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BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

**ORIGINAL
FILE COPY**

In The Matter of :
 Application of GULF POWER :
 COMPANY for an increase in rates :
 and charges. :

DOCKET NO. 891345-EI

RECEIVED
 Division of Records & Reporting
 APR 20 1990
 Florida Public Service Commission

Holiday Inn Ballroom
 University Mall
 7200 Plantation Road
 Pensacola, Florida 32504
 Wednesday, April 4, 1990

Met pursuant to notice at 6:08 p.m.

BEFORE: COMMISSIONER MICHAEL McK. WILSON, CHAIRMAN
 COMMISSIONER GERALD L. GUNTER
 COMMISSION JOHN T. HERNDON
 COMMISSIONER THOMAS M. BEARD
 COMMISSIONER BETTY EASLEY

APPEARANCES:

G. EDISON HOLLAND, JR., of the firm of Beggs and Lane,
 Post Office Box 12950, Pensacola, Florida 32576-2950, Telephone
 No. (904) 432-2451, appearing on behalf of Gulf Power Company.

JACK SHREVE, STEVE BURGESS and DON HALE, Office of the
 Public Counsel, the Florida House of Representatives, The
 Capitol, Tallahassee, Florida 32399-1300, Telephone No. (904)
 488-9330, appearing on behalf of the Citizens of the State of
 Florida.

DOCUMENT NO.
 891345-EI
 4/20/90

1 APPEARANCES CONTINUED:

2 MICHAEL PALECKI, FPSC Division of Legal Services, 101
3 East Gaines Street, Tallahassee, Florida 32399-0863, Telephone
4 NO. (904) 487-2740, appearing on behalf of the FPSC.

5 PRENTICE P. PRUITT, FPSC Office of General Counsel, 101
6 East Gaines Street, Tallahassee, Florida 32399, Telephone No.
7 (904) 488-7463, appearing as Counsel to the Commissioners.

8 ALSO PRESENT:

9 Kathy Brown, Rate Analyst, PSC

10

11 REPORTED BY:

SYDNEY C. SILVA, CSR, RPR
Official Commission Reporter

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PRESENTATION BY ARLAN SCARBROUGH

for Gulf Power Corporation

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CERTIFICATE OF REPORTER 119

P R O C E E D I N G S

(Hearing convened at 6:08 p.m.)

CHAIRMAN WILSON: Counsel, would you read the notice, please.

MR. PALECKI: Pursuant to notice issued on February 28, 1990, in Docket No. 891345-EI, the Florida Public Service Commission will hold a service hearing in this docket on the request of Gulf Power Company to increase its rates and charges. The hearing will commence at 6:00 o'clock Central Standard Time. Customers who wish to present testimony are urged to appear promptly at the scheduled time.

The purpose of this service hearing will be to permit members of the public to give testimony regarding rates and services of the Gulf Power Company. The procedure at this hearing shall be as follows: The Company will present a brief summary of its case and then members of the public may present testimony.

CHAIRMAN WILSON: Let's take appearances of counsel.

MR. SHREVE: Jack Shreve and Steve Burgess, Office of the Public Counsel, representing the customers in opposition to the rate increase.

MR. PALECKI: Michael Palecki, 101 East Gaines Street, Tallahassee, Florida, appearing on the behalf of the Staff of the Florida Public Service Commission.

MR. FRUITT: Prentice P Pruitt, 101 East Gaines

1 Street, Tallahassee, Florida, counsel to the Commissioners.

2 MR. HOLLAND: Ed Holland, with the firm of Beggs and
3 Lane, 700 Blount Building, Pensacola, Florida, 32501, appearing
4 on behalf of Gulf Power Company.

5 CHAIRMAN WILSON: Good evening, my name is Michael
6 Wilson, I'm Chairman of the Florida Public Service Commission.
7 Here tonight are the other four Commissioners on the Public
8 Service Commission, Commissioners Betty Easley, Tom Herndon,
9 Gerald Gunter and Tom Beard.

10 What I would like to do is just talk a little bit about
11 what we're here for and how we're going to proceed. First we'll
12 have Gulf Power Company make a presentation of the rate request
13 they filed with the Public Service Commission.

14 FROM THE AUDIENCE: How about speaking up?

15 CHAIRMAN WILSON: I'm sorry, can you not hear?

16 Mr. Shreve, who is the Public Counsel, is here to help
17 customers present their testimony. For those of you who have
18 never testified in one of these kinds of hearings, it's very
19 easy. Mr. Shreve has a list for you to sign up on; and as he
20 calls your name, what I would like for you to do is come forward
21 and tell us what you have to say.

22 We may have some questions of you. And since we intend
23 to use the information that we get here tonight from the
24 customers in this proceeding, I'm going to swear you in before
25 you testify. After the Company's opening statement -- I believe

1 Mr. Shreve has something to say, also -- we'll take a short break
2 so that those of you who have not already signed up on Mr.
3 Shreve's list will have an opportunity to do that.

4 We're here tonight to hear from the customers and
5 ratepayers of Gulf Power Company. During this phase of the
6 proceeding, we want to hear from the customers of this utility
7 about the quality of service that you receive from Gulf Power
8 Company and we want to hear about the issues that concern you.

9 The Company has filed for a permanent rate increase of
10 \$26.3 million. In the permanent case to be heard in July, there
11 are a lot of issues that the Commission will hear.

12 We all know that there have been serious allegations
13 made and questions raised about recent activities of Gulf Power
14 Company. These are allegations that cannot and will not be
15 ignored by the Commission in its appraisal of the Gulf Power
16 management. This company has, in fact, pled guilty to felony
17 charges in Federal District Court in Atlanta, raising questions
18 which must be answered and answered to the satisfaction of this
19 Commission.

20 The Commission must determine the consequences of the
21 actions taken by Gulf Power Company and its employees, and it's
22 our job to see that the ratepayers do not suffer those
23 consequences. If there are expenses that have been paid by
24 ratepayers that are not prudent or related to the provision of
25 electric service, then they must be refunded or returned to

1 customers with interest. If there are costs which are being paid
2 by ratepayers which should not be paid by ratepayers, they must
3 cease. These issues have not yet been heard by the Commission.

4 The law required that the Company be allowed to collect
5 interim revenues of \$5.7 million. Unfortunately, the Commission
6 could not -- could consider only a few of the issues that we will
7 hear in the permanent rate case. Fortunately, these revenues are
8 temporary. The law allows the Utility to collect money pending a
9 full review of the Company's operations. That full review will
10 takes place in hearings in July of this year.

11 The fact that Gulf Power has been allowed to
12 temporarily collect \$5.7 million on a temporary basis does not
13 mean that they will receive that amount of money in the permanent
14 rate case. It does not necessarily mean that they will receive
15 anything. Gulf Power could be required to refund all or a part
16 of that amount, and rates can remain the same or even be reduced
17 in this type of proceeding.

18 The events of the recent past warrant a full and
19 thorough investigation and review of the actions of Gulf Power
20 Company. This Commission as presently constituted, or as it may
21 be when this case is heard, will investigate and review these
22 actions and they will be issues in this rate case.

23 I will now hear the Company's statement on the rate
24 increase that they have requested which is pending before the
25 Public Service Commission. Mr. Holland?

1 MR. HOLLAND: Mr. Chairman, before we do that, I would
2 like the record to reflect that I have --

3 CHAIRMAN WILSON: You have to speak up, I can't hear
4 you.

5 MR. HOLLAND: Sorry.

6 FROM THE AUDIENCE: Speak louder.

7 COMMISSIONER GUNTER: You have to get closer to it is
8 all.

9 MR. HOLLAND: Mr. Chairman, before we call our witness,
10 I would like the record to reflect that I have provided the court
11 reporter with a copy of the official notice of these hearings and
12 would request that the Commission mark this as an exhibit.

13 CHAIRMAN WILSON: Public notice will be marked as
14 Exhibit 1.

15 (Exhibit 1 marked for identification.)

16 MR. HOLLAND: With that, we'd call Mr. Scarbrough.

17 MR. SCARBROUGH: Good evening, Commissioners, and
18 ladies and gentlemen. I'm Arlan Scarbrough, Vice
19 President-Finance for Gulf Power Company. Gulf Power Company is
20 pleased to have this opportunity to give you a brief summary of
21 our request to the Florida Public Service Commission for an
22 increase in our retail base rates. We are equally interested in
23 hearing from you today regarding any concerns that you might have
24 about our rates and the service you receive from Gulf Power
25 Company.

1 Gulf Power Company is an investor-owned enterprise
2 entrusted with an essential public service. Our primary mission
3 is to provide adequate and reliable electric service to all of
4 our customers at the lowest possible price consistent with
5 earning an adequate return for the investors who have provided
6 the funds to make such service possible. We are proud of the
7 Company's accomplishment of this mission and we believe Gulf
8 Power Company is a highly competitive, well-managed electric
9 utility.

10 (Slide 1:) On December 15, 1989, Gulf Power Company
11 filed a petition with the Florida Public Service Commission
12 requesting an increase in rates of \$56.3 million annually. This
13 is an overall increase of 6.21% and an increase of 8.47% for the
14 residential customers. If approved, this amount would increase
15 the cost for a typical residential customer, which is one who
16 uses 1000 kilowatt hours per month, by \$5.16 per month during the
17 winter months and \$5.73 per month during the summer months. The
18 approved test year for evaluating the request was projected for
19 1990.

20 The requested rate base or net amount of facilities
21 serving the retail customer was \$924 million. The requested
22 overall rate of return on this rate base was 8.34%, and the
23 return requested on the common equity portion of the investment
24 was 13%. The Commission suspended this request for increased
25 rates until hearings could be completed with a final decision

1 scheduled to be reached by August 14, 1990.

2 The Company also requested interim relief of \$22.8
3 million; and on February 8, 1990, the Commission approved an
4 increase of \$5,751,000, or 2.43%, which is subject to refund with
5 interest pending the final decision by the Commission in August.
6 The interim increase was effective on March 10, 1990.

7 (Slide 2:) On this slide, you can see that, of our
8 total request for \$26.3 million, approximately 37% will be for
9 federal and state income taxes on the requested increase. In
10 other words, if it were not for income taxes, our request would
11 have been reduced by about \$10 million.

12 Also, Gulf Power Company is the largest payer of
13 property taxes in the area it serves. In 1989, Gulf Power paid
14 \$5.2 million to Escambia County for property taxes.

15 (Slide 3:) Certainly, electric bills and the cost of
16 other household goods and services are a matter of concern to
17 everyone. Gulf Power Company has worked very hard to provide its
18 customers with high quality electric service at the lowest
19 possible cost.

20 The management and employees of Gulf Power Company have
21 worked diligently to increase the productivity and efficiency of
22 all its operations. This effort has resulted in keeping
23 operating expenses at a minimum. Combined with favorable
24 economic conditions and increased sales of generating capacity
25 and energy to other electric utilities, these efforts have

1 enabled us to avoid requesting an increase in base rates for over
2 five years. The rates at Gulf Power are among the lowest in the
3 Southeast and the nation and, as shown on this slide, will retain
4 that relative favorable position, even with the total increase
5 requested.

6 (Slide 4:) During the period from July 1st, 1988,
7 through January 31st, 1989, Gulf Power Company committed
8 approximately 500 megawatts of additional generating capacity
9 from plants Daniel and Scherer to its retail customers. Gulf had
10 temporarily sold this capacity to other electric utilities, but
11 the capacity is now serving our retail customers.

12 Gulf owns a 50% interest in the two 500 megawatt units
13 at Plant Daniel located near Pascagoula, Mississippi, and a 25%
14 interest in the 818 megawatt Unit No. 3 at Plant Scherer located
15 in Monroe County, Georgia. Plant Scherer, which is shown on this
16 slide, has four units with a combined total capacity of 3,272
17 megawatts. With this additional capacity from Plants Daniel and
18 Scherer, Gulf's generating reserves are in the desired range of
19 20 to 25%. Without this capacity, Gulf's generating reserves
20 would have been a negative 7% during the extremely cold weather
21 we had in December.

22 The revenues that were received from these temporary
23 off-system sales -- in addition to lower cost of money, lower
24 federal income tax rates, and Gulf's continual efforts in
25 controlling costs -- have enabled the Company to avoid requesting

1 an increase in base rates during the five-year period since our
2 last increase in base rates in December 1984. This has been a
3 period of constantly increasing customer growth and
4 ever-increasing costs of expenses and facilities necessary to
5 serve our customers.

6 (Slide 5:) As shown on this slide, in December 1984,
7 the Florida Public Service Commission approved \$626 million for
8 plant facilities and equipment serving the retail customers, also
9 referred to as the "retail rate base." Since 1984, Gulf will
10 have invested \$298 million in additional facilities and equipment
11 net of accumulated depreciation. This is an increase in Gulf's
12 rate base since 1984 of 48% for a total requested rate base of
13 \$924 million in this case. You see the 48% increase and the rate
14 base that is requested in this case of \$924 million, and the rate
15 base that was authorized in 1984, of course, and the increase of
16 \$298 million.

17 As you can see on this slide, the percentage of the
18 Company's investment in production, transmission and
19 distribution, and other facilities is about the same now as it
20 was in 1984. Production in 1984 was 47%; 1990, it's 44%.
21 Transmission and distribution in 1984 was 35%; and in 1990, it's
22 37%.

23 "Other," which includes line trucks, buildings, coal
24 stock piles and so forth, was 18% in 1984 as a percentage of our
25 total rate base and in 1990 is 19% of our total rate base.

1 One of the additions included in the "Other" category
2 is Gulf's new corporate office building, which was occupied in
3 March 1987. This building was constructed to house the corporate
4 office functions under one roof. The cost of the building was
5 equivalent to the cost of comparable office space in northwest
6 Florida. Also, the cost of the land on which the building is
7 located was comparable to the other suitable building sites that
8 were available.

9 (Slide 6:) Gulf Power Company's investment in the
10 additional \$298 million of facilities necessary to service retail
11 customers, along with the increased expenses incurred during this
12 five-year period, has caused the return that the Company earned
13 for its investors to drastically decline since our last rate
14 increase in 1984. Without this requested increase in rates,
15 Gulf's 1990 retail overall return and return on common equity is
16 expected to be only 6.60% and 7.52% respectively. Investors will
17 not continue to risk their money in a company that offers such
18 low returns.

19 Gulf Power Company is seeking an overall rate of return
20 of 8.34% on its investment and facilities necessary to provide
21 adequate and reliable electric service to its retail customers.
22 Included in this rate is a request for a 13% return on the risk
23 capital invested by the common stockholder.

24 As a comparison of reasonableness, the prime interest
25 rate, which is the interest rate charged by major banks to their

1 most creditworthy customers, is 10% today.

2 (Slide 7:) As I mentioned earlier, the rates of Gulf
3 Power Company are among the lowest in the Southeast and the
4 nation. This slide shows that, because of the lower fuel costs
5 that Gulf has been able to achieve, its residential rate is lower
6 today than it was in 1982. In 1982, the rates for 1000 kilowatt
7 hours was \$65.46. The rate today for 1000 kilowatt hours for the
8 residential customer is \$59.36. In fact, even with the full
9 increase requested, the average cost for Gulf's residential
10 customers for December 1989 would remain less than the cost in
11 1982.

12 In 1982 the cost for a residential customer for 1000
13 kilowatt hours was \$65.46. In 1990, if we increased the 1989
14 cost, the 59.36, by the total amount of increase, it would bring
15 that bill up to \$64.52, which is less than the amount that our
16 customers paid for 1000 kilowatt hours in 1982. There are very
17 few providers of consumer goods and services that can make that
18 claim.

19 Eventually, the rates to each class of customer -- the
20 residential, commercial and industrial classes -- should cover
21 100% of the cost to provide electric service to them. As shown
22 earlier, Gulf is requesting an overall increase in rates of
23 6.21%. However, if the request is approved as filed, Gulf's
24 residential customers will see an increase of 8.47% in their
25 bills. This residential increase is necessary in order to ensure

1 that the residential customer is paying closer to their fair
2 share of the cost to serve them. At the present time, Gulf's
3 residential customers are paying only 86% of what it costs to
4 deliver electricity to them.

5 With the proposed increase, Gulf's residential
6 customers will still be paying only 93% of what it cost to
7 provide electric service to them. Consequently, the other class
8 of customers, commercial and industrial, will continue to pay a
9 greater share of the cost for service than do the residential
10 customers. (Slide presentation concluded)

11 I am sure that you are aware that the Company and the
12 JS government entered into a plea agreement on October 31, 1989.
13 The government's Statement of Facts regarding Gulf Power
14 Company's pleas and the charging document itself recognized that
15 the events which formed the bases for the government's charges
16 were the unauthorized, illegal actions of a former member of
17 Gulf's management and other former employees acting at his
18 direction. While we do not condone such activities, the Company
19 has accepted responsibility for them and has taken numerous steps
20 to ensure they do not reoccur. The costs associated with the
21 investigation, including the \$500,000 fine, have been excluded
22 from this rate filing and have no impact whatsoever on our
23 Company's need for rate relief.

24 In closing, I would like to emphasize that Gulf Power
25 Company's major goal is providing adequate and reliable electric

1 service to its customers at the lowest possible cost. Gulf Power
2 has representatives here who are able and happy to answer any of
3 your questions and to assist you with any problems that you might
4 have concerning your rates and the service that you receive from
5 Gulf Power Company. These employees are stationed in the rear of
6 the room and they can be identified by the Gulf Power
7 identification badges that they are wearing.

8 I thank you for your kind attention.

9 (REPORTER'S NOTE: Although not officially submitted, a
10 printed copy of the slides used in the presentation by Arlan
11 Scarbrough is attached as an unnumbered exhibit for the
12 convenience of the record.)

13 CHAIRMAN WILSON: Thank you, Mr. Scarbrough.

14 Mr. Shreve, do you have some comments you would like to
15 make at this point?

16 MR. SHREVE: Yes, Mr. Chairman, I will be very brief.
17 I will make only a few points because this is the night to hear
18 from you and see what your comments are concerning the rate
19 increase and Gulf Power.

20 Some of the points that I think should be made, I would
21 like to tell you that we have not completed our investigation or
22 discovery, and I would assume the Public Service Commission has
23 not, either. There should be a thorough investigation and you
24 should be assured that none of the expenses, attorneys fees or
25 anything concerned with any of the criminal investigations that

1 have been going on for a couple of years, are included in any of
2 the expenses here. Supposedly, that is not the case. That
3 should be checked and confirmed by the Public Service Commission
4 and by us. (Applause)

5 Gulf Power has asked for a 13% return on equity.
6 First, let me tell you that that's not really just 13%. There's
7 such a thing as investment tax credits, we all understand this,
8 that's your money that they're holding. Now, under the tax laws,
9 they're allowed to get a return from that. But that 13%, if
10 granted, would really represent over 14% in real profit to them
11 after taxes. So you understand that.

12 Their rate case expense of a million dollars for this
13 case, they've asked that that be spread over two years. Now,
14 they came in for their last rate case 1984, so we're talking five
15 years. That means if it was granted to them, as they've asked,
16 that they would collect \$2.5 million if they didn't come in for
17 another five years for the \$1 million that they had expended.

18 The rate case that they filed a little over a year ago
19 and dropped, it should be thoroughly confirmed that none of those
20 rate case expenses are placed in as a responsibility of the
21 consuming public. That's not your responsibility and you
22 shouldn't have to bear that burden.

23 As to the rate increase, Mr. Scarbrough continually
24 said, I believe, 8.47%. Just so you'll understand, that includes
25 base rates as well as fuel adjustment. By adding the two

1 together, you come up with a smaller percentage increase. The
2 real increase that is coming in here on the residential customers
3 is about 13%; because if fuel adjustment goes up, then your bills
4 are going up. You might as well look for it. So you really
5 should look at those in two separate categories and realize that
6 the increase on their base rates, which is going to reflect their
7 profit, is an increase of about 13%.

8 There are a great many items that we're still looking
9 into. We filed testimony in the last case, we're redoing that
10 testimony and we're going into additional discovery. At this
11 point, we certainly oppose the rate increase, do not think it is
12 justified by any means, and feel probably -- as we did in the
13 last rate case, before they withdrew it -- that there should be a
14 rate decrease and we will pursue that. Thank you. (Applause)

15 CHAIRMAN WILSON: Thank you, Mr. Shreve. We're going
16 to take a very short break here for those customers who may have
17 come in a little later. Mr. Shreve has got a list of folks who
18 have signed up to testify; if you have not already signed up, if
19 you would please come up here and sign up with him on that list
20 during this short break, so that he can call your name and you
21 come come forward and tell us your comments about the rate
22 increase or other matters that you want to testify about.

23 We'll take about a five-minute break now so that we can
24 do that. Thank you.

25 (Short recess.)

1 CHAIRMAN WILSON: Before we get started, two things.
2 One, we have a complaint analyst from the Public Service
3 Commission, Ms. Kathy Brown, she's standing there in the bright
4 yellow there. If you have any questions that you may have about
5 your bill or about service that you have from the Company, please
6 feel free, on one of the breaks or whenever, to go and talk to
7 her and we'll investigate that and get back with you.

8 The second thing I would like to do is, those who have
9 signed up on Mr. Shreve's witness list, if I can get all of you
10 to stand at one time, we'll do a mass swearing in so we don't
11 have to do that with each witness. Then when you come forward,
12 you'll already be sworn in.

13 (Witnesses sworn simultaneously.)

14 CHAIRMAN WILSON: Thank you very much. Please be
15 seated. Mr. Shreve?

16 MR. SHREVE: Yes, sir.

17 CHAIRMAN WILSON: Would you like to call your first
18 witness?

19 MR. SHREVE: Yes, sir. Mr. Goudy?

20 CHAIRMAN WILSON: Could I also get each of you as you
21 come up to testify to please state your full name for the record.

22 MR. GOUDY: I want to get a little room here.

23 CHAIRMAN WILSON: Full name and address, please.

24 PAUL R. GOUDY

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

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

3 DIRECT STATEMENT

4 WITNESS GOUDY: I'm Paul R Goudy. I live at 946
5 Gondolier Boulevard in the residential community of Villa Venice,
6 which has a Gulf Breeze post office, 32561. Please note the
7 32561 because I'm going to be referring to that later.

8 Members of the Public Service Commission, Gulf Power
9 representatives, ladies and gentlemen: As I said, I'm Paul
10 Goudy. In fact, I'm President of the Villa Venice Homeowners
11 Association, although I am not here representing them, I am here
12 representing myself as a customer of Gulf Power and also as a
13 stockholder in The Southern Company, Gulf Power's owner.

14 I testified last year at a similar hearing. I stated
15 last year that I was not in a position to determine if Gulf Power
16 needed a rate increase or not. That only could be determined by
17 you, the Public Service Commission. You're the only ones that
18 can make the determination. And I make that same statement again
19 this year.

20 I would like to note that last year's requested
21 increase was for \$25,790,000, while this year it is for
22 \$26,295,000, an increase of over a half a million dollars. It's
23 interesting to note, it was mentioned by Mr. Scarbrough, but in
24 the annual report of The Southern Company, which I just received
25 today in the mail, it says that on October 31, 1989, pursuant to

1 an agreement with the US Attorney, Gulf Power entered a guilty
2 plea to two federal offenses. I skip, and it says, "In
3 accordance with the plea agreement, Gulf Power paid a fine of
4 one-half million dollars, which reduced the net income by that
5 amount."

6 It is interesting that their increased amount that
7 they're asking this year over last year is a half a million
8 dollars. (Applause).

9 I stated last year that I could not complain about Gulf
10 Power's service; from my standpoint, it was excellent. I make
11 the same statement this year, their service is excellent. I have
12 no complaints on that regard.

13 I stated last year that I was here to object to the
14 seeming deceptive way in which the public was informed of the
15 requested rate increase and to object to the misleading
16 information furnished. I wish to make the same objections this
17 year. Your record should contain my presentation made last year;
18 I will not repeat them, but I suggest you review your records as
19 things have not changed.

20 The residential customer is bearing the brunt of this
21 requested increase, an average of 8.47% -- your little thing here
22 says 8.75% -- while the total requested increase only amounts to
23 6.21%. This, incidentally, was not in the notice that was sent
24 out to the customers this year, it was merely that the
25 residential customer would have 8.47%.

1 Some customers, not residential, are obviously getting
2 a rate decrease.

3 I have to go on the records that I had from last year.
4 As Mr. Shreve had said, the actual rate increase for the
5 residential customer on a rate is in excess of 13%. Let me read
6 you some decreases: Minus 9.65%, minus 43.37% -- these are for
7 other types of customers -- minus 38%, minus 20%.

8 At least, this year Gulf Power was forthright enough to
9 acknowledge that the residential customer was getting, and I
10 guess in this room I should say, "shafted." Last year they
11 tried to hide it.

12 Gulf Power states it is more costly to serve
13 residential customers than others, large industry. This may be
14 so. But I asked at The Southern Company's annual meeting last
15 year why, if the rates were unbalanced, they had not been
16 corrected previously? The answer I received from Ed Addison was
17 they were kept that way for, quote, "political purposes," end
18 quote. He did not explain what those political purposes were,
19 but I would like to know and I believe the Public Service
20 Commission should know.

21 One statement I have heard from Gulf Power
22 representatives is that the installation of new facilities and
23 distribution systems to serve new residential customers is very
24 costly. This may be so; but they're not improving my service,
25 nor am I or any of the existing residential customers requiring

1 these additional facilities. Only the new customers require the
2 facilities. Let the new customers pay these costs through higher
3 hookup fees. I don't like the idea of existing stable customers
4 having to pay for new ones.

5 Several other points. It's been stated that many of
6 the monetary excesses of Gulf Power have not been paid for by the
7 ratepayers. An example is this ad that ran in the News Journal
8 last year, "To Our Customers," signed by Mr. McCrary. The cost
9 of this ad was not paid for by the ratepayers of Gulf Power
10 Company.

11 Ed Addison made the same statement several times during
12 the stockholders annual meeting last year. Now my question: If
13 not the ratepayers, then who? Does Gulf Power and The Southern
14 Company have another source of income? I don't think so. The
15 answer has always been, "The stockholders paid for it."

16 Now where do the stockholders get the money to pay for
17 these things? Obviously, from the ratepayers. Then, Gulf Power,
18 having used funds from the stockholders, asks for a rate increase
19 so that it can increase its payments to the stockholders.

20 I could mention the Gulf Power scandal that has been in
21 the public eye for several years. But I won't.

22 I could question the new Gulf Power corporate
23 headquarters and the excessive cost of land and construction,
24 supposedly paid for by the stockholders, but, obviously, by the
25 ratepayers. But I won't.

1 I could mention the investigation regarding the
2 investment of pension funds by The Southern Company. But I
3 won't.

4 In fact, there are numerous things I could mention, but
5 I won't. Except for one last burp from Gulf Power, the County
6 franchise fee.

7 In my introduction, I stated I lived in Santa Rosa
8 County, 32561. When I received my bill for January power usage,
9 included with the bill was a notice of Escambia County franchise
10 fee, 5.3548%. I called Gulf Power to question my receiving this
11 flyer and found that I was coded as living in Escambia County.
12 Since Santa Rosa County was a flat \$4.07 at that time, it was
13 easy to check who had been misplaced, so to speak. It turned out
14 that most of my neighbors were coded for Escambia County.

15 Now the house I live in is 17 to 18 years old. Villa
16 Venice is one of the oldest residential communities east of the
17 City of Gulf Breeze. Perhaps Gulf Power took Ken Kelson's remark
18 about annexing Gulf Breeze to Escambia County literally. I don't
19 know. But it is strange that after 17 years and a change in
20 ownership six years ago, my home was still coded for the wrong
21 county.

22 How many other were that way or are still that way? Or
23 how many other things are miscoded or mixed up in Gulf Power's
24 accounts and records? I won't mention that.

25 A public -- the basic problem is that Gulf Power has

1 lost its credibility. I don't believe them, nor do most of the
2 people I know. A public utility, especially one with no
3 competition, should be like Caesar's wife, above suspicion, above
4 reproach. Gulf Power has lost its standing as a good corporate
5 citizen of the community and it will take certainly more than one
6 or two years to regain it. It might even take a change in
7 leadership of its owner, The Southern Company. (Applause)

8 The problems of Gulf Power began before Mr. McCrary
9 became President. Last year, I suggested that Gulf Power
10 management was either incompetent or of questionable integrity.
11 This year, I make the same suggestion. Nothing has changed in
12 the past year. No increase should be permitted until there is
13 irrefutable proof that one is necessary. When that proof is
14 available, the increase should be a flat percentage across the
15 board to all types of customers, not making the residential
16 customer the designated hit.

17 When Gulf Power has regained its credibility and is
18 again a respected and trustworthy corporate citizen of the
19 community, then and only then should a discussion of rate
20 adjustments based on cost of service be made.

21 Thank you for the opportunity to present my thoughts to
22 you. (Applause)

23 MR. SHREVE: Thank you, Mr. Goudy. Mr. Kolmetz.

24 VICTOR KOLMETZ

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

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

3 DIRECT STATEMENT

4 WITNESS KOLMETZ: My name is Victor Kolmetz, I'm a
5 resident of Escambia County, 5346 Wells Avenue.

6 I asked for this rate increase, I wanted to see the
7 paperwork; and they told me that Gulf Power had 40 pounds of
8 paperwork for y'all. But I didn't want 40 pounds of it so I was
9 referred to the library down to look at their little old
10 synopsis. And just to put it on the line, it's just a big lie.
11 A 6.2% increase is a big lie.

12 The proposed tariff sheet, Attachment 1, Page 1 of 2,
13 it talks about -- and I call this "reading your meter." That's
14 all they do, read your meter and they get \$6.25. That's their
15 present charges, and they want to raise that to \$8. That's a 28%
16 increase. High school graduate here, y'all. You know. And
17 they've got -- and I'm using their 1988 figures -- over 278,000
18 customers. At \$20 a lick, we're talking over 200 -- \$2,214,000 a
19 month just on reading meters.

20 Now, let me tell you about reading meters. ECUA, that
21 utility company here in Escambia County that I doesn't like, has
22 14 meter readers; and them 14 meter readers read all the ECUA
23 meter readers for the price of two at Gulf Power. They're paying
24 them about \$7 or \$8 an hour. But the equivalent of one-half of a
25 cent to read the meters. You know, there's not none of us

1 wouldn't take for a minute, a heart beat, to read all of Gulf
2 Power's for \$4 a lick. We would be the next fat cat. We'd be
3 millionaires just reading them here in Escambia County.

4 Now, let's go back to a taxi. Talking about running
5 around and reading meters, they do it in a cycle. They don't do
6 it one on this end, and one over yonder, and everywhere. I can
7 take a taxi and ride to Gulf Power in less than \$6. I can right
8 now get on the phone and in less than 10 or 20 minutes have me
9 two hot pepperoni pizzas right here for \$11. And they're bring
10 me some goods, they're doing something for me.

11 Now, Escambia County picks up our garbage and they
12 charge us -- they come to my house and pick up my garbage for
13 \$1.50. And they take it off and take care of it. Gulf Power
14 wants to come by and read my meter for \$8.

15 Now, Pensacola News Journal come by my house and lay me
16 down a 35-cent newspaper every morning. And, now, the thing is
17 these boys that's doing this work, they're making money. Maybe
18 they're on slave wages, but they're making some. But the rate
19 increase is ridiculous. They want, for GS customers, raise it
20 43% to \$10 to read your meter. On a GSD customer, 51%. And on a
21 large power users, they want 400 to 51% proposed rate increase
22 for reading one meter, \$51. Now they want to go up to \$230.
23 Now, this is great.

24 All right, now, let's go to the service charges. And,
25 now, that's on Page Attachment 1, Page 2 of 2. Right now, this

1 is when they come out and cut your meter off, they charge you
2 \$16. All right, now they want \$20. They just got to have --
3 that's a 25% rate increase.

4 All right. At \$20 a lick, Gulf Power is cutting off
5 close to 700 people a day in their domain. 700 people a day,
6 that's \$14,000 a day, that's over \$3,640,000 at my high school
7 figuring. And that's for disconnect. Gentlemen, we're talking
8 about making millions of a day off of the people here in this
9 northwest Florida panhandle and not even selling us no
10 electricity. (Applause)

11 All right. The way they're going to talk about this
12 bill comparison, Page 1 of 1, on bill comparison, 6.2% increase.
13 They're saying, "We're gonna -- you're presently charging \$43.41,
14 but we're going to go to \$49.14." Here's the old high school
15 dummy again, that's a 15% increase in my mathematical work. And
16 they want to go up on the large power users 22% increase.

17 Now, on their page on statistical information, Page 1
18 of 2, it says their energy sales has increased an average annual
19 growth 4.56%. Their energy sales, now here's the thing: we're
20 using less electricity than we did a few years ago and we have
21 to, because Gulf Power, when you go to talk to them, their goal
22 is to lower your standard of living. And they're going to do it,
23 they're going to get them a rate increase.

24 Now, one of these fellows was talking about everything
25 was dropping, fuel cost was dropping, minus 7%. You know, fuel

1 costs, that's fossil fuel; and then their gasoline and oil fuel
2 dropped 10%. And then they've got something "AG expenses," I
3 don't know what, but it's a minus 13%. All their expenses is
4 going downhill. And in a five-year analysis, that five-year
5 analysis cost, on Page 1 of 1, their fuel cost from '87 to '88
6 went down 12.4%.

7 Now, there was one thing I didn't understand, it's
8 called "Interchange." In 1984 -- well, I don't know what
9 interchange is, I talked to some people at the corner, you know,
10 the coffee shop eating doughnuts and they told me what
11 interchange was is when Gulf Power made too much electricity and
12 they sold it to Mississippi; and Mississippi sold it to Georgia;
13 and Georgia sold it to us; that was interchange. Now, I don't
14 know, but it went up 263%. (Applause)

15 Now, as far as Gulf powering doing a better job on
16 customer's accounting, they have dropped in customer accounting
17 33%. They're getting better on that. Their taxes went down 8%.
18 Interest on their monies went down.

19 All right. Now, I want to talk about you fellows. One
20 of them, Gerald L Gunter, been here since 1979. You have been
21 here since 1980. Gulf Power has, the way I figure it, on retail
22 and wholesale, they've asked for 109.4% rate increases. You have
23 been powerful generous to them, you gave them 114.63% increases.
24 Listen, you fellows are the one that's guarding this public corn
25 crib; and every time y'all see Gulf Power coming, you swing the

1 door open wide.

2 Now, that's all facts on their writings, Page 7 of 33.
3 And Governor-appointed, Senate-approved. And Gulf Power has had
4 a field day with the citizens in northwest Florida. And
5 northwest Florida voted conservative. I'm a Democrat and I vote
6 conservative. The majority of the people in the panhandle voted
7 for Governor Bob Martinez. But we won't be voting Republican or
8 Democrat or ~~liberal~~, we'll be voting change come November 1990.
9 Y'all give it to them. (Applause)

10 On the Statement of Income, Page 8 of 33, since 1978 to
11 1987, their revenue has doubled. Their fuel cost has doubled.
12 And they had a classification called "Others," I don't know what
13 all Others was but it went up four times.

14 Their maintenance, they are really rough to equipment,
15 it went up double.

16 Their depreciation, they know how to depreciate
17 something, it went down -- I mean, it increased three times.
18 And, hey, you know what? Talking about depreciation, I'm still
19 driving a 1975 American Motors Matador. And, in fact, you know
20 how you're driving, you always look at another car? I ain't seen
21 another one in Escambia County, I think I'm the only fellow
22 driving one. But you know what? Gulf Power is leaning on me.

23 Statement of earnings. They've increased three times.
24 Statement -- now this is the money they keep in house, it's
25 increased three times. They're keeping in three times as much

1 money as they did 1978/1988. Also it says, "Statement of Other
2 Paid-in Capital," they're keeping in house, it went up three
3 times. And they're keeping that money in-house.

4 Now, this is a good one. You talk about bureaucrats,
5 HRS and everything, everybody disposes of 100% of whatever they
6 take in. Gulf Power is -- when we say "rate," that's just I
7 think the English word is a synonym for the word "tax." They
8 take it and they disburse 100%. 1987, 48% for fuel. 1978, they
9 spent 48% of their revenue on fuel. 1988, they spent 41.- --
10 you go down how they dispose of their money, the percentages is
11 all there. You can give them a 75% increase, they'd get rid of
12 it in one year's time, they'd take care of it.

13 All right, now, when we get on that Page 25 of 33, it
14 says, generating a thousand kilowatt hours power supplied data.
15 All right, you got coal. Now, you know what? I ain't telling
16 nothing that y'all don't know. They was spending in 1978 or they
17 was generating over 5 million kilowatt hours with coal and they
18 had oil and gas. But in 78, Gulf Power made a change, they
19 headed to getting all back into that fossil fuel; and the oil
20 consumption went down 2080% from 1978 to 1982. They wanted to
21 get off of oil because somebody, some of their friends, didn't
22 hold stock in the oil companies, they had it in coal, they had
23 to. The gas, they dropped 3800% in use in gas. But you know
24 what was so funny? They only increased 38% use of their coal but
25 coal went up 59%.

1 You know, I heard that old song, "I'm Just an old chunk
2 of coal but I'm going to be a diamond some day." They must have
3 went in a diamond mine mining this stuff, this coal that they're
4 burning.

5 Now, operating statistics. I had bills in 1988, and
6 they said the average bill was \$62.63. I don't remember that. I
7 know my memory is short, but I don't remember that.

8 Now, another thing they talked about was their
9 residential customers. 88% of their customers are residential,
10 11% commercial, industrial and some street lights, that's the
11 type. And they say they generate 36.6% from residents. I got
12 news for you, folks: any time a commercial industry endeavors to
13 do a job in our area, they're going to pass the cost of whatever
14 their electricity is right to us local residential. It's being
15 passed on to us.

16 They was talking about a minimum wage went up and there
17 wasn't nobody in the paper didn't say, "We're just passing it on
18 to the customers." Industrial, they're going to pass it on to
19 the resident. This is 100% residential tax rate increase that
20 Gulf Power has coming down on us.

21 Hey, all right, residential, I told you was, I figured,
22 up 15%. When they go up to other users, the laundromats, that's
23 me. Every now and then I get stuck having to use the laundromat.
24 Right now they're charging 80 cents to wash a load of clothes and
25 25 cent to turn the dryer on, it doesn't dry them, you have to go

1 back two or three times. But that's us, that's me. For the
2 northwest -- who, who, who.

3 Now, I read them little old reports and it had that
4 man's name, R J McMillan and A E Scarbrough on most of them
5 pages. Now, what I'd recommend is that these gentlemen be tested
6 for drugs. Obviously, they come through that generation of the
7 '60s because all they want to do is feel good and get high and
8 get everybody else higher. And that was that generation. Now,
9 if they test clean, I recommend that y'all fill out the paperwork
10 and, the next time you go to Tallahassee, drop them two off in
11 Chattahoochee because they're certifiable crazy in my book.

12 Gulf Power don't need nothing. They're not filing for
13 Chapter 11. They're not selling stock. They're not asking for
14 no assistance from the State of Florida. They're not applied for
15 no low interest loans. And the same should be, they shouldn't be
16 applying for no rate increase.

17 Now, you know, one time I met a man and to me he was
18 almost like a God, he was so smart. And he told me a little
19 story and I'm going to tell it to you. There's a businessman and
20 he has \$4,000 in the bank and his business is he's selling tires.
21 And I go over there and I buy tires from the man. And he's got
22 them on sale for \$20 apiece. But I can't afford four of them, I
23 need four of them but I buy two of them for \$20. Okay. And, you
24 know, I'm working 40 hours a week. Hey, fellows, that don't
25 increase, you've got 40 hours, you work 40 hours, that's it. And

1 y'all know Florida is a nonunion state, y'all have what they call
2 a right to work law down there that's keeping everybody that's
3 working for a living down.

4 Okay. I buy them two tires. A couple of weeks later I
5 go back, I need two more tires. "Well, Victor, I raised them
6 prices, they're on sale now for 24." He had them in stock, had a
7 whole bunch of them, but he just raised his price, you know, 20%.

8 Now, the law that is being effected right here, that's
9 coming into effect, is that he's lowering what I can do with my
10 money. Now, it's only \$4, but what happens is basically he's
11 robbing from me; because he's not being fair, an eye for an eye,
12 a tooth for a tooth, he's not being fair with making a reasonable
13 profit, he wants to go ahead and get a little bit more.

14 But he's not only robbing from me. Whenever he lowers
15 that amount of money I've got to spend, he's taking away from my
16 security blanket, he's also depreciating my money, he's also
17 depreciating his \$4,000 by 20%. Gives him \$3,200. He robbed his
18 own self \$800.

19 Now, I hope that y'all got that picture. Because the
20 rate increase, Gulf Power, I'm trying to help them, they're
21 robbing their self more than they're robbing us. They're still
22 robbing us.

23 All right, now, here's the bottom line right here. In
24 our present society, we got about three choices. We can get a
25 second job -- or we can go to work for Gulf Power, I forgot about

1 that one -- or my wife goes to work, or we can just give up and
2 get on that paid-for federal or state assistance.

3 You know, I met a young lady the other day, her and her
4 husband was having problems and they was getting a divorce. And
5 she went down and applied for that AFDC, that's federal
6 assistance, Aid for Families with Dependent Children. Whew, was
7 she surprised. Here she was married to one of these basic
8 rednecks out here just working for what we call minimum wage, or
9 \$6 or \$7 an hour, just working and had two younguns. Under that
10 deal, she would get \$275 a check on the month on the children.
11 She would get \$250 worth of food stamps. She would get \$265 for
12 housing from HUD on a three-bedroom house since one of her
13 younguns was a boy and the other one was a girl.

14 She got full Medicaid. If she wants to go to school,
15 they give her free tuition. Her children qualified for the WIC
16 program; the One that's fixing to go to school is going to get
17 free lunches, free breakfast and free daycare center. They even
18 had -- HRS even had a electrical program to assist them, and they
19 also gave them a utility allowance.

20 Do you know who is paying for it? Us. Taxpayers.
21 People that's still in here, got calluses on our hands still
22 working, we're the ones paying for it. I mean, there is a whole
23 group out here, because of everything just keeps going up, up,
24 up, we've got people just giving up.

25 Now let me, let's go back to Gulf Power and their

1 services. You know, I had a little problem this past winter's
2 spell that we come through. My electric bill just kept getting
3 bigger and bigger and bigger. In fact, the first full month that
4 I had when I lived here, and I have been here a little over a
5 year, my first full month bill was \$60.66. Gentlemen, I live in
6 a house trailer. It's valued at \$6,000. That's the Kolmetz
7 Estate in Escambia County. I claim homestead exemption on that.
8 Now, whenever my bill just kept getting up bigger and bigger and
9 bigger, and I was going down every month paying them, paying them
10 all I could. But, you know, one month's bill was \$236.88. I
11 just couldn't make it.

12 Well, they were helping me. You know, "You come back
13 in two weeks." I was trying, every two weeks I was back down
14 there. And, now, believe it or not, they cut my power off. And
15 when they did, I was right back down there. They cut me back on,
16 they were real nice to me. And maybe I'm working that thing
17 down, that deal, but let me tell you the tragedy of this that
18 kills me.

19 I am an American citizen. My daddy raised me at the
20 pop of his finger I come to attention. I know what it is to obey
21 orders, I know what it is to honor people. Naturally, you know,
22 whenever it come time, I graduated high school, I went to Viet
23 Nam. Nobody had to put me in leg irons and handcuffs and be
24 bearing down on me. But no, sir, Gulf Power that doesn't mean
25 nothing.

1 I was born in Panama City, I been up and down just
2 about every county here being raised in this panhandle. In 1972,
3 I got married; you know, I got out of the Navy and got married.
4 Was working locally for a company called Ison's Construction
5 Company. We had the life ahead of us, I mean, you know, it was
6 just everything was before me. Two years later, I had open heart
7 surgery.

8 Now, folks, I had a good mama and daddy. They were
9 strong enough, you know, I can't even remember thinking about a
10 Gulf Power bill or any of my responsibilities. I had a good mama
11 and daddy. Now, after I had that surgery, I said, "I'm going to
12 qualify for some of these bread-and-butter programs." But I'll
13 tell you, there was always a Catch 22, I didn't qualify for
14 nothing.

15 You know, like on Social Security, the first thing they
16 tell me on Social Security when I fell out --

17 CHAIRMAN WILSON: Mr. Kolmetz, I'm going to have to ask
18 you to abbreviate your remarks. There are a lot of other people
19 here who want to testify and we're only going to be here one
20 whole night. And I'm afraid we're not going to get to them if
21 you don't abbreviate your remarks a little bit.

22 WITNESS KOLMETZ: Okay. The bottom line is let me go
23 to a good proposal for you. We're living in a time in
24 Revelations when it's very costly. What we're getting charged
25 for is high cost but little value.

1 What I recommend for y'all to do, first thing, they're
2 lying. And whenever a man is coming bearing false witnesses,
3 what a just judge should do is they're wanting money from us, you
4 should take money from them. That would be a just judge. Now,
5 you need to propose on this you shouldn't charge anybody a
6 facility charge for having a meter. We should be only charged
7 for what power we use. We should not be charged for them to come
8 out and read our meter. There should be no differential in the
9 payments of winter and summer. There should be no minimum usage
10 charge. There should be no deposit. I am a resident, I claim
11 homestead exemption, but that don't mean nothing.

12 Gulf Power, I have been a customer since 1972. I ought
13 to have a grace period for every year that I've paid with them
14 people for one, at least one month, maxing out like 24 years.
15 But Gulf Power will tell you right now in a heartbeat, they can
16 have customers have been good customers for 30 years, and if they
17 fall behind two months, they're coming out and cutting them off.

18 This is wrong, this is not being fair to the citizens.
19 There's no justice.

20 Okay. Naturally, y'all know I oppose their rate
21 increase. Back to that little old story about me having heart
22 surgery, I've had it twice. But that don't mean nothing.
23 Wherever I get down, there is no cushion to rescue me. Gulf
24 Power has no heart and y'all are not making them have a heart.
25 Plus you're not protecting us.

1 reports that it expects a reserve of 20.5% this year. That is
2 more than The Southern Company as a whole expects at 21.4%. I
3 don't think ratepayers should be charged for the cost of the
4 plants in Georgia and Mississippi.

5 Gulf Power says it needs a rate increase to help its
6 parent company, The Southern Company, remain competitive with
7 investors. However, stockholders met in May 1989 and it was
8 reported in the media that they were overjoyed at the news of
9 increased returns. Gulf Power said it needed the interim
10 increase of 5.7 million to alleviate, and I make a quote from our
11 local newspaper, "financial distress."

12 Let's take a look at some of that financial distress.
13 Gulf Power has added \$298 million in new facilities since 1984.
14 One of those new facilities is the new and extremely lavish
15 headquarters building on the waterfront in Pensacola. There was
16 no urgent need for this building at the time of construction.

17 From '87 to '88, Gulf Power lobbyists spent in excess
18 of \$175,000 on gifts. Lobbyists' expenses were in excess of
19 \$27,000 annually, not including their salaries.

20 From '82 to '89, Gulf Power misspent approximately
21 \$379,256, as brought out in the grand jury investigation.

22 In the last six months of 1989, Gulf Power paid
23 approximately \$500,000 in attorney fees because of the
24 investigation.

25 Gulf Power paid a \$500,000 fine after pleading guilty

1 to charges.

2 Gulf Power pledges \$100,000 for a speculative
3 industrial park and building to be built in Pensacola.

4 Now, Gulf Power wants to give its stockholders --
5 excuse me -- Gulf Power wants to give its stockholders a 13%
6 return. I don't know of anyone who makes a guaranteed 13% return
7 on their money.

8 Gulf Power claims to have the lowest rates when
9 comparing with other companies. Did you ever look closely at the
10 comparison charts? Gulf Power uses their lowest rate, the winter
11 rate. A lower corporate tax was declared in 1988. This \$6
12 million should be refunded on to the ratepayers without a rate
13 increase.

14 Gulf Power said they would not, and the key words here
15 are "would not," try to pass on to its customers any of the costs
16 or fines from the 14-month long grand jury investigation. The
17 costs of the investigation, including fines, have no impact on
18 the Company needs for rate relief, stated Gulf Power in our local
19 newspapers. Monies for the fines and et cetera were taken out of
20 profits and not charged to ratepayers.

21 Where does Gulf Power profits come from? Is it not the
22 ratepayers? We all remember the Gulf Power cry that profits were
23 not as expected; therefore, there is a need for a rate increase.

24 Gulf Power reports earnings of \$41 million in 1989.

25 Members of the Commission, have you tried lately to

1 live on the average income of 10 to 12,000 a year instead of the
2 87,000 you now make? I earn 16,000. I get to take home only
3 11,000. I can't afford to give Gulf Power a rate increase.

4 Thank you for allowing me to speak. (Applause)

5 MR. SHREVE: Thank you. Mr. Wilson?

6 CHAIRMAN WILSON: Mr. Wilson, would you give your name
7 and address.

8 WARREN CHRIS WILSON

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

12 DIRECT STATEMENT

13 WITNESS WILSON: Yes. My name is Warren Chris Wilson, I
14 live at 6112 The Oaks in Pensacola, Escambia County. I
15 appreciate the opportunity to address the issue and I would like
16 to take up just a few points.

17 As I see Gulf Power and see the way they operate, read
18 the newspapers, all I can see is waste and lavishness. When I
19 ride by the Taj Mahal daily on my way to work, I look at the
20 building and wonder why that was necessary.

21 I just want to make a couple of points. One, I would
22 like to alude to Mr. Horton's famous plane ride. As a ratepayer,
23 I object to an executive who can, at the drop of a hat, call his
24 private airline. He picks up the telephone, calls Mississippi
25 and tells them to send over a King Air 200, which normally would

1 carry about 12 to 14 people, to go to Atlanta to discuss his
2 problems with his employment.

3 It just strikes me real odd that this comes down to a
4 normal expense with Gulf Power. You call up a King Air, it cost
5 \$1200 about an hour to operate a King Air. One person on this
6 King Air is going to go to go Atlanta to have this discussion.
7 He could have gone for \$250 first class to Atlanta to do the same
8 thing.

9 The, that's just one excuse. And as I look in your
10 pamphlet here, it talks about the participants. Right where I'm
11 looking at the middle of the staples, it says, "PSC financial
12 analysts perform a thorough review of documents submitted in the
13 case." Who, on a daily basis, from Gulf Power or from the PSC
14 justifies this kind of abuse of our rates or our money? It's
15 just one of the things that come to light when it happens. If it
16 had been an uneventful trip, it would have just been a \$3,000
17 trip up to Atlanta and back for one person talking about his
18 present situation.

19 I've got a friend from Fort Walton that works at Gulf
20 Power, he and I graduated together. And I asked him one day not
21 too long ago, I said, "What are you doing these days?"

22 He said, "You ought to see what I'm doing." He said,
23 "They gave me a new Dodge Ram Charger and just told me to go
24 ride. Just go look." He said, "I don't have anything to do."

25 That comes out of my rate. Those kinds of abuses, and

1 people are promoted and pushed through Gulf Power without any,
2 without any, -- I mean, it just doesn't, there's no, there's no
3 sense to what a lot goes on.

4 Who polices those policies? Who in the PSC or anybody
5 else is there on a daily basis? They bring you a bill and they
6 say, "This is what it costs us to operate and we need the profit
7 above that." How do they justify that and how do you believe
8 them when these things go on and they bring the bill? They want
9 8% above, above what these costs are.

10 I know when you look at these bills -- and the lady
11 alluded to it right before me -- that, you know, it may not be a
12 lot. They're talking about 8 or \$9 more. I know a lot of people
13 that have worked for me that 20 to 25% of their disposable income
14 goes to Gulf Power. With you, maybe 1% goes or maybe less than
15 1% of what you spend. But there are people out there, and we're
16 talking about those people, that a great deal of every dollar
17 they earn goes down to Gulf Power to pay their bill. And we're
18 not talking about keeping their Jacuzzis warm or their pool
19 heated, we're talking about just them cooking for their children,
20 we're talking about them washing their clothes and taking a warm
21 bath.

22 Gulf Power says their rates are lower. Well,
23 everything is lower in this part of the country. We're closer to
24 the coal source, we're closer to the energy source. It doesn't
25 take them as much to get their coal here as it does in Tampa or

1 Miami or whatever. They pay lower salaries here. The salaried
2 people, the hourly people, are all paid less. So what point does
3 that make? We're just in a lower part of the country than the
4 others are.

5 Again, they talk about their return on investment. You
6 know, it's very important to them, but I think what we're really
7 talking about is the general public and what the public can
8 afford.

9 We read in the paper about what they spend on wooing
10 politicians and it all comes out of expenses, it all comes out of
11 the rates that we pay.

12 I overheard a Gulf Power employee earlier, says, "Our
13 rates are just as low as they were in 1980." Well, they were
14 probably too high in 1980 and they're asking to go again. I
15 mean, they're still here, they evidently make something.

16 (Applause)

17 So I was noticing when I was sitting here earlier and I
18 noticed the Gulf Power people back there with their badges. One
19 thing I notice about the Gulf Power people, they're all in four-
20 button suits. Now, I don't know if it means anything to most
21 people, but I look at the buttons on the suit; and I see the Gulf
22 Power and their badges and I don't see many three-button suits or
23 two-button suits. I also see the Deputy standing back there and
24 I'm not sure what that signifies, but he's standing on that side
25 of the room and not this side of the room.

1 So, I would just ask you, when you consider this rate
2 increase again, primarily to think about the people that are
3 laboring under those -- under spending 20% or 25% of their
4 disposable income just to keep their house warm, their kids clean
5 and the food warm.

6 Thank you very much.

7 MR. SHREVE: Thank you, Mr. Wilson. Nancy Lake?

8 NANCY LAKE

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

12 DIRECT STATEMENT

13 WITNESS LAKE: My name is Nancy Lake, I live at 2435
14 Greenbriar Boulevard, Pensacola.

15 I'm glad we had this hearing today. I think that the
16 rates should be reduced. When fuel costs were increased after
17 many years ago, we used to pay much more at the pumps. I
18 remember even days when we paid over \$1.25 for gasoline. Gulf
19 Power requested a rate increase and they got it. I'm sure it was
20 justified. However, now, and it's been quite a while, we pay
21 less for fuel at the pumps and yet I don't see any major decrease
22 in our Gulf Power rates. I think that's the reason why our rates
23 should be reduced, because they pay less for fuel than they did
24 many, many years ago.

25 Another point, Gulf Power should not be collecting any

1 fees for the county. If this is a valid tax, it should be
2 collected by the Tax Assessor's office where it can be accounted
3 for appropriately. It is a regressive tax where poor people who
4 have homes, often without insulation, pay more than rich people
5 with Good Cents homes.

6 By what means are these monies being tracked and turned
7 over to the county? I believe an ECUA official stated that they
8 had no means of tracking the fees that they collect. I wonder
9 does Gulf Power have any way to track these fees that they
10 collect for the county?

11 Another point that's already been mentioned, Gulf Power
12 charges customer service charges and I think they should be
13 eliminated. I've never heard of any retail outlet that sells to
14 the public being able to charge a flat fee just to be a customer.
15 And we must remember, this is a monopoly company that provides a
16 necessity commodity. None of us or most of us have no other
17 choice of where we can buy our electricity. I thought monopolies
18 were supposed to be regulated and that would be one of the ways.

19 Fines recently handed down to Gulf Power or Southern
20 Company were specifically ordered not to be passed on to
21 consumers, but this increase request is obviously an attempt to
22 circumvent that mandate. If they felt that they really needed an
23 increase months ago, they should have pursued their request
24 during the federal investigations; instead, they chose to wait
25 until that blew over.

1 The request should be denied now. We don't need to be
2 paying for their attorneys fees or fines.

3 There was an issue about on-peak/off-peak usage. I had
4 mentioned this at the last hearing request that I went to a
5 couple of years ago. And I recently saw a little flyer inside
6 our electric bill. If it's a good idea for customers to more
7 evenly spread out their electric usage over 24 hours a day, and I
8 believe that it is, rates for everyone, residential and
9 businesses, should be lowered for use during the off-peak hours.
10 The current system is a totally optional plan. The rates, if you
11 sign up for this plan, through off-peak hours, only for those in
12 the plan, are significantly lower; but electric used at high peak
13 hours is at a much higher rate. It sounds too much like a gamble
14 for me to sign up for that program.

15 I would propose that the rate reduction, which is soon
16 to go into effect after this hearing are mulled over, the
17 decrease should be applied to all electric use for off-peak hours
18 for everyone and thus encouraging everybody to help Gulf Power to
19 better use the power that they are generating right now with the
20 plans they already have in existence.

21 Another point. Electric companies should not be
22 permitted to advertise. All my friends and relatives would use
23 it anyway. If you have ice in your water -- and I appreciate the
24 icewater I just finished drinking -- it probably was made using
25 electricity and generated by Gulf Power. But why is money being

1 permitted to be spent on newspaper, billboards and expensive TV
2 time to sell something we are already buying anyway? (Applause)

3 And I happen to have with me (indicating) an
4 advertisement I cut out from our local News Journal several
5 months ago that was, I'm sure, paid for by Gulf Power Company.
6 What it's advertising, says, "If you need an air conditioner and
7 a furnace, this is a two-for-one sale. The electric heat pump,
8 total comfort in one amazing box," and then their little Gulf
9 Power sign, 1989, so we know it's a few months old. As a matter
10 of fact, it was October 15, 1989. "Improve your lifestyle with a
11 few easy installments." It also mentions about the Gulf express
12 loan. I'll get back to that in a minute.

13 This (indicating) is what I call a legitimate
14 advertisement that was paid for by companies who are selling heat
15 pumps. They're in business to sell heat pumps, they have the
16 right to advertise, they're making a profit on it, they're
17 contractors that joined together, the same day, October 15, 1989,
18 the same newspapers, Pensacola News Journal. A little less
19 flashy, probably less expensive, more in tune with what they're
20 supposed to be doing.

21 Why does Gulf Power spend all this money and who pays
22 for these ads?

23 Present customers should not be required to pay for
24 padded expense accounts, kickbacks or political contributions,
25 however paid, even not for civic beneficial items. Many Gulf

1 Power customers are on a very low fixed income and cannot even
2 afford five extra dollars in their bill. Why should they have to
3 pay for someone else, maybe a poor person, to benefit when they
4 themselves may be in danger of having their electricity cut off?

5 Why is an electric monopoly allowed to sell appliances?

6 There are other places, anyone can buy appliances from discount
7 stores to catalog sales, whether you live in the city or the
8 country, and even with convenient monthly rates. As a matter of
9 fact, as recently as yesterday I called a local appliance store
10 -- which was not a discount store -- and priced a top-of-the
11 line, top-selling washing machine. At \$559, it was still \$40
12 less than at Gulf Power.

13 It seems that Gulf Power sells its merchandise at rates
14 higher than it needs to, also. Hum. If money is needed to pay
15 their fines, legal fees or whatever, they could liquidate their
16 appliance business.

17 Who underwrites Gulf express loans? These are loans,
18 as I'm sure you realize, that are offered to residential
19 customers at the low, low, rate of 7-1/2%, which is less than the
20 prime rate, I believe? Which is what banks lend money to their
21 best and largest customers? These loans also have a minimum of,
22 I believe, \$2,000. So that if you wanted to improve your home to
23 the tune of \$1,000 or less, you would not qualify. But if it was
24 a larger amount, you would qualify.

25 The banks are not in business to lend monies at lower

1 rates than what they get it for. So who underwrites these loans?
2 Who stands to make a profit?

3 Usage has been decreased with warm January and February
4 weather. I have heard recently, I forget where, Gulf Power was
5 complaining that their revenue has been recently decreased. They
6 aren't mentioning, however, record-breaking usage that occurred
7 in December. We all remember we had some cool weather, even kind
8 of far down in Florida.

9 And I wanted to ask who scheduled this meeting for
10 tonight? And I hope I'm not saying it to the wrong people -- who
11 scheduled this meeting to be on a Wednesday evening during Lent
12 in this area of the Bible belt where many people who may
13 otherwise be here are praying for the right decision?

14 It was mentioned that Gulf Power is not getting enough
15 return for their stockholders. I have a little clipping I
16 clipped out here from the News Journal August 30, 1989, "Southern
17 Company earnings up 15 cents per share." Climbed 4.3%
18 (indicating). So I guess they're doing okay, actually.

19 It was interesting to note they say how low their fees
20 are. We have been in Pensacola for many years, starting in 1968,
21 but we left for several years in 1973. At that time, our highest
22 electric bill had been \$44. That was a big chunk of our money at
23 the time. When we came back in 1979, the people who were looking
24 to sell us a rather fuel-efficient home said that our electric
25 bill would average even less than \$100. I turned to my husband

1 and I said, "Is that low?"

2 As the largest Escambia County property taxpayer, they
3 must therefore be one of the largest property owners. I bet they
4 could sell some choice real estate to generate some much-needed
5 revenue. They don't have to get it from all the people,
6 including the poor ones. If they really needed revenue to build
7 more power plants, because the state is growing, they could sell
8 bonds or additional stocks and use that wisely to generate more
9 power. And then the increased aggregate revenue from the growth
10 of our state, I bet nine out of 10 people who move to Florida
11 will use electricity even if we don't advertise it. That money
12 could be used to pay off the bonds. It does not have to come
13 from the ratepayers.

14 Florida is growing very rapidly and this is a time when
15 we should all get together and speak for the rates. They need to
16 be decreased, not increased. Thank you.

17 CHAIRMAN WILSON: We're going to take a few minutes
18 break, the court reporter has gone for a long time without a
19 break so we'll come back in about five minutes.

20 (Short recess.)

21 - - - - -
22 CHAIRMAN WILSON: Mr. Shreve?

23 MR. SHREVE: We've had some requests or some concern
24 that some people are going to have to leave because they just
25 can't stay out too late for different reasons. And there's been

1 some discussion about the possibility of individuals -- now, I
2 don't want anybody to leave that doesn't have to, y'all stay if
3 you can -- but several people have expressed the fact that Mr.
4 Goudy, the first speaker up, covered a great many points that
5 they would like to adopt. And I think if we could take this
6 opportunity that would anyone that would like to that may leave
7 and that would like to adopt Mr. Goudy's remarks as theirs, we'll
8 do that at this time.

9 Now, anyone who wants to stay here and testify, that's
10 exactly what we're here for. This is really for the convenience
11 of someone that might have to leave or that would like to adopt
12 those remarks? Would everyone stand up who would like to adopt
13 those remarks, please? All right, if you could come up and just
14 give your name and address for the record, I think we can take
15 care of that now.

16 WITNESS BARBER: my name is Elizabeth Barber, I live on
17 Hill View Road in Escambia County, and I would like to adopt Mr.
18 Goudy's whatever he presented because he expressed my views much
19 better than I could. Thank you.

20 CHAIRMAN WILSON: Thank you very much.

21 MR. SHREVE: Thank you very much. (Applause)

22 WITNESS MS. JOHNSON: My name is Donna Johnson, I live
23 at 604 Carondelay Drive in Pensacola. And I would like to adopt
24 Mr. Goudy's presentation, he said what I needed to say.

25 CHAIRMAN WILSON: Thank you very much.

1 WITNESS CHEPULT: My name is Edith Chepult, I live at
2 813 East Bloodsworth Drive, Apartment 1003. I adopt Mr. Goudy's
3 statements. Also Mrs. Lake's. Thank you. (Applause.)

4 CHAIRMAN WILSON: Thank you.

5 WITNESS DAY: Jacqueline Day, 1973 Interstate Circle.
6 I would like to adopt Mr. Goudy's. (Applause.)

7 CHAIRMAN WILSON: Thank you. Mr. Shreve?

8 MR. SHREVE: Anyone else?

9 CHAIRMAN WILSON: Do you want to call your next witness
10 now.

11 MR. SHREVE: Mr. Edward Garrett. Mr. Garrett, could I
12 have just one second? I'm sorry, can you wait just a minute?
13 Mr. Johnson, I think you had a real quick remark and wasn't going
14 to take just a second.

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

19 DIRECT STATEMENT

20 WITNESS MR. JOHNSON: Thank you very much, I appreciate
21 it. I'm a student and I have papers to write tonight; and if I
22 don't get it done, I'm going to flunk out, so I've got to get out
23 of here.

24 My name is Gregory W Johnson. I live at 400 Riola
25 Place, here in Escambia County. I simply wanted to point out a

1 positive thing about Gulf Power, I think that they have set a
2 good precedent for industry in our community in that they have
3 adopted a no-smoking plan in their new building, and I think
4 that's something nice to say about them.

5 I know people are saying bad things about them all
6 night, so I thought I might grasp someone's attention by saying
7 that. But that doesn't necessarily mean that I agree with their
8 rate policy.

9 I think that we're, here in Escambia County and in the
10 Pensacola area, we have a large military community. It is a
11 transient economy and people are reticent to heavily invest in
12 this community and cause that kind of an atmosphere where there
13 is significant industrial growth. So, we're not boom town. We
14 have had a pretty much stagnant economy as long as I've been
15 living here, since 1984.

16 And just to keep my remarks real brief: I don't think
17 the rate is justified, simply because everything else hasn't been
18 going up. My salary hasn't gone up. Wages in general in the
19 area, I don't think, have gone up; and I don't think they're
20 justified, therefore, to raise their rates.

21 And that's all I have to say. Thank you. (Applause.)

22 MR. SHREVE: Thank you, Mr. Johnson. Mr. Garrett, I
23 apologize.

24 While Mr. Garrett is coming up, I try and take everyone
25 in order. If anyone comes up with a very real problem that you

1 And when I called up to complain about it to start with, I could
2 not get an answer. And when I finally did get an answer, it was
3 from the Emergency Department in the County is the one that
4 answered the phone and they said, "Well, they're working on it."

5 I know better than that. Because they have computers
6 in the headquarters down there tells them exactly where their
7 troubles are; and if they don't know where those troubles are
8 through these computers, they had better quit spending the money
9 for the computers.

10 Now, one of the gentlemen up here for Gulf Power said
11 that they spend more money than any other organization in
12 Escambia County for taxes. But they're not saying how much of
13 that money goes for statewide sources. There's only a certain
14 percentage of that that stays in Escambia County.

15 And I think I speak for about 35% of the senior
16 citizens in Escambia County that live on a fixed income, we
17 cannot afford to have an increase in rates. And we oppose all
18 rate increases at this time. Thank you very much. (Applause)

19 MR. SHREVE: Thank you, Mr. Hudson. And I'm going to
20 impose just a minute, I wanted to thank Mr. Hudson for coming in.
21 We go back to the late '60s and early '70s when he was a leader
22 in municipal government in Brevard County. I shouldn't have told
23 how long ago it was, and I won't tell any of the stories from
24 back there if he won't. So we'll just drop that where it is.

25 WITNESS HUDSON: I know one of your cohorts over there,

1 Gunter.

2 MR. SHREVE: That's right, from Titusville.

3 MR. HUDSON: Right.

4 MR. SHREVE: Right.

5 Mr. Esterberg?

6 DON ESTERBERG

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

10 DIRECT STATEMENT

11 WITNESS ESTERBERG: Don Esterberg, 3375 Shannon Place,
12 32504. Gulf Power has a right for make a profit, shame on them
13 if they don't. However, when they take that profit and construct
14 a glass monument overlooking the bay and I don't say something
15 about them flaunting their profit in a noncompetitive market,
16 then shame on me.

17 In a competitive situation, to keep profit margins from
18 diminishing, the variable expenses are controlled, the fat is
19 trimmed. Competition will not allow a price hike. But Gulf
20 Power is not in a competitive market; why can't they control
21 their variable expenses? Thank you. (Applause)

22 MR. SHREVE: Thank you, Mr. Esterberg. Mr. Welch?

23 DON WELCH

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

1 follows:

2 DIRECT STATEMENT

3 WITNESS WELCH: Gentlemen, I'm Don Welch, 50 Eden Lane,
4 Cantonment, 32533. And I'm here representing the citizens of
5 Cantonment, William Ditch Road, and so forth.

6 As the gentleman before me spoke about the power
7 outage, I keep records. Judge Gilliam and myself, we have kept
8 records for years on power outages. Now, this year so far I only
9 have about 22. Now, during that cold spell, the power was out
10 and it has been out 22 times this year.

11 CHAIRMAN WILSON: You've had 22 power outages?

12 WITNESS WELCH. 22 power outages.

13 CHAIRMAN WILSON: Since the first of this year?

14 WITNESS WELCH: Since 1-1 of 90.

15 Now, I have the records, the dates and the times. Now,
16 this is what I have. Now, the ones that Mr. Gilliam has -- he
17 couldn't make it, he had another meeting tonight -- but I'm
18 representing those people. Plus, we have people in our
19 neighborhood that has power but they don't live there and they
20 don't stay at home, but they pay the minimum rate.

21 Now, with all -- a lot of people paying minimum rates
22 that don't use this power, they shouldn't have to have an
23 increase, Gulf Power. And I suggest until Gulf Power gets their
24 acts together, no increase in rates.

25 CHAIRMAN WILSON: Mr. Welch, can I ask you to get with

1 Ms. Kathy Brown and let her get a copy of those outages?

2 WITNESS WELCH: Okay. Now, it was more than this.
3 These are the times when I was at home. Gulf Power told me,
4 said, "Build your home, Good Cents." I have VCR, television;
5 every time we have a flicker, hey, I have to reset everything.

6 CHAIRMAN WILSON: You always know when your lights have
7 been out.

8 WITNESS WELCH: It's aggravating. I call the power;
9 sometimes they say, "Well, it must have been a squirrel across
10 the transformer." I mean, I've got all kinds of questions,
11 answers, you name it. And they -- and some lady on the
12 switchboard, she knows me. She says, "Mr. Welch? Is it out
13 again?"

14 "Yes, ma'am, it is." And I put down the time and the
15 date.

16 COMMISSIONER BEARD: Are there 22 less squirrels in
17 Cantonment?

18 WITNESS WELCH: No, not in my yard. But I sure
19 appreciate it. (Applause)

20 CHAIRMAN WILSON: Yes, sir.

21 Mr. Holland, I would like to have Gulf Power give us a
22 report on the circumstances of these outages Mr. Welch has
23 endured here.

24 MR. HOLLAND: Yes, sir. And I would ask Mr. Welch, if
25 he could, after he's met with the Commission personnel, if he

1 need to talk to me about, please let me know. But other than
2 that, I'm going to try and keep everything in order so that
3 everyone's treated the same. Thank you.

4 I apologize, Mr. Garrett, thank you.

5 ED GARRETT

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

9 DIRECT STATEMENT

10 WITNESS GARRETT: Yes, sir. I'm Ed Garrett, I'm
11 30-year resident of the community and --

12 CHAIRMAN WILSON: Mr. Garrett, why don't you raise that
13 microphone up a little bit?

14 WITNESS GARRETT: All right.

15 MR. SHREVE: And, if you would, give us your address
16 for the record, sir.

17 WITNESS GARRETT: Okay. 112 Payne Road, Warrington.

18 I agree with that we've had some good statistics given;
19 and I won't burden you with it, but I would like for you to hear
20 my personal feeling about what's transpired in our community.

21 I find it a bare-faced shameless effrontery of the
22 Company spokesman to dare petition for a rate hike after the
23 record of gross mismanagement and misappropriation of property
24 and services by high management officials to be an absolute
25 insult to the sensibilities of the customers. To pass on the

1 cost of their empire-building, self-aggrandizement, abuse of
2 power and influence, I feel, is the epitome of contemptibility.
3 It is time the officials were called to answer for their
4 misconduct; and if the stockholders allow them to continue with
5 the Company, then let them pay the price as well.

6 I feel that when the stockholders' very high returns on
7 their investments are threatened, then they will show some
8 interest in the behavior of their management officials.

9 Another point to be considered is the unbelievably high
10 fees and bonuses that were so readily tendered to certain persons
11 for legal representation, lobbying, PR, advertising and God only
12 knows what else. (Applause)

13 I find it's disgraceful and flies in the face of the
14 average working class consumer who is expected to pay for these
15 excesses. If justice were to prevail, as well it should, the
16 customers are entitled to a rate reduction. And this matter of
17 declaring an amnesty for certain grievous acts of misbehavior
18 within the Company only intensifies and confirms my feelings that
19 they knew of the wrongdoing and have no intentions of taking any
20 really appropriate actions to deter the perpetrators from
21 continuing doing business as usual.

22 It is well past time for the consumers to express a
23 little righteous indignation over the abhorrent manner in which
24 the Company appears to be gouging us in the pocketbook to finance
25 their impudent excesses. Since the Company has no competitor to

1 induce them to manage the Company's business prudently or
2 efficiently, then it behooves our Utilities Commission to move
3 aggressively and decisively to ensure that they do. Let's not
4 continue rewarding their cicanery and mismanagement.

5 Thank you very much. (Applause)

6 MR. SHREVE: Thank you, Mr. Garrett. Mr. Hudson?

7 AUSTIN M. HUDSON

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

11 DIRECT STATEMENT

12 WITNESS HUDSON: My name is Austin M Hudson, and I live
13 at 12964 Seratine Drive, Pensacola.

14 Mr. Chairman, fellow Commissioners, and the Honorable
15 Jack Shreve, I appreciate being here, you ladies and gentlemen,
16 too. But I agree with most everything that was said here tonight
17 except for one or two of the things. One of them was that they
18 were getting satisfactory service. Well, I do not get
19 satisfactory service.

20 Just before Christmas, we had a very bad weather siege
21 here in the area and I had to leave my home and go and register
22 in a motel because I had no electricity or I had no heat. When
23 the electricity goes, I have no heat, have no way to cook my food
24 or anything. I have to go register in a motel so I can survive.

25 And my electricity was off for some 14 to 16 hours.

1 could give the information and all that to the customer
2 representative from Gulf Power in the back.

3 CHAIRMAN WILSON: And when you give us that report, I
4 want you to send a copy of it to Mr. Welch, too.

5 MR. HOLLAND: Yes, sir.

6 MR. SHREVE: Mr. Davison, Bill Davison.

7 BILL DAVISON

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

11 DIRECT STATEMENT

12 WITNESS DAVISON: Good evening, Mr. Chairman and
13 members of the Commission. My name is Bill Davison and I live at
14 5642 Esperanto Drive, here in Pensacola. Do you need the zip
15 code, by the way? 32526.

16 Pardon me for making any redundant claims tonight but
17 but for the last two years I think my television set was on the
18 blink because the local news has resembled excerpts from J R
19 Ewing or I Spy, the Dukes of Hazzard, or maybe All in the Family.
20 These broadcasts have presented some very familiar details, maybe
21 you'll recognize some of this scenario. Corporate vendettas.
22 Thefts. Crooked books. Threats. Oath of silence. Clandestine
23 meetings. Accident/suicides. Income tax evasions. Attorneys
24 bragging about six-figure Christmas bonuses. And, of course,
25 political influence peddling.

1 Well, that may sound like fiction to you, but I tell
2 you, gentlemen, that is what has been on the local news and on
3 some national prime time television shows. And they're telling
4 us that all this is emanating from the top floor of a public
5 utility here in Pensacola. A regulated public utility.

6 We have been told that consumer revenue isn't being
7 used to foster all these activities or to explain them. Well,
8 I'll doubt that they don't have another source of revenue. But
9 the point is, if they do have an unregulated source of revenue, I
10 think it's time the public is told what it is.

11 I can't remember when Gulf Power ever compared their
12 lower rates with the lower income of this area, much less have
13 they ever done any analysis on what that increased rate does as a
14 negative economic impact.

15 Recently, an arrest warrant was issued for a bomb
16 threat to Gulf Power's headquarters. When the suspect reporter
17 turned himself in to the local police station, they couldn't find
18 any records of that. Who made the complaint? Gulf Power says it
19 was all just a misunderstanding. Indeed.

20 I hope one day that I can stand before one of these
21 Commissions that has adopted a motto that says, "The buck stops
22 here." I think it's high time that we admitted to each other
23 that the regulations presently in effect are the type regulations
24 that Leona Helmsleys, Ivan Boeskys, Manuel Noriegas and mobsters
25 can fall in love with. Therefore, I strongly urge this

1 Commission to do three things:

2 One, place an immediate five-year moratorium on rate
3 increases for Gulf Power corporation. Certainly, their investors
4 may want to take some responsible action. Maybe they would like
5 to elect new leadership; maybe they would be happy with less than
6 13%; but most certainly they wouldn't get what we get at the
7 local bank, which is down around 5 and 6.

8 Second, immediately request the Federal Racketeering
9 Commission in New Orleans to do a full investigation and a full
10 public disclosure of all the activities of Gulf Power and its
11 parent corporation. (Applause)

12 And last, during this period, let's work diligently to
13 replace the good name of Gulf Power. Their middle name is
14 "Power." That should not be political power brokering, that
15 should be a well-regulated, public utility that provides nothing
16 more and nothing less than electrical power.

17 Thank you, and good evening. (Applause)

18 MR. SHREVE: Thank you, Mr. Davison. Edith Chepult?

19 FROM THE AUDIENCE: I passed.

20 MR. SHREVE: Okay, I'm sorry. There probably are going
21 to be a couple more that I missed. I didn't get all the names of
22 the people that were up there.

23 Mr. James Allen?

24 JAMES ALLEN

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

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

3 DIRECT STATEMENT

4 WITNESS ALLEN: My name is James Allen, at 5650 St.
5 Benedict Street in Pensacola. I'm one of the number of retirees
6 living in this area and living on a fixed income, as has said
7 before. We -- let me say this, repeat, that the service rendered
8 by Gulf Power is usually excellent. Their management, well, it's
9 not; it's just the opposite.

10 But in any event, the retirees, who are most of us in
11 this country, are faced with a freeze on our cost of living
12 allowance. Our cost of living allowance is figured, I wouldn't
13 hazard a guess how it's done, but it barely keeps up or it
14 doesn't keep up with inflation.

15 Now this cost that Gulf Power wants is far above what
16 we would get, and we're expecting nothing, to take care of the
17 national debt. It's kind of Gulf Power wants to take care of
18 their debt with this rate increase.

19 Many of the retirees spend a considerable amount of
20 money of their income for power, because they have to, because
21 it's the only thing they've got to, as said before, heat, cook,
22 et cetera.

23 I won't take much of your time. I've said most of what
24 I want. Most of what has been said before me covers it well in
25 detail. But I can assure you, I, for one, am also against their

1 rate increase.

2 Thank you. (Applause)

3 MR. SHREVE: Thank you, Mr. Allen. Mr. Shields?

4 RUSSELL SHIELDS

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

8 DIRECT STATEMENT

9 WITNESS SHIELDS: My name is Russell Shields, I live at
10 575 Timber Ridge Drive, Pensacola, 32534. Timber Ridge is a
11 subdivision that's out in the Cantonment area, just a little bit
12 south of there. And I would like to echo the comments about the
13 poor service in terms of the number of shortages or outages that
14 we receive. If I don't reset all the digital clocks on my
15 equipment three times a week, it's a good week. They are short
16 outages, most of them. Nonetheless, refrigeration compressors,
17 digital equipment, computers, things like that, really don't like
18 to have the power shut on and off that often.

19 I have to tell you in the early '60s I lived in Japan
20 and I had much, much more reliable power provided by the Japanese
21 Public Utilities Company. I lived in Spain in the late '70s. I
22 had better service provided by the Spanish than I get right here
23 in terms of outages. I have lived in Maryland, I have lived in
24 California; and in terms of the number of outages, it's worse
25 here than anywhere else I have ever lived and it is almost as

1 expensive here as everywhere else.

2 I guess I would like to echo the thoughts about the
3 almost egregious effrontery of asking for a rate increase with
4 all of the scandals that have gone on. And I won't dwell on it
5 any further. There are tens of thousands of retirees, military
6 and civilian, and other citizens living on Social Security in the
7 Gulf Power service area.

8 It is a service area. These people are, as you already
9 heard, living on fixed incomes. The President's 1991 budget has
10 no COLAs for them, for any of the military, the federal retirees
11 or senior citizens on Social Security. As we try to balance the
12 budget, those COLAs are going to disappear. They already have
13 for most of the military.

14 So these people who are living on very short fixed
15 incomes really cannot afford a rate increase that is said to
16 average \$5 and some cents a month for an average home that burns
17 1000 kilowatt hours. Well, gentlemen, when was the last time
18 that you looked at your bill and saw that you only used a
19 thousand kilowatt hours in a month? It doesn't happen. Not in
20 homes that are all-electric homes with both heating and air
21 conditioning, particularly in cold or in hot spells, you'll find
22 that those utilities bills are going to range upwards to \$100 and
23 maybe in some cases 200 or \$250. And that increase is a lot more
24 than just 4 or \$5 a month.

25 So, in summary, I don't believe for a minute Gulf

1 Power's figures that says 90% of the homeowners -- or, let me say
2 it again -- that say the residential homeowners are paying less
3 than 90% of their cost of utilities. That can't possibly be,
4 Gulf Power would be broke and they would need a rate increase.

5 So I don't believe their figures. I don't believe that
6 they have so far justified their cost increases. You've already
7 heard and have probably experienced it yourself, fuel costs are
8 down. So I just don't believe their facts and figures and I urge
9 you to take our best interests at heart and scrutinize their
10 request with absolute thoroughness.

11 Thank you very much.

12 CHAIRMAN WILSON: Thank you.

13 MR. HALE: Thank you, Mr. Shields. Charlotte Burda?

14 CHARLOTTE BURDA

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

18 DIRECT STATEMENT

19 WITNESS BURDA: I'm Charlotte Burda, my address is 891
20 East Chadwick Street, Springdale, Pensacola, 32503. I'm going to
21 have to come to the defense of the members of the Public Service
22 Commission. This is democracy in action. We're being heard and
23 I think they ought to be recognized for listening to us.
24 (Applause).

25 Honorable Chairman Wilson, Honorable Jack Shreve and

1 Honorable Members of the Public Service Commission, I also
2 represent the retired Pensacolian on a fixed income with no cost
3 of living increase. I also object to the Taj Mahal on Bayfront
4 Boulevard. I don't think such an exorbitant building was
5 necessary.

6 On the rate comparison slide which Gulf Power Company
7 did, what companies did they compare their rates to? And what
8 range were these other two companies?

9 MR. HOLLAND: Ma'am, the rate comparison is a rate
10 comparison that is done by Jacksonville Electric Authority And
11 if I'm not mistaken, and Mr. Scarbrough can correct me, it's 70
12 or 80 utilities across the countries and then they also compare
13 all the utilities in the Southeast.

14 WITNESS BURDA: Thank you. One thing that wasn't
15 mentioned by Gulf Power was their rate of profit. Certainly
16 they're not operating in the red.

17 Service is good by Gulf Power. I have no complaints
18 there. However, their appliance repair service is exorbitant.
19 It's higher than any independent company. I had them out one
20 time to work on my washer, I'll never have them again. I can't
21 afford it.

22 I would like to offer my agreement with Mr. Hudson's
23 presentation, Mr. Davison's presentation, and Mr. Goudy's
24 presentation. I am opposed to any increase by Gulf Power. If
25 anything needs to be done, it's that the rate be reduced.

1 I would like to thank radio station WCOA for keeping
2 the public informed of this hearing. Thank you for your time and
3 attention.

4 CHAIRMAN WILSON: Thank you.

5 MR. SHREVE: Thank you. Mr. John White?

6 JOHN WAITE

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

10 DIRECT STATEMENT

11 WITNESS WAITE: Mr. Chairman, members of the
12 Commission, ladies and gentlemen. My name is John Waite, not
13 White. But that's perfectly all right, it gets wrong quite
14 often.

15 MR. SHREVE: I apologize. I just called it out wrong.

16 WITNESS WAITE: I'm a resident of 3373 Laurel Drive in
17 Gulf Breeze, 32561.

18 I would like to pose three rather specific questions
19 addressed to the PSC Staff and specifically to Mr. Jack Shreve.
20 First, for the past two years Gulf Power has been the subject of
21 a federal investigation involving some more than 100 allegations
22 of wrongdoing. Recently, Gulf Power pled to two of those charges
23 and agreed to pay a rather large fine.

24 Two people central to that investigation were Tom
25 Baker, then Gulf Power's Chief of Security, and a gentleman named

1 Larry Childers of Mississippi Power. Now, I understand that Mr.
2 Baker has offered a report to the Gulf Power Board of Directors,
3 a report that the Board is apparently giving some credibility.
4 And I would like to know Mr. -- or the PSC Staff, has anyone on
5 Staff interviewed either of these two men or conducted any
6 investigation of your own to determine if they are aware of
7 wrongdoing that bears or perhaps should bear on the Company's
8 ratemaking?

9 Question number two: An article in today's Wall Street
10 Journal discusses Southern Company's President Ed Addison's son's
11 brokerage business ties to Gulf Power's parent company and his
12 ability to profit from those ties. It notes further that Gulf
13 Power back in 1983, acting on the younger Addison's advice,
14 purchased a \$500,000 Gennie Mae through the company that Addison
15 worked for at that time. It was unclear whether or not Addison
16 benefited financially from this move, but such potential conflict
17 of interest cases will apparently be the focus of an
18 investigation on the part of several state Public Service
19 Commissions acting jointly.

20 My question is -- well, apparently that investigation
21 now will have to include Gulf Power. Will the Florida PSC
22 participate in that investigation before making a final rate
23 determination?

24 Question number three is tripartite, three different
25 endings. Gulf Power personnel and security were the fabric of

1 the recent investigation by the grand jury. Several years ago,
2 and I believe it was the PSC, that recommended that Gulf Power
3 centralize its security system, its security forces. This was
4 done. And that's when Tom Baker, if I remember right, came into
5 the picture at a salary approaching \$60,000.

6 In the wake of the investigation, or while it was going
7 on, Gulf Power security appears to have become a minor concern;
8 Baker has been transferred to another division -- he's still paid
9 \$60,000 -- and I would like to know is this the only such
10 extravagant waste of personnel within the Company? Has the PSC
11 looked into personal management practices since its 1983
12 recommendations? Are those results going to be or are they being
13 considered in ratemaking?

14 Thank you very much.

15 MR. SHREVE: Did you want answers to the questions
16 now?

17 WITNESS WAITE: Surely.

18 CHAIRMAN WILSON: I think he ought to have them if we
19 can give them to him.

20 MR. SHREVE: Beg pardon?

21 CHAIRMAN WILSON: I think you've seen the Childers
22 report.

23 MR. SHREVE: I've seen the Childers report and the
24 Baker report.

25 CHAIRMAN WILSON: Our Staff has that as well.

1 MR. SHREVE: Yes. I'm not sure which questions were
2 coming to me and which ones weren't. I want to make sure I'm
3 clear on that. You know I'm not with the Public Service
4 Commission?

5 WITNESS WAITE: I know.

6 MR. SHREVE: Okay. I do think there were other
7 extravagancies, and I think we'll be bringing some of those out.
8 The investigation is going to continue.

9 One of the things that has bothered me all along is in
10 the 1984 rate case none of this was brought out, none of this was
11 brought to the attention to our office; and, to my knowledge,
12 none of it was brought to the attention of the Public Service
13 Commission. I think it should have been. The investigation was
14 going on at that time. There were allegations of theft within
15 Gulf Power at that time; that Gulf Power later came out and made
16 allegations of theft against people that should have at least
17 affected the rate base, if not the expenses of the Company.

18 I am familiar with the change in the centralized
19 security that had Baker coming in here and the changes that were
20 made after that as far as the handling of Mr. Baker after he made
21 his report.

22 I'm having trouble going back over the questions that
23 you were giving to me. I am aware of these things. I'm also
24 aware of the allegations concerning Mr. Addison's son and the
25 involvement there. We --

1 WITNESS WAITE: Will the, one of the principal parts of
2 that question is will the Florida PSC be a part of the
3 investigation that will be ongoing as a part of the Georgia PSC
4 and the Tennessee PSC, et cetera, which all The Southern Company
5 involves?

6 MR. SHREVE: Okay. Now, I'm not -- I saw an article --

7 CHAIRMAN WILSON: Let me, I can address, Jerry Gunter
8 is going to address that because he's been involved with setting
9 that up.

10 COMMISSIONER GUNTER: The State of Florida is the one
11 that started what is called the Southern Task Force, which we --
12 states as far away as Louisiana, even though in this process it
13 will consist of the states of Mississippi, Alabama, Georgia and
14 Florida, and through that Southern Task Force is what you're
15 referencing.

16 That has been ongoing for a while. And one of the
17 reasons it gets bigger is you have companies like Southern Bell
18 that move beyond those individual states is a reason. But for
19 this purpose, we're looking at, as I say, the states of
20 Mississippi, Alabama, Georgia and Florida collectively. And one
21 of the reasons we have to do that is where you have a holding
22 company that crosses those jurisdictions, and not only those
23 state jurisdictions, but gets into federal jurisdictions on an
24 equal basis for each one of those states on interstate sales,
25 we're trying desperately among those states to make sure the sum

1 of the parts doesn't exceed the whole, and that what would apply
2 in one jurisdiction should apply in the other jurisdiction. It's
3 a complex process, but yes, we are involved in that today and I
4 am personally involved in that.

5 MR. SHREVE: I'm not sure --

6 COMMISSIONER GUNTER: The fact of the matter, --

7 MR. SHREVE: -- if there's something else going on,
8 too.

9 COMMISSIONER GUNTER: -- Jack, if we can, I even this
10 last Monday was a week ago met with Commissioners in Washington
11 of the Federal Energy Regulatory Commission and made the
12 suggestion, and this is the third time I have made that
13 suggestion to the folks in Washington and it may come to pass.
14 And I said, "Why don't we and the feds hold our rate case the
15 same time?" We can have their administrative law judge, we can
16 make a place for him at the end? Again, to make sure that the
17 sum of the parts equals the whole.

18 And what comes before federal jurisdictions and state
19 jurisdictions makes absolutely no sense to me of why you should
20 have separate proceedings. If you have the same proceeding, you
21 have the opportunity then to make sure that nothing is sliding
22 through the crack. And from two of the five Commissioners --
23 because of, you know, various laws, both state and federal, it
24 was impossible to meet with three or more; so I picked two of the
25 Commissioners and had a rather lengthy conversation with them and

1 I'm awaiting their reply.

2 WITNESS WAITE: So we can feel sure that the results of
3 such an investigation will be considered as part of the
4 ratemaking case.

5 COMMISSIONER GUNTER: We're moving in that direction.
6 If the clock doesn't catch us, we'll be there?

7 WITNESS WAITE: Thank you.

8 MR. SHREVE: I want to make sure we're not talking
9 about two different things. Maybe what you're describing is what
10 this gentleman was talking about. I saw an article a few days
11 ago about an audit that was going to be done by three or four
12 states --

13 CHAIRMAN WILSON: Yes, that's it?

14 MR. SHREVE: -- of The Southern Company?

15 CHAIRMAN WILSON: Yes.

16 WITNESS WAITE: That's the article initially.

17 MR. SHREVE: Is that a part of The Southern Group that
18 you're talking about?

19 COMMISSIONER GUNTER: That's a part of that. Yes.

20 COMMISSIONER BEARD: There is another article, though,
21 that he's talking about that I read that was in today's paper
22 referencing the father/son relationship.

23 MR. SHREVE: Right.

24 COMMISSIONER BEARD: Okay.

25 MR. SHREVE: I'm not sure we're all talking about

1 precisely the same thing.

2 COMMISSIONER GUNTER: Yeah. Well, ours is not the
3 father/son.

4 MR. SHREVE: Right. That's what I understand. I know
5 you've done the one at Bell's --

6 WITNESS WAITE: Just that one is an outgrowth of the
7 other.

8 MR. SHREVE: Yeah, right. And we're going to
9 investigate that as best we can. There are some time
10 restrictions with the case where it is right now. As far as what
11 will be completed or whether anything will be held up in this
12 case if that investigation is not completed, I don't know.

13 I'm in hopes that we'll be privy or our office will be
14 privy to any of the investigations. There has been some argument
15 in at least one case of an audit where it was tried to be held
16 confidential.

17 CHAIRMAN WILSON: By the Company.

18 MR. SHREVE: Well, that worked in the Southern Bell
19 case. But I assume we will be privy to that information.

20 COMMISSIONER BEARD: Let me --

21 CHAIRMAN WILSON: Did we answer all your questions? I
22 think we did.

23 WITNESS WAITE: Yes, sir, we did.

24 CHAIRMAN WILSON: Thank you very much. Mr. Shreve,
25 call your next witness.

1 MR. SHREVE: Mr. Jerry Brown.

2 CHAIRMAN WILSON: We'll take five minutes.

3 (Brief recess.)

4 - - - - -

5 CHAIRMAN WILSON: Mr. Shreve, if you would call your
6 next witness, please.

7 MR. SHREVE: Mr. Poole? Mr. Wesley Poole?

8 WESLEY POOLE

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

12 DIRECT STATEMENT

13 WITNESS POOLE: I'm Wesley Poole, 704 Indian Trail,
14 Destin, Florida. We're allowed to talk about the environment,
15 aren't we?

16 CHAIRMAN WILSON: If it affects the rates, you can talk
17 about it.

18 WITNESS POOLE: Yes, sir. I haven't heard a word about
19 it, though. Is there anybody from Gulf Power that could answer
20 just a few little questions?

21 MR. HOLLAND: Sir, we will try.

22 WITNESS POOLE: About the environment.

23 CHAIRMAN WILSON: Can I get an idea of what the
24 questions are?

25 MR. HOLLAND: Yeah.

1 WITNESS POOLE: Well, coal ash, herbicides, penta,
2 creasote, arsenic, air pollution, acid rain, PCPs and such, all
3 just part of the Gulf Power game.

4 MR. HOLLAND: I don't believe we would have anybody
5 here tonight who could respond to those questions. But if you've
6 got --

7 WITNESS POOLE: Well, I'm lay them out tonight and
8 maybe tomorrow night in Panama City y'all can answer them.

9 MR. HOLLAND: That's fine.

10 WITNESS POOLE: Have a guy down there.

11 All right. The first guy for y'all got up to bat and
12 said he was proud of y'all's accomplishments. Is that right?
13 Was I understanding him correctly? Proud of the accomplishments
14 of Gulf Power?

15 Well, the way I hear it, we got three power plants in
16 this region and we got three contaminated coal ash dumps. Is
17 that right?

18 MR. HOLLAND: Not that I'm aware of, sir.

19 WITNESS POOLE: Nobody's, none of these other
20 executives know about it?

21 MR. HOLLAND: Why don't you just ask the questions,
22 we'll write them down, and we'll try --

23 WITNESS POOLE: Well, I just wanted to know --

24 MR. HOLLAND: -- to get you a response.

25 WITNESS POOLE: -- about the coal ash dumps, toxicity,

1 what y'all are doing to clean them up?

2 MR. HOLLAND: To my knowledge, sir, we meet all the EPA
3 and DER guidelines --

4 WITNESS POOLE: I ain't asking you about the EPA and
5 DER, that don't even matter --

6 CHAIRMAN WILSON: Just a minute. Just a minute. Let
7 me, if I can, I appreciate the legitimacy of your questions --

8 WITNESS POOLE: Yes, sir.

9 CHAIRMAN WILSON: -- and I think that there are a lot
10 of folk who would be interested in hearing the answers to it.
11 But what we do is do economic regulation of this Company.

12 WITNESS POOLE: All right.

13 CHAIRMAN WILSON: And their compliance, as long as
14 they're in compliance with the regulations of agencies that do
15 regulate the environment, we don't regulate the environment and
16 we don't enforce standards any greater than those that have been
17 adopted by either the EPA or the DER. The kind of questions
18 you're asking, while I'm interested in them as well, really may
19 not bear on the economic regulation of Gulf Power. And I'm not
20 sure that this is the forum where we can really deal with it --

21 WITNESS POOLE: Yes, sir.

22 CHAIRMAN WILSON: I think you deserve to have answers
23 to your questions.

24 WITNESS POOLE: We have three contaminated dumps and we
25 might have to clean them up and it's probably going to cost

1 money, that might come out of the ratepayers and the
2 stockholders.

3 CHAIRMAN WILSON: Well, if they're under order, if
4 there are regulations that require those to be cleaned up and
5 they're under order to do that and we know what those dollars
6 are, I can promise you that will affect the rates --

7 WITNESS POOLE: Yeah, well, we aren't at that point
8 yet --

9 CHAIRMAN WILSON: -- of the Company --

10 WITNESS POOLE: -- they're just doing the preliminary
11 assessments and, you know, going through the red tape and such.

12 Herbicide, we know y'all have pushing 200 sites that's
13 contaminated with various herbicides. You don't go in and cut,
14 you go in and spray. This is from, you know, yesterday all the
15 way back, all around the area.

16 It would be interesting to know what herbicides y'all
17 was spraying. If the workers was told? If y'all had gone back
18 to the workers and see if any's health problems, or the local
19 residents. They ought to know. And, of course, cleaning up
20 these spray sites, that's going to cost money, also.

21 If Gulf Power has paid 5.2 million in property taxes,
22 that probably means 50 million to clean up the sites. It
23 probably will take five years to get around to start the actual
24 cleaning up part.

25 I mentioned penta, which is slang for

1 pentachlorophenol. That's the treated wood that's brown-looking.
2 Penta is toxic in itself and also contains dioxins. I'm sure
3 you're all familiar with dioxins.

4 Creosote, which we more or less phased out, but Gulf
5 Power has an exemption for creosote and penta, I believe. I
6 don't know. That would be good to hear that out.

7 They use the arsenic now. But I've talked with some
8 workers, and they don't use gloves, they ain't told nothing.
9 It's common, very common in the work place. You work and you
10 don't question the toxicity of the materials, don't rock the boat
11 or you'll be fired.

12 Air pollution. I'm sure these coal burners which we
13 have in the area spew out air pollution. Nitrous oxide, sulfur
14 dioxides, that's acid rain chemicals. Mercury, the path that
15 they found down at the Everglades a couple months ago, it had
16 enough mercury in it to kill anybody.

17 Lead, radioactivity. You don't hear a word about the
18 coal having radioactivity in it unless you talk with the nuclear
19 folks. The first thing they do is point out that the coal plants
20 spew out more radioactivity than nuclear plants -- that's
21 assuming they don't have a leak or an accident. And we ain't
22 talking about the waste. Like that Pascagoula plant, if they own
23 a percentage of it and we have an accident, y'all, we might get
24 to help pay for it.

25 And, of course, we still don't know what we're going to

1 do with the radioactive garbage and such. They trying to
2 deregulate part of it, but we still -- that's the trouble with
3 nuclear power, you can't get away from the waste. And that's
4 never be pulled out.

5 It's a shame the press ain't here. But the coal ash,
6 the air pollution, the acid rain, air pollutants, all need to be
7 brought out. Like the PCBs in these transformers. I've hunted
8 around -- thank you for writing it -- I've hunted around, books,
9 magazines and such, and several other utilities it would give
10 figures way up in the 100,000 pounds brackets, they're shipping
11 the PCBs here, shipping them there. I was wondering what Gulf
12 Power is doing with y'all's? I know a local industry makes them,
13 Monsanto, I doubt if they would take them back. But I wonder if
14 the workers know.

15 CHAIRMAN WILSON: Mr. Poole, I appreciate your
16 concerns, I don't want to cut you off, but the things that you're
17 talking about are really not the things that this Commission
18 deals with because they don't have to do with economic
19 regulation --

20 WITNESS POOLE: Mucho dollars, sir, to fix this.

21 CHAIRMAN WILSON: Well, until an agency like the EPA or
22 the Department of Environmental Regulation orders this Company to
23 do something about some of these things and they seek to recover
24 those dollars from ratepayers, we don't have any jurisdiction to
25 set what PCB levels, or whether these have creosote or not, it's

1 just simply -- I'm concerned, as you are, about the environment;
2 but it's just simply not something this Commission has
3 jurisdiction over and --

4 WITNESS POOLE: But it would be good to have in the
5 back of our minds, though, that it might be a problem later on.
6 And it ain't being addressed. You can't find the first word
7 about it in any of the media forums.

8 CHAIRMAN WILSON: And I think that those concerns ought
9 to be brought to the attention of the Department of Environmental
10 Regulation, --

11 WITNESS POOLE: Yes, that's, they're concerned
12 theirselves somewhat.

13 CHAIRMAN WILSON: -- rather than this Commission.

14 COMMISSIONER BEARD: Let me suggest further. Much of
15 what you're talking about, too, are violations that I'm aware of
16 would be violations of OSHA, of the workers, and there's very
17 specific requirements that they be notified. And there's a list
18 of chemicals; I can't remember how many were on it the last time
19 I looked at it but there were several hundred, if my memory
20 serves me correct. And to the extent that they don't notify the
21 workers of exactly what they're working with, the safety
22 precautions, et cetera, et cetera, the rubber suits and gloves
23 when you have PCB contamination of dirt, then they should be
24 investigated by OSHA, should be fined and dealt with in that
25 nature. And they --

1 WITNESS POOLE: But a lot of these regulating agencies
2 really don't have the grabs on nothing, they're just complacent
3 to sit back and, you know, we're in the good old days of 1940s
4 still. This is 1990, though.

5 A couple of other points here. Mercury lights. I
6 wonder, these mercury streetlights, if and when they go out, what
7 do we do with them? Do we just put them in the regular garbage
8 dump? That's contributing. And if one company or one individual
9 contaminates a dump, they can come back and get you 100%.

10 And if you buy a light, you don't just get the light
11 and you get a switch you go on and off. You get it and the
12 switch is stuck, you're going to buy a \$100 computer which don't
13 work.

14 I do a lot of stopping at places burning their lights,
15 and you hear all kind of excuses why their lights are burning
16 during the day. And you've even got streetlights don't belong to
17 people. I've called the power company several times; they'll
18 tell you right quick like it ain't their job to cut off
19 streetlights. But don't you be a day late paying your bill or
20 they'll send a technician and, you know, cut you off right quick.

21 Florida Power come up to Fort Walton Beach one night --
22 well, a guy with Florida Power. And later on they was a arm
23 length from Florida Power when I asked the guy who paid his
24 salary to come up here and sell this incinerator? I was
25 wondering if Gulf Power goes around to these other areas stumping

1 for incinerators or nuclear plants or whatever else they might
2 come with. Deep wells or such.

3 And we know we got three acid rain lobbyists up there
4 right now trying to water down the Clean Air Bill. That's a lot
5 of -- shouldn't be any. Gulf Power employees should wear like
6 blue shirts and be climbing poles. I bet none of these guys with
7 the suits don't be even got a callus one on their hands.

8 Went over to Sam's Wholesale Club, going to join up.
9 But the bottom line was if I was an employee for Gulf Power, I
10 can join. But since I wasn't and didn't want to qualify other
11 roundabout ways -- nothing against the employees, they hard
12 workers. But like that \$500,000 fine, you know, they just took
13 it out of the kitty, didn't hurt them a bit. Maybe these
14 executives, hit them, maybe even a little old jail term, that'd
15 straighten them out.

16 Here's a story here now. We got a bridge across the
17 Choctaw Bay. And we had a coal barge coming through there and
18 run the thing over, it's been out about six months. And
19 everybody wants to make a scapegoat out of that tugboat pilot,
20 just like the Exxon Valdese. I nicknamed it the "Good Cents
21 Valdese." But everybody was wondering who to blame. I wouldn't
22 dare blame that one captain, he was just trucking along. I
23 wonder if we blame ourselves for getting 100 barge loads a month?
24 We might blame the Public Service Commission for letting us use
25 so much juice.

1 Environment, conservation, first time the word has been
2 used tonight, "conservation." We don't save energy.

3 During football season, Alabama was playing one
4 Saturday afternoon. And every time they would have a time out
5 we'd hear on the radio to get rid of that dinosaur, you know,
6 natural gas heat, get rid of it and get you a electric heat pump.
7 Over and over.

8 The game ended and I caught the last of the Florida
9 State game. And they was trying to loan \$5,000 at 7.5%, they'd
10 fix up your house. Putting super insulate it. Wasn't a word
11 about a airtight house has toxic fumes fumes the new materials
12 can't get out. And then the Auburn game come on that night
13 playing Florida, and they was trying their best to sell a house
14 trailer to me, Good Cents house trailer, you can get a thousand
15 dollars rebate. I bet they had 100 commercials on the three
16 games.

17 We talked about the advertising; I mean, it's across
18 the media. You can't think of a media form that it don't blitz.
19 I just happened to have a few, about 10 pounds. Every one of
20 these here is brochures that talk on Gulf Power. Every one is
21 different, I bet there's 50 of them. None of them was recycled,
22 half the pages is blank. You ought to see the multicoloredness
23 on it. Most of them just trying to sell heat pumps. Here you
24 go, why acid rain legislation ain't need.

25 Even printed up a petition, all you got to do is sign

1 it. Send that thing off so we won't have no acid rain
2 legislation. That ought to be a priority, our environment. You
3 know, are we going to poison the lakes and rivers? I'd say Gulf
4 Power has just failed across the board.

5 Somebody said they was a bad corporate citizen. But
6 are they public or private? They in that gray area. It's up to
7 y'all to regulate them.

8 We might need to revamp the PSC. I mean, I hate to be
9 so blunt with y'all, but obviously it's too much slack in there
10 when you got executives making \$150,000 a year.

11 Whew. It's just a crying shame here, I'll tell you.
12 Just a crying shame. I close with this, though. It's sort of a
13 -- I know it won't be a answer and I don't want Gulf Power to
14 answer it, it ain't their place. Nor is it any of the 800 or
15 8,000 subsidiaries they have just to throw away money in this
16 place. But up and down the road you see people burning their
17 lights; and I guess it's their prerogatives since we ain't
18 communists. But whose place is it to persuade them to turn their
19 lights off during the day?

20 Thank you. (Applause)

21 CHAIRMAN WILSON: Thank you. Elaine Wilson?

22 FROM THE AUDIENCE: I believe she went.

23 MR. SHEEVE: Okay, thank you. Mr. Bonifay?

24 BARRY BONIFAY

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

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

3 DIRECT STATEMENT

4 WITNESS BONIFAY: Thank you. My name is Barry Bonifay,
5 and I live at 2911 East Jackson Street, Pensacola. And I, I came
6 here tonight because I wanted to ask the Public Service
7 Commission to consider a couple of things when you consider this
8 rate increase. It also has to do with the environment, but I'm
9 going to make it very relevant.

10 The background of this is that several months ago I was
11 listening to the, when they first started clean air legislation,
12 I was listening to the news and heard where several governors of
13 other states were outraged at the fact that Florida specifically
14 and The Southern Company specifically were lobbying so hard
15 against the clean air legislation at the same time that they were
16 bragging that they had some of the lowest power rates in the
17 country.

18 And those governors went on to say that these companies
19 were not under the same stringent regulations that they were in
20 their states to keep the air clean in Florida, and that they were
21 not burning the clean coal that they had to burn in their states,
22 and they were not having to put the extensive scrubber systems on
23 their plants, okay? And that they were really outraged that the
24 fact that these companies were there.

25 I was very concerned because it was the first time that

1 I was made aware of how much the power companies in Florida and
2 specifically The Southern Company contributes to acid rain that
3 affects the lakes as far away as Canada. They're one of the
4 prime contributors to acid rain in our country.

5 And one of the factors that we have to look at -- and I
6 want to ask the Public Service Commission to look at -- is the
7 figures that Gulf Power gave tonight in their presentation, I'll
8 refer to those, where they said that they were going to go from
9 \$60.28 per thousand kilowatt hours to \$64.52; and that in the
10 particular scenario of what the averaging was for the country,
11 which the top one was about \$80, we're looking at about a \$16
12 difference between where Gulf Power is going to be and what the
13 top companies in the country are playing.

14 An interesting thing that came out in the newspaper
15 just recently was the Gulf Power lobbyist that was in Washington
16 lobbying against the clean air legislation making the statement
17 that it was going to cost in excess of \$120 million to Gulf Power
18 customers to clean up the air if the legislation that they were
19 proposing passed. If you do some arithmetic there, I'm not sure
20 how long a period this 120 million is for. But if it was for one
21 of our years, for instance, and you divided that out -- because
22 right now we're asking for 26.5 -- \$26,295,000 -- we would have
23 to pay \$25 per kilowatt hour increase to pay for that.

24 That would put Gulf Power at \$89.52, \$9.52 higher than
25 the highest company right now. Which suggests that maybe the

1 existing rates really aren't so low when you factor in the cost
2 of cleaning the air, which is what a lot of the companies are
3 having to do around the country right now.

4 So I would like to ask you to really look hard at the
5 figures in other states to try to determine what some realistic
6 cost for cleaning up the air is going to be, because it is
7 coming.

8 The Senate passed the clear air legislation last night.
9 The reason I'm here tonight is because I feel like that we're
10 going to be facing, within a year or less, some very tough
11 increases that are going to be mandated by the federal
12 government, and that we're going to come up here and tell you how
13 much we don't like it. And you're going to tell us -- and I'm
14 not going to do that because I'm an environmentalist and I'm
15 willing to pay for that kind of an increase to clean up the air
16 because I think it's costing us far more money not to. But I'm
17 not willing to be scammed, and I feel like this present increase
18 is a scam on the people of this community.

19 One of the things that there's some talk on the street
20 that the particular game that's going on with this hearing is a
21 version of bait-and-switch or lose-and-laugh. And the way that
22 works, if you're not familiar with it, is Gulf Power comes in and
23 asks for an 8.47 increase. You've already given them an interim
24 increase, which you pointed out can be refunded, but they have
25 been collecting it.

1 So the Public Service Commission is in the position of
2 doing several things, about four different things. The first one
3 would be to give them the 8.47% increase, which I don't think
4 anybody thinks you're going to do.

5 The second one is you could slap their hands and say,
6 "Now, we're only going to give you a 3% increase, we're going to
7 knock 5.4% off of that," and they lose-and-laugh. That's the way
8 the games work.

9 Or the other one is you say, "No, we're not going to
10 give you an increase at all but we still have that one they have
11 been collecting all along the way." And I don't think anybody
12 believes there's any possibility that we would ever get to the
13 point of a real rate increase.

14 One of the things I have a real problem with when I saw
15 it up there on the board tonight was that the 37% that was in the
16 ratio up there for federal income tax. And I just don't
17 understand why it is that the rate increase -- the power users
18 are responsible for keeping up with the taxes. I would think
19 that the federal income tax would be on the profits that that
20 company makes. And I don't, in my present position, I don't have
21 anybody paying my income taxes. And that's what we're talking
22 about, if that's a legitimate expense for Gulf Power, is
23 something that I just think is a catastrophe for this Company.

24 I don't think it should be a legitimate figure. After
25 everything is said and done at the end of the year, it seems like

1 they ought to have a profit and that they ought to pay taxes on
2 whatever that profit is. If it's put back in the picture for the
3 rate increase, then we're paying Gulf Power's taxes. That
4 doesn't make any -- their income tax. That doesn't make any
5 sense to me.

6 One of the things I have been told -- and I don't know
7 that the public really understands the situation with what
8 capacities are about. Because when I first heard about it, I
9 didn't understand it and then I had it explained to me and I
10 think I understand it pretty well right now. And it concerns me
11 that Gulf Power -- that The Southern Company could build a plant
12 in Mississippi, where they might not need all that power and they
13 might not need all that investment, and they could get several of
14 their subsidiaries to buy interest in it so that we could pay for
15 the plant.

16 It really concerns me that we don't have some kind of
17 anti-trust laws to prevent that because it seems like it's a
18 closed system. We didn't have any say in it, they went out and
19 bought something we don't need.

20 I want to make the comparison, if you and I were in the
21 dairy business and we had the contract to sell milk for Escambia
22 County but we were selling some of it over in Alabama. We had
23 our dairy farms here, and we were selling it for a dollar a
24 gallon. And the people that we were selling it to in Alabama
25 broke their contract with us, so we have several options now. We

1 can find another market for that milk; we can sell off some of
2 our cows; we can just quit feeding them and let them die -- and I
3 don't recommend that --; or we can go back to the people of
4 Escambia County and say, "Look, we've got the capacity to produce
5 all this milk and we're going to charge you 50 cents more a
6 gallon for it. But guess what? We're not going to give you the
7 milk."

8 That's exactly what Gulf Power is talking about doing.
9 And I don't think it should be considered at all in the rate
10 increase. It's a closed system. We don't have a chance; the
11 consumer don't have a chance in it, since it's Gulf Power moving
12 power all around.

13 I think that we should rename this company, it should
14 be renamed "Too Much Power Company." They have a problem with
15 too much power in many ways. I think they need to figure out
16 something to do with their power other than charge us for it.
17 Thank you very much. (Applause)

18 MR. SHREVE: Mr. Kendrick?

19 WITNESS KENDRICK: Rae Kendrick.

20 MR. SHREVE: Rae Kendrick, thank you.

21 RAE ANN KENDRICK

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

25 DIRECT STATEMENT

1 WITNESS KENDRICK: I'm Rae Kendrick, Rae Ann Kendrick.
2 I live at 1212 Concordia Boulevard, in Pensacola. My zip is
3 32505.

4 I'm a retired person, my husband recently died last
5 year and I'm on a fixed income. My income is only \$700 a month.
6 I recently went into the hospital and found out that I have a
7 problem with my health.

8 With the increase that Gulf Power is asking, I'm either
9 going to have to make a decision either to do without my medicine
10 or pay Gulf Power. That doesn't seem like much to a lot of
11 people that don't know what living on a fixed income is; but I'm
12 not able to work, I have problems with my health, as I said
13 before.

14 Now, I've increased on the, on my medical problems. My
15 insurance has gone up. The water company is going up. It seems
16 like all the utilities on a retired person's income, when they go
17 up, it really stresses them. I don't think that it's really fair
18 to the retired person or the person that's disabled for Gulf
19 Power to increase our utilities.

20 Thank you very much. (Applause)

21 CHAIRMAN WILSON: Thank you.

22 MR. SHREVE: Thank you. Emmy Malone?

23 EMMY MALONE

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

1 follows:

2 DIRECT STATEMENT

3 WITNESS MALONE: My name is Emmy Malone, I live at 9580
4 North Barth Road, in Molino, Florida. And I have a problem with
5 the customer charge on my bill. Used to be \$3, now it's \$6.25.
6 Does that go in with the rate increase, or is this just slithers
7 on up?

8 Now, I didn't know until this evening, but Gulf Power
9 services 279,000 people. So, at \$6.25, that's only
10 \$1,743,000--some a month to pay their meter readers, or what? I
11 mean, this is a lot of money. And if this is divided amongst the
12 meter readers, I want a job. Of course, you would probably get
13 killed so somebody else wants your job.

14 But the idea is, seriously, how does this little charge
15 keep going up? We have the fuel adjustment. When you read the
16 bill, you have all this stuff. And the franchise fee, which I
17 don't understand that one, either.

18 Of course, that's not your problem, that's our County
19 Commissioners, because they're charging Gulf Power for where the
20 pole is on the County land; and the people gave the County the
21 land to start with to make the road, so I don't understand that
22 either.

23 But if they -- I don't think they need or deserve a
24 raise. They do spend the money in various ways, which I'm sure a
25 lot of it -- and with the advertising, as people have mentioned,

1 it's not necessary. They're the only one we can buy the product
2 from. You otherwise have a generator of your own.

3 Now a lot of the environmental things, have they
4 considered, like out where we live, there's these power lines and
5 all this land right under it. Why not do as they're doing out
6 west now, put these wind deals there and the wind will generate a
7 lot of power and they can shoot it right up to those lines with
8 the generators and turbines, and what not. And it doesn't
9 pollute the air at all.

10 But I am very much against the increase. And thank you
11 for listening to me.

12 CHAIRMAN WILSON: Thank you very much.

13 MR. SHREVE: Thank you. Elizabeth Barber? Elizabeth
14 Barber? (No response)

15 Mr. Owens? (No response)

16 Mr. J C, looks like O E Y?

17 CHAIRMAN WILSON: Here we are.

18 COMMISSIONER BEARD: While he's coming up, Mr. Shreve,
19 Mrs. Barber adopted the testimony earlier.

20 MR. SHREVE: Okay, good. Thank you.

21 I. C. GUINA

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

25 DIRECT STATEMENT

1 WITNESS GUINA: My name is I C Guina, G-u-i-n-a, excuse
2 the writing. I live at Baystead's Riviera Apartment on Bay Shore
3 Drive. And each week I buy a Lotto ticket, cost me a dollar.
4 And it don't mean anything; so five minutes past 10:00, I tear it
5 up. And reading the paper, I understand a single winner will get
6 the \$63 million this week. Well, being married, I now understand
7 why I'm not winning.

8 Now, I want you to tell me why it is I have a house at
9 Pace, 17-mile drive every day to feed my dogs, gate is locked.
10 And I go there and have the dogs and the power company get me to
11 put down the reading and I deliver it personally to do that.

12 Go to Lantana. That house has been vacant about a
13 number of years. Each month I take down this reading. Each
14 month I pay the \$6.25. That comes to \$75 a year. In talking to
15 my neighbor next door, he reads his meter, he lives there but he
16 has dogs in the yard and, of course, the man might not get there
17 on account of the dogs. He pays the same thing. They don't read
18 his meter. Now, if you can tell me why I pay \$75 a year for
19 meter reading and the man don't read the meter, I'd like to know.

20 Also living in the condominium, there's 94 apartments.
21 There and these meters in this room, one room there. And it's
22 \$6.26 for each meter that's read; that's 94 meters being read and
23 it shouldn't take over at least 30 minutes to read them.

24 Two blocks down from there is the Bay Shore Apartments
25 and the same thing exists where there's a number of meters right

1 there together use the meter to read and it's still the \$6.25.
2 So I would appreciate knowing some day why we're charged for
3 meter reading when we don't get it. And I want to thank
4 you. (Applause)

5 CHAIRMAN WILSON: Thank you, sir.

6
7 MR. SHREVE: Thank you. Ester Johnson?

8 ESTER JOHNSON

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

12 DIRECT STATEMENT

13 WITNESS MS. JOHNSON: I'm Ester Johnson, 13090 Lillian
14 Highway, Pensacola, 32506. Environment should be our number one
15 thing, but I'm not going to talk on environment, that's my topic.
16 We are retired people. We have been in our home on Perdido Bay
17 34 years. It's an old home. And back in '87, if I can remember
18 right, in January, our light bill went up to \$140, \$150, \$160? A
19 lot. Where it had been around 50.

20 We went down to Gulf Power. They came out and checked
21 the meter, they couldn't see anything wrong. Well, we had to do
22 something because we could not keep paying bills like that. So,
23 we went and purchased a new hot water heater. Well, that didn't
24 help matters any. But what did, we put a timer on that hot water
25 heater. We have hot water two hours in the morning and two hours

1 at night.

2 We don't have a dryer. We don't have air condition.
3 We don't have central heat. We don't have any of the those
4 things that most people have nowadays because we cannot afford
5 them. And what I'm a'asking, no tax increase.

6 For one thing, if this company had the gall to do what
7 they're doing now after what they have been through the past two
8 years, they should not even be represented anywhere or have any
9 kind of a tax increase. And I would say in a five-year
10 moratorium.

11 But that is how most people live. I hang my clothes
12 out to dry in the air. But I still say with these other
13 environmentalists, our environmental should be the top thing.
14 The environmental departments are not that concerned, it's going
15 to take people to make this world a better place to live.
16 There's big coverups, there's big money, and we are not getting
17 the results from our environmental departments; the people are
18 going to have to do it themselves. We have found that out and
19 we know what we are up against. Thank you very much.

20 CHAIRMAN WILSON: Thank you.

21 MR. SHREVE: Mr. Stark? Mr. Stark? (No response)

22 Mary Wesley?

23 MARY WESLEY

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

1 follows:

2 DIRECT STATEMENT

3 WITNESS WESLEY: Mr. Chairman, members of the
4 Commission, Gulf Power, ladies and gentlemen, my name is Mary
5 Wesley, I live at 2000 East Maxwell, Pensacola, Florida, 32503.

6 When I heard that Gulf Power was asking for a rate
7 increase, I planned to protest. When I received the little
8 announcement in my Gulf Power bill that there was going to be a
9 meeting out here at the time and date that was selected, I wanted
10 to know why. Wednesday night during Lent season, 6:00 o'clock
11 and I'm a working woman? I barely made it home to get dressed to
12 see how my sick husband was to get out here, that's beyond the
13 point.

14 I still do want to know who selected this place and
15 why, when Gulf Power has a beautiful building and a nice lobby,
16 they could have held it down there with you gentlemen and ladies.
17 And I'm surprised to see the amount of people out here. It's
18 hard to get out here. It's not centrally located at all.

19 I want to say I have had excellent service from Gulf
20 Power. When Frederick came through, I was out electricity for
21 three days, but that's understandable.

22 Last year, my power went out; it took me two hours to
23 get to Gulf Power and they put me on hold. I finally, after
24 three hours, I got hold of them, told them I was out of
25 electricity. They would attend to it. Three hours later, I

1 called back. They said it was being looked into. Four hours
2 later, my husband drove around and he didn't see anybody. But it
3 did, it took me eight hours that day. But I cannot complain, in
4 10 years that's the first time that we have been really out.

5 But I listened to Mr. Scarbrough today and he talked
6 about property tax. When Gulf Power informed us that they were
7 going to build on Bayfront, I went down and protested, that is
8 prime property. They did not need it. I'm old enough that, when
9 I lived here and they built on Pace Boulevard, the people of
10 Pensacola were told they needed that building. Fine. And if
11 they needed any more room, they would go up, not down to
12 Bayfront.

13 And I often wondered why did they not go up on Pace
14 Boulevard? That's a nice building down there and they could have
15 gone up.

16 Mr. Scarbrough, what happened to Caryville? It was not
17 mentioned, the new plant east of Tallahassee? Have you heard
18 about it? Do you know about that plant?

19 COMMISSIONER GUNTER: New plant in Caryville?

20 WITNESS WESLEY: Uh-huh.

21 CHAIRMAN WILSON: There was a planned plant there.

22 COMMISSIONER GUNTER: There was a planned plant there
23 that was discontinued in 1979.

24 WITNESS WESLEY: They haven't built there at all?

25 COMMISSIONER GUNTER: No. In 1979, that was one of the

1 decisions, economic decisions, that was before I came on the
2 Commission but I reviewed that record. In 1978, they had an
3 opportunity to buy capacity -- that's how the capacity out of
4 Daniel came about.

5 It was cheaper for them to buy -- at least that's
6 records that were on the Commission before I got there -- it was
7 cheaper for them to purchase that capacity in Mississippi than it
8 was to build in Caryville.

9 Now, they still hold that property in Caryville; and,
10 in fact, in the last case, I think they came in and asked for
11 additional monies to expand the size of that site, but the
12 Commission couldn't see the wisdom on that expansion and we
13 didn't allow that to occur.

14 WITNESS WESLEY: That's good.

15 COMMISSIONER GUNTER: But the site, as I understand, is
16 still being held by the Company. And there was some inquiry at
17 that time, and I think it's being leased for some agricultural
18 interest, you know, to some outside folks.

19 WITNESS WESLEY: My information was wrong, then. I was
20 told that there was a plant on Caryville property.

21 COMMISSIONER GUNTER: No.

22 WITNESS WESLEY: All right. In --

23 MR. SHREVE: Could I interrupt? Commissioner Gunter is
24 exactly right on that. I think when that was cancelled out, the
25 ratepayers paid, there was about \$13 million that was amortized

1 and paid for by the ratepayers of the expenses they had in at
2 that point. And, unless I'm mistaken, that's where they have
3 their sod farm now.

4 COMMISSIONER GUNTER: I believe that's what it is.
5 It's an agricultural thing.

6 MR. SHREVE: Yeah, but it belongs to Gulf Power.

7 COMMISSIONER GUNTER: It does? I thought they leased
8 it out. I'm sorry.

9 CHAIRMAN WILSON: Gulf Power Company has a sod farm?

10 MR. SHREVE: Oh, yeah.

11 WITNESS WESLEY: 1984, I was charged deposit for late
12 payment, and I approached the Commission. I found out that in
13 1984 Southern Company made \$69 million profit. Profit. In 1986,
14 they made a \$96 million profit. I have not heard what they have
15 made in the last two years. But when you make a \$96 million
16 profit over and beyond expenses, I think that in the last two
17 years they have probably made over \$96 million, I do not feel
18 like they need this increase.

19 My husband -- I'm retiring this year. I'm going on a
20 fixed income. I have just found out that my supplemented
21 insurance has gone up \$10.55 a month. That's over \$120-some a
22 year. Now, if Gulf Power is allowed this increase, Lord knows
23 what my income is going to be.

24 And there's one question I was asked if I would ask you
25 people, the Commission. Have you been wined and dined by Gulf

1 Power? Have you been taken out to dinner? Any of you on the?
2 No? Well, I appreciate that. Thank you.

3 COMMISSIONER EASLEY: No.

4 COMMISSIONER GUNTER: I will tell you from one
5 Commissioner's standpoint, there was one reference made, and I
6 had an opportunity -- Mr. Shreve has been looking into this very,
7 very carefully. And I had an opportunity to read the deposition
8 that Mr. Shreve's office took of the individual that reported my
9 name in Washington, DC. And under oath said, "Oh, oh, I forgot.
10 Jerry Gunter had the flu and was in the hotel room and he didn't
11 even make his committee meeting, so I hardly saw him."

12 So, you know, that raises another question that we'll
13 address in another time period. But I just wanted to say from my
14 perspective we have sworn testimony that that's not correct.

15 WITNESS WESLEY: That's not correct? Well, when you
16 read that --

17 COMMISSIONER GUNTER: You can read -- you know, that's
18 one of the things that was particularly damaging to me on a
19 personal basis.

20 WITNESS WESLEY: That's right, it is.

21 COMMISSIONER GUNTER: That's one of the reasons,
22 regardless of whatever the truth might be, you're damaged
23 forever.

24 WITNESS WESLEY: There was an article in the paper
25 where Gulf Power paid \$7,600 for a weekend golf trip? And I

1 asked my husband about it; and he says, "That's why I'm mad at
2 Gulf Power, I wasn't invited." (Applause)

3 CHAIRMAN WILSON: Thank you.

4 MR. SHREVE: Thank you. Shelby Owens?

5 SHELBY OWENS

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

9 DIRECT STATEMENT

10 WITNESS OWENS: Thank you. Honorable Members of the
11 Commission, I'm Shelby Owens, and I reside at 3801 North 12th
12 Avenue in the City of Pensacola. My husband and I also operate a
13 small business.

14 Gulf Power has said this increase is going to effect
15 the commercial users, and that includes those who operate small
16 businesses. This small business, one of the small businesses
17 happens to be retail. And we have to buck all the big retailers,
18 all the big fellows from, you know, out of state, the big guys
19 who carry their money out of state. Now, if Gulf Power wants to
20 raise their rates, that's fine; but I'm afraid that a lot of
21 small business people are going to be affected by this.

22 Mr. Johnson, I believe, made the statement that he
23 hadn't gotten a raise. Well, neither have I. In fact, I've lost
24 a lot of income because we've lost a lot of good jobs in this
25 county, in this area, that have not been replaced because we

1 haven't been able to bring in any new industry.

2 And I won't refer to any scandal. But if you review
3 history, in any event of public corruption, there's one reality
4 that's always synonymous, economic decline. And it takes many
5 years to recover from a situation such as we've faced here.

6 I'm not arguing that Gulf Power doesn't provide good
7 service. I've had that squirrel on the transformer, but I
8 understand. I was in Italy a few years ago and those poor people
9 over there had heat for two hours a day. So I don't want to live
10 like them. I appreciate the amenities provided by the power we
11 have. And I know we need to conserve. And all the arguments
12 we've heard are very good.

13 But I would ask you to consider. Just look around this
14 city and all the empty buildings. We have faced such a decline
15 that you probably won't see in any county in this state. And I
16 would ask you to just think long and hard about this rate
17 increase now, and maybe ask Gulf Power if they can't initiate an
18 austerity program like the rest of us.

19 You see, I kept hanging around because I love this
20 city, I love the people. And I kept thinking things are going to
21 get better; and then one day I woke up and I realized I don't
22 even have enough money to get out of town. So, we have to work
23 together to solve these problems. And we can solve these
24 problems.

25 So, I think if you look at it from that aspect, there

1 are a lot of good people that work at Gulf Power. It's just
2 unfortunate that we've had to face this situation, that we've had
3 to be embarrassed. But we've been embarrassed about other things
4 and we've gotten over those. So, if you would just consider a
5 moritorium for a few years until we can recover in the area and
6 then we'll all benefit. Thank you. (Applause)

7 CHAIRMAN WILSON: Thank you.

8 MR. SHREVE: Mrs. Bennett?

9 SINETA BENNETT

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

13 DIRECT STATEMENT

14 WITNESS BENNETT: Don't try it, S-i-n-e-t-a. Sineta
15 Bennett, 6734 Bellevue Pines Road, Pensacola.

16 I'm here tonight, yes, I'm one of the people that
17 everybody is talking about except I'm -- I've got a cold, too.

18 I'm one of the "working poor," though. I wasn't
19 planning to coming here; I have two small children, divorced
20 mother. Work every day, it's very difficult to get out here.
21 The grandparents have the kids and they're probably hysterical by
22 now.

23 But I wanted to hang tough because I just wanted for
24 say that, even though the increase is \$5 and some change a month
25 and we've already had the increase initially given a few months

1 ago, I just don't think it's fair. It's not right.

2 You guys have been through hell all over the place.
3 I've had people calling from out of town, they ask me stuff
4 about, you know, executions, planes going into buildings, it's,
5 dead canaries. You know?

6 And what I do is, if I face a loss of income, I cut
7 back. You know? My Italian shoes I got on sale for 12 bucks.
8 This came from Casual Corner for 14.99, it had a little spot on
9 it. But you just cut your fat. You don't go out and purchase --
10 I'm sure, when that plane crashed, you guys made that up in my
11 block that afternoon.

12 Gulf Power makes much too much money as it is.
13 Supposed to be a regulated industry. Everybody has to make a
14 profit, everybody has to make a living and I understand that.
15 But I just cannot see it.

16 You people, I look at the back of this flyer and you
17 people on the Commission, you guys have all these degrees, you're
18 obviously intelligent people; so I'm not going to stand here and
19 act like you don't have Good Cents, because I know you do. I
20 don't have, you know, these -- the fanciest degree I have is from
21 Woodham High School 1979. And I know you guys aren't idiots and
22 I don't believe you are.

23 And I really think, though, I cannot believe the
24 largess that Gulf Power has, especially with the big building and
25 all the other things you do. Just the gall. Just the gall.

1 That's what kills me is just the gall.

2 One thing I do suggest -- and I'm sure this will never
3 go through the Legislature, thanks to our wonderful W D -- but I
4 think there should be some type of legislation passed that, when
5 you do have these rate increases, if you lose, not only do you
6 give the money back you already collected, but you should also
7 pay for these people's salaries, this lovely building here, this
8 wonderful room, all the expenses, the plane tickets, everything
9 else for them wasting their time going around the state trying to
10 justify a increase for people who don't deserve it. And then
11 maybe when you ask for one, you'll really need it.

12 Thank you. (Applause)

13 MR. SHREVE: Thank you. That's all the names that we
14 have that are signed up. Did you want to take a break or go
15 ahead and see if anyone else is?

16 CHAIRMAN WILSON: Why don't we just ask and see if
17 there's anyone else here who wants to testify?

18 MR. SHREVE: Anyone else like to testify? Anyone else
19 like to be heard from at this time? Yes, sir.

20 WITNESS GRIFFIN: My name is Steve Griffin or Joseph E,
21 either you want it.

22 CHAIRMAN WILSON: Excuse me, sir. Were you previously
23 sworn? Let me do that.

24 JOSEPH E. GRIFFIN
25 was called as a witness on behalf of the Citizens of the State of

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

3 WITNESS GRIFFIN: If I hadn't, I wouldn't have come.

4 CHAIRMAN WILSON: Thank you, sir.

5 DIRECT STATEMENT

6 WITNESS GRIFFIN: So, as I said, my name is Griffin, I
7 live at 8307 North Palafax Street.

8 I've disapproved, to start with, I disapprove of the
9 rate increase. It seems as though each time that Gulf Power
10 repairs something, builds something, or that bad weather comes up
11 and they have to put out a little extra money for men to go out
12 and service it, "I need a rate increase."

13 Well, I need one, too. I've been on retirement, I
14 guess, 20 years. Which is unfortunate in a lot of respects, but
15 I was lucky enough to make retirement before I went on
16 disability. But right on the other hand, every time they do
17 something, they've got to have a rate increase.

18 And here I want to say about a year ago, it was last
19 year I think is whenever it happened, that they collected money
20 that wasn't approved and it was supposed to have been returned to
21 the customer or however they handled it. But the Commissioners
22 or whoever it was gave them a 3%, or something or another like
23 that, and they wiped the board clean because I didn't receive any
24 compensation as to what extra money I had paid in to them as I
25 remember of.

1 So, the thing of it is: if they go up on a loaf of
2 bread, are you people going to turn around and give me the
3 difference? Because I need a loaf of bread to eat? No, I'm
4 going to have to sweat it out the best way I can and try to get
5 that extra money my own self some way or another.

6 So that I'm trying to get across, by being on
7 retirement, you only get a small amount of increase, a 3.2 or
8 sometimes 1.5 for living increase. And that's not very much
9 whenever you are on a small income to start with. And if I
10 understand it right, that they're asking for 8.5 increase. Well,
11 that's \$8.50 on a hundred. It don't sound very much. As of now,
12 by God, you can't hardly get a guy to work for you as far as that
13 goes for less than, well, your minimum wage is about
14 three-and-a-half. So I'm going to say two-and-a-half hours, by
15 gosh, your money is gone.

16 So I hope that you -- Mr. Gunter, anyway, I'll say it
17 that way -- that you'll take into consideration of the poor
18 people that's on retirement needs some protection. And I don't
19 think that Gulf Power needs the increase whatsoever.

20 Which I've heard comments, I've been in and out and
21 I've heard different ones gets up here and make statements which
22 they covered practically everything that I could even think of.

23 And it was one lady that said she was out of
24 electricity for three days, I think she said it was Frederick
25 come through. I was out five days. I lost a deep freeze, a

1 21-foot deep freeze full of food -- meats, chicken, bacon, stuff
2 like it there. And they worked up within the last transformer of
3 my house and turned on lights two days before I got mine.

4 And all they had to do was come up to the next
5 transformer, which was approximately 300 feet, and take a pogie
6 stick and lift the breaker and turn mine on. And I run down
7 their trucks two or three different times. And it was two and
8 they different trucks parked around there on Hood Street -- which
9 is this is out at Ensley -- and sitting there drinking coffee.

10 And I approached one guy on the -- on it. And he
11 turned around and told me that he didn't have anything to do with
12 it, I'd have to ask this lady over here.

13 So I went and asked her. And she said, "We've got our
14 orders, we can't backtrack and go over there," said, "we're set
15 up for a certain distance to work in the area."

16 I said, "Well, who is your foreman?"

17 They said, "That guy yonder that drives that pickup."

18 So I went over and talked to him. He finally agreed
19 that he would take care of it. He says, "Well, where do you live
20 at?"

21 So I up and told him. I says, "At Jones and Palafax."
22 I says, "The first transformer as you leave Palafax down Jones
23 Street." I says, "It's on the right-hand side." I says, "The
24 breaker arm is down, and all you got to do is take a pogie stick
25 and push it up and," I says, "turn it back on." It wasn't no

1 squirrel.

2 He says, "How do you know so much about it?"

3 I says, "Well, I worked in and out of power plants."

4 Not as working in the power plants, but I was another trade which
5 caused me to have to go in and out of there. And, I said, "I
6 have heard different ones talking about it." And, I says,
7 "That's what I think is actually wrong."

8 He says, "Well, I'll see what I can do about it."

9 Now, he was the foreman. And the next day he come up.
10 If he had turned around and come to my place -- or at least to
11 this last transformer, not to my place -- I probably wouldn't
12 have lost about, I say, between \$500 and \$600 worth of meat and
13 chicken and stuff like that because it was still frozen.

14 And so whenever they finally turned it on -- in fact, I
15 had to take my stuff out to the dump and throw it over, throw it
16 in the trash. And I couldn't get nothing, by gosh, from Gulf
17 Power. They said, "Well, we're working at it just as hard as
18 possible to get the stuff turned on."

19 So, "Have you any pictures of it before and after?"

20 I says, "No," I says, "I didn't think I would have to
21 have pictures." But this is insurance situations. At least,
22 that's what I figured it was for.

23 But anyway, I appreciate you people bearing with me for
24 me to tell my little story. So thank you. (Applause)

25 CHAIRMAN WILSON: Thank you for coming, we appreciate

1 it.

2 MR. SHREVE: Is there anyone else that would like to
3 testify?

4 WITNESS BENNETT: Could I say one more thing? I just
5 have one question: did you all swear Gulf Power before we
6 started? I have that question.

7 CHAIRMAN WILSON: No, ma'am, we didn't, and I will tell
8 you why. Because what we heard Gulf Power say here today is not
9 evidence in this case. What we do is, when we get to the
10 hearings that are going to be held in Tallahassee when we hear
11 all the technical information and we get the Gulf Power witnesses
12 up there, they're sworn at that point. The Commission Staff
13 questions them, and the Commissioners questions them, Mr. Shreve
14 questions them; and at that point they're put under oath and
15 sworn to tell the truth.

16 Now, the reason we put customers here under oath is
17 because we want to take -- I mean, I've heard some things here
18 today that there's some questions that need to be answered. And
19 they're going to be answered by the Company; when we have the
20 right people in front of us under oath, they're going to answer
21 the questions. And we want to use the the information that you
22 have given us here tonight as evidence in this case. That's what
23 we'll be doing with it when we hold those hearings -- I think
24 they're scheduled for two, two-and-a-half weeks in July -- to go
25 over all the financial information and operational information

1 the Company has filed. At that point, they'll be under oath and
2 will be questioned about all this information.

3 That's a good question. I appreciate your asking.

4 MR. SHREVE: Anyone else? Last chance. Thank you.

5 CHAIRMAN WILSON: If not, we appreciate all of you
6 coming tonight, we appreciate your giving your time and giving us
7 this information. Thank you very much, we're adjourned.

8 (Hearing concluded at 9:30 p.m.)

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