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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO.: 041272-EI

PETITION FOR APPROVAL OF STORM
COST RECOVERY CLAUSE FOR RECOVERY
OF EXTRAORDINARY EXPENDITURES
RELATED TO HURRICANES CHARLEY,
FRANCES, JEANNE, AND IVAN, BY
PROGRESS ENERGY FLORIDA, INC.



PROCEEDINGS: POLK COUNTY PUBLIC SERVICE HEARING

BEFORE: CHAIRMAN BRAULIO L. BAEZ
COMMISSIONER J. TERRY DEASON
COMMISSIONER RUDOLPH "RUDY" BRADLEY
COMMISSIONER CHARLES M. DAVIDSON
COMMISSIONER LISA POLAK EDGAR

DATE: MARCH 16, 2005

TIME: 10:00 a.m.

PLACE: BARTOW CITY HALL
450 North Wilson Avenue
Bartow, Florida

REPORTED BY: VICKI SUE KITE, CSR, RPR
Reliable Reporting, Inc.
1101 South Florida Avenue
Lakeland, Florida 32801

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4 Florida 33733-4042, appearing on behalf of
5 Progress Energy Service Company, LLC.

6 JENNIFER S. BRUBAKER, FPSC General Counsel's
7 Office, 2540 Shumark Oak Boulevard, Tallahassee,
8 Florida 32399-0850, appearing on behalf of the
9 Florida Public Service Commission Staff.

10 PATRICIA A. CHRISTENSEN, Office of Public
11 Counsel, 111 West Madison Street, Tallahassee,
12 Florida, 32399-1400, appearing on behalf of Office
13 of Public Counsel.

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I N D E X
WITNESSES

NAME :	PAGE NO.
DALE OLIVER	15
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TOM PATTON	30
CLINT WRIGHT	33
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P R O C E E D I N G S

1
2 THE CHAIRMAN: On the record, I'll call this
3 service hearing to order. Good morning, everyone.
4 As you may know or not, we're here to take public
5 input on Progress Energy Florida's petition for
6 cost recovery of hurricane costs last year. I want
7 to welcome you again. My name is Braulio Baez. I
8 am chairman of the Public Service Commission.

9 With me this morning to my left, Commissioner
10 Lisa Edgar, Commissioner Rudy Bradley, Commissioner
11 Terry Deason; and I believe Commissioner Charles
12 Davidson will be -- may be joining us shortly.

13 Thanks again for coming. This is a
14 particularly important part of our process, because
15 it is one of the few chances that the public has to
16 address the Public Service Commission and to give
17 input on the petitions before them.

18 This is one of a series of service hearings
19 we're having across the territory. I believe it's
20 the -- is it the third one already? I don't count.
21 Sorry. It is the third in a series. I think we
22 have two more scheduled in the next two days, so we
23 are trying very hard to get out into the territory
24 and to the affected areas and hear from those
25 customers that were most impacted.

1 What we're interested in hearing is what your
2 perception and what your experiences were in terms
3 of the restoration efforts of the company,
4 certainly what your feelings are on the petitions
5 or request that the companies have made.

6 This is part of an official hearing. There's
7 an official hearing record. Those that will giving
8 testimony today are going to be sworn as witnesses,
9 they will be subject to cross-examination; and I
10 don't that say to scare anyone away, but it is
11 important that we follow procedure as part of our
12 hearing process.

13 Some of the things that you can look forward
14 to in the meantime, we are going to start the
15 hearing officially in a moment, bring notice and
16 taking appearances.

17 We're also going to, hopefully, benefit -- all
18 of us -- from some presentations by commission
19 staff and the company as well, and some of the
20 party's public counsel is represented here. I'm
21 not sure if there are other parties that are
22 represented here, but they will make themselves
23 known in due course.

24 So for now, let's have counsel read the notice
25 of the hearing.

1 MS. BRUBAKER: Pursuant to notice at this time
2 and place set aside for the purpose of conducting a
3 service hearing in Docket Number 041272-EI for the
4 purpose of taking customer testimony in purposes of
5 the service hearing set forth in the notice.

6 THE COMMISSIONER: Thank you, Miss Brubaker.
7 And we'll take appearances now. Mr. McGee.

8 MR. MCGEE: My name is Jim McGee. I'm here on
9 behalf of the Progress Energy Florida. My address
10 is Post Office Box 14042, St. Petersburg, 33733.

11 THE COMMISSIONER: Thank you, Mr. McGee.
12 Ms. Christensen.

13 MS. CHRISTENSEN: I'm Patty Christensen. I'm
14 appearing on behalf of the Office of Public
15 Counsel.

16 MS. BRUBAKER: I'm Jennifer Brubaker on behalf
17 of the Florida Public Service Commission.

18 THE CHAIRMAN: Thank you. At this point we're
19 we're going to move into the opening presentations
20 on the part of -- Commissioner Davidson has just
21 joined us. Welcome, Commissioner.

22 MR. DAVIDSON: Thank you.

23 THE CHAIRMAN: We'll move into the
24 presentation parts. As I had urged all the parties
25 before, brevity is much appreciated; but I don't

1 say that to stifle any need on the part of any
2 party to strike their points as necessary. And
3 Mr. McGee, I guess, we'll -- I'm sorry. Miss
4 Brubaker. Go ahead. Lead us in the presentation.

5 MR. BRUBAKER: As I read from the notice
6 earlier today, we're here today to take customer
7 testimony in Docket Number 041272-EI, which is a
8 petition filed by Progress Energy Florida for
9 approval of a Storm Cost Recovery Clause, and the
10 clause is being requested to recover expenditures
11 associated with Hurricanes Charley, Frances,
12 Jeanne, and Ivan.

13 Progress is requested to recover the excess
14 storm damages costs over a two-year period, and the
15 clause is also to recover the storm damage costs
16 that are in excessive of the amount contained in
17 the utility's storm reserve.

18 What is the storm reserve? All of the larger
19 industrial utilities or IUO have accrued an annual
20 amount each year from base rates which goes into
21 the company's storm reserve.

22 After the damage caused by Hurricane Andrew,
23 the commission allowed electric companies like
24 Progress to establish these storm reserves because
25 the charge for transmission and distribution

1 systems became unaffordable.

2 Progress has been accruing six million dollars
3 per year in the storm reserve. Progress is
4 requesting to recover approximately 251.9 million
5 dollars. In this slide you can see how the company
6 derived at that amount. The total damage amount is
7 366.3 million, from which the company removed 54.9
8 million, which it capitalized. The company is not
9 requesting a recovery through this petition for
10 this capitalized portion.

11 The company also removed the nonresale portion
12 12.6 million, and then it subtracted the amount
13 that it has accrued in the storm reserve over time
14 of 46.9 million dollars.

15 This final amount is the amount in excess of
16 the storm reserve, which is an issue in this
17 proceeding.

18 Progress has included what they believe to be
19 the expected impact on the average residential
20 customer's bill based on the usage of 1,000
21 kilowatt hours per month. The first 12 months of
22 recovery would be expected to be approximately 3.81
23 per month. The second year would be slightly less
24 at 3.59 per month.

25 I would also like to talk just briefly about

1 the commission hearing process. This is how the
2 commission processed the company's petition and
3 arrived at its final decision.

4 The process starts by the company filing its
5 petition; and, after it's filed, the commission
6 staff and the other parties begin their discovery
7 process. Interveners in this docket included the
8 Office of Public Counsel, the Florida Industrial
9 Power Users Group, and the Sugar Mill Woods Civic
10 Association.

11 They have also conducted their own discovery
12 in this matter.

13 Service hearings have been scheduled, and they
14 are to hear from the customers. There is also a
15 technical hearing, which is held in Tallahassee,
16 that's currently scheduled for March 30, 31, and
17 April 1st.

18 During the technical hearing the company and
19 opposing parties present evidence through witnesses
20 as to how they believe issues should be decided for
21 this case.

22 The purpose of the service hearing today is to
23 hear from the customers of Progress Energy Florida.
24 The commission is very interested in the testimony
25 concerning the company's request and is also

1 interested in the customer's opinion as to how the
2 company's efforts to recover from each hurricane in
3 restoring electric service.

4 The company interveners have their opportunity
5 to present their case through the sworn testimony
6 and evidence at the technical hearing in
7 Tallahassee.

8 As Chairman advised earlier, because this is a
9 hearing much like a court proceeding, you will be
10 asked to be sworn in to be a witness, so that your
11 comments or testimony in this proceeding can be
12 used in this proceeding and any future court
13 challenges that might occur.

14 A little more about the technical hearing in
15 Tallahassee, before the hearing, each party is
16 responsible for pre-filing testimony for any
17 witnesses they intend to present at the hearing,
18 and as I mentioned before, they have also been
19 responsible for conducting their own discovery,
20 such as deposition of witnesses.

21 They must attend the technical hearing and
22 present their witnesses, who will be subject to
23 cross-examination by the other parties.

24 Once the hearing's completed, the parties will
25 be responsible for filing legal briefs, which are a

1 summary of evidence as they see it and in how they
2 believe the commission should, based on the
3 evidence and the records, decide the case.

4 When the hearing's concluded, commission staff
5 puts together a recommendation to commissioners,
6 based on the evidence that's been presented and the
7 evidence that's been presented at the service
8 hearings, both the service hearings and technical
9 hearings. The recommendation is filed with the
10 clerk of commission and set for a hearing before
11 the commissioners.

12 At this point there is no participation
13 allowed by the parties. The participation is
14 between staff and the commissioners.

15 The final agenda for this case is currently
16 scheduled for June 14, 2005. Once the commission
17 makes its decision, it's set out in the order. At
18 that point, any party who wishes to seek to review
19 that order can do so at the Florida Supreme Court
20 if they believe such an action is warranted.

21 I'd also like to briefly comment on a few
22 other hurricane-related activities that are
23 currently ongoing at the commission, and the first
24 deals with underground power lines.

25 Currently customers' sister rates are based on

1 the cost to operate the facilities. The cost of
2 converting to underground is also borne by the
3 customers through subsidy.

4 Currently, the commission is conducting a
5 study of the cost of IOU's converted to
6 underground. The results of the study has been
7 provided to legislature at the beginning of the
8 March 2005 session.

9 The secondary hurricane area of activity at
10 the commission involves tree trimming. The
11 commission routinely monitors tree trimming
12 practices of IOU's, and each IOU is required to
13 file an annual distribution report.

14 Areas addressed in that report include
15 vegetation management, combined with voltage
16 standards, electric outages, and customer
17 complaints.

18 In addition to the commission, they will
19 regularly review the commission initiated quality
20 of service audit of all the IOU's in September
21 2004.

22 The audit will provide a comprehensive report
23 on current utility management practices, customer
24 reliability, quality of service; and the audit
25 review for Progress is currently targeted for

1 October of 2005.

2 Lastly, I would like to mention that Progress
3 has notified the commission on January 2005 that it
4 will be filing an application for general rate
5 increase of base rates and they intend to file this
6 application by May 1st, 2005.

7 The service here today has nothing to do with
8 that request. When that petition is filed, it will
9 be handled in a separate file, separate docket, and
10 will include separate service hearings in the
11 future.

12 One other thing, I would just like to point
13 out with regards to the special report Miss
14 Brubaker handed out, that has been made available,
15 if you are not interested in speaking today, you
16 can still have your comments made.

17 There's an opportunity on the last page to
18 file your written comments. You can either hand it
19 to staff today, or if you will look on the back,
20 you can fold it, put a stamp on it, it will sent to
21 the commission, and will be included in this docket
22 for consideration. With that, that concludes my
23 presentation.

24 THE CHAIRMAN: Thank you, Miss Brubaker. You
25 stole my thunder. I'll let you off the hook.

1 While we are on the subject, and as become
2 tradition now, I will steal a little bit of
3 Mr. McGee's thunder, too, as well; because I always
4 fail to remind the audience, as you walk in, you
5 did see a table set up outside, which there are
6 Public Service Commission staffers prepared to give
7 you information, answer questions that you may have
8 about your service and about the Public Service
9 Commission in general; and, as well, there are
10 several Progress Energy employees, I believe they
11 are those at the back of the room holding what
12 seems to be their own board meeting back there.

13 But all kidding aside, there are several
14 Progress Energy employees, customer service
15 representatives in the back of the room. If you
16 have any issues with billing, any questions, any
17 particular problems that you want to address with
18 the company, please take advantage of them. They
19 are back there and they are in a good mood today,
20 so they are there to resolve whatever problems or
21 at least try, as they might, to resolve whatever
22 problems or issues you may have. With that,
23 Mr. McGee, go ahead, sir.

24 MR. MCGEE: I would like to introduce Dale
25 Oliver. He is Progress Energy's vice president for

1 the south central region. It's the region that
2 includes the surrounding area of Polk, Hardee, and
3 Highlands County; and Mr. Oliver will make a brief
4 presentation to the commission and the audience.

5 MR. OLIVER: Good morning. First of all, I
6 would like to thank the Public Service Commission
7 and staff for the opportunity to speak with you
8 today. I'd also like to thank our customers and
9 public officials that are in attendance today.

10 I will very briefly cover three points of our
11 message on our preparation for the storm, both from
12 the system and/or storm planning process, the
13 employee -- and the restoration efforts as well as
14 the cost recovery efforts.

15 After the merger in 2000, we undertook a
16 program, spending about 120 million dollars over
17 and above our normal spending to short the
18 infrastructure of the system, to provide new
19 facilities and technology for storm recovery as
20 well as normal operation.

21 During this time we did a lot of work, and
22 from the -- all indications, we received about a
23 20-percent improvement in our reliability numbers
24 from that. Our job, besides the daily business of
25 serving our customers, is to provide quick,

1 efficient, and safe storm recovery.

2 We take a lot of the pride in how we do that,
3 and we take that responsible very seriously. We
4 benchmark our performance with not only our peers,
5 but our sister company in the Carolinas, and we
6 have been recognized five times by national
7 industry associations, namely Edison Electric
8 Institute for our storm response and how we will we
9 do that.

10 Our storm plan really begins as storms are
11 forming, and we begin the monitoring process.
12 Seventy-two hours ahead of time we begin to get out
13 resources ready and start contacting outside
14 affiliates for resources and begin planning how
15 we're going to respond to the storm.

16 At 48 hours we begin to mobilize those
17 resources, and at 24 hours, as we're noticing any
18 changes in the storm, we make any final preparation
19 or any final changes to those response plans and
20 begin to move people into the areas where we're
21 going to need them. When the storm strikes, we are
22 ready.

23 Our storm restoration efforts really has three
24 main elements to it. The first is the damage
25 assessment. That generally occurs as soon as we

1 can safely get out after the storm has passed to
2 get out and take a look at the infrastructure, the
3 condition, and what kind of items are going to be
4 needed so we can get with stores and warehouse and
5 our resource people.

6 The restoration effort does begin in
7 conjunction with the cities and counties and
8 working very closely with them to assess the
9 priority of what needs to be restored.

10 We place priority on those areas where public
11 health and safety are an issue, as well as critical
12 public infrastructure, like hospitals, police
13 department, fire department, and those type
14 entities.

15 And, really, the third bullet, the
16 communications, probably the one that overshadows
17 everything. It begins before the storm, it
18 continues through the storm, and it still continues
19 today with our customers.

20 We do a lot of work in conjunction with the
21 city, county, and state EOC's. We man those
22 facilities 24 hours a day, seven days a week during
23 the storms, and provide our customers with
24 estimated times of restorations through those media
25 efforts and, really, all the communications that we

1 do throughout the storm.

2 As you can see from the chart, Hurricanes
3 Charley, Frances, and Jeanne really had a direct,
4 devastating effect on this part of the state. As
5 you can see, the eye passed probably -- of all
6 three of those storms, passed within ten miles of
7 the area that we're in today.

8 These storms all occurred within six weeks.
9 They were more than five million people in the 35
10 counties that we serve out of power. We had more
11 than 20 thousand resources, both Progress Energy,
12 other utilities and contractors, respond to these
13 storms.

14 We had more than 2600 miles of transmission
15 lines and 270 substations that were out of service;
16 and, despite the devastation and despite all the
17 obstacles that were in our way, on average we
18 restored all of these customers in less than three
19 days.

20 Locally -- and you could probably see some of
21 this as you drove in -- this area was devastated.
22 The areas of Highlands, Hardee, and Polk County
23 suffered the brunt of Charley, Jeanne, and Frances.
24 We -- in this area we had 630 transmission
25 structures down and had service out 83 substations.

1 In this area we had more transmission trouble
2 than anywhere else in the state. Transmission
3 trouble here was critical path to getting the
4 lights back on in a lot of these areas.

5 We -- just after the storm went through, a lot
6 of our employees who live in this areas whose homes
7 were devastated, they were out providing service
8 response to their neighbors and to their
9 communities, and the -- our efforts here with the
10 EOC were -- began before the storm, continued
11 through the storm.

12 We did a lot of work in a lot of the -- if you
13 move south into Hardee and Highlands counties, a
14 lot of work with the Hispanic Community,
15 hand-delivering messages and notices to help them
16 understand what was going on as well as providing
17 messages and information to all of the media
18 outlets in this service territory.

19 On the storm cost recovery filing, I think we
20 would all agree that this was an unprecedented
21 year, four storms in six-week time frame. Our
22 restoration effort was outstanding. We had a lot
23 of help. We did this in a -- we were very
24 responsive and were very safe in restoring service.

25 We did assume financial significant risk

1 during this in getting the economic engines back in
2 operation in all of these communities. Our cost
3 recovery was consistent with all the filing since
4 Hurricane Andrew.

5 In closing, if you look at the calendar, you
6 can see where storm preparation started prior to
7 Charley hitting on August the 13th and for, really,
8 two months we were involved in preparing for,
9 dealing with, and recovering from these devastating
10 storms.

11 I could not be more proud of the efforts of
12 our employees and our contractors. They did a
13 magnificent job during this time.

14 Let me close again by thanking our customers
15 and public offices by being here today. We
16 appreciate your feedback. Let me thank you, the
17 commissions, for your time; and at this time I'll
18 take any questions.

19 THE CHAIRMAN: Thank, you Mr. Oliver.
20 Commissioners, any questions?

21 (No response.)

22 Miss Christensen.

23 MS. CHRISTENSEN: Good morning, commissioners.
24 My name is Patty Christensen. I am with the Office
25 of Public Counsel. The Office of Public Counsel

1 has been created by the Florida legislature to
2 argue before the Public Service Commission against
3 rate increases.

4 We represent the citizens of the state of
5 Florida in this matter, and as you heard, Progress
6 is asking the commission to allow it to collect 252
7 million dollars from the customers for costs
8 Progress says are associated with the hurricanes.
9 As citizens' representatives, we are actively
10 looking at the cost Progress is asking to collect
11 from the customers.

12 We don't believe that all the costs Progress
13 wants to collect through an additional charge on
14 customers bills should be allowed. We have two
15 major issues with these costs.

16 First, it's our position that the customers
17 should only have to pay once for a service or
18 activity that Progress performs.

19 We believe that the evidence will show that
20 some of the cost Progress asked to collect through
21 an additional storm charge have already been paid
22 for by customers through base rates.

23 An example of this is Progress employees'
24 regular salaries. This is an example of
25 double-dipping, because Progress employees who

1 worked on storm-related repairs would have been on
2 the job for a portion of the storm period anyway,
3 their normal workday, even without the storms; so
4 the cost of Progress employees' regular salaries
5 already built into the base rates should not be
6 charged the customers again through an additional
7 storm charge. This example and others of
8 double-dipping should not be allowed. Second, we
9 believe that the cost of the hurricanes should be
10 shared fairly between the company and customers.

11 We disagree with Progress's position in this
12 case which would pass on almost 100 percent of the
13 cost associated with 2004 hurricanes to customers.
14 We believe that Progress should contribute a
15 portion of its earnings or profits to pay for the
16 cost of the storms.

17 There are several reasons for this position.
18 One, Progress signed a settlement in its last rate
19 proceeding in 2002 that said it would not ask for
20 an increase of base rates unless its return on its
21 investment first fell to ten percent.

22 Even with the 2004 hurricanes, Progress earned
23 well above ten percent to turn on its investment in
24 2004. Because of this settlement, Progress should
25 use its earnings above the ten percent return on

1 its investment towards the storm cost.

2 Second, even without the settlement, customers
3 should not have to bear close to one hundred
4 percent of the cost for 2004 hurricanes. Progress
5 has paid in base rates for the risk of doing
6 business in Florida. This risk includes the risk
7 of hurricanes.

8 So we believe that the customer should not
9 have to insure the company against all hurricane
10 loss, so it is only fair and reasonable that the
11 company should use its earnings above the ten
12 percent return on investments toward storm cost.

13 If the commission agrees with all citizens'
14 positions, this would result in a reduction of
15 store recovery request for 252 million to 123
16 million retail, a reduction of approximately a 128
17 million dollars. Thank you.

18 THE CHAIRMAN: Thank you, Miss Christensen.
19 At this point I think we're ready to move on to the
20 customer testimony. As I had mentioned earlier,
21 this is sworn testimony, so I'm going to ask all of
22 you that have signed up to make statements before
23 the commission, please stand up and raise your
24 right hand.

25 (Citizens sworn.)

1 THE CHAIRMAN: Miss Christensen, I know you're
2 holding a list of witnesses that are signed up, but
3 I do have one person that I need to call
4 beforehand, and that's Rocky Kitchens from the
5 Hardee County school district. Welcome.

6 MR. KITCHENS: Thank you for allowing me to
7 come and speak to the commission today.

8 THE CHAIRMAN: Good morning, sir.

9 MR. KITCHENS: I'm here on behalf of Progress
10 Energy and just to lend support to their case and
11 just to tell the commission how responsive they
12 were to our needs.

13 As you know, Wauchula, we are just -- in that
14 path that you saw there, I think we're just in the
15 middle of all of that. We had about 29 million
16 dollars worth of damage to six schools. We've
17 written 449 project work orders from FEMA now, and
18 we're on our way to recovery; but without Progress
19 Energy and without their help and the power being
20 restored in a timely manner, we couldn't have
21 gotten back into the schools.

22 What a lot of people don't understand, we had
23 North Wauchula Elementary School, there was 18
24 rooms flooded. We had stripped all of those down.
25 The governor told us to be back in those classrooms

1 in two weeks. We thought it was impossible; but
2 with the help of the communities and everybody, we
3 were able to do that. But when those classrooms
4 are flooded, if the power is not on before we bring
5 those kids back in, there's mold and mildew issues
6 that are terrible.

7 Progress Energy, we have four schools. Two
8 schools that Progress Energy served were the first
9 schools back online. They were very responsive to
10 our needs. I will have to say this: I've been in
11 the school system 34 years, and this is by far the
12 worst year that I have ever experienced.

13 I think they were responsive to the citizens
14 particularly in the Bowling Green area that they
15 were serving. We not only served the county with
16 educational needs; we have -- all six schools are
17 shelters, and I've learned more about generators
18 than I'll ever want to know.

19 I know that we don't have enough of them. I
20 have also learned that FCAT testing is not nearly
21 as important as air conditioning, and it has its
22 nobleness. Being without power two of the three
23 times of the three storms, well, we lost power on
24 all three storms in some areas, but two of the
25 three, we were out for quite awhile.

1 During that time -- I want to tell you just a
2 short story, and then I'll move on. I know you've
3 a lot of people to talk here. We were running the
4 shelters.

5 One student came up to me as we were closing
6 the last shelter, and it was a young girl in the
7 tenth grade, and said, Mr. Kitchens, where am I
8 going to go today? Are you are closing the shelter
9 down? Where will I go now?

10 I said, sweetheart, I think we're going to --
11 you're going to go to a church someplace.

12 Oh, well, will the school bus pick me up
13 there?

14 Sweetheart, I don't know exactly. We'll hope
15 so.

16 Will there be a place for me to dress?

17 And one of the things she asked, she said,
18 will there be electricity and running water for me
19 to clean myself? And I said, yes, sweetheart,
20 there will be.

21 But that's kind of it in a nutshell. But the
22 Progress Energy, you know, you help a lot of
23 people. Being responsive to our needs, we
24 appreciate that.

25 THE CHAIRMAN: Thank you Mr. Kitchens.

1 Questions, commissioners?

2 (No response.)

3 Thank you, sir. Miss Christensen.

4 MS. CHRISTENSEN: Ms. Franz-Gabriel.

5 MS. FRANZ-GABRIEL: Good morning, everybody.

6 My name is Donna Franz-Gabriel, and I am the
7 director of the Lake Wales Chamber of Commerce.
8 And I saw the slide a little while ago -- I hadn't
9 seen that in a little bit of time -- but it was
10 evident that Lake Wales experienced devastation
11 through all those storms.

12 I mean, I echo some of Dale's comments in that
13 to say the least, it was an unprecedented year for
14 storms and damage, and I am here because I want to
15 comment on the recovery efforts by Progress Energy
16 on both the business level and a personal level.

17 After Charley hit on Friday, I was in the
18 office Monday morning, running on a generator. My
19 phone rang, it was Chamber of Commerce down in
20 Myakka who had experienced Andrew, and they were
21 calling to see if they could help, and I said well,
22 what can I do?

23 They said, well, the first thing you need to
24 do is get information to your members and to your
25 community, so we began to work on that. We put

1 together a meeting at our high school, our local
2 high school. We had over 450 people attend that
3 meeting, which was -- and we had presenters from
4 FEMA who came out of the Orlando office, MDA
5 representatives who came from the Orlando regional
6 office, our county economic development department
7 F. Price, Florida insurance agents, the whole
8 gamut; and we also had representatives from
9 Progress Energy.

10 Also in the midst of just absolute chaos and
11 reconstruction efforts were going on, Jerry Miller
12 and Kathy Small both attended that meeting. They
13 took time to come in that evening meeting and were
14 sitting in the front row.

15 And, you know, I think the folks in Lake Wales
16 really appreciated the fact that they took the time
17 to come and address this group of people and
18 provide information.

19 I think they did a fantastic job. I don't
20 think any of us -- I don't think any of us in the
21 state of Florida, probably certainly central
22 Florida, could have anticipated or expected three
23 major storms in three weeks -- or six weeks. I'm
24 sorry. It was just beyond comprehension.

25 Progress Energy has been a great partner in

1 our community in a lot of areas, and I think their
2 restoration -- I don't know how they could have
3 done a better job.

4 And on a personal level, and one of the
5 reasons that I say that was that my husband was a
6 pilot at the Lake Wales Airport, and there was a
7 brief period of time in which the airport was
8 closed, or the start-up center where he flew was
9 closed due to the storm, and he helped the Progress
10 Energy folks who were out there with their aviation
11 department and helicopters in fueling these
12 helicopters.

13 We were both working late days; and on one
14 evening he called me, and he said, "There's still
15 about an hour and a half of daylight, and I am
16 going to be a little bit late, okay?" He said,
17 "The guys, they want to keep working, they want to
18 work until they can't absolutely work anymore, do
19 you mind if I stay an extra hour and a half or two
20 to keep fueling these guys and keep them working?"

21 "Absolutely not."

22 So I know from a first-hand level that
23 Progress Energy employees were working as hard as
24 they could possibly work, long days, into the
25 evening, to help everybody get back to normal. And

1 basically, that what was my comment.

2 THE COMMISSIONER: Thank you Ms. Franz. Any
3 questions?

4 (No response.)

5 Thank you so much for your time. Miss
6 Christensen.

7 MS. CHRISTENSEN: Mr. Patton.

8 MR. PATTON: Good morning, Mr. chairman,
9 commissioners. I'm Tom Patton. I'm the executive
10 director of the Central Florida Development
11 Counsel, which is a public-private partnership
12 between Polk County and its businesses.

13 I also act as truism director for the county.
14 I'm here to basically today, a day off for me, I'm
15 on vacation today, but I wanted to come in today to
16 talk to you about the extraordinary efforts that I
17 experienced from Progress Energy during the
18 hurricanes.

19 I think you're probably aware, the last time
20 we had a hurricane in Polk County, at least in my
21 experience, or my understanding, was 1960, and
22 Hurricane Donna; so to have three three hurricanes
23 with a two-month period was quite unprecedented.
24 Extraordinary is the word I prefer to use.

25 I worked with Dale and Jerry at the emergency

1 operation center a number of times in trying to
2 coordinate with a lot of people that were calling
3 me. Being the private-public partnership of
4 businesses, I was getting calls whenever they could
5 get through on their cell phone. I was getting
6 calls from local businesses wanting to know when
7 their power might be restored.

8 I'm on the hospital board at Heart of Florida
9 Hospital. Same thing, getting that same type of
10 phone calls from them. On a personal level, when I
11 wasn't working at the Emergency Operation Center or
12 setting up the Disaster Recovery Center, I was
13 working at a health care center in Haines City
14 where my 101-year-old grandmother was residing at
15 the time, trying to get them the supplies that they
16 needed after hours.

17 And quite frequently, the chain of
18 information, the communications that came from
19 Progress Energy back to me explaining to me the
20 details of how they had to restore the main lines
21 in order to get branch off and get into the
22 neighborhood and all, and I was able to watch, at
23 least in my home town, from Haines City, to watch
24 the power restored at the hospital followed by the
25 power being restored at city hall and the police

1 station, the fire department, then to the health
2 care center, and to my house.

3 And if I were to want to set a plan on how it
4 should happen, that's exactly what I would want to
5 happen; and to be able to witness that and to work
6 within that, I gained a lot of pride in working
7 with these people during the hurricanes to the
8 point to where -- and I am not just praising
9 Project Energy; I'm praising the other people who
10 came to our aid. It was almost militaristic around
11 here, watching the boom trucks come in from other
12 areas.

13 One day I was at the emergency operation
14 center and met with a line worker who said, boy,
15 I've seen some beautiful lakes, I wish I had a
16 fishing pole. And that clicked with me later on
17 with my truism side, and I want to show you what we
18 have done from the county's perspective.

19 We have gone out and visited a number of the
20 companies that came in and participated with
21 Progress Energy, Progress Energy included, and
22 presented them this plaque, and I would like to
23 read it to you. It says, "From our family to
24 yours, the citizens of Polk County, Florida, extend
25 to you our deep appreciation for your tireless

1 efforts in providing relief and hope during the
2 unprecedented 2004 hurricane season. Central
3 Florida's Polk County is brighter because of you."

4 I have been back to Energy Company in New
5 Orleans, I've been to Duke Power up in North
6 Carolina, I have been to Asplundh up in
7 Philadelphia, I've made a number of trips to go
8 present this to these companies who came to our aid
9 and Progress Energy and other companies here that
10 were trying to restore power, remove trees that had
11 fallen.

12 And I just, basically, wanted to take the time
13 today to come in and provide support to them for
14 what I believe was an extraordinary effort during
15 the hurricane season. Thank you.

16 THE CHAIRMAN: Thank you. Commissioners, any
17 questions?

18 (No response.)

19 Thank you, sir.

20 MS. CHRISTENSEN: Dr. Wright.

21 MR. WRIGHT: Good morning, commissioners. My
22 name is Clint Wright. I am the superintendent of
23 schools in Lake Wales Charter Schools, and I would
24 like to start my comment by saying thank you for
25 giving me the opportunity to come and talk about

1 such a great effort as to what I experience as
2 superintendant of schools and Lake Wales Charter
3 Schools on behalf of Progress Energy and the
4 efforts of Jerry Miller and staff.

5 As superintendent of schools, I was most
6 concerned when we were involved with having the
7 school shut down, not having running water, not
8 having electricity, not having an opportunity for
9 our children to excel academically; and one of the
10 things that I have often said to people about
11 schools in talking about testing and all that great
12 stuff, we just finished with FCAT -- as long as you
13 got FCAT, you going to have prayer; well, as long
14 as you have hurricanes, you are going to have
15 prayer, and we prayed a lot.

16 We prayed a lot in Lake Wales, because we were
17 so thankful that we had Progress Energy to work
18 with us, to expedite the expediency, getting our
19 schools back up and running and getting our
20 children back into the learning atmosphere.

21 I don't know how much you know what we are
22 doing in the great city of Lake Wales, but we have
23 the only charter conversion system in the state of
24 Florida, and with that system, we took on
25 personally and collectively the efforts to say that

1 we were going to move our schools, move our
2 children academic reading, and by getting them in
3 school, working hard, training, working with them,
4 providing them a more conducive classroom
5 environment.

6 We experienced so much trauma with those three
7 hurricanes, and there was not a time that I could
8 call on behalf of Progress Energy, on behalf of
9 Jerry Miller, and say, when is that school going to
10 be open, Jerry? We need to get back to books and
11 learning; and there was not a time he didn't say to
12 me, Clint, I'll get right back with you, we should
13 have you back up and running; and we moved very,
14 very, very quickly. That's because of the efforts
15 of what Progress did.

16 Folks, I can tell you something. When the
17 Titanic went down, it didn't matter whether you
18 were first class or last class. Everybody went
19 down together. And because we are able to stay on
20 top, because this community united itself and
21 because other communities came to help us, because
22 of industry such as Progress Energy, we were able
23 to stay afloat.

24 I live in a community outside of the immediate
25 Lake Wales community. I can't tell you how long I

1 went for days, over a week, without power. I had
2 to come to Lake Wales to get a bath. I had to come
3 to Lake Wales to get electricity. Didn't have it
4 in my area.

5 I don't go that far. I don't live all the way
6 down in Hardee County, but I live outside of that
7 immediate area, but I was able to get the benefits
8 of local running water, electricity, because they
9 were able to get the electricity and get the things
10 done.

11 I can only say to you on behalf of the school
12 system we are most grateful and we are most
13 indebted. We have the only shelter system in Lake
14 Wales for all of the citizens. In that gymnasium
15 we would have anywhere from seven to eight to a
16 thousand people in that gymnasium that we had to
17 provide food, and that we had to provide shelter,
18 and we had to provide water.

19 Again, I thank God for generators, too; but I
20 also thank God for Progress Energy. We were able
21 to feed those people, to give them some immediate
22 housing, to provide them with some form of medical
23 attention with the Red Cross and FEMA and with
24 other agencies coming in to help us, but folks,
25 we're very, very pleased.

1 I'm very pleased; and so I'm here to stand on
2 behalf of the Lake Wales Charter Schools to say I
3 am grateful, I am most appreciative, and I am
4 willing to do my part to contribute on behalf of
5 Lake Wales Charter Schools to do everything I can
6 to support Progress Energy in this endeavor. Thank
7 you. Questions?

8 MR. CHAIRMAN: Thank you, Mr. Wright. Thank
9 you for coming.

10 MR. WRIGHT: Can I take another hour?

11 MR. BRADLEY: Chairman, I can understand why
12 the students would be invigorating in the school
13 system. I felt invigorated just listening to him.

14 MR. WRIGHT: When they have fun, they get
15 things done. We try to make learning fun.

16 THE COMMISSIONER: Thank you, sir.

17 Miss Christensen.

18 MS. CHRISTENSEN: Miss Hill.

19 MS. HILL: I probably need to be sworn in
20 because I was not here when you did the major
21 swearing in of everybody.

22 THE CHAIRMAN: Thank you for pointing that
23 out.

24 (Sworn.)

25 MS. HILL: Good morning. My name is Betty

1 Hill, and I am the fixed base operator of the Lake
2 Wales airport. I also owned at the time the
3 Florida Sky Diving Center; and, of course, we have
4 Progress Energy there.

5 I received a phone call on August 13, that
6 evening, from our city police and our fire; and
7 they were asking me to see about closing the runway
8 at Lake Wales, and I said, why? And they said,
9 because we can't do it, the only one that can do it
10 is you, because you have the authority to do that
11 with the FAA.

12 And I said, what's going on? And they said,
13 Progress Energy is going to be setting up camp at
14 the airport, and we need your help.

15 I said, not a problem, because the reason why
16 I say not a problem is because I know what Progress
17 Energy has done for me as an airport and the
18 necessities that I have to have in emergencies, and
19 they are always there for me; so I can either call
20 Progress Energy and throw the name out, Jerry
21 Miller, and they usually help me get my electric
22 back up if we have a bad storm out there.

23 But, anyway, what they did is they came in and
24 they set a base up, and what an awesome experience
25 it is to see how they go about everything.

1 They were bringing in the huge generators for
2 the men and women that came there as a base camp to
3 set up to be able to put poles together at that
4 airport. Now, if you want to see something done in
5 darkness with generators, it's just incredible.

6 These guys, these women, came and they put
7 these poles together, and in the morning you had
8 these huge Sikorskys come in, flown by females, and
9 doing their job, it was just incredible. They
10 would pick one pole up at a time because they could
11 not get back to people that needed the poles to be
12 reset up for the lines to be reconnected, because
13 there was so much water, so much damage from the
14 trees being down, from the three -- that hurricane,
15 Charley, that had happened.

16 They were there with us probably for about two
17 months, I guess, based at the Lake Wales Airport.
18 There was semi after semi after semi lined up to
19 pick up the poles to take to other areas when the
20 other Sikorskys were not taking them in.

21 My staff worked endlessly, being able to help
22 them in any way that they need it, whether it was
23 fueling, whether it was any assistance that they
24 needed, we were there for them, because they always
25 are there for us.

1 It was just the day in and the day out of the
2 dedication of the men and women that were there as
3 far as being able to eat their food, portable
4 bathrooms, portable showers so these people could
5 continuously work to bring our electric back to the
6 devastation that we had.

7 Now, I had been hit pretty hard at Lake Wales
8 Airport. I lost everything I owned, and it's like
9 I lost all our hangars, all of our airplanes were
10 damaged, a lot of airplanes were destroyed; and
11 they even offered to help, you know, to get some
12 power to us so that we could take and operate so we
13 could take and be in contact with people that were
14 trying to my into the airport, not understanding
15 that we just had a major hurricane.

16 So Florida Power, to me, has been there for
17 us, they have been there for our community, and I
18 think they will always there and continue to be
19 there for us. They are quick on the call.

20 I -- you can call that 1-800 number. Usually,
21 somebody can get to you right away, and it is just
22 one of those things that I have to say, too, as you
23 did, is that I live in Winter Haven, and I know
24 that I had five or six days with no power where I'm
25 trying to get down to Lake Wales through all the

1 trees and everything that's going on just so that I
2 can take and be able to get a shower or whatever or
3 to get something where we had a little bit of
4 electric, and it was so important -- or so
5 heart-wrenching to see these people working as hard
6 as they did just to be able to take care of us and
7 our community and their surrounding areas with
8 Progress Energy.

9 I just know that they got our fueling back up,
10 our fueling station, you know, for people to come
11 in that didn't even -- like I said -- know that
12 anything was going on at the airport, they still
13 were able to come in and get fuel. And let me see
14 if I have anything else here.

15 I just have to say from the bottom of my heart
16 that I thank Progress Energy for all they did for
17 the Lake Wales Airport, the Lakes Wales area, and
18 our surrounding area, and they did a fantastic job.
19 So thank you.

20 THE CHAIRMAN: Thank you, Miss Hill.
21 Questions of miss Hill?

22 (No response.)

23 Thank you for your comments. Miss
24 Christensen.

25 MS. CHRISTENSEN: I have no further persons

1 signed up to speak.

2 THE CHAIRMAN: Commissioners, what say we
3 recess for 20 minutes, we'll come back at 11:05.
4 We are recessed.

5 (A 20-minute recess was taken.)

6 Hearing back to order. Any other witnesses
7 that had signed on to speak?

8 MS. CHRISTENSEN: I guess, Commissioner, I
9 have no other person signed up to speak.

10 THE COMMISSIONER: Is there anyone in the
11 audience that did not sign up to speak who would
12 like to make a statement before the commission?

13 (No response.)

14 Seeing none, I want to thank everyone that
15 came out, primarily the customers who came out and
16 gave us their input. We really do appreciate it.
17 They are very important for our considerations.
18 Thank you for the presentations of the parties.
19 Thank you to the staff. And as of now, we are
20 adjourned. Next meeting is at St. Pete tonight.

21 (The hearing was concluded at 11:07 a.m.)

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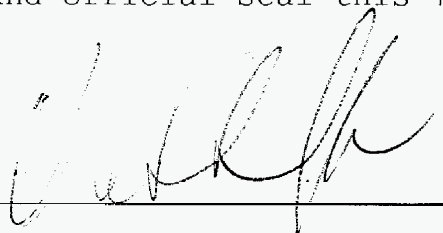
CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF SARASOTA)

I, VICKI SUE KITE, Certified Shorthand Reporter,
do hereby certify that I was authorized to and did
stenographically report the foregoing hearing and that
the transcript is a true and complete record of my
stenographic notes of the testimony given by the
witness.

I further certify that I am not a relative,
employee, attorney, or counsel of any of the parties,
nor am I a relative or employee of any of the parties,
nor am I a relative or employee of any of the parties'
attorneys or counsel connected with the action, nor am I
financially interested in the action.

WITNESS my hand and official seal this 19th day of
March, 2005.



Vicki Sue Kite, CSR
Notary Public, State of Florida
at Large