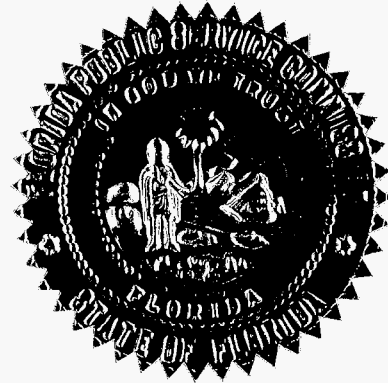


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of

PETITION FOR RATE INCREASE BY
FLORIDA POWER & LIGHT COMPANY.

DOCKET NO. 050045-EI



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PROCEEDINGS: FORT LAUDERDALE SERVICE HEARING

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

DATE: Thursday, June 30, 2005

TIME: Commenced at 9:00 a.m.
Concluded at 10:21 a.m.

PLACE: Fort Lauderdale City Committee Chambers
City Hall
100 North Andrews Avenue
Fort Lauderdale, Florida

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

DOCUMENT NUMBER-DATE

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13 appearing on behalf of the Florida Public Service Commission
14 Staff.

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P R O C E E D I N G S

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

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

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

9 CHAIRMAN BAEZ: Thank you, Mr. Keating.

10 Good morning again. My name is Braulio Baez. I'm
11 the Chairman of the Public Service Commission. With me today
12 are Commissioner Lisa Edgar on my far left, Commissioner Rudy
13 Bradley, Commissioner Terry Deason on my right. Also with us,
14 Mr. Cochran Keating, who is the staff attorney for the Public
15 Service Commission, and Ms. Elizabeth Draper, who is a member
16 of the Commission staff.

17 We also have, if you noticed as you were walking in,
18 on the far left table, we have Mr. Dick Durbin and other
19 staffers who are waiting there to either provide you with
20 information, answer any questions that customers may have about
21 their bills, and so forth, and also to provide you with the
22 blue sheets that you see on the table, the special reports.
23 They provide a summary of the filing that Florida Power and
24 Light has made with the Commission. It summarizes the
25 important points on the rate increase petition.

1 As well, on the back page, you do have a form to
2 enter written comments. If you might not want to give public
3 testimony today, you can fill this out in your own words. Make
4 it available to the staffers at the table, they will carry it
5 back with them and make it available to the Commissioners, or
6 you can mail it in, fax it in. You can also go to the PSC
7 web site and enter your comments electronically or by e-mail.

8 I am also told that the company, and I think they
9 will mention this again later, but Florida Power and Light also
10 has several customer service representatives with us here
11 today. I think they are set up in another room in the
12 building. They will be happy to show you where that is and put
13 you in contact with them. This is an excellent opportunity for
14 customers to take up whatever issues they may have, whether it
15 be with their bills or service, accounts or otherwise, to take
16 that up with the company directly.

17 You have live people to talk to, and I know sometimes
18 that becomes difficult as time and responsibilities sort of
19 take over. But since you have taken the time to come down to
20 the customer service hearing, and you do have an issue like
21 that, it can be resolved. I'm sure that the company will be
22 happy to help you with that today.

23 We are here as part of -- this is one of, I think,
24 seven service hearings around the Florida Power and Light
25 territory. We are here to take public comment. This is your

1 opportunity, the customers' opportunity to let the Commission
2 know on the record how you feel about Florida Power and Light's
3 service, quality, whether their customer service is adequate,
4 et cetera, any problems that you have with the service and any
5 other -- and what your opinion is, in fact, about the possible
6 rate increase that the company has asked for. It is an
7 important part of the hearing process for us, because it is one
8 of the few opportunities that we have to go out into the
9 territories and really hear from customers up close and
10 personal, as they say.

11 Just a breakdown of how the hearing is going to
12 progress. First, we are going to start with some brief
13 comments from the company. The Office of Public Counsel, who
14 is the state agency that is charged with representing the
15 citizens in rate cases before the Commission is also going to
16 have some brief remarks. And then we will have intervenors
17 giving some brief remarks, or the representative. The attorney
18 for AARP is also here and will have some short remarks, as
19 well.

20 After that we will move on to taking public
21 testimony. This is part of an official hearing process, so the
22 witnesses will be sworn. We will swear witnesses in and we
23 will take public comment as they come up. If you haven't
24 signed up to speak -- I also neglected to mention at that same
25 table where the PSC information is, there are sign-up sheets so

1 that Public Counsel can know who it is that wishes to speak
2 today, as well. I will ask you and remind you there may be a
3 lot of people signed up to speak. I would ask anyone that
4 gives public comment to respect the fact that there are people,
5 other people waiting in line as it were to give public
6 comments. We have a few short hours here to take them, and if
7 we can all be respectful of everyone's opportunity to give
8 public testimony on this issue.

9 Also, if you can turn off your cell phones or at
10 least put them in some kind of silent mode, so we don't have
11 any unnecessary interruptions. There may be lots of cell
12 phones here.

13 With that, Mr. Keating, have I left anything out?

14 MR. KEATING: Not that I am aware of.

15 CHAIRMAN BAEZ: Great. Thank you. Right now, we
16 will start with a brief presentation by the company.

17 Mr. Bryan.

18 MR. BRYAN: Thank you, Mr. Chairman, Commissioners,
19 staff. Good morning. My name is Patrick Bryan. I am an
20 attorney for Florida Power and Light Company. In a moment you
21 will hear from Ms. Marlene Santos, who is FPL's Vice President
22 of Customer Service. But first I wanted to expand a little bit
23 on the Chairman's comments.

24 We do have a room full of customer service
25 representatives available in the facility this morning. I

1 believe they are on the top floor, which I believe is the
2 eighth floor. They are available to meet with any customer who
3 has a question about his or her bill or some problem with FPL's
4 service or an account. They do have on-line computers, so they
5 can access account information immediately, and they will do
6 their best to resolve any issues today while you are here. I
7 encourage any customers out there to take advantage of this.

8 If you are interested, we have some representatives
9 in the room, Mr. John Haney on this side of the room and Ms.
10 Susan Melians is on this side of the room. And if you seek
11 them out, they can escort you or point you in the right
12 direction and get you some help.

13 So at this time I would like to introduce Marlene
14 Santos.

15 MS. SANTOS: Thank you, Pat. Thank you, Chairman
16 Baez. Thank you, Commissioners, for the opportunity today to
17 speak with our customers. But more importantly for the
18 opportunity to listen to your concerns, your questions, as well
19 as your support.

20 We know that there is never a good time to ask for an
21 increase in base rates, because no one wants to pay more for
22 electricity, and yet everyone wants and needs reliable electric
23 power. An increase in base rates is necessary because our
24 customers' needs are growing, and we at FPL have a
25 responsibility to plan for the future to be sure that we can

1 provide you with reliable electric power.

2 The last time we asked for an increase in base rates
3 was in 1984. If you remember, that is when a postage stamp
4 cost 20 cents and a gallon of gas was about half of what it
5 costs today. During this period, the cost of living has
6 increased more than 80 percent, increasing the cost of raw
7 materials and labor that we use to provide you with electric
8 service. But during the same time period our rates have
9 actually come down. Not once, not twice, but three times for a
10 total reduction of 16 percent. Keep in mind that what we refer
11 to as our base rate is about 44 percent of your total bill.
12 This is the cost to produce and deliver electricity to you.

13 And what has happened, which is very unfortunate for
14 us and our customers, is that while we have brought that base
15 rate down, fuel costs have more than doubled. And if you have
16 been to the gas pump you've experienced that yourself. Fuel
17 charges are passed on to our customers strictly at cost. We
18 don't make a penny from fuel. We are working very hard to keep
19 those costs down, but fuel charges have increased electricity
20 bills all throughout the nation, and that is really what has
21 caused your electric bills to go up.

22 The increase in base rates that we are seeking for
23 2006 would add about three to four dollars a month to the
24 average residential bill. Even with this base increase, your
25 base rates will be lower than they were in 1985. So what does

1 this increase cover?

2 First, more than half of the increase -- what we are
3 asking for is 430 million, so more than half of that 430
4 million that we are requesting to start in 2006 is going to go
5 toward investing in new power plants to meet our customers'
6 growing needs for electricity. It's going to go toward
7 investing in our existing nuclear power plants to ensure that
8 we continue to provide you with power safely and reliably and
9 to expanding our power delivery system.

10 Second, about half -- I'm sorry, about one fourth of
11 the increase, or \$100 million is going to go towards the use of
12 increasing our storm reserve fund, which is really money to be
13 used to ensure that we are providing you with quick response
14 during hurricanes. Remember, this is Florida. We all live in
15 Florida. We are expecting a very, very active storm season,
16 and we need to be ready.

17 Third, the rest of the increase will go toward the
18 cost to comply with regulatory policy to form a regional
19 transmission organization here in Florida.

20 Looking ahead, we are also requesting an increase of
21 \$123 million in mid-2007 for the cost of building a
22 1,100-megawatt power plant.

23 Bottom line, what this increase is about is providing
24 our customers with reliable electric power. That is our first
25 priority as an electric company. It is about meeting customer

1 growth. Florida is the third fastest growing state in our
2 nation. Recently we have been adding more new customers than
3 we have in years. Last year more than 100,000 new customers
4 signed up for electricity. It's about meeting increased
5 electricity usage. Our customers today are using nearly 30
6 percent more than they did in 1985. It is about the lights
7 coming on when you flip that switch. It is about us providing
8 you with reliable electric power.

9 Up till now, we have been able to make the necessary
10 investments to keep up with growth while actually lowering our
11 base rates. We have invested billions of dollars over the past
12 20 years increasing our available plant capacity by over 50
13 percent. We were able to do this by improving the reliability
14 of our power plants, by rebuilding some of our existing power
15 plants, and adding new power capacity.

16 At the same time, through our industry-leading energy
17 conservation programs, we have partnered with our customers to
18 be able to defer the need to build ten medium-sized power
19 plants. We also added thousands of miles of lines, of power
20 lines and other electrical facilities that deliver the power to
21 your homes and businesses.

22 It's true that more customers bring on more revenues.
23 However, this level of growth brings on even greater costs.
24 Using new technology and being more efficient are just simply
25 not going to be enough to support the investment that is

1 required now.

2 We are not like most other companies. We have to be
3 there for you 24 hours a day, seven days a week, providing you
4 with reliable power. That is how we built our reputation, and
5 we know that you depend on us.

6 Reliability to us means that every single day we do
7 three things. Number one, have an adequate supply of power;
8 number two, have a delivery system that is ready to meet your
9 growing demand; and, number three, being prepared to
10 effectively respond during times of crises like hurricanes.

11 In closing, let me assure you that while we are
12 asking for an increase in base rates, we will never stop trying
13 to cut costs. We will always look for ways to do our jobs
14 better, look for ways to better serve you. We are going to do
15 everything necessary to ensure that Florida's electricity
16 future is bright, because we strongly believe that our existing
17 customers and our future customers deserve no less.

18 Thank you so much for your attention today.

19 CHAIRMAN BAEZ: Thank you, Ms. Santos.

20 Mr. Beck.

21 MR. BECK: Thank you, Mr. Chairman and Commissioners.

22 Good morning, everyone. My name is Charlie Beck, and
23 I'm with the Office Public Counsel. And our office is separate
24 from the Public Service Commission. The four Commissioners are
25 here today acting as judges in this case and will decide about

1 the merits of Florida Power and Light's request for a rate
2 increase.

3 Now, our office is separate from them. We appear as
4 an advocate before the Commission, and we are a party just like
5 Florida Power and Light is in this case. And it is our duty to
6 present evidence on your behalf in front of the Commission and
7 challenge the company's request for a rate increase. I would
8 like to recognize Jack Shreve who is here this morning.

9 Jack, could you raise your hand?

10 Jack was Public Counsel for 25 years until he retired
11 two years ago. And Jack, as Public Counsel, negotiated two of
12 those rate reductions that you saw in the Company's
13 presentation. The first rate reduction he reached an agreement
14 with the company to reduce their rates by \$350 million per
15 year. And he followed that with another agreement later for an
16 additional \$250 million a year reduction in their base rates,
17 for a total reduction of \$600 million that Jack negotiated with
18 the company.

19 Jack today is senior general counsel for Attorney
20 General Charlie Crist, and I think he is here today with an
21 interest in this case this morning. Thank you for being here
22 today, Jack.

23 We have been working hard on the Florida Power and
24 Light rate increase request since they filed it in March. And
25 we have been -- we have hired a number of outside experts to

1 analyze their case and to look at every aspect of the request
2 they filed. We have hired experts in the areas of accounting,
3 finance, depreciation, revenue forecasting, depreciation. And
4 this past Monday we filed our case, you know, the testimony by
5 eight different expert witnesses. And it is our conclusion
6 that the company, first of all, is earning more than they need
7 for a reasonable profit level. And that not only should they
8 not be asking for an increase in rates, but that they should
9 actually be making a substantial reduction. And our analysis
10 shows that they should be reducing their rates by \$679 million
11 per year.

12 The company right now is earning, in their most
13 recent report, very high profit levels. The most recent report
14 that they have given to the Florida Public Service Commission
15 shows that through April of 2005 their earnings on their equity
16 investments are in the range of 12.8 to 12.9 percent. That is
17 their most recent earnings.

18 That is an after-tax return on their investment. In
19 other words, the rates you pay are high enough so that the
20 company can pay any taxes that they might have to eventually
21 pay on those revenues, and then they still earn 12.8 to 12.9
22 percent. We think that is extremely high. The company's
23 witness in this case testifies that an 11.8 percent return is a
24 reasonable one. The company right now is earning more than
25 their own witness testifies in the case.

1 We retained a professor of finance from Penn State
2 who has analyzed that, and it is his conclusion that a fair
3 return for Florida Power and Light, as a regulated electric
4 utility provider, would be 8.8 percent return. And that's an
5 excellent return also. The differences between the company's
6 request for 11.8 and what we feel is a fair one for the company
7 and the customers of 8.8 is a \$300 million per year difference,
8 just right there in that one issue. So that is one of the big
9 issues that we have with the company.

10 On top of that, the company is asking for an
11 additional half percent above what their witness testifies to.
12 They are asking for the equivalent of \$50 million a year for
13 good performance. Well, the company, first of all, is already
14 receiving profits that are higher than even they are
15 requesting. And, also, they are projecting that their
16 performance is going up, so that they are not going to match
17 the performance in the future that they provided in the past.
18 So, we disagree with the company on their request for the
19 additional \$50 million.

20 Let me just briefly mention a few of the other issues
21 that we have in the case. Ms. Santos mentioned a regional
22 transmission organization that the company wants to be
23 compensated for. In their request they've asked for an
24 additional \$104 million a year for that transmission line. The
25 Florida Public Service Commission has been looking at that for

1 a number of years, and most recently they had a workshop on
2 whether the Commission should go forward with this. The
3 companies have put on evidence that the costs of that far
4 exceed the benefits of the regional transmission organization.
5 And Florida Power and Light, in particular, has put on evidence
6 asking the Commission to defer action on that and let the
7 company's present an alternative.

8 Well, right now everything is on hold. The
9 Commission has it on hold, and they are still looking at it.
10 So that the costs the company is asking for for that
11 organization is simply not going to happen in 2006, which is
12 the period of time they wanted these rates to go in. So we're
13 opposing that.

14 In fact, another company, Progress Energy, that's in
15 for a rate case right now also, didn't even ask for that,
16 because the costs are so speculative and so remote it is not
17 going to happen that they haven't even asked for that.

18 One other item, the big item in this case is
19 depreciation, which is probably not the most fascinating
20 subject to everybody. Depreciation is how they get a return on
21 their investments to the company. The company's filing, their
22 own filing shows a surplus that they've collected over the past
23 years of \$1.6 billion in depreciation. Typically in the past
24 when companies had a deficit, they have come to the Commission
25 and asked the Commission to approve recovery of deficits over a

1 very short period of time, typically four years. In this case
2 when they have a surplus, the company is saying let's give it
3 back over about 20 years. And their basic argument is they can
4 make better use of that money than you can as customers. We
5 disagree with that and think there should be parity, that if
6 they can collect a deficit over a short period of time, then
7 the reserves, surpluses ought to go back over a shorter period
8 of time. We have a bunch of issues. There are probably easily
9 50 to 100 issues. I've hit just some of the highlights of it.

10 We believe their rates should be reduced. That's
11 that is fair to the customers and fair to the company. And we
12 will be proceeding in this case to present that case to the
13 Commission.

14 Thank you very much.

15 CHAIRMAN BAEZ: Thank you, Mr. Beck.

16 Mr. Twomey.

17 MR. TWOMEY: Mr. Chairman, good morning.

18 Commissioners, ladies and gentlemen, thank you. My name is
19 Mike Twomey. I'm an attorney appearing on behalf of AARP of
20 Florida. We are appearing in opposition to the rate increase,
21 as is Public Counsel and every other intervenor party to this
22 case.

23 This is our fourth one of these hearings in the
24 seven-hearing process the Chairman mentioned, and I want to
25 change my little speech after viewing what has happened in the

1 previous three hearings. I want to try and explain AARP's
2 position in relation to the process that we have before us.

3 As Mr. Beck said, this is a -- this is a hearing,
4 essentially. It's an evidentiary hearing, and this public
5 hearing is one of the first parts of this hearing. The utility
6 is the petitioner. They are asking for \$430 million in their
7 customers' rates, that being an increase in their rates every
8 year. They have a strict burden of proof to show to the
9 Commissioners in the case that they are entitled to those as
10 being necessary to providing electricity for those of you who
11 are customers. The Commissioners are the judges in the case, a
12 highly complex case.

13 You heard Ms. Santos say this company has not had a
14 full rate case since 1984. I worked on that case in '84 as an
15 employee of the PSC. But it is a complex case, and there are
16 other parties to the case who are the intervenors. And the
17 intervenors, as I said, all of us are opposed to the rate
18 increase, and, in fact, believe that the company should not
19 only get -- not get what it is asking for, but the rate should
20 be lowered.

21 Now, the Public Counsel isn't just here by accident.
22 The Florida Legislature passed a law years ago -- and as
23 mentioned, Jack Shreve served in this function for 25 years and
24 did a very admirable job. The legislature passed a law that
25 said the Office of Public Counsel should come in and represent

1 all of the regulated utilities' customers in these cases. That
2 is to say that legally and technically the Office of Public
3 Counsel represents all of you, whether you are residential
4 customers, small business customers, large industrial
5 customers, and the like, he is charged with representing your
6 interest in this case.

7 And they've hired five to eight experts, highly
8 qualified people. And what those experts have said in the
9 testimony filed Monday is that this company is not only not
10 entitled to \$430 million a year more, but their rates should
11 come down \$697 million a year. AARP sides with the Public
12 Counsel completely on that.

13 There are other parties in the case. The federal
14 executive agencies have intervened in this case and have
15 attorneys representing all of the federal government served by
16 Florida Power and Light. They are opposed to the rate
17 increase, as well.

18 There is the Florida Retail Federation based out of
19 Tallahassee that purports to represent 10,000 or more
20 businesses here in the state of Florida, large and small. Now,
21 you may have some business people in the room today that are
22 going to testify that they are in favor of the rate increase.
23 That is your right. But this large organization that purports
24 to represent all businesses in Florida has taken a strong
25 position that this company is not entitled to a rate increase,

1 and, in fact, the rates should come down. They have experts as
2 well. They know what they're talking about.

3 There is a hospital association as well that is
4 opposed to the increase. AARP represents and has some 2.7
5 million members in the state of Florida. The vast majority of
6 those people are served by Florida Power and Light because
7 Florida Power and Light is, by far, the biggest electric
8 utility in this state.

9 AARP is not taking any issue with the quality of
10 service being provided by Florida Power and Light. However, if
11 you had problems in the storm and didn't think your lights came
12 back on as fast as they should, please tell the Commissioners.
13 That is one of the reasons why we are here is to hear about
14 quality of service, in addition to the rate increase.

15 Now, there are three types of rate increases that you
16 all are subject to this year, and you have already experienced
17 two of them. Ms. Santos said fuel costs have gone up, and they
18 have doubled in a number of years. January 1st of this year
19 your rates would have gone up well over a dollar per 1,000
20 kilowatts just for an increase in the fuel adjustment charge.
21 That's \$12 or more if you use as little as 1,000 kilowatts per
22 month. Most people use more.

23 The second hit you experienced, if I can use that
24 term, is a fuel adjustment charge -- I mean, a storm charge.
25 You are being charged \$3.09 per month now so that the company

1 can start trying to collect \$533 million a year to recharge to
2 compensate them for hurricane charges in 2004. That case
3 hasn't been fully decided by the Public Service Commission yet,
4 but it is highly likely, based upon a decision they made in
5 another electric case, that the company will get 93 percent of
6 that money. So if you are here to testify that you are pleased
7 with the company getting your service back on and their conduct
8 during the storm, that is fine and well. But they are already
9 being paid for it. It has nothing to do with this rate charge.

10 So the last is the rate charge. You may say to
11 yourself, reasonably, how could they go 20 years, 24 years
12 without a rate increase? And the simple answer is, is that we
13 are talking about a lot of money. And, as Mr. Beck said, we
14 are talking about the cost of money. This company is entitled
15 to get a reasonable cost of all the inputs they have to produce
16 electricity and deliver it to your homes and business.

17 Chief among those in terms of cost is the cost of the
18 money, their profit, their return on equity. Mr. Beck said
19 most recently they are earning 12.8, 12.9 percent. Their
20 expert says 11.8. That is too high. They want to get \$50
21 million a year on top of that as a reward for their efficiency.
22 AARP is opposed to the award. AARP adopts the 8.8 percent
23 figure supported by Public Counsel's witness. As he said, that
24 is a \$300 million a year swing right there.

25 The short answer is that the Public Service

1 Commission -- and none of these Commissioners were on the
2 Commission at Florida Power and Light Company's last rate
3 increase -- gave the company about 15.6 percent on equity, as I
4 recall, which may have been warranted by the times, but the
5 cost of money has come down dramatically after that, and has
6 come down continuously over the last two and a half decades.

7 The high cost of money, the too high cost of money
8 has been included in the rates you all pay and the rates that
9 all the new customers pay, 100,000 new customers she said.
10 They have the revenues. They are not entitled to a rate
11 increase.

12 And lastly, let me say this: My role as an attorney
13 for AARP is to try and see that the rates in this case are
14 reduced. Okay. Somebody referred to me yesterday as a
15 prosecutor. Part of my job, not just my right here, but my
16 obligation to my client is to question assertions that I
17 believe are wrong in terms of folks supporting an increase. So
18 I'm not going to bug everybody, but if you are with the
19 government and testifying that you think there should be a rate
20 increase, I'm going to feel obliged to ask you if you have
21 permission from your city council or your county commission to
22 do so. The same if you are with a corporation, I'm going to
23 feel obliged to ask you if you pay an electric bill and if you
24 know how much the increase is going to be and if you are
25 actually in favor of that. So we welcome your testimony and

1 thank you for your time.

2 CHAIRMAN BAEZ: Thank you, Mr. Twomey.

3 At this point we'll begin taking public testimony.
4 So all of you who did sign up to speak today, would you please
5 stand and raise your right hand.

6 (Witnesses sworn collectively.)

7 CHAIRMAN BAEZ: Mr. Beck, before you call your first
8 witness, I want to recognize Councilman Jerry Fadgen. Is he
9 here? Councilman Fadgen, welcome.

10 JERRY FADGEN

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. FADGEN: Good morning, Mr. Chairman, members of
15 the Commission, ladies and gentlemen. My name is Jerry Fadgen.
16 I'm president pro tem of the Plantation City Council. Thank
17 you for giving me this opportunity to make a few brief
18 comments.

19 Last Labor Day weekend, fortunate for us, Hurricane
20 Frances veered off to the north with most of its destructive
21 force, but we still encountered many power outages. Our
22 residents in Plantation were all reasonable and patient during
23 the recovery period, but after four days, I started getting
24 calls for help. And over the next eight days I got 11 requests
25 for help. And that is to say that Lynn Shadows (phonetic) with

1 FP&L got 11 calls of help, requests for help from me. After
2 every one of those requests came in, I asked those to report
3 back to me when their power was restored. And without
4 exception, the power was restored within 24 hours in every
5 single case. Lynn Shadows made me look very, very good. And I
6 am actually envious of FP&L. I wish government could do as
7 good and as consistent a job as they did during this period.

8 While Lynn did an exceptional job, is it is not just
9 that Lynn is exceptional, but, rather, in my opinion a
10 corporate culture exists throughout FP&L where exceptional
11 performance is expected and delivered. I was so envious, so
12 impressed that on September 22nd I sent the following letter:

13 "Dear Lynn. Words cannot express the intensity of
14 gratitude of those affected by individual or group situations
15 in extended or sporadic power outages during Hurricane Frances'
16 aftermath for which you facilitated each remedy. For you,
17 particularly, and all of your colleagues at FP&L, and your
18 disaster recovery partners from Indiana, I personally thank you
19 and relay the thanks of those you helped, for all of your
20 extraordinary recovery work from early in the morning until
21 late at night. Thank you so much again."

22 All of you on the Commission have a very difficult
23 and important job to do, and I am certain that you will do the
24 right thing for all of the consumers in this service area and
25 for the service provider.

1 Thank you very much.

2 CHAIRMAN BAEZ: Thank you, Councilman.

3 Mr. Beck.

4 MR. BECK: Thank you. Beverly Gallagher (phonetic).

5 BEVERLY GALLAGHER

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 MS. GALLAGHER: There are two of us today.

10 Good morning, Commissioners.

11 CHAIRMAN BAEZ: Good morning.

12 MS. GALLAGHER: Ladies and gentlemen. My name is
13 Beverly Gallagher. I am a school board member for Broward
14 County schools, and I brought with me today Joe Felmeth
15 (phonetic). He is one of our project managers. I'm here to
16 talk to you today about the partnership that we have with FP&L,
17 and Joe is here today to actually give you the nitty-gritty of
18 day-to-day operations with FP&L.

19 I represent the southwest part of Broward County,
20 which as you know in today's paper is the fastest growing and
21 has been the fastest growing part of this county for a long
22 time. Broward County schools is the largest employer in
23 Broward County with over 37,000 employees. Many of the
24 employees, their children, are students in our system, so they
25 have a vested interest in working with the school district and

1 making our schools the best they can be. We also are -- we
2 have over 250 school buildings. In fact, yesterday we just
3 approved another new school. And we have approximately ten
4 other buildings that FP&L services.

5 I can agree with the councilman, because on many
6 occasions I have had to call Lynn Shadows and Greg Vega
7 (phonetic) for things as important as we need to get portables
8 hooked up before school starts, and we need a power box moved
9 quickly, down to something that happened last year at Cooper
10 City High School, where the football game was Friday night, and
11 it was Thursday morning and we needed to get the lights working
12 so that the game could take place.

13 We have an incredible partnership with them. They
14 are always there for us. They support our activities. They
15 are not only there as a working partner, but they are also
16 community support. Our teacher of the year and other
17 functions, they're always there for us. So there you have the
18 school board aspect of our partnership with FPL.

19 And I will turn it over to Joe to give you the
20 down-in-the-trenches.

21 JOE FELMETH

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. FELMETH: Thank you, Ms. Gallagher.

1 Chairman and Commissioners. As Ms. Gallagher
2 mentioned, I am a project manager in our energy conservation
3 utility management department, and I can speak to a level of
4 service that FP&L -- my name is Joe Felmeth. I can speak to
5 the quality of service that FPL provides us.

6 As mentioned before, during the hurricanes last year
7 when power was down, FPL worked with us as a team to give us
8 updates of power restoration every 15 minutes to half an hour.

9 In addition, we gave them a priority list of the
10 schools that we wanted to have brought back on-line as quickly
11 as possible, and they worked with us very strongly to
12 accomplish that. When the all clear was given, and we were out
13 surveying our schools, when we found downed power lines, we
14 immediately talked to FPL, and they got crews out there so that
15 we could get our schools up and running and the children back
16 in as soon as possible.

17 Also, as you know, many of our schools were used as
18 shelters.

19 In addition to that, we spend in the district over
20 \$30 million with FPL per year, probably making us one of their
21 larger customers. They help us become as energy efficient as
22 possible through their rebate programs, among others. Through
23 their rebates, it enables the school district to pay for and
24 make it financially attractive to put in high efficiency
25 lighting, higher efficiency air conditioning plants, which then

1 help us save as far as our consumption.

2 In addition, they have a very strong rebate program
3 for thermal storage, which enables us to build ice, if you
4 will, at night, helps with the overall power consumption.
5 Since demand is low at night, it helps the overall community.
6 We are using the electricity at night off-peak, it is cheaper
7 for the district, and then we melt that ice through the day to
8 provide air conditioning. It wouldn't be economically feasible
9 without the rebates from FPL that they provide us.

10 In addition, they act as a separate -- FPL services
11 acts as a contractor with subcontractors to actually help us
12 perform some of this work on the installation.

13 So I would say our experience with FPL is one of
14 partnership, and we have been very satisfied with that level of
15 service.

16 Thank you.

17 MR. TWOMEY: Mr. Chairman.

18 CHAIRMAN BAEZ: Questions of Mr. Felmeth?

19 Mr. Twomey.

20 MR. TWOMEY: Yes, sir. You said your electric bill
21 was in excess of \$30 million a year?

22 MR. FELMETH: I believe so, yes.

23 MR. TWOMEY: I wouldn't know what rate schedules you
24 are on, but given the schedules you are on, have you calculated
25 yet what the proposed rate increase would be to your annual

1 bill?

2 MR. FELMETH: No, I haven't. We are on GSD-1. I
3 think GSLD, also. I was speaking of the level of service, for
4 clarification.

5 MR. TWOMEY: Yes, sir.

6 CHAIRMAN BAEZ: Thank you, sir.

7 Thank you, Ms. Gallagher.

8 MS. GALLAGHER: Thank you.

9 CHAIRMAN BAEZ: Mr. Beck.

10 MR. BECK: Thank you. The next witness is Sol
11 Siegler. Is there a Sol? I hope I didn't -- if I
12 mispronounced your name, I apologize. Sol Siegler with Broward
13 Coalition.

14 Paulette Kandel.

15 Oh, I'm sorry. Mr. Siegler is here.

16 SOL SIEGLER

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. SIEGLER: Good morning, Commissioners and ladies
21 and gentlemen.

22 CHAIRMAN BAEZ: Good morning.

23 MR. SIEGLER: My name is Sol Siegler, and I am
24 representing the Broward Coalition, an organization
25 representing some 110 condominium and homeowners associations,

1 as well as many community and many civic associations, totaling
2 approximately 110,000 members.

3 I'll be brief. It all boils down to the bottom line,
4 what is a reasonable amount of return on an investment the size
5 of FPL? The Public Service Commission has responsibility to
6 set rates that are fair, just, and reasonable. It is also
7 required to set rates to allow the utility investors an
8 opportunity to earn a reasonable return on their investment.
9 And I guess our basic problem is the word reasonable.

10 FP&L is asking for a return ensuring an 11.8 percent
11 return on an investment. Our Florida consumer advocate, Harold
12 McLean, feels that an 8.8 percent return is an attractive and
13 solid return in today's financial climate, and should result in
14 a decrease really in basic rates.

15 FPL is also asking for damages suffered in 2004 for
16 hurricanes as well as projected future damages. This is
17 something that FPL consumers have no responsibility for
18 sharing. Why should FPL customers be held hostage and forced
19 to indemnify FPL, a public company, for past and projected
20 losses in addition to providing a safe guaranteed profit for
21 its investors? Why should any company be insulated from the
22 cause of catastrophic storm damage? It is not within the
23 purview of FPL's clientele to subsidize, but it is a proper
24 risk for FPL's shareholders to assume. And if all else fails,
25 let the U.S. Government, who in the past has at times

1 generously sustained the airline industry, the automobile
2 industry, the tobacco industry, the farming industry,
3 et cetera, take FPL on, too.

4 It is high time that the Public Service Commission,
5 note the public, pays attention to the needs of the public
6 whose welfare it is obligated to protect.

7 Thank you.

8 CHAIRMAN BAEZ: Questions of Mr. Siegler?

9 Thank you, sir.

10 MR. BECK: Paulette Kandel.

11 PAULETTE KANDEL

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 MS. KANDEL: Good morning, Commissioners. Good
16 morning, ladies and gentlemen. I'm Paulette Kandel, and I'm
17 with the Broward County Emergency Management Agency. I just
18 want to give my support, and probably will sound like a
19 testimonial to Lynn Shadows. But I also want to appreciate
20 (sic) my support to Lynn Shadows for this past year's hurricane
21 season. Hopefully, it was an anomaly that we got four
22 hurricanes in one year. We are all hoping that, trust me, on
23 that situation.

24 But Lynn camped out with us the entire time. She was
25 at the EOC from the minute we activated to the very bitter end

1 small business owners and entrepreneurs that are members of our
2 chamber of commerce. Lynn probably went through ten cell
3 phones during the hurricane season in regard to all of us in
4 Broward County contacting her daily and hourly, many, many
5 times.

6 I'm here in support of Florida Power and Light as
7 they certainly have been a wonderful corporate citizen and
8 involved in the community with issues concerning growth. And
9 in doing so, have maintained an excellent level of service
10 throughout it all.

11 So I certainly appreciate having this few moments to
12 be able to extend that. And thank you very, very much.

13 CHAIRMAN BAEZ: Questions of Ms. Michaels?

14 Thank you, ma'am.

15 MR. BECK: Pascal Prophete.

16 PASCAL PROPHETE

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. PROPHETE: Good morning, Mr. Chairman,
21 Commissioners, everyone. My name is Pascal Prophete. I'm the
22 facility manager for Devry University, located in the City of
23 Miramar. We have over a 100,000 square foot facility with
24 state of the art equipment, computers, labs, classrooms.

25 And in order to address our customer service

1 experience with FPL, let me do a brief background of Devry
2 University. Devry opened its doors in October 2002, which is
3 the first university in the city of Miramar. And given the lab
4 intensive nature of the education that we provide, we
5 definitely need reliable power to ensure that our students are
6 all there to learn and continue their education.

7 Also, I want to give a description of my background.
8 I have worked in facility management for about 18 years. I've
9 with worked with a co-generation power plant, the Department of
10 Defense for the Satellite Tracking Center for the U.S. Air
11 Force. I was also appointed as assistant chief engineer for
12 Wells Fargo North and California Data Center.

13 For the satellite tracking station, it was imperative
14 to have light and power. And we would have numerous problems
15 with Pacific Gas and Electric Company. Year after year -- I
16 worked there for approximately seven years. We would try
17 numerous times to contact them, no response. We would wait two
18 or three days and still wouldn't receive a response. With FPL
19 we haven't have any problems. None. I call Mr. Charles Webb
20 all the time. He would respond immediately, or if not
21 immediately, within an hour or two. And this is the type of
22 service we receive from FPL, and we are in complete support of
23 their increase.

24 Thank you very much.

25 CHAIRMAN BAEZ: Questions of Mr. Prophete?

1 MR. TWOMEY: Yes, sir. How large of an electric bill
2 does your university have annually?

3 MR. PROPHETE: We average about \$15,000 a month.

4 MR. TWOMEY: \$15,000 a month.

5 MR. PROPHETE: Yes, sir.

6 MR. TWOMEY: Have you calculated what the increase
7 would be?

8 MR. PROPHETE: Six to eight percent.

9 MR. TWOMEY: Pardon me?

10 MR. PROPHETE: Six to eight percent overall.

11 MR. TWOMEY: Six or eight percent. And lastly, do
12 you have your administration's permission to support the
13 increase?

14 MR. PROPHETE: Devry University is not endorsing FPL.
15 I am just here to speak about my business service that I
16 received from FPL and Mr. Charles Webb.

17 MR. TWOMEY: Yes, sir, but I thought that you -- the
18 last comment was that you support the increase.

19 MR. PROPHETE: Personally, yes. I'm a resident of
20 Miramar, and I also work in Miramar.

21 MR. TWOMEY: Yes, sir. I want to be clear, though.
22 Do you have permission from your university administration to
23 endorse the increase on behalf of the University?

24 MR. PROPHETE: Not on behalf of the university, just
25 on my behalf.

1 MR. TWOMEY: Thank you.

2 CHAIRMAN BAEZ: Thank you, Mr. Prophete.

3 MR. BECK: Dennis Ulmer.

4 DENNIS ULMER

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

7 DIRECT STATEMENT

8 MR. ULMER: Good morning. Thank you for coming here
9 today. I'm Dennis Ulmer. I'm a resident of Fort Lauderdale.

10 I, too, think Florida Power and Light did a good job
11 with restoration after the 2004 hurricane season. I had a
12 problem with reliability and service in my neighborhood since
13 the storms beginning a few months ago, and it wasn't related to
14 weather. I spoke to the staff here today, and they assured me
15 that they are going to look into the problem.

16 I also want to say that I recognize reliability of
17 service can be affected by inappropriate tree plantings by
18 property owners. I support responsible tree trimming by
19 Florida Power and Light and the education of customers in the
20 proper tree and landscaping planting.

21 I don't support the rate increase Florida Power and
22 Light has currently. They are currently receiving higher fuel
23 costs to reimburse them for the fuel charges. The rate
24 increase on top of this and the storm surcharge, I think, is
25 just too much.

1 I read in the newspapers that investors in Florida
2 Power and Light have received uninterrupted dividends since
3 1945. The company is profitable and will continue to earn an
4 above-average earning. I do not think the rate increase is
5 appropriate. Thank you.

6 CHAIRMAN BAEZ: Questions of Mr. Ulmer?

7 Thank you, sir.

8 MR. BECK: Margaret Kempel.

9 MARGARET KEMPEL

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

12 DIRECT STATEMENT

13 MS. KEMPEL: I am Margaret Kempel, a resident of
14 Broward County, and a power addict. Okay. An electrical power
15 addict.

16 CHAIRMAN BAEZ: Admitting it is the first step.

17 MS. KEMPEL: I know. I demand my electricity. I am
18 here today to urge you to approve the Florida Power and Light
19 request. You know the reasons, you know the technical things.

20 This notion that this is an evidentiary hearing
21 means, perhaps, I am out of place. I don't have any evidence.
22 I have a personal opinion, and I have anecdotal information.
23 And that is, you know, when somebody had a car accident and ran
24 into the pole in the neighborhood and took down the power. I
25 called and they said -- that happened at 2:00 o'clock, the

1 electricity will be back on at 5:00, and, bingo, it was. That
2 is my anecdote.

3 I think that the -- more than Florida Power and Light
4 just being like this corporate entity, it is people. And that
5 approving this increase is also an acknowledgment that, in
6 fact, the very dedicated work force at Florida Power and Light
7 responds effectively and immediately to power interruptions,
8 even when I don't call and bug them. I think a decrease is
9 counterintuitive in an increasingly complex, growing and
10 dangerous world where things better be there when we demand it.

11 It is also interesting that electricity demand is the
12 way we phrase it. I don't know whether it is as fast as it
13 should when it comes back on. I think it is as fast as human
14 beings, which is the company, Florida Power and Light, as fast
15 as human beings can get out there and put it back together.

16 And, finally, I want to say I'm sure that there are a
17 lot of people out there in Florida who are, in fact, investors
18 and enjoy the return on their investment.

19 Thank you for your time.

20 CHAIRMAN BAEZ: Question of Ms. Kempel?

21 Thank you, ma'am.

22 MR. BECK: Joe Curtis.

23 JOE CURTIS

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

DIRECT STATEMENT

1
2 MR. CURTIS: Good morning, Mr. Chair and
3 Commissioners. Joe Curtis. I reside and work in Hollywood,
4 Florida. And just a little bit of background since I don't
5 know any of you personally. I am the past president of the
6 Grand Jury Association of Florida, and past president of three
7 different condominium associations. The fringe benefits
8 included therapy.

9 CHAIRMAN BAEZ: I was going to say you moved around a
10 lot.

11 MR. CURTIS: Yeah. Well, after a few years as
12 president you have to leave. Right now I'm not currently on
13 any condo board. I am currently a member of Fort Lauderdale
14 Chamber of Commerce, AARP, the Tower Club of Fort Lauderdale,
15 and I am a sitting member of the Consumer Protection Board of
16 Broward County. Obviously, I'm not here speaking on behalf of
17 any of these fine organizations, but as a private citizen,
18 small business owner, and a homeowner.

19 FPL has given our community reliable service for an
20 extremely long time, with base rates lower than they were 20
21 years ago. Everything has gone up in 20 years. Our community
22 is growing unbelievably. FPL has to keep up with the growth
23 while maintaining its fine standard of reliable service.

24 We have all witnessed their response to hurricanes.
25 I was living in Dade County in 1992 when Hurricane Andrew hit,

1 and we couldn't get into our office. My wife and I, we did
2 some voluntary work. We were in North Bay. We did some
3 volunteer work for about a week with the community agency that
4 was distributing food and clothing down in South Bay. And we
5 saw the devastation, and we witnessed FPL getting to work and
6 doing a yeoman's job at restoring service. They stepped up to
7 plate and performed admirably.

8 During normal outages, which happen to all of us, a
9 transformer down, a quick storm, I'm impressed by the voicemail
10 situation. And lot of elderlies that I know, elderly folks,
11 tell me they are impressed with it, because all they have to do
12 is dial the number, punch in their phone number and they are
13 told, as I have been told by the computer, what the problem is
14 and approximately when it will be resolved. And more often
15 than not it is on at that time or way before that time. They
16 are on the ball.

17 None of us like to pay more for anything. That is a
18 sad fact of life. In my opinion, the three or four-dollar
19 increase per month is worthwhile and justified. We all take
20 electric service for granted. It is very easy to flip the
21 switch. When the lights don't come on, we have a problem.
22 It's important to help FPL maintain that level of service and
23 also to be able to react when we have to ask for it, and
24 unfortunately we do in South Florida, and probably every other
25 place in the country of some type. I ask that you grant the

1 increase.

2 Thank you very much.

3 CHAIRMAN BAEZ: Thank you, sir.

4 Questions of Mr. Curtis?

5 Thank you for coming this morning.

6 MR. CURTIS: Thank you.

7 MR. BECK: Jerry Fadgen.

8 CHAIRMAN BAEZ: I think we already heard from him.

9 MR. BECK: Jane Cerabona.

10 JANE CERABONA

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. CERABONA: Good morning.

15 CHAIRMAN BAEZ: Good morning.

16 MS. CERABONA: My name is Jane Cerabona. I live in
17 Century Village, Pembroke Pines.

18 After living through a number of hurricanes, I came
19 to appreciate the value of electricity. And the best thing
20 about FPL is their reliability and good service. I understand
21 they need money for growth in the future, and with all the
22 people moving to Florida, it makes more sense.

23 Also, I am a member of AARP. They say they represent
24 millions, but nobody surveyed me. On that point, I'm a widow
25 on Social Security, and even I know it takes money to ensure

1 quality of service. We all have to contribute, even me. And
2 that is why I'm here.

3 Thank you for listening to me.

4 CHAIRMAN BAEZ: Thank you, ma'am.

5 Questions of the witness?

6 Thank you very much.

7 MR. BECK: Roy Rogers.

8 ROY ROGERS

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

11 DIRECT STATEMENT

12 MR. ROGERS: Good morning. Roy Rogers. And I
13 thought that was an incredible statement there. I compliment
14 you. I am also in that venerable age sector, and I also was
15 not queried by AARP. I will give Mr. Twomey my card in case he
16 wants to seek retribution for my speaking for the subject.

17 I come to you with the understanding of the
18 deliberations that you are going through. I also was a
19 Governor's appointment on a sister commission, and that is the
20 Environmental Regulation Commission. I served for five years.
21 Prior to that I was a Governor's appointment on the Florida
22 Community Trust (phonetic). And in addition to that also was a
23 Governor's appointment for The Governor's Commission for a
24 Sustainable South Florida.

25 And as you are doing here, we had hearings all over,

1 and I know the process. I respect the fact that the person
2 that comes to the podium often doesn't have the complete grasp
3 of a very complex issue. So as to the specific rate
4 determination, Mr. Chairman and Commissioners, I don't presume
5 to dictate to you what you should do, other than I urge you to
6 consider it carefully in a favorable way.

7 I do have permission to speak in regard to the issue
8 here from my firm, because it is mine. I retired two years ago
9 as senior vice-president of a large community developer,
10 Arvida, that created a city in this county where you are having
11 your hearings, and that is Weston, 10,500 acres, mixed use.

12 In that process my responsibilities included
13 interfacing with FPL, land development, landscaping. And we
14 would have monthly meetings. And, really, I had a coordinated,
15 very agreeable relationship with BellSouth, FPL, all of the
16 utilities, in fact. And I was surprised when I went to a
17 builders association meeting and the builders were so upset
18 with FPL that they were going to go to your Commission with a
19 complaint. They just didn't think that they were being treated
20 correctly.

21 And at that meeting I stood up and made my statement,
22 which was why would it work so well with me and yet so
23 difficult a situation to bring you to the point of issuing a
24 communication to the Public Service Commission. And they
25 listened to me. I have been here so long and done numerous

1 things, I do have respect. And in that regard they found out
2 that, you know what, it was their own house that was not in
3 order. If they had those facility meetings on a regular basis
4 and included up front the needs and the time frames, they could
5 get the cooperation from FPL that we were enjoying with the
6 development, which has literally turned out to be a city of
7 60,000 residents. I'm very proud of that. I retired two years
8 ago. I am the president of a consulting firm.

9 And the other perspective I would like to share with
10 you is the environmental perspective. During the five years
11 that I served as a Governor's appointment on the Governor's
12 Commission for a Sustainable South Florida, one of the
13 committees that really got a lot of my attention that I served
14 on was the energy committee. FPL was represented. I have to
15 confess to a huge environmental vent. I am an
16 environmentalist, while at the same time a community developer.
17 I don't think that should be a dichotomy, and I hope it is
18 frequently encountered in the future instead of an anomaly.

19 But in that regard we had contacts, I became familiar
20 with FPL's commitment to the environment, the right tree, the
21 right place. I have the literature here. And I championed
22 that. There were other things that we did together separate
23 from the Governor's Commission for a Sustainable South Florida
24 that put me in the position where I would speak in support
25 of -- and the time is now up for me to stop talking -- but in

1 support of FPL's commitment to the environment, and I would
2 like to foster that in the future. So I will take away from
3 this podium my renewed goal of getting favorable large scale
4 results from working with an institution that, as is the case
5 with DOT, is often maligned without a real understanding of
6 what the deal is.

7 With that, I thank you. Answer any questions.

8 CHAIRMAN BAEZ: Questions of Mr. Rogers?

9 Thank you, sir.

10 MR. ROGERS: Thank you.

11 MR. BECK: Cheri Vogel.

12 CHERI VOGEL

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 MS. VOGEL: Good morning. I didn't realize this was
17 going to be this horrible. I was asked to come here on -- I
18 specifically asked if this was in reference to the rate
19 increase, because as a property manager, I manage a
20 300,000-square-foot office building in downtown Fort
21 Lauderdale. And my representative, George LeMayas (phonetic),
22 asked me to speak.

23 We recently undertook a project where we replaced the
24 chillers in the building. And I contacted him with reference
25 to the rebate program, and he advised me that FPL was in the

1 process of revising their rebate program, and I only had a very
2 short period of time to apply, push all the paperwork through,
3 or there would be a substantial reduction in the amount of
4 rebate that we got. George helped me with the paperwork. He
5 pushed it through. There was no bureaucratic red tape. He
6 could have stalled. He could have postponed things. As it
7 turns out, we will be receiving a \$27,000 rebate for this FPL
8 incentive as opposed to approximately \$7,400. So we got 83
9 percent more than what we would have received if I hadn't had
10 his assistance.

11 So I guess what I am saying is to reiterate what
12 everybody else has said, it's the quality of service that FPL
13 provides. They could have, you know, not assisted us in this
14 process.

15 And that's all I have to say.

16 CHAIRMAN BAEZ: Thank you, ma'am.

17 Questions of Ms. Vogel?

18 Thank you very much.

19 MR. BECK: Steven Archer. Steven Archer. Douglas
20 Everett.

21 CHAIRMAN BAEZ: Good morning, sir.

22 DOUGLAS EVERETT

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

25 DIRECT STATEMENT

1 MR. EVERETT: Thank you, Chairman and Commissioners.
2 First of all, I'm Doug Everett. I have been president and CEO
3 of the Greater Palm Beach Chamber of Commerce for the past
4 11-plus years, and it is a privilege for me to come before you.
5 I'm certainly not envious of the responsibility that each of
6 you have, trying to determine what is a fair and equitable
7 return on investment for a company of the magnitude of Florida
8 Power and Light.

9 I can say to you that without the response that we
10 have had from Florida Power and Light, particularly in recent
11 years with the hurricanes that we have experienced here in
12 South Florida and throughout the state of Florida, we all would
13 be sitting here by candlelight right now, and I'm not sure we
14 can put a price on that.

15 Certainly, all the people who came before me have
16 expressed to you they are impressed with the reliability of
17 Florida Power and Light to get the job done for us. And,
18 again, I'm not sure we can put a price on that. I don't think
19 any of us would like to be penalized for doing an efficient
20 job, for doing an even more efficient job than we did 20 years
21 ago. And each year in the past we seemed to have improved, and
22 so our boss or the people that we do business with comes to us
23 and says we think you have done such a great job, we are going
24 to reduce your salary or we are going to cut your income. That
25 is not much of an incentive. But we have done that

1 consistently to Florida Power and Light for being more
2 efficient over the years.

3 As acknowledged earlier, they have had two rate
4 reductions in the last 20 years. We are looking right now at
5 segments of our population who, once again, wish to do that.
6 I'm not sure that speaks very well for those of us who want to
7 see progress and improvement in our efficiency.

8 I don't think anyone can deny that the service or the
9 level of service that we all receive from Florida Power and
10 Light, but also they are a great community advocate. I'm not
11 sure how the staff that I work with at Florida Power and Light
12 has the time to do the job that they do in the community and
13 the jobs that they do in their company. They are great
14 community advocates. They are always there when we need them,
15 not just in delivery of power, but improving the quality of
16 life for many of us in other ways.

17 My organization, the 600-plus businesses in Pompano
18 Beach that we represent are very supportive of Florida Power
19 and Light. We express our appreciation to them on a regular
20 basis, and we hope that those of you on the Commission who have
21 a very tough decision to make will also look favorably upon a
22 fair and equitable return on investment for Florida Power and
23 Light in the future.

24 Thank you.

25 CHAIRMAN BAEZ: Questions of Mr. Everett?

1 Mr. Twomey.

2 MR. TWOMEY: Yes, sir. Mr. Everett, I'm not sure
3 from your testimony, are you asking the Commission -- are you
4 speaking in support of the rate increase?

5 MR. EVERETT: Yes.

6 MR. TWOMEY: Okay. And my next question is do you
7 have a board of directors of your chamber?

8 MR. EVERETT: Yes.

9 MR. TWOMEY: And have they approved your statement
10 that you are in support of this increase?

11 MR. EVERETT: As the president and CEO, I don't have
12 to have their approval, sir. I'm representing them here as
13 their spokesperson.

14 MR. TWOMEY: I see. Thank you.

15 CHAIRMAN BAEZ: Thank you, sir.

16 Mr. Beck.

17 MR. BECK: Mason Jackson.

18 MASON JACKSON

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 MR. JACKSON: Thank you, Mr. Chair and members of the
23 Commission, and ladies and gentlemen. Thank you for allowing
24 me to be here this morning. I'm Mason Jackson. I'm the
25 president and CEO of the Broward Work Force Development Board,

1 but I am here as a private citizen. I'm not representing the
2 board today. The board has neither considered nor taken a
3 stand on this, on this issue.

4 But I am here to relate some good news stories to you
5 and to compliment Florida Power and Light's great level of
6 service here. They have tried to save the consumer money
7 through their aggressive energy management programs and energy
8 audits that they remind the consumer of quite frequently in
9 their mail-outs. I have taken advantage of both of those
10 programs. I have not noticed any difference in my service, and
11 it saved me money.

12 I also wanted to say that I live in Pompano Beach,
13 and during the last hurricane season we had outages very
14 infrequently, and they were just momentary. They would go out
15 for just a second or two and then come back on.

16 I wanted to relate two anecdotes to you. One was
17 trying to be prepared for the hurricanes, I went out like a lot
18 of people and bought generators and power transfer stations so
19 I didn't electrocute some lineman down the road, and had it
20 installed and everything. At one point the lights went out and
21 I thought -- waited for a few minutes to see if they would come
22 back on. They didn't. So I went out and prepared to get
23 everything hooked up and got the generator gassed up. And just
24 as I hooked it up, I said to my wife, there, we're all ready.
25 And she said the lights just came back on. So I accused the

1 staff of Florida Power and Light of having a lineman somewhere
2 watching me do all this, and saying wait for it.

3 The second thing was that I work about 30 minutes
4 from my home, and I noticed that a transformer outside my house
5 was spitting and making a strange noise. So, remembering it
6 driving home one night, I called Florida Power and Light on my
7 cell phone and reported it to their service department. And
8 when I got home, the truck was sitting there. So I went up to
9 the truck driver, figuring it was a coincidence, but yet my
10 name was on the ticket. And they were there to make sure that
11 that was taken care of. It was incredibly fast service.

12 So whatever the Commission decides on these rates, I
13 would urge you to make sure that whatever rate you choose that
14 they maintain this high level of customer service.

15 Thank you.

16 CHAIRMAN BAEZ: Questions of Mr. Jackson?

17 Thank you, sir.

18 MR. BECK: J. T. Tarlton, Broward Alliance.

19 J. T. TARLTON

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. TARLTON: Good morning, Mr. Chair, Commissioners.
24 I'm here on behalf of the Broward Alliance, not to talk
25 specifically about the past or hurricanes, but to talk about

1 the thoughts regarding a decision, a very important decision,
2 and the impact of that decision on our future.

3 Florida Power and Light is a terrific corporate
4 citizen here in Broward County. We have 1.7 million residents
5 in Broward County. In the South Florida region we have over
6 5.5 million residents in our region, and by 2020 we will have
7 almost seven million people in South Florida.

8 Well, what does that mean? What that means is that
9 it is our job at the Broward Alliance -- and I'm the president
10 and CEO of Broward Alliance -- to consider development issues,
11 bringing in a new economy, the future of our economy, the
12 future job growth, the future opportunities for our citizens of
13 Broward County and in South Florida, and the infrastructure
14 that is required to support that.

15 The infrastructure is important because when I talk
16 to CEOs about business development, and when I talk to CEOs
17 about retention and recruitment and relocating to South Florida
18 to create the jobs that I'm chartered to assist and create with
19 Enterprise Florida and the Governor's office, those are issues
20 that constantly come up. And those are issues that I need to
21 address and be certain that the infrastructure that we have,
22 which includes, power, light, transportation, and all of the
23 things that are important to the business community and to the
24 growing environment that we have here in South Florida are
25 considered as part of that evaluation.

1 So I would certainly like you to take all of those
2 factors into consideration as you make a very, very important
3 decision, to focus more on the future of Broward County and
4 South Florida and not necessarily just to react to the things
5 of the past and today's reality in terms of a request for a
6 rate increase, but where are we going tomorrow, the investment
7 that will be used by Florida Power and Light to look at
8 alternative sources of energy and to ensure that we can
9 maintain the quality of life that we have here and we are so
10 accustomed to.

11 Thank you very much.

12 CHAIRMAN BAEZ: Questions?

13 Thank you, sir.

14 Mr. Beck.

15 MR. BECK: Annabelle McCarthy.

16 ANNABELLE MCCARTHY

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. MCCARTHY: Good morning, gentlemen.

21 CHAIRMAN BAEZ: Good morning.

22 MS. MCCARTHY: I have not too much to complain about
23 with FPL, because I think their response is so great whenever
24 you have a problem that you have to have them come and repair
25 something.

1 However, I have noticed in taking an annual
2 percentage of my bills that I pay, that in the last four years
3 it has gone up from 11, then to 12, then to 13 and then a
4 \$1,400 increase total in my bills. And I just wondered how
5 much more we need, if the request for more is a little bit too
6 much.

7 Now, last year was very unusual situation with four
8 hurricanes bearing down on one section of Florida. However, I
9 have not had any trouble. Though we have had hurricanes, they
10 haven't been too severe in my area, and we have been able to
11 handle that very well. There hasn't been too much onus on FPL
12 I don't think.

13 But I do have to praise them for doing such good
14 clean work whenever you call on them to do something. However,
15 I'm just a little bit concerned about the trend in my
16 electrical bill, because where will it stop? We don't know,
17 and we don't have much power to do anything about it. But I
18 thank you for the service you have provided.

19 CHAIRMAN BAEZ: Thank you, ma'am.

20 Questions of Ms. McCarthy?

21 Thank you, ma'am.

22 MR. BECK: Mr. Chairman, Ms. McCarthy was the last
23 witness that signed up.

24 CHAIRMAN BAEZ: All right.

25 MR. BECK: Bunney Brenneman.

1 CHAIRMAN BAEZ: While Ms. Brenneman is approaching,
2 is there anyone else that signed up to speak or would like to
3 speak and didn't sign up? Sir. Okay. I'm going to swear both
4 you in, because I know you all came in late. I'll swear you
5 both in and then if you will go ahead and provide your name to
6 Public Counsel.

7 (Witnesses sworn.)

8 CHAIRMAN BAEZ: Go ahead, Mr. Brenneman.

9 BUNNEY BRENNEMAN

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

12 DIRECT STATEMENT

13 MS. BRENNEMAN: Thank you. Mr. Chairman, members of
14 the Commission, I had intended to sit quietly by. I apologize.

15 I am chair of the Utility Advisory Committee in the
16 City of Fort Lauderdale, and I wanted to sit here very quietly
17 and listen to all of this.

18 I am here speaking because I, too, wanted to
19 compliment Lynn Shadows and Florida Power and Light in the
20 wonderful work they do for the community. But I'm rising to
21 speak in opposition to the rate increase. I urge each one of
22 you as members of this Commission to consider carefully the
23 excellent case, and I have had a chance to look at some of the
24 backup that Counsel Beck and his five experts have prepared for
25 you. The amount of work and effort that has gone into this has

1 to approach a position of staggering. I compliment you for
2 representing, at the direction of the Governor, all of the
3 people of the state of Florida. It is an excellent, excellent
4 work.

5 Florida Power and Light deserves to receive a return
6 on its investment for its shareholders, but it is terribly
7 important that that rate be consistent with good business
8 practices and good practices for utilities across the country.
9 12.8 to 12.9 percent is completely unacceptable, and must be
10 thought so by most citizens of the city, as well as the state
11 of Florida. 8.8, I still don't have the expertise to tell you
12 that that is good. I support Mr. Beck's position, and I would
13 urge you to seek the position of issuing a rate reduction.

14 In addition, for the damages of the 2004 hurricane,
15 all four of them, near misses and actual hits, it is important
16 that they receive the money. But they build up a fund over a
17 period of time. When I followed the trend of where the money
18 went, when they actually did consider the charges -- the actual
19 expenses that were incurred, I couldn't make these figures come
20 together. I want you to consider that, too, as you issue your
21 findings on the rate increase and the charges for the four
22 hurricanes.

23 I thank you for coming. I thank you for having this
24 public hearing.

25 CHAIRMAN BAEZ: Questions for Ms. Brenneman?

1 Thank you, ma'am.

2 MR. BECK: Rick Latta.

3 RICK LATTA

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. LATTA: Good morning, Mr. Chairman,
8 Commissioners, ladies and gentlemen. I came this morning not
9 with the intention of having anything to say, but after being
10 here for about an hour and a half, I feel like it is my
11 responsibility to say something.

12 First of all, I am a resident of Weston. I have been
13 living in South Florida for about 30 years. I have some
14 property in the Keys as well as other parts of the state. I've
15 been using Florida Power and Light's service this whole time,
16 obviously. The level of service I have been receiving from
17 Florida Power and Light is excellent.

18 I am also a small business owner, and I wish that
19 every other company that I do business with was as responsible
20 and efficient and as reasonably priced in my eyes as Florida
21 Power and Light is.

22 I also travel to other countries as part of my
23 business, and one of the things that is very frustrating about
24 being in some of those countries sometimes is when you flip the
25 switch, sometimes the light doesn't come on. So it is nice to

1 know that here in the States, here in Florida, every time I
2 come home and I flip that switch, and I take it for granted
3 that it works.

4 The other thing I would like to say is that as the
5 head of household and the father of teenage daughters, my
6 beautiful wife of 20 years lives with us -- excuse me, I meant
7 to say my mother-in-law lives with us. There's a lot of ladies
8 living in our house. And I think that you will would hear them
9 say that they don't care if the price of gas goes up, they
10 don't care if there is no gas, they don't care if there's no
11 garage pickup, they don't care if the cable TV is not working,
12 but don't take away their air conditioning.

13 So I'm in favor of the rate increase. I think a 12.8
14 percent rate is reasonable in my eyes as a businessman, but it
15 is up to you to determine. But I'm very satisfied with the
16 service, and I'm all for it.

17 Thank you.

18 CHAIRMAN BAEZ: Questions for the witness?

19 Thank you for coming, sir.

20 Is there anyone else that may have arrived late that
21 did not sign up to speak and wishes to address the Commission?

22 Seeing no hands, I want to thank you all that came
23 out this morning to address us. It is very important. As I
24 said, a very important part of our process and our
25 deliberations, and we really do appreciate those of you that

1 take the time to speak to us and let us know what you are
2 thinking.

3 Our next hearing, Mr. Keating, is this afternoon, I
4 believe, at 4:00 o'clock?

5 MR. KEATING: That's correct.

6 CHAIRMAN BAEZ: We will be in the City of Miami.

7 Thank you again for coming and have a good morning.

8 (The service hearing concluded at 10:21 a.m.)

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STATE OF FLORIDA)

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 11th day of July, 2005.



JANE FAUROT, RPR
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