

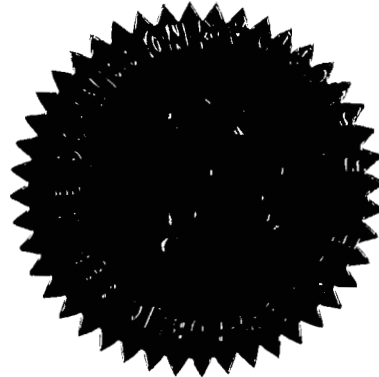
BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 070304-EI

In the Matter of:

PETITION FOR RATE INCREASE BY  
FLORIDA PUBLIC UTILITIES COMPANY.

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15 PROCEEDINGS: MARIANNA SERVICE HEARING

16 BEFORE: CHAIRMAN LISA POLAK EDGAR  
17 COMMISSIONER MATTHEW M. CARTER, II  
18 COMMISSIONER KATRINA J. McMURRIAN  
COMMISSIONER NANCY ARGENZIANO  
COMMISSIONER NATHAN A. SKOP

19 DATE: Wednesday, December 5, 2007

20 TIME: Commenced at 10:00 a.m. CST  
Concluded at 11:15 a.m. CST

21 PLACE: Jackson County Administration Building  
22 County Commission Meeting Room  
23 2864 Madison Street  
Marianna, Florida

24 REPORTED BY: JANE FAUROT, RPR  
Official Commission Reporter  
25 (850)413-6732

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

1 PARTICIPATING:

2                   NORMAN H. HORTON, JR., ESQUIRE, Messer Law Firm, Post  
3 Office Box 15579, Tallahassee, Florida 323175, appearing on  
4 behalf of Florida Public Utilities Company.

5                   J.R. KELLY, PUBLIC COUNSEL, and PATRICIA CHRISTENSEN,  
6 ESQUIRE, Office of Public Counsel, c/o The Florida Legislature,  
7 111 W. Madison St., Room 812, Tallahassee, Florida 32399-1400,  
8 appearing on behalf of the Citizens of the State of Florida.

9                   MARTHA BROWN, ESQUIRE, FPSC General Counsel's Office,  
10 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850,  
11 appearing on behalf of the Florida Public Service Commission  
12 Staff.

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I N D E X

OPENING STATEMENTS BY:

PAGE NO.

Mr. Myers

9

Ms. Christensen

19

WITNESSES

NAME:

PAGE NO.

REGINA SCHMIDT

23

ELTON ANDREASEN

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SID RILEY

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REX TORBETT

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EXHIBITS

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Affidavit of circulation of  
notices and proof of publication

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

1  
2 CHAIRMAN EDGAR: Good morning. I'd like to call this  
3 service hearing -- I was going to say agenda, but I would like  
4 to call this service hearing to order.

5 My name is Lisa Edgar, and I serve as Chairman of the  
6 Public Service Commission. And with me today to my right are  
7 my colleagues, Commissioner Nancy Argenziano, Commissioner  
8 Matthew Carter, Commissioner Katrina McMurrian, and  
9 Commissioner Nathan Skop. And we are glad to have a few  
10 customers with us today. We were hoping maybe for a few more,  
11 but I am hopeful that maybe some will come in as we go through  
12 some of these opening remarks. Before I go any further, let's  
13 go ahead and ask our staff to read the notice.

14 MS. BROWN: By notice issued November 6th, 2007, this  
15 time and place has been set for a customer service hearing in  
16 Docket Number 070304-EI, petition for rate increase by Florida  
17 Public Utilities Company. The purpose of the hearing is  
18 described in the notice.

19 CHAIRMAN EDGAR: Thank you. And let's go ahead and  
20 take appearances from the attorneys.

21 MR. HORTON: Good morning, Commissioners. My name is  
22 Norman H. Horton, Jr., with the law firm of Messer, Caparello,  
23 and Self, appearing on behalf of the Petitioner, Florida Public  
24 Utilities Company.

25 CHAIRMAN EDGAR: All right. Thank you. And let me

1 apologize for that. I think that some of our cellular  
2 transmission devices are interfering with the system, so we  
3 will ask if you can, to turn them off, and if you can't, we  
4 will just try to work our way through that.

5 MS. CHRISTENSEN: Patty Christensen with the Office  
6 of Public Counsel, and also here today is J.R. Kelly, the  
7 Public Counsel.

8 CHAIRMAN EDGAR: And I would like to go ahead, also  
9 and introduce our staff. Thank you. Go ahead.

10 MS. BROWN: Martha Carter Brown on behalf of the  
11 Commission.

12 CHAIRMAN EDGAR: Thank you.

13 And with her as well is Ms. Cheryl Banks, who is of  
14 our staff and is available to help with questions, as well.

15 We are here because we like to hear comments, any  
16 questions, or concerns from the customers. We have  
17 representatives from the utility, who I know will also be glad  
18 to answer any questions, as well as our staff. And, of course,  
19 with us are representatives from the Office of Public Counsel.  
20 And thank you, Mr. Kelly, for joining us today. We're glad to  
21 have you.

22 This is an official hearing. We are being  
23 transcribed and tape-recorded, and that information and the  
24 transcription will be available to anyone who has an interest.  
25 There is also information on our website. We will hear a

1 presentation from the utility in just a moment, but I would  
2 also like to draw your attention to some of the information  
3 that's on the table in the back.

4           There is a green sheet that lays out and describes  
5 some of the issues that are before us. It also has a sheet on  
6 the back, and usually I hold it up. Here it is. Thank you.  
7 There is also a sheet on the back that if for any reason you  
8 would prefer not to make comments today, although we hope that  
9 you will, you can also write down your comments on that sheet  
10 and either give it to our staff or it can be mailed in. And so  
11 if you are aware of any of your friends, neighbors, or  
12 relatives who would have liked to have been here today to give  
13 us some feedback or some comments and they were unable to come,  
14 please share one of those sheets with them. It can be dropped  
15 in the mail and it is available on our website and can be  
16 accessed that way.

17           Okay. It is a formal hearing. And, as I mentioned,  
18 we are being transcribed. For those of you who are going to  
19 share your comments with us, I will swear you in here in a  
20 little bit, and there will be the opportunity for us to ask  
21 questions of you and for the utility representatives to ask  
22 questions if they have any. But it is very informal, we want  
23 to hear from you.

24           And so before I ask the attorneys to give us an  
25 overview, Commissioners, any opening comments? No. Okay.

1           Mr. Kelly, would you like to make a comment before we  
2 go into the attorney's statement? No. Okay.

3           Then, Mr. Horton.

4           MR. HORTON: Thank you, Madam Chairman.

5           Before we proceed, I would like to identify, if I  
6 could, as an exhibit, a composite exhibit, the proof of  
7 publication for the hearing. The composite exhibit consists of  
8 an affidavit that we circulated or mailed notices to the  
9 customers, and also proof of publication for both hearings  
10 today and tomorrow, and I would like to offer that as Composite  
11 Exhibit 1, I believe.

12           CHAIRMAN EDGAR: Thank you, Mr. Horton.

13           Do you have the exhibit list?

14           MS. BROWN: I don't have an exhibit list.

15           CHAIRMAN EDGAR: Nor do I.

16           MS. BROWN: I will volunteer to take charge of the  
17 exhibit list.

18           CHAIRMAN EDGAR: Okay. Ms. Brown will make sure that  
19 we are recording that, and, yes, it will be Exhibit 1.

20           MR. HORTON: And I did give the originals to the  
21 court reporter.

22           (Exhibit 1 marked for identification.)

23           CHAIRMAN EDGAR: Yes. Thank you.

24           MR. HORTON: As you indicated, Madam Chairman, we do  
25 have an opening statement to make, but we do have some



1 representatives that are here and available to answer any  
2 questions, should the customers have any, about their bills or  
3 service or anything.

4           Specifically, Ms. Leslie Murdock is present, she is  
5 our customer service manager. Mr. Buddy Shelley (phonetic) is  
6 the operations manager, and Steve Toole (phonetic) is the  
7 engineering manager, as well as some other folks that are here  
8 that can answer any questions, should they have any during the  
9 proceeding or afterwards.

10           With that, I would like to introduce Mr. Don Myers  
11 (phonetic), who is the Division Director for Marianna, who will  
12 make the presentation for the company today.

13           MR. MYERS: Good morning. My name is Don Myers. I  
14 am the general manager for the Northwest Florida Division of  
15 Florida Public Utilities. We were originally called the  
16 Marianna Division, but we changed our name to the Northwest  
17 Division because we serve a good portion of Jackson County,  
18 Calhoun County, and Liberty County. So we serve a lot more  
19 than just the Marianna area.

20           My presentation is going to be short, and I'd like to  
21 go ahead and get started. Of course, we are here for our  
22 customer service hearing and the rate proceeding under Docket  
23 070304-EI. Next slide.

24           Again, the petition was filed with the Florida Public  
25 Service Commission on August 30th, 2007. And the second

1 bulleted item, we're seeking approval for the rate increases  
2 and charges in both electric divisions to produce an additional  
3 5 million plus to offset increased operational costs. I want  
4 to make sure that everybody understands this is for both our  
5 electric divisions, both northwest and northeast. It's not  
6 just for Marianna, that the \$5 million is going to be coming  
7 from our northwest customers. Next slide.

8           The need for the increase. We have been experiencing  
9 cost of living and inflation just like everybody else. Our  
10 wage is our biggest component of our cost of service. And  
11 inflation, we have suffered the same increases in inflation  
12 costs such as gas and insurance and those sort of things that  
13 everybody else has.

14           We have storm hardening initiatives, and that  
15 somewhat ties into the last bullet, our system reliability and  
16 electrical facility improvements. That covers such things as  
17 additional tree trimming here in the Northwest Division, going  
18 to poles of a bigger diameter, and just various electrical  
19 facility improvements that we're conducting in both our  
20 divisions.

21           Our medical and insurance costs have risen  
22 significantly in the last several years. And from a meeting  
23 last week in West Palm Beach, I understand our medical and  
24 insurance costs will be going up again in 2008. Our accounting  
25 and auditing cost associated with Sarbanes-Oxley, that is a

1 federal legislation that was passed several years ago, we have  
2 always been required to have an external auditor, but now we  
3 are required to have internal auditors, and those costs have  
4 driven up our cost of complying with the Sarbanes-Oxley. Next  
5 slide.

6 This next slide illustrates or compares our cost for  
7 residential service of 1,000 kilowatt hours with the other  
8 investor-owned utilities in the state of Florida. Since 2001,  
9 you can see we are much lower than the other four  
10 investor-owned utilities. And then with some recent costs that  
11 we have had to pass along with the biggest starting in 2008,  
12 our new purchased power contract. That accounts for most of  
13 it, so it is going to be, beginning with this new rate case  
14 increase, going to put us right up amongst the rest of the  
15 investor-owned utilities. I might want to point out that  
16 certain municipals and cooperatives, electric cooperatives are  
17 significantly higher than what's shown here. Next slide.

18 Our current rate of return as of September of 2007 is  
19 5.61 percent. We are currently running about 36 to 50 percent  
20 below the PSC authorized rate of return. Next slide.

21 This next slide illustrates \$100 that you would pay  
22 to an electric bill; \$70.50 goes toward the purchase of  
23 electricity that FPU purchases for our customers. That cost,  
24 we make no profit on that. That is directly passed on to our  
25 customers based on their usage. Twenty-two dollars goes

1 towards the cost for system operations, maintenance, and  
2 billing and service. That's what's known as our base rates,  
3 and that is what is being sought in this rate case. \$5 goes  
4 towards taxes, and \$2.50 goes towards Florida Public Utilities'  
5 profit. Next slide.

6 This shows a cost comparison of our residential  
7 energy rates based on 1,000 kilowatt hours. It shows the  
8 before and after. I want to point out that the fuel cost,  
9 increase in our fuel cost is factored in already starting  
10 January 2008, but with just the base rate increase in our rate  
11 case that is presently underway, we're going to see a  
12 9.89 percent increase on our residential rates. Next slide.

13 Again, this compares our current cost, where we're at  
14 today with the other investor-owned, and you can see we are  
15 significantly lower than the other four investor-owned  
16 utilities. Next slide.

17 And, then again, this just states it without the bar  
18 graph, and it shows the cost of the other four investor-owned  
19 utilities. Next slide.

20 This is our general service rates. Energy cost based  
21 on 2,000 kilowatt hours. And, again, it has the fuel cost with  
22 our new contract starting in January 2008. But our base rate  
23 right now is 44.80 for 2,000 kilowatt hours, and it's going to  
24 go up after this rate increase to 66.46 for a total cost  
25 increase of 10.74. And I may want to point out that this rate

1 applies to one of our customers here, Mr. Riley with the Hinson  
2 House (phonetic), that is the type of customer that sees, and  
3 other customers like that, our general service rate. Next  
4 slide.

5           And this is our general service demand rate. That is  
6 a little larger commercial customer. This is based on  
7 100 kilowatts and 4,000 kilowatt hours. This may be like the  
8 Wal-Mart SuperCenter or several of our school boards or schools  
9 and those type of institutions. This total cost increase, we  
10 say it is going to be 4.51 percent. Next slide.

11           This next rate is our general service large demand  
12 based on 1,000 kilowatt hours and 400,000 kilowatt hours.  
13 Again, it's going to be about a 4.96 percent increase in the  
14 rate case. Next slide.

15           Again, this shows how we compare to other  
16 investor-owned utilities in the state based on 1,000 kilowatts  
17 and 400,000 kilowatt hours. Next slide.

18           All rates for the utilities in the state of Florida  
19 are closely regulated by the Florida Public Service Commission,  
20 and it gives the website on the following bullet. Next slide.

21           We understand that this is going to cause our  
22 customers -- be a burden on them. And I left some information  
23 on the back table, some conservation information and methods of  
24 how they could go about conserving energy and lower their bill.  
25 We also have several community assistance programs around

1 locally. For example, our senior citizens center that could  
2 help people with assisting them in paying their electric bill.  
3 Next slide.

4 Again, this is just to say that the full detail of  
5 our minimum filing requirements can be seen in our Pennsylvania  
6 office at 2825 Pennsylvania Avenue. The minimum filing  
7 requirements are located in our front lobby. They are in two  
8 volumes in a blue binder. Next slide.

9 I will now open it up for any questions that any of  
10 the customers may have or any of the Commissioners may have.

11 CHAIRMAN EDGAR: Thank you, Mr. Myers.

12 And we will see -- of course, we will call customers  
13 from the sign-up sheet here in just a moment.

14 Before I ask for OPC to make their comments,  
15 Commissioners, any questions for Mr. Myers at this time?

16 COMMISSIONER CARTER: Just a few, Madam Chair.

17 CHAIRMAN EDGAR: Commissioner Carter.

18 COMMISSIONER CARTER: Thank you so kindly. I noticed  
19 that you gave examples of the commercial establishments when  
20 you talked about general service demand energy cost based on  
21 100 kilowatts and 40,000 kilowatts. You said Wal-Mart and the  
22 school board, that 4.51 percent. Then you went into general  
23 service large demand energy cost base on 1,000 kilowatts and  
24 400,000 kilowatts. What examples would that be?

25 MR. MYERS: That would probably be the Family Dollar

1 Distribution Center, and I guess Old Fold Castle (phonetic),  
2 you know, Prestressed Concrete, Arizona Chemical, and it used  
3 to be Alliance Laundry, but they are no longer here in town.  
4 Customers such as that.

5 COMMISSIONER CARTER: I may have one more, Madam  
6 Chair. I think that's it.

7 Thank you.

8 CHAIRMAN EDGAR: Commissioner Argenziano.

9 COMMISSIONER ARGENZIANO: Just one question. When  
10 did you get or when was your last increase?

11 MR. MYERS: Our last increase was in 2004, and that  
12 is the same time our two electric divisions were combined as  
13 one, and we started filing for one increase. But up until 2004  
14 we had filed separate increases, rate increases.

15 COMMISSIONER ARGENZIANO: Thank you.

16 MR. MYERS: But we have had several increases this  
17 year. We had a midcourse fuel correction in October, and we  
18 have also had the interim rates went into effect November 22nd.  
19 And we recently, the past couple of years, just renegotiated a  
20 new purchased power contract. As you can tell from some of the  
21 slides that I showed, we have been able to hold that cost down  
22 significantly even though the rest of the utilities that I  
23 showed on the slide were experiencing, you know, significant  
24 fuel costs. When I say we purchase electricity that we pass on  
25 to our customers, that basically covers the costs that they

1 generate with the fuel for their -- to generate electricity.  
2 But that new contract goes into effect January 2008, and it is  
3 going to be about a 30 percent increase in our fuel cost over  
4 this past ten-year contract.

5 CHAIRMAN EDGAR: Commissioner Carter.

6 COMMISSIONER CARTER: Thank you, Madam Chair.

7 Just informational. I notice that you said that the  
8 rate of return is currently between 36 percent and 50 percent  
9 below the authorized. What is the authorized rate of return?

10 MR. MYERS: Can we help me out, Sheryl?

11 MR. CUTSHAW: I believe currently, based on the  
12 September numbers, it was 7.66 to 8.4 percent. That was as of  
13 the numbers at the end of September.

14 MR. MYERS: That was in one of our original slides  
15 and that was changed here recently.

16 COMMISSIONER CARTER: Madam Chair, just one more.

17 CHAIRMAN EDGAR: Yes, sir.

18 COMMISSIONER CARTER: Thank you for your indulgence  
19 on this one more.

20 I noticed that you said -- when you started out you  
21 said that you are the Northwest Florida manager, and you said  
22 that for practical purposes of the rate increase you combined  
23 the two. But do you operate separate divisions, and if so, how  
24 does the rate increase break out by divisions, or is it  
25 available on that level?



1 MR. MYERS: It is not available. We probably could  
2 provide that information, but it is not available at this time.  
3 But we do separate as two independent divisions. We have a  
4 general manager over in our Northeast division, Mr. Cutshaw,  
5 and I am in the Northwest division. But we talk constantly,  
6 and are involved together, and work towards common solutions to  
7 problems.

8 COMMISSIONER CARTER: Madam Chairman.

9 CHAIRMAN EDGAR: Commissioner Carter.

10 COMMISSIONER CARTER: Based upon that, they operate  
11 on separate divisions, I would like to know the percentage for  
12 both divisions. Maybe we can get that at a later date, but I  
13 would like to know that.

14 CHAIRMAN EDGAR: Is that something that our staff can  
15 respond to at this time?

16 MS. BROWN: We'll have to get the information. We  
17 can ask for it in discovery, and it will be available by the  
18 time of the hearing.

19 COMMISSIONER CARTER: Thank you.

20 CHAIRMAN EDGAR: Commissioner Argenziano.

21 COMMISSIONER ARGENZIANO: But I think your point was  
22 that although separate divisions, the increase that you are  
23 getting would come from both the divisions and not just the  
24 northwest.

25 MR. MYERS: Right. The base rate increase that we

1 are asking for covers both electric divisions, and those  
2 revenues of \$5 million plus will be generated in both  
3 divisions.

4 COMMISSIONER ARGENZIANO: Thank you.

5 CHAIRMAN EDGAR: Mr. Horton.

6 MR. HORTON: Yes, Commissioner.

7 The divisions are consolidated. They were  
8 consolidated in the last case. I'm not sure that we have the  
9 information broken out separately, like you were asking, since  
10 we consolidated that.

11 COMMISSIONER CARTER: That was the basis for my  
12 question, Madam Chair. And if I could be more clear, the  
13 northeast and the northwest division, and when I heard then I'm  
14 like, okay, if they are together or if they are separate then  
15 maybe there is a separate percentage. But if they are  
16 combined, then that is different.

17 MR. HORTON: They are combined. There some  
18 efficiencies as a result of that combination. That was an  
19 issue in our last proceeding that we presented, that was one of  
20 the issues, and the Commission did approve the consolidation.

21 COMMISSIONER CARTER: That's fine. Thank you. You  
22 don't need to provide that.

23 Thank you, Madam Chair.

24 CHAIRMAN EDGAR: Commissioner Skop.

25 COMMISSIONER SKOP: Thank you, Madam Chair.

1           On that same line of questioning the Commissioner  
2 had, and as a result of the consolidation, has your company  
3 experienced any operational efficiencies or cost savings that  
4 they could pass through to the consumers or what has been the  
5 experience to date as a result of that consolidation?

6           MR. MYERS: Well, we have made several steps to make  
7 our divisions operate in the same manner. We have done some  
8 joint purchasing which has lowered costs to our customers.  
9 Some efficiencies have been developed in our accounting  
10 department in the way we handle our customers, our billing  
11 rates, and things such as that.

12           CHAIRMAN EDGAR: Thank you, Mr. Myers.

13           And now I'd like to ask Ms. Christensen with the  
14 Office of Public Counsel to share some comments with us.

15           MS. CHRISTENSEN: Good morning. My name is Patty  
16 Christensen. And, again, with me is J.R. Kelly. We are from  
17 the Office of Public Counsel. Mr. Kelly is the Public Counsel,  
18 and I'm the attorney assigned to this case.

19           The Office of Public Counsel was created by the  
20 Legislature to represent you, the customers, in this case  
21 before the Public Service Commission, and the Florida Public  
22 Service Commission decides what rate increase the Florida  
23 public should receive. And as the attorneys representing your  
24 interests, we are thoroughly reviewing Florida Public's  
25 petition for its rate increase.

1           Now, Florida Public has asked for approximately  
2 \$5 million, and we think plain and simply that that is too much  
3 money. And we oppose a lot of the increases that Florida  
4 Public has asked for, and we think the amount of the profit  
5 that they are asking for is too high. We have hired  
6 consultants to help our office review Florida Public's  
7 petition, to do discovery, and to put on testimony before the  
8 Commission. We have hired Larkin and Associates to look at the  
9 accounting issues, and we have hired Professor Woolridge  
10 (phonetic) of Pennsylvania State to look at the financial  
11 issues. We also have in-house staff, Ms. Merchant, who is  
12 reviewing the accounting issues and other issues.

13           So, based on our review, our office alone has  
14 identified 70 items that we have problems with those items.  
15 And basically for these 70 items we believe that Florida Public  
16 has either asked for too much money or has not justified the  
17 money that they asked for in the filings.

18           Now, some of these items, just to give you a flavor,  
19 are Issue 7, whether the company's projected plan to accelerate  
20 the replacement of its existing wood 69 kV transmission systems  
21 with concrete poles is reasonable and cost-effective, and if  
22 not, whether adjustments should be made to that. Issue 27,  
23 what is the appropriate weighted average cost of capital for  
24 the test year ending December 31st, 2008? Issue 34, are the  
25 company's requested salary adjustments reasonable and

1 supported; and, if not, what adjustments are necessary? And  
2 Issue 60, is the company's request for recovery of additional  
3 expenses to promote growth within the community reasonable and  
4 supported; and, if not, what adjustments are necessary?

5           As you can tell from this sample, we have a long list  
6 of very technical issues. These issues are important to the  
7 bottom line dollar amount that will ultimately be paid and  
8 collected from you, the customers. And since we are still  
9 looking at the case, these issues are still being refined from  
10 our office.

11           Now, we will be filing testimony in this case by the  
12 end of December, and we will be presenting our case at the  
13 hearing, and we will address these technical issues in the  
14 case. But as the Commissioner said today, it's important for  
15 you all to come and testify today. We need to hear from you  
16 regarding your concerns. Your comments today will be made part  
17 of the record and will be considered when the Commission makes  
18 its decision about how much money to provide Florida Public and  
19 how much it should receive from its rate request. It will be  
20 particularly helpful if you can talk about the utility's  
21 quality of service as well as your opinion regarding the rate  
22 increase.

23           I want to thank you for taking your time to speak  
24 today, and if any of you have questions about our office or  
25 would like to ask us anything, we will be happy to speak with

1 you at the end of this meeting. Thank you.

2 CHAIRMAN EDGAR: Thank you, Ms. Christensen.

3 There is a sign-up sheet in the back of the room, and  
4 I referred to that in passing, but there is a sign-up sheet.  
5 We will be using that to call your name to come forward and  
6 share your comments with us. So if you would like to speak to  
7 us, please, please see Todd in the back and sign up, and  
8 Ms. Christensen will be calling the names from that sign-up  
9 sheet.

10 Before we do that, for those of you that would like  
11 to speak to us today, as I mentioned when we first started,  
12 this is part of the hearing and the full record for this  
13 proceeding, and so I will need to swear you in and we will do  
14 that as a group. And so for those of you that would like to  
15 share your comments with us today, if you would stand with me  
16 and raise your right hand and we will do it all together.

17 (Witnesses sworn.)

18 CHAIRMAN EDGAR: When your name is called, if you  
19 will come to the microphone, and if you will tell us your name  
20 and if it is a spelling that we might not absolutely know for  
21 sure, please do spell your name for us. That helps us and it  
22 is also helpful for the record and for our court reporter.  
23 Also, if you will please tell us your address, that's also  
24 helpful information, as well, so that we can follow up on any  
25 comments or questions that you may have.

1           And with that, I will ask Ms. Christensen to call the  
2 first name.

3           MS. CHRISTENSEN: The first speaker today, Ms. Regina  
4 Schmidt.

5   REGINA SCHMIDT  
6 appeared as a witness and, swearing to tell the truth,  
7 testified as follows:

8   DIRECT STATEMENT

9           MS. SCHMIDT: Good morning and thank you for the  
10 opportunity to speak. My name is Regina Schmidt -- thank you  
11 for the correct pronunciation. That's great. I am here on  
12 behalf of Charles Wynn's Law Office. He's a client -- he's a  
13 customer of Florida Public Utilities. The address is  
14 4436 Clinton Street, Marianna, Florida 32447.

15                           He had asked that I come here today, and I was glad  
16 to do so. He had to be out of town himself today. But I am a  
17 legal assistant for him that works primarily with Chapter 13  
18 bankruptcies. And the concern that we have been discussing  
19 with the Chapter 13 trustee in Tallahassee, as well, is the  
20 tremendous problems it's going to cause for our clients.

21                           These individuals are on a very strict budget which  
22 is monitored by the judges, monitored by the trustee's office,  
23 and with an increase in electricity rates for them, there are  
24 going to be some of these cases that are going to be dismissed  
25 and closed because financially it's considered feasible because

1 there's not enough money to go around everywhere.

2 That means people lose their businesses, they lose  
3 their homes. That does not help their economy and the  
4 communities in which they live. Their concern is such to where  
5 the trustee has met with different attorneys when they have  
6 court about it, so it is a real concern for the clientele that  
7 we have.

8 I sit down with them and do their budget, and we talk  
9 about, you know, what they can do without. You know, it's not  
10 necessary to have cable. Sorry for the cable people here. You  
11 lose business on that. Sorry, don't send me hate mail. But,  
12 you know, there are things they can do without, but obviously  
13 electricity is not something that you can do without. It  
14 really is not.

15 I did mention in your slide show where there are  
16 community-based assistance programs. I personally have  
17 referred some of our clients to the community-based assistance  
18 programs and they are without funding. I think I've sent two.  
19 I will have to look at my records. Ten people I have sent to  
20 the senior citizens center and I have also sent some to  
21 Salvation Army. Only two out of the ten received assistance  
22 because they had no funding for it.

23 Whether people are not donating to these  
24 community-based systems because they have less money in their  
25 pocket because of gas increases and everything, the same things



1 that caused the increase of the rates causes people to have  
2 less money in their budget to donate to different community  
3 service systems that are available out there.

4 I was wondering if there might be some type of  
5 program that can be set up for elderly that need assistance and  
6 individuals that fit in a special category because of their  
7 budget being monitored so closely by the courts and everything,  
8 of ways that they might be able to get assistance with  
9 electricity. You know, that might possibly can come out of the  
10 \$2.50 per 1,000 kilowatt hours of profit. I mean, has that  
11 been looked into?

12 CHAIRMAN EDGAR: Ms. Banks.

13 MS. BULECZA-BANKS: Typically, the rates that the  
14 Commission has set have not involved any kind of subsidies or  
15 contributions. The philosophy was that the ratepayers have  
16 their own choices of what they would like to be contribute.  
17 But there is a program, I'm not sure if you are familiar with  
18 it, and I can talk to you later and get you some information  
19 called LIHEE, and that is a federal program that helps pay  
20 electricity bills twice a year. So if you would like, we can  
21 talk to you a little bit afterwards. I don't know if you have  
22 heard of that before.

23 MS. SCHMIDT: But this is a monthly challenge that  
24 people have.

25 MS. BULECZA-BANKS: I understand.

1 MS. SCHMIDT: I mean, there's various reasons why  
2 individuals file bankruptcy. Sometimes it is because of  
3 families took advantage of them, they are over their head in  
4 loans and they are forced to do this, or there are medical  
5 problems that have happened. But whatever brings them to this  
6 situation, they are trying to get through it. And this is  
7 going to cause a tremendous problem for them, and that's going  
8 to roll down to the communities to where it is going to be a  
9 horrendous problem for the communities in which these clients  
10 live because of less money going back into the local community.  
11 It's just a real concern.

12 CHAIRMAN EDGAR: Thank you, Ms. Banks.

13 Any questions for Ms. Schmidt?

14 Commissioner Carter.

15 COMMISSIONER CARTER: Thank you. By the way, we  
16 commend your efforts in working with people that are in  
17 situations like that. It is not a thankful and sometimes is  
18 not appreciated.

19 MS. SCHMIDT: Yes. A lot of people just  
20 automatically don't like me.

21 COMMISSIONER CARTER: Well, we like you.

22 MS. SCHMIDT: Thank you.

23 COMMISSIONER CARTER: Let me ask you this. In the  
24 process of a restructure or assistance programs that you are  
25 dealing with, what type of level, if any, does a person have in

1 terms of availability? Do they have like -- maybe they are  
2 allowed a discretion for maybe \$10 a month or something like  
3 that in terms of what they have available to them?

4 MS. SCHMIDT: They have to estimate what their yearly  
5 electrical costs are going to be, and then we divide it by 12  
6 and then we have to set a monthly payment up with the trustee.  
7 And so all their household expenses on a yearly basis divided  
8 by 12 comes up with a monthly payment.

9 COMMISSIONER CARTER: The basis for my question is  
10 trying to ascertain to where once we break down whatever rate  
11 increase, if any, that's granted, what does that come out to  
12 per month per person, and then to see if there is any give  
13 whatsoever within the confines of the strict budgets that the  
14 people are required to live on. And just trying to, you know,  
15 sometimes in the most unlikely places we find solutions to  
16 problems, so I was just trying to figure out how it works and  
17 all.

18 MS. SCHMIDT: Well, with the trustee we are given  
19 8 percent overall. If their expenses, all household expenses  
20 combined are over an 8 percent increase, they have to update  
21 their Schedule J, which is their household expenses, to let us  
22 know there is an increase of an 8 percent. Well, obviously the  
23 electricity increase is automatically going to be more than an  
24 8 percent increase of their overall budget.

25 COMMISSIONER ARGENZIANO: I mean this with all due

1 respect. What is the percentage that the trustees takes from  
2 their annual --

3 MS. SCHMIDT: I don't really know that part. I know  
4 there is a part that she gets for handling the funds, and it  
5 can vary, but I'm not privileged to that information.

6 COMMISSIONER ARGENZIANO: Thank you.

7 CHAIRMAN EDGAR: Commissioner.

8 COMMISSIONER McMURRIAN: I just wanted to suggest to  
9 Ms. Schmidt, we have a lot of resources at our office on  
10 different programs to help low income individuals even on  
11 telephone bills and that sort of thing, and there are some good  
12 reports about where to find help in Florida, they're much  
13 broader than that one issue. But we have got your name and I  
14 think your address and that sort of thing, but particularly Mr.  
15 Brown in the back of the room that's standing back there in the  
16 khaki suit can work with you on getting some more information  
17 that may be helpful to some of your clients.

18 MS. SCHMIDT: I will definitely pass it on to them.  
19 I appreciate any information of that nature.

20 COMMISSIONER ARGENZIANO: I was going to suggest, I  
21 know that when it comes to senior citizens there are  
22 financial -- there are dollars available from the state, and  
23 they do get limited for heating and cooling, and I don't know  
24 if some of the individuals that you are working with are in  
25 that category, but you might check with the local state

1 representative or state senator because there are some state  
2 programs that can help in those cases.

3 CHAIRMAN EDGAR: Thank you very much.

4 Ms. Christensen.

5 MS. CHRISTENSEN: Elton Andreasen. And if I didn't  
6 pronounce that correctly, I apologize.

7 MR. ANDREASEN: I figured you all would have problems  
8 with that one.

9 ELTON ANDREASEN

10 appeared as a witness and, swearing to tell the truth,  
11 testified as follows:

12 DIRECT STATEMENT

13 MR. ANDREASEN: My name is Elton Andreasen,  
14 A-N-D-R-E-A-S-E-N, 4900 Avery Street, Marianna.

15 I assure you that I am out of my realm here, but I'm  
16 going to give you all a try. First, I would like to thank each  
17 and every one of you for coming here rather than us trying to  
18 go over there, because I'm afraid there wouldn't have been  
19 anybody there.

20 Don Myers and his crew have done an outstanding job.  
21 There is no doubt about it.

22 There's one other thing that kind of bothers me. Why  
23 didn't we have a prayer and a pledge of allegiance to the flag  
24 before this meeting started? That's something I hope you will  
25 consider from now on.

1           We are our brother's keeper. Okay. Place yourself  
2 in a household that gets \$600 a month to live on. That's not  
3 much money. We have got a lot of them. And, too, tell me what  
4 has not gone up? We're eat up with taxes, insurance, on and on  
5 and on. It's 50 cents here, a dollar there, 50 here, five  
6 here. And when you get down to the bottom line, it's a bunch  
7 of money.

8           And a lot of these companies, I'm not saying Florida  
9 Public Utilities, I'm not zeroing them out, but a lot of these  
10 companies they are kind of like the Democrats and Republicans,  
11 all they can think about is getting reelected or let's get the  
12 Democrats back in or the Republicans back in. Money hungry.  
13 Climbing over one another to get to the top. There's nothing  
14 wrong with making money, but we don't need to make it this way.

15           Now, I have watched you people before, and evidently  
16 you're smart or else you wouldn't be here. But a lot of these  
17 companies they will say, oh, I've got to have a 50 percent  
18 increase. Gosh, I need that. I can't get along without 50  
19 percent. Oh, you can't have that. You can have 25. Well,  
20 heck, they didn't want but 10 to start with. So consider this,  
21 please.

22           And, too, we have got some farmers down here that's  
23 starting a crop of tangerines. You say what the heck has that  
24 got to do with this? Well, if they lose their crop, hundreds  
25 of thousands of dollars, they can't come in here to you all and

1 up their rates on tangerines or anything, or get money to  
2 replant. Now, some of you utility companies have taken a  
3 beating in the hurricane. Insurance companies. My God in  
4 heaven, look how much money they have made in the last couple  
5 of years; millions of dollars. I'm not saying you all did,  
6 Don. But, yes, they need an increase, but not what they are  
7 asking for.

8           But there is somebody somewhere who has got to say  
9 no. This is enough. We can't do this anymore. I can ramble  
10 on up here, but I have asked several people, I said, "Are you  
11 going to the meeting?" Oh, no, they are not going to go. It  
12 is already set in concrete; they already know what they are  
13 going to do before they even come over here. I hope not.

14           And in closing, again, thank you.

15           CHAIRMAN EDGAR: Thank you, Mr. Andreasen, and I can  
16 assure you that this is not already decided. This is an  
17 important part of the process, and each of us will examine it  
18 very, very carefully. And the Office of Public Counsel will  
19 examine it very carefully. Thank you for your time.

20           MR. ANDREASEN: Well, they need some money, sure they  
21 do, but not for a five-year plan or anything like this.  
22 Year-to-year. I mean, whatever it takes, but the common man  
23 out here has got all he can tote. Excuse my language. Thank  
24 you.

25           COMMISSIONER CARTER: Being from South Georgia, I can

1 understand what tote means.

2 CHAIRMAN EDGAR: Ms. Christensen.

3 MS. CHRISTENSEN: Mr. Sid Riley.

4 MR. RILEY: Good morning.

5 CHAIRMAN EDGAR: Good morning.

6 SID RILEY

7 appeared as a witness and, swearing to tell the truth,

8 testified as follows:

9 DIRECT STATEMENT

10 MR. RILEY: My name is Sid Riley, R-I-L-E-Y. I'm a  
11 longtime resident of Jackson County, a local businessman, a  
12 taxpayer, a customer of Florida Public Utilities. And I'm also  
13 one of the owners of a local weekly newspaper, and I have a  
14 reputation for being a consumer advocate, an anti-bureaucracy  
15 and large government individual trying to defend the public  
16 against some of the things that occur. And so that's the role  
17 that I'm here this morning in, although I am a customer along  
18 with it.

19 I would like to ask first -- say, first, that the  
20 reason that I think you don't have a large crowd here is a  
21 large percentage of the people that are impacted by what we are  
22 discussing are loading trucks at Family Dollar, or building  
23 trusses at the truss company, or working in a lumber mill  
24 someplace, or as a store clerk, and they can't get off work to  
25 be here to represent their own interest, or you would have a



1 good-sized crowd here. Also, the time of the day that you are  
2 having it is not convenient to those folks, and I think having  
3 it is in error, really, or if you would have had it at 6:00  
4 o'clock this evening, I think you would have seen a different  
5 climate here in the room.

6           The store owners are staying at their cash register  
7 hoping a customer comes in, so they can't leave and come here.  
8 They're not guaranteed a 5.6 percent profit margin just for  
9 being there today. They have to capture that customer when he  
10 comes in.

11           I'd like to ask everyone if you would rather make  
12 5.6 percent on a cost base of \$100 million a year and have a  
13 profit of \$5.6 million, or if you would rather have a cost base  
14 of \$200 million and have an annual profit of \$11.2 million?  
15 That's the situation the utility is in, and that there is no  
16 incentive to be efficient. The more you can increase your  
17 costs on some justification, the more money it ends up making  
18 available for you to spend.

19           It's the same situation with the oil companies, as  
20 everyone complains that they are making tremendous windfall  
21 profits because the price of oil has skyrocketed to \$100 a  
22 barrel. Well, in reality they say we are still only making two  
23 percent profit, which is what we used to make at \$20 a barrel.  
24 Nothing has changed except that they are handling and spending  
25 millions of dollars in profits more because of the percentages

1 applied to a biggest cost base. That is the situation with the  
2 utility.

3           This Commission is also a regulatory agency for the  
4 Gulf Power Company, as I understand it. And I ask a question  
5 of if we take \$5.5 million from the public's pockets here for  
6 next year and the years to follow, meeting this petition and  
7 request that they have made, and they give 4 million of it, or  
8 whatever it is, to Gulf Power Company, what justification does  
9 Gulf Power have for increasing their revenues by that \$4  
10 million? That's a question that you should be addressing as  
11 you regulate Gulf Power, I would think.

12           The cost to the public is a real cost for what I  
13 would consider a normal family's power bill of around \$150 a  
14 month at present, a family of three or four people living in a  
15 reasonably sized house, this will amount to 400 to \$600 a year  
16 in additional money that they won't have available for  
17 Christmas, for food, for medical bills, and for all the  
18 other -- for their gasoline costs, and all the other  
19 skyrocketing bills that they are all facing, which is what Mr.  
20 Andraesen was referring to.

21           So there is a real public need for restraint on the  
22 skyrocketing costs that are beyond their controls to manage.  
23 And as administrators of the utilities, you are the only defender  
24 that they have at the moment against the utilities being able  
25 to join the pack of the pharmaceutical companies, and the

1 medical establishment, and the insurance companies, and the  
2 taxing agent, our government taxing authorities, and gasoline  
3 companies, and all the others that are slowly milking all the  
4 strength that the public has away from them.

5           So I think there may be a little reason here, but I'm  
6 not sure that 5.6 percent profit is a necessity. I don't know,  
7 I tried to do some research on what the salaries of the board  
8 members and the officers of Florida Public Utilities are, and  
9 what perks and stock arrangements they have. I was not able to  
10 get that information, but I'm suspicious of whether some of  
11 this money might go to increase those type of things. And it  
12 certainly would be unfortunate if it does come out of the  
13 pockets of some poor couples trying to survive on Social  
14 Security so that an executive can get another stock option.

15           And, lastly, I want to go on record talking about the  
16 system itself. And since you are a bureaucracy, and I am  
17 antibureacracy in my philosophy, I'm going to throw a few  
18 stones in your direction. The history of the Public Service  
19 Commission, until 1978 you were an elected -- the Commissioners  
20 were elected. Since that time you have been appointed through  
21 the political process. All of you are probably sitting in your  
22 seats due to some organizational or personal political  
23 relationship that you enjoyed, and as a consequence of that  
24 became a Commissioner.

25           In terms of the Public Counsel and the Public Service

1 Commission there has been a history of a decreasing percentage  
2 of the overall budget for the Commission going to this section  
3 of the Commission, and there has been history of really very  
4 little effectiveness on the part of the Public Counsel.

5 CHAIRMAN EDGAR: Mr. Riley, I'm sorry, and I will  
6 allow you to continue, and I remember the last customer hearing  
7 we had, I remember you speaking, and I remember one of the  
8 comments that you made along that similar line. And I just  
9 want to -- and, of course, ask Mr. Kelly if he wants to make  
10 some comments when you are finished, but I do feel like I need  
11 to point out, our budget and their budget are very separate.  
12 The Office of Public Counsel is independent from the Public  
13 Service Commission, and their budget is set by the Legislature,  
14 as is ours, but they are separate.

15 MR. RILEY: Okay. Well, I read somewhere that the  
16 relationship between the two has been decreasing on the side of  
17 the public funding through the history of increases of budgets.  
18 The budget for the Public Service Commission, as a percentage,  
19 and taking the budget for the Public Counsel as a percentage of  
20 that, there has been much more growth on the Public Service  
21 Commission side, as a percentage, than there has been of the  
22 Public Counsel. You can research those figures, I'm not sure.

23 Are you familiar with the Neil Rogers website? He is  
24 apparently an activist in Tallahassee. This is from 2005, but  
25 it was on the Internet and he had some interesting quotes here

1 about the Public Service Commission. One was from Attorney  
2 General Charlie Crist, who was then a Republican candidate for  
3 Governor, and he calls the Public Service Commission a lapdog  
4 to the industry. So that was one statement he made during his  
5 campaign.

6 CHAIRMAN EDGAR: I remember that.

7 MR. RILEY: You do?

8 CHAIRMAN EDGAR: I do.

9 MR. RILEY: Do you remember a statement made by Nancy  
10 Argenziano when she was a state Senator, she was part of the  
11 Commission Oversight Committee in the Senate, and she made a  
12 statement according to this document that the Public Service  
13 Commission has been too cozy with the utilities. They don't  
14 need to be wined and dined by the utilities.

15 COMMISSIONER ARGENZIANO: I remember that.

16 MR. RILEY: You do?

17 He goes on to say that if there is any debate over  
18 whether there is a close relationship or not, that he had 19  
19 former Commissioners and ten of which became consultants,  
20 attorneys, or lobbyists for utility companies after they left  
21 the Commission. He said that President Tom Lee says it's  
22 fairly obvious that the exit strategy for most Commissioners is  
23 to work in the industries that they regulate. And then it goes  
24 on to say that the process of allowing the utilities to donate  
25 heavily to the Republican and Democratic parties and then those

1 people involved in those parties being the source of the  
2 nominating process for the Commission is a flawed system, and  
3 that really it is better when the public was voting directly  
4 for the Commissioners. I would be interested in how much money  
5 Florida Public Utilities has donated to the Democratic and  
6 Republican parties in the past three or four years.

7 That's the end of my comments. I ask you to not take  
8 the barbs I threw at you against the issue at hand. The issue  
9 at hand is the needs of the citizens of Jackson County, or  
10 Marianna, and the service area that the utilities serve. There  
11 are a lot of struggling people in that group, and to pay  
12 another \$500 a year plus or minus in utility bills will be a  
13 severe blow to many of them.

14 Thank you.

15 CHAIRMAN EDGAR: And, Mr. Riley, could you stay for a  
16 moment in case there are any questions?

17 MR. RILEY: Yes. You are going to throw some barbs  
18 at me now. (Laughter.)

19 CHAIRMAN EDGAR: I thank you, of course, for your  
20 questions. I have to say I have never been wined or dined by a  
21 utility, and I'm sure that each of my colleagues would make the  
22 same statement.

23 I will recognize Commissioner Argenziano.

24 COMMISSIONER ARGENZIANO: And, first of all, as the  
25 other gentleman who came up, we are doing our job. When you

1 say thank you for coming here, we are the Public Service  
2 Commission, and that is why we are here. We are here to hear  
3 what the public has to say. It is a very important part of the  
4 job we do.

5 Now, my comments, they were real. They were, but  
6 they were towards certain individuals who do not sit on this  
7 Commission right now, so I want you to know that. Because if  
8 they did, I would say okay, you know, yes, it was. And they  
9 were very true. They were not misleading comments, they were.  
10 There were some Commissioners -- just as in any other  
11 profession. I come from the legislative process. I can tell  
12 you there are some good legislators and there are some very bad  
13 ones.

14 And just so you know, those comments were not  
15 directed to anyone here. And I'm the type of person who would  
16 tell you, yes, he was the one. No, he wasn't. So, there has  
17 been a change. And part of that change is because of the  
18 public who has been responding, and a Governor who felt that he  
19 wanted to have a nice Commission that really understood they  
20 were the Public Service Commission, and they had to make sure  
21 they walked that fine line in being fair to the utilities,  
22 because, after all, you need to be able to turn on that switch  
23 when you need electric and keep them in the state of Florida  
24 serving the public, but fairly.

25 And the only other thing I wanted to say, Madam

1 Chair, so that you understand, because I understand the  
2 frustration there, I really do. Being a legislator, I had 13  
3 of the poorest counties in the state of Florida, and I heard  
4 and saw the farmers and the people who had to pay, and every  
5 little bit hurts. And to be honest with you, and I'm trying to  
6 be fair, I don't know how much we can all keep going when it  
7 comes to water, and I don't know when the end is. I don't know  
8 when it just all blows up. People can't do it anymore.

9 But, there was a move, and I believe for Public  
10 Counsel, and I know that the past Public Counsel has heard this  
11 from me, and I could have used his help when I was in the  
12 legislative process, I think that the Public Counsel should be  
13 completely independent even of the legislative process. So if  
14 you are an advocate, you may want to start informing citizens  
15 that they may want to let their legislators know that that  
16 office should be independent. Because if you have a legislator  
17 who is doing -- let's say, and just bear me with a minute,  
18 because I understand where he is coming from -- if you have a  
19 legislator who is passing a very lousy bill that may be good  
20 for an industry, but not good for the consumer, or is not fair,  
21 if he works for the Legislature, and I know this man to be a  
22 very good man, he was just appointed, but how can he feel that  
23 he wouldn't lose his job if that legislator happens to be a  
24 leader?

25 So, having an Office of Public Counsel who is very



1 independent from the legislative process is probably something  
2 the citizens need to do. And one thing I had to say was I know  
3 that people work and they can't be here, but there is no reason  
4 that we shouldn't get tons of these. If this room would have  
5 been filled up at 6:00 or 7:00 o'clock tonight, then there is  
6 no reason we shouldn't get tons of these. In your position in  
7 your newspaper that you have, you might want to let them know  
8 to give your comments to us, because we are here for that.

9 MR. RILEY: I already have it written.

10 COMMISSIONER ARGENZIANO: Okay. Very important.  
11 This is very important, because we are trying to say we know we  
12 may not be able to get there at the right time all the time,  
13 but this is an avenue, and we take these very, very seriously.

14 And I understand that, but I just wanted you to know  
15 those comments were directed to individuals who were not doing  
16 the right thing. And I have not found -- I'm fairly new here,  
17 but I have not found that in my colleagues at this time. I  
18 found them to be upstanding and trying to do the best that they  
19 could. Not that it's a perfect world, but hopefully things are  
20 getting better.

21 And one other comment. When it comes to an elected  
22 Public Service Commission, I signed a bill to do that. But  
23 then I had even members of the public, and I think even members  
24 of the Office of Public Counsel saying be careful because then  
25 where do the contributions come from. It's very difficult, but

1 something does need to happen to make the public feel a little  
2 bit more confident in their Public Commission. And I think we  
3 are trying to get there. And we have a Governor who, as you  
4 said, is trying to get there also. Thank you.

5 CHAIRMAN EDGAR: And, Mr. Riley, again, I do recall  
6 the last time I was here in this room a different issue, when  
7 we had a customer meeting, and that was in the evening. So I  
8 understand --

9 MR. RILEY: We had a large crowd then, too.

10 CHAIRMAN EDGAR: We had six speakers.

11 MR. RILEY: Huh?

12 CHAIRMAN EDGAR: We had six speakers.

13 MR. RILEY: Was that when they were doubled the --

14 CHAIRMAN EDGAR: It was for the storm hardening  
15 issue.

16 And I just say that to please recognize that there is  
17 no time that is good for everybody, and we do try to schedule  
18 these meetings -- we come because we want to hear from  
19 customers. And we do schedule some in the evening and schedule  
20 some during the day, and there is never a time that seems to be  
21 good for everybody, but we do do them at both times.

22 And I'm going to follow up -- and, Commissioner  
23 Argenziano, thank you for that comment. And, again, please  
24 reference that there is a way to provide us written comments,  
25 and I certainly hope that customers will take advantage of

1 that. And I appreciate your help with that, as well. Thank  
2 you.

3 Mr. Kelly.

4 MR. KELLY: Thank you, Madam Chair.

5 I just want to let everybody know that I'm the Public  
6 Counsel. I was appointed -- I have been in the job all of two  
7 weeks, but my past career has been in consumer services. I  
8 have been a consumer advocate for the past 15 years. And I  
9 want to tell you I'm truly excited. I'm very humbled by my  
10 recent appointment, but I want you to know, sir, and everybody  
11 else here, that I intend to lead the office to represent you  
12 and everybody else here.

13 What Commissioner Argenziano said is very true. I  
14 worked for the legislature, that's just the way the process is,  
15 but that doesn't mean that I'm going to agree with what they  
16 want to do if it means that I'm not going to be representing  
17 you and all the other consumers to the best of my ability. And  
18 we're going to do everything we can, as Ms. Christensen said,  
19 we have got several areas in this particular case that we have  
20 got a lot of concerns about. We're building our evidence and  
21 our case about those concerns, and we're going to represent you  
22 very, very well, and I can assure you.

23 I want you to know you can always call our office.  
24 As you can tell from my accent, I'm from the south. I grew up  
25 in Quincy, Florida. A little bit smaller, I think, than

1 Marianna, and I do understand how rate increases like this can  
2 impact the everyday consumer. And we are going to work very  
3 hard to make sure that anything that is considered is very  
4 reasonable and is justified.

5 MR. RILEY: Well, a 43 percent increase is a  
6 tremendous Christmas present. And I wish you good luck in your  
7 new role, and I'll be watching the outcome of this issue to  
8 make a judgment on how good a job you are doing.

9 MR. KELLY: Absolutely. Please do.

10 CHAIRMAN EDGAR: Mr. Riley, thank you for sharing  
11 your comments with us.

12 CHAIRMAN EDGAR: Mr. Andraesen, I --

13 MR. ANDREASEN: Madam Chairman, one statement,  
14 please. I'm going to put you on the spot in light of what  
15 Charlie Crist, it won't take --

16 CHAIRMAN EDGAR: Mr. Andraesen, if I may, I really  
17 would prefer to work through our list. And then if you would  
18 like to share an additional comment, I would like to recognize  
19 you then. But we have had people to sign up, and as I said I  
20 would go through the order. And with all due respect, I  
21 actually would like to hear what you have to say, but I do want  
22 to stick to the process that I had laid out, if you can bear  
23 with me for just a moment.

24 MR. ANDRAESEN: I want to know if you voted for  
25 Charlie Crist. (Laughter.)

1           CHAIRMAN EDGAR: Okay. I do respect, quite frankly,  
2 the sanctity of the voting booth. But I will tell you this,  
3 that I spoke to the Governor just yesterday about some of the  
4 work that we are doing.

5           So, Ms. Christensen.

6           MS. CHRISTENSEN: The last speaker we have that  
7 signed up is Mr. Rex Torbett.

8                                 REX TORBETT

9 appeared as a witness and, swearing to tell the truth,  
10 testified as follows:

11                                 DIRECT STATEMENT

12           MR. TORBETT: My name is Rex Torbett, that  
13 T-O-R-B-E-T-T. I wear three hats today. I'm a consumer at my  
14 residence, I own a business here in the community, and I also  
15 am the accounting director for Jackson Hospital. And that's  
16 the hat I will be wearing.

17           And as you probably read in the paper of the recent  
18 troubles of the hospital in Atlanta that services the  
19 community, if that hospital were to close what problems it  
20 would cause. We're in the same boat here in Jackson County.  
21 We are a county run -- well, I won't say county run, but we are  
22 a public hospital. And if you come to the hospital, whether  
23 you have insurance or if you don't have insurance, we treat you  
24 whether you pay or you don't pay. This past year we wrote off  
25 over \$11 million in bad debt and charity care for our

1 community.

2           Costs are rising. Health care costs are rising, but  
3 the reimbursement that hospitals are getting is declining. The  
4 state budget, they're cutting the budget with Medicaid. The  
5 federal government, we're getting less money from Medicare. We  
6 are 60 percent Medicare and about 20 percent Medicaid, or about  
7 15 percent Medicaid at our hospital. That makes up a large  
8 portion of our revenue, and we're in the business that it  
9 doesn't matter if we charge \$5 for that aspirin or if we charge  
10 a penny, Medicare is going to give us what they give us, and  
11 Medicaid is going to give us what they give us. If we raise  
12 charges we don't have an impact, or we have a very small impact  
13 of the paying customer and the people who pay a percent of  
14 charges, which is going away in health care. So, it doesn't  
15 matter if we have a rate increase, our revenues do not change.  
16 Our cash coming in does not change.

17           So will a rate increase close our hospital? No, but  
18 it's like when is it going to stop. You know, at some point in  
19 time, if our hospital got to that point, what is our community  
20 going to do? What are other communities that have public  
21 hospitals going to do, because the cost of everything is going  
22 up, and it is not your issue to deal with the reimbursement of  
23 hospitals, but it is going down, or at least not going up at  
24 the rate that the costs are going up. So I wish that you would  
25 take that into consideration because of the need that our

1 public has in our public hospital. And that's all I have to  
2 say.

3 CHAIRMAN EDGAR: Thank you.

4 Commissioner.

5 COMMISSIONER ARGENZIANO: Just a question, basically,  
6 because I guess what you're saying is we need to keep utilities  
7 here. Obviously the public needs the service of having  
8 electric, water, telephone, whatever it is, also, and their  
9 costs go up also. And that is part of the Commission's job is  
10 to try to figure out is it justified. And obviously the Office  
11 of Public Counsel is going to be scrutinizing, as  
12 Ms. Christensen had said.

13 Basically, we're going to look. We don't know if you  
14 have been most efficient here and there, so that is part of the  
15 process. But I guess what I want to ask one person who comes  
16 up, and since you are the last speaker maybe I can ask you,  
17 you're not saying you don't recognize that they have costs that  
18 go up, also, you're just saying make sure that -- you know,  
19 don't just give them what they ask for, make sure it is  
20 justified. Is that it?

21 MR. TORBETT: Right.

22 I mean, I can tell you -- all businesses, I feel,  
23 have the right to make money. But, I mean, you're in the  
24 position of saying how much money they can make. I mean, do  
25 they need to make \$5 million? I mean, what's wrong with one

1 million? You know, it's just going in the shareholders'  
2 pockets, the excess revenue that they're making. So, I mean,  
3 the hospital -- I mean, we lost money last year. We lost a  
4 little over \$600,000. And we started out October the same way.  
5 And we are running as efficient as -- I mean, we probably --  
6 yes, there are areas in every business that you can increase,  
7 but we're running -- if it weren't for our investments, we  
8 would be in real trouble. So, yes, they need to make money,  
9 but, you know, put a limit on it.

10 COMMISSIONER ARGENZIANO: Thank you.

11 CHAIRMAN EDGAR: Thank you.

12 Ms. Christensen, are there any other names that you  
13 have?

14 MS. CHRISTENSEN: No. That was the last speaker that  
15 we have signed up.

16 CHAIRMAN EDGAR: Is there anybody who did not sign up  
17 that has changed their mind and would like to come forward and  
18 share comments with us on this matter? And I am seeing none.

19 So, on behalf of my colleagues, I want to say thank  
20 you to everybody who participated. And as Commissioner  
21 Argenziano is reminding me, I want to give one more plug for  
22 the green sheets that are in the back. And, please, do let any  
23 of your friends, relatives, neighbors, business associates that  
24 may have an opinion on this issue, or some comments that they  
25 would like to share, but were not able to come, or were not



1 aware of this opportunity, please let them know of the  
2 opportunity to share their comments with us through that means.  
3 Because I assure you that we do look at all of them and take  
4 those comments into account, as well.

5           Commissioners, any other comments? No.

6           Okay. Again, thank you all. And I will also add  
7 that we are having a similar proceeding in Fernandina Beach  
8 tomorrow at 10:00 a.m.

9           We are adjourned.

10           (The Service Hearing concluded at 11:15 CST.)

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1 STATE OF FLORIDA )

2 : CERTIFICATE OF REPORTER

3 COUNTY OF LEON )

4

I, JANE FAUROT, RPR, Chief, Hearing Reporter Services  
5 Section, FPSC Division of Commission Clerk, do hereby certify  
6 that the foregoing proceeding was heard at the time and place  
7 herein stated.

7

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

10

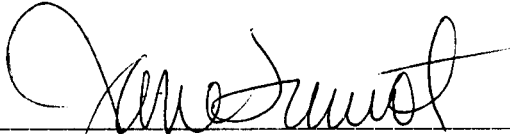
I FURTHER CERTIFY that I am not a relative, employee,  
11 attorney or counsel of any of the parties, nor am I a relative  
12 or employee of any of the parties' attorney or counsel  
13 connected with the action, nor am I financially interested in  
14 the action.

13

DATED THIS 12th day of December, 2007.

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16 JANE FAUROT, RPR  
17 Official FPSC Hearings Reporter  
18 (850) 413-6732

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