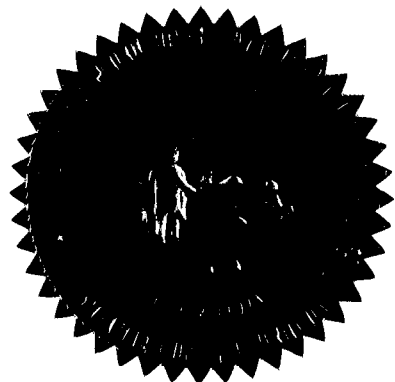


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 000824-EI

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

In the Matter of
REVIEW OF FLORIDA POWER
CORPORATION'S EARNINGS,
INCLUDING EFFECTS OF PROPOSED
ACQUISITION OF FLORIDA POWER
CORPORATION BY CAROLINA POWER &
LIGHT.



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

PROCEEDINGS: TALLAHASSEE, FLORIDA, SERVICE HEARING

BEFORE: COMMISSIONER J. TERRY DEASON
COMMISSIONER LILA A. JABER
COMMISSIONER BRAULIO L. BAEZ

DATE: Monday, January 7, 2002

TIME: Commenced at 1:30 p.m.
Concluded at 2:45 p.m.

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: JANE FAUROT, RPR
Chief, Office of Hearing Reporter Services
FPSC Division of Commission Clerk and
Administrative Services
(850) 413-6732

DOCUMENT NUMBER-DATE

00810 JAN 23 02

FPSC-COMMISSION CLERK

1 APPEARANCES:

2 JAMES A. McGEE, Post Office Box 14042,
3 St. Petersburg, Florida 33733, appearing on behalf
4 of Florida Power Corporation.

5 CHARLES BECK, Deputy Public Counsel, and EARL POUCHER,
6 Office of Public Counsel, c/o The Florida Legislature, 111 W.
7 Madison Street, Suite 812, Tallahassee, Florida 32399,
8 appearing on behalf of the Citizens of the State of Florida.

9 MICHAEL B. TWOMEY, Post Office Box 5256, Tallahassee,
10 Florida 32314-5256, appearing on behalf of Thomas and Genevieve
11 Twomey, Buddy L. Hansen, and Sugarmill Woods Civic Association,
12 Inc.

13 TOM CLOUD, Gray, Harris & Robinson, P.A., 225 South Adams
14 Street, Tallahassee, Florida, appearing on behalf of Publix in
15 Docket No. 010577.

16 MARY ANNE HELTON and ADRIENNE VINING, FPSC Division of
17 Legal Services, 2540 Shumard Oak Boulevard, Tallahassee,
18 Florida 32399-0850, appearing on behalf of the Commission
19 Staff.

20

21

22

23

24

25

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

I N D E X

OPENING STATEMENTS:	PAGE NO.
By JOHN FLYNN	8
By MICHAEL LEWIS	9
By CHARLIE BECK	12
By MIKE TWOMEY	14
WITNESSES	
NAME:	PAGE NO.
LAWRENCE MINK Direct Statement	18
SHAWN PEARSON Direct Statement	21
MIKE DEMING Direct Statement	28
TOM MOFFSES Direct Statement	31
MORRIS STEEN Direct Statement	32
GERRI BUCKER Direct Statement	34
ANN HALL Direct Statement	36
RICK BREER Direct Statement	39
WALLY WAGONER Direct Statement	41
EDDY HILLHOUSE Direct Statement	44
FRANK STONE Direct Statement	45

P R O C E E D I N G S

1
2 COMMISSIONER DEASON: We will call the hearing to
3 order and ask everyone to please take their places. And we
4 will begin by having the notice read.

5 MS. HELTON: Pursuant to notice issued on November
6 the 7th, 2001, this customer service hearing for Docket Number
7 000824-EI was called for this time and place. As stated in the
8 notice, the purpose of this service hearing is to take
9 testimony from members of the public on the rates and service
10 of Florida Power Corporation.

11 The procedure at these hearings shall be as follows:
12 The company will present a brief summary of its case and then
13 members of the public may present testimony. Members of the
14 public who wish to present testimony are urged to appear
15 promptly at each scheduled hearing time since the hearing may
16 be adjourned early if no witnesses are present to testify. All
17 witnesses shall be subject to cross examination at the
18 conclusion of their testimony.

19 COMMISSIONER DEASON: Thank you. Take appearances.

20 MR. MCGEE: Commissioners, my name is James McGee,
21 Post Office Box 14042, St. Petersburg. I am appearing on
22 behalf of Florida Power Corporation.

23 MR. CLOUD: Tom Cloud appearing on behalf of Publix
24 Supermarkets, Inc.

25 MR. TWOMEY: Mike Twomey on behalf of Buddy Hansen

1 and the Sugarmill Woods Civic Association, Inc.

2 MR. BECK: Charlie Beck. And with me this afternoon
3 is Earl Poucher, of the Public Counsel appearing on behalf of
4 Florida's citizens.

5 MS. HELTON: Mary Anne Helton and Adrienne Vining are
6 appearing on behalf of the Florida Public Service Commission.
7 Also with us is Shannon Hudson from the Commission staff.

8 COMMISSIONER DEASON: Thank you. Let me take this
9 opportunity to welcome everyone to today's hearing. As the
10 notice indicated, the purpose of today's hearing is to receive
11 testimony from the public concerning the level and quality of
12 service provided by Florida Power Corporation and any other
13 input customers wish to provide concerning the rates and the
14 current rate review which the Commission is undertaking.

15 In the way of introductions, let me introduce myself.
16 I am Commissioner Terry Deason. I will be presiding over
17 today's hearing. And seated to my left is Commissioner Lila
18 Jaber, and seated to my right is Commissioner Braulio Baez. We
19 will constitute the three-member panel which will be hearing
20 the testimony today.

21 The entire decision in this docket, however, will
22 be decided by the full Commission, and we will conduct further
23 proceedings in this docket. We will conduct further customer
24 hearings in St. Petersburg. I think we have one scheduled --
25 and in Clearwater, that is correct. This is probably a good

1 opportunity to draw your attention to the special report which
2 is printed on the yellow paper. It gives background
3 information concerning this case, the nature of the case. It
4 also is designed such that the last page can be detached. This
5 is in order for those members of the public who wish to provide
6 comments to the Commission, but who do not wish to actually
7 come forward and provide testimony at today's hearing, you may
8 avail yourself of this opportunity to detach this page, write
9 your comments, fold it, and mail it to the Commission. Also,
10 you may contact the Commission through our toll free number as
11 well as contacting us through the Internet.

12 As we indicated before, this is our opportunity to hear from
13 the public. We will get to that in just a moment. This is a
14 hearing of the Public Service Commission. The testimony we
15 will receive today will become part of the record in this
16 proceeding and it will constitute evidence upon which the
17 Commission can and will rely in making its ultimate decision in
18 this case.

19 For testimony to actually become part of the record, it is
20 necessary for us to swear in witnesses so that we can rely upon
21 that and become part of the record. So, in a moment, I will
22 ask all members of the public who wish to provide a statement
23 today to stand, and we will administer the oath to all of those
24 individuals at one time.

25 Before we proceed to the customer testimony, we are going to

1 provide the parties an opportunity to make brief opening
2 statements. I would anticipate that Florida Power Corporation
3 has such a statement. That is correct. Perhaps Public Counsel
4 and other parties also have statements. Public Counsel, you
5 have a statement, is that correct?

6 MR. BECK: Yes, I will make a brief one.

7 COMMISSIONER DEASON: Okay. Very well. Anyway, all
8 parties who wish to make a statement will be given that
9 opportunity. When we get to the customer phase of the hearing,
10 we ask that you come forward to the microphone where Mr.
11 Poucher is standing at the present time, and we ask that you
12 begin by giving us your name and your address. And if you
13 think it would be helpful to the court reporter, you may wish
14 to spell your name so that it is recorded accurately in the
15 record. Today's hearing is being recorded by an official court
16 reporter of the Commission.

17 Ms. Helton, is there any preliminary matters we need
18 to address at this time before we proceed with opening
19 statements?

20 MS. HELTON: Not that I am aware of, Commissioner
21 Deason.

22 COMMISSIONER DEASON: Okay. It is my intent that we
23 will have the open statements and then we will swear in
24 witnesses. Okay. Mr. McGee.

25 MR. MCGEE: Commissioners, I have with me to my far

1 left Mr. Michael Lewis, who is Florida Power's Vice-president
2 for the Coastal Region; and to my immediate left is Mr. John
3 Flynn, who is Florida Power's Manager of Regulatory Policy.
4 Each of them has a brief opening statement to make.

5 COMMISSIONER DEASON: Okay. Please proceed.

6 MR. FLYNN: Thank you, Commissioner. First of all, I
7 would like to thank our customers who are here this afternoon.
8 We truly appreciate their attendance and are truly interested
9 in hearing what they have to say. I would also like to take
10 this opportunity to point out a couple of customer service
11 folks who are in the audience. Kim Berghoffer (phonetic) and
12 Kimberly Brown. If you will wave.

13 If customers, whether they are testifying or not,
14 have any customer service or service quality issues, we would
15 encourage them to get in touch with these two ladies who will
16 diligently follow up, as they did after the Winter Park service
17 hearing, and make sure that we provide both the Commission and
18 the customers with a satisfactory answer to their service
19 inquiries.

20 Before I turn it over to Michael Lewis, I would just
21 like to quickly touch on a couple of issues that I think are
22 important. First, I am happy to report that Florida Power is
23 now one year post merger and that we have completed the
24 integration of the two companies, Carolina Power and Light
25 Company and Florida Power Corporation into Progress Energy, and

1 that we are beginning to realize the substantial benefits, both
2 financial and operational, from being a bigger and stronger
3 company. And Mr. Lewis will discuss further the company's
4 four-point plan that builds upon the strength of Florida
5 Power's history as well as the opportunities that we now have
6 as a bigger and stronger company.

7 Second, I would like to point out that Florida Power
8 is not seeking a base rate increase in this case. And, in
9 fact, thanks to the benefits that are accruing from the merger
10 that I mentioned we are, in fact, proposing a base rate
11 reduction. It is important to note that our base rates have
12 not increased since 1993. During that period we have
13 constructed over 1,500 megawatts of generation at a cost of
14 over \$600 million, and seen our customers -- our customer
15 growth, cumulative customer growth of over 30 percent.

16 As I said, we are very proud of our history. And as
17 Mr. Lewis will discuss, we believe that we are now in an even
18 stronger position to continue to improve the quality of service
19 that we provide to our customers.

20 MR. LEWIS: Thank you, John. Good afternoon.
21 Florida Power Corporation is committed to providing stellar
22 electric service to its customers in the community it serves.
23 And while the company's past performance has delivered on that
24 promise, Florida Power still seeks the opportunity to improve
25 further. As a result, the company is now intensifying its

1 customer focus to meet customer needs in the 21st century.
2 Towards that end, the company must upgrade the energy delivery
3 infrastructure that has served customers well for 30 years.
4 Added to the strength of these efforts are two key corporate
5 values; one, a commitment to excellence; and, two, a
6 willingness to do what is necessary to achieve increased
7 service levels for an ever expanding customer base.

8 We execute these corporate values by way of our
9 four-point plan. One, lower rates. Florida Power's base rates
10 have not changed since 1993. The company is now proposing
11 plans that will have a cumulative effect of lowering the
12 monthly bill of a typical residential customer who uses 1,000
13 kilowatt hours by approximately \$3.25, or 3.5 percent. Over
14 the next three years. Customers will receive a \$5 million
15 credit for a period of 15 years for a total of \$75 million. In
16 2004, customers will receive an additional reduction of \$37
17 million in lower rates as a result of the full amortization of
18 the Tiger Bay cogeneration facility purchased in 1997. And the
19 company has filed a plan to lower its annual fuel costs and
20 related charges by approximately \$65 million beginning in 2002.

21 Number two, customer service enhancements. The
22 company has continued to add 150 new pay locations to provide
23 greater customer access around the state offering expanded
24 hours and some around the clock bill payment services. The
25 company has also expanded its communication system so customers

1 can handle nearly any transaction via the telephone 24 hours a
2 day. Other service enhancement allow customers to view and pay
3 their bills on line, a toll free outage number, and 1,000
4 additional phones lines to ensure that customers who lose power
5 during a storm will get quick response.

6 Three, increased generation capacity. Florida Power
7 is committed to increasing generation capacity reserve margins
8 from 15 percent to 20 percent by 2003. The Intercession City
9 plant that began operation earlier this year will invest an
10 additional \$200 million in a new 567-megawatt combined cycle
11 plant at the Hines Energy Complex that will begin commercial
12 operation in late 2003 resulting in annual fuel savings of \$35
13 million to customers.

14 Four, improved reliability. Over the next three
15 years we will spend in excess of \$100 million to implement
16 several high impact initiatives. These include shortening the
17 maintenance and replacement intervals for parts with the high
18 likelihood of failure, increasing the automation, coordination,
19 and self-correcting capabilities of the system, further
20 segmenting the system to improve our ability to isolate faults,
21 adding equipment to enable us to identify and locate faults
22 quickly, and adding additional operator centers to improve our
23 ability to respond to outages.

24 Historically, Florida Power Corporation has had a
25 strong commitment to its customers. And as a part of Progress

1 Energy the company has reaffirmed and intensified that
2 commitment to achieve world class performance. Our vision is
3 to achieve and maintain power quality and reliability
4 performance that results in first quartile customer
5 satisfaction.

6 In conclusion, we thank you for this opportunity to
7 hear from our customers and we will address any service-related
8 issue. Thank you.

9 COMMISSIONER DEASON: Thank you. Mr. Beck.

10 MR. BECK: Thank you, Commissioner Deason. My name
11 is Charlie Beck, I'm with the Office of Public Counsel. And
12 our office was created by the Legislature to represent you in
13 proceedings before the Commission. And I want to thank
14 everybody for coming here today. It is cold, and it is wet,
15 and it's probably not the first thing you would want to do, but
16 we appreciate you coming.

17 Let me just briefly mention a few aspects of this
18 proceeding that I don't think have been put forth yet. This
19 case was started by the Florida Public Service Commission, not
20 by Florida Power Corporation, because they are earning too much
21 money. And this is a rather unique case because this is the
22 first case where their merger with Carolina Power and Light is
23 being taken into consideration.

24 Back in late 1999, Carolina Power and Light offered a
25 stock premium to the shareholders of Florida Progress Company

1 to take over the company. And in this proceeding Florida Power
2 Corporation is proposing that you, the customers, pay that
3 premium that was paid to the shareholders of Florida Progress
4 and they want to charge customers about \$54 million a year in
5 higher -- or rates that are higher than they would be otherwise
6 in order to pay for that stock premium. In return for paying
7 the \$54 million, they have proposed to give you \$5 million a
8 year back. Well, that's not much of a deal. And, quite
9 frankly, we are opposed to the entire premises that they
10 believe the shareholders should pay the premium that was paid
11 by Carolina Power and Light to shareholders of the company. So
12 we will be opposing that in this proceeding.

13 The second aspect of the proceeding is that even with
14 that extra cost that they are trying to get customers to pay,
15 they are asking for a 13.2 percent return on equity, and that
16 is a profit level for the company. They want -- that is an
17 after tax amount, too. If you think of the low interest rates
18 there are today, apparently Florida Power hasn't heard of them,
19 because we believe a 13.2 percent after tax return is far in
20 excess of what a fair return is today. And we will be
21 presenting testimony to oppose that.

22 Quality of service is also an important issue, and
23 that's why your testimony here today is so important. We
24 already had one service hearing in Winter Park that went for
25 four hours, or almost four hours, where we took a lot of

1 testimony about the problems that exist with Florida Power's
2 service. Of the three biggest utilities, Florida Power has the
3 worst record on quality of service, and we are going to ask the
4 Commission to change or reduce the profit level they would
5 otherwise give the company in this proceeding because of the
6 kind of service that they have been providing.

7 And with that we are anxious to hear your testimony
8 and get going. Thank you.

9 COMMISSIONER DEASON: Thank you, Mr. Beck. Any other
10 opening statements? Mr. Twomey.

11 MR. TWOMEY: Yes, sir. Commissioners, Mike Twomey.
12 Ladies and gentlemen, I apologize for having my back to you,
13 but the microphone is facing this way. I am representing an
14 individual retiree in the Citrus County area, a gentleman by
15 the name of Bud Hanson and the civic association where he
16 resides, Sugarmill Woods Civic Association in Citrus County,
17 the bulk of whom are Florida Power Corporation customers.

18 I will just add briefly to some of the things that
19 Mr. Beck covered on what this case will show, we think. The
20 merger, as Mr. Beck said, with Carolina Power and Light
21 Company, the acquiring company had to pay a large premium in
22 order to get the Florida Power Corporation, or Florida Progress
23 shareholders to give up their stock. Mr. Beck didn't give you
24 the total, but I think it was something in excess of \$900
25 million in order to acquire the outstanding stock of Florida

1 Progress. That is the premium over what the market price was
2 essentially the day before. Over \$900 million they had to pay
3 to get this company.

4 Additionally, they had to pay additional monies to
5 basically buy out a number of the executives who were going to
6 be forced to retire and lose their positions through golden
7 parachutes, if you will, retirement programs. I think that the
8 top executive at Florida Power Corporation got somewhere in the
9 neighborhood of 16 million. I may be wrong. But a number of
10 folks got substantial packages to ease them out of their jobs.
11 The company wants you to pay for those, as well, in addition to
12 the \$900 million of shareholder premium.

13 As Mr. Beck said, the company wants to get that back
14 from you on an annual basis. At various times they say it is
15 \$25 million a year, depending on how you look at taxes it may
16 be as much as 54 million as Mr. Beck has said, and in return
17 they want to give you all a guaranteed \$5 million a year rate
18 reduction, which is inadequate to say the least.

19 And it ignores, as well, the fact that the purpose of
20 the merger, any of these mergers, as the Commissioners will see
21 when the evidence is brought out in this case, is to have
22 greater efficiencies between the two companies to come
23 together. It's like families, at least in theory, that two of
24 these companies can live together cheaper than the two of them
25 separately.

1 And consequently we have lost a lot of high paying --
2 we have lost hundreds of high paying jobs here in Florida,
3 which is fine, except for those people, and which is fine so
4 long as two things; one, that it doesn't affect you all's
5 quality of service, that your quality of service doesn't go
6 down because this combined company has too many people off the
7 payroll in the State of Florida. And, secondly, even if they
8 do pass through the savings to you all, that -- not the
9 savings, but the quality of service is maintained that they
10 pass through the savings to you. That the savings and payroll
11 don't go just to the shareholders of the new company. So those
12 are some of the things we are going to ask the Commission to
13 look at closely in this case.

14 Lastly, on the issue of the cost of equity, this
15 company I think I am correct in saying that in terms of their
16 rates they are at least as of the moment the most expensive, I
17 think, in the State of Florida for the investor-owned, which
18 may change, they may go to two after the fuel adjustment
19 changes go into effect in a week or two. But they were at
20 least a couple of weeks ago the most expensive investor-owned
21 utility in the State of Florida. Their rates were the highest.

22 Now, on the equity that Mr. Beck mentioned, they are
23 getting 13.2. Some folks would say it should be as low as 9 or
24 10 percent on equity. The key thing for the Commissioners to
25 remember, and they know this, but in deciding this case for

1 customers to know is that for every point, one percentage point
2 of equity, the Commission allows this company to earn as its
3 profit requires about \$30 million a year in revenues that must
4 come from the customers. So, that is important. If it should
5 be 10 percent and they are earning 13 now, that is 3 percent
6 times 30, it's \$90 million right there that should be reduced.
7 So that's one of the things we are going to ask the Commission
8 to look at closely in reaching a final decision in this case.

9 Thank you.

10 COMMISSIONER DEASON: Thank you. Any other opening
11 statements?

12 MR. CLOUD: No, sir. On behalf of Publix, we will
13 defer until the case. This hearing is really today for the
14 customers who can't afford to hire lawyers and come up here, so
15 we would defer any statement today so they can come up and give
16 their testimony.

17 COMMISSIONER DEASON: Very well. Staff, I assume you
18 have no opening statement?

19 MS. HELTON: Staff has no opening statement.

20 COMMISSIONER DEASON: Very well. As I indicated, we
21 are now at the phase of the hearing where we will hear from
22 members of the public. And I'm going to ask all the members of
23 the public who wish to testify to please stand and raise your
24 right hand.

25 (Witnesses collectively sworn.)

1 COMMISSIONER DEASON: Thank you. Please be seated.
2 Mr. Beck, I assume you have the witness list and will be
3 calling members from that list?

4 MR. BECK: Yes, thank you. The first witness is
5 Lawrence Mink.

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

9 DIRECT STATEMENT

10 MR. MINK: Good afternoon.

11 MR. BECK: Mr. Mink, could you give us your name
12 first.

13 MR. MINK: Okay. It is Lawrence W. Mink, M-I-N-K.
14 And it's Route 2, Box 1130 in High Springs, Florida. And I
15 wanted to comment today on security deposits. A residential
16 customer can make a security deposit if he has no previous
17 connection with the company, and a year later, I think, he gets
18 it back. But if a commercial customer, even if he has previous
19 history of payment, still has to put up a deposit which he
20 never gets back until he closes his business, or dies, I guess,
21 or something.

22 But I just think that there should be some
23 consideration given to the fact that not everybody wants
24 Florida Power to hold your deposit money forever. There should
25 be a time limit on that, just as there is on the residential.

1 If they won't look at your past credit history, then they
2 should at least have a time limit on when they have to return
3 it.

4 I have a credit history in High Springs of over 20
5 years of paying electric bills always on time. I still have to
6 put up a deposit. I mean, it doesn't make sense to me. Today
7 they can take my Social Security Number and tell how much I
8 weighed when I was born, probably. You know what I mean? And
9 I think they can check my credit history pretty well.

10 I think on the basis of that they should give us our
11 deposits back at sometime, whether it's one year, three years,
12 even five years. At least you can look into the future and say
13 it is coming back someday and I could use it. That is my only
14 reason for being here. That's all. Are there any questions?

15 COMMISSIONER DEASON: Just a moment and let me ask.
16 Are there any questions for this witness?

17 MR. MCGEE: None from Florida Power.

18 COMMISSIONER DEASON: No, no questions. I appreciate
19 you being here. Just let me say that I believe the Commission
20 has -- and, staff, correct me if I'm wrong, there is a rule on
21 our books concerning the way deposits are collected and
22 administered, and in the case of residential customers returned
23 after a sufficient period of time has passed and the customer
24 has established a favorable payment record. I believe that
25 rule does not require the refund of commercial deposits, and it

1 may be that if we wanted to review that it would be necessary
2 to open a rule proceeding to review that.

3 Ms. Helton, is that correct?

4 MS. HELTON: I believe that that is correct,
5 Commissioner Deason.

6 COMMISSIONER DEASON: What I will do is I will ask
7 staff to take a look at the status of the rule and to review
8 that in terms of commercial deposits. If it is a situation
9 that we feel it needs to be reviewed again, well, then we will
10 take the necessary steps to open that rule proceeding and take
11 evidence concerning the advisability of requiring refunds of
12 commercial deposits.

13 MR. MINK: Okay. That's just all I ask for is
14 somebody to take a look at it. With today's technology we
15 should be able to sort through a lot of people, that's all.
16 Thank you.

17 COMMISSIONER DEASON: Thank you. Ms. Helton, please
18 make a note of that.

19 MS. HELTON: I will.

20 COMMISSIONER DEASON: Very well.

21 MR. BECK: Thank you, Mr. Mink. Our next witness is
22 Shawn Pearson.

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

DIRECT STATEMENT

1
2 MR. PEARSON: My name is Shawn Pearson, that is
3 spelled S-H-A-W-N, my last name is P-E-A-R-S-O-N. I wasn't
4 going to address deposits, but since the gentleman before
5 brought it up, I have been a Florida Power customer for 25
6 years. I have not gotten my deposit back. So, you know, if
7 you are supposed to get your deposit back, I want to know where
8 mine is.

9 I wanted to address three different issues, and they
10 are all sort of kind of intertwined today. And one is the
11 medical essential application process for being on the list for
12 medical essential utilities. And the things I want to address
13 is after Florida Statute 366.15 was passed.

14 The first time I will called for an application, the
15 person at customer service didn't know about the medical
16 essential tariff. So later I called back after getting their
17 tariff number and the statute number, and called them back and
18 cited the statute and tariff number, and I was sent an
19 application about two weeks later. Which by that time I had
20 given up. I said, well, they just wasn't going to send it to
21 me, so I thought that was a little bit too long. And it
22 finally come.

23 And then looking over the application, I found out
24 and saw it didn't conform to Florida Statute 366.15. I called
25 Mr. Tony Georgio at Compassion Children's Foundation, who I had

1 worked with in trying to get this statute passed, and he
2 contacted Commissioner Jacobs on the matter, and I was informed
3 that a new application was coming that was going to reflect the
4 current statute.

5 Well, nothing ever showed up until about -- of
6 course, Mr. Tony Georgio called me about a couple of days
7 before the hearing in Winter Park because he was going to
8 attend, and I told him no, I haven't seen anything. Well,
9 after the hearing, and Mr. Georgio had presented at that
10 meeting that I hadn't received the application, the application
11 finally arrived in the mail on December 7th. I mailed it back
12 to Florida Power December the 10th, and as of this date I
13 haven't received anything back from them in regards to my
14 application for medical essential services.

15 The next thing is the extension process to go through
16 to get an extension on your payment. Just this past week, I
17 called the 800 number, got a recorded menu that starts out
18 telling you -- giving you instructions, and then it tells to
19 dial a number. You listen to more instructions. You dial
20 another number. You listen to more instructions. You dial
21 another number. You listen to more instructions, and then you
22 enter your account number. Then it asks you to verify your
23 account number. And all of this time -- unfortunately, I had
24 called using my cell phone thinking it was going to be
25 something real quick, you know, to do. And so, you know, it's

1 kind of a lengthy process to go through.

2 And so finally I get a recorded extension date. It
3 says, okay, you have got until a certain amount, the 16th, I
4 think it was, of this month to pay the bill. And I said, well,
5 that's not going to do me any good because I'm not going to get
6 paid until that Friday. And so it finally said if you want to
7 talk to a person, dial zero, or hold on. So I did that and got
8 a person finally on the phone that extended my date to at least
9 the 18th. And I asked about my -- while I had her on the
10 phone, I asked her about my medical essential application, and
11 she said, yes, I see that we are working on it.

12 So, the next day, I learned that there was supposed
13 to be an automatic 30-day extension for those that have medical
14 essential needs. The customer service representative didn't
15 offer this to me. I don't know if it was because my
16 application wasn't complete, and if it's not, then I think they
17 need to take that into consideration that it is in the process,
18 it's in the works, and should treat it as, you know, until it
19 is approved or whatever. And so I think the 30-day extension
20 should apply to some applications that are in the process that
21 have been submitted.

22 So the next issue I would like to address is
23 financial assistance. They send these nice little brochures in
24 the mail to you telling you how you can help keep the lights on
25 for 4,000 families. It tells you, you know, that they are

1 doing this wonderful job of helping 40,000 families, they are
2 putting in an additional \$100,000 to help customers with
3 long-term medical hardships, and Florida Power donates up to
4 \$250,000 to the program, and how you can make a difference.
5 What all you can do to contribute to this program. It gives
6 you a number to call to help contribute to the program.
7 Nothing in this brochure that tells you how to access this
8 program to take advantage of it if you need to.

9 So, knowing what I did know, I sent back a letter to
10 Florida Power requesting a list of agencies that would help in
11 financial aspects. They did, they sent me a list back. I live
12 in Wakulla County. They highlight Jefferson County. Well,
13 that's a mistake, you know. I said, well, maybe that is the
14 closest place for my county. But I look on the back and I
15 find, well, there is Wakulla County. So, they have got these
16 abbreviations out here by these counties, LIHEAP by one agency,
17 and by another agency they have got ENF, nothing explaining
18 what these agencies, you know, what these initials stand for.

19 So I said, you know, I wonder which one would be the
20 best to call since I'm, you know, wanting assistance under the
21 medical essential tariff. And so I called this one agency that
22 is called Martin House. Well, nobody answers the phone there.
23 In fact, I'm not even sure it even connects to anything because
24 all you get is it sounds like somebody hammering, and then a
25 beeping noise. So I said, well, it's the answering machine, so

1 I left a message. That was last week, I haven't heard back.
2 I've tried two or three times today to call that number and
3 didn't get an answer.

4 Well, I went to this Wakulla County BBC which is
5 the -- since I found out the LIHEAP stands for Low Income
6 Housing Energy Assistance Program. I called these people, they
7 send me an application in the mail. I fill out the
8 application, they send me an appointment to come in to take
9 time off of my job to have to go in, and which I did this
10 morning. My appointment was this morning. So I went in and
11 spoke to them. And she looks over my application and says, I'm
12 sorry, you make \$2,000 too much for us to help you. I said,
13 you know, I've got a family of four, I make about \$24,000 a
14 year. And I said, well, hum, I'm richer than I thought, you
15 know. A family of four living off 24,000, I thought for sure I
16 would fall under the financial assistance, and especially with
17 all the medical things we have for my son. And so I walked out
18 of there this morning with no help at all.

19 So their braggadocious brochure here, I don't know,
20 it's not helping me. Their \$100,000 a year and \$250,000, and
21 40,000 families, you know, if they can't -- you know, if
22 somebody in my situation can't access that money, I don't know
23 who they are helping. But, anyway.

24 And then going through their list, you know, of
25 counties, you know, it's really hard to figure out where to

1 call or who to get help from. You know, I did a little
2 thinking and research here looking over their list. You know,
3 it just ain't too self-explanatory. I said, well, let me look
4 at another neighboring county here and see who they have got.
5 And they've got a couple of agencies here that is listed
6 nearby. Here they have got one in Gadsden County, it's nearby.
7 They have got the wrong area code there on that. So it makes
8 you wonder if any of these numbers that they have given me here
9 on this list is any good. I have only found one that looks
10 like it and I contacted them. So they need to do a better job
11 on their financial aid list there.

12 And the financial aid place, they only take --
13 evidently only take calls on certain days, because when I
14 called her, she said, well, today is the day I'm taking calls.
15 So if you have got a real emergency, you know, and you call on
16 the wrong day, then I don't know, I guess you get your power
17 cut off if you can't get help to pay the bill.

18 So you have to -- and the only help you take -- they
19 only pay one bill a year, so if you are in a -- you know,
20 somebody that has medical essential needs and, you know, it
21 seems to me like -- fortunately I have always just struggled
22 and been able to finagle things around to get my bill paid.
23 But, you know, for a lot of folks that maybe can't do that,
24 only one time a year, you know, once a year can you get help on
25 your power bill, you know, just don't seem like that's much of

1 a help at all.

2 COMMISSIONER BAEZ: Mr. Pearson, Lila Jaber. Did you
3 bring one or two of your bills with you?

4 MR. PEARSON: Yes, I brought my current bill.

5 COMMISSIONER JABER: I'm wondering if after you are
6 done testifying, if you will see that gentleman standing in the
7 back. His name is Leroy Rasberry. He is waving at you. If
8 you will show him your bill, let him keep copies of your bill,
9 let us follow the medically essential application with you, and
10 let us see if there are some conservation programs that you
11 could take advantage of, as well.

12 MR. PEARSON: Okay. And that is basically my
13 testimony.

14 COMMISSIONER DEASON: And let me ask, Mr. Rasberry,
15 if you could also follow up, if you could obtain from the
16 company this customer's deposit history to see if he qualifies
17 under our rule to have a refund of his deposit. And also,
18 Mr. Pearson, if you will share the brochure or the listing of
19 agencies which provide financial assistance, provide that also
20 to Mr. Rasberry. It may be that if there are inaccuracies in
21 that that we can work with Florida Power Corporation to make
22 sure that those inaccuracies are resolved.

23 But I must point out to you that Florida Power is not
24 responsible for the criteria which these other agencies set up
25 for people to qualify or not qualify, and they don't set up

1 their operating hours or how they answer their phones. But I
2 think it would be incumbent upon them to make sure that the
3 information they disseminate is accurate. And maybe we can
4 review that information. If need be we can work with Florida
5 Power Corporation to make sure that that information is timely
6 and accurate.

7 Are there any questions for this witness?

8 Thank you, sir, we appreciate you being with us
9 today.

10 MR. BECK: The next witness is Mike Deming.

11 MIKE DEMING

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

14 DIRECT STATEMENT

15 MR. DEMING: Good afternoon. It's Mike Deming,
16 D-E-M-I-N-G. I live at 615 North Jefferson Street in Perry,
17 Florida. I appreciate Commissioner Jaber, Deason, and Baez to
18 speak this afternoon. I want to comment kind of three
19 different areas as a consumer, as a personal customer, as a
20 business customer, and then as an economic development partner.

21 I have lived in Perry, Florida for over 11 years.
22 And I would have to admit that the services have all been real
23 good there. We haven't typically at my house had many outages,
24 so I haven't had very many problems with Florida Power. As
25 long as the power is there, I kind of stay happy at my house.

1 In terms of service for running different meters, like my wife
2 and I had done at our house, we have had exemplary service from
3 them.

4 As a business customer, my wife has a business in our
5 house. It has always been very prompt and proper service. I
6 previously had worked for the Taylor County Development
7 Authority, as well, and we had a development authority on the
8 building at the airport in Perry, Florida, and as a business
9 customer working for the development authority, they were very
10 responsive in terms of running additional equipment and
11 services to help us get a business in the development
12 authority-owned building, to help us get that business up and
13 running and to create jobs. So, as a business customer, I have
14 also been very satisfied.

15 And, finally, I would like to comment on the vital
16 partnership that Florida Power has -- I have seen in the last
17 ten years in working in North Central Florida in the area of
18 economic development. I have worked at a chamber, at a
19 development authority, and am currently executive director of
20 the North Florida Work Force Development Board covering six
21 counties. And we have always been ecstatic in the jobs that I
22 have had at the proactive stance that Florida Power takes with
23 the rural communities in terms of assisting with economic
24 development projects, assisting with their cooperative
25 marketing advertising projects where a lot of the chambers, and

1 specifically the one I work for in Perry, and others that I'm
2 aware of that have tried to do marketing for economic
3 development and have been able to get grant money and seed
4 money for those projects.

5 Another great thing they have done in the past in
6 that arena, I was the recipient of a scholarship to attend the
7 Florida Economic Development Commission training, and that
8 really helps a lot of the local chambers and EDOs, economic
9 development organizations that couldn't otherwise afford to go
10 to these trainings. And we are just so very gracious and
11 grateful that the local liaison, the regional director, Tom
12 Tucky (phonetic), has been involved on all our boards and
13 committees, and that is just immeasurable, that his time and
14 effort on behalf of Florida Power has given the local
15 communities in North Central Florida.

16 COMMISSIONER DEASON: Thank you. Questions? Mr.
17 Twomey.

18 MR. TWOMEY: Yes, sir, just one. Mr. Deming, you're
19 not -- I'm over here.

20 MR. DEMING: I know where you are.

21 MR. TWOMEY: Thank you. You are not opposed to
22 getting that level of quality service that you testified in
23 favor of from Florida Power Corporation at lower rates if that
24 is possible, are you?

25 MR. DEMING: No, I'm not.

1 MR. TWOMEY: Thanks.

2 COMMISSIONER DEASON: Any further questions? Thank
3 you, sir.

4 MR. BECK: The next witness is Tom Moffses.

5 TOM MOFFSES

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

8 DIRECT STATEMENT

9 MR. MOFFSES: Good afternoon. My name is Tom
10 Moffses, M-O-F-F, like in Frank, S-E-S. I am the city manager
11 over in Madison, Florida, and I utilize the services of two
12 different power companies with the city services. I also have
13 personally used Florida Power as well as the other service
14 provider. And my service reliability has been exceptionally
15 good. I don't think the fact personally that it was the city
16 manager, but just the fact that I have seen that occur numerous
17 times within the community, their reliability.

18 The dependability of their service, as you are quite
19 aware of the fact that cities run wastewater treatment plants
20 plants. We do have standby power, but we cannot run the whole
21 plant. An instance that I can think of that occurred last week
22 where the power went down, our emergency generators took care
23 of the aerators temporarily. We were promised that the
24 power -- this was about two o'clock in the afternoon, Friday
25 afternoon. We were promised the power would be back on and

1 operational by five o'clock, and it was on about 4:30, I
2 believe, but it was back on line. So I have no problem with
3 their dependability.

4 And as far as their ability to work with the
5 municipality and the community, I see the rate structure on
6 both sides of the fence, and when you have got 150-horsepower
7 motors kicking on you can use some KWs real quickly, and I can
8 assure you my other service provider is much higher than
9 Florida Power. And as a matter of fact, Florida Power went
10 through my community and did an energy audit, not at my
11 request, but they just voluntarily did it, and got us a
12 reduction in our kilowatt hours by rearranging some usages that
13 we had as well as putting us in a lower rate structure. This
14 has been in the last couple of years.

15 And I would not be adverse to a rate reduction.

16 COMMISSIONER DEASON: Questions for this witness?

17 MR. TWOMEY: He saved mine.

18 COMMISSIONER DEASON: Thank you, sir. We appreciate
19 you being here with us today.

20 MR. MOFFSES: Yes, sir.

21 MR. BECK: The next witness is Morris Steen.

22 MORRIS STEEN

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

25 DIRECT STATEMENT

1 MR. STEEN: Mr. Chairman, members of the Commission,
2 my name is Morris Steen, S-T-E-E-N. I am the interim president
3 of North Florida Community College in Madison, and I'm here
4 today to testify as to the corporate citizenship of Florida
5 Power.

6 North Florida has had a long and beneficial
7 relationship with Florida Power. In addition to the long
8 relationship, they have recently endowed scholarships, they
9 provide support for students in Suwannee, Jefferson, Madison,
10 Taylor, Hamilton, and Lafayette Counties. They participate in
11 mentoring programs for the district school system. They
12 support our annual art program at the mansion, Art on the Lawn,
13 that brings quality art to the area and citizens of rural North
14 Florida. They provide cultural enhancement through the support
15 of Wardlaw-Smith-Goza Mansion and the artist series and other
16 activities at the college. They have awarded a mini-grant to
17 North Florida Community College that supports the summer
18 program in math and science for Jefferson County students.

19 And I can say that their service is very reliable.
20 In the event that we have power outages, they are on the scene
21 immediately trying to restore power. And like the City of
22 Madison, they also have conducted energy audits and helped us
23 to reduce our electric bill at the college.

24 In summary, Florida Power is a good corporate
25 neighbor, supporting worthwhile community projects and

1 community organizations in our area.

2 COMMISSIONER DEASON: Thank you, sir. Questions?
3 Mr. Twomey.

4 MR. TWOMEY: Yes, sir. Just the same question; you
5 would be in favor, I assume, though, of having a lower rate as
6 a result of this rate case in order to help your operating
7 budget, is that correct?

8 MR. STEEN: We are always looking for lower rates.

9 MR. TWOMEY: Thank you, sir.

10 COMMISSIONER DEASON: Thank you, sir. I appreciate
11 you being here.

12 MR. BECK: The next witness is Gerri Bucher.

13 GERRI BUCHER

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

16 DIRECT STATEMENT

17 MS. BUCHER: Good afternoon. That is very close.
18 It's Gerri Bucher, B-U-C-H-E-R. Santa brought me a case of
19 laryngitis, so hang on. My address is Route 1, Box 579,
20 Madison, Florida. I am currently the Executive Director for
21 Resource Development and Government Relations at the community
22 college there in Madison.

23 I have had the opportunity to work with Mr. Tucky and
24 the people of Florida Power now for about six or seven years,
25 and I want to make you all aware of a program called Take Stock

1 in Children, or the Stars program as it is referred to in some
2 cases.

3 They have been a partner in this with us for
4 purchasing prepaid scholarships for students of low income
5 families. That is one of the regulations, one of the
6 stipulations of this is that it has to be low income families.
7 These students are identified at the school level of
8 kindergarten, or elementary, or middle school, they are then
9 mentored, and they are tracked throughout their educational
10 career. These students are required to stay drug and crime
11 free in order to receive this scholarship that is provided by
12 Florida Power, and they must meet with a mentor once a week.
13 So they are getting good quality service and they are getting
14 good quality tracking.

15 But primarily when we talk about community
16 involvement and giving back to the community, I can't say
17 enough about Florida Power and their support of our students in
18 the six counties that we serve.

19 And I, too, have access to two service providers in
20 Madison County. As a matter of fact, my private provider,
21 because of the location in our county, is the other company.
22 And I can assure you, Florida Power rates are lower. And, no,
23 I wouldn't mind a decrease, sir.

24 COMMISSIONER DEASON: Any further questions? Thank
25 you, ma'am. I appreciate you being here.

1 MR. BECK: Thank you. Our next witness is Anne Hall.

2 ANNE HALL

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

5 DIRECT STATEMENT

6 MS. HALL: Good afternoon, and thank you for the
7 opportunity to speak to you today. I am Anne Hall, Program
8 Manager for Main Street Hamilton County in Jasper. When Tom
9 asked me if I would come to Tallahassee and speak for Florida
10 Power, I first asked him, I said, well, what do you want me to
11 say? And he kind of grinned, and said, ah, just tell them I'm
12 a great guy. And he was kidding, of course. But he and
13 Florida Power, they both great guys for the Main Street
14 organization.

15 When I was assisting the chamber of commerce in
16 writing the application to the Historic Preservation,
17 Department of State, for Hamilton County to be the first
18 countywide Main Street program in the State of Florida, I
19 needed support letters and commitments from corporate sponsors
20 to the Main Street organization. Florida Power was one of the
21 organizations that I contacted. I spoke to Tom Tucky,
22 explaining to him what Main Street was about, and asked for
23 help. He and Florida Power came through with a platinum
24 sponsorship.

25 We greatly appreciate the big dollars that

1 corporations like Florida Power contribute, but the little
2 things are the things that you really remember. For instance,
3 when we were decorating for Christmas and discovered that the
4 small town of Jennings, who might have 800 people, did not have
5 a community Christmas tree, well, we got a tree, but where they
6 wanted to plant it didn't have any power. So, again, I called
7 Tom and Florida Power and they provided us the electricity to
8 run the Christmas lights on this little tree every year.

9 They also sponsor our golf tournament, which is one
10 of our big fundraisers for our organization. And by the way,
11 if any of you all play golf, it's March the 16th at the country
12 club in Jasper, and we will sign you up.

13 When we decided to buy lighted Christmas decorations
14 again for the little town of Jennings, who had not had any for
15 several, several years, we needed to put weather heads on the
16 poles in order to plug the decorations up. And I called Tom
17 again and he sent a crew around and put up the weather heads so
18 Jennings was lit up very, very pretty for the last two years.

19 We are also looking forward to working with Florida
20 Power in the greenways on a project that we hope comes into
21 fruition, and that is to use railroad property owned by Florida
22 Power as a trail linking Heritage Village to the Suwannee River
23 and the Suwannee River Music Park. Heritage Village, by the
24 way, is a village depicting life in Hamilton County in the late
25 1800s. This project would be a big economic boost for Jasper

1 and for Hamilton County.

2 Florida Power has always been a big supporter of our
3 chamber of commerce. They are a large contributing member, and
4 they are one of the sponsors of our Fourth of July fireworks
5 and our annual chamber dinner. This past year our County
6 Commissioners have hired an economic development director,
7 Mr. Bob Poor (phonetic). Florida Power paid the tuition for
8 him to attend the basic course for economic development
9 conducted by the University of South Florida. They also
10 assisted Mr. Poor in gathering vital information to provide to
11 prospective businesses interested in locating in our county.

12 They also closely worked with one of our companies
13 that are trying to come into Hamilton County by providing
14 engineering assistance to determine the electrical power
15 requirements needed and the most cost-effective means of
16 meeting these needs.

17 Hamilton County is a very economically deprived
18 county. And from time to time we need assistance from large
19 corporations, and Florida Power has always come through with
20 whatever they could. They are truly a community minded friend
21 of Hamilton County. We always get prompt and reliable service
22 from the corporation.

23 Now, as a private citizen and a Florida Power
24 customer, I have always found the personnel from Tom Tucky,
25 customer service, to even the local linemen to be very

1 professional and complete in their service. As a household --
2 as any other household, yes, I would welcome a reduction in
3 rates. And I can also testify that we have another provider in
4 our county, and two of my children are on it, and they are
5 forever complaining to me about the difference in our bills.
6 So, Florida Power is lower than our other provider in our
7 county. Thank you.

8 COMMISSIONER DEASON: Any questions? Mr. Twomey.

9 MR. TWOMEY: Mr. Chairman, I'm just curious who the
10 other provider is. I mean, this is --

11 MS. HALL: Is it kosher for me to --

12 MR. TWOMEY: Sure.

13 MS. HALL: Suwannee Valley Electric.

14 MR. TWOMEY: Thank you.

15 COMMISSIONER DEASON: Further questions? Thank you,
16 ma'am. Thank you for being here.

17 MR. BECK: The next witness is Rick Breer.

18 RICK BREER

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

21 DIRECT STATEMENT

22 MR. BREER: Thank you, and good afternoon. My name
23 is Rick Breer, B as in boy, R-E-E-R. I live at 585 Mangum
24 Close Road. That's in Perry, Florida, which is located in
25 Taylor County. I am presently employed by Main Street Perry,

1 Incorporated, which is a nonprofit economic development
2 organization associated or concerned with the revitalization of
3 downtown.

4 In 1997, I was associated with the Taylor County
5 Development Authority, and that is Taylor County's economic
6 development organization. In those two capacities of dealing
7 with economic development, it is my considered opinion that
8 Florida Power is a good corporate citizen. As a consumer, I
9 have to tell you that I am very happy with Florida Power
10 reliability.

11 I moved to Florida from the northeast in 1994, and I
12 have lived at the same address in Perry since that year.
13 Outages are much less frequent in the past two or three years
14 than they were the first two or three years that I resided at
15 that same address. Now, that is kind of important to me and to
16 my wife. My wife has severe emphysema. She takes nebulizer
17 treatments four to six times a day and needs power to
18 accomplish that.

19 Her experience, along with mine, is the reliability
20 is much better. Services, also. We feel that service is also
21 better. About two months ago, around six o'clock in the
22 evening, we had kind of a bad automobile accident at the end of
23 the street that I live on. I live on a dead-end street. Ten
24 establishments on the street. That bad accident, automobile
25 accident took down a pole and, therefore, power. That was at

1 6:00 in the evening, and it was about two hours time for
2 cleaning up the accident and with the EMTs and the police. And
3 before we went to bed that night we had power restored. And
4 she was able to take her nebulizer treatment before she went to
5 bed. And I can speak for her also, when I say both her and I
6 would deal with lower rates.

7 COMMISSIONER JABER: Thank you, Mr. Breer. Any
8 questions? Thank you. Mr. Beck, your next witness.

9 MR. BECK: Thank you. The next witness is Wally
10 Wagoner.

11 WALLY WAGONER

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

14 DIRECT STATEMENT

15 MR. WAGONER: It's Wally Wagoner, 512 Southeast 3rd
16 Street, Ocala, Florida. And I am representing the Marion
17 County Public School System. I would like to echo some of the
18 comments previously in terms of service and reliability from
19 the school system perspective. We are very pleased with
20 Florida Power Corporation and also their corporate citizenship.

21 I am somewhat concerned with the issue dealing with
22 the rates, at least as it has been presented to me. We have a
23 number of our schools on the IS-1 rate, which is an
24 interruptible rate. We did that for economic reasons, and it
25 is probably not designed for a school system, but at any rate

1 that is the world we live in and the decision we had to make.

2 However, with the changes in that rate it is my
3 understanding that it will be more related to load factor. It
4 will increase that rate by \$150,000 a year to the school
5 system, which is pretty significant to us. Again, as I
6 understand it we presently have a five-year window, we have to
7 give 60-month notice in order to get off of that rate, and it
8 is my understanding that that will change to three years.
9 However, it would be my request that if the rate increases as
10 it has been proposed that we be given the opportunity to get
11 off with 60 days, 90 days notice.

12 We invested in the last year or so about a quarter of
13 a million dollars in generators to try to mitigate the issues
14 as it relates to the IS-1 rate, so it has been a fairly
15 significant financial investment for our school system. Those
16 of you who are in state government recognize what we are faced
17 with with the present economic situation in Florida. If things
18 don't pick up with the sales tax, we are looking at trying to
19 cut an additional 10 to \$13 million out of our school system.
20 So \$150,000 is fairly significant. That's all I have. Thank
21 you.

22 COMMISSIONER JABER: Thank you, Mr. Wagoner.

23 Staff, I'm not sure if the interruptible rate is part
24 of this filing or not.

25 MS. HELTON: It is my understanding that it is. It

1 is my understanding that Florida Power Corp currently has two
2 interruptible tariffs, an IS-1 and an IS-2, and Power Corp is
3 proposing to eliminate the IS-1 tariff.

4 COMMISSIONER JABER: Okay. Mr. Wagoner, there will
5 be a proceeding and an evidentiary part of this hearing where
6 our staff will have an opportunity to cross-examine the Florida
7 Power witnesses on that very issue. And we will look more
8 thoroughly at the issue before the conclusion of this
9 proceeding, as will the parties in the case. And I'm sure that
10 staff will communicate with you all throughout the proceeding.

11 MR. WAGONER: Thank you.

12 COMMISSIONER JABER: Mr. Twomey, did you have
13 questions?

14 MR. TWOMEY: Yes, ma'am. I just wanted to ask
15 Mr. Wagoner if you have asked the company to waive that
16 five-year period?

17 MR. WAGONER: We have not made a formal request of
18 that, no.

19 MR. TWOMEY: I was just thinking maybe under the
20 circumstances if you ask them they might give it to you.

21 COMMISSIONER JABER: Thank you, Mr. Wagoner.
22 Mr. Beck.

23 MR. BECK: Thank you. The next witness is Eddy
24 Hillhouse.

25 EDDY HILLHOUSE

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

3 DIRECT STATEMENT

4 MR. HILLHOUSE: My name is Eddy Hillhouse, that is
5 H-I-L-L-H-O-U-S-E, 7868, Wellborn, Florida. I am the president
6 of the Suwannee County Economic Alliance, and I am here to
7 speak to Florida Power's corporate citizenship in Suwannee
8 County. They support the community, they support the chamber
9 and the economic development groups in the county.

10 Florida Power Corp and their employees are a very
11 important part of our community, and we support their efforts
12 there and they support ours. They are also an important part
13 of Suwannee County's economy. They have 45 employees or so at
14 the Ellisville plant, which is one of our larger employers in
15 the county. They also support the local government in being
16 the largest ad valorem taxpayer that we have in the county.
17 They pay almost 10 percent of Suwannee County's total
18 ad valorem tax. And we support Florida Power Corp and want to
19 see them continue to be progressive and successful in our
20 county.

21 And we would support a rate reduction, sir.

22 COMMISSIONER JABER: Thank you, Mr. Hillhouse. Any
23 questions, parties? Thank you, sir.

24 MR. BECK: The next witness is Frank Stone.

25 FRANK STONE

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

3 DIRECT STATEMENT

4 MR. STONE: Good afternoon. Frank Stone, S-T-O-N-E.
5 I am here on a couple of topics. One, as a rate user, my
6 family and I have been with Florida Power for 54 years as a
7 consumer. Actually my family longer than that. I have only
8 been around 54, so I can only speak to those times.

9 I now live outside of Monticello, and I'm sort of on
10 the end of Florida Power's territory, which you might think
11 would be a problem, but in the few times that I have lost
12 power, we have been able to call and contact them and they have
13 been extremely good at getting our power back on in an area at
14 the far north end of their territory.

15 The other side of it is I am the Executive Director
16 for Economic Development in Jefferson County. And, again, as
17 others have spoken, Florida Power is always there when you need
18 them as a corporate citizen. And this last year, the
19 Monticello/Jefferson County Chamber of Commerce named them the
20 corporate citizen of the year for Jefferson County because of
21 those types of areas where they get involved.

22 The other part of this that has interested me,
23 especially this summer as we went through the debacle in
24 California of the rolling blackouts and then most recently the
25 Enron debacle that makes you good not to be in the stock market

1 when you read those, but part of what Florida Power is asking
2 for now is to increase its generating capacity and help to
3 protect with reserves from 15 to 20 percent to help protect its
4 consumers.

5 And I am one who thinks that we need for our power
6 companies to increase their capacity to be less dependent on
7 purchasing others power unless, of course, that is cheaper than
8 they can generate their own. But at the same time they need
9 that capacity in case something unforeseen happens. And so
10 before the question is asked at the end of whether I support
11 lower rates, I do; but at the same time, I think what is most
12 critical to me is for Florida Power in this request to you is,
13 one, to enhance what I feel is already good service, and make
14 it better by spreading out their crews across the 20,000 miles
15 of line; and, two, to increase their generation capacity. And
16 I think both of those should be paramount before we start to
17 talk rate reduction.

18 Now, if they can do both at the same time, that is
19 one thing, but I want to know that when I get home tonight and
20 flip the switch on, my lights will come on. And if they don't
21 come on, I would hate to think they didn't come on because
22 somebody thought rate reduction was far more important than
23 generating capacity.

24 So if we can accomplish both at the same time, that's
25 one thing. But I think what is paramount is to make sure that

1 I, as the consumer, are protected with Florida Power's ability
2 to generate the power to keep my lights on. Thank you.

3 COMMISSIONER JABER: Thank you, Mr. Stone.

4 Questions? Thank you, sir.

5 Mr. Beck.

6 MR. BECK: I think Mr. Stone is our last witness who
7 signed up ahead of time, Commissioner Jaber.

8 COMMISSIONER JABER: Let me just ask if there is
9 anyone else in the audience that came in, perhaps, after
10 Commissioner Deason swore in customers seeking to testify
11 today? Please feel free to come up and speak now. Okay.
12 Thank you.

13 Staff, are there any other matters to come before us
14 before we adjourn?

15 MS. HELTON: Not that I am aware of, Commissioner
16 Jaber.

17 COMMISSIONER JABER: Parties? All right. Let me
18 thank you all for being here. Let me thank the customers in
19 particular. It is a cold day and a wet day here in
20 Tallahassee, but your testimony is vital to our proceeding, and
21 we thank you for being here.

22 This hearing is concluded.

23 (The hearing concluded at 2:45 p.m.)

24

25


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

5
6 I, JANE FAUROT, RPR, Chief, Office of Hearing Reporter
7 Services, FPSC Division of Commission Clerk and Administrative
8 Services, do hereby certify that the foregoing proceeding was
9 heard at the time and place herein stated.

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

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

20 DATED THIS 22ND DAY OF JANUARY, 2002.

21
22
23
24
25


JANE FAUROT, RPR
Chief, Office of Hearing Reporter Services
FPSC Division of Commission Clerk and
Administrative Services
(850) 413-6732