

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 050045-EI

In the Matter of

PETITION FOR RATE INCREASE BY
FLORIDA POWER & LIGHT COMPANY.



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PROCEEDINGS: SARASOTA SERVICE HEARING

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

DATE: Thursday, July 14, 2005

TIME: Commenced at 11:13 a.m.
Concluded at 1:02 p.m.

PLACE: Sarasota County Administration Center
Commission Chambers, 1st Floor
1660 Ringling Boulevard
Sarasota, Florida

REPORTED BY: LINDA BOLES, RPR, CRR
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(850) 413-6734

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17 Commission Staff.

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2 COMMISSIONER DEASON: If I could have everyone's
3 attention. Thank you for your patience. We're prepared to
4 begin the hearing, so we'll call the hearing to order and we
5 will begin by having the notice read.

6 MR. SUSAC: Good morning. Pursuant to notice issued
7 June 15th, 2005, this time and place has been set for a
8 customer hearing in Docket Number 050045-EI, petition for rate
9 increase by Florida Power & Light Company.

10 COMMISSIONER DEASON: Thank you. We'll take
11 appearances. If you -- gentlemen, if you could just use the
12 microphone up here, I believe it's activated.

13 MR. BRYAN: Good morning. Patrick Bryan appearing on
14 behalf of Florida Power & Light Company.

15 MR. BECK: Good morning. My name is Charlie Beck.
16 I'm with the Office of Public Counsel.

17 MR. TWOMEY: I'm Mike Twomey appearing on behalf of
18 AARP.

19 MR. WRIGHT: I'm Schef Wright and I'm appearing on
20 behalf of the Florida Retail Federation.

21 MR. PRESHA: I'm Walter L. "Mickey" Presha. I'm
22 appearing on behalf of Florida Power & Light.

23 COMMISSIONER DEASON: Okay. Thank you. At this
24 point let me take this opportunity to welcome you to this
25 service hearing. Let me introduce myself. My name is Terry

1 Deason. I'm a member of the Public Service Commission.
2 Chairman Baez, he's in route. His plane was delayed. He wants
3 us to go ahead and begin the preliminary phase of this hearing.
4 Seated to my near left is Commissioner Rudy Bradley, and then
5 on his left is Commissioner Lisa Edgar.

6 As the notice indicates, this is a service hearing,
7 and the purpose of it is to give customers of the Florida Power
8 & Light Company an opportunity to come and present testimony to
9 the Commission concerning the level of service and the
10 requested rate increase which is currently pending before the
11 Commission. That's the main focus of this hearing.

12 But before we get to that, we're going to give an
13 opportunity for the various intervenors in this case to make
14 brief opening statements or presentations. I think this will
15 be helpful to the customers as well to give some added
16 background information, as well as advise its customers of some
17 of the issues and positions that will be taken by the various
18 intervenors in this case.

19 After the presentations are given, then we're going
20 to ask all those individuals who wish to testify to stand and
21 to be sworn in. This is necessary so that your testimony can
22 become part of the evidentiary record in this case. This is an
23 official hearing and it is being recorded by a court reporter.

24 When you come forward to present your testimony, we
25 ask that you begin by giving us your name and your address, and

1 if you think it would be helpful to the court reporter, you may
2 wish to spell your name so that it is recorded accurately.

3 As you entered the hearing room today, you should
4 have been provided with a Special Report. I would encourage
5 you to, if you've not gotten a copy of that, to please do so.
6 It provides information about this case, and it also provides
7 information about the procedures we follow at the Commission.
8 And if you will note, the last page of this Special Report is
9 designed to be detached and folded and mailed to the
10 Commission. This is for those individuals who do not wish to
11 make a formal statement here today but still wish to provide
12 input to the Commission. You can write those and fold it and
13 mail it to the Commission. Also, there's information as to how
14 you can contact the Commission via e-mail, telephone numbers,
15 fax. So there are a number of ways you can contact the
16 Commission. I would encourage you, if you have input, to do
17 that. Or if you just have problems with -- or questions, we
18 have staff that will be able to assist you in that area as
19 well.

20 Counsel, are there any other preliminary matters that
21 we need to cover at this point?

22 MR. SUSAC: No, Commissioner. I believe you covered
23 them all.

24 COMMISSIONER DEASON: Very well. Then we
25 will begin with -- I think there is a presentation by

1 Florida Power & Light, and then I also understand Public
2 Counsel will make a presentation, Mr. Twomey on behalf of AARP
3 will be making a presentation, and Mr. Wright also will be
4 making a brief presentation. Please proceed.

5 MR. BRYAN: Thank you, Commissioners, staff. Good
6 morning. Again, my name is Patrick Bryan, and I am an attorney
7 for Florida Power & Light Company. In a moment you will hear
8 from Ms. Marlene Santos, who is Florida Power & Light Company's
9 Vice President of Customer Service, and she will be making a
10 brief presentation to you and the Commission.

11 But first I wanted to advise all of our customers
12 here today that we have several customer service
13 representatives available in the building. I believe they're
14 on the second floor of this facility. They are available to
15 meet with any customer and assist customers who have issues or
16 problems with their electric accounts or their service. They
17 have online computers, so they can access account information
18 immediately, and they will do their best to resolve any issues
19 or problems, or even if you just have a question about your
20 electric bill, they can do that here today. We have a couple
21 of customer, I'm sorry, company representatives in the back of
22 the room. On this side we have Mr. John Haney and on this side
23 we have Ms. Linda Whalen. And if you want to take advantage of
24 this opportunity, see them, and they will direct you
25 accordingly.

1 So at this time then I would like to introduce
2 Ms. Marlene Santos.

3 MS. SANTOS: Thank you, Pat.

4 Thank you, Commissioners, for the opportunity to
5 speak today, but more importantly for the opportunity to listen
6 to our customers, your concerns, your questions, as well as
7 your support.

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

15 The last time we asked for an increase in base rates
16 was in 1985. If you remember, that's when a postage stamp cost
17 about 20 cents and a gallon of gas was about half of what it
18 costs today. During this period the cost of living has
19 increased more than 80 percent, increasing the costs that we --
20 actually the money that we pay for labor, for materials and
21 supplies in order to provide you with electricity. But FPL's
22 rates during this time have actually been reduced not once, not
23 twice, but three times for a total reduction of 16 percent.

24 Keep in mind that when we talk about base rates, it's
25 about 44 percent of your bill. And this is the cost to produce

1 and deliver electricity, and this is the piece that we're
2 talking about today, the base rate.

3 What has been really unfortunate for our customers is
4 that during this time fuel prices have more than doubled. So
5 if you've been to the gas pump, you've seen that issue
6 yourself. So fuel charges, it's really important to note, are
7 passed through to our customers, strictly a cost. We don't
8 make any money from fuel. And fuel charges have actually
9 increased electric bills all throughout the nation, and this is
10 the primary reason why your electric bill has gone up.

11 The increase in base rates that we are seeking for
12 2006 would have about a \$3-to-\$4-a-month increase to the
13 average residential bill. Even with this increase, your rates
14 will be actually lower than 1985.

15 So what does this increase cover? First, more than
16 half of the \$430 million that we are requesting in 2006 will go
17 toward investing in new power plants to meet our customers'
18 growing demand for electricity, investing in our existing
19 nuclear power plants to ensure their continued safe and
20 reliable operation, and expanding our power delivery system.

21 Second, about one-fourth of the request or about
22 \$100 million will be used to increase the annual contribution
23 to our Storm Reserve Fund so that we can be ready to restore
24 power as quickly as possible after hurricanes. We've seen
25 already what this hurricane season is doing to us. It's going

1 to be a very, very active season and we need to be ready.

2 Third, the rest of the increase will go towards the
3 cost to comply with a regulatory policy to form a regional
4 transmission organization in Florida.

5 Looking ahead, we're also requesting an annual
6 increase of \$123 million in mid-2007 for a new 1,100-megawatt
7 power plant.

8 Bottom line what this increase is about is providing
9 you with reliable electric service. It's about meeting
10 continued customer growth. Florida is the third fastest
11 growing state in our nation. Recently we've been adding more
12 new customers than many years before. Last year alone more
13 than 100,000 new customers came into our service territory.
14 Here on the west coast, specifically in Sarasota County, we're
15 seeing a 26 percent increase in new accounts. It's about
16 meeting increased electricity usage. Our customers are using
17 about 30 percent more electricity than they did in 1985. It's
18 about the lights coming on when you flip that switch, and it's
19 about us being there for you when you depend on us.

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

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

8 It's true that more business brings more revenues.
9 However, the level of growth that we are seeing brings even
10 greater costs. Using new technology and being more efficient
11 are just simply not going to be enough to support the
12 investment that we require now. We're not like most other
13 companies; we must be there for you 24 hours a day, seven days
14 a week providing you with reliable electric service.

15 Reliability to us means three things: It means that
16 we commit to, number one, having an adequate supply of power;
17 number two, having a delivery system ready to meet your growing
18 demands; and, number three, being prepared to effectively
19 respond during times of crises like hurricanes.

20 In closing, let me assure you that while we are
21 asking for an increase in base rates, we will never stop trying
22 to cut costs. We will always look for ways to do our jobs
23 better and ways to better serve you. We're also very sensitive
24 and very aware of the impact that increasing our prices has on
25 customers with fixed income, with low incomes and also with

1 special hardships. This is why we have partnered with various
2 community and social services throughout the years to provide
3 our customers with assistance. We have a program called
4 ASSIST, and last year alone we helped 81,000 customers through
5 this program.

6 We know how important electricity is in your life,
7 and we're going to do everything necessary to ensure that
8 Florida's electricity future remains a bright one for everyone,
9 both now and in the years ahead. Thank you so much for
10 allowing me the opportunity to speak today.

11 CHAIRMAN BAEZ: Thank you, Ms. Santos. My apologies
12 for being late. The airport gods took over early in the
13 morning and then the traffic gods followed right after.

14 Now we're going to hear from Public Counsel, Charlie
15 Beck.

16 MR. BECK: Thank you, Mr. Chairman and Commissioners.
17 Good morning, everyone. Thank you for coming this
18 morning. My name is Charlie Beck. I'm with the Office of
19 Public Counsel. Let me briefly describe what our role is in
20 this proceeding and what our analysis of the company's case has
21 shown to date.

22 In this case, the four Commissioners who are here are
23 sitting as judges in the case. They will decide whether to
24 increase or decrease Florida Power & Light's rates. Our office
25 is completely separate from the Public Service Commission. We

1 don't report to them, we're independent of them, and we appear
2 as an advocate before the Commission representing customers'
3 interests. The Legislature some years ago recognized that the
4 company pursues their interests, they invest a lot and they
5 work hard at pursuing their interests before the Commission,
6 and the Legislature felt that the customers deserved separate
7 representation to represent their interests before the
8 Commission.

9 Now since Florida Power & Light has filed this case
10 in March we've spent a lot of energy ourselves analyzing their
11 case and trying to determine what our analysis would show of
12 what should happen to the rates. We've retained experts in the
13 areas of accounting, finance, depreciation, revenue
14 forecasting, affiliated transactions between the companies, and
15 it's our analysis that not only is Florida Power & Light not
16 entitled to any rate increase at all, but that there should be
17 a substantial reduction in the prices that they charge for
18 their services.

19 We recently filed testimony by eight witnesses, and
20 our case is that the company should reduce their rates by
21 \$679 million per year.

22 This request by Florida Power & Light isn't the only
23 increase that customers have been seeing. Recently, earlier in
24 the year the company increased its fuel charges. Ms. Santos
25 mentioned to you that they pass through their fuel charges to

1 customers. The company incurs no risk for the fuel that they
2 use to generate their electricity. Those costs are just
3 automatically flowed through to the customers whether they go
4 up or down, and recently they've gone up a lot and that's
5 increased customers' bills at the beginning of the year.

6 On top of that, earlier this year the Commission
7 implemented on an interim basis at the request of
8 Florida Power & Light a surcharge for hurricane recovery. The
9 Commission recently heard testimony in that case, and it's due
10 to make a decision next week on whether to grant it on a
11 permanent basis or not. Staff has issued a recommendation
12 agreeing with parts of the case we presented. We argued that,
13 that a lot of what they were -- a portion of what they were
14 asking for was a double count of expenses they were already
15 recovering through base rates and that they were trying to
16 recover them a second time through, through a hurricane
17 surcharge, and staff mostly agreed with that in their
18 recommendation to the Commission. They did not agree with us
19 on our recommendation that the company share in the burden of
20 the cost of the hurricane with customers, that they pay for a
21 portion and the customers pay for a portion.

22 How's the company been doing? In the monthly reports
23 that they file with the Public Service Commission for the
24 12-month period ending April 2005 their reports showed them
25 earning a return on their equity investment of between 12.8 and

1 12.9 percent. Now that's an after-tax rate of return, which is
2 a very, very high rate of return, in our opinion, that the
3 company has been earning. That means that their revenues are
4 high enough so that after they pay whatever taxes that may
5 eventually be due on those revenues, they still earn a 12.8,
6 12.9 percent return on equity. That's a higher return than
7 their own witness justifies in the case that's before you.

8 Our witness, we've hired a professor of finance from
9 Penn State University. He believes a fair return for their
10 equity on their equity investment would be 8.8 percent. The
11 company's witness testifies at 11.8 percent. So that's a
12 3 percentage point difference. But in terms of what that does
13 to your rates, that's a \$300 million a year difference between
14 what Florida Power & Light is asking for a return on equity
15 versus what our expert witness feels is a fair rate of return.
16 Just that one issue alone.

17 On top of that, Power & Light is asking for a
18 \$50 million a year bonus for good performance. We're opposed
19 to that. We believe they're supposed to give good performance,
20 first of all. You know, they get a very handsome profit on
21 their investment and they should provide good performance.
22 They've had high rates of return and also they've had extra
23 deposits that they've earned in the past with the rate
24 reductions that they've implemented before. But there were
25 sharing mechanisms whereas they reduced rates; they were also

1 allowed to receive some bonuses in that manner.

2 Depreciation is an issue. I'm just going to mention
3 a few of the big ones. Depreciation is an issue that makes
4 most people's eyes just glass over, a very boring subject. But
5 regularly the company submits reports on how well they're
6 recovering their investments. They do that through
7 depreciation. And in the past their reviews of that have shown
8 deficits and they've come to the Commission and asked them to
9 very quickly flow through through increased charges those
10 deficits to customers. They've argued that it's unfair to
11 make, to let that linger for very long, that they haven't
12 recovered their investments.

13 On this case, what they filed in March showed that
14 they have overrecovered in depreciation according to their
15 figures by \$1.6 billion. That's \$1.6 billion. Our experts
16 have looked at that and feel the right number is
17 \$2.4 billion. And whichever number you use, there's a big
18 issue in that case, is that what do you do about it?

19 Florida Power & Light has proposed that if you return
20 to customers over a period of approximately 20 years, part of
21 their argument is that they can make better use of the money;
22 that they earn such a high return on their investment that they
23 can make better use of it than the customers can. And we've
24 opposed stretching out the retainment over that length of time
25 and feel that it should be quicker. We've proposed ten years.

1 Depending on what the Commission does with other adjustments,
2 it should go even more quickly. Because in the past when
3 there's been deficits, they've recovered it over four years.
4 And it's only fair when the shoe is on the other foot to return
5 it more quickly than the company has proposed.

6 Charitable contributions. The company is very
7 involved in the community and I think deserves a lot of credit
8 for what they do with community groups. But in this case
9 they've asked the Commission to change their policy about who
10 pays for their charitable contributions. They're asking the
11 Commission to approve for the first time that the amounts they
12 provide to charities be included in your rates. So in effect
13 your rates will be paying for their charitable contributions
14 and make you the contributor to the organizations that they,
15 they deem to contribute to, and we think that's not right.

16 Ms. Santos mentioned GridFlorida, which is a regional
17 transmission organization that the Commission has looked at for
18 years. There's nothing that would indicate that that's going
19 forward at this time. In fact, the Commission had a workshop
20 on that fairly recently where the companies advocated strongly
21 that GridFlorida fails a cost benefit test, that the costs far
22 exceed the benefits, and they've asked the Commission to let
23 them relook at that and do something different. The
24 Commission -- it's all in limbo right now, and yet the company
25 in this case is acting like it's a done deal and they're asking

1 for \$104 million in your rates effective January 1st, 2006, to
2 pay for that, and we're opposed to that.

3 There's a slew of issues, those are just a few of the
4 highlights of them. We're going forward. We're going to
5 present our case to the Commission in hearings in Tallahassee
6 in August, and we'll do our very best to represent the
7 customers' interests there. Thank you much.

8 CHAIRMAN BAEZ: Thank you, Mr. Beck. Mr. Wright.

9 MR. WRIGHT: Good morning. Thank you all for coming.

10 My name is Schef Wright. I was born in Miami 55
11 years ago, and I grew up as a member of the ready kilowatt
12 generation. I have the privilege to be here this morning on
13 behalf of the Florida Retail Federation, which is a statewide
14 organization of more than 10,000 members, including the state's
15 largest employers and retailers including Publix, Albertson's,
16 Food Lion, Sweetbay, Kash N' Karry, Target, Macy's, Wal-Mart
17 and the Home Depot, as well as thousands of smaller -- larger
18 and smaller mom-and-pop type operations.

19 And a lot of times in electric utility rate cases you
20 will see that commercial and industrial interests line up
21 against residential interests. The Florida Retail Federation
22 is not in any way lining up against residential interests. We
23 are only attacking issues that go directly to the bottom line
24 of the total pot of dollars that FPL will be allowed to recover
25 coming out of this case. We believe that we as consumers,

1 customers of FPL are all in this together, and we're doing
2 everything we can to help make that pot of dollars, our bills
3 and your bills as small as they can possibly be.

4 I'd like to say I agree with everything that Mr. Beck
5 said. I'm going to try to be somewhat brief and just hit the
6 highlights here.

7 Big picture, what's this case about? FPL wants a
8 rate increase of \$430 million a year. Our side of the case
9 believes that FPL should have a rate decrease of at least
10 \$679 million a year. Actually we, we at the Retail Federation,
11 based on some slight differences on some of the issues, think
12 it should be a little bit bigger than that.

13 Bottom line, we're about \$1.1 billion apart: The
14 consumer side of the case at minus \$679 million, and FPL at
15 plus \$430 million compared to what they would charge if they
16 left their existing rates in effect. For an average
17 residential customer, a real average customer who uses about
18 1,240, 1,250 kilowatt hours a month, this is a difference on
19 the order of \$10 a month on your residential bill. If the
20 Commission went all the way with us, you'd probably be about
21 \$7, \$6, \$7 less a month than what you're paying today. If they
22 went all the way with what FPL is asking for, you'd be paying,
23 as Ms. Santos said, \$3 or \$4 a month more than what you're
24 paying today.

25 What this case is not about is whether FPL is going

1 to be able to make needed investments. It's not about whether
2 FPL is going to have enough money to restore service if we're
3 unfortunate enough to experience more hurricane strikes in
4 Florida.

5 What the case is about is how much y'all and we are
6 going to pay FPL for those services. FPL says their needs are
7 growing. That's true. FPL says they need more plants. That's
8 true. We agree. We want the lights to come on every bit as
9 much as y'all do. However, we don't agree as to how much of a
10 return they should get on that investment. They want an
11 after-tax return of 12.3 percent. The witnesses on our side of
12 the case line up at 8.7, 8.8, 9 percent, 9.5 percent, something
13 like that. The difference in total annual revenues between
14 those numbers is about \$350 million a year.

15 So while FPL says their needs are growing, so are
16 their sales and so are their revenues. If they left their
17 rates in effect and got what we believe is a fair rate of
18 return, most of their requested increase would go away.

19 That leaves a few other items. As Mr. Beck
20 mentioned, GridFlorida. GridFlorida is a pending federal
21 requirement. It's not at all clear that it is going to be
22 implemented next year or ever, particularly after a study
23 showed that it was not cost-effective. The other utility in
24 the state who has a pending rate increase, Progress Energy, who
25 serves just up the coast here in St. Pete and northwards,

1 hasn't asked for any money in their rate increase request for
2 GridFlorida. We don't think any of FPL's requested
3 \$104 million should be, should be allowed.

4 Regarding the depreciation surplus, that's real
5 money. There's a difference of opinion as to how much. FPL
6 says about \$1.6 billion, we say \$2.4 billion. That's real
7 money that FPL has collected. The issue is how rapidly that
8 should be flowed back to the customers who paid it. FPL wants
9 to use it to reduce rates over about 20 years. Our side of the
10 case thinks it ought to be used to reduce rates over a lot less
11 than that, between four and ten years, as Mr. Beck articulated.
12 And really if you think about it, y'all, current customers of
13 FPL, are largely the ones who have paid those rates in. We
14 think y'all, those who paid it in, ought to be the ones to get
15 it back. Twenty years from now there's no telling.

16 FPL has understated its sales growth, it's
17 understated its customer growth. That's worth \$34 to \$38
18 million a year. They've even overstated their requested
19 increase for postage costs, folks. They base their requested
20 increase for postage costs on a first class increase of four
21 cents. The bulk rates that they use, according to the United
22 States Postal Service rate increase filing, would only have
23 them increasing between 1.5 and 1.7 cents. It's not a lot of
24 money in the big picture of things. It's about \$1.3 million
25 difference. But, you know, it's a difference and it ought not

1 to be allowed.

2 I'll close by saying we are not opposed in any way to
3 rates that are fair, just and reasonable to consumers and to
4 FPL. We strongly support rates that are fair, just and
5 reasonable to consumers and to FPL. However, we don't believe
6 that the rates that FPL has proposed are any of those things.
7 We don't think they're fair, we don't think they're just, we
8 don't think they're reasonable. We think FPL should have a
9 rate decrease. Thank you.

10 COMMISSIONER DEASON: Mr. Twomey.

11 MR. TWOMEY: Thank you, Mr. Chairman, Commissioners.

12 Ladies and gentlemen, my name is Mike Twomey. I'm
13 appearing on behalf of AARP, which has approximately
14 2.7 million members in the state of Florida. We believe
15 probably in excess of a million of those are served by
16 Florida Power & Light, which is by far the largest
17 investor-owned and the largest electric utility in the state of
18 Florida.

19 Let me say that, as suggested by Mr. Wright and
20 Mr. Beck, we're not here to argue about the quality of
21 Florida Power & Light's service or about the importance of
22 electricity in our daily lives, whether it be at our homes, our
23 businesses, our places of work. That said, if you're here as a
24 customer and you've had quality of service problems, I would
25 encourage you to come up and share those problems with the

1 Commissioners.

2 The argument we have in this case is, for the most
3 part, about price, about the rates that y'all pay
4 Florida Power & Light for your electricity you use in your
5 homes and your businesses, about the amount of profits they're
6 allowed to receive through state regulation.

7 This is an evidentiary hearing, as stated earlier.
8 The Commissioners are the official judges. The company is the
9 Petitioner. The company is asking for a large amount of money,
10 \$430 million in annual increases in their rates, as the others
11 told you, over and above the increases you've already received
12 starting January 1st for increased fuel charges, which were
13 substantial, mostly because of the increase of natural gas, and
14 the substantial increases you've received in your rates in your
15 bills already as a result of the Commission approving interim
16 storm damages.

17 Now the burden -- by law the burden of proof in a
18 legal sense is upon Florida Power & Light to prove that its
19 expenses are fair, just and reasonable and will result in a
20 fair and reasonable profit for it at the end of the year. The
21 customers -- and that's, that's the standard essentially is
22 this company by law is allowed to get, is entitled to get the
23 fair, just and reasonable prices that it inputs to provide you
24 electricity, as well as an opportunity, not a guarantee, an
25 opportunity to earn a fair profit in today's market. And

1 that's important, today's market; not 20 years ago, 25 years
2 ago, the last time they had a complete rate case. The burden
3 is on them. They're the judges.

4 The customer representatives are opposing the
5 increases. I want to go through them briefly. I represent
6 AARP. We support the Public Counsel fully in this, Mr. Beck
7 and his boss, Public Counsel Harold McLean, in supporting them
8 that the rates should come down, not go up, but come down
9 substantially by \$697 million per year. I represent AARP.
10 That's AARP's position. If you're a customer here and you're
11 going to get up and testify and you want to say that I'm a
12 member of AARP and they didn't ask me and I'm in favor of a
13 rate increase, that's your right.

14 The Office of Public Counsel, as Mr. Beck said, has
15 been established and financed and charged with the
16 responsibility by the Florida Legislature with representing all
17 of the customers of this utility, be they individual
18 residential ratepayers, small businesses, large businesses, the
19 state government and so forth. Okay? They have that statutory
20 obligation, they exercise it well. They're saying the rates
21 should go down substantially. Public Counsel represents all of
22 you. If you want to get up and say notwithstanding that that
23 you think you want your rates to go up, that's your right.

24 Mr. Wright said he represents, his organization, his
25 client represents over 10,000 businesses large and small. Like

1 the Public Counsel, like the AARP, Mr. Wright and his
2 consultants have analyzed tens of thousands of pages of
3 evidence offered and produced by the company, evidence produced
4 by their witnesses. They, too, have decided that the rates
5 have to go down close to the order of \$700 million a year.

6 If you're a small business owner or a large business
7 owner and you have decided, whether it's with the examination
8 of these documents or with no examination of the documents at
9 all, that you want to come up here and testify that you think
10 your rates should go up because that's in the best interest of
11 your business, that's your right.

12 Now in addition to these parties that I've just
13 mentioned, we have the Florida Industrial Power Users Group,
14 which represents, as their name suggests, large power users of
15 electricity. They've examined the documents. They're in favor
16 of a rate decrease as well.

17 There's another party called the Commercial Group
18 that represents a number of other large businesses, retailers.
19 They're opposed to the rate increase, want the rates to go down
20 as well. And, lastly, I think there is the, I believe the
21 federal government is in this case, they're opposed to the rate
22 increase. And there's an association of hospitals in the
23 southeast of Florida that have examined the documents. They,
24 too, are opposed to the increase and want to see the rates come
25 down substantially. Everybody that represents anybody in this

1 case that consumes electricity believes that the rates have to
2 go down substantially.

3 Now how can that be? How can we be right in that,
4 when Ms. Santos told you that the cost of living since 1985,
5 their last fully litigated case, has gone up 80 percent?

6 Well, did it occur to any of you while she was saying
7 that, in almost the same breath she said the CPI, the cost of
8 living has gone up 80 percent, but since that time we've had
9 not one, not two, but three rate reductions? How can that be?
10 How is that internally consistent that the CPI has gone up
11 80 percent, they've reduced their rates three times, with the
12 able assistance, by the way, of Public Counsel's office and
13 others, gone down by 16 percent? And, ladies and gentlemen,
14 here's the answer in short, is that the various cost inputs,
15 that is the things that they're allowed to get from you, have
16 come down in some cases, and come down in some cases very
17 substantially.

18 Let me just ask you to think if that seems
19 counterintuitive, how many of you bought a computer, a desktop,
20 a laptop, ten, 12 years ago? I paid, I paid \$3,000 for my
21 first desktop, and you couldn't buy a computer that does so
22 little in today's market. You can buy something that does
23 probably 1,000 times more for 800 bucks, maybe a grand. How
24 about plasma and LCD TVs? First introduced, price high.
25 They're coming down.

1 What's going down substantially in this case?
2 Mr. Beck hit on it first. This company, in addition to their
3 inputs, is entitled to get a fair and reasonable profit. Back
4 in 1985 in their last rate case, which I handled as a staff
5 attorney for this Commission, the Commission, I believe, gave
6 the company under then current market conditions an equity or
7 profit return of about 15.6 percent, which the Commission
8 thought was warranted at a time that there were interest rates
9 ranging close to 20 percent. Those of you that are old enough
10 remember the economic conditions, the financial conditions that
11 we lived under then, and that number may have been correct at
12 the time. At least the Commission thought so.

13 You heard Mr. Beck say that -- and that's why the,
14 that's why the rates have come down for this company primarily
15 three times over the many years is because, as we all know, the
16 cost of money has fallen since 1985 and it has fallen
17 substantially, to the point, as Mr. Beck says, their
18 distinguished expert says is down to 8.8 percent. \$300 million
19 different than what the company's expert says, and, and their
20 expert says it should be lower than what they're earning now.

21 Mr. Beck and Mr. Wright told you about the costs
22 associated with a regional transmission organization.
23 \$100 million for basically an expense that doesn't exist.
24 \$50 million more because they want a reward for their
25 efficiency. The depreciation is an expense. It's come down

1 substantially. It has to be addressed.

2 I want to close on the point of saying that if you're
3 a residential customer, it's not just your residential rates
4 that are going to go up if this Commission grants this company
5 a rate increase of any type. If you pay taxes to your school
6 board, the school boards have huge electric bills. Either your
7 ad valorem taxes for your school board will go up or your
8 schools will have fewer teachers and smaller classrooms. You
9 pay taxes to your cities, you pay taxes to your county, you pay
10 sales taxes and so forth to the state. All of those
11 governments are substantial users of electricity.

12 If you're here to speak on behalf of a government and
13 want to say that quality of service is great, this is a good
14 company, works closely, fine, please do. If you're here on
15 behalf of the government and you want to say that the rates
16 should go up, be prepared for me to ask you if you have
17 official authority to do that and by whom. If you're here as a
18 business owner, you can say anything you want to, of course.
19 But since this is an evidentiary hearing being taken by the
20 court reporter and it becomes part of the official record, we
21 have a right, perhaps an obligation, to protect our clients to
22 ask you questions. If you're from a business and you want your
23 rates to go up, I may feel obliged to ask you how much your
24 electric bill is currently and if you know how much it will go
25 up. Thank you for your time, and I encourage all of you to

1 testify. Thank you.

2 CHAIRMAN BAEZ: Thank you, Mr. Twomey.

3 At this point we're at the, we're at the time in our
4 hearing where we're going to take public comment. As you heard
5 Mr. Twomey say, and I'm sure Commissioner Deason alerted you
6 earlier, this is a, a public hearing. It's part -- it becomes
7 part of the official transcript of the hearing, so we will be
8 swearing those of you that signed up to give public testimony
9 in. So all of those that signed up to address the Commission,
10 would you please stand and raise your right hand.

11 (Witnesses collectively sworn.)

12 CHAIRMAN BAEZ: Mr. Beck, you'll be calling
13 witnesses?

14 MR. BECK: Yes, sir.

15 CHAIRMAN BAEZ: Call your first witness.

16 MR. BECK: The first witness is Mickey Presha.

17 MR. PRESHA: I will be obliged to spell it.

18 Mr. Chairman.

19 CHAIRMAN BAEZ: Good morning, sir.

20 WALTER L. "MICKEY" PRESHA

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

25 COLONEL PRESHA: Members of the Commission, my name

1 is Walter L. "Mickey" Presha. I'm the President and CEO of
2 Manatee County Rural Health Services that's headquartered in
3 Parrish. I also am the Chairman of the Board or President of
4 four different companies that my family owns.

5 Let me, by way of introduction, if you will indulge
6 me just a moment, give you an idea of something about myself.
7 I'm a native son of Manatee County. I was born and raised
8 there, except for times away from college -- in college and in
9 the military. I've been in the area and, therefore, have a
10 good gauge of what it is to understand customer services.

11 In my organization we serve about 55,000 customers
12 and we use, we provide over 200,000 patient visits. We deliver
13 over half the babies in Manatee County, the live births. And
14 one of the things that, that I have a very good gauge for is
15 good customer service and reliable services to patients, I
16 mean, to customers.

17 I have listened to the previous presentations. And
18 in a sterile environment like we're experiencing today it's
19 very easy to talk about what increases mean, talk about the
20 words "fair, just and reliable," and those are not scientific
21 terms. What's fair might not be adequate, what's just might
22 not be reasonable. And so let me kind of tell you a little bit
23 about my experiences. I was drafted into the military in the
24 '60s as a young private, went to OCS at Fort Benning, became a
25 commissioned officer in the infantry, did a tour in Vietnam,

1 stayed on line a lot of times, more than my six-month tour that
2 normally the Army would use as a rotation. I earned a Silver
3 Star, two Bronze Hearts, a Purple Heart, Legion of Merit, and
4 all that will buy me a cup of coffee probably with a buck. But
5 I've had some experiences. I was the first guy on the ground
6 during Operation Andrew. Got mobilized, I was a battalion
7 commander, served as task force central. There were three task
8 forces in Operation Andrew. I was the central.

9 To look at during those 63 continuous days I was
10 there was an environment that was worse than some of the things
11 I saw in Vietnam by far. And so when I think about what the
12 experts said, particularly when I was on active duty, that a
13 similar kind of storm or natural event in the Tampa Bay area
14 would far exceed what we saw in Andrew. Andrew was by and
15 large a dry storm, very little rain, and so the life and limb
16 and casualties were minimized to some extent.

17 What was really important is public services,
18 utilities and water, electrical. And the first day after we
19 rode the storm out we had to boil water where it was available.
20 When I hit the streets I did not ask -- people did not ask for
21 food, they asked for water. And so every, every mover that we
22 had in the Army was pulling water in in that regard.

23 I commanded in Miami for about a little over two
24 years. And after I was made full colonel and went back to
25 Miami, there were still some places many years without

1 electricity. I don't know how a professor of a college can
2 calculate that kind of probability. I don't know how we do
3 that. I'm not an expert in, in those kind of analyses. But
4 what I am is a professional soldier. I know what I witnessed
5 and I know what's important when we start talking about
6 customer service and reliability. I don't know how we can
7 separate reliable services, responsiveness and all of those
8 things that people talk about now that is not relevant and it's
9 not about that. I don't know how you do that. Because at the
10 end of the day, I'm going to tell you right now, we want our
11 electricity and we want it now. No matter what the AARP says,
12 no matter what any of the other testimony, and I respect their
13 positions, but when the chips are down, we're going to expect
14 Florida Power & Light to provide us just, reasonable, adequate,
15 all those things, and reliable service and we want it right
16 now.

17 I remember that a lot of things went up in price,
18 more than double and quadrupled in some cases. A generator, a
19 small generator was worth its weight in gold because people
20 needed electricity. And so I would say to you that
21 Florida Power & Light has not only been reliable and great in
22 its provision of electricity to me as a resident and all my
23 businesses, but it's also a great community partner. They very
24 quietly participate in giving. And I understand that they
25 might be asking for that through some other mechanism now, but

1 I can talk about history. They've given very liberally to, to
2 capital projects that would serve the poor. And in my
3 organization about 53 percent of those we serve aren't insured.
4 In the last year we assumed another 4,500 patients. 4,000 were
5 uninsured. And so when Florida Power & Light sees this public
6 commitment to reliable and customer-oriented services, that's
7 great. But it's also a good community neighbor who understands
8 and takes its leadership role very seriously.

9 And so with that, members of the Commission, I will
10 take my seat, but simply say that I'm encouraged by this
11 hearing. I highly recommend that the rate increase be given
12 because at the end of the day we all want reliable services and
13 we want it now. Thank you very much for allowing me to present
14 today.

15 CHAIRMAN BAEZ: Can you hold on just a second,
16 Colonel? Mr. Twomey may have a question.

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

18 CROSS EXAMINATION

19 BY MR. TWOMEY

20 Q Colonel, it wasn't clear to me. Is, is FP&L a
21 contributor financially to any of your organizations?

22 A No. Let me, let me do a disclaimer, first of all.
23 I'm not on the payroll of Florida Power & Light, neither am I a
24 consultant.

25 What they have done is given some monies toward new

1 equipment and that kind of thing, but that is purely to serve
2 the needs of the, of the medically disenfranchised, and I think
3 that makes them a great neighbor.

4 MR. TWOMEY: Thank you.

5 CHAIRMAN BAEZ: Commissioners, any other questions?
6 Thank you sir.

7 COLONEL PRESHA: Thank you again, Mr. Chairman, and
8 members of the Commission.

9 MR. BECK: The next witness is David Dunn-Rankin.

10 DAVID DUNN-RANKIN

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

13 DIRECT STATEMENT

14 MR. DUNN-RANKIN: I'm David Dunn-Rankin. That's
15 D-U-N-N hyphen R-A-N-K-I-N. I am the publisher of the daily
16 newspaper in DeSoto County, the DeSoto Sun; the paper in
17 Charlotte County, the Charlotte Sun; and the papers in
18 Englewood, the Englewood Sun and the Northport Sun.

19 My understanding is that prior to a news story
20 that we released yesterday, this Commission, your staff
21 and the Office of Public Counsel was unaware that
22 Florida Power & Light, the regulated utility, looks like
23 and, in fact, probably is selling confidential customer
24 information.

25 Here's my understanding of how they do it. You are a

1 new customer of Power & Light. You buy a house or you go
2 on a vacation and you turn your power on. You have to call
3 Florida Power & Light. They are a monopoly. You have no one
4 else to call. You must call Florida Power & Light if you live
5 in their area. And you ask them to turn on your power, which
6 they do, and they take your information. And then they take
7 that information, the fact that you are a new, a new mover in,
8 a new customer of Florida Power & Light, and they transfer that
9 outside the regulated utility to a different entity, and that
10 entity uses that information for profit. And I have some
11 questions about that particularly as it regards rates.

12 My first question is why is Florida Power & Light,
13 the regulated utility, allowed this practice of selling
14 customer information? You could say it's a partnership with an
15 unregulated subsidiary and it's a service, but the name -- the
16 fact that you moved in has been moved from a regulated utility
17 to a different entity. Now you can put lipstick on a pig and
18 put a dress on it, but it's still a pig. They have sold that
19 name to another third party, the regulated utility has.

20 I don't understand how that is. I thought, I thought
21 there were existing PSC rules on confidentiality of customer
22 information that prohibited them from using customer
23 information that way. My understanding is that this Commission
24 doesn't let phone companies do that. I know of no other
25 utility or phone company regulated by this Commission that

1 engages in that practice. Are we now going to say that all
2 phone companies and utilities can take confidential customer
3 information that way and sell it to an entity that is not part
4 of the regulated utility?

5 And part of the part that bothers me about this is,
6 my understanding is that prior to our story this week PSC staff
7 was not aware of this practice, that you all were not aware of
8 this practice, that Public Counsel's office was not aware of
9 this practice, that you all were kept in the dark about this
10 practice by the regulated utility.

11 If for some reason you all believe that the phone
12 companies and the regulated utilities in this state should be
13 allowed to sell their exclusive confidential customer
14 information in some way to third parties not part of the
15 regulated utility, I'd like to bid on that information, and I
16 bet I'll pay more than that third party from FPL does. I'd
17 like to bid on that information. If we're going to open it up
18 to sell people's information that a monopoly has, and,
19 remember, you have no other choice if you want utility but to
20 sign with FP&L, I'd like to bid on that and I bet there's a lot
21 of other folks who would. And, in fact, it would probably
22 generate more money for the regulated utility if they allowed
23 everybody to bid.

24 We're here at a rate hearing. My question is if
25 Florida Power & Light is going to use customer information that

1 way, which I don't believe they should be allowed to do, why
2 are they taking the profits from that and putting it into an
3 unregulated utility -- part of the company? Why aren't those
4 benefits accruing to the customers, whose information it is, in
5 the form of lower rates? Why is that?

6 There's been a lot of newspaper headlines, as you all
7 know, about private and personal customer information being
8 leaked. Nobody likes that, particularly from a monopoly that
9 you have no choice. If you don't like the practice, you can't
10 move your service to some other utility.

11 I believe that Florida Power & Light has a special
12 trust, a special trust with the consumer as a monopoly how to
13 treat their information, how to treat their customer
14 information, and I believe they have a special trust with you
15 all to fully disclose any and all activities that they're
16 engaged in that might affect rates.

17 Again, my understanding is that you all were not
18 aware of this practice until this week. Why, if they're going
19 to sell names for profit, did they not fully disclose all this
20 information to you? I believe they didn't do it because -- I
21 have a couple of teenage daughters, you know, and they don't
22 lie to me because they know if they lie to me, they get the
23 death penalty; right? No TV, no car, no nothing for about
24 three months. That's a big, big deal: No lying. But they do
25 have a habit of kind of putting their eyes to the ground and

1 avoiding the question. "Baby, what happened to the \$20 that
2 was on the counter?" "There was \$20 on the counter, Dad?" And
3 not, not that they lie, but not disclosing.

4 If FP&L thinks this is a good practice and they
5 should sell customer names and the money should come out of the
6 regulated utility and go into a nonregulated entity, why were
7 they like my teenage daughters and didn't disclose this
8 information to you all? They have a special trust with you all
9 to do that.

10 I guess my question about rates is if you can't trust
11 FP&L to fully and completely disclose everything to you that
12 you need to set rates, how can you give them any kind of rate
13 increase? And I believe that you all have the power sitting
14 right here today, if you don't like this practice now that you
15 know about it, to tell FP&L to cut it out. And I'd be curious
16 as to your reaction and I'd be glad to take questions.

17 CHAIRMAN BAEZ: I'm sure you're going to get some.
18 Commissioners, any questions of Mr. Dunn-Rankin?

19 Commissioner Deason.

20 COMMISSIONER DEASON: Sir, how did, how did you
21 become aware of this practice?

22 MR. DUNN-RANKIN: How I became aware of it was we are
23 a family and employee-owned newspaper, one of three left in the
24 state, and I am the publisher of that paper. And I moved back
25 to be in the business about three years ago. And not too long

1 after I got back in one of the employees came up to see me and
2 said, "Did you know -- I just moved into my house. Did you
3 know that FP&L is hawking other products, including newspapers
4 and other kinds of things?" I said, "Oh, they are not.
5 There's no way they're doing that. It violates the concept of
6 a do not call list even if it's legal, and no, no utility is
7 going to do that. I don't believe it." They said, "Well, I'm
8 just telling you it happened to me." I said, "You must have
9 misunderstood."

10 Then I had a second employee who moved in, said the
11 same thing to me. I said, "You got to be kidding me." And
12 after about the third or fourth employee said, "Hey, did you
13 hear that they're peddling products," I said, "I've got to call
14 the PSC and find out." And this was maybe two and a half years
15 ago. And I wish I could remember the staff person we talked
16 to. But this staff person basically told us, "Well, you know,
17 selling products like that is in an unregulated utility and we
18 don't have anything to do with that." And I thought to myself,
19 you've got to be kidding. My Public Service Commission
20 Commissioners think this is a good idea? And I apologize
21 because evidently you all didn't know. That's my fault and I
22 apologize. And I said, "I can't believe that."

23 And this particular market, one of my competitors is,
24 in fact, using that service. And I made several trips to FP&L
25 to talk to them about it.

1 CHAIRMAN BAEZ: Mr. Dunn-Rankin --

2 MR. DUNN-RANKIN: Yes.

3 CHAIRMAN BAEZ: -- one of your competitors is using
4 what service?

5 MR. DUNN-RANKIN: This service from Florida Power &
6 Light's unregulated company --

7 CHAIRMAN BAEZ: Okay.

8 MR. DUNN-RANKIN: -- to sell their product.

9 And I made, I made a number of trips to see them to
10 talk about it because I said, "Well, if this practice is
11 endorsed by the PSC and my state, I got to figure out how to
12 compete with that." But I got to tell you, every time I went
13 to see them, it really bothered me and I felt kind of dirty.
14 And after the last visit we came back and we talked about it
15 and we said, "We're not going to do it." They offered us a
16 chance to participate in this program in some fashion.

17 CHAIRMAN BAEZ: FP&L offered you --

18 MR. DUNN-RANKIN: That's correct. And we talked
19 about it and I don't want to do it. And so we went back and
20 did some research and discovered that, in fact, Public Counsel
21 didn't know and my understanding is you all didn't know and
22 your staff didn't know they were engaged in this practice. I
23 don't believe the practice is something a public utility or a
24 phone company ought to be engaged in.

25 COMMISSIONER DEASON: Mr. Chairman, I'm trying to

1 understand the dynamics here and what happens. Is your
2 understanding that FPL, the regulated utility, takes new
3 customer information and sells that information to an
4 unregulated subsidiary, and then that unregulated subsidiary
5 uses that information to promote other businesses?

6 MR. DUNN-RANKIN: That is correct. Here's my
7 understanding as it happens -- again, somebody from FP&L could
8 give you the details, if they so chose. The person who moves
9 in a house calls FP&L to get their power turned on. They do
10 all the work, and then they say something to the effect -- and
11 I've heard about three different versions of this, so I don't
12 know -- and maybe they have different scripts or something. I
13 don't know the exact words. But they say, thank you for
14 choosing FP&L. We're glad you're with us. I'd like to
15 transfer you to our audit verification guys to make sure your
16 information is correct, or I'd like to transfer you to our
17 quality control folks to make sure your information is correct,
18 or I'd like to let you know about other things in your area you
19 ought to be aware of as a new move-in. And then there is an
20 actual physical transfer to what I would call a telesales
21 operation that looks you up someplace in their computer in a
22 zip code and says here's all the offers for you, and starts
23 making the offer. And when that transfer from the public
24 utility service person goes over to the unregulated person, I
25 believe a sale of information is -- either, either they have

1 gifted that information, right, or they have transferred it for
2 value and they have sold it.

3 CHAIRMAN BAEZ: And, I'm sorry. I'm sorry,
4 Commissioner Deason. And this is something -- and here's,
5 here's -- I know you have questions, but here's something that
6 I'm concerned about. You, you mentioned something about an
7 article.

8 MR. DUNN-RANKIN: Yes. We wrote a story yesterday
9 about it.

10 CHAIRMAN BAEZ: You wrote a story. Was it -- did
11 FP&L go on the record confirming or --

12 MR. DUNN-RANKIN: Yes, they did.

13 CHAIRMAN BAEZ: They did confirm it?

14 MR. DUNN-RANKIN: Yes, they did.

15 CHAIRMAN BAEZ: Can we get a copy of that article?

16 MR. DUNN-RANKIN: You sure can.

17 CHAIRMAN BAEZ: Okay.

18 MR. DUNN-RANKIN: In fact, I think in preparation for
19 this I had e-mailed each of your offices a copy of it and I'll
20 get you a hard copy.

21 CHAIRMAN BAEZ: If you would, if you would do that as
22 well.

23 MR. DUNN-RANKIN: I believe in the article --

24 CHAIRMAN BAEZ: I just wanted to make sure, I just
25 wanted to make sure that you had somebody going on the record,

1 being an article and everything.

2 MR. DUNN-RANKIN: Yes. In fact, I think they
3 acknowledged, I don't have it in front of me, that they do this
4 for telephone, for cable, DirecTV, newspapers, and that might
5 be for a variety of service providers.

6 CHAIRMAN BAEZ: Okay.

7 MR. DUNN-RANKIN: And I think we listed them in the
8 article.

9 CHAIRMAN BAEZ: All right. Commissioner Deason, I'm
10 sorry.

11 COMMISSIONER DEASON: Well, I guess I really don't
12 have anymore questions other than thanking you for bringing it
13 to our attention. And I would just, Mr. Chairman -- well,
14 first of all, just let me say that you're correct that there is
15 in this world what is referred to as the regulated utility,
16 which by statute we have the ability to regulate because they
17 provide electric service for retail in the state. And then
18 there are other operations that FPL Group may engage in that
19 are unregulated that we don't regulate. But at the same time
20 this Commission does have rules in relation to affiliated
21 transactions and we do routinely look at matters to ensure that
22 there's not a cross-subsidy. We certainly don't want to be in
23 a situation where a regulated business is subsidizing an
24 unregulated business. So I would, Mr. Chairman, I would just
25 ask for our staff to, to review this situation and, if need be,

1 have an auditor look at it and look to see if this, if this
2 practice is indeed going on, to ensure that it is compliant
3 with our rules. I don't know if it is or is not. I know that
4 we probably have an obligation to review it to make sure that
5 it is and to look at cross-subsidy questions and confidential
6 information questions.

7 CHAIRMAN BAEZ: And clearly there's rules governing
8 it. Now we can, we can sit and argue how far they go or how
9 far they should go and what not, and I don't really want to get
10 into that discussion in part because you have me at a
11 disadvantage. Certainly this is the first time, you know,
12 we've all entertained this question all together in public and
13 so forth, and I know Mr. Susac just became aware of it, and I
14 trust that we'll be looking at it. And, Mr. Dunn-Rankin, if
15 there's any information, I'm sure we can get your contact
16 information as well if they want to interview you, and I'm sure
17 that they'll be talking to the company as well.

18 Mr. Bryan, I see you perched on the edge of your
19 seat. Do you have a question or a comment?

20 MR. BRYAN: Well, I'd like to just clarify a couple
21 of things on the record, if I may.

22 CHAIRMAN BAEZ: It's, it's your right.
23 Mr. Dunn-Rankin -- first of all, let me make sure we're
24 finished with the witness. Commissioners, are there any
25 questions for the witness? Thank you, sir. Mr. Twomey.

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

2 CHAIRMAN BAEZ: Mr. Bryan, I won't, I won't forget
3 you. I just --

4 MR. BRYAN: Thank you, sir.

5 CROSS EXAMINATION

6 BY MR. TWOMEY:

7 Q I have a question or two, and just as a little
8 background. I was aware of part of this practice, I think,
9 because I read articles in the Miami Herald when they would
10 write about Florida Power & Light, and I saw at least one
11 article where they put a disclaimer at the bottom that they had
12 some kind of relationship with Florida Power & Light promoting
13 sales of their newspaper. And it struck me -- one of my
14 questions is it struck me at the time that that relationship
15 with a regulated company in their readership area might inhibit
16 their willingness to write effectively and completely on this
17 corporation.

18 CHAIRMAN BAEZ: Mr. Twomey, are you testifying?
19 Okay. Because I'll swear you in and you can --

20 MR. TWOMEY: That's -- no, sir. That's part of my
21 question.

22 CHAIRMAN BAEZ: All right. Okay.

23 BY MR. TWOMEY:

24 Q And the foundation of the question is did that occur
25 to you at all when you decided to not accept the offer to you,

1 to your paper?

2 A Mike, thanks for the question. Actually --

3 CHAIRMAN BAEZ: Do you two know each other?

4 MR. DUNN-RANKIN: No.

5 CHAIRMAN BAEZ: Oh, okay. Go ahead.

6 MR. DUNN-RANKIN: I think this is the first time
7 we've met, isn't it?

8 MR. TWOMEY: Yes, sir.

9 CHAIRMAN BAEZ: Go ahead, Mr. Dunn-Rankin.

10 MR. DUNN-RANKIN: I appreciate the question.

11 Actually we didn't look at it that way about how we report or
12 how the papers that are doing this with the Florida Power &
13 Light report. We just didn't think it was a practice that
14 seemed to have, seemed to be appropriate for a public utility,
15 and that we really didn't look at the way we report with that.

16 BY MR. TWOMEY:

17 Q Okay. The audit may reveal this, but what, what
18 terms did they offer you in terms of what their percentage
19 would be or the cost would be?

20 A Again, Mike, I can't answer that. When I had some of
21 those discussions with Florida Power & Light, I signed a
22 confidentiality agreement that said I would not disclose any of
23 the details of that. But I can tell you that as a newspaper
24 guy I will pay \$50 to \$80 to get, get an order. And my guess
25 is there's, you know, 60, 50,000 power turn ons in this area.

1 And I don't know the details for Florida Power & Light because
2 they didn't share this with me, but it would not surprise me if
3 they're doing a million dollars in revenue just in these three
4 little counties that we're in right now from this practice. It
5 would not surprise me, but I don't, I don't know the details.
6 And I certainly don't know what they're charging the paper
7 here. They did not disclose that to me.

8 Q And, lastly, which of your competitors are, do you
9 understand are using this service?

10 A My understanding is the Sarasota Herald-Tribune is
11 using the service.

12 MR. TWOMEY: Thank you.

13 MR. BRYAN: Actually I do have one question.

14 CHAIRMAN BAEZ: Mr. Bryan, ask your question.

15 CROSS EXAMINATION

16 BY MR. BRYAN:

17 Q Mr. Dunn-Rankin, isn't it true that for a period of
18 about a year and a half or longer you were attempting to
19 participate in this program?

20 A That is correct. I'm going to restate it again, that
21 says when we first discovered the program, we didn't like it.
22 We thought it was an inappropriate program. And based on a
23 conversation with staff, I understood that, in fact, you all
24 were aware of this program and that, and the actual work being
25 done in an unregulated utility, you felt there was nothing you

1 could do about it. That's my mistake that I didn't go further.
2 And because of that and because my competitor is using this
3 against me, we explored that option. And we went there
4 probably three, four, five times to discuss it with them. And
5 I got to tell you, every time I went it was distasteful to me
6 because I do not like the practice. And in effect they offered
7 some flavor of this to us. I want to be clear. They offered
8 some flavor of this to us. We have turned it down. We are not
9 going to do business with them this way. We do not like the
10 practice.

11 Q So if FPL were to produce correspondence from you
12 over that course of a year and a half or longer indicating your
13 desire to participate in the program and the fact that the only
14 reason you didn't participate in the program is you could not
15 agree on a fee structure, would you deny the authenticity of
16 those letters?

17 A What I would say is we did a wide variety of
18 discussions about what a deal might look like, including fees,
19 as part of that discussion. And, in fact, at the end of the
20 day they offered me an arrangement, and, and that is certainly
21 in e-mails and letters, which I'd be happy for you to produce.

22 MR. BRYAN: Thank you.

23 MR. BECK: Mr. Chairman.

24 CROSS EXAMINATION

25 BY MR. BECK:

1 Q Mr. Dunn-Rankin, Charlie Beck.

2 A Hey, Charlie.

3 Q Let me tell you, we're going to pursue this. We've
4 served some discovery already on Florida Power & Light. We
5 will pursue this.

6 Let me ask you about the arrangements that were
7 offered. Do you have those documents that show what the
8 arrangement that was offered to you by Florida Power & Light?

9 A I believe so. I need to get Florida Power's
10 agreement to release those to you in some form or fashion
11 because, again, I signed an agreement that I would not disclose
12 that.

13 CHAIRMAN BAEZ: All right. Mr. Beck -- and I
14 apologize, I don't mean to, to cut this off at this moment.
15 Clearly Mr. Dunn-Rankin has proven himself a person that many
16 of, many of the people here wish to talk to at a future date.
17 My interest really is, Mr. Beck, in trying to keep this train
18 moving in terms of getting public comment. And I think that
19 we've, I think that we've uncovered an issue that perhaps is
20 appropriate under different circumstances.

21 MR. BECK: Commissioner, I've about finished. My
22 question is directed at whether he had documents we could
23 subpoena. I think it's a fair question as to the witness.

24 CHAIRMAN BAEZ: I figured that's what you were trying
25 to ascertain, and I agree with you, that is a fair question.

1 Absolutely. I just want to throw this warning, not to you, not
2 to you in particular, but to anyone else, I don't want this
3 spinning out into a mini hearing here where we're going to have
4 this, for lack of a better term, this kind of testimony. Is
5 that understood? This is, this is to take testimony on quality
6 of service and on, and on the, the public's interest or
7 disinterest in the impacts of a proposed rate increase.

8 Mr. Dunn-Rankin, I know that you tried to couch this
9 into, into, in terms of germanity with a rate case and so
10 forth. I don't believe that it falls, at least not within the
11 context of this particular type of hearing.

12 MR. DUNN-RANKIN: Okay.

13 CHAIRMAN BAEZ: All right. If there is -- and I
14 think we've raised enough questions into the future that you
15 may have some more input into this. But I don't direct it at
16 you. You are a member of the public, you come up here and
17 speak your piece. I just want to warn the attorneys that we're
18 not going to overlawyer this today. This is a Thursday. We're
19 not going to do it today.

20 MR. BRYAN: I understand. May I though correct the
21 record though just in 30 seconds or less?

22 MR. WRIGHT: Mr. Chairman, if he's going to try to
23 clarify with actual statements, you need to swear him in.

24 CHAIRMAN BAEZ: I'm going to swear everybody in in
25 about a second.

1 Mr. Bryan, if there's, if there's corrections to the
2 record, you are not foreclosed from making those corrections
3 at, at a later date. And I suspect I would take the time in
4 order that the correction to the record or the clarification
5 can be as accurate and complete as possible. I do appreciate
6 you. And, please, I'm not trying to shut any of the attorneys
7 down, except for the fact that this is a hearing for the
8 public, not for the lawyers, not today. All right. And we'll
9 have more discussions along that for the next hearing tonight.

10 But having said that, Mr. Beck, can you call your
11 next witness, please?

12 MR. BECK: Thank you, sir. Thank you,
13 Mr. Dunn-Rankin.

14 The next witness is Mayor SueLynn. I apologize if I
15 mispronounced your name, and to anybody else if I mispronounce
16 your name.

17 MAYOR SUELYNN

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

20 DIRECT STATEMENT

21 MAYOR SUELYNN: My name is SueLynn, and for the
22 record that's capital S-U-E, no space, L-Y-N-N, all one word.
23 And if you want to know the reason for that, I'll talk to you
24 off the record.

25 You requested our addresses. That's 426 Spring

1 Avenue, Anna Maria, Florida, and I have been sworn.

2 Before I proceed, given the previous testimony, I
3 feel a little bit like a fish out of water, so I want to be
4 clear about why I'm here. I'm here to attest to the level of
5 service that Florida Power & Electric provides. I am not here
6 to speak either for or against the rate increase. So do you
7 want me to proceed?

8 CHAIRMAN BAEZ: Oh, absolutely. Mayor -- and for
9 those, and for those of you out there, please don't take, don't
10 take my comments as suggestive of anything but that I do want
11 to hear your public comment on the quality of service, on your
12 opinions on the impact of the rate increase.

13 What you just saw is in part my fault, in part just
14 circumstance. Sometimes these public hearings spin into more
15 legal type hearings than anything else. And what I want to try
16 to avoid is spending two hours in which four attorneys are
17 going to wrestle with one witness giving testimony, and then
18 the rest of you are going to have to wait past lunchtime, many
19 of you are very busy, to have to give testimony on what we
20 actually came here to hear. Okay. That is all. So, Mayor,
21 please --

22 MAYOR SUELYNN: Yeah. And that's what I heard
23 sitting there, and I appreciate the dilemma, being an elected
24 official, sir.

25 I am the mayor and resident of a small city about one

1 mile square at the tip of Anna Maria Island, the first barrier
2 island south of Tampa Bay, and I am pleased to have the
3 opportunity to share with you my city's experience of working
4 with FPL. I also want you to know that my ability to
5 appreciate the exceptional service provided by FPL also comes
6 from my experience of working with the power plants and
7 executive offices of Commonwealth Edison in Illinois for five
8 years.

9 As a result, when I moved to Florida, I was well
10 aware of FPL's outstanding reputation. Now that I have lived
11 here for ten years and have had the opportunity to interact
12 with their employees and be on the receiving end of their
13 service, I understand how they earned and maintained that
14 reputation.

15 The city staff and I have always had our phone calls
16 returned promptly and our service requests responded to in a
17 more than timely manner by FPL contacts. I remember the first
18 time I approached Mel Klein, FPL's Community Relations Manager,
19 with a request. Being a newly elected official from what had
20 to be one of FPL's smallest customers bases, I didn't know how
21 my request for a survey of the city's power infrastructure and
22 an estimate of whether or not it was adequate to meet the
23 city's needs would be met by the representative of a company
24 whose corporate offices, I assumed, if laid end to end would be
25 larger than the city I lived in. I was delighted with the

1 "We'd be pleased to do this for you" response I received from
2 Mel and the subsequent survey that FPL provided.

3 Once I got to know Mel, I realized that he, on behalf
4 of FPL, was an active and involved member of the largest, of
5 the larger community attending meetings and sponsoring
6 luncheons and dinners that brought together people for the good
7 of numerous worthy causes.

8 Of particular interest to me, FPL has sponsored
9 events on several occasions that make it possible for local
10 elected officials like myself to meet with our state
11 legislators to share our concerns and lobby for changes.

12 The city's Director of Public Works frequently calls
13 on Don Sayer, our city's Customer Account Manager. I know when
14 he says that he's going to call Don, the questions we have will
15 be answered or the problems resolved. Don has called for
16 streetlight repairs, complaints from residents about their
17 streetlights shining in their windows, and not having a
18 streetlight where they would like one, power outages, tree and
19 branch removals, along with technical guidance on such things
20 as electrical generators for the city's facilities. During one
21 of the last season's hurricanes the Deputy Clerk called Don
22 because, as she said, "I know you will help us, if you can."
23 We were concerned because we could not do what we needed to do
24 to meet the needs of our citizens in a building with no power.
25 He said he would do his best. His best turned out to be the

1 power coming back within an hour or so.

2 In another instance, he worked with our Public Works
3 Director to successfully negotiate the removal of pines on a
4 property that had been the source of three significant power
5 outages in one particular area of our city.

6 Our Code Enforcement Officer also calls on Don about
7 what can be done about installing turtle-friendly lighting near
8 the beach and what we can tell property owners they can do
9 about their lighting to ensure the turtles' safe return to the
10 Gulf. He is always responsible, he always works with us toward
11 a resolution.

12 I personally was amazed at how quickly both Don and
13 Mel returned my calls during the hurricane season of last year,
14 when I knew that they must be receiving hundreds of calls,
15 everyone wanting to be put next in line for service delivery.
16 After one such instance, and this had to do with Hurricane
17 Charley where the entire city was without power, I can't tell
18 you the utter relief I experienced when a caravan, literally a
19 caravan of FPL trucks drove into the city at the promised time.
20 It was a little like the cavalry arriving as the Indians
21 circled the wagons.

22 During these stressful times when I spoke with Don
23 and Mel, knowing that they were working 18- and 20-hour days
24 and were tired as could be and, just like we elected officials,
25 had become the target of criticism because they couldn't

1 respond as quickly as they would like to a request because of
2 the circumstance created by the emergency, always, always they
3 have been courteous, understanding and honest about the
4 situation and what could be expected.

5 Just last Saturday morning when I was sitting in the
6 Emergency Operation Center at 7:00 a.m. receiving an update on
7 Hurricane Dennis, I was surprised and pleased to learn that FPL
8 was going to stage equipment on the island to be able to
9 respond more quickly to any problems we had during Hurricane
10 Dennis. I was really impressed that they would think to do
11 this. We are a small community. The larger community has
12 many, many -- makes many, many more demands on them. And for
13 them to support us by putting equipment in place so they could
14 respond more quickly was really a gift to us and a relief to
15 me, as an elected official, that I could get to them so
16 quickly.

17 As a resident I am always impressed when I can call
18 1-800-4-OUTAGE and find out that FPL is on the way, how many
19 homes are affected by the outage, and when we can expect the
20 repair to be complete. I also appreciate the calls when a
21 repairman is not going to arrive at the time I have been told
22 so that I don't wind up waiting hours for someone who will not
23 arrive until tomorrow. But most honestly I appreciate the
24 promptness and quality of FPL's linemen and repairmen. Working
25 at Com Ed (phonetic) they were my kind of guys; sometimes a

1 little bit rough around the edges, but often times with a great
2 sense of humor and hearts of gold. FPL's lineman and
3 repairmen, or I should say repair persons to be politically
4 correct, are the same, only more professional in their manner
5 and interaction with customers. Based on the comments of
6 people who have more experience in the work they do than I do,
7 I have been told that they really know what they were doing,
8 what they are doing, and they stay on a job until it is done to
9 their level of satisfaction.

10 I'm aware from my experience at Com Ed that those
11 people like Don, like Mel, like the repairmen and the linemen
12 who are the first on the front lines, who deal directly with
13 the customers are the measure by which the public judges a
14 company's quality of service. I know also that these
15 front-line contacts reflect the service philosophy of the
16 company that employs them. It is one thing for a company to
17 preach exemplary customer service. It is quite another when
18 that is what their employees deliver. FPL's employees
19 consistently deliver exemplary service time after time. Thank
20 you.

21 CHAIRMAN BAEZ: Thank you, Mayor. Any questions?
22 Thank you, ma'am.

23 MR. BECK: The next witness is Don Hall.

24 MR. HALL: No thank you.

25 MR. BECK: Kaycee Ellis.

1 MS. ELLIS: No thank you.

2 MR. BECK: Brian Cartland.

3 BRIAN CARTLAND

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. CARTLAND: Good afternoon, Mr. Chairman and
8 members of the Commission. My name is Brian Cartland. I
9 reside at 312 Lake Tahoe Court in Englewood, 34223. However,
10 I'm here today on behalf of the Economic Development
11 Corporation of Sarasota County. We are at 2601 Cattlemen Road,
12 Suite 201, Sarasota, 34232. And I am the Senior Economic
13 Development Manager of the Economic Development Corporation,
14 and we are a private, nonprofit organization. And I'm
15 pleased to be here today to provide this testimony regarding
16 Florida Power & Light and the quality of service they provide
17 to the community. And the EDC has not taken an official
18 position regarding the specific merits, positive or negative,
19 regarding the proposed rate increase; however, again, I want to
20 speak to the quality of service that we have seen.

21 And the primary purpose of the Economic Development
22 Corporation is to work with companies who are seeking to
23 establish facilities or expand facilities, particularly those
24 that are helping to create the high wage, high quality jobs
25 that help the community, and electrical power is obviously

1 important and reliability of service, and Florida Power & Light
2 working with companies to help improve efficiencies and reduce
3 costs with several of the projects that we've worked on has
4 been an invaluable service that they have provided. They are
5 an active participant in economic development, and in doing so
6 they help make a direct investment in helping diversify the
7 economy and to improve the quality of life for all residents.
8 And the responsiveness that I have seen, that we've seen at the
9 EDC to customer concerns has been outstanding, particularly in
10 light of the recent storms that we had last year.

11 And to just give a couple of examples -- well, the
12 personal, the people, the professional competency of people
13 like Mel Klein and Russ Chamberlain, and in a previous position
14 I had in Charlotte County working with Charlotte Miller, they
15 have been outstanding in their responsiveness. And to just
16 give a couple of quick examples in terms of their
17 responsiveness, flexibility, there was a hospital that was
18 discovered late in the construction that needed some
19 intersection improvements and other things that affected FP&L,
20 they needed to move some light poles and things that were
21 really brought to FP&L late in the game, and they were
22 incredibly responsive. They rescheduled, moved time frames up,
23 even though they really weren't the ones that created the
24 situation, but they went above and beyond to help accommodate
25 and get the hospital open. And obviously getting the hospital

1 facility open was not only important to the hospital, but it
2 had a significant negative impact on them if it were further
3 delayed, but it was also important to the community as a whole.

4 Other situations with other companies, again, several
5 manufacturers that we've worked with in the past, that the
6 responsiveness of Mel Klein, Russ Chamberlain has been
7 outstanding.

8 Thank you very much.

9 CHAIRMAN BAEZ: Commissioners, questions of
10 Mr. Cartland?

11 Mr. Twomey.

12 MR. TWOMEY: Yes, sir, Mr. Chairman.

13 CROSS EXAMINATION

14 BY MR. TWOMEY:

15 Q Just briefly, sir, is Florida Power & Light either a
16 member of your nonprofit and/or a financial contributor?

17 A Thank you for asking that. If I didn't make that
18 clear, I appreciate the question, Mr. Twomey.

19 Yes, FPL, they are absolutely an investor in our
20 organization. As I said, we are a nonprofit organization, and
21 our primary purpose is to help diversify the economy and
22 provide high wage jobs. So, yes, they invest not only time,
23 but money into our nonprofit, as I think they do to several
24 nonprofits. So thank you.

25 MR. TWOMEY: Thank you.

1 CHAIRMAN BAEZ: Thank you, Mr. Cartland.

2 Mr. Beck.

3 MR. BECK: Thank you.

4 Doug Heinlen.

5 DOUG HEINLEN

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. HEINLEN: Good afternoon. My name is Doug
10 Heinlen. I'm a volunteer with the AARP here in Sarasota. I'm
11 retired. And I'm on the Florida State Executive Council and
12 work with AARP as a volunteer on several issues, most
13 importantly age discrimination, older workers, which is not
14 what we're here about.

15 AARP, as you've been told, in Florida represents a
16 lot of seniors. We cover a lot of issues, a lot of age
17 discrimination issues, nursing home regulation, Medicaid
18 reform, I'm sure you know most recently Social Security on a
19 national basis. And significantly here in Florida we're deeply
20 involved in the utility rates and how it affects some of our
21 members.

22 There's a portion of our senior members living on
23 fixed income or low income. I'm sure you know AARP has a very
24 broad demographic; 50 years old and you're in. So our members
25 range from those on fixed and low incomes to very high incomes.

1 But a portion of all our members are affected by the numbers
2 we're talking about here, the \$3 or \$4 per month, and that's
3 what we're talking about and that's what I'm here to talk
4 about, not the billions of dollars in transmission lines.

5 Okay. These members are about to receive a phone
6 rate increase, as I'm sure you know, in the range of \$3 to \$7 a
7 month. And what we're talking about here is a proposed rate
8 increase of, I guess, \$3 or \$4 is what they've said, and that
9 makes a difference. That makes a difference.

10 I mean, electricity is something -- and I'm not here
11 to paint FPL as a bad company because the service is great. I
12 happen to be a stockholder myself. So they do a real decent
13 job, all right, but they're a monopoly. You buy your house,
14 there's one electric company. You turn on the lights, you get
15 a bill at the end of the month. There's no choice. I can shop
16 for my cell phone provider, you can even shop for your cable
17 provider, you know, satellite, cable, whatever. You cannot
18 shop for your electric provider. And really we have to rely on
19 organizations like this group of people, you people, to protect
20 us and make sure that that monopolistic power that they have is
21 not abused.

22 And so AARP comes, comes down on the side of take a
23 very, very close look at this and think, how is it going to
24 affect low income people and low income seniors?

25 And that's pretty much it.

1 CHAIRMAN BAEZ: Questions of Mr. Heinlen? Thank you.
2 Mr. Heinlen, did you -- you said where "AARP comes
3 down on." I just want to be clear, are you speaking for
4 yourself or are you speaking for the association?

5 MR. HEINLEN: I was speaking for the association.

6 CHAIRMAN BAEZ: Okay. Thank you very much.

7 MR. HEINLEN: I'm here as an AARP volunteer.

8 CHAIRMAN BAEZ: That's fine. Thank you.

9 Mr. Beck.

10 MR. BECK: Thank you, Mr. Heinlen.

11 Scott Silverman.

12 MR. SILVERMAN: Hi there.

13 CHAIRMAN BAEZ: Good afternoon.

14 SCOTT SILVERMAN

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. SILVERMAN: I want to speak to Ms. Santos. We
19 all got our envelopes in the mail. This one is from many
20 months ago. My name is Scott Silverman. Okay. On here you're
21 offering monthly charges for power surge protection and
22 lightning strikes. I'm a retired insurance agent, and we all
23 know insurance-wise your homeowner's policy covers you for
24 lightning strikes. So all these people that are, I don't want
25 to say immature as far as up here, but they're going to pay you

1 this \$12.50 a month for \$5,000 coverage and not even think
2 twice about it. And they can look at their insurance policy
3 for that coverage. I just don't think it's fair that you put
4 that on there. Or you should at least underline lightning and
5 say you can also get this coverage through your homeowner's
6 insurance policy. Tenants, of course, they're different. They
7 have a, you know, an apartment, so they're just for contents.
8 But for a home -- I understand you have a thing you put on the
9 outside for surge, but lightning, it upset me. So that's one
10 reason why I'm here.

11 Also, in your mailings, why don't you ever mention
12 that we all, all of us can get solar power for our house; not
13 just solar water heater power but solar photovoltaic to save on
14 our electric bills? There's many companies out there that sell
15 those cells, and you never once mentioned it in any of your
16 mailings that you can get solar power for your roof.

17 I found -- I own stock in a company. It's not -- I'm
18 not going to be prejudiced right now, I'm not going to even
19 mention the name. That way y'all can't say anything. But
20 there's a company out there that makes shingles, solar shingles
21 for roofs. They're out in California. And they're on the
22 Internet. All you've got to do is probably go through Yahoo
23 and push it in there or do a hit and it'll come up with the
24 company. Am I allowed to say a company name or not?

25 CHAIRMAN BAEZ: Sure.

1 MR. SILVERMAN: Okay. UNI-Solar, UNI-Solar.com.
2 They sell solar shingles. And it would save a fortune on our
3 electric bills. All you've got to do is mention it in your
4 bill instead of looking greedy. That's all I need to -- that's
5 all I wanted to say.

6 I was going to ask if I could become a member, but
7 you all are doing so good up there. And thank you for your
8 time.

9 CHAIRMAN BAEZ: Thank you for your time.

10 MR. SILVERMAN: Thank you all for listening to me.

11 CHAIRMAN BAEZ: Any questions for Mr. Silverman?

12 MR. SILVERMAN: God bless.

13 CHAIRMAN BAEZ: Mr. Beck.

14 MR. BECK: Dennis Wonn.

15 DENNIS WONN

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. WONN: Hi. My name is Dennis Wonn. I'm a local
20 customer, and I think I speak for many other customers who
21 believe that, after seeing the articles that have been out in
22 the Herald-Tribune, that the excessive profits that this
23 company is making should be used to fund what they have
24 outlined here that the rate increase would be used for.

25 And I relocated from California in December of, of

1 '03 with my family, and out there we have PG&E, which is known
2 as the utility from hell. And it's -- they have -- it's been
3 an unfortunate group of circumstances with that company, but
4 they've done -- everything that could possibly go wrong,
5 including being in cahoots with Enron, happened with PG&E. And
6 they've been in lots of trouble for a lot of different reasons.
7 And I told my wife before we moved here, I said, "Now you're
8 going to see how well a utility can be run." And I'm sad to
9 report that, that this company is much more focused on
10 maximizing profits for its shareholders than it is in being
11 fair with its customers.

12 And the one thing that PG&E did not do was trick
13 their customers. We actually feel like we've been tricked by
14 FPL based on an experience that we had starting last December
15 where they -- well, we just, we got the bill and it had
16 a \$300 deposit on it. And we said, called up and said, "Well,
17 what's this about?" And they said, "Well, you didn't pay your
18 bill on time." And I said, "You know, but if you look at the
19 calls we've had into you, the reason why we didn't pay the bill
20 is because we had erratic big increases that we don't
21 understand what they're for. And we've been working with you
22 on this, and we didn't even know if we were liable for it or
23 not." And I talked to a nice lady. She said, "We understand.
24 You don't have to pay the deposit."

25 Then in May we got a bill where -- that deposit they

1 asked for at first was \$300. And it wasn't even the \$300 as
2 much as it was the thought. You know, I said, "You know, we're
3 just homeowners here. We're not going to try to not pay our
4 bill." And in May we got one that said, "Pay \$530 for a
5 deposit." So I called them and I said, "Wait a minute. We've
6 been paying, from the lady who I talked to in December, on a
7 regular basis. We don't owe you anything." And the person I
8 talked to said, "Your payment got here one day late last month
9 from the due date." And I said, "But I don't owe you
10 anything." You know, this could never even happen with most
11 other utilities. And I said, "What if I refuse to pay it?" He
12 said, "We could turn your power off." I said, "But let me get
13 this straight. I don't owe you a penny and I've been paying on
14 time except for one day late and you can turn my power off?"
15 They said, "We sure can."

16 And so it wasn't so a matter of, again, the money.
17 We're paying them their two-year deposit, which is, to me,
18 oppressive and just mean-spirited. But the -- I would say
19 this, that if you really care about fairness, based on the
20 excessive profits that they've been accused of, the proper
21 thing to do is make the rates go down commensurate with what
22 these other gentlemen outlined and, you know, keep it in line,
23 keep the profits in line. I'm not against the power company
24 making a profit, but they are a monopoly. They can pull tricks
25 like this, like, you know, charging a big deposit for no

1 you're late by one day, it automatically happens and there's
2 nothing we can do about it." And, you know, I was curious, so
3 I did talk to a supervisor. And, you know, they said, "Well,
4 you know, it's because we lost so much money in the past from
5 all these people coming and going. It's a very transient
6 state. We had to be more strict." I said, "I can understand
7 that, too. But, you know, we're a homeowner here, we live here
8 year-round, and I think you're turning your customers against
9 you with practices like this. Rather than being a friend with
10 a customer, you're treating them without respect and, you know,
11 and being fair." And so they said, "Well, there's nothing we
12 can do. Just pay it."

13 And so, well, then I called back again because I
14 said, "Look, why don't I, why don't I just pay you in a couple
15 of months, a couple of installments for this." And their --
16 the people were trained to say no. And I said, "Well, let me
17 talk to somebody else." And there was a nice lady, she said,
18 "You can pay in a couple of month installments, if you want to,
19 for the deposit."

20 CHAIRMAN BAEZ: So they did let you --

21 MR. WONN: Well, I'd say yeah. But I had to pay the
22 whole thing. But it just left a bad taste in our mouth that,
23 you know, they don't really care about the customers. They
24 want to maximize profits. They want to limit any kind of
25 exposure they have to not getting paid. But, you know, if, if

1 reason. I mean, I can understand making charges and deposits
2 to somebody who's a college student or somebody they have a
3 good idea is going to try to not pay them. But, you know, we
4 own a home, we're here. There's no way we're not going to pay
5 the bill. They're going to get paid the money.

6 And so I just think that based on what their
7 profitability is, what they've made so far, other ways that
8 they have of making money, that if you really care about the
9 people and the ratepayers, you'll bring the rates down
10 commensurate with what their profits are.

11 Thank you very much.

12 CHAIRMAN BAEZ: Questions of Mr. Wonn.

13 Mr. Wonn, did you get, did you get the whole deposit
14 issue resolved?

15 MR. WONN: No. They made me pay it.

16 CHAIRMAN BAEZ: I asked if it was resolved, but, you
17 know, maybe not to your satisfaction. But is it, is it still
18 an open matter?

19 MR. WONN: They have, they have a highly trained
20 customer service staff that's trained to say no. And I called
21 back and said, "You know, gee, you know, I don't feel right
22 paying this. I don't think I should have to." And they said,
23 well -- they, they knew that if you -- you know, all it took
24 was being one day late and they would instigate a --
25 automatically it would happen, that's what they told me. "If

1 you keep them in line with what the, what the PSC has said that
2 it was a reasonable profit for them to make, you know, that's
3 what you can do for the, you know -- I don't even care about
4 the deposit even for two years. It's too late, we paid it.
5 But just keep their profits in line so that we are charged a
6 fair amount and not overcharged while they're making excessive
7 profits.

8 CHAIRMAN BAEZ: Hang on. Commissioner Deason has a
9 question for you.

10 COMMISSIONER DEASON: Quick question. Did they
11 advise you of the refund policy of deposits; after a
12 satisfactory payment record over a period of time that your
13 deposit would be refunded to you?

14 MR. WONN: They said two years, after two years.
15 Which, you know -- and it's not even the deposit as much as it
16 is the thought of it. And, you know, here we thought we came
17 to a place where they have a friendly utility, but they're not
18 really friendly. They're trained not to be friendly. They're
19 trained to be oppressive with the customers, they're trained to
20 limit their exposure, they're trained to get their way.
21 They're a monopoly and they can do it, and that's what they're
22 trained to do. And I'm absolutely sure of it because it's not
23 just me. We talked to our neighbors about this and people that
24 we've met, and they -- and nobody seems to have a good feeling
25 about the utility as far as being fair with the charges. Thank

1 you, sir.

2 COMMISSIONER BRADLEY: You know --

3 CHAIRMAN BAEZ: Commissioner Bradley.

4 COMMISSIONER BRADLEY: And I'll let Mr. Wonn go, but
5 I have a home in St. Pete and one in Tallahassee and I get
6 service from Progress and from the City of Tallahassee. And it
7 seems to be a common practice for most of them to charge a
8 deposit because I've had two similar experiences to what you
9 just described, and I did get a refund though after a certain
10 period of time.

11 MR. WONN: Uh-huh. Yeah. I can understand --

12 COMMISSIONER BRADLEY: I would like someone to, from
13 Florida Power & Light to talk with this gentleman though and
14 answer any questions that he might have about this policy and,
15 and try and work to resolve these concerns.

16 MR. WONN: What they should do is qualify who they
17 want to charge a deposit to and how much. You know, if they're
18 homeowners, they live here, they're not going anywhere, they
19 know they're going to get the money. It's not -- a deposit is
20 really not necessary. You know, if it's a college student or
21 someone who is going to be here for three months or something,
22 I can understand that. They want to make sure that they're not
23 going to, somebody is not going to leave the state and not pay
24 them. But it's, it's -- to me it's unnecessary and it's rather
25 oppressive.

1 CHAIRMAN BAEZ: Thank you, sir.

2 COMMISSIONER BRADLEY: Don't we have some customer
3 service --

4 CHAIRMAN BAEZ: Yeah. Ms. Santos is going to arrange
5 for that.

6 COMMISSIONER BRADLEY: Okay. Thank you.

7 CHAIRMAN BAEZ: Mr. Beck.

8 MR. BECK: Thank you.

9 Steve Queior. I'm sure I'm mispronouncing your name.

10 STEVE QUEIOR

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. QUEIOR: Good afternoon. Mr. Chairman,
15 Commissioners, my name is Steve Queior, that's very close, and
16 I reside at 4678 Pine Harrier Drive here in Sarasota County.
17 And I'm a supporter of various community efforts around
18 developing jobs and, more recently, growing neighborhoods for
19 our working families. And it's a, it's a work force for
20 affordable housing challenge. And it all comes down, I think,
21 to we're competing not only now with Georgia or Chicago or
22 places in the United States but with the whole world. And when
23 you look at what you have to provide in a community to compete,
24 certainly you have to start at the basics in terms of
25 infrastructure. And infrastructure, I think, includes water

1 and sewer, and those are key things in Florida, and electricity
2 is right there as a fundamental.

3 In terms of meeting basic human needs and safety, I
4 have the experience of my wife being a nurse who works with the
5 very elderly, and we certainly have a lot of those demographics
6 in Florida, 90-year-olds, and the health and security implied
7 and delivered by dependable power is absolutely key across the
8 board.

9 When you look at infrastructure, it's a challenging
10 issue because sometimes you can't catch up. And if you don't
11 have the right-of-way for the road or have the watershed cared
12 for, then sometimes it's too late. So I think it's an issue
13 not only of keeping up, but in some sense just staying ahead of
14 the infrastructure needs. And, again, utility is absolutely
15 key in that. I mean, our world depends on the steady supply,
16 be it schools, apartments, communications, public safety,
17 transportation. And so because of the importance of Florida's
18 being able to compete now in such a broader world with a
19 dependable supply of energy, a key infrastructure element, and
20 because of the fact that with the rapid growth we do need to
21 expand that infrastructure, repair it in the normal sense,
22 repair it and maintain it in the sense of storms we encounter
23 here, and face issues such as very dramatic increases in cost
24 of fuel, issues beyond the control of any of us in many
25 respects, I would support the rate increase, given that this is

1 such a fundamental, key resource that we need to provide for
2 our citizens and our state. Thank you.

3 CHAIRMAN BAEZ: Thank you, Mr. Queior.

4 Mr. Twomey.

5 MR. TWOMEY: Yes, sir, Mr. Chairman.

6 CROSS EXAMINATION

7 BY MR. TWOMEY:

8 Q Is Florida Power & Light either a participant, member
9 of your organization or a financial contributor to it in any
10 fashion?

11 A Well, I'm involved with several organizations. The
12 Work Force Board, I don't believe they are with that. I'm
13 involved with the Greater Sarasota Chamber of Commerce, of
14 which FPL is a dues paying member. Yes.

15 Q I see. And what, what function -- what is your
16 position with the chamber?

17 A I'm the Executive Director on the staff side parallel
18 to the Chair of the board on the volunteer side.

19 Q Are you supporting the rate increase as an individual
20 or on behalf of any of your organizations?

21 A I'm supporting the rate increase as an individual.
22 We give the board a well-deserved month off in July, so they
23 weren't able to take a position on this specific rate increase.
24 We do have in our broad platform of policies called "Where We
25 Stand" a policy to work to stay ahead of the needs of the

1 infrastructure of a growing state, including things such as
2 transportation, water, utilities. But I, I gave my remarks
3 more as the individual for this specific group for an increase.

4 MR. TWOMEY: Thank you.

5 MR. WRIGHT: Mr. Chairman.

6 CHAIRMAN BAEZ: Mr. Wright.

7 CROSS EXAMINATION

8 BY MR. WRIGHT:

9 Q Mr. Queior, a couple of questions.

10 Do you work --

11 COURT REPORTER: Excuse me. I can't hear you.

12 MR. WRIGHT: I'm sorry.

13 BY MR. WRIGHT:

14 Q Mr. Queior, I'm Schef Wright. I represent the
15 Florida --

16 COMMISSIONER BRADLEY: Come to the mike.

17 CHAIRMAN BAEZ: Mr. Wright, why don't you get a
18 little closer to the mike.

19 BY MR. WRIGHT:

20 Q I represent the Florida Retail Federation. Do you
21 work with prospective employers who are planning to build
22 businesses in this area?

23 A Sometimes. Actually the Economic Development
24 Corporation that Brian Cartland spoke for does more of that.
25 In my day job, so to speak, I'm working more often with the

1 existing employers already here.

2 Q Okay. Do you think prospective employers look at
3 electric rates when they're considering locating in an area?

4 A Yes.

5 Q Do you think they want higher rates?

6 A I think they want quality of service for a reasonable
7 price and look at the whole picture of costs and what they're
8 getting for the cost in evaluating a site.

9 Q You said you support the rate increase. Do you
10 support the whole \$430 million that FPL has asked for?

11 A I'm not deep enough into the issue to, to answer yes
12 to that. But I'm more supportive of a rate increase because of
13 the track record of FP&L being fiscally responsible and the
14 pressures that exist out there with cost of fuel and growth and
15 so on.

16 Q Do you support them have having a 12.3 percent return
17 on equity after taxes?

18 A I would support enough of a return such that it's a
19 viable investment for shareholders and there's money to
20 reinvestment into current and future needs. I don't have the
21 expertise to say if that's X or Y percent.

22 MR. WRIGHT: Thank you.

23 CHAIRMAN BAEZ: Thank you, Mr. Queior.

24 Mr. Beck.

25 MR. BECK: Don Nickens.

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DON NICKENS

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. NICKENS: Thank you, Commissioners, Mr. Chairman.

I'm Don Nickens, District Manager with Wal-Mart for stores in Sarasota County, Manatee County, DeSoto County and one in Hillsborough County.

Wal-Mart has always prided itself in being a low-cost operator. To raise our utility costs, which is one of our major costs of our operating structure of our stores, would be bad for our business, would be bad for our customers, would be bad for our associates. Wal-Mart stands against the rate increase.

CHAIRMAN BAEZ: Questions of Mr. Nickens?

Thank you, sir.

MR. BECK: Ray Korsch.

RAY KORSCH

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. KORSCH: Good afternoon. My name is Ray Korsch.

I'm a store manager at the Wal-Mart store on Cortez Road in Bradenton, Florida. I've been with the company for about ten years. My store services every week about 70,000 customers,

1 many of whom are FP&L customers as well.

2 If I could just start out by agreeing with
3 Mr. Nickens, Wal-Mart does not agree with a utility rate
4 increase. As a store manager, I have a responsibility to make
5 the statement to protect the interest of my company and my
6 customers. I don't have statistics or presentations
7 unfortunately; however, common sense tells me that increasing
8 utility, increasing utility costs will increase the fixed
9 operating costs of my business, in turn passing additional
10 costs to my customers. This is unacceptable and is not in the
11 best interest of Wal-Mart or its customers. I would urge the
12 Commission to reject FP&L's proposed rate increase. Thank you.

13 CHAIRMAN BAEZ: Questions of Mr. Korsch?

14 Thank you, sir.

15 MR. BECK: Mr. Chairman, Mr. Korsch was the last
16 witness to have signed up ahead of time.

17 CHAIRMAN BAEZ: Thank you, Mr. Beck.

18 Is there anyone else who did not get to sign in that
19 wishes to address the Commission this morning or this
20 afternoon, I guess? Anyone? Three times.

21 I want to thank you all. Again, I apologize myself
22 for being a little late, but I do appreciate both the input
23 that, that all of you gave and, and the time that you took to
24 come out and, and give us your statements. It is an important
25 part of our hearing process. And if anybody thinks that this

1 is just a bunch of people just coming up and talking, you only
2 saw a little piece of what goes on before us. We've got a lot
3 of questions left to answer, as you can see, and we really do
4 appreciate you providing us them as well.

5 Our next hearing, Mr. Susac, is tonight at 6:00?

6 MR. SUSAC: That is correct, Chairman.

7 CHAIRMAN BAEZ: And what's the lucky town?

8 MR. SUSAC: The lucky town is Fort Myers.

9 CHAIRMAN BAEZ: The lucky town is Fort Myers. We
10 will be meeting again at 6:00 in Fort Myers, those of you that
11 wish to see more.

12 Thank you again. Have a great day.

13 (Service hearing adjourned at 1:02 p.m.)

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1 STATE OF FLORIDA)
 : CERTIFICATE OF REPORTER
2 COUNTY OF LEON)

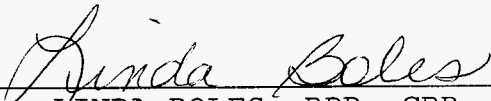
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I, LINDA BOLES, RPR, CRR, Official Commission Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

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

DATED THIS 19TH DAY OF JULY, 2005.


LINDA BOLES, RPR, CRR
FPSC Official Commission Reporter
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