

**Before the
Florida Public Service Commission**

In re: Joint Petition of Florida)	
Power Corporation and Sebring)	Docket No. 920949-EU
Utilities Commission for Approval of)	
Certain Matters in Connection with)	Filed: October 19, 1992
Sale of Assets by Sebring Utilities)	
Commission to Florida Power)	
Corporation.)	

**DIRECT TESTIMONY OF NANCY HAWK
WITNESS FOR INTERVENOR
CITIZENS FOR UTILITY RATE EQUITY ("CURE")**

1 Q. Please state your name and address.

2 A. My name is Nancy Hawk. My business address is c/o LESCO, Inc., Sebring
3 Airport Industrial Park, 413 Big Bend, Sebring, Florida 33870.

4 Q. What is your affiliation with Citizens for Utility Rate Equity (CURE)?

5 A. I am currently the spokesperson and secretary of CURE. I have been an active
6 member of this organization since its inception in 1989.

7 Q. Please explain the background and purpose of CURE.

8 A. CURE is a nonprofit, unincorporated grassroots organization established in July,
9 1989, by citizens in the Sebring area who were "fed up" with high utility rates
10 from the Sebring Utilities Commission (Sebring). The primary objective of the
11 organization is to advocate citizen concern for utility rate equity, especially

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24 behalf of the Action Group.

25

1 organization is to advocate citizen concern for utility rate equity, especially
2 electric rates. Since its inception, CURE has had the support of a vast number
3 of rate payers with rate relief as the common goal. CURE actively participates
4 in City of Sebring (City) council meetings and Sebring meetings, and has done
5 so since 1989. CURE is also regularly in attendance at public hearings
6 concerning all aspects of electric utility service affecting Sebring citizens. CURE
7 is the oldest and most established citizen organization committed specifically to
8 the issue of electric utility rate equity for citizens in the Sebring area.

9 **Q. What is the purpose of your testimony?**

10 **A.** The purpose of my testimony is to present CURE's position with respect to the
11 sale of the Sebring electric distribution system to Florida Power. CURE believes
12 that it is in the best interest of citizens in the Sebring area for Florida Power to
13 purchase Sebring. My testimony explains CURE's understanding and views of
14 citizen discontent regarding Sebring, what benefits Sebring customers will derive
15 from this transaction and why CURE supports the sale of Sebring to Florida
16 Power.

17 **Q. What events have led CURE to intervene in this proceeding?**

18 **A.** Since 1989, CURE has recognized that Sebring customers are "fed up" paying
19 high electric utility rates and have a growing interest in seeking rate relief.
20 Sebring customers have had to contend with these rates due to the long term debt
21 of Sebring and customers are eager to remedy the problem of increasing rates,
22 rate disparity and dissension in the community. CURE believes there has been

1 mismanagement and inappropriate expenditures at Sebring which has hampered
2 Sebring's ability to deliver electric utility service at a reasonable cost.

3 Additionally, Sebring customers want to relinquish the stigma associated with
4 whether a customer is under Sebring or Florida Power service. This issue
5 impacts real estate values and sales in the Sebring area and residents want an end
6 to this issue. CURE believes that with this transaction, the disparity will be
7 resolved with all customers on Florida Power. For these combined reasons,
8 CURE has maintained a commitment to voice citizen concern and to help Sebring
9 customers secure rate equity. CURE has a clear preference for Florida Power to
10 acquire Sebring, thereby resolving the issues outlined above.

11 **Q. What are CURE's reasons for supporting the sale of Sebring to Florida**
12 **Power?**

13 **A. For several reasons, CURE strongly believes that it is in the best interest of**
14 **citizens in the Sebring area for Florida Power to purchase Sebring. With this**
15 **transaction, Sebring customers will benefit in the following two key areas: 1.**
16 **customers will have immediate rate relief from the high electric rates of Sebring;**
17 **and 2. customers will be served by a utility which is under the auspices of a**
18 **statewide regulatory agency. Customers will also be relieved of the duplicity of**
19 **charges that rate payers pay doubly as taxpayers. CURE members acknowledge**
20 **that school board administrative offices, many schools and county government**
21 **offices located in the City are being served by Sebring. The high utility rates**
22 **charged by Sebring that these entities pay are passed on to the taxpayers who also**

1 pay high rates as rate payers. Citizens look forward to the duplicity of rate
2 payment being eliminated through unified service with the Florida Power
3 purchase.

4 CURE further supports the sale of Sebring to Florida Power because citizens want
5 professional management in the utility business. Many consumers recognize that
6 Sebring has made decisions that may not have been in the best interest of the
7 utility or the rate payers. CURE asserts that with the Florida Power purchase,
8 citizens will be more confident that they will have professional management.
9 Additionally, Sebring customers will also have several energy conservation and
10 customer service programs now available to them with Florida Power. Finally,
11 CURE believes this transaction will further benefit Sebring customers now and
12 in the future by unifying electric utility service in a geographic area where
13 customers are already surrounded by Florida Power's service, and by eliminating
14 the continuing disparity of rates between Sebring and Florida Power that
15 customers have endured for too long.

16 **Q. What is CURE's position regarding the rates that Sebring customers will**
17 **have with Florida Power and the interim rate known as the "Sebring Rider"?**

18 **A.** It is CURE's position that Sebring customers will benefit by getting immediate
19 rate relief in lower electric bills with the Florida Power purchase of Sebring.
20 CURE believes that in addition to the immediate relief, customers will also
21 realize rate equity in 15 years. CURE supports the transition rate, known as the
22 "Sebring Rider", because it will enable Sebring customers to be rid of Sebring's

1 long-term debt causing these high rates and, within 15 years, customers will
2 achieve equitable electric utility rates while still paying less than what Sebring's
3 rates would be.

4 **Q. What benefits does CURE believe that Sebring customers will gain by the**
5 **Florida Power purchase of Sebring?**

6 **A. CURE believes that Sebring customers will gain several benefits by the**
7 **transaction. Many of these benefits are already outlined in response to a question**
8 **beginning on page four. Additionally, CURE reemphasizes three primary**
9 **benefits that Sebring customers will gain. 1. Customers will be served by a**
10 **utility under the auspices of a regulatory agency thereby, enabling them to have**
11 **access to the Commission for protection concerning consumer interests such as**
12 **rate structure. 2. Customers will obtain immediate rate relief with lower electric**
13 **bills with Florida Power and ultimately, after 15 years, achieve rate equity. 3.**
14 **CURE also recognizes that residents believe they will be served by a utility with**
15 **professional management with Florida Power, and the consolidation of service**
16 **will afford them better service reliability. Finally, CURE believes that Sebring**
17 **customers understand that overall, it is a better choice for the community with the**
18 **Florida Power purchase of Sebring.**

19 **Q. Are you sponsoring any exhibits to your testimony on behalf of CURE?**

20 **A. No.**

21 **Q. Does this conclude your testimony?**

22 **A. Yes.**

1 BY MR. FLYNN:

2 Q Mrs. Hawk, what's the purpose of your testimony?

3 A The purpose of my testimony is to present CURE's
4 position with respect to the sale of the Sebring electric
5 distribution system to Florida Power. CURE is as far as we
6 know the largest single organization in the area that has
7 been trying to find a solution to Sebring's high electric
8 rates. CURE strongly believes that it's in the best
9 interest of citizens in the Sebring area for Florida Power
10 to purchase Sebring Utilities' electric distribution system.

11 My testimony explains CURE's and many
12 discontented citizens' views regarding the Sebring Utilities
13 Commission, what benefits Sebring customers will derive from
14 this transaction, and why CURE supports this sale to Florida
15 Power.

16 Q What are some of the events that led CURE to
17 intervene in this proceeding?

18 A Within three weeks of CURE's formation, about a
19 hundred people were standing outside and a thousand people
20 inside the Ag-Civic Center attending a public meeting that
21 was a protest that was sponsored by CURE to try to get rid
22 of the Sebring area's problem with Sebring Utilities and
23 their high electric rates. CURE has had other public
24 meetings, and in each one of these meetings we have asked if
25 anyone was in favor of these rates or the continuation of

1 SUC, and not one person ever spoke in favor of either thing.
2 And attendance at each of these meetings exceeded 500 angry
3 citizens, as reported in the local newspapers.

4 So I'm here today to represent those unhappy
5 customers who believe that indeed a sale to Florida Power is
6 the solution to the high cost of electricity that this
7 debt-ridden utility has brought to our community.

8 Q Ms. Hawk, would you summarize CURE's position in
9 this proceeding?

10 A Yes. As I put in my testimony, CURE strongly
11 believes it is in the best interest of citizens in the
12 Sebring area for Florida Power to purchase Sebring
13 Utilities. With this transaction, Sebring customers will
14 benefit in the following two key areas.

15 One, customers will have immediate rate relief
16 from the outrageously high electric rates of Sebring; and
17 number two, customers will be served by a utility which is
18 under the auspices of a statewide regulatory agency.

19 CURE believes this sale will benefit the
20 community in many ways. It will enable ratepayers to now
21 pay fair and reasonable electric rates. It will boost real
22 estate sales and allow businesses to reduce their overhead,
23 thereby helping businesses to prosper and enhancing the
24 community attitude and spirit in general.

25 The Sebring ratepayers are ready for an end to

1 this electric utility problem that has plagued the Sebring
2 area. We see the sale to FPC as the light at the end of the
3 tunnel. And after almost three and a half long years of
4 intensive evaluation of the options, as stated in my
5 testimony, CURE believes that the sale to Florida Power,
6 including the Sebring Rider, is the best alternative for the
7 Sebring Utilities ratepayers. We believe that the Sebring
8 Utilities customers will benefit by this. And it is CURE's
9 position that all Sebring customers will benefit by getting
10 immediate rate relief, and in 15 years will achieve rate
11 equity.

12 This concludes my testimony.

13 MR. FLYNN: This witness is now ready for cross
14 examination.

15 CROSS EXAMINATION

16 BY MR. POLLARD:

17 Q Mrs. Hawk, I have a few questions. Did your
18 organization receive legal aid and assistance in preparing
19 your filings and testimony?

20 A Yes, we did.

21 Q Who rendered this aid?

22 A Carlton Fields was the attorney's office.

23 Q Thank you. In your petition for leave to
24 intervene and in your testimony just now, it was stated that
25 CURE is a grassroots organization by consumers who were fed

1 up with high utility rates from Sebring Utilities
2 Commission. How is it that two out of your four officers
3 are not Sebring Utilities electric ratepayers?

4 A What two are you referring to?

5 Q To Mr. Greenslade and our friend, your
6 questioner, Mr. Jim Flynn.

7 A Okay. Regardless of whether you are served by
8 Sebring Utilities electric service, the water customers are
9 still paying the brunt of this bill, and it has been stated
10 in Ms. Holloway's testimony that part of the electric is
11 being subsidized by the water rates. Therefore, Mr. Flynn,
12 in the sympathetic position that he was in at the time,
13 decided that something needed to be done. So regardless of
14 whether he's paying electric rates or not, the community in
15 general, whether they're paying electric or whether they're
16 paying water or whether they're paying both, are all
17 affected by this.

18 Q I appreciate the water rate program, and in this
19 deal that is proposed and that you're backing as strongly as
20 possible, it has already been stated that we're going to
21 have water rate increases. Does that go along with the
22 "just get rid of SUC" or with real rate relief? Which one?

23 A It's my understanding that the water rate
24 increase -- and this is not an issue that has been brought
25 up -- is going to be a 4% increase for six years. The last

1 time we had a water increase, it was 24 or 25% in one shot.
2 I don't think there's any comparison.

3 Q It does --

4 A We're talking pennies compared to dollars.

5 MR. POLLARD: I pass.

6 CHAIRMAN BEARD: Staff?

7 CROSS EXAMINATION

8 BY MS. BROWN:

9 Q Ms. Hawk, do you foresee any other alternative to
10 resolve the problems of Sebring?

11 A After three and a half years, no.

12 MS. BROWN: No further questions.

13 CHAIRMAN BEARD: Redirect?

14 Thank you.

15 Okay. We will rejoin here in the morning at
16 8:30. At my last count, I believe I counted four that
17 had a maximum of ten minutes with a partial commitment
18 to less from one. Just kidding. But I'm not kidding
19 about the ten minutes. We'll see you at 8:30. And it
20 will be our intention upon closing arguments and staff
21 recommendation to attempt to come to a conclusion
22 tomorrow morning.

23 (Proceedings recessed for the day at 5:05 p.m.)

24
25

CERTIFICATE OF REPORTER

STATE OF FLORIDA:

COUNTY OF LEON:

I, MARY ALLEN NEEL, Shorthand Reporter and Notary Public in and for the State of Florida at Large:

DO HEREBY CERTIFY that the foregoing proceedings were taken before me at the time and place therein designated; that my shorthand notes were thereafter transcribed by me; and that the foregoing pages numbered 255 through 382 are a true and correct record of the aforesaid proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor relative or employee of such attorney or counsel, or financially interested in the foregoing action.

WITNESS MY HAND AND SEAL on this 7th day of December, 1992, IN THE CITY OF TALLAHASSEE, COUNTY OF LEON, STATE OF FLORIDA.

Mary Allen Neel
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My Commission Expires: October 10, 1994