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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: APOPKA 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 15, 2005

TIME: Commenced at 6:00 p.m.  
Concluded at 7:17 p.m.

PLACE: City Council Chambers  
City Hall  
120 E. Main Street  
Apopka, Florida

REPORTED BY: NOELANI J. FEHR  
Notary Public  
State of Florida at Large  
Owen & Associates  
108 N. Magnolia Avenue  
Suite 501  
Ocala, Florida 34475

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APPEARANCES:

PATRICIA CHRISTENSEN, ESQUIRE, Office of Public Counsel, c/o The Florida Legislature, 111 West Madison St., Room 812, Tallahassee, Florida, 323-1400, appearing on behalf of the Office of Public Counsel.

JAMES MCGEE, ESQUIRE, Progress Energy Service Company, LLC., P.O. Box 14042 St. Petersburg, Florida 33733-4042, appearing on behalf of Progress Energy Service Company, LLC (St. Petersburg).

JEFFREY J. LYASH, Senior Vice President, Energy Delivery, Progress Energy Florida, P.O. Box 14042, CX2C1, St. Petersburg, Florida 33733.

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NUMBER:

Hearing Exhibit 2

Hearing Exhibit 3

ID.

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ADMTD.

## P R O C E E D I N G S

1  
2 MR. BAEZ: We'll go on the record. We call this  
3 hearing to order. Good evening. Counsel will read  
4 the notice.

5 MS. BRUBAKER: Pursuant to notice, this time and  
6 place has been scheduled to conduct a service hearing  
7 in Docket 041272-EI for the purpose of taking customer  
8 testimony. The purpose is set forth more fully in the  
9 notice.

10 MR. BAEZ: Thank you, Ms. Brubaker. Let me start  
11 by welcoming all of you today. As you know, we are  
12 here, this is a service hearing in part to take public  
13 testimony, customer testimony, regarding the petition  
14 by Florida Progress for storm cost recovery.

15 Again, I want to thank you for coming out. It's  
16 the evening. And it really takes, you know, wanting  
17 to come out to give public input to be here. We do  
18 appreciate it as the commission.

19 This is a very important part of our proceedings  
20 because this is, perhaps, the only opportunity that we  
21 have to hear from the customers on how they feel, and  
22 particularly in this case, as it will be outlined a  
23 little later in some of the presentations.

24 But to really hear about what -- what the  
25 public's perception of the company's performance, what

1 the public's perception of what the -- what the  
2 company's requests are, all of those things combined.  
3 This is one of the only opportunities that we have as  
4 part of the process to hear from the customers. So we  
5 really do appreciate those of you who took the time to  
6 come out here tonight.

7 My name is Braulio Baez. I am the chairman of  
8 the Public Service Commission. My colleagues are here  
9 in full force, thankfully. And my colleagues who are  
10 with me, starting to my left; Commission Lisa Edgar,  
11 Commissioner Rudy Bradley, Commissioner Terry Deason,  
12 Commissioner Charles Davidson. And -- and I think I  
13 can speak for them in thanking you for being here, as  
14 well.

15 This is a -- this is a hearing process, so those  
16 of you that are going to come and give public  
17 testimony, you will be sworn. Your testimony will  
18 become part of the record in this case, which will  
19 allow us to further consider your statements as part  
20 of our deliberations at a later date. So I'll be  
21 swearing you in in a little bit.

22 Before that, we're going to take appearances  
23 from -- from counsel for the several parties. We have  
24 not just the company's but the Office of Public  
25 Counsel is here representing the State. And we also

1 have a couple of other parties, I'm not sure if  
2 they're here at this moment, and they will be  
3 participating at this service hearing. But anyway,  
4 there are other parties involved in the case, as well.

5 We are going to be hearing some brief comments.  
6 I'll take this opportunity to ask the parties to keep  
7 your comments brief, to five or seven minutes, no  
8 longer than that, because we really do want to hear  
9 from the customers that are present today.

10 After the presentations, then we'll go ahead and  
11 take public testimony. Did I forget anything?

12 MS. BRUBAKER: I still think that we should take  
13 appearances.

14 MR. BAEZ: All right. Let's take appearances.  
15 Mr. McGee?

16 MR. MCGEE: Yes. Jim McGee, appearing on behalf  
17 of Progress Energy. My address --

18 MR. BAEZ: Question, can you hear all right?  
19 Because we're short of microphones. All right. If  
20 you can speak up for the court reporter.

21 MR. MCGEE: I'll try. My address is Post Office  
22 Box 14042, St. Petersburg, 33733. And as I said, I'm  
23 appearing on behalf of Progress Energy Florida.

24 MR. BAEZ: Thank you, Mr. McGee. Ms.  
25 Christensen.

1 MS. CHRISTENSEN: Patricia Christensen, appearing  
2 on behalf of the Office of Public Counsel.

3 MS. BRUBAKER: And Jennifer Brubaker, appearing  
4 on behalf of the Florida Public Service Commission.

5 MR. BAEZ: Thank you, Ms. Brubaker. At this  
6 point we'll go ahead and entertain the presentations,  
7 and we'll start with staff's presentation. And Staff,  
8 the rules apply to you, too, so go ahead and hit the  
9 high points for us.

10 MS. BRUBAKER: I'll try to be precise. Thank  
11 you, Chairman. As I read from the notice earlier,  
12 we're here today to take customer testimony in Docket  
13 041272-EI, which is the petition filed by Progress  
14 Energy Florida for approval of a Storm Cost Recovery  
15 Clause. The clause is being requested to recover  
16 expenditures incurred to recover from Hurricanes  
17 Charley, Frances, Jeanne, and Ivan.

18 Progress has requested to recover the excess  
19 storm damage cost over a two-year period. **And the**  
20 clause is also designed to recover the storm damage  
21 costs that are in excess of the amount that is  
22 contained in the utility's storm reserve, which I'll  
23 talk about a little bit more in a minute.

24 All of the large investor-owned electric  
25 utilities, or IOUs, have been accruing an annual



1 amount each year through base rates, which goes into  
2 the company's storm reserve.

3 After the damage caused by Andrew, the Commission  
4 allowed the electric companies, like Progress, to  
5 establish these storm reserves because insurance for  
6 transmission and distribution became unaffordable.  
7 Progress has been accruing six million dollars per  
8 year in its storm reserve.

9 Progress is requesting to recover possibly two  
10 hundred and fifty-one point nine million dollars. And  
11 in this slide you can see how the company has arrived  
12 at that amount. The total damage amounted to three  
13 hundred and sixty-six point three million, from which  
14 the company removed fifty-four point nine million  
15 which it capitalized. The company is not requesting a  
16 recovery through this petition for that capitalized  
17 portion.

18 The company also removed the non-retail portion  
19 of twelve point six million. Then it subtracted the  
20 amount that has accrued in the storm reserve over  
21 time, which is forty-six point nine million dollars.  
22 And the final amount is the amount in excess of the  
23 storm reserve, which is at issue in this proceeding.

24 Progress has included what they believe to be the  
25 expected impact on the average residential customer's

1 bill based on the usage of one thousand kilowatt hours  
2 per month. The first twelve months of recovery is  
3 expected to be approximately three dollars and  
4 eighty-one cents per month. The second year will be  
5 slightly less than three dollars and fifty-nine cents  
6 per month.

7 I would like to talk a little bit next about the  
8 commission hearing process itself, and how the  
9 Commission will process the company's petition to  
10 arrive at its final decision.

11 The process starts by the company filing its  
12 petition. And after the petition is filed, the  
13 Commission staff begins its discovery process. Also,  
14 Interveners, such as the Office of Public Counsel, the  
15 Sugarmill Woods Civic Association, the Florida  
16 Industrial Power Users Group have intervened in the  
17 docket. They are also involved in the discovery at  
18 this point.

19 Service hearings have been scheduled and are  
20 being held to hear from the customers. And finally a  
21 technical hearing will be held in Tallahassee. And  
22 that's scheduled for March 30th, 31st, and April 1st.  
23 During the technical hearing the company and the other  
24 parties will present evidence through witnesses as to  
25 how the issues should be decided for this case.

1           The purpose of the service hearing today is to  
2           hear from the customers of Progress Energy. The  
3           Commission is very interested in the testimony  
4           concerning the company's request.

5           And the Commission is also interested in the  
6           customers' opinion as to the company's efforts to  
7           recover from each hurricane and to restore the  
8           electric service.

9           The hearing, again, is to hear from you, the  
10          customer. The company interveners will have their  
11          chance to present their case when the -- when they  
12          present sworn testimony and evidence at the hearing in  
13          Tallahassee.

14          As Chairman Baez mentioned earlier, because this  
15          is a hearing it's much like a court proceeding. And  
16          those of you who speak today will be sworn as a  
17          witness, so your comments or testimony can be used in  
18          the proceeding and any further court challenges that  
19          might occur.

20          A little bit more about the technical hearing and  
21          what happens in Tallahassee. Before the hearing each  
22          party will be responsible for pre-filing testimony for  
23          any witnesses that they intend to present at the  
24          hearing.

25          As I mentioned before, they will be responsible

1 for conducting their own discovery, such as  
2 depositions of those witnesses. They must attend the  
3 technical hearing and present their witnesses who will  
4 be subject to cross examination.

5 Once the hearing is completed the parties will be  
6 responsible for filing legal briefs, which are a  
7 summary of the evidence that was presented at the  
8 hearing and how they believe the Commission, based on  
9 that evidence, should decide the case.

10 When the hearing is concluded the Commission  
11 staff puts together a recommendation for the  
12 Commissioners based on the evidence that has been  
13 presented at the service hearing and at the  
14 Tallahassee technical hearing.

15 The recommendation is filed and set for a final  
16 agenda before the Commissioners. There is no  
17 participation allowed of the parties at the final  
18 agenda conference. Only staff participates at that  
19 point. The final agenda for this docket is currently  
20 scheduled for June 14th, 2005.

21 Once the Commission makes its decision, its  
22 decision is set out in an order, and at that point any  
23 party may seek a review of that order by the Florida  
24 Supreme Court if they believe such an action is  
25 warranted.

1           Just to briefly comment on other hurricane  
2 related activities being before the Commission. The  
3 first deals with underground power lines. Currently  
4 customers' existing rates are based on the cost of  
5 overhead facilities.

6           The cost of converting to underground has always  
7 been born by the requesting customers to avoid  
8 subsidization. Currently, the Commission is  
9 conducting a study of the cost of IOUs converting to  
10 underground. And if I am correct, I believe the  
11 results of the studies have been given to the  
12 legislature at the beginning of the March 2005  
13 session.

14           Another area of the Commission's monitoring  
15 relates to tree trimming. The Commission routinely  
16 monitors tree trimming. Each IOU is required to file  
17 an annual distribution liability report. The areas  
18 scrutinized in that report include vegetation  
19 management, compliance with voltage standards,  
20 electric outage causation, and customer complaints.

21           In addition to the annual liability review, the  
22 Commission initiated a quality service audit of all  
23 IOUs in September 2004. Progress's review is targeted  
24 for completion in October 2005, and should provide a  
25 comprehensive report on current utility management

1 practices affecting the liability and quality of  
2 service.

3 Last, I want to mention that Progress notified  
4 the Commission in January 2005 that it will be filing  
5 an application for a general rate increase to its base  
6 rates. They intend to file this application by May  
7 1st, 2005.

8 The service hearing tonight does not have to do  
9 with that request. When that petition is filed it  
10 will be handled in a separate docket, a separate  
11 filing, and separate service hearings will be  
12 scheduled to discuss that application.

13 And Chairman Baez, that concludes my  
14 presentation.

15 MR. BAEZ: Thank you, Ms. Brubaker. Thank you,  
16 Ms. Brubaker. There's something I failed to mention,  
17 for those of you who may be pressed for time, there  
18 are a couple of other ways that you can get your  
19 comments before the Commission.

20 If you received, or saw as you walked in, some  
21 blue summary materials that are handouts, there's a  
22 page at the back that you can write your comments in  
23 and leave them with the Commission staffer standing  
24 outside. And they'll be entered into the case file.

25 As well, you can also access -- access the

1 Commission electronically and leave your comments that  
2 way, for those of you who are pressed for time. We  
3 have other ways of getting your comments before the  
4 Commission and Commissioners.

5 Now, Mr. McGee, your presentation.

6 MR. MCGEE: Yes. Thank you, Mr. Chairman and  
7 Commissioners. I'm here to introduce Mr. Jeff Lyash.  
8 Jeff Lyash is Progress Energy's Senior Vice President  
9 for Energy Delivery. He's responsible for all four of  
10 the operating regions throughout the State of Florida  
11 that Progress Energy operates in. And he will provide  
12 a presentation.

13 I would like to mention that for those customers  
14 who have specific questions about their -- about their  
15 account, about the service, about restore --  
16 restoration activities that affect them specifically,  
17 we have customer service representatives here who have  
18 online terminals that are in the next room and can  
19 provide that kind of information.

20 If you have questions that aren't available that  
21 don't have answers available through the online  
22 facilities, we will conduct an investigation and  
23 attempt to provide each customer a response within  
24 twenty-four hours. We will also provide that  
25 information to the Commissioners. Thank you.

1 MR. BAEZ: Mr. Lyash.

2 MR. LYASH: Thank you. Good evening. I would  
3 just like to thank the Commission and especially the  
4 local elected officials and the citizens in attendance  
5 tonight for taking time out in your day to give us  
6 feedback and to address this important issue.

7 The preparation for hurricanes really starts long  
8 before the hurricanes. It involves making sure we  
9 have a reliable system. And to that end we invested  
10 one hundred and twenty million dollars above base over  
11 the last three years to ensure the quality of the  
12 system. And that has paid for itself in yielding  
13 improvements in reliability.

14 In addition to preparing the system, we work hard  
15 to prepare for storm plan. We have a structured storm  
16 plan that addresses all our jurisdictions in North and  
17 South Carolina and Florida, benchmark against industry  
18 best backed practices. And, in fact, our performance  
19 has been recognized on five occasions by EEI over the  
20 last four years for excellence in storm response.

21 Really our -- our efforts begin well in advance  
22 of the storm. At the seventy-two hour point we are  
23 identifying resources that are going to be brought to  
24 bear based on our damage assessment.

25 At forty-eight hours we are mobilizing, moving



1 those resources to staging sites.

2 And at the twenty-four hour period, we're fine  
3 tuning those resources based on storm track. So our  
4 commitment of manpower and materials begins days in  
5 advance.

6 As the storm passes we get into storm  
7 restoration. And we have three major objectives here.  
8 The first thing we want to do is get a good damage  
9 assessment done, so we know the real impact of the  
10 storm. If additional resources are necessary, we cast  
11 a net more broadly until we get them.

12 During this phase, while we're doing damage  
13 assessments, we also work very closely with local  
14 communities to support them in clearing roads and  
15 opening up access to their citizens.

16 We then prioritize; again, working closely with  
17 the EOCs, the sequence of restoration, focusing first  
18 on the system backbone, critical infrastructures, such  
19 as hospitals, and then ultimately on restoring the  
20 most number of people in the least amount of time.

21 What we don't consider here is, while we spend  
22 money prudently, we don't really consider the  
23 aggregate cost in prioritizing the restoration. We  
24 understand that that's an issue to be dealt with  
25 later.

1           We communicate with our customers very closely to  
2 make sure they know the status of our response and we  
3 understand their priorities.

4           Of course, we all know that the 2004 hurricane  
5 season was unprecedented. Four destructive major  
6 storms in just six weeks affecting five million people  
7 in our thirty-five county service territory. We  
8 brought over twenty thousand people there in the  
9 response. And even that, if you were an impacted  
10 customer your average time without service, average,  
11 is less than three days.

12           We're here on Apopka tonight. This storm had  
13 more than just a broad impact across our thirty-five  
14 counties. It had very specific impacts here, in  
15 Volusia, Seminole, Orange, and Osceola counties.

16           We -- we worked very closely with our customers  
17 and elected officials. And while we're proud of our  
18 response, we're not satisfied, and we actively sought  
19 out feedback; and, in fact, made course corrections to  
20 improve our response.

21           One issue I might cite is the Orange County EOC  
22 had a meeting to get a more detailed understanding of  
23 exactly where power was being restored so that they  
24 could redeploy their resources, ice, water, police,  
25 curfews, from areas that were either restored or would

1 be restored shortly to areas that were more in need.  
2 We were able to produce some projects at their request  
3 to help us do that.

4 Given all that, we are filing for storm cost  
5 recovery. I think it's important to note that really  
6 these -- this sequence of hurricanes, again, is  
7 unprecedented. It's not something that has been  
8 experienced, certainly by our own company or these  
9 citizens, and not for quite a long time in the United  
10 States.

11 As I said, we're proud of our restoration effort.  
12 We think we did a good job, although, as in all cases  
13 we have lessons to be learned and we'll act on those.

14 I know that you will hear arguments that not all  
15 of these costs should be passed on to rate payers,  
16 that our shareholders should assume risks. We believe  
17 that we're filing and following this process  
18 consistent with what was laid out after Hurricane  
19 Andrew. And that the cost that we accumulated were  
20 both prudent and recoverable.

21 We experienced costs during the hurricane that  
22 are not part of this recovery, for work that we did  
23 not do during that two month period, was displaced in  
24 time, and we are still doing today. The revenues that  
25 we lost during that period of time are lost forever.

1           This calendar is the two months where we were  
2           experiencing these hurricanes. And what you can see  
3           here is that for that eight week period we were either  
4           engaged in preparing for, dealing with, or recovering  
5           from a hurricane.

6           Again, we felt as though our performance was  
7           good, our expenditures were prudent. We put the  
8           system in a position that it needed to be in prior to  
9           the storms. We implemented a good storm plan. We  
10          listened to our customers. And where they had  
11          feedback, or suggestions, for improvement, we  
12          incorporated those going forward, oftentimes between  
13          storms.

14          We believe that the cost we're seeking to recover  
15          were all prudently incurred, and that our filing is  
16          consistent with the process that's been laid out.

17          I thank you for your time. And I look forward to  
18          hearing the feedback from our customers here this  
19          evening.

20                 MR. BAEZ: Thank you, Mr. Lyash. Ms.  
21                 Christensen.

22                 MS. CHRISTENSEN: Good evening. My name is Patty  
23                 Christensen. I'm with the Office of Public Counsel.  
24                 The Office of Public Counsel has been created by the  
25                 Florida legislature to argue before the Public Service

1 Commission against rate increases. **We represent** the  
2 citizens of the State of Florida in this matter.

3 As you have heard, Progress is asking the  
4 Commission to allow it to collect two hundred and  
5 fifty-two million dollars from the customers for the  
6 cost Progress says are associated with the hurricanes.

7 As citizens' representatives we are actively  
8 looking at the cost Progress is asking to collect from  
9 the customers. We don't believe that all of the costs  
10 Progress wants to collect through an additional charge  
11 on customers' bills should be allowed. We have two  
12 major issues with these costs.

13 First, it is our position that the customers  
14 should only have to pay once for a service or activity  
15 that Progress performs. **We believe the evidence will**  
16 show that some of the costs Progress asks to collect  
17 through an additional storm charge have already been  
18 paid for by the customers through base rates.

19 An example of this is Progress employees regular  
20 salaries. This is an example of double dipping,  
21 because Progress employees who worked on the  
22 storm-related repairs would have been on the job for a  
23 portion of the time anyway, their normal work days,  
24 even without the storms.

25 So the cost of Progress employees regular

1 salaries already built into base rates should not be  
2 charged to the customers through -- again, through an  
3 additional storm charge. This example and others of  
4 double dipping should not be allowed.

5 Second, we believe that the cost of the  
6 hurricanes should be shared fairly between the company  
7 and the customers. We disagree with Progress's  
8 position in this case which would pass on almost one  
9 hundred percent of the cost associated with the 2004  
10 hurricanes to customers. We believe that Progress  
11 should contribute a portion of its earnings, profit,  
12 to pay for the cost of the storms. **There are several**  
13 reasons for this.

14 One, Progress signed a settlement in its last  
15 rate raise in 2002 that said it would not ask for an  
16 increase in base rates unless its return on its  
17 investments first fell to ten percent.

18 Even with the 2004 hurricanes Progress earned  
19 well above a ten percent return on its investments in  
20 2004. Because of this settlement Progress should use  
21 its earnings above the ten percent return on  
22 investment towards the storm cost.

23 Second, even without the settlement, customers  
24 should not have to bear close to one hundred percent  
25 of the cost for the 2004 hurricanes. Progress is paid

1 in base rates for the risk of doing business in  
2 Florida. This risk includes the risk of hurricanes.  
3 So we believe that the customers should not have to  
4 insure the company against all hurricane losses.

5 So it is only fair and reasonable that the  
6 company should use its earnings above the ten percent  
7 return on its investment toward storm costs.

8 If the Commission agrees with all of citizens'  
9 position, this will result in a reduction of the storm  
10 recovery request from two hundred and fifty-two  
11 million to one hundred and twenty-three million  
12 retail, a reduction of one hundred and twenty million.  
13 Thank you.

14 MR. BAEZ: Thank you, Ms. Christensen. At this  
15 point we're ready to take testimony. All those of you  
16 that are going to testify before the Commission, we're  
17 going to swear you in.

18 As Ms. Brubaker mentioned, this is a hearing.  
19 The statements made are going to be made part of the  
20 record for our deliberations. So if you would stand  
21 and raise your right hand.

22 In this matter before the Florida Public Service  
23 Commission do you swear or affirm that you will tell  
24 the truth and nothing but the truth.

25 (Thereupon, the audience members responded

1 affirmatively.)

2 MR. BAEZ: Thank you. All right. We have -- we  
3 have a few public officials that I will simultaneously  
4 acknowledge and thank you for being here, and also  
5 call them up to make their comments or statements. I  
6 am going to try and take them in the order that I  
7 received them as much as possible, and try to pay due  
8 respect to the -- to them all the way.

9 Mayor Bundy of Longwood. Come on up, sir. Thank  
10 you for coming.

11 MR. BUNDY: Thank you. Thank you, Chairman Baez  
12 and other Commissioners. It's a good opportunity to  
13 speak before you regarding primarily my -- my remarks  
14 are towards the recovery efforts, and preparation and  
15 recovery efforts that we experienced in the City of  
16 Longwood.

17 Under -- under the preparation, I know that prior  
18 to Charley, which was the first storm to hit, Progress  
19 Energy had their crews out doing as much tree trimming  
20 as was humanly possible. They were securing  
21 facilities. They established lines of communications  
22 between myself, our staff, and the key personnel  
23 with -- with Progress Energy.

24 They set up a coordination effort. And they also  
25 set up a community policy with us. Under



1           communications we received the cell phone numbers of  
2           all their key personnel. They were available to us  
3           twenty-four hours a day. And I know that I personally  
4           woke a few of them up in the middle of the night on  
5           occasion.

6                     And we were kept constantly apprised of updates  
7           in the restoration schedule. What areas were coming  
8           online when. What areas they were working on. And  
9           the damage assessments.

10                    Under their coordination we were out -- I know  
11           that immediately after Charley came through on Friday  
12           evening, I was out, as well as my fellow commissioners  
13           were out, in driving the streets, tagging downed power  
14           lines, marking trees, letting our public work staff,  
15           letting our administrator know what we had -- what we  
16           had seen.

17                    The only people I saw out more than our staff  
18           were Progress Energy people doing their damage  
19           assessments. They did a -- an outstanding job of  
20           setting up the areas, locating the areas, that were  
21           most critically hit, and establishing a plan for the  
22           restoration of power in those areas.

23                    They did what I consider to be an outstanding job  
24           of prioritizing. Now, I can speak from this  
25           personally because in Longwood I happen to be in a

1 feeder line or a service section of the grid that was  
2 hit very hard. I was without electricity for almost  
3 eight days.

4 So although my wife and my daughter complained  
5 somewhat about being without electricity, I knew that  
6 according to priorities that things were proceeding  
7 as -- as they had planned.

8 The order was always, first, public health,  
9 hospitals. We have -- South Seminole Hospital is  
10 based -- is based in Longwood. And that was a  
11 critical need. We have five nursing homes in the City  
12 of Longwood. It's a city, a population base of about  
13 fourteen thousand people, but we have five nursing  
14 homes. A couple of them have acute care facilities on  
15 them. They have priorities.

16 Our list stations for our sanitary sewer system  
17 and our pumping -- pump system for our water supply  
18 system, as well as our treatment facilities for our  
19 water, were given priority.

20 The next priority was public safety issues,  
21 traffic signals. They tried to coordinate with us  
22 which areas on the grid had -- were powering the  
23 traffic signals so that traffic as -- as it began to  
24 flow again could proceed in a safe and orderly manner.

25 The third thing that they helped us out with

1 quite a bit was communications systems recovery. We  
2 have, of course, our emergency personal, all of our  
3 city staff, everything that's based, as with modern  
4 technology, is based on computers.

5 And we were running. The city had generators to  
6 operate, but they set a priority in getting  
7 electricity installed back on -- on our infrastructure  
8 so that we didn't have to worry or be concerned with  
9 the communications problems that were experienced, I  
10 know, in talking with commissions in other areas of  
11 Florida that we didn't experience very many of those  
12 problems at all.

13 In the community I can't say enough about what  
14 their personnel did. They were constantly willing to  
15 try to assist people in getting relief that was  
16 necessary. Our people would come out and give their  
17 workers ice, water, a cold beverage if they had it.  
18 Their people were taking ice, water, off their trucks  
19 and giving it to our residents who did need it.

20 Even more important than that, on multiple  
21 occasions they passed on information to me about  
22 residents in Longwood that had special needs that we  
23 had not been able to identify prior to the storms that  
24 had a -- a situation that it was critical that they  
25 get some sort of aid that was not exactly electricity

1 related.

2 So by passing that information on to me, I could  
3 pass it on to our staff or other people in the  
4 community that were in a position to -- you know, to  
5 get this aid.

6 People with health issues that didn't evacuate  
7 their homes, that didn't go to the -- to the shelters,  
8 they were able -- we were able to get generators  
9 supplied to the residents that were in critical need  
10 of this.

11 Once again, much to my wife's chagrin, because I  
12 failed to secure a generator for my own house. But I  
13 paid the price for that.

14 As to the cost recovery, as a city we're still  
15 going on with the issues. We had just in cleanup  
16 alone in a city, once again, the size of Longwood,  
17 with fourteen thousand people, approximately five  
18 square miles in area, our recovery -- our cleanup  
19 costs were in excess of three million dollars. So  
20 we're still -- we're getting money promised to us from  
21 FEMA. We've gotten some money. We're waiting for  
22 other money.

23 And we are presently evaluating what the  
24 economic -- the long-term economic impact is on the  
25 city. We're in pretty good shape financially. We

1 were able to pay for the recovery out of our reserves.  
2 We maintained a fairly high level of resources in our  
3 general fund reserves.

4 So we were not faced with the situation that some  
5 cities were faced with in having to go out and borrow  
6 money on the short term, and then wait for FEMA to get  
7 the money to them. And even that is not going to be  
8 one hundred percent of it. There are costs that we'll  
9 never recover from FEMA there.

10 That -- and I know that the Public Counsel made a  
11 remark about the rate payers not having to pay one  
12 hundred percent. And I'm sure that you will sort that  
13 out and -- and decide what is fair for Progress Energy  
14 to recover.

15 But I know that in our case our rate payers, or  
16 our customers, are our residents and taxpayers, and  
17 they're going to have to pay one hundred percent of  
18 it.

19 The city, it is a -- in a government entity we  
20 are owned completely by the residents of our city, so  
21 they're going to have to pay one hundred percent of  
22 that, whether it's in fee increases, or if it's in tax  
23 increases. Hopefully, it won't come to that.

24 We -- we felt so highly about -- and I don't want  
25 this to sound like a commercial for Progress Energy,

1 because a couple of years ago when we were involved in  
2 litigation it wouldn't have sounded that way.

3 But we were so impressed as a city with the  
4 service that we got from Progress Energy that after  
5 the storms were over, I proposed it to the Commission  
6 and they passed it unanimously, we presented to  
7 Progress Energy representatives a certificate of  
8 appreciation for all the efforts that they had done in  
9 the city.

10 I also note being on the Board of the Seminole  
11 County Chamber of Commerce that Progress Energy -- and  
12 not just for the storm-related service restoration  
13 efforts that they made, because they are a vital  
14 member of the community and support a lot of things --  
15 but they were named the business of the year in  
16 Seminole County by the Seminole County Chamber of  
17 Commerce.

18 They were also -- the vice president for the -- I  
19 think it's the North Central region -- Region, how  
20 they divide it up, Mr. Billy Raily was named the  
21 business person of the year in Seminole County.

22 So in Longwood we don't want to pay any higher  
23 rates than we have to on electricity, but we  
24 realize -- or I realize, and I'm not going to try to  
25 speak for all fourteen thousand people -- but I do

1 realize that -- that -- that a good portion of these  
2 costs have to be passed along because that's --  
3 somebody has to pay it. **There are no free lunches.**  
4 It has to be paid.

5 And I'm -- as I said before, I'm sure that you  
6 will be able to sort out what is fair and equitable  
7 for the rate payers to absorb and what would be fair  
8 and equitable for their shareholders to absorb.

9 Once again, I thank you for the opportunity to  
10 speak to you. **And if there's anything** I can do to  
11 help you out, just please let me know.

12 MR. BAEZ: All right. Commissioners, questions  
13 of the mayor?

14 MR. BRADLEY: I have just one question. How many  
15 times was your city impacted by --

16 MR. BUNDY: Three times.

17 MR. BRADLEY: Okay.

18 MR. BUNDY: We were hit by Charley, Frances and  
19 Jeanne, so we were hit -- hit three times.

20 Hopefully, if it was a test that we were given as  
21 to how well we'd fare under -- under emergency  
22 management, I hope we passed the test. I don't want  
23 to have to retake the exam next -- this year.

24 MR. BRADLEY: One other question. You made  
25 mention of the fact that I guess there are going to be

1           some additional costs that are going to be associated  
2           with your hurricane preparedness that the citizens are  
3           going to -- that they're going to have to bear the  
4           cost of that.

5           MR. BUNDY: Absolutely.

6           MR. BRADLEY: Can you give me some -- some ideas  
7           as to what your city is going to do in order to be  
8           better prepared?

9           MR. BUNDY: Well, what we have done and we -- the  
10          Commission directed our staff to, because this was the  
11          first time that anybody in our city had -- had been  
12          in -- we had all been through hurricanes before, but  
13          none of us from our city -- from our commission, to  
14          our city administrator, our police chief, our fire  
15          chief, none of us had been in any positions of  
16          authority where, you know, we were -- our concerns --  
17          the last time a storm came through, **my concern was**  
18          worrying about my family --

19          MR. BRADLEY: Uh-hmm.

20          MR. BUNDY: -- and making sure that my home and  
          my business were protected. And this time around we  
          all had multiple responsibilities, not just for our  
          families but for everybody else's family and business  
          and properties.

          And although our staff takes emergency training,



1           our -- our fire fighters, our -- all our public safety  
2           people, we directed them to write a manual --

3           MR. BRADLEY: Okay.

4           MR. BUNDY: -- because there was nothing on the  
5           shelf for us to pull out and say, okay, in case this  
6           happens, do this; in case this happens, do this.

7           So we have instructed them to prepare a manual.  
8           What -- and an evaluation. We had a town hall meeting  
9           where we invited our residents to come in and give us  
10          a critique on it. Tell us what went right, and more  
11          importantly tell us what went wrong.

12          And we know we did -- and -- and with the storms  
13          coming in fairly rapid succession the lessons learned  
14          in the first one were applied to the second one, and  
15          then when we learned further lessons, then they were  
16          applied.

17          But we are creating a manual, an emergency  
18          preparedness manual, specifically for hurricanes and a  
19          system whereby that the -- hopefully, I will be long  
20          gone before and I won't be in that position the next  
21          time we're faced with this, if ever -- but so that the  
22          people or the personnel at that time won't have to  
23          kind of fly by the seat of their pants, so to speak,  
24          to -- you know, to do it. That's the biggest lesson  
25          we learned.

1           The other thing that we really -- was a big  
2 sticking point is that I know that the media did a  
3 good job with Charley. They did. And with each storm  
4 the efforts became better and better with each storm.  
5 As they say, practice makes perfect.

6           But being able to have updates from television,  
7 from radio, only works if you have electricity. So we  
8 have decided that we're going to establish a series in  
9 main locations in the city, a system whereby we can  
10 put up manual signs to allow people -- to let people  
11 know where ice and water are available, you know, key  
12 information. I think communications is probably the  
13 biggest area for improvement for our city.

14           MR. BRADLEY: Thank you, Mr. Mayor.

15           MR. BAEZ: Thank you, Mr. Mayor. I really  
16 appreciate you coming in. I am troubled by the fact  
17 that you had to wake up some Progress employees in the  
18 middle of the night. I was assured by the company  
19 that nobody would be sleeping during the middle of the  
20 night.

21           MR. BUNDY: Well, when I -- when I -- when I woke  
22 them -- when I woke them up they may have been driving  
23 around the city, so. They -- I can assure you, we got  
24 rapid response.

25           And it was one thing, I know that I was out

1 Friday night and Saturday morning until about 4:30 in  
2 the morning. And about six o'clock I got a call  
3 from -- from Progress Energy, from Billy Raily,  
4 letting me know that there were thirty-five hundred  
5 people on the way to help. So, you know the response  
6 was -- you know, as I thought, was outstanding. I  
7 don't know. You know, I have nothing to compare it to  
8 because we've never had been through something like  
9 this before.

10 MR. BAEZ: I really do appreciate your comments.

11 MR. BUNDY: Thank you.

12 MR. BAEZ: And you gave us a lot of information.  
13 Thank you. Next I have Dr. Vogel from Seminole County  
14 Public Schools. Welcome, sir.

15 MR. VOGEL: Thank you very much. It's my  
16 pleasure to express appreciation to Progress Energy  
17 for the outstanding job they did in restoring power to  
18 all of our schools. We also were hit by three  
19 hurricanes.

20 Each of the hurricanes provided its own set of  
21 challenges. One, of course, went through very fast.  
22 We had a lot of wind damage. We had tornado damage.  
23 The second one with flooding rain. And the third one  
24 hit an entirely different part of our county and  
25 caused a lot of damage there.

1           So in each case Progress Energy responded in a  
2 way that I just couldn't believe after each storm.  
3 After the first storm Billy Raily called me on my  
4 cell phone and invited me down to their Operations  
5 Center. And immediately they start their damage  
6 assessment. We had our maintenance people out also  
7 checking on our schools. And we had a very  
8 coordinated effort because we had determined what  
9 schools did not have power. And Progress Energy could  
10 determine from their sites what schools we needed to  
11 have people on site. They responded it seemed like  
12 almost immediately, and then our people went out and  
13 checked to make sure power was restored.

14           We set priorities at schools which were used as  
15 shelters because we had little stations to deal with.  
16 And so we got all those schools up first as a  
17 priority. And we were able to get our schools up  
18 because of the miraculous work that they did in short  
19 order.

20           And this occurred after every storm. We got into  
21 the same routine. And it was a highly effective  
22 system of restoring power to our schools.

23           And I can tell you that on the last storm it was  
24 three o'clock in the afternoon, and we were very  
25 anxious to get our students back in school the next

1 day. And that was Hurricane Jeanne.

2 And I called Billy Raily at three o'clock. And,  
3 of course, you know, we have to make all the  
4 announcements to make sure everyone knows. I asked,  
5 Billy can we do it? He said, you can count on  
6 Progress Energy. And that next morning every school  
7 was up and running. We notified the parents and  
8 everybody was happy with it. And I cannot believe  
9 that they never let us down.

10 Two things that really helped our schools because  
11 of the quick restoration were; one is we had  
12 minimum -- and actually, I don't recall a single case  
13 of mold and mildew that -- that came about because we  
14 had the power up and we had the air conditioning  
15 running.

16 And the second, it created a sense of normalcy  
17 with parents so parents could go ahead and attend to  
18 what they had to do to secure their homes and make  
19 arrangements for repair when their children were back  
20 in school. So I rate them as an A plus job in  
21 restoring power to Seminole County Public Schools.  
22 Thank you.

23 MR. BAEZ: Thank you, Dr. Vogel. Commissioner,  
24 any questions?

25 MR. BRADLEY: Yes.

1 MR. BAEZ: Commissioner Bradley.

2 MR. BRADLEY: You made a very interesting  
3 comment. So basically with the quick response or  
4 quick turnaround time in your opinion would have to be  
5 equated to that Progress prevented probably some  
6 structural problems that could have developed as a  
7 result of mold and mildew if you had not had a quick  
8 turnaround by Progress Energy?

9 MR. VOGEL: That is absolutely correct. And  
10 we're proposing that other school superintendents and  
11 other districts that became, and still is in some  
12 school districts, a major problem they're facing right  
13 now. **Because you know what happens once the mold and**  
14 **mildew come in. It's very difficult to go ahead and**  
15 **abate that.**

16 MR. BRADLEY: Thank you.

17 MR. BAEZ: Any other questions? Thank you,  
18 Dr. Vogel. Thank you for coming today.

19 MR. VOGEL: Thank you very much.

20 MR. BAEZ: I have Mayor Walters from the City of  
21 Oviedo. Good evening, Mayor Walters.

22 MR. WALTERS: Good evening. I apologize. I came  
23 in a little bit late, but I think I am going to get  
24 the award for coming the furthest tonight. **And that's**  
25 a long haul at five o'clock in the evening.

1 Well, I would just like to echo the words that  
2 both Mayor Bundy and Superintendent Vogel presented to  
3 you. I think that the recovery effort of Progress  
4 Energy was exemplary. I couldn't -- it surpassed my  
5 expectations.

6 When we got out from under the bed and hunkering  
7 down after Charley -- and Charley, by the way, went  
8 right over. I mean, we were ground zero for Charley.  
9 It went right overhead.

10 As a bit of a background, Oviedo is about  
11 thirty-one thousand population. The good news is,  
12 we've been a tree city for thirteen years. The bad  
13 news is -- is when Charley goes through it takes out a  
14 lot of those trees. So we had devastation in many,  
15 many neighborhoods. And, of course, that interrupted  
16 power.

17 When we -- when the sun came up the morning  
18 after, the power was out, the telephone was out, and  
19 even my cellular phone was out. The first thing to  
20 come back of those three entities was my cell phone.  
21 And when I, you know, went to get my voice mails,  
22 voice messages, the first message I had was from  
23 Sophia O'Keef from Progress Energy asking if she could  
24 do anything for us and gave me her secret number so I  
25 could call her right away, which I did.

1           But that was just a good example of the  
2           communication that we had during all three storms.  
3           And we also were hit by all three storms. Sophia came  
4           out. We had a pseudo-emergency council meeting after  
5           Charley, trying to just, you know, get our arms around  
6           what we needed to do.

7           Sophia came out with a chart much similar to that  
8           one on the easel there. Explained to us, you know,  
9           how they need to prioritize and gave us some  
10          expectations of when we should expect power back, and  
11          so on and so forth.

12          But again, as Mayor Bundy said, they communicated  
13          with us things that we had overlooked within our  
14          community. And if their folks saw it, they  
15          communicated that to our -- our emergency center. So  
16          they were very helpful, and we very much appreciated  
17          it.

18          Let's see. I think that's pretty much it. I'll  
19          just go on to say that the communication was just  
20          excellent. And with each storm it got better.

21          And you asked Mayor Bundy, what -- what would we  
22          improve? Well, we did have a book on the shelf. And  
23          it did have an emergency plan in there. But we found  
24          it was woe -- woefully needing after Charley went by.  
25          So we, too, have reviewed that plan and have cleaned



1           it up, and made it better.

2           Which is what I would say about Progress Energy  
3           is, as we went through the storms it was continuous  
4           improvement. The mistakes we made during Charley --  
5           and communications was the main area where we had  
6           problems. But the mistakes we made during Charley  
7           communicating back and forth, not with Progress  
8           Energy, but with -- with the county and with other  
9           neighboring communities, did not happen again with  
10          Frances or with Jeanne. We fixed those.

11          Piggybacking on what Mayor Bundy said, with  
12          Charley our biggest challenge was communication. We,  
13          the elected officials -- Charley went through on  
14          Friday. By Sunday, midday on Sunday, we, the elected  
15          officials, and the staff that we could get together  
16          walked the neighborhoods with flyers on Sunday  
17          afternoon because there was no electronic media, there  
18          was no communication.

19          Those that did have radios that were powered  
20          by -- by batteries, they were getting the status of  
21          downtown Orlando in Orange County and the amusements.  
22          We could not for any price or any effort get the  
23          electronic media to cover our -- our communities.  
24          That was corrected after the first storm.

25          And in following storms, we had wonderful media

1 coverage and radio coverage. And it was much easier  
2 to get our citizens informed of the status of Oviedo,  
3 Florida, and not just Orlando or Orange County, but  
4 Oviedo, Longwood, and Seminole County. So that was --  
5 we learned from our mistakes an improved.

6 Questions?

7 MR. BAEZ: Questions of the Mayor?

8 MR. WALTERS: The media is probably going to  
9 crucify me, but it's the truth.

10 MR. BAEZ: Well, sir, I wish I could help you  
11 with that. Thank you, Mr. Mayor. I really appreciate  
12 your comments, and thank you for taking time out to be  
13 with us today. Commissioner Donald Gilmore, the City  
14 of Winter Springs. Commissioner Gilmore, welcome.

15 MR. GILMORE: Thank you. I'm Donald -- Donald  
16 Gilmore from Winter Springs. Let's say that I  
17 represent them but not totally officially and in the  
18 capacity of the city commissioner, which I am.

19 We're Winter Springs, which is between Longwood  
20 and Oviedo, so what they got we got, too. Our cost  
21 for cleanup was somewhere at six, seven million  
22 dollars. And last night we were still arguing about  
23 cleaning up trees that are in streams, so this thing  
24 still isn't over.

25 But Progress Energy really responded to the

1 hurricane problem. Our city staff has been very  
2 pleased with all of the things they did. They -- I  
3 know as time went on and we got power back on, E-mails  
4 everyday, we would receive E-mails updating us as to  
5 where they were, what they were doing, and what their  
6 next program was. I think that's very important.

7 We were so impressed that our city also made a  
8 proclamation to Progress Energy for their performance.  
9 And I would like to give you a copy of this, if I may.

10 MR. BAEZ: Commissioner, you can give it to staff  
11 counsel at the door. And Ms. Brubaker, you can mark  
12 that, as well.

13 MS. BRUBAKER: (Nods head affirmatively.)

14 MR. GILMORE: We had problems, but I don't think  
15 Progress Energy was our problem. Our city staff had  
16 things under control. The police department was doing  
17 a great job. We had generators. We've since  
18 purchased more generators. So I think all in all you  
19 did a real fine job.

20 On a personal standpoint, I was without power at  
21 my house for six days. And my wife has a lung  
22 disease. And this was a problem. But I can tell you  
23 there were people out there that were hurt, that had  
24 problems. They have, you know, trees on their houses,  
25 their roofs were gone, sickness and that. So we -- we

1 really didn't have that kind of problem. We were back  
2 on in six days. And personally I think that was just  
3 admirable.

4 For thirty-five years I personally have been a  
5 facility's manager and engineer. Responsible in  
6 Orlando for over two million square feet. I can't  
7 believe the job that Progress Energy did mustering  
8 maintenance and operations people to get this place  
9 back going. This was just a magnificent job.

10 And I talk from that not from a city commissioner  
11 but from a facility's manager and engineer who has  
12 spent his life doing just this kind of thing. They're  
13 to be commended for a wonderful job. Thank you.

14 MR. BAEZ: Questions of the Commissioner?  
15 Commissioner, thank you.

16 MR. GILMORE: I might comment on their cost  
17 recovery. Look, we have two ways to cover costs. One  
18 is that we can build tremendous reserves. And, you  
19 know, if you see that big reserve sitting there,  
20 they're going to holler about that, and they're going  
21 to make them knock it down. So the only way to  
22 recover is to go back at the end of the storm, spread  
23 it out over a couple of years, and make it reasonable  
24 for the people. Personally, I support that end of it.  
25 Thank you.

1           MR. BAEZ: Thank you, Commissioner. No  
2 questions? Thank you, Commissioner, for joining us.  
3 Next we have Commissioner Michael McLean, City of Lake  
4 Mary. Welcome, Commissioner. Thank you for joining  
5 us.

6           MR. McLEAN: Members of the Commission, and  
7 ladies and gentlemen in the audience this evening,  
8 good evening. My name is Michael McLean, and I'm here  
9 tonight to relay my experiences regarding Progress  
10 Energy from three different vantage points, if I  
11 could.

12           One is a residential customer at 378 Woldunn  
13 Circle in Lake Mary. The second, as a business  
14 customer for the insurance agency I own at 3070 West  
15 Lake Mary Boulevard in Lake Mary. And third but --  
16 last but not least, my experience as an elected  
17 official for the City of Lake Mary as a Commissioner  
18 and Deputy Mayor since November of 2000.

19           First, regarding the residential situation. When  
20 something like this happens, of course, your first  
21 thought is to protect your family and your possessions  
22 as you can because it's a situation that's beyond your  
23 control.

24           I would have to say that the -- Progress Energy  
25 did an excellent job with communicating information to

1 let us know what would be the best and the most  
2 prudent procedures we should take to be able to deal  
3 with the circumstances we were in.

4 The first storm Charley, we -- we were down for  
5 seven days. And although that was inconvenient it was  
6 understandable because we were getting information  
7 multiple times a day, understanding the circumstances  
8 and understanding the procedures of what were the  
9 priorities. Obviously, hospitals, schools, nursing  
10 homes, those were definitely priorities compared to  
11 our situation. We were able to deal with our  
12 situation fairly easily regarding that.

13 Secondly as a business owner, and particularly  
14 since I happen to be in the insurance business, it was  
15 critical that -- that I -- as soon as possible our  
16 business was up and going as soon as possible because  
17 we have policy holders who are dealing with the type  
18 of damage that is involved in these types of  
19 circumstances.

20 In the three storms that Lake Mary was involved  
21 in, and in my business, we were -- we were down and  
22 without power for a total of three hours, which was --  
23 I must compliment Progress Energy, they did an  
24 excellent job.

25 Not only for my particular business, but for many

1 businesses on Lake Mary Boulevard, particularly the  
2 insurance agencies that needed to be up for people to  
3 come -- come to our office, to discuss their policies,  
4 what they could do, what they need, what the  
5 conditions were, and what aspects they needed to take  
6 from there.

7 The last, regarding the elective part it. It's  
8 interesting, when you're in elected life you realize  
9 that you -- from -- from your citizen's point of view  
10 you become an expert in just about everything, a city  
11 planner, an engineer.

12 I had someone -- my favorite story is that I had  
13 a young lady call me who wanted to know when the sun  
14 was rising tomorrow morning. And all I can say is,  
15 thank you, weather.com happened to be right there. I  
16 pulled it up and told her it was 5:59 a.m. And she  
17 was very pleased that I knew that information.

18 But what was critical for us as elected officials  
19 is communication. It was vital that we knew what the  
20 latest information was so we could relay that to our  
21 constituents and our citizens, so they understood what  
22 the priorities were, what the circumstances are, and  
23 that -- that we're moving forward to solve these  
24 problems.

25 Because it's scary to -- the unknown is what is

1 the most frightening part of it. When is it we're  
2 going to get power back? Why has it happened in this  
3 area and not this area? That education process was  
4 critical.

5 And I must compliment Progress Energy, speaking  
6 personally, they could not have done a better job at  
7 making sure that I was communicated with continually.  
8 As Mayor Bundy said, twenty-four seven. And I didn't  
9 have the experience of waking anyone up much, but they  
10 did -- they did an excellent, excellent job.

11 MR. BAEZ: That's good to hear.

12 MR. McLEAN: In -- in conclusion I know we're  
13 talking tonight about level of service. And that is  
14 going to be up to your folks to decide regarding of  
15 the cost on this hurricane recovery, and how that fits  
16 in, and you're going to have a long process to do  
17 that.

18 I think there's two sides to that. The level of  
19 service that Progress Energy commended in regard to  
20 the City of Lake Mary was -- was stellar. We have had  
21 a long and mutually beneficial relationship with  
22 Progress Energy.

23 We just recently signed a new thirty-year  
24 agreement with Progress Energy back in November 2003.  
25 An agreement that we feel very, very good about. And



1 we think that level of service also means how much you  
2 give back to your community. Not so much what you're  
3 doing with your product to be able to make a fair  
4 profit, but what are you giving back to your community  
5 on a day-to-day basis.

6 And in my opinion, Progress Energy shines in this  
7 area, not only involved with many of our events in our  
8 city, involved with boards that I have to sit on that  
9 they are giving back to the community.

10 A recent example was we just had an education  
11 summit in an organization called Vision Seminole, that  
12 I happen to chair, where we're talking about the  
13 challenges on public schools and how we'll be able to  
14 do that, we were fortunate to have Progress Energy  
15 facilitate this meeting of most of the key business  
16 leaders in Seminole County in their facilities in Lake  
17 Mary.

18 So I really believe from a level of service point  
19 of view, not only from the service they deliver, but  
20 also what they give back to the community, that  
21 Progress Energy shines in both areas. And with that,  
22 I will be glad to answer your questions.

23 MR. BAEZ: Thank you, Commissioner. Any  
24 questions?

25 MR. McLEAN: Thank you.

1 MR. BAEZ: No? Thank you, Commissioner Gilmore  
2 for -- for visiting with us.

3 MR. McLEAN: My pleasure.

4 MR. BAEZ: Ms. Christensen?

5 MS. CHRISTENSEN: Mr. McGuffin? Mr. McGuffin?

6 MR. BAEZ: Welcome, sir.

7 MR. McGUFFIN: I'm a private citizen. I'm kind  
8 of slow to come up here, but I just came to say that  
9 Progress Energy is a big company. They knew what the  
10 problems were coming into a hurricane state. And it's  
11 just --it's a thing that I'm sure they thought about.

12 However, if they're running a lumberyard here in  
13 Florida, or someplace else, they'd bite the bullet and  
14 take it like everybody else.

15 On top of that, they did a magnificent job during  
16 the hurricanes. A great job. And I think they  
17 deserve a moderate increase, or whatever they need,  
18 because in two months we're going to be back into it  
19 again. Thank you.

20 MR. BAEZ: Thank you, Mr. McGuffin. Any  
21 questions of the witness? No. Thank you very much  
22 for your comments, sir. Ms. Christensen.

23 MS. CHRISTENSEN: Mr. and Ms. Shepherd.

24 MR. SHEPHERD: Shepherd.

25 MR. BAEZ: I'm sorry, sir?

1 MR. SHEPHERD: We did not ask to speak.

2 MR. BAEZ: Oh.

3 MR. SHEPHERD: We just signed the paper.

4 MR. BAEZ: Very well. Thank you for coming.

5 MS. CHRISTENSEN: Mr. Mauney.

6 MR. MAUNEY: Good evening. Thank you for the  
7 opportunity to come speak with you on behalf of  
8 Volusia County Emergency Management. My name is James  
9 Mauney, M-a-u-n-e-y, 49 Keaton Drive in Daytona Beach,  
10 32124.

11 The bottom line is Volusia County is  
12 approximately thirteen hundred square miles. **And**  
13 within that area we have three primary power  
14 corporations; Progress Energy, Florida Power and  
15 Light, and Clay Electric. I am here tonight to talk  
16 to you about the four hundred and sixty thousand  
17 residents, sixteen municipalities, six hospitals,  
18 including one Level Two trauma center, and the fact  
19 that we opened twenty-five shelters and we filled  
20 those shelters to capacity.

21 We did so and in working with, in concert with,  
22 Progress Energy. You know, they talked about -- on  
23 their slides, they talk about training and they talk  
24 about planning. As you all know, we have a  
25 comprehensive emergency management plan that we put

1 together with the counties, the municipalities, and  
2 the State of Florida.

3 Progress Energy has helped us work with that.  
4 They've continued to train with us in tabletop  
5 exercises, and full scale exercises, et cetera. And  
6 it's a pleasure to work with those gentlemen and  
7 ladies.

8 Progress Energy was able to participate in the  
9 EOC for the forty-four days of activation in which we  
10 were -- everybody was there in close quarters. Our  
11 EOC is, I believe, rated for fifty-nine people. We  
12 had about one hundred and six people in there. But  
13 being a deputy fire chief, I don't think I am going to  
14 go there. You have make certain leeway sometimes.

15 When they conducted their rapid impact  
16 assessment, we have a team approach in Volusia County.  
17 We put two teams out, fire fighters, corrections  
18 officers, law enforcement, medical technicians, et  
19 cetera. Progress Energy also put personnel with those  
20 teams to go out as they went out to clear the roads to  
21 get to the infrastructure, and identify those areas  
22 they needed to restore power to rapidly.

23 They did so. I don't have the figures for you of  
24 the amount of time, but the bottom line is they were  
25 able to restore the critical facilities, power to

1 those areas, the adult living facilities, which we  
2 have over eighty of those in the county, and worked  
3 very quickly in that regard.

4 Communications has been alluded to by several  
5 other people prior to me coming up here tonight. The  
6 bottom line to everything is communications. With all  
7 of the power restoration, utility corporations, and  
8 everybody else participates in the emergency operation  
9 center, it was refreshing to know that Progress Energy  
10 was there continually advising our public information  
11 officers, the news media, as well as the operations  
12 personnel, myself included in that -- in that venue.  
13 It was a pleasure working with them.

14 And at this point I will ask for any questions.

15 MR. BAEZ: Thank you, Mr. Mauney. Any questions  
16 from the Commissioners? Mr. Mauney, thank you very  
17 much for vising with us. Thank you for your comments.  
18 Ms. Christensen.

19 MS. CHRISTENSEN: Mr. Rodriguez?

20 MR. RODRIGUEZ: I didn't ask to speak  
21 (inaudible).

22 MR. BAEZ: Mr. Rodriguez --

23 THE COURT REPORTER: I'm sorry, I can't hear you.

24 MR. RODRIGUEZ: I did not --

25 MR. BAEZ: You didn't ask to speak? Okay. I'll

1 just take this opportunity to remind those of you that  
2 may have signed up, or chosen not to speak, that you  
3 do have still an opportunity to enter any written  
4 comments that you may want to inform the Commission  
5 about. And that those comments will eventually make  
6 them -- make themselves available to us, and make it  
7 into the record for our deliberations. So you do have  
8 alternative means if you do not chose to speak or give  
9 testimony tonight.

10 Ms. Christensen, do we have any other witnesses  
11 that --

12 MS. CHRISTENSEN: Mr. Cornett.

13 MR. BAEZ: Mr. Cornett.

14 MR. CORNETT: Good evening. My name is Taver  
15 Cornett. I'm with the Main Street Deland Association  
16 in Deland, Florida. That's in Volusia County. I  
17 would like to address this body from four different  
18 perspectives.

19 Mr. Mauney just alluded to the fact that there  
20 are several hospitals and nursing homes in Volusia  
21 County. I sit on a hospital board, and I sit on a  
22 nursing home board. **And the service that we received**  
23 **during these storms was excellent from both**  
24 **perspectives of those entities.**

25 Prior to my position with the Main Street Deland

1 Association, I spent over thirty years in the  
2 insurance business processing claims and handling  
3 claims. I'm sure that as residents of Florida most  
4 people know that hurricanes run in thirty year cycles.  
5 And we have just entered into a thirty-year style  
6 cycle. We had unprecedented storms last year. And  
7 the prediction is for similar storms again this year.

8 That leads me to my fourth thought process, which  
9 is from a business perspective. You have the utility  
10 that is charged with providing a basic infrastructure  
11 need. When you have a catastrophe style scenario, you  
12 need to be able to replenish those reserves. And  
13 based on the fact that we're staring possibly a repeat  
14 scenario in the face, I think it's important that  
15 you're able to deal in a positive manner with their  
16 request. Questions?

17 MR. BAEZ: Questions of Mr. Cornett? Sir, thank  
18 you for your comments. We appreciate you coming up.

19 Ms. Christensen.

20 MS. CHRISTENSEN: Mr. Kaufman.

21 MR. KAUFMAN: I want to thank you for allowing me  
22 to speak tonight. My name is Aaron Kaufman. I live  
23 at 346 Prairie Dune Way in Orlando, which is off of  
24 Alfaya Trail in East Orange County. I've been a  
25 Progress Energy customer for twelve years.

1           Let me start out by saying as of native Floridian  
2 I've been through a lot of hurricanes. And I find  
3 that electric companies have done a good job in  
4 helping us recover from those disasters and getting  
5 things up and running after.

6           But the problem, it seems to me, is that they  
7 have not performed well in preventing these massive  
8 power outages from occurring. And I don't profess to  
9 be an electrical engineer, or to understanding a  
10 complete electrical grid, or anything like that. I'm  
11 going by observation as a layman.

12           Last year we lost power after Hurricane Charley  
13 for three days. And though -- and we didn't lose it  
14 after any of the other hurricanes, which we were  
15 grateful for. We did think it was a little unusual  
16 that friends of ours on the same development who live  
17 less than a quarter mile away from us never lost  
18 electricity. I don't know if that had to do with  
19 relays, or lines, or anything else.

20           But unfortunately, many people in Orange and  
21 Osceola County were much more severely hit than we  
22 were, and lost their power for two to three weeks at a  
23 time. And not -- some of them were Progress Energy  
24 customers, some were Orlando Utility customers, some  
25 of them I guess whatever power authority of the



1 others.

2 And it varied greatly from neighborhood to  
3 neighborhood. I live near the University of Central  
4 Florida. They lost power for five days, and we lost  
5 it for three. Some people in our neighborhood never  
6 lost it. Others lost it for a day.

7 My concern over the proposed increase is that I  
8 don't see the power companies doing any mitigation to  
9 prevent widespread power outages. Just like the home  
10 insurance companies who for years were selling home  
11 insurance for a hundred dollars a year betting on the  
12 big one never happening, well, unfortunately it did.

13 And while their exposure was enormous they didn't  
14 basically have rates to cover that exposure. **When I**  
15 moved in my house right after Hurricane Andrew my  
16 homeowners insurance was one hundred and eighty-nine  
17 dollars a year, and now it's seven hundred.

18 But also, as I said, I'm not an electrical  
19 engineer, but it seems to me that we're in the  
20 twenty-first century and we're still delivering power  
21 with nineteenth century technology.

22 Just driving to work every day I see power lines  
23 that are -- some are running underground. Some are on  
24 wood poles. Some are on concrete poles. There seems  
25 to be no rhyme or reason to it, and it just looks like

1 a mishmash to me.

2 Sometimes I see power lines still running through  
3 the middle of trees. They will prune around the power  
4 line but there's still a tree growing around it. And  
5 I don't know how that's solves that problem, because  
6 if that whole tree falls down the line still goes with  
7 it.

8 When I was living in Sanford in the '70s we had  
9 Florida Power and Light. And in my neighborhood every  
10 time we had a severe thunderstorm the same transformer  
11 would blow. I would hear it go bang, and we knew  
12 within five seconds our power is out for four hours.  
13 They never fixed the problem. I lived there seventeen  
14 years, and we had the same problem for seventeen  
15 years.

16 My point is the power companies, it seems to me,  
17 they're going to put all this money into reserves to  
18 fix downed lines but they don't seem to be trying to  
19 improve the way that power is delivered to prevent  
20 outages. Now, in scattered instances, they are; like  
21 in my community, all the lines are underground.

22 And they -- the power companies say that's too  
23 expensive and it doesn't really prevent outages from  
24 happening. Well, from my experience I disagree with  
25 that. I've had less than four power outages in twelve

1 years. And none -- and only one of them was over an  
2 hour. Excluding the recent -- that's excluding the  
3 recent hurricanes, obviously.

4 Common sense tells me that it has to do with the  
5 power lines not being susceptible to falling trees,  
6 cars hitting the poles, which is -- actually, most of  
7 the power outages we've had in our neighborhood are  
8 from car accidents hitting poles about half a mile  
9 down the way downing the main lines.

10 Now, if you grant this request -- I haven't seen  
11 anything. I can't say that I am really informed on  
12 the subject. All I know is they're asking for the  
13 request. Maybe they have provided some plans for  
14 mitigating these tremendous outages. But I don't know  
15 how you can approve this rate increase if they don't  
16 provide a plan that will somehow protect our main  
17 power lines from hurricanes.

18 I can't believe that they didn't ever think that  
19 this was going to happen. Maybe that we wouldn't have  
20 had three at one time, but it only took the first one  
21 to knock down the main power grid in the Central  
22 Florida. And just something as simple as requiring  
23 the power companies to remove trees from their right  
24 of way.

25 I mean, I know you go over cross jurisdictions

1 and all this, but I still see it today. I --  
2 practically every mile that I drive to work power  
3 lines are going through trees. And that's been a big  
4 problem in Winter Park.

5 It was a huge problem in the City of Orlando, why  
6 most of the older neighbors in the City of Orlando  
7 were without power for two weeks. A friend of mine  
8 was without power for two and a half weeks because he  
9 lived in the older section of Orlando with the biggest  
10 oak trees and the most oak trees. And they lost  
11 thirty to forty percent of their tree canopy.

12 And that wasn't all a Progress Energy section,  
13 some of it was, but to me unless you make them and  
14 require them to mitigate these problems they'll still  
15 keep having the same problems, and they'll still keep  
16 coming back here, and they're run -- they'll run out  
17 of money again.

18 I don't -- I don't mean to say that it's that  
19 simple, but it seems to me that there must be better  
20 ways to protect power systems than what we're doing  
21 right now. Thank you very much.

22 MR. BAEZ: Thank you, Mr. Kaufman. Any  
23 questions?

24 MR. DAVIDSON: No.

25 MR. BAEZ: Thank you, Mr. Kaufman. Thank you for

1 coming. Ms. Christensen.

2 MS. CHRISTENSEN: Mr. Harris.

3 MR. HARRIS: Mr. Chairman.

4 MR. BAEZ: Mr. Harris.

5 MR. HARRIS: Thank you for having me. Good  
6 evening. My name is Alan Harris. I'm the Operations  
7 Manager for Seminole County Emergency Management.

8 During the three hurricanes, Hurricanes Charley  
9 Frances, and Jean, I served as the Emergency  
10 Operations Center Coordinator for all communication  
11 and coordination of response and recovery efforts due  
12 to the storms.

13 I have to thank Progress Energy for a number of  
14 different things. Number one, preparedness. They  
15 prepared very well in our county. They had crews on  
16 the ground, excuse me, before Hurricane Charley  
17 approached.

18 Before Hurricane Charley even got there, they had  
19 someone in our EOC providing us good information about  
20 where people would be, how they were going to recover,  
21 how they're going to respond to the emergencies.

22 Communication was key. And you've heard that a  
23 number of different times. In the Emergency Operation  
24 Center where life matters and where injuries are  
25 prevented, they played a critical, critical role.

1 They were able to provide us good communication, where  
2 they would be, when they would be there. And when we  
3 went out to check they were exactly where they needed  
4 to be, and they were exactly where they said they  
5 would be.

6 Public information is also very critical when  
7 you're talking about any type of disaster response.  
8 They immediately, before Hurricane Charley, joined our  
9 joint information center, our public information  
10 center, to provide public information through the  
11 media, through printed materials to our public.

12 They participated in all of our media briefings,  
13 which was very important to get information out to the  
14 citizens, as well as did numerous radio interviews,  
15 and provided paper materials for us to provide to our  
16 citizens as we went into the community and started our  
17 response and our recovery efforts.

18 Coordination is also critical. I can't say  
19 enough about Progress Energy and the way they  
20 coordinated their emergency response with our  
21 emergency response units. As our emergency response  
22 units went out to the community, sometimes they went  
23 with public -- Progress Energy units, as well, to help  
24 pave the way.

25 In addition Public Works worked very closely with

1 Progress Energy to help clear roads so we could get  
2 fire trucks, ambulances, and police cruisers and  
3 deputy vehicles through there to check on citizens  
4 that -- senior citizens that may need our assistance,  
5 and to respond to 911 calls, which we had very  
6 numerous 911 calls.

7 Shelters, and special needs, and critical  
8 facilities, I can't say enough. I will say one story,  
9 and that is one of our special needs shelters was a  
10 critical shelter where people are dependent on oxygen,  
11 they're dependent on electricity for medical devices,  
12 lost power.

13 The backup generator that had been checked out  
14 prior to the storm failed. **We were at a critical,**  
15 **critical** stage in the middle of the night about 2:00  
16 a.m. I went over to Jim at Progress Energy and I  
17 said, hey, I need your help. I need you to do  
18 anything you can to restore power. Within an hour  
19 there was a crew there working, and we had power back  
20 on at that special needs shelter.

21 Those people didn't -- we didn't have to move  
22 those two hundred and fifty special needs people,  
23 which would be a feat. We didn't have to do that  
24 because Progress Energy was there. **They were there to**  
25 communicate. They were there to coordinate and

1 provide good emergency response.

2 Follow-up. I can't say enough about follow-up.  
3 They continued to call us to see if there was anything  
4 additional we needed after the emergency response  
5 was -- was complete, after recovery efforts were done.  
6 They continued to call us to make sure that -- that we  
7 were satisfied with the response, satisfied with the  
8 recovery efforts, and if there was anything additional  
9 that they could do.

10 Also, commitment. Commitment is very important  
11 with any electrical provider, with any utility  
12 provider. **And I have to say Progress Energy is very**  
13 **committed to what -- emergency response and to**  
14 **emergency management.**

15 We had a number of trainings after the disasters,  
16 and we have some trainings that are coming up. We're  
17 also looking at different ways that we can respond as  
18 emergency managers, fire rescue, law enforcement, to  
19 disasters.

20 In every after-action meeting, in every planning  
21 meeting, Progress Energy has been there to -- to  
22 provide information, to provide communication and  
23 coordination.

24 They have also participated in our trainings.  
25 They participated in reorganization of our emergency



1 operation center by providing us information. And we  
2 just can't thank them enough in Seminole County  
3 through Seminole County Emergency Management. **And**  
4 with that I will entertain any questions if you have  
5 any.

6 MR. BAEZ: Questions of Mr. Harris,  
7 Commissioners?

8 MR. HARRIS: Thank you.

9 MR. BAEZ: Mr. Harris, thank you for coming.  
10 Thank you for your time. Ms. Christensen, do we have  
11 any other witnesses?

12 MS. CHRISTENSEN: Commissioner, that's the last  
13 person that has signed up to speak.

14 MR. BAEZ: Is there anyone here that wishes to  
15 speak and did not sign up?

16 MS. CHRISTENSEN: Commissioner, we did receive  
17 some comments after the last hearing in Ocala.  
18 Mr. Borchers took those responses. And we would like  
19 to read those into the records if that's permissible.

20 MR. BAEZ: I don't think --

21 MS. BRUBAKER: If --

22 MR. BAEZ: Go ahead, counsel.

23 MS. BRUBAKER: If I may, in my opinion, probably  
24 the better procedure to handling it is to submit it as  
25 an exhibit, perhaps, or simply have it mailed in and

1 processed as those comments generally are.

2 MR. BAEZ: And I'm trying to remember whenever --  
3 whenever we have third -- third person statements  
4 passed along. We may have best handled them as  
5 exhibits. And with the --

6 MS. BRUBAKER: I believe that's consistent with  
7 what the Commission has done.

8 MR. BORCHERS: Mr. Chairman.

9 MR. BAEZ: Mr. Borchers.

10 MR. BORCHERS: This person appeared at twelve  
11 o'clock after we had left the hearing room. He really  
12 wanted to get his statement into the record. And I  
13 promised him that we would try to get it in.

14 MR. BAEZ: I understand. And I think that's what  
15 we're trying to do Mr. Borchers is to accommodate  
16 those ends. But we're also trying to stay within  
17 context of the hearing. And if we were to have  
18 statements read as if they were testimony, that causes  
19 a legal issue for us.

20 And it's not that I don't want to. I can tell  
21 you right now the comments will be accepted. But they  
22 have to be accepted in the appropriate manner.

23 MR. BORCHERS: Okay.

24 MS. CHRISTENSEN: In that case, then I would ask  
25 to have that marked as an exhibit for identification.

1 And I believe that would be a hearing exhibit.

2 MR. BAEZ: What number would that be?

3 MS. BRUBAKER: That would be Number 3.

4 MR. BAEZ: That would be Hearing Exhibit 3. And  
5 if you want to hand it to staff counsel, we'll make  
6 sure that it gets marked and entered at the  
appropriate time.

8 MS. BRUBAKER: Okay. Thank you.

9  
10 MR. BAEZ: Ms. Christensen, do we have any others  
at this point?

11 MS. CHRISTENSEN: Commissioners, I have no other  
12 persons signed up to speak this evening.

13 MR. BAEZ: I'll ask once again if there's anyone  
14 else that wanted to address the Commission that did  
15 not speak? Seeing none, Ms. Brubaker, do we have any  
16 matters before closing?

17 MS. BRUBAKER: The staff is aware of none.

18 MR. BAEZ: All right. And just for -- just for  
19 all of our information, the next service hearing on  
20 this docket is tomorrow at?

21 MR. BRADLEY: 10:00.

22 MR. BAEZ: Ten o'clock in Bartow, Florida. Those  
23 of you who stayed behind, thank you for -- for coming  
24 out. We appreciate all of your comments. They have  
25 been very, very helpful. For those of you who are

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following us down to Bartow, we will see you tomorrow.

This meeting is adjourned. Thank you.

(The hearing was concluded at 7:17 p.m.)

C E R T I F I C A T E

STATE OF FLORIDA )

COUNTY OF MARION )


I, Noelani J. Fehr, Stenographic Court Reporter and Notary Public, State of Florida at Large, do hereby certify that I was authorized to and did stenographically report the foregoing proceedings taken in the PUBLIC SERVICE COMMISSION HEARING, Docket Number -- 41272-ID, and that the foregoing pages numbered 1 through 63, inclusive, constitute a true and correct record of the proceedings to the best of my ability.

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

WITNESS MY HAND AND SEAL this 22nd day of 5, at Ocala Marion C

*Noelani J. Fehr*

NOELANI J. FEHR  
Stenographic Court Reporter  
Notary Public  
State of Florida at Large

 Noelani J Fehr  
My Commission DD13363  
Expires July 24, 2006  
My Commission expires: 7-24-2006