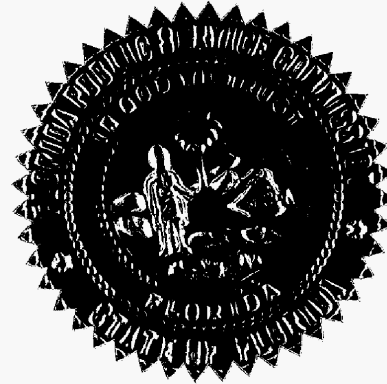


BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of

PETITION FOR RATE INCREASE BY  
FLORIDA POWER & LIGHT COMPANY.

DOCKET NO. 050045-EI



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PROCEEDINGS: MELBOURNE SERVICE HEARING

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

DATE: Wednesday, June 29, 2005

TIME: Commenced at 9:00 a.m.  
Concluded at 11:13 a.m.

PLACE: Brevard County Commission Chambers  
2725 Judge Fran Jamieson Way  
Viera, Florida

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

DOCUMENT NUMBER-DATE

FLORIDA PUBLIC SERVICE COMMISSION

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14 Staff.

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

1  
2 CHAIRMAN BAEZ: Good morning. We'll call this  
3 hearing to order.

4 Counsel, will you read the notice, please?

5 MR. KEATING: Pursuant to notice this time and place  
6 have been set for a customer service hearing in Docket Number  
7 050045-EI, petition for rate increase by Florida Power and  
8 Light Company.

9 CHAIRMAN BAEZ: Thank you, Mr. Keating.

10 Good morning again. My name is Braulio Baez. I'm  
11 the Chairman of the Public Service Commission. With me today  
12 to my far left is Commissioner Lisa Edgar. To my left,  
13 Commissioner Rudy Bradley; to my right Commissioner Terry  
14 Deason. And we also have Mr. Cochran Keating, who is staff  
15 counsel; and Elizabeth Draper, on the far right, who is a  
16 member of our Commission staff. We also have other members of  
17 the Commission staff strewn about the room and just outside.

18 Those of you that came in early may have noticed the  
19 table just outside the entrance of the chambers that has  
20 information regarding utility bills and other useful  
21 information that you can take home with you. I urge you to  
22 pick some up. There's some good information in there.

23 Also you may have noticed -- you should have noticed  
24 and, hopefully, you picked up a copy of the special report. It  
25 is the blue brochure. This has a summary of Florida Power and

1 Light's filing with the Public Service Commission. It has  
2 useful information in terms of what has been proposed or what  
3 has been requested by the company. And, in fact, what is being  
4 reviewed and considered by the Commission. It also has some  
5 other things in it, most notably an opportunity -- or gives you  
6 a space on the back to provide comments in writing.

7           Many of you here today may have come just to listen  
8 and don't intend on giving public comment to the Commission.  
9 That, of course, is your choice. But if you do want to get  
10 your thoughts down, you can use this blue form here. You can  
11 either fax it to the Commission, you can mail it, or you can  
12 also go on our web site and enter it electronically by e-mail,  
13 and it will be made part of the correspondence side of the file  
14 and be accessible to the Commissioners as they consider the  
15 petition from Florida Power and Light.

16           If I failed to mention, we are here to take public  
17 comment on the request by Florida Power and Light to raise base  
18 rates. This is a very important part of our deliberations and  
19 certainly our information gathering, to hear on the subject of  
20 quality of service from the company's customers. You will be  
21 sworn in, in a short time, after the parties that are before us  
22 will give some brief opening comments. The company will have  
23 about five minutes of comments, and then Mr. Beck from Public  
24 Counsel will have some opening remarks, and Mr. Twomey here  
25 also, representing AARP, will have some remarks. We will swear

1 all of those of you that want to bear witness in, and we will  
2 take public comment then.

3 I would urge you all to turn off your cell phones and  
4 pagers and so forth. It makes thing go a lot smoother with  
5 less interruptions. If there is any applause or anything, if  
6 you can hold them until the end of the meeting, we can move  
7 through the testimony rather quickly.

8 Mr. Keating, am I forgetting anything?

9 Oh, yes, the company did remind me they have -- there  
10 are customer service representatives just outside. I'm sure  
11 someone -- you can ask someone just outside to guide you to  
12 them. They are on-line. If any of you have billing problems  
13 with your bills, things that need clearing up with your  
14 accounts, and so forth, this is a very good opportunity to get  
15 those things cleared up because the company is available and  
16 very ready to attend to your every need.

17 And with that, I think we can go on to the  
18 presentations. Mr. Bryan.

19 MR. BRYAN: Thank you, Mr. Chairman. Good morning,  
20 My name is Patrick Bryant. I'm an attorney representing  
21 Florida Power and Light at this hearing. In a moment  
22 Ms. Marlene Santos, FPL's Vice President of Customer Service,  
23 will make a brief presentation to the audience and to the  
24 Commission. But I did first want to expand on the Chairman's  
25 remarks, that we do have customer service representatives

1 available. I believe they are on the third floor of this  
2 facility in the Atlantic Room. They have on-line computers, as  
3 the Chairman mentioned, and we will try our very best to  
4 resolve any issues right here on the spot if any customers have  
5 them. I would encourage any customers here today to take  
6 advantage of this if you are interested.

7           We have representatives in the back, Mr. John Haney  
8 on this side of the room and Susan Melians on this side of the  
9 room, and they can escort you to the appropriate service  
10 customer representative.

11           So at this time, then, I would like to introduce  
12 Marlene Santos.

13           MS. SANTOS: Thank you, Patrick. Thank you, Chairman  
14 Baez, Commissioners, for the opportunity today to say a few  
15 words, but really more importantly to listen to our customers,  
16 your needs, your concerns, and also your support.

17           We know that there is never a good time to ask for an  
18 increase in base rates, because no one wants to pay more for  
19 electricity. And yet everyone wants and needs reliable  
20 electric power. An increase in our base rates is necessary  
21 because our customers' needs are growing, and we at Florida  
22 Power and Light need to plan for the future in order to provide  
23 you with reliable electric service.

24           The last time we asked for a rate increase was in  
25 1984. If you can remember, that's when a postage stamp cost 20



1 cents, and a gallon of gas was about half of what it costs  
2 today. During this period cost of living has gone up 80  
3 percent. And what that has done is that it has increased the  
4 cost of raw materials and labor that we use to provide you with  
5 service.

6 But FPL's rates during this same time actually have  
7 gone down. Not once, not twice, but three times for a total  
8 reduction of 16 percent. What is really unfortunate, though,  
9 is that at the same time fuel prices have more than doubled,  
10 and that is what you have seen in your bills, because you have  
11 seen your bills increase. This is an issue that has really --  
12 it's really a national issue with fuel prices going up, and  
13 that is what you have seen and the nation has seen with  
14 electric bills going up.

15 Fuel charges are passed to our customers strictly at  
16 cost. Florida Power and Light does not make any money at all  
17 on fuel. And we are working very, very hard to keep those  
18 fuels costs as low as possible. But as I told you earlier,  
19 they have increased all throughout the nation.

20 The increase that we are asking for in base rates in  
21 2006 would add about three to four dollars a month to the  
22 average residential bill. Even with this increase, the base  
23 rate that you are paying will still be lower than it was in  
24 1985. So what does this increase cover?

25 First, more than half of the \$430 million that we are

1 requesting to begin in 2006 will go toward investing in new  
2 power plants to meet the growing needs of our customers,  
3 investing in our existing nuclear power plants to ensure their  
4 continued safe and reliable operation, and expanding our power  
5 delivery system.

6           Second, about one fourth or about \$100 million will  
7 be used to increase our contribution to the storm reserve fund.  
8 That is the money that we put aside so that we can be ready in  
9 times of crisis like hurricanes to be able to restore your  
10 power as quickly as possible. We have to all remember that  
11 this is Florida, the forecasters say it is going to be a very  
12 active storm season, and we need to be ready.

13           Third, the rest of the increase will go toward the  
14 cost to comply with the regulatory policy to form a regional  
15 transmission organization here in Florida. Looking ahead, we  
16 also are requesting an annual increase of \$123 million  
17 beginning in mid-2007 for a new 1,100 megawatt power plant.

18           The bottom line is that what this increase is about  
19 is providing reliable electric service to our customers. It is  
20 about meeting continued customer growth. Florida is the third  
21 fastest growing state in our nation. Recently we have been  
22 adding more new customers than ever before. Last year more  
23 than 100,000 new customers signed up for service. It is about  
24 meeting increased electricity usage. Our customers today are  
25 using about 30 percent more electricity than they did in 1985.

1 It's about the lights coming on when you flip that switch and  
2 always being prepared, so that we can continue to be ready when  
3 you need us.

4           Up till now, we have been able to make the necessary  
5 investments to keep up with growth while being able, also, to  
6 reduce your base rates. We've invested billions of dollars  
7 over the past 20 years increasing our available power by about  
8 50 percent. We were able to do this by improving the  
9 reliability of our power plants, by rebuilding some of our  
10 existing power plants, and also adding new power capacity.

11           At the same time, through our industry-leading energy  
12 conservation programs we were able, along with our customers,  
13 to defer the need to build ten medium-sized power plants. We  
14 also have added thousands of miles of new power lines and  
15 electrical facilities that we need to deliver power to your  
16 homes and businesses.

17           Unfortunately, using new technology and being more  
18 efficient is just not going to be enough to support the  
19 investment that we need now. We are not like most other  
20 businesses, we have to be there for you 24 hours a day, seven  
21 days a week providing you reliable power. That's how we built  
22 our reputation, and we know that you are depending on us.

23           Reliability to us every single day means three  
24 things: Number one, having an adequate supply of power; number  
25 two, having a delivery system that is ready to meet your

1 growing needs; and, number three, being prepared in times of  
2 crises, like hurricanes.

3 In closing, let me assure you that while we are  
4 asking for an increase in base rates, we will never stop trying  
5 to cut costs. We will always do everything that we can to do  
6 our jobs better, to better serve you. We are going to do  
7 everything necessary to ensure that Florida's electricity  
8 future remains bright, because we strongly believe that our  
9 current customers and future customers deserve no less.

10 Thank you so much for your attention today.

11 CHAIRMAN BAEZ: Thank you, Ms. Santos.

12 Mr. Beck.

13 MR. BECK: Thank you, Chairman Baez and  
14 Commissioners. Good morning, everyone. My name is Charlie  
15 Beck, and I'm with the Office of Public Counsel. And I want to  
16 thank everybody for coming here today. This is an important  
17 part of the proceedings and your input makes a difference  
18 before the Commission, so I want to thank every one of you for  
19 coming.

20 The Office of Public Counsel is a separate entity  
21 from the Commission and completely independent of them. And we  
22 have been charged by the Legislature to pursue the interests of  
23 customers before the Commission and to present their case  
24 giving a different point of view that the company presents to  
25 the Commission. We have four attorneys, two financial

1 analysts, and an administrative staff.

2           Since March of this year when the company filed their  
3 case, we have been investigating every aspect of their case  
4 that we could. We have been sending discovery, which is  
5 interrogatories, we've reviewed literally hundreds of thousands  
6 of pages of documents, and we have put together a number of  
7 expert witnesses to analyze their case.

8           And this past Monday, two days ago, we filed our case  
9 before the Public Service Commission. And it is our belief,  
10 based on our analysis, that not only should there not be any  
11 rate increase at all, there should be a substantial reduction  
12 in the company's rates. We've put on testimony by five CPAs, a  
13 person with an MBA degree and two Ph.Ds. And we are going to  
14 be presenting that case before the Commission in hearings in  
15 Tallahassee that begin at the end of August of this year.

16           Let me mention a little bit about the financial  
17 condition of Florida Power and Light. This past year they  
18 reported earnings of a 12.98 percent return on their equity  
19 investment in the company. That is essentially their profit  
20 level. And that is an after-tax profit level. In other words,  
21 the rates were set high enough so that after they paid the  
22 taxes with the revenues, they were still able to earn a 12.98  
23 percent return. We think that is very high. In fact, it is  
24 higher than their own witness has testified in this case is  
25 appropriate, given the conditions that exist in the markets.

1           The company is asking for, in this case, a return of  
2 11.8 percent return on equity. And our witnesses, we have  
3 hired a professor from Penn State, he believes that a more fair  
4 return for the company is 8.8 percent. I know this gets a  
5 little bit bogged down in the details, but there is a huge  
6 difference between what the company is asking for and what we  
7 believe is appropriate. The three percentage points difference  
8 that we have with the company makes -- that alone makes a  
9 difference of \$300 million per year in your rates.

10           Now, on top of that in this case the company is  
11 asking for a bonus of another \$50 million a year, and they are  
12 asking for that based upon their past performance. We believe  
13 they have already received that bonus, both by the high  
14 earnings they have had in the past, as well as certain  
15 incentives they have been getting with agreements back in the  
16 past when they reduced their rates. They have shared more than  
17 \$100 million worth of revenue in the past from those  
18 agreements. So there is more than half of their bonus that  
19 they are asking.

20           On top of that, in this case they are forecasting  
21 that their expenses are going to go up much more than they have  
22 in the past. And it just doesn't seem right, in our view, to  
23 be giving a company an incentive when the company itself is  
24 forecasting that their expenses are going to be rising much  
25 more than they have in the past.

1           During the company's presentation they mentioned a  
2 regional transmission organization. That request is for \$104  
3 million of the rate increase they've asked for. Now, the  
4 Public Service Commission has been looking at that for years.  
5 About a month ago the Commission had a workshop on that. The  
6 company itself presented evidence to the Commission that the  
7 Grid Florida Regional Transmission Organization is not  
8 cost-effective, that the costs far exceed the benefits. The  
9 companies as a whole hired a consultant, and Florida Power and  
10 Light put on testimony saying the consultant understated how  
11 costly it was compared to the benefits.

12           The Commission has not given final approval of that,  
13 and there is nothing that has that going forward right now. So  
14 we are opposed to the company receiving that \$104 million. In  
15 fact, another company that is in right now, Progress Energy,  
16 who would be equally affected by that grid, hasn't even asked  
17 for it in their case.

18           I will give you one other topic, and I'm just kind of  
19 hitting the highlights of the case we're presenting, is  
20 depreciation, which is a topic I'm sure that makes most  
21 people's eyes glaze over. There is a lot of money involved in  
22 their request on that. The company has presented a study in  
23 this case that shows from their point of view that they have  
24 collected 1.6 billion, that's a B as in billion, \$1.6 billion  
25 too much in depreciation over the past years.

1           In the past when the company has seen a deficit, they  
2 have been very quick to come in to the Commission and ask for  
3 an accelerated recovery of any deficits, and typically they  
4 received those deficits over four years. Well, now, in this  
5 case when the company has a surplus of \$1.6 billion in revenue  
6 they want to give it back over a period of about 20 years. And  
7 their reason for that is that they can make better use of that  
8 money than you can. We disagree with that and say that the  
9 amount, or the amount that has been over-collected should be  
10 returned much more quickly than that to the customers. We  
11 disagree also with the amount. One of our consultants  
12 estimates the amount at 2.4 billion, instead of 1.6.

13           That's about it. We are doing all we can to get you  
14 a rate reduction that we think is well deserved in this case.  
15 Thank you much for coming.

16           CHAIRMAN BAEZ: Thank you, Mr. Beck.

17           Mr. Twomey.

18           MR. TWOMEY: Thank you, Mr. Chairman. Good morning,  
19 Commissioners. Thank you, ladies and gentlemen. My name is  
20 Mike Twomey. I'm appearing on behalf of AARP of Florida, and  
21 its many, many members throughout the state of Florida, a very  
22 large number that are served by Florida Power and Light.

23           With respect to AARP, let me make an observation.  
24 The hearing we had last night, or yesterday afternoon in  
25 Daytona Beach, some of the witnesses got up and said pointedly,



1 I'm a member of AARP and went on to speak in favor of the  
2 utility's good quality of service, which is fine. Nobody in  
3 this case is arguing that they don't have high quality of  
4 service. But some of these witnesses who said they were AARP  
5 members, we liked the quality of service, then went on to say  
6 I'm fine with the company having a rate increase. And every  
7 witness has the right to say what they want individually, but  
8 what I am here to tell you right now is in this case I'm  
9 speaking on behalf of AARP.

10 AARP's position is that it supports the Office of  
11 Public Counsel's recommendation in this case and their expert  
12 witnesses to say the rates should come down \$679 million per  
13 year from what they are now, not go up 430 as the company is  
14 requesting. So AARP supports the Public Counsel. The Public  
15 Counsel, as Mr. Beck said, is charged statutorily by the  
16 Florida Legislature with representing the customers of this  
17 company and doing the best job they can to represent the  
18 customers. And they are doing that, so we support a  
19 substantial rate reduction in this case.

20 And I want to address some of the points that  
21 Ms. Santos made in her presentation. You might say to yourself  
22 how could this company go from 1984, their last rate case,  
23 which, by the way, I was an employee of the Public Service  
24 Commission at that time, their senior electric lawyer. I  
25 handled that case. I was 36 at the time, I think. I'm not any

1 longer, as you can see.

2 But how could they go that long and reduce their  
3 rates three times in the face of inflation and so forth. And  
4 it's a fair question, I think, and I would address it this way.  
5 In 1984, the Public Service Commission, as I recall, gave this  
6 company an allowed profit of 15.6 percent, or something in that  
7 range, and it was probably warranted at the time.

8 Immediately thereafter, money rates -- those of you  
9 who can recall back, money rates, interest rates, equity rates,  
10 profit rates required by companies started falling  
11 dramatically. And as a consequence, since the cost of money is  
12 one of the things the Public Service Commission allows this  
13 company to collect from you through the rates, they were  
14 earning too much. And over the years, in my view, they earned  
15 too much repeatedly. And over the years the Public Counsel  
16 came in and said, hey, you're earning too much, let's have a  
17 rate case, or let's have a settlement, and that is why the  
18 rates came down three times.

19 Now, Ms. Santos said their customers grew by 100,000  
20 last year. I think, or close to correct to believing that  
21 since that last rate case, the full rate case in 1984, they  
22 have increased their customer population by a million to a  
23 million and a half.

24 Ms. Santos said customers are using more, 30 percent  
25 more, than they have historically. A lot of businesses would

1 think that was a good position to be in. More customers, more  
2 consumption. Logically, you would think that would result in  
3 substantially more revenues to the company. And, in fact, that  
4 is true. Each of the customers that comes on, the new customer  
5 pays the same rates the existing customers pay. If they use  
6 more they pay more revenues.

7           The key to this case, as Mr. Beck pointed out to you,  
8 is money and the cost of money. As he said, the company is  
9 asking for 11.8 percent return on equity, or their profit  
10 margin after taxes. His expert, who we will support, says 8.8.  
11 That is \$300 million, ladies and gentlemen, if you go with  
12 their expert, off of the 430 million the company is asking for  
13 as an increase.

14           Mr. Beck said there is another \$104 million for  
15 claimed expenses for a transmission organization that does not  
16 yet exist. This company is only allowed to get in your rates  
17 reasonable, necessary, and prudent expenses of its costs of  
18 producing electricity. So, \$100 million for the transmission  
19 organization cannot be allowed by this Commission. It doesn't  
20 exist.

21           Fifty million dollars more for a reward for  
22 efficiency. They are required by the statute to provide you  
23 efficient quality of service. Another \$50 million off.

24           The depreciation issue, it is boring of sorts, but it  
25 involves a huge amount of money. That is going to require

1 another reduction of two and three hundred million dollars per  
2 year minimum if this Commission treats the surplus they've  
3 accumulated at your expense in the same manner they treat the  
4 deficiency Mr. Beck spoke to you. It should be a two-way  
5 street. The customers should get the benefit of the same four  
6 or five-year recovery schedule that the company gets when they  
7 claim they have a shortage.

8 Ms. Santos said we expect more storms this year. I  
9 think everybody agrees with that. Nobody that I'm aware of  
10 from the customer perspective says that the company shouldn't  
11 get more of an accrual, that is an expense in your annual rates  
12 to help build up their hurricane or storm reserve.

13 The fight at the hearing will be about how much they  
14 should be allowed to charge you on an annual basis. Currently  
15 they are charging your rates about \$20 million a year. They  
16 want to increase that by 100 million to 120 million a year.  
17 Consumers think it should be in the order of 35 to \$40 million,  
18 which is effectively a 100 percent increase. We think that  
19 should be enough.

20 In the event that reserve doesn't cover it, the  
21 storms we experience this year or the next, then the company  
22 can always fall back and come to the Commission and ask for a  
23 surcharge which they did, of course, earlier this year. That  
24 amount hasn't been decided yet, but they asked for -- I think  
25 it was \$533 million to be recovered over a course of three

1 years. And based upon this Commission's decision just last  
2 week with Progress Energy, the second largest utility in the  
3 state, there is a high likelihood they will get at least 93  
4 percent of that. That amount coupled -- the storm amount,  
5 coupled with the increases in the fuel adjustment are two hits  
6 you've experienced as customers this year. And this third hit  
7 in terms of rate increases, base rate increases, we believe,  
8 AARP believes is completely unwarranted.

9 I want to touch on one more point. The company is,  
10 as I said, supposed to get only its reasonable, necessary, and  
11 prudent expenses that they can show they have spent producing  
12 electricity. If the witnesses that may have been organized by  
13 the company, or witnesses that come in on their own accord,  
14 follow the performance yesterday afternoon, it's likely you  
15 will hear some of them come up and say, we are from the  
16 symphony, we're from various charitable organizations, and that  
17 kind of stuff, and Florida Power and Light is a good corporate  
18 citizen in this community, and we want to see them continue to  
19 make charitable contributions.

20 That's all fine and good. AARP and the others  
21 applaud this utility being a good corporate citizen and making  
22 charitable donations and assisting other organizations. The  
23 thing is, is that since the early 1980s the Public Service  
24 Commission has had an official policy that if the utilities,  
25 any of the regulated utilities, want to make charitable

1 contributions they have to make them out of shareholder money.  
2 If I were to make a charitable contribution to any organization  
3 and used Mr. Beck's money, it really can't count as charity on  
4 my part. We believe, and the Commission's official policy is,  
5 is that if the company wants to make charitable contributions,  
6 the stockholders pay for it. And they have done that, to their  
7 credit. What they want to do in this case, though, is change  
8 that policy. Revert to the old policy whereby the customers  
9 have to pay for the charity. We think that is wrong. And I  
10 want to make you aware that you will probably hear some of  
11 that.

12           So thank you again for your attention today, and I  
13 hope that as many of you as can will speak. Thank you.

14           CHAIRMAN BAEZ: Thank you, Mr. Twomey.

15           At this point we will begin taking testimony from  
16 those of you that signed up. If you intend on giving public  
17 testimony, it is important for you, there is a table I  
18 mentioned at the outset, a table outside. And one of the PSC  
19 staffers is out there with some sign-up sheets. So if you do  
20 intend on giving public testimony, please take the time to sign  
21 up and give your information so it can be passed on to Public  
22 Counsel who will take care of calling you as a witness.

23           In the meantime, all of those who have signed up and  
24 intend on giving public testimony today, will you please stand  
25 and raise your right hand.

1 (Witnesses sworn.)

2 CHAIRMAN BAEZ: Thank you.

3 Mr. Beck, would you call the first witness, please?

4 MR. BECK: Thank you, Chairman Baez.

5 Our first witness is Howard Herrick.

6 CHAIRMAN BAEZ: Hold on. I need to turn you on.

7 HOWARD J. HERRICK

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

10 DIRECT STATEMENT

11 MR. HERRICK: Good morning. In looking over their  
12 forms that are in this report, the ones that they sent with  
13 their bill announcing that they were going to have the meeting,  
14 they are using the term base energy charge. And then on this  
15 form they are changing it to a nonfuel energy charge. On the  
16 bills it says non-energy -- or nonfuel energy charge. I don't  
17 know about anybody else's bills, but mine it says nonfuel  
18 energy charge. It is based on 1,000 kilowatts. It's \$10 over  
19 what their base rate is, or what they are saying that the  
20 nonfuel energy charge is in this booklet that they just passed  
21 out today.

22 In looking over the other costs, I can see, you know,  
23 where some of that came from. Storm damage recovery, \$2.07.  
24 Yes, they increased that in February. The other 90 cents that  
25 was increased in January, where is that? Every year in January

1 they change the nonfuel energy charge. I don't know where it  
2 is going. It is not the base rate, because they say, oh, we  
3 haven't changed the base rate. Why is there no information as  
4 to where these funds are going, whether it's up or down. You  
5 have got a \$6.97 capacity cost-recovery. Okay. What is that?  
6 So that they can fix their poles that get knocked down or are  
7 they buying new equipment? What does that cover?

8 But every year in January, I can look at my bill, and  
9 it's different than what December was. There is always a  
10 change, and it is in the nonfuel energy charge.

11 On the new rates, they have a customer charge right  
12 now every month \$5.25. They want to increase it to \$7? That  
13 is a 33 percent increase, not 6 percent that they are talking  
14 about raising the whole bill. That is a 33 percent increase.  
15 I can see it going up 10 percent maybe, but not 33.

16 I would like, if they could, when they increase these  
17 rates up, down, or whatever, give an explanation, just like  
18 they did, you know, in this one that they sent with their  
19 bills, send out a new form saying we are increasing this  
20 particular rate. I would like to get a listing of what all is  
21 included in this capacity recovery -- capacity cost-recovery.

22 That's all I have, sir.

23 CHAIRMAN BAEZ: First of all, questions of Mr.  
24 Herrick?

25 Mr. Herrick, it sounds like you have quite a few



1 questions about what the charges on the bill are now and how  
2 they are changing.

3 MR. HERRICK: Yes.

4 CHAIRMAN BAEZ: Have you tried to reach out to the  
5 company and have them explain this to you?

6 MR. HERRICK: I called them a few months ago when I  
7 got this information thing and asked them some basic questions.  
8 And the person I talked to on the phone, well, it is, you know,  
9 a lot of things put together. But nothing has ever come out  
10 exactly in -- you know, well, yes, we are going to -- you know,  
11 \$10 that I'm charged on this nonfuel recovery charge -- yes,  
12 nonfuel energy charge is like \$10 more a month than what their  
13 base energy charge is. And as I say, I can see most of that is  
14 covered in these other recovery costs. But what are the  
15 recovery clause for, other than -- I mean, okay, conservation,  
16 environment, the storm damage, yes, they told us in this that  
17 that was part of it. But what is all of these other changes  
18 every year?

19 CHAIRMAN BAEZ: Can I make a suggestion? I don't  
20 know if you were here at the beginning of the hearing, but the  
21 company does have some customer service representatives, which  
22 I'm sure among them they will be able to answer your questions.  
23 The bill, and that is something that we battle with on a  
24 constant basis is how to make bills more, you know,  
25 customer-friendly and get all the information that they need so

1 that you don't have questions, and yet try and keep it to under  
2 the size of a phone book, including the explanations. So you  
3 can see the balance that everybody really is trying to strike.  
4 I don't think -- I think it would be a burden on anyone to be  
5 getting that much information all the time.

6 But that said, I think there are -- the company does  
7 have some representatives here that may be able to answer your  
8 questions, and I would urge you to go and have a talk with  
9 them.

10 Commissioner Deason, you had a question?

11 COMMISSIONER DEASON: Yes, sir. I would certainly  
12 echo the Chairman's suggestion that you discuss it with the  
13 Power and Light representatives. However, I would request that  
14 if you don't mind, show your bills to our representative out  
15 front, Mr. Dick Durbin.

16 MR. HERRICK: Okay.

17 COMMISSIONER DEASON: He is a very helpful  
18 individual. I'm sure he would be glad to spend some time with  
19 you. I'm particularly interested in your statement that the  
20 nonfuel energy charge has been changing every January. And I  
21 think that needs to be reviewed, and maybe Mr. Durbin can go  
22 over that. And I would ask -- Mr. Durbin will report back to  
23 me as well as the other Commissioners as to what he finds in  
24 reviewing your bill.

25 Changes occur every January in relation to the

1 Commission's annual fuel adjustment proceedings where we look  
2 at past fuel costs, projected fuel costs, and we try to set  
3 rates on a going-forward basis to recover those. And,  
4 unfortunately, given the situation with overall fuel costs,  
5 those costs have been increasing over the years.

6 And, likewise, there are changes to, up or down,  
7 conservation, environmental and even capacity costs. Those are  
8 reviewed yearly, and those are changed, usually beginning in  
9 January. So those are to be expected. But when you indicate  
10 that the nonfuel energy charge has been changing, that is a  
11 little perplexing to me. I would certainly ask that you share  
12 that information with Mr. Durbin.

13 MR. HERRICK: As I said, that's been changing every  
14 January. And as I say, this past January it went up like  
15 almost ninety cents. And in February they added the \$2 storm  
16 recovery charge. The only other thing is they -- well, the  
17 main thing was why are they increasing this customer base  
18 charge 33 percent.

19 CHAIRMAN BAEZ: Thank you, sir.

20 Mr. Beck.

21 MR. BECK: Thank you, Mr. Chairman. The next witness  
22 is Melvin Robinowitz.

23 MELVIN ROBINOWITZ

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

## 1 DIRECT STATEMENT

2 MR. ROBINOWITZ: Gentleman, first I would like to  
3 thank you for this opportunity to speak. I speak in two  
4 capacities. I'm a member of AARP and speak as a member. I  
5 also speak as a happy and content citizen of the state of  
6 Florida, and more importantly as a proud and grateful citizen  
7 of the United States. I'm not one who understands numbers so  
8 well, so I'll avoid most of that and get into the basics.

9 My wife and I, among others, volunteer with different  
10 organizations, including Meals on Wheels. We have seen  
11 numerous times elderly and disabled people who have given their  
12 best years to this country, many of them veterans, who have not  
13 been fortunate enough to accumulate the kind of assets one  
14 needs to live out their so-called golden years in reasonable  
15 happiness.

16 When you walk into their apartments, it is stifling  
17 hot. It's steaming. You feel terribly sad that they have to  
18 not turn on the air conditioning because they don't have the  
19 means. What is even sadder is in the meantime they have to try  
20 to see what they can do to decide if Monday they will buy  
21 medication instead of extra food, or food, and go without the  
22 medication. This is not my idea of what America is all about  
23 or has been about. It has always been such a great nation and  
24 will continue to.

25 I notice here that AARP has asked for a \$679 million

1 decrease in what is being charged. My personal feeling here is  
2 that we can come to a happy in-between. And I speak for  
3 myself, not for AARP. I speak as a member, but not for the  
4 organization. That is not my -- I'm not privy to that. But  
5 what I do say is that even if we were to come to a compromise  
6 where we reduced the charges by \$500 million, the net effect  
7 would be that Florida Power would still be getting a \$179  
8 million increase based on that fact alone, while at the same  
9 time make the life more attainable, more reasonable, more worth  
10 living for all of those who have not had the good fortune to be  
11 in the position that many of us are.

12 I would like you to seriously take this into  
13 consideration when you do your analysis and your numbers, and  
14 remember the human factor counts as much, because in doing so  
15 we are also setting an example for our children as to what we  
16 are really all about.

17 Thank you.

18 CHAIRMAN BAEZ: Thank you, sir.

19 Questions of the witness?

20 Thank you.

21 Mr. Beck.

22 MR. BECK: The next witness is Donna Mahaffey Ross.

23 DONNA MAHAFFEY ROSS

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

## DIRECT STATEMENT

1  
2 MS. ROSS: Good morning, Chairman. Good morning,  
3 Commissioners. My name is Donna, and I have been a member of  
4 this community for approximately about 18 years. I actually am  
5 a Floridian. I was born and raised in De Land, Florida, and I  
6 have had a wonderful experience with FPL, believe it or not.

7 A lot of us do not like to see our rates being  
8 increased. You talk about health insurance being increased,  
9 you do not like to see that. We have -- what we have to look  
10 at is the fact that it is inevitable. In order for us to be  
11 proactive instead of reactive, we need to prepare for the  
12 future. FP&L has stated in here that there are some needs for  
13 the future because of the economy the way that it is growing.  
14 And my personal belief is that we need to, again, be proactive  
15 for that.

16 Someone had mentioned earlier in reference to  
17 customer service. There was is no question about the customer  
18 service here, and that is the key. I myself work in a customer  
19 service industry, and communication is the factor. We have  
20 another gentleman that just spoke and, basically, said that he  
21 is not understanding his bills. The only thing that I do ask  
22 of FPL is that they be more -- they be more -- provide more  
23 communication within their statements so that they are  
24 user-friendly, so that they can be understood.

25 That's it. Any questions?

1 CHAIRMAN BAEZ: Questions of Ms. Mahaffey?

2 Thank you, ma'am.

3 MS. ROSS: Thank you.

4 CHAIRMAN BAEZ: Mr. Beck.

5 MR. BECK: Dave Spain.

6 DAVE SPAIN

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. SPAIN: My name is Dave Spain, and I own and  
11 operate the Comfort Inn & Suites of Cocoa Beach. I am here as  
12 a volunteer. Nobody has solicited my participation.

13 I am absolutely a for-profit organization, at least I  
14 try to be. Rising costs are a factor of life for me. In the  
15 last two or three years it has been incredibly bad with the  
16 increased costs. I can tell you from 30-something years of  
17 experience of being in the same hotel and the same location  
18 that the kind of service that I have gotten from the utilities,  
19 and from Florida Power and Light in particular, has gotten  
20 better all along.

21 This past year, with three hurricanes within a 30-day  
22 period, I'm absolutely amazed at how well they were able to  
23 recover. Our hotel was out of power for a couple of days on  
24 Frances, maybe three. The rates that we pay them, my bills run  
25 anywhere from 10,000 a month to probably 14,000 a month. Would

1 I like to pay less? You bet. Do I think it is probably going  
2 to happen anytime soon? No.

3 And I personally can't begin to understand the  
4 numbers that you guys are dealing with nor the terms of the  
5 agreement under which Florida Power and Light operates. That  
6 is why you have all the attorneys sitting up here and the CPAs  
7 that you hire to go through and check everything.

8 I'm here just to say that I thought the performance  
9 of Florida Power and Light last year was absolutely incredible.  
10 I've heard from friends of mine who have hotels around the  
11 state with different power systems who were not nearly as  
12 satisfied.

13 And, again, I'm here just to say, thank you, Florida  
14 Power and Light. You did a great job for us last year. Do  
15 what you have got to do to provide us with the power that  
16 everybody needs. And in my business with a 100 percent money  
17 back guarantee, when I have no power, I have no income. And  
18 what is worse is if I lose power through just a part of a stay,  
19 I could lose income for an entire stay. And so without  
20 alternative power sources, Florida Power and Light is it, and  
21 they have been doing a pretty darn good job, and I certainly  
22 appreciate it.

23 Thank you.

24 CHAIRMAN BAEZ: Thank you, Mr. Spain.

25 Questions?



1 Mr. Twomey.

2 MR. TWOMEY: Yes, sir, Mr. Chairman, thank you.

3 Mr. Spain, did you say you were in the hotel  
4 business?

5 MR. SPAIN: Yes, sir.

6 MR. TWOMEY: During the course of the hurricanes of  
7 2004, did FPL house any of its workers at your hotel during  
8 those hurricanes?

9 MR. SPAIN: I know I had a lot of Southern Bell, and  
10 I may have had some Florida Power and Light. But I don't  
11 physically -- I'm not the general manager of the hotel, and I  
12 don't deal with the customers. I deal with the legal problems  
13 and the insurance problems and the capital problems. So I  
14 can't say for sure. My guess is that we had some.

15 You know, one of the problems that we had in Brevard  
16 County was you didn't have enough hotel rooms. And so you had  
17 people everywhere, staying in whatever was available. And  
18 thank goodness, that while I did have over a million dollars in  
19 damages, it didn't prevent me from operating. And so we were  
20 pretty darn busy after we were able to get back up. So my  
21 guess is that we had some. Do I know for a fact that we did or  
22 we didn't? No, I don't know.

23 MR. TWOMEY: That's fine. Thank you.

24 MR. SPAIN: Thank you.

25 CHAIRMAN BAEZ: Thank you, sir.

1 Mr. Beck.

2 MR. BECK: The next witness is Scott Smith.

3 SCOTT SMITH

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. SMITH: Howdy. My name is Scott Smith. Thanks  
8 for letting us speak on this. It's not often that you get to  
9 actually talk to somebody about rate increases that you are  
10 going to see probably.

11 CHAIRMAN BAEZ: But that is a good thing.

12 MR. SMITH: That's a very good thing as long it pans  
13 out the right way.

14 I've lived in Florida for my entire life. I'm an old  
15 guy, so you can tell I've been here for a while. I was born in  
16 Melbourne, raised pretty much in Indialantic.

17 Last year, the first year in my life, boom, lots of  
18 hurricanes. I have been here a long time, same place. Last  
19 year, real bad. Everybody knows that, right?

20 Everybody also knows you can't stop hurricanes.  
21 There are some wild ideas that, you know, you can actually do  
22 something to stop them, but the catastrophic effects to the  
23 rest of the world aren't good, so it's not something that we  
24 really want to do, probably.

25 They call these things acts of God, right?

1 Hurricanes. Nobody else is out there, you know, blowing a big  
2 fan or anything. These are acts of God. And everybody, I  
3 think, by about 15, 16, 17, 18, once they get start involving  
4 in the legal things and insurance, they realize things can  
5 happen and nobody is going to back them up. It is an act of  
6 God. Everybody knows that terminology.

7           In two words you can kind of translate it into tough  
8 luck. It's a hurricane, tough luck. Nobody has got your back  
9 on this. It's a hurricane. It is bigger than all of us. So I  
10 don't understand why FPL, other companies similar to them, have  
11 this completely different mode of operation than every other  
12 entity that you can think of. It's just surprising.

13           Now, I am an eclectic guy. I go all over the place.  
14 I have a few notes here. They may not tie into each other, but  
15 each and every one of them will be somewhat salient, I think.  
16 And if I live here, and I can't take the acts of God where I  
17 live, maybe I should move. Right? I have been here a long  
18 time, all of sudden we get three hurricanes. I don't like  
19 hurricanes. Who does? Maybe I should just get out of Dodge if  
20 I can't stand these hurricanes.

21           I don't like boarding up. I don't like disrupting my  
22 personal life, you know, taking the kids out of school and  
23 taking the dog in the SUV to drive up I-95 with every other  
24 Floridian trying to race out. Even though we all know that we  
25 are adding huge numbers and sums of people to the environment,

1 but we don't have enough roads to get them out of here. That's  
2 okay. We just blindly go past that. So I'm going to go move  
3 everything that I have that is near and dear to me in my car  
4 out of the state into another place for a week. And then have  
5 to go eat somewhere else, and everything else. Everybody knows  
6 about that.

7 But I'm going to come home, I'm not going to have  
8 electricity. I'm going to have rotten food in my refrigerator.  
9 I'm not going to have A/C. I'm not going to have Internet.  
10 And guess what? For a business, I'm a technology guy. I don't  
11 have Internet. I don't have a business. My customers don't  
12 have Internet. They don't have electricity. They don't have  
13 business. Oops. So I'm out of money.

14 So I have to think about it ahead of time. I had to  
15 actually make sure I had some money in the bank before the  
16 hurricanes hit, because I knew when the hurricanes hit, I could  
17 have a month or two months where I would have no income  
18 perhaps, and that would be bad. I have a house. I need to pay  
19 the mortgage. I don't have electricity. I'd be sweating in  
20 there. I would have all of these repairs to do, but yet I  
21 wouldn't have any income.

22 So perhaps maybe if this isn't something that I want  
23 to do all the time, and perhaps it costs me too much money than  
24 I can bankroll, then I'd probably move. I would go somewhere  
25 else where they don't have acts of God. It's my decision. I

1 haven't yet; maybe I should.

2           Maybe FPL should make the same kind of decision.  
3 They're in Florida, Florida has hurricanes. They have lines up  
4 in the air, up and down the coast both -- you know, on A1A  
5 there's lines hanging, right? Hanging. What happens in a  
6 hurricane? Wind. Wooosh. Lines break. Pretty silly, right?  
7 Everybody knows that hurricanes are going to hit, everybody  
8 knows those lines are going to come down. It's not a mystery.

9           They chose to be in this business and they have been  
10 in it for a long time. They are smart business people. It is  
11 not like anybody said like last year, oh, by the way, we have  
12 hurricanes in Florida. Everybody knew this. It's not a  
13 surprise. They knew that when hurricanes hit it would cost a  
14 lot of money. It is not a surprise. They have been really  
15 lucky. We have all been really lucky. Now, they have made a  
16 lot of money in the years that we haven't had hurricanes. Now,  
17 we have had some hurricanes. Now they have got to bite the  
18 bullet.

19           Why should we pay them because their business is  
20 susceptible to hurricanes? My business is susceptible to  
21 hurricanes. Nobody is paying me because I'm in an area that  
22 has hurricanes. Just like me, they should bankroll this money  
23 up. From the time that they said they haven't charged us any  
24 increases, and they have been giving us back money, they should  
25 have been putting some of that money away, instead of into

1 their shareholders' or their executives' pockets, into the bank  
2 where then they can earn interest. And so then when you  
3 actually have an accident, like the acts of God coming in, hey,  
4 they can pay for that kind of stuff.

5 I'm trying to think of other businesses that I do  
6 business with that we are in the same exact situation as FPL  
7 was. Let's see, I buy gas for my car. I go to Shell. Shell  
8 got hit. There is an A1A Shell station that has been torn up  
9 since last year, just now got parts of it put back together. I  
10 go into the station, I don't see \$2.50 for your gallon of gas,  
11 and then I see, oh, by the way, \$2 over here on top of that,  
12 plus \$2 because we got hit by a hurricane. Shell has got a lot  
13 of stations hit by hurricanes in -- you know, last year. They  
14 don't get to pass that along to me, do they?

15 I buy groceries at Publix. Publix got slammed. I  
16 don't see at the cash register, oh, here is your money for your  
17 food, and oh, here is for our hurricane damage. We have a lot  
18 of rotten food. I'm sure it hurt -- you know, hurricanes  
19 damaged Publix last year. We all heard about that. Did they  
20 put a line item on our bill as we check out that says this is  
21 for all the rotten food we had last year because we didn't have  
22 any electricity? I'm glad we don't see that.

23 I rent videos at Blockbuster. They got hit. Do I  
24 expect to see a line item on there? So you can see where this  
25 goes, right?

1           Melbourne Utilities, I get paid -- you know, they  
2 charge me for water, and they charge me for a lot of other  
3 things. Some of them I understand, sewage and garbage and  
4 stuff like that. There's a couple of little line items on  
5 there. But I don't see anything on there that says, oh, on top  
6 of everything else, this is for our cleanup last year. I don't  
7 have that because they are in the business of doing this, and  
8 they don't have the ability to do that. They should have a  
9 little group of people over here that does that for them, too.  
10 And so should Shell, so should Publix. Everybody should have  
11 this little adder because they can.

12           You have a catastrophic thing like a volcano. It  
13 comes down, lava all over the place. Everything on the side of  
14 the mountain is wiped out and people are wiped out. The power  
15 utilities would be wiped out, right? It is kind of like a  
16 hurricane. Are you going to go back to all of these people  
17 that got burnt in the lava and their houses destroyed and the  
18 towns destroyed, are you going to go back and so, oh, by the  
19 way, the power is out, too, so we are going to bill all of you  
20 guys for our needs for power to fix it. Well, these guys got  
21 hurt, too.

22           Florida got hurt, too. Everybody got hurt, you know.  
23 I had trees down. I had losses. I didn't recover them from  
24 insurance, certainly. But I can't go back to anybody and say,  
25 hey, what about my losses? I need to recoup those. Somebody

1 needs to pay me for those because of an act of God.

2           What about my company? I'm a consultant. Like I  
3 said, I'm a software engineer, a hardware engineer, a web  
4 designer, a Jack of all trades. I do anything for everybody  
5 just to make money. And when I started my business, I knew I  
6 was in Florida, and I knew my customers were in Florida. So I  
7 knew that I had the potential to have a problem from  
8 hurricanes.

9           And, in fact, right before the hurricanes, man, my  
10 customers wanted me more than anything else in the world. They  
11 just wanted to know how to take their servers out so they could  
12 carry them to Georgia or something, so when they could come  
13 back to Florida and have something to plug in and have their  
14 business again. So I got a lot of calls. Basically, when they  
15 got back in town, they didn't have power. Some of them are  
16 Internet businesses. They couldn't even log on to get their  
17 customers' stuff, because they didn't have power. Then when  
18 they got power their interconnection to the Internet, like the  
19 Road Runner connection down the street, some substation. Well,  
20 those aren't very important. Those aren't houses. Those  
21 didn't get power for a long time. So you had people with no  
22 business.

23           A lot of businesses didn't have business, and they  
24 were out. Can those companies that are my clients go back and  
25 ask somebody to pay them for their losses because of the act of



1 God? No, they can't. Do they put a surcharge on their bill  
2 that says, oh, this is for the hurricane last year? No, they  
3 don't do that. Can I do that to my customers? Can I go back  
4 and say, oh, by the way, I got hit by a hurricane. I'm going  
5 to add 11 percent, or whatever the percentage is. Or I'm going  
6 to add \$2 to every hour I bill you guys. I can't, no. You  
7 know why? Because they can go and seek out another consultant.  
8 There is a lot of us. Can I do that? No.

9           When I punch that button, I've got one vendor, don't  
10 I? Nobody else. I've got two buttons, although I can't say,  
11 FPL or not FPL. If I could, I sure as heck would, not because  
12 of the customer service. The customer service is great.

13           When do you deal with FPL? When do you ever deal  
14 with FPL? When you send them your money. You punch a button.  
15 There's no customer support there. You have a problem, your  
16 power is out, you call them, and they come to your house. That  
17 is not really customer support in my mind. So there is no  
18 interaction.

19           It's a great company. That is their business. They  
20 are supposed to provide power. That is what they do. That is  
21 their job. That is why you pay them. But I can't say, oh,  
22 they are a glowing company because they have great customer  
23 support, because you never deal with them.

24           I have had to deal with them about three times  
25 because they hire another firm to come in and do tree cutting

1 in my yard. The firm comes in, a bunch of really rotten  
2 looking guys. They are saying abusive stuff about the  
3 neighborhood women and stuff like that. They go in my back  
4 yard. They trash all of my plants. And I mean they stomped  
5 them. They didn't accidentally stomp them, because I moved all  
6 of my good plants, my stuff that I really like, spent years  
7 growing. They just went over there and mushed them all.

8           They left trees up in trees in my property, in the  
9 backyard. I called FPL. I said, hey, I need somebody to take  
10 these big tree trunks out of the trees that are hanging up  
11 there because they are going to fall and hit somebody. Did  
12 anybody come in? No. I said I don't ever want the orange  
13 trucks in my property again. They said, well, we can't do  
14 that. These are who we hired. I said, well, how about for the  
15 \$700 worth of plants or so that got smushed by your people?  
16 Well, they are not our people. We just hired them. Take it up  
17 with them. That went pretty far, didn't it? So I just fight  
18 back, and after about six months of going back and forth trying  
19 to get some money back, that is not my idea of customer  
20 support.

21           I drive an SUV, unfortunately, because I have got  
22 lots of things that I've got to haul around, servers and  
23 software and stuff like that. Gas is going up. That's bad.  
24 It has really going up now, right? It just hit a new high. Am  
25 I going to have a line item for my customers, a separate line

1 item that says gas charge and pass it along to the customers?

2 No, that is part of my price of doing business.

3           So I just don't understand how FPL has all of this  
4 special weird stuff that nobody else in the world doing  
5 business does. It's called supply and demand, and that is how  
6 you are supposed to make it work, right? That is not what we  
7 have here, because we have only got one supplier. The demand  
8 is great. Now, who didn't see that coming? Who didn't see  
9 Florida growing? I mean, really, sitting here who didn't see  
10 Florida growing? FPL. Everybody else saw Florida growing, but  
11 they didn't think about it.

12           So now wait a second. I'm going to pay to build the  
13 power plant to create the energy. Then I am going to pay for  
14 the energy. Then when it gets damaged, I am going to pay for  
15 the repair to the power plant. At the same time I'm paying in  
16 arrears for old damage and new future needs that we have for  
17 electricity. That's their job. They make energy. They supply  
18 energy. Why? Because they didn't see new energy needs coming  
19 to Florida. Why do I pay for that? And then why do I pay  
20 later on for it, and why do I pay for it when it gets damaged?  
21 That's part of their business structure. That's their model.

22           If it doesn't work, get out of Dodge. They knew they  
23 needed new power. Since 1984 they have been making money.  
24 They have been making good money. Why didn't they put any of  
25 that money up, you know, somewhere where it could actually do

1 some good later on when they needed it?

2           When do you ever see FPL trucks? I'm closing. When  
3 do you see FPL trucks? When they are going to repair.  
4 (Applause.) That's way uncalled for. Thank you, sir.

5           When do you -- do you see them going out there and  
6 digging ditches to put these wires along A1A into the ground,  
7 so that when the wind blows they won't fall over? No. You see  
8 them retroactively fixing things that are broke. And, yeah,  
9 they're speedy. They come out, you know, and so that's great.  
10 And generally speaking we have good power. There is no doubt  
11 about it. But I just don't understand how their business model  
12 is different than my unfortunate business model, and probably  
13 all of your business models.

14           If you guys have ever been in business and know how  
15 businesses operate, your expenses are your expenses. You don't  
16 pass everything along to the customer. And if you know there  
17 is an expense in the future, you don't go to the customer ahead  
18 of time and say, hey, I think I need a new server ten years  
19 from now. I'm going to buy it now and charge you for it. And  
20 my old server got hurt, so I'm going to bill you for that, too.  
21 You can't do that. You can't push another button. You get FPL  
22 when you push the button.

23           So, I just don't understand why we should have to pay  
24 for these new plants. It's a normal business. If they can't  
25 make it, let's -- it's like Amtrak. Let's not subsidize the

1 heck out of it forever. Let's not add two bucks to every one  
2 of the bazillions of people's bills to make the companies be  
3 able to pass along profits to their own people. Hey, if they  
4 make zero percent or a negative percent sometimes, that is  
5 business. They'll make up for it. I'm pretty certain. They  
6 have got billions of customers coming to Florida. Do the right  
7 thing and don't pass on their problems to the customers that  
8 have been paying year after year without any complaints.

9 Thank you.

10 CHAIRMAN BAEZ: Mr. Beck.

11 MR. BECK: Thank you, Mr. Smith.

12 The next witness is Larry Weber.

13 LARRY WEBER

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

16 DIRECT STATEMENT

17 MR. WEBER: Thank you, Mr. Chairman, Commissioners.

18 My name is Larry Weber. I'm speaking on behalf as a citizen of  
19 Florida and Brevard County, and also as a manager of a small  
20 nonprofit organization that is very involved throughout the  
21 whole state of Florida.

22 And I moved to Florida over ten years ago, mainly  
23 because of the quality of life. And quality of life not  
24 only -- as you know, most of us live in Florida maybe because  
25 of the sunshine, et cetera, because of the water, et cetera.

1 But I believe the utilities are a main portion of a quality of  
2 life. And I feel very strongly that Florida Power and Light  
3 has gone over and above where I came from, up north. And you  
4 hear somebody say, you know, where I came from they did it this  
5 way. But Florida Power and Light, I think, is a much higher  
6 quality of service.

7           Many people talked about the hurricanes last year. I  
8 lost some power in my business and at my home, which was  
9 restored within a day. And I know they have priorities, and I  
10 know a lot of people did not get power right away, but I  
11 appreciate them actually looking into the future. The  
12 gentleman just before me talked about the increase in expenses  
13 due to the hurricanes. He talked a lot about the hurricane  
14 expenses, but there are lot of other expenses that any business  
15 is going to incur. And I appreciate them looking into the  
16 future and planning for the future, which it sounds to me like  
17 that's exactly what they're doing.

18           I would rather pay the money right now and have you  
19 guys approve this increase that they are requesting and still  
20 get the same service, the same high quality service that we  
21 have enjoyed over the many years, as opposed to not getting it  
22 and taking a chance of not being able to get the service we  
23 have had. You know, they talked about 100,000 new customers  
24 coming in per year. Those 100,000 new customers are going to  
25 bring in new electricity, et cetera.

1           But you think about it from 1984 to now the  
2 differences in technology that is coming in to all of the  
3 United States, not just Florida. But, you know, the computers.  
4 The gentleman talked about his computer business. You know, 24  
5 years ago I didn't know what a computer was. You have that  
6 kind of technology, and that is just one example. You have  
7 cell phones and faxes, things like that. That is what people  
8 rely on to run their businesses and run their homes. Everybody  
9 has one. You know, many homes nowadays have one or two  
10 computers in their home. They have three or four or five  
11 televisions, and the same way in their offices. Twenty years  
12 ago, 21 years ago, we didn't have that.

13           So I think what they are asking for is justified, and  
14 I would wholly support whatever they are asking for.

15           CHAIRMAN BAEZ: Thank you, sir.

16           Questions of Mr. Weber?

17           Thank you.

18           MR. WEBER: Thank you.

19           CHAIRMAN BAEZ: Mr. Beck.

20           MR. BECK: Thank you. Joe Schmitt.

21                           JOE SCHMITT

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. SCHMITT: Good morning. I'm here as a small

1 business owner. I own a high voltage consulting company. We  
2 also do high voltage maintenance and we have an infrared  
3 consulting company. So I kind of have somewhat of a firsthand  
4 experience with what FPL goes through. We do a lot of infrared  
5 work and high voltage work for high tech companies in this  
6 area. Actually, infrared work for all over the southeast.

7 We all know there has been a big increase in  
8 population in Florida, the same as a lot of the companies have  
9 had a big increase in the people that come in and their  
10 companies are growing. Harris Corporation is a good example of  
11 that.

12 As the company grows, the stress on the electrical  
13 system, because we maintain that system, is tremendous. The  
14 more people, the more equipment, which is good for the whole  
15 state, good for the company, but it puts a stress on the  
16 system. With the infrared we can actually -- we see that. So  
17 we tell them, hey, you have got a problem here. You need to  
18 fix that. They have got to upgrade the system to maintain the  
19 reliability of the system.

20 Some of these companies -- the quality of service  
21 from FPL has been tremendous as far as I am concerned, but it  
22 is getting more critical because now there are some companies  
23 that six cycles, which is one-tenth of a second, if they have a  
24 power glitch, not a power outage, but just a power glitch for a  
25 tenth of a second, it will cost their company up to \$100,000.



1 And I can't name the company, but it is a high tech company in  
2 the area. Well, it's Intersil (phonetic), it is a  
3 semi-conductor manufacturer. So there is a tremendous amount  
4 of -- but the quality has to be great. But we see what the  
5 influx of people into the area does to the system. The systems  
6 need to be upgraded.

7 Right now I think everybody is happy with the quality  
8 of FPL that they send. But if we don't fund this increase, the  
9 system or the cost is probably not going to be -- they can't  
10 keep up with the upgrades that are going to be needed, and  
11 people are then going to be complaining about the quality.

12 The other thing, I hear people talk about what the  
13 cost is to run, you know, for their power. I provided -- my  
14 company provided five or six generators for people during the  
15 hurricanes. The one thing I got back from every one of them  
16 was, man, I can appreciate what FPL charged us in just what it  
17 cost me for fuel to run my generator. We all have an option.  
18 We can go put a generator in our own place. There have been a  
19 ton of generators put in. People put them in their houses now  
20 that in an emergency their generator will automatically starts.  
21 Well, go ahead and run your generator all the time and don't  
22 use FPL if you want. But you will spend a tremendous amount of  
23 money on just fuel.

24 And I'm going to close. I'm not a real talkative  
25 type person. But I see, can visually see what the stress puts

1 on the system by the amount of people that move into the area,  
2 and it is there. It's going to cause problems later on down  
3 the line. The quality of the system, we have to maintain the  
4 quality. Our customers are getting -- my customers, FPL  
5 customers are getting more of -- they have more demands now.  
6 Like I said, one tenth of a second with about 50 percent power,  
7 say, will affect customers.

8 That is about all I have to say. I fully support it,  
9 because, as I said, I know firsthand what it costs to keep  
10 systems up.

11 CHAIRMAN BAEZ: Thank you, Mr. Schmitt.

12 Questions?

13 Mr. Twomey.

14 MR. TWOMEY: Yes, sir, Mr. Chairman. Thank you.

15 Mr. Schmitt, do I understand correctly that one  
16 aspect of your infrared business is that you surveil portions  
17 of Florida Power and Light's system?

18 MR. SCHMITT: No, sir. No, I actually survey big  
19 companies, Kubota, companies in Georgia, companies in Florida.  
20 I do companies in Florida, but I don't go and look at FPL's  
21 system. I will look at FPL's system if I'm looking at a  
22 company -- let's just say Kubota. Well, let me use one here.  
23 If I am looking at Intersil, the high voltage system -- they  
24 own their own high voltage system, I will look at FPL's system  
25 and say, you need to call FPL and tell them they have got a

1 problem out there. But I don't go and physically scan FPL's  
2 system, the lines for them. I don't do that at all.

3 MR. TWOMEY: So you are not a vendor for FPL?

4 MR. SCHMITT: I actually work -- I have done work for  
5 FPL, but not on their system as far as the infrared. They had  
6 a division at one time that that was their focus, was to go, as  
7 a customer service, to go into a company. The company paid,  
8 but they subcontracted me to go into the company, but it wasn't  
9 looking at FPL's system. I don't know if that makes any sense  
10 to you.

11 MR. TWOMEY: It does. Thank you. That's all.

12 CHAIRMAN BAEZ: Any other questions for Mr. Schmitt?

13 Thank you, sir.

14 Mr. Beck.

15 MR. BECK: Jackie Burns.

16 JACKIE BURNS

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. BURNS: Good morning, ladies and gentlemen. I  
21 came and spoke with you the last time you were here regarding  
22 hurricanes, so I won't address that.

23 I'm here as a citizen, a grandmother. I am a city  
24 manager, so I can speak from a lot of viewpoints. I speak from  
25 the heart. I came of my own volition, because I hear a lot

1 about customer service. The buck does stop with me in my city.  
2 I get every call of complaint, whatever. I have never had a  
3 call of complaint about Florida Power and Light. Whenever I  
4 need something personally or in the city, I call. I can tell  
5 you an instance.

6 I came home from golfing one weekend, and I was going  
7 to bake a cake for my grandsons. And all of a sudden I heard  
8 this big bam, and all of my power went out. And I quickly ran  
9 and looked out the window, and saw something fall from a big  
10 power pole out behind my neighbor's house. So I picked up the  
11 phone and I called that 1-800 for outage number that they gave  
12 us. It was answered right away. I gave the location. I said  
13 what I had observed. They said that I would be told how long  
14 it would be before it would be addressed or whatever.

15 Those people were there, the repairmen were there  
16 within an hour. I heard them out in the yard talking to my  
17 neighbor, and she can be -- she's funny. She asks a lot of  
18 questions. The gentleman who came was so polite and nice to  
19 her. He explained everything to her, and I was listening  
20 because I wanted to know what had happened, too. And he said a  
21 bird had gotten into the power source or whatever and caused  
22 this problem. It was fixed within an hour. And I can tell you  
23 I was able to bake my cake for my grandsons. And I felt we are  
24 lucky. We are lucky to have a company like that that is here.

25 I have lived all around the world. I was an Air

1 Force wife. I've lived in three different countries and five  
2 different states, as I said the last time. So I do know good  
3 quality service and customer service, and I do appreciate it.

4 As far as the increase, I was writing my bills out  
5 while I was waiting for the meeting to begin, and I wrote my --  
6 coincidentally, I was writing my check for my power bill for  
7 June, and it has not changed in 25 years, I promise you. I was  
8 writing and I add one for the poor. You can -- there is a  
9 place that you can designate to help people who don't have the  
10 money to pay their bills. Once in a while I do that, not every  
11 time. But I try to do it.

12 But it struck me that it was odd that my water and  
13 sewer bills have increased by threefold over the years. My  
14 electric bill is still the same. And, yes, I have a computer,  
15 and I have more televisions. I have fewer children in the  
16 home, but it is the same. So I think a \$3 a month raise, which  
17 is what is proposed -- my daughter buys a latte at Starbucks  
18 for \$3. I bought six bottles of water the other day at Publix  
19 for 2.99. So I don't believe that \$3 a month more would be  
20 unreasonable. And I do believe you must take care of the  
21 infrastructure.

22 As a city manager, I have seen costs are escalating  
23 terribly. Asphalt, concrete, aluminum, everything is going up.  
24 And I had a wonderful mentor for 18 years, the former city  
25 manager, and he always told me, Jackie, do it today. Don't put

1 it off, because the costs just escalate, and it gets so hard to  
2 do. So I truly believe it will be a good investment if this  
3 infrastructure is improved, and that is all I have to say.

4 Thank you.

5 CHAIRMAN BAEZ: Thank you, Ms. Burns.

6 Questions?

7 Thank you very much. Oh, I'm sorry. Mr. Twomey.

8 MR. TWOMEY: Thank you, Mr. Chairman.

9 Ms. Burns, you say you are a city manager?

10 MR. BURNS: Yes, sir.

11 MR. TWOMEY: What city, please?

12 MR. BURNS: Indian Harbor Beach.

13 MR. TWOMEY: Indian Harbor Beach. Is the city of  
14 Indian Harbor Beach served by Florida Power and Light?

15 MR. BURNS: Oh, yes, sir.

16 MR. TWOMEY: If this requested rate increase goes  
17 through, the city will have increased electric bills, correct?

18 MR. BURNS: Yes, sir.

19 MR. TWOMEY: Are you authorized by your city  
20 commission to --

21 MR. BURNS: No, sir, I'm not here speaking for them.

22 I said I was a city manager. I'm just speaking from the heart,  
23 my own personal feelings about it.

24 MR. TWOMEY: I see. Okay. Thank you.

25 MR. BURNS: Thank you, sir.

1 CHAIRMAN BAEZ: Thank you, ma'am.

2 Mr. Beck.

3 MR. BECK: C. H. Mills.

4 C. H. MILLS

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. MILLS: Mr. Chairman and Commissioners, good  
9 morning. I have lived in Florida since 1968, and the service  
10 has been good. But if I look over the items here that they say  
11 they want an increase for, that's the normal business. It  
12 should be planned for. If the hurricane comes, fine. Like I  
13 said, I have lived here since '68, and we have had a number of  
14 hurricanes.

15 But if you are running a business like they are, they  
16 should be planning for all of this. They should be planning  
17 for the growth, and each customer should be paying his own way,  
18 and we are doing that at the present time here. What really  
19 sets me off here is that we have nuclear power, we have the  
20 coal power and gas power, and we purchase power from somebody  
21 else.

22 Now, there has got to be an increase, but I can't see  
23 the increase that Florida Power and Light is asking for and the  
24 increase that the folks that are in this business, there is a  
25 dichotomy there of about 180 degrees. So I think that the

1 Commission should hold them to doing good business practices  
2 and let them pay for the increase as we go along here.

3 I read the numbers here. The increase, the number  
4 increase -- the increase in number increasing the demand from  
5 customers. Well, we have customers coming to Florida every  
6 day. I don't see very many trucks leaving Florida, but I see a  
7 lot of them coming into Florida. And if I recall here on  
8 Wigger Road (phonetic), just a two-lane road coming out here.  
9 In fact, there wasn't a road, just a -- now it is a gridlock.  
10 That is the county's problem here. We are doing everything we  
11 can to improve the growth.

12 Now, if Florida Power and Light -- well, they have  
13 been doing in business in Florida for a long time. But  
14 planning for the future has got to be part of it. Now the  
15 dichotomy of the two costs that have been put out here, the  
16 cost that Florida Power and Light asked for and the one that  
17 the attorneys and so forth have come up with, there has got to  
18 be somewhere in between that. And I don't see us going out and  
19 giving them an increase, because they are listing this shopping  
20 list here. That's really what it is.

21 Now, I don't know why we are not increasing the  
22 amount of power generated by nuclear power. Everyone is afraid  
23 when you say nuclear something. But that is the cheapest and  
24 best way to go to generate power. The big thing is that we are  
25 just not looking at the future. We are going to have



1 hurricanes. We have had hurricanes in the past, and we are  
2 going to have them in the future.

3 And I think there is enough growth in there -- if  
4 they are making 12.98 percent after taxes, that is a pretty  
5 good return. I own stock in Florida Power and Light, and I  
6 don't see my dividend coming up that much. But here again, a  
7 decision has got to be made somewhere between the high and the  
8 low here.

9 Thank you very much.

10 CHAIRMAN BAEZ: Thank you, Mr. Mills.

11 Questions?

12 Thank, you sir.

13 MR. BECK: Katherine McCoy.

14 M. KATHERINE MCCOY

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

17 DIRECT STATEMENT

18 MS. MCCOY: Chairman, Commissioners, thank you.

19 I, first of all, have petitions that I have gathered  
20 saying no to the proposed increases for FPL. And I don't know  
21 where to give these.

22 CHAIRMAN BAEZ: You can hand them to Mr. Beck.

23 MS. MCCOY: Okay.

24 MR. BECK: Ma'am, are these petitions that you  
25 collected?

1 MS. MCCOY: These petitions, sir, are after I talked  
2 to Tallahassee. I'm just a consumer. I'm a native Floridian.  
3 I was supposed to be -- because I had found out in last month's  
4 bill about this meeting, and had absolutely no prior knowledge  
5 to the first meeting. And so I called Tallahassee and I said,  
6 what can I do? And one of the suggestions was petitions. So I  
7 personally started the petition and handed them out.

8 CHAIRMAN BAEZ: When you say you called Tallahassee,  
9 who did you call in Tallahassee?

10 MS. MCCOY: Well, first of all, I spoke to Bob  
11 Allen's office, and then I called Bill Posey, and in May --

12 CHAIRMAN BAEZ: All right. You called your  
13 legislator.

14 MS. MCCOY: -- they directed me to the public works  
15 commission.

16 And many years ago in this country, you know, we used  
17 to have a creed, never let making a profit keep you from doing  
18 the right thing. In all of these testimonies no one has  
19 mentioned the monies that FPL spends on advertising. Okay. As  
20 far as I know, they don't have any competitors in the state of  
21 Florida. Why are they spending those monies on advertising  
22 when they could be going into a fund for hurricane readiness,  
23 preparedness?

24 I know personally. My husband passed away in 1998,  
25 and it was a long struggle with cancer. And I told him when he

1 died the first thing I was going to do is turn my air  
2 conditioner down, because he was a freeze bug (phonetic). My  
3 kilowatt hours since 1998 are less than when he was alive, but  
4 my bills are higher. So I find that very interesting.

5 I was just looking over my last month's bill, and  
6 there is like 80 different kilowatts, and yet my bill was  
7 higher. So I don't understand that.

8 I also don't understand last year, when I called FPL  
9 because my bill went up \$65, and I asked them and, of course,  
10 they went through the rigmarole of this uses that, that uses  
11 that, and it was just a roundabout way of saying the bill went  
12 up and you have got to pay it. It is as simple as that.

13 Personally, my brother and two nephews have private  
14 dwellings on Merritt Island. Their bills were doubled after  
15 the hurricane outages. They called, and they were told that  
16 this was a recovery for what FPL had lost, okay? And I know  
17 personally a multiple of other people whose bills were doubled,  
18 and they were just flat told by FPL they had to pay the bill or  
19 they wouldn't have any power. And their excuse was they were  
20 recovering lost monies from the power outages, okay. And this  
21 is in Merritt Island, Cocoa, Cocoa Beach.

22 CHAIRMAN BAEZ: Ms. McCoy, I want to try and get it  
23 clear in my head. When you say they were recovering for lost  
24 monies --

25 MS. MCCOY: This is what the FPL --

1 CHAIRMAN BAEZ: Were they recovering, and maybe you  
2 don't know, but was it for billings that didn't take place?

3 MS. MCCOY: No, sir.

4 CHAIRMAN BAEZ: Okay.

5 MS. MCCOY: My brother's power was out for three and  
6 a half weeks, and so was both my nephews. Okay?

7 CHAIRMAN BAEZ: Okay.

8 MS. MCCOY: As well as the island, parts of the  
9 island. And what they were told when they called FPL was that  
10 they -- this was their effort in recovering the losses that  
11 they incurred during the hurricanes. And everyone was  
12 outraged. I'm on disability, so I go and pay my bill in  
13 person. And there is a little line at the Family Drug Mart in  
14 Port St. John. And, of course, there is a line there, and  
15 everybody, everybody made the comment that their bills were  
16 doubled. And they called FPL, and FPL said that's just the way  
17 it is. You either pay it or you don't have power.

18 I don't think anybody has complained about the  
19 quality of the service that FPL provides. But their proposed  
20 price increase is the problem. You know, they just need to  
21 reallocate their funds and be prepared for the hurricanes,  
22 because hurricanes are part of Florida just like sandspurs,  
23 palmetto bugs and the rest of it. Anyway, thank you very much.

24 CHAIRMAN BAEZ: Question of Ms. McCoy?

25 MR. BECK: Yes, sir.

1 CHAIRMAN BAEZ: Mr. Beck.

2 MR. BECK: Ms. McCoy, the petitions that you handed  
3 out, have they -- at the top they say, "We the undersigned say  
4 no FPL price increases," is that right?

5 MS. MCCOY: Yes.

6 MR. BECK: Okay. And about how many people signed  
7 the petitions?

8 MS. MCCOY: I really don't know. I passed those out  
9 to different places that I frequent, and then I carried one  
10 around with me.

11 MR. BECK: Okay.

12 MS. MCCOY: I would say that there is probably about  
13 200 on there. Unfortunately, some of the ones that I did drop  
14 off were not returned to me, because I told them that I would  
15 personally pick them up yesterday. So there are several  
16 missing, unfortunately.

17 MR. BECK: And generally the people have put their  
18 names down and their addresses on the petitions?

19 MS. MCCOY: Yes. Unfortunately, there were a lot of  
20 people that were very leery about putting their addresses down.

21 MR. BECK: Okay.

22 MS. MCCOY: And I assume that that's just for privacy  
23 reasons.

24 MR. BECK: Thank you.

25 MS. MCCOY: Thank you.

1 MR. BECK: Mr. Chairman, I would ask that the  
2 petitions --

3 CHAIRMAN BAEZ: Hold on. Hold on, Mr. Beck.  
4 Commissioner Deason, a quick question?

5 COMMISSIONER DEASON: Go ahead.

6 CHAIRMAN BAEZ: Okay, Mr. Beck. I'm sorry to  
7 interrupt.

8 MR. BECK: I ask that the petitions be given an  
9 exhibit number, and I would move them into evidence.

10 CHAIRMAN BAEZ: Well, we are not going to move them  
11 into evidence just yet, but we'll give them Exhibit Number 1.

12 (Exhibit Number 1 marked for identification.)

13 CHAIRMAN BAEZ: Here is what I want to preserve,  
14 Mr. Beck. I don't know -- this is an issue that -- usually  
15 when we are dealing with evidence, it usually comes about at  
16 the technical hearing when all of the attorneys and all the  
17 parties are present and representatives. And rather than -- I  
18 have to allow the companies -- or at least allow for  
19 objections, I mean, to the exhibit. We will give it an exhibit  
20 number. We will hold it, and we will defer whatever discussion  
21 on the exhibit until the hearing.

22 MR. BECK: The reason I moved it, Mr. Chairman, is  
23 because the witness here is under oath and the company's  
24 witness is here. I mean, I respect your decision, but the  
25 reason I moved it is because the witness is here at this

1 moment.

2 CHAIRMAN BAEZ: I would fully expect you to move it,  
3 and that's not -- and I think at the end of the day, we may  
4 move it into evidence. But in order to do that, we need to  
5 allow due process for everyone. And to the extent that there  
6 is some conversation over the exhibit, I don't want to have it  
7 here in the hearing that has been dedicated -- that's  
8 dedicating time to take public comment rather than to hear a  
9 bunch of lawyers joust back and forth. It is not that I  
10 disagree with your assessment of the exhibit necessarily. I  
11 just -- it would be rather one-sided, don't you think?

12 MR. BECK: The attorney for FPL has looked at the  
13 exhibit and is present.

14 CHAIRMAN BAEZ: Well, if we can take care of that,  
15 Mr. Bryan. I didn't want to get into it, but now that the  
16 question is before us.

17 MR. BRYAN: I did look at the exhibit. I agree with  
18 the Chairman's approach, and we would reserve all objections.

19 CHAIRMAN BAEZ: And, Mr. Bryan, I will tell you right  
20 now, I'm not seeing an issue with it out of hand. I just  
21 didn't want to -- my only purpose was not to be having this  
22 conversation here. You have entered your reservation.

23 We're going to go ahead with what I had suggested  
24 earlier, Mr. Beck, if you don't mind.

25 MR. BECK: Yes, sir.

1 CHAIRMAN BAEZ: Are there questions for Ms. McCoy?  
2 Commissioner Deason had a question. I'm sorry.

3 COMMISSIONER DEASON: Ms. McCoy, right here. You  
4 raised a very interesting question about advertising. And at  
5 this point I'm not aware if advertising costs are going to be  
6 an issue in this case. And if they are, they will be  
7 determined. I can tell you what past Commission practice has  
8 been, and that has been to disallow what is referred to as  
9 image enhancing advertising. But we normally do allow  
10 advertising which has the purpose of promoting safety for  
11 customers, providing general customer assistance type  
12 information, conservation type information. So we try to make  
13 a distinction.

14 But if it falls in the category of enhancement, image  
15 enhancement advertising, which would normally be the type of  
16 advertising you see in a competitive market, we disallow those.  
17 That has been the past Commission practice. I can't tell you  
18 what will happen in this case, but that has been.

19 MS. MCCOY: Well, I'm just tired of hearing about  
20 Bob. You know, Bob, FPL?

21 CHAIRMAN BAEZ: And I would echo the Commissioner's  
22 statements in assuring you that whatever advertising may or may  
23 not be included is the subject of, certainly, discussion and  
24 the subject of inspection by our staff. And we would entertain  
25 a recommendation by them as to whether it is image enhancing or



1 serves some other purpose. So we are aware of an issue.  
2 Whether it becomes an issue in this case or not, I have no way  
3 of telling you. But thank you for your comments. I appreciate  
4 it.

5 Mr. Beck, call the next witness.

6 MR. BECK: Thank you, Mr. Chairman. Dr. Lance  
7 Armstrong.

8 DR. LANCE ARMSTRONG

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

11 DIRECT STATEMENT

12 MR. ARMSTRONG: Chairman Baez, Commissioners, I thank  
13 you for the opportunity to come before you as a citizen of the  
14 state of Florida and a proud citizen of the U.S., as the AARP  
15 member has mentioned before.

16 And I look at all the comments made today, and there  
17 are a whole lot of numbers, a whole lot of power questions, a  
18 whole lot of press the button, that is my issue with getting my  
19 power. There is a whole lot of business questions. There's a  
20 whole lot of how does this work with the acts of God. But  
21 let's take a look at the human element, if I may, and sort of  
22 change it just a little bit.

23 It has been touched on, but I would like to tell you  
24 what happened in my area of Cocoa Beach back during Hurricane  
25 Frances recovery. Sixteen days without power. When those

1 folks finally did come down the street, and I knew where I  
2 stood on the food chain of power. We definitely need our  
3 hospitals running just as quick as possible. We need our  
4 emergency services running just as quick as possible, then our  
5 residences. And I am sure you all know the tree better than I  
6 do.

7           But when they did come down the street, the trucks  
8 did not look like something out of Beverly Hills and the  
9 Clampetts. The guys didn't climb the poles with ropes around  
10 their waist. They had nice trucks that were there to do the  
11 job, and they weren't waiting until a sunny day. These men  
12 were in their bucket trucks under 30-mile-an-hour gusting wind  
13 conditions with huge drills in one hand, supporting a beam that  
14 probably weighed 100 pounds in the other hand, supported by  
15 another guy from another truck with another beam and another  
16 bucket blowing in the wind with support wires so they could get  
17 me power.

18           The human element of this can be also looked at in  
19 the moment of an accident of cars. What is the first thing you  
20 have go by a car accident? It's not a police officer; it's not  
21 an ambulance. You have a citizen. And the citizen most likely  
22 can pull over and under the Sunshine law take care of as best  
23 they can the victims of this accident. They can pull out their  
24 cell phone now, and they can call 911 and get the emergency  
25 services there. Yes, they can stabilize a fracture. Yes, they

1 can make sure that the traffic is diverted around the car.  
2 wreck. Citizens have pulled out garden hoses and put out part  
3 of their house fire before the fire department got there.

4 No one can get up on a power pole and put a power  
5 pole together. It's FPL. And there are companies that are out  
6 there in competition with them. No one else can do that job,  
7 period. If they are telling us on the number sides of things  
8 that they have not raised the rates since 1984, I can't think  
9 of how a business can operate unless it does put on some of the  
10 rising costs, as we've seen are astronomical in real estate in  
11 this area recently, and gas prices and insurance.

12 And, of course, that is a world, the insurance world,  
13 where we are not sure if we can get insurance in the future in  
14 some areas. But no one is going to come to us from FPL saying  
15 we can't provide you power anymore. You have to go to Home  
16 Depot and buy a generator now. We don't have the people, we  
17 don't have the nice trucks who are prepared for this kind of  
18 stuff. And it wasn't a shock to these people last year. After  
19 the hurricanes, and we had to, oh, my God, call Louisiana,  
20 which was where the people who did the power on my street came  
21 from. That was all a prepared plan that was simply put into  
22 action after the hurricanes, as I understand it as a citizen.  
23 And I know you all know more about that than I do.

24 But the bottom line as I see this -- and I see that,  
25 of course, the Brevard Community College now is offering a line

1 operator course, or they are looking into focus on that  
2 opportunity for people in this area.

3           When we look at the human element, and it's supported  
4 by the funding, and the trucks are supported by the funding,  
5 and all of that is supported by the money that comes from the  
6 citizens who, yes, press their button, we have got to make sure  
7 these people who cannot have another company come in and do  
8 what they do are well supported by that money. And so, yes, I  
9 am strongly in support of a, two, three, four-dollar raise in  
10 my residential rate per month.

11           What I don't want to see, of course, as any consumer,  
12 is my rate go up. I would rather see everybody else's rate go  
13 up, you know. I would like to see that the citizens who have  
14 been mentioned here who can't afford their power are not having  
15 their rate increased. But there is no way you can do that.

16           Now, what has FPL offered in that area? You have  
17 offered the check-off box who where some of us who can afford  
18 our power without a question can check it off for the folks who  
19 can't. FPL has met that. No, they are not out advertising  
20 that they are the great power company. They are out  
21 advertising, hey, look, if you are see that you are going to do  
22 some tree trimming, and you're using an aluminum ladder, and  
23 there's a power line right up there, how about don't get on the  
24 power line with your aluminum ladder. Safety education.

25           You all set up -- I do believe FPL sets up out at the

1 space coast -- at the space center and talks and shows how your  
2 trucks operate and things like that. I do believe that is done  
3 throughout the public at different locations annually. Educate  
4 safety, educate how you can operate with consumer consumption  
5 in a conservative manner.

6 And so it's just -- it is very important I know, as a  
7 citizen, as a consumer, yes, we look at what they are doing  
8 with their money. Yes, we look at how much it has increased or  
9 how little it has increased, actually, in the fact when you  
10 look at the grand scheme of how everything else is going up.  
11 But please don't forget the human factor and how no one else  
12 can do their job; not a policeman, not a fireman, that is the  
13 FPL and the well-trained individuals. Any questions?

14 CHAIRMAN BAEZ: Questions of Dr. Armstrong?

15 Mr. Twomey.

16 MR. TWOMEY: Yes, Mr. Chairman. Mr. Chairman, thank  
17 you.

18 Dr. Armstrong, are you a medical doctor?

19 MR. ARMSTRONG: No, sir. I'm a doctor of  
20 chiropractic. I treat pain in the necks and neck pain.

21 MR. TWOMEY: Okay.

22 MR. ARMSTRONG: And linemen who have been working for  
23 40-somewhat hours straight.

24 MR. TWOMEY: Yes, sir. Now, it struck me that most  
25 of your remarks were in terms of talking about the human

1 element of this with regard to the companies, the utilities  
2 recovering from the hurricanes, right?

3 MR. ARMSTRONG: That's correct, and how it is  
4 important that we get them well-educated and that they have the  
5 good trucks so they can be in the 30-mile-an-hour wind trying  
6 to restore people's power like mine.

7 MR. TWOMEY: Yes, sir. Now, are you aware that in  
8 addition to this base rate increase, which is the actual  
9 subject of the hearings and the case before the PSC right now,  
10 that Florida Power and Light had previously asked the Public  
11 Service Commission for some \$533 million for storm recovery  
12 repairs, which case is still pending before the Commission, but  
13 which if this company gets approximately the same treatment as  
14 Progress Energy, will see about 93 percent of that. Are you  
15 aware that they are seeking payment for their storm damage  
16 costs that weren't recovered through another proceeding, they  
17 are likely to get that, and that this case is about their base  
18 rate increase?

19 MR. ARMSTRONG: Yes, I am aware that they were in  
20 pursuit of two different areas here. And the base rate  
21 increase, as I see it, is not going to go to a CEO's pocket.  
22 It is going to go to making sure that in the future we have  
23 good trucks, good employees, and that they are there when they  
24 are needed.

25 MR. TWOMEY: But would I be correct, though, in

1 assuming that despite all of your testimony, you still want the  
2 Public Service Commission to analyze the merit of all the  
3 expenses included in FPL's rate increase, and not merely grant  
4 them the increase carte blanche without an examination? You  
5 want the Commission to examine it, right?

6 MR. ARMSTRONG: I am in full support of this rate  
7 increase the way it stands, as I understand it. And, yes, I am  
8 interested in seeing things like FPL is already doing where the  
9 citizens can check off a box and assist the folks who can't pay  
10 their power, things like that. But, no, if -- as I understand,  
11 without a rate increase for the past 20-some-odd years, it is  
12 obviously time. And, obviously, business has to pass on its  
13 expenses to its customers in order to survive in business for  
14 any, you know, period of time without a profit.

15 MR. TWOMEY: Thank you.

16 CHAIRMAN BAEZ: Thank you, Dr. Armstrong.

17 Mr. Beck.

18 MR. BECK: Thank you. Marshall Spring.

19 MR. SPRING: I have nothing to add to Mr. Robinowitz'  
20 brilliant remarks.

21 CHAIRMAN BAEZ: Thank you, sir.

22 Mr. Beck.

23 MR. BECK: Dan Everett.

24 DAN EVERETT

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. EVERETT: Good morning. My name is Dan Everett.  
4 I am director of facilities for Parrish Medical Center, and I  
5 am here to talk about Parrish Medical Center and the  
6 partnership we have with Florida Power and Light.

7 Last year we had the back-to-back hurricanes and the  
8 disaster that affected, basically, all of us. In providing  
9 health care services for the community, it takes a lot of team  
10 work, compassion, not just with health care professionals, but  
11 also with Florida Power and Light. And they basically  
12 delivered. They kept us informed. They worked basically well  
13 with us during this disaster and showed commitment to not just  
14 the hospital, but also to the community. And that is what I  
15 wanted to say.

16 Thank you.

17 CHAIRMAN BAEZ: Questions of Mr. Everett?

18 Thank you, sir.

19 MR. EVERETT: Thank you.

20 MR. BECK: Robert Curio.

21 ROBERT CUNIO

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. CUNIO: Good morning. That's Robert Cunio,



1 C-U-N-I-O. And I'm a citizen of Brevard County. I also work  
2 in Brevard County. And I'm here today just to speak on behalf  
3 of the service from Florida Power and Light, and also I wanted  
4 to just pass on from my point of view, you know, my perspective  
5 on how business works.

6 And I think, you know, with all due respect to the  
7 earlier speakers, we do, as business people, pass on costs to  
8 consumers. Where I work, I work for a government contractor,  
9 and, you know, we have higher expenses due to fuel costs, due  
10 to hurricanes, due to insurance rate increases as a result of  
11 9/11, and other unforeseen events.

12 Those, unfortunately, are additional expenses that  
13 companies have to bear the burden of and share with their  
14 customers. And I think, you know, Florida Power and Light is  
15 in the same situation. So, you know, nobody likes a rate  
16 increase. Four dollars a month is four dollars a month, and I  
17 do sympathize with some of the earlier speakers on that issue  
18 of some of the elderly folks and other people who don't have  
19 the means to absorb a rate increase. That is a difficult  
20 situation that they are in.

21 But my experience with Florida Power and Light has  
22 been, one, great service; two, my electric bills have actually  
23 gone down because Florida Power and Light, I'm not sure if  
24 everybody is aware, offers a free service where they actually  
25 came to my home, inspected a lot of different things, air

1 conditioning systems, insulation, gave us tips on how to  
2 conserve energy by running appliances at different times of the  
3 day or whatever. And that was free. That was a free service  
4 to me. And as a result, I have seen a significant decrease in  
5 my electric bill from the time I first purchased my home. I  
6 have only been in this county for about three years. I moved  
7 from Mid-Atlantic and prior to that New England. And so for me  
8 this is a breath of fresh air in terms of, you know, the  
9 utilities cost, because I'm used to paying large heating bills  
10 in the winter that were well in excess of what I'm paying for  
11 my electric here in Florida.

12           So I just wanted to speak on behalf of the rate  
13 increase. I think there should be some accountability for, you  
14 know, whatever the four dollars entails. I, as a consumer, and  
15 I think other consumers will appreciate knowing what they are  
16 paying for. But I think, you know, circumstances do prevail,  
17 and just fuel costs alone I would think would be a good basis  
18 for considering a rate increase.

19           Thank you.

20           CHAIRMAN BAEZ: Thank you, Mr. Cunio.

21           Mr. Twomey.

22           MR. TWOMEY: Yes, Mr. Chairman, thank you. Just  
23 briefly.

24           Mr. Cunio, so you are testifying in favor of the  
25 company's request for a rate increase, not just praising their

1 quality of service, is that correct?

2 MR. CUNIO: That's correct.

3 MR. TWOMEY: Okay. And you said you work for a  
4 government contractor, is that correct?

5 MR. CUNIO: Yes.

6 MR. TWOMEY: Who do you work for?

7 MR. CUNIO: Northrop Grumman.

8 MR. TWOMEY: Northrop Grumman?

9 MR. CUNIO: Yes.

10 MR. TWOMEY: Are they served by Florida Power and  
11 Light?

12 MR. CUNIO: Yes, they are.

13 MR. TWOMEY: Do you know what their monthly electric  
14 bill is?

15 MR. CUNIO: I have no idea.

16 MR. TWOMEY: Did you seek their permission -- I mean,  
17 you recognize, don't you, of course, that if the Florida Public  
18 Service Commission increases the rates requested by Florida  
19 Power and Light that your employer's rates will go up, as well,  
20 right?

21 MR. CUNIO: Yes, I do.

22 MR. TWOMEY: Did you seek your employer's permission  
23 to come speak in support of this rate increase?

24 MR. CUNIO: No, I'm here as a private citizen.

25 MR. TWOMEY: Okay. Thank you.

1 CHAIRMAN BAEZ: Thank you, sir.

2 Mr. Beck.

3 MR. BECK: Keith Winsten.

4 KEITH WINSTEN

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. WINSTEN: Good morning, Commissioners. I'm here  
9 representing our local zoo, Brevard Zoo, of which I am the  
10 executive director. And I don't possess the financial  
11 expertise to tell you whether the rates are warranted or not  
12 for an increase. But I do want to bring up three issues from  
13 my experience that's important in our relationship to any power  
14 company.

15 The first one is reliability. I came from a zoo in  
16 Chicago where we actually had to put our own diesel and gas  
17 generators in, because we could not rely on the local power  
18 company in terms of providing us power for our animals during  
19 peak season. So that is of great interest to us.

20 Second of all, we had a couple mention the  
21 conservation program. Obviously, that's not just a local but a  
22 national issue. As an environmental organization, we always  
23 want to make sure conservation is forefront in the minds of our  
24 local utility provider. And our experience is that has been  
25 the case with Florida Power and Light.

1           And third of all, in terms of environmental impacts  
2 of generating power, and that is, also, we think, a  
3 particularly major issue here in Florida, and I believe this  
4 institution has done a good job. So we want to make sure that  
5 those factors enter into your deliberations as you look at the  
6 justifications for this rate increase or not, because they are  
7 of great interest to us in terms of running my business.

8           CHAIRMAN BAEZ: Thank you, Mr. Winsten.

9           MR. WINSTEN: Thank you.

10          CHAIRMAN BAEZ: Questions?

11          Thank you.

12          Mr. Beck.

13          MR. BECK: Vicky Luchetti.

14                           VICKY LUCHETTI

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

17                           DIRECT STATEMENT

18           MS. LUCHETTI: Good morning. My name is Vicki  
19 Luchetti, and I'm here on behalf of MIMA, which is a large  
20 multi-group specialty practice in Brevard County. We have over  
21 800 employees, and we service over 255,000 patients a year.

22           We are here in support of the rate increase for FPL.  
23 We have been very fortunate that they recognize the needs of  
24 our medical community and do their best to try to get us up and  
25 running as fast as possible.

1           Of course, they were fabulous during the hurricane.  
2 But even aside from the hurricane, our community is growing so  
3 fast, and I think that medical technology is also growing very  
4 quickly, which causes us to have a lot more reliance on power.  
5 So one of the issues that we have now is electronic medical  
6 records, and we are more reliant than ever now on the power.  
7 So we think that with all business there are costs associated  
8 and costs do go up. And we do support their request for the  
9 infrastructure. And that's all.

10           CHAIRMAN BAEZ: Questions of Ms. Luchetti?

11           Mr. Twomey.

12           MR. TWOMEY: Yes, Mr. Chairman. Just to be clear,  
13 your firm, what position do you hold in your firm?

14           MS. LUCHETTI: I'm one of the site administrators. I  
15 hold an administrative position at MIMA.

16           MR. TWOMEY: So it is your -- do I understand your  
17 testimony that your firm is in favor of --

18           MS. LUCHETTI: Yes.

19           MR. TWOMEY: -- the rate increase?

20           MS. LUCHETTI: Correct. Our company is in favor of  
21 that.

22           MR. TWOMEY: Thank you.

23           MS. LUCHETTI: Thank you.

24           CHAIRMAN BAEZ: Thank you, ma'am.

25           Mr. Beck.

1 MR. BECK: Roy Laughlin.

2 ROY LAUGHLIN

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. LAUGHLIN: Good morning, Mr. Chairman and members  
7 of the Commission. Thanks for the opportunity to talk. I'm  
8 here to make a very specific request of this Commission for any  
9 rate increases that are in front of you. And they are  
10 specifically that Florida Power and Light have the rate  
11 increases, whatever they are, contingent on a program to bury  
12 their lines in residential and business neighborhoods. And I  
13 want to be very specific since I think that would make a good  
14 point of discussion.

15 I think that the costs and the -- certainly the costs  
16 for burial should not be greater than the costs for having them  
17 on poles. I recently built my own house, and I found that I  
18 paid about -- I think nearly \$200 extra for a buried line from  
19 the pole to my house, even though I buried the conduit. Now,  
20 Florida Power and Light did two things for that extra cost.  
21 They gave me the conduit that they wanted used, but it wasn't  
22 \$200 worth of conduit. It was probably about \$25 worth of  
23 conduit. And they had an engineer speak with me, and she came  
24 out once to make sure that it was buried properly. The cost  
25 for putting it under ground, even on my own property, were

1 vastly out of proportion to the expense that Florida Power and  
2 Light charged me.

3           The second thing -- and this burial should be a  
4 default for all new construction. The second point,  
5 specifically, that I would like you to negotiate with the power  
6 company is that there should be a phased program to have  
7 existing areas, not new construction, but existing residential  
8 and business neighborhoods at Florida Power and Light's expense  
9 for the extra rates that they are asking for to put the lines  
10 underground. And in that you should have a milestone in terms  
11 of percentage of the lines and percentage of the customers as  
12 milestones. If they don't meet those milestones, they don't  
13 get their rate increases. Don't approve it now and leave them  
14 off the hook until the next time you come around. There has  
15 been just far too much of that.

16           Let me just give you a few points here. After the  
17 hurricanes last year there was an unprecedented propaganda  
18 campaign to convince the public, both in stories in our local  
19 newspaper and also in public service ads, that burying lines  
20 was not acceptable. And that is really just -- I don't find  
21 those kinds of campaigns -- they are not factual, they are not  
22 acceptable. And in the long-term they are against the public's  
23 interest.

24           We know that we are in the beginning of at least a  
25 ten-year cycle, it will probably be longer, of increased



1 hurricane activity. Any attempts to simply give them money for  
2 their losses and not ask them to improve the way they are  
3 delivering service is simply indemnifying dumb behavior. And I  
4 don't think that is a consumers' role. I don't think it is  
5 good business. I don't think it's good public policy.

6 I think that the rates that are charged for this  
7 program should be transparent. I found discussing with people  
8 that the -- in Florida Power and Light, I spent a few weeks  
9 talking to them, trying to, anyway, I got sort of a company  
10 line that it is too expensive. It can't be done technically.  
11 If you want it, you are going to have to pay extra.

12 If you go into any neighborhood and you look at the  
13 power poles, you'll see that the top lines, the highest lines  
14 are power lines, but you will notice that there are two other  
15 sets of wires hanging off most poles. There may be three, but  
16 there are two in my neighborhood. One of them is almost always  
17 the cable for television and Internet. The other is the  
18 telephone company. It would be nice if the power company told  
19 the other two utilities that since we have got the poles in  
20 there anyway, go ahead and use them. They don't do that. They  
21 charge rent on it.

22 It is impossible for the average citizen to find out  
23 what those rates are. I have heard numbers anywhere from seven  
24 to twenty dollars per pole per year. So when we pay the extra  
25 rates to the power company to repair or replace their damaged

1 infrastructure as a result of storms, we also are going to be  
2 paying for the same damage through telephone bills and through  
3 our cable bills. So, what exactly those charges are, I don't  
4 know. If anyone could really be sure, I think perhaps your  
5 office has the best opportunity to find out. But it is very  
6 difficult to find out what those are.

7 I was told by Florida Power and Light's staff member  
8 before I came here that those profits are not regulated, but  
9 that they are included in the return calculations. I would  
10 like to see that verified. I believe that they are not, they  
11 are not regulated. But exactly how they fit into the rate  
12 calculations that you consider, if there were more transparency  
13 the public would be a lot better off. It is really a shame  
14 that we are paying twice for that.

15 And it is no mystery why Florida Power and Light and  
16 other power companies would find it such (inaudible) to have  
17 people consider burying lines. Because if they weren't putting  
18 up poles to carry the power, they wouldn't be getting the rent  
19 from the other utilities. One issue that you will hear over  
20 and over again is it's just not reliable to put power  
21 underground. Yet we have been told that we will pay extra for  
22 our telephone service to put the lines underground because it  
23 increases reliability. So who is telling us the truth? I  
24 think probably the telephone company is.

25 You have been asked to consider these rates to repair

1 the infrastructure because of hurricane damage. And that  
2 certainly was significant, and it was catastrophic. But it is  
3 not the only reason to put lines underground.

4 I lived in the same house for eight years right  
5 around the corner from where I am presently living. And,  
6 unfortunately, it was an older house without the three-wire  
7 ground system. So there was an issue there that I couldn't  
8 fix. But during those three years, I had three different --  
9 three different years, three different lightning events. The  
10 lightning struck my house, and I lost -- the first time I lost  
11 about \$1,000 worth of equipment. The most recent strike  
12 occurred the day before Charley came through, Hurricane Betsy  
13 hit the northern part of Florida and put out a squall wave, and  
14 I lost about \$800 worth of equipment.

15 Buried lines are far less likely to get struck by  
16 lightning. I didn't make a big deal about paying the extra  
17 money to bury my lines to my house, because I'm sure within the  
18 next three years the \$200 will come back to me in not having to  
19 replace phones, satellite dish, or satellite electronics, the  
20 whole works. But it is something that is a real benefit to  
21 people when they don't have the lines above ground.

22 My sister lives in east Orlando. Charley went right  
23 over the top of her. I talked to her at 9:00 Friday night.  
24 She was back with power at 4:00 on Saturday afternoon because  
25 her power lines were buried in the development where she lives.

1 And that story goes over and over. Every place powers lines  
2 were above ground in Orlando they were out of power for days.  
3 Where they were below ground, they were back on-line very  
4 quickly. In Rock Ledge we were out of power for 15 days  
5 totally between the two storms. A mile over there was a  
6 development that never went without power. The lines were  
7 buried. The ones that had the lines below ground, they found  
8 one or two places, fixed the line, and the entire development  
9 went back on-line.

10 So, just for the record, for the public, for the  
11 gentleman over there, I am against the rate increase in its  
12 present size, but I don't really know what would be reasonable.  
13 So for the record, I think that it shouldn't be increased as  
14 much. But whatever you decide to give them, whatever it is,  
15 let that rate increase buy us a better future than we have had  
16 in the past. And the first step in a better future is to get  
17 the power lines underground. It's not going to happen in a  
18 year, but make an enforceable, technically feasible, and  
19 significant effort to get those lines underground and away from  
20 damage so the next time this happens we don't go ten days  
21 without power after each event. It is far less.

22 Just two other things. You are going to be told, I'm  
23 sure, just like I was, it's technically not possible. I want  
24 to remind the members of this Commission, because I don't think  
25 a single one of you was on the Commission when Florida Power

1 and Light was the first American corporation to win the Demming  
2 Award. The CEO didn't make any decisions. The business part  
3 of the company made very few. They turned the problem over to  
4 a group of engineers and other technical personnel that gave  
5 them about two years to fix Florida Power and Light's problems,  
6 and they did. They largely did.

7           What you enjoy now and what many of the other people  
8 have testified in terms of the great service, there was a great  
9 divide before 1990 and after 1990 to improve Florida Power and  
10 Light's reliability. They can do it. They did it once and  
11 they will do it again if you give them a chance. Give them the  
12 financial incentive, the engineers will get the chance. That  
13 is what I wanted to say. Any questions?

14           CHAIRMAN BAEZ: Questions of Mr. Laughlin?  
15           Commissioner Deason.

16           COMMISSIONER DEASON: You raised an interesting issue  
17 about the pole attachment rental revenue, and I think you are  
18 correct that it is unregulated by this Commission. I think  
19 this Commission has the ability to account for those revenues.

20           MR. LAUGHLIN: But do you?

21           COMMISSIONER DEASON: Well, it is my understanding  
22 that we do. And I'm going to request staff that the  
23 auditors -- I think it is probably already part of the audit  
24 plan, but just to make sure that the auditors do look at the  
25 pole attachment revenues.

1 MR. LAUGHLIN: Thank you.

2 CHAIRMAN BAEZ: Thank you, sir.

3 Mr. Beck.

4 MR. BECK: Thank you. Al Taylor.

5 AL TAYLOR

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

8 DIRECT STATEMENT

9 MR. TAYLOR: I would like to thank everybody for the  
10 chance to speak here today. I have been frustrated with FP&L  
11 for many years. I have lived down in Miami, and I have watched  
12 them with the Turkey Point Power Plant, to milk that plant, and  
13 I have been told that it is one of the most dangerous nuclear  
14 power plants there is.

15 I came here from Orlando where OUC gives us the  
16 power. And I don't -- when I moved here to Brevard, I noticed  
17 that the lights keep going off. Not that I'm not paying my  
18 bill, but it seems like they go off, but they do come right  
19 back on, or they are off for certain periods. And I didn't  
20 experience that in Orlando with OUC.

21 Another thing I would like to say about OUC is that  
22 they had the Hope, the Hope plant right up the street in Port  
23 St. John from FPL. They had that plant there, and now they run  
24 generators in the back. They sold it to Reliant. Now, when  
25 OUC ran the plant, I never saw smoke, or very rarely, coming

1 from the OUC plant. And yet FPL, all of that dirty smoky  
2 pollution going in everybody's lungs in Port St. John and  
3 Brevard County, and it goes up in the air how many -- how  
4 many -- 50 or 100 miles. Where does it land? Where does it  
5 go? And the plant is one of the most antiquated old plants.

6 And like I say, I don't trust FPL in any way. They  
7 have shown through the years how deceiving and untrustworthy  
8 they can be when it comes to the dollar bill. And I know that  
9 they -- and I have spoke with people in Port St. John, and they  
10 turn up -- they turn up, and they have used that dirty Number 6  
11 oil. And I'm sure they are using that oil where they turn it  
12 up at night when nobody can see just how bad it really is, how  
13 bad the pollution is that is coming out of their stacks.

14 And I know when Reliant bought the OUC plant, they  
15 looked down the street and they saw all the -- all the  
16 pollution coming out, and they didn't do -- they didn't  
17 follow -- they looked down the street and saw the pollution  
18 coming out of FPL's plants, and they didn't follow the clean,  
19 the clean energy that was being burned by OUC, the better oil  
20 or gas. And they said to themselves, well, if FPL can harm the  
21 environment and pollute and save money, then why can't we? And  
22 so now that Reliant is there, they are blowing out the dirty  
23 smoke and pollution from the cheaper oils just the same as  
24 FP&L.

25 And I know that we are talking about the rate

1 increase, but the people don't bring up the fees and  
2 assessments that have been put on our bills in these years. If  
3 the rate hasn't been increased, we have got these fees and  
4 assessments. And not only does FPL want you to raise their  
5 rates, but they want to be open for more rates and assessments.

6 I feel bad for the people in Port St. John, and it  
7 has been noted -- it has been noted in the news in the  
8 newspapers that their cars, their cars get damaged, their  
9 houses are damaged, but my concern is what about their health  
10 and their lungs? I'm not sure how bad people's health is in  
11 Brevard County. I have heard about the birth rate being  
12 extremely low, extremely poor, and I am just wondering -- and I  
13 am just wondering what kind of effect it has on these people  
14 that live right underneath the FP&L power plant, what type of  
15 problems that they are having.

16 And Florida Power and Light in my bill, they put in  
17 that they are one of the cleanest electric utilities. I think  
18 that they -- I think that they run such a sham on the people by  
19 expressing what they are not, and they have gotten away with  
20 it.

21 And I don't feel that they should get a rate  
22 increase. I feel that they -- I don't know about burying the  
23 lines underground, but I feel that they should definitely put  
24 scrubbers on their stacks. And I think we have some -- I think  
25 that the people deserve -- that people deserve more from their



1 utility company. And I think people's health should be much  
2 more important than the stockholders' interest, because we are  
3 their customers. We are keeping them in business.

4 And I appreciate the ability to -- or the chance to  
5 come and speak to you people. And I hope you will do the right  
6 thing for the people, the fine people in Brevard County. And  
7 God bless every one here.

8 Thank you so much.

9 CHAIRMAN BAEZ: Are there questions of Mr. Taylor?

10 Thank you, sir.

11 MR. TAYLOR: Thank you.

12 MR. BECK: Jim Egan.

13 JIM EGAN

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

16 DIRECT STATEMENT

17 MR. EGAN: My name is Jim Egan. I am the executive  
18 director of the Marine Resources Council.

19 I'm here today for a number of reasons. We don't  
20 take a specific position on rate increase issues, per se, but  
21 there are a number of concerns and a number of issues that we  
22 want to raise.

23 One point, both myself, personally, and our company  
24 had very good service recovery during the hurricanes. In fact,  
25 we would have suffered quite a lot of expenses except for the

1 fact that our power was restored so quickly, and we were able  
2 to use dryers and things to dry out wet carpeting and recover  
3 from other damages that were caused from the storm.

4 I think when you talk about a rate increase, and you  
5 talk about a company that is involved in power production, I  
6 think we want competing issues, right? We want the more  
7 expensive, low polluting fuels. We want the expensive cleaning  
8 technology, but we don't want to pay for it. And I think when  
9 we talk about something that is so critical to our  
10 infrastructure, to a part of Florida that is growing so  
11 rapidly, we need to keep in perspective how we are doing in  
12 other areas of our infrastructure.

13 For example, we now know that by 2020 we will not  
14 have enough water for the current demand that our residents  
15 will have. We know that our schools are going to be  
16 perpetually 20 years behind the demand because of the rapid  
17 rate of growth. And we know our road systems are probably 40  
18 years behind. The fact that in power we have been able to keep  
19 up, this has been a magnificent achievement in terms of the  
20 process.

21 Now, we have some interactions with FPL. In my  
22 experience, FPL is a very environmentally concerned  
23 organization, have very environmentally concerned staff. I  
24 would be very hard-pressed to find other businesses in our  
25 community that are nearly as environmentally concerned. And at

1 the same time they are very cost conscious. This is a -- if  
2 there is an area where they could be producing a better result  
3 in terms of the environment, if they are not doing it, I know  
4 exactly why, and that is cost.

5           So, when we are faced with something unpleasant, like  
6 the idea of a cost increase, we have to look at a couple of  
7 things. For starters, we have to look at this is our  
8 infrastructure, right? That is not a luxury item. And if you  
9 want to cheap-out on, say, the quality of electrical wiring in  
10 your home, that is not a really good place to do it, right?

11           Well, when you are talking about putting an  
12 investment into something that is so critical to the economic  
13 and the safety of our area, when you talk about keeping up pace  
14 with something that has been just growing at just a rapid rate,  
15 including our demand, our per person demand increasing, besides  
16 the fact that we have got more people here.

17           Now, it is said to be said if you want to reduce the  
18 use by individuals, the way to do it is to make it more  
19 expensive. And that is sad to say, but that is one of the ways  
20 in which we are effectively doing conservation. If we could  
21 get very, very cheap power to our community, we would have a  
22 tendency to just consume more of it per person. And the  
23 efforts that are being made to educate the public in terms of  
24 ways of conserving energy around their home are very, very  
25 critical in a situation like this because there probably is not

1 a resident out there whose current bill could not be reduced by  
2 more than this power increase if this were to occur, simply by  
3 investing in the efforts necessary to improve the conservation  
4 in their area.

5 We do know that our power supplies overall, our fuel  
6 supplies overall have risen. And we do have serious future  
7 issues about where we are going to get these power fuel  
8 supplies from. And so the need to increase conservation and to  
9 increase our investment in our infrastructure is very  
10 important. Because as we all know, you buy that more expensive  
11 refrigerator, you end up paying less over time because it is  
12 more efficient. Well, if you allow a power company to invest  
13 in its own infrastructure, you should be able to produce a more  
14 reliable, more efficient energy source for the future. And  
15 that would be something that I would hope would be the kind of  
16 thing that you would be seeking as a return from any cost  
17 increase.

18 Any questions?

19 CHAIRMAN BAEZ: Questions of Mr. Egan?

20 Mr. Twomey.

21 MR. TWOMEY: Yes, sir, Mr. Chairman, just briefly.

22 Mr. Egan, what business is the Marine Resources  
23 Council in?

24 MR. EGAN: The Marine Resources Council is a 501-C3  
25 not-for-profit that is involved in environmental concerns

1 related to the Indian River region. We look specifically at  
2 water-related issues, but we have gotten involved with issues  
3 about energy conservation as well from the perspective that  
4 when we waste energy we are creating more pollution.

5 MR. TWOMEY: Yes, sir. Let me ask you this: Has the  
6 Marine Resources Council received contributions, financial  
7 contributions from Florida Power and Light Company, or its  
8 parent, and/or have you received in-kind assistance by their  
9 personnel?

10 MR. EGAN: I would say that Florida Power and Light,  
11 like many businesses in our community, is a member of the  
12 Marine Resources Council. They pay membership dues, but it is  
13 a very small amount. And as a not-for-profit, we really  
14 don't -- we really don't rely upon direct contributions as a  
15 significant source of our funds. Most of our funds come from  
16 grants. But I can say that FPL has been a fabulous partner in  
17 terms of a number of programs that we support.

18 For instance, there is a scenic highway that runs  
19 along US-1, and when we were seeking funding from Florida DOT  
20 to beautify the corridor, FPL on its own dime helped beautify  
21 their property directly adjacent to the scenic highway to  
22 compliment the DOT efforts that we were spearheading. And so  
23 there are a number of ways in which FPL has assisted and  
24 partnered in terms of programs to enhance the environment or  
25 beautify the community.

1 MR. TWOMEY: Yes, sir. Thank you.

2 CHAIRMAN BAEZ: Thank you, Mr. Egan.

3 MR. BECK: Chairman, Mr. Egan was the last witness  
4 that signed up.

5 CHAIRMAN BAEZ: Thank you, Mr. Beck.

6 Is there anyone who came in late, anyone who wishes  
7 to address the Commission and didn't sign up originally?

8 All right. Seeing no one, before we adjourn I want  
9 to thank all of those that sat through and came and gave us  
10 your comments. I'm sure they will be very useful to, speaking  
11 for myself, but hopefully for the rest of the Commissioners as  
12 well during our deliberations. There were some good comments  
13 and some good input, and I want to thank you all for  
14 participating.

15 We are adjourned.

16 (The service hearing concluded at 11:13 a.m.)

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STATE OF FLORIDA )

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CERTIFICATE OF REPORTER

COUNTY OF LEON )

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

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

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

DATED THIS 7th day of July, 2005.



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