

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of

DOCKET NO. 050045-EI

PETITION FOR RATE INCREASE BY  
FLORIDA POWER & LIGHT COMPANY.



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PROCEEDINGS:

DAYTONA BEACH SERVICE HEARING

BEFORE:

CHAIRMAN BRAULIO L. BAEZ  
COMMISSIONER J. TERRY DEASON  
COMMISSIONER RUDOLPH "RUDY" BRADLEY  
COMMISSIONER LISA POLAK EDGAR

DATE:

Tuesday, June 28, 2005

TIME:

Commenced at 4:00 p.m.  
Concluded at 6:05 p.m.

PLACE:

Daytona Beach City Commission Chambers  
City Hall  
301 South Ridgewood Avenue  
Daytona Beach, Florida

REPORTED BY:

JANE FAUROT, RPR  
Official FPSC Hearings Reporter  
(850) 413-6732

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FLORIDA PUBLIC SERVICE COMMISSION

FPSC-COMMISSIONER CLERK

## 1 APPEARANCES:

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3 Tallahassee, Florida 32314-5256, appearing on behalf of AARP.

4 PATRICK BRYAN, ESQUIRE, Florida Power and Light  
5 Company, 700 Universe Boulevard, Juno Beach, Florida  
6 33408-0420, appearing on behalf of Florida Power & Light  
7 Company.

8 CHARLIE BECK, ESQUIRE, Office of Public Counsel, c/o  
9 The Florida Legislature, 111 West Madison Street, Room 812,  
10 Tallahassee, Florida 32399-1400, appearing on behalf of the  
11 Citizens of the State of Florida.

12 COCHRAN KEATING, ESQUIRE, FPSC General Counsel's  
13 Office, 2540 Shumard Oak Boulevard, Tallahassee, Florida  
14 32399-0850, appearing on behalf of the Florida Public Service  
15 Commission Staff.

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CHAIRMAN BAEZ: Good afternoon. Call the service hearing to order.

Counsel, will you read the notice?

MR. KEATING: Pursuant to notice this time and place have been set for a customer service hearing in Docket Number 050045-EI, petition for a rate increase by Florida Power and Light Company.

CHAIRMAN BAEZ: Thank you, Mr. Keating.

Once again, good afternoon. My name is Braulio Baez, I'm Chairman of the Public Service Commission. We are here to take public testimony on Florida Power and Light's requested rate increase. We are here to take testimony on quality of service specifically. I see many of you here today may have signed up. If you haven't, there is a table outside at which you can sign up to give testimony. You will be sworn in a few minutes after we get through our presentations.

Let me introduce my colleagues. On the far left, Commissioner Lisa Edgar; to my left, Commissioner Rudy Bradley; and Commissioner Terry Deason on my right. We also have staff counsel, Cochran Keating and Elizabeth Draper with the PSC staff on the far right, as well. We also have Dick Durbin, and I believe there may be one other person from the Consumer Affairs staff of the Public Service Commission outside that can answer whatever questions you may have. They have some

1 literature that you can pick up on your way in or out. And,  
2 also, as I mentioned before, they do have a sign-up sheet if  
3 you wish to give testimony today.

4 Briefly, how we are going to run the meeting, as I  
5 said the purpose is to take public testimony. Before we start  
6 doing that, the company is going to give a brief, I believe  
7 about a five-minute presentation. There are two other parties  
8 involved on this case. Public Counsel, Charlie Beck, is here  
9 and he will be giving some brief remarks, I believe. And Mr.  
10 Mike Twomey representing AARP is also here with us today, and I  
11 believe he will have some brief remarks, as well.

12 So once we get the opening remarks over, we'll go  
13 ahead and swear everybody in that wants to give public  
14 testimony, and we will take you up one by one. I will remind  
15 you -- as the gentleman's phone went off, I will remind you to  
16 turn your cell phones off and any other electronic devices that  
17 you don't absolutely, positively need. It will make things go  
18 a lot smoother.

19 And, Mr. Keating, I don't know if I have forgotten  
20 anything, but if I haven't then we can get on to -- the staff  
21 doesn't have a presentation, does it?

22 MR. KEATING: Not today.

23 CHAIRMAN BAEZ: Okay. Not today. Mr. Bryan.

24 MR. BRYAN: Thank you. If I can address the audience  
25 and the Commission.

1           CHAIRMAN BAEZ: You can go ahead and turn your back  
2 to us if you have to.

3           MR. BRYAN: Good afternoon. My name is Patrick  
4 Bryan, appearing on behalf of Florida Power and Light Company.  
5 In a moment Ms. Marlene Santos, FPL's Vice President of  
6 Customer Service, will make a brief presentation to the  
7 Commission and to the audience. But first I wanted to inform  
8 the Commission and our customers here today that we have  
9 several customer service representatives available in the  
10 facility. They are available to meet with any customers here  
11 who have issues or problems with their account or electric  
12 service with Florida Power and Light Company. They have  
13 on-line computers so that they can access account information  
14 immediately, and they will do their level best to remedy  
15 whatever issues there are today right here on the spot.

16           If for some reason they are unable to resolve the  
17 issue today, they will make every effort to resolve it as  
18 quickly as possible, and we will report the results back to the  
19 Commission. I would encourage any customers here today to take  
20 advantage of this. If you are interested, we have Mr. John  
21 Haney, who is in the back over there. And on this side of the  
22 room we have Ms. Susan Melians. And seek them out, and they  
23 will direct you to the appropriate customer service  
24 representative.

25           At this time, then, I would like to introduce Marlene

1 Santos, Customer Service Vice President.

2 MS. SANTOS: Thank you, Patrick. Thank you, Chairman  
3 Baez, Commissioners, for the opportunity today to speak to our  
4 customers, but more importantly to listen to your concerns,  
5 your questions and also your support.

6 We know there is never a good time to ask for an  
7 increase in base rates, because no one wants to pay more for  
8 electricity, and yet everyone wants and needs reliable electric  
9 power. An increase in base rates is necessary because our  
10 customers needs are growing, and we at FPL have a  
11 responsibility to plan for the future and to ensure that we  
12 continue to provide you with reliable electric power.

13 The last time we asked for a rate increase was in  
14 1985. If you remember, Apple was coming out with their first  
15 portable computer, the price of a postage stamp was 20 cents,  
16 and a gallon of gas was about half of what it costs today.  
17 During this period the cost of living has gone up 80 percent,  
18 and this has caused the raw materials that we purchase, the  
19 labor that we use to provide you with electric power to  
20 increase in cost also.

21 During this time, Florida Power and Light has  
22 actually reduced their base rates. We reduced our base rates  
23 during this period not once, not twice, but three times for a  
24 total reduction in our base rate of 16 percent. Keep in mind  
25 that what we refer to as our base rate is about 44 percent of



1 your total bill, and that's the piece that we are talking about  
2 today.

3           What is really unfortunate is that while we have  
4 brought down our base rates, fuel prices have increased and the  
5 part of your bill that is fuel related has more than doubled.  
6 Fuel charges are passed on to our customers strictly at cost.  
7 So we don't make a penny on fuel. And fuel charges have  
8 actually been increasing throughout the nation, and it is  
9 really a national problem that has been the true cause for  
10 increase in electric bills. So the increases in base rates  
11 that we are talking about today will increase our residential  
12 customers' bills on a monthly basis about three to four  
13 dollars. Even with this increase, your base rates will be  
14 lower than they were in 1985.

15           So, what are we asking for? What does this increase  
16 cover? First, more than half of the increase, of the 430  
17 million increase that we are requesting will go toward  
18 investing in new power plants to meet our customers' growing  
19 demand for electricity. Second, to invest in our existing  
20 nuclear power plants to ensure their continued safe and  
21 efficient operation, and also to expanding our power delivery  
22 system.

23           Secondly, about one fourth of the increase, or about  
24 \$100 million will be used to increase the annual contribution  
25 that we make towards the a storm reserve fund to be sure that

1 we can be ready to restore your power as quickly as possible  
2 during hurricanes. Remember, this is Florida. We are  
3 expecting to have a very high increased activity in storm  
4 season, and we need to be ready.

5 Third, the rest of the increase, or about another 100  
6 million will go toward the cost to comply with a federal  
7 mandate to form a regional transmission organization here in  
8 Florida.

9 So, bottom line, what is this increase all about? It  
10 is about providing you with reliable electric power. That is  
11 our first priority as an electric company. It is about meeting  
12 continued customer growth. Florida is the third fastest  
13 growing state in our nation, and recently we have been adding  
14 more new customers than we have in years. Last year alone, we  
15 actually had 100,000 new customers sign up for service. It is  
16 about meeting increased electricity usage. Our customers today  
17 are actually using about 30 percent more electricity than they  
18 did in 1985. It is about the lights coming on when you flip  
19 that switch. It is about reliability and us delivering to you  
20 that reliable power when you need it.

21 Up till now, we have been able to make the necessary  
22 investments to keep up with this growth while still lowering  
23 your base rates. We have invested billions of dollars over the  
24 past 20 years increasing our available power by about 50  
25 percent. We were able to do this by improving the reliability

1 of our power plants, by rebuilding some of our existing power  
2 plants, and by adding new capacity. At the same time, through  
3 our industry-leading energy conversion programs, we have  
4 partnered with our customers to be able to defer the need to  
5 build ten medium-sized power plants. We have also added  
6 thousands of miles of new power lines and other facilities that  
7 we need to deliver power to your homes and businesses.

8           But, unfortunately, using technology and being more  
9 efficient is just simply not going to be enough for us to  
10 support the investment that is required now. We are not like  
11 most other businesses. We have to be there for you 24 hours a  
12 day, seven days a week providing you reliable power. That is  
13 how we have built our reputation, and we know that you depend  
14 on us for that.

15           Reliability to us means that every single day we  
16 commit to three things: First, to providing you with an  
17 adequate supply of power; secondly, to having a delivery system  
18 that can actually help you with all of the growing needs that  
19 we have had, that we have seen from our customers, actually;  
20 and, thirdly, to be prepared. To be prepared during times of  
21 crises so that we can restore your power in times like  
22 hurricanes.

23           In closing, let me assure you that while we are  
24 asking for an increase in base rates, we will never stop trying  
25 to cut costs. We will never stop trying to look for ways to do

1 our job better and to look for ways to serve you better,  
2 because we know how important power is to you. And we are  
3 going to do everything necessary to ensure that Florida's  
4 electricity future is bright because we know you depend on it,  
5 because we know and feel very strongly that our current  
6 customers and future customers deserve no less.

7 Thank you so much for spending the time with us today  
8 and for allowing me to speak.

9 CHAIRMAN BAEZ: Thank you, Ms. Santos.

10 Mr. Beck.

11 MR. BECK: Thank you, Chairman Baez, Commissioners.

12 Good afternoon. My name is Charlie Beck. I'm with the office  
13 of Public Counsel, and I want to thank everybody for appearing  
14 today. This is a wonderful showing, especially the AARP, and  
15 there's -- you know, many people out in the audience. But,  
16 everybody, we appreciate you coming out and showing your  
17 interest to the Commission in this case.

18 I work for the Office of Public Counsel. And we are  
19 a government agency that works for the Legislature, and we are  
20 entirely independent of the Public Service Commission. In this  
21 case the Public Service Commission will be deciding what your  
22 rates are. Our office is -- as told by the Legislature, to  
23 represent your interest, and so that is what we are doing is  
24 trying our very best to analyze this case and represent the  
25 interest of customers before the Commission in this case.

1           Let me mention briefly what our case is, because  
2 yesterday we filed testimony by eight expert witnesses before  
3 the Florida Public Service Commission. We've tried to analyze  
4 every aspect of the case that Florida Power and Light has  
5 filed. And we have hired experts in accounting, in finance, in  
6 depreciation, in affiliate transactions and revenue  
7 forecasting. And, collectively, we believe that Florida Power  
8 and Light is not at all entitled to a rate increase, but  
9 instead should be reducing their rates substantially.

10           Florida Power and Light is doing very, very well.  
11 Last year they earned a return on equity of 12.98 percent.  
12 That means the revenues they charge -- after they pay the taxes  
13 on the revenues they get, their earnings on their investment  
14 were 12.98 percent. Now, in this case, the company's witness  
15 is asking for an 11.8 percent return on equity. Again, that is  
16 after taxes. So their own witness, first of all, is arguing  
17 for a return or profit level that is less than they even made  
18 last year.

19           If you heard the company and look carefully at what  
20 they are saying, they have told you that the number of  
21 customers is growing rapidly and that the usage per customer is  
22 also growing very rapidly. Well, most businesses think that is  
23 an ideal business climate, where the revenues are going up very  
24 quickly, the company is doing very well.

25           Very briefly what our case is, first of all, we

1 disagree with the company on the profit level or the return on  
2 equity that they are asking for. They are asking for an 11.8  
3 after-tax return. We have retained a professor from  
4 Pennsylvania, Penn State University. He believes an 8.8  
5 percent return is fully adequate and fair to the company after  
6 taxes. That difference alone is a difference of \$300 million  
7 per year in the company's request.

8           On top of that the company is asking for a bonus or  
9 an extra amount of a half of a percentage point, which is an  
10 additional \$50 million a year in their customers' rates. We  
11 believe that they have been rewarded amply in the past for  
12 their performance. And, in fact, what their projections show  
13 is that their costs are going to be going up in the future much  
14 more quickly than they have in the past. We don't believe it  
15 is appropriate to give a reward for the company when their  
16 performance and expenses are going up more quickly than they  
17 have in the past.

18           They have asked that you, the customers, pay for  
19 their charitable contributions. You know, as most big  
20 companies do, Florida Power and Light contributes to charities  
21 in the community, which we are very supportive of. But the  
22 Commission policy has always been that that comes out of the  
23 company's pockets, not yours. In this case they have asked the  
24 Commission to include those contributions in your rates so that  
25 you are paying for their charitable contributions.

1           They have asked for \$104 million in their request for  
2 a transmission system. I think they described it as a federal  
3 mandate, where an independent operator would operate a  
4 transmission system. Well, the Florida Public Service  
5 Commission has been looking at this and has put it all on hold.  
6 It is not mandated yet. In fact, another company that's in for  
7 a rate increase, Progress Energy, hasn't even asked for this in  
8 their request, because it is so speculative and remote and not  
9 going to happen in the near future. So we have asked them not  
10 to allow that cost because it is not going to happen.

11           One last item which usually has people's eyes just  
12 glaze over is depreciation. Depreciation is a cost that they  
13 include in their rates, and it is a recovery of their  
14 investment that they've made. In this case, Florida Power and  
15 Light's study shows that they have collected \$1.6 billion,  
16 that's billion dollars, in excess of what is required. Our  
17 consultants think that number is higher, that it is  
18 2.4 billion.

19           But in any case, it needs to be returned to customers  
20 because these extra amounts have been collected over the past  
21 eight years. We are asking the Commission to return it in a  
22 similar time frame. The company says, well, we'll give it back  
23 in about 20 years. And their basic argument is that they can  
24 make better use of that money than you can because they earn a  
25 higher return. We don't buy that. We think it needs to be

1 returned to customers.

2 So the rate reduction in our case that we filed  
3 yesterday that we are asking the Commission to approve is a  
4 reduction of \$679 million per year.

5 So that's about it. Thank you very much for coming,  
6 and we appreciate you being here.

7 CHAIRMAN BAEZ: Mr. Twomey.

8 MR. TWOMEY: Mr. Chairman and Commissioners, ladies  
9 and gentlemen, my name is Mike Twomey. I'm appearing on behalf  
10 of AARP throughout the state of Florida. Mr. Beck said it is  
11 good to see this many customers show up, especially folks with  
12 the AARP T-shirts on, and we appreciate you being here.

13 I want to say first that the statewide AARP supports  
14 the Public Counsel 100 percent. Public Counsel, Harold McLean,  
15 Mr. Beck, who is the chief attorney on this case, and all the  
16 positions they are taking in their testimony and throughout  
17 this hearing.

18 How many of you all have heard the phrase "the best  
19 defense is a good offense"? I think most of us have heard  
20 that. I think that is what is going on with Florida Power and  
21 Light here. I believe that they are aware that their rates  
22 should actually come down, as suggested by Public Counsel, and  
23 come down dramatically. So how do you go on the defense? If  
24 you asked for \$430 million in annual rate increases, which this  
25 company has done, hope that the Public Service Commission can



1 be convinced they should get half of that and walk away a  
2 winner.

3           Now, Mr. Beck talked to you about analyzing the  
4 company's expenses, among other things. And what you need to  
5 understand is that under Florida utility law, the company is  
6 allowed to make a fair profit on its investment. Mr. Beck said  
7 they are asking for 11.8 percent here, which his witness says  
8 is substantially too high, \$300 million a year. In addition to  
9 earning a profit on their investment, they are allowed to  
10 recover from you, their customers, their reasonable, necessary,  
11 and prudent expenses, okay? Necessary, prudent and reasonable  
12 expenses and no more, and a fair profit.

13           So, Mr. Beck mentioned the regional transmission  
14 organization which has not been approved by this Commission  
15 yet. It is not there. The other company, Progress Energy,  
16 said that they weren't asking for this recovery for the RTO,  
17 the regional transmission organization, because the costs were  
18 too speculative. Right there, \$100 million. So AARP has filed  
19 testimony of one witness who has analyzed just a portion of  
20 this case, and we have said that there is an easy one in terms  
21 of how credible this case is, let's knock off the \$100 million  
22 which we say is an expense that doesn't exist.

23           The equity return, Public Counsel's witness says 8.8  
24 percent. I printed off a document from the Internet today,  
25 bankrate.com. It lists the type of interest rates that you, as

1 individuals, as consumers, could expect if you had an  
2 interest-bearing check account, less than one percent.  
3 Six-month CDs, 2.69 percent, and on and on in terms of the  
4 kinds of investments many of you may have that are below 3, 4,  
5 or 5 percent. So, Public Counsel's witness says 8.8 percent on  
6 equity. AARP adopts that number. The swing from FPL's number  
7 of 11.8, Public Counsel, Mr. Beck said is another \$300 million  
8 that you can lop off of the \$430 million FPL request.

9           Mr. Beck said the company is asking that you, as  
10 customers, give them a tip, essentially, a reward for their  
11 efficient service. AARP says that statutorily this company has  
12 a legal obligation to provide you with reliable, efficient  
13 service. It's in the law. They don't need to have a \$50  
14 million a year reward for doing their statutory job. So strike  
15 off another \$50 million.

16           We are all too painfully aware just from last year  
17 that in Florida we are subject to hurricanes. The four events,  
18 four storms of last year were unique, characterized often as a  
19 100-year event. We recognize -- I think all of the customer  
20 groups, or most all, recognize that Florida Power and Light has  
21 to have a larger storm reserve than it had in the past, but not  
22 to the extent they are requesting. They are asking you to go  
23 from an annual accrual of \$20 million, that's \$20 million that  
24 you pay for through their rates that goes into a fund, a  
25 reserve fund to \$120 million.

1           We think that the \$100 million increase is  
2 substantially too great. And AARP has taken the position that  
3 a doubling of that amount, to \$40 million, would be more than  
4 adequate. I believe Public Counsel has taken the position  
5 through their witness that it should about 35. Still we  
6 believe that that amount, the doubling of their box will allow  
7 this company to adequately refund its case.

8           The last thing that Mr. Beck talked about, the boring  
9 depreciation concept, is that they've charged too much in the  
10 last eight years. They have a surplus, by their own account,  
11 of \$1.6 billion. If you refund that to the customers, if you  
12 will, or give them a credit for it over the course of five  
13 years, that takes off another 320 million or 300 million  
14 roughly in the rate increase.

15           You can see by just those five items that the company  
16 has gone from a positive rate increase of \$430 million a year  
17 to something below zero.

18           Now, it's interesting that I'm involved in this. I  
19 handled the last rate case of Florida Power and Light in 1985  
20 as a staff attorney for the Public Service Commission. I was  
21 37 at the time. As you can see readily from my face and my  
22 hair color, I'm no longer 37. You may ask yourself, well, how  
23 could they go so long without having a rate increase? And how  
24 could they, in fact, decrease their rates three times by 16  
25 percent?

1           And one of the major answers is that back in the '80s  
2 the Public Service Commission gave this company a relatively  
3 high equity return. I believe it was 15.6 percent, perhaps  
4 higher, that was required by market conditions at that time.  
5 You all may remember the interest rates of 20 percent and so  
6 forth. And shortly thereafter rates started coming down. So  
7 the company had a safe cushion in terms of what their rates  
8 were. They were high, and they kept coming in over the years,  
9 and sometimes with the assistance of the Office of Public  
10 Counsel, and their urging, reducing their rates, okay?

11           Now, Ms. Santos mentioned Apple computer back in  
12 1985, and it made me think that I bought my first home  
13 computer, desktop computer, I think in the year '93 or '94. By  
14 today's standards it didn't do much of anything, but I had to  
15 pay \$3,000 for it. Now, as we most know, most of us know, the  
16 price of computers has come down. For the most part that is  
17 not germane to the production of electricity.

18           But another thing that I think that has been  
19 instrumental in allowing this company to keep its rates at the  
20 levels they have been is the fact that their power  
21 generation -- they have a new kind of generator that uses  
22 natural gas. It's a combined cycle combustion turbine which  
23 has lower capital cost. The problem, as pointed out by the  
24 company speaker, is that it uses natural gas. Natural gas  
25 prices have gone up, and you all have seen that reflected in

1 the near doubling of your fuel costs. So, they have had a lot  
2 of circumstances that allowed them to keep their rates the  
3 same.

4 They are not automatically entitled to increases.  
5 They are entitled to a fair rate of return, profit on their  
6 investment. Public Counsel says that is 8.8 percent. It is  
7 certainly not 11.8 as the company says, and they are entitled  
8 to their expenses which they have to prove up to these  
9 Commissioners. All in all, AARP while adopting the Public  
10 Counsel's position, believes that the company is entitled to no  
11 increase and a substantial decrease.

12 Thank you for your attention, and I would urge you,  
13 if you haven't signed up, to tell the Chairman when the time  
14 comes that you want to speak anyway and come up and just tell  
15 the Commissioners whether you want to have a rate increase or  
16 not. Thank you.

17 CHAIRMAN BAEZ: Thank you, Mr. Twomey.

18 At this point, we are going to swear all of those  
19 people that did sign up to speak. I will remind you for our  
20 court reporter's sake that when you come with up to address the  
21 Commission, please state your name and your address for the  
22 record, and then go ahead and say what you have got to say. I  
23 will remind you there are a lot of -- there seems to be a lot  
24 of people that are going to come up and speak. To the extent  
25 that you want to echo some sentiments, please say you echo the

1 sentiments. We have got very little time to get a lot of  
2 people in. So if you could remember to try and not to repeat  
3 yourselves if at all possible. But, in any event, do come up  
4 and speak your peace. That is what we are here for. Thank you  
5 very much.

6 At this point all of those that are going to give  
7 public testimony, will you please stand up and raise your right  
8 hand.

9 (Witnesses sworn.)

10 CHAIRMAN BAEZ: And, Mr. Beck, you are going to call  
11 the witnesses?

12 MR. BECK: Yes, sir.

13 CHAIRMAN BAEZ: Call your first witness.

14 MR. BECK: Thank you, Chairman Baez. The first  
15 witness is Bill Ternet.

16 BILL TERNET

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

19 DIRECT STATEMENT

20 MR. TWOMEY: Good afternoon, ladies and gentlemen.

21 I'm Bill Ternet. I'm a member of AARP. I'm an advocacy  
22 coordinator in this part of Florida. I live in Port Orange at  
23 6467 Long Lake Drive, 32128, if any of that is of interest.

24 While many of the points that have been made, have  
25 been touched on, are things that I intended to mention, I will

1 try to skirt around this to keep it as short as possible.

2 I would like to point out that AARP's membership has  
3 a particular vested interest in this problem, because we are so  
4 concerned about the impact of utility rates, particularly  
5 electricity rates on many older citizens in the state. And so  
6 consequently, we take this issue very, very seriously. And I  
7 think it is important to, particularly for the folks out here  
8 to understand, although they may not be hearing it or  
9 understanding it, that what you're talking about or what we are  
10 talking about here today is only a piece of the package.

11 Florida Power and Light has filed this request for  
12 \$430 million, effective starting January 1st of 2006. It is  
13 also seeking another 122 million in June 2007 to pay for an  
14 electricity generating unit for a total increase of nearly 555  
15 million. Moreover, in a separate proceeding to this, of which  
16 AARP is also a part, FPL is requesting to charge ratepayers as  
17 much as 533 million for expenses related to last year's storm  
18 damage to be added to customer bills over the next three years.  
19 If allowed, this 430 that is being talked about here today, if  
20 this is allowed, it could mean about a 4 percent increase in  
21 residential electricity bills.

22 That doesn't seem like very much for many of us.  
23 Believe me, as a person who has been an officer in AARP  
24 chapters and visiting with people in their homes, in many of  
25 those homes it is a very serious kind of thing. There isn't

1 enough money out there to handle what's going on right now, and  
2 anything that isn't absolutely required in order to give a fair  
3 return to Florida Power and Light needs to be denied by this  
4 Commission.

5           Essentially, what is going on as we understand it  
6 right now, the average consumer who uses 1,000 kilowatt hours  
7 per month could expect to pay an additional \$2.75 a month,  
8 which, again, doesn't seem like very much, \$33 a year, perhaps.  
9 In contrast, and this is even really more important than that,  
10 is those customers who use less electricity, let's say 750  
11 kilowatt hours per month, could expect to pay an additional  
12 \$4.30 per month under the rate increase that is being  
13 discussed, at least as we understand it, or about \$51.60 a  
14 year. As a result, this proposal really would hit hardest the  
15 customers who try to conserve energy usage and to control their  
16 monthly expenses, in part, through that kind of effort. That  
17 needs to be understood and needs to be taken into your  
18 calculations.

19           AARP overall is fighting for a request of about \$365  
20 million reduction in this rate increase. Some of these have  
21 already been covered. I won't get into great detail.

22           There is, of course, the storm reserve account, which  
23 has been touched on. The interesting thing here about a 500  
24 percent increase from the current 20 million a year to 120  
25 million a year, that just simply does not compute so far as we



1 can see. It should be reduced by at least 50 million or more.

2 A regional transmission organization, I think that  
3 has been covered well enough. It is not even a mandate. It is  
4 not something that you have required at this point in time.  
5 And it may be appropriate at some future point in time, but it  
6 certainly is not required nor appropriate at this point in  
7 time.

8 The mandatory efficiency incentive, that is a very  
9 interesting concept. It would seem as though, you know, bottom  
10 line that this \$50 million for doing a good job of reducing the  
11 cost of electric power that maybe that is sort of deserved in  
12 some way or another. But bottom line, also, is that FPL in  
13 their agreement, if you will, with the people of this state and  
14 with this state, have an obligation to do the best that they  
15 can to efficiently deliver electric power. And so what is this  
16 thing of piling profits on top of the savings which, indeed, it  
17 would seem that they have at least an ethical responsibility to  
18 deliver.

19 Those are some of the things that we have major  
20 concern about. There is also the mention here of the cost of  
21 equity capital, and FPL wanting to go higher. We should point  
22 out, as has been pointed out, that their own testimony supports  
23 an ROE of no more than maybe 10.5 percent, which is in line  
24 with the past. And while there are some who feel it may be  
25 less, it certainly shouldn't be more than it currently is,

1 particularly when FPL is doing quite well as it is right now,  
2 while many of their customers are not doing so well.

3 Thank you very much.

4 CHAIRMAN BAEZ: Commissioners, questions of Mr.  
5 Ternet?

6 I have a question, Mr. Ternet, and it is not of you  
7 specifically, but I did hear you mention \$120 million for a  
8 power plant. Can somebody clear that up? Is that -- can you  
9 clarify that?

10 MR. TERNET: I can't clarify it with the specifics of  
11 it, but this came out of our analysis in AARP through our state  
12 organization of the things that are coming down the pike  
13 related to Florida Power and Light. I will certainly -- I will  
14 certainly see that that information is made available if that  
15 is what you would like.

16 CHAIRMAN BAEZ: Commissioner Deason, kindly  
17 enlightened me.

18 Thank you very much, Mr. Ternet.

19 MR. TERNET: Thank you.

20 CHAIRMAN BAEZ: Ladies and gentlemen, I appreciate  
21 your appreciation of the statements that get made. Sometimes I  
22 want to stand up and clap myself. But if we do this for all  
23 the speakers we could be here for a long while. Again, I don't  
24 mean to shut you down, but it could turn into a long night. So  
25 I would appreciate it if you will hold your applause.

1 Mr. Beck, call your next witness, please.

2 MR. BECK: The next witness is Louise Chapman.

3 LOUISE CHAPMAN

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

6 DIRECT STATEMENT

7 MS. CHAPMAN: Hi. My name is Louise Chapman, and I  
8 am currently the Rose Bay project director. And I teach in  
9 Daytona Beach, Florida. And that is a nationally recognized  
10 environmental service learning project. And, actually, I came  
11 to talk about quality of service, not rates. So maybe I'm a  
12 little bit different in that I wanted to explain that we've had  
13 a great partnership with Florida Power and Light. Not only  
14 have their employees come out and given us hundreds of hours to  
15 help put up bat boxes and study birds and do all sorts of  
16 things, they have helped support us into putting back into this  
17 community kiosks and building picnic tables and giving us all  
18 sorts of time and energy, as well as occasionally some funding  
19 for the community.

20 And, also, as far as quality of service, they have  
21 been wonderful about helping educate our students. Our project  
22 works with about a thousand students K through 12 every year,  
23 and they come out and help us with that. So I'm probably the  
24 other side.

25 And as a person who uses Florida Power and Light and

1 has lived through a wonderful hurricane season, I can speak to  
2 the fact that we have had excellent quality of service. We  
3 have gotten our power back and been supported by the people in  
4 Florida Power and Light more so than anywhere, even the places  
5 I went to to get away from the hurricanes it took longer, and  
6 were in other states.

7 So thank you. I just wanted to come from the side of  
8 support for Florida Power and Light in terms of their service  
9 to the community and also to their service to me as a customer.

10 Thank you very much.

11 CHAIRMAN BAEZ: Thank you, Ms. Chapman. Questions of  
12 the witness?

13 Thank you, ma'am.

14 Mr. Beck.

15 MR. BECK: Dr. Carol Anderson.

16 CAROL ANDERSON

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

19 DIRECT STATEMENT

20 MS. ANDERSON: Good afternoon. I am Carol Anderson.

21 I am the managing director of the Daytona Beach Symphony  
22 Society, and I'm here to speak in support of Florida Power and  
23 Light.

24 They have been a wonderful corporate member of our  
25 mission, which is to bring music and people together, something

1 that we have been doing since 1952. We are one of the oldest  
2 arts organizations here in the community, and for decades they  
3 have supported the music in the schools programs. We work on  
4 that with Florida Power and Light and with the school system,  
5 and it provides every fifth grader, over 5,000 students a year,  
6 an opportunity to come to Peabody Auditorium and have a special  
7 children's concert for them.

8 Florida Power and Light also participates in our  
9 Youth Experiencing Symphony Society symphony. And that is a  
10 program that targets Title I students throughout Volusia  
11 County, and we serve over 3,000 students a year, and truly  
12 appreciate their help. This gives an opportunity for children  
13 to see something that they have never seen before, and helps  
14 them in their -- as they, you know, achieve in school. It  
15 helps them become productive members of society, music lovers,  
16 culture lovers, and which really does make a big impact on our  
17 economic culture here in Daytona Beach.

18 On a personal level, I am very pleased with the  
19 quality of service from Florida Power and Light, and truly  
20 appreciate all that they do for us here in Volusia County.

21 CHAIRMAN BAEZ: Questions of Dr. Anderson?

22 Thank you, ma'am.

23 Mr. Beck.

24 MR. BECK: The next witness is Mike Thompson.

25 MIKE THOMPSON

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

3 DIRECT STATEMENT

4 MR. THOMPSON: Hi. My name is Mike Thompson. I'm  
5 just a citizen. I live at 219 North Gaines Street, Oak Hill,  
6 Florida. I've been a resident of Florida for many years, been  
7 a resident of Oak Hill for eight years. I'm not an attorney.  
8 I am a member of AARP. I'm not being paid by anyone to be  
9 here. I'm here on my own accord. I feel we have  
10 responsibilities as citizens, and I think that Florida Power  
11 has responsibilities toward us as citizens.

12 The things that concern me is \$3 a month in a pay  
13 increase, approximately \$2.83. It seems like a lot of money.  
14 Well, when I look down and thought what I paid extra for gas  
15 last week, it was \$10. My gas bill has gone up \$40 a month to  
16 drive my car. I'm a businessman. I'm looking for return on  
17 investment. The percentage of that increase is very slim  
18 compared to every other thing I am paying. My phone bill has  
19 gone up.

20 So I'm going to fight back. We all have the same  
21 opportunity. I put in a solar panel. It saves me \$80 a month.  
22 That is just for hot water. I can document it and prove it  
23 over the last 12 years. I just built a new home. I put in a  
24 solar panel. Great way to save energy. Another way is I put  
25 in zone air conditioning. I use one-third of my house at night

1 to sleep in. I don't use the other two-thirds, so I just leave  
2 the air conditioning on there. It is a great way to conserve  
3 energy.

4           During the hurricane I was out of power for  
5 approximately five days. I went out and bought a generator  
6 prior to that. I feel we need less government. It is not the  
7 government's responsibility to supply me with power and for  
8 them to supply me with a generator. I bought my own generator.  
9 I didn't expect to be reimbursed. People bought generators,  
10 took them back after, got their money back. Well, I can use  
11 the generator, and I will be prepared for the future.

12           My wife is also a teacher at New Smyrna Middle  
13 School. I see a lot of solar panels at that school that they  
14 are working with. The children are learning from that  
15 experience, and they have a partnership with Florida Power, and  
16 it is teaching children how to reduce power also. I think it  
17 is an educational process.

18           Three dollars a month seems like a lot. But when I  
19 look at everything else in my life and the way it has gone up  
20 recently, I haven't got pay increases just bang, bang, bang. I  
21 am very happy, though, with my job and the people I work for.

22           But I think this is a conservation issue also. I  
23 think that the next hurricane that comes, I would like to see  
24 Florida Power be as prepared as they were this time. And we  
25 don't know that we are not going to have three or four this

1 year. If we do, and those reserves are gone, then we are  
2 probably going to be looking at \$8 a month. They have got to  
3 put money back into that. We can't keep drawing off of it if  
4 we have catastrophes. Nobody knows what is going to happen,  
5 but it could happen. That's all I have to say.

6 CHAIRMAN BAEZ: Questions of Mr. Thompson?

7 COMMISSIONER DEASON: Sir, the solar installation at  
8 your home.

9 MR. THOMPSON: Yes, sir.

10 COMMISSIONER DEASON: Is it a photovoltaic system or  
11 is it a system that directly heats the water for your home?

12 MR. THOMPSON: It is a glass, I don't know what you  
13 actually call it, on the roof system that heats the hot water.  
14 It goes back into an 80-gallon tank. And I really don't  
15 believe my hot water heater came on this last year. It is just  
16 my wife and myself. But if you have got sunlight at least  
17 every three days, it is going keep it heated very adequately.

18 COMMISSIONER DEASON: Are there vendors in this area  
19 that supply those?

20 MR. THOMPSON: I bought that from Florida Solar in  
21 Orlando. That was -- they were recommended. I used them in my  
22 other house. The investment was approximately \$3,200. So you  
23 can tell in three years I've got my payback. So I'm going to  
24 gain \$80 a month after the third year.

25 COMMISSIONER DEASON: And how much area of your roof



1 does it take up?

2 MR. THOMPSON: This panel is a 5-by-8.

3 COMMISSIONER DEASON: Only five feet by eight feet?

4 MR. THOMPSON: 5-by-8. It covers the -- it has to be  
5 aimed towards the south so it gets most of the sunlight. And  
6 there's experts, not necessarily Florida Solar. I don't have  
7 any connection with them, but it's very efficient. And I also  
8 know for a fact that the zone air conditioning is very  
9 efficient.

10 CHAIRMAN BAEZ: The improvements you did was both to  
11 solar panels and --

12 MR. THOMPSON: Well, the solar panels was, like I  
13 said about 3,200, and my --

14 CHAIRMAN BAEZ: I'm sorry. I was going ask is this  
15 something that you consulted with Florida Power and Light on  
16 what things you could do, or was this something that you came  
17 up with yourself or got information and --

18 MR. THOMPSON: I know they have people who will come  
19 out and do energy surveys for you, but I just could see prices  
20 increasing on everything, and I thought, boy, we've got to do  
21 something. I'm a member of AARP, and I'm thinking as I am  
22 getting older and I retire, your income usually doesn't keep  
23 going up at that time. So I was looking for the future to  
24 conserve. And if we begin now, we are used to it. But we have  
25 to prepare before we get to that situation.

1 CHAIRMAN BAEZ: Thank you.

2 Any other questions, Commissioners?

3 Thank you very much.

4 Mr. Twomey.

5 MR. TWOMEY: Yes, sir, Mr. Chairman. Just one,  
6 Mr. Thompson.

7 MR. THOMPSON: Sure.

8 MR. TWOMEY: If you had a choice, just two choices,  
9 that is to experience a rate increase as a result of this case  
10 or not experience a rate increase at all, which do you choose?

11 MR. THOMPSON: I would choose to be prepared. And if  
12 it takes a rate increase to be prepared for the hurricanes in  
13 the future, and I know I'm going to get service, I will take  
14 the increase.

15 MR. TWOMEY: Okay.

16 MR. THOMPSON: I want to make sure that truck is  
17 there, and the truck is there whenever I call.

18 MR. TWOMEY: Thank you.

19 CHAIRMAN BAEZ: Thank you, sir.

20 Mr. Beck.

21 MR. BECK: The next witness is Karen Jans.

22 KAREN JANS

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

25 DIRECT STATEMENT

1 MS. JANS: Chairman, Commissioners, I'm Karen Jans.  
2 I live at 312 Georgetown Drive, Daytona Beach, Florida, the one  
3 on the beach side, because sometimes there is confusion on  
4 that.

5 I'm here to bring probably a personal version of how  
6 FPL has affected me, because it is easy when you start talking  
7 in numbers to get lost in the hubbub of, quote, big business,  
8 and to sell things in one way or another. But I think it's  
9 more the human face that brings things to bear on this and feel  
10 very strongly.

11 I lived in the Carolinas when Hurricane Hugo came  
12 through. I never, ever thought that a hurricane could possibly  
13 come anywhere near Charlotte in my lifetime, but I certainly  
14 was up there and experienced all that goes with hurricanes;  
15 lack of service, hoping that you had dependability, et cetera.

16 So since moving back to Florida four and a half years  
17 ago, I have been very impressed with FPL's service. Obviously,  
18 I loved that they were able to mobilize, so they were able to  
19 respond quickly and efficiently for the severe weather that  
20 we've had at any point in time. That has been absolutely  
21 critical and crucial. And, again, didn't realize that it could  
22 be so important to us, but it absolutely was critical to us as  
23 we were going through.

24 They've always responded to calls. Again, since not  
25 having been in Florida and needed to -- not really understand

1 that with salty air and transformers they will buzz and zap at  
2 times. They have responded to phone calls at different times  
3 for understanding more what was going on in my backyard. They  
4 came out, and responded immediately to check on that and to  
5 follow through. Any kind of service around -- I know in my own  
6 neighborhood which is over, again, on the beach side, any kind  
7 of calls that we have had, certainly even my neighbors around  
8 me have been very, very responsible, and feeling very good  
9 about FPL's service. So I have been really pleased with that  
10 and certainly have come to depend on that as a citizen here in  
11 this area.

12 I do want to also follow through and certainly there  
13 were mentions that talked about charitable contributions by  
14 FPL. I think that if we looked at any business anywhere, any  
15 time, it is always built in that there is going to be some give  
16 back. Now, many companies cannot give back to the community,  
17 but we have been fortunate not only to have good service in  
18 this area, but we have also been able to be beneficiaries of  
19 those charitable contributions that have gone on in this area.

20 I am involved in several activities across the board,  
21 both the non-profit and for-profit kinds of activities. And I  
22 have seen that FPL has been there, has been supportive, and not  
23 only benefitting those of us that are capable, but those who  
24 are not capable in all ages, from the very young as they talked  
25 about earlier with education, but also to the very elderly.

1 Where there is a need, they have been there. So I have seen  
2 that first hand. So I certainly wanted to stress that that was  
3 very, very important for this area.

4 I definitely learn the value of quality power  
5 companies. As I have said, I have seen it and how important it  
6 is to bring those resources to bear on the communities which  
7 have the strongest need. They have done that. They have been  
8 able to prioritize. They have been able to plan and to put  
9 those things in place. Again, when we talk about what can  
10 happen in the future, obviously, they planned strongly enough  
11 before these four hurricanes, which who could have ever  
12 imagined, but they were planned and able to bring those  
13 resources to bear because of good planning and because of good  
14 education on the front end to make it possible for us.

15 So as consumers of electric, I think all ages,  
16 especially as I heard some generators get turned on during the  
17 hurricanes, we have become more and more accustomed to  
18 absolutely having instant access to being plugged in, switched  
19 on, and powered up. And I know that everybody during that time  
20 was very, very adamant, talking about service, when they would  
21 get it, how quickly they would get, who would get it first,  
22 where you need to get in there. And I know that for all of us  
23 we are very thankful that we have had that kind of support with  
24 a responsible, you know, electric provider to us, and would  
25 like for them to be able to continue to plan for our benefit in

1 the future in all ways that they have done so far.

2 Thank you.

3 CHAIRMAN BAEZ: Questions of the witness? Thank you,  
4 ma'am.

5 Mr. Beck.

6 MR. BECK: The next witness is Anna Zima.

7 MS. ZIMA: Decline.

8 MR. BECK: Decline, ma'am?

9 MS. ZIMA: Uh-huh.

10 MR. BECK: Okay. Thank you. The next witness, then,  
11 is Paul Visnoski.

12 PAUL VISNOSKI

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

15 DIRECT STATEMENT

16 MR. VISNOSKI: Yes. My name is Paul Visnoski. I'm  
17 with Invacare Corporation in Sanford, Florida. I live in  
18 Deltona, Florida. I would just like to speak a little bit  
19 about Florida Power and Light and some of the services they  
20 render.

21 Listening to some of the speakers here, I mean we are  
22 talking \$430 million, and we are talking, people saying that  
23 their bill is going to go up \$3 or \$4 a month. It doesn't seem  
24 like a lot, but it can be a lot, especially when people are out  
25 of jobs. Currently I work at a facility that manufactures home

1 health care equipment. We have approximately 400 associates.  
2 We are not a high-paying company, but we take care of our  
3 employees. They have been there a long time. Last year at  
4 this time, July 4th, almost a year ago today, we had a  
5 transformer go out in our facility on a Sunday night at 10:00  
6 o'clock. Florida Power was there at 10:30. They had a crew  
7 there at 12:00 o'clock at night, a new transformer there and  
8 was switched out and back up on line by 7:00 in the morning.  
9 That was a Sunday night and a Fourth of July weekend, and they  
10 had us up and running.

11 Same with the hurricanes. We were down approximately  
12 two days. It did not disrupt our production. But if those  
13 people had to stay home that day, that would have been more  
14 than \$3 for a monthly bill. That would definitely hurt then,  
15 because it was one day's paycheck. And, unfortunately, we  
16 would have to give them that day off with no pay.

17 So I just want to commend Florida Power and Light for  
18 the service they give us, for the people that work for us and  
19 for keeping them employed. Thank you.

20 CHAIRMAN BAEZ: Questions of Mr. Visnoski?

21 Thank you, sir.

22 MR. BECK: The next witness is Matthew Dionne. I  
23 hope I'm not mispronouncing your name.

24 MATTHEW DIONNE

25 was called as a witness on behalf of the Citizens of the State

1 of Florida and, having been duly sworn, testified as follows:

2 DIRECT STATEMENT

3 MR. DIONNE: Good afternoon. My name is Matthew  
4 Dionne. I am vice-president and general manager for Hydro  
5 Aluminum in St. Augustine, Florida. Our address is 200 Riviera  
6 Boulevard, St. Augustine, 32086.

7 I represent a company that employs roughly 550  
8 employees. We are located in St. Johns County. And we are  
9 actually the third largest employer in St. Johns County, the  
10 second largest private employer in that county. We are a  
11 manufacturing firm; and as you all know, this is somewhat of a  
12 dying breed in the U.S. We manufacture aluminum billet. It's  
13 mostly recycled, and part of an organization that is actually  
14 the largest recycler of aluminum in the U.S. We produce  
15 products for many different industries, for aerospace,  
16 transportation, even the electrical industry itself that we  
17 produce product for.

18 We are actually the largest electric customer in the  
19 county. We purchase over \$3 million worth of electricity a  
20 year. Currently with the proposed rate increases, we are  
21 looking at somewhere between 12 and a half and 15 percent  
22 annual increase.

23 As a manufacturing firm, though, in Florida we face  
24 many obstacles to really being competitive. First of all, and  
25 naturally we face a lot of global competition today, mostly



1 from countries as you have read, China, for example. We also  
2 are facing issues with encroaching residential developments,  
3 which have left us with issues in terms of does manufacturing  
4 still fit in Florida? We have also faced higher medical costs,  
5 higher fuel costs, and now even highly utility costs.

6 At Hydro we understand the issues with rising costs,  
7 but we have to take aggressive measures to fight those rising  
8 costs because we face competition. If I were to go out in the  
9 marketplace today and raise my costs or my price by 12 to 15  
10 percent, I would no longer be in business.

11 As most of you know, because you have purchasing  
12 power, many prices have come down. In this market you have  
13 seen many goods and products reduced in price.

14 I heard mentioned today about returns on investment.  
15 Our company is in single digit return on investment. And  
16 although we continue to make great investments in productivity,  
17 we still face stiff competition. So today I had a lot of data,  
18 and I think a lot of it has already been passed, and I don't  
19 need to reiterate that.

20 But as a company we have to make decisions every year  
21 about where we manufacture. And Florida has been an  
22 opportunity for this company for over 30 years, and it is sad  
23 to say, but now we are considering moving elsewhere.

24 So, again, I'm not opposed, or we are not opposed to  
25 rising costs or having to look at it, but a one-year increase

1 of double-digit increases is quite hard to swallow. So if  
2 there is anything that we would ask it is just fairness in the  
3 approach to how price increases are, and considering commercial  
4 accounts as well, not only private, but commercial accounts who  
5 bear a huge, I guess, burden for this price increase.

6 Thank you.

7 CHAIRMAN BAEZ: Questions of Mr. Dionne?

8 COMMISSIONER DEASON: I have a question.

9 CHAIRMAN BAEZ: Commissioner Deason.

10 COMMISSIONER DEASON: Apparently, you did an  
11 analysis, and you mentioned an increase for your manufacturing  
12 facility of 12 and a half to 15 percent.

13 MR. DIONNE: That is correct.

14 COMMISSIONER DEASON: That seems to be much higher  
15 that the amount of revenue the company is requesting to be  
16 increased, so it must be a rate structure change which is  
17 affecting you.

18 MR. DIONNE: Yes. There are combinations of issues  
19 in terms of actual rates. We are still having some  
20 negotiations with FP&L, or FPL about the actual rate structure  
21 itself. And I don't have the details to go through with this,  
22 but this was actually quoted by our large account manager, who  
23 actually visited our facility last week to discuss these rate  
24 increases.

25 COMMISSIONER DEASON: And your account manager, he or

1 she has been in discussions with FPL as to the exact impact it  
2 would have on your facility?

3 MR. DIONNE: I can't say that as a fact. I think --  
4 I have information that was delivered. Unfortunately, I was  
5 out of the country when this conversation occurred at our  
6 facility, but this is something we are not done discussing.

7 Unfortunately, I don't have an option to go to  
8 alternative sources of power. I have to use electric at the  
9 moment. I don't have natural gas access in St. Johns County,  
10 not to our end of St. Johns County. So we are almost forced to  
11 making that choice to use electric. I don't think the actual  
12 structure of the rate has changed, I just think in terms of the  
13 billing rate will increase.

14 COMMISSIONER DEASON: You have indicated that if the  
15 increase is in the 12 and a half to 15 percent range for your  
16 facility that it would make you consider moving elsewhere out  
17 of the state, is that correct?

18 MR. DIONNE: I think it is coupled with a number of  
19 issues. I mean, if you look at businesses in general, look at  
20 how many factories or industries have closed and moved out of  
21 Florida, and are moving to, right now, other states and are now  
22 opening in other countries, it is just one of the many issues.  
23 I recently closed an operation, which I'm not proud to say.  
24 But, you know, utility rates is a major issue and not only in  
25 Florida, but other states as well.

1           However, other power or utility companies have been  
2 able to do some things with their rates structures that are  
3 lower than what it is in Florida. It would be -- you know, I  
4 think it would be wise to look at what are those rates in other  
5 parts of the country and how does it compare to Florida, or  
6 even states like Georgia or Alabama. I know Progress Energy  
7 has a number of utilities regionally serving them, and they  
8 should be able to provide some comparisons. But, in general,  
9 it depends on the part of the country that you are at the rate  
10 that you are going to pay. The northeast is different than the  
11 southeast.

12           COMMISSIONER DEASON: I understand there are probably  
13 many, many considerations when it comes to closing a plant and  
14 moving elsewhere. But if it came to that, would you be moving  
15 to a different state or would you be going offshore?

16           MR. DIONNE: Well, our first choice is to try to  
17 serve the U.S. market from North America, that has always been  
18 our commitment to try and serve this market. Unfortunately, my  
19 competition has already gone overseas. So depending on that  
20 situation, you know, how we can bear the price and compete in  
21 the marketplace is ultimately the determining factor. So if  
22 you were to say utility rates is the only issue, no. It is one  
23 of many. But on each front we are finding competition in that  
24 sense.

25           You know, we are looking at trying to be more

1 competitive in health costs by introducing new health insurance  
2 policies or planned programs, fuel costs and having to be more  
3 energy efficient or maximizing transportation so we minimize  
4 fuel costs today. Working with local communities now to try to  
5 deal with zoning issues that become a major cost in terms of  
6 noise abatement and site abatement.

7 We are not the only manufacturer that is facing those  
8 challenges. You could get testimony from a number of  
9 manufacturers, and I won't mention names, but even in adjacent  
10 counties to Volusia County there are a number of manufacturers  
11 that are considering leaving the state for the issues that I  
12 mentioned just now.

13 COMMISSIONER DEASON: Can I ask staff counsel a  
14 question?

15 CHAIRMAN BAEZ: Commissioner Deason.

16 COMMISSIONER DEASON: Does FPL have some type of  
17 flexible tariff for companies that perhaps would be  
18 considering --

19 MS. DRAPER: Time-of-use rates. I don't know what  
20 rate schedule the gentleman is on. The increase depends on the  
21 usage and the rate schedule he is on. But I'm sure FPL can  
22 talk to them and make sure they have the best available rates.

23 MR. DIONNE: We have been told by our account manager  
24 that we are on the best rate possible. Again, it doesn't -- it  
25 doesn't negate the fact that we are still getting a price

1 increase going forward.

2 COMMISSIONER DEASON: Thank you, sir.

3 CHAIRMAN BAEZ: Thank you, Mr. Dionne.

4 Mr. Beck.

5 MR. BECK: Thank you. The next witness is Bob Shook.

6 BOB SHOOK

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

9 DIRECT STATEMENT

10 MR. SHOOK: Good afternoon. My name Bob Shook. I  
11 live at 3100 Palmetto Avenue in Bunnell, and I work for Homack  
12 Manufacturing Company. We employ a little over 300 people in  
13 Ormond Beach. We have two plants and several meters, meter  
14 cans coming into our area.

15 And some of the things that Florida Power and  
16 Light -- I'm talking about the quality of service that they  
17 have given to us. I have been with Homack for many years. I  
18 have been around the account managers for many years. Some of  
19 the things that they have done for us in the past is we have  
20 got something called load control, and by communicating with  
21 these folks you can get a reduced rate. And, you know, they  
22 have talked to us about moving our power more to our load  
23 control so we can get that better rate, which is about 15  
24 percent cheaper than some of the other rates we have.

25 During the storms, which someone said it earlier, you

1 know, it may be once in 100 years that that kind of thing will  
2 happen to us. And I don't expect to see storms again this year  
3 like that, like we did, but the service we were provided from  
4 Florida Power and Light I thought was outstanding this year. I  
5 know our business was only down -- the main plant was only down  
6 for one day during any of the storms. We had one of the -- the  
7 little sister plant that is also in Ormond Beach was down for  
8 four days.

9           They kept us very well informed as to the power grid,  
10 when it would be up; and, therefore, we could keep our  
11 employees informed. In our case what we did was transferred  
12 people from one plant to the other. Some were evacuated  
13 anyway, so we actually were short of people is the way it  
14 worked out. But their service has been outstanding, I thought.  
15 I think it is very important that we maintain service. I know  
16 they have to give us service, but I think there is also that  
17 personal touch that kind of comes with that.

18           And, you know, in my case I had a situation at the  
19 house, I don't recall which storm it was, but it was the one  
20 that really took out the whole state. And we had power pretty  
21 quick back on at our house, although we had a line down. And I  
22 live out -- I've got five acres, and we live out in the country  
23 on a dead-end road, so usually if you have got power down there  
24 when everybody else is out, you just don't get anywhere else.  
25 But we had power. And I loaned out -- I have a generator, and

1 we loaned our generator out to some other people and called it  
2 in. And then it was several days later finally a lineman came  
3 out to take a look at it. And when he saw it, you know, the  
4 line was down and the neutral, which is the bare wire was  
5 actually broken, but they still had service. And, you know, he  
6 said, I can't leave it like that, and he didn't have the  
7 services to fix it for us, you know, right away.

8           But to me the personal touch was is he said, you  
9 know, I hate to turn you off, but I've got to turn you off.  
10 And I didn't have my generator at the time. But he said, you  
11 know, do you need to do some laundry, do you need to take a  
12 shower or something like that. So he gave us time to turn it  
13 off, and then had it on the next morning.

14           CHAIRMAN BAEZ: Questions of Mr. Shook?

15           Mr. Twomey.

16           MR. TWOMEY: Yes, sir, just briefly.

17           MR. SHOOK: Yes, sir.

18           MR. TWOMEY: I heard -- I thought I heard your  
19 testimony reflect upon the good quality of service you receive  
20 from FPL.

21           MR. SHOOK: Yes.

22           MR. TWOMEY: I didn't hear you say you wanted your  
23 rates increased.

24           MR. SHOOK: I didn't.

25           MR. TWOMEY: Thank you, sir.



1 CHAIRMAN BAEZ: Mr. Beck.

2 MR. BECK: The next witness is Lynn Harris.

3 LYNN HARRIS

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

6 DIRECT STATEMENT

7 MR. HARRIS: Good afternoon. My name is Lynn Harris.  
8 I manage the Halifax Professional Center at 311 North Clyde  
9 Morris, next to the hospital. I'm here to speak on behalf some  
10 of the services FPL has provided for my building.

11 My building is a doctor's building, and we have a  
12 surgery center. We also have radiology, MRI, and that type of  
13 services in my building. The expenses in my building are  
14 passed back through to our tenants. So increases and decreases  
15 in electricity affect my tenants directly, and we pass those  
16 back to them in a rebate or a cost increase. And, of course,  
17 that trickles down to their employees, whether they get raises  
18 or they don't get raises.

19 I'm not here to argue whether FP&L should get an  
20 increase or they shouldn't get an increase. I just want to  
21 talk about three of the services they provided to me.

22 In 2001, we were looking at ways to reduce costs in  
23 our building for the tenants. One of the ways that FPL came up  
24 with was a retrofitting of the lighting system that saved my  
25 company just over \$4,000 a month in electric expenses when we

1 went to a new more efficient lighting system.

2           During the hurricanes last year, we lost some  
3 lighting in our parking garage, and FPL came out and gave us a  
4 vendor and a way to reduce costs in the garage to save my  
5 tenants and the company money again with an energy audit they  
6 did of the garage.

7           And recently we had an issue with our air  
8 conditioning system. We run two 145-ton units on top of our  
9 building to keep all of our tenants cool. We were having a  
10 problem with surges in power or seemingly somewhere along the  
11 line, so FPL sent out an engineer that helped us determine  
12 where the cause was. And, yes, it turned out to be in the air  
13 conditioning system itself, but they came out and audited it.  
14 They came out and monitored it with their computer systems and  
15 isolated it for us at no cost to the company or the tenants.

16           On a personal note, at my house, they came one time  
17 and did an energy audit, if that is the right word for it. And  
18 one of the things that they suggested was we take the air  
19 conditioning heat exchanger and run that back through our water  
20 heater to reduce the cost. That saved us about \$15 a month in  
21 utility cost by just doing that.

22           So FPL has been very helpful in their usage of people  
23 and manpower to help us save costs, not only for my company and  
24 myself, but also for my tenants, which is very important to us.

25           So I appreciate our account manager that we have. He

1 is all the time keeping me updated on things that may or may  
2 not affect my building. But, you know, I'm here to say that  
3 FPL has done a good job in my opinion, and, of course, I defer  
4 to your expertise on whether they should get an increase or  
5 not.

6 CHAIRMAN BAEZ: Questions of Mr. Harris?

7 Thank you, sir.

8 Mr. Beck.

9 MR. BECK: The next witness is Ken Wooten.

10 KEN WOOTEN

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

13 DIRECT STATEMENT

14 MR. KEATING: Good afternoon, Commissioners. I come  
15 to you as a citizen of Port Orange. I live at 405 Oak River  
16 Drive, with my wife and two sons. And, fortunately for us, we  
17 had the ability to house my mother-in-law. There is not a lot  
18 of guys that can get up here and brag about the mother-in-law  
19 staying with them. However, she was a great lady. She was a  
20 wonderful lady and had emphysema.

21 And I want to talk about the services that Florida  
22 Power and Light provided to us, having a patient who lived with  
23 us for approximately three years, who lived on an oxygen  
24 machine. And I had spoken to several FPL personnel, because to  
25 me the biggest scare for her with that disease, and it is a

1 horrible disease, is if the power goes off there is an  
2 emergency process we go through to put her on manual oxygen.  
3 And I can tell you in the three years that she lived with us,  
4 there was only probably two times that the power actually went  
5 off. And to me, I can't brag enough on FPL.

6           Also, I'm a senior director of finance with the  
7 Ladies Professional Golf Association. And with all the  
8 construction -- if you're familiar with the construction on the  
9 LPGA Boulevard, there was a backhoe -- I'm going to  
10 guesstimate, it was approximately two years ago -- that  
11 destroyed the power lines as they were digging in that area for  
12 new construction. So we got on the phone, the 800 number, get  
13 them out there. And within five hours that day they had  
14 totally reconstructed and respliced the cable. And I think it  
15 is fiber-optic cable, or whatever the type of cable, and it is  
16 really difficult to put back together. So from the LPGA  
17 standpoint, we rely on our phone systems for a lot of the  
18 business that we do there for the tour, and their response time  
19 was impeccable.

20           I understand, I have parents who are elderly, and I  
21 understand a 3 percent increase can be difficult for senior  
22 citizens. I'm not here as an advocate to recommend a rate  
23 increase or deny a rate increase, but I can tell you in the  
24 three storms that we had this year, it sure was nice for us in  
25 Port Orange, in River Oaks to only lose power for maybe two to

1 three hours during three storms.

2 So thanks for being good citizens, FPL. And good  
3 luck with your decision process. Thank you.

4 CHAIRMAN BAEZ: Thank you.

5 Any questions of Mr. Wooten?

6 Thank, you sir.

7 Mr. Beck.

8 MR. BECK: Commissioner Lou Schmitt. Commissioner  
9 Lou Schmitt.

10 Okay. The next witness, then, will be James B.  
11 Clayton. Mr. Clayton.

12 JAMES B. CLAYTON

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

15 DIRECT STATEMENT

16 MR. CLAYTON: James B. Clayton from DeLeon Springs,  
17 Florida, Post Office Box 39 in DeLeon. I probably have more  
18 experience, peer experience appearing before governmental  
19 bodies than most of these people, because for the last 40 years  
20 I have been basically a professional government fighter. I  
21 practiced law for years and years. And I quit practicing law  
22 because my wife said, "Why do you do that?" If you earn the  
23 money, you are too tight to spend it. And if you give it to  
24 your children, you won't help them. So I took her advice and  
25 quit. And I have spent most of my waking hours keeping up with

1 my government.

2           So I'm really here as a spokesman for, I guess, the  
3 people of Volusia County. Bob Coleman with Florida Power and  
4 Light, he would call me a gadfly, and I don't mind that. And I  
5 know that some of these things -- so many things to say. I  
6 guess I'm here more to help inform these people here as to who  
7 you are. And I will ask some questions, if you don't mind.  
8 Under the Constitution I redress grievances, so I expect  
9 answers from my public servants.

10           I'm here for my nine grandchildren, because I'm  
11 attempting to preserve the republic for these grandchildren.  
12 And so then I would say to them -- if they were in the room, I  
13 would say to them, these people in this Public Service  
14 Commission work for you. Now, then, as I understand it, you  
15 correct me if I'm wrong, the Governor appoints all of you,  
16 subject to the approval of the Senate. Okay. So you don't  
17 serve at the pleasure of the Governor, you serve for the term.

18           CHAIRMAN BAEZ: That's correct.

19           MR. CLAYTON: Now, some of the most important  
20 questions with which I'm concerned, and I know Progress Energy  
21 has taken over Florida Power and Light -- I mean, taken over --  
22 Progress Energy is now old Florida Power, taken over by  
23 Carolina Power and Light. Now, Carolina Power and Light -- and  
24 you know more than I do about it, but some of these people  
25 might not.

1           CHAIRMAN BAEZ: You are doing all right so far.

2           MR. CLAYTON: Doing all right? Okay. So, now -- and  
3 I won't -- I won't really take as much time as you might think  
4 I'm going to. (Laughter.) I'm going to talk less than some  
5 and more than others. I have had a lot of experience. I have  
6 been thrown out of meetings, not physically, but I had once  
7 seven patrol cars called because I was addressing the school  
8 board, and it was something that they shouldn't have done. Bob  
9 Coleman was probably there.

10           And, you know, there is something I don't like, and I  
11 hear -- the two speakers that spoke here today about the money  
12 that Florida Power and Light gives to such entities as the  
13 school board. Florida Power and Light doesn't have any money  
14 to give to the school board. These people in this room, it's  
15 their money that is being given. It's not Florida Power and  
16 Light's money; it's our money. Okay.

17           Now, then, you come back to -- and you say, well, we  
18 have got to have this much money and so forth. But look at the  
19 impact fee just increased in Volusia County for school board  
20 beginning June the 6th of '05, \$5,400 increase in impact fee  
21 for school. 5,400.

22           And, you know, you have to understand this, and I  
23 have to say this to you, and I want you to remember this,  
24 because I'm older than all of you, probably the oldest person  
25 in the room. But, we're about to lose this republic. You are

1 part of the reason we have to be careful to see that you people  
2 do exactly what you should do to see that we don't.

3 Now, one of the most, one of the biggest gripes I've  
4 got and really why I came here today. No other reason I came  
5 here. I wouldn't have come if I didn't have to come and ask  
6 this one question. Now, I have asked it before to the chief  
7 executive of Florida Power and Light, and I was told by Bob  
8 Coleman he wouldn't respond to me. He didn't. I wrote him a  
9 note. He didn't respond. But at any rate, the question I want  
10 to ask is do all of you know what the chief executive of  
11 Florida Power and Light is paid annually? Do all of you  
12 know --

13 CHAIRMAN BAEZ: The chief executive of Florida Power  
14 and Light?

15 MR. CLAYTON: Florida Power and Light, yeah.

16 CHAIRMAN BAEZ: Florida Power and Light Group or --

17 MR. CLAYTON: No, Florida Power and Light, yeah, the  
18 chief executive.

19 CHAIRMAN BAEZ: It's a corporate entity. You have  
20 got to make sure --

21 MR. CLAYTON: The head cheese.

22 CHAIRMAN BAEZ: The head cheese?

23 MR. CLAYTON: The head cheese.

24 CHAIRMAN BAEZ: That was in the paper the other day.

25 MR. CLAYTON: I want you to know it. Do you know



1 what the Florida Power and Light, the board pays the chief  
2 executive? Do you know?

3 Do you know?

4 CHAIRMAN BAEZ: \$7.68 million.

5 MR. CLAYTON: \$7.68 million.

6 CHAIRMAN BAEZ: I think that is what I recall.

7 MR. CLAYTON: Now, what about the benefits he gets.

8 CHAIRMAN BAEZ: Now you are getting into something  
9 that --

10 MR. CLAYTON: No, you should know that. You see,  
11 they're asking for money, so you have to see what they do with  
12 the money they get from the people. \$7.6 million?

13 CHAIRMAN BAEZ: Did I get it right?

14 MR. CLAYTON: I don't know. I'm asking you.

15 CHAIRMAN BAEZ: I thought you had the answer.

16 (Laughter.)

17 MR. CLAYTON: I don't know the answer to it. I'm  
18 here. I'm asking questions to get information.

19 CHAIRMAN BAEZ: Oh, okay.

20 MR. CLAYTON: So these people can hear it. Do you  
21 know what Florida Power and Light gives their chief executive?

22 COMMISSIONER DEASON: I personally do not know, but I  
23 can assure you that our auditors will review the matter.

24 MR. CLAYTON: You'll assure me what?

25 COMMISSIONER DEASON: Assure you that the auditors

1 will review that matter if it is a component of cost that will  
2 be included in the rate proceeding.

3 MR. CLAYTON: What do you mean if it's a component of  
4 cost? How could it be anything else but a component of the  
5 cost?

6 COMMISSIONER DEASON: Well, as the Chairman tried to  
7 clarify from your question, sir, it depends on whether you are  
8 talking about the chief officer of FPL Group or Florida Power  
9 and Light, the electric utility.

10 MR. CLAYTON: Let's don't kid. Let's don't  
11 complicate the thing. Let's don't confuse the people --

12 CHAIRMAN BAEZ: Well, it is complicated.

13 MR. CLAYTON: Well, I know, but it needs not to be.  
14 That's what's happening. The government has got so  
15 complicated, the people are giving up.

16 CHAIRMAN BAEZ: But it is complicated.

17 MR. CLAYTON: I'm not going to give up.

18 CHAIRMAN BAEZ: I hope you don't.

19 MR. CLAYTON: I'm not going to give up. In other  
20 words -- and I rear my grandchildren not to give up. But you  
21 see it's a matter, see. Again, just to remind you, you work  
22 for us.

23 CHAIRMAN BAEZ: That is true.

24 MR. CLAYTON: Okay. Now, do you know what Florida  
25 Power and Light pays the chief executive?

1 COMMISSIOENR EDGAR: No.

2 MR. CLAYTON: I can't believe that. I cannot believe  
3 that these people that run the Public Service Commission do not  
4 know that they pay him millions and millions of dollars. I bet  
5 they don't know what bonus they gave to the Progress Energy  
6 chief executive who was the Florida Power Corporation chief  
7 executive when he retired. How much did they give him?

8 CHAIRMAN BAEZ: You know, I knew that once upon a  
9 time.

10 MR. CLAYTON: Big, big bucks, almost like Enron.

11 CHAIRMAN BAEZ: Well --

12 MR. CLAYTON: Well, see, I compare this to Enron, the  
13 fleecing. See, what we have got here, we've got a franchise.  
14 See, you people conduct the franchisees in the state of  
15 Florida, okay. Now, then the franchise becomes a monopoly. It  
16 is a monopoly.

17 CHAIRMAN BAEZ: That's part of the franchise, yes.

18 MR. CLAYTON: It's a monopoly. Okay. Now, then,  
19 sir, I could go on. I wish I could stay here for two hours,  
20 but I'd better sit down.

21 CHAIRMAN BAEZ: You promised you wouldn't.

22 (Laughter.)

23 MR. CLAYTON: I wouldn't. I will not. But now,  
24 then, you have to think about the money that Florida Power and  
25 Light pays its lobbyists. It should be a crime. It should be

1 felony to lobby, to take anything from -- you go lobby, you go  
2 talk to your legislators that you want to, but to have them  
3 paid the big bucks that they do.

4 I read in the News Journal just yesterday, and I  
5 planned to go to a meeting in the morning at county council,  
6 progress Energy through one of their persons in charge of this,  
7 county council, they're meeting in Tampa, and they go over  
8 there, and they are spending big bucks to provide steak dinners  
9 for the County Council of Volusia County, which is contrary to  
10 the statute. And then they take them from there to a dessert  
11 place where they've got a hundred different varieties of  
12 dessert, alcohol and so forth, that they are providing for  
13 those people that are not allowed to do it. Would you do that?

14 CHAIRMAN BAEZ: I'm sorry.

15 MR. CLAYTON: Would any one of you do that?

16 CHAIRMAN BAEZ: Do what, sir?

17 MR. CLAYTON: Do that, take a free meal from Progress  
18 Energy?

19 CHAIRMAN BAEZ: You're darn right I wouldn't.

20 MR. CLAYTON: Okay. They did it, the County Council  
21 of Volusia County. Not all of them.

22 CHAIRMAN BAEZ: We're not county councilmen.

23 MR. CLAYTON: I know that, and I just -- hey, praise  
24 the Lord. I'm happy for you.

25 CHAIRMAN BAEZ: All right.

1 MR. CLAYTON: That's great.

2 CHAIRMAN BAEZ: You can print that, whoever is out  
3 there.

4 MR. CLAYTON: That's right. Now, have you ever tried  
5 to get somebody on the phone at Florida Power and Light?

6 CHAIRMAN BAEZ: Personally?

7 MR. CLAYTON: Try it. Try it sometime. I would  
8 rather take a horse whipping than to try to do it. It is  
9 better to go down to South Florida to their headquarters and  
10 try to get them.

11 CHAIRMAN BAEZ: Well, Mr. Clayton, I hope that the  
12 representatives from Florida Power and Light are listening,  
13 because it shouldn't be like that.

14 MR. CLAYTON: It should not be like that.

15 CHAIRMAN BAEZ: I will agree with you 100 percent.

16 MR. CLAYTON: Well, then, I'm going to stop. A lot  
17 of things I want to say, but I'm going to stop, one, two,  
18 three.

19 Now, I have taken probably 50 or 60 photographs.  
20 First of all, they don't need any more money. They have got  
21 more money than they need now if they adjust these. And I will  
22 find out, hopefully, somebody will advise me what Florida Power  
23 and Light -- Bob Coleman is in the room. He probably could  
24 tell us. But at any rate, you have to stop to understand they  
25 are not looking after the equipment.

1 Progress Energy is not looking after the equipment.  
2 Florida Power and Light is not looking after the equipment. Go  
3 look and see the kudzu up the lines. And I understand if you  
4 get enough tension on that at the top of the line, you pull the  
5 kudzu off, and you've got enough conductive element in the  
6 kudzu, look out, it's lights out. And so, I see that they are  
7 not looking after that. And I look for you, who are the ones  
8 responsible for us, to see that they take care of the lines.

9 Like I tried to get them to move a line. A disabled  
10 black veteran in De Land, he fixed a place to back out of his  
11 driveway. Florida Progress Energy has a cable coming off. It  
12 doesn't pull anything. It is as loose as can be. And it is  
13 pulled -- it's put in to pull the wrong way anyway. It doesn't  
14 reverse the lines going across the street. It does it at a  
15 90-degree angle. So it's pulling contrary to it. So I called  
16 them, and I talked five times to different people who were  
17 going to take care of it. That has been six months, and that  
18 old vine is still there.

19 CHAIRMAN BAEZ: Mr. Clayton.

20 MR. CLAYTON: Go ahead.

21 CHAIRMAN BAEZ: And I want to clarify. You mentioned  
22 Florida Progress and this is not a Progress hearing.

23 MR. CLAYTON: I understand that.

24 CHAIRMAN BAEZ: Okay.

25 MR. CLAYTON: I am just advising my members of the

1 Florida Public Service Commission.

2 CHAIRMAN BAEZ: I want to clarify for the record  
3 which company exactly you are talking about.

4 MR. CLAYTON: No, I understand you exactly. Progress  
5 Energy came from Carolina Power and Light, old Florida Power.

6 CHAIRMAN BAEZ: We are having hearings over in Tampa  
7 next month if you want to try to --

8 MR. CLAYTON: If it's in Daytona, I'll try to be  
9 here.

10 CHAIRMAN BAEZ: All right.

11 MR. CLAYTON: And I'll finish my speech.

12 CHAIRMAN BAEZ: We look forward to seeing you. Thank  
13 you, Mr. Clayton.

14 Any questions?

15 Thank you, sir.

16 Mr. Beck.

17 MR. BECK: The next witness is Nancy Lohman.

18 NANCY LOHMAN

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

21 DIRECT STATEMENT

22 MS. LOHMAN: Hi. I just knew I would somehow be  
23 lucky enough to follow right after.

24 CHAIRMAN BAEZ: It's a tough act.

25 MS. LOHMAN: Yes, it is a tough act.

1           I'm Nancy Lohman. I am a licensed funeral director,  
2 and my husband and I are in that business here in Volusia  
3 County. And I just wanted to share with you a couple of  
4 things.

5           First of all, last year when the hurricanes hit us  
6 here, there was a lot of suffering that went on. But I can  
7 assure you, from my perspective, there were people who suffered  
8 much more than just the air conditioning that went out. And so  
9 on a whole other level they were suffering when they had to --  
10 at that same time, feeling the loss of losing a loved one, had  
11 to go through those hurricanes. And so, yes, I depend just  
12 like everyone else on reliable service from Florida Power and  
13 Light, but it was at a whole other level.

14           My hurricane preparedness plan is different than any  
15 of yours, I assure you. And I counted on a lot of quick  
16 turnarounds from Florida Power and Light for a lot of other  
17 reasons that you may not have ever considered. And when I saw  
18 the Florida Power and Light trucks at very early hours in the  
19 day and very late at night, and when I saw a line burning on  
20 Belleview near our cemetery, and we called the police, and  
21 Florida Power and Light was there just minutes after the  
22 police, those kinds of things meant a lot to us.

23           And I just didn't want it to get lost in the shuffle  
24 here when we are talking about millions of dollars, or dollars  
25 per month. I just wanted to make sure that you saw from my



1 perspective. And when you hear about Florida Power and Light,  
2 you know, being benevolent and supportive in our community, if  
3 it was really all about profit, if it was really all about  
4 profit for Florida Power and Light, or for our family's  
5 business, or any other business, then there wouldn't be the  
6 support of benevolent kinds of activities going on, and I think  
7 that is really important to remember.

8           When Florida Power and Light is supportive of our  
9 chamber, it directly or indirectly helps every business, most  
10 of which are small businesses in our community. When they are  
11 supportive of hospice, let me tell you, a lot of families who  
12 are on fixed incomes -- number one, none of us want to die.  
13 But I can tell you, more than that, none of us want to suffer.  
14 And when they participate and are supportive of agencies and  
15 opportunities in our community like hospice, that makes a huge,  
16 huge difference directly and indirectly in the lives of a lot  
17 of individuals. So I just wanted to share with you my story,  
18 because I wanted to make sure we sort of balance the playing  
19 field.

20           Thanks for listening.

21           COMMISSIONER DEASON: Questions of Ms. Lohman?

22           Thank you, ma'am.

23           Mr. Beck.

24           MR. BECK: Dan Young.

25           CHAIRMAN BAEZ: Mr. Young.

1 MR. BECK: Michael Ray Smith.

2 MICHAEL RAY SMITH

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

5 DIRECT STATEMENT

6 MR. SMITH: Hi. Michael Smith. I own a small  
7 business, Michael Smith Construction, Incorporated. My wife  
8 also runs a small feed store in Edgewater.

9 The hurricane thing has been kind of beat to death,  
10 but, again, you know, during the hurricanes, we have live  
11 animals in that feed store, boom, we had power. A lot of other  
12 people didn't. In our personal home we had power. A lot of my  
13 friends, they got power as soon as they could. I've worked  
14 with these guys in the field. They are out there. They are  
15 there when they say they are going to be there, and they do a  
16 great job.

17 We have had excellent service from FP&L my entire  
18 life of living in this county. If it takes a two-dollar,  
19 four-dollar increase to keep that service -- in my business  
20 because cost of fuel, I have to do a price increase. You know,  
21 my customers understand it, because they get great service. If  
22 that is what it takes, that's what it takes, to keep that  
23 quality of service.

24 Thank you.

25 CHAIRMAN BAEZ: Questions of Mr. Smith?

1 Thank you, sir.

2 MR. SMITH: Thank you.

3 MR. BECK: Mike Jiloty.

4 MIKE JILOTY

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

7 DIRECT STATEMENT

8 MR. JILOTY: Good evening. My name is Mike Jiloty.

9 I'm president of an advertising and marketing firm called Lord  
10 and Lasker Florida, and I'm a resident of Ormond Beach. I live  
11 at 15 Winding Creek Way in Ormond Beach.

12 We live in a time when institutions are subject to  
13 vocal criticism. It's easy to see that oftentimes institutions  
14 garner an awful lot of criticism, the government, the  
15 newspaper, the power company, the public schools and so forth.  
16 And I am not saying that institutions are immune from  
17 criticism, but I'm saying that the criticism oftentimes is  
18 offered at a high volume or high decibel level, whereas praise  
19 is sometimes offered more quietly.

20 From my perspective, Florida Power and Light is a  
21 good citizen, a good corporate citizen. Their response during  
22 and following the hurricanes of 2004 I thought was exemplary,  
23 and they faced challenges which are well documented.

24 Volusia County is a 1,200 square mile county that is  
25 very diverse in terms of its geography. It has got both rural

1 and urban areas. We have a substantial senior population. We  
2 have many special needs individuals. A lot of logistical  
3 dynamics need to be taken into account. Mr. Wooten spoke  
4 moments ago about his mother-in-law and her emphysema, and that  
5 is not an atypical case in our county.

6 As I say, the response was prompt, the restoration of  
7 power was reasonable, and I thought that the communications  
8 through it all were excellent. We received information,  
9 regular briefings through the county's emergency operation  
10 center. We saw frequent appearances on television by Florida  
11 Power and Light officials when television was available with  
12 power. We got regular briefings over the radio in the absence  
13 of television. And the automated advisories that were provided  
14 through the telephone, I thought, were most helpful.

15 In order to prepare for a similar response this year  
16 and years ahead, I think a rate increase is warranted. For my  
17 money, the storm preparation accrual and improvements in  
18 transmission and distribution systems alone justify the rate  
19 increase.

20 Parenthetically, I would like to comment on Florida  
21 Power and Light's corporate citizenship in terms of support of  
22 local organizations. Florida Power and Light is omnipresent in  
23 many critical areas in our community, including education. It  
24 is a generous supporter of the Futures Foundation for Volusia  
25 County Schools, which is our conduit through which business

1 supports our public school system. It is generous in its  
2 support of cultural activities in our area, Seaside Music  
3 Theater, the Florida International Festival, and others. And  
4 it supports a wide variety of health and human service agencies  
5 through its support of United Way and other similar  
6 organizations.

7 After the spontaneous response after the hurricanes  
8 of 2004, for my money I expected to see a rate increase. I  
9 expect it now. I consider it an investment, and I expect that  
10 we will receive a good return on that investment. So I am a  
11 supporter of the rate increase, and I thank you.

12 CHAIRMAN BAEZ: Questions of Mr. Jiloty?

13 Thank you, sir.

14 MR. BECK: The next witness is John Nicholson.

15 JOHN NICHOLSON

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

18 DIRECT STATEMENT

19 MR. NICHOLSON: My name is John Nicholson. I live  
20 over on beach side.

21 I know you are saying it is only \$3, but your rate  
22 increase is not in a vacuum. I have already been notified by  
23 my insurance, it will be going up \$20 a month. There will also  
24 be increases probably on the phone. There is talk the gas  
25 company, TECO (phonetic), will raise their prices. I'm sure

1 the cable company will raise theirs. This in addition to the  
2 school board which will raise theirs, and the City of Daytona  
3 Beach will raise their water rates.

4 I'm guessing somewhere between 75 and \$100 a month  
5 increase on my bills. So your \$3 is part of a hundred bucks.  
6 For some people it's not a problem. For others it is a  
7 problem.

8 What I'm asking you is that this not be in a vacuum.  
9 There is no guarantee that a private monopoly is going to have  
10 a profit. Florida Power and Light had an unusual season.  
11 Businesses go through that. They will have years in which they  
12 don't make the same profit. What I'm asking is that you look  
13 at this carefully, that you are not guaranteeing them a profit  
14 at our expense. If the \$340 million is necessary, it's what  
15 they need to survive, then give it to them. But everything I  
16 have seen in the paper, everything I have read, it is not what  
17 they need; it is what they want so that they don't lose  
18 anything and they can guarantee a profit to their investors.

19 This is not what you are supposed to guarantee.  
20 There is a reasonable amount of money that their investors  
21 should accept. During good times there is always an increase.  
22 In bad times they take a hit like everybody else.

23 I didn't lose any power. I grew up in Miami, went  
24 through about 20 hurricanes. Power would go off for a day or  
25 two, and nobody complained back then. During Andrew my sister

1 lost it for several weeks. She lost half her house, as well.  
2 But it was unusual Andrew hitting Miami. But companies have to  
3 anticipate these things will happen. So I ask you that to  
4 think that these hurricanes, three in a row was very unusual.  
5 It's probably never going to happen again.

6 Secondly, their reserves will build up naturally. So  
7 there is money coming in. It's not like a devastation that  
8 there is nothing coming in. They will be making money over the  
9 next several years.

10 Third, you can't build their reserves off our  
11 suffering. They are not the only one asking for money. I  
12 don't begrudge them a reasonable return. I definitely don't  
13 begrudge them. If they have lost, we have to make up for it.  
14 That's a given. But I don't expect to do it on the profits of  
15 their investors. Thank you very much.

16 CHAIRMAN BAEZ: Questions of the witness?

17 Thank you, Mr. Nicholson.

18 Mr. Beck.

19 MR. BECK: The next witness is John Chagnon.

20 JOHN CHAGNON

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

23 DIRECT STATEMENT

24 MR. CHAGNON: My name is John Chagnon. I live in  
25 Palm Coast. I'm a former high school teacher. I did teach

1 economics. I'm a Marine veteran. I am also a member of the  
2 Palm Coast Civic Association, Knights of Columbus, and American  
3 Legion.

4 I have several questions and several concerns, and  
5 they are not all in the same order. But one of the things that  
6 caught my eye today was in today's paper. It was the Office of  
7 Public Counsel. Now, this is not the Office of Public --

8 CHAIRMAN BAEZ: Yes, it is. He's there.

9 MR. CHAGNON: This report was filed yesterday, is  
10 that correct? It said Monday.

11 MR. BECK: Yes. We filed testimony by eight  
12 witnesses yesterday.

13 MR. CHAGNON: Right. And they made a  
14 well-established conclusion that no rate increase should be  
15 given because they found that there is -- \$679 million is  
16 already there, and they don't need a \$430 million increase. So  
17 we should publish both sides of the story, you know, what the  
18 Counsel has going, put it in all the papers statewide, then put  
19 in what the Florida Power and Light people want.

20 Now, one of the -- so if you want more people to come  
21 to these meetings, they need that information in advance so  
22 they can say, now I can see why I need to go to those meetings  
23 or why I don't need to go to these meetings. That is number  
24 one.

25 The report is -- one of the key things is to



1 stimulate the consumer to come here. And, you know, Tuesday or  
2 Wednesday, 4:00 in the afternoon is not the greatest time. You  
3 ought to see the traffic out there. People are trying to get  
4 home from work, so why not let's do it on a Saturday morning,  
5 and let it run until 5:00 o'clock. You guys can take Monday  
6 off.

7 CHAIRMAN BAEZ: Thank you. (Laughter.)

8 MR. CHAGNON: But the public has a chance to come  
9 here, you know, in larger numbers to express after they have  
10 seen the pros and cons.

11 The other thing, Florida Power and Light needs to  
12 consider setting up a school fund program with scholarships in  
13 the junior and senior year of high schools, because a lot of  
14 these kids don't have part-time jobs, or come from a  
15 single-parent family, and they need some kind of income if they  
16 are going to -- or a scholarship if they are going to get into  
17 this kind of program.

18 You know, it is hard to find people who want to work  
19 with electrical power. I mean, I have already spoken to the  
20 people out there who work for Florida Power and Light. And  
21 they say, yeah, they have a hard time getting these kids.  
22 Well, motivate them in the junior and senior year in high  
23 school with some kind of scholarship funds that they can use  
24 for transportation or setting some kind of scholarship. And I  
25 think Florida Power and Light has already got something going

1 in the junior college level, but get it down into the junior  
2 high or senior high school level. That's what is important if  
3 you want to get people to come into this business. And you  
4 don't have to wait until the hurricanes start popping in here.

5 One of the other speakers brought up this salary  
6 thing, and I almost fell off the chair when I saw \$7 million.

7 CHAIRMAN BAEZ: That is not --

8 MR. CHAGNON: That is not a fact?

9 CHAIRMAN BAEZ: That was a guess.

10 MR. CHAGNON: Oh, that was a guess. Okay. Even  
11 still that should be public. What does the CEO get? What the  
12 last one got for his retirement? See, those are the things the  
13 public needs to see.

14 CHAIRMAN BAEZ: I think it was in the paper.

15 MR. CHAGNON: Well, yeah, I know. But the two papers  
16 that I looked at two different days didn't have that. But it  
17 needs to be always published when these reports come out, so  
18 they can always be reminded of the big salaries that these  
19 executives are getting.

20 CHAIRMAN BAEZ: Well, Mr. Chagnon, let me stop you  
21 right there.

22 MR. CHAGNON: Sure.

23 CHAIRMAN BAEZ: We's here to listen to you, and I  
24 apologize. I'm not trying --

25 MR. CHAGNON: No, I understand.

1           CHAIRMAN BAEZ: I just want to clarify something with  
2 you. The salaries, to the extent that they become part of the  
3 cost of rates, that gets reviewed, and they get reviewed for  
4 reasonableness and so forth. So I don't want you to walk out,  
5 or anyone else to walk out, and think that the staff of the  
6 Public Service Commission and certainly the Commissioners  
7 aren't going to have something to say whether favorable or  
8 unfavorable or indifferent about the issue of salaries. Don't  
9 walk out with the impression that that is something that just  
10 gets handed out willy-nilly and --

11           MR. CHAGNON: No, I didn't think it was.

12           CHAIRMAN BAEZ: There are audits going on and there  
13 are comparisons for reasonableness and benchmarks. And even  
14 Mr. Twomey and Public Counsel will agree that that does go on.  
15 Now, whether we all agree on the result or not, that is a  
16 different matter altogether. But I don't want people leaving  
17 here with ill-conceived notions of exactly what the process  
18 does and doesn't do. And if I was being facetious in my guess  
19 to, my response to Mr. Clayton, I apologize. We take this very  
20 seriously, and I don't want --

21           MR. CHAGNON: I'm not going to hold you to the seven.

22           CHAIRMAN BAEZ: Thank you.

23           MR. CHAGNON: Even five million dollars for one  
24 year's salary --

25           CHAIRMAN BAEZ: I just felt the need to clarify with

1 you and for the benefit of the rest of the people here.

2 MR. CHAGNON: One of the things that needs to be  
3 brought out is that these CEOs all belong to an association  
4 amongst themselves, and they all gather and talk over the phone  
5 and on e-mails, and salaries get discussed. So this is kind of  
6 a little bit of an antitrust stuff going on here, but it is  
7 behind closed doors. I'm not saying it is right; I'm not  
8 saying it's wrong; but that is what takes place. If Joe Blow  
9 over here is going to get 5 million for a salary, why can't  
10 over here, Ann, who is another utility, get the same similar  
11 salary out in California. So, I mean, I know what goes on.  
12 That is what takes place. So we need to kind of address the  
13 salaries and bring them down a little bit for the big ones.

14 The thing is about that -- that asking for \$430  
15 million, there was an article which I did not bring with me  
16 that made mention how they include salaries that normally the  
17 utility workers would be doing during that same time period.  
18 So it seems like they are stacking the books for the money. So  
19 they know you are not going to get 430 million, but maybe we  
20 might get \$250 million. So let's just put as much as we can.

21 Big developers do the same thing when they go over to  
22 the city council and try to get, say, an eight story high-rise  
23 like we're having a problem in Palm Coast on that, and they say  
24 we won't get eight. We'll shoot for eight, but we will settle  
25 at five or six. And that is what usually happens here. We

1 will have to get them much lower.

2 But I don't even think they need to have that kind of  
3 money, even if it is a hundred million. Because if we have got  
4 679 that's going to be published showing that they really don't  
5 need an increase, well, let's take a deeper look and see who's  
6 right and who's wrong. But we need to get it out to the  
7 public.

8 The public hearings. Was there four throughout the  
9 state of these public hearings?

10 CHAIRMAN BAEZ: This is one of five, and then there's  
11 two on the west coast. A total of seven for this company.

12 MR. CHAGNON: Seven. And we are, what, a population  
13 of about 27 million, Florida?

14 CHAIRMAN BAEZ: Don't say that.

15 MR. TWOMEY: Sixteen.

16 MR. CHAGNON: Not that high? Sixteen?

17 CHAIRMAN BAEZ: Sixteen or 17.

18 MR. CHAGNON: All right. I think you need to have  
19 more hearings for 16 million people. That's all I'm saying.

20 CHAIRMAN BAEZ: I would love to have more hearings,  
21 but eventually we are going to have to go back and work no  
22 matter how many Mondays we take off. (Laughter.)

23 MR. CHAGNON: Right. But it helps the consumer. You  
24 know, it helps the consumer to know that you are really doing a  
25 good job.

1 CHAIRMAN BAEZ: Thank you.

2 MR. CHAGNON: I think really because of what's  
3 happening, you saw or you all know about our big federal  
4 deficit and the war going on up there, we are bordering on  
5 bankruptcy in this country if we don't stop what we are doing,  
6 slowly stop.

7 What I'm suggesting is that you give a lower rate to  
8 seniors and veterans and the handicapped, but look at their tax  
9 return so they can qualify for at least a minimum. You know,  
10 if they are only earning under 40,000, and there is four people  
11 living there, maybe they deserve to have a lower rate. I think  
12 you need to help them, because we are bringing in more and more  
13 seniors into our state as well as veterans.

14 Now, the article pointed out that -- I guess it's  
15 1,000 kilowatt-hours per month. If you go over that, that is  
16 where the increase is going to come, is that correct? At least  
17 that is what the article indicated.

18 CHAIRMAN BAEZ: That is not exactly --

19 MR. CHAGNON: Okay. Let's say it is around a  
20 ballpark figure.

21 CHAIRMAN BAEZ: Go ahead, Commissioner Deason.

22 COMMISSIONER DEASON: I didn't read the article, but  
23 my guess is that they're probably referring to where the  
24 inversion in the rate occurs to where there is a higher charge  
25 for usage over a certain level. That's what I anticipate, but

1 I have not read the article. I'm at a little bit of a  
2 disadvantage.

3 MR. CHAGNON: Okay.

4 CHAIRMAN BAEZ: And just so you know, the number,  
5 1,000 kilowatts, is sort of a standard that is used for  
6 comparison.

7 MR. CHAGNON: I figured a benchmark of some sort.

8 So what I'm saying is the public needs to know what  
9 does that represent in terms of living square foot area in a  
10 unit. Is that a one bedroom with no-car garage, and a one  
11 bathroom? See, they need to -- and then if it is a small  
12 square foot area, then we need to raise this 1,000 kilowatt  
13 hours per month up, because those are the people who can't  
14 really afford the price increase.

15 And I will just read you this paragraph here, what it  
16 says here. Florida Power and Light customers currently pay \$92  
17 per 1,000 kilowatt-hours of electricity, a common measuring  
18 stick used by utilities. But with many customers using more  
19 than 1,000 hours, a proposal of \$430 million base hike likely  
20 will translate to an increase of three or four dollars. But  
21 that is what I am getting at. We need to increase this 1,000.

22 The other thing is that -- it's somewhat related to  
23 the insurance company -- not the insurance company, the  
24 insurance agency or the state insurance commission. Tom  
25 Gallagher, he waited until after the hurricanes were over with

1 and well into late December to put a freeze on the rates for  
2 the homeowners insurance and auto rates. As a result, if you  
3 saw what has happened there, you would -- I mean, I cannot tell  
4 you what I found from people who never had a claim, that it  
5 jumped up two, three, four hundred dollars a year. So I'm  
6 saying we need not to do that type of thing. We need to kind  
7 of really look and to see how it is going to impact people  
8 here, especially the middle and the lower income people.

9 I think I have said all that I need to say, and you  
10 may have some questions to ask me.

11 CHAIRMAN BAEZ: Questions of Mr. Chagnon?

12 COMMISSIONER DEASON: No, sir. Could I borrow your  
13 newspaper article?

14 MR. CHAGNON: Yes.

15 COMMISSIONER DEASON: And I will return it to you.

16 MR. CHAGNON: Yes, sure.

17 CHAIRMAN BAEZ: And while we are doing that,  
18 Mr. Chagnon actually did remind me of something. I want to  
19 apologize again, because it was my oversight. If you walk out  
20 today, and you didn't have one already -- he mentioned  
21 something about getting things out to the public. This is a  
22 PSC special report. It is in blue this week. You can go  
23 out -- there is plenty of them on the table as you walk out.  
24 This has all the information to familiarize yourself with the  
25 details of Florida Power and Light's filing.



1           Unfortunately, it doesn't have the information, the  
2           controverting information that Mr. Chagnon was referring to in  
3           the newspaper. That came out -- that information only came out  
4           recently or was filed recently. It becomes impossible for us  
5           to match the two together. But they are public records.  
6           Anybody that wants to take the time and check the PSC web site  
7           can readily access Mr. Beck's filings on behalf of his client.

8           But, nonetheless, there is the PSC bulletin. It does  
9           have at least some information of what is proposed, including I  
10          think on the second page or third page, rather, as you open it,  
11          it has what the rate increases are proposed, how they break  
12          down and so forth. So although I did not announce it earlier,  
13          Mr. Chagnon, we do try and make a pretty fair effort to get  
14          information, make information available to the public --

15                 MR. CHAGNON: I'm up in Palm Coast.

16                 CHAIRMAN BAEZ: -- a little bit of active pursuit of  
17          that information, as well. I can't very well put it in your  
18          hand.

19                 MR. CHAGNON: No. I plan to get more of this. The  
20          other thing is I would like to ask --

21                 CHAIRMAN BAEZ: Charlie Beck.

22                 MR. CHAGNON: -- Charlie Beck when will we get a  
23          similar report from the Counsel's findings?

24                 MR. BECK: We will be putting information on our web  
25          site. You can actually access the filing on the PSC web site,

1 which we filed yesterday, because they put all of our testimony  
2 in PDF format on their web site. And then, as I understand it,  
3 you can actually download it right now if you want to.

4 MR. CHAGNON: Now, will that be available at your  
5 next public hearing in Tampa?

6 CHAIRMAN BAEZ: No. See now, and I hate to get  
7 into --

8 MR. CHAGNON: That's a month away, though.

9 CHAIRMAN BAEZ: But I hate to get into the vagaries  
10 of the process, sir, but you force me to do that. See, I only  
11 put out -- I only put out what is requested. And as part of  
12 the process, I'm sure Mr. Beck will be happy to provide  
13 information. Although in his defense, his budget is not as big  
14 as ours. And I think to have that kind of stuff printed out  
15 would be a big burden on his agency. But, nonetheless, we put  
16 out what's proposed. And the people that proposed it was the  
17 company making the filing. It is the company making the  
18 request. It is our responsibility to try to get that known to  
19 you.

20 MR. CHAGNON: Right. But shouldn't the public  
21 itself, meaning the Commission, you know, be responsible for  
22 putting something out that is connected to this?

23 CHAIRMAN BAEZ: That is why we said everything -- all  
24 the information that is public is available on our web site.  
25 There is a thin line that we have to walk between providing as

1 much information as we can reasonably to the public and then  
2 taking on a burden which we are not funded to do.

3 MR. CHAGNON: Right.

4 CHAIRMAN BAEZ: So if you want me to raise your  
5 rates, if you want me to become part of the problem, then you  
6 have got to give me the benefit of the doubt that I'm getting  
7 as much information for you out there as I can.

8 MR. CHAGNON: How many of these have been brought to  
9 these meetings? How many are brought into these meetings?

10 CHAIRMAN BAEZ: I don't know the exact number, but I  
11 would be willing to bet that we wind up taking a lot of them  
12 home.

13 MR. CHAGNON: Okay. But how many do you think  
14 they've brought in, ballpark?

15 CHAIRMAN BAEZ: Mr. Chagnon, I have no idea, sir.  
16 You can go out and talk with Dick Durbin. He would be glad to  
17 enter into that kind of discussion with you. Because, like I  
18 said, we wind up taking a lot of them home.

19 MR. CHAGNON: I can understand. Well, we need to get  
20 some help to get Mr. Beck's --

21 CHAIRMAN BAEZ: I don't know that Mr. Beck wants me  
22 helping him do anything.

23 MR. CHAGNON: No. But there might be some other  
24 charitable organizations that would be willing to say, you  
25 know, like AARP or something.

1 CHAIRMAN BAEZ: If someone wants to give a hand to  
2 OPC, they are more than welcome to do it.

3 MR. CHAGNON: Thank you, gentlemen, and I appreciate  
4 --

5 COMMISSIONER DEASON: Let me clarify that the 1,000  
6 kilowatt hours was just a reference to the normal standard that  
7 we use to compare rate impacts. It has nothing to do with a  
8 rate inversion. And you are correct that it is just a -- it is  
9 just a benchmark. It doesn't mean that, you know, customers  
10 using more than 1,000 is going to see more of a dollar  
11 increase, and those that use less are going to see less of an  
12 increase. It's just a benchmark that has been used for years  
13 of 1,000 kilowatt hours.

14 MR. CHAGNON: And I'm a realtor. I didn't disclose  
15 that, but I'm a realtor.

16 CHAIRMAN BAEZ: Ah, see, you should have said that  
17 before.

18 MR. CHAGNON: Well, I'm now doing it while you still  
19 have me on TV here or whatever you've got out there.

20 CHAIRMAN BAEZ: Well, no TV.

21 MR. CHAGNON: All right. See, it helps when a buyer  
22 is coming from other states or even from another part of the  
23 state to know what a square foot area is going to cost them on  
24 a ballpark. You know, you can't pinpoint it.

25 CHAIRMAN BAEZ: I was a realtor, too, once upon a

1 time in a previous life, and I can tell you it does not  
2 translate. Because I had a guy -- I knew a guy who lived in a  
3 500 square foot, he paid twice as much as me living in twice as  
4 big a space. It just doesn't happen. It is a personal -- it's  
5 a matter of style. So it really is personal upon the customer,  
6 how much consumption they give, irrespective of how big --  
7 obviously, bigger houses are --

8 MR. CHAGNON: Are going to have more. Sure.

9 CHAIRMAN BAEZ: You can't break it down. That is why  
10 we use consumption.

11 MR. CHAGNON: Right. The air conditioner is the  
12 biggest user of electricity. But it would help for those who  
13 are the middle class and lower to -- on the price square  
14 foot -- you know, not the price, but the square foot area.

15 CHAIRMAN BAEZ: And I'll give you a piece of advice.  
16 Look at your bills.

17 MR. CHAGNON: Oh, I do.

18 CHAIRMAN BAEZ: If you look back -- I know you do. A  
19 lot of people don't. And the way to know how much -- what kind  
20 of consumer you are and whether you are an energy hog or not,  
21 you know, look at your bills. That information we do require,  
22 and that is made available in every --

23 MR. CHAGNON: Yes, sir.

24 CHAIRMAN BAEZ: But, anyway, thank you for coming.

25 COMMISSIONER DEASON: Mr. Chairman, another question,

1 observation, is that the Commission used to require the minimum  
2 filing requirements to be filed with local libraries. I don't  
3 know if that is still --

4 MR. CHAGNON: That would be nice.

5 COMMISSIONER DEASON: Is that something our staff can  
6 check on?

7 CHAIRMAN BAEZ: We have a high sign in front, someone  
8 who might know. So it is possible that that is still the  
9 practice.

10 MR. CHAGNON: If that's available at the public  
11 library, because a lot of the elderlies are not on computers.  
12 You know, they don't --

13 COMMISSIONER DEASON: And don't be surprised when you  
14 see a stack of paper that is, maybe, this tall that comprises  
15 the minimum filing requirements. I don't mean to intimidate  
16 you, but it used to be the practice, and I assume it still is,  
17 is that for minimum filing requirements to be provided  
18 throughout the service territory at selected public libraries.  
19 We can check and let you know.

20 MR. CHAGNON: And I missed using the word "summary,"  
21 because I know all of these reports are going to be two or  
22 three hundred pages.

23 CHAIRMAN BAEZ: I wish I had a summary like that.

24 MR. CHAGNON: Right. So a summary of four or five  
25 pages would be much better, at the library, so they can

1 download it.

2 CHAIRMAN BAEZ: A point well taken. Thank you, sir.

3 MR. CHAGNON: Thank you.

4 CHAIRMAN BAEZ: Mr. Beck, a quick question. How many  
5 witnesses do you have left signed up?

6 MR. BECK: We have called every witness that signed  
7 up. We had two no-shows earlier that I'd like to ask again.  
8 Dan Young or Commissioner Schmitt. That's everyone who has  
9 signed up.

10 CHAIRMAN BAEZ: I'm sorry. Oh, we have someone who  
11 hasn't signed up. Yes.

12 MR. PETROCK: I didn't sign up, but can I speak,  
13 though?

14 CHAIRMAN BAEZ: Absolutely. I'm just going to swear  
15 you in real quick, okay?

16 MR. PETROCK: I was here for the swearing in. I just  
17 missed the sign up.

18 CHAIRMAN BAEZ: Did you swear in, sir?

19 MR. PETROCK: Yes, sir.

20 CHAIRMAN BAEZ: All right.

21 JOE PETROCK

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

24 DIRECT STATEMENT

25 MR. PETROCK: Mr. Chairman, members of the Public

1 Service Commission and members of the Public Counsel, I'm Joe  
2 Petrock, a citizen. I live in Daytona Beach, zip code 32114.  
3 And, you know, we live, work, play and do business here in a  
4 great community here in Daytona Beach. We're the home of the  
5 world center of racing. The Daytona 500 is a great American  
6 race, and this weekend we will have the Pepsi 400. Bike Week,  
7 Spring Break, Black College Reunion, LPGA headquarters was  
8 mentioned, USTA. We'll have over a million and a half visitors  
9 from probably February through May here as they visit our great  
10 community.

11           And one thing that's very important is the  
12 reliability of power that we have. And then after we finish  
13 all of our visitors and our tourist season, with all of our  
14 retirees that we have, then we go to hurricane season. Now,  
15 last year, you know that we had and we predicted four storms.  
16 A busy time for us here. But we had some great folks with the  
17 power company, FPL, who were very reliable and worked around  
18 the clock to ensure that we had reliable power.

19           I met Bob Coleman in the wee hours of the morning at  
20 the county emergency operation center trying to coordinate  
21 power. I watched as the power company staged folks prior to  
22 the storm being prepared for our community, because of the fact  
23 of the kind of community we really are. We are rich in  
24 tourism, as you know. I chaired the manufacturing association  
25 many years ago, and we have over 200 manufacturing companies.



1 So a major industry force, also, is manufacturing. And we know  
2 how reliable we are on power. And we are thankful for the  
3 power company and what they do to ensure that we have that  
4 reliability. They performed well during the storms, yet they  
5 continue to try to improve.

6           There's a book by Price Prichett. It talks about  
7 jobs in a radically changing world. He talks about technology  
8 and how we embrace change, and how we can't stop change, and  
9 how we buy a piece of technology today and how tomorrow it is  
10 outdated.

11           And we talk about power and about increases. I look  
12 at our future, our young men and women and the children and how  
13 fortunate we are, and we want them to be as fortunate or more  
14 fortunate than we are. And we look at technology and how we  
15 are going to embrace technology. How we are going to attract  
16 new industry to our area. And that's going to take power. It  
17 is our lifeline. It's our resource.

18           Corporations are going to need to make sure that they  
19 have power and that we have reliable power, otherwise what are  
20 they going to do? I'm going elsewhere. Why do I want to have  
21 a business in Daytona Beach when you have a million and half  
22 visitors in a couple of months, you have hurricane season when  
23 we had four storms in less than six months. Why should I be  
24 here? If I have reliable power, it is a key resource.

25           We are rich in education. We have four universities

1 and colleges. We have the employment base. Our employment  
2 base is at an ultimate all time low employment-wise. You know,  
3 less than 3.8 percent. So it says that the folks who are  
4 looking for jobs here, have jobs. But we are blessed that we  
5 have a utility that believes in our community and is providing  
6 a very, very, reliable service.

7           You know, I built a new home three years ago. I had  
8 an 1,800-foot square foot home. I built a 2,700-foot square  
9 foot home with 12-foot high ceilings. I called the power  
10 company, free of charge, they sent a person out about energy  
11 efficiency in my new home. I pay 20 percent less today for  
12 power than I did three years ago, and I have a home that's  
13 800-square foot bigger, and I have 12-foot ceilings throughout  
14 the house and 10 foot throughout the bedrooms. Why? Because  
15 of what they were able to tell me about programmable  
16 thermostats, zones that I had, things that I could do.  
17 Insulation, bedding insulation, not blowing insulation in my  
18 attic, all free of charge to ensure that I had the very best in  
19 energy efficiency in the home.

20           But I am looking for the resource for them to invest  
21 in technology so that we can have power for the future to meet  
22 our needs as we grow very rapidly. We have close to 500,000  
23 folks in our community. In five years we are expected to grow  
24 by a quarter of a million folks here. That is going to be a  
25 major investment for the power company to ensure that industry

1 is going to move to our area, that we attract high-paying jobs  
2 for the four colleges that we have and the kids graduating.

3           So what we are talking about here is an increase of  
4 less that it costs to park at an event at the Ocean Center,  
5 less than a gallon of gas we are talking about. So I support  
6 that thought process based on the fact that 1985 was some 20  
7 years ago. I had a lot of hair back then. But I'm looking at  
8 what we are going to need in our resource of power for the  
9 future. And I think it's important that corporations invest in  
10 the future, and I will say that although we're doing well now,  
11 I'm looking for tomorrow.

12           I am looking at that Price Prichett when he talked  
13 about the future, he talked about change, he talked about  
14 kaizan, which is Japanese for continuous improvement. I look  
15 to for this corporation to continually improve and be reliable.  
16 We talked about what they're doing right now. I am looking  
17 five, ten, 15, 20 years to make sure that those young kids have  
18 what I have experienced in my life, and that it continues to  
19 grow as our community continues to grow.

20           Bob Coleman's name was mentioned here, and I told you  
21 that I met Bob many years ago at the county EOC. This weekend  
22 you will probably find him working at the races. He will be  
23 ensuring that the guests here have a great time and  
24 hospitality. He has been recognized many, many times in our  
25 community for volunteer work. So it disappoints me when

1 somebody talks about an individual who spends a lot of time  
2 supporting. So I think that is part of FPL's philosophy. I  
3 think it is key that their employees embrace that community  
4 spirit, that vitality of economic development, and that  
5 vitality of being involved in our communities.

6 So I'm proud that he takes time out of his schedule  
7 to volunteer in our community, working with kids and children  
8 and education, speedway, whatever it might be. So I'm proud of  
9 the corporation that is doing that, too.

10 So I thank you for being here. I know your schedules  
11 are very, very busy. I'm going to be very, very quick, because  
12 I know it's a late night, and you want to hit the highway and  
13 go home. But I think it's important to do what you're doing,  
14 to hear from all of us.

15 I'm an AARP member. My mom is 75 years old. And I  
16 know what it meant to me to be able to go to work and realize  
17 that my mom had power and I didn't have to worry about her.  
18 And I'm only afraid of the future that if this corporation  
19 doesn't grow and prosper, that they won't invest.

20 And the last comment I have to make was dealing on  
21 salaries. The New York Yankees have a salary of over, what,  
22 \$220 million for some 25 players. That is close to \$10 million  
23 a player. If we look at folks who play golf, their  
24 endorsements sometimes are 40, 50, \$60 million before they hit  
25 the first golf ball. And we're talking about a CEO for a

1 corporation that houses -- I don't know how many folks. I forgot  
2 how many folks Florida Power and Light has. I know one of  
3 their board members lives in town. Jay Hyatt Brown (phonetic)  
4 I think is on the FPL Board of Directors.

5           But I know that corporations today have to attract  
6 the brightest minds to ensure that they are able to provide the  
7 services for the future. And to me it is a shame that  
8 athletes -- we judge athletes, and it's okay for them to make  
9 10, 20, 30, \$40 million. Yet for CEOs we think it's a travesty  
10 if they make a million dollars, two or three million dollars,  
11 and if they have a few benefits. Athletes, they play how many  
12 years? Three, four, five, six, seven years, and they get what  
13 per year guaranteed? Corporate CEOs with the stress of running  
14 a corporation work how many years before they get some  
15 benefits? So I think let's put it in perspective. Athletes or  
16 folks that run our lifeline and our future. And I think power  
17 is so key to our economic vitality. So I will be glad to  
18 entertain any questions.

19           CHAIRMAN BAEZ: Questions of Mr. Petrock?

20           MR. TWOMEY: I've got one.

21           MR. PETROCK: Yes, sir.

22           MR. TWOMEY: Yes, sir. You are saying that you are  
23 testifying that you want the rate increases?

24           MR. PETROCK: I'm saying I want to invest in  
25 technology, and I support something that is less than \$3 a

1 month, less than a gallon of gas. Yes, sir.

2 MR. TWOMEY: Okay. And you defended the executive  
3 pay. I'm curious. What line of work are you in?

4 MR. PETROCK: I used to work in the telephone  
5 industry. Spent 30 years, retired from the telephone industry  
6 and now work in health care.

7 MR. TWOMEY: Health care. Okay. Thank you.

8 CHAIRMAN BAEZ: Thank you, sir.

9 Is there anyone else who wishes to address the  
10 Commission that didn't sign up beforehand? Sir.

11 MR. PITTMAN: Jack Pittman from Palm Coast.

12 CHAIRMAN BAEZ: Mr. Pittman, were you here to be  
13 sworn, sir?

14 MR. PITTMAN: No. I was here, but I was not sworn  
15 in.

16 (Witness sworn.)

17 CHAIRMAN BAEZ: Thank you, sir. Go ahead,  
18 Mr. Pittman.

19 JACK PITTMAN

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

22 DIRECT STATEMENT

23 MR. PITTMAN: Just a few minutes ago the subject of  
24 what libraries might have copies of the entire proposal, and  
25 FPL has informed its customers that they are on file at nine

1 libraries in this little publication which they sent to the  
2 customers. So I wanted to remind the Commission of that.

3 I'm just going to list several percentages here from  
4 this publication. The first one I thought I would mention is  
5 the customer charge is being increased from \$5.25 to \$7. That  
6 is a 33 percent increase in itself.

7 Down under outdoor lighting, charges for FPL-owned  
8 units are going to increase from \$6 and change to \$7-plus. And  
9 I just ran the percentage out on two of these, and those are 20  
10 percent increases on those items. The charges for  
11 customer-owned units are increasing roughly 18 percent from a  
12 dollar and change to almost \$2.

13 There is a charge called nonfuel energy in cents per  
14 kilowatt hour. That increase is rising from 2.06 cents to 2.52  
15 cents, which is better than 25 percent increase on that item.

16 Down under poles, these are utility poles that are  
17 going from \$3.18 to \$6.46, which is over a 100 percent increase  
18 for wood poles. Concrete poles are increasing, also, over 100  
19 percent from \$4.29 to \$8.72. And fiberglass poles are  
20 increasing 21 percent from \$5.03 to \$6.07.

21 To me, I would rather have seen gradual increases  
22 over a period of time rather than being able to say that we  
23 haven't requested an increase in 20 years, but now we need an  
24 increase all of a sudden, bam. I feel it's better management  
25 to -- when they are seeing increases coming along in various

1 aspects of the operation, that we deal with those on a much  
2 less frequent -- more frequent, rather, basis than we are  
3 dealing with them today. That's it. Thank you.

4 CHAIRMAN BAEZ: Questions of Mr. Pittman? No?

5 Thank you, sir.

6 Is there anyone else? Seeing none, I want to thank  
7 you all, all of you that came and gave comments. I want to  
8 remind those of you that were here and didn't, that blue report  
9 also has a space you can provide your comments in writing, mail  
10 them or fax them to the Commission. You can also go on-line to  
11 the Commission website and enter your comments in writing, and  
12 they will be entered on the correspondence side of the file,  
13 and the Commissioners will have access to your comments that  
14 way. I want to thank you all again for coming. Your comments  
15 are appreciated.

16 Mr. Keating, our next hearing is tomorrow, when?  
17 This is Wednesday, it must be --

18 MR. KEATING: Tomorrow morning, 9:00 o'clock a.m. in  
19 Viera, Florida.

20 CHAIRMAN BAEZ: In Viera, Florida, tomorrow at 9:00  
21 o'clock a.m. And 1:00 in the afternoon as well, correct?

22 MR. KEATING: At 6:00 o'clock p.m. in West Palm  
23 Beach.

24 CHAIRMAN BAEZ: And 6:00 o'clock in West Palm Beach.

25 Thank you all for coming. Have a good night. Safe



1 driving.

2 (The service hearing concluded at 6:05 p.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 6th day of July, 2005.



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