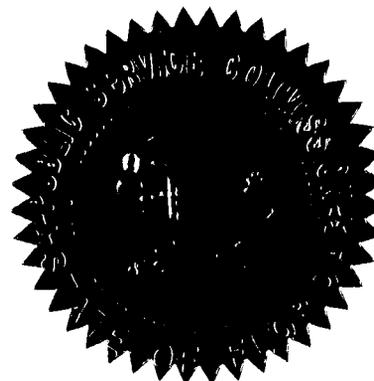


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 070304-EI

In the Matter of:

PETITION FOR RATE INCREASE BY
FLORIDA PUBLIC UTILITIES COMPANY.



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PROCEEDINGS: FERNANDINA BEACH SERVICE HEARING

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

DATE: Thursday, December 6, 2007

TIME: Commenced at 10:06 a.m.
Concluded at 11:44 a.m.

PLACE: Fernandina Beach City Hall
City Commission Chambers
204 Ash Street
Fernandina Beach, Florida

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

DOCUMENT NUMBER-DATE

FLORIDA PUBLIC SERVICE COMMISSION 10899 DEC 13 07

FPSC-COMMISSION CLERK

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12 Florida Public Service Commission Staff.

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P R O C E E D I N G S

1
2 CHAIRMAN EDGAR: Good morning. I call this customer
3 hearing to order. I welcome all of you. My name is Lisa Edgar
4 and I serve as Chairman of the Florida Public Service
5 Commission. And with me are my fellow Commissioners: To my
6 right, Commissioner Nancy Argenziano.

7 COMMISSIONER ARGENZIANO: Good morning.

8 CHAIRMAN EDGAR: Commissioner Matthew Carter.

9 COMMISSIONER CARTER: Good morning.

10 CHAIRMAN EDGAR: Commissioner Katrina McMurrian.

11 COMMISSIONER McMURRIAN: Hi. Good morning.

12 CHAIRMAN EDGAR: And Commissioner Nathan Skop.

13 COMMISSIONER SKOP: Good morning.

14 CHAIRMAN EDGAR: And also joining us here at the
15 front are representatives of the Office of Public Counsel,
16 J. R. Kelly and Patty Christensen, and we'll ask them to say a
17 few words here in a few moments. And also at the end to my
18 left is staff counsel with the Public Service Commission Lisa
19 Bennett.

20 We also have staff here who are in the room and are
21 available to help us answer any questions that you may have,
22 technical information, and I'm going to just ask our PSC staff
23 to raise their hands so you know where they are. Thank you.
24 And Mr. Brown is at the back, who is with us, and he is manning
25 the sign-up sheets. Those of you who would like to speak to us

1 today -- and I very much hope, we all very much hope that you
2 will take advantage of this opportunity because we are here
3 because we want to hear from each of you. And so if you
4 haven't, please do sign up at the signup sheet there by Todd.

5 In a few minutes we're going to go through some
6 preliminaries. We will hear some comments from both the Office
7 of Public Counsel and from the utility. And then after that we
8 will use the signup sheet to call names to have you come
9 forward and share your comments with us.

10 And so let me move through some of the preliminaries
11 first. Let me ask our staff counsel to please read the notice.

12 MS. BENNETT: By notice this time and place has been
13 set for a customer service hearing in Docket Number 070304-EI,
14 Petition for Rate Increase by Florida Public Utilities Company.

15 CHAIRMAN EDGAR: Thank you. And let's go ahead and
16 take appearances from the attorneys who are representing
17 parties in this matter.

18 MR. HORTON: Madam Chairman, Commissioners, I'm
19 Norman H. Horton, Jr., with the Messer, Caparello & Self Law
20 Firm. I'm appearing on behalf of the Petitioner, Florida
21 Public Utilities Company.

22 CHAIRMAN EDGAR: Thank you.

23 MS. CHRISTENSEN: Patty Christensen and J. R. Kelly
24 with the Office of Public Counsel, and we represent the
25 citizens.

1 CHAIRMAN EDGAR: Thank you.

2 MS. BENNETT: And Lisa Bennett on behalf of Martha
3 Carter Brown and Katherine Fleming for the Public Service
4 Commission.

5 CHAIRMAN EDGAR: Thank you. And as I mentioned, this
6 is a part of the hearing process that we will have on this
7 matter, on the petition that FPUC has filed, so this is part of
8 our official record. And as such, the proceedings today are
9 being recorded and transcribed, and that information will also
10 be available as well.

11 I want to go ahead and mention that we have sheets
12 that look like this, green fact sheets, information sheets that
13 are available in the back. On the back page there is a form.
14 If for some reason you would prefer to put your comments in
15 writing to us rather than speak to us or in addition to, please
16 use this sheet and you can turn it in to our staff today or
17 also on the back you'll see that it can be mailed in. And I
18 always mention, we always mention, we will mention again before
19 we finish today that if you know of anybody that has an
20 interest in this matter that was not able to join us today,
21 please let them know that this is an option. It's also
22 available on the website, and they can -- if you have friends,
23 relatives, co-workers, neighbors that were not able to share
24 their comments with us today, please ask them to take advantage
25 of that opportunity as well. And those comments that we

1 receive through this means will also be a part of the official
2 record of this proceeding.

3 I think that right now what we'll do is go ahead and
4 hear from the parties, go ahead and have them give us an
5 overview of their comments on this matter. And then after that
6 we'll talk a little bit more and then we'll begin by calling
7 the names. So I'd like to go ahead and ask Mr. Horton to join
8 us and please give your comments.

9 MR. HORTON: Thank you, Madam Chairman.

10 Before -- a couple of preliminary things. Yesterday
11 in Marianna we introduced Composite Exhibit 1, which was the
12 proof of publication, and part of that was the proof of
13 publication for this particular hearing this morning. So
14 that's been introduced.

15 Also, we have several folks from the, from the
16 company that are here today if the customers have any questions
17 or if we can help them. Mr. George Puentes, the Operations
18 Manager; Roger LaCharite, the Customer Service Manager; and Jay
19 Smith, who is the Energy Conservation Manager is here.

20 And at this time I'd like to ask Mr. Mark Cutshaw,
21 who is the General Manager for Fernandina Beach, to present our
22 comments.

23 CHAIRMAN EDGAR: Thank you.

24 MR. CUTSHAW: Good morning, Commissioners. Thank you
25 very much for taking the time for coming and spending a little

1 time with us enjoying beautiful Amelia Island. And don't run
2 off too quickly. I hope you enjoy the day.

3 What I'm going to do very quickly is just go through
4 the presentation. I know you had to sit through this yesterday
5 and I'll make it quick, but I do want to make sure the
6 customers have a chance to look at what's being proposed and
7 try to understand what we're trying to accomplish by doing all
8 this.

9 This is the Customer Service Hearing for our rate
10 proceeding, 070304. We filed a petition with the Public
11 Service Commission on August 30th, 2007, seeking an approval of
12 an additional \$5.2 million in revenues, which would encompass
13 both the northeast division, which is here on Amelia Island,
14 and also the northwest division, which is parts of Jackson,
15 Calhoun and Liberty Counties. So this will apply to, equally
16 to customers in both locations.

17 The reason for the increase is to continue to provide
18 good service to our customers, hopefully even make service
19 better, while still balancing that with the ability of the
20 company to make a fair rate of return on our investment.

21 Next slide, please. Some of the reasons for the
22 increase are like most other companies: The cost of living,
23 inflation, materials have gone up. We utilize a lot of copper,
24 aluminum. Those items, as you're well aware, have gone up
25 tremendously in price in the last few years. Gas, everything

1 we use on a daily basis continues to go up, which impacts the
2 company.

3 The storm hardening initiatives. We have proposed
4 several storm hardening initiatives that were in excess of what
5 we have done in the past. The anticipation is that those will
6 make things better in the future should we have a hurricane
7 that affects our service area. So those are being proposed and
8 are included in the rate case.

9 Medical costs, other insurance costs continue to be
10 on the rise like everybody else. But also being a publicly
11 held company, we're bound by some of the requirements of the
12 Sarbanes-Oxley Act, which requires that we monitor ourself to
13 avoid issues like some of the companies have had in the past.
14 We have internal and external auditors that are constantly
15 looking at what we're doing, making sure we're following all
16 the accounting regulations and that we're doing things right,
17 and that the investors in our company and our customers know
18 that we're doing things correctly.

19 Additional facility upgrades. In the past few years
20 we've upgraded the substations in our area. We've got several
21 significant improvements planned around the first of the year.
22 So we have made some improvements to the system which also
23 affects our rate base, which is a big component of our rates.
24 Those are just a few of the reasons for the increase.

25 Next slide, please. What I want to show now is kind

1 of a history of, of where our rates have been. This shows the
2 electrical rates for a residential customer using 1,000
3 kilowatt hours since the year 2000. And you can see this shows
4 all five investor-owned utilities. We're down here at the
5 bottom. You can see for many years we have been well below
6 most of the other companies. Things have changed. The
7 purchased power costs have changed for us. Our base rates are
8 changing. So you can see we're proposing next year to be
9 pretty much where everybody else is as far as investor-owned
10 utilities in the state. So although we are going up
11 significantly, you can see there was a large increase in the
12 beginning of 2007, which everyone was aware of, when our
13 purchased power contract was amended and caused a significant
14 impact.

15 But you can see we have been very competitive. We'll
16 still be competitive with other companies, but we won't be able
17 to continue to offer the extremely low rates that we've had in
18 the past.

19 Next slide, please. Another big component of our
20 company is what our rate of return is. In the last rate
21 proceeding we had an allowable rate of return approved in the
22 rate proceeding. That rate was 7.6 to 8.4 percent. You can
23 see where we're at as of the end of September, 5.6 percent. So
24 we're well below what was approved in the last rate proceeding.
25 And as a matter of interest, since that proceeding we have

1 never been able to get within that allowable rate of return.
2 We have been -- since April of 2004 when the new rates went
3 into effect we have yet to be able to get up to the allowable
4 rate of return. So operating under those conditions for
5 several years we haven't seen things improve, which is another
6 reason why we're here today to talk about it.

7 Next slide, please. I think something interesting
8 for the customers is when you give Florida Public Utilities
9 \$100, what is it there for? This is a graph illustrating on
10 the average for the entire electric portion of our business if
11 we take \$100 from a customer, where does it go? You can see
12 the biggest portion, \$70.50, goes to pay our power bill. We're
13 just like every other customer; we have a power bill we have to
14 pay. We pay our energy supplier. It is a straight
15 pass-through. Florida Public Utilities makes no profit on it.
16 It is a straight pass-through to our energy supplier.

17 Then \$22 of that \$100 bill goes to us operating our
18 business. It includes salaries, it includes providing service
19 to new customers, it includes trimming trees, it includes
20 fixing the trucks. So everything associated with operating the
21 business is in that \$22 of the \$100.

22 \$5 of that \$100 bill goes to pay taxes. And then on
23 the bottom, \$2.50 of that is used for Florida Public Utilities'
24 profit. Being a publicly held company to continue operations,
25 make improvements in the company and also to pay the

1 stockholders.

2 Next slide, please. So what is going to happen when
3 the rate increases happens? What I'm showing here is --
4 pretend we're next, we're next May after this is resolved. The
5 before is what a customer would pay on their electric bill if,
6 if nothing in the rate proceeding is approved. If we get no
7 increase in rates, next May they will pay \$90.68. If we get
8 the full amount that we've asked for, it will be \$100.62, which
9 is about an 11 percent increase for a residential customer
10 using 1,000 kilowatt hours. You can, you can see the impact
11 next May. This also includes the base rates, which is the
12 portion of the bill that FPU retains, and also the fuel cost,
13 which is what we collect and use to pay our power bill.

14 Next slide, please. Now this is just another
15 illustration of where we are today with electric rates. You
16 can see compared to the other investor-owned utilities we are
17 still slightly lower than most of them. And as you saw on the
18 earlier graph, we have been very competitive in the past.

19 Next slide, please. And, again, these are just those
20 particular numbers without the graph.

21 Next slide, please. This is similar to the first
22 slide you saw on the residential service. This is a general
23 service customer who would use 2,000 kilowatt hours. This
24 would be a small business, maybe a small office that someone
25 would operate, a commercial customer. You can see it will go

1 from \$181 to \$202 with this rate increase, which is about right
2 at a 12 percent increase.

3 He's got a question.

4 CHAIRMAN EDGAR: Oh, I'm sorry. I didn't see you.

5 I will give an opportunity for questions, but I'd
6 very much like to work through the opening statements and then
7 we'll call on the customers. But just bear with us and let us
8 work through some of these first things. Thank you.

9 MR. CUTSHAW: So it's about 12 percent for a small
10 office, small business.

11 Next slide. This represents a customer which we call
12 a general service demand customer. This would be a commercial
13 customer that we look at that has a demand between 25 and 500
14 kW. That would be a McDonald's or a lot of the businesses
15 downtown would fall into this category. Most mid-size
16 businesses fall into this category. You can see the before and
17 after numbers. The total cost to the customer would increase
18 about 5 percent in this category.

19 Next slide. Our general service large demand would
20 be customers with a demand in excess of 500 kW. This would be
21 the Ritz-Carlton hotel, it would be a manufacturing plant, it
22 would be some of the larger customers that we have here on the
23 island. You can see that cost would go up about 5 percent
24 also.

25 Next slide. The previous line showed us going up to

1 about 30 -- \$31,300 next May. These were the costs for the
2 other four investor-owned utilities for a similar sized
3 customer in 2006. I did not have access to the data for 2007
4 and '08, but this is information published on the Public
5 Service Commission website and this is what it was in 2006. So
6 you can imagine they've probably gone up slightly since then,
7 so the \$31,000 is still in line with those customers.

8 Next slide. Okay. We're here today for the customer
9 service meeting. We want to hear from the customers, the
10 Commission wants to hear from the customers. We are regulated
11 by the Florida Public Service Commission. We are here, we're
12 monitored and we have -- there's a lot of input into what our
13 rates are set at. It's not something we do arbitrarily.
14 There's a lot of work and effort that goes into justification,
15 so I just want to make sure everybody was understanding that
16 this is definitely not done in a vacuum by us. We have a lot
17 of input from a lot of people, so it is closely monitored.

18 Next slide. And we do realize this is going to have
19 an impact on customers. Any time the bill goes up somebody is
20 impacted. And we've talked about other companies. Most of the
21 customers really don't care what the other customers are paying
22 for another customer, another company. It matters what's
23 coming out of their pocket. And we understand, we're trying to
24 run a very efficient business, but we understand it does have
25 an impact.

1 We offer conservation assistance to those customers.
2 We have personnel available to come to your house, look at what
3 you're doing, look at the business and make recommendations on
4 things that the customers can do to save energy. I think we
5 all within the State of Florida are focused on that: How can
6 we conserve energy? How can we reduce the need to build
7 additional power plants? So we have that expertise available.
8 We would encourage any customer to give us a call and we will
9 do what we can to provide that assistance to you.

10 Next slide. If anyone would like to look at all the
11 data that's been provided, we do have a copy of the, the filed
12 documents at our office at 911 South 8th Street. Feel free to
13 come by and look through the documents. And if there's any
14 questions, either ourself or the Commission staff, I'm sure,
15 can answer your questions.

16 And that concludes my presentation. At any time
17 appropriate we'll be glad to answer any questions, or if any of
18 you have questions now, I'll be glad to answer them.

19 CHAIRMAN EDGAR: Thank you.

20 Commissioners, any questions? Yes, Commissioner
21 Argenziano.

22 COMMISSIONER ARGENZIANO: I don't know which to grab
23 here. If you can hear me, if everybody can hear me.

24 How much of the increase is, I guess, due to the
25 storm hardening?

1 MR. CUTSHAW: I don't have that information on top of
2 my head, but we could find out and make, break that down to the
3 different components.

4 COMMISSIONER ARGENZIANO: And if you could, if the
5 storm hardening was eliminated, let's say, where would that put
6 you as far as an increase, if it wasn't needed at all?

7 MR. CUTSHAW: Okay. We can look at that.

8 CHAIRMAN EDGAR: Commissioner, I know that our staff
9 has looked at that issue and they may be able to discuss that
10 with you as well.

11 COMMISSIONER ARGENZIANO: Great. Thank you.

12 MR. SLEMKEWICZ: Based on my review of, you know, of
13 the filing, there's approximately \$954,000 that's related to
14 storm hardening out of the \$5,250,000 rate request.

15 COMMISSIONER ARGENZIANO: And then given that number,
16 I guess what I'd like to know is would the -- I guess the
17 increase would be minus the \$954,000 if the storm hardening was
18 eliminated.

19 MR. CUTSHAW: Correct.

20 COMMISSIONER ARGENZIANO: And just one other
21 question, if I may.

22 When was the last time you were hit? And I know it
23 could happen at any time. God and nature work in very
24 mysterious ways. But when was the last time this area was hit
25 with a bad storm?

1 MR. CUTSHAW: This area to my knowledge has not been
2 impacted significantly in many, many years. I think it was,
3 somebody may help me, the '60s maybe --

4 UNIDENTIFIED SPEAKER: '64.

5 MR. CUTSHAW: -- from Dora, I think it was. So that
6 was the last time that this area here was impacted. We do have
7 the other service territory in our Northwest Florida area and
8 it was hit pretty well in 2004 and 2005 by several hurricanes.
9 But we want to continue our streak here and keep our pains
10 away.

11 CHAIRMAN EDGAR: Thank you. And we will, of course,
12 know that you'll be available as we move on and we will be
13 hearing comments and questions from customers and we'll try to
14 answer those.

15 Right now I'd like to ask the Office of Public
16 Counsel to please make their comments.

17 MS. CHRISTENSEN: Good morning. My name is Patty
18 Christensen, and with me is J. R. Kelly, and we're with the
19 Office of Public Counsel.

20 The Office of Public Counsel was created by the
21 Legislature to represent you, the citizens, in cases before the
22 Florida Public Service Commission. And the Florida Public
23 Service Commission is the one who will eventually decide how
24 much of a rate increase the Florida public will receive from
25 this request.

1 As the attorneys representing your interests we are
2 thoroughly reviewing Florida Public's petition for a rate
3 increase. Florida Public has asked for, as you heard,
4 approximately \$5 million. We think plain and simply that
5 Florida Public is asking for too much money in this increase.

6 (Applause.)

7 We oppose a lot of the increases -- thank you. We
8 oppose a lot of the increases that Florida Public is asking
9 for, and we also think that the profit that Florida Public is
10 asking for and requesting in this increase is too high.

11 Now we've hired consultants to help our office review
12 Florida Public's petition to do discovery and to put on
13 testimony before the Commission. And we have hired Larkin &
14 Associates to look at the accounting issues, and Professor
15 Woolbridge (phonetic) from Pennsylvania State to look at the
16 financial issues and the profit issues. We also have in-house
17 staff, Ms. Merchant, who is also reviewing those accounting
18 issues and looking at other issues.

19 Based on our review so far we have identified at
20 least 70 items that we have problems with those items. And
21 basically for these 70 issues we believe that Florida Public
22 has either asked for too much money or has not justified the
23 money that they're asking for in their filings.

24 Now some of these items, just to kind of give you a
25 flavor of what kind of issues we're dealing with, like Issue 7,

1 "Is the company's projected plan to accelerate the replacement
2 of existing wood pole 69 kV transmission systems with concrete
3 poles reasonable and cost-effective? And, if not, what
4 adjustments should be made to the company's projected test year
5 in rate base?" "What is the appropriate weighted cost of
6 capital for the test year ending December 31st, 2008?" Issue
7 34, "Is the company's requested salary adjustments reasonable
8 and supported? And, if not, what adjustments are necessary?"
9 And Issue 60, "Is the company's request for recovery of
10 additional expenses to promote growth within the community
11 reasonable and supported? And, if not, what adjustments are
12 necessary?"

13 Now as you can tell from the example that I just
14 read, we have a very long list of very technical issues. But
15 these issues are very important because the bottom line dollar
16 amount that you ultimately will pay will be determined by these
17 very technical issues.

18 Now we're still looking at the case and we're still
19 refining these issues, and then we will be filing testimony
20 that address a lot of the issues that we've looked at. We'll
21 be filing our testimony by the end of December, and we'll be
22 presenting our case before the Public Service Commission at the
23 hearing in Tallahassee February 27th through the 29th. And we
24 welcome anybody who wants to come in and listen to the hearing
25 and listen to all the testimony. You can also listen to it

1 online. If you're not able to make the drive over there, you
2 can also dial it up if you have computer access and watch the
3 proceeding online. And as I said, at that hearing we'll be
4 addressing these technical issues.

5 And as the Commissioner has said today, it's very
6 important that the Commission hears from you all, the
7 customers, and that you guys provide your comments to them.
8 For those of you who are speaking today, it would be helpful if
9 you guys could speak to issues of customer -- of the utility's
10 quality of service as well as your opinions regarding the rate
11 increase. And I want to thank all of you for taking your time
12 to come today for those of you who are about to speak and
13 provide your opinions to the Commission. J. R. and myself are
14 available to speak with any of you after the customer service
15 meeting if you have questions about our office or would just
16 like to speak with us about any of these issues regarding the
17 case. And, again, I would encourage you to fill out the forms,
18 go to the website. I think there's ways to also provide
19 comments through the website. These do have an impact when the
20 Commission is deciding whether or not to grant certain rate
21 increases. They like to know what the customers feel about it.
22 So thank you for your time today.

23 (Applause.)

24 CHAIRMAN EDGAR: Thank you. And now we are ready to
25 move into the customer testimony and comment period. I

1 mentioned when we started that this is, and it has been
2 mentioned again, part of the official record for the proceeding
3 and is part of the information gathering as we move through the
4 process and move towards hearing and then a later decision.
5 As, as part of that and because it is part of the official
6 record we will need to swear you in, and we will do that as a
7 group here in moment for those of you who would like to take
8 advantage of this opportunity to speak to us. When your
9 name -- and so we'll do that in a moment.

10 When your name is called, if you would come forward
11 to the microphone, if you would tell us your name, if you would
12 spell your name if it's an unusual spelling, that's helpful to
13 us and it's helpful for our court reporter. Also if you will
14 tell us your address, that's useful information. If you have
15 questions, as we mentioned, the utility representatives are
16 here and will certainly try to answer those questions. Our
17 staff will try to answer those questions. If it's a question
18 that needs to have some follow-up done, our staff will do that
19 with you. And so there again having your address as part of
20 the record is very helpful so that they can follow up on any
21 questions or comments that you've given us.

22 And so with that, I would ask those of you who are
23 going to speak, if you will stand with me as a group and raise
24 your right hand.

25 (Witnesses collectively sworn.)

1 Thank you. And so let's get into it.

2 Ms. Christensen, please.

3 MS. CHRISTENSEN: Okay. Mr. Stanley Bunch. Stanley
4 Bunch. I do apologize if I mess up anyone's name.

5 STANLEY BUNCH

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

8 DIRECT STATEMENT

9 MR. BUNCH: That's like a bunch of bananas.

10 (Laughter.)

11 Okay. My address is 1941 Sycamore Lane. I've been a
12 customer of Florida Public Utilities for 50 years. My cost
13 went up, my increase went up 50 percent last year and now
14 they're proposing an 11 percent rate increase. Well, I got a
15 notice here two to three weeks ago that my social security
16 check has went up a whole 2 percent. Now that don't balance
17 out. And I realize that this is becoming a very developed
18 island and it's an island for the rich folks, I guess, but some
19 of us middle class people would still like to be able to stay
20 here and live here.

21 I hear all of these comparisons and see the
22 comparisons with Florida Public Utilities and other companies.
23 Well, that's kind of like a, kind of like a parable, I guess.
24 Just because all my rich neighbors like to drive Cadillacs, I
25 can operate just as efficiently driving a Ford or Chevrolet.

1 And I just, I just think 50 percent in the past year -- I just
2 think we need kind of a breathing spell. Let us, let us get
3 adjusted. And I thank you.

4 CHAIRMAN EDGAR: Thank you, Mr. Bunch.

5 COMMISSIONER CARTER: Excuse me. Mr. Bunch.

6 CHAIRMAN EDGAR: Mr. Bunch, Mr. Bunch, could you hang
7 on for a moment and come back to the mike, if you would. I
8 think Commissioner Carter would like to ask you a question.

9 COMMISSIONER CARTER: I don't know which one of these
10 mikes -- I'll probably just yell. I don't know which one of
11 these mikes work. But you've been a customer for 50 years?

12 MR. BUNCH: Yes.

13 COMMISSIONER CARTER: What kind of service have you
14 gotten?

15 MR. BUNCH: I certainly have no complaints about the
16 service. Like I say, the only -- Hurricane Dora in 1964, that
17 was the last, the last time it was out for very long at a time.
18 I know we lost it a day or two then.

19 COMMISSIONER CARTER: Thank you very much.

20 MS. CHRISTENSEN: Ms. Jean Haines.

21 MS. HAINES: I was supposed to be next to last.

22 MS. CHRISTENSEN: Oh, I'm sorry. I apologize.

23 MS. HAINES: That's okay.

24 JEAN HAINES

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

1 testified as follows:

2 DIRECT STATEMENT

3 MS. HAINES: Hi. My name is Jean Haines. I live at
4 604 Elizabeth Road. I need -- can I ask the FPU man a
5 question?

6 CHAIRMAN EDGAR: You may.

7 MS. HAINES: Did -- where are you? Oh, there you
8 are.

9 MR. CUTSHAW: Here.

10 (Laughter.)

11 MS. HAINES: Did you not get an increase the first of
12 the year?

13 MR. CUTSHAW: Correct.

14 MS. HAINES: Okay. I thought so. Because I read in
15 this that it's been 2004, I think.

16 MR. CUTSHAW: That was the, the base rate increase.

17 MS. HAINES: Okay.

18 MR. CUTSHAW: The increases this year have been fuel
19 related.

20 MS. HAINES: Okay. Okay. Like the gentleman that
21 spoke before me, I am a retired senior citizen living on a
22 fixed income, social security. And the bills, the increases
23 we're getting on the island, that's not only FPU, it's other
24 places. And it's really hard for middle income -- I'm nervous,
25 so sorry.

1 CHAIRMAN EDGAR: Don't be. Take your time. There's
2 nothing to be nervous about. Take your time.

3 MS. HAINES: Anyway -- let me think. Like I said,
4 our bills on the island keep getting -- it's the garbage bills,
5 it's everything that keeps going up, the taxes and all. And I
6 know this is, you know, this is going to be. But like
7 sometimes my lights go out at the house now, the electricity, I
8 should say, and it'll stay out maybe eight, ten hours. Not
9 often, but it's enough to make me say, oh, my goodness, my
10 freezer, you know, what's going to happen? They come on, I've
11 never had, you know, I've never had any complaints with FPU.
12 But I just cannot -- if I'm not mistaken, I believe they said
13 if they get this increase it'll be going up 75 percent, the
14 total. Am I right or am I wrong? 75 percent total increase.

15 MR. CUTSHAW: Over the last two years?

16 MS. HAINES: No. By the end, by -- if we -- if you
17 get this increase, it'll be 75 percent total.

18 MR. CUTSHAW: I'd have to go back and add up all the
19 different increases over the last year, so.

20 MS. HAINES: Okay. Because the first of the year my
21 utility bill was \$40 to \$50. Then as the year increased it's
22 gone up and up and now it's anywhere from \$90 to \$100. I mean,
23 that, that's all in this one year. What's going to happen, you
24 know, when we get -- if they get this other high increase, the
25 increase they're asking for? That's all I've got to say.

1 Thank you.

2 CHAIRMAN EDGAR: Thank you, Ms. Haines.

3 (Applause.)

4 MS. CHRISTENSEN: Ms. Michele Kling. Kling,

5 K-L-I-N-G.

6 MS. KLING: That's me.

7 MICHELE KLING

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

9 testified as follows:

10 DIRECT STATEMENT

11 MS. KLING: Hi. Okay. My name is Michele Kling and
12 I live at 905 Amelia Drive, and I have quite a few issues with
13 your, with your screen thing.

14 You mentioned you needed the increase for the medical
15 and so forth. You know, for the medical insurance and any type
16 of insurance, you know as well as I do you've got to get out
17 there and you've got to, just like anybody else, look for
18 cheaper, better rates. So that there should not affect us.

19 You know, we only get a 3 percent cost of living
20 raise, and here you're shooting for an enormous amount to where
21 people probably in a lifetime don't even see that type of
22 increase.

23 CHAIRMAN EDGAR: Ms. Kling, I do not want to
24 interrupt you, so I apologize. But if you could maybe come a
25 little closer to the microphone so that we can be sure that

1 your comments are on the, on the tape. Thank you.

2 COMMISSIONER ARGENZIANO: Pull it down.

3 MS. KLING: I'm sorry?

4 COMMISSIONER ARGENZIANO: Pull the microphone down a
5 little bit.

6 MS. KLING: Oh, it moves. And let's see.

7 COMMISSIONER CARTER: You were speaking about the
8 3 percent cost of living.

9 MS. KLING: Okay. Right. You know, the 3 percent
10 cost of living. Well, you know, it seems to me if we're
11 trying, if we're going to -- you're going to try and get that
12 75 percent whatever increase, then maybe you need to look in
13 your own backyard and see what you need to do to remove some of
14 your overhead instead of charging us for your overhead. And,
15 you know, the -- I've lived on the island for probably 20
16 years, and granted the electricity going off has gotten a
17 little bit better. It doesn't go off as much as it used to.
18 And I live over by Container, so it does seem to go off quite a
19 bit. So, you know, it's not like we're paying for better
20 service.

21 You know, there's just a whole bunch of issues that
22 seem to -- you know, you want to take it, increase our rates
23 when, like I said, in all reality you should be looking to see
24 what you can do to reduce yours so you don't pass it on to us.

25 And why can't we offer other electric companies to

1 bid for our electricity, you know? I mean, I know there's
2 other companies out there that would be more than happy to come
3 in. Okay. Do some bidding. I mean, that's what life is all
4 about. Put it out on the table and let the electric companies
5 bid and see what they can offer us. And I guess that's all my
6 griping.

7 CHAIRMAN EDGAR: Thank you, Ms. Kling. Ms. Kling,
8 hang on. If you would bear with us for a moment.

9 Commissioner Carter, did you have a question?

10 COMMISSIONER CARTER: Thank you. Thank you, Madam
11 Chair.

12 Ms. Kling, I wanted to follow up on the fact that you
13 mentioned, you said that your electricity goes off quite a bit.
14 Is that even now?

15 MS. KLING: Uh-huh. Uh-huh.

16 COMMISSIONER CARTER: When you say "quite a bit," can
17 you help me?

18 MS. KLING: At least once a month.

19 COMMISSIONER CARTER: At least once a month?

20 MS. KLING: And my mother was the lady that spoke
21 before. Hers goes off more than mine does.

22 COMMISSIONER CARTER: Oh, really?

23 MS. KLING: And this has been like this -- like I
24 said, I've lived on the island for 20 years and, you know, it
25 just happens. I mean, sometimes it'll go off, you'll have the

1 little short brownouts to where it fades in and out, or
2 sometimes you'll have the, it'll go out for a long period of
3 time. And it usually happens in the middle of the night when
4 you wake up for work late the next morning, so. And I had
5 moved to Virginia for a three-year period and with the snow and
6 everything else up there, and Duke Energy, we never once had
7 any type of, you know, the electricity going off or anything
8 like that. And, you know, to ask for that type of rate
9 increase, it seems to me you ought to offer a better service
10 too.

11 COMMISSIONER CARTER: Just don't go away.

12 Madam Chairman, permission to follow up.

13 Now Ms. Haines, that's your mom?

14 MS. KLING: Yes.

15 COMMISSIONER CARTER: Now you said yours goes off at
16 least once a month and hers --

17 MS. KLING: Oh, hers goes off more than mine.

18 MS. HAINES: Not lately.

19 MS. KLING: No, not lately?

20 COMMISSIONER CARTER: Not lately? Thank you.

21 MS. HAINES: In the winter time more.

22 COMMISSIONER CARTER: In the winter time more?

23 CHAIRMAN EDGAR: Mr. Kelly.

24 MR. KELLY: I just wanted to follow up.

25 When your electricity goes out do you file a

1 complaint with Florida Public Utilities Company? And, if so,
2 what has been your experience with them handling your
3 complaints?

4 MS. KLING: When the electricity goes out, you can
5 never get through to the, you know, through to them. And then
6 finally -- it's just -- it's so repetitious you don't even --
7 you know there's no sense in doing it. You just, you know,
8 it's just a pattern and something that happens and you know
9 they're aware of it because everybody else has already called
10 them. It's just, you know, "Well, we're working in your area"
11 or -- you know. I mean, I can think of 50 million excuses they
12 have given us already, but it happens quite a bit.

13 MR. KELLY: Thank you, ma'am.

14 COMMISSIONER CARTER: One more.

15 CHAIRMAN EDGAR: Commissioner Carter.

16 COMMISSIONER CARTER: I'm just trying to get some
17 more information.

18 MS. KLING: That's okay. Don't worry about it.

19 COMMISSIONER CARTER: Quality of service is an issue.
20 We like to understand it.

21 Let me ask you this, is that when your power goes
22 out, is it because of where you're located or does it go out
23 pretty much around, throughout the island? Are you able to
24 ascertain that? Because I notice you said in response to
25 Mr. Kelly's questions, you said, "Well, everybody is calling so

1 they already know about it." Is it, is it localized or --

2 MS. KLING: Uh-huh. Well, I think mostly in my area
3 it happens quite a bit because I live near Container, but that
4 I don't know.

5 COMMISSIONER CARTER: What is that, Container? What
6 is that?

7 MS. KLING: Container Corporation off 14th Street,
8 the end of 14th Street where you have the mill.

9 CHAIRMAN EDGAR: Commissioner.

10 COMMISSIONER ARGENZIANO: If I can ask, does it, does
11 it, does it happen when there are storms or it just happens?

12 MS. KLING: It just happens.

13 COMMISSIONER ARGENZIANO: Maybe no storm related, no
14 wind related, it just happens?

15 MS. KLING: It just happens.

16 COMMISSIONER ARGENZIANO: And just for clarification,
17 why would living near Container be a problem? What is it about
18 --

19 MS. KLING: Well, I don't really know if living near
20 Container is it, but I know sometimes you can be shopping down
21 at Winn Dixie or Publix or something, the electricity will be
22 on there. Then I go home and I don't have any electricity, so.

23 COMMISSIONER ARGENZIANO: And not, it's not storm
24 related?

25 MS. KLING: Oh, no. No. No. No. In fact,

1 sometimes it survives storms and just goes out for the heck of
2 it, so.

3 (Laughter.)

4 COMMISSIONER ARGENZIANO: Thank you.

5 CHAIRMAN EDGAR: And Commissioner McMurrin for a
6 question.

7 COMMISSIONER McMURRIAN: Thank you.

8 Ms. Kling, I just wanted to follow up. When you told
9 Mr. Kelly that you can't get through to them when you call --

10 MS. KLING: Uh-huh.

11 COMMISSIONER McMURRIAN: -- but you said sometimes
12 they say that they are aware of the problems in your area, is
13 it that you're getting a recording when you're calling and
14 you're having the power out, they're saying that they're
15 already working on it, or do you get a live person and they're
16 telling you that or is it different different times?

17 MS. KLING: Well, I have -- I've only been back in
18 town for three months. But I did get one live person one time.
19 But before sometimes it was a recording or, you know, people or
20 whatever, you know. You know, but usually you don't get
21 through.

22 COMMISSIONER McMURRIAN: Thank you.

23 COMMISSIONER ARGENZIANO: Madam Chair, a follow-up on
24 that.

25 Now you've been away for a while and then have just

1 recently come back for three months?

2 MS. KLING: Right. Right. I --

3 COMMISSIONER ARGENZIANO: And -- I'm sorry.

4 MS. KLING: No. Go ahead.

5 COMMISSIONER ARGENZIANO: And in the three months,
6 each month that you've been back you've had a power outage?

7 MS. KLING: I have had it go out -- this is -- I've
8 had it go out three times. Once I woke up in the middle of the
9 night and, you know, there was no electricity, so.

10 COMMISSIONER ARGENZIANO: So basically -- Madam
11 Chair. What you're telling us is a three-month experience that
12 you're having with the company.

13 MS. KLING: Right. And my past, you know. I mean, I
14 moved away for three years, and have lived in the same house
15 all these years. So, you know, so it's all in the same area.

16 COMMISSIONER ARGENZIANO: Thank you.

17 CHAIRMAN EDGAR: Thank you. I appreciate you coming
18 forward.

19 Ms. Christensen.

20 MS. CHRISTENSEN: The next speaker who signed up is
21 Mr. John Mandrick.

22 JOHN MANDRICK
23 appeared as a witness and, swearing to tell the truth,
24 testified as follows:

25 DIRECT STATEMENT

1 MR. MANDRICK: Good morning. Thank you,
2 Commissioners and Madam Chair, for coming to Fernandina. It's
3 a pleasure seeing all of you here. This particular rate
4 increase is a big concern for everybody on the island, a lot of
5 the city residents and county residents both, so it's very
6 encouraging to see the full Commission present.

7 I'm signed up twice. I'm really only speaking once.
8 (Laughter.) I wanted to make sure at least that I was
9 represented as a resident, plus as the Utilities Director for
10 the City. I've been tapped by the City Manager to address some
11 of the City's concerns, and I also have concerns as a
12 residential person that lives in the community and pays bills
13 like everybody else does, and typically our salaries only
14 increase by the cost of living index. And, and other things
15 come into it that are outside of that; lots of questions come
16 to mind.

17 I had three main things I wanted to speak to more as
18 in terms of a city utilities director that I kind of had some
19 questions about, and they revolve around fairness to the
20 customer base, cross-subsidization issues possibly. FPU is a
21 very diverse company. They're involved in lots of activities.
22 You know, making sure they're not supporting their other
23 activities to the expense of the ratepayers. And also the last
24 kind of thing I wanted to touch on is, you know, what programs
25 are they looking at putting in place for the people that are

1 economically challenged in our community? So those are the
2 three main things.

3 And forgive me if I'm a little nervous. I don't
4 typically -- my background is more engineering; it's not
5 necessarily speaking in front of a huge crowd or anything like
6 that, so.

7 On the fairness issue, I was a little concerned -- I
8 was called by a couple of different, well, more than a couple,
9 quite a few individuals that live on the island and they have
10 to work during the day. And by just having one session during
11 the day it's very difficult for their voices to be heard, and
12 that was concerning to me. While it was pointed out they can
13 access it by web, they can do, you know, various and sundry of
14 other things, it still deprives them of the ability to come
15 here, hear the exchange live and participate. They're not
16 allowed to participate at all in that. It's a fairness issue
17 with me, especially with the full Commission present. A lot of
18 times we have rate cases -- over the last, you know, ten years
19 at least that I've been involved here -- and Fernandina is a
20 very small, unique community. We're not as large as FP&L or
21 Tampa or lots of other areas that are, I'm sure, huge impacts
22 that the Commission has to look out for, but it's quite a
23 privilege for us to have you all here. And for those people
24 that have to work during the day, they're not, they're not
25 getting that. That's unfortunate.

1 To hit on some of the more, issues that are more
2 really pressing, I have a lot of questions and concerns with
3 how FPU's rate of return is actually calculated. It's kind of
4 a nebulous thing to say we make X amount of profit. Because in
5 the accounting world you can have an accounting sheet that goes
6 on down, all right, and expenses can get listed and all kinds
7 of expenses can get listed: Line loss, if they take one set
8 number percentage and say, well, we're losing 8 percent or
9 7 percent on line loss for our area. So there's nothing --
10 we've already went out there and tweaked everything we can
11 possibly tweak, there's nothing more we can do, so that's an
12 acceptable expense. Well, that gets taken off. You know, they
13 may not have that. They may have items out there like burned
14 out streetlights or other items that don't, aren't using any
15 power and yet they're saying that they're expending it. I have
16 some issues with that.

17 Also, this island is unique. Its load factor as far
18 as a utility is a dream. I mean, I've worked for electric
19 co-ops where you've had maybe three customers per mile. Over
20 in Marianna it's a completely different area. Their lines
21 stretch for miles, very few customers. Fernandina, huge
22 densities. We enjoy not very many outages, but we're also very
23 compact, very dense. It doesn't take a whole lot to maintain
24 that system compared to a system that's spread out over four
25 counties. Or like FP&L, trying to compare FPU to FP&L is like

1 trying to compare worse than David and Goliath. All right?
2 FP&L is spread out. They have vast areas that are not very
3 economically viable for electricity. They're terrible. They
4 have to eat the lemon with, you know, the rind with the rest of
5 the good spots. FPU in this area on this island has nothing
6 but good. They have a huge customer base and a very tiny,
7 little island, so their expenses should be really drastically
8 less than other companies that they compare to. And that --
9 you know, it just doesn't add up.

10 Some of the other issues, I made a few notes on it,
11 and they revolve around this rate of return number, is FPU as a
12 corporation has an overhead expense. They're involved in
13 natural gas, they're involved in propane sales, they're
14 involved in propane merchandise, fireplaces, fire logs, setting
15 up home and hearth patio stores, doing all kinds of sundry
16 tasks plus electric. How are those corporate overhead expenses
17 put on the electric ratepayers?

18 You know, there was a shift, I believe, and I don't
19 know whether it occurred in 2000 or 2001, but there was a shift
20 where they were applying certain overhead factors to their
21 natural gas customers for the corporate expenses, CEO salaries,
22 your chief financial officer salaries, you know, the things in
23 the corporate overhead structure, and then there was a shift
24 and all of the sudden the rate of return for this division went
25 drastically down. It was looking halfway decent prior to that,

1 then all of the sudden it takes a huge dip. Then it seems
2 like, I don't know, six months later or seven months later all
3 the sudden CEO salaries start -- the chief operating officer,
4 the chief financial officer salaries start escalating up
5 drastically.

6 FPU as a company has had some things change recently
7 within the last six, seven, eight years. They went from a very
8 frugal company that was principally owned by a family and had,
9 had a different corporate philosophy than what they presently
10 have been engaged in and going down a path in, and it's
11 troublesome. It seems like they're out for the buck and
12 they're going to, you know, put in these necessary overhead
13 expenses where we see very little improvement in the quality of
14 our service, and yet we're going to be forced to pay for all
15 these huge expenses that they're throwing on the ratepayers in
16 this, in this particular region.

17 And I have some concerns over, you know, that
18 cross-subsidization. Are there natural gas customers enjoying
19 lower rates because we're paying more of the corporate overhead
20 burden? You know, selling natural gas in West Palm Beach I'm
21 sure is no treat. It's like selling sand to the Saudi Arabians
22 or something. It's not -- it's a very warm climate down there,
23 it's very challenging, but we shouldn't have to pay for that.
24 We shouldn't also have to pay for the idea that they want to
25 grow propane, an unregulated business, at our expense. If

1 their corporate leadership is involved in these things, which
2 I'm sure they have to be -- when you're starting up a new
3 business, it swallows vast amounts of your time. You have to
4 have marketing strategies on how to sell propane to customers
5 and things like that. Why should we be paying for that? And
6 I'm really concerned on how that overhead is calculated and how
7 it's figured and what percentage goes to the electric customers
8 for these other program areas that they're in. They're unique
9 as a company that way. I believe compared to some of the
10 comparisons, I don't see FP&L running propane gas trucks down
11 the road. They're not involved in that business. So there's
12 some, there's some big differences between some of the
13 companies.

14 The other, other kind of items that I had a question
15 for is, you know, the whole -- what was the average percent
16 increase for their top executives over the last five years?
17 I'd like to know what that was. Have their wages doubled in
18 the last five years? Because they moved from an era where
19 family members were actively involved in the company and kept
20 wages down to very reasonable prices to where they sell out
21 their interests and they're no longer involved in the company
22 on a corporate level, and then you have just vast soaring
23 increases that we all get saddled with paying. You know,
24 Sarbanes-Oxley is a relatively new accounting thing. What's
25 transpired since the year 2000 to this, to get us to this

1 point? Those are, those are a lot of the concerns.

2 The other thing that I wanted to bring up is -- and
3 I'm certainly, I don't, I don't mean to sound at all like I'm
4 confrontational with FPU, Florida Public Utilities. I think on
5 a whole it has a lot of dedicated employees. I used to work
6 there. And it has a lot of very good service records in
7 concerns with this tiny, concentrated, loaded area. And, you
8 know, they -- but I think on a whole if people had to say,
9 well, if you, if you wanted to vote for a huge rate increase,
10 would you if you think your quality of service is going to
11 increase that same amount? I would, I would venture to guess
12 most people would say, no, we don't want to increase anything.
13 We're satisfied with just how things are. If they needed a
14 consumer price index increase, yeah, 2 percent, 3 percent.
15 We're very satisfied with how things are going.

16 We looked at the City's bills, what we pay, and our
17 water and wastewater clients are big customers. Well, we're
18 looking at increases, if everything goes through as they plan,
19 of about \$160,000 a year. Well, what's going to happen is we
20 do everything we can to cut costs. I've shut down a wastewater
21 treatment train, doubled up on another one, cut our electric
22 consumption by 30, 40 percent just to try and maintain our
23 rates. But if they keep going up, my rates at the water
24 plants, I've got three of them, they're all going to about
25 double, a 40 percent increase. The wastewater plant is going

1 to go up on its energy consumption. I'm going to be forced to
2 pass that on and go through a water and wastewater rate
3 increase with our City Commission, so the water and wastewater
4 customers are also going to get an increase as a result of
5 electric consumption. I can, I can only stem the tide so long.
6 I don't know what FPU has done recently to really crimp down on
7 every known possible expense that they can look at.

8 And the last thing I wanted to add, and I don't want
9 to belabor a ton of time, is the economically challenged in our
10 area. We see them all the time. FPL has a program that I'm
11 not sure if it's a roundup deal or how they fund it, but they
12 work with the local Salvation Army and they tell them per month
13 they have this many dollars in this account. The Salvation
14 Army qualifies individuals that can't pay their electric bills
15 and they work with FP&L to get them paid, okay, so their
16 lights, they're not out of power.

17 With these increases that they're planning, is FPU
18 planning on taking a small, miniscule portion, I'm not talking
19 a huge sum of money, but if they're making, planning on making,
20 I don't know, a 2.5 or a 5 percent rate of return, are they
21 going to give back a little bit and say, you know what, let's
22 give -- I don't even ask for 10 percent, 1 percent of that over
23 into a fund to help some of the economically challenged people
24 that maybe they have some things going on in their life and
25 they can't pay their bills this month?

1 FP&L has a program where they set a cap for these
2 individuals. And they -- you know, I know when the Salvation
3 Army gets called here on the island through the Hope House, the
4 first question they ask is "Who's your power provider?" If
5 they say, "FPU," they say, "Well, we're sorry. We can't do
6 anything for you." If they say they're FP&L, "Yeah. We have
7 programs set up with them to help them." Because some people,
8 they may have something that happens one or two months but then
9 the rest of the year they're fine. So leaving them in the dark
10 or leaving them without power -- you know, we're entering the
11 winter time. Even in the summer it gets beastly hot. So, I
12 mean, you know, not offering that or totally relying on other
13 charities to help, you know, is a little, that's concerning,
14 especially when they see FP&L doing it and they're comparing
15 themselves to FP&L. Okay. If you want to compare to them, why
16 don't you start doing some of the things they're doing. You
17 know, that's -- those are, those are -- you know, and those are
18 just a few of my issues.

19 I'm very appreciative of Mark's offer to come to FPU
20 to look at some of the financials and reports and things
21 because I think some of my answers could be, some of my
22 questions could be answered by looking at and trying to
23 tabulate some of the data up.

24 I'm extremely appreciative of the Office of Public
25 Counsel for looking into this very closely, especially when it

1 involves a lot of accounting, you know. And when a company
2 defines their rate of return, everybody has different
3 definitions. And you can talk to somebody and you think you're
4 saying the same thing and it winds up being completely
5 different. And that rate of return is quite a nebulous number
6 at times. And you can have several accountants sit in a room
7 and it gets down to definitions of what are fixed costs, what
8 are overhead costs, what, how all these things enter in. And
9 you can take a company and make them look one way, and a lot of
10 that Sarbanes-Oxley was to try to prevent some of this. But
11 there's still a lot of things, you know, that are out there
12 that could bias that number. And they may be making a higher
13 rate of return than what they report, but you don't know, you
14 know.

15 It's pretty -- you know, on the company's side,
16 defense, I guess, in one way for line loss, for instance, there
17 isn't any definitive way you're going to read everything every
18 second all over and be able to subtract the differences, but
19 you can certainly draw some close comparisons. And a densely
20 packed system without as many miles of line and that are in a
21 different configuration than long single-phase feeders are
22 going to have drastic differences in line loss. They're going
23 to be much, much lower, very low. So if they try to say,
24 "Well, Marianna should have the same line loss as Fernandina,"
25 no way. No way.

1 And storm hardening, you heard the last time we got
2 hit with a hurricane. We're on an -- I'm part of the City
3 staff assigned to an underground utilities committee for the
4 City looking into burying a lot of our underground lines. FPU
5 has sent a representative. I wish I could stand up here and
6 say, well, they really want to take the bull by the horns and
7 bury a lot of the more vulnerable areas. It gets down to a
8 money thing. Okay? And on the same token, on some buried
9 lines it gets down to an aesthetic issue. So we're trying to
10 work a matrix where you get the biggest bang for your buck.
11 It's not just beautifying somebody's property. It's
12 actually -- you're getting a benefit by not having something up
13 in the air that could be subjected to winds, high winds and
14 rain and that type of thing from a hurricane standpoint.

15 I wish they were more proactive in looking at a
16 schedule of burying, you know, especially like underground
17 secondary services. We recently passed an ordinance in the
18 City that we want all service, new service drops buried. Well,
19 they're defining that as, well, we can still run overhead from
20 our transformer pole to another service pole across the road
21 and angle underground. Well, it's still leaving it overhead
22 exposed.

23 And then they make it kind of challenging to some of
24 the customer base in trying to have them put in a conduit
25 network and then they'll pull in their wire. Well, customers

1 don't know about right-of-ways and acquisition of permits. And
2 even the electricians go from usually the weatherhead or
3 masthead or from the meter base in. They're not used to
4 dealing with out in the public right-of-ways, how to get
5 conduits across the street, pull proper permits. These are
6 activities that the utility should be involved in, not putting
7 an extra burden on their customers that are, you know, trying
8 to relocate these lines.

9 Because secondaries, when they fall down, they're
10 last on a utility's list to fix and they're a nuisance.
11 Because they go out and get the primary lines on first and then
12 they've got to go around town and fix all the secondaries,
13 which eat up hours, resting hours, and it's a waste. You know,
14 it becomes very time-consuming. So I can't understand why they
15 wouldn't want to be super proactive in burying all their
16 secondaries that they possibly could. Instead, they seem like
17 very shortsighted. They only want to look at the instant buck
18 and not the long-term, you know, 20 years or 15 years of, you
19 know, not having to deal with Mrs. Jones' fruit tree way up in
20 her yard growing up through the secondary.

21 CHAIRMAN EDGAR: Mr. Mandrick, you've raised a number
22 of issues. I'd like to kind of jump in and respond to a couple
23 of them, if I may, briefly.

24 MR. MANDRICK: Sure.

25 CHAIRMAN EDGAR: And then we'll see if there are

1 questions from any of my colleagues.

2 And I remember the last time I was here for a
3 customer hearing similar to this that you participated. So I
4 thank you for your interest and for your participation then
5 again and now both as a consumer and as a representative of
6 City offices.

7 On a couple of the points you've raised, you
8 mentioned the timing of the meeting that we're having here
9 today. And if you recall, when I was here for one of these
10 earlier this year, we had that one in the evening, and about
11 the same number of people, is my memory, were here. We try
12 very hard to, to vary the times and to provide a different
13 means for participation. And I wish there was a time that
14 worked well for everybody, but we have to be efficient too with
15 the use of the limited budget that we have. So we try hard to
16 find times that will work and do move them around. But I
17 absolutely understand that any time does not work for
18 everybody.

19 MR. MANDRICK: Well, you've definitely got a good mix
20 because at the previous meeting you had people that work during
21 the day, but that was over power and they wanted a future -- a
22 different kind of issue, but the same kind of issue, rates.
23 This you've got a totally different group. A lot of the people
24 that are more senior don't like to be out at night driving. So
25 it's just unfortunate you can't get, especially a hot topic

1 like this particular issue where you're looking at 40 percent
2 increases, I mean, that's involving a full gamut of people.

3 CHAIRMAN EDGAR: Which is, which is why we're all
4 here because we recognize it is very, very important.

5 A couple of the other points that you've raised. I
6 assure you issues of potential cross-subsidy and some of the
7 accounting issues, I know that the Office of Public Counsel is
8 going to spend a lot of time examining thoroughly and will use
9 experts that they work with as well on some of those. And our
10 staff on an ongoing office, we have accountants and auditors
11 that monitor all of those issues on a regular basis. So I
12 thank you for raising those as well.

13 Commissioners, any questions for Mr. Mandrick?

14 Commissioner Argenziano.

15 COMMISSIONER ARGENZIANO: Yes. Thank you. And on
16 those couple of things that you already touched base on as far
17 as the meeting times, it is difficult, and I understand that
18 too, it's very difficult to get the right time always. But to
19 that point, if I may, and I realize that a lot of people have
20 to work, they can't take off work to come here today, but
21 please let them know how important it is, and I stressed this
22 yesterday too, how important it is -- because this is a hot
23 topic issue, as you say. A 40 percent increase should not stop
24 them from taking ten minutes at night and getting this to us,
25 just jot it down. It's real important. And that says, you

1 know, they're trying, couldn't be there at 6:00 at night, but
2 this will go on record, and how important that is.

3 MR. MANDRICK: I'll make sure we have it in our lobby
4 where they pay the utility bills and the City has it very
5 available and get it on our website for maybe a link up or
6 something so that we can get, get people involved.

7 COMMISSIONER ARGENZIANO: Yes. It's so important to
8 get that on the record. So if you could do that, that would be
9 somewhat helpful.

10 MR. MANDRICK: I will make sure that -- I will try to
11 the best of my ability to make sure I canvass everything.

12 COMMISSIONER ARGENZIANO: Okay. Do me a favor.
13 Remind them of that hot topic and that may get them motivated
14 to jot down their feelings.

15 MR. MANDRICK: I mean, it's been in the paper a
16 couple of times and I made the point -- they kind of misquote
17 you, you know, in the paper. But I made the point --

18 (Laughter.)

19 CHAIRMAN EDGAR: It does happen.

20 MR. MANDRICK: It does happen. But I made a point
21 that people need to come to these meetings and be involved.
22 And I went so far as, and this didn't get out of context, if
23 they don't voice their opinion, they have nobody to blame but
24 themselves, and I made that point.

25 COMMISSIONER ARGENZIANO: On the cross-subsidies,

1 exactly as the Chairman said, that is something that I know
2 Public Counsel as well as our staff, those are things that we
3 definitely will be looking into. We don't know that they
4 occur, they don't occur. I have no clue. Those are things
5 that we want answers to also.

6 But on the storm hardening, I have to go back to the
7 storm hardening, because it sounded like I heard you say two
8 different things, and I'm struggling with this issue. I mean,
9 storm hardening is very important. We know what the storms
10 have done, we know what can happen. But at a time, at a place
11 when every fee for everything seems to be rising very rapidly,
12 I wonder if maybe putting that aside for a while, if that keeps
13 your bill down, may be the better thing to do.

14 But I think I'm hearing you say that now, first of
15 all, for aesthetic purposes, and I understand that because I
16 don't want to see all that stuff around, but for aesthetic
17 purposes I don't think you want your bills to be raised by
18 going underground purely for I don't like looking at those
19 lines at a time when your insurance and your mortgage and
20 everything is so high. So I don't know whether I'm hearing an
21 ambiguous thing there. Aesthetically I'd put that aside and
22 say this is not the year to do that for aesthetics. But
23 Undergrounding costs a lot of money. There are benefits in
24 certain areas, but we're not to -- we don't know exactly yet if
25 it's beneficial. What if undergrounding, your secondary lines

1 are underground and then you have a problem somehow with
2 flooding if it's in a particular area and it takes longer to
3 get to that to solve the problem? So there's so many things in
4 the air about that.

5 So I'm not sure whether I heard you say you want them
6 to go ahead and do the undergrounding now, which would cost you
7 a lot of money.

8 MR. MANDRICK: I do not want any -- I personally,
9 John Mandrick speaking as a resident, I don't want one single
10 change done to, in terms of the storm hardening to the electric
11 system, because I'm not seeing any drastic changes on the near,
12 near future whatsoever. So if I had that option on my bill to
13 either participate or not, absolutely not.

14 From a City standpoint, if I can defray any costs for
15 our water and wastewater customers or the taxpayers of the City
16 of Fernandina Beach, we don't want any extra costs put on us.
17 The City is trying to look at ways to try and fund some of the
18 undergrounding and participate in it and take some of our own
19 money and pay FPU, if certain areas meet our matrix, which
20 doesn't just involve aesthetics, but part of it is. You have
21 historic areas on the island that you might be able to generate
22 better commerce activity if you don't have a bunch of poles and
23 a bunch of wire and there's an economic benefit to it. So the
24 City is trying to look at it from the standpoint of, okay,
25 what, where is our best area to spend our dollar? And we have

1 in the past paid FPU to underground certain areas of downtown
2 here. So we're expanding that and looking into as a committee,
3 and we're due to give a report back to our Commission on that.

4 But I don't believe anybody is wanting FPU to jack
5 their rates sky high under the guise of storm hardening. And I
6 use the term "under the guise of storm hardening" because when
7 you open up the door and window to allow a utility to increase
8 rates, I'm not saying they will, but it brings up a possibility
9 of them painting a different picture, defining storm hardening
10 a little differently than what your intent may be.

11 COMMISSIONER ARGENZIANO: Well -- Madam Chair. Well,
12 I'm sure -- each electric company that I've talked to or each
13 utility, whether it's telecom lines or whatever, there's
14 different storm hardening in different areas. And in some
15 places, you know, they may need a different type of storm
16 hardening than they may need here. And the point being is
17 they're told, "You have to do this. We had storms that were
18 devastating. We want to make sure that the citizens have the
19 best protections against storms so that we can get our electric
20 running very quickly, get our phone service back very quickly."
21 And in some places like right here, I have to wonder as an
22 individual is this the smartest thing to do right now? And
23 I've even heard it from the companies. You know, some places
24 we can do storm hardening, it makes sense, keep the tree
25 branches away from the lines. But does it really make sense to

1 underground or does it really make sense to put the concrete
2 poles if they're going to bend over anyway?

3 So sometimes you say, well, is it worth the risk?

4 And maybe it is in some cases because right now people can't
5 afford the increased cost. And I just wanted to clarify that
6 with you, because that's an issue I'm having a problem with as
7 an individual Commissioner is there may be certain areas we
8 shouldn't -- we maybe should be taking the experience of the
9 company saying we really don't need to do that right now here.
10 It may be better to just stick with this pole, it may not be
11 better. So I wasn't sure if you were really asking for storm
12 hardening, but I think you answered that for me very well.

13 MR. MANDRICK: No. And just like Mr. Bunch
14 addressed, if there's any way to get breathing room. I know it
15 was a shock with JEA's rate increases. They knew they were
16 coming for a while, but it's still quite a shock for the
17 community to have their purchased power jacked so high and
18 passed straight through with very little opportunity to voice
19 because it was considered a fuel, you know, a fuel type item.
20 But it's, it's been very challenging for the people to pay
21 their bills.

22 COMMISSIONER ARGENZIANO: Thank you.

23 CHAIRMAN EDGAR: Thank you, Mr. Mandrick.

24 (Applause.)

25 MS. CHRISTENSEN: Mr. Neil Douglas.

1 MR. DOUGLAS: My issue has been addressed, so I
2 withdraw.

3 MS. CHRISTENSEN: Okay.

4 CHAIRMAN EDGAR: Thank you, Mr. Douglas.

5 MS. CHRISTENSEN: And I apologize ahead of time, is
6 Mr. Roy Enak, is he here?

7 CHAIRMAN EDGAR: Is there a Roy?

8 COMMISSIONER ARGENZIANO: Didn't someone just walk
9 out? He may have just walked to the restroom.

10 CHAIRMAN EDGAR: We can maybe come -- are there
11 others?

12 MS. CHRISTENSEN: That, that was the last person
13 signed up to speak.

14 CHAIRMAN EDGAR: And I think Todd may have a few more
15 names. Thank you, Todd.

16 COMMISSIONER ARGENZIANO: Give Roy a chance to come
17 back.

18 MS. CHRISTENSEN: Clinton Shelton.

19 CHAIRMAN EDGAR: Mr. Shelton, were you sworn? Did
20 you stand with me?

21 MR. SHELTON: You know, I don't think I did.

22 CHAIRMAN EDGAR: Okay. I think maybe you came in
23 just after that, which is fine. And I'm thinking there may
24 be -- let me just go ahead and ask if there are others who
25 signed up after the first sheet to see if maybe we can just go

1 ahead and do that.

2 Thank you, sir. Would you stand with me? And if
3 there is anybody else. Yes, sir. Would you stand with me?
4 Again, very, very easy.

5 If you would, stand, raise your right hand with me as
6 a group and answer as a group here in a moment.

7 (Witnesses collectively sworn.)

8 Thank you. Thank you, sir.

9 CLINTON SHELTON

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

12 DIRECT STATEMENT

13 MR. SHELTON: And, again, thank y'all for being here
14 today and listening to our concerns, which this is just like
15 you said, a hot topic. But my name is Clinton Shelton and I've
16 lived here all of my life other than a stint in the Navy and a
17 few other things.

18 About four months ago was when I first noticed my
19 increase in my electric bill. And since then I think they came
20 up with a few times that it's going to run about a 61 percent
21 increase this year, I think it is, or up 'til May of next year.

22 And like I said, about four months ago my, I did get
23 shocked because my light bill went up to about \$240. Most of
24 the time it runs \$150 to \$160. Of course, middle of summer, I
25 understand that. But I do know there is quite a few people

1 that's really hurting right now, and I just don't really
2 believe that they need to have an increase like that.

3 Oh, yeah, I did not give my address. It's
4 1990 Sycamore Lane.

5 CHAIRMAN EDGAR: Thank you, Mr. Shelton.

6 MR. SHELTON: So I live not too far from Mr. Bunch.
7 But like I said, it was a shock. A jump of almost \$60 for that
8 one month, and the following month it was around \$50. It has
9 since came down. Of course, I'm not using my air conditioner
10 as much.

11 I just want to thank y'all for being here. And I
12 have no problems with FPU. They've -- I've always received
13 good service from them. But I'm hoping maybe they can find
14 more ways to -- than passing all of this on to us. Thank you
15 very kindly.

16 CHAIRMAN EDGAR: Thank you.

17 MR. SHELTON: Any questions?

18 CHAIRMAN EDGAR: No. You covered it. Thank you.

19 (Applause.)

20 MS. CHRISTENSEN: Mr. Doug Waggy.

21 DOUG WAGGY

22 appeared as a witness and, swearing to tell the truth,
23 testified as follows:

24 DIRECT STATEMENT

25 MR. WAGGY: Good morning.

1 CHAIRMAN EDGAR: Good morning.

2 MR. WAGGY: My name is Doug Waggy. I live at
3 2132 South Natures Gate Court here on the island.

4 I had -- actually the first question had to do with
5 one of your slides. You compared your company to several other
6 companies, your rates. I'm curious as to how your rate
7 compares to JEA's rate.

8 MR. CUTSHAW: It is very comparable right now. I
9 started to put that -- I should have put that up and I
10 apologize, but we're very comparable to JEA.

11 MR. WAGGY: The reason I asked is one of the things
12 JEA has been doing -- I work for JEA -- has been doing is
13 they've had several increases over the past few years, but
14 they've been, you know, 3 percent and 4 percent increases.
15 Earlier this year we had the, what was it, a 30 percent
16 increase and then again a 13 percent increase. That's
17 43 percent in less than a year, and now we're asking for
18 another 11 percent. People who are economically challenged,
19 people on social security, people who work at Publix, places
20 like that, McDonald's, just regular retail stores, they're not
21 going to afford, be able to afford to stay here. You're going
22 to chase them right off the island if you keep increasing the
23 rates.

24 Like I say, I work in computer operations at JEA. I
25 have started a small computer business here on the island to

1 help afford the extra. I mean, my bill has gone from under
2 \$100 to \$179. And I have put in light bulbs that use less
3 electricity. I use less energy and my bill has increased
4 greatly. It's -- not only is the electric bill going up, but,
5 like someone said, it's also going to cause your city, all your
6 other bills to go up. It's going to get to the point where
7 you're not going to be able to afford to have anybody here but
8 rich people. That's just the way it's going to be. If that's
9 what you want, then that's, go ahead and give them the
10 increase. But I don't, I don't think that's really what you're
11 looking for. Because just the average person is not going to
12 be able to continue to afford rate increases, especially, let's
13 see, 43, 50, 50 percent or better in a year.

14 What, maybe what they should have done is even though
15 they knew they had a ten-year contract and they could have
16 increased a couple percent, a couple percent, knowing that that
17 contract is going to end and it's going to jump up, and that
18 money could be, if you would have charged a little more each
19 year, put somewhere to draw interest.

20 COMMISSIONER ARGENZIANO: Can I just interrupt you
21 for one minute?

22 MR. WAGGY: Sure. Sure.

23 COMMISSIONER ARGENZIANO: And I'm new to the
24 Commission, but a little research from my staff showed that
25 this company tried to get an increase, please correct me if I'm

1 wrong, two years ago and said this is going to come and it's
2 going to hit you like a ton of bricks, and it was denied. So
3 they did try to do that. They said, "Let's do a gradual
4 increase."

5 MR. WAGGY: Well, two years ago. But this has
6 been -- this was a ten-year contract that they bought power
7 from JEA.

8 COMMISSIONER ARGENZIANO: Right.

9 MR. WAGGY: They should have maybe previous to that
10 and be putting that money away and let it grow off interest so
11 it wouldn't be so bad to their customers.

12 COMMISSIONER ARGENZIANO: I'm not passing judgment.
13 I'm just saying that I understood that they did come before and
14 ask for an increase, and that was denied, so it wouldn't be so
15 hard at this point. I don't know what they did years prior to
16 that.

17 MR. WAGGY: Do you know what that percent increase
18 was?

19 COMMISSIONER ARGENZIANO: Does staff know what that
20 was at that time?

21 CHAIRMAN EDGAR: I participated in that proceeding,
22 as did a few of my other Commissioners, and we can each speak
23 for ourselves, but I don't remember the exact percentage. But
24 the petition request was to do more of a step increase, knowing
25 that some of these additional costs were, you know, already

1 identified. And we received -- my recollection is that all of
2 the public testimony that we received from consumers, I believe
3 100 percent was opposed to the step and said, again my
4 recollection was, you know, don't do it until you absolutely
5 have to. But there were many issues in that case, and
6 obviously the order is out there and can be examined. But I
7 remember it well.

8 COMMISSIONER ARGENZIANO: You know, the reason I
9 mentioned that is because you had asked, you had mentioned that
10 they should have done it in smaller increments, and I think
11 that's always easier.

12 MR. WAGGY: Well, with that ten-year period.

13 COMMISSIONER ARGENZIANO: Well, I can't speak for
14 ten. I only know what it was two years ago. So I just wanted
15 to say I think they tried two years ago. I'm not saying it's
16 justified or it's not because I don't have that information.
17 Again, just starting to work on that. But I think they did
18 try, so. But I don't know how long ago they should have
19 started trying, but they did try from what I understood.

20 MR. WAGGY: Well, like I say, it's -- maybe that
21 would be an alternative to this rate increase is smaller steps.
22 Because you've already gone up, what, 43 percent this year?
23 You're going -- you've got to give people a little bit of time
24 to catch up. Because I can tell you anybody on a fixed income,
25 they didn't get 43 percent this year. That's a fact. Two,

1 maybe 3 percent.

2 And a program like he was talking about, that FPL can
3 do it. And they can't have that kind of loss on their data
4 lines. This is just, this is a little, tiny place. They can't
5 have the kind of damage they had out west and certainly can't
6 have the kind of damage they had down in Orlando and Tampa.

7 So that \$900,000, I'd have to see some significant
8 data to prove to me that that was actually needed, I guess,
9 because those companies I know didn't, haven't increased their
10 rates that much. That's all I have.

11 CHAIRMAN EDGAR: Thank you, Mr. Waggy.

12 (Applause.)

13 MS. CHRISTENSEN: Mr. John Stack.

14 JOHN STACK

15 appeared as a witness and, swearing to tell the truth,
16 testified as follows:

17 DIRECT STATEMENT

18 MR. STACK: John Stack. I've lived on and off the
19 island for about 25 years here. I currently live off the
20 island in Nassau County, but I do own property on the island.
21 And that's -- I'm speaking to 1001 Atlantic.

22 CHAIRMAN EDGAR: Spell your last name for me.

23 MR. STACK: S-T-A-C-K.

24 CHAIRMAN EDGAR: Thank you.

25 MR. STACK: And I did fill out the form, my P.O. Box.

1 CHAIRMAN EDGAR: Thank you.

2 MR. STACK: But what I want to talk about, FPU, I
3 think, has done a very good job over a number of years. I
4 really haven't had any complaints. I've owned property in
5 Jacksonville and have some comparisons.

6 The concern that I have is just looking at the rapid
7 increase just over the short history, there's a concern because
8 now I'm wondering what position are they in for providing for
9 the future in our community if we're experiencing these kinds
10 of increases? What alternatives do we have and can we turn to
11 you to say, you know, is this appropriate? Not just their
12 increase based on their expenses, but what alternatives do we
13 have? JEA? Do we have an opportunity to maybe have a company
14 that provides solar power? I mean, we live on a barrier
15 island, we have, we live in Florida, we have lots of
16 opportunity to experiment with things to keep our costs down
17 into the future. And this is pretty much an isolated market,
18 and a lot of the expense, I'm sure, is the transmission for
19 bringing the power here. And I'm just wondering, you know, how
20 are we positioned for the future if we're encountering these
21 kinds of expenses now? You know, what can we do to avoid that
22 continuation of this policy?

23 And, again, I haven't seen much activity from our
24 local company as far as investing in alternative power. You
25 know, how can we encourage that? Certainly it would be very

1 difficult to justify increasing your rates so that they could,
2 you know, bring in some other more costly approaches for the
3 future. But that's the kind of thing we need to spend the
4 money wisely. And I'm wondering, you know, if you could help
5 guide the community as to how these rate increases -- or how we
6 can justify keeping our costs down in the future by perhaps
7 even spending some money today.

8 I did take advantage of FPU's energy efficiency. I
9 bought a little commercial building on Atlantic, and they did
10 come in and do an evaluation for me and I did respond to
11 replacing light bulbs. So I think that they're doing some of
12 the incremental things. But I really think that we need to
13 take maybe a more aggressive step as to how we can really get a
14 handle on these increases and maybe involve some solar power,
15 wind, you know, alternatives. And I know they're very
16 expensive and it's experimental in a lot of ways. But, you
17 know, we have a market I think that maybe we could attract a
18 company to come in and do it. So those are my comments, and
19 thank you.

20 CHAIRMAN EDGAR: Thank you, Mr. Stack.

21 (Applause.)

22 MS. CHRISTENSEN: Mr. -- I'm going to try. Mr. Peter
23 Procko.

24 MR. PROCKO: Close enough.

25 (Laughter.)

1 PETER PROCKO

2 appeared as a witness and, swearing to tell the truth,
3 testified as follows:

4 DIRECT STATEMENT

5 MR. PROCKO: My name is Peter Procko. It's spelled
6 P-R-O-C-K-O.

7 MS. CHRISTENSEN: Oh, I'm sorry. I thought it was a
8 V after the P. Very Soviet.

9 (Laughter.)

10 MR. PROCKO: I live at 3017 -- yeah, Slavic. 3017
11 Amelia Road here on the island. And just real quickly,
12 everybody's said some great things already. I think it's
13 common sense to everybody here that the rate increase that
14 they're asking just doesn't, it doesn't make any sense and it
15 isn't justified. I mean, McDonald's doesn't do it, the
16 hospitals don't do it. Everybody increases a little bit, but
17 the increase that they're asking for at this point is just
18 completely out of line, especially after what we've already
19 been through. Everybody that lives here knows that the
20 increase that we were hit with just, you know, in the last few
21 months, everybody knows it. So, again, this additional
22 increase and this burden is just, it's crazy and it's not -- it
23 doesn't even make sense.

24 I think it's become a point, the company has kind of
25 become self-aware of its importance and its power. You showed

1 me a graph that, well, we're charging a little less than this
2 other company and, you know, we're pretty competitive and
3 things. Well, that's all well and good, but our friend here
4 showed the size of the island and the impact that we have.
5 We're so small, and certainly I don't think our overhead is
6 like Jacksonville or even Tampa or any of the other areas. It
7 sort of becomes a point of like price fixing when you compare
8 yourself to another monopoly in a sense. It's sort of like, it
9 may be a bad example, the chocolate companies up in Canada. I
10 don't know if you saw that on the news. They all got together
11 and they said, look, you know, let's start charging 5 cents
12 more for our candy bars. Well, I mean, we should be charged
13 what we should be charged. And to ask for this tremendous
14 increase to match another company's is basically to me
15 something kind of like a price fixing.

16 And another issue that I thought that was interesting
17 is obviously the customer base is increasing constantly in
18 Florida. We're an expansive state; everybody knows that.
19 Well, how can you have a product that everybody wants and you
20 keep having to increase in a customer base and you keep saying,
21 well, we need more money. You're getting more money. Every
22 time somebody builds a house, impact fees and all these other
23 things, people signing up for electricity, you're having an
24 increase in demand and you're asking for more money. So,
25 again, to me it just doesn't make sense. The demand for the

1 product is there, lots more people are asking for it, yet
2 they're increasing the price. So it kind of -- I'm a little
3 baffled. But that's my part. I thank you for listening.

4 (Applause.)

5 COMMISSIONER CARTER: Where is Roy?

6 MS. CHRISTENSEN: Well, we can try it. Mr. Enak.
7 Did Mr. Enak return?

8 MR. ENAK: I'm here, but I -- no, I have nothing to
9 add.

10 CHAIRMAN EDGAR: All right. Thank you, sir.

11 MS. CHRISTENSEN: Is there a Ms. Crowley, Marianne
12 Crowley?

13 MARIANNE CROWLEY

14 appeared as a witness and, swearing to tell the truth,
15 testified as follows:

16 DIRECT STATEMENT

17 MS. CROWLEY: My name is Marianne Crowley. I work --
18 I live at 14 Laurel Oak here on the island. I'm not retired.
19 I envy the people in the room that are. (Laughter.)

20 I am the sole income provider for a family of six. I
21 have watched my utility bill double this year. We have had a
22 family meeting where we sat down and outlined and are now
23 executing on a plan to reduce consumption. So I have taken the
24 increase when management and the utility company didn't want to
25 take their increases to try to figure out how to resolve. As a

1 corporate worker, an executive in our company, we're just
2 handed reduction percentages and each department is asked to
3 figure out how to make the reduction happen.

4 In this case I feel like I've been handed their
5 reduction plan. I'm taking steps within my home to reduce the
6 consumption to address that increase. So now I have the
7 opportunity to receive less for more. And to receive another
8 increase from the utility company says that I'm now going to be
9 asked to do their jobs in their departments one more time to
10 have the opportunity to get even less for even more.

11 I mean, there comes a point in time where, you know,
12 take -- even accepting the introduction to an additional
13 astronomical increase is unconscionable. When you assess your
14 market rates in the industry and you see where you compete in
15 the industry, you do that as a corporation to get your costs
16 down and compete in the market. When you do that analysis and
17 you see that you are far below your competitors, it's
18 unconscionable to use that data point as an excuse to increase
19 and get back up into the other range with the other players in
20 the market. It's unconscionable as a businessperson to use
21 that as an excuse.

22 As a child to my parents I was never allowed to say
23 "because all the other kids are doing it." As a mother with my
24 children I don't accept that excuse. And as a consumer in this
25 utility market, I'm not buying that from this company. That's

1 an unconscionable reason to take the market analysis and say
2 everyone else has increased their price in the market. That
3 allows me to do lazy management, not contain my costs like I've
4 been doing greatly in the corporation, contain my costs, keep
5 the market price point down, and now it's just lazy management.
6 If you want to escalate your prices and pass it on to me, I'm
7 done. I'm done. I'm executing on my strategy to drive down
8 consumption, but I can't -- there's nothing more to give you.
9 There's nothing more to give you.

10 And I think it's unconscionable to continue to come
11 back and pass on your cost challenges to the consumer. It's
12 now time for management to look inside themselves, pass out to
13 each department a challenge, a percentage challenge, and let
14 them figure out how to do it. Because the other option is in
15 my business if you don't figure out how to do it, you have
16 layoffs. You take it out in labor. And when you ask the
17 employees, "Guess what? This year we're not going to get a
18 raise. You put your oar in the corporate water and row because
19 the alternative is a layoff," I'll tell you how many employees
20 said, "Fine. I won't take the raise this year." So forget
21 about an increase in salary. I'm telling you to put your oars
22 in the water, the executives clear down to the lower ranks, and
23 say it's either a layoff coming or nobody gets a raise. You'll
24 be surprised what your employees vote on.

25 So you can't, you can't have all of this and keep

1 passing it on to the consumer. I'm executing my plan, I'll
2 continue to execute on my family plan to lower my consumption,
3 but I can't take anymore. You've got to fix it within your own
4 corporation. As businesspeople you need to resolve it.

5 CHAIRMAN EDGAR: Thank you.

6 (Applause.)

7 MS. CHRISTENSEN: Mr. Michael Mandrick.

8 MICHAEL MANDRICK

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

11 DIRECT STATEMENT

12 MR. MANDRICK: My name is Michael Mandrick. I live
13 at 1015 Isle of Palms here in Fernandina Beach.

14 I want to thank the Office of Public Counsel for
15 their aggressive approach in reviewing this. I only have one
16 comment to add other than echoing much of what I've heard in
17 the room today. And that comment addresses the fact that --
18 and I believe, and I'll stand corrected if I need to be
19 corrected, that Florida Public Utilities does not manufacture
20 one single kilowatt hour of electricity. They are a retailer;
21 they buy the electricity and they sell it to me. They're
22 entitled to a markup and they're entitled to a profit. I don't
23 object to that as long as it's reasonable. But when unbridled
24 greed takes over, then I have become incensed.

25 And I direct my comment to perhaps all the

1 comparisons that have been shown here are a bit of smoke when
2 we compare a retailer who doesn't manufacture a single kilowatt
3 hour of electricity to power companies which have business
4 investments and produce the product that's retailed is
5 comparing Joe's Used Car Lot to General Motors and saying that
6 Joe should be entitled to the same profit and the same overhead
7 and the same investment return as a major corporation. I have
8 not heard that issue raised. I would like this body to look at
9 that issue. Are we comparing apples to apples or are we
10 comparing apples and cabbages? And with that perhaps a more
11 reasonable rate increase would be justifiable when seeing what
12 other retailing utilities that retail electricity only are
13 getting in terms of return. Thank you.

14 CHAIRMAN EDGAR: Thank you.

15 (Applause.)

16 MS. CHRISTENSEN: Is that it? Madam Chairman, that's
17 the last person I have signed up to speak.

18 CHAIRMAN EDGAR: Okay. So we've gone through the
19 signup sheet. Is there anyone else who maybe came in late or
20 has decided to speak that maybe wasn't sure about it when they
21 first got here? Is there anybody else who would like to
22 address -- ma'am, would you like to come forward? And I need
23 you to come to the microphone, if you'd like to speak to us,
24 please. And were you sworn?

25 MS. FELIX: I didn't sign up.

1 CHAIRMAN EDGAR: That's okay. We'll work through it.
2 But I do need to -- and I apologize for the formality, but I
3 need to stick to the rules. So let me swear you in, if you
4 would. Thank you.

5 MS. FELIX: Sure.

6 (Witness sworn.)

7 CHAIRMAN EDGAR: Thank you. And please tell us your
8 name.

9 LOIS FELIX

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

12 DIRECT STATEMENT

13 MS. FELIX: I'm Lois Felix and I live at 2517 Capris
14 Lane in the Arbors. I've been there since 2000.

15 I have one comment to make. I'm sure no one here is
16 naive enough to think that these businesses that have a rate
17 increase, that we're not going to have to pay for that too in
18 higher prices in anything we purchase. McDonald's, Winn Dixie,
19 any of them that we visit, their prices are going up and we're
20 going to pay for that in the long run too. That hasn't been
21 addressed, and I think somebody should consider that. And all
22 of this rate increase, 60 percent, we're going to have another
23 10 to 15 percent on top of that every store we visit. That's
24 all I needed to say.

25 CHAIRMAN EDGAR: Thank you, Ms. Felix.

1 (Applause.)

2 Okay. My understanding is that we have gone through
3 the list and that there isn't anybody else who would like to
4 take advantage of this opportunity to speak. I'll give the
5 plug again for the green sheet. Please grab a bunch as you're
6 walking out. Share them with your friends, colleagues,
7 co-workers, neighbors. We do want to hear from the consumers,
8 from the residents. So thank you to all of you who have
9 participated. Thank you for coming out today, and we are
10 adjourned.

11 (Service Hearing adjourned at 11:44 a.m.)

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1 STATE OF FLORIDA)
 :
 2 COUNTY OF LEON)

CERTIFICATE OF REPORTER

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

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

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

DATED THIS 13th day of December, 2007.

Linda Boles

 LINDA BOLES, RPR, CRR
 FPSC Official Commission Reporter
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