

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 130040-EI

In the Matter of:

PETITION FOR RATE INCREASE BY  
TAMPA ELECTRIC COMPANY.

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PROCEEDINGS: WINTER HAVEN SERVICE HEARING

COMMISSIONERS  
PARTICIPATING:

CHAIRMAN RONALD A. BRISÉ  
COMMISSIONER LISA POLAK EDGAR  
COMMISSIONER ART GRAHAM  
COMMISSIONER EDUARDO E. BALBIS  
COMMISSIONER JULIE I. BROWN

DATE: Thursday, May 30, 2013

TIME: Commenced at 10:04 a.m.  
Concluded at 11:13 a.m.

PLACE: Chain of Lakes Complex  
Poolside Room  
210 Cypress Gardens Boulevard  
Winter Haven, Florida 33880

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

FLORIDA PUBLIC SERVICE COMMISSION

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## 1 APPEARANCES:

2 J. JEFFRY WAHLEN, ESQUIRE, Ausley & McMullen,  
3 123 South Calhoun Street, Tallahassee, Florida 32301,  
4 appearing on behalf of Tampa Electric Company.

5 J.R. KELLY, PUBLIC COUNSEL, Office of Public  
6 Counsel, c/o The Florida Legislature, 111 W. Madison  
7 Street, Room 812, Tallahassee, Florida 32399-1400,  
8 appearing on behalf of the Citizens of Florida.

9 ROBERT SCHEFFEL WRIGHT, ESQUIRE, Gardner,  
10 Bist, Wiener, Wadsworth, Bowden, Bush, Dee, LaVia &  
11 Wright, P.A., 1300 Thomaswood Drive, Tallahassee,  
12 Florida 32308, appearing on behalf of the Florida Retail  
13 Federation.

14 MARTHA BARRERA, ESQUIRE, Florida Public  
15 Service Commission, 2540 Shumard Oak Boulevard,  
16 Tallahassee, Florida 32399-0850, appearing on behalf of  
17 the Florida Public Service Commission.

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

1  
2           **CHAIRMAN BRISÉ:** Good morning. We're going to  
3 go ahead and call this meeting to order. Today is the  
4 30th of May. And we are hosting today's customer  
5 service hearing for Docket Number 130040-EI for Tampa  
6 Electric Company. And we are going to introduce  
7 ourselves.

8           I'll start with myself. My name is Ronald  
9 Brisé, and I have the pleasure and privilege of chairing  
10 the Public Service Commission. And we're going to start  
11 from my right to, going up to our left with the other  
12 Commissioners introducing themselves.

13           **COMMISSIONER BALBIS:** Good morning. My name  
14 is Eduardo Balbis. I'm happy to be here, and I look  
15 forward to hearing your testimony.

16           **COMMISSIONER EDGAR:** Good morning. Lisa  
17 Edgar. Glad to be here.

18           **COMMISSIONER GRAHAM:** Good morning. Art  
19 Graham. Glad you all are out here.

20           **COMMISSIONER BROWN:** Good morning. Julie  
21 Brown.

22           **CHAIRMAN BRISÉ:** All right. At this time I'm  
23 going to ask Ms. Barrera to read the notice.

24           **MS. BARRERA:** Good morning. By notice, this  
25 time and place has been set for a customer service

1 hearing in Docket Number 130040-EI, petition for rate  
2 increase by Tampa Electric Company.

3 **CHAIRMAN BRISÉ:** Thank you very much.

4 At this time we're going to take appearances  
5 from the counsel which are present.

6 **MR. WAHLEN:** Good morning, Commissioners. I'm  
7 Jeff Wahlen of the Ausley & McMullen law firm in  
8 Tallahassee on behalf of Tampa Electric Company. Also  
9 with me today is Ashley Daniels of our law firm. We  
10 have a number of Tampa Electric people here. Karen  
11 Lewis is our Director of Customer Service. She will be  
12 making a presentation. Our president, Gordon Gillette,  
13 is here also. We also have a team of people from our  
14 customer service area who are available to help with  
15 customer-specific issues. Thank you very much.

16 **CHAIRMAN BRISÉ:** Thank you.

17 **MR. KELLY:** Good morning, Commissioners. I'm  
18 J. R. Kelly. I'm here with Tarik Noriega. We're with  
19 the Office of Public Counsel. We have the honor and  
20 privilege of representing the consumers in this matter.

21 **CHAIRMAN BRISÉ:** Thank you.

22 **MR. WRIGHT:** Thank you, Mr. Chair and  
23 Commissioners. Robert Scheffel Wright appearing on  
24 behalf of the Florida Retail Federation.

25 **CHAIRMAN BRISÉ:** Thank you, Mr. Wright.

1           **MS. BARRERA:** Martha Barrera, staff counsel  
2 for the Public Service Commission.

3           **CHAIRMAN BRISÉ:** All right. Thank you.

4           Well, let me begin by thanking all of you for  
5 being here today. We are very interested in hearing  
6 from you and that is the purpose of this hearing. We  
7 want to hear your thoughts, good, bad, ugly,  
8 indifferent, whatever it is that's on your mind with  
9 respect to, to the service that you get from Tampa  
10 Electric Company.

11           Also we have several individuals who are here  
12 from the Public Service Commission, and we want to  
13 introduce or recognize them so that if you have  
14 questions, that you feel free to approach them with  
15 questions as the process moves forward.

16           So we have, as we introduced a little bit  
17 earlier, Ms. Barrera, who is one of our attorneys. We  
18 have -- I'm sorry if I mess up your name. Your last  
19 name is Glitchner [sic]?

20           **MS. GILCHER:** Gilcher.

21           **CHAIRMAN BRISÉ:** Gilcher. Sorry. She's also  
22 one of our attorneys. We have Mr. Dean who is here;  
23 he's one of our economists. We have Mr. Willis,  
24 Ms. Draper, Mr. Ballinger. We have our Executive  
25 Director, Mr. Baez. We have Mr. Durbin, who probably

1 helped you sign in and so forth. We have Ms. Muir,  
2 who's probably in the lobby over there, who helped get  
3 you situated, and their team helped set up this meeting  
4 for us today.

5 We also have several advisors with the  
6 Commissioners who are here as well. So we are all here  
7 with the interest of hearing what you have to say. And  
8 this is an official hearing, so when you have the  
9 opportunity to speak, you will be -- you'll be sworn in  
10 before you actually speak. We'll swear you in a little  
11 bit later. And we will also -- so that you know that  
12 everything that you say will be transcribed so it's part  
13 of the record. And if there are things that you want to  
14 add into the record, some notes that you have or some  
15 documents that you have, just let us know and we will  
16 introduce that into the record. And it will become part  
17 of the record and it will travel along with your  
18 testimony and will become part of the record when we go  
19 into the hearing.

20 Just so that -- you know, there was a couple  
21 of questions that were asked last night. Today is not  
22 the day we make the decision. The decision comes along  
23 in December. And what happens between now and then is  
24 documents that are filed and there's discovery that is,  
25 that is made by all the parties here. And then we have



1 what is considered to be a full-blown hearing, and  
2 there's testimony and all of that. And then there is a  
3 recommendation that will be put out by our staff based  
4 upon the information that has been gathered. And then  
5 we, the Commissioners, evaluate the information that is  
6 before us, and then we ultimately make a decision or  
7 decisions based upon the number of issues that are  
8 present in the case.

9 So it is very important for us to hear from  
10 you because all the other information is a lot of  
11 numbers and a lot of data. But this is the opportunity  
12 for us to hear from you who are receiving service from  
13 the company.

14 So with that -- let me make sure I'm not  
15 missing anything else just before we get into that.

16 You have a -- you probably received a Special  
17 Report notice as you walked in. Feel free -- we  
18 definitely want to hear you testify. But if for some  
19 reason you don't, you're hoarse or you don't feel like  
20 testifying today, feel free to use the comment section  
21 in the document. You can write your, your comments  
22 there and they're just as good as you testifying here.  
23 Or you could also send us your information or the  
24 information that you would like to share via email, and  
25 the email address is available on the document that we

1 have before you, in the yellow document that you have as  
2 well. And that is just as good as you testifying here  
3 in person as well.

4 If you have friends and family who are not  
5 able to be here today, you can express to them that they  
6 can email us their comments as well. And, you know, we  
7 may have some extras of these available and you can take  
8 them to the individuals who may not be comfortable using  
9 the Internet and they want to make their comments  
10 available to us as well. They can mail these documents  
11 to us as well. So we want to hear from as many people  
12 as possible so that we can make well-informed decisions  
13 at the appropriate time. Okay? So I think that covers  
14 most of the things that I have to say at this time.

15 We will now move into hearing from the  
16 attorneys that represent the company, and then we'll  
17 hear from the Office of Public Counsel, and also we'll  
18 hear from the Florida Retail Federation, who is here  
19 today as one of the Intervenors. They will have  
20 eight minutes each to make their opening statements.  
21 And the way we work it out, that the, since the company  
22 is the one petitioning, they will have eight minutes,  
23 but they can break it up sort of whatever time they use  
24 on the front end and then they have some time available  
25 in the balance out of those eight minutes. If they use

1 five minutes initially, then they'll have a balance of  
2 three minutes to have an opportunity to speak after the  
3 Office of Public Counsel and the Florida Retail  
4 Federation has an opportunity to speak as well.

5 Okay? With that, we will move into hearing  
6 from the counsel.

7 **MS. LEWIS:** Good morning, Commissioners. Good  
8 morning, ladies and gentlemen. Can everybody hear me  
9 okay?

10 **UNIDENTIFIED SPEAKER:** I can't hear you.  
11 Speak up a bit.

12 **MS. LEWIS:** No? Is that better?

13 Good morning. Good morning, Commissioners.  
14 Good morning, ladies and gentlemen. My name is Karen  
15 Lewis, and I'm Tampa Electric's Director of Customer  
16 Service. We very much appreciate the opportunity to be  
17 part of this service hearing. It's part of the  
18 Commission's process in evaluating Tampa Electric's  
19 request for an increase in our base rates.

20 While the cost of fuel that we pass along to  
21 customers changes from time to time, Tampa Electric has  
22 not increased base rates in over five years. The base  
23 rates recover the costs of producing and delivering  
24 electric service, exclusive of fuel. It also includes  
25 capitals costs that are associated with what we invest

1 in new electric plant.

2 Tampa Electric has an obligation to serve all  
3 of its customers in a safe and reliable manner, and we  
4 take this responsibility and obligation very seriously.  
5 The day-to-day operations of the utility is left up to  
6 utility management, but the regulators are here to  
7 ensure that the customers receive reliable service at  
8 just and reasonable rates, while providing the  
9 opportunity for utilities to earn a fair return on their  
10 investment.

11 Tampa Electric has done all possible to  
12 provide reliable service in a cost-effective manner.  
13 While we have done that, there is a need to increase  
14 base rates in order to continue providing safe and  
15 reliable service to our customers. By the time the new  
16 rates go into effect in 2014, Tampa Electric will have  
17 invested \$1.1 billion in new electric plant. These  
18 investments and costs include new power lines, power  
19 plant improvements, and a reclaimed water pipeline that  
20 serves our Polk generating units.

21 These capital investments benefit our  
22 customers in many ways. The improved performance and  
23 reliability of our power plants lowers the cost of fuel  
24 and reduces outages. This has enabled Tampa Electric  
25 customers to have the fewest and among the shortest

1 interruptions in the state of Florida over the past five  
2 years. Tampa Electric will continue to make significant  
3 improvements in electric generating units and in the  
4 transmission and distribution system in order to ensure  
5 that our customers receive reliable service at the  
6 lowest possible cost.

7 Over the years, Tampa Electric has found ways  
8 to control cost through efficiencies and other cost  
9 control actions, and we're very proud of our efforts.  
10 Tampa Electric has lowered employee headcount;  
11 refinanced long-term debt at lower rates; we've made  
12 smart use of technology. Tampa Electric has introduced  
13 conservation programs, which has helped reduce the need  
14 to build new power plants. It has also helped our  
15 customers use energy more efficiently.

16 We've asked our employees to work harder and  
17 smarter and to do more with less, just as our customers  
18 have had to do over the past several years.

19 As we all know, the cost of running households  
20 and businesses has increased. It's no different for  
21 Tampa Electric. And it's never a good time to raise  
22 rates, but even with the proposed increase, Tampa  
23 Electric's bills will remain among the lowest in the  
24 state of Florida.

25 Tampa Electric takes pride in providing

1 service to approximately 680,000 customers in  
2 Hillsborough and portions of Polk, Pinellas, and Pasco  
3 counties. We want to thank the Commissioners, the  
4 staff, and especially the customers for taking time to  
5 attend this service hearing. We know that the quality  
6 of your electric service and what you pay your electric  
7 service is very important to you.

8 Tampa Electric is here to listen to our  
9 customers. Listening and understanding the needs of our  
10 customers gives us the opportunity to provide better  
11 service.

12 Some of you may have specific questions about  
13 your electric service, and if you do, please let us  
14 know. We have a team of folks in the adjoining room  
15 that would be happy to work with you individually, if  
16 you would like. Thank you for your time and attention.

17 **CHAIRMAN BRISÉ:** Thank you, Ms. Lewis. You  
18 have -- Tampa Electric has about three minutes and  
19 31 seconds in balance.

20 Mr. Kelly.

21 **MR. KELLY:** Good morning. As I indicated, my  
22 name is J. R. Kelly, and I'm with the Office of Public  
23 Counsel. For those of you that are not familiar with  
24 our office, we are a separate office. We're part of the  
25 Legislature. We're not part of the Public Service

1 Commission. And we were set up about 35 years ago to do  
2 one thing, and that is represent consumers in front of  
3 the Public Service Commission -- excuse me -- Public  
4 Service Commission on matters such as these when  
5 utilities want to raise their rates.

6 Why are we here today? We're here because  
7 TECO has filed a request to increase their rates by  
8 \$134.8 million annually. That translates into  
9 approximately 18.6% increase in the base rates that you  
10 would pay as a consumer. If you translate that into  
11 dollars, that is \$10.41 for 1,000-kilowatt hours per  
12 month. If you use more than that, obviously you will  
13 pay more.

14 Our office has intervened in this matter on  
15 behalf of all the consumers, and we have already  
16 contracted with several nationally recognized experts in  
17 the areas of accounting, depreciation, and cost of  
18 capital. They're at this time reviewing the voluminous  
19 documents that TECO filed, and they will be -- excuse  
20 me -- they will be providing expert testimony on behalf  
21 of the consumers.

22 We don't dispute, folks, that TECO is a  
23 well-run company and it's made up of many fine men and  
24 women, some of which probably are your neighbors and  
25 friends. However, our job is to review the filing that

1 TECO has made in this matter, and we will contest each  
2 and every area that we believe the evidence does not  
3 support any increase.

4 The bottom line is TECO is given a monopoly  
5 area in which to operate. In return they're regulated  
6 by these five men and women behind me. They're entitled  
7 under Florida law to recoup their prudent and reasonable  
8 expenses and earn, have the opportunity to earn a fair  
9 and reasonable, hear that, fair and reasonable return on  
10 their investment. In return, they must provide you  
11 safe, adequate, and reliable service.

12 What are the issues in this matter? It's  
13 still very early and there's many areas that we have not  
14 yet identified, but I will share with you some of the  
15 areas that we're currently looking at.

16 First and foremost is the excess profit that  
17 we believe TECO is asking for in this matter. They're  
18 requesting the Commission approve a 11.25% return on  
19 equity. Folks, I think we would all agree that that is  
20 extremely high and totally unreasonable in light of  
21 today's economic conditions, and also, more importantly,  
22 in light of the fact that the cost of capital has  
23 decreased significantly over the past two years. We  
24 will be presenting the testimony of an expert from Penn  
25 State University to support that conclusion.



1           Some other areas we're looking at. Recently  
2           TECO Energy implemented a corporate reorganization that  
3           occurred after the last rate case. We're reviewing how  
4           that has impacted TECO's labor cost and also the  
5           compensation levels that they're asking for in this  
6           case.

7           We're looking at the level of the storm damage  
8           accrual that they're asking for. You currently pay in  
9           your rates about \$8 million a year. TECO is just about  
10          at the limit that the PSC set in the last rate case.  
11          TECO is asking to raise that limit and continue to  
12          collect that money, and we're not sure that's a  
13          reasonable thing to do in light of the minimum  
14          historical damages from the storms that we've  
15          experienced and the fact that they have basically hit  
16          the limit that the Commission set in the last rate case.

17          We're looking at prudence of their  
18          company's -- of the company's projections for capital  
19          additions and plant maintenance, for vegetation  
20          management and storm hardening projects, and, last,  
21          we're taking a very close look at their projections for  
22          customers, revenues, and expenses, again to ensure that  
23          they're reasonable and prudent.

24          Now how can you, the consumer, help? Folks,  
25          this is your meeting. It's not my meeting, it's not the

1 PSC's meeting, it's not TECO's meeting. It's you,  
2 you're the consumer, it is your meeting. I'm asking you  
3 to please take the opportunity to come up here and  
4 address the Commissioners behind me. They need to hear  
5 from you, they want to hear from you. Please, you don't  
6 need to be a public speaker. Just come up here, speak  
7 from your heart, speak the truth. If you get good  
8 quality of service from TECO, tell them that. If you  
9 get poor quality of service from TECO, tell them that.  
10 Most importantly, tell them how the impact of this rate  
11 case will affect you and your life.

12 I can't tell you how much I appreciate you  
13 folks taking time out of your busy schedules to come  
14 today and speak to the Commission. Again, they really  
15 want to hear from you.

16 And I want to assure you that our office will  
17 continue to work as hard as we can on your behalf and  
18 make sure your interests are protected in this matter.  
19 Thank you.

20 **CHAIRMAN BRISÉ:** Thank you, Mr. Kelly.

21 Mr. Wright.

22 **MR. WRIGHT:** Thank you, Commissioners. Thank  
23 you, Mr. Chairman.

24 Good morning. My name is Schef Wright. I'm  
25 blessed to have been born in Florida and to have lived

1 almost all my life here. For the last 32 years I've  
2 been blessed to work on important energy issues in  
3 Tallahassee and North Florida where I live and work. I  
4 first worked for Governor Bob Graham's Energy Office  
5 starting in 1980, for about seven years thereafter I  
6 served on the staff of the Florida Public Service  
7 Commission, and for the last 20 odd years I've been an  
8 attorney. I got a break, got to go to law school, a  
9 second career attorney.

10 For the last nine years I've had the honor and  
11 privilege of representing the Florida Retail Federation  
12 in utility matters before the PSC. The Retail  
13 Federation is a statewide organization with more than  
14 8,000 members. These range from the largest groceries,  
15 big box stores, department stores, pharmacies and so on,  
16 including Publix, Walmart, Target, and Macy's, to  
17 literally thousands of mom and pop sole proprietorships.  
18 In these cases before the Florida Public Service  
19 Commission, utility cases, we work very closely  
20 alongside your Public Counsel, Mr. Kelly and his staff,  
21 to fight for lower rates for all customers.

22 (Pause. Technical difficulties with sound  
23 system.)

24 Wow. That's the first time that's ever  
25 happened. Thanks, thanks for bearing with us here.

1           What I was about to say is this, this case is  
2 about Tampa Electric Company's request to increase its  
3 rates, the amount of money they recover from y'all,  
4 their customers, by just under \$135 million a year. For  
5 an average residential customer this is a little north  
6 of \$10 a month; for a customer that uses 500-kilowatt  
7 hours, it's \$7.50 a month; for commercial customers,  
8 it's anywhere from 50 or \$100 a month to literally more  
9 than -- thousands, one, two, \$3,000 a month, industrial  
10 customers more than that, of extra money they want from  
11 you and us, their customers.

12           At the Retail Federation, we're  
13 businesspeople. We understand that nothing is free. We  
14 understand that every business, whether it's a grocery,  
15 department store, big box store, florist shop, or a  
16 utility company, needs sufficient revenues to do its  
17 business. They need enough money to provide their  
18 products, to provide their services, to provide a return  
19 to their investors.

20           A utility company needs money to keep the  
21 lights on. We respect this. And at the Retail  
22 Federation, when a company says "We need more money," we  
23 don't just say no. We look closely at what the utility  
24 is asking for and whether it really needs the money.

25           Now what does that mean? As a regulated

1 monopoly providing a necessary service, electricity is a  
2 necessity in this world, with no meaningful competition,  
3 Tampa Electric Company's job is to provide safe and  
4 reliable service at the lowest possible cost. And it's  
5 your Public Service Commission's job to make sure that  
6 the company does that job. It's the PSC's job to make  
7 sure that Tampa Electric Company gets enough money to  
8 provide its service, earn a fair return, but no more  
9 than that.

10           Where we differ with utilities, including --  
11 we have a fairly serious difference of opinion with  
12 Tampa Electric Company in this case. Where we differ  
13 with the companies is as to how much money they really  
14 need to do their job. For example, in this case, Tampa  
15 Electric Company claims that it needs an after-tax rate  
16 of return on equity -- that's "economist-ese" for  
17 profit -- an after-tax profit rate of 11.25%. That's  
18 more than 18% before taxes, folks. We believe that is  
19 excessive. We think something in the range of 9, 9.25  
20 after taxes, which is still north of 14% before taxes,  
21 is entirely reasonable and probably even generous  
22 relative to the small risk that Tampa Electric Company  
23 provides as a monopoly provider.

24           Making this one adjustment, cutting their  
25 return on equity from 11.25 to 9%, would cut their rate

1 increase request in half by \$67 million. This would  
2 save y'all money.

3 Now this case is still in the early stages.  
4 We're still identifying issues and looking at  
5 information. But among other things, as Mr. Kelly  
6 mentioned, the company wants to continue recovering from  
7 you, customers and our members' customers, \$8 million a  
8 year contribution toward a storm reserve. They've  
9 already got \$50 million in their storm reserve that we  
10 paid for. We don't think they need any -- frankly, we  
11 don't think they need any more. They're hitting the  
12 limit that the Commission has previously, previously  
13 approved for their storm reserve, and we think they  
14 ought to cut way back on what they're recovering.  
15 Reducing this amount would save you money.

16 As Mr. Kelly mentioned, his team of experts  
17 are looking at a number of other issues. The company  
18 has to prove up everything it needs. We don't believe  
19 they need everything that they have asked for. And, by  
20 the way, in the history of utility regulation at the  
21 PSC, no company has ever gotten everything it asked for  
22 in a rate case, so we're sure they'll get something less  
23 than \$135 million a year. We just -- we'll have to wait  
24 and see how that is.

25 By the way, even with no rate increase at all,

1 this is straight out of the company's filing, MFR,  
2 minimum filing requirement Schedule A-1, with no  
3 increase at all Tampa Electric Company in 2014 would  
4 still cover all of its operating costs, pay all of its  
5 debt, pay all its employees, and have \$210 million  
6 profits left over.

7 Thank you all very much for coming out. As  
8 Mr. Kelly said, this is really your hearing. Tell the  
9 Commissioners what you think. If you love Tampa  
10 Electric, tell them. If you've got a beef with them,  
11 tell them that. If you support the rate increase, tell  
12 the Commissioners that. If you oppose it, tell the  
13 Commissioners that. Thank you again for coming. Have a  
14 great day.

15 **CHAIRMAN BRISÉ:** Thank you, Mr. Wright.

16 Thank you, Mr. Wright.

17 **MR. WRIGHT:** Thank you, Mr. Chairman.

18 **CHAIRMAN BRISÉ:** At this time we'll hear from  
19 the company again.

20 **MR. WAHLEN:** That's a, that's a really good  
21 way to scare a lawyer away from a microphone.

22 Just very briefly, Commissioners and ladies  
23 and gentlemen, we appreciate you being here. Of course,  
24 Tampa Electric disagrees with, with the views of Public  
25 Counsel and, and the Retail Federation. We think our

1 request is fair and reasonable, but now is not really  
2 the time to go into all of those details.

3 What Tampa Electric would like to do this  
4 morning is the same as the Public Service Commission and  
5 Public Counsel, and that's listen to the customers. We  
6 appreciate you being here. Rather than going through a  
7 point-by-point rebuttal of all these technical things  
8 which we'll take up in September, we'd like to take the  
9 time this morning to hear from our customers. So with  
10 that, we welcome your comments.

11 And, Mr. Chairman, I have the notice of the  
12 hearing that I'd like to submit as an exhibit, and then  
13 also, with your permission, prepare a more comprehensive  
14 exhibit for submission as a late-filed exhibit.

15 **CHAIRMAN BRISÉ:** Sure. Thank you very much.  
16 And that will be Exhibit Number 6.

17 **MR. WAHLEN:** Okay. Thank you very much.

18 (Exhibit 6 marked for identification.)

19 **CHAIRMAN BRISÉ:** All right. So now we have  
20 come to the time where we're going to hear from  
21 customers. We're going to ask that some of our staff  
22 members to turn the podium around, as they're doing.

23 We are going to, if you're going to testify,  
24 I'm going to swear you in shortly.

25 Before I do that, I want to recognize some



1 legislative offices that are present here today. And  
2 it's very important for them to hear as well what -- how  
3 this process works and your interest as well.

4 So from Senator Denise Grimsley's office we  
5 have Hilary Webb, who's present today. We have Chris  
6 Dowdy from Senator Stargel's office. Thank you for  
7 being here. And we have Lori Allen from Representative  
8 Neil Combee, who is present. Thank you for being here  
9 today, and I'm sure you'll relay to the senators and  
10 representatives what you've heard here today.

11 Okay. So at this point if you are going to  
12 speak, if you would stand with me and we'll swear you  
13 in. Raise your right hand.

14 (Witnesses collectively sworn.)

15 All right. Thank you very much. You may be  
16 seated.

17 Mr. Kelly will call you up by twos, and, and  
18 then you'll come up and you'll state your name, your  
19 address, and phone number for the record so we can have  
20 that information that goes with your testimony, and that  
21 will be available as part of the transcript.

22 I failed to mention Ms. Linda Boles, who is  
23 our court reporter for today. And so she's probably the  
24 hardest working person here at this very moment.

25 So with that, Mr. Kelly, if you could call the

1 individuals up. You will have three minutes, and  
2 there's a little stoplight system that you have there at  
3 the desk. Green means you can continue to talk; yellow  
4 means that you probably need to bring it to a close in  
5 about 30 seconds; red means that you need to stop; and  
6 if it starts blinking, you should have stopped. Okay?  
7 So please adhere to that. This is a public meeting, and  
8 we want to ensure that we all respect each other. And  
9 so one of those functions of respecting each other is  
10 managing time, and so all of us -- so that we will all  
11 respect each other's time.

12 So with that, Mr. Kelly, we may proceed.

13 Thank you very much.

14 **MR. KELLY:** The first speaker is Bill Clark,  
15 followed by John Myrick.

16 **BILL CLARK**

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

20 **DIRECT STATEMENT**

21 **MR. CLARK:** Mr. Chairman and fellow  
22 Commissioners, good morning, and thank you for the  
23 opportunity to speak. My name is Bill Clark. I'm with  
24 the Florida office of AARP. We're at 400 Carrolton  
25 Parkway, Suite 100, St. Petersburg, Florida.

1           We believe that Tampa Electric is a good  
2 provider, but I'm not here to talk about that today.  
3 I'm here to comment on the proposal that's before the  
4 Commission now. We find this particular rate increase  
5 proposal troubling. TECO is requesting a basic rate  
6 increase that is approximately \$135 million a year, or  
7 10% for the average customers. This is separate from  
8 any fuel adjustment that may be currently allowed. We  
9 know already from our members and hearing from our  
10 members that many of them still struggle since the  
11 recession of 2008, 2009. Many that were working that  
12 were displaced remain displaced. This is a troubling  
13 time for far too many people, as you're well aware of.  
14 That's why we're concerned about that rate of increase  
15 on the basic rate for the average customer.

16           A related concern has been mentioned. That's  
17 the proposed rate increase in TECO's return on equity,  
18 which is high at 11.25%. When you contrast that with  
19 other states, similar states, that range is 10% to  
20 10.25%. We know there's some in the state of Florida  
21 that are even lower. We understand the need to have a  
22 healthy return on equity to attract investors to the  
23 company, and we don't seek to deny TECO a fair return,  
24 but only what can be justified. And given the  
25 investment landscape, we think that that rate of return

1 should be more than enough to attract investors and may  
2 not be justified.

3 We would hope the Commission would give very  
4 careful thought to the impact of the rate increase of  
5 10% or higher and how that would affect the average TECO  
6 customer. It has little to do with how long ago their  
7 last rate increase was received. It has everything to  
8 do with whether that rate increase is justified. We  
9 believe that consideration be given to the proposed  
10 return on equity when thinking of that rate increase and  
11 that might reduce the rate and the impact in this case.  
12 And on behalf of our members that are TECO customers, I  
13 thank you for the opportunity to speak.

14 **CHAIRMAN BRISÉ:** Thank you very much.

15 Are there any questions for Mr. Clark?

16 Okay. Seeing none, thank for your testimony.

17 **MR. CLARK:** Okay. Thank you.

18 **MR. KELLY:** After Mr. Myrick will be Ben  
19 Adams.

20 **JOHN MYRICK**

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

24 **DIRECT STATEMENT**

25 **MR. MYRICK:** Thank you. I'm John Myrick. My

1 address is 513 Ponkan, P-O-N-K-A-N, Street in Lakeland,  
2 Florida 33803. My telephone number is (863)409-3681.  
3 I'm a lifelong resident of Polk County. I'm a retired  
4 educator, and I've taught and been an administrator in  
5 schools throughout this county, and I'm a volunteer for  
6 AARP.

7 The proposed increase, if approved, is at  
8 minimum \$10 per customer. Now that doesn't sound like a  
9 whole lot to most folks. Because of Florida's climate,  
10 for many of our folks it's going to be even greater than  
11 that \$10 that we're talking about. Now I can afford it  
12 because I'm on social security, I have a pension, and I  
13 also work full-time as a certified tax professional.  
14 But many of my colleagues cannot, and that's the thing  
15 that I'm suggesting to you.

16 Because I do income taxes, I work with a  
17 number of folks that daily have to make the choice  
18 between food and medicine because of their income. Add  
19 another \$10 a month or more to that bill and it's going  
20 to become almost insurmountable to them. That shouldn't  
21 happen in America today.

22 My grandfather used to say, "You don't have to  
23 be Alexander Graham Bell to know when the telephone is  
24 ringing." I suggest to you that the telephone is  
25 ringing. Let's look at a rate increase that more

1 duplicates what the real, realistic expectations are  
2 here in our economy. Thank you for letting me share.

3 **CHAIRMAN BRISÉ:** Thank you very much.

4 Are there any questions for Mr. Myrick?

5 Thank you for your testimony.

6 **MR. KELLY:** After Mr. Adams is Bruce Bachman.

7 **BEN ADAMS**

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

11 **DIRECT STATEMENT**

12 **MR. ADAMS:** First, my name is Ben Adams, and I  
13 want to thank you for allowing me the opportunity to  
14 talk to you today. I also want to thank TECO. I tell  
15 you, our service is good. We do have -- watching these  
16 linemen work and what they have done through the storms  
17 over the years, I tell you, a lot of them are good  
18 friends of mine and they risk their lives every day  
19 doing that stuff.

20 But I'm also the owner and managing member of  
21 a company, Adams Cold Storage. We're a cold storage  
22 facility. We are on the rate 362. We're -- I think  
23 that's the right number. And the power is my second  
24 largest expenditure next to payroll every month. Okay?  
25 And looking at this advertised 6% increase, that's not

1 true. Okay? With the base rates going up anywhere from  
2 12.6 to 38% by category, if you take that, all my taxes  
3 I pay for Polk County, State of Florida are based on  
4 base rates. To me individually it means an extra month  
5 to a month and a half power bill. All right? To me  
6 that equates to jobs.

7 I'm also looking to expand my facility by  
8 another 80,000 square feet. Right now it's a 200,000  
9 square foot cold storage facility in Auburndale. This  
10 will weigh on that. Things are not rosy. Okay?

11 I do understand, looking at what TECO is  
12 requesting, they're saying that they're requesting an  
13 increase due to a sluggish economy and rising costs.  
14 I'm a CPA by trade, my background, and looking at their  
15 financials, they look very healthy; anywhere from  
16 210 million to \$240 million in revenue.

17 I calculated this quickly. A 10.73% return on  
18 their capital for income for continuing operations,  
19 that -- I'd love to do that. I'm a new company. We've  
20 gone from zero to 40 employees. And plus to have it  
21 guaranteed. Then they turn around, in reviewing their  
22 financial statements they have posted, their top  
23 executives have increased, their salaries have gone from  
24 8 million to 14 million since 2010, the top five people.  
25 It looks healthy. They have \$200 million in their

1 balance sheet in cash. I don't see a weakness and I  
2 looked at it.

3 I haven't delved into their projections and  
4 all that. I don't have access to it. If I do, I  
5 haven't found it. And it just simply will affect me  
6 directly to my bottom line, okay, which means jobs and  
7 people, putting people to work. I just ask that the  
8 Public Service Commission consider all these factors  
9 when they make their decision. Thank you.

10 **CHAIRMAN BRISÉ:** Thank you, Mr. Adams.

11 Are there any questions for Mr. Adams?

12 Thank you for your testimony today.

13 **MR. KELLY:** After Mr. Bachman will be Yvonne  
14 Cox.

15 **BRUCE BACHMAN**

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

19 **DIRECT STATEMENT**

20 **MR. BACHMAN:** Good morning. My name is Bruce  
21 Bachman. I work at Adams Cold Storage, 701 McKean  
22 Street, Auburndale, Florida 33823. I'm a Winter Haven  
23 resident, 946 North Lake Otis Drive Southeast, Winter  
24 Haven 33880.

25 First, thank you to the Public Service



1 Commissioners for your time today and allowing us to  
2 have some input, and thanks to the thousands of  
3 dedicated and often courageous employees of TECO and all  
4 other utility companies who keep the lights burning and  
5 often risk personal safety to repair and restore service  
6 at a time of outages, severe weather, and daily  
7 emergencies. The line crews are a special, special  
8 breed of heroes.

9 This input is directed to the attention of the  
10 TECO executive officers and board of directors and not  
11 to the folks whose feet are on the street or in the  
12 buckets.

13 I had the privilege of meeting the president  
14 of TECO this morning, and I'm glad I've got a clear  
15 target. The citation is -- that I'm going to come from  
16 is TECO's published proposed rate changes to your  
17 electric base rate, and it was promulgated on  
18 April 13th, 2013. The request, as we know, is  
19 \$134.8 million effective January 2014. The predominant  
20 spin to date has been an increase of 10% for residents  
21 and 6% for businesses.

22 Let's understand the real numbers. And I'm  
23 going to abbreviate this, but I am going to submit it at  
24 the conclusion. But for commercial rates, the standard  
25 general service demand is increased, on demand is 13%,

1 for energy charge increases 15.5%. For the optional  
2 general service demand called GSD-option, the energy  
3 charge increase is 11.25%. For time-of-day general  
4 service demand, GSTD, which is what we enjoy, demand  
5 charge increase is 13.7%, plus on-peak increase of  
6 12.6%. Energy charge on-peak increase is 37.7%.  
7 Interruptible service, IS and IST rates, are being  
8 discontinued in this proposal and transferred to the  
9 schedules that I mentioned above.

10 So what is the 6% increase nonsense that's  
11 being quoted? For residential rates, before you add  
12 gross receipts tax, city and state taxes, franchise  
13 fees, fuel conservation fees, and environmental and  
14 capacity cost recovery charges, a resident using a  
15 thousand kilowatts will see the cost of electrical power  
16 increase 18.6%. It's not 10%. The same scenario above  
17 for residents on a different schedule called RSVP-1 and  
18 GS Rate Schedules, the increase is 16.9%, not 10%.

19 From the *Tampa Bay Times* on April 5th, 2013,  
20 the utility is quoted in an article by staff writer Ivan  
21 Penn, "We empathize with our customers who also are  
22 feeling the effects of a difficult economy. The rate  
23 hike is needed to offset rising costs and sluggish  
24 growth." Sluggish growth and rising costs, while the  
25 country, state, county, and this great community

1 continue to reel from the most devastating and prolonged  
2 recession in our nation's history, none of us need to be  
3 insulted implying that we do not understand sluggish  
4 growth. And don't tell us about a difficult economy or  
5 rising cost.

6 We do understand no growth, lost businesses  
7 and homes, closed storefronts, abandoned homes, and the  
8 fact that the proposed rate hikes will absolutely hike  
9 the cost of everything we touch, eat, and purchase.  
10 Food costs, school costs, and everything but the air we  
11 breathe will be adversely impacted.

12 Let's consider TECO's financials. And I got a  
13 red light here, but I think I got a couple of minutes  
14 left from my predecessor, if that's all right.

15 For 2012, TECO posted a true net profit of  
16 212,700,000, after posting a net loss of 33,300,000 for  
17 discontinued operations in Guatemala. The cash reserves  
18 were 200,500,000. For the year-end 2012, TECO had cash  
19 and cash equivalents and net receivables, which allows  
20 for uncollectibles of \$483,200,000. For the first  
21 quarter of 2013, TECO posted a quarterly profit of  
22 41,200,000 after writing down another 300,000 for  
23 discontinued operations.

24 How much is enough? In TECO's First Quarter  
25 Results dated April 30th, 2013, their base rate request

1 summary includes the following line items under need.  
2 We need -- 2014 return on equity without additional  
3 rates would end up being 6.7, 6.74%. The current  
4 allowed return on equity is 11.25%, plus or minus  
5 100 basis points. Our current rates are the second  
6 lowest in Florida among IOUs, and we expect to maintain  
7 that position. The request summary that's included in  
8 this First Quarter Results states that with the approved  
9 rate hikes they can achieve their target return on  
10 equity of 11.25%.

11 So I look around. Where are the  
12 representatives of the county, city, development  
13 councils, and chambers of commerce today? When asked if  
14 they were taking positions on the proposed increase, all  
15 said no. Why? The cities and counties stand to gain  
16 more revenue from the taxes and franchise fees that are  
17 raised based on dollars billed by TECO. Higher rates,  
18 more revenue. Guess who pays? And this isn't published  
19 in the overall rate hike impact. Mr. Kelly, I hope your  
20 office runs with that one too.

21 The development councils and chambers won't  
22 stand, as TECO contributes dollars to them for  
23 continuing operations. Again, guess who pays? This is  
24 textbook reciprocity, also known as buck scratching or,  
25 as my dad used to say, the throwing of the bones to keep

1 the meat.

2 A case in point is Polk County School District  
3 system for fiscal year 2012 paid TECO --

4 **CHAIRMAN BRISÉ:** Mr. Bachman?

5 **MR. BACHMAN:** Yes.

6 **CHAIRMAN BRISÉ:** If you could begin to wrap it  
7 up.

8 **MR. BACHMAN:** Okay. I've only got a couple of  
9 more here.

10 **CHAIRMAN BRISÉ:** You're two minutes and 40  
11 seconds over.

12 **MR. BACHMAN:** Okay. I win.

13 Polk County schools paid TECO \$3,002,598 for  
14 fiscal year 2012. How is this proposed increased going  
15 to impact a recently published budget shortfall for the  
16 schools already totaling 12.7 million? Teachers,  
17 classes, and programs have already been cut for several  
18 years. There's no clear solution on the horizon. How  
19 much worse will the rate hikes compound an already  
20 serious problem? And, once again, who's going to pay?

21 TECO executives, what planet do you come from?  
22 A monopoly with guaranteed return on equity levels to  
23 11.25%, plus cash and receivables of nearly half a  
24 billion dollars at the end of 2012. And who announced  
25 two days ago the acquisition of New Mexico Gas for

1 nearly a billion dollars?

2 And consider this, the Consumer Price Index,  
3 CPI-U for the years 2009 through 2012 averaged 1.625%  
4 per year over the four years since TECO's 2009 last rate  
5 hike was instigated. And now they want how much?

6 **CHAIRMAN BRISÉ:** Okay, Mr. Bachman. Thank  
7 you.

8 **MR. BACHMAN:** I'm not done.

9 **CHAIRMAN BRISÉ:** Sir.

10 **MR. BACHMAN:** I'm not done.

11 **CHAIRMAN BRISÉ:** Sir. Sir, thank you. You  
12 can turn that in, and it will be --

13 **MR. BACHMAN:** Okay. I will. And I'm just  
14 going to ask you to vote no on any increase.

15 **CHAIRMAN BRISÉ:** Thank you very much. We  
16 appreciate your testimony today. That will be Exhibit  
17 Number 7.

18 (Exhibit 7 marked for identification.)

19 **MS. BARRERA:** Commissioner, the title for the  
20 exhibit would be comments by Mr. Bruce Bachman, Exhibit  
21 Number 7. And just for the record, Exhibit Number 6 was  
22 titled TECO Notice of Customer Hearing. Thank you.

23 **CHAIRMAN BRISÉ:** Thank you so much.

24 **MR. KELLY:** After Ms. Cox will be Bob Johnson.

25 **YVONNE COX**

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

4 **DIRECT STATEMENT**

5 **MR. COX:** Good morning, Commissioners and  
6 everybody else. I'm just a regular person who happens  
7 to be on disability. Okay. I was here at the last  
8 increase begging you guys to give us a break, which  
9 didn't happen. Okay. Y'all seem to dismiss the fact  
10 that people just don't have the money. We can't afford  
11 it. And like everybody else, I like to eat, I like some  
12 comforts of life. I earned them. I worked all of my  
13 life. I happen to be disabled now.

14 TECO is a profit-owned company. All they are  
15 concerned about is not anything other than profit.  
16 Okay. It's just not fair. We have the recession,  
17 people don't have jobs. Okay. Kids go to school hungry  
18 because their parents can't afford to feed them. And  
19 you guys work part-time plus y'all have full-time jobs,  
20 and I know y'all are quite comfortable in your life.  
21 All of us can't say that. Okay. Some of us are really,  
22 really, really, truly struggling.

23 And all I can say is this: I'm tired of  
24 coming to these meetings begging you guys to stop these  
25 companies from increasing utilities that we have to

1 have. It gets to the point where I have tried  
2 everything. I have cut back on every possible thing.  
3 When I go to shop, if it has to be plugged in, I don't  
4 buy it. Because I can't afford the rate increases, I  
5 try to keep my utilities to a minimum. And even though  
6 I am, and I'm cutting back and I'm unplugging and I'm  
7 doing all the things to conserve, they still want more  
8 money, and you guys give it to them every single time.  
9 I have yet to have y'all, or whoever is the "All  
10 Mighty," deny them anything, and it just doesn't make  
11 sense. I mean, I'll be burning candles to keep the  
12 lights on. I have to have the refrigerator and certain  
13 little things.

14 But this is ridiculous. It doesn't make  
15 sense. And I understand it's all about the bottom line  
16 and the figures and how they cooperate and all of this.  
17 But somebody is missing something and somebody is not  
18 digging in real, you know, like really looking at what's  
19 going on here. Because it's us, the poor people, the  
20 people that don't have jobs now, retired, fixed incomes,  
21 okay, the COLA that doesn't go up anymore, where are we  
22 supposed to get this? And as you say yes, which you  
23 always do, to these increases, just think about it.

24 There will be one day, and hopefully I still  
25 am here to see this day, when we all have solar power



1 and we won't have to deal with these people. Okay?

2 Thank you.

3 **CHAIRMAN BRISÉ:** Thank you very much.

4 Any questions for Ms. Cox?

5 Seeing none, thank you for your testimony.

6 **MR. KELLY:** After Mr. Johnson is Michael  
7 Tanner.

8 **BOB JOHNSON**

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

12 **DIRECT STATEMENT**

13 **MR. JOHNSON:** Good morning. My name is Bob  
14 Johnson. I work for a company, I'm the Plant Manager of  
15 Mizkan Americas located in Lake Alford, Florida,  
16 445 North Dakota Avenue. I've been Plant Manager there  
17 for the last five years. Over that last five years  
18 we've experienced many, many power outages. And I've  
19 heard a lot of people from TECO this morning and from  
20 the other people that are talking, that we expect a  
21 safe, reliable service.

22 Ours is not reliable, period. It has cost our  
23 company in excess of a million dollars in the last five  
24 years of lost production. We filed two claims with TECO  
25 and were denied. And not only denied, but they've lost

1 customer service totally. They don't care about the  
2 consumer. There is no checking in to the situation.  
3 They just tell you no. You say, "Who's your boss? Who  
4 can I go to next?"

5 I've had several engineers in my office to  
6 discuss our power issues and gotten zero corrections,  
7 zero input. They said it's not their problem, they're  
8 providing a reliable service.

9 You would not believe the number of times I've  
10 had them out there. It's been in excess of 50 times in  
11 the last five years. No issues have been corrected  
12 unless we pay for it to upgrade a service to a higher  
13 amp service. We've got old transformers, old links,  
14 fusible links on the poles that have loose connections  
15 that they will only correct if they get damaged. I  
16 don't mind paying for a service, and we're paying  
17 anywhere from 35- to \$45,000 a month in electrical  
18 service. And I've dealt with Adams Cold Storage, and I  
19 know their bill has got to be way bigger than mine.

20 The issue is, is our product -- we make  
21 vinegar, a simple product, but everybody uses it. That  
22 production has to run 24/7. I cannot afford even two  
23 minutes of power outages. We have backup generators  
24 that keep our machinery running. But the service is so  
25 dirty, and what I mean by dirty is you get single

1 phasing occurring where one leg will drop out and it  
2 sends a spike of amperage through the other leg. And  
3 what it does is it burns out motors, drives, breakers,  
4 and all very expensive electrical equipment.

5 So I'm frustrated. And I feel like the amount  
6 of money I pay to them every month, they should be at  
7 least courteous to me, and they don't do that.

8 So whether they deserve this or not, I'm going  
9 to leave that to you guys. That's up to you to  
10 determine that. But they need to be responsive to the  
11 public and to the businesses in this area. We employ 47  
12 people that rely on their jobs.

13 And I see I got my red light, so I will stop.  
14 I appreciate your time and effort today. Please do  
15 something with this. TECO is not a reliable company and  
16 that's what we pay for and expect. Thank you.

17 **CHAIRMAN BRISÉ:** Thank you very much.

18 I don't know if there's any questions for  
19 Mr. Johnson.

20 Mr. Johnson, I think there are a few questions  
21 for you.

22 **MR. JOHNSON:** Questions?

23 **CHAIRMAN BRISÉ:** Commissioner Graham.

24 **MR. JOHNSON:** Yes, sir.

25 **COMMISSIONER GRAHAM:** Mr. Johnson, what was

1 the last time that you spoke to TECO and complained?

2 **MR. JOHNSON:** We've had them out within the  
3 past month.

4 **COMMISSIONER GRAHAM:** Do you know who was out?

5 **MR. JOHNSON:** I do not. We use an outside  
6 electrical contractor who calls the local area engineer  
7 and gets him out to look at our issues. So I don't have  
8 direct contact daily, but my electrical contractor does.  
9 And then when we have major issues, then, you know,  
10 we'll have a rep come in and talk to us.

11 **COMMISSIONER GRAHAM:** Do you have complaint  
12 numbers or -- I guess what I'm looking for is if I can  
13 get you to email our office some more detail.

14 **MR. JOHNSON:** Sure.

15 **COMMISSIONER GRAHAM:** Like maybe some dates or  
16 some complaint numbers so that we can follow up  
17 specifically with TECO on this topic.

18 **MR. JOHNSON:** I'll be glad to do that.

19 **COMMISSIONER GRAHAM:** Thank you.

20 **CHAIRMAN BRISÉ:** Commissioner Brown.

21 **COMMISSIONER BROWN:** A question about, you  
22 said in the past five years that TECO has been out to  
23 service -- or there have been in excess of 50 outages in  
24 the past five years. I'm curious if you know kind of  
25 the average time of the outage that occurs. How long

1 did --

2 **MR. JOHNSON:** Most of them are very short and  
3 less than a few minutes.

4 **COMMISSIONER BROWN:** Do you get an automatic  
5 phone call when they go out?

6 **MR. JOHNSON:** No. I've not received any phone  
7 calls, not one. And, you know, to be honest, from a  
8 personal standpoint, when I watch TV and I see ads from  
9 Progress Energy talking about how they're going to help  
10 the consumer to save energy and do these other home  
11 projects and I don't see any from TECO, it's very  
12 frustrating.

13 **COMMISSIONER BROWN:** Because I do understand  
14 that it is frustrating, but I know a lot of the utility  
15 companies do provide an estimated time of return to  
16 service and they'll call you on your cell phone or  
17 something like that, and I didn't know if you explored  
18 that.

19 **MR. JOHNSON:** No. I, I would have to check  
20 because, like I said, we use an outside electrical  
21 service. So I call them out, and they deal directly  
22 with that. I can email you that information as well.

23 **COMMISSIONER BROWN:** Thank you.

24 **MR. JOHNSON:** I will collect that.

25 **CHAIRMAN BRISÉ:** Commissioner Edgar.

1                   **COMMISSIONER EDGAR:** Mr. Johnson, could you  
2 tell me again the name of the business that you're  
3 representing?

4                   **MR. JOHNSON:** It's Mizkan, M-I-Z-K-A-N,  
5 Americas.

6                   **COMMISSIONER EDGAR:** And very briefly a little  
7 bit more about the product that you produce.

8                   **MR. JOHNSON:** We produce vinegar, all kinds of  
9 vinegar: Apple cider vinegar, white distilled vinegar,  
10 malt vinegar, white wine vinegar, rice vinegar, red wine  
11 vinegar, balsamic vinegar, all the -- you go to the  
12 grocery shelves and you'll see them all.

13                   Our head office is in Chicago. We have 15  
14 plants nationwide. We're the southeast plant. And we  
15 were -- they were -- they acquired the company from  
16 Florida Distillers about five years ago, a little over  
17 five years ago. And since that time I've been -- I was  
18 with Florida Distillers as well, and been with Mizkan  
19 five years.

20                   **COMMISSIONER EDGAR:** Thank you.

21                   **MR. JOHNSON:** You're welcome. Is that it?

22                   **CHAIRMAN BRISÉ:** All right. Any further  
23 questions?

24                   Seeing none, thank you for your testimony.

25                   **MR. JOHNSON:** Thank you.

1                   **MR. KELLY:** After Mr. Tanner is Robert  
2 Youngmeyer.

3                   **MICHAEL TANNER**

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

7                   **DIRECT STATEMENT**

8                   **MR. TANNER:** Good morning, Commissioners.  
9 Good morning, neighbors. My name is Michael Tanner. I  
10 live, work, and play here in Winter Haven. I live at  
11 217 24th Court Southwest. My cell number is  
12 (863)651-9555. I am a Certified Public Account and an  
13 investment manager here in town.

14                   Now, I like Tampa Electric, I do, and for most  
15 of my life I've paid bills to them. But they're a  
16 profitable company. Doing a little quick research,  
17 they've been profitable each and every quarter going  
18 back at least to the first quarter of 2006. They  
19 lowered their dividend 2002, 2003 because they had  
20 problems, but they have held steady or rising dividends  
21 every quarter since the first quarter of 2003, I  
22 believe. So, you know, over ten years of steady or  
23 increasing dividends.

24                   At their current stock price they pay a 5.05%  
25 dividend. That's after all taxes. They're making

1 money.

2 Now, the basic service charge, it says it's to  
3 maintain your electric meter and the wires that bring  
4 electrical service to your home or business. Now,  
5 there's been a big push over the past several years to  
6 put new electric meters in people's homes and businesses  
7 so they don't have to have a meter reader come out. So  
8 all their meters should be new, the latest technology.  
9 They don't have people going out to read them, so I  
10 don't know why they need more money to maintain the  
11 brand new electric meters that they put all over their  
12 service area.

13 And to maintain the wires that bring service  
14 to your home or business -- we had these three  
15 hurricanes that passed right through right where we're  
16 all standing in 2004. I was without power for about two  
17 weeks. But I don't blame them for that because we had a  
18 lot of old oak trees that pushed down lines. My  
19 neighborhood has underground utilities, but what fed my  
20 neighborhood was the problem. They had to go out and  
21 replace all that stuff. It's new. That stuff was  
22 replaced in 2004, 2005, and now before that who knows if  
23 those lines were 30, 40, 50 years old maybe. Their  
24 lines are new in Polk County and around their service  
25 area, so I don't know why they have increased cost to



1 maintain these new lines.

2           They want to increase over a thousand kilowatt  
3 hours for standard residential, increase 11%. The first  
4 thousand kilowatt hours, they want to increase that by  
5 13%. The basic service charge they want to increase by  
6 43%. That's a little bit much, I believe. They're  
7 making money. These guys make money, and there's been  
8 other comments about the people in the executive  
9 offices. You know, the people on the ground are great;  
10 I like the people. But I don't see where their  
11 additional costs are from. It's a lot cheaper to build  
12 something now than it was in 2004, 2005, 2006, 2007.  
13 Everything is cheaper now. It's not that expensive to  
14 build if they need to, if they need to fix and maintain  
15 things. And they have no wage pressure. Unemployment  
16 is high all around the country and here. There are more  
17 kids on free reduced lunches now than probably ever  
18 before. There are more people on food stamps now.  
19 People that were middle class people that have families,  
20 these people are hurting. This company is making a fair  
21 profit and I don't think they should get anything.

22 Thank you.

23           **CHAIRMAN BRISÉ:** Thank you.

24           Any questions for Mr. Tanner?

25           Okay. Thank you for your testimony.

**ROBERT YOUNGMEYER**

1  
2 was called as a witness on behalf of the Citizens of the  
3 State of Florida and, having been duly sworn, testified  
4 as follows:

**DIRECT STATEMENT**

5  
6 **MR. YOUNGMEYER:** Good morning. I'm Robert  
7 Youngmeyer, and I live here in Winter Haven at  
8 1510 Oakview Circle Southeast in Winter Haven. I do  
9 appreciate that you're here and that I can make a few  
10 comments to you.

11 The -- I actually have only lived here about  
12 four years, and so far I've had good service from TECO.  
13 I have no complaints. I haven't been through a storm.  
14 I don't know what'll happen then.

15 But the -- you know, I'm going to speak today  
16 from the brochure that was in my bill in April. I  
17 actually find it to be more informative than what's on  
18 this sheet because this sheet combines some things,  
19 whereas in this brochure it broke things out. And what  
20 the brochure shows and the reason that I'm here is that  
21 the -- for a standard residential rate the basic service  
22 charge is proposed to be increased 42.9%. If you use up  
23 to a thousand kilowatt hours, it's going to be increased  
24 13%. If you use over 1000-kilowatt hours, it's  
25 increased by 10.6%.

1           If you go down to the residential service  
2 variable pricing, again, the basic service charge goes  
3 up 42.9%, the energy charge goes up 11.2%. Now looking  
4 at the standard general service non-demand, the basic  
5 service charge is up 71.4%. The energy charge is up  
6 11.2%. If you go down to the charge for the time of day  
7 general service, a non-demand, the basic service charge  
8 is up 66.7% and the energy service charge on-peak is up  
9 10.2%. And low and behold, there is a decrease if you  
10 use off-peak. It's up to 8.2%.

11           And then on the back -- you know, the other  
12 charges are up also large amounts. The 12% in the case  
13 of non, non -- normal reconnect subsequent subscriber up  
14 12.2%; same day reconnect, 15.24%. You -- I don't have  
15 to go any further, but they're all up very large  
16 amounts. And the reason that I wanted to comment is  
17 that, you know, most people, a lot of people that live  
18 in this community live on social security and they live  
19 on retirement income, and for the last several years  
20 those increases have been very small. Social Security  
21 has had a zero increase in 2010, a zero increase in  
22 2011, a 3.6% increase in 2012, and a 1.7% increase in  
23 2013.

24           Plus people in today's environment, what you  
25 can earn on savings are practically nothing. You're

1 lucky on a five-year CD to earn 1.3%; on a money market  
2 account at Bank of America or SunTrust you'll get paid  
3 one basis point or two basis points. Hey, I can speak  
4 for myself, my income is down. Okay? And a lot of  
5 people's income is down because of what you can earn on  
6 your investments.

7 Now -- and also the federal government likes  
8 you to believe that inflation is low. I mean, they put  
9 out information all the time that says, hey, inflation  
10 is 1% or 2%. Now there's reason to question that. But,  
11 anyway, that is what is being said. And how somebody  
12 can ask for rate increases this large in the face of all  
13 this information about how low inflation is, I don't  
14 understand.

15 Further, and somebody else touched on this,  
16 the -- your bill includes a lot of taxes. Okay? It  
17 includes, it includes Florida gross receipts tax, which  
18 is about 2.6%; a franchise fee, which is about 6.7%; and  
19 a city tax in Winter Haven, which is about 9%. And any  
20 increase in these fees increases all these taxes and  
21 fees, franchise fees and so forth.

22 So I just ask you to -- and also, you know, I  
23 didn't know that TECO was wanting to earn 11.25% return  
24 on their capital. I wish I could earn 11.25% return on  
25 my capital. And I just think that they're asking for

1 too much, you know, in this environment. You know, I  
2 don't know how they can feel that it's reasonable to ask  
3 for this. Thank you very much.

4 **CHAIRMAN BRISÉ:** Thank you, Mr. Youngmeyer.

5 Are there any questions for Mr. Youngmeyer?

6 Thank you for your testimony.

7 All right. Thank you. If there's anyone who  
8 didn't sign up or wishes to speak, now is the  
9 opportunity. If that is not the case, then we will  
10 bring this hearing to a close shortly. I just wanted to  
11 remind you that if you didn't speak and you wish to have  
12 your thoughts heard and become part of the record,  
13 either use the yellow sheet, put the comments in, email  
14 us, take a stack and distribute it to your neighbors and  
15 friends and have them send their comments to us. We are  
16 very interested in your comments.

17 With that, we're going to move all the  
18 exhibits into the record at this time, seeing no  
19 objections.

20 (Exhibits 6 and 7 admitted into evidence.)

21 And with that, we will adjourn the customer  
22 service hearing. Thank you for your participation.

23 (Proceeding adjourned at 11:13 a.m.)

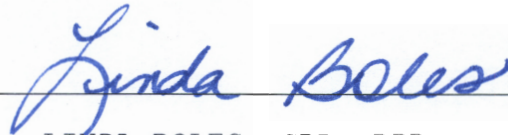
1 STATE OF FLORIDA )  
2 : CERTIFICATE OF REPORTER  
3 COUNTY OF LEON )

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

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

13 I FURTHER CERTIFY that I am not a relative,  
14 employee, attorney or counsel of any of the parties, nor  
15 am I a relative or employee of any of the parties'  
16 attorney or counsel connected with the action, nor am I  
17 financially interested in the action.

18 DATED THIS 5<sup>th</sup> day of June, 2013.

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25  


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