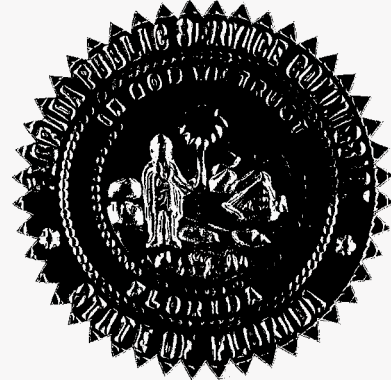


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of

PETITION FOR RATE INCREASE BY
FLORIDA POWER & LIGHT COMPANY.

DOCKET NO. 050045-EI



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PROCEEDINGS: WEST PALM BEACH 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 6:00 p.m.
Concluded at 8:17 p.m.

PLACE: Jane Thompson Memorial Chambers
Palm Beach County Government Center
301 North Olive Avenue
West Palm Beach, Florida

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

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

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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 evening. I would like to call
3 this hearing to order.

4 Counsel, will you read the notice.

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: I would like to welcome you all to
10 the service hearing. My name is Braulio Baez. I'm the
11 Chairman of the Public Service Commission. With me today are
12 Commissioner Lisa Edgar on my far left, Commissioner Rudy
13 Bradley on my left, to my right is Commissioner Terry Deason.
14 We also have Mr. Cochran Keating, who is a staff attorney with
15 the Florida Public Service Commission, and Lisa Draper with the
16 Commission staff, as well.

17 Briefly, I will go over the rules of the game, if you
18 will. The purpose of our meeting today is to take public
19 comment on Florida Power and Light's quality of service and
20 also comment on the company's petition for a base rate
21 increase.

22 As you were walking in, you should have seen a table
23 out front, in front of the door. Mr. Dick Durbin, who is also
24 with our PSC staff, is out there, and they have several -- they
25 have sign-in sheets for those of you that want to give public

1 comment before the Commission. They also have several
2 brochures and other information that may be useful to you as
3 consumers. I urge you to please pick some or all of them up as
4 you exit today.

5 You also have a blue brochure -- Commissioner Deason,
6 can I impose on you to -- we have a special report in blue
7 today. This has a brief summary of the company's petition for
8 a base rate increase. It includes information that will be
9 useful in order for you to evaluate what the company is asking
10 for. It also has contact numbers.

11 And most importantly for those of you who may wish to
12 comment on the petitions, but don't want to give public
13 testimony today, there is on the last page a space or a form,
14 if you will, to enter written comments. These comments you can
15 leave with Mr. Durbin as you exit. If not, you can take them
16 home with you, write them up, and you can fax them to the
17 Commission, you can mail them to the Commission. And the PSC
18 also has a web site available to the public, and you can also
19 enter comments on the docket electronically, and they will all
20 be placed in the correspondence side of the file and will be
21 available to the Commissioners as they deliberate on the
22 petitions.

23 We are going to open up briefly with opening remarks
24 by the company. I believe they have a few minutes of remarks
25 to give. Also, Mr. Beck of Public Counsel is here with us

1 today. He represents the citizens on this docket. And, also,
2 Mr. Twomey, who is standing in the back over on my left also
3 representing AARP. They will also be giving brief comments.

4 After that we will swear in those of you that want to
5 give testimony, and we will start taking comments. I urge you
6 to be respectful of others that are in line behind you, but
7 certainly say what you have to say. And the three Bs, be
8 brief, be brilliant, and begone. I'm kidding about the begone.

9 In any case, Mr. Bryan, do you want to lead off?

10 Thank you.

11 MR. BRYANT: Thank you, Mr. Chairman, Commissioners,
12 staff. Good evening. My name is Patrick Bryan, and I'm an
13 attorney for Florida Power and Light Company. In a moment you
14 will hear from the President of Florida Power and Light
15 Company, Armando Olivera, who will make a brief presentation to
16 the audience and to the Commission.

17 But first I wanted to inform any customers that we
18 have out in the audience that we have a room full of customer
19 service representatives available to meet with you. They are
20 located, I believe, on the 12th floor of this facility. They
21 are available to meet with any customer who has a question
22 about his or her bill or a problem or issue with the customer
23 account or bill service. They do have on-line computer
24 terminals, so they can access account information immediately,
25 and they will do their best to resolve whatever issues there

1 are here tonight, if that is possible.

2 I would encourage any customer who has such an issue
3 to take advantage of this. We have also in the back of the
4 room Ms. Marlene Santos, FPL's Vice President of Customer
5 Service, and if you go see her, she will direct you to the
6 customer service representatives.

7 So at this time I would like to introduce the
8 President of FPL, Armando Olivera.

9 MR. OLIVERA: Thank you, Pat. Thank you, Chairman
10 Baez and Commissioners for the opportunity to say a few words
11 to our customers, but also to hear their questions and their
12 concerns and support, as well.

13 We know that there is never a good time to ask for an
14 increase in base rates because no one wants to pay more for
15 electricity, and yet everyone wants and needs reliable electric
16 service. An increase in base rates is necessary because our
17 customer needs are growing, and we, at FPL, have the
18 responsibility to plan for the future so we can continue to
19 provide reliable electric service.

20 The last time we asked for a base rate increase was
21 1984. And some of you, as well as I, remember that is when the
22 cost of a postage stamp was 20 cents and a gallon of gas was
23 about half the cost of what it is now. During this period the
24 cost of living has gone up more than 80 percent, increasing the
25 cost of raw material and labor that we use to provide you with

1 electricity. But FPL's base rates have actually been reduced
2 not once, not twice, but three times for a total reduction of
3 16 percent. Keep in mind that when we refer to a base rate,
4 that is about 44 percent of your bill. This is the cost to
5 produce and deliver electricity, and this is the piece that we
6 are talking about today.

7 Unfortunately, as we brought base rates down, the
8 fuel costs has more than doubled. If you have been to the gas
9 pump, you have seen it for yourself. Fuel charges are passed
10 on directly to the customers at cost, and we are working hard
11 to keep them as low as possible. But fuel charges have
12 increased electric bills across the country and this is the
13 primary reason why your electric bills are higher today.

14 The increase in base rates that we are seeking for
15 2006 would add about three to four dollars a month on an
16 average residential bill. Even with this increase, though,
17 your base rates will still be lower than they were in 1985.

18 But let me just briefly tell you what this increase
19 covers. First, more than half of the \$430 million increase we
20 are requesting in 2006 will go towards investing in new power
21 plants to meet our customers' growing demand for electricity,
22 investing in our existing nuclear plants to assure their
23 continued safe and reliable operation, and expanding our power
24 delivery system.

25 Second, about one fourth of this request, or about

1 \$100 million will be used to increase the annual contribution
2 to our storm fund to ensure that your power is restored as
3 quickly as possible after a hurricane. Remember, this is
4 Florida and the weather forecasters are predicting an active
5 storm season. We have to be ready.

6 Third, the rest of the increase will go toward the
7 cost to comply with regulatory policy to form a regional
8 transmission organization in Florida.

9 Looking ahead, we are also requesting an annual
10 increase of \$123 million in mid-2007 for a new 1,100-megawatt
11 power plant.

12 Bottom line, what this increase is about is reliable
13 electric service for our customers, and that is the first
14 priority as an electric company. It is about meeting continued
15 customer growth. Florida is the third fastest growing state in
16 the nation. Recently we have been adding more new customers
17 than we have in years. Last year more than 100,000 new
18 customers signed up for electric service.

19 It is about meeting increased electricity usage. Our
20 customers are using nearly 30 percent more electricity than
21 they did in 1985. It is about the lights coming on when you
22 flip the switch and always being prepared so we can continue to
23 be ready whenever you need us.

24 Up till now, we have been able to make the necessary
25 investments to keep up with the growth while lowering the base

1 rates. We have invested billions of dollars over the past 20
2 years increasing our available power by more than 50 percent.
3 We were able to do this by improving the reliability of our
4 power plants, rebuilding some of our existing plants, and
5 adding new power capacity. At the same time, through our
6 industry-leading energy conservation programs, we partnered
7 with our customers to defer the need for ten medium-sized power
8 plants. We've also added thousands of miles of new power lines
9 and other electrical facilities necessary to deliver the power
10 to your homes and businesses.

11 It is true that more business brings more revenue.
12 However, the level of growth brings even greater costs. Using
13 new technology and being more efficient are simply not going to
14 be enough to support the investment required now. We are not
15 like most other businesses. We must be there 24 hours a day,
16 seven days a week delivering reliable power. That is how we
17 built our reputation, and we know that you are depending on us.

18 Reliability means that every day we commit to three
19 things: Number one, having an adequate supply of power; number
20 two, having a delivery system ready to meet growing demand;
21 and, number three, being prepared to effectively respond during
22 times of crisis, including hurricanes.

23 In closing, let me assure you that while we are
24 asking for a base rate increase, we will never stop trying to
25 cut costs. We will always look for ways to do our jobs better

1 to better serve you. We are going to do everything necessary
2 to ensure that Florida's electricity future remains bright,
3 because we believe strongly that both our current and future
4 customers deserve no less.

5 And I thank you for allowing me the opportunity to
6 speak.

7 CHAIRMAN BAEZ: Thank you, Mr. Olivera.

8 Mr. Beck.

9 MR. BECK: Good evening everyone. My name is Charlie
10 Beck. I'm with the Office of Public Counsel, and I want to
11 thank everybody for appearing here this evening. Customer
12 participation in these proceedings is very helpful and
13 important to the Commission as they decide the case.

14 Our office of the Public Counsel had has been
15 designated by the Legislature to represent your interest as
16 customers before the Public Service Commission and analyze the
17 cases that the investor-owned utilities bring before them and
18 present an alternative analysis and advocacy before the
19 Commission.

20 The four Commissioners here will be acting as the
21 judge in this case, and they will decide the case. There is
22 going to be an evidentiary hearing in Tallahassee in late
23 August and early September where the company will put on
24 witnesses, and we will put on witnesses, other parties will
25 also, and then the Commission is going to decide the case.

1 Now, in this proceeding, we have been, for the last
2 three months, have been working very hard to analyze the case
3 that Florida Power and Light has put on before the Commission.
4 We have hired experts in accounting, finance and depreciation,
5 affiliated transactions, revenue forecasting, to present a case
6 before the Commission. And we filed that testimony this past
7 Monday. And our analysis shows that not only should the
8 company not be asking for a rate increase, but there should be
9 a substantial rate reduction by the Commission.

10 I'm just going to briefly mention a few of the types
11 of issues, and there are probably at least 100 different issues
12 that the Commission will be called upon to decide, but let me
13 mention just a few of them.

14 One of the big ones is the profit level that would be
15 fair and reasonable for the company to earn. The company has
16 put in their request that they earn a return on their equity
17 investment, after taxes, of 11.8 percent. We have hired a
18 professor of finance from Pennsylvania State University, and it
19 is his opinion that 8.8 percent would be a reasonable return
20 for an electric utility. Now, that one issue is a difference
21 of \$300 million per year in the case. So, that is one aspect
22 of what we will put before the Commission.

23 The company is doing very well presently. They file
24 reports every month before the Public Service Commission
25 showing how much they are earning. Their most recent report

1 they filed to the Commission which was through the period
2 ending in April 2005 showed that they are earning 12.8 to 12.9
3 percent in their most recent report. On top of that, as you
4 heard earlier, their revenues are growing both by customers and
5 increased usage by customers. We think they are in a very good
6 position right now.

7 They have also asked for \$50 million as an incentive
8 or as a bonus for good performance in the past. We believe
9 they have already received that through the high earnings they
10 received. We also have looked at their projections, and they
11 show their expenses going up quite a bit more than they have in
12 the past, and we don't believe it is appropriate to give them a
13 \$50 million bonus, given those conditions.

14 They are asking for a change in policy by the Public
15 Service Commission on charitable contributions. Florida Power
16 and Light is active in the community, and it supports a number
17 of charitable organizations, which we believe, obviously, is a
18 good thing. But what they are asking the Commission to do is
19 to charge your rates for their charitable contributions,
20 something the Commission hasn't allowed in the past. And we
21 are arguing that a charitable contribution should be their own,
22 not from the customers.

23 There is a host of other issues. Depreciation, which
24 I talked about earlier. There is just a bunch of issues that
25 we have presented before the Commission. I will be arguing

1 hard on your behalf when we have the hearings. I will get to
2 cross-examine the company witnesses and present our own case.
3 So we will be trying to get the rate reduction that we think is
4 appropriate and fair. Fair to you as customers and fair to the
5 company in this case.

6 Again, I want to thank you all for your time.

7 CHAIRMAN BAEZ: Thank you, Mr. Beck.

8 Mr. Twomey.

9 MR. TWOMEY: Mr. Chairman, Commissioners, good
10 evening. Ladies and gentlemen, my name is Mike Twomey. I am
11 an attorney appearing on behalf of AARP Florida, on behalf of
12 their many hundreds of thousands of customers or members that
13 are served by Florida Power and Light.

14 I want to say, first of all, that AARP supports the
15 Office of Public Counsel, Public Counsel Harold McLean, and
16 Charlie Beck, who is the chief attorney responsible for this
17 case. We support them entirely in their observation and
18 recommendation to the Commission and their testimony that
19 Florida Power and Light Company's rates should not go up \$430
20 million a year, but rather should come down \$679 million a
21 year.

22 I'm going to touch on a few of the points that
23 Mr. Beck raised, but first I want to say you heard the
24 president of Florida Power and Light say they haven't had a
25 rate case -- complete rate case since 1984. I handled that

1 case as the chief electric lawyer for the Public Service
2 Commission when I was a far younger man.

3 And you may have asked yourself, watching the slide
4 presentation, how could the company go so long and not have
5 rate increases, but, in fact, have three reductions in their
6 base rates. And the answer I would submit to you is that in
7 1984 they were experiencing high costs of money. And the cost
8 of money, the company's profits, are one of the inputs this
9 Commission looks at in determining what the rates are that you
10 eventually pay. The cost of fuel which, as the president
11 pointed out, a complete flow through, the cost of labor,
12 insurance and the like. The cost of money was very high at
13 that point. It was about 15.6 as I recall, and rates were set
14 based upon 15.6 return on equity.

15 Thereafter, the cost of money throughout the United
16 States, including Florida, started to come down fairly
17 dramatically. The company almost without exception since that
18 year has been on the verge of overearning. And as a
19 consequence, the Office of Public Counsel, primarily, and other
20 consumer groups have come in over the years, looked at the
21 profits. The Public Service Commission has looked at their
22 profits and they were bordering on excessive. And they all
23 said maybe we should reduce rates. And the company, to their
24 credit, in most cases agreed and the reductions were there,
25 three reductions.

1 Now, this case is about a lot of money, and, again,
2 it is about the cost of money. As Mr. Beck told you, the
3 utility is asking for 11.8 percent return on equity. All the
4 consumer groups think that is substantially too high. If you
5 have a passbook savings account, if you have CDs, if you have
6 money market accounts, and so forth, you don't earn anything
7 close to that. If you earn half of that you are lucky. So the
8 cost of money is too high. And the \$430 million they are
9 asking to increase your rates by annually, as Mr. Beck said, if
10 you go from their expert's number to the Public Counsel's
11 number it comes down \$300 million.

12 In addition to the cost of money, they are allowed to
13 receive only their necessary, prudent, and reasonable costs of
14 the expenses they have for producing electricity. One of the
15 major items they are requesting in this case is \$104 million a
16 year for expenses supposedly related to what is called the
17 regional transmission organization. The same slide show, I
18 think, said it was federally mandated. The Public Service
19 Commission has not yet approved that or required Florida Power
20 and Light's participation. We think, AARP thinks and the
21 others think that that expense doesn't exist. It can't be
22 proven; and, therefore, shouldn't be in your rates. That is
23 another \$100 million.

24 Mr. Beck pointed out the company wants half a
25 percentage point on its return on equity, or another \$50

1 million as a reward for providing excellent service. AARP is
2 not going to argue about the quality of service. Although any
3 of you out there individually have problems during the storms
4 or subsequent or prior to that, please speak up. Our concern
5 in this case is money and the rates they are seeking for that.
6 Now, statutorily we believe they have an obligation to provide
7 you with efficient reliable service. They shouldn't get an
8 extra \$50 million a year for that.

9 Mr. Beck mentioned the depreciation passover. There
10 is a huge amount of money, even by the company's own books,
11 that shows they've collected what is called a surplus in the
12 depreciation reserve by their own number of \$1.6 billion. When
13 they have had deficiencies, or not enough money collected from
14 you in the past, they come to the Commission and they typically
15 say we are empty in this pot, in this reserve, and we need to
16 make it up from the customers. We need to make it from three,
17 to four, to five years, and they have collected that, in fact.

18 What the customers are saying in this case is that
19 what is good for the goose should be good for the gander, and
20 the 1.6 million -- or billion, with a B, should be credited to
21 the benefit of customer rates in five years to ten years. They
22 want to do it over the course of about 20 years or more.

23 So, another point he mentioned, the Commission since
24 the early or mid-1980s has decided that when you give to
25 charity and you use someone else's money, it is not

1 particularly charitable. And they decided back then that all
2 the regulated utilities could not include in your rates
3 charitable contributions. And it has been that way since the
4 earlier to mid-'80s.

5 Now, the company wants to change that now and go back
6 to making the retirees, or the people that AARP represent or
7 has as its members and other people, irrespective of their
8 incomes, pay for their charities. We are not opposed to the
9 company being a good corporate citizen and supporting charity,
10 the symphony, and things of that nature. It should come out of
11 the shareholders' dollars.

12 Lastly, I want to say that this rate increase, which
13 they variously describe in terms of three to four dollars a
14 month and a certain percentage. We think the percentage is
15 understated, because they've shifted over the years. If you
16 watched those slides, they shifted more and more of their
17 revenues to what are called recovery clauses, the fuel
18 adjustment clause, conservation capacity clause, and that kind
19 of stuff that they get 100 percent of the recovery and for
20 which there is absolutely no risk. The relative lack of risk
21 and reduced risk of this company over the years to suggest on
22 equity that they require a lower number. Okay.

23 But this is not just in isolation, and it is not just
24 three or four dollars. You may hear some other customers out
25 there that will say three or four dollars is nothing. It is

1 the cost of a cup of latte, and this kind of stuff. Of course,
2 that is not true for a lot of low income, fixed income people.
3 And, additionally, it is not the only increase they are hitting
4 you with. January 1st this year there was a substantial
5 increase in the fuel adjustment charge you all pay monthly due
6 primarily to the increase in the cost of natural gas.

7 Additionally, they have come in and asked the Public
8 Service Commission for \$533 million of hurricane storm damage
9 costs that they have not recovered yet. That has not been
10 decided yet. But based upon the decision the Public Service
11 Commission made just last week in the Progress Energy case, it
12 is highly likely they will get 93 percent of that money, and
13 you will pay for it through \$3, \$3.09 per month over the course
14 of three years. One hit, two hits. They are asking for a
15 third hit now. AARP supports the Public Counsel in saying that
16 they not only should get nothing in base rate increases, but
17 the rates should go down substantially.

18 Thank you.

19 CHAIRMAN BAEZ: At this point, ladies and gentlemen,
20 all of those that did sign up to give public testimony, would
21 you stand up and raise your right hands.

22 (Witnesses sworn collectively.)

23 CHAIRMAN BAEZ: Mr. Beck, before you begin calling
24 witnesses, I wanted to recognize Representative Booker who is
25 here, and ask her if she has any comments before we get started

1 with the public comment.

2 No? Thank you, ma'am.

3 And next I would like to call Commissioner Charles
4 Falcone. Welcome, sir.

5 CHARLES A. FALCONE

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. FALCONE: Mr. Chairman, Commissioners, Commission
10 staff, ladies and gentlemen, my name is Charles Falcone, and I
11 appreciate the opportunity to present testimony in this
12 proceeding. I have a written statement with me, and I ask that
13 it be included in the record. A number of copies are available
14 here, and you have already received a few of them. It is
15 pretty short, and I will paraphrase it very briefly tonight,
16 recognizing that there are many, many who want to testify
17 tonight.

18 I speak on behalf of the Town of Jupiter Island,
19 where I serve as a Commissioner. I am also a former senior
20 officer of American Electric Power Company, a large Columbus,
21 Ohio-based electric utility, and now I'm retired. I hold a
22 doctorate in electric power engineering from Rensselaer
23 Polytechnic Institute. I spent my entire career in the
24 electric power industry in such areas as wholesale power
25 markets, transmission policy, transmission service marketing

1 and system operations.

2 First of all, I want to thank the Public Service
3 Commission and its staff for its support for our town's
4 endeavors to replace its overhead electric distribution lines
5 with underground cables. And, also, I want to thank FPL's
6 staff for working with us currently to take the first steps
7 towards achieving this goal.

8 Tonight I would like to address certain aspects of
9 the public interest in connection with FPL's petition for a
10 general rate increase, and particularly the right of a
11 community to own its own distribution lines, if that community
12 is willing to construct and pay for them. I'll establish the
13 relationship between these two seemingly diverse topics, a
14 Commission-authorized rate increase on the one hand, and
15 distribution line ownership on the other hand. The nexus, if
16 you will, to establish the relevance to today's hearings.

17 If the state finds the utility's arguments for a rate
18 increase to be compelling, then it should grant it. But since
19 the utility is a monopoly, it should also assure that the
20 utility does nothing to impede any alternatives a customer may
21 have to secure other power supplies. Or, stated differently,
22 in support of the public interest, the state should do what it
23 can to assure that the monopoly utility doesn't put any
24 barriers in the way of customer choices.

25 Now, on the issue of the rate increase, I will be

1 politically incorrect and say I support it. I'm in favor of a
2 rate increase, particularly for FPL's expansion of capacity and
3 particularly its generating capacity. Florida is growing.
4 They have got to keep generation in pace and up to speed with
5 the increased load.

6 Now, I think you should look at all of the load in
7 the region and all of the capacity, not just FPL. Including,
8 for example, merchant power plant capacity seeking competitive
9 sales in Florida. You should seek not only to avoid a regional
10 shortage of capacity, that is very important, but also to avoid
11 any substantial excess capacity in the region. And, of course,
12 this is not an exact science. It calls for your judgment.

13 What does this have to do with the town's ownership
14 of distribution lines? Bear with me for just another moment,
15 and I will explain. For most of its history the power industry
16 was a natural monopoly. An electric utility didn't need to
17 take any particular actions to ensure its monopoly, because it
18 was natural, it came naturally.

19 After around 1980, with the industry now in a mature
20 state, the natural monopoly began to erode. For example,
21 merchant power plants developing into a significant business
22 sector and wholesale competition flourished. Now, I'm not
23 talking about retail competition which does exist in the United
24 States and other states around the world, I'm talking about
25 wholesale competition. It is alive and well in Florida. It

1 could be more vibrant and weller in Florida than it is now.
2 And here is the point: If a town owns its own electric
3 distribution grid, it has the practical capability and the
4 legal right to participate in the wholesale electricity market.

5 Once a town owns its electric distribution system, it
6 can readily, if it chooses to, become a municipal electric
7 utility. Today there are thousands of municipals and co-ops
8 across the United States, and a good number in Florida. Most
9 of them don't own generation. They rely on the wholesale power
10 market. RTO would be an enhancement of it, of the transmission
11 grid to serve that, and buy electricity via the transmission
12 grid, which today is an open access common carrier, regulated
13 federally.

14 But it is not a simple matter for a town to achieve
15 ownership of electric lines. First of all, its citizens have
16 to agree and decide they want to do that. There needs to be
17 some very good reasons. In most cases where it has come about,
18 it has come about as a result of the community's frustration
19 and disapproval of the utility.

20 Here in Florida, though, an entirely new theme is
21 emerging. The desire of a town or a community to replace its
22 overhead lines with underground cable. This is unheard of
23 around the country. It's very rare, and it is still rare in
24 Florida, but there is a growing interest in it. The reason for
25 the growing interest I won't elaborate on at this point, but

1 let's just say that the hurricanes are a very big factor.

2 If a town finds that its residents are interested in
3 replacing its overhead lines, existing overhead distribution
4 lines with underground lines and underground cables, then by
5 virtue of this replacement, it has the potential to achieve
6 that ownership of the facilities, normally the most difficult
7 hurdle in forming a municipal utility. And it comes from this
8 nontraditional reason. We, at Jupiter Island, find ourselves
9 in exactly this situation.

10 We do not -- and we want to make it perfectly clear
11 that we are not unhappy with FPL. We want to continue to do
12 business with them. Further, we are not eager to form a
13 municipal electric utility. Still, if it is necessary for us
14 to pay the full cost of a new underground electric distribution
15 system, to achieve our objectives we are willing and able to do
16 that. If it is necessary for us to pay up front the full cost
17 of that, does it make sense, then, for us to give up ownership
18 of this facility with nothing in exchange to the regional
19 utility? Shouldn't we have the right to prudently retain the
20 ownership of that facility in the face of an uncertain future?

21 Now, for these business reasons, which I will
22 elaborate on in my testimony, FPL has a single procedure. It
23 is one that supports the monopoly utility model. It is one
24 that after the end of the day, the utility owns the underground
25 cables, just as it owns the overhead distribution lines today.

1 We don't have a choice. We have one business model. It is one
2 that happens to enhance a utility's market power. They say it
3 is necessary for the utility to own the facilities so it can
4 maintain them. Since when is it necessary to own a facility in
5 order to maintain it? I can appreciate the utility's desire to
6 own all the wires. After years of employment with a large
7 monopoly utility, all the benefits and merits of this condition
8 are very evident to me. But this is why the regulator has an
9 important and distinct role.

10 How about the customer? If he has to pay for the
11 facilities up front, shouldn't he have the option of owning
12 them? Part of the public utility theory has always been the
13 notion that consumers can't afford to build their own
14 facilities, and that's why the state permits a regulated
15 monopoly to provide the essential services, and the customers
16 pay for those services in the long run. But under FPL's model
17 of service, a customer has to pay all of the costs up front for
18 underground facilities, yet he doesn't get to own the lines.
19 Something is wrong here.

20 This brings me to my point. The Commission should
21 take steps to assure that the utility does not put procedures
22 in place to assure that they are the only game in town. It's
23 in the utility's interest to firm up and assure its monopoly
24 with whatever procedural and institutional apparatus it can
25 muster. The public interest is to reject that and enable

1 customer choices wherever they are possible.

2 So please reject the notion that there is only one
3 model, a monopoly model for electric service. Please condition
4 your approval of FPL's rate increase on a utility's initiative
5 to revise its procedures to provide flexibility and to permit
6 customer ownership of distribution facilities. In other words,
7 we favor a rate increase for FPL. We trust that you will make
8 the right decision on how large that should be. We also ask
9 that you take this occasion to level the playing field for a
10 municipality like ours.

11 Thank you for your consideration.

12 CHAIRMAN BAEZ: Thank you, Commissioner.

13 Mr. Beck.

14 MR. TWOMEY: Mr. Chairman.

15 CHAIRMAN BAEZ: Mr. Twomey, you had a question?

16 MR. TWOMEY: Yes, sir, I do, if I may.

17 Commissioner, Mike Twomey for AARP. As the former
18 executive of a major electric utility, you recognize, don't
19 you, that this utility has the burden of proof to show the
20 reasonableness and prudence of its requested expenses in this
21 rate case, do you not?

22 MR. FALCONE: Sure.

23 MR. TWOMEY: Okay. So would you agree with me that
24 for Florida Power and Light to get the requested increase from
25 this Commission they have to demonstrate that all the expenses

1 requested and revenues requested are reasonable and necessary
2 to include the purpose of beefing up their generation --

3 MR. FALCONE: Yes, sir. My comments are just in
4 general principal. I'm not suggesting any short-cutting of the
5 normal procedures in evaluating and proving a case.

6 MR. TWOMEY: Yes, sir. I only asked you because you
7 said you would be politically incorrect in speaking in favor of
8 it. But I wanted to assure that you meant only if the
9 Commission found the company proved its case.

10 MR. FALCONE: I trust that the Commission is guarding
11 the public interest and it will weigh the evidence carefully
12 and make a decision appropriately.

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

14 CHAIRMAN BAEZ: Thank you, Commissioner.

15 Mr. Beck, will you call the next witness?

16 MR. BECK: Thank you, Chairman Baez. Our first
17 witnesses are Stephen Knop and John Knop.

18 STEPHEN KNOP and JOHN KNOP
19 were called as witnesses on behalf of the Citizens of the State
20 of Florida and, having been duly sworn, testified as follows:

21 DIRECT STATEMENT

22 MR. S. KNOP: My name is Stephen Knop, and this is my
23 father, John Knop. We have a small business that represents
24 other customers, we manage their electric utility bills. And I
25 have put together an example which we passed out to the

1 Commissioners here.

2 On Page 2 we just took an example. We took the May
3 to -- or the April to May bill. And under that month they
4 used, total kilowatt hours, they used 5257 and a demand of 23.
5 And under the current rates they paid \$532.21. Under FPL's new
6 proposed rates it would pay \$632.21, an increase of \$100 a
7 month. There are many small businesses in this rate category,
8 and they face similar increases, which is almost -- in this
9 particular bill, it's an increase of almost 19 percent.

10 The majority of this increase comes from FPL in the
11 past only charged for the kW above the first ten. Now they
12 want to charge for the entire kW, the demand on the bill.
13 There is also -- some of that increase comes from the base
14 increase in the kilowatt hour charge.

15 On Page 3 we put together for the same customer the
16 actual usage history from June of 2003, and it also shows --
17 that's the actual history. On Page 4 it shows the increase
18 under the proposed rates Florida Power and Light is seeking.
19 You can't do direct comparison because the rates have changed
20 over the past. They do rate increases. But if you look from
21 March there was a rate increase in February, February 15th of
22 this year. So if you look at March forward, you can see the
23 bill increases in March of 24.71 percent, in April of 21.19
24 percent. In the case I just stated that was 18.79 percent.

25 MR. J. KNOP: The reason that the percentage increase

1 is not constant is it depends on the ratio between the kilowatt
2 hour usage and the demand of a particular month. If they are
3 using more kilowatt hours, the percentage of increase doesn't
4 appear as large, but it is just a matter of the ratio between
5 the two.

6 MR. S. KNOP: Recently, Florida Power and Light has
7 increased their bills. All of the increases in the past that
8 are shown on this example are from fuel adjustments. And the
9 percentage I gave you does not even include future fuel
10 adjustment increases, which they are also going to seek because
11 fuel rates keep rising. So the only thing we are looking at
12 right now is base rates of almost 25 percent on this particular
13 customer per month without any fuel adjustments.

14 And that's not the only increases that they are
15 seeking. On the last page of the summary are rates and
16 charges. I got that from FPL's web site. And small businesses
17 aren't the only ones that are going to be hurting from this
18 increase. Across the board, FPL wants to level out the rates
19 they charge for all of their demand customers. In the past the
20 larger the customer, the more kilowatt hours they used, they
21 received a benefit of paying less per kilowatt hour. Just like
22 anybody else, I guess, the more you buy, the less you pay for
23 it. It is like bulk, bulk buying, like Costco or Sam's or
24 whatever.

25 Let's see. Under the GSD rate, the base energy

1 charge goes from 1.369 cents to 1.502. There is a benefit to
2 move the GSLD customer because they could get -- under the
3 current rates they could get their rates reduced from 1.369
4 cents to 1.083 cents. And, again, FPL wants to increase that
5 one to the same amount, 1.502 cents, and it goes on and on.
6 GSLD-2, GSLD-3, they want the same increase. They want the
7 same across the board. Whereas, before they were receiving a
8 benefit for purchasing more electricity.

9 Also, they want to increase the customer charge
10 drastically under the GSLD-1 rate. They want to increase the
11 customer charge from \$38.12 a month to \$150. That is a 294
12 percent increase. Under GSLD-2, they want to increase the
13 customer charge from \$158.05 to \$350. That is a 121 percent
14 increase. And under GSLD-3, the current customer charge is
15 \$371.88, and they want to increase that to \$1,600.10 a month.
16 That is a 333 percent increase. Also on their rate sheet it
17 says on the GSD-1 rate the demand charge up to 10 kW there was
18 no cost. In excess of 10 kW, they charge \$5.81. Under their
19 new proposed rate they only charged \$5.81 for all kW used by
20 the consumer.

21 That \$5.81 is not the only demand charge. There is
22 also included in that demand charge, a capacity charge of
23 \$2.51. The total demand charge the customer will be paying for
24 the extra 10 kW is \$8.32 plus taxes, which comes out to
25 approximately \$100 a month for a customer. And that does not

1 even take into account the kilowatt hour increase they are
2 seeking also.

3 MR. J. KNOP: I just wanted to add that we represent
4 a large number of small businesses in the Florida Power and
5 Light territory, and the example that he gave you here is a
6 typical example. Many, many of our clients will face this
7 major increase, major hit on their profitability.

8 MR. S. KNOP: The names and the utility numbers were
9 removed from this bill because of a confidentiality agreement
10 between us and our customer. But if needed, we could contact
11 our customer if we need to verify the information, and I'm sure
12 they would not be opposed to us trying to keep the rates as
13 they are at least, if not, get them reduced as other people are
14 seeking.

15 Thank you.

16 CHAIRMAN BAEZ: Questions?

17 MR. BECK: Yes, I have a few questions.

18 But let me first apologize for mispronouncing your
19 name, and anybody else I do that to.

20 You have analyzed a rate -- the first one you did was
21 GSD-1, is that correct?

22 MR. S. KNOP: Yes.

23 MR. BECK: And could you just generally -- that is
24 not residential subscribers?

25 MR. S. KNOP: That's commercial rates.

1 MR. BECK: And could you give an example of the types
2 of businesses or the size of businesses to which that rate
3 would apply?

4 MR. S. KNOP: The GSD rate, the GSD-1 rate could
5 apply to small businesses, but it also applies to anybody that
6 is up to 500 kW, which could include a building such as this.
7 But at this time we are only representing -- the increase
8 applies to everybody in that rate category, but the small
9 businesses are the ones that are hurting the most. As you can
10 see, the percentage of increase that it is going to reflect on
11 their bill is almost 25 percent a month.

12 MR. BECK: Okay.

13 MR. S. KNOP: The type of businesses we are talking
14 about is just regular businesses, like ice cream shops, quickie
15 stores, those types of businesses, restaurants, small
16 restaurants.

17 MR. BECK: And could you -- do you have an opinion
18 about the typical business that fits that category, what the
19 rate increase would be if Florida Power and Light's request is
20 granted?

21 MR. S. KNOP: At this level of kilowatt hours, we're
22 looking at a 20, 25 percent increase a month without fuel
23 adjustments.

24 MR. BECK: Thank you. That's all I have.

25 CHAIRMAN BAEZ: Thank you, gentlemen.

1 Mr. Beck.

2 MR. BECK: Pam Payne.

3 PAM PAYNE

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

6 DIRECT STATEMENT

7 MS. PAYNE: Good evening. My name is Pam Payne, and
8 I'm here in two capacities. Number one, I have been a resident
9 of Palm Beach County for 30 years paying electric bills, and as
10 the director of a not-for-profit, I'm here in support of
11 Florida Power and Light. They are reliable, they are
12 professional. They are great corporate citizens. As a
13 not-for-profit, we enjoy the leadership of several of FPL's
14 employees. And I'm not talking money. I'm talking leadership.
15 They are there with us in our cause, fighting heart disease and
16 stroke day in and day out, something we could not do without
17 them. They facilitate partnerships with us in educating their
18 employees on health and fitness. And it is a relationship that
19 is very near and dear to us.

20 The second one is reliability. I get great comfort
21 out of turning my switch and having the lights come on. We all
22 went through horrendous times during the last hurricane season,
23 and I remember sitting out on my street and listening at 8:00
24 at night and watching 30 electric trucks go by 24 hours a day,
25 seven days a week trying to get electricity to people. I was

1 fortunate. Our business was fortunate. We were down four days
2 the first time and two the second. But I want to know that
3 they are going to be out there giving us that same quality of
4 service.

5 On a personal level, I have an elderly, 85-year-old
6 mother that lives with me, and a sister who is on oxygen 24
7 hours a day. I think it's -- I know it's worth it to me to
8 give up a latte to have that service continue.

9 It is all about trust. I trust FPL. I also trust
10 the Public Service Commission to know that you are going to
11 take all the facts and come out with the best possible
12 solution. But as a public citizen, I'm totally in favor of the
13 rate increase. Most businesses don't go 20 years without a
14 base rate increase, and I'm very grateful to FPL.

15 Thank you.

16 CHAIRMAN BAEZ: Questions of Ms. Payne?

17 Thank you, ma'am.

18 Mr. Beck.

19 MR. BECK: Dennis Grady.

20 DENNIS GRADY

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

23 DIRECT STATEMENT

24 MR. GRADY: Good evening, Mr. Chairman and
25 Commissioners. Welcome back to Palm Beach County. It is good

1 to have you back again.

2 My name is Dennis Grady. I'm president of the
3 Chamber of Commerce of the Palm Beaches. We are the oldest
4 business organization in Palm Beach County. We were founded in
5 1913.

6 The base rate increase in front of you has been
7 explained by representatives of FPL. It is an increase that
8 hasn't occurred in over 20 years. The state of Florida is not
9 only a fast-growing state, but Palm Beach County itself, I
10 would like to comment, is one of the fastest growing counties
11 in the country. We need capacity. We need power. In fact, in
12 western Palm Beach County we are going to have a new FPL
13 facility constructed. This is absolutely essential to the
14 growth of our economic machine on the account of our
15 contribution to the economic growth of the state of Florida.

16 I think it is most appropriate for me to comment on
17 the quality of service that not only we as an organization have
18 received, but our members have. FPL has been very responsive
19 to requests to assist our businesses. They have made available
20 the expertise of their company management team to assist the
21 small and large businesses of our community, and have committed
22 themselves to providing us accessible, responsive, and
23 dedicated electrical service during the 20 years I have served
24 as president of the chamber of commerce.

25 Later on this summer you are going to wade through

1 the volumes of data from this side and from the other side with
2 regards to the technical matters of the base rate increase.
3 But today I want to leave you with one message and that is
4 simply FPL has been an excellent corporate citizen providing an
5 essential commodity to this business community.

6 Thank you.

7 CHAIRMAN BAEZ: Questions of Mr. Grady?

8 Mr. Twomey.

9 MR. GRADY: Mr. Twomey, good to see you again.

10 MR. TWOMEY: Good to see you again. Thank you.

11 CHAIRMAN BAEZ: I see you two have met.

12 MR. TWOMEY: It seems like deja vu, Mr. Chairman.

13 MR. GRADY: We just came across the street.

14 MR. TWOMEY: Yes, sir. Very quickly, did you have a
15 vote of your chamber approving you coming here speaking in
16 favor of the rate increase?

17 MR. GRADY: I came here to speak in favor of the
18 quality of service, and I'm authorized by my membership to do
19 that.

20 MR. TWOMEY: Now, is that --

21 MR. GRADY: We don't take a vote of the individual
22 1,800 members.

23 MR. TWOMEY: Yes, sir. But do you have a board of
24 directors?

25 MR. GRADY: Yes, I do, and I'm an executive.

1 MR. TWOMEY: And my question is not to the quality of
2 service issue, which I appreciate. But my question is are you
3 authorized by your board to come in and speak in favor of a
4 \$430 million rate increase?

5 MR. GRADY: I don't think -- unless I misspoke,
6 Mr. Twomey, I spoke about the quality of service. The rate
7 increase itself, we feel satisfied that the Public Service
8 Commission will evaluate it and act upon it appropriately. I
9 haven't evaluated the application, nor has a committee, or our
10 board of directors have in detail.

11 MR. TWOMEY: I apologize. I thought I heard you
12 speak in favor of it. Pardon me.

13 CHAIRMAN BAEZ: Mr. Beck.

14 MR. BECK: Jason Myers.

15 JASON MYERS

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

18 DIRECT STATEMENT

19 MR. MYERS: Chairman, Commissioners. My name is
20 Jason Myers. I am a -- I don't have a Master's degree or any
21 particular background in this, but I came as a public citizen
22 to speak first off on the phenomenal service and the phenomenal
23 reputation that this community has -- or that Florida Power and
24 Light has in this community.

25 As Ms. Payne was saying earlier, you had to be here.

1 And I don't know how many of you have relatives down here, but
2 you had to be here to witness the hurricanes that came through
3 and the devastation and the amount of hard work and unselfish
4 labor that thousands of people were putting in from Florida
5 Power and Light. I would like to publicly, on behalf of a
6 number of people, thank Florida Power and Light for everything
7 they have done.

8 As Mr. Grady said, I think the reputation of Florida
9 Power and Light is unparalleled. And I really am emotional
10 about this just because I hear so many people speaking
11 negatively about things that maybe they don't completely
12 understand. And I encourage people to educate themselves,
13 trust in the Commission, trust in the people that are providing
14 the information to you, and go out and make informed decisions.
15 Don't just believe everything that you read in the newspaper.
16 Go out and ask the people that were fixing the light poles for
17 16-hour days for weeks on end, you know, whether their power is
18 on or not.

19 The rate increase, looking at the data, granted I
20 haven't done that much research on it, but it seems kind of
21 naive to think that you can't have a rate increase on something
22 after 20 years of not having one.

23 I would like to thank the Commission and encourage
24 you all to support this increase.

25 CHAIRMAN BAEZ: Questions of Mr. Myers?

1 Thank you, sir.

2 MR. BECK: Willie Dublin.

3 WILLIE DUBLIN

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. DUBLIN: For the Commission, my name is Willie
8 Dublin. I live in Delray Beach, Florida, which I've lived
9 there almost 60 years and I never have had a problem with FPL.
10 I have always been satisfied with their company, with the
11 efforts they have put forth. I have seen many hurricanes
12 during my living in Florida, but -- yes, the power went off
13 sometimes, but FPL was always there to put the power back on.
14 They always was there. They did their part. I cannot live
15 without the power, and I am for this increase. I am for FPL.

16 Thank you.

17 CHAIRMAN BAEZ: Questions of Mr. Dublin?

18 Thank you, sir.

19 Mr. Beck.

20 MR. BECK: Bruce Daniels.

21 BRUCE DANIELS

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. DANIELS: Good evening. Thank you for allowing

1 me to appear here. I'm Bruce Daniels. I'm here representing
2 AARP.

3 I want to start by -- I heard the statements which
4 were made to the audience by Public Counsel, by Mr. Twomey for
5 AARP. I stand behind them. I'm not going to argue nor am I
6 going to repeat them.

7 Dealing in the public interest as I have for many
8 years, I am aware that we have utilities that serve as
9 monopolies within limited areas and provide service. That
10 service is not overlooked, is not depreciated because we are
11 here. That service is not the issue. The service has been
12 good. But we have you as the trustees of the public interest.
13 We have you to consider and be concerned about the fair rate
14 that should be charged to the consumer. And that is the real
15 point that I'm trying to make here.

16 This is not an adversary proceeding with FPL on one
17 side and the consumer on the other. This is a matter of good
18 electrical service being provided at a reasonable rate that is
19 fair to everybody. What I hear about rates being charged so
20 that we can return 11.8 percent on equity, I want that
21 investment, I really do, but I don't want to have to pay for
22 it, either. So I've got to turn to you and say we want fair
23 and equitable rates. And we want it done so that the consumer
24 will be fairly served and fairly charged, and that is what I
25 ask from you.

1 Thank you.

2 CHAIRMAN BAEZ: Thank you, sir.

3 Mr. Beck.

4 MR. BECK: Gary Hines.

5 GARY HINES

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. HINES: Good evening, Mr. Chairman,
10 Commissioners. My name is Gary Hines, a lifetime resident of
11 Palm Beach County. My occupation is economic development, more
12 specifically business recruitment, business expansion. I've
13 been doing that for 16 years. I have talked to many companies
14 that have considered -- some locating in Palm Beach County, of
15 bringing new jobs, high-paying jobs to the area, and also
16 assisting companies already in Palm County to expand.

17 There is a tremendous amount of competition around
18 the country for those companies that are candidates to relocate
19 and companies already here. Other states, other communities
20 are in our backyard, day in, day out, knocking on doors trying
21 to entice companies to leave this area. It is wonderful that
22 we have so many great tourism jobs, service sector jobs. I'm
23 not putting those down, but they are traditionally low-paying
24 jobs. They will not fuel the growth of this economy nor can
25 they stand alone and sustain this economy. We need to continue

1 as a community to attract high-quality, high-paying jobs to
2 this area.

3 One of the first questions I get from potential
4 customers, potential clients that are looking to relocate a
5 business and bring their jobs, make substantial investments in
6 this community, is can I get reliable, dependable utility
7 service if I move my manufacturing plant, if I move my
8 headquarters, if I move my call center, whatever, to your
9 community. We are getting inquiries now from states like
10 California that have gone through recent year's brownouts and
11 blackouts.

12 CHAIRMAN BAEZ: California is not moving here, is it?

13 MR. HINES: No, California is not moving here. But
14 there are companies that are, for various reasons, considering
15 expanding or relocating from California to this area.

16 Growth is going to happen whether or not we endeavor
17 to recruit companies here to do economic development. We
18 have -- it is no secret. We have got a great quality of life,
19 and people are going to continue growing. We're growing by
20 about 25,000 new residents, net increase, each and every year
21 here in Palm Beach County. We're approaching 1.3 million. As
22 has already been said, we're one of the fastest growing
23 communities in Florida and the United States.

24 Again, to sustain that economic growth, provide jobs
25 for my kids, my grandkids, and your kids and grandkids, we have

1 got to make sure that we are enabling the companies already
2 here and other companies that we want to see grow here and
3 relocate here, we have got to make sure that we have got the
4 business climate and the business infrastructure they need to
5 bring those jobs and bring those investments here.

6 I speak just as an individual, a lifetime resident of
7 Palm Beach County and, also, a customer of FPL. I ask the
8 Commission to give favorable consideration to this rate
9 increase.

10 Thank you.

11 CHAIRMAN BAEZ: Questions of Mr. Hines?

12 Mr. Twomey.

13 MR. TWOMEY: Yes, sir.

14 Mr. Hines, do you work for a government in economic
15 development?

16 MR. HINES: I work for a private, not-for-profit
17 economic development organization. The organization's name is
18 Business Development Board of Palm Beach County. I am the
19 senior vice president of business development.

20 MR. TWOMEY: And the other question I want to ask is
21 you mentioned that businesses seeking to perhaps come here ask
22 about reliability. Isn't it fair to assume they ask you about
23 price or cost, as well?

24 MR. HINES: That's a fair question. The answer is
25 yes. When I'm endeavoring to recruit companies from outside of

1 Florida, they have a matrix already prepared. They are
2 comparing Palm Beach County and South Florida in this case to
3 other states, other communities, and price is a consideration.
4 It is not the only consideration. As I said earlier,
5 dependability and reliability of service is also very important
6 to prospective companies.

7 MR. TWOMEY: Yes, sir. And, just lastly, if Florida
8 Power and Light could maintain its high degree of reliability
9 as it has in the past going forward without a rate increase,
10 wouldn't it stand to reason that it would be likely that more
11 businesses, small or large, would come here for reliability
12 without the increase?

13 MR. HINES: It is a valid question and a valid
14 argument. I don't have the facts at hand, though, to give a
15 qualified answer to that.

16 CHAIRMAN BAEZ: Thank you, sir.

17 Mr. Beck.

18 MR. BECK: Brian Edwards.

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

22 DIRECT STATEMENT

23 MR. EDWARDS: Good evening, Commissioners. Thank
24 you. My name is Brian Edwards. I reside at 629 Northeast 9th
25 Avenue in Boynton Beach, Florida, and I want to thank the

1 Commission for this opportunity to address the issue of Florida
2 Power and Light's request for a base rate increase, while doing
3 my very best to articulate to you my support for this request.

4 After reading some of the articles about this request
5 in the public notice for this meeting, I realized that this may
6 be the only opportunity to come forward in a venue such as this
7 to show my support. And I find all too often that more people
8 tend to show up to speak against any rate or taxing increase.
9 This is understandable and commendable, if people at least take
10 an interest in an issue. But simply saying it doesn't
11 necessarily reflect the views of many citizens like myself that
12 do all they can to understand the issues, and at the end of the
13 day realize this isn't an easy decision. Obviously, I am
14 preaching to the choir, so to speak, about that. But also it
15 is not an easy decision, I think, for FPL, and it shouldn't be
16 an easy decision for those of us that will be paying the bill.

17 However, I have come to the conclusion that even
18 though it isn't an easy decision, in my mind it is absolutely
19 the right decision. Quite frankly, in all that I have read, I
20 am impressed by the attempt of FPL's part to ensure myself and
21 all the citizens clearly understand the increase you are
22 considering is indeed the base rate.

23 As devastating as the hurricanes were, and they were,
24 and as incredibly high as fuel costs have risen, and they
25 probably will continue to be that way, there is a basic and

1 fundamental difference in funds associated with those costs and
2 increased rates that should not be negatively held against
3 FPL's request for a base rate increase. From a private citizen
4 that may sound a little elementary and maybe even a little
5 naive to some degree, but I don't think so.

6 My wife's uncle was born and raised in Palm Beach
7 County and worked for FPL for 30 years, and has been retired
8 for almost as many years. He is family, he is a neighbor, and
9 he has been active in the community in some fashion for as long
10 as anyone can remember. He shares his story as an FPL lineman
11 even in his late 80s every time we have a family gathering.
12 Ervin's story is multiplied times the hundreds, and I find it
13 amazingly commendable that FPL has not asked its customers for
14 a base rate increase for almost as many years as Ervin has been
15 retired from their company. Yes, that is a bit of a personal
16 story, but one that has teeth and goes a long way with me and,
17 hopefully, with this Commission.

18 I feel compelled to speak on behalf of FPL because it
19 is apparent to me that the leadership of this company has done
20 their homework over the years when it comes to taking care of
21 their customers, and not to mention their employees. They
22 planned ahead some 60 years ago, in just my example, to ensure
23 the least amount of dollars were paid by their customers and
24 they kept promises. They did this same thing 20 years ago, as
25 was pointed out by the attorney, and they stuck to their

1 commitment. I see this as another sincere planning evolution
2 for another customer generation to ensure our quality of life
3 is at the forefront of their mission.

4 Loyalty, ethics, and commitment are important
5 qualities to me in a company that serves the public, and
6 Florida Power and Light have exemplified these qualities over
7 generations, and reflect the epitome of what a good company
8 should be doing. Planning ahead at the lowest possible cost to
9 its customers, while still maintaining a high level of growth,
10 and Lord knows we are growing here in the state of Florida.
11 And outstanding customer service even under the worst of
12 natural disasters like no other in our state's history.

13 This is important to me as a taxpayer and certainly
14 as an FPL customer. FPL can do a great deal, and they do. And
15 I would hope I wouldn't have to break down to this Commission,
16 or certainly the public here this evening, the incredible
17 family and neighbor they are to the communities they serve.

18 But more importantly they have, as they have in the
19 past, been up front and visionary with what they are asking for
20 and exactly why. And all I know about FPL, both in a personal
21 fashion, professionally, and certainly as someone that
22 appreciates the importance of knowing where my dollars will go
23 when it is in the well-being of my family, and my community,
24 throughout and well thought out, I do not mind paying my fair
25 share when it comes to that well-being of my family and my

1 community, especially looking at the future growth of Florida.
2 FPL has earned my respect and my approval for this base rate
3 increase, and I hope that at the end of the day you will see it
4 as being in the best interest of this community and our state.

5 Thank you very much.

6 CHAIRMAN BAEZ: Questions of Mr. Edwards?

7 Thank you, sir.

8 Mr. Beck.

9 MR. BECK: Julia Shivers.

10 JULIA SHIVERS

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

13 DIRECT STATEMENT

14 MS. SHIVERS: Hello. I was here at the first meeting
15 during the day, so I'm back again.

16 Nobody has complained about how FPL did a good job
17 getting our electricity back on. That's not the issue. The
18 issue is the rates.

19 My family is a stockholder in FPL, and in their
20 report the stockholders only took a negative seven cent
21 deduction on their share, only 7, and they gave seven cents.
22 That's it. That is all that -- that is all that happened.

23 Whatever I make from FPL is going back to them in the
24 form of a electricity bill, which is higher than probably what
25 we make. In their report also, they say they have a

1 demonstrated track record of strong performance, and that's
2 great, that's wonderful. But they are the only company in town
3 that we have. If we had another company, what would the
4 competition be? What would their rates be compared to them?
5 It is not fair that they are the only person, the only company
6 in this county that we can rely on for our electricity. In
7 return they are the only one that they can rely on for us to
8 pay their electricity. So, yes, they are going to turn our
9 electricity on. Yes, they are going to keep it on after a
10 storm because they are going to generate money from that.

11 Also in their report it says although the hurricanes
12 clearly had a dampening impact on customer growth during the
13 later part of the year, the company is optimistic that the
14 effect will be moderate and not affect long-term growth. So
15 their growth -- they are saying because of the growth that we
16 have in this county, because of the hurricanes, that they need
17 to increase their rate. Well, if this -- they are saying that
18 it is not going to hurt them that much, so why the increase?
19 It is going to hurt us more than it is them.

20 As for their charity contributions, that is fine, but
21 we should -- that should come out of the profit. That should
22 come out of the shareholder, which I am one. And I don't mind
23 that coming out of our profits, but not out of my pocket that
24 I'm paying for electricity. Because what you are giving to the
25 community, I might not agree with. And everybody has to pay

1 what you want to give. That is not a charity. Your charity
2 might not be my charity. And we shouldn't have to pay for that
3 through our bills.

4 Everybody -- Monday is the Fourth of July. I hope
5 you all come out, because you are paying for the fireworks that
6 they are sponsoring.

7 Also, from the last meeting that we had, they have
8 bought two energy companies, over \$80 million, in other states.
9 That is 160 million. Why can't that go back into the reserve?

10 You know, being a company growing, that's great.
11 Everybody wants a company to grow. But a lot of these
12 companies, a lot of these businesses have stopped growing, have
13 stopped hiring, have stopped giving raises because of the
14 increase in the utilities and the increase of fuel. But these
15 people with FPL have bought two power companies in other
16 states, not even in this state. Why can't you just grow --
17 slow your growth a little bit until everything gets back to
18 normal and then start performing again?

19 As a shareholder, I'm concerned that what we make,
20 what you make -- you know, what I make I have to pay back to
21 you in my electric bill. As a shareholder, I don't agree with
22 this increase. I'm for my community. I'm for the people who
23 have kids that are going to college. They have had a rate
24 increase now in tuition, gas companies ask for a rate, phone
25 companies ask for a rate, and insurances are either getting out

1 of the state or they are asking for an increase. This is one
2 company that doesn't need the increase in rates. If they are
3 going to be growing, and they say it is not going to hurt them,
4 then they don't need this increase. They need to keep it or
5 cut it.

6 CHAIRMAN BAEZ: Questions of Ms. Shiver?

7 Thank you.

8 Mr. Beck.

9 MR. BECK: Ben Starling.

10 BEN STARLING

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

13 DIRECT STATEMENT

14 MR. STARLING: Hi. My name is Ben Starling. I've
15 been a resident of Palm Beach County for almost 20 years now.
16 I came here tonight just as a private citizen. I heard about
17 this, and looked into it.

18 You know, in my life when -- I look for different
19 things. I had the opportunity to travel across the country
20 every week. And I have been out west where they have had the
21 brownouts. And I don't know anybody in Palm Beach County, or
22 in FPL's territory, that would ever want to sacrifice
23 electricity the way the people in the other parts of the
24 country are having to do.

25 And when I think of service -- you know, somebody

1 mentioned FPL, they want good service. You know what, we are
2 here. We are in a hot community. We depend on electricity.
3 Everybody says electricity is a necessity, you know. We want
4 great service. And after the hurricane, the first hurricane, I
5 was without electricity for eight hours. The second time was
6 about 12 hours. And I tell you what, whether that equated to a
7 couple of dollars per month, I wouldn't care if it was \$100 per
8 month for what it was worth for me to have my electricity
9 turned back on.

10 When people think about rates and that sort of thing,
11 you know, what FPL invests back in terms of providing for the
12 growth of Florida, I guarantee you if any of the businesses
13 were asked out west and the west coast area how much they lost
14 every hour they were without electricity, it would be far more
15 than what they would be asked to pay on a monthly increase.

16 So I'm in favor of it. I have been very impressed
17 with what FPL has done for the community, as well as the state,
18 and how they are continuing to invest back, and it has my full
19 support.

20 Thank you.

21 CHAIRMAN BAEZ: Questions of Mr. Starling?

22 Thank you, sir.

23 Mr. Beck.

24 MR. BECK: Diana Johnson.

25 DIANA JOHNSON

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

3 DIRECT STATEMENT

4 MS. JOHNSON: Commissioners, I come here as a private
5 citizen of Palm Beach County to speak to the quality of service
6 as I believe was mentioned as one of the two reasons we are
7 here this evening. In my own experience as a customer of FPL
8 since 1989, the level of service my family and I have received
9 has been first rate quality.

10 During last year's storm season, my community,
11 Boynton Beach, suffered widespread loss of electric, just as
12 many other areas of the state. FP&L employees and trucks were
13 out immediately assessing damages and beginning repairs. Their
14 spokespeople were on TV and radio updating the public on their
15 progress constantly. Almost immediately they had staging areas
16 set up on the grounds of Boynton Beach Mall to help coordinate
17 hundreds of crews working 24/7 on the roads and in our
18 neighborhood to restore power. I believe FPL performed well in
19 response to the storm damages, as did many other agencies to
20 pull the communities back together and restore us to some
21 degree of normalcy.

22 I sincerely support their efforts and hope they
23 continue to build on and improve the resources available. If
24 we experience another horrific storm season, I believe FP&L
25 will be well prepared and ready to give us 110 percent again to

1 rebuild our communities.

2 The public trusts and relies on FP&L to provide
3 reliable electric service to keep our homes and businesses up
4 and running and to make our lives comfortable. I believe we,
5 as the public, take this for granted, because we have literally
6 grown up knowing and expecting that by flicking a switch there
7 will be light, there will be air conditioning, refrigeration,
8 television, and many other everyday conveniences dependent on
9 the power of electricity. FP&L has provided us with excellent
10 electric service, allowing us the confidence of knowing that
11 when we flick that switch there will be light. I would like my
12 children and my grandchildren to grow old expecting the same
13 high quality of service without giving it a second thought.

14 Please work with FP&L officials to ensure our future
15 is bright and that we were prepared for whatever disaster may
16 come our way. Let's not be penny wise and pound foolish when
17 planning for our future resources.

18 Thank you.

19 CHAIRMAN BAEZ: Questions of the witness?

20 COMMISSIONER BRADLEY: I missed the name.

21 CHAIRMAN BAEZ: Ma'am, would you state your name?

22 MS. JOHNSON: Diana Johnson.

23 CHAIRMAN BAEZ: Thank you, Ms. Johnson.

24 MS. JOHNSON: Thank you.

25 CHAIRMAN BAEZ: Mr. Beck, if you can hold on just one

1 second, I wanted to recognize Representatives Taylor and
2 Gannon.

3 Representative Gannon, do you have comments to make?

4 MS. GANNON: I will take my turn.

5 CHAIRMAN BAEZ: All right. Great.

6 If you can keep her in mind, Mr. Beck.

7 MR. BECK: Sure.

8 CHAIRMAN BAEZ: Thank you. Go ahead, call the next
9 witness.

10 MR. BECK: Jorge Goyanes.

11 MR. BALDINO: Good evening. My name is George
12 Baldino, and the last person, I hope -- got the wrong name?

13 MR. GOYANES: I think he said Goyanes, right?

14 MR. BECK: Yes.

15 MR. BALDINO: It's my fault.

16 JORGE GOYANES

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. GOYANES: Hi. I am George Goyanes, Chairman of
21 the Hispanic Chamber of Commerce of Palm Beach County. I am
22 also here as a small businessman and as a 23-year resident of
23 Palm Beach County. Thank you for the opportunity to speak with
24 you.

25 My organization is a partner with FPL. They are

1 wonderful with us, and they do wonderful things with our
2 membership. And I could not say anything better for them.
3 That is my speech as far as the chamber goes.

4 As far as an individual goes, look at us. We are in
5 air conditioning. We have suits on. We take this for granted.
6 I wonder if the tone of this meeting would be a little bit
7 different if it was, say, September. We'll never know.

8 Personally, during last September my home was in an
9 FPL area, and my business -- and Ms. Shivers, I believe -- is
10 she still there -- said there is no competition. My business
11 is in Lake Worth, and Lake Worth has their own utility company.
12 But the difference between the service of the two companies was
13 night and day. Hours on the phone with the power company for
14 my business and FPL was very there for me for my house.

15 There is competition, and we have it will real good.
16 FPL has gone above and beyond the call of duty. If I could
17 take my business and move it from where it is to an FPL
18 electric grid, I'd do it tomorrow. But I think the cost is a
19 little bit prohibitive.

20 Mr. Twomey, I'm really done. I don't know if you
21 have any questions from the prosecution. My board said I could
22 come over and give my two cents worth. Any questions?

23 CHAIRMAN BAEZ: Questions of Mr. Goyanes?

24 Thank you, sir.

25 MR. GOYANES: Thank you.

1 MR. BECK: Dave Randolph.

2 DAVE RANDOLPH

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. RANDOLPH: Good evening to the Commission. It is
7 my second appearance here on this same subject, and pretty much
8 I won't vary from what I said to you during my first
9 appearance.

10 I am a former Commissioner with the City of Delray
11 Beach, having served 14 years. I'm a former commissioned
12 officer, having served 12 years. I'm a former businessman of
13 the City of Delray Beach right there on Atlantic Avenue, having
14 served 15 years. I am community active. And I say that I have
15 served in that position well over 35 years, and that is the
16 time that I have been in Palm Beach County. I am a native
17 Floridian, having been born and raised in Hillsborough County.

18 And I'm a customer of FPL. That is something that I
19 have valued over the years, inasmuch as Florida Power and Light
20 and its service to the community in which I live, Delray Beach,
21 and the area in which I live. And I call that Midwest Delray
22 Beach, because I always told people if you drop a pendulum in
23 the center of Delray Beach, it would pretty much fall just
24 about on my residence. So I am pretty much central Delray
25 Beach.

1 Over the years, Florida Power and Light has been very
2 reliable in its service to my community, the community where I
3 live and the one that I can verify to an extensive amount as to
4 what their service has meant to those elderlies that live in my
5 community. There are a lot of people there with medical
6 problems that require oxygen, and the like, and thank goodness
7 for Florida Power and Light and its service, particularly after
8 the last hurricane season, getting that power back on as
9 quickly as possible.

10 Some of the people who have testified here today --
11 and AARP was here, and I'm a member of AARP and have been for a
12 number of years. But I seem to think that AARP should be
13 endorsing this effort, because when you -- my next birthday I
14 will be 70 years old, and that means a lot to me. I want to
15 know that at the time that I am physically unable to continue
16 my active walking in the morning of five miles and my
17 day-to-day going that I'm going to have a service unit that can
18 fulfill many of the needs that I may have at that time.

19 I told a couple of people after my last appearance,
20 well, you want a rate increase? No. I don't particularly want
21 a rate increase. But I do want the service, and if it comes
22 with a rate increase, then so be it. I tell people all of the
23 time, right now, today, if you see a Florida Power and Light
24 truck down on the streets, it's just another truck. Let us
25 have a hurricane with darkened streets, power outages in homes

1 and your community, and when you see that truck then, it makes
2 a great deal of sense that Florida Power and Light is out there
3 on the job, doing the job and trying to get that power back on
4 as quickly as possible.

5 I support the increase. And I know, Commission, you
6 have a tremendous job to do wading through all of this
7 testimony and everything else that you have to do to come up
8 with a decision. I surely hope that it is to assist Florida
9 Power and Light in this rate increase.

10 Thank you very much.

11 CHAIRMAN BAEZ: Questions of the witness?

12 Commissioner Bradley.

13 COMMISSIONER BRADLEY: I'll defer.

14 Mr. Beck.

15 MR. BECK: Marjorie Ferrer.

16 MARJORIE FERRER

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

19 DIRECT STATEMENT

20 MS. FERRER: Thank you, Mr. Chairman, Commissioners
21 and staff. My name is Marjorie Ferrer. I am a resident of
22 Delray Beach. I am the downtown coordinator for that
23 community, and for the past 13 years it has been my job to help
24 in a very big way with the redevelopment of our downtown.

25 Most folks don't think about power when they think

1 about downtown redevelopment, but it has been a huge part to
2 the quick turnaround of our downtown. Florida Power and Light
3 has played a leadership role in the redevelopment of downtown.
4 They have been sensitive to clean and safe efforts, planning of
5 the downtown, the perception of safety in a downtown. In
6 addition, they have played a leadership role in support of
7 special events, not just financially, but with guidance and
8 help, especially with workers that are not afraid to get up
9 when we start decorating the 100-foot Christmas tree that is
10 ten stories tall.

11 Florida Power and Light does play a leadership role
12 also in service and dependability. We have over 700 new homes
13 in the ground being built in our downtown. We know that when
14 those folks turn the switch their power will go on. There is
15 no question about that. We depend on Florida Power and Light.
16 They have been reliable and responsive to the increased needs
17 in our downtown, to walk with me with the light monitors in our
18 back alleys and making sure that we put the safe lights in
19 there for the perception of safety, so that whenever anyone
20 comes to visit our town or comes to a special event they are
21 not in the dark.

22 In terms of emergency response, my office had no
23 power outages in the downtown. The businesses that did during
24 the hurricane were back on immediately. My home was a little
25 longer, but we got our power back on.

1 Personally, I live in an 80-year-old house. Florida
2 Power and Light has helped my husband and I on many occasions
3 assess the home, plug the leaks where we can. We can't get
4 them all, but helped us to conserve electricity.

5 I do know that without power, special events would
6 not be possible. There would be no safe streets. The alleys
7 would have no lights. We would not have the largest Christmas
8 tree in the world that has 15,500 light bulbs on it, and our
9 downtown would have no lights.

10 While I don't necessarily want a rate increase, it is
11 unacceptable to reduce the level of service and dependability,
12 and I would gladly pay to not have that reduction. While I can
13 guarantee you that I don't -- I can't explain the difference
14 between a watt and a volt, I know that you all will make the
15 right decision on this. But it is critical to downtowns and
16 all of Florida and the growth that we are having.

17 Thank you.

18 CHAIRMAN BAEZ: Questions of Ms. Ferrer?

19 Thank you, ma'am.

20 MR. BECK: Representative Gannon.

21 ANNE M. GANNON

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 MS. GANNON: Good evening. How are you all tonight,

1 and welcome to Palm Beach County.

2 First, I want to say that I think FPL does do a good
3 job in some areas, but I don't think we got an A+ during the
4 last hurricane. I think there were a number of problems and
5 many of us as legislators listened to the comments from our
6 constituents. And I'm just going to go through a couple of
7 them.

8 I think that while I applaud the downtown area of
9 Delray getting their power on immediately or not going off,
10 eight blocks north of there where I live it was 12 days before
11 we got our power on. And with a sick husband that was not a
12 good thing, I will tell you.

13 I think we have a problem with our nursing homes. We
14 clearly do not know where they are located, although we have
15 begun to change that in the state of Florida to understand that
16 those are one of the first places that do need to go on. And,
17 yes, I understand there is a requirement that they must have a
18 generator on their facility. But that still will not run all
19 of their power so that those people who are 80 and 90 years old
20 that need service in those nursing homes get it. That is a big
21 problem in our districts.

22 I think we have another problem with the maintenance
23 around our power lines and the cutting of trees that has not
24 been done over a continuum period of time, and we are beginning
25 to see some of those changes, but we haven't seen enough of

1 those in our neighborhoods, particularly in our older
2 neighborhoods east of 95. A number of those trees still
3 protrude into the power lines, and they are dangerous
4 situations. And many of those people in those neighborhoods
5 understand they are, and that is actually the reason many of
6 their power was not repaired in a timely manner.

7 I think we need a better system to notify our
8 constituents about when their power is going to be turned on
9 and for them to actually understand when that is going to
10 happen. Because I continually called about my power, and I had
11 some contacts I could call to ask about my power, but it was
12 never a clear answer of when that power was going to be turned
13 on. And because I live in an older neighborhood east of 95, it
14 was one of the last neighborhoods to be turned on in my city
15 because of that, and I understand that. But somewhere we have
16 to get a better system to be able to notify people.

17 And I would question you at this time about any rate
18 increase. There are people in my district who do live on
19 Social Security, and two dollars a month combined with the
20 increase in gas prices that we have seen -- for all of you who
21 drive your car, I don't know about you, but my monthly gas bill
22 for my car has almost doubled. Well, it has more than doubled.
23 I would question you because we are probably on the curve of
24 getting a phone rate increase when the courts decide that
25 decision. So many of these people are on limited incomes, and

1 I think you need to be cognizant of that.

2 And the other issue I want to ask is this is not for
3 people that live in south Palm Beach County. Elderly people,
4 they are not going to get on 95 and come to a Public Service
5 Commission meeting, a public hearing. I believe that you
6 should have a hearing in south Palm Beach County. And I'm sure
7 the civic center could accommodate you. Because those people
8 will not get on the roads after 7:00 o'clock or 8:00 o'clock at
9 night, nor do you want them on the roads, on 95. Because the
10 road is very dangerous at this time with all the construction.
11 And just getting into West Palm Beach is like a puzzle today,
12 and I'm sure you noticed that.

13 I live here. It was a puzzle for me to figure out
14 which street was now open and how I got to the government
15 center. So I would request that you consider holding another
16 public meeting in south Palm Beach County. My office would be
17 glad to assist you with setting that up, because I think my
18 constituents in south Palm Beach also need the opportunity to
19 comment on the proposed rate increase.

20 Thank you.

21 CHAIRMAN BAEZ: Thank you, Representative. We will
22 try and work with your office to see if we can accommodate your
23 request. But to the extent that we can't, we will try and work
24 out some alternatives to try and get the constituents input as
25 much as possible.

1 Mr. Beck.

2 MR. BECK: Thank you. Representative Vana.

3 SHELLEY VANA

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

6 DIRECT STATEMENT

7 MS. VANA: Good evening. I'm Representative Shelley
8 Vana, and I represent District 85 in Palm Beach County, and I
9 share many of Representative Gannon's concerns. I'm not here
10 to speak for or against a rate increase. I hope that you will
11 weigh both sides of this question. But I would like to add
12 some information that you might want to consider as you are
13 doing that and determine, you know, what the causes or the
14 effects are, as the case may be.

15 I had similar experiences as Representative Gannon
16 did in my district. We had many communities that did not have
17 electricity for a relatively long period of time. However,
18 there were, you know, thousands and thousands of people that
19 didn't have electricity. And so it be would be unrealistic to
20 think that we could all have our electricity turned on at the
21 same time.

22 However, I have concerns -- or questions. I don't
23 want to use the word concern, because that puts a connotation
24 on it. My only question is -- and we tried to get some
25 answers; we didn't get them all. With regard to the

1 maintenance of the areas and the number of employees that were
2 available to perform that maintenance on a regular basis, so
3 that prior to a hurricane things would have been cleared enough
4 so that there wouldn't be damage. And so I think as you are
5 looking at the kinds of costs and the things that we need to do
6 to go forward, we look at what the cause of some of those costs
7 may have been and what part FPL may or may not have played.

8 With regard to some of the things that may need to be
9 done in the future, and that may be something that you consider
10 as you think about the rate increase, I had a number of nursing
11 homes also in my area. And I did not have a husband who was
12 very sick, so I was out in my car, which was the only thing
13 that was air conditioned, as long as I could get gasoline. And
14 I did visit the nursing homes and assisted-living communities,
15 and most of them did not have electricity for, you know, almost
16 two weeks. And it had a very, very bad impact on those folks
17 who were residents, health-wise and environmentally.

18 It was, for some of them, devastating. And we found
19 out that FPL did not have a way of knowing where those
20 facilities were. And I think long-term, you know, we may want
21 to look at how why -- how we could make that happen. And,
22 again, I'm trying to put this not in a negative for FPL,
23 because I don't know who should be doing this and how we should
24 do this or maybe how it should work. But it may be something
25 you consider as you are thinking what do they need long-term to

1 be available to provide the kind of service that we would want
2 in the future.

3 I have also the western community. Some of them that
4 are relatively rural in nature, and there was no way of knowing
5 who had electricity and who did not. And when I would call to
6 say, when is this area going to be turned on, the folks who,
7 you know, were helping had -- they did not know, you know, that
8 three people on the street had electricity and four people
9 didn't. And so we actually were going around listening for
10 generators. And we would call -- when we hear generators, we
11 would know they still don't have electricity. And we would
12 call and turn in their addresses and say these people still
13 don't have it, and they are in, you know, outlying areas.

14 So I think trying to figure out a way of how to
15 identify them identify those high proprietary areas, and to
16 find out how we can better organize the grids, and all of those
17 kinds of things. And, if, indeed, you know, we have to do
18 that, that is something I guess we have to consider like what
19 level do we want, and then how much are we willing to pay to
20 have that happen.

21 I saw firsthand, again, in my air-conditioned car, as
22 long as the gasoline held out, a wide range of things in terms
23 of needs. And I think, you know, we have to look at all of
24 those and decide where we want to go, because we will get more
25 hurricanes sometime. I hope not for another 20 years. But I

1 do think that those kinds of issues ought to be considered, and
2 I would like to be involved as we hear what you think, because
3 I think you are probably much more schooled in what must
4 happen, what could happen and what those effects are. But I
5 hope you will think about of all of those things as we move
6 forward with this. Thank you.

7 CHAIRMAN BAEZ: Thank you, Representative.

8 Mr. Beck.

9 MR. BECK: Thank you. George Baldino.

10

GEORGE BALDINO

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

13

DIRECT STATEMENT

14

MR. BALDINO: Good evening. My name is George

15

Baldino. I am the vice-president of operations for U.S. Food

16

Service in Boca Raton. We are a sole provider for health care,

17

a large community business with our hospitals and health care

18

units.

19

Last year during this hurricane -- we are tied to

20

those hospitals and the public, and I can't say enough of what

21

FPL has done, you know, to help us keep running and take care

22

of each one of these hospitals and health care units. Without

23

them we wouldn't have been able to provide that service.

24

We have reviewed our increase that is going to be in

25

hand. We are a 400,000-plus-dollar provider to FPL, so the

1 least thing we need is an increase. However, we recognize the
2 importance of the service that they provide. As many people
3 spoke here tonight, you know, being without electricity is --
4 you know, it's catastrophic. If we can't service our
5 hospitals, if we can't take care of our health care units, you
6 know, we will have a serious problem. So it is very important
7 that we review this increase. And I know this Commission will
8 do that. I have all the confidence in the world. But I don't
9 think there is a price that you can put on the safety of the
10 public and the well being of the people of South Florida.

11 Thank you.

12 CHAIRMAN BAEZ: Questions of Mr. Baldino?

13 Thank you, sir.

14 MR. BECK: Jan Ellis. Jan Ellis.

15 Ed Russo.

16 ED RUSSO

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. RUSSO: Good evening. My name is Ed Russo, and
21 I'm a resident of Jupiter, Florida, and I have had the
22 opportunity to live in Palm Beach County for the past seven or
23 eight years. And in that time I have moved around the county
24 in different settings and different living arrangements. And
25 in all of those different spots in my time here, I have had the

1 benefit of having electricity and having great service. And a
2 lot of what has been said this evening in support of FPL, I
3 agree with. And I'm not necessarily all in favor of raising my
4 rates. Having a young family at home, I am cautious about
5 supporting something that is going to cost me and my family,
6 but I do see the need and see the benefit of having consistent
7 service and having the benefits of electricity. And when you
8 have a child that's under two years old and needs those
9 benefits and needs breathing treatments and Nebulizer
10 treatments, it is important and valuable, and I thank you.

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

12 CHAIRMAN BAEZ: Representative Taylor.

13 PRISCILLA TAYLOR

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 MS. TAYLOR: Good evening. And I also welcome you to
18 Palm Beach County, and it's getting late. Initially I had not
19 planned on saying anything. I wanted to observe the hearing.
20 But I would also, you know, not speaking in support of Florida
21 Power and Light for a rate increase, but I would have to attest
22 to my experience, and what I have seen and observed in my area.

23 My district goes all the way to the Glades, South
24 Bay, and Pahokee, which I also, as Representative Gannon
25 mentioned, would like to say that, you know, unfortunately, we

1 are talking almost 60 miles, and the individuals there would
2 not probably not come to a hearing on this coast. And I would
3 like to ask you that you do consider having a meeting there to
4 get their input.

5 But I would like to say, as far as reliability, I
6 also have a home in Georgia. And I would say that when you
7 look at the cost and compare here, and they have more than
8 three companies in the area where, you know, they do have
9 competitors, and you have higher rates and lower rates, which
10 gives the citizens an advantage, at least they can pick and
11 choose if they understand. Unfortunately, I didn't understand
12 when I picked my -- whatever I picked up there as far as my
13 rate.

14 But I would like to say as far as Florida Power and
15 Light -- and, unfortunately, the hurricanes did happen, but I
16 was without electricity for almost three weeks. And when they
17 worked on my street, everyone had gotten their electricity, and
18 I was standing out, was the only house without. And I ran out
19 and had my minister to stop the FPL truck and ask them to
20 please come back. I have had no electricity for three weeks.
21 And they did come back, and they explained, you know, that they
22 did not, the work force, and these guys had been working hard.
23 And I don't know whether if there had been more funds available
24 we would have had more people working to have made service
25 better. I don't know that. But I know that if they have not

1 had an increase on the base rate in 20 years, and we do know
2 that everything has gone up, and if it means to pay a little
3 bit more -- and now I am speaking for Priscilla Taylor, and I'm
4 not speaking for anyone else -- but if it means to pay a little
5 bit more to have quality, reliability, I think I would pay it,
6 especially when we are talking \$2.

7 But keep in mind this area, the area is growing. We
8 need the capacity because we are surely going to have the
9 demand. And the only way we can do that is to be ready to
10 embrace the change. Sometimes it costs and, unfortunately, you
11 know, we as consumers have to pay it. But I think I would
12 rather pay a few dollars to know that I would have the service
13 and not have to worry about blackouts. And please take that
14 into consideration. Thank you.

15 CHAIRMAN BAEZ: Thank you, Representative.

16 MR. BECK: Audrey Sawnay. Audrey Sawnay. Jennifer
17 Leen.

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

21 DIRECT STATEMENT

22 MS. LEEN: Hello, and good evening. My name is
23 Jennifer Leen, and I'm a government affairs director for the
24 Jupiter-Tequesta-Hobe Sound Association of Realtors. I'm here
25 on behalf of our association this evening. I am here to stress

1 the importance of reliable service.

2 With the high demand of growth in Palm Beach County
3 and with Florida's population increasing faster than almost any
4 other state, we want to make sure our residents continue to
5 receive the high level of electric service that they indeed
6 deserve. Higher fuel prices, temporary storm surcharge, and
7 the commitment to provide highly quality energy service are
8 three major reasons the realtors association is 100 percent
9 supportive of the rate increase.

10 Thank you.

11 CHAIRMAN BAEZ: Questions of Ms. Leen?

12 Thank you, ma'am.

13 MR. BECK: Curt Thompson.

14 CURT THOMPSON

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 MR. THOMPSON: Good evening. I'm Curt Thompson and
19 I'm a resident of the City of West Palm. And I am just going
20 to speak as a citizen who has lived here since 1987.

21 I can appreciate all the service that FPL has done
22 and has done in the past, but I must say that I cannot speak in
23 all due honesty in support of the increase. You saw up on the
24 power point by the chairman or the CEO, if I can get it
25 correctly, of FP&L. If I don't, I apologize. But if you look

1 at it from a cost, you know, consumer price index, there has
2 not been an increase for 20 years of the base rate, but there
3 has been an instance of at least two or even three increases
4 in terms of fuel cost, okay?

5 Secondly, and along those same lines, you have right
6 now, at least as of yesterday, fuel going for almost \$61 a
7 barrel in terms of cost from -- in terms of importing oil. It
8 may not have hit FPL as of yet, but sooner or later we may be
9 faced with another increase of fuel as a result of that
10 somewhere down the line.

11 Let me also talk about the cost of living here. The
12 average medium price for a home now here in Palm Beach County
13 is \$400,000. You look at \$400,000, and you look at property
14 taxes, and then you also get -- most people here are working
15 class people, okay. You start to add those things up, and you
16 cannot look at the increase of FPL's request in a vacuum and
17 not look at the overall cost of living as a whole, okay. That
18 has an overall impact on people's ability to live here. And
19 quality of life is tied to people's ability to pay the cost to
20 live here, okay.

21 The next point I want to make is that I take nothing
22 for granted in life. Nothing for granted. I can switch on
23 that switch, and there is hope that the electricity comes on,
24 okay. It comes on partly because I pay the bill. My wife, we
25 pay the bill. If we don't pay the bill, I think it wouldn't

1 come on. If you live in places like where I'm from in
2 Cincinnati and Chicago, you have people, older people and just
3 poor people in general, working people in general, who had the
4 money, but they could not pay their electric bill because of
5 the cost of paying for that service. And, yes, it is a
6 service, but it also -- and oftentimes it becomes almost a
7 basic human right. If you can't -- if that -- if you have
8 people dying because they are afraid to turn on the air
9 conditioning in Chicago and other places because of the cost,
10 it becomes a real life problem of life and death. It is hard
11 for me, again, to support their request for a rate increase
12 given those issues.

13 There is also the discussion about an increase of
14 \$2.09 a month for storm costs. Again, that is understandable,
15 but I know people from the storm of last year that their
16 electricity was off for 14 days. On the same block where I
17 live we, just across a 15-foot wide street, you had people with
18 electricity on there. Yet 15 feet across where we were the
19 electricity was off, and it was off for a week to ten days.
20 Again, they do great work. But, again, I have to question
21 whether or not there is a need at this point in time for that
22 increase.

23 Florida is growing very fast and is continuing to
24 grow, but as you all know, with more customers come more
25 revenue. Obviously, that service is not keeping up with that

1 demand. But I also believe again that if you look at it, you
2 have to look at people's ability to pay and people's ability to
3 make a living. And the quality of life to me is inextricably
4 tied to people's ability to pay.

5 Return on investment. Yes, 11.8 percent of -- I'm
6 sorry, return on equity. I have seen here in some of the
7 newspapers where a Hollywood-based hospital says it could be
8 cut back to 8.7. Again, that's information I'm sure you are
9 aware of or you will become aware of.

10 I am not an expert on those matters for sure, but I
11 am an expert on planning and understanding planning and
12 infrastructure, because I have that in my background. And I do
13 understand that oftentimes the issue is making sure the
14 infrastructure is underground rather than overhead power lines.
15 Because overhead power lines become more and more difficult to
16 service, given their location and the age of the community.

17 FPL is serving 4.3 million people in this area, but
18 particularly in Palm Beach County. It is almost two million
19 people, depending on what statistics you use. Again, the
20 people who are moving here are moving here to either retire or
21 are working class folks. You are not talking about folks who
22 have a lot of money or have the ability to look at other
23 alternatives.

24 I ask that you review, look at what you have heard
25 and what I have said, and I would like to leave you sort of

1 with a basic analogy, the old saying, you can't get blood out
2 of a turnip. Well, there are a lot of people that are coming
3 down as people, and they are turning into turnips as a result
4 of their inability to pay the cost to live here. I ask you to
5 please consider those issues, what I have said and what you
6 will hear in the future.

7 Thanks for listening.

8 CHAIRMAN BAEZ: Thank you, sir.

9 MR. BECK: Thank you.

10 CHAIRMAN BAEZ: Mr. Beck.

11 MR. BECK: Cleveland Merritt.

12 CLEVELAND MERRITT

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

15 DIRECT STATEMENT

16 MR. MERRITT: Good afternoon. My name is Cleveland
17 Merritt, and I am just a concerned citizen. I'm not all that
18 educated in anything, but I do know I live in Florida. And I'm
19 not too enthused about having my light rates increased. I'm
20 retired, and also am a disabled person, and living on a fixed
21 income. And I don't know if you know anything about fixed
22 income or not, but I suppose that is like the government
23 revenue. So somebody in government is sponsoring my way of
24 living. It's not all that great. We get a raise maybe the
25 first of every year, and it doesn't amount to that much, and it

1 really -- it doesn't weigh out in the long run, because by the
2 time you get a two or three-dollar raise or whatever the
3 increase is, you have got everything else that is going up
4 also. It's really going up more than the raise you get. So I
5 am steadily on the decline. And for a rate to be increased is
6 going to amount -- my way of living is going to decrease also
7 if FP&L was to get a rate increase.

8 I've lived in this county for a long time, and I have
9 seen Florida Power and Light, and I have seen how they do
10 business and stuff like that. And I have seen -- and I do know
11 for a fact that their employees are paid very well. And I
12 would ask them to consider their salaries compared to a lot of
13 other people's salaries that are living in Palm Beach County.

14 And, yes, of course, Florida Power and Light, they
15 come out and they do the service. They do the service for the
16 hurricanes, and all like that, but that is what they get paid
17 for.

18 We have been paying them very well for years and
19 years. We never declined to pay the bill that they send us.
20 And although we have been struggling all along to pay those
21 bills, we never left it unpaid, because we wanted that service.
22 And we all love to have the service of Florida Power and Light,
23 but people get to a point now where they can't even hardly
24 afford to have that service. Like I heard one gentleman say,
25 we struggle just trying to live, and if at all possible, that

1 the rate increase -- what I'm trying to say is that if it was
2 all possible, that they can keep the rates as they are right
3 now, we might be able to work through this thing together.

4 We can't be held accountable for all the other people
5 that are coming down here, you know. I mean, they can come,
6 but I would just as soon keep it the way it is. You know, I
7 don't want to have to pay for them to have to move down here
8 for all the growth and all of that. I can't hardly get around
9 now. I mean, the traffic, the roads are jam packed, and
10 they're really not helping me all that much so I don't think I
11 should bear that cost of having to bear the increase for
12 someone else to come down here and clutter up my roads, and
13 stuff, and make it more harder for me to live.

14 So I am going to oppose the rate increase on account
15 of people such as myself. I can't speak for everyone like me,
16 but I can only speak for myself. We just don't have the funds
17 to be able to meet that demand. And if it is a demand that
18 they have to have, we are just not able to meet that. So would
19 you consider people like myself living on a fixed income, maybe
20 with other people in the area just like me, you know, living on
21 a fixed income. I have disabled children, as well, and myself.

22 I love to have the service from Florida Power and
23 Light, but many days I have suffered without the service of
24 Florida Power and Light, because I just wasn't able to pay.
25 But now that I do have a little income coming in, it is a

1 struggle, but I'm paying that. But for anything else other
2 than that, I am going to have a bigger -- more of a struggle
3 trying to pay for something that I really need, you know. And
4 I do need the power company, and I've needed it for a long
5 time. But I have been struggling getting by, turning on the
6 power every once in a while, trying to stretch it, you know,
7 trying to make it so I can survive. And I've worked it out for
8 me pretty good where I can survive now, but if they are going
9 to take that, the structure away from me now by increasing
10 their rates, I don't know what I' going to do. I will probably
11 have to go back to the same old way that I was doing every once
12 in awhile be able to turn the power on.

13 I am grateful to Florida Power and Light for
14 providing me with the service, and I think that is very good.
15 But I don't see no justification in increasing the rates when
16 the employees they have are doing so very well, and I'm not
17 doing all that well. I just don't see the justification of it.
18 They get paid good money. And when they work all night long,
19 they get paid time and half or triple time or double time. And
20 so their homes are getting well taken care of, and their needs
21 are being met, while my needs are going lacking just because
22 they want an increase that I'm not able to pay.

23 CHAIRMAN BAEZ: Questions of the witness?

24 Thank you, sir.

25 MR. BECK: Paul Happersett.

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PAUL HAPPERSETT

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

DIRECT STATEMENT

MR. HAPPERSETT: Good evening. Thank you for the opportunity to come here. I'm coming as an individual citizen. I'm not representing my homeowners or anybody else.

I think I have been invited by FPL, because I'm one of those guys that if I have a gripe, I let them know. And when I have something going my way and it's very satisfactory, I also try to let them know. So I sent them a thank you note. And all of sudden, boom, hey, will you come and give us a testimony. I wish that I could hang onto Mr. Everton (phonetic). That was great. All of the pros and cons that I might have addressed have certainly been handled tonight.

I am retired military. I got sand in my shoes back in Key West for three different tours of duty, moved down here in 1987 after retiring. And I've lived in, I think, seven different places.

Last fall was the first time I have been through hurricanes. It used to be when they warned us about the hurricanes, I took my submarine to sea, and my wife put up the shutters. I really haven't had that experience.

I'm going to speak that -- I believe you folks have the wherewithal and the reliability and all of those other good

1 phrases that will allow you to evaluate properly both sides of
2 the equation and provide for the increased facilities that FPL
3 does, indeed, need. I recognize the need. I don't want to pay
4 a lot of money for it, but I certainly recognize that you can't
5 go forward without some expense.

6 I have had their on-call service in five other places
7 that I have lived, and that has paid for a couple of month's
8 increase. My bill has been reduced a little bit, and I
9 appreciate that.

10 My response to some service that I have received from
11 them, I jotted down. And though it is not specifically
12 directed at FPL, it does recognize the people that they have
13 working for them. And while there is the old saying if you
14 speak to a few, you overlook many. I will take that chance and
15 just sort of read what I did send to them.

16 We're retired military, having had those three tours
17 I mentioned in Key West, so we had occasion to utilize FPL in
18 our residences in Merritt Island, Palm Beach Gardens, Boca
19 Raton, Palm City, Jupiter and Boynton Beach twice, since moving
20 to Florida in 1987. We didn't move that much when I was in the
21 service.

22 One of their employees, Rick Lowry (phonetic),
23 addressed our concerns for an conditioning unit and provided us
24 with information, instruction, guidance, tips and energy
25 conservation data in a common sense, layman terms approach, and

1 we appreciate it. His professionalism, appearance, courtesy,
2 and concern attributed to an extremely pleasant outreach effort
3 of your firm. We have no reason to believe the rest of your
4 staff are not as competent, but Rick demonstrated the interest
5 you folks have in our well-being and satisfactory electrical
6 service. Respectfully, Paul Happersett.

7 And then I just sort of made a ditty, and I said we
8 had occasion to utilize extra service from FPL. The
9 communication, information and effort has all been
10 outstandingly well. Since 1987 you have never let us down.
11 Seven times we relocated, moving from town to town. I write
12 this little ditty to ensure that you are aware that the
13 courteous, competent, skilled personnel with whom your office
14 shared the work load (inaudible) from the public as you tried
15 to please them all. Let's just say for now we are happy. Many
16 thanks from Mary and Paul.

17 And I guess I'll close up with a little bit of
18 semantics. As a young farmer once said when he took his cow
19 down to see Farmer Brown's bull, there is a lot of difference
20 between being served and being serviced. We like being served
21 by FPL.

22 Thank you.

23 CHAIRMAN BAEZ: Questions?

24 Thank you, sir.

25 MR. BECK: Bradley Hurlbunt.

1 BRADLEY HURLBUNT

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

4 DIRECT STATEMENT

5 MR. HURLBUNT: Good evening. I'm Brad Hurlbunt. I
6 live in North Palm Beach, Florida. And I thought it would be
7 lots of people to give all the reasons why there shouldn't be
8 an increase for FPL, so I will -- although I'm not looking
9 forward to an increased bill, I would at least say how much I
10 appreciate what they do. And I do believe after 20 years a
11 business needs money to continue.

12 It's a highly, highly capital intensive business, and
13 I think we have got to make sure they have got the resources
14 they need. My only comment is that Palm Beach County and
15 Florida is going to be much better served by a strong FPL than
16 a weaker FPL.

17 Thank you.

18 CHAIRMAN BAEZ: Questions of Mr. Hurlbunt?

19 Thank you, sir.

20 MR. BECK: Sandra White.

21 SANDRA WHITE

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 MS. WHITE: Good evening, Commissioners. Welcome to

1 Palm Beach County. Do I understand you all live in Tallahassee
2 and have not been residents of this area at all?

3 CHAIRMAN BAEZ: No.

4 MS. WHITE: If you had lived here 15, 16, 17 years
5 ago, you would have known about Florida Power and Light
6 receiving the Demming Award, a very prized award for excellence
7 in business, financial handling, power, for operations in
8 management, and all of that. However, during that time before
9 they won the award, you should have seen how they managed the
10 money. Any secretary position that came open by attrition was
11 filled with an office temp. I even worked a long time as an
12 officer temp myself. Other people who had been employees of
13 Florida Power and Light with good records, long service, they,
14 too, were hired back as an office temp.

15 Now, with these rate increases, one of the reasons
16 given for the need for these rate increases is to recover the
17 costs of what it costs to handle the hurricane damage from last
18 year. But yet in this special report the line item doesn't say
19 anything about raising that portion of the bill to cover that.
20 And, yes, Florida Power and Light has so many more customers,
21 but aren't there savings by economy of scale? They have more
22 people also paying their bills.

23 And the other question I have is a business that can
24 earn the Demming Award obviously has to be planning for the
25 future. Why are we being asked, the little guys again, the

1 residential customers, to pay for these new plants when that
2 should have been factored into their long-term planning? And
3 companies go into new equipment to save money on the cost of
4 operation. Why are we asked to pay for that? I do not favor
5 this rate increase.

6 Thank you.

7 CHAIRMAN BAEZ: Questions of Ms. White?

8 Thank you.

9 MR. BECK: Thank you.

10 Seabron Smith.

11 SEABRON A. SMITH

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

14 DIRECT STATEMENT

15 MR. SMITH: Good evening, Commissioners. My name is
16 Seabron Smith. I live in Lake Worth, Florida, west of I-95.
17 And I'm here tonight to commend FPL for all the dedicated
18 service that we have had, not only during the hurricane season,
19 but to me it's a joy to go home and actually go into some air
20 conditioning after coming out of 95-degree weather here in the
21 state of Florida.

22 And I want to commend them simply because I have seen
23 the toil that they have done during the hurricane season,
24 number one. We were out of power for five days in my home, and
25 it was unbearable. And I haven't experienced that in a long

1 time. And just to know that every time I go home and see these
2 guys out there working at 11:00 and 12:00 o'clock at night made
3 me feel secure knowing that they are doing what they are
4 supposed to do, number one. And, number two, they are working
5 in our community to make it better preparing for the next
6 hurricane, whether we have it or not. And that was a pleasure
7 to me, because at work we were out of power for one day. And
8 being a small business provider, service provider, I did a
9 survey to find out how many of my clients, my small business
10 clients' service was interrupted and for how long. And a lot
11 of them didn't have a whole lot of interruption, something that
12 they couldn't bear or lost a whole lot of money.

13 So FPL did the job, number one. And I feel that in
14 order for them to continue to do their job, they really need to
15 have, you know, in order to prepare for what possibly could
16 come in the future. Who knows, we might not have hurricanes
17 this year. We might. But if we do, I would like to know that
18 I'm not going to be out of power for seven days and lose a lot
19 of money throwing food away and living out on the patio cooking
20 food on a grill or whatever. I would like to know that what
21 they have done in the past has prepared us for what is going to
22 happen in the future. And I think they do a good job of doing
23 that.

24 Now, in my area where I live we have underground
25 wiring, and I didn't think that it could be affected, you know,

1 by being underground. I don't know a whole lot about power and
2 electricity, and everything, but I know that when I see poles
3 down and the wires broken, there's no electricity. But
4 underground you can't see that. And I stopped and talked to
5 these guys. And I even brought them some water and everything
6 and told them how much I appreciate them because, you know,
7 just to know they are out there trying to find the problem,
8 number one, and then repair the problem, you know, it's a joy
9 to me just to see this happening. So when I say I have a
10 renewed respect for energy and electricity, I really do,
11 because I love air conditioning and the lights have to come on.

12 It is a pleasure knowing that you have dedicated
13 staff at FPL, and I really support whatever decisions you have
14 to make.

15 CHAIRMAN BAEZ: Thank you, Mr. Smith.

16 Mr. Beck.

17 MR. BECK: Thank you. Mr. Smith was the last person
18 to have signed up to give testimony.

19 CHAIRMAN BAEZ: Thank you, Mr. Beck.

20 Is there anyone who wishes to address the Commission
21 and did not sign up previously?

22 Come up, sir. Before you start, is there anyone
23 else --

24 MR. FINIZIO: Going once --

25 CHAIRMAN BAEZ: -- who wished to address? Hold on.

1 MR. FINIZIO: Going once, going twice.

2 CHAIRMAN BAEZ: No, I just want to swear everybody
3 else in at once.

4 MR. FINIZIO: Sorry about that.

5 CHAIRMAN BAEZ: That's all right. No problem. Raise
6 your right hand, please.

7 (Witness sworn.)

8 CHAIRMAN BAEZ: Go ahead and state your name for the
9 record, please.

10 MR. FINIZIO: My name is Paul, last name Finizio,
11 F-I-N-I-Z-I-O.

12 PAUL FINIZIO

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

15 DIRECT STATEMENT

16 MR. FINIZIO: I live in the south part of the county,
17 Delray, Boca Raton area. And I watched what happened after the
18 hurricanes, and I have listened to everything that people were
19 talking about here tonight. And, yes, I was impressed, but I
20 think I'm here to talk about something other than what we have
21 heard about tonight.

22 Fortunately, I've got three daughters, and one of my
23 daughters needed to be on a special breathing machine, as well,
24 so I can relate to the person who talked about this. And it
25 was very important for me to know that we had predictable

1 consistent access to power. My wife was on the computer
2 constantly communicating with doctors and hospitals. And I'm
3 saying that not because everyone here doesn't know that, but I
4 travel around the world. I have been to other countries. I
5 have seen where companies do not put the infrastructure out
6 because they don't have the money to do it.

7 I lived in a part of South America when I was in the
8 student exchange program where we rationed every single day the
9 electricity. It was predictable. And everybody who was on any
10 kind of dialysis or any other kind of machine suffered. There
11 was just no two ways about it. In fact, even the red lights
12 went out and the traffic signals went out. It was dangerous.
13 It was insecure. And it was life-threatening many times.

14 And every time I asked the question as to how that
15 could happen, it was because there was not the proper dollar
16 amount allocated to keep the company. So the company was not
17 capitalizing properly, and they couldn't get the dollars out of
18 the people to pay for it. People were robbing, I guess, one
19 area or the other. There was just no infrastructure like we
20 see here, which is a class act with Florida Power and Light.

21 I have been out to California. I was there for the
22 brownouts. Something has got to give always. Nobody wants to
23 pay any more. I sure don't want to pay any more. I have three
24 daughters, and I have to pay for their schooling. But
25 something has got to give. And knowing now what I do know as a

1 result of preparing before I came up here, looking on the
2 Internet about this is that for 20 years there has been no rate
3 increase. And with the amount of fuel costs, that if we do not
4 assimilate the information and process it in a way so we
5 understand that companies that don't stay alive and will even
6 move, like these insurance companies do in order to cut
7 corners, we are all going to be victims. And I just pray that
8 my family doesn't become a victim, our community doesn't become
9 a victim, and that we are in a state where Florida Power and
10 Light does have the clientele, that they are not victimized by
11 short-sightedness and not good vision.

12 So I speak out in favor of making the adjustment that
13 is necessary to not put the conditions that we have
14 experienced, my family has experienced in third world countries
15 when we were traveling there, and I personally experienced when
16 I was living there, and could become a reality in the areas of
17 this state. And, boy, I do not want to see that.

18 So I hope you will consider what they are requesting
19 as something in the line of prudence, because we need to be
20 prudent, we need to be well-envisioned here.

21 Thank you very much. I appreciate the time you're
22 taking to listen to me. Thank you, sir.

23 CHAIRMAN BAEZ: Questions of Mr. Finizio?

24 Thank you, sir.

25 Is there anyone else?

1 Very well. I want to thank you all for coming. We
2 appreciate your comments. They are very important to the
3 Commission in its deliberations. We heard many good comments
4 today. Our next hearings are scheduled for tomorrow in Fort
5 Lauderdale at 9:00 a.m., and in Miami at 4:00 p.m.

6 Thank you all. Have a safe trip home, and a good
7 night.

8 (The service hearing concluded at 8:17 p.m.)

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STATE OF FLORIDA)

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COUNTY OF LEON)

CERTIFICATE OF REPORTER

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 8th day of July, 2005.

JANE FAUROT, RPR
Official FPSC Hearings Reporter
FPSC Division of Commission Clerk and
Administrative Services
(850) 413-6732