

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 050045-EI

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In the Matter of  
PETITION FOR RATE INCREASE BY  
FLORIDA POWER & LIGHT COMPANY.



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PROCEEDINGS: FORT MYERS SERVICE HEARING  
BEFORE: CHAIRMAN BRAULIO L. BAEZ  
COMMISSIONER J. TERRY DEASON  
COMMISSIONER RUDOLPH "RUDY" BRADLEY  
DATE: Thursday, July 14, 2005  
TIME: Commenced at 6:00 p.m.  
Concluded at 7:09 p.m.  
PLACE: School Board of Lee County Board Room  
Dr. James A. Adams Public Education Center  
2055 Central Avenue  
Fort Myers, Florida  
REPORTED BY: LINDA BOLES, RPR, CRR  
Official FPSC Hearings Reporter  
(850) 413-6734

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6 behalf of Florida Retail Federation.

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10 Citizens of the State of Florida.

11 PATRICK BRYAN, ESQUIRE, Florida Power & Light  
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14 Company.

15 JEREMY SUSAC, ESQUIRE, FPSC General Counsel's Office,  
16 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850,  
17 appearing on behalf of the Florida Public Service Commission  
18 Staff.

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

1  
2 CHAIRMAN BAEZ: Good evening. I'd like to call this  
3 service hearing to order.

4 Counsel, will you read the notice, please.

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

9 CHAIRMAN BAEZ: Thank you, Mr. Susac.

10 Good evening. My name is Braulio Baez. I'm Chairman  
11 of the Public Service Commission. I want to thank you all for  
12 coming out and taking, taking time out of your evening to be  
13 with us today. Today we have -- with me are Commissioner Rudy  
14 Bradley on my left, Commissioner Terry Deason on my right. We  
15 also have Mr. Susac and members of staff also here helping us  
16 out.

17 If you noticed quickly as you were walking in, there  
18 was a table with various brochures of information and so forth,  
19 and you may have noticed and hopefully picked up a Special  
20 Report, which today's color is green, and it provides a summary  
21 of Florida Power & Light's petition for a rate increase. It  
22 has a lot of useful information, a breakdown of that request,  
23 and it will allow those of you members of the public that wish  
24 to address the Commission today to have at least some, some  
25 information in front of you in order to discuss what your

1 comments are going to be. We are here to receive public  
2 testimony regarding the quality of service of the company, as  
3 well as whatever the public's opinion may be on the impact of  
4 the proposed rate increases.

5 I think -- and, Mr. Bryan, if I remember Mr. Bryan's  
6 several reminders prior, I believe the company has customer  
7 service representatives at some point, at some place stationed  
8 somewhere.

9 MR. BRYAN: Right outside the door.

10 CHAIRMAN BAEZ: Right outside of this door. If there  
11 are any customers here today that may have pending issues  
12 concerning their bills, have questions about their service and  
13 so forth, I have always found it that these public service  
14 hearings are a good time to address those issues with the  
15 company. They are very willing to help. I'm sure they have  
16 plenty of people there to help you as well. Also, we do have  
17 staff members just outside as well, if you have any questions  
18 of Public Service Commission staff.

19 This is part of the public hearing process. This is,  
20 I believe, the seventh service hearing that we have had  
21 throughout Florida Power & Light's territory. As I said, it's  
22 to take public comment. That is the primary purpose for us  
23 getting together here today. It is part of an official  
24 hearing. That means we have a court reporter with us today  
25 who's taking down every word we say. For that reason, those of

1 you that have signed up or will sign up to address the  
2 Commission today will be sworn in as witnesses at some point in  
3 time after the presentations.

4 Speaking of the presentations, the Petitioners,  
5 Florida Power & Light, will give a brief presentation, probably  
6 about five minutes or so. And we have other parties here,  
7 namely representatives from the Office of Public Counsel and a  
8 representative of the AARP, and I think the Retail Federation  
9 is here, yes, Mr. Wright, I see him here, they will give brief  
10 presentations, and I do stress to all the parties brief  
11 presentations, before we take the public testimony. After all,  
12 this is the, one of the few chances that the public gets to  
13 speak to the Public Service Commission, and we want to try and  
14 keep it that way as much as possible.

15 Mr. Susac, am I leaving anything out?

16 MR. SUSAC: No, Chairman.

17 CHAIRMAN BAEZ: All right. Great. At this point we  
18 can begin by having Mr. Bryan, counsel for Florida Power &  
19 Light, present his client and the presentation.

20 MR. BRYAN: Good evening. My name is Patrick Bryan.  
21 I am an attorney for Florida Power & Light Company. Just  
22 briefly, I do want to encourage any customers to take advantage  
23 of the Customer Service Representatives we do have here  
24 available in the facility. They do have online computer  
25 terminals so they can access account information and hopefully

1 resolve any issue or problems that you have with your account  
2 or service.

3           So at this time I would like to introduce to you  
4 FPL's Vice President of Customer Service, Marlene Santos.

5           MS. SANTOS: Thank you, Pat. Thank you, Chairman  
6 Baez and Commissioners, for the opportunity this evening to  
7 speak with our customers, but more importantly to listen to  
8 your questions, your issues and your support as well.

9           We know there is never a good time to ask for an  
10 increase in base rates. No one wants to pay more for  
11 electricity, and yet everyone wants and needs reliable electric  
12 power. We at FPL have the responsibility to plan for the  
13 future so that we can continue to provide you that reliable  
14 electric service.

15           The last time that we asked for an increase in base  
16 rates was in 1984. If you remember, that's when a postage  
17 stamp cost about 20 cents and a gallon of gas was about half of  
18 what it costs today. During this period, the cost of living  
19 has gone up more than 80 percent. This has increased the cost  
20 of raw materials and labor that we use to provide you with  
21 electric service. But FPL's base rates during this time have  
22 actually been reduced, not once, not twice, but three times for  
23 a total reduction of 16 percent. Keep in mind that what we  
24 refer to as the base rate is about 44 percent of your bill.  
25 This is the cost to produce and deliver electricity and this is



1 the piece that we're talking to you about today.

2           Unfortunately, as we have brought down that base  
3 rate, fuel prices have more than doubled. Fuel charges are  
4 passed on to our customers strictly at cost, we don't make a  
5 penny on fuel, and these fuel charges have been increasing all  
6 throughout the country and is the reason why your bills are  
7 higher today.

8           The increase in base rates that we are seeking for  
9 2006 would add about \$3 to \$4 a month to the average  
10 residential bill. Even with this increase, your base rates  
11 will still be lower than they were in 1985.

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

18           Second, about one-fourth or \$100 million will be used  
19 to increase our annual contribution to our storm fund so that  
20 we can be sure to be able to provide you quick restoration  
21 after hurricanes. Remember, we live in Florida. We're  
22 experiencing already a very, very heavy storm season, as we saw  
23 this past weekend, and we need to be ready.

24           Third, the rest of the increase will go toward cost  
25 to comply with regulatory policy to form a regional

1 transmission organization in Florida.

2           Looking ahead, we're also requesting an annual  
3 increase of \$123 million in mid-2007 for a new 1,100 megawatt  
4 power plant. Bottom line, what this increase is about is  
5 reliable service for our customers. That's our first priority  
6 as an electric company. It's about meeting continued customer  
7 growth. Florida is the third fastest growing state in our  
8 nation. Recently we've been adding more new customers than we  
9 ever have before. Last year more than 100,000 new customers  
10 signed up for electric service. Just here in Lee County, we've  
11 seen an increase this year of 29 percent for new accounts.  
12 It's about meeting increased electricity usage. Our customers  
13 are using 30 percent more electricity today than they did in  
14 1985. It's about the lights coming on when you flip, when you  
15 flip that switch, and us always being there for you so that we  
16 can be ready whenever you need us.

17           Up to now we've been able to make the necessary  
18 investments to keep up with this growth while still lowering  
19 your base rates. We've invested billions of dollars over the  
20 past 20 years increasing our available power by about  
21 50 percent. We were able to do this by improving the  
22 reliability of our existing power plants, rebuilding some of  
23 our existing plants and adding new capacity, at the same time  
24 through our industry leading energy conservation program who  
25 partnered with our customers to defer the need to build ten new

1 power plants. We also have added thousands of miles of new  
2 power lines and other electrical facilities that we need to  
3 deliver electricity to your homes and businesses.

4           You might think, you know what, and it's true, that  
5 more business brings in more revenues. However, the level of  
6 growth that we are seeing brings in even greater costs. Using  
7 new technology and being more efficient are just simply not  
8 enough anymore to support the investment that is required now.

9           We're not like most other businesses. We must be  
10 there for you 24 hours a day, seven days a week providing you  
11 reliable power. That's how we've built our reputation, and we  
12 know that you're depending on us.

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

18           In closing, let me assure you that while we are  
19 asking for an increase in base rates, we will never stop trying  
20 to cut costs. We will do everything necessary to be sure that  
21 we're doing our jobs better and we're serving you better.  
22 We're also aware and very sensitive to customers that have low  
23 incomes and fixed incomes, and we actually have partnered with  
24 social services agencies through a program that we administer  
25 called ASSIST, which actually has helped, last year helped over

1 81,000 customers with their electric bills.

2 We know how important electricity is in your life,  
3 and we're going to do everything necessary to ensure that  
4 Florida's electricity future remains bright for everyone, both  
5 now and in the years ahead. Thank you so much for allowing me  
6 the opportunity to speak.

7 CHAIRMAN BAEZ: Thank you, Ms. Santos.

8 Mr. Beck.

9 MR. BECK: Thank you, Mr. Chairman, Commissioners.  
10 Good evening everyone, and thank you for coming here tonight.  
11 My name is Charlie Beck. I'm with the Office of Public  
12 Counsel. I want to briefly explain what our office is and how  
13 we differ from the Commission.

14 The Public Service Commission, on whom there's four  
15 Commissioners, is the judge in this case, and they're going to  
16 decide how much to either increase or decrease Florida Power &  
17 Light's rates in this case. Our office is completely separate  
18 from the Florida Public Service Commission. And we've been  
19 established by the Legislature as an advocate for customer  
20 interests before the Public Service Commission.

21 The company has spent a lot of money and a lot of  
22 energy presenting their case to the Commission, and the  
23 Legislature felt it was only fair that the customers also have  
24 a representative advocating on their behalf.

25 Since the company filed this case in March, we've

1 spent a lot of effort ourselves analyzing Florida Power &  
2 Light's case. We've hired a number of consultants and have  
3 submitted testimony to the Commission by eight witnesses.  
4 After studying their case, it's our conclusion that not only is  
5 Florida Power & Light not entitled to a rate increase, but the  
6 rate should be reduced substantially. And you'll see in the  
7 handout that our witnesses support a rate reduction of  
8 \$679 million per year.

9 Florida Power & Light is in wonderful financial  
10 condition right now. You heard Mr. Santos tell you that their  
11 customers are each using more and more electricity per  
12 customer, and also they're adding customers at a very fast  
13 rate. Most businesses would find this ideal conditions and  
14 would be envious to be in that kind of position as a business.

15 Right now their earnings are at extremely high  
16 levels. Through April of this year -- they submit monthly  
17 reports to the Commission, and the reports through April 2005  
18 show they're earning a return on their investment after taxes  
19 of 12.8 to 12.9 percent. That's after taxes, so that after  
20 they collect their revenues and put aside enough money to pay  
21 taxes that they may eventually owe on those revenues, they're  
22 still earning 12.8 to 12.9 percent. We believe that even these  
23 earnings at that level are far too great and much more than a  
24 reasonable level for the company. We've retained a professor  
25 of finance from Penn State University who's looked at the

1 market conditions. He believes an 8.8 percent return would be  
2 more reasonable.

3           Now, in the case the company's witness is supporting  
4 an 11.8 percent return, which is, which is lower than they're  
5 currently earning. But the difference between their  
6 11.8 percent return and the 8.8 percent is \$300 million. So  
7 right there in that very one issue explains most of the rate  
8 increase that they're seeking and the difference that we have  
9 with them. On top of that \$300 million difference the company  
10 is asking for a \$50 million per year bonus that would  
11 effectively raise their rates from 11.8 percent to  
12 12.3 percent. They're asking this for doing a good job. We  
13 believe that their past profits do not justify it, as well as  
14 their projections that they're not going to be doing this well  
15 or operating as efficiently as they have in the past. So we  
16 disagree with them on that, and that's a \$50 million difference  
17 in addition to others.

18           There's a host of issues, there's about 70 issues  
19 that we've raised in the case that deal with every aspect of  
20 their filing from finance, accounting, their, their  
21 relationships with affiliated companies, depreciation, I'm not  
22 going to go into all the details of the whole thing, but with  
23 all those issues we believe a rate decrease should be awarded  
24 by the Commission in this case, and we're going to be  
25 presenting that to the Commission in eight days of hearings

1 that are scheduled for late August and early September this  
2 year. Thank you again for coming tonight.

3 CHAIRMAN BAEZ: Thank you, Mr. Beck.

4 Mr. Wright.

5 MR. WRIGHT: Good evening. Thanks for coming. My  
6 name is Schef Wright. I was born and raised in Miami about  
7 55 and a half years ago. And as I said this morning, I was  
8 part of the Reddy kilowatt generation.

9 I have the privilege to be here tonight on behalf of  
10 the Florida Retail Federation, which is a statewide  
11 organization of more than 10,000 retail companies in the state.  
12 The Retail Federation's members include some of the state's  
13 largest employers and largest retail chains including Publix,  
14 Wal-Mart, Target, Kash n' Karry, Sweetbay Supermarkets,  
15 Food Lion, Macy's and The Home Depot.

16 A lot of times in these kind of proceedings you'll  
17 see that commercial and industrial customers will seek to have  
18 lower rates at the expense of residential customers. That's  
19 not the case here. The Retail Federation is only litigating  
20 issues that address the bottom line total pot of dollars that  
21 FPL is allowed to recover from us, all consumers. We're all in  
22 this together.

23 I'm going to be as brief as I can. I'll start by  
24 saying that I agree with everything Mr. Beck said, and I want  
25 to give you my view of what this case is about. This case is

1 about whether FPL is going to be allowed to increase its total  
2 rates by about \$430 million a year as they have asked, or  
3 whether the PSC will order them to decrease their rates by  
4 somewhere approaching \$700 million a year. Public Counsel's  
5 witnesses support about a \$679 million a year decrease.  
6 Because there are a couple of differences between our  
7 witnesses' position and theirs, we think the decrease may be  
8 slightly greater than that.

9           For an average residential customer the difference  
10 between what FPL is asking for, an increase of \$3 and \$4 a  
11 month, versus what our positions would bring about would be a  
12 decrease of probably \$6, \$6.50 a month. The difference to a  
13 typical residential customer is probably about \$10 a month  
14 between what the company wants and what the consumer  
15 petitioners -- consumer intervenors in this case want.

16           This case is not about whether FPL is going to have  
17 enough money to make adequate investments. We want power  
18 plants just like everybody wants power plants. The real issue  
19 is what return you're going to earn on those power plant  
20 investments and their transmission and other plant investments.  
21 As Mr. Beck pointed out, the company is asking for a  
22 12.3 percent after-tax return on equity. Our side of the case  
23 believes that the number should be something more like 8.7,  
24 8.8, 9.0, 9.5 percent maybe. One of the witnesses on our side  
25 supports 9.5 percent. This is a difference of \$350 million a



1 year. That's virtually their whole increase, about 80 odd  
2 percent of it.

3           Additionally, and this is an accounting term that  
4 causes people's eyes to glaze over, but Florida Power & Light  
5 has accumulated a tremendous surplus in its depreciation  
6 reserve. This is real money that they have in the bank. Even  
7 FPL acknowledges that this reserve is about \$1.6 billion. The  
8 witnesses on our side of the case believe it's more like  
9 \$2.4 billion. FPL wants to give credit for that \$1.6 billion  
10 back over something like 18 or 20 years. Our side of the case  
11 thinks it ought to be flowed back to the people who paid it,  
12 current customers, people who have been customers over the last  
13 few years over a much shorter period of time. Yet Public  
14 Counsel's witness advocates that this would cause an additional  
15 \$264 million to come off FPL's request.

16           The transmission organization has been shown by a  
17 draft cost benefit study presented to the Commission in May to  
18 be noncost-effective. The other utility -- we don't think it's  
19 going to happen, at least not next year. The other utility who  
20 has a pending rate case, Progress Energy Florida, has not even  
21 asked for \$1 of regional transmission organization  
22 expenditures.

23           In short, this case is about whether a residential  
24 customer's rates are going to go up \$3 or \$4 a month or come  
25 down \$6 or \$7 a month. We consumer representatives are not at

1 all opposed to rates that are fair, just and reasonable for  
2 customers and for FPL. We want FPL to be a healthy company  
3 capable of doing everything that it needs to do. We simply do  
4 not believe that an increase of \$430 million a year is  
5 necessary to provide that. We don't believe that rates based  
6 on that level of revenues are fair, just and reasonable. We  
7 submit that the appropriate rates will still be fair, just and  
8 reasonable after FPL is required to reduce its rates by about  
9 \$680 million a year. Thank you.

10 CHAIRMAN BAEZ: Thank you, Mr. Wright.

11 Mr. Twomey.

12 MR. TWOMEY: Mr. Chairman, Commissioners, good  
13 evening. Ladies and gentlemen, good evening. My name is  
14 Mike Twomey. I'm appearing on behalf of AARP Florida, which  
15 has approximately 2.7 million members in the state of Florida.  
16 We think at least a million are served by FP&L, the largest  
17 utility in Florida.

18 I'll be brief. I'll start first by saying that AARP  
19 adopts fully the positions taken by the Office of Public  
20 Counsel, Mr. Beck and his boss, Harold McLean, that this  
21 company's rates should come down \$679 million instead of going  
22 up some \$430 million. I want to point out to you -- and I  
23 won't repeat the various stages and the elements that he gave  
24 you and Mr. Wright gave you.

25 I want to point out though briefly that there are

1 customer representatives in this case, including the Public  
2 Counsel, who represents all FP&L's customers, residential,  
3 commercial, industrial. Mr. Wright's organization represents  
4 over 10,000 businesses large and small. He gave you the names  
5 of some of them. We have an industrial group that's in the  
6 case, we have the federal government is in the case, and other  
7 groups that represent businesses large and small. Each and  
8 every one of these customer representatives have examined  
9 Florida Power & Light's case thoroughly, which consists of  
10 thousands of pages of documents. Each of these organizations  
11 have come to the conclusion, ladies and gentlemen, after  
12 studying these documents, FP&L's evidence and the legal  
13 standards which they're applied to, and decided that the rates  
14 must come down.

15           Now if rates go up, it's not just your residential  
16 rates, it's not just your business rates. It affects  
17 government as well. School board rates will go up, county  
18 government rates will go up, city government rates will go up,  
19 the electric rates the state of Florida pays to Florida Power &  
20 Light will go up. If you're a residential customer and you're  
21 a taxpayer and pay school taxes, you'll see multiple increases,  
22 as well as the increases you'll pay from the businesses you  
23 patronize, whether it's Publix, Target, wherever.

24           We don't think -- AARP doesn't think Florida  
25 Power & Light is entitled to a penny of rate increases. AARP

1 doesn't believe -- or does believe what the Public Counsel and  
2 others do, that the rates should come down substantially.

3           Now I want to explain briefly what I consider my role  
4 to be in these hearings. As the Chairman told you, this is an  
5 evidentiary hearing. Your rights will be part of what's  
6 considered, your testimony will be considered in the final  
7 deliberations of the Commission. So if you're here from a  
8 government and you're going to testify that rates should be  
9 increased, I'm going to feel obliged to ask you if you have  
10 official permission to do that. Don't be, don't feel  
11 threatened by it. I just feel obliged to do it to make sure  
12 you have permission, because we don't think, AARP doesn't think  
13 that it's credible for government to come up and testify that  
14 rates should go up, that businesses should testify that rates  
15 should go up and increase their cost of goods sold or that  
16 organizations should either.

17           I want to emphasize one last thing, and that is, as  
18 Mr. Beck and Mr. Wright told you, that one of the major facets  
19 of this case that you should be concerned with is the cost of  
20 money. The cost of money has gone down dramatically in this  
21 state and throughout this nation since this company's last full  
22 rate case in 1985. That's the major reason that the rates have  
23 come down three times since 1985, as Ms. Santos told you. It's  
24 the reason it should come down again. One of the greatest  
25 risks consumers face in this case is if the Florida Public

1 Service Commission gives this company too much of an increase  
2 in its equity rate. Every percentage point too much that the  
3 Public Service Commission grants Florida Power & Light is worth  
4 the equivalent of \$100 million a year in your increased rates.

5 Thank you for your time.

6 CHAIRMAN BAEZ: Thank you, Mr. Twomey.

7 I failed to mention as I was explaining what was  
8 contained in this green Special Report, any of you who don't  
9 want to give public testimony today still do have an  
10 opportunity to make your thoughts known to the Commission and  
11 the Commission staff. On the back page you'll notice there's a  
12 space, sort of a form for customer comments. My way of saying  
13 that there are a number of ways that you can make your thoughts  
14 and feelings known to the Commission, any one of which will  
15 reach the Commissioners as part of their deliberations.

16 At this point those -- will everyone that did sign up  
17 to speak before us here today please stand up and raise your  
18 right hand.

19 (Witnesses collectively sworn.)

20 CHAIRMAN BAEZ: Thank you all.

21 Mr. Beck, before you, before you call the first  
22 witness, I wanted to acknowledge Mayor Jim Humphrey of the City  
23 of Fort Myers. Mayor, thank you for having the city host us  
24 today. And I wondered if you had some, some comments that you  
25 wanted to make, sir.

1 MAYOR JIM HUMPHREY

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

4 DIRECT STATEMENT

5 MAYOR HUMPHREY: Yes, I do, Mr. Chairman. And thank  
6 you and, again, welcome to the City of Fort Myers. And I  
7 appreciate the opportunity to address you and particularly  
8 express our appreciation for you coming to Southwest Florida to  
9 hear from the public. And, again, let me -- particularly the  
10 last gentleman's comments, I am the Mayor of the City of Fort  
11 Myers. I'm elected by the citizens of Fort Myers. I'm also --  
12 our city has a strong mayor-council form of government at the  
13 present time, and as the mayor I'm the Chief Executive Officer  
14 of the city. So I'm here speaking on my behalf as Mayor of the  
15 city and as a citizen of, as a citizen of this city for over 35  
16 years. And let me also state for the record and look at you,  
17 FP&L has not asked me to be here. I'm here because in my role  
18 both as a citizen and as one that has experienced FP&L's  
19 ability and the quality of service that they provide, I am here  
20 to support them and express my support to them in support for  
21 this rate increase.

22 The City of Fort Myers and the Southwest Florida area  
23 was presently and during the hurricane last year in a position  
24 where we needed a quality, well-financed company to come in and  
25 be able to respond to us and to be able to provide that, and as

1 Chief Executive Officer I saw it first-hand. And that's why I  
2 feel I'm entitled to come, and even if I'm in the minority, I  
3 really think that you as a group should really look at the  
4 needs of the utility company that serves this state, which is  
5 one of the fastest growing areas in the, actually states in the  
6 country, and then this is one of the fastest growing areas,  
7 that their performance all during this growth has been so  
8 impressive. And then their ability -- and I'm talking about  
9 all the men and women that work for FPL, the dedication that  
10 they have and that they showed us during times of emergency,  
11 plus on a daily basis, is something that I think that we're  
12 fortunate enough, and particularly when we see in the paper  
13 what we see in other states and the experiences they have.

14           So I think that when you look at the rate increase,  
15 even if it means a rate increase to me, and you look at this  
16 company and you compare them to -- it was mentioned city and  
17 county, and I can say this in our city and county, look how  
18 many increases water, sewer and everything else that you read  
19 about and we've seen during this period of time, yet FP&L has  
20 been able to improve their power plant operations here, they've  
21 continued to keep up. They're, they're the one that we don't  
22 have to worry about when we look at concurrency. And so to do  
23 that you need to be a well-funded company and you need -- and  
24 to me 10 and 12 percent, because I did have another life before  
25 being mayor, 10 and 12 percent is not a great return when you

1 look at the responsibility that you have that coincides with  
2 that.

3           So when I look at what they've done on a daily basis,  
4 when I look at the fact that they're there when we need them --  
5 and in all respect, Mr. Beck, I disagree with your  
6 recommendation -- they need to have sufficient reserves. And,  
7 again, I use my own city. We were able to respond to Hurricane  
8 Charley and it cost us over \$5 million. If -- what's the last  
9 one that just came through? We couldn't have -- we could not  
10 have responded to that one, in all candor. FEMA has not given  
11 us any money yet, and so we don't have that ability. But I  
12 knew that my electricity, my power company, the one -- and you  
13 don't realize how much you depend on it until you don't have  
14 it. And so to know that they could respond -- and when we had  
15 our meetings, they were there, they were ready. And we were  
16 just basically praying that, while we hated it to happen to  
17 someone else, we were not in a position to be able to really  
18 move forward and mobilize, and we mobilized, but to do the  
19 things that we needed to do. So we need a quality company in  
20 this state. With its growth, we need a well-financed company  
21 in this state.

22           And so to -- and I know they can talk about  
23 \$100 million and that, but I can tell you that can go very  
24 quickly when you have two or three storms through here. And  
25 what I want to do is always see them able to be up with the



1 state of the art, which they've done. We've seen them do it in  
2 our area. And to be able to address the group -- and I think,  
3 frankly, we're fortunate to have a company that does the things  
4 that they do to make sure that they're ready to provide us with  
5 electricity, and I want them to always have the money to do it.  
6 And, and they need to make a profit. I mean, to be able to  
7 ensure that -- and I think a 10 or 12 percent return is really  
8 not, not outrageous. And, in fact, when you consider the  
9 liability and responsibility they have, I think it's, it's only  
10 adequate.

11 So thank you very much. I hope I didn't run over the  
12 time, but I appreciate your allowing me to speak.

13 CHAIRMAN BAEZ: Mayor Humphrey, Mr. Twomey has a  
14 question for you.

15 MAYOR HUMPHREY: Yes.

16 CROSS EXAMINATION

17 BY MR. TWOMEY:

18 Q Yes, sir, Mr. Mayor, just one. Have you calculated  
19 how much the electric bill for your city will increase if this  
20 rate increase is granted?

21 A No. No, in all candor, I have not been able to  
22 totally calculate what it will affect us. But I, but I do know  
23 that at the time -- at least I, and I believe the citizens of  
24 our city, want service. We want the best of the service, so  
25 we're willing to pay for that service. We have the same

1 statements to our citizens when we talk about the water and the  
2 sewer and the others. We need to be able to keep abreast of  
3 what's going. To do that you need reserves, you need a return  
4 on the dollar.

5 Q Yes, sir. But so I understand, you're advocating  
6 this Commission grant the increase without knowing what the  
7 dollar effect is on your city?

8 A The total dollar effect, yes. I will tell you --

9 Q Okay.

10 A -- because I think that the request is a reasonable  
11 request when we look at how much demands we make on them.

12 Q Okay. Thank you.

13 A Thank you.

14 CHAIRMAN BAEZ: Thank you, sir.

15 MAYOR HUMPHREY: Thank you.

16 CHAIRMAN BAEZ: Mr. Beck.

17 MR. BECK: Thank you. Curtis Hamilton.

18 CURTIS HAMILTON

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

21 DIRECT STATEMENT

22 MR. HAMILTON: I think Mr. Beck and Mike have pretty  
23 well covered AARP's position, but since I have an opportunity  
24 to be here, I would like to just say that as a local AARP  
25 representative here from Lee County that we do support the

1 Public Counsel's request for a rate decrease. AARP certainly  
2 would appreciate and does appreciate the fine work of the  
3 electric utilities and the cooperatives, and I don't think  
4 that's the question that's up here being dealt with. The  
5 question is the funding. And we feel that we need a rate  
6 decrease, not a rate increase.

7           The base rate increase coupled with the fuel  
8 adjustment, storm increase and the telephone rate increase  
9 that's just been given will harm many of AARP's 2.7 million  
10 members here in Florida who have already been hit hard. So we  
11 hope that that will be factored into your consideration, and we  
12 do appreciate your time and your coming to Fort Myers. Thank  
13 you.

14           CHAIRMAN BAEZ: Questions of Mr. Hamilton?

15           Thank you, sir.

16           MR. BECK: Steve Tirey.

17                           STEVE TIREY

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           MR. TIREY: Good evening, Commissioners. I'm Steve  
22 Tirey. I'm the President and Chief Executive Officer of the  
23 Chamber of Southwest Florida. We are a regional business  
24 membership organization with corporate members in Lee, Collier,  
25 Charlotte, Hendry and Glades counties. I'm here tonight

1 speaking on their behalf, as well as representing my own  
2 perspective. I am a citizen of Southwest Florida for nearly a  
3 quarter of a century. That sounds like a long time, doesn't  
4 it?

5 CHAIRMAN BAEZ: You make it sound like a long time.

6 MR. TIREY: Yeah. Yeah. I never thought I'd be  
7 anywhere for a quarter of a century actually. But I don't envy  
8 you; this is a challenging opportunity for the Public Service  
9 Commission. I think for those of us who are in the audience  
10 who are watching the mechanics of what's occurring here today,  
11 we're very pleased that we have a body like yourselves in place  
12 to help adjudicate an issue such as this, and it warms my heart  
13 to know that the citizens of Florida are being represented both  
14 in a Public Counsel sense, as well as by such advocates who are  
15 representing the interests of the retail community in Florida.

16 It's important that I also say to you that as a  
17 citizen of Southwest Florida I can absolutely assure you that  
18 without reliability and certainty of electric power that this  
19 evening's meeting would conclude very quickly. Without the,  
20 the benefit of reliable lighting, air conditioning and power in  
21 this building, our remarks would be very brief and we would get  
22 on with the business of the evening probably under a tee in the  
23 parking lot.

24 But access to dependable electric power is really not  
25 something to joke about. Is it a fundamental building block of

1 our Southwest Florida economy. Without this resource,  
2 attracting and retaining a regional population and our regional  
3 employers would simply not be possible.

4           Since 1980 this region's population has more than  
5 doubled. Today the population of Southwest Florida is over a  
6 million people. The growth has required huge additions to our  
7 infrastructure. FP&L has been able to keep up with the growth.  
8 Some of the major additions to electrical infrastructure  
9 include new combined cycle power plants right here in  
10 Fort Myers, in eastern Bradenton, major new transmission  
11 substations in Bonita Springs and North Port, a major new  
12 transmission line between Fort Myers and Naples creating a loop  
13 ensuring certainty of service and dependability of service for  
14 folks in the southern end of our region, and many new  
15 substations throughout our region, not to mention hundreds of  
16 miles of distribution lines.

17           I should also note, as our mayor did, that sometimes  
18 that also means being able at a moment's notice to rebuild some  
19 of that infrastructure due to the uncertainty of weather events  
20 or other catastrophes that occur in our community. In every  
21 case FP&L has been there, has been available and has had  
22 adequate resources to meet those needs. Through FP&L's  
23 financial strength they've been able to provide the necessary  
24 infrastructure in a timely and in a low-cost manner.

25           I've had the opportunity to actually know the FP&L

1 company for almost 25 years. Not only do I work with them in  
2 the community, but I'm also a commercial ratepayer. The  
3 process that I have seen them use to continually improve their  
4 company is a testament to the quality of what they do in their  
5 daily work. But FP&L needs to be kept financially strong in  
6 order to continue providing for the unprecedented growth that  
7 we see in our region. If their finances are allowed to  
8 decline, not only will it result in higher financing costs, but  
9 much needed capital projects might either be deferred or  
10 delayed, impacting the reliability of service to all customers.  
11 We only need to look at recent events in places in the  
12 northeast and in the west to know that reliability of electric  
13 power is important to communities and can have a crippling  
14 effect if we're not building necessary plants and transmission  
15 lines in our community.

16 So I sum it up by saying, the best to you in this  
17 process that we're in now. On behalf of the business community  
18 in Southwest Florida, please remember that we rely upon this  
19 particular company to make sure that when we flip the switch,  
20 the power is on. Thank you very much.

21 CHAIRMAN BAEZ: Questions of Mr. Tirey?

22 Thank you, sir.

23 MR. TIREY: Thank you.

24 MR. BECK: Bill Opp.

25 BILL OPP

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

3 DIRECT STATEMENT

4 MR. OPP: May it please the Commission, my name is  
5 Bill Opp. I'm the Director of the Lee County Mosquito Control  
6 District and the Lee County Hyacinth Control District. Both  
7 are independent taxing districts created by special acts of the  
8 Florida Legislature.

9 My number one duty is to protect the public health of  
10 our citizens. To carry out such a responsibility, the  
11 districts operate the Buckingham Army Air Field in eastern Lee  
12 County. The district has 23 aircraft: Rotary and fixed wing.  
13 Due to the physical size of our facilities, the district  
14 participates in the FP&L load control program. Accordingly,  
15 the district has its own generating capacity. There was a  
16 savings of over \$7,000 in the last 12 months in the district.

17 Following Hurricane Charley, our 1963 generator had  
18 to run 129 hours without a stop. This I don't want to do  
19 again. However, our operations require the pumping of fuels,  
20 the pumping of chemicals, big lighting of the runways, and the  
21 communication of our staff members which are essential.

22 Electricity makes this possible. For a facility of our size,  
23 not big, not small, we need the help and assistance of FPL's  
24 professionals with our power issues. Their staff have helped  
25 our agency with the change out of an old transformer and large

1 cable wires and a power switch not long ago before the  
2 hurricane season of last year. This improved our power  
3 distribution throughout the airport and made possible all of  
4 our emergency operations. We must be able to trust our power  
5 supply. We must be able to trust the professional services of  
6 FP&L. We need reliability in running an airport and operating  
7 essential governmental services.

8 Our aircraft are called upon to assist with other  
9 governmental interests; the post Hurricane Charley research and  
10 rescue efforts and the sheriff's aviation unit which operates  
11 out of the airfield. Presently the county is considering the  
12 location of a new emergency operations center at the Buckingham  
13 Air Field, and one of the reasons for this enhancement of the  
14 EOC is connected directly with the aerial operations there.  
15 Reliability to power is essential to governmental operations at  
16 the Buckingham Army Air Field.

17 I'm not an expert in rates or electrical power  
18 issues, but I do know and have faith that you have professional  
19 staff members that you can rely upon, and I trust that you  
20 will, in proceeding with your deliberations. I've been  
21 familiar with your staff members on previous occasions and I  
22 certainly trust their abilities.

23 If you care to, I'd be glad to give you an aerial  
24 flight in a helicopter over the area tomorrow sometime to let  
25 you see the unprecedented growth. Out where the airport is we



1 have growth that's incomprehensible, yet Florida Power & Light  
2 has been able to keep up with that growth. You'd have to see  
3 it to believe it. No one can describe it to you. So if you're  
4 willing, just give me a call, and we'll certainly make that  
5 opportunity available for you.

6 CHAIRMAN BAEZ: Questions of Mr. Opp?

7 Thank you, sir, and thank you for the invitation.

8 Mr. Beck.

9 MR. BECK: Thank you. Mike Carter.

10 MIKE CARTER

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. CARTER: Good evening, Commission, ladies and  
15 gentlemen. My name is Mike Carter. I'm the Facility  
16 Operations Manager for Yoder Brothers. Yoder Brothers is an  
17 international horticultural company with nurseries in east Lee  
18 County and in Manatee County, Florida, and we've been operating  
19 in Florida since 1960.

20 And I have direct and personal experience with FPL in  
21 my professional capacity since 1976, so that keeps me in  
22 company with Mr. Tirey past the quarter century mark. So I do  
23 feel qualified to comment on FPL's performance.

24 Our company employs between 500 and 1,000 people in  
25 the state of Florida depending on the season, and we also add

1 about 2,000 kilowatts demand to the local power grid, so we are  
2 a significant consumer. We have a very keen interest in  
3 reliable utilities. Being in the nursery business, power and  
4 water are the lifeblood of our business. We depend on it for  
5 refrigeration, ventilation, irrigation, as well as all the  
6 countless other things which every one of us depends on daily.  
7 And without electrical power we can experience serious and  
8 irrecoverable financial losses in as few as -- a matter of a  
9 few minutes. In our experience over time FP&L's reliability  
10 has increased while costs have been relatively flat. I wish I  
11 could say the same for most of our other suppliers, but  
12 unfortunately I can't.

13           It's been our experience that failures are less  
14 frequent than they have been in the past. I can certainly  
15 remember a time when a freezing warning in Florida was almost a  
16 virtual guarantee of a brownout somewhere and frequently it  
17 happened to be where we were, and that's no longer very often  
18 the case.

19           We're also a curtailment customer where FP&L can call  
20 us and request that we curtail our usage, and that has happened  
21 less and less over time, which we attribute to better planning  
22 and infrastructure on their part. We attribute most of these  
23 improvements over time to FP&L's dedication and structured  
24 improvement organizations. Yoder has, in fact, used FP&L as a  
25 model to guide our own organizational improvement.

1           I have personally observed many, many times the  
2 quality and dedication of the employees of FP&L -- nights,  
3 weekends, holidays. I can remember last year very vividly we  
4 spent a lot of time together in the rain, in the darkness and  
5 the wind. I don't think I have to remind anyone about last  
6 year. We'll all remember that for a very long time. The  
7 remarkable thing is that I never heard one single complaint  
8 from an FP&L person who might have been working 16 hours a day  
9 about the burden they were under. It was a tremendous job that  
10 they did. And I don't think that that's the kind of  
11 performance that you can expect from a low bidder.

12           Now in the interest of fairness and balance, I do  
13 want to say that all is not rosy and that there are  
14 opportunities for improvement. We have not always been  
15 satisfied with FP&L's call center system. We have had problems  
16 where their information systems did not give their operators  
17 adequate information so they could support us, especially in  
18 cases where we had multiple trouble calls at the same facility  
19 on the same day. FP&L has, has made efforts to address these  
20 shortcomings and, based on their past performance, I feel  
21 confident that they will.

22           In summary, we believe that FP&L represents a high  
23 value for the price paid. They compare favorably with other  
24 utility companies that we use at other locations. And I want  
25 to echo one of the remarks which Mayor Humphrey made, which we

1 found out last year that we can count on FP&L more so than many  
2 other suppliers, and we want to continue that in the future.  
3 Thank you.

4 CHAIRMAN BAEZ: Questions of Mr. Carter?

5 Thank you, sir.

6 MR. BECK: Arthur Keeley.

7 ARTHUR KEELEY

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

10 DIRECT STATEMENT

11 MR. KEELEY: Good evening, Commission, ladies and  
12 gentlemen. My name is Arthur Keeley, and I reside in  
13 Fort Myers at 13310 Corbell Circle. I've been in Florida for  
14 45 years, my whole life. I'm not transplanted like most of the  
15 people here probably. I'm also the General Store Manager for  
16 the Wal-Mart here in Fort Myers located at 14821 Six Mile  
17 Cypress Parkway in Fort Myers. We are members of the Southwest  
18 Florida Regional Chamber. Mr. Tirey and I are somewhat  
19 colleagues. In this matter we, we have a different perspective  
20 to portray for the Commission.

21 I'd like to address this Commission with a statement  
22 and acting as a representative right now for Wal-Mart and their  
23 position in this matter. Any further detail that's needed  
24 through questioning, I can get written responses for anyone  
25 that has questions that I may not have with me today.

1           First off, Wal-Mart feels that the Commission should  
2 not allow the utility to increase its rate at this time. The  
3 rate increase request of 13 to 17 percent to commercial  
4 customers is substantially going to increase the second largest  
5 operating cost for Wal-Mart, and it's going to potentially add  
6 utility costs to our customers in the long run. As everyone  
7 probably in this room knows, Wal-Mart is the largest retailer  
8 in the world, and in the state of Florida we operate close to  
9 500 units. Right here in Lee County we have four to five super  
10 centers that average 500 to 600 associates, with about 15,000  
11 to 25,000 customers a day going through those buildings. We  
12 don't want to put ourself in a position where we're going to  
13 add utility costs in the long run to those customers.

14           The request for return on equity of more than 12  
15 percent, we feel, is excessive, as shown by the testimony  
16 submitted by many of the intervenors in this case. I ask the  
17 Commission, please pay particular attention to what the Public  
18 Counsel and other intervenors in this rate case are telling the  
19 Commission in unison, that FPL does not deserve an increase in  
20 this case, but rather a decrease in the revenues that they now  
21 presently collect from their customers.

22           The single unified message contained with many of the  
23 intervenors' testimony demonstrates the excessive nature of the  
24 request of FPL. It's very rare, I think, indeed, when many  
25 intervenors around the state come up with a single unified

1 request in a rate case. We feel that this utility does not  
2 need a bigger storm damage accrual also from ratepayers because  
3 they're virtually guaranteed reimbursement of whatever  
4 expenditures they prudently incur in restoring storm damages  
5 through the legislative bill that was just recently approved by  
6 the Legislature. This is demonstrated by the outstanding  
7 requests from this Commission of all the utilities for the  
8 recovery of their expenditures in the storms of 2004 and the  
9 provisions of the just-approved legislative bill.

10 Finally, I'm a residential customer myself and I  
11 prefer not to be affected by a potential increase through  
12 rising costs due to businesses attempting to recover profit  
13 losses. That may happen in many areas with this potential rate  
14 increase. On behalf of Wal-Mart and myself though I would like  
15 to thank the Commission for giving me an opportunity to provide  
16 you with my comments in person, and to remind you that we're  
17 counting on your wisdom and your judgment to protect the  
18 interests of every customer that is involved with  
19 Florida Power & Light. Thank you so much.

20 CHAIRMAN BAEZ: Questions of Mr. Keeley?

21 Commissioner Deason.

22 COMMISSIONER DEASON: I'm sorry, Mr. Keeley. I have  
23 a question.

24 MR. KEELEY: I'm sorry.

25 COMMISSIONER DEASON: I'm right here. Up here.

1 MR. KEELEY: Okay.

2 COMMISSIONER DEASON: Okay. First of all, I'm like  
3 you, sir. I'm -- I've been a resident and citizen of the state  
4 of Florida for, well, for over 50 years. I'm a few years older  
5 than you are. But I have a question concerning Wal-Mart's  
6 policy in terms of storm damages. Obviously you have  
7 facilities in the state of Florida and --

8 MR. KEELEY: Yes.

9 COMMISSIONER DEASON: -- and from time to time you  
10 incur damages as well. Do you, do you have insurance for that  
11 or is that something that you self-insure and you have reserves  
12 built up to cover that?

13 MR. KEELEY: Yes. We have insurance and each  
14 individual facility actually goes through the corporate office  
15 for any storm damage that we incur. For the storms that came  
16 through last year, we all gathered up any damages we had, food  
17 losses, outside damages, structural damage, we reported that on  
18 an itemized list to -- each store had to report that to the  
19 corporate office, and all the insurance claims would have been  
20 filed through the corporate office.

21 COMMISSIONER DEASON: Okay. Thank you, sir.

22 CHAIRMAN BAEZ: Any other questions? Thank you,  
23 Mr. Keeley.

24 Mr. Beck.

25 MR. BECK: Paul Andresen.

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PAUL ANDRESEN

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. ANDRESEN: Good evening, Commissioners.

CHAIRMAN BAEZ: Good evening.

MR. ANDRESEN: May I express my appreciation at the attendance of the Public Service Commission, an august group of individuals whom I may address. I want to side with people who feel in public comments tonight that they have reservations towards how justified a rate increase for utilities might be.

In my own role as an residential ratepayer I do have some qualms as to the succinctness and just how concerned as a general policy the utility company is towards sincerity in keeping inaccurate views and readings of meters, the clarity for home energy inspections offered, because these have proven difficulties of the modest variety for me up-to-date. That's, that's very quick and succinct by me.

As well, I would like to request if there are documents which are mandated by regulated companies that will be held in your offices, I'd like both Verizon and Southern Bell to be able to receive those. So I'll end with that question.

CHAIRMAN BAEZ: Which documents? I'm having trouble following what you want from BellSouth and Verizon.



1 MR. ANDRESEN: If there are corporation disclosures  
2 in the form of printed materials that are state required.

3 CHAIRMAN BAEZ: That are required, that are required  
4 by the Commission to be filed, that the companies file them?  
5 I'm sure there are.

6 And if you go -- Thelma Crump, Ms. Thelma Crump is  
7 outside and she can give you the 800 number so that you can  
8 talk to a Customer Service Representative. They can fill you  
9 in a little better about what kind of information they have and  
10 exactly what kind of information you want. But I did want to  
11 ask you another question.

12 MR. ANDRESEN: Certainly.

13 CHAIRMAN BAEZ: You alluded to some problems with  
14 your meter reading, with your meter readings or some billing  
15 problems?

16 MR. ANDRESEN: My use of electricity, I'm always  
17 conscious of conservation in some manner in that a budget  
18 spread amongst a number of requirements and routine living, the  
19 budget gets assailed. Now I enjoy the convenience and so many  
20 appliances, I regularly take for granted utility usage,  
21 electricity, and the particular volume, the invoice expense  
22 line subtotal on a monthly invoice sometimes doesn't jibe with  
23 what I feel would be the legitimate or the routine prescribed  
24 electrical usage in my modest-sized, modest-floor-space-sized  
25 residential apartment.

1           CHAIRMAN BAEZ: Yeah. I can't believe how much hot  
2 water my daughters use either. But, anyway, if you do have  
3 questions -- my point is this, sir. If you do have questions  
4 about your bill, if you do have questions about your  
5 consumption and you need your meter reread, the company does  
6 provide those services. If you have trouble -- if it's not  
7 jibing with what you think your consumption is, you can always  
8 call the company and they come out and reread it. And they're  
9 certainly -- I'm sure they'll be certainly willing to discuss  
10 it with you if you should have any questions.

11           Commissioners, do you have any other questions of  
12 Mr. Andresen? Thank you, sir.

13           Mr. Beck.

14           MR. BECK: Thank you. John Sheppard.

15   JOHN SHEPPARD  
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. SHEPPARD: Mr. Chairman and members of the  
20 Commission, as I look about this room and I notice everyone  
21 comes up and says how long they've been in Lee County and Fort  
22 Myers, I suspect that I'll win the prize tonight.

23           CHAIRMAN BAEZ: We're going to declare a winner  
24 sometime.

25           MR. SHEPPARD: All right. So my family came here in

1 1898. I am 73 years old and have been a customer of Florida  
2 Power & Light for 48 years. I am not here to advocate either  
3 an increase or a reduction of the rates. I'm simply here to  
4 express to you a service that I received from Florida  
5 Power & Light this past spring. And I wrote to Florida  
6 Power & Light thanking them for this particular service, which  
7 to me was way beyond the call of duty.

8 Over the 48 years I have had times when I've called  
9 Florida Power & Light to complain about something, so I felt in  
10 fairness that when service is really excellent, that I should  
11 express that. And so they have asked if I would be willing to  
12 share that with you this evening.

13 In April we were having trouble with our air  
14 conditioning problems in our home, and it was suggested that I  
15 call Florida Power & Light and have their agent come and review  
16 our system, which I did. A Wanda B. Contras (phonetic) came,  
17 and she spent nearly three hours in our home and spent another  
18 half hour with my wife and I explaining this, what she had  
19 found, actually drew up maps and plans of things that she  
20 suggested. It had been suggested by one company that we needed  
21 to revise the system. It would have cost about \$7,000.

22 Ms. Contras, after reviewing it all, she gave me  
23 specific things that needed to be done. We had the work done  
24 for just over \$500, and the system works much better now. But  
25 my sole purpose in being here is to simply express to you the

1 service that I had, and I felt like that Ms. Contreras was, as  
2 you are the Office of Public Counsel and represent the public,  
3 I felt she was representing me and she did an excellent job.  
4 Thank you, sir.

5 CHAIRMAN BAEZ: Questions of Mr. Sheppard? Thank you  
6 sir.

7 Mr. Beck.

8 MR. BECK: Raymond Duranti.

9 RAYMOND DURANTI

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

12 DIRECT STATEMENT

13 MR. DURANTI: Good evening, Chairman and  
14 Commissioners, ladies and gentlemen. I'm not here tonight to  
15 batter the increase, nor to be a person that's going to stroke  
16 (phonetic) it. I'm here to tell you our experience that we had  
17 last year. And I have been down in Florida, I will not win a  
18 prize for this, since 1978. I'm also past president of the  
19 Club Managers' Association. I am the President and General  
20 Manager of the Royal Palm Yacht Club here in Fort Myers that's  
21 been here since 1947. In our Club Managers' Association  
22 throughout Florida we have over 500 private clubs in our  
23 association, of which we have over 1,250,000 employees, and  
24 membership has reached, in all these clubs, over 4,000,000.  
25 Try to operate one of these private clubs without electricity

1 and see how long you would last.

2           How fortunate we were to be in the grid that was only  
3 three days out at the Royal Palm. We lost very little food.  
4 Our reserves took care of our employees, it took care of our  
5 overhead and everything. Even during that storm when you  
6 wanted to call Power & Light, you got through to a live person.  
7 Our relationship has been based on great service without the  
8 sacrifice of quality. I happen to be here to speak on myself,  
9 not for the club, but just about our industry.

10           On a personal note, I'm also a homeowner, consumer,  
11 taxpayer, and, as anybody knows, with the color of my hair I am  
12 also a senior citizen and I belong to AARP. I didn't hear AARP  
13 stand up here tonight and talk about a 15-cent loaf of bread  
14 where today it costs you \$2 and the bread is no better than it  
15 was 20 years ago. In fact, it's probably worse for you. But  
16 the service from the Power & Light goes beyond that. I happen  
17 to think that when you look at your subdivision that you live  
18 in, how many of them were rewired from the ground up in a very  
19 short period of time? My home was only out two and a half  
20 weeks. That's not bad compared to some people that were out  
21 for months. And when I called to find out where we would stand  
22 on service, I got a live person to talk to even in those trying  
23 times.

24           Our location has had a transformer that's been on  
25 that property since 1984; it is being upgraded by the

1 Power & Light. We've had problems with the winds and huge  
2 trees that have grown in that area that have shorted out the  
3 transformers on the lines. Who's right there and made the  
4 first call is your Power & Light Company. I'm not here trying  
5 to sway you people. I'm just saying to you, take these things  
6 in consideration when you look at the job and the task ahead of  
7 you. I thank you.

8 CHAIRMAN BAEZ: Thank you, sir.

9 Questions of Mr. Duranti? Thank you.

10 MR. BECK: Jack Benitez.

11 JACK BENITEZ

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

14 DIRECT STATEMENT

15 MR. BENITEZ: Good evening. Thank you for the  
16 opportunity. My name is Jack Benitez. I'm the Facility  
17 Manager for Reddy Ice Company here in Fort Myers. We  
18 manufacture ice and we distribute it from Everglades City up to  
19 Sarasota.

20 We are neither for or against the rate increase.  
21 Obviously nobody wants a rate increase. But we are here to  
22 speak up on, on behalf of FP&L, on the service that they gave  
23 us during the hurricane.

24 We were hit pretty hard on the 13th. We got power  
25 back the following day. Therefore, we were able to start

1 manufacturing ice that same night to get it out to the public,  
2 and we really appreciate the service that was given to us. And  
3 I thought we needed to bring that forward. Thank you.

4 CHAIRMAN BAEZ: Questions of Mr. Benitez?

5 Thank you, sir.

6 MR. BECK: Laura Holquist.

7 LAURA HOLQUIST

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

10 DIRECT STATEMENT

11 MS. HOLQUIST: Good evening. I'm healing a broken  
12 leg, so I'm limited a little bit. My name is Laura Holquist,  
13 and I am a customer of Florida Power & Light. And I'm here to  
14 represent my family tonight. I'm probably going to be the  
15 youngest person talking to you tonight about how long I've  
16 lived in Florida and been a customer. I've been a customer for  
17 five years. I've lived in Florida for about 12 years. And  
18 before that I lived in several other parts of the country,  
19 being a customer of several other electric utility companies.

20 And I want to share a couple of experiences I've had.  
21 When I moved into the territory of Florida Power & Light about  
22 five years ago, immediately after I moved into the neighborhood  
23 I noticed that electricity was going out pretty often. And one  
24 Saturday I had a dinner party planned, a couple of people  
25 coming over for dinner, and I had this dinner I had made in the

1 oven, and here we're out for two hours. And it's nice having  
2 an answering system or a call center telling you how long  
3 you're expected to be out. And I asked the lady at the call  
4 center, I said, you know, "This is happening quite often. Is  
5 there something that we can do?" And she said immediately,  
6 "Yeah. I can put you, your request in and have it looked at."  
7 And then I went and talked to the technician in the field who  
8 was in the neighborhood and I said to him, I said, you know,  
9 "It's been happening a great bit." And he said, "You know,  
10 you're right. I've been out here a bit often. And I'll put  
11 your request in." Within a month we got a letter in the mail  
12 saying that our entire community was being rewired because of  
13 instances of outages. And within a month after that the crews  
14 were in, and within a day they came through the neighborhood,  
15 they didn't disrupt any of our vegetation or our trees, and did  
16 an excellent job of updating the neighborhood and our electric  
17 service. And it was like, wow. I'd never experienced customer  
18 service like that before in any place I had lived for electric  
19 service or any other utility service or, quite frankly, a lot  
20 of businesses.

21           So from that standpoint I really appreciate having a  
22 healthy utility company here to answer our needs. And any time  
23 we've had a bad electrical storm, after that I can always call  
24 in and I know within usually a half an hour to two hours when  
25 I'm going to get that service back. And I think that's well



1 worth paying for.

2 Another instance was last year when we had Hurricane  
3 Charley come through. Like most everybody in Southwest Florida  
4 we lost power for a period of time. The inside of my house was  
5 over 100 degrees during that period, and I was extremely  
6 thankful that we got power back within three days. Because,  
7 you know, quite frankly, my family was suffering greatly, the  
8 dogs were getting ill, I wasn't feeling very well. We had a  
9 generator outside the house that was helping with some of the  
10 air conditioning in the house, but it was very, very difficult.  
11 And I was so thankful to have the crews come in and bring us  
12 back up.

13 Can an unhealthy company do that? Can a company that  
14 doesn't have maybe the extra resources to meet that need do  
15 that? I don't think so. And the way that they handled all the  
16 different crews that came in throughout the United States and  
17 managed that process, being ready and able to do that at that  
18 point, I thought that was absolutely excellent. And I think we  
19 need to support a company that can do that.

20 A week ago we had Hurricane Dennis coming at us. I  
21 did everything I could to protect my house from the wind and  
22 from flooding. And I said what can I do for this awful other  
23 thing called loss of electricity and what can I do to the  
24 inside of my home with the humidity and other things that can  
25 hurt and destroy? I can support Florida Power & Light and

1 support this rate case and maybe pay a little insurance, maybe  
2 \$4 extra a month of insurance to make sure I have that service  
3 going forward. Thank you.

4 CHAIRMAN BAEZ: Questions of Ms. Holquist?

5 Thank you.

6 MR. BECK: Mr. Chairman, Ms. Holquist was the last  
7 witness that signed up ahead of time.

8 CHAIRMAN BAEZ: Thank you, Mr. Beck.

9 Is there anyone who came in a little later? Sir, can  
10 you raise your right hand?

11 (Witness sworn.)

12 ED CALLAHAN

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

15 DIRECT STATEMENT

16 MR. BECK: State your name, please.

17 MR. CALLAHAN: Mr. Beck, my name is Ed Callahan. I'm  
18 the General Manager for Youngquist Brothers Rock on Alico Road.  
19 We operate a mine out there where we mine limestone and sand.  
20 And I just want to state for the record that I'm speaking on my  
21 own, not for the company. And, you know, I want it to be  
22 clearly understood that my company, I'm sure, does not wish to  
23 have a rate increase of any kind. But I do want to speak about  
24 the service that Florida Power & Light has provided us as a, as  
25 an industrial customer. We are probably one of the largest

1 industrial customers of Florida Power & Light in Lee County.  
2 Our current demand is approximately 5.5 megawatts, which is an  
3 awful lot of electricity. We have about eight electric meters  
4 distributed through the plant that meter all the electricity  
5 that we use. And I just want to be -- I just wanted to make a  
6 couple of comments about the service, not only on the  
7 engineering side, that Florida Power & Light provided to us  
8 during our construction. They, you know, they had a lot of  
9 people that helped with the design to help us ensure that we  
10 had a good electrical plan to service this huge demand that  
11 would also dovetail into their, into their plans to provide  
12 service to us. They provided an awful lot of engineering  
13 services to our company that we didn't have to pay for other  
14 than in our electric bill. And then the customer service at  
15 the, as far as our account manager, I thought he did a  
16 remarkable job in pointing out to us several ways where we  
17 could save money as an end-user, helped us to institute the  
18 curtailable rate that, that we currently use for our drag line  
19 that is a 24/7 operation. And one of the really large things  
20 that was brought to our attention was the ability for us to  
21 save a huge amount of money by shifting our, most of our demand  
22 from a peak time to off-peak hours. It actually, you know, I  
23 got a letter from our representative at the end of the year  
24 informing us that we had saved almost \$500,000 on our electric  
25 bill by shifting our load from peak hours to off-peak hours,

1 and it was with their help that we were able to do that. They  
2 pointed out in the, in the rates where we could -- how we could  
3 use this to our advantage. And I thought that was pretty  
4 impressive for a company that's, you know, that might be  
5 considered to be out there like a sheep in wolf's clothing or  
6 whatever you want to call it. They were very, very helpful in  
7 pointing out things of how we could save money. And I think,  
8 obviously, it helps, it helps them as well to use some of this  
9 power during off-peak hours that normally would probably be  
10 wasted. We were able to shift our demand.

11 I, also, was a victim of Hurricane Charley last year.  
12 And I stood in line at Lowe's to buy a generator and then I  
13 stood in line at gas stations to buy gas, and I'm sure I was  
14 spending \$20 a day to run my refrigerator. And I think that,  
15 you know, what I have to pay for my service at the house is not  
16 too bad after, after going through a week with a generator and  
17 a gas can.

18 CHAIRMAN BAEZ: Questions of Mr. Callahan?

19 Thank you, sir.

20 Is there anyone else that didn't get to sign up  
21 earlier that would like to address the Commission?

22 All right. I want to thank you all for taking the  
23 time out of your evenings to come and address us and talk to us  
24 here today. All of your comments are very useful to us. This  
25 is the last service hearing out of the territories. I believe

1 the technical hearing will be held back in Tallahassee, I think  
2 the last week of August. I believe it starts on the 22nd.  
3 Again, we want to thank you all, and have a safe drive home and  
4 good night. We're adjourned.

5 (Hearing adjourned at 7:09 p.m.)  
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1 STATE OF FLORIDA       )  
                                  :  
2 COUNTY OF LEON        )

## CERTIFICATE OF REPORTER

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

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

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

12                           DATED THIS 26TH DAY OF JULY, 2005.

13

14



15

LINDA BOLES, RPR, CRR  
FPSC Official Commission Reporter  
(850) 413-6734

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