

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 010949-EI

In the Matter of

REQUEST FOR RATE  
INCREASE BY GULF POWER  
COMPANY.

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PROCEEDINGS: PANAMA CITY, FLORIDA, SERVICE HEARING

BEFORE: CHAIRMAN LILA A. JABER  
COMMISSIONER MICHAEL A. PALECKI  
COMMISSIONER J. TERRY DEASON  
COMMISSIONER BRAULIO L. BAEZ  
COMMISSIONER RUDOLPH "RUDY" BRADLEY

DATE: Wednesday, January 16, 2002

TIME: Commenced at 4:10 p.m.  
Concluded at 4:50 p.m.

PLACE: Holiday Inn Select  
Main Ballroom  
2001 N. Cove Blvd.  
Panama City, Florida 32405

REPORTED BY: JESSICA K. SYKES  
GULF BAY REPORTING  
(850) 769-4853

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FLORIDA PUBLIC SERVICE COMMISSION

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## APPEARANCES:

MARLENE STERN, ESQ., FPSC Division of Legal Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, appearing on behalf of the Commission Staff.

JEFFREY A. STONE, ESQ., BEGGS & LANE, P.O. Box 12950, Pensacola, Florida 32576-2950, appearing of behalf of Gulf Power Company.

STEVE BURGESS, Office of Public Counsel, 111 W. Madison Street, Suite 812, Tallahassee, Florida 32399, appearing of behalf of the Citizens of the State of Florida.

TED SPANGENBERG, District Manager at Gulf Power, 1230 East 15th Street, Panama City, Florida 32405, appearing of behalf of Gulf Power Company.

TRAVIS J. BOWDEN, President of Gulf Power Company, 1230 East 15th Street, Panama City, Florida 32405, appearing of behalf of Gulf Power Company.

Also Present: Michael Springer, PSC Staff

## I N D E X

## WITNESSES

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1 MS. JABER: Thank you for your patience. We  
2 will go ahead and get started. Counsel, I need you to  
3 read the notice.

4 MS. STERN: Notice issued by the clerk of the  
5 Florida Public Service Commission on November 19th, 2001,  
6 and published in the Florida Administrative Weekly on  
7 November 30, 2001. Advised that a customer service  
8 hearing will be held in this docket beginning at 10:00  
9 a.m. on January 16th in Pensacola, and also this hearing  
10 will be held at 1:00 p.m. central standard time  
11 January 16th, 2002, in the main ballroom at the Holiday  
12 Inn Select in Panama City, Florida. The notice states  
13 that the purpose of this hearing is to take testimony  
14 from members of the public concerning Gulf Power  
15 Company's request for rate increase. The procedure at  
16 these hearings will be as follows: The company will  
17 present a brief summary of its case, and then members of  
18 the public may present testimony. Members of the public  
19 who wish to present testimony are urged to appear  
20 promptly at each scheduled service hearing since the  
21 hearing can be adjourned early if no witnesses are  
22 present to testify.

23 MS. JABER: Thank you, Ms. Attorney. Let's go  
24 ahead and take appearances, Mr. Stone.

25 MR. STONE: Thank you, Chairman Jaber. I am

1 Jeffrey A. Stone of the lawfirm Beggs & Lane in  
2 Pensacola. I serve as general counsel to Gulf Power  
3 Company. There are a few preliminary matters I would  
4 like to take care of.

5 MS. JABER: Let's finish with appearances,  
6 Mr. Burgess, and then we will come back to preliminary  
7 matters and opening statements. Mr. Burgess.

8 MR. BURGESS: I am Steve Burgess. I am here  
9 from the Office of Public Counsel who represents the  
10 citizens of the State of Florida.

11 MS. STERN: I am Marlene Stern, counsel for the  
12 commission.

13 MR. SPRINGER: My name is Michael Springer on  
14 behalf of commission staff.

15 MS. JABER: Thank you. Let me take an  
16 opportunity to introduce myself. I am Lila Jaber. I am  
17 the chairman of the Florida Public Service Commission. I  
18 would like to introduce my colleagues. All five of us  
19 are here this afternoon. To my left starting with my far  
20 left Commissioner Rudy Bradley, Commissioner Braulio  
21 Baez. To my right Commissioner Michael Palecki, to my  
22 far right, and Commissioner Terry Deason. This item,  
23 this rate case will eventually be decided by this  
24 commission. This is a case that was begun with an  
25 application for a rate increase that was filed by Gulf

1 Power Company. As you can imagine, with a case such as  
2 this, this is the preliminary part of the case where we  
3 hear from customers on quality of service and concerns  
4 with respect to the request for a rate increase. We will  
5 be here this afternoon until we hear from every customer  
6 that wishes to speak. This is a formal part of the  
7 proceeding, however, and customers who wish to speak, I  
8 will ask that they be sworn in. I will administer an  
9 oath in just a few minutes.

10 There are procedural matters that we have to complete  
11 before we take the customer testimony portion. I will  
12 ask the parties to make opening statements so you can  
13 know a little bit more about the petition that was filed  
14 with the PSC. We will begin in a few minutes with the  
15 company counsel, Jeff Stone, who will allow his client to  
16 make a short presentation. After that, you will hear  
17 from Steve Burgess. He is the Office of Public Counsel  
18 representative that is here today. The Office of Public  
19 Counsel represents the consumers in this case. And then  
20 you may come up one by one to testify and express  
21 whatever concerns that you may have. I will ask when you  
22 come up to testify that you spell your last name for the  
23 court reporter, and that we remember to speak one at a  
24 time so that the court reporter can capture all of the  
25 testimony. With that, Mr. Stone, if you will go ahead

1 and make your opening statement.

2 MR. STONE: Thank you, Chairman Jaber. The  
3 preliminary matters that I want to address is first of  
4 all, I want to introduce Ted Spangenberg, our district  
5 manager. He has a staff of customer service  
6 representatives who are available to assist customers  
7 with any individual matters that they would like to take  
8 care of. If they have those matters and want to see  
9 Mr. Spangenberg, he will direct them to our customer  
10 service representatives who are set up, and then as you  
11 already stated, the notice requires that the company  
12 prepare a brief summary of the case. Mr. Bowden is  
13 prepared to make that summary on behalf of the company  
14 whenever the commission is ready.

15 MS. JABER: Mr. Stone, is there an affidavit or  
16 a notice that we need to go ahead and identify for this  
17 service hearing, too?

18 MR. STONE: All that was taken care of and  
19 included one that was filed this morning.

20 MS. JABER: Thank you. Mr. Bowden.

21 MR. BOWDEN: Thank you, Chairman Jaber. I am  
22 Travis Bowden, president of Gulf Power Company. It's a  
23 pleasure to be here today to give a brief overview of the  
24 Gulf Power Company and the request that we filed with the  
25 Public Service Commission.

1 Our last rate filing was some 12 years ago, and since  
2 that time, we have been able to reduce our rates. Our  
3 base rates today are lower than they are in 1989. They  
4 are the lowest in Florida and among the lowest in the  
5 nation as well. One of the things that's a major  
6 contributor to this rate case, there have been many  
7 things that changed, but we have had a significant growth  
8 in Northwest Florida, the service area that Gulf Power  
9 serves. We have added over 100,000 customers, over a 30  
10 percent increase since 1990, and our peak demand is up  
11 significantly some 450 megawatts and 25 percent in that  
12 time as well.

13 One other thing about that, this demand that is  
14 increased had brought about a need for a new generator  
15 plant, but we have had conservation programs in effect  
16 that the commission has approved, and without those, this  
17 plant would have been needed several years earlier than  
18 it is at this time. This new generator was approved by  
19 the Florida Public Service Commission in June of 1999.  
20 The need for it was approved for by the commission. The  
21 governor and the cabinet of the State of Florida also is  
22 involved in the plant siting process, and they approved  
23 the project in July of 2000. This plant is located here  
24 in Panama City at our Smith plant just across the bay  
25 here in Panama City. Construction began in 2000. It is



1 on schedule to go into service later this year. A few  
2 more details about this plant. It's a 574 megawatt  
3 plant. It's the largest plant or largest unit in the  
4 Gulf Power system. It is natural gas fired, and contains  
5 the latest in enviromental controls. This unit is going  
6 to cost some \$220,000,000, and we believe that this is  
7 the largest single project investment in the history of  
8 Bay County, and this investment is a major factor in this  
9 rate request filing that we have before the commission  
10 making up some 70 percent of the total request. In  
11 addition to the investment in this plant, we have had  
12 significant investment over these last few years in  
13 distribution and transmission facilities as well along  
14 with the related substations, transformers and other  
15 equipment that go along with that part of our business.  
16 We are very proud of what we have done in Gulf Power  
17 Company over the last several years of keeping our rates  
18 low, not having any increases to the cost of our  
19 customers, and during that time, we have had several, we  
20 believe, notable achievements. I will mention those at  
21 this time.

22 We have a high customer satisfaction rate. We  
23 participate with 16 other peer utilities around the  
24 United States in rating customer satisfaction, and Gulf  
25 Power Company in the last few years has rated first and

1 second in several categories of that survey. Also, we  
2 have maintained high reliability over this time period  
3 despite the fact that we have had several hurricanes and  
4 major storms in this area, we have restored that service  
5 and have a history of remaining high reliability, and I  
6 think that is a major contributor to this high customer  
7 satisfaction that we enjoy here in this area.

8 Another thing that we have done in Gulf Power Company  
9 is take advantage of new technology that's come about in  
10 the last few years. We use those for a dual purpose, to  
11 control and lower our cost as well as to improve our  
12 customer service. And the use of these new technologies  
13 along with a lot of work improvements and work process  
14 improvements that we have made, we have 13 percent newer  
15 employees today than we did 12 years ago in spite of the  
16 growth that we've experienced in our service area. This  
17 has allowed us, as I mentioned earlier, to have the low  
18 rates in Florida and some of the lowest in the nation.  
19 Even if you take into account this new rate increase  
20 request that we have made, our rates are still very  
21 competitive compared with the national average.

22 As shown on this graph, we are more than 10 percent  
23 below the national average in taking 1,000 kilowatt hours  
24 on a residential rate and comparing it with other areas  
25 in the country, and we are quite proud of that. While we

1 are proud of our record that we have achieved, we know  
2 that the future holds many challenges for us. There is a  
3 number of industry changes going on, and we are involved  
4 in that. The technological advances that I mentioned  
5 earlier we think will continue if -- we expect our  
6 customers to take care of -- take advantage of those and  
7 provide us new challenges in serving their needs and  
8 their requirements.

9 Financial markets is another area that's had dramatic  
10 changes in the last few years. Financial markets are  
11 much more volatile today than they were 10 to 15 years  
12 ago. There is many more options that an investor has  
13 today to make an investment, and so we have to compete  
14 with those options that are available for investors in  
15 access of capital markets. Also, I think investor  
16 expectations are much higher today than they were 50  
17 years ago. Another thing that's happened, and it was a  
18 day after we filed the request with the commission, is  
19 the terrorist attacks in September, and that has brought  
20 about a need for heightened security in many of our  
21 facilities around northwest Florida. And so those costs  
22 that is associated with that will continue as well.

23 Another thing that I will talk about, and I think  
24 it's no small matter, is the expectations of our  
25 customers. They have grown considerably over the last

1 few years. Today people want things done faster. They  
2 don't want to wait around for service to be restored or  
3 service to be given to their particular home or business.  
4 So we have to react to that. I think this is brought to  
5 a large extent because most people have computers in  
6 their homes and businesses along with a lot of sensitive  
7 electronic equipment, and we have to respond to that.  
8 That's brought about a need for much higher reliability  
9 than maybe we have had in years past, but to achieve  
10 reliability, we have to do some basic things. We have to  
11 keep our plants generated, the units that we have, and we  
12 have done a good job of that at Gulf Power Company. We  
13 have some of the lowest Florida outage rates in the  
14 industry.

15 Other things we have to do is kind of block and  
16 tackle. What we have to do is trim trees. Northwest  
17 Florida grows trees real fast, and so we have to pay  
18 attention to that as well as take advantage of the new  
19 things that are available to us. So we are in the  
20 process of that. We expect this area to continue to  
21 grow. We have had, as I mentioned earlier, a lot of  
22 growth in the last several years, and we don't see any  
23 change in that. So we are positioned to meet that  
24 growth. Our plans are based on these changes that we see  
25 coming up in the future. This rate increase request is

1 based on that as well, and our plan at Gulf Power Company  
2 is to continue growth as we see in northwest Florida to  
3 meet those higher reliability needs that we are already  
4 experiencing and will continue to experience in the years  
5 ahead, and we want to maintain the high customer  
6 satisfaction rates that we have had. We believe that's a  
7 real key part of our business is to keep our customers  
8 satisfied with good, quality service, and we plan to do  
9 that. And we also have to be -- as I mentioned earlier,  
10 investor expectations, if we are going to access the  
11 capital markets to meet this growth need, we have to do  
12 that, and these expectations that I mentioned earlier  
13 have grown quite a bit in the last few years. So we are  
14 poised to do that, and we intend to do that. That's our  
15 mission, and we intend to serve this great area of the  
16 state and the United States in the high quality way that  
17 we have done for many, many years, and we pledge to you  
18 to continue to do that. And I want to express my  
19 appreciation to the commission and the audience for  
20 allowing me the opportunity to give you this overview.  
21 Thank you.

22 MS. JABER: Thank you, Mr. Bowden. Mr. Burgess.

23 MR. BURGESS: Thank you, Commissioner. As I  
24 told the commission this morning, we as the public  
25 counsel commend Gulf Power for the rate stability and

1 efficiencies they have been able to achieve over the last  
2 decade, but the fact remains that at this point, the  
3 company is asking for a significant rate increase, and  
4 for that rate increase, the company is going to be  
5 required to prove each and every element of its case to  
6 the commission. Public Service Commission staff has a  
7 large experienced professional staff, and they have  
8 audited and examined the books and records of the  
9 company, and independent from that, our office, the  
10 Office of Public Counsel, has examined the books and  
11 records of the company. The result of all of this is, at  
12 this point, that there are a 125 separate identified  
13 issues which are at this point in dispute that will have  
14 to be proven before the Public Service Commission in  
15 order for the final analysis by the commission to take  
16 place. That will take place in Tallahassee at a future  
17 hearing.

18 The cumulative effect of our examination is that we  
19 believe that Gulf Power Company has substantially  
20 overstated its need for rates. As I say, though, that's  
21 a decision the public service commission will have to  
22 arrive at after hearing a great deal of testimony from  
23 our witnesses, from its own staff, from intervenors,  
24 several intervenors in the case, and from Gulf Power  
25 Company. At this point, however, we are in the service

1 area of Gulf Power Company to hear from the customers,  
2 and so rather than take more of your time telling you  
3 what our position on the case is, I would step back and  
4 allow the rest of the time to be for the customers to  
5 give the commission their view of Gulf Power Company.

6 MS. JABER: Thank you, Mr. Burgess. For those  
7 of you who do not wish to testify today but would like to  
8 give us comments, there is a yellow sheet that you would  
9 have received when you walked into the room. On the back  
10 of the yellow sheet is a customer comment page. You are  
11 welcome to fill that out and give it to any one of the  
12 commissioners. There are staff people here in the room,  
13 Richard, if you will raise your hand, that you can hand  
14 it to as well. But for those of you who wish to testify,  
15 if you will stand and raise your right hand, please. In  
16 this matter before the Florida public service commission,  
17 do you affirm that the testimony you are about to give is  
18 the truth? Thank You. Mr. Burgess, you have the list.

19 MR. BURGESS: Yes, I do, Chairman. Herbert  
20 Cochran.

21 MR. COCHRAN: I am not going to. I will write  
22 it.

23 MS. JABER: Thank you, Mr. Cochran. Thank you,  
24 sir. Mr. Burgess.

25 MR. BURGESS: Thank you. George Roberts.

1 MS. JABER: Mr. Roberts.

2 MR. ROBERTS: Hello, my name is George Roberts,  
3 last name is spelled R-O-B-E-R-T-S, and I would like to  
4 say something if I may.

5 MS. JABER: Please.

6 MR. ROBERTS: Thank you. Okay. In reference to  
7 the Gulf Power rate increase, my primary concern is for  
8 the RS residential service rate increase, which is 18.74  
9 percent. My income is fixed, as many others, and for my  
10 previous month's bill, it should have been about for me,  
11 I am a low-energy user, been about \$5 per month on my  
12 energy charge for 708-kilowatt hours. For the noted  
13 1,000 kilowatt hours, the proposed increase is \$11.98 per  
14 month, assuming that 90 percent of the current 375,000  
15 retail -- and I put quotes on the word retail, because I  
16 don't know exactly what is meant by that -- customers  
17 that -- 375,000 retail customers are residential  
18 consuming 1,000 kilowatt hours per month. This would be  
19 an added revenue of \$4,043,250 per month. This is annual  
20 revenue to the power company.

21 Other items that have been mentioned in the brochure  
22 that was in my last power bill, there was a 50 percent  
23 increase for connection of initial service. That's item  
24 one. Item two, an 8.75 percent increase for connection  
25 of existing service, and I don't know what this means,



1 you know, how do you connect to existing service, but  
2 whatever that is. Then item three they have under  
3 violation of rules, and, though, I don't really know what  
4 the rules are, but under violation of rules, they have A,  
5 a 2.1875 times increase for restoration of service; B, a  
6 3.4375 times increase for after-hours restoration of  
7 service, and, you know, I don't know what they mean by  
8 after hours; C, a 5.9375 times increase for restoration  
9 of service at pole. You know, I know some of the  
10 answers, but these are the questions. What caused the  
11 outage and under what conditions is the user responsible?  
12 What are the rule violations for A, B, and C, and who  
13 determines them, you know? Who was violating the rules  
14 or what are the violations? Item four, they have a 3.33  
15 times increase for premise visit, and I don't know, and I  
16 ask is this included in item C above and/or other  
17 problems caused by failure of the company's equipment  
18 from distribution to pole and from pole to meter to  
19 service drop? Item five, a 1.833 times increase in  
20 connection of temporary service. My question is to whom  
21 does this apply? My assumption is this applies to sites  
22 under construction and is a cost to be passed onto a  
23 future owner. And I haven't been involved in this, but I  
24 did have civil engineering from the Citadel, but the  
25 construction was passed over (inaudible) a master's in

1 electrical engineering and power option on that. So, you  
2 know, I have been around, you see.

3 MS. JABER: Mr. Roberts, may I interrupt you for  
4 just a minute to bring the microphone closer to you so  
5 that the court reporter can capture what you said.

6 MR. ROBERTS: All right. Did you miss anything?

7 MS. JABER: Thank you, sir.

8 MR. ROBERTS: Where are we? Okay. Item six, a  
9 1.3636 times increase for investigation of unauthorized  
10 use. And, you know, my question is who determines it is  
11 unauthorized and does this charge apply regardless of the  
12 authorization, you know, who is in charge? Okay. Item  
13 seven has three -- my item seven -- has three charge  
14 increases for return items, and I don't know what these  
15 items are and if they happen to be defective, for  
16 example, the power company here would sell refrigerators  
17 and things of that nature, and if you return it, you  
18 know, it may be defective, does this charge apply, you  
19 know, who determines this fee? I will add further, I  
20 dislike analogies, but say I have an item for which  
21 future sales are to increase requiring the manufacturer  
22 to invest a new capital equipment, and my question is  
23 should I then be required to fund this investment since I  
24 am a user of this item, and my answer to this would be  
25 no.

1           The power company states that it will have increased  
2 operation and maintenance expenses for its new generation  
3 unit and neglects to state that it will have increased  
4 revenue from a larger customer base. This additional  
5 revenue could be based on the rates and other charges in  
6 the proposed petition. Please note that fuel charges and  
7 possible tax increases are not mentioned. My last tax  
8 charge for the City of Panama City for power -- and  
9 that's just based on energy -- I don't have a demand  
10 requirement as manufacturers and plants have, but my last  
11 tax charge for the City of Panama City was \$4.11. I  
12 assume that, that will go off my sum amount. As the  
13 power company has a virtual monopolied position, this is  
14 the situation which requires oversight, regulation and a  
15 degree of control by the public service commission. I  
16 ask that the public service commission give strong  
17 consideration to the ramifications of cost to economic  
18 impact on the users of this vital need. That's the end  
19 of this. Thank you very much.

20           MS. JABER: Thank you, Mr. Roberts. Now, let me  
21 try to answer some of your questions. I don't have the  
22 exact document you are looking at, but from listening  
23 carefully to what you said, with respect to their request  
24 for an increase in connection charges and things like the  
25 after-hours premise charge, those apply to the customers

1 that -- new customers as it relates to connection  
2 charges --

3 MR. ROBERTS: I understand that.

4 MS. JABER: -- and customers that are delinquent  
5 in paying, that would be the after-hours premise charges.  
6 Now, they have asked for an increase in those charges,  
7 and our staff will look at all of the requests thoroughly  
8 and complete a evidentiary hearing and technical hearing  
9 in February and give us a recommendation in April on the  
10 entire case. But we will thoroughly look at those  
11 charges.

12 MR. ROBERTS: I understand that -- you see, what  
13 I am trying to point out is the increase, times or  
14 percentage, you know, for these particular charges.  
15 That's it, and, you know, you don't have what I wrote.  
16 Here it is.

17 MS. JABER: Thank you, sir.

18 MR. ROBERTS: I happen to have a copy.

19 MS. JABER: Thank you, Mr. Roberts. Thank you  
20 for being here.

21 MR. ROBERTS: Thank you for the opportunity.

22 MR. DEASON: Madam Chairman, let me suggest that  
23 Mr. Tudor standing in the back of the room, he may be  
24 able to answer some of those specific questions as well.

25 MS. JABER: Mr. Burgess.

1 MR. BURGESS: I have Walt Kelley.

2 MR. KELLEY: Good afternoon, Madam Chairman,  
3 Commissioners. I am here today to state that I don't  
4 think anyone in this room would like to see an increase  
5 in their utility. However, I believe that there is a  
6 just increase here, because they are planning for the  
7 future of this community and others throughout the state  
8 of Florida. Gulf Power is probably one of the best  
9 companies that I have ever had the pleasure of working  
10 with. I have been there when they were working in the  
11 storm. They are promoting economic development to create  
12 jobs, and I think a fair increase is justified. Thank  
13 you.

14 MS. JABER: Thank you, Mr. Kelley.  
15 Commissioners, any questions? Mr. Burgess.

16 MR. BURGESS: Harry Deen.

17 MR. DEEN: I am Harry Deen, D-E-E-N. I am here  
18 as a citizen advocate. I am a grassroots-type person.  
19 To give you some idea where I am coming from, I am a  
20 member of the (inaudible) Counselling Agency, I have a  
21 free partnership with the Agents of Health Counsel. I am  
22 vice-chairman of the Community Health Task Force, and I  
23 am also president of the American Heart Association in  
24 Bay County. Just recently last year, the News Herald  
25 reported that 22 percent of the citizens in Bay County do

1 not have insurance. They also predicted that 26 percent  
2 this year in 2002 that figure will go up to 26 percent of  
3 people uninsured. This is a big impact on the community.  
4 Last week I was at a meeting with AHAC. Twenty-eight  
5 people in Bay County are on Medicaid.

6 Electricity is a basic, very basic necessity in life  
7 for all of us citizens, especially our youth and  
8 especially our elders and everyone else. This is a  
9 (inaudible) city, and most of our jobs are minimum wage.  
10 These people are going from (inaudible) working sometimes  
11 two and three jobs. How can these people survive?  
12 That's my question. How can they survive this increase?  
13 Really, this increase is all about growth. It's not  
14 about Gulf Power surviving, and I will say Gulf Power has  
15 done an excellent job. I stand behind them. They have  
16 done an excellent job, but in this case, it's about  
17 growth, and let's face it, the growth is coming from one  
18 particular company that owns almost all of Northwest  
19 Florida. This company can afford to pay the electric  
20 impact and the infrastructure that they are going to  
21 create, not the little citizen here who is just barely  
22 getting by. Their average house are probably going to be  
23 selling for over \$500,000. That's probably, you know,  
24 one of the small ones. They are going to be selling for  
25 millions of dollars. Let these people absorb this cost,

1 not the poor man that's already here. Now, this is basic  
2 Bay Countians. I would ask you to be the first  
3 commission to have the courage to tell that company they  
4 are welcome, but they must pay their own way in  
5 electricity and in infrastructure. Thank you for  
6 allowing me to speak today.

7 MS. JABER: Thank you, Mr. Deen. Questions?  
8 Thank you, sir.

9 MR. BURGESS: George Christodoulos.

10 MR. CHRISTODOULOS: Hello, everybody. My name  
11 is George Christodoulos, C-H-R-I-S-T-O-D-O-U-L-O-S. I am  
12 new coming to this community. I used to live in the  
13 Everglades for the last 24 years, and I ended up here  
14 now. I noticed that very lately that you are increasing  
15 the price for the rates for the electricity in this  
16 community, and I wanted to find out about from the  
17 commissioners if you control the corporation here, the  
18 Gulf Power Company, if they would allow -- I am starting  
19 a business on alternative energy exactly to cut down the  
20 rates of the Gulf Power Company here, and I would like to  
21 find out from you people if it is possible to -- if they  
22 will permit me to for my customers to go tap into their  
23 system once they have gone in business with my company.  
24 Thank you.

25 MS. JABER: Let me make sure I understand you,

1 sir, Mr. Christ --

2 MR. CHRISTODOULOS: Just call me George. Much  
3 easier.

4 MS. JABER: You are actually wanting to sort of  
5 do a self-generator. You have alternative energy sources  
6 that you would like to sell back to Gulf?

7 MR. CHRISTODOULOS: Yes.

8 MS. JABER: There are some provisions that allow  
9 industry to have generation facilities, and that's worked  
10 out by agreement, and actually I would encourage Gulf to  
11 sit down with you and talk about those options.

12 Mr. Deason, do you have anything -- any knowledge,  
13 historical knowledge on those relationships?

14 MR. DEASON: No. I just hear what you are  
15 saying. These situations are probably best addressed  
16 with one-on-one discussions just to see what can be  
17 worked out, and if the negotiations fail, then I would  
18 encourage George to contact our staff and see if we need  
19 to facilitate those discussions.

20 MR. CHRISTODOULOS: Who is Mr. Spangenberg? Oh,  
21 that's you.

22 MR. SPANGENBERG: Yeah. I will be happy to talk  
23 to you.

24 MR. CHRISTODOULOS: Okay. Appreciate that.

25 MR. PALECKI: And I have a question I would like



1 to ask.

2 MR. CHRISTODOULOS: Yes.

3 MR. PALECKI: Specifically, what technology are  
4 you talking about?

5 MR. CHRISTODOULOS: Alternative energy comes in  
6 many forms. In wind energy and also solar energy, and  
7 both ways I intend to work with. Solar energy and also  
8 the sun, solar energy, I mean, wind energy and solar  
9 energy. I have another question, may I?

10 MS. JABER: Please.

11 MR. CHRISTODOULOS: I mean, they spent  
12 \$200,000,000. Did they use any money toward alternative  
13 energy? Did they invest anything toward alternative  
14 energy?

15 MR. PALECKI: Well, I can answer part of that  
16 question. They have invested dollars in conservation  
17 programs that have deferred or avoided the building of  
18 this power plant for some period of time, and those are  
19 programs that this commission had ordered that the  
20 company implement. Some of those are flow control  
21 programs. There are some commercial and industrial  
22 conservation programs. So as far as conservation is  
23 concerned, yes, the company has not only have they  
24 implemented the programs that we have ordered them to  
25 implement, but they have achieved and surpassed the goals

1 that we set for them as far as conservation.

2 MS. JABER: And actually, what I would add on to  
3 that is all Florida utilities do look at alternative  
4 energy sources prior to construction of a plant, and  
5 there are many, many arrangements that are entered into  
6 where Florida public utilities do purchase from  
7 generators, and just recently the PSC allowed -- actually  
8 changed our rules to allow companies to look at solar  
9 energy and sharing of those resources. But I would  
10 encourage you to sit down with this company and take a  
11 look at your situation and see if there is an arrangement  
12 that could be worked out.

13 MR. CHRISTODOULOS: There has got to be some  
14 situation where they would try to, you know, help not  
15 only me but the whole community. Because \$250,000,000  
16 that we are spending on fossil burning machinery, which  
17 is really all technology today, the people in this  
18 space -- satellite -- what's it, the solar system for the  
19 last 30 years, the company should have invested some  
20 money into solar devices so that this would offset the  
21 price that they are using now. They are still going to  
22 be buying -- what do you call it, gas. They are still  
23 going to be paying for that so...

24 MR. DEASON: Madam Chairman, let me add one  
25 thing. I think you made some very good points. I would

1 just point out that before this plant was ever -- before  
2 Gulf Power got authorization to build this plant, they  
3 had to come forward and get a determination from this  
4 commission the plant first of all was needed, and part of  
5 that siting process was a determination that their  
6 proposal was the least cost alternative available, and  
7 they had to consider various alternatives to this  
8 particular plant. Another factor which enters into the  
9 consideration is the type unit it is, whether it's a base  
10 load unit or a peaton (phonetic) unit. All these things  
11 enter into consideration as to what is the least cost  
12 alternative, and as Commissioner Palecki indicated, part  
13 of that overall consideration is conservation, and we do  
14 set goals for the company, and they are required to meet  
15 those goals, and that's part of this least cost  
16 determination so that we get the least cost portfolio of  
17 resources available to meet the needs of the customers.

18 MR. CHRISTODOULOS: Thank you very much. Thank  
19 you for giving me the opportunity. Bye-bye.

20 MS. JABER: Thank you.

21 MR. DEASON: Thank you.

22 MR. BURGESS: Madam Chairman, that's all the  
23 names that I have of the people that have signed up to  
24 speak.

25 MS. JABER: If there are customers who have

1 arrived after I swore in witnesses to speak, please, just  
2 stand and come to the podium, and we would love to hear  
3 from you now. Are there any other customers who wish to  
4 speak tonight? Okay. Staff, are there any other matters  
5 that need to come before us today?

6 MS. STERN: No.

7 MS. JABER: Let me just announce that our staff  
8 recommendation upon conclusion of our technical hearing,  
9 which we will have in February, we'll prepare a  
10 recommendation for our consideration in late April, and  
11 we are tentatively scheduled to make a decision on this  
12 case May 7th. That's a tentative date, but it is  
13 currently set for May 7th. Thank you for being here this  
14 afternoon. We really appreciate you all coming out.

15 (Conclusion of Proceedings.)  
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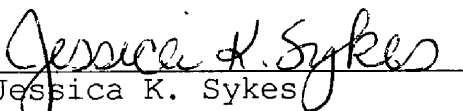
STATE OF FLORIDA  
COUNTY OF BAY

REPORTER'S CERTIFICATE

I, JESSICA K. SYKES, Court Reporter, DO  
HEREBY CERTIFY that I was authorized to, and did  
stenographically report the customer service hearing  
and that the transcript is a true and complete record of  
my stenographic notes.

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

DATED this 30th day of January 2002.

  
\_\_\_\_\_  
Jessica K. Sykes