the  
15 contact person called us and asked for a list of people that  
16 most needed it.

17 I think Florida Power & Light and the City of  
18 Hialeah -- which I have been in the city now for 46 years. In  
19 the City of Hialeah they have done an outstanding job. I  
20 think, like everywhere else, there will be a problem somewhere,  
21 but the main problem that we have is the people in Hialeah have  
22 beautiful mango trees and beautiful other type of trees. In  
23 the Hialeah area and the Opalocka area, people do not like for  
24 people to touch their trees. And I will tell you, I personally  
25 live there, it's my town, and every time there's a disaster,

1 cables go down, but these are the first people that complain  
2 later on that they don't have electricity. I personally didn't  
3 have electricity for 15 days. I live in a cul-de-sac in  
4 Hialeah which is solar panel houses (phonetic). There was no  
5 need for us to have light there. But the offices, the offices  
6 on 49th Street got their lights back right away (phonetic).  
7 The most important traffic lights got their lights back right  
8 away. And I believe that Florida Power & Light is not only  
9 involved in the services of the light but, very important, it's  
10 involved in the not-for-profit organizations throughout the  
11 county. And I'm talking like United Way and like Life Strong.  
12 Everybody that needs Florida Power & Light at one time or  
13 another, Florida Power & Light is always there. And in the  
14 Hialeah case they were headquartered in the race track which is  
15 practically in the center of the city. And whoever had a  
16 problem go there, most people got service as soon as they  
17 could. If you're a single person living in a house by yourself  
18 and you can make it, okay. There's -- I think the places where  
19 old people live, there are buildings that have two, three,  
20 four, five stories height. They make sure that those people  
21 have their power restored as soon as possible.

22           And I, I, don't envy you guys sitting in the position  
23 that you are in now because you have hard work coming up for  
24 you guys. And I believe personally that if you do raise it,  
25 the light bill, a \$1.60, \$1.50 a month for the next ten years,

1 we would be all better than a lump sum rate. I think that --  
2 I'm telling you because of my mother and my father and my uncle  
3 that are people that live on a fixed income, and just a dollar  
4 something a month, it is true it is \$20 a year, but it's a  
5 little bit of guarantee that it's going to be maybe a better  
6 service at the end of the line. I thank you very much for  
7 listening to my words. Have a good day.

8 MR. TWOMEY: Sir.

9 CHAIRMAN EDGAR: Mr. Hernandez, a question from  
10 Mr. Twomey.

11 MR. HERNANDEZ: Yes, sir.

12 CROSS EXAMINATION

13 BY MR. TWOMEY:

14 Q Just one. Would I be correct in assuming that  
15 Florida Power & Light is a dues paying member of the Hialeah  
16 Chamber?

17 A Excuse me?

18 Q Is Florida Power & Light a dues paying member of your  
19 chamber of commerce?

20 A Yes, they are.

21 Q Thank you.

22 A As a matter of fact, for the record, I'm a member of  
23 AARP for the last three years of my life.

24 Q Thank you.

25 MR. BECK: Emma Del Castillo.

1 Whereupon,

2 EMMA DEL CASTILLO

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

5 DIRECT STATEMENT

6 MS. DEL CASTILLO: Good afternoon, members of the  
7 Chambers (sic.) My name is Emma Del Castillo. I reside at  
8 7994 West 18th Court, I'm sorry, West 34th Court in Hialeah. I  
9 have been a resident of the City of Hialeah for the past 45  
10 years. I also work at the Hialeah Chamber of Commerce. I've  
11 been there for the past 24 years. I had numerous calls from  
12 citizens (inaudible), senior homes, nursing homes that they  
13 needed power. As soon as I called FP&L, I had -- I called them  
14 every day numerous times a day. They were always there for me.  
15 They were always there for the citizens and for the community  
16 in the City of Hialeah. So we support 100 percent the service  
17 of FP&L. We support their bond. And the problem (inaudible)  
18 increase, we're also -- to update the quality of service, we  
19 also support this. Thank you.

20 MR. BECK: Barry Johnson. Barry Johnson.

21 Howard Goldberg.

22 Marguerita Delgado.

23 Whereupon,

24 MARGUERITA DELGADO

25 was called as a witness on behalf of the Citizens of the State

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

2 DIRECT STATEMENT

3 MS. DELGADO: Good afternoon. Again, my name is  
4 Marguerita Delgado with offices at 299 Alhambra Circle in Coral  
5 Gables. I'd like to address three points. It's been stated  
6 before that weather patterns are changing in Florida, and based  
7 on last year's hurricane season's performance, FPL has been as  
8 well as other related industries needs to restore its  
9 infrastructure to meet the challenges of the hurricane activity  
10 that is projected to last many decades. In my opinion, the  
11 expansion of the electric infrastructure is not only due to  
12 climatic conditions, but also a result of the rapid growth of  
13 our state's population and also of FPL's operating in a very  
14 urbanized environment. And as with any other industry, FPL  
15 will need to have a mechanism to recover the money that they  
16 have spent. Businesses, most businesses take over these costs  
17 by passing the money they spend to consumers. That's a common  
18 business practice. However, when we look at the cost of energy  
19 in many other countries of the world, I would say that paying  
20 \$1.60 per month more to improve the reliability of my electric  
21 service before and during a hurricane is not a bad deal.  
22 Therefore, I am in support of the five-point plan proposed by  
23 FPL. Thank you.

24 CHAIRMAN EDGAR: Thank you.

25 MR. BECK: Marianne Finizio. Marianne Finizio.

1           Derek King.  
2           Rodrick Hany.  
3           Max Fajardo.

4 Whereupon,

5                                   MAXIMO FAJARDO

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

8                                   DIRECT STATEMENT

9           MR. FAJARDO: Good afternoon. My name is Maximo  
10 Fajardo. I'm the Assistant Director, Aviation Director for  
11 Miami International Airport. I'm here to speak on behalf of  
12 our Director, José Abreu.

13                           I don't need to tell any of you the importance of an  
14 airport in a recovery program. For the last 17 years that I've  
15 been a public servant, our relationship with FPL has been a  
16 very good relationship. They've been a good business partner  
17 to us. The importance of getting an airport back online and  
18 the airport system back online in a recovery program or  
19 recovery effort is, is incredibly important.

20                           We were able to -- in the last storm through the help  
21 of FPL we were able to get Miami International and our system  
22 of airports back in operation within 41 hours after the storm.  
23 Obviously that is extremely important in bringing relief  
24 efforts into this community and a very important factor in the  
25 community.

1 A healthy utility system and a healthy utility in  
2 general is, is important. We really don't have any comments to  
3 offer at this time on the financial aspects of this issue. We  
4 obviously -- as, as an airport department, aviation department,  
5 we don't envy your position. It's a very difficult task you  
6 have ahead of you. However, we feel that whatever the final  
7 decision is, that fairness will be paramount in your process.  
8 Thank you very much.

9 CHAIRMAN EDGAR: Thank you.

10 MR. BECK: John Riley.

11 Whereupon,

12 JOHN RILEY

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

15 DIRECT STATEMENT

16 MR. RILEY: Good afternoon. Thank you. Once again,  
17 I want to thank the Public Service Commission for coming to our  
18 area. (Inaudible). Thank you for the job that you're doing.  
19 I too am a member of the AARP.

20 You know, my first house here cost me \$17,000. The  
21 insurance on it ran me \$94 a year. Since Hurricane Andrew,  
22 utility companies can't get insurance. They can't apply to the  
23 state for funds. By the way, my insurance costs me now  
24 \$2,800 a year. My first car cost me \$1,800. It cost me  
25 \$1.48 to fill up the tank. I can't buy a gallon of gas for



1 that today. The utility companies use oil.

2           It's all about planning. What will they plan to do?  
3 And since they can't get insurance, the state can't force the  
4 company to give them insurance, then how do we fund the  
5 recovery or the needs of those utilities? There has to be a  
6 mechanism. Because I can do without my car. And what sense is  
7 me having a house if I have no power? Can I survive without  
8 having power? And that's what we're here about.

9           The other part is that the consumer is not informed.  
10 We were talking about what it costs us now. And as far as I'm  
11 concerned, when I bought my house for \$17,000 and my car for  
12 \$1,800, I thought that was the most money in the world at that  
13 time. By the way, I have an income of less than \$25,000 a  
14 year, less than \$25,000 a year. I'm a father of nine children.  
15 Four of my children own homes here in Miami-Dade.

16           We've heard people speak of underground. Consumers,  
17 Florida had a law that prohibited utility companies from  
18 putting wires underground. Just because somebody is advocating  
19 it now, that was not always the case. Weston -- we talk about  
20 who have those up-to-date utilities. If you remember, Weston  
21 had power outages. Can you imagine, most folks complain for  
22 having power out for three weeks. Try three months.

23           You can't get down the street for traffic lights. It  
24 affects the schools, the hospitals, every element of our lives,  
25 it affects it. So what do we do? If we can't fund it, if we

1 can't get back online, what are we supposed to do?

2           We've had people to come, and I've heard them stand  
3 before you, to play on people's emotions. It's not about  
4 emotions. It's about dealing with what is practical. It  
5 doesn't matter if we put wires underground. If we don't watch  
6 where we plant trees, it can still get damaged. And what does  
7 that take? That's going to take the state, it's going to take  
8 counties, it's going to take the municipalities and the  
9 utilities working cohesively together to come up with a plan of  
10 what trees we plant where and how it will affect the utilities.  
11 We haven't done that. And it's not only us in Miami-Dade,  
12 because what we don't know in Miami-Dade, we have feeder lines  
13 that comes all the way from Alabama. If they get struck in  
14 Central Florida or North Florida, it can affect us here in  
15 Miami-Dade. Because no man is an island.

16           So we're always looking for someone to blame. It  
17 comes down to this: We're either part of the problem or part  
18 of the solution. And we need to look for solutions now, and I  
19 want to be involved in looking for solutions now for my  
20 children and my grandchildren who will be affected by what we  
21 do here today, and that's called planning.

22           The government requires insurance, you can't get a  
23 tag or anything else for your car without insurance, but a  
24 utility company can't get it. Can the government do something  
25 about it? I don't know. But it's a train of thought. So if

1 they can't get insurance, there has to be a fund providing it,  
2 and that's what the bonds will do. There has to be something  
3 out there. Cities, government can apply to governments to get  
4 relief. Utility companies can't. We the consumers, we can  
5 apply to the government for relief. Utility companies can't.  
6 But we need it, we need utilities.

7 Thank God for cell phones. Can you imagine if we  
8 were still on the party line? Some of you -- I'm sure the  
9 brother here knows what a party line is. Some of you people  
10 have no idea what a party line is. And try to get on on a  
11 party line. But there is a need for it.

12 And as we move forward and as we, as we prepare for  
13 what has happened and what may happen, this is a part of our  
14 planning stage. And, please, for those of you who come to  
15 hearings, let's educate where we're well informed -- the  
16 better -- the more informed we are, the more information we  
17 receive, the better decisions that we can make. And the  
18 consumer needs to be informed. And, consumers, when we speak,  
19 everything is not all about us because we are all in this  
20 together. What affected me, I understand what affected me, but  
21 I also need to be concerned about what affects, what affects my  
22 neighbor and my brother. And my neighbor is not just the one  
23 next-door. That's the one that's across the country, across  
24 the state as well. I have to be concerned with how they're  
25 going to make it, because loving thy neighbor as ourselves is

1 what it's all about. And that's where we have to come  
2 together, and we have to come together in a planning stage as  
3 well as in the reality stage. And, of course, there's a lot of  
4 things that we need to survive, but I would dare us try to  
5 survive without having power. Thank you very much.

6 CHAIRMAN EDGAR: Thank you, Mr. Riley.

7 MR. BECK: Wilfredo Gore. Wilfredo Gore.

8 Suzy Robinson.

9 Sylvia Thorpe.

10 Whereupon,

11 SYLVIA THORPE

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

14 DIRECT STATEMENT

15 MS. THORPE: My name is Sylvia Thorpe. I live at  
16 7236 Southwest 146th Street Circle in Palmetto Bay. I've lived  
17 in Miami over 50 years, so I've gone through many hurricanes  
18 back in the '50s and '60s, Hurricane Donna and the others. I  
19 moved to my current home in 1988, and in this development we  
20 have underground electric lines which we've had for 18 years.  
21 And other than hurricanes, I can't remember ever losing  
22 power -- maybe we might have lost power once for 45 minutes,  
23 but in Andrew we lost power for 18 days. Others, of course,  
24 lost power for five or six months. In Katrina we lost power  
25 for two days and in Wilma we lost power for four days. And by

1 the way, on my lot I have over 20 oak trees and I would say  
2 over 20 palm trees. So there's a lot of trees. It doesn't  
3 seem to interfere with the ability of the underground lines to  
4 operate. And, of course, we have heavy rains like everyone  
5 else does and we don't lose our power.

6 In 1996, ten years ago, I visited the Holy Land in  
7 Israel, and I remember that every single home had solar panels,  
8 and this was required ten years ago. They all had solar  
9 panels. And, you know, I thought that was great and wondered  
10 why we don't have that. And I also was concerned in the last  
11 couple of hurricanes, you know, in light of 9/11, homeland  
12 security, we're like sitting ducks. If we lose our electric,  
13 we don't have a phone, we don't have TV, we don't have -- we  
14 can't use our computers. You know, God forbid we have a real  
15 emergency. We're sitting ducks. It's the 21st century and we  
16 don't have power. You know, my, my house, it might have been  
17 four days. But like this gentleman said, that's irrelevant.  
18 If other people don't have power for a couple of months, it's a  
19 huge concern. And it seems that, that there have been cuts in  
20 maintenance, and at the same time FPL has high profits, bonuses  
21 and high executive pay. And I'm wondering why we have these  
22 wooden poles when maybe we can have concrete poles or, you  
23 know, move to state of the art operations.

24 The other thing that concerns me is in addition to  
25 the \$1.58 expense we're talking about, there is, I believe it's

1 a fuel charge where people's bill on average is going to go up  
2 20 percent. That would be the average. In my case, during the  
3 summertime I really do make an effort to not increase that  
4 thermostat more than 78 degrees. But with this increase, you  
5 know, the 20 percent increase, my bill is going to approach  
6 \$500 a month. That's a mortgage payment for most people. And  
7 certainly added to other things, this is going to have an  
8 impact on our local economy. People already are not moving  
9 into Miami because, you know, new people, new corporations,  
10 because they can't afford housing, and they're not going to be  
11 able to afford the utilities either. So it's going to affect  
12 the abilities for -- the ability for new businesses and  
13 corporations to set up operations here.

14           Hurricane Andrew was in 1992. That was 15 years ago.  
15 And, you know, I've read all of the articles in the newspaper  
16 about FPL since Wilma. I have a file with me; it's like this  
17 thick. And I'm wondering where was the reserve? 15 years to  
18 plan. We're not facing -- it seems to me that FPL hasn't faced  
19 reality that we live in a hurricane zone. And maybe we had a  
20 little bit of a break from Andrew, but we should have used that  
21 time to really accumulate a hefty reserve so we're not in a  
22 situation that we are today. And I just feel that these  
23 expenses that FPL is passing on to the consumer is not correct.  
24 This is cost of doing business, and maybe other things have to  
25 be reduced within the company like salaries. But it's very

1 difficult for the consumer because it's a monopoly and we don't  
2 have, we don't have a choice.

3 The other thing is this possible merger with the  
4 Baltimore company. It seems like the operation is already too,  
5 too large to be managed efficiently. We had a smaller,  
6 independent electric company in Homestead and they got their  
7 power up after Wilma a lot faster than, than a lot of the FPL  
8 customers. And so with the merger to be bigger and to manage  
9 something where it's not being managed now to me is going in  
10 the wrong direction.

11 And the other thing is that, of course, the scope of  
12 this last storm covered, you know, maybe half of the peninsula  
13 in Florida. 98 percent of homes were without electricity. And  
14 this wasn't even a real storm. This wasn't even powerful. It  
15 maybe approached 100 miles an hour. But it was shocking to me  
16 that, you know, in my experience over the last 50 years living  
17 here, this wasn't even a real storm. This wasn't a real punch.  
18 And this year, like others have said, if we get a storm,  
19 Category 3, Category 4, you know, we'll just have to rely on  
20 our prayers. Thank you.

21 CHAIRMAN EDGAR: Thank you.

22 MR. BECK: Michael Johnson.

23 Whereupon,

24 MICHAEL JOHNSON

25 was called as a witness on behalf of the Citizens of the State

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

2 DIRECT STATEMENT

3 MR. JOHNSON: Good afternoon, Madam Chairman and  
4 Commissioners. I was asked to come here on behalf of the  
5 Florida Retail Federation by Paul Imbrone. And I just want to  
6 stress a couple of points here. First of all, we do not -- we  
7 oppose the additional huge rate increase for FPL, especially  
8 for the storm reserve.

9 We are in favor of four points, one being the PSC  
10 should thoroughly scrutinize all FPL's claimed costs and allow  
11 recovery of only those costs determined to be reasonable and  
12 prudent.

13 B, the PC -- I'm sorry. The PSC should ensure that  
14 there's no doubt, no double count of the costs. It should be  
15 rates based.

16 Three, extending the surcharges by an additional ten  
17 years is as much of a rate increase as loading it all up over  
18 the next two to three years. \$1.5 billion is \$1.5 billion.

19 And, last, number four, FPL does not need the  
20 staggering huge storm reserve that it's proposed because it's  
21 clearly demonstrated it can borrow and internally finance a  
22 large amount of money, around \$500 million in 2004 and \$906  
23 million in 2005, and then seek recovery pursuant to PSC  
24 approval. We believe that a storm reserve of \$100, excuse me,  
25 \$100 million will cover a lesser storm, (phonetic). It's more



1 than adequate in light of FPL's ability to come to the PSC to  
2 seek additional surcharges to pay for restoration costs  
3 following major storms. Thank you.

4 CHAIRMAN EDGAR: Thank you, Mr. Johnson.

5 MR. BECK: Juanda Ferguson. Juanda Ferguson.

6 Michael Smith.

7 Madam Chairman, that completes the list of people who  
8 are signed up.

9 CHAIRMAN EDGAR: Thank you, Mr. Beck. Is there  
10 anyone in attendance that would like to speak that was not able  
11 to get on the sign-up sheet?

12 Okay. Seeing none, then on behalf of my colleagues,  
13 I thank everyone for your attendance and for your participation  
14 in this proceeding today. And we are adjourned.

15 (Service Hearing adjourned at 1:18 p.m.)

16

17

18

19

20

21

22

23

24

25

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

3

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

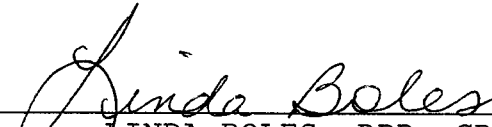
6                    IT IS FURTHER CERTIFIED that I stenographically  
reported the said proceedings; that the same has been  
7 transcribed under my direct supervision; and that this  
transcript constitutes a true transcription of my notes of said  
8 proceedings.

9                    I FURTHER CERTIFY that I am not a relative, employee,  
attorney or counsel of any of the parties, nor am I a relative  
10 or employee of any of the parties' attorneys or counsel  
connected with the action, nor am I financially interested in  
11 the action.

12                    DATED THIS 17<sup>th</sup> DAY OF MARCH, 2006.

13

14

  
\_\_\_\_\_  
LINDA BOLES, RPR, CRR  
FPSC Official Commission Reporter  
(850) 413-6734

15

16

17

18

19

20

21

22

23

24

25

**DRAFT MINUTES**

CITY OF CORAL GABLES  
UTILITY SERVICE RELIABILITY TASK FORCE  
PUBLIC MEETING  
February 9, 2006, 7:00 p.m.  
Commission Chambers  
405 Biltmore Way  
Coral Gables, FL 33134

**Board Members Present**

J. Peter Martin  
Richard DeWitt  
Enrique Lopez  
Jorge E. Otero  
Juan Galan  
Thor Bruce  
John E. Anderson

**Appointed By**

Mayor Slesnick  
Vice Mayor Anderson  
Commissioner Cabrera  
Commissioner Kerdyk  
Commissioner Withers  
Panel-as-a-whole  
City Manager Brown

**Staff**

Maria Alberro Jimenez, Assistant City Manager  
Alberto Delgado, Public Works Director  
Lis Ferrer, Project Engineer, Public Works Department  
Lillian Quiroz, Executive Assistant to the City Manager

**Guests**

Mayor Donald D. Slesnick  
Ramon Ferrer, FPL  
Marta Casas Celaya, BellSouth  
Vincent Lopez, BellSouth  
Peter Negrete, Comcast

Mr. Lopez said he has the privilege of being the chairperson of the Utility Service Reliability Task Force. He welcomes all City residents, business owners, staff and elected officials. At the request of Mr. Lopez each of the Task Force members introduced themselves.

Mayor Slesnick thanked the Task Force members for undertaking this very important task. Since the last time he addressed the Task Force, several things have happened. The Public Service Commission held a statewide hearing in Tallahassee in which they took testimony from the public, from the utility companies and from other interested parties. The Public Service Commission provided the Mayor of the City of Coral Gables the first spot on the agenda to testify. Mayor Slesnick was unable to attend due to a problem with Delta Airlines. However, the City was able to submit materials, including materials about this Task Force were introduced



into the record and the ordinance that addresses the issues of power, restoration, security and continuation of power both in the ordinances that the City passed and also in the ordinance that the City adopted to create this Task Force, plus some of the newspaper articles of the City officials meeting with Governor Bush. The PSC is aware of what we are trying to accomplish here and the staff has expressed great interest in keeping up with what this Task Force does and how it proceeds. At some point in time, the PSC will reach out to have some members of their staff visit with the Task Force and that we visit with them.

Mayor Slesnick said he is chairing a Blue Ribbon Committee of nine different cities in Dade County to make sure we are all on the same sheet of music as far as our approach and this Committee has also expressed great interest in what the Task Force is doing. At some point, Mayor Slesnick would like to bring a delegation of those Mayors here to interface with this Task Force when they think they have something to say to them. It would be nice if when this Task Force is coming to a conclusion and asks the City Commission to adopt some of its findings and recommendations if those could be presented to other cities to join in with us.

Finally, last Tuesday he had the opportunity to talk to Cathy Rundle, the State Attorney, and she informed him that the Grand Jury is very interested in looking into our issues. He was very surprised and the Grand Jury does look at a lot of public interest topics and issues reports. Ms. Rundle relayed to Mayor Slesnick that the Grand Jury is very interested in understanding the issue of utilities and franchises and that the Grand Jury might be looking to interact with this Task Force.

Mr. Lopez introduced members of the City staff present: Maria Alberro Jimenez, Assistant City Manager; Alberto Delgado, Public Works Director; Lis Ferrer, Project Engineer of the Public Works Department; and Lillian Quiroz; Executive Assistant to the City Manager.

Mr. Lopez reviewed the items on today's agenda and the format that will be followed. Mr. Lopez reported that twenty-four responses have been received on the Utility Services Survey through the City's website. Mr. Lopez also provided background on the creation of the Utility Service Reliability Task Force and said that at the December 13 Town Hall meeting, the residents expressed that the utility issues are not just hurricane related. This Task Force has not had the opportunity to dialog with Comcast and BellSouth. At this time, Mr. Lopez will commence the presentations of the utility companies on the changes they have made in response to recent natural disasters, as well as planned reliability improvements.

---

### **COMCAST PRESENTATION**

Peter Negrete, Vice President and General Manager for Comcast. Saying it lightly, Hurricane Wilma was quite an experience for all of us and Comcast is learning from that experience and he would like to bullet-point some of the things they are working on.

- Customer contact reinforces the value of every customer and every visit Comcast makes to a residence. Comcast learned that they have to improve communication with the property owner and let them know Comcast had visited the home by leaving some type of communication at the residence.
- Comcast also needs to focus on resources at the time of restoration. They are making sure they are better prepared for the next hurricane season by lining up resources before the next hurricane season.
- Comcast will have appropriate signage to display that a Comcast Recovery Team is working in the area.
- Building the skills set of the Comcast technicians to a greater degree to allow them to have more internal resources. Comcast is increasing the training efforts to make sure they have an increased number of skilled technicians.
- Another area of opportunity Comcast wants to address includes how they internalize data to help them have accurate information when they go out to the field.
- Lastly, improve the process of circuit providers to make sure they have the coordination and efforts in the event the call centers go down they have ways of immediately restoring that.

Mr. Otero asked Mr. Negrete does he have numbers on the percentage of customers in the City that were left without service and for how long?

Mr. Negrete replied he does not have that number with him. He knows that initially after the storm, a very high percentage of the network was out, close to 90%.

Mr. Otero said he is trying to understand the reason for the outages. Has Mr. Negrete found out the reasons for the outages?

Mr. Negrete replied there are several components to this. The cable system, as well as most utilities, is highly reliable on power. Once power comes back on, 60% or 70% of their network, comes back as well. They also find that depending on damage to trees and other types of destruction, they could have damage to fiber cable and to the coaxial cable.

Mr. Otero asked is that 60% or 70% percent out of Comcast's control?

Mr. Negrete said yes.

Mr. Otero asked has Comcast done anything to control the remaining percentage without the cooperation of other utilities?

Mr. Negrete said yes. This speaks about the resources they have to get their plant restored and back up. Part of the process they have learned is that they need to make sure they have the right resources to repair the distribution cable that is damaged.

Mr. Galan said that going back to common sense, Comcast has these boxes that sit on the ground, and in many places throughout the City, they would be susceptible to a surge. Are the

boxes waterproof, and why are they at ground level when the City requires people to build houses eleven feet above sea level?

Mr. Negrete replied he can only speak for his company's construction practices and Mr. Galan is right. There are aerial plants and underground plants and in both cases there are pros and cons. In most cases, the areas in which they are servicing, if it is usually serviced underground by other utilities, Comcast will also go underground. Usually, they follow the same utility path of FPL.

Mr. Galan asked are they waterproof? The design criteria for the system was not that it would sustain any kind of damage from hurricane surge activities.

Mr. Negrete said the equipment Comcast uses is weatherproof under normal conditions from the standpoint of rain. The equipment is designed to withstand conditions such as rain. Outside of that, it is hard to say what can happen to the equipment.

Mr. Galan asked that, originally, somebody put up a pole first and afterwards the next guy put his line up on the same pole. At what point in the history of laying out Comcast cables did somebody tell Mr. Negrete that the poles were not strong enough for the wires to hang on? At what point has an excuse been used as to the condition of the poles? Mr. Galan asked Mr. Negrete to provide some history on this matter.

Mr. Negrete replied that it is a very difficult question to answer. Mr. Negrete knows that it is standard practice for both cable and telephone to follow the utilities. Comcast may follow BellSouth or they may follow FPL. Comcast has been leasing space on the poles for years. Where and how this was decided, Mr. Negrete does not know.

Mr. Galan asked does Comcast do an analysis to make sure that the pole is adequate?

Mr. Negrete said he does not recall having done any type of research to determine that.

Mr. Galan asked would it be fair to say that as a commercial transaction, since Comcast is entering into an agreement with either BellSouth or FPL to provide a service, that you expect them to subscribe to a certain performance standard?

Mr. Negrete said he assumes that the poles are in good shape; however, they do train the technicians in the field to test the condition of the pole to make sure it is safe to work on.

Mr. Otero asked does Comcast a vegetation management program and do they have a systematic program to go out and look at the cables occasionally? Mr. Otero has a Comcast cable hanging vertically behind his yard and nobody has come by. He doesn't have Comcast service but he finds it curious that four months after the fact, the cable is still there.

Mr. Negrete said he feels they all share the responsibility of pruning trees.

Mr. Otero said how do they do that? What system is there?

Mr. Negrete explained that if they are trying to do some work and there are branches in the way that could be a safety hazard or damage the equipment, it is Comcast's standard practice to do minor trimming.

Mr. Lopez asked there is no formal, coordinated plan to conduct vegetation management?

Mr. Negrete replied there is no formal coordinated effort in vegetation management.

Mr. DeWitt said that Comcast not only provides cable television but also provides internet and telephone services. Part of FPL's Five-Point Plan is to contribute 25% of the cost of undergrounding utilities if the City sponsors the program. Being an intricate part of the utilities in our community, is Comcast willing to put some money up and participate in the cost?

Mr. Negrete replied that he will certainly pass that question along, as he is not in a position to answer it.

Mr. DeWitt asked have they contributed to that in other communities?

Mr. Negrete replied that not that he is aware.

Mr. Martin asked with respect to the agreement that Comcast has with FPL, he understands there is a standard agreement. Is that an FPL form, is that form approved by the PSC, or is it a form that Comcast has?

Mr. Negrete replied he does not think it is a form that Comcast has. He thinks it is a form that has been agreed with the utilities, but he is not positive.

Mr. Martin said that at some point he would like to see what that agreement looks like, following up the previous questions of who is responsible for the service.

Mr. Martin asked with respect to the agreement that Comcast has with FPL, he understands there is a standard agreement. Is that an FPL form, is that form approved by the PSC, or is it a form that Comcast has?

Mr. Negrete replied he does not think it is a form that Comcast has. He thinks it is a form that has been agreed with the utilities, but he is not positive.

Mr. Martin said that at some point he would like to see what that agreement looks like, following up the previous questions of who is responsible for the service.

Mr. DeWitt said that unlike other utilities, Comcast has the ability to know how many customers are out of service. There are many people who work and study at home and the internet goes down, which is equally frustrating. Does Comcast have reports it can share with the Task Force

because they are looking also at reliability, not just hurricane recovery. Does Comcast have any proactive evaluations of the network?

Mr. Negrete said they do have a system that they use to monitor the network and the system tells them if there are outages in a particular area.

Mr. Galan said that since Comcast is a tenant and FPL decides to repole the City, does FPL charge Comcast for recabing, or does Comcast have to repay somebody a part of the fee to recable Comcast on the new pole?

Mr. Negrete replied Comcast is responsible for that.

Mr. Galan said that, in other words, whatever FPL decides to do creates an embedded cost for Comcast.

Mr. Negrete said it is something that commonly happens and they do pole transfers.

Mr. Galan said the other question is for those who are underground, is there a minimum burial standard that Comcast has? He is perplexed with the underground part of the system.

Mr. Negrete said there are standards and practices of minimum burial levels.

Mr. Lopez said that the cable industry started ditch digging about twenty-five years ago. He remembers many people, some just doing yard work not being able to dig very deep and now we come to the era of technology and sophistication and they find that it is hurting them in many ways.

Mr. Galan said they need to have burial standards that they propose to keep and there needs to be an opportunity for the citizens to call someone and say their cable is not buried according to standards and request that it be fixed.

Mr. Otero asked Mr. Negrete does he have reliability figures for homes served by overhead versus underground. Can he provide that to the Task Force?

Mr. Lopez said that Mr. Negrete made reference to 60% or 70% of the Comcast network comes up when the power comes up. Is it safe to say that 60% to 70% of the network is totally dependent on the power provided by the power utility?

Mr. Negrete said a 100% of the network is dependent on the power utility. Comcast does have standby power supplies but the battery life is very limited.

Mr. Galan asked does an agreement exist for suppliers to bring them fuel or back-up generators?

Mr. Negrete said that if the standby power does go out, they address it by providing generators and hire people to stand by these generators until the power comes back up in the case of



restoration where the timeline was a little bit longer; but under normal circumstances, usually standby power kicks on so there is no loss of service.

Mr. Lopez thanked Mr. Negrete for coming this evening and sharing some of the Comcast initiatives. Mr. Lopez has to say that despite the fact that Comcast is totally dependent on others for restoration, it was the only utility that he was out of service of, independent of BellSouth that never went out of service, that had people answering the tough questions. He commends Comcast because from his perspective, they had people up front instead of hiding behind an automated system saying all kinds of information that isn't accurate.

---

### **BELLSOUTH PRESENTATION**

Marta Casas Celaya thanked the Task Force for the opportunity to be here. She is the Area Director of Regulatory and External Affairs for BellSouth Florida. Hurricane Wilma was powerful and widespread, it impacted seven Florida Counties where BellSouth has approximately 4.4 million customer lines. No central offices failed and all of the critical service links were maintained. The service remained strong for approximately 80% of those affected areas. After the storm, BellSouth deployed generators and supplies. They brought in approximately 1,700 contractors and redistributed the 7,300 employees in their Florida Field Operations to work on the restoration efforts. BellSouth believes that advanced planning and coordination and investment in their network enables them to maintain service to the vast majority of their customers and also to restore service as quickly as possible. What is BellSouth doing to improve reliability? As evidence indicates that the network stood up well, they will continue to do many of the things that they are doing along the lines of planning, preparation, coordination and execution; but since there is always room for improvement, they begin their improvements immediately after the storm because it has always been BellSouth practice not just to repair and restore, but to enhance and strengthen the network in order to insure that it will withstand future storms. As they do after each storm, BellSouth is also conducting internal assessments to review all of the relevant factors affecting their ability to provide and restore service. Some of the key elements that they are looking at include expansion of the back-up electrical system to ensure that they have greater service continuity in the event of a power outage is repositioning and raising some of the equipment to protect it from the elements. BellSouth has been working with the Florida Public Service Commission in their audit process and will have the opportunity to participate in a workshop next month to discuss some of the hurricane-related issues specific to the telecommunications industry. BellSouth stands ready to implement any improvements that are necessary to maintain a dependable and affordable telecommunications service for their customers. She will entertain any questions at this time.

Mr. DeWitt said he would ask the same question he asked the gentleman from Comcast. FPL has indicated they are willing to pay for 25% of the cost of the Five-Point Plan, what is BellSouth's position?

Ms. Casas Celaya said that, clearly, any kind of underground efforts are very expensive. FPL is a regulated, rate of return monopoly and at some point, they will get their money back. BellSouth is in a competitive environment and if the burden is to be borne, at some point, the customer will probably have to bear some of that also. BellSouth has to bear the consequences of any cost increases that they have to pass on.

Mr. DeWitt said that translated, does that mean yes, no, or maybe?

Ms. Casas Celaya said they will look at it. At this point, they cannot commit to it, but they need to take those things into consideration.

Mr. Galan asked does that mean that if FPL goes underground and BellSouth doesn't, is BellSouth still going to have poles.

Ms. Casas Celaya said it doesn't mean that at all, but keep in mind that if anybody decides they don't want to go underground, you are still going to have poles. All it takes is one person to say they don't want to go underground. Right now, 85% of Bellsouth's fiber optics are underground. They also underground all new developments per FPSC, but they do analyze it on a case by case basis. To say that everything should go underground is a mistake for the customers.

Mr. Galan said that going back to common sense, he would like to ask the following: FPSC mandates BellSouth to go underground in new developments, do they take into consideration the relevant city and county elevation requirements – do they do the same thing the other two utilities do, which is build a house at eleven feet above sea level but put the box at street level?

Ms. Casas Celaya replied that, as she said before, one of the things they are looking at is elevating their equipment. Believe it or not, where they get the biggest push back in elevating equipment is from residents.

Mr. Galan said that in his neighborhood they were out of service from BellSouth only for a period of time because the box that they couldn't find only had a two-day standby generator and no one remembered that and there was apparently no inventory at the home office. They first had to find which box had the back up generator and then he saw one of the BellSouth employees with gas cans to get the generator started. It would seem to him that a regulated public utility with sophisticated computer systems should be able to know that somewhere in the network there is a box that requires power that has a standby generator and the number of days that it can run with that tank. Then, automatically dispatch fuel suppliers on relevant timeframes to refill those tanks.

Ms. Casas Celaya replied that in a perfect world where fuel is available and you have immediate access, yes, all those things are possible; but you need to take account what is going on in a natural disaster. There were fuel trucks that were not permitted into our City and there were fuel trucks that were rerouted as a result. You can make all these plans and all these provisions, but there are always some kind of intervening factors that you have to make allowances for and try to jump into it. Might she add that Katrina will benefit our community immensely because of the

experience they have gained from it. All of the States that Katrina impacted are BellSouth territory, and every time that a hurricane misses Florida they say thank God but it is usually hitting another part of their company.

Mr. Otero asked what is the status of the BellSouth poles, and how frequently do they maintain them?

Ms. Casas Celaya replied that their technicians are trained but they are not on bucket trucks. They have their little vans and their little ladders. They are trained and there is a process in place to report any issues with the poles. There is also a process between FPL and BellSouth to replace those poles.

Mr. Otero asked what is that process?

Ms. Casas Celaya said that it is a reporting process to FPL and there is a window of time when they can do it, or BellSouth will replace it themselves and bill it back to FPL.

Mr. Otero asked how frequently are these trained people checking poles?

Ms. Casas Celaya said everyday.

Mr. Otero said that now FPL has to check their poles every eight years or whatever figure the FPSC has come up with...

Ms. Casas Celaya said they are part of that.

Mr. Otero said is he to assume that before it was not as frequent?

Ms. Casas Celaya said they do an audit every five years, she doesn't know how extensive it is and she doesn't know if it goes into the boring.

Mr. Otero said that in other words, BellSouth's answer would be the same as FPL's. The question was what is the state of the poles?

Ms. Casas Celaya replied that the state of the poles is that 97% of their poles withstood the hurricanes without any problem and the remaining 3% of the poles needed attention. That means that there was equipment on the poles that needed to be replaced, that there were wires that needed to be tightened, or that the pole had to be replaced.

Mr. Otero asked does the 3% account for the cost of the 20% that was down?

Ms. Casas Celaya said that it is a combination of factors, they were primarily issues of water. But you pick it in the whole amalgam, they had the damage.

Mr. Otero asked has BellSouth studied that in these four months and created a plan so none of those will happen again?

Ms. Casas Celaya said she just enumerated several of those points.

Mr. Otero said he heard the points, but is there a written plan?

Ms. Casas Celaya said no, because each area is distinct, each area is unique, each damage was unique. There is no systemic problem at BellSouth. The issue that they dealt with was Wilma.

Mr. Lopez said that along the issues of poles is something on which he has a lot of questions because the poles he has are BellSouth poles and he speaks to Ramon and he now hears Ms. Celaya, maybe the Task Force should focus on whose pole it is. Is FPL taking slack for BellSouth or vice versa? It is very confusing.

Ms. Casas Celaya said she would give them an anecdote. She had a call from a reporter saying BellSouth was transferring a customer back and forth. The customer lives in Pinecrest and there is a pole in her backyard that needed to be taken away because it didn't have service for many years, etc. BellSouth sent out a technician and it turns out that the pole is a private pole, it fed electricity to a stable, so in addition to their poles and our poles, there are other poles that add to the whole confusion of the issue.

Mr. Galan said he needs to ask a question and maybe challenge the statement she made that there are no systemic problems and talk about natural disasters. An act of God is an unexpected event and to say that in South Florida, given all the information we have, it is a natural disaster to have a hurricane in the year 2007, 2008, 2009 and 2010 is a lie because we know, based on all predictions, that we should expect multitude of hurricanes during the upcoming ten years. His concern is that the excuse of a natural disaster is not acceptable, you should plan for being out of electricity for "x" number of days, you should plan on building the dryers to dry out the boxes that are going to be submerged. We were lucky with Wilma. Are the people at BellSouth looking at South Florida east of U. S. 1, as they do the broken levies of New Orleans and planning accordingly, or does she think it is different?

Ms. Casas Celaya said it is different to the extent that they are going to have their unique elements and we are going to have ours. They know that the majority of their issues are going to be water related – and she is not talking about hurricanes, she is talking about ongoing. This Task Force wants some kind of assurance of service reliability not just for natural disasters, as they have said. The majority of BellSouth issues end up being storms.

Mr. Galan said that what bothers him is that BellSouth doesn't seem to understand that the difference between us and New Orleans is that they were fortunate to have levies and all of our waterfront has no levies; therefore, any storm that hits with a surge of excess of four to five feet is going to impact their system. We were lucky with Wilma...

Ms. Casas Celaya said she is sorry, he is talking about water surge, and BellSouth has dealt with that forever. Last season...

Mr. Galan said Wilma didn't do that...

Ms. Casas Celaya said excuse her, she lived through four hurricanes that hit BellSouth territory last season and there was some serious damage up at the Treasure Coast and yes, there was a storm surge. Not only that, it destroyed major cabling that was going from Jensen Beach out to the islands. They dealt with very serious damage out there and not only did they not plan for it, but in going back to repair the damage, they did it in expectation of a similar or greater storm surge. If that is what Mr. Galan means in terms of preparation, absolutely.

Mr. Lopez asked who is our BellSouth representative?

Ms. Casas Celaya said it is Ramon Flores.

Ms. Jimenez said if he interacts with the City, it is probably with the Public Works Department.

Mr. Galan asked does Ms. Casas Celaya consider a hurricane a natural disaster or an expected...

Ms. Casas Celaya said that a natural disaster doesn't have to be unexpected.

Mr. Galan said then it is not an excuse for lack of performance.

Ms. Casas Celaya said that by natural disaster she means the magnitude of the impact, the severity of the impact.

Mr. Galan said she already agreed they place their communication boxes not in conformance with the requirements for housing, so they have a problem there.

Ms. Casas Celaya said she believes the boxes are placed in accordance with whatever the municipal standards are. Where they can improve and need to improve, they have done so. As she has mentioned, in many of the coastal areas, they have elevated as many of their boxes as possible and as she said, the greatest push back they get is from the residents.

Mr. Lopez asked does BellSouth have any type of vegetation management program?

Ms. Casas Celaya said that, again, this is the responsibility of the technicians. Where there are branches in the way, they are trimmed back, they cannot and do not trim private trees; however, if there is a major tree in the easement, they hire Asplundh.

Mr. Lopez asked does BellSouth have a formal plan like FPL that acknowledges they send Asplundh? Is BellSouth more reactive than proactive in that respect?

Ms. Casas Celaya said that in that respect, they have feedback from the technicians that are out on the road. It is the technician's responsibility to trim back anything that is touching their drop wires or anything along the poles. If they cannot reach, they need to advise their supervisor and there is a process to take care of that with formal tree trimming contractors.

Mr. Martin said he takes it that BellSouth owns some poles in Coral Gables.

Ms. Casas Celaya replied certainly.

Mr. Martin asked does FPL have their facilities on BellSouth poles?

Ms. Casas Celaya said they collocate facilities on a number of poles and she has the round numbers, she doesn't have the numbers specific to the City. In the State they have approximately 453,000 poles and they have attachments on approximately 743,00 other companies' poles.

Mr. Martin asked does BellSouth have an agreement where they require either Comcast or FPL to abide by?

Ms. Casas Celaya said they have Collocation Agreement.

Mr. Martin asked can they have a copy of that?

Ms. Casas Celaya said to the extent that it is not confidential, she would be happy to provide it.

Mr. Martin said Ms. Casas Celaya mentioned BellSouth hopes to improve the capability of the infrastructure over the next few years and recognizing that the core system we have here in the Gables in effect serves more outlying areas than let's say the core system in West Palm Beach serves outlying areas – has BellSouth considered in the regulated aspect of the environment obtaining contributions and aiding construction from new homes, from new developments to help defray the cost that she mentioned earlier is going to be difficult to harden and upgrade and make storm proof these facilities?

Ms. Casas Celaya said they do that themselves, that is part of the maintenance and investment in their network, they don't necessarily add any new surcharge to developments or developers.

Mr. Martin said if BellSouth won't and they have to spend \$200 or \$300 million in the southern counties to improve their system, isn't that going to result in an increase in our rates?

Ms. Casas Celaya said no, sir. For one thing, the rates are regulated. BellSouth can't just increase the rates, they are held flat by the Public Service Commission and as she said, BellSouth is now a competitor, they are not a monopoly and there are certain costs of doing business that you factor into it. There are insurance policies that you get to withstand hurricanes, etc. and they do business in the hurricane belt so a lot of that is taken into account here.

Mr. Lopez said is he hearing that BellSouth is not exempt as other utilities are from liability insurance?

Ms. Casas Celaya said she thinks that at this point they are self-insured.

Mr. Lopez said that other utilities make it clear in their annual report that they pay for no insurance.

Ms. Casas Celaya said that is not the case.

Mr. Galan said Ms. Casas Celaya said that in some cases, the cities stop BellSouth from putting something at an appropriate height. Could she, or have they in the past, provided the City of Coral Gables a list of all facilities that are currently in the City that according to BellSouth engineering studies, you would prefer they be at a higher point?

Ms. Casas Celaya said not that she knows of. To her knowledge, this hasn't come up. Where these issues come up are in the coastal communities.

Mr. Galan said we are a coastal community. The City of Coral Gables has fourteen miles of waterfront and we are not a coastal area?

Mr. Casas Celaya said well, in that area, yes.

Mr. Galan said that it would be prudent for BellSouth to advise the City of how many locations there are and where they are so the City can then evaluate and instead of having a box with short recovery, they can have a beautiful tower, like the water tower and house that computer at so many feet above sea level? He is not kidding, this is perhaps what should have been done and the City should have prohibited BellSouth from putting that equipment at street level. Give the City all the locations where BellSouth believes they have equipment that is currently susceptible to any kind of coastal surge so the City can evaluate that and maybe go back to BellSouth with a plan that says they will authorize BellSouth to build these towers and solve the problem.

Mr. Bruce said he is pleased to hear BellSouth is making an effort to rebuild a stronger and more reliable network and he would hope that Comcast is able to do the same. His question is: What is the BellSouth standard for how long it takes to replace a pole that is completely rotten to the ground, yet it carries 13,000 volts of power?

Ms. Casas Celaya said in that instance, she is wondering if FPL knows they have facilities on it. They have an agreement with FPL where they can change it out and bill BellSouth for it.

Mr. Bruce said his neighbor is very upset because there is a pole that is completely rotted off at the bottom and the pole is just dangling by the wires.

Ms. Casas Celaya said that if any customer sees a pole that has any problems, dial 611 and tell the operator that you have a pole that has to be taken care of. It helps to get feedback because you can't be everywhere at once.

Mr. DeWitt said they have been talking about BellSouth service in general. What happened in Coral Gables?

Ms. Casas Celaya said she doesn't have that specific information, she was just told about this meeting on Monday and she has to pull figures.

Mr. DeWitt asked can she tell the Task Force what level of service stayed up in Coral Gables?

Mr. Anderson said that the Task Force has been told by FPL that their poles are designed to withstand sixty miles per hour winds. Does she know what BellSouth poles are designed for?

Ms. Casas Celaya said it is the same standard.

Ms. Anderson said when BellSouth gets ready to hang their cable on someone else's pole, who checks to make sure the pole can withstand the extra load?

Ms. Casas Celaya said they have plant engineers that design what goes where.

Mr. Anderson said when BellSouth puts up a pole, they have checked the pole to be sure that it can take that extra load.

Ms. Casas Celaya said yes, sir.

---

Mr. Lopez announced that since FPL is the next presentation and it will be a longer one, the Task Force will allow the residents if they have specific questions of Comcast or BellSouth to air them at this time, that way, we don't have to keep BellSouth and Comcast here. Are there any questions from our residents of Ms. Casas-Celaya and Mr. Negrete? There were no questions from the public.

---

Mr. Lopez said this Task Force has held three meetings to date and FPL has been a participant in these meetings. FPL has been asked to summarize its action plan on a move-forward basis.

### **FPL PRESENTATION**

Mr. Ramon Ferrer, Area Manager for FPL, said he is happy for the opportunity to share with Coral Gables residents and with the Utility Service Reliability Task Force FPL plans for



improving reliability and response to storms in the future. As Mr. Lopez indicated, at the last public meeting in December 13, they discussed a lot of issues related to storms and provided statistics specific to Coral Gables as far as outages and talked about the restoration process, the resources, the hurricanes and the impact. FPL has taken a very aggressive position and has hired a consultant, KEMA, to take a look at their performance, and other consultants to look at other areas all the way from customer service to communication. FPL has suffered seven hurricanes in the last fifteen months and understands the frustration and dissatisfaction felt by everybody who was impacted. FPL would like to never see its customers without power again because of a hurricane. FPL's plans have always been based on an occasional storm and although FPL has faced the challenges of the last fifteen months, as a company, they recognize that they must do better and that the weather has changed. Experts say Florida is experiencing a new weather pattern and this is why the last two summers have highlighted the need to take a fresh look at everything that FPL does and is leading the way with plans to maintain an even more reliable electric service. Even before the restoration from Wilma was completed, FPL had already begun a comprehensive analysis of the damage to the electric system and KEMA came out with some conclusions that FPL power systems meet or exceed the National Electric Safety Code Standards in place for all utilities. Even with the severe nature of the 2004-2005 hurricane season with seven hurricanes, and the fact that expert meteorologists have said this is going to continue, FPL had already realized that steps need to be taken to strengthen the system and harden the infrastructures. The overriding intent throughout this entire process is sharing the progress with FPL customers to make sure that any changes that FPL makes are well known and they are for the better. FPL is now at the point of planning and executing a solution. This is what Mr. Ferrer would like to share with the Task Force today, and at the end there will be time for questions and answers.

FPL is committed to implementing the Five-Point Storm Secure Plan to strengthen the electrical grid. There are short-term solutions and long-term solutions. The development of this plan was based on FPL's analysis and the valuable input from local and state officials, emergency managers around the state, community leaders and, of course, the customers. The five points from hardening the electrical infrastructure, stepping up pole inspections, increasing the land clearance, invest in undergrounding and what will be done immediately, which is to complete post hurricane work in targeted facilities. The very first thing FPL did is to take a look at the existing network. FPL meets the standards and, in fact, most of the utility poles as they read in the KEMA report were designed to be 50% stronger than the National Electric Safety Code indicates. But going forward, FPL is going to adopt the National Electric Safety Code Extreme Wind Velocity Zone Criteria as the new standard for all new distribution construction and system upgrades. This means that FPL facilities will be constructed to withstand winds of up to 150 miles per hour. This is the coastal requirement by the National Electric Safety Code as indicated in the diagram which shows the different type of wind loadings that every area is supposed to suffer. Based on that, the most extreme wind is 150 miles per hour wind, which is what they will design. The adoption of the extreme wind loading criteria for these facilities will be the first for any electric utility in the United States. FPL is going to raise the bar. This measure is going to set a new standard in the industry. FPL knows this conversion is going to take some time and, as they go forward, FPL is going to give priority to all distribution feeders or mainlines that serve critical infrastructure functions and will also concentrate on major thoroughfares where

businesses exist, especially those that provide basic necessities such as fuel and food for the community. Most of FPL's transmission and substation facilities already comply with this extreme wind velocity criteria, but those that do not will be brought up to standards. FPL is also working with KEMA to develop a ten-year comprehensive plan that will improve long-term resiliency of the electrical network. This long-term plan will be completed later this year. Mr. Ferrer knows that this Task Force is interested in Coral Gables specific type of plan and FPL plans to get to that point. Later on this year FPL will be able to share a more specific road map for this community.

Even though more than 37% of FPL's system is underground, FPL is committed to further undergrounding by offering to invest 25% of the cost of converting overhead lines to underground for local government-sponsored conversions. FPL hopes to encourage local governments to necessary steps to invest in this conversion. FPL has presented this plan to the Public Service Commission to allow the establishment of the proposed 25% investment and the criteria for such local-government sponsored projects. Frankly, Mr. Ferrer believes this is one of the areas where this Task Force can help FPL by providing support at the PSC level, by supporting the plan, if in fact, we are serious about undergrounding. FPL will facilitate local undergrounding projects by also allowing undergrounding in some areas to be placed in common areas whenever the right safety and the right agreements are met.

FPL will enhance existing efforts with local governments to strongly encourage ordinances requiring developers to provide underground electric service to all new platted subdivisions.

Mr. Martin said he is pleased to see that FPL is addressing the issue of hardening the system, which is something they talked about in one of the earliest meetings. His concern is that he has looked at FPL tree placement standards and, for example, for large trees FPL recommends that the tree be thirty feet from poles. That is just not practical in Coral Gables, as you might imagine. Setbacks and trees in our neighborhoods near poles are much closer than that. If our lines are going to remain on poles, it seems to Mr. Martin they will continue to have trees falling from private property, as Mr. Ferrer described that is like ninety percent here, and those fallen trees will continue to damage distribution lines and feeders. Mr. Martin said it seems to him that twenty-five percent is not enough. He doesn't know where that number came from and he would like to know if it is somehow substantiated in one fashion or another. How does FPL expect the City, or the City residents, to pay the remaining seventy-five percent?

Mr. Ferrer replied there are several mechanisms that can be used to accomplish that. It could be through a bond issue that the Cities have access to, or it could be through a special taxing district – sharing the pie, if you will – will all the affected residents. This is a complicated issue. It is not an easy task to convert existing overhead facilities – it is a very expensive proposition; but if in fact, we feel that is an alternative for our City, at least, we have to seriously look at the possibilities of accomplishing undergrounding of certain portions of the system where there is the most need. FPL understands that it is painful and expensive. The reason why the Public Service Commission exists and has a process that calls for the entity and the group of customers that will benefit from the conversion to pay for the cost is because we cannot fairly expect everyone else to share on that.

Mr. Martin said he understands that. Portions of FPL's facilities are already underground. In fact, Mr. Ferrer mentioned they have thirty-some percent system-wide.

Mr. Ferrer said that is right. It might be higher than that in Miami-Dade County, maybe close to forty-plus percent.

Mr. Martin said that doesn't mean that those of us who are not underground shouldn't address the question and try to do something about it. He would like to see an analysis of the alternatives, such as issuance of bonds and including FPL paying a hundred percent, what the bottom line impact of each of those various alternatives would be on the pocketbooks of the residents.

Mr. DeWitt asked is FPL now formally recommending that we underground our utilities?

Mr. Ferrer said absolutely not, FPL is providing an incentive.

Mr. DeWitt asked does FPL believe we should underground our utilities?

Mr. Ferrer said that the community should really make that decision. FPL likes underground and has much expertise in underground and sees the advantages. He is trying to demonstrate the pros and cons. They don't know what costs are involved, he is only providing the information about the twenty-five percent cost of FPL. There are the costs of other utilities involved, the cost of easements, the cost of converting the individual homes from overhead to underground, and any repercussions that it might have. FPL cannot make that recommendation to the City. The City has coastal areas and FPL cannot make recommendations to underground in those areas when they know that might be a problem in the future. It is up to the community and FPL is here to provide any incentives that might be needed to accomplish what the City wants to do. This is FPL's position.

Mr. Lopez said Mr. Ferrer is talking about supporting programs and there is a responsibility as a monopoly to identify cost structure and improvements to the reliability. If there is a transformer below sea level and there is a surge, Mr. Lopez is not sure that any efficiency and reliability will be gained. There are two concerning things out of the twenty-five percent besides the issue of ownership. Number one, we don't know the cost for Gables or for others and it is something that would help a lot of the local municipalities, and just not knee-jerk the cities to join something having no idea of the cost. Number two, the other utilities need to have an input into this process in the same fashion there is or is not any vegetation management and coordination, installation, etc. It is very important because not just what FPL does in this community is going to make us or break us and it is very important that thought be given and maybe made part of FPL's plan to say to municipalities what it is going to take and what the benefits will be, if this is being considered.

Mr. Ferrer said FPL has exposed the advantages and disadvantages of undergrounding and overhead, based on experience. When Jeff Bartell made the presentation at the meeting of

December 13, a ballpark figure of the cost for Coral Gables was presented. It is between \$120 million to \$299 million. Once an area has been identified, FPL will provide a binding cost estimate for a fee that is applied as a deposit so FPL can apply the resources to that. Once you have that binding cost estimate, you know what the cost will be to FPL. The reason why FPL is investing in local-government sponsored projects only is because the municipalities must be the coordinating body of all the other utilities involved. Mr. Ferrer said he is going to take this back as they are taking notes.

At this point, Mr. Ferrer introduced Victor Muniz, Accounts Manager for the City of Coral Gables and Juan Lopez, who is the Customer Communications Manager for FPL in dealing with the Public Service Commission interactions.

Mr. Otero said he saw in the Five-Point Plan twenty-five percent of cost. How did FPL define cost when this was presented? Are we including any of FPL overhead costs? Are we including any engineering costs?

Mr. Ferrer replied that when FPL talks about costs, they are talking about the differential cost of overhead vs. underground in many of the cases. It is total cost of the engineering of the job and the materials.

Mr. Otero asked FPL does the engineering?

Mr. Ferrer said FPL does the engineering, the design and installation of the facilities; however, it does not include the cost to individual residents and it does not include the cost of other utilities. It only includes FPL costs.

Mr. Otero asked does FPL include any FPL overhead costs in the "capital c" cost? If they are talking about a twenty-five percent overhead factor, are they talking about one million or one million two hundred thousand as the cost of which FPL would pay twenty-five percent?

Mr. Ferrer said FPL will pay twenty-five percent of the total FPL conversion cost.

Mr. DeWitt asked if there is an overhead charge, who is going to get that overhead charge?

Mr. Ferrer replied the overhead charge is included in the total cost.

Mr. Otero asked has FPL converted to underground an existing overhead service from our area to underground?

Mr. Ferrer said yes.

Mr. Otero said if so, has FPL studied it and can this Task Force have access to that study, who made the study and what was the economic criteria to make a decision not to restore the pole, but to replace the pole with a new infrastructure, i.e., underground? Has this study been done in Dade County?

Mr. Ferrer said they have many requests. Personally, he has never seen one get to the end. The City of Golden Beach engaged in a conversion project. It wasn't perfect because, as Marta Celaya said, many residents decided they did not want to play. If you go there now, you will see some areas with underground and other areas that come up to a pole and the City of Golden Beach is working on that. Mr. Ferrer said he is not familiar whether other utilities participated, he only knows that it was a major conversion for FPL. Golden Beach went through the process and they paid for a binding cost estimate. He doesn't know how they got the money.

Mr. Otero asked can Mr. Ferrer find this out and if there are any other places in the State that we have done the conversion.

Mr. Ferrer said he will get that information and said that after 2004, FPL has many efforts going on, such as Jupiter Island seriously considering that and many other communities. There are some communities that have decided to do the installation themselves and FPL is more than happy to accommodate that. Once FPL designs the job, the community hires somebody to minimize and control the costs. All these issues are flexible.

Mr. Otero said we can't be insensitive to the cost of converting to the residents so we have to know how and who will pay it. We have two ways of going – the same old way in which we are paying through our bill. Mr. Ferrer said not through FPL's basic rate. Mr. Otero said sure they do. The basic rate has sixteen components and one of those has to do with the maintenance of the poles, so all that is passed through. The other way of going is underground, let's say. The resident doesn't want to pay, \$50,000, \$20,000 or \$10,000 because he or she cannot afford it. This is the comparison he is trying to make because he doesn't have any handle on that and hasn't seen anything on that. All he hears is that it is too expensive. He doesn't know what too expensive means.

Mr. Ferrer said that is why his suggestion, based on his years of experience dealing with this type of request, is that they need to single out a project within this City or within the County...

Mr. DeWitt said he heard Mr. Ferrer say twenty-five percent of FPL cost – is digging the hole in the ground to put in the pole FPL's cost, or is Mr. Ferrer talking about just his engineering costs?

Mr. Ferrer said the total cost of converting FPL facilities, which is what they have control of. His point is that if you can find someone who can do it better and build a better trench according to FPL specs...

Mr. Galan said FPL is businessmen willing to invest. There must be a return they are receiving some place. We, representing the City, are going to invest three times what FPL invests. Therefore, we should then ask for a return that is measured not just on reliability and serviceability and availability, but in savings. If FPL has a major cost of trimming, as does BellSouth, and the City eliminates that cost by investing together with FPL, except that the City is seventy-five percent partner and FPL is a twenty-five percent partner, what do we tell the citizens? That all the bacon goes to FPL, or do we get a couple of slices in the form of a reduced

rate or in the form of something? Because he can't ask a fellow citizen to go in with FPL at seventy-five percent to FPL's twenty-five and the result is better service.

Mr. Ferrer said that is a fair question because they go back to what was discussed before about profitability. There are areas where FPL doesn't have to spend as much money clearing trees as they spend in Coral Gables and those customers are paying the same rates as the Coral Gables customers.

Mr. Galan said FPL is now saying that by doing the investment is not going to give a saving to the customers because FPL is already spending more; therefore, the customers are not entitled to a saving. Mr. Galan said show him the data, but don't use KEMA, use someone both the City and FPL hire. The problem he has with a consultant hired by the person is, as he said at the last meeting, they are not independent. If FPL hires and pays them, that report to Mr. Galan is useless. Mr. Galan said if we – jointly – hire and pay them, he has a chance that the report might be objective.

Mr. Ferrer said he respects Mr. Galan's opinion; however, what FPL has heard from experts, from legislators and public elected officials around the State is that the KEMA report was a very thorough and good report. KEMA has an excellent reputation and the majority of the opinions received are very positive. FPL has not only hired KEMA, but has also conducted self-assessments and the Public Service Commission has been extremely active in reviewing every single process that FPL has engaged in. FPL is under the gun by everybody.

Mr. Galan said to make sure he understands clearly, at the last meeting, it was agreed that all substations, except the one at the University of Miami, are outside of Coral Gables.

Mr. Ferrer said it is in the University of Miami property, but it serves many customers.

Mr. Galan said Mr. Ferrer was talking about power regulation procedures, and he believes Mr. Ferrer indicated that if the feed from the substations which come to Coral Gables were to be underground, that would be a significant step in the sense that in the restoration process, the first thing FPL does is restore the main feed, that would get us one step ahead.

Mr. Ferrer said, in his opinion, yes. There are many areas in the Gables that would benefit from that.

Mr. Galan said the other thing that they agreed on is that underground in a coastal area must be observed because what we have now in these underground systems is a joke when there is a surge.

Mr. Ferrer said there are other issues on that. It is not just the damage to the equipment. There is a big difference between the damage to the communication cable and the damage to the electric cable. It is not only the damage that could be caused to the terminations and to the transformers, but also the time it takes to restore because FPL cannot get into an area that is flooded to restore electric power until the water recedes. People have to understand that it is not only the damage

to the facility and one of the disadvantages FPL is cited is the time it takes the crews to repair, which based on experience, it takes three times as much as overhead. When you handle the 13.2 KV, you can't do it under unsafe conditions.

Mr. Galan said he has one last question and it goes back to common sense. When he bought his house, he had to replace one of the pilings in the dock and he asked the man doing the work why is he putting a cap on the piling. The response was because it saves the piling, it stops the decay from above because the water sips in from above because we live in a tropical climate. Since then, Mr. Galan has been involved with many marina projects, including his own, and he is fortunate to have visited many of the marinas between here and New York and they all put caps on their poles. BellSouth has some 400,000 poles, FPL has 1 million plus poles. How come FPL doesn't put caps on its poles? Do FPL poles not decay?

Mr. Ferrer said FPL poles are treated with CVC.

Mr. Galan said FPL poles are susceptible to the damage from above due to rain collection and decay, as the poles in a marina.

Mr. Ferrer said that is a good question for FPL's engineering experts and he will have that answer for Mr. Galan.

Mr. Galan said FPL uses a chainsaw to cut the poles. Once the poles are cut, some people put either fiberglass, or a copper cap, or most commonly, a PVC cap to seal the pole so the water doesn't decay the pole; but FPL and BellSouth don't do that. Why not?

Mr. Ferrer thanked Mr. Galan for bringing that up.

Mr. Martin said that at the public meeting that was held earlier, there was a number presented and Mr. Ferrer has reiterated it to the Task Force, of around \$200 million to underground Coral Gables. Mr. Martin's first question is does that include the feeders that are local?

Mr. Ferrer said yes, that is what Jeff Bartell said.

Mr. Martin said if you take those \$200 million and divide it by the 22,000 customers, it comes out to \$10,000 a unit. If one were to finance that – let's assume for the moment – with an issue of City bonds or industrial development bonds, that FPL would buy and FPL perhaps could get a break because the City could finance it at four or five percent where at the marketplace you would have to pay seven or eight percent. If that \$10,000 a unit were financed at five percent, that's roughly \$500 a year, per customer. Now, in Coral Gables, you are spending a lot more money with trees and there are other places in the State where FPL doesn't have to worry about that because it is already underground. It seems to Mr. Martin that \$500 per customer could be absorbed by FPL because of the savings it would make on trees and we won't have to pay seventy-five percent. If we do pay seventy-five percent, maybe we should own the system.

Mr. Ferrer replied that the cost of vegetation management is insignificant compared...

Mr. Martin said FPL is telling us you are going to start a major tree cutting program as part of the restoration process.

Mr. Ferrer said that even with the enhancements, the information he has on the cost of vegetation management is insignificant compared to the cost of conversion to underground. There is a tariff, for example. FPL went to the Public Service Commission four years ago and applied for a tariff through which the customers are able to pay back cities for the cost of undergrounding. In other words, the City can usually get money cheaper than anybody else and pay the cost of undergrounding and FPL, through a tariff through the electric bills, will collect from customers a modic amount every month, let's say \$30.00 a month per customer – it has a limit – it could not exceed “xyz” and then, turn it over to the City and pay for that over a period of ten years. Nobody is thanking FPL for that.

Mr. Martin said he understands, but he is still not comfortable that we have looked at all the various alternatives of FPL investing twenty-five percent, investing one hundred percent or using various forms of financing. Another thought that he wants to share is that FPL adds roughly 100,000 customers a year on the system, depending on the amount of building. In a way, when Mr. Martin talks about the whole system, he is talking about feeders, substations and main transmission lines. If FPL were to collect a minimum of \$1,000 a house, from now on, for new homes, 100,000 homes a year, that would be like \$100 million a year. That \$100 million a year could, in turn, if it is a stream of cash flow that FPL is going to expect, assuming that building is going to continue in Florida as it has, it could support a \$1 billion bond issue that FPL could use in places like Coral Gables where we have old infrastructure and where we don't have underground and where maybe FPL should invest more than twenty-five percent to improve our system.

Mr. Ferrer said why somebody like him who already paid the price for his home to live in an underground area, because it wasn't cheap. The fact that the area where he lives has underground is because the developer paid for it and passed that cost to Mr. Ferrer and to all his neighbors. Why would he have to pay for the cost to underground in Coral Gables?

Mr. Martin replied he is asking that any new home built on the fringes of FPL territory, which is benefiting from the infrastructure from the core of the territory and all of the feeder lines and all of the substations are taking care of the folks that are out here in new homes. Mr. Martin is suggesting that the developer of new homes pay, in addition to the cost of undergrounding, which now FPL requires, another \$1,000 a unit in order to contribute toward the undergrounding of the core facilities that are old and need to be replaced, and still serve those fringe facilities that are being built new.

Mr. Ferrer said there are so many ways of looking at this, but it all boils down to the same thing, is it equitable and fair to that developer and to the new customers. The reason FPL is regulated is because they need to be equitable and fair to all. FPL has always been receptive to any proposals from their customers that merit looking at, as long as the rules are not broken. FPL is willing to entertain thinking outside the box.



Mr. Martin said FPL does not collect the CIAC now except where they are undergrounding in an area.

Mr. Ferrer said FPL collects CIAC for new developments, for conversions or relocations. If you have an overhead pole in front of your house and you want to relocate it, there is a CIAC involved with that. If you want to convert your meter from overhead to underground, there is a tariff issue that is set the same for everybody.

Mr. Otero said that following up on the tariff that Mr. Ferrer mentioned, which Mr. Otero has in front of him, it says that a fee not to exceed \$30.00 a month per residential unit. Is Mr. Otero to understand that if the City pays the conversion and then every customer would pay a maximum of \$30.00 a month and if he takes the twenty-five percent contribution subsequent to the tariff...

Mr. Ferrer said the twenty-five percent is upfront. The cost would be reduced by twenty-five percent.

Mr. Otero said the \$30.00 should be reduced by twenty-five percent because at this point and time, FPL is not paying any of it, the City is paying it.

Mr. Ferrer said does Mr. Otero mean the \$30.00 the customer pays?

Mr. Otero said sure, who are the customers paying that to?

Mr. Ferrer said the customers are paying it to FPL through the bill for FPL to, in turn, give it to the municipality.

Mr. Otero said perfect, so instead of \$30, it should only be three-quarters of \$30 because FPL has agreed to pay...

Mr. Ferrer said he would not be surprised to see this Five-Point Plan that is being presented today will have repercussions and change. For example, the undergrounding process, FPL is now applying to the PSC to allow FPL to apply that twenty-five percent.

Mr. Otero said the \$30.00, is worst case scenario, that is less than FPL's \$50.00.

Mr. Ferrer said there is a possibility the tariff might change.

Mr. Otero said it has to be reduced if FPL is willing to pay a quarter of it.

Mr. Ferrer said the reason it is \$30.00 is because it is an amount based on the minimum bill.

Mr. Otero said but that is in the tariff.

Mr. Ferrer said there is a caveat with the tariff. FPL is not allowed to disconnect the service to that customer for non-payment of that fee.

Mr. Galan asked would FPL propose under its plan to somehow build this underground system, that the allocation to the consumer be based on consumption or on point of service?

Mr. Ferrer said it is point of service. The user has control over consumption.

Mr. Galan said his point is that the person who is on social security and has difficulty meeting his current expense is going to be allocated the same proportional cost as a ten story building that is just being built for Burger King or the one that was just built for somebody else? Is this what FPL calls fair regulation?

Mr. Ferrer says the cost per customer being calculated is something for FPL to have an idea. That is not the way that would be fair and equitable to distribute the power. It is just a figure using the unit of number of customers divided by the cost.

Mr. Galan said his point is that he doesn't think it is fair for Armando Codina to pay the same amount of cost for his house in Gables Estates than he would pay for his building on Alhambra or the new building on LeJeune. FPL has the data that says the amount of consumption by location and they can give this information to the City to fairly allocate the conversion cost because the City can't go to a resident and say he is going to pay the same as a big building. That doesn't make any sense.

Mr. Ferrer said let's understand that those big buildings are already underground and should be excluded from that whole equation.

Mr. Galan asked underground to where?

Mr. Ferrer replied from the building to the nearest...

Mr. Galan said Mr. Ferrer showed the Task Force that the substation to the building is above ground.

Referring to a rendering, Mr. Ferrer said let's assume that Mr. Codina's building is this hospital right here. The box is already underground from this pole all the way to a transformer bolt located in that building. If you are going to convert this feeder from overhead to underground, would it be fair to have this customer, who already has underground to pay for the cost of undergrounding the feeder?

Mr. Martin said yes it would because the feeder is probably what has caused the hospital later to lose its generator.

Mr. Ferrer said if there was an underground feed directly from the substation, maybe it wouldn't be fair.

Mr., Galan said the point is that it has to be fair. He can't tell the lady on Almeria or on Alcazar who has a 2,000 foot house that her cost for underground is the same as a 20,000 square foot building.

]

Mr. Ferrer says he agrees.

Mr. Martin said there is a principle that the Public Service Commission uses, and he has worked with them on this. It is called the Equivalent Residential Connection where a great big building like Mr. Cobb's might be equivalent to 2,000 or 3,000 residential connections, based on their usage; so the 22,000 meters, if it were expanded to be equivalent residential connections make it 40,000 and the impact on the residents might not be \$40, it might be \$10.

Mr. Lopez has heard nothing on the impact to reliability and service improvements. Going back to what Mr. Ferrer shared with the Task Force that, with the exception to the University of Miami property, all feeders are coming out of the City, so you are only as good as your weakest link. Mr. Lopez has heard nothing about the expectations and reliability of service and he would like to see a before and after scenario, if the investment is to be made, based on multi substations serving. There is a lot of talk about restoration and underground. He can tell them horror stories about underground. He is not against underground, but he goes back to the weak link in the network. It takes longer. Right now, if FPL goes on top of the pole and puts the little fuse back up, if that happens underground, it is called digging. Mr. Lopez thinks it is important if these measures are to be supported that the true facts be provided because we went from emotion to knee jerk and now we are getting down to nuts and bolts. If there is to be support, it is important that FPL tells us what game is to be played. For example, House Bill 431 is something that he would be totally against, as a result of "substations shall be considered a permissible use in all land use categories and zoning districts". The Senate Bill is a little more refined, but it still tells you that you can put a substation next to a residential property. Then, he would have to allow BellSouth to say "it is the intent of legislation to maintain adequate communication service". What is more important, power or communication? It depends on who you speak with. Then, Comcast, who is also in the communications business, decides they need a head in. It is important because we cannot come in and take the eminent domain or bully approach. Mr. Lopez has heard FPL say it is very sensitive to not cutting down trees. This is the kind of bill, at least, the way it stands right now in the House, that basically says this is an affront to any type of planned development and protectional zoning because it gives FPL, literally, the right to put a substation next to his house. Mr. Lopez said it is important that we just don't present what looks good or sounds good.

Mr. Ferrer said FPL also wants to present what is ugly and how they are going to fix it. That Bill that Mr. Lopez is talking about has nothing to do with FPL. That Bill was an initiative from Governor Bush's Energy Committee that he created after the 2004 Hurricane Season. FPL, being in the utility industry, supports the ability to have their infrastructure built where they need it, but FPL did not come up with that Bill. Mr. Ferrer said he certainly appreciates the comments

and is sensitive to the right that the City has to object to that Bill. FPL did not get consulted about this Bill.

---

Mr. Lopez announced that at this time, with the consent of the Task Force members, he will invite Mr. Andrew Heitner to speak. Mr. Heitner is a Coral Gables resident who is present at the hearing and has requested the opportunity to address the Task Force.

### **QUESTIONS AND ANSWERS FROM CITY RESIDENTS**

Mr. Heitner said Mr. Ferrer has mentioned five points of action - what methods of success is FPL using to determine success of each of those points?

Mr. Ferrer replied those have not been determined yet, they are under design.

Mr. Heitner said if FPL is to do four of the actions, but not the undergrounding, and another hurricane equivalent to Rita or Katrina hit at the end of this summer, how would the FPL numbers change in terms of the affected people and the time to recover?

Mr. Ferrer said FPL does not have that data yet, they haven't even completed the design. FPL feels that it is going to have a dramatic impact and positive results, but they don't have those measures yet. We haven't had a hurricane and we are speculating, and FPL has not completed the analysis and the design.

Mr. Heitner asked when is that design going to be ready? It is not sensible that FPL is spending a lot of money not knowing what the outcome will be.

Mr. Ferrer asked is Mr. Heitner referring to the hardening of the infrastructure, or is he referring to the pole inspection?

Mr. Heitner said FPL must have numbers, they are recommending five courses of action and they are going to spend...

Mr. Ferrer said they don't know what the cost will be, but FPL will make the commitment.

Mr. Heitner said FPL is asking the residents to spend a lot of money.

Mr. Ferrer said FPL is not asking the residents to spend a lot of money.

Mr. Heitner said Mr. Ferrer recommended several times in his presentation that we support FPL's underground program.

Mr. Ferrer said support the underground program with the PSC.

Mr. Heitner said which means spend money.

Mr. Ferrer said that if the City decides to undertake this project...

Mr. Heitner said if we, collectively, decide to spend the \$200 million, however it is allocated, to put wires underground, how would that affect the numbers of people that were out and the time that they were out?

Mr. Ferrer said we will have to wait for the next hurricane.

Mr. Heitner said let's say under the same circumstances.

Mr. Ferrer said that under the same circumstances, they would have to go back and evaluate if they had any undergrounding in the City, vs. overhead.

Mr. Heitner said keep the lines that were underground last July 1<sup>st</sup>, how many people would have been out and for how long?

Mr. Ferrer said FPL doesn't have those figures.

Mr. Lopez said to Mr. Ferrer that these are the residents that are going to say to the City Commission they support or are against the Five Point Plan. Mr. Lopez does not think what is being asked is unrealistic. Independent of cost structure, etc., what am I going to get in return?

Mr. Ferrer said he said he is going to have a more detailed plan on hardening the infrastructure later on in the year. As soon as he has those plans, he will share them with the Task Force. As far as the pole inspection program, they will start to collect data when they begin the program, to see how effective it is.

Mr. Heitner said can he ask simpler questions? Mr. Ferrer mentioned that many of the substations already comply with maximum velocity. The FPL representative that was here at the December 13 meeting seemed to indicate that the substations were the most significant point of failure in the system. Mr. Heitner spoke to the FPL representative for quite awhile off line and even if the lines were underground, the substations broke and thousands of people are affected by the incidence of one particular substation. Who is correct?

Mr. Ferrer said they are delivering the same message. FPL has 241 substations that became ineffective and without power during the hurricanes. When FPL went back and analyzed what the cause was, most of those substations came down because the transmission lines went down. FPL has identified all those components. Only eight substations needed major work. As soon as FPL was able to restore the transmission lines, the substations were restored. Mr. Ferrer said that it takes three days to repair a critical infrastructure.

Mr. Heitner asked if Mr. Ferrer were to recommend to this committee something that we can do, as a community, to ensure that the substations that feed our community stay up during hurricanes, what would be that recommendation?

Mr. Ferrer said it would be to install a substation in Coral Gables because of the load.

Mr. Heitner said that's not going to have an impact on where the wind is blowing. If he was a part of this committee and looking at the problems, he would prioritize the problems and determine which causes the most impact.

Mr. Ferrer said there are ten or twelve substations that serve the City of Coral Gables, and he believes four were down. Is Mr. Heitner asking Mr. Ferrer what could this committee do...

Mr. Heitner added – to make sure that those ten substations stay up and running.

Mr. Ferrer said he is asking the support of the residents and the committee to FPL's Five Point Plan, which means FPL is going to harden the infrastructures, not only transmission and substations, but also the distribution that serves the City of Coral Gables.

Mr. Heitner asked tangibly, what can we do? Wait for FPL to do its thing, or is there anything that the community can do?

Mr. Ferrer said support this plan in front of local officials, the legislators and the PSC. Let them know that this City has embraced this proposal from FPL, that you feel it is going to have positive results.

Mr. Heitner said if we support the plan, what tangibly if FPL going to do to those ten substations to make sure they don't go down during the next hurricane?

Mr. Ferrer replied he thinks he clearly explained that part of the hardening process is to also repair facilities within the substations that are in need to be repaired and bring them up to the standards, if they are not by now.

Mr. Heitner asked of the ten that serve Coral Gables, how many are not compliant to standards? Mr. Heitner asked is he asking ridiculous questions? He finds it hard to believe FPL doesn't have a business plan associated with all these action items. FPL doesn't know how much they are going to spend?

Mr. Ferrer said he doesn't have that in front of him right now.

Mr. Lopez said to Mr. Heitner these are excellent questions. Mr. Heitner is just one of thousands of residents who will appear before the City Commission and say "why are we getting into this?" Mr. Lopez thinks that the KEMA report gave FPL some vision of where the network was. Now that it is down to the nuts and bolts is when people are asking because it comes across as if FPL is asking for a blank check on ownership issues where we pay seventy-five percent and FPL

owns it. Mr. Lopez does not think that any government in this State would approve or move on something that is based on an unknown quantity. Maybe FPL wants to say they will conduct for a fee...

Mr. Ferrer said that it is important to understand, and most of the engineers in this room will agree, that what we have here is a system of poles and wires, substations and transmission lines that are interconnected to serve a series of communities. The substations are not there to serve Coral Gables. It is there to serve all of FPL customers. All of the substations are part of a system and when FPL makes improvements to the system, FPL expects that everyone will benefit.

Mr. Lopez said they may be talking about the same things but in different terms. For example, for the City of Coral Gables to say we support the initiative and fund it. Mr. Ferrer just went right down to the point – those substations are not just the City of Coral Gables, they also serve other communities.

Mr. Ferrer said he thought Mr. Heitner was asking what he could do for the substations. He is sorry, he misunderstood the question.

Mr. Lopez said the logical thing would be to look at those eleven substations and say “these serve this geographic area” and anyone in that area, be it West Miami or the City of Coral Gables, FPL would have to do those cities whole, over a period of years and fund it in order to see some significant gains in reliability, service, no outages, etc., etc. because now we are being asked to fund it, and yes, we can support the concept, but based on the fact that we live in the subtropics, we now have to get into a very common denominator. It may be that FPL will say it will provide that assessment for any municipality for a fee of “x” amount. That way, everybody walks out of here with a number.

Mr. Ferrer said he will provide more specific area data later on, such as what feeders that feed Coral Gables will be hardened.

Mr. Lopez said as part of the hardening program, independent of the underground, correct?

Mr. Ferrer said that the undergrounding is an investment to provide an incentive.

Mr. Galan asked Mr. Ferrer to help him make that decision. If Mr. Galan looks at FPL’s network and let’s say he only uses one of the substations and it is five miles from here. Of those five miles, four miles are in Coral Gables and one mile is from here to wherever and the City says it wants underground feeders. Is FPL going to make Coral Gables pay for the four miles in the City and is FPL going to pay for the other mile that is outside the City?

Mr. Ferrer said FPL would have to define the area under the City’s control. It would have to be that portion of the feeder that is inside the City of Coral Gables. And the City would reduce the exposure of that feeder to the elements, such as hurricanes and wind. It is difficult to say how many outages will be avoided and what the reliability will be. It is difficult to say. If you

compare the outages that we had during Katrina and Wilma, he doesn't have those numbers. But in the underground areas vs. the overhead areas, they were fine. You will be surprised that some of the underground areas were out of power.

Mr. Otero asked were they out of power because of the underground not functioning, or were they out of power because another link was down? Were any of those reasons because the underground component failed?

(Very poor audio quality) Mr. Ferrer said he knows of one instance where a big tree toppled and brought down...

Mr. Otero said Mr. Ferrer said that eighty to ninety percent of the outages in Coral Gables were not preventable. And Mr. Ferrer also said that vegetation was the number one reason, but when Mr. Heitner asked what bang will he get for the buck if they underground, Mr. Ferrer has no answer.

Mr. Ferrer said he did not have the numbers to explain to the gentleman what he is expecting Mr. Ferrer to say.

Mr. Otero ask how Mr. Ferrer expects the gentleman to support a Five-Point Plan when Mr. Ferrer has not defined the bang for the buck? Will that ninety become ten? Twenty? And at what cost? When can we get that type of answer? This is what is frustrating. To be honest, some of us, because there is an issue, ninety percent is not avoidable, there is a Five-Point Plan which makes perfect sense qualitative, but quantitative, if we are going to pay the money, what are we getting? Oh, now, instead of ninety, it is seventy-eight?

Mr. Ferrer said they discussed how to present this. If Mr. Ferrer gives the Task Force, by chart, all of the outages that they have within the City of Coral Gables, that FPL has in the records, there are some that have a cause and there are others that are unknown, and FPL classifies those by the lineman in the field. The technician that attended to that call reported as the cause of the outage, will that serve the purpose? That will give them a certain percentage of outages caused by vegetation, or other origin.

Mr. Otero said the Task Force asked for this information two meetings ago, and also for the reliability data within the City. This is crucial data.

Mr. Martin asked and that will show feeders, as well as conventional distribution lines?

Mr. Anderson asked when can they have this data?

Mr. Ferrer said they will have it for the meeting of Wednesday, February 15. This will help the Task Force analyze from their specific point of view what they can avoid in the future.

Mr. Heitner said he is very pleased that the Task Force is representing the residents of Coral Gables. He feels the questions from the Task Force are right on point and is very happy they



were able to get the resources to be presented here. Hopefully, next time, the quantitative data that we need to make good business decisions will be there. He is very surprised that the plans we have heard do not have that business element that we live with everyday in our own businesses. Secondly, he doesn't want to come across as a cranky citizen. He is here because he thinks it is important. He moved here from Boston one year ago and he is new to the hurricane situation, but what he saw during the last hurricane season was a big public safety issue. The City came pretty close to turning into chaos and it was very close to being a very big problem. In addition, for businesses that want to function here, and he is part of a lot of entrepreneurial communities, it is impossible to tell a business your employees won't be able to come to work for two weeks, or that you have to shut down with no phone calls or internet for two weeks. You can't run an economy that way.

Lastly, if there is anything he can do in terms of volunteering to help participate and aid them in what the Task Force is doing, he would be happy to do it.

Mr. Lopez said the Task Force really appreciates his offer and input and will keep him abreast of the developments and informed Mr. Heitner that the next meeting will be held next Wednesday, February 15<sup>th</sup> at 8:30 a.m.

Mr. Bruce said to Mr. Heitner that he is very impressed with his questions and asked him what is his background.

Mr. Heitner said he has a couple of engineering degrees. He started a software company and sold it, and he still has a telecom business in Boston and down here he does a little bit of private equity work.

Ms. Casas Celaya said BellSouth approximates there are 65,000 lines within the City of Coral Gables and approximately 2,800 outages in the City, but she does not have the time frame for the outages. BellSouth's number one reason for service outages in 2004 was cut underground cables.

Mr. Martin they might want, at some point, address how to strengthen the response of contractors and others who cause those problems and make them work better in the future as a result of some of the recommendations made by the Task Force.

Mr. Vince Lopez of BellSouth addressed the Task Force and said they have a couple of projects with FPL, one is at Miami Lakes where they made a presentation a couple of Saturdays ago to the residents. There is a quarter of Miami Lakes that is not underground and they have faster restoration than where he lives in Miami Lakes which is underground. Mr. Lopez uses the example when the tree went over, it pulled the transformer and 32 homes were out of power for 14 days. Underground is not a panacea, it won't fix it. Going back to Miami Lakes, the other thing is it cost \$8 million for 600 homes, that's Comcast, BellSouth and FPL and they will probably pay for it through a special taxing district. Kendall Lakes is another community that is about twenty years old that is guard gated and has private streets, there are 132 homes and the

cost of the total project is \$3 million. They are going to the voters for a special taxing district through Dade County.

Mr. Lopez said he doesn't know what the process would be within a city because they are doing it through a special taxing district and it comes out in your tax bill and the registered voters ultimately make the decision.

Mr. Galan asked those people who will go underground in Miami Lakes and Kendall Lakes will be fed from above ground from the feeder?

Mr. Lopez said most likely, yes. Mr. Lopez said he serves on a committee that Commissioner Barreiro chairs. If you look on the agenda for next week, there are two items that might address some of the issues of the Task Force. One is that every gas station in the County have a generator. He is not sure about the second one, but it has to do with power continuity they want to do within emergency operations. There are a lot of things going on at the County already that this Task Force can piggy back on instead of duplicating things.

Mr. Lopez thanked Mr. Lopez for his input and said that Assistant City Manager Maria Jimenez and City Attorney Elizabeth Hernandez have been instrumental in passing along information they receive to the Task Force.

Mr. Ferrer said the Task Force had requested the number of miles of pole to pole lines in the City of Coral Gables for electric facilities. It is 170 miles and that includes feeders and laterals.

There being no further issues to discuss, the meeting adjourned at 9:43 p.m.

CITY OF CORAL GABLES  
UTILITY SERVICE RELIABILITY TASK FORCE

February 15, 2006, 8:30 a.m.

Commission Chambers  
405 Biltmore Way  
Coral Gables, FL 33134

**Board Members Present**

J. Peter Martin  
Richard DeWitt  
Enrique Lopez  
Jorge E. Otero  
Juan Galan  
Thor Bruce  
John E. Anderson

**Appointed By**

Mayor Slesnick  
Vice Mayor Anderson  
Commissioner Cabrera  
Commissioner Kerdyk  
Commissioner Withers  
Panel-as-a-whole  
City Manager Brown

**Staff**

Maria Alberro Jimenez, Assistant City Manager  
Ed Weller, Assistant Building and Zoning Director  
Enrique Guzman, Electric Official  
Lis Ferrer, Project Engineer, Public Works Department  
Lillian Quiroz, Executive Assistant to the City Manager

**Guests**

Commissioner Rafael "Ralph" Cabrera, Jr.  
Ramon Ferrer, FPL  
Victor Muniz, FPL

**Proceedings**

**Welcome by Chairperson**

Mr. Lopez welcomed everyone to the fourth meeting of the Utility Service Reliability Task Force. The first item is the review and approval of the minutes of the February 1<sup>st</sup> meeting. Have we all had an opportunity to review comment and provide input to Ms. Quiroz?

**Review and approval of the minutes from the February 1, 2006 meeting**

Mr. Martin – he has reviewed the minutes and has no comments – the minutes are very good.

A motion was made to approve the minutes as submitted and the motion passed unanimously.

---

Mr. Lopez – he would like to share with the Task Force what happened yesterday at the Commission meeting. The City Commission acted positively on the Task Force's recommendation to immediately seek the services of professionals, be it in the form of lobbyists, etc. as it pertains to House Bill 431 and the Five Point Plan. Mr. Lopez summarized for the City

Commission where the Task Force is in terms of input from the residents and gave the City Commission a copy of Mr. Heitner's email, which is very thorough, to start sensitizing where our residents are coming from. The fact is that we are not adverse to change, but people are asking this type of questions. Commissioner Cabrera should be here shortly, and he was very appreciative of the efforts of the Task Force and has received very positive feedback. Mr. Lopez said to the City Commission that it is very easy to be the Chair of such an eloquent and capable committee. The City Commission approved the recommendation of the Task Force and the City Attorney, Liz Hernandez, said that in the event this is passed, we have to start looking at home rules and since the discussion came up, that we would start looking into parameters that would make it difficult. For example, if now the City requires that air conditioning units be set back so that the db level... well, substations are humming transformers. There will be noise restrictions and even though these Bills specifically address land use, the City needs to have safeguards in place to make it difficult for the utility companies to move into residential areas and set up a substation. FPL was quiet on that, and Mr. Lopez presented to the City Commission the 75% feeder clearing and the 25% increase in line, and the Commission had some questions back and forth with FPL. In summary, the Task Force's request passed. A lot of things indicate that we need to gage the fact that we need to get in front of the Public Service Commission at some point. That became pretty evident from the discussion with the City Commission.

---

Mr. Lopez welcomed Commissioner Cabrera to the meeting.

Commissioner Cabrera – it is indeed a pleasure to be here this morning. At the Commission meeting yesterday they had a lively conversation and went off a deep tangent about tree management and vegetation management. His purpose for being here this morning is as follows: the first is to tell the Task Force how excited he is with the work they are doing because he has been kept abreast of the meetings they've had and has read the minutes. He and Assistant City Manager Maria Jimenez have closely discussed some of the issues the Task Force is tackling already. Secondly, he wants to tell them how pleased he is with the outcome of the composition of this Task Force. When he and Commissioner Kerdyk got together to, literally, create the outline for this Task Force, they were very concerned that the people that would eventually serve would have the expertise in order to carry out some of the investigative processes they are going through now with utility companies. Thirdly, Commissioner Cabrera wants to come to the Task Force from time to time, not to direct them or give his personal feedback on what they should be doing, but to give them feedback from those he works for – the constituents and residents. This morning, he has a handout that is an email that was sent to Mr. Slesnick and to him from Mr. Wilfredo Gonzalez, who lives on Country Club Prado. Mr. Gonzalez is a friend and a client of Commissioner Cabrera and he is very interested in the process. In fact, Mr. Gonzalez came to the Task Force's Town Hall meeting and sat through the meeting but he wasn't able to speak so instead he outlined a series of issues that he has, which are mostly targeted at FPL. He will pass out the email and the Task Force members can read it at their leisure. The fourth point is that if they have any questions to ask him, he will be happy to answer those at this time. The Task Force is headed in the right direction and he does not want to micro-manage them and he is looking forward to the final report from the Task Force to the City Commission and will give them one commitment – that he will see to it that not only the Public Service Commission pays attention to it, but he will see that the local politicians pay attention to it at the County level. He

will also make sure that at the State level it gets the attention that it requires so this doesn't become one of those task forces we put together just to appease residents who are angry about the outcome of two hurricanes. He really wants this to be a working board that comes across with tremendous amount of insight and finalization to a process that we think is very important.

Mr. Lopez – prior to Commissioner Cabrera coming to the meeting, Mr. Lopez was sharing with the Task Force members about the vote yesterday on the issue of seeking support and some of the discussion that went on as it pertains to the House Bill if it passes and possible recourses the City may have. The City Attorney spoke about home rules. Would Commissioner Cabrera like to share his thoughts from an elected official's role?

Commissioner Cabrera – as Mr. Lopez saw yesterday, the City Commission isn't really sure who are the architects of the bill and to Commissioner Cabrera that is a non issue. In his opinion, and one thing they will learn about him is that they may not like everything he says, but you will know how he feels about issues and he is going to lobby against the Bill as hard as he can, not only by showing the support the City Commission gave yesterday to the Task Force by the vote, but also by contacting people at the State with whom he can have very candid conversations and seek support. Yesterday, he also contacted a couple of lobbyists who are friends and are in Tallahassee and asked them to help him and two out of three said they would. He is excited about that but they have a long road ahead. This is all he can say at this time about the Bill, he agrees with everything the Task Force has articulated and the fact that it borders on eminent domain.

Mr. Lopez – one of the things he was just sharing with the Task Force is that we may not sit until it passes or not. Something that people overlook is that a substation does generate a tremendous amount of noise and if our city requires setbacks on basic air conditioning units, we can start putting in certain parameters that are not in place today that would make it very difficult – almost impossible – because the noise level of a low-flying airplane is not what we want in residential areas and this is part of the presentation by the Building and Zoning Department this morning.

Mr. Martin – it is a pleasure to meet Commissioner Cabrera, he had not met him before. With respect to residents' concerns – and he knows this is where Commissioner Cabrera and the Task Force is coming from – they've talked a lot about easements and vegetation. The so-called Merrick Easement would theoretically require backyards to be stripped of trees in order to allow poles to exist, but if we start to do that, he doesn't think the residents would be very supportive because they love their trees and their backyards. To have a strip void of vegetation where there are these utility facilities would almost denude some of our most beautiful neighborhoods. If FPL came in and started a wholesale tree-trimming program designed to make their lines available everywhere, Mr. Martin doesn't think our residents would be very happy with that. How does Commissioner Cabrera feel about this?

Commissioner Cabrera – First, he doesn't think our residents know what the Merrick Easement is. Second, he thinks there is a very small area in our city that truly today have an easement. Third, it is not feasible to create a Merrick Easement, to go back and retrospectively say that our founder had this wonderful idea in mind and now we are going to take five feet from your backyard and five feet from your neighbors' backyard and recreate this easement. He doesn't think that is doable. For Commissioner Cabrera, it is a non issue.

Mr. Martin – he thinks it is also a legal question. If something hasn't been enforced, you can't enforce it selectively.

Commissioner Cabrera – he discussed this with the City Attorney and the easement is not recorded. Legality and practicality do not lend themselves to doing this and Commissioner Cabrera does concur with Mr. Martin. On the second part of this discussion, he uses his own home and the fact that Asplundh came by shortly after the hurricanes and wanted to cut down the majority of his presidential palms in the backyard and the fish tail palms and he said he would not allow them to do this and signed a piece of paper. He had tremendous guilt over the issue after having a family meeting explaining to the family they would have to do this. He hired a private contractor to remove twelve fish tail palms that were forty feet high, as well as removed three presidential palms and just last week Asplundh came back out and said he had done a great job and the ficus hedge will grow ten to twelve feet for privacy but you still have three or four trees that need to come down. Of course, he was very upset because he had led by example only to find out he still had to remove more trees and he did remove the trees. Asplundh convinced him of the safety issues involved with his own small children and the swimming pool. The canopy has had an adverse effect on his home property, but in his particular case, he is the father of small children and can't afford to have one of his kids touch a presidential palm and it be hitting the hot wires. At the same time, one of his comments yesterday had to do with the fact that east and west of him there are two beautiful canopies and while his lines are clear, he is not sure he did the positive thing to affect safety for his home because the two houses next to him obviously were not going to allow FPL to come in and do anything to their trees. He really wanted FPL to tell him more about how they are managing the process and what they were doing – not to make residents cut down their trees because that is not what the City is about and Mr. Slesnick mentioned the fact that he didn't like that type of government and he completely agrees and would not want our residents to be told by the City Manager's office of the Building and Zoning Department you will cut the tree down or you will be receiving a citation for \$250 or whatever the amount is. We have sophisticated, well educated residents that just would not put up with that.

Mr. Martin – we would have a wholesale mutiny and that leads Mr. Martin to the next step. Maybe we have no choice but to get the lines out of there and then we have this issue of the cost which is horrendous and the more he looks at it, the bigger it gets. For example, when he focuses on the depreciation, someone would have to bear, either the company or the City, if \$200 million is depreciated over twenty years, if that is the life of the facility, that's \$10 million a year that people have to pay as an expense. He looks around the Gables as he travels, and if you try to put underground lines in front of people's homes, there is just as much vegetation; so, one is almost restricted to streets or sidewalks and that increases the cost exponentially because then you have the paving and so forth to worry about. We really have a tough job here.

Mr. Otero – the Merrick Easement is very interesting because the input from both FPL and Liz Hernandez was that it is not as much a legal impediment as a public relations issue. The City Attorney mentioned that FPL has every right, in fact, they have the duty, to trim the trees. It is to the extent of the trimming and perhaps removal where it becomes a public relations problem and this is where the City would come in with FPL because the Franchise Agreement – again – according to his notes according to the City Attorney, imposes that duty on FPL because they

still have that right of way. What Mr. Martin mentioned about the cost, Mr. Otero thinks that initially there was a perception that they were going to be anti FPL, dive into the underground and bill everybody \$10,000 to \$20,000 a residence. What the Task Force has encountered is a lot of helpful testimony from FPL not addressing; however, the issue of cost. Before the Task Force says we recommend – Mr. Otero doesn't think we have enough information and the point he is making is the City able to provide experts in cost analysis and economic studies to work in conjunction with the utility to be able to really evaluate the stay the way we are, to modernize, to replace poles in a section of the City and go underground? Frankly, if Mr. Otero is going to rely on KEMA and FPL experts, he doesn't feel he is going to get reliable information. We need independent, economic analysis on these issues, whether from the City and preferably from the City in conjunction with the PSC.

Commissioner Cabrera – and that may be something that you can come back and make that point to the City Commission.

Mr. Otero – they are basically handcuffed and unable to make final recommendations about that, and his concern is timing because he doesn't want to study it to death. This is a huge capital expenditure that we could have to undertake and if the recommendation and the final result of the analysis in 2008 to be implemented in 2030, by that time, all the numbers are different. This is one of his concerns. He thinks it could be an intelligent decision making process piece by piece with input from financial people, engineers and other municipalities.

Commissioner Cabrera – he completely concurs and he wants to say one thing about timing. When Commissioner Kerdyk and he sat down with Ms. Jimenez to talk about the purpose and he timing of this board, please understand that he lives with a sense of urgency and he has learned in business that if you create a sense of urgency, you end up coming up with a better solution and a better process, so the 120 days that they came up with was to create a sense of urgency for all of you; but now that we are all together and you are assembled, if you need 310 days, or if you can achieve this in 190 days don't let this 120 day timeframe get in the way of what you have to do. He says this for only one reason, because Mr. Otero brought up datelines and he just wants the Task Force to know that, personally, he wants them to do what they have to do.

Mr. Otero – we have been discussing we are at “t minus five months”. It is just around the corner and we are not going to have more reliability between now and July.

Mr. DeWitt – when you put this together, what is the end product the City Commission wants from this Task Force? Are they looking for a recommendation such as yes, we should look into undergrounding our utilities? What specific work product does the City Commission expect from the Task Force?

Commissioner Cabrera – first of all, he appreciates the question and as he struggles with this issue, there are two results he wants to achieve. One is how do we ensure that we have less outages in our City during a calendar year, and to get to the bottom line of what is the best solution for all? The longer he gets involved with residents and with FPL, the more he realizes how monumental this task is and it is not an easy task for him to get his arms around. He is starting not to pedal back, but to reassess the entire phenomenon and say let me try to rely on this group. Let me see what this group sees as its priorities and maybe I can get on their bandwagon.

He knows Mr. DeWitt didn't get the answer he was looking for, but this is the best he can do at this juncture.

Mr. DeWitt – he thinks it is an honest answer and it presents the dilemma they have. What are they competent to advise the City Commission to do? One of the burning issues that most folks in our community are asking is should we be undergrounding our utilities and it is cost effective to do that in the long run. It is, obviously, one of the issues the Task Force will attempt to address; but are there other areas where we can cost effectively achieve a better result than what we have now by doing other things. Mr. DeWitt came into the process saying that it would be very nice, for no other reason than aesthetics, to underground the utilities and has thought from the reliability perspective. Quite frankly, after hearing some of the utilities at the public hearing, now he has doubts and needs to open up his mind and understand better. He is also somewhat disappointed, and as a group they need to work with FPL and find out when they ask FPL what do they recommend they say it's up to you and they are the experts. He would like to understand better what is more cost effective, whether it is a price issue. It is interesting that FPL is willing to pay 25% of something that they are not willing to recommend. It is amazing to him.

Commissioner Cabrera – that is their system and when you do the financial analysis at 25%, as he has been advised, it is really the project management component of the process and then you look at the benefits of what they are trying to achieve. They are going to tremendously reduce their overhead with vegetation management and it will be their system. These are some of the things Commissioner Cabrera will be sharing with FPL and he will be glad to come back to the Task Force, but he won't try to politicize his responses, he is struggling with this as much as the Task Force, and he feels we need to move this process forward and show not only FPL, BellSouth and Comcast and any other utility that we are very serious about this and that is why this group has been assembled. He will stay vigilant and will try to be as supportive as he can be. Incidentally, just because they had a chance to have an open dialog this morning, it doesn't mean they can't call or email him and share further thoughts with him. He and Mr. Martin didn't know each other, but the rest has known each other as residents. He hopes they will engage him in that kind of dialog because he welcomes it, but he is really struggling. Easy answers about easements, but then there are the other issues of where do you put the transformers, do you put them in the swale, or the sidewalk, or next to the roadway. A lot of very important issues that the citizens will not care about until they start digging the holes, and that is when the epiphany occurs and the phone calls begin to the City Manager's office, the City Commission.

Mr. Martin – he is looking forward to that, should we ever were to do such a thing. It will be necessary to have ombudsman type people meeting with each and every resident well in advance of any hole digging so everyone would be on board with this as it came down their street because as Commissioner Cabrera pointed out, our residents are well versed in all sorts of matters and they will complain bitterly if we don't treat them the way they deserve to be treated. The City has – does it not – a much greater clout in its regulatory capacity over Comcast.

Commissioner Cabrera – yes and no. He jokes about Comcast visiting the City Commission and says they are like the King and Queen of England. We have a Franchise Agreement.

Mr. Martin – they don't have a PSC.



Commissioner Cabrera – they don't have a PSC, but they do have what he thinks is wonderful – competition. That's where the difference is, and they are a little bit more responsive.

Mr. Bruce – they have been talking about short range and long range objectives and he thinks it is very important that they do something about their short range objectives because the short range is upon us right now. It appears there are three elements that have come up in this Task Force: Pole maintenance, and that is something that we can get some pressure on FPL and the Public Service Commission and BellSouth to maintain. Vegetation maintenance and the legislation before the State minusculating the zoning in Coral Gables. Those are the three short term things Mr. Bruce thinks we should focus on.

Commissioner Cabrera – he will support each and every one of those and just to go off on a quick tangent, as far as pole maintenance, he has already started getting calls from residents who don't like the concrete poles even though they withstand higher winds and from a maintenance standpoint are literally maintenance free, with the exception of graffiti, which is the biggest problem these poles have. He is already tackling that issue by residents who like the wooden poles even though they are forty years old. Interesting dynamics are going on here and he wanted to share with the Task Force some of the things that he encounters.

Mr. Lopez – since Commissioner Cabrera will be meeting with FPL, one issue that keeps coming up and Mr. Lopez would like to quell once and for all. He understands that under FPL's universal service component they have to be equal to all and they say the Gables can't be treated differently, but he looks at it from a business perspective. If the Gables is a high consumer of electricity, be it in the form of per capita or per meter, that means that the equipment that serves those places have more load and are being taxed more, physically, in terms of operations; therefore, that equipment will have a shorter life cycle as a result of further being taxed or loaded, just by the sheer fact that we consume more electricity. From a business component, if this equipment gets beat up more, if on a leased car I put 30,000 miles, don't tell me you are going to give that car the same maintenance you give a car that only consumes 10,000 miles a year. He says this openly because for too long they have been saying Gables – affluent - and they can say the same thing about Bal Harbour and other communities and he challenges any FPL engineer to tell him that any transformer that has a more consistent load has the same life cycle as one that does not. He wants to share this because it is a cloud FPL always throws at us. It is great to live in the Gables and it has nothing to do with affluence. It is about having a piece of equipment that is about to go out of service and in many cases, it has outlived its operational life cycle.

Mr. Otero – the testimony we received from BellSouth and FPL was consistent in saying they share poles. FPL owns some, BellSouth owns some. 99% of FPL service went down and the majority of the reasons was poles and wires. 80% of BellSouth's service stayed up. Perhaps it is not the poles, perhaps it is what is hanging on the poles. That's what the chairman is saying. Is what is hanging on the poles designed to withstand today's load in addition to the age? Mr. Otero will respectfully ask that when Commissioner Cabrera speaks to FPL, the poles may be a red herring in all this. It may not be the poles, it may be the equipment that is hanging on the poles.

Commissioner Cabrera – he brings back what he said earlier to Mr. Martin – BellSouth has competition.

Mr. Galan – we talked about the 25% and 75% and who owns it. He is not sure if they have come to any conclusions of what it should or shouldn't be, but he is reminded that the person who owns a horse takes better care of it than the person who leases a horse. Among those issues, if the City is going forward and in some way supports this by asking our residents to invest in anything, we need to take a very serious look at our power of control over that asset. If we are not going to own it, then let somebody else own it after we pay for it and we need to have some rights over how it gets maintained because otherwise we will end up with the most under performing system anybody has ever purchased because we don't have any control over it. When Commissioner Cabrera talks to FPL, the City needs to be thinking about what do we give up when we give up ownership because maybe we don't want to be in the utility distribution business, but maybe we have to be if our hands are tied in Tallahassee, who wants everybody to be the same and we want to be the City Beautiful which means we have to be different. How does that reconcile itself and maybe part of it has to do with if we are not going to own it then we at least have to have substantial rights over how it gets maintained.

Commissioner Cabrera – that is a very good point.

Mr. Lopez – are there any other questions or comments from the Task Force members for Commissioner Cabrera?

Commissioner Cabrera – he will be back, and if the Task Force members want him back for any reason, he shall. He will definitely stop by when he gets thoughtful input from residents like Mr. Gonzalez and he encourages them to take the time to read it, he makes some very interesting and valid points.

Mr. Lopez thanked Commissioner Cabrera on behalf of all the Task Force members for his visit.

---

### **Question and Answer Session with Building and Zoning**

Ms. Jimenez – before Enrique Guzman, Electric Official of the Building and Zoning Department, and Ed Weller, Assistant Building and Zoning Director, she would like to explain the roles of both the Building and Zoning Department and the Public Works Department as it relates to services and utilities. Since Public Works is the agency that manages the City's public right-of-ways and issues permits for the public right-of-ways and easements, they are the ones that primarily work with FPL as far as issuing permits for the poles, underground service and anything related to the utility. Building and Zoning, through the Electric Official, Enrique Guzman, are the ones that manage more the private aspect of it, the service drop, the electrical panels within the houses, etc. Because some of the issues that were brought up as far as building permits and electric services, Ms. Jimenez thought it would be a good opportunity to have Mr. Guzman here to answer any questions the Task Force may have as it relates to FPL. Ed Weller is here to provide information on questions that have been raised as far as the solar panels, generators and anything related to other sources of energy and how our Building Department

treats those types of permits. The other Assistant Building and Zoning Director, Dennis Smith, who primarily deals with zoning, yesterday shared with Ms. Jimenez that a proposed ordinance has been forward to the City Attorney for review that would require undergrounding of service drops when certain amount of construction is done. right now the City has an ordinance that requires that new subdivisions, but this is something new, if they do a certain percentage of construction at their homes, or if they fool around with the electrical panel or any type of service oriented permits, they will look to put the service drop underground, that would be from the pole to the home. She thinks this is a step in the right direction and we are looking for the City Attorney to provide her legal input on it before it is presented to the Task Force.

Mr. Lopez – it is very clear that Mr. Guzman handles the private component, Public Works handles the utility commercial end of it.

Ms. Jimenez – we involve Mr. Guzman a lot in right of way matters.

Mr. Lopez – he wants to say to the Task Force members that he has a lot of respect for Mr. Guzman because when he built his house in 1986, he wasn't difficult, but he stuck to what was right from a safety component. Mr. Guzman is highly competent, very fair, and always willing to interface with the residents. That was twenty years ago, and he still thinks very highly of Mr. Guzman. Within the umbrella of safety, who calls the shots? For example, he has talked about the dangling wires in front of Corset Corner?

Ms. Jimenez – obviously, if they see it, they will report it.

Mr. Lopez – he told Mr. Ramon Ferrer and the wires are still dangling.

Ms. Jimenez – she will have Public Works look at that. As it relates to the wires over pools, as they heard testimony one or two meetings ago, Enrique would be involved.

Mr. Lopez - what comes across to him and maybe Ms. Ferrer can answer as the Project Manager within Public Works, is that our expectations are higher in the private component where Mr. Guzman operates, than we force the utilities to do and he thinks we should be equal. He supports what we do in the private sector because that is why are codes are so well respected and it is for our own safety. He could be wrong, but he thinks we cut the utilities too much slack and that is why we have some of the sloppy things like two transformers in a pole where one has been disconnected, not operational, and it hasn't come down. At least, Mr. Delgado took the position of no more permits for poles. He could be wrong, but this is his perception.

Ed Weller – he is the Assistant Building and Zoning Director and with him is Enrique Guzman, the Electric Official. With regard to Mr. Otero's question on permanent generator permitting, he brought a copy of the memorandum prepared by the Building and Zoning Department. He also wants to give the Task Force members a copy of the proposed ordinance.

Mr. Galan – what strikes him as incongruous, not typical of what the City does, is the fact that we permit underground systems in areas that we know are prone to flood east of U. S. 1 and areas where we are requiring citizens to take all kinds of different architectural and planning approaches to build a house, but we allow the utilities, whether they be FPL, Comcast or

BellSouth to put at street level all of the things we wouldn't allow any of our citizens to put at street level in that area. His question to either one, or both, is why?

Mr. Guzman – we don't have any jurisdiction as far as Building and Zoning is concerned on public property, it is always in the easement. Public Works is the department concerned with any work that is done on the street. As far as the private part of it, which is on the house, Building and Zoning is the one to enforce the code.

Mr. Galan – he understands what Mr. Guzman is saying, but the City – either the left hand or the right hand, has to have a party to tell FPL that is approved or not approved.

Ms. Jimenez – that is the Public Works Department.

Mr. Weller – the best way to visualize it is from the property line in, it is the domain of Building and Zoning.

Mr. Galan – somehow, the City doesn't have the same vision for public works as it does for private works.

Mr. Weller – they are two different departments and he doesn't know what are the guidelines for the Public Works Department as it relates to utilities.

Mr. Galan – is there a reason why the citizens are required to spend oodles of money putting in piling and fill in certain parts of our City? Why do you do that and don't do that for the phone box to call 911?

Mr. Weller – honestly, he doesn't know the answer to that.

Mr. Galan – we can't say to Public Works to do it this way because we think so. They are doing it a certain way for a reason.

Ms. Jimenez – the South Florida Building Code dictates that.

Mr. Otero – Mr. Guzman said earlier the utilities do what they do in the easements. Do they have an unfettered, unsupervised right to do whatever they want in that easement, without any input from the City? Do we have any right to say they can't put that box there?

Ms. Jimenez – we do it all the time.

Mr. Otero – to what extent?

Ms. Jimenez – the pole issue, the transformer location. But the issue that has been raised about the box at a certain elevation ...

Mr. Otero – what Mr. DeWitt is asking about jurisdiction, power, permitting within that easement, and this goes back to that Merrick Easement. In that easement, do we have the right to tell them how to do it?

Ms. Jimenez – in an easement or public right of way, Public Works can tell them similar to what you heard Mr. Delgado say the other day, we told them no more poles. What that really says is analyze the existing system to see if you can put those wires within the existing poles, strengthen the poles, do what it takes, because it is so much easier to put poles everywhere they need to provide the service.

Mr. Otero – Mr. Guzman, if there is a pole out there with twenty-eight boxes hanging from it, on the easement, does the City do anything about it.

Mr. Guzman – no.

Mr. Galan – he is looking from the green box in, not from the green box out.

Ms. Jimenez – as it relates to poles, location of utilities within the easements and the right of way, we do have a say, but as it relates to the condition of transformers, we can point it out to them but they can turn around and say that it is working perfectly well, but they are responsible for the reliability of that transformer.

Mr. DeWitt – the City has a say on where it is installed, but not on how it is installed.

Ms. Jimenez – we don't have a code, but that's not to say that we shouldn't look to adopt certain issues like the ones raised by Mr. Galan; related to flood zones and request the Public Service Commission for stricter guidelines. She doesn't know of any code outside of the National Electrical Code or regulatory agency that sets forth these guidelines, but the City doesn't have it. The Public Works Department doesn't have any rules or standards for utility poles.

Mr. Lopez – this is where we are weak, we are not exercising what we are entitled to with the Franchise Agreement. We have discussed performance standards and Mr. Galan is right, they are not detailed, but there is a big paragraph here that is nebulous. The consultants love to operate in these grey areas because that's where they build the hours. "In accordance with grantee's customary practice with respect to construction or maintenance". Mr. Lopez can show them an FPL construction manual that he has in his possession that basically says do the following and what they do not do 70% of the time. What he gathers is that, as Ed Weller said, they kind of do their own thing. It is not a reflection on Public Works but he thinks that the utilities, as it pertains to ride herd on the residents for their safety, but we don't ride herd, and we have a whole bunch of unsafe conditions out there on the utilities and it is not to have customary practice, and we would challenge anyone at FPL to tell him that they don't leave disconnected transformers hanging on a leaning pole behind the Regions Bank Building. We need to start exercising that, Maria, because their customary practices is not what we see out there.

Mr. DeWitt – he thinks what we need to have is a reality check with respect to this as far as what we expect from the utilities. There are thirty-two cities in Dade County, plus Dade County. FPL cannot operate with thirty-two different building standards. The distinction is not what we can regulate with respect to how they do it, it has to be that whatever the rule is, we, as a municipality want to enforce that they do it the way they are supposed to do it. They are

providing electricity on a large regional basis and for us to try to go in and have specific rules as to the height of where the box should be, he doesn't think that is a workable solution.

Mr. Galan – why not?

Mr. DeWitt – because the people in West Miami say they don't want their box... He thinks what Mr. Lopez read is that whatever the standard is, we don't believe that they are properly maintaining and operating it. That's where he thinks we can focus enforcement.

Mr. Galan – he totally disagrees with the system where the City is spending resources and make our citizens pay for all kinds of specific requirements within the property line; but then, outside the property line, who gives a dam?

Mr. DeWitt – we require people in Coral Gables to have garages and tile roofs. He doesn't know that we can require that FPL on their boxes have a tile roof. We have to understand that we are part of a large system and, in reality, we have to deal with that.

Mr. Galan – the large system has to serve our needs.

Mr. Lopez – he is not advocating starting a utility code, what he is saying, and he goes back to “grantee's customary practices with respect to construction”. Mr. Lopez wants to ask FPL if when they install a transformer – by the way, their 150 miles is not anything new. Do you know since when that high wind speed velocity has existed in South Florida? It has existed for years, even Miami-Dade County figured that this is a high-wind area back in 1992. He is going to use their weapon right back to them. Is it customary practice to install transformers below sea level in a high surge area? Do you know what they are going to tell him? If they tell him yes, he wants to see it in writing. The more he reads this document, it is nebulous enough to allow him to take off in a hundred directions, leverage for this Task Force, and he doesn't think they would want not to comply with this because we can pull it.

Mr. Galan – in the document we were provided prior to this meeting, there is already a judge that tossed out the suit against FPL. It says that the Public Service Commission, not the courts, has the authority to govern the utilities. Somehow, the utility enterprises have figured out a way, legally, to exempt themselves from the legislative, the executive and the judicial system.

Mr. Martin – that is why he thinks it would be helpful for us at fairly early stage in our work to have someone here from the PSC, not the commissioners themselves, but the staff. The PSC has a very professional staff; unfortunately, they break it down, they have a finance group, a marketing group, another group that just deals with electric and gas. If you have a rate filed with them, all of those various departments end up creating reports, so you almost need at least a couple of folks to come and talk. He is not advocating that the Task Force gather themselves and go to Tallahassee, but it would be great if they could have someone from finance and someone from electric and gas come here and talk to us about what they require FPL to do. We might be able to get them to do some things that they haven't done before.

Ms. Jimenez – Mayor Slesnick at the Commission meeting yesterday mentioned that he has had discussions with the Public Service Commission and trying to get their staff to come down and

speak to the Task Force. She will follow up with the Mayor and see how we can get that accomplished.

Mr. Martin – maybe later, after we've had our internal deliberations, then maybe we need to appear before the PSC, the Commissioners themselves, and give them a piece of our mind.

Mr. Otero – he is curious about something Commissioner Cabrera mentioned earlier dealing with the issue of substations in the City of Coral Gables. It sounds like you are good, but not in my backyard type thing. Has one ever been proposed in the City, if so, has FPL tried to work with the City to make it aesthetically pleasing and all that?

Ms. Jimenez – she has been here close to twenty-five years and has never seen a proposal from them on substations within our City. There is one at the University of Miami.

Mr. Otero – he is just wondering if FPL would then say what is it you want, you don't allow us to provide the service because you don't allow us to put in a substation.

Mr. DeWitt – it is basically the same issue with cellular phone providers and they've had hearings at the Economic Development Board. We all complain about our cellular service in our community because it is horrible, but no one wants to permit them to put up a tower. It is one of those ironies.

Mr. Lopez – first of all, we have a utility company that really does not have all the answers to the whys for what's happening out there. They can't tell us the number of poles in the City that fell down, etc. There is not a panacea, it is not a one answer thing.

Mr. Martin – here we are trying to focus on a regulated utility that except for a limited authority with Public Works is governed by the PSC with the so called standards of construction. Our franchise also talks about their standards of construction. Do we have a book that tells us what their standards of construction are? We should have that, if only because then what we should do is maybe selectively recommend that certain standards of construction be changed, particularly in areas that are subject to flooding. We don't have the authority to tell them to change, but the PSC does and if the pressure is brought in the right direction, then that book with the standards of construction for areas in Coral Gables near the water would require that the transformers be placed at least eleven feet above sea level.

Mr. Otero – the performance standards for construction and maintenance are established by the PSC. Can we get copies of those for the next meeting?

Mr. Anderson – why is it that we, as private citizens have to build buildings in accordance with the building code and FPL doesn't and the memo he got from Building and Zoning says the utilities are exempt from the building code.

(Issues such as permitting, health hazards, safety hazards and noise levels with regard to temporary and permanent generators were discussed at length.)

**Presentation by FPL in response to inquiries made at the January 18, 2006 Committee meeting**

Victor Muniz – he is the FPL Major Accounts Manager and he mainly interacts with the Public Works Department. He will start by addressing one of the requested action items. The Board had a question about how did FPL perform in terms of reliability in Coral Gables? All the data presented today excludes the effects from the hurricanes. None of the data reflects damage to FPL facilities during hurricanes and he will later explain the reason why.

The first graph represents the histogram of feeder outages in the City of Coral Gables. There are **forty-six** feeders serving the City of Coral Gables and as you will recall from past presentations, all of the feeders originate at different substations. There are thirteen substations and he doesn't want to say they serve the City of Coral Gables because that is misleading. The feeders serve Coral Gables and other municipalities as well. The important fact is that the feeders originate outside the City of Coral Gables. If you look at the bar charts, out of the forty-six feeders, twenty-five feeders did not have any interruptions for a twelve-month period ending in December 2005. Please bear in mind that maybe one of these feeders is serving 1,500 to 2,000 customers which means that one outage does affect a lot of people.

Mr. Martin - when Mr. Muniz did this presentation, Mr. Muniz said no hurricane information; therefore; he must have, somehow, extracted the hurricane information.

Mr. Muniz - that information is not captured because of the way FPL captures all of the information pertaining to reliability. It is captured through a system called "Trouble Call Management System".

Mr. Martin - he would like to see the same chart for the hurricanes.

Mr. Muniz - FPL does not have the charts.

Mr. Galan - is this when we call in, how is it that it excludes hurricanes?

Mr. Muniz - because FPL shuts it down. As simple as that. When FPL goes into hurricane restoration mode, the Trouble Call Management System for customers to report problems is shut down, it is not available.

Mr. Galan - FPL keeps no records of trouble calls during emergency outages?

Mr. Muniz - yes, that is correct.

Mr. Galan - this is like when we think we are crashing, we are going to turn off the black box on the plane. Why do we want to know why we crash? This is a hell of a way to run a business.

Mr. Muniz - FPL knows exactly how many feeders are out during a hurricane. This is the way they come up with the numbers.



Mr. Galan – Mr. Muniz knows exactly how many feeders are out. Can Mr. Muniz show them that information? From the period of Hurricane Katrina hitting to the period of the last restoration, give the Board that histogram and the same thing for Wilma.

Mr. Muniz - he doesn't know if that information is kept because it is a very dynamic process, it changes very fast. But FPL knows how many feeders were lost 24 hours after a hurricane hits.

Mr. Galan - how do they know that? Is it a computer that is recording it?

Mr. Muniz - FPL has a telemetry system that tells them from the substations, as breakers go out.

Mr. Galan - FPL has a computer that monitors that situation and pops it up on a screen for an operator to reroute the electric service...

Mr. Muniz - probably, he doesn't work in that department.

Mr. Galan - FPL is either digitally recording the information, so it could be provided to the Board.

Mr. Martin - he imagines that KEMA, the consultants that were retained after the storm, had access to that type of information because they reported so many feeders and so many substations failed. That information must have been collected from FPL somewhere.

Mr. Galan - what troubles him is that some of the Board members are engineers, but all of us watch television. We see when NASA has a problem, how it goes through trouble analysis and diagnostics and comes up with a better way, so that the next time a rocket goes up, people don't blow up on national television. Mr. Galan does not think it would be asking too much of our electric utility to keep records of how they restore service during an emergency and to have that information reviewed both internally and externally so we know that they did not only do it right but there are ways to improve it.

Mr. Martin - he appreciates Victor's position and does not want in any way to say he is not doing a great job, but Mr. Martin is convinced that somewhere within FPL the issues are recorded during the hurricanes. They may be kept on a more manual fashion and may not be on an automatic system, but he is sure they are there and if the Task Force really wants to know, the PSC could get it for them.

Mr. Muniz - during the restoration process after a hurricane, as Ramon explained the other day, FPL concentrates on feeders first. As FPL restores service, it is not something that a feeder is out today, and tomorrow it will be restored, and it will stay on permanently after that. A lot of events happen. Many times, some of the restored feeders go out again after a couple of hours and FPL has to do a lot of switching to bring people in and out of service. For safety reasons, FPL has to switch some of these feeders out. This, in a way, makes it very hard to really track all these conditions during restoration.

Mr. Lopez - this is under very severe circumstances and even though FPL has a lot more tracking than comes across here, the issue of under specific, normal conditions, FPL can tell down to the

point of – otherwise, FPL wouldn't have the Power on Demand Program. FPL can turn off power to a specific home and there is tremendous control. This is not archaic. FPL has a very sophisticated network.

Mr. Muniz - to the feeder level they do. Once FPL starts getting into the laterals and services, they don't. They don't have that type of intelligence.

Mr. Galan - as he understands the power grid system, it is fairly dynamic and fairly automated from the standpoint of how you get power and how you switch power, whether Turkey Point is selling or buying power, all those kinds of things. The power is automated right down to the feeder, then manually turned off and on.

Mr. Muniz - after the feeder level, they start getting into the laterals, then it is more of a manual process.

Mr. Galan - since it is more automated, there should be better records than when you send a crew down the road and say restore power and they don't write down which switch they opened and which switch they closed, but up to the feeder, it is dynamic, it is automated; therefore, there should be records.

Mr. Muniz - there are probably some records, to the point that they are meaningful to really extract any valuable information from them, and that is why he says that, in general, they don't keep records.

Mr. Galan - there is an interesting point that there are two feeders and each had three interruptions during the twelve months ending December 2005. What is the standard for feeder replacement, after how many interruptions during a twelve-month period?

Mr. Muniz - that is a very good question. FPL evaluates the situations and focuses on the worst performing feeders. For example, on the two feeders that had three interruptions, there were measures that were put into place as a result of this analysis. FPL analyzes the causes.

Mr. Lopez - can Mr. Muniz share what were the causes?

Mr. Muniz - he thinks it was weather, but he will get into the causes later on, when he gets to the slide that talks about causes and how they classify the outages.

Mr. Lopez - does Mr. Muniz know about the duration of the outages?

Mr. Muniz - he does not know the length of the outages.

Mr. Galan - Mr. Muniz doesn't have it on this chart, but FPL does keep track of duration.

Mr. Muniz - yes, of course, but he would like to go back to the presentation. FPL did put in place some measures to address the interruptions.

Mr. Otero - before leaving the first page, those feeders that Mr. Galan just mentioned, does Mr. Muniz know how many customers those feeders served? Are those feeders feeding two people or ten thousand people, and what was done with those three feeders? Are they underground or overhead?

Mr. Muniz - overhead.

Mr. Otero – since the feeders are easily identified by number, what was done to prevent the interruption?

Mr. Muniz – when he finishes this... are there any more questions on the first page?

Task Force members – no.

Mr. Muniz – the second page, Coral Gables outages by cost codes. When FPL receives one call, or a thousand calls, about a problem, the system is set up in such a way that the tickets are stacked and they can associate the call to a certain problem. This is called one outage, even though it impacts many people. This is what he is talking about when he says Coral Gables outages by known cause code. The person that is dispatched has a program on the computer and with the drop-down menu... you have to take into consideration these are people out in the field restoring service, perhaps in the middle of the night... they have a number of codes and they click on the one they think is the most appropriate for the interruption. That is how the cause codes are derived.

Mr. Lopez – please explain “unknown” and “other”.

Mr. Muniz – there are mainly two reasons for “unknown”. One is, for example, feeder interruption. The feeder goes through a sequence of events in terms of reliability and coordination. It goes through three operations before it logs out. It tries to clear the faults before it goes out and if by the third attempt the fault is still there, it will log out. At that point, a systems operator still has the capability to, remotely, clear the fault. If this happens, the operator doesn’t really know, he is sitting in an office miles away from the problem and doesn’t know what happened so he will have to say “unknown”. It could be that a branch fell on the wires and the wind then blew the branch away. This didn’t cause a permanent outage on the feeder.

Mr. Otero – the first is the statistics based on Trouble Call Management System. What happens if the telephones go out? Does FPL have a system to identify outages if no one calls in?

Mr. Muniz – he does not have an answer for that.

Mr. Galan – does FPL have someone who, on a random basis, goes out and checks to make sure that the people are giving FPL the right information? That may be the reason why we had so many faults the last time. Instead of people looking and saying it is because the wire is bad or there are too many lines on that pole, or whatever it is, they just put down - vegetation, click off, restore the power and the reality is that nobody is auditing what the people in the field are saying to make sure what they are saying is correct.

Mr. Muniz – they have to differentiate between feeders and everything else.

Mr. Otero – if FPL had the Trouble Call Management System turned off at all times, what would it show?

Mr. Muniz – with respect to feeders, they have system operators.

Mr. DeWitt – the first page is the feeders that have gone down during a certain period. Is the second page the reason these feeders have gone down?

Mr. Muniz – the second page is the general cause code for the outage. They then further clarify that and analyze the specific reason for the outage.

Mr. Martin – he does think that page two relates just to feeders.

Mr. DeWitt – page three just relates to the yellow pie of page two?

Mr. Muniz – page three is for all 762 outages you had in the city. For all of these outages, it could have been an accident, or it could have been an animal. Whatever has to be done to restore service, those percentages are reflected in the pie chart. Another reason for the “unknown” is that, for example, the repairman arrives at the location where there is an open fuse on a lateral, he closes it, and the line holds. The repairman doesn’t know what happened and he will go to his computer and click on “unknown”. The accidents are self-explanatory. For example, when a vehicle hits a pole, or a squirrel gets into the line.

Mr. DeWitt – if we are trying to determine and analyze these factors that are causing reliability or non reliability problems and trying to determine whether or not it would make sense for us to put our utilities underground, we should be looking at the factors that undergrounding would cure, such as vegetation, animals and accidents. If we underground, we would reduce our outages by what percentage?

Mr. Muniz – that is a very intuitive way of looking at it, he cannot really tell.

Mr. Lopez – his analysis of this is that you can’t really tell. Animals can get inside a transformer and create a short circuit. With the exception of vegetation, which glares at a third, and the last time he looked at the statewide report, he would not believe that this is Gables. This, by no means, exceeds what FPL reports statewide. FPL has to provide a report to the Public Service Commission on a quarterly basis, and he does not recall this vegetation being any higher than what FPL shows statewide. The report shows 30% unknown and other and 45% unknown equipment and other. He can read a lot into this, there are a lot of things that are missing, duration, extent of impact.

Mr. Muniz – FPL files with the Public Service Commission numbers on service availability. The service availability numbers is the number of minutes that a typical customer is out of service and is expected to be out of service. The number is in the 7-minute range for an average customer.

Mr. DeWitt – he is trying to find an objective matrix that the Board can use in evaluating this very expensive proposition. He is trying to ask FPL to provide what is the distinction we would experience between underground and the overhead systems that we now have. Are we going to experience a 30% reduction in accident outages? Are we going to experience a 5% reduction in outages caused by animals? Is there some objective criteria FPL can provide to look at using either of these categories so that at the end of this process the Task Force can make some recommendations, other than it feels good to have it underground? FPL has both systems, so he is not going to buy that FPL can't provide the information.

Mr. Martin – he thinks we can get a little further if we could take conductors and then list what the causes were... if we just drill down one more level and see what the causes were for conductors, what the causes were for transformers...

Mr. Muniz – the category for cable refers to underground cable. You look at cable here at 13%.

Mr. Martin – what were the causes of those failures? Were those accidents? Were those equipment failures of the underground, or was it vegetation that affected the 13%?

Mr. Muniz – it was not an accident, it was failure of the cable.

Mr. Martin – of the cable itself. That would be considered equipment failure which is part of the 15% shown on the first chart. He would like to see why each of these equipment categories failed.

Mr. Muniz – he does not have that.

Mr. Martin – but he must because he put this together and it would just be another extension,

Mr. Ferrer arrived at the meeting at this point.

Mr. Ferrer - he is sure Victor explained where this information came from. This is the way FPL collects information. It is the evaluation of the expert in the field that takes care of the interruption, as recorded in the trouble management system. FPL does not have the next level of detail. When FPL does the analysis of what is the next level of improvement to undertake, if they take the area of "x" number of cable failure and concentrate on that area, the cable failure could be exposure to water, it could be an old cable that needs to be replaced and...

Mr. Galan – he will ask Mr. Ferrer to go back and check that information and the reason is as follows: He designed the National Search and Rescue System for the U. S. Coast Guard, which included the collection of all data, as well as the reporting of the data to the Commandant, to the Congress and to the Senate. Information trips down. When you call the Search and Rescue Mission, you say something happened and eventually a unit responds and writes down what they were doing. He should be able to track that data backwards, as well as track it forwards. If Mr. Ferrer tells Mr. Galan that someone went out there - and Mr. Ferrer wasn't here when he asked this question: who inspects that expert? Does FPL have an audit every so often that says these people are reporting the truth, or they are reporting whatever is convenient because they don't really want to say what the problem is because maybe they weren't doing their job? When FPL

reports there was an outage caused by an animal, the next thing is to fix the line that caused the outage; therefore, Mr. Ferrer should be able to go back and tell Mr. Galan what the causes were. Mr. Galan cannot believe the way FPL collects data doesn't allow them to go back. In the Coast Guard, if you ask them how many people died because they weren't wearing a life preserver and which unit responded, he can tell you that because it is all recorded. A record is kept and it is a matter of how you analyze it, backwards or forwards.

Mr. Martin – he is convinced the data is there, perhaps it is just not available...

Mr. Galan – he is convinced of the following: FPL records no more than they have contractually agreed with the PSC to report. They only record what the PSC requires them to record and nothing further because if they record more they can get into trouble.

Mr. Martin – the data is there and the PSC has the authority to ask FPL to divulge it.

Mr. Ferrer - he will appreciate if this information is kept for internal purposes within this committee.

Mr. DeWitt – we can't do that.

Mr. Otero – what would be the reason for that request?

Mr. Ferrer – simply because it is proprietary information. It is information that, out of the goodness of their hearts, they are sharing with this committee in an effort to answer their questions. The question he has for the committee is: Why do they need this level of detail for? Do they want to regulate FPL's actions? The last time he asked this committee if this would meet their needs...

Mr. Otero – what's the point, other than the headlines, what is everything else that is hanging on these poles?

Mr. Ferrer – there was a misconception before FPL started this discussion about FPL or utility poles being the cause of outages outside of the hurricanes because of poor condition or lack of maintenance. Mr. Ferrer is showing them the data which demonstrates clearly that poles are not a significant cause of outages outside of hurricanes. Please understand that.

Mr. Muniz – that 1% is also reflective of what happened during the hurricanes.

Mr. Otero – they discussed this earlier, before Mr. Ferrer arrived. BellSouth said that 86% of their service stayed up and they share poles with FPL. In the case of FPL, 99% of the service went down. Based on those two statements, he is pretty sure it is not the poles, it is what is hanging from those poles. There seems to be an issue of the components that are either hanging on the pole or that go from pole to pole. If this (the chart) what is giving him that answer, is he to conclude that what's hanging on the poles could either be not functioning well, or poorly designed for today's loads, or not properly maintained? It is not functioning. 99% of the causes are not pole related without a hurricane and BellSouth has told us 86% of their service is still up.

Mr. Ferrer – he would like to correct that. It is 99% of the causes within the conductor, within the equipment category.

Mr. Otero – where is the equipment?

Mr. Ferrer – FPL made an effort in the first pie chart to break down the equipment categories so that you see what types of equipment failed. Within the equipment category, poles contribute 1% to the problem. It is important to understand what is in front of you, which is a breakdown of all the causes identified by trouble men in the field, on the trouble management system of outages. As he explained before, this is not a perfect science, there is not such a thing as a feeder for Coral Gables. They tried to come up with the best possible set of data that could answer your questions by using Coral Gables trouble calls. It could be one customer or a thousand customers involved in an interruption.

Mr. Otero – he will ask the rhetorical question that has been asked before and he is not sure he is going to get an answer. How many of these problems would not exist if we were underground?

Mr. Ferrer – if you look at the general pie chart and you see that 35% of outages that were recorded by the specialists in the field are attributed to vegetation; that is, obviously, vegetation in contact with overhead FPL facilities. When the trouble man gets to the field, after he has been called, and it is obvious that there is vegetation impact, he records vegetation. You have 19% of unknowns which he is sure they said could also be attributed to vegetation and overhead facilities because the fact that the trouble men were not able to see an animal or a palm frond burned, does not mean that vegetation did not interfere with that. If you speculate, there is a great percentage of this 35% that could probably be avoided with an underground system. Then, you are going to have a whole myriad of problems in the cable area. The power company differentiates the two terminologies - non-conductor meaning overhead and cable meaning underground.

Mr. Galan – he would like to ask Ramon two questions. One of them is to start dealing with some specific recommendations with regard to feeders. Can Mr. Ferrer tell the Board, if the 13 substations that feed the City are above flood plains? In other words, we all know that an underground cable system, if it is in a floodable area, is going to be problematic; but if the feeders that come into the City to the areas that are above flood plains, then they won't have as much concern with flooding causing a problem to the little box on the street. FPL knows where the feeders are and is able to tell us all of the feeders are not subject to flood; or, out of 13 feeders, eleven are not but two are and maybe if you underground these two and there was a major surge, it wouldn't make any difference.

Mr. Ferrer – personally, he does not know who determines...

Mr. Galan – FEMA and every surveyor in town immediately tells you what the flood zone is. This would be very helpful. The other thing is what Richard was getting at earlier. At some point, we will want to make a reasonably analytical decision as to whether or not underground is a benefit and there are ways to arrive at that. One of the ways is to ask what do you need? We need a little more defined analysis of this data that will say had the City been underground, as an example, instead of having 762 outages, it is our estimate that there will be 422 outages.

Mr. DeWitt – let's use the example of non-flood areas.

Mr. Galan – yes, that way this Task Force will be able to say to the citizens and the City Commission if you invest “this” there will be a 50% reduction in outages. One of the things that is very important – and it is missing from here – is the duration. He would not be interested in fixing anything that solves 15-second outages. The only people who would be interested in that are people who run large data centers.

Mr. Ferrer and Mr. Muniz – momentary interruptions are not included.

Mr. Galan – at some point, somebody will ask the intelligent question, hopefully from the audience, if we invest these \$200 million, what is the reduction in our outages? If we say we don't know, people will say another task force of idiots.

Mr. Muniz – this is a very good question and it goes along the lines of many things that happen in our society. For example, stop smoking. We know that if we stop smoking it is good for our health. Now, in terms of how many more years that is going to add to your life, it is going to depend a lot on the situation. It is very hard to say.

Mr. Ferrer – before you make that point, it is important to take into consideration the conditions under which we operate on a daily basis in the summer time in the State of Florida. We have the regular afternoon thunderstorms, the lightning capital of the world, we have the wind, and they are non storm but they do reflect the reality.

Mr. Lopez – for example, he would assume that FPL's substations have been built for ages to what they are now bringing the rest of the infrastructure to be.

Mr. Ferrer – that is correct.

Mr. Lopez – you knew where you were living but you didn't want to spend the money at the time...

Mr. Ferrer – that is a personal assessment and he does not agree with that. FPL designs according to the standards that utilities adopt from the National Safety Code plus 50% more. Now, those standards have changed and FPL has changed.

Mr. Lopez – but the same code Mr. Ferrer repeatedly mentions, does not require FPL to design substations at very locally-focused South Florida high-wind velocity. The National Code has no idea of what blows down here. Mr. Lopez has reviewed the vegetation percentage outages by FPL statewide and where Gables is always singled out because of vegetation, he will bring in the information for the next meeting where we are not excessively above, if at all, from what FPL reports statewide due to vegetation.

Mr. Ferrer – Coral Gables is comparable to many other communities that have the same population of trees in rear easements.



Mr. Galan – he would like to have another pie chart that says, for example, of the vegetation failures, here's the duration: one minute, thirty minutes, sixty minutes, whatever. And, if possible, based on the trouble call system, FPL can provide whether the system they were working on was an above ground or underground system. Then, they would be able to discern was there any underground system that was disabled by vegetation, or not? By animals, or not? By weather, or not? This would begin to give us some idea of how undergrounding will prevent some historical outages. Again, this is not during hurricanes, but if FPL improves the system during normal conditions, hopefully, FPL will be improving the system under more stressful conditions. It is very important to understand the duration of the outages and FPL should be able to provide this information before the guy going out there is reporting an address, a zip code and a note. That note translates into a system that lets FPL know whether the system is above or underground.

Mr. Ferrer – this is the way it works. The trouble man that takes care of the trouble ticket – if we can resolve it in the field – and many are closed in the field just by closing that lateral fuse that is opened, the trouble man will close that ticket and that is the record of the call. If further action is needed by a line crew, then the trouble ticket is referred to the service center and a work order is created to follow up that ticket. For example, the accidents are clear cut because everybody knows about them. FPL got a call from the Fire Department that somebody hit a pole and there is a car there. The crew might brace the pole and restore service and a follow up order is issued.

Mr. Galan – that is his point, the accident could be a green box, we need to know that.

Mr. Ferrer – in response to a question from Mr. Lopez on how they restore service during a storm – the attempt FPL makes during a storm to provide service to the care center where everybody calls is not perfect and it is based on the feeders, laterals and transformer. There is a time when FPL declares a certain feeder restored but they may still have some laterals out. When FPL declares that feeder restored, they might update the records to indicate that everyone in that feeder is back on.

Mr. Lopez – he appreciates that, but he is talking more along the lines that the trouble man finishes his trouble ticket and the service is back. How does the call center get updated on non-hurricane related or non-emergencies?

Mr. Ferrer – Every FPL trouble truck is equipped with a computer system and online connection to the trouble management system where the trouble man can update the call and provide an estimated time of restoration. When the call is first issued, FPL has an automatic time of restoration of three hours. Sometimes, you call the company right after you lost your power and we will tell you we know about it and in three hours the power will be restored. When the trouble man gets to the field, he makes a more detailed evaluation of the situation and updates the estimated time of restoration. It is online, and sometimes they spend time walking the rear easement and there is no updating of the records, but it is pretty much on line. As far as the follow up work, the ticket will say it has been referred to the central service center for further work. When you contact FPL the care center is limited as to what they can tell you, now you have to call the engineering department and get an update from them.

Mr. Lopez – thanked Mr. Ferrer for the answer and asked Mr. Muniz if he had finished his presentation.

Mr. Muniz – Mr. Galan asked a couple of questions regarding duration. FPL does publish annual numbers for service availability. Possibly, there is a way to provide Coral Gables numbers, but he doesn't have that here today. He might be able to get the numbers for the average number of minutes that a customer is without service.

Mr. Galan – the way Mr. Ferrer describes the trouble system, you absolutely know time of report and time of completion. For vegetation, you should not only have an average, but also an incidence.

Mr. Ferrer – he is sure they can perform any type of analysis with data, but they might not have that information. It might be done for substations by a particular group of engineers looking for improvement, but for the City of Coral Gables...

Mr. Galan – what about the 762 incidents Mr. Muniz was talking about?

Mr. Ferrer – what Victor is talking about is the indicator that FPL filed with the PSC, of which they are aware, one is service availability and one of duration which is all of the outages in the year. They might be able to make some sense out of that.

Mr. Muniz – he doesn't think it is going to be to the level of detail that Mr. Galan is asking.

Mr. Ferrer – he can give Mr. Galan the map FPL gave the City where you can see the areas that each substation serves, it will be up to the Task Force to determine...

Mr. DeWitt – this granular information is interesting, but from a management perspective on what the Board is trying to accomplish, the Board still has not gotten from FPL a way to objectively evaluate this. Last week, he asked if FPL recommended whether we should underground or not and Mr. Ferrer told him that is a community answer, FPL doesn't make those recommendations. Mr. DeWitt will rephrase his question: Can FPL tell the Board, if they are to underground our utilities in the non-flood areas, what percentage increase in efficiency would that provide? How can FPL help this Board to objectively analyze this data?

Mr. Muniz – in the hypothetical case that they could – for example, let's say we can eliminate vegetation as a cause for outages – you are going to experience a 35% reduction. Where would that lead you?

Mr. Otero – it leads to his next question because they just can't do this with engineering. We need to look at this with other disciplines, including financial and cost. Back in January, Mr. Otero had asked three questions and FPL may, or may not, have the answers. The first one is, in the FPL website, you show a \$3.6 billion projected expenditure for poles, wires and electrical equipment.

Mr. Ferrer – by the way, that was corrected, he doesn't know where the \$3.6 billion...

Mr. Muniz – he believes it is \$700 million for the next five years...

Mr. Otero – he got the \$3.6 billion out of FPL's website, and that's fine \$700 million, he doesn't care, it is a lot of money to be spent on poles, wires and electrical equipment. He hopes that number was reached from a ground up approach. If it was, his question a month ago was do they know how much of this over five years will be sales attributed to Coral Gables?

Mr. Ferrer – he believes they answered that question a couple of meetings ago. No, FPL cannot allocate the expenses to the City of Coral Gables to the detail this Board wants because that includes transmission, distribution and substations.

Mr. Otero – No. Poles, wires and electrical equipment, that is what the budget was for. It wasn't talking about substations.

Mr. Ferrer – it includes transmission poles and wires, electrical equipment and substations. He believes the number Mr. Otero is referring to is a system-wide number that for reasons he has explained, it is not allocated by municipalities.

Mr. Otero – fine. How do you get that number? How do you get to the \$700 million?

Mr. Ferrer – they identify a series of system improvement opportunities from the year before and additional low requirements company wide.

Mr. Galan – from the bottom up?

Mr. Ferrer – from the bottom up.

Mr. Otero – he doesn't think they are doing it from the bottom up, that's his point. Mr. Otero remembers Mr. Ferrer's answer. Here's the Task Force's concern in the whole ball of wax here – and they have said this before. New development is going underground in Dade County. We have old established cities, Coral Gables is one of them. At some point, FPL will have to go through a replacement program of the infrastructure because by design, the transformers will have to be replaced due to additional load. Mr. Otero didn't like the idea of pulling the fuse and putting it back in. The fuse is there for a reason. There is going to be a construction program to replace, right? He is either going to spend this much to replace, or he is either going to spend this much to go underground like he is doing in the new neighborhoods. That goes back to Mr. DeWitt's question – for this incremental amount of money, triggered by replacement of existing infrastructure, he is going to spend \$2 billion which FPL is going to recover through the rate base.

Mr. Ferrer – there is replacement going on in undergrounding. There are cable replacement programs and there are cable injection programs on the underground areas. That is calculated by management areas.

Mr. DeWitt – unfortunately, he has asked Mr. Ferrer this question and every time he asks, someone else asks something entirely different and he never gets his answer. Take cost out of it at this point – how can we objectively determine what benefit are we going to obtain in service

reliability from putting the stuff underground? Is there a matrix they can use? Can the Board use the things FPL has given them and say we are not going to have this problem because of vegetation? Can Mr. Ferrer tell the Board – and he is not looking for a finite number – that FPL is going to have a 50% increase or decrease in failure rate if we go underground? Once we find out the benefits, we can determine whether or not it is worth paying for it.

Mr. Ferrer – the answer is that it is not as simple as Mr. DeWitt is putting it. It is not a clear-cut calculation.

Mr. DeWitt – he didn't say it was simple. FPL has systems that are above ground and systems that are underground. They can certainly do a comparison and give the Task Force some parameters.

Mr. Ferrer – now he knows why they want this information. If Mr. Ferrer reads it correctly from this Task Force, you want this information to make an evaluation of whether it is beneficial for the City to engage in an undergrounding process.

Mr. DeWitt – then they can determine if it is cost effective.

Mr. Ferrer – he will go back and talk to the experts and see if they can compare underground areas, reliability with overhead, but it is not apples and apples.

Mr. Galan – he will ask the question a different way. The PSC, or someone, has said that all future communities will be underground. Is that FPL or the PSC that said that?

Mr. Ferrer – nobody has said that.

Mr. Muniz – Dade County.

Mr. Ferrer – Dade County had an ordinance for all planned, platted sub-developments after 1970.

Mr. Otero – did FPL take a position on that ordinance?

Mr. Ferrer – all they did is – somebody has to pay for it and the developers said they have no choice but to eat this so when they do a platted sub-development, they pay for the cost of undergrounding.

Mr. Galan – FPL did not come up with the rationale for that. He was hoping that if it was FPL or the PSC that there would be a report that says this is the reason why undergrounding is better than above ground.

Mr. Lopez – by the way, there is a report that says it, but there are two differences here. One planned, platted developments, new construction. Retrofit is different and what we are trying to gage here in an existing community with problems with the utilities. Either FPL does not have the tools, they don't share the information, or they are running a pretty sloppy operation. This is not a slam on Ramon as an individual because engineers, if there is one thing we are faulty of... Instead of having Ramon, the PIO, or Mr. Bartell, or Mr. Muniz, he would like to talk to the

engineers about what they find in the substations. Mr. Lopez knows that in FPL there are engineers that know the system like the palm of their hands and have told him, except we have to be formal and play protocol...

Mr. Ferrer – bring them here and have them tell Mr. Ferrer that. Mr. Ferrer wants to know who they are and what they told Mr. Lopez. FPL is a transparent company and they are sharing with this Board everything that they have, everything is out in the open. He is trying to avoid confusion by providing information. The people that have this information are the folks in charge of the reliability and manage the data for the day to day operations. They are the same engineers that will report to the PSC whatever matrix they need to report to the PSC. There is no hidden agenda here.

Mr. Otero – on the Five Point Plan, he is just trying to see what is motivating the decision making.

Mr. Ferrer – that is a good question because all these monies FPL said is going to spend six months ago, are going to change. The budget number Mr. Otero refers to that was on the website was prior to the filing. This is a plan that is in a state of flux.

Mr. Otero – he will ask in another way. There is a Five Point Plan and FPL agreed to contribute 25% of whatever for underground. What was the basis, what was the rationale, what was the thinking, what was the motivation for FPL to contribute money to a system; did FPL perceive a benefit in the underground? That is Mr. Otero's question. Why didn't FPL say they will contribute 50% to above ground? Is there an implicit understanding by FPL that underground is more reliable; hence, they will contribute to it so in the future the reliability is better?

Mr. Ferrer – he doesn't know what is wrong with the answer that it is FPL's evaluation that on windstorms like the ones we've had and are likely to continue, Francis, Jean, Charlie, Wilma and Katrina, underground performs better than overhead.

Mr. Galan – except in flood areas.

Mr. Ferrer – FPL has data from Irene that demonstrates the opposite, that underground performed worse than overhead.

Mr. Otero – FPL is still offering to contribute 25%.

Mr. Ferrer – it is an incentive based on many facts. Somehow, FPL was perceived as being against undergrounding. Number one, this is a way for FPL to deliver the message to the customers that they are not against undergrounding. FPL is willing to partner with communities by contributing "x" amount of money. FPL has a lot of incentive programs. How they calculate the incentive in an energy conservation program is on the amount of money they can justify that would save a power plant in the future, for example. In this case, it is not like that. Mr. Ferrer will go back and try to deliver the answer from the highest echelon why they chose 25%.

Mr. Otero – no, not the 25%. It is the concept that FPL is willing to contribute money, out of the coffers of the company, to encourage a municipality to go underground.

Mr. Ferrer – because they have been told by municipalities that FPL is not embracing underground, that they are fighting underground. This is a way that FPL has to demonstrate that, in fact, they are willing to...

Mr. Galan – in the interest of following up the transparency, the FPL Executive Committee, or their board, made this capital allocation decision. Mr. Galan used to know how FPL operated internally, but somebody went to either the Executive Committee and it was done at the CEO level or it went to the board – that package that went either to the Executive Committee or to the Board had a justification for the 25% and the reason why underground is better than above ground. Otherwise, your Executive Committee of your Board... give Mr. Galan the document, let him see it.

Mr. Ferrer – he doesn't know if there is a document, but he will get the answer for that question and the rationale behind it.

Mr. Muniz – what he is hearing is that the Task Force would like to quantify the advantage of going underground versus overhead. They understand it and they are going to take that back.

Mr. Galan – and give it to us in service reliability measures similar to “this”. In other words, if “this” pie were to be underground, it is our expectation, based on our history that it would look differently. Vegetation might be a very small slice, animals might be a smaller slice, weather might be a different slice. Give us that so, at least, we see what the differences are.

Mr. Muniz – he doesn't know if they can answer along those lines, maybe they can provide comparative measures.

Mr. Lopez – the Task Force has other questions that were to be answered today. Does Mr. Ferrer have a list of the pending questions?

Mr. Muniz – he has the question from Mr. Martin. From the increased rate approved by the PSC for restoration purposes, what portion will go towards actually hardening or improvement of the system, or is the intent only to restore to original. By the way, the PSC did not approve any new rates. As a matter of fact, FPL has a standing agreement with the PSC for the next four years to keep the rates stable. Mr. Muniz thinks what Mr. Martin is referring to here is the storm restoration costs.

Mr. Martin – it is not a rate, he believes it is a surcharge.

Mr. Muniz – there is a process in place now called securitization and they are talking of a magnitude of about \$1.5 billion to cover all of the costs. Actually, it is part of the costs of the 2004 storms, but \$200 million from that plus \$100 million from the 2005 storms and building up the reserves to about \$600 million. With respect to restoring to the original, again, it is a combination of many things; they are already spending some of this money. They were spending some of that money before they implemented the Five Point Plan. Moving forward, yes, some of this money will be used according to the new Five Point Plan, which calls for a different design standard.

Mr. DeWitt – on the Five Point Plan, he would like to clarify something that was brought up the last time. As FPL brings back this information and if the City were to determine that underground is a clever thing to do and FPL were to write the check for their 25% of the system, and the City were to use FPL's facilities and charge the residents to pay for it since we are also paying for 75% of it, would we also be able to lease space to the other utilities and use those lease payments to contribute towards paying back the money that we borrowed to put in the 75%?

Mr. Galan – it doesn't work that way, they are separate conduits.

Mr. Lopez – when you talk about underground, it is a different from the poles.

Mr. Galan – if you look at the terrain, you have the power cable way deep and Comcast is about a millimeter from the surface, and you have a water main going through, he has seen guys break it on a regular basis.

Mr. Lopez – in the case of poles, you have aerials and they share that facility.

Mr. Galan – there is no common conduit for underground.

Mr. Ferrer – for example, where he lives the electric service is in the front easement and the cable and telephone service are in the back easement.

Mr. Lopez – the community Mr. Ferrer is talking about is the easement in the back property but underground, the new ones.

Mr. Galan – the chart Mr. Ferrer showed the other day that shows the underground feeder lines, did he leave that with the City? The City needs to have that in order to have someone who is familiar with the flood zones look and see what percentage of those feeders...

Mr. Ferrer – he took the chart.

Mr. Muniz – the next question is the cost of service. He believes they have answered that. There is really no way to allocate the cost or service by municipality. The next question is the revenue and they are going to try to come up with this for commercial and residential accounts. The next question is what is the revenue received per meter in the City as compared to other locations? Mr. Muniz does not know.

Mr. Ferrer – why do you need this information?

Mr. Otero – let him make a point before they continue. The Task Force is asking questions and FPL is a monopoly. The Task Force has no one else to go to and has asked these questions since January 18 and they were told they would get the answers. Today is February 15 and we...

Mr. Ferrer – he told the Task Force he would give them a pie chart and he asked very clearly...

Mr. Otero – if this information cannot be provided by FPL, does FPL provide this information to the Public Service Commission? Revenue per meter in the City of Coral Gables? Mr. Otero asked this question the first meeting about profitability of service in the City.

Mr. Ferrer – FPL does not provide information to the Public Service Commission by City. FPL does not compare cities. The City of Coral Gables receives a franchise payment from FPL, and they have talked about this very clearly. They have an idea of what the revenue is from residential customers, commercial customers and industrial customers within the City.

Mr. Otero – the City has this information.

Mr. Ferrer – divide that by the number of customers.

Mr. Lopez – does Ms. Jimenez have that information?

Mr. Ferrer – he would be more than glad to work with Ms. Jimenez and deliver a number to the Task Force on those three categories. FPL will not compare the City of Coral Gables to any other community.

Mr. Otero – he can do the comparison. If there are 22,000 meters in the City total revenue and the total number of customers in the State of Florida, he can do the math.

Mr. Galan – let's make it easier. We, as a city, have a franchise revenue stream. We can call West Miami, South Miami and anybody else and ask them how many residential customers they have, how many commercial customers they have, and come up with the information. If that data shows something FPL doesn't like, don't blame us because FPL did provide the data.

Ms. Jimenez – she will try to get that information

Mr. Ferrer – please, be his guest. FPL welcomes the opportunity to make sure they are providing to the City of Coral Gables...

Mr. Lopez – equipment, if on a leased car you put 30,000 and on another leased car another 10,000 miles on it, which one would require more maintenance?

Mr. Ferrer – we continue to think that old is bad. If there is a transformer that has been there for 15 years delivering 120/220 volts at the point of service and has not failed, obviously the maintenance on that transformer has been zero, right?

Mr. Lopez – the conditions, exposed to canopy and to humidity, the load. The City of Coral Gables puts more loads on the FPL network and equipment over the life cycle of any equipment than others who consume less.

Mr. Ferrer – it doesn't matter. FPL maintains its systems according to the load of the system and every customer in Coral Gables pays the same amount of money as the Hialeah customers.



Mr. Galan – he will ask the question in a different way. The citizens in Coral Gables, as do the citizens in Golden Beach and other communities, choose to move here and pay a higher tax rate than they would if they remained in an unincorporated area. The question the Task Force is asking FPL, as the provider of one of the services to the City, is what can we do as a City to communicate to our residents the opportunity to get a higher level of service in the electric utility business than they would get if they lived in Sweetwater, for example. Mr. Galan thinks this is a reasonable question to ask. We hold ourselves to a higher level of standards – police response, fire response, etc. If the citizens of Coral Gables want to have a higher level of reliability from FPL, we have the right to ask for that, and FPL has the obligation to tell us what the cost of that would be. Is that reasonable?

Mr. Ferrer – FPL strives to provide the same level of reliability to all of their customers.

Mr. Galan – Coral Gables wants higher.

Mr. Ferrer – if you want higher, then you have to define what you want.

Mr. Galan – isn't underground higher?

Mr. Ferrer – undergrounding might be a way to quantify or present better service.

Mr. Galan – let's go back to FPL, Mr. Ferrer's company. Mr. Galan went by Jupiter Inlet, the nuclear power plant that is on the ocean, and there is a nuclear plant on the bay and another one near the lake, and another plant in Cutler Ridge. FPL doesn't follow the same standards in constructing those plants because they know they have to operate at a different level of reliability and a different level of regulation because the NRC gets into your background in those three nuclear plants but never visits Cutler Ridge; therefore, FPL has a different standard... What he is saying in a nice way is that this community doesn't want to have the same service you provide to everybody else. We want a higher level of reliability, especially during storms, that's what we want from FPL. Tell us what we need to achieve that because the only other choice we have if FPL won't provide a solution that these citizens are comfortable with, the citizens have to look for their own solution, which is what FPL doesn't want because they have never been happy with having to compete with Homestead and other cities that have their own utilities. If the citizens of Coral Gables say to Mr. Galan, as a member of the Task Force, or to the City Commission "I don't care, we can't live with the same level of service that FPL provides to Apopka, that's not adequate". FPL won't give the Task Force any choice but to recommend to the City that we go alternate.

Mr. Ferrer – again, we strive to provide you with the best, highest quality of service as possible and FPL must treat every customer equally.

Mr. Galan – whose rule is that?

Mr. Ferrer – the Public Service Commission.

Mr. Galan – the answer Mr. Ferrer is giving is that in order for Mr. Galan to require FPL to provide a premium level of service – when he pulls into a gas station, he can either use regular,

in between, or premium. As a city, in order to demand from FPL a higher level of service for reliability, FPL would do that if the PSC provides that rate.

Mr. Ferrer – FPL rates and the rates of any other regulated utility in the State of Florida are not based on communities, cities or neighborhoods, they are based on class of customer as identified as residential, commercial or industrial.

Mr. Galan – he appreciates that. Mr. Ferrer is giving the Task Force an area to explore. The PSC says the way they regulate utilities doesn't allow citizens of Coral Gables to have the level of reliability they are willing to pay for.

Mr. Ferrer – that is correct, there is no preferential treatment for Coral Gables.

Mr. Muniz – he is not sure what the Task Force is asking here in terms of data and targeted dates in terms of progress.

Mr. Ferrer – Mr. Bartell shared, during his presentation, that Coral Gables was essentially restored after Wilma on November 7<sup>th</sup> at 6:00 a.m. More than 50% of the customers in Coral Gables were restored by October 29<sup>th</sup>. 75% of the customers in Coral Gables were restored by November 3<sup>rd</sup>. That's what this Task Force is looking for, correct?

Mr. Lopez – can they get that information in black and white?

Ms. Jimenez – it is recorded in the minutes.

Mr. DeWitt – he was trying to compare it to the rest of the community. First, he was frustrated because FPL was giving outlandish dates telling us that we were going to be down for months and then some people came on very quickly. He doesn't know if FPL was managing expectations because, obviously, FPL beat those outlandish estimates significantly and looked good by beating their own baselines. Mr. DeWitt was curious as to how Coral Gables was compared to the rest of Dade County.

Mr. Ferrer – this is public record. FPL took 18 days to restore everybody in the system in Miami-Dade County and he believes it was a lot less for Coral Gables. FPL achieved the 75% mark in six days. Unfortunately, he has the 75% by November 3<sup>rd</sup> so they have to go from October 24<sup>th</sup>, it might have taken longer in Gables to do the 75%. He has heard these comments before, but FPL estimated times of restoration are not given to pat themselves in the back by beating them. They are provided as a simple equation based on the information they have at the time as far as damage and the number of man hours to fix the system divided by the resources they have at the time. The weather was excellent the first week after Wilma and FPL received more help than they had requested from the companies and were able to review this estimated time as they went along. In Coral Gables, they had announced they would restore 95% of all customers by November 8<sup>th</sup> and Coral Gables was restored by November 7<sup>th</sup> at 6:00 a.m.

Mr. Lopez – thank you for that level of detail.

Mr. Martin – if possible, he needs three public documents from FPL.

Mr. Ferrer – would Mr. Martin work with Mr. Muniz on that.

Mr. Lopez – on the reliability questions from Mr. Otero and the number of miles of distribution lines. Is there anything else that Mr. Muniz would like to share with the Task Force?

Mr. Martin – he doesn't know if the Task Force as a whole wants to look at what he is asking for, they certainly could but it is going to be voluminous. It is a public record and he can't find it on the internet. Number one, the actual application, including exhibits, for the \$1.6 billion of the surcharge that was recently approved by the PSC. Number two, he would like a copy of – he believes the latest one FPL filed was 2004 – it is called the Form 1 that is filed with both the PSC and the Federal Energy Regulatory Commission. It is 400 pages long, but it has a lot of juicy data and he would like to see it. It is an annual audited report. It is on the internet, but because it is 400 pages long and it is in Adobe format, it is very hard to navigate and he would rather flip through the pages. The third thing Mr. Martin would like is a copy of – and he cannot find this on the internet – the last PSC rate order that approved rate of return and cost of capital. He thinks this goes back some years ago because FPL hasn't had a full rate case recently.

Mr. Lopez – thank you for your time, Mr. Muniz.

---

Mr. Lopez - another thing that was mentioned yesterday at the Commission meeting, it was an observation made by Commissioner Kerdyk. Mr. Lopez did not respond but he does want to share it with the Task Force. Commissioner Kerdyk talked about a timeline and his response was that he needs to have the input of all the Task Force members. Mr. Lopez did tell Commissioner Kerdyk the Task Force is waiting for a lot of information from FPL. The question from Mr. Lopez on the issue of a timeline is: Is this going to become a dormant or inactive Task Force, unless they seek alternate routes which have been provided, such as the PSC and staff. What are the thoughts of the Task Force members in terms of the timeline? Not to rush anything, but during the last couple of meetings, some questions just go around and around.

Mr. Otero – The Task Force has heard from most of the Commissioners and they have expressed a great deal of support. At the pace they are going, there is no way that the recommendation of the Task Force is going to be anything but that we recommend that this be studied further because they have a lack of information that is directly relevant to the City of Coral Gables. Mr. Otero would submit that, short of going to the Public Service Commission and requesting the Public Service Commission to provide the Task Force this information, to direct or authorize Florida Power and Light to provide this information. Otherwise, they will not be able to even assess the information to make a recommendation. The last time the Task Force made a motion, which was passed, asking that the City Commission address the ordinance.

**A motion was made by Mr. Otero to ask the City Commission, to ask the Public Service Commission to direct Florida Power and Light to provide the Task Force the information relevant and pertinent that they have requested regarding the City of Coral Gables in terms of reliability and in terms of revenues. Mr. Martin seconded the motion.**

Mr. DeWitt – he thinks the sessions of the Task Force have been really interesting and they have asked a lot of questions. He is learning a lot just sitting here and participating, but at some point, they have to stop and assess what they are doing and do a couple of things. Number one. Before they go and ask for those types of things, they need to sit down and put together a written list of thought-through questions because FPL is using their lack of specificity to evade answering a lot of the questions. If the Task Force can agree on specific questions and if they don't get those answers from FPL, go ahead and do that. But in the end, Mr. DeWitt thinks the Task Force can come up with some recommendations in this process if initially they sit down and think through what type of recommendation to give some interim relief to improve the situation. The Task Force is not going to solve this problem. And let's stay with the non flooding areas, if we were to come back with a recommendation that they did that based on some information received from FPL that would really make a big difference, that's just going to open up another debate at the Commission level and how to pay for it. The Task Force should be able to come back and make a recommendation as to whether or not it is worth a candle. They can also be looking at does it make sense for the City to pass a specific ordinance that has to do with residents' responsibilities for maintaining foliage, or suggest to the City Commission to pass a resolution and have the City Manager better enforce what is already there? It is time for the Task Force to narrow the focus because they have been taking a long big view of this and give themselves some specific things to look at.

Mr. Otero – the questions the Task Force has asked for the past three meetings have gone unanswered. He agrees they should be specific and they can submit questions to the chairman. Mr. Otero thinks they need to move ahead.

Mr. DeWitt – he thinks it has been more of a shot gun approach and they are taking advantage of the fact that they are all learning as they go and are asking specific questions. Probably they need to talk with a single voice in writing with some specific, concrete things they want and if they don't respond, move on to get that from the PSC.

Mr. Martin – he supports Mr. Otero's motion because he thinks the more the Task Force goes to the PSC and indicates our unique community concerns, the more they will pay attention to us. The PSC pays attention to the political process and we are a unique group because we are, in fact, part of the political process. Now, as to Mr. DeWitt's point, Mr. Martin thinks that by going with a shot gun approach at the early part of this group's organization, they may learn some very unique things. Somehow, in the back of his mind, he is convinced that because of Coral Gables' unique situation with its lines in many cases in easements that may not even exist, when the PSC focuses on Coral Gables and they see this is an old system, and they see that it has caused a lot of outages, 18 days or maybe longer, they could conceivably say this is unacceptable in any place in Florida that has this set up of backyard easements and the poles are falling down. The PSC may demand that FPL fix all that, at FPL's cost.

Mr. Galan – he would like to add the reason why he thinks they need to go the PSC fairly quickly because we, as citizens, choose to live here at a different standard than unincorporated areas of Dade County and we have asked FPL what opportunity exists to get better reliability and better service and the answer we have so far is that they provide the same level of service to everybody. Mr. Galan does not think this is acceptable. It is not acceptable in most other areas of infrastructure for the City. We don't think our building and zoning standards are the same as

Sweetwater or Opa-Locka, just to use two cities as a comparison. Why would we accept the same level of service in any utility arena that they do? If FPL is holding to the "everybody is the same" philosophy because that's the way the regulators allow them to operate, we need to go to the regulators and say we are not willing to accept that level of service. You, as the Public Service Commission, have to serve the public and this group of public citizens have banded together under the City of Coral Gables to demand a higher level of service – PSC, do something about it.

Mr. Anderson – at the last meeting when we talked about going to the Public Service Commission, he understood that we would not do it alone as Coral Gables, but in conjunction with other cities.

Mr. Martin – he wants to continue on the same thought process Mr. Galan just started, which Mr. Martin really likes because he is talking about can we buy premium gas even though Opa-Locka may only want to buy regular, and the PSC says right now that FPL has to give the same level of service to everybody and they can't discriminate. That doesn't say that the Legislature couldn't change this, or that the PSC itself couldn't change this and we could have in Coral Gables a surcharge, to require whatever we want to require. It could require undergrounding, it could require special crews, or a special level of pole maintenance. In Mr. Martin's own personal experience in running utilities, he had surcharges for certain things that the regulatory agencies approved in order to avoid the problem of discrimination. It is within their power. They might say, we have never done this before, and they are so big, they just might squish us by that reaction, but he is convinced that they have the authority to do that if they want.

Mr. DeWitt – but didn't they tell us that is already in place, that we have the ability as a community to go out and spend the money, borrow the money we want to borrow, and through the electric bill, they will bill up to \$30 a month to our citizens to pay for those improved services? We don't need to do anything different. But he thinks the distinction is that it is going to fall on deaf ears and we need to be very careful. It is not FPL telling them what they want to provide, it is the Public Service Commission, as all regulators do, requiring universal service. He does not think there is a lot of room to go and argue for improved service for our community over other communities, unless we are willing to pay for it directly.

Mr. Otero – there is another reason, we are different, and once we get the data, it will show that we are extremely profitable. We consume a lot of juice. Once the capital expenditure is made, you can keep providing that juice at the additional revenue and you would be more profitable. That is why the profitability question that was asked at the first meeting has been avoided. We got away from profitability and he changed the question to revenues, that can't be answered.

Mr. Lopez – even today on the issue of maintenance, he finds it shallow that a car that gets 30,000 miles a year doesn't require more maintenance. That transformer is probably inefficient to the level of 50% to 60%. It doesn't cost them that inefficient transmission line because it is all billed back to us.

Mr. Galan – let's be frank, they told us already and he used the term who's their daddy, it is the PSC. We already have a court judge that says you can't sue FPL for poor performance because

the only one that can regulate them for performance is the PSC. Let's be realistic, the only people who are going to require that is the PSC.

Mr. Lopez – there is a motion on the floor that has been made by Mr. Otero and seconded by Mr. Martin. We are forced to go this route because we are asking a very basic question. You are telling me you want to sell me a vehicle and I'm asking why I should buy the vehicle and I am not getting the answer for whatever reason.

Mr. Martin – these two fellows are not as involved because they are local, they are not in corporate headquarters, but he is convinced that FPL has records of every individual piece of equipment, when it was installed, what its depreciation is, and when it will be retired. In fact, they are required to report retirements every year in some of these forms that we may see later. They know every transformer, when it was installed and when it will be retired, how much it costs, and so forth. He is convinced that in Coral Gables our system is probably fully depreciated, so not only are they getting premium revenues from Coral Gables, but they are getting premium revenues on basically no investment.

Mr. Lopez – Mr. Martin is so right on target along the lines of the infamous KEMA report, take a look at page 23, the reviewed documents, they have it all.

**Mr. Otero – the motion consisted of questions regarding specificity on reliability and specificity on revenue; but since we have time, would it be proper for the motion to be amended to have the Task Force members submit questions to Ms. Jimenez so she can be the gate keeper, summarize the questions and provide them to the chairman.**

Mr. DeWitt – he will offer that amendment, that the Task Force ask specific questions.

Mr. Lopez – it will be basically a follow up to what the Mayor told the Task Force to open that door, so this is a formal request to open that door.

Ms. Jimenez – she would like to make an observation as it relates to the service charge that the Task Force is considering, which has a lot of merit. If she may suggest, they need to ask what is the basic service we should be receiving? What is the basic reliability expectancy that we should have as customers of FPL?; then, from that say this is the base, this is what we are paying for, what do we want? Whether it be underground, or that our poles be 200 miles per hour, etc. If we get mixed up in asking for a surcharge without really identifying issues, we are going to get in a mess and end up paying for something that in reality we should be receiving.

Mr. Galan – he also thinks that an important question in communicating with the PSC is to ask them is it their policy that all communities be treated the same, or can communities purchase premium services?

Mr. Lopez – he doesn't disagree with that. His only concern is, as they know, he has hammered the maintenance component because we need to be careful. Everyone is quick to shoot at Gables because and at one time we will have to go to the masses, to the other municipalities to seek support and get on the bandwagon in support of what is happening with the utility. We need to be cautious that we don't come across as the arrogant Coral Gables leaders, because the

bottom line is that is not the issue. Ms. Jimenez just brought up an excellent point – what should we be receiving?

Mr. Martin – he got into the surcharge question only to point out from a regulatory perspective that can be done, but his earlier point was that if PSC inspectors came here and saw the situation where there may be safety violations, where they don't have adequate authority to be in some of these back lot easements, the PSC might order FPL in communities like this where the outages are so severe, to change at FPL's expense, without us having to spend a dime. Our service is, obviously, not as good as Weston's service where everything is underground. Isn't FPL's duty to Coral Gables the same as it is to Weston's to provide safe, continuous, reliable service, and even relatively quick restoration after storms? Maybe in these older communities, FPL should be required by the PSC to bring them up to standards because they are depreciated already.

Mr. Galan – and among those questions is to provide the same level to everybody, so reliability is the same for us as Weston's. How do you manage that, how do you monitor that, how do you report to us that you are able to accomplish that?

Mr. DeWitt – do they think Weston subsidizes Coral Gables?

Mr. Martin – he thinks Coral Gables subsidizes Weston. One of the biggest FPL costs is depreciation. If you invest \$200 million and you have to depreciate it over 20 years, that's going to be \$10 million a year and even spread among all customers, that is a big number. We are probably fully depreciated and Weston's is relatively new and they are depreciating Weston. We are subsidizing the whole thing because our revenues are so high and our investment is so low.

Ms. Jimenez – along the lines of Weston versus the Gables, and all of you have been asking FPL, are they recommending underground to ensure reliability and we are not getting the answers and then we see Weston where failures don't occur as often. We need someone to tell us if our reliability issues would be resolved by undergrounding, which we haven't heard yet.

DeWitt – the motion is to ask the City Commission to ask the Public Service Commission to order FPL to answer the questions listed within the next few days. Should they submit the questions in writing to FPL before they do this?

Mr. Lopez – his thought on that is that FPL knows what the questions are. By the way, this could be simplified: show us the plan why we should embrace the Five Point Plan and this is what it is going to cost you.

Mr. DeWitt – FPL can go to the PSC and say they sent that to you but they never sent it to us.

Mr. Otero – we have the minutes.

Mr. Lopez – Commissioner Cabrera has requested that all of the minutes of our meetings be sent to the Public Service Commission as public record. Is that a done deal?

Ms. Jimenez – yes, we intend to do that.

**Mr. Lopez called the vote on the amended motion and the motion passed unanimously.**

---

**Schedule of upcoming meetings**

Ms. Jimenez – there is a conflict with the March 1<sup>st</sup> meeting and because of this motion that took place today, would the Task Force members have any objection to meeting on Monday, February 27<sup>th</sup>, which is the day before the Commission Meeting? That way, we could review the questions that have been submitted.

Mr. Otero – he is interested in what he had asked before about having someone from Homestead come in, someone who is already municipalized and someone who has converted.

There being no further issues to discuss, the meeting was adjourned at 12:22 p.m.



CITY OF CORAL GABLES  
UTILITY SERVICE RELIABILITY TASK FORCE

February 1, 2006, 8:30 a.m.

Commission Chambers  
405 Biltmore Way  
Coral Gables, FL 33134

**Board Members Present**

J. Peter Martin  
Richard DeWitt  
Enrique Lopez  
Jorge E. Otero  
Juan Galan  
Thor Bruce  
John E. Anderson

**Appointed By**

Mayor Slesnick  
Vice Mayor Anderson  
Commissioner Cabrera  
Commissioner Kerdyk  
Commissioner Withers  
Panel-as-a-whole  
City Manager Brown

**Staff**

Maria Alberro Jimenez, Assistant City Manager  
Alberto Delgado, Public Works Director  
Lis Ferrer, Project Engineer, Public Works Department  
Lillian Quiroz, Executive Assistant to the City Manager

**Guests**

Commissioner Kerdyk  
City Manager David Brown  
City Attorney Elizabeth Hernandez  
Ramon Ferrer, FPL  
Victor Muniz, FPL

**Proceedings**

**1. Welcome by Chairperson**

The meeting was called to order by Chairperson Enrique Lopez at 8:35 a.m. and asked the two new Board members, Mr. Bruce and Mr. Galan, to please introduce themselves.

Mr. Bruce introduced himself by saying he is a professor at the University of Miami. He is an expert on cost and capital and is very well versed in statistics. Mr. Bruce feels that one of the problems we are facing here is reducing the probability of power failure after a storm. The objective of the committee is a well-rounded one to minimize the economic impact of pre-storm utility outages. He is very pleased to be on this committee.

Mr. Galan apologized for not being here for the past two meetings as he was out of town. As far as his background, he ran the management and consulting group for Deloitte and Touche in Florida and Puerto Rico for a few years. He has been a member of the Budget/Audit Advisory Committee of the City of Coral Gables. Mr. Galan is an engineer, but he prides most on having common sense. He understands the regulatory process very well, and what we have here is a regulatory process, starting in Tallahassee where the system begins. From his perspective, given

**Utility Service Reliability Task Force Minutes**  
**Meeting of February 1, 2006**  
**Continued**

the limited analysis he has been able to perform, he feels there are some policy issues such as why are there no performance standards or penalties in franchise agreements? Mr. Galan further stated that he finds the KEMA Report totally lacking of anything. Whenever a company presents a report, the first questions should be who hired and paid the company that prepared the report.

Another issue is that we live in a tropical climate. During a conversation with Mr. Levine, the owner of Parrot Jungle, they talked about macaws and Mr. Levine said the reason macaws live here is because we are just south of the line of the only tropical climate in North America.

Mr. Galan said the only company that did not fail during last year's storm was Miami-Dade Water and Sewer – a public company. He did not have electricity, telephone, nor cable, but he did have water. One of the questions we have to ask ourselves is what are the standards that we are willing to accept? It is insulting that KEMA uses ice and wind conditions. We allow electric service to come to the City from substations above ground. We have to ask ourselves why we allow service from territories we don't control and allow the feed from substations that are not underground?

Mr. Galan lives on Cocoplum Road, which is supposed to be an underground subdivision. At the end of the easement, there is a big, green box and 22 feet above sea level is an appropriate place to install a transformer. Everyone east of that location is in a flood zone and is required to build at 11 feet above sea level, according to the Florida Building Code, but the transformer boxes are at street level. Does that make common sense? Property owners are required to build at certain number of feet above sea level, but we allow distribution systems that have these green transformer boxes that are not waterproof and means that when the surge comes in, they will be flooded.

Mr. Lopez asked that Mr. Otero, Mr. Anderson and Mr. DeWitt to introduce themselves as a courtesy to the new Board members.

Mr. Otero said he has been an attorney for 22 years, and before that, he did economic studies for BellSouth for seven and a half years. Mr. Otero has degrees in both industrial and electrical engineering. He thanks Commissioner Kerdyk for appointing him to this Board. During Katrina, he called FPL to inform them he had no power and FPL assured him that he did have power. This is when he realized there was a problem somewhere and later found out that FPL does not know whether or not a customer has power. He finds it so perplexing that meters are still read the same way it was done 60 years ago. BellSouth can do a diagnostic test on your home from the central office and FPL not only cannot do it, but also gives you misinformation. He is pleased to be here and hopes to make some contributions.

Mr. Martin said he has been a resident of Coral Gables since 1968. He has a background in mechanical engineering and nuclear studies as part of that. He also has an MBA and has spent the last 35 years in the management of regulated utilities systems; therefore, he is very familiar with the areas of waste water, natural gas and propane. He has spent many hours testifying and appearing before the Florida Public Service Commission, various county and local regulatory agencies, and is familiar with franchise negotiations. Mr. Martin worked for a large utility until roughly 1980 and then he formed his own utility company which operated in Sarasota, Jacksonville, Smyrna Beach, and Broward County and managed the systems in Broward County,

**Utility Service Reliability Task Force Minutes**  
**Meeting of February 1, 2006**  
**Continued**

Martin County and Dade County. He is very familiar not only with this area but with other parts of the State. He is not familiar with electricity regulations but is learning quickly. The contribution he hopes to make is in the area of financing; for example, he feels that FPL should consider contributions and aid of construction from developers, especially from new projects. If FPL were to collect \$1,000 per unit, which is relatively modest for a new home, from each of the 80,000 homes constructed a year, according to FPL's statistics, that would be an \$800 million contribution toward improving their system and doing the hardening that they have been talking about in their recent press releases. If that stream of cash flow could be counted upon on an annual basis and could be used, perhaps, with the State help to support and issue bonds that could be almost \$1 billion at tax-exempt interest rates which would go a long way toward hardening and improving the infrastructure that we have been hearing about.

Another example he would like to mention, just for the sake of discussion, is a lot of the statistics that we have seen over the last few days indicate that there are roughly 22,000 customers in Coral Gables. The cost to do undergrounding is so huge – let's say is \$300 million – and if this \$300 million could be financed with Coral Gables-supported tax-exempt revenue bonds at 5%, the annual cost of that spread across 22,000 customers could be as low as \$1,000 a year. These are rough numbers and he does not pretend to have all of the details, but he is sure he and Mr. Bruce could work on this and have some very interesting thoughts to share with the Board. Those \$300 million could go a long way towards undergrounding, at least, the distribution portion, and according to the information he has received, the feeder lines are more costly to underground than the actual distribution facilities. Those \$300 million would include the cost of many – if not all – of the distribution lines. It seems to him there are alternatives that we, as a city, could do – perhaps uniquely – if the PSC and FPL would cooperate with us in such a way that the City of Coral Gables itself, as the City Beautiful, could create an underground system as is being done in Virginia, California, and a lot of other states.

Mr. Anderson said he is a practicing mechanical engineer and has a mechanical and electrical engineering consulting firm and he is a forty-year resident of Coral Gables. One of the first major clients he had when he was starting in 1973 was the Florida Keys Electric Co-op, they were the system engineers. At one time, they were the system engineers for Homestead Electric. He has some familiarity with power companies and how they work. His real concern here is that the design and construction done by FPL seems to have less stringent requirements than the Florida Building Code. It doesn't make any sense to him if he designs a project from his office which will have a cooling tower on top of the building; he has to demonstrate, by calculation, that the cooling tower is designed, constructed and installed to withstand wind loadings that far surpass what FPL has been designing in the past. Not only that, if the building is in the City of Coral Gables, he has to submit plans to the City's Building Department for review and they make sure that it meets the code and when the permit is issued and the construction is finalized, that construction is inspected all the way through. The Building Department makes sure that construction is done in accordance with the Florida Building Code. He doesn't see any mechanism that requires FPL to do that. He wonders if the Franchise would allow them to insist that all utilities designed and constructed in the City of Coral Gables meet Florida Building Code requirements.

Commissioner Kerdyk addressed the Board and thanked them for undertaking this task and expressed that the City of Coral Gables wants to remain the progressive city not only in Dade County but in the State of Florida and looks forward to the conclusions reached by this Board.

Mr. Lopez stated he feels privileged to be serving on this Board with very capable individuals. He is an electrical engineer and sees this as you are only as strong as your weakest link. There are many hurricane and non-hurricane related weak links in the electrical grid, some of which have been verbalized here, and he would like to see this Board focus on long and short-term fixes, some which require immediate attention and are very obvious and others, such as flood zones, financing, structural, etc.

**2. Review and approval of the minutes from the January 18, 2006 meeting.**

Mr. Martin noted that his first name is James but he only uses the initial "J" and the name "Jay" appears in this document. He further clarified the comment made on Page 6 of the minutes. He asked FPL to provide some details concerning the improvements recently authorized by the Public Service Commission for storm recovery. The amount of that authorization was \$1 billion, not \$3 billion. The \$1 billion are to be paid by an electric surcharge on the electric bills over a period of some years. The \$3 billion came up in the discussion, but he thinks they all agreed that was more of an annual capital budget of FPL for new facilities in new areas and had nothing to do with storm restoration. The \$1 billion that he is looking for some information on is for storm restoration.

Mr. Otero referred to the portion of the minutes regarding the nominations for a chairperson and clarified that he had nominated Mr. Martin and Mr. Martin nominated Mr. DeWitt.

A motion was made by Mr. Martin to approve the minutes of January 18, 2005, with the above-mentioned corrections. Mr. Otero seconded the motion, which passed unanimously.

**3. Question and answer session with City Attorney**

City Attorney Elizabeth Hernandez announced that before the question and answer session is started, last night she received a copy of the letter from Commissioner Barreiro on the underground taskforce they have. She has not had a chance to review it yet, but since this Board's task is so limited in time, she did not want to wait.

Mr. Otero said he has read the Franchise Agreement. In any agreement, the parties have an obligation to perform and even though there are no specific performance standards, did the City review this and formed an opinion on whether or not FPL has met its obligation under that agreement. For instance, Mr. Delgado has brought up the issue of street lighting and Mr. Otero has not seen that specifically on the agreement. He feels that when 99% of the residents are without power, and some for up to 15 days... There seems to be a presumption that due to the lack of action, there have been no problems with the Franchise Agreement. Prior to this task force, he had not heard the Franchise Agreement being an issue, but it was provided in their packets, they read it and raised the question has the grantee performed in accordance with the Agreement. The second question is, if, in fact, underground facilities are built, who would have

**Utility Service Reliability Task Force Minutes**  
**Meeting of February 1, 2006**  
**Continued**

title to those facilities. If FPL pays 25%, as has been published, and the City pays the balance and down the road the City decides to take over the business, who owns the facilities.

Ms. Hernandez replied that, first of all, she would like to provide a little bit of history on the relationship and the problems FPL has had managing the City and the City has had with FPL, vis-à-vis the agreement and the interpretation and applicability of the agreement. When the City was incorporated, it adopted an instrument called the Merrick Easement. The Merrick Easement is the easement FPL has behind properties. Historically, the City of Coral Gables has always attempted, with the cooperation, assistance and good partnership with FPL, to balance its goal of being a tree city in the United States and preserve the tree canopy with the reliability of all services. If they recall, the City up to the end 1960s, used to have alleyways behind properties. Many of the properties, particularly in the area of the University of Miami, were platted in such a way that the alley ran behind the property. When FPL initially put up their poles, they were either on one property line or another, but it fed both properties. When the City vacated those alleys in the 1960's and 1970's, there was no replat nor requirement that FPL move those poles, therefore, to this day, some people have power poles running five or ten feet into their property and FPL has the constant struggle with the property owner of trying to go in and dictate to them the need to trim that tree in their backyard. Coral Gables residents are very hesitant to do this. There has been a struggle between the power company, the City and the residents as to if those power lines are moved now to the back of the property line, who should pay. Should it be today's property owner that bought that property, should it be FPL when they are doing maintenance? Sometimes, an agreement is reached between them but the cost is pretty high and this has also been an issue when enforcing the Franchise Agreement because FPL takes the position that the tree canopy is preventing their power from being reliable. When FPL goes to certain properties and they are not able to get in and trim the trees, or take them out, in some instances, that grid will suffer. As an example, Ms. Hernandez said, a tree from one property in her block fell on the power line and they were without electricity for two weeks. As it relates to trees, the City has certain responsibility in making sure that we preserve our image as a tree canopy city but, at the same time, it conflicts with our desire to have reliability in the electric service. No one in the City has truly analyzed to what extent this is an issue, we have taken it mostly at face value from what FPL tells us. She believes some cities in Broward County have hired engineers to do pole inspections, switch inspections and so forth to see whether or not they are performing.

Most of the Franchise Agreements follow the dictate that the Public Service Commission establishes the level of reliability. The Public Service Commission defines what are the industry standards. The Public Service Commission is what protects the citizens and the City's ability to argue issues of reliability and, obviously, that has not happened.

Mr. Galan said that it bothers him that in any number of areas that are less critical to the citizens, we, as a city, have the authority to force residents to remove things from their yards. Beyond the fact that whoever was in charge of the City at the time they dealt with the easement didn't have common sense and didn't think of what would happen in the future, but why hasn't the City enacted appropriate regulation whereby if a resident does not allow FPL access to a property within a certain period of time, FPL may enter the property and trim the trees?

**Utility Service Reliability Task Force Minutes  
Meeting of February 1, 2006  
Continued**

Ms. Hernandez responded it is not that simple. This issue is a lot more complicated. FPL presented an ordinance to the City where they would give the property owner notice of the intent to enter the property and if access was denied by the owner, the City with police escort would assist FPL onto the property to trim the trees. The City Attorney's response to FPL was that they City would agree to the aforementioned ordinance provided FPL indemnifies the City against any potential damages or civil action and FPL said no. The City took this position because under the Tariff, FPL has the right to turn off power to your house if you don't give them access and FPL has failed to take advantage of that right and privilege. Once FPL gets the franchise, they should not shift that burden onto the City; therefore, as far as she is concerned and has advised the City Commission, the City should not be accepting additional damages, liabilities and personnel overtime to assist FPL to do its job and to exert a right it already has under the Tariff.

Mr. Galan said that is fine. This says that FPL fails to do its job, and then we should penalize FPL under the Franchise Agreement. His point is that if we don't focus on the real problem, the symptom will continue to kill us.

Ms. Hernandez added that as private property owners, we treasure are private property rights significantly. A private property owner may not agree that her precious Japanese palm needs to go. At what point, who is the final arbiter and makes the decision? There are so many different factual scenarios and we have always advised FPL they need to work with the residents. They worked out a program where FPL would give the City Manager a list of property owners who are recalcitrant in allowing actions for trimming. The City Manager would send a first letter, and then a second letter. Mr. Hernandez recounted that she was a victim of FPL's aggressive trimming policies when she lived in Pinecrest where 300 feet of landscaping in the back of her property was totally destroyed by FPL. Who should pay for that? And FPL does not have uniform policy on this issue.

Mr. Galan said FPL is just another symptom of the Public Service Commission's total failure to regulate on behalf of the citizens, rather than on behalf of the lobbyists and the companies who pay those lobbyists. He would like to ask the Chairman of the Public Service Commission why they have been so willing to accept the regulations submitted by the companies through their lobbyists, as opposed to serving the residents who, theoretically, they are in favor of. The problem is that the people in Tallahassee are not generating the standards necessary to serve this community.

Ms. Hernandez said that to answer Mr. Otero's question on has FPL performed with the Agreement, there is no one individual issue. We have to look at all the parties and all the players. Everybody forgives when there are no storms, safety issues, or bumps in the road. The problem is that they are not little bumps in the road and how do you balance the competing interests that we do have and the history? We are not a new community. Do we destroy the tree canopy for twenty years to let FPL come in and do something and replant?

In response to Mr. Otero's question does this cover the indemnification issue FPL wanted, Ms. Hernandez said no. Mr. Otero's asked is the topic of tree trimming the only roadblock to perfect service; Ms. Hernandez said no, it is more than that.

**Utility Service Reliability Task Force Minutes**  
**Meeting of February 1, 2006**  
**Continued**

Mr. Lopez asked Ms. Hernandez of the 22,000 customers, how widespread is the issue of alley vacation?

Mr. DeWitt said this is the issue he wants to address. In the overall scheme of things, what percentage of the problem is the Merrick Easement? Ms. Hernandez replied that with regard to platting issues, she would say it is approximately 30% of the City's land mass.

Mr. Lopez said it is very important to exhaust all possible venues, including the safety issue. He is surprised that issues such as OSHA, trucks and people coming into private property have not surfaced. As much as the focus of the Franchise Agreement is primarily financial, he feels they can leverage the utility into assuming responsibility or writing a blank check over liability.

Mr. Martin asked Ms. Hernandez when the City vacated the alleyways, was there a different document recorded that gave any rights or privileges to the use of the Merrick Easement? Ms. Hernandez said no. The City merely vacated these alleys universally and the Public Service trucks no longer went behind the properties to pick up the trash. The City never required the replat of the properties. Mr. Martin asked is the Merrick Easement recorded against everyone's property? Ms. Hernandez replied it is actually part of the Charter of the City of Coral Gables. The easement is part of the creation of the City by act of the Florida Legislature.

Mr. DeWitt asked the easement still belongs to the City and Ms. Hernandez responded affirmatively. She said the question was has FPL performed its obligations under the agreement and she was providing them with a history of some of the problems the City has had in their ability to properly perform and the City's ability to properly require performance because this is an established community, the things that are history and how those things have created problems that were probably insignificant in the overall scheme of things back then - but now are not insignificant.

Mr. DeWitt concluded that FPL's powers remain the same, the easement is still ten feet inside the property, why doesn't FPL turn off the power? Ms. Hernandez said the property owner doesn't allow FPL to enter the property to trim the trees, the City Manager then sends the property owner a letter, the property owner still doesn't allow FPL to come in, the City doesn't do much else and FPL does not turn off the power. There is definitive information to which the City can testify and provide to the Board on this particular issue of FPL's responsibilities.

Mr. Otero said it seems FPL has the power and the ability to trim the trees; and it seems that the City has the power to force FPL to trim the trees. We are at high noon, looking at each other with guns and doing nothing. There is an obligation that has not been fulfilled and there is an excuse for the fulfilling of that obligation because you are looking at each other.

Mr. DeWitt said there is no legal impediment; it is a public relations matter.

Ms. Hernandez said Mr. Galan raised a very important issue - the issue of enforcement. There is nothing in the City's code where we fine a citizen for their failure to cooperate. Yes, it can be a recommendation of this Task Force that the City amend its codes to adopt a schedule of violations vis-à-vis property owners. As City Attorney, she opposes the use of the City's police

**Utility Service Reliability Task Force Minutes**  
**Meeting of February 1, 2006**  
**Continued**

powers to gain access to private property. There are other options available that will not cause such substantial damages to the City.

Mr. Lopez observed that if the conditions that have been verbalized here are true, FPL is in breach of the agreement by not providing customary practices if there are high voltage power lines running over pools or many other things. He doesn't know the specifics, but 6,600 meters seem like a lot of homes in our City. FPL may have not pursued it because ultimately they may have to move the poles. If OSHA and other safety regulators get involved, FPL will have to answer a lot of questions.

Ms. Hernandez presented the counter argument given by FPL to a neighborhood that wanted the movement of the poles: The power line was there before you put in the pool; therefore, you should not have put in the pool before making arrangements to move the pole.

Mr. Galan said let's look at perspectives. We have architects who came down here from the northeast in the 1920's to design this community. Mr. Merrick brought people from the north because they didn't like the barren land of Florida with only palm trees and no oaks, no ficus or banyan trees or other trees that shouldn't be here. Now we are dealing with the result that these trees don't survive hurricanes.

Ms. Hernandez said the other issue of substations being outside the corporate limits of the City is the issue of poles. This City has not retained the services of an engineer to inspect poles. Aside from citizens complaining, the City has no way of knowing whether or not the poles are maintained. This can only be done with the appropriate expert testimony.

Mr. DeWitt asked the City Attorney where can they make the biggest impact and try to solve some of our problems? Who in the City manages the relationship with FPL?

Ms. Jimenez replied that the Public Works Department works with FPL on a daily basis. The Public Works Director issues the permits for the placement of poles, overhead cabling and things of that nature. Mr. DeWitt asked if the Public Works Director is managing the relationship and Ms. Jimenez replied that all of us deal with FPL as it relates to complaints from the residents. Mr. Lopez said Public Works deals mostly with the daily operations and executions of the agreement.

Mr. DeWitt suggested it might be a good idea if a specific person in the City manages the relationship with FPL. Mr. DeWitt asked the City Attorney legally, how does the City tell FPL they are not doing their job? Ms. Hernandez replied that is a policy decision of the City Commission and the purpose of this task force is to identify such issues, some of which are very easy to identify. Based on their recommendations, the City Commission will direct the City Manager if a citizen doesn't allow FPL access, FPL needs to know that we are okay with them going in there and turning off the power. Ms. Hernandez further stated that FPL, the City and the residents have to take ownership of their part in the puzzle.

Ms. Jimenez said that even though this was already discussed during the first meeting of the Task Force, she wanted to inform the new members that in August 2005, the City Commission, through the recommendation of the City Administration, passed a resolution urging FPL to take a



Utility Service Reliability Task Force Minutes  
Meeting of February 1, 2006  
Continued

more proactive approach to all of these issues as it relates to reliability. Separate from the hurricane reactions, there are every day outages, which may be caused by faulty equipment, or by overloading, or by tree foliage. The City's position was that FPL has the tariff which is an agreement with their customers and FPL has the right to be back there and the City expects FPL to exercise that right.

Mr. Lopez concurred with the City Attorney that everyone has to take ownership of the blame. Ms. Hernandez added that we also have to deal with the history.

Mr. Otero said that with regard to his question about the Franchise Agreement, one problem has been clearly identified, which is the lack of exercising authority and power. Perhaps this Board can address it and make a recommendation on that issue to crystallize that and, hopefully, make it a non-issue in the future.

Mr. Galan asked why can't the Franchise Agreement, once it is re-written, dictate to FPL we want a condition report and an action plan on an annual basis, why do we have to hire anybody? If we are uncomfortable with that, we can hire a company to do an audit.

Ms. Hernandez said that all Franchise Agreements have favored nations clauses, and since the position was always taken by the Franchisee that the Public Service Commission sets those standards and FPL has to comply with those laws, the City has been very comfortable in accepting the Franchise Agreement with the basic requirements of an agreement. Mr. Galan added that the City failed to recognize that the Public Service Commission was not doing a good job for its citizens. Mr. Galan said we have to recognize we have a major problem and Hurricane Wilma was the evidence. His worst fear is that in the year 2030 all the houses in Coral Gables will have a generator thus creating a smog problem. Ms. Hernandez said she thinks that the best way to address a problem of this nature is to identify all the participants in the problem and, at a minimum; we have five – City, utility, residents, Public Service Commission and legislature.

Mr. Lopez reminded the Task Force members that we are still within the 90-day period to request an audit since the anniversary date was January 6<sup>th</sup>. Tree trimming has been FPL's excuse for not providing reliable service in Coral Gables.

Mr. Martin said he would like to make an observation with regard to the 30% or whatever the actual number may be of FPL's distribution facilities that are apparently in the Merrick Easement which really don't benefit from a right-of-way or from a dedicated easement. It would seem that these distribution facilities which are in the backyards where we have beautiful trees are one of our most serious concerns. In his view, if the staff of the Public Service Commission knew the magnitude of the problem where FPL is unable to provide adequate, continuous and sufficient service in those areas, the PSC and its staff might recommend that FPL solve that problem itself and move those lines somewhere else and deal with it in a way that will solve the problem with respect to our negotiations with individual property owners. We wouldn't have to worry about forcing our residents into something and FPL may just end up putting the lines in front of our homes. But he also has a problem with that because then we end with this box and we would have an issue with obtaining an adequate right-of-way in front of our homes, but, at least, we would get away from the backyard easements. Mr. Martin said at some point we should bring

**Utility Service Reliability Task Force Minutes  
Meeting of February 1, 2006  
Continued**

the PSC staff into this very narrow issue of the fact that the Merrick Easement does not provide FPL with the kind of authority they are required to have.

Mr. DeWitt said that as he understands it, the City Attorney is saying FPL already has all the authority necessary to go into someone's yard. FPL's problem is a public relations problem, not a legal problem.

Mr. Lopez said that after Andrew, FPL had an aesthetically-pleasing pole replacement program and explained how FPL asked some of his neighbors' permission to change the poles and the neighbors refused. He did allow FPL to install the new pole, but the point he wants to make is that his thought process is more along the line of Mr. Martin's that FPL feels they don't have clear understanding on its authority to enter someone's property.

Ms. Hernandez replied that it is the legal opinion of the City that FPL has an easement that allows them access to the property line in order to put in, to install, to maintain to operate their power lines and her predecessor had the same opinion.

Mr. Galan said we are going back to symptom and problem and the symptom is that this is not getting fixed. The problem is that FPL does have the right but it is not exercising it and the question is who regulates FPL. The reason the City exists is to represent all of its citizens in those issues that make of interest to have one body representing us all. Does the City have any records of having annual or semi-annual meetings with the PSC on the enforcement requirements from all of the utility companies? Ms. Hernandez said she has no knowledge of any records. Mr. Galan said that we, as a City, need to have a regular, ongoing dialogue with the PSC and take a proactive stance and empower an attorney, if necessary, to take legal action against a commission that is not acting. If FPL knows we are meeting with the Public Service Commission, FPL with exercise its right to enter properties.

Mr. Lopez said that it seems that all the parties are at an impasse and are we saying we want to take this matter to the next level because this matter needs to be clarified eventually.

Ms. Hernandez said the City previously had a position of negotiating with the residents and as Maria Jimenez informed earlier, the City Commission adopted a resolution last year just before the second storm advising FPL that it is the City's policy position that, where necessary, the City wants FPL to exercise their rights under the Tariff – move in, go in and do what is necessary to maintain the reliability, vis-à-vis tree trimming.

Mr. Lopez said there are a lot of liability and safety issues. As a resident, if FPL tells him his power will be shut off, he would bring in the unions and OSHA. Keep in mind that if this happens, the City, FPL and the residents will be affected.

Reference was made of the Franchise Agreement and the City Attorney was asked to investigate if there exists elsewhere franchise agreements that address the issue of penalties that will be imposed on a utility company for non performance. Ms. Hernandez replied that it is her opinion that the Franchise Agreement incorporates performance standards and the question was has FPL performed within the requirements of the Agreement. FPL is required to construct and maintain the electric lines and power facilities, including the conduits, poles, wires, transmission and

**Utility Service Reliability Task Force Minutes**  
**Meeting of February 1, 2006**  
**Continued**

distribution lines and all other facilities that they have installed. Without expert testimony, she cannot talk about the condition of the poles. She can only address those issues the City has sought to enforce in the past. These lines are what the City used a couple of years ago to discuss the issue of a pilot program for undergrounding in certain areas but it was cost-prohibitive so the discussions were discontinued. The question was is this customary practice that you have engaged in with other areas and should we be entitled to the same issue? Again, these are issues that unless fully investigated, she would not be able to tell the Board whether they have failed to honor the requirements of the agreement.

Mr. Otero asked Ms. Hernandez what performance standards have been incorporated into the agreement? Ms. Hernandez replied the customary standards that are established in conjunction with the staff of the Public Service Commission, which are uniform throughout the State. The reason is that one governmental entity is not given more favored nations than another. Mr. Otero asked are those performance standards useful in what they are discussing today? Ms. Hernandez said she would say they are, but she is not a City engineer. Mr. Otero then asked who in the City can look at those performance standards and say they have, or have not, been met, do they address outages? Ms. Hernandez said she will get a package from the PSC. Mr. Otero said that aside from the poles, there is the gross conclusion that 99% of the people had no power during the storms. We also know that non-hurricane outages are quite frequent and these have to be a result of failure to comply with standards or that the standards are terrible.

Mr. Lopez said the agreement does have performance standards, but not to the level of detail that is required and talked about do they sit down with the players and play hard ball to make this a win-win situation?

Mr. Galan asked do they wait until June or do they make a recommendation to the City Commission now? Mr. Lopez said they first need to hear FPL's position on this issue.

Mr. DeWitt asked are there penalties for non performance and Ms. Hernandez replied no, but there are options. The City can go to the PSC or file a lawsuit to terminate the agreement but the question is what do we do then?

Mr. Martin said that reading from Chapter 366, which is the statute that regulates FPL and there is a provision that says very clearly "the Commission shall have exclusive jurisdiction to prescribe and enforce safety standards of the distribution facilities of all public electric utilities". We really have the exclusive right to enforce what we are talking about but, very interestingly, it goes on to say that "the National Electric Safety Code is the standard" and - he thinks - some other rather weak standards are what they are required to enforce. We may have a legislative suggestion here as to Florida, we need stronger mandatory standards.

Mr. Hernandez said that is why she provided statutory frameworks in her memorandum to the Task Force because it is important to recognize there are five players in this and legislature is one of them. Right now, they are considering legislation to further hamper municipalities' ability to control their rights-of-way and in favor of electric utilities.

Utility Service Reliability Task Force Minutes  
Meeting of February 1, 2006  
Continued

Mr. Martin said that with the respect to the existing standards and the fact that they do have the exclusive right to enforce safety, the thought he is having is to invite an inspector down here from the PSC to determine whether or not these standards are being met and report to us.

In response to Mr. Otero's comments on safety standards and reliability standards, Ms. Hernandez said she will provide the Board members with specific statutory reference and the Florida Administrative Code provisions and they do pre-empt onto themselves what is the industry standard for reliability. Where the State preempts onto itself as the sole authority, it preempts the City from exercising home rule powers in the particular area or issue preempted. Contracts or regulations which conflict with those state laws are void and unenforceable.

Ms. Hernandez referred to the telecommunication laws where we attempted to require payment of a higher amount for the use of our right-of-ways, which is property the City owns for the citizens of Coral Gables and the telecommunication companies did not want to pay to play and went to Tallahassee and Tallahassee adopted legislation preempting onto themselves the establishment of those fees, the locations, the issuance of permits. We have those powers except those that are preempted onto the State.

Mr. Lopez said he does not disagree with Ms. Hernandez, but when it comes to safety, OSHA is a bad word in any organization. When you bring in OSHA, you bring someone that will really make you comply. The issue of safety is a tremendous leverage point.

Mr. DeWitt added this is a Task Force, not a permanent board, and they are here to look and analyze what they can recommend to the City to fix the problems. They can go to the Legislature but it will take years. FPL is much better represented in the Legislature than the City of Coral Gables. We need to use the leverage we have with the Franchise Agreement and let's get the best ideas we have for, at least, an interim solution. We don't need more safety regulations; it is against the law to have an electric wire over a swimming pool. We just need to enforce existing laws.

Mr. Lopez said we need to hear the issues from the other party and Ms. Hernandez stated that the hurricanes blatantly demonstrated that we need to revisit the relationship with FPL, and revisit the rules and responsibilities and fix what may not be working.

The second question that Mr. Otero asked, said Ms. Hernandez, with regard to undergrounding of facilities and who owns the facilities, she is on the League of Cities Undergrounding Task Force and this is one of the issues they are looking at in addition to legislation. It is a very good question. If the City is going to pay 75% for something that is going into its right of way, what ownership does it have? Until recently, FPL had taken the position that it had to be 100% borne by the municipalities and citizens, but now FPL has agreed they will provide 25%. This is a good issue for this Task Force to identify because if we are going to be sharing costs, who is ultimately the owner?

Mr. Otero referred to the meeting attended in Tallahassee by Ms. Ferrer, of the Public Works Department. Someone at that meeting said that in 1965 there was a blackout in New York and it was an epiphany about the transmission network and the infrastructure. The hurricanes in Florida have been the same thing at the distribution end. This is an opportunity to address the

**Utility Service Reliability Task Force Minutes**  
**Meeting of February 1, 2006**  
**Continued**

distribution network and the fact that FPL is contemplating paying 25% of "X", is very positive in the sense that we can now address the issue of ownership and so on and so forth. One of the questions he has for Mr. Ferrer is when decisions are made to harden, let's compare it with conversion over a twenty-year plan. Mr. Otero said he doesn't want generators in 2030, he wants undergrounding because everything he has read says it is more reliable.

Mr. Martin said that with respect to the ownership issue, let's say if the City of Coral Gables sponsors an industrial revenue development bond at a low interest rate and FPL became the responsible party, which normally it would be under these circumstances, to repay that bond and they paid 25%, direct cash out of pocket, and an industrial revenue development bond which the City would merely sponsor and not become obligated to repay for the 75% at a very low rate of interest, then, all of the obligation to repay all of the costs would be on FPL. FPL would own and be responsible for future maintenance and future liability and, hopefully, in the process we would get some agreement as to performance standards respecting those facilities. The City wouldn't have to worry about anything else other than making sure that FPL complies with its responsibilities. This is where he was coming from in his other remarks that he thinks low-cost financing – and there is a provision in the statute for contributions from developers toward underground facilities.

Mr. Hernandez said Dade County does have provisions where new developments have to underground.

Mr. Lopez said the issue is very clear – there is a difference between new development and retrofits. There is legislation being considered to use the right-of-way instead of going into private property to the easement which would create safety issues such as cars hitting the transformers. The key is very simple – the difference between retrofit and new construction and determining the underground location.

The Board members thanked Ms. Hernandez for her presentation and she replied she would be happy to come back at any time.

**4. Presentation by FPL in response to inquiries made at the January 18, 2006 Committee meeting**

Mr. Ramon Ferrer, Area Manager for FPL, addressed the Board and said he is the person responsible for managing the relationship with the City of Coral Gables. Mr. DeWitt asked Mr. Ferrer on the City side, who does Mr. Ferrer talk to? Mr. Ferrer said he deals with all pertinent decision-makers within the City. The City Manager has the responsibility of making decisions regarding the ongoing relationship, but it takes a team of dedicated professionals to deal with the City of Coral Gables. There are several FPL engineers who have direct interaction with the Public Works Department. As far as decision-making policy, to pinpoint a two-way relationship, it would be the City Manager's Office directly with Mr. Ferrer.

Mr. Ferrer said he thought he would first go over the inquiries made at the last meeting, but given today's discussion, he would like to bring up the issue of safety and reliability. Safety is of utmost importance to FPL. If there is a safety concern at this point, he would like to immediately look at it, as they do in every case that is brought up to their attention to take the necessary steps

Utility Service Reliability Task Force Minutes  
Meeting of February 1, 2006  
Continued

to correct it. Mr. Ferrer said he is not aware of any wires over pools, but it has happened when there is no proper coordination. There are two codes here – the National Electric Code and the National Electric Safety Code – which is the one the utilities go by. There might be violations of either codes, or just one of the codes. The responsible party for enforcing the National Safety Code is the municipal authority in charge of that particular municipality. An electrical inspector of the City, in some instances, will bring to the attention of the power company an issue that needs to be corrected and will further ask FPL to disconnect electric power to the home if any part of the installation governed by that code is unsafe or incorrect. If it is a National Safety Code, which is the code FPL goes by, they will either bring up the issue directly with the customer or work with the municipality to resolve it. There are clearance issues with respect to structures and edges of pools.

Mr. Lopez said that since this issue has surfaced and it has been verbalized that these conditions do exist, the Board formally requests that the City provide this information to Mr. Ferrer. Ms. Jimenez said she is not aware of any of these conditions, but she did speak to the Electrical Inspector of the Building and Zoning Department who expressed his willingness to appear before this Board if necessary.

Mr. DeWitt asked Mr. Ferrer with regard to what has been discussed earlier today about easements and refusal by property owners, if there is a potentially dangerous situation on a property where there exists the possibility of trees creating power outages, why hasn't FPL cut off the power and exercise its rights? Mr. Ferrer replied that if FPL identifies an immediate danger-safety issue related to trees and power lines, they will take action because that is their obligation. Mr. DeWitt asked including cutting off the power? Mr. Ferrer replied he can't say if they have ever cut the power, but FPL has taken the action of going in and removing the obstacle. He wants to make it very clear that FPL is not in the business of tree trimming – they are in the business of clearing power lines and follow nationally-recognized standards to do that. FPL clears trees to maintain service reliability. When there is a conflict, there are two ways of clearing the line – either by trimming a tree and removing the portions that are in contact with the line according to the standards, or in the case of trees, such as palm trees that cannot be trimmed without killing the tree, the tree must be removed. FPL respects the property rights of its customers and makes an effort to negotiate with its customers for the removal of trees. There is no issue with the trimming; the number of incidents where the residents refuse to trim trees is very insignificant. The issue arises when they need to remove trees and they try to negotiate a solution for the problem. In the cases where there is no cooperation from the property owners, FPL has chosen not to take the legal way even though we recognize that we have the right. It would take a court order.

Mr. Lopez said FPL doesn't know if an elderly or sickly person who needs a respirator or life-sustaining equipment lives in that house. Mr. Ferrer added that it is not just that home that is being affected by that tree, it is the whole lateral and it is creating a problem for many customers.

In response to Mr. Ferrer's comment that FPL doesn't gain anything by disconnecting the power, Mr. Galan asked Mr. Ferrer doesn't he think that if they cut off the power to that house where the palm tree is that is creating the potential reliability problem – that property owner is going to come to him and ask him when can he have his lights back and maybe remove the palm tree? If they have never done it, they don't know; they are not using their rights. Mr. Ferrer said he

**Utility Service Reliability Task Force Minutes**  
**Meeting of February 1, 2006**  
**Continued**

doesn't know of any cases lately, but he will be glad to collect that information for the Board. He does know that they have removed the hindrance to the utility flow, as they call it, because it is the best thing for everybody. Mr. Ferrer said FPL can disconnect the power to a residence and wait for the property owner to follow the process, or FPL can take care of the problem and have all the customers in the lateral with better reliability.

Mr. DeWitt said he is confused because they just had this long discussion wherein it was identified as a major problem that FPL can't get into a property and remove or trim trees. Is this just not a problem that FPL is facing and is not an issue that contributes to power failures in the community? Mr. Ferrer replied that he does not have data to corroborate, verify or deny the statements made by the City Attorney about the percentage. Personally, he does not believe the issue where alleys were vacated way back and the issue of some homes where perhaps FPL facilities are too much into the property, rather than close or near the power line, is a widespread problem in the City.

Mr. DeWitt asked is this 1% of the problem? Mr. Ferrer replied he cannot quantify that unless FPL conducts an audit of the properties and determine exactly what percentage of customers is affected by that situation. Going back to the Merrick Easement, said Mr. Ferrer, which is a very old ordinance, it provides the right to the utility companies to use the rear five feet on for placement of utilities and provide three feet on the side for access. He believes it also prohibits customers from planting vegetation there that would be a hindrance but, honestly, he doesn't believe that has even been enforced. Mr. DeWitt asked is this a problem and Mr. Ferrer replied yes, it is a problem. Mr. Ferrer further stated he wishes to clarify two issues the City Attorney brought up where the old alleyways were vacated and then there is the other issue where there was never an alley and FPL facilities have always been placed on the rear easement.

Mr. DeWitt rephrased his question to Mr. Ferrer – is it a big problem for FPL that Coral Gables citizens are not letting FPL go in and trim trees? Mr. Ferrer yes, it is, but not as much for trimming as it is for removing trees.

Mr. Lopez said independent of where the easement is located, Mr. Ferrer just said a few minutes ago that really the accessing to trim is not a problem; the accessing to remove is a problem. Mr. Ferrer agreed.

Mr. Lopez asked is this within the context of the Merrick Easement type, or is it the everyone type. Mr. Ferrer said it is all.

Mr. DeWitt said then the Merrick Easement is not an issue. Mr. Ferrer said that is correct.

Mr. Ferrer said that when he reviews the five-point program, they will see that some of these issues are addressed and will be taken care of.

Mr. Otero said that before addressing the request made at the last meeting to Mr. Ferrer to provide some localized information, he wants to refer to the comment made today by Mr. Ferrer that FPL is not in the tree trimming business. Mr. Otero said that the Public Service Commission routinely monitors the tree trimming practices of the investor-owned electrical utilities, such as FPL. There is even a distribution service reliability report that will be prepared and delivered to

**Utility Service Reliability Task Force Minutes**  
**Meeting of February 1, 2006**  
**Continued**

the Commission outlining tree trimming and utility vegetation management practices. This Board has discussed today at length with the City Attorney the duties, rights and obligations under the agreement. Is Mr. Ferrer saying that under that agreement FPL has no duties to trim trees?

Mr. Ferrer replied no, that is not at all what he is saying. The Franchise Agreement, first of all, is a contract, it is not an exclusive contract, between FPL and a municipality basically through which FPL provides electric service to all customers within those boundaries. In exchange for that, FPL pays the municipality a percentage and there is a formula approved by the PSC and negotiated within the agreement. It is a percentage of the revenue FPL collects from residential, commercial and industrial customers. The most important condition is that the municipality will not engage in utilities.

Mr. Ferrer further stated that it is not performance contract. As Mr. Martin pointed out, the Public Service Commission has exclusive and plenary jurisdiction over the performance of the utility. This is done to make sure that the utility companies do not discriminate and treat all of their customers equitably, that they do not give the City of Coral Gables any type of privilege or advantage over any other customer.

Mr. Otero said there are a lot of verbs in this agreement – construct, operate, maintain, etc. Mr. Otero wants to know FPL's position regarding tree trimming in this agreement. Is FPL obligated to trim trees to provide service? Mr. Ferrer responded that FPL is obligated to provide certain level of service reliability and, in order to do that, tree trimming or land clearing is one of the activities in which they must engage.

Mr. Martin asked Mr. Ferrer for a copy of the annual report that is mentioned, Annual Report 25-6 on this issue which is to be filed on an annual basis. Mr. Ferrer said it is a public document and is available on the web.

Mr. Galan says it goes back to the issue of who is in charge. Our regulator is the Public Service Commission, but as a City, if we require as part of the Franchise Agreement that FPL give the City copies of the documents in which to report instances having to do with our landmass, we would be better informed and in a better position to potentially decide if we can't resolve something with FPL, we will have to go to the PSC and say FPL is not doing its job in our community. Mr. Ferrer said that would be for the PSC to decide.

With regard to Mr. Martin's request for a copy of the report, Mr. Lopez asked Mr. Ferrer to please provide it because many times if the information is not favorable, they ask that the report be kept confidential. Mr. Ferrer said he will be happy to provide a copy of the report.

Mr. DeWitt asked if FPL in their reporting and tracking and the quality control systems identify the City of Coral Gables as a unique reporting area, or is Coral Gables lumped in with Dade County or South Florida? Can FPL provide the Board information about our city? Mr. Ferrer said he has with him some information today to share with the Board, as requested. FPL does not calculate, compute or provide information at the local municipality level.



**Utility Service Reliability Task Force Minutes**  
**Meeting of February 1, 2006**  
**Continued**

Referring to a map, Mr. Ferrer pointed to the substations that serve the City of Coral Gables and said there is only one located within the City and it is located at the University of Miami. There are a total of thirteen substations and Mr. Ferrer proceeded to make a presentation on how electricity is distributed in the area. Mr. Ferrer said he looked into the cost issue in this area that the Board requested and it is impossible to obtain this information.

Mr. Galan asked what is the logic, if any, since some of those systems are underground, of having above ground feed to an underground system? Mr. Ferrer replied that the main feeder lines are the ones coming out of the substation through major thoroughfares. The most cost effective way to build the system, and he is not talking about the areas that are fully underground, is to build that feeder line overhead and then when the developer performs or completes a platted development, then they build the laterals underground. We are all fed from an overhead source, the transmission is always overhead. Mr. Galan said transmission they control, so there is no tree trimming or removal problem. The City should have never allowed a developer to build an underground system without requiring the burial of the feed because by definition, FPL is defrauding the consumers who were thinking they were getting a reliable system. In fact, the feed from the substation to the underground system is above ground and since the developer doesn't control it, it doesn't work. Mr. Galan said he has walked his system and that is how he figured out that the underground system in Coral Gables doesn't work because all of the boxes are going to be underwater and they are not meant to be underwater so we are all kidding ourselves with underground, unless you are above the ridge. He is at 22 feet above sea level and most people to the east and to the west of him are below 22 feet. For example, Westchester and certain parts of Coral Gables to the west are below 22 feet. If you underground that part of the city and there is a big surge, you are just kidding yourself. He is trying to apply common sense and, realistically, when we talk about a recommendation, the first recommendation should be to underground the feed to the major commercial areas and then begin to deal with other issues like buying water-tight transformers.

Mr. Otero said we are talking about probability. If 97% of FPL's restoration effort, in the distribution end, then he would say it makes sense to put underground distribution in Westchester, and we are still running a 3% probability of failure because of the above ground feeder which, hopefully, in the future, it will be placed under ground. Mr. Otero says he thinks it helps to, at least, have part of the component under ground if, in fact, as he read in one of the articles, 97% of FPL's restoration efforts are in the distribution end.

Mr. Galan disagreed with Mr. Otero and said that the feeder is distribution. The feeders to the underground sections of the City or to the commercial properties are above ground and that is considered distribution. The substation is the other issue.

Mr. Martin said it is his understanding, from reading the KEMA report that very few substations failed in Wilma but feeders did fail. In the updated 1991 PSC report on undergrounding the biggest cost was to convert the feeders, approximately \$477,000 average per feeder, and that is based roughly on 55 customers per feeder. Is that a realistic estimate in the Gables?

Mr. Ferrer replied that it is not. A feeder in FPL's service territory, including the Gables, would have between 1500 and 2000 customers for the entire feeder, including all the components.

Utility Service Reliability Task Force Minutes  
Meeting of February 1, 2006  
Continued

Once FPL has repaired its critical infrastructure and brings back all of the thirteen substations that serve the Gables, then FPL begins to restore their feeders based on a very simple formula – the largest number of customers in the least amount of time, making emphasis on those feeders that serve critical infrastructure customers, such as hospitals, police, fire, etc. There is a prioritization number on all of the feeders of FPL, but also within each substation, so the area manager in charge of that substation has a prioritization within the substation. For example, let's say that the Douglas Substation has five feeders that serve Coral Gables, one of these feeders could be number 345 in their system, but for Douglas, it is No. 1, so immediately, the manager in charge of that substation will go to work on that No. 1 feed.

Mr. DeWitt asked Mr. Ferrer if FPL turns off the power during the height of the hurricanes. Mr. Ferrer said no, and that the only exception is the nuclear power plant, where they are required by the Nuclear Regulatory Commission to bring down the units. One of the problems of losing the transmission lines and substations is that one the substation is off, all of the feeders are off and once they bring them back on, they must assess the feeders to make sure there won't be fireworks when they turn the power back on. Mr. Ferrer continued explaining the process to fully restore the feeders. He then went on to explain the process followed to restore the laterals.

Referring to the design, Mr. Otero said that one of the things they are addressing is the future. There are four little houses which will now be torn down and 100 unit condominiums will be built so now there are four hundred customers, not four. At what point does FPL redesign the component to enlarge it and add capacity to service those four hundred customers, and when that is done, is that a good trigger to consider changing from above ground to under ground for the next segment, i.e., a feeder? Mr. Ferrer said absolutely, yes. Mr. Otero asked is it being done? Mr. Ferrer said no, not that he knows of. There was an initiative in the City when the parking garage was built in the downtown area to have the developer underground part of the area and there was a study done and a decision was made against it. With regard to underground, Mr. Ferrer said, it has always been around and it has to do with the size of the equipment that FPL uses to serve the facility. Overhead is limited to the size and he believes the biggest transformer they have in their system is 167 KBA. If a condominium is built, it will have to be served underground and the developer, through an ordinance could be encouraged to not only provide underground to his building, but also to take care of some other portions of the system.

Mr. Otero asked if this happens in the City of Coral Gables and four houses become four hundred condo units, is the city involved in the decision-making process as far as under ground or above ground? Mr. Ferrer said he is not sure. The City definitely gets involved with regard to permits.

Mr. Galan said his personal experience having seen the upgrade Cocoplum. FPL had to take all the cables and change to boxes to triple the original size and the City was involved in the cleanliness and truck traffic perspective, but not from a reliability perspective. It goes back to the Franchise Agreement which doesn't address performance standards.

Mr. Lopez said that on the underground issue, there is a tariff for under grounding and it is requested by the developer, but what is unacceptable is where our city is requested to put in poles that are out of step in terms of distances, etc. and the City's Public Works Director, Mr. Delgado,

has had to place a moratorium on poles. The utility should say they are not going to put in poles one hundred feet apart and now, as a result of your service request, they will have to install poles thirty feet apart. Instead of asking the City of Coral Gables for a permit, there is a responsibility by the utility company to say "no" because number one, it is going to throw the network out of whack and we are going to require that you under ground. Mr. Lopez said he doesn't think this communication exists at this moment, unless in new developments in the County. It is not a blame issue, but some engineering responsibility must be taken by FPL. The issue is not whether it takes ten or thirty poles, the issue is starting to drive that reliability mindset on the developer because if they are spending millions of dollars, FPL's costs to underground is going to be minimal.

Mr. Otero said that if, conceptually, a new neighborhood gets underground. A major retrofit from FPL's point of view to go underground. Mr. Ferrer said no, that at this point.

At this point, Mr. Ferrer explained the 5-point plan, which has been recently filed with the Public Service Commission. There is a copy in the plan in the packets the Board members received this morning. It is a plan to build stronger grids for the future and they will find that this plan answers many, if not all, of the questions asked by FPL's customers. This is the result of all the review FPL has been conducting together with KEMA, with FPL's forensic team, input from legislators and the Public Service Commission. Frankly, it is an unprecedented industry-setting, sweeping change this Board has in front of them and FPL is very excited about it. It is strenuous, stringent and it raises the bar in the industry. Mr. Ferrer said he would touch on the main points.

The completion of what FPL calls the post-hurricane repairs and targeted facility upgrades for 2006. Before this hurricane season, FPL will replace all damaged poles, including those that have been braced during the hurricanes. They will also straighten leaning poles. They will replace all damaged lightning arresters, switches, and all parts or components of the system that are in need of repair this year. Currently, they are conducting a survey in Coral Gables and a pole assessment using contractors of all these facilities to make sure that anything that needs to be done to prepare and bring the system to the best possible standard before the next hurricane season is done.

FPL's inspection program will be modified to include a systematic ten-year inspection and treatment cycle for all of the 1.2 million poles, and this is unprecedented. The KEMA report found that the three steps taken to inspect and treat poles would mean that FPL would inspect 80% to 90% of the poles within fifteen years, approximately. Now, they will inspect and treat all of the poles in ten years.

FPL will also take steps to harden the electrical infrastructure. The National Safety Code they want to now adopt will be the section of extreme wind velocity criteria which is 150 miles per hour. Of course, this is going to take some time to do, it will not happen overnight.

FPL will upgrade the existing overhead feeder lines, initially targeting those that serve the critical infrastructures.

Utility Service Reliability Task Force Minutes  
Meeting of February 1, 2006  
Continued

FPL will also replace targeted components of transmission and substation issues which were built based on old standards.

The next step is in the under grounding area. FPL will invest 25% of the cost of any local government sponsored overhead to under ground conversion projects. The condition is that the City needs to be involved and everybody identified will have to convert. They can't have people who will and people who won't. Mr. Ferrer said he would tap on the ownership issue quickly. FPL now has facilities in place these customers and it does not imply additional revenue, what they are doing is changing their assets from overhead to underground, and it will be built according to FPL's standards and FPL will own and maintain those facilities.

Mr. Galan said it is a good deal for FPL because instead of building with whole dollars, they are building with twenty-five cents dollars because the city is paying for 75% and FPL is paying 25% and at the end, FPL owns it. Mr. Ferrer said Mr. Galan is right, but they are also paying for a better system. Mr. Galan says he disagrees because during the two weeks they will have service to whatever houses wouldn't have had service for two weeks, FPL will be receiving revenues. This is a self-serving revenue maintenance program, as well as, perhaps a reliability increase program. Mr. Ferrer said FPL is providing the community with an incentive to move this issue forward.

Referring to the term "local government sponsored" Mr. DeWitt asked if the State of Florida were to come in and fund part of that, that would count? Mr. Ferrer said that would have to be analyzed. Right now it is a local government sponsored initiative. Mr. DeWitt asked is Mr. Ferrer saying no local government can afford to do this and it is not going to happen? Mr. Ferrer said that is not what he is saying, at all. There are some local governments that can afford this. They need to do is what is feasible and achievable for the City of Coral Gables. Where do they start, where do they end, what is good for our customers there? Is it the laterals on this section? Is it the feeders and the laterals on this other section?

Mr. DeWitt said local governments will try to get federal or state money and FPL is saying they won't pay any money if local governments get the money from somewhere else. Mr. Ferrer said if local governments get monies from another source, it is independent from this. Mr. DeWitt apologized, he misunderstood.

Mr. Otero asked to reconcile what feeds what home in Coral Gables, and it is almost impossible to determine reliability or costs by municipality because the design is not by municipality. Mr. Ferrer said that FPL defines the area and, say, Granada, from Bird Road to U.S.I. FPL can have an engineer go out there and perform a cost estimate of that section. Mr. Otero said to go underground in the City of Coral Gables; it doesn't do the City any good if part of the components is outside the City. How do you reconcile the difficulty engineering wise? Mr. Ferrer said that the City has to evaluate what is achievable for its municipality. Certainly, Coral Gables will not be paying for the portion of the feeder that serves the City of South Miami. For example, if the City concentrates on the laterals for the City of Coral Gables, that is achievable.

Mr. Lopez said these are things that are moving in the right direction and cautioned Mr. Ferrer that the expectations are going to be high.

**Utility Service Reliability Task Force Minutes  
Meeting of February 1, 2006  
Continued**

Mr. Ferrer said that somebody here today mentioned that FPL is contemplating to do this. FPL is not contemplating to do this; there is a commitment from his organization from the top echelons of management all the way down to the last employee to do this. They have filed it, they intend to do it, it will take some time, it will cost some money, but they will do it.

Mr. Galan said FPL filed it with the PSC. It will, therefore, be reviewed and approved by the PSC, which will then take the rest of the world out of it, and unless the municipalities that are impacted by the lack of FPL's reliable service get involved with the PSC and advise them of what our particular requirements may be, we will be cut out of the picture and get what FPL was able to lobby in Tallahassee and get what FPL likes, but not what the City needs.

Mr. Ferrer said that at the last meeting of the PSC in Tallahassee, there were several municipalities represented there. The Mayor of the City of Coral Gables planned to attend but was unable to due to a problem. Local governments have been providing input to the PSC and the PSC has been listening and whatever decisions FPL has made about its infrastructure will be applied to everybody the same way.

Mr. Galan said he doesn't think a single FPL employee gets up in the morning and says he wants to build something that fails during the hurricanes, and he understands that. If the City of Coral Gables does not get involved in this major plan with the PSC right now, FPL will end around the City and build a system that satisfies FPL's needs and may not satisfy the City's needs. We are in a tropical climate. He doesn't care what utility pole FPL installs in Apopka, it will deteriorate and decay differently in Miami. If we don't communicate this to the PSC and that we have to deal not only with the wind speed but also with decay and deterioration because of our tropical climate, we will get, again, substandard poles and substandard service because instead of lasting 50 years in Apopka or wherever, here it rots earlier. But we didn't voice our concern, so we didn't get legislative input.

Mr. Martin said he agrees and we should be involved in that docket, especially because we are in a tropical climate.

Mr. Ferrer said one of the reasons they are making it a local initiative is because the City must be the coordinator of all the utilities. Mr. Lopez asked, in the case of poles and facilities, is FPL going to leave Comcast and BellSouth in the back, or are they going to move them to the front? How will FPL deal with that? Mr. Ferrer said they will have to come up with their own proposal. Mr. Lopez said possibilities exist of having the power in the front and the rest of the utilities in the back. Mr. Ferrer said that is why the local government needs to be the coordinator.

Mr. Lopez asked Mr. Ferrer would he give this presentation at the public meeting that will be held next week? The Board wants the residents to hear this from FPL.

With regard to Point No. 1 on the Five-Point Plan, Mr. Lopez asked Mr. Ferrer what is the completion timeline? Mr. Ferrer Replied he would like to say before the peak of this year's hurricane season.

Utility Service Reliability Task Force Minutes  
Meeting of February 1, 2006  
Continued

With regard to Point No. 2, Mr. Lopez remarked this is a commendable step, but he is surprised that even Miami-Dade County figured that 150 miles an hour back in 1992 and is glad that FPL is now doing this. Mr. Ferrer replied that the reality of the matter is that it worked very well for FPL for many years, and one of the things he likes about that report is that the weather has changed and so has FPL.

With regard to the point on underground, Mr. Lopez cautioned Mr. Ferrer to not oversell this point. On line clearing and vegetation, Mr. Lopez feels there are some issues that need to be addressed.

Mr. Otero inquired about localized revenues and profitability. Mr. Ferrer replied FPL does not have any figures for costs or profitability. FPL does not produce or calculate them. Mr. Otero asked is FPL unable to or will not? FPL's position is they will not because it is practically impossible to allocate costs of all components to a particular municipality and FPL does not want to compare among municipalities. Mr. Ferrer said he will, however, try to come up with some reliability indicators data and outage data specific to the City for the next meeting.

Mr. Otero said the basic question was why did the system fail in Coral Gables.

Mr. Galan asked Mr. Ferrer he cannot tell the Board the revenues FPL derives from Coral Gables? Mr. Ferrer replied that revenues are used to calculate the Franchise Agreements but FPL does not calculate revenues by municipalities to compare one with the other. There are rate classes and all residential customers pay the same rate.

Ms. Jimenez was directed by the Board members to obtain this information. Mr. Otero said that since Mayor Slesnick and City Attorney Hernandez are on the League of Cities Committee they should be aware of the engineering issue with regard to undergrounding. Ms. Jimenez stated that the minutes from these meetings are provided to the City Commission and any action this Board wants the Commission to consider is included on the minutes and is part of the City Commission Agenda.

Mr. Galan asked Ms. Jimenez, given what has been discussed here today, whether she thinks the City Commission would react positively to a suggestion from this Board that they get involved now in the docket that FPL has filed before the Public Service Commission, even though this Board's term is not finished. Mr. Galan further stated that he would recommend that if the City does not have the proper resources, that the City Commission hire appropriate consultants to represent the City's best interests in this docket. With no disrespect to FPL, but being on the other side, it is this Board's responsibility to say they will not let FPL dictate the standards of this City in Tallahassee. Mr. Galan said that City representatives should go before the Public Service Commission and urge the Commission to not adopt in Tallahassee what doesn't work in Miami. It is in the best interest of the City, together with other cities, to get involved in the process and that this City's interests are known to the Public Service Commission, as well as FPL's. Mr. Galan further requested that this motion be presented to the City Commission at its February 14<sup>th</sup> meeting and not at the end of the Task Force's period, which would be too late.

Utility Service Reliability Task Force Minutes  
Meeting of February 1, 2006  
Continued

Mr. Otero added that there is no reason to do this alone and this effort should be consolidated and the costs should be shared with other municipalities with which we share common interests, such as common climate, common provider of electricity, and the same regulatory commission.

Mr. Martin said that some of the recommendations made by the staff will ultimately be approved by the Public Service Commission, which may, or may not, include this City's legislative recommendations; therefore, the City of Coral Gables needs to influence these recommendations as much as possible. The following motion was made by Mr. Galan:

**To immediately inform the City Commission the urgency of the pending docket from FPL, entitled "Storm Secure: FPL's Five Point Plan to Build a Stronger Grid for the Future" before the Public Service Commission and that it is in the best interest of the City of Coral Gables, together with other cities, to get involved in this process.**

The motion was seconded by Mr. Anderson. The motion passed unanimously.

Referring to House Bill 431, that City Attorney Hernandez had mentioned earlier, Mr. Galan stated that based on the work the Utility Service Reliability Task Force has done so far, there appears to be proposed legislation that may seriously impact the City's ability to serve its citizens in the area of power reliability, as well as diminish the City's authority on zoning issues. FPL realizes they have a problem and if they cannot get this through the Public Service Commission, they will get this through the House and the Senate, who tells the Public Service Commission what to do.

Ms. Jimenez replied that this Bill would allow more authority to FPL as it pertains to the right-of-ways. The City is very concerned and is working with the Dade League of Cities on this matter.

Mr. Lopez read aloud portions of the report and stated that House Bill 431 is very disturbing because it gives more power to FPL than to municipalities.

Mr. Otero read the following excerpts from the proposed House Bill 431 "...; providing that electrical substations shall be considered a permissible use in all land use categories and zoning districts; creating s.163.3208, F.S.; prohibiting a local government from requiring permits or other approvals for vegetation management and tree trimming within an established electric power line right-of-way..."

Mr. Lopez suggested that the City Attorney review this motion before it is presented to the City Commission. Mr. Galan made the following motion:

**To urge the City Commission to oppose House Bill 431 and to direct the City's lobbyists to represent the interests of the City during the legislative process, and to report back to the Utility Service Reliability Task Force.**

The motion was seconded by Mr. Martin. The motion passed unanimously

The Board requested that the City Attorney review the requests they have made to the City Commission and Ms. Jimenez said she will provide the Board with a copy of the memo prepared by the City Attorney on this subject.

## 2. Review of the Enclosed Materials

Ms. Jimenez explained that most of the additional materials presented to the Board this morning have already been covered, but there is also a memorandum prepared by Lis Ferrer, of the Public Works Department, who attended the Public Service Commission Workshop. Also included in the additional materials is a copy of the survey posted on the website.

Mr. Lopez asked Ms. Jimenez if provisions have been made to deal with the elderly population, especially at the public meetings, perhaps through organizations that deal with senior citizens, and allow them the opportunity to participate in this process. It was suggested that the survey be published in the newspapers and be available at the public meeting of February 9<sup>th</sup>.

Mr. Galan addressed the Public Works Director, Mr. Delgado, and asked to what extent can the Public Works Department help the lobbyist the City hires in the efforts to communicate with the Public Service Commission and identify the issues that require higher standards than those the utility companies have to follow? For example, the City requires a house to be built at a certain altitude above sea level, yet the utility company can install their equipment on the ground. The Public Works Department can help immensely in identifying those areas that indicate Coral Gables standards have to be higher than the standards north of the City.

Ms. Jimenez informed that Enrique Guzman, the City's Electric Official, will work with Mr. Delgado on this project.

Mr. Delgado said he would like to make the following clarification. From the point of view of a land surveyor, the Merrick Easement is not recorded in your survey. For example, the new subdivisions have a ten foot easement in the front. The Merrick Easement is an old ordinance that says that all the properties in the City of Coral Gables that were part of the original plat have to leave five feet in the rear and three feet in the sides. When an alley is vacated, the City usually requires an easement and if any of the utility companies have an interest in an alley, the City constitutes a recorded easement; therefore, no alley or street has been vacated in the City without an alley constituted if there is a utility there; unless the person receiving that portion of the property relocates the facilities from the alley. Surveys will show all easements that have been recorded, except the Merrick Easement.

Mr. Lopez asked Mr. Delgado did the City give the utilities back then an easement? Mr. Delgado said that all utility companies have to give the City a release as part of the alley vacation procedure.

Mr. Delgado said that since the Merrick Easement is not recorded, the enforcement is not as strong because it is not in the surveys. The Board members said this is a very enlightening point. Maybe FPL is not turning off the power because the property owner may say his property doesn't have an easement.



**Utility Service Reliability Task Force Minutes**  
**Meeting of February 1, 2006**  
**Continued**

Mr. Martin asked for a copy of the Merrick Easement. He would also like to read the standard language used in alley vacations. Mr. Delgado said there is a series of standard conditions when an alley or a street is vacated.

Ms. Jimenez said that alley vacation is not typical throughout the City. It usually happens in the commercial areas, such as the Crafts Section that has rear alleys for utility purposes.

Mr. Otero asked are there any utility lines located where there are no easements? Mr. Delgado said no.

Mr. Galan said that the weakness of that ordinance is prohibiting some of the utility companies from exercising the right for access. Has revising the ordinance ever been considered?

Mr. Otero said legal opinion from FPL is missing. Legal opinion from the City Attorney said FPL has every right to access the property.

Ms. Jimenez said she does not want to speak on behalf of FPL. Mr. Victor Muniz is present and he can correct her, but she feels the issue becomes a PR issue. Ms. Jimenez said the biggest issue in the City is educating the residents on the importance of placing the trees correctly in the rear of the property. The City doesn't require permits for placement of landscaping, but does require permits for removal of trees. FPL was great in putting together a public service announcement that was aired on the Channel 77, the City's channel.

Mr. Anderson asked did the City plant the palm trees that are in the parkway, between the sidewalk and the street, where some of the distribution lines are located? Both Ms. Jimenez and Mr. Delgado said yes.

In response to a comment made by Mr. Delgado on the FPL method to trim trees, Mr. Galan said, in other words, FPL trims trees taking into account clearing the lines but not taking into account the lateral movement of hurricane winds.

**Utility Service Reliability Task Force Minutes**  
**Meeting of February 1, 2006**  
**Continued**

Mr. Lopez asked is the Public Meeting being advertised in the city's website.

Mr. Galan suggested having bulletin boards at the public meeting for people to see before they enter the Chambers so they realize the city is keeping track of what is going on.

Question from Maria on the format. Mr. Lopez said hopefully Mr. Ferrer will have completed the timeline.

Mr. Galan – will we limit the presentations by the utility companies. extend

Mr. Otero – have fpl give a very localized presentation and afterwards with representative still present, have the public come up and address issues.

Mr. Martin – The presentation should be made by someone like Ramon, he is very competent, then open the floor to questions from the public. The board may have some questions as well, which will be public interest type of questions that the public will appreciate the board asking.

Maria - Focus presentation by the 3 utilities and ask that they concentrate on numbers related to the city – reliability of service hurricane and non-hurricane related

Enrique – Let's be pragmatic and start by saying what we are doing, and what we have identified.

Mr. Galan – we need to become experts in prevention

Limit presentations

Have notecards. Have staff sitting at a table where citizens can write the complaints and suggestions to be collected later.

Mr. Galan - is the task force under the same sunshine laws as the City Commission. Ms. Jimenez said yes. The best to knock out a recommendation is by violation of the Sunshine Law.

*Meeting adjourned at 12:15 p.m.*

CITY OF CORAL GABLES  
UTILITY SERVICE RELIABILITY TASK FORCE

January 18, 2006, 8:30 a.m.

Commission Chambers  
405 Biltmore Way  
Coral Gables, FL 33134

**Board Members Present**

J. Peter Martin  
Richard DeWitt  
Enrique Lopez  
Jorge E. Otero  
John E. Anderson

**Appointed By**

Mayor Slesnick  
Vice Mayor Anderson  
Commissioner Cabrera  
Commissioner Kerdyk  
City Manager Brown

**Staff**

Maria Alberro Jimenez, Assistant City Manager  
Alberto Delgado, Public Works Director  
Lis Ferrer, Project Engineer, Public Works Department  
Munjal Thaker, Information Technology Department  
Lillian Quiroz, Executive Assistant to the City Manager

**Guests**

Mayor Don Slesnick  
Vice Mayor Maria Anderson  
City Manager David Brown  
City Attorney Elizabeth Hernandez  
Ramon Ferrer, Manager of External Affairs, FPL  
Victor Muniz, Major Accounts Manager, FPL

**Proceedings**

Assistant City Manager Maria Alberro Jimenez called the meeting to order at 8:30 a.m. and introduced Mayor Donald Slesnick

**1. Welcome**

Mayor Slesnick thanked the Board Members for accepting this challenge and shared with the members that the Commission looks forward to receiving their valuable input on this important cause. Mayor Slesnick further stated that the City anticipates more disastrous events in the months to come and wants to assure the residents that the City has done all that it could with the utilities franchises and make sure the City has all the possible and affordable services. Electric power became the central theme in the recovery process during last year's hurricane season.

Mayor Slesnick said that a Mayors Blue Ribbon Committee has been formed by nine mayors of Miami-Dade County and he is the Chair of this committee. The information gathered by the Mayors Blue Ribbon Committee and the Utility Services Task Force will be shared.

**Utility Services Reliability Task Force  
Meeting of January 18, 2006  
Continued**

Vice Mayor Anderson thanked the Board Members for accepting this task and the time they will be dedicating to this function is very much appreciated.

City Manager David Brown thanked the Board Members for their time and effort and said he will give this board all of the resources necessary to achieve the objective.

**2. Self-Introductions**

Ms. Jimenez acknowledged all staff members and FPL representatives present and announced that she will be conducting the meeting until a chairperson is selected. Ms. Jimenez asked the Board Members to please introduce themselves and express what they intend to achieve from this effort.

Mr. Richard DeWitt said he is a business and technology attorney and both his office and residence are located in Coral Gables. He is also the Chairman of the Economic Development Board. Mr. DeWitt said he has a commercial and residential interest on what is accomplished here. He would like to focus not just on recovery issues with regard to hurricanes but also at what this committee can do to improve the quality of services in general.

Mr. John Anderson said he is a mechanical engineer and has a small mechanical engineering consulting firm on Majorca Avenue. He has been a Coral Gables resident since 1966. Mr. Anderson said he would like the committee to address other utilities, which are also essential to the City's well-being, such as telephone and cable that occupy the same poles and right-of-ways.

Mr. Jorge Otero said he has lived in Coral Gables since 1980 and his law practice is also in Coral Gables. His background is in industrial/electrical engineering and he has done studies for the Bell System for seven years. He would like this board to take advantage of FPL's know-how. This Board needs to look at hurricane-related issues and normal day-to-day non-hurricane related issues. The contribution he wishes to make is one where there won't be anything to restore on a day-to-day basis and after hurricanes.

Mr. Jay Martin said he has lived in Coral Gables since 1968. His educational background is in mechanical and nuclear engineering. Primarily, he is involved in the management of regulated utilities, although not in the electrical industry. His experience has been with waste water and natural gas and propane. For roughly thirty years, he has been involved in appearing before the Public Service Commission and County Commissions dealing with audits of regulated utilities. How will the improvements this committee will ultimately find are necessary be financed? How can that cost be met without impacting the rate payers too dramatically? Are there other sources of funds in the form of impact fees, or using industrial development revenue funds, which would be relatively very low cost? This is how he hopes to make his small contribution.

Mr. Enrique Lopez said he is a resident of Coral Gables and is the principal in an information technology consulting firm. He envisions this Task Force identifying hurricane and non-hurricane related issues and providing those issues to the utility companies for action. The utility companies have certain service and maintenance-related responsibilities and the City of Coral

**Utility Services Reliability Task Force  
Meeting of January 18, 2006  
Continued**

Gables has some of the oldest infrastructures. To summarize, he sees very positive short and long-term solutions as the end result of this committee.

**3. Review and approval of the minutes from the January 4, 2006 meeting**

Mr. Otero made a motion to approve the minutes of the January 4, 2006 meeting as presented. The motion was seconded by Mr. Lopez. The motion passed unanimously.

**4. Review and comments on the descriptions and duties of the Task Force**

Since there are new members present at this meeting, Ms. Jimenez reviewed the functions of the Service Utility Reliability Task Force. Ms. Jimenez provided the opportunity to the Board Members to address any related comments or concerns. Mr. Martin said he read "No member may have an existing affiliation with FPL". He is the Director of Chesapeake Utilities Corp., which has natural gas distribution facilities in Florida, and even though it is less than 1/10 of 1%, approximately \$300,000 yearly, he wishes to disclose that there are financial arrangements between Chesapeake utilities and FPL.

City Attorney Elizabeth Hernandez addressed the Board Members and thanked them for their time and efforts on this task. Her office will serve as the funnel to provide information to this task force from the many committees that have been formed throughout the state, such as the Task Force created by the Florida League of Cities, the Florida Municipal Attorneys Association, the Miami-Dade League of Cities, and the Dade County Task Force. She is closely monitoring legislation that is being proposed regarding the usage of the right-of-way and may fly to Tallahassee to voice the City's objections to certain parts of it.

With regard to Mr. Martin's issues, Ms. Hernandez said, legally there is no conflict under the definitions that are espoused by both the Miami-Dade Ethics Commission and by the State Ethics Commission. However, she will review the minutes of the City Commission meeting when the resolution to create this board was adopted and will report her findings to Mr. Martin at a future date. The City Commission just wanted to make sure that this issue is addressed by a group of professionals in a very unbiased fashion.

Ms. Jimenez reported that included in the agenda packets is the analysis by the City Attorney on the FPL Franchise which was requested by this board at the January 4<sup>th</sup> meeting.

Mr. DeWitt expressed that there will be temptation to address a lot more issues than those outlined and he hopes the focus will be on what is really critical within the 120-day mandate. Mr. Otero said the resolution talks about electrical service reliability, notwithstanding the title of the task force; therefore, he agrees with Mr. DeWitt that they cannot address this issue in a vacuum if down the road they encounter a pole that services more than one utility. However, the focus should be what was requested by the City Commission.

**Utility Services Reliability Task Force  
Meeting of January 18, 2006  
Continued**

**5. Review of City's web site modification: "Utility Service Reliability Task Force – Request for Public Comments"**

Ms. Jimenez said that at the January 4<sup>th</sup> meeting, Mr. Lopez suggested gathering information from the residents as far as their experiences with FPL. An icon will be added to the City's webpage that will allow residents to do this.

After a very thorough presentation on the website modification by Mr. Munjal Thaker, of the Information Technology Department, Mr. Lopez stated that it is a tremendous jumpstart to what he has envisioned. The Board Members felt that expeditious implementation of this feature would provide valuable information before the February 9<sup>th</sup> Town Hall meeting.

Discussion ensued regarding canvassing Coral Gables residents on whether or not there is an interest on other sources of energy, such as solar panels. This would also provide information on how residents feel about generators and undergrounding utilities. Ms. Jimenez responded that her concern is that this might raise comments to which there are no answers at this point, such as the cost of undergrounding. Making a clear distinction between a survey and a service complaint was also discussed. Mr. DeWitt suggested a hotlink also be added to the City's E-news. He feels this would be a great opportunity for residents who may not have time to come to the Commission Meetings to participate in this process.

Mr. Lopez said senior residents, who may not have access to the internet, also need to be considered and their voiced heard. Mr. Lopez asked the support of the board members to keep this as a service complaint issue rather than a survey. Mr. DeWitt suggested that these be two separate forms and that perhaps the Coral Gables Gazette can publish the form as a public service.

Mr. Martin said one of the main roles of the committee is to interface as much as possible with the community and is impressed with the thought of asking the residents how much they are willing to spend. Perhaps after the first public meeting and receiving resident feedback, in an effort to finalize their product, they can go to the public with a survey that contains the key issues this committee has decided are important. This way, this committee can truly say they have asked every Coral Gables resident for their input. Ms. Jimenez said staff will finalize the modifications on the complaint portion and then start work on the survey portion that will include the items that have been mentioned.

The Board members requested a summary be prepared of the feedback received on the website. Ms. Jimenez said staff will try to have the link operational by the beginning of next week. Mr. Lopez requested that the comments received be forwarded to the committee members as they come in.

**6. QUESTION AND ANSWER SESSION WITH FPL**

Ramon Ferrer, FPL External Affairs Manager in charge of South Miami-Dade County, said he welcomes the opportunity to work with this task force to improve services to the residents of Coral Gables. Mr. Ferrer is an electrical engineer, has a Master's degree in business

**Utility Services Reliability Task Force  
Meeting of January 18, 2006  
Continued**

administration and has been with FPL for twenty-seven years. Mr. Ferrer reported that after the 2004 hurricane season, FPL put together a forensic team of engineers to take a look at the impact on the system. Hurricane Wilma caused extensive damage to FPL's systems. FPL hired KEMA, a reputable firm from The Netherlands, to examine the performance of FPL facilities during Wilma. KEMA's report is available in the Florida Public Service Commission's website. The report has found that FPL meets or exceeds safety standards according to the National Safety Code.

Mr. Otero asked Mr. Ferrer even if the KEMA Report says FPL met or exceeded standards – we know that the system is not healthy enough - does FPL plan to improve the reliability of its systems, given the fact that fourteen hurricanes are forecasted for the next hurricane season? Mr. Otero read on FPL's website that FPL plans to spend \$3.6 billion between 2005 and 2009 in poles, wires and electrical equipment – does Mr. Ferrer know how much of that amount will be spent on Coral Gables? Mr. Ferrer replied that it's too early to come up with that information.

Mr. DeWitt asked Mr. Ferrer what is the relationship between safety standards and restoring service standards? Mr. Ferrer replied that safety is of paramount importance and that systems are designed to achieve a certain level of performance reliability. In response to Mr. DeWitt's question if there is data available on how FPL performed during the hurricanes in Coral Gables, Mr. Ferrer replied that FPL does not provide data based on municipal boundaries. However, he will have some information available at the next meeting.

Mr. Otero asked Mr. Ferrer can FPL localize the statistics that are specific to the City of Coral Gables. If there are reliability problems, are they due to vegetation, poles or wires? Perhaps the weak links, once identified, are unique to the City of Coral Gables. The KEMA Report addresses the state as a whole, but this board needs to specifically address issues that affect the City of Coral Gables. Mr. Lopez concurred with Mr. DeWitt and Mr. Otero.

Mr. Ferrer made a thorough presentation on the effects of Hurricane Wilma on FPL's infrastructures and the steps taken to repair said infrastructures and restore power.

Mr. Victor Muniz, FPL Account Manager for the City of Coral Gables, stated that he serves as a liaison and expanded on his role as such.

Mr. Lopez said January 6 was the anniversary date of the thirty-year Franchise Agreement between FPL and the City of Coral Gables, and if the City so desires, it can request an audit within the next ninety days. Mr. Ferrer replied that throughout the years the City has performed audits, especially after annexations, to true up the number of customers which is the variable that is used to calculate the franchise payments.

Mr. Lopez asked Ms. Jimenez when was the last time an audit was performed. Ms. Jimenez replied she will have this information available at the next meeting. Mr. Lopez said we are within the window of time to perform an audit. With regard to the question made by Mr. Lopez on the favored nations scenario, Mr. Ferrer explained that they are required to publicly disclose to all of their franchisees if they negotiate a franchise with more favorable conditions. Mr. Ferrer further explained that the franchise fee is equal to an amount that when subtracted from permits,

**Utility Services Reliability Task Force  
Meeting of January 18, 2006  
Continued**

ad-valorem taxes and corporate taxes, it is equal to 6% of the revenues from residential, commercial and industrial customers within the City of Coral Gables.

Mr. Lopez would venture to say that FPL per meter revenue stream in Coral Gables far exceeds that of other municipalities, and from a business standpoint, it behooves FPL to ensure that the service it delivers to Coral Gables is reliable and top rate.

Mr. Otero asked Mr. Ferrer is the City of Coral Gables is more profitable to FPL than other municipalities. Mr. Ferrer replied that he will try to obtain this information from FPL's Finance Department. Mr. Otero asked has FPL drawn conclusions as to why the systems failed. Mr. Muniz responded that it depends on the storm.

Mr. Ferrer informed that FPL starts repair efforts based on priorities, which are set by FPL with input from their customers.

Mr. Martin said he would like FPL to provide, with as much detail as possible, why the system failed in Coral Gables. Mr. Ferrer replied he will try to obtain this information. Mr. Martin asked FPL to provide some details concerning the \$1 billion recently authorized for improvements by the Public Service Commission for storm recovery, which is to be paid by the surcharge on the electric bills over a period of time. Will it be used to improve and harden the facilities, or will it be used to restore the infrastructure to the same conditions they were at the time the hurricanes occurred. Mr. Muniz said they have to keep in mind that the tree situation has a direct impact on the reliability of the facilities. No amount of hardening can prevent a tree falling on top of a power line.

Mr. Otero made reference to the Wall Street Journal article which states that in non-hurricane periods tree-related power outages jumped 24% between 1999 and 2004 and FPL's website says FPL will spend \$3.6 billion on poles. Does this mean going from wood to metal poles, a new coat of paint? Has proper maintenance been done? Obviously, vegetation is one of the key elements and there are deficiencies in the maintenance of trees. The goal is to localize expenditures, localize revenues, review reliability studies and profitability issues.

Mr. Lopez said FPL acknowledges being baffled by the loss of 25,000 low-voltage distribution poles during the past two seasons. FPL is aware that in July 2005, the Public Service Commission Bureau of Regulatory Review said that FPL is not doing a good job in vegetation management and urges FPL to provide factual information to this Board.

Mr. Martin asked how many miles of distribution lines are in Coral Gables and Mr. Ferrer responded that he will email him this information.

Mr. DeWitt asked how does FPL determine how long it will take to restore power after outages. Mr. Ferrer replied that this is very simple equation – the assessed number of man hours of work in front of them divided by the numbers of available resources. These figures change daily as they progress in the field and FPL is aware that this in an area that needs to be improved.



**Utility Services Reliability Task Force  
Meeting of January 18, 2006  
Continued**

Mr. Jimenez said she will work on the idea of a spreadsheet and work with FPL on obtaining their responses.

**7. Discussion of upcoming “public input” meeting, scheduled for February 9, 2006 at 7:00 p.m.**

There was discussion regarding the public meeting that has been scheduled for Thursday, February 9 at 7:00 p.m., which will be advertised through the different media such as E-news, the Miami Herald and the Coral Gables Gazette. The City will also mail a notice to the residents that attended the December 13 Town Hall meeting.

**8. Review and selection of Task Force Member (Panel-As-A-Whole)**

Ms. Jimenez read aloud the names of the individuals who have submitted their resumes for consideration and stated that their resumes are part of today’s agenda packets. They are: Julio Alvarez, Hebert Saffir, Michael Bax, Luis Noriega, William Pico, and Jack Langer. An overview of each individual was provided. In addition, Ms. Jimenez provided the resume of Mr. Thor Bruce, who would also like to be considered. Mr. Martin provided information on Mr. Langer’s experience.

Mr. Dewitt nominated Thor Bruce, who is a professor at the University of Miami. He is an economist who specializes in the economics of power consumption. Mr. Martin seconded the motion, which passed unanimously.

**9. Recommend a Chairperson to the City Commission**

Assistant City Manager Maria Jimenez stated the next item on today’s agenda is to recommend a chairperson to the City Commission and said that enclosed in the agenda packet is the Board members’ resumes, with the exception of Mr. Juan Galan’s. Since Mr. Galan is out of town, he has been unable to submit his resume. In response to a request from Ms. Jimenez, Mr. Lopez provided background information on Mr. Galan.

Following discussion, the following nominations were made:

- Mr. Anderson nominated Mr. Lopez
- Mr. Otero nominated Mr. Martin
- Mr. Martin nominated Mr. DeWitt

Mr. DeWitt suggested that he and Mr. Lopez step out of the chambers to allow the board members the opportunity to discuss the matter. After deliberation, the Committee members unanimously agreed to recommend to the City Commission that Enrique Lopez be selected as the Chairperson of the Utility Service Reliability Task Force.

**10. Scheduling of Meetings**

Future meetings of the Utility Service Reliability Task Force will be held as follows:

**Utility Services Reliability Task Force  
Meeting of January 18, 2006  
Continued**

Wednesday, February 1<sup>st</sup>, at 8:30 a.m.

Thursday, February 9<sup>th</sup>, at 7:00 p.m. – public input meeting

Wednesday, February 15<sup>th</sup>, at 8:30 a.m.

Wednesday March 1<sup>st</sup>, at 8:30 a.m.

Ms. Jimenez announced there will be a public hearing by the Public Service Commission next Monday, January 23 in Tallahassee. It will be a workshop to discuss the electrical utility infrastructure by the local governments and by the utility companies. Lis Ferrer, from the Public Works Department will attend on behalf of the City.

Ms. Jimenez was asked to forward to the Board Members comments made by the residents who attended the town hall meeting.

There being no further items to discuss, the meeting adjourned at 11:30 a.m.

Respectfully submitted,

Maria Alberro Jimenez  
Assistant City Manager

CITY OF CORAL GABLES  
UTILITY SERVICE RELIABILITY TASK FORCE  
Minutes of January 4, 2006, 9:00 a.m.  
Commission Chambers  
405 Biltmore Way  
Coral Gables, FL 33134

**Board Members Present**

Jorge Otero  
Enrique Lopez

**Appointed By**

Commissioner Kerdyk  
Commissioner Cabrera

**Staff**

Maria Alberro Jimenez, Assistant City Manager  
Alberto Delgado, Public Works Director  
Lis Ferrer, Project Engineer  
Lillian Quiroz, Executive Assistant to the City Manager

**Guests**

Vice Mayor Maria Anderson  
Richard DeWitt (Board member to be confirmed at the January 10 City Commission meeting)

This being the first meeting of the Utility Service Reliability Task Force, Ms. Maria Jimenez introduced everyone present and announced that Mr. Juan Galan, who has been appointed to this Board by Commissioner Withers, is out of town until the week of January 29, 2006. The agenda packet distributed today would be mailed to Mr. Galan. FP&L has also been invited to this meeting.

Vice Mayor Anderson thanked the board members on behalf of the City Commission for serving on this committee. This is a very important committee that will be instrumental in guiding the City Commission and the Administration through utility issues.

Mr. Jorge Otero introduced himself. Mr. Otero has lived in the City of Coral Gables since 1981, when he decided to go to law school. He has an electrical engineering degree from Princeton University and an industrial engineering degree from the University of Florida. He has worked for Southern Bell and AT&T doing economic studies. Ever since then, he has been exclusively a lawyer with offices in Coral Gables. He is very interested in the subject matter because of his background and feels he can make some contribution. He has read the resolution and does not know how broad the task of this Board is to be. Is the Board to sit back and think "outside the box" or is it limited to specific issues? For instance, is the Board supposed to limit the consideration of the only source of power to be FP&L? Is the Board to look at things such as changing zoning codes to promote solar panels in homes? Is the scope of the task force to look at setting band aids for the next Wilma and the next Katrina? Should everybody buy generators? Should the Board entertain comments from other municipalities who have said they are going to be their own boss? Winter Park, Florida, is very similar to Coral Gables and is slowly putting in underground power; they are purchasing the power and are in charge of its distribution.

**Utility Service Reliability Task Force  
Meeting of January 4, 2006  
(Continued)**

Mr. Otero hopes the scope of the board will be broad and one where they can step back and bring experts who have done this and have done it well, and also learn from their mistakes

Mr. Enrique Lopez introduced himself. He has been a Coral Gables resident since 1986. Even though it was not required by zoning, he installed undergrounding when he built his house. It was not worth very much during Wilma, but at least, it is aesthetically pleasing. Mr. Lopez is an electrical engineer by trade. He has his own consulting firm. He is very pleased to be here and the Board has a tremendous challenge for the next 120 days which end in April – two months away from the next hurricane season. He feels that once they identify the “short fixes” – he doesn’t think there is a simple fix. He thinks they need to work with the existing utility company. They need to look at the issues of service reliability and understand FP&L’s grid system. With the expertise of all the Board members, a recommendation will be made to the City Commission.

Ms. Jimenez introduced Mr. Richard Dewitt, who has been appointed by Vice Mayor Anderson and will be confirmed by the City Commission at the January 10 meeting. Ms. Jimenez reported that Board appointments by the City Manager and the panel-as-a-whole are still pending. The City Commission will consider electing a Chairperson at the next City Commission meeting.

Ms. Jimenez reviewed with the Board members the information provided in the agenda packets, which consisted of the following:

- Description of the Utility Service Reliability Task Force
- Copy of Resolution No. 2005-214 establishing the Committee
- List of Committee Members
- Copies of resumes from others interested in serving on the Committee
- Copy of Resolution No. 2005-179 urging FP&L to address City-wide electrical outages
- Copy of FP&L Franchise Agreement with the City
- Calendar for the months of January through April 2005

Ms. Jimenez informed that in September 2005 the City Commission passed a resolution urging Florida Power and Light to proactively address City-wide electrical outages by identifying causes of outages, such as faulty wiring, equipment that needs to be replaced or any vegetation interfering with providing reliable electrical service.

In response to Ms. Jimenez’ question to the Board members if any further materials are needed. The Board members briefly discussed the Franchise Agreement and asked that the Agreement be reviewed by the City Attorney.

City Manager David Brown briefly visited the meeting and thanked the board members for performing a very important task.

Mr. Lopez stated he would like to receive a copy of the information that was distributed at the December 13 Town Hall Meeting. He also stated that resident input is very valuable. At the Town Meeting, he heard many residents that had recurring issues with FP&L, independent of the hurricanes.

**Utility Service Reliability Task Force  
Meeting of January 4, 2006  
(Continued)**

Mr. Otero said the problem needs to be defined. The problem is not what the people are paying for gas – it is the availability of gas. The problem is the availability of power when the switch is turned on. This community consumes a lot of power.

Ms. Jimenez suggested that as it relates to FP&L, there are two basic issues – everyday outages and outages during storms or hurricanes but in some ways they are inter-related. Discussion ensued regarding existing technology to determine what wires are loose, what transformers may not be connected properly, and what foliage might be interfering with the wiring.

Mr. Otero said that during Katrina, he called FP&L to inform them that he had no power. FP&L told him he had power. At this point, it became apparent to him that FP&L is unable to determine whether or not a residence has power. Coral Gables residents need to know this, and FP&L needs to know that the residents know. FP&L has told him they don't have the necessary equipment to determine individual outages because it is too expensive.

Mr. Lopez stated that FP&L does have the technology but it may not be used for the application that is being discussed. Mr. Lopez further stated that once the entire committee is on board, prioritizing the issues is the first thing that has to be considered. Where can they have the most impact in the least amount of time? For example, based on geographic concentration, it is embarrassing to see the Central Business District go on without power for days.

Mr. Otero inquired that, once the process is established, if the Board wants to get answers from FP&L, how fast would they get an answer, since they only have 120 days? He concurred with Mr. Lopez's idea of prioritizing the issues and addressing those with FP&L.

Mr. Lopez said they will be multi-tasking. They will be gathering information and, at the same time, they will be understanding the network. An understanding of the Coral Gables grid by the Board is necessary. Mr. Lopez stated that he will forward to Ms. Jimenez a series of documents he has downloaded from the web for distribution to the Board members.

Mr. Otero stated that other cities, such as Homestead, Lake Worth, and Key West, have underground utilities. There is a website called the Florida Municipal Electric Association that may be of great help.

Mr. Lopez said that the municipal electric utilities have lower costs compared to investor-owned electric utilities.

Discussion ensued with regard to existing limitations on generators, such as setbacks, noise and permitting issues.

Mr. Lopez and Mr. Otero concurred that it is very important, first of all, to establish credibility of the Task Force to show that they are here to do what the City Commission has asked the Board to do and public input is very important. Mr. Lopez said it would be a great jump start to invite the residents who attended the town meeting to a public meeting of the Utility Service Reliability Task Force.

**Utility Service Reliability Task Force  
Meeting of January 4, 2006  
(Continued)**

After a brief discussion, it was agreed to hold the next meeting on Wednesday, January 18<sup>th</sup>, at 8:30 a.m., and tentatively scheduled a public meeting for January 23. Mr. Lopez asked Ms. Jimenez is there a way to have a record, as specific as possible, of what the issues are, such as hurricane and non-hurricane related issues. Ms Jimenez replied that she would check to see if minutes were taken at the Town Hall Meeting and would access the City Commission minutes. There will be minutes of all the meetings of the Utility Service Reliability Task Force.

The idea of providing residents and business owners an opportunity to comment on utility services was discussed. Utilization of the City's website would be considered and will be further discussed at the next meeting.

Mr. Lopez and Mr. Otero invited Mr. DeWitt to speak. Mr. DeWitt introduced himself and said he was looking forward to serving on the Board.

Sunshine Law was discussed. Mr. Lopez requested that all Board members be copied on any and all communications.

Mr. Lopez asked if FP&L presently provides any reports to the City on reliability that they may review? Mr. Alberto Delgado responded that the City does not receive a reliability report from FPL. Mr. Delgado requested that the Board consider three additional issues. Mr. Delgado stated that most of the street lights belong to FP&L. FP&L does not have a system to patrol street lights. City crews go out at night to patrol street lights, and twice a year a survey of street lights is conducted by City employees. Presently 35% of street lights are out. This is also a safety issue. In addition, Mr. Delgado discussed that due to the proliferation of poles, the City has placed a moratorium on the installation of utility poles. He would like FP&L to pay more attention to the appearance of the lines. Mr. Delgado stated that the City pays a flat rate from \$9 to \$18, depending on the type of lamps, whether the lights are on or off. Board members requested a copy of the Street Light Agreement. Patrolling of street lights is not mentioned. The contract either needs to be modified or the City will continue to be paying for this service.

Mr. Delgado also mentioned that FP&L charges are extremely high to convert overhead to underground and that FP&L should not charge the total cost of the job to the customers, but that FP&L should weigh the benefits their system receives with this conversion and offer a credit or "discount".

Mr. Lopez stated that Chapter 25 of the Tariff allows for this option when requested or mandated by a governmental entity. There is an open docket with the Public Safety Commission to establish an underground distribution tariff; including enticing the applicant to do this. Mr. Lopez suggested that Victor Munoz, or another FP&L representative, be invited to a future meeting to address this issue.

In response to a question by Mr. DeWitt concerning cost of undergrounding, Mr. Lopez replied that there was an undergrounding preliminary study done by the State in March 2005. He will forward copies to Ms. Jimenez for distribution to the Board. Mr. Lopez said that at the Town Meeting, Representative Robaina mentioned that some funding may be available through FEMA.

**Utility Service Reliability Task Force**  
**Meeting of January 4, 2006**  
**(Continued)**

Mr. Otero said that questions pertaining to costs of undergrounding should not be made to FP&L, but to municipalities who have undergrounding and to other utility companies.

---

The next meetings will be held on Wednesday, January 18, at 8:15 a.m.

The meeting adjourned at 10:55 a.m.

