

NANCY ARGENZIANO  
COMMISSIONER

STATE OF FLORIDA



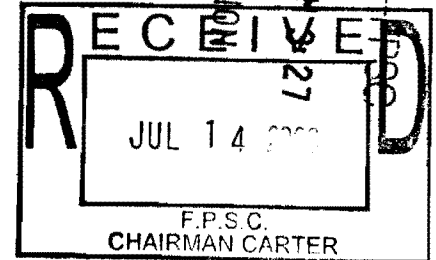
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Public Service Commission

July 14, 2009

Matthew M. Carter, III  
Chairman  
Florida Public Service Commission

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COMMISSIONER  
CLERK

Re: Service hearings related to FPL and PEF rate cases

Dear Chairman Carter:

I have previously stated my concerns related to the conduct of the referenced; the purpose of this letter is to re-iterate, re-state, and expand on those concerns.

Preliminarily, I note that the notice regarding the service hearings being conducted advises that the hearing(s) are for the purpose of taking "testimony from the public on the quality and adequacy of FPL and Progress Energy Florida Inc's service and other matters related to FPL and Progress Energy Florida Inc's petition for a rate increase."

Inasmuch as the Commission is limited by law (F.S. 366.041) in the matters it may consider in deciding a rate case, "other matter related to" must involve only those matters contemplated and published in statute. I look in vain for anything inviting the Commission's consideration of the magnitude of FPL and PEF's corporate citizenship, its general or specific benevolence, or its pre-tax community largesse.

Yet that is precisely what has been chronically, continually, and systematically introduced by numerous speakers. In fact, based on a decade of conducting and participating in public hearings, the similarity of approach, the inelegant use of the service "hook" to get a foot in the door, and the unusual situation of having people happy with the status quo appear before a public body hearing comments on the matters published in the notice, leads me to believe that irrelevant testimony going to the benevolence of FPL and PEF could be orchestrated.

The consequence of this – and if subsequent investigation shows my suspicion to be in error, then the quantity of the testimony going to benevolence alone – is ominous:

1. Accepting the irrelevant testimony has the potential for poisoning the fact finding purpose of the hearing, and in fact debases and diminishes the value of the input. Commissioner Edgar, in declaring that she would consider all testimony, where the statute limits the matters to be considered, reflects that the potential has become actuality.
2. The irrelevant testimony is of such vastness and dimension, and our failure to make any effort to curb such so glaring, that a case may be made that the hearing, a due process

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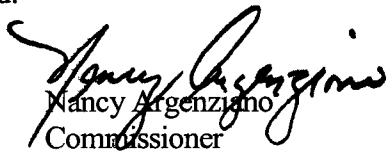
FPSC-COMMISSION CLERK

component, has been so devalued as to repudiate the purpose of the service hearing, and fatally effect the rate case going forward.

3. Although it should not need to be said, the FPSC has no authority to re-distribute income in the interest of accomplishing social goals. That is strictly the purview of the legislature. Yet that result is implied by the majority of those speaking to the benevolence of the utility: give them money by way of rates so that my entity, or one that I am pleased to support, can continue to receive the company's contributions. But we cannot take from Grandma Jones, by way of rate exaction, to give to the Boys and Girls club. Regardless of the goodness, nobility, purity or other virtue of the recipient.
4. The appropriate venue for commenting on the need and goodness of the utility in contributing to community interests is the utility's Board of Directors.
5. As one speaker, testifying on the impact which increased rates would have on his family noted, the extent of the corporate giving rather reflects no need for a rate increase. Of course, that conclusion is also outside the scope of those matters which the statute permits to be considered.

Permit me to suggest, in the interest of perhaps preserving the purpose of the hearings, that the Chair read the filed notice regarding the matters to be presented, pre-advise anyone who would be inclined to introduce extraneous or irrelevant material, warn the speaker upon such introduction, and declare at the end – I respect the reticence in restricting the ostensible public from speaking – that the testimony going to good corporate citizenship is simply not relevant to the purposes of the hearing.

Thank you for your consideration of these matters, and making this communication part of the record.

  
Nancy Argenziano  
Commissioner

Attachment: Excerpt of 6/19/09 FPL Service Hearing, Ft. Myers

1                   That's working fine.

2                   Our court reporter, part of what she does is  
3                   listen, but she also tries to read lips, too, so that  
4                   will be very helpful to her.

5                   So as you come up, will you come to my right  
6                   here and that will be helpful. And, again, as you come  
7                   up, please state your name and address for the record.  
8                   Thank you.

9                   Mr. Beck.

10                  MR. BECK: The next customer is Bobbi Stage.

11   BOBBI STAGE

12                  appeared as a witness and, swearing to tell the truth,  
13                  testified as follows:

14   DIRECT STATEMENT

15                  MS. STAGE: Good evening, Commissioners,  
16                  Chairman. My name is Bobbi Stage. I'm the executive  
17                  director of the Edison Festival of Lights.

18                  The Edison Festival is a nationally recognized  
19                  three-week celebration of Thomas Edison. It includes  
20                  concerts, parades, arts and crafts, junior events and  
21                  pie/cake run events and races and the Edison Day  
22                  Discovery. The festival offers great family experiences  
23                  for all residents and visitors to southwest Florida.

24                  FPL's roots can be traced back to Thomas  
25                  Edison through the General Electric Company. As

1 recently as 2003, Florida Power and Light was recognized  
2 for its achievements in clean energy production and  
3 environmental excellence when FP&L won the electrical  
4 industry's highest honor, the Edison Award. Florida  
5 Power and Light is a great partner of the festival, in  
6 particular the Edison Day of Discovery, which is  
7 comprised of the Thomas Edison Alva (phonetic) Regional  
8 Science and Invention Fair and Discovery Village. The  
9 regional science fair awards over 500,000 in  
10 scholarships locally and has produced national and  
11 international scholarship winners.

12           The 2009 Discovery Village gave opportunity  
13 for hands-on experiences, including Florida Power and  
14 Light's interactive solar energy project that popped  
15 popcorn for all attendees using only solar power. This  
16 showcased Florida Power and Light's continuing  
17 commitment to clean energy sources such as the solar  
18 energy project.

19           The public was also entertained and educated  
20 by Florida Power and Light's Professor Wise Powerful  
21 Adventures that taught the wonders of science as they  
22 relate to electricity. Florida Power and Light also  
23 participated in the grand parade of light, a  
24 multi-generational family experience which has an  
25 attendance of over 200,000. All in attendance were

1 enlightened about the past and future of FPL service  
2 vehicles beginning with their 1925 Model 18 Mack truck  
3 followed by Florida Power and Light's 2008 hybrid  
4 service truck, the first in service in the United  
5 States.

6 Florida Power and Light's commitment to  
7 service is easily experienced every day by our use of  
8 electric alarm clocks, coffee maker, lights, and all  
9 without power interruptions. These are all the obvious.  
10 Not as recognized is Florida Power and Light's  
11 commitment to the community. Florida Power and Light  
12 and its employees contribute assets, volunteer their  
13 time and talent, service others and to work and to  
14 improve the quality of life in communities where they  
15 live and work. The Edison Festival of Lights is honored  
16 to be a partner of Florida Power and Light and thank  
17 them for their community and their commitment to  
18 community service.

19 CHAIRMAN CARTER: Thank you.

20 Mr. Beck.

21 COMMISSIONER ARGENZIANO: Mr. Chair, I'm  
22 sorry, I have a question.

23 CHAIRMAN CARTER: Yes, ma'am.

24 Ms. Stage, would you come back for a second?

25 Commissioner Argenziano, you're recognized for

1 a question.

2 COMMISSIONER ARGENZIANO: And I will be asking  
3 questions pertaining to the same issue, I guess, of  
4 other speakers. And I understand the -- and I'm going  
5 to say it again, I think it is a great thing the company  
6 is doing, and I appreciate people coming forward to  
7 extol those virtues, which are much needed in the  
8 community. But can you tell me how that pertains to the  
9 rate increase that's requested, or what your position is  
10 on the higher profit margin or percentage that the  
11 company is asking from the Commission, because that is  
12 what I am here to find out.

13 And I do appreciate you coming, and I do  
14 appreciate what the company does, but, again, that is  
15 not within the statute for me to consider, and I ask you  
16 about the pertinent issue before me as far as the rate  
17 increase and the higher rates of return.

18 MS. STAGE: Commissioner, I'm here to speak  
19 solely on goodwill. I actually have no opinion either  
20 for or against the rate increase.

21 COMMISSIONER ARGENZIANO: Thank you very much.

22 Mr. Chair, that was my purpose in speaking up  
23 before was that we heard a lot of goodwill, and I'm not  
24 saying that's a bad thing, I am just saying that the  
25 statute says that goodwill is precluded in the

1 calculating of rate base.

2 So I just want to make sure that we hear from  
3 the moms and pops and the seniors who are on fixed  
4 incomes also, and the guys who are struggling to make a  
5 living. And I appreciate the fact that Florida Power  
6 does so much, but I'm just going to ask the same  
7 question of everybody who comes up with a goodwill issue  
8 if you have information regarding the case at hand  
9 before us.

10 CHAIRMAN CARTER: Thank you.

11 Our next witness, Mr. Beck.

12 MR. BECK: Jim Delony.

13 JIM DELONY

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

16 DIRECT STATEMENT

17 MR. DELONY: Good evening, Commissioners. My  
18 name is Jim Delony. I am the public utilities  
19 administrator for Collier County Public Utilities, and I  
20 am here tonight by resolution of the Board of County  
21 Commissioners of Collier County to speak to you. Thank  
22 you very much for this opportunity.

23 I'm hear to talk to you about two things  
24 specifically. First of all, to challenge this proposed  
25 rate increase and, secondly, to request your support for

FLORIDA PUBLIC SERVICE COMMISSION