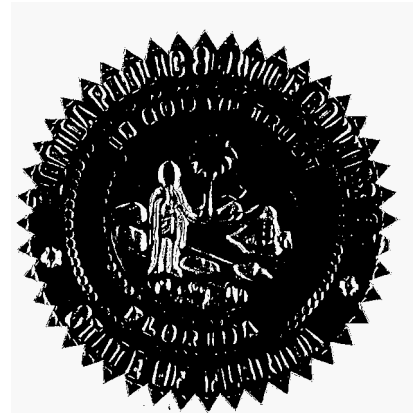


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 041291-EI

in the Matter of:

PETITION FOR AUTHORITY TO RECOVER
RUDENTLY INCURRED STORM RESTORATION
OSTS RELATED TO 2004 STORM SEASON
HAT EXCEED STORM RESERVE BALANCE,
Y FLORIDA POWER & LIGHT COMPANY.



PROCEEDINGS: FT. MYERS SERVICE HEARING

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

DATE: April 6, 2005

TIME: Commenced at 10:00 a.m.
Concluded at 11:50 a.m.

PLACE: School Board of Lee County - Board Room
Dr. James A. Adams Public Education Center
2055 Central Avenue
Ft. Myers, Florida

REPORTED BY: JANE FAUROT, RPR
Chief, Office of Hearing Reporter Services
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(850) 413-6732

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9 appearing on behalf of the Office of Public Counsel.

10 COCHRAN KEATING, ESQUIRE, FPSC General Counsel's
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12 32399-0850, appearing on behalf of the Florida Public Service
13 Commission Staff.

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19
20
21
22
23
24
25

I N D E X

PRESENTATIONS BY:	PAGE NO.
COCHRAN KEATING	7
KENNETH A. HOFFMAN	12
GEISHA WILLIAMS	13
JOSEPH McGLOTHLIN	19
MAYOR JIM HUMPHREY	24
WITNESSES	
NAME:	
HOWARD RYNEARSON	29
JERROD ROUBY	30
JIM VON RINTELN	32
LEE FORD	37
STEVE TIREY	38
MICHAEL McNALLY	42
HERB DORSETT	45
PATRICIA HOWELL	48
ERIC FLUSCHE	49
BOB JANES	50
JOHN D. WILSON	55
JIM BROWARD	57
CERTIFICATE OF REPORTER	61

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

NUMBER:

ID.

ADMTD.

(No exhibits identified.)

P R O C E E D I N G S

1
2 CHAIRMAN BAEZ: Good morning, I would like to call
3 his service hearing to order.

4 Mr. Keating, will you read the notice, please?

5 MR. KEATING: Pursuant to notice, this time and place
6 have been set for a customer service hearing in Docket Number
7 041291-EI, Florida Power and Light Company's petition for
8 authority to recover prudently incurred storm restoration cost
9 related to the 2004 storm season that exceed storm reserve
10 balance.

11 CHAIRMAN BAEZ: Once again, good morning. I want to
12 thank all of you for taking the time to come out this morning
13 to the customer hearing. My name is Braulio Baez. I have the
14 honor of serving as Chairman of the Public Service Commission,
15 and with me are my colleagues. To my extreme left is
16 Commissioner Lisa Edgar, Commissioner Rudy Bradley next to her,
17 to my right Commissioner Terry Deason and Commissioner Charles
18 Davidson, all the way to the right.

19 Again, thank you for coming out. This is a very
20 important part of our process. It is one of those precious few
21 opportunities, as part of our process, that we get to take to
22 the road, actually get to go into the different communities in
23 the particular service territories and really hear from the
24 customers. And in this case, in particular, the customers who
25 have been most impacted by the recent storm season. That is,

1 in fact, the reason that we are here.

2 As you heard counsel partially state in the notice,
3 this docket concerns the storm recovery issues. And we will be
4 hearing presentations at the start of this that will further
5 explain exactly what our process is and what kind of issues we
6 are looking to hear from the public at large.

7 Briefly, if I can lay it out, this is in the form of
8 an official hearing. What that means is that those members of
9 the public that have already signed up or will sign up to speak
10 and give testimony before the Commission today are going to be
11 sworn in as witnesses. You do have other options, if you
12 choose not to be sworn in and give testimony.

13 I believe there is a table just outside the entrance
14 to the hearing room, where -- or the board room, rather, where
15 you can pick up a special report that -- I'm sorry that I don't
16 have one to hold up for you, but it is a colored brochure. It
17 is a green color. The mayor is nice enough to hold it up for
18 us. That has a space in the back, aside from the summary of
19 the case which will be useful to all of you, it does have space
20 in the back where you can put your written comments and make
21 them, submit them to the Commission and they will be put in the
22 hearing file as well.

23 You also have an opportunity to provide comments by
24 fax. You can also provide comments electronically by logging
25 on to our web site and providing them that way. So for those

1 f you that may not want to give testimony may still have an
2 pportunity to make your comments known to the Commission.

3 This is part of an official hearing, so there are
4 ranscripts. We have a court reporter here taking down our
5 every word and, hopefully, I pronounce them right. The
6 witnesses will be sworn. We will first start off with a
7 presentation by -- a brief presentation by the staff, another
8 brief presentation by the company. Public Counsel is here as
9 well, and I suspect will have some opening remarks, and any of
10 the others parties to the docket as well will have an
11 opportunity to give opening remarks, and then we are going to
12 go ahead and take public testimony. If you will just bear with
13 us, we will hear from everyone that is here that wants to
14 speak.

15 I thank you for being here.

16 Mr. Keating, did I cover just about everything, or is
17 there anything that you need to fill in?

18 MR. KEATING: I think you covered just about
19 everything, and I may cover some of the same ground again, but
20 I will try to be brief this morning.

21 CHAIRMAN BAEZ: Go ahead and start with the
22 presentation.

23 MR. KEATING: Thank you, Chairman.

24 Good morning. My name is Cochran Keating. I'm a
25 senior attorney with the Public Service Commission. And as you

1 know, we are here today to hear from FPL's customers concerning
2 its request to recover storm restoration costs in excess of the
3 storm reserve.

4 Some might be asking what is the storm reserve? I
5 want to take care of that question up front. Each of the large
6 investor-owned electric utilities in Florida, including FPL,
7 are required to set aside a certain amount of their revenue
8 each year to cover the costs of storm damage. Currently FPL is
9 setting aside \$20.3 million per year to its storm reserve. And
10 as the hurricane season ended in 1992, traditional insurance
11 for transmission and distribution facilities became
12 unaffordable and no longer provided adequate coverage. In 1993
13 the Commission approved the use of the storm reserves as what
14 is referred to as the self-insurance mechanism. And in the
15 event the utility's storm damage costs exceeded the amount in
16 its reserve, the utility may ask for relief from the
17 Commission.

18 And that brings us to why we are here today. FPL has
19 asked the Public Service Commission to approve a surcharge that
20 would allow it to recover costs related to the 2004 hurricane
21 season, but particularly the purpose of the surcharge would be
22 to recover those costs in excess of the amount set aside in the
23 storm reserve. The total amount that FPL has requested for the
24 surcharge is \$533 million. Now, this slide will show you how
25 they arrived at that number. The top number there is 998

1 billion. That is their total estimated cost for storm damage.
2 From that they subtracted insurance proceeds related to power
3 plants, and then they subtracted the amount that was in the
4 storm damage reserve going into the storm season. And,
5 finally, they subtracted the amount that's related to
6 facilities not used for utility retail purposes.

7 The Commission has approved FPL's proposed surcharge
8 on a preliminary basis. The amounts collected are subject to
9 refund pending the Commission's final decision in this docket.
10 Now, the surcharge results in an increase of \$2.09 in a monthly
11 bill for the residential customers using a thousand kilowatt
12 hours per month. If it's less than a thousand kilowatt hours,
13 that number will be lower. If you use more, that number will
14 be higher. FPL has proposed that the surcharge remain in
15 effect for a three-year period.

16 Briefly I would also like to talk about the
17 Commission hearing process. As the slide shows, the process
18 started with FPL filing a petition. After the petition was
19 filed, the Commission staff and parties to the docket began a
20 fact-finding process called discovery and that process is still
21 going on. We will be wrapping it up soon. Service hearings
22 have been scheduled like this one. And, finally, there will be
23 a technical hearing in Tallahassee, and that is currently
24 scheduled to begin on April 20th.

25 As has been mentioned a few times, the purpose of the

1 service hearing today is to hear from you, the customers of
2 FPL. The Commission is interested in your testimony concerning
3 the company's petition and the company's efforts to restore
4 electric service after the storms of 2004. The company and
5 intervenors will have their opportunity to present their cases
6 through sworn testimony and evidence of the technical hearing
7 later this month in Tallahassee.

8 As the Chairman mentioned, because this is a hearing
9 much like a court proceeding, if you do wish to testify you
10 will be asked to be sworn in so that your comments can be used
11 in this proceeding.

12 At the technical hearing to be held later this month,
13 the parties will put forth their own witnesses, cross-examine
14 other parties' witnesses, present exhibits to complete the
15 evidentiary record of this proceeding. Once that hearing is
16 completed, the parties will be responsible for filing legal
17 briefs, which is simply a summary of the evidence and how they
18 believe the Commission, based on that evidence, should decide
19 the case.

20 After the legal briefs are filed, after the hearing,
21 the Commission staff will prepare and present their
22 recommendation to the Commissioners based on the evidence
23 presented. The Commission will consider the recommendation at
24 a public meeting and will make a final vote.

25 I also want to briefly comment on a few other

1 hurricane-related activities that have recently taken place or
2 are taking place at the Commission. The first deals with
3 underground power lines. The Commission recently conducted a
4 study for what it would cost for utilities to move overhead
5 facilities under ground. The results of that study were
6 provided to the Legislature at the start of this year's
7 legislative session in March.

8 The second area involves tree trimming. The
9 Commission routinely monitors tree trimming practices of the
10 utilities, and each utility is required to file what's called
11 an annual distribution reliability report. That report
12 provides statistics concerning power outages, the causes, the
13 length of outages, discusses vegetation management practices,
14 and also discusses customer complaints concerning outages. In
15 addition to review of these annual reports, the Commission has
16 initiated a quality of service audit for all industrial
17 electric utilities reporting. This audit is designed to take a
18 comprehensive look at the current utility management practices
19 effecting service reliability and quality of service.

20 Finally, as some of you may know, Florida Power and
21 Light Company recently filed an application for a general rate
22 increase. That is a -- right now, a separate docket from the
23 storm cost-recovery proceeding. The service hearing today is
24 related only to FPL's request to recover storm damage costs.
25 The Commission will schedule separate hearings to address -- to

1 take customer testimony concerning FPL's request for a general
2 rate increase.

3 And with that, that concludes my presentation.

4 CHAIRMAN BAEZ: Thank you, Mr. Keating.

5 At this point, we are going to move on to the
6 different presentations of opening remarks of the parties. And
7 since we only have one station for speaking, why don't we just
8 go ahead and take appearances in conjunction with the opening
9 remarks?

10 Mr. Hoffman.

11 MR. HOFFMAN: Thank you, Mr. Chairman.

12 Good morning, Mr. Chairman, Commissioners. My name
13 is Kenneth Hoffman, with me today is Patrick Brian. We are
14 appearing this morning as counsel on behalf of Florida Power
15 and Light Company. I'm here this morning primarily to
16 introduce Geisha Williams to you. Before I do that, I want to
17 mention to the Commissioners and to any customers who may be
18 here that those customers who have specific questions about
19 their account, their service or restoration activities that
20 effect them specifically, FPL has customer service
21 representatives who are here this morning with on-line
22 terminals that are outside of the hearing room. They are in
23 Room 142 just outside the hearing room to the right, just down
24 the hall, and we can provide them with all sorts of information
25 specific to their account.

1 Mr. Chairman, I also want to mention that Ms. Marlene
2 Santos, who is our vice president of customer service, is here
3 this morning. And she is available to introduce customers to
4 the appropriate FPL employee available this morning to assist
5 customers with their concerns. If the Commissioners or if any
6 customers have questions, and we don't have the answers
7 available through our on-line facilities this morning, let me
8 assure you that we will attempt to assist each customer with
9 those concerns within 24 hours, and we will provide the
10 appropriate information to the Commission.

11 As I said, Mr. Chairman, I'm here really to introduce
12 Geisha Williams, who will provide the presentation to the
13 Commissioners this morning. Ms. Williams is FPL's Vice
14 President for Distribution. During storm restorations
15 Ms. Williams assumes the additional role of FPL's emergency
16 operations officer, and in that role she is responsible for the
17 overall coordination of all restoration activities to ensure
18 that service is restored to our customers as quickly as
19 possible.

20 Ms. Williams.

21 MS. WILLIAMS: Thank you, Ken.

22 Mr. Chairman, members of the Commission, PSC staff,
23 and ladies and gentlemen, good morning. My name is Geisha
24 Williams, and I'm Vice President of Distribution for Florida
25 Power and Light Company. I'm responsible for the

1 infrastructure that delivers energy or electricity to the homes
2 and businesses in our service territory. And as Ken has
3 already mentioned, one of the most important responsibilities
4 that I have is the restoration of power after hurricanes.

5 I want to take this opportunity to thank the Public
6 Service Commission for allowing us to speak to you about our
7 unprecedented storm restoration efforts last year, and
8 especially to thank the customers and public officials that are
9 here today, as I think they play an important role in this
10 proceeding.

11 Today I'm going to provide you with an overview of
12 three areas. First, our commitment to reliability; second, our
13 unprecedented restoration efforts last year; and, third, how we
14 are planning for the future, because we know that there will be
15 a next time. And we also know that we can do even better for
16 the customers and the people who we serve in this great state.

17 FPL is committed to a strong, reliable power delivery
18 system, because we know how important reliability is to our
19 customers and families and the communities at large. We are so
20 committed that over the last five years we have invested about
21 \$4 billion in the infrastructure, both in terms of
22 distribution, transmission, and generation, all of it focused
23 on enhancing service reliability.

24 Last year four major storms hit Florida within a
25 period of six weeks, and three of them hit directly in our own

1 service territory. In the last hundred years nothing like that
2 as happened anywhere in America. Now, even though mother
3 nature can be unpredictable, it is our responsibility to be
4 prepared to really handle the disaster in every way;
5 operationally, financially, as well as technologically.

6 We put a lot of time and effort into this effort, I
7 should say, as a matter of principle, because getting power
8 back to our customers as safely and as quickly as possible is
9 our top priority. And to that end our storm preparation really
10 begins much, much before hurricane season starts. Every one of
11 our employees has two jobs, their normal job as well as their
12 storm restoration job. And they practice their storm
13 restoration jobs every year.

14 In last year's unprecedented storm season, FPL
15 mobilized more field crews over a more concentrated time frame
16 than any other electric company in the history of
17 electrification. We had as many as 17,000 workers from 39
18 states and Canada all working for our customers to restore
19 power, an effort of national and international teamwork that
20 has not been seen in this country since the tragedies of 9/11.

21 We created a small army all with one single purpose
22 in mind, and that was to get the lights back on quickly. We
23 had thousands of downed poles. I'm sure you have seen the
24 pictures. We had hundreds of miles of down lines. We
25 literally had half a million splices -- or wires that had to be

1 pliced together. The conditions were terrible. And many
2 imes there were people who had to work waist-deep in water to
3 et the work done. Through it all, our focus never wavered.
4 t was always about the customer, even when our own families
5 ere impacted.

6 Last year our employees, even those whose homes were
7 amaged and even more impressive, I think, those whose homes
8 ere destroyed put their personal situation aside and came to
9 ork. All with the same purpose, to get the lights back on for
10 ur customers. Our goal has always been about speed because we
11 nderstand the importance of getting power back to the
12 ommunities as it enables them to get back to normalcy.

13 Now, speed does come at a price. Nearly 80 percent
14 of the cost of the restoration process is labor or labor
15 related. Our 17,000 workers had to be paid. They normally
16 worked about 16 hours a day every day during the restoration
17 process. Our workers have to be fed. We delivered over 38,000
18 meals every single day. And I know that Chairman Baez saw some
19 of the process involved in doing that. We delivered over
20 20,000 gallons of water every day. Thousands of these workers
21 needed hotel rooms. Although I have to tell you in the early
22 going, many of our employees and workers out of state wound up
23 sleeping in their trucks because hotels rooms weren't
24 available, or in tents that were set up. It was a huge
25 commitment in manpower and resources, costing hundreds of

1 billions of dollars, but it was worth it. For all these storms
2 5 percent of our customers were restored to electric power
3 within three days, 90 percent within five days.

4 In addition to planning for today, we have a
5 responsibility to plan for the future as well. That's why we
6 established a storm reserve fund that was just covered briefly
7 over ten years ago. Now, had Charlie been the only hurricane,
8 the storm reserve fund would have paid for the repairs as it
9 was set up to do. But with three storms hitting us back, to
10 back, to back as close together as they did, our expenses to
11 restore power and recover from the storms as quickly as we did
12 amounted to \$890 millions, using up the reserve and leaving us
13 with a deficit of \$533 million.

14 We are seeking recovery of only the direct costs
15 associated with restoration, exactly as the Public Service
16 Commission prescribed many years ago. We are looking at a
17 temporary charge of 8 cents per day per household. That is a
18 fair request.

19 Meanwhile, here we are less than two months away from
20 the beginning of the storm season of 2005, which is
21 unbelievable, hard to believe that we are here already, and we
22 have begun just like we always do to get ready with our
23 pre-storm planning.

24 And let me be specific. First, we are continuing to
25 upgrade the logistics and support structures that are needed to

1 ensure rapid restorations. We are checking inventories of
2 supplies, securing agreements and contracts for food,
3 transportation and lodging.

4 Second, we are enhancing our communications systems,
5 particularly looking at our computer systems, telecommunication
6 systems and satellite systems, critical in the early going to
7 be able to communicate.

8 Third, we are examining and expanding our mutual aid
9 capabilities with other utilities, as we learn how important it
10 is to get additional resources here in Florida quickly.

11 Fourth, we are continuing to collaborate with the
12 state and local emergency operation offices to ensure really
13 that all restorations priorities are synced up.

14 Fifth, and perhaps most important of all, we are
15 continuing to enhance our efforts to provide more information
16 on a more timely basis to more of our customers, so they can
17 plan, so they can make plans for their homes and families.

18 And, finally, we will soon stage our annual full mock
19 hurricane drill. We call it our dry run. We have been doing
20 this for years, for decades as a matter of fact. And every
21 year we improve on it. That's part of the reason I think we
22 are so prepared. All of this pre-storm planning is essential.
23 It is essential because it helps to restore the power to our
24 customers quickly, as well as enabling us to provide customers
25 the information they so desperately need in times of disaster.

1 In closing, I would like to applaud the performance
2 of all the local governments and all the local emergency
3 officials during last year's storms. It is never easy being on
4 the front lines when disaster strikes, and I think they did an
5 incredible job under very difficult conditions.

6 We all wish that hurricanes wouldn't come, but this
7 is Florida, and it is beyond our ability to stop them. Our job
8 is to respond quickly and safely when they do to restore power
9 to our customers in the least amount of time. We will make the
10 necessary investments, we will apply the state of the art
11 technology, and we will continue to learn. We will continue to
12 build on what we have already learned.

13 Most importantly, we are listening to the communities
14 we serve and understand what they expect from us. We will
15 always strive to do more and to do it better, because we know
16 that you and our customers are counting on us. **And by working**
17 **together in partnership with our communities, Florida will be**
18 **even stronger for the future.**

19 Thank you.

20 CHAIRMAN BAEZ: Thank you, Ms. Williams.

21 And now we will hear from Public Counsel.

22 MR. MCGLOTHLIN: Good morning, Commissioners. Good
23 morning, ladies and gentlemen. My name is Joe McGlothlin with
24 the Office of Public Counsel. Let me also enter an appearance
25 for Public Counsel Harold McLean, who is also present today.

1 For those in the audience who are not familiar with
2 our office, the Legislature created the Office of Public
3 Counsel to participate in proceedings before the Florida Public
4 Service Commission on behalf of the utilities' customers.

5 I want to spend about five minutes this morning
6 describing in very summary fashion the presentation that our
7 office will make on the dollars and cents aspects of FPL's
8 request during the technical hearing that will take place later
9 this month.

10 In our view, the issue in this docket is not whether
11 FPL will recover any prudently incurred costs associated with
12 restoration efforts. The issue is to what extent does FPL need
13 to increase its rates to do so? During the hearing, the
14 technical hearing, we will contend that FPL has overstated its
15 request in -- for a surcharge. Instead of \$533 million that
16 FPL requests, it is our position that the Commission should
17 approve a surcharge of no more than \$225 million. The
18 difference in amounts is explained by two fundamental
19 disagreements between FPL and our office that I will describe
20 very briefly.

21 First of all, the Office of Public Counsel or OPC
22 contends that the storm damage reserve should be limited to the
23 incremental and extraordinary costs that the storms imposed
24 above and beyond normal levels of expense that the utility
25 would incur in those storms. On the other hand, FPL maintains

1 that it should not be required to make any adjustment to filter
2 out its normal level of expenses from the storm-related costs
3 that it has charged to its storm reserve. This difference
4 between the OPC and FPL extends to both operations and
5 maintenance expense, such as payroll, and plant items, such as
6 the poles and conductors that were replaced as part of the
7 restoration effort.

8 The payroll item provides an easy illustration. FPL
9 wants to charge all payroll costs incurred by those who were
10 involved in the storm restoration efforts, including base pay,
11 to the storm reserve. We contend that the base pay would have
12 been incurred in any event is covered by FPL's base rates, and
13 that to include base pay in the surcharge amount would require
14 customers to pay twice.

15 Similarly, FPL has charged the storm damage reserve
16 the full cost of replacement of poles, conductors and other
17 plant items that are normally capitalized. FPL wants the
18 customers to pay for those plant items over the surcharge
19 period of two or three years instead of the normal 20 or 30
20 years associated with base rate. We don't object to handling
21 the extraordinary costs of the plant items that can be
22 attributed to storms in this way, but we want the Commission to
23 remove from the cost that FPL charges to the storm reserve the
24 normal level of capital costs; that is the amount that FPL
25 would have spent on those poles, conductors and other plant

1 items if the storm conditions had not caused the price of labor
2 and materials to be higher than is usually the case.

3 The second major point of disagreement, and the one
4 that matters far more in terms of dollars and cents, is that we
5 contend the Commission should take FPL's profitability into
6 account when deciding how much of the storm costs it should
7 require the customers to pay. We believe the applicable
8 principles should be not to collect 100 percent of the storm
9 costs from customers through a dollar-for-dollar
10 indemnification type of approach, but, instead, to allow FPL to
11 collect the amount from customers that will ensure that the
12 storms do not prevent FPL from earning a fair and reasonable
13 return on its investment. To require customers to bear 100
14 percent of the storm damage reserve deficiency, as FPL is
15 trying to do, would inappropriately place the entire risk of
16 storm damage on customers and insulate the company's investors
17 from the risks they are paid to accept.

18 Deciding which of these principles to apply matters
19 very much in this case. Because to the extent that the utility
20 already has healthy earnings, the reasonable return standard
21 significantly reduces the amount customers will be required to
22 pay through a surcharge. We have used a ten percent return on
23 equity as the standard criterion the Commission should employ
24 to calculate FPL's share of deficiency in the storm damage
25 reserve. This ten percent criterion is consistent with the

1 stipulation that FPL signed in 2002; and, according to our
2 expert who will testify during the technical hearings, this ten
3 percent return on equity is also more than adequate to provide
4 a fair return in the current economic environment. Applying
5 this sharing principle alone would reduce the amount to be
6 collected from customers by more than \$270 million.

7 Before I conclude, I want to mention very briefly a
8 development that we think may bear upon FPL's request. Earlier
9 I said that at most we believe the Commission should allow FPL
10 to collect \$225 million from customers. A recent development
11 suggests the availability of an alternative course that could
12 obviate the need for some or all the surcharge. FPL filed in
13 March a new depreciation study in which FPL concluded that over
14 time it has collected from customers more than a billion
15 dollars, that is with a B, than would be necessary to recoup
16 its capital investment at this point in time.

17 Recently our office filed a motion to consolidate
18 FPL's new depreciation case with the rate case and with this
19 docket, so that the possibility of using those excess
20 depreciation reserves would offset the deficiency in the storm
21 damage reserve can be evaluated.

22 I would like to emphasize that if one or both of our
23 recommendations are adopted, again, this would not mean that
24 FPL would not recover all of its reasonable and prudent storm
25 costs. It means, instead, that it will recover a portion by

1 absorbing the costs in earnings and/or excess reserves instead
2 of tacking 100 percent of the costs on the customers' bills.
3 At the end of the day, under our approach, FPL will recover its
4 costs and still earn a fair and reasonable return on its
5 investment. Our office believes that this approach constitutes
6 a more equitable balancing of interest than does FPL's
7 petition.

8 Thank you.

9 CHAIRMAN BAEZ: Thank you, Mr. McGlothlin.

10 Are any of the other parties here? I don't see them.
11 Very well. At this point, I was going to ask Mr. Durbin to
12 bring the sign-up sheets, I was going to ask if Public
13 Counsel -- I guess I will. At this point I will swear in those
14 members of the public that are going to testify. All of those
15 that are signed up to speak before the Commission, would you
16 stand up and raise your right hand?

17 (Witnesses sworn.)

18 CHAIRMAN BAEZ: I want to apologize, I'm working with
19 a cold. The people back in Tallahassee know all about this. I
20 may mangle some words. That's my story, and I'm sticking to
21 it.

22 First, I have a couple of people I want to call up.
23 We have the honor of having the Mayor, Jim Humphrey of the City
24 of Fort Myers here. Mr. Mayor, go ahead, sir. Welcome.

25 MAYOR HUMPHREY: Thank you very much, Mr. Chairman.

1 nd good morning, Mr. Chairman, and members of the Commission.
2 irst of all, welcome to our beautiful city of Fort Myers. And
3 hope you have an opportunity to be able to visit some of the
4 owntown area along the water front as well as around the
5 dison and Ford Estates. We are very proud of our city that
6 as formed in 1886, and so I hope you have a chance to see it.
7 ore importantly, I hope you have a chance to spend some money
8 hile you are here. (Laughter.)

9 But when I learned that you would be here in the
10 city -- oh, first, let me also introduce Mr. Al Abdo
11 (phonetic), who is the director of our public works. So if you
12 ave questions, I asked him to accompany me so that he can
13 assist, maybe he can answer questions, or if you want to hear
14 from him.

15 But when I was first informed of this meeting -- and
16 I want to make it clear, for the record, I specifically
17 requested the people at FPL to allow me to come not only to
18 welcome you here, but to express to you what all FPL
19 accomplished for our city and the manner in which they
20 accomplished it. Because I will tell you that -- and this was
21 my first experience. I moved here in 1970, so Hurricane
22 Charley was the first experience, and I happened to be mayor,
23 and under a form of government where I am the chief executive
24 officer and chief administrative officer. So to be able to see
25 firsthand and work with FPL as well as our own staff to -- how

1 they responded to this storm was remarkable, and the remarkable
2 accomplishments. And I want to talk about that very briefly if
3 I can.

4 And I, frankly, want to single out Bill Carlyle, the
5 local representative, and Grover Whidden, who were part of the
6 coordination. And I've learned just from this talk, Ms.
7 Williams is the one I also want to specifically compliment,
8 because of the preparedness and the way they prepared and how
9 well prepared they were. So we, as I said, learned firsthand
10 how well prepared and how quickly mobilized that they were, and
11 how they worked with the city and its citizens to restore
12 power.

13 First to high proprietary areas, through Bill
14 Carlyle, they coordinated with our EOC and coordinated with our
15 public works to ensure that the medical facilities, the master
16 sewer system, the main water systems, and then their
17 restoration priorities. Again, wherever she is, they were so
18 well prepared to be able to know that coordination and set the
19 priorities. And in my notes I said it was evident they had a
20 good disaster preparedness plan, and that they performed in an
21 excellent and timely manner. Power was returned to our central
22 facilities in an unbelievably short time.

23 Hurricane Charley came through on a Friday afternoon,
24 and we started seeing FPL trucks almost immediately. And, in
25 fact, we started seeing trucks from the other states on

1 Saturday and Sunday. And to show you the magnitude of it, too,
2 we had mobilized our public works department and our police and
3 all before Hurricane Charley hit just to remove the debris for
4 our city, because our city is a small geographical area,
5 required more -- it was more tonnage than we -- in square cubic
6 yards, than we had removed in the ten years prior to that time.
7 And so trying to coordinate that removal with FPL, trying to
8 make sure that we also performed, quite frankly, as well as
9 they did, that was our goal was to keep up with it. So we were
10 most impressed with their planning and organizational skills.

11 And then I was impressed with the way they mobilized
12 the thousands of people that they have told you they have, and
13 I know that they had thousands within our area of all the
14 trucks. And I also know that during that time they were
15 housing and feeding and coordinating the logistics associated
16 with that. So we had, as a results of their actions, most of
17 our power, over 75 percent, returned in three days. We had, in
18 fact, to the emergency priorities we had it by either that
19 afternoon or the next day. And in three days we had it
20 returned to most of it. And in five days our city was back
21 with full power.

22 So I give them high marks for what it accomplished.
23 And while, you know, I cannot get into the discussion, of
24 course, of the costs, what I will say to you, just for our
25 little city in this it was over \$5 million just to remove the

1 debris. But I can tell you that the reliability and the
2 quality of their performance was exceptional. The restoration
3 of power to me was unprecedented, and I want to congratulate
4 them.

5 And then I want to frankly ask you to please give
6 them -- we are already hearing what's going to happen to us
7 possibly this year. Please give them sufficient reserves to
8 ensure that they can perform just as well this time as -- I
9 mean, just as well in the future as they have performed this
10 time.

11 So I know that will be your responsibility and duty,
12 but not only as the mayor of the city, but also as a customer,
13 I'm prepared to pay that amount if I can get the same type of
14 treatment. Because nothing is more uncomfortable than not to
15 have power, to sleep in the mayor's office, or sleep somewhere
16 else, because we are having to operate our facilities. And so
17 to have them return that within the three days was just
18 exceptional.

19 So, as I said, I just wanted to come to let you know
20 that they -- they were exceptional, I guess that is the best
21 way I can say it. And I greatly appreciate the way in which
22 they were prepared, and the way in which they performed their
23 obligations. And then to know that they need a reserve to be
24 able to accommodate the same type of quality of service that
25 they provided to us and the timeliness of service that they

1 provided to us this time.

2 Thank you. If you have any questions, I'll be glad
3 to try to answer your questions.

4 CHAIRMAN BAEZ: Questions of the mayor?

5 Mayor Humphrey, thank you for coming out this
6 morning, and we really do appreciate your comments, and they
7 are very useful for us.

8 MAYOR HUMPHREY: Thank you.

9 CHAIRMAN BAEZ: The next, Commissioners, is Howard
10 Rynearson, I hope I got that right, vice mayor of the town of
11 Fort Myers Beach.

12 Good morning, sir.

13 MR. RYNEARSON: Good morning, Commissioner. I
14 appreciate the time to listen to me.

15 CHAIRMAN BAEZ: Not at all.

16 HOWARD RYNEARSON

17 appeared as a witness and, swearing to tell the truth,
18 testified as follows:

19 DIRECT STATEMENT

20 WITNESS RYNEARSON: We, mainly come to observe and
21 listen, but we also echo the mayor's voice, also. They did a
22 tremendous job. They were there when we needed them. Our
23 lights were back on within three to four days. They worked
24 night and day. They took the time to call us, let us know when
25 certain grids of power were coming on, so we could tell our

1 people. And we really appreciate it. But mainly we are here
2 to listen to what you have to say. Thank you.

3 CHAIRMAN BAEZ: Thank you, sir.

4 Next -- I hope I get this right, Jerrod Rouby.

5 MR. ROUBY: Close.

6 CHAIRMAN BAEZ: Close?

7 MR. ROUBY: Right, Mr. Chairman. Jerrod Rouby,
8 R-O-U-B-Y.

9 CHAIRMAN BAEZ: I'm sorry.

10 MR. ROUBY: That is all right, sir.

11 CHAIRMAN BAEZ: Thank you.

12 JERROD ROUBY

13 appeared as a witness and swearing to tell the truth, testified
14 as follows:

15 DIRECT STATEMENT

16 WITNESS ROUBY: I am here twofold. First, to
17 represent the Lee County Alliance for the Arts, an Organization
18 that was commissioned in 1975 under the 501-C3 status, and also
19 is the designated local arts agency for the county by the
20 County Commissioners and for the Department of Cultural Affairs
21 for the Florida Arts Council. We are located in a ten and a
22 half acre campus and, fortunately, our damages during the
23 hurricane were very minimal. We did receive superb support
24 from FPL for tree removal, and also we had one halogen parking
25 lot light with a shield that was taken care of in a month, and

1 that was superb to us considering the aftermath of what had
2 occurred. This caught everyone by surprise, the amount of
3 damages, and we realized this was negligible compared to the
4 needs of those within the community. We have always had superb
5 association with FPL in the past with transformers blowing,
6 lines apparently that were damaged, and they have been
7 immediately in response to us.

8 Now as an individual consumer. I live in the City of
9 Fort Myers, and I have been very, very pleased with the support
10 we received from the utility. We have had blown transformers
11 in my back yard. Scared the heck out of us. But they were
12 there the next day to replace them. We have recently had two
13 poles, one on each side of our property replaced, a new
14 transformer, new lines. And they are still working, and they
15 are working day and night. And we appreciate it very, very
16 much. I would support totally the request from the utility and
17 hope that you will agree with them.

18 I do have one problem with FPL, though. There are
19 lot of cars in that parking lot today, and it was difficult to
20 find a parking space from them. Thank you very, very much. If
21 you have any questions, I will be glad to answer them.

22 CHAIRMAN BAEZ: Thank you, sir.

23 Mr. Jim von Rintel. I got that one wrong, too.

24 MR. RINTELN: You did good.

25 JIM VON RINTELN

1 appeared as a witness and, swearing to tell the truth,
2 testified as follows:

3 DIRECT STATEMENT

4 WITNESS RINTELN: Good morning, Commissioners, and
5 Mr. Chairman. I'm Jim von Rinteln from the Collier County
6 Emergency Mangement Department. And on behalf of the Bureau of
7 Emergency Services and Dan Summers, the director of the
8 bureau -- of the Department of Risk Management, Emergency
9 Manager for Collier County, I have been authorized to share the
10 department's written testimony with you today and answer any
11 questions that you may have.

12 Collier County would like to thank all the men and
13 women of Florida Power and Light Company and the various
14 cooperatives, including the respective contract personnel, for
15 their hard work and dedication in the recovery efforts of the
16 2004 hurricane season. As is the case with any single natural
17 disaster event, all response systems were challenged to say the
18 least. The fact that four storms impacted on Florida makes the
19 magnitude of the response effort nearly impossible to
20 comprehend.

21 Critical to future disaster preparedness efforts is
22 for us to take a hard look at current disaster plans, policies,
23 procedures, and training, and compare them with the actual
24 on-the-ground events. The following recommendations are meant
25 to address both Lee County Co-op and Florida Power and Light

1 who provide service to Collier County.

2 Our first recommendation highlights the lack of a
3 reliable communication network between Florida Power and
4 Light's Emergency Communications Center and the county's
5 emergency operations centers. All disaster responders have
6 reported on the impacts of telephone, Internet, cellular phone
7 and two-way radio system failures during the 2004 hurricane
8 season. All counties in Florida have a two-way satellite
9 system that are extremely reliable. And we would look to that,
10 you know, to help alleviate that problem. Florida Power and
11 Light, the state emergency management and local emergency
12 managers should look closely at investing in equipment and
13 subscribing to additional talk channels to ensure that a
14 reliable backup communication system exists.

15 Second, the utilities, Florida Power and Light and
16 Lee County Electric Co-op, should be complimented for
17 dispatching liaisons to many of the county Emergency Operations
18 Centers. However in many cases the liaison had limited
19 experience or training with regard to working in emergency
20 operations centers or had difficulty in relaying high priority
21 emergency dispatch information to their respective storm
22 command centers.

23 Florida Power and Light liaisons had many challenges
24 towards gaining reasonable information requests regarding
25 status updates. Additionally, personnel arrived at the Collier

1 County EOC without any backup two-way radio capability. They
2 relied either on cell phone, land line, or the Internet.
3 E-mails from the county EOC to the respect storm centers were
4 apparently addressed in the order of receipt, not necessarily
5 in the order of proprietary and that was a problem.

6 Florida Power and Light and Lee County Co-op are
7 encouraged to revisit their current policy of waiting until the
8 road conditions are safe after the storm has passed to dispatch
9 their liaisons. County EOC liaisons should report to the
10 respective EOCs at the time of the county's activation or the
11 local state of emergency declaration prior to the deterioration
12 of road conditions. Local EOCs can assist the utility liaison
13 with staffing, scheduling, and family sheltering issues, et
14 cetera.

15 The third recommendation is to have the utilities
16 revisit its current policy regarding priority restoration
17 efforts. Florida Power and Light, to our knowledge, does not
18 share its list of priority restoration locations. Conversely,
19 counties do not have an avenue to review its list of persons
20 with special needs or critical facilities with the utilities.

21 In my opinion, and that is the opinion of the
22 emergency management director, much can be done to avoid the
23 duplication of the planning efforts and confirm response
24 priorities when EOCs and the utility storm centers are working
25 in the same planning strategy.

1 It should be noted that many critical facilities,
2 such as nursing homes, rest homes, assisted-living facilities
3 were severely impacted due to secondary feeder lines not being
4 mitigated from downed trees or other minor factors contributing
5 to the interruption. Florida Power and Light reported to us
6 that it did not consider nursing homes and rest homes as
7 priority locations within their current restoration policy, and
8 rather later in the post-storm response. We are requesting
9 that the utilities work jointly in the planning efforts with
10 emergency managers and facility owners to develop a better
11 understanding of the needs and capabilities.

12 Furthermore, we go on the record respectfully
13 requesting that the utility commission communicate to the
14 Legislature the need for improved stand-by generator capability
15 and reliability at the human services facilities noted above.

16 In closing, allow me to summarize a few of the
17 remaining issues. First of all, we have not conducted any
18 financial analysis of the request for a surcharge related to
19 the storm cost, we will comment that we observed a
20 well-orchestrated Herculean effort on behalf of Florida Power
21 and Light and Lee County Electric Co-op for what we should
22 refer to as a reconstruction effort, not a repair effort.

23 Secondly, we must remind all parties of the
24 advantages and disadvantages of above-ground and below-ground
25 power installation. Most importantly, from the emergency

1 management perspective, is the emergency managers recognized
2 that Hurricane Charley produced minimal storm surge, which
3 generated minimal salt infiltration to the underground systems.
4 Conversely, we saw hundreds of downed power poles, along with
5 rapid response for that repair. Ultimately, local officials,
6 developers, and market forces may address the underground
7 installation design philosophy. However, local emergency
8 managers should have the utilities full support in correcting,
9 reviewing, or designing, or helping in designing paths to the
10 critical infrastructure for human services facilities.

11 Finally, counties can contribute mutually to the
12 beneficial training opportunities if Florida Power and Light
13 and the co-ops will include local emergency managers as part of
14 their respective storm training sessions or exercises. Ample
15 room exists to become better partners in communications,
16 corporation, and coordination that will ultimately benefit the
17 citizen customer.

18 Thank you. And I will be glad to answer any
19 questions.

20 CHAIRMAN BAEZ: Thank you, Mr. Von Rintel. Any
21 questions? Thank you for coming.

22 WITNESS RINTELN: And I have copies of the written
23 testimony, and I leave it with you.

24 CHAIRMAN BAEZ: You want to leave it with the court
25 reporter. Thank you so much.

1 Mr. Lee Ford.

2 LEE FORD

3 appeared as a witness and, swearing to tell the truth,
4 testified as follows:

5 DIRECT STATEMENT

6 WITNESS FORD: Commissioners, my name is Lee Ford,
7 and I'm just a layperson here in Fort Myers. And I just want
8 to say on behalf of most of the people that I do know, we are
9 very pleased with what FPL did during the storms. I'm not only
10 a business person, I'm on the horizon council, and I'm on the
11 city's planning board. We have had discussions, and I haven't
12 heard anyone say anything negative about the level of service
13 we received during the storms.

14 And as far as -- the mayor has already done a very
15 good job of giving FPL the accolades. I'm just going to say as
16 far as the money is concerned, it is very unrealistic for
17 someone to think that there was no costs associated with the --
18 above and beyond the norm, because everything involved with
19 this was above and beyond the norm. I had nothing to do with
20 power lines, but I had extra expenses that I didn't plan on.
21 So I am in agreement with giving them what they need. And as
22 far as you people assessing what that need might be, that is
23 between you all. But I believe that they should, and they do
24 deserve, what they are requesting at some level. Thank you.

25 CHAIRMAN BAEZ: Questions of Mr. Ford?

1 Thank you, Mr. Ford, for coming this morning.

2 Mr. Steve Tirey. Did I get that one right?

3 MR. TIREY: You did fine, Mr. Chairman.

4 CHAIRMAN BAEZ: Good. Mr. Ford gave me a brief
5 respite there from the challenge.

6 STEVE TIREY

7 appeared as a witness and, swearing to tell the truth,
8 testified as follows:

9 DIRECT STATEMENT

10 WITNESS TIREY: Good morning, Mr. Chairman, members
11 of the Commission, staff members, members of the public. My
12 name is Steve Tirey. I'm the president and the chief executive
13 officer of the Chamber of Southwest Florida. We are a regional
14 business association representing nearly 200 major employers in
15 Lee, Collier, Charlotte, Hendry and Glades counties.

16 The experiences I want to share with you briefly this
17 morning and my comments are representative from my direct
18 experience and knowledge, coupled with feedback from my
19 regional business members. I recognize my working role
20 provides me with the unique position of access to information
21 from a broad cross-section of employers in our region.

22 Charley, Frances, Jeanne, and I, and 4.2 million
23 other FPL customers had an interesting day beginning on Friday,
24 August the 13th of 2004, as we shared a common experience.
25 Little did we know that on that day and over the next several

1 weeks more than \$700 million would be required to not only
2 restore, but in many cases rebuild the power system required
3 and used every day by FPL customers.

4 I don't know about you, but when you move to Florida,
5 there are few days in your life in which you have very clear
6 recollection. Perhaps it is your first day on the job when you
7 come to Florida. I can tell you one of the clear days of
8 recollection that I have is 53 hours after Friday, August the
9 13th, when the first storm rolled through and the power came
10 back on at my household. I have never seen the look of joy
11 that I have seen on the members of my family when the power
12 came back on and the air conditioning was restored in our home.
13 And I'm sure it was that way across Florida as power was
14 interrupted and then restored for FPL customers.

15 In retrospect it is now evident to me that FPL
16 entered the series of events at a high level of preparedness.
17 It is apparent that a well thought out plan provided
18 outstanding preparation for these events, and FPL proved to be
19 responsive and adapted to local needs. They provided good
20 coordination with other local agencies, and they were willing
21 and able to call on outside resources to get the job done.

22 In thinking about being here today, I read and asked
23 a few questions and did some research on the Internet, and it
24 was very easy to see that FPL was very ready, willing, and able
25 to bring labor resources into our community. You have heard, I

1 believe, today that those resources came from over 39 states
2 and Canada. And in Southwest Florida over 17,000 persons were
3 imported working through FPL's recovery. These efforts were
4 staggering military like proportion and unprecedented in our
5 state and our region.

6 I also learned in my research that in December of
7 2004, FPL was one of five companies in our nation honored by
8 the Edison Electric Institute as a winner of the association's
9 emergency response award for the company's outstanding efforts
10 to restore electricity for so many customers so quickly under
11 the circumstances. Now, EEI officials noted that following
12 Hurricane Frances, restoration of electricity to nearly 90
13 percent of the affected customers was done within six days and
14 to every customer within 12 days, something for which they and
15 a few other companies in our country received some well earned
16 recognition.

17 So preparedness, the well thought and exercised plan,
18 ready access to resources, and the skillful and flexible FPL
19 work team made the difference for our region in the months of
20 August and September of 2004. The outstanding preparation for
21 these events and having an emergency infrastructure in place
22 really made a positive impact in getting our community back on
23 its feet and operating as quickly as possible.

24 The chamber is like any other small business in our
25 marketplace. Just because we are a business association

1 doesn't mean that we are not buffeted by the same dynamics that
2 occur in terms of business interruption, getting people safely
3 to and from the work place, and all the issues surrounding
4 these storm events. Multiplied across our business membership,
5 we know that without the kind of preparation that FPL brought to
6 the table, the communities in our region would have been much
7 longer in terms of recovery from these weather events.

8 Like most FPL customers, I was really unaware that
9 FPL would be preparing for this series of unfortunate events by
10 setting up a storm reserve years ago. Smaller weather events
11 over the years have created needs offset by this established
12 reserve. We know now that this year's events have created a
13 circumstance where short infusion of additional revenues will
14 be required to recover the hurricane recovery costs that
15 exceeds the amount of reserves already in place.

16 I am not here to talk about the technical aspects of
17 how much that should be or how it should occur, but I know that
18 myself and companies that I work with on a daily basis
19 appreciate Florida Power and Light's community leadership and
20 their culture of continuous improvement. I know that they will
21 take the feedback from their customers and from sessions like
22 today and incorporate them into their preparedness as we enter
23 the next cycle of weather activity for this year. Last year's
24 weather events have helped us all re-evaluate our priorities
25 for preparation.

1 There is a cost of being prepared for these
2 unfortunate events. Preparing a fiscally sound and publicly
3 fair method to keep capital reserve ready to meet the needs of
4 FPL customers is not only good business and good public policy
5 it is just good common sense.

6 Thank you.

7 CHAIRMAN BAEZ: Thank you, Mr. Tirey.

8 Questions of the witness, Commissioners?

9 Thank you for coming this morning, sir.

10 WITNESS TIREY: My appreciation to you.

11 CHAIRMAN BAEZ: Michael McNally.

12 MICHAEL MCNALLY

13 appeared as a witness and, swearing to tell the truth,
14 testified as follows:

15 DIRECT STATEMENT

16 WITNESS MCNALLY: Good morning, Mr. Chairman,
17 Commissioners, members of the public and Staff. My name is
18 Michael McNally, and I'm here representing Janet Eustis
19 (phonetic), who is the chief executive officer with the Ruth
20 Cooper Center for Behavioral Health Care. In my capacity as
21 director of advocacy services of the center, I would like to
22 make some comments that is going to perhaps put more of a human
23 face on some of the events and on FPL's response. I think
24 sufficient testimony has been given to their preparedness to
25 the extraordinary job they did under extraordinary

1 :ircumstances. But I would like to speak to their flexibility
2 and sensitivity with our agency in particular.

3 We are not a priority agency. We are a community
4 mental health center. We serve over 6,000 people in Lee
5 County. Of those 6,000 people, 2,200 are individuals who are
6 some of the most vulnerable citizens in our county. They
7 suffer from and cope daily with serious and persistent mental
8 illness. We have twelve buildings on our campus. Four of
9 those building are residential buildings, housing an adult
10 crisis unit, a children's crisis unit, a transitional
11 residential facility for people transitioning from state
12 hospitals and mental health care back into the community, and
13 we also have a chemical dependency program.

14 On the day that Hurricane Charley arrived we had
15 approximately 76 residents on our campus, 30 of them acutely
16 psychiatrically ill people, eight of them children on a
17 children's crisis unit, and the remainder from the other two
18 residential programs. As the storm escalated, we were informed
19 that three of our buildings were not safe for us to remain in.
20 As a result we had to move everyone to our adult crisis unit.
21 Therefore, we had a mix of individuals in acute psychiatric
22 crisis with children, with other folks transitioning, and
23 people with chemical dependency issues.

24 When the power went out, we had an inordinate number
25 of people in a 30-bed crisis unit. Our generators kicked in.

1 We had sufficient electricity, but, obviously, we did not have
2 air conditioning. We all know that heat has a tendency to
3 aggravate any one of us. For individuals who are acutely
4 psychiatrically ill and dealing with other emotional problems,
5 the heat exacerbates all of those conditions.

6 We made a trip down to the emergency operation center
7 to tell them what our dilemma was and the situation that we
8 were in with all the folks housed in our adult crisis unit. In
9 less than 36 hours we had air conditioning, we were fully
10 restored, every building on our campus. And without the
11 intervention and the flexibility beyond the enormity of what
12 FPL was dealing with, their flexibility to pay attention to our
13 agency was incredible, and we sincerely thank them for that.

14 We are not in the business nor do we have the
15 expertise to make determinations about reimbursements and
16 surcharges. However, I would certainly submit to you to listen
17 with the appropriate due diligence, which I know you will, to
18 all of the testimony and look at some of the more human aspects
19 of what occurred, some of the flexibility that FPL provided to
20 organizations like our own.

21 I thank you for your time.

22 CHAIRMAN BAEZ: Questions for Mr. McNally?

23 Thank you, sir.

24 WITNESS MCNALLY: Thank you.

25 CHAIRMAN BAEZ: Mr. Herb Dorsett.

1 MR. DORSETT: Good morning to you.

2 CHAIRMAN BAEZ: Good morning.

3 HERB DORSETT

4 appeared as a witness and, swearing to tell the truth,
5 testified as follows:

6 DIRECT STATEMENT

7 WITNESS DORSETT: I represent the Harry Chapin Food
8 Bank of Southwest Florida. We serve five counties. Four of
9 them were particularly hit by Hurricane Charley and resulting
10 storms. But, first of all, let me explain to you what a food
11 bank is.

12 We bring in surplus food from all over the country
13 into the food bank and make it available to feed people in
14 need. And that is a lot of different kinds of people. But
15 when you think about that one of every nine people in our
16 community in Southwest Florida is in need of food, that is a
17 substantial number. In fact, it is 110,000 people. **We supply**
18 food for 85,000 of those people on a daily basis.

19 So when the storm came, we had a 32,000 cubic foot
20 refrigerator/freezer that had probably 50,000 pounds of frozen
21 or refrigerated food. Obviously, we were very concerned about
22 that, but more than that we had dry food storage of up to
23 probably a half million pounds. All of a sudden we were
24 confronted with the fact of food beginning to arrive in
25 southwest Florida for the food bank to distribute to the people

1 in need. And as you can imagine, in Charlotte County there
2 were hundreds, perhaps thousands of people in need of food
3 because their home had disappeared, and they had no idea what
4 to do beyond that.

5 Now, we serve 120 agencies in these five counties.
6 These are people who operate food pantries, who distribute food
7 on a every day basis or every week basis in each of these
8 counties. That means that the people have access to food. But
9 if you put on top of that an overlay of people suddenly
10 displaced, no home, no place to go back to, no food, and no
11 other means of resource. The Red Cross stepped in in a very
12 large way to feed all of these people, but where did the food
13 come from? It came from the Harry Chapin Food Bank. We
14 supplied the food to all of the different sites that Red Cross
15 operated. Same thing with the Salvation Army. Same thing in
16 Charlotte County for the Southern Baptist Convention who
17 brought in a whole feeding unit, but they had to have the food,
18 and we supplied the food.

19 We get food from USDA. We get it from -- in this
20 case, we got a lot of food through American Second Harvest. In
21 the six weeks in which we were involved in the storm activity,
22 we brought in over a million pounds of food that we distributed
23 during that same six weeks. That meant we had to bring in
24 additional warehouse space and additional help, and there was a
25 lot of volunteers that were involved in helping us to

1 distribute that food. But in six weeks an extra million pounds
2 of food came in and was distributed to the people in need.

3 If we had walked in three days later and found that
4 our freezer or refrigerator had gone bad and could not be
5 restored, we would have been in a terrible fix. But, instead,
6 Florida Power and Light had us back in operation within three
7 days. Our refrigeration held. We were able to save all of our
8 food, and to refrigerate all the food that came in after that.
9 I can't say enough about Florida Power and Light and their
10 operation in our area, particularly as it pertains to the Harry
11 Chapin Food Bank.

12 We handle more than four million pounds of food a
13 year coming in and being distributed throughout five counties.
14 That number is growing every year. Within another five years
15 we will be distributing ten million pounds of food. That is
16 what the need is for hungry people in Southwest Florida. We
17 are building a new food bank. We know and now have all the
18 assurance in the world Florida Power and Light will take care
19 of us no matter what the situation is. And we are very proud
20 to represent them today as being someone for you to look at
21 very carefully. Because what they did was, indeed, Herculean,
22 and was, indeed, a lifesaver to a lot of people in need of
23 food. And we are delighted to represent them today.

24 Thank you.

25 CHAIRMAN BAEZ: Questions of Mr. Dorsett.

1 Thank you, sir.

2 Patricia Howell.

3 PATRICIA HOWELL

4 appeared as a witness and, swearing to tell the truth,

5 testified as follows:

6 DIRECT STATEMENT

7 WITNESS HOWELL: Good morning. Unlike my
8 predecessors, I'm going to be very brief. FP&L did a great
9 job. They were kind, they were considerate. They explained
10 what they were doing at all times. We had power here in Fort
11 Myers within two days. So I do support the surcharge. I only
12 ask that it be fair and reasonable.

13 Thank you.

14 CHAIRMAN BAEZ: Questions for Ms. Howell?

15 Thank you, Ms. Howell.

16 Yes, Commissioner?

17 COMMISSIONER BRADLEY: Are you representing anyone in
18 particular, or are you just --

19 WITNESS HOWELL: No, myself.

20 CHAIRMAN BAEZ: Commissioner Bradley's question.

21 Thank you, ma'am.

22 Mr. Eric Flusche.

23 ERIC FLUSCHE

24 appeared as a witness and, swearing to tell the truth,

25 testified as follows:

DIRECT STATEMENT

1
2 WITNESS FLUSCHE: Good morning, Mr. Chairman, and
3 members of the Commission. My name is Eric Flusche. I'm with
4 Senior Friendship Centers, an agency here dedicated to
5 maintaining frail seniors in their homes for as long as
6 possible through the services we provide, adult day care, et
7 cetera. And I can tell you that our job is made so much easier
8 through the efforts FPL gave through the hurricanes. Because
9 without their efforts I can't tell you how many of our seniors
10 would have been -- we would have been shipping out to other
11 counties, other states, you know, locating other family members
12 keeping in central quarters. We really don't know what we
13 would have done without the efforts that they provided us.

14 So, to that end, I would just like to extend our
15 appreciation to FPL for all the effort they gave after the
16 hurricane.

17 Thank you.

18 CHAIRMAN BAEZ: Questions for Mr. Flusche?

19 I have a question. Your centers, do you have medical
20 facilities, medical care facilities?

21 WITNESS FLUSCHE: We have got adult day cares in Fort
22 Myers and in Lehigh. We do not have -- well, we have a health
23 services clinic in North Fort Myers that operates on a daily
24 basis. We do home-delivery meals on a daily basis, and we do
25 coordinate with EOC for volunteers to respond. While we are

1 not first responders, our case managers are out there, you
2 now, identifying the clients that were in need of food and
3 water. We are providing that food and water. And, again, I
4 can't tell you how much easier it made our jobs not having to
5 locate and relocate individuals that didn't have -- you know,
6 just because they didn't have power.

7 CHAIRMAN BAEZ: Thank you very much.

8 WITNESS FLUSCHE: Thank you.

9 COMMISSIONER BRADLEY: I have just one question. So
10 you, if I understood you correctly, provide an in-home service
11 to individual residents?

12 THE WITNESS: Correct.

13 COMMISSIONER BRADLEY: Thank you.

14 COMMISSIONER EDGAR: What was the name?

15 WITNESS FLUSCHE: Senior Friendship Centers.

16 COMMISSIONER EDGAR: Thank you.

17 CHAIRMAN BAEZ: Next we have Mr. Damian Grant.

18 Mr. Grant? Fort Myers Beach. Okay.

19 Next we have Mr. Bob James (phonetic), Commissioner
20 Bob James.

21 BOB JAMES

22 appeared as a witness and, swearing to tell the truth,
23 testified as follows:

24 DIRECT STATEMENT

25 WITNESS JAMES: Thank you so much. I'm Bob James.

1 I'm a Lee County Commissioner, and I want to thank you, first
2 of all, for coming down to the Fort Myers area. It is a
3 beautiful area. We would like to see more of you. And when
4 you come, always remember to bring money.

5 CHAIRMAN BAEZ: You're the second person that has
6 reminded us.

7 WITNESS JAMES: Am I? Okay. I was going to say
8 credit cards are okay, too. But I want to thank you for the
9 opportunity. Last year, as you know, Lee County was hit pretty
10 hard by Hurricane Charley, which, as you know, was a Category 4
11 storm, and that was on August 13th. The following six weeks,
12 or the subsequent six weeks, Lee County also endured hurricane
13 watches and warnings from Hurricane Frances, Ivan and Jeanne,
14 and each necessitating its own response. And we need to
15 respond to support those that were impacted both within and
16 without our communities, communities in southwest Florida.
17 These hurricanes tested Lee County's governments and private
18 entities' ability to respond to such threats. And many
19 communities in Southwest Florida are still dealing with
20 hurricane recovery efforts.

21 However, we have been able to recover due to the
22 strength and will of its own citizens and to the goodwill of
23 many hundreds of volunteers from all over Florida. And due to
24 the regional, state, and national networks of disaster relief
25 that we had going for us. Lee County had not experienced a

1 strong hurricane in over 40 years. And I can tell you that Lee
2 County and Southwest Florida has changed drastically during
3 those 40-plus years, as you well know. The population is
4 growing. Right now we are we, just within Lee County we are
5 five hundred thousand -- I think it is 525,000, and expected
6 within the foreseeable future that is as long as you and I are
7 going to be around to be a population of a million. So it has
8 changed drastically and will continue to change drastically.

9 Lee County is in the process of developing a 2004
10 hurricane season self-assessment. And in reviewing the
11 successes in problem areas, governments and private entities
12 performed well in our preparation and in our responses and in
13 our recovery effort. We really, really did get together a good
14 team that worked quite well.

15 Today I'm here to share with you that FPL, Florida
16 Power and Light, truly did a phenomenal job. They mobilized
17 their restoration workers very quickly. They were sent out
18 into the communities. Their recovery efforts and priorities
19 were always, always speed and safety. And they accomplished
20 both. With getting one-half of the customers' service restored
21 within 48 hours, 75 percent within 72 hours, and 90 percent
22 within five days. These areas received the most damage from
23 the hurricane, and in some cases completely rebuilding of the
24 electrical service was necessary for the area.

25 I've got a number of facts and statistics so I have

1 to write them down. I can't keep it all in my memory because
2 of my advanced age, but I don't tell everybody that.

3 There are many areas that we in Lee County feel that
4 we can learn from FPL. They were organized, mobilized and
5 ready to go absolutely as soon as it was safe to do so.
6 Electricity for the first response critical areas of need were
7 immediately restored, which is to say police, fire stations,
8 hospitals, for an example.

9 And I'm not here today to advocate one way or another
10 regarding a rate issue, that is a decision which you have the
11 privilege of making. But I am here as a community leader to
12 let you know that FPL partnered with Lee County last year in
13 what I consider to be an outstanding recovery effort for our
14 citizens. FPL was part of a very large team of governmental
15 and private entities that were called upon to handle an
16 emergency situation, and they did their job. They did it
17 efficiently, effectively and safe as well as cost-effective.
18 And they had one purpose, and that was to bring the power back
19 up and on as quickly as possible and as safely as possible for
20 each and every customer that was affected by these storms.

21 Now, there is a cost obviously associated with
22 hurricane recovery. The county is still paying for hurricane
23 recovery efforts and trying to recoup some of the losses from
24 FEMA. As you read in the papers, that is a tremendous effort
25 that we have been involved in. However, in some areas our

1 citizens will have to pay extra taxes for recovery efforts that
2 are not reimbursed or reimbursable by FEMA.

3 I appreciate you providing me the opportunity to
4 share Lee County's assessment of FPL's disaster recovery
5 process. Thank you, again, for your service to the citizens of
6 the state of Florida, but I also cannot leave without telling
7 you that FPL was an exceedingly important member of a team that
8 we had assembled in our area. And I am extremely proud. If
9 you can drive through the community now and see how FPL, for
10 example, worked with many communities and worked well with
11 them, and our cities within Lee County. And we expect that
12 cooperative effort to continue and just want you to know how
13 appreciative we were of their efforts and how terribly
14 expensive the process was. So good luck to you, and thank you
15 for the opportunity to be here today.

16 CHAIRMAN BAEZ: Thank you, Commissioner.

17 WITNESS JAMES: I will try to answer any questions
18 you may have.

19 CHAIRMAN BAEZ: Thank you for coming out this
20 morning.

21 That is the last speaker that I have signed up. Is
22 there anyone in the audience who did not sign up to speak who
23 wishes to speak?

24 Commissioners, at this point, since there is no one
25 in the audience, I would recommend we break for about 10 or 15

1 minutes, just to make sure that anyone coming late may have a
2 chance to get in. So at this point we will be in recess for 15
3 minutes.

4 (Recess.)

5 CHAIRMAN BAEZ: Let's go back on the record. We will
6 reconvene the hearing.

7 Commissioners, we have two additional speakers, and
8 if they are in the room, I have Mr. Wilson and Mr. Browner.
9 Are they in the room?

10 All right. Gentlemen, would you kindly -- I need to
11 swear you in, so if you will stand and raise your right hands.

12 (Witnesses sworn.)

13 CHAIRMAN BAEZ: I guess I am going to take them in
14 the order that they were given to me. Mr. Wilson, John D.
15 Wilson.

16 JOHN D. WILSON
17 appeared as a witness and, swearing to tell the truth,
18 testified as follows:

19 DIRECT STATEMENT

20 WITNESS WILSON: Good morning. My name is John
21 Wilson. I serve as the emergency management director for Lee
22 County and also as the public safety director. I just wanted
23 to provide my -- I guess my two bits toward you all today as
24 far as FPL's help to us following Hurricane Charley this past
25 August 13th. We did our initial assessment that evening. We

1 found that we were 90 percent out of power in our community.
2 And that is just absolutely an amazing thing to wake up to,
3 sometime around that evening, that 90 percent of your community
4 does not have power. And certainly when that happens, we go
5 into the business of providing food, water, ice until we can
6 get the power back up. And Florida Power and Light, along with
7 our other partner here in Lee County, Lee County Electric
8 Co-operative, did a phenomenal job of getting that power back
9 up in a week. And that just allowed us to get that far ahead
10 of the power grid in terms of changing our response efforts
11 from providing food, water, and the basic biological
12 necessities to getting back to the business of recovering from
13 Hurricane Charley.

14 I had a chance to take a look at their logistical
15 structuring here in Lee County, in the old Metro Shopping
16 Center, a Lee County School District Facility, and it was
17 absolutely amazing. We could learn lessons from the way they
18 did business as far as how they set up their structure in terms
19 of getting their people fed, and getting their people out into
20 the field, and getting our power back up as quickly as they
21 did. We were able to get 90 percent of the power back up, I
22 believe, in a week in the Florida Power and Light franchise
23 area. And the only reason the other ten percent could not was
24 because there was infrastructure loss, or the homes just
25 weren't able to take power because they were damaged as well.

1 So, we really appreciate it what FPL did for us, and I just
2 want to kind of present that to you.

3 CHAIRMAN BAEZ: Questions of Mr. Wilson?
4 Commissioner Bradley?

5 COMMISSIONER BRADLEY: Yes. Mr. Wilson, you said
6 that you were 90 percent out of power. Was that for all three
7 hurricanes?

8 WITNESS WILSON: No, it was just for Hurricane
9 Charley.

10 COMMISSIONER BRADLEY: Okay. And do you know what
11 the percentage was for the other two?

12 WITNESS WILSON: We basically served as a host area
13 during Hurricane Frances and Hurricane Jeanne for evacuees for
14 the others areas. We did lose some power. I don't know if it
15 was more than 10 or 15 percent though, as a result of those
16 storms, it was minimal.

17 COMMISSIONER BRADLEY: Okay.

18 CHAIRMAN BAEZ: Any other questions?

19 Thank you, Mr. Wilson, for coming out this morning.
20 Mr. Browner.

21 JIM BROWNER
22 appeared as a witness and, swearing to tell the truth,
23 testified as follows:

24 DIRECT STATEMENT

25 WITNESS BROWNER: Good morning, ladies and gentlemen,

1 Jim Browner, Superintendent of Lee County Schools. I, like Mr.
2 Wilson, am here just to share with you that during the
3 hurricane season we experienced a lot of support and time and
4 energy from the part of Florida Power and Light. And as
5 Mr. Wilson said, the other provider also. But from my
6 standpoint, we could not have been ready to open schools in one
7 short week had it not been for the efforts of the whole
8 community, but especially some of the providers and especially
9 Florida Power and Light Company.

10 Mr. Wilson, since I'm up here, I will say what a
11 great job he did, also, from the emergency standpoint. But
12 from a school district standpoint, Florida Power and Light
13 Company provided the support we needed to get our schools ready
14 to go. I actually -- most of our schools had power by the end
15 of that first week in Charley, so that we could get teachers
16 back in the buildings and get ready for the opening which was
17 the following Monday. So we were out essentially six days,
18 five school days. And they did just an unbelievable job of
19 assisting us in getting ready to receive students.

20 And, most importantly, from my standpoint inside of
21 that, that provided us an opportunity to feed 75,000 children
22 that we were not sure were fed right for that first six or so
23 days of that. And just for your information, the Lee County
24 School System provided, I believe, 20 days of food for every
25 child in the system. And we did that through the state and

1 federal government in order to provide that food. So we
2 couldn't have done that without Florida Power and Light giving
3 us the power to do that.

4 CHAIRMAN BAEZ: Questions of Mr. Browner?

5 COMMISSIONER BRADLEY: What's the population of Lee
6 County?

7 WITNESS BROWNER: A little over 500,000 at this
8 point.

9 CHAIRMAN BAEZ: Thank you, Mr. Browner.

10 WITNESS BROWNER: Thank you, Commissioner.

11 CHAIRMAN BAEZ: Is there anyone else in the audience
12 that did not sign up to speak that would like to address the
13 Commission?

14 All right. Seeing none, I will adjourn this.

15 Before I do, Mr. Keating, could we have the next
16 service hearing and location and any other matters we need to
17 take up quickly, if any?

18 MR. KEATING: The next service hearing in this docket
19 will held at 6:00 o'clock in Port Charlotte, Florida, at the
20 Charlotte County Commission Chambers.

21 CHAIRMAN BAEZ: All right. If there is nothing else,
22 Commissioners, we can adjourn.

23 Thank you all for coming this morning, and thank you
24 to those of you that gave comments. We really do appreciate
25 it. Good afternoon.

(The hearing concluded at 11:50 a.m.)

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STATE OF FLORIDA)

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CERTIFICATE OF REPORTER

COUNTY OF LEON)

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

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

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' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 12th day of April, 2005.



JANE FAUROT, RPR

Chief, Office of Hearing Reporter Services
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Administrative Services
(850) 413-6732