



# Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

**-M-E-M-O-R-A-N-D-U-M-**

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**DATE:** August 11, 2009  
**TO:** Ann Cole, Commission Clerk - PSC, Office of Commission Clerk  
**FROM:** Kay Posey, Executive Secretary to Commissioner McMurrian *KP*  
**RE:** Communication Received in Docket Nos. 090079-EI & 080677-EI

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This office has received the attached letter and Resolution from Mary Swiderski, Executive Director, Volusia League of Cities, regarding the above-noted dockets.

The correspondence has not been viewed or considered in any way by Commissioner McMurrian. Under the terms of the advisory opinion from the Commission on Ethics (issued July 24, 1991 as CEO 91-31-July 19, 1991), the following letter does not constitute an ex parte communication by virtue of the fact that it was not shown to the Commissioner. Because it is not deemed to be an ex parte communication, it does not require dissemination to parties pursuant to the provisions of section 350.042, Florida Statutes. However, in such cases Commissioner McMurrian has requested that a copy of the correspondence be placed in the docket file.

Attachment

DOCUMENT NUMBER-DATE

08389 AUG 12 8

FPSC-COMMISSION CLERK



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Mayor Roland Via, President • Mayor Blaine O'Neal, Vice President • Vice Mayor Jeff Allebach, Secretary/Treasurer  
Mary J. Swiderski, Executive Director

July 30, 2009

Chairman Matthew M. Carter II  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

Dear Chairman Carter:

On Thursday, July 23, 2009, the Volusia League of Cities unanimously voted in favor of the attached Resolution 2009-01 opposing the proposed base rate increase by Florida Power and Light (FP&L) and Progress Energy. We ask you to deny their request for a base rate increase at this time.

FP&L and Progress Energy currently serve the majority of Volusia's cities and a substantial area of unincorporated Volusia County. As a result of the base rate increase, Volusia's citizens will be affected six times over, as follows:

1. Increase cost of operations for both county and city governments will increase property taxes citizens pay.
2. Increase the cost to operate schools will increase that segment of property taxes citizens pay.
3. Increase the cost to operate all special taxing districts will increase that segment of the property taxes citizens pay.
4. Increase the base rate on the electric bill that citizens pay.
5. Increase the sales tax citizens pay on their electric bill.
6. Increase the Franchise tax citizens pay on their electric bill.

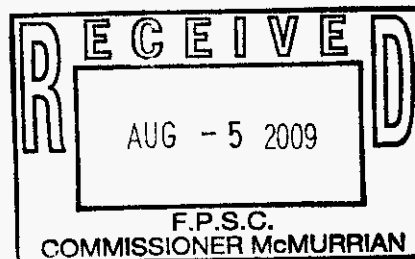
Volusia cities, Volusia County, and the Volusia County School Board, have all had to lay off numerous employees and cut costs to the quick, as a result of the national economic recession and the actions of the State Legislature; which combined, have caused severe revenue shortfalls. Many of our citizens are just hanging on and now FP&L and Progress Energy are asking for an increase to those who will be hit the hardest. This is not the time for either company to increase its shareholders' margin or building plants that costs are directly affecting the citizens at this time. Both should be looking at ways to control and cut costs like every other business and government in Florida has had to do to survive.

Your honoring our request will be greatly appreciated not only by our governments but by all those who live within our County.

Sincerely,

  
Mary Swiderski  
Executive Director  
Volusia League of Cities

Attachment:1



DOCUMENT NUMBER-DATE

08389 AUG 12 8

FPSC-COMMISSION CLERK



# RESOLUTION 2009-01

## **A RESOLUTION BY THE VOLUSIA LEAGUE OF CITIES OPPOSING A PROPOSED BASE RATE INCREASE BY FLORIDA POWER AND LIGHT (FP&L) AND PROGRESS ENERGY**

**WHEREAS**, Volusia League of Cities consists of all elected officials from the Cities of Daytona Beach, Daytona Beach Shores, DeBary, DeLand, Deltona, Edgewater, Holly Hill, Lake Helen, New Smyrna Beach, Oak Hill, Orange City, Ormond Beach, Pierson, Ponce Inlet, Port Orange and South Daytona, and the County of Volusia; and

**WHEREAS**, FP&L and Progress Energy are the two largest privately held investor-owned electrical utilities in the State of Florida; and

**WHEREAS**, FP&L and Progress Energy are before the Public Service Commission for a substantial base rate increase; and

**WHEREAS**, FP&L and Progress Energy currently serves the majority of Volusia's cities, including a substantial area of Volusia County, as well as, the majority of cities and counties in Florida; and

**WHEREAS**, the municipalities currently under contract with FP&L and Progress Energy have no other option for electrical service due to the monopoly currently existing as a result of the Federal Regulatory Commission's territorial actions; and

**WHEREAS**, the current fiscal status of all Florida cities is truly challenged due to the nation's economic recession and actions of the State Legislature which combined have caused severe revenue shortfalls; and

**WHEREAS**, every municipality has been forced to reduce employees, cut services and freeze personnel costs to balance their budgets during this recessionary period; and

**WHEREAS**, it has been indicated FP&L would give 12.5% and Progress Energy would give 12.54% rate of return to investors when many businesses and governments are barely surviving and that this amount of return for investors is not in tune with other investor-owned utilities nor major corporation stocks currently publicly traded; and

**WHEREAS**, the Office of Public Council has stated that the national average rate of return for investor-owned utilities is 10.25%; and

**WHEREAS**, FP&L and Progress Energy have indicated few increases in the base rate over the past two decades to justify this increase, yet they now directly pass the fuel cost, that was included in the base rate, onto the consumer separately, and at the same time, have retained the same base rate, thus increasing charges back to the consumer; and

**WHEREAS**, FP&L and Progress Energy have not asked for this rate increase to ensure that they are able to continue to provide adequate electric power and that without this rate increase their ability to serve its current customers would be in jeopardy; and

**WHEREAS**, FP&L and Progress Energy should withdraw this rate increase and allow their customers to receive the benefit of a rate decrease due to the lower fuel costs rather than taking advantage of lower fuel costs to hide a significant rate increase for profit purposes; and

**NOW, THEREFORE**, be it resolved by the Volusia League of Cities that:

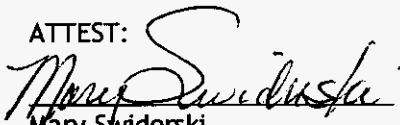
- Section 1: The Volusia League of Cities hereby objects to the proposed rate increase and hereby encourages FP&L and Progress Energy to withdraw the proposed increase at this time; and
- Section 2: If FP&L and Progress Energy refuse to withdraw this rate increase, the Volusia League of Cities hereby requests the Florida Public Service Commission to deny their request to increase rates until the economic conditions affecting the cities of Volusia County improve and both FP&L and Progress Energy can show a service delivery need for their request.
- Section 3: This Resolution shall be submitted to the Florida League of Cities from and after its passage.

Approved this 23rd day of July, 2009.



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Mayor Roland Via  
Volusia League of Cities - President

ATTEST:



Mary Swiderski  
Executive Director