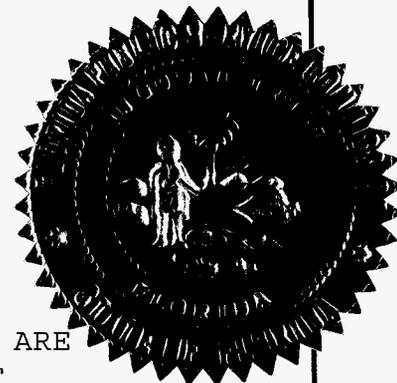


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 050078-EI

In the Matter of

PETITION FOR RATE INCREASE BY
PROGRESS ENERGY FLORIDA, INC.



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PROCEEDINGS: ST. PETERSBURG SERVICE HEARING

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

DATE: Thursday, July 21, 2005

TIME: Commenced at 9:00 a.m.
Concluded at 12:07 p.m.

PLACE: Sunshine Center Auditorium
3350 5th Street N.
St. Petersburg, Florida

REPORTED BY: LINDA BOLES, RPR, CRR
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P R O C E E D I N G S

1
2 CHAIRMAN BAEZ: Good morning, everyone. I'll call
3 this Public Service Commission service hearing to order.

4 Ms. Rodan, would you read the notice, please.

5 MS. RODAN: Pursuant to notice, this time and place
6 has been set for a customer service hearing in Docket Number
7 050078-EI, petition for a rate increase by Progress Energy
8 Florida.

9 UNIDENTIFIED SPEAKER: I can't hear you. You need to
10 speak real close to the microphone.

11 CHAIRMAN BAEZ: I was told to stay away from the
12 microphone. We're getting mixed directions here. We should be
13 fine.

14 Good morning again, everyone. I want to thank you
15 all for coming out this morning. My name is Braulio Baez. I'm
16 the Chairman of the Public Service Commission. I want to
17 welcome you to the service hearing. As you know, we are here
18 to take public testimony on service quality and also from, from
19 the customers in the area, as well as their impressions or
20 whatever comments they may have on Progress Energy's request
21 for a rate increase.

22 With me today are Commissioner Lisa Edgar on my far
23 left, Commissioner Rudy Bradley on my left and, on my right,
24 Commissioner Terry Deason. This is an important part of our
25 hearing process. This is the second in a series of three. We

1 will be having another service hearing in Largo -- no, in
2 Clearwater this afternoon. It's an important part of our
3 process because it's perhaps the only opportunity that we get
4 as part of the rate, rate hearing process to, to actually take
5 public comment and hear the concerns and the impressions of the
6 customers themselves. So I really do, and I know I speak for
7 the rest of the Commissioners, that we really do appreciate the
8 fact that the customers do take time out of their busy
9 schedules, otherwise, to come down and sit with us for a while
10 and talk to us and give us their impressions.

11 I'm going to lay out some brief ground rules. First
12 of all, this is part of the official hearing process. As a
13 result of that, anyone that signed in to speak today will be
14 sworn in, and we're going to do that in a little while as the
15 hearing progresses.

16 I mentioned signing in. When you walked in,
17 there's -- you may have noticed a table, and Mr. Durbin is in
18 the back. Dick, can you raise your hand? Mr. Durbin is
19 charged with getting you all signed up, those of you at least
20 that want to give public testimony today. So if you haven't
21 signed in already and you do wish to speak, in order to
22 maintain an orderly process, we'd like to have your name and
23 some information beforehand so that we know that you intend to
24 speak today.

25 Secondly, you may have also noticed as you walked in

1 and on the table is a blue Special Report. This, this
2 publication or this document has in it a summary of Progress
3 Energy's request, petition to the Commission. It has
4 information that will probably be useful for those of you that
5 didn't want to give public comment today to have and become
6 familiar with so that you can at least understand what the
7 company is requesting and what the impact on rates may be at
8 some point in time.

9 And, lastly, I want to point out to you the back page
10 of the blue, of the blue sheets. This has, as you can see, it
11 has a space for written comments. The reason I point that out
12 is many of you may wish not to give public comment. Your
13 opportunity to make your thoughts and feelings known to the
14 Commission does not end there. You can also provide them in
15 writing to be faxed or mailed in or left with Mr. Durbin
16 at the back of the room as you exit later today. You can
17 also access the Public Service Commission website. It's
18 WWW.FloridaPSC.org, and you can make your thoughts known to us
19 electronically either by e-mail or on the forms that you can
20 find on the website. My point is this, there are many
21 different ways to make your feelings heard.

22 What we're going to do today to start off is there
23 are several -- and certainly the company representatives are
24 here, and I think they may have a few Customer Service
25 Representatives either in the room or somewhere around the

1 facility. They'll probably be able to fill you in a little
2 better about where they are today. But they, I'm assuming they
3 are here among us, and any of the customers that are here that
4 may have pending issues with their bills or have questions
5 about their bills or service can take advantage of this
6 opportunity to get someone live and in person to address their,
7 their issues. So I encourage you, if you are someone that has
8 an issue with their bill or otherwise their service, to take
9 advantage of that opportunity now.

10 I mentioned the company is going to have a brief
11 presentation to make. Some of the intervenors are here as
12 well. Public Counsel, AARP and some of the other intervenors
13 are also here and they will get an opportunity to speak. To
14 those parties, the company and the intervenors alike, I would
15 urge you to make your comments short and sweet. And the reason
16 I say that is because although this is part of the official
17 hearing process, and I'm not going to -- I believe in everyone
18 having a chance to make their comments known to the public for
19 their information as well, it is all about the customers today
20 and you should all be remembering that.

21 After the presentations, then we'll swear in those
22 witnesses that want to give testimony. We will take your
23 testimony. And you may have some questions from the
24 intervenors or the parties, you may have some questions from
25 the Commissioners, and, and we'll go from there.

1 So at this point, Ms. Rodan, have I forgotten
2 anything? I'm sure I have.

3 MS. RODAN: No, Commissioner.

4 CHAIRMAN BAEZ: No? Nothing? Okay. Great. I'm
5 doing better. At this point we'll hear from, from Progress
6 Energy. I don't know if --

7 MR. GLENN: Mr. Chairman, good morning.
8 Commissioners, good morning. My name is Alex Glenn, and I
9 represent Progress Energy Florida in this docket. To the
10 Chairman's point a little bit earlier, we have Ms. Felder in
11 the back who can assist any customers with any specific
12 questions that they may have regarding their accounts or their
13 service. We have six customer representatives who are located
14 upstairs to address any of those issues today. In the event
15 that we can't address those today, we'll get back to the
16 customers promptly, and we'll make those responses available to
17 the Commission as well. So Ms. Felder is in back. If you have
18 any questions, you can contact Ms. Felder or myself and we'll
19 direct you to a Customer Service Representative.

20 At this point I would like to introduce the President
21 and Chief Executive Officer of Progress Energy Florida,
22 Mr. Bill Habermeyer, who will make a brief presentation on our
23 behalf. Thank you.

24 MR. HABERMEYER: Good morning, Mr. Chairman. I am
25 Bill Habermeyer. Commissioners, members of the public and,

1 most importantly, our customers, I want to thank all of you for
2 being here today. And thank you, Mr. Chairman, for the
3 opportunity to speak on behalf of our proposal.

4 I do want to just reiterate with what Ms. Rodan
5 mentioned. This is a quality of service hearing, and part of
6 that quality of service obviously goes to the cost of service.
7 And what we're here specifically to talk about today is our
8 base rate and our base rate request for an increase.

9 Before we talk about that though, I'd like to just
10 reflect a little bit about the past. And three years ago in
11 2002 we held similar hearings to this, quality of service
12 hearings. And those quality of service hearings, we heard from
13 our customers. Our customers told us at that time that they
14 felt that our reliability needed improvement, our customer
15 service needed improvement and that our cost was too high. And
16 so we set about with our Commitment to Excellence program to
17 address those issues. And I'm here to report today that three
18 years later our cost is down. We have, we actually have reaped
19 the benefits of the merger that add economies of scale and also
20 synergies that were returned to the customer in the form of
21 rate reductions. Those rate reductions over a period of four
22 years will total a half a billion dollars. Our reliability is
23 up, our customer service is up, and we've heard that from our
24 customers. So I believe that through the work of our
25 employees, the hard work of our employees, this commitment to

1 excellence has returned on that promise to improve service, to
2 improve reliability and to reduce our costs.

3 Now no one likes to see costs go up. You know, we
4 don't like it as consumers, we certainly don't like it as
5 householders. But, in fact, cost has gone up over the past
6 three years. And, in fact, the last time that this company
7 asked for a rate increase was in 1993, 12 years ago. And since
8 that time, if you look at what has happened to prices, gasoline
9 in 1993 cost \$1.11 a gallon. This morning as I drove in and
10 stopped at a station it was \$2.27 a gallon for regular. It's
11 more than doubled. Bread has gone up by 41 percent. And, in
12 fact, the entire Consumer Price Index shows that most
13 commodities, most things that we buy have gone up by
14 33 percent. Now admittedly some things have gone down in that
15 Consumer Price Index like electricity, but most things have
16 gone up and those costs have pushed up the cost to consumers
17 and the cost to companies.

18 If we look at 1993, our company, then Florida Power,
19 and what it cost for 1,000 kilowatt hours of energy, the cost
20 was \$49.05. Today that base rate cost is 9 percent lower. And
21 if our entire request were granted by the Public Service
22 Commission, our cost in 2006 would be just about what it was in
23 1993.

24 So how do we do more with less? Well, obviously we
25 have to invest wisely, we have to reduce our costs, we have to

1 work smarter, we have to use technology to leverage savings.
2 And three years ago when we signed our settlement, we were
3 incented to do just that. We were incented to increase
4 earnings so that we could reduce costs so that we could reduce
5 cost to the customer. And, in fact, we have done that.

6 We've improved this service, we've built reliability
7 over the last three years -- last 12 years, while adding
8 350,000 customers to our service area. That's more than a
9 30 percent increase in 12 years. And we've done that in
10 essence with a 9 percent reduction in base rates. And that
11 system expansion has included many things. It's included
12 2,300 megawatts of new generation, it's included hundreds and
13 hundreds of millions of dollars in new facilities, it's
14 included better training, it's included more customer service
15 and, importantly, it's included more reliability to our
16 customers. And customers are what we're here to talk about
17 today.

18 Our customers typically, as I say, have grown in our
19 service area largely because we're a very good place to live.
20 We all enjoy living here. And our customer base has grown
21 about 3 percent per year. And each of our customers typically
22 uses today about 2 percent more energy per year than they used
23 the year before. So not only is the number growing, but also
24 the utilization of energy is growing, and the growth continues.
25 For those of us in St. Petersburg, we look simply around our

1 city today and we see tremendous growth in our city, and that
2 means growth and demand for energy.

3 Some of you may be wondering, well, gee, I just
4 thought I had a rate increase last year, and that increase was
5 due to fuel. And just as I saw today as I drove in, that the
6 price of gasoline has skyrocketed, so has the cost of fuel to
7 our utilities, specifically the cost of natural gas, oil and
8 coal. All three have increased. And the fuel cost is a cost
9 that we make no profit on. We simply reflect that cost in the
10 overall fuel cost that is reflected on your bill, but there is
11 no profit to Progress Energy Florida. And fuel prices are
12 certainly a frustration to all of us, which is why we try to
13 balance our fuel mix. That is, when you look at our fuel mix,
14 you note that we are the most balanced and the most diverse
15 fuel mix company of all the investor-owned utilities in
16 Florida. We have nuclear, we have coal, we have natural gas
17 and we have oil. And we try to balance those costs by
18 reflecting to our customers the lowest cost, which today is
19 nuclear for our lowest cost fuel.

20 In addition to managing our portfolio, we look at
21 things like alternative energy. But typically we cannot change
22 the sources of energy overnight, but we are working very
23 diligently to look at things that reflect a look at the future.
24 Hydrogen fueling; we are piloting hydrogen-fueled automobiles,
25 fuel cell automobiles. We are building hydrogen fueling

1 stations at our operating centers. We are reflecting a
2 knowledge of solar energy into our schools. We are attempting
3 to take advantage of alternative energies as a pathway to the
4 future. But we do have a fleet of very diverse energy sources
5 that are being reflected as reduced cost to our customer.

6 But let's get back to the base issue which is base
7 rate increase. About half of that is for new power plants.
8 About 20 percent is to reflect a reserve for future hurricanes.
9 And unfortunately in our part of the world hurricanes are
10 becoming more of a way of life; not a particularly pleasant
11 experience, but something that we're growing more accustomed
12 to. And in addition to hurricanes, of course, we have things
13 such as happened last night, tornados throughout our area,
14 which reflect simply an increased cost of doing business on a
15 normal basis.

16 And the remainder -- I've talked about half of it for
17 power plants, about 20 percent for storm reserve. The
18 remainder is for improving our reliability and service to our
19 customers.

20 Now I want to talk very briefly about two very
21 complex issues. One is rate of return and the other is
22 depreciation. We work in a very capital-intensive business.
23 Over the next ten years we will spend more than \$10 billion in
24 terms of providing new generation and providing new capital
25 improvements to meet the growing demand in our state,

1 \$10 billion. In order to attract that capital, we have to be
2 attractive to capital investors. Without a capital investor we
3 cease to be able to meet the needs that we see growing around
4 us.

5 I would characterize the return that we give to our
6 shareholders as a fair return. It is certainly not an
7 exorbitant return. And some of our shareholders might even
8 say, well, gee, we'd like to have more of a return. It is a
9 fair return.

10 And certainly our business is not without risk. If
11 it were without risk and we returned a fair return, people
12 would be investing in Progress Energy rather than investing in
13 government bonds. It's that simple. We have risk in our
14 business and we are required to return a fair return to our
15 shareholders. And we're also required to maintain and balance
16 the rates that we charge our customers. This is the issue that
17 the Public Service Commission works with every day. But we are
18 capital intensive. We need to attract that capital and we need
19 to be an attractive source for capital investment.

20 Now let me address this issue of depreciation.
21 Depreciation does not exist in a lockbox. There is not a cash
22 account that says "Depreciation Reserve" that we can draw on
23 easily. Depreciation is the cost that customers pay for the
24 wear and tear and depreciation of the capital assets that we
25 maintain. It is not a sock of money.

1 So we periodically do a depreciation study that tells
2 us and tells the Public Service Commission and the public what
3 is the status of depreciation that changes over time. For
4 example, we are extending the life of our Crystal River nuclear
5 plant from 40 years to 60 years. It's the right thing to do
6 because nuclear is a cheap fuel, it is an economical decision,
7 it pays back to the customer in terms of lower rates. But by
8 extending that, we also increase the period of depreciation
9 which appears to cause a surplus. Well, that surplus does not
10 exist as a cash drawer. It simply exists as a result of a
11 prudent decision to extend the life of a very good resource to
12 provide lower rates to our customers. It's as if you have a
13 15-year mortgage on your house and at year seven you decide to
14 extend that mortgage to a 30-year mortgage. The bank doesn't
15 return all the previous payments to you and say here's your
16 money back. They simply adjust the rate in your amortization.
17 The same is true for depreciation. I know it's complex, I know
18 it's difficult, but it's a part of our business. And because
19 we are so capital intensive it's an important part of our
20 business.

21 Let me assure you that everyone at Progress Energy is
22 working to make sure that you have fair rates. This is not a
23 business in which we're trying to take advantage of the
24 customers. We have made a significant improvement. We have
25 made a significant commitment to customer satisfaction and we

1 will continue that. We have a lot of new cost savings
2 underway. We're installing new meters, new high tech meters
3 that actually will save us money, and that money will be
4 returned to you. It's reflected in our filing, \$20 million
5 worth. And we will continue our focus on cost control.

6 We know there's no good time for a price increase,
7 but we are going to need to meet the needs of the future. We
8 are going to need to meet the needs of our customers and their
9 growing expectations. I thank you very much for the time, and
10 I look forward to hearing more from our customers.

11 CHAIRMAN BAEZ: Thank you, Mr. Habermeyer.

12 Mr. McGlothlin.

13 MR. MCGLOTHLIN: Good morning. My name is Joe
14 McGlothlin. I'm with the Florida Office of Public Counsel.
15 The Legislature created the Office of Public Counsel to
16 intervene in proceedings before the Florida Public Service
17 Commission and to represent the customers' interests in those
18 proceedings. We have intervened in this case.

19 And my purpose this morning is to provide a very
20 brief overview for those of you who are not close to the
21 details of the case of the presentation that we intend to make
22 when the Commission convenes the technical hearing in September
23 of this year, and to that end we have engaged the services of
24 several consultants and expert witnesses who have helped us
25 analyze Progress Energy's rate filing. And they have

1 recommended to us and will in due time testify to the
2 Commission to numerous adjustments that we believe should be
3 made to the filing, adjustments large and small, but
4 collectively they tell us that not only does Progress Energy
5 not need a rate increase, but its current rates are too high
6 and should be lowered by the amount of \$360 million per year.
7 Now that is a big difference from the request made by the
8 company, but it is explained by individual adjustments that
9 have become issues in this case. There are too many to mention
10 in the few minutes I have this morning, but I want to highlight
11 two of them that account for a large portion of our
12 recommendation. They are the cost of capital and depreciation.

13 With respect to cost of capital, there's no
14 disagreement on the proposition that the company's investors
15 are entitled to a fair and reasonable rate of return. But what
16 is fair and reasonable? It's not a static number. It is a
17 function of the economic conditions that prevail at any given
18 point in time. And while our recommendation stems from an
19 analysis that is specific to Progress Energy, you don't have to
20 be an expert to have a good handle on what the current
21 conditions are today.

22 If you've been shopping for a mortgage, you know that
23 you can find a fixed rate mortgage for less than 6 percent. If
24 you've been looking for a car, you know the car loans, interest
25 rates in general are at historic lows. And if you've turned on

1 the TV shows to follow the economic news, you've heard analysts
2 predict that investors should be accustomed to single-digit
3 returns for the stock market for the foreseeable future. All
4 these are indicators of the current financial conditions that
5 confront not only you and me, but Progress Energy when Progress
6 Energy needs to raise capital from the capital markets.

7 And in the midst of these conditions Progress Energy
8 has asked the Florida Public Service Commission to authorize a
9 return on equity that is a measure of its profitability of
10 12.8 percent. And we think that under current conditions that
11 is, to say the least, overstated and unrealistic. Our expert
12 tells us that for Progress Energy a return on equity of
13 9.1 percent is fair and reasonable and should be the number
14 authorized by the Commission in this case. How important is
15 that? It is very important. Because if one uses the
16 9.1 percent return on equity as opposed to the company request
17 and makes the calculations, that single adjustment standing
18 alone, taking into consideration nothing else, does away
19 entirely with the company's request for a \$205 million increase
20 in annual revenues.

21 The other item I want to address very briefly is
22 depreciation. We have engaged a consultant who incidentally is
23 being cosponsored by the Industrial Power Users Groups, whose
24 attorney is here this morning, who tells us that the company
25 has gone, gone far ahead of schedule in its, in its efforts to

1 recover from customers the cost of investment associated with
2 this plant. And to elaborate on the concept of depreciation,
3 there are a lot of calculations that go into it, I agree, but
4 the concept itself is not difficult. The company is entitled
5 to receive not only dollar-for-dollar recovery of the daily
6 expenses, but also to recover over time the costs incurred to,
7 to install the plant that serves the customers. And the idea
8 is to recover that full investment by the time a plant is
9 retired. And each plant has a different life, but it can be
10 30, 40, 60 years.

11 Mr. Habermeyer mentioned the extension of the service
12 life for Crystal River 3. That accounts for some, but by no
13 means does it account for all of the current excess situation
14 that the company finds itself in. Even Progress Energy's study
15 indicates that it is ahead of schedule in the accumulation of
16 this money by about a half a billion dollars. Our consultant
17 tells us that when necessary corrections are made to the study,
18 the number is not half a billion, it's \$1.2 billion. So
19 regardless of which study you look at, the numbers are
20 enormous.

21 And why is that significant? It is because -- well,
22 the Commission will hear it referred to as the matching
23 principle. Fairness requires that each group of customers,
24 current and future, pay their fair share, no more, no less, for
25 the plant that's used to serve them. And that's what

1 distinguishes the situation from the mortgage analogy that you
2 heard earlier. If the company has collected too much from
3 current customers and is ahead of schedule with respect to the
4 task of recovering the full investment over the life of the
5 plant, that means that future customers are being subsidized.
6 They would have to pass less when corrections are made. If
7 current customers haven't paid enough, then they're subsidized
8 by the future groups of customers. And so that is one reason
9 why the Commission requires the company to perform depreciation
10 studies about every four years and make any fine-tuning that's
11 necessary at the time.

12 Now what does Progress Energy propose to do with the
13 current situation? Well, if they say, well, business as usual,
14 we will do as we always do, that is we will recalibrate our
15 depreciation rates, and between now and the time when the plant
16 is retired we'll get the pot right. Well, under ordinary
17 circumstances that would be a good way to go about it. But
18 when the discrepancy between what they need at a point in time
19 and what they collect at a point in time is, take your pick,
20 half a billion or \$1.2 billion, we believe that magnifies the
21 inequity of the situation to the extent that you need to take
22 faster action. And so our consultant recommends that a
23 portion, not the full amount, but a portion of that
24 \$1.2 billion be returned to current customers over four years
25 instead of the 20 years that the company recommends.

1 Why is that important? It is important because when
2 that lowering of depreciation expense is factored into the
3 overall revenue requirements and calculations, that adjustment
4 standing alone is designed to return only a portion of the
5 current excess to customers, four years, reduces the end
6 requirement by \$211 million. And that is why you're -- you can
7 see that between the cost of capital adjustments that we
8 contend are needed and the corrections to the depreciation
9 schedules that we contend are fair and equitable to today's
10 customers are, are put together, they explain a good portion of
11 our position, which is that current rates should be reduced by
12 \$360 million a year. And that's not a reduction from the
13 request, that is a reduction from current rates.

14 Thank you, and thank you for your attention.

15 CHAIRMAN BAEZ: Thank you, Mr. McGlothlin.

16 Mr. McWhirter.

17 MR. McWHIRTER: Thank you, Mr. Chairman.

18 My name is John McWhirter, and I'm an attorney
19 representing industrial customers of Florida Progress
20 Corporation. And the first thing I'd like to say is this is a
21 hearing on the quality of service, and my clients by and large,
22 even though many of them are interruptible customers, are
23 pleased with the quality of service we have received from
24 Florida Progress. And we think they are some of the nicest
25 people we know not only to work with on a daily basis, but

1 they're always gentlemen. So I know that they won't be too
2 disturbed when I tell them what the rest of the story is from
3 the customers' viewpoint.

4 I was in Walt Disney World yesterday with my
5 grandchildren, and actually this is a little bit more pleasant
6 than walking around the Magic Kingdom with a two-year-old and a
7 one-year-old. But they released me to come because I got a
8 client, a call from a client who said, "We'd like you to go and
9 tell our side of the story. Apparently the quality hearings
10 have turned into something that we talk about money, and that's
11 something that affects us a lot and we're very concerned about
12 it." And the reason he told me to explain to the crowd is
13 simple, and to the Commissioners, was that Florida Progress
14 charges industrial customers higher than almost any other
15 utility in the Southeastern United States. It charges
16 industrial customers at its Florida branch far more than it
17 charges its customers in North Carolina for the same type of
18 service.

19 Mr. Habermeyer talked about cost of service. And
20 historically this Commission has never charged any customer
21 class more than 50 percent greater than the average rate
22 increase. In this case for the first time Florida Progress has
23 implemented a new cost of service methodology that will charge
24 its industrial customers even more than 50 percent over its
25 average charge. And my clients were very concerned about that.

1 With respect to cost of capital, they said, "You
2 should explain to the assembled crowd that when somebody talks
3 about a 12.8 percent return on equity for the utility, that
4 return is after taxes. And really what they're seeking is a
5 22 percent return, if you compare that to what the average
6 customer gets on his savings account, which is around
7 3 percent." So that's a lot of money. And we don't object to
8 Florida Progress getting a lot of money, but we do object if
9 it's not in keeping with the things that happen with other
10 industries. And the average industrial after-tax return in
11 America today is between 9 and 10 percent, and Florida Progress
12 is asking for 12.8 percent.

13 And there are two aspects of that cost of capital
14 that give us moment for pause. One is they want a, what we
15 call a 50-basis point reward for good performance. And we're
16 very proud of the performance that Progress has gotten, but
17 they've, we think they've been adequately and fairly
18 compensated over the last few years for the quality of service
19 they have delivered and that a 50-basis point return, which
20 amounts to about \$20 million a year for its customers, is a
21 little bit more than they ought to be getting when their
22 average over the last ten years -- they've been earning more
23 than the Commission authorized, the 12 percent that was
24 authorized in 1993, they've gotten more than that in every
25 year, so they've been getting good rewards because you don't

1 come back in frequently for a base rate case.

2 And then when we get into this depreciation aspect,
3 Florida Progress is collecting \$300 million a year from current
4 customers. And I remember back in 1992 when we had a rate
5 case, this plant out here at the end of Gandy Bridge which is
6 known as the Bartow plant, they said we're going to close that
7 down in 2008, so we need to collect a lot more money from the
8 customers in the future because we need to set aside the money
9 to salvage that plant and dispose of the assets. Well, that
10 plant is not going to be salvaged now. Its life has been
11 extended. The nuclear plant which was set to close down when
12 its license expired has been extended for a good bit longer.

13 So what's happened is the money that's being
14 collected from customers to shut down the Bartow plant and shut
15 down the nuclear plant isn't needed because those plants are
16 going to be shut down far in the future. So the question is
17 should the customers who've been paying this extra amount of
18 money for the last few years get some of their money back or
19 should we provide that to the grandchildren? Well, I want to
20 provide for my grandchildren in another fashion, rather than
21 through a reduction in their Florida Progress rates. So we
22 think that maybe some of that money ought to come back to the
23 people who paid it.

24 And we don't want to be unfair to Florida Progress,
25 and the consultant that the Public Counsel and our group has

1 hired has come in with a reasonable approach to deal with that.
2 So I won't belabor the issues, but we're very concerned about
3 this 50-basis point reward for past performance. And this year
4 they've got a new deal, which is 90 basis points, 90 basis
5 points, nine-tenths of 1 percent, I believe, and for Florida
6 Progress it amounts to about \$40 million a year. And they're
7 going to charge you an additional \$40 million a year in their
8 rate proposal because, because they have contracts to purchase
9 electricity from other sellers in the, in the wholesale supply
10 market. And when rating agents, analysts analyze a utility, if
11 they have purchase contracts, they treat that as debt. And so
12 Florida Progress says, well, we ought to offset that debt with
13 giving us a, a new return on what I call phantom equity. But
14 that's \$40 million that you're going to be charged for just
15 because the analysts treat the debt that it purchases from
16 other utilities as debt. And what's that all about? In my
17 opinion, that debt, that cost of those contracts is flowed
18 through 100 percent to customers. And if you don't get enough
19 in one year to cover that cost, they collect it the next year
20 with interest. So it's not a debt of Florida Progress that
21 impacts Florida Progress. It's a -- if anything, it's an
22 obligation for customers.

23 But once again, Florida Progress is doing what it
24 deems to be in the customers' best interest; it's buying power
25 from other people because it's cheaper that way, less expensive

1 than building new power plants and passing that cost along to
2 you. And they can buy power in Georgia and ship it down to
3 Florida at a cheaper cost. So that's a good thing and we
4 compliment them for that. But we don't want to pay \$40 million
5 because they did what the law requires them to do.

6 So we think that this company is closer to government
7 bonds when you're evaluating the risk than it is to other
8 industry. Other industry earns after taxes about 9 to 10
9 percent. Florida Progress wants to earn 12.8 percent after
10 taxes. And when you get 12.8, under the Commission's
11 rationale, you can make that grow up to 13.8 percent without
12 the Commission taking action to deal with your revenues. So we
13 think that maybe that's a little excessive for customers.

14 And industry in Florida is responsible for employing
15 people in Florida, and we want to keep employing people in
16 Florida. But if our competitors can buy electricity cheaper in
17 Alabama, in Georgia, in South Carolina, in North Carolina where
18 Florida Progress serves, industry is going to move to those
19 states if you use a lot of electricity. And we're concerned
20 about that. We're concerned about it for the economy of
21 Florida, and certainly the plant managers who are trying to
22 meet their budgets every year are very concerned about it.

23 Now one final remark. Mr. Habermeyer told us we're
24 here to talk about base rates, and you saw how base rates went
25 down since 2002. Well, the reason they went down was because

1 we had a rate case in 1997 and a rate case in 2002 in which
2 Florida Progress was earning too much, so they went down. And
3 it was earning too much because they had more sales of
4 electricity, they had more customers and they were bringing in
5 more revenue. So the Commission -- the company and the
6 intervenors in those cases agreed to a reasonable settlement so
7 that the rates wouldn't be too high and they came down.

8 But the other interesting thing is that base rates
9 count for less than half of the total revenue collected, and
10 this is why we're so concerned. This utility is like, kind of
11 like the government because if it has any cost that is a
12 difficult cost for the utility or a volatile cost, the
13 Commission, in its wisdom to protect the financial
14 responsibility of utilities and provide a reliable service to
15 customers, has passed these costs through. So when the
16 gasoline price went up, your electric rates went up because
17 that's a pass-through cost. When they buy electricity from a
18 power plant out of state and ship it into Florida, the cost
19 went up to you, not to Florida Progress.

20 And then recently there was a storm that came through
21 here and it had a tremendous impact on the Florida Progress
22 system. And we suggested that they may want to share the risk
23 with the customers, but Florida Progress said, no, we want
24 100 percent return for our out-of-pocket costs for storm
25 damage. And you're going to see that in your bills coming up,

1 and they're going to collect some \$231 million a year -- not a
2 year, but in a one-time collection over a two-year period or
3 maybe a three-year period to fully recover their storm costs.
4 So risks are removed, fuel risk, purchase costs, environmental
5 cost, which is going to be a biggy coming up. That's a risk
6 that the utility does haven't to bear; it's passed along to
7 customers. Storm cost is passed along to customers. So when
8 you pass along all these costs, it becomes more like a
9 government service because all of its customers are captive
10 customers. They can't go anywhere else to buy electricity.

11 So I would suggest to you that we want this utility
12 to be strong, and we're proud of the people that run the
13 utility because they do a fine job. But when it comes to
14 money, we would like to have an element of fairness, and that's
15 what the industrial customers recommend to Florida Progress and
16 to the Commissioners. Thank you.

17 CHAIRMAN BAEZ: Well, after Mr. McWhirter's
18 statement, I can't believe there's anything left to say. Prove
19 me right, Mr. Wright. Go ahead.

20 MR. WRIGHT: Thank you.

21 MR. McWHIRTER: I wore you out again, Mr. Chairman?
22 I'm sorry.

23 CHAIRMAN BAEZ: Oh, you -- I needed my breakfast this
24 morning.

25 Go ahead, Mr. Wright.

1 MR. WRIGHT: Thank you, Mr. Chairman. My name is
2 Schef Wright. I'm a native Floridian, I was born in South
3 Florida, and I have lived all but nine of my 55 years in this
4 wonderful state.

5 I have the privilege of being here this morning to
6 address you on behalf of the Florida Retail Federation, which
7 is an organization of more than 10,000 members in Florida,
8 including the state's largest retail chains and many of the
9 state's largest employers. Our members include Publix, Food
10 Lion, Kash n' Karry, Sweetbay Supermarkets, Albertson's,
11 Macy's, Target, Wal-Mart and The Home Depot, along with dozens
12 of other retail chains and thousands of smaller individual
13 retailers, mom-and-pop type operations.

14 I have set myself the modest goal of being the
15 shortest speaker yet this morning or the one to take the least
16 time and I am going to try to do that.

17 This case is not about whether Progress Energy
18 Florida, I've known them as Florida Power Corporation for 25
19 years, it's not about whether they're going to have enough
20 money to make needed investments, it's not about whether
21 they're going to have enough money to build the power plants
22 and the transmission lines and distribution lines they need to
23 build to provide service, it's not about whether they're going
24 to be able to keep the lights on or restore service if there's
25 a hurricane. It's about the base rates that the Florida Public

1 Service Commission will approve for them to recover the costs,
2 including a fair rate of return. We believe that they are
3 asking simply for too much.

4 As Mr. McWhirter basically said, they're perhaps not
5 without risk, but if you look hard at it, it hard to find it.
6 Fuel costs go up, that risk is on the customer; environmental
7 costs go up, that risk is on the customers; the extraordinary
8 cost for hurricanes, that cost is on the customers,
9 particularly in light of recently enacted legislation that will
10 make it even easier for them to get recovery and spread it over
11 a longer period of time.

12 And, as Mr. McWhirter said, customers in Progress
13 Energy's service area are captive customers. They don't have
14 very much risk that y'all are going to buy from somebody else
15 unless you move out of their service area.

16 We agree with the Public Counsel on depreciation. I
17 want to talk about the request for storm accrual very briefly.
18 Progress is asking for a more than seven-fold increase in the
19 amount that it wants to accrue toward its Storm Damage Reserve.
20 We simply believe that that is excessive. We think something
21 like more -- more like two to three times their present accrual
22 rate is more appropriate.

23 In addition, we have sponsored the testimony of a
24 witness who has pointed out a number of overstated costs in
25 Progress's filing. We believe they've overstated the number of

1 employees they're going to have next year, which is what's
2 relevant for determining next year's rates. That's worth a
3 couple of million dollars a year. They've overstated payroll
4 taxes by \$6 million a year. They've overstated base pay
5 expenses by \$6.5 million a year. They've overstated, we
6 believe, based on their prior record of what they told the
7 Commission they would spend versus what they did spend on
8 distribution reliability initiatives, we believe they've
9 overstated what they're going to spend next year by some
10 \$10 million. You get the picture.

11 Progress says a fair return is nearly 13 percent,
12 which is about triple the rate on a CD and close to triple the
13 rate on a long-term treasury bond. Our side of the case, the
14 consumers, the industrial consumers, the residential consumers,
15 the retail customers of Progress Energy, simply believe that
16 that's excessive. We think something like two times, 9 percent
17 plus or minus, is a much more fair return to all concerned.

18 At the bottom line, Progress wants an increase of
19 \$205 million a year. Our side of the case believes that their
20 rates ought to be decreased by \$360 million a year. For an
21 average residential customer Progress's proposal would cause
22 your rates to go up by something like \$4 a month. Our proposal
23 would cause them to go down by something like \$10 a month.
24 We're \$14, \$15, \$16 a month apart. This is real money to you
25 all. And we oppose the rate increase and thank you for your

1 time.

2 CHAIRMAN BAEZ: Thank you, Mr. Wright.

3 Mr. Twomey.

4 MR. TWOMEY: Mr. Chairman, Commissioners, ladies and
5 gentlemen, good morning. My name is Mike Twomey. I'm
6 appearing on behalf of AARP Florida, which has 2.7 million
7 members in the state of Florida, many of whom are served by
8 this fine utility. I also represent Sugarmill Woods Civic
9 Association, Inc., which is located in Citrus County.

10 Now it may seem that there's some redundancy here,
11 that three or four of us have gotten up and we speak about the
12 same thing. We're not really rude dinner guests here trying to
13 impose upon y'all. One of the things I believe that it should
14 emphasize to you customers though is that Mr. McGlothlin,
15 Mr. McWhirter, Mr. Wright and myself essentially are all
16 singing off of the same sheet of music. We represent
17 effectively all the customers of this utility, whether they're
18 residential, commercial, large commercial, small businesses,
19 large industrial customers, and the huge percentage of elderly,
20 fixed income people. Okay? So we're all on the same sheet of
21 music, and we're saying to this company and, more importantly,
22 to the judges in this case we have a strong case to make here,
23 and we're looking for a two-way street, fair treatment in this
24 case. Okay? And I will not reiterate too much the points made
25 previously, while I will adopt all of the previous speakers on

1 behalf of the customers.

2 Fair treatment, a two-way street requires that when
3 this Commission in years past, in the 1980s, increased equity
4 rates, profits, if you will, up into the 15, the mid 15, high
5 15 percentage points because the company's claimed rates were
6 going up, fair treatment, a two-way street demands that they
7 consider the current markets and bring them down, not suggest
8 they should just hang at 12, 11.5 percent or whatever. As
9 previous speakers have said, for every percentage point this
10 Commission decides to go with the company, \$40 million in
11 revenues add into your rates.

12 Mr. Habermeyer said they've had substantial growth in
13 their customers over the years, which equals more money, more
14 revenues, and, furthermore, existing customers are using more.
15 I think he said 2 or 3 percent. That equals more revenues too.
16 That's money which will pay for the new generating plants and
17 to pay for some of the real costs of inflation. But inflation
18 hasn't effected -- or affected money at least positively. It's
19 come down. Okay. So we're agreeing with the Public Counsel
20 that it should be 9.1 percent, which will wipe out the rate
21 increase.

22 Now another issue that's been talked about in terms
23 of the two-way street fair treatment is the depreciation. It's
24 a complicated factor, but it involves a lot of money. In terms
25 of fair treatment, a two-way street, we would suggest that in

1 the past it has been this Commission's almost nonstop practice
2 when the companies come in and say we have gotten behind on our
3 depreciation collections and have a deficit, that the
4 Commission has given them recovery of the deficit three years,
5 four years, five years. We believe, all the customer
6 organizations believe that fair play requires that when they
7 have a surplus and a substantial surplus, that we should have
8 the benefit of getting the money back three, four or five years
9 as well.

10 Now if you're a residential customer in this room and
11 the Commission grants this rate increase, it's not only going
12 to affect your residential rates, but there's going to be an
13 accumulative effect on your pocketbooks, which is going to be
14 especially damaging if you're retired and living on a fixed
15 income or if you're a person that has a low income.

16 Not only will you pay for increased residential
17 rates, your taxes will necessarily have to go up as well. This
18 company serves a substantial number of school boards. Their
19 rates will go up if the increase is granted. They serve city
20 governments as well, county governments and, of course, the
21 state of Florida to some degree. Your taxes for all of those
22 governments will have to go up necessarily if the rate increase
23 is granted. Or if your taxes don't go up necessarily, the
24 services you receive from the school boards, city, county and
25 state governments will have to go down. You should be

1 AARP wants to ensure that energy services are readily
2 available at prices that are just, reasonable and affordable.
3 Rising utility rates have an overwhelming impact on Florida
4 citizens, especially older persons who are living on low and
5 fixed incomes. After all, we cannot go to Wal-Mart to buy our
6 electric. If the Public Service Commission allows the proposed
7 rate increase in addition to the hurricane rate increase that
8 has already been approved, it could mean about \$7.11 monthly
9 increase in our bills. Both of these requests together would
10 amount to almost half a billion dollars.

11 These requests require utility customers to bear all
12 the costs incurred by the hurricanes and the rate increases
13 already approved. We believe that this provides excessive
14 profits for the company's shareholders. We believe it is not
15 only excessive, but it is outrageous and unfair.

16 AARP has more than 2 million members in the state of
17 Florida, and it's rare when all of our members support one of
18 our positions. But I can assure you from my knowledge that we
19 have not received one phone call or one e-mail supporting
20 Progress Energy's request for a rate increase.

21 We respectfully ask that you deny Progress Energy's
22 request for a rate increase and adopt the Public Service
23 Counsel's position. Thank you.

24 CHAIRMAN BAEZ: Questions? Thank you, Ms. Herron.
25 Questions? Thanks again.

1 MR. MCGLOTHLIN: The next witness is Eileen
2 O'Sullivan.

3 EILEEN O'SULLIVAN

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

6 DIRECT STATEMENT

7 MS. O'SULLIVAN: Good morning. Thank you for this
8 opportunity. I'm Eileen O'Sullivan. I live at 4100 Beach
9 Drive Southeast in St. Petersburg.

10 When I moved back to Florida eight years ago we found
11 a house in Historical Northeast, which is one of
12 St. Petersburg's posh neighborhoods. And in the six years that
13 I lived there I experienced one significant power outage. Then
14 in April '03 we downsized and I moved to a smaller house on
15 Coquina Key, still in St. Petersburg. And in the first six
16 weeks that we lived there we had four major power outages. I
17 saw a huge issue here and I tried to reach Florida Power or
18 Progress Energy to discuss my concerns, and especially since
19 one of the outages had shut down my sprinkler system when I was
20 away and we lost \$2,000 worth of new sod. So I could not reach
21 Progress Energy. All their telephone lines that I could get
22 hold of connected me with a computer, and their website as far
23 as I know has never responded to anything. I've kind of quit
24 reaching out to them lately. So I wrote to you, and within a
25 very few days Progress Energy was knocking on my door saying,

1 "You didn't have to tell them. You didn't have to call them.
2 We would have taken care of it." And for the next several
3 weeks they had people coming to my house and calling me every
4 other day or so fixing this and that and checking whether I was
5 happy. And I thank you very much for that intervention because
6 it was lovely.

7 I didn't realize how lovely it was until the
8 following summer when we had all those storms. And in the
9 course of all those storms I lost power for about 20 minutes,
10 and I have neighbors a block away who lost power for close to
11 20 days. And it strikes me, it's fair to conclude, that my
12 personal connections were all tightened up and nobody else's
13 were. And it makes me think that -- this sounds like I'm
14 really picking on Progress Energy and I'm not. They cannot
15 spend more on maintenance and other costs or researching
16 underground problems and so on than other utilities spend or
17 they will lose their capital investment base. And so I think
18 it's necessary that you establish maintenance schedules and
19 researching problem solution schedules. And whatever the
20 schedule is, it needs to be tightened up. We should not have
21 so many people without power every time the wind blows.
22 Granted, last summer it was a little more than that. But we
23 could have headed off a lot of that loss, I think. I conclude
24 from my own anecdotal experience that maintenance is not
25 adequate.

1 My brother-in-law in Cape Coral had a fire in his
2 kitchen in a storm a couple of years ago, and it turned out
3 that all the connections to his house were at least 30 years
4 old. And in the course of resolving the fire, everything was
5 tightened up. But people shouldn't have to have fires in their
6 homes before their equipment gets brought up to a working
7 level, up to what I've got hopefully, because I seem to have
8 really good connections at this point.

9 I don't know enough about the money. This 12.8
10 percent rate or even 9.1, boy, would I like to be getting that
11 on the tax sheltered annuities that I bought when I was
12 teaching. I don't see that happening. But I really would not
13 have such a problem with a rate increase if there were a really
14 tight maintenance schedule imposed throughout the state.

15 And if -- you know, we've been asking -- I've been
16 co-chairing a CONA committee, CONA is the Council of
17 Neighborhood Associations, and I've been co-chairing a
18 committee that has requested that our Legislature look into
19 requiring undergrounding. And there are apparently problems
20 with undergrounding, but we can't keep replacing these poles
21 every summer. And that's where we're heading unless we solve
22 those problems.

23 Again, no one company can make the investment it
24 takes to solve those problems because it would destroy their
25 competitive status. And, therefore, it requires action on your

1 part to accelerate the funding and research to solve those
2 problems and to stop putting poles all over the road that fall
3 down on people's houses every summer. Thank you.

4 CHAIRMAN BAEZ: Questions of Ms. O'Sullivan? Thank
5 you, ma'am.

6 MR. McGLOTHLIN: The next witness is Peter Betzer.

7 PETER BETZER

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. BETZER: My name is Peter Betzer. I live at 1830
12 7th Street North in St. Petersburg. And my wife wanted to
13 speak too and she was called to a medical emergency. Her name
14 is Susan Betzer.

15 I'd like to address the -- Progress Energy basically
16 is what I consider a corporate model for community involvement.
17 They're a tremendous corporate citizen. I did take a look at
18 Florida Orchestra. Of course, they're the lead sponsor, and
19 the active involvement of the orchestra in our educational
20 network, our K through 12 system is indeed impressive. There's
21 thousands of young people that get introduced to music that
22 otherwise wouldn't if it wasn't for Progress Energy.

23 I have -- I'm the Dean of the College of Marine
24 Science at the University of South Florida, and there are two
25 programs that Progress Energy has been critical in sponsoring

1 that I think are, are noteworthy of mention.

2 First of all, the Oceanography Camp for Girls, which
3 is for our graduate program a way that our graduate scientists
4 or women connect up with eighth graders in the Pinellas County
5 school system. So every summer roughly 33 young women are in
6 our laboratories, on oceanographic vessels for three weeks.
7 And for the last two summers this program was completely
8 sponsored by Progress Energy. And we've done this -- this is
9 the fifteenth summer. We've tracked these kids. The effect is
10 really quite remarkable. If you take a look at what happens to
11 the young women that go to high school, they take much more
12 science and math than their peers. And the latest statistics I
13 saw indicate that the average woman that avails herself of
14 mathematics in high school earns on average \$5,000 more per
15 year per her life. So I'm figuring the two camps alone, we're
16 probably ensuring -- because we have about a 96 percent success
17 rate for mathematics in high school -- about \$300,000 a year
18 per person for their lives. Okay? That's a substantial
19 impact. So, in any case, I view Progress Energy as enabling in
20 a very important way young people in our area.

21 There's -- the second program I'd like to mention is
22 diversification of our graduate program at the University of
23 South Florida. It's striking, in fact, that in the geosciences
24 and oceanographic sciences there's a very fractional number of
25 Hispanics, African Americans and Native Americans. And, in

1 fact, Progress Energy has provided us with some important
2 financial support that allows us to actively recruit young
3 minorities, and we've had some striking results. In fact,
4 people from Fort Valley State, Savannah State, LSU, Florida
5 A&M -- and, in fact, last week Camille Daniels defended a
6 masters thesis. There are probably only going to be 20 of
7 these in the United States, a young African-American woman from
8 LSU.

9 The remarkable thing that happened last year too,
10 and, again, it was in large part due to Progress Energy, was we
11 were visited by the Alfred P. Sloan Foundation. You can't
12 write a proposal to the Sloan Foundation. They visit you and
13 they evaluate you. And as far as I know, we're the first group
14 in the state of Florida to be given Sloan support for minority
15 students to participate in our graduate program. So we, as a
16 result, if we can match one fellowship for every, every two
17 years, are going to get in perpetuity about 150 and some
18 thousand dollars for minorities to participate in our Ph.D.
19 program.

20 Without people like Progress Energy, Bill Habermeyer,
21 Nancy Loehr, there's little question that we would have had the
22 leverage to get the support from this important and prestigious
23 foundation. My guess is there's probably only 40 institutions
24 of higher learning in the United States of America that are in
25 this program. Okay. So it's not -- it's a very prestigious

1 thing.

2 I guess the bottom line for me is if other
3 corporations in the state of Florida were so effectively
4 involved in their communities, and specifically in the realm of
5 education, this state would be a whole lot better off. Thanks
6 a lot.

7 CHAIRMAN BAEZ: Questions of Mr. Betzer? Thank you,
8 sir.

9 MR. MCGLOTHLIN: Robert Alicea.

10 ROBERT ALICEA

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. ALICEA: Good morning, Commissioners. My name is
15 Robert Alicea. I reside at 13414 2nd Street East, Madeira
16 Beach. I teach eighth graders how to improve their reading
17 skills. I work for the Pinellas County School Board.

18 I'm here to recommend against Progress Energy's
19 application for a rate hike, and it's based on my understanding
20 of a couple of issues, some of which have only been alluded to
21 here. I'd like to take the time to add a little detail to it.

22 Progress Energy obviously is a lucrative
23 organization. They make lots of money and they reward their
24 investors well. They even have built in to their rate
25 structure all the guarantees that were mentioned by the other

1 folks about hurricane damage and all the things that are passed
2 along. What concerns me today is the passalong surcharge of
3 the fuel costs because it's my understanding that we are on the
4 cusp, on the verge of entering into an era of ever increasing
5 fuel costs. So my logic is that a hike raise in the base rate
6 coming at a time when we are going to see higher and higher gas
7 prices, which is the same as to say natural gas and coal, all
8 of these things we're depleting as we stand here consuming
9 them, is the worst of all things to possibly do. What follows
10 on top of this rate increase is a serious, almost constant
11 increment of fuel surcharges to come. The scramble to put the
12 oil wells off the coast is indicative of the panic that is
13 going on within the energy industry. We're all aware of this,
14 we're asleep, but the Chinese are trying to purchase Unocal.
15 There's a scramble worldwide for energy. Right now demand
16 outstrips production. And that -- if I could graph it, if I
17 had the equipment, I would show you that the increase in demand
18 continues to rise, while the increase in production may very
19 well have peaked.

20 So a lot of serious people who study this do not set
21 aside the prospects of \$4 a gallon by next summer. It could go
22 worse and most probably will go worse. And if gas goes up,
23 coal goes up, natural gas goes up, maybe not nuclear power, not
24 right away anyway, but all of these things are going to be
25 passed along to your customers. And your customers, I'm

1 talking about your residential customers and also the business
2 community who has already come up and spoken, industrial as
3 well as retail, these people are very nervous about the cost of
4 fuel and they realize that their expenses will impact the way
5 they employ and how they do business. The consequences to this
6 local community specific to its businesspeople, to its
7 residents, its working residents, as well as its enormous
8 population of retired people on a fixed income, the
9 consequences of giving these folks, as nice folks as they
10 really are, a rate hike at a time when fuel costs are getting
11 ready to go through the ceiling I think is irresponsible
12 because it is not farsighted. You're not looking -- you're not
13 thinking this thing through. There are other factors at play
14 here.

15 Speaking to what a wonderful citizen and how
16 concerned Florida -- Progress Energy, excuse me. I've been in
17 the community long enough to remember them as Florida Power.
18 There's a parallel going on right now, as it turns out, in
19 North Carolina. Excuse me. Progress Energy in North Carolina
20 is in the same thing; they're doing a rate hike now. The
21 business community up there has aligned themselves up against
22 the increase as well, complaining that they're on the verge of
23 having to go to layoffs because of the expenses of energy and
24 how high it's getting.

25 Progress Energy of North Carolina passes it off

1 saying, well, coal has gone up by 60 percent. Once again, it's
2 the fossil fuels that are going to kill us here. To put that
3 in tandem with a rate, base rate increase, again, as I said, is
4 not thinking it all the way through. If Progress Energy is so
5 concerned about the local community, they would be a little bit
6 more considerate of them and perhaps not as overleaning with
7 their investors. Progress Energy may sponsor the philharmonic,
8 but they don't take very good care of their local contractors.
9 They don't have a problem hiring the out-of-state contractors
10 who hire out-of-country workers, who hire illegal
11 out-of-country workers to work at their power plants. I don't
12 consider that the hallmark of responsible community -- of a
13 citizen of a community.

14 So what I want to leave, leave you with this thought,
15 and it has not been mentioned in all of this, and that is the
16 issue of people and the idea that fuel costs are going to just
17 continue to rise. I really seriously hope that you take that
18 into account when you imagine that you're adding to, to the
19 expense. The bills are just going to continue to rise and rise
20 and rise, and we will feel it at the pump and we feel it in our
21 electric bills and we will feel it in everything else,
22 including retail goods that are transported with fuel.

23 So in that regard, I'd like to recommend that the
24 Commission accept the recommendations of the Public Counsel.

25 Does the Commission have any questions of me?

1 CHAIRMAN BAEZ: Questions of Mr. Alicea? Thank you,
2 sir.

3 MR. ALICEA: Thank you.

4 CHAIRMAN BAEZ: Mr. McGlothlin.

5 MR. MCGLOTHLIN: Don Shea. Mr. Shea.

6 CHAIRMAN BAEZ: Mr. Shea?

7 MR. MCGLOTHLIN: The next witness is Roger Zeh. I
8 hope I'm pronouncing that correctly.

9 ROGER ZEH

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. ZEH: Very good. Thank you very much. My name
14 is Roger Zeh. You correct -- you pronounced it very correctly.
15 Thank you very much. My residence address is 1119 11th Avenue
16 North here in St. Petersburg.

17 I, first of all, would like to congratulate and thank
18 the members of this Commission for your work. And as I reflect
19 on the conversation and the comments that are made today, I
20 would like to acknowledge that it's a great situation where we
21 actually have an opportunity to dialogue and make choices and
22 make decisions and try to appropriately represent everyone.
23 And I think it's a great thing and I congratulate you on your
24 work and I know it's a difficult task.

25 I do not have any prepared remarks, but I would make

1 a couple of extremely brief statements as it relates to my
2 professional experience here in the community. I represent a
3 fine arts institution that's been suggested to be the most
4 comprehensive art collection on the West Coast of Florida, and
5 we are entrusted with a tremendous responsibility for the care
6 and procurement of this collection. And Progress Energy has
7 played an absolute vital role in the process that is required,
8 not only providing quick, impeccable, very comprehensive and
9 involved support -- our margins for our power needs in the
10 institution are very, very narrow and very, very vital. And we
11 have to have the quality that is absolutely necessary in order
12 to fulfill our responsibility in the care of this art
13 collection. And I think that that can transcend into a number
14 of environments in our community that quality of service in
15 their performance is vitally and impeccably important. I don't
16 profess to speak on behalf of the medical profession, but what
17 comes to mind is maybe the medical field and that kind of
18 environment and the absolute vital need that those services
19 must be there on, on demand. So I would share that thought
20 with you.

21 From a personal perspective as a residential
22 customer, I would tell you that last week when I opened my mail
23 I wasn't particularly impressed with my electric bill for the
24 month either. It's a, it's a difficult situation
25 understandably, and I think we all recognize that it's probably

1 not an environment that we really would like to be in or choose
2 to be in.

3 I guess a very, very small, brief comment I'd make
4 about the storm issue, I'm a northerner. I'm from Michigan.
5 I've only been down here for five years. I'm not a lifer in
6 paradise. But since I've been in paradise, my, my recollection
7 from just this past couple of weeks is I think in this storm
8 season, I think in the month of July, I think we've had five
9 named major storms, and I think that's an all-time, historical,
10 first-time ever record. So we're off to a great start this
11 year as well. And I guess we have some number like 15 or
12 something like that that somebody is predicting for this year.
13 Well, historically I don't think that those numbers have been
14 there, at least as long as we've been keeping records. And I
15 don't think any of us anticipated, least of all Progress Energy
16 anticipated that we would have the kind of experiences we all
17 heard and saw and read about and some of us participated in
18 last season, and it appears as though that trend seems to be
19 continuing. And I don't know that any of us could have
20 predicted that or anticipated that.

21 I'd like to make a brief comment in closing about the
22 quality and integrity of the company. As I said, through our
23 partnership and their leadership, not only the institution that
24 I work for, as a customer, but their impeccable community
25 service and care as a partner, and they do provide an immense

1 amount of support for programming, as was stated previously,
2 and there is a long list of many, many others, including the
3 arts and cultural community that receive benefit. But also
4 from an integrity standpoint, and a personal experience of mine
5 both professionally and as a residential customer, I've had the
6 opportunity to work with a number of members of their staff at
7 a variety of different levels. And to me personally
8 performance and integrity and professionalism is absolutely
9 worth a lot.

10 I can't speak to the function at their corporate
11 office. I don't have a snapshot of that. I can't speak to a
12 lot of the interworkings of the organization. But what I can
13 speak to is at many different levels I have had personal
14 interventions. The response has been immediate, it's been
15 fast, it's been caring and it's been committed, and to me that
16 speaks volumes. I would think that if their standard of
17 performance and their expectation of their organization is
18 throughout that organization and that message is clear, the
19 message that I'm getting is a very good one and a very
20 committed one.

21 I had a personal experience, and I'll close by saying
22 I had a personal experience just a week ago for a loss, a call,
23 an unfortunate occurrence, a power loss and substantial damage.
24 And on that particular occasion and the experiences that I've
25 had is that they have done nothing but immediate, swift and

1 very committed and caring customer service. When volumes
2 increase, I imagine the challenge is greater. But I speak to
3 some of my personal observations which have been good, quality
4 experiences.

5 Again, thank you as a Commission for addressing
6 everything that needs to be done. I know it's an extremely
7 difficult task. But I think we're all trying to do the right
8 thing here and I hope that will work out well. Thank you.

9 CHAIRMAN BAEZ: Questions of Mr. Zeh? Thank you,
10 sir.

11 MR. MCGLOTHLIN: Jackie Johnson.

12 JACKIE JOHNSON

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

15 DIRECT STATEMENT

16 MS. JOHNSON: I thank you for letting me speak here.
17 I do not see too many senior citizens. I am a senior citizen
18 myself, I just had my 90th birthday, and my health isn't that
19 good.

20 My income isn't that good either. I have a private
21 pension of about \$325, my social security of \$670. That means
22 I'm getting by on about \$900 a month. My musts are that I
23 should pay my light bill, \$60 a month; my maintenance is \$163 a
24 month; my telephone is about \$40 a month; my fire insurance is
25 about \$25 a month; my car insurance is about \$60 a month. I

1 still drive, and I don't take the highway, I don't take the
2 main roads. I haven't had an accident in almost 50 years that
3 I've been driving. I didn't learn to drive until I was about
4 40. I had to show off my granddaughter, so I learned to drive.
5 I've not never, ever had a ticket for anything.

6 So altogether my musts come to about \$348 a month.
7 Now my needs, my groceries, well, I may look at ham; I pass up
8 bologna. I go home and I thank God I've got a piece of bread.

9 So my medication -- because of my age, my body isn't
10 what it used to be. It's not supplying me with the things that
11 it does as it gives a young body. I have medication of
12 Ditropan, Dilantin, Evista, Protonix, Prednisone, Plaquenil,
13 Potassium, Furasemide, Synthroid. Now they run \$90, \$80 -- in
14 fact, I asked at the medical counter here if I could buy my
15 medicine here. And she said, "Oh, well, it'll be about \$70 for
16 a month's supply of 30 pills." I said, "But I'm paying \$80 at
17 a regular drug store, so how am I saving any amount of money?"
18 Oh, she said, "Well, that's what it is."

19 So then for Protonix because of my stomach, it's \$157
20 for 30 pills, one a day. My Prednisone is \$49, one a day. My
21 Plaquenil is \$100. Because I was under a great amount of
22 stress where I loss the use of my hands, I couldn't pull my
23 underwear up. How could I cook for myself? How could I do
24 anything? Through a doctor, an orthopedic, he got me on
25 medication. I'm driving my car, I'm cooking, I'm doing my own

1 work, I'm doing my own housework. I don't need any help that I
2 had gotten. Thanks for Neighborly Services, they sent someone
3 over. So Furasemide is another medication, that's \$12.
4 Synthroid is a thyroid, that's \$40. So my medication is
5 about \$482 a month. So those are my needs. But my musts
6 are \$348.

7 My groceries are about \$25 a week. I went and got a
8 piece of meat the other day at the cut rate store, Big Lots,
9 and it was \$4 and something. That's digging into my \$25. So
10 how can I have any amount of groceries? But I have to have my
11 medicine.

12 Okay. Now they're talking about the light going up.
13 The other day I saw two guys with a Progress Energy truck, two
14 trucks down below me. They were standing around, horsing
15 around, yakking away. If they had come to do a job, maybe it
16 was done quicker than the time they were allotted to do it in.
17 They were waiting and wasting time until it was time for them
18 to leave. Why should I be paying for something when they're
19 standing there? Why don't they go back quicker and say, look,
20 it didn't take us that long. We got it done quicker. Send us
21 to another job. So why should I pay? And why should I pay
22 because the hurricane came? My windows were broken during the
23 hurricane, my car was damaged during the hurricane, flying
24 trees; I had to pay for that myself. I didn't ask Florida
25 Power, I mean, Progress Energy to pay for my car, pay for my

1 windows, pay for my furniture because it got wet when the rain
2 came in. So why should they be asking us? The builders are
3 coming in to build great big homes, hundreds of thousands of
4 dollars. They're not asking the poor person to come here.
5 They're asking the person to be here that's got money. I
6 haven't got it. The cost of things is going to be geared to
7 who is coming with money, not to me. I won't be here when all
8 of this other business comes along.

9 I'm glad that I am here, that I am 90 years old, that
10 I have a great grandson that is 30 who's just been through hell
11 over there on a war craft destroyer for nine solid months
12 shooting at the enemy. He could have been shot as well. A
13 ship of 5,000 men. Thank God he came back, only for a little
14 while. He's gone back there again. And I have other boys that
15 are in service, grandsons, great-grandsons who are giving their
16 lives and who are giving their blood. For who? For some of
17 the people that I see in my neighborhood who squawk about some
18 little immaterial thing? So I feel this way. I thank God that
19 I have them to live for. I phone them now and then, they phone
20 me. The last hurricane, "Grandma, are you all right?" All
21 right. So I have to have my telephone and I have to have my
22 lights. I'm not a slave to TV. I use it for my refrigerator,
23 my washing machine, my microwave, the TV to get the news. But
24 why should I be paying for somebody else's lights? They're
25 giving us the service, then give it to us. Don't take it from

1 us and expect us to pay for it.

2 By the time -- they say, oh, it's spread over so many
3 years. I won't be here, but somebody else my age and in my
4 financial circumstances is going to be here. Why should they
5 pay for somebody else's? Nobody paid for my car, nobody paid
6 for my windows.

7 So I feel this way. I cannot afford to be paying for
8 somebody else's problems. And I thank you for letting me come
9 here and talk. I don't see any other senior citizens here, but
10 I figured if I don't come, I won't know what went on and you
11 won't have heard me. I thank you for listening.

12 CHAIRMAN BAEZ: Thank you for coming, Ms. Johnson.
13 Any questions of the witness? Thank you, ma'am.

14 Mr. McGlothlin.

15 MR. MCGLOTHLIN: The next names are Arnold and
16 Josephine Schroeder.

17 CHAIRMAN BAEZ: Mr. and Mrs. Schroeder?

18 MR. MCGLOTHLIN: John Shafer.

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

22 DIRECT STATEMENT

23 MR. SHAFER: That's tough to follow. Thank you,
24 Commissioners and Chairman.

25 I'm here representing -- my name is John Shafer. I'm

1 here representing Enterprise Rent-A-Car. I'm a businessperson
2 in the Pinellas County area. And I'd like to address the storm
3 response in particular, as well as customer service.

4 You know, it's easy, it's even popular at times to
5 talk about the negative experiences that we've had, whether
6 it's with a utility or in day-to-day life. And today I wanted
7 to bring a positive to the floor. As a businessperson, during
8 our storms last year in Pinellas County we can all attest that
9 we went through a lot of decision-making, a lot of tense
10 moments, and in those moments I think we can realize it was
11 easy to find who our partners really were. Our partners are
12 Progress Energy. They are a very positive influence in our
13 community today. They were a very positive influence during
14 that difficult time last year.

15 I was personally involved in helping supply them --
16 and we call them the storm troopers; the people that they
17 brought in not just locally but from outside, meaning North
18 Carolina where they have a lot of their employment. And they
19 did bring in other contractors as well, and we helped supply
20 transportation to these people. And I want to impress upon you
21 that as we gear up for a storm situation in which we just did
22 recently, as we did last year, we are on the phone 24 hours a
23 day, seven days a week with the representatives of Progress
24 Energy. We are looking at putting vehicles in places where
25 most of the folks in this county are leaving. We are driving

1 those vehicles with their people to those locations in order to
2 be ready when the storm passes. It was never clear to me just
3 how imperative and how necessary that process was until last
4 year.

5 Their people are completely dedicated, all the way
6 from the folks I dealt with who were the line workers up to my
7 contacts in North Carolina and here locally, Ed Krupa and
8 George Valentine. It was told to me at one time that these
9 people save lives. And I have to attest because of what they
10 do and how quickly they respond in our community to the power
11 outages and to the storm that I believe that to be very true.

12 Before -- I've always written a check out to Progress
13 Energy, so before I never really understood where my money
14 went. But as I see the individuals who work for them and how
15 they interact with the community, with us, and how we interact
16 with them, I now know that that money is well spent.

17 Last year during those storms we provided over
18 800 vehicles at any one given time throughout that three-month
19 period for their people to go out to rural areas which they
20 service as well as the metropolitan areas in as quick a
21 response time as possible. We also took advantage of their
22 ability to bring fuel in in tanker trucks. When you were at
23 the gas stations along with me trying to fuel up vehicles and
24 the pumps were out, the folks with Progress Energy were working
25 around the clock to find jobbers and vendors to bring out fuel

1 into our community to fuel not only Enterprise Rent-A-Car
2 vehicles with their employees in them, but their own service
3 vehicles, the line trucks that you see out there every day.
4 That kept their people on the job 24 hours a day, seven days a
5 week.

6 I would also like to say that we partner with them
7 with the Pinellas Urban League. What this partner in our
8 community gives back to the people in this community compared
9 to what they take, I think, is very fair.

10 Enterprise Rent-A-Car has been involved in the Urban
11 League nationally for many years, and it's just been recently
12 that I have found a reliant partner with them in the Pinellas
13 County area and what they do.

14 I want to close by saying that you do have a very
15 difficult job in front of you, but please take into
16 consideration the relationship that we have with Progress
17 Energy, the people that live and work in our community that are
18 employed by Progress Energy, and that they are a vital part of
19 what we do every day. When you turn on that light in the
20 morning, when you get the milk out of your refrigerator for
21 your children, you can count on the fact that Progress Energy
22 is there to help out, to take care of that situation for you
23 should you lose power. So I think that since they're so
24 dedicated to servicing our needs, and I was able to see that
25 first-hand, I think that we need to be dedicated to serving

1 with them as a partner. So I urge you not to be penny-wise and
2 pound-foolish, but let's invest today's dollar for what the
3 future infrastructure of this state, this community and all the
4 business in this community as well as the residents are going
5 to need tomorrow. Thank you.

6 CHAIRMAN BAEZ: Questions for Mr. Shafer?

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

8 CROSS EXAMINATION

9 BY MR. TWOMEY:

10 Q Mr. Shafer, your closing comment sounded real close
11 to you recommending to this Commission to grant this utility a
12 rate increase. Are you speaking on behalf of your company
13 asking for a rate increase?

14 A I am not speaking on behalf of my company for a rate
15 increase. I am asking the Commission to look at all the facts
16 that have been talked about today and make the right decision.

17 Q Right. Now just -- you were pretty clear about this,
18 but you had a major contract, I assume, with Progress Energy
19 for rental vehicles.

20 A Correct.

21 Q Okay. Do you have that contract this year as well?

22 A We do.

23 Q Okay. And I assume it was beneficial financially to
24 Enterprise.

25 A It was granted based off of customer service scores

1 that Progress Energy runs internally.

2 Q I'm sorry. But it was -- it benefited your firm
3 financially.

4 A Yes, it did.

5 Q Okay. Thank you.

6 CHAIRMAN BAEZ: Thank you, Mr. Shafer.

7 MR. SHAFER: Thank you.

8 CHAIRMAN BAEZ: Mr. McGlothlin.

9 MR. MCGLOTHLIN: Ken Knapp and Anita Knapp.

10 ANITA KNAPP

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

13 DIRECT STATEMENT

14 MS. KNAPP: Good morning, and thank you for listening
15 to me.

16 CHAIRMAN BAEZ: Good morning.

17 MS. KNAPP: My husband and I have been paying
18 electricity bills in the City of St. Petersburg for over 30
19 years. Our address is 5900 27th Avenue North. I'd like to
20 share with you a few facts and a few thoughts. The facts
21 first.

22 Progress Energy's costs of doing business here have
23 been frequently passed on to me, the customer; for example,
24 through a franchise fee due the City of St. Petersburg, a
25 customer charge, a fuel charge and their hurricane

1 extraordinary costs. The end result; consistent record of the
2 highest rates in several counties in Florida.

3 Secondly, as a monopoly effectively I believe you,
4 the members of the Public Service Commission, have an extra
5 obligation to ensure that Progress Energy's rates remain
6 competitive.

7 And finally, Progress Energy's shareholders receive a
8 rate of return that is approximately 400 percent of my meager
9 3 percent average investment return.

10 Now a few thoughts. My father taught me that when I
11 needed to make an important decision, that I should gain
12 knowledge and then sleep on the matter. And if I woke up the
13 next morning feeling the same way I had felt the night before
14 about the matter, then I was probably going to make the best
15 decision. My mother taught me that if at the end of each day I
16 could look at myself in the mirror and I liked the person that
17 I saw smiling back at me, that I had probably done right by the
18 decisions I had made that day. And finally and most
19 importantly to me, my faith teaches me that when I need wisdom
20 to make a decision, I call on the Holy Spirit. And I will call
21 upon the Holy Spirit for the benefit of you to make the right
22 decision. Please do right by me and my family and make the
23 right decision in this matter. Thank you.

24 CHAIRMAN BAEZ: Questions of the witness? Thank you,
25 ma'am.

1 MS. KNAPP: You're welcome.

2 CHAIRMAN BAEZ: Mr. McGlothlin.

3 MR. MCGLOTHLIN: Ingrid Comberg.

4 INGRID COMBERG

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

7 DIRECT STATEMENT

8 MS. COMBERG: Good morning. My name is Ingrid
9 Comberg, 620 5th Street North. I'm a customer, residential
10 customer, and I'm also a small business owner. We have a
11 Laundromat and we need power.

12 I personally do not want to share specific
13 experiences, but I just want to tell you that when there is a
14 problem, the response is not very good and the response is not
15 very, very fast.

16 Also what concerns me very much is that you have
17 serious problems reaching anybody. Meanwhile, I have a contact
18 for somebody who wants to meet with me about our last concern
19 we had months ago which was a really serious concern. And when
20 I called Progress Energy and asked for the corporate address
21 because I like to speak to somebody face to face and look
22 somebody in the eyes and tell them my concerns, I was told that
23 it wouldn't be possible. I would have to make a call or would
24 have to write a letter or something because they wouldn't
25 necessarily like to give me the address for the corporate

1 office. And if I would come to their door, there would be
2 guards in front of the door, so I couldn't get in anyway. And
3 that concerns me. I'm just a customer. I'm not a terrorist
4 who wants to go in there and do something nasty. I just want
5 to tell them what they should improve and could improve.

6 I'm a resident in St. Petersburg for over 20 years.
7 Previously I lived in Europe, and I just can tell you that we
8 do not have underground here. I personally think it's
9 absolutely pathetic. We are before World War II conditions
10 here. I really think so. Wherever you go in the whole world,
11 in the civilized world you have underground utilities. You
12 have not all these outages, hurricane or not hurricane. That's
13 not the problem. We have too many outages. We have been -- we
14 didn't have air conditioning last year for about five, six
15 days. I think that's not acceptable. And there are more, more
16 experiences you will hear. But just the little people don't
17 come here.

18 And I heard very, very good arguments, thank you very
19 much for your arguments, I really liked it and enjoyed it and
20 thank you so much for helping the people who really need their
21 help.

22 Passing the rest -- if I would pass all the risks I
23 have to my customers, I would have a very good life and I
24 wouldn't have to work anymore. But passing every amount of
25 risks to the customer, I think, is also very arrogant. And I'd

1 really like you to look at the little people, at the small
2 businesses. And I guess you all may very much know, the small
3 businesses are the backbone of our society and our economy.
4 It's the small businesses who make our country work. And we
5 should be very proud and we should support them and we should
6 not punish them with additional fees. There are not many small
7 businesses here because, you know, they are small businesses,
8 they're mom-and-pop facilities and businesses. They cannot be
9 here. What you see here are people in suits and ties who have
10 their own secretaries and who can afford to be here. But you
11 don't -- the small businesses and the little people who really
12 should tell you what an impact this has, this rate increase,
13 they're not here. And please even listen to them who are not
14 here today and please don't pass this on. It's absolutely
15 unnecessary. Thank you.

16 CHAIRMAN BAEZ: Ms. Comberg, I have a question.

17 MS. COMBERG: Yes.

18 CHAIRMAN BAEZ: Over here.

19 MS. COMBERG: Oh.

20 CHAIRMAN BAEZ: It's me. You mentioned something
21 about being without air conditioning for six days. Was that
22 during the storm?

23 MS. COMBERG: It was during the storm. Yes.

24 CHAIRMAN BAEZ: Okay. Okay. I just wanted to make
25 sure that it was then that you were talking about. Are there

1 any questions?

2 MS. COMBERG: But that's a long time. That's a long
3 time.

4 CHAIRMAN BAEZ: I don't disagree with you.

5 MS. COMBERG: If the service would be a little bit
6 more -- and, you know, it's not that underground is not
7 possible. I know our hospitals, they do major renovations.
8 They put their utilities underground, but they paid for it.
9 And I was told over the phone, "Oh, if you want to pay for it,
10 we can do it at your house." It's not that it's not possible,
11 it's just a matter of money. And this would be a service, I
12 guess, the customer would be willing to pay for at least over
13 the years or so, whatever. But give us the service and give
14 us, give us a nice treatment. We are customers. Thank you.

15 CHAIRMAN BAEZ: Thank you, ma'am.

16 Mr. McGlothlin.

17 MR. MCGLOTHLIN: Missy Pike.

18 MISSY PIKE

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

21 DIRECT STATEMENT

22 MS. PIKE: Good morning, Chairman, Commissioners. My
23 name is Missy Pike, as you heard, and I'm President of the
24 Tampa Bay Beaches Chamber of Commerce, who speaks for about 750
25 small businesses. So that was a perfect segue to talk about

1 the small businesses.

2 We have five offices on the beach, and I will tell
3 you that last year we all learned a lot about the storms and
4 what it can do to our area and how fortunate we were that we
5 didn't have a direct hit because I don't think any of us would
6 be here talking about any of this.

7 I will tell you that there's a lot of things that
8 Progress Energy does that people don't realize and I didn't
9 realize until last year. Having the five offices, we serve the
10 tourists mostly. We are the welcome centers. During the
11 storms we remained open, we placed people in different areas.
12 Progress Energy was calling us at the same time asking where
13 could they put the service people they were bringing in. So in
14 the middle of the storm when we're all trying to get out of
15 Dodge, they're bringing people in to service it so they're
16 ahead of the game. So we're here to talk about a rate
17 increase, we're here to think about reliability, service and
18 cost.

19 I heard mention they were ahead of schedule. That
20 tells me -- that's a good thing. That shows pride in
21 workmanship. And let me just say I'm not an attorney nor a
22 mathematician, and God bless those people who'll have to figure
23 all this out, because I'm just here as a layperson and this is
24 what I'm hearing.

25 Fair treatment I think is what we all want. We want

1 it for the customers, we want it for Progress Energy. Think
2 about it. Progress Energy employees are also customers of
3 Progress Energy. So I don't think they would in their right
4 mind ask for something that wouldn't also be fair for them.
5 It's your responsibility and it is a big responsibility, and
6 I'm glad that I'm here and not there to think about what is
7 fair for these people. Do we want a price increase or, or do
8 we want poor service? And I think somewhere in between we can
9 come up with a compromise for all.

10 Thank you for your time. Any questions?

11 CHAIRMAN BAEZ: Questions of Ms. Pike? Thank you,
12 ma'am.

13 MS. PIKE: Thank you.

14 MR. MCGLOTHLIN: Mike Meidel.

15 MIKE MEIDEL

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. MEIDEL: Good morning, Commissioners. I'm Mike
20 Meidel. I live at 515 17th Avenue Northeast in St. Petersburg,
21 and I'm speaking to you today as a private citizen. I also am
22 speaking to you with 23 years of experience in economic
23 development activity in the state of Florida. And as you're
24 aware, 1,000 people net come into this state every single day
25 of the year, and a huge part of this rate increase is dealing

1 with that growth, dealing with the growth and demand for
2 residential as well as for industrial and commercial electric
3 use. And they have -- these people are coming here because of
4 our excellent quality of life, because of the new jobs that are
5 being created every day in our economy. We're one of the
6 leading areas of the country in job creation. Pinellas County
7 has one of the second -- has the second highest level of
8 manufacturing employment within the state of Florida. It's
9 significant. And I think people don't realize that, even folks
10 who have been residents here for decades don't realize the huge
11 impact that manufacturing has on our economy. National defense
12 is about 20 percent of our economy, homeland security and
13 national defense related industries here in Pinellas.
14 40 percent are related to the life sciences, including medical
15 devices. These are industries that are critical to our quality
16 of life here and our safety as a nation, and they need to be,
17 continue to be supported through both the electric needs that
18 are met by -- that are the requirements of these industries.

19 Our department is in the midst of assisting with a
20 redevelopment plan for Pinellas County. We are out of vacant
21 land, and we need to be able to continue to grow. To enjoy the
22 growth of the economy that we have seen over the past 20 years,
23 the study determined that we need to add 50,000 new high paying
24 jobs, which these are jobs at least 120 percent of the local
25 wage, within the next 20 years within just Pinellas County.

1 Now these jobs will probably be added for the most part in
2 existing companies here in Pinellas County. And those
3 companies are growing rapidly. We've recently completed a
4 survey of the manufacturers in Pinellas County, and I urge you
5 to take a look at the website for additional information. You
6 have all kinds of information, I'm sure, on the demographics of
7 Florida. This is a survey that's somewhat forward-looking also
8 that tells you about anticipated growth within Pinellas County.
9 The survey can be found on our website at SiliconBay.org.

10 A few highlights of that, 77 percent of the
11 businesses in Pinellas, we rate their own performance and their
12 own prospects as excellent or good. 34 percent added workers
13 in the past year, and this compares to only 16 percent that
14 lost workers in the past year. Now keep in mind this is the
15 manufacturing industry that you're hearing nationwide is laying
16 off employees at a very rapid pace. We're very fortunate here
17 in Pinellas to have that industrial mix that is able to
18 continue to stay onshore and employ people at good wages.
19 Manufacturers depend heavily on local suppliers. 38 percent of
20 these manufacturers get their materials, supplies and services
21 from other Pinellas County companies. So, again, growth in
22 this manufacturing industry will result in growth in secondary
23 industries that serve those.

24 60 percent of these companies have plans to expand
25 their product line. 58 percent are upgrading their plants'

1 machinery. 26 percent expect to increase their investment in
2 research and development. 29 percent are actually expanding
3 their existing facilities here in Pinellas County.

4 Now all of this growth needs to be provided for in
5 terms of all of the growth management issues that I'm sure you
6 hear about day in and day out, but a big part of that also is
7 electricity.

8 Progress Energy knows that they are competing with
9 other utilities around the country; even though the local
10 industry can't buy their power elsewhere, a local industry can
11 move. And as we see many of our companies growing here,
12 they're running out of room, they have an option to leave
13 Pinellas County. They have a lot of reasons for staying here,
14 a good workforce and so on. But electric cost is an important
15 part of keeping these companies happy and keeping them here.
16 Progress Energy is well aware of that. For one reason, they,
17 they don't have the option of leaving the area. If, if things
18 go bad in this economy, Progress Energy is committed. All
19 their assets are here; they can't pick up an electric company
20 and move elsewhere. So they have an automatic inbuilt control
21 on their costs, especially for commercial industrial customers.
22 They need to remain competitive and they're aware of that. And
23 they have to continue also to provide good quality service
24 because the, many of these manufacturing firms need 24-hour
25 power, they need good, clean, pure power, and any, any glitches

1 can result in huge losses in manufacturing production.

2 Progress Energy has had an excellent reputation for
3 good service to our industrial base. They have improved
4 service over the past years. This recent program they've
5 completed has lopped 23 minutes off the average outage time,
6 and, as you know, those are averages -- that's a huge increase
7 in investment in order to reduce the number of outages by that
8 many minutes. So we are supportive of what they're trying to
9 do.

10 On top of that, Progress Energy is a huge supporter
11 of economic development efforts throughout the state. They
12 serve on many of the boards that help lead us as a state in the
13 direction for economic development, for the types of programs
14 we need to keep our businesses strong and to continue to
15 attract new jobs.

16 And this isn't all about business. This is about the
17 people, the employees of those firms, the people of this
18 community that earn their paychecks and enable them to live
19 quality lives within Pinellas County. So I urge you to take a
20 look at the costs that are necessary for the new power plants
21 and new transmission lines that must go in to serve this load
22 and look at the costs, the increasing costs of concrete, of
23 steel and the cost of available land, which is disappearing
24 rapidly, all of these need to be met by this rate base. And I
25 hope you'll take that into consideration and, and, again, do

1 the right thing for Florida and for the citizens. Thank you
2 very much.

3 CHAIRMAN BAEZ: Any questions for Mr. Meidel?

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

5 CROSS EXAMINATION

6 BY MR. TWOMEY:

7 Q Yes, sir. I heard you say your "department," "we."
8 I didn't hear you identify who you work for.

9 A Oh, I'm sorry. It's -- I'm the Director of Economic
10 Development for Pinellas County. But, again, I'm using that
11 experience and my own personal experience to make these
12 comments today. I do not represent the views of Pinellas
13 County or my department.

14 Q Okay. And in the end were you asking the Commission
15 to approve the, the rate increase, deny it, or are you taking
16 no position?

17 A Well, I'd recommend that if you determine that the
18 request for increased rate base in order to produce the
19 capacity we need in terms of transmission lines and production
20 capacity is warranted, that you do approve the rate increase.

21 Q Does Florida or Progress Energy, Progress Energy
22 contribute to your department's finances either -- well, assist
23 you either financially or with manpower?

24 A The -- I'm new to the department, but I believe they
25 were a contributor to our Business Development Center when it

1 first opened three years ago. It was probably a grant in the
2 neighborhood of \$10,000 or so overall. But, yes, they have
3 been a contributor. More important than that, they are a
4 contributor of manpower and expertise in economic development
5 issues in the Florida Economic Development Council, Enterprise
6 Florida, the Florida Chamber of Commerce and other
7 organizations that are trying to bring new business into the
8 state and help the existing businesses to grow.

9 Our Business Development Center serves small
10 businesses in the area, start-up businesses and entrepreneurs
11 that want to start their own business and generally end up
12 employing most of the new workers within Florida. And that is
13 the contribution that Florida Power made to our center was for
14 support of small businesses.

15 Q And, lastly, when out-of-state businesses or
16 out-of-this-area businesses inquire about locating here, do
17 they ever ask about electricity and other utility rates?

18 A Oh, definitely. On the average 6 percent of the
19 overall costs of many businesses are electric costs. It can be
20 considerably higher for some of the manufacturing firms we deal
21 with, and so it varies from project to project. But, yes,
22 electric cost is usually an important consideration.

23 MR. TWOMEY: Thank you.

24 MR. MEIDEL: And reliability.

25 CHAIRMAN BAEZ: Thank you, Mr. Meidel.

1 MR. McGLOTHLIN: Deveron Gibbons.

2 DEVERON GIBBONS

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

5 DIRECT STATEMENT

6 MR. GIBBONS: Good morning, Commissioners. Mr.
7 Chairman, I would be remiss if I don't recognize Commissioner
8 Bradley, who will always be a state representative from
9 District 55 for us.

10 Good morning. My name is Deveron Gibbons. I'm Vice
11 President of Amscot Financial here in the Tampa Bay area. And
12 I've been a lifelong resident of St. Petersburg, which
13 Commissioner Bradley could attest to. He was my high school
14 counselor, and I'm standing here today because I'm standing on
15 his shoulders.

16 My grandmother used to have a saying that "Don't tell
17 me how you feel about me, show me." Progress Energy's presence
18 in the corporate community is they've shown a strong commitment
19 to keeping their corporate offices in downtown
20 St. Petersburg. When I was a young boy, downtown was like a
21 ghost town. There was -- I would walk the streets and there
22 was maybe 12 people you'd see if you circled the entire
23 downtown. One company that was committed at that particular
24 time to staying downtown was, at that particular time it was
25 Florida Power.

1 The redevelopment started in downtown with Bay Plaza.
2 Again, Florida Power was onboard and actually the very first
3 company, I think, to jump onboard to help in downtown. And now
4 you see the benefits of that, along with the chamber and some
5 other groups. We have the most vibrant downtown in the nation.

6 Volunteerism. Progress Energy has shown strong
7 employee volunteerism with participation in chamber, community
8 organizations and professional organizations. One which I'd
9 like to specifically speak about is they adopt a school here in
10 our city, in Midtown, which is the most economically challenged
11 area of our city which we're currently redeveloping. They also
12 allow their employees to mentor in Midtown. So they are above,
13 going above and beyond the call of duty in our Midtown area.

14 And corporate sponsorships. Progress Energy provides
15 financial support to numerous charitable and not-for-profit
16 programs in our community, and I would like to say that they do
17 that equitably throughout our community.

18 Parks and lifestyle. Sensation Mosaic was built by
19 Florida Power Corporation and donated to the city and the
20 Florida Power Park. One thing that we are very, very, very
21 sensitive about here in St. Petersburg is we like to have a
22 good lifestyle and provide a good cultural environment, and
23 Progress Energy has been a major player in that in the
24 redevelopment of our downtown as well as the Progress Park and
25 the other things that I've spoken to you about.

1 I want to talk also about the Energy Neighbor Fund.
2 This fund is offered to families who cannot afford to pay their
3 electric bills can receive help through the fund. 100 percent
4 of the funds collected from the customers are distributed here
5 locally through social service agencies to neighbors in need.
6 And in addition to customer service contributions, Progress
7 Energy contributes to the program annually as well. That's
8 huge.

9 You've heard from this young lady here that's
10 90 years of age today. They provide an opportunity for folks
11 who can't afford to pay their electric bill to have the option
12 and a way of doing that. That's huge. I'm a resident of
13 Midtown. I was born and raised in Midtown, as Representative
14 Bradley was. That's huge for our community. That's a program
15 that's utilized by just about -- I would say about 10 to
16 15 percent of the people that utilize that program probably
17 come out of Midtown.

18 And then lastly I want to leave you with this.
19 Midtown, I told you, is one of the most economically challenged
20 areas of our city. The beginning of the redevelopment in
21 Midtown happened while Representative Bradley truly was in the
22 Legislature. Wildwood Recreation Center and some other things
23 started to take place, infrastructure improvements. But
24 believe me, there would be no Midtown redevelopment or the
25 redevelopment of Midtown at all if it was not for

1 Mr. Habermeyer, his staff and some other folks, Nancy Loehr and
2 some other folks who have stepped up 100 percent and supported
3 in the redevelopment of that area. Now we have a new post
4 office, a grocery store and a bank, a national bank going
5 online.

6 So I leave you with this. Progress Energy is not
7 telling us how they feel about us, they've shown us. Thank
8 you.

9 CHAIRMAN BAEZ: Questions of Mr. Gibbons? Thank you,
10 sir.

11 MR. MCGLOTHLIN: Mr. Chairman, my colleague informs
12 me that Don Shea, who was out of the room at the time he was
13 called, has returned and would like to speak. Don Shea.

14 CHAIRMAN BAEZ: Mr. Shea.

15 DON SHEA

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. SHEA: Thank you very much for this indulgence,
20 Mr. Chairman and members of the Commission. I apologize. I
21 intended to speak and I had to run out on another matter, and I
22 appreciate the opportunity to return.

23 I represent the St. Petersburg Downtown Partnership,
24 which is a non-profit corporation owned by its members, a
25 membership support organization for the betterment of the

1 business climate in downtown St. Pete. I'm here to support the
2 petition of Progress Energy Florida for the rate increase for a
3 number of reasons, which I know that you've already heard a lot
4 about.

5 First of all, it's been quite a long time since the
6 last general rate increase. That coupled with the fact that
7 their service area has grown tremendously in that time, I
8 believe that the company needs the additional capacity to
9 service that fast-growing area to keep service at a high level.
10 And also any improvements that it can make to the grid and
11 enhance reliability will, I believe, reduce the length of
12 outages in the future and prevent some outages particularly in
13 weather situations.

14 And to echo what my friend Deveron Gibbons just said,
15 Progress Energy is really a tremendous corporate citizen,
16 having invested in virtually every worthwhile endeavor in the
17 city, and we need to continue that support.

18 I'd also like to tell you that I have polled the
19 governance of the Downtown Partnership and gotten their strong
20 support to appear before you this morning. And I bring written
21 e-mails that I got in response to that from three other members
22 of the downtown business community that simply wanted to
23 reiterate what I had to say. They include Brian Heart
24 (phonetic), who is President of Sayar Creative (phonetic), an
25 ad agency downtown; Ken Heretick, who's the president of Vector

1 Realty, a substantial commercial realty and development firm
2 downtown; and Ralph Hough, the Executive Vice President of
3 RBC Dain Rauscher, formerly William R. Hough, a long-time
4 municipal bond investment house located downtown. We
5 appreciate the opportunity to express that to you this
6 morning and would be happy to take any questions.

7 CHAIRMAN BAEZ: Questions of Mr. Shea? Mr. Twomey.

8 MR. TWOMEY: Yes, sir.

9 CROSS EXAMINATION

10 BY MR. TWOMEY:

11 Q Did you say whether or not Progress Energy is a
12 member of your organization?

13 A It is indeed.

14 Q And they're a dues-paying member?

15 A Yes, they are.

16 MR. TWOMEY: Thank you.

17 CHAIRMAN BAEZ: Thank you, Mr. Shea.

18 At this point, ladies and gentlemen, if you will
19 indulge me, I'd like to take a ten-minute break and come back
20 and hear the rest of the witnesses.

21 Thank you.

22 (Recess taken.)

23 CHAIRMAN BAEZ: Okay. Could everybody take their
24 seats, and I'll call the hearing back to order.

25 MR. MCGLOTHLIN: The next witness is Alan Laux.

1 ALAN LAUX

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

4 DIRECT STATEMENT

5 MR. LAUX: My name is Allen Laux from 1118 35th
6 Avenue North, and I'd just like to say that I'm opposed to the
7 rate increase.

8 CHAIRMAN BAEZ: Thank you, Mr. Laux.

9 MR. MCGLOTHLIN: Angelo Cappelli.

10 CHAIRMAN BAEZ: Mr. Cappelli?

11 Call your next witness, please.

12 MR. MCGLOTHLIN: Herman Lessard.

13 Sonny Thornton.

14 Are you Mr. Lessard.

15 MR. LESSARD: Yes, sir.

16 MR. MCGLOTHLIN: I beg your pardon. You're next.

17 CHAIRMAN BAEZ: Go ahead, Mr. Lessard.

18 HERMAN LESSARD

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. LESSARD: Good morning, Commissioners. My name
23 is Herman Lessard. I'm the President of the Pinellas County
24 Urban League located at 333 31st Street North in St.
25 Petersburg, and we cover the service area of the entire

1 Pinellas County area.

2 My point of being here is one point and one point
3 only, to look at customer service being rendered by Progress
4 Energy. The Pinellas County Urban League has a contract with
5 the state of Florida, one of our many programs that we have
6 serving this community, which in turn actually helps customers
7 in this area with our Low Income Home Energy Assistance
8 Program. That program helped almost last year close to
9 5,000 individuals, low income, senior citizens who were in the
10 threat of having their services cut off and utilities cut off.
11 That program helps to fund our program to be able to assist
12 those individuals in keeping their services on.

13 Normally if an individual who comes to our program
14 and goes through the eligibility requirements looking at if
15 they are eligible for the services and also the funding,
16 there's a time period that they have to go through.

17 The energy company in the local areas that is funding
18 this program, that, where this program is in operation has no
19 obligation whatsoever if they have to turn these services off
20 during this time period. However, Progress Energy has come in
21 and we have put together a contract with the Pinellas County
22 Urban League that anyone that's coming to our program for low
23 cost energy assistance and we contact Progress Energy, they
24 will keep their services on. This has helped over
25 5,000 individuals to keep their services on so that we will be

1 able to help to provide an opportunity for that gap between the
2 time that they did not have the funds to the time that we are
3 able to get funds for their accounts and keep their services on
4 for electricity to benefit themselves and their families.

5 Progress Energy also has come in to assist at any
6 time that if an individual that we see are in need of
7 additional funds that may be out of the venue of the
8 limitations that we have based on the funds coming from the
9 state, they actually also help to contribute to keep those
10 services on to their customers.

11 My point is being able to help to understand the type
12 of services Progress Energy is developing. Progress Energy
13 working in an area where they're working with community
14 organizations to provide an opportunity for the customer base
15 to continue a lively opportunity for the lives, and then also,
16 too, being able to set a precedent and hoping that other
17 utility organizations within the state can follow their lead
18 and making sure there's no interruption of services as much as
19 possible from the individuals who are in the dire straits and
20 looking for assistance. Organizations such as the Urban League
21 can work with an energy company like Progress Energy to be able
22 to continue the livelihood of those individuals and keeping
23 their services intact.

24 I leave the decision-making to this body. I think
25 you are getting information not only throughout the course of

1 this hearing process today and also this evening. Make a
2 quality decision of being able to continue to have the type of
3 services we need for the customer base and the community that
4 we serve. Thank you.

5 CHAIRMAN BAEZ: Questions of Mr. Lessard?

6 COMMISSIONER BRADLEY: Yeah.

7 CHAIRMAN BAEZ: Commissioner Bradley.

8 COMMISSIONER BRADLEY: Just one. And I'm quite
9 familiar with the Low Cost Energy Assistance Program for many
10 different reasons. But just one quick question.

11 MR. LESSARD: Yes.

12 COMMISSIONER BRADLEY: How are you all advertising
13 this program so that more individuals can have access to it, or
14 is it that you're at full capacity?

15 MR. LESSARD: We are at full capacity. I think
16 because the type of service that we're providing and the years,
17 over 27 years of working this project, word of mouth has gotten
18 out to the community and people throughout the Pinellas County
19 areas we work with.

20 We also advertise on our website, flyers and
21 information, and also we're working also to try to see if
22 there's a possibility of getting more information out in PSAs,
23 both in radio, and also television and electronic media.

24 COMMISSIONER BRADLEY: Is the Pinellas Opportunity
25 Council also involved in the Low Energy --

1 MR. LESSARD: The LIHEAP?

2 COMMISSIONER BRADLEY: Yes.

3 MR. LESSARD: Yes, they are. Yes, they are. But I
4 think the services that we have, which is year-round, and also
5 we get a lot more funding for this program through the state,
6 keeps us going, and we service a large number of people in this
7 community.

8 COMMISSIONER BRADLEY: And one other question. And
9 what -- how much approximately, how much approximately is
10 budgeted by the state?

11 MR. LESSARD: Close to a million dollars.

12 COMMISSIONER BRADLEY: Okay. Thank you.

13 COMMISSIONER DEASON: I think Commissioner Bradley
14 has asked a lot of the questions that I was going to ask. But
15 you mentioned an acronym that I'm familiar with, LIHEAP, and
16 that is the federal funding that comes to the state, and then
17 in turn you have a contract with the state to administer part
18 of that funding in this area. Is that the way the process
19 works?

20 MR. LESSARD: Yes, sir. Yes, sir. That's correct.
21 The funding comes from the U.S. Department of Energy to the
22 state and then distributed to community-based organizations
23 such as the Urban League.

24 COMMISSIONER DEASON: Okay. That's what I needed to
25 know. Thank you, sir.

1 MR. LESSARD: You're very welcome.

2 CHAIRMAN BAEZ: Thank you, Mr. Lessard.

3 COMMISSIONER BRADLEY: Thank you.

4 MR. MCGLOTHLIN: Sonny Thornton.

5 SONNY THORNTON

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. THORNTON: Good morning, Mr. Chairman and
10 Commissioners. I did have just a couple of things to say. I'm
11 from Dunedin, 2598 Gary Circle up on the causeway.

12 I got involved with Progress Energy years ago when
13 our city decided they wanted to run their own electric company,
14 and I found out a lot about them during that period of time.
15 Quite frankly, we all were like praying last year when we did
16 not go with our own electric and had Progress Energy to come
17 back in. We had trees and no power and we would have never
18 made it. This is just one of the issues. But I found out a
19 lot about them not only as corporate citizens but working with
20 them as individuals. I have a business, pay business rates,
21 pay individual rates, so I'm used to paying the bills. But I'm
22 also glad that we have them.

23 In my business, which is the insurance industry, the
24 first thing that I realized or was taught probably the first
25 day in class was the law of large numbers. And the law of

1 large numbers really has to do with exactly what we're talking
2 about. If everybody pays a little bit long-term, we can pay
3 the bills when they come due like nuclear energy or nuclear
4 power plants.

5 One of the gentlemen mentioned the fact that 1,000 a
6 day net are coming into the state of Florida. I read this
7 morning in Pasco County another 4,600 houses are being built.
8 Somebody has to put the lines in, somebody has to get the
9 infrastructure done to get those things together. Very much
10 like water, we're using water, we're using too much water,
11 we're using too much electricity and we're using too much gas.
12 Social Security has a problem, the national debt for our kids
13 and grandkids. I don't want our grandkids not to have power
14 when they need it.

15 Yesterday it was 86, 96 degrees at my condo, and not
16 inside, thank God, because I had air conditioning provided by
17 Progress Energy. But I think if there's something we can do,
18 one, is their service in Dunedin, the area that I'm in, is
19 excellent. But I think if we could educate people to use a
20 little less electricity, it might be a good, a good thing.

21 One of the questions of somebody to Enterprise was,
22 "Do you get paid, you know, by Progress Energy?" Well, you
23 know, quite frankly, I assume they did a bid process to get
24 that. I'm glad that they were able to get the people coming
25 from out of town cars and to the places that needed the help.

1 That doesn't happen instantly. And the Gulf Beaches stayed
2 open. Those are things that happen when you have people that
3 work together. I don't want to have TECO over here on our side
4 of the bay. I'd like Progress Energy to stay right where they
5 are and they need to stay in business.

6 One last thing about being a corporate citizen, I'm
7 from the north end of the county. They're stretched pretty
8 wide. I hear everybody, you know, mostly is from down here and
9 it's like this is an hour away, you know, for me, but I can't
10 make tonight's meeting. They're incredible corporate citizens
11 for everything we do, especially for education. Whether it's
12 education for children, people in town from the park service,
13 nature center, whatever it is, it's the arts, the whole thing,
14 really pleased to have them. They're probably one of the
15 best -- I can say it here because nobody will know in Dunedin
16 that I said this, they're the best corporate citizen that we
17 have in Dunedin.

18 Thank you very much for your time. If I can answer
19 any questions, I'd be happy to. But I would like for you just
20 to help those folks stay in business.

21 CHAIRMAN BAEZ: Questions of Mr. Thornton? Thank
22 you, sir.

23 MR. THORNTON: Thank you.

24 MR. MCGLOTHLIN: Lynn Wargo.

25 LYNN WARGO

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 EXAMINATION

4 MS. WARGO: Good morning. My name is Lynn Wargo. I
5 live at 1521 Carrot Way in Palm Harbor, and I'm here this
6 morning representing the Dunedin Chamber of Commerce, which is
7 at 301 Main Street in Dunedin.

8 I want to thank you for this opportunity and I'll be
9 very brief. Our chamber has 425 members, so I'm speaking on
10 behalf of our executive committee, our board and those members.

11 Progress Energy has been a long-standing member of
12 our chamber and has been a tremendous partner for us with our
13 organization. We've been able to accomplish a lot with their
14 support. The corporation has been not only engaged in many
15 activities with our chamber, but other organizations in our
16 community, and that support has been so necessary to achieve
17 the goals that we need to. We view them as a good corporate
18 citizen and we look forward to a long-standing relationship
19 with them.

20 Someone mentioned this morning that they are a
21 corporate model, and I would have to agree with that. There's
22 been a lot of information presented to you, some with passion,
23 on both sides of this issue, and I know that you have an
24 awesome responsibility before you. And we just want to thank
25 you as a Commission for the decision-making process here today

1 and allowing us to participate. Thank you.

2 CHAIRMAN BAEZ: Questions of Ms. Wargo? Thank you,
3 ma'am.

4 MS. WARGO: Thank you.

5 MR. McGLOTHLIN: Gonzalez Ortez.

6 GONZALEZ J. ORTEZ

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

9 DIRECT STATEMENT

10 MR. ORTEZ: My name is Gonzalez J. Ortez, and I
11 reside at 220 6th Avenue North. During my years in
12 St. Petersburg, I've been a resident since 1960, I've seen the
13 Public Service Commissions come and go throughout my years.
14 And to the best of my knowledge, I have attended every meeting
15 that the public service has. And I just want to say that I am
16 very disappointed in the Public Service Commission in regards
17 to other matters beside this one, and I hope they're going to
18 be fair to the people in regards to the electric company.

19 I'm opposed to any of these raises that we come up
20 with now. The simple reason is, as you know, the franchise fee
21 is something that Florida Power, Florida Progress more or less
22 pays. It's added up because they pay the city. You should be
23 the responsibility to pay that franchise fee, not us. We paid
24 that for many, many years. That's one thing I'm against.

25 Another thing I'm against is the energy which is

1 about \$20 for the energy cost on my bill. And regarding that
2 matter, I don't think that the Bush administration is doing
3 anything to resolve this problem, and it's going to be the
4 citizens of this state to have to bear this responsibility. To
5 bear this responsibility only hurts the individual who lives on
6 a fixed income, and those are the people that I am very
7 concerned and have been for many years as a concerned citizen
8 of this city. I have done my job throughout. For 27 years I
9 have been a concerned citizen for the city council, and I just
10 want to see justice done here.

11 Now I don't know if you have taken into
12 consideration -- not long ago I read, whereas, the Florida
13 Progress is going to have meters and do away with the meter
14 person that comes and reads your meter. They're going to put a
15 meter that adjusts that. Is that correct or incorrect? Can
16 anyone answer that question?

17 CHAIRMAN BAEZ: I think the company -- I mean, I
18 don't know exactly what the --

19 MR. ORTEZ: Any representative from the company here?

20 CHAIRMAN BAEZ: Does anyone want to --

21 MR. HABERMEYER: Yes. We are installing automated
22 meters, and we will save by that \$20 million that will come
23 back to customers.

24 MR. ORTEZ: Okay. So you've deducted from that?

25 CHAIRMAN BAEZ: I'm sorry?

1 MR. HABERMEYER: Yes. The \$20 million will come back
2 to the customers.

3 CHAIRMAN BAEZ: I think, I think I heard the company
4 represent that that was --

5 (Simultaneous conversation.)

6 MR. ORTEZ: Were coming back to lower the rates.
7 Whereas, you were paying the meter person to read our meters,
8 now they're going to do away with them. So there will be less
9 people working.

10 CHAIRMAN BAEZ: The company believes that there's
11 savings involved in their --

12 MR. ORTEZ: Okay. Then I have another big problem.
13 In regards to the trees, and I believe sometime last year, if
14 my memory serves me, Troxler, who writes for the St. Petersburg
15 Times --

16 CHAIRMAN BAEZ: I don't, I don't --

17 (Simultaneous conversation.)

18 MR. ORTEZ: Well, no, I'm just going to give you --
19 you don't have to -- I know you don't know anything, but people
20 --

21 (Laughter.)

22 I didn't mean that in respect to your job.

23 You don't know any of our business in our city
24 government. That's what I'm replying to, not to your business.

25 CHAIRMAN BAEZ: No, I know.

1 MR. ORTEZ: You can take care of your business. I
2 don't know your business either, only what I know.

3 CHAIRMAN BAEZ: There's a few other people who would
4 like to take care of my business, too.

5 (Laughter.)

6 Go ahead, Mr. Ortez. I'm sorry.

7 MR. ORTEZ: That's all right. With regards to that
8 matter, let's put it this way. According to -- I just don't
9 remember offhand, there is a Florida Statute in regards to the
10 Florida Progress to handle the trees when it comes to the trees
11 are interfering with their lines. Now I rode around the city
12 many, many times in regards to this matter, and to the best of
13 my knowledge a lot of trees have fallen. Now whether it was
14 the responsibility of the Florida Progress, they didn't do
15 their job, I'm not going to say. But I know I had a difficult
16 time trying to get a tree trimmed, which Florida Progress is
17 supposed to come around and take care of this matter. And to
18 the best of my knowledge, I noticed up there, the tree where I
19 park my car is a big oak tree and it was interfering with the
20 thing. I had some job trying to get that straightened out
21 through Florida Progress. And I remember when they came to the
22 City Council chambers, they indicated they go around certain,
23 once a year or whatever it may be, to see that there is no
24 wires that are damaging.

25 And according to Mr. Troxler, if I remember right, he

1 indicated that possibly Florida Power did not, Florida Progress
2 did not do their job with the trees. In a way I sort of agree
3 because I've seen a lot of trees on my route where it's
4 interfered with the lines.

5 Now you have another big problem with the Florida
6 Power that I mention today that it's very difficult to speak to
7 the head of Florida Power. In other words, if you have a
8 concern, I think as a, as a person who pays the electric bill,
9 we should be able to talk to the main office, not to someone
10 that doesn't know anything, because, after all, we do pay the
11 bills. And I think that if any organization, I don't care what
12 it may be in regards to this matter, if you can't talk to the
13 higher-ups -- even at my bank I have trouble talking to the
14 higher bank -- higher-ups. So the only way you can do it is
15 get rid of them and go to another bank where they'll listen.
16 That's the way I look at it. Now it's very difficult.

17 And then another problem is you don't realize how
18 much trouble we have to go through in regards to Florida Power.
19 Press this, press that, press this. No more talking to
20 individuals. We talk to tape recorders, and that's not fair
21 either. Of course, we do that the same with you too sometimes,
22 but at least you answer. I've called you on a toll-free
23 number. You're very polite and answer.

24 Now regarding the fuel situation, as it goes by, I
25 can guarantee you -- and I remember some person on the board

1 here indicate in regards to living in Florida and that's part
2 of life in Florida. That's not part of life in Florida. I've
3 always indicated to our city council members, when you start to
4 do a lot of redeveloping, when you start -- because our
5 property taxes go up and the ones who feel the pinch are the
6 renters. We're the ones feeling it. Because when you
7 redeveloped them out here in 1960 -- I liked it when it was
8 1960. Now to me it's like I could live in any part of the
9 United States if I want to live in a big city. So maybe now
10 that my responsibility is done and over with I might consider
11 leaving Florida because I don't consider Florida to be a
12 reasonable place. I see that by property taxes, I see that by
13 the electric, the telephone. It's a waste. And as far as
14 living on a fixed income, well, I'm not worried about that.
15 I'll always manage. I managed all these years and I'll still
16 manage with or without anybody's help.

17 But generally speaking -- and this is not, no
18 respect -- disrespect to you at all. But I just want to make
19 one thing -- the last time I spoke here -- I don't want you to
20 answer it. You can take the Fifth Amendment, if you wish.

21 CHAIRMAN BAEZ: I don't think I'm allowed. But,
22 anyway, go ahead.

23 MR. ORTEZ: You'll take, you'll answer the Fifth on
24 this one, I guarantee you. In regards to this matter, as a
25 resident of Florida we had the opportunity to vote for our

1 Public Service Commissioners.

2 CHAIRMAN BAEZ: I'm sorry? Say that again.

3 MR. ORTEZ: We had the opportunity years ago --

4 CHAIRMAN BAEZ: Oh, yes. Yes.

5 MR. ORTEZ: -- to vote for the members of the Public
6 Service Commission.

7 CHAIRMAN BAEZ: Yes.

8 MR. ORTEZ: Now we don't have that privilege anymore.

9 CHAIRMAN BAEZ: No.

10 MR. ORTEZ: And I don't think it's right because the
11 reason why is they're handpicked (phonetic) by the Governor.
12 And, to me, whatever party is in is going to take care of their
13 own. Now no disrespect to you all, but just letting you know,
14 I was hoping that sooner or later we would be able to take care
15 and vote for our members, which I think is a fair and a good
16 way of doing business in the state of Florida. And that's the
17 way I -- I'm not in favor of this because I've seen a lot go on
18 in the Public Service Commission. I've read a lot about you,
19 but I'm not going to go into details because that's not part of
20 your problem right now.

21 And I can guarantee you -- well, it's just -- and
22 I've also got to mention here, I've come to the conclusion in
23 our government today that people are not represented by our
24 representatives. We are represented by -- I can't think of
25 the -- we're represented by -- I'll think of it.

1 CHAIRMAN BAEZ: Howard Troxler?

2 (Laughter.)

3 MR. ORTEZ: No. We're represented by their
4 lobbyists. That's the way they're run. They run our state
5 today, not the citizens anymore. And I'll leave it at.

6 CHAIRMAN BAEZ: I'm sorry you feel that way, and
7 please don't leave the state because I will miss you. It's
8 always nice to see you. I know you come to every one of our
9 hearings. You've got perfect attendance, and you're the kind
10 of people that we like to hear from.

11 MR. ORTEZ: Right. Ever since 1960.

12 CHAIRMAN BAEZ: Are there any questions for
13 Mr. Ortez? Thank you, sir.

14 MR. ORTEZ: You're welcome.

15 CHAIRMAN BAEZ: It's nice to see you again.

16 COMMISSIONER DEASON: I'm sorry. I have a question.
17 I hate to prolong this.

18 CHAIRMAN BAEZ: Commissioner Deason.

19 COMMISSIONER DEASON: And I don't mean to be
20 argumentative, but I just need some clarification.

21 MR. ORTEZ: Yes, sir.

22 COMMISSIONER DEASON: You want this body to be
23 elected, but you just said the people that you elect are really
24 run by the lobbyists. So if you elect Public Service
25 Commissioners -- I mean, I'm just trying to understand.

1 MR. ORTEZ: No. I think you got it a little twisted.
2 I know what you're trying to say.

3 COMMISSIONER DEASON: Okay. You do believe in the
4 elective process and you think that is the preferable way.

5 MR. ORTEZ: That is correct. You are not elected by,
6 by the people, so, therefore, you're disqualified. I'm
7 referring to those who we elect are run by the lobbyists. So
8 if you got the indication that I meant you and I don't vote for
9 you, you are incorrect. And I'm just saying that does not
10 apply to you. I want to indicate that.

11 COMMISSIONER DEASON: Thank you, sir.

12 CHAIRMAN BAEZ: Thank you, sir.

13 MR. ORTEZ: You're welcome.

14 CHAIRMAN BAEZ: You have a good day.

15 MR. ORTEZ: Same to you, sir.

16 CHAIRMAN BAEZ: Mr. McGlothlin.

17 MR. MCGLOTHLIN: The next name I have is Judith
18 Nelson.

19 CHAIRMAN BAEZ: Ms. Nelson? Mr. McGlothlin, call the
20 next witness.

21 MR. MCGLOTHLIN: Darryl Rouson.

22 DARRYL ROUSON

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

25 DIRECT STATEMENT

1 MR. ROUSSEN: Good morning. My name is Darryl
2 Rouson. I'm appearing here this morning as Branch President of
3 the St. Petersburg NAACP. Good morning to the Commissioners,
4 Mr. Chairman.

5 CHAIRMAN BAEZ: Good morning.

6 MR. ROUSSEN: Before I get started, I'm compelled to
7 share with my friend in the front row, as Shirley Chissom's
8 autobiography indicates, I am unbought and unbossed. My law
9 firm has never received one dollar from Progress Energy. They
10 do what 70 percent of the other corporations do in Pinellas
11 County; once a year they buy a table at my banquet, which is
12 \$500.

13 I am not being paid to be here this morning, and
14 at \$250 an hour for a lawyer of 24 years experience such as me,
15 Florida Power owes me a little money for being here this
16 morning -- progress Energy, I should say.

17 In any event, I'm here to support the rate increase.
18 And I bring you greetings from the largest and the baddest, the
19 oldest and the boldest, the most hated, the most loved, the
20 most revered, the most feared, the most cussed, the most
21 discussed civil rights organization in America, and that's the
22 St. Petersburg branch of the NAACP. We show up and we show
23 out. We are here to improve the plight of minorities.

24 And let me tell you something, Progress Energy,
25 unlike some other corporations in this county, puts their money

1 where their mouth is. Just Tuesday of this week I had the
2 pleasant occasion of meeting with Hudson Olivera, who is their
3 minority diversity supply person, and unlike some other
4 corporations in Pinellas County -- I don't know about your
5 experiences in other counties -- sometimes I call it "Pee"
6 nellas County because we get peewee. But Progress Energy has
7 made a commitment, a substantial and a meaningful commitment
8 that when they begin to do this \$50 million construction
9 project here in St. Petersburg, minorities, including white
10 female-owned businesses, will get a fair share. And that's why
11 I've been meeting with them over the past three weeks. That
12 doesn't put any money in Rouson's pocket, it doesn't even put
13 any money in the NAACP's pocket, but what it does is it creates
14 economic empowerment. There's a billion dollars worth of
15 development going on in St. Petersburg; Negroes and minorities
16 aren't getting 1 percent, and I'm upset about it. And I'm
17 upset about companies who pay lip service to minority
18 involvement.

19 And I spent half my life -- for the last four and a
20 half years fighting for that very principle of an equal playing
21 field. They speak to that.

22 What's important also about Progress Energy is when
23 we call, when one of our constituents from the NAACP calls
24 Rouson or one of my executive committee members or one of my
25 officers and we call Progress Energy, we get results. Ain't no

1 doubt about it; no two ways about it. When we call them, we
2 have communication, we have access and we get action.

3 I'm just here to tell you I was appalled when that
4 gentleman from the retail industry stood up here this morning
5 and talked about them not -- that they shouldn't get this great
6 increase. They haven't had one in 12 years. Let one of them
7 stores not increase a product price for 12 years. I don't even
8 know how he had the audacity to stand here and attack that type
9 of principle when he can't even follow it himself or the people
10 that he represents.

11 Thank God the government allows us a sales tax free
12 week, you know, for school supplies for people who struggle to
13 get adequate clothing, books and other things for their
14 children in school. Let the retail industry do something with
15 that before they come up here and start beating up on Progress
16 Energy about what they shouldn't get that they haven't had for
17 12 years.

18 I'm unashamed to stand here and say today that for my
19 area -- and we're the top branch in the area, and there's maybe
20 only one or two branches out of 32 branches in the state of
21 Florida that can even compete with us. The only two places in
22 the City of St. Pete that can hold our Freedom Fund Banquet is
23 the Coliseum next door, and we've outgrown that, and the
24 Tropicana Dome. And that's been for the last three years.
25 Over 1,200 people show up. So we must be doing something right

1 black all my life and I represent a lot of minorities. As a
2 matter of act, when we pushed the sheriff's office for the
3 first time in its 14-year history to promote a white female
4 above the rank of lieutenant, we got it. We speak for
5 minorities, and I continue to do it.

6 Q Yes, sir. And that's fine.

7 A And I'm proud to do it today.

8 Q And my question to you is --

9 A When you show me your NAACP card, then you might
10 carry some weight with me.

11 Q My question to you is, please tell me how increasing
12 power rates for minority people, low income, fixed income
13 people is going to help them.

14 A Sir, it increases response time, it increases access,
15 it increases capability, it increases competency to be able to
16 do a job that this community requires, period.

17 Q And you're speaking for your board?

18 A Sir, I speak on behalf of the NAACP St. Petersburg
19 branch. And if you doubt it, you call my office, we'll give
20 you every phone number of my 24 board members and you call
21 them.

22 Q Excellent. Thank you much.

23 A You're welcome. As a matter of fact, you need a good
24 lawyer, you call us.

25 Q I am a good lawyer, Mr. Rouson.

1 A That's relative, my brother, relative.

2 CHAIRMAN BAEZ: I may get to read a transcript after
3 all.

4 (Laughter.)

5 Mr. McGlothlin.

6 Thank you, Mr. Rouson.

7 MR. MCGLOTHLIN: The next witness is Sandy Tabor.

8 SANDY TABOR

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

11 DIRECT STATEMENT

12 MS. TABOR: That's a hard act to follow.

13 My name is Sandy Tabor. I'm here as a private
14 citizen. I'm a resident of St. Pete. I live at 1801 72nd
15 Avenue Northeast.

16 And first I'm here to attest that, unlike others
17 during the hurricanes, I did not lose power. It stayed on. I
18 think it blinked twice during both Hurricane Jeanne and
19 Hurricane Frances. I thought that was extraordinary.

20 I'm also here, I am the Director of Corporate and
21 Foundation Relations at Eckerd College. I'm not representing
22 them. But also -- so from that vantage point I can attest to
23 the corporate citizenship of many companies across Pinellas
24 County. And I will say that of all of them, Progress Energy
25 ranks at the top. They're responsive, they put their

1 executives into the community, they provide money, they provide
2 funding, they provide innovative programs. They recently
3 funded a program at Eckerd College that put students into the
4 Midtown community in St. Petersburg. It's, it's one of those
5 that will benefit both the city, it'll benefit our students,
6 and it should be a model for other colleges and other
7 communities to, to undertake. And I think that's extraordinary
8 to take that kind of risk and innovation in programming.

9 I also want to talk about their other supportive
10 education. I think that Pinellas education -- excuse me. The
11 Pinellas Education Foundation has benefited over many, many
12 years, the monies go directly to the school children and into
13 the classroom in Pinellas County, and I think that Progress
14 Energy's leadership in that should be commended.

15 Economic development, obviously, we heard from the
16 Downtown Partnership, but also their leadership in Tampa Bay,
17 the Tampa Bay Partnership in Enterprise Florida is
18 extraordinary.

19 Also their employee involvement -- if you look out at
20 different events, you'll find their employees at Relays for
21 Life for the American Cancer Society, you'll see them working
22 at the telethon for All Children's Hospital. I think, again,
23 that that represents an extraordinary corporate citizenship.

24 I also can attest to the need for infrastructure. I
25 do follow the company, and it is one that I think that the rate

1 increase is something that will benefit all of their service
2 area, if not the state of Florida. Thank you.

3 CHAIRMAN BAEZ: Questions of Ms. Tabor.

4 Thank you, ma'am.

5 MR. McGLOTHLIN: Stuart Rogel, R-O-G-E-L.

6 STUART ROGEL

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

9 DIRECT STATEMENT

10 MR. ROGEL: Good morning or good afternoon, I guess.
11 My name is Stuart Rogel. I'm president of the Tampa Bay
12 Partnership; however, I'm speaking here today as a private
13 citizen with 29 years of economic development experience, and I
14 support the rate increase for Progress Energy.

15 Let me share some facts about the importance of
16 utility reliability and economic development as I see it and I
17 have learned recently.

18 The 2005 Manufacturing Location Survey conducted by
19 Deloitte & Touche and International Association of
20 Manufacturers found that utility reliability and quality was
21 rated as the number one factor in the site selection decision
22 of manufacturers. We've already heard from Mr. Meidel the
23 importance of manufacturing here in our communities here in
24 Pinellas County, and reliability of energy is absolutely
25 critical to those. In fact, 85 percent of the manufacturers

1 surveyed stated that this factor was critical or very important
2 to their site selection decision-making process.

3 It's not just manufacturers that feel, feel utility
4 reliability is an important factor in their site selection
5 decision-making process. Technology and financial service
6 companies consistently state that this is a key factor in their
7 decisions. For example, Wachovia Bank's decision to break
8 ground in April 2005 on a \$400,000,000 data center in
9 Birmingham, Alabama, was due to its requirement that the
10 location be serviced by redundant and reliable power. The
11 American Electronics Association states that for cities to be
12 magnets for growing high technology companies they must possess
13 six critical ingredients, one of which is access to reliable
14 power.

15 Expansion Management Magazine recently noted that
16 redundancy and reliability are possibly the two biggest buzz
17 words in the high tech industry today. From data centers to
18 microchip and semiconductor manufacturers, reliability and
19 redundancy of power is a critical factor.

20 These industries that I described that rely upon
21 reliable and redundant power are often the companies and
22 industries that are paying high wage jobs and that the Tampa
23 Bay region and the communities that Progress Energy serves here
24 in Tampa Bay are actively recruiting for our own businesses.

25 In the 2004 Area Development Site and Facility

1 Q Yes, sir. Is Progress Energy a dues-paying member of
2 your partnership or does it finance it in any fashion?

3 A Progress Energy has been a member of the Tampa Bay
4 Partnership for quite a long time, a very important member of
5 what we do and very active in the community and in our
6 organization as a leader.

7 MR. TWOMEY: Thank you.

8 MR. WRIGHT: Mr. Chairman.

9 CHAIRMAN BAEZ: Mr. Wright.

10 CROSS EXAMINATION

11 BY MR. WRIGHT:

12 Q Can you tell us --

13 THE COURT REPORTER: Could you go to the -- a little
14 bit closer. Thank you.

15 COMMISSIONER BRADLEY: You need to identify yourself.

16 CHAIRMAN BAEZ: She's got it. Mr. Wright, go ahead.

17 MR. WRIGHT: Yes, sir.

18 BY MR. WRIGHT:

19 Q Can you tell us on the list of critical location
20 factors where electricity cost shows up?

21 A Well, of course, electricity cost is a critical
22 decision-making factor. But if you don't have electricity
23 that's reliable or available, cost is not as critical a factor.

24 Q Is it up there close to reliability on the lists
25 you've cited?

1 A It's close to reliability, but reliability ranks
2 higher on most of the lists that we've seen.

3 Q Fine. Do you know where Progress Energy Florida's
4 rates for industrial and commercial facilities compare to other
5 utilities in the southeast?

6 A I don't know that comparison, but I do know the rate
7 structure that they've offered for industrial, and I think
8 Mr. Meidel spoke to that, and the, the rate activity that they
9 provide to be good economic development partners and attracts
10 businesses to our state.

11 Q Are you aware that the industrial consumers
12 participating in this case are opposed to the rate increase?

13 A No, I was not aware of that. I don't know the
14 industrial consumers you speak to.

15 Q The Florida Industrial Power Users Group.

16 Finally, do you know whether Wachovia considered
17 locating a facility in Florida?

18 A Wachovia has considered many facilities. That
19 facility in Birmingham I do not believe was considered for
20 Florida.

21 Q Thank you.

22 CHAIRMAN BAEZ: Other questions? Thank you, sir.

23 MR. ROGEL: Thank you very much.

24 CHAIRMAN BAEZ: Mr. McGlothlin.

25 MR. MCGLOTHLIN: Mr. Chairman, that is all the names

1 I was given. I do have the names of three people who were out
2 of the room when first called, if you want to make sure --

3 CHAIRMAN BAEZ: You want to go ahead and call them
4 now?

5 MR. McGLOTHLIN: Judith Nelson, Angelo Cappelli,
6 Arnold and Josephine Schroeder. I think that completes the
7 list.

8 CHAIRMAN BAEZ: Is there anyone, is there anyone that
9 came in late, did not sign up to speak and would like to
10 address the Commission?

11 Very well. Seeing none, I'd like to thank all of the
12 customers that came out to, to give us their thoughts. We
13 really do appreciate it. A lot of good input was, was had here
14 and a lot of good questions asked and answered. I want to
15 thank you again and wish you all a good afternoon.

16 We're adjourned.

17 (Service hearing adjourned at 12:07 p.m.)

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